

## **Naphtha demand slows on good petrochemical coverage, supply pressures ease**

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Demand for naphtha in Northwest Europe waned slightly towards the end of the week with petrochemical end-users well covered over the next few weeks, according to sources, further easing supply pressures.

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Recent demand for naphtha has been driven by petrochemical end-users.

"Crackers around Europe are focused on open spec," a trader said. "There is not much open spec trading right now. Petchems have forward bought to be covered...demand is slower.

End-users have opted to crack naphtha instead of alternative feedstocks such as propane due to high LPG prices.

"Propane is extremely strong at the moment...[that] should be encouraging [petchem] feedstock switching," a second trader said.

Strong demand, however, left the market tight on supply in recent weeks as market participants struggled to come across offers for open spec naphtha.

"Things looked expensive. [But now] some [open spec] is on offer," a third source said.

Offers have been heard in the Baltic, Mediterranean and Northwest Europe, according to sources.

Low premiums have also prompted slower selling activity. Premiums were up to \$2.50/mt Friday, having been around \$1.50-\$2.00/mt Thursday, according to sources.

"No one is short at the moment. Material is around but nobody is really selling," said a fourth source.

The naphtha cash differential against the front-month swap fell to \$4.50/mt Thursday, having been at a four-month high of \$7.75/mt Tuesday, S&P Global Platts data showed.

That reflected greater balance in the market, sources said.