

## **Polypropylene supplies into Europe lose luster as euro weakens**

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Weakening value of the European single currency is making Europe less attractive for supplies of various polymers, including polypropylene, from outside of the region, market sources said this week.

The euro/US dollar exchange rate ticked down to 1.1702 Wednesday, the lowest level since November and 5.5% down since mid-April, on a combination of slowing down economic growth and increasing political risks in the region.

In the polypropylene market a decrease in imports was noted from the Middle East, South America and Korea, sources said. The full impact is likely to be felt towards the end of June however as for the next few weeks cargoes will still be arriving on the back of previous fixtures.

Simultaneously, the weaker euro has been incentivizing exports. This together with thinning imports means tighter polymer availability and a prospect of rising prices, sources said.

Polypropylene spot price was assessed at Eur1,190/mt FD NWE for homopolymer, unchanged on the day. The market however braced for a Eur20-50/mt increase in June.

European polypropylene producers looked to Turkey, Africa and India as areas of improved arbitrage opportunities.

"There will be a better opportunity to export to Turkey. Iran sanctions mean that Turkish companies are more cautious about taking this material. This is good for European suppliers," a trader said.

Europe's foreign trade of PET, PVC, PS and ABS has also been affected, either via a reduction in volumes or in the form of rising prices.

"PVC enjoyed a very strange stability over the past four months. Raw materials went up, but PVC was steady, because euro/dollar exchange rate meant a lot of material was coming to Europe as it was the highest-priced region globally. Next month prices will go up because euro is weaker and naphtha is rising," a trader said.

PVC spot prices were assessed stable week on week at Eur920/mt FD NWE.

Imports of styrenics from Asia into Europe are expected to remain uncompetitive on a combination of the unfavorable exchange rate and expensive feedstocks in Asia.

In PET, where there is currently an acute shortage following a force-majeure at JBF plant in Geel, Belgium, there is little resupply available from other regions either. PET prices rose Eur60/mt to Eur1,270/mt Wednesday, the highest level in over five years.