

Polypropylene Europe Price Forecast Methodology

24 May 2018



The ICIS Polypropylene (PP) price forecasting model is a brief monthly publication that can be accessed via the Dashboard.

- It forecasts a monthly PP price in Europe for domestic homopolymer injection moulding grade (FD EU) and extends the historical gross prices reported in the ICIS Pricing report edited by Linda Naylor.
- It forecasts prices for the following month and the next eleven months in the future, i.e. twelve months in total.
- The forecast is made by polymers consultant Fabrizio Galiè in the ICIS office in Vergiate, Italy, with support from Paolo Scafetta/James Wilson (olefins forecasts).
- Data is compiled in the first full week of a month (Month 0) so that a report can be produced and published in the second full week of Month 0 covering the period Month 1 to Month 12.
- Prices are published in €/tonne and terminate either in '5' or '0'.

Elements within the PP price forecast include:

- Oil and naphtha price forecasts in Europe, e.g. NYMEX and ICE.
- Supply-demand for European PP including imports, exports and plant shutdowns.
- Elaboration of European cracker margins and the impact on European propylene prices.
- Elaboration of European cracker utilisation and fluid catalytic cracker units' production on propylene availability.
- The effect of the pull from the gasoline pool on European-produced propylene.
- Global LPG prices.
- PP pricing in North America and Asia.
- Arbitrage opportunities for PP between geographical regions based on (a) freight rates, (b) exchange rates, (c) new PP manufacturing units.
- Downstream PP derivative European demand forecasts.
- Movement of spot prices and spot margins.
- Stand-alone versus integrated PP unit margins.
- Where information is provided from a 3rd party, this data is attributed in a footnote.

ICIS compliance protocols:

- a) The information gathered in the process of making this ICIS price forecast does not flow back to the ICIS price reporting editorial staff.
- b) Confidential information that is gathered by ICIS editorial staff in the process of price reporting is not permitted to be included in the ICIS PP price forecasting process.

Since January 2016, the price forecast series have been available through a 'Price Forecast' window on the ICIS Dashboard. The window enables price forecast series generated over the last 12 months to be charted and downloaded, along with up to 12 months' worth of price history.

Where a price forecast series is charted and downloaded in a currency other than its assessed currency, the 16:00 UTC foreign exchange rate, as provided by www.xe.com, from the first of the month in which the forecast series was generated is applied to all price forecasts within that forecast series. Where the first of the month is a non-publishing day, the prior publishing day's 16:00 UTC foreign exchange rate is applied. ICIS provides charting and downloads in alternate currencies as a guide only.

Our recommendation would be to chart and download in original assessed currency and to apply your own selected foreign exchange rates.