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# Price Forecast Methodology: Polypropylene



The ICIS Polypropylene Europe, Polypropylene Asia-Pacific, Polypropylene US and Polypropylene Latin America price forecasts are of monthly prices. The forecasts are updated on a monthly review cycle but can be updated more frequently in case of major market developments. Price forecasts cover the current month and the following 17 months, ie 18 months in total.

The forecast pages provide:

1. Europe: Monthly forecast of the domestic homopolymer PP injection moulding grade FD EU and copolymer PP (block) FD EU average prices, extending the corresponding historical gross prices reported in the ICIS PP Europe price report.
2. Asia-Pacific: Monthly forecast of the PP flat yarn (raffia) grade homopolymer spot prices on a CFR China Main Port basis and a CFR SE Asia basis (all origins), extending the corresponding historical gross prices reported in the ICIS PP Asia-Pacific price report.
3. US: Monthly forecast of the US Gulf PP price for domestic homopolymer injection moulding grade, extending the corresponding historical gross prices reported in the ICIS PP US price report.
4. Latin America: Monthly forecast of the Brazilian domestic homopolymer PP injection grade (FOT - Free on Truck), extending the corresponding historical gross prices reported in the ICIS PP Latin America price report.

Elements considered in the PP price forecast evaluation include:

1. Crude oil, naphtha and propylene price forecasts.
2. Supply-demand elements, including imports, exports, inventories, new projects and plant shutdowns – along the petrochemical chain.
3. Cracker margins and their impact on propylene prices.
4. Impact of cracker utilisation rates and fluid catalytic cracker units' production on propylene availability. Also considered for Asia: the operating performance of Asian cracker/PDH/coal-to olefins (CTO)/methanol-to-olefins (MTO)/fluid catalytic cracker (FCC) units and the impact on propylene availability.
5. The effect of the pull from the gasoline pool on propylene.
6. Analysis of the spread of LPG prices versus naphtha prices, and implications on propylene production and costs.
7. Arbitrage opportunities for PP between geographical regions based on freight rates, duties and other costs, and exchange rates.
8. Evaluation of downstream PP derivative demand, including seasonality.
9. Movement of spot prices.



#### 10. Stand-alone versus integrated margins of PP units.

Prices are published in the assessed currency. Where information is provided from a third party, this is clearly attributed. Historical and forecast prices can be downloaded using the ICIS Excel Plug-In.