

# Midday Update

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**Olefins:** Ethylene was lower Thursday morning, while propylene was unchanged. Feb MtB-NOVA ethylene was offered down to 15.625 cpp, but bids did not come above 15.25 cpp. Feb last traded at 16 cpp on Wednesday but was subsequently offered down to 15.875 cpp and was assessed at that level. Mar MtB-NOVA ethylene was bid at 15.25 cpp and offered at 16.25 cpp. Feb Choctaw ethylene traded twice at 15.25 cpp. Feb last traded at 16 cpp but has been valued at 0.25 cpp below MtB-NOVA ethylene based on recent spread trading. This trade placed the implied value of Feb MtB-NOVA ethylene at 15.5 cpp. In propylene, the Feb/Mar PGP spread traded twice at 0.5 cpp contango. Feb MtB-EPC PGP was offered at its last done level of 34.5 cpp; no bids were seen. Bids and offers for RGP were again scarce. Feb pipeline RGP last traded at 24.5 cpp. Feb rail has recently been bid up to 30 cpp, but no offers or trades have been confirmed. RGP's implied alkylate value was lower by 0.2 cpp at 34.7 cpp. No operations news emerged.

**Polymers:** Feb HDPE BM HIC offers remained at 40-41 cpp railcar FOB Houston, with most buying interest discussed in the 38-39 cpp range. Feb LLDPE butene film offers were limited at 38 cpp railcar FOB Houston, while bids were at 36-37 cpp. HMWPE film was trading earlier in the month at 41 cpp railcar FOB Houston, but availability has since dried up. LDPE film offers were firm at 39 cpp railcar FOB Houston, also with fewer offers seen this week. LDPE frac melt was last seen at 40 cpp railcar FOB Houston. Feb HoPP raffia/IM was steady at 49 cpp railcar FOB Houston. In the domestic resale market, offgrade HDPE dairy was at 42-44 cpp railcar delivered. Offgrade HIPS was at 68-69 cpp railcar delivered.

**Cash Costs and Spreads:** Ethylene cash costs based on Wednesday's closing prices were mostly higher. Estimated ethane-based costs were down 0.1 cpp at 14 cpp. Propane-based costs moved from 19.3 cpp to 19.8 cpp. Butane-based costs moved from 22 cpp to 23 cpp. The OPIS ethane-PCW ethylene spread at midday (noon Central Time) on Thursday was 5.39 cpp. The OPIS ethane-PCW HDPE BM (FOB Houston) spread was 29.89 cpp. The OPIS propane-PCW PGP spread was 19.04 cpp. The OPIS propane-PCW HoPP (FOB Houston) spread was 33.54 cpp.

**Aromatics:** Benzene was quiet. Bids and offers were scarce for Feb and Mar. Apr was bid at 206 cpg DDP HTC and offered at 212 cpg DDP HTC on a barge-only delivery basis. On Wednesday, Feb was 198 cpg, Mar was 204 cpg and Apr was 209 cpg. Toluene was quiet (it was assessed at 217 cpg on Wednesday), as was MX (it was 253 cpg on Wednesday).

**Energy:** Mar NYMEX WTI was at \$54.18/bbl, higher by 28 cents from Wednesday's settlement. Apr Brent was up 75 cents to \$64.36/bbl. Mar NYMEX nat gas was higher by 10 cents at \$2.585/mmBtu.

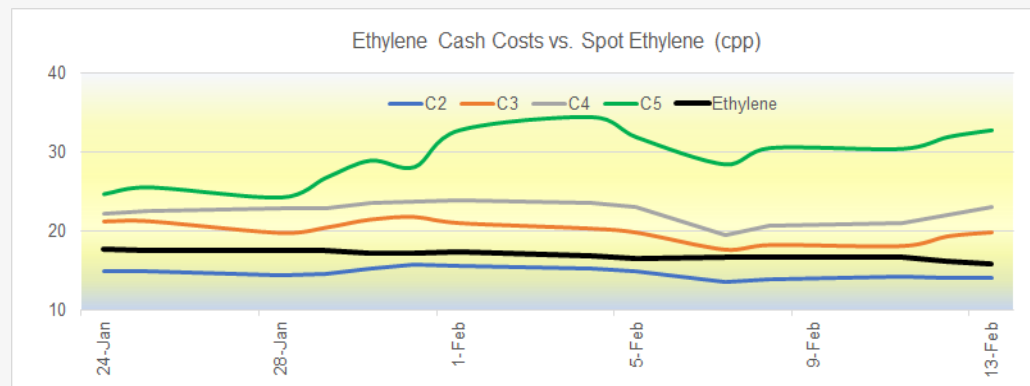
**Gasoline & Blendstocks:** Mar NYMEX RBOB was higher by 2.32 cpg at 148.83 cpg. The USGC cash CBOB differential was up 1 cpg at 2.75 cpg under the screen (146.08 cpg). Premium gasoline's spread over regular was up 0.5 cpg at 15.25 cpg. The M4 gasoline differential was flat at 1.75 cpg over the screen (150.58 cpg). Blendstock differentials were flat. Alkylate was at M4 gasoline plus 30 cpg (180.58 cpg), raffinate was at gasoline minus 12 cpg (138.58 cpg) and reformat was at gasoline plus 55 cpg (205.58 cpg).

**Naphtha & VGO:** Naphtha differentials were mixed. Full range naphtha was off 1 cpg at M4 gasoline minus 13 cpg (137.58 cpg), and heavy naphtha was off 1 cpg at gasoline minus 11 cpg (139.58 cpg). Light naphtha (high sulfur) was unchanged at natural gasoline plus 6 cpg (121 cpg) and light naphtha suitable for gasoline blending (low sulfur) was flat at natural gasoline plus 9 cpg (124 cpg). VGO barge differentials were unchanged. Low sulfur was at Mar WTI plus \$15/bbl (\$69.18/bbl) and high sulfur was at crude plus \$15/bbl (\$69.18/bbl).

## CURRENT MONTH SPOT SUMMARY

	LAST DONE	MTD 30D SWA	MTD CAL AVG	MTD 45D SWA
Ethylene FOB MtB/TX	0.16000	0.16639	0.16625	0.17264
Ethylene Choctaw/LA	0.15250	0.16456	0.16403	0.17052
PGP FOB Mt. B EPC	0.34500	0.36279	0.36194	0.36848
RGP FOB Mt. B EPC	0.24500	0.25550	0.25611	0.25722

\*SWAs listed in LA row are basis TX/LA



## MIDDAY FORWARD CURVE INDICATORS

	Ethylene FOB Mt. B-N	Ethylene FOB Choc	PGP FOB MtB-E	HDPE FOB Hou	LLDPE FOB Hou	HoPP FOB Hou
19-Feb	0.15500	0.15250	0.34500	0.40000	0.37000	0.49000
19-Mar	0.15625	0.15500	0.35000	0.40000	0.37000	0.49000
19-Apr	0.15750	0.15750	0.35500	0.40000	0.37000	0.49000
19-May	0.15750	0.16000	0.36000	0.40000	0.37000	0.49000
19-Jun	0.15750	0.16250	0.36500	0.40000	0.37000	0.49000
3Q	0.15875	0.16375	0.36875	0.40000	0.37000	0.49000
4Q	0.16125	0.16750	0.37792	0.40000	0.37000	0.49000

## SPREADS (\$/lb)

	Ethylene-Ethane Mt. B	HDPE-Ethylene Mt. B-Hou	HDPE-Ethane Mt. B-Hou	Propane-PGP Mt. B	PP-PGP Mt. B-Hou	PP-Propane Mt. B-Hou
19-Feb	0.05399	0.24500	0.29899	0.19045	0.14500	0.33545
19-Mar	0.05440	0.24375	0.29815	0.19309	0.14000	0.33309