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Global Petrochemical Prices Gained 4% in December as Energy Prices Climbed

PR Newswire
LONDON

LONDON, Jan. 17, 2014 /PRNewswire/ -- Prices in the $3-trillion-plus global petrochemicals market increased in December to $1,406 per metric ton (/mt), up 4% from November, according to the just-released monthly Platts Global Petrochemical Index (PGPI). The PGPI is a benchmark basket of seven widely used petrochemicals and is published by Platts, a leading global energy, petrochemicals and metals information provider and a top source of benchmark price references.

The petrochemical price increases were in line with gains in the global crude oil and naphtha markets. Crude oil prices in December were up 3%, while naphtha prices climbed 4%.

Petrochemicals are used to make plastic, rubber, nylon and other consumer products and are utilized in manufacturing, construction, pharmaceuticals, aviation, electronics and nearly every commercial industry.

PLATTS GLOBAL PETROCHEMICAL INDEX IN DOLLARS PER METRIC TON
The daily price reflected as a monthly average

Dec-13	Monthly % Change	Annual % change	Dec-'12	Nov-'13	Oct-'13	Sep-'13	Aug-'13
$1,406	4%	4%	$1,350	$1,349	$1,352	$1,388	$1,362

OLEFINS
Prices of olefins - a group of hydrocarbon compounds which are the building blocks to many petrochemicals - were higher in December, supported by stronger global naphtha prices. Olefins are typically produced using naphtha or natural gas liquids, such as ethane. However, the global spot market price is derived from naphtha, which rose 4% to $643/mt in December, according to the Platts Global Naphtha Index.

Global ethylene prices averaged $1,313 per metric ton (/mt) in December, up from the November average of $1,264/mt. Global polyethylene prices saw similar gains, advancing to $1,704/mt in December, up from $1,648/mt in November.

Propylene, the second olefin component of the PGPI, climbed 5% in December to $1,396/mt, up from $1,332/mt in November. Polypropylene prices rose 3% in December to $1,632/mt, up from $1,581/mt in November.

AROMATICS
Prices of aromatics - a group of scented hydrocarbons with benzene rings used to make a variety of petrochemicals - were also higher in December, with benzene posting the largest gains of any chemical in the Platts Global Petrochemical Index.

Tight supplies globally pushed the benzene price for December to $1,367/mt, up 10% from the November average of $1,248/mt.

"The tight supply situation in benzene had a ripple effect across the global aromatics markets," said Jim Foster, senior petrochemical analyst at Platts. "We're now seeing record highs in January, and the downstream markets are following benzene higher. We're hearing from sources that prices for styrene in the U.S. hit five-year highs, and are approaching record highs." Styrene is produced primarily from benzene.

The Platts Global Toluene Index increased 2% in December to $1,133/mt, up from $1,112/mt in November. The Platts Global Paraxylene Index edged up 1% in December to $1,353/mt. This compared to a November average of $1,336/mt.

Petrochemical prices in December posted gains similar to those in the global equity markets. The Dow Jones Industrial Average (DJIA) and the Nikkei 225 were up 3% and 4%, respectively. The London Stock Exchange Index (FTSE) was up 1.5% for the month.

To access a summary of the December performance of each of the seven key petrochemicals included in the PGPI, visit this link: http://www.platts.com/newsfeature/2014/Petrochemicals/pgpi/index.

The PGPI reflects a compilation of the daily price assessments of physical spot market ethylene, propylene, benzene, toluene, paraxylene, low-density polyethylene (LDPE) and polypropylene as published by Platts and is weighted by the three regions of Asia, Europe and the United States. Used as a price reference, a gauge of sector activity, and a measure of comparison for determining the profitability of selling a barrel of crude oil intact or refining it into products, the PGPI was first published by Platts in August 2007.

Published daily in a real-time news service Platts Petrochemical Alert and other Platts publications, the PGPI is anchored by Platts' robust and long-established price assessment methodology and the firm's 100-year history of energy price reporting.

Platts petrochemicals experts are available for media interviews. A sample list of experts may be found at the Platts Media Center. For more information on petrochemicals, visit the Platts website at www.platts.com.

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