

PE, PVC, PS resin prices continue to climb

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North American prices for polyethylene, PVC and solid polystyrene have continued to rise in 2021, with each material showing increases since April 1.

Selling prices for several engineering resins also have climbed since the start of the year. All of these changes are shown on this week's *Plastics News* resin pricing chart.

Regional PE prices surged an average of 9 cents per pound since April 1. Supplies of the material remain tight as producers look to recover from outages caused by Winter Storm Uri in February.

PE prices now are up a total of 28 cents so far in 2021 and are up 48 cents since January 2020. PE makers are seeking increases of

5-6 cents per pound for May.

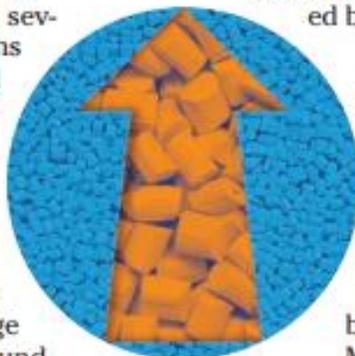
Many producers still are operating under force majeure sales limits or other types of sales allocations. On average, North American PE processors are receiving 70 percent of their requested purchases, according to sources contacted by *Plastics News*.

"I'd say polyethylene supplies are just barely improving," one market source told *PN*. "It's still tight and some grades are very tight, like [high density] PE for blow molding."

Mike Burns, a PE market analyst with Resin Technology Inc. in Fort Worth, Texas, said that allocations are moving higher than 70 percent, but that demand is still exceeding supply.

"Processors are getting what they need," he added. "They're not getting any extra rail cars, but

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they don't have to turn off their machines."

Although North American PE makers have continued to export to Latin America, Burns said they've cut back on exports to other parts of the world. He added that regional PE makers are likely to stay on sales allocations "for as long as they can," and that even when supply improves, high prices might discourage processors from building inventory.

"Processors don't want \$1 resin in their silos if prices are going lower," Burns said.

David Barry, a PE market analyst with PetroChem Wire in Houston, said that North American PE operating rates are currently in the 80s and might be approaching 90 percent.

"Producers could be close to full allocations by the end of May," he added.

On a recent conference call, Dow Inc. CEO and Chairman Jim Fitterling said that all of Dow's production units that were affected by the storm are back online. Dow's production of PE, ethylene and related materials had been impacted.

Fitterling added that 2021 "is looking like a year in which we see 13 months of demand and 11 months of supply." Dow's Packaging & Specialty Plastics unit, including PE resin, posted sales of almost \$6.1 billion in the first

quarter, up almost 32 percent vs. the year-ago period.

On the call, Fitterling said that Dow "had growth in plastics and packaging even through COVID. ... People underestimated how much growth was there." He also cited several factors that could boost markets served by Dow, including a return to air travel, expansion in global manufacturing, continued government stimulus, vaccine rollouts and infrastructure legislation.

In the near term, North American PE supplies could be further tightened by a mechanical failure at a Nova Chemicals Corp. production site in Ontario, which has led the firm to place force majeure sales limits on PE resins.

A Nova spokesperson said that the firm "has experienced a mechanical failure beyond our control at our Corunna ethylene cracker in the Sarnia, Ontario, region, which supplies ethylene to our polyethylene facilities in that region."

Nova's force majeure covers all PE resins produced in the Sarnia region, including low density PE, HDPE and the Sclairtech products made at the firm's St. Clair River site. The spokesperson said there were no injuries or environmental impacts from the event, but that Nova didn't know how long the force majeure would be in place.

PVC up 4 cents

Regional PVC prices jumped 4 cents per pound in April, as tight

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supplies and strong demand from the construction market drove prices higher. PVC processors "would buy more if we had more," one PVC executive told *PN*. "Based on demand, we could ship several million more tons a month if we had it."

PVC makers are continuing to recover from the February storm as well. Supplies of stabilizers and other additives needed to make PVC compounds remain particularly tight.

Prices for suspension PVC now are up 18 cents so far in 2021 and up a net of 33.5 cents per pound since January 2020. PVC makers are seeking increases of 3 cents for May.

The construction market, which accounts for around 60 percent of U.S./Canadian PVC demand, has been particularly strong in early 2021. About 55 percent of construction-based PVC demand comes from rigid pipe and tubing.

U.S. housing starts were at a 1.74 million annual rate for March, according to the Census Bureau. That number was up

almost 20 percent vs. February and up almost 40 percent vs. March 2020, when the COVID-19 pandemic began to impact construction activity.

PS up 9 cents

North American prices for solid PS surged 9 cents per pound in April, mainly as a result of higher prices for benzene feedstock, which is used to make styrene monomer. Benzene prices were up 38 cents for the month to \$3.01 per gallon.

Solid PS prices now are up 25 cents so far in 2021 and 37 cents since January 2020. Benzene prices are up 78 cents in the last two months, an increase of almost 35 percent. Styrene supplies also have been tight, sources said, with operating rates at some Gulf Coast styrene operations at only 50-60 percent in recent months.

Market sources said that while PS has gained some sales with increased takeout sales from restaurants, the material has lost volume in some other

end markets. Food packaging and food services account for more than half of North American PS sales.

Engineering resins on the rise

PN is also showing higher prices for several engineering resins since Jan. 1. Prices for these materials are up because of production issues for the resins themselves or for raw materials needed to make the resins, as well as because of higher demand from automotive and other sectors.

Nylon 6 resin prices are up an average of 15 cents per pound so far this year, with prices for nylon 6/6 up 25 cents. Demand for both materials has rebounded as automotive production and sales have increased.

Regional prices for polycarbonate and ABS each are up an average of 30 cents since Jan. 1. As in nylon, both of those materials have benefited from increased demand from the automotive market. PC demand also has improved along with the electronics sector, while higher appliance sales have boosted ABS demand.

PN also is showing an upward correction of 20 cents per pound for expanded PS prices. The EPS market is smaller than the solid PS market but has been affected by similar raw material conditions for benzene and styrene.