

# PE & PP Market: Thriving Beyond The Pandemic

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**Kaushik Mitra,**  
Executive Director  
Polyolefin EMEA

+49 (0) 201 1857 9165

[Kaushik.mitra@ihsmarkit.com](mailto:Kaushik.mitra@ihsmarkit.com)

# Addressing strategic challenges with interconnected areas of expertise

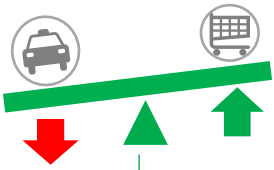
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# Market Highlights

Demand bifurcates, FMCG, pharma surge while auto, durables lag



Delays in Global capacity start-ups



Refinery cutbacks tighten C3



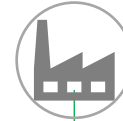
Online shopping drive packaging



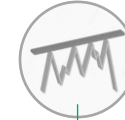
Acute supply chain bottleneck



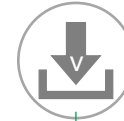
Strong demand on material shortage fears



Price resistance, restocking to slow



Imports up on higher Arbitrage



Prices parachute lower



Q1 20

Q2 20

Q3 20

Q4 20

2021 Q1/ Q2



Crude price collapse flattens Cost curve, Polymer prices drop but imports recede



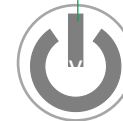
Recycling becomes uncompetitive to virgin Polymer



Hurricanes disrupt US Supplies



China strong buying. Investors poured money sensing upside



EU Production outages hit supply



Crude oil strong



Winter storm hits production in US. Affects additive & solvent supplies













Strong cracker Outage in EU, Asia, MDE



Number of Plant start-up

# PE/ PP Market Long Term Outlook In A Snapshot



<p>Economy</p> 	<p>Economic recovery gathers pace, risk of hyperinflation amid high debt</p> 
<p>Energy/ Feedstock</p> 	<p>Energy prices recover on better supply demand balance</p> 
<p>Demand</p> 	<p>Demand for PE and PP will recover smartly in 2021 and then stabilize</p> 
<p>Capacity</p> 	<p>Both PE and PP to see huge amount of oversupply because of new capacity additions</p> 
<p>Price</p> 	<p>PE and PP prices will slump in 2021 and bottom out in 2022 before recovering</p> 



## Conclusion for Polyethylene & Polypropylene

### The positives

Surge in plastics demand for health and hygiene & FMCG applications

China at the forefront of recovery in consumption and trade

Low Crude price improved competitiveness of European players in Q2-Q4 2020

Recycled plastics replaced by virgin resin as prices plunged

### The challenges

Extreme supply chain bottlenecks disrupt resin delivery and raise freight

Outages, calamities (hurricane, winter storm), crude production cuts reduce resin production

Refinery cutbacks impact propylene availability worldwide

Delay in start-up of new PE/ PP capacities weigh heavily on availability, but supply length looms