



Polyethylene / Polypropylene

A year of unprecedented challenges

Terry Glass

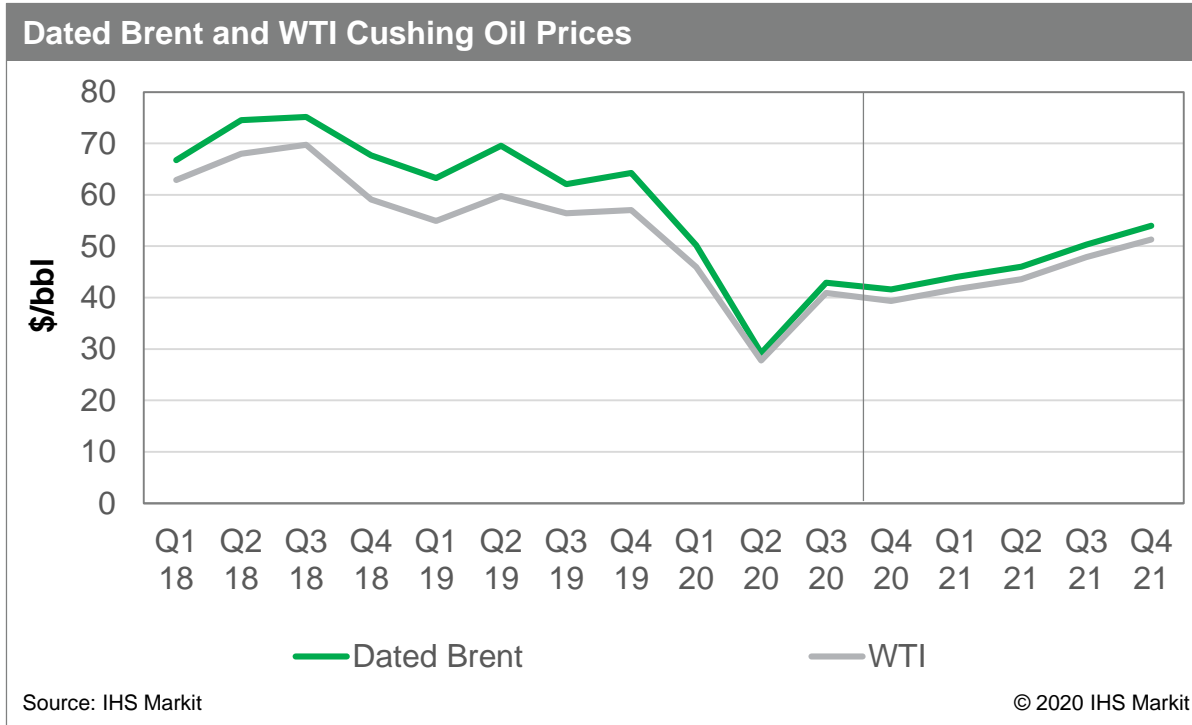
Executive Director Plastics

Cell: 979-236-3617

Terry.Glass@ihsmarkit.com

Available on WhatsApp

Oil prices are challenged by weakening demand outlook



Crude Oil Prices:

- World oil demand increased in July, but gains are at risk of stalling due to the rise in COVID-19 cases in the United States, Brazil, and India.
- OPEC+ is expected to increase oil supply 2.2 MMb/d in August–September relative to July.
- The pace of oil price recovery will be slower in the months ahead, compared with the sharp rise in May and June, unless the global oil balance is unexpectedly tightened by a demand spike or supply disruption.

Polyolefins - Shift in buying habits

Increased consumption

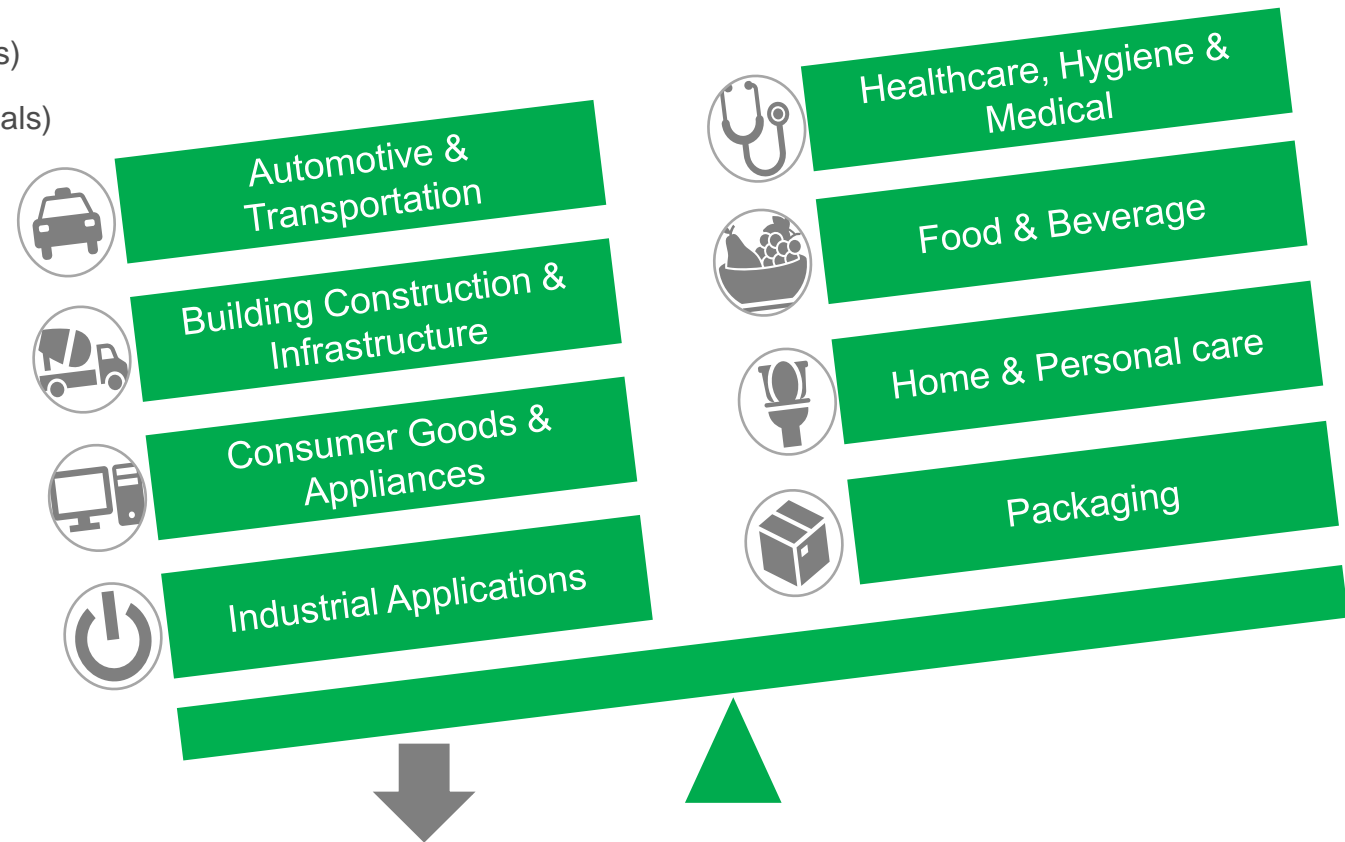
- Cleaning products, household chemicals (increased hygiene awareness)
- Food and beverage (Shift from institutional / restaurants to at-home meals)
- Medical related (pain reliever meds, medical devices, etc.)
- Shift away from bricks and mortar to e-commerce
- Increased household trash
- Increased DIY projects (plastic lumber, paint buckets)

Sustainability pause

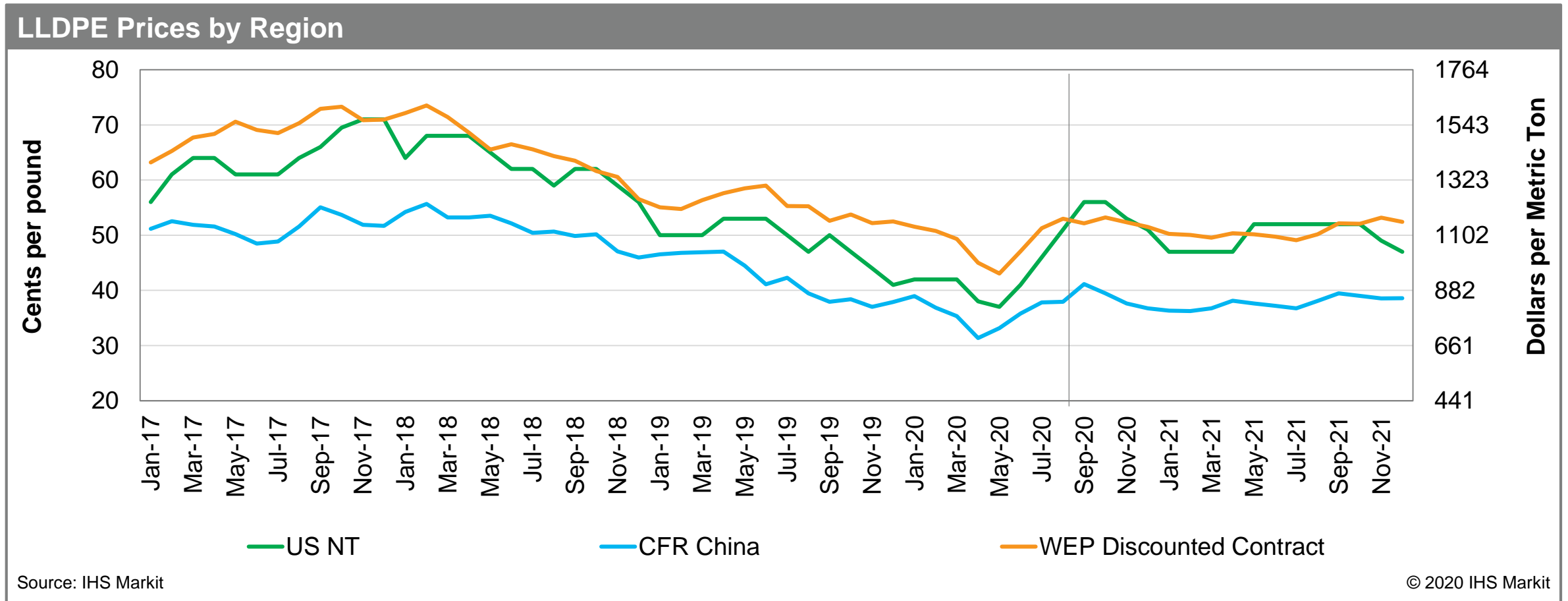
- T-shirt bags increase, single-serve, individual packaging
- Temporary shift from reusable to disposable (boost to LDPE coating)
- Recycled PE uncompetitive versus virgin PE
- Consumers less likely to pay a premium for recycle products due to depressed economy

Household stocking increased

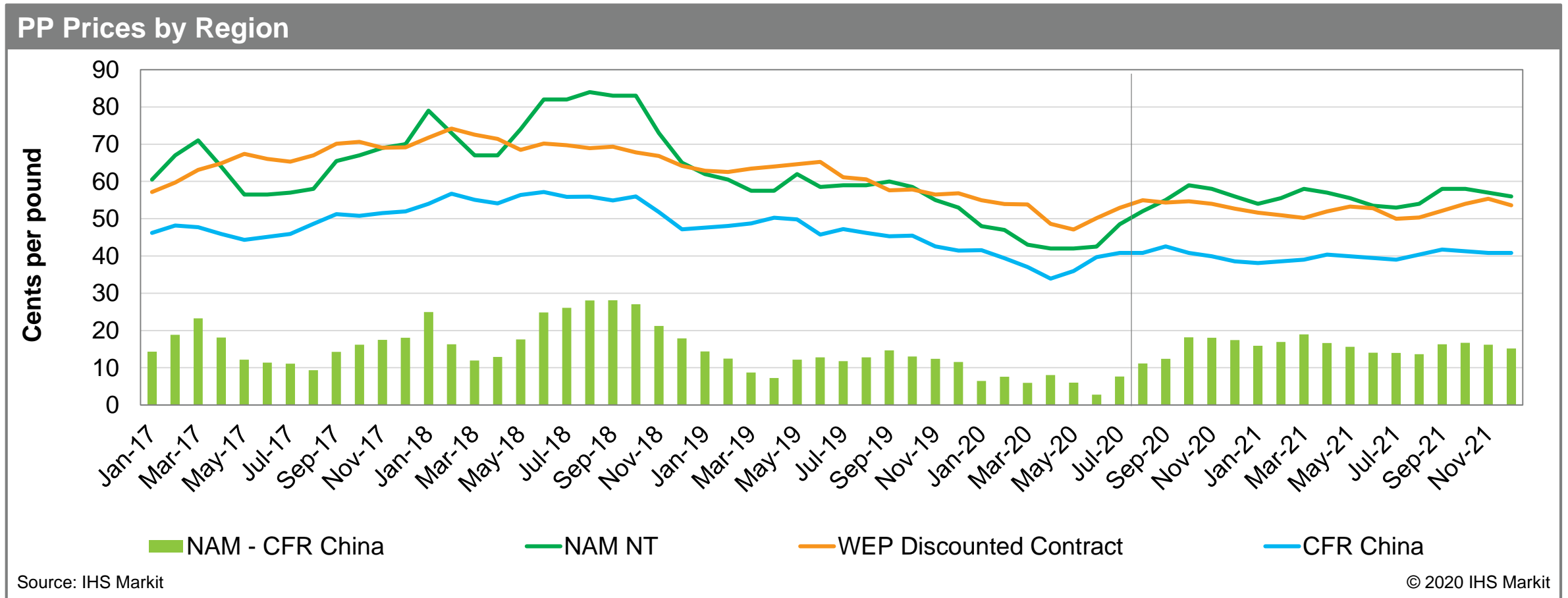
- Reduced trips to stores and security having EXTRA essential items on hand



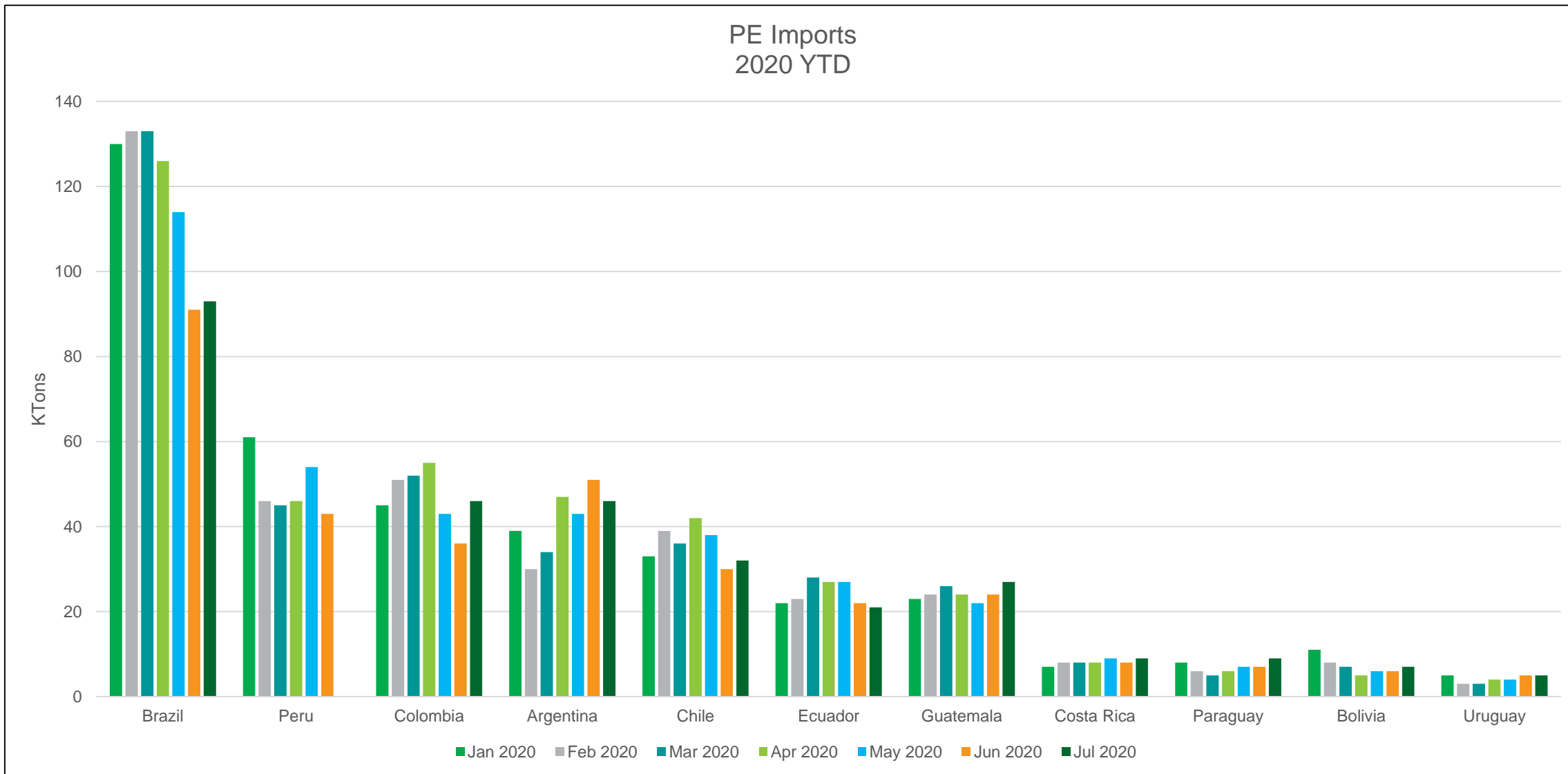
Short Term LLDPE Prices



PP Prices by Region



LATAM PE Imports



Recovery from deep COVID-19 recession is under way

- Global Composite Output Index recovered to a seventeen-month high of 52.4 in August
- IHS Markit projects a 4.9% decline in global real GDP in 2020, slightly better than last month's forecast of a 5.5% contraction.
- Our forecast assumes new COVID-19 infections will peak in the next few months;
- High COVID-19 infection rates in the United States and parts of South America and South Asia create the risk of a W-shaped cycle with a second downturn in the global economy in late 2020. We give this scenario a 20% probability.

