

March | 2017

# Radchem Products, Inc.



10730 W. 143<sup>rd</sup> Street | Suite 30 | Orland Park, IL 60462 | Phone: (708) 966-4044 | Fax: (708) 966-4100 | [www.radcheminc.com](http://www.radcheminc.com)

## Market Report

*Bill Radostits*

An interesting development is happening with Crude Oil production. As OPEC and non-OPEC countries are following their scheduled production cuts for the last two months, the United States has increased production to offset any reduction from the OPEC cuts. The United States has increased Crude Oil exports, while building record domestic inventories at the same time. U S Gasoline inventories are also at record inventory levels, while demand in February has been reported to actually drop by slightly over 5%. NYMEX Gasoline for March delivery is trading at \$1.55 per gallon.

Exxon announced a nomination of \$.06 per pound for March U S Gulf Propylene. This was much different from industry forecasts of a \$.02 per pound decrease for March. This increase does not seem as firm as the moves made in January and February. Inventories remain at the bottom of the 5 year average for this part of the year. Propylene output is due to increase with producers choosing to use heavier feedstock supported by higher propylene prices. There seems to be some uncertainty to where March will settle.

Propylene values have put upward pressure on Acetone prices. The tight supply of Acetone is a result of one plant turnaround, and two other facilities scheduled for turnaround in March and April. Refinery Grade Propylene has increased nearly \$.15 per pound in February. Acetone prices by mid-February reached a level between the high \$.40's per pound to the low \$.50's per pound in transport truck quantities. Demand for Acetone is steady, and in the barge market demand remains strong while there is a decline in imports coming in from Asia.

Aromatic Hydrocarbon Solvent prices rolled over from February to March, but one manufacturer announced a \$.03 per pound increase for March 1st on Aromatic 100 and 150. Toluene and Xylene pricing looks to be softening a little because of some return to production for several refiners who were down for maintenance. Gulf coast blend values have dropped to about \$2.00 per gallon. Toluene and Xylene prices will likely remain soft until the switch from Winter to Summer grade Gasoline when more Aromatic solvents are used to blend into Gasoline for Octane requirements.

The producers of Aliphatic Hydrocarbon Solvents raised prices again in early March. Exxon led the increases by moving up \$.03 per pound on March 8th. Calumet Refining followed Exxon and also announced a \$.03 per pound increase for March 8th, while Citgo and American Refining Group did not move until March 12th and 13th respectively. Calumet has had very little inventory at any of their Northern terminals on aliphatic solvents because they are coming off a turnaround at Cotton Valley, LA that has taken well over two months to complete. They are telling us that they currently have no product to sell distributors in Illinois. Calumet has also informed us that they permanently closed down their hydrocarbon solvent production facility at their San Antonio refinery. Citgo Lemont has a planned turnaround for their Udex Unit for the last week in March and the first week in April. The Udex Unit yields Hexane, Heptane, and Textile Spirits, and we have been suggesting to all customers that they stay full on these products going into the turnaround period. Citgo has been building inventory for the last 30 days to help get them through the downtime. Sasol's Westlake, LA refinery is finishing up a turnaround on their production unit that produces all the LPA Solvents. Sasol had to put all their distributors on strict allocation until April 1st.

The \$.03 per pound March increase applies to the following products: Hexane, Heptane, Textile Spirits, Camping Fuel, Rubber Solvent, all grades of VM&P, all grades of Mineral Spirits, 142 Solvent, 170 Solvent, 210 Solvent, Odorless Mineral Spirits, all LPA Solvents, all Soltrol Solvents, all grades of Mineral Seal Oil, and all blends containing the above.

The paraffinic oil market moved upward with Exxon and Motiva leading the way. Calumet and American Refining Group have followed by increasing all paraffinic oils and paraffinic blends by \$.15 per gallon effective March 13th. The price increase is a result of many maintenance shutdowns that have resulted in a tight market.

Other solvents were increased for March because of increased Propylene values and other increased feedstock and energy costs. They include: 2 EH, Butyl Acetate, Diacetone Alcohol, DIBK, DEG, DIPG, EEP, Ethyl Acetate, EG, all Glycol Ethers, Isobutyl Acetate, Isobutyl Alcohol, IPA 99, MEK, MIBK, n-Butyl Acetate, n-Butyl Alcohol, n-Propyl Alcohol, PGI Industrial and USP Grade, and TPG. The increases were between \$.03 and \$.08 per pound depending on the source. Dow, Eastman, and Lyondell led the market.

	Dec. 2016	Jan. 2017	Feb. 2017	Mar. 2017
Crude Oil	\$53.08	\$51.25	\$53.40	\$48.26
Diesel	\$1.68	\$1.62	\$1.64	\$1.51
Gas	\$1.56	\$1.53	\$1.52	\$1.60



To place an order, please call our main office at (708) 966-4044; or email PO's to our NEW Customer Service email address: [cs@radcheminc.com](mailto:cs@radcheminc.com)

