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Radchem Products, Inc.



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Market Report *Bill Radostits*

Energy prices made a shift and moved lower in June by almost 20 percent. The increase in Crude oil production in the United States and Northern Africa along with steady output from Russia resulted in higher global inventories even though OPEC stayed firm with their product cuts. Crude Oil dropped almost 9% in just the last 3 weeks and is trading between \$42.5 per barrel and \$45 per barrel. Earlier in the year the market exports predicted Crude Oil to stay between \$50 and \$55 per barrel, but US production and weaker than expected demand changed the direction of the market. August Crude Oil is trading around \$43 per barrel and Nymex Gasoline is now trading near \$1.45 per gallon which is a decrease of nearly \$.20 per gallon. Nymex distillate is trading at \$1.40 per gallon which is also down \$.20 per gallon lower from 4 weeks ago.

With the decrease in Crude Oil pricing and the lower blend values for gasoline, Toluene and Xylene market values have also declined. Toluene and Xylene prices have fallen about \$.20 per gallon or \$.03 per pound in the Gulf Coast, and just recently one major refiner in the Midwest has announced a \$.03/LB decrease for July distribution. Other refiners are reviewing their positions, but I would expect that they will react to the market with a reduction for July since many of them are sitting on high inventories.

Methanol has been all over the map in the month of June. The barge price in the Gulf Coast has ranged between \$.81 per gallon to \$.90 per gallon. Currently the value is about where it was a month ago when contract prices were announced so it would be logical if prices rolled over for July. Production of Methanol has been steady with no major shutdowns or outages.

Aliphatic Hydrocarbon Solvent prices are softening in every part of the country. All grades of Mineral Spirits and mid range Aliphatic solvents are following the lower values for Diesel Fuel and Jet fuel and the light end solvents are tracking gasoline values that have eroded by \$.20 per gallon in June. One refiner out of the Pennsylvania area has dropped their pricing on several solvents by \$.15 per gallon on a selective basis. Several refiners in the Gulf Coast have moved their rack prices down in a direct response to Diesel value and Kerosene feedstock. The other major refiners are addressing the lower prices in the market on a case by case competitive basis. The producers are keeping all the distributors on a tight leash by making them report and request supports. This has created a situation where distributors are trading accounts load by load based on who has the best support at the time of order. The increase on Aliphatic Solvent prices that went into effect in March has disappeared with competition and supports in the market. Radchem's Regional Sales Managers continue to work on keeping you competitive and working with our suppliers to stay pace with the market.

Acetone is trading in the mid \$.40's per pound after dropping about \$.05/LB in the Midwest region in early June. We have not received pricing from the Producers for July, but we have been told that pricing will likely roll over.

Duty in the Desert

by Bill Radostits

I want to wish everyone a safe and happy 4th of July holiday. It will be fun to celebrate and have some special time with family, neighbors, and friends. It is the time to remember and celebrate the Independence of our great nation. I ask you to please think about my son, Will, who is on a combat training mission with the United States Marine Corps and is currently in the Arizona and California desert where the temperatures have been greater than 120 degrees F for the past few weeks. We all pray for his safety, the safety of all the Marines participating in the training, and we look forward to his return to Radchem on July 10th! Will, thanks again for serving our country and thank all the Marines in your unit for their service to America. Semper Fi!



	Mar. 2017	Apr. 2017	May 2017	June 2017
Crude Oil	\$48.26	\$49.35	\$51.10	\$45.32
Diesel	\$1.51	\$1.55	\$1.60	\$1.48
Gas	\$1.60	\$1.63	\$1.66	\$1.49

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