

October | 2016

Radchem Products, Inc.



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Market Report

Bill Radostits

Crude Oil prices have firmed up and are holding in the low \$50's per barrel. Wholesale gasoline at the rack has kept pace and is trading in the \$1.52 per gallon range. Ultra Low Sulfur Diesel Fuel is about \$.10 per gallon higher and trading close to \$1.61 per gallon. The increase in Crude Oil, refinery feedstock, and fuels has forced the major oil companies to announce an increase in Aliphatic and Aromatic Hydrocarbon Solvents.

On October 12th Exxon Mobil lead the market by announcing a \$.05 per pound increase effective October 20th on all ExxonMobil Aromatic Fluids, all Solvesso Aromatic Fluids, HAN 906 Fluid, all Solvent Naphtha Fluids, all Exxol De-Aromatized Fluids (including all grades of Heptane and Hexane), all Escacid Fluids, all Isopar Fluids, all Exx-Print Fluids, all Varsol Fluids, all Somenter Fluids, all Exx-wash Fluids, all Exxon CF Fluids, Charcoal Lighter Fluid 104 and 105, DF 2000 Fluid (all grades), Odorless Mineral Spirits, all losol Fluids, all AROL Fluids, Toluene, Xylene, 1520 Naphtha, 606 Solvent Fluid, and all blends containing any of the above products.

On October 13th Calumet Specialty Products announced a \$.05 per pound increase to follow Exxon. Effective October 30th Calumet is increasing all Aliphatic Hydrocarbon Solvents including Hexane, Heptanes, 180-210, 195-208, 210-245, 200-230, VM&P/Regular/Rule 66/1%, 300-360<1%, all grades of Mineral Spirits, 142 Flash Solvent, 1%/Rule 66, 400-500 Solvent, K-1 Kerosene, Calprint 35 and 38, 420-460, LVP 100, 200, and 300, 600 Solvent, Cal Lite, LVT 200, 205, 210, WP 145, IA 2.5, all CALSIA Products, all Conosol Solvents, all DRAKESOL Products, and all MAGIESOL Products.

On the same day, October 13th, Citgo also announced a \$.05 per pound increase effective October 30th on Rubber Solvent, Camping Fuel, Textile Spirits, Hexane, Heptane, Special Lactolite, Special Naphtholite 66/3 (VM&P), Naphthol Spirits 66/3, Mineral Seal Oil (Petro Canada's material on a trade), Lactol Spirits 2300, all grades of Mineral Spirits, 142 Solvent 66/3, Citgo Solvent 500, Mineral Spirits 150 66/3, NonExempt Mineral Spirits, and all bends containing any of the products above. Citgo did not follow Exxon Mobil on Aromatic Solvents. Their increase announcement did not include Benzene, Toluene, or Xylene.

Phillips 66 also followed on October 17th by announcing a \$.05 per pound increase effective October 24th for Hexane, Commercial Heptane, Ultra Low Aromatic Heptane (ULACH), N-Pentane, Isopentane, Pentane Blends, and Odorless Mineral Spirits (OMS).

On October 17th Total Petrochemicals & Refining USA, Inc. announced a \$.02/LB increase effective November 1st on all their Aromatic Solvents including ATOSOL's 100, 115, 150, and 250. Total only raised \$.02 per pound because their current prices in the distribution market were already several cents per pound higher in the market. They believe they will be market competitive after November 1st.

Flint Hills Resources is raising all their Aromatic Hydrocarbon Solvents on November 1st, but they have not decided how much they will increase. We expect to hear from them by the week of October 24th.

American Refining Group has announced a \$.25 per gallon increase effective October 30th on all their Kensol Solvents, including Kensol 30, 17, and 61H.

Goodway Refining in Atmore, Alabama has moved all of their Regular Mineral Spirits inventory and future production into their Gasoline steam because they were failing to meet Federal regulations for Benzene content in their gasoline. They will not have Regular Mineral Spirits for sale for the rest of 2016. This will tighten up the market on Regular Mineral Spirits in the South and Southeast.

Citgo Corporation's Lemont Refinery will be doing a two week repair on their UDEX Unit in November. They were out of Hexane and Heptane for a two week period the last week of September through the first week in October. The refinery built up some inventory going into this repair shutdown, but Radchem expects Citgo's Heptane will get tight.

The Potential Effects of the OPEC Agreement

By Alan May

In 2014, Saudi Arabia and OPEC initiated a "pump at will strategy" to retain market share and drive U.S. light tight oil (LTO) producers into contraction. This resulted in continuous world oversupply, driving oil prices from triple digits to below \$40/b. During this time, the extreme price reductions have caused most OPEC and nonmembers economic pain to the point of running annual national deficits.

On September 28th, 2016, OPEC members agreed to "return to supply management" by capping member production to 32.5-33 million barrels/per day, a reduction of 750,000 barrels per day. This represents approximately half of the forecasted growth for 2017. Since the announcement, oil prices have surged 15%. This pact, if adhered to, will revitalize the energy industry, from giants such as Exxon, to small U.S. shale firms.

There is always a "cause and effect". The OPEC agreement will cause a gradual reduction in global inventories which are forecast to be in balance by the second quarter of next year. The effect will be a steady upward price pressure resulting in oil selling at \$58-\$60 per barrel by year end 2017. This movement away from "free market" oil pricing will force higher costs of downstream petrochemical products including gasoline. If this scenario holds true, Hydrocarbon based solvents pricing could be .05-.10 lb. higher and gasoline selling in the \$3.00 range by late 2017.

Radchem Gives Back

"The USO of Illinois is grateful to Radchem Products, Inc. for the generous donation of Box seats, Stadium Club admission and parking to Chicago White Sox games this season, which afforded several Illinois' military personnel and their families the opportunity to attend a game and time together with loved ones. By far the USO of Illinois' most popular program, in 2015 the USO Tickets for Troops program distributed over 10,000 free tickets to the military community to cultural, theatrical and sporting events. We cannot do this without the support of generous donors such as Radchem.

The USO strengthens America's military service members by keeping them connected to family, home and country, throughout their service to the nation. Since 1941, the USO has served as a private, civilian 501 (c) (3) non-profit organization that receives no direct government funding, but relies solely on the generosity of the American people.

Thank you, Radchem Products, Inc., on behalf of the Illinois military and families we serve!"

David Darroch
Program Director
USO of Illinois



	July 2016	Aug. 2016	Sept. 2016	Oct. 2016
Crude Oil	\$46.00	\$49.00	\$45.15	\$50.46
Diesel	\$1.43	\$1.52	\$1.43	\$1.58
Gas	\$1.30	\$1.42	\$1.39	\$1.53



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

