FACTSHEET

PP Futures
PP Options

Dalian Commodity Exchange (DCE) launched polypropylene (PP) futures in 2014 and introduced PP options in 2020. In 2025, these instruments were made accessible to Qualified Foreign Investors (QFI). Since listing, DCE PP futures and options have operated in a stable and active manner, becoming important tools for risk management and hedging for enterprises across the relevant industries.

Supply and Demand

China is one of the world's largest producers of polypropylene (PP), with a production capacity exceeding 20 million tons, accounting for over 30% of global capacity. In addition to China, polypropylene production capacity is also concentrated in regions such as South Korea, Japan, and North America.

China is also a major global consumer of polypropylene, with an annual production capacity exceeding 34 million tons and annual consumption surpassing 32 million tons. Nearly all domestically produced polypropylene is consumed within China, with minimal export volumes and relatively low dependence on foreign sources.

Within China, polypropylene production capacity is mainly distributed across the Northwest, East China, North China, and South China regions, with Zhejiang Province having the highest output. The primary consumption areas are concentrated in North China, East China, and South China.

Main Applications

Polypropylene is a non-toxic, odorless white granule widely used in various fields such as woven bags, the automotive industry, and household appliances.

Key Price Influence Factors

Upstream Raw Materials

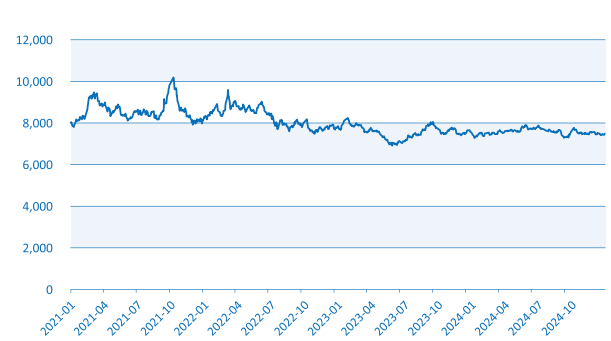
Fluctuations in the prices of upstream raw materials primarily impact the cost structure of polypropylene production. With current technologies, polypropylene is mainly derived from sources such as crude oil, coal, methanol, propylene, and propane dehydrogenation (PDH). Among these, crude oil and coal together account for over 80% of the production routes. As a result, the price trends of crude oil and coal have a significant influence on the production costs of polypropylene.

Downstream Demand

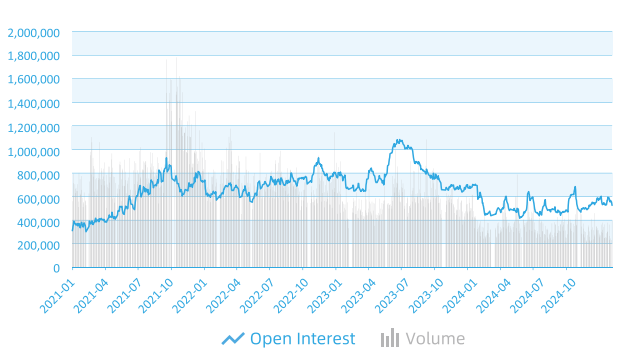
The market price of polypropylene is also influenced by changes in downstream demand. During periods of economic expansion, the downstream plastic products industry experiences rapid growth and strong demand. When supply cannot keep pace, this often drives up polypropylene prices. Conversely, during economic downturns or periods of weak demand, polypropylene prices tend to decline.

Trading Statistics

PP Futures Daily Settlement Price (CNY/MT)



Volume and Open Interest of PP Futures (in number of contracts)



Contract Specifications

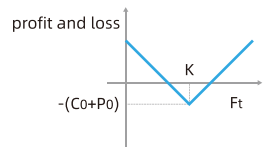
PP Futures	
Product	Polypropylene (PP)
Trading Unit	5 MT/ Lot
Price Quote Unit	CNY/MT
Minimum Tick Size	1 CNY/MT
Daily Price Limit Range	4% of last settlement price
Contract Months	Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec
Trading Hours	9:00 - 11:30 a.m., 1:30 - 3:00 p.m., Beijing Time, and other trading hours announced by DCE
Last Trading Day	The 10th trading day of the contract month
Last Delivery Day	The 3rd trading day after the last trading day
Deliverable Grades	PP Delivery Quality Standard of DCE (F/DCE PP001-2014)
Delivery Point	The delivery warehouses of PP designated by DCE
Minimum Trading Margin	5% of the contract value
Delivery Form	Physical delivery
Ticker Symbol	PP

PP Options	
Underlying Instrument	Polypropylene futures contract
Contract Type	Call option, put option
Trading Unit	One lot (5 MT) of polypropylene futures contract
Price Quote Unit	CNY/ MT
Minimum Tick Size	0.5 CNY/MT
Daily Price Limit Range	The same as the daily price limit range of underlying futures contract
Contract Months	January, February, March, April, May, June, July, August, September, October, November, December
Trading Hours	9:00 - 11:30 a.m., 1:30 - 3:00 p.m., Beijing Time, and other trading hours as announced by DCE
Last Trading Day	The 12th trading day of the month immediately preceding the delivery month of the underlying futures contract, DCE may adjust the last trading day according to national holidays
Expiration Date	The same as the last trading day
Exercise Price	The exercise price shall be in the range of the settlement price of the underlying futures on the immediately previous trading day ± (1.5 × daily price limit range of the same day) The option contracts corresponding to the immediate six calendar months: If exercise price ≤ 5,000 CNY/MT, exercise price interval = 50 CNY/MT; If 5,000 CNY/MT < exercise price ≤ 10,000 CNY/MT, exercise price interval = 100 CNY/MT; If exercise price > 10,000 CNY/MT, exercise price interval = 200 CNY/MT. The option contracts corresponding to the seventh and subsequent calendar months: If exercise price ≤ 5,000 CNY/MT, exercise price interval = 100 CNY/MT; If 5,000 CNY/MT < exercise price ≤ 10,000 CNY/MT, exercise price interval = 200 CNY/MT; If exercise price > 10,000 CNY/MT, exercise price interval = 400 CNY/MT.
Exercise Style	American style. The options buyer can apply to exercise the options in the trading hours of any trading day prior to the expiration date, and before 3:30 pm on the expiration date.
Contract Symbol	Call option: PP - Contract Month - C - Exercise Price
	Put option: PP - Contract Month - P - Exercise Price

Establishing Flexible Trading Strategies Through Futures and Options

Investors could establish flexible trading strategies through combining various futures and options contracts, which would better help with price risk mitigation. Meanwhile, DCE portfolio margin system already supported multiple trading strategies including straddles, strangles, spreads, etc.

Long Straddle



Investors could establish this strategy through buying one call option (premium= C_0) and one put option (premium = P_0) which are based on the same underlying futures contract and have the same exercise price (K).

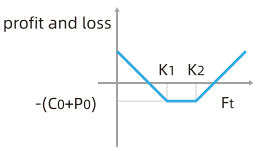
profit and loss: $max(F_t-K,0)-C_0+max(K-F_t)-P_0$

maximum profit: unlimited

maximum loss: $-(C_0+P_0)$

break-even price: $K+(C_0+P_0)$and $K-(C_0+P_0)$

Long Strangle



Investors could establish this strategy through buying one put (premium = P_0) and one call option (premium= C_0) which are based on the same underlying futures contract and have different exercise prices. The exercise price for the put option is K_1 while that for the call option is K_2.

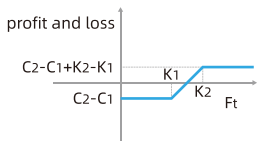
profit and loss: $max(F_t-K_2,0)+max(K_1-F_t,0)-C_0-P_0$

maximum profit: unlimited

maximum loss: $-(C_0+P_0)$

break-even price: $K_1-(C_0+P_0)$and $K_2+(C_0+P_0)$

Bull Call Spread



Investors could establish the bull spread through buying one call option (premium = C_1) with a relatively low strike price (K_1) while selling one call option (premium= C_2) with a relatively high strike price K_2, both options are based on the same underlying futures contract.

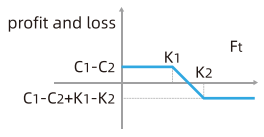
profit and loss: $max(F_t-K_1,0)-C_1+C_2-max(F_t-K_2,0)$

maximum profit: $C_2-C_1+K_2-K_1$

maximum loss: C_2-C_1

break-even price: $K_1+C_1-C_2$

Bear Call Spread



Investors could establish bear spread strategy through selling one call option (premium=C_1) with a relatively low exercise price (K_1) and buying one call option (premium=C_2) with a relatively high exercise price (K_2), both options should be based on the same underlying futures contract.

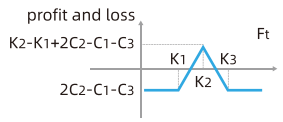
profit and loss: $C_1-C_2-max(F_t-K_1,0)+max(F_t-K_2,0)$

maximum profit: C_1-C_2

maximum loss: $C_1-C_2+K_1-K_2$

break-even price: $C_1-C_2+K_1$

Long Butterfly Spread



Investors could establish long butterfly spreads through buying one call option (premium=C_1) with low strike price (K_1), buying one call option (premium=C_3) with high strike price (K_3) and simultaneously selling 2 call options (premium=C_2) with middle strike price (K_2).

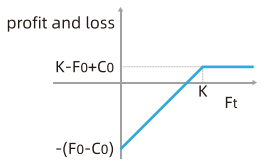
profit and loss: $max(F_t-K_1,0)+max(F_t-K_3,0)-2max(F_t-K_2,0)+2C_2-C_1-C_3$

maximum profit: $K_2-K_1+2C_2-C_1-C_3$

maximum loss: $2C_2-C_1-C_3$

break-even price: $K_1+(C_1+C_3-2C_2)$and $K_3-(C_1+C_3-2C_2)$

Covered Call



Investors could establish the covered call strategy via buying one futures contract (price = F_0) and simultaneously selling one call option (premium=C_0) based on the corresponding futures contract.

profit and loss: $(F_t-F_0)+C_0-max(F_t-K,0)$

maximum profit: $K-F_0+C_0$

maximum loss: $-(F_0-C_0)$

break-even price: F_0-C_0

For more information, please visit our official website **www.dce.com.cn**