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Market Update — October 16th, 2015

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MARKET UPDATE

Spot resin trading continued to transact at an elevated pace, which can be somewhat attributed to improved demand and growing expectations for higher prices ahead. While Polyethylene is still quite available, the spot market added \$.01/lb across all commodity grades; as the cheapest material is sold, fresh offers are coming in at higher costs. PE producers are looking to hold Oct contracts steady at Sept levels and there is a \$.05/lb increase on the table for November. Spot Polypropylene prices also added a cent, availability remains tight and it seems that at least some increase is likely to take hold for October contracts. International resin markets have firmed a bit and large volumes of PE have shipped offshore.

The major energy markets all moved moderately lower and December began rolling to the front month. WTI Crude Oil swung in nearly a 10% range; the December futures contract ended the week at \$47.72/bbl, down \$2.42/bbl. Dec Brent Oil futures gave back \$2.45/bbl to settle Friday at \$50.46/bbl. November is still the front month for Natural Gas, it lost \$.072/mmBtu and headed into the weekend at \$2.43/mmBtu, a new low close for the contract. Spot Ethane was steady at \$.1975/gal (\$.083/lb); Propane lost nearly a nickel, 10%, to just above \$.44/gal (\$.125/lb).

Once again, spot Ethylene trading was very active and prices moved significantly higher. At least 3 major crackers in the Gulf remain offline for maintenance and the supply restrictions are apparently catching up to the market. Ethylene began the week just a tick higher at \$.21/lb and then rallied from there. Material for Oct delivery reached \$.24/lb, before settling back a tad to most recently sell at \$.2325/lb, a full nickel above the previous week's low of \$.1825/lb. While forward months also rose, the curve's contango shape flattened a little, the peak price in March 2016 is now around \$.27/lb.

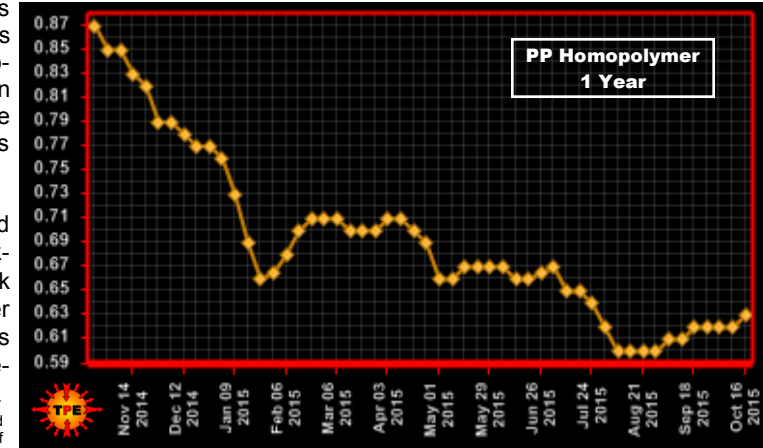
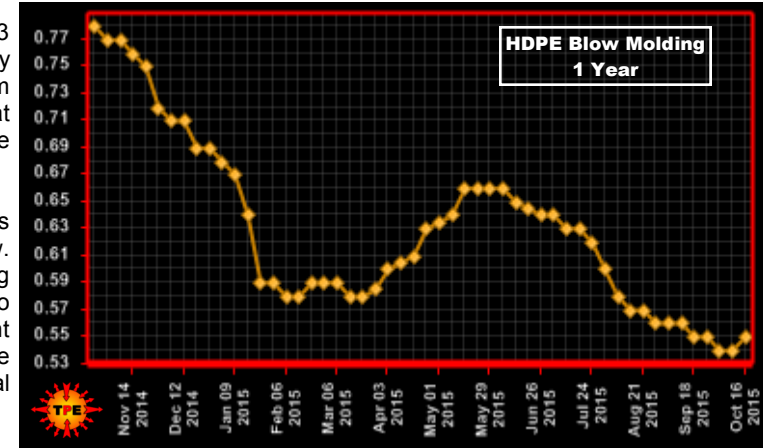
The Polyethylene market was active and our trading desk was busy throughout the week. PE prices were up a penny, although the Houston market has already recovered a couple/few cents from its low. Processor demand was very good; some orders resulted from late railcars, while others were looking to secure extra material ahead of the \$.05/lb price increase nominated for November. While it is too early to gauge the likelihood of the increase implementation, sentiment has shifted away from outright bearish and has been taking on a firming undertone. Most commodity grades are still readily available for prompt shipment, but traders' inventories are thinning and most new offers are quoted for several weeks out.

Spot Propylene trading activity was average; while there was some bid/offer chatter, few transactions were completed. PGP for October delivery did change hands up a half-cent to \$.29/lb, but then sellers could not find additional buyers, even when offered down near \$.28/lb. Of perhaps more interest, October contracts settled up \$.005/lb to \$.305/lb; aside from a penny increase in February, this modest gain was the first since last October, which incidentally was the market's high at \$.765/lb. The shape of the PGP forward curve slightly shifted, March is now an interim peak at \$.295/lb, Dec 2016, at \$.30/lb, is now the highest price on the board. RGP was priced this week between \$.18-.20/lb.

Polypropylene trading continued to improve, buyers were actively seeking material, no doubt spurred along by fresh production complications adding to existing supply constraints. Buyers were also looking to procure extra resin in light of an imminent price increase. Spot PP added a penny this past week and could add several cents more as producers look to secure their \$.05/lb price increase for October contracts. Producers have successfully expanded margins during 2015 by lowering resin prices less than the decrease in monomer costs; however, this month is a little different as PGP contracts recorded a half-cent gain and some negotiated number will then be tacked on to determine the PP price.

Disclaimer: The information and data in this report is gathered from exchange observations as well as interactions with producers, distributors, brokers and processors. These are considered reliable. The accuracy and completeness of this information is not guaranteed. Any decision to purchase or sell as a result of the opinions expressed in this report will be the full responsibility of the person authorizing such a transaction. Our market updates are compiled with integrity and we hope that you find them of value. Chart values reflect our asking prices of generic prime railcars delivered in USA.

Total Offers 22,703,400 lbs		Spot		Contract	
Resin	Total lbs	Low	High	Bid	Offer
HDPE - Inj	5,513,960	\$ 0.530	\$ 0.600	\$ 0.510	\$ 0.550
LDPE - Film	4,194,624	\$ 0.560	\$ 0.640	\$ 0.535	\$ 0.575
LLDPE - Film	3,608,440	\$ 0.510	\$ 0.630	\$ 0.515	\$ 0.555
HDPE - Blow Mold	2,971,428	\$ 0.515	\$ 0.600	\$ 0.510	\$ 0.550
PP Homo - Inj	1,967,404	\$ 0.540	\$ 0.660	\$ 0.590	\$ 0.630
PP Copo - Inj	1,612,576	\$ 0.590	\$ 0.690	\$ 0.610	\$ 0.650
HMWPE - Film	1,058,208	\$ 0.535	\$ 0.585	\$ 0.530	\$ 0.570
LLDPE - Inj	970,024	\$ 0.590	\$ 0.640	\$ 0.570	\$ 0.610
LDPE - Inj	806,736	\$ 0.550	\$ 0.640	\$ 0.590	\$ 0.630



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