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Happy New Year – our best wishes for your health, happiness, prosperity and of course... world peace!

The spot resin markets ended the year quietly and average prices for both Polyethylene and Polypropylene were flat, quite in contrast to the generally busy and exciting conditions experienced throughout 2017. Most December resin business was booked by the middle of the month and while there were relatively few offers during the second half, some very well priced deals were indeed seen. Offerings were sporadic and even those nicely discounted could not really be characterized by a year-end purge or as blowout deals. Domestic demand was equally subdued, as a number of processors shut down during the holidays, but there were also some in need of material to carry them comfortably through the New Year.

The major energy markets all moved substantially higher in holiday shortened trading. WTI Crude oil gained nearly \$2/bbl to finally close above its \$60/bbl ceiling. The February WTI futures contract ended the week, month and year at \$60.42/bbl, a level just barely eclipsed back in May/June 2015 though solidly prior to Dec 2014, 3 full years ago. WTI Crude futures took a wild ride in 2017, it began the year at \$52.30/bbl, reached a low of \$44.87 on June 21<sup>st</sup> and ended the year on its high, a gain of more than \$8/bbl. March Brent Oil futures added \$2.14/bbl this past week, ending the year at \$66.87/bbl. Feb Natural Gas futures soared \$.295/mmBtu, 11%, to end the year at \$2.953/mmBtu. Nat Gas began 2017 at \$3.327/mmBtu, reached a high of \$3.492/mmBtu on May 15, and made its low of \$2.592 on Dec 21, a yearly net loss of \$.374/mmBtu.

Spot Ethane was fractionally higher to \$.235/gal (\$.10/lb). It traded in a relatively small \$.05/gal range, beginning the year at \$.255/gal. It reached a high of \$.285/gal on Aug 17, and made its low of \$.20/gal on Dec 18. Spot Propane added more than a cent to \$.98/gal (\$.277/lb). It began the year at \$.705/gal and had a huge \$.445/gal range; it made a low of \$.57/gal on March 27 and peaked at \$1.015/gal on Nov 27. Spot Ethylene has recently been very slow and pricing this past week was flat at \$.275-.28/lb. It began the year at \$.365/lb and had a \$.205/lb range; it made its high of \$.38/lb on Feb 2 and broke down to \$.175/lb on July 10. Spot PGP firmed a bit, adding about a penny to nearly \$.49/lb. PGP began 2017 at \$.34/lb which was also its low point and went on to rally nearly \$.20/lb, it reached its high of \$.5375/lb on March 8.

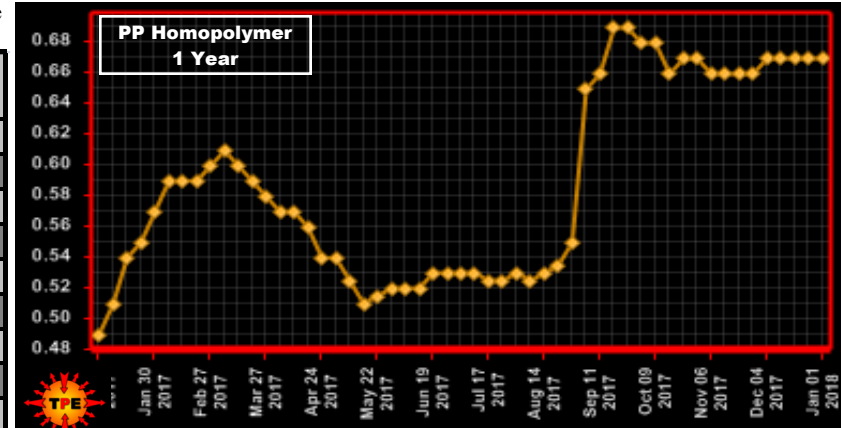
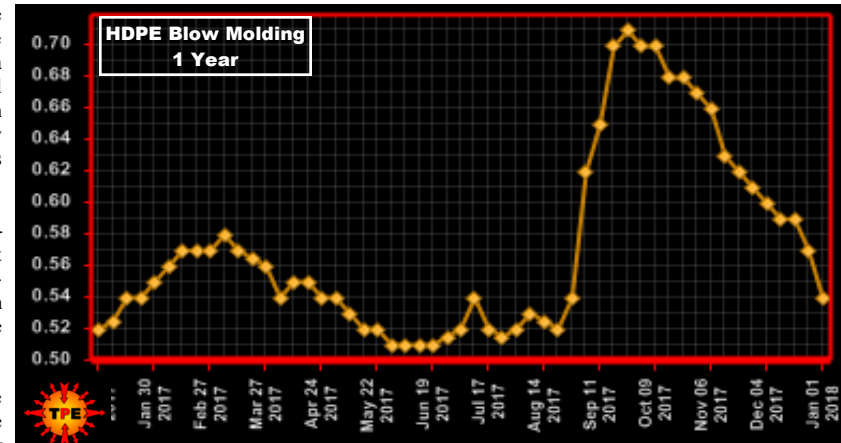
The Polyethylene market was quiet this week, but it was a heckuva year. In general, the market rallied in the 1<sup>st</sup> quarter and bottomed out near the end of the second quarter. It staged a modest recovery during the summer for what should have been its last hurrah before several new Polyethylene plants came online with added production. Hurricane Harvey then rocked the market and sent prices absolutely soaring. The market peaked in Mid-Sept and has been sliding ever since. Most PE resins still remain several cents higher for the year, but grades did not necessarily move together or to the same magnitude, as shown in the table.

There was very little Polypropylene activity the last week of the year. Offers in general have been scarce and the market has maintained an upward bias. Prices continue to be pushed higher based on rising costs and producers have leveraged the tight supply/demand dynamics to earn \$.03-.05/lb margin expansion this year. PP began 2017 on its low and rallied from there, peaking in mid-Sept, but remains near its high and we anticipate continued upward pressure into the New Year.

Material	1/1/17	Low	Low Date	Peak	Peak Date	12/31/17	Range	Year Change
HMWPE - Film	0.53	0.52	6/19/17	0.71	9/15/17	0.58	0.19	0.05
HDPE - Blow	0.52	0.51	5/26/17	0.71	9/19/17	0.57	0.20	0.05
HDPE - Inj	0.53	0.53	1/2/17	0.79	9/19/17	0.56	0.27	0.04
LDPE - Film	0.64	0.57	8/10/17	0.73	9/15/17	0.58	0.16	-0.06
LLDPE - Film	0.54	0.53	6/30/17	0.68	9/15/17	0.57	0.15	0.03
LDPE - Inj	0.60	0.59	6/28/17	0.73	9/15/17	0.61	0.14	0.01
LLDPE - Inj	0.60	0.58	6/9/17	0.74	9/15/17	0.64	0.16	0.04
HoPP - Inj	0.49	0.49	1/2/17	0.69	9/15/17	0.67	0.20	0.18
CoPP - Inj	0.51	0.51	1/2/17	0.74	9/15/17	0.69	0.23	0.18

## Market Update — December 29th, 2017

Resin for Sale 13,419,204 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
HDPE - Inj	2,950,392	\$ 0.550	\$ 0.610	\$ 0.520	\$ 0.560
LDPE - Film	2,819,796	\$ 0.565	\$ 0.640	\$ 0.540	\$ 0.580
LLDPE - Inj	1,466,104	\$ 0.620	\$ 0.700	\$ 0.600	\$ 0.640
LDPE - Inj	1,465,472	\$ 0.600	\$ 0.680	\$ 0.570	\$ 0.610
PP Homo - Inj	1,189,472	\$ 0.590	\$ 0.690	\$ 0.630	\$ 0.670
HDPE - Blow	1,129,564	\$ 0.570	\$ 0.650	\$ 0.530	\$ 0.570
LLDPE - Film	1,085,196	\$ 0.560	\$ 0.640	\$ 0.530	\$ 0.570
PP Copo - Inj	695,920	\$ 0.600	\$ 0.730	\$ 0.650	\$ 0.690
HMWPE - Film	617,288	\$ 0.570	\$ 0.620	\$ 0.540	\$ 0.580



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