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The spot resin markets continued to drag on slowly, but a good flurry of late activity helped to salvage the week. The flow of both Polyethylene and Polypropylene offers into the secondary market improved a bit, providing better market liquidity, but resin is not considered abundant. The \$.05/lb PE price increase was firmly implemented on Feb contracts, some PE grades pressed another penny higher this past week. Most PP contracts increased \$.065/lb in Feb, commensurate with the rise in PGP monomer contracts. Spot PP reversed the slightly softening sentiment and rose another cent on the heels of another surge in spot monomer.

Crude Oil price volatility remained low, the April WTI futures contract added \$.21/bbl to end the week at \$53.99/bbl. May rolled to the front month Brent Crude futures contract, it was up \$.20/bbl when it settled Friday at \$56.31/bbl. Natural Gas futures tumbled further, the April contract eroded another \$.16/mmBtu and headed into the weekend at \$2.787/mmBtu, a new low weekly close for this move.

Spot Ethane lost almost 2-cents, ending the week below \$.235/gal (\$.10/lb); March Propane fell further, it dropped another nickel to \$.65/gal (\$.185/lb) – a far cry from the \$.90+/gal peak earlier this month. Ethylene prices continued to decline, the market gave up about \$.03/lb to \$.28/lb, down about a dime in 14 trading days. After a few quiet weeks, Spot PGP prices soared again, trading as high at \$.51/lb, up almost a nickel this week. Feb PGP contracts finally settled at \$.48/lb, an increase of \$.065/lb, in-line with expectations.

Polyethylene activity was sporadic; there was a light, but steady stream of railcar offers which reflected the \$.05/lb increase that has been fully implemented in Feb. Incremental domestic demand has been lacking as major processors seem to be well served with direct availability. Most resellers concur with the sales challenges during Feb, and while suppliers are out looking for orders, nobody is willing to really dump on price. We did fill a series of spot needs along several different PE grades that have been scarce, including LDPE film, HDPE film and high flow for injection.

The lack of plentiful PE material given very high margins and lackluster demand point to reduced operating rates. While there have been planned outages, recently sliding monomer costs could be indicative of production issues this month. High volume PE exports sales are still stymied by relatively high US levels, though international markets have stabilized and seen a minor up-tick. Producers have another \$.06/lb price increase on the table for March, but would require renewed upward momentum to take hold.

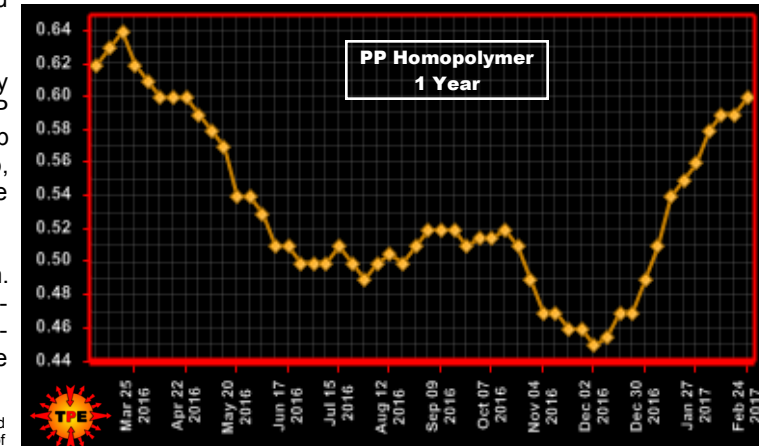
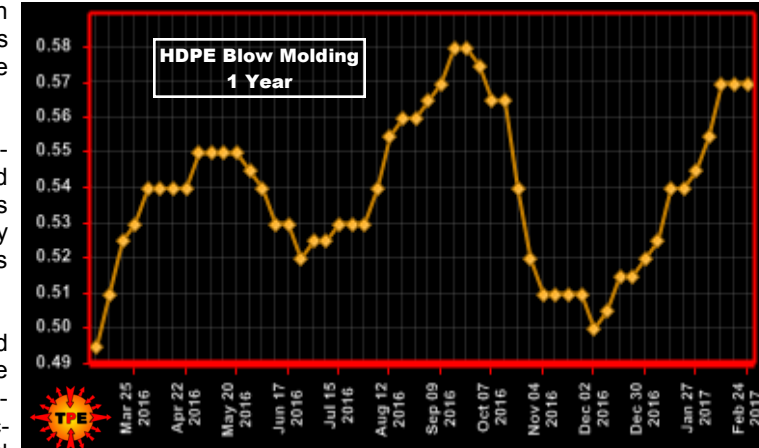
Polypropylene trading was average at best, demand remained unenthusiastic and essentially only as-needed. However, after two weeks of flat pricing, the PP market has resumed its rally. While PP only gained a cent this past week, it was a reaction to another cost-push drive as spot PGP ran up almost \$.05/lb. Processors are still knee-deep from the \$.165/lb contract increase during Jan/Feb, but rather than getting some hopeful relief in March (which we never thought would happen), the market is poised for yet another increase ahead.

The days of Polypropylene that starts with a 4 (and even a 3!) already appear like a long-ago dream. Suppliers with uncommitted resin on hand seem to be raising their asking price a little on each request. The market is working its way through the \$.50s/lb and while hearing PP in the \$.60s/lb initially sounded a bit shocking, it is again becoming commonplace. Keep your seatbelts buckled, we do not yet see signs for an end to this rally.

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.

Market Update — February 24th, 2017

Resin for Sale 12,521,016 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
HDPE - Blow	2,247,392	\$ 0.530	\$ 0.580	\$ 0.530	\$ 0.570
LLDPE - Film	1,990,392	\$ 0.550	\$ 0.630	\$ 0.540	\$ 0.580
PP Homo - Inj	1,755,828	\$ 0.540	\$ 0.620	\$ 0.560	\$ 0.600
PP Copo - Inj	1,408,184	\$ 0.550	\$ 0.680	\$ 0.580	\$ 0.620
LLDPE - Inj	1,357,184	\$ 0.600	\$ 0.660	\$ 0.580	\$ 0.620
HMWPE - Film	1,261,840	\$ 0.560	\$ 0.600	\$ 0.540	\$ 0.580
HDPE - Inj	1,050,828	\$ 0.530	\$ 0.590	\$ 0.530	\$ 0.570
LDPE - Inj	813,184	\$ 0.590	\$ 0.660	\$ 0.590	\$ 0.630
LDPE - Film	636,184	\$ 0.620	\$ 0.730	\$ 0.640	\$ 0.680



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MARKET UPDATE
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