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The spot resin markets moderated from its fervent pace, but completed volumes were still better than average. Prices for all Polyethylene and Polypropylene grades continued to move higher in this cost push and tightly supplied environment. Domestic resin demand was very good, at least from those seeking to procure material at week ago levels; this is currently a fast market, where the cost of hesitation is usually the loss of available supply. Somewhat offsetting - incremental export sales were hampered by higher Houston levels and limited offerings, providing a chance for area warehouses to catch up on the packaging backlog.

January PE contracts were mostly steady, but there is growing likelihood that the \$.05/lb price increase nominated for Feb will be implemented. Jan PP contracts jumped \$.10/lb on average and will rise \$.06-.08/lb again in Feb, as producers seek to pass along the imminent increase in their Feb PGP monomer costs.

Crude Oil price volatility was mild and prices rose modestly. The March WTI futures contract added \$.66/bbl to end the week at \$53.83/bbl. April rolled to the front month for Brent Crude, it rose \$1.11/bbl to \$56.81/bbl. Natural Gas prices tumbled, the March futures contract lopped off \$.295/mmBtu, almost 9%, to settle Friday at \$3.063/mmBtu, the lowest level since Nov. Feb Ethane, which had traded at a solid premium to Jan, eased to end the week just above \$.25/gal (\$.105/lb); Propane continued to rally, it reached nearly \$.94/gal before sliding back to \$.87/gal (\$.245/lb), still up a net nickel/gal. Spot Ethylene was very active and had high turnover, prices hopped nearly \$.04/lb to \$.38/lb. PGP prices moved around but ended the week with nominal change, around \$.47/lb.

Polyethylene trading was solid; processor demand was very good against limited availability. Most prime commodity grades added \$.01/lb this past week with widespec prices shoring up swiftly, leaving few obviously cheap offers available. Spot PE levels have consistently rallied since bottoming out in early Dec; prices are now up \$.05-.06/lb from the lows, with some variance amongst grades. Considering the \$.02/lb decrease that most accounts saw in Dec, spot resin pressed to a premium by mid-Jan and has continued to advance, lending strong credence to the \$.05/lb increase slated for Feb.

While all commodity Polyethylene resins can currently be procured as spot, the volumes offered at the cheapest levels are usually low. As offers are taken, the next best price is at least a penny higher. LDPE and LLDPE film grades are still the most scarce, packaged material for immediate shipment has been hindered by shipping and packing delays. Several more producers have nominated an additional \$.06/lb increase for March, while it is way too early to comment on its viability, at a minimum it will help reinforce the current nickel.

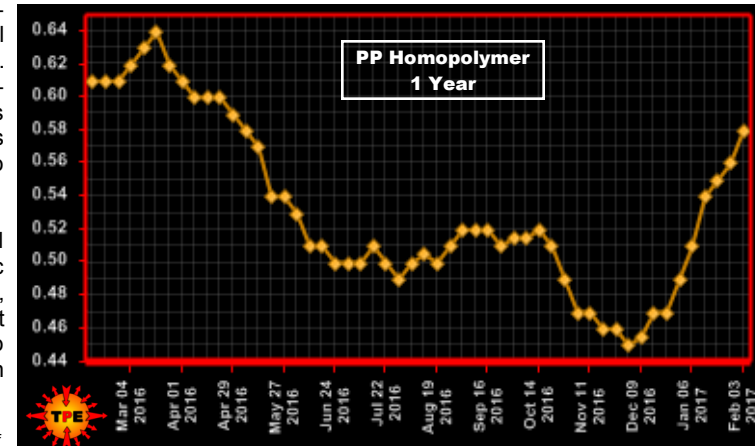
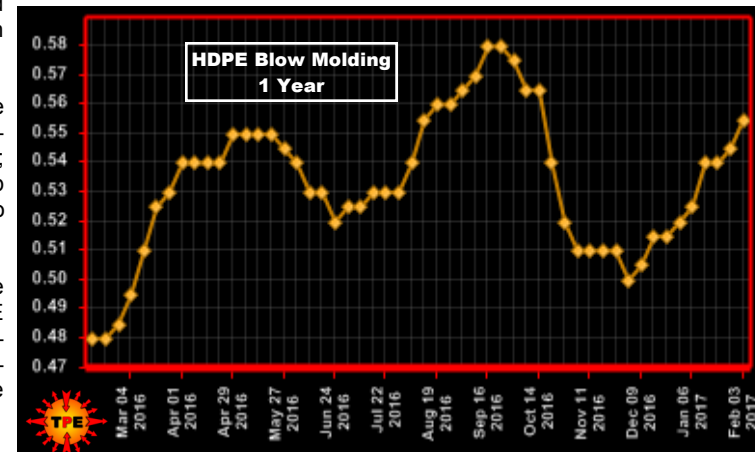
Polypropylene trading activity remained busy, there was a flurry of buying as Jan came to a close on Tuesday. PP has returned to its volatile ways; large back-to-back monthly increases to start the year, which will total around \$.18/lb, have spurred a quick 40-50% rise in spot prices, including 2-cents this past week. Processors were again active buyers, seeking to procure additional material in the midst of this rapidly rising market. However, there has been an upward vacuum in domestic railcar pricing and resellers / traders with inventory are cautious to only dole out limited volumes at a given price. So, completing transactions are not easy, there is a wide gap between buy and sell levels and it is a challenge to push the new price to reluctant, albeit needy buyers.

The PP rally still has legs and it does not appear that the market is ready to find a top, so processors will need to push these higher prices further downstream. The furious price rise will however, crimp domestic demand, even though we have certainly seen these levels and much higher before. Tight PP supplies, soaring monomer costs and resin prices have also closed the high-volume export arbitrage and we expect to see the imports begin to hit the American coasts later this month. Still, even when monomer costs do eventually subside, we expect producers to only partially share the savings to regain some of the margin they lost the better part of last year.

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 3rd, 2017

Resin for Sale 12,441,432 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
HDPE - Inj	2,219,312	\$ 0.510	\$ 0.590	\$ 0.515	\$ 0.555
HDPE - Blow	1,788,564	\$ 0.520	\$ 0.580	\$ 0.515	\$ 0.555
PP Homo - Inj	1,640,828	\$ 0.535	\$ 0.610	\$ 0.540	\$ 0.580
LDPE - Film	1,597,748	\$ 0.610	\$ 0.695	\$ 0.640	\$ 0.680
PP Copo - Inj	1,567,196	\$ 0.540	\$ 0.640	\$ 0.560	\$ 0.600
LLDPE - Film	1,508,576	\$ 0.550	\$ 0.600	\$ 0.530	\$ 0.570
HMMWPE - Film	735,012	\$ 0.555	\$ 0.600	\$ 0.530	\$ 0.570
LDPE - Inj	678,368	\$ 0.590	\$ 0.665	\$ 0.575	\$ 0.615
LLDPE - Inj	646,828	\$ 0.595	\$ 0.635	\$ 0.575	\$ 0.615



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