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Spot resin trading returned to its fervent pace; buyers were more active players than sellers as PE and PP prices jumped \$.01-.02/lb. Energy and feedstock prices continued to recover; WTI Crude Oil reached a 3-month high back above \$40/bbl, closing the gap to traditionally higher Brent. Ethylene and Propylene monomer costs also soared, now both above \$.30/lb, substantiating the gains seen in downstream resin markets.

The **Polyethylene** market is seeing a turn in key fundamentals creating an increasingly bullish shift in sentiment. Crude Oil prices have quickly popped about 50%, supporting international Naphtha based Polyethylene, just as cracker turnarounds in both Asia and the US limit Ethylene supplies - driving both resin costs and prices higher.

Polyethylene demand was very good, processors were aggressively looking for material, but supplies dried up quickly. Trading partners across the reseller spectrum all reported swift sales, and as their prevailing offers on The Plastics Exchange were purchased, they were replaced by fewer pounds at higher prices. Exporters are experiencing another good surge in demand, aside from solid volumes to Latin America and Asia, the strengthening Euro currency is aiding the resin arbitrage to Europe.

Prime Polyethylene (and even most offgrade) priced in the \$.40s/lb can now only be seen in the rear-view mirror. HDPE for film, blow molding and injection are now all in the low-mid \$.50s/lb and becoming difficult to source. LLDPE film grades are mid-high \$.50s/lb and prices for LDPE Clarity, which is outright scarce, are generally starting with a 6.

The 7-month bear market in Polyethylene seems to have ended; the low end of the market has substantially cleaned up and the sharp spot discounts have been eliminated. Some buyers are wishing they had stocked up more when prices were near the bottom, but still recognize that PE is very affordable on a historical basis.

However, the tight spot market indicates that contract prices can begin to rise too. There are \$.09/lb of Polyethylene price increases on the table for March and April. The current nickel increase, which seemed like a far-away dream when issued prior to these current market conditions developing, now has a real chance of at least partial implementation. It doesn't stop there: producers have all nominated another \$.04/lb increase for April.

**Polypropylene** demand was solid and prices rose at least a penny. Continuing the trend, spot buying interest was seen from processors seeking imported resin to augment their traditional domestic supply, which has largely become insufficient. This supply/demand imbalance has helped producers secure the remainder of their \$.06/lb margin enhancing price increase, with another \$.03/lb on the table for April.

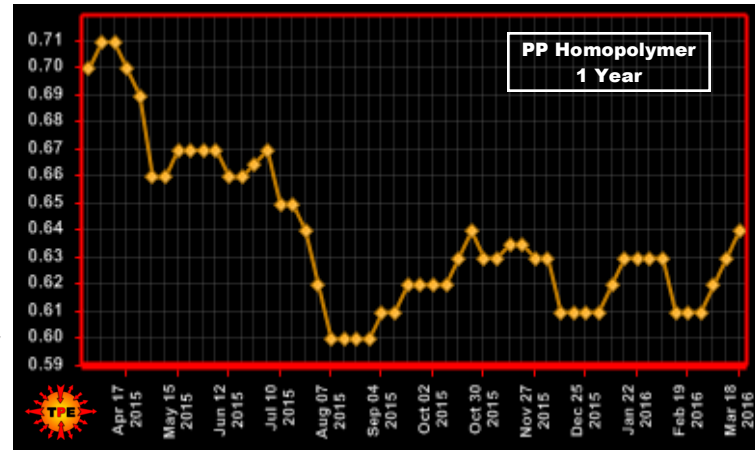
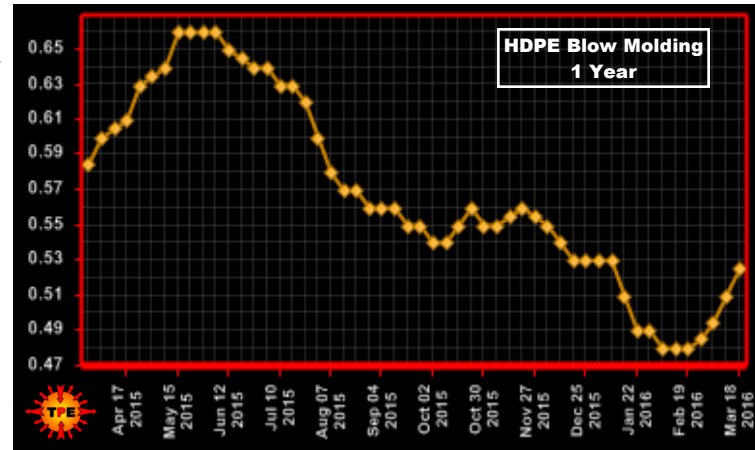
Other processors have returned to the spot market in search of well-priced offgrade Polypropylene to counter rising Prime prices. While falling Propylene monomer costs in Jan/Feb offset \$.02/lb of the aforementioned increase, monomer costs have begun to recover and are now adding to the PP market's upward pressure.

A PGP cost push increase of \$.015/lb has hit March contracts, and with spot PGP still relatively strong, all signs are pointing to higher PP prices come April.

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 — March 18th, 2016

| Resin For Sale <b>16,352,360 lbs</b> |           | Spot Range |          | TPE Index |          |
|--------------------------------------|-----------|------------|----------|-----------|----------|
| Resin                                | Total lbs | Low        | High     | Bid       | Offer    |
| PP Homo - Inj                        | 3,460,808 | \$ 0.550   | \$ 0.650 | \$ 0.595  | \$ 0.635 |
| LLDPE - Film                         | 2,629,244 | \$ 0.500   | \$ 0.580 | \$ 0.500  | \$ 0.540 |
| LDPE - Film                          | 2,442,416 | \$ 0.550   | \$ 0.630 | \$ 0.530  | \$ 0.570 |
| PP Copo - Inj                        | 2,182,208 | \$ 0.580   | \$ 0.680 | \$ 0.615  | \$ 0.655 |
| HDPE - Blow Mold                     | 2,037,312 | \$ 0.490   | \$ 0.560 | \$ 0.480  | \$ 0.520 |
| HDPE - Inj                           | 1,297,036 | \$ 0.520   | \$ 0.580 | \$ 0.495  | \$ 0.535 |
| LLDPE - Inj                          | 942,760   | \$ 0.550   | \$ 0.610 | \$ 0.530  | \$ 0.570 |
| LDPE - Inj                           | 831,472   | \$ 0.520   | \$ 0.600 | \$ 0.540  | \$ 0.580 |
| HMVPE - Film                         | 529,104   | \$ 0.500   | \$ 0.550 | \$ 0.495  | \$ 0.535 |



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