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The spot resin markets continued to be busy; transacted volumes were particularly strong for the first week of the month and all commodity grades of Polyethylene and Polypropylene rose a penny. In sharp contrast to the end of February, domestic PE railcar availability became very scarce. Fresh offers for the Houston export market were also notably absent. On the other hand, Polypropylene supplies actually improved, as imports arrived in greater quantities.

Crude Oil has rallied more than 20% in the past 3 weeks to \$36/bbl, instilling a new sense of bullish sentiment into the market. Feedstock costs are also increasing as crackers enter their busy maintenance season, spurring Ethylene's recent \$.08/lb recovery rally.

As we noted two weeks ago, the **Polyethylene** market seemed to be consolidating and after a lengthy 7-month downtrend, would head into a period of transition. Indeed, spot material was purged at deep discounts at the end of Feb, leaving producers with few fresh offers to share in the beginning of March. The resin that was made available this past week was priced several cents higher. While exporters were not eager to jump at the new number, traders did come in to scoop up any remaining cheap material, lifting the bottom end of prices.

Spot Polyethylene demand was pretty solid, buyers were willing to pay up a bit for material and there were unfilled orders remaining at the end of the week. Do note that much of the overflow demand was bidding at price levels no longer available in the market. The reseller community is not void of material, but with replacement costs rising, they too increased their asking prices and Polyethylene priced in the \$.40s/lb is quickly becoming a thing of the past. International PE prices continued to tick higher, providing additional support to the market.

Polyethylene producers nominated a \$.05/lb price increase for March contracts. The spot market is definitely firmer and we see the likelihood for further strength in the coming weeks, especially if energy and feedstock costs continue to rally. However, there is a lot of ground to recover in order to eliminate the discount that spot resin has held to contracts. Most processors seem to be in pretty good shape with their inventory levels, so will likely resist the increase. In the meantime, contract orders are being placed at the higher price, but with the caveat of price protection given the very real chance that the increase will be postponed until April.

The **Polypropylene** market is becoming a bit more dynamic as large quantities of imported resin begin to create an impact on supply, which has been lacking for the last 5-6 quarters. For the first time since December, offgrade railcars are lingering as opposed to quickly being placed to a processor. This has put some moderate pressure on the spot market. The contract market has remained firm, as very large buyers rely on direct prime railcars for their primary supply.

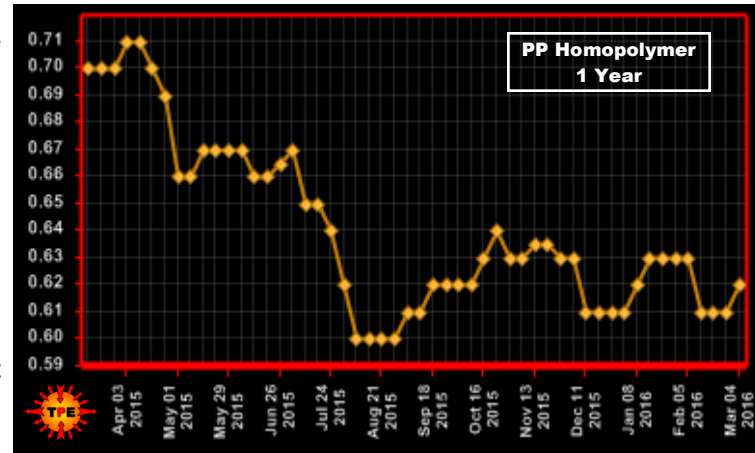
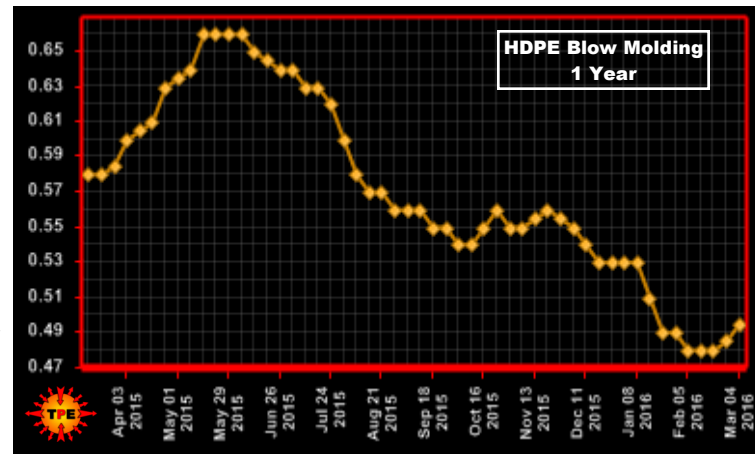
March should be an equalizing month as producers look to secure the balance of their \$.06/lb margin enhancing increase on any remaining accounts. While PGP dropped \$.02/lb during Jan/Feb, bringing the net price adjustment to plus \$.04/lb, spot Propylene has been stronger and March contracts will likely recover that \$.02/lb. As we anticipated, Polypropylene producers have begun to issue letters nominating another \$.03/lb increase for April.

Prime imported Polypropylene is currently stocked on the East and West Coasts as well as Midwest. The quantities are not massive, but both HoPP and CoPP are available in a myriad of melt flows – let us know what you need.

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 4th, 2016

Resin For Sale 13,635,395 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
HDPE - Blow Mold	2,530,036	\$ 0.470	\$ 0.540	\$ 0.455	\$ 0.495
LLDPE - Film	2,199,552	\$ 0.480	\$ 0.560	\$ 0.480	\$ 0.520
PP Homo - Inj	1,969,564	\$ 0.550	\$ 0.650	\$ 0.580	\$ 0.620
PP Copo - Inj	1,797,472	\$ 0.565	\$ 0.710	\$ 0.600	\$ 0.640
LDPE - Film	1,753,380	\$ 0.490	\$ 0.600	\$ 0.510	\$ 0.550
LDPE - Inj	896,552	\$ 0.510	\$ 0.590	\$ 0.520	\$ 0.560
LLDPE - Inj	863,828	\$ 0.520	\$ 0.610	\$ 0.510	\$ 0.550
HDPE - Inj	848,184	\$ 0.460	\$ 0.530	\$ 0.475	\$ 0.515
HMVPE - Film	776,828	\$ 0.500	\$ 0.535	\$ 0.470	\$ 0.510



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