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Market Update — April 17th, 2015

Total Offers 16,078,520 lbs		Spot		Contract	
Resin	Total lbs	Low	High	Bid	Offer
HDPE - Inj	3,130,256	\$ 0.570	\$ 0.660	\$ 0.580	\$ 0.620
HDPE - Blow Mold	2,857,612	\$ 0.575	\$ 0.635	\$ 0.570	\$ 0.610
LLDPE - Film	2,788,232	\$ 0.565	\$ 0.660	\$ 0.580	\$ 0.620
LDPE - Film	2,275,956	\$ 0.610	\$ 0.670	\$ 0.600	\$ 0.640
PP Homo - Inj	1,598,852	\$ 0.635	\$ 0.760	\$ 0.660	\$ 0.700
HMVPE - Film	970,024	\$ 0.590	\$ 0.650	\$ 0.600	\$ 0.640
LLDPE - Inj	961,656	\$ 0.580	\$ 0.635	\$ 0.610	\$ 0.650
LDPE - Inj	837,748	\$ 0.575	\$ 0.660	\$ 0.630	\$ 0.670
PP Copo - Inj	658,184	\$ 0.690	\$ 0.770	\$ 0.690	\$ 0.730

Spot resin trading was solid, transactional volumes increased even though the flow of offers diminished. Polyethylene prices were steady to higher while spot Polypropylene finally began to ease, but just a tad. PE contracts should roll steady for the second month in a row, producers en masse have issued a \$.05/lb price increase effective for May, looking to start reversing the \$.16/lb of decreases seen from Nov-Feb. Polypropylene contracts are decreasing in April, but it will be something less than the \$.06/lb decline in PGP monomer costs. Despite the continued strength in the US dollar, export demand for North American resins remains strong due to a number of international cracker and reactor outages creating a need for more material.

The major energy markets were all higher and June rolled to the front month for futures contracts. WTI Crude Oil gave back \$1.50/bbl from its high, but still gained \$3.81/bbl, 10%, to end the week at \$57.32 – the highest since late December. June Brent Crude Oil saw similar results, nearly reaching \$65/bbl before settling back to \$63.45/bbl on Friday. Natural Gas futures bounced off nearly 3 year lows, recovering almost 5%, as June jumped \$.121/mmBtu to \$2.679/mmBtu. Spot Ethane regained a penny-plus to \$.175/gal (\$.074/lb). Spot Propane continued higher, adding almost 4-cents to \$.5725/gal (\$.162/lb).

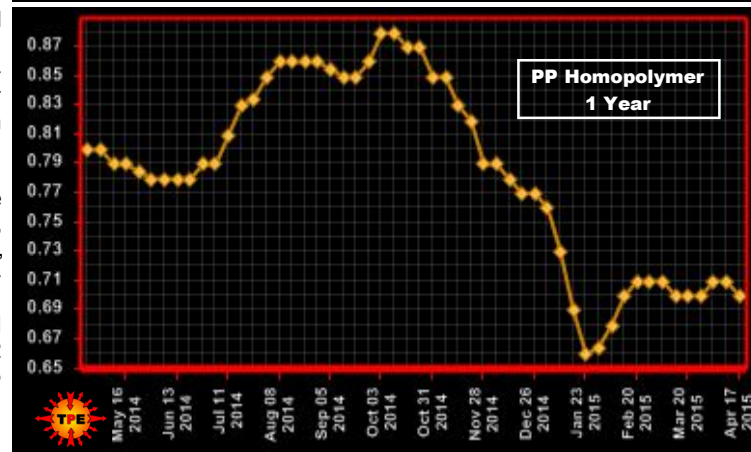
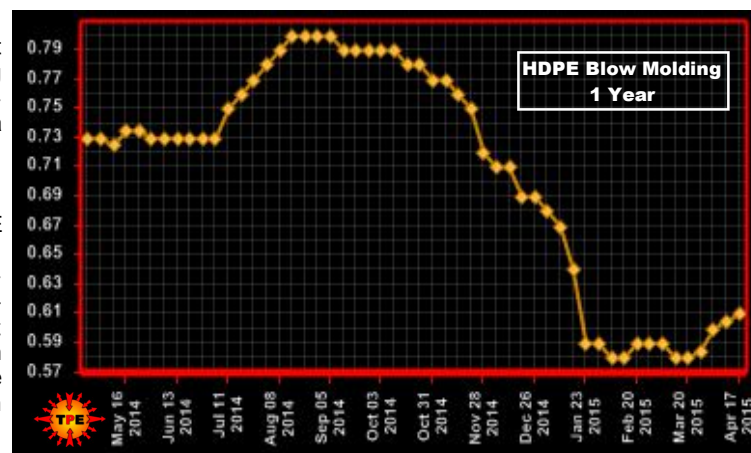
A relatively high volume of spot Ethylene changed hands at prices that were mostly lower during the week. Ethylene for April delivery fell as low as \$.335/lb, down \$.015/lb, before recovering to most recently transact back up at \$.35/lb. One more Gulf cracker has returned from its turnaround and another cracker is getting back online after an unplanned outage; two other area crackers remain offline for their planned maintenances. The forward curve remains pretty flat; Ethylene for any month through 2016 is still quoted within a penny of spot levels.

Polyethylene trading continued to tick along at a rapid rate; the spot market is seeing both better demand and lighter supply. HDPE prices edged another half-cent higher, while all other grades held steady. The PE market has a firm undertone and the lower end of the pricing spectrum has moved up in general. According to preliminary reports, which will surely see some adjustments, domestic Polyethylene sales were a whopping 2.8 billion lbs in March, a figure eclipsed just once, and barely, since Oct 2007. PE exports also increased dramatically, rising to nearly 750 million lbs, 21% of total sales, a typical figure in years gone by, but also the best in 16 months. While PE producers ramped up reactor rates to 98%, all the added production still required 140 million lbs of Polyethylene to be drawn from collective upstream inventories to satisfy the extraordinary demand. It was the first reduction since July 2014; producers began April with about 3.8 billion lbs on hand.

Spot Propylene only traded a few times, but it was enough to knock the market down again. PGP for April delivery transacted as low as \$.385/lb, a \$.015/lb drop for the week. The market has fallen nearly 50% from its high back in October and is now trading at the lowest level in 70 months! April PGP contracts have already settled down \$.06/lb to \$.43/lb; if the spot market were to stay around this level, there would be further downside for contracts in May. The forward curve is fairly flat, with less than a cent discount provided through the end of 2015. RGP continued to be pressured, falling several more cents to trade as low as \$.26/lb.

The Polypropylene market saw better activity as supply is starting to improve despite several Force Majeure declarations remaining in place. Spot PP prices shed a cent, but still holds a massive premium to contracts, which are decreasing in April. The magnitude of the decrease should be somewhere between \$.03-.06/lb, based on individual producer's ability to expand margins in this period of falling PGP monomer costs. Preliminary results, with revisions to come, show that domestic Polypropylene sales were 1.373 billion lbs in March, 100 million lbs more than year ago volumes. PP exports rose to 45 million lbs, but were still only 3% of total sales. Polypropylene production jumped to 1.5 billion lbs, the most since July 2010; producers added 82 million lbs to their collective inventories, the first increase after 3 months of draws. They began April with 1.55 billion lbs on hand, about 55 million lbs above the 12 month average.

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.



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MARKET UPDATE
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