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Market Update — April 19th, 2024

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MARKET UPDATE

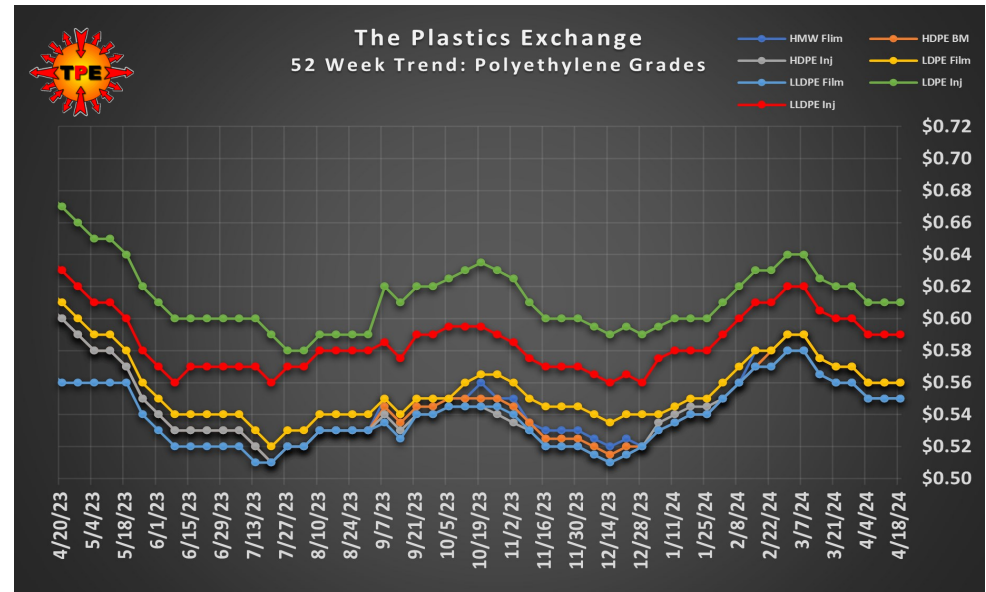
Spot resin trading had another solid week though activity and completed volumes did not maintain the well-above average pace that we have experienced in recent weeks. Demand was still good, but a little less aggressive and our transactions were more skewed towards truckloads rather railcars. As we have been seeing, railcars offers have been sporadic and some offgrade resins carried a decent discount, but once they sold, they were not easily sourced again at such a sharp level. Prime Polyethylene prices were flat for a second week in a row while Prime Polypropylene peeled off a couple more pennies, following direction from a continued decline in feedstock monomer costs. PE also regained its position as the more active resin market, but not by much compared to PP, which remained quite busy in its own right. It seems very unlikely that PE producers will be able to implement any of their mostly \$.03/lb increase that is currently on the table for April. Now that the PGP rally has come undone, PP contracts will see a significant decrease based on monomer cost relief. The PP decrease should be in the realm of \$.11-.13/lb.

The Polyethylene market eased a bit from the fast trading pace seen in the past few weeks. Demand may have slowed some, but not enough to influence our prime pricing, which held steady for a second straight week after coming off in previous weeks. Film grade resins led the way with LLDPE as our biggest mover, outshining LDPE where demand appears to have finally awoken after a little slumber. There was a smaller, but decent showing for HDPE for blow mold and injection as well. Resellers offered several small groups of prime PE railcars from their forecasted supply, with few other spot prime cars available from producers as the export market continued to soak up discretionary pounds. Our export sales remained robust but did not eclipse our domestic business like we saw a week earlier. In general, processors appeared to be amply supplied and we have been seeing fairly normal order flow, as opposed to the type of activity that signifies either inventory building or destocking. We expect to see PE contracts roll flat for the third month in a row, which would leave them up \$.03/lb this year from the successful Jan increase.

Polypropylene had a n active trading week as demand was strong and supply began to open up at lower prices, enabling more transactions.

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Resin for Sale 17,524,394 lbs		Spot Range		TPE Market	
Resin	Total lbs	Low	High	Bid	Ask
PP Homo - Inj	3,135,852	\$ 0.490	\$ 0.640	\$ 0.570	\$ 0.620
LLDPE - Film	2,985,024	\$ 0.485	\$ 0.585	\$ 0.500	\$ 0.550
PP Copo - Inj	2,658,485	\$ 0.570	\$ 0.700	\$ 0.620	\$ 0.670
HDPE - Inj	2,385,781	\$ 0.485	\$ 0.560	\$ 0.500	\$ 0.550
HDPE - Blow	1,967,312	\$ 0.510	\$ 0.580	\$ 0.510	\$ 0.560
LDPE - Film	1,730,024	\$ 0.515	\$ 0.585	\$ 0.510	\$ 0.560
LLDPE - Inj	1,105,812	\$ 0.510	\$ 0.600	\$ 0.540	\$ 0.590
HMWPE - Film	875,828	\$ 0.510	\$ 0.575	\$ 0.510	\$ 0.560
LDPE - Inj	680,276	\$ 0.530	\$ 0.620	\$ 0.560	\$ 0.610



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It required slim margins to complete a number of the deals, but sellers were willing to unload material, some at losses, as lower-cost replacement material began making its way into the market. Ready-to-ship packaged truckloads remained in favor compared to fresh railcars as processors required urgent shipments to tie them over. Our completed PP volumes were still their most since the first week of March, which incidentally was the peak of the first quarter rally. PP prices eased another \$.02/lb and have now fully eliminated the spot increases achieved in early 2023. At the end of this past week, our benchmark Prime HoPP prices sat at the same level as they did on Jan 1. HoPP was the main mover this past week, with a flurry of Prime Raffia, 12 and 35 melts selling to both domestic and Mexican clients. Prime CoPP and offgrade HoPP had respectable volumes as well, though CoPP dealings were limited by well-priced availability. Most transactions were filled from trading partners' supplies, as we had sold most of our market-making inventory more than a month ago. As prices for some PP grades have now come off sharply, we started to selectively, albeit lightly replenish our stocks late in the week.

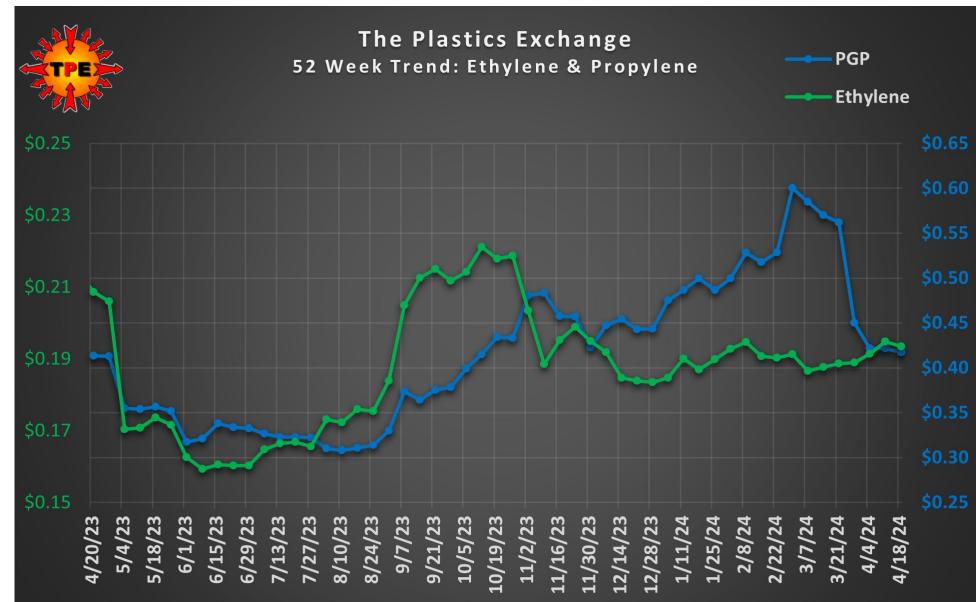
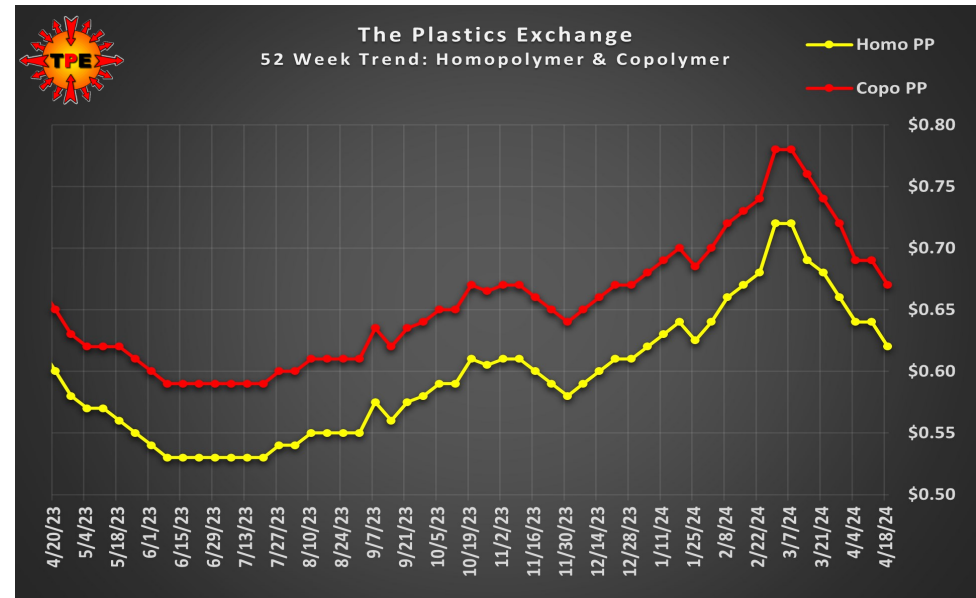
Monomer markets were busy, volumes were good and prices slipped slightly. Buyers and sellers actively posted Ethylene inquiries starting Monday morning, but completed deals did not materialize until the next day. Spot April material first changed hands on Tuesday afternoon in Texas at \$.19625/lb, while over in Louisiana traders transacted 3Q Ethylene 4 separate times. On Wednesday, traders flipped April/May Ethylene deliveries in TX along with another deal for prompt Ethylene at \$.19625/lb. Later that day, participants moved delivery locations back to LA where a deal for spot April was brokered at \$.22/lb, creating the largest spread between LA and TX that we have seen in some time. Traders briefly moved back to Texas on Thursday and swapped April/May deliveries along with a couple deals for 4Q Ethylene. They then switched back to LA and secured a couple more spot material delivery needs at \$.205/lb, which were the last meaningful deals seen for the week. By late Friday afternoon spot April Ethylene had sliced off a bit more than a third of a cent, resting just below \$.193/lb. Back month options saw slightly larger losses and the very tightly knit forward contango narrowed a touch.

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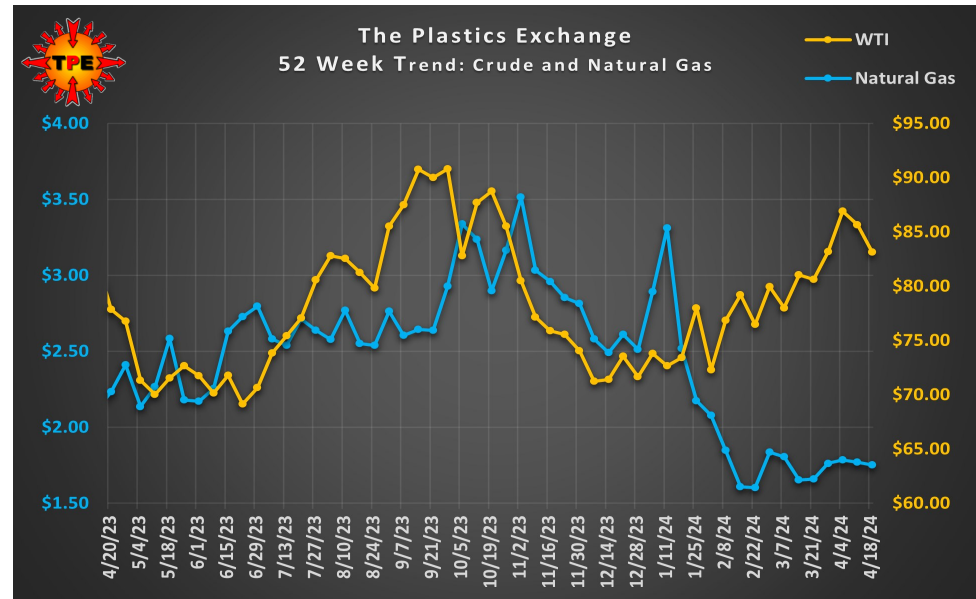


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Propylene was very active, the week began under pressure and transactions were completed daily. Prices began to leak from the start, and on Monday afternoon, April PGP exchanged hands thrice at \$.41875/lb, down a bit more than a quarter-cent from the previous settlement. The market suffered an additional fractional loss on Tuesday with April PGP trading down to \$.415/lb alongside a deal for 4Q Propylene deliveries that was finalized at \$.435/lb as the forward curve moved into a notable contango. The market slid another quarter-cent midweek when traders swapped ownership of prompt PGP at \$.4125/lb. Sellers maintained their dominance on Thursday securing three separate transactions for spot April down at \$.41125/lb. The bleeding continued on Friday and several trades were noted, 3Q PGP was completed five times at \$.42/lb, April delivery was inked four times at \$.4075/lb and May PGP was brokered a couple times at \$.4125/lb before participants packed it in for the weekend. The weighted average of spot April PGP trimmed off nearly a half-cent during the week and settled just below \$.4175/lb by late Friday afternoon. We continue to expect a large double-digit decrease for upcoming April PGP contracts; given current levels and the spot trade during the month, we are looking for a settlement between \$.45-.47/lb. As a reminder, March contracts were priced at \$.58/lb.



The major energy markets ended lower across the board for a second straight week. Ongoing geopolitical tensions in the Middle East and extended OPEC+ production cuts were not enough to keep the Crude Oil market from leaking. In fact the benign Israeli retaliation for the massive Iranian drone / missile salvo was deemed as a relief by the markets, and resulted in a reduction of the war premium. The May WTI contract was volatile, it moved lower through Thursday when it made its weekly low of \$81.56/bbl and then bounced back to hit a high of \$86.28/bbl on Friday, before dropping back to end the week at \$83.14/bbl for a net loss of \$2.52/bbl. June Brent Oil moved within a \$5.05/bbl range, going from a Monday high of \$91.15/bbl to a Thursday low of \$86.10/bbl before finishing Friday at \$87.29/bbl, down \$3.16/bbl on the week. Nat Gas also dropped due to sluggish demand and more than ample supplies. The May futures began the week rather weakly and reached its low of \$1.649/mmBtu on Tuesday before recovering to \$1.806/mmBtu on Friday, breaking into positive territory; however, it was not able to hold the gains and closed out at \$1.752/mmBtu for a weekly loss of nearly 2 cents. NGLs were down as well with Ethane falling fractionally to \$.193/gal (\$.081/lb) and Propane down almost a penny to \$.811/gal (\$.229/lb).

Visit our website or contact our trading desk for your spot resin needs.

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