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Market Update — April 24th, 2015

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MARKET UPDATE

The spot resin markets were very active and a high volume of material transacted on The Plastics Exchange. Polyethylene prices again moved higher, while Polypropylene retreated further. Spot availability for both materials is on the tighter side; most commodity grade PE is still available in lighter volumes, PP is hit or miss, but improving. PE contracts have rolled flat for the second month in a row; PP contracts decreased about \$.04/lb on average, with possible variance by circumstance. International markets continue to provide significant demand for North American Polyethylene; however, logistics issues in Houston are posing problems, backing up railcars as some packaging warehouses are near full.

The major energy markets were mildly mixed and price volatility was reduced. WTI Crude Oil traded in less than a \$3/bbl range; the June futures contract ended the week at \$57.15/bbl, down just \$.17/bbl. June Brent Oil built gains as the week wore on, settling Friday at \$65.28/bbl, up \$1.83/bbl. June Natural Gas gave back the previous week's gains, sliding \$.111/mmBtu, to \$2.568/mmBtu by Friday's close. Spot Ethane was unchanged around \$.175/gal (\$.074/lb); Propane dropped a half-cent to \$.5675/gal (\$.16/lb).

The spot Ethylene market saw good action and a large amount of material changed hands, mostly at higher prices. A couple of Gulf crackers are still offline for maintenance. Due to the Evangeline Pipeline being closed, Ethylene in Louisiana remains short and is priced at a sharp premium. Ethylene for April delivery in TX nearly reached \$.36/lb before easing back to transact at \$.355/lb. Later in the week, the focus turned to May deliveries and numerous deals were done at \$.36/lb and then offered a tad lower into the weekend. The forward curve is still flat, with all months through the end of 2016 currently priced within a penny of prompt.

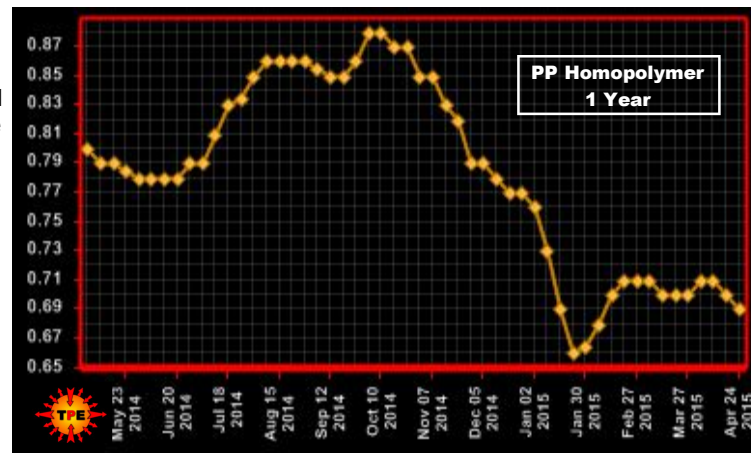
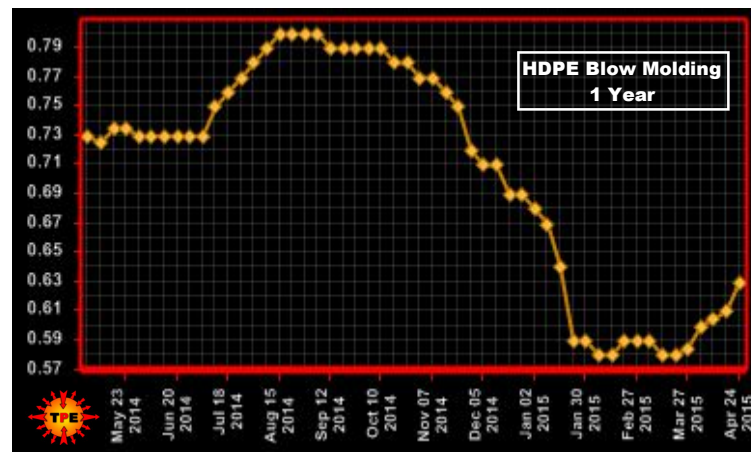
Polyethylene trading was strong this past week; processors were aggressively buying material ahead of the May \$.05/lb price increase – the first with a realistic shot of implementation since September. Spot PE prices have been rallying, adding another \$.02/lb across the board to effectively close the discount gap it has held to contracts. Very strong export demand from Asia, Europe and Latin America has helped producers eliminate some of their heavy inventories, lending support to the domestic market. If the momentum continues, at least some of the increase could take hold in May. While supplies are thinning, most commodity grades are still readily available, although resellers with uncommitted inventory have been ratcheting prices higher over the past several weeks.

The spot Propylene market had only limited activity again, there were just a few transactions and prices recovered a tad from nearly 6 year lows. Interest for April PGP waned and May delivery took center stage, most recently changing hands at \$.395/lb - about a penny gain. Earlier in the month, April PGP contracts settled down \$.06/lb to \$.43/lb; based on current spot levels, a small decrease would be warranted. The forward curve is slightly backwardated, there are slight discounts, only totaling about a penny, provided each month through December. RGP perked up a couple cents to the high \$.20s/lb.

Polypropylene trading continued to improve along with material availability. There are still shortages of resin and some grades are outright difficult to source, but it appears that there is light at the end of the production disruption tunnel. As such, spot PP prices eased \$.01/lb, but still remain at a huge premium to contracts, which fell again in April. Although contract PGP monomer costs dropped \$.06/lb, the average PP resin decrease was limited to \$.04/lb, as producers were able to leverage supply/demand dynamics to implement another \$.02/lb of margin expansion. If market conditions persist, a further enhancement relative to the cost of monomer could be forthcoming.

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.

Total Offers 16,163,680 lbs		Spot		Contract	
Resin	Total lbs	Low	High	Bid	Offer
HDPE - Inj	3,042,072	\$ 0.600	\$ 0.660	\$ 0.590	\$ 0.630
HDPE - Blow Mold	2,540,600	\$ 0.595	\$ 0.650	\$ 0.580	\$ 0.620
PP Homo - Inj	2,304,324	\$ 0.610	\$ 0.750	\$ 0.660	\$ 0.700
LDPE - Film	2,187,772	\$ 0.620	\$ 0.690	\$ 0.610	\$ 0.650
LLDPE - Film	1,597,748	\$ 0.575	\$ 0.660	\$ 0.590	\$ 0.630
LDPE - Inj	1,380,484	\$ 0.575	\$ 0.665	\$ 0.640	\$ 0.680
HMWPE - Film	1,160,024	\$ 0.590	\$ 0.655	\$ 0.610	\$ 0.650
PP Copo - Inj	1,019,460	\$ 0.700	\$ 0.770	\$ 0.680	\$ 0.720
LLDPE - Inj	931,196	\$ 0.590	\$ 0.675	\$ 0.620	\$ 0.660



Dominick Russo and Jay Schreiber — Editors

Michael Greenberg
312.202.0002
@ResinGuru