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The spot resin markets were again slower than usual, generating somewhat disappointing volumes during the first half of May. Overall Polyethylene prices were steady; Polypropylene remained under pressure. Spot PE offers were light and processors were equally absent from the market. PP availability was well spread among grades, but in limited volumes. Trading activity increased towards the end of the week, but transactions were still difficult to consummate.

WTI Crude Oil reached above \$47/bbl, the highest level since mid-Dec; it then settled back a tad, but still gained \$1.55/bbl for the week. Ethane added a penny; Propane jumped more than a nickel a gallon. Ethylene was active, but saw little price movement and remained in the vicinity of \$.25/lb; PGP was flat around \$.30/lb.

Spot **Polyethylene** trading was unenthusiastic; product availability remained snug and processors, aside from those in urgent need of material, saw no need to chase relatively high priced resin. LDPE and LLDPE film grade supplies have been marginally improving, but are still considered tight. HDPE blow molding and injection grades can be readily sourced in truckload and small 1-2 railcar volumes. We expected to see light offerings during the first half of May that would support a contract price rollover, which seems imminent.

Domestic resin demand feels off so far this month and processors complain of diminished finished product sales, still they seem to be conceding to flat contracts in May. While market participants, particularly on the buy-side, have been talking about a June decrease, we have yet to see the burdensome supplies which would support such actual price movement. However, while exports to Europe remain strong, Asian pricing and incremental exports are soft. Resin reactors are also getting ready to begin returning from maintenance, so it is very possible for resin availability to quickly develop during the second part of this month... so stay tuned!

Spot **Polypropylene** trading activity was fine; transactional volumes were around the new average. Generic Prime PP prices dropped another cent with deeper discounts seen for both Offgrade and resin destined for export. A full slate of imported resin is warehoused around the country and domestic railcars are generally accessible as well. Better resin availability has provided processors with the confidence to keep less material on hand and source material in the spot market if necessary, just not in 5+ railcar quantities.

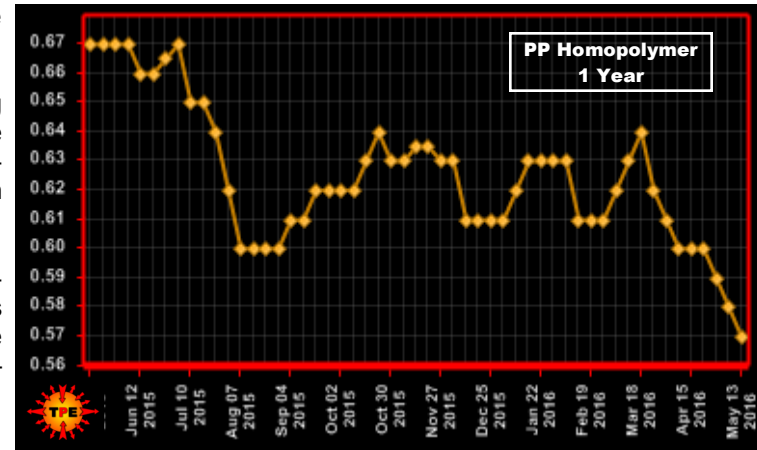
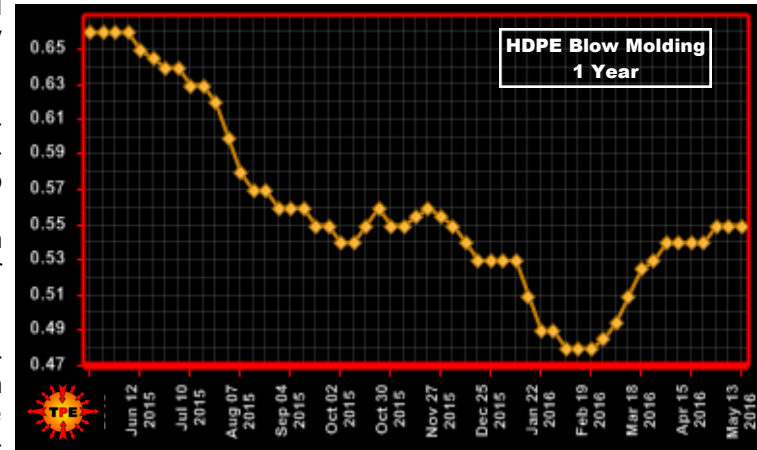
Although May PGP monomer contracts are expected to roll steady, processors are still looking for price relief in addition to the \$.03-.05/lb break received in April. While the Polypropylene market has turned and pricing power now sits tentatively with buyers, we are already anticipating an eventual shift again towards tightness. Producers responding to competitive imports with a decrease have whacked the margin that resellers have enjoyed selling imports.

With the easy and wide arbitrage shrunk, we believe that fewer speculative pounds will be imported in the next round. Still, processors have learned the lesson of supply vulnerability, so as long as imported resin can be procured at a competitive price, it is deemed wise to maintain the supplemental channel open and flowing even at reduced levels – for the purpose of both sourcing and negotiating strength.

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 — May 13th, 2016

Resin For Sale <b>14,027,780 lbs</b>		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
PP Copo - Inj	2,997,704	\$ 0.510	\$ 0.620	\$ 0.550	\$ 0.590
LDPE - Film	2,120,852	\$ 0.560	\$ 0.660	\$ 0.600	\$ 0.640
PP Homo - Inj	1,916,852	\$ 0.510	\$ 0.610	\$ 0.530	\$ 0.570
HDPE - Blow Mold	1,764,484	\$ 0.490	\$ 0.560	\$ 0.510	\$ 0.550
HDPE - Inj	1,321,748	\$ 0.525	\$ 0.575	\$ 0.510	\$ 0.550
LLDPE - Film	1,255,472	\$ 0.530	\$ 0.590	\$ 0.520	\$ 0.560
LLDPE - Inj	1,163,104	\$ 0.560	\$ 0.640	\$ 0.580	\$ 0.620
HMWPE - Film	843,012	\$ 0.545	\$ 0.585	\$ 0.520	\$ 0.560
LDPE - Inj	644,552	\$ 0.580	\$ 0.635	\$ 0.590	\$ 0.630



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