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Spot resin continued to change hands at a quick pace while prices for both Polyethylene and Polypropylene moved about a penny lower. PE contracts were up \$.05/lb in May and will hold steady in June. Producers have been lifting prices for domestic Polyethylene railcars ahead of the \$.05/lb increases nominated for July; however, softer export markets and plenty of material availability are currently applying pressure to the overall market. May Polypropylene contracts were steady to a penny lower and June contracts will be contested, as monomer costs have dropped while producers are looking for another margin enhancing increase. The Petrochemical industry has been fortunate to avoid problematic hurricanes in recent years, but it is worth mentioning that the 2015 season is technically underway.

All major energy markets reversed course and moved higher. WTI Crude Oil transacted in a \$4/bbl range, and while the July futures contract slid almost \$2/bbl from the week's high, it still gained \$.83/bbl to settle Friday at \$59.96/bbl. Brent Oil saw similar action and added a net \$.56/bbl to end the week at \$63.87/bbl. Natural Gas swung in a wild 11% range; the July contract peaked mid-week and then gave back half of its gains before closing at \$2.75/mmBtu, up a sizable \$.16/mmBtu. Ethane added more than a cent to \$.1875/gal (\$.079/lb); spot Propane recovered \$.08/gal from multi-year lows and ended the week at \$.415/gal (\$.118/lb).

The spot Ethylene market saw fairly good turnover and prices shaded lower. The bulk of the cracker turnaround season has completed and most Gulf crackers are operating near capacity; Polyethylene plants in Louisiana are awaiting the re-opening of the Evangeline pipeline. Ethylene for June delivery traded many times just under \$.36/lb, most recently transacting at \$.355/lb, down a half-cent for the week. For the past 5 months, spot Ethylene has been uncharacteristically confined to a tight range - within \$.02/lb of \$.36/lb. According to Ethylene's forward curve and unless something changes, prices are to remain near this same level through Dec 2016.

Polyethylene trading remained brisk and average prices slid a cent. Although processors generally balked at railcar offers priced above their current contract levels, well-priced and readily available packaged truckloads were flying off the shelves - well, at least out of Houston warehouses. Preliminary reports indicate that domestic Polyethylene sales in May were solid at 2.675 billion lbs - about equal to the trailing 12 month average, but still dramatically lower than the exceptional 2.84 billion lb average of Mar/Apr. Export sales of 633 million were above average, but 10% off the pace during Mar/Apr. Producers might have mis-read the awesome demand of the prior two months as ongoing, as they ratcheted up Polyethylene reactor rates to 98%, creating an overproduction of more than 200 million lbs. Consequently, upstream PE inventories swelled to 3.75 billion lbs at the beginning of June, 175 million lbs more than the trailing 12 month average. This supply overhang could create a challenge to the timely and/or full implementation of the \$.05/lb price increase nominated for July Polyethylene contracts.

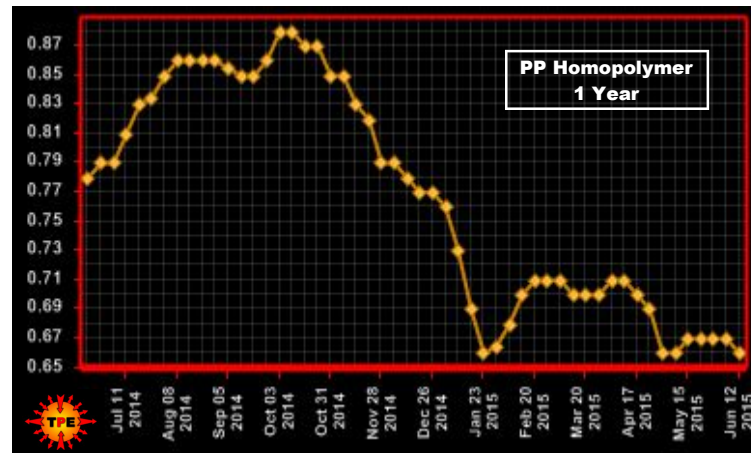
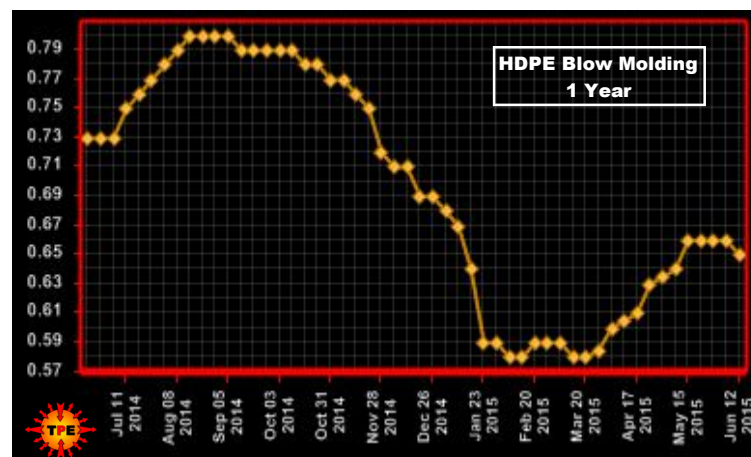
Spot Propylene prices began the week higher, but then lost ground in moderate trading activity. PGP for June delivery transacted in a 1-cent range, and most recently at \$.365/lb, the week's low. Incidentally, this was also the lowest price for prompt PGP in exactly 6 years - all the way back on June 12, 2009, PGP was priced at \$.355/lb. Despite the initial nomination to roll June PGP contracts steady, agreements were made this past week at \$.40/lb, down \$.02/lb. Spot PGP prices for the rest of 2015 are quoted within a half-cent of prompt levels and although the 2016 curve still has a contango shape, it has continued to flatten. Future PGP prices rise each month until a \$.05/lb premium is seen for Dec 2016. RGP saw little price movement, transacting in the very high \$.20s/lb.

Spot Polypropylene activity continued to improve; better availability has been pressuring the high end of pricing and together they facilitate more transactions. According to preliminary reports, in May, Polypropylene reactors ran at 94.5%, producing 1.461 billion lbs, the most since August 2013. Domestic Polypropylene demand was just over 1.4 billion lbs, similar to April. They were each about 50 million lbs more than the trailing 12 month average and the most since July 2014. PP exports dropped to only 46 million lbs, about 3.2% of total sales. All in, upstream Polypropylene resin inventories grew 11 million lbs, entering June just shy of 1.5 billion lbs, almost exactly the trailing 12 month average. Contract negotiations in June should be interesting, while PGP monomer costs dropped \$.02/lb, producers are looking to increase PP resin prices by an average of \$.02/lb. Given the supply/demand dynamics, we would not be surprised to see the \$.02/lb monomer decrease matched and think that a resin rollover from May would be considered a nice win for producers.

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 — June 12th, 2015

Total Offers 15,791,612 lbs		Spot		Contract	
Resin	Total lbs	Low	High	Bid	Offer
LLDPE - Film	3,846,440	\$ 0.680	\$ 0.750	\$ 0.635	\$ 0.675
HDPE - Inj	3,218,716	\$ 0.635	\$ 0.720	\$ 0.625	\$ 0.665
HDPE - Blow Mold	2,515,060	\$ 0.650	\$ 0.720	\$ 0.615	\$ 0.655
LDPE - Film	1,608,116	\$ 0.680	\$ 0.780	\$ 0.655	\$ 0.695
LLDPE - Inj	1,058,208	\$ 0.710	\$ 0.760	\$ 0.635	\$ 0.675
HMWPE - Film	1,058,208	\$ 0.670	\$ 0.735	\$ 0.645	\$ 0.685
PP Homo - Inj	983,656	\$ 0.610	\$ 0.700	\$ 0.625	\$ 0.665
PP Copo - Inj	797,736	\$ 0.650	\$ 0.760	\$ 0.645	\$ 0.685
LDPE - Inj	705,472	\$ 0.680	\$ 0.770	\$ 0.655	\$ 0.695



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