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Market Update — July 10th, 2015

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MARKET UPDATE

After a couple of slow weeks, spot resin trading activity picked back up to a more normal pace. Falling energy and feedstock costs, in both the North American and International arenas, are beginning to negatively impact the resin markets. Polyethylene railcar offers again began to flow and prices were softer this past week. Polypropylene supplies remain spotty although there have been sporadic periods of improved liquidity; spot PP prices slipped this past week following PGP monomer. Concern about the strength of the Chinese economy and associated turmoil in Asian equity markets, the Iranian nuclear deal, as well as uncertainty regarding Greece's position in the EU have added to global resin market weakness.

World energy markets were lower across the board in active and volatile trading. WTI Crude Oil had already fallen more than \$6/bbl by Tuesday, but trimmed the losses over the balance of the week. The August futures contract settled Friday at \$52.74/bbl, down a net \$4.19/bbl. Brent Oil also fell sharply, chunking off \$3.34/bbl to \$58.37/bbl. Natural Gas swung in more than a 20-cent range and ended the week at \$2.77/mmBtu, down about a nickel. Ethane saw little change at \$.1825/gal (\$.077/lb). Propane ended the week slightly lower at \$.42/gal (\$.119/lb).

The spot Ethylene market was quite busy, a high volume of material changed hands and prices oscillated. Ethylene for July delivery began the week under pressure, initially trading down a full penny to \$.34/lb. The market recovered and actually reached into positive territory, before settling back to most recently transact with a small fractional loss for the week. Aside from a couple of seemingly minor cracker disruptions that were reported, the Gulf's Ethylene production units and pipelines are largely operational. The forward Ethylene curve remains essentially flat, with prices through the end of 2016 all within a cent of spot levels.

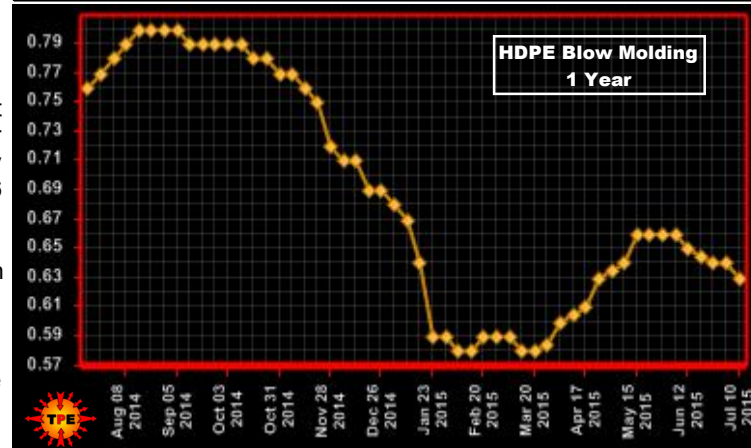
The spot Polyethylene market was busy, availability improved and prices were down \$.01-.02/lb, with the film grades giving back the most. The export market has slowed significantly, falling prices in China along with general economic uncertainty in the region has turned some buyers into sellers. Weak energy, feedstock and export markets are stymying producer efforts to implement their \$.05/lb price increase for July contracts, several have officially pushed off the increase to August, and some market participants believe that even holding prices flat this month could be a challenge.

Spot Propylene prices continued to erode, breaking below \$.34/lb for the first time since June 2009. PGP for July delivery then recovered a tad, but remained in the vicinity of \$.34/lb. June PGP contracts were priced at \$.40/lb; July PGP contracts have yet to settle, but based on current spot conditions, a drop of \$.03-.04/lb can easily be justified. RGP has been weak as well, pressing down to \$.235/lb. This opens the splitter spread beyond a dime, which is extraordinary wide given the price level. The PGP forward curve is slightly backwardated for the balance of 2015, and then takes on monthly premiums totaling \$.04/lb over the course of 2016.

The Polypropylene market continues to be characterized by solid demand and insufficient supply due to production challenges, maintaining elevated spot prices. Falling feedstock costs have been driving down contract prices, as many processors' contracts still have some connection to PGP monomer. This environment has built and maintained a large and untraditional premium for rare spot material. PP Producers were able to expand margins by about a nickel during the first half of 2015 as they lowered contracts by less than their drop in costs. The spot PP market shed a couple of cents this past week as July PP contracts are poised to slide a little again, but not as much as PGP monomer.

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 16,616.096 lbs		Spot		Contract	
Resin	Total lbs	Low	High	Bid	Offer
LLDPE - Film	3,395,084	\$ 0.605	\$ 0.690	\$ 0.600	\$ 0.640
HDPE - Inj	2,837,336	\$ 0.610	\$ 0.670	\$ 0.600	\$ 0.640
HDPE - Blow Mold	2,601,428	\$ 0.600	\$ 0.650	\$ 0.590	\$ 0.630
LDPE - Film	2,118,668	\$ 0.640	\$ 0.740	\$ 0.620	\$ 0.660
HMVPE - Film	1,807,772	\$ 0.630	\$ 0.680	\$ 0.620	\$ 0.660
LDPE - Inj	1,455,036	\$ 0.630	\$ 0.670	\$ 0.630	\$ 0.670
LLDPE - Inj	1,058,208	\$ 0.640	\$ 0.690	\$ 0.610	\$ 0.650
PP Copo - Inj	757,828	\$ 0.600	\$ 0.730	\$ 0.630	\$ 0.670
PP Homo - Inj	584,736	\$ 0.620	\$ 0.700	\$ 0.610	\$ 0.650



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