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Spot resin trading was very good for the second week in a row. While there was not a tremendous amount of order flow, both buyers and sellers were serious to transact. The Plastics Exchange's trading desk yielded a very high percentage of completed transactions and solid volume. Polyethylene prices were steady, but after coming off during the past couple weeks, still sit several cents off the swing high. Polypropylene prices were also steady on average and are hanging around multi-year lows. The markets are digesting promising solutions to both the Greek and Iranian crises, still international resin prices continue to soften. Exporters are actively shipping out Polyethylene resin from previously booked transactions, while prices are still dropping as sellers chase falling markets to stir demand.

The major energy markets were mixed and September rolled to the front month futures contract. WTI Crude Oil continued to unravel, the Sept contract peeled off another \$2/bbl and is now nearly \$14/bbl from May's recovery peak. It ended the week at \$51.21/bbl, the lowest since March. Brent Oil saw similar losses, the Sept contract gave back \$1.90/bbl to settle Friday at \$57.10/bbl. Natural Gas futures bucked that trend, the September contract added \$.094/mmBtu to head into the weekend at \$2.874/mmBtu. Ethane gained about a half-cent to \$.1875/gal (\$.079/lb). Propane prices increased \$.015/gal to \$.435/gal (\$.123/lb).

The spot Ethylene market was fairly busy and saw a second week of high volume turnover, but ultimately little price change. Ethylene for July delivery traded both higher and lower within a 1-cent range throughout the week. It ended on the low-side, down just a tick to \$.3475/lb. Gulf's crackers are enjoying high margins even at these depressed prices, so aside from the occasional hiccup, the vast majority are running full-out and near capacity. The Ethylene forward curve is a little wobbly for the next 6 months, but then takes on a mildly backwardated shape to the tune of a penny during 2016; therefore, Ethylene for Dec 2016 is fractionally lower than prompt levels.

Spot Polyethylene trading was active again, the domestic Prime market managed to hold steady (for now), while Houston prices have been sliding as suppliers seek to sell surplus material offshore. Offgrade railcar availability improved, but Generic Prime offers seem concentrated for export. Resin processors do not seem satisfied to simply stave off the \$.05/lb increase nominated for July, they are seeking a price decrease either this month or next. Preliminary reports indicate that domestic Polyethylene sales in June were strong, at 2.817 billion lbs, it was 5% above the trailing 12 month average. Some would attribute the better buying to both economic growth and additional procurement ahead of the nickel increase. Export shipments were up 100 million lbs from May, the 735 million lbs was the second highest in the last year – much of it was thought to be from prior sales finally shipping. Polyethylene reactor rates pulled back to under 92%; the reduced production, combined with strong sales, required an upstream inventory pull of 250 million lbs, more than reversing the May build. July began with 3.46 billion lbs on hand, dipping back below the trailing 12 month average.

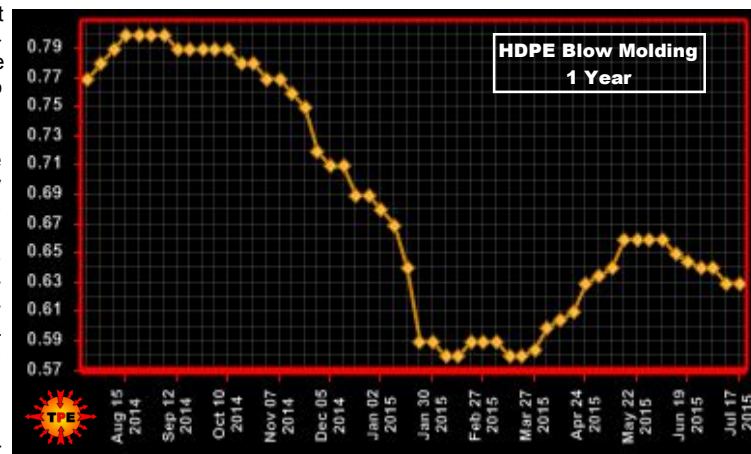
The spot Propylene market saw very little activity, but prices continued to shade lower. Just a single transaction for July PGP was seen at \$.335/lb, down a half-cent; it was a new low price for both this move and more than 6 years. July PGP contracts settled at \$.365/lb, down \$.035/lb – smack in the middle of the 3-4 cent decline we foresaw. PGP contracts have wiped away \$.25/lb in 2015 alone, with Dec contracts having been priced at \$.615/lb; the market is down a whopping \$.40/lb from the October peak of \$.765/lb. The PGP forward curve has flattened considerably, the monthly premiums during 2016 are no longer dramatic, and currently add up to a scant \$.025/lb. July RGP shed another half-cent to just \$.23/lb. Splitter margins remain very wide even at this low price level.

Spot Polypropylene trading remains a challenge as production problems persist. Spot supplies are still snug and selected material is sometimes hard to source; processors in need of resin will indeed pay up a pretty penny. However, when surplus material is available, floating spot offers to contract buyers is justifiably laughable as their prices are well discounted to spot. July PP contracts are poised to slide again as PGP monomer settled down \$.035/lb. Some of the cost savings will likely be passed through to processors, but producers are keen to build their margins further. According to preliminary reports, domestic PP sales in June were 1.44 billion lbs, 80 million more than the trailing 12 month average and the most since May 2013. June PP exports were average at 44 million lbs, just 3% of total sales. Polypropylene reactors ran at nearly 93%, producing 1.461 billion lbs, but an inventory draw of 50 million lbs was needed to satisfy total demand. Collective upstream Polypropylene inventories entered July at 1.40 billion lbs, 80 million below the 12 month average.

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 — July 17th, 2015

Total Offers 12,589,044 lbs		Spot		Contract	
Resin	Total lbs	Low	High	Bid	Offer
HDPE - Inj	3,139,152	\$ 0.620	\$ 0.700	\$ 0.600	\$ 0.640
LLDPE - Film	2,241,864	\$ 0.610	\$ 0.700	\$ 0.600	\$ 0.640
HDPE - Blow Mold	1,635,036	\$ 0.600	\$ 0.670	\$ 0.590	\$ 0.630
LLDPE - Inj	1,322,760	\$ 0.600	\$ 0.700	\$ 0.610	\$ 0.650
LDPE - Film	1,171,288	\$ 0.620	\$ 0.730	\$ 0.620	\$ 0.660
PP Copo - Inj	965,288	\$ 0.610	\$ 0.720	\$ 0.630	\$ 0.670
LDPE - Inj	809,104	\$ 0.630	\$ 0.710	\$ 0.630	\$ 0.670
HMWPE - Film	658,184	\$ 0.630	\$ 0.690	\$ 0.620	\$ 0.660
PP Homo - Inj	646,368	\$ 0.635	\$ 0.670	\$ 0.610	\$ 0.650



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MARKET UPDATE
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