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Spot resin trading was sporadic; the market is still struggling with sluggish demand and generally snug (Polyethylene) supplies. There were good spurts of activity, several larger PP transactions shifted total completed volumes in favor of Polypropylene, which was rare. Commodity resin prices were mixed; PE was mostly higher, while PP slipped amid heavy offerings. Producers have found success securing their \$.05/lb PE price increase. There will be a varying degree of increases implemented for PP contracts, likely averaging around the \$.04/lb sought by most producers.

The US Energy markets were mildly mixed as November slid into the front month position. WTI Crude Oil prices recovered and the Nov futures contract added \$.86/bbl to settle Friday at \$44.48/bbl. Nov Brent Oil ended the week at \$45.89/bbl. Nov Natural Gas futures continued to rally, but then gave up its gains and went into the weekend at \$3.013/mmBtu, a fractional loss. NGLs were higher; Ethane garnered a fractional gain to \$.2075/gal (\$.087/lb) and Propane hopped 3-cents to \$.525/gal (\$.148/lb). Spot Ethylene fell as much as a nickel before recovering a couple cents to last trade at \$.37/lb. Spot PGP was pressured lower and last changed hands at \$.40/lb.

Spot Polyethylene activity was uncharacteristically lackluster this past week; overall resin supplies remained relatively tight and prices continued to advance. Producers have all but officially secured their \$.05/lb increase for September contracts, which brings the total gain to \$.14/lb since March. Considering this Sept nickel, the PE market has now cleanly recovered the full \$.14/lb of decreases that were implemented between Aug 2015 – Feb 2016. Kudos to PE producers who have masterfully managed supply/demand over the past 12 months amid average production rates above 93%.

The spot Polyethylene market has been challenged this month by a lack of interest. While of course there have been plenty of spot deals due to processors' normal needs and suppliers' desire to move material; in general, neither buyers nor sellers have felt massive urgency to transact. PE pricing had been firming throughout the summer and processors, wary of the September \$.05/lb increase, procured a significant amount of excess material in August. In fact, domestic demand in August was the most since March 2007. While exports to some regions have slowed, overall offshore sales have remained stellar and August shipments were the highest in 5 months. All that resin had to come from somewhere...

Producers drew down nearly 300 million lbs from their collective inventories last month, leaving them with their leanest supplies in two years. While all Polyethylene resins have been tight, some producers are also still dealing with production issues leaving some material nearly absent from the spot market. There were, however, signs of better material availability creeping back into play. HDPE for blow molding and injection was a tad looser, though HMWPE for film was still very snug. LDPE film with additives is still super scarce, while a bit more barefoot material has appeared. LDPE and LLDPE injection grades are still as tight as a drum, especially prime. There was a peep from at least one producer seeking another increase for October, but the rest of the bunch did not nominate.

Every once in a while, Polypropylene trading takes the spotlight – this was one of those weeks. There was plenty of HoPP and CoPP around - both prime and offgrade, offered in fresh railcars as well as packaged loads stored in warehouses as several major resellers began marketing their uncommitted inventory at reduced price levels. A number of buyers that have been waiting on the sidelines swooped in to procure relatively large volumes of resin that had become discounted.

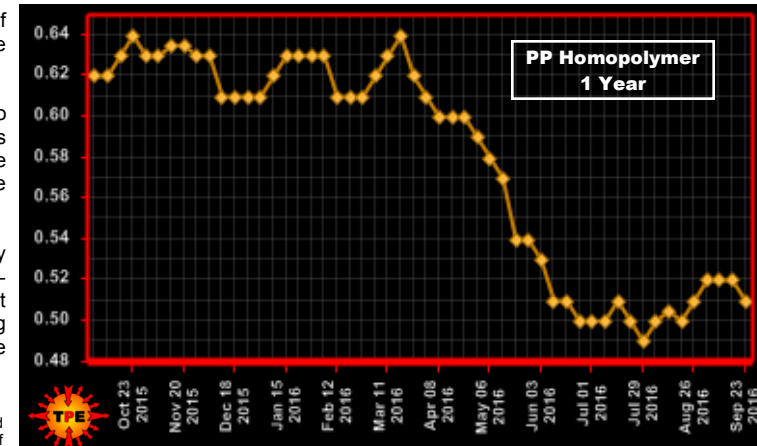
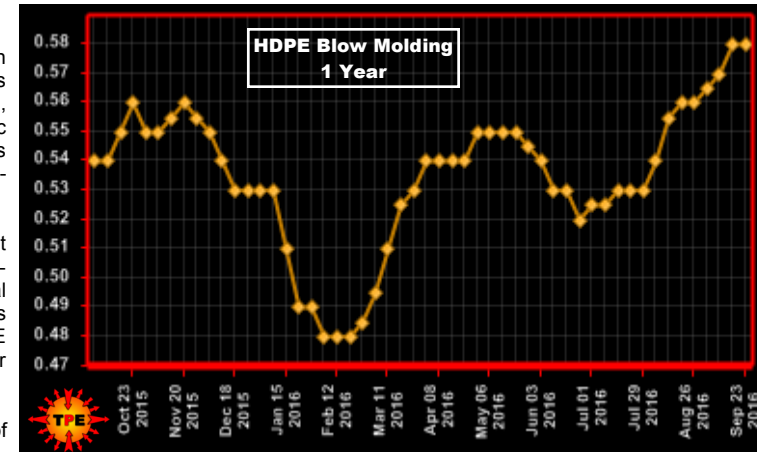
When PGP monomer rallied \$.12/lb from mid-July to mid-Aug, historically correlated PP resin seemed poised to also soar to the upside, so processors and traders alike stocked up on well-priced material. Nonetheless, production has remained strong and the resin has kept coming, reducing buyers' fears that PP prices would continue to recover. While prices did rise, the momentum then ceased. Consequently, the recent PP rally began to fade and the spot market gave back \$.01-.02/lb this past week.

While Sept Polypropylene contracts will likely jump the \$.04/lb which most producers have nominated, it really only covers the \$.035/lb PGP increase taken in Aug. Monomer prices have since advanced further, to the level that supports another nickel increase, but Sept PGP contract negotiations which usually conclude early in the month have yet to yield a settlement. Cost push pressures that warrant an increase should be supported by a lack of supply, resulting from reduced production. We have yet to see evidence that PP reactors have been throttled back, so we believe the October increase will be a challenge based on heavy supplies.

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 — September 23rd, 2016

Resin For Sale <b>21,073,945 lbs</b>		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
PP Copo - Inj	6,921,844	\$ 0.510	\$ 0.620	\$ 0.490	\$ 0.530
HDPE - Blow	4,710,325	\$ 0.520	\$ 0.610	\$ 0.540	\$ 0.580
PP Homo - Inj	3,876,876	\$ 0.470	\$ 0.585	\$ 0.470	\$ 0.510
HDPE - Inj	1,797,840	\$ 0.530	\$ 0.590	\$ 0.540	\$ 0.580
LLDPE - Film	1,690,944	\$ 0.560	\$ 0.630	\$ 0.560	\$ 0.600
LLDPE - Inj	938,552	\$ 0.585	\$ 0.670	\$ 0.600	\$ 0.640
LDPE - Inj	730,368	\$ 0.645	\$ 0.690	\$ 0.620	\$ 0.660
HMWPE - Film	542,736	\$ 0.590	\$ 0.615	\$ 0.560	\$ 0.600
LDPE - Film	494,460	\$ 0.655	\$ 0.745	\$ 0.680	\$ 0.720



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MARKET UPDATE  
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