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The spot resin markets were a little slower; the flow of both supply and demand was a bit sporadic as many market participants attended the K-show in Dusseldorf. All in, our completed volumes were still quite sizable, but this was less indicative of active spot trade and more resultant of regular customer business procuring for Oct/Nov needs and a surge of late week export deals which lifted the total tally. Resin prices were relatively steady with some fractional losses posted against a couple of PE grades. Producers seemed more content to simply hold on to their domestic \$.03/lb PE price increase implemented in Sept, rather than push to try to advance prices further, considering their additional \$.04/lb increase for Oct (which had temporarily been revised up to \$.08/lb). The increase remains out there in case of a significant supply disruption. Polypropylene supplies have thinned to support recent price levels, even as monomer costs ease. PE and PP exports remained robust and this trend appears poised to continue in the near term and beyond.

The major energy markets were again mixed this past week. WTI Crude Oil futures remained range bound while the front month rolled to December and shed \$.91/bbl to \$53.87/bbl. Brent Oil followed suit and lost \$1.09/bbl to \$59.42/bbl, settling back below the psychological \$60/bbl level. Nat Gas saw a nice gain of \$.106/mmBtu to \$2.32/mmBtu; cold weather is approaching with its seasonal increase in demand so we could begin to see more price volatility. Ethane dropped a cent to \$.183/gal (\$.077/lb). Propane saw little change at \$.467/gal (\$.133/lb).

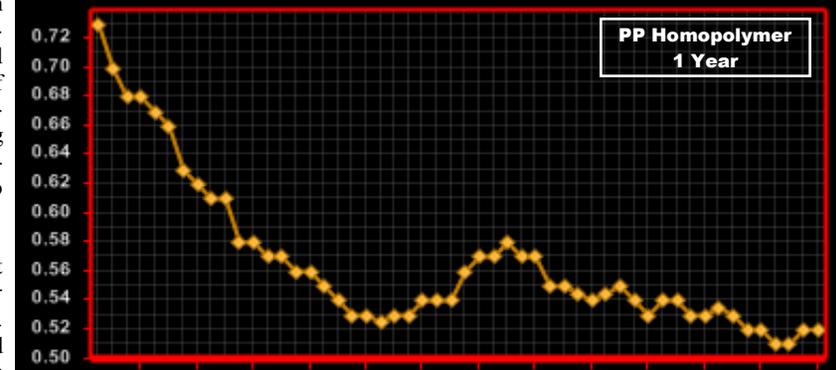
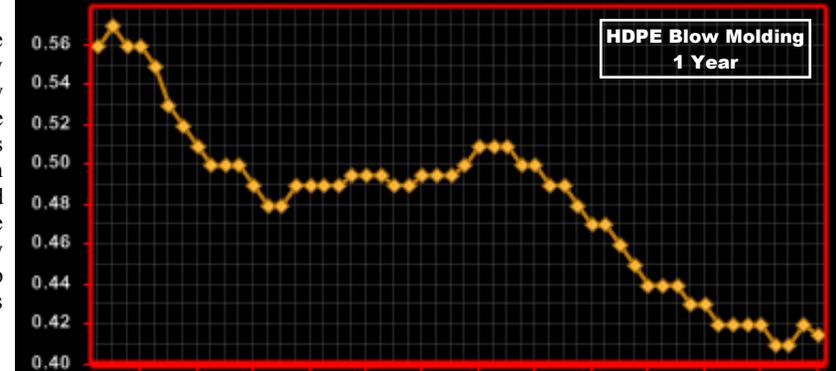
Monomer trading maintained its hectic pace, healthy volumes changed hands amid mixed pricing. Ethylene was initially pressured as traders pushed prices lower on Monday searching for viable bids. Tuesday saw demand develop beneath \$.20/lb and sellers began to back off. With support unearthed, the market quickly reversed course and began to move higher, and on Thursday, prices exploded and spot surged a massive 17%. On Friday, Spot October Ethylene settled at \$.24/lb, a gain of \$.0325/lb. This weeks completed deals were mostly seen in Louisiana with others for TX delivery in future months. Propylene saw heavy action on Monday as sellers pressed the market down with multiple transactions occurring along the forward curve. Prices continued to tick lower daily until the market saw a slight recovery take place on Friday. The recovery fell short and at the end of the day, spot October PGP had finished the week down nearly a penny to \$.3475/lb. The forward PGP curve finally saw some movement with peak Dec '20 reaching \$.37/lb, up \$.0125/lb. At current spot levels we expect Oct PGP contracts to decline a penny or so, though negotiations have yet to complete.

The spot Polyethylene market was a touch slower this week, possibly due to many market participants traveling overseas for a major plastics trade show. Regardless, there were still opportunities to work on and our trading desk made the most of the lighter deal flow, even finishing Friday with a flurry to bring completed volumes up to average. Spot prices were steady this week, except for Blow Molding and LLDPE Film which each lost a half-cent. Processors seemed to find value at these favorable price levels and were comfortable procuring material beyond their immediate needs. We tend to agree that while the PE market could continue lower, there is more risk to the upside than downside. Transactions were completed across all of the commodity grades that we actively make markets and in a rare occurrence, offgrade transactions outnumbered those for prime material. After an uptick in spot prices the previous week, the semi-surprising \$.03/lb September increase seemed to be firmly intact while the \$.04/lb for October remains doubtful barring any market shaking news. Logistics in Houston remain challenging as packing delays are very real, so extra planning is required, placing a premium on loads that are ready to ship.

Polypropylene trading was solid, completed volumes were healthy and prices held firm. Supply was a bit underwhelming and it took extra care and a little higher pricing to source the railcars necessary to fill our customer needs. Truckloads were more prevalent than railcars and HoPP was easier to procure than CoPP. Though PGP monomer slipped another cent, spot material has already been well-discounted to contracts and we found availability a tad tighter than recent weeks and therefore, we held our spot prime prices flat. We expect October Polypropylene contracts to soften a little along with monomer, but we still maintain a neutral to slightly friendly bias to spot pricing from this level.

Market Update — October 18th, 2019

| Resin for Sale 13,936,620 lbs | | Spot Range | | TPE Index | |
|-------------------------------|-----------|------------|----------|-----------|----------|
| Resin | Total lbs | Low | High | Bid | Offer |
| HDPE - Blow | 2,682,232 | \$ 0.370 | \$ 0.485 | \$ 0.380 | \$ 0.420 |
| PP Homo - Inj | 2,163,840 | \$ 0.485 | \$ 0.545 | \$ 0.480 | \$ 0.520 |
| LDPE - Film | 2,116,416 | \$ 0.460 | \$ 0.540 | \$ 0.450 | \$ 0.490 |
| HDPE - Inj | 1,687,036 | \$ 0.390 | \$ 0.480 | \$ 0.380 | \$ 0.420 |
| LLDPE - Inj | 1,374,208 | \$ 0.465 | \$ 0.540 | \$ 0.450 | \$ 0.490 |
| LLDPE - Film | 1,322,760 | \$ 0.370 | \$ 0.465 | \$ 0.385 | \$ 0.425 |
| PP Copo - Inj | 1,237,196 | \$ 0.480 | \$ 0.590 | \$ 0.500 | \$ 0.540 |
| HMMWPE - Film | 827,288 | \$ 0.400 | \$ 0.470 | \$ 0.380 | \$ 0.420 |
| LDPE - Inj | 525,644 | \$ 0.470 | \$ 0.510 | \$ 0.450 | \$ 0.490 |



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MARKET UPDATE

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