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The calendar turned to October and the spot resin markets were off to the races! It was a surprisingly busy start to the 4th quarter, which might have otherwise been quiet due to the lack of fresh offers and a fresh Polyethylene price increase (\$.02-.04/lb) on the table. However, demand remained robust, particularly from the reseller community as sentiment has turned moderately bullish and the buying continued. Processors were also back in the market and not afraid to pay a penny higher than in the previous week. Polypropylene activity, both on the supply and demand side, was a bit sporadic and there is a huge range of prices where material is transacting - anywhere from mid-\$.60s/lb for offgrade HoPP in Houston to mid-high \$.80s/lb for domestic Prime CoPP. Exports continued to flow, helped along by ever rising oil prices, which are supportive to international PE and PP levels.

The major energy markets extended their recent gains, and once again, all ended nicely in positive territory. WTI Crude Oil had a mid-week peak near \$77/bbl, before the Nov futures contract eased back to settle Friday at \$74.34/bbl, up \$1.09/bbl. Brent Oil outstripped those gains, and ended the week at \$84.16/bbl, expanding its premium to nearly \$10/bbl over WTI. Nat Gas futures broke out of its year-long range, rallying to the upside. The Nov Futures contract jumped \$.135/mmBtu to \$3.143/mmBtu, a new contract high. NGLs continued to make new highs early in the week before a spate of profit taking pressed both Ethane and Propane deeply into the red. Ethane shed \$.05/gal to \$.50/gal (\$.211/lb). Propane gave back \$.04/gal to \$1.04/gal (\$.295/lb).

The monomer markets were not very active and only a modest number of transactions, both prompt and forward, were seen completed. Oct Ethylene began the week with a quick 2-cent jump and then slowly gave back its gains, reverting to \$.20/lb by Friday - about flat for the week. Propylene trading was also subdued, there was some position rolling, but few outright transactions seen. PGP for October delivery remained in its \$.565-\$.585/lb range, ending the week at \$.57/lb, down a half-cent. The forward PGP curve has become fairly flat as the next 12 months are currently priced within a penny of prompt. September PGP contracts had settled down a penny to \$.60/lb; we do not expect much movement for Oct contracts, unless spot continues to soften.

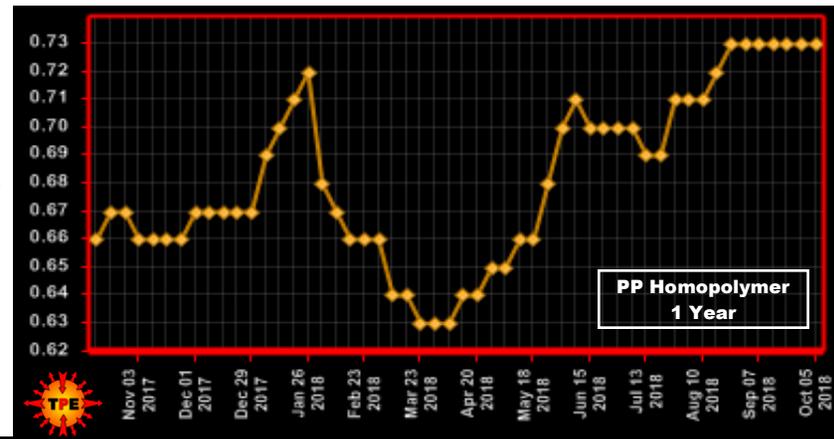
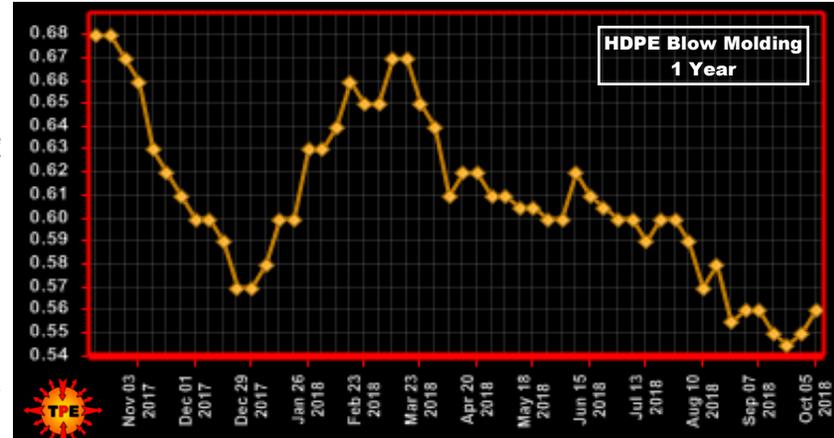
The spot Polyethylene market started October with above average activity and higher prices. HDPE Injection grades lead the way, recovering \$.015/lb. Other HDPE as well as LDPE & LLDPE film grades also added about a cent. Our trading desk was busy all week; transaction volumes were once again strong as buyers, especially other resellers, continued to aggressively procure material. Processors were less enthusiastic, which is not unusual, as traders tend to react first to cycle shifts before bullish sentiment trickles downstream. The surge of buying began several weeks ago as deeply discounted prices appeared too compelling to pass up. Even as the lowest prime offers had been scooped, buyers were not deterred by fresh offers priced a penny or two higher. While in many market conditions, this might easily translate as a sizable endorsement of the current \$.02-.04/lb price increase, but in this case, there is still good room for the spot market to rally before equaling current contract prices.

The Polypropylene market saw decent activity, but it did not necessarily translate to huge trading volume. While some sizable deals were done, a majority of orders went unfilled as supply and demand were often mismatched by either price or quality. Higher flow HoPP and CoPP which had been amply available has become scarcer. While the spot PP market was initially marked down a penny early in the week, based on softer monomer costs, the lack of well-priced spot PP resin helped pull the market back to flat by Friday. PP Imports continue to flow into the US, most of which are pre-sold before the resin hits the shores. Still, the imports, which can be 100 million lbs per month or more, has helped to fill in gaps, especially as production disruptions impact already tight domestic supplies. We currently expect little change in October PP contracts, perhaps a penny softer.

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Market Update — October 5th, 2018

Resin for Sale 13,712,308 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
LLDPE - Film	3,039,152	\$ 0.490	\$ 0.600	\$ 0.470	\$ 0.510
PP Homo - Inj	2,472,208	\$ 0.650	\$ 0.770	\$ 0.690	\$ 0.730
LDPE - Film	2,411,864	\$ 0.560	\$ 0.640	\$ 0.525	\$ 0.565
HDPE - Inj	1,330,024	\$ 0.530	\$ 0.600	\$ 0.500	\$ 0.540
PP Copo - Inj	1,185,644	\$ 0.680	\$ 0.830	\$ 0.730	\$ 0.770
HMMWPE - Film	895,472	\$ 0.570	\$ 0.600	\$ 0.540	\$ 0.580
HDPE - Blow	834,288	\$ 0.550	\$ 0.620	\$ 0.520	\$ 0.560
LLDPE - Inj	810,920	\$ 0.580	\$ 0.665	\$ 0.550	\$ 0.590
LDPE - Inj	732,736	\$ 0.560	\$ 0.620	\$ 0.540	\$ 0.580



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