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The spot resin markets remained active as the 4th quarter began, although prices were only steady and there were also moments of silence. Participants that engaged were serious about doing business; individual transactions were large and completed volumes again ran at record levels. Trading activity remained heavily weighted in Polyethylene over Polypropylene, with particularly high demand continuing for storm disrupted materials like HDPE Copolymer and LLDPE film grades.

Producers have now secured price increases for both PE and PP in each of the past two months and they are pursuing further gains in October. Incremental exports are still stymied by lack of supply and high prices, but will improve as production continues to recover. Some prime imports, both PE and PP, have begun to flow to the US to serve unsatisfied demand due to ongoing resin outages and supply chain issues.

The US energy markets began the week on their highs and ended on the lows, sinking nearly 5% amid heightened volatility. WTI Crude Oil futures fell back through the \$50/bbl threshold; the Nov futures contract settled Friday at \$49.29/bbl, a loss of \$2.38/bbl. Dec Brent Oil limited its loss to half, shaving just \$1.17/bbl to \$55.62/bbl. Natural Gas futures also took a hit, dropping a sizable \$.144/mmBtu to \$2.863/mmBtu. Spot Ethane eased a penny to \$.265/gal (\$.112/lb); Propane added more than 2-cents to \$.93/gal (\$.263/lb).

The spot monomer markets were a bit quieter, but did see several spurts of solid trading activity. Ethylene for October recovered \$.02/lb of the \$.03/lb lost in the previous week, popping back up to \$.30/lb. The Propylene market saw little action and prices were slightly pressured. PGP for Oct delivery ended at \$.475/lb, a half-cent lower. Sept PGP contracts were priced up \$.07/lb to \$.465/lb and a relatively small increase can be justified for Oct.

Spot Polyethylene prices held their elevated level for the third consecutive week while a high volume of resin continued to change hands. Prior to PE prices plateauing, they had soared an average of \$.14/lb in the immediate 3 week wake of Hurricane Harvey. In doing so, spot prices quickly went from a modest discount to a sizable premium and contracts are still in the midst of catching up. Since August, PE producers have secured two increases totaling \$.07/lb, some are looking to extend the gains in mid-Oct to a full dime.

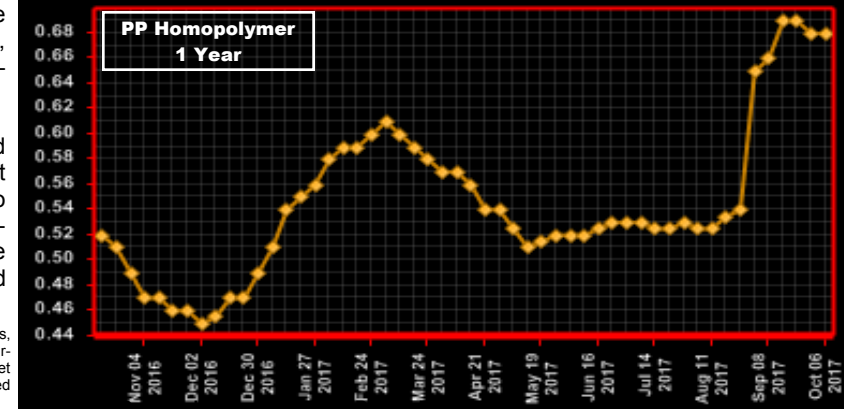
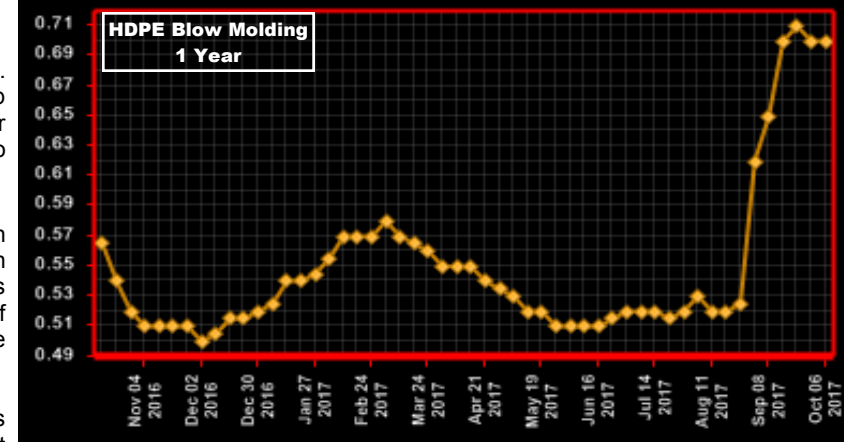
Prior to the big storm, much of the downstream PE industry was busy reducing inventories as they anticipated the startup of three new Petrochemical complexes including resin reactors that had been long in the works. Then the disruptive hurricane hit Houston and there was a scramble to fill in supply gaps. While two new major resin plants have indeed now begun making pellets, the additional material, some of which is specialized, has yet to impact the supply shortfall resulting from the storm.

Spot Polypropylene trading felt rather average, there was a moderate flow of both supply and orders, while prices held their heightened range. The market seems to be entering a somewhat familiar environment where prices are elevated mostly due to rising costs, but supplies are also tight, so margins are increasing as well. There is also constant, but light and lackluster underlying demand, and when the needed material is sourced, the supply is appreciated more than the price. Spot PP prices remain about \$.15/lb higher than pre-hurricane levels; contracts advanced \$.10/lb during Aug/Sept and are poised to add a few cents more in October.

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 — October 6th, 2017

Resin for Sale 10,952,412 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
LLDPE - Film	2,058,692	\$ 0.640	\$ 0.720	\$ 0.620	\$ 0.660
PP Homo - Inj	1,559,476	\$ 0.640	\$ 0.710	\$ 0.640	\$ 0.680
HDPE - Blow	1,502,324	\$ 0.670	\$ 0.730	\$ 0.660	\$ 0.700
LDPE - Film	1,438,208	\$ 0.670	\$ 0.760	\$ 0.680	\$ 0.720
PP Copo - Inj	1,075,736	\$ 0.670	\$ 0.770	\$ 0.690	\$ 0.730
LDPE - Inj	967,380	\$ 0.650	\$ 0.750	\$ 0.680	\$ 0.720
HMVPE - Film	953,196	\$ 0.670	\$ 0.720	\$ 0.660	\$ 0.700
LLDPE - Inj	881,928	\$ 0.700	\$ 0.790	\$ 0.690	\$ 0.730
HDPE - Inj	515,472	\$ 0.760	\$ 0.800	\$ 0.750	\$ 0.790



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