Commodity resin trading remained brisk, prices were steady on average, with some minor movement amongst grades. There was a steady flow of Polyethylene offers this past week, which was partially met by solid demand from resellers and processors. Polypropylene supplies were limited, as has been the norm for the better part of the last year. Small pockets of surplus supply sometimes develop, but the PP market has lost a certain level of liquidity, which makes for a challenging trading environment. Trader interest has emerged from Europe, adding to better demand from the Latin American market. Offgrade material is still actively shipping to Indian and Asian markets, while incremental volumes of prime material are not easily sold into those regions.

The key energy markets were all substantially higher amid increased volatility. WTI Crude Oil transacted in a wide $5.71/bbl range and recorded gains in 4 of the 5 trading days. The November futures contract nearly reached $51/bbl, before easing back to settle Friday at $49.49/bbl, still a strong weekly gain of almost $4/bbl. Nov Brent Oil futures added almost $5/bbl to $52.80/bbl. Natural Gas rebounded about a nickel from 4 year lows and headed into the weekend at $2.52/mmBtu. Spot Ethane rose a half-cent to $.1975/gal ($.083/lb); Propane jumped a couple cents to $.49/gal ($.139/lb).

Spot Ethylene trading was more active, with numerous transactions seen in both prompt and deferred months. Although at least three large Gulf crackers are offline for planned and unexpected outages, the market is still well-supplied. Ethylene began the week under pressure, trading down to $1.825/lb, a level not seen since the market meltdown in Dec 2008. Material for October delivery then staged a little comeback and most recently changed hands at $2.05/lb, a net gain of more than a penny. The forward curve is in a strong contango, with prices rising each month until March 2016 reaches above $.26/lb, the market trails off a bit from there.

Polyethylene trading was very good and spot prices were mostly steady. Material availability was plentiful across the full slate of commodity products, facilitating spot transactions. Prime and offgrade railcars are quite accessible for domestic shipment and Houston warehouses are still full of resin destined for export. While spot resin is very competitive, packaging lines are still backed up, so there is a few cent premium for immediate, single container load availability vs a few weeks out and in 100MT increments. PE producers are looking to roll October contracts flat from September and most have now either freshly nominated or restated a $.05/lb increase targeted for November. In the meantime, October negotiations have not completed as processors are still seeking additional relief beyond the $.09/lb achieved in the 3rd Quarter.

There was relatively little activity seen in the Propylene market, even traders showed little interest in transacting. PGP for prompt delivery ended the week bid higher to $.285/lb, up a half-cent. While October PGP contracts were initially nominated steady, the spot market has firmed a bit and a small increase, as much as $.02/lb, could be justified. The PGP forward curve flattened a tad, but remains in slight contango; monthly premiums of less than $.02/lb accumulate by the March peak. RGP prices firmed almost 2-cents and are closing in on the $.20/lb level.

The Polypropylene market was a little more active, at least based on recent trading results. Offgrade prices were somewhat softer but prime was firmer, blending out to a steady average this past week. Transactional volume increased, but mostly as a result of significant effort to locate material and fill customer spot needs. Adding to supply woes, Equistar declared Force Majeure after they experienced a power outage at their Bayport Polypropylene plant. Between the possible slight rise in monomer costs and resin producers continued effort to expand margins, PP contracts will likely see an increase in October that could total as much as several cents.

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.