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The commodity resin markets remained busy; Polypropylene buyers continued scouting out and buying well-needed supply, while Polyethylene trading finally picked its pace back up after a few weeks of lackluster demand. Prompt material availability was mixed, fresh railcar offerings were only sporadic, and while supplies for some resins have begun to improve, most commodity grades remained limited to super scarce. When tough to source materials did surface, processors were ready to snatch them up, as some still seemed to be backfilling requirements. Many resellers have been working down inventories, preparing to pounce on typical end of the year discounted opportunities, but as mid-Nov approached and with upstream supplies still tight, some voiced concern that a significant break in prices might not actually come through. As such, sentiment improved, overall resin prices were firm and some grades regained a penny of the 2-3 cents that had been shed in previous weeks. Polyethylene producers are technically seeking to implement their \$.05/lb increase that did not take hold in Oct, but we have not seen a concerted effort to enforce it. Polypropylene contracts appear to be heading moderately higher in Nov with a small cost-push increase and a potential margin enhancement to boot.

Spot Polyethylene trading was quite a bit busier this past week and some prices moved higher, bucking the minor several week-long slide which developed amid overall negative market chatter after enduring \$.19/lb of price increases. Our trading desk strung together a steady flow of railcar and truckload transactions, breaking out of the recent short-term trend of below average volumes. After resin prices rallied to relatively dizzying heights during the 3rd quarter, processors resisted the October price increase and instead opted to slow purchases and work down inventories hoping to restock at cheaper levels during the latter half of the 4th quarter. Sellers in turn, looking to keep their volumes up, trimmed margins to chase additional orders, creating some modest downward pricing pressure. Indeed storm-shut reactors have returned and new capacity is coming online which can eventually weigh on prices, but in the meantime, some grades like LD Clarity, LL Hexene & Octene for Film, and LD & LL for Injection have been nearly impossible to find. As mid-Nov approached, some buyers found themselves with uncomfortably low resin stocks and started coming back to the market to procure material. Though there is a nickel increase on the table for Nov, we think contracts will just roll flat and while we should see some increased supply in the coming weeks, as upstream inventories swelled more than 200M lbs in October, they are still far from burdensome. Barring a national Covid related shutdown, we believe producers will likely keep the market tight enough, increasing exports if necessary, to avoid a significant yearend price decline.

Polypropylene trading remained strong; solid demand met increasing supply and a healthy volume of material again changed hands through our trading desk. PP prices ended the week flat, but firm, as spot PGP costs moved higher, pointing to a modest November price increase. Truckload availability was better, there was a more liquid supply of both Prime and Offgrade HoPP in low-mid melt ranges, though high flow was mostly elusive. A steady supply of both Prime and offgrade CoPP came and went, processors still had spot needs to satisfy. Higher flow CoPP and No Breaks appeared and were gobbled up, Random Clarified was still absent from the spot market. While PP imports have been hitting the US shores, most have been pre-sold and though more is coming, some overseas production issues have slowed new offerings. US Producers ran full throttle in October as reactors came back online, but the market was starved and ate up more than was produced, causing yet another large inventory draw. Producers' collective PP inventories made a new low for the 15+ years that we have been tracking supply/demand fundamentals. As mentioned last week, with inventories so low, the spot market could remain tight for some time as producers will likely opt to replenish their inventories rather than selling excessive material as spot, which will also help them keep grip on their coveted pricing power.

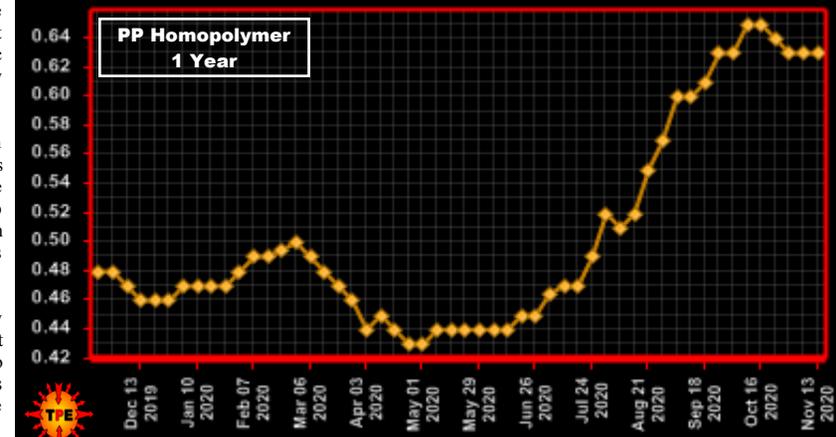
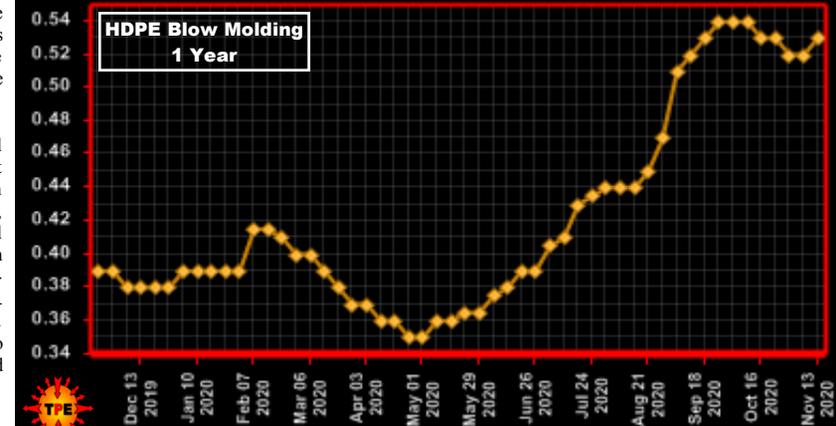
Trading picked up in the monomer markets, volume was hefty and prices moved higher. Ethylene unearthed support early in the week and the market did not look back. Monday saw Nov Ethylene change hands at \$.1775/lb in Louisiana along with a couple Q1'21 transactions finalized for TX deliveries. On Tuesday another deal for Nov Ethylene in LA was completed a tick higher at \$.18/lb while Dec Ethylene in TX was recorded just under \$.185/lb. Further transactions were brought together midweek for Dec Ethylene at \$.1825/lb and then some geographic swaps rounded out the week's activity. On Friday, Nov Ethylene ended slightly higher at \$.1875/lb and the forward curve flattened.

Participants in the Propylene market focused solely on future deliveries. Dec PGP jumped up nearly 5% on Monday afternoon when traders completed a transaction at \$.3575/lb, additional deals for Dec and other future deliveries were also noted. A series of other PGP trades were concluded through Thursday, three of which were for Dec delivery while numerous others would be delivered or settled in the new year. On Friday, several more 2021 were seen done, and by end of day spot Nov PGP settled up \$.025/lb to \$.3675/lb, with Dec already priced up at \$.38/lb. Forward levels ran up faster than prompt, flipping the curve from backwardation into a slight contango. As a reminder, October PGP contracts settled up a half cent to \$.365/lb. Current levels support a modest increase in Nov contracts, with plenty of time to still swing levels before negotiations conclude.

The major energy markets were back in the green this past week while high price volatility remained. WTI Crude Oil saw early gains as the hopeful Vaccine Trade was deemed very beneficial to the down-beaten energy sector. The Dec WTI futures contract moved around in a nearly \$6/bbl range, before settling Friday at \$40.13/bbl, a sizable \$2.99/bbl jump. Brent Oil outperformed to the upside, adding \$3.33/bbl, about 8.5%, to \$42.78/bbl. Nat Gas futures bounced higher recouping a chunk of the previous week's sharp losses; the Dec contract clawed back above \$3/mmBtu and ended up \$.107/mmBtu to \$2.995/mmBtu. NGLs were mildly mixed - Ethane added \$.007/gal to \$.225/gal (\$.095/lb). Propane lost \$.004/gal to \$.553/gal (\$.157/lb).

Market Update — November 13th, 2020

Resin for Sale 10,809,248 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
LLDPE - Film	2,110,496	\$ 0.450	\$ 0.530	\$ 0.440	\$ 0.480
LDPE - Film	1,869,128	\$ 0.520	\$ 0.610	\$ 0.550	\$ 0.590
PP Homo - Inj	1,744,656	\$ 0.565	\$ 0.670	\$ 0.590	\$ 0.630
PP Copo - Inj	1,262,644	\$ 0.620	\$ 0.710	\$ 0.640	\$ 0.680
HDPE - Inj	1,170,472	\$ 0.480	\$ 0.530	\$ 0.460	\$ 0.500
HDPE - Blow	904,644	\$ 0.480	\$ 0.550	\$ 0.480	\$ 0.520
HMMWPE - Film	703,380	\$ 0.470	\$ 0.540	\$ 0.480	\$ 0.520
LLDPE - Inj	543,644	\$ 0.590	\$ 0.650	\$ 0.570	\$ 0.610
LDPE - Inj	500,184	\$ 0.520	\$ 0.610	\$ 0.540	\$ 0.580



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