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The spot resin markets were very quiet in this past Thanksgiving interrupted week. The flow of offers was limited as suppliers enjoyed an extended holiday break. Processor demand was also reduced, partly tied to the holiday, but mostly due to negative sentiment and the belief that lower prices lie ahead. Prices for both Polyethylene and Polypropylene remained pressured and levels slipped a penny across the board. Despite producers' attempt to implement a \$.03/lb price increase on to Nov PE contracts, a major consultancy suggests an opposite \$.03/lb decrease has entered the market instead. We agree with the decrease, as spot prices have been falling and developed a large discount to contracts. Polypropylene contracts should average down \$.10/lb this month, commensurate with the drop in PGP contracts.

The major energy markets continued to move around in a highly volatile fashion. WTI Crude Oil endured very large drops on both Tuesday and Friday, averaging about \$4/bbl each. There were some partially offsetting gains on the other trading days, but for the week, the Jan WTI contract still fell a net \$6.26/bbl to \$50.42/bbl, representing a massive 11% loss. Brent Oil underperformed WTI by a noticeable margin. The Jan Brent contract eroded a hefty \$7.96/bbl to settle at \$58.80/bbl. Nat Gas futures continued to soar through mid-week, reaching as high as \$4.875/mmBtu on Wednesday before unwinding to end the week at \$4.355/mmBtu, holding on to a mere \$.064/mmBtu gain. After NGLs found some stability in the previous week, Ethane and Propane both continued to retreat. Ethane shed \$.02/gal to \$.33/gal (\$.14/lb), while Propane lost about a nickel to \$.685/gal (\$.195/lb).

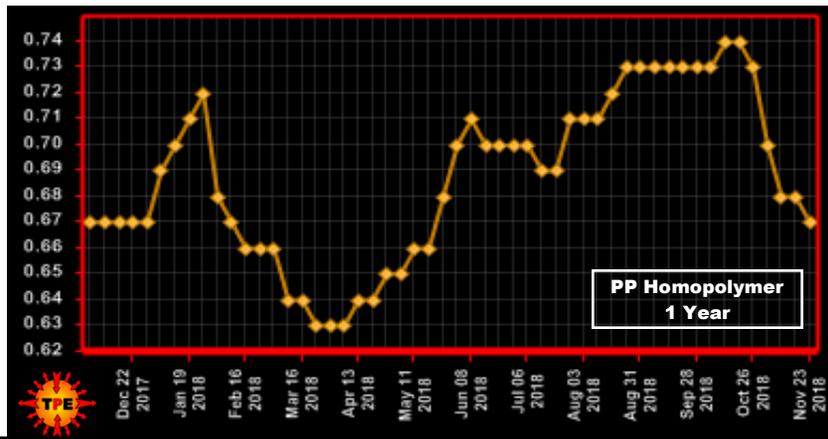
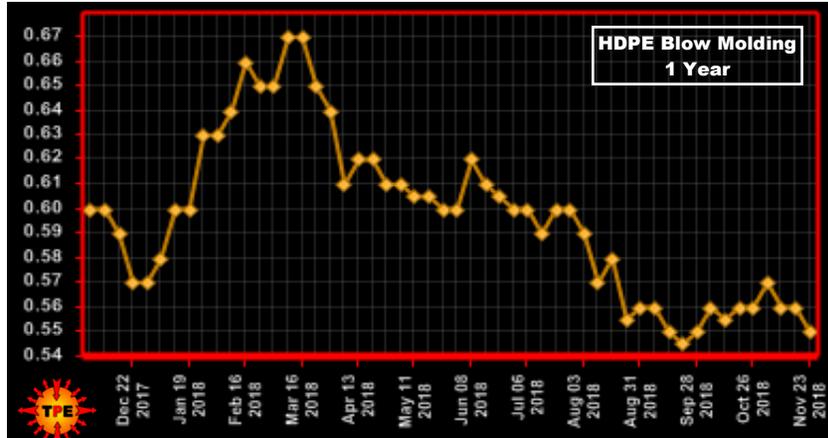
As to be expected, monomer market activity was subdued during the Holiday shortened week. There were very few deals to be done accompanied by very little price movement. Ethylene managed to string together a few transactions early in the week, but by Wednesday afternoon, the market was cooked as much as a Thanksgiving turkey. Nov Ethane remained flat at \$.20/lb. Propylene interest was nearly nonexistent and visibly completed deals were elusive. Still, after participants agreed to a full dime contract decrease to \$.50/lb for Nov PGP, spot prices firmed back a penny to \$.46/lb.

The spot Polyethylene market was very slow as many buyers took an extended holiday break; this made it difficult to transact even when stellar offers were presented. Our spot PE prices were all down a penny this week as market conditions are bearish, even though not all grades were easy to source. Not only were participants out, but demand in general has been off amid negative sentiment and prices have been slipping which contributed to an already sluggish market for November. With just a week to go, our volumes are moderately below average. Inventory positioning is in full effect as most are choosing to work down resin on hand, waiting to restock at lower levels. Contract prices have not officially settled but given weak demand and market sentiment the average \$.03/lb increase seems implausible while the lobby for a \$.03/lb decrease is growing. The crude oil markets continue to get pummeled which will have an effect on export pricing while the domestic Natural Gas stream rose further, which together will crimp producer margins.

Polypropylene trading was slow and prices for both HoPP and CoPP slid a penny. The flow of offers was intermittent, but suppliers let it be known that well priced resin was available for the asking. The holiday season is usually a bit slower, but combine that with a \$.10/lb drop in PGP costs and the resultant lack of resin demand has been justified. Still, some deals were completed for the standard commodity grades as well as tougher to source CoPP No Break and Random Clarified. Nov PP contracts should follow PGP contracts down a dime, notwithstanding a possible margin increase. We believe this will help to shut the easy import arbitrage and could lead to a modest lack of supply in the early new year. In the meantime, there are deals to be had.

Market Update — November 23rd, 2018

Resin for Sale 14,549,024 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
PP Copo - Inj	3,818,984	\$ 0.630	\$ 0.750	\$ 0.670	\$ 0.710
PP Homo - Inj	2,229,104	\$ 0.610	\$ 0.750	\$ 0.630	\$ 0.670
HDPE - Blow	1,866,460	\$ 0.500	\$ 0.610	\$ 0.510	\$ 0.550
LDPE - Film	1,738,484	\$ 0.490	\$ 0.640	\$ 0.510	\$ 0.550
HDPE - Inj	1,208,644	\$ 0.510	\$ 0.600	\$ 0.490	\$ 0.530
LLDPE - Film	1,208,644	\$ 0.490	\$ 0.555	\$ 0.460	\$ 0.500
HMWPE - Film	705,472	\$ 0.530	\$ 0.600	\$ 0.530	\$ 0.570
LDPE - Inj	613,104	\$ 0.520	\$ 0.620	\$ 0.510	\$ 0.550
LLDPE - Inj	440,920	\$ 0.540	\$ 0.625	\$ 0.530	\$ 0.570



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