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December has historically been either the best or worst month for trading resin, it already looks like it will be the highlight this year. Transactional volume for both Polyethylene and Polypropylene continued to be very strong and their commodity grades slid \$.01-.02/lb. Dec PE contracts will likely settle flat for the third month in a row, as the nominated nickel increase is instead being eyed for January. Although producers are looking to raise PP contracts again this month, it is quite possible the market will just take a breather in Dec. Implementation of the recent series of PP increases has varied amongst market participants in both timing and magnitude, some consolidation could be warranted. International crude oil and downstream monomer costs have fallen precipitously and consequently, export demand has also slowed significantly. This little lull is providing Houston warehouses a chance to fulfill prior packaging and shipment commitments.

Another major wave of selling hit the energy markets this past week, driving prices to fresh multi-year lows. WTI Crude Oil traded in a wide 12% range, ending the week down \$4.35/bbl to \$35.62/bbl, the lowest level since Nov 2008. Jan Brent Oil futures saw a similar loss, plummeting more than \$5/bbl to settle Friday at \$37.93/bbl. Jan Natural Gas futures eroded almost 20-cents and went into the weekend at \$1.99/mmBtu, a level seen just briefly in 2012 and then not again in more than a dozen years. Spot Ethane slid more than a cent to \$.155/gal (\$.065/lb); Propane plunged almost \$.05/gal to \$.3775/gal (\$.107/lb).

The spot Ethylene market saw a spate of activity early in the week and then quieted down. All Gulf area crackers are running at/near full capacity and the heavy supplies are weighing on the market. Ethylene for December delivery sold below \$.18/lb for the first time in 7 years and most recently changed hands at \$.185/lb, down more than a penny. In anticipation of cracker turnarounds during the upcoming 1st quarter, forward Ethylene prices are priced at a notable premium and peak at \$.24/lb in April. The market is forecast to then fade off \$.015/lb to \$.225/lb by the end of 2016.

The spot Polyethylene market continued to transact at a rapid rate. There was good availability for most commodity grades and spot prices dropped \$.01-.02/lb. While there has been a smattering of railcar offerings, the material has generally been offgrade rather than prime. Resellers have been aggressively marketing their uncommitted warehoused resin, both prime and offgrade, and processors are taking advantage of the discounted pricing – particularly to provide an inventory buffer for the often supply-challenged weeks on either side of the New Year. For the third straight month, producers quickly postponed the implementation of their \$.05/lb price increase. Considering that energy, feedstock and global resin prices are all falling, processors are starting to talk about a decrease instead; however, December contracts will still probably just roll steady.

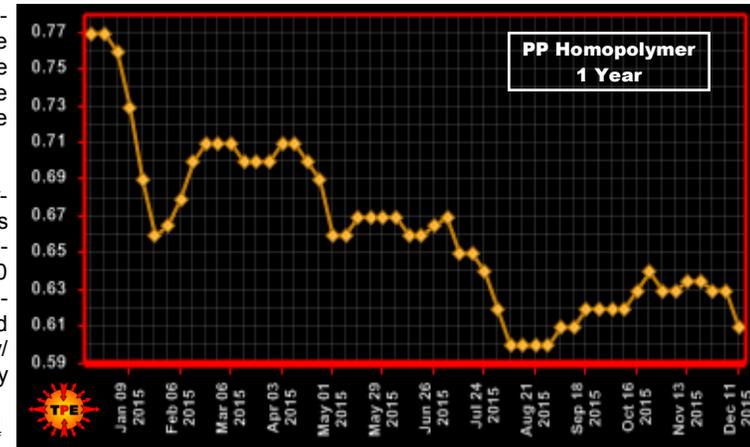
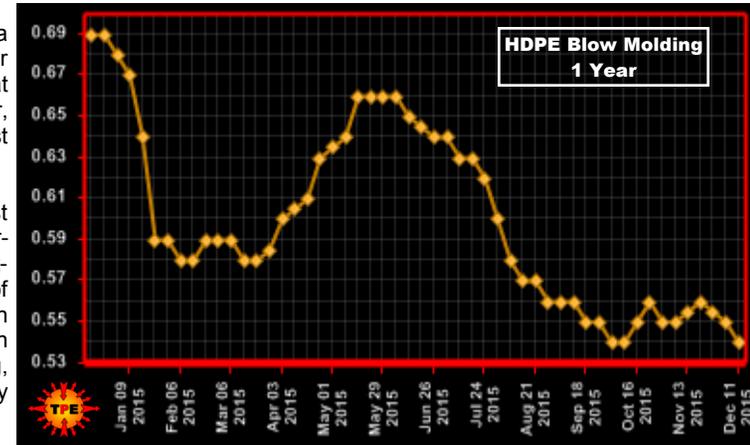
There was relatively little action seen in the Propylene arena and prices were slightly softer. PGP for December delivery sold several times in the vicinity of \$.295/lb, down fractionally. Dec PGP contracts were nominated to increase \$.01/lb to \$.325/lb; based on recent levels and traditional pricing relationships, we expect negotiations to yield a steady to penny higher result. The PGP curve is fairly flat, although prices are shown to rise a tad during the first quarter, less than \$.01/lb separates any month from prompt through the end of 2016. December RGP added a half-cent to \$.19/lb.

Polypropylene trading remained very active and spot prices fell as much as \$.02/lb, perking processor interest for discounted deals. After strong buying in the previous 7-8 months, domestic contract demand seems to have somewhat stalled. This and higher reactor operating rates are contributing to a large upstream inventory build that could total more than 100 million lbs, which would be the first of such size in about 30 months. While the spot PP market is still far less liquid than in years past, production and supplies are improving. We are currently seeing some of the best resin availability of the year, in both bulk railcars and packaged truckloads. These year-end conditions might not necessarily be indicative of a better supply/demand balance in months to come; however, after a great run of margin expansion, the upcoming January \$.06/lb price increase might finally be challenged by some head-winds.

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 — December 11th, 2015

Total Offers 22,203,912 lbs		Spot		Contract	
Resin	Total lbs	Low	High	Bid	Offer
HDPE - Blow Mold	4,612,832	\$ 0.490	\$ 0.560	\$ 0.500	\$ 0.540
LLDPE - Film	4,187,716	\$ 0.460	\$ 0.590	\$ 0.510	\$ 0.550
HDPE - Inj	2,905,748	\$ 0.505	\$ 0.570	\$ 0.500	\$ 0.540
LDPE - Film	2,625,496	\$ 0.515	\$ 0.600	\$ 0.530	\$ 0.570
HMMWPE - Film	1,862,300	\$ 0.500	\$ 0.585	\$ 0.510	\$ 0.550
LLDPE - Inj	1,709,128	\$ 0.510	\$ 0.590	\$ 0.520	\$ 0.560
LDPE - Inj	1,465,472	\$ 0.540	\$ 0.590	\$ 0.540	\$ 0.580
PP Homo	1,434,024	\$ 0.520	\$ 0.640	\$ 0.570	\$ 0.610
PP Copo - Inj	1,401,196	\$ 0.550	\$ 0.650	\$ 0.585	\$ 0.625



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