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Spot resin trading was very good, but transactions fell off the rabid pace seen during the first half of December. Material availability remains more than ample and sharp discounts have been available to savvy buyers - tis the season. Generic Prime Polyethylene fell \$.005-.01/lb and offgrade dropped even more. Polypropylene mostly held steady after coming off a couple cents in the previous week, though well-priced offgrade opportunities abound. Prime resin values in Houston are peeling away as international resin markets erode along with Crude Oil; sure, prime has dropped, but widespec resin has been selling offshore at shockingly low numbers.

All major energy markets fell further and February began rolling to the front month futures contract. Jan WTI Crude Oil went off the board at \$34.73/bbl, down almost \$2/bbl; Feb, which was priced at a premium, then took center stage and ended the week at \$36.06/bbl, also a sizable loss. Feb Brent Oil futures shed \$1.44/bbl to settle Friday at \$36.88/bbl, shrinking the premium over WTI to less than a buck. Jan remained the front month Natural Gas contract, it chunked off a hefty \$.223/mmBtu, 11%, to a new contract low of \$1.767/mmBtu. Spot Ethane dropped \$.03/gal to just \$.125/gal (\$.0525/lb); Propane gave up another \$.02/gal to \$.3575/gal (\$.101/lb). Wow, NGLs for just a nickel and a dime - who woulda think it?

The spot Ethylene market again saw good turnover as prices eased. All Gulf area crackers are running full-steam and producing a tremendous supply of material. Ethylene for December delivery fell from the get-go, trading as low as \$.175/lb, a price last seen precisely 7 years ago this week, before recovering to \$.18/lb, just a half-cent loss. With a view ahead, Jan material most recently changed hands at \$.195/lb. While the forward curve has flattened a bit, first quarter prices are still forecasted to rise and currently peak in April around \$.225/lb, before slowly unwinding to \$.205/lb by Dec 2016. Despite relatively weak Ethylene markets, the Axial/Lotte Cracker JV received the final go ahead and site prep-work is now underway.

Spot Polyethylene trading remained solid, but completed volumes were less than in previous weeks. The \$.05/lb price increase failed for the third time in December; however, considering sharply lower energy and feedstock costs, processors are seeking actual relief rather than just continued contract price rollovers. Although technically producers will begin the year with the nickel increase again on the table, perhaps contracts will begin to go the other way. In the meantime, the combination of year-end inventory adjustments and weak international PE markets have generated deeply discounted spot buying opportunities. There are still some great year-end deals out there – just let us know what you could use.

The Propylene market was comparatively quiet and prices were basically steady. PGP for December delivery changed hands a few times at and below \$.295/lb. Dec PGP contracts found settlement at \$.32/lb, the half-cent increase was less than the penny nominated and in-line with typical pricing relationships. In big production news, Dow began the startup phase for its new PDH unit in TX. Perhaps it was in anticipation of the added supply that caused the forward curve to shape-shift. It moved from a slight contango into backwardation, meaning that future prices are expected to be below prompt levels. In this case, it's just less than a cent discount by Dec 2016, but lower nonetheless. December RGP slid a cent to \$.18/lb.

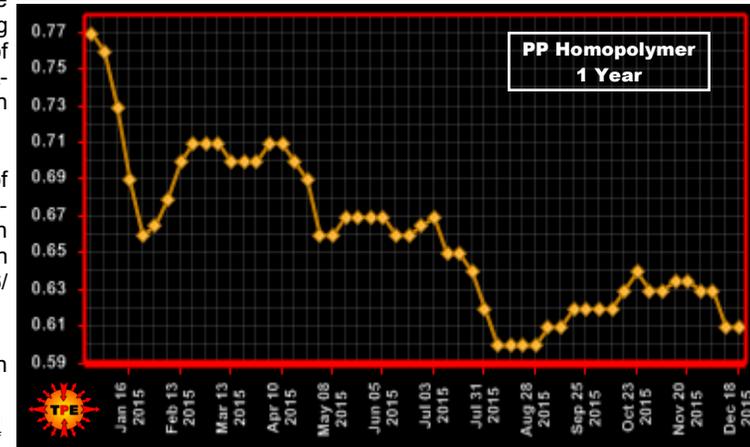
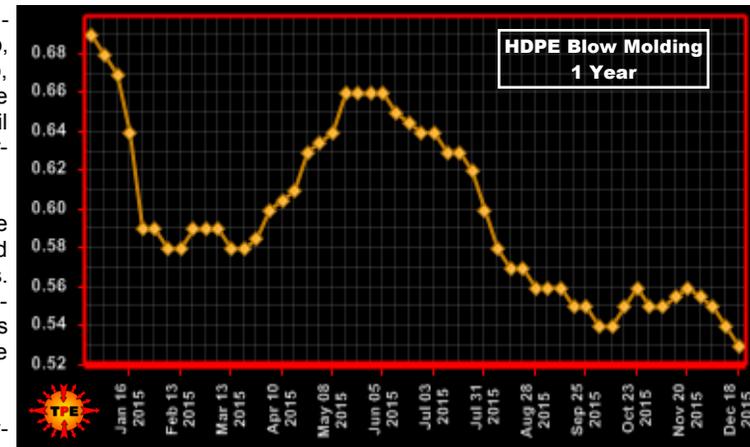
Although the market somewhat slowed, December is still posting the best Polypropylene trading results of the year. Continually improved resin availability, in both bulk railcars and warehoused truckloads, has pressured spot prices, now making them quite competitive even for contract buyers. Producers have enjoyed an excellent year of margin expansion - although they lowered PP prices, the magnitude was much less than their cost decrease. The fourth quarter saw an outright resin price increase, and while there is another \$.06/lb increase nominated for January, the market's momentum seems to have finally stalled out this month.

It's a whole new ballgame come 2016, but before we bid this year adieu, there are still more spot resin deals to be done – what material can our stellar trading team source for you?

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 18th, 2015

Total Offers 15,972,468 lbs		Spot		Contract	
Resin	Total lbs	Low	High	Bid	Offer
HDPE - Blow Mold	3,144,164	\$ 0.490	\$ 0.560	\$ 0.495	\$ 0.535
LLDPE - Film	2,394,600	\$ 0.490	\$ 0.570	\$ 0.510	\$ 0.550
PP Copo - Inj	1,954,368	\$ 0.550	\$ 0.660	\$ 0.585	\$ 0.625
PP Homo	1,778,276	\$ 0.510	\$ 0.640	\$ 0.570	\$ 0.610
LDPE - Film	1,685,932	\$ 0.510	\$ 0.590	\$ 0.530	\$ 0.570
HDPE - Inj	1,619,840	\$ 0.500	\$ 0.580	\$ 0.495	\$ 0.535
LLDPE - Inj	1,198,828	\$ 0.520	\$ 0.600	\$ 0.515	\$ 0.555
HMMWPE - Film	1,170,460	\$ 0.500	\$ 0.565	\$ 0.505	\$ 0.545
LDPE - Inj	1,026,000	\$ 0.510	\$ 0.560	\$ 0.540	\$ 0.580



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