



# ThePlasticsExchange

bringing the market to you

Spot market activity has at times been just as volatile as its pricing. The Plastics Exchange trading desk went from amongst its slowest weeks, albeit shortened by the Thanksgiving holiday, directly to our best / highest volume week of the year. While the flow of both fresh offers and processor orders was indeed steady and heavy, we were not completely inundated, rather both sides simply came to play and the vast majority of do-able deals were brought to completion. Although energy and feedstock costs mostly moved considerably higher, resin prices continued lower, and that combination appears to have been a catalyst to spur good action.

Energy prices soared as OPEC agreed to cut production for the first time since 2008. Jan Crude Oil futures leapt \$5.62/bbl, more than 12%, to \$51.68/bbl. Feb Brent Oil ran up \$6.22/bbl to \$54.46/bbl. Jan Natural Gas futures had its third consecutive week of strong gains and climbed \$.234/mmBtu to \$3.436/mmBtu, nearing season highs. Ethane added more than 12% to \$.24/gal (\$.101/lb); Propane recorded a sharp \$.065/gal gain to \$.61/gal (\$.172/lb), twice the price seen in Jan 2016 and amongst the highest levels in 2 years. Spot monomer results were comparatively benign; Ethylene reverted to \$.25/lb, picking up the penny it shed the previous week, while spot PGP eased more than a cent, falling below \$.30/lb.

The Polyethylene market was quite busy this past week, which spanned the end of Nov and beginning of Dec. Spot material availability remained plentiful and despite the significant strength in the energy complex, PE prices continued to slide - most grades shed another cent. Incremental export demand has languished and Houston warehouses are currently full of resin with packaging lines running at capacity - some are booked through the end of the year. Export demand perked up amid lower asking prices and the surge in upstream energy, but the log-jam in Houston could pose a problem if suppliers look to purge inventory in December.

November PE contracts were down \$.03/lb; notwithstanding the relief, processors have been limiting purchases, opting to work down inventories as they anticipate another decrease in December. In the meantime, buyers have been tapping the spot market, which has been well discounted to contracts, to fill in supply gaps along the way. As such, we have seen a notable uptick in demand for LDPE and LLDPE film grades. Although Dec resin markets often see sporadic activity, we expect domestic demand to continue to improve as purchases have lagged the past two months; better buying will be somewhat offset by those processors desiring to limit year-end inventory.

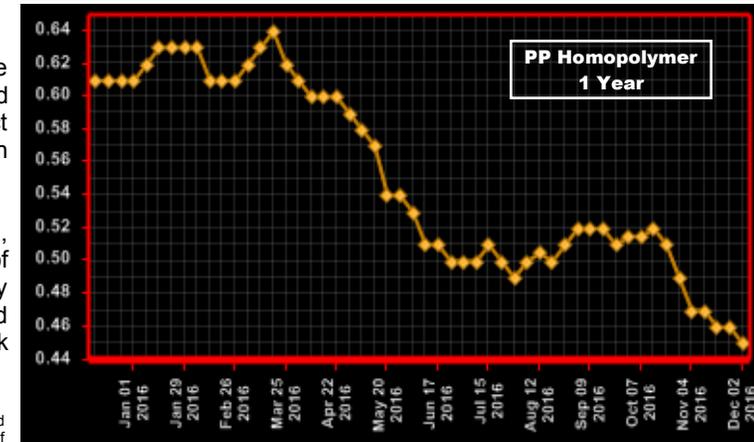
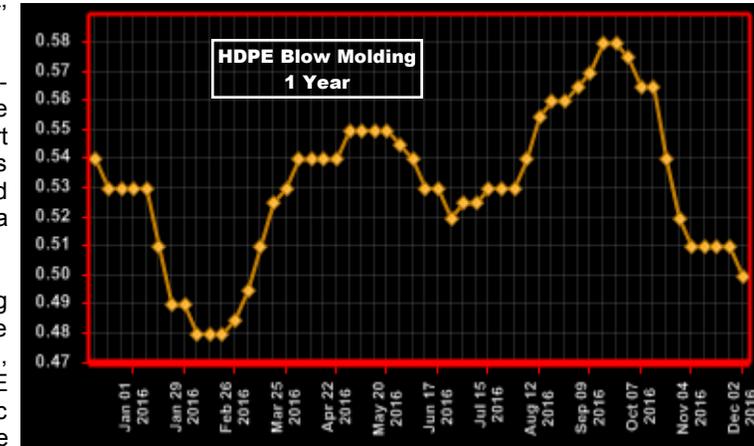
Polypropylene trading was very active; spot supplies of commodity resin remained amply available and prices continued to slide. Nov PP contracts declined an average of \$.06/lb, while spot prime and offgrade levels, particularly Homopolymer, have fallen further, leading some participants to expect additional contract relief in December. Polypropylene supplies - domestic production along with tough to gauge import volumes - have outstripped demand keeping downward pressure on prices.

While the Polypropylene market has not been massively oversupplied, the burdensome overhang, coupled with overwhelmingly negative sentiment, has placed pricing power firmly in the hands of buyers. PP production margins have been compressed the past 3 quarters and have wiped away much of producers' hard freight margin expansion achieved during 2015. The PP market has had several failed rallies since the beginning of this summer, this last down leg has brought prices back down to the lowest level in 7 years and are again compelling on a historic basis.

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 raicars delivered in USA.

## Market Update — December 2nd, 2016

Resin For Sale <b>15,540,964 lbs</b>		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
HDPE - Blow Mold	2,593,496	\$ 0.480	\$ 0.540	\$ 0.460	\$ 0.500
LLDPE - Film	2,452,324	\$ 0.500	\$ 0.590	\$ 0.470	\$ 0.510
PP Homo - Inj	2,357,864	\$ 0.420	\$ 0.520	\$ 0.410	\$ 0.450
LLDPE - Inj	1,600,644	\$ 0.545	\$ 0.630	\$ 0.540	\$ 0.580
HMWPE - Film	1,570,484	\$ 0.495	\$ 0.540	\$ 0.480	\$ 0.520
PP Copo - Inj	1,567,840	\$ 0.450	\$ 0.520	\$ 0.430	\$ 0.470
HDPE - Inj	1,512,208	\$ 0.490	\$ 0.565	\$ 0.470	\$ 0.510
LDPE - Film	1,099,104	\$ 0.575	\$ 0.650	\$ 0.585	\$ 0.625
LDPE - Inj	787,000	\$ 0.550	\$ 0.595	\$ 0.540	\$ 0.580



Dominick Russo and Fred Dial — Editors

[www.ThePlasticsExchange.com](http://www.ThePlasticsExchange.com)

**Michael Greenberg**  
**312.202.0002**  
**@ResinGuru**

MARKET UPDATE

