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After a slow Thanksgiving holiday, resin trading returned with a vengeance – it was one of the highest volume weeks of the year. The heightened activity was particularly interesting as the beginning of the month is usually a bit slower. Completed transactions were also greatly slanted in favor of Polypropylene and rarely has Polyethylene taken a back seat. Most PE grades were a half-cent lower; PP was steady to weaker again. Despite the nickel nomination, Dec PE contracts will very likely be flat for the third month in a row. PP producers will look to push resin contracts higher again this month. Export activity has slowed, which is providing Houston warehouses a chance to catch up on packaging railcars.

The energy markets all saw their highs at the beginning of the week and fell from there. Jan WTI Crude Oil futures fell \$1.74/bbl to settle Friday at \$39.97/bbl. With the market piercing below the key \$40/bbl level, oil prices are now within striking distance of almost 7 year lows. Jan Brent Oil futures dropped \$1.86/bbl, more than 4%, to end the week at a clean \$43/bbl. Natural Gas futures knocked off \$.026/ mmmBtu to close at a fresh contract low of \$2.186/mbBtu. Spot Ethane slid a cent to \$.1675/gal (\$.07/lb); Propane prices were flat at \$.425/gal (\$.12/lb).

Spot Ethylene trading was very active and prices declined; gulf crackers were fully operational and plentiful material pressured the market. Ethylene for November delivery squeezed in another couple of transactions before going off the board just below \$.21/lb; December took center stage at a penny premium. The market then eroded as the week wore on until Dec Ethylene most recently changed hands at \$.1975/lb, down about \$.03/lb for the week. Ethylene prices for future months were also dragged down and the forward curve maintained its contango shape, though the peak of nearly \$.24/lb shifted from March into April.

Spot Polyethylene trading was a bit better than average; sellers were more notable participants and prices eased a half-cent. Processors were relatively aggressive buyers in mid-Nov and now seem to be fairly well stocked; they also have little fear that the twice-tried \$.05/lb price increase will finally take hold in December. A couple producers have already offered to delay implementation until January, but the rest have yet to follow. Resellers in Houston and around the country have begun shedding their uncommitted inventory, but we have not seen an onslaught of special holiday-priced railcar offerings. International resin traders have quieted and with energy prices again nearing multi-year lows, we still might see a flurry of fresh discounted material hit the market over the coming weeks.

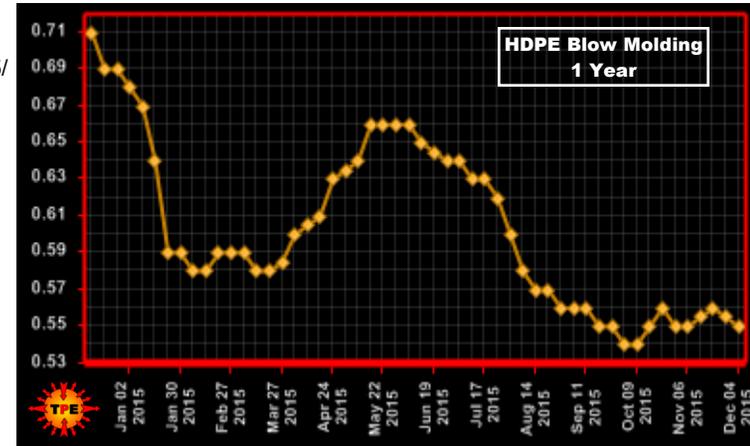
The spot Propylene market saw moderate activity, several transactions were seen with just a modest gain. PGP for December delivery traded up near \$.30/lb, but could not rise above this resistance level. Prompt material most recently changed hands at \$.295/lb; this supports a tiny increase, perhaps the full penny that was nominated for Dec contracts. The front end of the forward PGP curve is fairly flat, a half-cent gain is priced through March, before easing more than a penny during the balance of 2016. RGP again ended at \$.185/lb.

Spot Polypropylene trading was very active, a high volume of material transacted and prices were steady to a little lower. Beginning about a year ago, contract PP prices followed PGP monomer costs sharply lower, while snug supplies kept spot PP prices elevated. This pattern lasted several months, but as producers successfully implemented a series of resin increases throughout the year, spot prices also moved lower and the two markets prices began to converge. With pricing coming together, processors no longer have sticker shock when viewing spot pricing, which psychologically facilitates transactions. During this time, PP production also improved while a steady, but not massive, stream of imports has also aided liquidity. Domestic PP demand is actually quite good and the market is still categorically short of material, so we expect producers to continue to edge resin prices higher for as long as they still can. A fresh \$.06/lb price increase has been nominated for January.

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 5th, 2015

Total Offers 20,974,852 lbs		Spot		Contract	
Resin	Total lbs	Low	High	Bid	Offer
HDPE - Blow Mold	3,807,360	\$ 0.505	\$ 0.580	\$ 0.510	\$ 0.550
LLDPE - Film	3,727,876	\$ 0.460	\$ 0.600	\$ 0.520	\$ 0.560
LDPE - Film	3,005,496	\$ 0.515	\$ 0.630	\$ 0.540	\$ 0.580
HMVPE - Film	2,754,576	\$ 0.505	\$ 0.585	\$ 0.520	\$ 0.560
HDPE - Inj	2,371,380	\$ 0.505	\$ 0.550	\$ 0.510	\$ 0.550
LLDPE - Inj	1,658,668	\$ 0.550	\$ 0.600	\$ 0.540	\$ 0.580
PP Homo	1,434,024	\$ 0.535	\$ 0.640	\$ 0.590	\$ 0.630
LDPE - Inj	1,200,920	\$ 0.550	\$ 0.615	\$ 0.560	\$ 0.600
PP Copo - Inj	1,014,552	\$ 0.550	\$ 0.660	\$ 0.605	\$ 0.645



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