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Spot resin trading was excellent, there was a very heavy flow of orders from both buyers and sellers, which generated a high volume of completed transactions. The market had already begun the year swiftly and the activity accelerated further, spurred along by military conflict in the Middle East which spooked the marketplace and encouraged domestic buyers to secure additional material as a supply buffer. Prices gained a cent and then gave it back as tensions subsided, but the proverbial bloom was off the rose, which highlighted the very real geopolitical risks that can affect our energy derived resin markets. Export demand was also strong as buyers sought material from the US, which remains the most cost-efficient resin producing region of the world. As usual, there is a Polyethylene price increase on the table for January with a moderate chance for implementation, while PP contracts are currently pointing to a very modest uptick. This was a heckuva start to 2020 and if this past week was a trendsetter, we will all be looking forward to a very exciting year ahead.

The major energy markets were very volatile this past week. The US-Iran conflict escalated significantly and then quickly defused, WTI initially rallied \$3/bbl and then fully reversed, bringing a nearly \$7/bbl break from Tuesday's overnight highs driving oil prices back down below \$60/bbl on Wednesday. Prices continued to trail lower from there and the Feb futures contract ultimately gave back a net \$4.01/bbl for the week, ending at \$59.04/bbl. March Brent Oil saw similar price action and shed a net \$3.62/bbl to \$64.98/bbl. After an extended downtrend, Nat Gas futures finally found a bid around \$2.10/mmBtu as a fierce cold front began to develop, Feb futures recouped \$.072/mmBtu to end the week at \$2.202/mmBtu. Ethane bounced off the cycle lows seen the previous week, recovering a cent to \$.157/gal (\$.066/lb). Propane continued to trickle lower, shedding \$.007/gal to \$.457/gal (\$.129/lb).

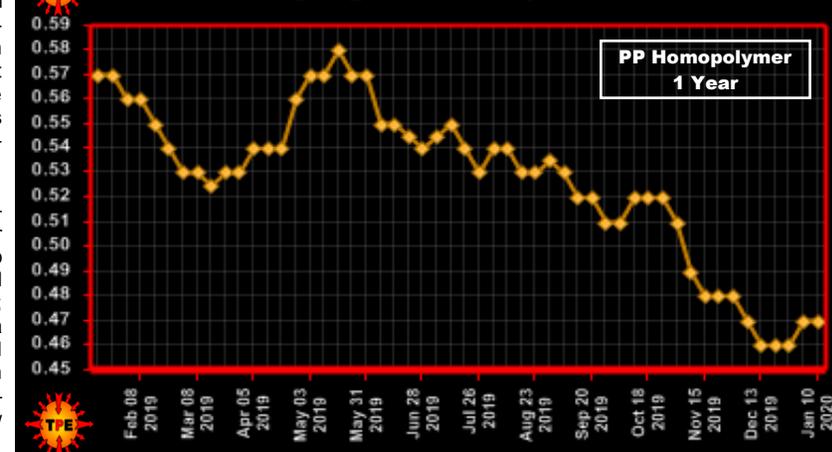
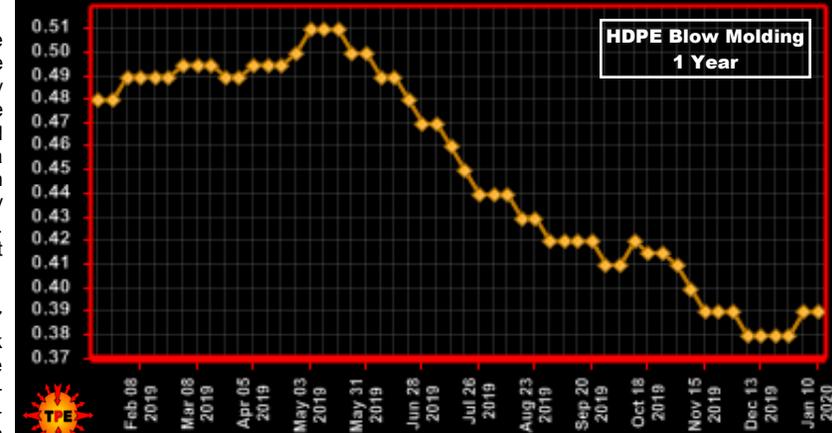
Spot monomer trading picked up during the first full week of 2020, there was healthy volume and prices were mixed. There were numerous completed transactions for January as well as for future delivery, perhaps the extreme Middle East tensions played here too as spot Ethylene soared \$.035/lb by Tuesday afternoon. By midweek, prompt bids reached as high as \$.195/lb, but sellers took a step back, unwilling to offer competitive Houston material. On Thursday buyers' appetites seemed settled and the offers returned, so prices peeled back a penny to \$.185/lb. Additional material changed hands on Friday near the same level, resulting in a weekly gain of more than \$.025/lb. The forward curve actually flipped and is now slightly backwardated with peak Ethylene prices now found in spot Jan and somewhat lower prices ahead. PGP saw prices leak steadily lower with completed deals seen almost daily, orders were spread out between prompt and future deliveries. Propylene dipped back below \$.31/lb and finished the week down nearly a penny to \$.3075/lb. Current spot levels indicate a very modest increase upcoming for January PGP contracts.

The spot Polyethylene market continued to transact at the same frantic pace that ushered in 2020, in just 7 trading days, our completed volumes have already nearly matched the entirety of Jan 2019. Deals were struck for all of the commodity grades that we make markets, providing us with highly discovered spot pricing. While fresh producer railcar offers were slow to emerge, which is typical for the first week of the year, resellers' inventories along with railcar sales from committed forecasts provided ample market liquidity to satisfy prompt demand. Early in the week, processors rushed to restock their materials which had dwindled into year-end, with extra urgency provided by the fear of that escalating Middle East tensions could get out of control. Subsequently, PE prices added another cent across the board. The market paused Wednesday as the situation calmed, and asking prices erased that cent, but demand picked right back up on Thursday/Friday to round out a very solid week. It is still uncertain whether spot pricing is really turning higher in a sustained way, but at the very least, sentiment has shifted away from the apparent belief that prices will just go down forever. Producers have a fresh \$.04/lb price increase nominated for Jan, though it is still too early in the month to see if momentum can build to actually achieve implementation.

Polypropylene trading was very active and a large volume of mostly prime material transacted across our trading desk. Deals were well diversified and there was solid demand for both HoPP and CoPP resins, some for immediate shipment, while other processors were just happy to secure additional well-priced resin for Feb usage. We were actually a bit surprised to see a continuation of deeply discounted railcar offers, as it appeared that the strong December purge might have been sufficient to liquidate burdensome upstream inventories; however, indeed the offers returned, priced to leave very little margin for producers, and they were met by a fistful of purchase orders. The market fell silent midweek as the industry digested the US/Iran situation, and then another surge of demand came to complete the week. Spot prices had ticked a cent higher and were then relieved of that penny, but there was unfilled demand at week's end and the bottom end of the pricing spectrum had still cleaned up. PP contracts are pointing a tad higher for Jan and will likely just continue to follow PGP costs until producers make a stand to defend and rebuild margins.

## Market Update — January 10<sup>th</sup>, 2020

Resin for Sale 13,200,456 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
PP Copo - Inj	3,434,852	\$ 0.420	\$ 0.530	\$ 0.450	\$ 0.490
PP Homo - Inj	2,207,656	\$ 0.425	\$ 0.520	\$ 0.430	\$ 0.470
LDPE - Film	1,837,852	\$ 0.440	\$ 0.540	\$ 0.460	\$ 0.500
LLDPE - Inj	1,574,208	\$ 0.440	\$ 0.520	\$ 0.430	\$ 0.470
HDPE - Inj	1,447,748	\$ 0.340	\$ 0.440	\$ 0.350	\$ 0.390
LLDPE - Film	925,656	\$ 0.380	\$ 0.460	\$ 0.360	\$ 0.400
HDPE - Blow	785,288	\$ 0.380	\$ 0.450	\$ 0.350	\$ 0.390
HMVPE - Film	529,104	\$ 0.370	\$ 0.430	\$ 0.360	\$ 0.400
LDPE - Inj	458,092	\$ 0.460	\$ 0.520	\$ 0.440	\$ 0.480



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