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Market Update — January 24th, 2020

The spot resin markets were very busy and a high volume of material changed hands through our trading desk this week. The flow of fresh railcar offers remained a tad on the light side, just as we have seen for the past 4-5 weeks since the early Dec purge, still, enough material was made available to satisfy the strong customer demand sourced from both our market making invento-ries and through suppliers per our resin requests. Despite all upstream costs falling this past week, spot PE prices were at a minimum fully steady to up \$.02/lb, while PP prices gained an early cent and then relinquished it by the weekend.

This week's completed deals were almost evenly split between domestic and export as well as Polyethylene vs Polypropylene; Prime resin sold more than offgrade, our railcar volumes exceeded those in truckloads, resellers were larger buyers than processors and prompt shipments exceeded those for forward sales. We happily welcome new participants to transact though our anonymous marketplace, please contact our trading desk to join in on the action.

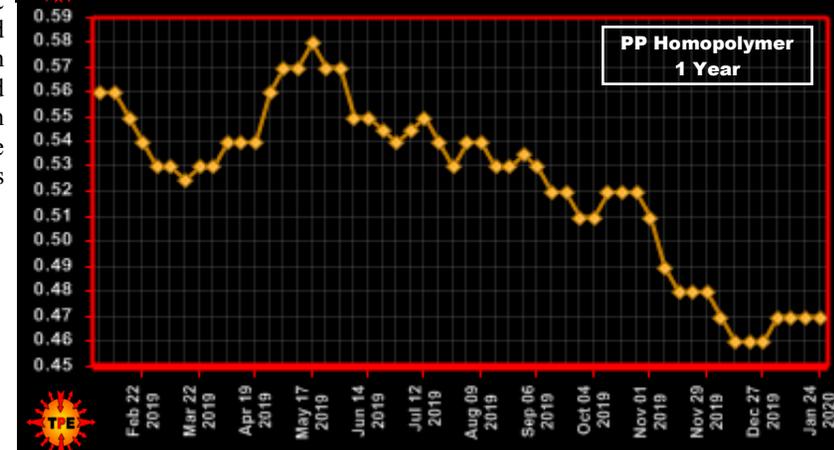
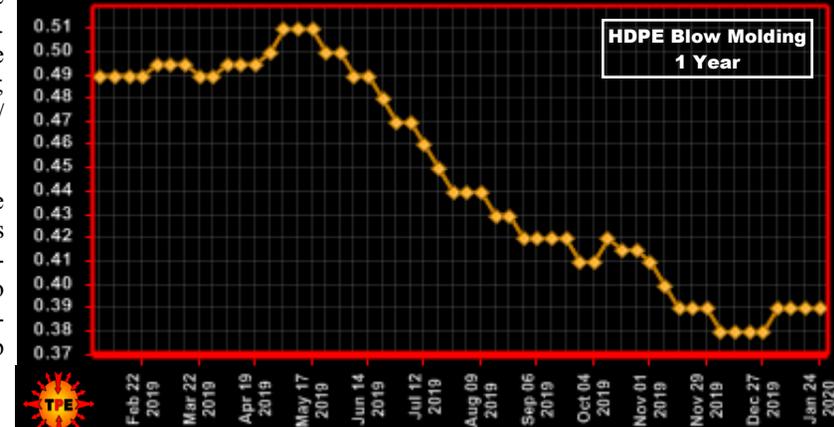
Once again, the major energy markets all moved lower amid heightened volatility. March WTI Crude oil lopped off \$4.39/bbl, a full 7.5%, to end the week at \$53.85. Oil prices have fallen almost \$12/bbl since peaking a couple weeks ago during the height of US/Iran tensions. March Brent Oil futures dropped \$4.16/bbl to \$60.69/bbl. Nat Gas futures continued to erode into new contract lows, chunking off another \$.11/mmBtu to \$1.89/mmBtu. NGLs fell further; Ethane lost more than a penny to \$.1425/gal (\$.06/lb). Propane dropped about \$.025/gal to \$.40/gal (\$.113/lb).

Monomer trading was a bit slower, though there was a smattering of deals seen throughout the week. Spot Ethylene came under pressure and prices slid back to erase the previous week's gains and then some. The week ended with material in both TX and LA valued around \$.17/lb. Propylene prices were softer again, prompt levels receded to \$.29/lb, down another cent, the contango shape to the forward market steepened. Jan PGP contracts began to settle steady at \$.33/lb, having leaned on early month gains. The more recent weakness could come into play for Feb con-tracts.

Spot Polyethylene trading remained very active; we continued to see strong demand for LDPE & LLDPE resins sending these material groups \$.01-.02/lb higher, while HDPE buyers only picked away with low volume orders and these prices held flat. Prompt availability of LDPE film grades was still scarce and incoming supply was quickly scooped up, while excess demand persisted into late Friday. We saw similar activity for high flow LLDPE injection grades, both pellet and granular. There is a \$.04/lb price increase nominated for Jan PE contracts with some tacking on another nickel for Feb, still, at least one major consultancy has estimated PE prices flat for Jan, and some market participants see the possibility of a revision.

The Polypropylene market saw a strong surge of buying activity, exporters were large buyers of Prime Homopolymer, while domestic processors mostly procured Prime and offgrade Copolymer resins. While upstream resin supplies remain tight, we managed to complete the majority of our orders. The low-side of the pricing spectrum has lifted, though very favorable pricing could still be found. We have seen a good uptick in export demand and suspect that growing offshore shipments are keeping domestic supplies snug. PP contracts should be steady to perhaps a penny lower, we see limited downside risk from these levels.

Resin for Sale 11,324,610 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
PP Copo - Inj	2,270,092	\$ 0.410	\$ 0.520	\$ 0.460	\$ 0.500
PP Homo - Inj	1,658,368	\$ 0.400	\$ 0.510	\$ 0.440	\$ 0.480
HDPE - Inj	1,553,380	\$ 0.375	\$ 0.450	\$ 0.350	\$ 0.390
LDPE - Film	1,310,940	\$ 0.450	\$ 0.550	\$ 0.470	\$ 0.510
LDPE - Inj	1,105,620	\$ 0.430	\$ 0.520	\$ 0.440	\$ 0.480
LLDPE - Film	1,036,910	\$ 0.410	\$ 0.510	\$ 0.370	\$ 0.410
LLDPE - Inj	878,500	\$ 0.450	\$ 0.490	\$ 0.440	\$ 0.480
HDPE - Blow	810,800	\$ 0.410	\$ 0.490	\$ 0.440	\$ 0.480
HMVPE - Film	700,000	\$ 0.380	\$ 0.440	\$ 0.360	\$ 0.400



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Michael Greenberg
312.202.0002
@ResinGuru