



ThePlasticsExchange

bringing the market to you

Welcome back, I hope y'all had a Happy New Year – all the best in 2018!

The calendar turned and the spot resin markets were off to the races! What a difference a week makes, the end of Dec was oh so quiet, but the beginning of Jan more than made up for it with completed volumes. Buyers were mostly silent into year-end: some shut down for vacation, others drew down inventories to aid financial statements, while others anticipated that the trend of lower prices would continue. Consequently, there was a flurry of pent up demand and processors rushed to the market this past week to procure material. However, suppliers still seemingly played Scrooge with their resin and offers only trickled in. Still, our trading desk scoured the market for relatively well-priced supply and performed like champs, filling about 75% of all incoming resin requests, quite a high ratio.

The major energy markets were mixed in another week of holiday shortened trading. WTI Crude oil again added more than \$1/bbl, with the February futures contract settling Friday at \$61.44/bbl, the highest level in 3 years. March Brent Oil futures edged up \$.75/bbl to end the week at \$67.62/bbl. Natural Gas began higher, but was then heavily pressured. The Feb futures contract ultimately gave back about half of the previous week's gains, dropping \$.158/mmBtu to \$2.795/mmBtu.

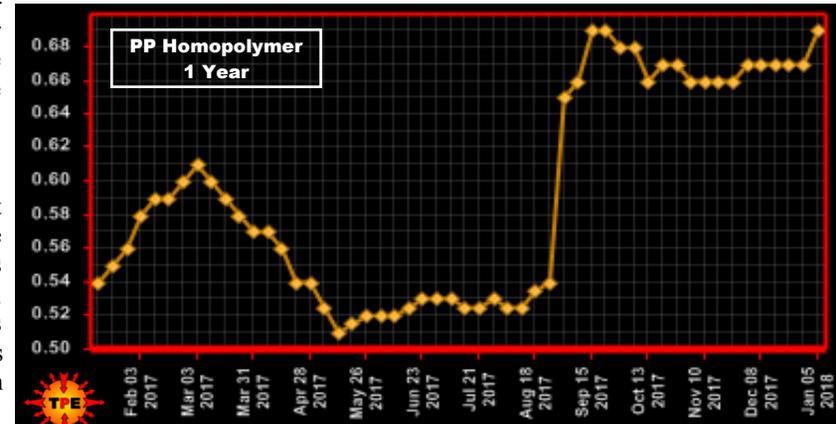
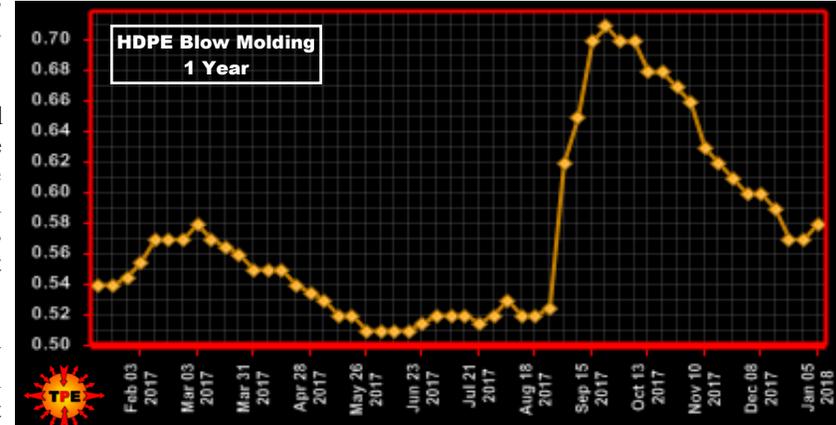
Spot Ethane added a penny to \$.245/gal (\$.103/lb). Spot Propane prices slid \$.04/gal to \$.94/gal (\$.266/lb). The wide disparity between these feedstock prices has given crackers such large incentive to favor Ethane over Propane that downstream PGP prices are now actually double that of Ethylene. Spot Ethylene was fractionally higher to \$.2875/lb. There was strong demand for PGP and prices continued to rise, even as such, few sellers came to offer material and prices rose \$.04/lb to \$.57/lb and appear to be still heading higher. Based on current levels and market momentum, we would not be surprised to see PGP contracts jump up a dime or so in Jan.

Spot Polyethylene trading was extremely busy, even in the holiday shortened week with many participants still away for holiday. Buying activity was very strong with good demand seen across all major commodity PE grades. This past week all PE materials rose \$.01/lb in contrast to the past three solid months of price erosion, while levels retreated back towards pre-hurricane levels. Although spot PE prices have returned to a discount to contracts, and a major consultancy recently estimated a \$.03/lb decrease for Dec, producers do not seem to have budged on contracts market wide. In fact, one producer even just nominated a \$.04/lb price increase for February, who would have think it? We do expect other producers to follow suit, but it is way too early to judge the viability of the increase.

The spot Polypropylene market sure perked up! Snug supplies and soaring feedstock costs sent buyers to the market driving average prices \$.02/lb higher. PP Copolymer continues to be the demand leader, especially high flow material which commands a premium. PP Homopolymer is also scarce, but aggressive buying has been lagging. Spot PGP prices have been leaping higher, and could lead to a Jan cost-push increase in the magnitude approaching a dime. The market is further supported by tight supplies and rising prices in Europe, with demand overflow requests reaching the US. We have been vocally bullish PP since before the hurricane and maintain our upward outlook even at these lofty levels.

Market Update — January 5th, 2018

Resin for Sale 10,370,524 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
HDPE - Inj	2,165,932	\$ 0.560	\$ 0.640	\$ 0.530	\$ 0.570
LDPE - Film	1,541,128	\$ 0.580	\$ 0.665	\$ 0.550	\$ 0.590
HDPE - Blow	1,341,656	\$ 0.560	\$ 0.630	\$ 0.540	\$ 0.580
PP Homo - Inj	1,237,748	\$ 0.620	\$ 0.720	\$ 0.650	\$ 0.690
LDPE - Inj	1,200,920	\$ 0.590	\$ 0.670	\$ 0.570	\$ 0.610
PP Copo - Inj	962,288	\$ 0.630	\$ 0.740	\$ 0.670	\$ 0.710
LLDPE - Film	720,920	\$ 0.570	\$ 0.630	\$ 0.540	\$ 0.580
HMVPE - Film	617,288	\$ 0.580	\$ 0.630	\$ 0.550	\$ 0.590
LLDPE - Inj	582,644	\$ 0.580	\$ 0.660	\$ 0.600	\$ 0.640



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