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## Market Update — February 1st, 2019

Spot resin trading was very good, and while activity was often spotty during the month, January ultimately proved to be strong in terms of volume. Prices this week were mostly steady with some shifting by grade. Polyethylene producers were unable to implement their Jan price increase to quickly recoup the \$.06/lb of relief afforded to processors during the 4th quarter. A revised effort splitting the current hike in two more palatable \$.03/lb parts for Feb and March might find some better success. Spot Polypropylene prices slipped another cent this week; contracts have chunked off a huge \$.20/lb over the past 3 months and finally look steady for Feb. With prices already moving down substantially and an upwardly sloping forward monomer curve at hand, market sentiment is shifting from Bearish to Neutral with the potential for Bullishness to develop.

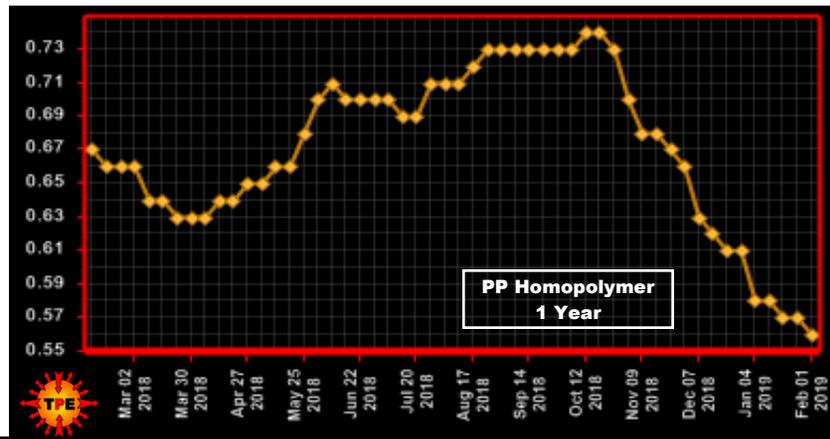
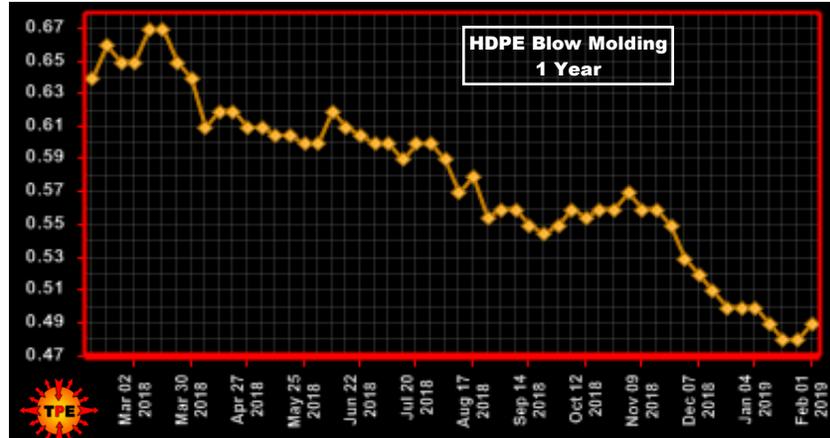
The major energy markets resumed their active pace this past week; Oil continued its upward climb, meanwhile Nat Gas prices crumbled away. WTI Crude Oil established its low on Monday and set up for a mostly positive performance the balance of the week, ending Friday near the highs. WTI gained a total of \$1.57/bbl to \$55.26/bbl while Brent Oil posted a gain of \$1.16/bbl to \$62.75/bbl - the US benchmark has been slowly narrowing the spread vs its global counterpart. Nat Gas futures rolled to March with heavy pressure hitting the market the majority of the week. The \$3/mmBtu support level did not hold and futures fell to multi-month lows, finishing the week at \$2.734/mmBtu, down a sharp \$.338/mmBtu. NGLs gained ground, Ethane added \$.0075/gal to \$.355/gal (\$.15/lb) and Propane rose \$.02/gal to \$.70/gal (\$.20/lb).

Trading was a bit subdued in the monomer markets last week and prices were relatively steady. Ethylene was very quiet with minimal interest seen, as only a few inter-month spread transactions were visibly completed early in the week. Spot rolled from Jan to Feb and prices relaxed but still held above \$.18/lb. Prompt Propylene continued to find little interest as traders maintain their focus later along the forward curve. The market still saw little price movement, yet solid volume was present, with contracts visibly exchanging hands solely in months for future PGP deliveries. By Friday, February became prompt focus, and PGP had eased just a tad, staying slightly below \$.375/lb. With Jan PGP contracts decreasing \$.02/lb to \$.40/lb, pricing is back in line and unless something changes, Feb contracts would be proper to remain flat.

Spot Polyethylene trading was solid this past week while January came to a close and February began. Overall availability was plentiful with pockets of slightly snug spot supplies developing in certain grades; prices were relatively steady with some small movement seen. After months of sharp declines, Polyethylene materials have generally been found at acceptable prices, taking some volatility out of the market. In a savvy move at least a couple producers have broken up their current \$.06/lb increase into two \$.03/lb increases targeting each Feb and March. Such a large increase was unlikely to be accepted in one swoop given current conditions. Export interest remains exceptionally strong and Houston area warehouses are still full and playing catch-up from the year-end rush. More new resin production is on the way so it will be worth watching how the growing infrastructure will be able to handle it all.

Trading in Polypropylene last week was oh, pretty much business as usual. The market was fairly active and deals came together nicely, generating good completed volumes. PP Copolymer was more interesting than Homopolymer for both buyers and sellers, as were the more specialty commodity grades such as No Break and Random Clarified. Despite growing supplies of PGP monomer upstream, these feedstock costs have stabilized for now and actually point to slowly rising prices ahead. We are still seeing some imported PP resins in the market, but fewer pounds, surely impacted by the mostly closed import arbitrage.

| Resin for Sale 14,785,396 lbs |           | Spot Range |          | TPE Index |          |
|-------------------------------|-----------|------------|----------|-----------|----------|
| Resin                         | Total lbs | Low        | High     | Bid       | Offer    |
| PP Copo - Inj                 | 5,061,012 | \$ 0.530   | \$ 0.650 | \$ 0.540  | \$ 0.580 |
| PP Homo - Inj                 | 3,058,644 | \$ 0.530   | \$ 0.630 | \$ 0.520  | \$ 0.560 |
| HDPE - Inj                    | 1,553,656 | \$ 0.495   | \$ 0.560 | \$ 0.440  | \$ 0.480 |
| LDPE - Film                   | 1,451,840 | \$ 0.510   | \$ 0.585 | \$ 0.440  | \$ 0.480 |
| LDPE - Inj                    | 935,104   | \$ 0.480   | \$ 0.570 | \$ 0.480  | \$ 0.520 |
| HDPE - Blow                   | 902,828   | \$ 0.470   | \$ 0.570 | \$ 0.450  | \$ 0.490 |
| LLDPE - Film                  | 881,840   | \$ 0.480   | \$ 0.560 | \$ 0.430  | \$ 0.470 |
| HMWPE - Film                  | 586,828   | \$ 0.490   | \$ 0.580 | \$ 0.450  | \$ 0.490 |
| LLDPE - Inj                   | 353,644   | \$ 0.530   | \$ 0.600 | \$ 0.480  | \$ 0.520 |



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