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Overall spot resin trading was very good this first full week of February; Polyethylene transactions greatly outstripped Polypropylene and prices for both resins rolled from week ago levels. As we have seen for the past several weeks, market activity has been sporadic, with surges of demand amid periods of relative quiet against a steady to heavy flow of supply. It is easier to source Polyethylene in truckloads and Polypropylene in railcars. PE producers are now seeking to implement a \$.03/lb increase for Feb contracts and recover half of the \$.06/lb decrease provided during the 4th quarter. PP contracts had been looking steady, but now appear to be heading about \$.02/lb lower. PE export demand remains strong, even as many took a break for the (Happy!) Chinese New Year.

The major energy markets bled red this past week as moderate losses were seen across the board. WTI Crude Oil had good back and forth action throughout the week, but rallies could not hold and the March futures contract ended Friday at \$52.72/bbl, down \$2.54/bbl, a loss of nearly 5%. Brent Oil was not as weak and clawed back \$1.50/bbl from its lows to end the week at \$62.10/bbl, down just \$.65/bbl. The Brent-WTI spread expanded nearly \$2/bbl, which is quite significant. Nat Gas prices continued to unwind, eroding \$.151/mmBtu to \$2.583/mmBtu. NGLs really cracked this past week, both Ethane and Propane chunked off more than 10%. Ethane ended down \$.04/gal to \$.315/gal (\$.133/lb). Propane lost \$.075/gal to \$.625/gal (\$.177/lb).

Monomer trading was active last week, completed volumes were high as prices moved lower. Ethylene was pressured from the get go and prices slipped as low as \$.165/lb, before recovering a tad to end the week at \$.1675/lb, down about a cent. Propylene started the week rather quietly with little interest seen from market participants. However, heavy selling showed up on Friday, shoving prompt PGP prices down to \$.35/lb, a loss of \$.025/lb. Sellers unloaded material in all months through Dec 2019, with losses of more than 3-cents seen, this had a flattening effect on the forward curve. Jan PGP contracts had settled down \$.02/lb to \$.40/lb. This sudden move down in spot should now translate into lower PGP contract prices for Feb as well; given the current level, we would expect a similar decrease of around \$.02/lb.

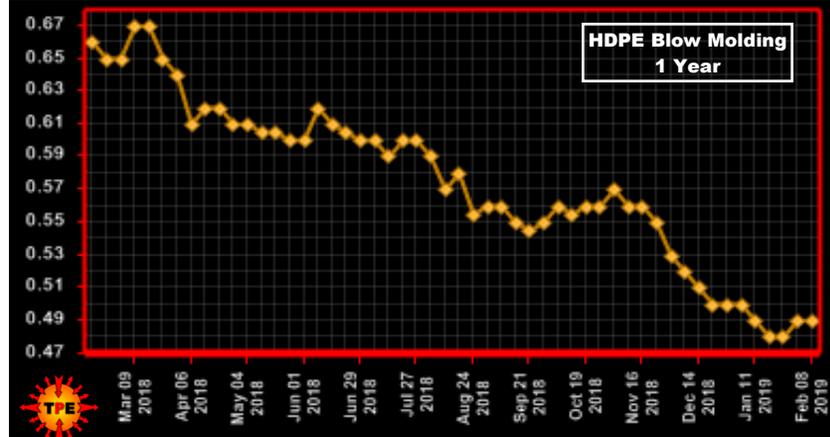
Polyethylene trading was very active this past week, the first full week of February. Spot demand was robust and completed volumes were high, with multiple deals done in each of the commodity grade resins that we make markets. As usual, there were urgent truckload orders required to keep some plants in resin, processors also came to fill basic requirements as a slightly bullish bias seems to be developing. Some who only procured minimally in January were hoping that year-end pricing was still around, but were disappointed to find that the super stellar opportunities are gone. Regardless, sellers were happy to provide sharp offers as availability remains ample even as turnaround season approaches.

Despite the hefty trade, there was not enough of a shift in supply / demand dynamics to move the needle on our official spot prices and all grades remained flat this past week. The recent \$.06/lb price increase has been split to 3 in Feb and 3 in March, but we do not yet feel that there is substantial traction. The discount that spot holds to contracts remains high and likely too much to warrant an increase at this time. The export market took a slight breather this past week as the Chinese New Year came on Tuesday; it should pick back up again quickly after their holiday break.

The spot Polypropylene market was uninspired this past week and prices for both HoPP and CoPP held steady. Buyer inquiries came slower than average and buyers were more interested in low volume orders. While railcar offers were flowing swiftly, we found relatively little uncommitted PP resin packed and ready to ship by the truckload. Even when the right resin was sourced, transactions were difficult to complete as there was often an insurmountable disconnect on price. We anticipate further weakness in contract prices as PP has been moving lockstep with PGP contracts, which suddenly looks slightly lower again for Feb. We are not seeing surplus imported PP in the market, as the easy import arbitrage opportunity closed when PP contracts dropped \$.20/lb over the past 3 months starting in October.

Market Update — February 8th, 2019

Resin for Sale 15,180,764 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
PP Homo - Inj	3,394,552	\$ 0.550	\$ 0.640	\$ 0.520	\$ 0.560
PP Copo - Inj	3,246,564	\$ 0.570	\$ 0.660	\$ 0.540	\$ 0.580
LDPE - Film	2,022,944	\$ 0.470	\$ 0.590	\$ 0.440	\$ 0.480
HDPE - Inj	1,609,380	\$ 0.470	\$ 0.590	\$ 0.440	\$ 0.480
HDPE - Blow	1,326,920	\$ 0.470	\$ 0.570	\$ 0.450	\$ 0.490
LLDPE - Inj	1,087,460	\$ 0.460	\$ 0.570	\$ 0.480	\$ 0.520
LLDPE - Film	893,380	\$ 0.460	\$ 0.550	\$ 0.430	\$ 0.470
LDPE - Inj	822,736	\$ 0.440	\$ 0.540	\$ 0.480	\$ 0.520
HMWPE - Film	776,828	\$ 0.470	\$ 0.540	\$ 0.450	\$ 0.490



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