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Market Update — February 9th, 2018

Resin for Sale 12,287,272 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
HDPE - Inj	3,940,324	\$ 0.560	\$ 0.640	\$ 0.565	\$ 0.605
LDPE - Film	1,543,220	\$ 0.635	\$ 0.710	\$ 0.635	\$ 0.675
LLDPE - Film	1,543,220	\$ 0.590	\$ 0.660	\$ 0.585	\$ 0.625
PP Copo - Inj	1,120,644	\$ 0.640	\$ 0.730	\$ 0.660	\$ 0.700
PP Homo - Inj	1,088,644	\$ 0.640	\$ 0.710	\$ 0.630	\$ 0.670
HDPE - Blow	1,081,012	\$ 0.610	\$ 0.680	\$ 0.600	\$ 0.640
LLDPE - Inj	719,104	\$ 0.680	\$ 0.730	\$ 0.670	\$ 0.710
HMWPE - Film	696,828	\$ 0.680	\$ 0.720	\$ 0.650	\$ 0.690
LDPE - Inj	554,276	\$ 0.630	\$ 0.710	\$ 0.630	\$ 0.670

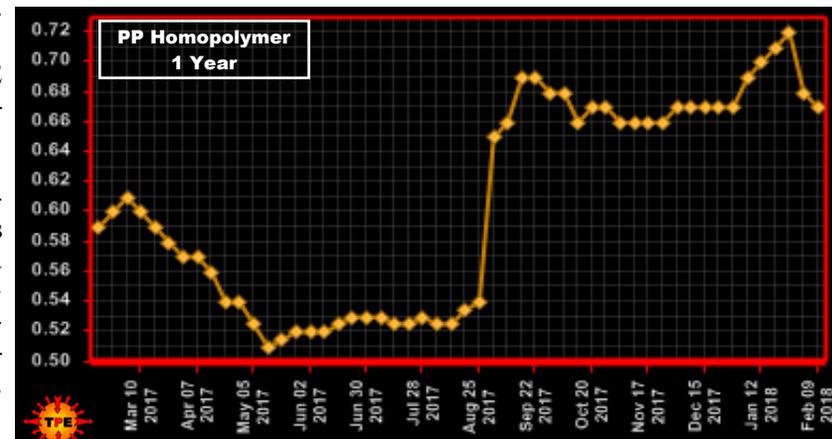
After two slow weeks, spot resin trading was much improved, with transactions reverting to the very active pace seen the first half of January. Processors were seen as more aggressive buyers while supply generally remained constrained amid production complications and heavy exports. Polyethylene prices were mixed, while Polypropylene slid another cent, which was attributed to monomer weakness. The flow of fresh prime railcar offers has been limited, though widespec remains more available and priced at a decent discount, especially in Houston. Export pricing could ease ahead as weaker Crude Oil markets translate to lower international feedstock and PE costs, effectively softening the clearing level for incremental volumes of resin.

The energy markets were crushed with sharp losses seen across the board. March WTI Crude futures fell \$6.25/bbl, nearly 10%, to \$59.20/bbl. April Brent Oil futures settled Friday at \$62.79/bbl, down \$1.57/bbl. March Natural Gas futures saw a second consecutive week of serious erosion, dropping another \$.262/mmBtu to \$2.584/mmBtu. Spot Ethane slid a half-cent to \$.24/gal (\$.101/lb). Spot Propane fell 3 more cents to \$.81/gal (\$.23/lb).

The monomer markets remained busy, with good volumes of material changing hands, and prices were pressured throughout the week. Spot Ethylene chunked off \$.035/lb to \$.22/lb, peeling back prices to a level not seen since the beginning of August. Spot PGP prices continued to come undone after the fierce Jan rally which saw prices soar to as high as \$.68/lb. Prompt PGP pulled back to \$.50/lb this week and was indicated a tad lower at Friday's close. Given spot levels, March PGP contracts should give back a large part of the \$.09/lb gained in Jan.

Polyethylene trading was much more active and large volumes of resin transacted across the full slate of commodity resins. Prices however, were widely mixed, reflecting the very real differences between grades in the spot market. HMWPE for film jumped \$.03/lb as a major producer declared Force Majeure on this resin after more than a month of production issues. HDPE for Blow molding remained snugly supplied and prices added a cent. LDPE for film and injection both edged higher, while injection grade HDPE and LLDPE butene both lost a little ground. It appears that PE producers will be successful in implementing their \$.04/lb increase for Feb, some have also issued a \$.03/lb increase for March.

Spot Polypropylene prices slid another cent, bringing the 2-week loss to a nickel. The market has been retreating from this cycle's peak pricing seen in January - those strong gains were based on cost-push pressures, which have now largely been relieved. We could see a bit more softness ahead as contract prices are set to decline in March; however, Polypropylene supply and demand remains categorically tight and can help support spot price levels. While suppliers have already been lowering asking prices to move uncommitted inventory, many grades remain hard to source and still command a premium. Interesting market, interesting times, perhaps producers will gain some margin on this monomer decline.



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