



ThePlasticsExchange

bringing the market to you

The spot resin markets continued to hum along nicely, there was a good smattering of transactions which were well-spread among the commodity grades of Polyethylene and Polypropylene. The flow of offers improved with better liquidity developing for most materials, though HDPE injection supplies remained remarkably snug. Spot resin prices were mixed this past week, PP lost another penny and PE was either lower, steady or higher depending on the grade. There was both some clarity and further confusion regarding March PE and PP contracts, with additional negotiating likely needed. The strengthening MX Peso should start to aid anemic exports.

The major energy markets were fairly volatile and finished in opposite directions. WTI Crude Oil futures were fractionally lower every day of the week before recovering slightly on Friday; the May contract ended at \$47.97/bbl, a net loss of \$1.34/bbl. May Brent Oil shed nearly a buck, and headed into the weekend at \$50.80/bbl. May Natural Gas futures were stronger from the get go, the weekly low was established at Monday's open; by Friday's close, the market had advanced \$.149/mmBtu to \$3.154/mmBtu, the highest level in about 6 weeks.

Ethane lost less than a penny to end the week just above \$.22/gal (\$.092/lb); Propane slid several more cents to \$.57/gal (\$.161/lb). Spot Ethylene eased at least \$.01/lb and was priced around \$.28/lb at Friday's close. Spot PGP was pressured, prompt material lost around \$.02/lb to \$.51/lb; April, which began to garner more interest was priced at a couple cent discount. March PGP contracts settled this past week up \$.04/lb to \$.52/lb, a tad weaker than anticipated.

Spot Polyethylene trading was consistent, supplies were a bit better for most materials and prices were mixed. However, demand was still unenthusiastic; processors were mostly buying as needed, as many chose to continue to chew through inventories and limit purchases. PE producers implemented their nickel increase in Feb and have been working on their March \$.06/lb hike. Upstream resin inventories have been tight, emboldening sellers, while the spot market saw early month gains which lent support to the increase. The market then eased mid-month as exports remained dismal and domestic demand sagged. At that time, and for the past two weeks we suggested that perhaps only \$.03/lb of the increase would take hold.

This past week, a major and influential consultancy expressed that in their view, PE contracts were only flat in March. Apparently, not all producers liked that. One major PE producer subsequently re-iterated their intent to implement their \$.06/lb increase, with \$.03/lb already in place for March and the next \$.03/lb targeted for April, at least one other producer has echoed the same schedule. Some confusion has ensued. The barn door has been opened and some animals have surely fled - maybe the timing could have been more effective if those producers issued those revisions in advance, there was plenty of time.

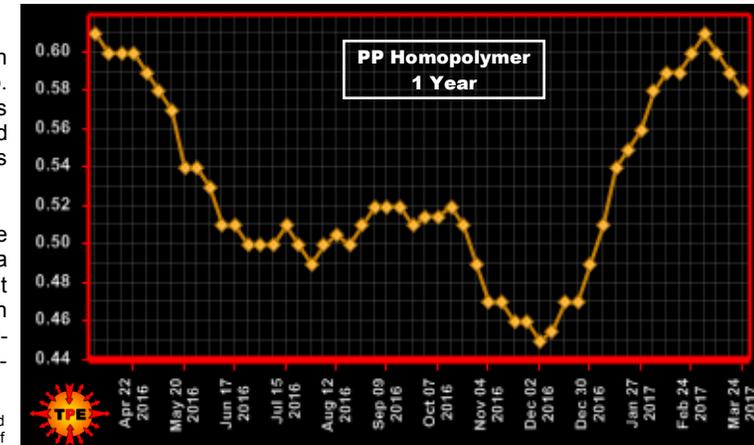
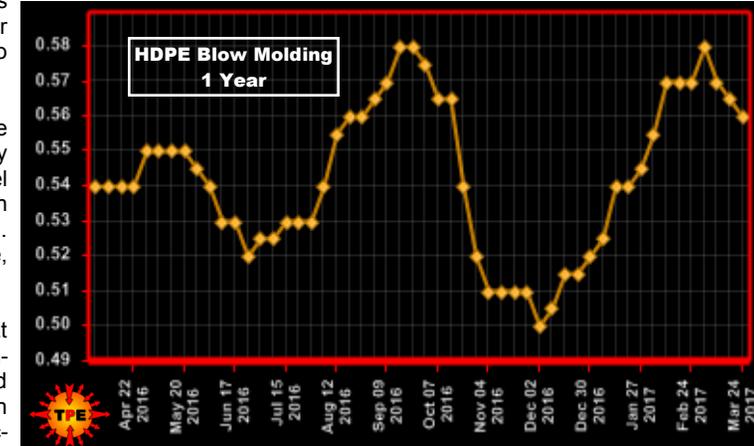
Oh Polypropylene, sometimes your market behavior is strange. Most PP contracts will increase \$.04/lb in March, commensurate with the rise in PGP contracts; this brings the first quarter gains to a massive \$.205/lb. March PGP settled at \$.52/lb and with average resin contracts running a premium somewhere in the teens over monomer, prime PP railcars should be at least mid-\$.60s/lb. Indeed, this steep and sharp spike should sensibly sap some direct contract demand and we would then expect spot demand to be much stronger as processors tap the lower priced availability. But no, even spot demand simply lacks luster.

Polypropylene resin, both prime and offgrade, is actually amply supplied in the secondary market, available packaged in warehouses priced \$.05 -.10 -.15/lb cheaper than most contracts. Strange, especially during a rally. Sure, forward monomer markets indicate that the industry is currently experiencing peak costs, at least feedstock, but the discounts are somewhat mild and all the relief might not be passed downstream. The resin market is likely headed into a period of softness, but spot does not appear set to tumble as it is already well-discounted to contracts. We expected better spot buying and time is ticking, we will see how long downstream inventories can hold up while processors avoid high volume purchases at these elevated levels.

Disclaimer: The information and data in this report is gathered from exchange observations as well as interactions with producers, distributors, brokers and processors. These are considered reliable. The accuracy and completeness of this information is not guaranteed. Any decision to purchase or sell as a result of the opinions expressed in this report will be the full responsibility of the person authorizing such a transaction. Our market updates are compiled with integrity and we hope that you find them of value. Chart values reflect our asking prices of generic prime railcars delivered in USA.

Market Update — March 24th, 2017

Resin for Sale 14,267,700 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
HDPE - Blow	2,907,980	\$ 0.550	\$ 0.600	\$ 0.520	\$ 0.560
PP Copo - Inj	2,132,196	\$ 0.530	\$ 0.660	\$ 0.560	\$ 0.600
PP Homo - Inj	2,020,852	\$ 0.520	\$ 0.640	\$ 0.540	\$ 0.580
LLDPE - Film	1,912,760	\$ 0.550	\$ 0.635	\$ 0.550	\$ 0.590
LDPE - Film	1,570,484	\$ 0.630	\$ 0.700	\$ 0.620	\$ 0.660
HDPE - Inj	1,314,392	\$ 0.570	\$ 0.620	\$ 0.550	\$ 0.590
HMMWPE - Film	970,024	\$ 0.570	\$ 0.630	\$ 0.540	\$ 0.580
LDPE - Inj	746,368	\$ 0.595	\$ 0.660	\$ 0.590	\$ 0.630
LLDPE - Inj	692,644	\$ 0.600	\$ 0.660	\$ 0.580	\$ 0.620



Dominick Russo and Fred Dial — Editors

www.ThePlasticsExchange.com

Michael Greenberg
312.202.0002
@ResinGuru