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The commodity resin markets were a bit busier, although demand remained somewhat unenthusiastic and supply was still spotty. It took real effort by our trading desk, but we managed to pull together a good volume/margin month for Feb. Commodity resin prices rose a cent across the board this past week, as suppliers raised their levels amid March price increase efforts. Polyethylene producers implemented their \$.05/lb increase in Feb and are seeking to pad margins with another \$.06/lb for March. Polypropylene contracts jumped a whopping \$.165/lb in Jan/Feb and producers are looking to pass through their increase in March Propylene contracts.

Crude Oil traded in just over a \$2/bbl range, which is very small. The April WTI futures contract slid \$.66/bbl to settle Friday at \$53.33/bbl. May Brent Crude futures dropped \$.41/bbl to close the week at \$55.90/bbl. Natural Gas futures reversed and finally scored an up week, the April contract made a new low below \$2.70/mmBtu before rebounding to \$2.827/mmBtu, a net gain of \$.04/mmBtu.

Spot Ethane fell another 2-cents to \$.21/gal (\$.088/lb); March Propane gave back about \$.04/gal to \$.61/gal (\$.174/lb) – well off the month ago levels of \$.90+/gal. Ethylene activity was subdued and the price slide stopped, holding at \$.28/lb. Spot PGP rallied further, adding another \$.015/lb to \$.525/lb, the highest in more than 2 years.

The Polyethylene market edged up \$.01/lb when the calendar turned midweek. With the Feb nickel intact, producers lifted spot asking prices by at least \$.03/lb, as they worked on their March \$.06/lb increase. Contract orders are being requested up \$.06/lb, and to encourage submission, are price protected if the increase does not take hold. Some resellers with inventory who have been struggling with weak demand, kept offers flat to secure sales; others asked for another penny or two more.

Incredulous Polyethylene buyers, especially those that pre-bought heavily in Dec/Jan, have been holding off on major purchases, looking to avoid what they view as seasonal peak pricing. In the meantime, congestion in the Houston area from the massive year-end export surge is finally clearing, making way for another purge if necessary to keep the domestic market tightly supplied. When initially nominated, the March increase seemed only to reinforce the Feb hike, but at this point it has the potential for at least partial implementation – stranger things have happened.

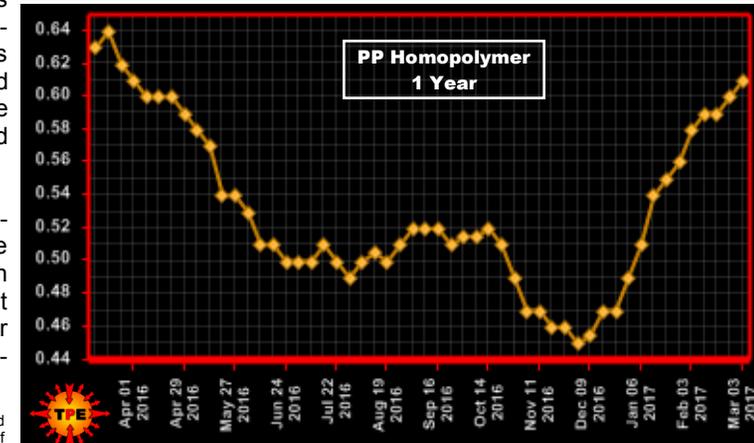
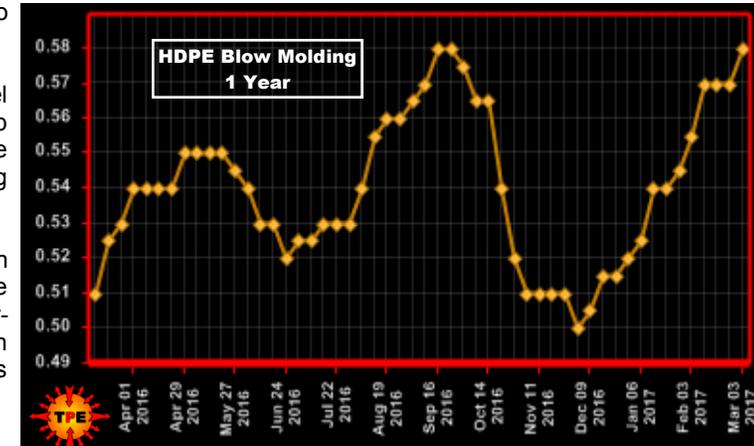
Polypropylene activity was better than usual, demand came in a series of spurts as processors found themselves short of material. Spot prices continued to rise as another increase appeared imminent for March. The market is not absent of material, in fact there is relatively good liquidity across most commodity grades, prices simply continue to rally based on producer cost-push pressures and reseller replacement costs. Based on current spot monomer levels, another \$.05-.07/lb could be nominated for PGP and PP contracts. Buyers are becoming re-acclimated to PP in the \$.50s/lb and \$.60s/lb, but we've been here and much higher before.

Gone is that brief period of supply / demand - driven negotiated PP pricing; with rapidly rising feedstock costs needed to be passed downstream on to resin, increases commensurate with the change in monomer have again become the producer's friend. Soaring US Polypropylene prices have again encouraged the practice of imported material. However, resellers that were caught when the market tuned sharply lower almost a year ago have become more cautious with the magnitude of their speculative buys. Still, the import arb is open wide and it does not yet seem that a top to this domestic PP rally is yet in sight.

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 3rd, 2017

Resin for Sale 12,822,996 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
PP Copo - Inj	2,087,828	\$ 0.560	\$ 0.665	\$ 0.590	\$ 0.630
HDPE - Blow	2,072,324	\$ 0.540	\$ 0.600	\$ 0.540	\$ 0.580
PP Homo - Inj	1,792,116	\$ 0.550	\$ 0.630	\$ 0.570	\$ 0.610
HDPE - Inj	1,593,484	\$ 0.550	\$ 0.600	\$ 0.550	\$ 0.600
LLDPE - Film	1,363,656	\$ 0.560	\$ 0.630	\$ 0.550	\$ 0.590
HMWPE - Film	1,173,656	\$ 0.570	\$ 0.630	\$ 0.550	\$ 0.590
LLDPE - Inj	1,064,460	\$ 0.610	\$ 0.660	\$ 0.590	\$ 0.630
LDPE - Film	907,012	\$ 0.630	\$ 0.710	\$ 0.650	\$ 0.690
LDPE - Inj	768,460	\$ 0.585	\$ 0.650	\$ 0.600	\$ 0.640



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