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Market Update — March 6th 2015

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MARKET UPDATE

The spot resin market was plenty busy the first week of March and a high volume of material changed hands. Activity was slanted towards Polyethylene rather than Polypropylene; on average, prices for both major grades were flat. The flow of railcar offers was slow as is often typical in the beginning of a new month; resellers still made available most commodity grades of Polyethylene for immediate shipment. Polypropylene supplies remain restricted due to several production complications; resellers also have limited uncommitted PP supplies. PE contracts were down a nickel in Feb and could be flat in March or perhaps shed a bit more. Polypropylene prices gained a couple cents in Feb and could go mildly either way in March. Polyethylene export markets continue to improve; moderate volumes of Polypropylene imports are headed to US shores.

The major energy markets were once again mixed and price volatility has subsided. April WTI Crude Oil futures eased just \$.15/bbl to end the week at \$49.61/bbl. April Brent Crude Oil traded in just a \$3.32/bbl range and settled Friday at \$59.73/bbl, a loss of \$2.85/bbl. April Natural Gas continued under pressure before recovering the losses to end the week at \$2.839/mmBtu, a net gain of \$.105/mmBtu. Spot Ethane fell a couple cents to \$.19/gal (\$.08/lb). Spot Propane gave back about \$.04/gal of its recent gains and headed into the weekend at \$.58/gal (\$.164/lb).

The spot Ethylene market saw moderate trading activity while prices were soft. Ethylene for March delivery spent the entire week in negative territory, trading nearly down to \$.33/lb, before recovering to most recently transact at \$.3425/lb, a scant quarter-cent loss. Ethylene supply in Louisiana remains restricted due to the closed Evangeline Pipeline. A couple crackers are returning on-stream with a couple others still offline for maintenance with more planned turnarounds ahead. The Ethylene forward curve is still flat though the 3rd quarter before easing about a penny by the end of 2015.

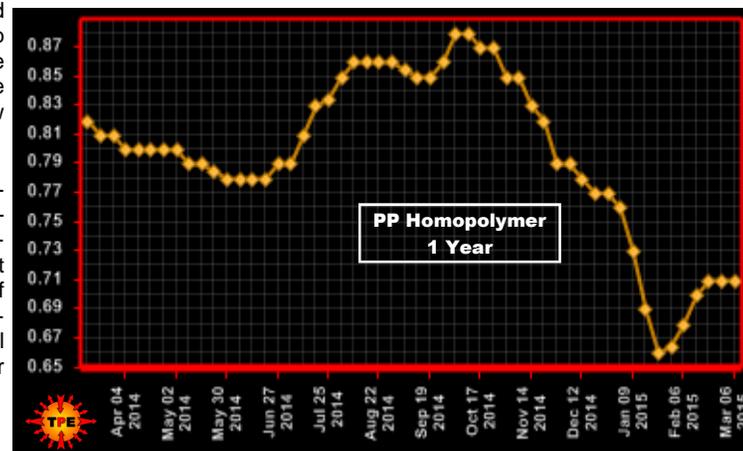
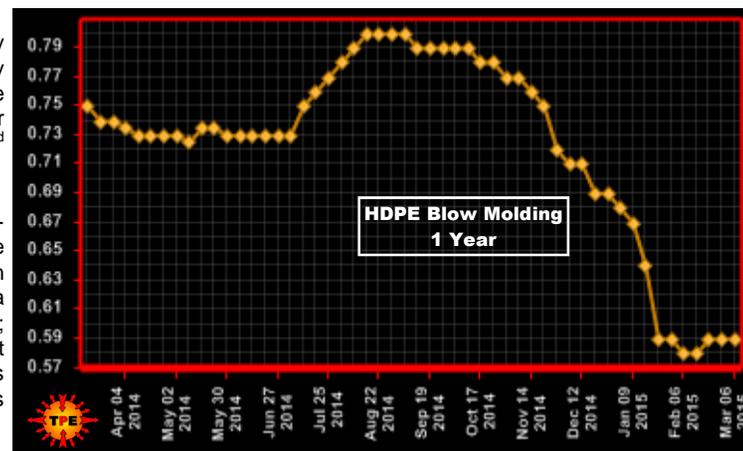
Spot Polyethylene trading began March with a bang; demand was good and buyers were a little more aggressive than sellers. We continued to see further consolidation amongst the range of prices available in the marketplace and average pricing was about steady. Most commodity grade resins are broadly available in packages, but individual suppliers seem to have less material on hand. Polyethylene contracts decreased a total of \$.16/lb over the past four months and some prognosticators are calling for another decline in March; however, producers are also looking to stop the slide and a couple have even nominated a price increase. At this point, it seems the market could very well hold steady this month, although peeling off a few more cents is certainly within the realm. The Houston PE market is holding firm, hanging on to its modest uptick off this cycle low.

Spot Propylene trading volume increased and prices were lower. PGP for March delivery initially changed hands just below \$.47/lb, which was about steady, but by the end of the week values sunk as low as \$.45/lb before ending a tick better. Feb PGP contracts were priced at \$.505/lb and while a small \$.01-.02/lb increase was initially nominated for March, current spot conditions suggest a small decline might be more in-line. The forward curve marks PGP slightly lower over the balance of 2015, until Dec is priced about a penny below prompt. RGP was relatively untested and indicated around \$.40/lb.

Spot Polypropylene was only sporadically traded this past week. Tight supplies due to several reactor outages have kept spot prices at a premium to contracts. While four PP producers have Force Majeure conditions in place, expectations are that more normal production capacity will return online soon. In the meantime, Copolymer resins are particularly sparse; however, resellers with available material have found that there is often a limit to what a processor will pay to fill in a short term supply gap. After an average drop of \$.25/lb from Nov-Jan, PP contracts bounced back a couple cents in Feb. These tight supply/demand dynamics support further margin expanding increases, which could be offset by softer monomer costs for those still tied to monomer. The PP export market is not a factor; while PP imports are interesting, they are not a major market influence either.

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.

Total Offers 12,080,640 lbs		Spot		Contract	
Resin	Total lbs	Low	High	Bid	Offer
LDPE - Film	2,388,208	\$ 0.575	\$ 0.670	\$ 0.600	\$ 0.640
LLDPE - Film	2,364,140	\$ 0.590	\$ 0.650	\$ 0.570	\$ 0.610
HDPE - Blow Mold	1,954,588	\$ 0.540	\$ 0.630	\$ 0.550	\$ 0.590
HDPE - Inj	1,451,840	\$ 0.555	\$ 0.615	\$ 0.580	\$ 0.620
LLDPE - Inj	1,177,288	\$ 0.570	\$ 0.635	\$ 0.620	\$ 0.660
LDPE - Inj	885,472	\$ 0.575	\$ 0.660	\$ 0.640	\$ 0.680
PP Homo - Inj	722,736	\$ 0.690	\$ 0.770	\$ 0.670	\$ 0.710
PP Copo - Inj	654,000	\$ 0.700	\$ 0.800	\$ 0.690	\$ 0.730
HMWPE - Film	482,368	\$ 0.560	\$ 0.620	\$ 0.590	\$ 0.630



Dominick Russo and Jay Schreiber — Editors

Michael Greenberg
312.202.0002
@ResinGuru