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Market Update — April 10th, 2015

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MARKET UPDATE

Spot resin trading continued to hum along at an above average pace, Polyethylene more so than Polypropylene. While the flow of railcar offerings diminished, good liquidity was still provided by Houston traders and national resellers. PE prices were steady to a half-cent higher and there was an overall firm tone to the market. PP prices were mostly steady, but getting shaky; there is very large divergence between scarce spot and cheaper contract material. Continued strong demand from both Europe and Asia are providing an excellent export outlet for surplus North American resins, lending support to the domestic markets.

Major energy markets were mixed in volatile trading. WTI Crude Oil prices initially soared \$5/bbl, but then proceeded to give back half of its gains; the May futures contract ended the week at \$51.64/bbl, up a clean \$2.50/bbl. May Brent Crude Oil saw a sizable gain, adding \$2.92/bbl to settle Friday at \$57.87/bbl. Natural Gas futures went the other way; the May contract slid everyday but Tuesday, dropping a net \$.202/mmBtu, to \$2.511/mmBtu, the lowest level since June 2012. Spot Ethane fell fractionally to \$.1625/gal (\$.068/lb). Spot Propane recovered \$.02/gal to \$.535/gal (\$.151/lb).

The Spot Ethylene market saw active trading, but remained in a tight price range. One Gulf cracker is returning from its turnaround, two other area crackers are still offline for their planned maintenance. For the second week in a row, Ethylene for April delivery changed hands a number of times straddling \$.35/lb; most recently a half-cent below. The forward curve remains flat; Ethylene for any month through 2016 is currently quoted within a penny of prompt.

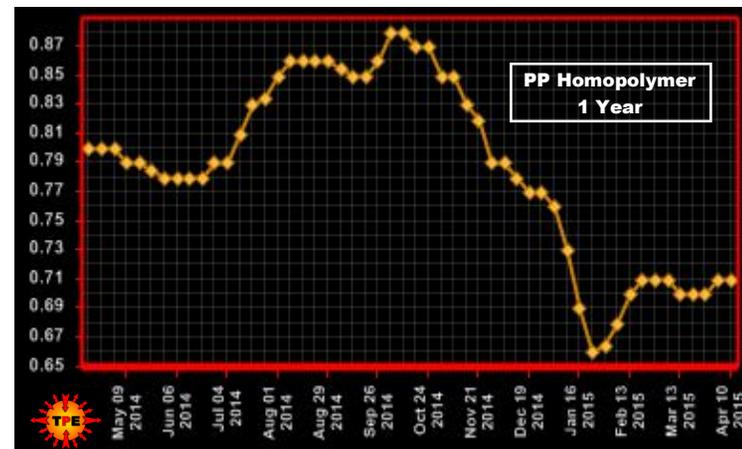
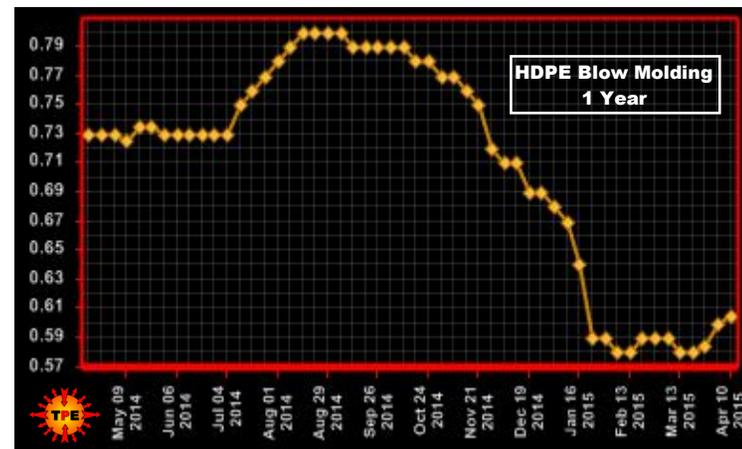
Polyethylene trading was solid, demand was good and prices were steady to a half-cent higher. The spot market has firmed \$.02-.03/lb from its March low, supported by healthy exports and better domestic buying. While most commodity grades remain accessible for prompt shipment, surplus supplies have been thinning out. Now that producers have successfully halted the spot slide and stabilized contracts in March and April, they will look to send the Prime market higher in May; nominations for a \$.05/lb increase have been widely issued. Processors enjoyed the 4-month \$.16/lb price break and have been out procuring spot material which remains discounted to contracts.

The Propylene market was fairly active and prices fell further, bringing the 2-week loss to nearly a nickel. PGP for April delivery dropped in a series of transactions, breaking all the way down to \$.40/lb, a level not breached since July 2009. Although April PGP contracts were initially nominated to decrease just a penny, weak spot market conditions encouraged a much larger decline and agreements have now been made at \$.43/lb, down a sizable six cents. PGP's forward curve flattened somewhat, leaving less than a penny difference between prompt and cheaper December prices. RGP fell sharply, piercing through \$.30/lb.

The Polypropylene market remains interesting as several producers' production problems have contributed to an extended period of very tight resin supplies and excess monomer. While some issues are beginning to resolve, spot prices are still supported at a very lofty level relative to contracts, which are falling again. Given these rare supply/demand conditions, producers should find additional success expanding margins by holding April Polypropylene contracts to a modest decrease even as April PGP contracts settle down \$.06/lb. With PGP down around \$.40/lb, PP exports could even be competitive on the international market – that is if there was viable surplus resin production capacity. It has been quite a number of years since there has been such pricing power in the domestic PP market.

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 14,759,668 lbs		Spot		Contract	
Resin	Total lbs	Low	High	Bid	Offer
HDPE - Blow Mold	3,047,612	\$ 0.575	\$ 0.635	\$ 0.565	\$ 0.605
HDPE - Inj	2,835,520	\$ 0.560	\$ 0.645	\$ 0.580	\$ 0.620
LDPE - Film	1,997,772	\$ 0.630	\$ 0.690	\$ 0.600	\$ 0.640
LLDPE - Film	1,821,404	\$ 0.610	\$ 0.650	\$ 0.580	\$ 0.620
PP Homo - Inj	1,392,932	\$ 0.640	\$ 0.770	\$ 0.670	\$ 0.710
LLDPE - Inj	1,071,840	\$ 0.580	\$ 0.640	\$ 0.610	\$ 0.650
LDPE - Inj	1,027,748	\$ 0.585	\$ 0.655	\$ 0.630	\$ 0.670
HMWPE - Film	891,288	\$ 0.580	\$ 0.635	\$ 0.595	\$ 0.635
PP Copo - Inj	673,552	\$ 0.680	\$ 0.800	\$ 0.690	\$ 0.730



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