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Market Update — April 13th, 2018

Resin for Sale 13,402,928 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
HDPE - Inj	2,506,932	\$ 0.565	\$ 0.620	\$ 0.550	\$ 0.590
LDPE - Film	2,241,956	\$ 0.600	\$ 0.720	\$ 0.650	\$ 0.690
PP Copo - Inj	1,903,312	\$ 0.600	\$ 0.680	\$ 0.630	\$ 0.670
LLDPE - Film	1,468,668	\$ 0.570	\$ 0.650	\$ 0.560	\$ 0.600
LLDPE - Inj	1,287,920	\$ 0.630	\$ 0.710	\$ 0.610	\$ 0.650
HDPE - Blow	1,257,380	\$ 0.580	\$ 0.660	\$ 0.575	\$ 0.615
PP Homo - Inj	1,213,564	\$ 0.580	\$ 0.690	\$ 0.600	\$ 0.640
HMMWPE - Film	776,828	\$ 0.650	\$ 0.685	\$ 0.620	\$ 0.660
LDPE - Inj	746,368	\$ 0.590	\$ 0.645	\$ 0.610	\$ 0.650

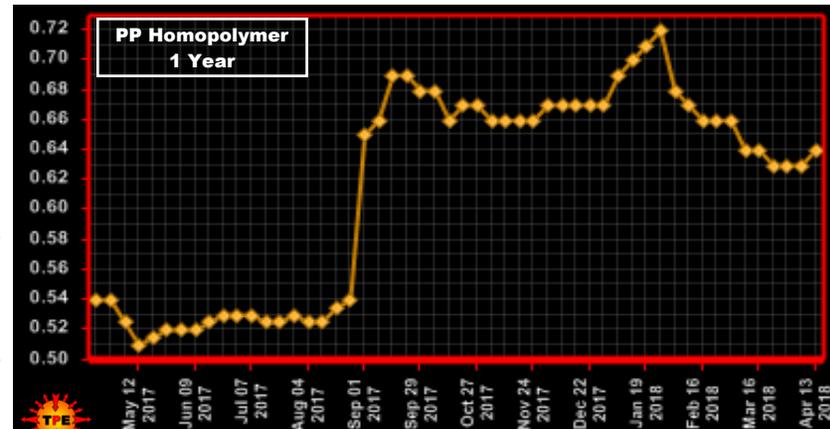
Spot resin trading remained sporadic; completed volumes fell just short of average and prices were mixed. Plastics industry participants continued to discuss the potential Chinese tariffs on US Polyethylene and the ramifications. Aside from prime HDPE for blow mold and injection, which have been plentiful, other fresh PE and PP railcar offers are mostly offgrade. Spot resin demand has been coming in spurts - resellers' inventories are dwindling as buyers, including processors, generally believe that prices are heading lower and wish to buy minimally as needed and/or to just fill in supply gaps. There are price increases for both PE and PP on the table for April.

The major energy markets all moved higher amid heightened volatility, much of it associated with renewed war jitters. Crude Oil began the week on its low and closed just off the high and scored gains each day. The May futures contract added a total of \$5.33/bbl to end the week at \$67.39/bbl, the highest since Dec 2014. Brent Oil futures saw similar gains, having rallied \$5.47/bbl to settle Friday at \$72.58/bbl. Natural Gas futures reversed the previous week's modest loss, rising \$.034/mmBtu to \$2.735/mmBtu. May Ethane was about steady at \$.275/gal (\$.116/lb), while May Propane soared \$.07/gal to \$.81/gal (\$.23/lb).

The monomer markets quieted back down quickly, while bid/ask spreads were fairly tight throughout the week, transacted volumes for outright deals were relatively low. Prompt Ethylene maintained its recent level around \$.15/lb and below. There is very little margin at the cracker level using Ethane as a feedstock, it's a good thing for most US Ethylene producers that they are fully integrated all the way down to the PE pellet. The extreme tightness might be short-lived as forward Ethylene markets have begun building a nice premium - Ethylene for calendar 2019 transacted several times in the low \$.20s/lb. Propylene activity was also slower and transactions were somewhat scarce; PGP was bid higher late in the week and last marked up a penny or so to \$.4375/lb. Any additional upward movement in spot levels could squash a contract decrease for April.

Polyethylene trading was good, but not great - there was a lot of quoting, though transactions were difficult to complete. Buyers in need of material were willing to pull the trigger, but otherwise, it appeared like a lot of window shopping. Processors seemed to be testing the market for price in light of proposed tariffs and the pending \$.03/lb increase, which has rolled from April. Export prices in Houston have been coming under pressure to remain competitive on a global basis. Upstream inventories continue to build and it seems like the market might just be running out of steam, perhaps producers will volunteer a friendly price decrease in early May before meeting up with customers at NPE.

Polypropylene trading this past week left something to be desired... like better supply and demand! Continued production issues, including 2 active Force Majeure situations, have kept spot PP supplies particularly snug. While offgrade prices have been soft, and much of it being exported, finding larger volumes of surplus prime material has been a challenge. Producers will lean on these tight supply/demand conditions as they seek to implement a margin enhancing increase, ranging between \$.03-.05/lb, for April. However, a lone producer nominated their \$.04lb increase for May.



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www.ThePlasticsExchange.com

Michael Greenberg
312.202.0002
@ResinGuru