



# ThePlasticsExchange

bringing the market to you

## Market Update — April 6th, 2018

Spot resin trading began the week/month extremely active, but the market chilled a bit mid-week as looming (retaliatory) trade tariffs proposed by China, which includes certain Polyethylene resins, sent market participants scurrying to the sidelines. While the tariffs are not yet in place, and there is likely lobbying and high-level negotiating to be done, if they do become implemented, we would expect some negative price impact on at least LDPE, which seems to be the primary commodity resin targeted. In the meantime, LDPE for film remains snugly supplied in North America, and ironically, was the only PE grade that posted a gain this week while all other PE resin prices were pressured. PP prices were mostly steady to weaker; CoPP gave up a penny of its expanded premium that it has been carrying over HoPP.

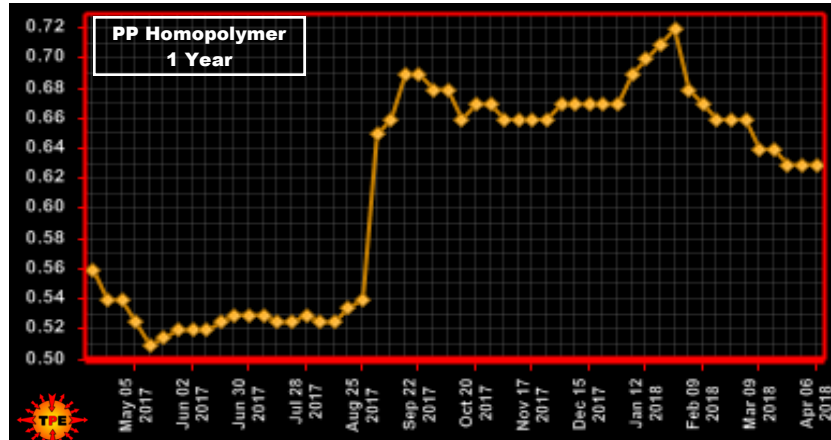
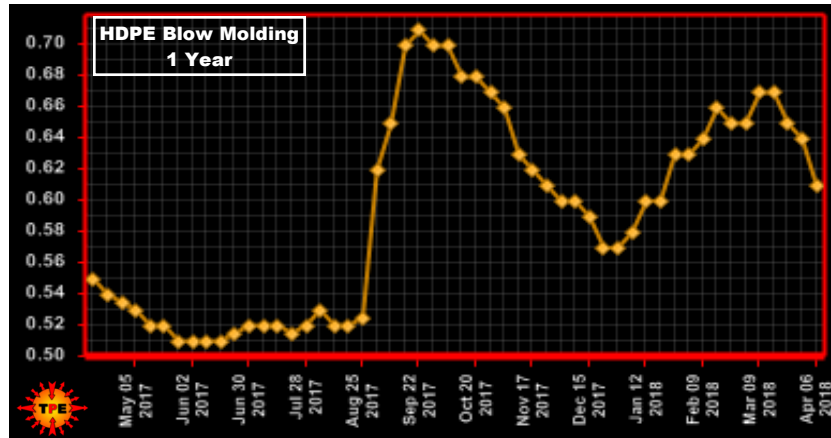
The major energy markets all moved lower with volatility averaging around 5%. WTI Crude Oil began the week on its high and ended just off the low; the May futures contract fell a net \$2.88/bbl to \$62.06/bbl. Brent Oil futures briefly rallied back above the \$70/bbl level before the June contract slid down to end the week at \$67.11/bbl, a loss of \$2.23/bbl. Natural Gas futures moved around within an \$.11/mmBtu range; the May contract settled Friday at \$2.701/mmBtu, a minor loss of just 3-cents. May Ethane added a penny to \$.275/gal (\$.116/lb), while May Propane went the other way, dropping about a nickel to \$.74/gal (\$.21/lb).

The monomer markets awoke and there was a large volume of material transacted, both in physical deals as well as financial bets on forward pricing. Ethylene continued to be pressured and pricing decreased through a series of trades, finally settling at \$.145/lb, the lowest spot price since we began keeping records - even taking out the \$.15/lb low of Dec 2008. Propylene was much less active, markets were relatively tight, but transactions were minimal, PGP was last marked at \$.4275/lb, about steady. Given current spot levels, we might expect April PGP contracts to slide another couple cents from the March \$.47/lb price.

The Polyethylene markets were very busy throughout the week, though the bulk of our transactions were completed during the first part. Producers acknowledged that the \$.03/lb increase nominated for March did not hold and another attempt would be made for April. Resin buyers then scattered as news emerged of potential Chinese tariffs on Polyethylene, which could impact the market. Market prices became very wide, as bids dropped precipitously awaiting further clarification. The market was bid much of the way back up over the next few days, as spot supplies remain relatively tight, but most grades still ended in negative territory. We hold a bearish bias towards PE pricing, have sold off the vast majority of our inventory, and will continue to hold minimal stocks for now as we opt for back-to-back transactions.

Polypropylene trading moved along at a healthy clip, unfazed by the potential tariffs that could impact PE resins. There was a steady stream of offgrade PP railcars that flowed into the spot market, some sold, while some offers accumulated. A seemingly minor Force Majeure was announced on PP due to production complications. Surplus prime material remained hard to source and was priced at a premium, giving some contract buyers a little sticker shock when seeking extra material to fill in supply gaps. April PP contracts could be interesting, PGP monomer contracts are poised to slide a bit more, but producers are looking to expand margins by \$.03-.05/lb - perhaps the forces might balance out around steady.

Resin for Sale 15,343,756 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
HDPE - Inj	3,260,208	\$ 0.570	\$ 0.640	\$ 0.540	\$ 0.590
LLDPE - Film	2,902,416	\$ 0.590	\$ 0.650	\$ 0.560	\$ 0.610
LDPE - Film	2,158,496	\$ 0.620	\$ 0.720	\$ 0.650	\$ 0.700
PP Copo - Inj	1,933,576	\$ 0.600	\$ 0.710	\$ 0.620	\$ 0.660
PP Homo - Inj	1,448,760	\$ 0.590	\$ 0.680	\$ 0.590	\$ 0.630
LLDPE - Inj	1,245,920	\$ 0.610	\$ 0.700	\$ 0.590	\$ 0.660
HDPE - Blow	1,171,368	\$ 0.580	\$ 0.650	\$ 0.560	\$ 0.610
LDPE - Inj	666,444	\$ 0.610	\$ 0.690	\$ 0.580	\$ 0.650
HMVPE - Film	556,368	\$ 0.640	\$ 0.690	\$ 0.620	\$ 0.660



[www.ThePlasticsExchange.com](http://www.ThePlasticsExchange.com)

**MARKET UPDATE**

**Michael Greenberg**  
**312.202.0002**  
**@ResinGuru**