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Spot resin trading was very good, though could not be considered great. There was a fairly consistent flow of market activity, but completed volumes were only about average. Overall supplies continued to improve and our list of current offerings has seen accumulation. Most grades of Polyethylene weakened as much as a penny; Polypropylene prices fell a bit more. While PE producers are again attempting to implement their final \$.03/lb price increase still on the table, few participants believe that further price advancement is realistic. Polypropylene contracts will follow PGP monomer contracts sharply lower in May.

The major energy products were higher. June WTI futures recovered \$1.62/bbl to end the week at \$47.84/bbl, more than \$4/bbl above the swing low price of \$43.76/bbl, which was made the previous Friday. July Brent Oil futures added \$1.74/bbl to \$50.84/bbl. June Natural Gas futures jumped \$.158/mmBtu, nearly 5%, and headed into the weekend at \$3.424/mmBtu, the highest level since the end of January. Ethane garnered a fractional gain to \$.26/gal (\$.11/lb). Propane shed a half-cent to \$.625/gal (\$.177/lb).

The Ethylene market slowed, it saw relatively little action and prices edged a tad lower, perhaps a penny. For much of the week, buyers and sellers were modestly spread apart just on either side of \$.30/lb, with neither side feeling urgent to transact. Spot Propylene remained pressured, but the pace of erosion has slowed from a raging rapid to a timid trickle. PGP for May delivery was available for sale at \$.36/lb, which was also the final price of the previous week, but buyer interest dropped a little bit too. May PGP contracts settled somewhat early at \$.385/lb, decreasing an aggressive \$.075/lb, which made up for April's slightly light \$.06/lb decline.

The spot Polyethylene market retreated again as supplies continued to grow. Resellers sought to unload uncommitted inventories while buyers just picked away at the more attractive offerings. Domestic railcars were available and with discounts, casting further doubt on the likelihood of the \$.03/lb increase taking hold in May. HDPE for injection was the lone commodity resin to buck the lower trend, with another half-cent uptick, bringing steep premiums of nearly a dime versus other HD grades. Polyethylene prices in the Houston area slid again as producers chased high volume bids amid still softening international markets. Exporters' cupboards have thinned as they have mostly been seeking back-to-back transactions.

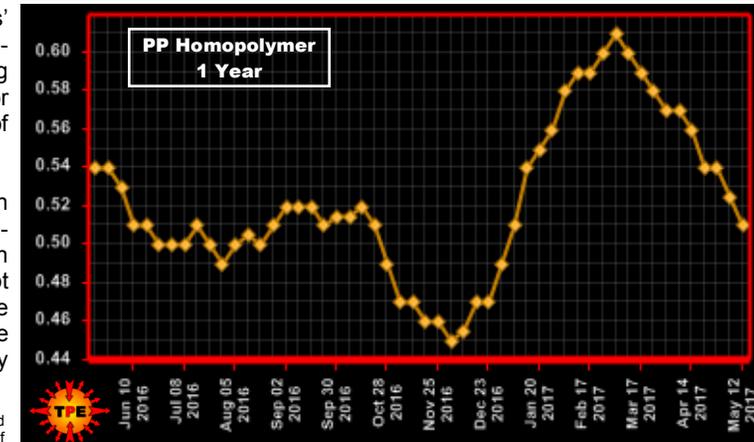
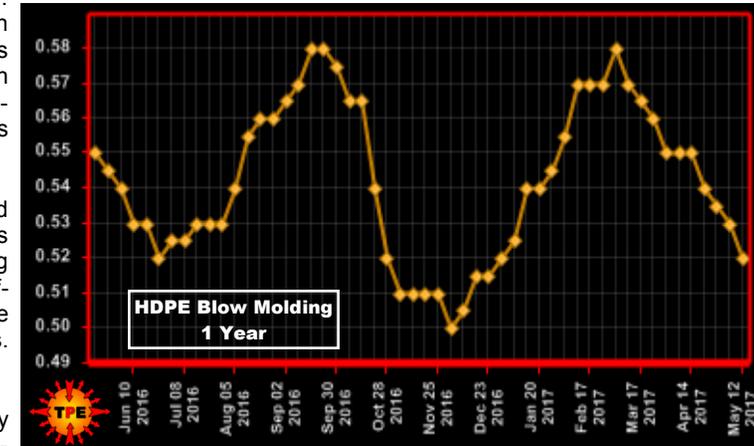
Spot Polypropylene transactions were light, even though the flow of fresh railcars was heavy and nicely discounted. Prices for both HoPP and CoPP dropped at least a penny and rough offgrade was the weakest of the group. There was a large range of pricing based on quality and timing; buyers' and sellers' pricing ideas were at times very far apart. As we often see in falling markets, some buyers that have depleted their inventories wish to procure packaged resin for immediate shipment at cheap railcar pricing that is still 10-14 days from delivering. Suppliers with inventory on hand generally wish to be rewarded for stocking resin, despite material with lower replacement costs en route. Sometimes it's down to a game of who blinks first.

During the first quarter, Polypropylene contracts marched \$.205/lb higher, essentially locked in step with soaring PGP costs. Now that monomer prices have unraveled, resin buyers are seeking a series of aggressive contract price decreases. April PGP contracts were down \$.06/lb and May just settled down \$.075/lb, so logically, a \$.135/lb 2-month decrease should come through for PP. Spot resin prices did not rally as much as contracts, so while spot Gen Prime PP has been sliding, the decline has also been more mild. Spot monomer seems to have stabilized in the mid-\$.30s/lb, but remains pressured. While there could be additional relief coming in June, at this point, another \$.07/lb decrease to completely wipe away the 1st quarter increase seems like a very tall order, but a lot can change in the next month ahead.

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 — May 12th, 2017

Resin for Sale 15,776,148 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
PP Homo - Inj	4,858,348	\$ 0.430	\$ 0.560	\$ 0.470	\$ 0.510
HDPE - Blow	2,788,232	\$ 0.480	\$ 0.555	\$ 0.480	\$ 0.520
LDPE - Film	1,861,312	\$ 0.570	\$ 0.650	\$ 0.580	\$ 0.620
LLDPE - Film	1,623,036	\$ 0.520	\$ 0.595	\$ 0.520	\$ 0.560
PP Copo - Inj	1,360,460	\$ 0.480	\$ 0.610	\$ 0.500	\$ 0.540
HMVPE - Film	1,146,392	\$ 0.520	\$ 0.580	\$ 0.515	\$ 0.555
LLDPE - Inj	846,184	\$ 0.580	\$ 0.650	\$ 0.560	\$ 0.600
LDPE - Inj	778,092	\$ 0.580	\$ 0.650	\$ 0.570	\$ 0.610
HDPE - Inj	514,092	\$ 0.580	\$ 0.640	\$ 0.565	\$ 0.605



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MARKET UPDATE
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