



ThePlasticsExchange

bringing the market to you

The spot resin market saw good activity for the first week of a month, which is generally the slowest. There was a steady stream of both resin requests and offers, with all commodity grades well-represented. Buyers and sellers apparently came to play as most realistic transactions were driven to conclusion. Spot prices for both Polyethylene and Polypropylene remained pressured and prices slipped, with the lone exception of HDPE for injection, which continues to defy gravity and move higher due to its rare scarcity in the secondary market. Resin exports, which began to increase again in part helped by the weaker dollar, are again finding a head wind in the face of falling crude oil and international resin prices.

Crude Oil prices fell sharply, recording its third straight weekly loss. June WTI futures ended the week at \$46.22/bbl, down \$3.11/bbl, even after recovering almost \$2.5/bbl from its Friday bottom of \$43.76/bbl, which was the lowest level in around 6 months. July Brent Oil futures slid \$2.95/bbl to \$49.10/bbl. June Natural Gas futures bounced a dime from its Thursday low, erasing all but a penny of the week's losses, and settled Friday at \$3.266/mmBtu. Ethane gained a penny to \$.255/gal (\$.108/lb). Propane eased fractionally to \$.63/gal (\$.178/lb).

The Ethylene market was stronger and spot prices added at least a couple cents to rally back above \$.30/lb, more than eliminating the previous week's losses. Spot Propylene prices continued to unravel; PGP for May delivery fell another \$.02/lb to \$.36/lb. Prompt PGP has now given back about \$.18/lb, certainly the lion's share of the first quarter's \$.24/lb price surge. PGP contracts jumped \$.205/lb during 1Q and only declined \$.06/lb in April. Based on current spot prices, we should see at least a similar decrease for May PGP contracts.

Spot Polyethylene trading was very good, spot offers were generally priced lower, which was welcomed by processors who have been working down their inventories and in need of material. LDPE and LLDPE film grades came off another penny, HDPE for blow molding shed a half-cent, while all injection grades remained snug and were firmly priced. PE contracts rose \$.08/lb during the first quarter and were flat in April. Although producers are again seeking to implement the final \$.03/lb price increase that is still on the table, based on market conditions, it now seems unlikely.

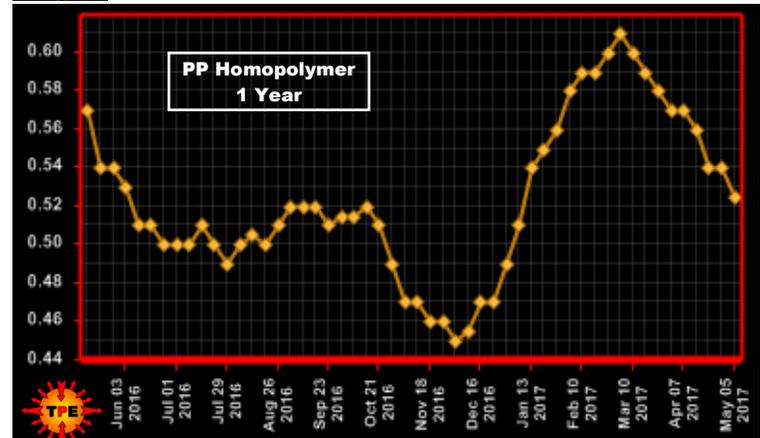
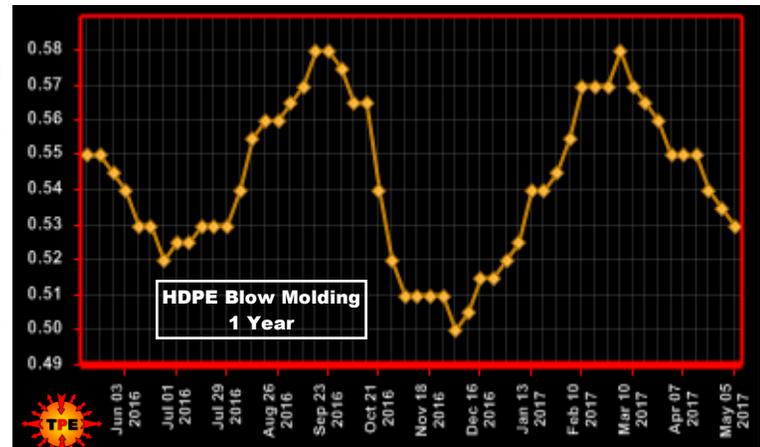
With resin reactors returning from maintenance and upstream supplies building, producers have again begun targeting the export market in larger numbers to supplement sales and eliminate burdensome inventories. However, Crude Oil prices just reached a low level not seen in six months, accelerating the negative sentiment in the international resin market. As such, Houston prices have been dropping to chase exporters' bids which continue to slide. The growing discount that resin in Houston holds to the domestic market is becoming too wide to be sustained. If the trend continues, buyers will be calling for relief and domestic contracts in May will be flat at best.

Spot Polypropylene trading somewhat improved, buyers have been picking away at well-priced offers, but generally in lower volume. Déjà vu, fresh offgrade railcars were generally priced beginning with a 4 and resellers with uncommitted inventory were eager to sell their resin and entertained reasonable bids, even if it caused a loss. However, some overly enthusiastic processors brought unrealistic low-ball opportunities that did not even generate a counter-offer. Prime HoPP resin is generally still priced in the \$.50s/lb, while premium resins like CoPP No Break and PP Random Clarified still start with a 6. As another sizable PP contract decrease is imminent for May, prime, offgrade and export levels are all set to head further south.

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 5th, 2017

Resin for Sale 14,917,432 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
HDPE - Blow Mold	3,322,784	\$ 0.490	\$ 0.560	\$ 0.490	\$ 0.530
LDPE - Film	2,063,656	\$ 0.560	\$ 0.640	\$ 0.590	\$ 0.630
PP Copo - Inj	2,006,024	\$ 0.490	\$ 0.650	\$ 0.515	\$ 0.555
LLDPE - Film	1,945,012	\$ 0.540	\$ 0.595	\$ 0.530	\$ 0.570
PP Homo - Inj	1,926,208	\$ 0.460	\$ 0.550	\$ 0.485	\$ 0.525
LLDPE - Inj	1,250,368	\$ 0.580	\$ 0.650	\$ 0.560	\$ 0.600
HMMWPE - Film	807,288	\$ 0.540	\$ 0.580	\$ 0.520	\$ 0.560
LDPE - Inj	804,092	\$ 0.580	\$ 0.635	\$ 0.570	\$ 0.610
HDPE - Inj	792,000	\$ 0.580	\$ 0.630	\$ 0.560	\$ 0.600



Dominick Russo and Fred Dial — Editors

MARKET UPDATE
www.ThePlasticsExchange.com

Michael Greenberg
312.202.0002
@ResinGuru