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## Market Update — June 1st, 2018

Resin for Sale 10,290,448 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
HDPE - Blow	2,160,368	\$ 0.580	\$ 0.690	\$ 0.560	\$ 0.600
HDPE - Inj	2,037,312	\$ 0.560	\$ 0.620	\$ 0.530	\$ 0.570
PP Copo - Inj	1,255,352	\$ 0.640	\$ 0.770	\$ 0.680	\$ 0.720
LDPE - Film	1,236,392	\$ 0.645	\$ 0.720	\$ 0.640	\$ 0.680
LLDPE - Film	1,164,552	\$ 0.570	\$ 0.640	\$ 0.550	\$ 0.590
PP Homo - Inj	870,552	\$ 0.610	\$ 0.720	\$ 0.660	\$ 0.700
LDPE - Inj	556,368	\$ 0.640	\$ 0.675	\$ 0.600	\$ 0.640
LLDPE - Inj	555,000	\$ 0.630	\$ 0.690	\$ 0.610	\$ 0.650
HMVPE - Film	454,552	\$ 0.630	\$ 0.670	\$ 0.610	\$ 0.650

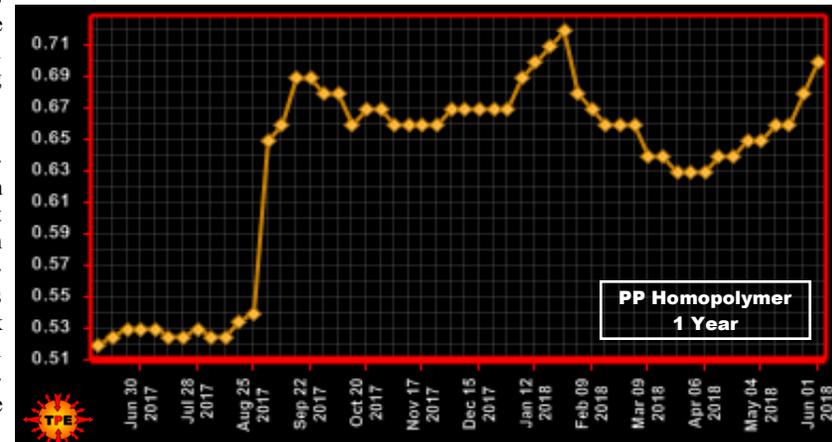
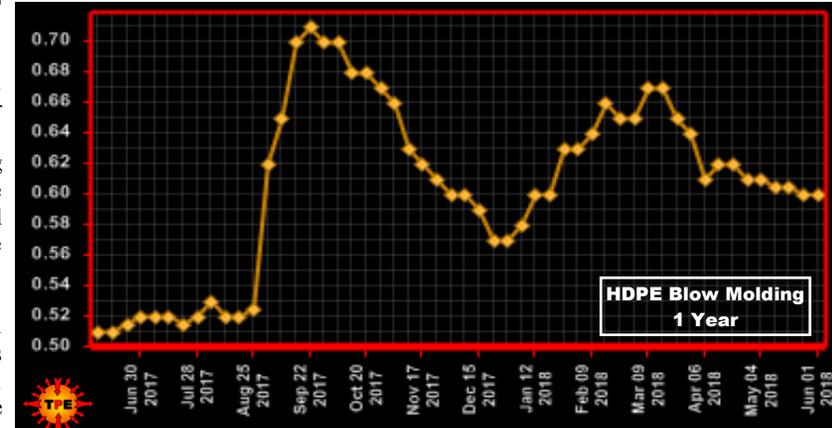
The spot resin markets quieted down a bit into month-end, although there was a fairly steady flow of inquiries from both buyers and sellers, completed volumes only ran about average. Spot Polyethylene prices were mostly flat, while Polypropylene added 1-2 cents amid another rally in PGP monomer prices. There remains uncertainty with regard to May PE contracts, while they are generally coming in steady to lower, ultimately, individual results could vary based on producer and product. Polypropylene contracts soared \$.05-.07/lb and will see another sizable increase in June. Export PE demand from Latin America and Europe is good and Asian traders remain consistent buyers; low quality PP is finding its way offshore, but good offgrade resin has willing buyers here in the US, hence, there is a better net-back into the domestic market.

The major energy markets were mixed this past week in volatile trading and Brent's premium over WTI widened further. The July WTI Crude Oil futures contract gained ground through mid-week, but then came under pressure and finished in the red. It was down a net \$2.07/bbl to \$65.81/bbl. August rolled to the front month for Brent Oil, although it also fell towards the end of the week, it managed to hold on to a \$.32/bbl gain to end at \$76.79/bbl. July Nat Gas began strong and reached a clean \$3/mmBtu on Monday before it fizzled out and ended the week virtually unchanged at \$2.962/bbl. Ethane rolled to June and saw little price change, it ended the week at \$.2625/gal (\$.12/lb). Propane was also about flat at \$.92/gal (\$.261/lb).

The spot monomer markets were more active last week as the bulls returned to showcase their strength, sending prompt Ethylene back up above the \$.15/lb mark - the highest level in about a month. After three consecutive small weekly gains, the bearish sentiment seems to have been subsided for now. Propylene prices continued to climb, accelerating the last several weeks of rising prices. After trading up \$.06/lb to \$.58/lb midweek, a few offers emerged at \$.60/lb and seemed to temporarily hold the market in place. There was some added late week strength and June PGP finished the week around \$.61/lb. Fasten your seatbelts... the May PGP contract gain of \$.05/lb could be only half of what we see for June.

Spot Polyethylene trading finished May at a fairly steady pace, but still lacked the larger volumes seen the rest of the month. In general the market feels a tad spotty with certain grades plentiful and others harder to find. The market is currently awash in materials like LLDPE Butene and HDPE Injection, while LDPE for film and injection, are more difficult to source - at least at pricing where processors are willing to transact. Despite the differences in supply, base transactional prices were mostly the same as the previous week and our official prices remained flat for all major grades. A definitive market-wide settlement to May contracts has yet to be seen with negotiations at times taking place on an individual customer basis. However, the general consensus is that HD and LD are rolling flat with LL dropping \$.03/lb and do note that May began with a \$.03/lb increase on the table for all grades.

Polypropylene trading was challenged by scarce supplies and rising prices; despite the effort, completed volumes fell short of average. May PP contracts rose \$.05 -.07/lb; a nickel for the jump in monomer costs and producers will achieve as much as a \$.02/lb margin increase as well. The market was then shocked mid-week by another surge in spot monomer costs, which foretold another jump in PP contracts for June. Buyers were out looking to scoop up cheap offers, but with limited resin available, sellers were not shy to pull the supply off the table or simply raise their asking prices. Resellers were apprehensive to buy late in the week at the new higher levels, unless it was for a back-to-back transaction. While some buyers' initial responses might be to wait out this cycle, there are some real supply issues that could help keep PGP and PP prices elevated for a while. We have been vocally bullish PP for some time as supply / demand dynamics have been too tight to withstand disruptions - we still remain bullish for now.



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