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Market Update — June 8th, 2018

Resin for Sale 12,012,882 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
LLDPE - Film	2,716,392	\$ 0.560	\$ 0.640	\$ 0.540	\$ 0.580
LDPE - Film	1,853,680	\$ 0.630	\$ 0.700	\$ 0.630	\$ 0.670
LLDPE - Inj	1,447,656	\$ 0.650	\$ 0.710	\$ 0.630	\$ 0.670
HDPE - Inj	1,439,748	\$ 0.540	\$ 0.620	\$ 0.520	\$ 0.560
HDPE - Blow	1,274,288	\$ 0.590	\$ 0.640	\$ 0.570	\$ 0.610
PP Homo - Inj	1,038,368	\$ 0.630	\$ 0.745	\$ 0.670	\$ 0.710
PP Copo - Inj	921,352	\$ 0.680	\$ 0.790	\$ 0.690	\$ 0.730
HMWPE - Film	675,012	\$ 0.650	\$ 0.700	\$ 0.610	\$ 0.650
LDPE - Inj	646,368	\$ 0.630	\$ 0.710	\$ 0.630	\$ 0.670

June began with a bang; the spot resin markets were busy all week and prices for most commodity grade materials rose. The number of completed transactions was high and spot Polypropylene trading volumes outstripped Polyethylene, which was rare, but certainly not unprecedented. PP demand was very strong - buyers were out looking for sharp spot deals as contract prices are poised to jump again this month. PE contract prices are in flux, most producers appear to have split May with a \$.03/lb decrease for LLDPE with the other commodity PE grades flat - remarkably, it has been an entire year since the last market-wide PE decrease actually came through. Export demand from Latin American traders remains healthy, while others regions have quieted a bit.

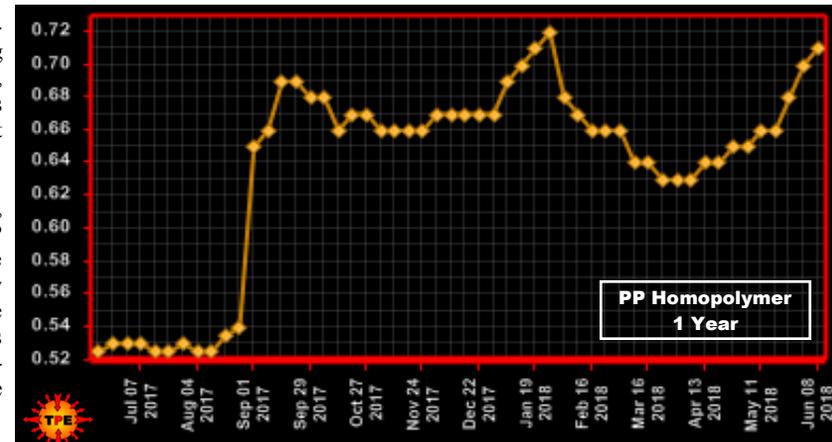
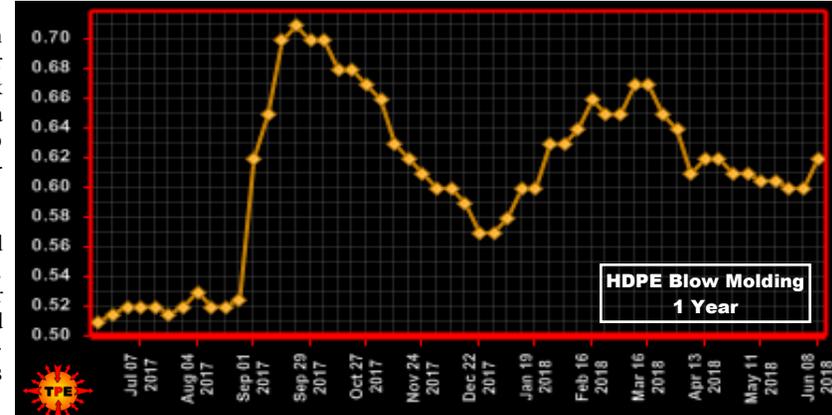
The major energy markets all declined this past week amid reduced volatility. WTI Crude Oil maintained its recent down leg of the cycle, shedding just \$.07/bbl to settle Friday at \$65.74/bbl, which is more than \$7/bbl below the May 22 high. Brent Oil has recently been much stronger than WTI and while the Brent Aug futures contract declined more this week, \$.33/bbl to \$76.46/bbl, the spread remains very wide. July Nat Gas futures were the weakest of the group, losing \$.072/mmBtu, almost 2.5%, to end the week at \$2.89/mmBtu. The Ethane market has strung together a series of gains, adding almost \$.04/gal to \$.31/gal (\$.131/lb) a new high for the move. It has been quite a recovery since the low of \$.1275/gal (\$.054/lb) was reached in Dec 2015. Propane on the other hand lost ground again, easing \$.02/gal to \$.90/gal (\$.255/lb).

The spot monomer markets were moderately active this past week; however, the recent bullish enthusiasm seems to have waned a tad. Pricing in both key markets were mostly neutral, sticking close to their prior weeks' settlements. Ethylene pricing relaxed ever so slightly and recorded a fractional loss, reverting back to the \$.15/lb level. June PGP changed hands a few times right around the \$.60/lb level, it then trudged a little firmer to mark \$.61/lb, but it was all within the recent trading range. May PGP contracts had settled up a nickel to \$.51/lb and based on current spot pricing, we can expect a June increase somewhere in the magnitude of a dime.

Spot Polyethylene trading had a very healthy start to the new month. The Plastics Exchange was flooded with activity and buyers were more prevalent than sellers. While some grades were still difficult to source, such as LDPE High Clarity, HDPE for milk bottles and HMWPE for film, processors did jump on other good opportunities when presented. Although price is often king for the commodity grades, when on-hand inventories are dwindling, availability trumps all and processors have been paying up to keep their machines running resin. Sensing this, suppliers inched up spot prices where they could, while those grades deemed amply supplied have lost ground.

The inconsistent nature of PE supply over the last several weeks (and months) has led to a premium developing for material that is ready to ship versus 2 weeks out. Downstream resin participants have been hoping that all the new production coming on stream would bring lower prices, but this has not fully materialized, though the potential remains. Lacking definitive direction, our PE prices were mixed last week, changes were seen anywhere from down a penny to up 2-cents depending on grade. A friendly reminder that current spot market offers for actual delivery and historical resin price charts are always available on our website.

The Polypropylene market saw one of its best weeks of 2018: supply remained tight, demand was stronger, transactions were plentiful and prices climbed. We continued to see a relatively heavy flow of imported PP and some fresh domestic offgrade railcars offered as well. CoPP high flow and HoPP Raffia remain the scarcest of the PP commodity grades and premiums are expanding. Feedstock costs have been rising rapidly over the past 6-8 weeks, some of which has already been passed through on to May PP contracts, but the lion's share of the upward cost pressure will likely be added in June. The imminent threat of higher prices has buyers scooping up resin as they can, even at these elevated price levels, as actual manufacturing demands need to be filled. In the near term it feels like the market will digest this new price level; we advise that participants monitor spot PGP prices and procure resin as needed.



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