



# ThePlasticsExchange

bringing the market to you

Spot resin trading continued to hum along at a healthy pace and transacted volumes were again heavily skewed towards Polyethylene over Polypropylene. The flow of offers for both groups of resins slowed, particularly for CoPP, which has become notably tight, leaving unsatisfied demand in this market segment. Spot PE prices were steady to lower depending on grade, as premiums between the key commodities settle back towards more historical levels. Producers are largely looking toward August as an opportunity to raise domestic PE contracts by \$.03/lb, although some never relinquished their hopes in July. PP producers also have their eye on a \$.03-.05/lb increase slated for August. Export markets in general picked up a bit, with better demand coming from Mexico.

The major energy markets moved modestly lower and September rolled to the front month for US products. WTI Crude Oil shed just less than a dollar; the Sept futures contract ended the week at \$45.54/bbl. Sept Brent Oil futures gave back \$.85/bbl and settled Friday at \$48.06/bbl. Natural Gas prices were nicely higher through Thursday, but gave up the gains and then some. The Sept contract went into the weekend at \$2.961/mmBtu, a penny in the red. Spot Ethane was essentially unchanged at \$.25/gal (\$.106/lb); Propane added more than \$.02/gal to \$.655/gal (\$.186/lb).

The spot monomer markets remained robust. Prompt Ethylene continued higher, gaining as much as \$.02/lb before easing back a cent to end the week right at \$.20/lb. Forward markets continued to indicate slightly rising prices through the end of 2017, with the potential for some wild volatility as the 4<sup>th</sup> quarter approaches - considering the timing of the forthcoming interdependent crackers and resin reactors. Polyethylene prices edged a little higher, PGP for July shipment gained about a half-cent to \$.365/lb, though the bulk of market interest was already focused on the August market. July PGP contracts settled with a \$.005/lb increase earlier in the month to \$.39/lb. Based on current spot levels, if PGP contracts settle early again in August, we'd expect little price change.

Spot Polyethylene trading was very good and completed transactions remained above average. Spot PE sales were well distributed amongst the commodity grades with the exception of HDPE for injection, amid still tight supplies. Some offers emerged, as they do each week, but were priced out of reach of even those buyers in seemingly desperate need. Despite a shortage of HD Inj resin, resellers are only seeking back-to-back transactions at this time, for fear of the huge premiums one day evaporating. We have seen strong spot buying for LDPE film resins, where premiums continue to erode, prompting some buyers, both resellers and processors, to take added positions based on relative value. While we often see some spot price movement between grades, the intermarket volatility during 2017 has been extraordinary due to products' supply / demand.

The last Polyethylene contract price movement was a \$.03/lb decrease across the board in May (after \$.08/lb of 1<sup>st</sup> quarter increases). It was a curious decrease for HDPE for injection which was very tight, spot prices were visibly rising sharply and exceeded contract levels. It is rare to see a split contract increase / decrease between products, but if ever an appropriate time, we felt that the May HDPE Inj decrease was out of place. HDPE Inj remains a large premium and while the timing might now be over-ripe, with another increase in play we do again see the possibility for HD Inj to officially deviate from the other PE materials, especially if HD producers feel that the shortage will continue.

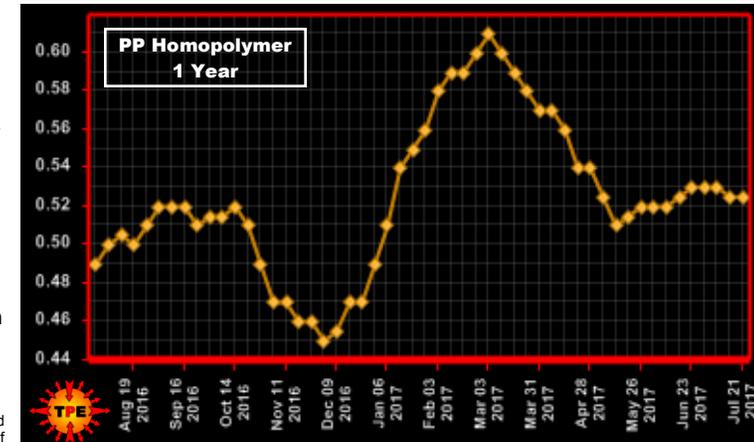
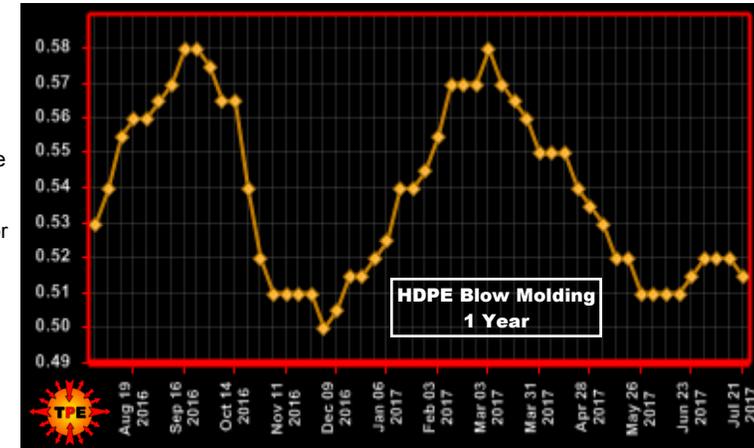
While there was a good flow of buyer requests, completed Polypropylene volumes fell short this past week. Processors' HoPP inquiries appeared to be mostly window shopping, since material was generally available to cover orders and actual POs were hard to pry. Consequently, offgrade HoPP levels were a little softer, though prime railcar pricing held fully firm. The opposite was true for CoPP resins, where a good number of POs were in hand, but well-priced material was generally unavailable to fill the majority of the orders. Resellers had little surplus CoPP on hand to satisfy truckload needs and while some railcars were shown, they sometimes came and went too quickly.

PGP monomer costs have been relatively stable in the mid to higher \$.30s/lb, while PP resin supply /demand dynamics have been tightening. The PP market seems to be setting up for the first margin enhancing price increase in more than a year. The wildcard could be PGP supply; if all PDH units can remain up and running, monomer might see another leg lower and resin prices might just fall less. Otherwise, we see a good chance that a stable or firming monomer market would help push PP prices higher in August and September.

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 — July 21st, 2017

Resin for Sale <b>14,026,412 lbs</b>		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
HDPE - Blow	3,253,992	\$ 0.480	\$ 0.560	\$ 0.475	\$ 0.515
LDPE - Film	3,196,888	\$ 0.560	\$ 0.640	\$ 0.545	\$ 0.585
PP Homo - Inj	1,666,644	\$ 0.490	\$ 0.580	\$ 0.485	\$ 0.525
PP Copo - Inj	1,421,644	\$ 0.500	\$ 0.635	\$ 0.530	\$ 0.570
LLDPE - Inj	1,345,840	\$ 0.550	\$ 0.640	\$ 0.575	\$ 0.615
LLDPE - Film	1,261,840	\$ 0.510	\$ 0.590	\$ 0.500	\$ 0.540
LDPE - Inj	688,644	\$ 0.585	\$ 0.635	\$ 0.580	\$ 0.620
HMWPE - Film	630,920	\$ 0.540	\$ 0.570	\$ 0.510	\$ 0.620
HDPE - Inj	560,000	\$ 0.640	\$ 0.660	\$ 0.580	\$ 0.620



Dominick Russo and Fred Dial — Editors

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

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

MARKET UPDATE