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Market Update — July 27th, 2018

The resin markets continued to transact at a rapid rate, though action subsided late in the week. After a very slow start to the month, July has actually turned into the busiest of the year, moving right past January. Spot Polyethylene prices were mostly lower, which garnered very good processor demand and contributed to the high turnover. The export market was lively, with solid interest from Mexico and Europe; Asian traders remained cautious with LDPE and LLDPE due to the tariff situation, but were open to buying HDPE. PP demand was good, though off the swift pace from recent weeks; offgrade supply has become more plentiful, and the discount grew compared to more scarce prime material.

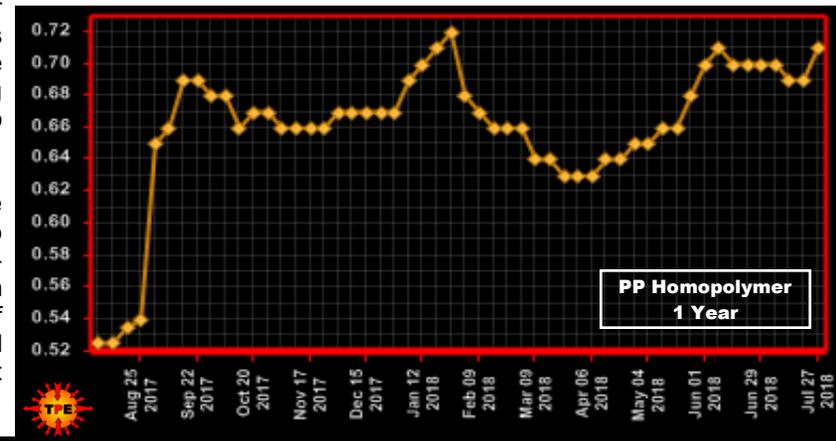
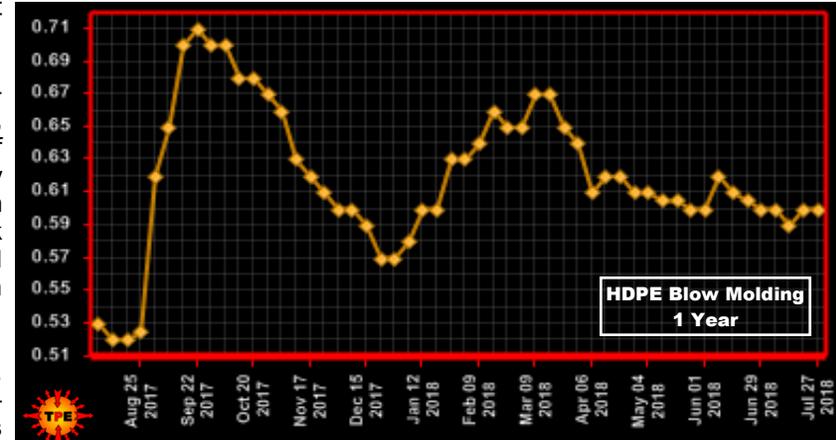
The major energy markets were all higher, reversing the recent course of the Oil complex, which had been sliding for weeks. WTI Crude Oil nearly reached \$70/bbl before tailing off on Friday; the September futures still held on to a \$.43/bbl gain for the week and settled at \$68.69/bbl. October rolled to the front month for Brent Oil and it rallied nicely, gaining \$1.62/bbl to end the week at \$74.76/bbl. Nat Gas Futures remained range bound, though added \$.054/mmBtu, the September futures contract went into the weekend at \$2.782/mmBtu. Ethane spot prices wiped away \$.025/gal to \$.325/gal (\$.137/lb). Propane built upon a couple weeks of gains and jumped another \$.05/gal to \$.97/gal (\$.275/lb).

The monomer markets started the week off with a flurry of bids and offers, yet only a handful of transactions were visibly completed by mid-week. As we approached week's end, Ethylene market participants rushed to complete transactions all the way out to the end of 2019. Prompt Ethylene for July delivery spent the majority of the week in negative territory and ended down \$.01/lb to \$.14/lb. Forward Ethylene months maintained a premium though trimmed, increasing to a few cents as time moves on. July PGP saw another week of quiet trading and few deals were finalized; however, the prompt market was bid up and marked \$.02/lb higher to \$.59/lb. July PGP contracts finally rolled flat at \$.59/lb, in line with our expectations.

Spot Polyethylene trading remained very busy and prices were mixed, but mostly lower. There was plenty of action - transactions were plentiful and well spread across the commodity grades of LLDPE, LDPE, and HDPE. A combination of massive upstream supplies and tariff related uncertainty weighed on the Houston market and LDPE and LLDPE for film weakened by as much as \$.02/lb; their injection grades lost as much as \$.03/lb as supplies improved and premiums eased. HDPE for injection, which is unaffected by the potential tariffs, firmed a cent. Despite the continued effort to implement the outstanding \$.03/lb increase, we expect the contract PE market to roll flat in July with the potential to lose ground in August.

Polypropylene trading continued to pull back from the fervent pace seen earlier in the month. Transactions were mostly driven by demand as opposed to suppliers seeking to move uncommitted resin. Prime PP material has become more scarce, affected by reduced production rates. On the contrary, offgrade supplies have been actively flowing, with good availability of both domestic railcars and packaged material in Houston, which are of very good value compared to relatively high-priced prime. As we anticipated, PGP settled flat for the month of July. PGP prices have inched up late in the month and currently point to a higher contract value in August. As such, Prime PP prices rose \$.02/lb on average.

Resin for Sale 15,232,159 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
PP Copo - Inj	3,325,772	\$ 0.670	\$ 0.780	\$ 0.700	\$ 0.740
HDPE - Inj	2,686,288	\$ 0.550	\$ 0.630	\$ 0.520	\$ 0.560
PP Homo - Inj	2,480,659	\$ 0.650	\$ 0.750	\$ 0.660	\$ 0.700
LDPE - Film	2,096,392	\$ 0.560	\$ 0.650	\$ 0.570	\$ 0.610
HDPE - Blow	1,630,196	\$ 0.560	\$ 0.630	\$ 0.560	\$ 0.600
LLDPE - Film	1,448,644	\$ 0.540	\$ 0.620	\$ 0.500	\$ 0.540
LLDPE - Inj	630,920	\$ 0.620	\$ 0.680	\$ 0.610	\$ 0.650
HMMWPE - Film	529,104	\$ 0.610	\$ 0.660	\$ 0.590	\$ 0.630
LDPE - Inj	404,184	\$ 0.600	\$ 0.685	\$ 0.610	\$ 0.650



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