



ThePlasticsExchange

bringing the market to you

Market Update — July 6th, 2018

The spot resin markets slowed significantly, which was expected as the 3rd quarter began with the US Independence holiday coming mid-week. Many participants took a vacation, which hampered transacted volumes, generating below average results. The spot market should return to a more typically liquid state this coming week. PE producers are once again trying to enforce their very-aged \$.03/lb price increase. After a volatile first half of the year, PP contracts should see relative stability in July. If these high oil prices are sustained, export volumes should be buoyed by firm international prices and arbitrage demand.

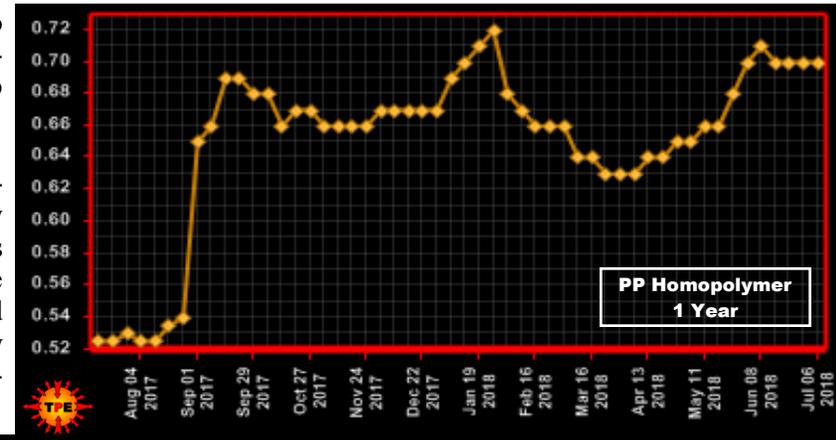
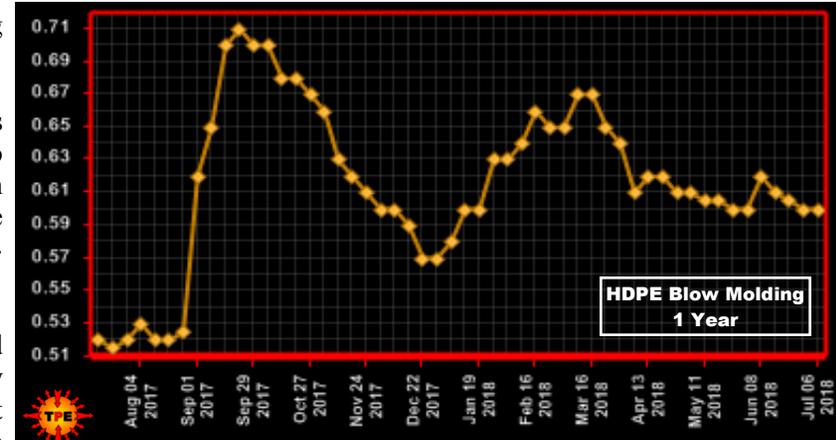
After a couple weeks of very strong gains, the energy markets pulled back a bit. August WTI Crude Oil eased \$.35/bbl to \$73.80/bbl, but is still just off multi-year highs. Brent Oil saw a sharper loss, falling \$2.12/bbl to \$77.11/bbl. Nat Gas futures remained range-bound, as they have been the past several months; the August futures contract ended the week at \$2.858/mmBtu, down \$.066/mmBtu. Spot Ethane surged \$.04/gal to \$.38/gal (\$.16/lb), another multi-year high. Propane continued to regain ground, adding \$.02/gal to \$.96/gal (\$.27/lb).

The monomer markets were relatively active during the holiday shortened week; prices firmed and good volumes changed hands. July Ethylene gained more than a cent to finish the week above \$.14/lb. Solid interest was also seen in the back months. In an ultra-rare occurrence, Ethane's value exceeded Ethylene's. Propylene prices were stronger as well. PGP for July delivery gained about a penny to \$.56/lb, which currently justifies a flat or fractionally lower July contract level.

The spot Polyethylene market saw sporadic activity this week as market makers paused to observe the 4th of July holiday, which came mid-week. As expected many were away on summer vacation resulting in little to no volatility, as such, our spot prices were flat across the board. Fresh offers were relatively light, especially railcars, though some suppliers affirmed resin availability if needed. Upstream resin inventories continue to bulge and several large swaths of resin were seen offered for export only. Several producers re-iterated their intent to immediately implement the often attempted \$.03/lb price increase, yep.

Polypropylene activity was pretty good considering the mid-week holiday which disrupted the flow of business. PP resin in Houston, which availability is now mostly offgrade, is priced at a large and growing discount to domestic delivered railcars. Prices softened a tad late in the week, though some traders were then seen taking moderate positions at extra discounted prices. After two months of sharp increases, which totaled \$.13/lb, the market has stalled and July contracts are currently forecasted to yield very little change. While there is plenty of material already on the water, brand new PP import deals have slowed since PGP monomer topped out more than a month ago.

Resin for Sale 12,468,482 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
LLDPE - Film	3,920,992	\$ 0.535	\$ 0.610	\$ 0.510	\$ 0.550
PP Copo - Inj	2,214,956	\$ 0.650	\$ 0.780	\$ 0.700	\$ 0.740
HDPE - Blow	1,205,656	\$ 0.580	\$ 0.640	\$ 0.560	\$ 0.600
PP Homo - Inj	1,122,492	\$ 0.660	\$ 0.740	\$ 0.660	\$ 0.700
LDPE - Inj	1,113,736	\$ 0.630	\$ 0.690	\$ 0.620	\$ 0.660
LDPE - Film	865,104	\$ 0.610	\$ 0.690	\$ 0.600	\$ 0.640
HDPE - Inj	838,828	\$ 0.560	\$ 0.640	\$ 0.530	\$ 0.570
LLDPE - Inj	834,552	\$ 0.640	\$ 0.700	\$ 0.630	\$ 0.670
HMVPE - Film	352,736	\$ 0.620	\$ 0.660	\$ 0.600	\$ 0.640



www.ThePlasticsExchange.com

Michael Greenberg
312.202.0002
@ResinGuru