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After a slow spate, the spot resin markets heated up; June ended with a bang and the fireworks surprisingly continued through the holiday shortened week. There was a hefty purge of material seen at quarter end with nice discounts afforded, but buyers looking for special deals at the start of July found suppliers to be firm price-wise. While there continued to be variance amongst grades, overall prices for both Polyethylene and Polypropylene have averaged out around steady, with perhaps a firming undertone. Domestic demand was good the past couple weeks, however, incremental resin exports have been hampered by weak oil prices and competitive offers from other regions.

The major energy markets were volatile this past week and more or less gave back the minor recovery rally seen at the end of June. WTI Crude Oil futures lost \$1.81/bbl; the August contract settled Friday at \$44.23/bbl, which is about \$2/bbl above the cycle low. Sept rolled to the front month for Brent Oil, this futures contract shed \$2.06/bbl to end the week at \$46.71/bbl. Aug Natural Gas futures were pounded down \$.171/mmBtu to \$2.864/mmBtu, the lowest close in more than a year. Spot Ethane was last priced at \$.245/gal (\$.103/lb); Propane ended the week around \$.60/gal (\$.17/lb).

The monomer markets moved lower as supplies increased. Spot Ethylene prices continued to be hammered, eroding another \$.025/lb to \$.1875/lb, a level not seen since the beginning of 2016. The spot Propylene market saw back-to-back losses, relinquishing a large chunk of its June gains. This past week prompt PGP prices peeled off \$.015/lb to \$.365/lb, this level will challenge the several cent price increase eyed for July monomer contracts.

Spot Polyethylene trading was good, very good in fact. A very high volume of material changed hands as June came to an end and the strong demand persisted the first week of this month. Transactions ran across all commodity PE resins with the bulk of our completed deals done in LDPE and LLDPE film grades. HDPE for injection remains tight and material sells quickly when seen. HDPE for blow molding has also recovered from its low. There were some very sharp one-off deals seen in mid-June, but the general PE market cleaned up well and even turned firm as the calendar changed.

Although upstream supplies seem adequate and the incremental export market questionable, most producers have nominated a fresh \$.03/lb price increase for August contracts. This is indeed supporting the potential for yet another final hurrah for the Polyethylene market which we noted in our last report. It is too early to call the likelihood of the August increase taking hold. So far in 2017, PE contracts are up a net \$.05/lb. There was a total of \$.08/lb of increases implemented during the first quarter of which \$.03/lb was then wiped away in May.

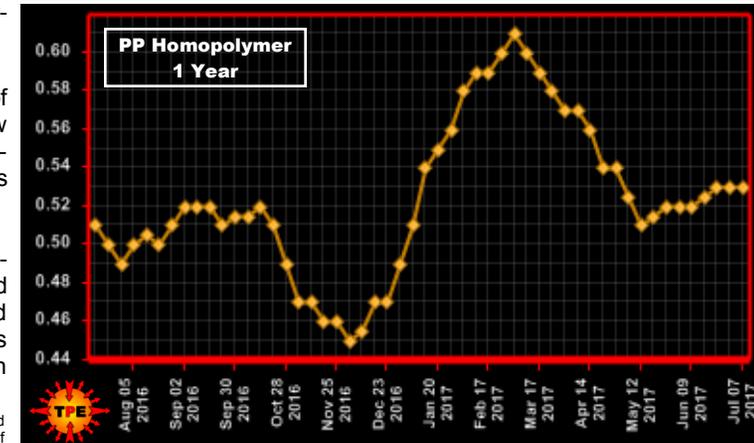
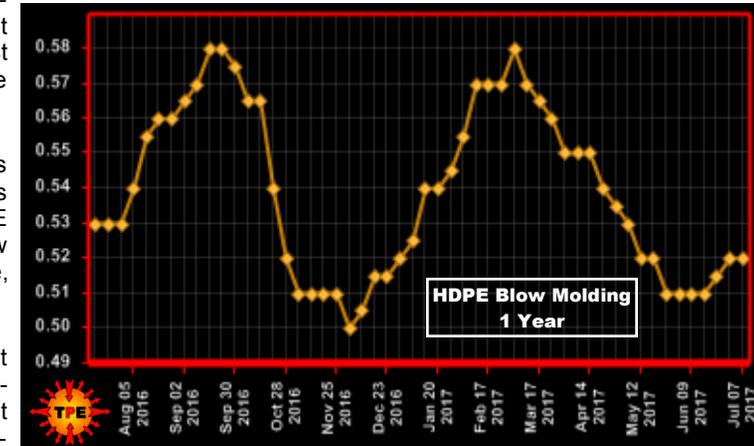
The spot Polypropylene market has seen increased activity the past couple of weeks. The low end of pricing has shored up significantly, but prime prices have stalled in their recovery. Without any new resin production slated for the near term, and weaker PP prices abroad, we are starting to see a moderate increase in PP imports. However, many domestic traders still feel the sting from year-ago imports that went sour, so there is a level of caution with their speculative buys.

In the meantime, domestic Polypropylene supply / demand dynamics remain slightly snug for Homopolymer and quite tight for Copolymer, particularly the premium grades like CoPP No Break and Random Clarified resins. While the July cost push increase seems to have fizzled upstream amid softer PGP costs, PP producers have come out with a margin enhancing price increase, as much as \$.05/lb, slated for August. PP contracts are currently up a net \$.07/lb in 2017; they were up \$.205/lb in Q1 and decreased \$.135/lb in Q2.

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 7th, 2017

Resin for Sale 14,156,216 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
PP Homo - Inj	2,980,140	\$ 0.480	\$ 0.560	\$ 0.490	\$ 0.530
HDPE - Blow	2,188,496	\$ 0.480	\$ 0.560	\$ 0.480	\$ 0.520
HMMWPE - Film	1,719,588	\$ 0.520	\$ 0.565	\$ 0.500	\$ 0.540
LDPE - Film	1,714,300	\$ 0.540	\$ 0.645	\$ 0.560	\$ 0.600
LLDPE - Film	1,675,496	\$ 0.510	\$ 0.595	\$ 0.490	\$ 0.530
HDPE - Inj	1,124,000	\$ 0.590	\$ 0.660	\$ 0.570	\$ 0.610
PP Copo - Inj	1,091,368	\$ 0.525	\$ 0.630	\$ 0.530	\$ 0.570
LLDPE - Inj	872,368	\$ 0.560	\$ 0.620	\$ 0.540	\$ 0.580
LDPE - Inj	790,460	\$ 0.580	\$ 0.635	\$ 0.550	\$ 0.590



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MARKET UPDATE
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