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After a brief lull in trading, the resin markets heated right back up this past week. The flow of offers was heavier, Polyethylene prices were lower and that helped stir up fresh demand. Polypropylene demand was also good and prices moved higher, still transactions were plentiful. Completed volumes for both of these major commodity resins were high. Despite the repetitive effort to implement that pesky ole \$.03/lb price increase, a major consultancy estimated August PE prices averaged \$.03/lb lower, which we believe more accurately reflected market conditions. Polypropylene contracts should settle higher, around \$.02/lb, and mostly cost-push driven. Between the Chinese tariffs, turmoil in Turkey, falling Houston PE prices and opportunistic inquiries from other regions, the export markets are in a strange flux.

The major energy markets were very active, with a range of nearly 7%; it was one of those weeks when the Oil complex began on its lows and ended near its highs. Crude Oil scored gains in 4 of the 5 days and the large \$2/bbl mid-week bump overshadowed Thursday's scant 3-cent break. When the dust settled on Friday, the October futures contracts stood at \$68.72/bbl, up \$3.51/bbl. Brent Oil outperformed WTI by rallying a sizable \$3.99/bbl to \$75.82/bbl. While the oil market had appeared to be reeling the last couple of weeks, it has quickly rebounded from its recent lows. Nat Gas futures moved in a limited range and shed \$.036/mmBtu to end the week at \$2.913/mmBtu, just off its low. Ethane was flat at \$.39/gal (\$.165/lb). Propane continued to extend its gains, adding another nickel, while volume shifted to September, which reached just above the \$1/gal mark (\$.284/lb), a level not seen since Nov 2017.

Monomer trading also ramped up significantly this past last week, both Ethylene and Propylene saw high interest and a healthy volume of material changed hands. Ethylene began the week by transacting flat at \$.16/lb for prompt delivery; it ended the week fractionally higher from there, recording a modest net gain. The forward market is moderately in contango with prices rising in future months. PGP initially traded this week at \$.57/lb, down a couple cents. There were numerous deals done in forward months, at levels a couple cents lower than prompt, classing the forward curve as backwardated. August PGP contracts have yet to settle, but talks have swirled about a \$.02/lb increase – if so, it better settle soon, because current spot levels no longer justify an increase.

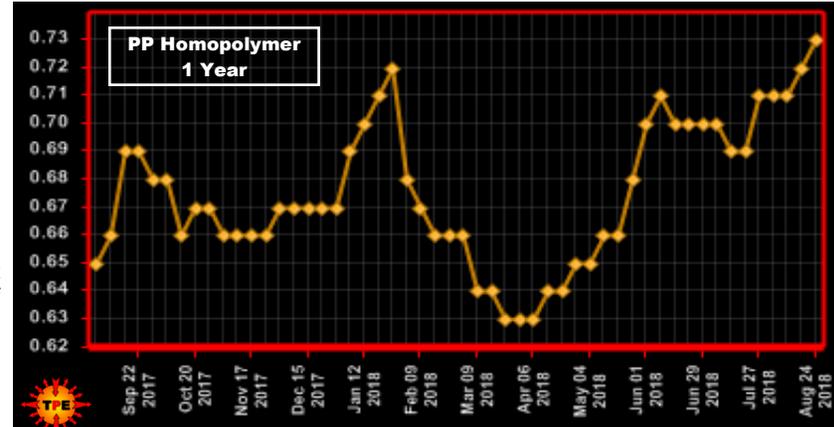
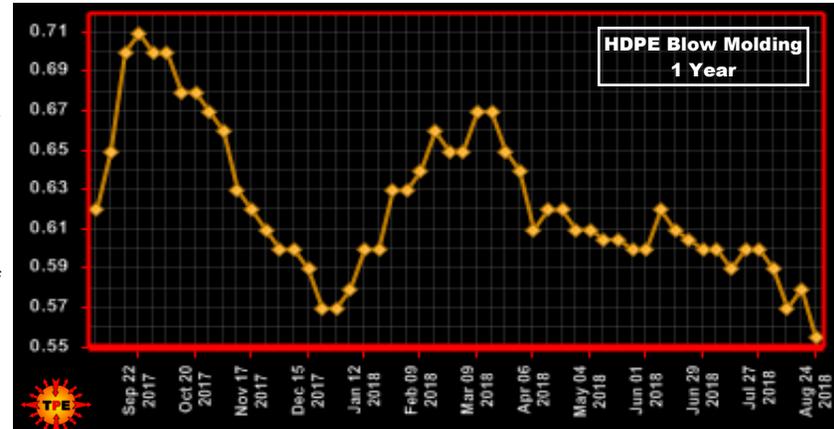
After a relatively rare quiet week, the spot Polyethylene market was again off to the races! In general, processors had been buying minimally for near-term needs, rather than loading up at contract-type levels, which many considered lofty. Over the past month, spot prices have been softening, with some periods of sharp erosion, as the 25% Chinese tariffs on LLDPE and HDPE resins lingered. The tariffs officially implemented on Thursday and the actual impact steepened. Our spot prices were down across the board, ranging \$.01-.025/lb lower by grade, with non-tariffed LDPE falling in sympathy. This break provided enough incentive for buyers to consider stocking up a bit as we head towards a seasonally strong period for manufacturing.

The overall PE market could continue to move lower as material slated for China seeks to find new homes and upstream inventories swell further, but value is starting to be seen as some participants, traders included, began to refill their coffers. In the contract market, a major consultancy indicated PE prices down \$.03/lb, quite contrary to the \$.03/lb price increase proposed by producers - the same increase on the table since February. It has yet to be seen if producers will comply with the suggestion; however, we happen to agree with the decrease. There is no shortage of opinions on how the PE market will react over the coming weeks /months as the situation remains volatile and can turn on breaking news, stay tuned as these markets continue to ebb and flow.

Spot Polypropylene trading was quite active at The Plastic Exchange; there were a large number of deals completed amid a better flow of available material. Transactions were well spread among HoPP low flow, CoPP mid and high flow, Random Clarified and No Break resins. Well priced offers came and went quickly; Mexican buyers added to the demand. With August contracts poised to increase a couple of cents, which some see as a cycle peak, processors scoffed at seemingly expensive railcar offers, and instead picked away at lower priced truckloads to tie them over. Still, our prime HoPP and CoPP prices properly reflected Prime market conditions, adding another penny. If August PGP and PP contracts indeed confirm up \$.02-.025/lb, current spot monomer levels already point to similar relief come September, but of course, in volatile conditions, fundamentals can shift.

## Market Update — August 24th, 2018

Resin for Sale 13,121,376 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
LLDPE - Film	3,249,612	\$ 0.510	\$ 0.590	\$ 0.470	\$ 0.510
HDPE - Inj	2,443,680	\$ 0.520	\$ 0.610	\$ 0.500	\$ 0.540
PP Copo - Inj	2,214,208	\$ 0.650	\$ 0.790	\$ 0.720	\$ 0.760
HDPE - Blow	1,847,196	\$ 0.550	\$ 0.620	\$ 0.530	\$ 0.570
LDPE - Film	1,468,668	\$ 0.530	\$ 0.640	\$ 0.540	\$ 0.580
PP Homo - Inj	1,419,012	\$ 0.660	\$ 0.760	\$ 0.680	\$ 0.720
LDPE - Inj	1,151,656	\$ 0.600	\$ 0.640	\$ 0.580	\$ 0.620
LLDPE - Inj	807,288	\$ 0.595	\$ 0.670	\$ 0.580	\$ 0.620
HMVPE - Film	586,828	\$ 0.590	\$ 0.630	\$ 0.540	\$ 0.580



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