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Market Update — August 3rd, 2018

Resin for Sale 13,645,968 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
PP Copo - Inj	2,591,656	\$ 0.670	\$ 0.900	\$ 0.710	\$ 0.750
HDPE - Inj	2,280,208	\$ 0.585	\$ 0.700	\$ 0.530	\$ 0.570
LDPE - Film	1,906,392	\$ 0.560	\$ 0.670	\$ 0.560	\$ 0.600
PP Homo - Inj	1,817,572	\$ 0.665	\$ 0.760	\$ 0.670	\$ 0.710
HDPE - Blow	1,632,920	\$ 0.560	\$ 0.730	\$ 0.550	\$ 0.590
LLDPE - Film	968,460	\$ 0.550	\$ 0.620	\$ 0.500	\$ 0.540
LLDPE - Inj	861,380	\$ 0.610	\$ 0.700	\$ 0.600	\$ 0.640
HMVPE - Film	796,828	\$ 0.630	\$ 0.690	\$ 0.590	\$ 0.630
LDPE - Inj	790,552	\$ 0.600	\$ 0.690	\$ 0.600	\$ 0.640

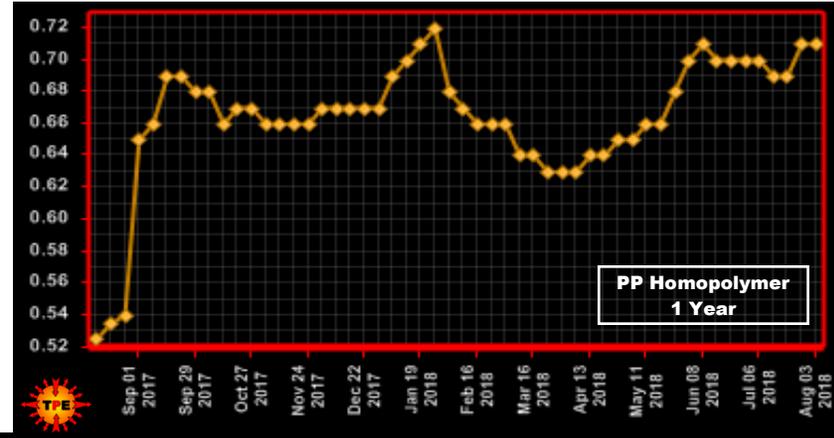
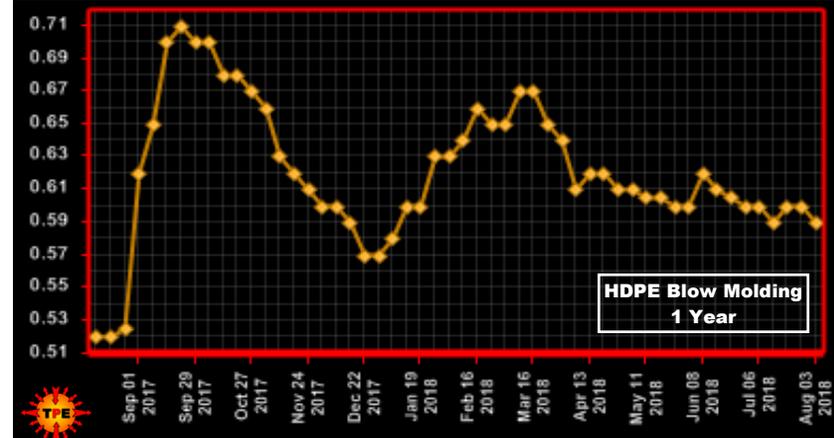
The spot resin markets were a little quieter early in the week, but activity picked up steam as days ticked by. Prime Polyethylene and Polypropylene prices were mostly steady, with occasional exceptions to the downside. Overall transacted volumes were ultimately robust and heavily weighted in PE over PP. Export interest from Latin America and Europe remained healthy, while traders serving the Chinese market were still cautious with concern over the looming tariffs. PE producers are taking another crack at their often attempted \$.03/lb price increase, PP producers will pass through the likely \$.03-.04/lb PGP monomer cost increase that could materialize in August.

The major energy markets ended mixed with good back and forth action seen throughout the week. WTI Crude Oil saw early strength but faded as the week wore on. The Sept futures contract did recover about \$1.50/bbl from its low, but still shed a net \$.20/bbl to \$68.49/bbl. Brent Oil futures trended similarly to WTI, but its middle of the week drops were more severe resulting in a larger net loss of \$1.55/bbl. The Oct futures contract settled Friday at \$73.21/bbl. Nat Gas futures transacted in a narrow range and ended the week at \$2.853/mmBtu, up \$.071/mmBtu. Ethane prices surged \$.06/gal to \$.38/gal (\$.162/lb). Propane prices went the other way, dropping \$.02/gal to \$.95/gal (\$.27/lb), but still remain in the upper half of its recent range.

Once again, the monomer markets saw a lot more quoting than actual transactions, though both PGP and Ethylene prices were firm. Prompt Ethylene prices were bid up later in the week and most recently transacted at \$.15/lb, up a cent, but still below the value of upstream Ethane. The deferred months, which were moderately active, lost relative value and the forward curve flattened a bit. There were few Propylene deals to be done, even as bids inched higher. August spot PGP ended the week at \$.60/lb, also a penny gain. July PGP contracts had rolled flat at \$.59/lb, so based on current spot levels, we would expect to see a contract increase in the vicinity of \$.03/lb, but there is still time for additional market movement before negotiations come into full swing.

The spot Polyethylene market continued to transact at a hectic pace. The last two days of July were actually rather quiet before activity fired back up midweek to begin August. There was a steady flow of offers and resin availability was nicely liquid for almost all commodity grades. Buyers seemed to step up their order size and our total transacted volumes were more driven by rail-car deals vs spot truckloads. Sellers were not shy about offering resin either and there were nice discounts available for good offgrade domestic railcars, while prices were also a tad softer in Houston. Most Generic Prime grades managed flat, though HDPE for Blow Molding and LDPE for film each slid a cent. Over the past month we have seen premiums deteriorate for previously tight resins such as LDPE and LLDPE for Injection as inventories continue to swell at the producer level and resin availability improves. The July \$.03/lb contract increase was again rolled over to August; however, implementation seems unlikely with a possible decrease on the horizon given the negative spot pricing trend.

Polypropylene trading was average at best as spot demand seemed to wane. Offgrade prices were steady to soft, while Prime held its \$.02/lb increase from the previous week. Overall prime PP availability was scarce, while there was a good flow of offgrade railcars that continued to pelt the market. Current warehoused supplies of prime imported material have diminished, though there is more material on the water heading to the US shores. Processors that could handle good offgrade resins picked away to fill in supply gaps. The more specialty grades of commodity CoPP, like Random Clarified and No Break, are still hard to find and command a premium if available. We did see a slight bit of HoPP Raffia trickle back into the market, but in general, this grade still remains tight. PP buyers should expect to see a moderate contract increase based on stronger spot PGP monomer levels.



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