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Spot resin trading surged Monday, which was the end of July, turning the month from only about average to actually exceptional. Film grades including LDPE, LLDPE and HMWPE were the most actively transacted materials; while completed Polypropylene volumes were okay, they were still somewhat uninspiring. Railcar offerings were fairly steady, though we found resellers warehoused inventories to be on the lighter side. Spot levels for both Polyethylene and Polypropylene were mixed. Overall exports were a bit better, with good buying seen from Latin America. There are August price increase nominations for both PE and PP, both have some potential, but are far from a slam-dunk.

The major energy markets generated mixed results amid reduced volatility. WTI Crude Oil saw just a \$2/bbl trading range, which was fully established early in the week. The September futures contract essentially held on to the previous week's sharp gain when it settled this Friday at \$49.58/bbl, leaving a scant \$.13/bbl loss. Sept Brent Oil futures picked up a small \$.20/bbl gain and ended the week at \$52.42/bbl. Natural Gas prices began under pressure and the market continued to soften as the days spun by. The Sept futures contract went into the weekend at \$2.774/mmBtu, which was \$.167/mmBtu below the previous Friday close.

Spot Ethane edged out another half-cent gain to \$.26/gal (\$.11/lb); Propane extended its rally, reaching above \$.76/gal before easing back to \$.74/gal (\$.21/lb), still up more than a penny. The spot monomer market ended the month quietly, but activity picked right back up on Tuesday. Ethylene for August delivery began with an uptick to \$.205/lb and continued to climb, trading as high as \$.24/lb before last changing hands at \$.235/lb, a total gain of more than \$.03/lb. The spot Propylene market firmed and while there was good two-sided interest, few lots were seen completed. August PGP was pegged just below \$.38/lb, at least a cent higher than last Friday.

Polyethylene trading was strong as the month drew to a close; volumes were high and prices were mixed by grade. Spot prices for all PE film grades were softer, which generated good processor buying interest. Supplies of HDPE for blow molding snugged up a bit and added a full cent. Low flow HDPE injection has become less tight, but high flow material is still super scarce and commands an extraordinary premium. Producers will invoice Polyethylene contract sales up \$.03/lb during August, whether the increase will hold is still to be seen. At least a second producer nominated an additional \$.04/lb increase for September sales. At this point in time, back to back price increase nominations creates a potentially precarious situation for resin buyers.

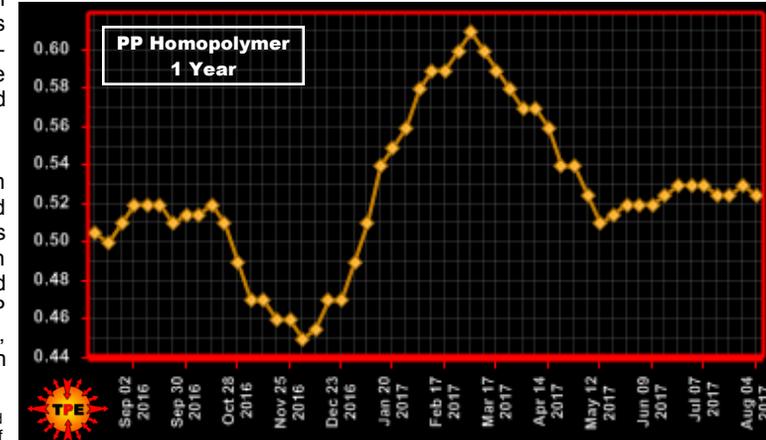
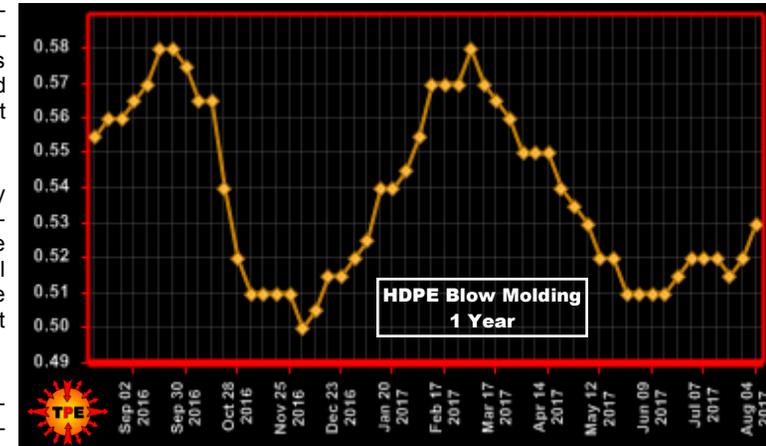
After extended delays, another round of much anticipated new Polyethylene production capacity is now imminent. While of course, producers have been pre-marketing the new material and are otherwise targeting exports for the balance, no doubt the forthcoming increased supply will impact the market and likely weigh on prices. Nobody wants to get stuck with extra high cost resin, so resellers have been shedding surplus pounds while limiting purchases, which is making for a tightly supplied secondary market. Additional production delays could leave the market short of material and lead to interesting spot trading over the next couple months, but it seems that most would rather miss out on a good opportunity rather than be over-committed and later sorry.

The spot Polypropylene market continued to just sputter along. While we saw a relatively consistent stream of buy orders, it was mostly for truckload needs. The pure commodity grades of PP, both Homopolymer and to a lesser extent Copolymer, were mostly available and well-priced, while specialty resins like No Breaks and Random Clarified resins were scarcer and offered with a sizable premium. Rougher widespec PP resin is again being discounted for export and the overall PP market lost ground. HoPP eased a half-cent and CoPP gave back an extra penny that it had previously garnered. Despite slightly bullish fundamentals, PP producers will find some challenge to implement their margin enhancing price increase, as much as \$.05/lb, slated for August. However, we could reasonably see some of it take hold and maybe even a cost-push penny as well.

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 — August 4th, 2017

Resin for Sale 13,474,892 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
LLDPE - Film	3,612,784	\$ 0.500	\$ 0.580	\$ 0.500	\$ 0.540
PP Homo - Inj	2,081,840	\$ 0.500	\$ 0.560	\$ 0.485	\$ 0.525
HDPE - Blow	1,893,864	\$ 0.490	\$ 0.580	\$ 0.490	\$ 0.530
PP Copo - Inj	1,324,828	\$ 0.510	\$ 0.620	\$ 0.520	\$ 0.560
LDPE - Film	1,023,012	\$ 0.540	\$ 0.630	\$ 0.540	\$ 0.580
HMWPE - Film	1,024,552	\$ 0.550	\$ 0.595	\$ 0.520	\$ 0.560
LLDPE - Inj	893,184	\$ 0.570	\$ 0.630	\$ 0.575	\$ 0.615
HDPE - Inj	830,368	\$ 0.600	\$ 0.655	\$ 0.570	\$ 0.610
LDPE - Inj	790,460	\$ 0.590	\$ 0.635	\$ 0.585	\$ 0.625



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MARKET UPDATE
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