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## Market Update — September 6<sup>th</sup>, 2019

Spot resin trading was slow to begin after the long Labor Day weekend; however, the market awoke mid-week with solid demand and heavy turnover ensued. Our typical order size was larger this week as some buyers, apparently pleased with this price level, secured material not only for immediate needs, but also for delivery throughout the next month and sometimes two. Our prices were mixed with Polyethylene ranging from a half-cent lower to a penny higher; Polypropylene levels slipped a half-cent. PE producers are again looking to prop up prices, so we will see if the \$.04/lb increase can gain traction in September. The modest PGP monomer rally has begun to fizzle, which could minimize PP contract movement this month. While resin exports remain robust, the US Dollar strength has contributed to weaker prices in China and are challenging sales to Europe. Hurricane Dorian avoided the petrochemical producing Gulf, but has complicated Southeast logistics.

The major energy markets were volatile and built upon the previous week's gains. WTI Crude Oil futures traded in a wide \$5/bbl range, the October futures contract added \$1.42/bbl to \$56.52/bbl and is now approaching the upper end of its recent range. Brent Oil outperformed WTI to the upside gaining \$2.29/bbl to \$61.54/bbl, widening the WTI/Brent spread back to \$5/bbl. Nat Gas futures powered higher, jumping \$.211/mmBtu, more than 9%, to \$2.496/mmBtu. NGL prices also advanced, Ethane rose \$.026/gal to \$.216/gal (\$.091/lb), while Propane added \$.013/gal to \$.445/gal (\$.126/lb).

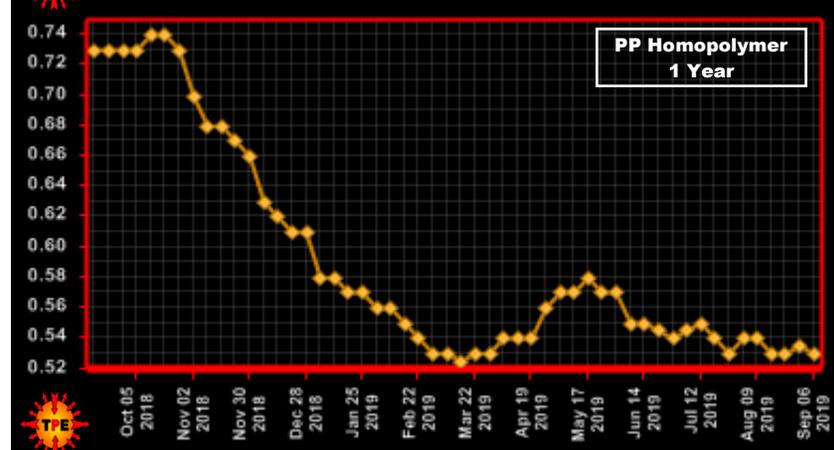
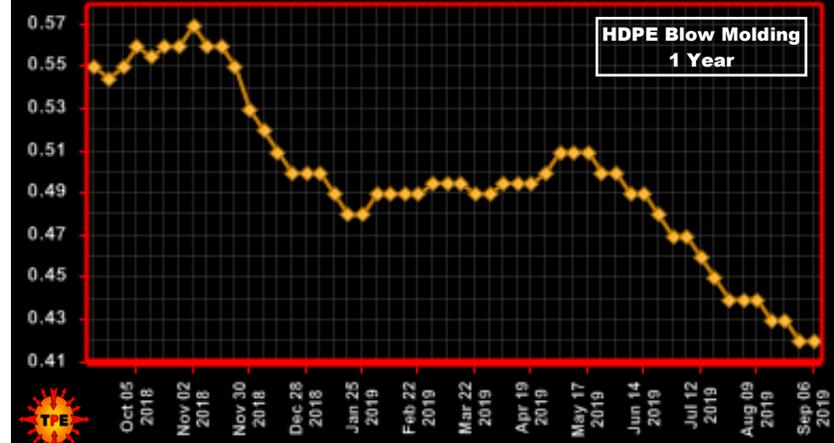
Good activity was seen in the monomer markets during this past holiday shortened week, transacted volumes were about average and pricing was mixed. Ethylene saw prices open higher on Tuesday but the rally was short lived as the market quickly reversed mid-week erasing all early gains. On Friday prompt Ethylene changed hands at \$.1925/lb, the low of the week, before being bid higher and ultimately settling flat at \$.1975/lb. Participants were active and Ethylene deals took place in both Texas and Louisiana locations. Propylene for September delivery began the new month at a \$.02/lb premium above August. That premium began to erode as spot prices knocked off a half-cent on Tuesday, while the back calendar months took large losses of \$.03/lb. PGP continued to be pressured throughout the week erasing nearly \$.02/lb to finish the week slightly below \$.365/lb. The forward curve flattened with peak Nov '20 now resting at only \$.375/lb. ---

The spot Polyethylene market began September in a relaxed way. A short trading week resulted in good volumes, but less than in recent weeks, as buyers struggled to assess a murky contract environment. It has become increasingly difficult to judge contract movements, as even the major consultancies have not been reporting the same monthly price change as each other, while their price assessments have deviated significantly away from the actual prices that we transact physical material. Meanwhile producers have rolled August contracts flat while reiterating a total of \$.07/lb of price increases spread between Sept/Oct – the peak of hurricane season. Contract prices (not including unreported discounts) have remained relatively high, but producers have been generous with their spot discounts which provide savvy buyers with great deals, and have kept our marketplace nice and busy with a steady flow of transactions.

Our spot Polyethylene pricing continued to diverge by grade and premiums have developed for tight LDPE Film and LDPE & LLDPE Injection resins which gained a cent this week, while HMWPE & LLDPE Film lost another half cent and HDPE Injection & Blow Molding held steady. The export market continued to be active, but lower prices have been required to move product amid general overall supply, slower worldwide economic activity, trade wars and a strengthening US dollar. Packaging warehouses in Houston remain overbooked and timelines have almost doubled for services. Further logistics delays were caused by Hurricane Dorian affecting trucking and shipment from secondary ports along the East Coast such as Miami and Charleston which will play a larger future role in exporting all this new material.

Spot Polypropylene trading remained good, but was off its active pace seen over the past two months. The flow of offers was spotty, with less material available after a sales surge seen during August. Demand was healthy, but some buyers were still hesitant to make a move, perhaps waiting to see how Sept prices would play out. Heading into the new month, higher PGP prices were indicating a slight contract increase, but spot PGP levels eased this week, removing the upward cost-push pressure. The resin market reacted to the softness as both HoPP and CoPP grades gave back the half-cent gained at the end of August. There are turnarounds ahead which could limit incremental resin supplies, so please plan accordingly.

Resin for Sale 14,721,344 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
PP Homo - Inj	2,240,208	\$ 0.460	\$ 0.570	\$ 0.495	\$ 0.535
HDPE - Inj	2,217,956	\$ 0.395	\$ 0.480	\$ 0.390	\$ 0.430
PP Copo - Inj	1,846,552	\$ 0.490	\$ 0.600	\$ 0.515	\$ 0.555
HDPE - Blow	1,837,220	\$ 0.390	\$ 0.470	\$ 0.380	\$ 0.420
LDPE - Film	1,790,944	\$ 0.470	\$ 0.555	\$ 0.445	\$ 0.485
LLDPE - Film	1,763,128	\$ 0.360	\$ 0.490	\$ 0.375	\$ 0.415
LLDPE - Inj	1,186,300	\$ 0.480	\$ 0.550	\$ 0.450	\$ 0.490
HMWPE - Film	1,014,116	\$ 0.400	\$ 0.450	\$ 0.385	\$ 0.425
LDPE - Inj	824,920	\$ 0.450	\$ 0.550	\$ 0.450	\$ 0.490



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