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Spot resin trading improved, although the market is still very nervous. The flow of material was heavy again and while completed volumes rose substantially (from dismal levels), offers have still been accumulating. Most/all commodity grade Polyethylene and Polypropylene resins are readily available and there is a very wide range of prices quoted. Upstream energy and feedstock prices recovered somewhat, but plastics remained under pressure. Market participants anticipate further erosion ahead as offers for shipments 2 weeks out are cheaper than material for immediate shipment. Incremental export sales remain seasonally challenged, compounded by the strong US dollar and negative regional market sentiment.

Energy prices bounced back and Jan rolled to the front month. Crude Oil futures jumped 5%; the Jan WTI contract ended the week at \$46.36/bbl, a gain of \$2.21/bbl. Jan Brent Oil rose \$2.11/bbl to \$46.86/bbl. Natural Gas finally had an up week, the Jan futures contract regained \$.13/mmBtu to \$2.98/mmBtu. Ethane added about a penny to \$.20/gal (\$.084/lb); Propane moved fractionally higher to nearly \$.53/gal (\$.15/lb). Spot Ethylene snapped back almost \$.03/lb higher to \$.25/lb. Spot PGP was busier and recovered more than a penny to \$.31/lb, nearly \$.15/lb above RGP.

Spot Polyethylene trading was significantly more active; a steady stream of offers continued to pelt the market and prices slid further. Most generic prime grades dropped another penny with various one-off deals done at steeper discounts. Resin has become plentiful, even previously scarce grades like LDPE film and LLDPE inj have emerged, shrinking their premiums. Houston traders have dropped their bids, looking to liquidate unsold lots rather than taking on new positions, and as always, seeking back-to-back transactions.

Amid falling spot levels, some processors seem frustrated by the lack of clarity with Nov Polyethylene contracts and have minimized volume commitments. Several producers have lowered Nov PE by \$.03/lb, but others have yet to announce the magnitude of their decrease. While the price relief is welcomed by buyers, the \$.03/lb drop is not necessarily deemed a large enough break, some are eying \$.05/lb to completely wipe away the Sep increase. Perhaps it will take through December to achieve the nickel or maybe shave even more.

Polypropylene trading picked up a bit and deals were flying if the volumes were large. Generic prime levels generally slid another cent, with larger discounts needed to move offgrade. Resellers have maintained their effort to liquidate uncommitted material, accepting reasonable bids even if it generated a loss. Nov PGP contracts settled earlier in the month down \$.06/lb; we expect another range of PP contract price movement based on particular index markers, spot levels and monomer components.

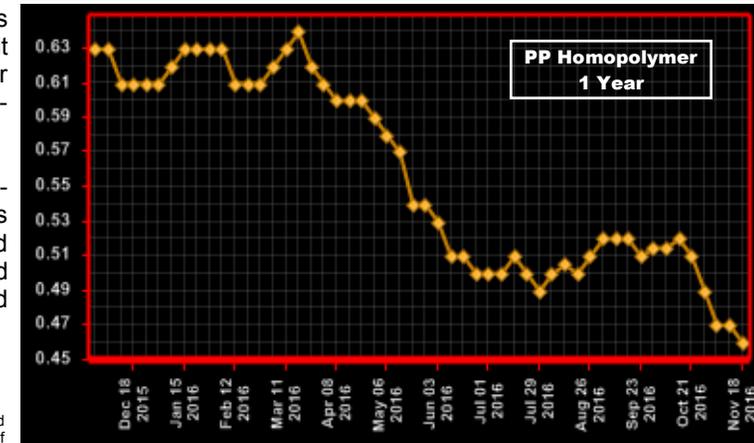
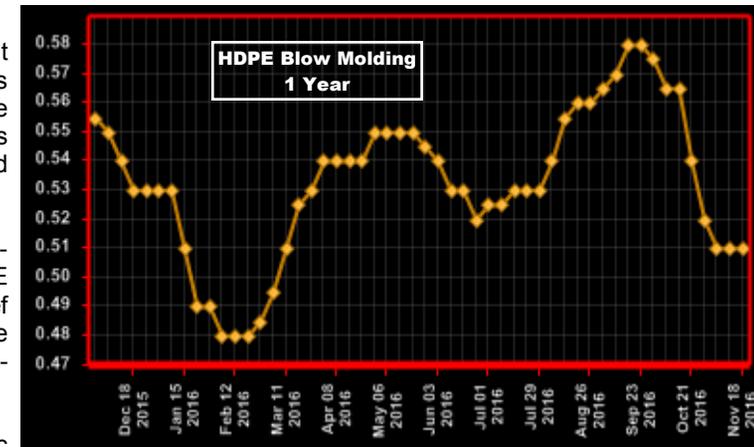
We have seen some Polypropylene buyers willing to pay several cents extra for last minute truckload shipments rather than buy a cheaper railcar. As prices cascade lower, they fear better deals would emerge before the bulk resin even arrived. That said, others have found deeply discounted spot offers compelling and worthy of multi-car orders. Price levels are generally seen from the mid-\$.40s to mid-\$.50s based on quality and quantity; some isolated rougher material has been priced starting with a 3; homopolymer has been noticeably weaker than copolymer.

Happy Thanksgiving – enjoy a safe holiday.

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 — November 18th, 2016

Resin For Sale 18,514,492 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
PP Homo - Inj	3,970,280	\$ 0.420	\$ 0.530	\$ 0.420	\$ 0.460
HDPE - Blow Mold	2,290,944	\$ 0.465	\$ 0.550	\$ 0.470	\$ 0.510
HDPE - Inj	2,575,956	\$ 0.480	\$ 0.550	\$ 0.480	\$ 0.520
LLDPE - Inj	2,204,828	\$ 0.550	\$ 0.630	\$ 0.550	\$ 0.590
PP Copo - Inj	1,958,276	\$ 0.445	\$ 0.565	\$ 0.440	\$ 0.480
LLDPE - Film	1,846,392	\$ 0.500	\$ 0.580	\$ 0.480	\$ 0.520
HMVPE - Film	1,249,564	\$ 0.490	\$ 0.570	\$ 0.490	\$ 0.530
LDPE - Film	1,069,012	\$ 0.570	\$ 0.680	\$ 0.610	\$ 0.650
LDPE - Inj	1,026,276	\$ 0.555	\$ 0.605	\$ 0.550	\$ 0.590



Dominick Russo and Fred Dial — Editors

