



ThePlasticsExchange

bringing the market to you

Market Update — May 1st, 2015

The spot resin markets were busy throughout April and this past week did not disappoint. There was also a sharp divergence noted between the Polyethylene and Polypropylene markets, continuing the reversal from their past several month trends. There was a flurry of Polyethylene buying as processors sought to procure material ahead of the May price increase; spot prices again edged higher while supplies dwindled. Polypropylene availability continued to improve and spot prices dropped considerably; as contracts are poised to ease again, buying was limited to last minute loads needed to fill in for late rail cars. International resin demand has maintained upward pressure on the PE market, although significant logistics constraints are still limiting the actual shipment of resin out of the Port of Houston.

The major energy markets all moved higher. June WTI Crude Oil futures rallied a clean \$2/bbl to end the week at \$59.15/bbl, the highest level since December. June Brent Oil also moved higher, rising another \$1.18/bbl to settle Friday at \$66.46/bbl. Natural Gas was the strongest of the bunch, the June futures contract jumped \$.203/mmBtu, 8%, to head into the weekend at \$2.776/mmBtu. Spot Ethane added \$.0075/gal to \$.1825 /gal (\$.077/lb); Propane gave back \$.025/gal to end the week at \$.5425/gal (\$.154/lb).

The spot Ethylene market was a bit quieter than usual, still prices rose slightly amid moderate trading. Two Gulf crackers remain offline for scheduled turnarounds; the Evangeline Pipeline, which moves Ethylene from Texas to Louisiana, is also still shut. Ethylene for April delivery transacted at \$.36/lb before retiring off the board. May Ethylene pushed a little higher from there, most recently changing hands at \$.3625/lb, a fractional weekly gain. The forward curve is still flat, with all months through the end of 2016 priced within a penny of current levels.

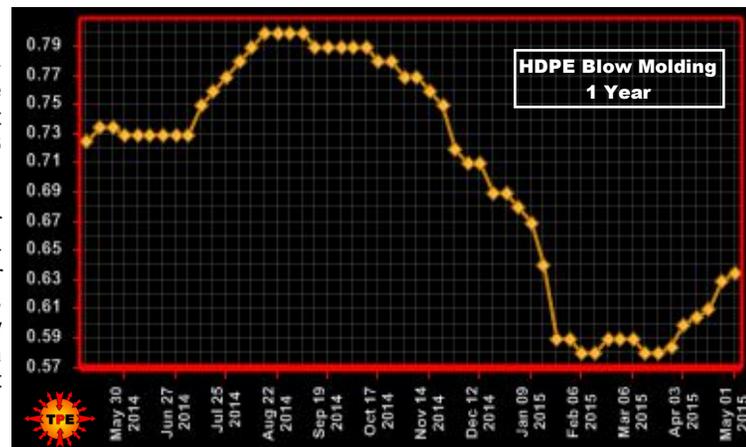
Polyethylene trading continued to transact at a rapid rate; strong volumes were seen among all major grades of HDPE, LDPE and LLDPE. Spot PE prices continued to rally, not only closing the gap to contracts, but in some cases getting ahead. High Density was up a half-cent, with a full penny gain seen for most film resins. We typically see premiums amongst materials shrink in falling markets and expand as they rise. This past week's bullish action is giving another signal that the May price increase will likely have legs; while it is way too early to tell whether the entire nickel will stick, it seems realistic for at least a couple/few cents to take hold. The export market is also lending support, providing not only an excellent outlet for surplus material, but also a rising floor price to the market.

Propylene trading was a tad more active but prices were little changed. The market did start the week higher and April PGP worked its way back up to \$.40/lb before expiring; however, May PGP pricing softened by the end of the week, ending with a fractional loss, just above \$.39/lb. April PGP contracts were down \$.06/lb and May has been nominated to decrease another half-cent to \$.425/lb. This level is certainly in the realm, but the decrease might actually come through a little larger. The forward curve is still mildly backwardated, with a series of slight discounts provided each month until a penny discount is seen for December. RGP mostly transacted in the high \$.20s/lb.

The spot Polypropylene market saw better than average activity as material availability continued to improve. The flow of railcars increased and there were actually some Generic Prime railcars offered at month-end. Although supplies are generally still scarce, spot prices sunk, shedding some of the huge premium held to contracts. In a rare circumstance due to restricted production, PP contracts, many which are still tied to monomer, have followed oversupplied PGP lower, while tight resin supplies have supported spot PP's lofty level. PGP contracts have declined \$.335/lb since the October peak, while average PP contracts have only decreased \$.28-.29/lb; with another \$.03/lb coming out this past week, spot PP is now down about \$.22/lb from its high.

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.

Total Offers 16,271,912 lbs		Spot		Contract	
Resin	Total lbs	Low	High	Bid	Offer
HDPE - Blow Mold	3,722,624	\$ 0.595	\$ 0.670	\$ 0.595	\$ 0.635
HDPE - Inj	2,822,796	\$ 0.610	\$ 0.690	\$ 0.605	\$ 0.645
LDPE - Film	2,072,324	\$ 0.650	\$ 0.730	\$ 0.630	\$ 0.670
LLDPE - Film	1,931,680	\$ 0.630	\$ 0.710	\$ 0.610	\$ 0.650
PP Homo - Inj	1,366,852	\$ 0.590	\$ 0.720	\$ 0.620	\$ 0.660
LDPE - Inj	1,190,484	\$ 0.610	\$ 0.700	\$ 0.650	\$ 0.690
LLDPE - Inj	1,100,208	\$ 0.610	\$ 0.670	\$ 0.630	\$ 0.670
PP Copo - Inj	1,094,920	\$ 0.650	\$ 0.770	\$ 0.640	\$ 0.680
HMMWPE - Film	970,024	\$ 0.610	\$ 0.680	\$ 0.625	\$ 0.650



Dominick Russo and Jay Schreiber — Editors

www.ThePlasticsExchange.com MARKET UPDATE

Michael Greenberg
312.202.0002
@ResinGuru