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Spot resin continued to change hands at a fervent pace; Polyethylene much more than Polypropylene, and prices for both materials were steady across the board. Although the flow of fresh railcar offers has slowed, traders in Houston and national resellers have provided good market liquidity from their uncommitted stocks. Considering that most or all of the current \$.05/lb Polyethylene price increase is likely to be implemented in May, processors have been scooping up the spot PE material which remains competitive to contracts. Polypropylene buyers, on the other hand, have been maxing their contract purchases and only tapping the pricier spot market to fill in supply gaps. The export market has slowed considerably, particularly to the Asian region.

The major energy markets retreated a bit from their recent recovery rallies. WTI Crude Oil established its \$3.78/bbl range by Tuesday; the July futures contract ultimately shed \$.82/bbl to end the week at \$59.72/bbl. July Brent Oil lost \$1.44/bbl to head into the weekend at \$65.37/bbl. Natural Gas was the softest of the group; the July contract declined \$.151/mmBtu to close Friday at \$2.919/mmBtu. Ethane was essentially flat, ending the week at \$.1925/gal (\$.0812/lb); Propane slid more than a nickel, over 10%, back down to \$.435/gal (\$.123/lb).

A high volume of Ethylene transacted in the spot market, but prices remained very close to the \$.36/lb level seen over the past few weeks. Several Gulf crackers were hit with relatively minor production issues otherwise, most are operating near capacity. Ethylene for May sold actively at steady money and then later in the week another group of trades crossed slightly lower, ending around \$.3575/lb, down a scant quarter-cent. Ethylene's forward curve is relatively flat; a mere \$.005/lb separates prices through the end of 2016.

The Polyethylene market remained active; however, prices stalled along their recent ascent. Fresh railcar offers have thinned out, while a slightly softer Houston market is keeping prices in check. Polyethylene sales were exceptionally strong during Mar/Apr, each around 300 million lbs above the trailing 12 month average. While some of the elevated domestic purchases likely went to meet increased seasonal usage, much of the aggressive demand is deemed to have replenished processors' inventories. Processors in general enjoyed the \$.16/lb decrease since November and with a \$.05/lb increase looming for May, the risk/reward was simply too compelling and the orders rushed in. Export demand was also excellent during the same period, as a heavy turnaround season in Asia left the region short of resin. As a result of the buying frenzies, producers moved so much Polyethylene that any burdensome inventories that had developed during 7 consecutive months of builds were quickly eliminated. Consequently, the spot market has moved higher in support of the price increase and it seems that most or all of it will take hold.

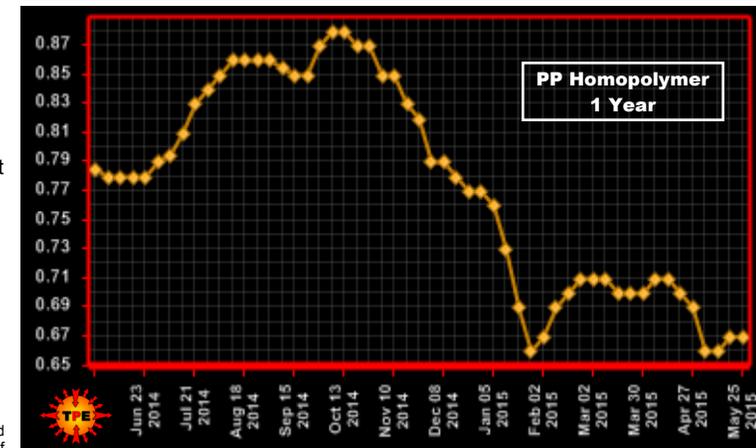
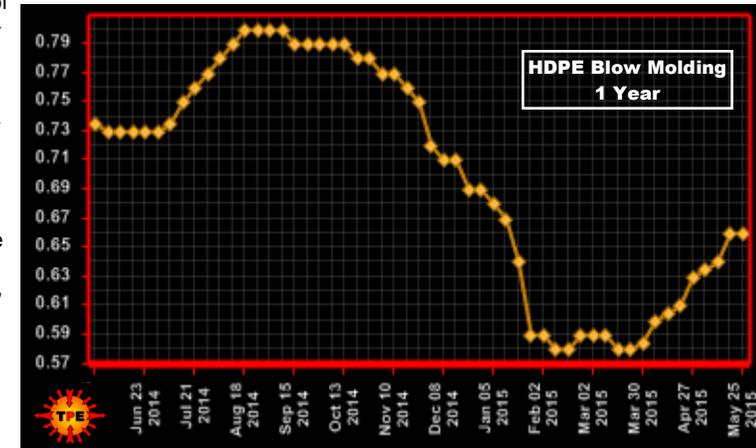
The Propylene market saw limited trading and prices slid while suppliers sought elusive buyer interest. A single PGP transaction for May delivery was seen early in the week at \$.405/lb, which was steady. May PGP contracts settled at \$.42/lb, down a penny; it was the sixth decrease in seven months. The spot market was then subsequently consistently offered lower until reaching \$.375/lb with no takers, down \$.03/lb. The fast and furious decline fully wiped away the previous weeks of gains, setting the potential for fresh 6-year lows. The PGP forward curve remains fairly flat through the end of 2015 and then takes on a steep contango shape, with prices seen rising into the mid \$.40s/lb by the end of 2016. RGP was also weak this week, shedding several cents to most recently transact around \$.28/lb.

Spot Polypropylene trading still only sputtered along while prices were steady on average. Several production issues continue to challenge PP supply; generally tight availability and high prices relative to contracts have kept most large buyers at bay. Despite a penny decrease in contract PGP monomer, PP resin contracts will likely roll flat in May. Since peaking at \$.765/lb in October, PGP costs have fallen \$.345/lb to \$.42/lb in May. This precipitous fall was largely due to the dramatic plummet in oil prices, exacerbated by PP producers' inability to consume the surplus monomer as many reactors were offline for both planned and unexpected maintenance. The limited resin production restricted material availability, buoying spot polymer prices to the point that spot PP shifted from a traditional discount to contracts to a premium, which is rare, especially in a falling market. After years of fruitless attempts to disengage the direct correlation between PGP monomer costs and PP resin prices, this unique situation has enabled PP producers to finally expand margins by decreasing contracts about \$.05/lb less than the drop in their feedstock costs. While contract prices have essentially stabilized over the past few months, spot prices have been easing a bit, to somewhat close the premium gap now held to contracts.

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 — May 22nd, 2015

Total Offers 14,181,680 lbs		Spot		Contract	
Resin	Total lbs	Low	High	Bid	Offer
LLDPE - Film	2,954,164	\$ 0.650	\$ 0.720	\$ 0.640	\$ 0.680
HDPE - Inj	2,764,164	\$ 0.640	\$ 0.700	\$ 0.630	\$ 0.670
HDPE - Blow Mold	2,571,876	\$ 0.630	\$ 0.690	\$ 0.620	\$ 0.660
LDPE - Film	1,716,392	\$ 0.680	\$ 0.740	\$ 0.660	\$ 0.700
HMWPE - Film	1,085,472	\$ 0.605	\$ 0.700	\$ 0.650	\$ 0.690
LLDPE - Inj	881,840	\$ 0.660	\$ 0.710	\$ 0.640	\$ 0.680
PP Homo - Inj	877,656	\$ 0.610	\$ 0.690	\$ 0.630	\$ 0.670
LDPE - Inj	837,748	\$ 0.650	\$ 0.710	\$ 0.660	\$ 0.700
PP Copo - Inj	492,368	\$ 0.680	\$ 0.750	\$ 0.650	\$ 0.690



Dominick Russo and Jay Schreiber — Editors

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