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Spot plastics trading activity improved; after a slow beginning to July, the flow of both resin supply and material requests returned to a more typical pace. Polyethylene demand was good from both the processor and reseller sectors. Polypropylene buyers were mostly just out looking for special deals and they seemed patient. Spot resin prices were firmer; Polyethylene saw gains of \$.005-.015/lb depending on grade. Polypropylene prices were mixed; Generic Prime gained a penny, while export and offgrade prices were pressured.

August WTI Crude Oil futures bounced around in a small \$2.51/bbl range, ultimately adding \$.54/bbl to \$45.95/bbl. This comes after several weeks of declining prices, during which WTI Crude slid more than \$6/bbl from its recovery high above \$52/bbl. August Natural Gas lost almost a nickel to \$2.756/mmBtu. Ethylene jumped \$.025/lb to \$.285/lb, the highest level since early April. Polymer Grade Propylene was slightly firmer above \$.305/lb, but remained in the penny range it has held for the past 3-4 months. Ethane ended the week around \$.19/gal (\$.08/lb); Propane dropped a couple cents to \$.49/gal (\$.139/lb).

Polyethylene demand was good, processors were buying to fill in supply gaps, some resellers had short orders to cover and market sentiment was moving away from bearish, now approaching neutral. While Polyethylene availability increased, the volume of offers, which was still relatively limited, would not suggest that the market is grossly over supplied and ready for prices to tumble. LDPE and LLDPE for both film and injection remains relatively tight, although some material has been trickling into the secondary market, which is quickly placed. While HDPE film and blow molding grades are a bit looser, the market is far from flooded with material.

Polyethylene production was off sharply in June, affected by reactor issues due to planned and unexpected outages. According to the initial ACC statistics, PE producers ran reactors at only 89%, making just 3.26 billion lbs of resin, which was 160 million lbs below the trailing 12-month average. Domestic demand was strong at 2.65 billion lbs, 60 million above the 12-month average. Exports also perked up, June sales were 750 million lbs, 70 million more than May, but still 70 million below the 12-month average. Production was unable to satisfy demand, so 151 million lbs were drawn from collective upstream inventories, entering July with 3.50 billion lbs on hand, almost 130 million lbs below the 12-month average.

Expectations for a price decrease on July contracts, which had already been downgraded to only hopeful, seems to be waning further. It is starting to feel that average PE contracts will roll flat again in July. We would also not be surprised to even see a fresh price increase letter floated – if even just for good measure.

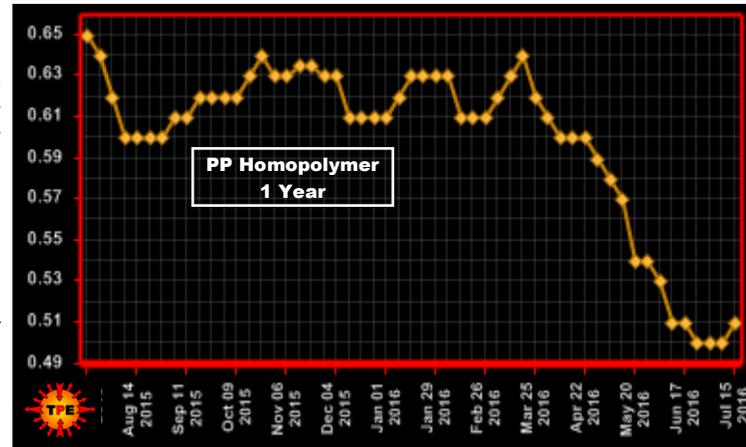
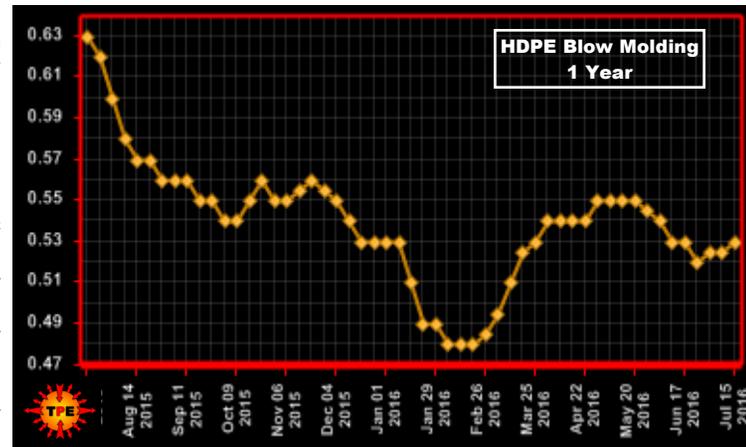
The spot **Polypropylene** market also saw increased activity; processors continued to pick away at well-priced supply, but in limited quantities. A steady flow of widespec railcars continued to pelt the secondary market, while resellers offered up their warehoused inventories, together providing good liquidity amongst most commodity grades. Prices were mixed, domestic Prime edged a penny higher, but Offgrade remained soft and the export market was more than adequately supplied.

According to the preliminary reports issued by the ACC, Polypropylene production remained very strong; reactor rates ran at nearly 95% and have been above 90% in all but one of the last 13 months. Domestic demand was at 1.43 billion lbs, 20 million above the 12-month average. PP exports were notably strong and about 5% of total sales. The renewed export channel sent almost 75 million lbs offshore in June – the most since May 2012. Producers pulled 36 million lbs from their collective inventories to meet demand, leaving 1.613 billion lbs at the beginning of July, but still about 100 million lbs above the 12-month average.

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 — July 15th, 2016

Resin For Sale 13,629,712 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
HDPE - Blow Mold	2,901,704	\$ 0.500	\$ 0.560	\$ 0.490	\$ 0.530
HDPE - Inj	2,229,128	\$ 0.500	\$ 0.560	\$ 0.490	\$ 0.530
LDPE - Film	2,011,404	\$ 0.470	\$ 0.650	\$ 0.600	\$ 0.640
PP Homo - Inj	1,955,036	\$ 0.460	\$ 0.555	\$ 0.470	\$ 0.510
LLDPE - Film	1,320,116	\$ 0.540	\$ 0.600	\$ 0.520	\$ 0.560
PP Copo - Inj	1,191,656	\$ 0.500	\$ 0.650	\$ 0.500	\$ 0.540
HMWPE - Film	939,564	\$ 0.530	\$ 0.590	\$ 0.520	\$ 0.560
LDPE - Inj	610,736	\$ 0.540	\$ 0.670	\$ 0.600	\$ 0.640
LLDPE - Inj	470,368	\$ 0.575	\$ 0.650	\$ 0.590	\$ 0.630



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