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## Market Update — September 14th, 2018

Resin for Sale 12,473,828 lbs		Spot Range		TPE Index	
Resin	Total lbs	Low	High	Bid	Offer
HDPE - Blow	2,370,012	\$ 0.500	\$ 0.660	\$ 0.510	\$ 0.550
PP Homo - Inj	2,158,220	\$ 0.670	\$ 0.780	\$ 0.690	\$ 0.730
LDPE - Film	1,803,588	\$ 0.560	\$ 0.640	\$ 0.530	\$ 0.570
LLDPE - Film	1,543,220	\$ 0.480	\$ 0.585	\$ 0.455	\$ 0.495
PP Copo - Inj	1,388,828	\$ 0.685	\$ 0.830	\$ 0.730	\$ 0.770
HDPE - Inj	1,279,748	\$ 0.510	\$ 0.580	\$ 0.485	\$ 0.525
LLDPE - Inj	827,012	\$ 0.580	\$ 0.660	\$ 0.560	\$ 0.600
LDPE - Inj	682,920	\$ 0.580	\$ 0.620	\$ 0.560	\$ 0.600
HMVPE - Film	420,460	\$ 0.550	\$ 0.600	\$ 0.530	\$ 0.570

The spot resin markets were very busy, and maintained the heightened level of activity which developed late in the previous week. Polyethylene prices were mostly lower, Polypropylene was largely steady, and our transacted volumes were relatively high. The flow of offers was healthy, if not strong, as resellers apparently desired to move resin quickly, even if a quick flip, rather than taking on added inventory positions. Polypropylene contracts were up about \$.02/lb in August and will likely see little change in Sept, perhaps down a cent, which is a slightly stronger stance than 3-4 weeks ago. There is much confusion with regard to Polyethylene contracts - notwithstanding the index flip-flop by a major consultancy, the 3-cent spot decrease seen for most grades, vs most producers firm roll-over in August, some, but not all contracts were indeed down. Inasmuch, the lack of price transparency is reaching a new dynamic - at least 2 PE producers have recently sent letters reinforcing their intent to increase Sept contract prices by \$.03/lb and an additional \$.02-.03/lb in Sept/Oct, OK sure, but from what level?!?

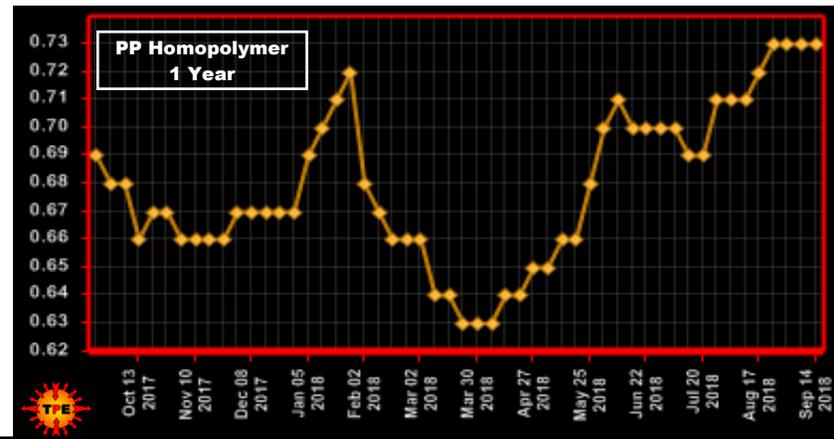
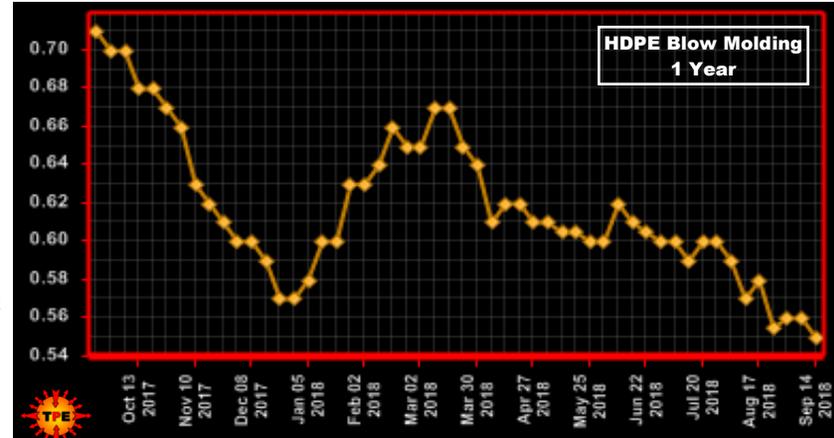
The major energy markets mostly rebounded from the previous week with the Oil complex showing some strength. WTI Crude Oil was volatile, trading back/forth in a nearly 6% range, and while the Oct futures contract again reached above \$70/bbl, it was still not able to hold it. The week ended with Crude gaining a net \$1.24/bbl to \$68.99/bbl. Brent Oil followed suit as the Nov contract added \$1.26/bbl to \$78.09/bbl. Nat Gas futures started the week strong, but gave up its gains and then dipped into the red, settling the week down less than a cent to \$2.767/mmBtu. Ethane has now experienced 3 straight weeks of multi-year highs, this time jumping a massive \$.08/gal to \$.53/gal (\$.224/lb). Propane has also continued to rally, adding more than a penny to \$1.05/gal (\$.297/lb).

The monomer markets were active and prices propelled higher. Ethylene came out strong, surely from cost-push pressures; it quickly surpassed the \$.20/lb resistance point and then packed on a couple pennies from there. Ethylene for prompt delivery reached \$.22/lb, up about 10% for the week and the forward months are also in slight contango. Propylene was much less exciting - it opened flat on Monday and maintained its lack of enthusiasm throughout the week. There were a few scattered bids and offers, but no real oomph to push prices far off centerline. By Friday, the offers that hung over the market had pressured prompt prices down a half-cent or so to \$.57/lb. This spot level suggests very little change in September contracts, steady at best to perhaps down a penny or so.

Spot Polyethylene trading was very good, and if transactions were more widespread amongst grades, it might have even been categorized as robust. However, while LDPE and LLDPE, both film & injection grades, took the spotlight, HDPE demand somewhat fizzled. Still, pricing for all commodity PE grades were under pressure, with losses of \$.005-.01/lb typical. Buyers were fairly active again, finding value in the cheaper resin, while some Southeast processors began filling short-term supply gaps due to logistics delays caused by Hurricane Florence. While the initial purge of tariff related surplus PE has already come and gone, the new lower price level seems to more commonplace, at least in the Houston market.

Early indications reveal that despite the Chinese tariffs, PE exports in August continued to grow to record levels, though timing / reporting could be a factor. Still, while August production continued near record output and upstream inventories built towards that magical 5 billion pound level, PE prices remained relatively resilient. Producers and processors continue to spar with regard to contract prices and it seems that there were mixed results based on specific relationships and contract terms - some flat, some down. One thing is for sure, there are deep discounts afforded for spot material, just contact us for supply.

The spot Polypropylene market was busier than the previous week, availability came in good spurts and our volume of transactions was above average. Deals were spread among the full gamut of commodity grades, including those normally deemed scarce. Prime domestic railcars in the secondary market were generally priced \$.16-.24/lb above monomer, depending on grade, which usually scared away buyers. The best deals were seen for near-prime and good offgrade materials, which were offered at least a nickel or even a dime lower and snapped up quickly. Rough, low quality PP in Houston can be procured about a nickel above monomer. We are seeing another, but smaller wave of PP imports on the water, pricing is between domestic offgrade and prime levels. September PGP has been a tad volatile, but within range, pointing to little change for PP contracts. We remain modestly bullish towards PP pricing.



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**Michael Greenberg**  
**312.202.0002**  
**@ResinGuru**