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OCTOBER 15-19, 2018

SUMMARY: PE spot prices were firm as producers continued to position for Oct price increase initiatives. Preliminary industry data from the ACC revealed a Sep inventory draw of 142 million pounds across all grades. Domestic PE sales and exports dropped last month, but production was off by nearly 500 million pounds (-11%) from the prior month. Spot availability appeared to be more limited, and HMWPE film remained relatively tight. HDPE BM and LLDPE film grades were described as balanced, while LDPE film was soft.

HOUSTON/CHICAGO: Oct HDPE BM HIC (loop-slurry process) was trading in a range of 48-48.5 cpp railcar FOB Houston for export this week, with decent availability reported. An export-only auction concluded at 48.2 cpp railcar FOB Houston on Wednesday. The MTD HDPE BM calendar average was 48.05 cpp FOB Houston, compared with 48.803 cpp in Sep. Packaged HDPE BM dairy traded at 55-56 cpp bags FOB Houston amid reports of snug supply for that material. On an FOB Chicago basis, HDPE BM HIC was seen at 57-58 cpp, 2-3 cpp higher than late Sep. HDPE IM pail/crate export availability was reported at 46-47 cpp railcar FOB Houston, with limited buying interest.

LLDPE butene film offers were reported at 43-44 cpp railcar FOB Houston, with limited volumes confirmed at 43 cpp. The MTD LLDPE butene film calendar average was 42.1 cpp FOB Houston, compared with 42.316 cpp in Sep. Packaged LLDPE butene film inventory was steady at 48-49 cpp FOB Houston. LDPE film (MI 2, with adds) and LDPE frac melt offers ranged from 47-51 cpp railcar FOB Houston. Packaged LDPE clarity film was quoted at 52-53 cpp bags FOB Houston.

CONTRACT: There were no new developments in the PE contract market. Suppliers have announced 2-4 cpp price increase initiatives for Oct.

OPERATIONS: There was talk of unplanned LLDPE outages contributing to tighter availability of LLDPE, particularly butene film grades. However, nothing was confirmed. Turnarounds were reportedly scheduled this month for HDPE units at LyondellBasell's Matagorda, TX facility and Fomosa's Point Comfort, TX facility.

DOMESTIC RESALE: Secondary market spot availability was limited this week and offers pushed higher. Activity was expected to pick up in the coming week. Generic prime HDPE BM HIC was up 0.5 cpp on average at 60-62 cpp railcar delivered. Generic prime HDPE IM crate and pail were both quoted at 62 cpp railcar delivered, not including a proposed 3 cpp increase. LLDPE butene film also edged higher, with offers seen in the low 60s cpp railcar delivered. LDPE clarity film was discussed in the high 60s cpp to low 70s cpp railcar delivered, as was HMWPE film.

PRICE SNAPSHOT

Spot Railcars

	\$/lb	Thursday	1-Week Δ	4-Week Δ
FOB HOUSTON				
HDPE BM HIC		0.483	+0.003	-0.013
LLDPE butene film		0.420	-	-
LDPE film		0.470	-0.010	-0.020
HMWPE film		0.520	-	-0.010
FOB CHICAGO				
HDPE BM		0.580	-	+0.010
LLDPE butene film		0.570	-	+0.010

Domestic Resale - Railcar Delivered

	\$/lb	Thursday	1-Week Δ	4-Week Δ
GENERIC PRIME				
HDPE BM HIC		0.610	+0.005	+0.005
HDPE pail		0.610	+0.005	+0.020
LLDPE butene film		0.600	+0.005	+0.020
HMWPE film		0.680	+0.030	+0.025
LDPE clarity film		0.690	-	-0.025
WIDE SPEC				
HDPE pipe		0.530	+0.005	+0.010
HDPE pail		0.560	-	+0.010
LLDPE butene film		0.540	-	+0.020
LDPE liner		0.550	-	-

Feedstocks

	\$/lb	Thursday	1-Week Δ	4-Week Δ
Ethylene		0.17375	-0.02875	-0.04625
Ethane		0.13089	-0.04251	-0.05387
Nat gas (\$/mmBtu)		3.222	+0.057	+0.405
WTI crude (\$/bbl)		70.97	-3.36	+2.38
Brent crude (\$/bbl)		80.26	-4.32	+2.08

Please see monthly averages on page 4.

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WIDE SPEC / RECYCLED PE

WIDE SPEC

Offgrade resale prices were stagnant and fresh offers appeared limited. Offgrade HDPE frac melt suitable for non-pressure pipe was assessed at 52-53 cpp railcar delivered. Offgrade HDPE dairy was quoted at 53 cpp railcar delivered, and offgrade HDPE BM HIC was done at 54 cpp railcar delivered. Offgrade LLDPE butene film was flat at 54 cpp railcar delivered. LDPE liner (barefoot) was unchanged at 55 cpp railcar delivered.

LDPE REPRO

LDPE film repro was done at 30 cpp FOB Houston area with a resale price of about 35 cpp. In the western US and Mountain states, LDPE film repro was seen in a wide range of 30-50 cpp delivered. Demand has been strong this year for recycled LDPE film as pressure mounts to get recycled units into new plastic bags, wrapping and other LDPE film packaging materials, a similar dynamic to that playing out in other plastic recycling markets.

HDPE REGRIND

HDPE frac melt mixed color regrind was done at 38-42 cpp delivered to the Southeast, Midwest and Mid-Atlantic (36-40 cpp FOB), up 3 cpp from business done a week ago. HDPE IM regrind was unchanged at 36 cpp FOB Houston and locations in the Southeast.

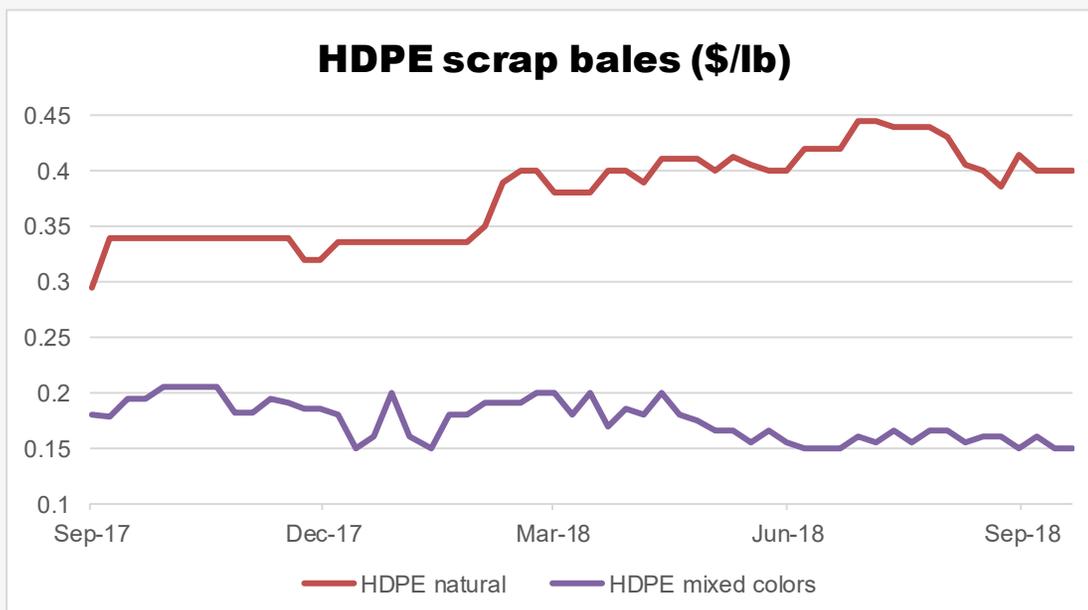
SCRAP BALES

HDPE curbside mixed color bales were steady this week at 14-16 cpp FOB locations east of the Rockies. Dirty HMW scrap was in the single digits delivered Southeast.

PCR

HDPE natural post-consumer resin (PCR) was done at 73 cpp FOB Southeast, down 4 cpp from a week ago, and was last seen at 65 cpp FOB Southern California.

REPRO / PELLETT (\$/lb)	Location	Thursday	1-Week Δ	4-Week Δ
HDPE HMW	FOB Southeast	0.470	-	+0.010
HDPE Natural PCR	FOB Southeast	0.730	-0.040	-0.050
HDPE Gray PCR	FOB SoCal	0.560	-	-
HDPE Natural PCR	FOB SoCal	0.650	-	-
HDPE copolymer Black PI	FOB Southeast	0.450	-	-0.020
LDPE film MC	FOB East of Rockies	0.350	-0.050	-0.050
LLDPE film MC	FOB East of Rockies	0.350	-0.050	-0.050
REGRIND / FLAKE (\$/lb)				
Dirty HDPE HMW Drums	FOB Southeast	0.235	-	+0.035
HDPE PI Frac-melt	FOB East of Rockies	0.380	+0.030	+0.010
HDPE IM crate MC	FOB East of Rockies	0.360	-	-0.010
LDPE IM MC	FOB East of Rockies	0.420	-	+0.050
SCRAP / BALES (\$/lb)				
HDPE natural	FOB East of Rockies	0.400	-	+0.015
HDPE MC	FOB East of Rockies	0.150	-	-0.010
Grade A LDPE film	FOB NY/NJ ports	0.080	-	-0.020
Grade C LDPE film	FOB Southeast	0.000	-	-



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INTERNATIONAL SNAPSHOT*

LATIN AMERICA: Prices were stable. Buying activity in the region was still lackluster as the strengthening US dollar provided a headwind to sales. HDPE BM HIC was seen at \$1200-1220/mt (54.4-55.3 cpp) CFR WCSA, with Mideast cargoes reported at \$1170/mt (53.1 cpp) CFR Brazil. LLDPE butene film was assessed at \$1070-1100/mt CFR WCSA, although bids were reported as low as \$1040/mt (47.2 cpp). LDPE film continued to trade at parity with HDPE BM around \$1200/mt (54.4 cpp) CFR WCSA. HMWPE film was booked at \$1320-1340/mt (59.9-60.8 cpp) CFR WCSA for branded prime cargo, but generic prime business was seen at \$1280/mt (58.1 cpp) CFR WCSA.

EUROPE: PE spot prices were flat from the prior week. LLDPE butene film was at €1170/mt (\$1357/mt or 61.6 cpp) FD NWE, HDPE IM was at €1160/mt (\$1345/mt or 61 cpp) FD NWE and LDPE film was at €1200/mt (\$1392/mt or 63.1 cpp) FD NWE. Upstream, naphtha prices ended the week at \$675/mt, giving up most of the previous week's gains.

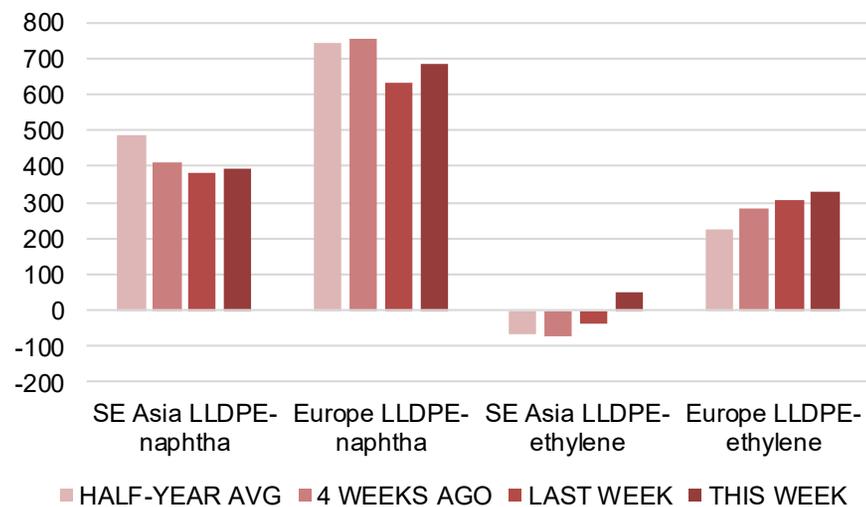
ASIA: Southeast Asia LLDPE butene film import prices were off \$5/mt at \$1110/mt (50.3 cpp), while CFR China prices edged up to \$1122.50/mt (50.9 cpp). East China domestic LLDPE butene film was Rmb275/mt higher at Rmb10000/mt ex-warehouse, lifted by further devaluation of the currency. Sinopec and PetroChina both raised their domestic HDPE and LLDPE prices from late Sep. Supplier-held PE inventories in China were 50,000 mt higher after last week's holidays. In the futures market, the active LLDPE contract on the Dalian exchange ended the week at Rmb9540/mt, up 0.8% from late Sep. Upstream, spot ethylene prices fell \$95/mt (4.3 cpp) to \$1160/mt (52.6 cpp) CFR NE Asia as cargoes flowed into the region from the Mideast and Europe.

*European and Asian commentaries and prices are courtesy of Tecnon OrbiChem.

International Price Indications

	SPOT		1-week Δ	
	\$/MT	\$/LB	\$/MT	\$/LB
LLDPE				
CFR WCSA	1085	0.492	+10	+0.005
FD NW Europe	1357	0.616	+12	+0.005
CFR SE Asia	1110	0.503	-5	-0.002
CFR China	1122.5	0.509	+3	+0.001
FAS Houston*	986	0.447	-	-

Intl Supply Chain Spreads (\$/mt)



US TRADE DATA

US PE Exports by Destination

Metric tons	Aug	vs July	2018 YTD	vs 2017
World Total	553,898	5,717	3,960,353	1,056,681
Mexico	103,170	2,040	738,012	94,380
Canada	62,248	-116	495,652	61,824
Belgium	54,807	-1,788	363,075	243,056
China	52,187	-12,135	519,611	144,296
Brazil	38,547	-7,333	274,466	82,514
Singapore	22,902	5,825	123,837	71,633
Colombia	21,250	-6,700	190,705	52,291
Argentina	13,038	4,438	68,257	8,868
Chile	12,891	-1,031	104,247	14,512
Turkey	12,310	1,971	86,232	74,493
Vietnam	12,245	8,842	30,458	16,177
Spain	11,630	7,128	34,180	26,325

Source: US Commerce Department

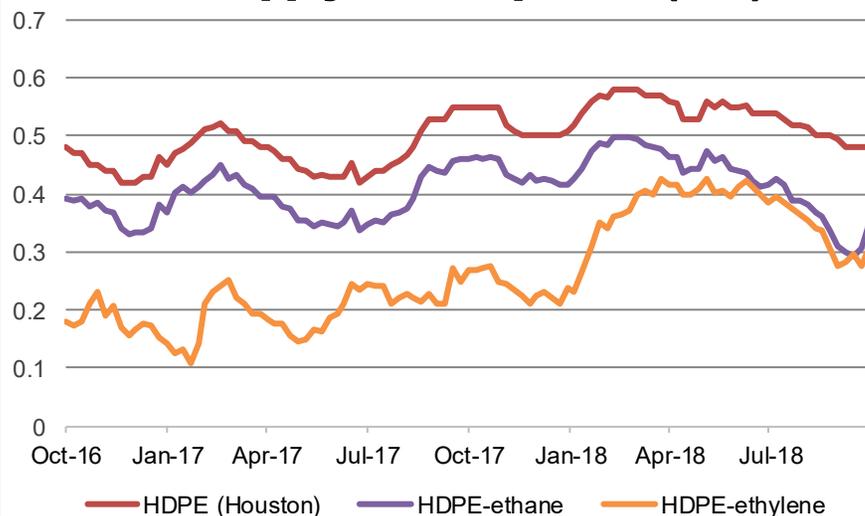
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MONTHLY PRICES

	MTD Oct	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct
FOB Houston													
HDPE BM	0.48056	0.48803	0.51152	0.53571	0.54893	0.54111	0.55625	0.57762	0.56868	0.52071	0.50000	0.52905	0.55000
LLDPE butene	0.42000	0.42316	0.43391	0.46667	0.48857	0.50556	0.51810	0.54619	0.54684	0.50905	0.48150	0.51476	0.54727
FOB Chicago													
HDPE BM	0.58000	0.56947	0.58783	0.61000	0.60619	0.60222	0.62190	0.63000	0.63211	0.61399	0.59281	0.63018	0.66000
LLDPE butene	0.56778	0.55526	0.56478	0.57667	0.57857	0.59944	0.63238	0.64000	0.63579	0.63476	0.64000	0.64810	0.64277
Domestic Resale													
HDPE BM HIC	0.60444	0.60368	0.62205	0.63881	0.64167	0.63694	0.65405	0.66548	0.66316	0.65619	0.65000	0.66881	0.68273
HDPE pail	0.60444	0.59105	0.59773	0.61667	0.62262	0.61611	0.63905	0.65405	0.65658	0.65000	0.67375	0.69310	0.70114
LLDPE butene film	0.59500	0.57816	0.59614	0.60643	0.61048	0.63417	0.66381	0.67000	0.66526	0.66786	0.66125	0.67095	0.67159
HMWPE film	0.65778	0.65263	0.67750	0.69000	0.69000	0.69556	0.70810	0.70714	0.68474	0.67143	0.67800	0.68786	0.68227
LDPE clarity film	0.69000	0.70553	0.73159	0.74000	0.73786	0.74056	0.74690	0.75381	0.77447	0.73214	0.72000	0.73881	0.74864
Contract Δ													
HDPE	NA	+0.03	0	0	0	0	0	0	+0.04	-0.03	0	+0.015	+0.035
LLDPE	NA	+0.03	-0.03	0	0	-0.03	0	0	+0.04	-0.03	0	+0.015	+0.035

FEEDSTOCKS

US Supply Chain Spreads (\$/lb)



ETHYLENE: Spot ethylene prices slid this week. Oct MtB-NOVA ethylene began the week trading at 19 cpp. It traded down to 18 cpp and 17.75 cpp on Thursday and was subsequently offered down to 17.5 cpp. The prior week's Oct trading range was 20.25-22.25 cpp. As of Thursday, ethane-based ethylene cash costs were 16.0 cpp, down from 21.2 cpp a week earlier. Propane-based cash costs were 21.7 cpp, versus 25.2 cpp a week ago. There were no new developments in the ethylene contract market; Sep contract settlements were previously reported up 5 cpp at 33.75 cpp.

IMPLIED VS. ACTUAL COMMODITY PRICES						
	CRUDE (\$/bbl)	NATGAS (\$/mmBtu)	ETHANE (\$/gal)	ETHYLENE (\$/lb)	LLDPE (\$/lb)	HDPE BM (\$/lb)
CRUDE	70.97	12.182	0.81008	0.34185	0.50211	0.44450
NATGAS	18.77	3.222	0.21426	0.09042	0.24313	0.21319
ETHANE	34.06	5.846	0.38875	0.16405	0.31897	0.28093
ETHYLENE	36.07	6.191	0.41173	0.17375	0.32896	0.28985
LLDPE	58.45	10.033	0.66719	0.28155	0.42000	0.38903
HDPE BM	81.75	14.031	0.93309	0.39376	0.53558	0.48250