



# Victory Packaging

We are *Architects* of Packaging Solutions

## Packaging Raw Materials and Economics Report

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May 2016





April retail sales jumped to 1.3% after a dismal first quarter. New housing stats moved up by 6.6 percent over March. Home ownership is running at a 20 year low at 63.6 percent. May job numbers were a disappointing 38,000 jobs with the unemployed labor participation rate at 40 percent. First quarter GDP came in at 0.5 percent. Q2 is expected to roll in at about 2 percent and the full year is forecasted at 1.8 percent.

Oil prices continue to hold at about \$50 per bbl. Natural Gas is holding at the mid \$2.00 range. After two increases, the polyethylene market took a breather and remained stable. Imports of polypropylene sent prices down 2 to 3 cents with further decreases on the way.

Northeast	\$85 - \$90/ton
Midwest	\$75 - \$80/ton
Southeast	\$80 - \$85/ton
Southwest	\$75 - \$80/ton
Los Angeles	\$95 - \$100/ton
San Francisco	\$85 - \$90/ton
Northwest	\$75 - \$80/ton

## Scrap OCC Prices by Region



## Highlights Up

- ◆ Chicago Purchasing Managers Index (ISM) – Up 0.5 points to 51.3 seasonally adjusted in May. Any number above 50 indicates an expanding economy. The ISM Production Growth Index is showing a growth in May in the following industries: Wood Products, Textile Mills, Printing & Related Support Activities, Fabricated Metal Products, Paper Products, Plastics & Rubber Products, Computer & Electronic Products, Miscellaneous Manufacturing, Electrical Equipment, Appliances & Components, Food, Beverage & Tobacco Products, Machinery, and Primary Metals. The industries reporting contraction in May are: Apparel, Leather & Allied Products, Petroleum & Coal Products, Transportation Equipment, Nonmetallic Mineral Products, Chemical Products, and Furniture & Related Products.
- ◆ Steel – Up \$125/ton for Hot Rolled Steel, up \$123/ton for Cold Rolled Steel. Hot Rolled Steel is priced at \$684/MT, Cold Rolled Steel is priced at \$874/MT. Steel shipments from service centers are down 6.3 percent from April 2015 while inventories are down 19.3 percent.
- ◆ OCC – An increase of \$10. Published at \$75/ton low export Midwest/Chicago for May 2016.
- ◆ Newsprint – No change in May for East Coast pricing. West Coast pricing increased \$20 on 28.8g and \$22 on 45g. East Coast now equals West Coast. May pricing is \$545/ton for 48.8g East Coast., \$582/ton for the 45g East Coast.
- ◆ Lumber – Up \$7 - \$27 in May. Framing Lumber settled at \$319/mbf for Random Lengths S-P-F. The NAHB Random Lengths composite price settled at \$357/mbf. New home starts rose 6.6 percent.
- ◆ Diesel – Up 6.31¢ to \$2.3146 per gallon national average for May.
- ◆ Cotton – Up 0.74 to 64.5 (C) for #2 Cotton. The Chinese will auction off 2 million tons of cotton from their estimated 11 million ton reserve.



## Highlights Down or Flat

- ◆ Linerboard – No change in May. PPW pricing is confirmed at \$610 - \$620 (\$615 midpoint) for both East and West Open Market (\$720 - \$730 East Transaction). Medium pricing remained flat at \$510 - \$520 (\$515 midpoint) for both East and West Open Market. April box shipments decreased 757 billion square feet and are flat from April 2015. Inventories are down to 4.3 weeks.
- ◆ Folding Carton Stock – A decrease of another \$20 for CCN after the \$30 decrease in April. The benchmark CCN price is \$955 midpoint transacted for May. Current SBS pricing is at \$1,160 (midpoint transacted). Current CUK is at \$1,105 (midpoint transacted). PPW has added a “Series B” to all folding carton paper grades.
- ◆ Multi-Wall Sack Paper, 50# – Flat in May at \$1,040 per ton midpoint.
- ◆ LLDPE – Flat in May. Chem Data Hexene/Octene prices are at \$0.78/lb. CMAI/IHS Hexene prices are \$0.70/lb. New capacity by Braskem-Idesa in Mexico may ease supply issues in the next few months.
- ◆ LDPE – No change in May. Chem Data film grade priced at \$0.81/lb. CMAI General Purpose (GP) film at \$0.75/lb.
- ◆ HDPE – No change in May. Pricing set at 73.5¢ for injection molded resin, 72.5¢ for blow molded resin, and 74.5¢ for high molecular weight film all Chem Data.
- ◆ Expandable Polystyrene – Flat in May. CMAI pricing is \$0.98 per pound.
- ◆ Polypropylene – Down 2¢ - 3¢. Chem Data settled at \$0.71/lb. CMAI/IHS settled at \$0.665/lb. Imports are making a price dent into the domestic supply.
- ◆ Aluminum – Down slightly by \$2.95. LME settled price average for May is \$1,555.93/ton.