China Price Monitor HDPE Pricing

January 22, 2011

(Pricing for February 18, 2011)

Source: CBI (Shanghai) Co., Ltd.
Tel. +(86 21) 51550075
E-mail: chemicalresearch@cbichina.com

Comparison of Domestic vs Import Prices as CNY/tonne										
	Transaction Prices for Domestic Resin including VAT *(from pg 4)*					Transaction Prices for Imported Resin CFR or CIF CMP including VAT & import duty *(from pg 7, converted to CNY)*				
	This Week		Next Week Forecast		Change	This Week		Next Week Forecast		Change
	Low	High	Low	High		Low	High	Low	High	
HDPE BM	10200	11000	*	*	*	10645	11383	*	*	*
HDPE Film	10480	11000	*	*	*	10809	11137	*	*	*
HDPE Injection	10000	11200	*	*	*	10563	10891	*	*	*
HDPE Yarn	10650	11110	*	*	*	0	0	*	*	*
Excludes delivery. Payment terms are T/T for domestic resin and LC at site for imported resin.										

This week's executive summary

- Prices in the Chinese polyethylene (PE) market continued to fluctuate within a narrow range this week due to correction of crude oil and linear low density PE (LLDPE) futures values. Domestic petrochemical producers' quotations were unclear and this resulted in a lack of reference. Thus, most participants stood aside.
- Domestic producers and major distributors reported higher inventories following disrupted sales and arrivals of some allocated cargoes. Some of the distributors tested the market with lower offers as a result of capital and sales pressure. However, since producers' prices were close to market prices, it was difficult for these distributors to slash quotations, and this made them in dilemma.
- Overseas suppliers have not released March offers, with the levels expected to be seen next week. Some importers mulled over price cuts owing to weak buying interest dragged by sporadic trades in the domestic market.
- Despite expected higher operating rates at most end-users next week, downstream purchasing would be heavily affected by labour shortage, so prices in the domestic PE market were likely to keep falling next week.

PE China Shutdown Schedule - expected number of shut down days																		
Majority Owners	**Plant**	**City**	**Province**	**Line**	**Annual Capacity KT**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Jan, 2011**	**Feb, 2011**	**Comments**
Sinopec	Yanshan PC	Beijing	Beijing	LDPE	380					5		1	8	1				
				HDPE	140					1	4							
Sinopec	TUCC	Tianjin	Tianjin	LLDPE	120						16				3			
Sinopec	Qilu PC	Zibo	Shandong	LDPE	140		7											
				LLDPE	140			7										
				HDPE	140							12						
Sinopec	Yangzi PC	Nanjing	Jiangsu	LLDPE	*	*	*	*	*	*	*	*	*					
				HDPE	*	*	*	*	*	*	*	*	*					
Sinopec	Shanghai PC	Shanghai	Shanghai	LDPE	*	*	*	*	*	*	*	*	*					
				HDPE	*	*	*	*	*	*	*	*	*					
...	…	…		…	…	…	…	…	…	…	…	…	…					
	Total				**10500**	**108**	**108**	*****	*****	*****	*****	*****	*****		**120**	**30**	**8.5**	
Note:Only top ten resin suppliers included, all suppliers shutdown list is available in the full China Price Monitor																		

Production News & Shutdowns

- Lanzhou PC shut down its 200 kt/yr LDPE unit during 8-12 February for regular maintenance.
- Daqing PC shut down its 80 kt/yr Line C of HDPE unit during 18-26 January due to feedstock shortage. And the unit was shut down again unexpectedly on 9 February for the same reason, but there were no details about its restarting.
- Maoming PC shut down its 250 kt/yr new LDPE unit during 19-21 January for maintenance. The producer shut down its 200kt/yr FDPE unit unexpectedly on 11 February due to a technical problem, and resumed production on 12 February.
- Yanshan PC shut down its 60 kt/yr Line 1 of old LDPE unit during 11-12 January for regular maintenance.
- Zhongsha PC shut down its 300 kt/yr HDPE unit temporarily on 11 January due to feedstock shortage.
- FRPC shut down its 400 kt/yr HDPE unit during 5-10 January for regular maintenance.

Note: * replaced the actual data which are only provided to CBI CPM subscribers.