

China Price Monitor HDPE Pricing
December 23, 2008
(Pricing for December 19, 2008)

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Comparison of Domestic vs Import Prices as CNY/tonne										
	Transaction Prices for Domestic Resin including VAT <i>(from pg 4)</i>					Transaction Prices for Imported Resin CFR or CIF CMP including VAT & import duty <i>(from pg 7, converted to CNY)</i>				
	This Week		Next Week Forecast		Change	This Week		Next Week Forecast		Change
	Low	High	Low	High		Low	High	Low	High	
HDPE BM	7500	9000	7200	8700	-300	6542	6968	6542	6968	0
HDPE Film	8030	8960	7750	8700	-280	7224	7650	7309	7650	+85
HDPE Injection	7300	8200	7500	8000	+200	6627	6798	6713	6968	+85
HDPE Yarn	8080	8580	7700	8200	-380	7309	7437	7352	7480	+43
Excludes delivery. Payment terms are T/T for domestic resin and LC at site for imported resin.										

This week's executive summary

- Domestic PE market moved up this week, but price rise and trades slowed due to import arrivals. On Friday, plummeting crude values dampened the market, and prices in most regions fell.
- Domestic petrochemical producers had low inventories.
- In some regions, supply suspension of some grade and control on sales at petrochemical producers were reported, which was attributed to these producers' production cut, as well as Sinopec and PetroChina maintained some inventories at the year-end.
- As a result, traders had limited availability. Most imports had been sold in earlier time, which was another reason for the tight spot supply.
- Some import arrivals, originally due in early/middle December, was delayed to late month owing to postponed shipment, price limit by customs and other reasons.
- Some downstream users would be on vacation ahead of schedule on upcoming Chinese Lunar New Year Holiday (25-31 January 2009) and bearish economy.
- As a result, most sources thought PE prices were likely to inch down next week given crude values staying low.

PE China Shutdown Schedule - expected number of shut down days

Majority Owners	Plant	City	Province	Line	Annual Capacity KT	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Comments
Sinopec	Yanshan PC	Beijing	Beijing	LDPE	380		5	4.5	5		2	7	4	3	30	11	
				HDPE	140					1		3	2		2	2	
Sinopec	Qilu PC	Zibo	Shandong	LDPE	140				3				2	31	30	31	
				LLDPE	140					2				1	3	7	
				HDPE	140							8	1			4	
Sinopec	Yangzi PC	Nanjing	Jiangsu	LLDPE	200					2		4	9				
				HDPE	260			6			18				5		
Sinopec	Shanghai PC	Shanghai	Shanghai	LDPE	190							10	10		4		
				HDPE	250						23	11	29	1	30	30	
Sinopec	Maoming PC	Maoming	Guangdong	LDPE	120	4			8						3		
				New LDPE	250		3	4	5	4	6	4	1	3	5		
				LLDPE	200				4	20	8	1	1	5	8	7	
				HDPE	350					5	1			2	4		
Petrochina	Daqing PC	Daqing	Heilongjiang	LDPE	65					17		7	5	10	1	6	
				New LDPE	200				4	13	5	4	6	2		6	
				LLDPE	85					26	25						
				HDPE	240	8	8		15	3							
Petrochina	Jilin PC	Jilin	Jilin	LLDPE	275	4		1				2		4	12		
				HDPE	300								17				
Petrochina	Lanzhou PC	Lanzhou	Gangsu	LDPE	200			8		1	12						
				LLDPE	60	13	15	19	22	17		7	5	7	4	12	
				HDPE	170				16	14							
				New HDPE	300				16	15							
Sinopec and BP	Shanghai Secco	Shanghai	Shanghai	LLDPE	300	3						2	21	2			
				HDPE	300							16	23			7	
CNOOC and Shell	CSPC	Huizhou	Guangdong	LDPE	250							16	23				
				HDPE	200		5	2					21	2			
	Total				7065	32	61	45	98	140	100	121	194	83	145	136	

Note: Only top ten resin suppliers included, all suppliers shutdown list is available in the full China Price Monitor

Production News & Shutdowns

- Daqing PC shut down its 80 kt/yr Line C of HDPE unit during 2-11 December, and shut down the unit again on 16 December.
- TUCC shut down its 120 kt/yr LLDPE unit from 28 September, it will delay restart to March of 2009 due to weak

demand.

- Maoming PC shut down its 250 kt/yr new LDPE unit during 4-11 December due to shortage of ethylene. Maoming shut down its 350 kt/yr HDPE unit during 13-19 December due to unexpected accidents .
- Yanshan PC shut its 60 kt/yr Line 1 of old LDPE unit from 27 October to 9 December for maintenance. Yanshan shut down its all PE units with 520 kt/yr capacity during 12-14 December due to breakdown of upstream ethylene cracker.
- Shanghai PC shut down its 90 kt/yr No.1 Line of LDPE unit from 31 October to late December due to weak demand.
- Qilu PC shut down its 140 kt/yr LDPE unit during 18-25 November for maintenance. Qilu shut down its 140 kt/yr LLDPE unit during 5-9 December due to unexpected accidents.
- Panjin Ethylene shut down its 130 kt/yr HDPE unit during 1-4 December for maintenance. Panjin Ethylene shut down its 130 kt/yr HDPE unit again on 9 December for maintenance.
- Guangzhou PC shut down its Line 1 of LLDPE unit during 3-9 December for maintenance.
- Lanzhou PC shut down its 60 kt/yr old HDPE unit during 20-27 December for maintenance.