

## China Price Monitor LDPE+LLDPE Pricing

May 31, 2011

(Pricing for May 27 2011)

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| Comparison of Domestic vs Import Prices as CNY/tonne   |   |       |           |      |        |  |       |           |      |        |
|--|---|-------|-----------|------|--------|--|-------|-----------|------|--------|
|  | Transaction Prices for Domestic Resin including VAT |       |           |      |        | Transaction Prices for Imported Resin CFR or CIF CMP including VAT & import duty |       |           |      |        |
|  | This Week   |       | Next Week |      | Change | This Week  |       | Next Week |      | Change |
|  | Low   | High  | Low       | High |        | Low  | High  | Low       | High |        |
| LDPE Coating   | 15280   | 15470 | *         | *    | *      | *  | *     | *         | *    | *      |
| LDPE Film  | 12580   | 13800 | *         | *    | *      | 12661  | 13874 | *         | *    | *      |
| LLDPE General Film   | 13170   | 13600 | *         | *    | *      | 10558  | 10962 | *         | *    | *      |
| Excludes delivery. Payment terms are T/T for domestic resin and LC at site for imported resin. |   |       |           |      |        |  |       |           |      |        |

### This week's executive summary

- The China PE market prices slashed substantially in response to weak downstream demand and domestic producers cut their offer prices this week, major distributors priced lower on high level inventory and fund pressure in the end of month.
- Traders cut offers in tandem of domestic producers decreased their offer prices on high level inventory caused by weak demand, despite Sinopec has cut PE output by around 30,000 tonnes in May.
- Offers from oversea suppliers was decreased substantially compared with last month for June shipment, but buying interest of most importers were not high, mainly staying at sidelines. In second-tier market, offers of part bonded cargoes plunged dragged by the poor domestic market.
- Participants lose their confidence for PE market as a weak buying interest of downstream users caused by tight credit lines and power shortages. However, Sinopec may cut PE output by around 80,000 tonnes in June on squeezed margins, hence China PE market was expected to roll over next week.

| PE China Shutdown Schedule - expected number of shut down days |            |         |          |       |                    |     |     |     |     |     |     |     |           |           |           |           |          |          |
|--|------------|---------|----------|-------|--------------------|-----|-----|-----|-----|-----|-----|-----|-----------|-----------|-----------|-----------|----------|----------|
| Majority Owners  | Plant      | City    | Province | Line  | Annual Capacity KT | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan, 2011 | Feb, 2011 | Mar, 2011 | Apr, 2011 | May 2011 | Comments |
| Sinopec  | Yanshan PC | Beijing | Beijing  | LDPE  | 380                |     | 5   |     | 1   | 8   | 1   | 7   | 2         | 1         |           |           | 3        |          |
|  |            |         |          | HDPE  | 140                |     | 1   | 4   |     |     |     |     |           |           |           |           |          |          |
| Sinopec  | TUCC       | Tianjin | Tianjin  | LLDPE | 120                |     |     | 16  |     |     |     | 3   |           |           |           |           |          |          |
| Sinopec  | Qilu PC    | Zibo    | Shandong | LDPE  | 140                |     |     |     |     |     |     |     |           |           | 1         |           |          |          |

|  |             |          |          |       |              |          |          |          |          |          |          |            |           |           |           |          |   |
|--|-------------|----------|----------|-------|--------------|----------|----------|----------|----------|----------|----------|------------|-----------|-----------|-----------|----------|---|
|  |             |          |          | LLDPE | 140          |          |          |          |          |          |          |            |           |           |           |          |   |
|  |             |          |          | HDPE  | 140          |          |          | 12       |          |          |          |            |           |           |           |          |   |
| Sinopec  | Yangzi PC   | Nanjing  | Jiangsu  | LLDPE | *            | *        | *        | *        | *        | *        | *        | *          | *         | *         | *         | *        | * |
|  |             |          |          | HDPE  | *            | *        | *        | *        | *        | *        | *        | *          | *         | *         | *         | *        | * |
| Sinopec  | Shanghai PC | Shanghai | Shanghai | LDPE  | *            | *        | *        | *        | *        | *        | *        | *          | *         | *         | *         | *        | * |
|  |             |          |          | HDPE  | *            | *        | *        | *        | *        | *        | *        | *          | *         | *         | *         | *        | * |
| ...  | ...         | ...      |          | ...   | ...          | ...      | ...      | ...      | ...      |          |          |            |           |           |           |          |   |
| <b>Total</b>   |             |          |          |       | <b>10500</b> | <b>*</b> | <b>*</b> | <b>*</b> | <b>*</b> | <b>*</b> | <b>*</b> | <b>120</b> | <b>30</b> | <b>28</b> | <b>31</b> | <b>3</b> |   |
| <b>Note: Only top ten resin suppliers included, all suppliers shutdown list is available in the full China Price Monitor</b> |             |          |          |       |              |          |          |          |          |          |          |            |           |           |           |          |   |

## Production News & Shutdowns

- Yanshan PC shut down its 200kt/yr new LDPE unit on 24 May for one-day turnaround.
- Guangzhou PC shut down its 200kt/yr LLDPE unit on 20 February for maintenance, planning to restart it on 3 April.
- Lanzhou PC shut down its 200kt/yr LDPE unit during 8-12 February for regular maintenance.
- Maoming PC shut down its 200kt/yr FDPE unit unexpectedly on 24May due to a technical problem, and plan to resume production on June 8th.
- Jilin PC shut down its 300kt/yr HDPE unit during 8-14 March for week-long turnarounds.
- Fujian united shut down its 400kt/yr HDPE unit during 23-28May due to a technical problem.
- Zhongsha PC shut down its 300kt/yr HDPE unit on 17 March for maintenance, and planned to recovery production on 19 March.
- Jilin PC shut down its 300kt/yr HDPE unit during 8-15 March for turnarounds.
- Qilu shutdown its 70kt/yr Line B of HDPE on 25 March for regular maintenance, has not yet decided the restarted time.
- Daqing PC shut down its 80kt/yr Line C of HDPE unit on March 29th unexpectedly due to feedstock shortage, and restarted on April 10th.
- Maoming PC shut down its 350kt/yr FDPE unit unexpectedly on 24May due to a technical problem, and plan to resume production on June 8th.
- Panjin Ethylene shut down its 65kt/yr Line B on 25May for maintenance, restart date was unknown.
- Panjin Ethylene shut down its 65kt/yr Line A on 22May for maintenance, restart date was unknown.
- Panjin Ethylene shut down its 300kt/yr on 24May for maintenance, restart on May 25th.
- Zhongyuan ethylene shutdown its 200kt/yr units on May 5 for regular maintenance, will restart at the end of June.
- Zhongsha PC shut down its 300kt/yr HDPE unit on 11May for maintenance, restart on May 21.
- Jinfei PC shut down its 135kt/yr on 3 May for maintenance, restart on May 8.

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

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