

China Price Monitor LDPE+LLDPE Pricing

December 1, 2009

(Pricing for November 27, 2009)

Source: CBI (Shanghai) Co., Ltd.

Tel. +(86 21) 51550731

E-mail: chemicalresearch@cbichina.com

| 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 | 14400 | 16640 | * | * | * | | | * | * | * |
| LDPE Film | 12150 | 14800 | * | * | * | 11026 | 11026 | * | * | * |
| LLDPE General Film | 12740 | 13200 | * | * | * | 10491 | 10491 | * | * | * |
| Excludes delivery. Payment terms are T/T for domestic resin and LC at site for imported resin. | | | | | | | | | | |

This week's executive summary

- The Chinese PE market was almost stable this week with slight price rises reported across the board. At the end of the month, producers switched to offers with the levels close to market prices.
- Crude oil and futures prices fluctuated, failing to give a clear reference. Therefore, most traders sold in line with the market trend and continued to move cargoes. They were unwilling to cut offers due to expected increasing costs in the future and this resulted in sporadic transactions.
- Traders were cautious in operation due to high domestic prices following continual rises in the past two weeks. In the LDPE market, supply would be tighter as new capacities commissioned recently did not include the grade, so these traders held a cautious but optimistic outlook.
- Traders were not eager to offload cargoes as their availability stocked in earlier time was limited. Buyers remained resistant to the high prices.
- In addition, large-volume import arrivals with lower costs were expected to be seen around late November/early December. All this made traders expect a stable market in the near future.

| PE China Shutdown Schedule - expected number of shut down days | | | | | | | | | | | | | | | | | |
|--|-------------|----------|----------|-------|--------------------|------------|-----------|------------|------------|----------|----------|----------|----------|----------|----------|----------|----------|
| Majority Owners | Plant | City | Province | Line | Annual Capacity KT | Jan,09 | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Comments |
| Sinopec | Yanshan PC | Beijing | Beijing | LDPE | 380 | | | 1 | 12 | 2 | | 18 | 31 | 30 | 14 | | |
| | | | | HDPE | 140 | | | 7 | | | | | 1 | | | | |
| Sinopec | Qilu PC | Zibo | Shandong | LDPE | 140 | | | | 15 | 25 | | | | | | | |
| | | | | LLDPE | 140 | | | | 15 | 30 | | | 2 | | | | |
| | | | | HDPE | 140 | 4 | 3 | | 15 | 28 | | | | | | | |
| Sinopec | Yangzi PC | Nanjing | Jiangsu | LLDPE | * | * | * | * | * | * | * | * | * | * | * | * | |
| | | | | HDPE | * | * | * | * | * | * | * | * | * | * | * | * | |
| Sinopec | Shanghai PC | Shanghai | Shanghai | LDPE | * | * | * | * | * | * | * | * | * | * | * | * | |
| | | | | HDPE | * | * | * | * | * | * | * | * | * | * | * | * | |
| ... | ... | ... | | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | |
| Total | | | | | 8850 | 132 | 90 | 138 | 117 | * | * | * | * | * | * | * | |

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

Production News & Shutdowns

- FRPC shut its 400 kt/yr new HDPE during 3-5 November and 7-13 November due to a technical problem. FRPC shut down its 400 kt/yr LLDPE unit during 3-5 November due to a technical problem.
- Shanghai Golden Phillips shut down its 135 kt/yr HDPE unit on 27 October, and plan to restart on 8 November.
- Dushanzi shut down its 300 kt/yr new HDPE unit on 31 October for maintenance, restarted it on 2 November.
- Shanghai Secco shut down its 300 kt/yr LLDPE unit during 14-22 November due to a technical problem.
- Maoming PC shut down its 120 kt/yr LDPE unit during 25-26 November for maintenance.
- Zhongyuan Ethylene shut down its 200 kt/yr LLDPE unit during 24-29 November for maintenance.
- Jilin PC shut down its 300 kt/yr HDPE unit during 23-30 November for maintenance

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

CBI (Shanghai) Co., Ltd. Contact: +(86 21) 51550731 E-Mail: chemicalresearch@cbichina.com