

## China Price Monitor PP Pricing

July 8, 2008

(Pricing for July 4, 2008)

Source: CBI (Shanghai) Co., Ltd.

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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	
PP Block Co low-melt	15880	17100	15700	17000	-180	17058	17913	17229	18084	+171
PP Block Co high-melt	16280	16700	16100	16600	-180	-	-	-	-	-
BOPP Film Homo	16000	16880	15800	16600	-200	17058	17656	17229	17656	+171
PP Homo Yarn	15800	16800	15600	16600	-200	17229	17913	17485	17913	+256
PP Fiber	15990	17000	15800	16800	-190	-	-	-	-	-
PP Homo Injection	15796	16800	15600	16600	-196	17229	17913	17485	17913	+256
Excludes delivery. Payment terms are T/T for domestic resin and LC at site for imported resin.										

### This week's executive summary

- Domestic PP prices fluctuated with prices surging early at the start of the week and subsequent reversing from mid-week.
- Trades were inactive and the losses of traders existed, resulting in producer's inventory increase. Sinopec slashed offers on Friday on stock pressure also dampened market sentiment.
- Impact that local producers will reduce production again in July, was limited in the market for PP sector as producer's inventories stood at high level.
- Moreover, according to latest survey from C1 Energy department of CBI, average running rate of local refinery in Shandong province rose by 7% compare with last week, hitting a new high in 2008. It led ample supply of propylene, resulting in powder production increase.
- Sources said the market would be difficult to reverse on short term on lean demand and inventory pressure.

China PP Shutdown Schedule - expected number of shut down days																	
Majority Owners	Plant	City	Province	Line	Annual Capacity KT	Sep	Oct	Nov	Dec	JAN, 08	Feb	Mar	Apr	May	Jun	Jul	Comments
Petrochina	Daqing Refinery	Daqing	Heilongjiang	PP	300	20	15										
Petrochina	Dalian PC	Dalian	Liaoning		270												
Petrochina	Lanzhou PC	Lanzhou	Gangsu	PP	40			4		3					3	31	
				PP New	300			4									
Sinopec	Yanshan PC	Beijing	Beijing		440	1		1	4	2	5		2		4	4	
Sinopec	Yangzi PC	Nanjing	Jiangsu		400					8	6	4	15				
Sinopec	Shanghai PC	Shanghai	Shanghai		450			10						8			
Sinopec	Maoming PC	Maoming	Guangdong	PP	170	5	12				3				4		
				PP New	300				2	17		3			17		
Sinopec and BP	Shanghai Secco	Shanghai	Shanghai		250				7								
CNOOC and Shell	CSPC	Huizhou	Guangdong		240	2											
Formosa	Formosa Ningbo	Ningbo	Zhejiang		450												
	<b>Total</b>				<b>6418</b>	<b>94</b>	<b>114</b>	<b>107</b>	<b>37</b>	<b>69</b>	<b>39</b>	<b>41</b>	<b>53</b>	<b>75</b>	<b>97</b>	<b>54</b>	

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

## Production News & Shutdowns

- Yanshan PC shut down its 200,000 tonne/year PP unit on 1 July due to lack of propylene.
- Zhongyuan Ethylene planned to shut down its 60,000 tonne/year PP unit on 3 June for a 35-day maintenance, but the restart would be delayed due to shortage of propylene.
- Maoming PC shut down all PP units on 3 June, and restarted its 170,000 tonne/year PP unit on 6 June. The 300,000 tonne/year unit was restarted on 20 June at low operation rates for next couple months.
- Lanzhou PC shut down its 40,000 tonne/year PP unit on 10 June due to lack of propylene, it plans to restart on October.
- Guangzhou PC shut down 200,000 tonne/year PP unit on 27 June due to its cracker malfunction, and restarted on 2 July.
- Panjing Ethylene shut down its 65,000 tonne/year PP unit on 3 July for maintenance.