

China Price Monitor PP Pricing

Dec21, 2010

(Pricing for Dec 17, 2010)

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| Comparison of Domestic vs Import Prices as CNY/tonne | | | | | | | | | | |
|--|---|-------|-----------|------|--------|--|-------|-----------|------|---|
| | Transaction Prices for Domestic Resin including VAT | | | | Change | Transaction Prices for Imported Resin CFR or CIF CMP including VAT & import duty | | | | |
| | This Week | | Next Week | | | This Week | | Next Week | | |
| | Low | High | Low | High | | Low | High | Low | High | |
| PP Block Co low-melt | 12500 | 13700 | * | * | * | 12992 | 13241 | * | * | * |
| PP Block Co high-melt | 12920 | 13380 | * | * | * | 12992 | 13158 | * | * | * |
| BOPP Film Homo | 12100 | 12500 | * | * | * | - | - | * | * | * |
| PP Homo Yarn | 11930 | 12500 | * | * | * | 12245 | 12411 | * | * | * |
| PP Fiber | 12250 | 13000 | * | * | * | - | - | * | * | * |
| PP Homo Injection | 12070 | 12700 | * | * | * | 12245 | 12411 | * | * | * |

Excludes delivery. Payment terms are T/T for domestic resin and LC at site for imported resin.

This week's executive summary

- Domestic PP market was dismal. Crude oil futures values became volatile and domestic LLDPE futures market weakened in 2H of the week, so domestic transactions decreased. Besides, expectations of weakening demand before the Chinese Lunar New Year holiday promoted key traders to sell off and some of them lowered offers.
- Sinopec East China and CNPC East China continued to sell most of their PP grades at settlement prices, spiking market confidence. However, affected by dismal polyolefin market, key traders just kept offers near the cost lines. Sinopec North China and CNPC North China cancelled settlement prices to post listed prices or cut listed prices, dragging local prices down.
- Import market strengthened from last week as driven by some users' requirements. Spot supplies of some grades especially homopolymer were limited and hence traders raised offers mildly.
- Domestic PP transactions were lackluster and key traders still took pessimistic outlooks for local prices on expectations of weakening demand before the Chinese Lunar New Year Holiday, so they were unwilling to sell.

| China PP 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 |
| Petrochina | Daqing Refinery | Daqing | Heilongjiang | PP | 300 | | | | | | | 11 | 22 | | | | |
| Petrochina | Lanzhou PC | Lanzhou | Gangsu | PP | 40 | 25 | 31 | 30 | 31 | 30 | 31 | 31 | 30 | 31 | 30 | 17 | |
| | | | | PP New | 300 | | | | | | 4 | | | | 4 | | |
| Sinopec | Yanshan PC | Beijing | Beijing | | * | * | * | * | * | * | * | * | * | * | * | * | |
| Sinopec | Yangzi PC | Nanjing | Jiangsu | | * | * | * | * | * | * | * | * | * | * | * | * | |
| ... | ... | ... | | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | |
| Total | | | | | 8443 | 188 | 108 | * | * | * | * | * | * | * | * | * | |

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

Production News & Shutdowns

- Lanzhou PC unexpectedly shut down its 40 kt/yr PP old unit on 7 January and still not restarted yet due to the explosion at oil tank. Meanwhile, its new PP unit of 300 kt/yr also shut down due to regular maintenance during 10-14 November.
- Panjin Ethylene shut down its new PP unit of 250 kt/yr on 9 October and restarted on 11 October for regular maintenance.
- Yanshan PC unexpectedly shut down its 1PP unit of 200 kt/yr from 28 November and restarted on 1st December and again shut down during 14-16 both due to shortage of propylene.
- ZRCC shut down its new PP unit of 300 kt/yr on 7 December and was unplanned in restarting details.
- Yangzi PC shut down its Line B of 100 kt/yr 1PP unit on 27 September and confirmed to restarted on 12 October for regular maintenance.
- Yanan refinery shut down its old PP unit of 100 kt/yr on 22 November but unplanned to be restarted yet for regular maintenance.
- Dushanzi PC unexpectedly shut down its 70 kt/yr No.2 line of old unit on 2 November due to the shortage of propylene with no any news predicting restarting, while its 300 kt/yr No.2 line of new unit during 24-29 October for regular maintenance.
- Formosa Ningbo shut down its 170 kt/yr Line 1 on 4 August and restarted on 10 October, while its 280 kt/yr Line2 also shut down on 20 August and restarted on 15 October both for regular maintenance, but unexpectedly shut down again during 6-16 November due to a technical problem for Line 2.
- Zhongsha PC (Sinopec-Sabic) shut down its PP unit of 450 kt/yr from 27 October to 1st November for regular maintenance and shut down again during 13-16 December for regular maintenance.
- Baotou Shenhua PC shut down its PP unit of 300 kt/yr on 27 September for regular maintenance and was failed to restart on 2 November. Further, it restarted fortunately on 2 December.
- Shanghai PC shut down its 2PP 120 kt/yr during 15-22 November for regular maintenance, while its 120 kt/yr 1PP unit also shut down on 15 November and restarted on 9 December both for regular maintenance.
- Maoming PC shut down its 1PP unit of 170 Kt/yr on 29 November and not restarted yet for regular maintenance.
- FRPC shut down its old unit of 120 kt/yr during 6-12 December for regular maintenance.