

China Price Monitor PP Pricing
December 9, 2008
(Pricing for December 5, 2008)

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	
PP Block Co low-melt	6940	8300	6900	7100	-40	6961	7388	6961	7388	0
PP Block Co high-melt	7340	7540	7100	7300	-240	-	-	-	-	-
BOPP Film Homo	7110	7380	6800	6900	-310	6791	7132	6791	7132	0
PP Homo Yarn	6150	7420	6000	7000	-150	6534	7047	6620	6193	+85
PP Fiber	7040	7450	6800	7200	-240	-	-	-	-	-
PP Homo Injection	7000	7380	6800	7100	-200	6534	7047	6620	6193	+85
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 reported mixed fortunes.
- Early in the week, domestic producers raised December list prices and PetroChina East lifted offers, which gave support to traders.
- Major distributors held low inventories after finishing sales task in late November, and their purchase from Sinopec and PetroChina would take a relatively long time in early December, which resulted in tight spot supply. Hence, speculations became brisk in the market.
- However, in the second half of the week, trades at high levels became inactive due to continually falling crude oil futures prices. Some traders cut offers in a bid to offload cargoes. PP yarn prices in east China fell below CNY 7,000/tonne at the low end.
- Sinopec planned to cut production further in December. As a result, sources expected a limited price fall in the short term. Imports with costs around \$700-750/tonne were reported to arrive in December, but no major pre-sales of these cargoes were seen recently.

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						7						
Petrochina	Dalian PC	Dalian	Liaoning		270				15	30	31	31	31	31	31		
Petrochina	Lanzhou PC	Lanzhou	Gangsu	PP	40					20	31	31	31	31	15		
				PP New	300								21	2			
Sinopec	Yanshan PC	Beijing	Beijing		440	5		2		4	11	5	3	2	26	5	
Sinopec	Yangzi PC	Nanjing	Jiangsu		400	6	4	15				13					
Sinopec	Shanghai PC	Shanghai	Shanghai		450				8			17	26	17	30	26	
Sinopec	Maoming PC	Maoming	Guangdong	PP	170		3			4			1			5	
				PP New	300			3		17		1	1				
Sinopec and BP	Shanghai Secco	Shanghai	Shanghai		250												
CNOOC and Shell	CSPC	Huizhou	Guangdong		240												
Formosa	Formosa Ningbo	Ningbo	Zhejiang		450							28			30		
	Total				6543	39	41	53	90	154	127	174	162	120	190	72	
<i>Note: Only top ten resin suppliers included, all suppliers shutdown list is available in the full China Price Monitor</i>																	

Production News & Shutdowns

- Dalian PC shut down its 70 kt/yr old PP unit on 15 May, and the unit has not restarted yet.
- Shanghai PC shut down its 120 kt/yr 2PP unit on 18 October for maintenance, and planned to restart on early December. Shanghai PC shut down its 210 kt/yr 3PP unit on 5 December for maintenance, and planned to restart on 8 May of 2009.
- Yanshan PC shut down its 40 kt/yr 2PP unit again on 5 November for maintenance due to poor demand.
- Tucc shut down its 60 kt/yr PP unit on 28 September, it delayed the restart to March of 2009 due to weak market.
- Luoyang PC planned to shut down its 80 kt/yr PP unit during 13-24 November due to the hitch of upstream cracker.
- Sanyuan PC shut down its 200 kt/yr PP unit during 20-25 November for maintenance.
- Panjin Ethylene shut down its 50 kt/yr PP unit on 1 December for maintenance.
- Hainan Refinery shut down its 200 kt/yr PP unit during 15-25 November due to unexpected accidents.
- Maoming PC shut down its 170 kt/yr old PP unit on 1 December for maintenance.