

Polyethylene Europe Price Forecast Methodology

6 October 2015



The ICIS Polyethylene (PE) price forecasting model is a brief monthly publication that can be accessed via the Dashboard.

- It forecasts a monthly PE price in Europe for domestic HDPE injection moulding grade (FD EU) and for domestic LDPE film grade (FD EU) and extends the historical gross prices reported in the ICIS Pricing report edited by Linda Naylor.
- It forecasts prices for the following month and the next eleven months in the future, i.e. twelve months in total.
- The forecast is made by the PE consultant, Fabrizio Galie, in the ICIS office in Vergiate, Italy, with support from Kieran Cosgrove (olefins forecasts), Regan Hartnell (model validity and data) and Ian Elway (assumptions/methodology).
- Data is compiled in the first full week of a month (Month 0) so that a report can be produced and published in the second full week of Month 0 covering the period Month 1 to Month 12.
- Prices are published in euros and terminate either in '5' or '0'.

Elements within the PE price forecast include:

- Oil and naphtha price forecasts in Europe, e.g. NYMEX and ICE.
- Supply-demand for European PE including imports, exports and plant shutdowns.
- Elaboration of European cracker margins and the impact on European ethylene prices.
- Elaboration of European cracker utilisation and its impact on ethylene availability.
- Global ethylene prices.
- PE pricing in North America and Asia.
- Arbitrage opportunities for PE between geographical regions based on (a) freight rates, (b) exchange rates, (c) new PE manufacturing units.
- Downstream PE derivative European demand forecasts.
- Movement of spot prices and spot margins.
- Stand-alone versus integrated PE unit margins.
- Where information is provided from a 3rd party, this data is attributed in a footnote.

ICIS compliance protocols:

- a) The information gathered in the process of making this ICIS price forecast does not flow back to the ICIS price reporting editorial staff.
- b) Confidential information that is gathered by ICIS editorial staff in the process of price reporting is not permitted to be included in the ICIS PP price forecasting process.