

Polyethylene Asia Price Forecast Methodology

21 January 2016



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

- It contains forecasts of monthly prices for HDPE injection moulding grade and LDPE film grade on a spot CFR China Main Port basis and extends the historical gross prices reported in the ICIS Pricing report edited by Bee Lin Chow.
- It contains forecast prices for the following month and the next eleven months in the future, i.e. twelve months in total.
- The forecast is made by John Richardson, Director Asia for the ICIS Consulting group, with support from Regan Hartnell (model validity and data).
- Data is compiled in the second full week of a month (Month 0) so that a report can be produced and published in the third full week of Month 0 covering the period Month 1 to Month 12.
- Prices are published in \$/tonne and terminate either in '5' or '0'.

Elements within the PE price forecast include:

- Oil and naphtha price forecasts in Asia, for example the spot CFR Japan naphtha price.
- Supply/demand for northeast Asian PE including imports, exports and plant shutdowns.
- Elaboration of Asian cracker margins and the impact on Asian ethylene prices.
- Elaboration of Asian cracker utilisation and its impact on ethylene availability.
- Global ethylene prices.
- PE pricing in Europe and North America.
- Arbitrage opportunities for PE between geographical regions based on (a) freight rates, (b) exchange rates, (c) new PE manufacturing units.
- Downstream PE derivative Asian demand forecasts.
- Movement of spot prices and spot margins.
- Standalone versus integrated PE unit margins.
- Where information is provided by a third 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 PE price forecasting process.

Since January 2016, the price forecast series have been available through a 'Price Forecast' window on the ICIS Dashboard. The window enables price forecast series generated over the last 12 months to be charted and downloaded, along with up to 12 months' worth of price history.

Where a price forecast series is charted and downloaded in a currency other than its assessed currency, the 16:00 UTC foreign exchange rate, as provided by www.xe.com, from the first of the month in which the forecast series was generated is applied to all price forecasts within that forecast series. Where the first of the month is a non-publishing day, the prior publishing day's 16:00 UTC foreign exchange rate is applied. ICIS provides charting and downloads in alternate currencies as a guide only.

Our recommendation would be to chart and download in original assessed currency and to apply your own selected foreign exchange rates.