

# Polypropylene Asia Price Forecast Methodology

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

- It forecasts a monthly PP price to China for PP flat yarn (raffia) homopolymer grade on a spot CFR China Main Port basis and extends the historical gross prices reported in the ICIS Polypropylene Asia Pacific price report edited by Leanne Tan.
- Since January 2017, it also forecasts a monthly PP price for flat yarn (raffia) homopolymer grade on a spot CFR southeast Asia basis and extends the historical gross prices reported in the ICIS Polypropylene Asia Pacific price report.
- 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 John Richardson, Director Asia for the ICIS Consulting group.
- 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 \$/tonne and terminate either in '5' or '0'.

Elements within the PP price forecast include:

- Oil and naphtha price forecasts in Asia, e.g. the spot CFR Japan naphtha price.
- Supply-demand for northeast and southeast Asian PP including imports, exports and plant shutdowns.
- Elaboration of Asian cracker margins and the impact on Asian propylene prices.
- Elaboration of Asian cracker utilisation and fluid catalytic cracker (FCC) units' production on propylene availability.
- The effect of the pull from the gasoline pool on Asian-produced propylene.
- Global LPG prices.
- PP pricing in Europe and North America.
- Arbitrage opportunities for PP between geographical regions based on (a) freight rates, (b) exchange rates, (c) new PP manufacturing units.
- Downstream PP derivative Asian demand forecasts.
- Movement of spot prices and spot margins.
- Stand-alone versus integrated PP unit margins.
- Where information is provided from a 3<sup>rd</sup> 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.

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](http://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.