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LDPE GP FILM						
SPOT PRICES						
Click on Price History			Price Range		Four weeks ago	US CTS/LB
FD NWE	EUR/TONNE	+20	1350-1370	+20	1320-1350	83.73-84.97
FOB NWE	USD/TONNE	+20	1720-1740	+20	1680-1700	78.02-78.92
CFR TURKEY	USD/TONNE	n/c	1580-1620	+10	1550-1610	71.67-73.48
EX-WORKS RUSSIA	Rb/TONNE	+500	58500-62000	n/c	56500-62000	
DOMESTIC PRICES						US CTS/LB
FD EU	EUR/TONNE	+20	1530-1550	+30	1500-1520	94.89-96.13
FD UK	GBP/TONNE	+10	1280-1300	+15	1265-1285	95.73-97.23

NOTE: for full details on the criteria ICIS pricing uses in making these price assessments visit www.icispricing.com and click on "methodology".

PE buyers under strong upward pressure in January

Polyethylene (PE) buyers are facing price increases in January, up to €50/tonne in some cases. Most buyers acknowledge that they will not be able to get away without paying the €15/tonne increase of the January ethylene contract price, but for the moment, such a low increase is not offered on most PE grades. On the other hand buyers are not ready to confirm increases of €50/tonne in most cases.

FD EU prices above have been brought up in line with buyers' price ideas and do not represent settled business in most cases. PE markets have been slow to start as holidays were in place and buyers wait before settling the month.

Demand is patchy and depends very much on the grade in question. Some sellers said they have exceptional demand for some grades, including export activity, while others complain that volumes are low and offtake is lacklustre.

Spot prices are up in most cases but traders are generally having difficulty replacing volumes at workable price levels.



Many established PE importers are now facing a 3.5 percentage point increase in import duties and a battle is taking place as sellers attempt to grab the supplementary costs in an unwilling market.

Total Petrochemicals' Gonfreville, France, cracker is still experiencing production difficulties. The company declared force majeure on some PE and polypropylene (PP) from the site but has not commented on the exact nature of the problems or how long they are likely to last. Some buyers this week said they had been told to expect delivery issues for at least a month but there was no word from the company on this.

Dow Chemical's 650,000 tonne/year ethylene cracker at Tarragona in Spain is back on stream.

All FD EU quotes in the PE report are reported on a gross basis and are subject to discounts, dependent largely on volume. FD EU and UK prices are usually reported on a delta basis. FD NWE numbers are reported on a net basis.

Low density polyethylene (LDPE)

LDPE is one of the strongest PE grades. Availability is tight, thought to be mainly down to production cutbacks and technical issues.

Eni's 150,000 tonne/year LDPE plant at Gela, Italy, is now thought to have been brought down for good but there has been no confirmation of this. The plant has not been in operation since August 2013, according to sources.

It is the latest plant to close in a line of closures that began at the end of 2012.

European PE closures

Company	PE grade	Location	Capacity 100 thousand tonnes	Status	Date

Dow	HDPE	Tessenderlo, Belgium	190	Closed	End 2012
Versalis	LLDPE	Priolo, Italy	150	Closed	Sep 2013
LBI	HDPE	Wesseling, Germany	100	Closed	Q3 2013
Eni	LDPE	Gela, Italy	150	Closed*	End 2013
Borealis	HDPE	Burghausen, Germany	175	To close	End 2014
Total	HDPE	Antwerp, Belgium	70	To close	End 2014
Repsol	HDPE	Puertollano, Spain	90	To close	2015

*no formal confirmation from Eni

Other regions

LDPE prices are stable to slightly higher but sentiment is weak as currency issues and political problems affect markets.

The devaluation of Turkey's currency has led to a slow market as dollar-based product becomes increasingly more expensive.

Turkey's import duty system was overhauled on 1 January 2014. The main changes are that duties on plastics from GCC countries were brought up to 6.5%, while Iranian import tariffs will remain at 3% until 21 February 2014, when they will increase to 6.5%.

LDPE from Iran has an extra duty imposed on top of the regular import duty. It is thought that this supplementary duty has been reduced to 6.75% and will be reduced further, to 6.5%, from 5 April 2014. There is little Iranian LDPE on offer at present.

Petkim was said to have left its prices unchanged this week.

Asian LDPE prices were slightly down this week.

Russian LDPE prices were marginally up. One local producer, Ufaorgsintez, reiterated pledges to increase LDPE offers by Rb700-1,000/tonne later in January. However, other domestic manufacturers, including SIBUR, kept LDPE quotes unchanged this week. Russian numbers include 18% VAT.

Upstream

European ethylene supply and demand are well-balanced. Crackers have ramped up, encouraged by better-than-expected demand, but some production constraints remain in place because of technical issues at a couple of sites. Spot prices have firmed in line with the higher January contract price settlement. Sources said a clearer picture with regard to demand expectations through the rest of the month and into February should emerge next week.

The European naphtha market is being well supported by continued Asian demand amid slow domestic sales. An arctic chill and subsequent refinery outages in the US raised expectations of increased naphtha demand from the gasoline sector earlier in the week, only to be offset by data from the Energy Information Administration (EIA) showing a larger-than-expected build in gasoline stocks on the US East Coast, a key destination for European exports.

Naphtha close 10 January	Naphtha close 3 January
\$922-924/tonne CIF NWE	\$908-910/tonne CIF NWE

Crude oil futures turned volatile with a number of factors supporting and pressuring the market. The polar vortex over the US, along with ongoing production outages in Libya and pipeline disruptions in Iraq, provided much of the support. But tepid economic data from China, and the gradual improvement in labour markets in the US and the UK could pressure the US Federal Reserve and Bank of England to raise interest rates.

This week's US stock figures from the Energy Information Administration (EIA) showed massive builds on both distillates and gasoline, overriding a larger draw on crude than forecast.

Crude oil	10 Jan*	03 Jan	27 Dec	20 Dec
ICE Brent	107.05	106.89	112.18	111.77
WTI	92.90	93.96	100.32	99.32

Front month - \$/bbl

*Afternoon trading

LLDPE						
SPOT PRICES						
Click on Price History			Price Range		Four weeks ago	US CTS/LB
HEX:	EUR/TONNE	+10	1370-1390	+10	1360-1370	84.97-86.21
OCT:	EUR/TONNE	n/c	1480-1500	n/c	1480-1500	91.79-93.03

BUT:	EUR/TONNE	+30	1300-1310	+10	1270-1300	80.63-81.25
DOMESTIC PRICES FD EU						
HEX:	EUR/TONNE	+20	1560-1580	+20	1530-1560	96.75-97.99
OCT:	EUR/TONNE	+30	1890-1900	+30	1860-1870	117.22-117.84

LLDPE BUT:						
DOMESTIC PRICES						US CTS/LB
FD EU	EUR/TONNE	+20	1495-1510	+25	1465-1485	92.72-93.65
FD UK	GBP/TONNE	+5	1245-1260	+5	1235-1255	93.11-94.24

LLDPE BUT CAST STRETCH FILM						
DOMESTIC PRICES						US CTS/LB
EU	EUR/TONNE	+20	1510-1530	+30	1480-1500	93.65-94.89

Linear low density polyethylene (LLDPE)

LLDPE C4 (butene based) buyers are under considerable pressure to accept increases of up to €50/tonne in January, and the increase in import duty in such an import-dominated sector is exerting more pressure in this market than others.

Prices have been adjusted in line with buyer commentary this week in the lack of concluded business.

Availability is on the tight side, particularly in the cast stretch market, but demand is also patchy and has been slow to start for the year. Sources said the success of the move by importers to lift prices in line with the extra 3.5 percentage points depends very much on demand.

A couple of buyers said the opportunity for sellers to increase prices would be best in January and February, as buyers come to replenish stocks.

C8 (octene based) buyers are clearly under particular pressure to pay more because of Dow's dominant position in this sector, but sources also saw opportunities in the metallocene linear low density polyethylene (MLLDPE) market, where they said sellers might be satisfied to settle at below plus €50/tonne when discussions got under way.

C6 (hexene based) LLDPE prices are difficult to peg, as buyers shop around between grades to get the best mix and price.

Other regions

Turkish LLDPE offers from the Middle East are stable at \$1,590-1,610/tonne CFR. There was little Iranian product offered into Turkey this week.

Asian LLDPE prices are stable to slightly lower.

HDPE INJECTION						
SPOT PRICES						US CTS/LB
Click on Price History			Price Range		Four weeks ago	
FD NWE	EUR/TONNE	+20	1280-1300	+20	1240-1260	79.39-80.63
FOB NWE	USD/TONNE	+20	1680-1700	+20	1650-1680	76.20-77.11
CFR TURKEY	USD/TONNE	n/c	1560-1590	+10	1520-1560	70.76-72.12
EX-WORKS RUSSIA	Rb/TONNE	n/c	63000-64000	n/c	63000-64000	
DOMESTIC PRICES						US CTS/LB
FD EU	EUR/TONNE	+15	1470-1490	+25	1455-1465	91.17-92.41
FD UK	GBP/TONNE	+5	1230-1240	+5	1225-1235	91.99-92.74

HDPE BL/MLDG						
SPOT PRICES						US CTS/LB
Click on Price History			Price Range		Four weeks ago	

FD NWE	EUR/TONNE	+20	1250-1270	+10	1230-1250	77.53-78.77
FOB NWE	USD/TONNE	+20	1680-1700	+20	1650-1680	76.20-77.11
CFR TURKEY	USD/TONNE	+15	1555-1590	+30	1520-1560	70.53-72.12
EX-WORKS RUSSIA	Rb/TONNE	-500	61000-64000	n/c	62000-64000	
DOMESTIC PRICES						US CTS/LB
FD EU	EUR/TONNE	+15	1435-1445	+15	1415-1430	89.00-89.62
FD UK	GBP/TONNE	+5	1200-1220	+5	1195-1215	89.75-91.25

HDPE FILM						
SPOT PRICES						
Click on Price History			Price Range		Four weeks ago	US CTS/LB
FD NWE	EUR/TONNE	+20	1250-1270	+10	1230-1250	77.53-78.77
FOB NWE	USD/TONNE	+20	1680-1700	+20	1650-1680	76.20-77.11
CFR TURKEY	USD/TONNE	n/c	1560-1590	+10	1520-1570	70.76-72.12
DOMESTIC PRICES						US CTS/LB
FD EU	EUR/TONNE	+15	1365-1375	+15	1350-1360	84.66-85.28
FD UK	GBP/TONNE	+5	1145-1155	+5	1140-1150	85.64-86.38

High density polyethylene (HDPE)

HDPE pricing is the most hotly contested one in the PE sector.

One major seller said it had managed to get prices up by €35/tonne so far for January, while at least one large buyer said it was targeting a flat rollover from December.

While most buyers are hesitating to settle at anything more than the €15/tonne increase in the January ethylene contract, they acknowledged that to get below this will be very difficult. Many said they have not yet started discussing pricing.

The issue of the 3.5 percentage point increase in import duties from GCC (Gulf Cooperation Council) countries is also leading to confusion.

Some buyers expect to face pressure from sellers on grades they only buy from imported sources, while others said they have signed contracts for 2014 with no change from the previous one.

A clearer picture might be expected next week when discussions get under way.

Spot prices are higher in most cases but again activity is thin.



Force majeure on some HDPE grades from Total Petrochemicals remains in place from its Gonfreville plant in France. It was declared on 30 December. The declaration followed an "unforeseen technical incident" at the site. The company said that PE output would not run at expected production rates in the coming weeks. Some buyers said they had experienced issues getting replacement volumes, while others said they had been able to replace material from Total's site from other sellers with ease.

Buyers said they had been informed that problems would continue for a month.

FD EU and UK prices are subject to discounts.

Other regions

Turkish activity was subdued because of currency issues but offers were higher. The above price ranges refer to material with a duty of 6.5% applicable. The top end of the above ranges refer to the low end of new offers from the Middle East, but there was still evidence of low-end levels above being settled in January in the blowmoulding sector. \$1,650/tonne CFR was seen as unworkably high.

Plastics from Iran, with the exception of LDPE, will be subject to a 6.5% import duty from 21 February 2014. For the time being the import duty for Iranian PE remains at 3% but Iranian offers were scarce.

Local producer Petkim left its prices unchanged this week.

Asian HDPE prices are largely stable.

Russian HDPE injection spot prices were steady against a background of slow post-holiday sales. Domestic producers, including Gazprom Neftekhim Salavat and Kazanorgsintez, were aiming to keep their injection HDPE quotes unchanged later in January. Therefore, there were expectations of largely stable spot numbers in coming weeks.

Russian HDPE blowmoulding spot prices were marginally down. One local producer cut its blowmoulding quotes by Rb1,000/tonne down to Rb61,000-61,500/tonne thus affecting the lower end of the price range. Spot numbers were expected to remain under pressure amid signs of slow sales and weak local demand. Russian numbers include 18% VAT.

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FEEDSTOCK PRICES (CONTRACT)

ETHYLENE

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[FD NWE JAN](#)

EUR/TONNE

+15.00

Price Range

1240.00-1240.00

+15.00

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