

23 April 2010

Institutional Use Only

LME Daily Plastics Report

LME EVENING EVALUATION PRICES

PP MONTH	ASIA (US\$/MT)			EUROPE (US\$/MT)			NORTH AMERICA (US\$/MT)		
	CLOSE*	CH	O/I	CLOSE*	CH	O/I	CLOSE*	CH	O/I
CASH	1240	0	NA	1290	0		1450	-60	NA
MAY 10	1240	0	NA	1280	0		1415	-60	29
JUNE 10	1240	0	NA	1280	0		1380	-40	29
JULY 10	1240	0	NA	1270	0		1360	-30	1
AUGUST 10	1240	0	NA	1260	0		1340	-30	15
SEPT 10	1240	0	NA	1250	0		1330	-20	15
Q4 2010	1240	0	NA	1220	0		1310	-30	15
TOTAL OPEN INT			NA			0			104
STOCKS		74 MT			198 MT			816 MT, inc. 50 MT of CW	

LLDPE MONTH	ASIA (US\$/MT)			EUROPE US\$/MT)			NORTH AMERICA (US\$/MT)		
	CLOSE*	CH	O/I	CLOSE*	CH	O/I	CLOSE*	CH	O/I
CASH	1340	0		1300	0		1225	0	NA
MAY 10	1340	0		1300	0		1145	0	30
JUNE 10	1340	0		1300	0		1075	0	60
JULY 10	1345	0		1300	0		1035	0	80
AUGUST 10	1350	0		1300	0		1015	0	NA
SEPT 10	1355	0		1300	0		1000	0	NA
Q4 2010	1365	0		1300	0		975	0	NA
TOTAL OPEN INT			0			0			170
STOCKS		74 MT		74 MT				1757 MT, inc. 123 MT of CW	

* Explanations on our table: *Close: Prices shown are the evening evaluations basis 5 pm London time: spot prices are for 2 business days forward. CH: represents change from the prior day's close. **Market Open Interest (O/I)** refers to open exchange positions and open client positions for a particular prompt date. It is reported daily at 15:00 hours London time and is current as of the close of business on the previous LME working day and reported the following business day. **Stocks** on LME include cancelled warrants (**CW**); cancelled warrants represent material in the LME warehouses, but not available for delivery and is included, not separate, from the total stock figure.

LME evening settlements are tabulated above, where we see no changes to prices apart from North American PP.

We have no price recap today, but have attached a summary of various price levels as extracted from Platts at the end of our report. There is no additional commentary today.

In European LLDPE markets, spot prices remained at a Eur1190-1200/mt (\$1,598/mt) FD NWE level. Sabic Europe is targeting a Eur60/mt increase in cast stretch LLDPE grades in May. For other LLDPE grades they will be targeting a Eur40/mt increase. Meanwhile, Dow Europe reported that it will be increasing its May prices for all grades of LLDPE by Eur50/mt (\$67/mt).

In US LLDPE markets, spot material remained tight out of the US, but there was a US offer into Peru at \$1,670/mt CFR, which would netback to about 70 cents/lb FAS Houston, and traders were hopeful it was a sign more LLDPE would become available by the end of April. Meanwhile, producers who sell directly to China through a joint venture or distributor agreements would have to sell under 60 cents/lb FAS Houston. In this respect, one seller told *Platts* that the wide spread between China and the domestic market would entice producers to shun China in favor of selling more into the domestic market, which could lead to an overhang domestic LLDPE in May and force domestic prices lower.

In Asian LLDPE markets, LLDPE was firm this week, with prices in China increasing on the back of tight supply and strong demand. On a CFR Far East Asia prices rose by \$30/mt to \$1,370/mt, in Southeast Asia by \$15/mt to \$1,385/mt CFR, and in South Asia by \$10/mt to around \$1,430/mt CFR. Saudi Petrochemical Development Company announced this week offers for May cargoes at \$1,380/mt CFR China. In the Chinese domestic market, Sinopec was offering ex-works cargoes at a "listed" price of Yuan 11,300/mt (\$1,333/mt on import parity).

In European PP markets, April contract price settlements were reported by converters at Eur1300/mt (\$1,739/mt) FD NWE for homo-injection grade this week, reflecting price hikes of Eur85-100/mt and above versus March levels. A number of traders reported concluding spot business in the range of Eur1180- 1240/mt, leading to an assessment of Eur1200-1205/mt for homo-injection grade, up by Eur30/mt. Co-polymer grade was described by all to be tighter than homo injection at a Eur1270-1310/mt range, with spot assessed up by a more pronounced Eur40/mt at Eur1270- 1275/mt. In Turkey, spot prices were quoted at \$1,480-1,490/mt CFR Istanbul for raffia grade.

In US polypropylene markets, monomer prices have softened significantly recently and have put downward pressure on PP prices. Participants expected May contracts to fall by 10 cents/lb, possibly more, given the gulf between current spot monomer levels and the April contract settlement. An April spot PGP trade was heard done Monday at 65 cents/lb MtB pipe and at that level, the spot price was roughly 10.50 cents/lb below the April contract at 75.50 cents/lb. On exports, participants suggested prices would have to fall roughly 8-10 cents/lb before US exports could be competitive.

In Asian PP markets, prices gained \$20/mt in China and Northeast Asia from a week ago, also rising by \$35/mt in Southeast Asia and \$25/mt in the Indian subcontinent. Offers of raffia and injection PP cargoes started from \$1,350/mt CFR China and SE Asia early week for shipments to be delivered in May and June. IPP and BOPP markets were \$20/mt above raffia and injection, while block copolymer commanded a \$75/mt premium. PP margins were \$145/mt in the red at the close of market Wednesday, based on a propylene price of \$1,350/mt CFR China and conversion cost of \$150/mt.

Forward Curve on NYMEX Clearport, \$/lb (as of 23 April 2010)		
	Polypropylene (\$/lb)	High-Density Polyethylene (\$/lb)
May-10	0.6950	0.6500
June-10	0.6900	0.6100
July-10	0.6900	0.5700
Aug-10	0.6875	0.5450
Sep-10	0.6850	NA
Oct-10	0.6850	NA

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