

# Platts: December Petrochemical Prices Slip Nearly 1% on Year-End Slowdown

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LONDON

LONDON, Jan. 6, 2012 /PRNewswire/ -- Platts - Prices in the \$3-trillion-plus global petrochemicals marketplace slipped nearly 1% to \$1,161 per metric tons (/mt) in December, according to the just-released monthly average of the [Platts Global Petrochemical Index](#) (PGPI), a benchmark basket of seven widely used petrochemicals.

This compares to a November PGPI monthly average price of \$1,162/mt. The somewhat sideways price trend is largely attributed to the typical end-of-year slowdown in the petrochemical markets. Historically, liquidity tends to thin ahead of the holiday season, according to [Platts](#), the founder of the index and the physical market price assessment processes for each of its components.

On an annual basis, the December 2011 PGPI average was down 6.9% from the same period in 2010.

PLATTS GLOBAL PETROCHEMICAL INDEX IN U.S. DOLLARS PER METRIC TON						
	Dec-'11	Dec-'10	% Chg	Nov-'11	Oct-'11	Sep-'11
PGPI Monthly Average	\$1,161.00	\$1,194.00	6.9%	\$1,162.00	\$1,200.00	\$1,3

Petrochemicals are used to make plastic, rubber, nylon and other materials for consumer products, packaging, manufacturing, construction, pharmaceuticals, aviation, electronics and nearly every commercial industry.

Three of the seven PGPI components' monthly averages were lower in December. The largest drop was seen in propylene, which fell 6% to \$1,057/mt, down from \$1,125/mt in November. That drop in propylene was felt in polypropylene prices, which fell 5% to \$1,350/mt, down from \$1,420/mt in November.

On an end-of-day, end-of-month basis, the PGPI market-on-close value was \$1,173/mt on December 30 - a 2% increase compared to the end-of-day, end-of-month value for November of \$1,149/mt. The slight rise marks the first end-of-day, end-of-month value gain recorded since July 2011. Month-end closing prices are often used for valuing portfolios.

In December, global petrochemical markets traditionally see a drop in liquidity ahead of the holiday season. This is due to U.S. inventory levels typically being reduced ahead of the New Year as companies try to decrease their end-of-year inventory taxes. In Asia, petrochemical converters also work through their inventories ahead of the Lunar New Year holiday, which this year starts on January 23, 2012.

Despite the December lull, the January PGPI monthly average price has historically been stronger as companies restock following the New Year. Since the PGPI was introduced in 2007, the January PGPI price has averaged 10% greater than the previous December.

The minor change in the December PGPI also mirrored the relatively stable global equity markets. Through December, global equity markets were relatively flat, with both the Dow Jones Industrial Average (DJIA) and Financial Times and the London Stock Exchange Index (FTSE) gaining less than 1.5% each. The Nikkei 225 also was higher, but only by a quarter of one percent.

The largest gain in December was in the global benzene index, which climbed 10% to \$1,033/mt, up from \$940/mt in November. Ethylene prices also were significantly higher, climbing more than 4% to \$1,121/mt, up from \$1,074/mt in November. To access a summary of the December performance of each of the seven key petrochemicals included in the PGPI, visit this link: <http://www.platts.com/newsfeature/2012/pgpi/index>.

The PGPI reflects a compilation of the daily price assessments of physical spot market [ethylene](#), [propylene](#), [benzene](#), [toluene](#), [paraxylene](#), [low-density polyethylene \(LDPE\)](#) and [polypropylene](#) as published by Platts and is weighted by the three regions of Asia, Europe and the United States. Used as a price reference, a gauge of sector activity, and a measure of comparison for determining the profitability of selling a barrel of crude oil intact or refining it into products, the PGPI was first published by Platts in August 2007.

Published daily in [Platts Petrochemical Alert](#), a real-time news service, and other Platts publications, the PGPI is anchored by Platts' robust and long-established price assessment methodology and the firm's 100-year history of energy price reporting.

[Platts petrochemicals experts](#) are available for media interviews, consult [Platts Media Center](#). For more information on [petrochemicals](#), visit the Platts website at [www.platts.com](http://www.platts.com).

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