

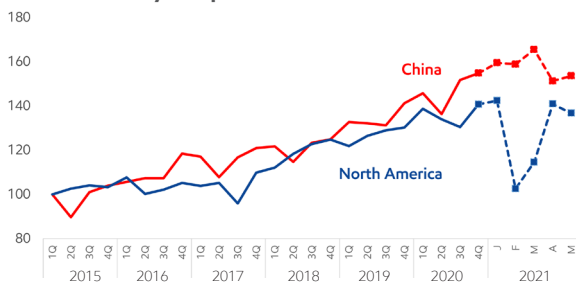
REVIEW OF THE WORLDWIDE POLYETHYLENE INDUSTRY

tomorrow's
 performance
 today

As PE production recovers in the US, delivery schedules and costs increase

In 2Q21, US Polyethylene production fully recovered from Winter Storm Uri, while China production reflects seasonal turnarounds.

Quarterly PE production indexed to 1Q15

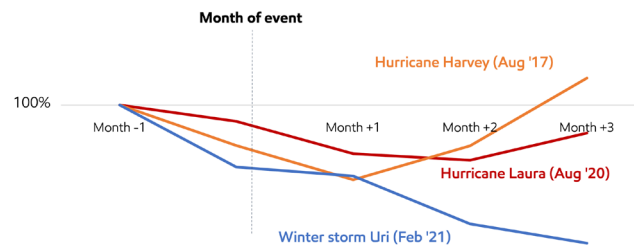


Source: EM estimates, ACC, ICIS

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As suggested in our April Edition, the impact from Winter Storm Uri on polyethylene production exceeded the impact from Hurricanes Harvey and Laura, with an extended disruption to export supply chains.

North America PE exports recovery after prior events



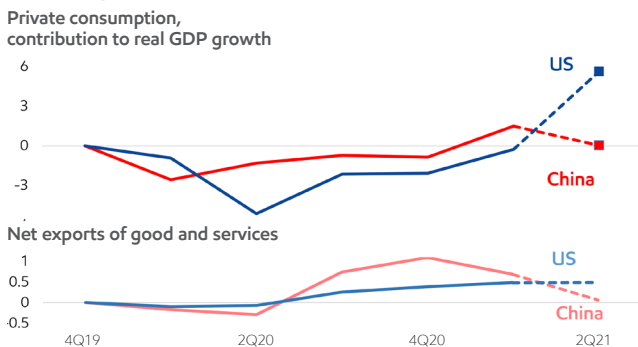
Source: EM estimates, ACC

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PE consumption growth shifting to Atlantic Basin due to shipping constraints

Meanwhile, domestic China private consumption flattened, while exports were capped by the availability of marine containers and port congestion.

Key economic markers indexed to 1Q15

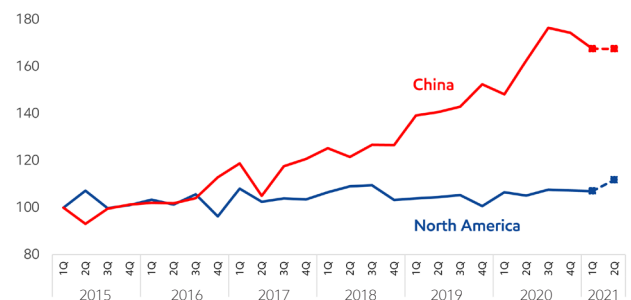


Source: IHS Global Economics

At the time this report was issued, full 2Q21 data were not yet published.

With congestion of finished PE goods out of ports in China, demand on local Atlantic Basin PE converters increased. As a consequence, global PE demand growth has been rebalancing from China to the Atlantic Basin.

Quarterly PE demand indexed to 1Q15

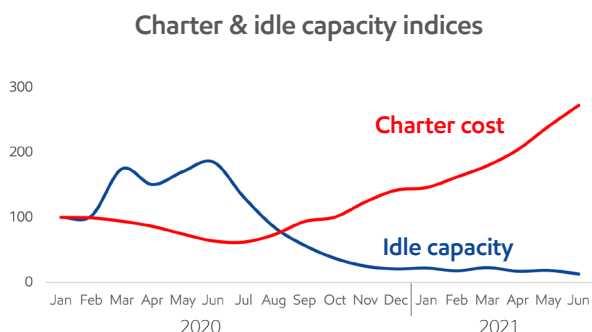


Source: EM estimates, ACC, ICIS. At the time this report was issued, full 2Q21 data were not yet published.

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Marine container constraints persist

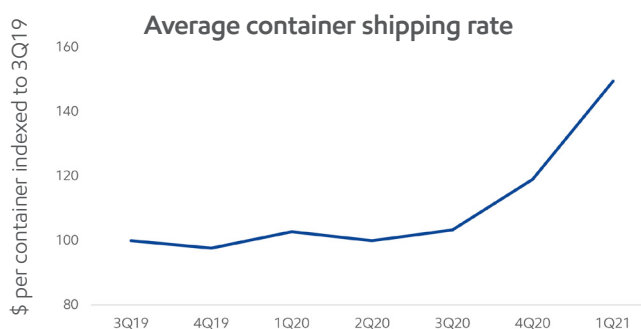
Supply of shipping capacity remains extremely tight, with a historically low idling fleet and record high vessel charter rates.



Source: Alphaliner, Harpex

Data indexed to Jan 2020. Idle capacity is measure of the available Twenty-foot Equivalent Units; the Charter index measures daily cost to charter an available vessel

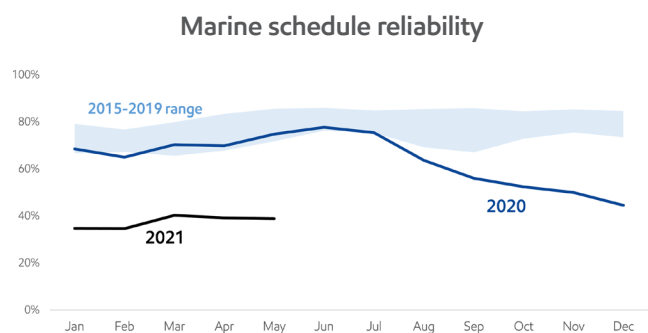
The sustained shipping capacity tightness, spurred by high goods purchases in the Atlantic basin, is resulting in an escalation of carriers' freight costs.



Source: Alphaliner

Data based on average cost of a Twenty-foot Equivalent Unit. Shippers represent 54% of shipping market share as of 2021.

Severe congestion across all ports has sent vessel schedule reliability to historically low levels.



Source: Sea-Intelligence



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