

The QuiMax Monthly Report

Providing Market Intelligence
to the Petrochemical and Plastic Industries

January 14, 2011

Issue No. 105

www.quimaxlatin.com

Contents

HIGHLIGHT

Summary	1
Price Pages	2-4
Energy Briefing	5

Brazil	7
Operational News	8
Market Intelligence	8

Mexico	13
Operational News	14
Market Intelligence	16

Argentina	21
Operational News	22
Market Intelligence	22

Venezuela/Colombia	24
---------------------------	----

Electronic (pdf file) services are available for US\$3,050 per year. Additional hard copies are US\$100 per year.

For additional information please visit our website at www.quimaxlatin.com

Argentina – Economic growth was robust in 2010 and may remain healthy through 2011. The currency exchange rate has remained virtually flat in the last couple of months. Operational rates remained high in late December and early January at most petrochemical sites. Demand was reduced during the last week of 2010 and the first week of 2011. PE prices were flat in early January, while PP prices increased in the first days of the month and should increase once again in late January.

Brazil – The nation's economic growth in 2010 was one of the highest in the last two decades, and prospects for 2011 remain healthy, as unemployment rates remain at historical lows and domestic demand soared for most sectors. We expect some monetary tightening to occur in 2011 to keep the economy from overheating and minimize inflationary pressures. Braskem's naphtha cracker in Bahia has resumed normal operations after 60 days of maintenance work. Other crackers have been operating at high rates. Prices of naphtha soared, while most prices for resins remained virtually flat. One exception is PP, with higher prices materializing for January deliveries. We expect most of resins prices to rise in February.

Mexico – 2011 looms ahead as a year of high priced "commodities". Weather-related floods have damaged many crops around the globe, and high demand for most commodities in developing countries like India, China, and Brazil will continue to exert pressure on prices of all related plastics. Packaging- and construction-related plastics will be affected in a positive way by global increased demand. December was characterized by higher prices and lower inventories. Production problems were few and far apart. Pemex improved its logistics and decided to reduce their LDPE resin price by 4%, keeping the other PE unchanged. Resin users are acquiring all the product that they request. While inventories at convertor sites are low, producers' inventories are

increasing. Not much trade activity was reported during the first week in January. Currently, the HDPE-Asahi unit is back online after five weeks of maintenance work. All three LDPE units at Cangrejera are now in production. Meanwhile, demand continues to reflect back-to-back sales. For January, supply is good for most resins, and early this month, plastic resins demand in Mexico was weak.

Venezuela – Devaluation has taken the local currency the Bolivar, to 4.30 to the dollar from 2.15 official exchange. Production at the major olefins plant at El Tablazo experienced production problems in late December. Demand for resins in Venezuela remained flat for December. We expect Venezuela's GDP to have shrunk by more than 3.0% in 2010 compared to 2009. An improved GDP is expected for 2011 as the government plans to invest heavily in infrastructure projects. Prices for most resins remain unchanged since May 2010 but may go up some in February. Imported resin will be needed to supplement local production. Fewer resin exports into Colombia were reported in December. Profalca now has Grupo Zuliano as a partner.

U.S. – Unemployment figures continue to disappoint but some improvement was reported in late December. We expect 2011 to produce better numbers. Real gross domestic product increased at an annual rate of 2.5% in the third quarter of 2010. In the second quarter, real GDP increased 1.7%. The GDP estimates released in late December are based on more complete source data. Looking at energy, NG prices moved up significantly as cold temperatures moved into much of the country. The Henry Hub spot price increased to US\$4.52 per million Btu (MMBtu). At the New York Mercantile Exchange (NYMEX), futures prices increased compared to last month. The futures contract for February 2011 delivery is now US\$4.47 per MMBtu. As of Dec. 26, working gas in underground storage was 3,097 billion cubic feet (Bcf). The West Texas Intermediate crude oil spot price rose to US\$90 per barrel or US\$15.50 per MMBtu.

NOTE: Best Wishes for 2011! Please mark your calendars for March 25, 2011, and plan to attend our Fourth Networking Meeting in Houston, Texas, just prior to NPRA. Have a question? We welcome your calls.

Market Intelligence provided by:

Rina Quijada, PhD
Solange Stumpf
Otavio Carvalho
Elena D'Arcy
Ana Perasso
Jim Young

Consultant, Latin America
Consultant, Mercosur
Consultant, Argentina
Publisher-Designer
Marketing Director
Editor

rquijada@intelllichem.net
maxiquim@maxiquim.com.br
otavio@maxiquim.com.br
elena@edarcyva.com
aperasso@intelllichem.net
readwritedit@gmail.com

281-717-4052
55.51.3328.1078
55.51.3328.1078
305.238.2147
281-717-4052
281-717-4052



BRAZILIAN PETROCHEMICAL DOMESTIC PRICING

			December 2010				Price Trend	
Product	Grade	Notes	Contract / Market Prices				January Preliminary	Trend January
			With PIS/COFINS	Net of Taxes			Net of Taxes	
			R\$/Ton	R\$/Ton	US\$/Ton	Cts/Lb		US\$/Ton
Feedstock								
Naphtha		2, 3	1247 - 1263	1247 - 1263	736 - 746	33.4 - 33.8	783 - 793	
Monomers								
Ethylene		2, 5	2508 - 2653	2295 - 2429	1355 - 1434	61.5 - 65.0	1424 - 1507	↑
Propylene		2, 5	2254 - 2507	2063 - 2295	1218 - 1355	55.2 - 61.4	1302 - 1448	↑
Butadiene		2, 5	3462 - 3717	3169 - 3402	1871 - 2008	84.9 - 91.1	1897 - 2036	↑
Benzene		2, 5	1644 - 1813	1505 - 1660	888 - 980	40.3 - 44.4	888 - 980	↑
Styrene		2, 5	2594 - 2751	2374 - 2518	1402 - 1487	63.6 - 67.4	1452 - 1540	↑
Polymers								
LDPE	General Purpose, Film	1, 2, 4	4253 - 4500	3893 - 4119	2298 - 2432	104.2 - 110.3	2298 - 2432	↑
LLDPE	Butene, Film	1, 2, 4	3679 - 3961	3368 - 3625	1988 - 2140	90.2 - 97.1	1988 - 2140	↑
LLDPE	Hexene, Film	1, 2, 4	3720 - 4001	3405 - 3662	2010 - 2162	91.2 - 98.1	2010 - 2162	↑
LLDPE	Octene, Film	1, 2, 4	3857 - 4143	3530 - 3793	2084 - 2239	94.5 - 101.6	2084 - 2239	↑
LLDPE	Metallocene	1, 2, 4	4102 - 4383	3754 - 4012	2216 - 2368	100.5 - 107.4	2216 - 2368	↑
HDPE	Film	1, 2, 4	3655 - 3941	3346 - 3608	1975 - 2130	89.6 - 96.6	1975 - 2130	↑
HDPE	Blow Molding	1, 2, 4	3696 - 3991	3383 - 3653	1997 - 2156	90.6 - 97.8	1997 - 2156	↑
PP	Film	1, 2, 4	3791 - 4003	3470 - 3664	2049 - 2163	92.9 - 98.1	2130 - 2249	↑
PP	Injection Molding	1, 2, 4	3823 - 4076	3499 - 3731	2066 - 2202	93.7 - 99.9	2148 - 2291	↑
PP	Copolymer	1, 2, 4	3907 - 4160	3576 - 3807	2111 - 2248	95.8 - 102.0	2195 - 2338	↑
PP	Raffia	1, 2, 4	3707 - 3869	3393 - 3541	2003 - 2091	90.9 - 94.8	2083 - 2174	↑
PS	General Purpose	1, 2, 4	3304 - 3661	3024 - 3351	1785 - 1978	81.0 - 89.7	1821 - 2018	↑
PS	High Impact	1, 2, 4	3481 - 3806	3186 - 3483	1881 - 2056	85.3 - 93.3	1918 - 2097	↑
PVC	Suspension Rigid Pipe	1, 2, 4	3005 - 3276	2751 - 2998	1624 - 1770	73.7 - 80.3	1624 - 1770	↑
PVC	General Purpose	1, 2, 4	3095 - 3381	2833 - 3094	1672 - 1827	75.8 - 82.9	1672 - 1827	↑
ABS	High Impact	1, 2, 4	5769 - 6034	5281 - 5523	3117 - 3260	141.4 - 147.9	3117 - 3260	↑
EPS	General Purpose	1, 2, 4	4369 - 4725	3999 - 4325	2361 - 2553	107.1 - 115.8	2361 - 2553	↑
EVA	Low VA	1, 2, 4	5080 - 5254	4650 - 4809	2745 - 2839	124.5 - 128.8	2882 - 2981	↑
EVA	High VA	1, 2, 4	5180 - 5498	4742 - 5033	2799 - 2971	127.0 - 134.8	2939 - 3119	↑
PET	Bottle	1, 2, 4	3331 - 3516	3049 - 3219	1800 - 1900	81.6 - 86.2	1800 - 1900	↑
Others								
Caustic Soda (DMT)		2, 6	740 - 777	678 - 711	400 - 420	18.1 - 19.1	420 - 440	↑

- | | |
|-----------------------------|---------------------|
| 1) Delivered, bagged | 4) Sight |
| 2) Before Taxes (ICMS, IPI) | 5) Delivered |
| 3) FOB Refinery | 6) X Tank Sao Paulo |

Prices reported are the opinion of QuiMax and based on public information.

Exchange Rate R\$/US\$ 1.69

Reproduction, or use in electronic media, without authorization is forbidden. Intellichem, Inc., makes no warranties with respect to the contents of this report, other than to have prepared it in a diligent and professional manner, and assumes no liability for damages resulting from any use of this report.



MEXICAN PETROCHEMICAL DOMESTIC PRICING

			December 2010			Price Trend	
Product	Grade	Notes	Contract/Market Prices			January Preliminary	Trend January
			Pesos/Ton	US\$/Ton	Cts/Lb	US\$/Ton	
Feedstock							
Natural Gas (\$/MMBTU)	Henry Hub	US Gulf	-	3.99 - 4.61	-	3.90 - 5.00	↑
Monomers (8)							
Styrene (no discount)		6,9	17825 - 17850	1438 - 1440	64.74 - 65.30	-	↑
Polymers							
Low Density PE	General Purpose, Frac	1, 4	20503 - 21323	1653 - 1720	75.00 - 78.00	1631 - 1698	↓
Low Density PE	General Purpose, Film	1, 4	20503 - 20776	1653 - 1675	75.00 - 76.00	1631 - 1675	↓
Linear Low Density PE	Butene, Film	1, 4	16129 - 17222	1301 - 1389	59.00 - 63.00	1433 - 1477	↑
High Density PE	Film	1, 4	17222 - 17769	1389 - 1433	63.00 - 65.00	1389 - 1433	↑
High Density PE	Blow Molding	1, 4	16129 - 16949	1301 - 1367	59.00 - 62.00	1367 - 1433	↑
High Density PE	Injection Molding	1, 4	16129 - 16949	1301 - 1367	59.00 - 62.00	1367 - 1411	↑
Polypropylene	Injection Molding	1, 4	19136 - 20503	1543 - 1653	70.00 - 75.00	1742 - 1830	↑
Polypropylene	Raffia	1, 4	19136 - 20503	1543 - 1653	70.00 - 75.00	1753 - 1830	↑
Polystyrene	General Purpose	2, 4	20503 - 21323	1653 - 1720	75.00 - 78.00	1742 - 1808	↑
Polystyrene	High Impact	2, 4	21870 - 23236	1764 - 1874	80.00 - 85.00	1874 - 1940	↑
PVC(**)	Suspension Rigid Pipe	4,7	12302 - 12848	992 - 1036	45.00 - 47.00	948 - 1014	↑
PVC(**)	Suspension GP	4,7	12848 - 13395	1036 - 1080	47.00 - 49.00	992 - 1058	↑
PET		2	20229 - 21323	1631 - 1720	74.00 - 78.00	1720 - 1786	↑
Others							
Caustic Soda (DMT)		6	6200 - 6820	500 - 550	22.68 - 24.95	500 - 550	↔
<p>1) DAF,Laredo-Bulk 6) X-tank/X-Works DF (***) PVC GP price 1-2 cents higher 2) Bagged-Delivered 7) Plant Bagged PS prices adjusted to reflect 3) FOB Refinery 8) Prices no longer reported producers and distributors sales 4) Sight 9) Pemex List Price -Discount appx 15%</p> <p>5) Delivered</p> <p>Prices reported are the opinion of QuiMax and based on public information.</p>							
<p>EXCHANGE Peso/US\$ 12.40 Banco de Mexico</p>							
<p>Ex Works -- Title and risk pass to buyer including payment of all transportation and insurance cost from the seller's door. Delivered at Frontier -- Title, risk and responsibility for import clearance pass to buyer when delivered to named border point by seller.</p> <p>Reproduction, or use in electronic media, without authorization is forbidden. Intellichem, Inc., makes no warranties with respect to the contents of this report, other than to have prepared it in a diligent and professional manner, and assumes no liability for damages resulting from any use of this report.</p>							



ARGENTINE PETROCHEMICAL DOMESTIC PRICING

December 2010

Product	Grade	Notes	Contract/Market		
			PESO/Ton	US\$/Ton	Cts/Lb
Polymers					
Low Density PE	General Purpose, Film	1, 2, 3	8500 - 9050	2138 - 2277	97.0 - 103.3
Linear Low Density PE	Butene, Film	1, 2, 3	7450 - 7890	1874 - 1985	85.0 - 90.0
Linear Low Density PE	Hexene, Film	1, 2, 3	7600 - 8100	1912 - 2038	86.7 - 92.4
Linear Low Density PE	Octene, Film	1, 2, 3	7800 - 8300	1962 - 2088	89.0 - 94.7
High Density PE	Film	1, 2, 3	7450 - 7800	1874 - 1962	85.0 - 89.0
High Density PE	Blow	1, 2, 3	7600 - 7950	1912 - 2000	86.7 - 90.7
Polypropylene	Raffia	1, 2, 3	7150 - 7600	1799 - 1912	81.6 - 86.7
Polypropylene	Injection Molding	1, 2, 3	7450 - 7800	1874 - 1962	85.0 - 89.0

- 1) Delivered, bagged
- 2) Before Tax (IVA)
- 3) Sight

Prices reported are the opinion of QuiMax and based on public information. QuiMax assumes no liability as to their use.

Exchange Rate PESO/US\$ 3.98

Reproduction, or use in electronic media, without authorization is forbidden. MaxiQuim Ltda and Intellichem, Inc., make no warranties with respect to the contents of this report, other than to have prepared it in a diligent and professional manner, and assumes no liability for damages resulting from any use of this report.



VENEZUELAN PETROCHEMICAL DOMESTIC PRICING

December 2010

Product	Grade	Notes	Contract/Market		
			Bolivares/Ton	US\$/Ton	Cts/Lb
Polymers					
Low Density PE	General Purpose, Film	1, 2, 3	3,495	920	41.7
Linear Low Density PE	Butene, Film	1, 2, 3	2,995	788	35.8
High Density PE	Injection Molding	1, 2, 3	3,087	812	36.8
High Density PE	Blow Molding	1, 2, 3	3,364	885	40.2
Polypropylene	Injection Molding	1, 2, 3	4,359	1147	52.0

- 1) Delivered, bagged
- 2) Before Tax (IVA)
- 3) Sight

Prices have been stable since November 2008. NOTE: AS OF JAN 1, 2011 EXCHANGE RATE IS 4.30

Prices reported are the opinion of QuiMax and based on public information. QuiMax assumes no liability,

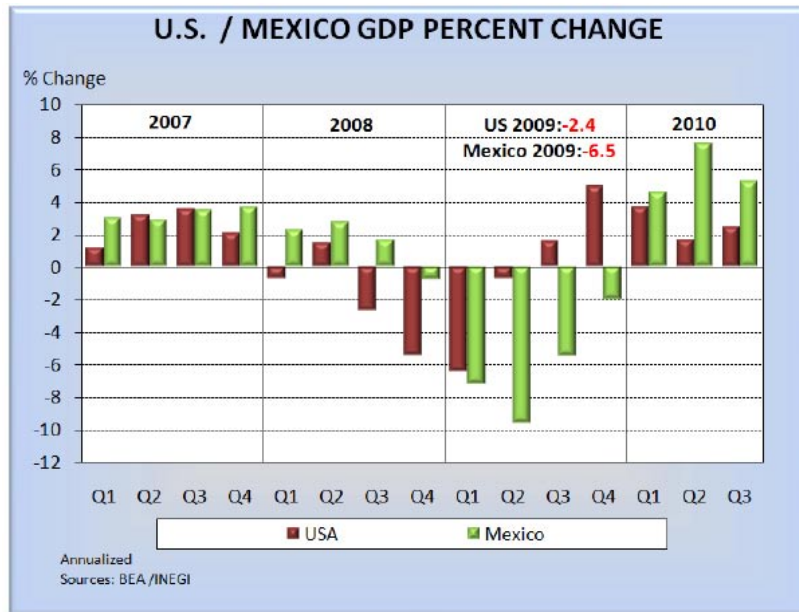
Exchange Rate Bolivares/US\$ 3.80

New Exchange rate as of January 1, 2011- Resins remain with this exchange rate.

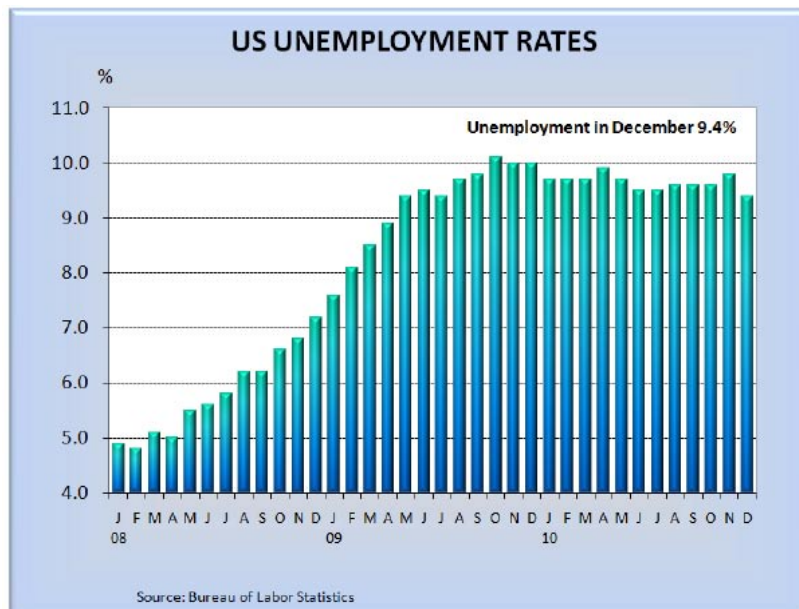
Reproduction, or use in electronic media, without authorization is forbidden. Intellichem, Inc., makes no warranties with respect to the contents of this report, other than to have prepared it in a diligent and professional manner, and assumes no liability for damages resulting from any use of this report.

ECONOMIC AND ENERGY BRIEFING

Real gross domestic product increased at an annual rate of 2.6% in the third quarter of 2010 over the second quarter, according to the “third” estimate released by the Bureau of Economic Analysis. In the second quarter, real GDP increased 1.7% over the first. This GDP estimate is based on more complete source data than were available last month that showed growth at 2.5%. The increase in real GDP in the third quarter primarily reflected positive contributions from personal consumption expenditures, private inventory investment, nonresidential fixed investment, exports and federal government spending. This is shown in the following graph.



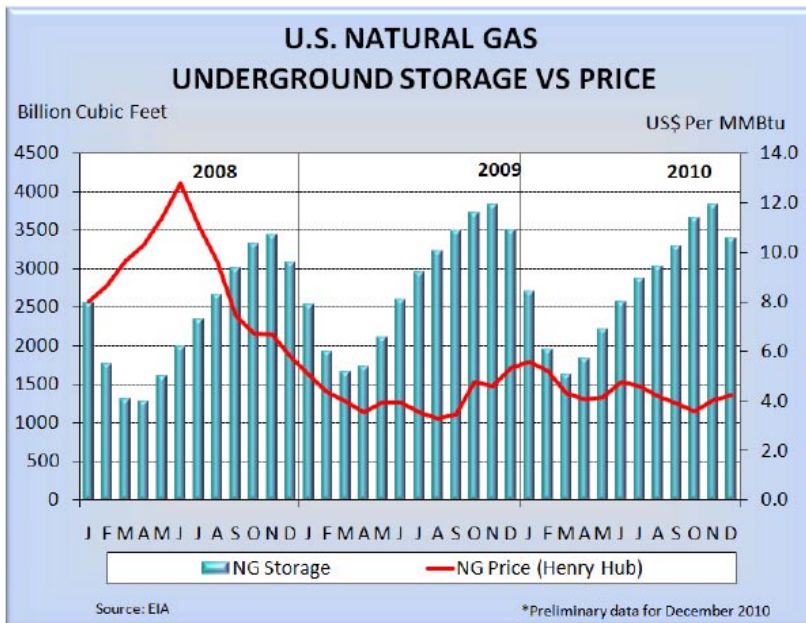
Unemployment rates are coming down slowly, but we now expect them to improve in early 2011. The number of unemployed persons decreased by 556,000 to 14.5 million in December, and the unemployment rate dropped to 9.4%. These metrics, as illustrated in the following graph, were down from the year's average of 15.2 million and 9.9%.



Regarding natural gas, prices moved up significantly after Thanksgiving weekend. Severe weather this season is increasing heating demand from coast to coast. The Henry Hub spot price increased to US\$4.52 per million Btu (MMBtu) in early January.

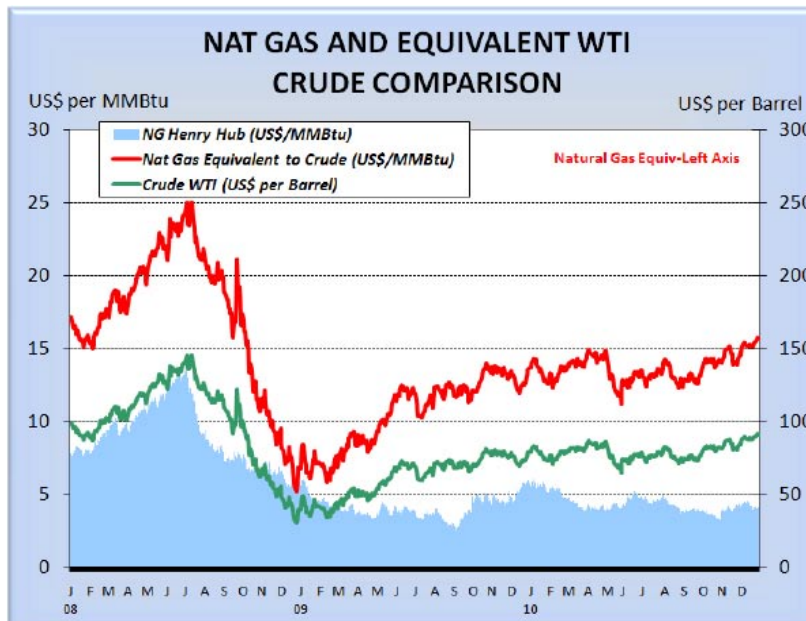
At the New York Mercantile Exchange (NYMEX), futures prices increased. The futures contract for February 2011 delivery is US\$4.47 per MMBtu. On Dec. 30 working gas in underground storage was 3,097 billion cubic feet (Bcf).

The following graphs show the relationship between underground natural gas inventory levels and prices. Our graphs also illustrate the relationship between crude oil/naphtha and natural gas prices as feedstocks to the petrochemical industry. With WTI close to US\$90 per barrel, the equivalent of natural gas price should be close to US\$15.50 per MMTBU. Hence, we continue to see natural gas (ethane/propane) as the preferred feedstock for U.S.-based petrochemicals rather than naphthas for the rest of Q1, 2011.



In other news, on Jan. 6, the U.S. National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling characterized last spring's blowout of the Macondo well in the Gulf of Mexico, which resulted in the largest oil spill ever in U.S. waters, as the result of missteps and oversights by the involved companies.

The commission issued key conclusions from its extensive investigation into the causes of the blowout of the oil well, which was being drilled by a consortium of the companies BP, Transocean and Halliburton. On April 20, 2010, the blowout killed 11 workers and resulted in the release of over four million barrels of oil into the Gulf of Mexico for nearly three months before the well was capped.



According to the early release, the Macondo blowout was the product of several individual missteps and oversight failures by BP, Halliburton and Transocean. According to the report, government regulators lacked the authority, the necessary resources and the technical expertise to prevent these errors. Mistakes included a flawed design for the cement slurry used to seal the bottom of the well, which was developed without adequate engineering review or operator supervision. There was apparent inattention to key initial signals of the blowout. Apparently, these failures were preventable.

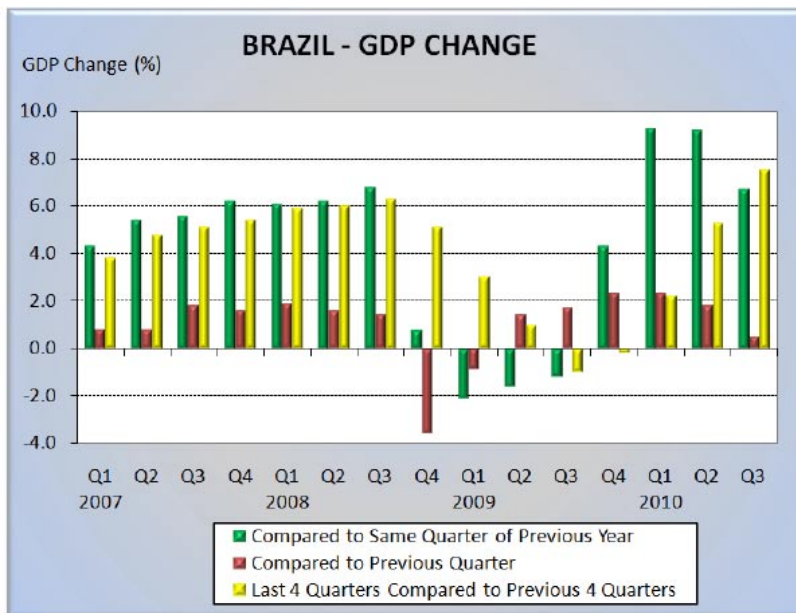
BRAZIL

COUNTRY OVERVIEW

The Brazilian GDP grew nearly 7.6% in 2010, according to preliminary estimates from the Brazilian Institute of Geography and Statistics (IBGE), which added that GDP rose 0.5% in Q3 over the second quarter. Year-to-year growth in the third quarter was 6.7%, and the agency reported an 8.4% year-on-year improvement January to September.

The service sector registered a 1% increase during the period, while the agricultural and industrial sectors experienced declines of 1.5% and 1.3%, respectively. Industry has been struggling against the weak dollar that makes imports more attractive and exports more difficult.

Industrial production declined 0.1% in November, but looking at the year as a whole, the sector performed well and should hit around 10% growth for 2010. The graph to the right shows the quarterly development of Brazilian GDP through the third quarter of 2010



We expect to see decelerated growth of the Brazilian economy in 2011. GDP should grow by 4.5% and industrial production by 5.0%. The following table shows the main economic indicators in Brazil in 2010 with the forecast for 2011. Inflation in 2010 reached 5.9%, closer to the higher end of the range defined by Central Bank. We expect to see some inertial inflation holding on through Q1 2011.

Low unemployment rates combined with higher average personal income may help to keep domestic demand strong, contributing to inflationary pressures. Consequently, policymakers at the Central Bank may need to raise interest rates by 1.5 percentage points over the year, taking the benchmark interest rate to 12.3% by late 2011.

The trade balance in 2010 ended with a surplus, though a smaller one than last year. With the weakened dollar and strong domestic demand, imports grew more than 40%, and exports registered an increase of 32%, boosted by agriculture and mining products. The table to the right illustrates an overview of the Brazilian economy for 2010.

BRAZILIAN ECONOMIC OVERVIEW		
	2010	2011*
GDP (% growth)	7.6	4.5
Inflation (%)	5.9	5.4
Exchange Rate (R\$/US\$)	1.69	1.74
Interest Rates (% a.a.)	10.75	12.25
Industrial Production (% growth)	10.6	5.0
Trade Balance (US\$ Billion)	16.9	8.8
* Estimates		
Source: Central Bank of Brazil		

OPERATIONAL NEWS

In the first week of 2011, Braskem's naphtha cracker in Camacari, Bahia, resumed operations. One of two units there, with installed ethylene capacity of 740,000 t/year, had been shut down for maintenance work since Nov. 4. The work was scheduled to last 40 days but, ended up lasting approximately 60 days, partly due to a strike enacted by contract workers in the maintenance crews. An end-of-year accident at a neighboring 540,000 t/year naphtha cracker caused ethylene production at that plant to halt 10 days. That unit began its start-up procedure in the second week of January. As we write, downstream units at Camacari site are resuming production.

The following table provides an estimate for ethylene production in Brazil for 2010. With the delayed restart at Braskem's unit in Camacari, we expect an estimated loss of 115,000 tons in ethylene production this year, far more than originally expected. Therefore, petrochemical inventories started the year at very low levels but should recover slowly in light of the renewed demand, already notable at the beginning of the year.

ETHYLENE QUARTERLY OPERATING CAPACITY - 2010												
BRAZIL					Quarterly Operating Schedule							
					2010				Days Lost			
Company	City	State	Proc.	Ann. Cap. (000 Ton)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Braskem	Camacari	BA	N	1280		3	5	32	0	12	18	114
Braskem	Triunfo	RS	N	1250			2		0	0	7	0
Braskem (ex. Quattor)	Sto Andre	SP	N	500		2			0	3	0	0
Braskem (ex. Quattor)	Sto Andre	SP	RG	200		6	3			3	2	0
Braskem (ex. Quattor)	Duque de Caxias	RJ	NG	520	17	14	5		24	20	7	0
Braskem	Triunfo	RS	ET	200				15				8
Total				3950	17	25	15	47	24	37	33	122
N = Naphtha RG = Refinery Gas NG = Natural Gas ET = Ethanol Remarks: Reduced rates												

The other naphtha cracker units at Sao Paulo and Rio Grande do Sul reported normal operation at the end of the year and continued to do so during the first month of 2011. The average operational level in these two crackers has been around 95%. Quattor's ethane/propane cracker (controlled by Braskem) in Rio de Janeiro has been operating at 90% in recent months, above the historical average. Starting last year, Petrobras been working to increase the output of ethane and propane at its Duque de Caxias Refinery (REDUC) as part of its Plangas (Anticipated Gas Production Plan). With the increase in feedstock supply, we expect the Quattor unit to start operating closer to installed capacity by March. Consequently, there should be greater availability of HDPE and LLDPE in Brazil in 2011.

MARKET INTELLIGENCE

Net sales of the Brazilian chemical industry should amount to US\$130.2 billion in 2010, which represents an increase of 29% over 2009. The high increase in terms of U.S. dollars is partly due to the appreciation of the real this year. In reais, 2010 sales should be R\$228.8 billion, an increase of 14.5%. Industrial chemicals, accounting for nearly half the revenue in dollars, grew 38% in dollars compared to previous year. This segment includes basic petrochemical products, thermoplastic resins and chlor-alkali, among others. Abiquim estimates domestic sales of chemicals for industrial use to have increased 7.5% in 2010

compared to 2009. Volumes this year may beat the historical high reached in 2007. Abiquim forecasts are shown in the top graph to the right.

Feedstock

The price of petrochemical naphtha in Brazil has been on the rise since last November. Prices are estimated to increase 6% in reais in January and should reach an average price of R\$1,340/t, equivalent to US\$790/t.

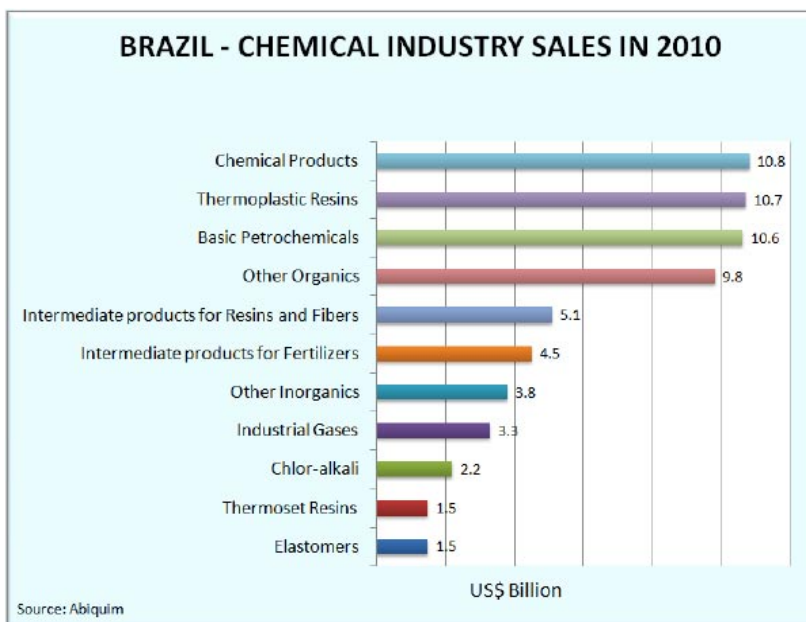
The price of European naphtha (ARA) has been rising consistently since August 2010, and this is reflected in increases in Brazil from November onwards. Presently, the main reason for the upward movement in international prices is the sharp rise in the price of oil.

In Brazil, the price of petrochemical naphtha is expected to continue rising through Q1, which will add cost-push pressure on naphtha crackers.

However, the price of naphtha sold domestically in Brazil rises more slowly than that sold to other regions due to the price formula, which takes into account a three-month moving average of a basket of benchmark naphtha prices.

Therefore, the greatest impact on costs comes from imported naphtha, which represented approximately 46% of the total naphtha purchased in Brazil in 2010.

This second graph to the right shows the monthly development of naphtha prices in Brazil in U.S. dollars and reais.



Polyethylene

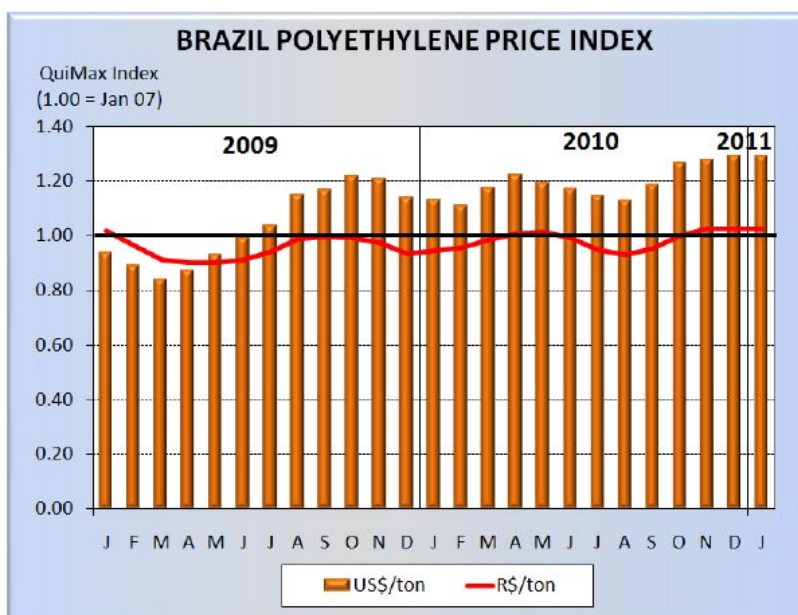
In the first week of January, converters saw lower production rates than in recent months due to low seasonal demand for finished products. Convertors have been cautious, and no speculative purchases have been reported so far this month. However, this is typical for this time of year. The second half of the month is usually when we are better able to understand the demand dynamics for the short-term.

In late 2010, convertors were consuming their inventories, which were then low through early January. Since then, convertors have needed to replenish their stocks. Even producers have low inventories; although, they have enough to meet domestic demand. Overseas exports should be quite limited during the next 30 days, or until producers' stockpiles get back to normal.

January polyethylene price lists should not vary greatly from those used in December. Some convertors reported an adjustment of 3% to 5% in reais, but no increases have been announced by Braskem so far. We expect February prices will be higher to recover the margin lost due to the increase in the cost of naphtha. In the case of EVA, there is a stronger trend for prices to go up, given the sharp rise seen in the international market.

Increases are expected to be announced, going into effect on Jan. 20. The percentages have not yet been defined but should be between 5% and 10%.

We expect that the announced increases will be passed on between the months of January and February. The following graph shows the development of polyethylene prices up to January 2011 in reais and U.S. dollars.



Polypropylene

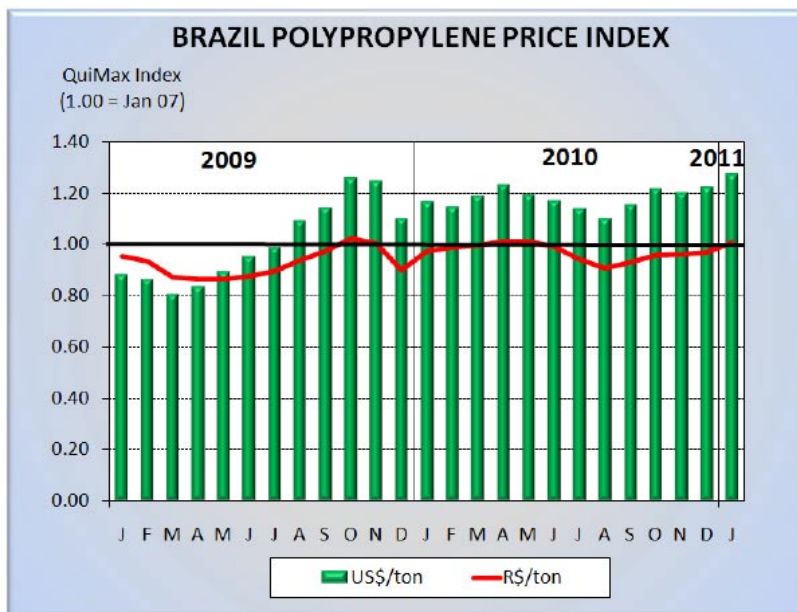
Polypropylene purchases in December were stronger than expected ahead of price increases announced for January. The pending price hike also drove convertors to make advance purchases. For this reason, the volume of resin sales this year has been thus far low.

Despite healthy demand for PP finished products, convertors are seeking to delay new purchases for as long as possible at the new price. We expect orders to resume soon, given that most of the companies have low inventories now and their production rates remain high. Some had even canceled vacation shutdowns that were scheduled for the turn of the year. Resin supply is comfortably meeting current local demand.

PP prices increased in January by around R\$200/t (US\$120/t), which represents a 4% to 5% increase

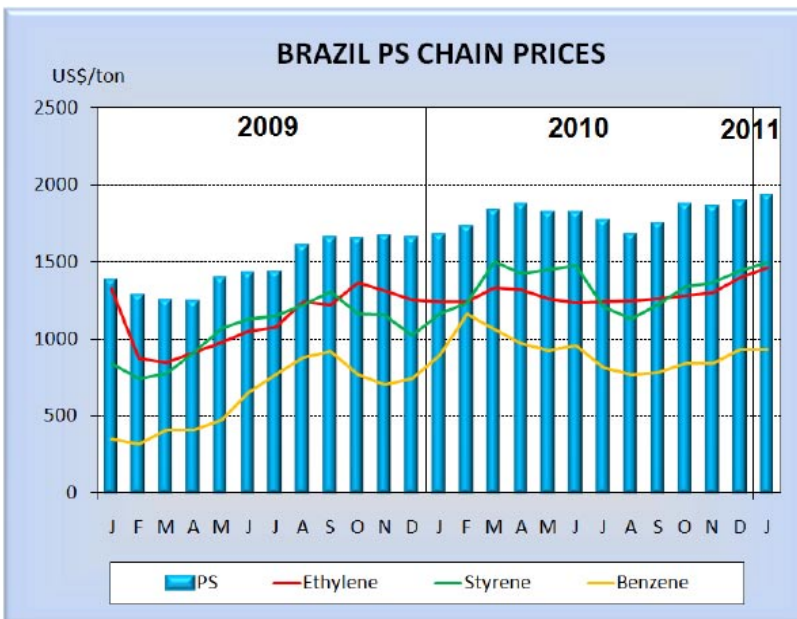
over the previous month. In December, Braskem announced an increase of R\$300/t (US\$170/t) for January. International prices of propylene recently registered a steep increase, which should be reflected in Brazil by February.

Apart from that, the price of PP is also going up in the United States and Asia. Currently, Asian prices are those that have greater influence on domestic prices, due to the volume imported from there. The graph to the right shows the development of polypropylene prices through January 2011 in reais and US dollars.



Polystyrene

So far, PS price negotiations have been stable in January. There have been announcements of price increases to the order of R\$150/t (US\$90/t), but such increases have yet to materialize. Some producers are signaling adjustments for February due to the considerable hike in benzene prices on the international market. In Brazil, the production cost of PS is expected to further rise in February. The demand for PS did not experience a significant decline at the turn of the year, bolstered mainly by durable goods segments. In the household appliances sector, production didn't stop. To the contrary, some customers increased their resin purchases to boost production. This second graph shows the development of PS and its feedstock prices through January 2011 in U.S. dollars.



PVC

The first week of January was quiet in terms of purchase orders from converters. In general, companies ended the year with little resin in stock and were expected to buy in early January. For producers, PVC demand remains high, at the same pace registered in December. Supply was fairly tight in December. Braskem is resuming production at the start of the year at its two units in Alagoas and Bahia. It is expected that during the month of January there will be a small increase in the availability of PVC as local production recovers.

In January, PVC prices remained the same as in the beginning of December. By mid-December, prices were generally higher, but in some cases, there was a drop. For January, prices from the start of December prevail. Production costs are beginning to put pressure on resin prices, but for now no decision has been made by producers to raise prices. In February, it is likely that prices will increase. The top graph shows the development of PVC prices through January 2011 in reais and US dollars.



PET

Through December, PET prices were rising strongly. For January, prices should be flat, because no increases have been announced by producers. February is expected to follow the same pattern. At the end of 2010, converters were low in stock and should begin the year buying resin. The second graph to the right shows the development of PET prices through January 2011 in U.S. dollars.



Price Trends

The prices of raw materials and intermediate goods in Brazil are expected to increase significantly at the start of this year. The price of naphtha has been on an upward trend since November, pushing higher the costs of petrochemical derivatives. The prices of intermediate products, such as ethylene and propylene, which had been increasing moderately, should rise more strongly in February, especially propylene, which follows U.S. and European prices. In the case of benzene and styrene, January prices are still fluctuating very little. For February, a sharp rise in the price of benzene is expected. The most significant price increase movements, in the short term, should place pressure on the production chain during the first quarter.

For January, prices for most thermoplastic resins prices may show little movement. However, a new round of price increases should occur in February. The exceptions are PP and EVA, which started the year with a high probability of price increases. For the other resins, companies have been waiting to see how the market will react to the new year. Convertors, however, have already resumed purchases to replenish their stocks. Producers also began 2011 with low stockpiles, following reduced production and higher exports in December. Price movements will occur based on cost-push pressure and international price trends.

For January, prices for most thermoplastic resins prices may show little movement. However, a new round of price increases should occur in February. The exceptions are PP and EVA, which started the year with a high probability of price increases. For the other resins, companies have been waiting to see how the market will react to the new year. Convertors, however, have already resumed purchases to replenish their stocks. Producers also began 2011 with low stockpiles, following reduced production and higher exports in December. Price movements will occur based on cost-push pressure and international price trends.

The following are a number of aspects to be considered in thermoplastic resin price negotiations in Brazil over the coming months:

- ✓ There is mounting pressure on raw material costs due to price increases between January and February;
- ✓ Stocks of some resins are very low throughout the entire production chain, with companies replenishing their warehouses within the next 30 days;
- ✓ Domestic demand is still uncertain at the onset of the year and is already showing signs of recovery and solid potential for the year;
- ✓ Resin prices in the international market are in a clear, upward trend, which should be reflected in domestic prices in the short term;
- ✓ Appreciation of the real against the dollar continues favoring resin imports.

MEXICO



COUNTRY OVERVIEW

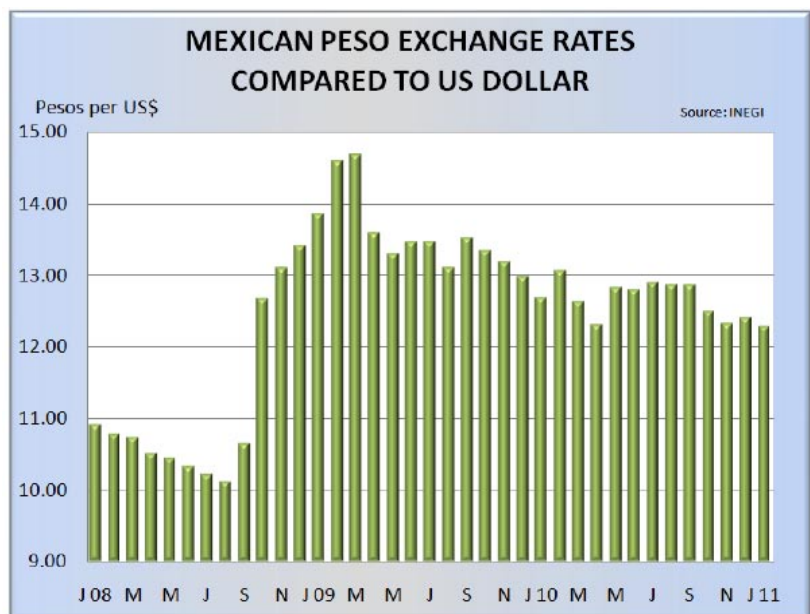
Mexico enters 2011 amid a cloud of economic optimism boosted by the IMF's extension of a US\$73 billion flexible credit facility last week and signs that the United States is finally beginning to buy Mexican-made durable goods as it begins a more earnest recovery.

Having resisted participation in the so-called "currency wars" that filled headlines late in 2010, particularly with emerging markets like Brazil and Thailand, the Mexican peso has resisted speculative volatility and is now poised to finally break the 12 to 1 peso to U.S. dollar barrier.

The currency is currently trading around 12.14 to the dollar with a 20-day moving average of 12.27 pesos to the dollar. The graph to the right details the peso's recent valuation history.

The relatively sunny economic news is balanced by the continued violence related to President Felipe Calderon's ongoing war against the organized drug trade. As the nation enters into political discussions related to the looming 2012 presidential elections, unrelenting bloody violence is increasingly coupled with news that cartel violence is having an impact on industry, particularly with the oil and petrochemical trade.

A suspicious pipeline leak and subsequent fire on Dec. 19 killed 29 and destroyed 32 homes, leading to an internal crackdown within Pemex to look for illegal collaboration, which has so-far resulted in the dismissal of 45 employees. This comes in addition to recent declarations by companies like Mexichem that they are stepping up security in light of increased theft of rail cars and trucks by drug gangs.



OPERATIONAL NEWS

Production problems were few and far apart in December. However, there was a scheduled maintenance outage at the HDPE (im) Asahi technology production plant. Hopper cars were running normally and on schedule once again after the pile-up at production sites due to floods in October and November. By late November and December, timely delivery of product within Mexico had returned. Inventory levels at converters are low but increasing at producers' sites.

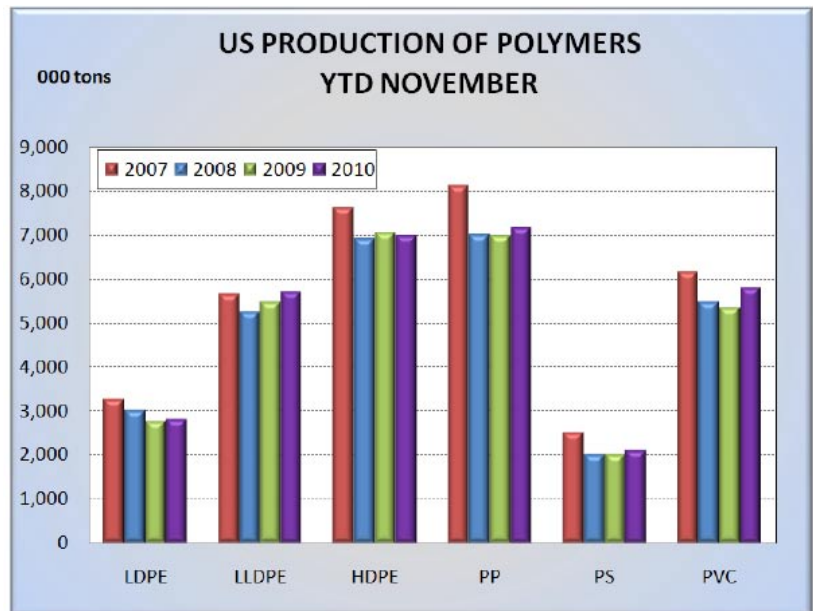
Reduced ethylene production at Pemex's ethylene facilities during October and early November resulted from limited ethane supply in Q4.

Ethylene production was negligible at the Pajaritos site in November. This unit is now producing ethylene again and VCM production is increasing. This has improved Mexichem's production of chlor-alkali. EDC and VCM are also produced at Pajaritos.

Regarding the U.S. Gulf Coast production of resins, the graph to the right illustrates production of selected resins in the United States through November of 2010, as reported by the ACC.

Production problems in November resulted in lower volumes and kept market tight and prices high on the U.S. Gulf Coast.

On the other hand, while the U.S. and Mexican petrochemical industry experienced production problems again in November, December's production returned to good rates when LDPE became available again on the market. PP prices firmed, and propylene became extremely short at the end of December and early January.



Meanwhile, production rates in Mexico for ethylene and derivatives declined some through Q4. Resins were imported from U.S. Gulf Coast producers in order to meet Mexican domestic demand. Weather-related problems complicated supply of resins throughout Mexico for Pemex. Although there was product in Coatzacoalcos, Veracruz, it was difficult to move it to clients, and U.S. producers were able to supply this market by coming down through northern Mexico.

This interruption of supply during September and through the end of November generated surplus product at Pemex's production site. Currently, inventory levels, particularly for LDPE, are high, and prices are very competitive. The HDPE-Asahi plant was closed for maintenance work from mid-November through the end of December. There was a 15-day delay in the start-up process but it is currently producing with no problems. All three LDPE production units at Cangrejera are running at record high levels.

Styrene monomer production resumed in late October after being shut down more than three months for maintenance. Production of EO and LDPE also improved in December.

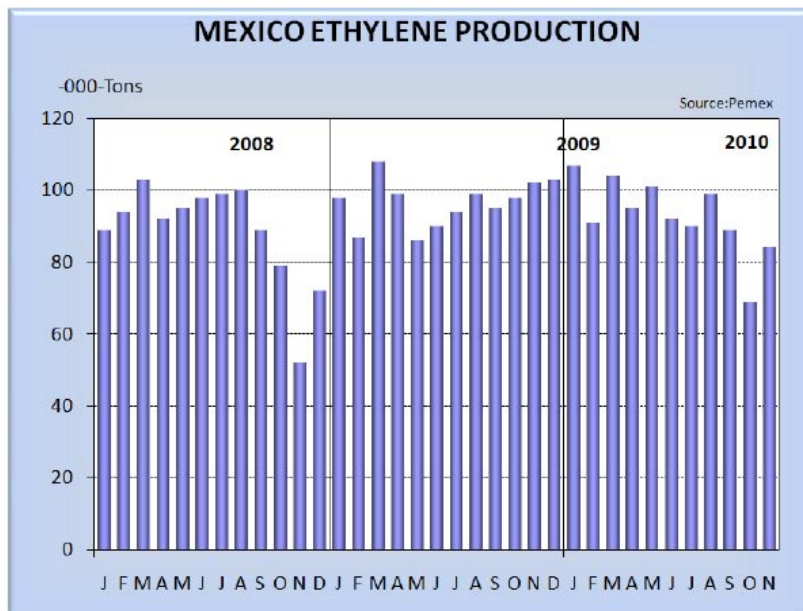
The following table shows our forecast for plant operations in 2011. No major turnaround for ethylene units is scheduled at this time.

ETHYLENE QUARTERLY OPERATING CAPACITY - 2011												
MEXICO (000 tons)					Quarterly Operating Schedule							
					2011	Days Lost				Production Lost		
Company	City	State	Proc.	Ann. Cap.	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Pemex	Cangrejera	Vz	ethane	600	1	0	0	0	1.7	0.0	0.0	0.0
Pemex	Morelos	Vz	ethane	600	0	0	0	0	0.0	0.0	0.0	0.0
Pemex	Pajaritos (3)	Vz	ethane	182	15	15	18	20	7.6	7.6	9.1	10.1
Pemex*	Poza Rica(2)	Vz	ethane	-182					0.0	0.0	0.0	0.0
Total				1382	16	15	18	20	9.3	7.6	9.1	10.1
Remarks: <i>Reduced Rates</i> <i>Cangrejera ReVamp work</i> <i>Pajaritos at reduced rates</i> (2) No production due to limited ethane availability.												
Jan-11												

However, reduced production rates for Pajaritos ethylene plants are expected to continue to affect production due to ethane limitations. Ethylene production was significantly reduced in October 2010 due to ethane supply limitations.

In December and January 2011, LDPE, in particular, has become more available to purchase, and prices continue to decline in order to compete with imported product. LLDPE is balanced to short. PP is balanced to short, and we do not see surplus product for immediate delivery. PS is well balanced, and both PVC and PET are now available but at higher prices.

The next graph shows ethylene production through November 2010. Pemex reported that it produced approximately 84,000 tons of ethylene – a low rate for these units – in November.

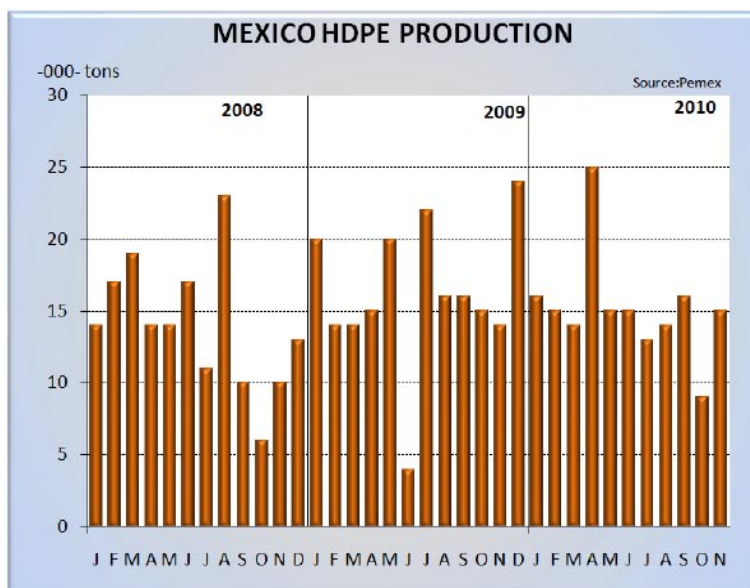
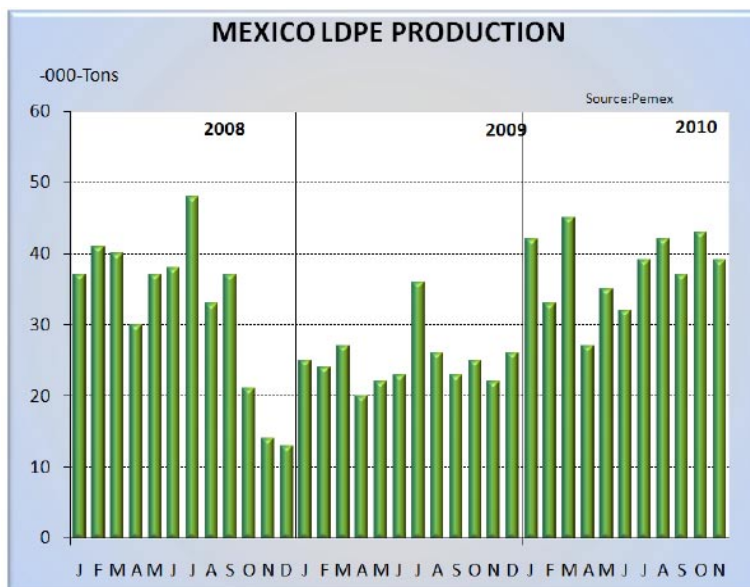


The graphs on this page show Pemex's polyethylene production rates. Here, we can see how HDPE production rates improved but are still below its capacity rate of close to 25,000 tons per month.

LDPE production continued to show steady volumes approaching 40,000 tons per month.

Styrene monomer production was greatly improved for late October. Meanwhile, VCM production was surprisingly lower at the Pajaritos site during October and November 2010.

There was no production of VCM during October, and it was only at the end of November that Pemex resumed production at this site.



MARKET INTELLIGENCE

Demand in Mexico is weak at this time. The return from Christmas holidays has interrupted purchasing activity in Mexico. We anticipate demand to pick up in the second half of January.

Polyethylene

In December, we observed a definite increase in prices for most polyethylenes coming from abroad, with the exception of LDPE where prices came down. In early December, a 2.5% price decrease for Pemex's LDPE resins was implemented followed by a second cut of 4.0% in LDPE prices on Dec. 28. LLDPE and HDPE prices were not changed. Currency fluctuation and market share caused price volatility in the past eight weeks.

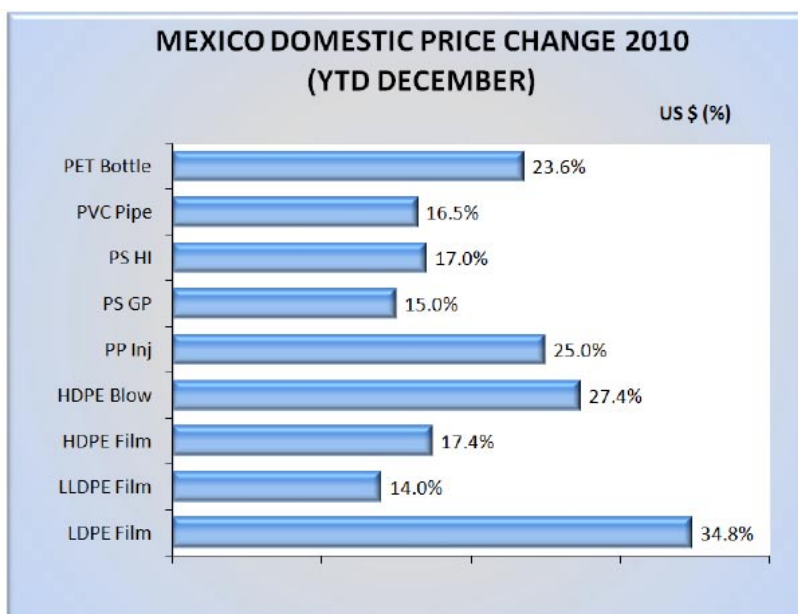
However, fierce competition from producers in the United States, in particular for LDPE, was the main reason for these price adjustments. LDPE prices declined, and Pemex regained market share lost during the rainy season and the associated flooding in southern Mexico.

In the case of LDPE fractional grade prices which had been significantly higher than LDPE-GP grade are now similar. Product limitation is no longer an issue for LDPE in Mexico.

On the contrary, export volumes through PMI are now being offered. The large gap (US\$0.10 per pound) that once existed between LDPE fractional grade and film grade no longer exists.

Note: In Mexico, when Pemex announces a price change, it is implemented immediately. In the United States, price increase announcements are sometimes not fully passed on to buyers. The graph to the right shows how resin prices have changed in Mexico in recent months.

In early December, many resin users were deciding between ending 2010 with low inventory to improve their tax-fiscal situation or with high inventory levels in anticipation of higher prices in early 2011. Most converters opted for low inventory levels. Today transportation logistics is back to normal, and converters are finding product much easier to acquire. Some grades are selling at lower prices and others, like LLDPE and HDPE, at similar or slightly higher price levels.



LLDPE butene grade is no longer scarce among U.S. Gulf Coast producers. U.S. Gulf Coast producers sent end-users notice of numerous price increases in early December. These price increases are a reflection of higher feedstock prices and lower inventory levels in the Gulf Coast area. Buyers in Mexico have enough inventories to carry on through January 2011. Hence, purchase orders are not increasing significantly in early January.

Demand for HMW-film-grade PE used in manufacturing of t-shirt bags has stabilized now that it is no longer necessary to pay for plastic bags at retail stores in Mexico City. As of November, Mexico City law does not prohibit free distribution of plastic bags as long as they meet new biodegradability standards. Recycling of these bags and a much more environmentally friendly use and disposal of T-Shirt plastic bags are now part of the nation's objective. Prices may rise by as much as US\$0.03 per pound for some grades and applications in January.

Polypropylene

Limited monomer supply is key to current PP price increase. A dramatic increase in prices was reported in early January compared to December PP prices. Propylene prices have increased, and PP prices reflect these increases. However, purchase orders reflect cautionary buying to supply just enough volume to meet short-term demand.

We expect PP demand growth to be in the double digits for 2010. February report will show our estimates for demand in Mexico in 2011.

In December, PP supply was adequate, and raw-material PG propylene prices increased. The recent start up of Petrologistics PG propylene unit did not weaken prices, as production was erratic at this plant. PP inventory levels at converters' sites are low. Currently, PP prices are stronger, and we expect increases in January to stick for most sales. There is no surplus of PP in North America, and prices are firm. Homo polymer and co-polymer prices are very similar. Export prices for PP are now crossing the US\$0.80 per pound level for sales during early January 2011.

Polystyrene

PS prices increased despite the fact that PS demand in Mexico during early January is weak. Inventory levels at converters' sites are low.

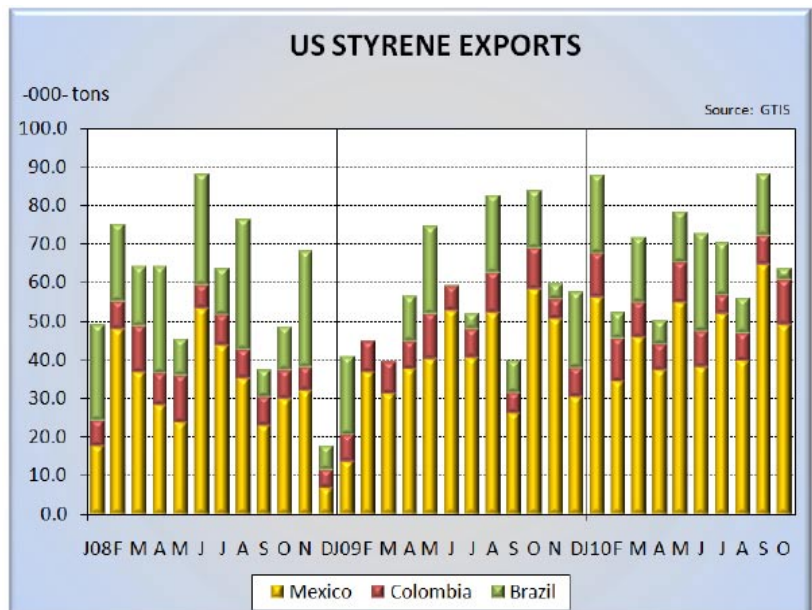
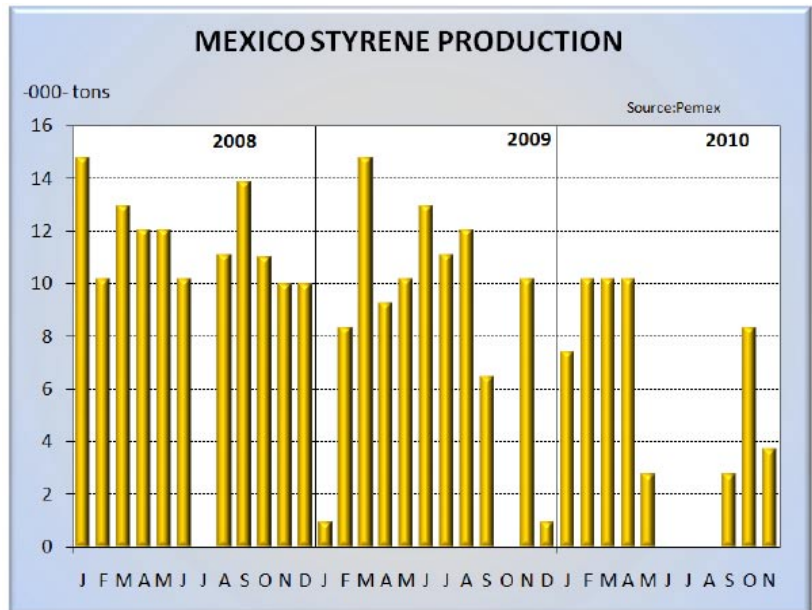
The Mexican PS market supply has been adequate in December and January. In the past six weeks, US\$0.04-0.06-per-pound increases in local price have been reported.

Resirene's Tlaxcala plant is now fully operational. Despite reduced styrene monomer production in Mexico, there is no shortage of PS in Mexico.

Styrene monomer production at Pemex's facility in Cangrejera is back to normal. Resirene's PS unit is now located in Tlaxcala exclusively. There is no PS capacity at the Veracruz site.

Regarding HIPS, the gaps between prices have narrowed to US\$0.05-.06 per pound. While prices continue to remain firm, demand is weak, and sales are heavily negotiated.

Pemex production of styrene monomer decreased to zero during June, July and August, as illustrated in the top graph. Currently, this plant is back producing styrene monomer for local and export markets. This next graph to the right shows styrene monomer exports from the United States to Mexico and other countries. Imported styrene monomer reached higher levels to reflect changes in feedstock.



PVC

There is only one PVC producer in Mexico. Last Fall, Mexichem finally completed the purchase of Polycyd and Plasticos Rex. Mexichem paid for additional PVC production capacity with cash and a chlor/alkali unit.

Demand is expected to firm in early 2011 as Mexico rebuilds infrastructure lost with recent floods. VCM imports to Mexico will increase as local production has been limited in past two months.

As illustrated in the VCM production chart, no production was reported in October, hence no chlorine was consumed at Pajaritos. This in turn affects caustic soda production.

Once anti-dumping duties for PVC were removed in late 2009, PVC imports into Mexico increased significantly. This is shown in the next table.

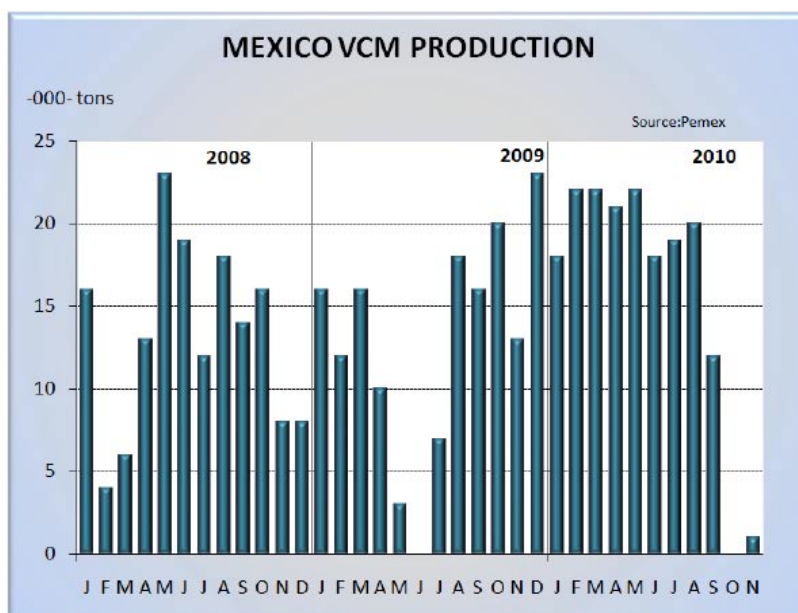
U.S. PVC EXPORTS BY COUNTRY (000 tons)								
Month	World	Mexico	Peru	Chile	Argentina	Brazil	Colombia	Others
J 09	141.5	7.3	1.4	0.9	0.4	4.1	1.4	126.1
F	165.9	5.3	2.8	1.4	1.1	1.2	2.3	151.8
M	155.2	4.8	6.6	2.2	0.5	1.2	2.2	137.6
A	166.9	4.2	5.9	3.7	1.4	0.4	3.4	147.8
M	189.3	7.3	3.6	3.5	1.0	0.8	2.4	170.5
J	163.4	6.4	6.0	0.9	0.1	2.6	3.3	144.3
J	171.6	5.3	10.4	6.3	0.9	2.8	2.2	143.8
A	173.1	5.3	10.4	3.8	5.2	5.2	2.1	141.2
S	174.6	3.7	9.6	5.0	8.3	3.3	2.1	142.7
O	207.5	5.5	8.4	6.5	5.8	8.0	1.0	172.2
N	201.8	9.4	11.9	4.8	6.9	5.5	1.3	162.0
D	211.3	8.2	7.9	3.8	4.0	2.8	1.7	182.8
J 10	212.5	13.3	13.4	3.2	4.9	1.8	2.8	173.1
F	205.6	8.4	13.2	3.1	3.6	0.9	0.9	175.5
M	195.9	15.1	13.6	5.9	5.3	1.0	1.1	153.9
A	167.5	13.1	8.0	6.6	3.6	2.2	1.8	132.3
M	227.7	12.6	8.8	7.0	3.2	4.7	1.0	190.3
J	201.4	7.7	7.3	5.1	5.7	5.1	1.0	169.5
J	207.6	4.7	7.8	3.6	3.6	3.6	0.8	183.5
A	256.6	7.9	8.2	4.3	2.2	3.3	0.8	227.2
S	239.0	12.7	13.6	7.3	3.6	3.1	1.0	197.6
O	287.2	15.4	12.6	6.4	4.4	3.3	0.6	244.5

Source: GTIS

Caustic soda prices increased and remain firm through January. Levels are close to US\$600 per dry short ton X tank DF. We expect some weakening soon.

In Mexico, caustic soda supply from Mexichem is not enough to meet local demand. In addition, logistics to move chlorine rail cars from Coatzacoalcos to the United States for exports will become extremely difficult due to new regulations and increased costs; therefore, production rates at the chlor-alkali unit will be affected as VCM production continues to be irregular.

The next graph shows Mexico's VCM production through the month of November when production fell dramatically due to lack of ethylene from the Pajaritos plant.



PET

Higher prices and increased raw material costs will affect PET for the next months. In December, prices reflected a slight (US\$0.03 per pound) increase from November, and another increase for January has been announced and implemented. Demand for polyester fiber in Asia is significantly high and is consuming increased volumes of PTA. This explains the increase in price for PTA, which also affects production costs for PET resin.

Expectations of higher PET prices for January created some speculative purchasing. Product is expensive, but converters would like to increase inventory, hence the higher-than-expected purchases.

Price Trends

Prices will reflect “The haves and the have-nots”. Availability of resin or monomer will dictate price trends in Q1. Prices were slowly creeping up during the first week in December but later jumped in January for products that are short in supply. Feedstock and raw materials prices increased and derivatives prices will follow into January 2011.

We believe that during 2011, the global economy will improve, primarily in developing countries. India, Brazil and China are buying, and demand is pulled towards those markets. Production problems on the U.S. Gulf Coast and increased exports create a balanced-to-short supply scenario for North America.

Higher production costs and a balanced-to-short supply should be enough to push prices up in early 2011. Most buyers have low inventory for fiscal reasons. Consequently, a slight and short-lived price recovery for selected products will emerge in Q1 2011.

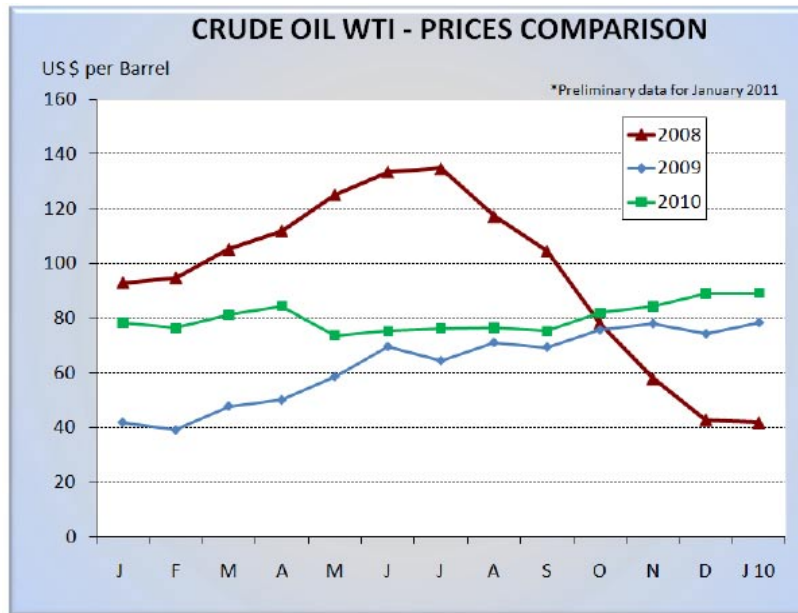
In Mexico and along the U.S. Gulf Coast, producers will try to increase inventory levels. We do not expect buyers to build up much inventory, but they will increase purchase orders ahead of prices increases in early 2011. Once inventory levels reach a comfortable mark, buying will ease.

We anticipate inventory levels to begin to increase in mid-January 2011. This month, there is no doubt that prices will rise for selected resins, particularly for those resins with limited supply. Price increases will be especially strong for PP, PS and PET and PVC, primarily due to higher production costs.

Prices are expected to reflect the following market conditions:

- ☑ Higher crude oil prices: Differential among crude and natural gas prices will continue to make light feed attractive in the United States. There should be no ease in crude oil price during early 2011.
- ☑ China is buying prior to their holiday break in February. Demand will increase, and this will impact U.S. markets as exporters once again find this an attractive market.
- ☑ Weather-related production problems on the U.S. Gulf Coast could affect supply in early January 2011. This could increase production costs and translate into higher derivatives prices by early 2011.
- ☑ Inventory building: Producers' inventory levels will begin to decrease in late January. Early 2011, speculative orders will increase inventory levels in Mexico.

Crude oil prices are illustrated in the following graph.



The Best Strategy for January:

The year of the commodity, including plastics. Although prices will increase in early January due to higher production costs and a balanced-to-short supply of petrochemicals, we continue to suggest only back-to-back purchases. Demand will level off, and inventory levels should improve by late January. Continue to buy enough to keep inventory levels comfortable and cover “real” demand.

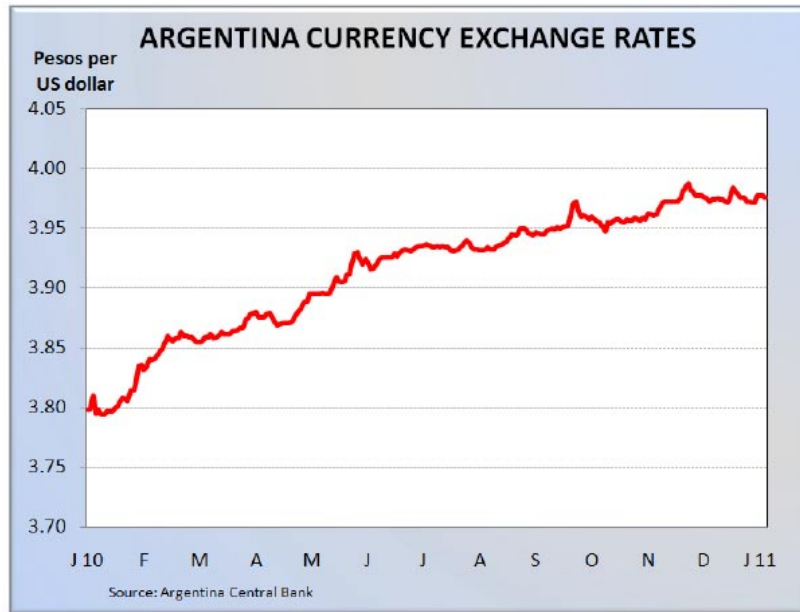
ARGENTINA

With the close of 2010, Argentina wrapped up a year of solid economic performance, and forecasts for 2011 are optimistic. The country should benefit from its strong agricultural base, which helps to keep the trade balance positive, as well as from its weak currency, which also helps to protect local industry against imported goods.

In addition, neighboring countries like Brazil and Chile also have the potential for robust growth, which would help to drive some export-oriented sectors to a strong year.

During December and early January currency exchange rates have remained virtually flat, showing less volatility than in recent months.

The 4 pesos-per-U.S-dollar psychological barrier has yet to be broken; however, most analysts believe the peso should break 4:1 sometime in 2011. The next graph shows currency exchange rates in 2010 and early 2011.



OPERATIONAL NEWS

No significant operational problems have been reported since mid-August in Argentina. Production rates remained high through all of Q4 in order to meet strong seasonal demand. We expect most units to continue operating at high rates in the first quarter of the year, whenever possible.

MARKET INTELLIGENCE

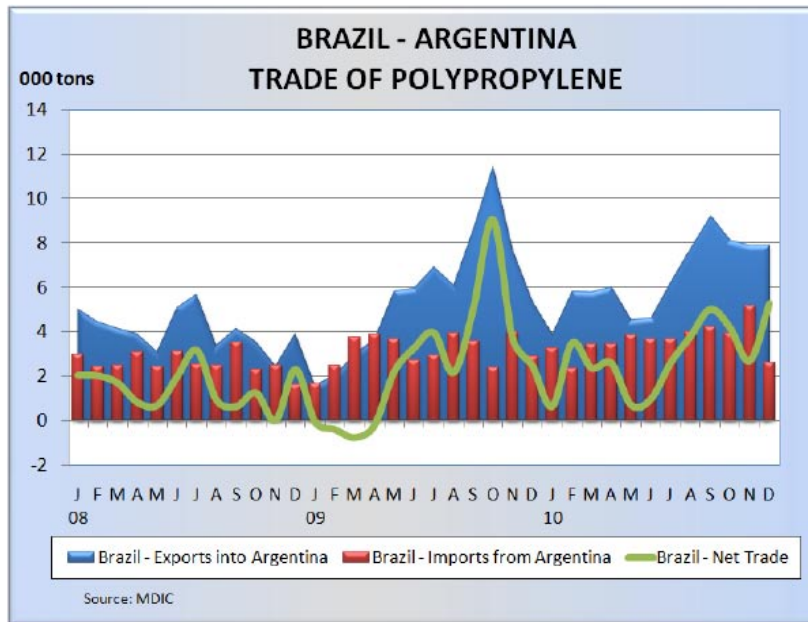
December ended with lower trade activity, as most convertors tried to reduce their inventory level for fiscal reasons. However, some distributors were trying to do the same, and this resulted in fewer sales with discount prices.

The market was quiet in early January. Many companies will not return to normal activity until the second half of the month. However, with most prices trending upwards for February deliveries, we expect large purchase orders to return soon.

With regards to trade, PP exports into Brazil have been limited in recent days because of a new regulation imposed by the Brazilian government that requires an import license and certificate of origin for every PP delivery from Argentina, which may delay each operation by a couple of weeks.

Argentine companies are pushing regulators to apply the same regulations against imported PP from Brazil. We will follow this issue in coming months.

The graph below shows trade of PP between Argentina and Brazil in recent years. As illustrated, Brazil's net trade with Argentina is positive for Brazilian companies.

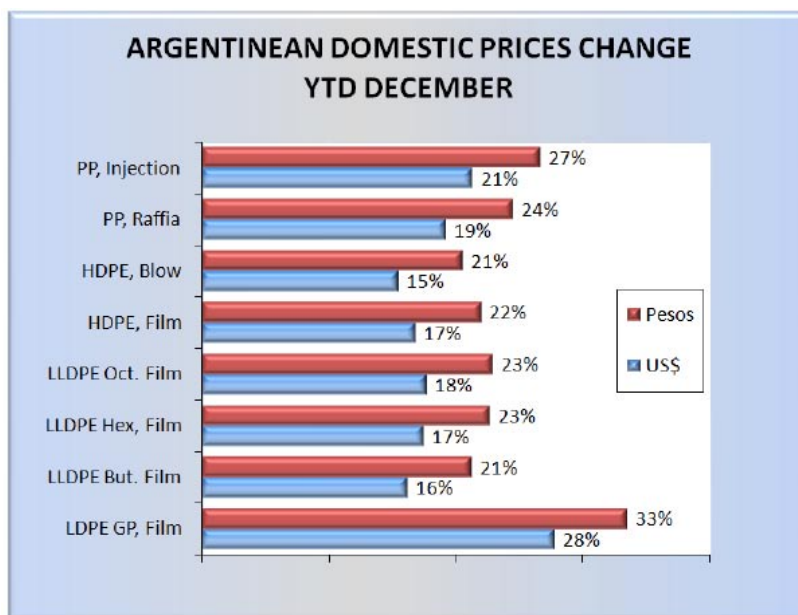


So far this month, prices of most types of PE are virtually flat compared to December. LDPE is one of the few exceptions, ticking higher at the distributor level.

Meanwhile, PP prices have already increased for most accounts by US\$100 per ton. We expect PP prices to continue rising in the short term due to a cost-push pressure that comes from propylene.

It is likely that a new round of increases would happen in late January.

The following graph shows accumulated changes in polyolefins prices in Argentina in 2010.



VENEZUELA/COLOMBIA



Devaluation of the Bolivar, the national currency, is expected to affect trade in Venezuela during 2011. The new official exchange rate brings the existing range of 2.15-3.80 Bs per US\$ to a consolidated and official 4.30 bolivars per U.S. dollar.

Meanwhile, Venezuela and China signed important oil and gas agreements in late December. Fresh money and large new investments are needed for Venezuela's oil and gas industry to develop. We expect petrochemical projects to resume as additional funds enter.

Venezuela's sales of 200,000 barrels per day of crude to China in 2011 will bring in additional funds to promote expansions in energy-related industries.

Petrochemicals and plastics like PVC, PP and PS will now pay reduced duties when imported into Colombia. The table to the right shows the new tariffs in place for Colombian imports of petrochemicals

Pequiven's new president Saul Ameliach is also promoting growth and investment in the petrochemical industry.

HS	Description	Tariff
281512	Sodium Hydroxide (Caustic Soda) In Aqueous Solution	5%
290122	Propylene	0%
290243	P-Xylene	5%
290250	Styrene	0%
290321	Vinyl Chloride	5%
390110	Polyethylene Having A Specific Gravity Of Less Than 0.94	0%
390120	Polyethylene Having A Specific Gravity Of 0.94 Or More	5%
390210	Polypropylene	5%
390311	Expandable Polystyrene	5%
390319	Polystyrene Nes	5%
390410	Poly(Vinyl Chloride),Not Mixed With Any Other Substances	5%
390760	Poly(Ethylene Terephthalate)	0%
390950	Polyurethanes In Primary Forms	5%

We will continue to monitor these talks and report any new developments.

Domestic demand for plastics weakened in late November and early December. Torrential rains have affected logistics and transportation in the country. Hence, delivering products across the country has become a challenge. Imported resin will enter Venezuela in 2011 in order to supplement local demand.

Export of resins decreased significantly in Q4 2010 compared to 2009, and imported resins were necessary to meet local demand. Ethylene and PE imports should increase in 2011.

This final graph shows prices for Venezuela's exported crude oil volumes.

