

## **MARCH ETHYLENE SUPPLY ALERT**

There is a serious concern regarding the limited amount of ethylene available in March. Several systems do not have ethylene to sell to polyethylene producers.

The reduced ethylene availability is due to planned turn arounds and unplanned outages. This is not a demand driven supply concern, however, the recovery timeline is not certain.

This situation may result in a cutback in polyethylene production. Suppliers will not be able to buy ethylene for production. The ethylene that is available will cost too much, versus the selling price of PE.

It is important that you communicate resin requirements with your supplier and confirm your specific resin availability with your resin suppliers.

Strong demand in December and January due to exports, early January re-stocking and end of January pre-buying contributed to low supplier inventories. Improvements in inventory levels will be delayed if there are cut backs in production, further delaying any relief in upward price pressure.