

Canadian Plastics Resin Outlook Conference

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Markets Reporter, Americas
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19th September 2008

PET And Intermediates (USA)

Editor Landon Feller, landon.feller@icis.com

CONTRACT PRICES			
TEREPHTHALIC ACID		Price Range	USD/MT
DEL AUG	US CTS/LB	57.60-58.91	1269.86-1298.74

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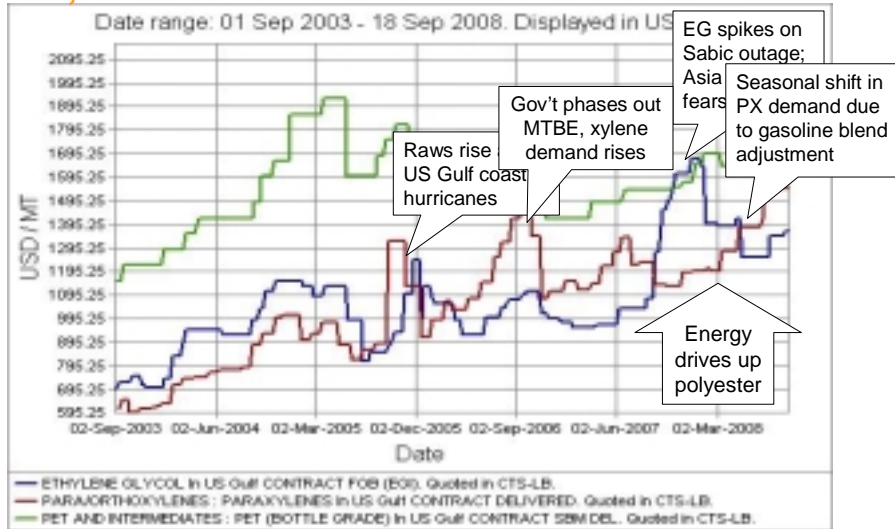
US purified terephthalic acid (PTA) market activity was muted as participants awaited the settlement of feedstock paraxylene (PX) contracts, as well as full assessment of damage related to Hurricane Ike.

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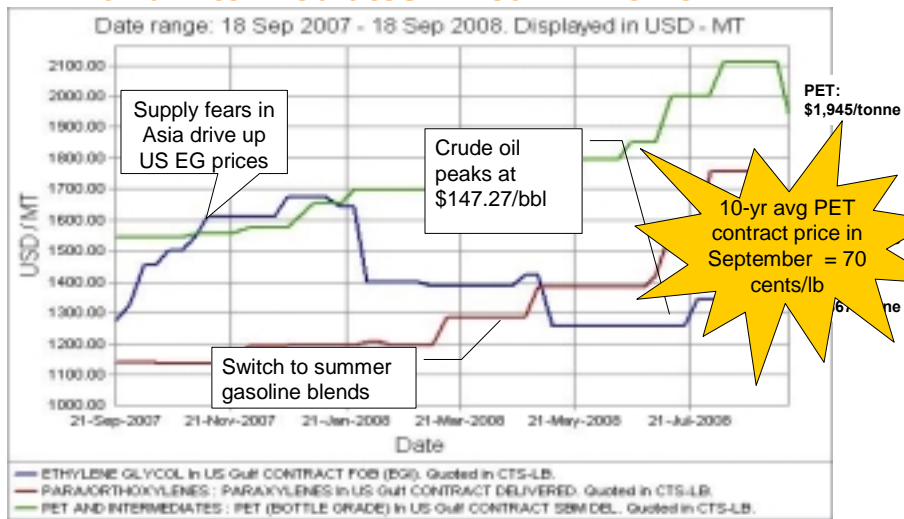
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PX, EG & PET

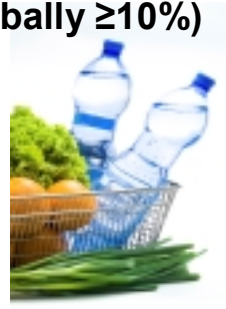


PET and Intermediates – Year in Review



N. American PET at a glance

- Market maturing...
- ...but still growing
 - Since inception = 8-10% (globally $\geq 10\%$)
 - Now = 2-3% (globally $\approx 7\%$)
- Still double US GDP growth in 2008



N. American PET at a glance

- Total production: 10 bn lbs/yr
- Growth has slowed to 175 kt/yr from 250 kt/yr
- Capacity utilization around 90% (2007)

Challenges going forward..

- **Public perception**
 - **Bottle vs. tap**
 - **Fears of chemical leaching**
- **Rise of R-PET**
 - **Growth of reclamation and applications**
- **Lightweighting**
 - **Demand reduction bottoming in 2008-2009**

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Bagged water as
counter-marketed
Bagged water as sold



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Keys to Success

- Buy or Build
- Diversify
- Acquire new technology

Capacity Growth > Demand Growth

AlphaPet: +432 kt/yr

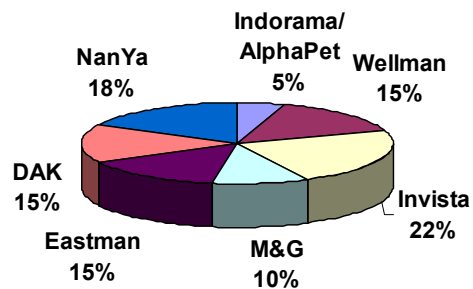
Eastman: +125 kt/yr

M&G: +136 kt/yr

Wellman: -500 kt/yr

+ 193 kt/yr

N.Am PET resin capacity - Q1 2008

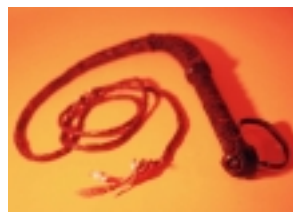


Source: SBA-CCI (Feb. 2008)

Consumer-driven economy

“The supply chain is like a bull whip. The consumer has the handle and the chemical industry is at the end. The slowdown in consumer spending will go up through the supply chain and hit chemicals.”

-Kevin Swift, ACC chief economist



Final Thoughts

- **Growth will overcome r-PET & lightweighting**
- **Look for 3-4% growth rates long term**
- **Energy values and regionalization will direct pricing**

Thank you

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