

# **Index Methodology**

## **Introduction**

ChemOrbis brings clarity and reality to polymer pricing. Our goal is to continuously provide the most up-to-date and accurate reports of prices available in the market so that our members can make appropriate and profitable trading decisions.

The launching of a new Index will go a long way towards bringing clarity to the market and will be an important tool for our members both in trading decisions as well as for our members' contract business, whether it is between buyers and sellers in the polymer market or between converters and their end customers.

Prices are always from first hand sources directly involved in the reported transaction, meaning heard information is never included in the Price Index range. Prices are taken each week from a wide range of sources on both the buy and sell side of polymer transactions.

ChemOrbis does not believe in editing, amending or in any way making up price ranges based on its own judgment. However, all reported prices are put through rigorous analytical tests, including netback and cost analysis, before the decision is made to include them in the Price Index.

The ChemOrbis system is also unique in that the collection and reporting of market information is done by an extensive local team located within each country covered, while the creation of Market Intelligence is done by an independent team which performs quality assurance. This process helps minimize bias and leads to true objectivity. At the same time, the wide range of market sources and the sheer number of price reports tracked on a weekly basis allows ChemOrbis to publish a unique "Weighted Average Index" which shows where the majority of prices are congregating within the range.

Kimberley Yasa  
Director of Market Intelligence

## **Italy Spot Price Index Methodology**

The Italy Spot Price Index refers only to spot transactions, meaning transactions in which the parties are not obligated to buy or sell from each other.

The Spot Price Index represents the range of actual, real prices available in the market from all sources within a particular week.

Prices represent first person reports from reliable sources; meaning they are given or received directly by the source providing the information. Heard or rumored prices are not included in the ranges.

Price ranges include offers given, offers received and done deals. Only in the event that there are no offers given or received and no done deals completed in a particular week, then the range will be composed of the prevailing buy and sell ideas.

All prices are ensured for accuracy through cross checking on the buy-sell side and using technical assessment tools.

The price range contains all reported origins for the week. The week over week origins may change depending on the market conditions.

The Average Spot Price Index refers to the weighted average to account for the predominance of offers culminating around a certain level and in order to temper unusual prices within the range.

Prices included in the range are for locally held materials which are promptly available.

The week number refers to the actual date of the transaction, not the date the price is reported to ChemOrbis.

The Italy Spot Price Index is published every Friday and refers to the current week's price range. However, the data is permanently locked only through the prior week, while the current week is subject to change until the next publishing date, at which time it will become locked.

The Italy Spot Price Index is never changed following publication without clear, written notice to all of our subscribers. By policy, historical data is locked and editing is restricted once the Index figure has been published.

The plastic raw materials and grades which are presented in the Spot Price Index reflect the commodity products.

ChemOrbis reserves the right to reject prices which are deemed unusual, available only with specific conditions which are not repeatable for all players or are considered too far outside the range of prices.

The minimum cargo size is 20 metric tons.

The Italy Spot Price Index and its associated database will be maintained and archived on the website to allow users to reference historical Index figures.

## **Spot Price Index Specifications:**

In Italy, the following products and grades are used for the Spot Price Index:

- Homo-Polypropylene
  - o Injection
- Poly Vinyl Chloride
  - o K67-68
  - o K70
- Low Density Polyethylene

- o Film
- High Density Polyethylene
  - o Film + Blow Moulding\*
- General Purpose Polystyrene
  - o Extrusion
- High Impact Polystyrene
  - o Extrusion

\*Blow moulding does not refer to grades used for pipe applications

## **Definitions of Categories**

### ***Local***

All reported local prices are adjusted to FD North Italy, 60/90 days deferred payment. Prices include customs duties and also include clearing and handling costs if applicable. Prices exclude the VAT. Prices are for promptly available materials. The range may also include the local producer's material which is offered directly from the producer or in the resale market.

## **Italy Gentlemen's Agreements Index Methodology**

The Italy Gentlemen's Agreements (GA) Index refers to the monthly agreements made by converters with the main European producers based on a negotiable price which may be fixed in the middle or the end of the month. Settled prices are negotiated between the parties based on changes in monomer costs and the performance of supply and demand. Settlements reported at various times of the month may be affected by the changing market conditions within the month. This special agreement allows buyers to receive a bonus discount at the end of the year based on previous estimates of the volumes to be purchased.

The Italy Gentlemen's Agreements Index is based solely on concluded agreements for the month as reported by the buyers and sellers. It does not include offers received or given nor sell or buy ideas.

The Italy Gentlemen's Agreements Index is quoted on a monthly basis according to settlements reported throughout the month. This results in a range of prices, as the prices are negotiable, they may change during the course of a month.

Prices represent first person reports from reliable sources; meaning they are given or received directly by the source providing the information. Heard or rumored prices are not included in the ranges.

All prices are ensured for accuracy through cross checking on the buy-sell side and using technical assessment tools.

The Italy Gentlemen's Agreements Index is published after the first week of the following month for which it is applicable.

The Italy Gentlemen's Agreements Index is never changed following publication without clear, written notice to all of our subscribers. By policy, historical data is locked and editing is restricted once the Index figure has been published.

ChemOrbis reserves the right to reject prices which are deemed unusual, available only with specific conditions which are not repeatable for all players or are considered too far outside the range of prices.

The minimum cargo size is 20 metric tons.

The Italy Gentlemen's Agreements Index and its associated database will be maintained and archived on the website to allow users to reference historical Index figures.

## Italy Gentlemen's Agreements Index Specifications:

In Italy, the following products and grades are used for the Gentlemen's Agreements Index:

- Block Copolymer Polypropylene
  - o Injection
- Poly Vinyl Chloride
  - o K64-65, k58 and k70
  - o K67-68
- Low Density Polyethylene
  - o Film
- High Density Polyethylene
  - o Film + Blow Moulding\*
- Linear Low Density Polyethylene
  - o Film
- General Purpose Polystyrene
  - o Extrusion
- High Impact Polystyrene
  - o Extrusion

\*Blow moulding does not refer to grades used for pipe applications

## Definitions of Categories

### **Local**

All reported Gentlemen's Agreement prices are adjusted to FD North Italy, 60/90 days deferred payment. Prices exclude the VAT. The range may also include the local producer's material which is offered directly from the producer.

### **Disclaimer**

**Price Analysis Disclaimer:** Reports are as reported by member companies, reports are not generated from the system. We believe the reports to be true but do not guarantee their accuracy nor does ChemOrbis accept responsibility for decisions made based on these reports. Please contact us for further questions.