

Chemicals

MONTHLY

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For the most part both third quarter prices and margins exceeded second quarter results, which should bode well for many of the commodity producers 3Q earnings results. Given the economic circumstances, producers have managed production well as operating rates have been flat to improving and inventories are healthy. Notable exceptions are polypropylene and polystyrene, but that is largely a feedstock issue.

Despite the largely positive momentum, the risk is to the downside. In 4Q we see pricing and margins at risk due to still weak demand growth, typical seasonality, a weakening export market, and large amounts of low cost supply capacity coming on-line in the Middle East and Asia. In fact the market is expecting the highest level of surplus capacity during this cycle since the early 1980's. In Saudi Arabia, the PetroRabigh and Yansab steam crackers have been started, and are currently operating at 70%. Even at low operating rates, this capacity has affected the export market as derivatives from these plants have been seen in Asia. Exports have been the source of strength in many of the derivative markets, but once the market is flooded with low cost supply it will be difficult for North America to compete.

As operating rates improve for facilities already started and additional capacity comes on line as planned, we expect to reach the global ethylene trough in 2010, and continue through 2012. During this period ethane cash margins will have the best economics, putting North America, (the majority of North America cracking light feedstocks), in an alright position, but the Middle East will always dominate the first quartile of the cost curve, potentially driving further shutdowns and idling of capacity in North America in the coming months.

We believe the best place to be in the chemical space to play the 3Q strength in the polyethylene market is Dow Chemical. While long term, we believe the Basic Plastics segment of Dow is not a core holding of the portfolio, (Dow is looking to sell a portion of its Basic Plastics business and is in talks with two buyers), based on our estimates it still represents about 25% of EBITDA for 2009. As a result there could be some upside to our estimates and consensus given the sequential improvements we have seen in polyethylene pricing and volumes.

DISCLOSURE APPENDIX CONTAINS IMPORTANT DISCLOSURES, ANALYST CERTIFICATIONS, INFORMATION ON TRADE ALERTS, ANALYST MODEL PORTFOLIOS AND THE STATUS OF NON-U.S ANALYSTS. FOR OTHER IMPORTANT DISCLOSURES, visit www.credit-suisse.com/researchdisclosures or call +1 (877) 291-2683. U.S. Disclosure: Credit Suisse does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Commodity Commentary:

- **Ethylene** – Ethylene contract prices rose 2 cents/lb, while spot moved up almost 4 cents in September. Producers saw contract margins in positive territory for the first time this year for all feedstocks including naphtha. Due to the tightness of co-products like propylene, naphtha margins improved, but going forward, we expect lighter feedstocks to remain the most advantaged keeping ethane margins positive, while heavier feedstocks will continue to pressure weighted margins. September operating rates are pretty much unchanged from last month, at 84%, but will likely bounce around over the next few months as North American producers may announce capacity closures both temporary and permanent as ME and Asia capacity start to come on line.
- **Polyethylene** – Producers have likely realized their 4 cents/lb hike which had been rolled from July to September. Prices are up 17 cents YTD supported by higher operating rates, low inventories, strength from the export market, and to a lesser extent higher production costs. To date, August was the strongest month of 2009, as we saw demand improve 18% y/y, the first positive comp since the beginning of the year. Exports still offered support (about 26% of shipments were exports, down from 28% in July), but the surge in demand was primarily driven by the domestic market, and customers pre-buying ahead of September's price increase. Producers remain disciplined, keeping inventories low at about 19 days vs. the average of 34 days. Operating rates were flat at 91%. Producers have another price hike of 5 cents/lb on the table for October – but we are not optimistic for this one. We believe exports have been fueling demand for polyethylene, and going into 4Q this market is very vulnerable. As low cost supply comes on line in the ME and Asia and many stimulus programs are phasing out, there is less demand for exports from the US and Canada. As demand softens so will price.
- **Polystyrene** – In September prices dropped for the first time since the beginning of the year to 96 cents/lb vs. 100 cents/lb in August. This move is a result of lower feedstock costs, weakening demand and rising producer inventories. Despite the 4 cent price decline margins improved 5 cents/lb. Total shipments were down 24% y/y and 40% domestically, the lowest volumes we have seen the entire year. Operating rates were 77% in August a modest improvement from July. We expect polystyrene fundamentals to deteriorate further in the near-term as customers remain on the sidelines in anticipation of further price reductions.
- **Polypropylene** – September's price hike of 12 cents/lb was successful as a result of supply constraints of propylene rather than improving fundamentals. Margins have held flat as production costs remain high, but inventories remain low at about 24 days. Polypropylene prices are the highest in North America vs. the rest of the globe, driven by the increased use of light feedstocks by producers resulting in propylene in short supply. Total shipments improved 15% y/y and 9% m/m, but we caution investors not to get enthused, as the surge in demand was driven by customer pre-buying ahead of the large 12 cent price hike in September. Operating rates remained flat at 83%. We expect continued volatility in this market, and soft volumes in the near-term as high prices have curtailed demand and exports. Currently exports are closed in Asia, while North American producers are facing heavy competition in Central and South America.
- **Caustic Soda** – September prices recently settled at \$190/st, up \$30/st, the first increase we seen since the beginning of the year. Price increases are still being implemented as we expect the other half of the \$60/st hike to stick. It is likely the second price hike of \$90/st will be postponed as there is no real change in the fundamentals of the market. Operating rates have improved to 83%, the highest we have seen YTD. However, we believe this pickup in demand is largely driven by customers building inventories ahead of price hikes, which should continue to help inventories on the producers end.

- **Chlorine** – ECU prices are up about \$38/st to \$604 in September, as limiting chlorine production has also helped improve the supply/demand balance for caustic. In September chlorine prices recently settled at \$395/st, up \$5/st m/m and up \$210/st YTD. We think there is room for chlorine prices to grind slightly higher, as the market is still in tight supply but not as tight as the past couple of months, and 4Q is seasonally slow. Like caustic, chlorine operating rates also saw a large improvement up from 76% in July to 82% in August, however we expect a drop as demand for bleach and vinyl products seasonally decline in 4Q.
- **PVC** – Producers achieved the announced 3 cents/lb hike- however it was spread out over two months instead of one. In September prices improved to 56 cents/lb, while margins were pretty much flat. Domestic shipments were down about 16% y/y, and operating rates in July remained flat m/m at 80%. Producers continue to be successful with price as limited supply of chlorine and higher prices support price hikes in PVC.

Exhibit 1: Price Hike Table

	Caustic soda \$/ton	Chlorine \$/ton	Acetic Acid \$/mt	Ethylene c/lb	Propylene c/lb	Polyethylene	Polypropylene c/lb	Polystyrene c/lb	PVC c/lb
2Q09				3 cents/lb achieved in June.		3 cents/lb achieved in June.		Total price increases realized were 7 cents/lb in May & June.	1.5 cents/lb achieved in May, proposed 1.5 - 4.5 cents/lb price increase in June (expected to realize 1.5 cents/lb)
July		Up to \$300/st announced for July (\$98/st realized)	One producer announced a \$50/MT increase effective July 15.			5-8 cents/lb announced for July.	1 cent/lb achieved	5 cents/lb achieved in July.	3 cents/lb achieved in July.
August	\$60/st announced for Aug			3-5 cents/lb increase announced for Aug.		4 cents/lb increase pending for Aug.	4-9 cents/lb announced for Aug.	up to 10 cents/lb announced for Aug.	3 cents/lb announced for Aug.
September	\$90/st announced for Aug					4 cents/lb increase pending for Sept.	12 cents/lb announced for Sept.		2 cents/lb announced for Sept.
October						5 cents/lb increase pending for Oct			

Source: Company data, Credit Suisse estimates

Ethylene

Exhibit 2: Major Ethylene Producers

mm lbs

Company	Capacity	% total
Equistar	10,746	17%
ExxonMobil	8,792	14%
Dow	8,635	14%
Chevron Phillips	7,767	12%
Shell Chemical	6,530	10%
Ineos	3,849	6%
Other	16,764	27%
Total Capacity	63,083	100%

Source: Company data, Credit Suisse estimates

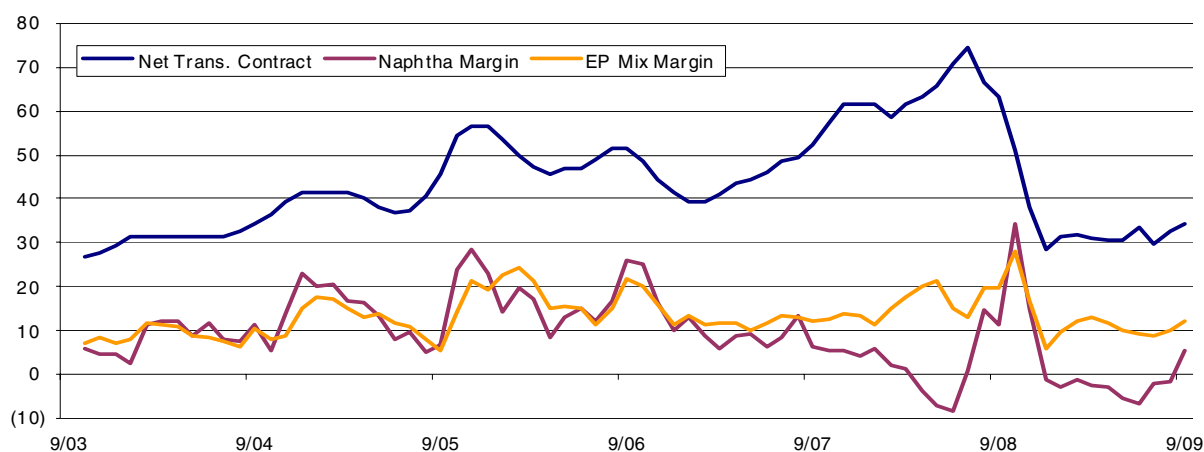
Exhibit 3: Major Ethylene End Markets

End Market	% total
HDPE	27%
LLDPE	16%
Ethylene Dichloride	15%
LDPE	13%
Ethylene Oxide	11%
Alpha Olefins	8%
Other	11%
Total Demand	100%

Source: Company data, Credit Suisse estimates

Exhibit 4: Ethylene Contract

Cents/lb

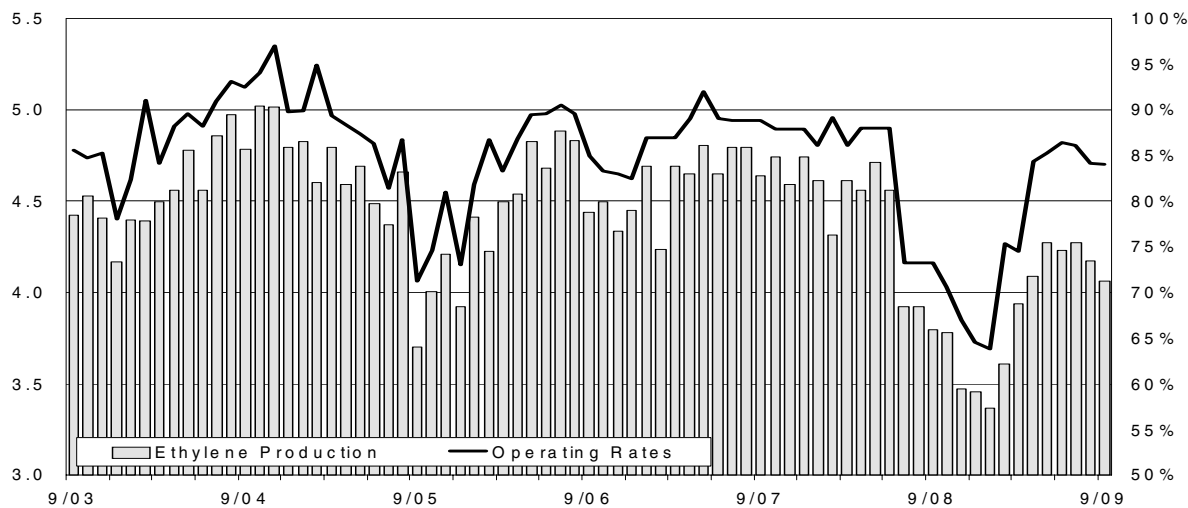


Source: Company data, Credit Suisse estimate, CMAI

Exhibit 5: North American Ethylene Production/Capacity

Billions/lbs

operating rate



Source: Company data, Credit Suisse estimates, CMAI

Caustic Soda

Exhibit 6: Major Chlorine Producers

thousands of short tons

Company	Capacity	% total
Dow	3,992	29%
OxyChem	2,873	21%
PPG	1,772	13%
Olin	1,473	11%
FPC	810	6%
Other	2,641	19%
Total	13,561	100%

Source: Company data, Credit Suisse estimates

Exhibit 7: Major Caustic Soda End Markets

End Market	% total
Inorganic Chemicals	23%
Pulp & Paper	20%
Exports	16%
Organic Chemicals	12%
Propylene Oxide	7%
Soaps & Detergents	7%
Other	14%
Total	100%

Source: Company data, Credit Suisse estimates

Exhibit 8: Electrical Chemical Unit Prices and Margins

US \$/ton

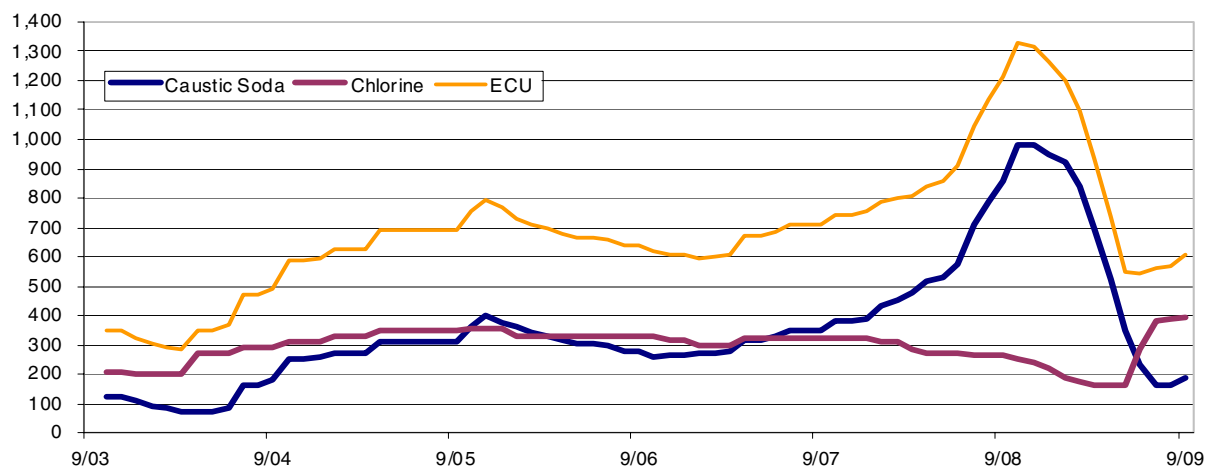
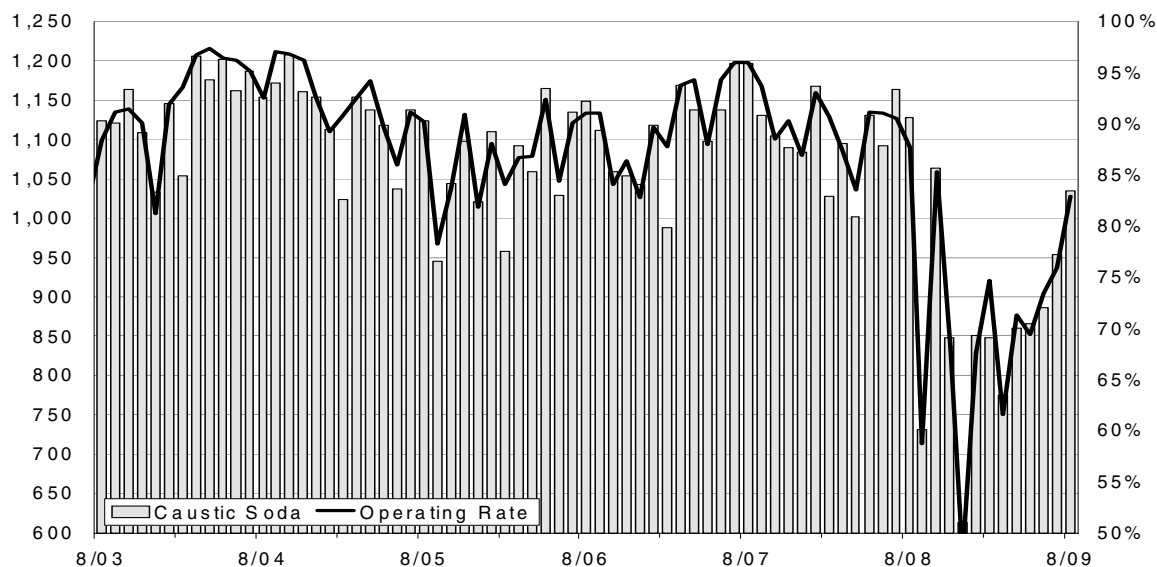


Exhibit 9: North American Caustic Production/Capacity

thousands of short tons

operating rate



Source: Company data, Credit Suisse estimates, CMAI

Polyvinyl Chloride (PVC)

Exhibit 10: Major PVC Producers

mm lbs

Company	Capacity	% of total
Shin-Etsu	5,159	29%
Occidental	3,635	21%
Formosa Group	2,668	15%
Georgia Gulf	2,653	15%
Westlake	1,526	9%
Mexichem	675	4%
CYDSA	518	3%
Other	736	4%
Total Capacity	17,570	100%

Source: Company data, Credit Suisse estimates

Exhibit 11: Major End Markets

End Market	% total
Rgd Pipe/Tubes	38%
Other Extr.	29%
Exports	15%
Other	8%
Calendering	7%
Moldings	3%
Coatings	1%
Paste/Plastis	1%
Total Demand	100%

Source: Company data, Credit Suisse estimates

Exhibit 12: PVC Prices/margins

Cents/lb

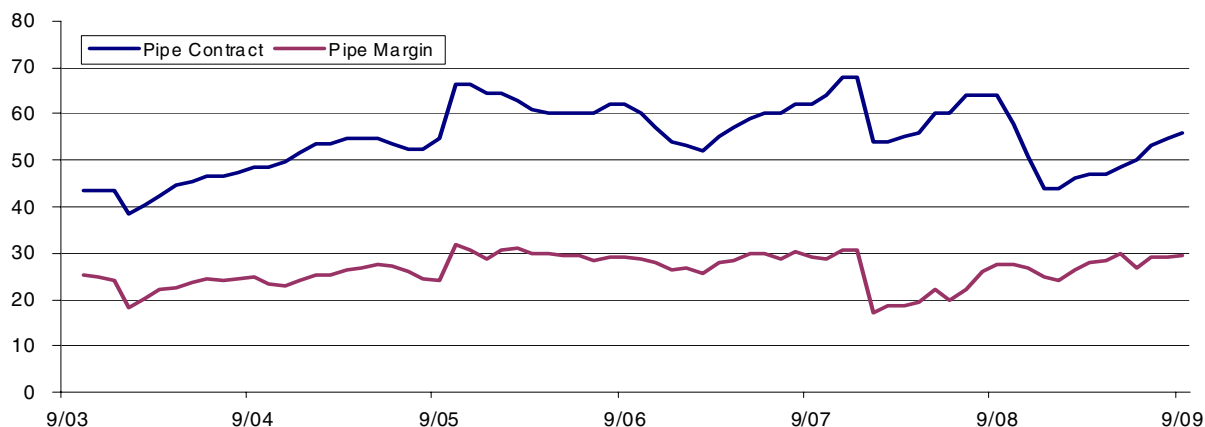
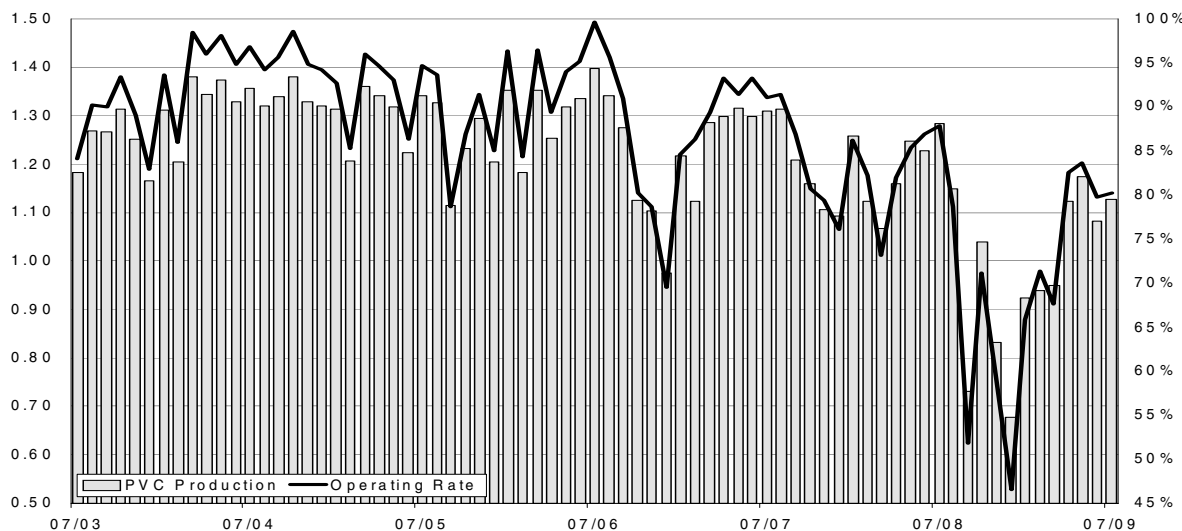


Exhibit 13: North American PVC Production/Capacity

Billions/lbs

operating rate



Source: Company data, Credit Suisse estimates, CMAI

Polyvinyl Chloride (PVC) continued

Exhibit 14: North American Chlorine Production/Capacity
thousands of short tons

operating rate

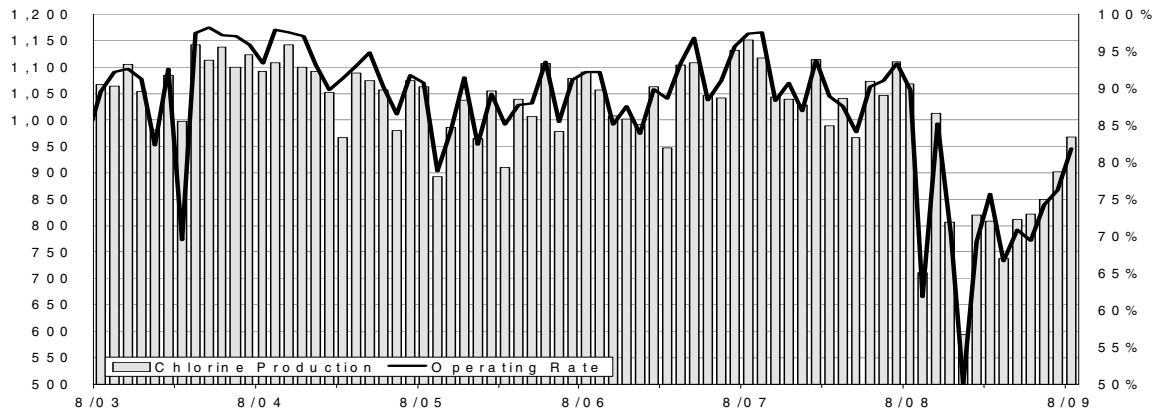


Exhibit 15: North American Inventories

Billions/lbs

days

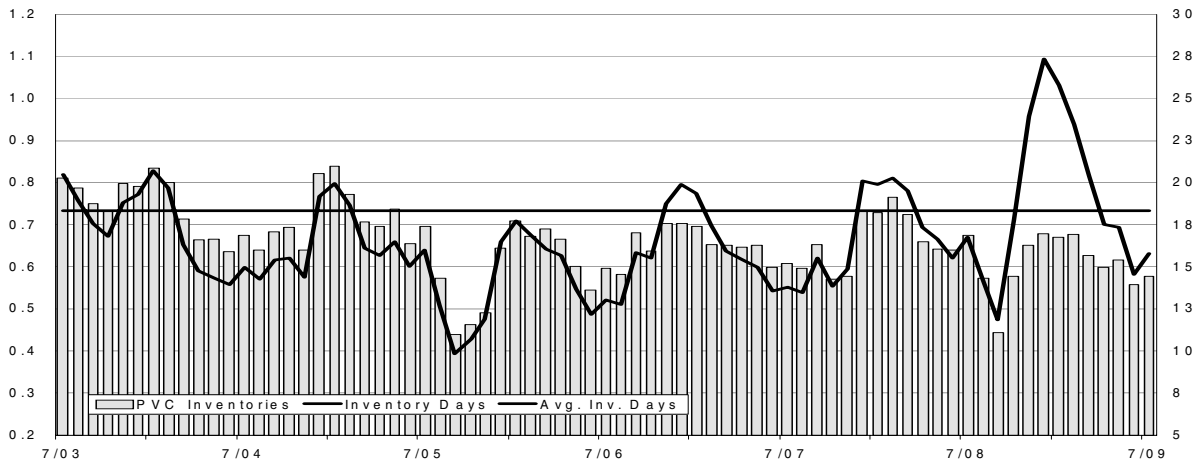
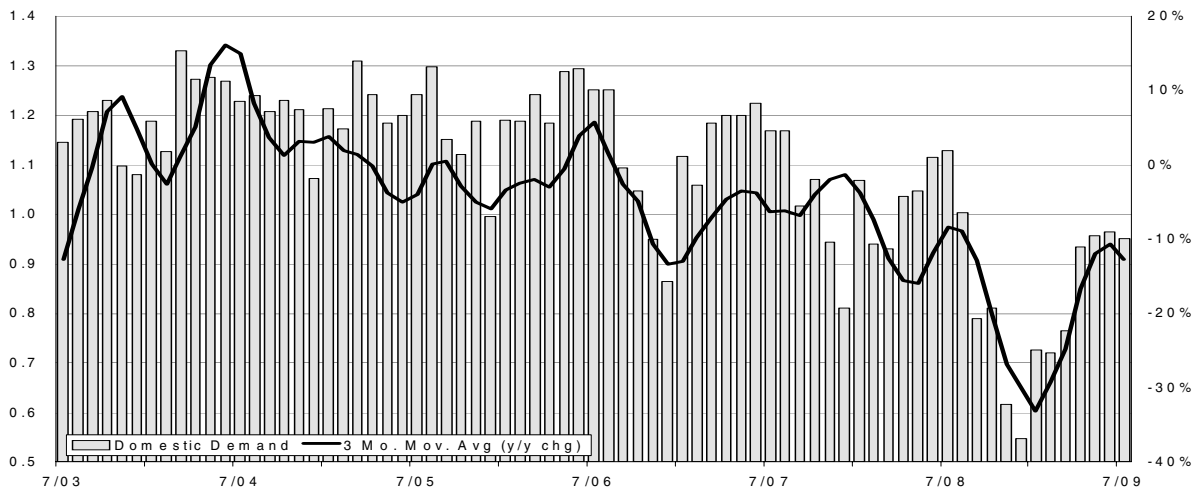


Exhibit 16: North American PVC Domestic Demand

Billions/lbs

y/y change



Source: Company data, Credit Suisse estimates, CMAI

High Density Polyethylene (HDPE)

Exhibit 17: HDPE Major Producers

mm lbs

Company	Capacity	% total
Chevron Phillips	3,479	21%
ExxonMobil	3,284	20%
Equistar	3,007	18%
Ineos	1,691	10%
FPC USA	1,567	10%
Dow	1,334	8%
Other	2,112	13%
Total Capacity	16,474	100%

Source: Company data, Credit Suisse estimates

Exhibit 18: Major End Markets

End Market	% total
Blow Molding	25%
Exports	20%
Film and Sheet	14%
Injection Molding	13%
Pipe and Conduit	11%
Wire and Cable	1%
Other	15%
Total Demand	100%

Source: Company data, Credit Suisse estimates

Exhibit 19: HDPE Prices and Margins

cents/lb

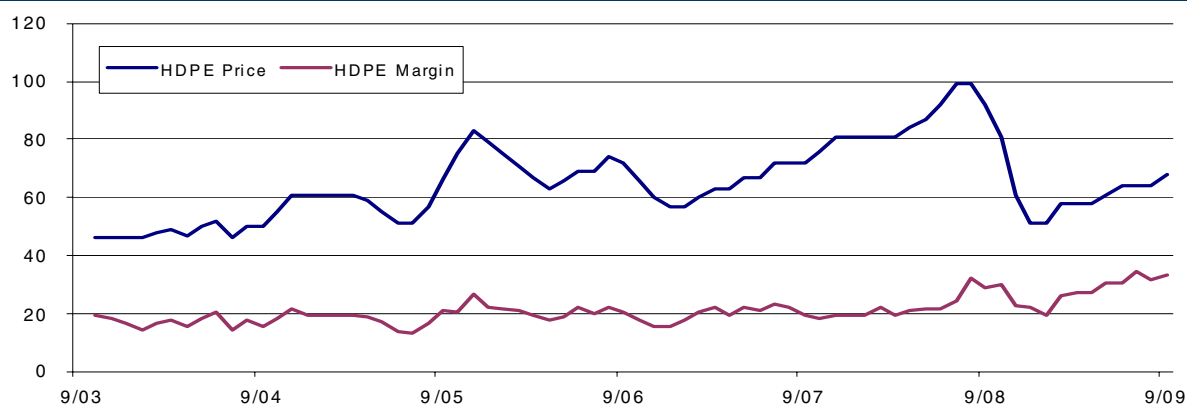
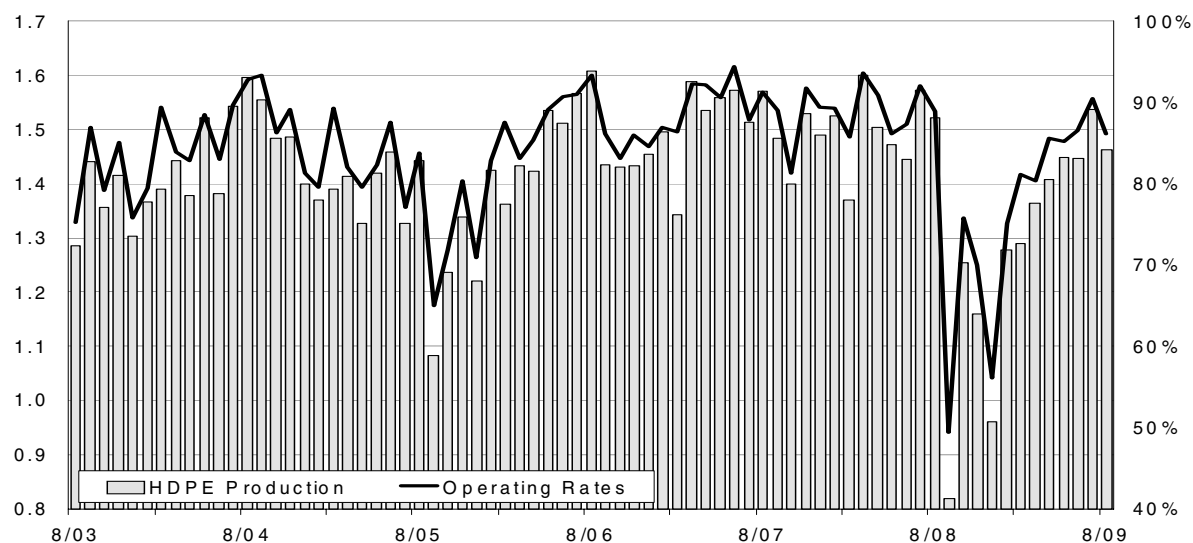


Exhibit 20: North American HDPE Production/Capacity

Billions/lbs

operating rate



Source: Company data, Credit Suisse estimates, CMAI

Linear Low Density Polyethylene (LLDPE)

Exhibit 21: Major Producers

mm lbs

Company	Capacity	% total
Dow	3,869	37%
ExxonMobil	3,145	30%
Equistar	1,129	11%
Westlake	772	7%
Chevron Phillips	646	6%
FPC USA	626	6%
Flint Hills Resources	351	3%
Total Capacity	10,537	100%

Source: Company data, Credit Suisse estimates

Exhibit 22: Major End Markets

End Market	% total
Film and Sheet	49%
Exports	30%
Injection Molding	4%
Other Extrusion	3%
Rotomolding	2%
Wire and Cable	1%
Other	12%
Total Demand	100%

Source: Company data, Credit Suisse estimates

Exhibit 23: LLDPE Prices and Margins

cents/lb

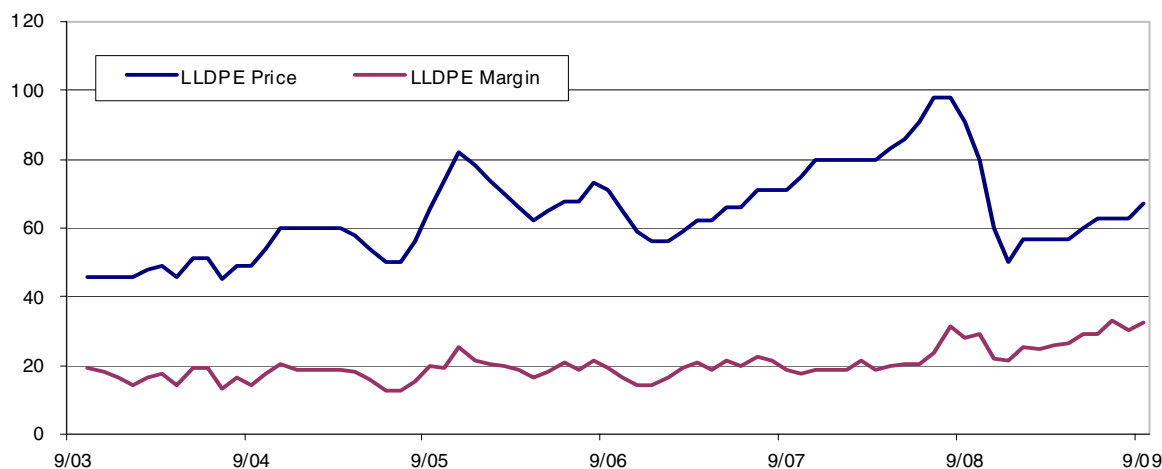
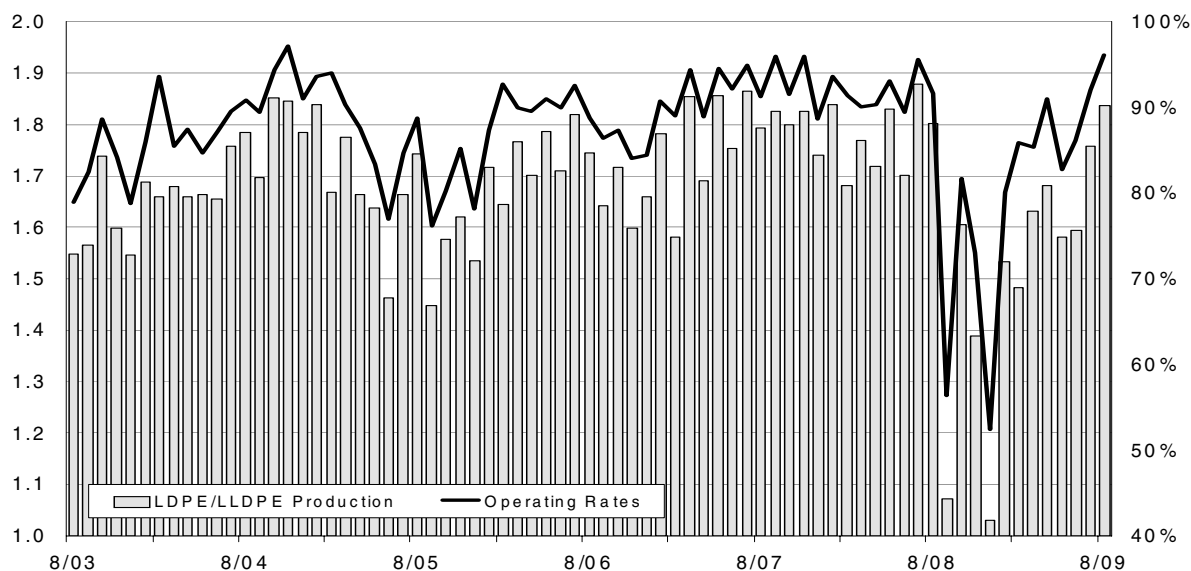


Exhibit 24: North American LLDPE/LDPE Production/Capacity

Billions/lbs

operating rate



Source: Company data, Credit Suisse estimates, CMAI

Polyethylene

Exhibit 25: North American Production/Capacity

Billions/lbs

operating rate

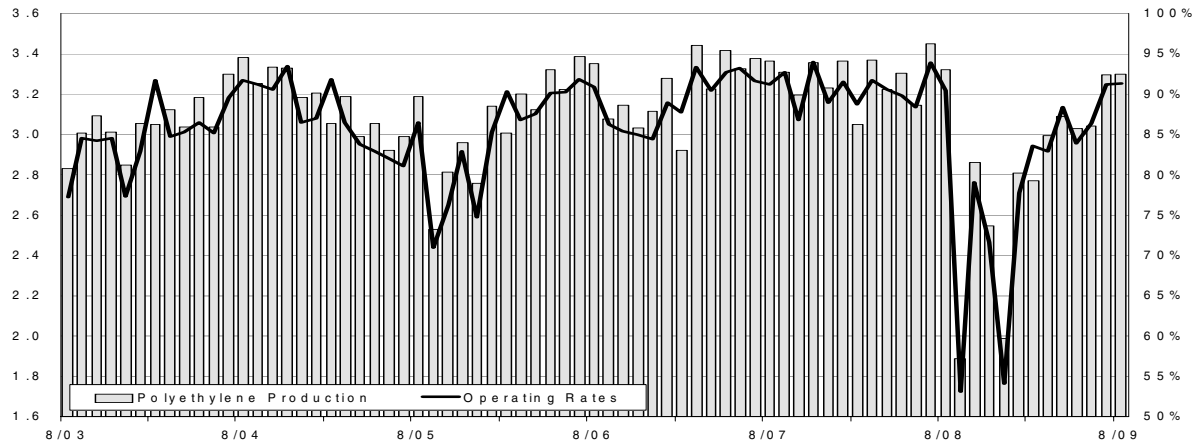


Exhibit 26: North American PE Inventories

Billions/lbs

days

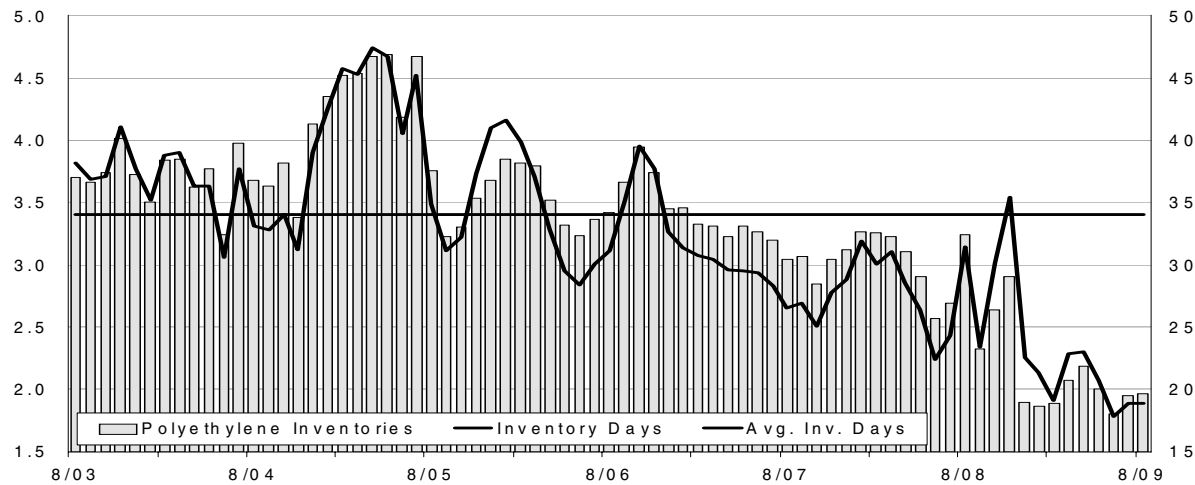
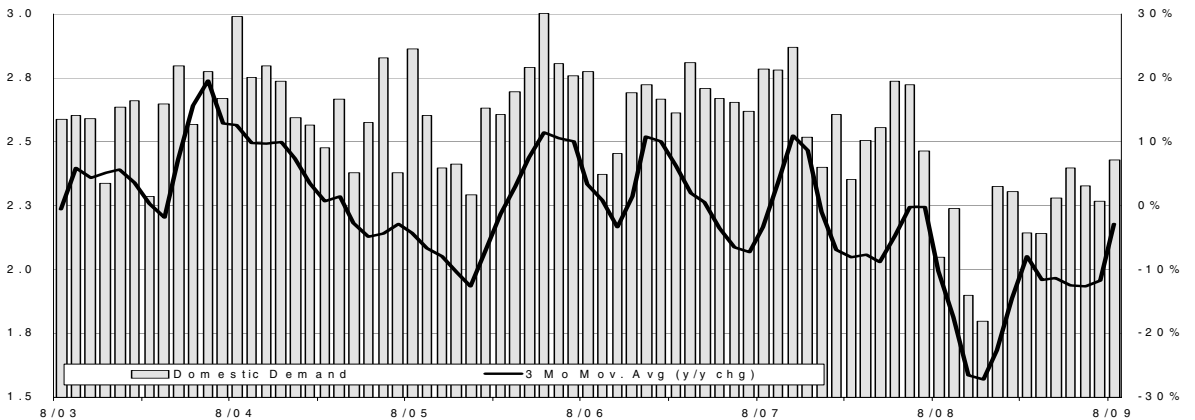


Exhibit 27: North American PE Domestic Demand

Billions/lbs

y/y change



Source: Company data, Credit Suisse estimates, CMAI

Polypropylene

Exhibit 28: Major Producers

mm lbs

Company	Capacity	% total
LyondellBasell	3,201	16%
ExxonMobil	2,712	14%
Total PC	2,491	13%
Ineos	2,271	12%
FPC USA	1,797	9%
Sunoco	1,784	9%
Other	5,381	27%
Total Capacity	19,636	100%

Source: Company data, Credit Suisse estimates

Exhibit 29: Major End Markets

End Market	% total
Injection Molding	32%
Other	22%
Fiber & Filament	19%
Film and Sheet	14%
Exports	12%
Blow Molding	1%
Total Demand	100%

Source: Company data, Credit Suisse estimates

Exhibit 30: Polypropylene Prices and Margins

cents/lb

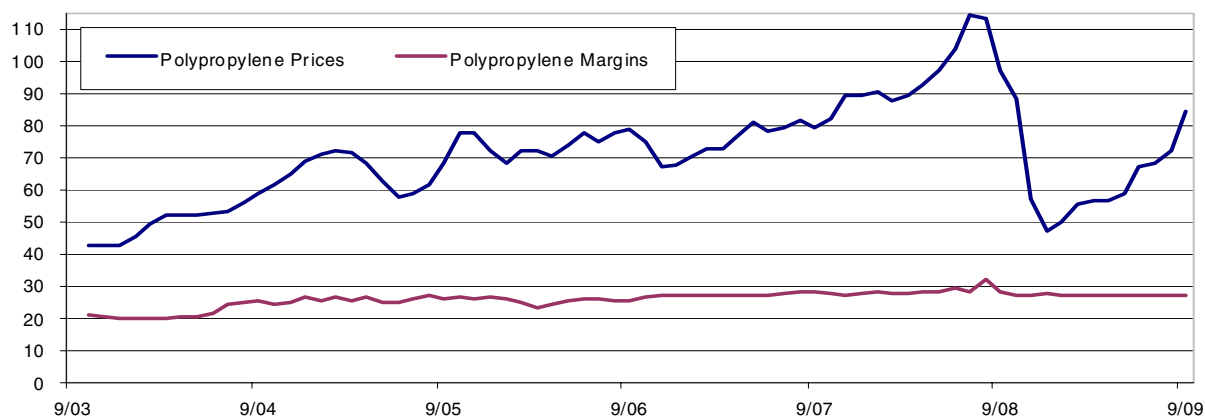
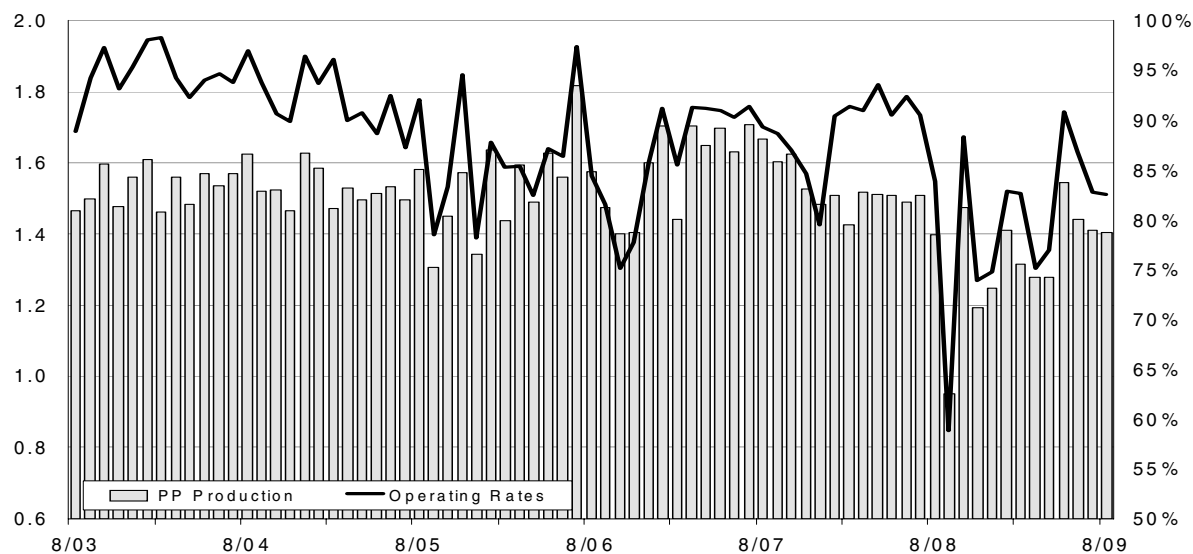


Exhibit 31: North American Polypropylene Production/Capacity

Billions/lbs

operating rate



Source: Company data, Credit Suisse estimates, CMAI

Polystyrene

Exhibit 32: Major Producers

mm lbs

Company	Capacity	% total
Total	1,651	31%
Nova Chemicals	876	17%
Dow	804	15%
Ineos	777	15%
Chevron Corp.	402	8%
ConocoPhillips	402	8%
Other	370	7%
Total Capacity	5,282	100%

Source: Company data, Credit Suisse estimates

Exhibit 33: Major End Markets

End Market	% total
Packaging	59%
Resellers/Other	16%
Consumer	8%
Exports	7%
Electronics	7%
Building and Construction	4%
Total Demand	100%

Source: Company data, Credit Suisse estimates

Exhibit 34: Polystyrene Prices and Margins

cents/lb

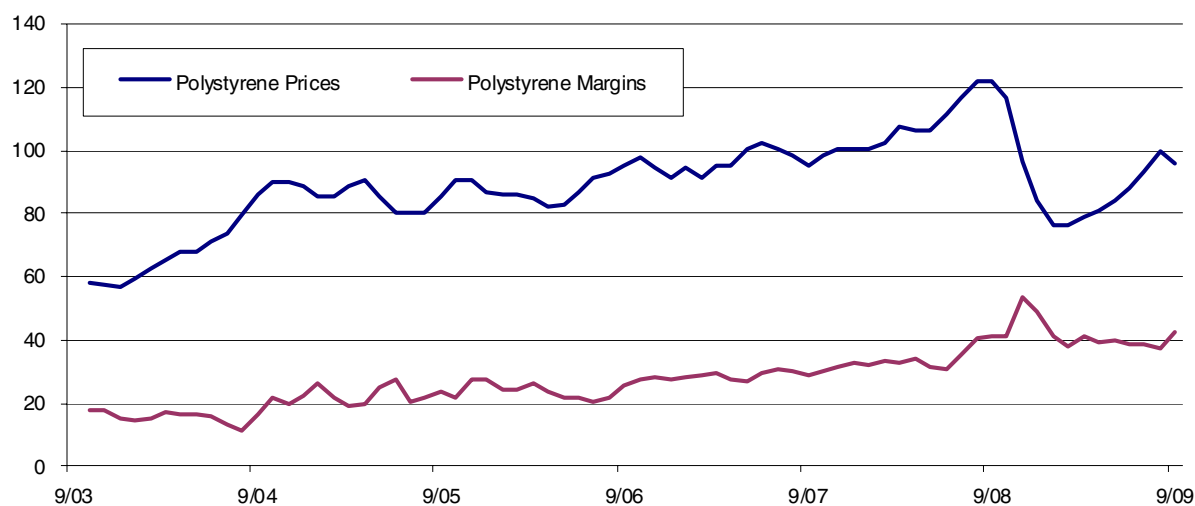
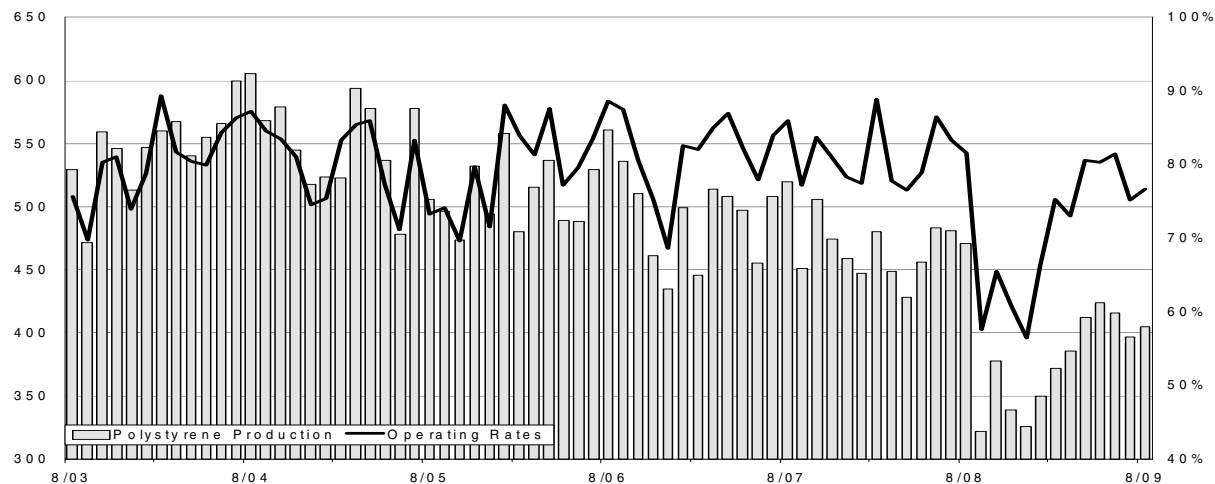


Exhibit 35: North American PS Production/Capacity

mm lbs

operating rate



Source: Company data, Credit Suisse estimates, CMAI

Exhibit 36: Chemical Prices

Date	Raw Materials		Inorganics		Base Chemicals								Plastics							
	Crude oil	Natural gas	Caustic soda	Chlorine	Acetic Acid	Ethylene	Ethylene	Ethylene	Ethylene	Ethylene	Propylene	Propylene	HDPE	HDPE	LLDPE	LDPE	Poly-propylene	Poly-styrene	Polyvinyl	
	WTI	HH	Diaphragm	Chemicals	Market	Net T	Net T	Naphtha	EP Mix	Weighted	Chemical	Polymer	Injection	Blow	Butene	Film	Injection	GP	chloride	
Spot	Spot	Contract	Contract	Spot	Contract	Spot	Cost	Cost	Cost	Contract	Contract	Contract	Contract	Contract	Contract	Contract	Contract	Contract	Contract	
US	US	US	US	US	US	US	US	US	US	US	US	US	US	US	US	US	US	US	US	
\$/bbl	\$/mcf	\$/ton	\$/ton	\$/mt	c/lb	c/lb	c/lb	c/lb	c/lb	c/lb	c/lb	c/lb	c/lb	c/lb	c/lb	c/lb	c/lb	c/lb	c/lb	
1990	24.80	1.58	265	90		23	22	14	11	12	16	18	38	39	38	40	38	50	32	
1995	18.46	1.78	235	170		25	23	9	9	9	21	22	42	43	42	46	44	55	37	
2000	30.37	4.29	125	201	427	30	27	21	20	21	23	24	42	44	38	46	41	57	37	
2001	26.12	3.94	261	86	395	26	21	18	17	18	17	19	38	41	35	43	35	51	31	
2002	26.14	3.33	102	155	369	22	17	17	14	15	18	20	35	39	34	42	37	51	34	
2003	31.24	5.44	141	224	417	29	22	20	20	20	21	23	44	48	44	52	44	59	43	
2004	41.52	5.77	146	268	586	34	32	23	24	24	32	33	51	55	51	59	56	75	46	
2005	56.41	8.74	317	347	680	44	43	28	30	30	41	42	63	67	62	70	68	86	57	
2006	66.35	6.70	301	330	576	48	41	32	31	31	46	47	67	71	66	74	73	89	60	
2007	72.29	6.98	332	316	645	49	43	41	36	38	50	52	69	73	68	76	80	98	60	
2008	99.48	8.85	688	269	598	59	48	53	42	45	60	62	82	86	81	89	90	108	57	
YTD09	56.89	3.82	454	256	445	32	25	34	21	24	34	36	61	65	60	68	63	86	50	
Jan-08	92.98	7.99	435	308	640	62	52	55	50	52	61	63	81	85	80	88	91	101	54	
Feb-08	95.04	8.52	450	308	619	59	48	56	43	48	58	60	81	85	80	88	88	103	54	
Mar-08	105.47	9.39	475	285	627	62	53	60	44	49	60	62	81	85	80	88	90	108	55	
Apr-08	112.62	10.18	515	275	639	63	54	67	43	51	64	65	84	88	83	91	93	107	56	
May-08	125.37	11.27	530	275	653	66	56	73	44	54	68	69	87	91	86	94	98	107	60	
Jun-08	133.93	12.71	575	275	677	71	63	79	55	61	74	76	92	96	91	99	104	112	60	
Jul-08	133.02	10.99	710	265	695	75	64	74	61	63	84	85	99	103	98	106	115	117	64	
Aug-08	116.64	8.25	790	265	663	67	53	52	47	47	84	85	99	103	98	106	114	122	64	
Sep-08	103.69	7.61	860	265	626	63	55	52	43	48	64	65	92	96	91	99	98	122	64	
Oct-08	76.61	6.74	980	250	552	51	38	17	23	22	59	60	81	85	80	88	89	117	58	
Nov-08	56.89	6.69	980	240	401	38	21	23	21	24	29	30	61	65	60	68	58	97	51	
Dec-08	41.44	5.83	950	220	390	29	18	30	23	27	19	20	51	55	50	58	48	84	44	
Jan-09	41.74	5.24	925	185	375	32	23	34	22	26	21	22	51	55	57	65	50	76	44	
Feb-09	39.15	4.53	840	175	370	32	27	33	20	23	27	28	58	62	57	65	56	76	46	
Mar-09	47.98	3.96	700	165	383	31	26	34	18	23	28	29	58	62	57	65	57	79	47	
Apr-09	49.81	3.49	520	165	519	31	24	33	19	23	28	29	58	62	57	65	57	81	47	
May-09	59.13	3.83	350	165	526	31	22	36	20	24	30	32	61	65	60	68	59	84	49	
Jun-09	69.61	3.80	235	283	476	34	25	40	24	27	39	40	64	68	63	71	68	88	50	
Jul-09	64.12	3.38	165	380	432	30	22	32	21	23	40	41	64	68	63	71	69	93	53	
Aug-09	71.06	3.14	160	390	451	33	26	34	22	25	44	45	64	68	63	71	73	100	55	
Sep-09	69.44	2.99	190	395	469	35	29	29	22	24	56	57	68	72	67	75	85	96	56	
1Q08	97.83	8.63	453	300	629	61	51	57	46	50	60	61	81	85	80	88	89	104	54	
2Q08	123.97	11.39	540	275	656	66	58	73	47	55	68	70	88	92	87	95	98	108	59	
3Q08	117.78	8.95	787	265	661	68	57	59	51	53	77	78	97	101	96	104	109	120	64	
4Q08	58.31	6.42	970	237	448	39	26	23	22	24	35	37	64	68	63	71	65	99	51	
1Q09	42.96	4.58	822	175	376	32	25	34	20	24	25	26	56	60	57	65	54	77	46	
2Q09	59.52	3.71	368	204	507	32	24	36	21	25	32	34	61	65	60	68	61	84	49	
3Q09	68.21	3.17	172	388	451	32	26	32	22	24	46	48	65	69	64	72	75	96	55	
% Change																				
3Q09/3Q08	-42.1%	-64.6%	-78.2%	46.5%	-31.8%	-52.6%	-55.1%	-46.5%	-56.7%	-54.6%	-39.9%	-39.1%	-32.4%	-31.1%	-32.8%	-30.2%	-30.7%	-19.6%	-14.8%	
3Q09/2Q09	14.6%	-14.6%	-53.4%	90.2%	-11.0%	2.4%	8.4%	-13.2%	3.6%	-2.8%	44.3%	42.3%	7.1%	6.7%	7.2%	6.4%	23.2%	14.2%	12.4%	
YTD09/FY08	-42.8%	-56.8%	-34.0%	-5.0%	-25.7%	-45.7%	-48.0%	-36.2%	-49.6%	-46.7%	-42.7%	-41.7%	-26.4%	-25.2%	-25.8%	-23.5%	-29.7%	-20.2%	-13.1%	

Source: Company data, Credit Suisse estimates, CMAI, Chemdata, Bloomberg

Exhibit 37: Chemical Margins

Date	ECU Dia./Chem. Contract US \$/ton	HDPE Injection Margin US c/lb	HDPE Blow Margin US c/lb	LLDPE Butene Margin US c/lb	LDPE Film Margin US c/lb	Poly-propylene Injection Margin US c/lb	Polyvinyl chloride Pipe Margin US c/lb	Contract Ethylene Naphtha Margin US c/lb	Contract Ethylene EP Mix Margin US c/lb	Contract Ethylene Weighted Margin US c/lb	Spot Ethylene Naphtha Margin US c/lb	Spot Ethylene EP Mix Margin US c/lb	Spot Ethylene Weighted Margin US c/lb	
1990	380.74	14.45	15.79	14.04	16.83	20.63	18.13	9.78	11.98	11.40	8.24	10.43	9.85	
1995	428.52	16.79	17.96	16.79	20.79	21.50	20.98	16.47	15.97	16.04	14.03	13.53	13.61	
2000	338.52	11.98	14.15	8.23	16.23	16.88	17.16	8.99	10.41	9.61	5.98	7.40	6.60	
2001	373.17	11.75	15.00	8.42	16.42	16.08	16.59	7.86	8.89	8.31	2.83	3.85	3.28	
2002	267.29	12.31	16.31	11.65	19.65	17.21	19.79	4.92	8.12	6.95	(0.40)	2.81	1.63	
2003	378.80	15.50	19.50	15.67	23.67	21.00	23.22	8.25	8.18	8.19	1.26	1.19	1.20	
2004	428.82	17.50	21.50	16.92	24.92	22.38	22.99	10.72	9.69	10.07	8.59	7.56	7.94	
2005	695.30	19.08	23.08	18.08	26.08	26.21	27.06	16.02	14.01	14.63	14.90	12.89	13.51	
2006	660.68	19.33	23.33	18.33	26.33	25.83	29.21	16.26	17.47	17.05	9.16	10.36	9.95	
2007	681.58	20.50	24.50	19.50	27.50	27.68	28.95	8.00	12.44	10.82	1.89	6.34	4.71	
2008	1,025.42	23.92	27.92	22.92	30.92	28.63	22.58	5.48	16.99	13.11	(5.14)	6.37	2.49	
YTD09	755.11	28.92	32.92	28.69	36.69	27.56	27.96	(2.09)	10.82	7.55	(8.92)	3.99	0.72	
Jan-07	594.50	17.50	21.50	16.50	24.50	27.62	26.74	13.22	13.36	13.14	7.41	7.55	7.33	
Feb-07	600.00	20.50	24.50	19.50	27.50	27.50	25.74	8.87	11.54	10.45	4.81	7.48	6.39	
Mar-07	605.50	22.00	26.00	21.00	29.00	27.50	28.04	6.08	11.62	9.74	(0.39)	5.15	3.27	
Apr-07	669.00	19.50	23.50	18.50	26.50	27.50	28.25	8.86	11.88	11.03	2.55	5.57	4.72	
May-07	669.00	22.50	26.50	21.50	29.50	27.50	29.78	9.38	10.30	10.64	3.54	4.46	4.80	
Jun-07	685.50	21.00	25.00	20.00	28.00	27.25	30.08	6.17	11.96	10.97	0.60	6.40	5.41	
Jul-07	708.00	23.50	27.50	22.50	30.50	27.50	28.90	8.63	13.57	11.92	4.13	9.07	7.42	
Aug-07	707.50	22.50	26.50	21.50	29.50	27.75	30.45	13.40	13.14	12.97	9.59	9.33	9.16	
Sep-07	707.50	19.50	23.50	18.50	26.50	28.25	29.05	6.32	12.23	9.43	1.73	7.64	4.84	
Oct-07	740.50	18.50	22.50	17.50	25.50	28.25	28.71	5.52	12.48	9.52	(0.61)	6.36	3.40	
Nov-07	740.50	19.50	23.50	18.50	26.50	28.00	30.84	5.44	13.80	10.17	(4.13)	4.24	0.61	
Dec-07	751.50	19.50	23.50	18.50	26.50	27.50	30.84	4.07	13.45	9.81	(6.53)	2.85	(0.78)	
Jan-08	786.00	19.50	23.50	18.50	26.50	28.00	17.22	6.06	11.57	9.62	(3.37)	2.14	0.18	
Feb-08	802.50	22.50	26.50	21.50	29.50	28.00	18.62	2.08	15.07	10.55	(8.34)	4.66	0.13	
Mar-08	807.50	19.50	23.50	18.50	26.50	28.00	18.78	1.19	17.50	12.29	(6.93)	9.38	4.17	
Apr-08	841.50	21.00	25.00	20.00	28.00	28.00	19.33	(3.74)	20.29	12.28	(13.11)	10.92	2.91	
May-08	858.00	21.50	25.50	20.50	28.50	28.50	22.16	(7.10)	21.41	12.00	(16.35)	12.16	2.75	
Jun-08	907.50	21.50	25.50	20.50	28.50	28.50	19.83	(8.11)	15.21	9.33	(15.67)	7.65	1.77	
Jul-08	1,046.00	24.50	28.50	23.50	31.50	29.50	22.21	0.85	13.05	11.50	(9.71)	2.49	0.94	
Aug-08	1,134.00	32.50	36.50	31.50	39.50	28.50	25.94	14.61	19.52	19.48	0.89	5.80	5.76	
Sep-08	1,211.00	29.00	33.00	28.00	36.00	32.50	27.58	11.48	19.72	15.40	2.98	11.22	6.90	
Oct-08	1,328.00	30.00	34.00	29.00	37.00	28.50	27.56	34.41	27.90	28.92	21.35	14.84	15.86	
Nov-08	1,318.00	23.00	27.00	22.00	30.00	27.50	26.88	15.10	16.86	13.91	(1.77)	(0.01)	(2.96)	
Dec-08	1,265.00	22.50	26.50	21.50	29.50	27.50	24.82	(1.05)	5.76	1.99	(11.61)	(4.81)	(8.57)	
Jan-09	1,202.50	19.50	23.50	18.50	26.50	28.00	24.29	(2.63)	9.84	5.08	(10.97)	1.50	(3.26)	
Feb-09	1,099.00	26.00	30.00	25.00	33.00	27.50	26.31	(1.02)	12.31	8.62	(5.83)	7.50	3.81	
Mar-09	935.00	27.00	31.00	26.00	34.00	27.50	28.02	(2.53)	12.97	8.38	(7.53)	7.97	3.38	
Apr-09	737.00	27.50	31.50	26.50	34.50	27.50	28.26	(2.67)	11.68	7.94	(9.49)	4.86	1.12	
May-09	550.00	30.50	34.50	29.50	37.50	27.50	29.76	(5.28)	10.04	6.78	(13.34)	1.98	(1.28)	
Jun-09	541.00	30.50	34.50	29.50	37.50	27.50	26.92	(6.67)	9.44	6.06	(15.30)	0.81	(2.56)	
Jul-09	561.50	34.25	38.25	33.25	41.25	27.50	29.23	(1.89)	8.99	7.23	(9.52)	1.36	(0.40)	
Aug-09	566.00	31.50	35.50	30.50	38.50	27.50	29.20	(1.69)	10.10	7.34	(8.66)	3.13	0.38	
Sep-09	604.00	33.50	37.50	32.50	40.50	27.50	29.64	5.58	12.04	10.56	0.36	6.82	5.34	
1Q08	798.67	20.50	24.50	19.50	27.50	28.17	18.20	3.11	14.72	10.82	(6.21)	5.39	1.49	
2Q08	869.00	21.33	25.33	20.33	28.33	28.33	20.44	(6.32)	18.97	11.20	(15.04)	10.25	2.48	
3Q08	1,130.33	28.67	32.67	27.67	35.67	30.17	25.24	8.98	17.43	15.46	(1.95)	6.50	4.53	
4Q08	1,303.67	25.17	29.17	24.17	32.17	27.83	26.42	16.15	16.84	14.94	2.65	3.34	1.44	
1Q09	1,078.83	24.17	28.17	25.50	33.50	27.67	26.21	(2.06)	11.71	7.36	(8.11)	5.65	1.31	
2Q09	609.33	29.50	33.50	28.50	36.50	27.50	28.31	(4.87)	10.38	6.93	(12.71)	2.55	(0.91)	
3Q09	577.17	33.08	37.08	32.08	40.08	27.50	29.36	0.67	10.37	8.38	(5.94)	3.77	1.77	
Change														
3Q09/3Q08	(553.17)	4.42	4.42	4.42	4.42	(2.67)	4.11	(8.31)	(7.05)	(7.08)	(3.99)	(2.73)	(2.76)	
3Q09/2Q09	(32.17)	3.58	3.58	3.58	3.58	-	1.05	5.54	(0.01)	1.45	6.77	1.22	2.68	
YTD09/FY08	(270.31)	5.00	5.00	5.78	5.78	(1.07)	5.38	(7.57)	(6.17)	(5.55)	(3.78)	(2.38)	(1.76)	

Source: Company data, Credit Suisse estimates, CMAI, Chemdata.

Companies Mentioned (Price as of 06 Oct 09)

BASF (BASF.DE, Eu36.12, NEUTRAL [V], TP Eu34.00, MARKET WEIGHT)
 Chevron Corp. (CVX, \$70.51, OUTPERFORM, TP \$80.00)
 China Petroleum & Chemical Corporation - H (0386.HK, HK\$6.75, NEUTRAL [V], TP HK\$7.50)
 ConocoPhillips (COP, \$49.70, NEUTRAL, TP \$43.00)
 Dow Chemical Company (DOW, \$24.96, OUTPERFORM [V], TP \$32.00)
 ExxonMobil Corporation (XOM, \$68.66, NEUTRAL, TP \$68.00)
 Formosa Petrochemical (6505.TW, NT\$82.90, UNDERPERFORM, TP NT\$53.00)
 Formosa Plastics (1301.TW, NT\$66.90, UNDERPERFORM, TP NT\$44.50)
 Georgia Gulf Corp. (GGC, \$28.80)
 Nova Chemicals (NCX)
 Occidental Petroleum (OXY, \$77.59, OUTPERFORM [V], TP \$76.00)
 Olin Corp (OLN, \$17.02)
 PPG Industries, Inc. (PPG, \$58.03, UNDERPERFORM, TP \$46.00)
 Reliance Industries (RELI.BO, Rs2099.00, OUTPERFORM [V], TP Rs2464.00)
 Rohm and Haas Company (ROH, \$78.94)
 Royal Dutch Shell plc (RDSa.L, p1777.50, UNDERPERFORM, TP p1420.00, MARKET WEIGHT)
 Shin-Etsu Chemical (4063, ¥5,220, OUTPERFORM [V], TP ¥6,400, MARKET WEIGHT)
 Solvay (SOLB.BR, Eu71.05)
 Sterling Chemicals (SCHI, \$9.50)
 Sunoco, Inc. (SUN, \$27.89, NEUTRAL [V], TP \$33.00)
 Total (TOTF.PA, Eu40.28, NEUTRAL, TP Eu39.00, MARKET WEIGHT)
 Westlake Chemical (WLK, \$26.07)

Disclosure Appendix

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