

# LLDPE Futures

# LLDPE Options

Dalian Commodity Exchange (DCE) launched LLDPE futures and options in 2007 and 2020 respectively. In 2022, LLDPE futures and options became available to Qualified Foreign Investors (QFI). Since listing, LLDPE futures have evolved to be a reliable hedging tool and pricing reference for industrial enterprises.

## Supply and Demand

Currently, the global annual production capacity of Linear Low Density Polyethylene (LLDPE) exceeds 40 million metric tons. Among this, China contributes over 10 million metric tons in production capacity and has a consumption volume exceeding 14 million metric tons. China ranks as the

world's largest importer and consumer of polyethylene. Domestically, LLDPE production capacity is predominantly distributed across North China, East China, and South China, while consumption is largely concentrated in the Bohai Economic Rim, the Yangtze River Delta, and the Pearl River Delta regions.

## Main Applications

Linear Low Density Polyethylene (LLDPE) is characterized by its non-toxic and odorless nature, and typically appears in the form of translucent, milky white granules. It is widely utilized in applications such as packaging films, piping systems, and electrical wires and cables. In China, film production represents the largest end-use segment for LLDPE.



## Key Price Influence Factors

### Crude Oil Price Volatility

As crude oil serves as the primary feedstock for the production of LLDPE, fluctuations in crude oil prices have a direct impact on the pricing of LLDPE.

### Ethylene Supply

The production pathway of linear low density polyethylene (LLDPE) follows the sequence: crude oil → naphtha → ethylene → LLDPE. As such, factors such as ethylene production capacity, output, trade dynamics, and regional pricing—particularly in Asia—also significantly influence the price trends of LLDPE. Historically, the prices of ethylene and LLDPE have exhibited a strong correlation and tend to move in tandem.

### Production Capacity and Output

LLDPE is manufactured through a continuous production process. Scheduled maintenance shutdowns carried out by producers on an annual basis can temporarily disrupt supply, thereby affecting market prices. In addition, variations in production technology as well as monthly, quarterly, and annual fluctuations in output levels also contribute to price movements in the LLDPE market.

### Downstream Demand

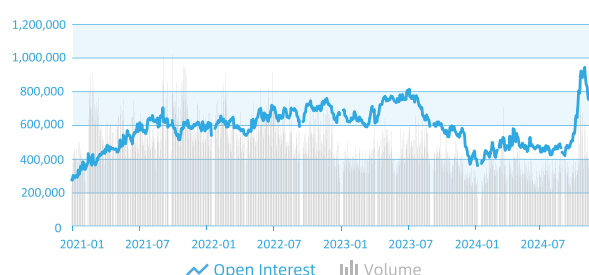
When downstream consumption increases while supply remains insufficient, the price of LLDPE tends to rise. Conversely, when downstream demand weakens or supply becomes abundant, prices are likely to decline.

## Trading Statistics

LLDPE Futures Daily Settlement Price (CNY/MT)



Volume and Open Interest of LLDPE Futures (in number of contracts)



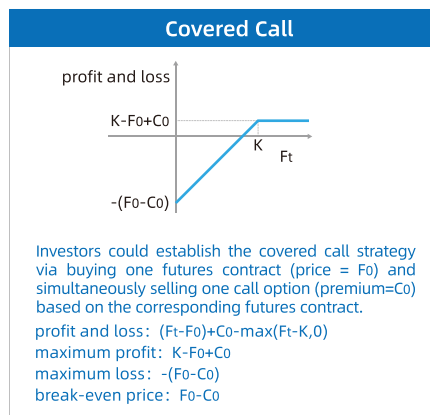
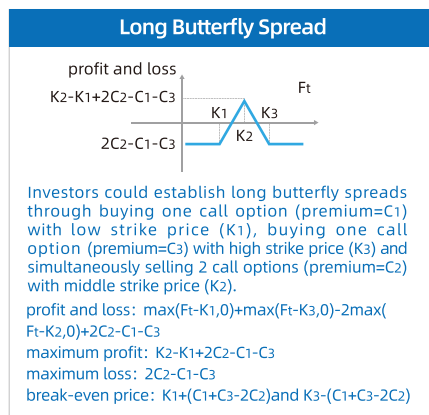
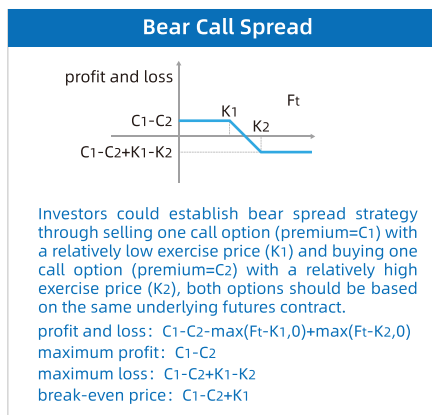
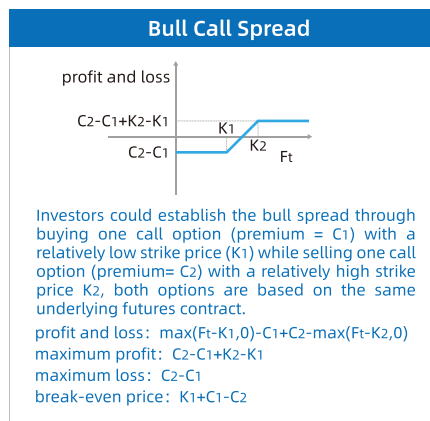
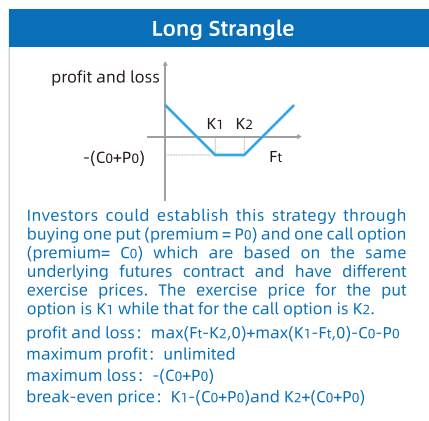
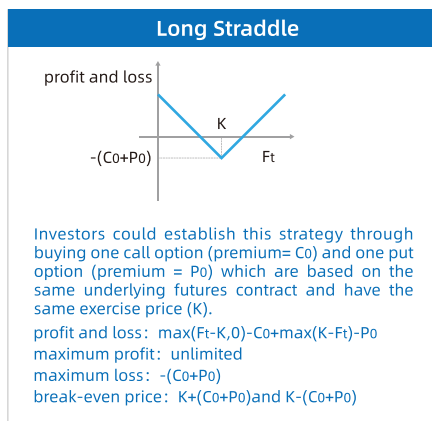
# Contract Specifications

LLDPE Futures	
Product	Linear Low Density Polyethylene (LLDPE)
Trading Unit	5 MT/Lot
Price Quote Unit	CNY/MT
Minimum Tick Size	1 CNY/MT
Daily Price Limit Range	4% of last settlement price
Contract Months	Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec
Trading Hours	9:00 - 11:30 a.m., 1:30 - 3:00 p.m., Beijing Time, and other trading hours announced by DCE
Last Trading Day	The 10th trading day of the contract month
Last Delivery Day	The 3rd trading day after the last trading day
Deliverable Grades	LLDPE Delivery Quality Standard of DCE (F/DCE L003-2014)
Delivery Point	The delivery warehouses of LLDPE designated by DCE
Minimum Trading Margin	5% of the contract value
Delivery Form	Physical delivery
Ticker Symbol	L

LLDPE Options	
Underlying Instrument	Linear low density polyethylene futures contract
Contract Type	Call option, put option
Trading Unit	One lot (5 MT) of linear low density polyethylene futures contract
Price Quote Unit	CNY/ MT
Minimum Tick Size	0.5 CNY/MT
Daily Price Limit Range	The same as the daily price limit range of underlying futures contract
Contract Months	Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec
Trading Hours	9:00 - 11:30 a.m., 1:30 - 3:00 p.m., Beijing Time, and other trading hours as announced by DCE
Last Trading Day	The 12th trading day of the month immediately preceding the delivery month of the underlying futures contract, DCE may adjust the last trading day according to national holidays
Expiration Date	The same as the last trading day
Exercise Price	The exercise price shall be in the range of the settlement price of the underlying futures on the immediately previous trading day $\pm$ (1.5 $\times$ daily price limit range of the same day)The option contracts corresponding to the immediate six calendar months: If exercise price $\leq$ 5,000 CNY/MT, exercise price interval = 50 CNY/MT; If 5,000 CNY/MT < exercise price $\leq$ 10,000 CNY/MT, exercise price interval = 100 CNY/MT; If exercise price > 10,000 CNY/MT, exercise price interval = 200 CNY/MT. The option contracts corresponding to the seventh and subsequent calendar months: If exercise price $\leq$ 5,000 CNY/MT, exercise price interval = 100 CNY/MT; If 5,000 CNY/MT < exercise price $\leq$ 10,000 CNY/MT, exercise price interval = 200 CNY/MT; If exercise price > 10,000 CNY/MT, exercise price interval = 400 CNY/MT.
Exercise Style	American style. The options buyer can apply to exercise the options in the trading hours of any trading day prior to the expiration date, and before 3:30 pm on the expiration date.
Contract Symbol	Call option: L - Contract Month - C - Exercise Price
	Put option: L - Contract Month - P - Exercise Price

## Establishing Flexible Trading Strategies Through Futures and Options

Investors could establish flexible trading strategies through combining various futures and options contracts, which would better help with price risk mitigation. Meanwhile, DCE portfolio margin system already supported multiple trading strategies including straddles, strangles, spreads, etc.



For more information, please visit our official website [www.dce.com.cn](http://www.dce.com.cn)

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