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Westlake Chemical Corporation Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) and the first question comes from the line of Kevin McCarthy from Banc of America Securities; please proceed.

Alex Kramer [Ph] - Banc of America Securities

Hi this is Alex Kramer [Ph] for Kevin. A question about your operating rates, could you comment on utilization rates in the last few months?

Albert Chao

Generally speaking, the thought of our ethylene unit shutdown in lake Charles, Louisiana certainly our average ethylene operating rate is down, our ethylene unit approximating [Inaudible]. In the final side, again because of the ice storm impact and resulting compressor problems, our operating rates at Calvert City is also impacted.

Alex Kramer [Ph] - Banc of America Securities

Thank you and other question; could you breakout the \$19.5 million charge for the down time between Vinyls and Olefins?

Steve Bender

Sure, yes the breakout of that is about \$12 million related to the Vinyl segment and the remaining \$8 million in the Olefins segment.

Alex Kramer [Ph] - Banc of America Securities

Okay, thank you.

Albert Chao

Welcome.

Operator

The next question comes from the line of (Inaudible) from Goldman Sachs, please proceed.

Unidentified Participant

Good morning Albert and Steve.

Steve Bender

Good morning.

Unidentified Participant

A couple of quick questions on ethylene please. What do you expect ethylene to prove to be in the second quarter versus the first quarter?

Albert Chao

Well, I think CNN reports that with the start up of several ethylene plants that were down there should be more capacity available, so there's more impact potentially on the margin in the ethylene side. Again, also the feedstock, whether it's a ethylene grouping, prices; the change in feedstock could also impact the ethylene margin.

Unidentified Participant

So do you see other stabilization on spot ethylene pricing or you see it continue to move lower?

Albert Chao

I think ethylene spot price should stabilize. The global ethylene majority is produced on naphtha and naphtha price is still a bit high. I think today, crude oils in the mid 50. So naphtha price should set some kind on a global basis, which will impact the U.S. ethylene pricing and derivative pricing.

Unidentified Participant

Okay and then one last question Albert. How long do you expect the advantage of life of ethylene over naphtha?

Albert Chao

Somehow we understand, with the abundant supply of natural gas in U.S. the advantage should last quite a while.

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