



Market Analytics: Olefins - 2020

Market Analytics: Olefins - 2020 is one in a series of reports published as part of Nexant's Markets & Profitability program.

Market Analytics: Olefins - 2020 report provides an in-depth analysis of the olefins chain including:

- Ethylene
- Propylene
- Butadiene

Published: May 2020

Along with the written report, Nexant's Online Database includes supply, demand and trade analysis for 40 countries and global capacity listings updated on a monthly basis.

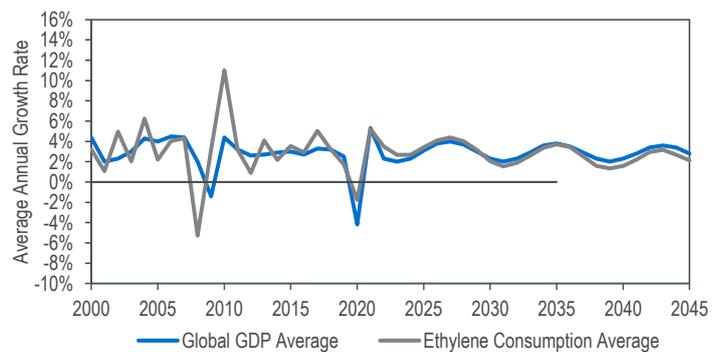
Report Abstract:

The global olefins market was already moving into crisis in late 2019, before the world had even heard of coronavirus. The long period of high olefins margins globally had the expected effect of generating a major global capacity build, which already shifted the olefins and polyolefins markets strongly into oversupply in late 2019. Asian integrated ethylene/HDPE cash cost margins went negative in quarter four for the first time since 2012.

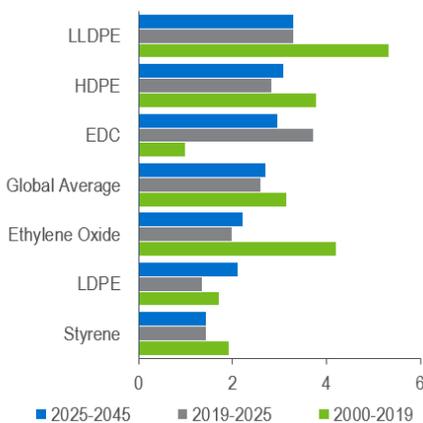
The impact of global confinement measures due to the coronavirus pandemic are complex but broadly negative. While food packaging demand soared, demand in other key sectors such as automotive, construction and other parts of retail has plummeted.

There will be recovery in some sectors as nations emerge from confinement, although lost economic activity and the sentiment of insecurity will continue to depress spending on big-ticket items for some time. Almost all producers announced sharply lower production in quarter one 2020, with some temporary plant closures also occurring. The overbuild of olefins capacity in Asia was already expected to lead to some rationalisation of higher cost capacity in e.g. Japan, and this may now be accelerated and increased.

Global GDP Growth vs. Ethylene Consumption Growth



Global Ethylene Demand Forecast by Derivative



The government support being offered to protect economies is unprecedented, and likely to run into trillions of dollars globally. While this will provide for some recovery in consumption later in 2020, olefins consumption will still contract globally in 2020, and there will be some future demand loss from the inevitable fiscal austerity that will be required to reduce government debt after the crisis. As to the longer term behavioural changes that may result from this crisis, little can be said with certainty. More home working, less air travel and private vehicle use all seem likely, but would not dramatically affect the consumption of olefins and their derivatives. While the crisis may bring a greater focus on sustainable development, the effect on recycling has been strongly negative. Recycle volumes have declined and collection programs suspended due to virus contamination risk for workers and the drastic effect of low oil

prices on recycling economics. Anti-plastics sentiment has dropped from the fever pitch that was sustained during 2019. Governments faced with the economic crisis resulting from coronavirus may be less willing to pursue recycling targets and taxes on virgin polymers that place an additional financial burden on their electorates.



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 - B. The Olefins Industry – Technology
- Chapters 3 to 5 are segmented by key geographic region:
- North America
 - South America
 - Eastern Europe
 - Middle East
 - Africa
 - Asia Pacific

Each region/country is further segmented by:

- **Consumption:** Assesses historic and forecast consumption; forecasts are based on projections of end use and economic activity.
- **Supply:** Includes a list of all producers, their production capacity, location, etc., and discussion of the status of new projects.
- **Supply, Demand and Trade:** Provides historical analysis and forecasts to 2045 of consumption, production, imports/exports, inventory build-up/decline, capacity and capacity utilization.

This analysis will identify the issues shaping the industry, as well as provide an independent appraisal of the market.

Subscription Details:

Subscription to **Market Analytics: Olefins - 2020** includes:

- 12 month access via the Nexant website, to:
 - Unlimited downloads of PDF reports
 - Downloadable data in Excel from the Online Database
 - Webinar
 - Consultation time with the project team
- Customized subscriptions are available

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The **Markets and Profitability** program comprises of the well-known Petroleum and Petrochemical Economics (PPE), PolyOlefins Planning Service (POPS), Strategic Business Analysis (SBA) and World Gas Analytics (WGAS).

Markets and Profitability tracks over 60 feedstocks, petrochemicals, polymers, chemical intermediates and fertilizers on an ongoing basis and provides regularly updated reports covering all commercial aspects of these global industries. The accompanying database, provides global analysis and forecasts in two major inter-related areas: **Markets and Profitability**.

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