Between geopolitical tension and economic slowdown: impact on the petrochemicals market

Lara Berton Editor, EMEA Petrochemicals T: +44 (0)20 7176 0125 lara.berton@spglobal.com

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						E	UROPE &	AMERI	CAS P	ETROC	HEMICA	L SCAN
						Volu	me 44 / Issue 21 / June 14	, 2019				
						EUR	OPEAN ASSESSMENTS	Splot barges (\$/mt)		Weekly average (\$/ml)	NWE monthly (Gint)	NWE 02 quarterly (c/r
						Berut		865.50-668.50	FOB Rottandam	657.70-656.70		
						Benzi	ne CP Jun ne CP Jun		OF ARA OF ARA		670.00 P3	
						Benz	me CP Indicator	867.00	CIF ARA	#57.70-#58.70		
						Benzie	me me Mt Jun	665.50-668.50 665.50-666.50	CIF ARA CIF ARA	651.70-658.70		
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						Tokus		704.50-708.50	CIF ARA CIF ARA	701.75-706.75		
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						Toke		722.75-728.75	FOR ARA	720.30-724.30		
_									FORARA	727.35-731.35 701.75-705.75		
6&P G	lobal								CIF ARA	681.55-683.55		
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tore to									CIF ARA	97.60		
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	EFI	NS	$\mathbf{\Delta}$	N					FOB ARA FOB ARA	1039.00-1041.00 735.80-737.80	NANA	
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olume 34	/ Issue 21 / J	une 14, 2019							FOB ARA	735.80-737.80		
									FOB ARA FOB ARA	942.10-943.10		
	ASSESSMENT	S					ETHYLENE		FOB ARA	950.70-951.70 718.50-720.00		
ursipe	Homley.	Tugeday	Wednesday	Thursday	Frider	Average			FOB ARA FOB Rottendam	718.80-720.00 248.70-249.70	MTBE factor: 1.225	350.00
INNE JUN			1014.00-1088.00		164.00-392.00	1032.00-1017.00	Europe					
"RE IMP				-	1013-00-5114-00	1051.30-1056.10 100830-101350	= Imports from all regions	CONTRACTOR -				
NHE ANT	118750-118250	1105.00-1190.00	1181.00-1186.00	1065.50-10/030		1125.10-1140.10	on market	weighning				
NHE 33.*					100106-1025.00	1108.75-1112.70	Asia hits 10-year low on	high run rates		PLATTS NYMEX	RBOB FUTURES ASSES	SSMENTS 2:30 PM ET*
PROP.	- 2		- 2		1055.50-1051.50 1082.00-1082.00	- 5-			Eff USGC Iontract Prices			(edus)
FRED ALL					100100-107100		SBP Global Platta assessed th forward ethylene spot price at		234.00	Jul		173.03
white Cantrest	Price (Jun)*: 10/5L00	-3075.00 FO NWE					down Eura.so on the day, and	Eurro.so on the		Aug Sec		170.48
Ethylene Con	tract Price Indicat	or (Eur/mt)					week, on beerlah feedatocka			*These seates rents ref	lect prevailing futures value exect	ly et 2:30 pm ET.
AUL Rolling results	and a literation of the				1022.50		prospect to more imports hea Buyers were heard asking for	ding for Europe.				
# SSP likited P	With addyslama condition day searching prices, nation of the Platin Di- te searching Platin Cont	provinsiator for a	Ny wei Tart, 122,557	ter, down Darith St or	The week, as naging	a Manual	discounts for pipeline cargoes			BRAZIL ASSESSMENT		
A certained matter	the source price. Nation of the Platts D	when indicator met	testing on to fai	ethers:			were pushing for even greater	discounts for		DIVALIC RODEOU		(\$/mt)
ICLASSIC DURING	AURICEL/SERVICE	(\$140)	(Realised)		and a construction of the	16	July. On the coestal market, C	IF discounts		Benzame FOB Brazil		702.00-704.00
itte Droker Me	gin (wat)	801.12	713.94				were heard possible at more t as feedstocks were bearish at		0.25(8)-40,75	Toluene FCB Brazil Mored Xviene FCB Brazil		ep1.00-ex3.00 720.00-722.00
atta Decker Me	igin (contract);	\$37.70	031,54				crackers were expected to re-		49.00-49.00(02);1	Mored Xylania FOE Briazi	1	720.00-722.00
5 (e/lb)							turnarounds by that time. Tra-	ding was quiet	143.85-44.35			
INCM: IN	Monday 12:500-13.000	Tuesday (3150-13.750	Wednesday 13/00-13/00	Thursday 12:005-14 (VK)	Friday 13250-14250	Average	this week, as most market pa attended European Patrocher			PLATTS NAPHTH	HA ASSESSMENTS (JU	n 13)
ILTER NO. JA.	12425-13.125	13375-13875	13125-13825	12/5/5-14/125	13875-14375	11200-11200	summer event in Lisbon. On t					(\$/mt)
	(June) NA-NA Delle	ret					the EPL, market sources said	that ethylene	82.43-99.54(0	Cargose POB MED		432.00-432.50
sia (\$/mt)	Homfay	Toesday	Wednesday	Thursday	Frider	Average	June volumes have been all b		117.00-126.0054	Berges FOB RDAM Cergoss CIF NWE		440.75-449.25
11 Kores	-	-	716-771	716-771	745-151	The second second	with, and now their attention July and beyond. Reflecting o			Cargose FCB USO		438.32-438.42
11 Konse 17 52 Ada 17 NE Ada	719-721	719-721 805-811	719-721 009-011	715-721	036-701 788-791	71520-717/00 B2520-007/00	altuation globally and the imp	act on Europe,				
ine: with yield with a	t annuarrowth inflat	1215-33 days.					several sources said: "The ma	irket is bearlah,				
	ASSESSMEN	TS					the mood is cautious." Feedst was bearish but stabilizing for					
artipe (Euclini) ily Crede	Honday	Tuesday	Wednesday	Thursday	Friday	Average	result, July contract prices we	are widely heard				
INKE JUN	964.50-989.50	952.00-057.00	958.00-952.00	954.00-959.00	101.00-083.00	957.70-952.70 977 %L-952.90	as set for a significant, double	-digit decrease.				
INVELTE.					1075-000750	812 20-022 20	Further pressure on the Europ market, the world's highest pr					
I NHE	964.30-989.50	992.00-0457.00	958,009961,00	254.03-819.00	1011/00-0011/00 1077.50-0012.50	95735-95275	came from Imports, including					
F NWE JUN F NWE JUL					102.50-507.50	\$0220-60220	adding to regular volumes fro	m the US and				
hani Qrade	2		- 2	- C	Spot Friday BITZ.00-5116.00	Average	Middle East. According to trac	ters, regular				
INVE JUN	1	-			1011.50-942.50 1011.50-942.50		Imports from the US were aro this month, with more volume	and 20,000 mt				
- NORT	- 2				102206-00120	-	from Brazil, the Middle East an	nd now Asia,				
NHE JUN		-			90150-97250 803.50-97250		adding up to a total of up to a	0,000 mt of				
	y Contract Price (.hr	1990-090					ethylene heading to Europe. * change. A lot of imports, crud	it's a big a la down, Asia				
	10	<u></u>					long, all this will impact Europ					
	otract Price Indica	tor (Eur/mt)			254 NT		rest of the year. Now he arbitr	sge from Asis is				
Rolling menths	JL speen				257.150		open, together with US flow to European prices down. There					
# Platts July In A circlelinci segle	Minister was assessed realizer of the Pheto Pe In converter Pheto Cont	et Eurstik Stämt utgivne indicetor me	Outling on to he	and here. Control of Annuary			much demand for ethylene In	Europe," a				
Maylenessalat	talion/H/PertaCort	or the second	- Ret Inco	(Second America)	negativiteme		trader said. Asian ethylene fei					
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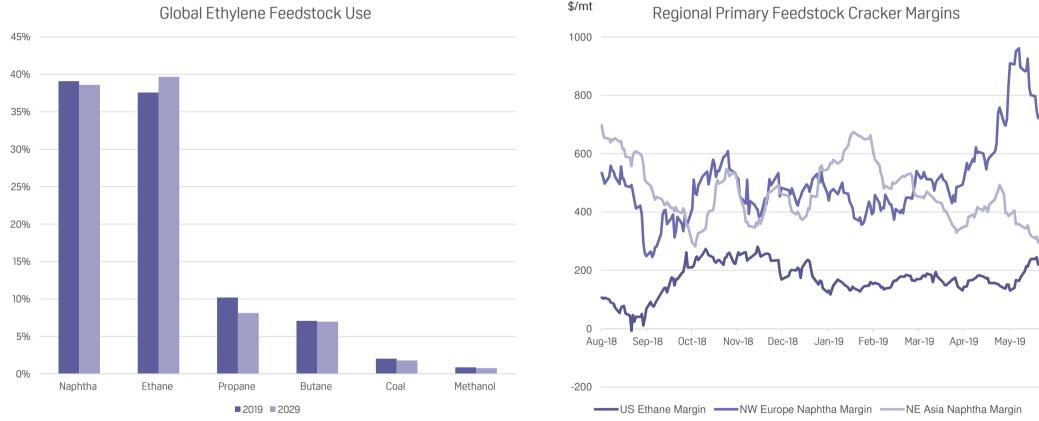
Petrochemicals

Agenda

- Global expansions: from upstream to downstream
- Trade war affecting inter-regional flows
- Impact on Europe
- Weak conditions for global petrochemicals markets



Global ethylene feedstock landscape: naphtha continues to dominate internationally while ethane use steadily increases



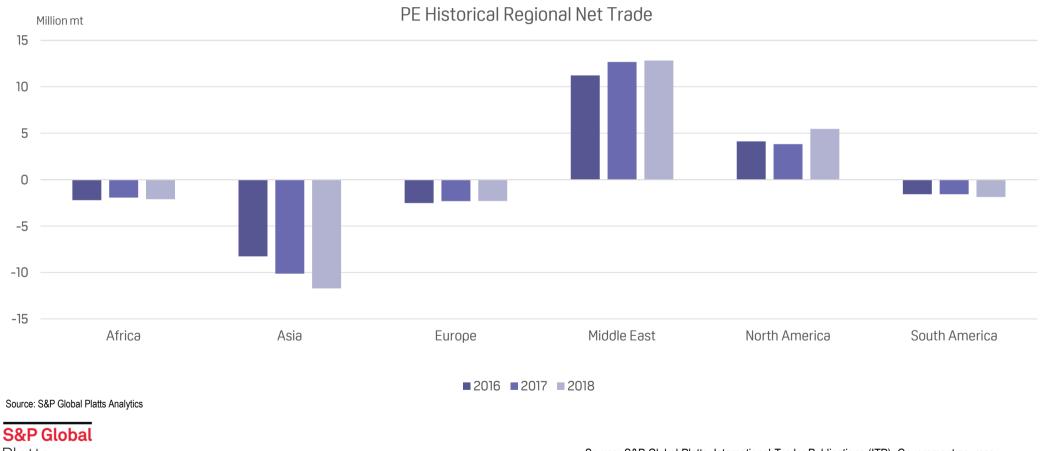
Source: S&P Global Platts, S&P Global Platts Analytics

New North American polyethylene capacity

COMPANY	LOCATION	CAPACITY (mt/year)	PRODUCT	STARTUP	STATUS
CONSTRUCTION					
Formosa Plastics	Point Comfort, Texas	400,000/400,000	LDPE/HDPE & LLDPE	2H 2019	Construction
Sasol	Lake Charles, Louisiana	420,000	LDPE	8/19/2019	Construction
LyondellBasell	La Porte, Texas	549,000	HDPE	Mid-2019	Construction
Exxon Mobil Chemical	Beaumont, Texas	650,000	LLDPE	Mid-2019	Construction
Nova Chemical	Sarnia, Ontario	450,000	LLDPE/HDPE	Late 2021	Construction
Shell Chemical	Monaca, Pennsylvania	550,000/550,000/500,000	HDPE/LLDPE/LLDPE	2021/2022	Construction
NOVA Chemical/Borealis	s Bayport, Texas	625,000	HDPE	2021	Construction
PLANNING					
PTTGC/Daelim	Belmont County, Ohio	700,000/900,000	HDPE/HDPE/LLDPE	2021	Awaiting FID
Exxon Mobil/SABIC	Corpus Christi, Texas	650,000/600,000	LLDPE/LLDPE & HDPE	2020s	Awaiting FID
Dow Chemical	US Gulf Coast	600,000	TBD	2020s	Planning
Formosa Taiwan (FG LA)) St James Parish, Louisiana	e 400,000/400,000	HDPE/LLDPE	2022	Planning
Formosa Taiwan (FG LA)) St James Parish, Louisiana	ə 400,000/400,000	HDPE/LLDPE	2027	Planning

Source: S&P Global Platts, Companies

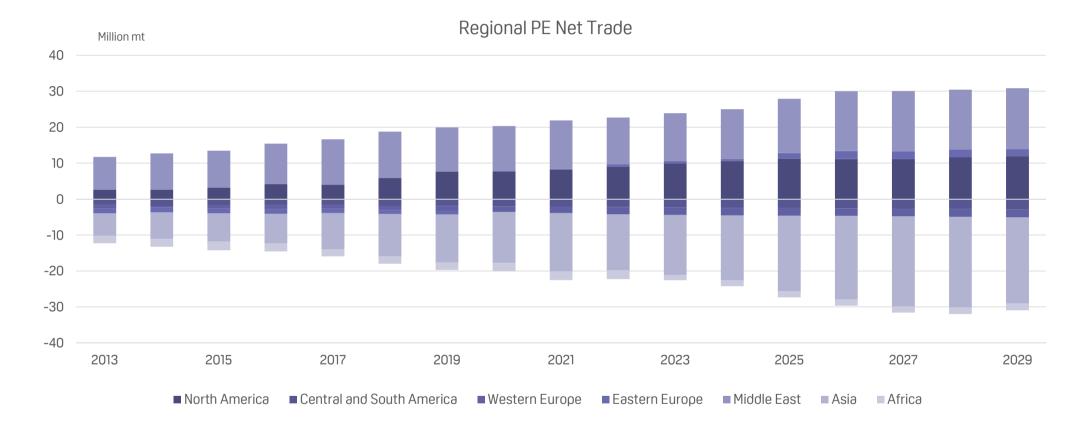
Recent PE trade shows the US increasing export volumes as capacity is brought on line and ramped up, joining the Middle East as a major global PE exporter



Platts

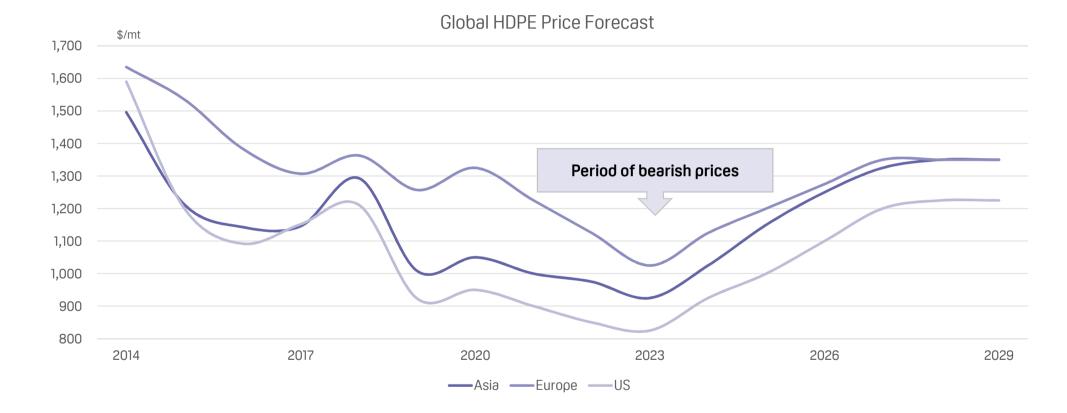
Source: S&P Global Platts, International Trader Publications (ITP), Government sources

Overall, Middle East and the US will be key polyethylene exporters



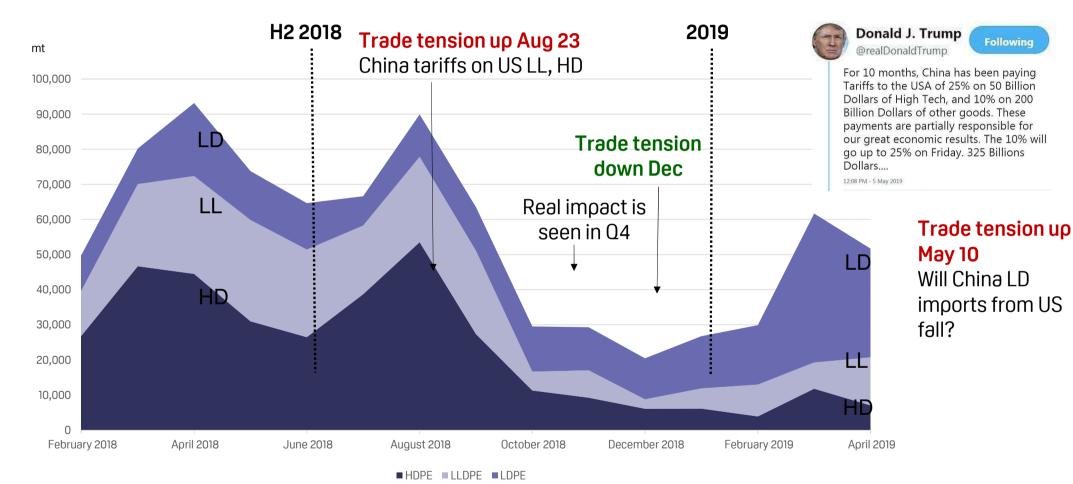
Source: S&P Global Platts, S&P Global Platts Analytics

With growing global capacities, Platts Analytics expects softer PE prices



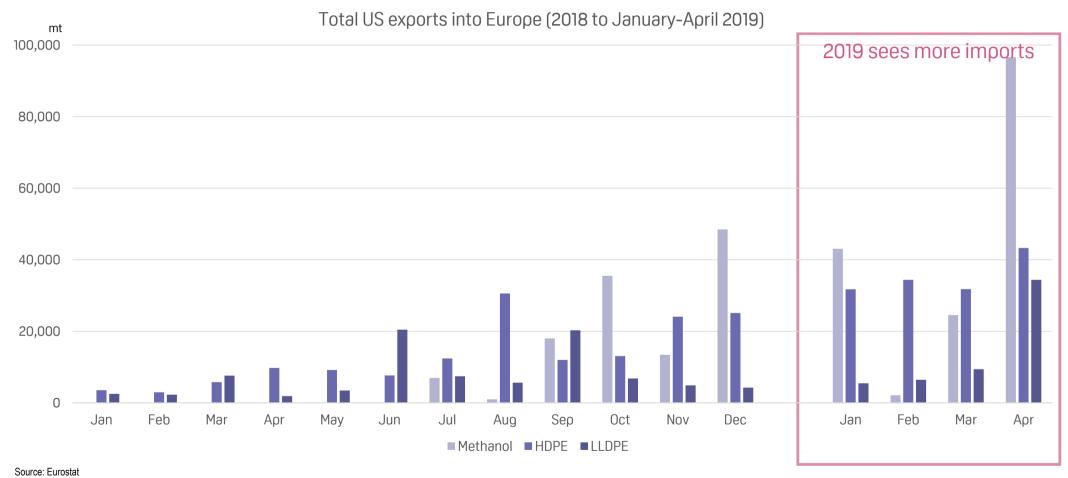
Source: S&P Global Platts Analytics

China PE imports from US falls when trade tensions rise



Source: China Customs

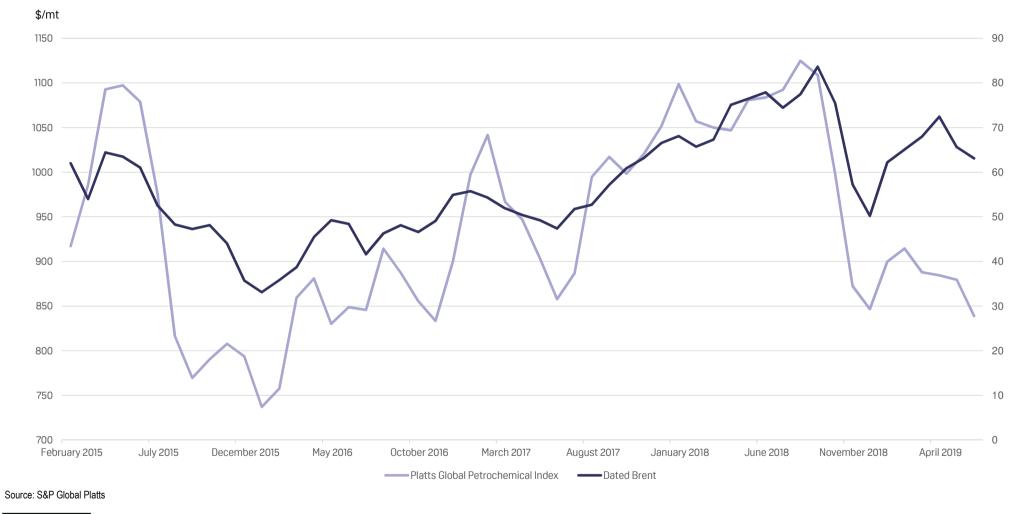
What about Europe?



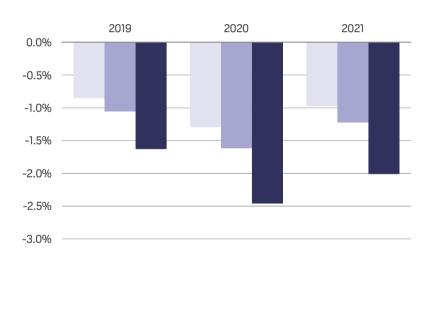
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Platts Global Petrochemical Prices show downward trend



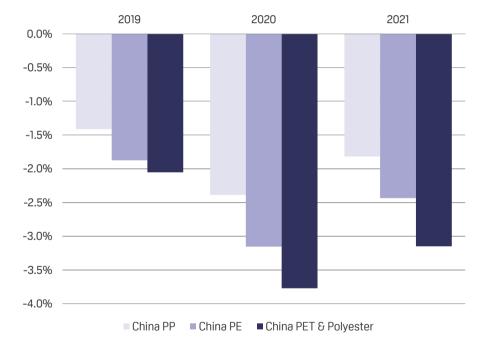
Global and China annual petrochemical cumulative demand change in Trade War scenario



Cumulative global petrochemical demand, Trade War scenario

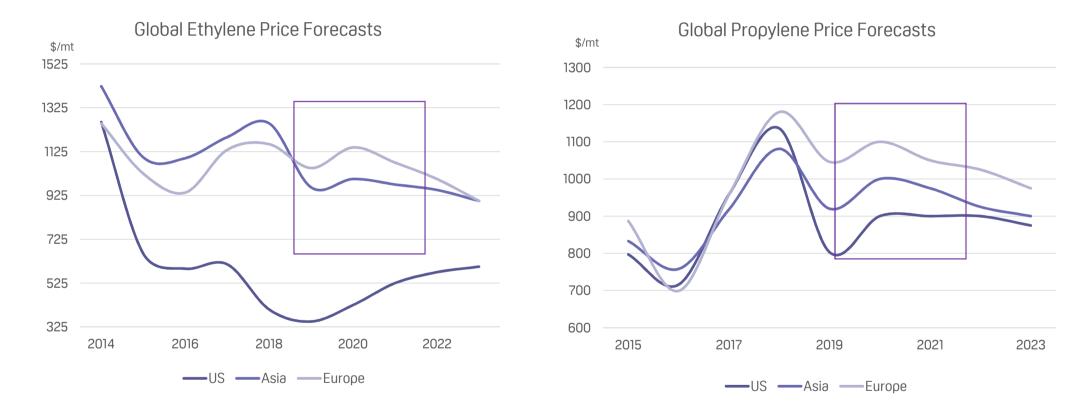


Cumulative China petrochemical demand, Trade War scenario



Source: S&P Global Platts Analytics

Platts Analytics estimates ethylene and propylene will see a "cost push" due to IMO 2020 related naphtha feedstock cost pressures



Source: S&P Global Platts Analytics

Download our report "A sea of challenges – The impact of IMO 2020 on petrochemicals"

A sea of challenges The impact of IMO 2020 on petrochemicals

Petrochemicals special report May 2019



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- Naphtha: Key petchem feedstock outlook hinges on balance between marine fuels and gasoline
- Olefins: Propylene production likely to be affected by IMO 2020
- Aromatics: Producers hope for wider product margins, but full impact remains hazy
- Shipping: Chemical tankers eyeing LSFO ahead of IMO 2020, fundamentals to improve
- Methanol: Market expects demand from shipping industry to grow after 2020

https://www.spglobal.com/platts/en/market-insights/special-reports/petrochemicals/imo-2020-impact-petrochemicals?utm_source=internal&utm_medium=email&utm_term=plattspetchems&utm_content=specialreport&utm_campaign=seaofchallenges



Conclusions

- Trade tariffs enacted in 2018 had a measurable impact on petrochemical supply chains, mainly impacting the trade flow of US PE resins
- Forecasts show prolonged trade tensions will reduce global petrochemical demand
- Potential upward trend with stricter shipping regulations



Q&A

Lara Berton Editor, EMEA Petrochemicals <u>lara.berton@spglobal.com</u>

Contributors: Hetain Minstry Lead Analyst, Global Olefins hetain.mistry@spglobal.com

Yi-Jeng Huang Senior Market Development Specialist yi.jeng.huang@spglobal.com

Eshwar Yennigalla Senior Analyst, Asia Aromatics <u>eshwar.yennigalla@spglobal.com</u>

