



Developing Fortunes of the C₄s Market

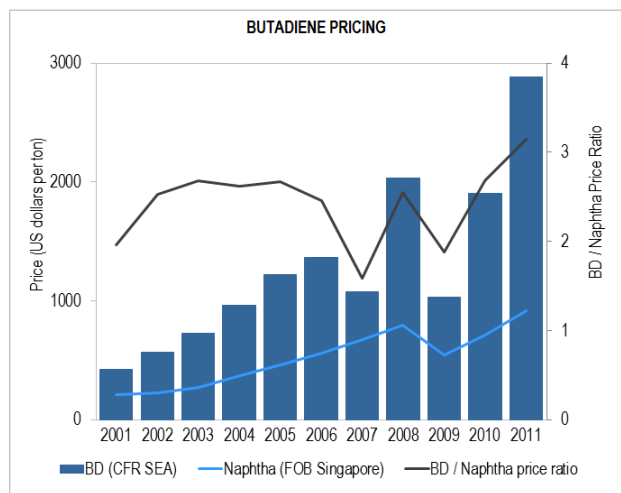
Developing Fortunes of the C₄s Market

A severe tightness in global butadiene markets has drawn considerable attention to the C₄ value chain and its prospects for future development. Structural changes in global olefins feedstock selection, supply, and production have resulted in both shortages and unpredictability in mixed C₄ supply. Several factors have contributed to unprecedented highs in recent C₄ values. These include the following:

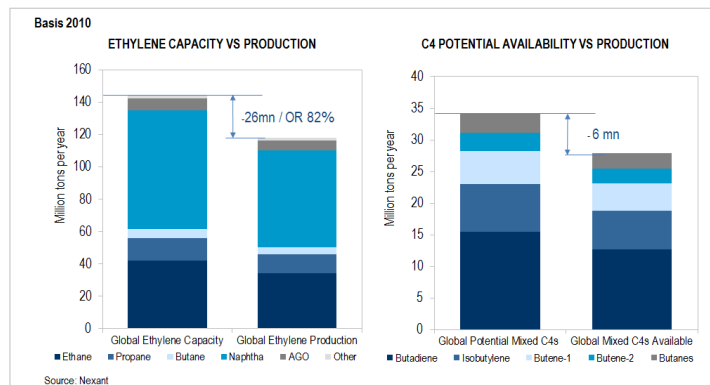
- A trend towards lighter feedstock cracking promoted primarily by advantaged feedstock pricing and availability in the Middle East and more recently in the US market, influenced by the impact of shale gas
- Increased production of ethylene and propylene from non-conventional technologies such as CTO, PDH, metathesis and biomass.

Nexant recently published a multi-client study that examined the current and developing fortunes of the C₄ market. The study focused on the following key aspects of the sector:

- Evolving feedstock slate and capacity developments for regional ethylene production and resulting C₄ availability
- Refinery integration and C₄ supply potential
- Alternative routes to butadiene and production competitiveness such as dehydrogenation and bio-based technologies.
- Emerging trends in the global automotive sector and tyre markets/technologies
- Sector market dynamics and pricing for butadiene, butylenes and major derivatives



Despite the current malaise of the global economy the automotive sector continues to exhibit modest trend line growth. This is largely the result of increasing consumption from emerging markets such as Asia, spurred principally by China and India, and Latin America. Demand fundamentals for synthetic rubbers, and C₄ intermediates such as butadiene and butylenes, continue to exhibit consistent demand growth which is more than off-setting maturity seen in other markets. Future prospects of growth will remain tied to economic prosperity as well as changes in technology that may result from the tyre sector.



Nexant's study provides a detailed analysis of industry supply on a cracker by cracker basis, including history and forecast data covering the period 2000-2020.

Market dynamics are presented on a region by region basis with additional detailed focus on key countries including China and India.

The resulting impact of changing industry dynamics on C₄ pricing and profitability are outlined along with discussions around the key implications to the C₄ sector.

The report was published in October 2012 and is available immediately at US\$20,000. Please contact us at www.chemsystems.com for a subscription form.

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