

Petroleum and Petrochemicals Economics Program: Petrochemical Market Dynamics

Polyolefins 2013

Polyolefins 2013 is one in a series of reports published annually as part of the Petroleum and Petrochemical Economics program.

This report provides an in-depth analysis and forecast of key polyolefins including low density polyethylene (LDPE), linear low density polyethylene (LLDPE), high density polyethylene (HDPE) and polypropylene (PP).

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Abstract

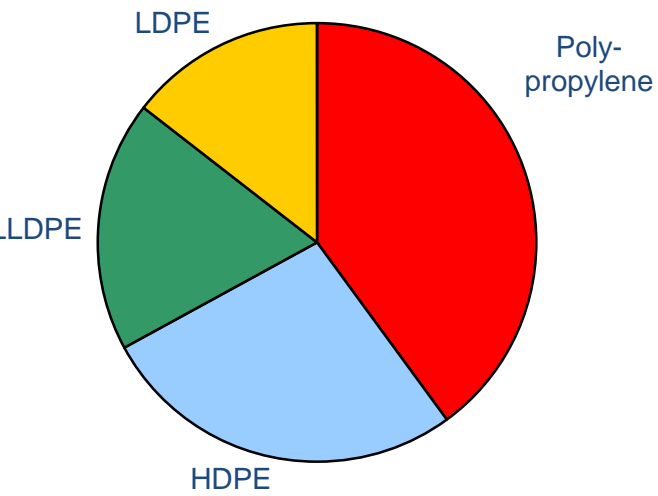
An uncertain economic climate has affected many sectors of key economies and naturally this has shaped polyolefin consumption. Against this background, global polyolefin consumption increased by just 2.6% in 2012, down from 2.8% in 2011 and 9.1% in 2010. The low growth was maintained as mature regions continued to struggle with the long term effects from the economic crisis. West European polyolefin consumption was stagnant in 2011 and contracted by 1.6% in 2012. After strong growth in 2010 and 2011, South American consumption fell below the global consumption rate to 2.2% in 2012. Meanwhile North American polyolefin consumption improved growing 2.1% in 2012. Global consumption growth continues to be driven by strong Asian polyolefin demand, which increased by 3.9%, although this was weaker than previously forecast. As expected, China was the driving force behind demand growth in Asia Pacific .

Capacity addition slowed to 3.8 million tons of polyolefins in 2012, although the figure would have been a lot higher had it not been for a number of project delays. A range of reasons have been cited for these project delays, amongst which are a shortage of skilled, technical personnel in some regions. The general weakness in some regional markets and economies has also influenced new projects.

The prevailing high oil price environment has led investment to be focussed in locations of advantaged feedstocks or high market growth. Consequently, Asia Pacific has grown its share of world polyolefin capacity to 41% in the last decade and the Middle East to 15%. Five new steam crackers were brought onstream in Saudi Arabia alone between 2009 and 2011. The surge in new steam cracker development in the Middle East has now passed, with comparatively few projects now under development due to the increasing difficulty in obtaining new feedstock allocations. The focus is moving to Asia where polyolefin demand continues to drive a major proportion of new capacity development, necessitating an increasingly broad range of olefin feedstock options in China.

The combination of capacity expansion and relatively low demand growth has depressed global operating rates to a low in 2012, however they are now expected to recover slowly. This recovery is largely influenced by the size of further capacity additions which will be smaller during 2013-2015 than between 2009-2012 (along with some closures of old and uncompetitive assets). In addition demand growth is expected to continue as economies recover and develop.

Global Polyolefin Consumption
2013-e



Global Polyolefin Consumption Growth
(2012-2020)

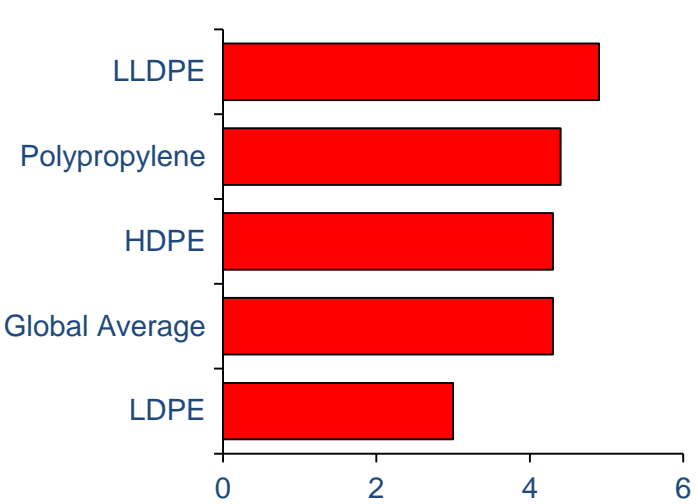


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Each regional analysis (e.g. Section 3.1) is segmented into three main sections:

- 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 2030 of consumption, production, imports/exports, inventory build-up/decline, capacity and capacity utilisation.

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

Appendix

- A. Methodology
- B. The Polyolefins Industry – Technology

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 - Unlimited downloads of soft copies
 - Interactive charts with downloadable data in excel covering 38 geographic segments, including China, United States, Saudi Arabia, etc
- Consultation time with the project team



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