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Special Report - Opportunities in C₅ Chemicals: A Business Analysis

Report Overview

Subjects addressed:

- Demand Analysis and Supply-Side Market Factors
- Trade Considerations and Implications on Trade Flows and Patterns
- Production Economics and Drivers of Production Costs, Product Pricing and Profitability
- C₅ Investment Considerations and Associated Opportunities and Challenges

A first impression of the C₅ chemicals industry could be one of relatively healthy profit margins, set against a background of stable supply sources and strong demand fundamentals for C₅ components in growing end-use markets. Such a view could also lead to the conclusion that C₅ chemicals offer a guaranteed investment opportunity. However, based on the relatively small number of producers and consumers worldwide, as well as the relatively limited recent investment activity outside of China, the C₅ chemicals sector evidently presents not only various potential business opportunities, but also a host of investment hurdles and strategic considerations.

Key issues facing the C₅ industry today are tied to not only the availability and production of C₅ streams from steam crackers, but also the evolving requirements for sustaining a profitable C₅ business for both existing producers and new entrants.

With their long histories, the C₅ chemicals industries in North America, Western Europe and Japan have undergone restructuring and consolidation, and face relatively modest growth in generally maturing domestic end-use markets. Meanwhile, new C₅ extraction units have been added in China at a rapid pace in recent years to support surging demand, and the limited investment activity in mature markets is also opening up potential C₅ investment opportunities for steam cracker operators in other areas of the world.

Nexant has completed a new multi-client report which examines the current and developing situation in the global C₅ chemicals industry. The report, ***Opportunities in C₅ Chemicals: A Business Analysis***, provides a comprehensive business analysis, including commercial, economic and strategic considerations, and addresses key investment issues such as:

Market factors:

- What are the key features and development trends in end-use markets, and how will these impact the outlook for C₅ diolefins and derivatives demand?
- What are the implications for C₅ supply, based on projected feedstock preferences and investment patterns in the ethylene sector?

Strategic considerations:

- Are there opportunities in the merchant market, or will investments heavily rely on forward integration?
- Can sufficient feedstock volumes be secured, and what are the appropriate options for site configuration?

In addressing these issues, the report builds on Nexant's technical expertise and extensive knowledge in the area of commercial C₅ diolefins, petrochemical market dynamics, and regional ethylene production trends.

For further information regarding the ***Opportunities in C₅ Chemicals: A Business Analysis*** report, please contact STMC@nexant.com.

NexantThinking™

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