



PPE: Olefins Market Dynamics

Olefins 2014 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 including:

- Ethylene
- Propylene
- Butadiene

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Abstract:

The global ethylene market recovered significantly in 2013, growing by over four percent. Producers are adjusting to the idea of much slower long term growth in China, although economic issues in other regions such as Europe and Brazil appear to be easing.

There has been an increasing disconnect between gas feedstock prices in advantaged regions and prices for crude oil based feedstocks such as naphtha which are similar in all regions. Readily transportable gases such as propane and butane have become increasingly competitive over 2013, and have displaced liquid feeds in regions such as Europe and East Asia. The result has been a shortfall in propylene availability in some areas, which is increasingly met with on-purpose production. There are many high-cost cracker operators globally which need to improve their business position in order to stay in operation. The basic strategic options for many are either to invest in the logistics and furnace modifications to consume lower cost lighter feeds, or to move to a low severity operating regime, and maximise returns from the heavier co-products associated with liquid feeds.

In comparison to the last ten years, the global capacity expansion profile is becoming broader. China is still the largest single element of capacity growth, although much of the new capacity is now based on methanol rather than conventional steam cracking. After many years in preparation, new crackers are coming to market in India, and other countries such as Indonesia, the Philippines and Vietnam are adding plants. The United States is effectively replacing the Middle East as the major growth area for low cost, export-oriented ethylene capacity, although there are still a limited number of new crackers coming onstream in the Middle East.

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Each product chapter is segmented by key region and further segmented into three principle areas:

- Consumption: Assesses historic and forecast consumption; forecasts are based on projections of end-use and economic activity in each region.
- 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 for each region.

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

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