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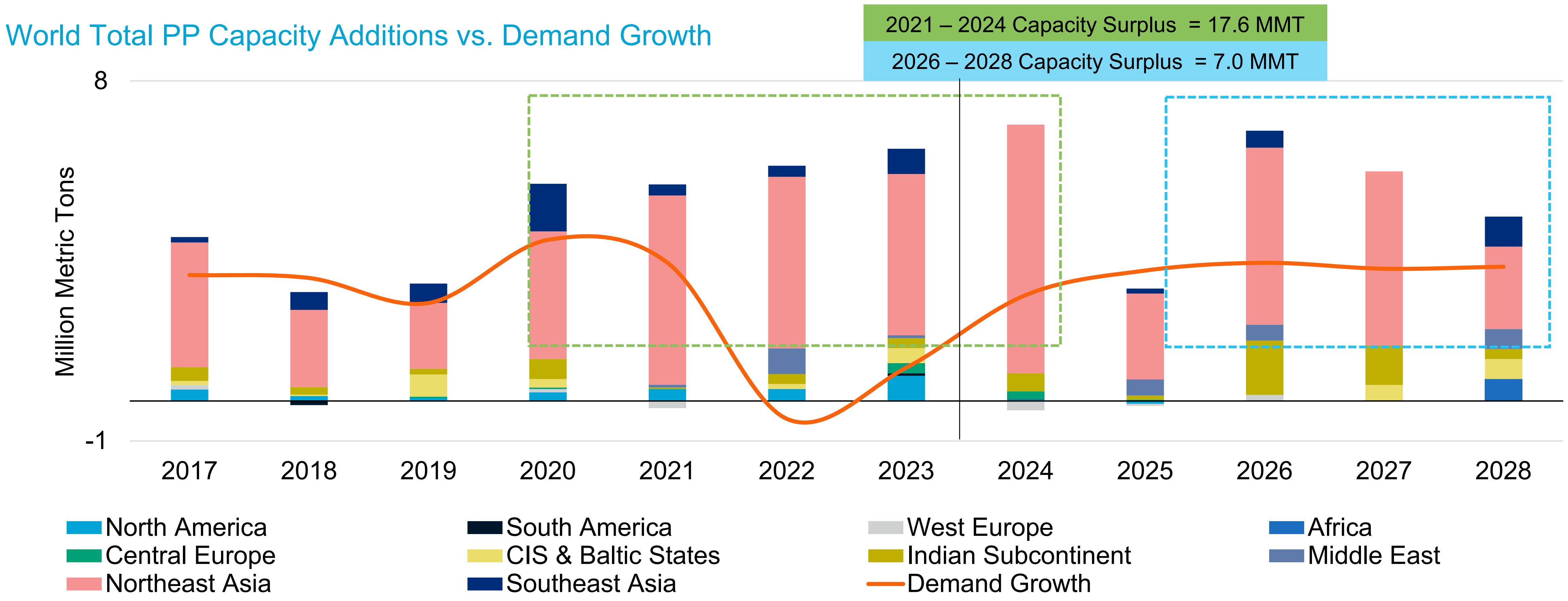
CHEMICAL MARKET ANALYTICS
BY OPIS, A DOW JONES COMPANY

Navigating the Bottom of the Cycle: PP Producers in Survival Mode

Joel Morales

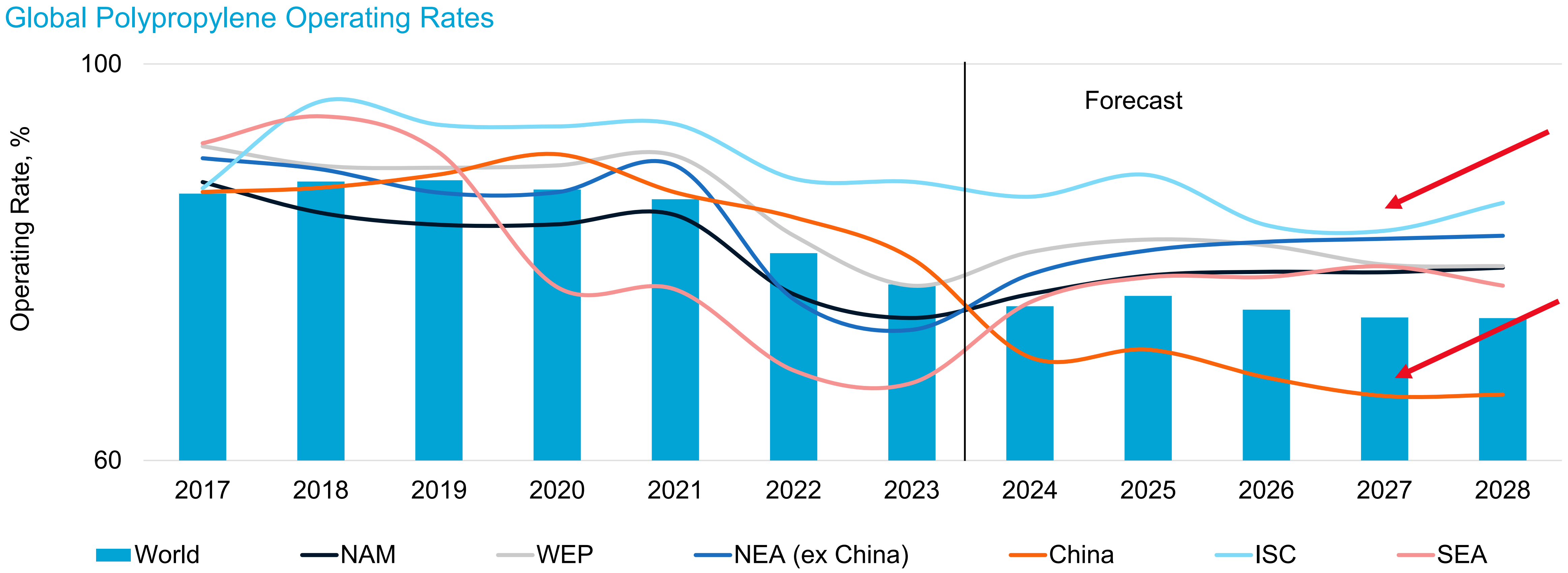
Vice President – Polyolefins, North America
● Chemical Market Analytics

Record new builds looming..



Source: Chemical Market Analytics by OPIS

Operating rates suppressed through the forecast



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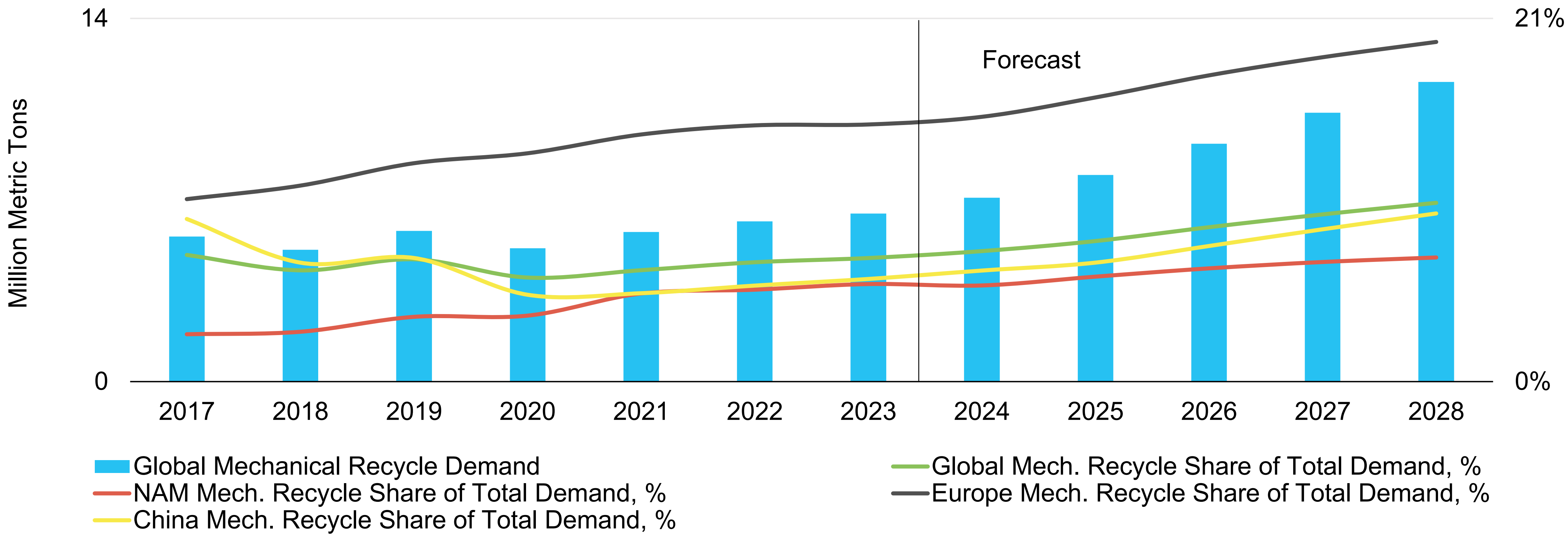
Recycle impact likely delayed

Global Recycled Polypropylene Demand



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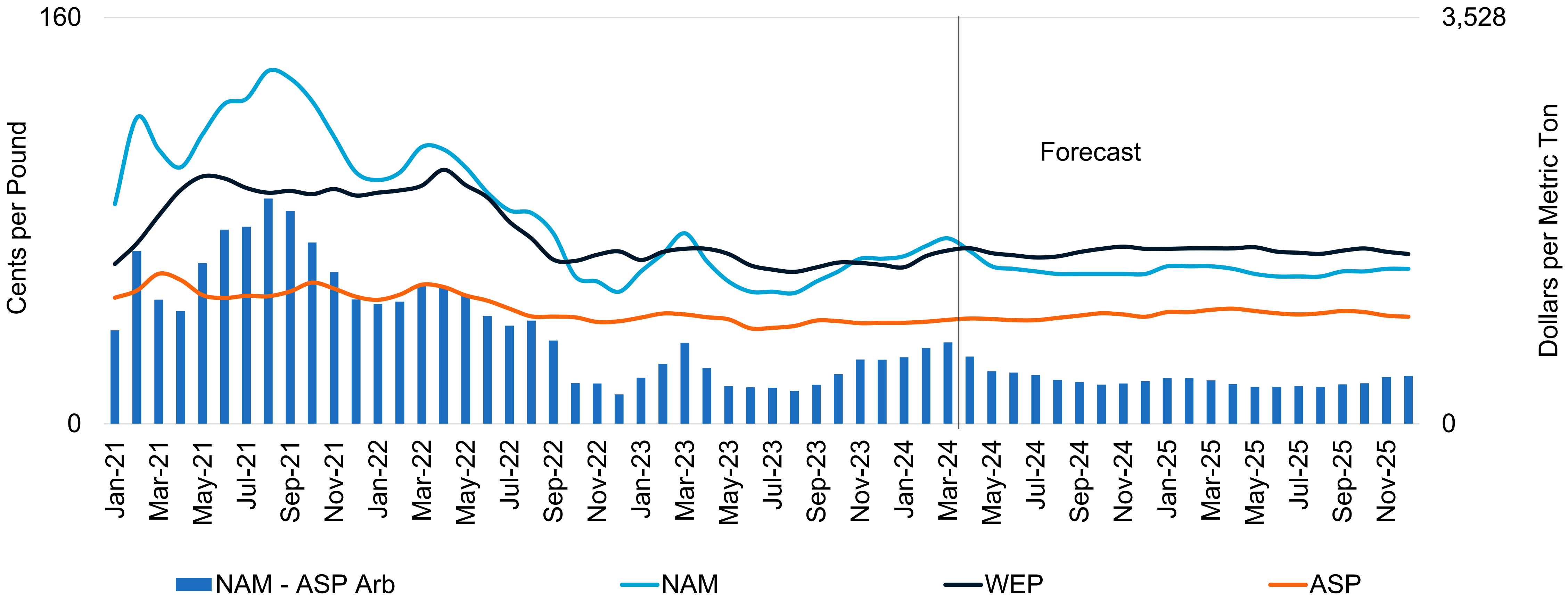
Near-term prices are range bound

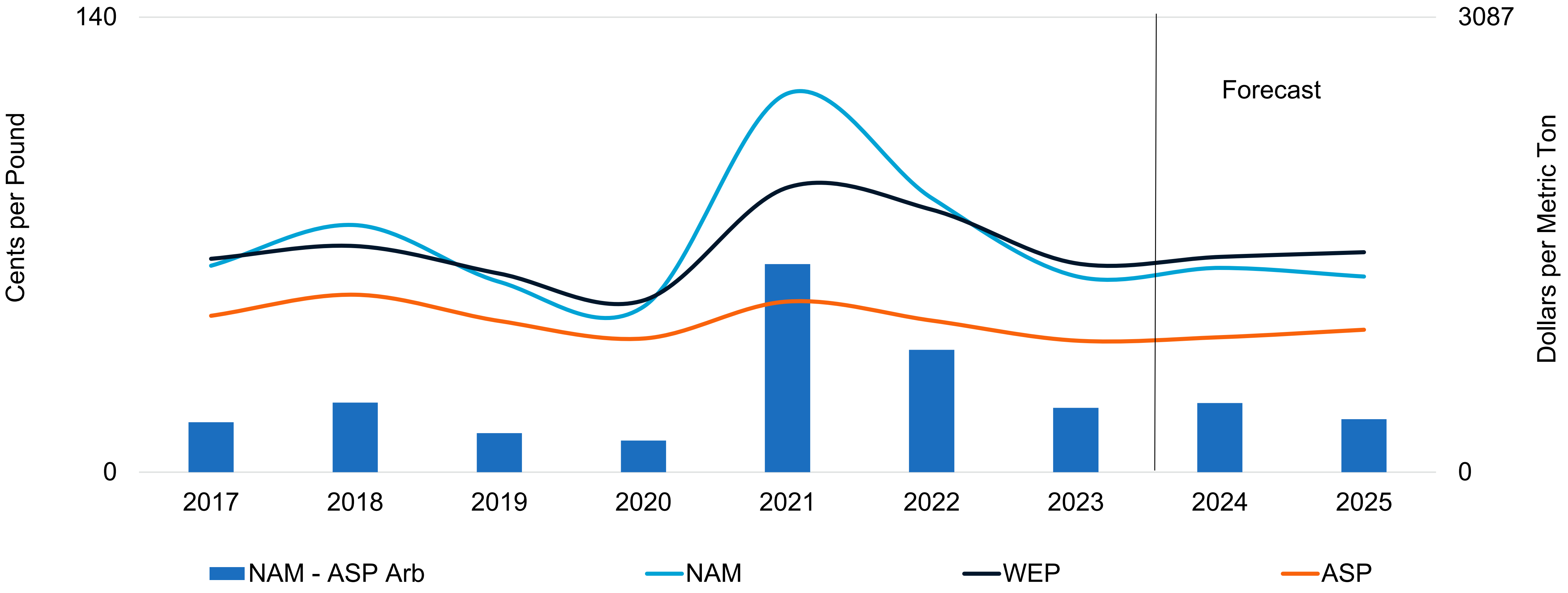
Polypropylene Prices by Region



Source: Chemical Market Analytics by OPIS

Long-term PP price escalation appears limited

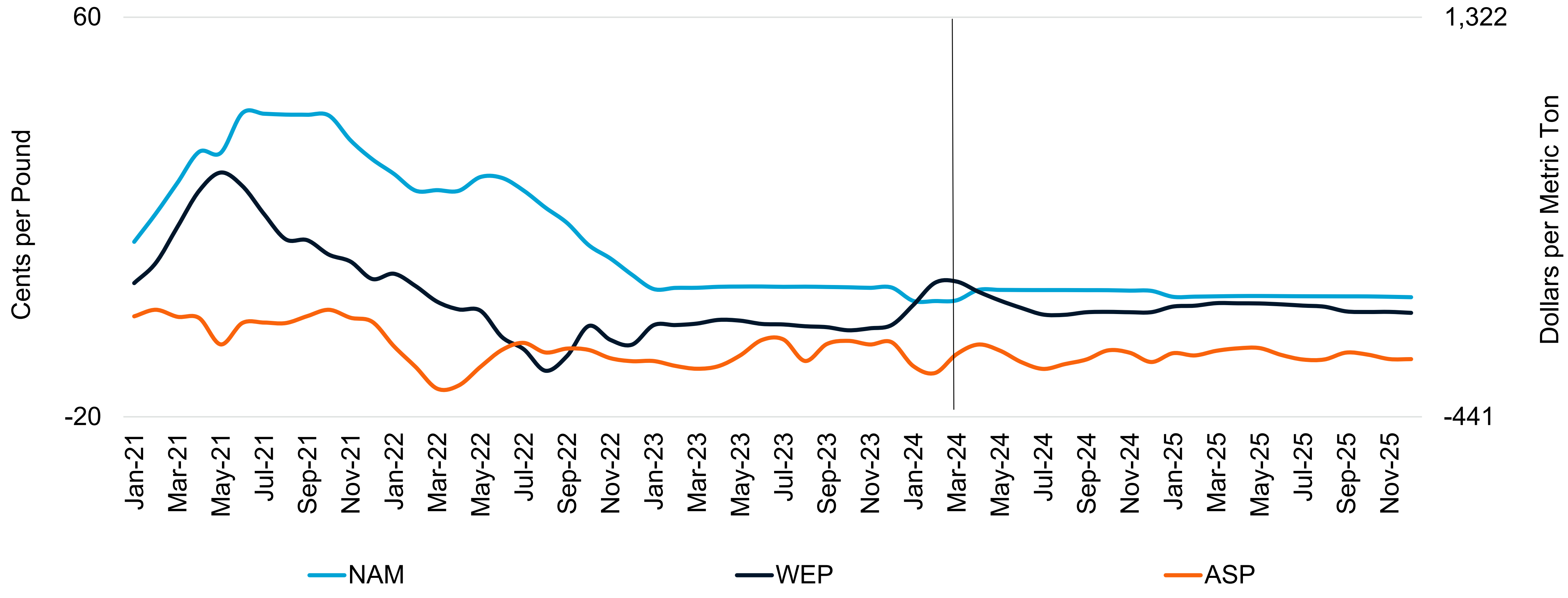
Polypropylene Prices by Region



Source: Chemical Market Analytics by OPIS

Trough market ahead for global sellers

Polypropylene Non-integrated Margins by Region



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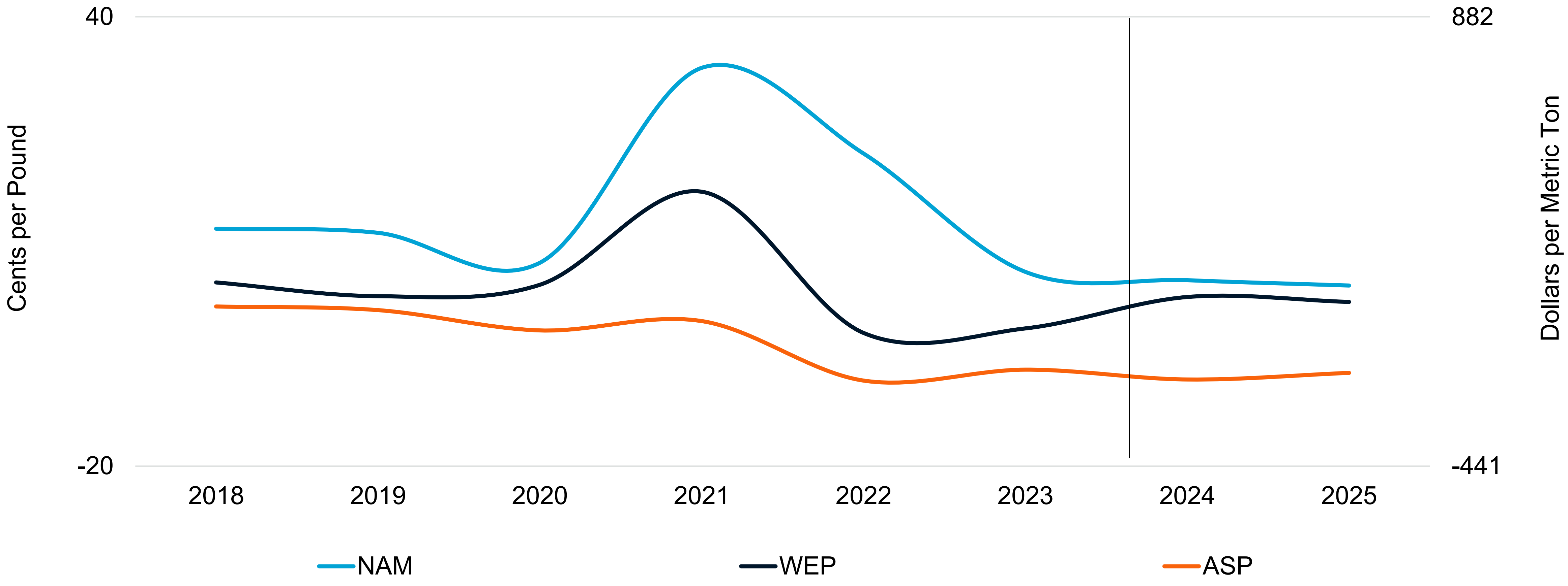
PP nonintegrated margins range bound

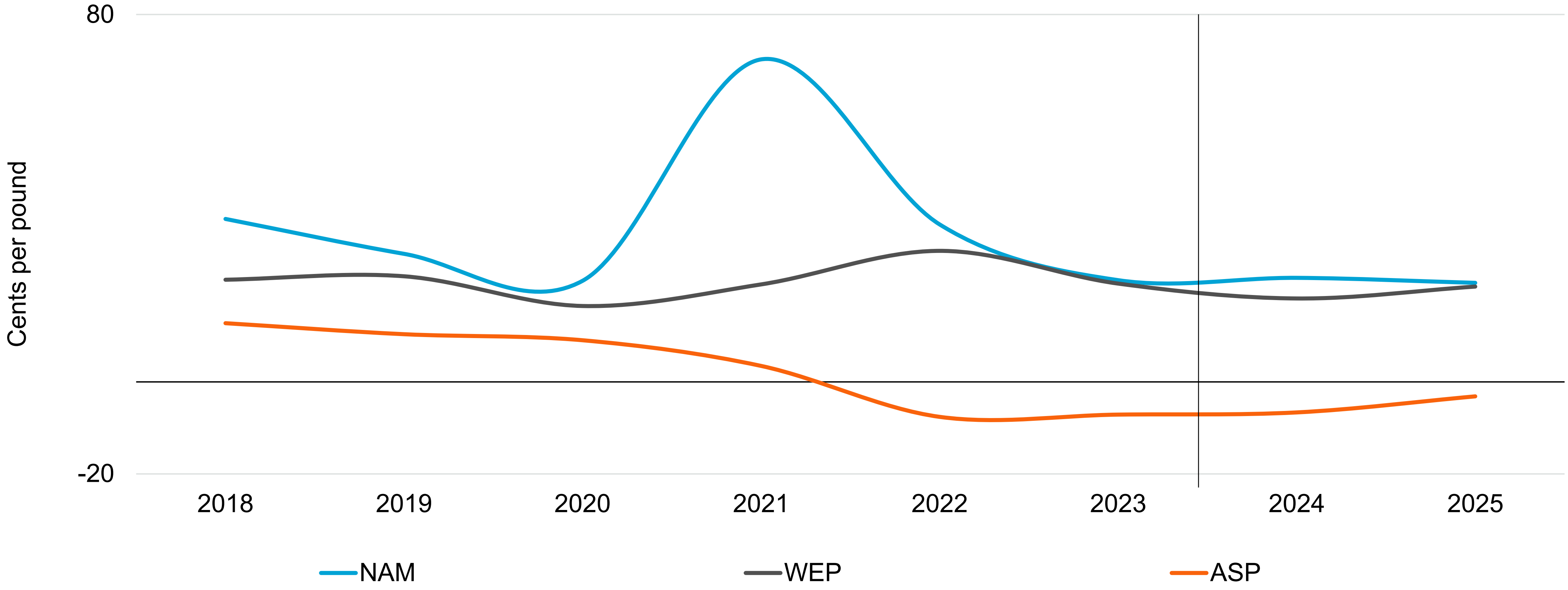
PP Nonintegrated Margins by Region



Source: Chemical Market Analytics by OPIS

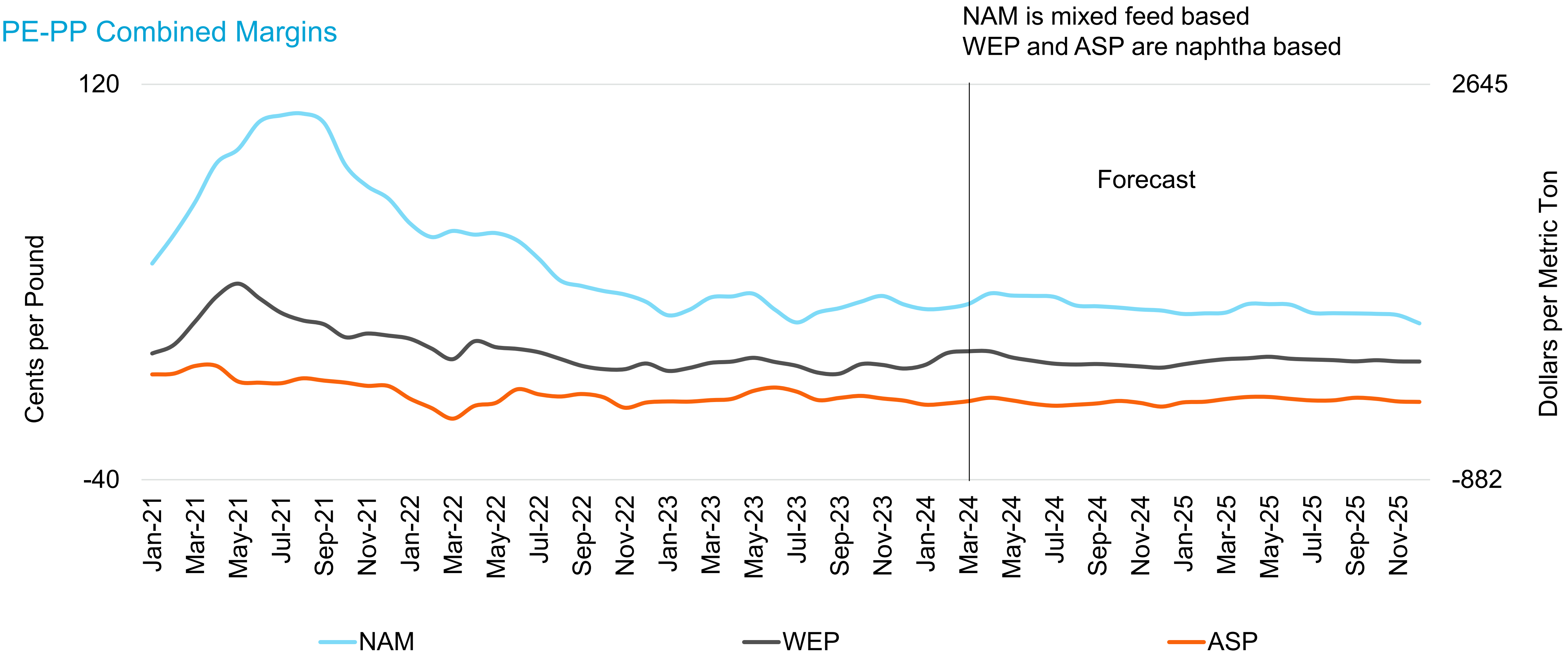
PDH Integrated Margins

PDH-PP Integrated margins



Source: Chemical Market Analytics by OPIS

PE/PP producers in survival mode in Asia (outside Mainland China)



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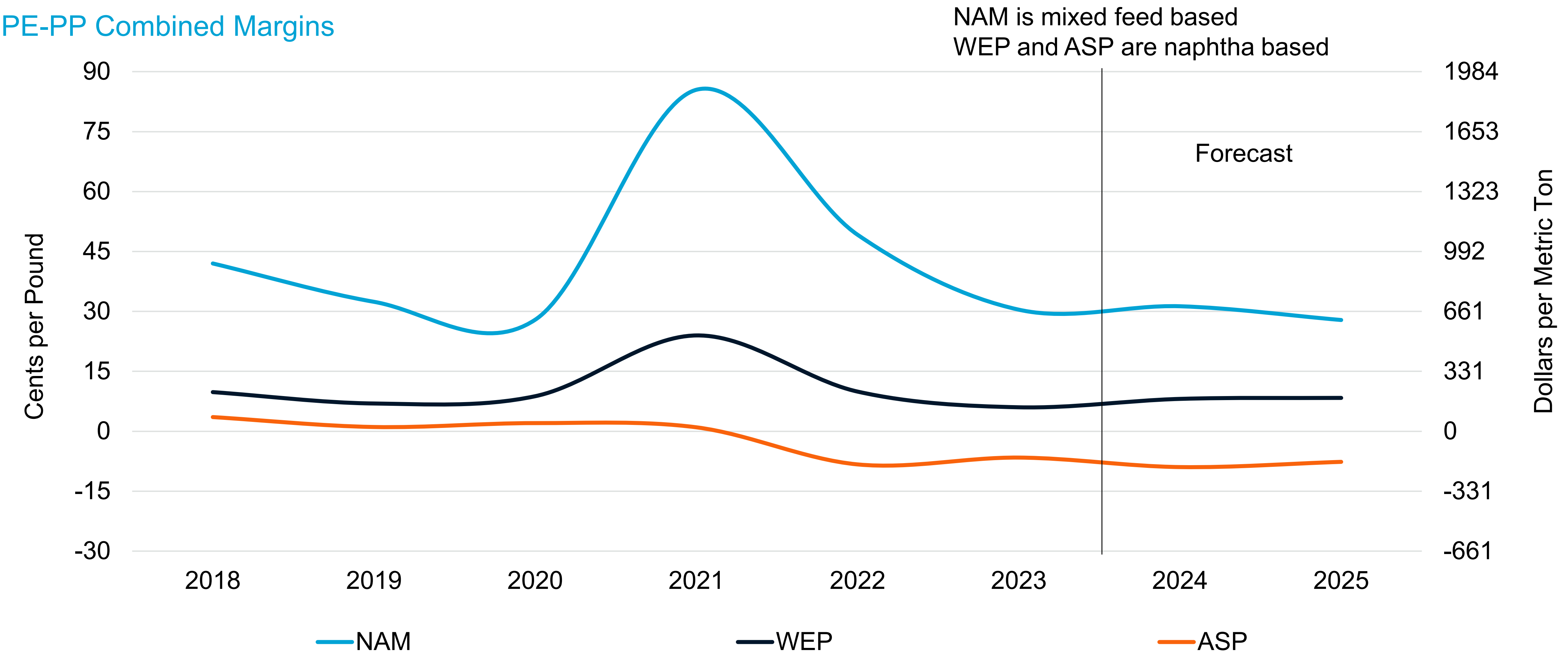
Asian operators in survival mode through the forecast



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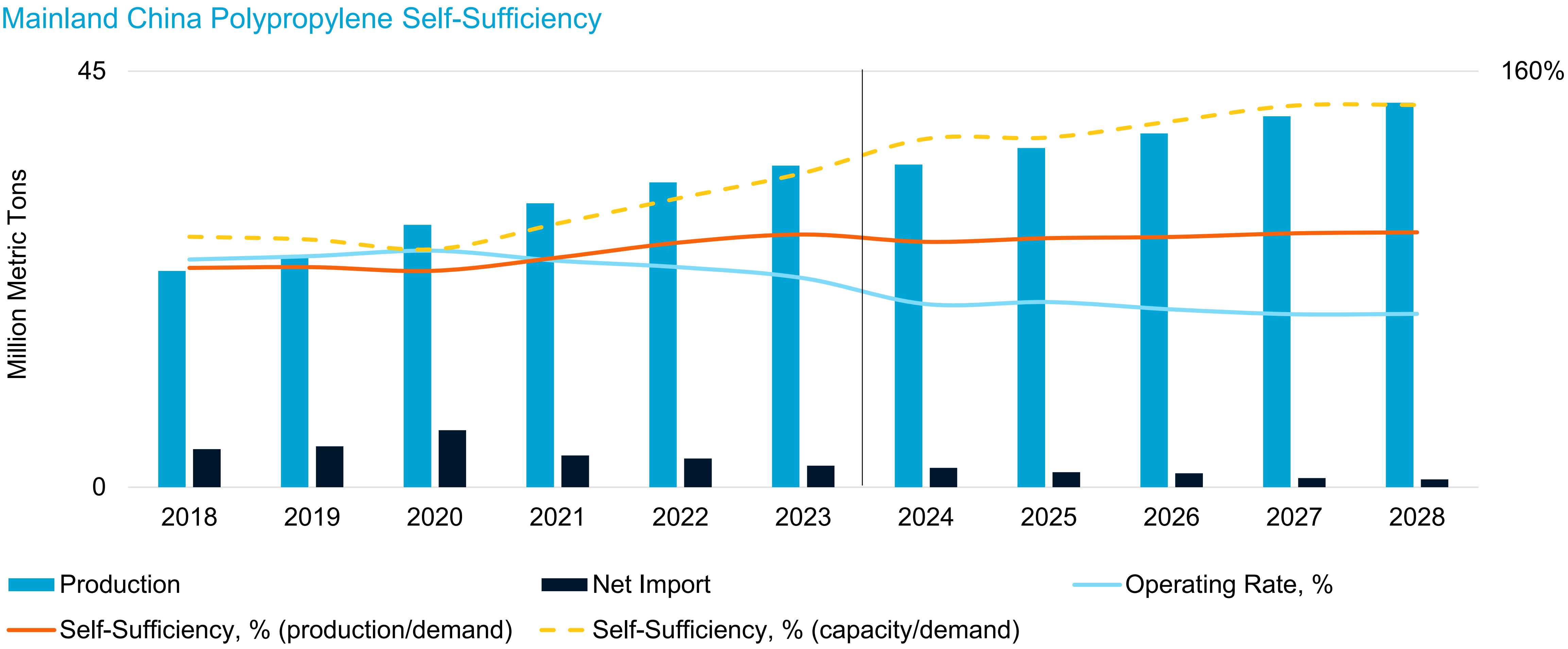
China/Global Impact

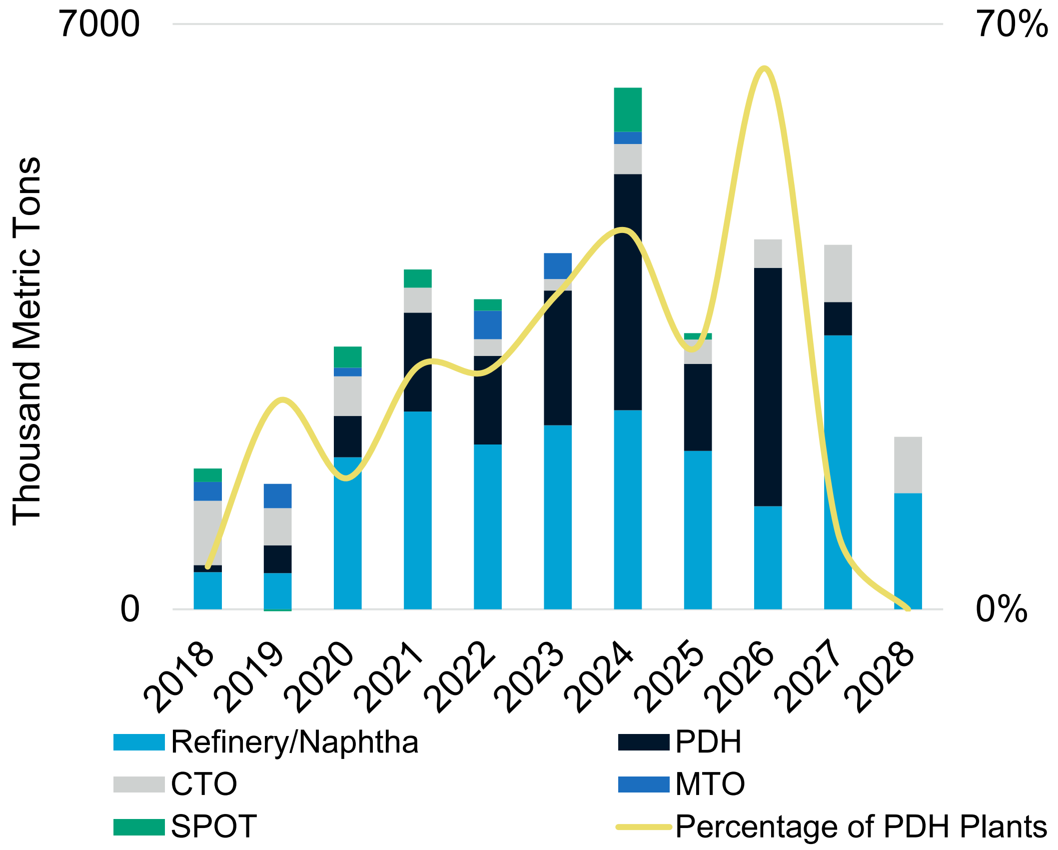
Mainland China PP self-sufficiency peaking



Source: Chemical Market Analytics by OPIS

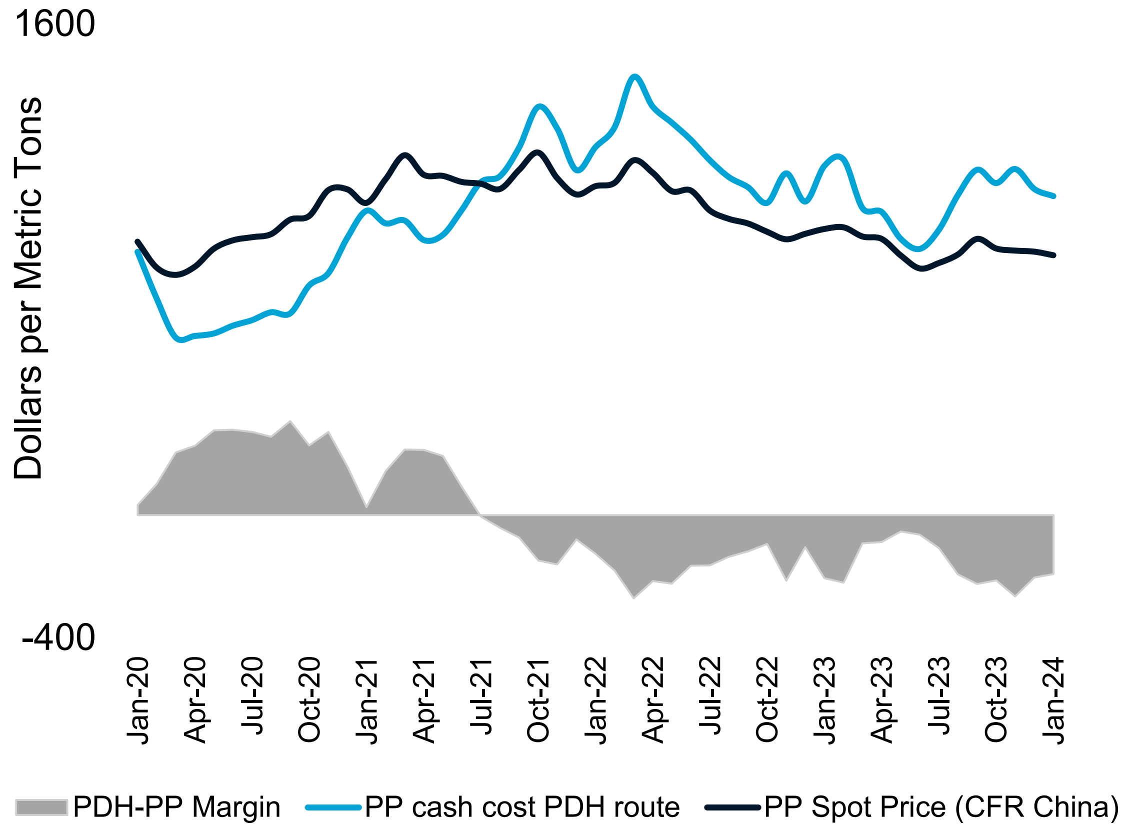
PDH and integrated plants dominate capacity expansion

China PP Capacity Addition by Feedstock Routes



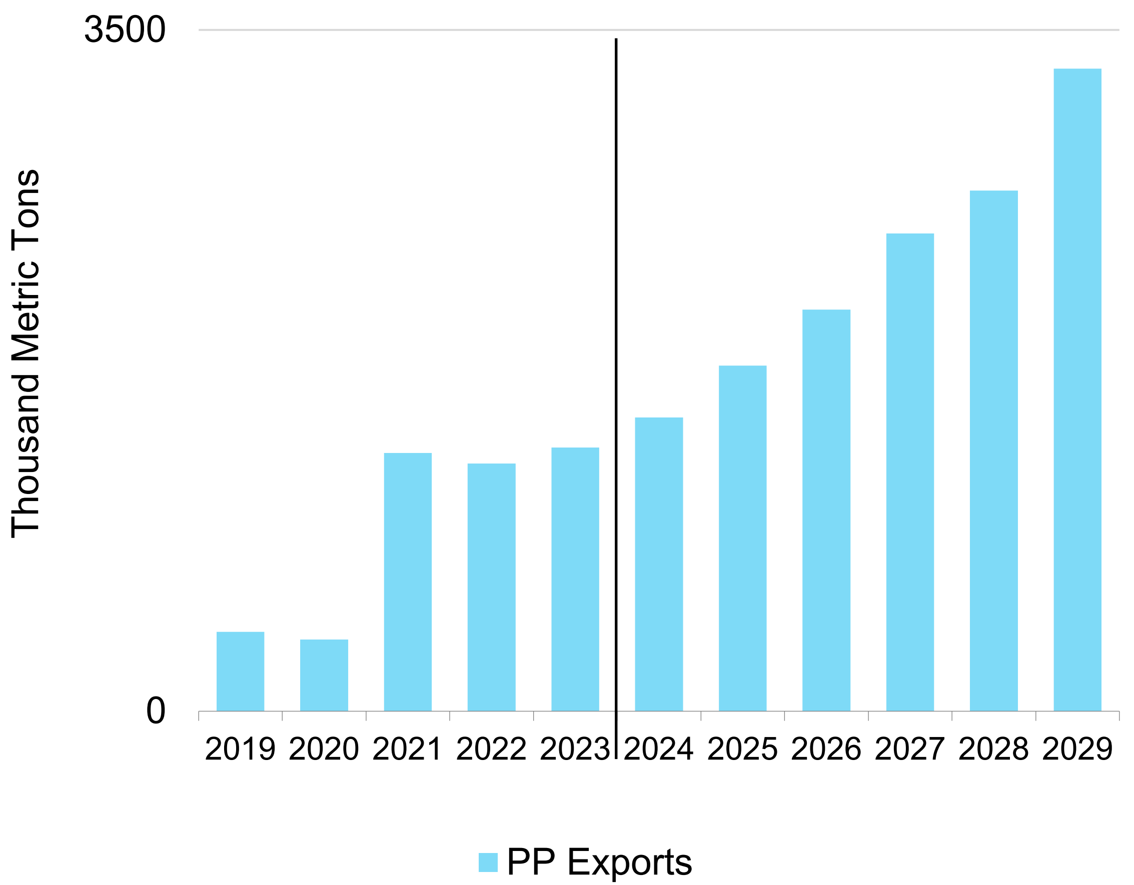
Source: Chemical Market Analytics by OPIS

China Polypropylene and PDH Cash Cost



China PP exports surged

Mainland China PP exports



Source: Chemical Market Analytics by OPIS

Mainland China PP Exports share in Total Production

China Polyolefins – Key Takeaways

- Economic Slowdown threatens demand growth
- ‘Structural surplus’ drives capacity rationalization
- China’s self-sufficiency improves and reduce net import
- Producers strive for export business growth to improve profitability

New Shutdowns in Europe

Country	Company	Site	Year	Capacity
Netherlands	Basell Benelux B.V.	Pernis	2007	260
Norway	INEOS Bamble A/S	Bamble	2008	175
France	Ineos	Sarralbe	2009	215
France	ExxonMobil Chemical France S.A.R.L.	Notre Dame de Gravenchon	2009	170
Italy	Basell Poliolefine Italia S.r.l.	Terni	2010	250
Germany	Basell Polyolefine GmbH	Wesseling	2010-2012	180
Italy	Basell Poliolefine Italia S.r.l.	Brindisi	2023	235
France	ExxonMobil Chemical France S.A.R.L.	Lillebonne	2024?	250

North America Highlights

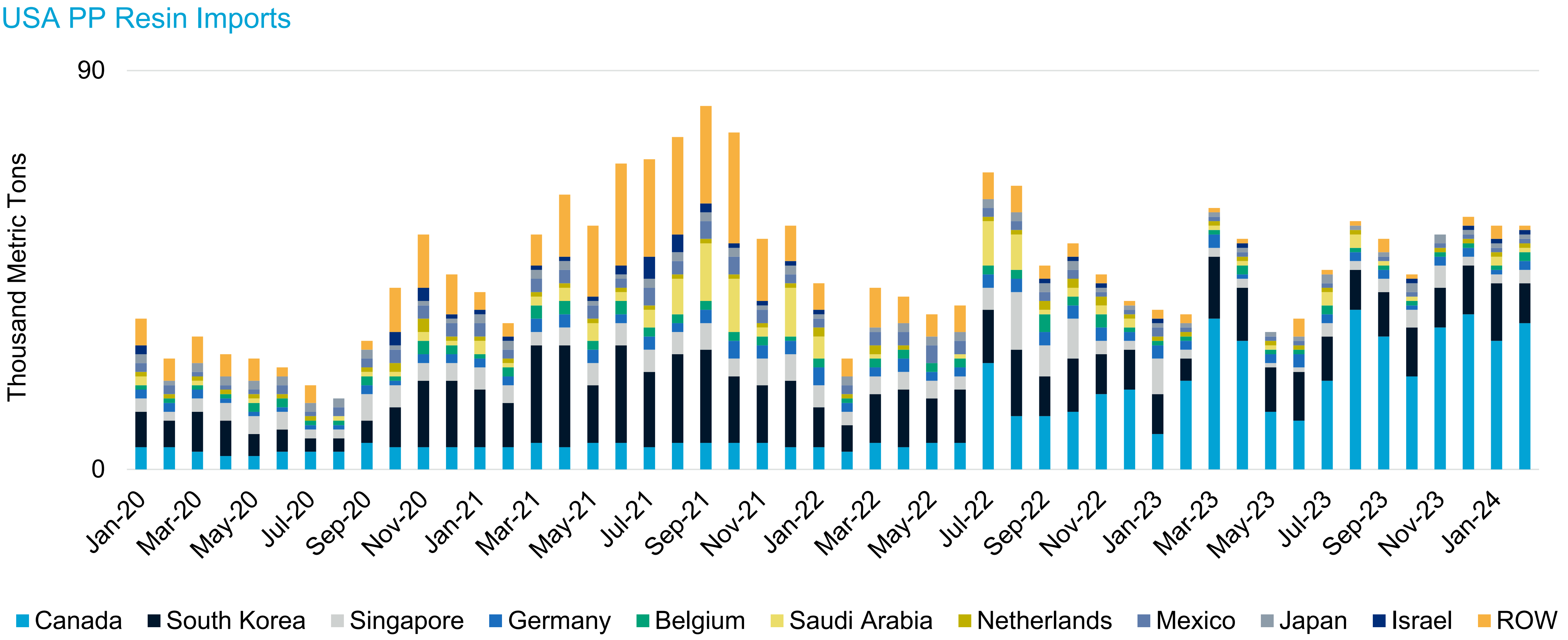
United States/Canada/Mexico PP Supply/Demand (Million Pounds)						
	Actual	Forecast		AAGR (%)		
	2023	2024	2025	22-23	23-24	24-25
Supply						
Capacity	23302	23191	23603	6.3	-0.5	1.8
Operating Rate (%)	75.4	75.3	77.1			
Production	17563	17460	18188	4.4	-0.6	4.2
Imports	1106	1182	1041	-20.8	6.9	-12.0
Total Supply	**18669**	**18642**	**19229**	2.4	-0.1	3.1
Demand						
Injection Molding	4850	4952	4982	-9.1	2.1	0.6
Blow Molding	276	287	288	5.6	3.9	0.4
Film & Sheet	3588	3672	3694	-4.0	2.4	0.6
Fiber & Filament	2035	2087	2108	-2.3	2.6	1.0
Other	6054	6408	6498	-1.9	5.9	1.4
Domestic Demand	16804	17407	17571	-4.5	3.6	0.9
Exports	1454	1370	1588	105.3	-5.8	15.9
Total Demand	**18257**	**18777**	**19158**	-0.2	2.8	2.0
Inventory Change	**411**	**-135**	**70**			

Note: The capacity shown is existing nameplate capacity and does not reflect any unannounced unit closures or prolonged idling.

Recent/New Capacity in North America

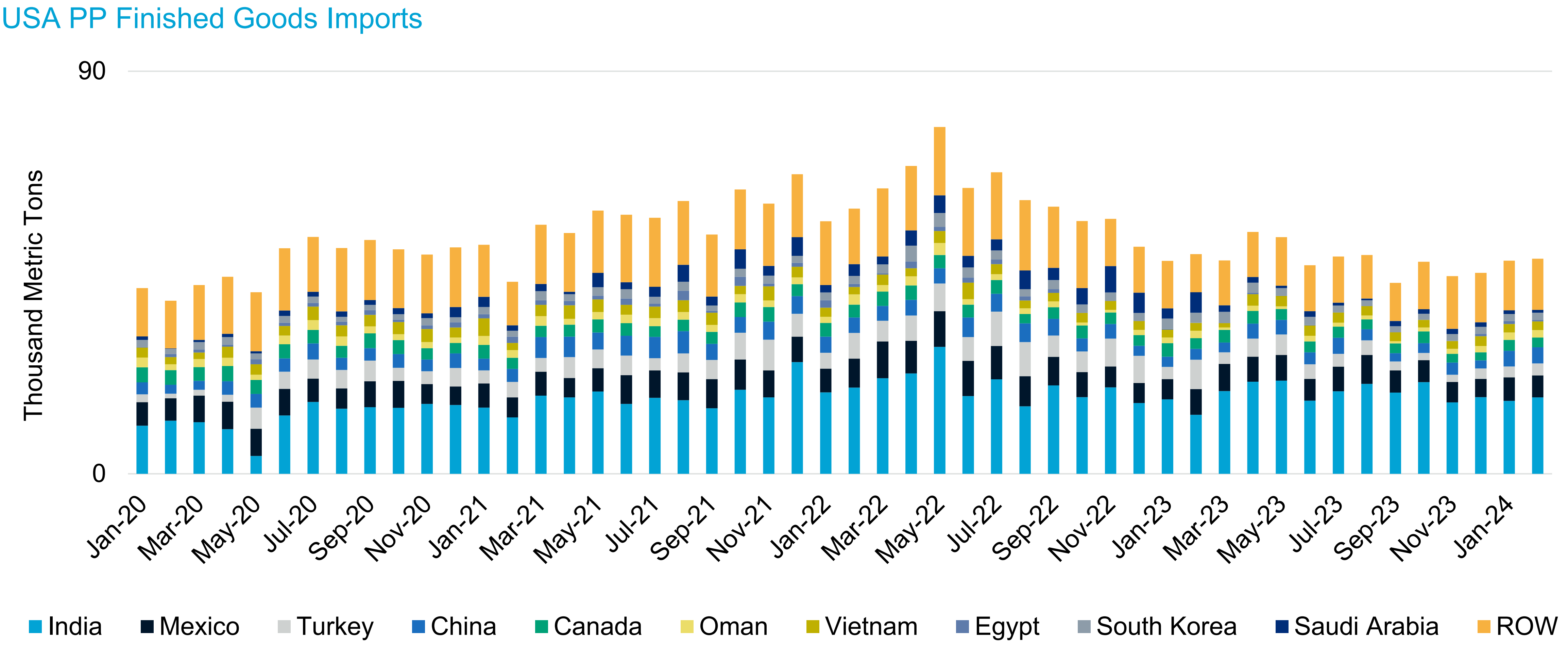
Company	Location	Country	Capacity (kta)	Startup
Heartland Polymers Ltd	Alberta	Canada	525	Q3-22
ExxonMobil Chemical Company	Louisiana	United States	450	Q4-22
Invista	Texas	United States	45	Q1-24
Formosa Plastics Corp	Texas	United States	250	2H-24

US PP Resin Imports



Source: Global Trade Tracker

US PP Finished Goods Imports



Source: Global Trade Tracker

North American PP demand potential has suffered!

Demand Growth 2023 vs 2010				
	NAM	**WEP**	**NEA**	**World**
HDPE	17.7%	-0.7%	108.3%	54.5%
PS	-22.9%	-38.0%	23.2%	-0.9%
EPS	34.3%	-21.7%	27.4%	15.2%
PET	28.0%	2.7%	119.9%	73.6%
PP	7.7%	1.8%	107.0%	65.2%
PVC	14.2%	-31.3%	55.0%	32.7%
Total PE	11.3%	-2.4%	115.9%	56.5%

Summary: Difficult period ahead

- Too much capacity chasing too little demand
- Rationalization has begun but more needed
- Historical, extended down cycle seems likely

Reach out to us for questions or slides

info@chemicalmarketanalytics.com

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