

Global Polypropylene & Polyethylene Demand Outlook 2018

February 1, 2018

Applications Mega-trends Forecast Markets Strategy Bioplastics Brand
Competition Circular Economy Recycling Premiums Customers Margins



Important Notices

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Global Polypropylene & Polyethylene Demand: Outlook 2018

February 1, 2018
 Hyejin Kim, Research Analyst

Background

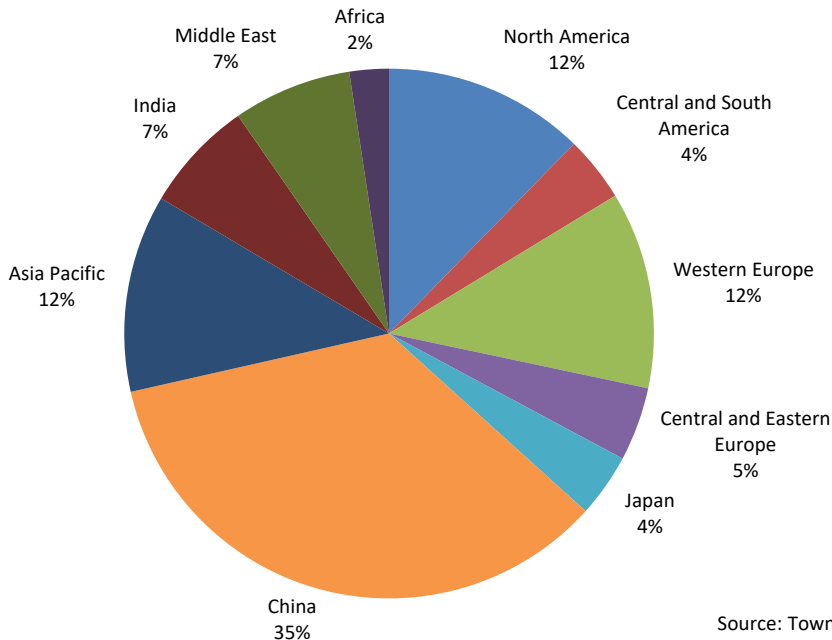
Townsend Solutions (Townsend) assesses total polypropylene and polyethylene demand in 2017 prior to the first quarter and forecasts demand in 2018 to provide a general outlook and support the industry’s plan in an early stage of 2018. Townsend’s 2017 demand assessment is based on 3 quarters real numbers and 4th quarter estimates using a bottom’s up approach that incorporates impact of trade and market trends. Please note all demand data of 2017 will be finalized after the first quarter of 2018.

Real final demand for 2017, demand outlook for 2018 and 5 year forecast by market and application by country along with a high level 10-years forecast by country for PP and PE (HDPE, LLDPE, LDPE, EVA) will be published in May.

2017 Demand

Global polypropylene demand is estimated totaling 68,876 kt in 2017, presenting a 4.7% growth rate from 2016. Meanwhile, Global polyethylene demand totaled 95,488 kt, presenting a 4.5% growth rate from the year before. The demand distribution by region is as follows:

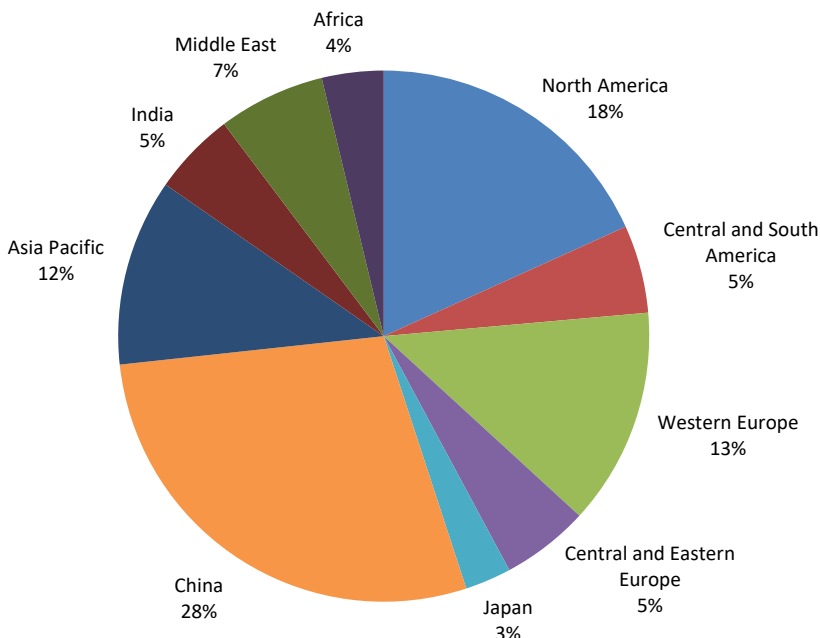
2017 Polypropylene Demand by Region



Source: Townsend Solutions



2017 Polyethylene Demand by Region



Source: Townsend Solutions

While the new updated assessment displays the approximately same share percent in each region, it exhibits different results from Townsend’s prediction made in March 2017:

Global Demand	March 2017 Estimate (kt)	Growth Rate 2017/2016	January 2018 Estimate (kt)	Growth Rate 2017/2016
Polypropylene	69,509	5.6%	68,876	4.7%
Polyethylene	94,810	3.8%	95,488	4.5%

Source: Townsend Solutions

The two estimated quantities are close to each other, showing about 1% difference. The updated estimates, however, show that more polyethylene and less polypropylene were consumed globally in 2017 as 2017 market trends favored more towards polyethylene.

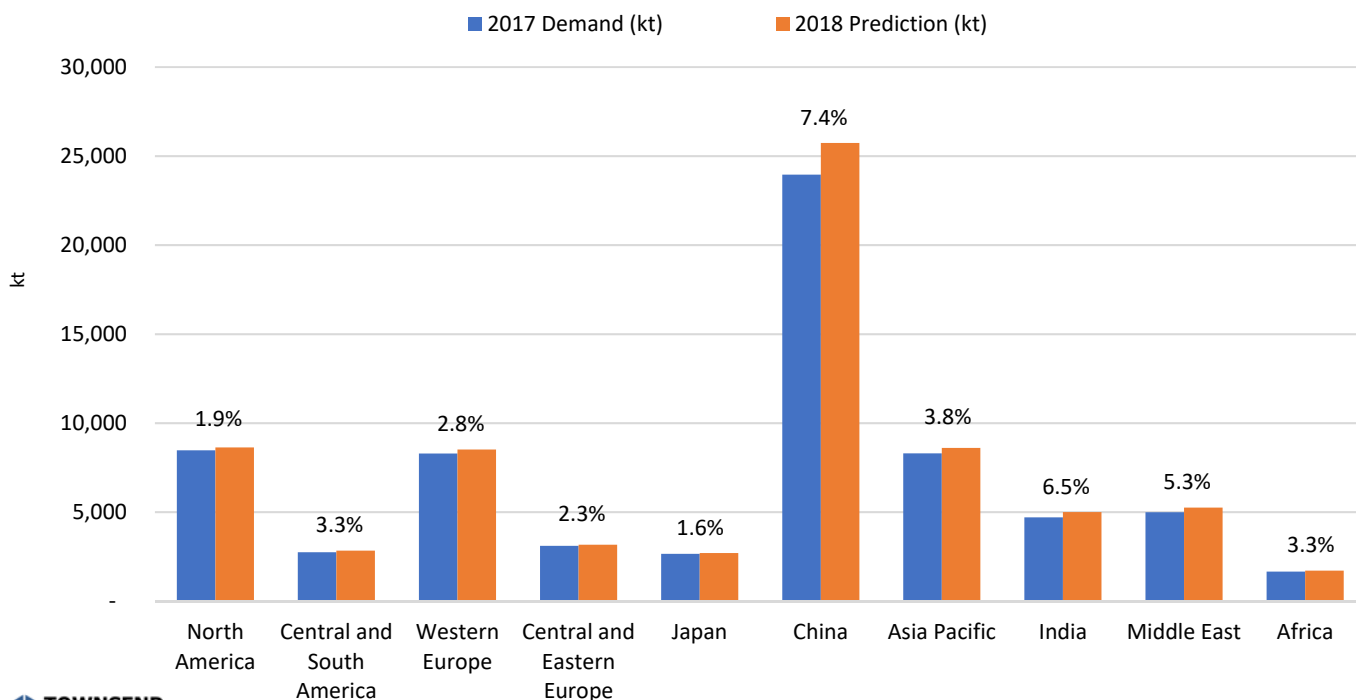
2018 Outlook

For 2018, Townsend is taking an optimistic view of the global economy and is projecting a growth rate of 3.9%, with continued recovery in investment, production, manufacturing and stronger commodity standing showing the fastest growth rate since the financial crisis of 2010. Global demand of polypropylene and polyethylene is expected to follow the economic trend.

At present, Townsend estimates 2018 demand as follows:

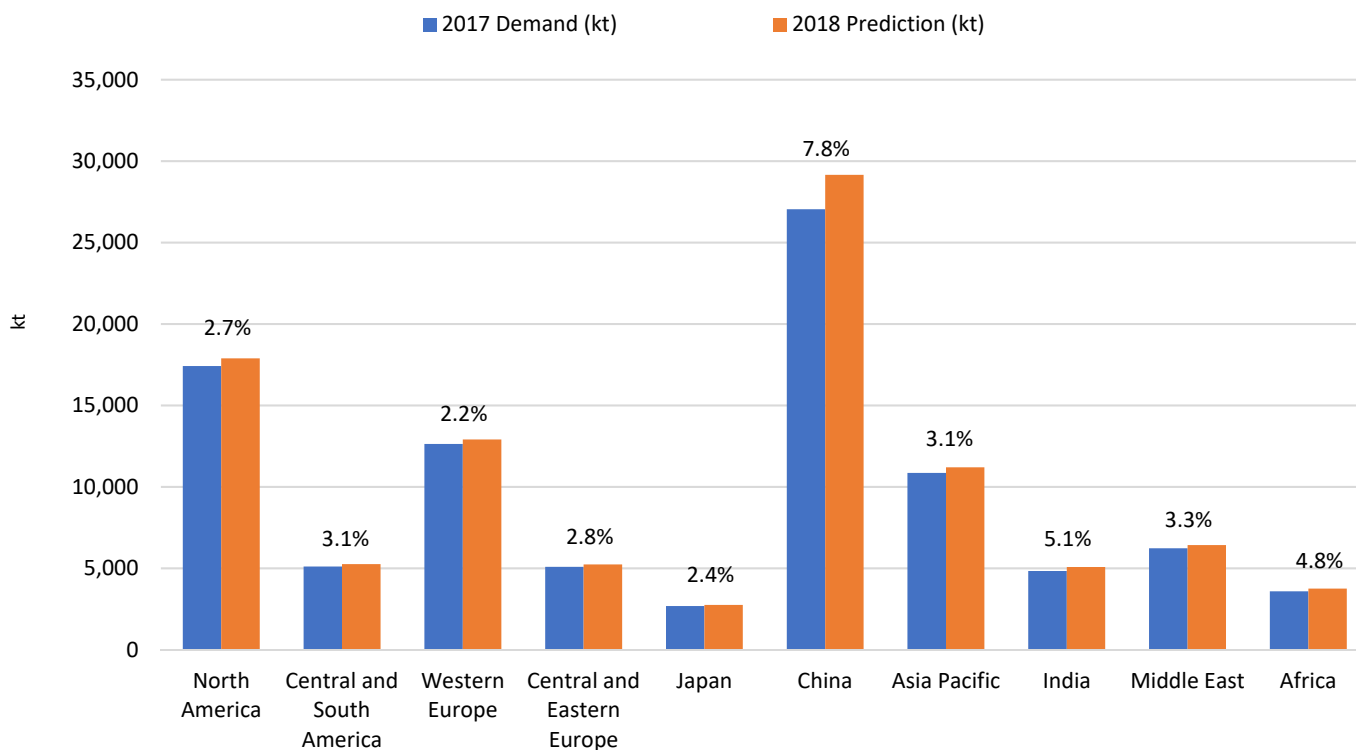


Polypropylene Demand Growth Rate 2018/2017 (%)



Source: Townsend Solutions

Polyethylene Demand Growth Rate 2018/2017 (%)



Source: Townsend Solutions

Global demand for polypropylene and polyethylene is expected to grow 4.8% and 4.4%, respectively, in 2018. China and India are expected to exhibit higher growth rates than other regions as they are expecting the fastest economic growth as two large emerging markets.

Latin America is expecting slow yet continuous growth in 2018 since the first positive GDP growth rate last year, reflecting recoveries from recessions in Brazil and Argentina. Europe as the whole is strengthening its growth in 2018, aided by France and Spain, despite the uncertainty around Brexit. Middle East and Africa will see more stability along with the global economy in 2018 with a huge potential growth in polypropylene and polyethylene markets, yet their political and security situations will still need to be examined.

Key Influencers

While Townsend is generally optimistic about a growing global economy, it is important to note that there remain a number of uncertainties that may influence 2018 demand growth including:

Trade Agreements: U.S. President Donald Trump considers withdrawal from North American Free Trade Agreement (NAFTA) unless changes are made to protect the U.S. economy. While exiting NAFTA completely would undoubtedly have a significant impact on U.S. plastics and chemicals shale-driven exports, the more likely scenario of a rules-rewrite would have less impact. In the meantime, uncertainty will continue to stall investment.

Circular & Sustainability Initiatives: The global market movement towards reducing plastic waste continues to gain momentum, driving attention and investment in recycling throughout the value chain. The potential influence of recycled or bio-based materials on demand for virgin PP/PE, while seemingly inconsequential now, is a variable which has growing weight in Townsend's demand forecasts.

China Waste Ban: China's ban on importing plastic waste has created both challenges and opportunities, the impacts of which will have a long and lasting influence on the industry as a whole. China's moves to restrict the incoming flow of plastic waste has created a sizeable deficit in the country's supply chain that could potentially drive additional growth of virgin material demand.

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About Us

Townsend Solutions has been an independent provider of market research, analysis and strategic consulting to the global petrochemical industry since 1977. Townsend Solutions is headquartered in Houston Texas, with satellite partners and affiliates worldwide.

With over 40 years of accumulated knowledge and a deep bench of industry experience, our reputation is built on providing highly detailed and specific information, keen analysis & insight. From oil price scenarios to end-use application level data, to granular details on over 60,000 plastic conversion plants, we leverage our depth and expertise to provide knowledge, context and clarity to the industry.

Our clients are oil and gas companies, midstream service providers, petrochemical companies, logistics companies, traders, distributors, equipment manufacturers, compounders, converters, brand owners, financial companies, regulators and other consultants. Our products and services include published reports, databases, grade level resin pricing, cost modeling, due diligence, strategic consulting projects, converter benchmarking, market and customer intelligence.



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- Market Reports
- Databases
- Resin Pricing
- Intelligence
- Surveys

Where we are

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 Research Operations:
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 - Asia
 - Europe
 - Middle East
 - North America
 - South America

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- Equipment Suppliers
- Compounders
- Converters
- Brand Owners
- Financial Companies
- Regulators
- Other consultants

Polyolefins Supply, Demand & Trade Forecasts

DEEP-DIVE DATA
Demand & Forecast
by Resin Type
by Region & Country
by Market & Application
Trends & Drivers
Supply & Forecast
Utilization Rates
Planned Additions
Technology Share
Supplier Strategies
Investments
Feedstocks
Technology
Products

Plastic Converters & Compounders Database

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Plant Location / Ownership
Resins Used / Annual Volume
Markets Served
Manufacturing Process
Specific Items Manufactured

Models, Prices, Forecasts & Benchmarks

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We publish an array of comprehensive & data-intensive reports. From grade level pricing to long-term forecasts, all are deep-dive & leverage granular detail.

Global Supply & Demand Forecasts: Chemicals/Additives

Antiblocking Agents
 Antioxidants
 Antistatic Agents
 Biocides
 Chemical Blowing Agents
 Coupling Agents
 Flame Retardants
 Heat Stabilizers
 Impact Modifiers & Processing Aids
 Light Stabilizers
 Lubricants/Mold Release Agents
 Nucleating/Clarifying Agents
 Organic Peroxides
 Plasticizers
 Slip Agents

2018 Global Market Studies

Polypropylene (PP)
 Specialty PP
 PP Compounding
 Polyethylene (PE)
 HDPE Bi-Modal & HMW
 EVA
 LLDPE C6/C8 & Metallocene
 Ethylene Based POP/POE
 Functionalized Ethylene Copolymers
 Plastics Additives 9
 Stabilizer Value Chain
 PS
 PVC
 PET

Global Supply, Demand, Trade & Forecasts: Polymers

Polypropylene (PP)
 Specialty PP
 HMS PP
 Polyethylene (PE)
 HDPE, LDPE & LLDPE
 Bi-modal HDPE
 HMW HDPE
 UHMW PE
 EVA
 C6/C8 LLDPE
 mLLDPE
 POP/POE
 Functionalized Ethylene Copolymers
 Bioplastics
 PS
 PVC
 PET

Monthly Market Pricing & Intelligence

PP Homopolymer
 PP Copolymer
 HDPE Extrusion
 HDPE Molding
 LDPE
 EVA
 LLDPE
 mLLDPE
 PET
 Polystyrene
 PVC

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