

# Polyolefins business outlook: walking through a challenging season

23 May 2023

Fabrizio Galie`

Associate Director | Polypropylene EMEA

Fabrizio.Galie@chemicalmarketanalytics.com



# DOW JONES

## CHEMICAL MARKET ANALYTICS

BY OPIS, A DOW JONES COMPANY

## OPIS

A DOW JONES COMPANY

## McCLOSKEY

BY OPIS, A DOW JONES COMPANY

## AXXIS

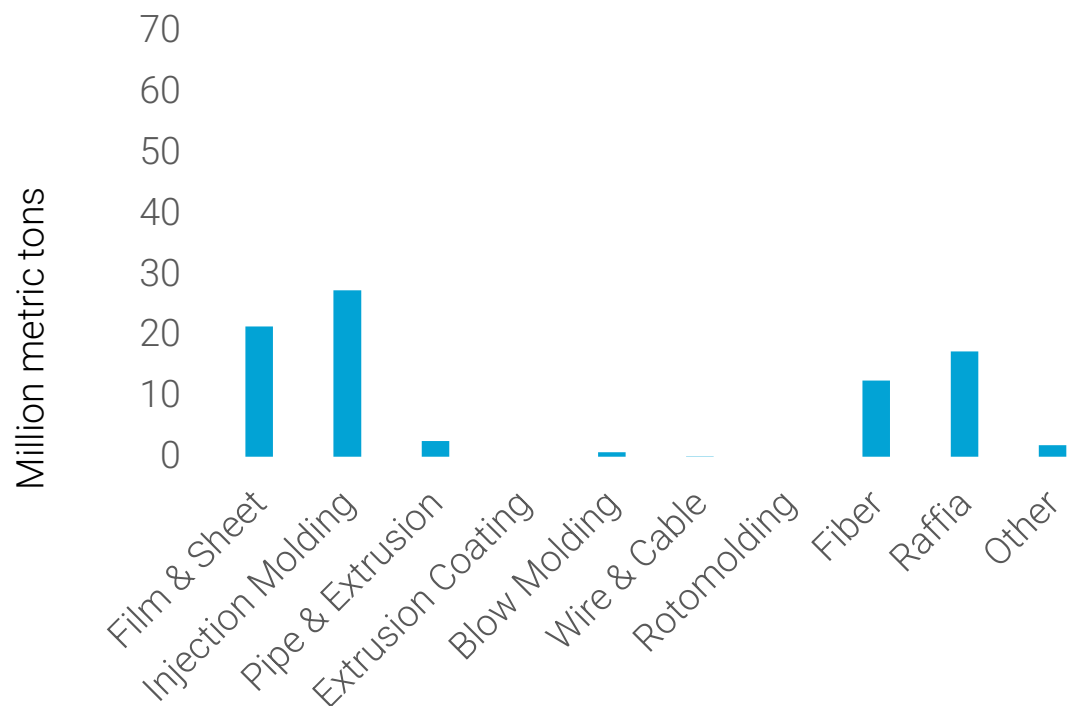
BY OPIS, A DOW JONES COMPANY

## PETROCHEM WIRE

BY OPIS, A DOW JONES COMPANY

# All Fibers More Than One Third of PP Consumption, Less Than 3pct of PE

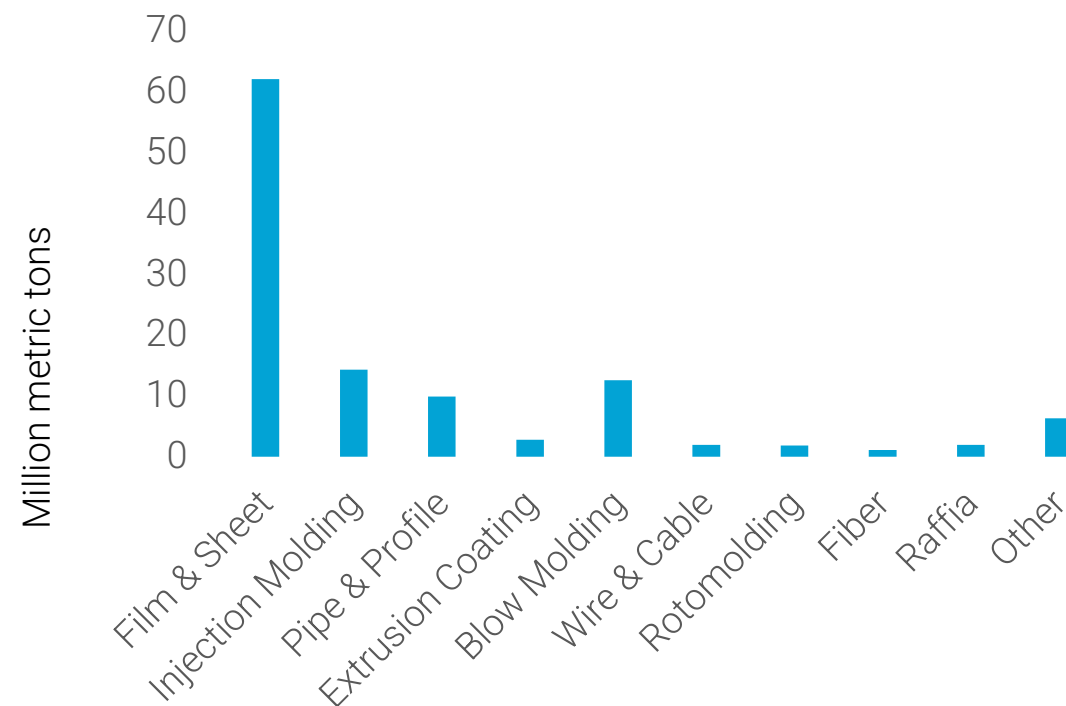
World PP demand by segment, 2022



Source: Chemical Market Analytics by OPIS

© 2023 Oil Price Information Service, LLC.

World PE demand by segment, 2022



Source: Chemical Market Analytics by OPIS

© 2023 Oil Price Information Service, LLC.

# Underlying Risk Factors Affecting the Global Polyolefin Business



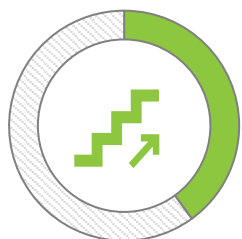
## Geopolitical Risk

Russia-Ukraine conflict, China-Russia alliance, China-Taiwan potential conflict continue to be a risk for prices and supply chain disruptions



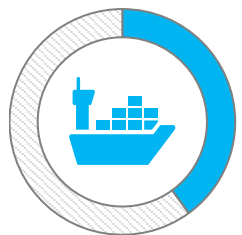
## China demand slowdown

Zero covid policy and weak economy reduced demand in 2021 and 2022; 2023 off to slow start



## Inflation

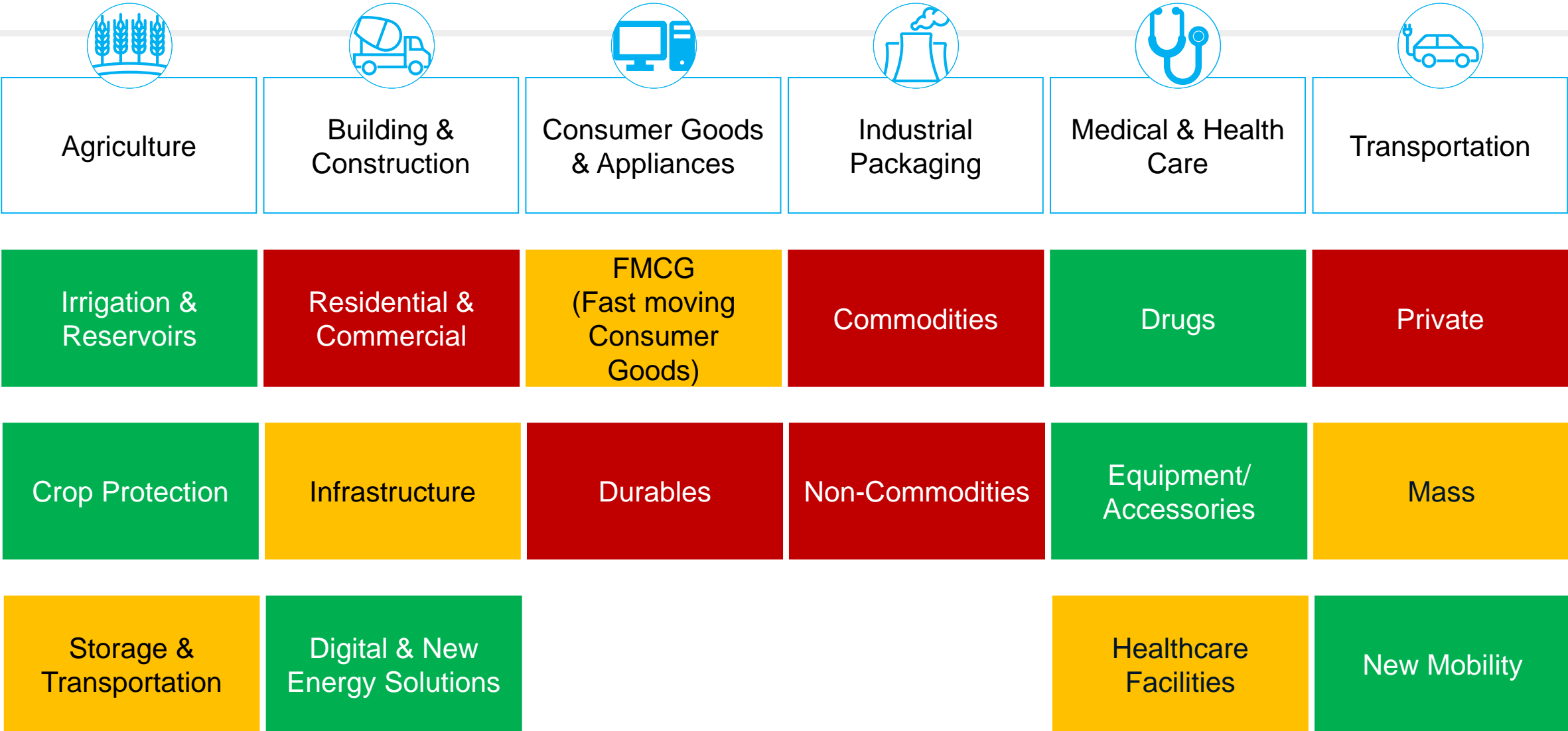
Rising costs are hampering affordability of goods and services



## Logistics issues

Port conditions near pre-COVID operations

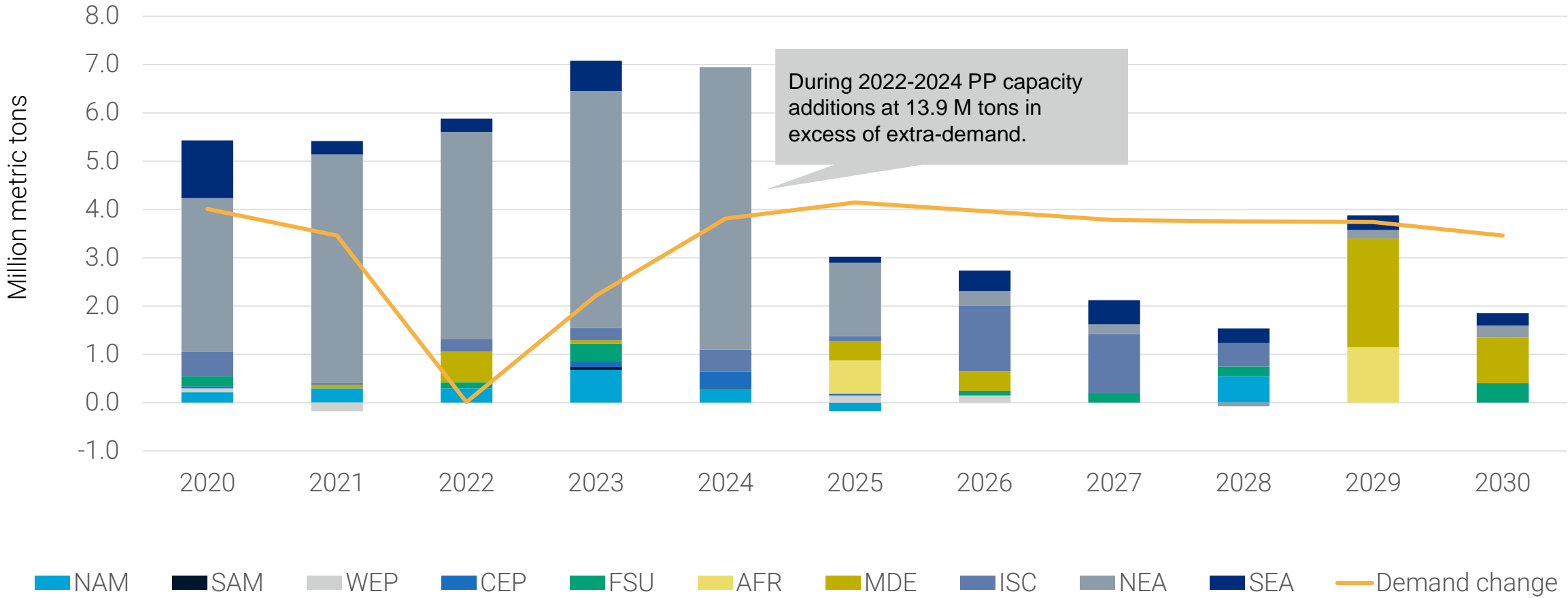
# Sectorial Impact of Inflation & Energy Crisis



● Negative Impact; ● Neutral; ● Positive Impact

# Global PP Over-Supply Building in 2022-2024

Global PP Incremental Capacity vs. Incremental Demand

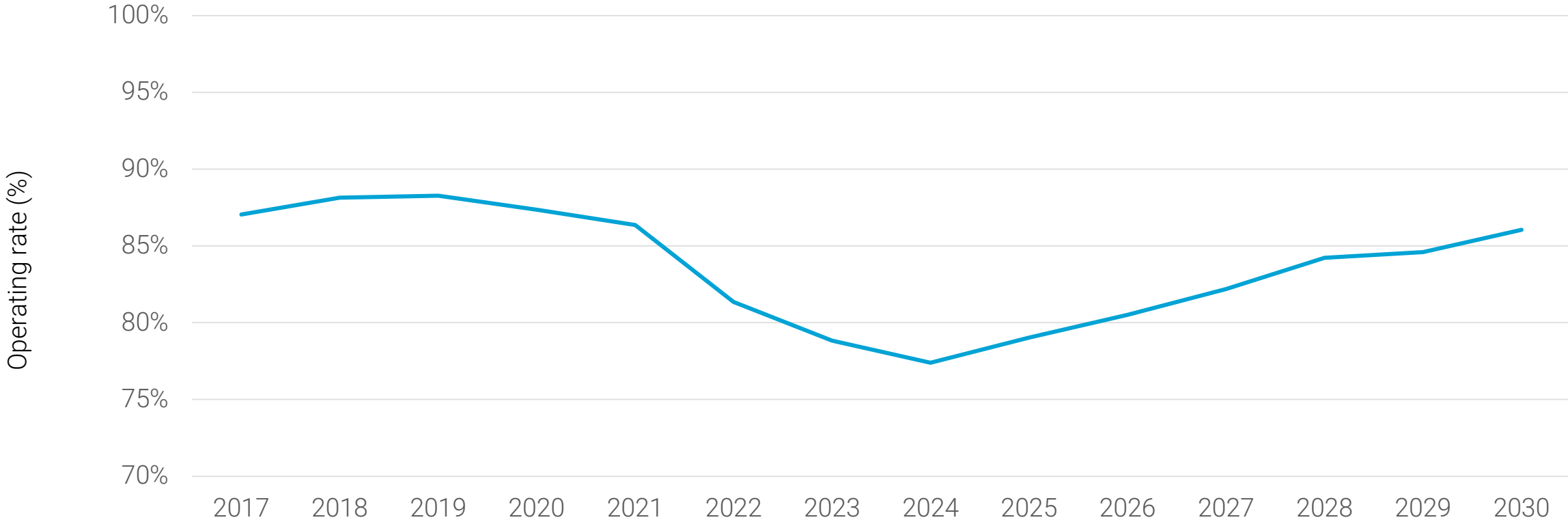


Source: Chemical Market Analytics by OPIS

© 2023 Oil Price Information Service, LLC.

# PP Operating Rates Pressured

### PP Average World Plant Operating Rate



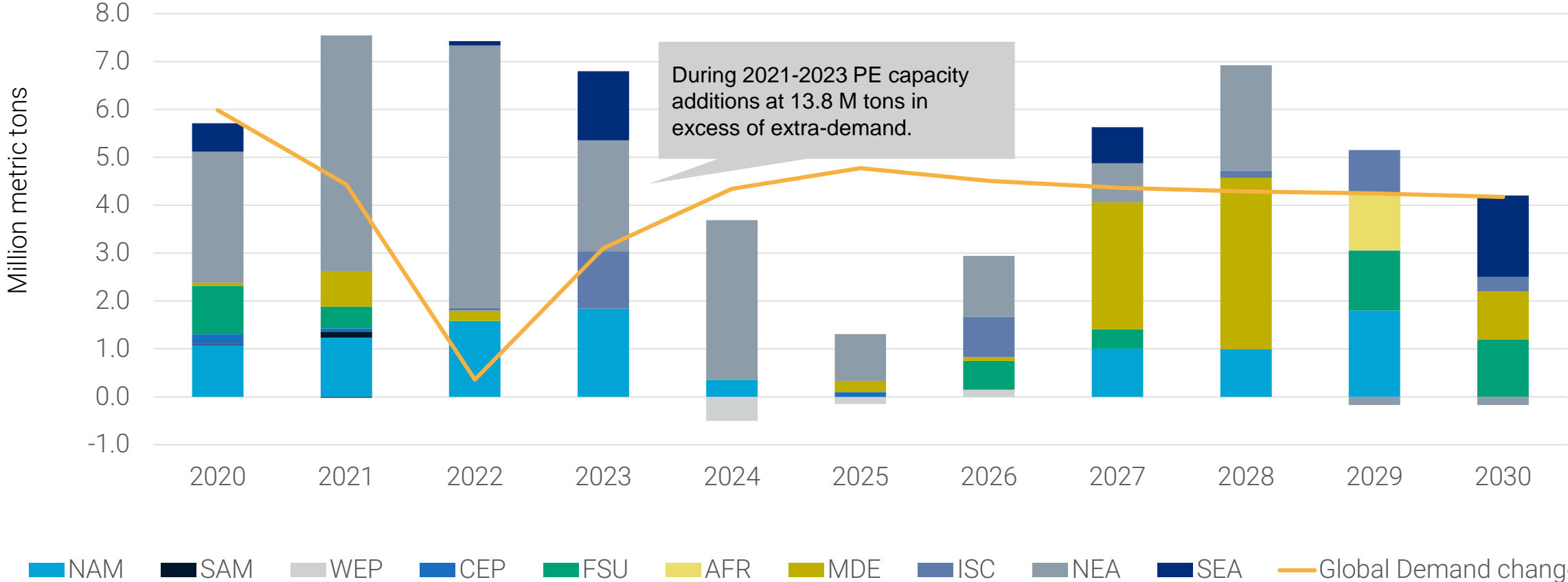
Source: Chemical Market Analytics by OPIS

© 2023 Oil Price Information Service, LLC.



# PE Market Oversupply Exacerbated By Demand Slowdown

Global PE Incremental Capacity vs. Incremental Demand



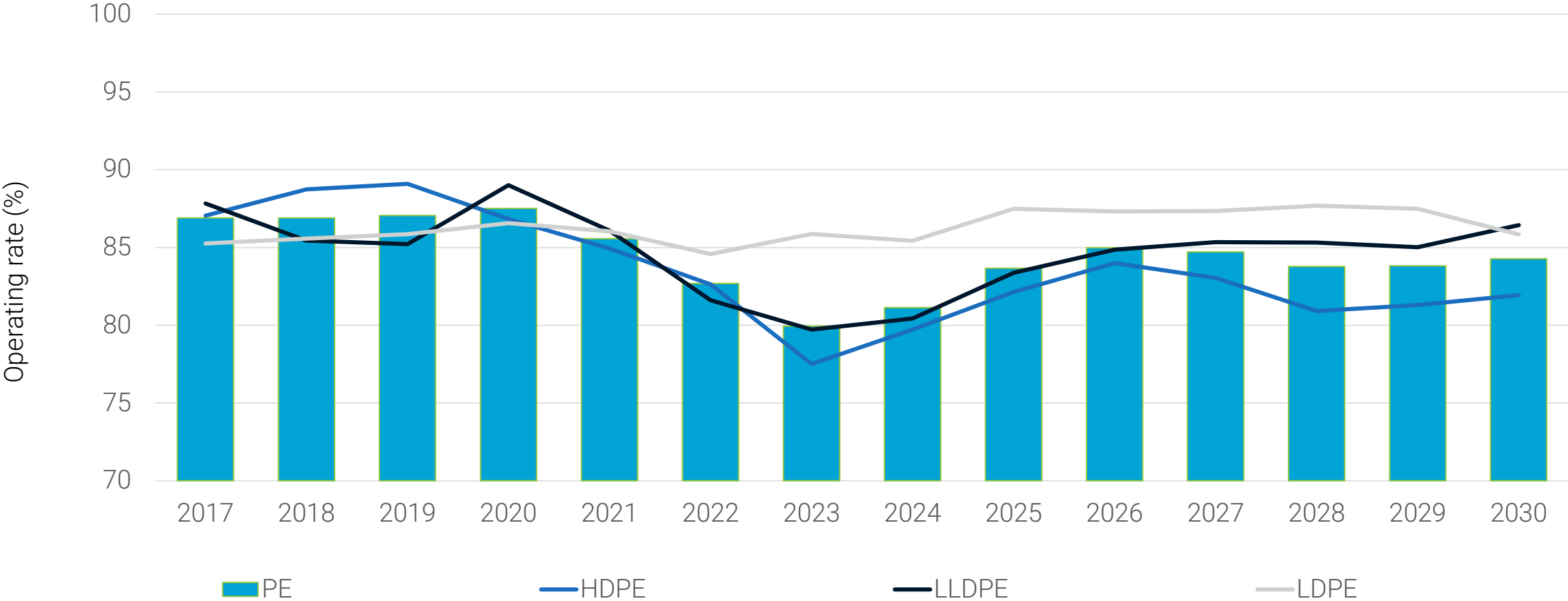
Source: Chemical Market Analytics by OPIS

© 2023 Oil Price Information Service, LLC.



# PE Operating Rates Drop Especially HDPE/LLDPE

### PE Average World Plant Operating Rate

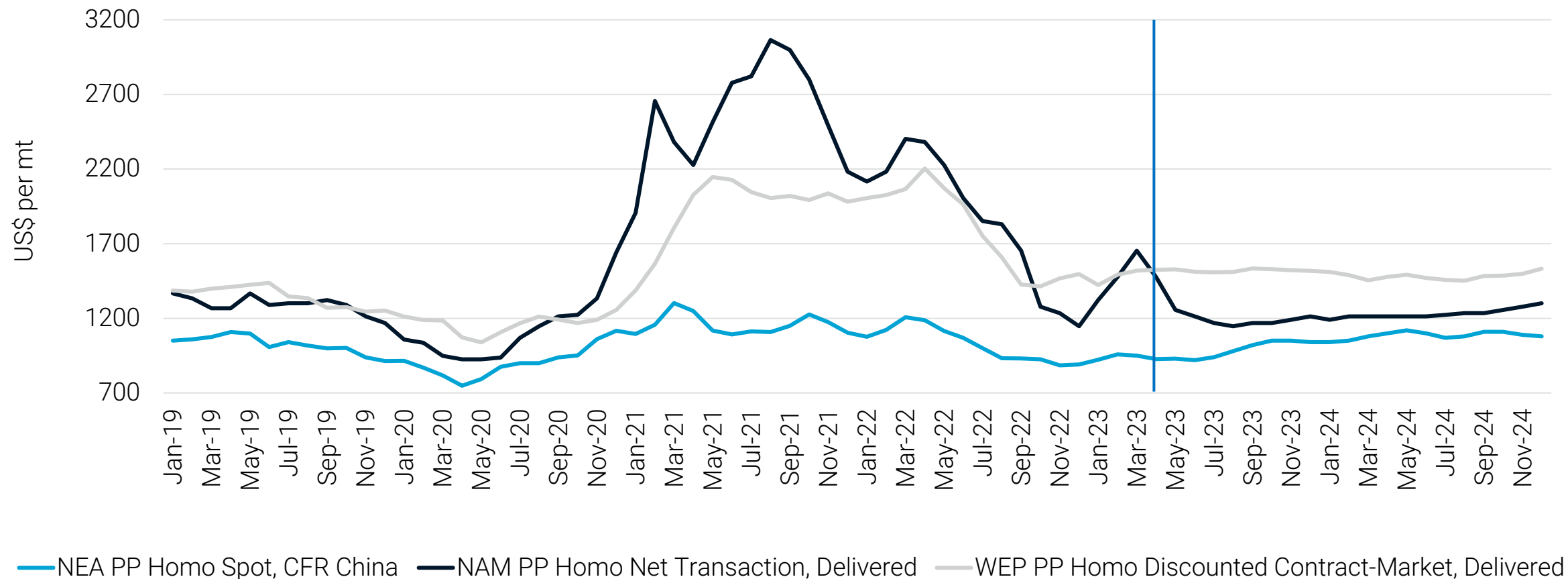


Source: Chemical Market Analytics by OPIS

© 2023 Oil Price Information Service, LLC.

# PP Demand Deceleration Forced Lower Global Prices

## World PP Homo Prices

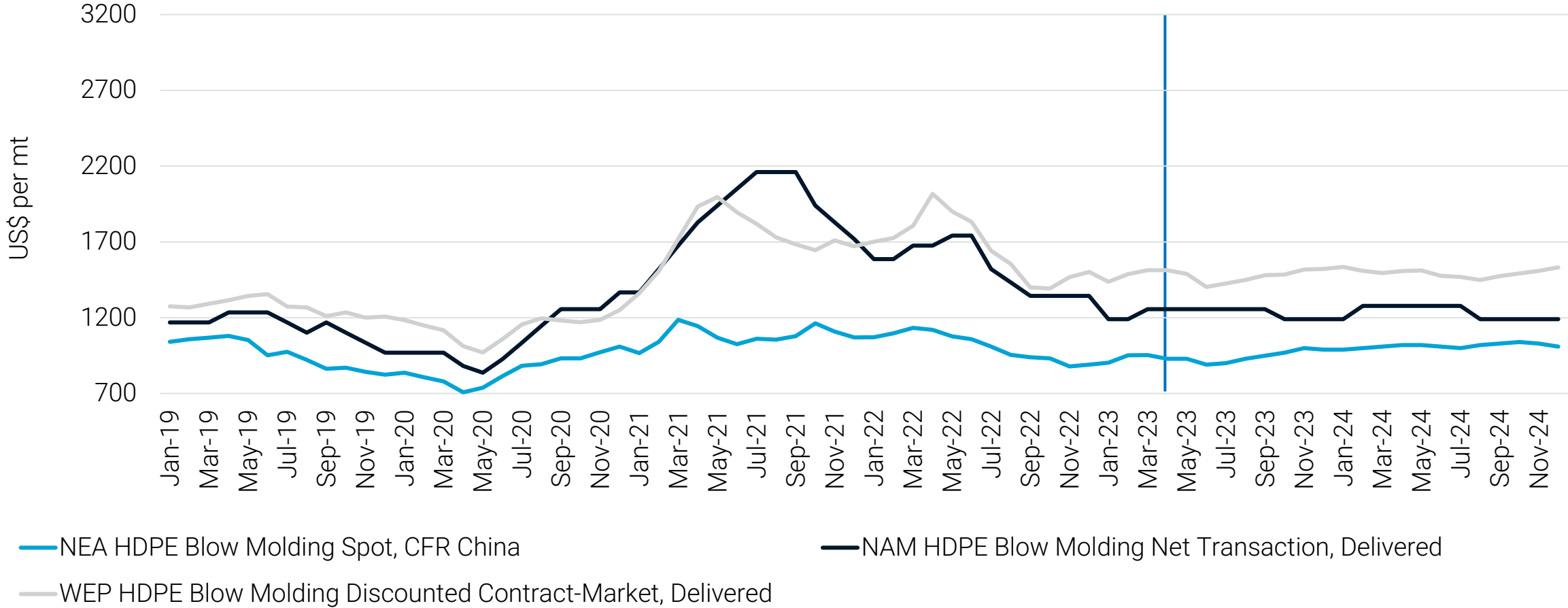


Source: Chemical Market Analytics by OPIS

© 2023 Chemical Market Analytics by OPIS

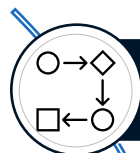
# PE Prices Stays Rangebound Thereafter In The Short Term

## World HDPE Prices



Source: Chemical Market Analytics by OPIS

© 2023 Chemical Market Analytics by OPIS



Emerging regions' per-capita consumption may not mirror that of advanced regions due to efficiency gains



Shift In China from infrastructure, real estate, manufacturing investments now focus will be services



China's manufacturing outsourcing based on labor cost & S-C innovation will be displaced by growing insourcing



Companies will continue to innovate in technology and material science while meeting ESG goals



Efficiency in resource management, machinery, smart design, leads to optimum usage of PE-PP resins



Increasing displacement of virgin resin by PCR and non-plastics. Europe to lead

# Summary and Conclusions



Demand outlook decelerated under weak economic fundamentals, combined with excess capacity additions (buyers' market)



Supply chain eased, reintegrating markets, favoring regional price realignment and pressure on margins



ESG goals will promote efficient use of materials and resources, more displacement by recycling



Focus on operational efficiency and cost optimization, rationalization possible

# Thank you.

**Customer Service**

[support@chemicalmarketanalytics.com](mailto:support@chemicalmarketanalytics.com)

North America: +1 888.301.2645 (toll-free within the U.S.)

<https://www.opisnet.com/contact/contact-us/>

---

The information contained in this presentation is confidential and proprietary. Any unauthorized use, disclosure, reproduction, or dissemination, in full or in part, in any media or by any means, without the prior written permission of OPIS or any of its affiliates ("OPIS") is strictly prohibited. OPIS or its affiliates own all logos and trade names contained in this presentation and any use of such logos or trademarks by any third party without permission is strictly prohibited. Any opinions, statements, estimates, and projections in this presentation are solely those of the individual author(s) at the time of writing. Neither OPIS nor the author(s) has any obligation to update this presentation in the event that any content, opinion, statement, estimate, or projection (collectively, "information") changes or subsequently becomes inaccurate. OPIS makes no warranty, expressed or implied, as to the accuracy, completeness, or timeliness of any information in this presentation, and shall not in any way be liable to any recipient for any inaccuracies or omissions. Without limiting the foregoing, OPIS shall have no liability whatsoever to any recipient, whether in contract, in tort (including negligence), under warranty, under statute or otherwise, in respect of any loss or damage suffered by any recipient as a result of or in connection with any information provided, or any course of action determined, by it or any third party, whether or not based on any information provided. The inclusion of a link to an external website by OPIS should not be understood to be an endorsement of that website or the site's owners (or their products/services). OPIS is not responsible for either the content or output of external websites. © 2023 Oil Price Information Service, LLC. All rights reserved. All rights reserved and all intellectual property rights are retained by OPIS and its affiliates.