



## Market Analytics: Propylene Oxide - 2018

**Market Analytics: Propylene Oxide - 2018** is one in a series of reports published as part of Nexant's Markets & Profitability program.

This report provides an in-depth analysis of the global propylene oxide market.

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Along with the written report, Nexant's Online Database includes supply, demand and trade analysis for 40 countries and global capacity listings updated on a monthly basis.

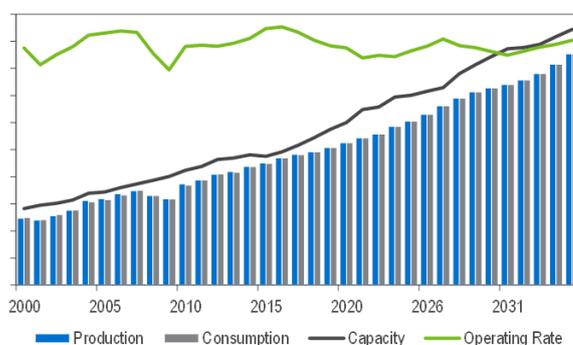
### Report Abstract:

Propylene oxide (PO) is a chemical intermediate predominantly used in the production of polyether polyols and propylene glycol. Global propylene oxide demand reached nearly 10 million tons in 2017. Demand growth was lower in 2017 than 2016 largely due to limited propylene oxide availability due to disruptions in operation.

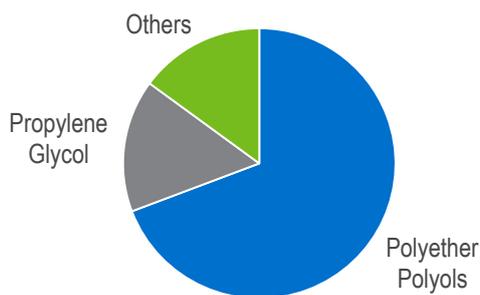
Between 2012 and 2016, all global capacity addition was attributable to developments in Asia Pacific as new capacity has been focused in countries with growing downstream demand such as China. In 2017, capacity development outside China was the Sadara Chemical complex in Saudi Arabia. Capacity investment is expected to continue in Asia Pacific with low utility/raw material cost or to supply non-integrated downstream producers. In the near term, firm capacity will be added in China, South Korea, Thailand and the United States.

Major developments in Western Europe are highly unlikely due to weak demand growth as well as the lack of competitive advantage.

**Global PO Supply, Demand and Trade**  
million tons



### Global Propylene Oxide Demand, 2017



Growth in propylene oxide consumption is mainly driven by the polyether polyols market. Globally flexible foam is the largest end-use of polyether polyols. It is used for furniture, mattresses and automobile seating. The second largest end-use of polyether polyols is rigid foam, primarily used in appliances, mainly home and industrial refrigerators, and insulation in the construction industry. Other end-uses include coatings, adhesives and sealants. Polyether polyols capacity developments are planned in China and Saudi Arabia, while speculative capacity additions are forecast in North America, Europe, South Korea, Thailand and India. Growth of polyether polyols is typically more volatile than GDP growth since demand depends heavily on durable consumer goods, which are more elastic than GDP. Therefore, around peak and trough periods in the GDP cycle, demand for propylene oxide tends to fluctuate by a

greater degree than the underlying economic activity. Production of propylene glycol, the second largest derivative of propylene oxide, is driven by the construction and consumer goods.

Global propylene oxide demand growth is expected to improve slightly in the next five years supported by a stronger global economy and larger availability of propylene oxide. Regions with strong propylene oxide demand growth are Asia Pacific and the Middle East, while demand in North America and Western Europe is expected to be stable or contract in the next few years due to lower export opportunities to Asia and the Middle East. Demand is also expected to increase significantly in Central Europe following the start-up of a new complex around 2021.



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## Table of Contents

1. Executive Summary
  2. The Propylene and Derivatives Industry
    - 2.1. Global Overview
    - 2.2. Current Industry Performance
    - 2.3. Propylene Oxide End-Use Overview
  3. Propylene Oxide
    - 3.1. North America
    - 3.2. South America
    - 3.3. Western Europe
    - 3.4. Central Europe
    - 3.5. Eastern Europe
    - 3.6. Middle East
    - 3.7. Africa
    - 3.8. Asia Pacific
- Appendix
- A. Methodology
  - B. Propylene – Technology

Each region/country is further segmented by:

- Consumption: Assesses historic and forecast consumption; forecasts are based on projections of end use and economic activity.  
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 2035 of consumption, production, imports/exports, inventory build-up/decline, capacity and capacity utilization.

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

## Subscription Details:

Subscription to **Market Analytics: Propylene Oxide - 2018** includes:

- 12 month access via the Nexant website, to:
    - Unlimited downloads of PDF reports
    - Downloadable data in Excel from the Online Database
  - Webinar
  - Consultation time with the project team
- Customized subscriptions are available

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Markets and Profitability tracks over 60 feedstocks, petrochemicals, polymers, chemical intermediates and fertilizers on an ongoing basis and provides regularly updated reports covering all commercial aspects of these global industries. The accompanying database, provides global analysis and forecasts in two major inter-related areas: **Markets and Profitability**.

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