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Natural Gas as a C1 Chemicals Feedstock - 2016 Update

Report Overview

Subjects Addressed:

In 2015, Nexant published a detailed report on Natural Gas as a C1 Chemicals Feedstock – Supply and Pricing. The report considered the current and future availability of natural gas as a C1 chemicals feedstock for both the key existing markets and potential future markets, and provided a detailed look at the pricing of gas in each of these markets. The current and prospective gas prices were then used to assess the comparative economics for methanol and ammonia/urea delivered to five key markets – USGC (Houston), Europe (Rotterdam), India (Cochin), China (Shanghai), and Japan (Yokohama).

The findings and conclusions of the report provided guidance to clients on the future supply and pricing of natural gas as a feedstock on a country by country basis, and the comparative economics of delivering gas from each country to the five key markets. This report enabled companies to undertake initial screening of countries for investment opportunities on a cost effective basis. Countries covered include existing feedstock markets as of 2016 and potential future feedstock markets.

The 2016 update of this report is now available, focusing on gas pricing in each producing country and the comparative economics for methanol and ammonia/urea into the five key markets.

The 2016 update report includes:

- **Section 1:** Includes the Report Highlights, the Introduction, and Background, as well as the Table of Contents
- **Section 2:** Focuses on the Reference Case Global Gas Outlook, including details on gas pricing in each producing country.
- **Section 3:** Provides comparative economics including the cost of production for methanol, ammonia and urea for each country for the spot years 2016, 2025 and 2035 and then the delivered cost from each country to each of the 5 key markets for each of the spot years.

By region, the existing feedstock markets include:

- **Americas**
 - the United States, Canada, Mexico, Trinidad & Tobago, Venezuela and Argentina
- **Former Soviet Union**
 - Russia, Ukraine, Uzbekistan and Belarus
- **Europe**
 - Netherlands, Germany, Poland and France
- **Asia**
 - China, India, Indonesia, Malaysia, Pakistan, Bangladesh, and Thailand
- **Middle East and Africa**
 - Saudi Arabia, Iran, Qatar, Oman, Bahrain, Egypt and Algeria

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The potential feedstock markets include: Iraq, Turkmenistan, Myanmar, Tanzania, Mozambique, Brazil, and South Africa.

Section 4: Summarizes the conclusions of the study.

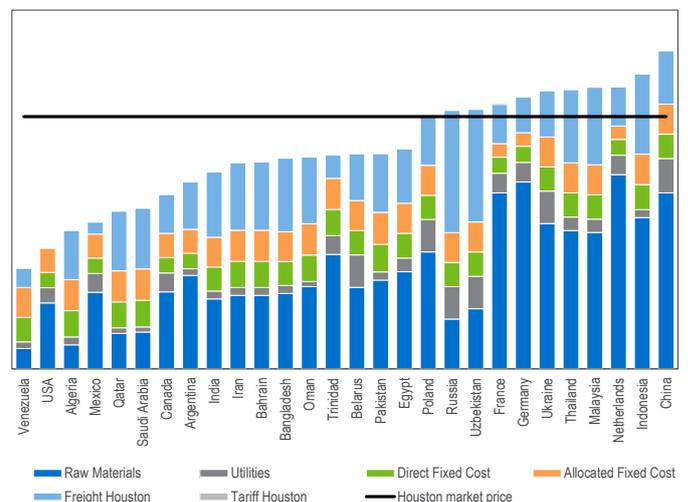
Report Highlights

The analysis in this report confirms that the key driver of plant competitiveness in producing methanol, ammonia and urea is the natural gas feedstock cost.

In terms of considering investment in new plants, however, it is not just the low gas price which is key, but also the availability of a reliable gas supply on a long term basis. As a consequence, countries such as Venezuela, Algeria and Egypt which have the advantage of low gas prices, have issues with long term gas supply availability which makes them less attractive.

Taking into account both price and availability of supply, the consistently competitive countries of all 5 key markets in North America, Europe and Asia are the existing feedstock markets of the Middle East – Qatar, Saudi Arabia, Iran and Oman – plus Russia.

Example of Comparative Economics



Subscription Options

Clients who subscribed to the initial 2015 report can get the 2016 update at a big discount.

New subscribers will get the 2015 report, with detailed country by country information, and the 2016 update with the new gas pricing and comparative economics.

For information regarding the upcoming **Natural Gas as a C1 Chemicals Feedstock – Supply and Pricing** report, please contact STMC@nexant.com.

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