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# Argus Global Methanol Annual 2017

(Insights from Argus Methanol Analytics Service)

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## Summary

Only a handful of new methanol projects have been announced outside North America in the upcoming five-year window. Existing methanol trade flows will clearly change. As the US reaches self-dependency (and excess), South America is and further expected to divert methanol exports from North America to Europe and Asia-Pacific. The US will be required to export to other regions as well, first targeting Europe and small South American destinations.

The Middle East is expected to redirect some volumes from Europe to Asia-Pacific as well. Argus also believes methanol into other fuel uses such as gasoline blending, marine bunker substitution and possibly olefins or dimethyl ether (DME) demand in the western hemisphere will begin to consume increasing volumes of methanol late in the forecast.

This study addresses the dominance of China as the industry-leading consumer and producer of methanol and how the recent renaissance of the US methanol industry is and will impact overall global supply and demand dynamics.

## Major findings

- With slowed GDP forecasts and lower crude oil price expectations, the methanol industry forecast demand is much lower than envisioned in 2016. The slowed outlook also impacts China's growing MTO sector—considered the large incremental appetite for methanol through the forecast period and directly influencing market pricing.
- For North America, current methanol demand of ~7mn t/yr is satisfied primarily by increasing domestic production and decreasing imports from the South America, Middle East and Africa regions. Additional demand, as noted, has potential and is expected, but not until early next decade.
- The capacity of existing methanol units, restarts, relocations and new units underway in North America totaled almost 6mn t in 2016. Announced future capacities could be in excess of another 6mn t, but have slowed as compared to last year's views. Current analysis shows the key US projects underway, plus those announced will surpass domestic US demand by the 2020 timeframe.
- The overage of methanol in North America will be exported, as well as greatly reducing current and future imports. Past imports into North America are and will likewise pursue other export destinations, or strongly defend existing market share.
- China (and to a lesser extent India) will continue to be the global methanol demand movers. Methanol exports from North America and the Caribbean basin will preferentially target European markets, but ultimately find final destination to Asia-Pacific. With a handful of new global methanol facilities announced outside of North America through the forecast period, the methanol bubble in North America should dissipate in the early years of the new decade.
- To the degree (and timing) excess methanol supplies in the Atlantic basin emerge, historic "China plus" methanol price relationships are poised to transition to "China minus," but most probably settle somewhere in between. Longer term, expected fuel use applications have the potential to drive global methanol prices toward energy parity with regional energy values, but are probably years away.

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**Dave McCaskill, Vice President, Global Methanol and Derivatives**

Dave McCaskill is responsible for managing Argus' Global Methanol Services with individual emphasis on methanol and downstream derivative activities in the Americas. Dave offers support to Argus MTBE & Fuel Service, as well as coordinates the annual Methanol/Fuel Conferences offered around the world each year. Dave has nearly 35 years of experience in the petrochemical industry, beginning his long career with Celanese Chemical Company as a chemical engineer. He steadily progressed through a series of roles including engineering, capital planning, hydrocarbon purchasing and operations planning/support. Dave served in field sales before assuming business management of the Celanese ethylene oxide/ethylene glycol product area and then Business Manager for their methanol and formaldehyde product line. Dave served as Global Business Director of Methanol & Derivatives for another well-established private petrochemical consulting firm for almost 10 years before joining DeWitt and Company as Vice President Methanol and Derivatives. The company was subsequently acquired by Argus Media, Dave has extensive knowledge of the methanol industry, including global supply and demand, trade flows and has authored numerous World Analyses. Dave is also well grounded in the manufacturing cost structure of methanol plants across the globe, as well as participating in many methanol industry conferences sharing his views of the methanol industry. Dave holds an undergraduate degree in Chemical Engineering from the University of Kansas.

**Tony Devlin, Vice President, Methanol Europe**

Tony Devlin has more than 30 years of commercial experience in the chemicals industry within Europe. He worked at Imperial Chemical Industries (ICI) UK for 20 years in roles covering logistics/purchasing and sales management in the fertilizer and petrochemicals (methanol) business. He spent ten years with Methanex Corporation as a Sales Manager and then as the Procurement Manager for Europe, responsible for purchasing methanol to supplement production and meet sales commitments. Tony joined Dewitt & Company in 2011 as a consultant covering methanol and MTBE in Europe. The company was subsequently acquired by Argus Media.

**Becky Zhang, Asia Petrochemical Analyst**

Becky Zhang joined Argus in April 2014 and covers Asia-Pacific methanol, ethylene and propylene markets. Becky has eight years of price reporting and market research experience, specializing in petrochemical industry with an in-depth focus on market fundamentals and time market intelligence. Becky maintains a vast contact base in Asia-Pacific and is a regular presenter at methanol and olefins conferences. Prior to joining Argus, Becky worked for ICIS, covering Asia-Pacific MEG/PTA/polyester markets. Becky graduated from East China University of Science and Technology with a degree in chemical engineering and holds master's degrees in environmental and energy engineering from the University of Sheffield and entrepreneurship from the University of Nottingham.

## Appendix C: Argus Methanol Experts

### Roel Salazar, Senior Fuels and Octane Consultant, Americas

Roel Salazar is the Senior Fuels and Octane Consultant for Argus. Roel is responsible for covering the US and Latin American MTBE markets and the weekly Fuels & Octane Report. Roel also is instrumental in preparing the global Fuels and Oxygenates Annual. Roel joined Argus in 2005 as an Olefins Analyst supporting the ethylene, propylene, and butadiene services. He joined the Fuels and Octane team in 2011 and has steadily built key client relationships with US MTBE consumers, producers and traders, while helping them analyze the global MTBE and octane markets. Roel's previous experience includes managing system development projects in several industries. His petrochemical experience includes working at one of Mobil's ethylene crackers in Houston. Roel holds an undergraduate degree in Information Systems from the University of Houston.

## About Argus

Argus Consulting Services offers you tailored research, independent data, benchmarking, modelling, strategic analysis and decision-making support. The focus is firmly on markets – their structure, outlook, logistics and economics – where Argus' experience and understanding of the global petrochemical and energy sectors provides you with a clear competitive advantage.

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