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# Argus Global Methanol Annual 2018

*Part of the Argus Analytics - Methanol Service*



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# Argus Global Methanol Annual 2018

## Summary

Argus takes great pleasure in presenting the Global Methanol Annual 2018. This study is an in-depth global analysis of methanol and its derivatives' supply and demand, and represents the efforts of Argus' consultants from around the world. Our goal is to exceed our clients' expectations.

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

There are summary supply and demand analyses of all major regions, with emphasis given to those regions Argus feels will determine the future course of global methanol. This analysis presents supply and demand data beginning in 2013 and forecasts through 2022.

As referenced often in this study and again bears repeating in the Executive Summary, major new US methanol capacity – restarted, relocated and new in recent years – plus plans for further greenfield capacity is and will further change global methanol dynamics through the study period.

## Major findings

- With this year's improved GDP forecasts and more moderate crude oil price expectations, methanol industry forecast demand is slightly improved versus that envisioned in 2017. The improved outlook still sees adjustments to China's growing MTO sector – seen as the large incremental appetite for methanol through the forecast period and directly influencing market pricing.
- For North America, current methanol demand of 6.5mn-7mn t/yr is being satisfied primarily by increasing domestic production and decreasing imports from the South America, Middle East and Africa regions. Additional demand (above GDP-driven improvements) has potential and is expected, but not until early next decade.
- The capacity of existing methanol units, restarts, relocations and new units in place in North America totaled almost 7mn t in 2017. Announced future capacities could be in excess of another 4mn t, but have slowed as compared to last year's views. The current view shows the key US projects on the ground and 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 to a lesser degree 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 a 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 moderate in the early years of the new decade.
- To the degree (and timing) excess methanol supplies in the Atlantic basin emerge, historical "China plus" methanol price relationships are poised to transition to "China minus," but most probably settle somewhere in between. In the longer term, expected fuel use applications have the potential to drive global methanol prices toward energy parity with regional energy values, but are likely years away.
- The methanol industry may be facing another massive step change in demand, now just two years away. The International Maritime Organization's (IMO) ruling, calling for new bunker fuel sulphur emission guidelines (sulfur emissions to be reduced to 0.5pc mass/mass (m/m) from 3.5pc m/m) effective 1 January 2020, may propel methanol as an alternate vessel fuel. Methanol could become a logical substitute for what will be well higher bunker costs. The ocean-vessel shipping industry capacity to consume bunker fuel is ~370mn t/yr, equivalent to 800mn t/yr of methanol. Just a 5pc penetration of this market equates to 40mn t/yr of methanol, over 40pc of today's total market. The shipping industry looks more committed to low sulfur bunkers, installing scrubbers or even LPG as more probable alternatives, and as such methanol demand into this potential end-use is limited in the Global Methanol Annual 2018.

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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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