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For Immediate release:

CMAI completes 2010 World Light Olefins Analysis – Demand will recover

Houston, TX – [Chemical Market Associates, Inc. \(CMAI\)](#) announces the completion of the [2010 World Light Olefins Analysis](#), an annual global study that covers past and future developments in supply, demand, production, capacity, trade, pricing and profitability of the global [Ethylene](#) and [Propylene](#) industry for the period 2004 to 2014. Included with each analysis is 12 months access to CMAI's online capacity and supply/demand databases with a mid-term supply/demand update incorporating the latest economic and market outlook. The analysis is a necessary resource for business managers and planning professionals who need to make strategic business decisions in a rapidly changing global economic and market environment.

Current Market Situation

CMAI's latest [Light Olefins Analysis](#) reveals that the global economic recession severely impacted olefin demand growth in conjunction with the start-up of significant quantities of new capacity that would have caused a "trough" in the petrochemical margin cycle even in the absence of the global economic recession. After a severe contraction in [light olefins demand](#) growth in 2008, global demand growth for 2009 will remain significantly below trend-line growth, adding pressure to a severely over-supplied market.

The margin forecast suggests that 2009 will mark the beginning of a sustained period of poor earnings for [light olefins](#) and petrochemical producers in general; even though the first-half of 2009 showed positive earnings for a number of petrochemical producers in Asia and light-feedstock based producers in the United States. However, this was not the case for heavy-feedstock based producers in the U.S. and Europe.

Market Outlook

[Ethylene demand](#) growth is forecast to respond with a modest recovery in 2009 followed by muted growth in 2010. Strong and steady ethylene demand growth averaging between four and five percent per year is not forecast to resume until the 2011 – 2014 period. As a result, the total ethylene consumption volume will remain below historical trend-line growth over the next five years.

Capital investments will continue to shift toward areas that offer either advantaged feedstock costs, such as many Middle Eastern countries, or rapid demand growth as exemplified by China. In the more mature regions, such as Europe, Japan and North America, slow [ethylene demand](#) growth and a more competitive international marketplace are expected to limit investments in new capacity. Instead a greater focus on cost efficiencies should result in improvements of energy usage, greater feedstock flexibility and plant modernizations.

[Propylene production](#) from traditional sources, such as steam crackers and FCC units associated with refineries, is forecast to decrease, encouraging investment in "other" propylene sources. Output from steam crackers will be limited by (1) mainly ethane-based capacity additions in the Middle East that yield less

propylene, and (2) the persistence of cost advantages for NGLs that will encourage flexible units to preferentially crack lighter feedstocks. In addition, future [FCC production of propylene](#) is expected to slow significantly mainly in response to changing motor gasoline regulations/specifications in the U.S., which accounts for approximately one-third of global FCC propylene production.

Investments in “other” [propylene](#) sources will be based predominantly on the established technologies of metathesis and propane dehydrogenation. However, significant investments in newer on-purpose [propylene technologies](#), such as olefin and deep catalytic cracking, are taking place. In addition, the first commercialization of methanol-to-olefins technology is imminent, with three plants scheduled to come on stream in China in 2010, all based on coal. Further details on the Coal to Olefins projects are available in [CMAI’s China Coal Chemical Industry Analysis study](#).

To find out more about the current market issues and CMAI’s outlook for this industry, order this analysis now at [www.cmaiglobal.com](#). The analysis is available in book and CD-ROM format, with access to CMAI’s Online Capacity and Supply/Demand databases. With updates to the Capacity database as changes in the marketplace occur, and an annual mid-year update to the Supply/Demand database, clients find this database access to be a necessary tool for their strategic business decisions.

[CMAI](#) is the premier provider of Market, Planning and Business Advisory services offering a unique combination of consulting analytics and expertise for the global chemical, plastics, fibers and chlor-alkali industries. With offices in Houston, New York, London, Dubai, Düsseldorf, Singapore and Shanghai, CMAI has provided expert business advisory services to a broad base of companies across multiple value chains and geographies since 1979. Clients to CMAI services include chemical and oil companies, technology & EPC companies, banking and financial institutions, plastic converters, textile & apparel manufacturers, brand-owners, grocers/retailers, government agencies and trading companies.

For more information on the [2010 World Light Olefins Analysis](#), visit CMAI’s website at [www.cmaiglobal.com](#) or contact:

Susan Beury
CMAI
11757 Katy Freeway, Suite 700
Houston, TX 77079 U.S.A.
Tel: 1-281-531-4660 Fax: 1-281-531-9966
Email: sbeury@cmaiglobal.com

HEADQUARTERS
Houston, Texas
Tel: 1-281-531-4660
Cmai@cmaiglobal.com

EUROPE Ltd
London, England
Tel: 44 (0)20-7930-9818
London@cmaiglobal.com

ASIA
Singapore
Tel: 65-6-226-5363
Asia@cmaiglobal.com

USA
Valhalla, New York
Tel: 1-914-579-0010
NewYork@cmaiglobal.com

EUROPE GmbH
Düsseldorf, Germany
Tel: 49-211-710081-10
Dusseldorf@cmaiglobal.com

MIDDLE EAST
Dubai, U.A.E.
Tel: 971-4-391-2931
Dubai@cmaiglobal.com

CHINA
Shanghai, PRC
Tel: 86-21-6163-5470
Shanghai@cmaiglobal.com