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For Immediate release:

CMAI completes 2010 World Methanol Analysis - More capacity rationalization expected.

Houston, TX – [Chemical Market Associates, Inc. \(CMAI\)](#) announces the completion of the [2010 World Methanol Analysis](#), an annual global study that covers past and future developments in supply, demand, production, capacity, trade, pricing and profitability of the global [Methanol](#) 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

Global demand for methanol slowed as 2008 ended, and likely reached bottom in the spring of 2009. At its early-year low, methanol demand in 2009 is estimated to have decreased to an annualized rate of about 37-38 million metric tons. At this dramatically low level, it did not take very long for methanol supply/inventory to recover. With the re-establishment of supply and inventories, still facing very poor demand, industry prices quickly fell. Methanol prices in the U.S. alone fell to levels not seen since the early 2002 period. The European posted contract methanol price similarly started 2009 at a level not seen since the spring of 2002. Chinese production (the incremental supplier to the industry) quickly retreated, as did production/exports from other higher cost suppliers, such as Russia and Central Europe. It was not until a few months later when cumulative methanol production had declined to levels at or below demand.

In the last quarter of 2009, methanol supply is again lagging behind demand growth. Several outages and start-up difficulties of new mega-capacity plants have limited anticipated supply increases. Industry pricing is finding firm footing towards the \$300 per metric ton level and is expected to remain near this level for several months. The reductions in year-to-date methanol supplies have likely well overshoot the decline in total methanol demand. At the current level of methanol industry pricing, supply will return. CMAI predicts the return in supply will overshoot the slowly improving demand prior to year-end, and the result will be seen in softer methanol prices.

Market Outlook

New derivative demand options for methanol offer a positive demand outlook. The newest direct gasoline blending and DME (dimethyl ether) end uses for methanol helped create a positive global methanol demand picture for 2009. MTBE has continued to erode slightly, although acetic acid demand, due mostly to large expansions in Asia, continues to show solid growth. China's need for methanol across much of the core derivative slate, plus methanol blending into gasoline and DME will continue to fuel methanol demand. The economic stall, however, will be short-lived, as demand in 2010 and beyond will likely exceed ten percent levels before

“slowing” to just under ten percent in the latter years of the forecast period due to increased gasoline blending consumption, DME demand and MTO/MTP feedstock requirements.

Significant levels of rationalization will have to occur beyond the already announced plans. Logical targets currently include the lone remaining unit in the U.S. Gulf, facilities in Central Europe and India, as well as export oriented production from the major Russian facilities. However, the remaining capacity in these areas is not nearly enough to offset the deluge of imminent capacity additions. Higher production cost facilities in the CIS & Baltic States and particularly Northeast Asia (China) will come under extreme pressure over the next several years.

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 Methanol Analysis](#), visit CMAI’s website at www.cmaiglobal.com or contact:

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