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Argus JJ&A Global Methanol Annual 2016



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Market Summary

The world's economies are making substantial progress following the devastating global financial crisis and subsequent recession of 2008 and 2009. The global methanol industry has performed very well since, primarily due to unprecedented demand growth in fuel substitution applications and in just the last few years, growth in methanol-to-olefins (MTO)/methanol-to-propylene (MTP) and coal-to-olefins (CTO)/coal-to-propylene (CTP).

Raw material feedstock (natural gas, coal, coking gas, fuel oil) is often the most costly component in the production of methanol, typically outweighing all other production costs combined. As such, it is understandable there is much interest in restarting idled capacity, relocating existing facilities and/or building new greenfield methanol facilities in the US with medium-to-long term projections for natural gas prices at \$3.00-4.00/mmBtu, although some projections are likewise higher.

There will be a significant oversupply of methanol in the US by the 2020 timeframe, as the expectation of new domestic capacity and the current trend of imports are considered. However, the rest of the world will be able to absorb this excess methanol due to the strong demand growth in China and India, complimented by GDP-type growth in the other developed consuming regions of the world.

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Long-term planning is a critical tool for successful businesses in the chemical and energy industries. The Argus JJ&A Global Methanol Annual has been designed to better inform our audiences about key trends and issues in the industry and to facilitate an understanding of the industry's complexity.

The Argus JJ&A Global Methanol Annual is an overview providing insight into global methanol supply and demand; historic, present and future capacities for methanol and derivatives; and a 10-year forecast of production and consumption.

Although data gathering is essential to understand the product's history and potential future trends, Argus JJ&A believes the interpretation of this data is the most valuable part of the annual.

Key Features

The Argus JJ&A Global Methanol Annual for 2016 discusses and reviews industry progress for 2011-25, including:

- A history and forecast of supply and demand balances to 2020 for each region and each methanol-producing country. A further five years of regional forecast data to 2025 is available in Argus Direct.
- An overview of regional and world methanol markets, including a demand analysis of all the major derivatives.
- A discussion of process technologies for methanol production, by country and region.
- An analysis and discussion of capacity changes by producer.
- A history and forecast of methanol imports and exports by country, and an analysis of regional net trade.

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Key Findings

- For North America, recent yearly demand of 7mn-7.5mn t/yr is being 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 late this decade.
- The capacity of existing methanol units, restarts, relocations and new units underway in North America totalled almost 6mn t/yr as 2015 ended. Announced future capacities could be in excess of 6mn t/yr. Other new capacity intentions have slowed, but could add another 5mn-10mn t/yr. Current analysis shows the key US projects underway, plus those announced, will surpass domestic US demand by the 2019 timeframe.
- The overage of methanol in North America will be exported, as well as having backed-out nearly all current imports. Supplies imported into North America 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 exported from North America and the Caribbean basin will likely find a final destination in Asia-Pacific. With little additional 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.

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Additional Services

Argus JJ&A Methanol Service provides clients with an informative and comprehensive analysis of the global markets for methanol.

- **Argus JJ&A Global Methanol Report** - global, weekly newsletter featuring current posted, benchmark, index and pricing for methanol
- **Argus JJ&A Global Methanol Outlook** - rolling 24-month price forecast for the global methanol market and related markets such as crude and natural gas, published monthly

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