

Polypropylene Market Outlook for 2012 to 2015

By: Fibre2fashion

Polypropylene Market Outlook for 2012-15

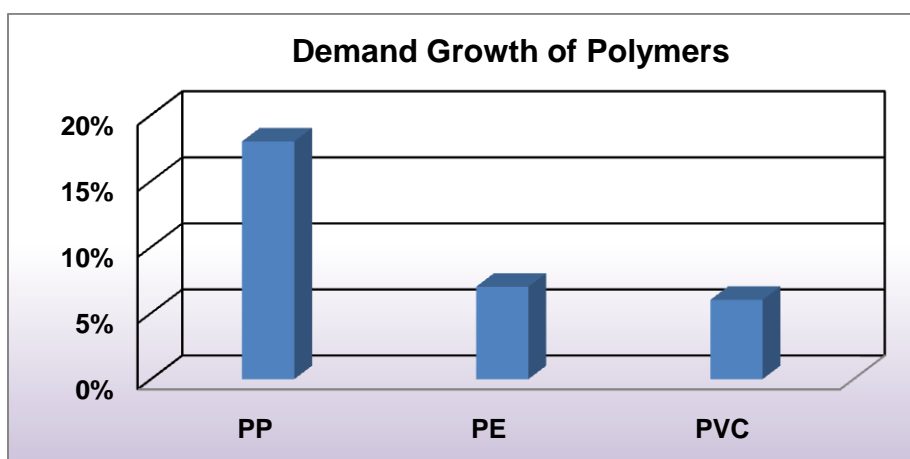
By: **Fibre2fashion.com**

Propylene is produced in three grades: Polymers, Chemical and Refinery. Polypropylene is produced from Propylene gas with the help of titanium chloride. The flexibility of this polymer is compatible for film and fibres requiring higher strength, optical qualities, lubricate resistance and moisture barrier properties. The Polypropylene is considered as the largest chemical use of Propylene product Polypropylene resins are one of the most versatile polymers, compare to the other polymers as it has the combination of good mechanical and chemical properties. Polypropylene is a thermoplastic polymer which is widely used in packaging, textile and many more.

According to market experts, outlook for polyolefin remain firm in 2012, as many Arab countries were back on road for recovery after Arab spring. In first quarter of 2011, the prices of Polypropylene went up in the global market aligned with a firm feedstock market, together with strong demand from downstream market. While in the fourth quarter of 2011, the price of PP gradually declined by US\$ 10/ton, due to lackluster downstream demand in Asian Market. But at the end of 2011, the price of Polypropylene remained firm to stable.

Global Production of Polypropylene (PP):

Polypropylene is considered to be more versatile and lower cost position compare to other polymers like Polyethylene, HDPE and LDPE etc. The global growth rate of PP product is usually above average at 7 – 8% per annum. The demand growth of Polypropylene is more comparing to Polyethylene and Polyvinyl Chloride (PVC).

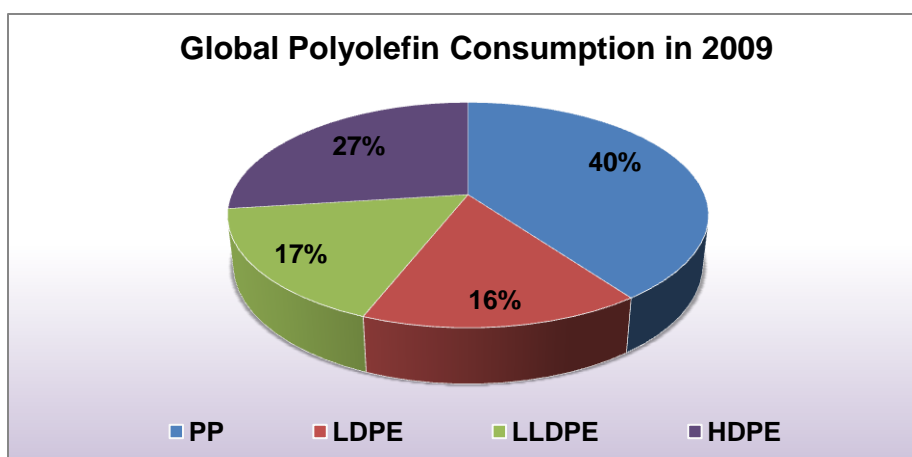
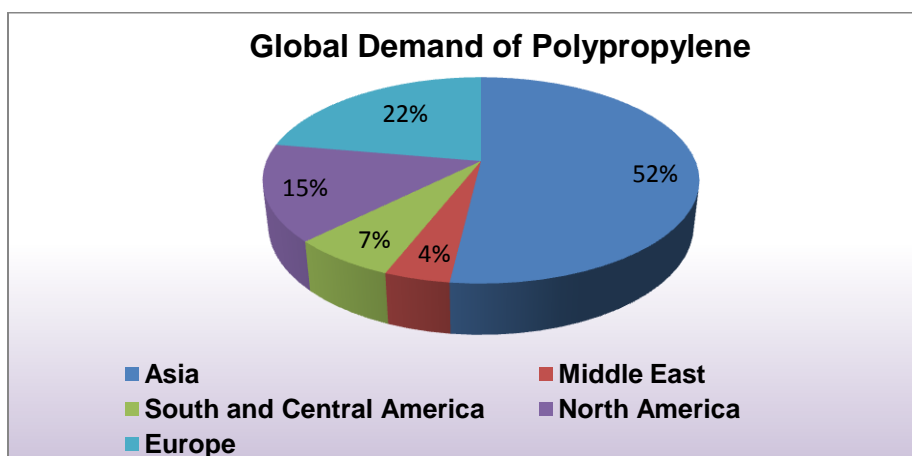


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Propylene is mostly operated by Polypropylene and the annual growth rate is expected to be 47% in 2012. In 2007 the capacity of the world Propylene capacity was 84 mt and is likely to go beyond 110 mt and 123 mt in the year 2012 and 2017. The product Polypropylene is the largest and the fastest growing of the major propylene product and by the year 2020 the total global propylene production is likely to report around 70%.

Polypropylene (PP) Production in Asia:

According to GDP, the demand in Asia for PP plant is led by China and India, which is considered as the largest populated and fastest growing economies of the world. The demand for PP plant is more around the globe and is likely to develop more in near future, according to market experts. In the year 2009, the total global demand of PP product was 36.5 mt, where Asia was considered as the largest share of PP product with 51.9 % which was followed by Europe with 22.3%.



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Asia heads the largest manufacture Reliance Industries Limited, which stands at top eight PP producers in the world, with a combined production capacity of 1 mt. The company holds a 70% share of the Indian market and caters to 3% of the world's consumption of PP. RIL operates four line of Polypropylene at Jamnagar in Gujarat, India, which has a combine production capacity of approximately 1.85mmt/ year. One of the four lines was scheduled a planned maintenance turnaround on 25th January, 2012. The shutdown of one of the line was expected to remain in force until 24th February, 2012.

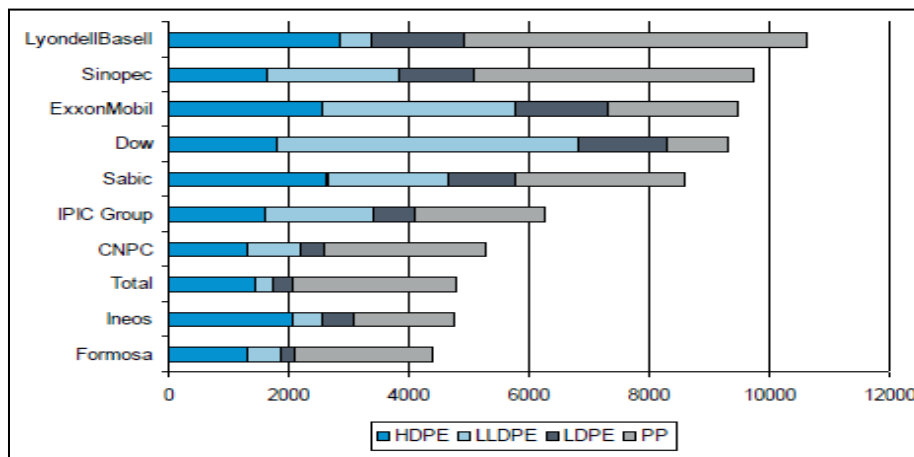
Plant Outage list of PP in Asian Countries				
Companies	Country	Plant	Production Capacity	Condition
Honam Petrochemical	South Korea	PP	900 Kton/ year	Shut down in March 2012 for 1 month
GS Caltex	South Korea	PP	180 Kton/ year	Shut down in March 2012 for 1 month
SunAllomer Ltd.	Japan	PP	Line No.1 & 2: 140 Kton/ year	Shut down in March 2012 for 1 month
Honam Petrochemical	South Korea	PP	300 Kton/ year	Expansion by April 2012
PT Chandra Asri Petrochemical Tbk	Indonesia	PP	360 Kton/ year	Expansion by 2015
Tosoh (Guangzhou) Chemical Industries	China	PP	220 Kton/ year	shut down in first quarter of 2012
Luoyang Petrochemical	China	PP	80 Kton/ year	Shut down for 3 days
Haldia Petrochemicals	India	PP	330 Kton/ year	Restart
Polymirae Co	South Korea	PP	770 Kton/ year	Shut Down
Formosa Plastics	Taiwan	PP	120 Kton/ year	Shut Down
HMC Polymers	Thailand	PP	450 Kton/ year	Shut Down for 45 days
JG Summit	Philippines	PP	180 Kton/ year	Shut Down for 2 weeks
Chandra Asri	Indonesia	PP	480 Kton/ year	Shut Down for 1 weeks
Fushun Petrochemical	China	PP	300 Kton/ year	Start Up
Sinopec Luoyang Company	China	PP	140 Kton/ year	Start Up
Brahmaputra Cracker and Polymer Ltd (BCPL)	India	PP	60 Kton/ year	Start Up
ExxonMobil	Singapore	PP	450 Kton/ year	Start Up Delay
PERTAMINA	Indonesia	PP	250 Kton/ year	Start Up Delay

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Another manufacture, Sinopec Corporation based in China is one of the largest integrated and chemical companies in China. It is noted as the largest producers and suppliers of refinery oil products and major petrochemical products. CPC Corporation a franchises under Sinopec Corporation, operates Propylene plant

Major producer of Polyolefin

The top 10 Polyolefin producers hold more than 50% of global capacity in the world. Asian players like Sinopec and CNPC are already in the top 10 list of the world.



Source: CMAI 2010, LyondellBasell

Polypropylene (PP) Production in Middle East Asia:

Supply of Polyethylene and Polypropylene from the Middle East Asia is likely to be stable for the oncoming consignment in March, 2012, as major facilities which had outages and the ones which were shut down due to maintenance, will be soon on stream.

In the first quarter of 2012, the supply of polymer went down in the month of January due to power outage at Saudi Arabia's major industrial site of Al- Jubail, which had brought an end to the production of PP at various amenities for a short period. Thus, in February, 2012, this was multiplied by technical outages and turnarounds at few units of PP plant, which was forced to cut its shares in supply.

Saudi based company, Saudi Polymers located at Jubail, manufactures Polyethylene, Polypropylene, Polystyrene and 1-Hexene products. The company plans for a commercial start up for Polypropylene plant in the first quarter of 2012 which has a production capacity of 400,000 mt/ year.

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Plant Outage List of PP in Middle East				
Companies	Country	Plant	Production Capacity	Condition
Saudi Polymers	Saudi Arabia	PP	400 Kton/ year	Start Up in Q1 2012
Saudi Polyolefin's	Saudi Arabia	PP	Line No.1: 700 Kton/year; Line No.2: 750 Kton/year	Shut Down
Saudi Polymers	Saudi Arabia	PP	445 Kton/year	Start Up in Q1 2012
Saudi Polymers	Saudi Arabia	Propylene	445 Kton/ year	Start Up in Q1 2012
Saudi Kayan Petrochemical	Saudi Arabia	PP	350 Kton/ year	Commercial runs started in early October, 2011
Saudi Kayan Petrochemical	Saudi Arabia	PP	630 Kton/ year	Commercial runs started in early October, 2012
Al-Jubail Industrial park	Saudi Arabia	PP, PE	---	Shut down for a day, due to power outage at the site
Petrochemical Industries Company (PIC)	Kuwait	PP, PE	150 Kton/ year	No plan for maintenance turnaround in this year 2012.
Al Waha Petrochemicals	Al-Jubail in Saudi Arabia	PP	450 Kton/ year	Shut down for a period of around 5-7 days

Another firm, Al Waha Petrochemicals, manufacturer of Polypropylene, had gone for a maintenance turnaround at the plant on 19th January, 2012, due to power outage. On account of this outage, all petrochemical plants which are located this site were forced to shut down for a period of 5-7 days. On the other hand, companies like Saudi Polymers and Saudi Kayan Petrochemical based in Middle East Asia are like to have a commercial start up in the year 2012.

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Polypropylene (PP) Production in Europe:

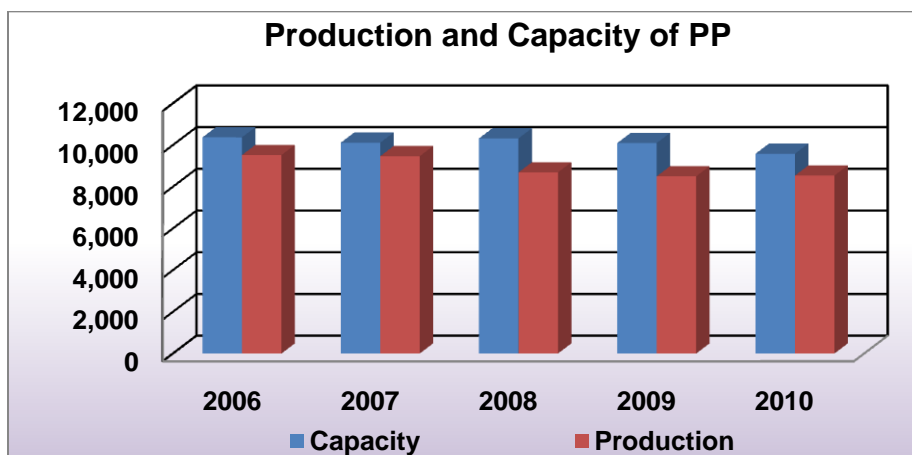
Last year, 2011, there was a great start for Polyethylene and Polypropylene in Europe, but in the month of April, 2011, the conditions changed as imports finally began to have an impact on European pricing. LUKOIL Group's Stavrolen petrochemical plant is to resume polypropylene production in the coming days

(http://www.fibre2fashion.com/news/textile-news/newsdetails.aspx?news_id=109160)

Plant Outage of PP in Europe				
Companies	Country	Plant	Production Capacity	Condition
Ducor	The Netherlands	PP	180 Kton/ year	Shut down
Lukoil	Russia	PP	120 Kton/ year	Force Majeure
Taneco OJSC	Russia	PP	200 Kton/ year	Start Up
Sibur	Russia	PP	500 Kton/year	Start Up in the end of 2012
LyondellBasell	Germany	PP	90 Kton/ year	Closure
State Oil Company of Azerbaijan Republic (SOCAR)	Russia	PP and PE	PP: 670 Kton/year; PE: 550 Kton/ year	Commercial Start up
Lukoil	Russia	PP	---	Start Up operation will be soon

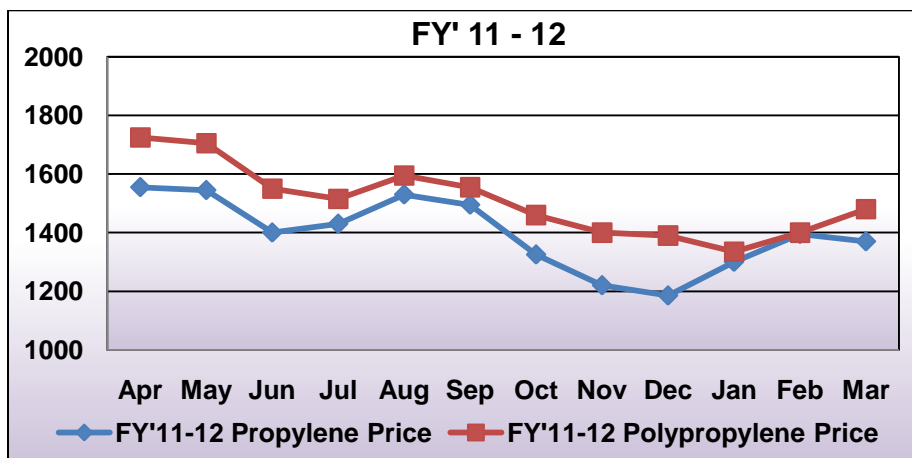
Another Russian based company State Oil Company of Azerbaijan Republic (SOCAR) is noted as one of the largest oil companies in the world. The company is preparing to built a petrochemical and oil and gas processing complex which will be close to Baku, the capital of Azerbaijan.

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Market Price Trend of Polypropylene (PP):

In the beginning of second quarter of 2011, price of PP had increased by US\$ 80/ton to US\$ 1725/ton. But in the fourth quarter of 2011, it was range bound by US\$ 1340/ton to US\$ 1440/ton. In the first quarter of 2012 the price of PP increased due expected short term supply shortage.



Source: Fibre2Fashion

North America Polypropylene market returned to the volcanic behavior after stability was seen in the beginning of 2012. The month of February, 2012 was resulted from tightness in propylene supply which was caused by number of refinery maintenance turnaround that included producers such as Exxon Mobil Chemicals unit in Baytown, Texas and Dow chemical's St. Charles unit in Hahnville, La The average price of Polypropylene had surged to 17 cents/pound in the first week of the same period.

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Month	FY'11-12		FY'10-11		FY'09- 10	
	Propylene Price	Polypropylene Price	Propylene Price	Polypropylene Price	Propylene Price	Polypropylene Price
Apr	1555	1725	1290	1320	860	1070
May	1545	1705	1215	1340	805	1095
Jun	1400	1550	1070	1245	850	1070
Jul	1430	1515	1030	1200	1000	1125
Aug	1530	1595	1160	1205	1090	1190
Sep	1495	1555	1135	1250	990	1175
Oct	1325	1460	1145	1265	950	1110
Nov	1220	1400	1195	1360	1050	1135
Dec	1185	1390	1235	1400	1110	1193
Jan	1300	1335	1290	1455	1205	1280
Feb	1395	1400	1390	1560	1205	1320
Mar	1385	1505	1530	1645	1255	1325

Overall, production of bulk polymers in Ukraine had increased in the month of January and February, 2012 by 57, 581 tons/year. But in the month of February, 2012 the production of Polypropylene declined to 6170 tons, as per market experts.

Indian Market of PP:

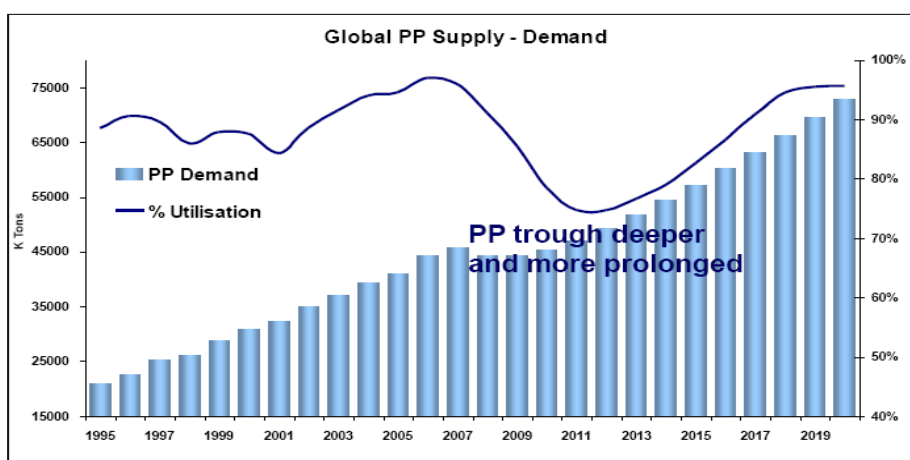
India exports as well as imports Polypropylene product, where the country remains a net exporter of PP, concerning a quarters of total production being exported. In year 2009 – 10, India also imported PP product which had a volume of about 15% of the domestic production. The year 2011 both globally and locally was considered as destocking in PP sector, according to Indian PP manufactures. Increasing replacement of metal parts of Polypropylene in automotives and appliances, provide an additional force to the products consumption mainly due to the advantages of lower weight and corrosion resistance which is offered by the product.

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Outlook:

Forecast of 2012 till 2014:

According to market experts, prices of Polypropylene in China market is likely to decline in the beginning of 2012, due to supply pressure from Middle East and Southeast Asia. In the year 2012, there are no addition capacity increased in Chinese domestic PP industry, but Saudi based firm Saudi Polymers are likely to have a start up plan on production capacity of 400,000mt/year in the early 2012. Whereas, the execution of China's free trade agreements (FTAs) with Taiwan and Association of Southeast Asian Nation (ASEAN) countries will be increasing the supply of PP in China, as per market speculators.

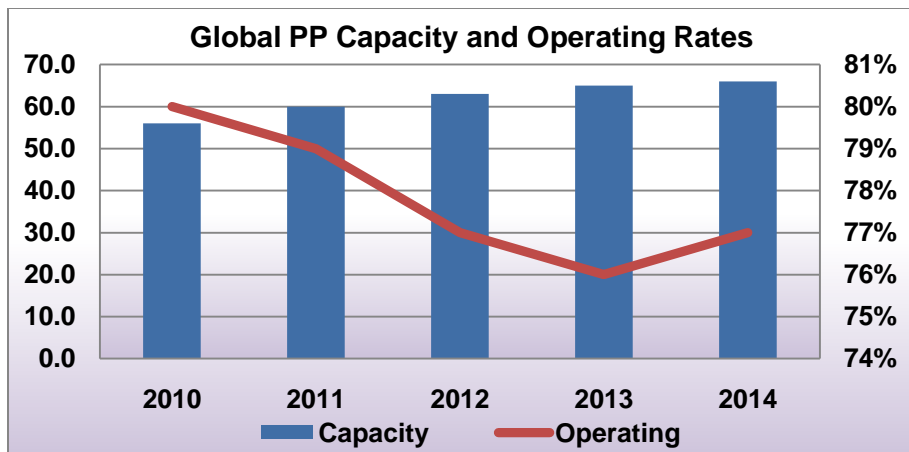


Source: Jacobs Consultancy UK Ltd

By the year 2015, more than 17 million tons of new PP capacities is planned to go on stream, mainly in Asia and Middle East. Over the year 2010 – 2015, the global PP industry is expected to face a furrow in utilization, as it has affected the economic downturn and the addition of new capacities will further depress the situation

As stated by market experts, the outlook for polyolefin remained firm in 2012, as many Arab countries were back on road for recovery after Arab spring. Short term outlook for PP remained optimistic because many producers in Taiwan and S Korea opted to reduce their plant operational rate. According to Chinese PP speculators, around 17 PP manufacturers are expected to start their production in 2013 and 2014. China has planned to add 2.546 million ton of additional PP capacity in 2013, whereas in 2012 the country has planned to expand its PP capacity by another 1.898 million tons.

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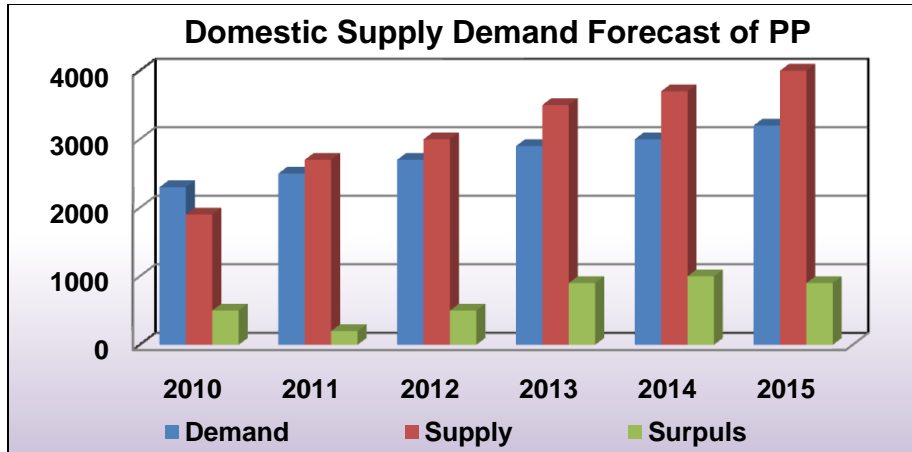


Indian Market has been witnessing addition capacity in current as well as in new entrants. In the year 2010, Indian PP manufactures, Indian Oil Corporation based in Haryana had an expansion project at their PP plant, which located at Panipat has a production capacity of 650,000 mt/ year.

Polypropylene Addition Capacity (KT/Annum)						
Companies	2010	2011	2012	2013	2014	2015
Haldia Petrochemicals	75	---	---	---	---	---
Gas Authority of India	---	---	---	---	---	---
Indian Oil Corporation	650	---	---	60		---
Brahmaputra Cracker and Polymer	---	---	350	---		---
HPCL- Mittal Energy	---	---	---	340		---
ONGC Petro Additions	---	---	---	---	460	---
Mangalore Refinery and Petrochemical	---	---	---	---	---	---
Total	675	---	350	400	460	---

In the year 2012, Brahmaputra Cracker and Polymer, will be likely to have an expansion at its PP Plant which has a production capacity of 350,000 mt/ year and in near future, many other manufacture will be going for an expansion project in the year 2013 – 14. As per market speculators, 2015 will not be seeing any expansion in production capacity.

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In the year 2010, as per market speculators, China had imported nearly 815, 400 tons of Ethylene, 1.52 MT of Propylene, 3.87 MT of Polypropylene and 7.36 MT of Polyethylene, which was reflected as a huge opening of Supply and Demand. Domestic demand of Ethylene and Propylene is expected to increase by at least 10% by 2015. It is expected that the demand and supply of Polypropylene will increase in near future. Due to limited supply of Propylene in few regions, more of Polypropylene is being traded compare to Polyethylene.

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