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Upstream Upheavals and the Impact on the Petrochemicals Business

Andy Nicholson, Argus DeWitt
IOC Petrochemical Conclave
Delhi
12th Feb 2015

What is Argus?

Argus is a leading provider of business intelligence, price assessments and market data for the global energy and commodity industries

Global Reach

Headquartered in London, it has offices in Moscow, Washington, Houston, Calgary, Singapore, Tokyo, Beijing, New York, Kiev, Sydney, Astana, Portland, Johannesburg and Dubai, as well as employees in other key locations including Germany, France, Nigeria, South Africa, Venezuela, Argentina and Chile.



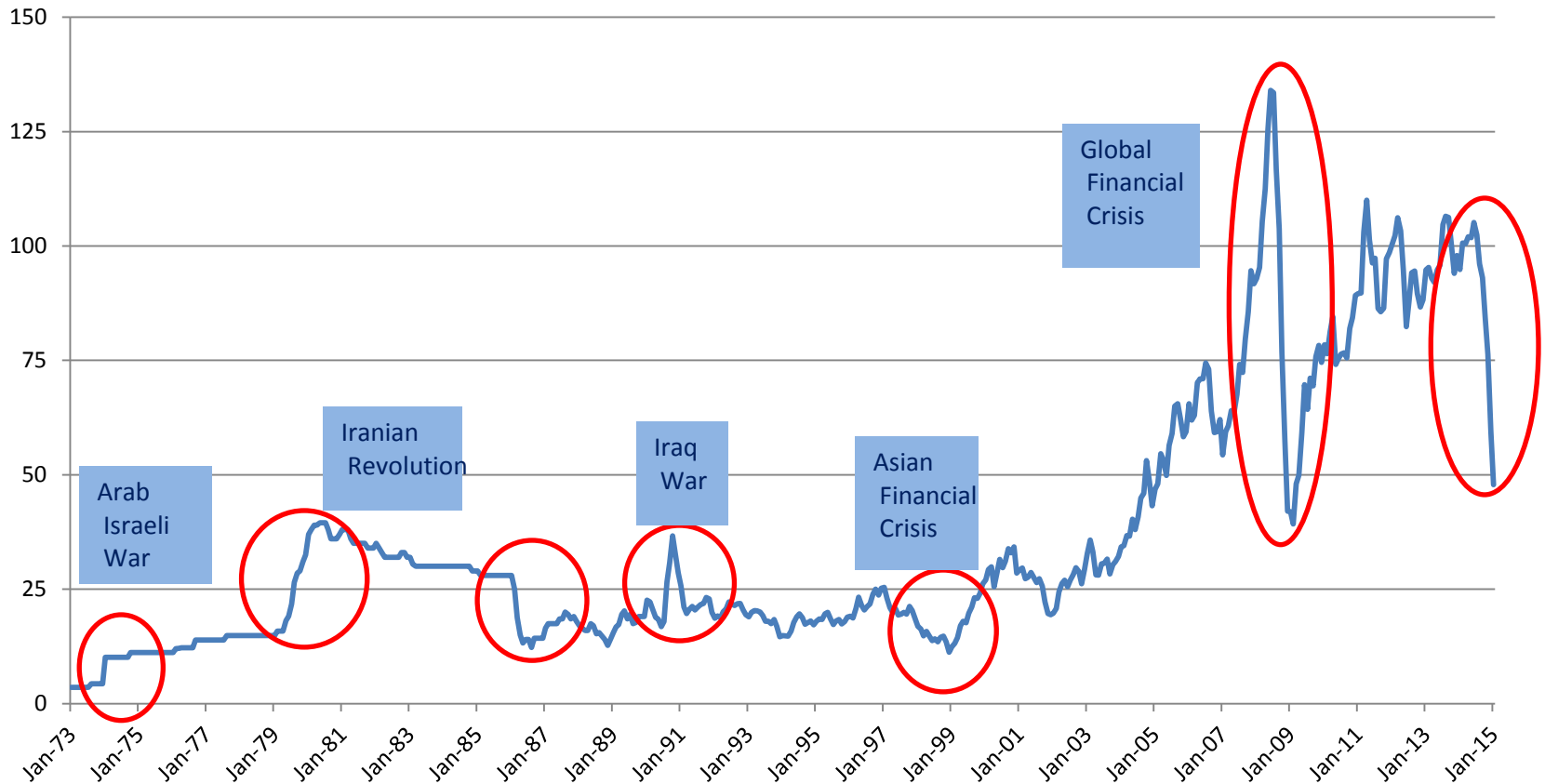
Argus provides knowledge and information on the global crude oil, petroleum products, gas, coal, electricity, biofuels, biomass, emissions, petrochemicals, fertilizer and transportation industries.

Argus DeWitt offers

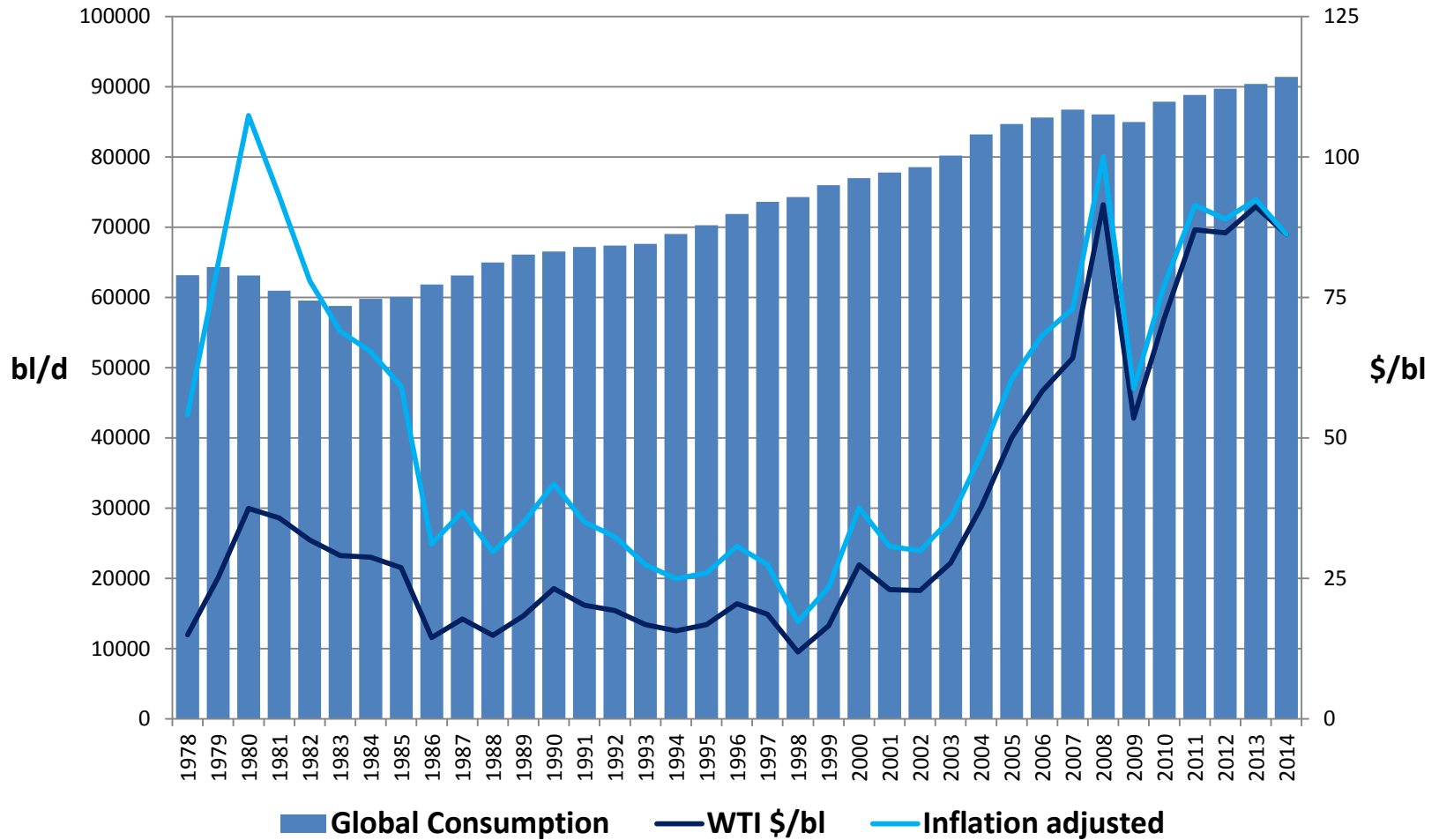
- Reports covering global petrochemical trade and pricing for:
 - Aromatics
 - Olefins
 - Butadiene
 - Methanol
 - MTBE
 - Hydrocarbon resins
 - and other petrochemicals
- Nearly 200 price references, widely used for price indexation and analysis
- Consulting services and multi-client studies

Crude Oil Pricing 1973-2015

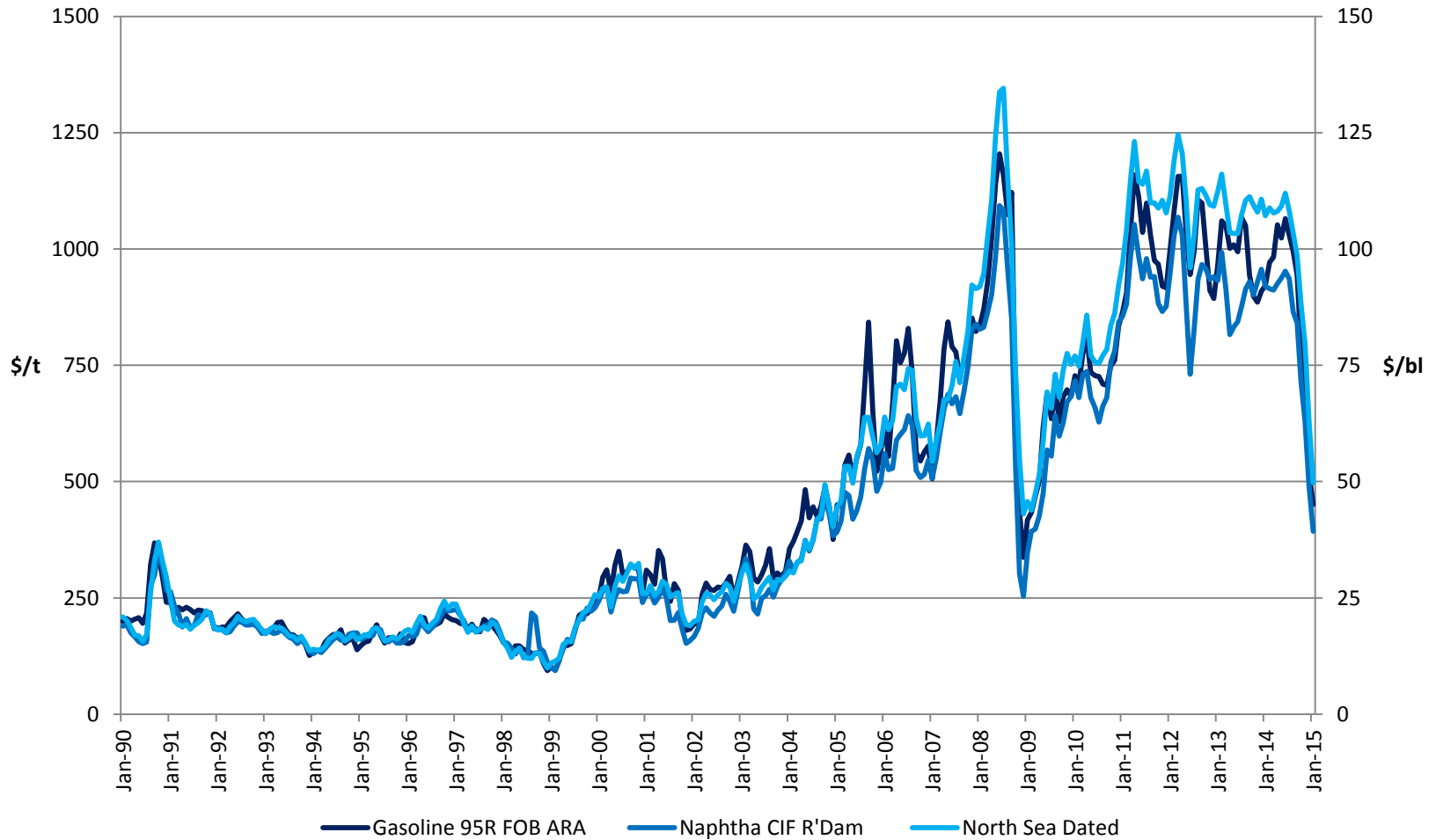
WTI Crude (US) Monthly Avg \$/Bbl



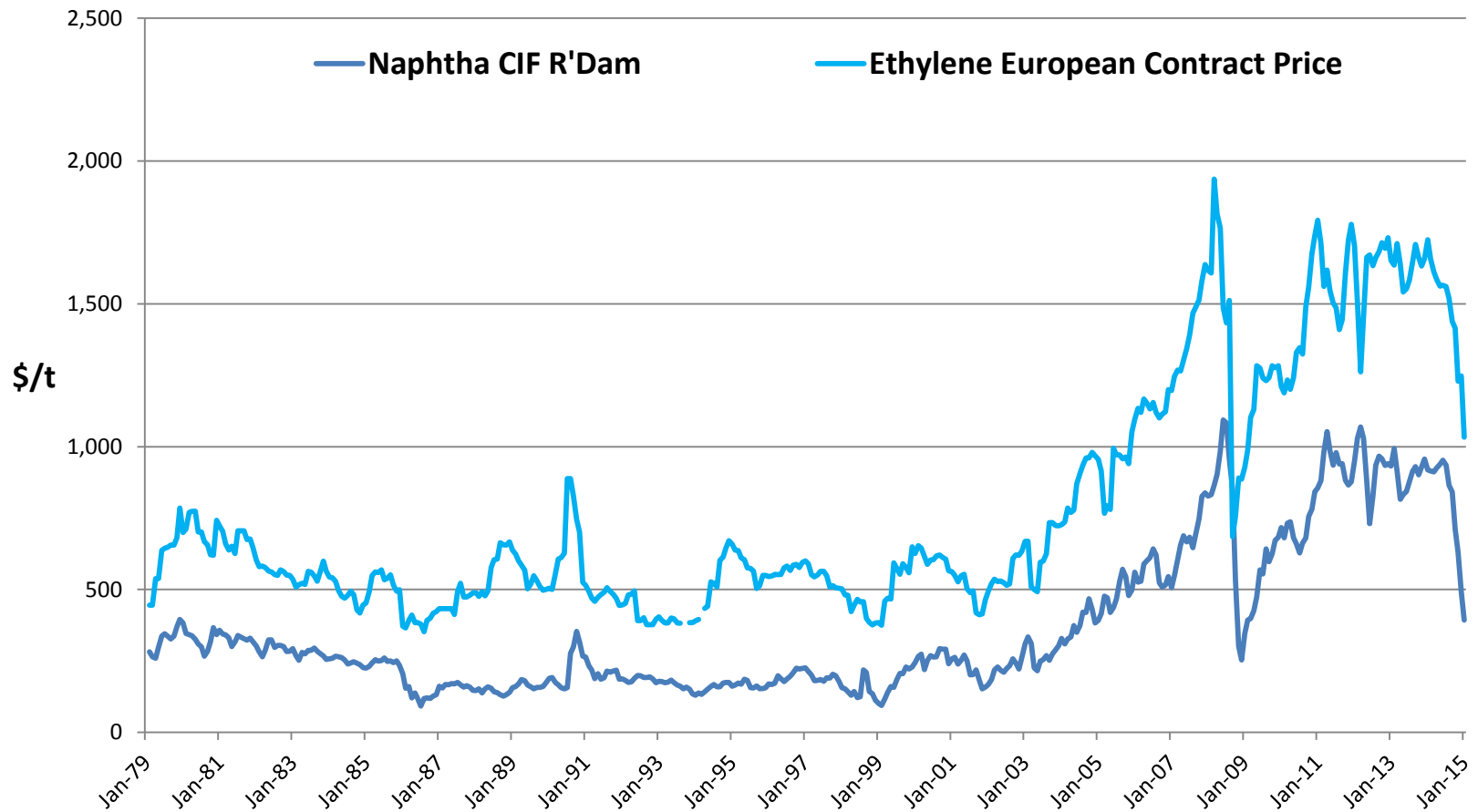
Oil Consumption (EIA) & pricing



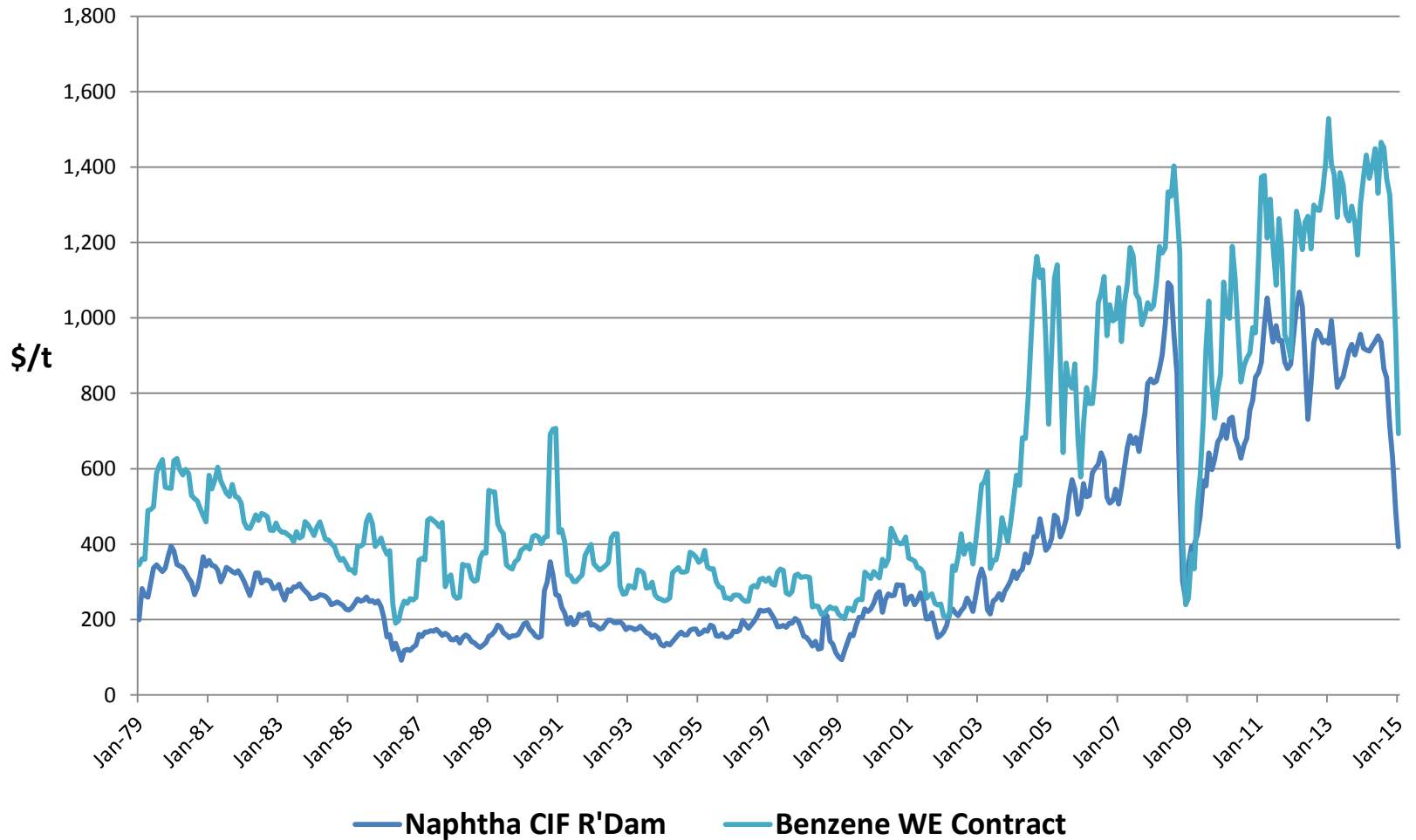
Crude Oil, Gasoline & Naphtha Pricing 1990-2015



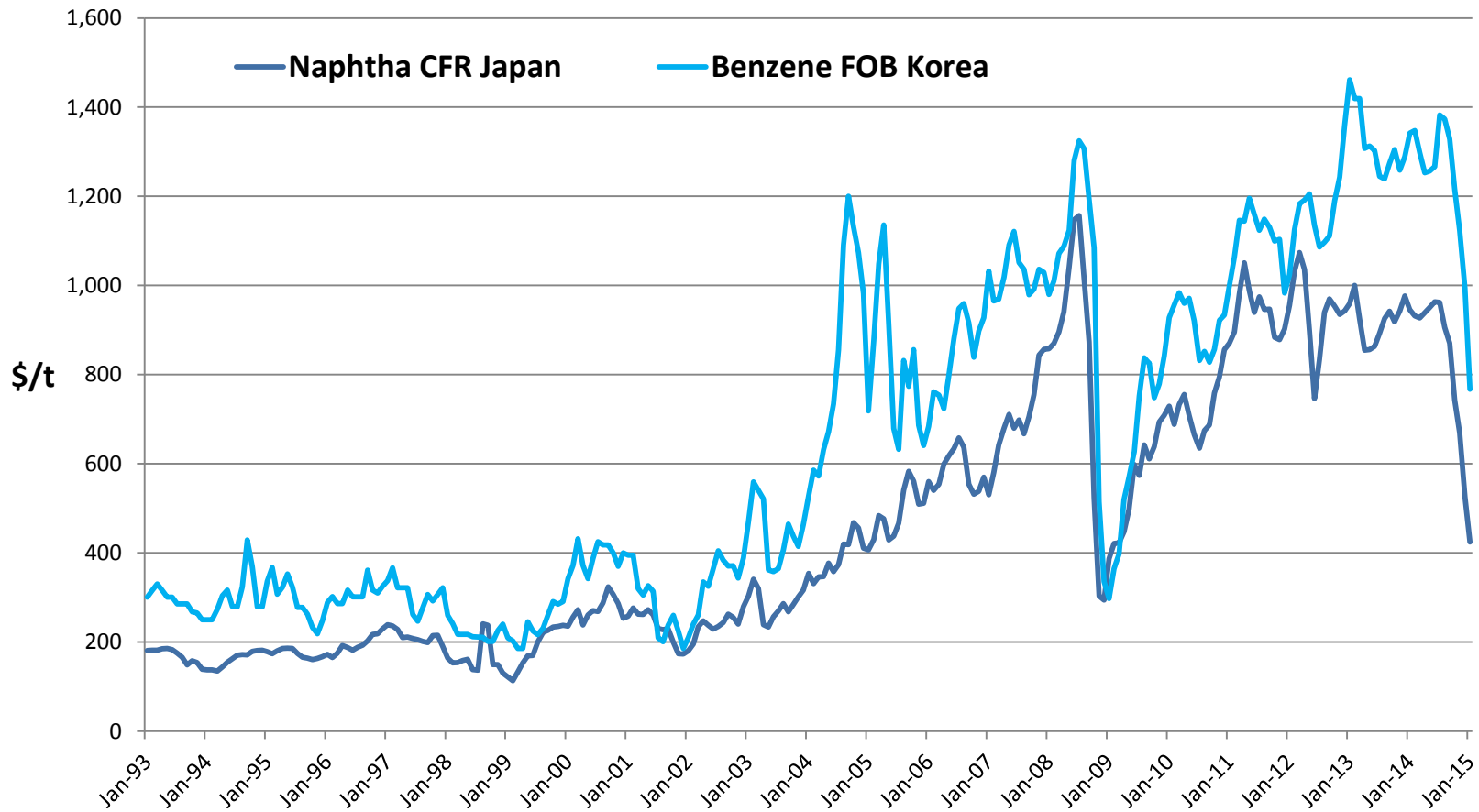
Ethylene & Naphtha



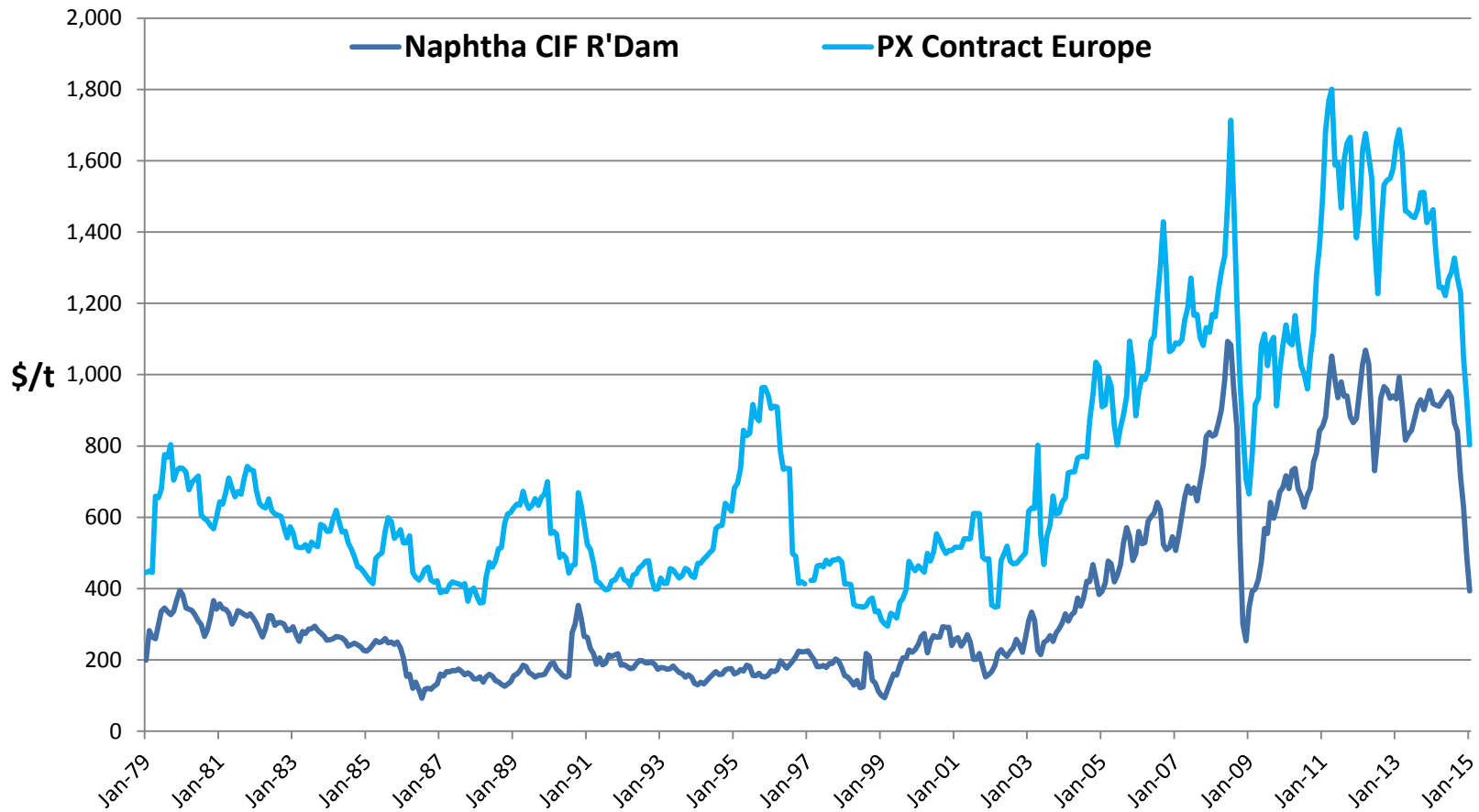
Benzene & Naphtha Europe



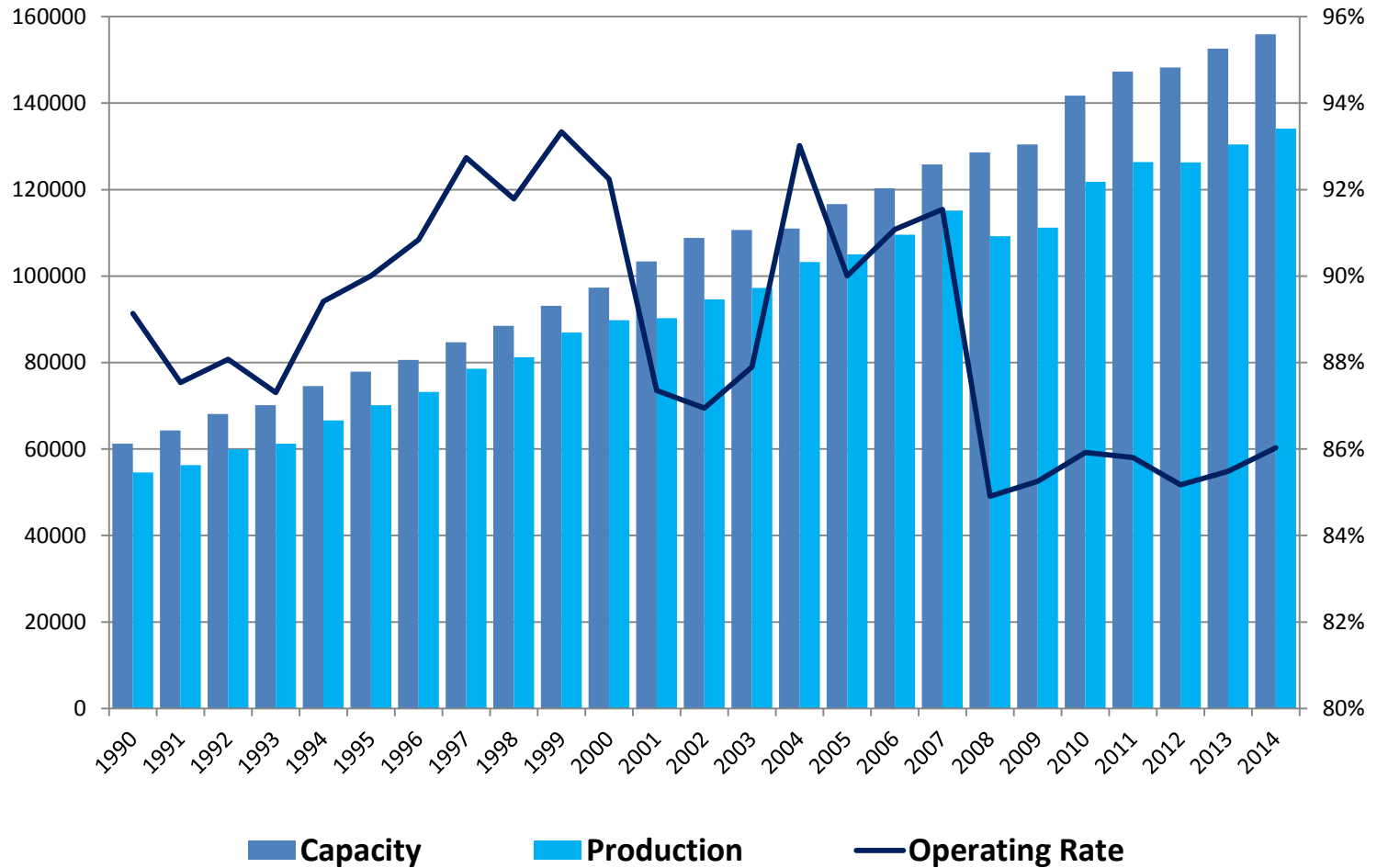
Benzene & Naphtha Asia



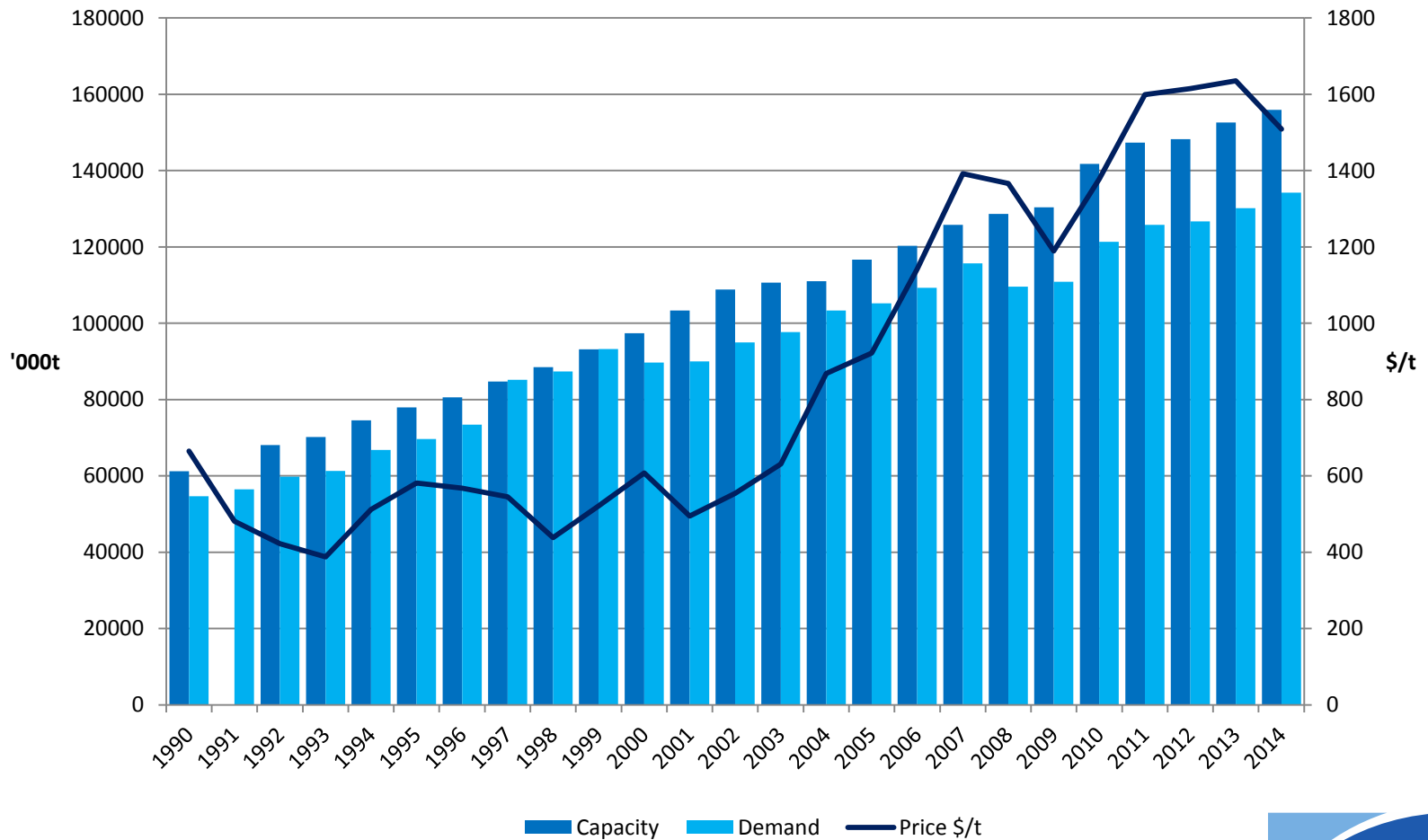
Paraxylene & Naphtha



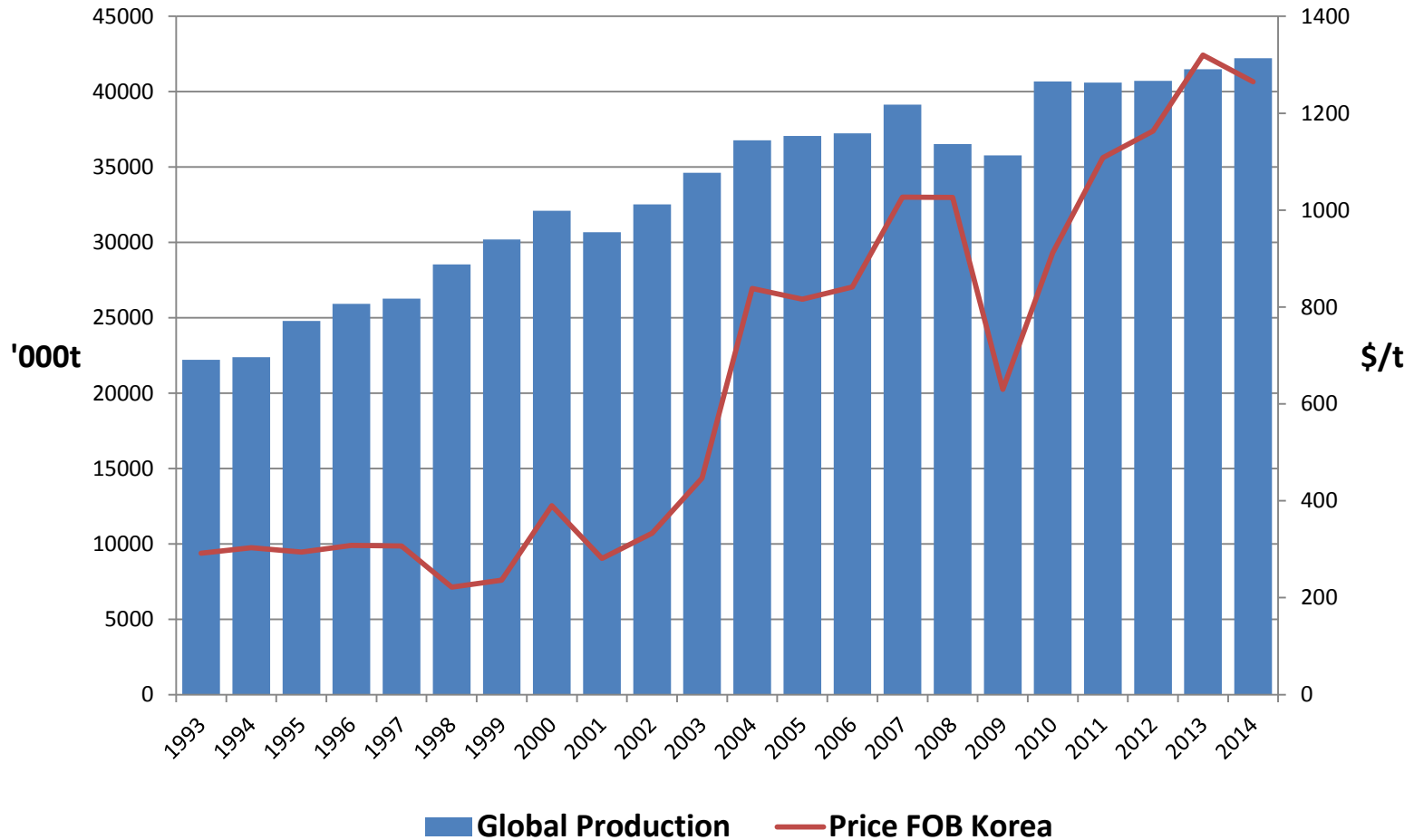
Ethylene Global Capacity & Production ('000t)



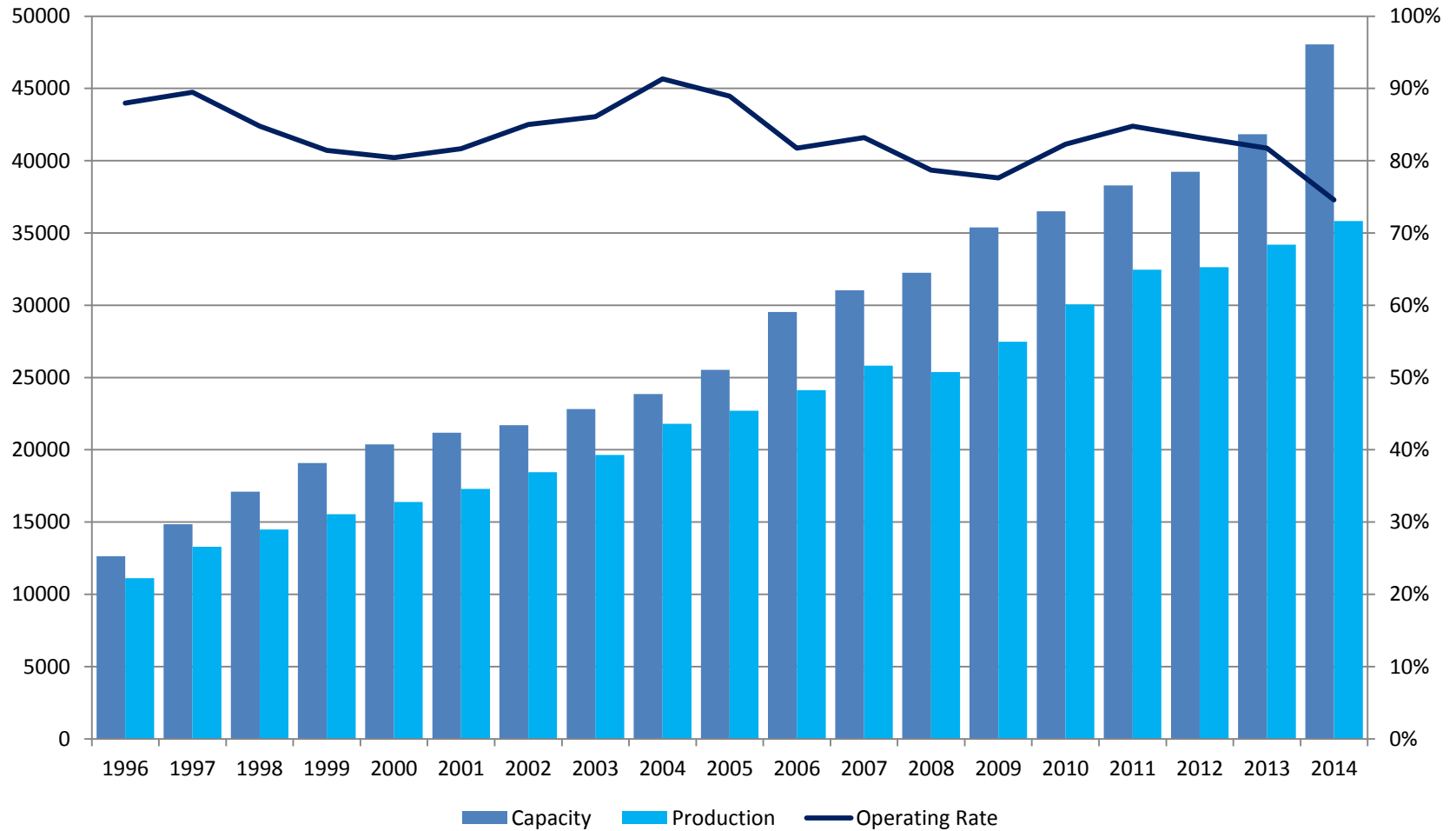
Ethylene Demand & Pricing



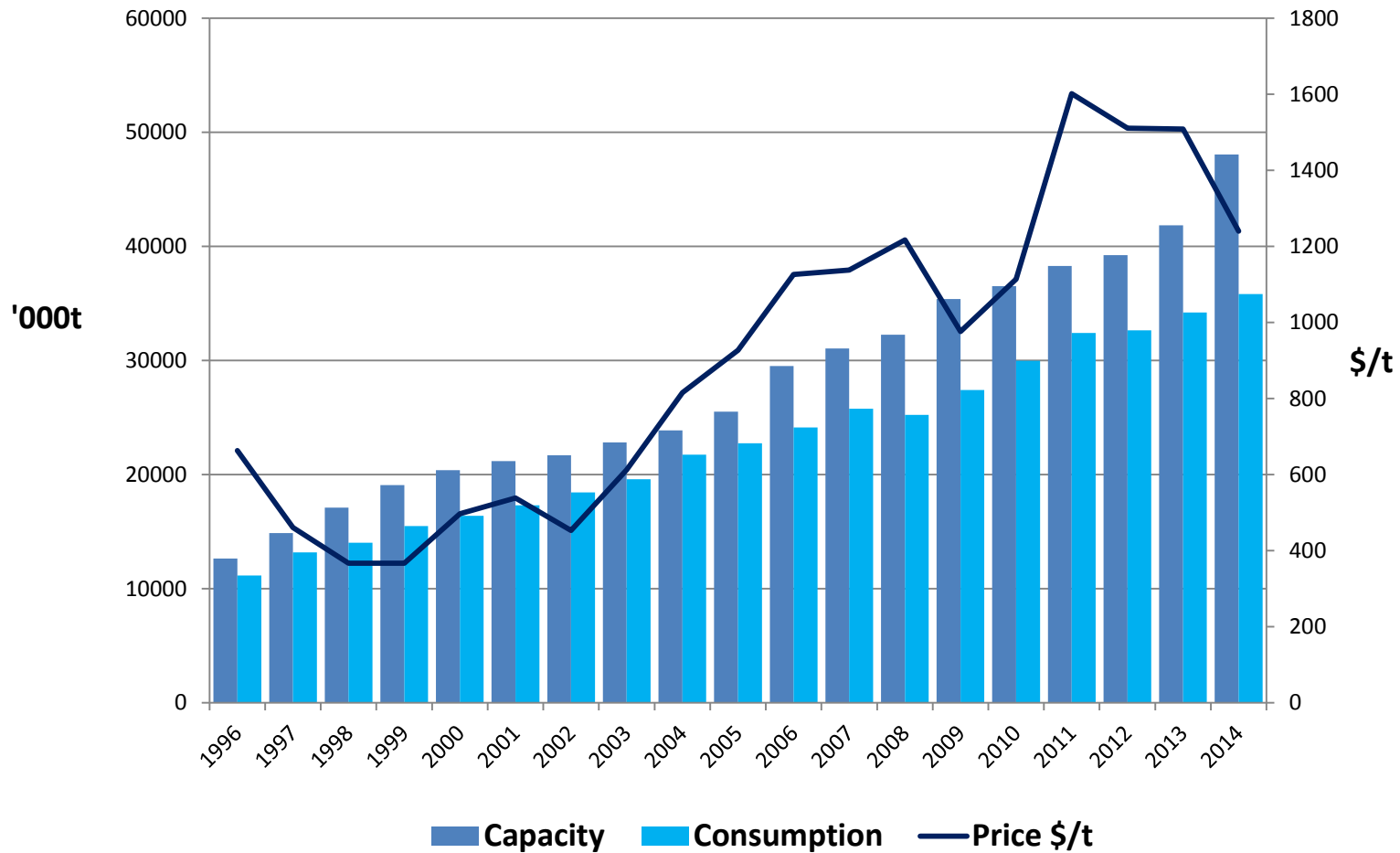
Benzene Demand & Pricing



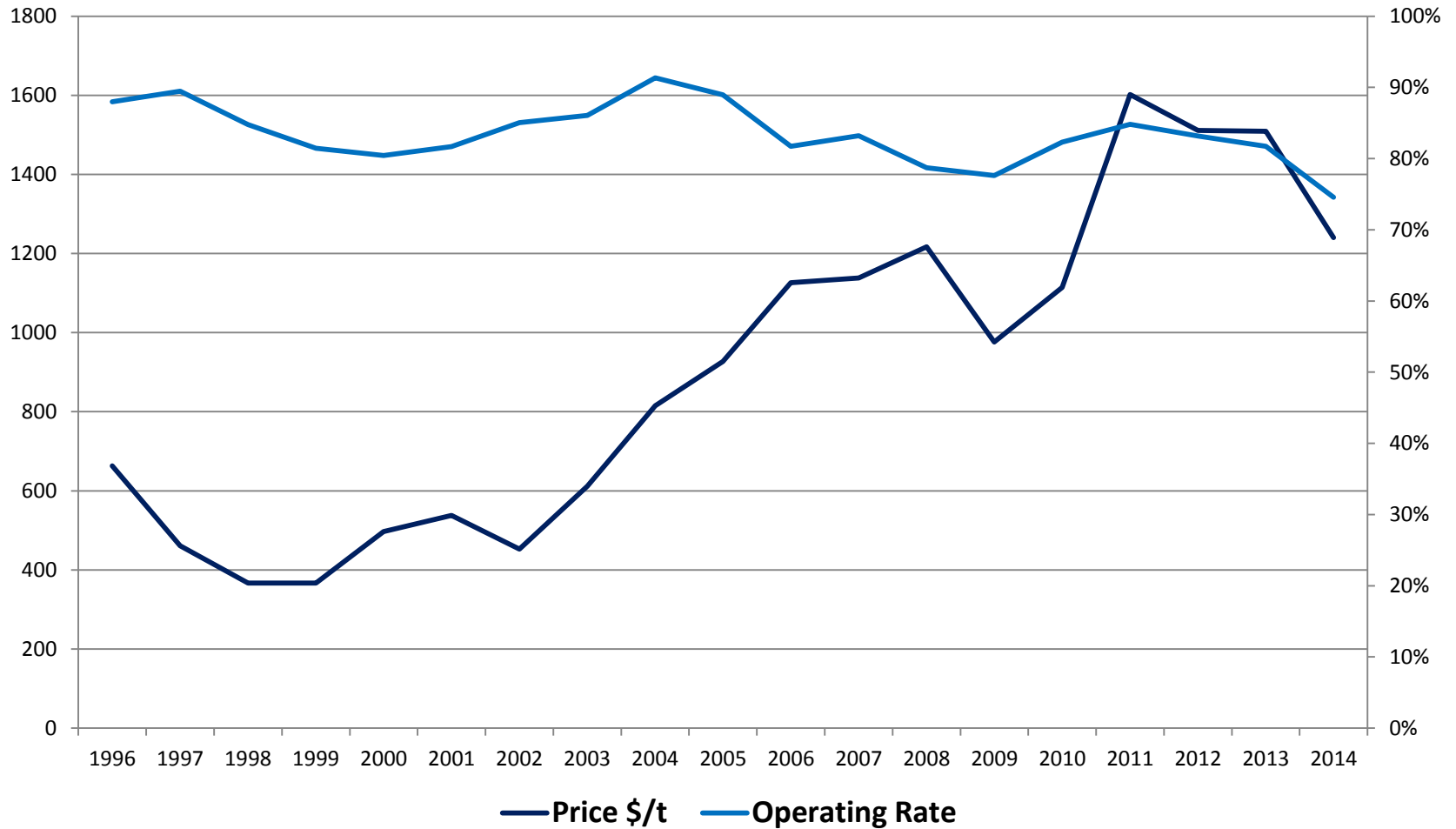
Paraxylene Global Supply & demand



Paraxylene Demand & pricing



Paraxylene Operating Rates & Pricing



Conclusions

- Geopolitical and financial issues disrupt economic development, supply/demand balances and pricing
- Within this context, there are cyclical forces at play
- High prices affect demand growth
- High margins encourage over-production
- Low prices tend to promote growth
- Lower margins limit investment
- Corrections are painful (stocks are devalued), but necessary
- Lower prices cannot eliminate the effects of over-investment, but
- Prospects for petrochemical growth and profitability are better today than 6 months ago, particularly for naphtha based producers.

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