

## 2019 CHEMICAL MARKET - U.S. CHEMICALS MARKET PROJECTED TO INTENSIFY AS GLOBAL GROWTH SLOWS

The U.S. chemical market is projected to grow 3.6% in 2019, up from a 3.1% increase in 2018, according to the American Chemistry Council. Strong conditions in key end markets as well as an advantage in feedstock supply and costs are expected to drive the U.S. industry. In contrast, experts anticipate the global chemicals market to increase 3.0% in 2019, down from 3.2% growth the prior year.

U.S. specialty chemicals experienced strong growth in 2018, but are expected to slow, with the market following trends of the industrial and construction sectors.

Industry analysts are projecting Brent crude prices to average approximately \$70 per barrel in 2019, close to the approximate \$71 per barrel average in 2018. Analysts believe production cuts made by OPEC will support oil prices. However, economic uncertainties and an increasing oil supply could affect prices adversely.

Ethane is the primary feedstock steering the low-cost advantage in the U.S., but could present a risk in 2019 due to short supply levels. Ethane production and the required infrastructure have not kept pace with demand, which is primarily driven by ethylene steam crackers. Ethane prices are forecast to remain volatile until 2020, when additional fractioning and pipeline investments are anticipated to come online.

The plastics industry has begun to take steps to curtail the negative environmental impact of single-use plastics. Although a monumental undertaking, the industry appears ready to commit to the steps necessary to improve plastics recycling.

Globally, China is expected to experience a deceleration in chemicals demand growth as the nation moves toward a more self-sufficient and sustainable economic model. However, China will continue to impact the chemicals industry significantly, with the country projected to drive approximately 50% of global growth for the foreseeable future.