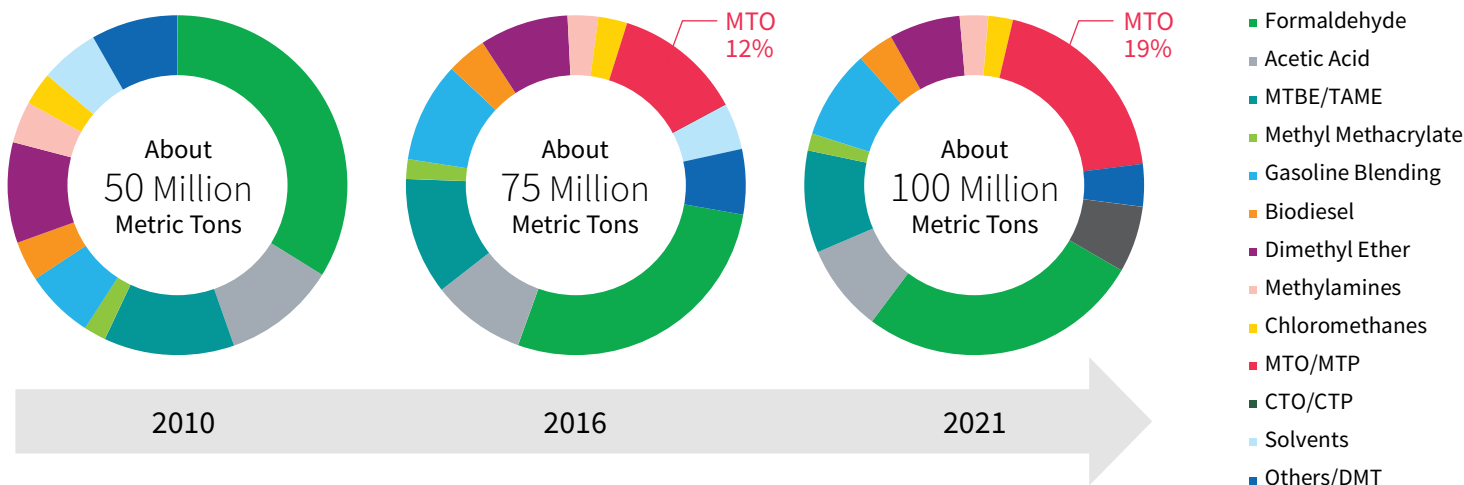


The Tight Link Between Methanol and Olefins

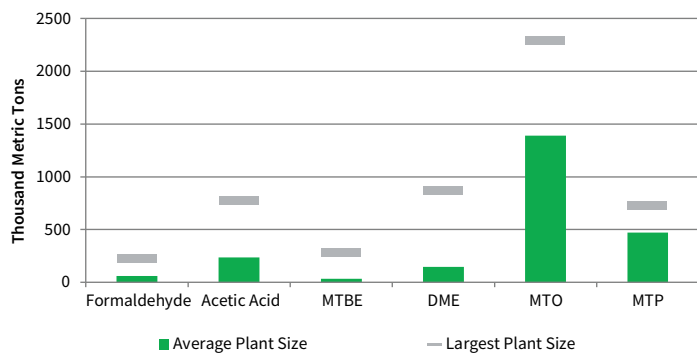
Olefins represents **15-20%** of methanol demand

GLOBAL METHANOL DEMAND BY END-USE



The methanol industry entered into a new dimension with much larger MTO plants

CAPACITY TO CONSUME METHANOL BY KEY DERIVATIVE IN CHINA (2017)



Methanol and Olefins Price Setting Mechanisms Link at High Operating Rates

OLEFINS

- Methanol may be an olefins price setter as marginal supply
- Methanol is important to marginal supply
 - Indicator of olefins supply/demand tightness
 - MTO is low capex supply in regions with advantaged methanol

METHANOL

- MTO/CTO cost structure is complex due to feedstock sourcing and derivatives
- MTO affects the methanol market
 - At 15-20% of demand, drives methanol operating rates
 - MTO affordability acts as ceiling to methanol prices

It is critically important to understand both markets.

The methanol and olefins markets are not independent from each other. IHS Markit experts analyze in-depth both markets and their correlation.

Confidently develop your MTO strategy with our integrated analysis across markets and the chemical value chain.

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