

Strategic issues and their implications

Methanol



Iranian sanctions and the potential impact on project progress, production output, trade flows and prices

Implication: If the sanctions continue, Iran may once again be restricted to selling into China and India and prices in these countries may be lower than in other regions. Progress on new methanol projects is likely to slow down significantly



China's move to E10

Implication: The longer-term threat to methanol demand, both directly as a gasoline blendstock and indirectly via MTBE and the potential short-term upside if methanol is used in the interim



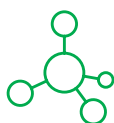
China's environmental pollution controls – how consistently will these be applied – all over the country or just in the north? Will China relax these in an effort to stimulate its chemical industry, if the US-China trade war continues and particularly if China's GDP growth falls below desired levels?

Implication: This could have a major impact on operating rates of derivative units



The US-China trade war and the impact on demand and trade flows

Implication: Demand may be lower as a result. In addition, we may see a restructuring of global trade flows as market participants look to avoid punitive tariffs



Relative olefin production economics in China and the potential impact on MTO operating rates, hence methanol demand

Implication: With the forecast growth in lower-cost naphtha cracker capacity in China, MTO operating rates look set to decline, particularly in the period 2022-2024

IHS Markit closely monitors and analyzes the global methanol market giving you the visibility needed to make confident strategic decisions.