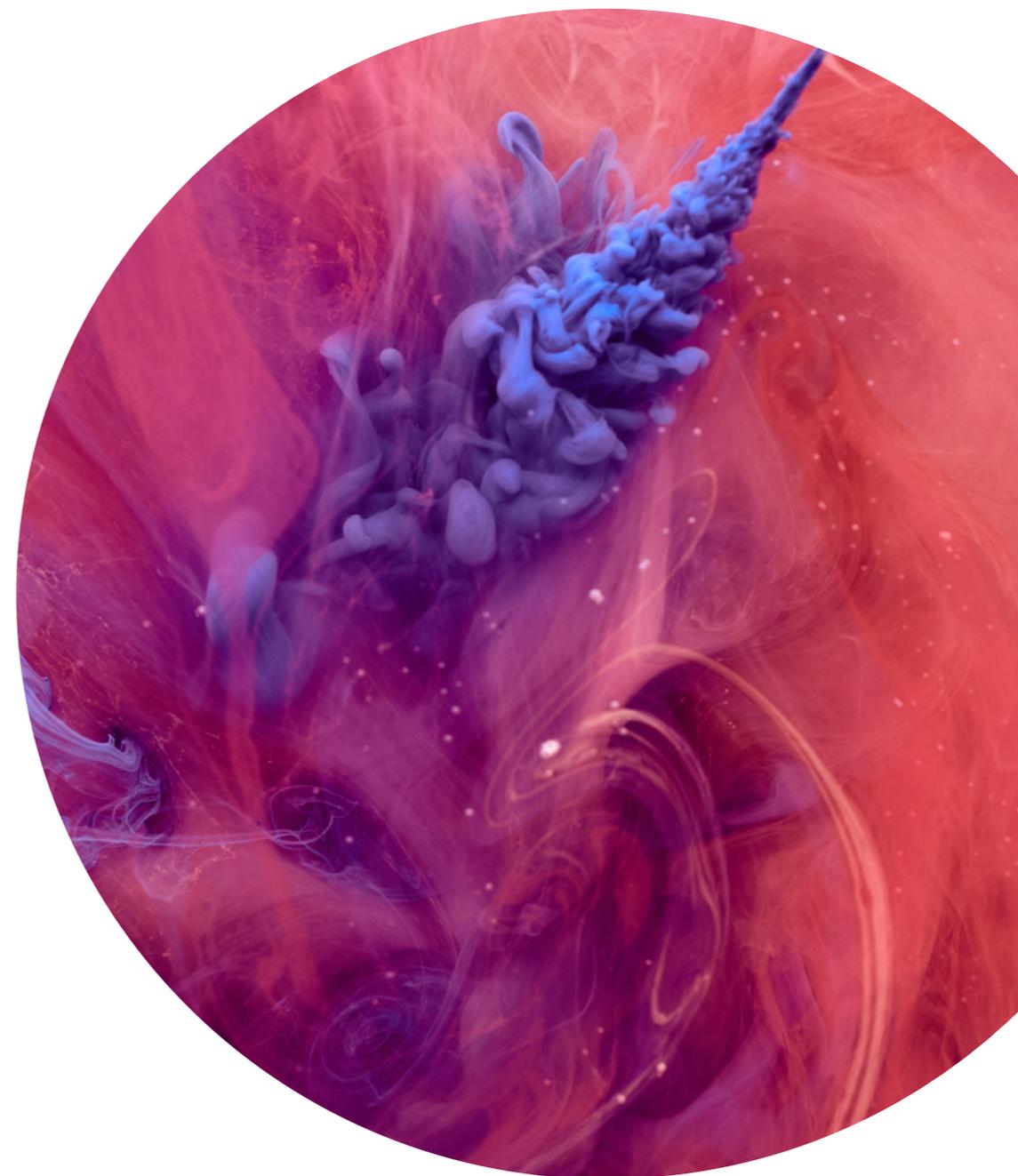


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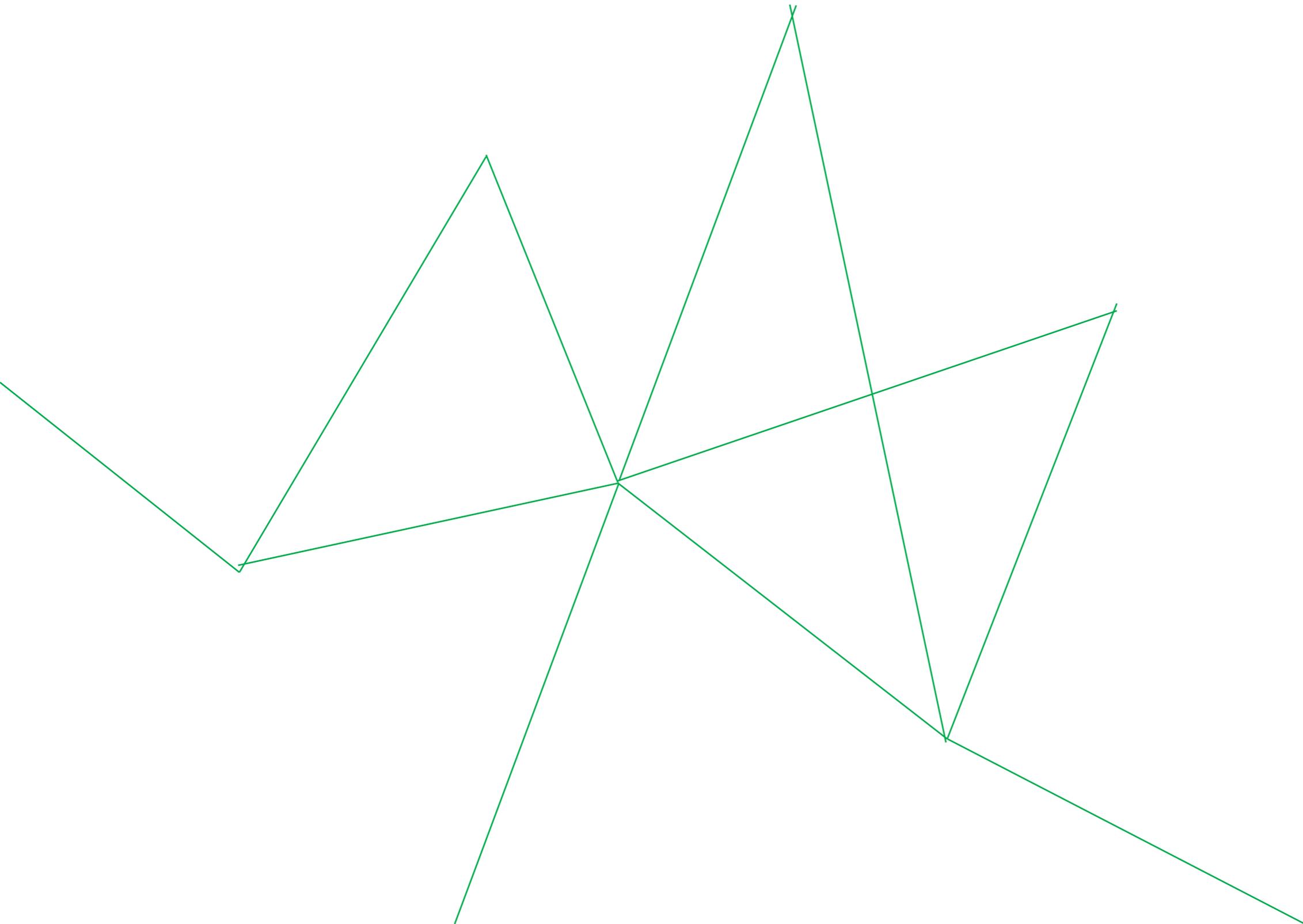


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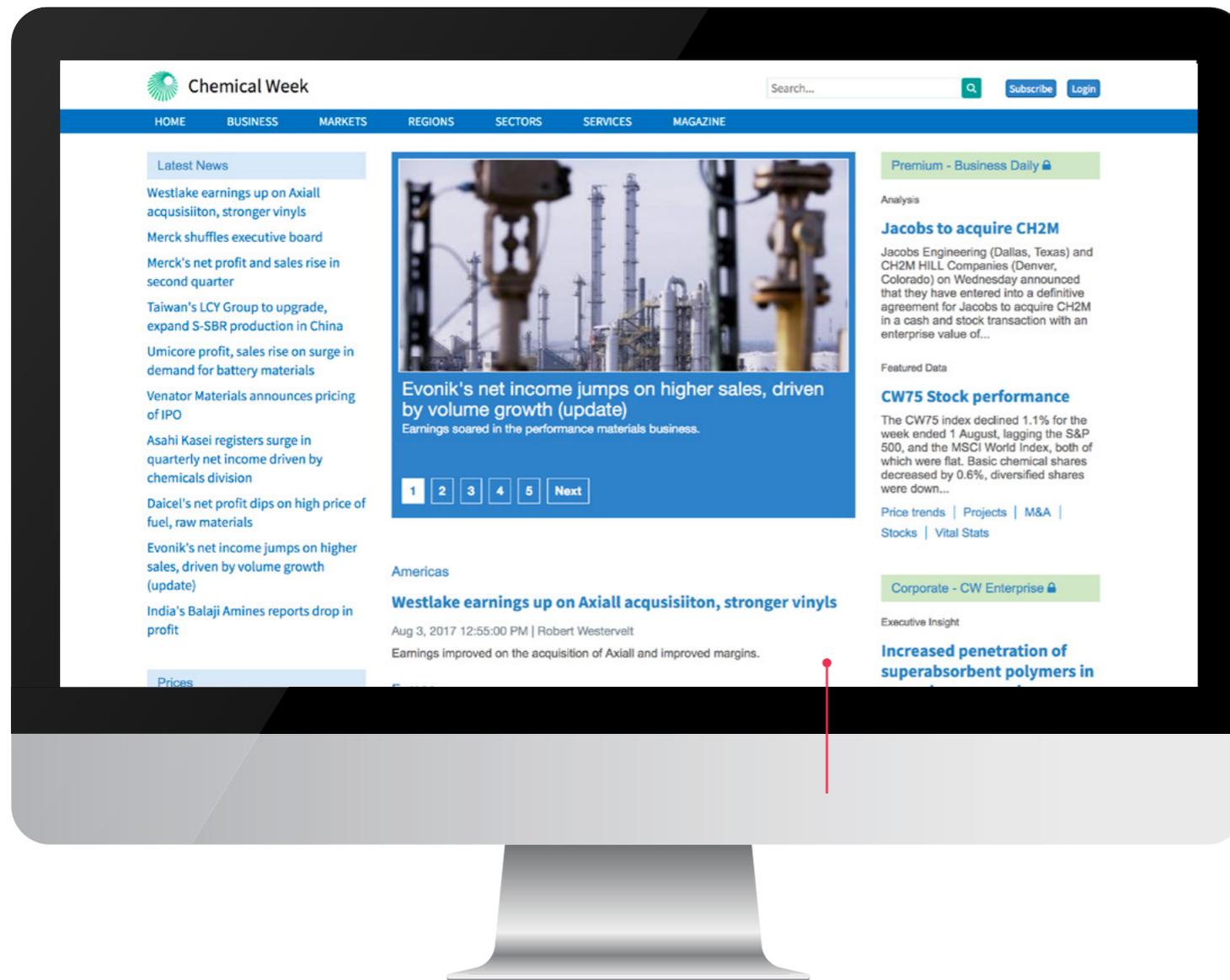


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2 • Monday, 10 July 2017
NEWS
Chemical Week Business Daily

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Chemical Week
MONDAY, 10 JULY 2017

# Business Daily

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### SABIC, ExxonMobil start up synthetic rubber JV

SABIC on Sunday announced the commercial start up at the \$3.4 billion synthetic rubber complex at Al Jubail Petrochemical Co. (Kemya), an equally owned joint venture with ExxonMobil Chemical. The complex at full capacity will produce 400,000 m.t./year of products, including 110,000 m.t./year of butyl rubber; 110,000 m.t./year of ethylene propylene diene monomer (EPDM); and about 100,000 m.t./year each of polybutadiene rubber (PBR) and carbon black. The announcement follows news last October that Kemya started commercial production at the PBR facility and trial runs at the EPDM unit.

ExxonMobil provided its technology for the butyl and EPDM rubber units. The EPDM facility is a swing plant, capable also of making thermoplastic elastomers using metallocene technology. Goodyear provided the PBR process and Continental Carbon Co. (Dumas, TX) its carbon black technology. The project, first announced in 2012, was scheduled to be completed in the second half of 2015 but was delayed, in part, because of the downturn in the global rubber industry.

It will serve the Mideast and Asian markets and included the setting up of the Higher Institute for Rubber Industry at Yanbu, a product application development center at Riyadh, warehouses and other utilities at the Al Jubail complex.

### China's largest integrated coal-chemical project prepares for startup

The coal deep processing project of Zhongting Hechuang Energy Co. (Ordos, Inner Mongolia), is one of China's national demonstration projects and the largest coal and coal-to-chemical integrated project to be completed in China so far. It has a designed coal-mining capacity of 25 million metric tons/year (MMt/y), intermediate methanol production capacity of 3.6 MMt/y, and combined capacity for downstream polyethylene and polypropylene of 1.37 MMt/y. The company is a joint venture among China Coal Energy Co. and Sinopec's Great Wall Energy and Chemical Co. subsidiary, each with 38.75%; Shengery Co. with 12.5%; and Inner Mongolia Manshi Coal Group with 10%. The total investment in the project has accumulated \$8.82 billion.

### Muscat Gases to sell majority stake in industrial gases to Air Products

Muscat Gases Co. (Muscat, Oman) has announced a reshuffle and a sale of a stake in the company to Air Products. Muscat Gases, in a regulatory filing, said it held an extraordinary general meeting where a decision was taken to establish United Industrial Gases Co. LLC, a limited liability company and to transfer Muscat Gases' subsidiary selling gases Company.

### Chemical stock update

Company	Today	Friday
Air Products (APD)	143.98	142.65
Albemarle (ALB)	111.33	109.29
Ashland (ASH)	65.82	65.76
Axalta (AXTA)	32.54	32.15
Cabot (CBT)	54.08	53.24
Celanese (CE)	96.05	94.81
CF Industries (CF)	29.20	27.49
Chemours (CC)	40.41	39.60
Dow Chem. (DOW)	64.77	63.66
DuPont (DD)	82.99	81.43
Ecolab (ECL)	132.38	131.95
Eastman Chem (EMN)	84.53	83.56
ExxonMobil (XOM)	80.25	80.01
Ferro (FOE)	18.35	17.84
FMC Corp. (FMC)	75.88	73.74
H.B. Fuller (FUL)	51.55	51.11
Huntsman (HUN)	26.47	26.12
Honeywell (HON)	134.70	133.80
Innospec (IOSP)	64.94	64.25
Konos (KRO)	19.31	18.60
LyondellBassell (LYB)	84.21	82.77
Monsanto (MON)	118.02	117.48
Olin (OLN)	29.87	29.66
PolyOne (POL)	38.10	37.94
PPG Industries (PPG)	111.24	110.60
Praxair (PX)	133.4	132.50
Sasol (SAS)	27.47	27.38
Schulman (SHLM)	30.40	30.20
Sensient Technologies (SXT)	81.83	80.64
Stepan (SCL)	87.35	86.89
Tonon (TNOX)	16.12	15.15
Westlake (WLK)	67.04	65.75
W.R. Grace (GRA)	70.75	70.55

### PRICE TRENDS

Trend in current spot prices

Product	Region	Weekly average 6 Jul vs. 29 Jun
Benzene	Northeast Asia	-0.4%
Benzene	West Europe	-5.1
Benzene	North America	-0.1
Toluene	Northeast Asia	+1.1
Toluene	West Europe	+1.5
Toluene (refined grade)	North America	+1.7
Toluene (commercial grade)	North America	+3.5
Mixed Xylenes	Northeast Asia	+1.0
Mixed Xylenes	North America	+3.2
Paraxylene	Northeast Asia	+0.6
Styrene	Northeast Asia	+0.9
Styrene	West Europe	+7.9
Ethylene	North America	-7.5
Propylene (polymer grade)	North America	0.0

### Report: Kuwait plans \$8 billion investment in petrochemicals

Petrochemical Industries Co. (PIC, Kuwait City) is planning to invest more than \$8 billion in joint venture petrochemical projects in Kuwait, Bahrain, Canada, the United States and South Korea in the next five years, according to the daily Al-Anba, quoting PIC's CEO Mohammed al-Farhoud. Most of the projects have been previously announced. They include an aromatics complex at Sitra, Bahrain with capacity to produce 1.4 million tons/year (MMt/y) para-xylene (p-xylene) to be jointly owned by PIC and the state-run National Oil and Gas Authority of Bahrain.

Another project involves the construction of a 700,000-metric tons/year ethylene glycol (EG) plant at Freeport, Texas by MEGlobal, a subsidiary of Equate Petrochemical Co., a joint venture between PIC, Dow Chemical, Buhayan Petrochemical Co., and Quraish Petrochemical Industries Co. Jacobs Engineering is building the plant with completion targeted for October 2019. Farhoud also confirmed that PIC plans to build a previously announced propylene and polypropylene (PP) complex in Canada with a capacity of 550,000 metric tons/year of PP. The complex will be built in Alberta by Canada Kuwait Petrochemical Corporation, an equal-

### Sadara brings PG unit online

Sadara Chemical, a joint venture of Saudi Aramco and Dow Chemical, has started up a 70,000-metric tons/year propylene glycol (PG) plant at Al-Jubail, Saudi Arabia. Sadara has now started up 22 of the 26 plants located in the company's large-scale chemical complex at the Jubail Industrial City II site.

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- Monday Price trends ▶

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- Tuesday M&A activity ▶

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- Wednesday Stock performance by sector ▶

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- Thursday Project developments ▶

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- Friday Macroeconomic update ▶



**M&A ACTIVITY** IHS Chemical Week Business Daily

**ANNOUNCED M&A DEALS FOR THE LAST 30 DAYS**

Target	Acquirer	Seller	Deal Size in USD millions	Region	Sector	Deal closed?
<b>PAST WEEK</b>						
Holton Food Products	RPM International	Holton Food Products		North America	Specialties	Y
ISVA Vernici	Valspar	ISVA Vernici		Europe	Specialties	N
Able International	M. Holland	Able International		North America	Distribution	N
Till Export	M. Holland	Till Export		North America	Distribution	N
PDP Couriers	Air Liquide subsidiary Cryo International	PDP Couriers		Europe	Services	Y
Omnova's India rubber manufacturing business	Apotex Industries	Omnova Solutions	5	Asia	Basics	N
<b>15 JAN. TO 8 FEB.</b>						
Petroken Petroquímica	Grupo Inversor Petroquímica	LyondellBasell	184	South America	Basics	Y
Kraton Performance Polymers's compounding business	PolyOne	Kraton Performance Polymers	72	North America	Basics	Y
Sanimax Energy's biodiesel refinery	Renewable Energy Group	Sanimax Energy	16	North America	Renewables	N
Syngenta	ChemChina	Syngenta	43	Europe	Ag/Fertilizers	N
Harvest Innovations	Archer Daniels Midland (ADM)	Harvest Innovations		North America	Ag/Fertilizers	N
Grupo Fertil	Pemex Fertilizers	Grupo Fertil	255	South America	Ag/Fertilizers	Y
Albion International	Balchem	Albion International	112	North America	Basics	Y
Genica Research	Vilmorin	Genica Research		North America	Ag/Fertilizers	Y

**Analysis**

Mergers and acquisitions (M&A) activity in the chemical industry may seem to be trending in a strange direction, with volumes up 50% year-to-date (YTD) and values down 86%, but those figures hide some anomalies in the data. Specifically, last year's figure was propped up by two megadeals in pharma—Pfizer's \$17 billion acquisition of Hospira, and Shire's \$5.2 billion acquisition of NPS Pharmaceuticals. Excluding those two, deal values have risen by 46% so far in 2016—comparable to the 50% rise in volumes.

Activity has been relatively muted for the past week, with distributor M. Holland making two small acquisitions in Puerto Rico, and coatings makers RPM and Valspar announcing bolt-ons. Both sectors see a steady stream of small M&A transactions, gradually whittling away at persistent fragmentation.

The most notable deal last week was probably Omnova's divestiture of its rubber manufacturing business in India. The business reported a \$400,000 loss in 2015, and sold for less than one-fifth its annual revenues. The deal is part of a general move away from the rubber business on the part of Omnova.

**PROJECTS** IHS Chemical Week Business Daily

Product	Capacity (m.t.)	Investment (millions of USD)	Completion date	Contractor/technology
engineered core oxygen	2700	200	mid-2017	
polypropylene	64.9	64.9	Q2 2018	CB&I
para-xylene				Asens
propylene, isobutylene				CB&I
nitrogen trioxide	165,600		2H 2017	UOP
mixed xylenes				
syndiotactic polystyrene	2,000		April 2016	
pentamethylol				
linear low-density polyethylene, ethylene oxide, ethylene glycol		882	April 2019	
ethylene	650,000			
styrene methyl methacrylate	42500	89	year-end 2016	
isomethyl alcohol	180,000	413.6	2019	Asens
alkylated diphenyl amine antioxidants			by end of 2016	
polycarbonate films		21.6	2017	
nylon-12 powders			mid double-digit euros	
specialty copolyesters			2018	
silanes	30		late 2017	
chlorine, caustic potash			Q4 2017	Chemstar/Agbau Chemnitz
ammonia, methanol				
methanol				
refineries and petrochemical plants		1,120		
ethylene	90000		H2 2017	CTCI Corp.
sebacic acid	30,000	62.7		
tryptophan	3,000		May 2017	
chloroacetyl chloride			early 2019	CB&I
ethylene				
ultra-high molecular weight polyethylene			May 2016	
hydrofluorocarbon, HFO-1234yf	178		Q3 2018	
ammonia			Q4 2017	Amec Foster Wheeler
ethylene glycol	800			Samsung Eng., CB&I
precipitated silica			2H 2016	
surface coatings			Q2 2016	
ethylene			1H 2017	
carbon dioxide	43.5		late 2016	
silium	2500		2017	

**Analysis**

Thursday, although Dow Chemical chairman and CEO Andrew Liveris told attendees of IPB's the over \$100 billion in announced petrochemical projects in the United States. "That \$8 billion [he said, "We've got a new plant opening almost every year until 2018, and most of that product is sold Friday that it is reevaluating its methanol-to-propylene (MTP) investment planned at its Freeport, TX competitiveness. Chairman Kurt Bock says that the company is carrying out engineering work on its second quarter. He tells analysts, however, that oil at \$60/bbl makes the project unattractive.

**CW75 STOCK PERFORMANCE** IHS Chemical Week Business Daily

Leaders				Laggards			
Company Name	Ticker	1-week change (%)	1-month change (%)	Company Name	Ticker	1-week change (%)	1-month change (%)
Wacker Chemie AG	WOH	11.5%		Innospec	ISOP	-8.6%	
Chemours	CC	9.8		Ecolab	ECL	-7.8	
Triseco	TSE	7.4		Chemours	CHMT	-7.6	
Methanex	MECH	6.6		Wendite Chem	WELK	-5.9	
Baker	BAK	6.5		Albany Molecular	AMR	-5.6	
Olin	OLN	6.5		Balchem	BOPC	-5.4	
Shengshai Petrochemical	SH	6.5		Valspar	VAL	-5.4	
Linde	LIN	6.3		A. Schulman	SALM	-3.6	
Alkerm	AKC	6.0		IFF	IFF	-2.9	
Lanxess	LXS	5.7		Avial Corp	AVL	-2.6	

**Analysis**

near 52-week low during the week prior. Innospec shares tumbled on 17 February despite quarterly earnings that beat analyst estimates, as revenues declined.



## In-depth analysis

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### Russian fertilizer producers prepare for market recovery; EuroChem will leap to third global rank

09:23 AM | May 4, 2017 | Natasha Alperowicz

#### GLOBAL FERTILIZER LEADER BOARD BY CAPACITY

■ Nitrogen capacity ■ Phosphate capacity ■ Potash capacity

Company	Nitrogen capacity (MMt)	Phosphate capacity (MMt)	Potash capacity (MMt)
COMBINE			
PotashCorp (15)	3.64	3.20	1.96
Mosaic (13.1)	3.26		7.28
CF Industries (7.37)	7.37		
Yara (7.19)	6.99		
Uralkali (7.01)	7.01		
Belaruskali (6.82)	6.82		
OCP (6.31)	6.31		
Agrum (5.4)	2.87		1.04
ICL (4.75)	4.19		
K+S (4.25)	4.25		
EuroChem (3.82)	2.6	1.22	
Group DF/Orchem (3.41)	3.32		
IFFCO (3.36)	2.19	3.17	
SABIC/SAFCO (3.19)	3.78		
PhosAgro (3.09)	0.97	2.06	
OCI (2.84)	2.84		
Uralkhem (2.68)	2.38		
TogliattiAZOT (2.58)	2.58		
Acrion (2.48)	2.43		

Totals expressed in millions of metric tons/year; breakdown in percentage.  
Source: Source: Company reports, [Data-Statista](#)

Russia, home to many of the world's largest natural gas, phosphate, and potash reserves, also houses some of its biggest fertilizer producers. They include EuroChem, whose headquarters moved from Moscow to Zug, Switzerland, in 2014; PhosAgro (Moscow), a major integrated phosphate producer; Uralkali (Berezniki), a leading global potash producer; the nitrogen fertilizer producer TogliattiAZOT (Togliatti) and the multi-nutrient producers Uralkhem (Moscow) and Acrion (Veliky Novgorod). All have expansion plans aimed at securing their share of the global market.

Fertilizers, along with other agricultural chemicals, are crucial in ensuring food supplies for the growing world population, which is expected to increase from the current 7.4 billion to 9.6 billion by 2050. According to the International Fertilizer Association (IFA; Paris), global nitrogen fertilizer demand rose 1.9% year on year (YOY) in 2016 to an estimated 111.0 million metric tons (MMt) of nutrient (N). Demand for potash rose 1.4% YOY to an estimated 33.1 MMt of K<sub>2</sub>O, while global demand for phosphate fertilizers climbed 3.4% YOY from 41.3 MMt to 42.7 MMt P<sub>2</sub>O<sub>5</sub>. The UN Food & Agriculture Organization (FAO) expects nutrient consumption to rise by 1.6%/year in the period through 2019. Annual demand for nitrogen, phosphate, and potash is forecast to grow by 1.2%, 2.0%, and 2.5%, respectively. But the FAO expects global fertilizer and raw materials capacity to outpace the growth in demand.

EuroChem, Russia's largest fertilizer producer—Uralkali can supply a larger tonnage but is limited to potash-rich—reported a 4% YOY drop in sales to \$4.4 billion in 2016 on lower prices. Nitrogen and phosphate volumes, however, were 20% YOY higher at 13.61 MMt.

Premium - Business Daily

Analysis

#### Flat volumes, currency hit PPG results

PPG Industries has reported second-quarter net income from continuing operations of \$504 million, up 49% year on year (YOY), or sales up 1% to \$3.8 billion. Adjusted net income totaled \$472 million, or \$1.83/share, up 1% YOY and slightly ahead of...

Featured Data

#### Projects

Projects announced in the last 60 days

Company Location Region Product Capacity (m.l.) Investment (millions of USD)

Price trends | Projects | M&A | Stocks | Vital Data

Corporate - CW Enterprise

Executive Insight

#### Four imminent olefin startups to bring short-term US pricing volatility

Three ethane crackers, six downstream polyethylene plants, and a propane dehydrogenation unit are slated to begin operation through the first quarter of 2018.

Outlook

#### Russian fertilizer producers prepare for market recovery; EuroChem will leap to third global rank

EuroChem sees "a more encouraging backdrop emerging from 2016/19 as the rate of capacity additions wanes."

#### Improving LPG cracking economics hurt Asian naphtha demand

The month-to-date mean ratio between LPG and naphtha for the second half of May was seen at 87.3%, making it economical to crack LPG into the petchems pool.

Projects | M&A |



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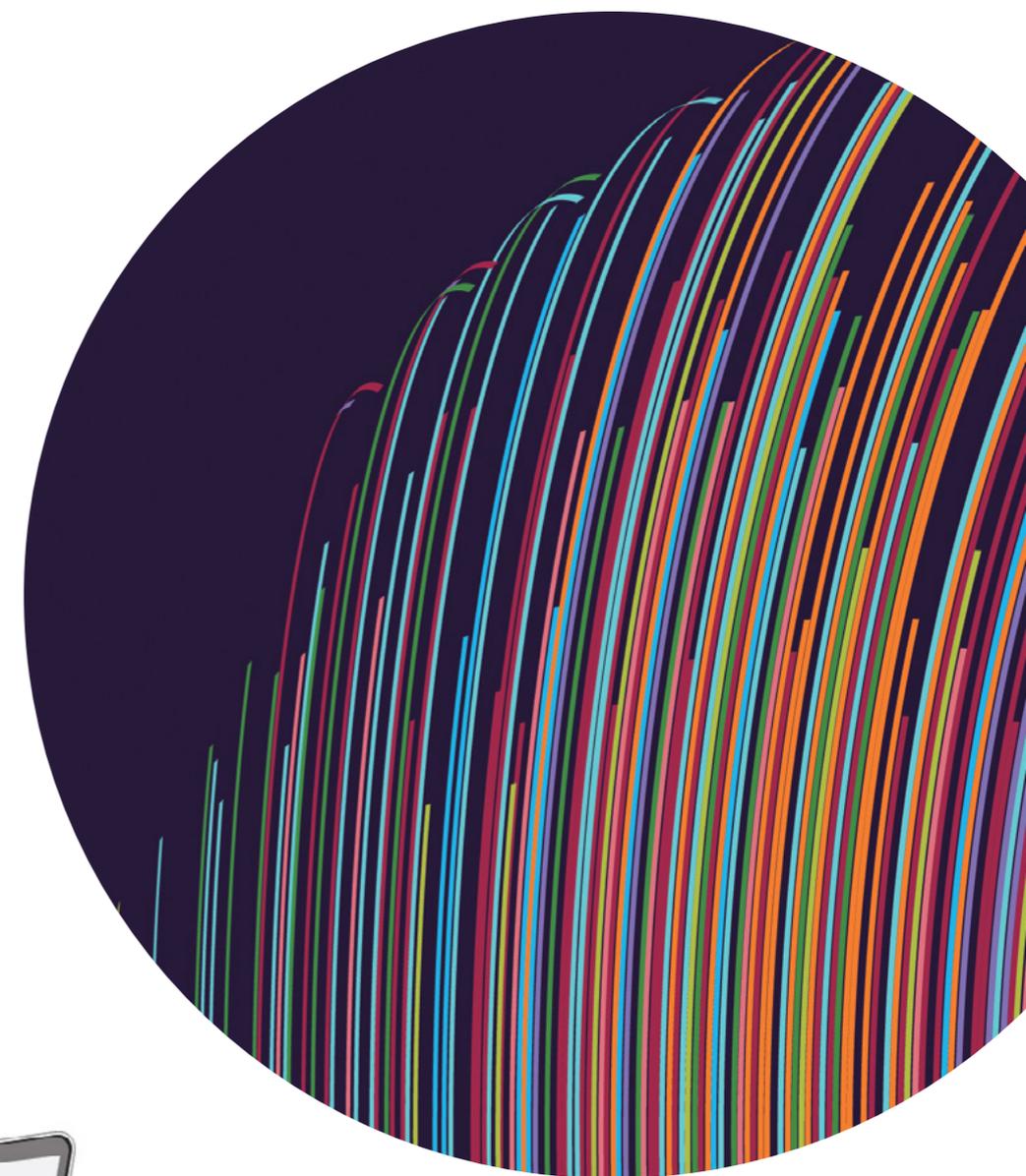
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