

Industrial Chemical Industry: Performance Snapshot Q2/First Half 2018

Highlights

- > Shipments of industrial chemicals declined 1% in the 1st half of 2018 compared to the first half of 2017. Other organic chemicals showed very strong growth, synthetic resins had modest growth, and petrochemicals and inorganic chemicals both declined.
- > Exports for industrial chemicals were up 6% in the 1st half of 2018 compared to 2017. All sub-sectors showed growth, led by petrochemicals and inorganic chemicals.
- > Industrial chemical GDP grew 4.1% in the 2nd quarter of 2018 compared to the 1st quarter of the year.
- > The quarter-over-quarter change in rail car shipments of industrial chemicals fell 2% in the 2nd quarter.



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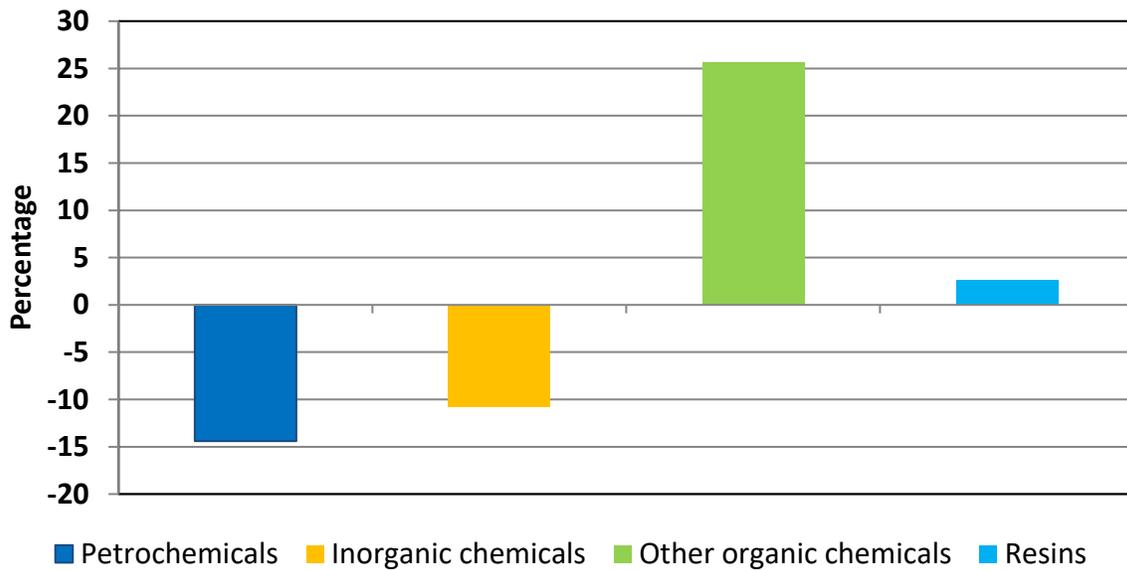
Industrial Chemical Industry: Performance Snapshot



> Shipments

Shipments in dollar terms for the industrial chemical industry declined 1% in the 1st half of 2018 compared to the same period in 2017. Other organic chemicals continued to show very strong growth this year. Synthetic resins showed a smaller increase, while petrochemicals and inorganic chemical shipments were both down.

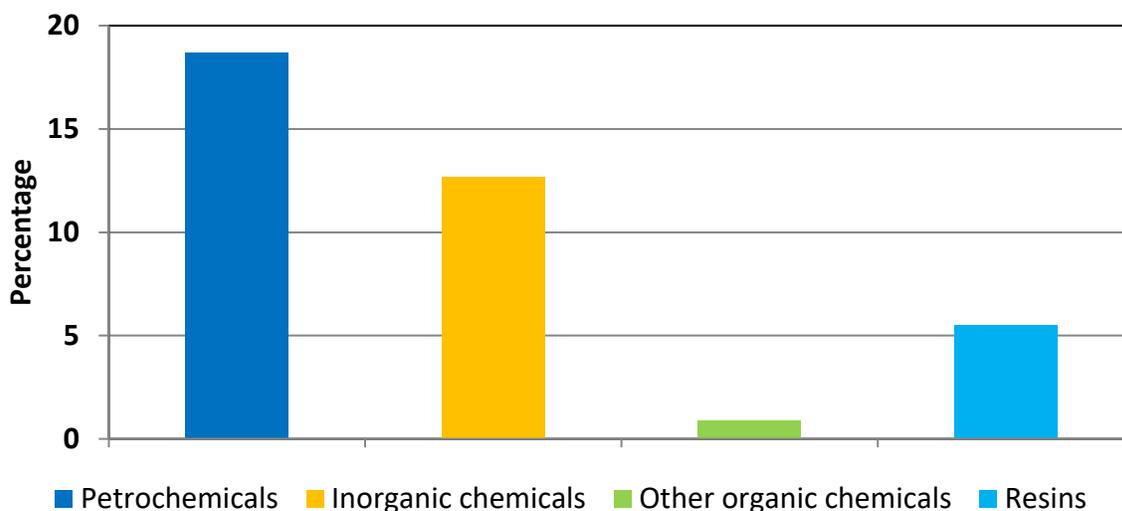
Figure 1: Change in shipment value, 1st half of 2018 v 1st half of 2017, %



> Exports

Exports by the industrial chemical industry were up 6% in the 1st half of 2018 compared to 2017. Petrochemicals continued to show the strongest growth, followed by inorganic chemicals and synthetic resins. Oddly, while other organic chemicals showed the biggest gain in manufacturing shipments, it showed the smallest growth in exports. This same phenomenon was observed in the 1st quarter data.

Figure 2: Change in exports, 1st half 2018 v 1st half 2017, %



Changes in export volumes and dollar values for specific commodities are shown in **Table 1**.

Petrochemicals saw stabilization and growth in specific product categories in the first half of 2018. Inorganic chemicals generally saw declines across product categories but saw strong growth in hydrochloric acid and sodium silicate production and exports. Methanol continued to show improved pricing and export volumes over 2017. Synthetic resins, led by polyethylene products, showed strong growth from 2017 while Specialty Chemicals saw large gains in orthophthalates but weakness in other product categories.

Table 1: Change in exports of selected commodities, 1st half 2018 v 1st half 2017, %

Commodity	change, tonnage basis, %	change, \$ basis, %
Petrochemicals		
Propylene	-8	13
Butadiene	10	6
Higher olefins	4	-3
Benzene	-1	-22
Styrene	-3	-4



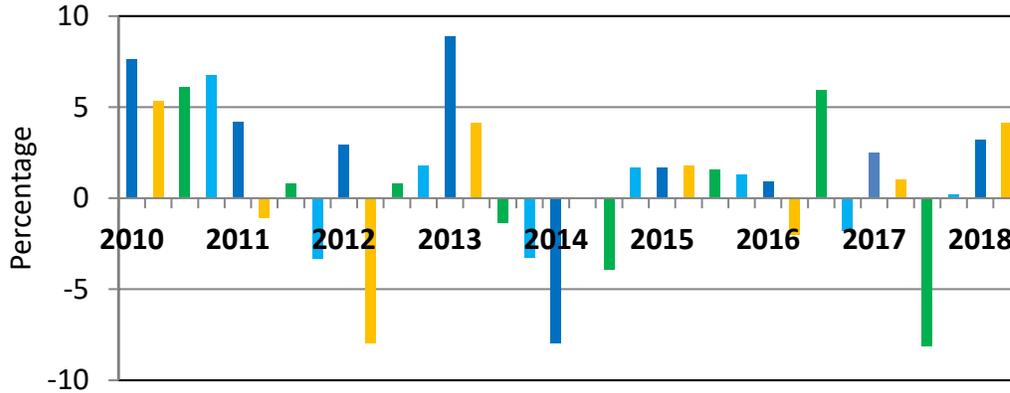
Commodity	change, tonnage basis, %	change, \$ basis, %
<i>Inorganics</i>		
Chlorine	-9	6
Hydrochloric acid	27	105
Sulphuric acid	-4	6
Sodium hydroxide	-13	-16
Titanium dioxide	-51	-12
Sodium chlorate	-8	-12
Aluminum sulphate	-12	-11
Sodium silicates	39	17
Hydrogen peroxide	2	2
<i>Other organics</i>		
Methanol	25	31
Isopropyl alcohol	-15	-15
Ethylene glycol	-11	-7
<i>Synthetic resins</i>		
Polyethylenes	8	11
Butyl rubbers	-15	-17
<i>Specialty chemicals</i>		
Palmitates and stearates	-9	-9
Orthophthalates	281	248
Azo compounds	-42	-20
Cyanine dyes	-8	-14
Azo dyes	-48	-14



> Gross Domestic Product (GDP)

Industrial chemicals GDP had its second consecutive quarter of solid growth, rising by 4.1% in the 2nd quarter, following 3.2% growth in the 1st quarter.

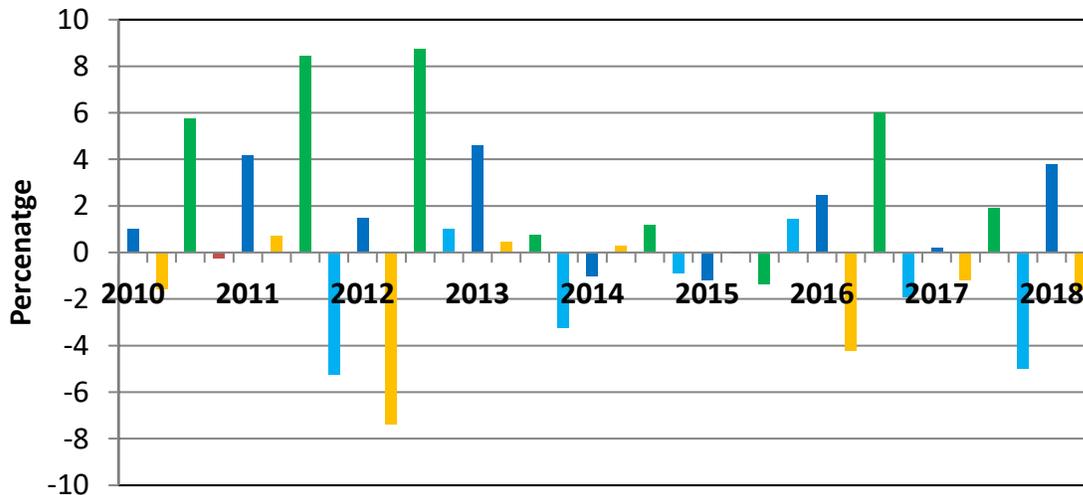
Figure 3: Quarter-over-quarter change in GDP for industrial chemicals, %



> Rail Car Shipments

The number of rail cars used to ship industrial chemicals (Figure 4) decreased 1.6% in the 2nd quarter compared to the 1st quarter of the year.

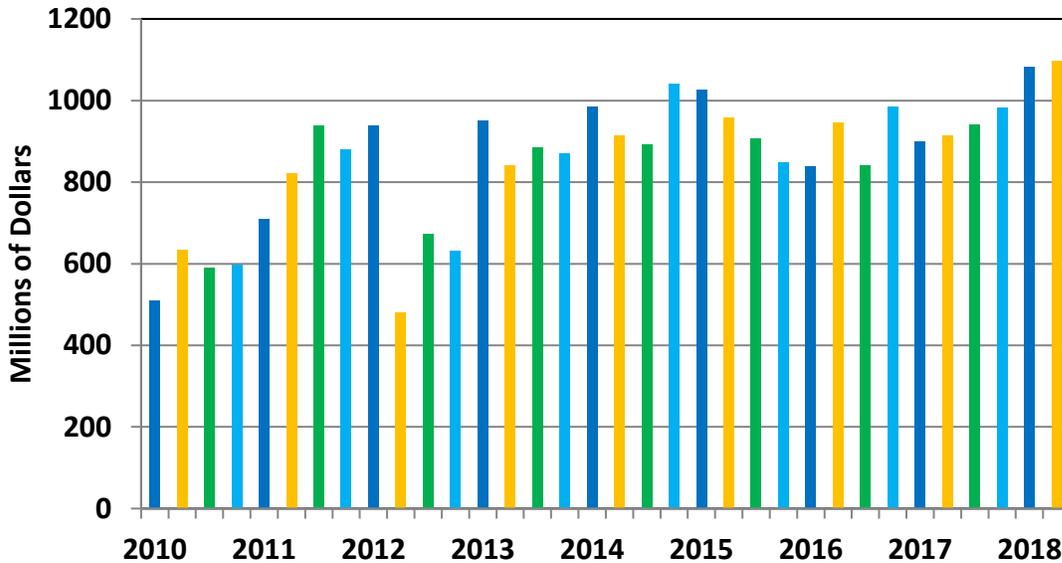
Figure 4: Quarter-over-quarter change in number of rail cars shipping industrial chemicals, percentage



> Profits

Operating profits (Figure 5) for industrial chemicals were \$1097 million in the 2nd quarter, extending the streak to five consecutive quarters in which profits have shown growth. This was the most profitable quarter in the history of the industry, while the 1st quarter of the year was the second most profitable.

Figure 5: Quarterly operating profits for industrial chemicals, \$ million



Note: All data in this report are based on Statistics Canada sources

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