

# Industrial Chemical Industry: Performance Snapshot Q4/Year End 2018

## Highlights

- > Shipments of industrial chemicals were up 8.4% in value compared to 2017. Other Organic Chemicals and Synthetic Resins and Rubbers were the strongest performers among the sub-sectors, followed by inorganic chemicals. Petrochemicals showed a small decline while industrial gases ended the year up significantly from 2017.
- > Exports for industrial chemicals were up 10% in value in 2018 compared to 2017. All sub-sectors except industrial gases showed growth, with petrochemicals having increased their exports by 31.9%.
- > Industrial chemical GDP grew 2.1% in the 4<sup>th</sup> quarter of 2018 compared to the 3<sup>rd</sup> quarter of the year.
- > The quarter-over-quarter change in rail car shipments of industrial chemicals declined 1.4% in the 4<sup>th</sup> quarter which is a common occurrence in 4<sup>th</sup> quarter going back several years.



**CHEMISTRY INDUSTRY  
ASSOCIATION OF CANADA**



**Responsible Care<sup>®</sup>**  
Our commitment to sustainability.

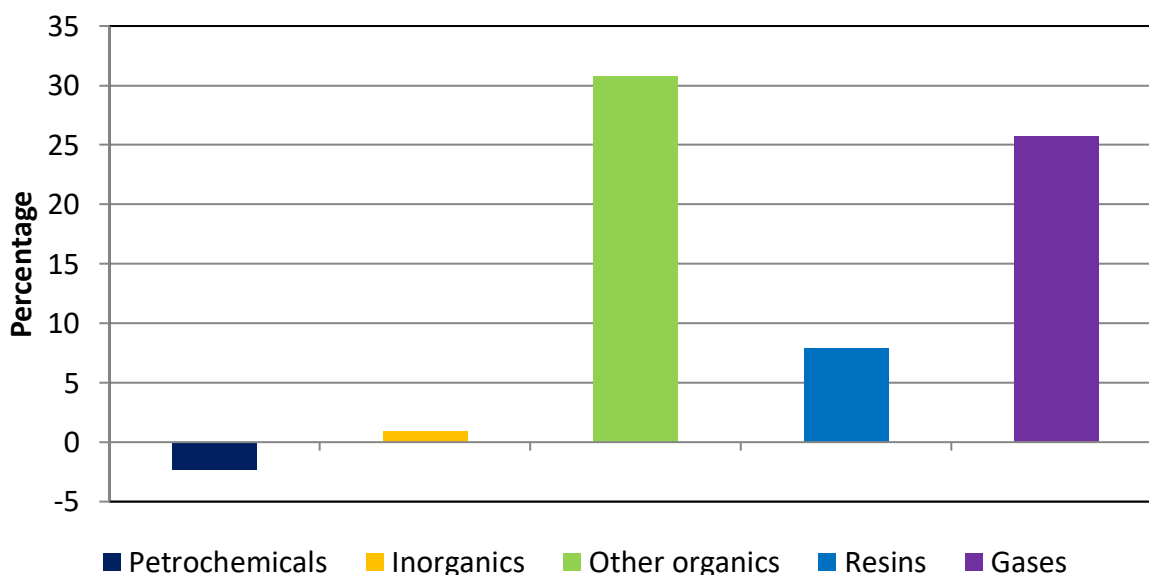
# Industrial Chemical Industry: Performance Snapshot



## > Shipments

Shipments of industrial chemicals increased 8.4% in value in 2018 compared to 2017. At the half-year point, shipments were down 1%, so the 2<sup>nd</sup> half of 2018 was much stronger than the same period in 2017. This likely signals a recovery from the transportation disruptions that occurred in the spring of 2018. Other organic chemicals showed the strongest growth in shipment value in 2018, rising 30.8% followed by Industrial gases where shipments rose 25.7%. Synthetic resins showed good growth of 7.9%, while petrochemicals and inorganic chemical shipments showed a small decline and a small increase from 2017 respectively.

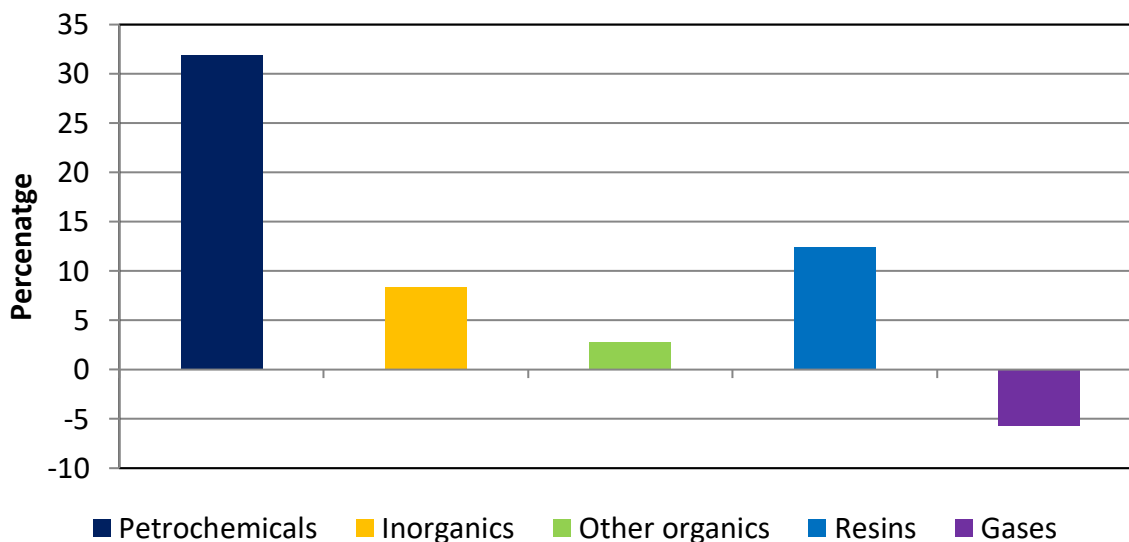
**Figure 1: Change in Shipment Value, Year End 2018 v. year End 2017, %**



## > Exports

Exports by the industrial chemical industry finished 2018 up 10% compared to 2017. Petrochemicals exports surged approximately 32% in 2018 followed by synthetic resins at 12.4% and inorganic chemicals 8.4%. 2018 was an odd year for Other Organic chemicals, this sub-sector had the largest increase in shipment value while exports barely increased year over year. Industrial gases exports were down 5.7% in 2018. Changes in export volumes and dollar values for specific commodities are shown in **Table 1**.

**Figure 2: Change in Export Value, Year End 2018 v. Year End 2017, %**



With the exception of benzene, Petrochemicals saw strong pricing growth in 2018 with double digit increases in all product categories. Methanol exports had a very strong year with volumes and shipment value increasing substantially in 2018. Hydrochloric acid, sulphuric acid and sodium silicates also saw strong pricing growth in 2018, as shipment values increased substantially more than shipment volumes in 2018. Synthetic resins, led by polyethylene products, showed continued strength with the volume and value of product shipped increasing by 12% and 15% respectively in 2018, the strength of both numbers show evidence of heightened demand levels in export markets but may also have been influenced by currency fluctuations. Orthophthalates and to a lesser extent Other Fatty Acid products, exports saw exceptional growth in 2018, buoying an otherwise lacklustre year for the specialty chemical subsector.

**Table 1: Change in Exports of Selected Commodities, Year End 2018 v Year End 2017**

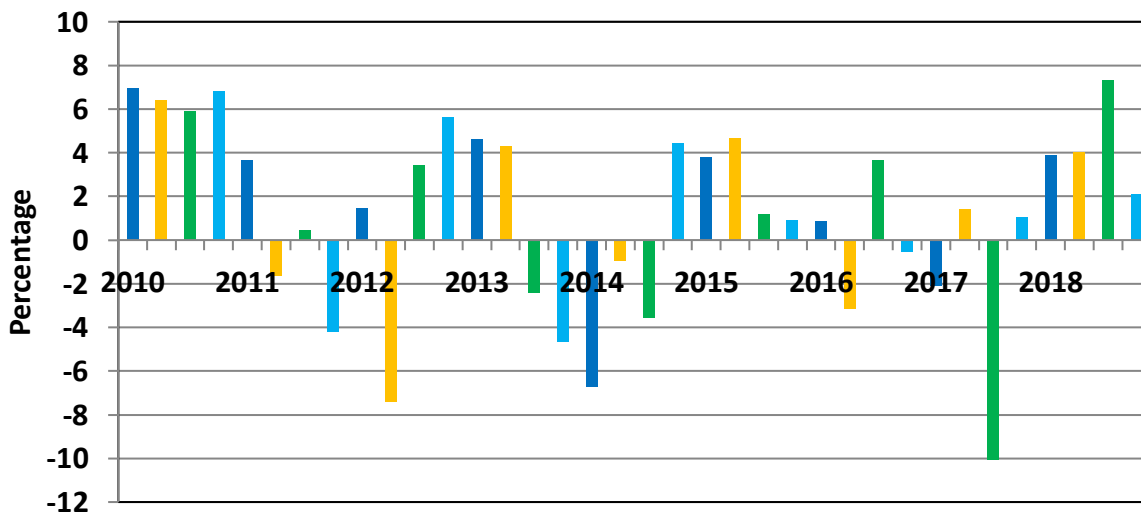
Commodity	Change, Tonnage Basis, %	Change, \$ Basis, %
<b>Petrochemicals</b>		
Propylene	-3	27
Butadiene	25	23
Higher Olefins	8	5
Benzene	-9	-23
Styrene	10	13
<b>Inorganics</b>		
Chlorine	No Chg	19
Hydrochloric Acid	19	79
Sulphuric Acid	-3	25
Sodium Hydroxide	-6	-5

Titanium Dioxide	-39	-5
Sodium Chlorate	-8	-4
Aluminum Sulphate	-20	-9
Sodium Silicates	55	30
Hydrogen Peroxide	2	5
<b>Other Organics</b>		
Methanol	12	32
Isopropyl Alcohol	-14	-2
Ethylene Glycol	-8	-1
<b>Synthetic Resins</b>		
Polyethylenes	12	15
Butyl Rubbers	No Chg	6
<b>Specialty Chemicals</b>		
Palmitates and Stearates	-7	-2
Orthophthalates	122	120
Azo Compounds	-39	-9
Cyanine Dyes	-21	-13
Azo Dyes	-40	-26
Other Fatty Acids	19	18

## > Gross Domestic Product (GDP)

Industrial chemicals GDP had its 5th consecutive quarter of growth, rising 2.1% in the 4<sup>th</sup> quarter.

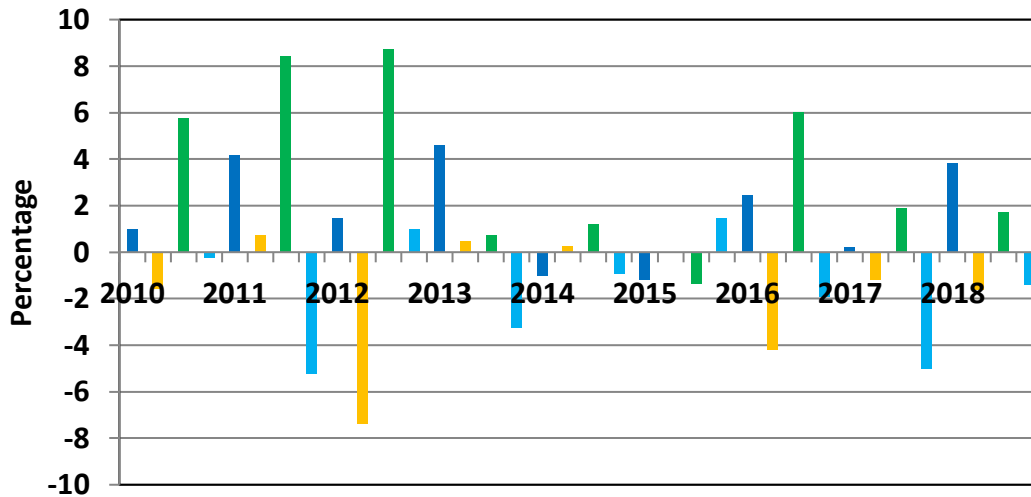
Figure 3: Quarter-Over-Quarter Change in GDP for Industrial Chemicals, %



## > Rail Car Shipments

The number of rail cars used to ship industrial chemicals (Figure 4) decreased 1.4% in the 4<sup>th</sup> quarter. We have typically seen a decline in railcar shipments in the 4<sup>th</sup> quarter. This could be weather related and may also be a sign of increased traffic on the rail system, creating congestion points as harvest season finished across Canada.

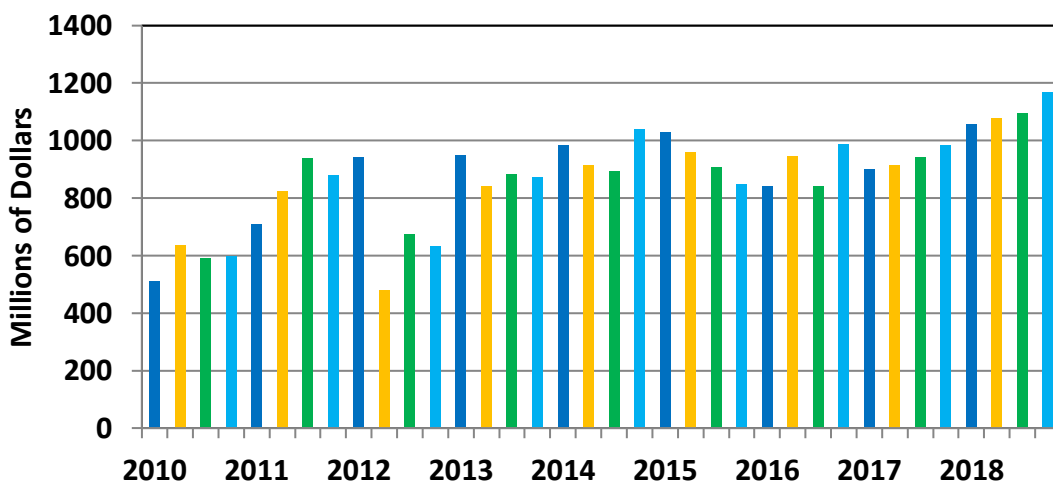
**Figure 4: Quarter-over-quarter change in number of rail cars shipping industrial chemicals, percentage**



## > Profits

Operating profits (Figure 5) for industrial chemicals were \$1169 million in the 4<sup>th</sup> quarter, establishing a new quarterly record and capping off a banner year for Canada’s industrial chemical sector.

**Figure 5: Quarterly Operating Profits for Industrial Chemicals**



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

***For information please contact:***

David Cherniak, Senior Policy Analyst, Business and Economics

[dcherniak@canadianchemistry.ca](mailto:dcherniak@canadianchemistry.ca)

Greg Moffatt, Senior Director – Business and Economics; Lead, Government and Stakeholder Relations - Western Canada

[gmoffatt@canadianchemistry.ca](mailto:gmoffatt@canadianchemistry.ca)