

# Industrial Chemical Industry: Performance Snapshot Third quarter of 2017

## Highlights

- > Industrial chemicals continued to show improved performance compared to 2016, but the rate of growth was lower after three quarters compared to where it stood after the first half of the year.
- > Shipments of industrial chemicals were up 6% after nine months. The overall performance was driven by very strong growth in petrochemicals and other organic chemicals, with good growth in inorganic chemicals. Synthetic resins was the only subsector showing an overall decline.
- > The quarter-over-quarter change in rail car shipments were up 2%.
- > Exports for industrial chemicals after three quarters were almost the same as in 2016. Petrochemicals led with a big surge compared to 2016. Other organic chemicals were also up, while inorganic chemicals and synthetic resins were down.
- > Industrial chemical GDP dropped 6% in Q3.



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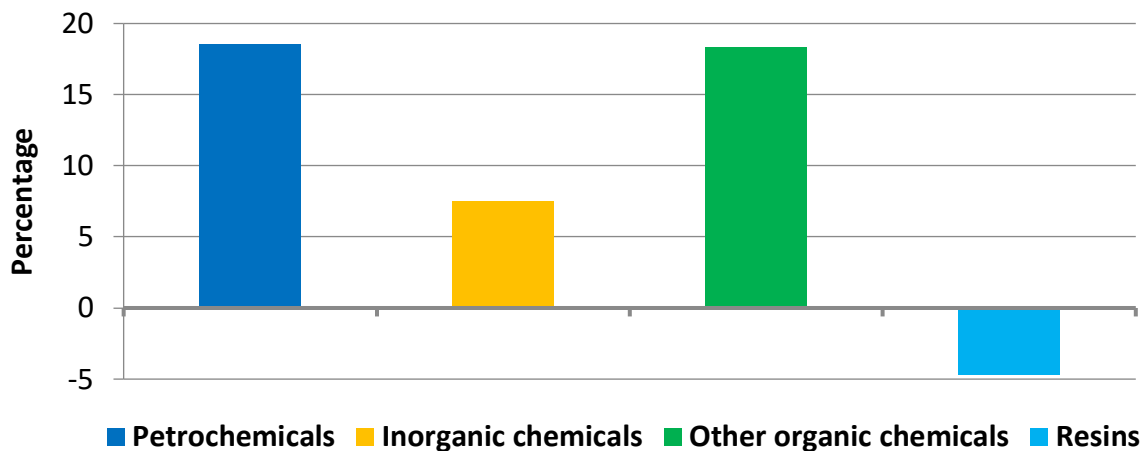


## › Shipments

Shipments in dollar terms for the industrial chemical industry were weaker in Q3 of 2017 compared to Q3 of 2016. Over nine months of 2017, shipments grew 6% compared to the same period in 2016.

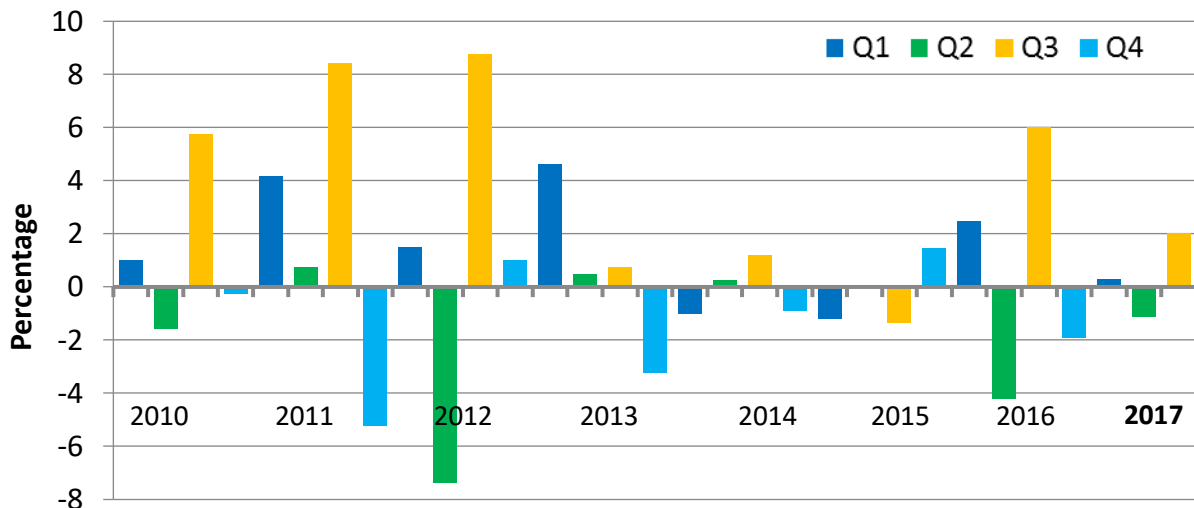
Petrochemicals (19%) and other organic chemicals (18%) showed the biggest gains, followed by inorganic chemicals (8%). Synthetic resins and rubbers are down in the first nine months of 2017 (-5%) which may have been due to an unusually high number of plant maintenance turnarounds in the early part of this year.

Figure 1: Change in shipment value, 9 months 2017 vs. 9 months 2016, %



The number of rail cars used to ship industrial chemicals (Figure 2) increased 2% compared to Q2 of 2017.

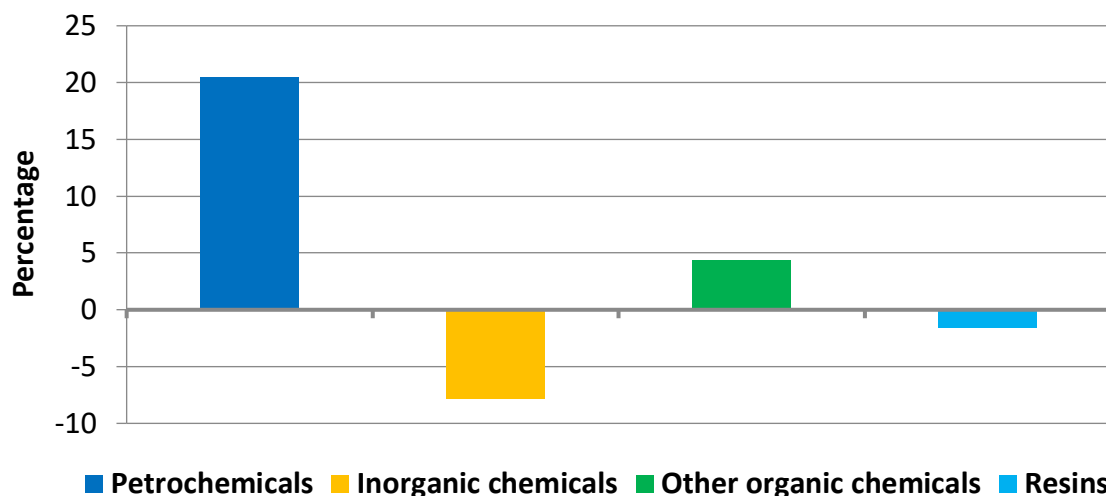
Figure 2: Quarter-over-quarter change in number of rail car shipments for industrial chemicals, %



## › Exports

Exports for the industrial chemical industry were weaker in Q3 of 2017 compared to Q3 of 2016. Over the first nine months of 2017, exports were up only slightly (0.5%) compared to the same period in 2016. Petrochemicals showed the biggest increase (21%), and other organic chemicals were also up (4%). Inorganic chemicals (-8%) and synthetic resins (-2%) were both down so far this year.

Figure 3: Change in exports, 9 months 2017 vs. 9 months 2016, %



The large jump in petrochemical industry exports seen in Figure 3 over the first nine months of 2017 was strongly influenced by benzene and styrene sales. Performance of inorganic chemicals was generally mixed in this period. For other organic chemicals, methanol and ethylene glycol both showed strong growth on a value basis, so it is surprising that that growth for this industry subsector was just 4% overall. For resins, the biggest sub-component, polyethylene, was down significantly on both a tonnage and dollar value basis.

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



Table 1: Change in exports of selected commodities, 9 months 2017 vs. 9 months 2016, %

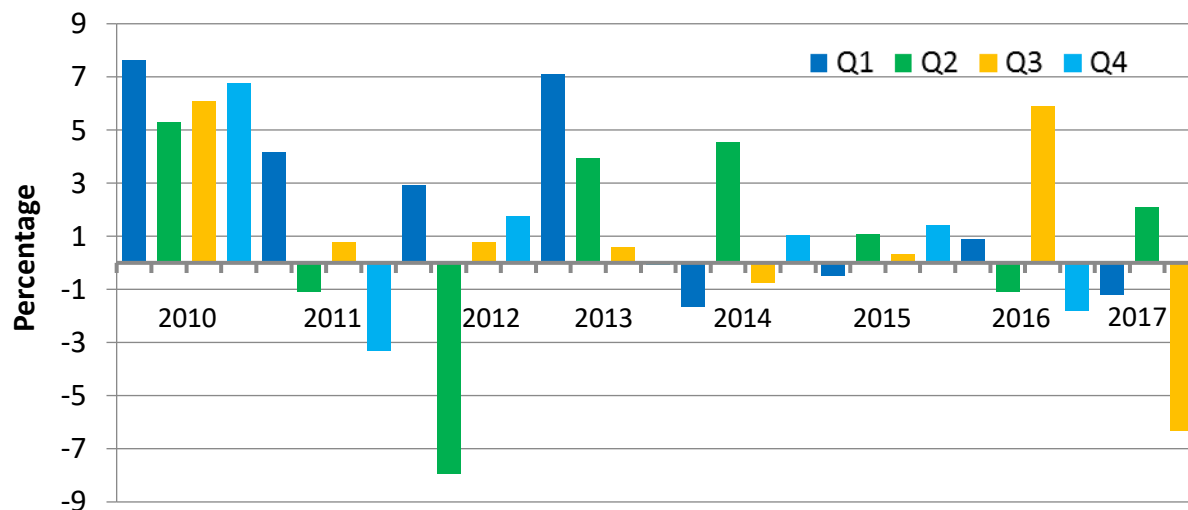
Commodity	Change, Tonnage Basis, %	Change, \$ Basis, %
<b><i>Petrochemicals</i></b>		
Propylene	-9	-7
Butadiene	-18	-27
Higher olefins	-14	-10
Benzene	1	55
Styrene	15	47
<b><i>Inorganics</i></b>		
Chlorine	-14	-17
Hydrochloric acid	87	70
Sulphuric acid	-12	no chg
Sodium hydroxide	47	12
Titanium dioxide	40	38
Sodium chlorate	no chg	-2
Sodium silicates	7	7
Hydrogen peroxide	-8	-12
<b><i>Other organics</i></b>		
Methanol	no chg	42
Isopropyl alcohol	-27	-22
Ethylene glycol	-2	20
<b><i>Synthetic resins</i></b>		
Polyethylenes	-30	-26
Butyl rubbers	-4	2
<b><i>Specialty chemicals</i></b>		
Palmitates and stearates	2	16
Orthophthalates	-81	-82
Azo compounds	48	51
Cyanine dyes	32	19
Azo dyes	17	25



## › Gross Domestic Product (GDP)

GDP for industrial chemicals fell 6% in Q3 of 2017. Both basic chemicals and synthetic resins and rubbers were down.

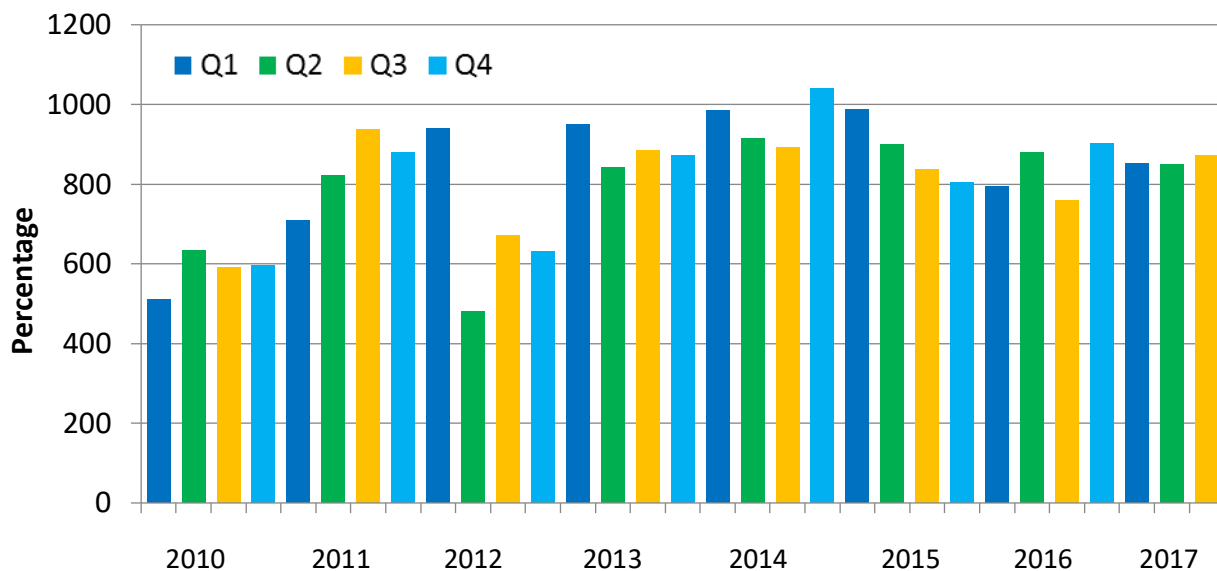
Figure 4: Quarter-over-quarter change in GDP for industrial chemicals, %



## › Profits

Operating profits (Figure 5) for industrial chemicals in Q3 were \$870 million, up from \$830 million in Q2. The industrial chemical industry has been generating strong profits since the beginning of 2013.

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



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