

Industrial Chemical Industry: Performance Snapshot Q3/First Nine Months 2018

Highlights

- > After nine months of 2018, shipments of industrial chemicals were up 6% compared to the same period in 2017. Other organic chemicals and industrial gases were the strongest performers among the sub-sectors, followed by synthetic resins and rubbers, while petrochemicals, and inorganic chemicals both showed declines.
- > Exports for industrial chemicals were up 10% after three quarters of 2018 compared to 2017. All sub-sectors except industrial gases showed growth, led by petrochemicals.
- > Industrial chemical GDP grew 7.3% in the 3rd quarter of 2018 compared to the 2nd quarter of the year. This was the largest quarterly growth rate since at least 2010.
- > The quarter-over-quarter change in rail car shipments of industrial chemicals rose 2% in the 3rd quarter.



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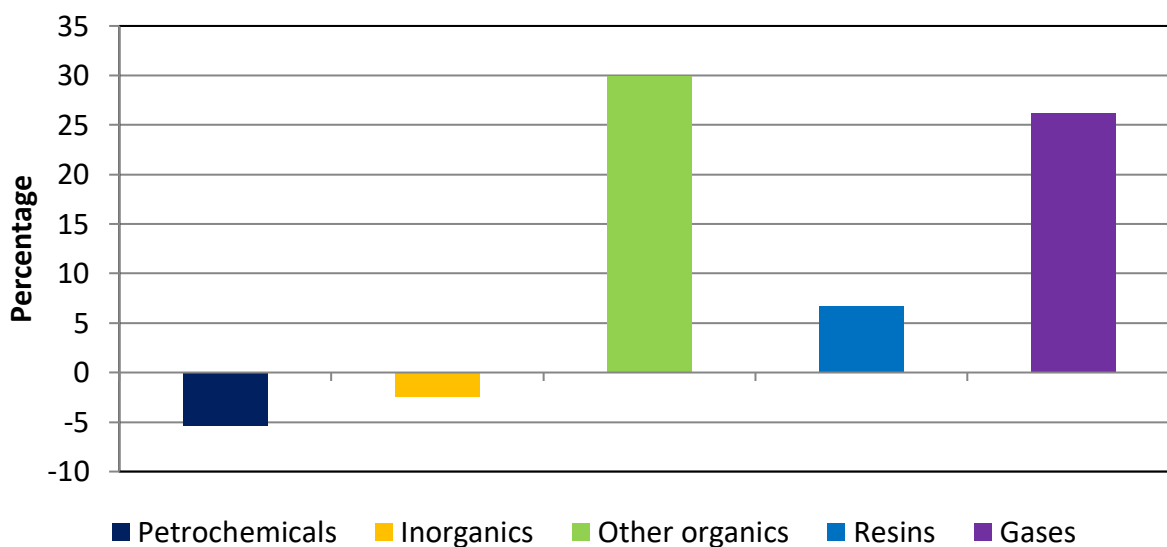
Industrial Chemical Industry: Performance Snapshot



> Shipments

Shipments of industrial chemicals increased 6% for 9 months in 2018 compared to 2017. At the half-year point, shipments were down 1%, so the 3rd quarter of 2018 was much stronger than the same quarter in 2017. This likely signals a recovery from the transportation disruptions that occurred in the spring of 2018. Other organic chemicals and industrial gases showed strong growth. Synthetic resins showed good growth, while petrochemicals and inorganic chemical shipments remained negative, albeit less negative than after 6 months.

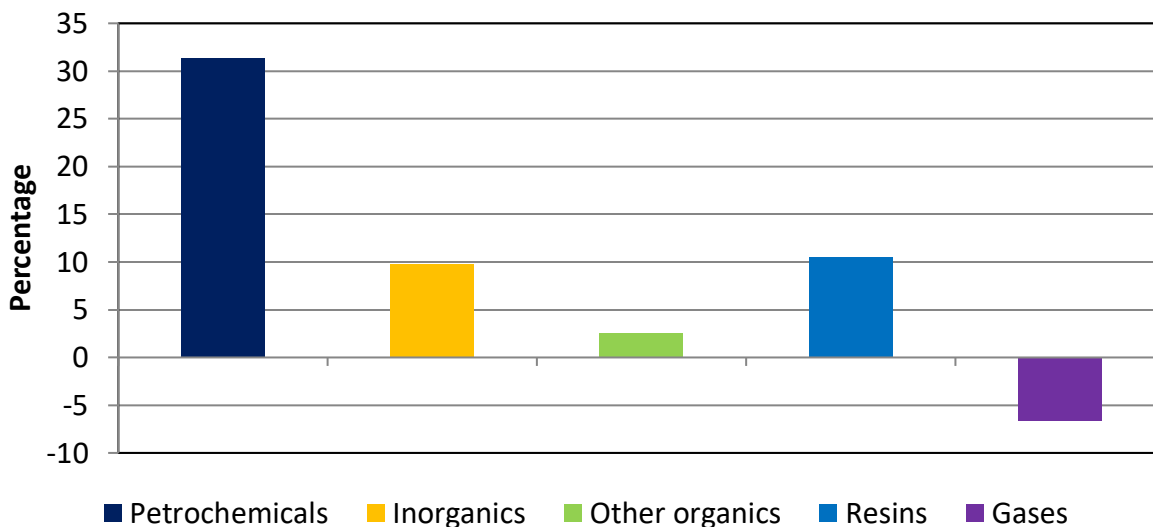
Figure 1: Change in shipment value, 9 Months of 2018 v 9 Months of 2017, %



> Exports

Exports by the industrial chemical industry were up almost 10% after three quarters in 2018 compared to 2017. Petrochemicals continued to show the strongest growth, followed by synthetic resins and inorganic chemicals. Oddly, while other organic chemicals showed the biggest gain in manufacturing shipments, it showed the smallest growth in exports. This same phenomenon has been observed all year. Industrial gases exports are down for the year.

Figure 2: Change in Exports, 9 Months of 2018 v 9 Months in 2017, %



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

With the exception of benzene, Petrochemicals have seen strong pricing growth in 2018 with double digit increases in all product categories. Methanol continued its strong run through Q3 and saw improved pricing and tonnage volumes this quarter. Hydrochloric acid, sulphuric acid and sodium silicates have also had a strong run in 2018. Synthetic resins, led by polyethylene products, showed continued strength with the volume and value of product shipped increasing by 11% and 12 % respectively through Q3 2018. Orthophthalates continue to see exceptional strength in volume and pricing categories but overall the Specialty Chemicals sub-sector has been facing headwinds in 2018.

Table 1: Change in Exports of Selected Commodities, 9 Months 2018 v 9 Months 2017

Commodity	Change, Tonnage Basis, %	Change, \$ Basis, %
Petrochemicals		
Propylene	-9	20
Butadiene	17	14
Higher Olefins	10	7
Benzene	-8	-22
Styrene	6	10
Inorganics		
Chlorine	-5	10
Hydrochloric Acid	23	85
Sulphuric Acid	-1	18
Sodium Hydroxide	-10	-11
Titanium Dioxide	-44	-5

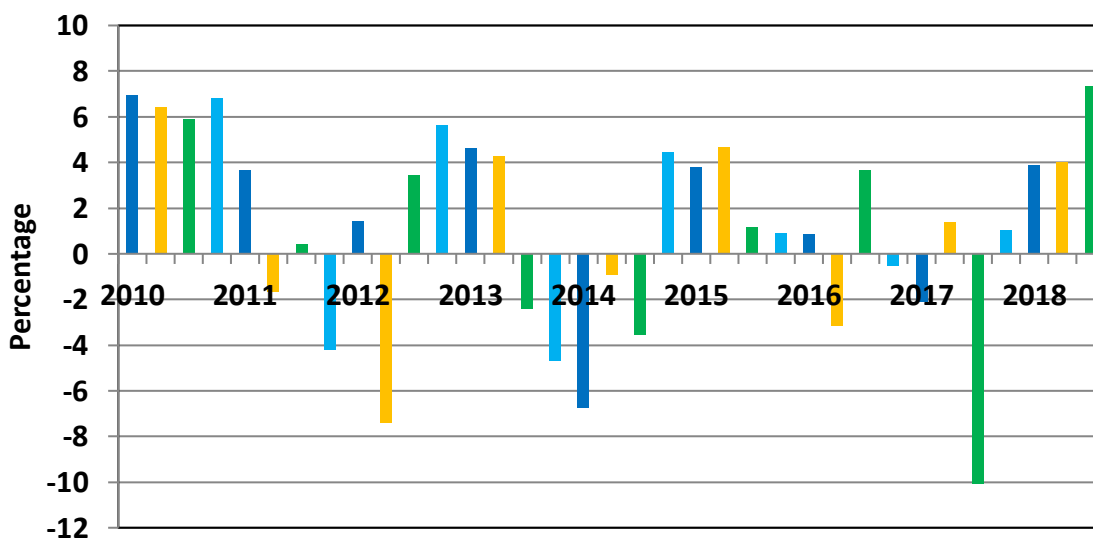


Sodium Chlorate	-8	-10
Aluminum Sulphate	-17	-9
Sodium Silicates	49	26
Hydrogen Peroxide	No Chg	1
Other Organics		
Methanol	8	25
Isopropyl Alcohol	-10	-9
Ethylene Glycol	-8	No Chg
Synthetic Resins		
Polyethylenes	11	15
Butyl Rubbers	-3	1
Specialty Chemicals		
Palmitates and Stearates	-2	No Chg
Orthophthalates	223	202
Azo Compounds	-47	-12
Cyanine Dyes	-18	-13
Azo Dyes	-26	-19
Other Fatty Acids	18	22

> Gross Domestic Product (GDP)

Industrial chemicals GDP had its third consecutive quarter of strong growth, rising 7.3%, the highest rate of growth for any quarter since at least 2010.

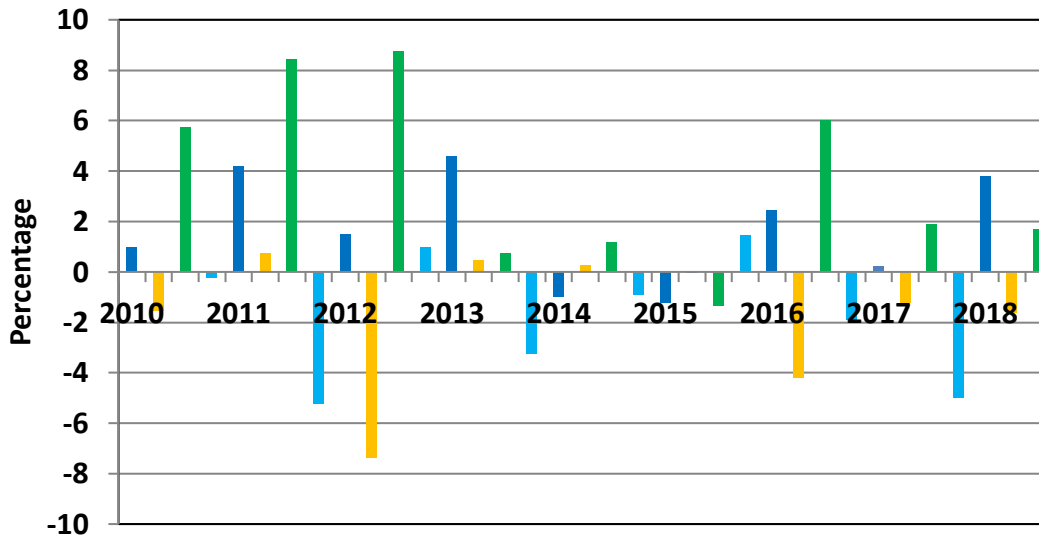
Figure 3: Quarter-over-quarter change in GDP for industrial chemicals, %



> Rail Car Shipments

The number of rail cars used to ship industrial chemicals (Figure 4) increased 1.7% in the 3rd quarter compared to the prior quarter.

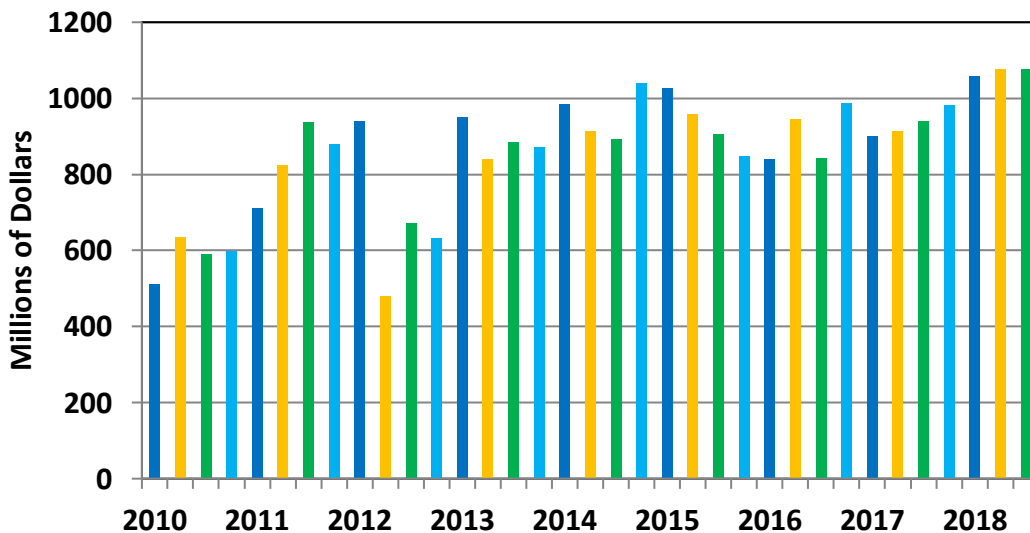
Figure 4: Quarter-over-quarter change in number of rail cars shipping industrial chemicals, percentage



> Profits

Operating profits (Figure 5) for industrial chemicals were \$1076 million in the 3rd quarter, equalling the record quarterly high from the 2nd quarter of the year.

Figure 5: Quarterly Operating Profits for Industrial Chemicals



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

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