

Industrial Chemical Industry: Performance Snapshot First Quarter 2018

Highlights

- > Shipments of industrial chemicals were down 4% in the 1st quarter of 2018 compared to the first quarter of 2017. Within the industry, the performance was highly variable. Other organic chemicals showed strong-growth, while the other three main sub-segments all showed declines.
- > Exports for industrial chemicals were up 3% in the 1st quarter of 2018 compared to the same quarter in 2017. Petrochemicals showed the strongest growth, while inorganic chemicals and resins were also up. Other organic chemicals showed no change.
- > Industrial chemical GDP grew 2.8% in the 1st quarter compared to the last quarter of 2017.
- > The quarter-over-quarter change in rail car shipments was up 4%, a large turnaround from the 5% decline observed between the 3rd and 4th quarters of 2017.



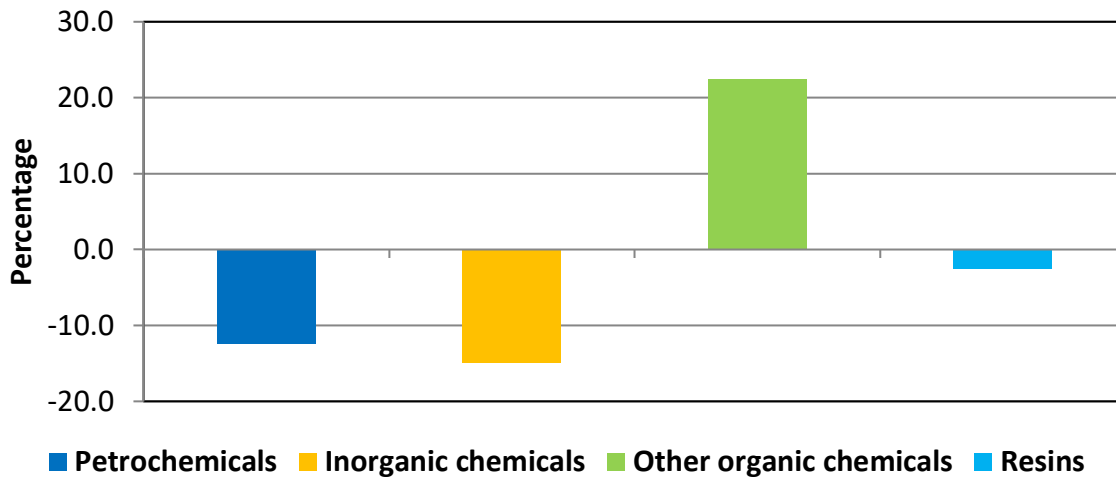
Industrial Chemical Industry: Performance Snapshot



> Shipments

Shipments in dollar terms for the industrial chemical industry declined by 4% in the 1st quarter of 2018 compared to the same quarter in 2017. Other organic chemicals showed very strong growth (23%) while the other three sub-segments all showed declines.

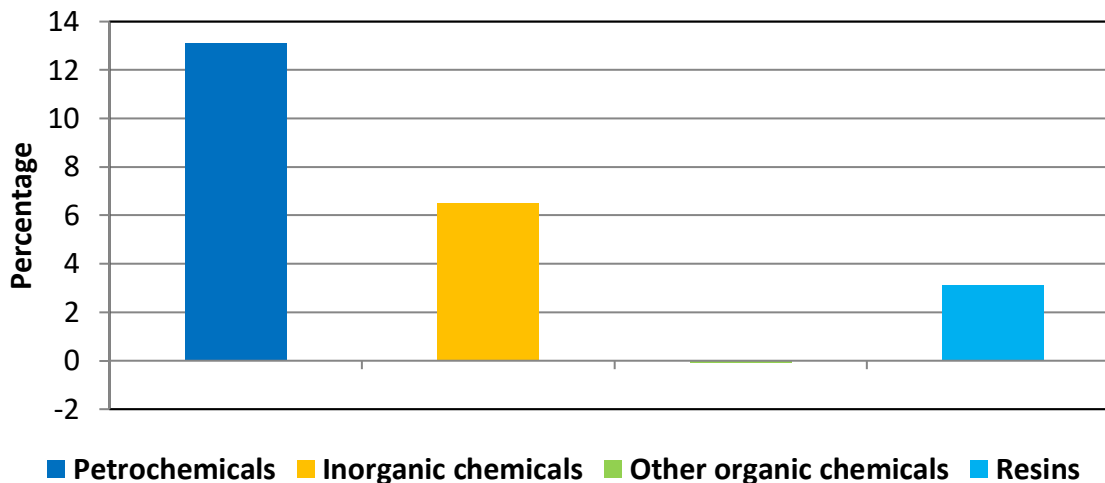
Figure 1: Change in shipment value, 1st quarter of 2018 v 1st quarter of 2017, %



> Exports

Exports from the industrial chemical industry were up 3% in the 1st quarter of 2018 compared to the same period in 2017. Petrochemicals continued to be the sub-sector showing the most growth (13%). Inorganic chemicals (7%) and synthetic resins (3%) also saw gains, while other organic chemicals showed no change.



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

It is odd to see the shipment and export data being so diametrically opposite and may be a result of well publicized transportation issues experienced in the Winter months. Future revisions will likely adjust this situation.

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

Within petrochemicals and resins, the trend was down for most commodities. Other organic chemicals were largely up with the value gains exceeding the volume gains showing price improvements over the year. Resins were down overall due to the large drop in polyethylene. The trends within Inorganic chemicals and specialty chemicals were mixed.

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

Commodity	change, tonnage basis, %	change, \$ basis, %
Petrochemicals		
Propylene	-16	6
Butadiene	-19	-23
Higher olefins	-9	-11
Benzene	-54	-71
Styrene	-5	no chg
Inorganics		
Chlorine	-16	-6
Hydrochloric acid	28	101
Sulphuric acid	-16	-18
Sodium hydroxide	-15	-18
Titanium dioxide	-88	-77
Sodium chlorate	-9	-16

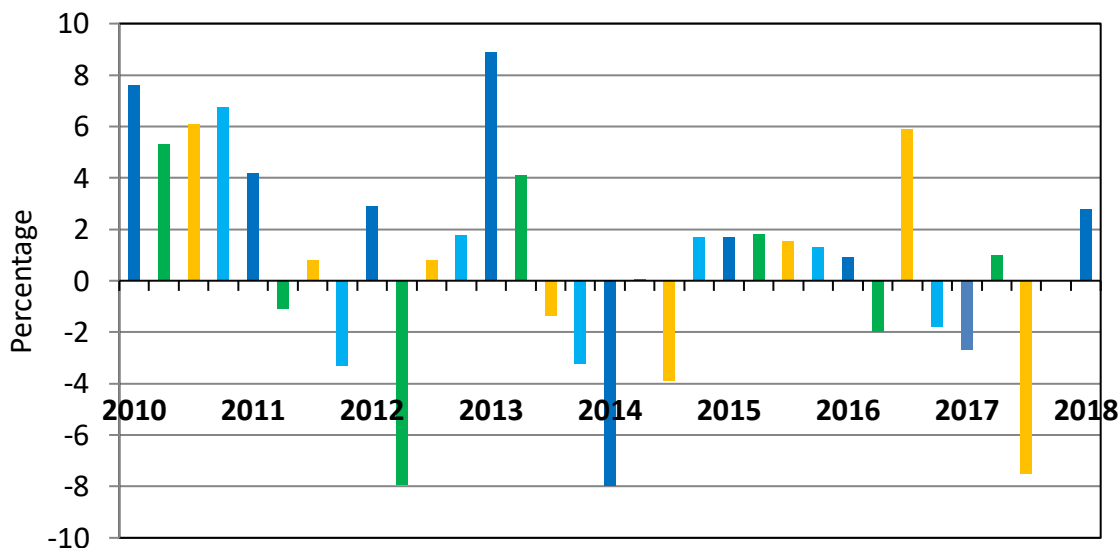


Aluminum sulphate	11	-2
Sodium silicates	-9	-11
Hydrogen peroxide	-4	-3
Other organics		
Methanol	96	96
Isopropyl alcohol	-28	-25
Ethylene glycol	-11	-6
Synthetic resins		
Polyethylenes	-37	-32
Butyl rubbers	-30	-34
Specialty chemicals		
Palmitates and stearates	-10	-17
Orthophthalates	187	151
Azo compounds	5	-24
Cyanine dyes	-2	-12
Azo dyes	-36	-4

> Gross Domestic Product (GDP)

GDP for industrial chemicals grew by 2.8% in the 1st quarter of 2018 compared the last quarter of 2017. This was the largest quarterly increase since the 3rd quarter of 2016.

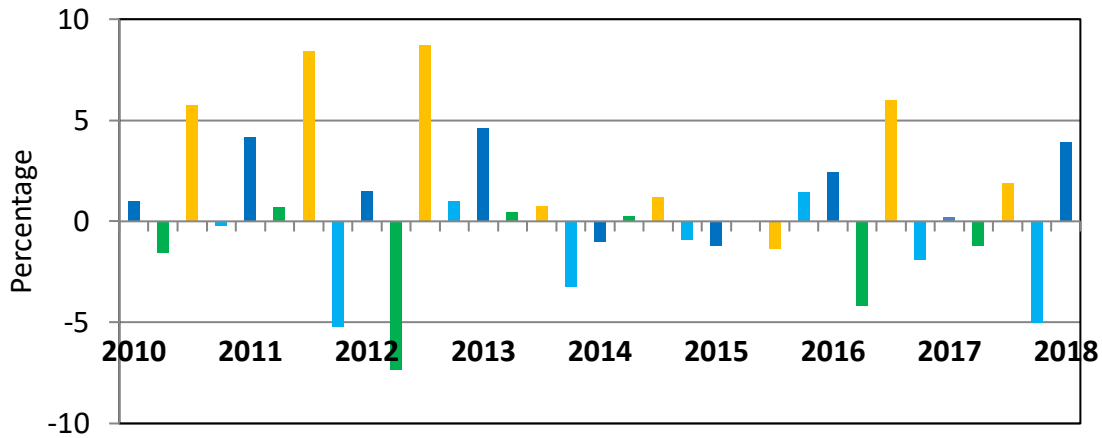
Figure 3: Quarter-over-quarter change in GDP for industrial chemicals, %



> Rail Car Shipments

The number of rail cars used to ship industrial chemicals (Figure 4) increased 4% in the 1st quarter of 2018 compared to the last quarter of 2017. This was the largest quarter-to-quarter swing since the 3rd quarter of 2016.

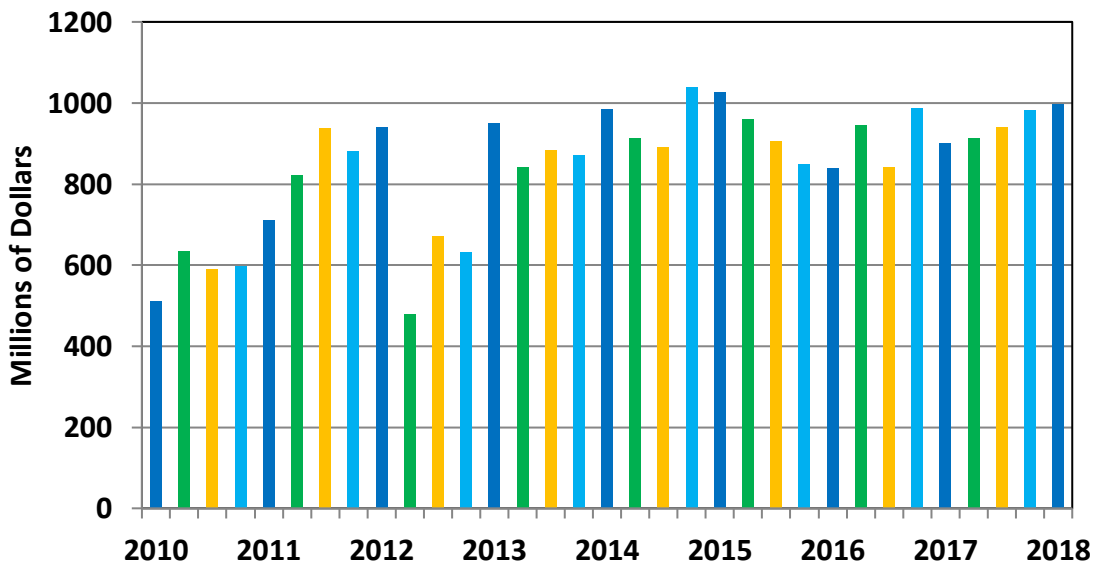
Figure 4: Quarter-over-quarter change in number of rail cars shipping industrial chemicals, percentage



> Profits

Operating profits (Figure 5) for industrial chemicals in the 1st quarter were \$996 million, up slightly from the 4th quarter of 2017. The represented the fifth consecutive quarter profits have shown growth.

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



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

For information

David Cherniak, Senior Policy Analyst, Business and Economics dcherniak@ciac-acic.ca

David Podruzny, Vice President, Business and Economics dpodruzny@ciac-acic.ca

