

# C-MACC

Chemical Market Analysis & Consulting Company

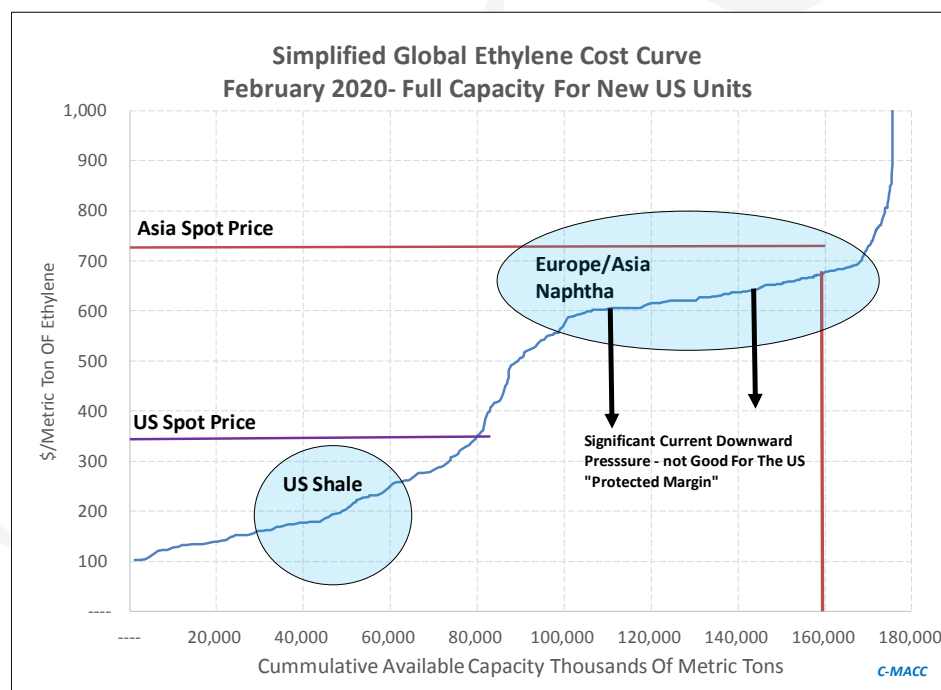
## A Multiclient Offering From C-MACC

### \$20 Crude and its Implications for Chemicals

*With the breakdown of the OPEC meeting this week there is concern that crude oil prices could fall dramatically from what are already 4-year lows. The supply/demand dynamics of the chemical industry are today very dependent on the cost differential between crude oil derived feedstocks and natural gas derived feedstocks. A flattening of the cost curve could cause a chaotic reshaping of trade flows – especially if combined with a COVID-19 driven step down in demand in 2020. Our goal is to produce something useful, quickly and cost effectively*

C-MACC is proposing a multiclient look at the possible scenarios that could evolve as a consequence of a sharp fall in oil prices and prolonged period of lower oil. Contents would include:

- Approximate cost curves for ethylene under a number of possible crude/natural gas and ethylene co-product scenarios. All focused on the current direction of the curve – below – which we published in a recent daily.



- We will also address whether the cost curve is an appropriate tool and look at some of the “alternative value” curves that might be more relevant to decision making – see our recent Scenarios Piece for more on this.
- We will draw conclusions at the industry level, sub-industry, regional and class of producer level but will not draw specific company conclusions unless we see cases of potential insolvency – but these are more likely to be company groupings.
- We will also offer broad strategic alternatives for companies in different regions and with different trade and feedstock dependencies.
- We will work through a couple of different demand scenarios – one of which considers a sharp drop in 1H 2020 followed by a quick recovery – which seems to be current consensus, and a second which reflects more permanent damage to consumer sentiment.

March 8, 2020

#### Commodities Covered:

- Ethylene
- Polyethylene
- Styrene
- PVC
- Polyurethanes
- Aromatics
- Polyester
- Coatings
- Natural Gas
- NGLs
- Refined Products
- Oil

#### Industries Discussed:

- Commodity Chemicals
- Plastics
- Paints
- Industrial Gases
- Specialty Chemicals
- Midstream
- Refining
- E&P

Timing – March 23<sup>rd</sup>

#### Pricing

Clients – Free

Non-Clients - \$5,000\*

\*Orders before March 15<sup>th</sup> – the price increases to \$7,500 after March 15<sup>th</sup>

Please contact us with questions or to place and order

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    - ii. Relative ethylene co-product credits etc
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  - b. Predatory behavior, by a region or company.
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  - d. The risk to cash flows and dividends for public companies
  - e. Insolvency
5. Strategy
  - a. Where to invest – what to avoid
  - b. Corporate actions – what sort of companies can exploit the volatility and what companies will fall victim

**The work will be data driven and scenario assumptions will be provided in the report**

**Note that we are at the planning stages with this report and we will happily take input from prospective buyers.**

## Timing

**With enough initial support (this week) we would expect to have this piece finished and delivered by March 23<sup>rd</sup> – if it takes us a full week to get enough support to go ahead the report will be ready a week later.**

## Price

**The generic report will be free to C-MACC clients. The price for non-clients is \$5,000 for those signing up before March 15<sup>th</sup>. After March 15<sup>th</sup> the price will be \$7,500.**

**In addition, once we have published and distributed the report we will customize the research on a bespoke basis for any company that would like the tailored view – the base price for this additional work would be a further \$5000 (client or non-client), but prices would be negotiated on a case by case basis if companies wanted further analysis – perhaps of competitors, or of their own strategy on an “over the wall basis”.**