

SYNGAS STRATEGIC INSIGHTS 2023

METHANOL DEMAND

Methanol demand into important fuels sectors is changing with global environmental initiatives. Large demand into biodiesel and MTBE increasingly threatened by growing capacity for non-methanol based renewable diesel, restrictions of feedstock for FAME biodiesel, and shift towards electric vehicles and improving fuel efficiency.



RUSSIA AND UKRAINE CONFLICT

Russia/Ukraine conflict - sanctions and the potential impact on project progress, production output, trade flows and prices. Russia has become restricted to exporting to India or to local eastern and central European markets with little to no logistics alternative at a price.



CHINA'S ZERO-COVID POLICY

If this policy is maintained, we are likely to see further lockdowns, reducing demand. However, the level of restriction is likely to ease over time; in addition, action is being taken to stimulate sectors such as the property market.



SUSTAINABLE METHANOL PRODUCTION

We are likely to see more low-carbon projects announced, especially in Europe. Also, existing units could be reconfigured, perhaps with an associated carbon capture and storage scheme, in order to minimize their carbon footprint.



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SANCTIONS

Iranian sanctions and the potential impact on project progress, production output, trade flows and prices. If the sanctions continue, Iran will remain restricted to selling into China and India and prices in these countries may be lower than in other regions.



ECONOMIC GROWTH

Slower economic growth resulting in a lower demand growth outlook. Increasing interest rates and higher energy prices in the western hemisphere, the Zero-Covid policy in China, more extreme heat waves and drought may combine to mean weaker demand growth in the rest of the year and beyond



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