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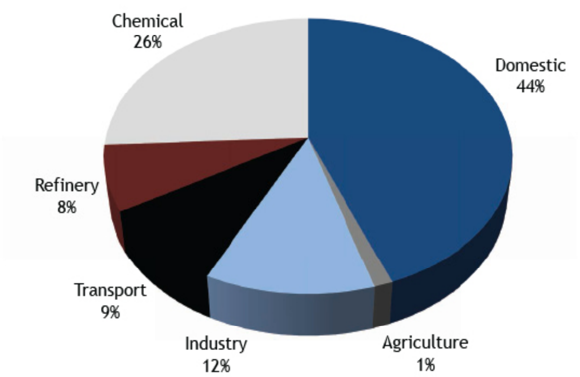
Statistical Review of Global LPG 2016

Introduction

The World LPG Association (WLPGA) and Argus are pleased to compile and edit the 2016 edition of the Statistical Review of Global LPG, which contains the LPG statistics for 2015, collated from data across the world over a number of months.

The review provides a comprehensive market overview and global comparative analysis — setting LPG in the context of primary energy demand trends and including a look at the LPG shipping sector. It is acknowledged as a key resource for the LPG industry, and especially for WLPGA members, with data charting the changing energy landscape in which we live and the effect that crude price weakness has had across the energy sector. LPG has a known profile in this landscape and its many different uses prove the value of such a readily available, clean source of energy.

LPG consumption by sector 2015



This year's review of 2015 statistics details the continuing growth in both LPG production and demand, dominated by the now decisive change in trade flows. US expor ts to Asia-Pacific, Europe and Latin America became even more established last year, while consumption in Asia remained the primary driver of global demand growth.

The 2015 review contains data from across the world, aiming to accurately detail markets often overlooked by analysts. As in previous years, some figures from the 2015 Statistical Review have been revised. Argus — through its petrochemicals consultancy arm Argus DeWitt — continues to aim for a particularly comprehensive review of global petrochemicals capacity for this year's publication.

2015: Strong production, weakening prices

The latest set of annual LPG statistics, gathered and analysed over a five month period by Argus Consulting Ser vices for the WLPGA, confirms the trends of the previous two years — strong production matched with steady demand.

Global LPG production reached over 292mn t/yr in 2015, a 4pc rise from 2014, while global LPG consumption also grew by 3.7pc year-on-year to over 284mn t/yr. The gap between production and demand remains relatively wide at around 8mn t. This reflects yet again the strength in global output, with the US, the world's largest LPG producer, adding alone over 20mn t/yr of new production from 2010 to 2015.

The continuing rise in global LPG output — a hot topic in 2013-14 — was accepted as a fact of life last year. Production rises came mainly from the US, despite signs that lower crude prices were denting the profits of upstream firms and oil field service companies. But US shale gas development still looked economically viable, despite oil price declines.

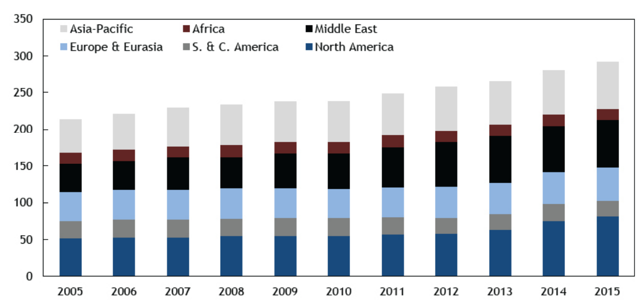
What particularly changed in 2015 came from the markets — faltering large cargo prices in turn impacting prices further down the distribution chain. But there was a catch. Crude price weakness affected all the energy complex, which meant in turn weakness in competing fuel and feedstock prices.

The view from LPG's downstream sector in recent years has not been for the faint-hearted. Distributors and retailers in most regions have faced ferocious competition and stubbornly stagnant markets, with a few notable exceptions. But the often-heard argument that if LPG was cheap enough, even mature cylinder markets would experience strong growth, turned out to be wide of the mark in 2015.

Sustained lower international LPG prices last year were accompanied by depressed markets for all competing oil products — especially gasoline and diesel in the transport sector and naphtha as a petrochemicals feedstock.

LPG held only brief, temporary price advantages to competing fuels. But at some points in 2015, LPG seemed almost impossibly cheap — US propane prices briefly dropped to 13-year lows at the start of June.

LPG production by region 2005-15 *mn t*



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info@argusmedia.com
+44 (0) 20 7780 4200

Argus Media
Argus House, 175 St John Street
London EC1V 4LW
www.argusmedia.com