



POTEN & PARTNERS

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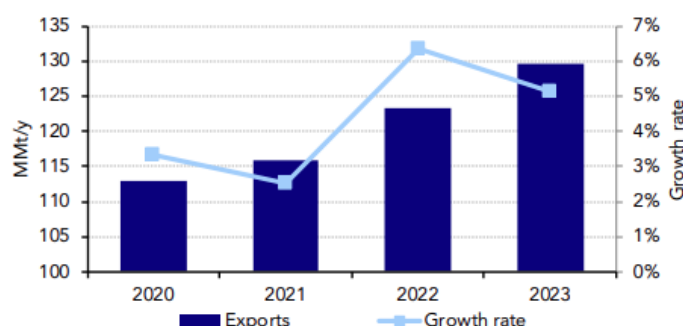
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## LPG Market Outlook

### Fundamentals point to more supply headed for Europe

The significant increase in LPG prices across the world is being driven by the geopolitical factors affecting crude oil prices rather than pure LPG market fundamentals. The underlying LPG market fundamentals point to much lower and more stable prices despite what is being seen in markets today. Global LPG supplies are expected to rise by 6% in 2022 and 5% in 2023 as higher crude prices incentivize larger oil and gas production in the Middle East and the US.

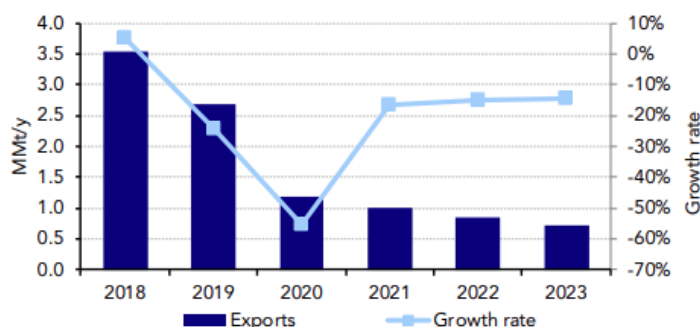
#### Global LPG export forecast and growth rate



As supply is rising, demand in Asia is waning. Higher prices are impacting buying interest and PDH demand in China is lower as some operators have decreased run rates. Supplies from smaller producing regions like Algeria and Nigeria are anticipated to increase which should help alleviate at least some price pressure as well.

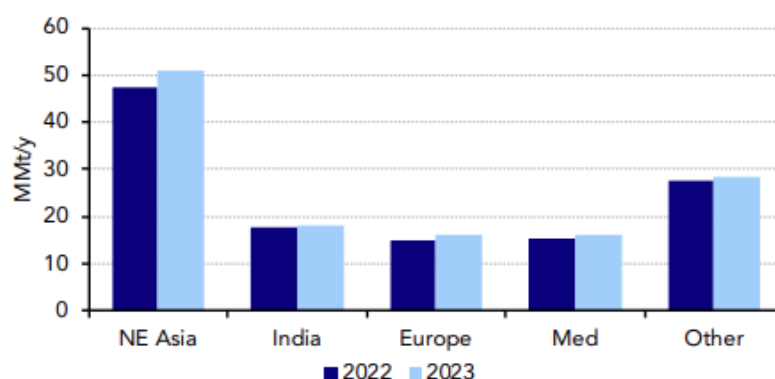
Russian LPG exports fell by roughly 70% from 2018 to 2021 totaling 1 MMt/y. Since Russia exports very little LPG, the Russian invasion of Ukraine will have minimal impact on global LPG supplies. However, rising naphtha and LPG prices due to higher crude oil prices are affecting demand in the Asian and European petrochemical sectors.

#### Russian LPG export forecast and growth rate



Global LPG imports are forecast to climb 6% to 123 MMt/y in 2022 from 115 MMt/y in 2021. Northeast Asia is forecast to see the most growth. Imports in the region are forecast to climb by 9% in 2022 to 47.4 MMt/y. However, reduced operating rates at some Asian petrochemical plants may lead to lower imports in the near term as operators struggle with high feedstock costs. Northeast Asian residential demand is also falling as the winter ends. Imports for India are anticipated to rise by 2% in 2022 to 17.7 MMt/y.

#### Global LPG import forecast



Higher priced LPG and crude oil will likely slow LPG supply and consumption growth in the country. Northwest European imports are forecast to grow 7.5% to 14.9 MMt/y in 2022 on higher petrochemical demand and a lack of domestic supplies. Higher margins for propane should incentivize European crackers to maximize LPG consumption and raise LPG import totals for 2022. The Netherlands, France, and Belgium are anticipated to be the top European importers.