



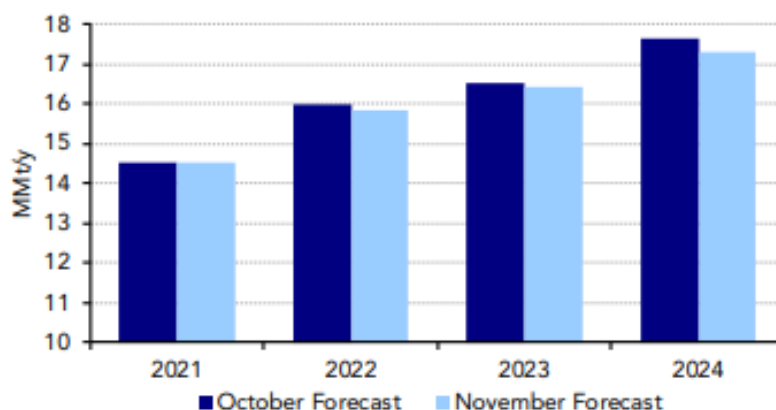
## LPG Market Outlook

### Constraints Limit Short-Term Imports for Europe

High natural gas prices in the past few months had European consumers looking for alternatives to natural gas and LPG was a strong contender as a substitute. However, sentiment shifted in late October with natural gas prices in Europe falling considerably throughout the month.

The supply of LPG is high in the region which has applied downward pressure on LPG prices. Imports have fallen from 2022 highs of 1.5 MMt/m in August to about 1.2 MMt/m in September and October.

#### Northern Europe LPG Import Forecast



With ample supplies and mild weather, propane storage and inland distribution infrastructure is at or near maximum capacity in much of the region and constraints are currently being realized. Due to the current bottlenecks, imports are not forecast to increase until colder weather sets in and heating demand picks up which will clear out some tied up supplies. Imports in December are forecast to rebound at around 1.5 MMt/m.

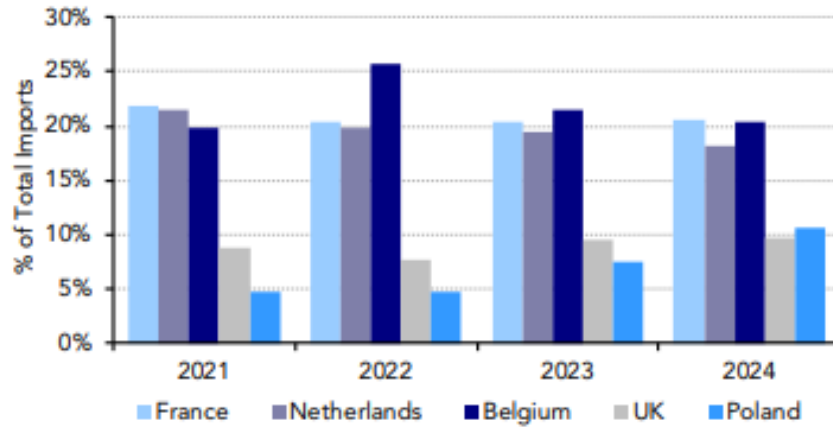
The import forecast has been amended slightly lower for 2022 and 2023 due to declining petrochemical demand and the increasing use of gasoil in the industrial sector. The constraints affecting propane distribution and storage have turned some consumers to other fuels for now.

Import growth is still expected through 2024 albeit at a slower rate than presumed last month. Imports are forecast at 16 MMt/y in 2022, 16.4 MMt/y in 2023, and 17.3 MMt/y in 2024.

Of the roughly 40 MMt of imports into Northern Europe through October, Belgium has imported the largest share at about 27% with the UK and France closely behind at 25% and 21%, respectively. Imports for Belgium are forecast to decline by 500,000 t/y in 2023 from 4 MMt/y in 2022 due to slowing petrochemical demand and a delay in the start-up of a PDH unit under construction by Borealis.

The new PDH unit has been pushed back to 2024 rather than 3Q 2023. The most growth in imports is forecast in the UK and Poland.

### Percent of Northern Europe LPG Imports by Country



European petrochemical economics fell into negative territory for both naphtha and propane in August during the surge in imports. The economics for propane turned positive in October but it's unlikely that run rates will increase in the near-term, despite better margins due to a weak downstream demand outlook.

### European Petrochemical Economics

