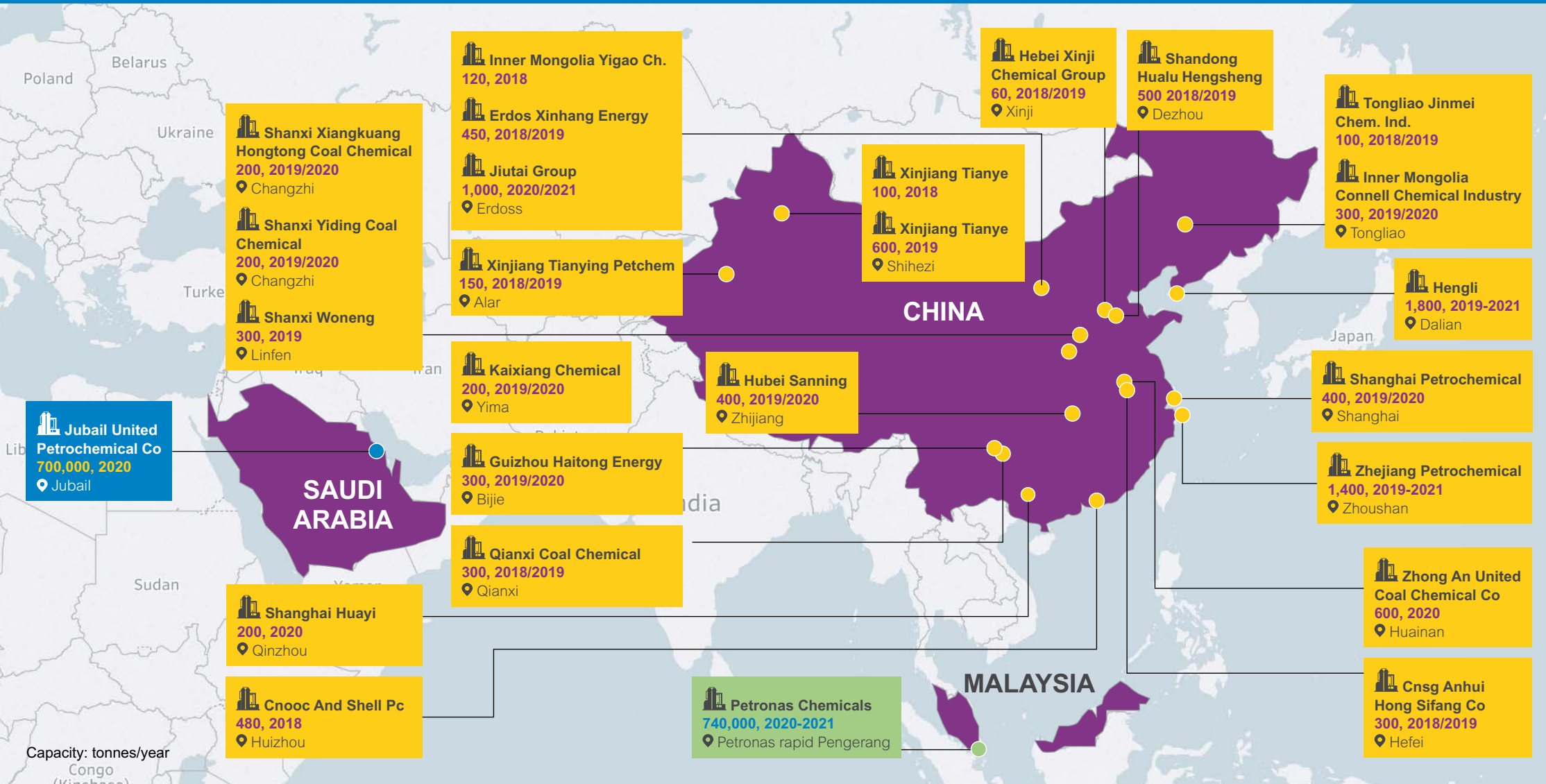




GLOBAL MEG CAPACITY EXPANSIONS CREATE FUTURE OVERSUPPLY CONCERNS

By Melissa Hurley, Eric Su, Tarun Raizada and Cindy Qiu

With the impending arrival of new monoethylene glycol (MEG) capacity, there is a risk of oversupply from 2020 and beyond. China holds the largest appetite for MEG with 60% of global polyester capacity but Saudi Arabia capacity expansions are likely to place pressure on the Chinese market.



NEW MIDDLE EAST AND US CAPACITY CAUSE OVERSUPPLY CONCERNS FOR 2019-2020 AND BEYOND



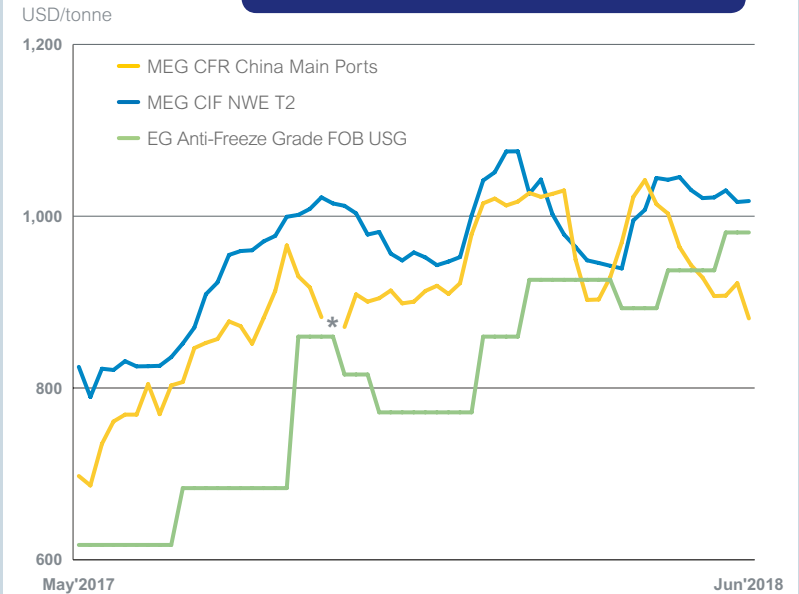
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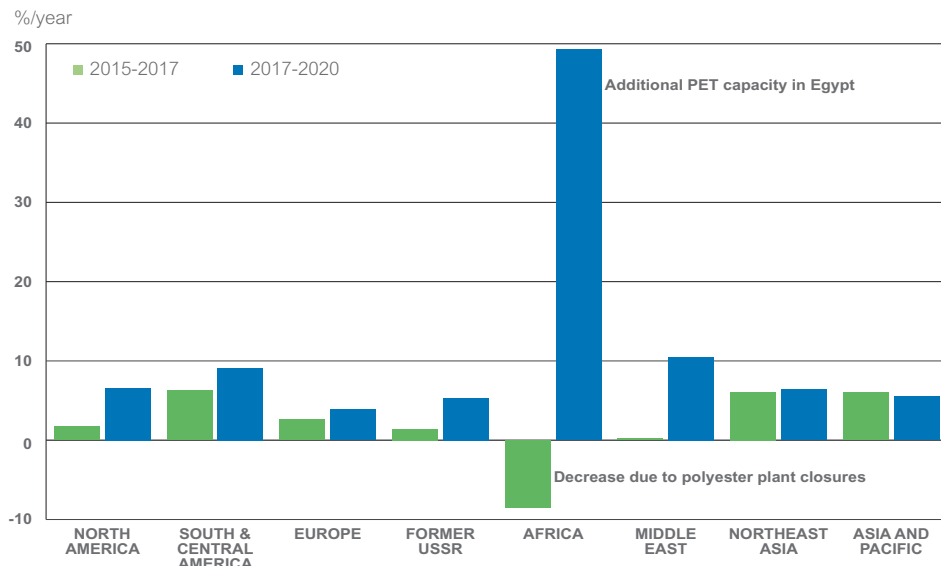
March import volumes rose to ~1m tonnes, a record 3 year high, according to official China customs data.



Asia MEG prices rebounded in April, rising by around 9% from late March ahead of the traditional peak period for the downstream polyester sector. Average polyester production rates rose to above 85% during the period.

* non-publishing day

Annual average consumption growth rates 2015-2020



Asia is the only region where growth slowed down after 2017 but also consumes the largest volume of MEG globally. It is unlikely that the faster growth rates will allow other regions to catch up anytime soon.

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Ethylene Glycol or Mono Ethylene (MEG) prices are covered weekly by ICIS reporters in Europe, US, Asia and China. There are also margin reports in Europe, US and Asia.

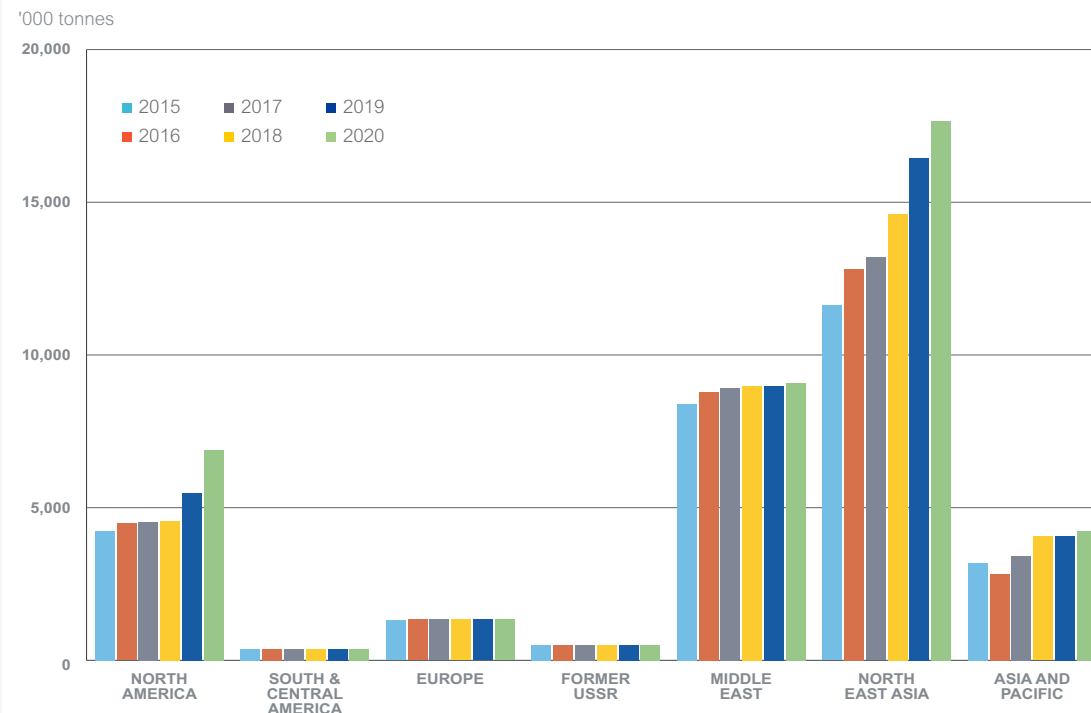
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EG global capacities 2015-2020



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