



Presentation | Feb 2024

Medium Term Perspectives



China sentiment hits rock bottom, but government to backstop GDP growth

Chinese equity indices

Index level

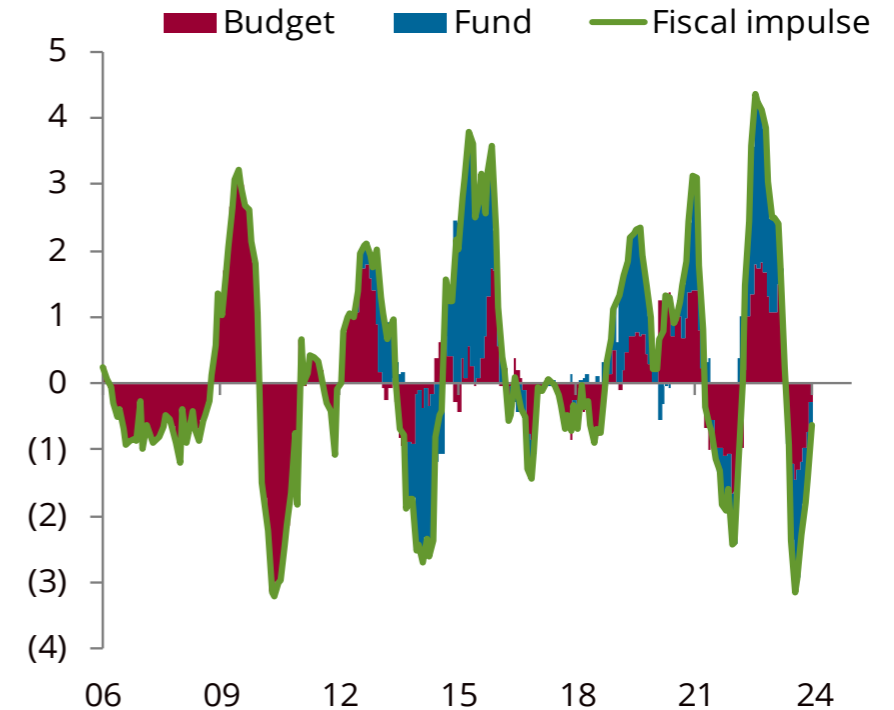


China's unwillingness to pump up asset prices has caused Asian sentiment towards China to crater, matching Western bearishness that long ago deemed China "uninvestable."

Source: Bloomberg, Energy Aspects

Chinese fiscal impulse

% of GDP

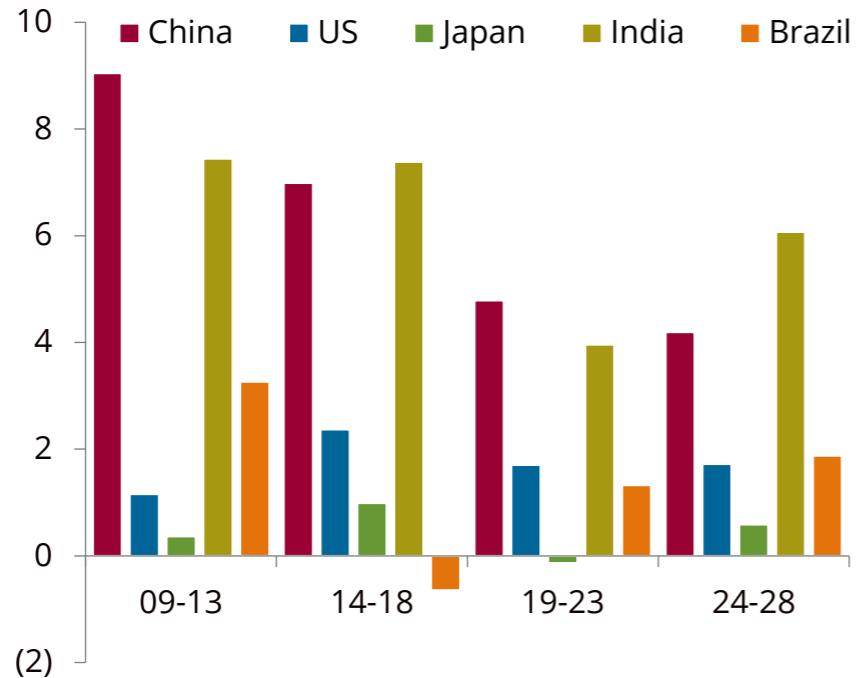


The central government is using infrastructure spending to prop up the economy. We expect GDP to grow by 4.8% in 2024.

Emerging markets dominating growth, underpinned by stronger macroeconomics

Economic growth through 2028

%

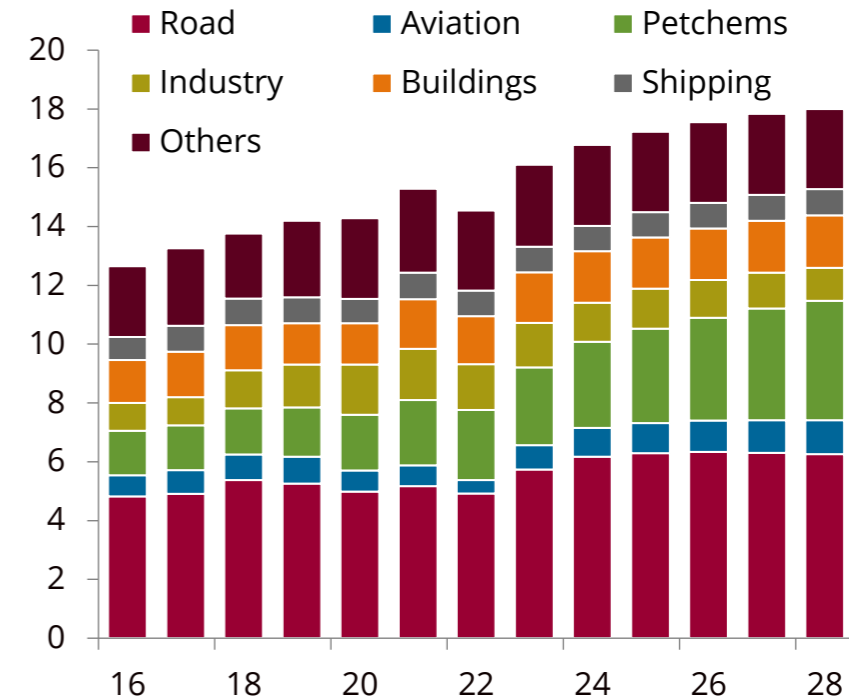


Emerging market economic growth over 2024–28 is robust, with India rising by 6.1% p.a., China by 4.2%, Brazil by 1.9%, the US by 1.7% and Japan by 0.6%.

Source: IEA, Energy Aspects

Chinese liquids demand

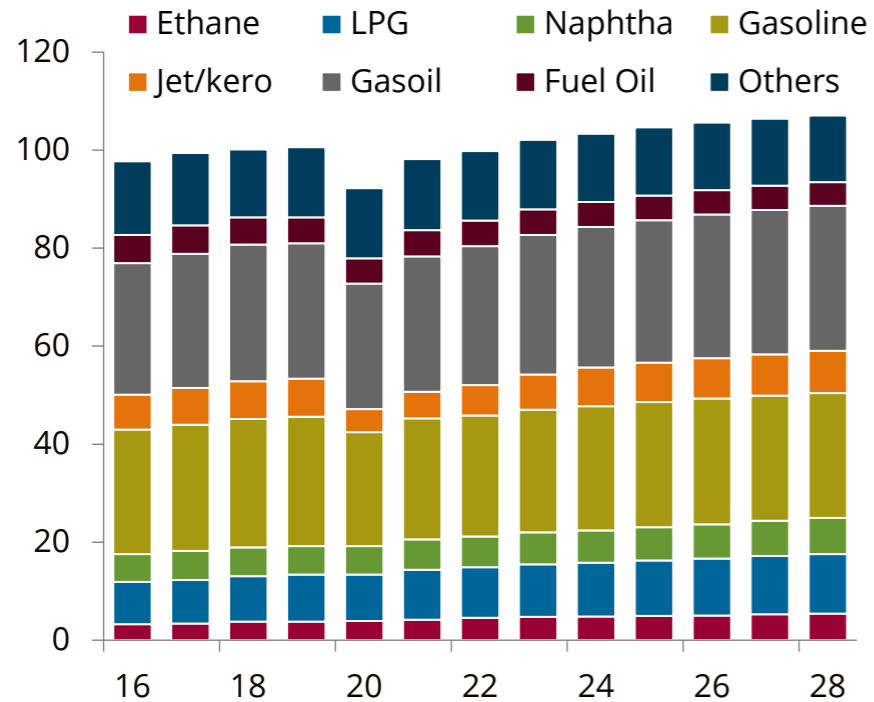
mb/d



Chinese demand up by 1.9 mb/d over 2023–28, led by strong gains from petchems, road transport and aviation.

Global liquids demand rising through early 2030s but refining is not

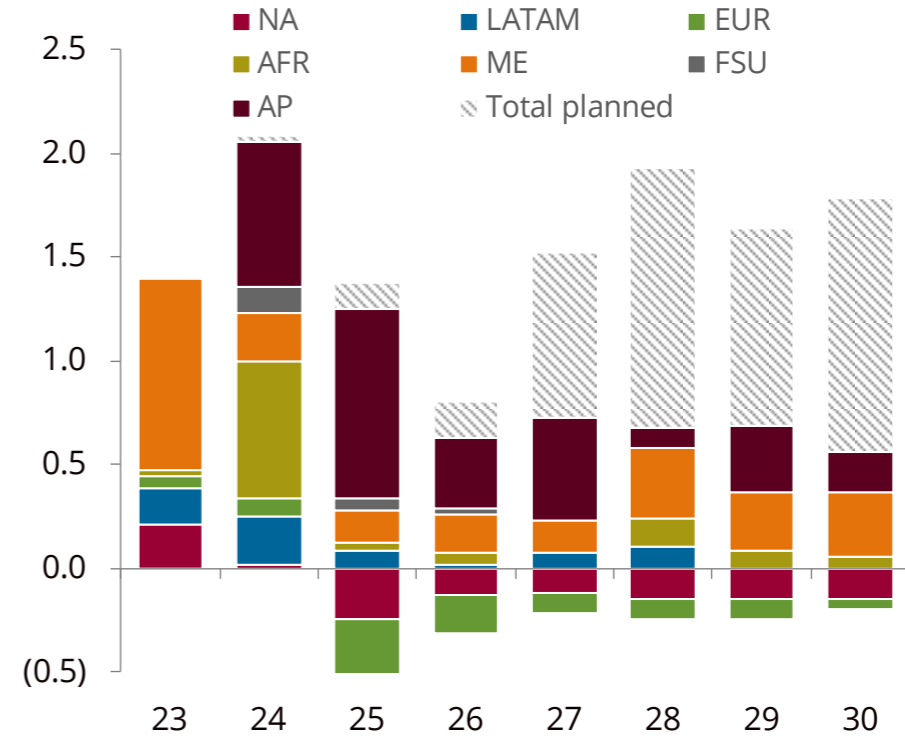
Global liquids demand by product
mb/d



Demand for ethane, naphtha and LPG will rise collectively by 2.9 mb/d, over 2023–28, followed by jet (+1.4 mb/d), diesel (+1.1 mb/d) and gasoline (+0.5 mb/d).

Source: Energy Aspects

CDU capacity growth by region, y/y change
mb/d

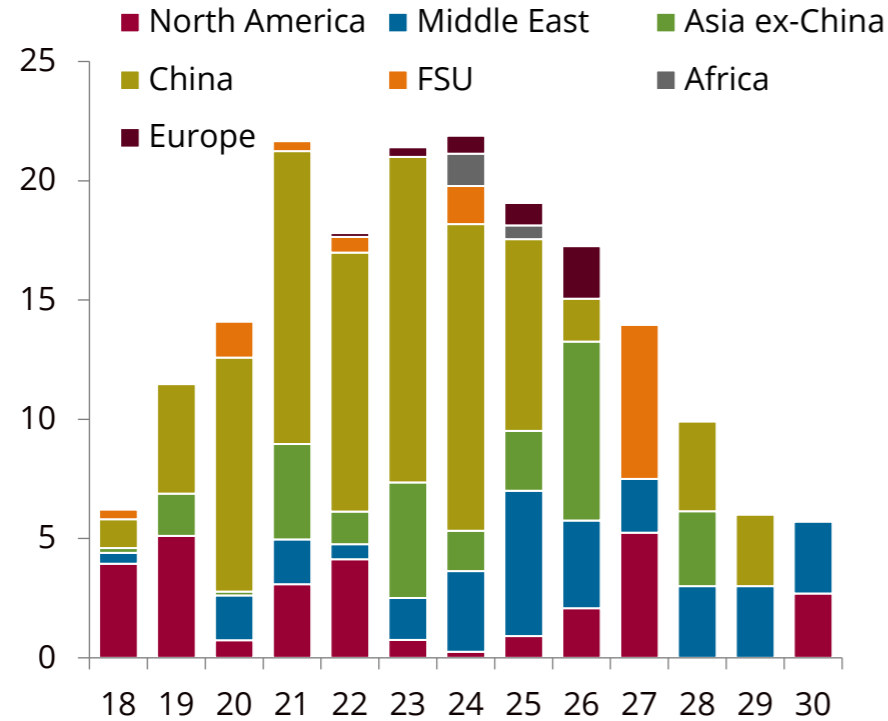


Net global y/y crude capacity growth is around 0.8 mb/d until 2027 and 0.4 mb/d beyond 2027. Total of lower-probability projects at around 1.3 mb/d beyond 2027.

Excess capacity in petchems as ESG poses a threat to Atlantic basin refining

Global petchem capacity additions, y/y change

Mtpa

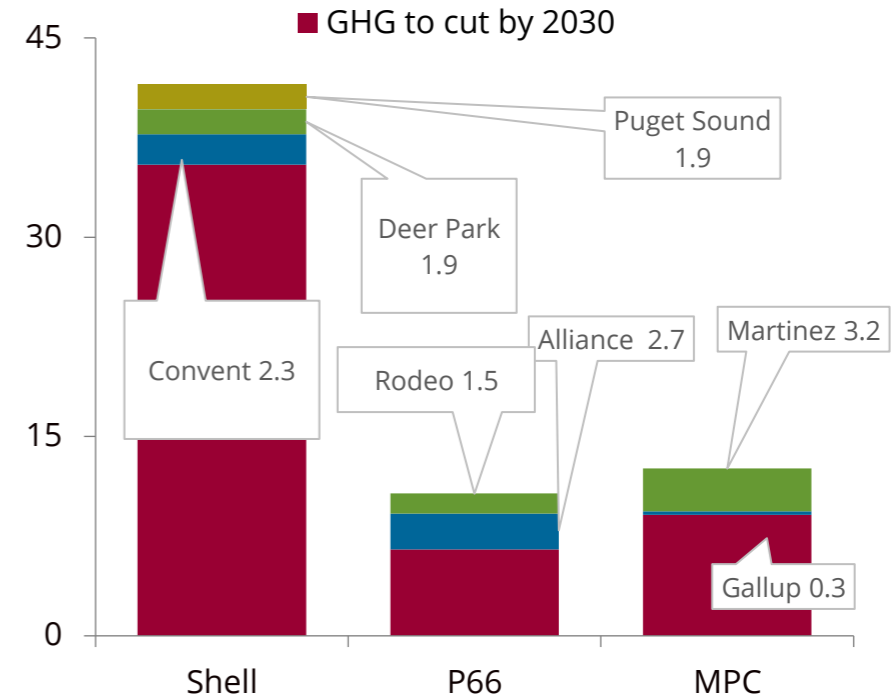


PDH and steam cracker additions will average 21 Mtpa over the next few years, led by China, but demand only grows by an average of 0.5 mb/d y/y out to 2050.

Source: Energy Aspects

Refineries and GHG targets

mtCO2e



Closing refineries often help company's achieve half of their 2030 greenhouse gas (GHG) reduction goal instantly unless large-scale CCS facilities can be built economically.



Our general disclaimer (“Disclaimer”) is an essential part of this Publication and can be located in www.energyaspects.com/disclaimer

We ask our clients to familiarise themselves with the Disclaimer when reading this Publication.

The current version of the Disclaimer is deemed to be incorporated in this Publication as though it was set out in its entirety herein.

Copyright © 2024 Energy Aspects Ltd. All Rights Reserved

NO PART OF THIS PUBLICATION MAY BE REPRODUCED IN ANY MANNER WITHOUT THE PRIOR WRITTEN PERMISSION OF ENERGY ASPECTS

Energy Aspects Ltd is registered in England No. 08165711.

Registered office: Level 10, 25 North Colonnade, London E14 5HZ, United Kingdom

analysts@energyaspects.com

LEADING ANALYSIS