

TRAINING COURSE

Petrochemical Price Forecasting

Explore the different considerations involved for short-, medium- and long-term price forecasting. Factors like feedstock cost, by-product values, variable & fixed costs elements will be discussed and considered. Concepts like industry cost curves will also be explained. Along with S&P detailed supply-demand methodology, these will all be brought together to assess historical margins, industry operating rates and return on investments – all to forecast petrochemical prices based on grounded fundamentals. This is a hands-on workshop as there will be case studies for attendees to work on for every aspect of the price forecasting process.

Bring your laptops with you for this workshop; you will need it!



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1. Price Definitions & Forecasting Methodologies

- Short-, Mid- and Long-term

2. Short-term Forecasting Techniques

- Linear regression analysis method; Other techniques (in brief)
→ **Case Study #1: Forecasting the next five months' prices (*selected petrochemical product, polypropylene in this case)**

3. Medium-Term Forecasting Techniques

- Integrated Case Study Introduction ; Production Cost Analysis; Underlying energy and feedstock values; Feedstock, variable, fixed costs, and co-product credits; Alternative values; Production cost models.
→ **Case Study #2: Cash Cost of Production (* selected petrochemical product)**
- Historical Return on Investments
→ **Case Study #3: Estimating Historical Return on Investments (ROI)**
- Cost Curves Methodology
- Inherent Margin Analysis; Supply/demand balances
→ **Case Study #4a: Demand forecast for Year Y**
- Impact of operating rates; Market momentum & psychology
→ **Case Study #4b: Global supply-demand-trade flow-operating rates planning for Year Y**

4. Long-Term Forecasting Techniques

- Return on Investment
→ **Case Study #4C: Forecast medium-/long-term ROI and prices.**
- Diagnostic Checks;
- Price ratios and spreads;
- Regional relationships and arbitrage