

Petrochemical Price Forecasting

Friday, March 25

8:00 am - 5:00 pm (CST) / 6:00am- 3:00pm (PST)

Topics Addressed

Gain an overall understanding on petrochemical price definition and forecasting techniques, production cost analysis and inherent margin analysis to build your confidence in forecasting for the short, medium, and long term.

Explore the underlying energy and feedstock values, both variable and fixed costs and other production cost models. Discover the impact on inherent margin analysis on supply/demand balances, operating rates with recent market development and return on investment. Be equipped with price forecasting techniques on costing, diagnostic checks, regional relationships and arbitrage, and price netbacks.

Course Content

- Introduction to price definitions & forecasting techniques over the short-term, medium-term, and long-term
- Production cost analysis including underlying energy & feedstock values, definition and exploration of variable, fixed costs and co-product credits. Concept of cost curves will also be introduced.
- Price forecasting techniques, cost plus margin, diagnostic checks, and regional relationships and arbitrage will be presented.
- Inherent margin analysis sensitized to supply/demand balances, operating rates, and market momentum and psychology will be explored.
- Practical case studies designed to complement & reinforce class instruction will be provided as group exercises.

Key Benefits

- Gain a practical understanding of the different methodologies and drivers employed for short, medium, and long-term price forecasting
- Build your confidence in calculating your own price forecasts
- Understand the sensitivities and potential upside/downside risks of using 3rd party price forecasts

Trainer
Larry Tan
VP, Chemical Industry
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Mr. Larry Tan has more than three decades of experience, wholly in the oil refining and petrochemical sectors within Asia and in the United States. At IHS Markit, Mr. Tan has been in Chemical Consulting and Training where his project focus has been commercial and technical due diligence, market entry and strategy related studies.

Course Outline

Introduction and Overview of Workshop

Introduction to Price Definitions & Forecasting Methodologies

- Short-term
- Medium-term
- Long-term

Short term Forecasting Techniques

- Linear regression analysis method
- Other techniques

Case Study #1: Forecasting next five months prices

- 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

Historical Return on Investments

Case Study #3: Estimating Historical Return on Investments (ROI)

Cost Curves Methodology

- Medium-Term Forecasting Techniques

Inherent Margin Analysis

- Supply/demand balances

Case Study #4a: Demand forecast for Year Y

Inherent Margin Analysis

- Impact of operating rates
- Market momentum & psychology

Case Study #4b: Global supply-demand-trade flow-operating rates planning for Year Y

- 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

Wrap Up