

# PERSPECTIVES ON THE WORLDWIDE POLYETHYLENE INDUSTRY IN 2022

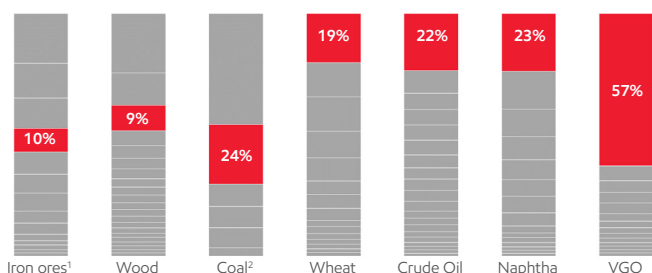
tomorrow's performance today

## The escalation of the conflict in Eastern Europe is having a measurable effect on the global PE market

In response to Russia's further incursion, several nations are imposing sanctions on Russia's financial systems and some companies are self-sanctioning away from Russia exports despite the potential of commodity supply shortages.

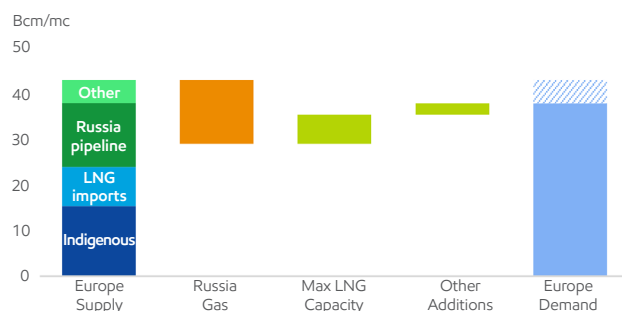
With Russia as the world's largest exporter of petroleum-based products and largest exporter of gas to Europe, there is potential of an acute gap in supply. While other supply options are available, they cannot fully compensate for the share of Russia energy exports.

**Russia's 2020 share in its key goods exports: energy is a major contributor**



Source: DESA/UNSD, United Nations Comtrade database, Kpler  
 Values represent % of each commodity exported on a quantity basis; Russia in red, other countries in grey; <sup>1</sup>Agglomerated iron ores excluding roasted iron pyrites, <sup>2</sup>Anthracite & bituminous, non-agglomerated

**New sources to Europe can only partially offset Russia's natural gas exports**

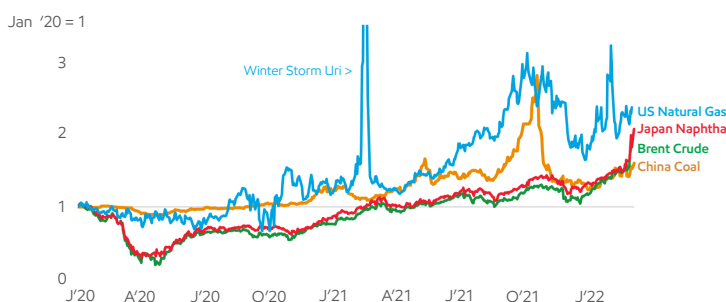


Sources: Woodmac, EM Estimates

Energy prices across the globe have been rising since the low point in demand mid-pandemic. The risk of an energy supply gap has caused prices to rise and become even more volatile.

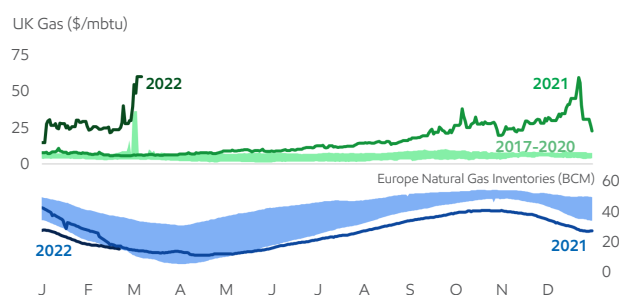
In particular, European natural gas has risen to historically high prices. Inventories have been below the historic band, but even as stocks have started to recover, prices escalated on supply concerns.

**Key global energy prices volatile amidst a rising trend**



Source: Platts

**Europe gas reaches historic highs despite improving inventories**

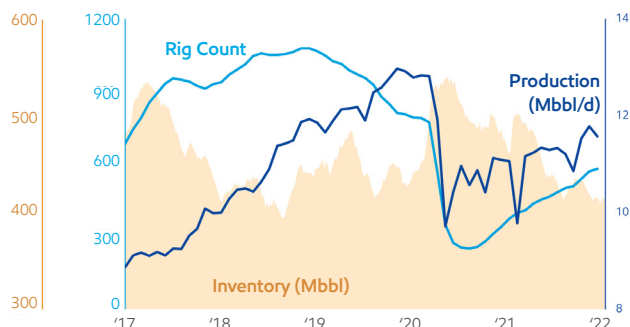


Source: Platts

Energy and feedstock production continue to rise following the disruption of the pandemic with producers increasing their drilling capacity. New wells typically begin producing 6+ months after the start of drilling.

The increasing crude costs and thus naphtha cost have driven the PE-naphtha spread in AP to historic lows. This challenges the economic viability of PE producers to maintain supply.

**US crude oil production continues to ramp up to pre-COVID levels**



Source: EIA

**AP PE-Naphtha spread down beyond historic lows**



Sources: ICIS, Platts

## Why ExxonMobil PE? Why today?

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What some might view as solutions that will only happen in the future, ExxonMobil PE is making possible today – through our innovative and reliable products, collaborative approach, technology leadership and support, and our unmatched global supply and resources. Learn more about how we're helping our customers create solutions with sustainability benefits. Why wait for tomorrow to advance your business today? Contact your ExxonMobil PE representative and begin experiencing tomorrow's performance today.

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