

S&P Global

Commodity Insights

Global and Africa outlook on LPG

South African Fuels Forum

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Topics for today's discussion

1

What are the macro trends in global markets?

2

What is the effect of geopolitics?

3

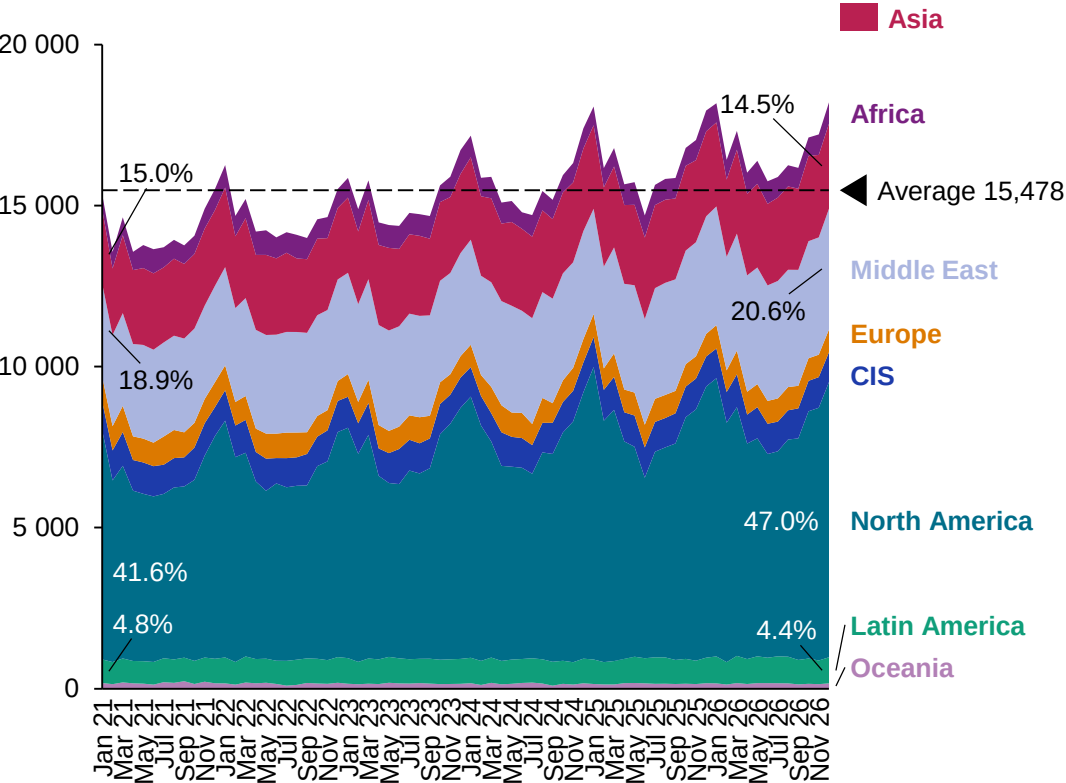
What is the outlook for Africa?

What are the macro trends in global markets?

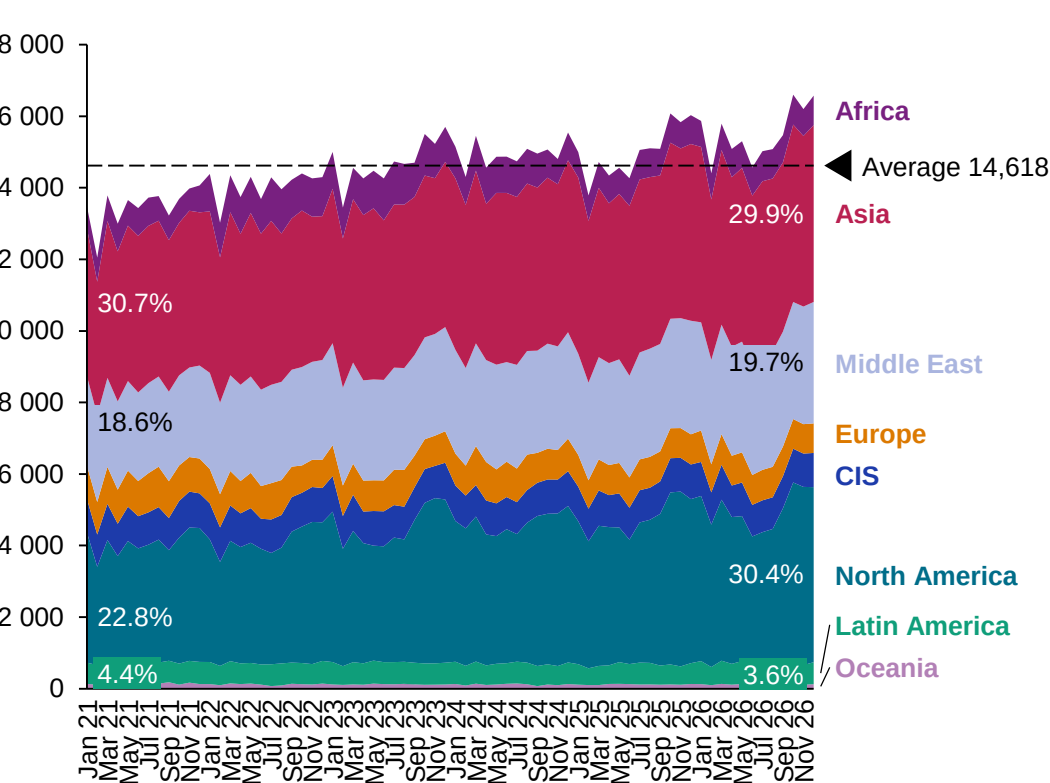


North America will continue to be the largest supplier of LPG, even if Middle East is starting to grow after years of production constraints

Global Propane Supply by Region
(Thousand metric tons)



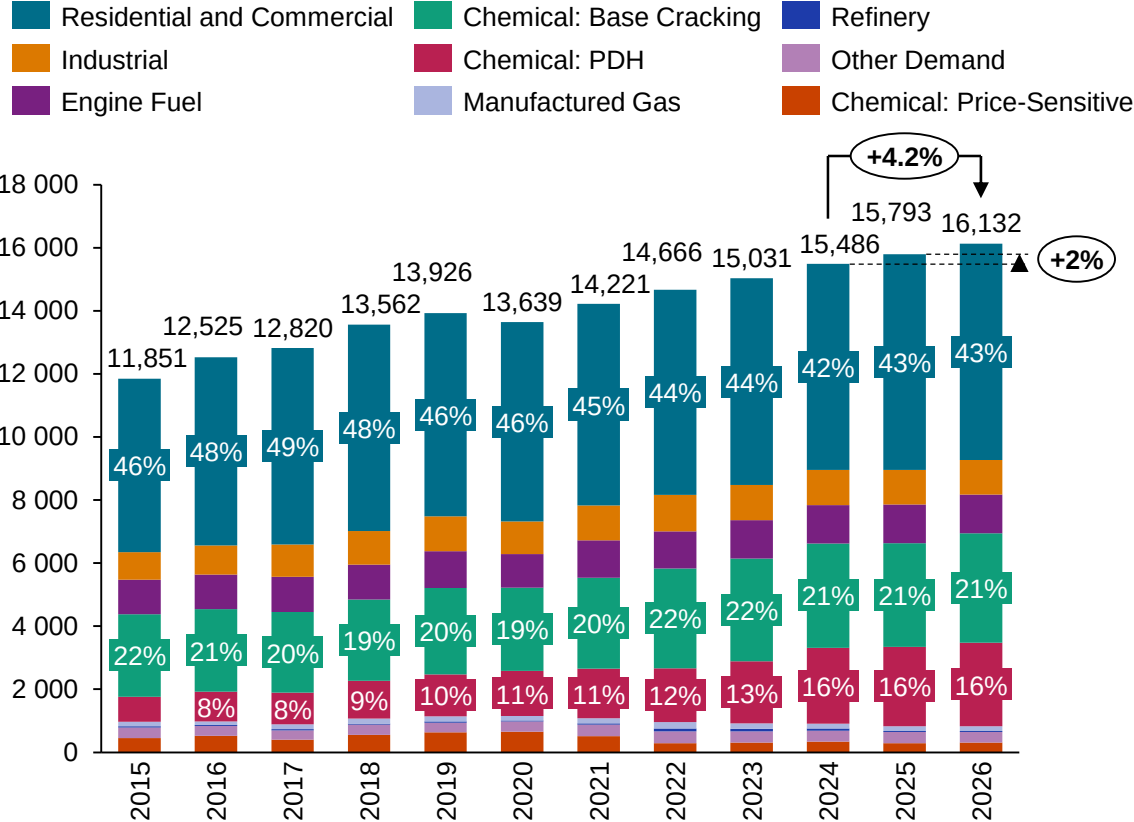
Global Butane Supply by Region
(Thousand metric tons)



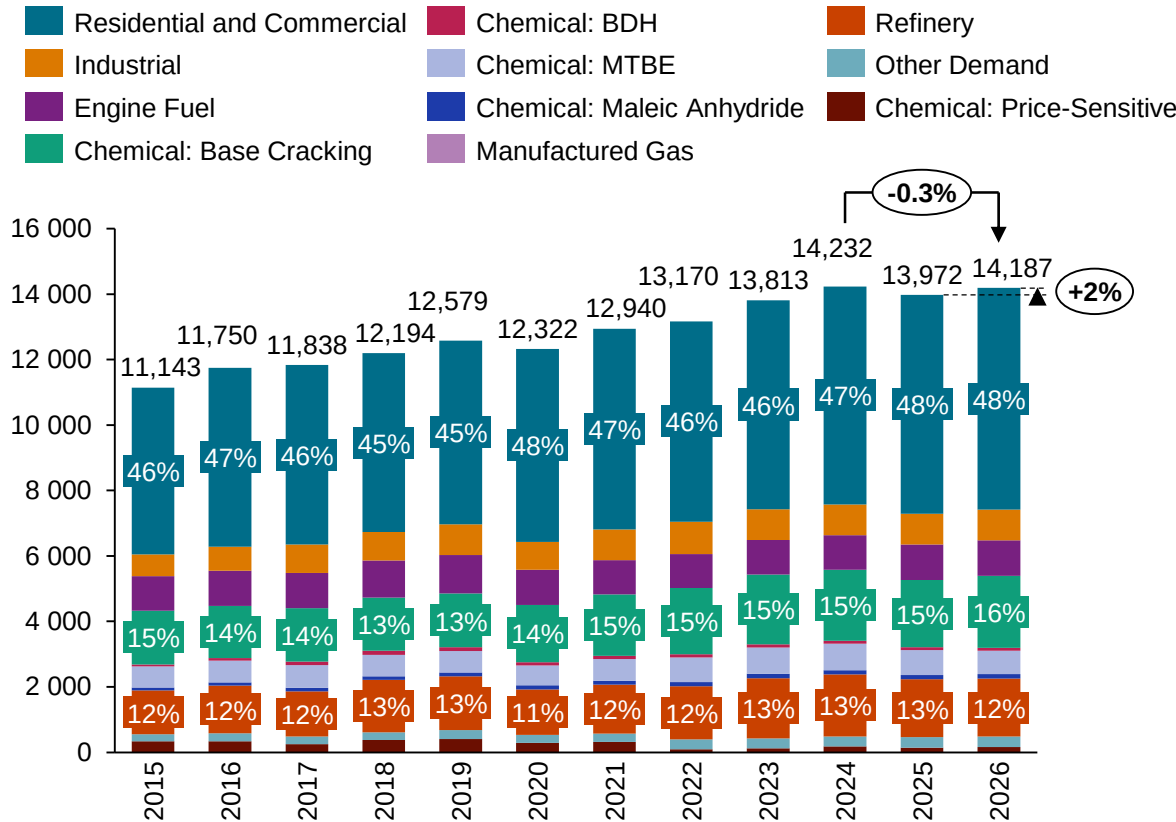
Data compiled June. 30, 2025.
Notes: Global demand/supply estimates based on monthly STO and ASW reports (July 2024). Global demand/supply balance is based on the latest monthly regional outlooks. Natural Gas supply includes other supplies, such as net storage withdrawals.
Source: S&P Global Commodity Insights

The residential and commercial sectors are growing, but feedstock demand for petrochemicals has grown faster

Global Propane Demand by Source
(Thousand metric tons per month)



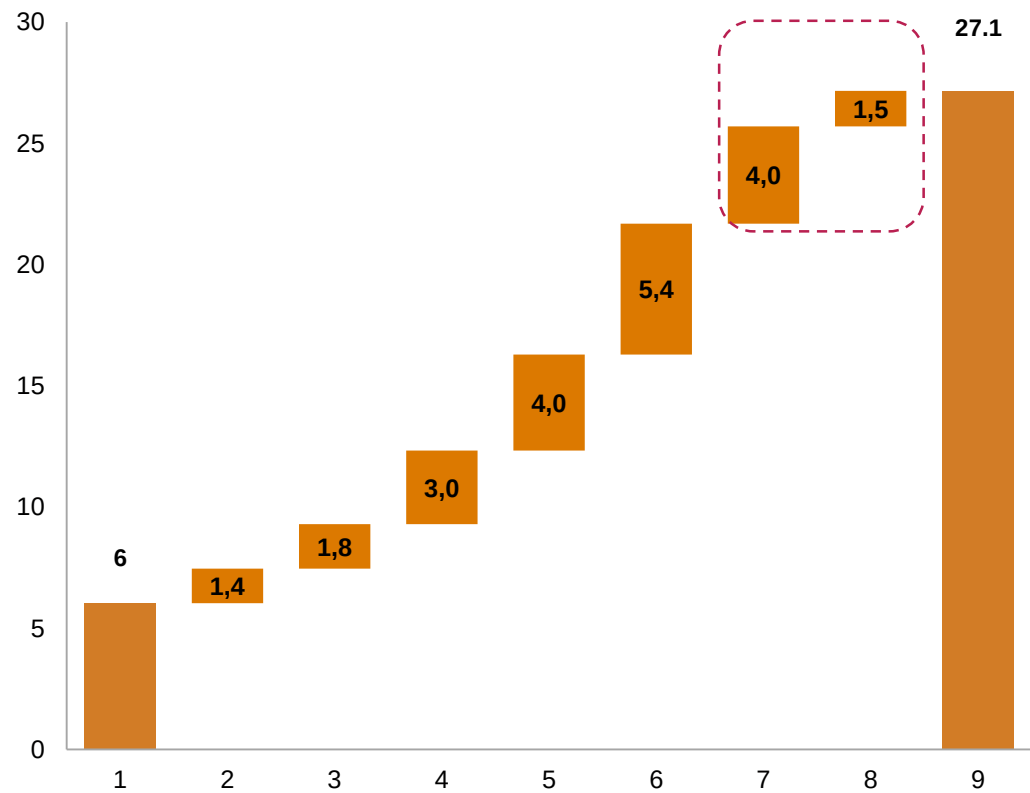
Global Butane Demand by Source
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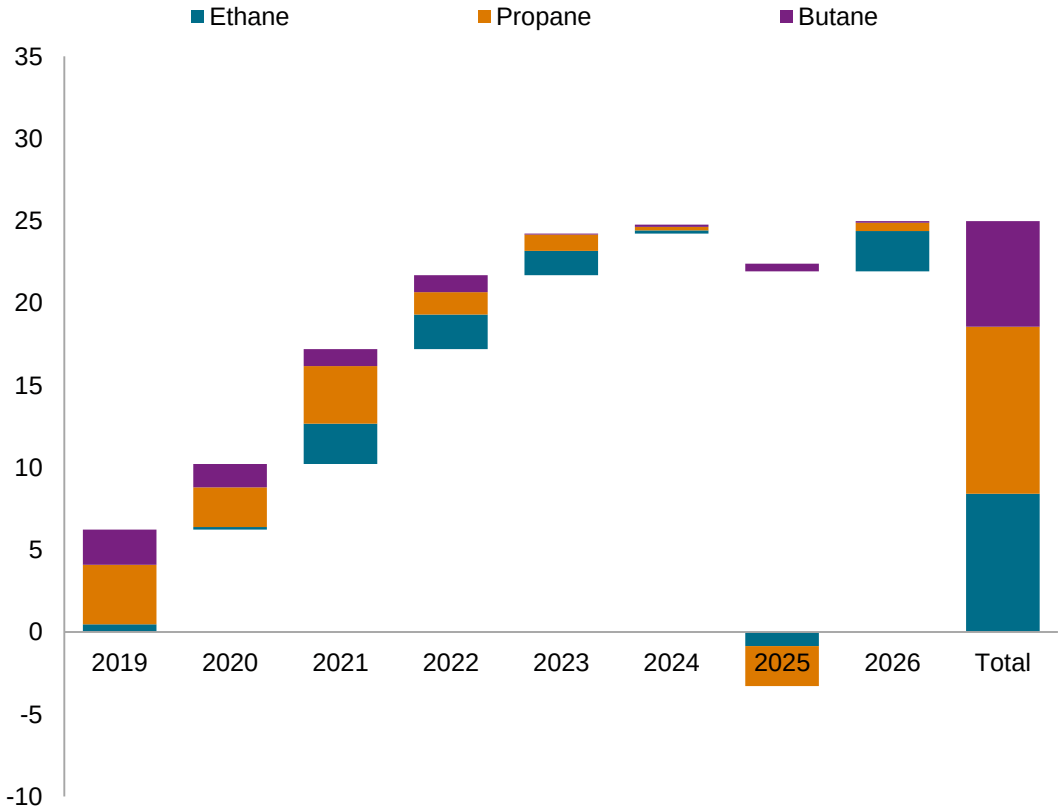
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Source: S&P Global Commodity Insights

Additional PDH units are expected to become operational and LPG cracking will grow in mainland China, even with the current headwinds

PDH capacity of mainland China: year-over-year growth (million metric tons per year)



Year-over-year growth of NGL demands for steam cracking of mainland China (million metric tons)



Data compiled June, 2025.
Source: S&P Global Commodity Insights.

What is the effect of geopolitics?



Uncertainty is not confined to trade and tariffs

Many “anchors” of the pre-pandemic period have become more uncertain

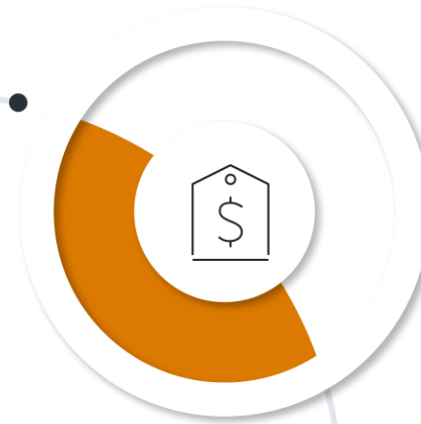
Geopolitical shifts

- US protectionism
- Faltering alliances
- Role of the dollar



Return of inflation

- Supply disruptions
- Tariff effects
- Sticky services prices



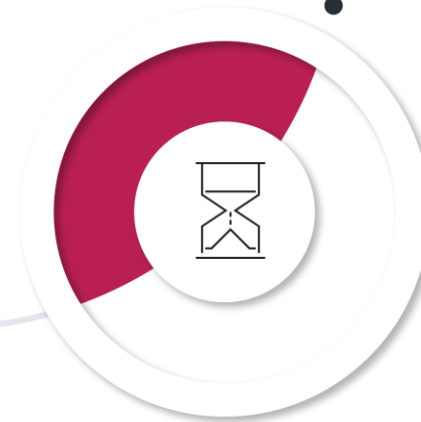
Higher interest rates

- Leaning against inflation
- End of ultra-low policy rates
- Rise in term premia



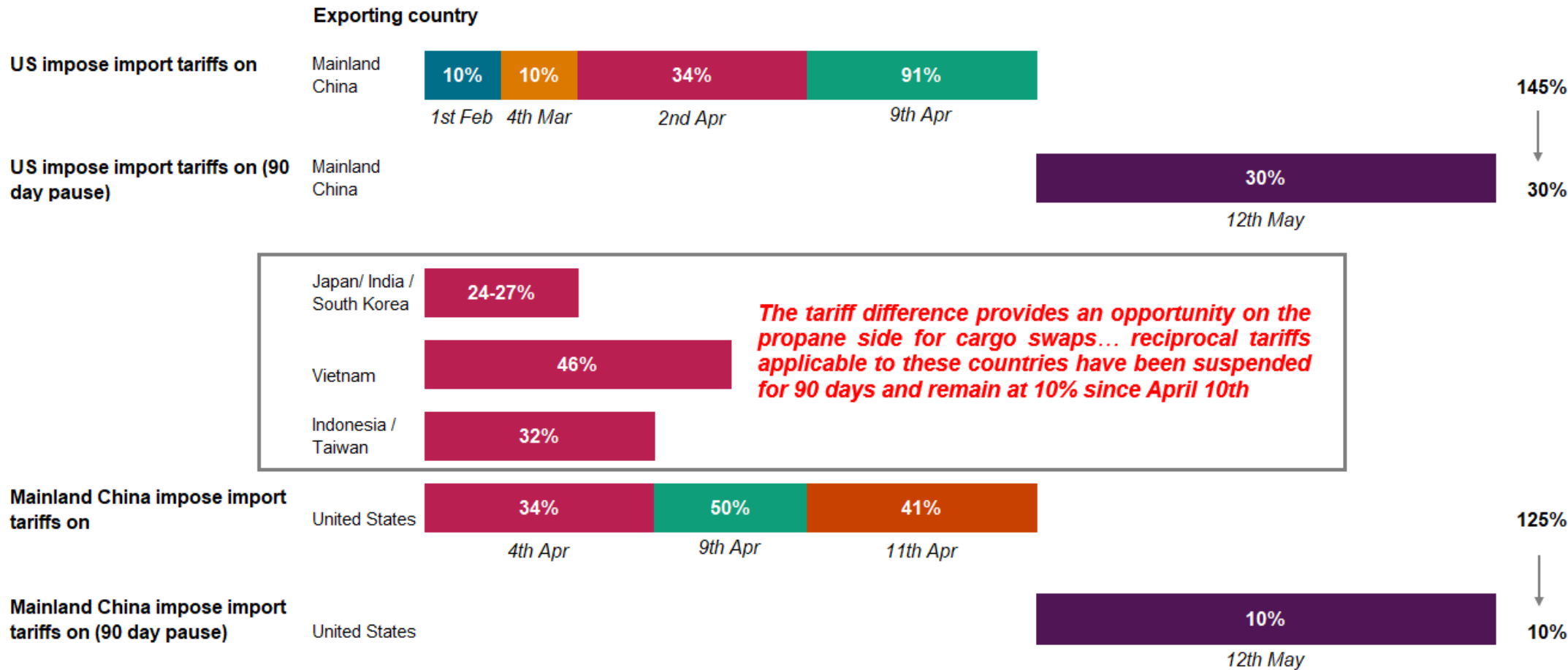
Fiscal fragilities

- High debt and deficits
- Political instability
- Unwinding of quantitative easing



US tariffs on imports have disrupted global LPG flows significantly, and the 90-day pause (expiring in August) does not guarantee a return to “normal”

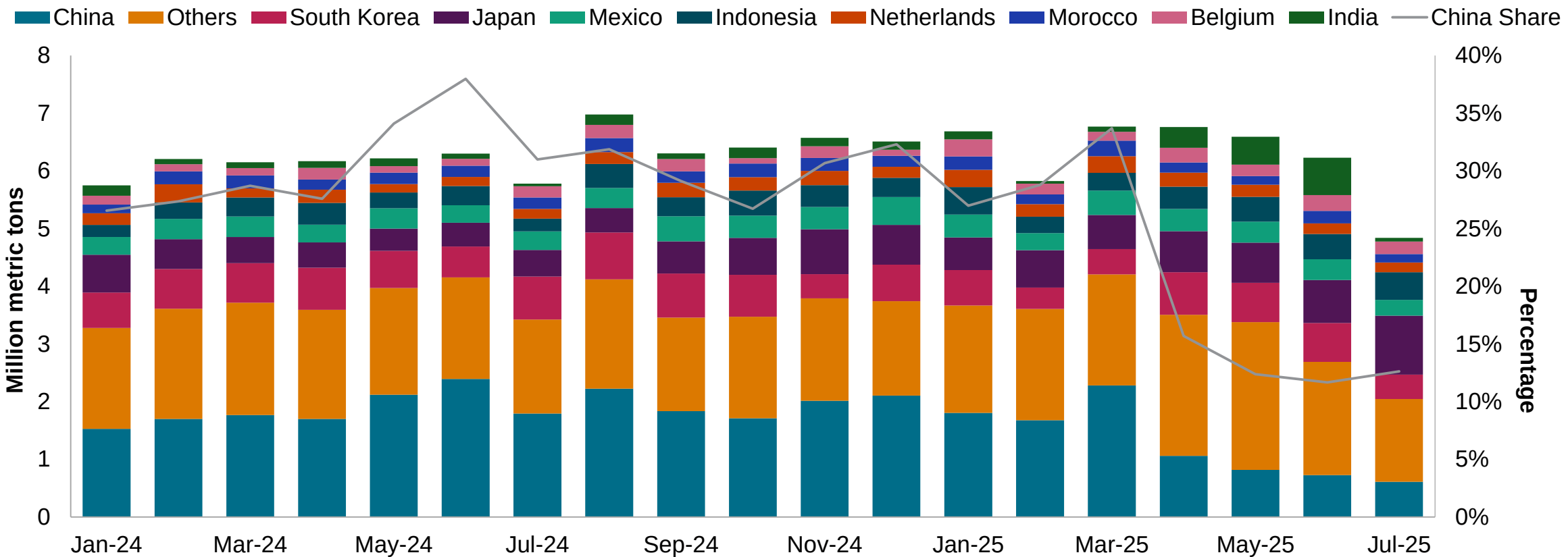
2025 Timeline of US import tariffs



Data compiled June 2025
Source: S&P Global Commodity Insights.
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LPG exports to China from the US have collapsed since April

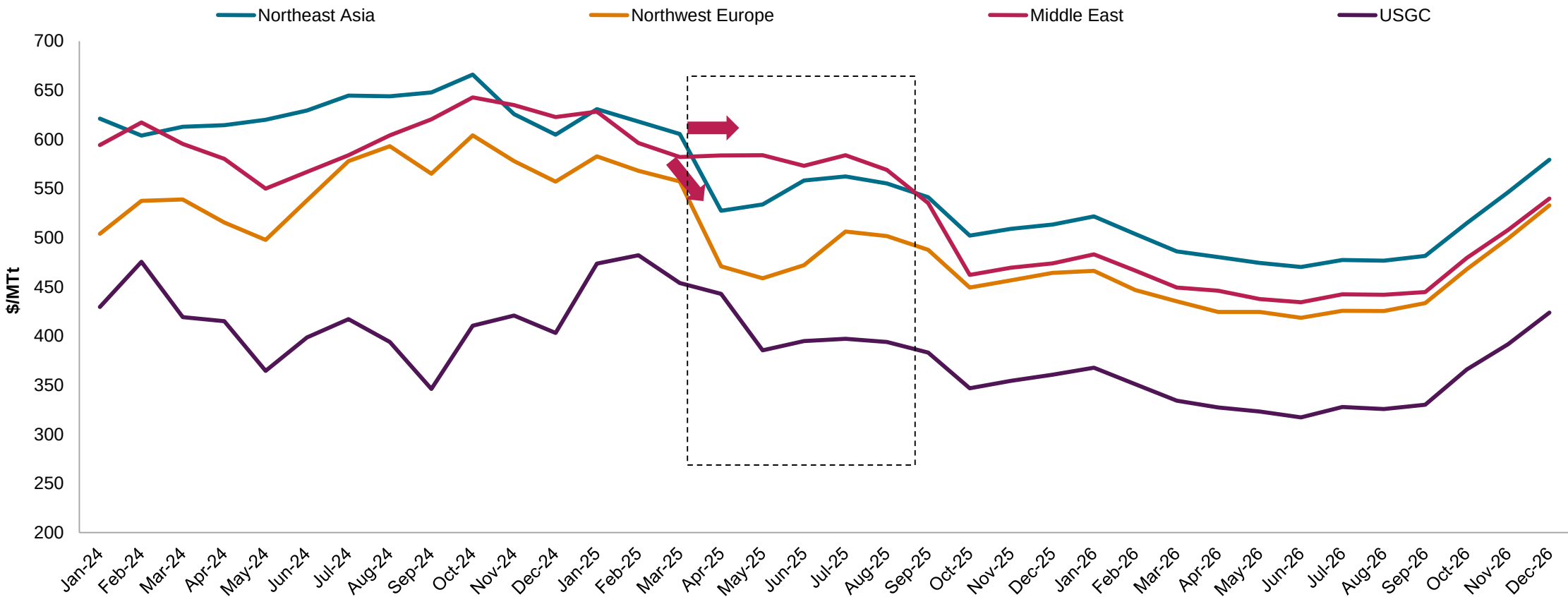
US waterborne LPG loadings by destination



Data compiled Jul. 23, 2025
Source: S&P Global Commodity Insights, Commodities at Sea.
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Amid these tensions, a temporary two-tiered LPG market emerged, as some Chinese importers opt to swap for Gulf cargoes, firming up Saudi CP prices

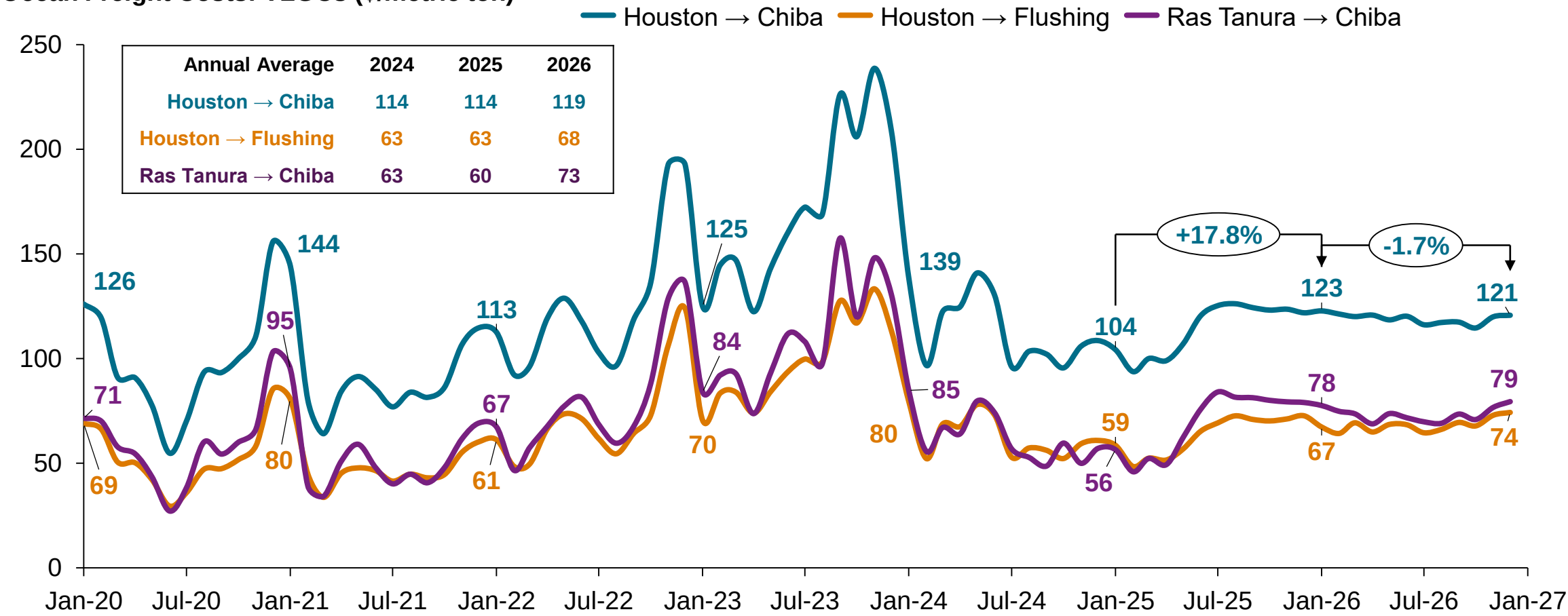
Global propane price forecast



Data compiled June 2025
Source: S&P Global Commodity Insights.
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VLGC rates have risen due to the Middle East unrest and the sub-optimization of trade routes from tariffs; we expect a slight easing if the ceasefire holds

Ocean Freight Costs: VLGCs (\$/metric ton)



Data compiled June. 30, 2025.
Source: S&P Global Commodity Insights
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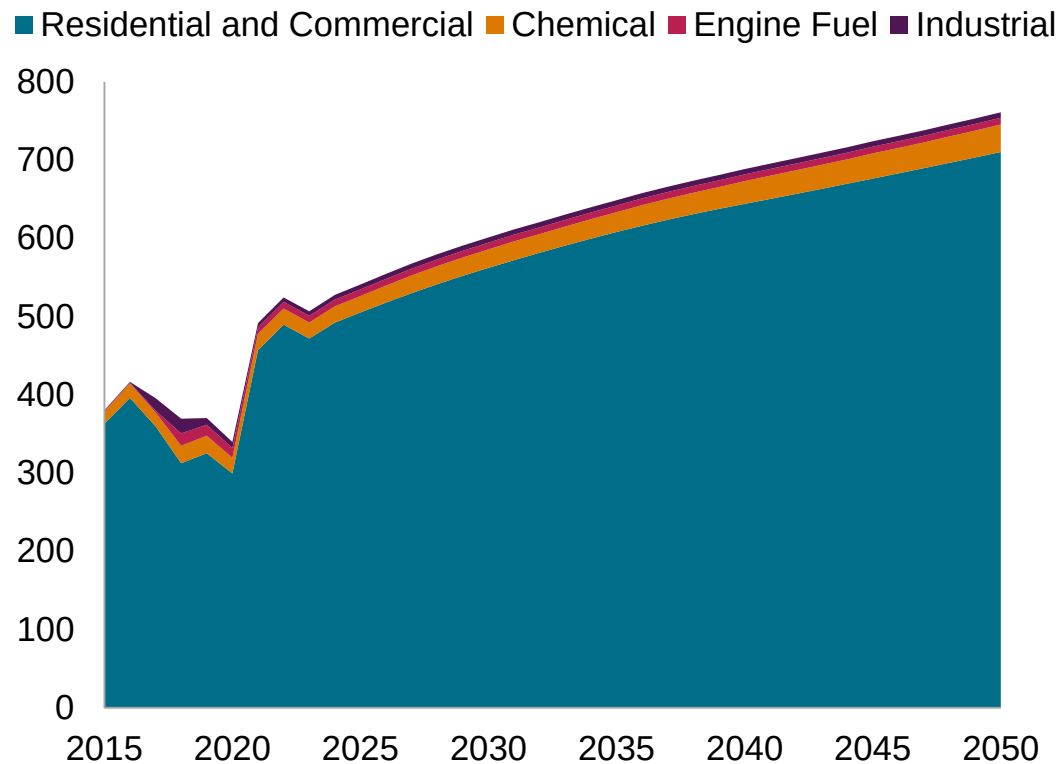
What is the outlook for Africa?



Southern African LPG demand has grown tremendously, with most imports now coming from the USA

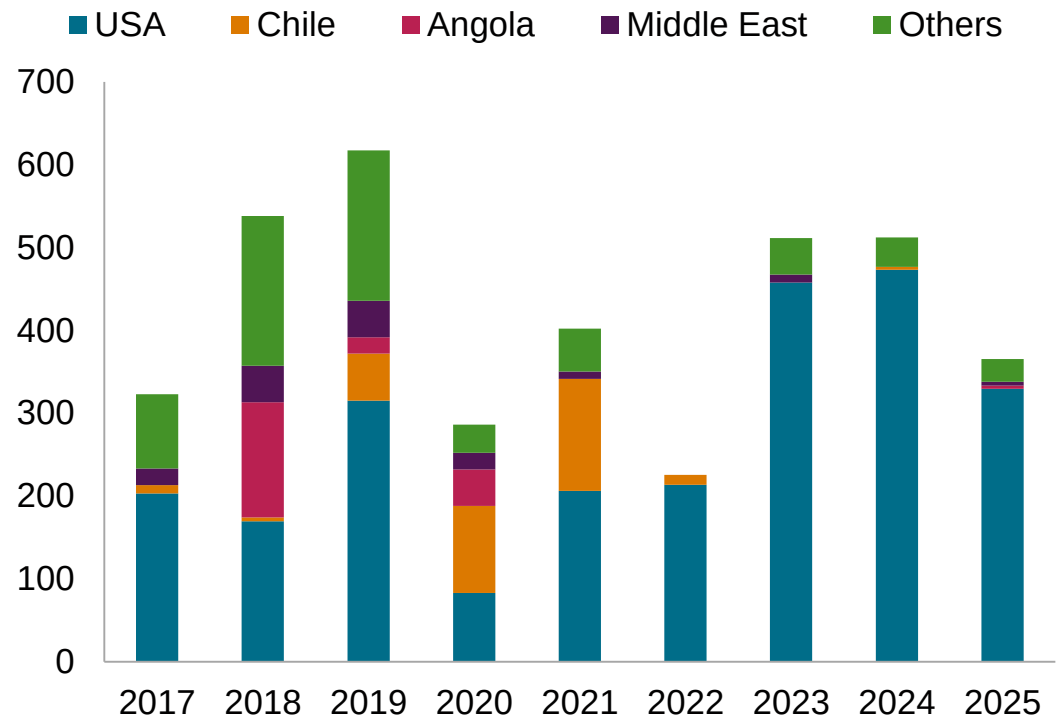
Southern Africa LPG demand by segment

Thousand metric tons



South Africa and Namibia waterborne LPG liftings by source

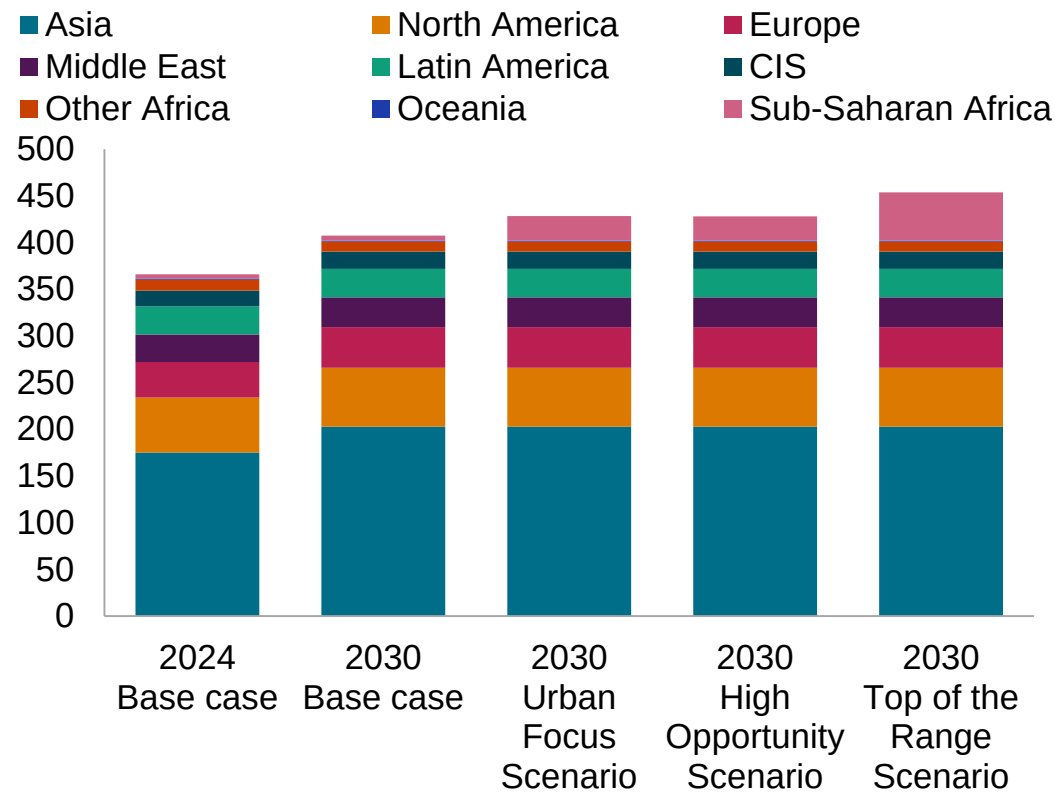
Thousand metric tons



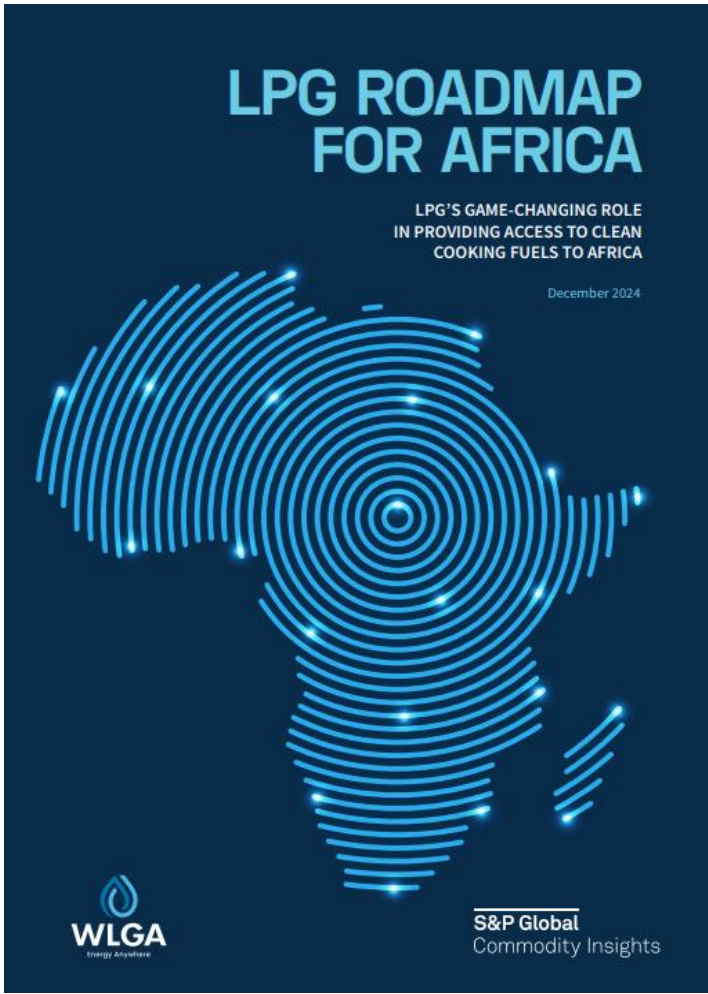
Data compiled Jul. 23, 2025.
Demand data above includes Botswana, Lesotho, Namibia, Zimbabwe, and South Africa. Trade data above includes Namibia and South Africa. In 2018 and 2019, Indonesia and Argentina were important suppliers to Southern Africa. Others includes Argentina, Indonesia, Australia, South Africa, Russia, Togo, Norway, Trinidad & Tobago, Ghana, US Virgin Islands, Tanzania, and others. Middle East includes Qatar, Saudi Arabia, Iraq, Oman, and the UAE.
Sources: S&P Global Commodity Insights, Commodities at Sea.
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Joint WLGA/S&P Global *LPG Roadmap for Africa* shows the potential for Africa's LPG demand growth rate to exceed Asia, with huge societal benefits

Growth scenarios compared to base cases for the rest of the world



Source: S&P Global Commodity Insights.
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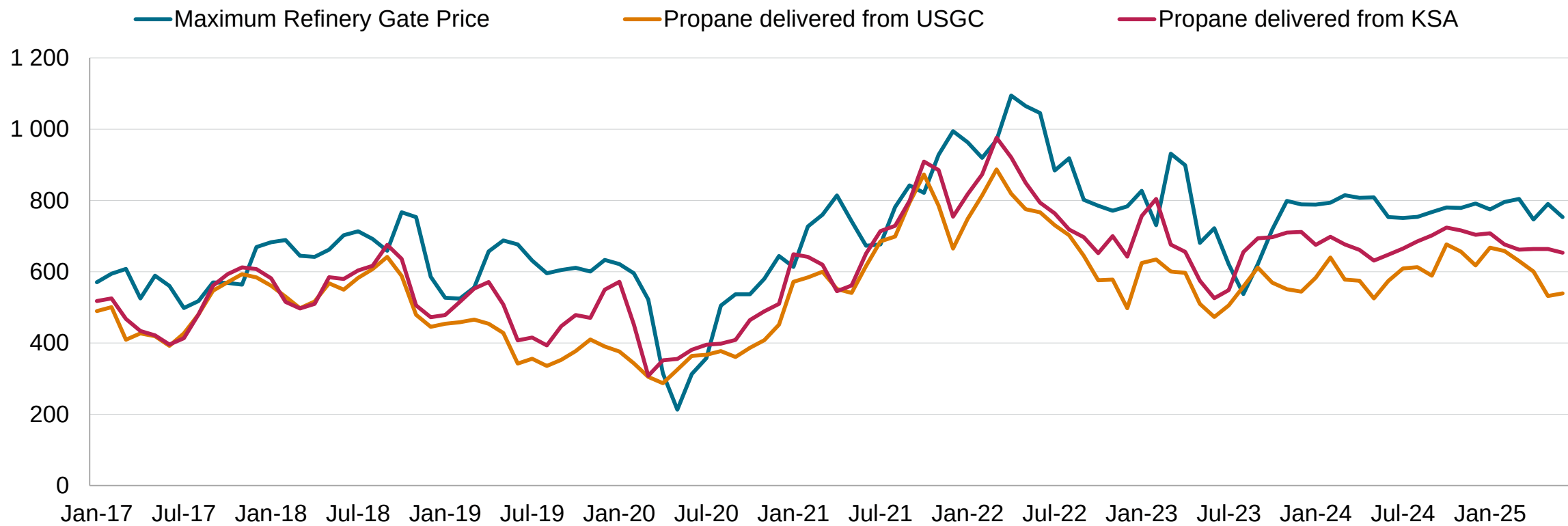


<https://www.worldliquidgas.org/wp-content/uploads/2024/12/LPG-Roadmap-for-Africa.pdf>

Local prices in South Africa reflect global trends, but not the near-term realities of pricing in the US Gulf Coast, which is the region's largest supplier

South Africa LPG delivered prices vs. MGRP

USD/metric ton

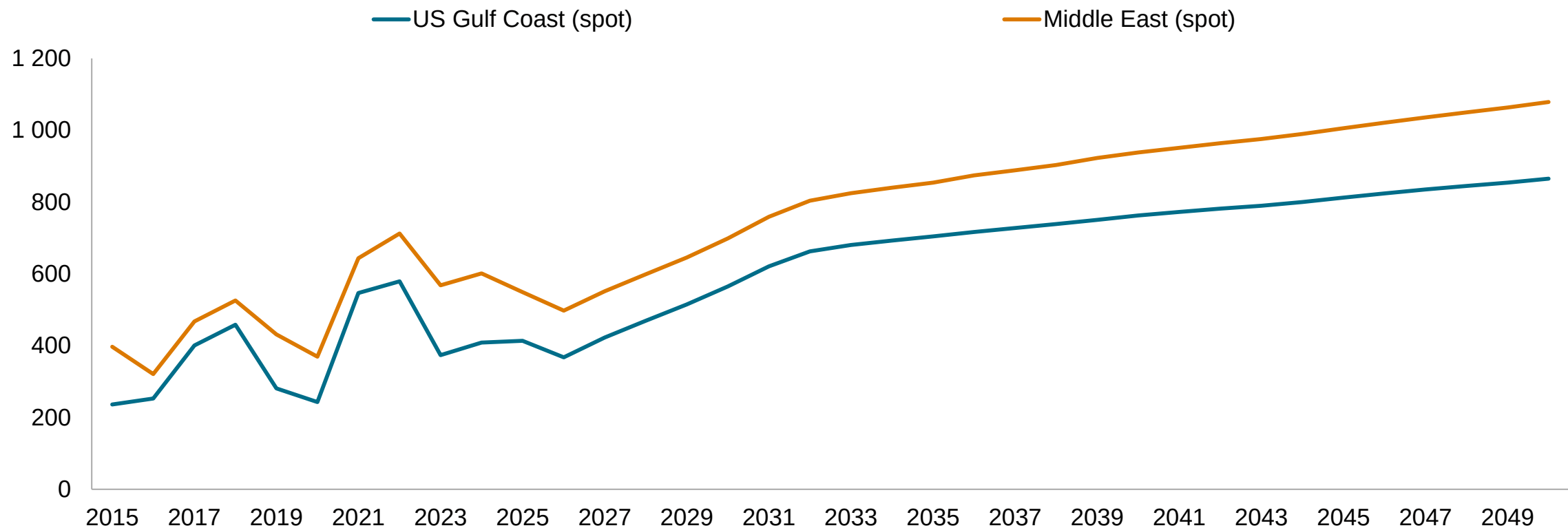


Data compiled Jul. 23, 2025.
Sources: S&P Global Commodity Insights, DMRE.
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In the long term, we expect propane prices will increase as petrochemical demand recovers and supply growth slows down

Propane price forecast

Nominal USD/ton



Data compiled Jul. 23, 2025.
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