Salt Market Trends and Outlook

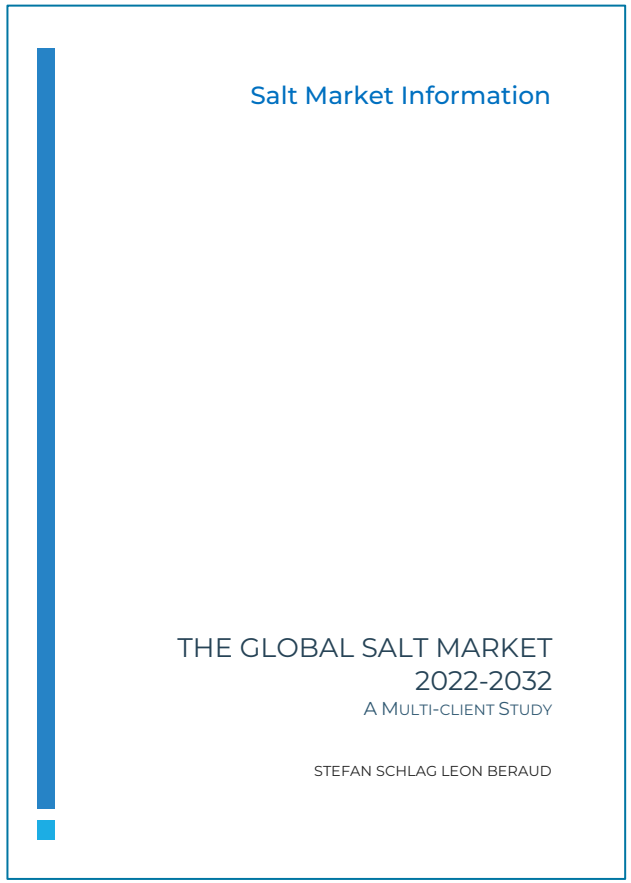
Dr. Stefan Schlag Leon Beraud, Salt Market Information

Hamburg, November 16th 2022

SALT FORUM 2022

About Salt Market Information

- Independent data provider, and market intelligence publisher for the global salt market



Recently published global salt market report:

The Global Salt Market 2022 – 2032

CHF 12,000 (Conference discount 10%)

Difficult Times for Forecasters

- Recession
  - Is it coming?
  - How long will it last
  - How deep will it be?
- Ukraine – Russia War
  - When will it end? How will it end?
- Energy Prices
  - Natural Gas, Electricity, Raw Oil and Combustion Fuels
  - Where are prices headed?
- And of course the winter weather in times of global warming

Uncertainty will remain

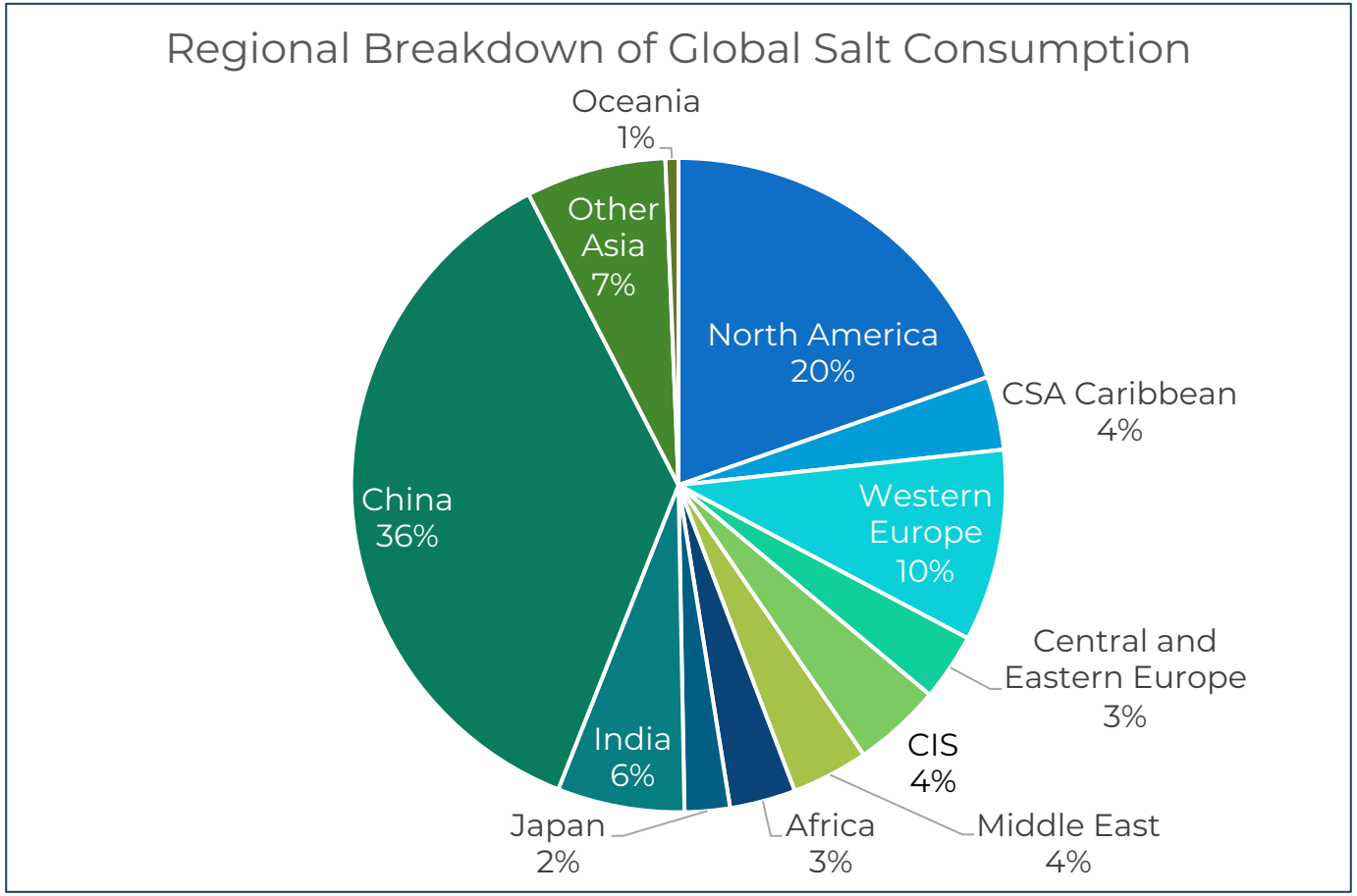
Possible scenarios and their impact on the salt market

- Impacts differ with world regions and downstream markets
- In depth discussion of most affected regions and markets

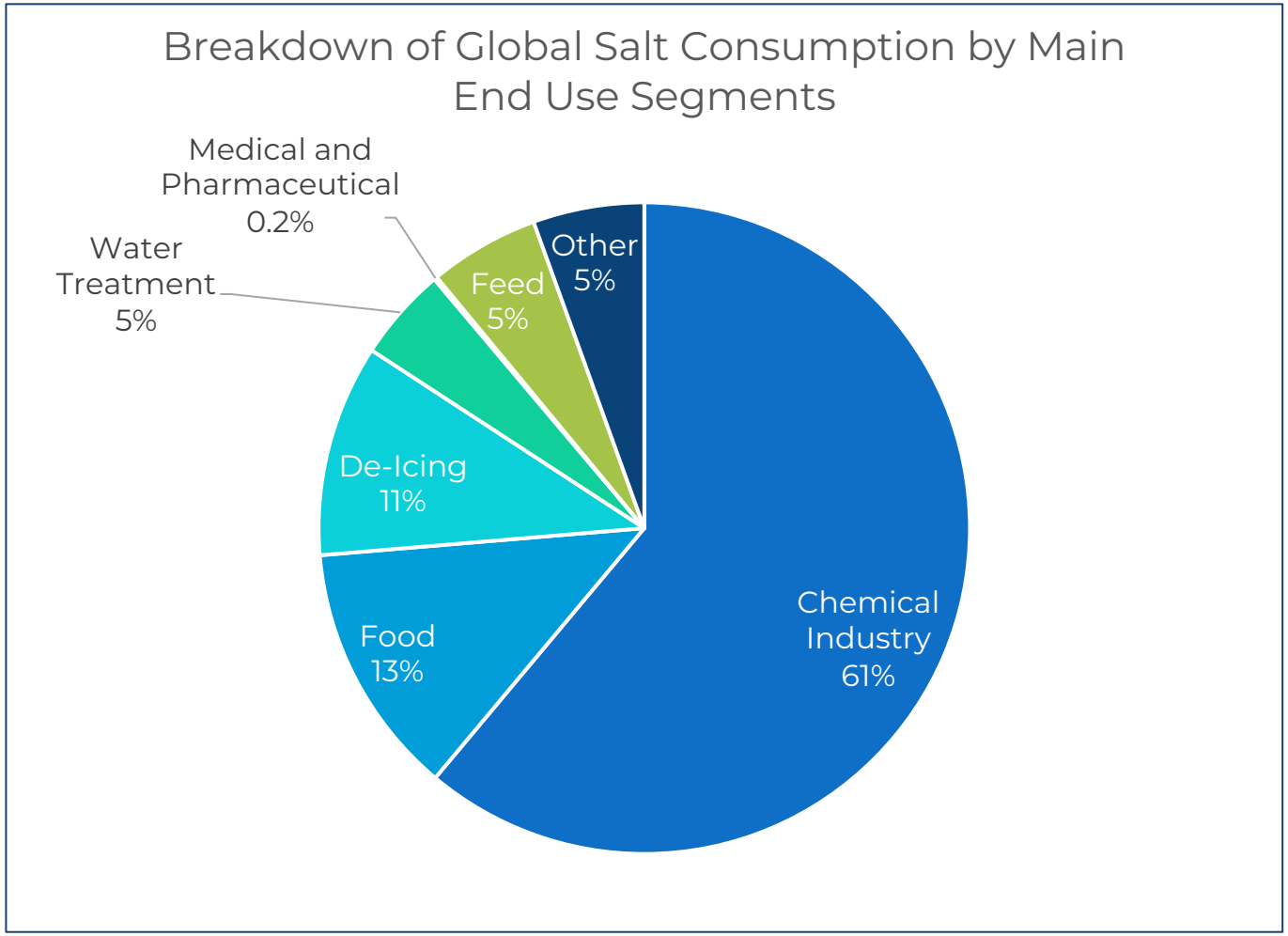
What are the Most Important Markets?

- Regionally
- By End Use
- For Regional Suppliers
- For Export-Oriented Producers

What are the most important markets?
Regionally

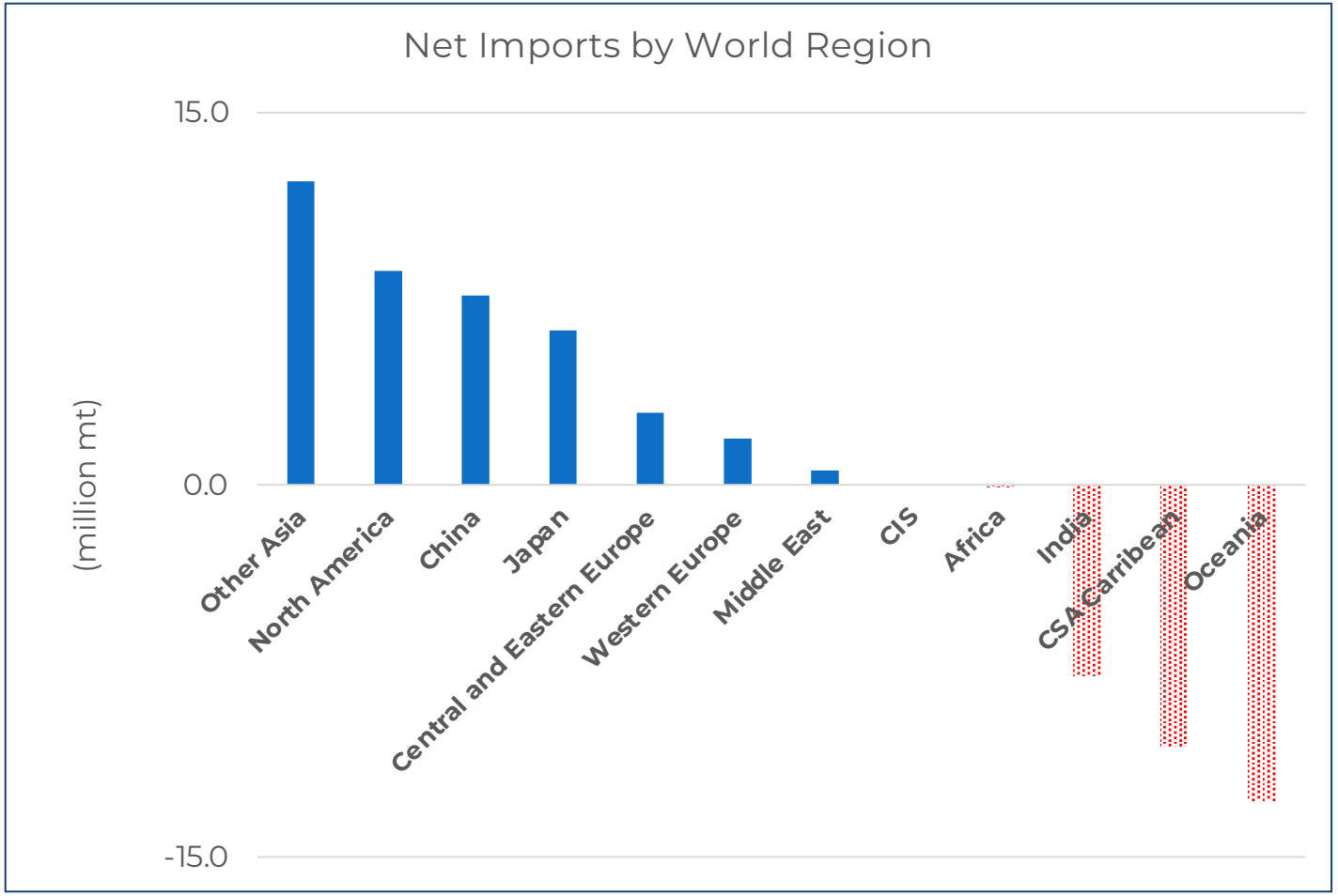


What are the most important markets?
By End-Use



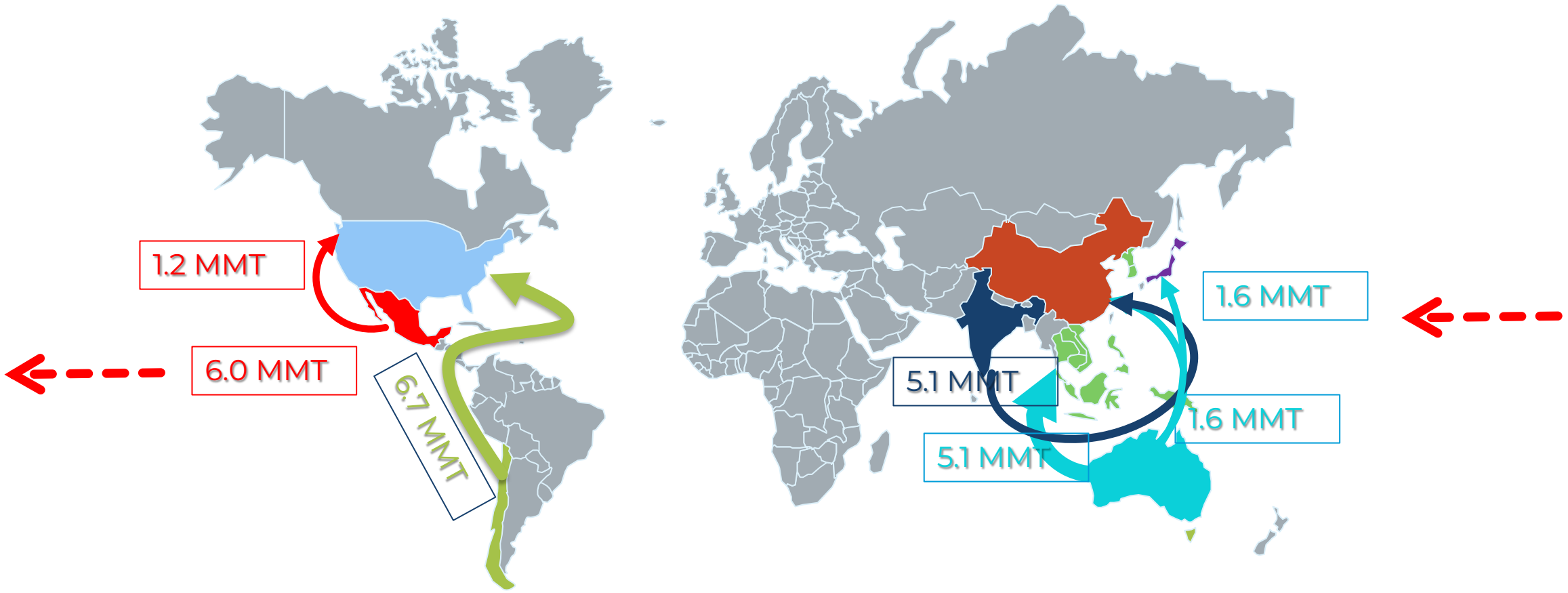
What are the most important markets?

Importers



What are the Main Trade Patterns?

Between World Regions



What are the Main Trade Patterns?

End Use Markets

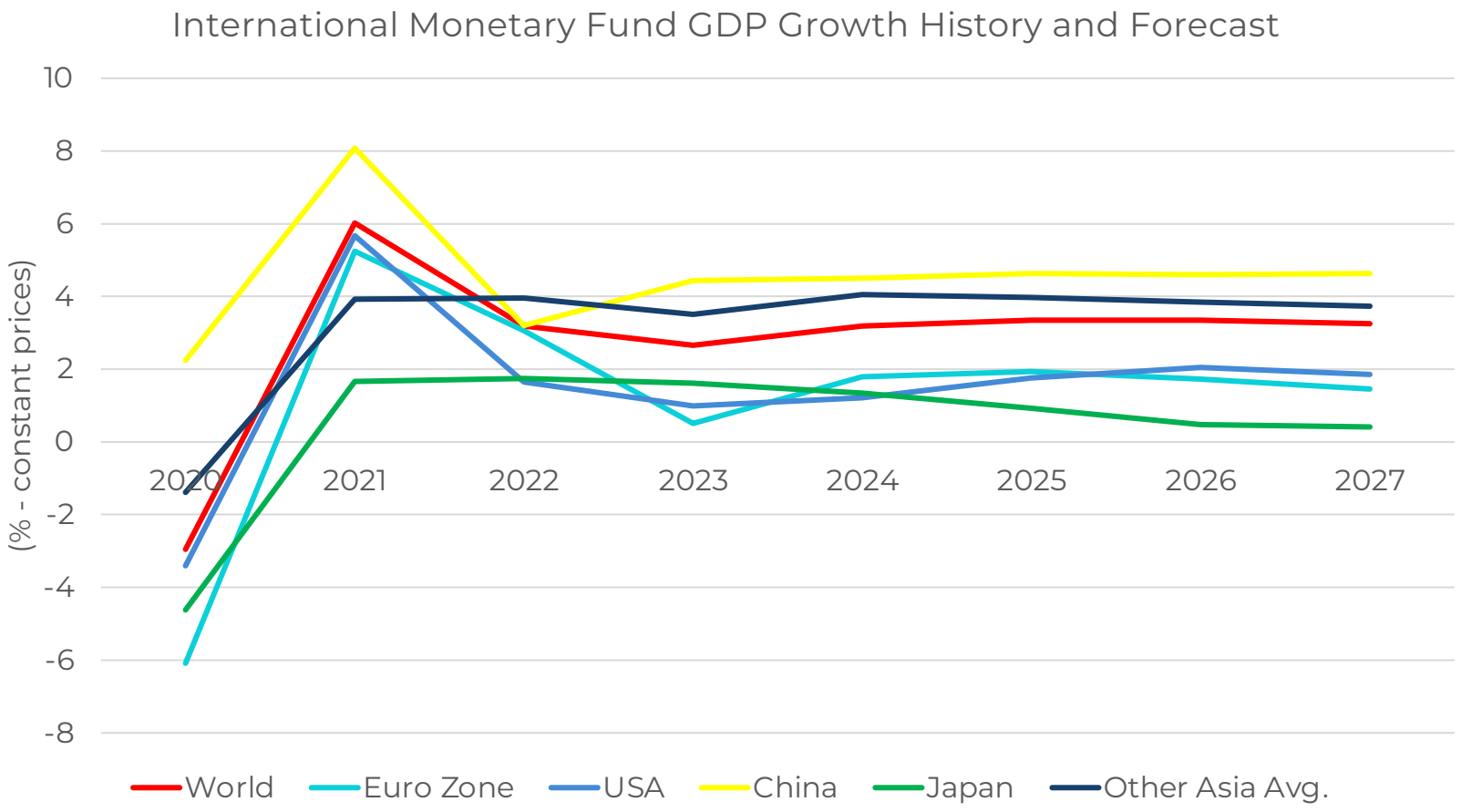




What regions are most affected by the recession?

Recession expected for North America, Euro Zone and Japan

Growth in China and other Asia is expected to continue at slower pace



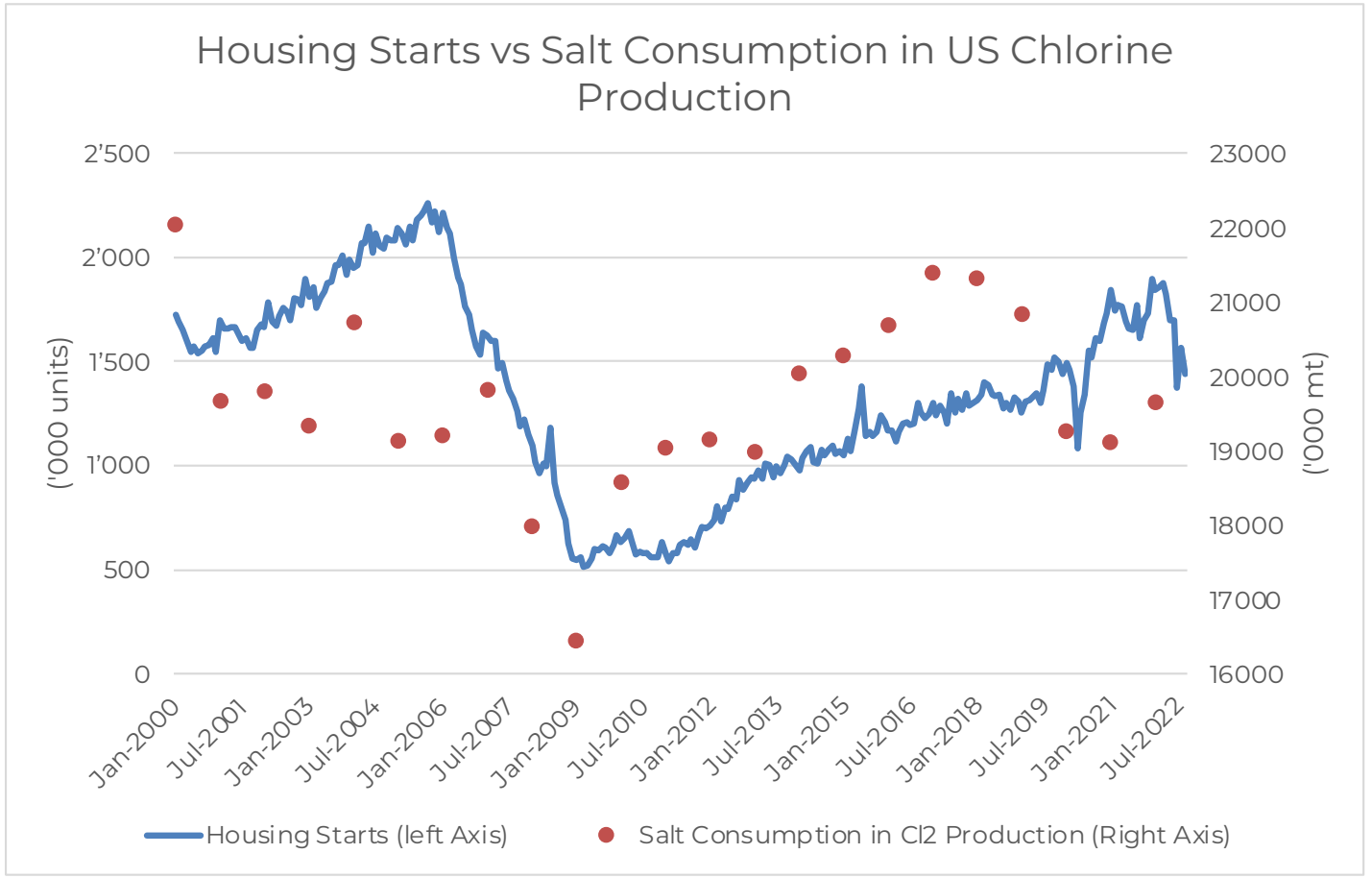
What end uses are the most affected by a recession?

- Small effect of economic cycles on salt consumption in food, feed, water treatment, medical and pharmaceutical uses.
- Pronounced effect of economic cycles on use of salt in the chemical industry

Signs of an upcoming recession in North America?

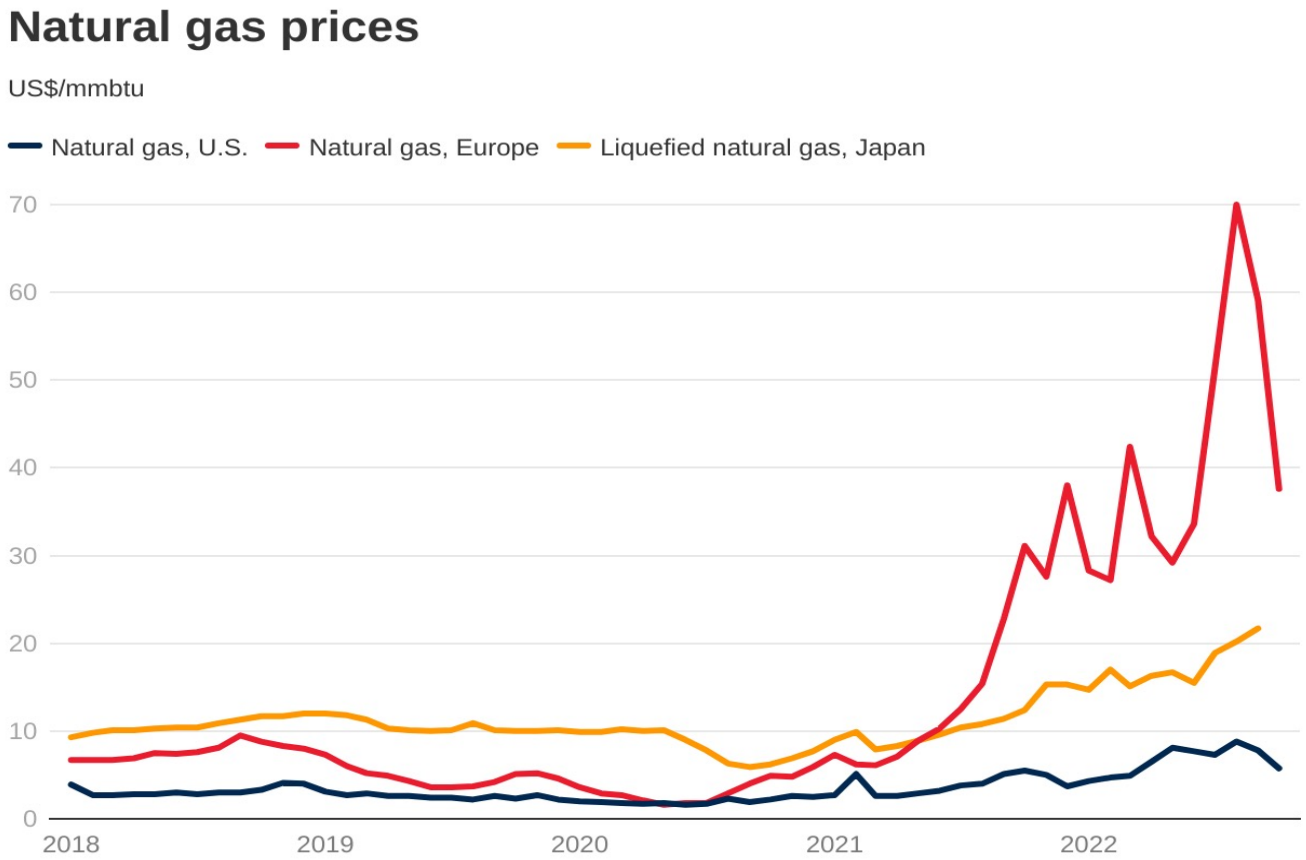
US Housing Starts

Correlation between Housing - PVC – Chlorine -Salt



What regions are most affected by the Russian-Ukrainian war?

Western Europe most affected with high price for natural gas

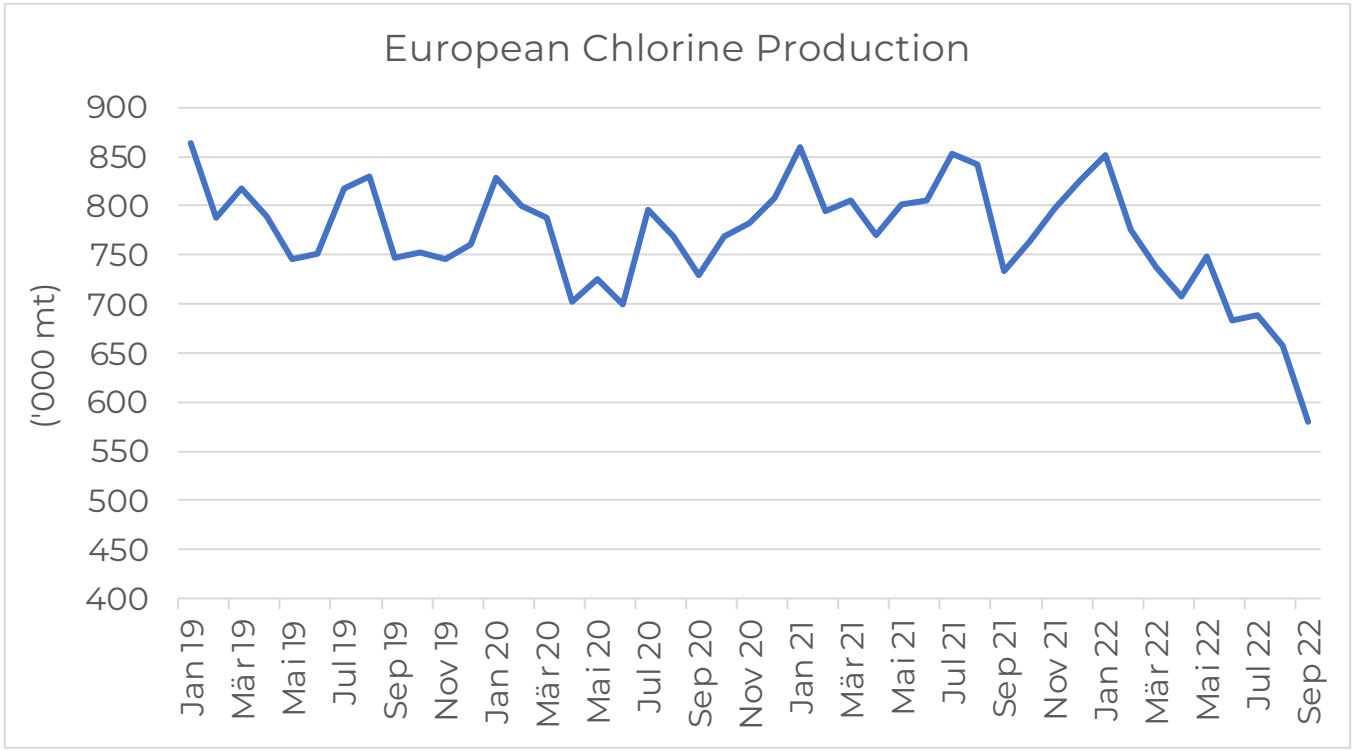


Note: Monthly data, last observation is October 2022 for natural gas, EU and natural gas, US and September 2022 for LNG Japan.

Source: World Bank.

Western Europe is most affected with recession and high energy prices?

High electricity price is detrimental to the competitivity of chlor-alkali production. Recession is expected to further reduce demand.



Impact of lower demand in North America and Western European on salt producers

Decreasing Salt Consumption in the Chemical Industry

North American chemical industry has a large extent of captive salt supply, and external brine supply. Minimal impact on dry salt producers.

Salt supply of Western European chemical industry is a mix of merchant and captive salt and brine supply. Producers of rock salt and vacuum salt are affected.

North American and Western European chemical industries are supplied from regional sources. Minimal impact on global export salt market.

Impact of recession on globally exporting salt producers

- Australian, Indian, Mexican producers export to the Asian chlor-alkali market.
- Slower but continuing growth is expected in the Asian chemical markets.

The Future of Salt in De-Icing

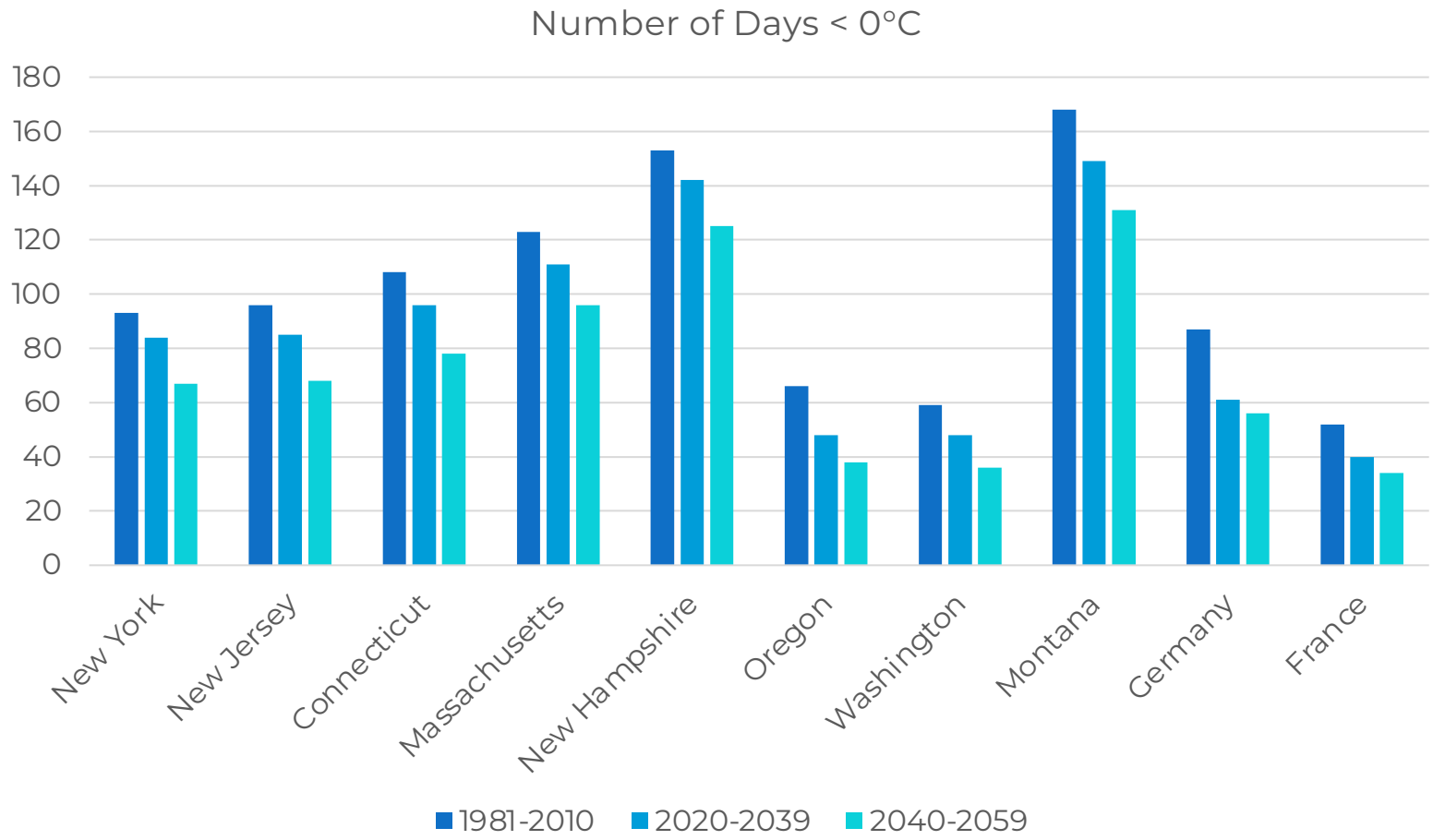
- Climate Change
- Trends in Winter Service

The Future of Salt in De-Icing

Climate Change:

Number of Days with

0 <°C Temperature



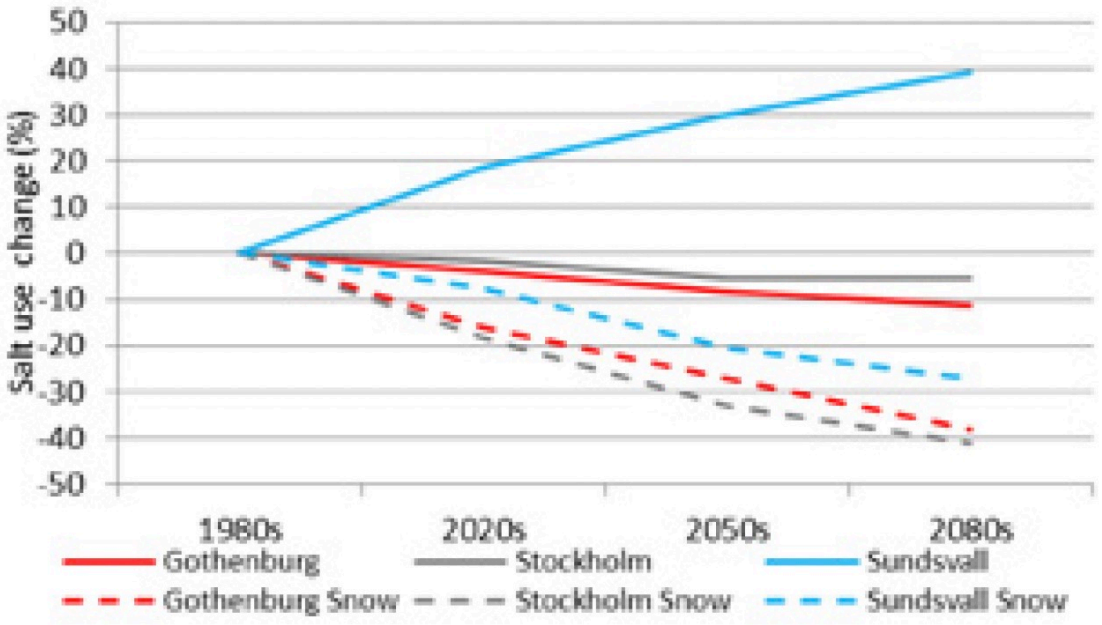
Source: Climate Impact Lab

The Future of Salt in De-Icing

Sweden:

In the North, the number of days with temperatures 0 <°C is expected to grow

Countrywide the number of snowfall days is expected to decline





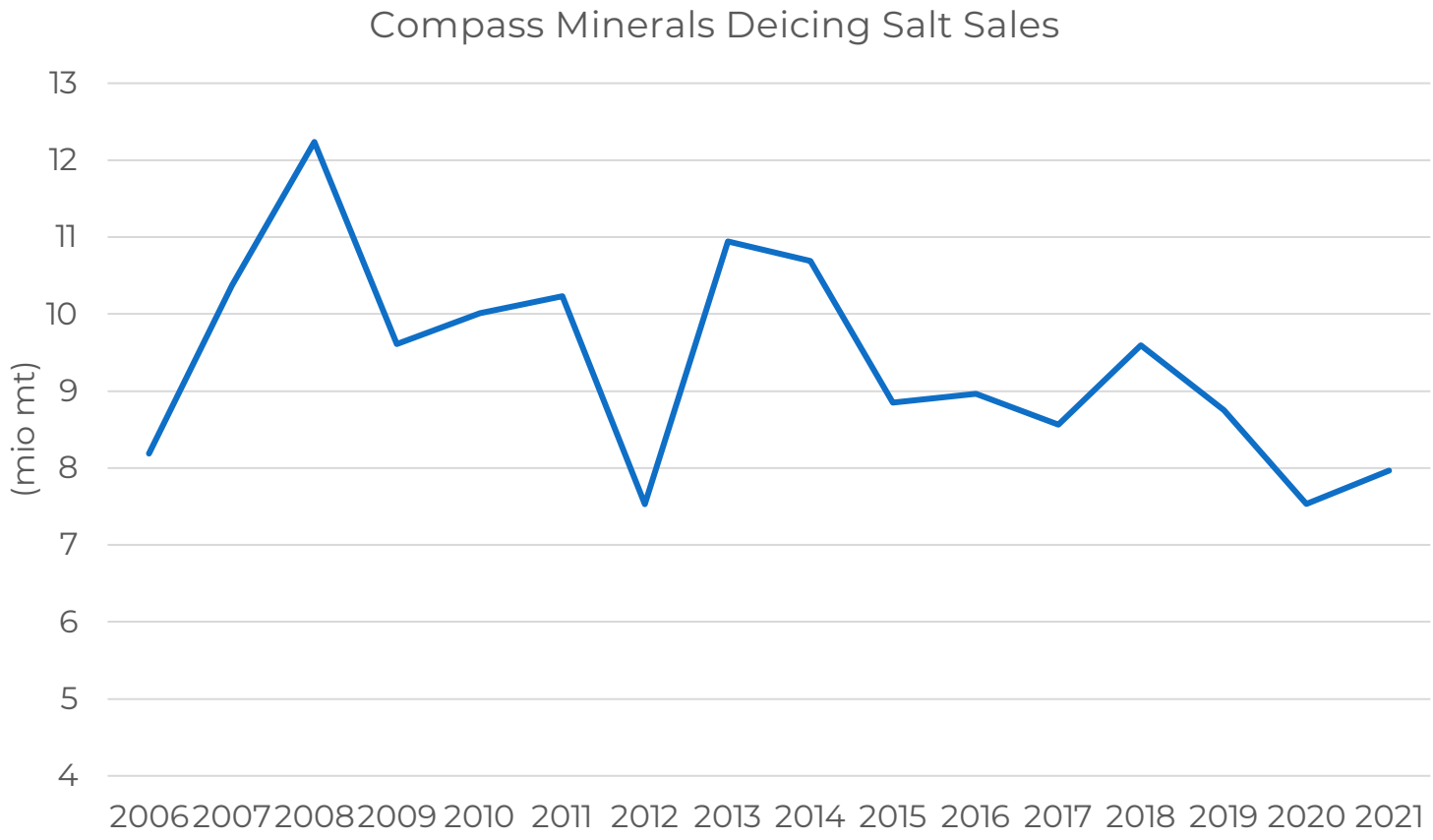
The Future of Salt in De-Icing

Previous Trend:

Growth on the average of multiple years with increasing network of road network and viability 24/7

Recent Trend:

Decrease on the average of multiple years with increasing efficiency of salt use, and improved weather forecast.



Impact of the expected decline of de-icing salt consumption

- North American de-icing salt is supplied to about equal parts by regional producers, and by imports from Mexico, Chile, and North Africa

- By far the largest part of European de-icing salt is supplied by regional producers. A small portion is imported mainly from North Africa.

In Summary

- Salt consumption is expected to grow globally. Main growth driver is an expected increasing demand from the Asian chemical industry.
- The expected recession, and the war in Ukraine lead to slow growth or stagnating salt consumption in North America and Western Europe
- Decreasing consumption of salt is also expected in the important de-icing use. Reasons are the more efficient use of salt, and on the longer term the effects of climate change.
- Additional capacities from large scale solar salt- rock salt, and recycling salt projects may be absorbed slower than expected

Thank You!

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