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TiO₂ Forecast & Strategic Review: Upward Cycle Momentum Seems Positive

2023 was a difficult year for the TiO₂ industry. Some positive signs appeared in December, and momentum appears to be carrying into 2024.

1. Stocks throughout the supply chain appear very low.
2. Interest rates and other forward leading indicators are showing positive signs.
3. Southern Asia appears to be gaining demand strength.
4. The Suez situation is increasing freight rates and delivery times to Europe from China.
5. The potential for anti-dumping tariffs to be implemented in the EU in the first half of 2024 is a real concern for purchasers of Chinese produced material in Europe.
6. Chinese producers have responded with a price increase announcement.

Inventories throughout the supply chain are noted to be tight. Increased order patterns indicate the improved leading indicators are causing customers to begin to restock their inventories. The “Leading” Leading indicators, such as interest rates, Treasury bill rates and the 30 Year mortgage rate turned downward in the USA, as the US Federal Reserve indicated they may lower interest rates multiple times in 2024.

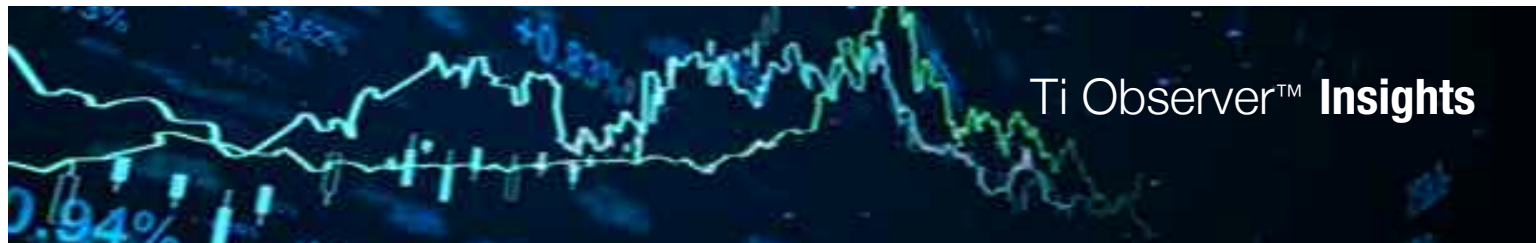
The European Central Bank indicated interest rates are not increasing, and rate cuts in 2024 may be needed more quickly to stimulate a dragging economy, particularly in Germany. Chinese producers are seeing competitive headwinds, particularly in Europe. Speculation is strong that anti-dumping tariffs may be implemented in the first half of 2024, perhaps as early as March. The current situation in Suez is impacting both shipping time and costs between Europe and Asia, with container rates reported to be increasing by USD300-500/t.

Chinese producers have announced a USD100/t increase for TiO₂ exports in January. Feedstock suppliers are still feeling the residual effects of the downturn, but orders are reported to be moving forward, and depletion and poor mining operations are keeping feedstock buyers on their toes. Are we finally beginning to look up from the bottom?

We also look at these questions:

- Why do reports of increased order activity make sense, given the current political and economic news?

Continued



- What is the possible impact of Anti-Dumping Tariffs in Europe, and what are the latest observations from industry participants. Who may be the big winner, if and when, the tariffs are enacted? Our view may provoke discussion.
- Where could Chinese product displaced in Europe be sold?
- What are the changes within the Chinese industry and Chinese government policy that indicate the “golden age” for Chinese producers may be in the past?
- What are we learning about the future TiO₂ market from Feedstock producers?

TiPMC provides its insight, along with its analytics to provide its view of the current direction of the TiO₂ industry. Looking at history and currently available data, we have developed regional quarterly price forecasts for 2024 and 2025, along with a yearly forecast extending through 2028. We have developed upside and downside scenarios for pricing, along with our logic explaining the cases presented. We provide data with insight and explain our view of how we believe the current signals will impact the supply and demand balance for all segments in the coming quarters.

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I welcome your calls, questions and requests.

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