Global OCTG Market Report

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2013

KONCEPT ANALYTICS
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Executive Summary

Oil Country Tubular Goods (OCTG) refers to family of steel tubes and casings which are primarily used for exploration and production of oil and gas. OCTG includes drill pipe, casing and tubing subjected to loading conditions according to their specific application. OCTG are produced as seamless or welded tube and pipe. The key difference between the two is that seamless OCTG can achieve higher grades and heavier wall thickness whereas welded OCTG cannot be used under challenging oil and gas exploration environments.

Increasing appetency for energy has led to growth in oil production and exploration activities and rise in global crude oil prices has been supporting the increased investment in oil and gas exploration, which in turn, has catalyzed the demand for OCTG products and thereby growth of OCTG market. However, there are factors that are holding back the market including environmental and regulatory issues, barriers to entry and depletion of limited oil and gas resources. The major trends observed in the OCTG market globally include growth in global rig count, rise in E&P activities, and seamless pipe capacity development.

The report offers a comprehensive analysis of the worldwide OCTG market with focus on certain regions, including North America, the US, and China. It provides competitive landscape and profiles the leading players in the market along with their business strategies.

By combining SPSS Inc.’s data integration and analysis capabilities with our relevant findings, we have predicted the future growth of the industry. We employed various significant variables that have an impact on this industry and created regression models with SPSS Base to determine the future direction of the industry. Before deploying the regression model, the relationship between several independent or predictor variables and the dependent variable was analyzed using standard SPSS output, including charts, tables and tests.
The demand for premium and seamless OCTG is rising due to growth in exploration and production of oil and gas in more challenging environments…..

- The global demand of OCTG witnessed an increase of …% from … million tonnes in 2011 to … million tonnes in 2012. The same recorded a CAGR of …% for the period spanning 2007-2012. The global OCTG demand growth was relatively low in 2012 due to fall in US natural gas prices and European sovereign debt crisis.

- The demand for premium products is rising continuously since past few years relative to the demand for standard API products as the oil and gas extraction is taking place in more offshore environment and under great pressure. API products account for …% of the overall OCTG demand in 2012 as compared to …% of the total demand in 2011. The demand for premium seamless OCTG is expected to grow at a CAGR of …% during the period 2012-2018.
Deepwater and offshore drilling is expected to rise in years to come, necessitating the need for highly reliable OCTG.

- The deepwater OCTG consumption showed growth of ...%, increasing from ... thousand tonnes in 2011 to thousand tonnes in 2012, and is expected to reach ... thousand tonnes by 2013.

- Offshore projects are expected to show no or marginal growth by 2015, however, with innovation in offshore petroleum sector which will overcome the challenges of offshore exploration, the number of projects may increase after 2016 to reach nearly ... in 2018 from about ... projects in 2012.

- The highest OCTG demand is witnessed by NAFTA (North American Free Trade Agreement) which accounted for ...% of total OCTG consumption in 2012, followed by China and CIS (Commonwealth of Independent states) with ...% and ...% share respectively, of the total OCTG demand.
The US OCTG market has shown a pattern of steady growth as a result of increasing global energy demand and improvements in exploration and production technology.

- The rig count in the US has been declining continuously during 2012 due to weakening of natural gas prices in the region and same trend was witnessed till the second quarter of 2013.

- Consumption of OCTG in the US will increase in coming years in light of growing oil and gas demand and the resultant increase in drilling activity. As a result, the US consumption of OCTG will reach ... million tonnes by 2015 from ... million tonnes in 2012.

- Total OCTG imports increased ...% in 2012 to .... million tonnes. Countries such as Korea, Vietnam, India and Thailand made major contributions to the US imports.
Improving world GDP, strong oil demand, increasing ring counts and rising crude oil prices are the key factors that will drive the OCTG market.

- The global demand for OCTG products was ... million tonnes in 2012, which is expected to grow up to ... billion tonnes by 2016. The worldwide demand of OCTG products is estimated to grow at a CAGR of ...% during 2012-2016.

- Global GDP, global oil demand, global rig count and global crude oil prices are directly proportional to global OCTG demand as increases in these factors will result in corresponding increase in OCTG demand.

- The demand growth of OCTG is primarily driven by strong demand for energy and favorable conditions in the oil and gas industry which has provided an incentive to the operators to make significant capital investments in exploration and production activities, thereby necessitating increased consumption of OCTG products.