

## BASIC CHEMICALS: SODA ASH

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**Demand outlook positive; high input costs to keep prices elevated**

**JANUARY 2023**



# Highlights

*Soda ash market witnessed increased demand from traditional industries like detergents, glass, paper, etc.; demand to stay firm with improving performance of traditional end-user industries as well as emergence of new industries like solar glass and lithium carbonate.*

*Factors like high input costs, inflation, weakening of some currencies etc., to keep soda ash prices elevated.*



- Global soda ash market witnessed firm growth in the past few years and is expected to increase at around 4% CAGR during 2023-2027, on the back of improving performance from traditional end-user industries such as detergents, glass, paper, etc., as well as emergence of new users like solar glass and lithium carbonate.



- At the global level, capacity additions of around 9.5 MMTPA are expected during 2023-2027, taking the total global production capacity to around 81 MMTPA from 71.5 MMTPA, while the global demand is expected to increase to around 79 MMTPA by 2027 from the present 65 MMTPA .



- Production of Indian soda increased in FY2022 on the back of higher demand from the glass, textile, and detergents sectors. The domestic demand is expected to stay firm on the back of increased demand from the real estate, automobile, glass, paper and detergents sectors.



- In FY2022, increased domestic production and high international prices led to a decline in imports.



- Prices are expected to remain elevated because of high raw material (limestone, coking coal, raw salt) and energy costs (gas and coal), inflation, supply disruptions due to shutdowns and the ongoing Russia-Ukraine conflict.



- In order to meet the increased domestic demand, major Indian players namely GHCL and Tata Chemicals are undertaking capacity expansions at their Sutrapada (Gujarat) and Mithapur (Gujarat) facilities, respectively.



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