World Industrial Valves

Industry Study with Forecasts for 2015 & 2020

Study #2809 | November 2011 | $5900 | 373 pages

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World demand to rise 5.4% annually through 2015

Global demand for industrial valves is forecast to increase 5.4 percent per year through 2015 to $93.5 billion. Gains will be driven by continuing robust gains in the Asia/Pacific region, as well as strong recovery in the US and West European markets from a weak 2010 base. In the developing world, especially in China and India, valve suppliers will benefit from rising urbanization. Large-scale migration from villages to cities will, in many cases, necessitate major upgrades to existing water supply and power generation infrastructures, bolstering valve sales in the process. Valve demand growth in the US will outpace the global average through 2015 due to recovery in the domestic economy after the 2007-2009 recession. Valve demand in Japan and Western Europe will also recover from recent declines, but advances will continue to considerably lag the world average through 2015.

The largest and most advanced industrial valve industries are typically located in developed nations. China, however, is the one key exception to this rule, with the country being the world’s largest valve producing nation in 2010 and accounting for 20 percent of global shipments. Germany, the US, Japan and Italy together accounted for an additional 44 percent of global valve shipments in 2010 on a value basis. Other important producers include France, the United Kingdom, Russia and Taiwan.

Oil, gas industry to see strong gains in demand

The oil and gas industry will see strong growth in valve demand, with increasing offshore, shale and tar sand related exploration activities helping boost sales of higher-end products. Among the countries that will record robust increases in the unconventional oil and gas sector are Brazil, Canada, Nigeria and the US. The nuclear power market for valves will see weak gains in the developed world in the aftermath of the 2011 Fukushima disaster in Japan. Weakness in the nuclear power generation sector will be offset by increasing valve sales to coal-fired and combined cycle natural gas power plants.

Automatic valves to outpace conventional types

The global market for automatic valves will outpace that for conventional valves, due to the continuing efforts of process manufacturers to improve operational efficiencies. The strongest gains will be registered in sales of separately sold automatic actuators, which are used together with standard valves to allow for automated valve functions, and are less expensive than automatic control and regulator valves with actuators pre-installed. Nevertheless, conventional valves will dominate world valve demand in 2015, with suppliers benefiting from the lower cost of these products relative to highly engineered automatic valves.
Demand for industrial valves in India totaled $1.4 billion in 2010, and the country was the second fastest growing market in the Asia/Pacific region during the 2000-2010 period, trailing only China. Gains have been in large part due to the economic reforms that have been made, resulting in robust increases in fixed investment expenditures and an expansion of the country’s manufacturing sector. India’s crude oil and refinery industries also represent significant markets for industrial valves. The country’s process manufacturing sector encompasses many valve-using industries, including chemicals, primary metals and food processing, among others. Given the wide array of applications, the Indian valve market necessitates the use of a large variety of valve types, including automatic control, quarterturn, pressure reducing, safety/relief, and steel gate and globe valves.

Shipments of industrial valves in 2010 from facilities in India totaled $1.3 billion, making it the fourth largest supplier in the region behind China, Japan and Taiwan. Thanks to a healthy macroeconomic environment, valve production grew at a strong 8.9 percent annual rate during the 2000-2010 period, increasing the trade deficit in these products to $130 million in 2010. Industry output consists largely of lower-end, commodity-type items. Higher-end valves constitute the majority of the country’s imports, with major sources of supply including China, Germany and the US. India also exports, with the US being the biggest export market.

The market for industrial valves in India is expected to increase at an 11.8 percent annual pace through 2015 to $2.4 billion, faster than the growth rate of the 2005-2010 period and among the strongest performances in the world. Fueling gains will be a healthy economic climate and continued development of the nation’s process manufacturing and the chemical and food processing industries. Exports are also expected to grow as India’s economy expands and the country becomes a more important player in the global market.
Sample Profile, Table & Forecast

TABLE VI-11
INDIA: MARKET ENVIRONMENT FOR VALVES

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“Shipments of industrial valves from facilities in India will increase at an 8.4 percent rate through 2015 to $1.9 billion, benefiting from healthy domestic market prospects and increased export sales. Growth in shipments will lag that of valve demand through 2015, and the country’s trade deficit will grow.”

--Section VI, pg. 167

NIBCO Incorporated
1516 Middlebury Street
Elkhart, IN 46516
574-295-3000
http://www.nibco.com

Annual Sales: $440 million (estimated)
Employment: 2,600 (estimated)

Key Products: ball, butterfly, check, gate, angle and globe valves; and electric actuators

NIBCO is a manufacturer of flow control products for the global residential, commercial construction, industrial, fire protection and irrigation markets. The Company is privately held.

The Company competes in the world valve industry through the manufacture and distribution of valves and related products in North America and Europe. These products, which are designed for use in industrial, commercial and residential applications, are marketed under such brand names as NIBCO and CHEMTROL. In the NIBCO line, the Company makes ball, butterfly, check, gate, angle and globe valves. These products are made using such materials as bronze, cast and ductile iron, stainless and carbon steel and thermoplastics. Additional products marketed under the NIBCO brand name include the NIBCO PRESS SYSTEM package that includes press-to-connect copper valves and fittings for mechanical joinery systems.

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