

Vacuum Gas Oil - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020 - 2029

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Report description:

The Vacuum Gas Oil Market size is estimated at USD 359.38 billion in 2024, and is expected to reach USD 473.54 billion by 2029, growing at a CAGR of 5.70% during the forecast period (2024-2029).

Key Highlights

- Over the medium term, the increasing demand for gasoline globally and the rapidly expanding automotive industry are the major factors driving the market.
- On the other note, the strict mandates by global organizations on VGO composition and emission content will be a major restraint for the market.
- Nevertheless, the growing marine industry is set to surge vacuum gas oil (VGO) requirement in bunker fuels for deep-sea cargo ships and other vessels, which will be a vital opportunity for the market during the forecast period.
- Asia-Pacific is expected to dominate the market, owing to the increasing oil and gas production across the region.

Vacuum Gas Oil Market Trends

Increasing Demand for Gasoline and Diesel Across the Globe to Drive the Market

- Vacuum gas oil is predominantly used as an intermediate feedstock to escalate gasoline and diesel production from refineries. VGO is produced through a vacuum distillation column using processes such as hydrogenation and cracking.
- Diesel has been a primary fuel for transportation, agriculture, and various industrial sectors. However, the use of diesel is

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banned in some countries. Developing nations, such as India and China, have also experienced significant growth in diesel consumption due to economic development and increased mobility. The growing diesel consumption for various needs will, in turn, drive VGO growth in the near future.

- Gasoline is one of the major fuels consumed in the United States and is the main product that oil refineries produce. In 2022, around 134.55 billion gallons of finished motor gasoline were consumed in the United States, an average of about 369 million gallons per day. Since vacuum gas oil (VGO) is the intermediate feedstock for producing gasoline, the growing consumption of gasoline will, in turn, drive the market's growth.

- Moreover, oil consumption across the globe was around 97.30 million barrels per day in the year 2022, which is comparatively higher than 92.70 million barrels per day in 2015. The growing oil consumption across the region will support the growth of VGO since it is used as a feedstock in the production of gasoil and gasoline.

- In March 2022, Honeywell International Inc. announced that SPEC Energy DMCC, an Oil field equipment supplier in Dubai, was to use a range of Honeywell's process technologies at its refinery to convert low-value vacuum gas oil (VGO) and vacuum residue into high-value products such as gasoline and alkylate. Phase one of the project included the installation of a new UOP Residue Fluidized Catalytic Cracking unit that is tailored to improve gasoline yield, a UOP/Wood Solvent Deasphalting process Unit (SDA) which was expected to improve the feed quality to the RFCC.

- Owing to the above points and the recent developments, the growing usage of Vacuum Gas Oil (VGO) in the production of diesel and gasoline drives the market during the forecast period.

Asia-Pacific Region is Expected to Witness Significant Growth

- Vacuum gas oil refers to heavy oil left over from petroleum distillation, which can be further refined in a cracking unit. It is an intermediate feedstock that can increase the output of diesel and gasoline from refineries.

- The increasing urbanization and rapid industrialization in countries like China, India, Japan, and Indonesia are pushing up oil demand, which will, in turn, favor the growth of vacuum gas oil (VGO) across the region; in addition, the rise in need for automobiles and development in expenditure in the petroleum zone are the major factors responsible for the growth in demand for VGO in this region.

- Moreover, in December 2022, Chevron Corporation Lummus Global LLC announced Shandong Yulong Petrochemical Co., Ltd. had selected EST, which CLG licenses, for a slurry residue hydrocracking unit in Shandong Province, China. The unit will produce diesel, naphtha, and vacuum gas oil (VGO) once it is complete, and with a capacity of 3.0 MMTA, it will be one of the largest in the world.

- Moreover, in November 2022, The Government of India announced they were stepping up vacuum gas oil exports to various countries such as the United States and Canada. Therefore the increasing exports will, in turn, facilitate the growth of the Vacuum Gas Oil Market across the region.

- Owing to the above points and the recent developments, the Asia-Pacific region is expected to witness significant growth in the vacuum gas oil market during the forecast period.

Vacuum Gas Oil Industry Overview

The vacuum gas oil market is semi fragmented. Some of the major players operating in the market (in no particular order) include Shell Plc, BP Plc, Chevron Corporation, Exxon Mobil Corporation, and China National Petroleum Corporation.

Additional Benefits:

- The market estimate (ME) sheet in Excel format

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