According to Industrial Info's North American Construction Index, industrial construction starts in the U.S., Canada and Mexico ended on a positive note. Across all three countries, approximately 8,100 capital and maintenance projects spanning the 12 industrial sectors covered by Industrial Info kicked off in 2014.

**Crude-Oil Price Collapse Leads to Cutbacks in Capital Spending...**

Written by John Egan for Industrial Info Resources (Sugar Land, Texas)–The dramatic decline in crude-oil prices is forcing a number of oil and gas companies to trim their capital budgets. Oilfield service providers are scaling back their 2015 plans as rigs are idled. Energy bankers are bracing for a big hit to one of their most active industry segments.

**New Build Report: Pharmaceutical-Biotech Sector to Open 113 New Facilities in 2015 with $4.7 Billion in Capital Investment Potential**

Reported by Annette Kreuger, Industrial Info Resources—Scattered throughout North America are 113 reported new facility builds in the Pharmaceutical-Biotech Industry that are scheduled to open their doors by the end of the year, according to Industrial Info's Pharmaceutical-Biotech Online Database.

**Upcoming Tradeshows & Events**

Click below to learn more about upcoming tradeshows where Industrial Info will be exhibiting and events that we will be hosting.

**New Products & Resources**

*The 2015 North American Power Industry Outlook*

The newly released North American Power Industry Outlook provides an in-depth analysis of the market trends and statistics driving major project spending opportunities in the power market. Authored by Industrial Info's industry experts, this comprehensive online tool gives you valuable insight into 2015 and beyond. Get detailed spending analysis by market region, fuel type and project type that are derived from actual projects reported by our research professionals. Quarterly updates keep you informed throughout the year on actual performance versus forecasted activity. Also available for Latin America and Europe!
North America Construction Starts End Year on Good Note

According to Industrial Info's North American Spending Index, industrial construction starts in the U.S., Canada and Mexico ended on a positive note. Across all three countries, approximately 8,100 capital and maintenance projects spanning the 12 industrial sectors covered by Industrial Info kicked off in 2014. The projects had a combined total investment value of more than $289.8 billion, representing a 27% increase in value and an 11% increase in the number of projects from 2013.

While most of the industries tracked by Industrial Info have seen a gain in the total investment value (TIV) of projects, most of North America's project spending growth has been added by the Power, Oil & Gas Production, and Chemical Processing industries, although activity these sectors varies by country.

Some of the most significant growth made throughout the year occurred in the U.S. and Canada's Oil & Gas Production Industry. The value of Canadian projects in this sector nearly tripled, thanks largely to the commencement of oil sands projects in Alberta. While existing oil sands projects can operate reasonably comfortably in the current low oil price environment, the effect on future projects is uncertain. The start of high-dollar LNG production and export projects helped the boost the value Oil & Gas Production projects in the U.S.

Project Fallout
At the beginning of each year, Industrial Info takes the value of planned project spending for each industrial sector and throughout the year compares this to current planned spending for the month, providing the rate of "project fallout." Accompanying the growth in the value of construction starts in 2014 was a higher value of projects that were delayed, placed on hold or canceled.

From January through December, Industrial Info tracked projects valued at about $305.2 billion that fell out during the year. This compares to projects worth $256.6 billion that fell out in 2013. Despite the higher dollar amount of projects that fell out in 2014, on a percentage basis, the two years are very similar, with 2014 actually a bit better in terms of project retention. In 2013, about 53.6% of the value of projects planned to kick off during the year were delayed, placed on hold or canceled. This compares to 52.6% of the value of projects falling out in 2013.
Crude-Oil Price Collapse Leads to Cutbacks in Capital Spending, but Efficiency Gains Should Keep Production Levels High

Written by John Egan for Industrial Info Resources (Sugar Land, Texas)--The dramatic decline in crude-oil prices is forcing a number of oil and gas companies to trim their capital budgets. Oilfield service providers are scaling back their 2015 plans as rigs are idled. Energy bankers are bracing for a big hit to one of their most active industry segments. Oil-producing states are bracing for a sharp shortfall in royalties and severance taxes. A prolonged period of low oil and gas prices may threaten the economics of some proposed pipeline and infrastructure projects.

Across the U.S., businesses that supply equipment and services to the Oil & Gas Industry are reassessing their business plans to square with today's market realities. Companies and industries that benefitted from five years of high oil prices—including steel-pipe manufacturers, rig rental companies, equipment providers, restaurants, logistics companies, railroads, banks, lawyers, consultants, real estate firms and hotels—are soon expected to feel the effects of lower oil prices and leaner budgets.

Companies, including Apache Corporation (NYSE:APA) (Houston, Texas), Concho Resources Incorporated (NYSE:CXO) (Midland, Texas), Continental Resources Incorporated (NYSE:CLR) (Midland, Texas), MEG Energy (Toronto: MEG) (Calgary, Alberta) and SandRidge Energy Company (NYSE:SD) (Oklahoma City, Oklahoma), have told investors that they are cutting planned 2015 capital spending in the face of low oil prices, and every day seems to bring new announcements of additional cutbacks from exploration and production firms.

The cutbacks by independent producers follow a series of moves last summer by the supermajors, including Chevron (NYSE:CVR) (San Ramon, California), Exxon Mobil Corporation (NYSE:XOM) (Iving, Texas) and Royal Dutch Shell (NYSE:RDSA) (The Hague, Netherlands), to slash spending on their more exotic, big-ticket projects.

Crude oil prices -- both West Texas Intermediate (WTI) and Brent -- have fallen about 55% from their mid-2014 highs to a current level of under $50 per barrel. Surgeing crude-oil supplies -- mainly from U.S. shale formations -- and weak global demand growth have combined to halve global oil prices. In a recent interview with USA Today's Maria Bartiromo, Saudi billionaire businessman Alwaleed bin Talal said the world will never again see $100 per barrel oil. If and producers don't start taking oil off the market, weak demand ensures further price declines, he predicted.

A week before the late-November meeting of the Organization of Petroleum Exporting Countries (OPEC), investment bankers Goldman Sachs Group Incorporated (NYSE:GS) (New York, New York), predicted crude oil prices would average $75 a barrel for the first quarter of 2015. At that price, drilling in 19 shale formations across the U.S. would be unprofitable, according to an estimate from Bloomberg New Energy Finance. But even Goldman's projection might be too upbeat. One week after the bank released its price projection, OPEC refused to cut oil production, driving prices even lower. Today, crude oil prices are about $30 below Goldman's late-November estimate. In its January 13 Short-Term Energy Outlook (STEO), the U.S. Energy Information Administration (EIA) (Washington, D.C.) predicted WTI prices will average $54.58 a barrel for 2015, nearly $39 per barrel less than 2014's average price. For 2016, the agency forecast an average WTI price of $71 barrel.

This year, EIA, the independent statistical and analytic branch of the U.S. Department of Energy (DoE) (Washington, D.C.), said it expects drilling activity to decline as a result of less-attractive economic returns in some areas of both emerging and mature oil production regions. "Many companies will redirect investment away from marginal exploration and research drilling and into core areas of major tight oil plays. However, projected oil prices remain high enough to support development drilling activity in the Bakken, Eagle Ford, Niobrara, and Permian Basin, which contribute the majority of U.S. oil production growth," EIA said in its mid-December STEO.

EIA expects U.S. crude oil production to average 9.3 million barrels per day (MMBBL/d) this year, up 700,000 BBL/d from 2014, but down from expected growth of 900,000 BBL/d projected in November. The agency expects production to continue growing in the first half of 2015, but decline in second-half production. It noted its forecasts were "particularly sensitive to actual prices available at the wellhead and drilling economics that vary across regions and operators."

Dramatically lower crude-oil prices are driving asset sales as oil and gas companies sell...
peripheral assets to focus on the core properties. Land that once fetched $5,000 or $10,000 per acre when oil was priced at $100 per barrel is worth dramatically less today. In November, Apache Corporation announced it was selling about $1.4 billion of properties in Louisiana, Texas and Oklahoma. Shortly before Christmas, Spanish oil giant Repsol (Madrid) announced it would acquire Talisman Energy Incorporated (NYSE:TLM) (Calgary, Alberta), one of Canada's largest oil companies. Analysts expect an accelerated pace of asset sales and acquisitions once companies decide oil prices have bottomed.

Many producers hedge their production, so they may be protected from the near-term problems created by falling oil prices. But that means the counter-party that committed to buy the oil at a hedged price has locked commitments to buy oil at prices far above current market prices. And hedges have a specific lifespan, so when they expire, producers will confront a low-priced environment without the cushion of someone else committing to buy their oil at $89 per barrel.

The New York Times reported banks will soon be forced to disclose problem loans and over-stretched positions in their quarterly presentations to investors. "Banks have been lending hand over fist to companies in the nation's energy industry, underwriting bonds, advising on mergers, even financing the building of homes for oil workers," the Times reported. "Strains are being felt (by banks) and defaults are likely. While it may take some time for the crunch in the oil industry to translate into losses, one thing already seems clear: The energy banking boom is over." The news isn't all bad across the Oil & Gas Industry. Efficiency gains in hydraulic fracturing techniques are allowing some companies to cut spending while still increasing production, as Apache and MEG Energy predict will happen in 2015. Low-cost producers like Encana Corporation (NYSE:ECA) (Calgary, Alberta) and Range Resources Corporation (NYSE:RRC) (Fort Worth, Texas) are able to operate profitably in today's low-price environment. And, earlier this month, North Dakota's chief mineral resources regulator estimated break-even prices for new wells in that state range from $29 per barrel to $41 per barrel in the four counties that represent about 90% of North Dakota's production.

Falling energy prices don't affect all segments of the economy equally. Petrochemical manufacturers continue to benefit from low natural gas prices. Consumers are cheering gasoline and diesel prices that have fallen by an average of over $1.25 per gallon during the second-half of 2014. Economists expect consumers will plow most of the savings from lower fill-up costs into other aspects of the economy, potentially offsetting the macroeconomic impact of reduced capital spending tied to the Oil & Gas Industry.

"We've been wondering when the bull run in crude-oil prices would end, and it appears to have ended," remarked Jesus Davis, Industrial Info's vice president of research for the Oil & Gas, Pipelines and Terminals industries. "It's a boom and bust business, and we've had a prolonged boom. Whether WTI bottoms at $46 per barrel, or goes even lower, we will see a very different landscape in 2015. Efficient producers will thrive, likely acquiring assets from less-efficient producers. On a national basis, production should not be impaired that much, as efficiency gains offset budget cuts. Projects that are only economical at $100 per barrel have been shelved. As painful as a 55% decline in oil prices has been, it does remove a lot of the froth from the market."

Please enter any questions or suggestions below.

Questions/Suggestions:

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Reported by Annette Kreuger, Industrial Info Resources--Scattered throughout North America are 113 reported new facility builds in the Pharmaceutical-Biotech Industry that are scheduled to open their doors by the end of the year, according to Industrial Info's Pharmaceutical-Biotech Online Database. The sites potentially represent a total capital investment of $4.7 billion, which translates to a per-site average of about $41.5 million.

The "potential" investment for each site includes initial construction, as well as any reported planned future expansions and subsequent phases. Projections call for the 2015 sites to eventually employ more than 13,000. The projects are in various stages of planning, ranging from early market analysis to actual construction. Some of the projects are grassroot, new from the ground up, while others, the "additions," include reconfiguration and/or renovations of newly acquired facilities. These additions establish the new company's first laboratory or manufacturing operations at that particular location.

The projects range from a $1 million investment to construct a blood plasma donation laboratory, to a $500 million mega-laboratory. A number of the projects are sourced out of the public sector, with many benefiting from federal or state dollars. The majority of the projects remain research-based at this point, but there is a definite manufacturing presence on the list.

The largest of the 2015 openings will be the $196 million Colgate-Palmolive (NYSE:CL) (New York, New York) plant in Hodges, South Carolina. The project is a transformation of the former Guardian Products building, which will result in more than 500,000 square feet of personal care products (including Mennen Speed Stick) production and distribution. The company is transferring much of the equipment and all of the production currently located at its plant in Morristown, New Jersey. O’Neal Incorporated (Greenville, South Carolina) is serving as the EPC contractor.

In Fremont, California, Thermo Fisher Scientific Incorporated (NYSE:TMO) (Waltham, Massachusetts) is constructing a $150 million facility set to open later this year. The 275,000-square-foot facility will provide 170,000 square feet of reagent manufacturing, and the remainder will house development laboratories and administrative space. The Geis-Companies (Streetsboro, Ohio) is performing design-build services for the project, which began construction in the spring of 2013.

Thanks to the great success of its gummy vitamin lines, Church & Dwight Incorporated (NYSE:CHD) (Ewing, New Jersey) is adding a $55 million production plant in York, Pennsylvania. Located at the site of its existing detergent plant operation, the vitamin production area is scheduled to be complete this spring.

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Please enter any questions or suggestions below.
Upcoming Tradeshows & Events

Market Outlook Events

We will hold our 2015 Market Outlook & Networking Event at the Hilton Americas in Houston on January 29. In addition to a top-line market forecast and labor market assessment, our industry experts will discuss market trends and drivers for:

- Power Generation
- Oil & Gas Production, Pipelines and Terminals
- Petroleum Refining
- Chemical Processing

Make sure to RSVP today! Tradeshows

Booth #1006
February 3 - 5, 2015
San Diego, CA
San Diego Convention Center

Booth #835
February 15 - 18, 2015
Denver, CO
Colorado Convention Complex

Please enter any questions or suggestions below.

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New Products & Resources

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Contractor Market Share Analysis Report - Maintenance Services for the Petroleum Refining and Chemical Processing Industries (USA)

The focus of this report is to identify industrial plant owners who utilize contractors for Long-Term Service Agreements (LTSA) as well as contract services for minor, normal and major maintenance shutdowns and turnarounds within the United States Petroleum Refining and Chemical Processing industries.

North American Chemical Processing Industry Map Series

The North American Chemical Processing Industry is experiencing unprecedented growth, thanks largely to an influx of inexpensive natural gas feedstock that is driving both upstream and future downstream projects.

Industrial Info's newly released 2014 North American Chemical Industry Map Series consists of five maps, each covering a different subsector of the industry, including:

- Petrochemicals
- Plastics & Rubbers
- Agricultural Chemicals
- Specialty Chemicals
- Chlor-Alkali & Industrial Gases

2015 Global Outlook

Industrial Info Resources (Sugar Land, Texas) has released its Global Industrial Outlook for 2015. The Outlook provides easily navigated spending projections for 12 industrial market sectors across the world.

North American and international sections are included in the Outlook, with special breakdowns for the BRIC, MENA, Middle East and Asia-Pacific regions.

Quarterly updated project spending statistics are broken down by industry, market region and budget type (capital or maintenance). Assessments from Industrial Info's industry experts help explain how the data and information reflect broader industrial trends and market drivers.
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Maps provide a geographical view of existing plants with spending activity indicated and are available individually or as a complete set for savings of $250.

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