

---

**S&P Global**

Energy

CERA

---

**S&P Global**

Energy

# Reshaping Chemical Markets in Times of Change

Andrew Neale – Vice President, Global Head of Chemicals

May 2026



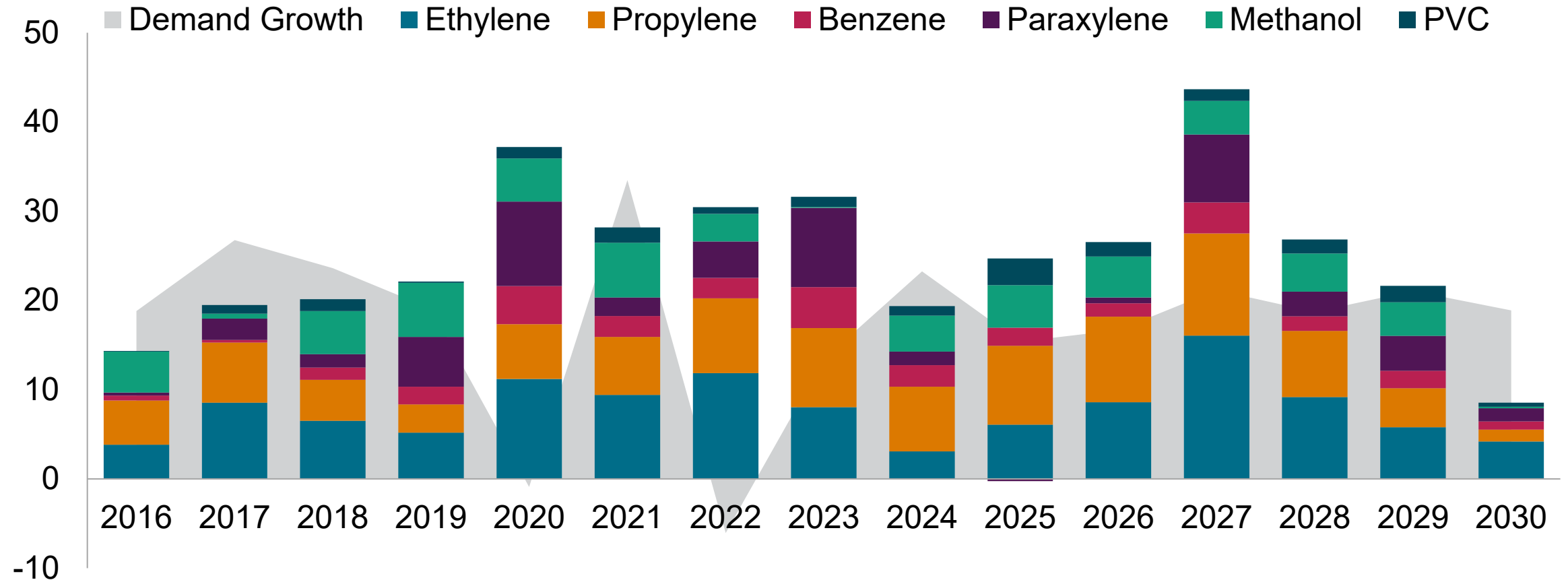
# The impact of the Hormuz closure on chemical markets: Enough to tighten up markets?

## Chemicals scorecard – February Edition

Feb vs. 2025	
Geopolitics	Elevated
Economy	Same
Tariffs	Uncertain
Supply	Same
Demand	Same
Prices	Same

# Petrochemical markets are overbuilt and more capacity is coming

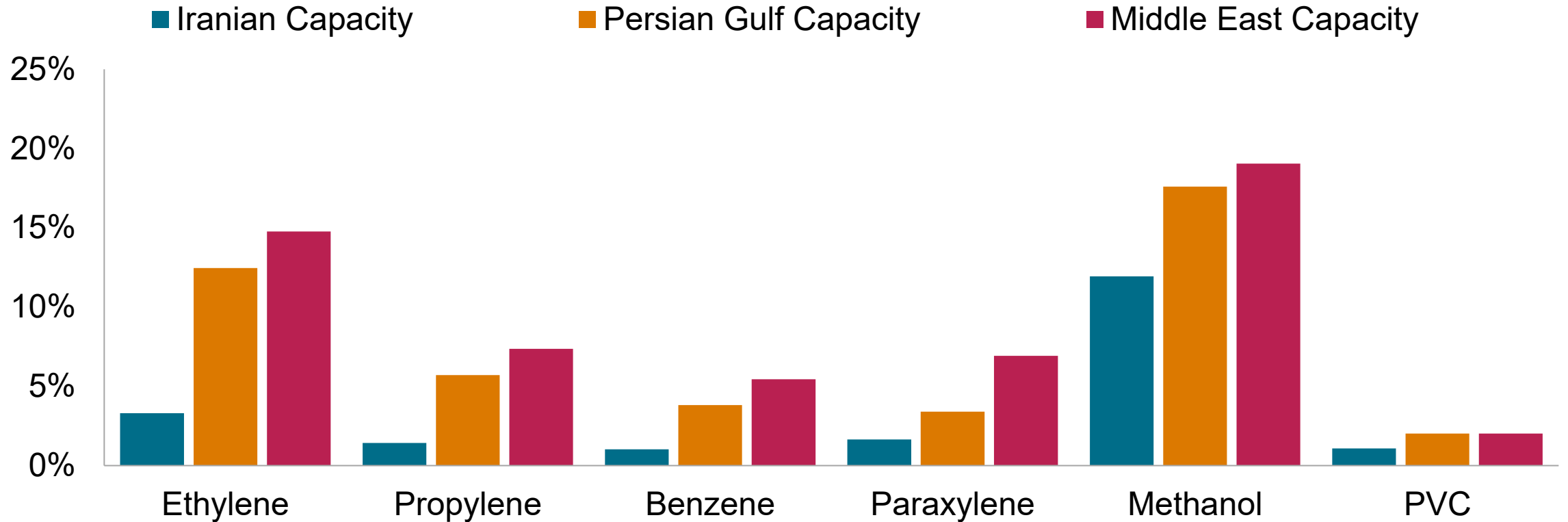
## Global annual nameplate capacity & demand growth - selected base chemicals (million mt)



As of March, 2026.  
Source: S&P Global Energy.

# The direct impact of the Hormuz closure differs across value chains

## Regional capacity as a percentage of global capacity



As of March, 2026.

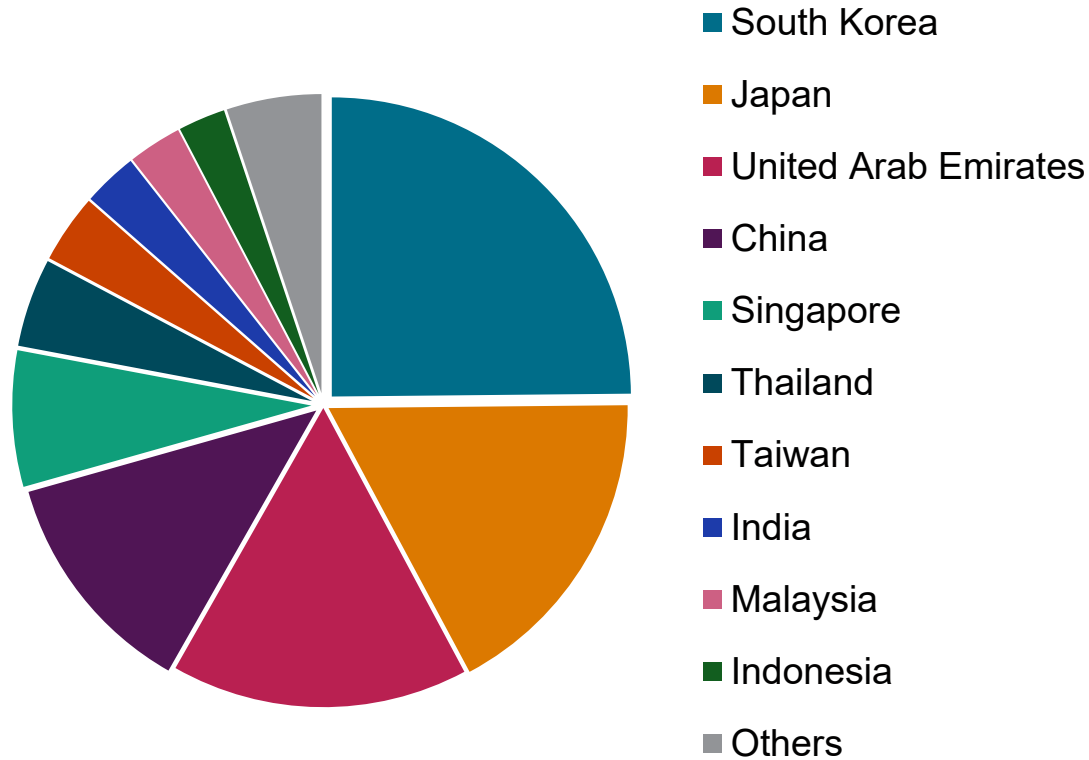
Persian Gulf = Kuwait, Bahrain, Iran, Qatar, Iraq, United Arab Emirates and the East Coast of Saudi Arabia.

Middle East Capacity = Kuwait, Bahrain, Iran, Qatar, Iraq, Oman, United Arab Emirates and Saudi Arabia

Source: S&P Global Energy.

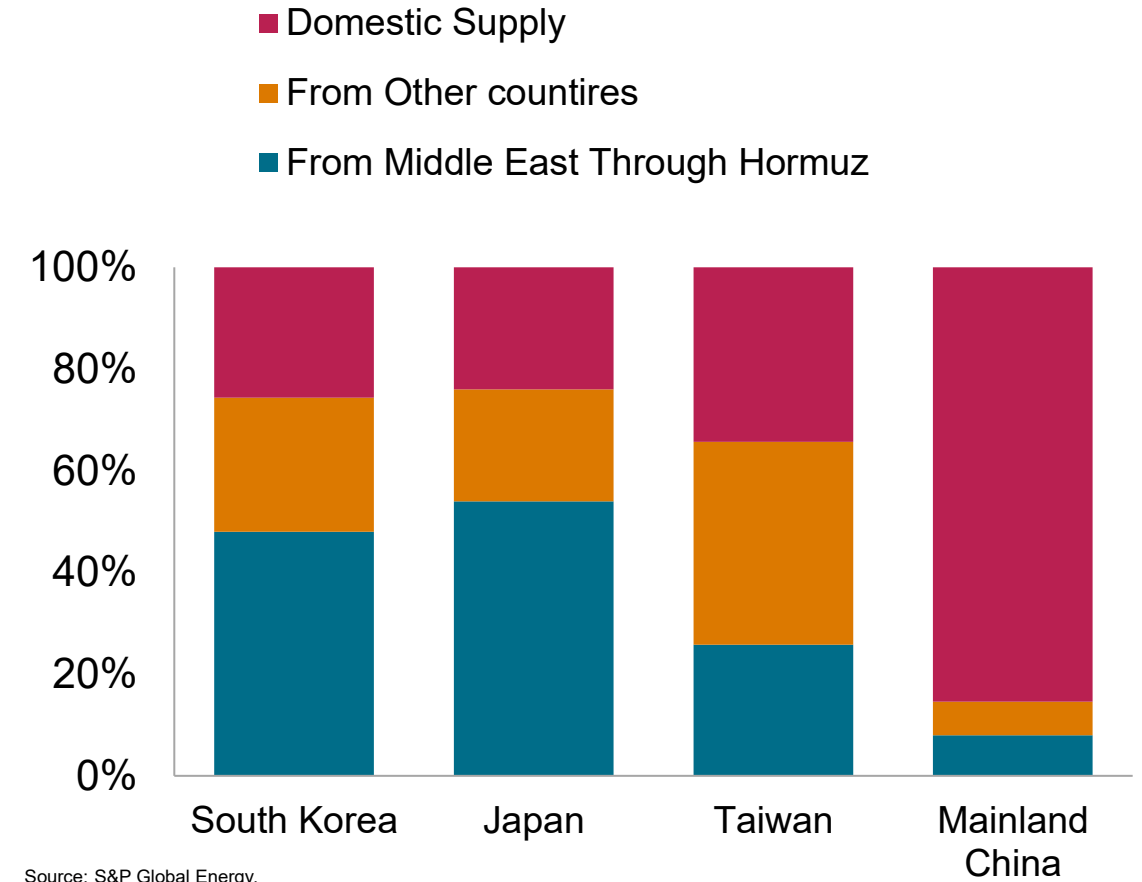
# Largest secondary impact on Asian steam crackers that are heavily reliant on ME feedstocks

2025 Middle East naphtha exports by destination country



Source: S&P Global Energy.

Eastern Asia Light Naphtha Import via the Strait of Hormuz (2025)



Source: S&P Global Energy.

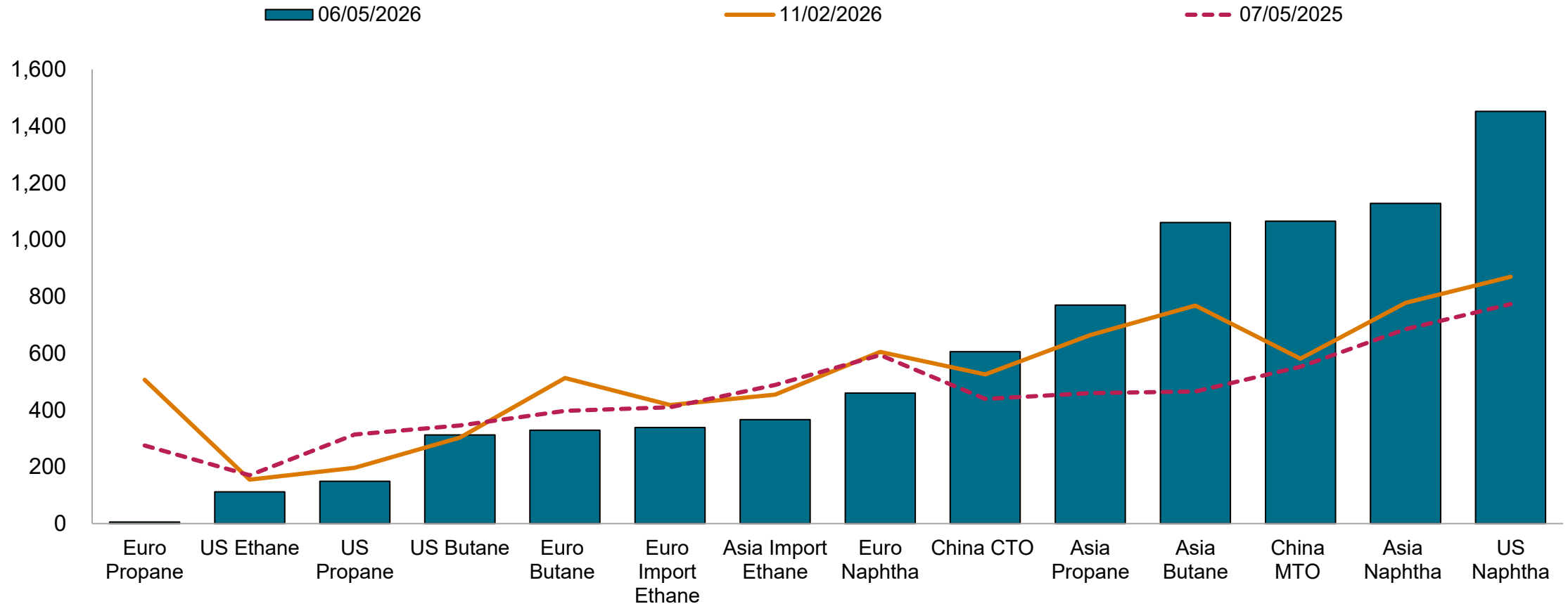
## Chemicals scorecard – **May** Edition

	Feb vs 2025	May vs 2025
<b>Geopolitics</b>	Elevated	Extreme
<b>Economy</b>	Same	?
<b>Tariffs</b>	Uncertain	Uncertain
<b>Supply</b>	Same	Slashed
<b>Demand</b>	Same	?
<b>Prices</b>	Same	Extreme

# **Regional markets: Who are the winners & losers so far?**

# The ethylene production cost advantage of gas crackers has been amplified

## Ethylene Variable COP by Feedstock\* (S/mt)



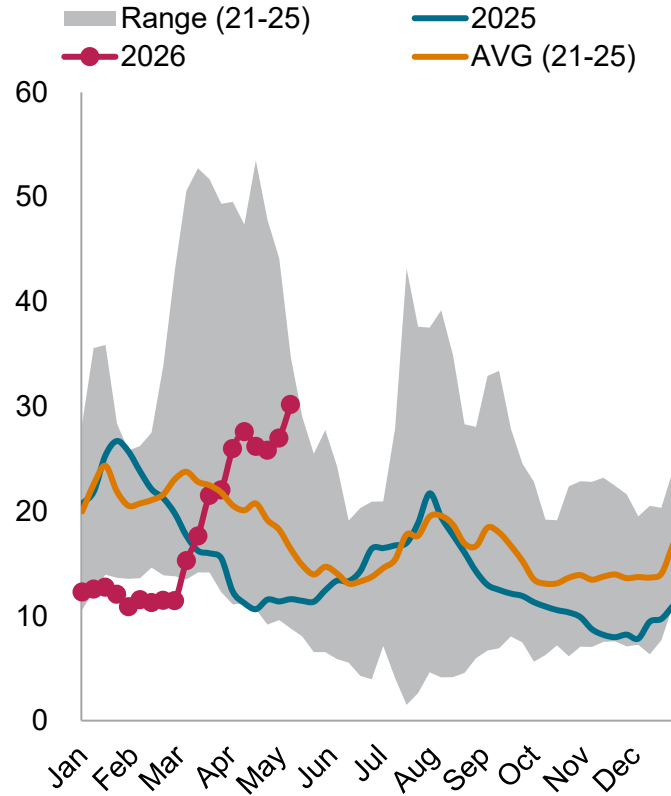
\*Ethylene Variable COP = feedstock - coproducts + (variable costs)

Source: S&P Global Energy.

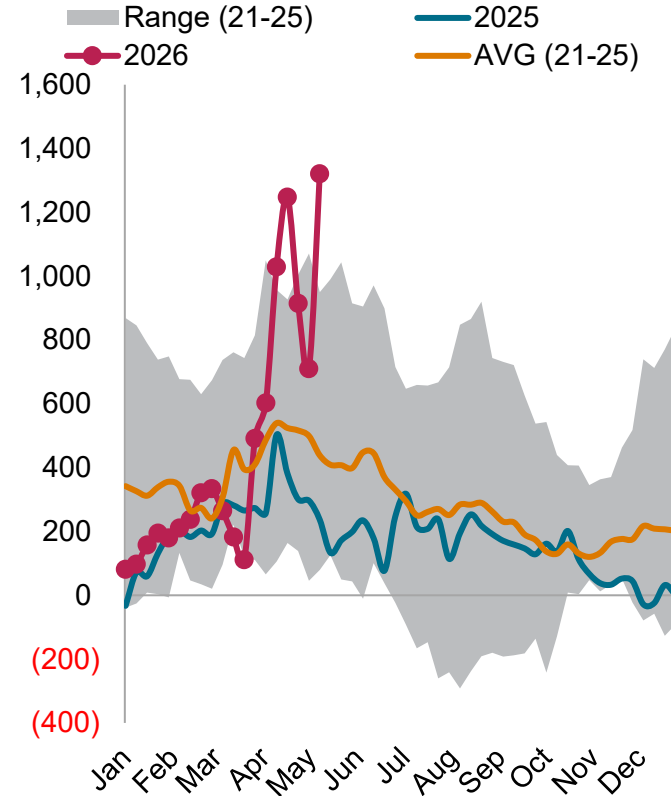
# Cracker feedstocks are key to profitability for the different regions

## *Weekly spot margins; contract margins are different*

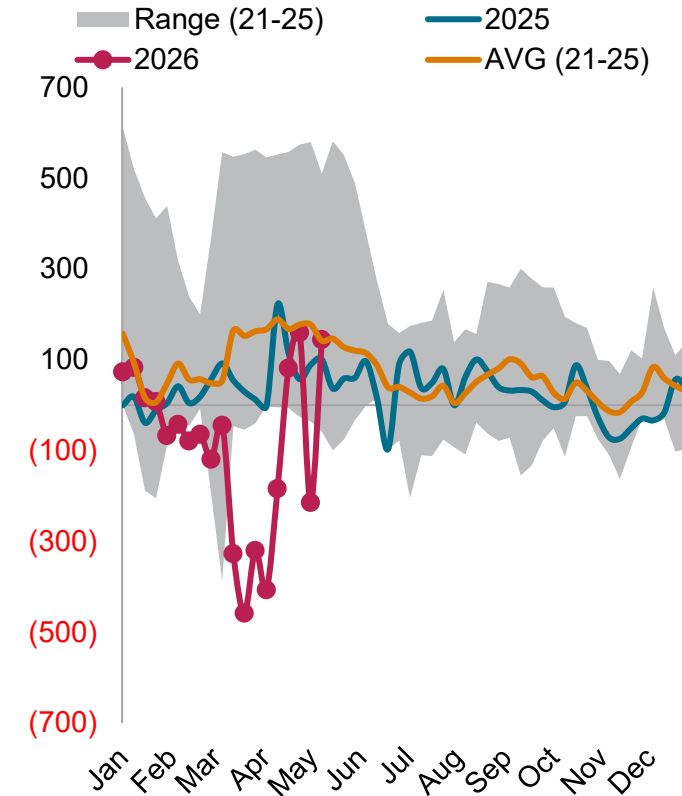
**US Ethane Cracker Variable Margins (cts/lb)**



**NWE Naphtha Cracker Variable Margin (\$/mt)**



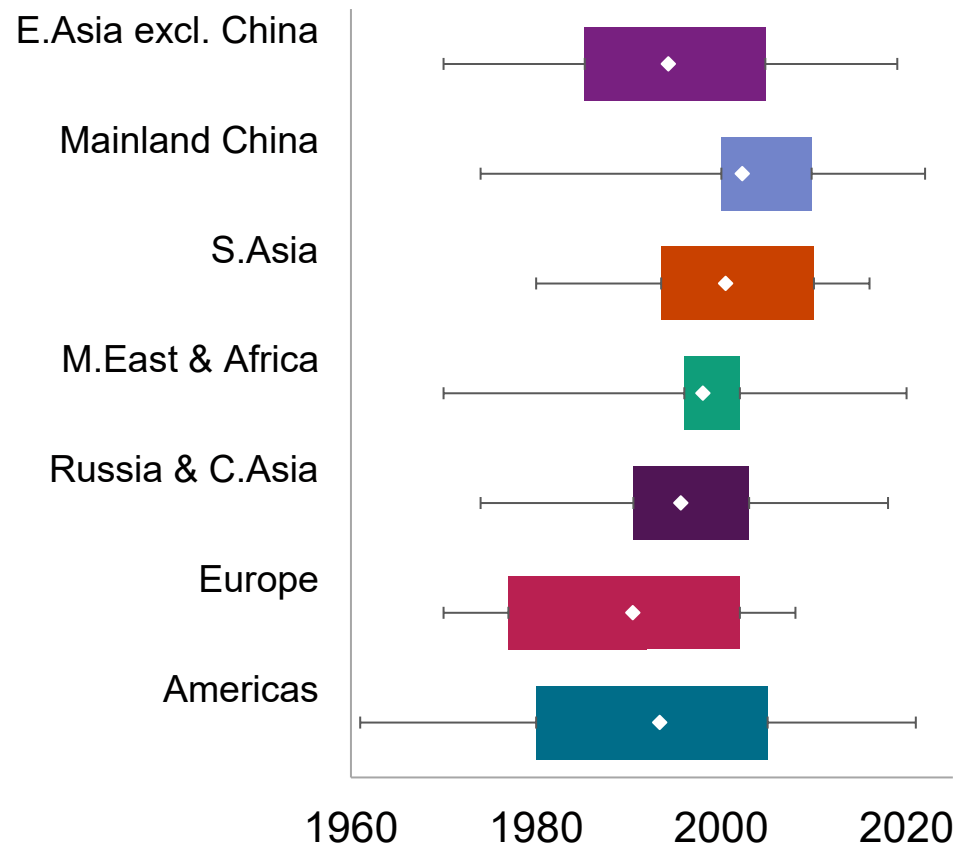
**NE Asia Naphtha Cracker Variable Margin (\$/mt)**



Data compiled May 2026  
 Source: S&P Global Energy  
 © 2026 S&P Global.

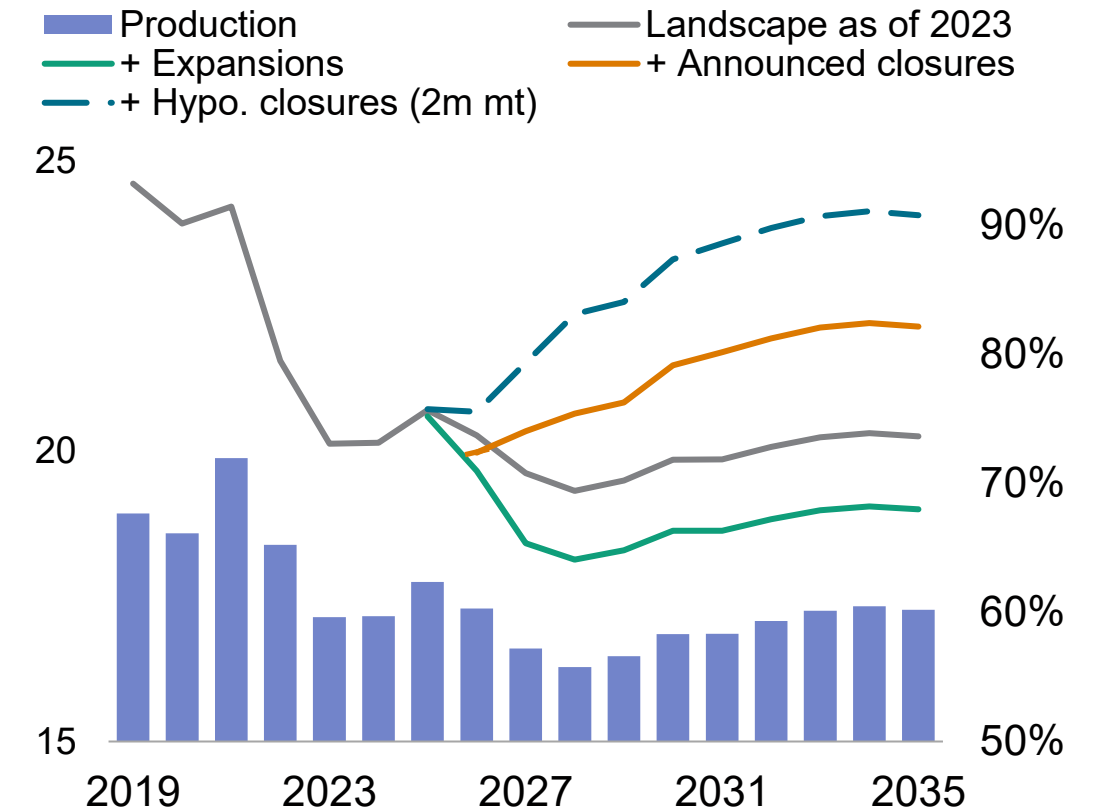
# Rationalisation of older, heavier crackers is well underway, but we could see a change in pace

## Cracker start-up years



Source: S&P Global Energy

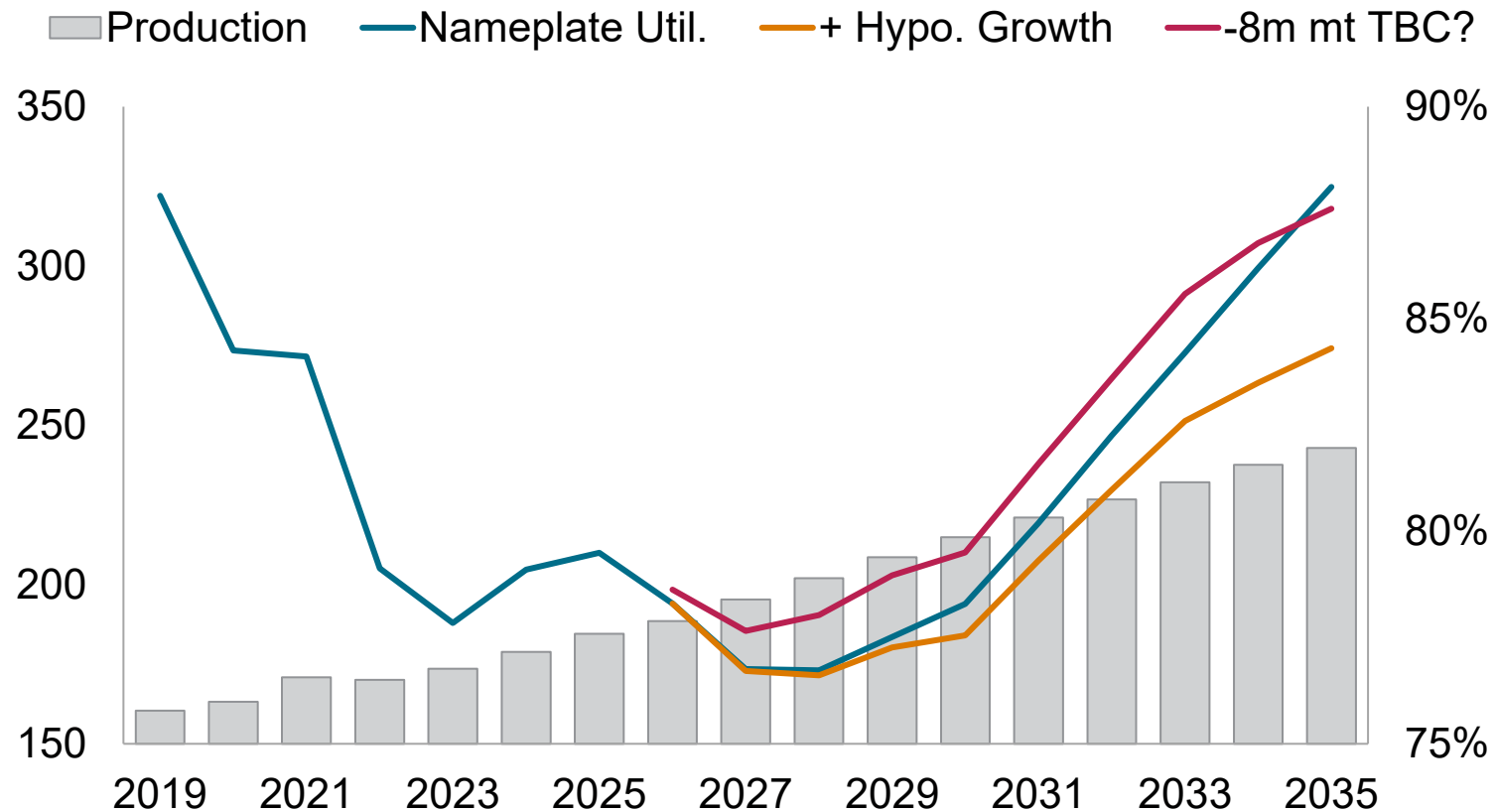
## Eastern Asia ethylene production (million tons) & operating rate scenarios (excludes China)



Source: S&P Global Energy

# Even with Europe and Eastern Asia right-sizing, a further 8 million mt of rationalization is required to counter the impact of expansion in the 2030's

Global ethylene supply-demand (million mt)



Source: S&P Global Energy

## Possible routes to rebalance:

China's anti-involution policy could remove ~4m mt of older, smaller crackers alongside expansion

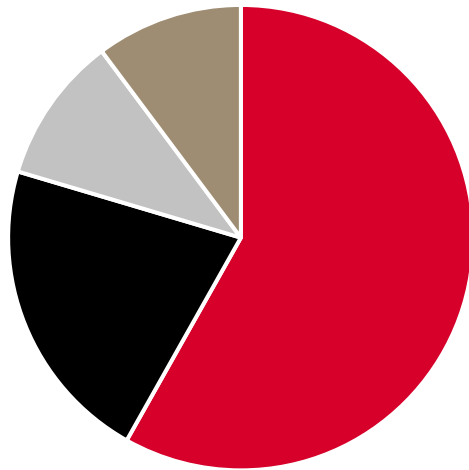
Ageing units elsewhere in the world?

Over-rationalization in Europe & E Asia?

Slowdown in continued investment, especially in India & the Middle East?

# It's not just commodity chemicals being critically affected – e.g. Helium

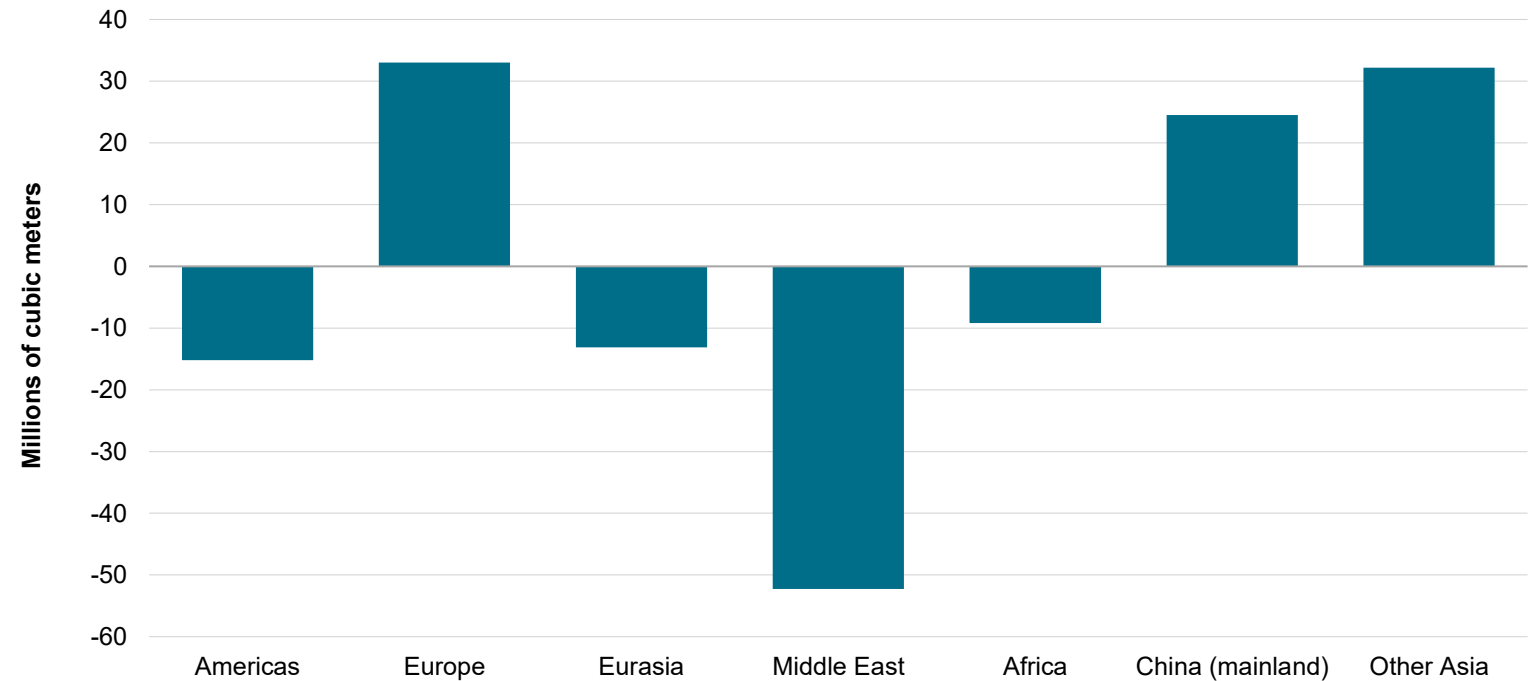
### World helium capacity - 2025



■ North America ■ Middle East ■ Africa ■ Eurasia

Source: S&P Global Energy  
© 2026 S&P Global.

### World helium net imports - 2025



As of May. 07, 2026.  
Source: S&P Global Energy.  
© 2026 S&P Global.

# Takeaways

## Key messages

- 1 Elevated prices to continue and margins improving for some products & producers
- 2 List of outages growing the longer the Strait of Hormuz is closed
- 3 2026 chemical demand will decline in many areas from 2025 levels
- 4 Chemical markets remain structurally over-supplied

## Questions remain

- 1 How long does this take to unwind?
- 2 What will be the impact of sustained higher prices on demand?
- 3 Will we see a re-evaluation of regionalization vs. globalization?
- 4 What is the true cost of 'resilience'?
- 5 How does this change the approach to sustainability?

© 2026 by S&P Global Inc. All rights reserved.

S&P Global, the S&P Global logo, S&P Global Energy, and Platts are trademarks of S&P Global Inc. Permission for any commercial use of these trademarks must be obtained in writing from S&P Global Inc.

You may view or otherwise use the information, prices, indices, assessments and other related information, graphs, tables and images ("Data") in or on this publication only for your personal use or, if you or your company has a license for the Data from S&P Global Energy and you are an authorized user, for your company's internal business use only. You may not publish, reproduce, extract, distribute, retransmit, resell, create any derivative work from, use in any artificial intelligence system, and/or otherwise provide access to the Data or any portion thereof to any person (either within or outside your company, including as part of or via any internal electronic system or intranet), firm or entity, including any subsidiary, parent, or other entity that is affiliated with your company, without S&P Global Energy's prior written consent or as otherwise authorized under license from S&P Global Energy. Any use or distribution of the Data beyond the express uses authorized in this paragraph above is subject to the payment of additional fees to S&P Global Energy.

S&P Global Energy, its affiliates and all of their third-party licensors disclaim any and all warranties, express or implied, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use as to the Data, or the results obtained by its use or as to the performance thereof. Data in this publication includes independent and verifiable data collected from actual market participants. Any user of the Data should not rely on any information and/or assessment contained therein in making any investment, trading, risk management or other decision. S&P Global Energy, its affiliates and their third-party licensors do not guarantee the adequacy, accuracy, timeliness and/or completeness of the Data or any component thereof or any communications (whether written, oral, electronic or in other format), and shall not be subject to any damages or liability, including but not limited to any indirect, special, incidental, punitive or consequential damages (including but not limited to, loss of profits, trading losses and loss of goodwill).

ICE index data and NYMEX futures data used herein are provided under S&P Global Energy's commercial licensing agreements with ICE and with NYMEX. You acknowledge that the ICE index data and NYMEX futures data herein are confidential and are proprietary trade secrets and data of ICE and NYMEX or its/their licensors/suppliers, and you shall use best efforts to prevent the unauthorized publication, disclosure or copying of the ICE index data and/or NYMEX futures data.

Permission is granted for those registered with the Copyright Clearance Center (CCC) to copy material above for internal reference or personal use only, provided that appropriate payment is made to the CCC, 222 Rosewood Drive, Danvers, MA 01923, phone +1-978-750-8400. Reproduction in any other form, or for any other purpose, is forbidden without the express prior permission of S&P Global Inc. For article reprints contact: The YGS Group, phone +1-717-505-9701 x105 (800-501-9571 from the U.S.).

For all other queries or requests pursuant to this notice, please contact S&P Global Inc. via email at [support.energy@spglobal.com](mailto:support.energy@spglobal.com).