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Energy

Competing in a crowded space: Challenges and opportunities across a transforming styrenics chain

Sophia Yao

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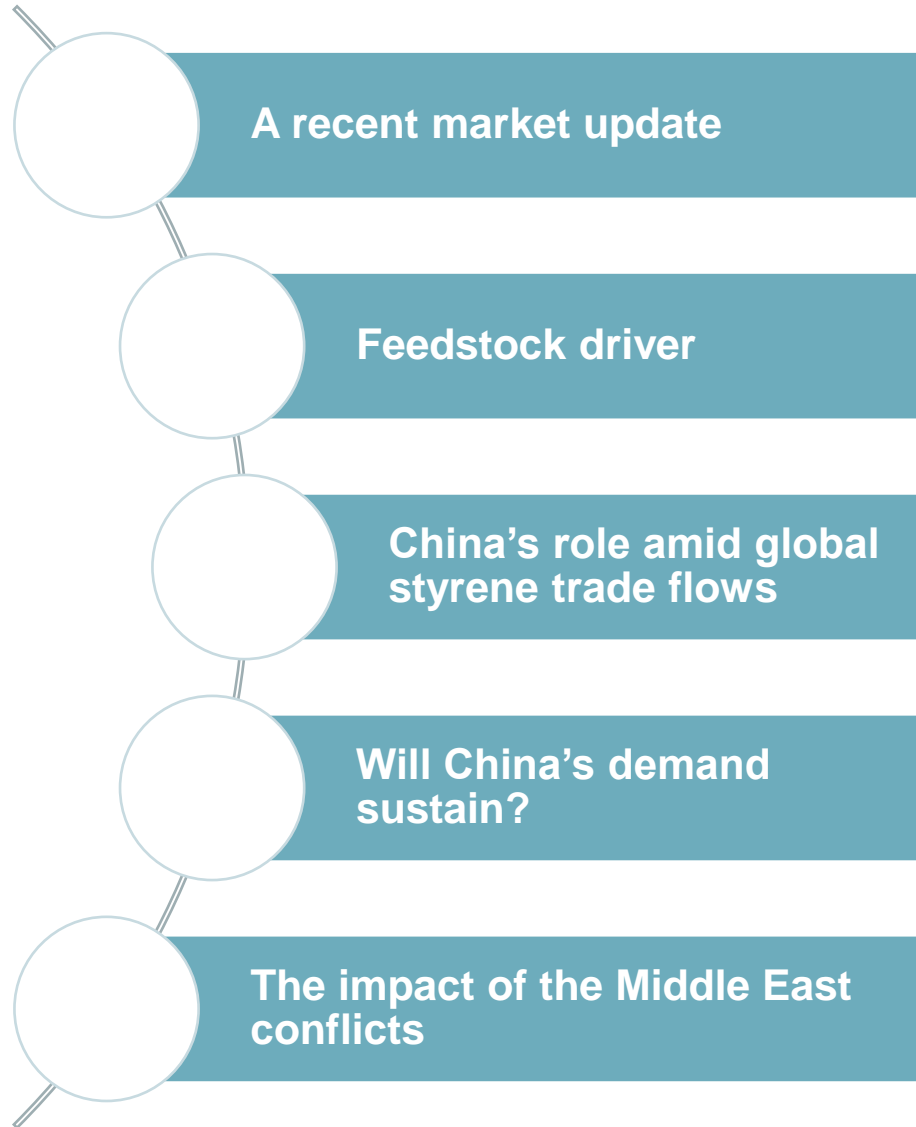
Asia Aromatics

S&P Global Energy

May 29, 2026

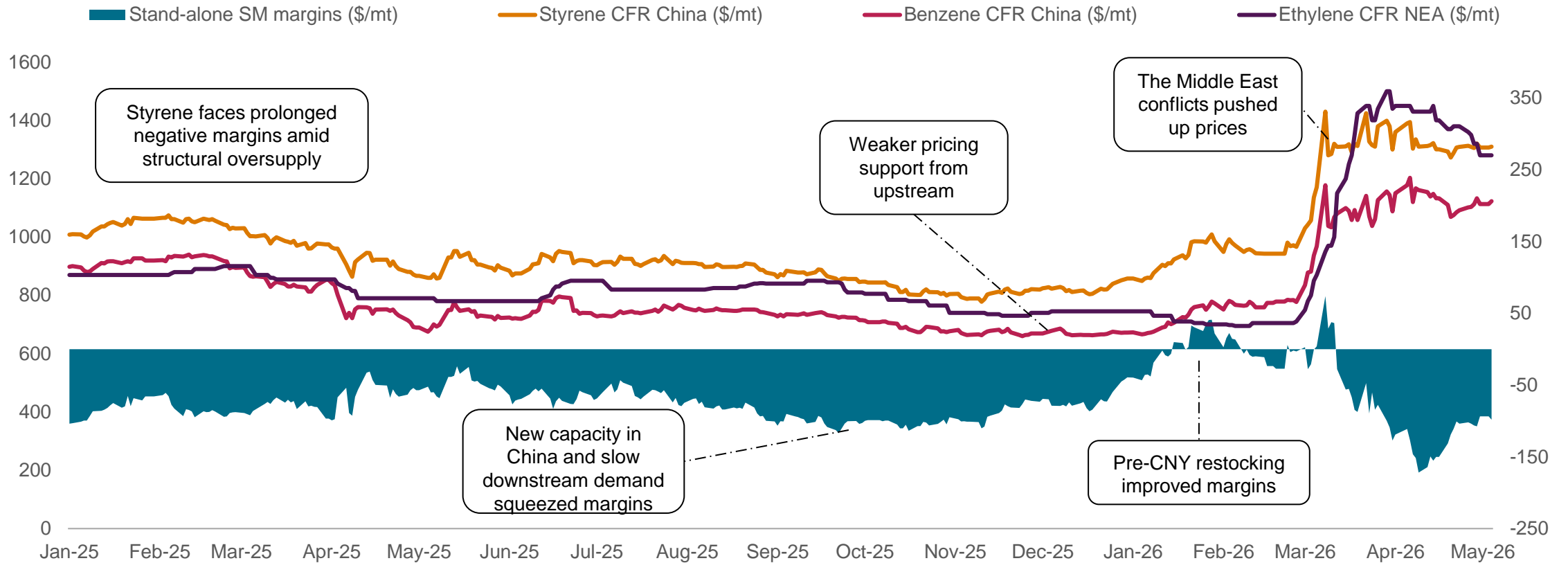


Agenda



Styrene prices rebound on cost pressure, but margins remain under strain

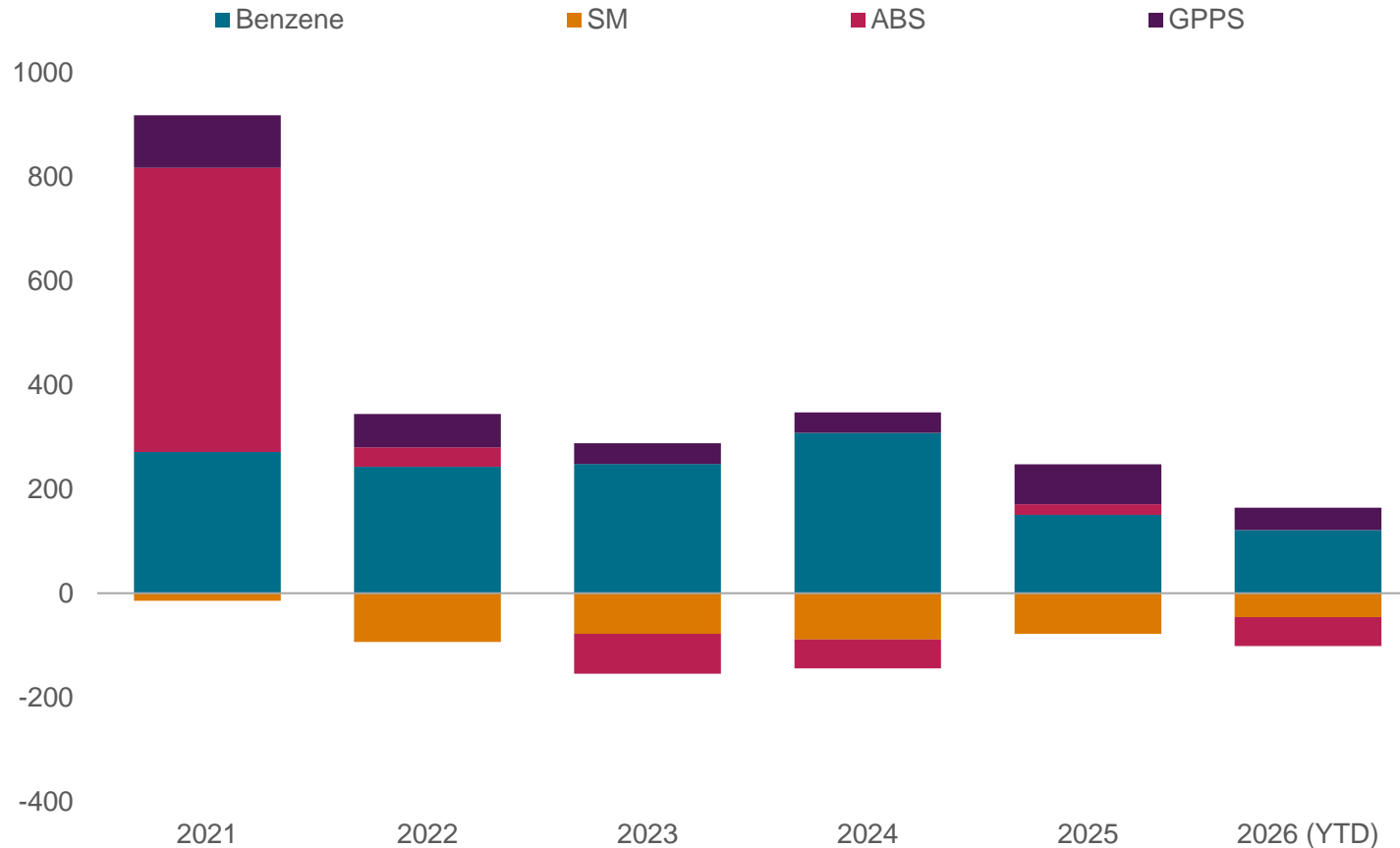
Styrene and feedstock price movements



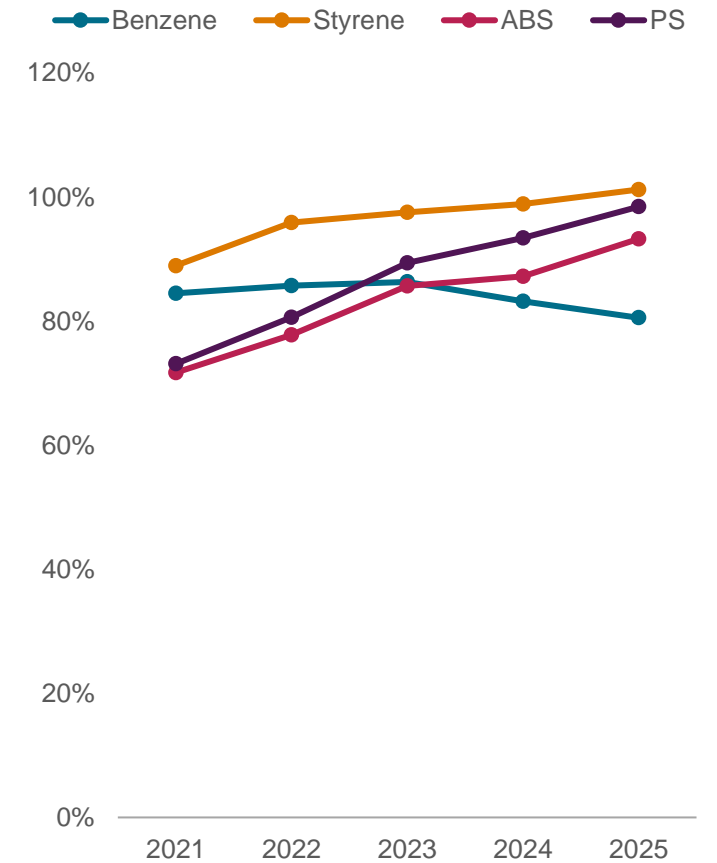
Source: S&P Global Energy

Higher self-sufficiency, lower margins: Asian styrenics dilemma

Styrenics chain margins in Asia (\$/mt)

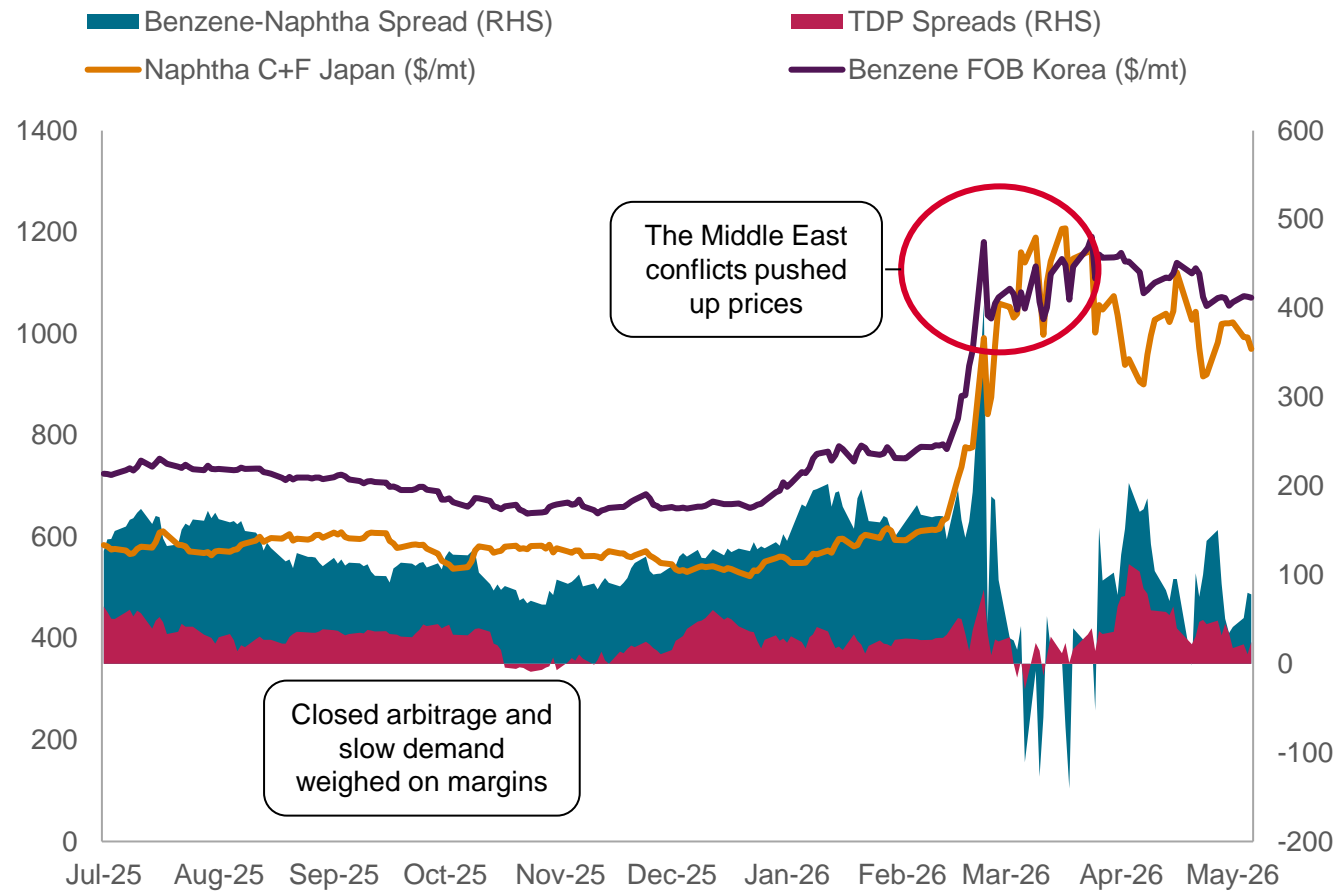


China's self-sufficiency ratio

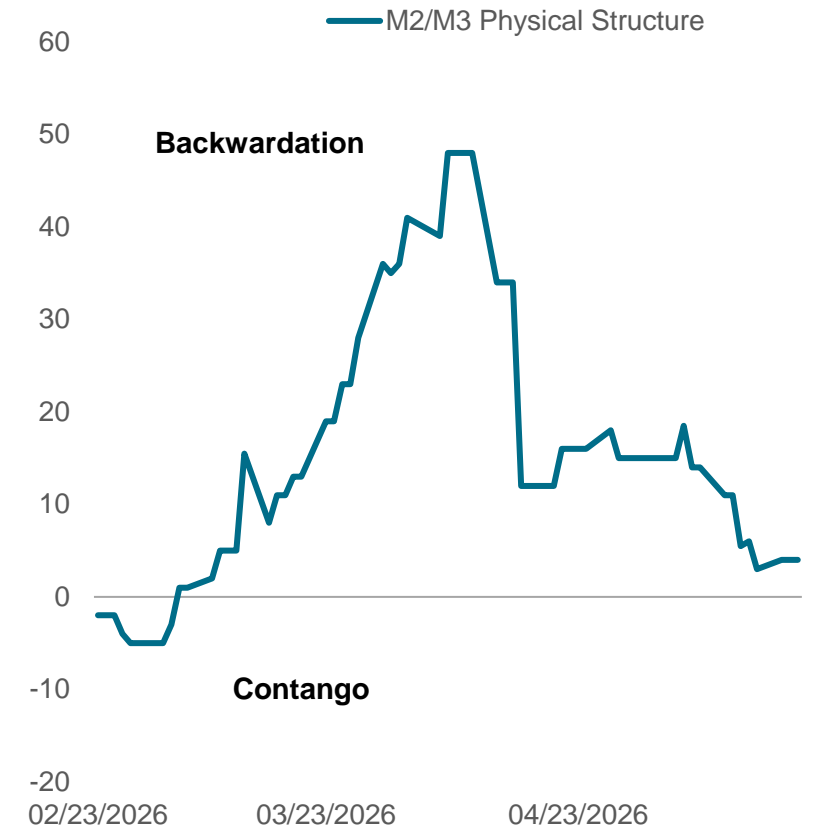


Feedstock driver

Asia benzene: A disruption to the recovery amid soaring feedstock cost

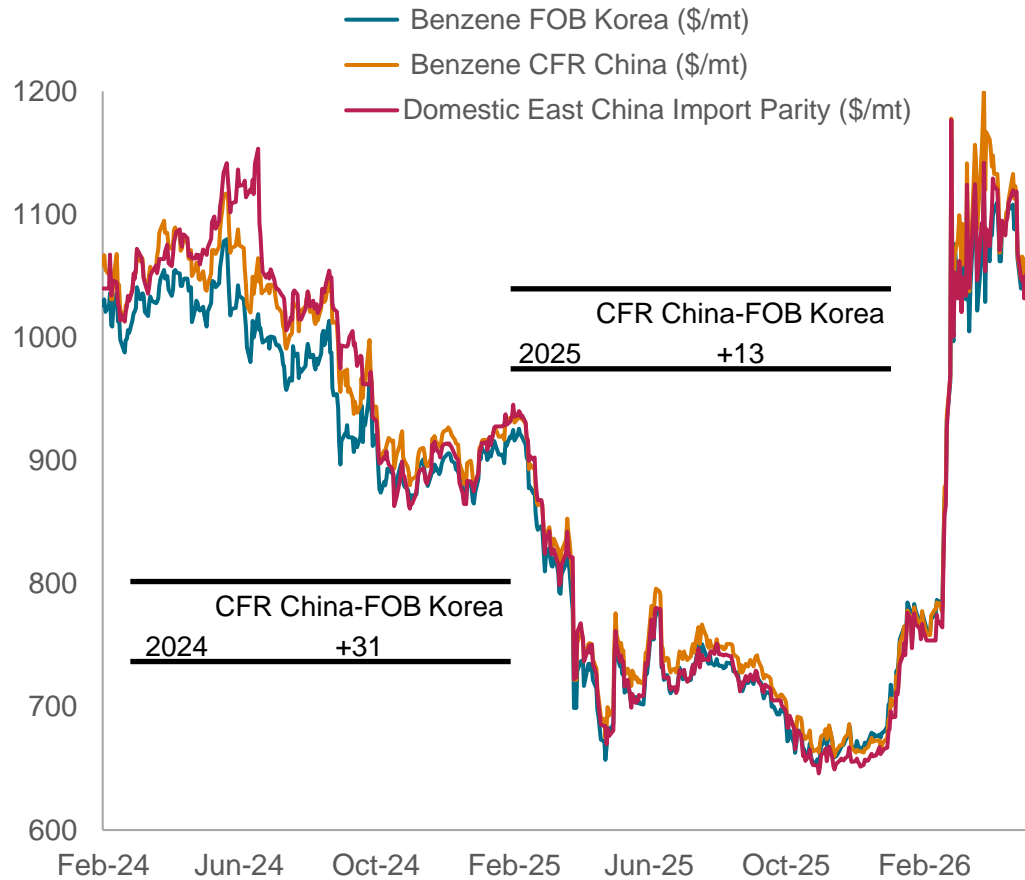


A shift in market structure

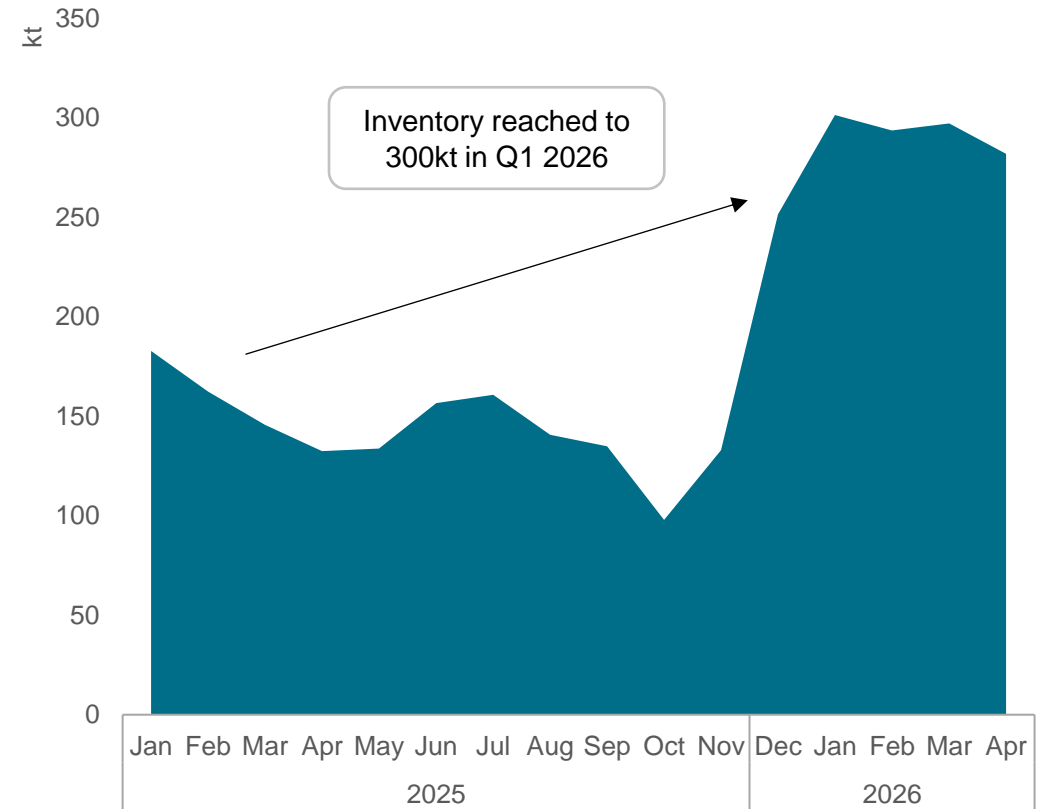


Source: S&P Global Energy

Growing imports and building inventory weigh on China benzene prices



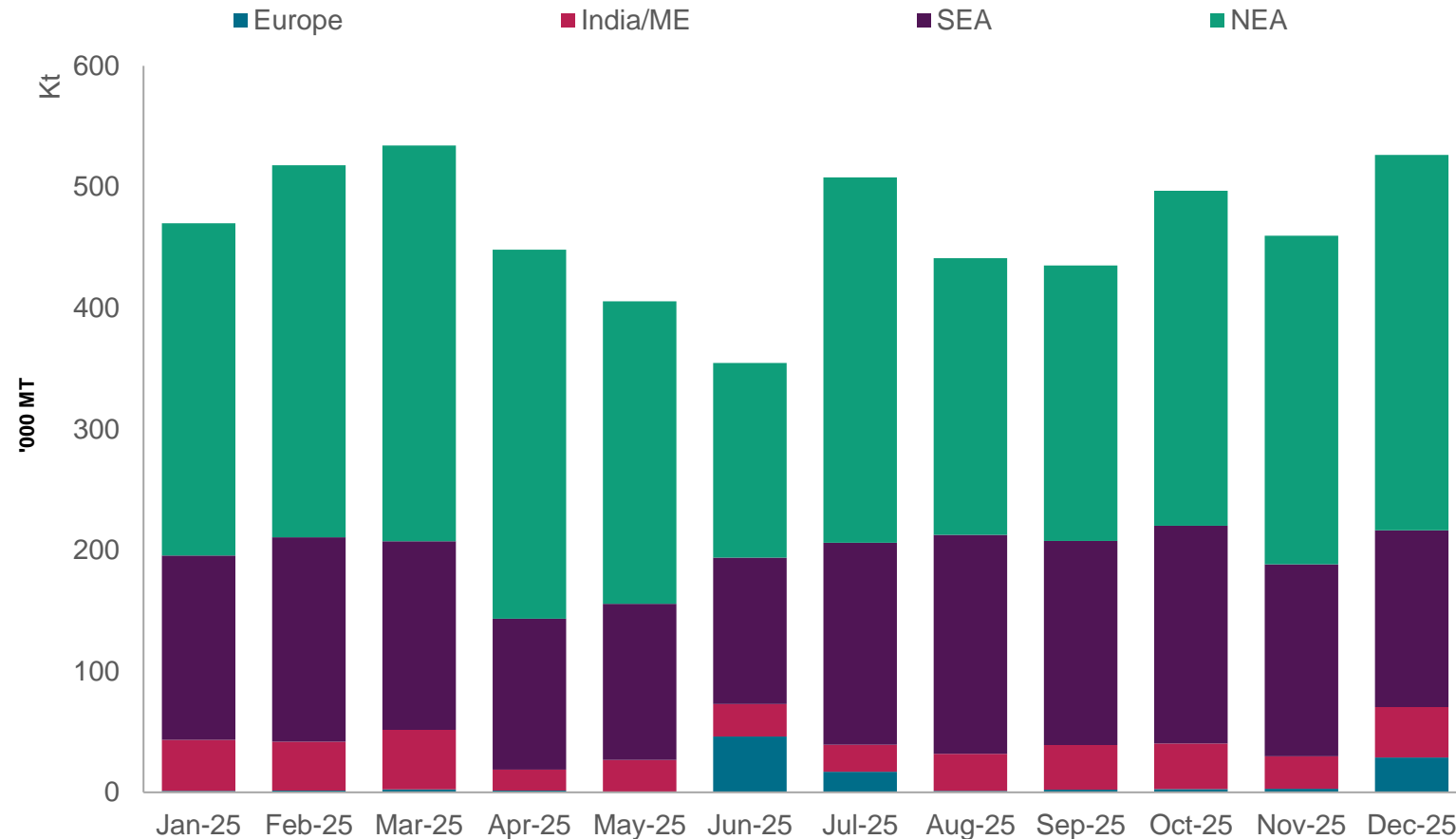
East China benzene inventory



Source: S&P Global Energy, Market sources

China benzene imports reached 5 million; Share of deep-sea cargoes rebounded

China benzene imports breakdown by origin in 2025

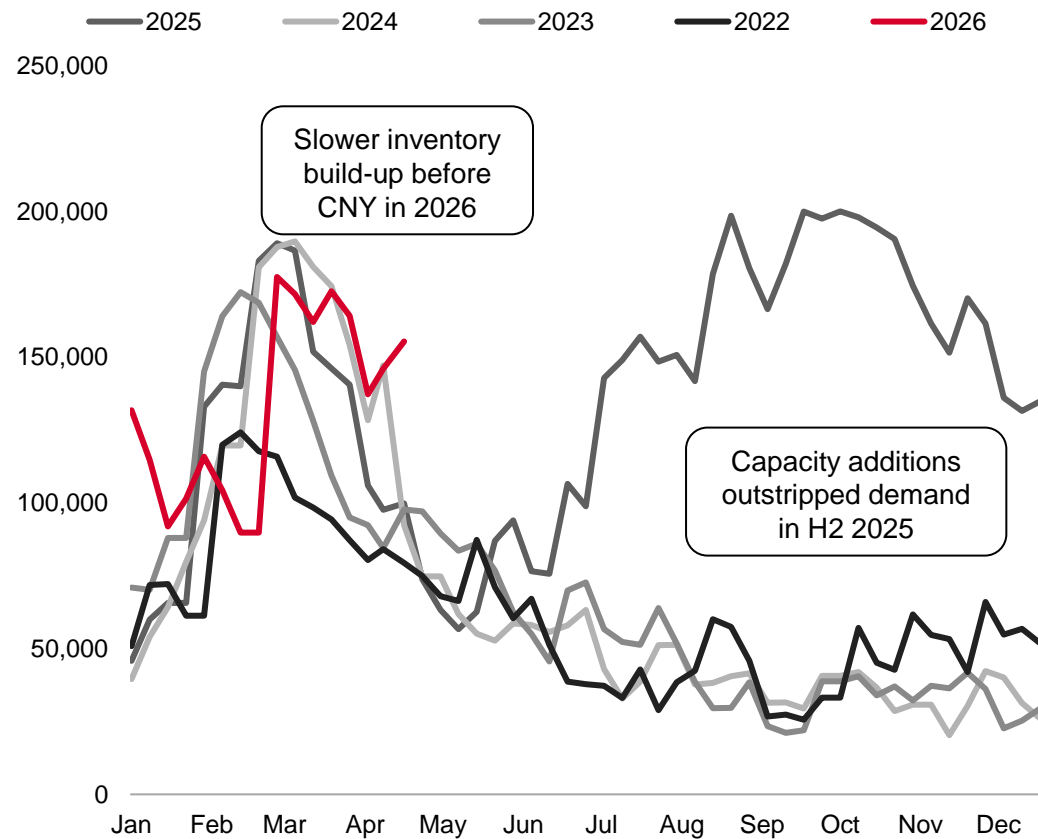


Year	Import (mt)	% of deep-sea origins
2022	3.32M	8.0%
2023	3.36M	6.7%
2024	4.34M	5.0%
2025	5.61M	9%
2026 E	5.22 M	

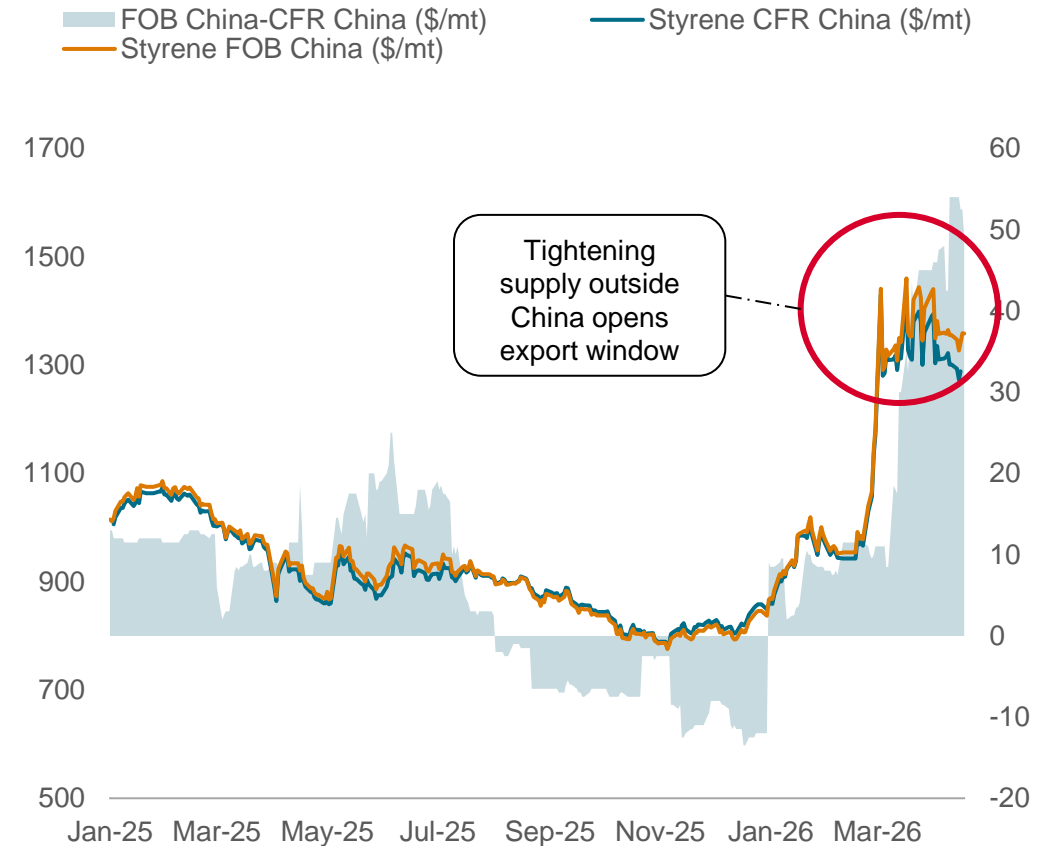
China's impact on global styrene trade flows

Export window opens amid Middle Eastern conflicts, resetting FOB China-CFR China dynamics

Styrene inventory in east China (mt)



FOB China-CFR China spread



Source: S&P Global Energy, Market sources

More capacity additions in the pipeline through 2026-28, strengthening China's export position

New plants started in 2025

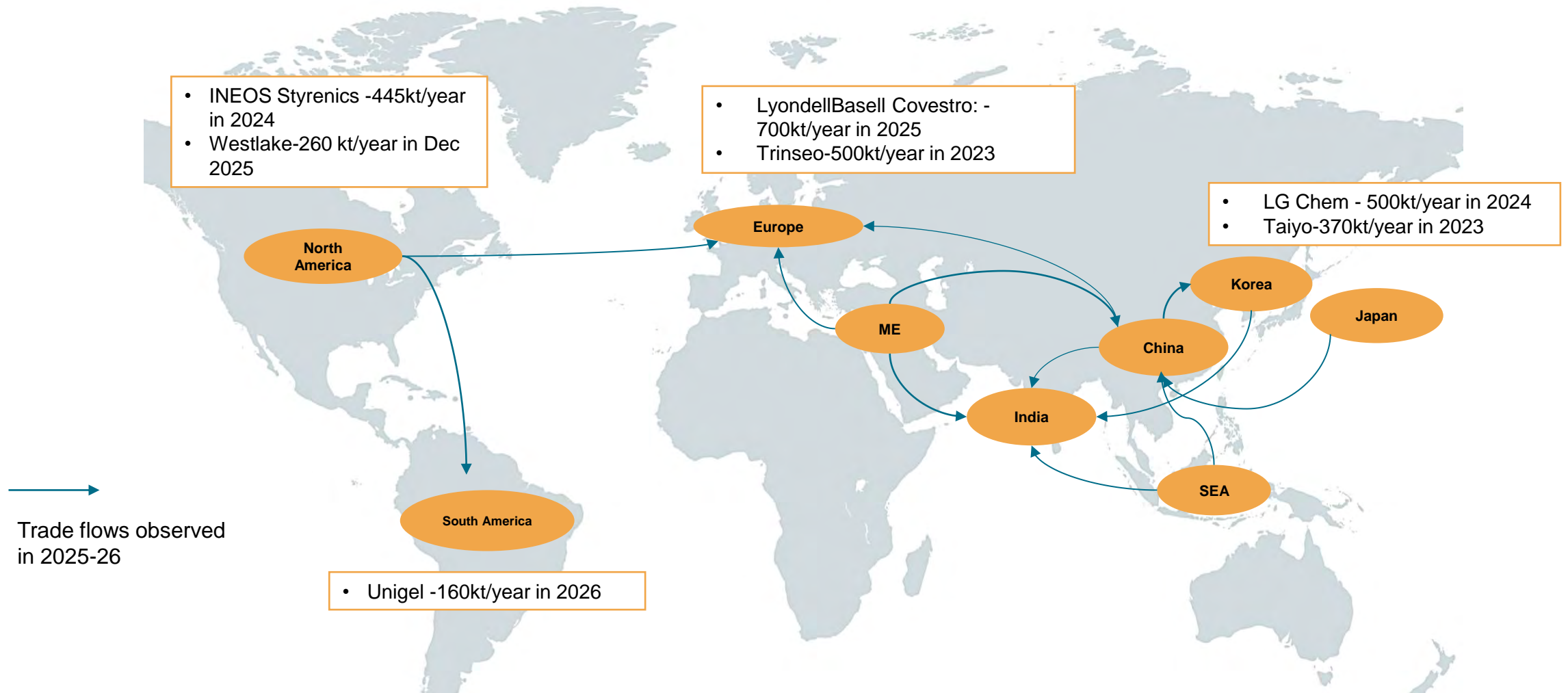
Start-up	Company	Nameplate capacity (kt/year)
2025	Chambroad	670
	Jilin PC	600
	Guangxi PC	600
Total		1,870

Major capacity planned in 2026-28

Est. Start-up	Company	Nameplate capacity (kt/year)
2026-28	Huajin Aramco Petrochemical (HAPCO)	700
	Fujian Haiquan	450
	Guoen Chemical	200
	Zenhua Petrochemical	760

Source: S&P Global Energy, Market sources

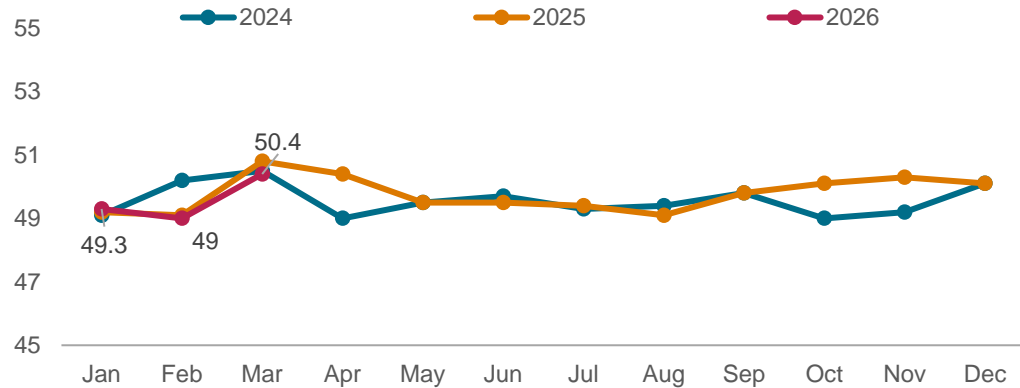
Capacity rationalization emerges globally, shifting trade flows



Will China's demand sustain?

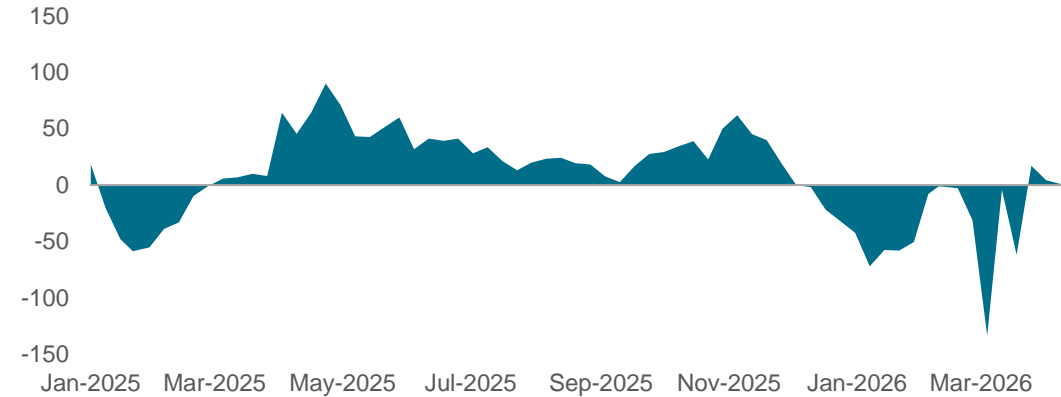
Moderate demand growth and overcapacity weighs on ABS/PS runs

China's monthly PMI index (%)

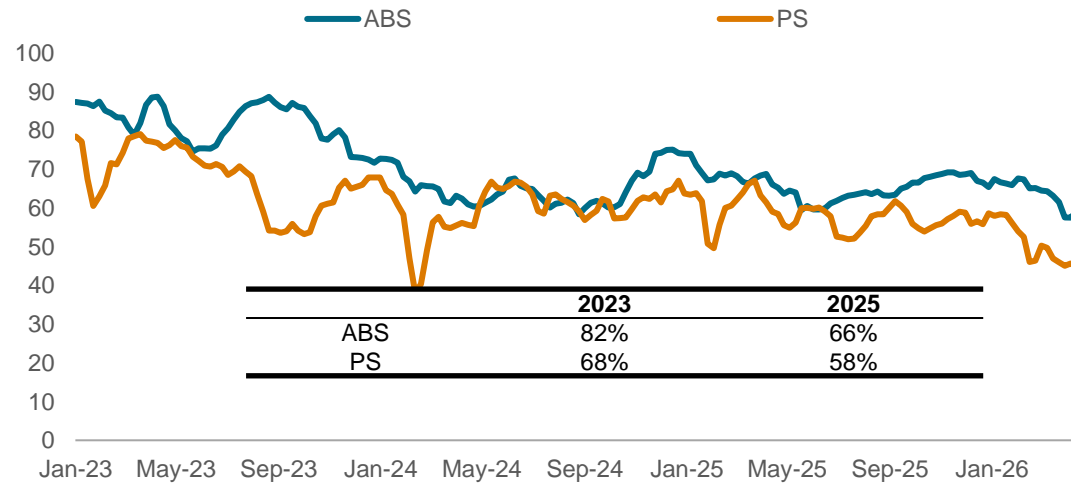


Source: S&P Global Energy, National Bureau of Statistics, China

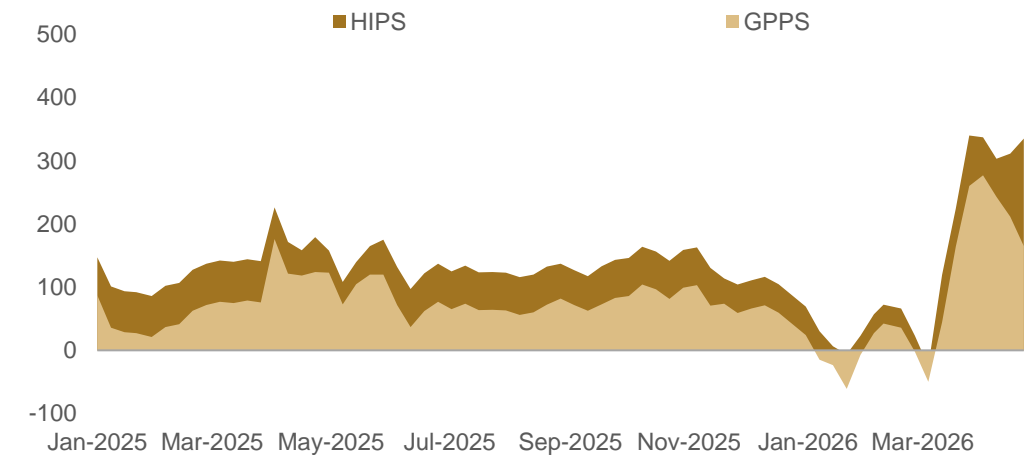
Asia ABS margins (\$/mt)



Downstream O/R in China (%)

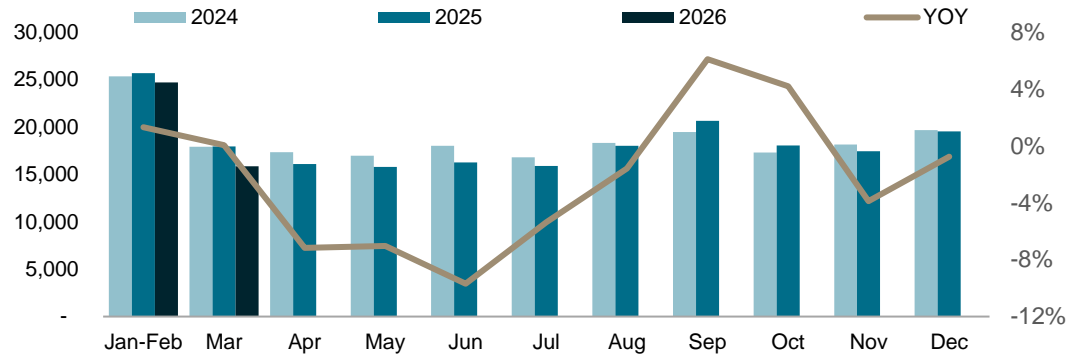


Asia PS margins (\$/mt)

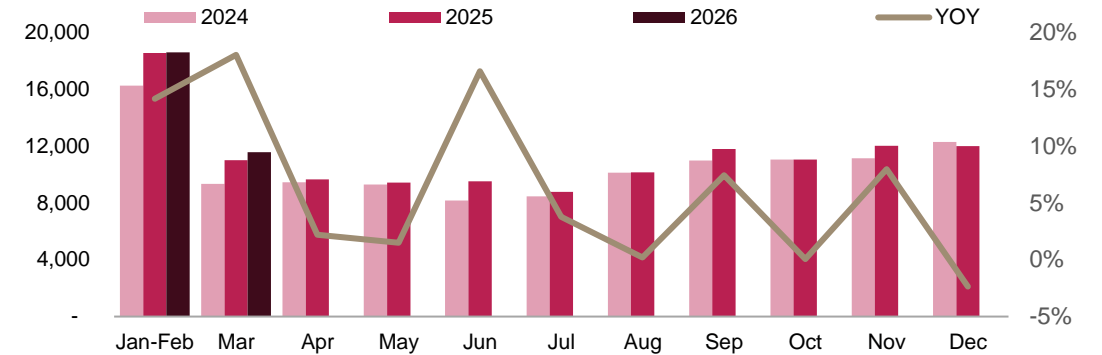


Home appliances output stabilize, offering support to demand

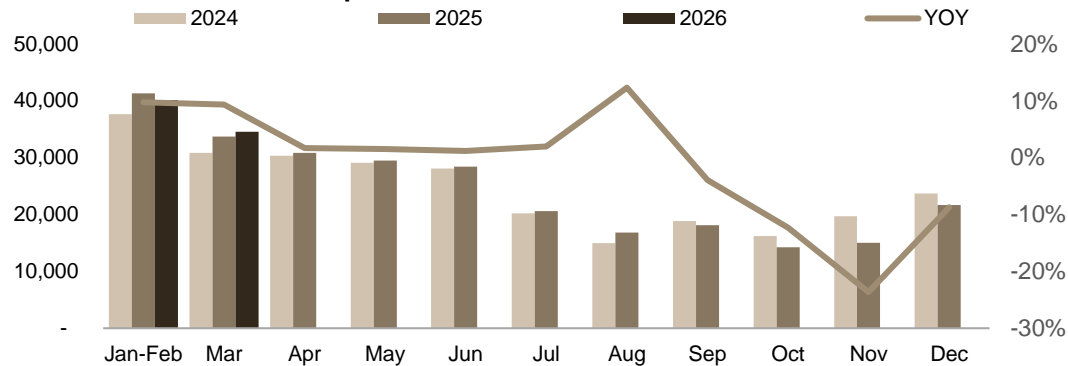
China's TV sets output



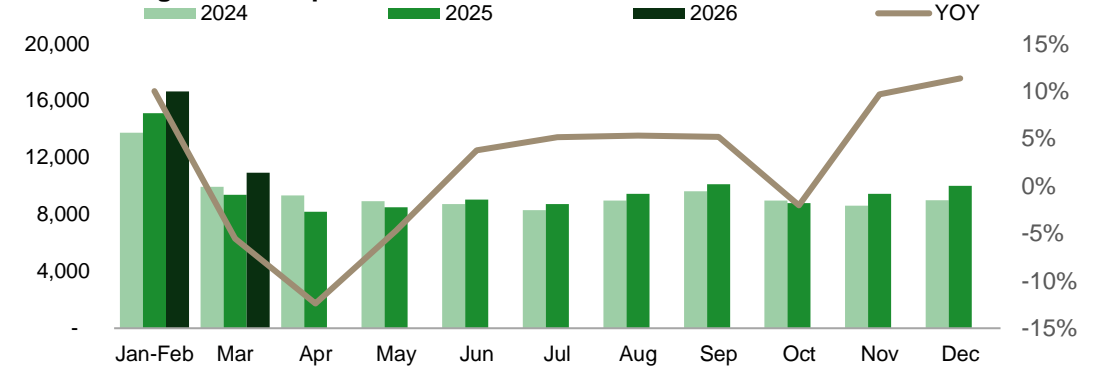
China's washing machines output



China's air-conditioners output



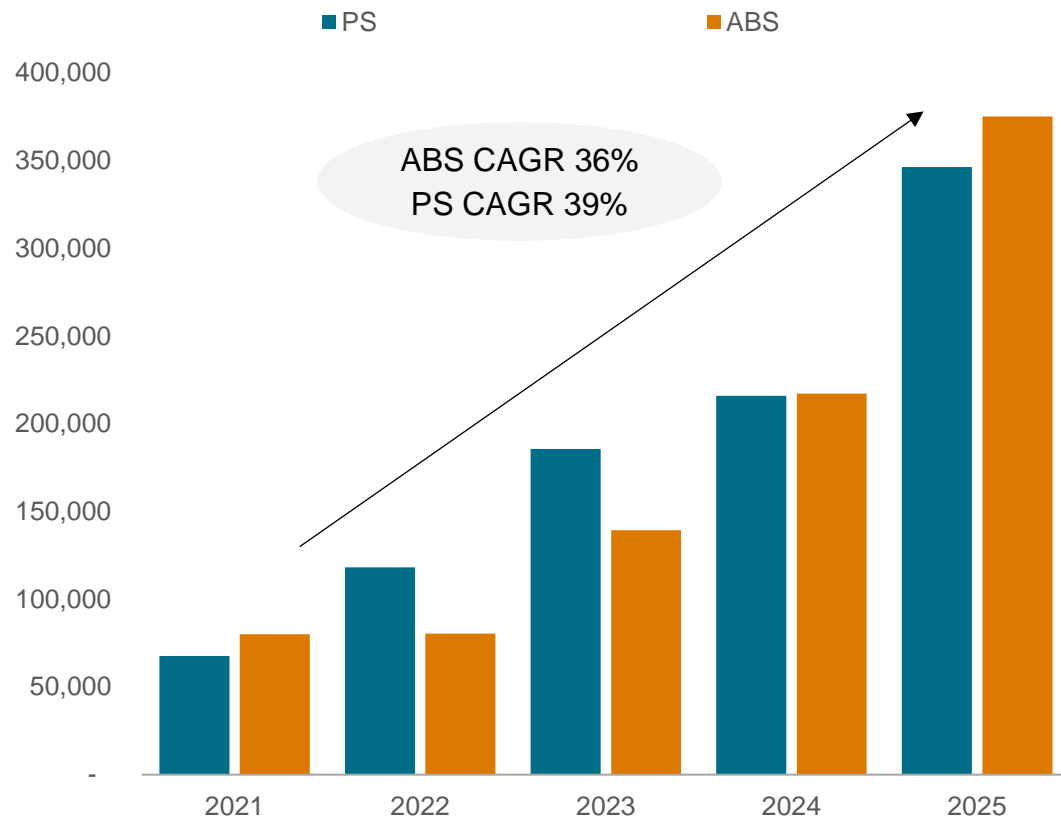
China's refrigerators output



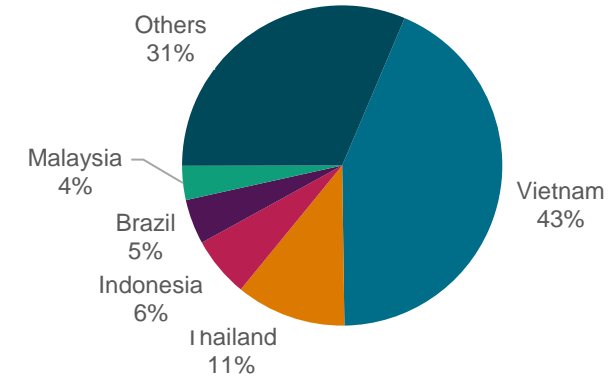
Source: National Bureau of Statistics of China

China seeks to rebalance domestic surplus of ABS/PS, increasing exports YOY

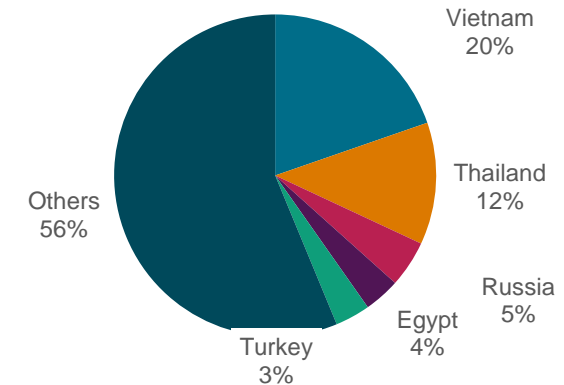
China's ABS/PS exports grow YOY



Top 5 destinations of China's ABS exports in 2025



Top 5 destinations of China's PS exports in 2025



Source: S&P Global Energy

Oversupply meets trade barriers: A structural battle



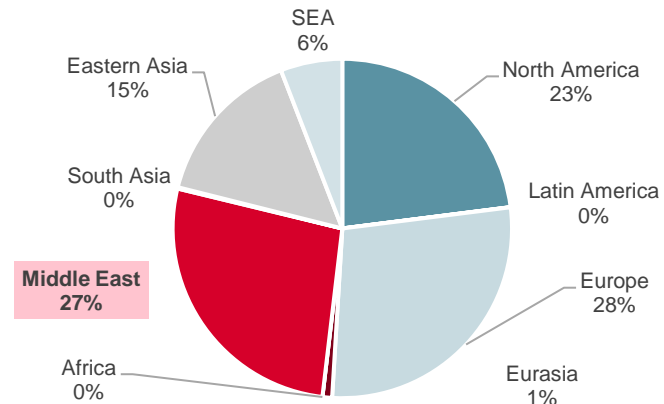
Rising Trade Barriers

- Styrene
 - China extended Anti-Dumping Duty (ADD) on styrene from South Korea, US and Taiwan to 2029
- ABS
 - European Commission implemented ADD against South Korea and Taiwan in 2026
- PS
 - Indonesia imposed the safeguard duty on EPS imports in 2025
 - Turkey imposed duties on general-purpose polystyrene originating from China, Taiwan, South Korea, India, Russia and Thailand in 2025

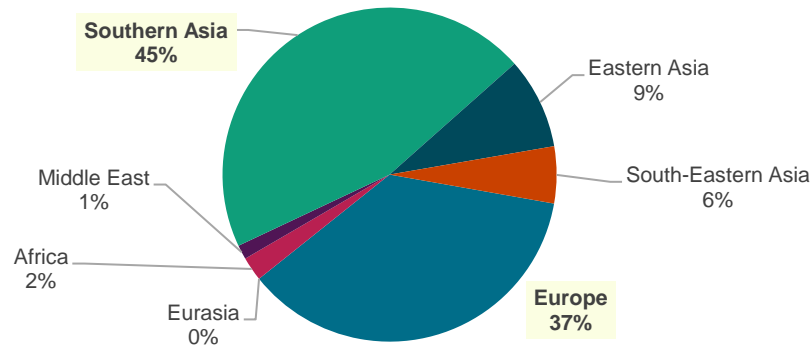
The impact of the Middle East conflicts

Iran conflict and Hormuz Strait disruptions: Impact on exports and feedstock risks

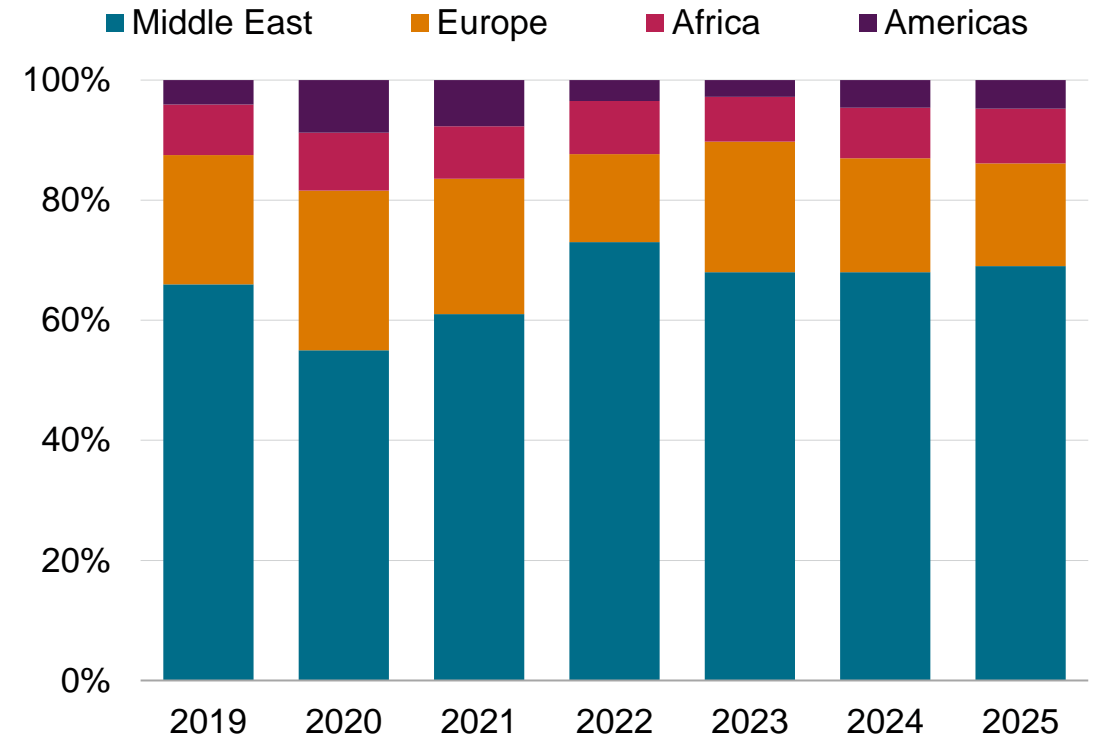
Middle East SM export share in 2025



Middle East SM exports by destinations in 2025



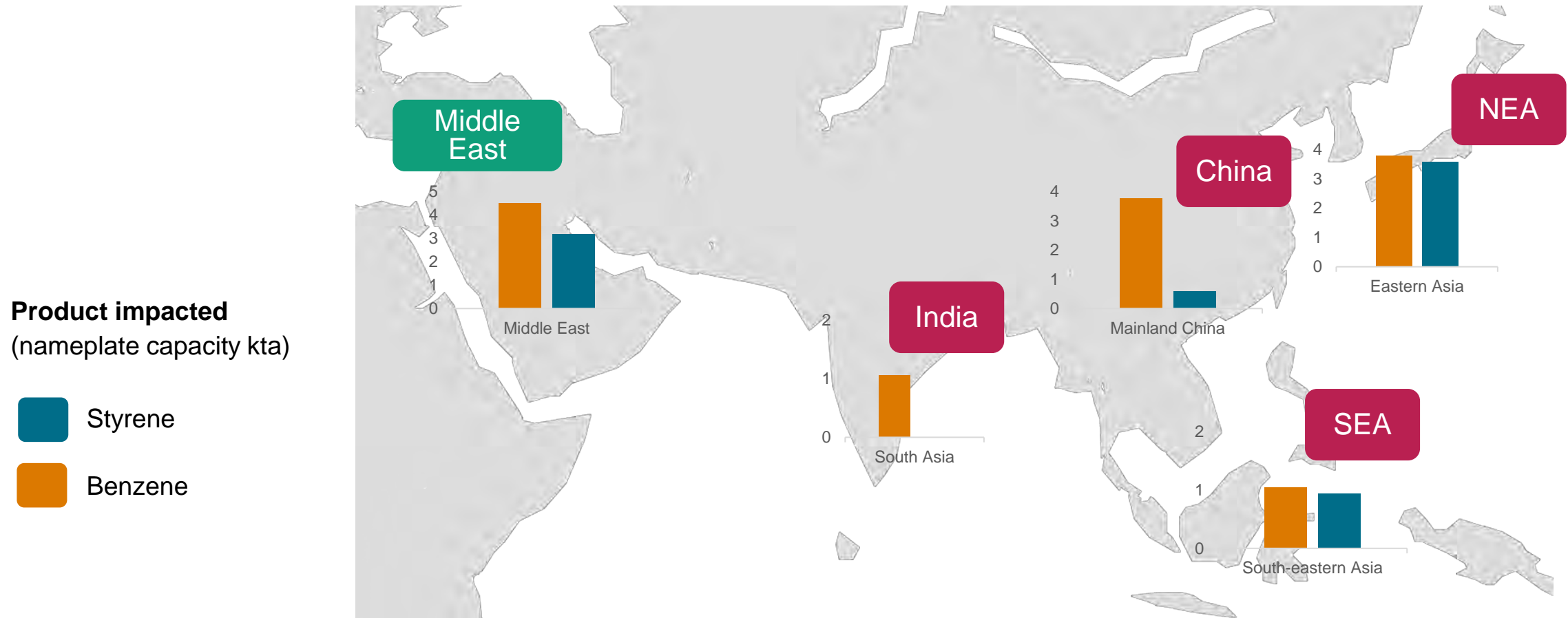
Global naphtha exports into Asia(Exc intra-Asian volumes)



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

Source: S&P Global Energy.

Asian aromatics production hit by the conflict, leading to run cuts and shutdowns



Thank you!

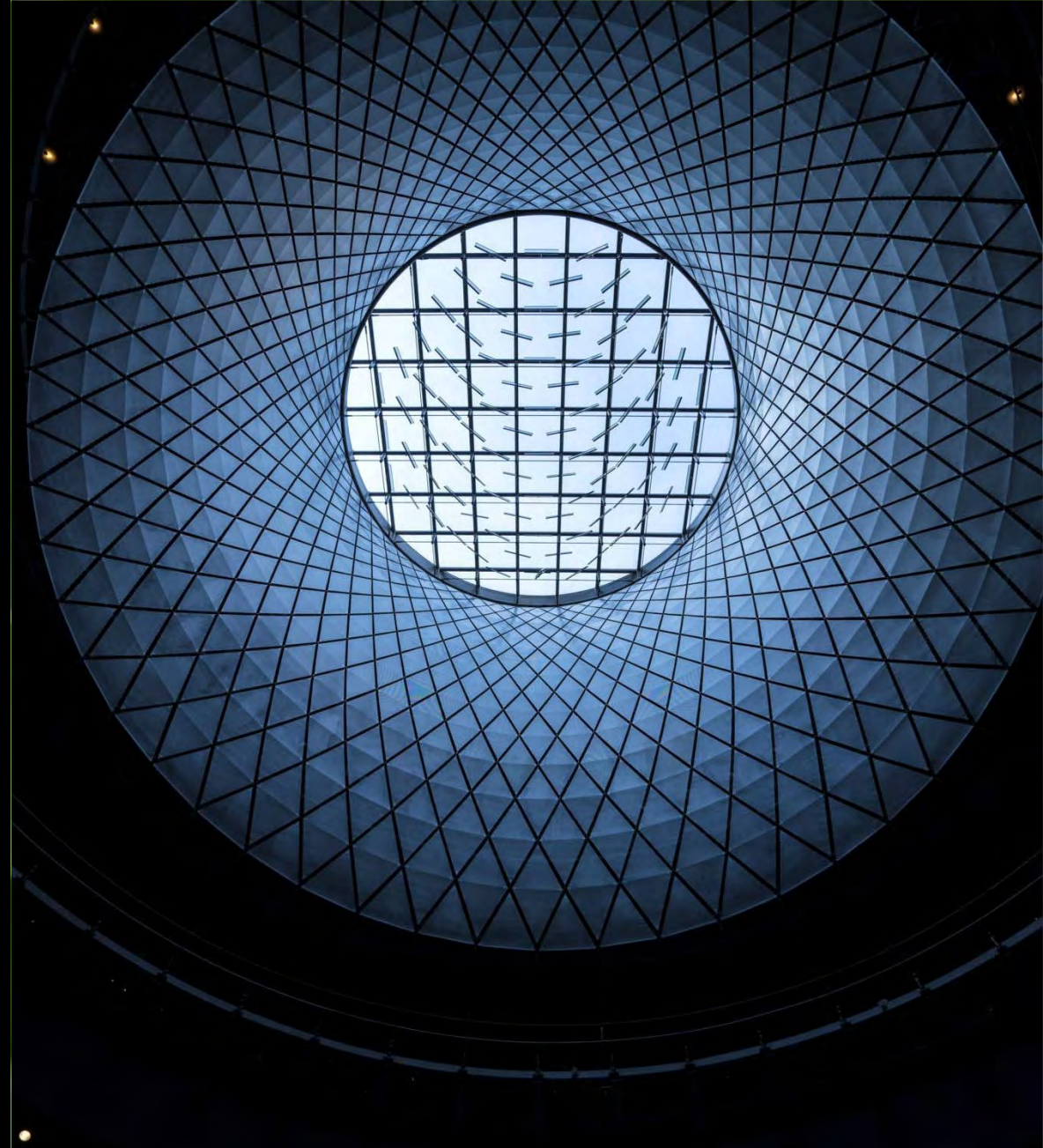
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Styrene's shifting balance of power in the long shadow of supply surplus

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May 29, 2026

Agenda

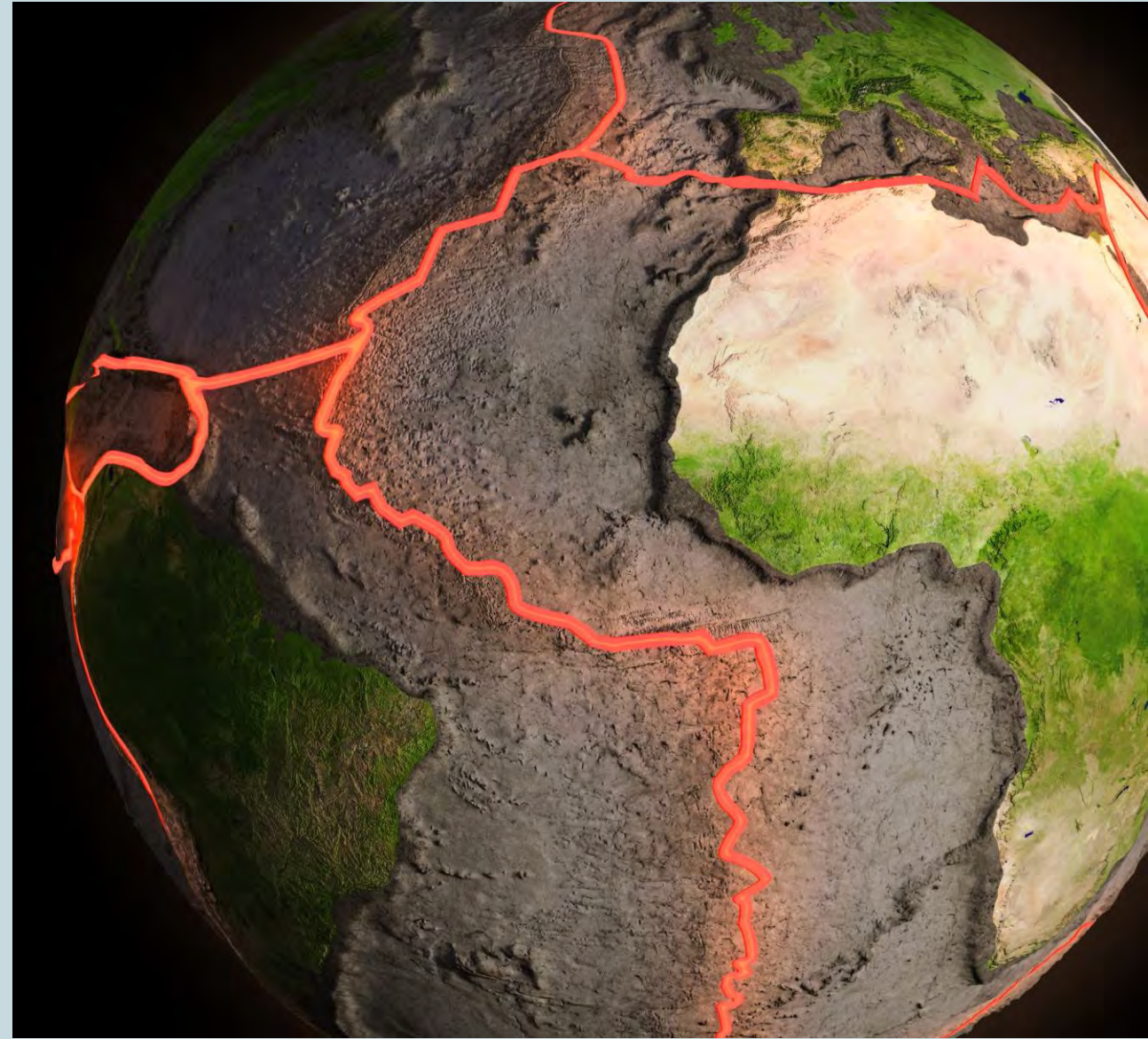
Redefined fundamentals and trade flows

Supply anchors – US, Middle East, China

Shifting balance of power



Redefined fundamentals and trade flows



Lingering oversupply, demand shocks overshadow recovery

Mountain of oversupply

2019-2025:

Capacity increase: 12.5MMT/yr
Consumption increase: 440 kt/yr
Rationalization: 3MMT/yr

Prices, margins, operating rates tumble down

Rationalization, economic run cuts, more needed to re-balance

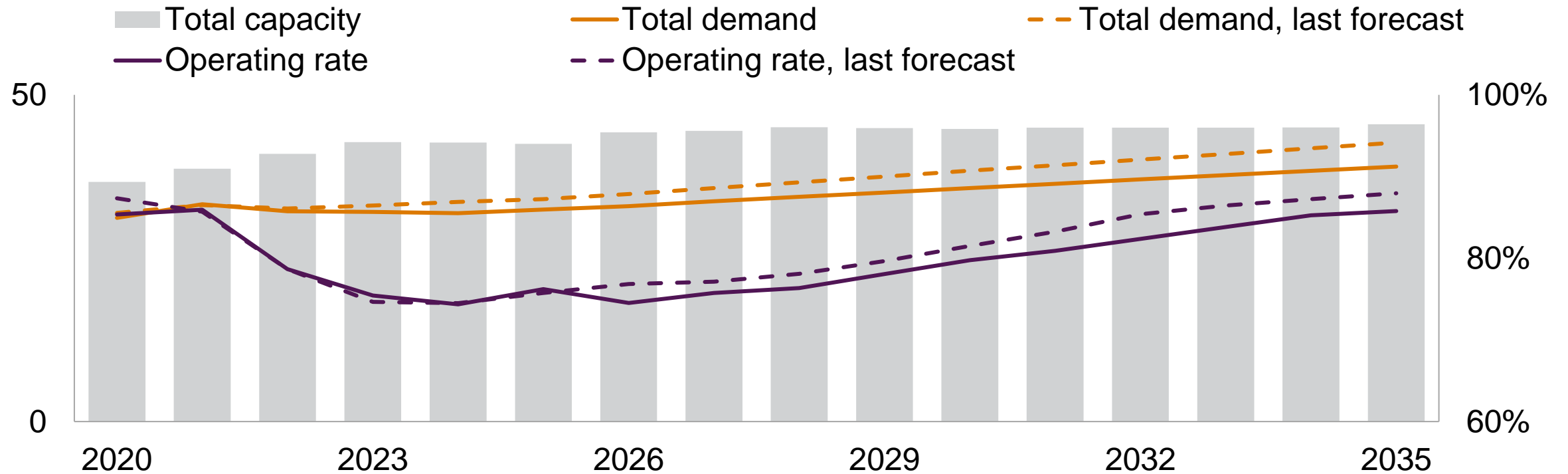
Demand damage from macroeconomic events

Long and slow road to recovery

Recovery timeline extended as demand underperforms global economy

World styrene supply and demand

Volume (million tons) and operating rate (%)

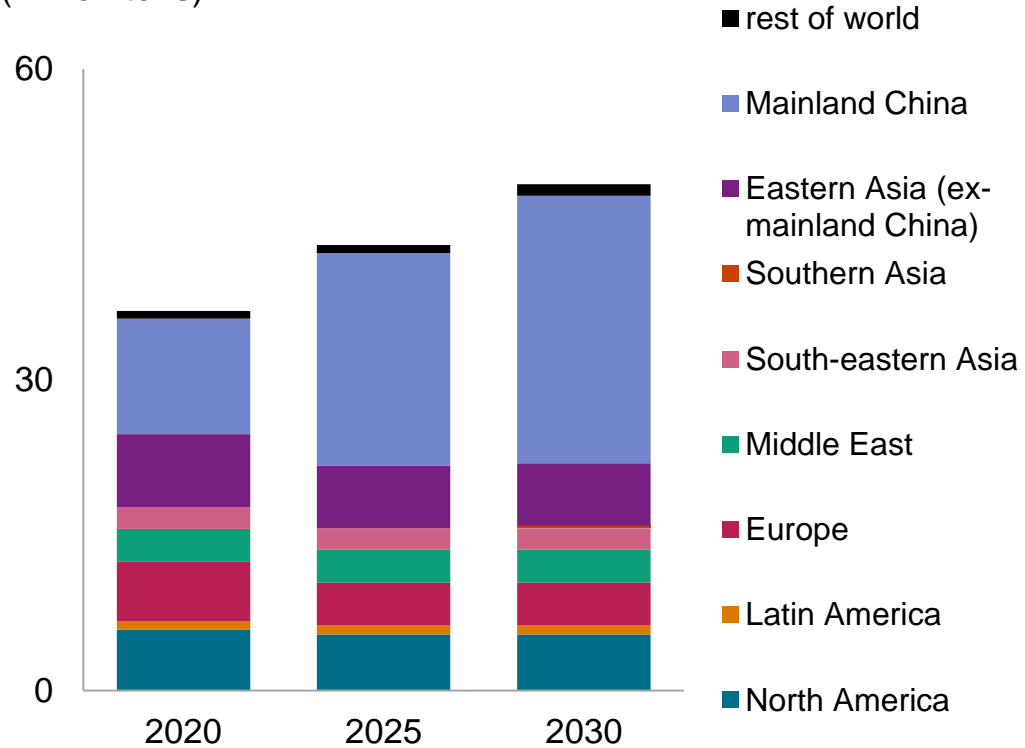


As of Q4, 2025.
Source: S&P Global Energy.

China will remain capacity and demand leader

Styrene capacity by region

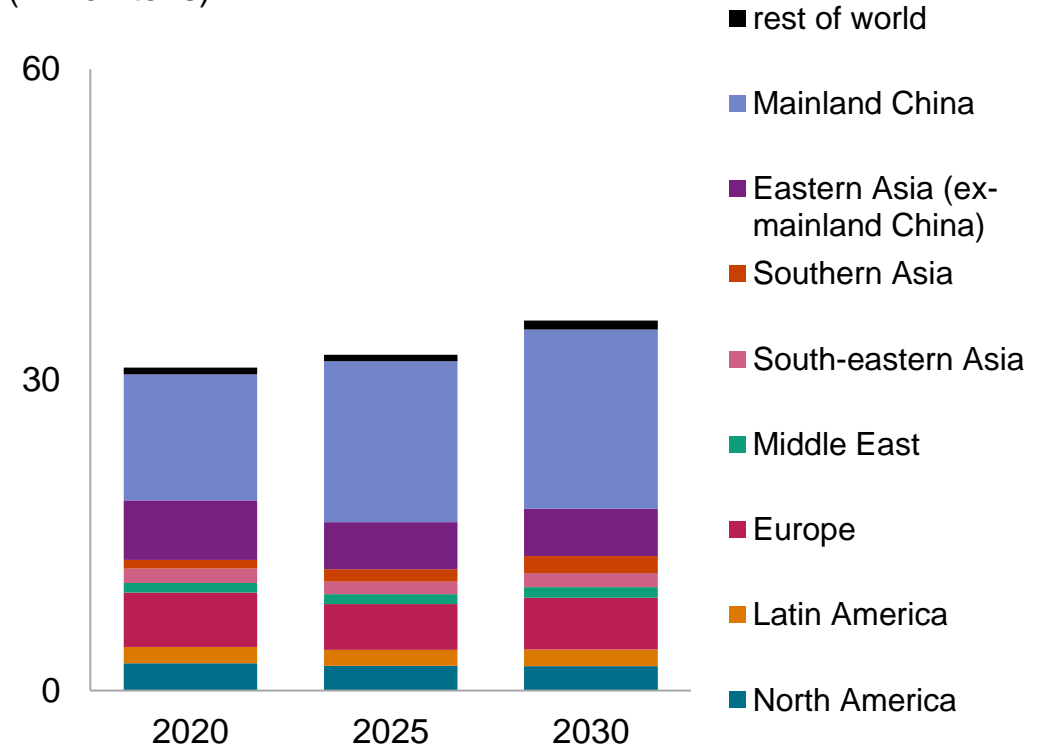
(Million tons)



As of Q4, 2025.
Source: S&P Global Energy

Styrene demand by region

(Million tons)

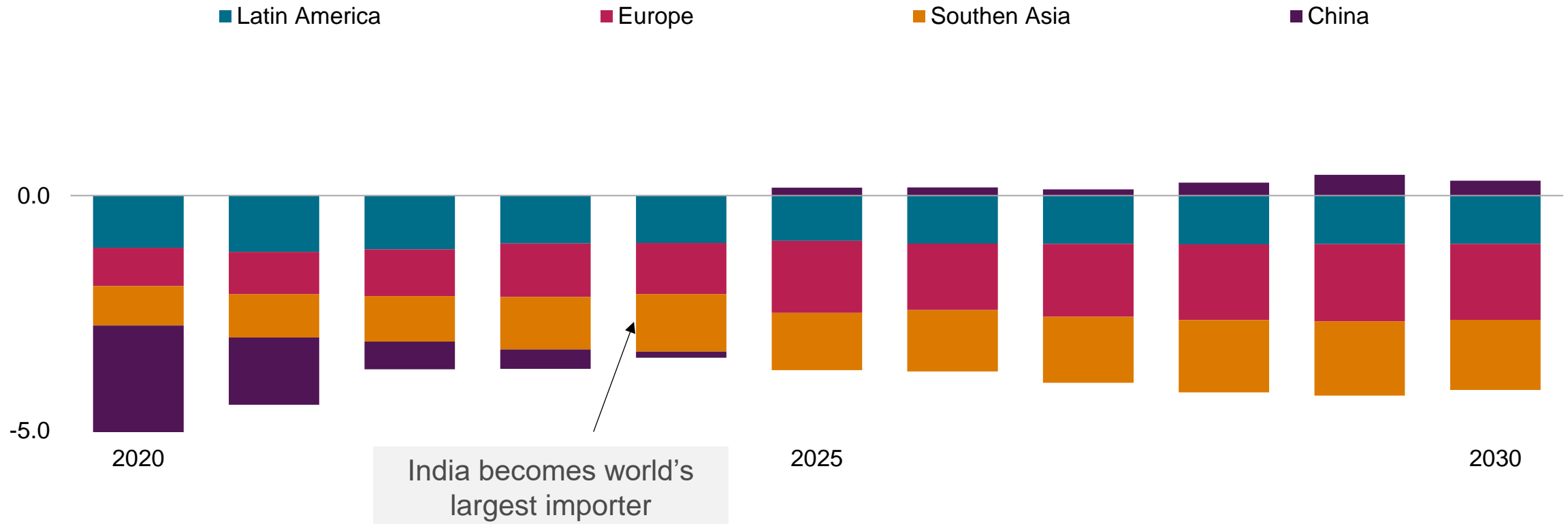


As of Q4, 2025.
Source: S&P Global Energy

China switched to net exporter

--- while we will have three million-tons-plus importing regions

Styrene net imports (million tons)



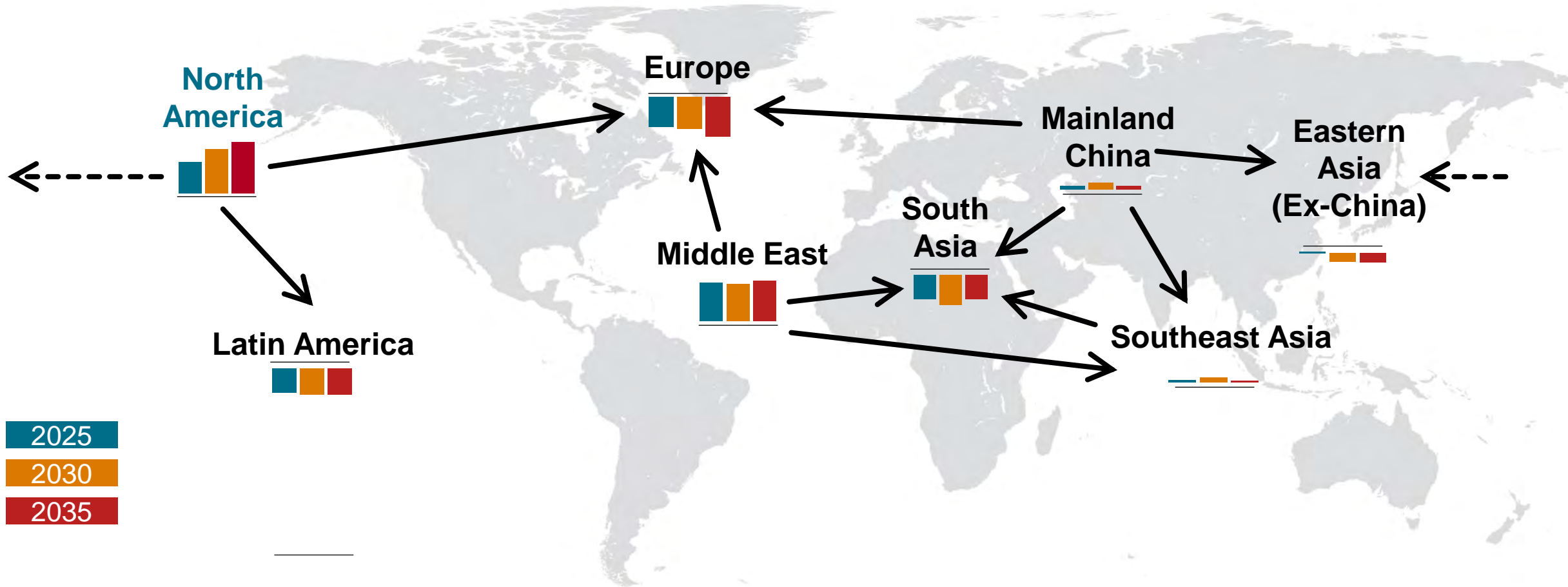
As of Q4, 2025.
Source: S&P Global Energy.

Supply anchors – US, Middle East, China



Structural shifts rewrites trade flows – Mainland China as marginal supply anchor

Supply anchors needed as more regions switch to net importing

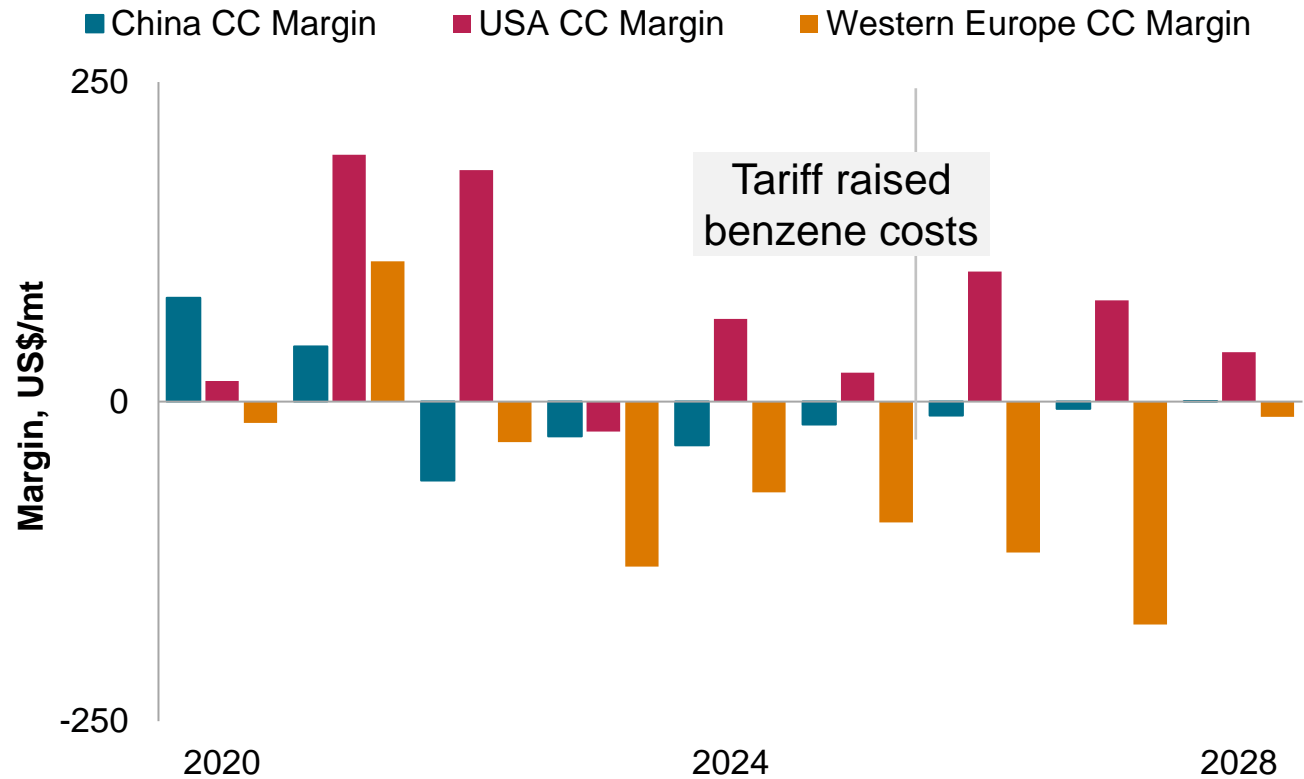


Benzene import tariffs pressured US margins, but high oil prices bring relief

Duty drawback mechanisms, refunds, policy intervention needed



Styrene global cash cost margins

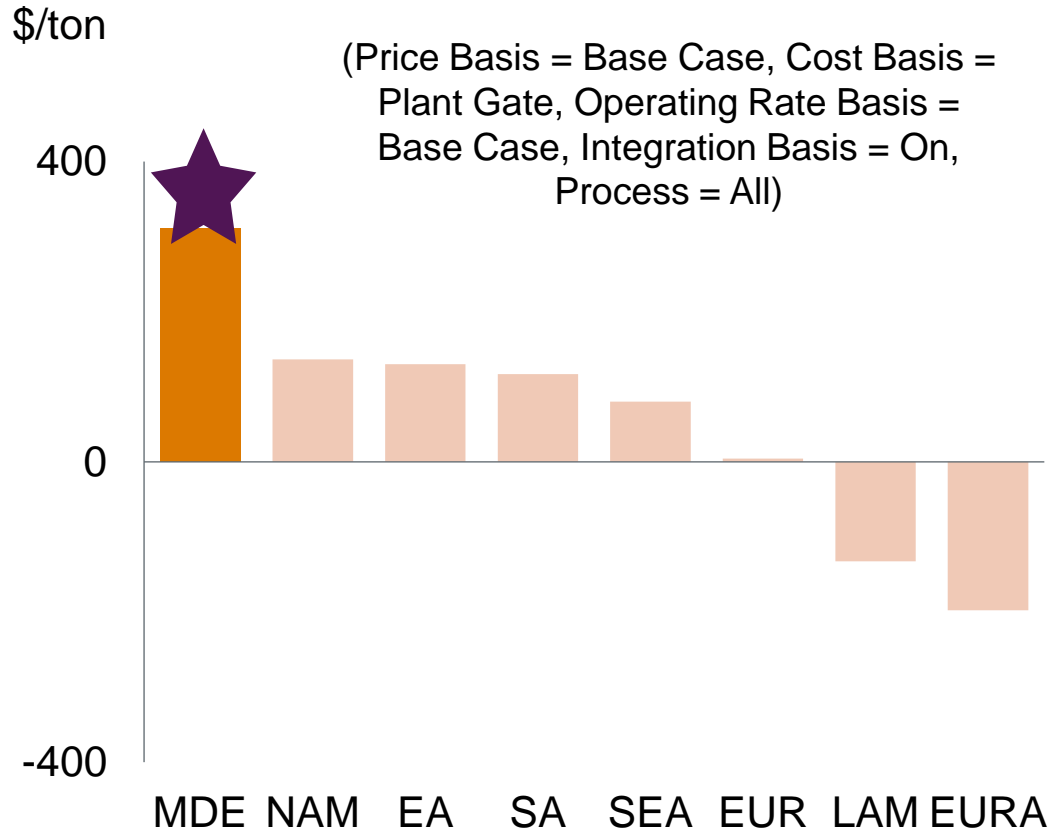


Data compiled May, 2026.
Source: S&P Global Energy.

Middle East – economically strong supplier

Cash cost margins drive strong production, exports through to 2035

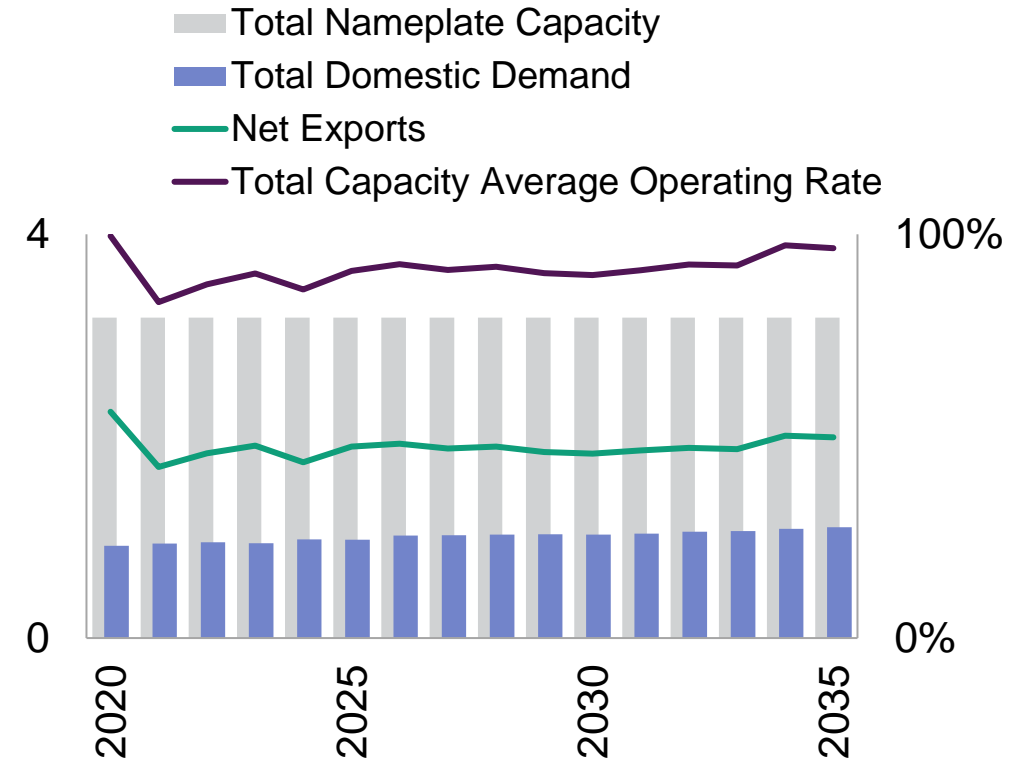
Margin by region for 2035: Styrene monomer



Source: S&P Global Energy

Middle East styrene supply and demand

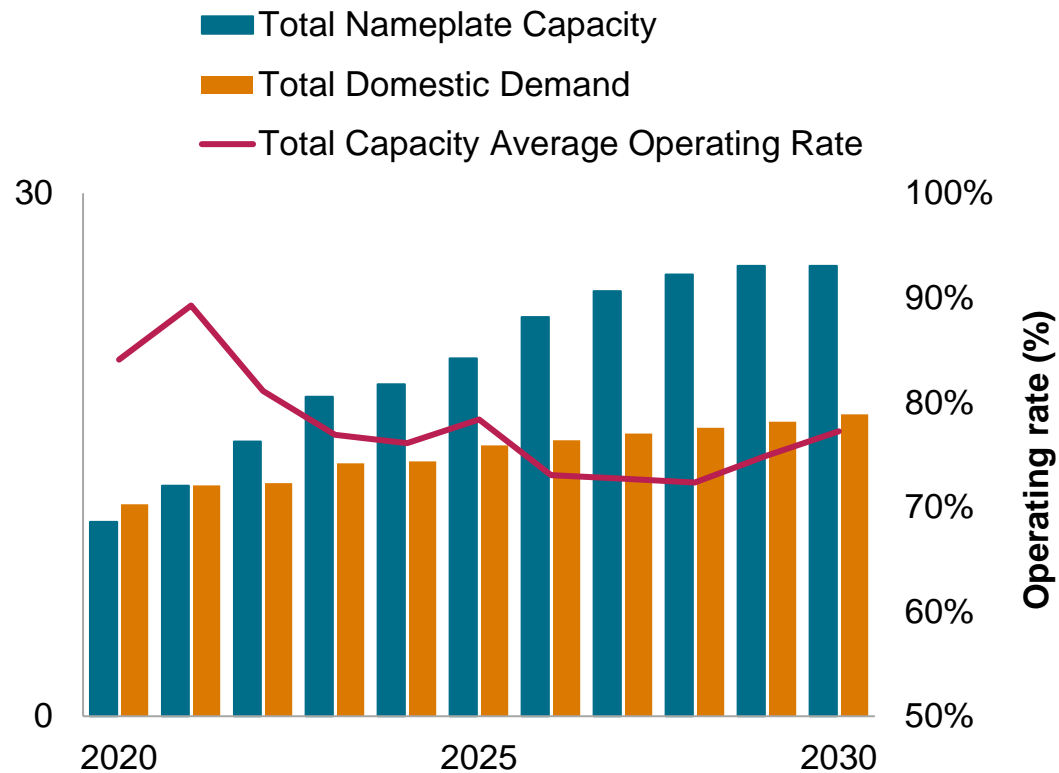
Volume (million tons) and operating rate (%)



As of Q4, 2025.
Source: S&P Global Energy

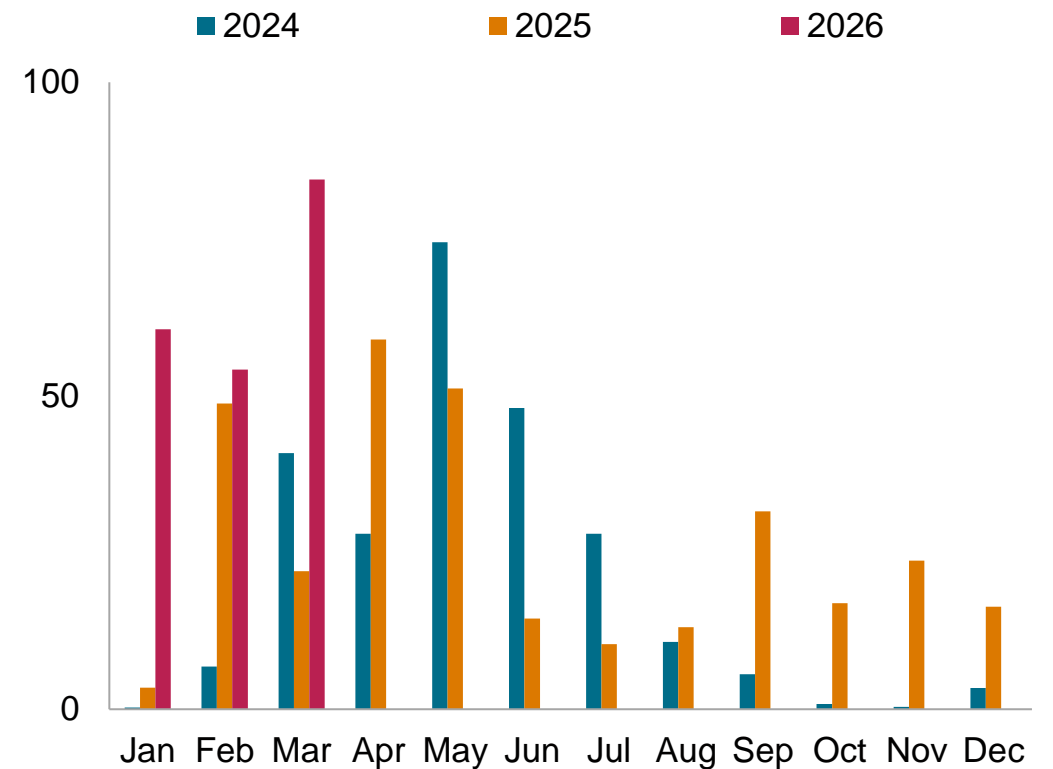
China's export surge – temporary boost?

China styrene supply and demand (million tons)



As of Q4, 2025.
Source: S&P Global Energy.

China monthly styrene exports (thousand tons)



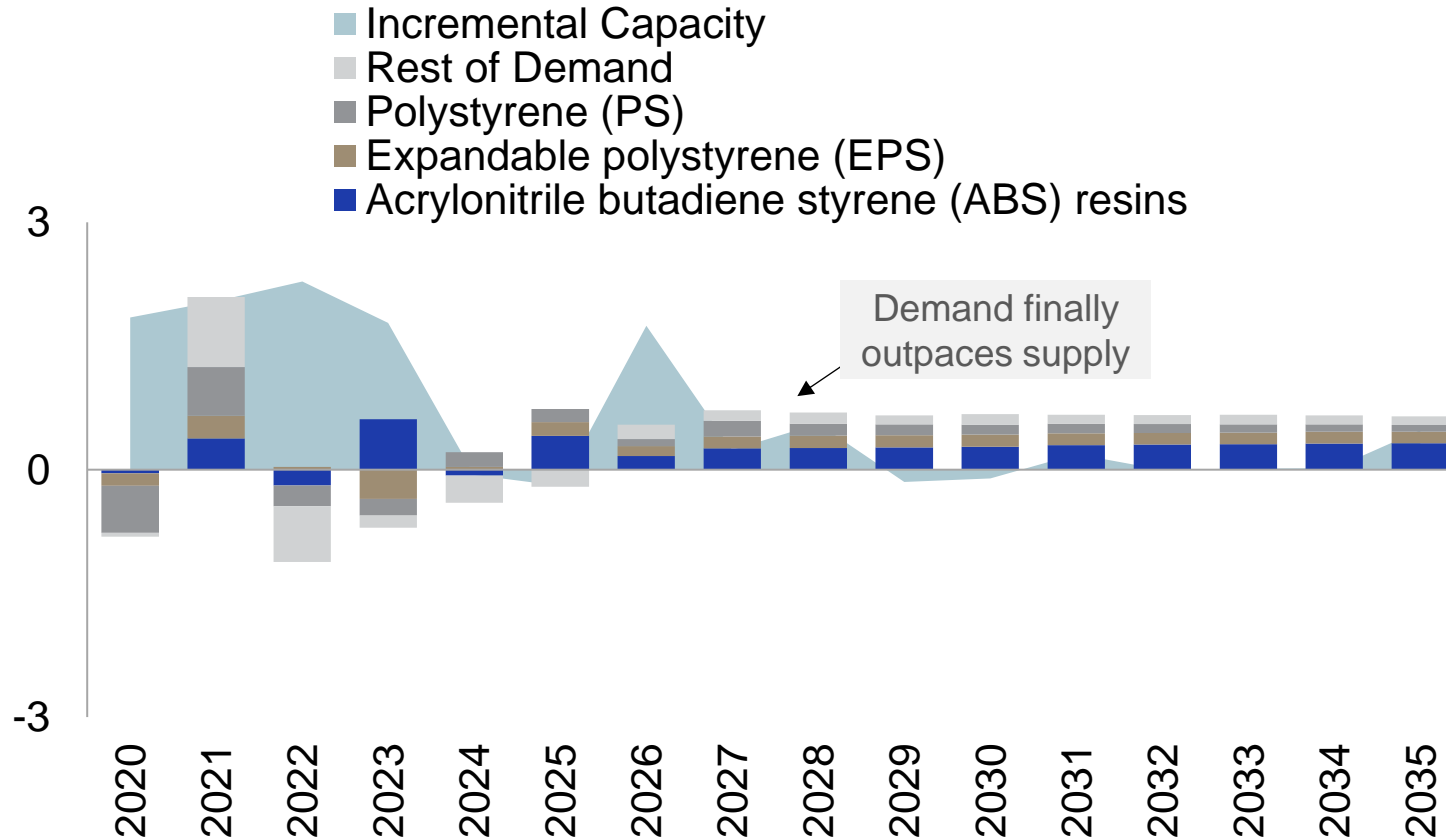
Data compiled May, 2026.
Source: S&P Global Energy.

Shifting balance of power

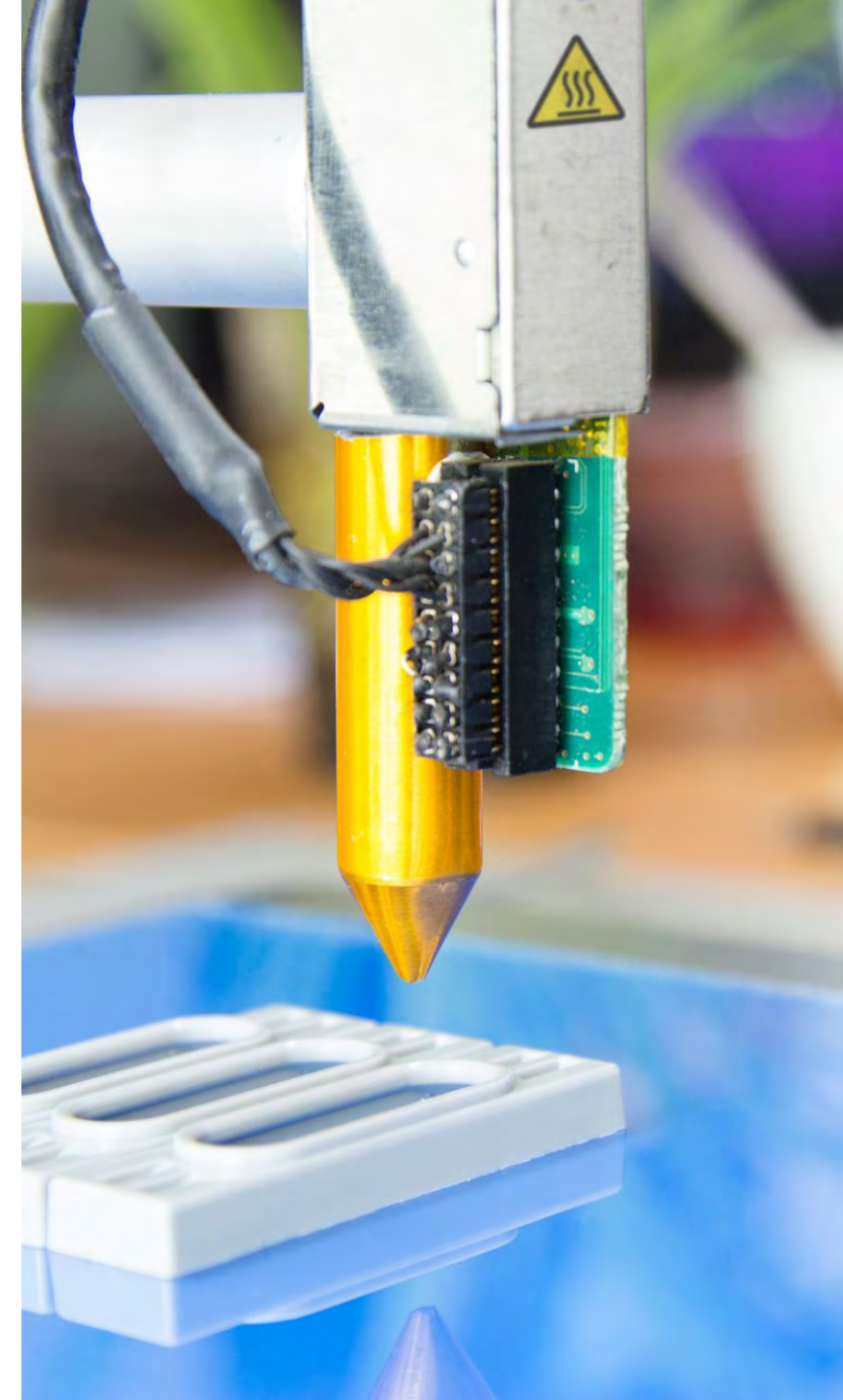


ABS fastest growing styrene derivative

World incremental demand and capacity growth (million tons)

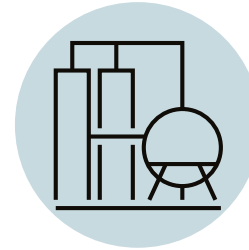
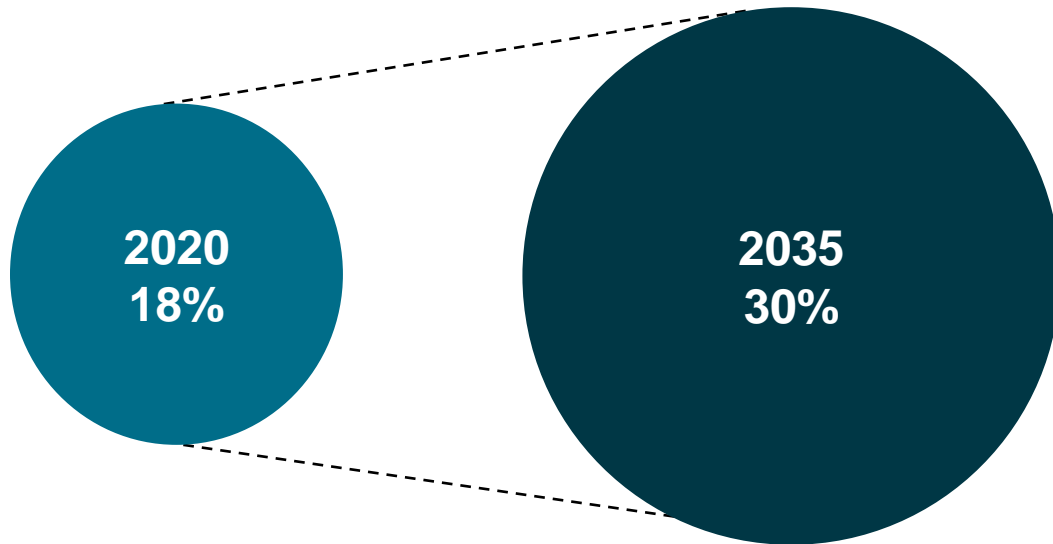


As of Q4, 2025.
Source: S&P Global Energy.



Styrene supply increasingly subjected to PO performance

Portion of styrene supply by POSM route rises



Chlorohydrin rules prompted slew of POSM investments



PO production route economics steers POSM run rates

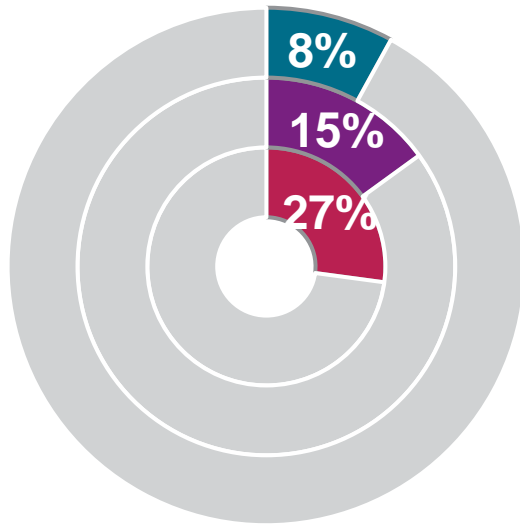


PO demand influences POSM operations

After 2030, surplus gives way to structural vulnerability

Current rationalization status:

- North America
- Eastern Asia ex-Mainland China
- Europe



- More rationalization can quicken recovery but...
- No new investments post-2030
- Remnant aging assets exposes industry to supply shocks



As of Q4, 2025
Source: S&P Global Energy

Key takeaways

Trade shift – three import markets for one giant

Supply anchors face different short-term challenges

External risks increasingly shape styrene's trajectory

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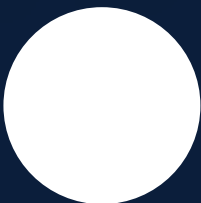
Navigating Oversupply

Identifying Structural Opportunities in a
Dynamic Asian Styrene Monomer Market

Wu Lufei

Senior Market Editor

ICIS





Navigating Oversupply

Identifying Structural Opportunities in a Dynamic Asian Styrene Monomer (SM) Market

- 01 Global SM Supply and Demand Outlook
- 02 Fundamental Imbalance Reshapes Asian SM Tradeflow
- 03 Beyond the Strait: How the Conflict Impacts Asian SM Landscape



Navigating Oversupply

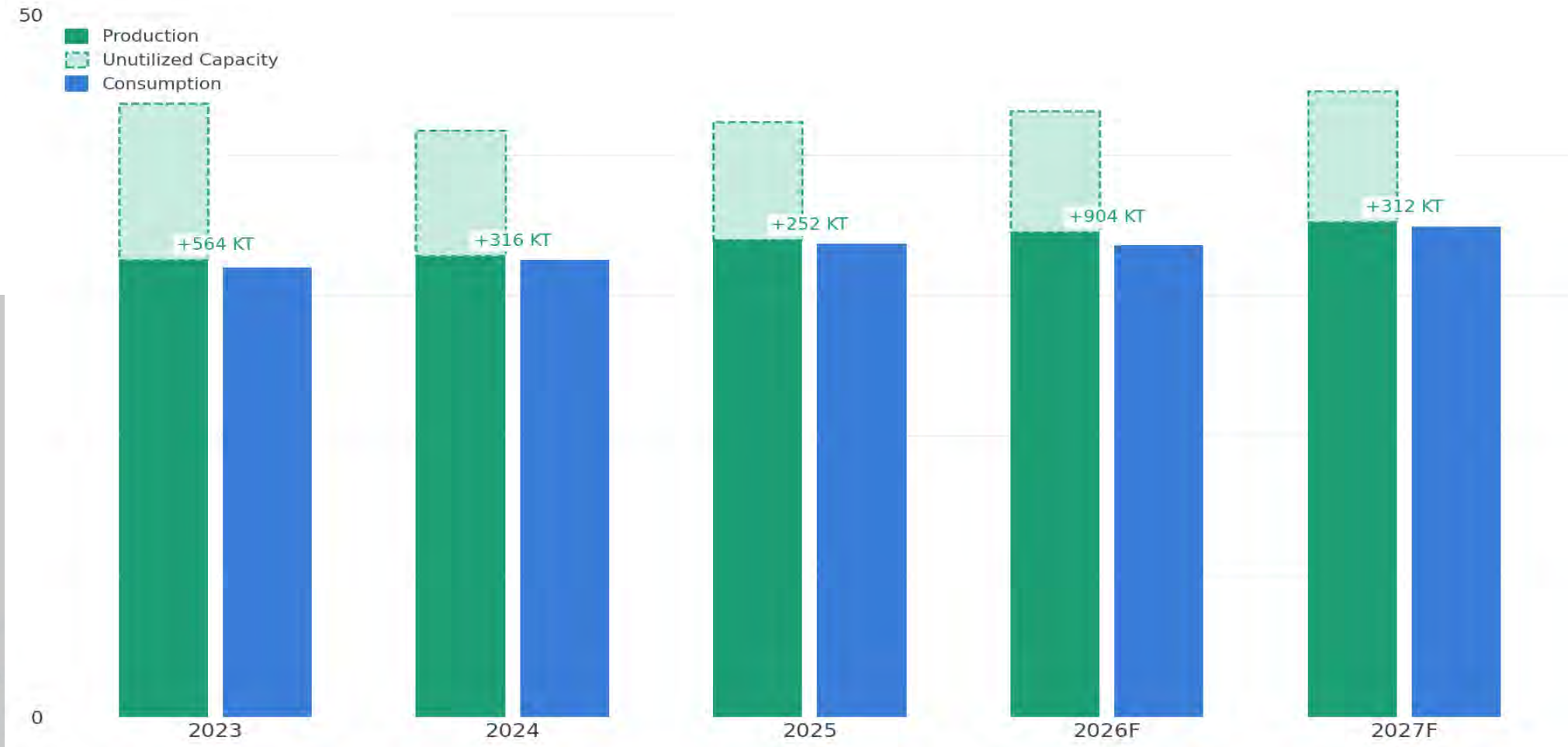
Global SM Supply and Demand Outlook



Global SM supply to consecutively outpace demand



Million Tonnes per Year | 2026–2027 are forecast

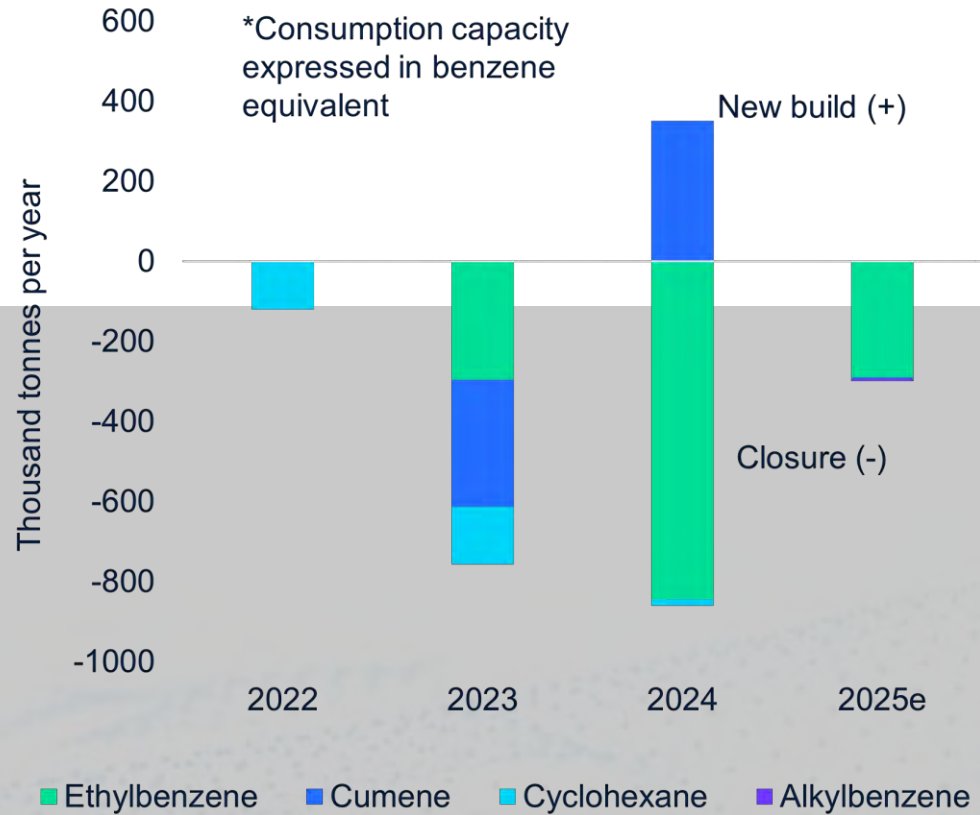


Source: ICIS Supply and Demand Database

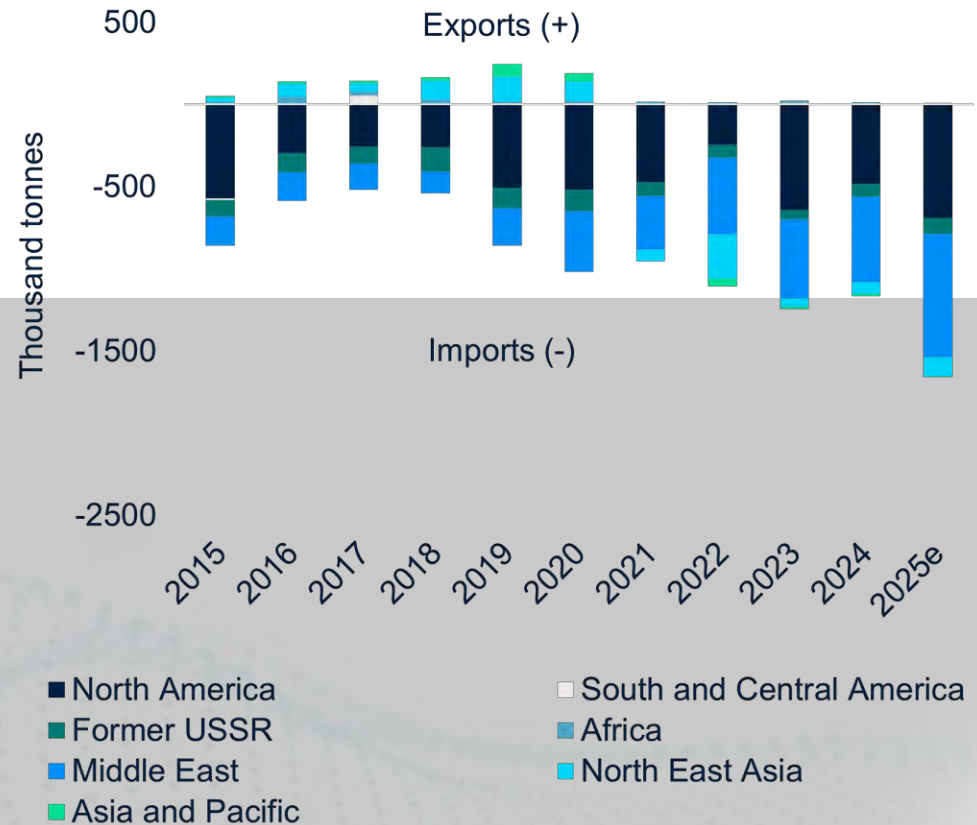


Europe SM capacity declining, import to stay active

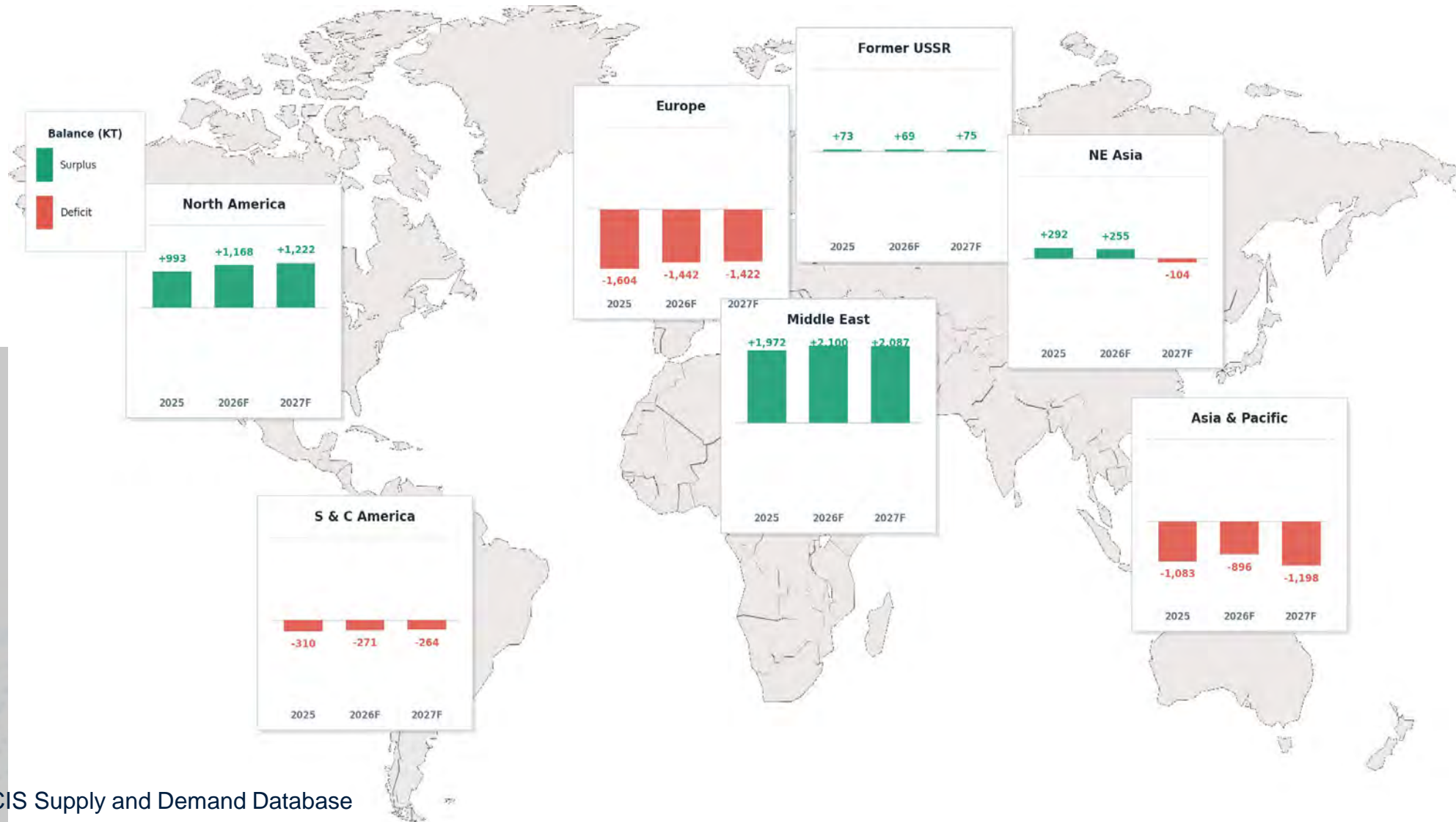
Europe benzene downstream capacity changes



Europe styrene trade



Surplus to remain in NE Asia, N America and the Middle East

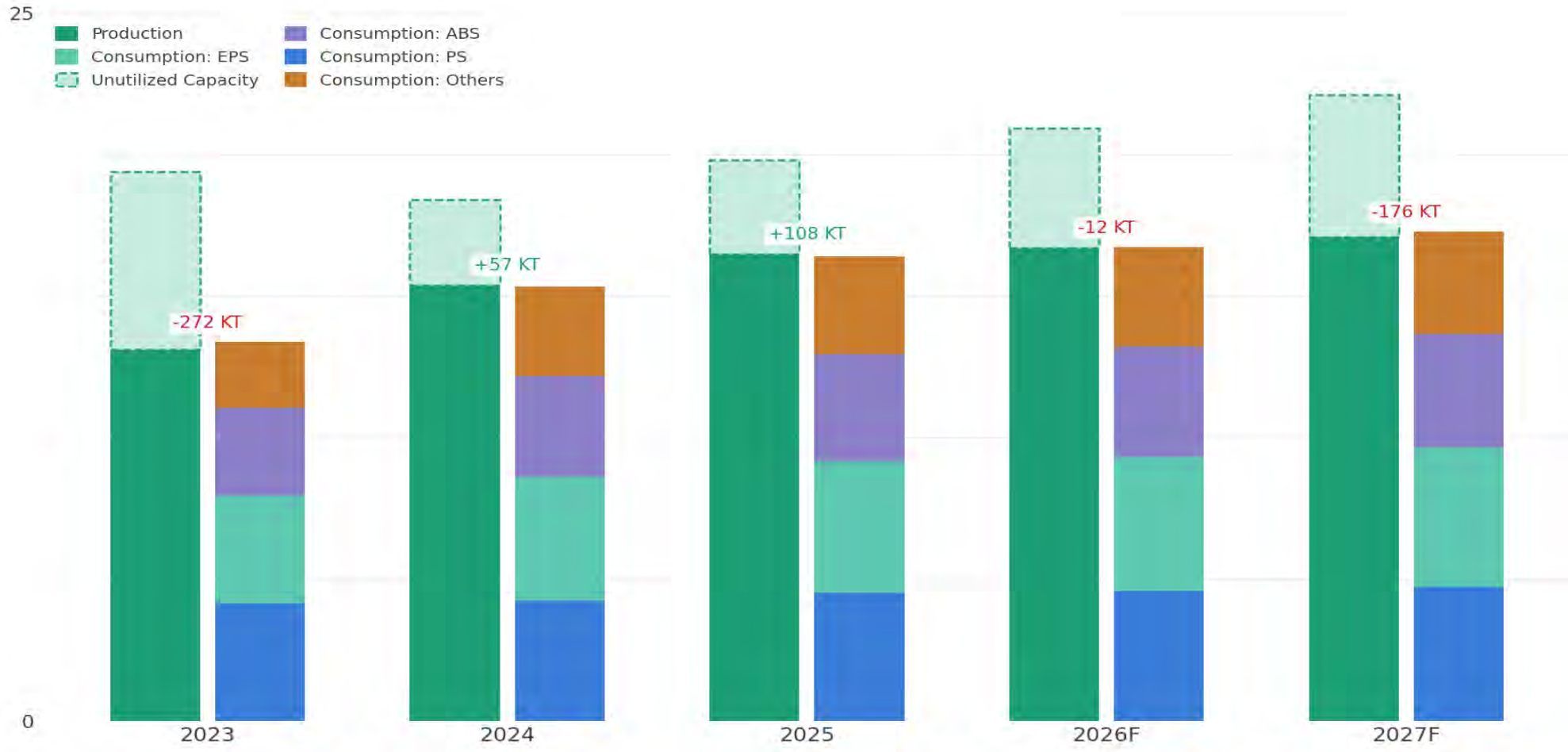


Source: ICIS Supply and Demand Database



High supply flexibility within China despite downstream growth

Million Tonnes per Year | 2026–2027 are forecast



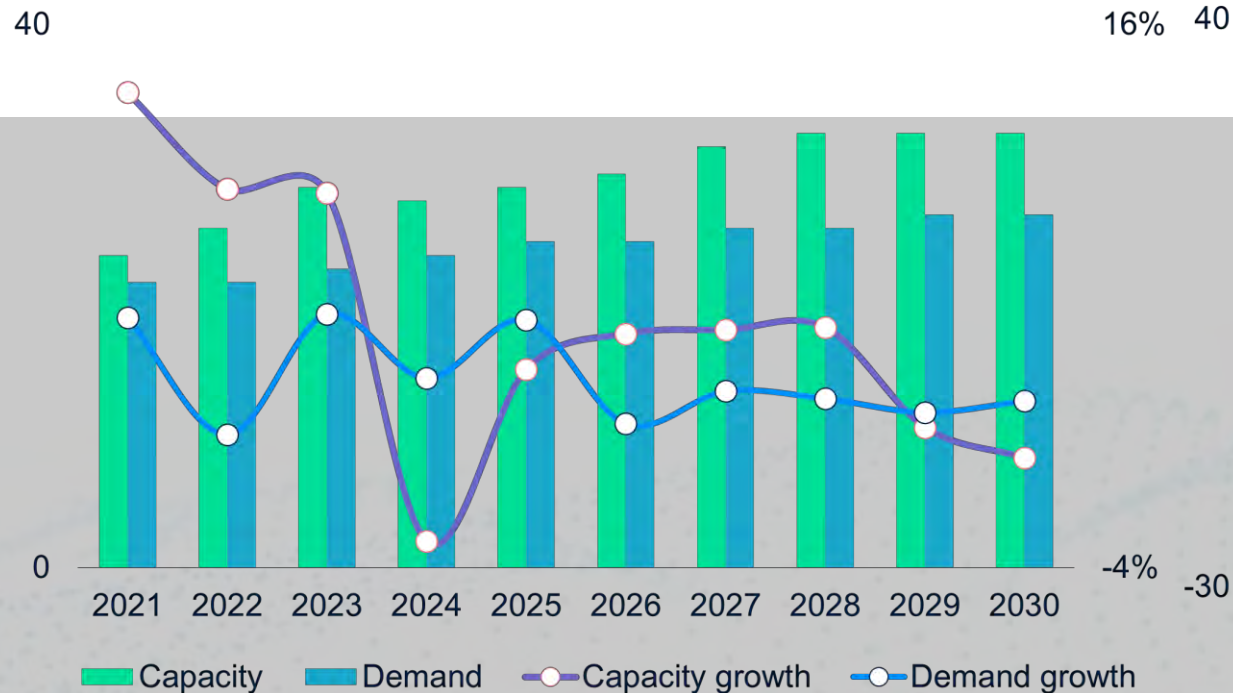
Source: ICIS Supply and Demand Database



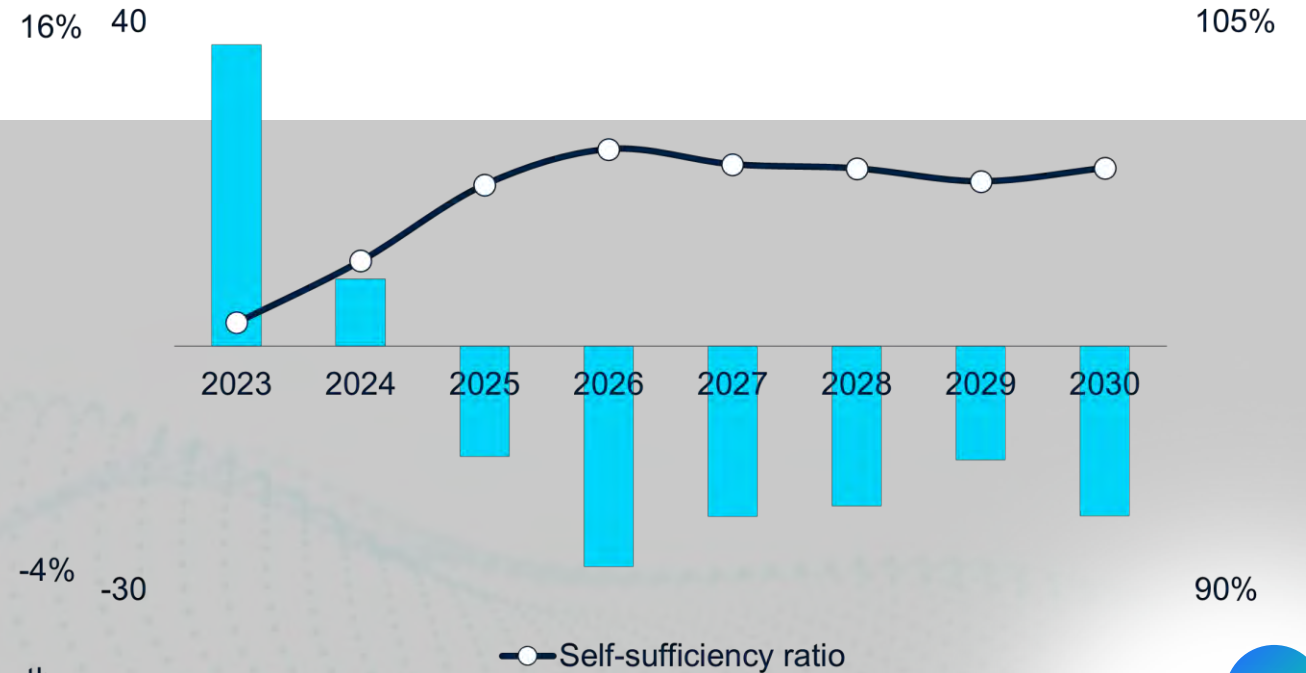
Weak fundamentals in Asia styrene market likely to persist

- China's styrene capacity expansion is nearing its end, yet pressure from oversupply remains
- With downstream demand growth slowing, exports and capacity reduction have become key market focuses

Asia styrene supply-demand balance forecast
(million tonnes, 2021-2030)



China styrene supply-demand balance forecast
(10,000 tonnes, 2023-2030)

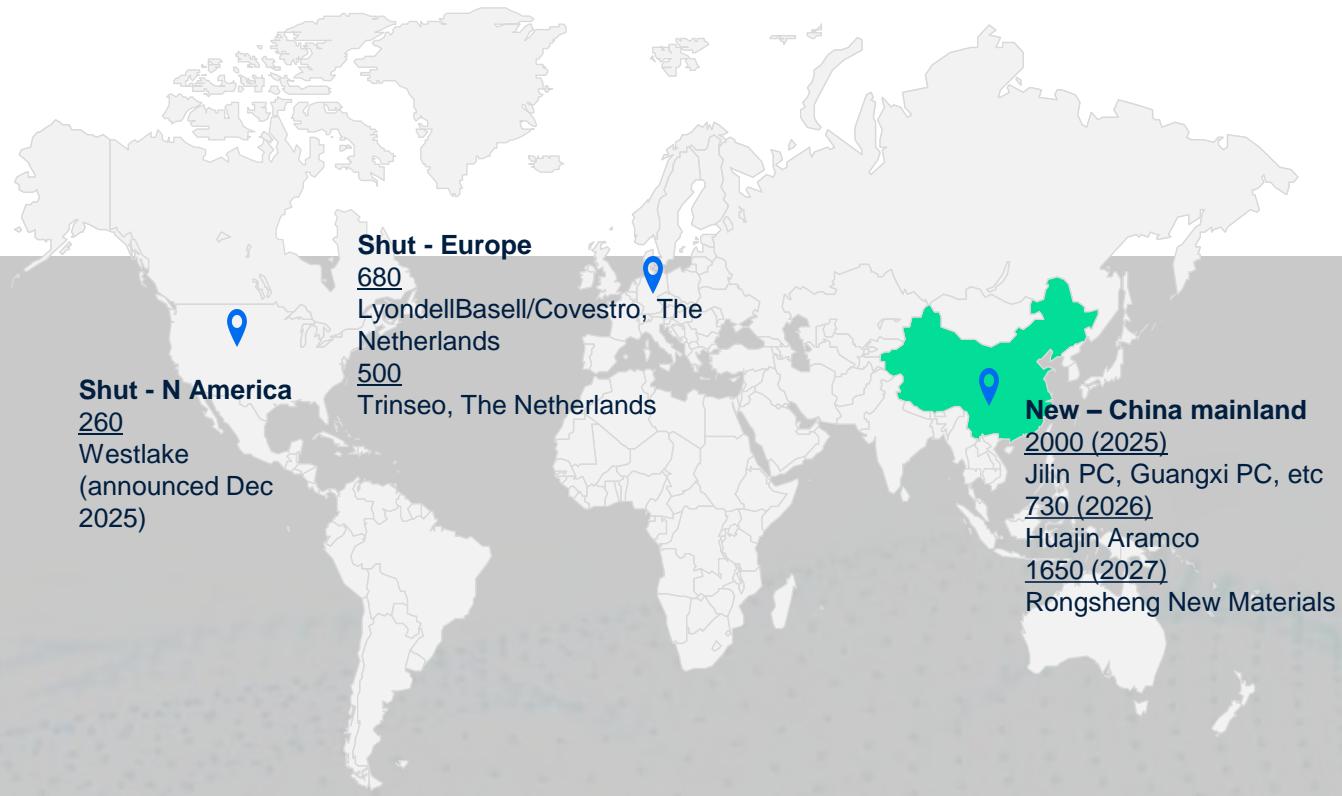


Source: ICIS Supply and Demand Database



China's SM capacity to account for around 50% of global total in 2026

Global SM plants to be added or shut (thousand tonnes/year)



~49%
Global SM Capacity

~47%
Global PS Capacity

~64%
Global EPS Capacity

~61%
Global ABS Capacity

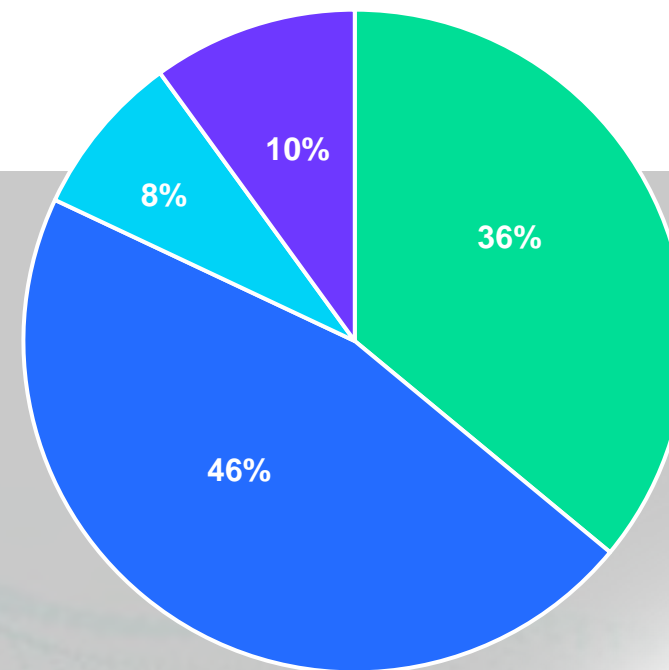
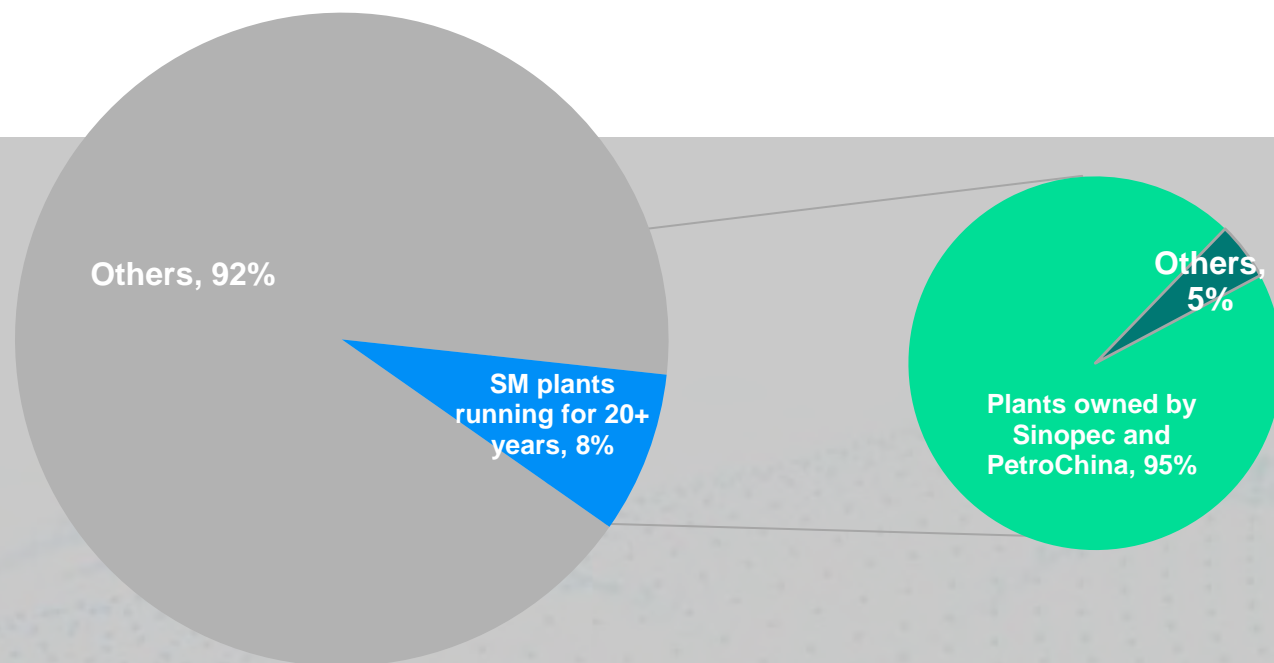
Possibility of capacity optimization under “anti-involution” policy



- SM plants that have been running for over 20 years account for 8% of China’s total capacity, and are mostly own by Sinopec and PetroChina
- Non-integrated SM plants account for around 10% of China’s total; recent margin pressure faced

Share of SM plants in China running for over 20 years (2025)

Distribution of China SM units by integration degree (2025)



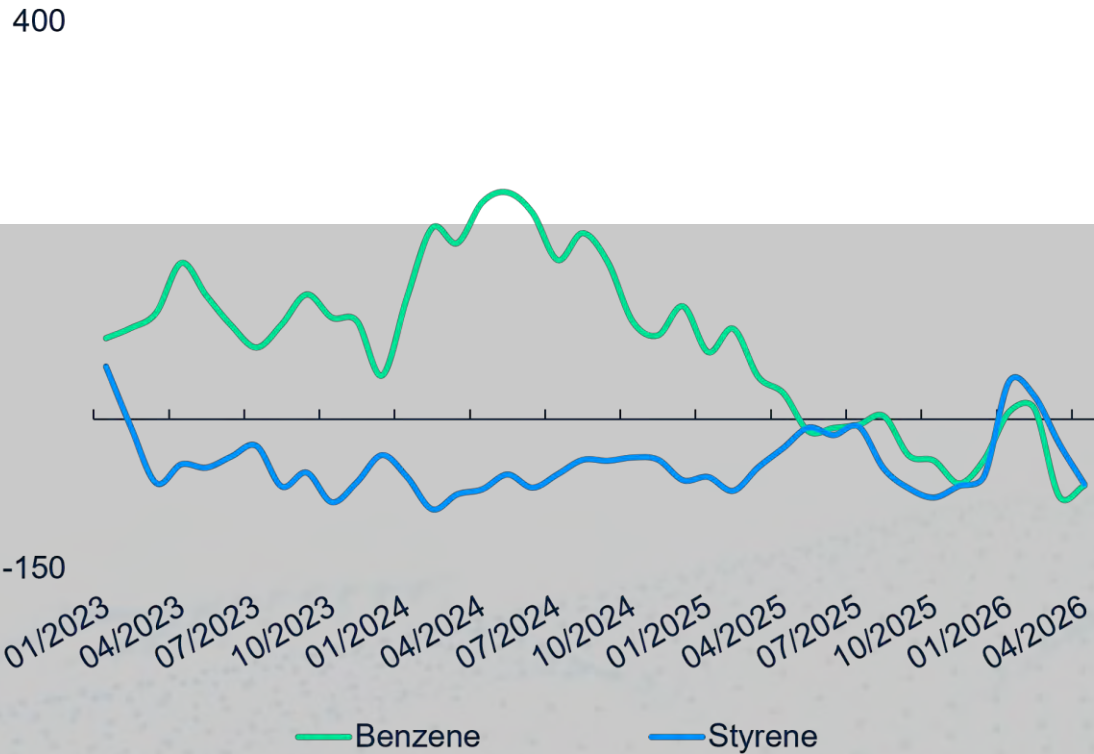
- Integrated (Upstream & downstream)
- Integrated (Upstream)
- Integrated (Downstream)
- Non-integrated



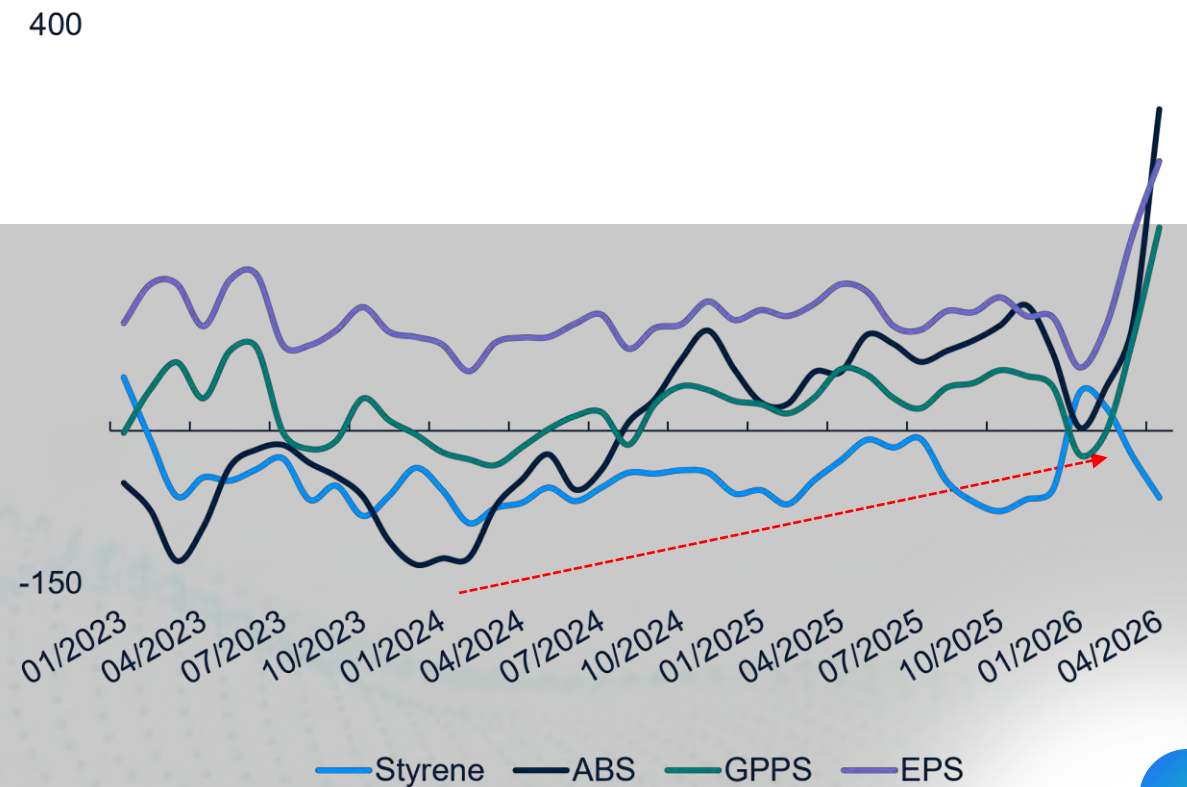
Margins in benzene value chain shift downstream

- Margins in the benzene industry chain are shifting downstream, with styrene derivatives producers seeing a recovery in profitability

Asia benzene spread & styrene variable margins
(\$/tonne, Jan 2023 – Apr 2026)



Asia styrene & derivatives variable margins
(\$/tonne, Jan 2023 – Apr 2026)





Navigating oversupply

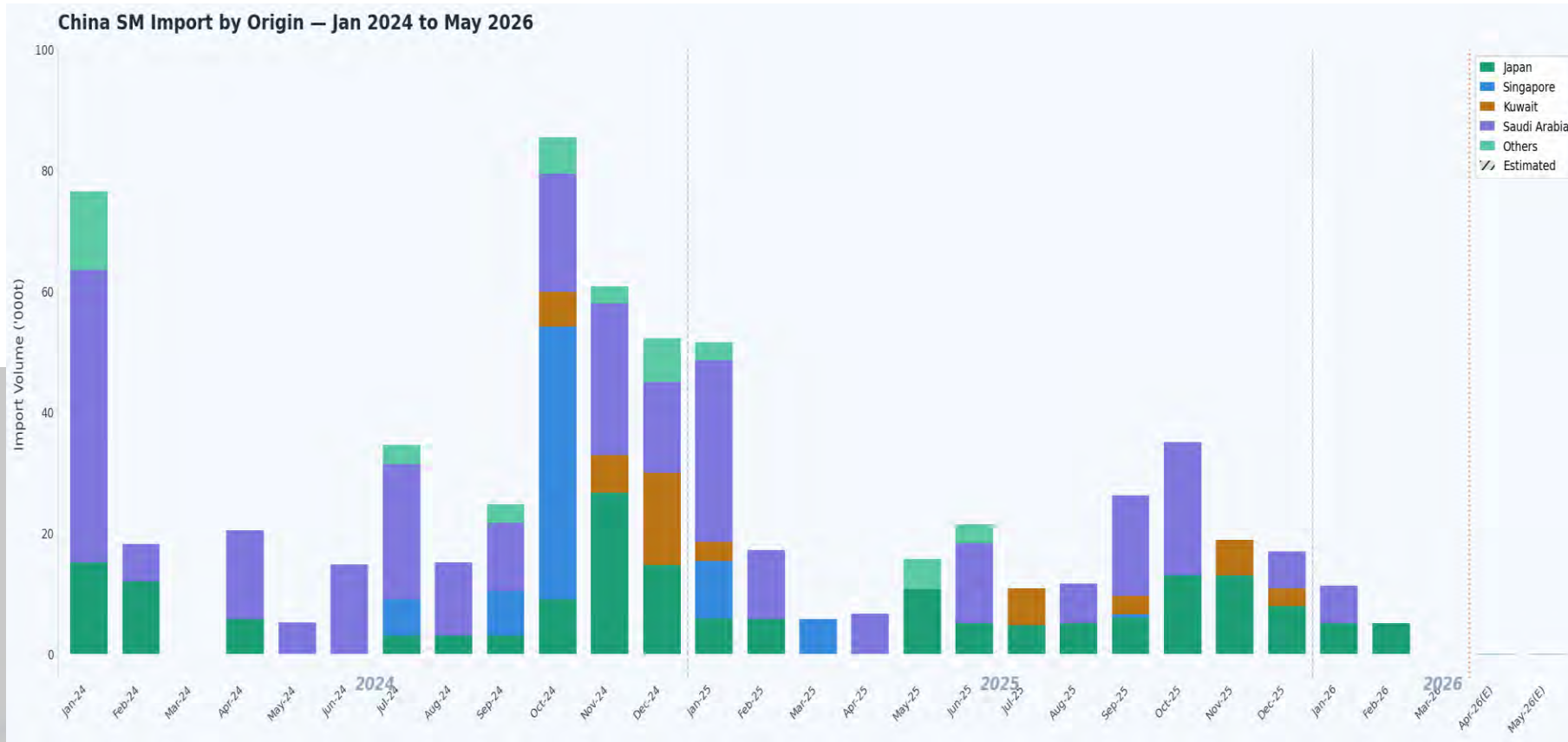
Fundamental Imbalance Reshapes Asian SM Trade flow



Regular import momentum cooling, sporadic buying emerges



'000 tonnes | 2026–2027 are forecast



FULL YEAR
2025 vs 2024

-42%
407.6 kt
↓
237.4 kt

Significant drop indicating rising subsistence

QUARTERLY
Q1 2026 vs Q1 2025

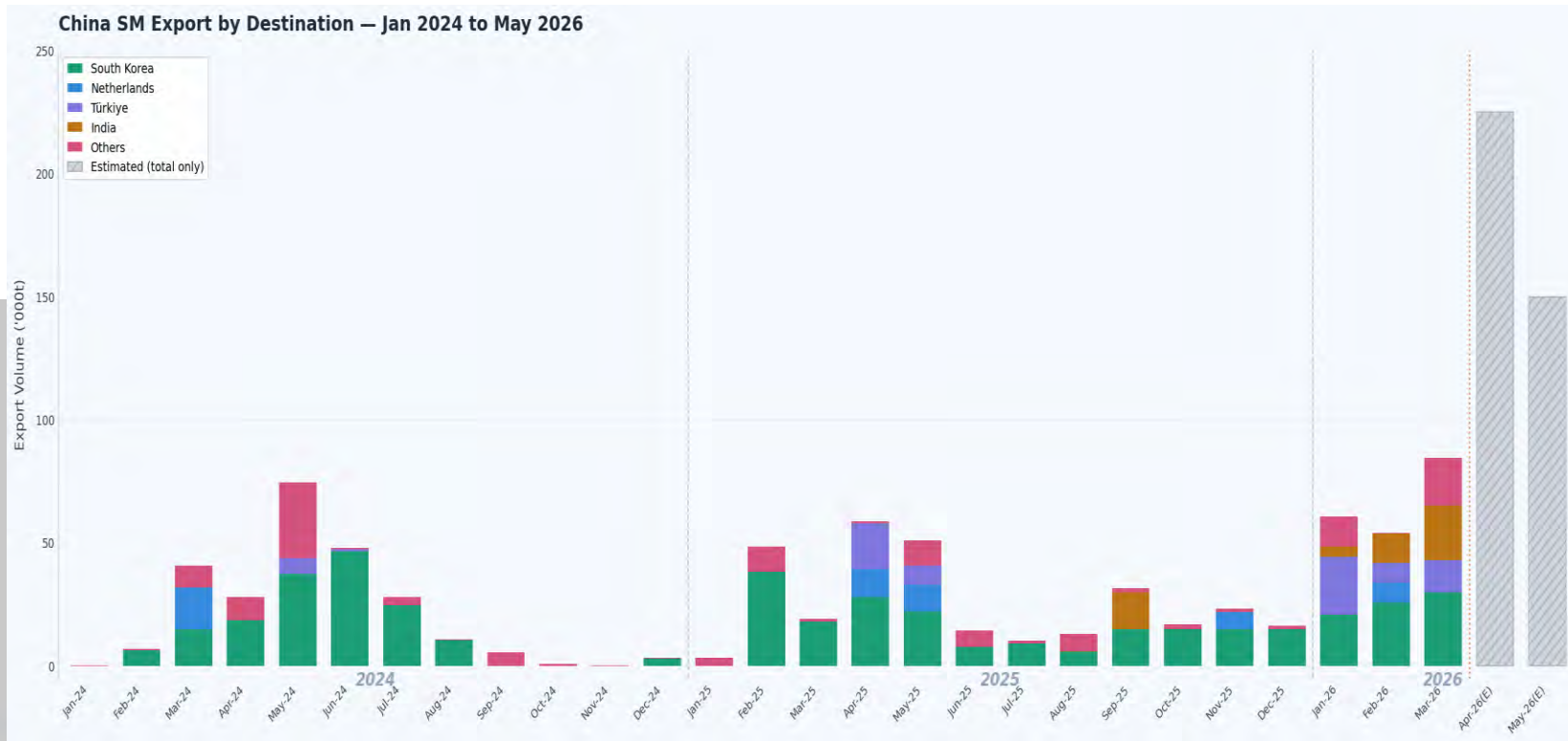
-78%
74.3 kt
↓
16.3 kt

Mar 2026 imports falling to zero

China SM export volumes surge in April-May 2026



'000 tonnes | Apr–May 2026 estimated



FULL YEAR
2025 vs 2024

+24%

306.7 kt
↑
247.4 kt

Export volume rising with domestic surplus

QUARTERLY
Q1 2026 vs Q1 2025

+181%

199.2 kt
↑
71.0 kt

Address westbound shortfall

SINGLE MONTH
Apr 2026 Est.

Over 200kt

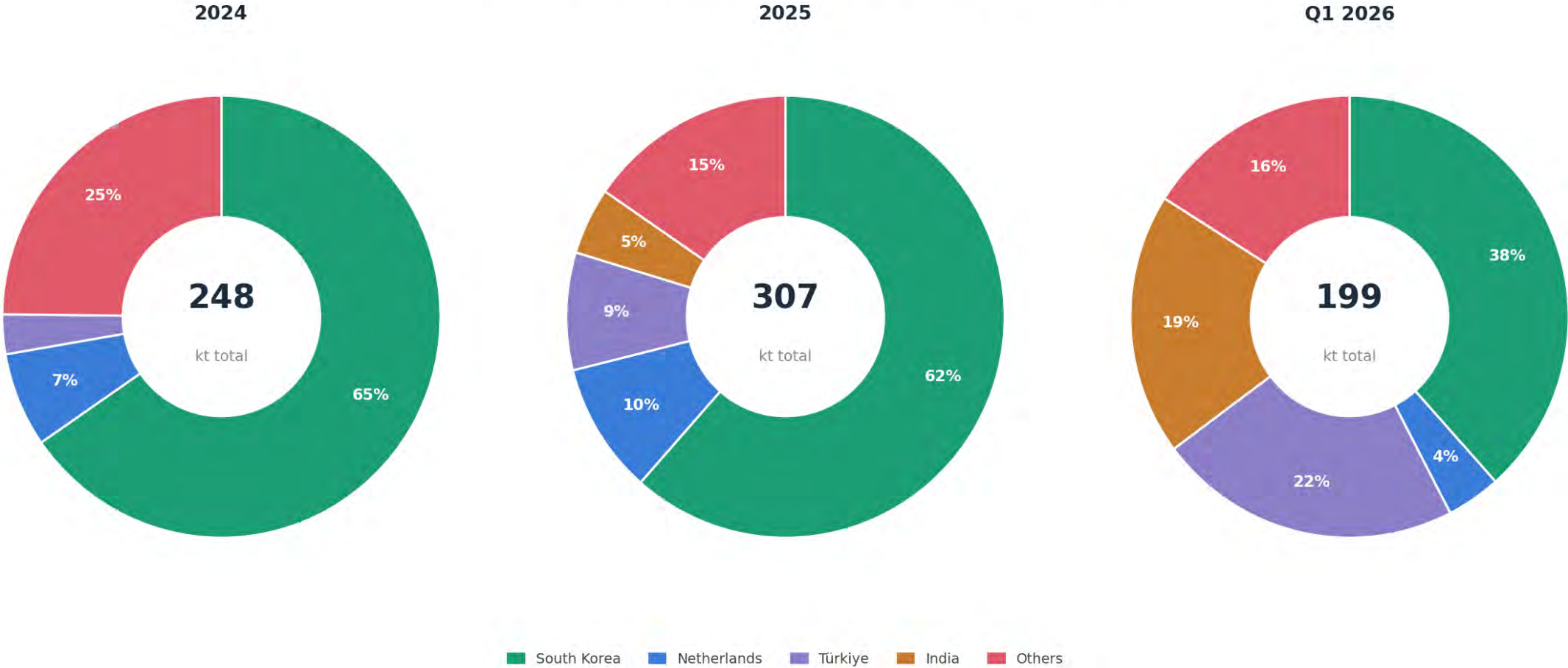
exported

India being a rising buyer

China SM export destinations showing greater diversity



China SM Export — Destination Composition by Period



Source: ICIS Supply and Demand Database

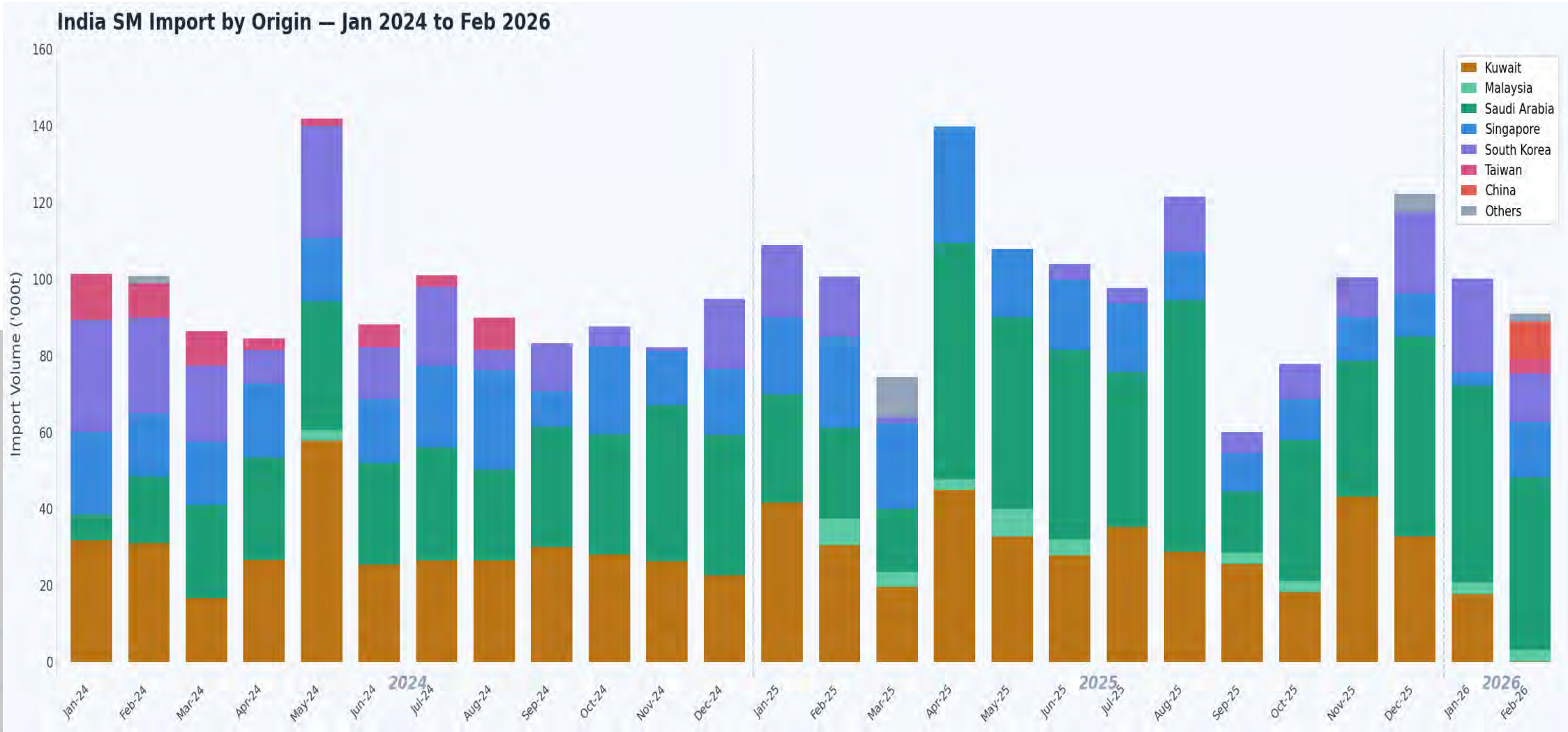
ICIS FOB China: growing adoption as contract benchmark



- Ideation and survey since 2023, launched in 2024 and gaining traction since H1'2025
- Started being adopted for 2026 annual contract
- Refining the methodology based on updated market dynamics
- CFR China and FOB China assessments to operate temporarily in parallel



India SM imports steady, dominated by Middle East origins

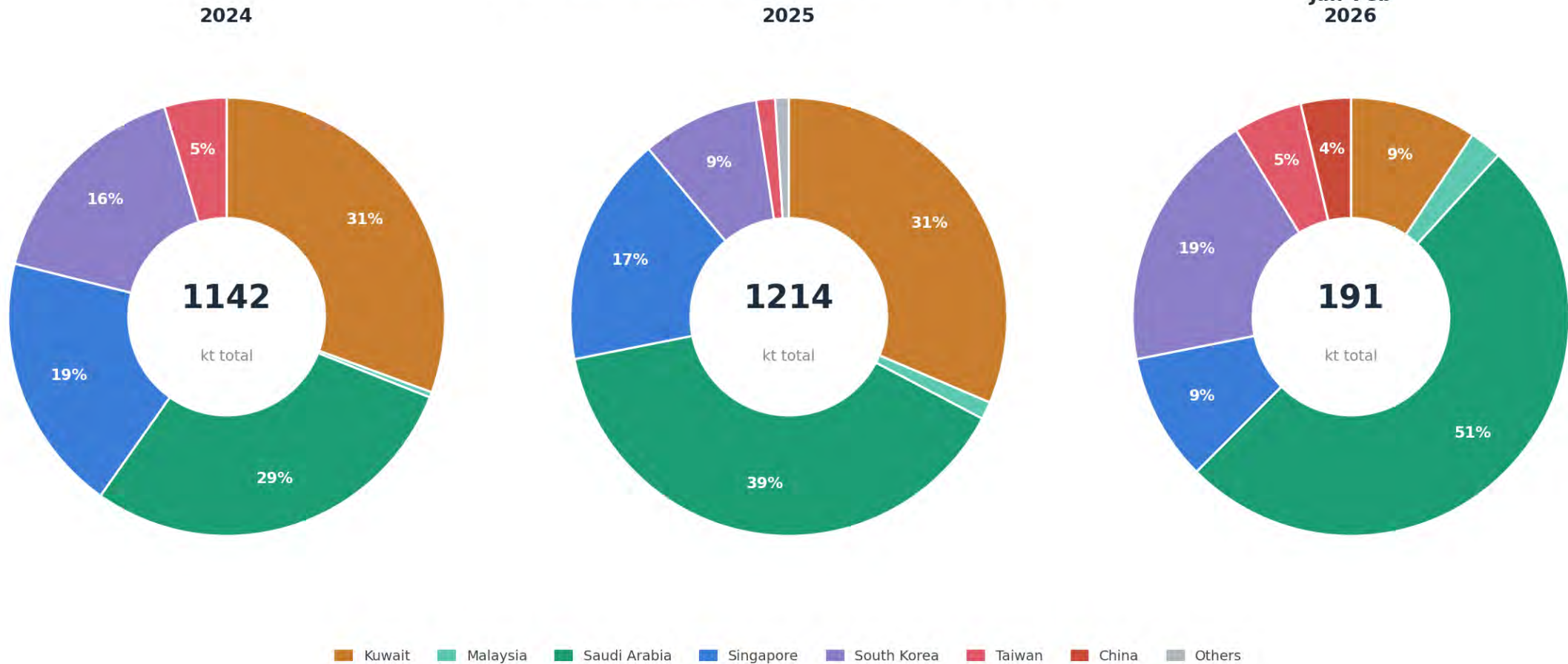


Source: ICIS Supply and Demand Database

India SM import origin composition shifts in 2026



India SM Import — Origin Composition by Period





Navigating oversupply

Beyond the Strait: How the ME Conflict Impacts Asian SM Landscape



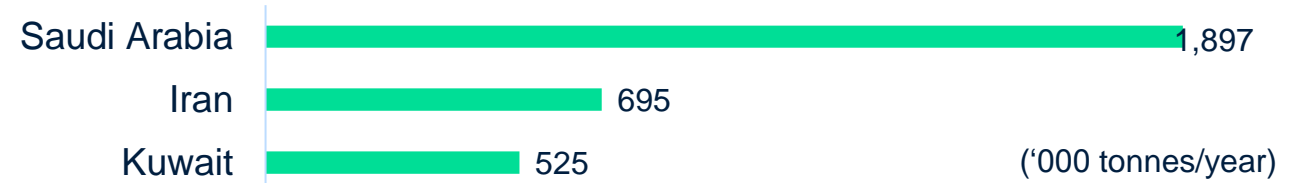
Middle East SM supply overview and disruption risk



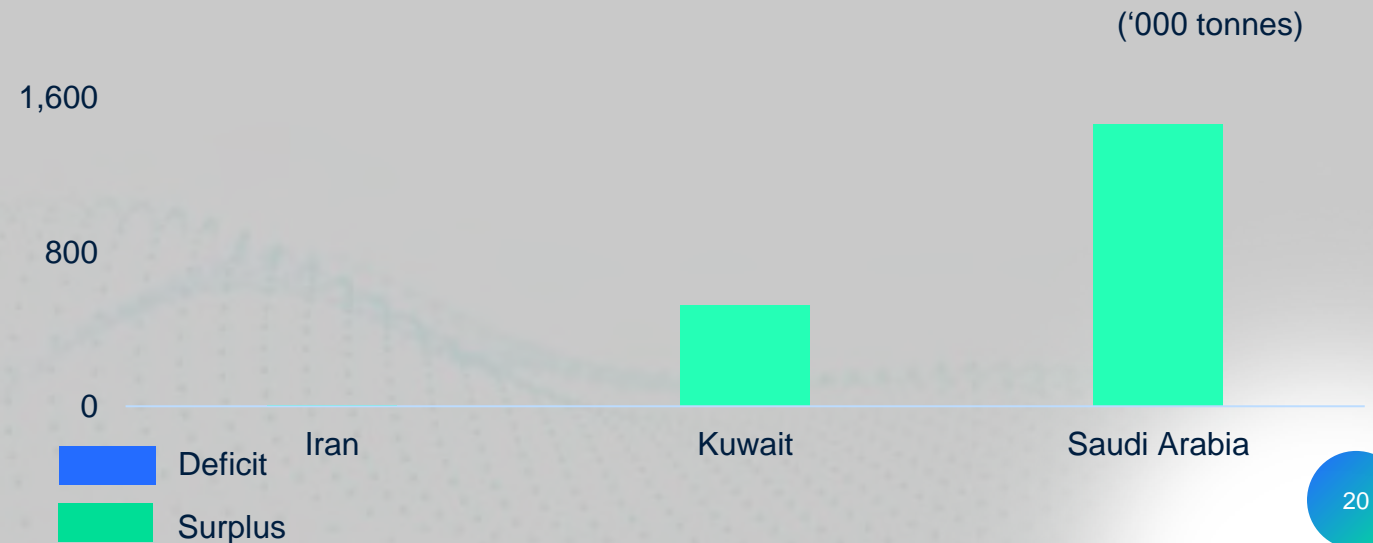
Styrene Plants in the Middle East



Potential Impacted Capacities | 3.1M tonnes capacity at risk



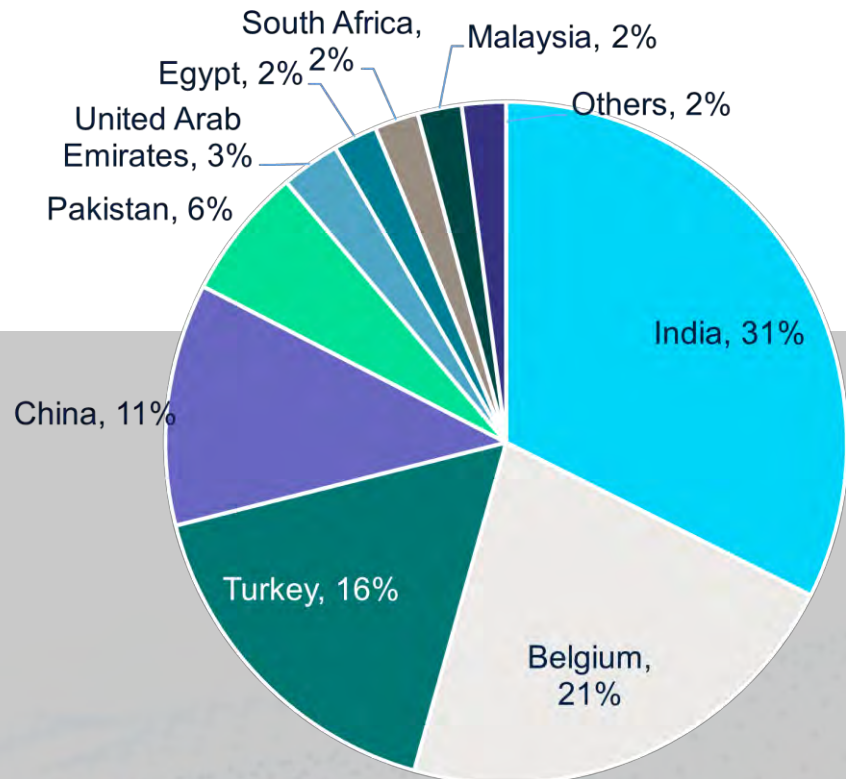
Countries balance | Saudi Arabia, Kuwait as net exporters



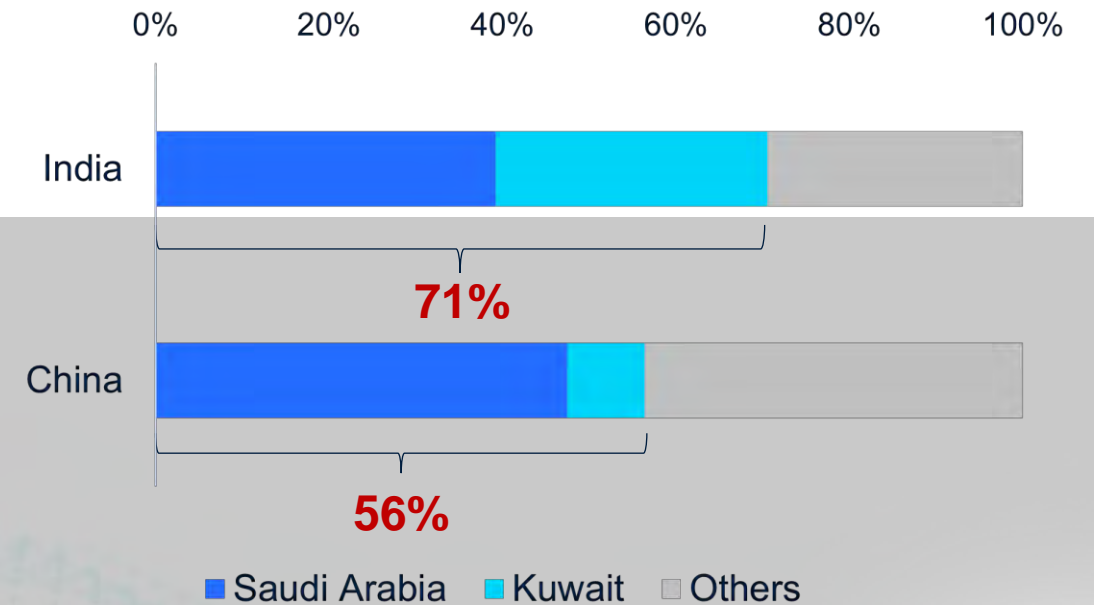
India heavily impacted; China less exposed to the ME conflict



Saudi Arabia Exports Destinations Share (2025)



India & Mainland China Imports Origins (2025)

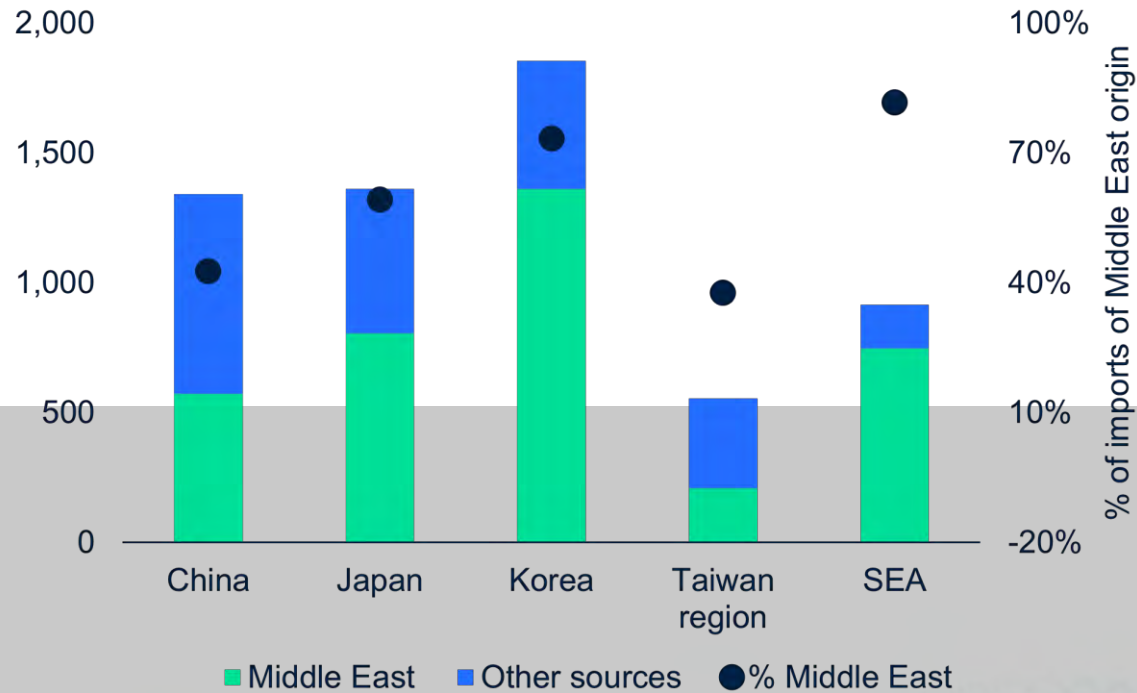


- India relies completely on SM imports, with 71% from the Middle East. The Strait of Hormuz blockade directly affects the SM supply deliveries to India
- Although 56% of China's imports originate from the Middle East, these imports represent only 1% of China's total demand

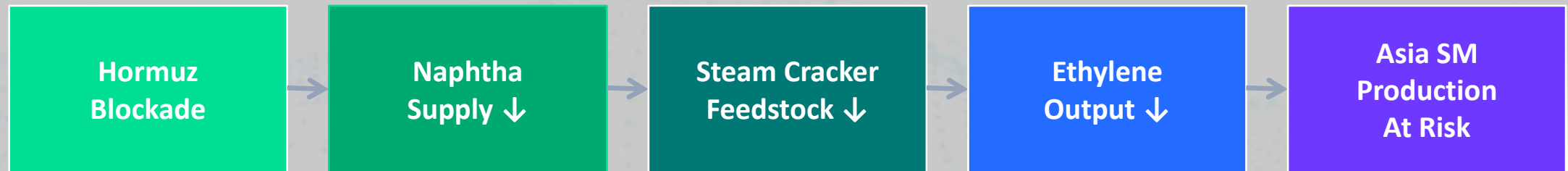
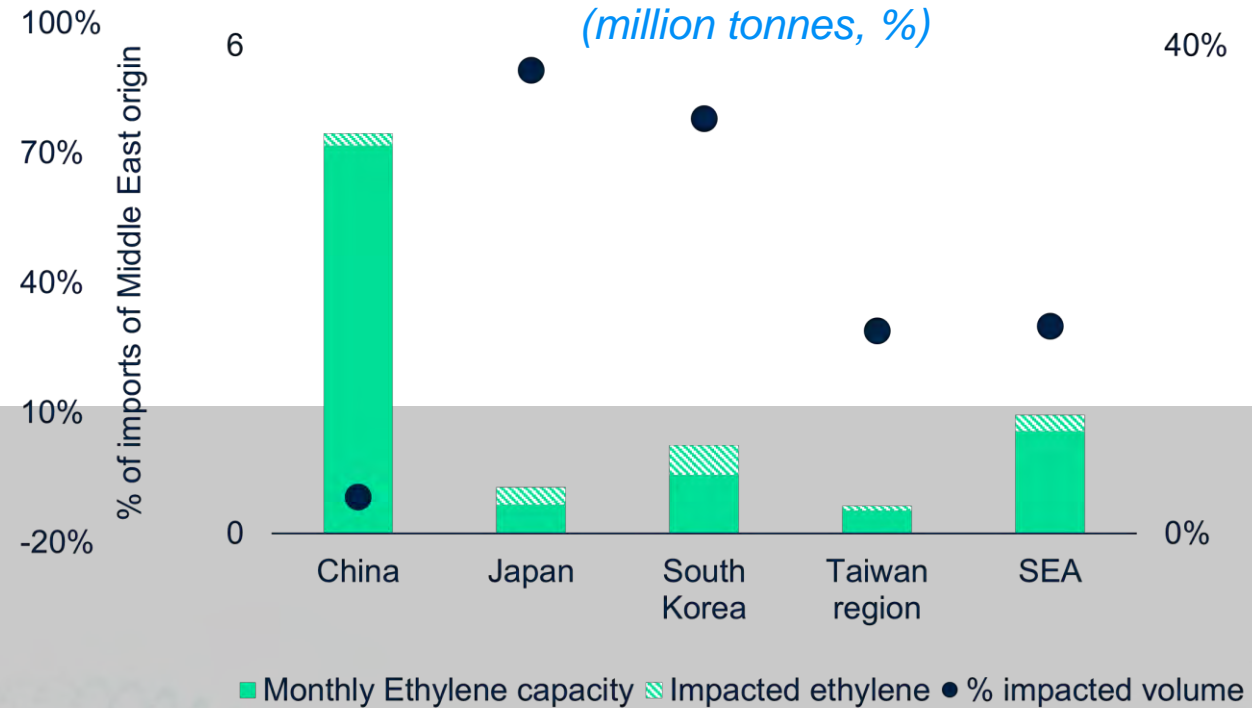
Hormuz blockade threatens Asia SM via Naphtha-Ethylene Chain



Asia monthly naphtha imports (kt)



Impact to Asia monthly ethylene supply (million tonnes, %)



Source: ICIS Supply and Demand Database

Hormuz blockade has limited direct impact on benzene

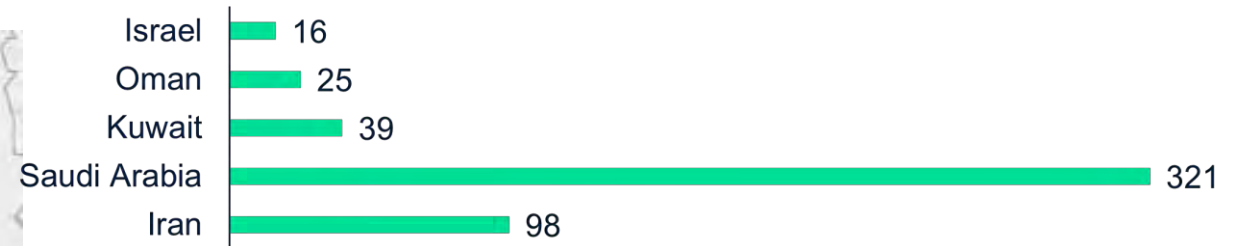


Location of benzene units in the Middle East



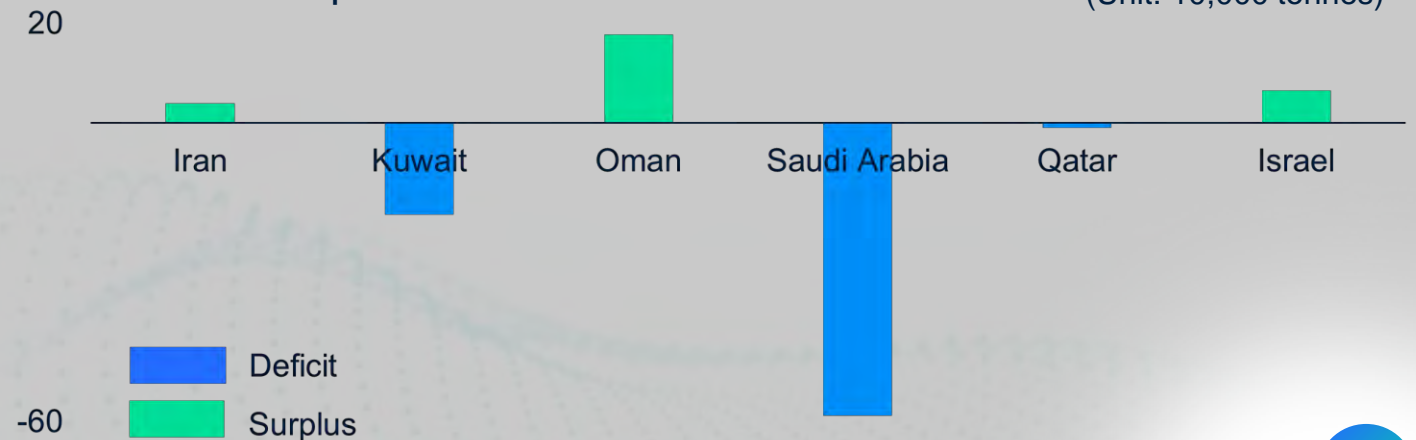
Potentially affected benzene capacity | Approx. 5 million benzene production at risk of disruption

(Unit: 0'000 tonnes/year)



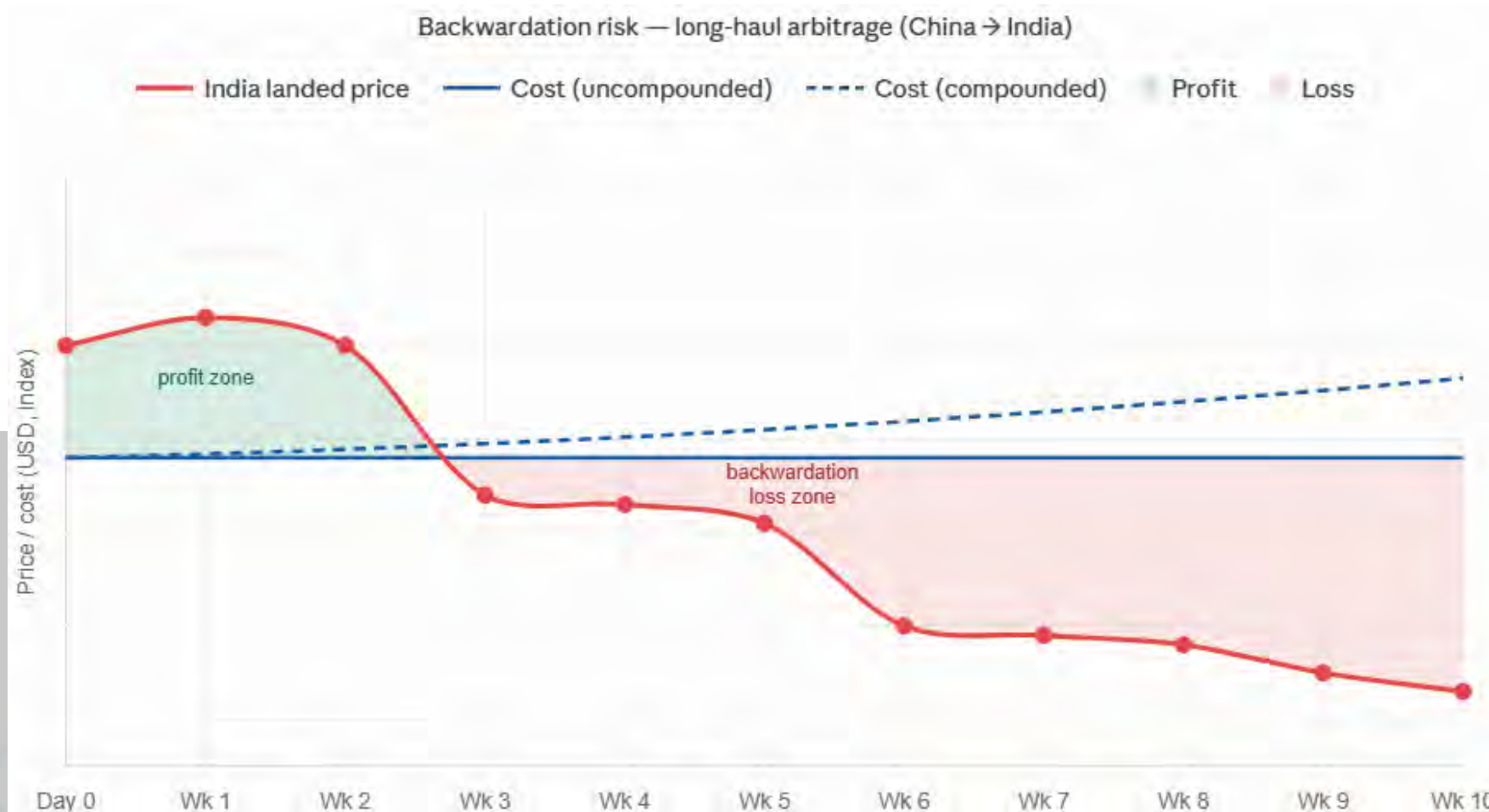
Mideast supply-demand balance | Saudi Arabia, Kuwait and Qatar are benzene net importers

(Unit: 10,000 tonnes)





Strait re-opening creates backwardation and China-India trade risk



FOB China purchase



SOH reopens

FOB China cargo loading



ME cargoes arrive India

China cargoes arrive India

General Asia supply recovering

Hormuz re-opens: recovery lags weeks in east Asia



Delayed recovery

- ▶ Re-opening removes the blockade but physical tanker logistics need time to respond
- ▶ Vessels must be dispatched, loaded and transit to buyers (days to weeks)
- ▶ Crackers that cut run rates cannot instantly restart at full capacity

INDIA (WCI) — Direct impact, faster relief

- ▶ India imports SM directly from Middle East
- ▶ Short lead-time from Strait of Hormuz to West Coast India (Mumbai/Kandla)
- ▶ Supply disruption eases relatively promptly for Indian SM buyers

EAST ASIA — Indirect impact, longer delay

- ▶ East Asia imports feedstocks from Middle East
- ▶ Long lead-time to NE and SE Asia via Malacca Strait
- ▶ Crackers running at reduced rates time to ramp back up fully
- ▶ SM production recovery would be further delayed

Illustrative Recovery Timeline



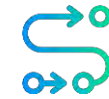


Three key considerations in dynamic SM landscape

Source diversification



- Over-reliance on a single supply origin exposes buyers to outsized disruption risk during unexpected geopolitical or logistical events



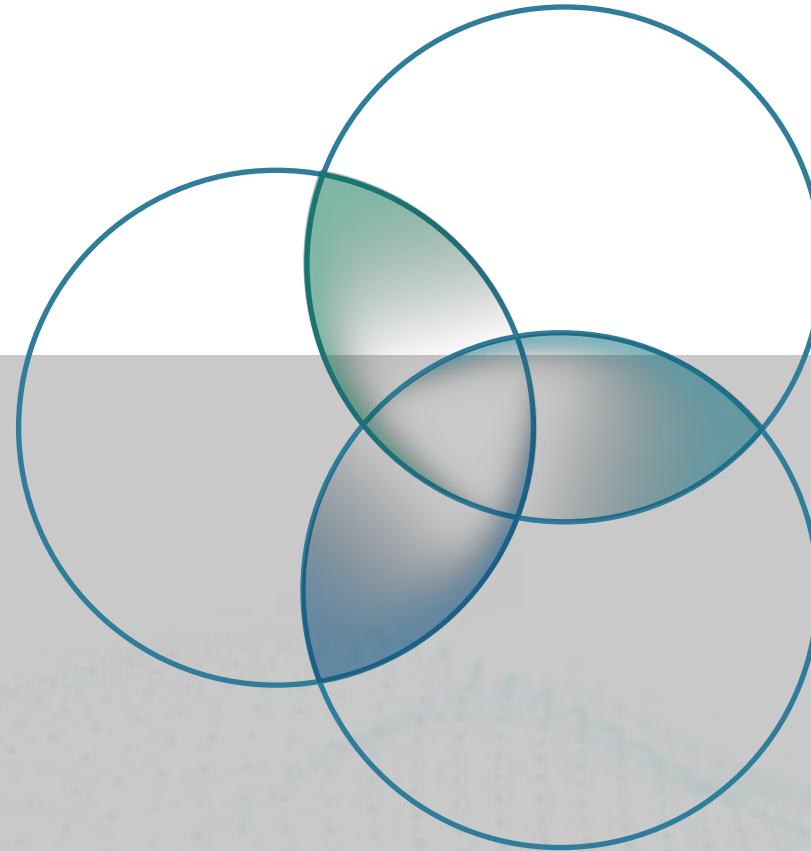
China's supply flexibility

- China's large and fragmented producer base offers spot availability even during periods of regional tightness elsewhere



Pricing benchmark selection

- Cargo valuations may diverge significantly depending on the reference benchmark, creating friction in negotiations and dispute risk



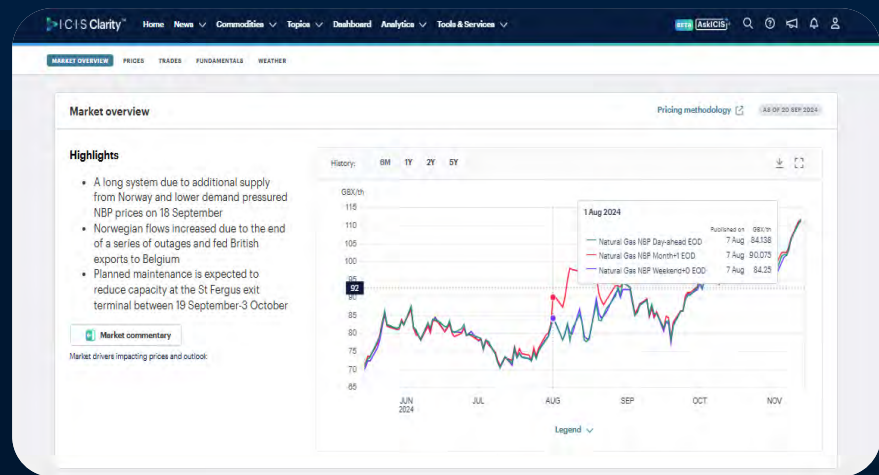
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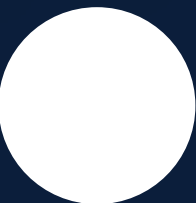
Price · Predict · Perform

Thank you!

Wu Lufei

Senior Editor, ICIS

Luffy.wu@icis.com





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Downstream dilemmas: Rebalancing Asia's styrenics value chain

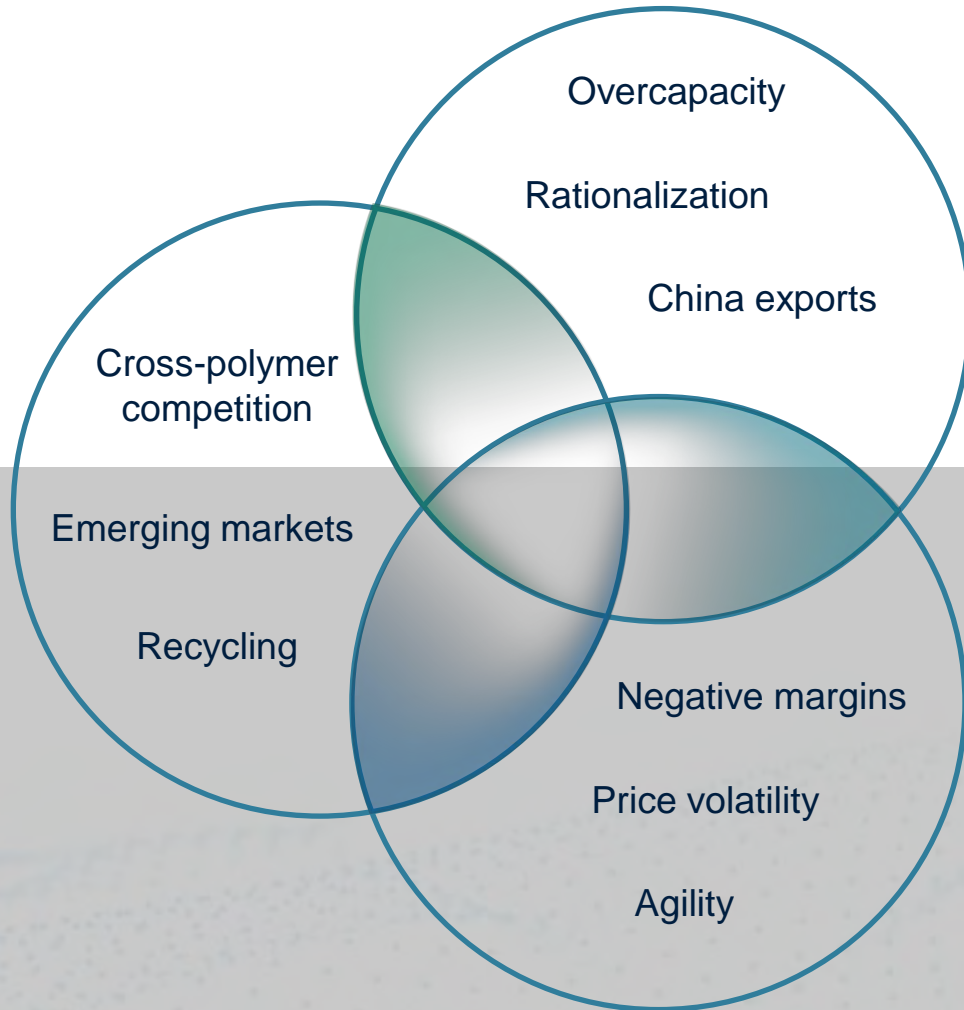
Su Jie

Senior Analyst – Aromatics and Derivatives

ICIS



Agenda



Three dimensions of styrenic polymer market



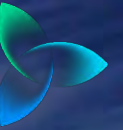
Supply and trade



Consumption



Production economics and price volatility



Supply and trade

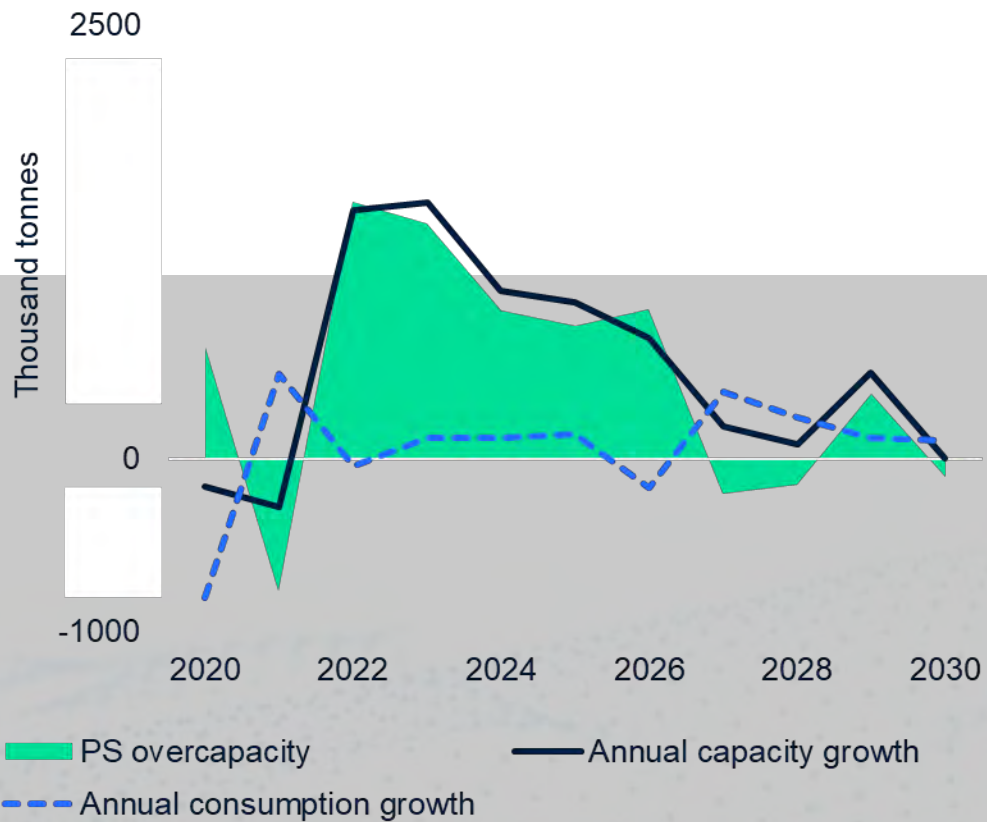
Midterm overcapacity vs short-term supply disruptions



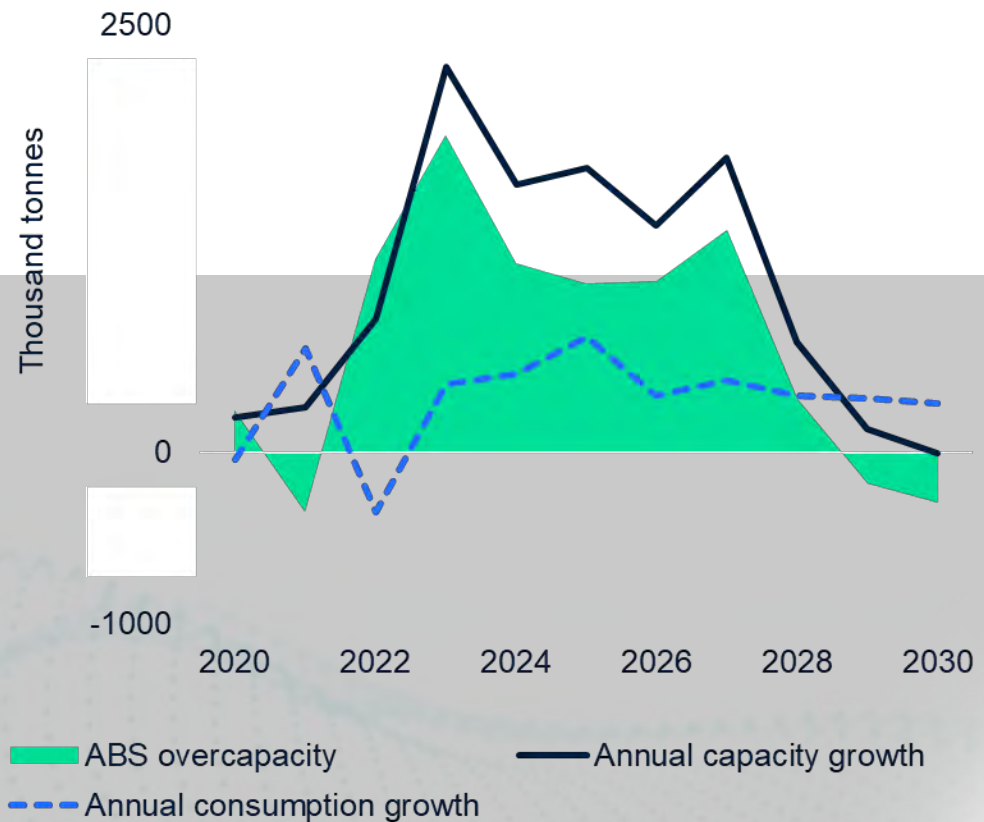
Styrenic polymer markets face overcapacity to varying degrees



Global PS overcapacity



Global ABS overcapacity

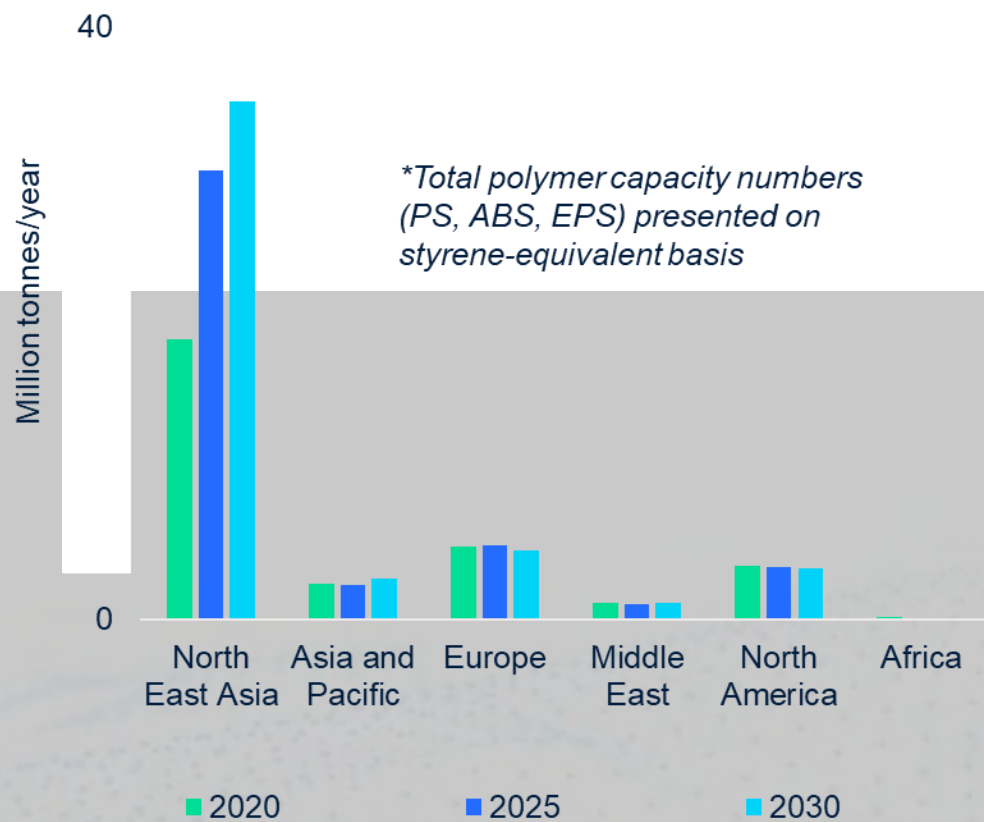


Source: ICIS Supply & Demand Database Spring 2026, last updated May 2026

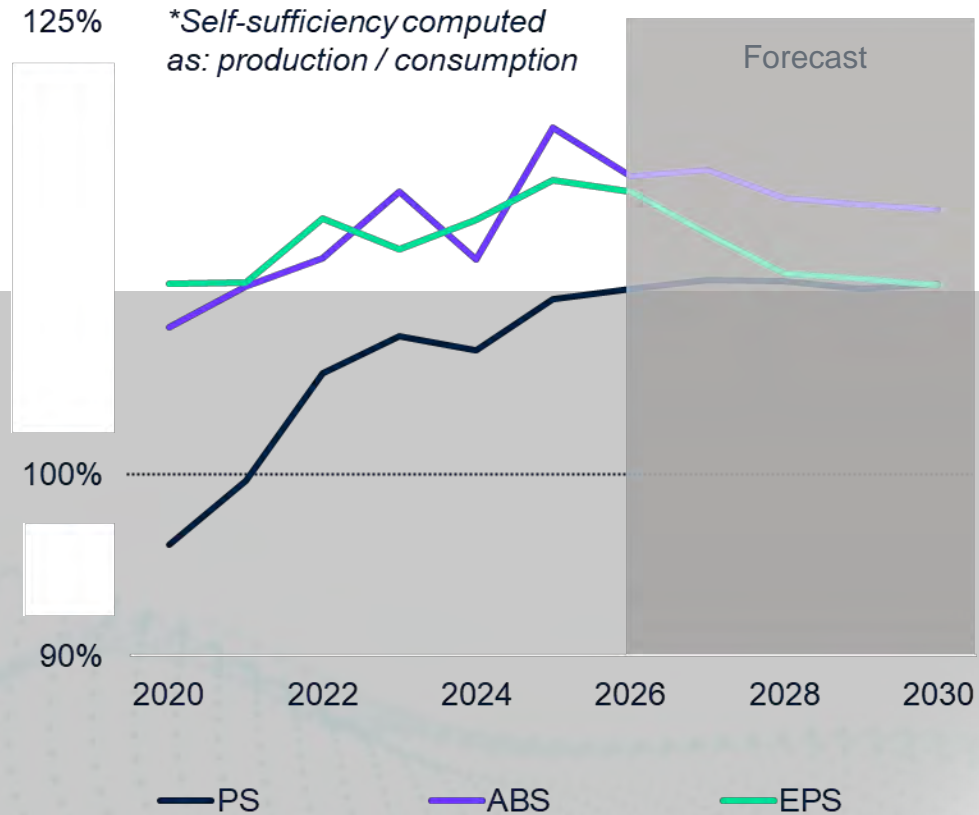
Export-oriented markets increasingly exposed to rationalization risk



Regional styrenic polymer capacity



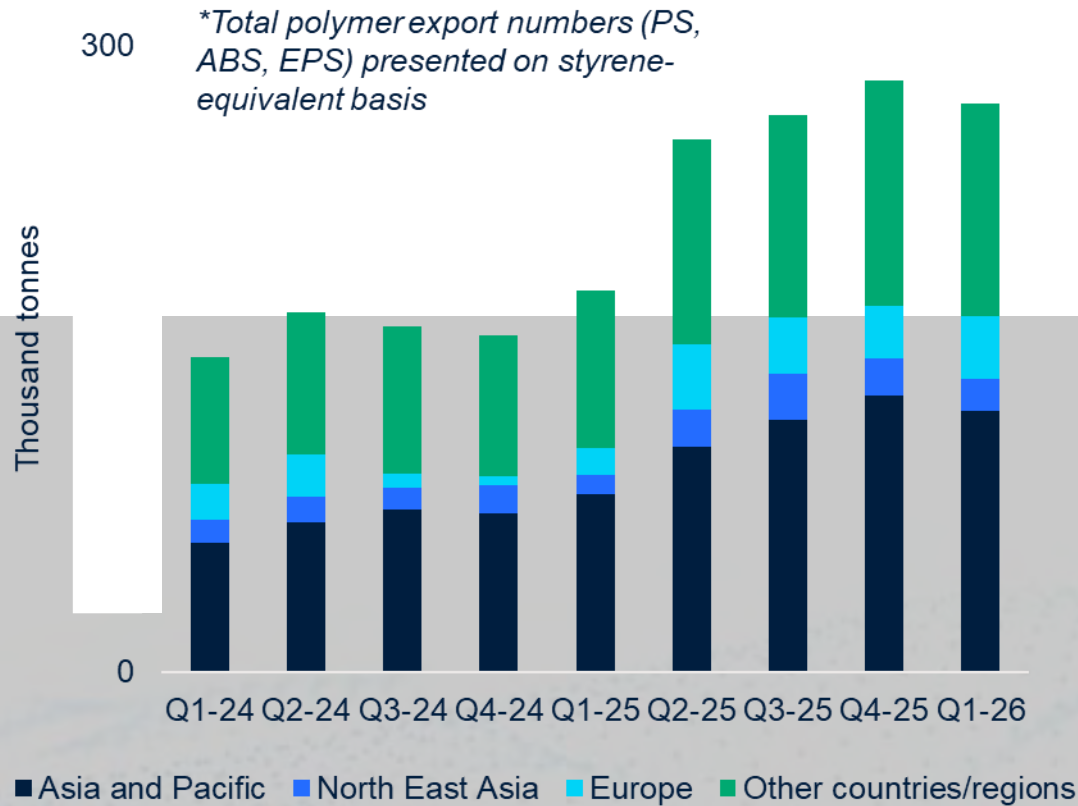
NE Asia styrenic polymer self-sufficiency



China producers work to expand export channels amid fierce domestic competition



China styrenic polymer exports



- Polymers offer alternative vehicles for styrene exports
- Supply disruptions due to Mideast war boosting interest in China exports
- Local capacity expansions in export destination markets are scaling back imports



Consumption

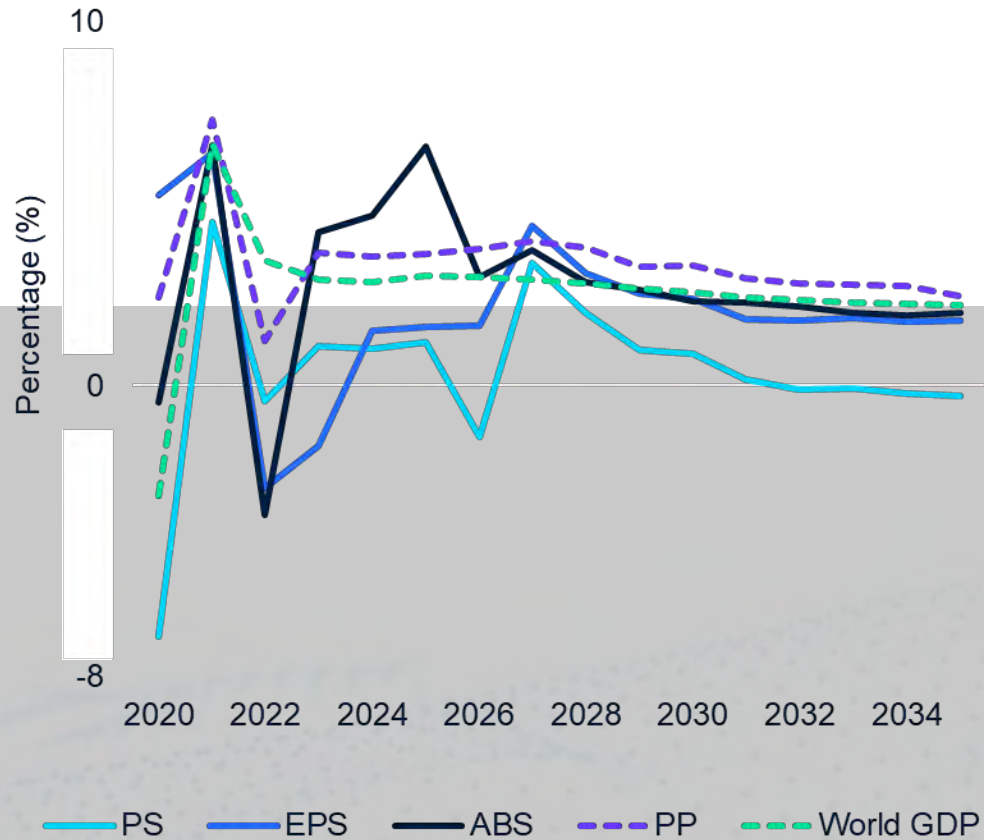
Protracted Mideast war adds further downside risks to demand



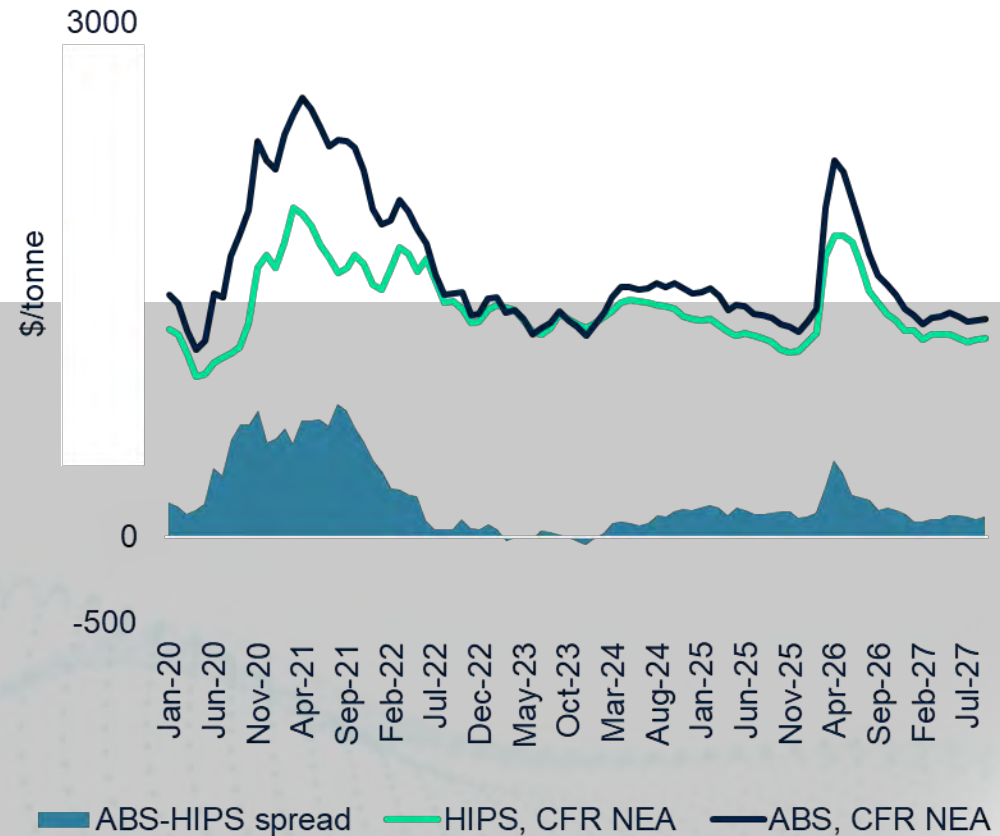
Demand saturation, cross-polymer competition continue to weigh on styrene consumption across major styrenic polymer markets



Global polymer consumption growth



Asia ABS, HIPS price comparison



Protracted Mideast war amplifying downside risks for high-growth destination markets



Main consuming sectors

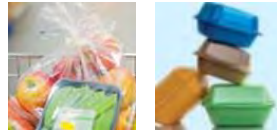
Construction

EPS, ABS



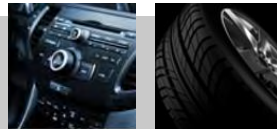
Packaging

PS, EPS



Automotive

ABS, SBR



Electric & Electronics

ABS, PS



Consumer Goods

PS, ABS

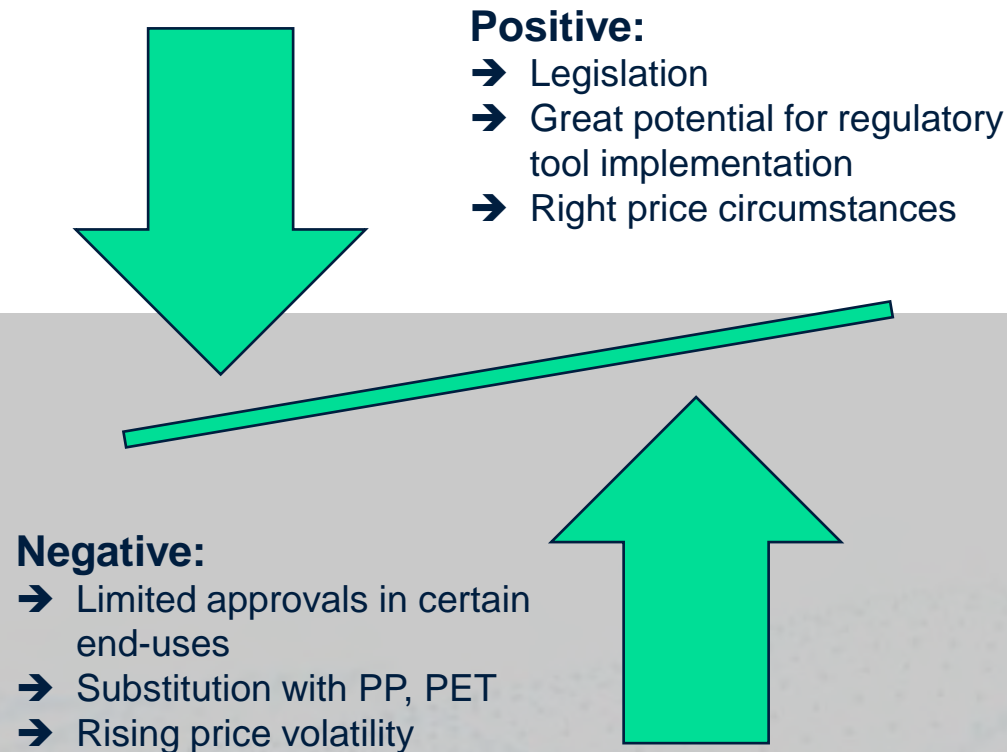


- Conflict disrupting both feedstock sourcing, finished product distribution
- Destocking following price spikes helps mitigate short-term impacts
- Prolonged Mideast war could weigh on end-user demand through multiple channels

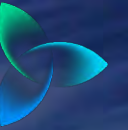
Circularity potential of styrenics: low market penetration with increasing plastic-related legislation



Market drivers and obstacles



- Plastics-related regulation is becoming increasingly global and more restrictive
- Europe leads on policy depth; Asia shows mixed progress
- Structural policy frameworks are emerging beyond outright bans



Production economics and price volatility

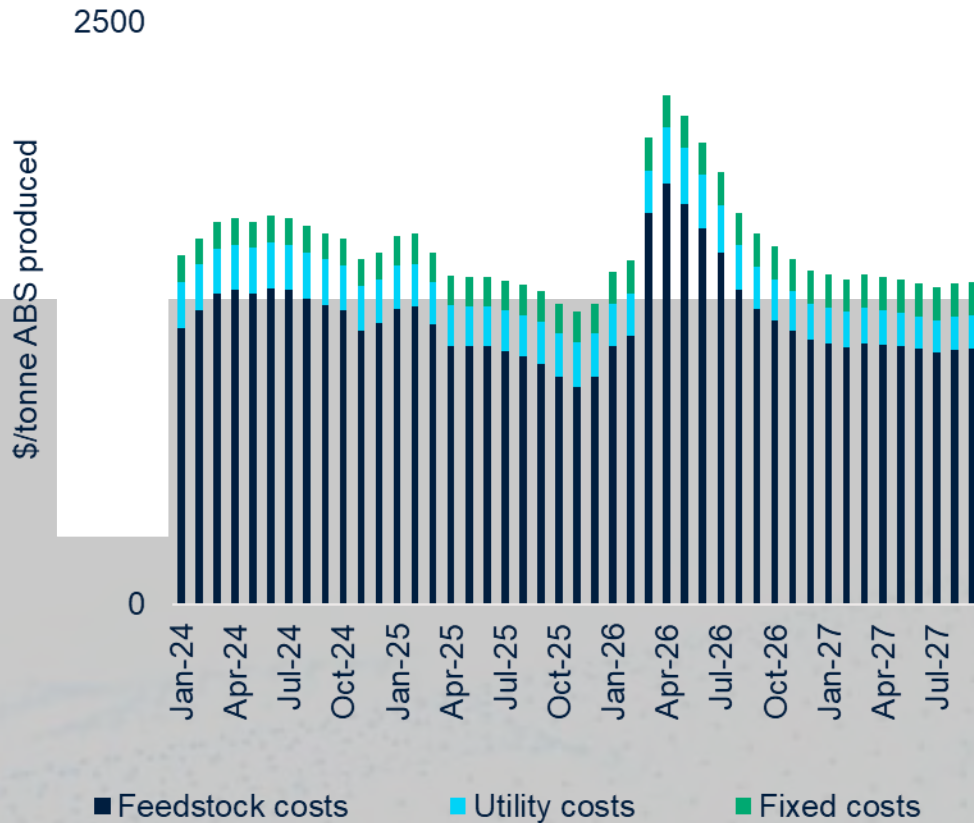
Flexibility and diversity to define the winners



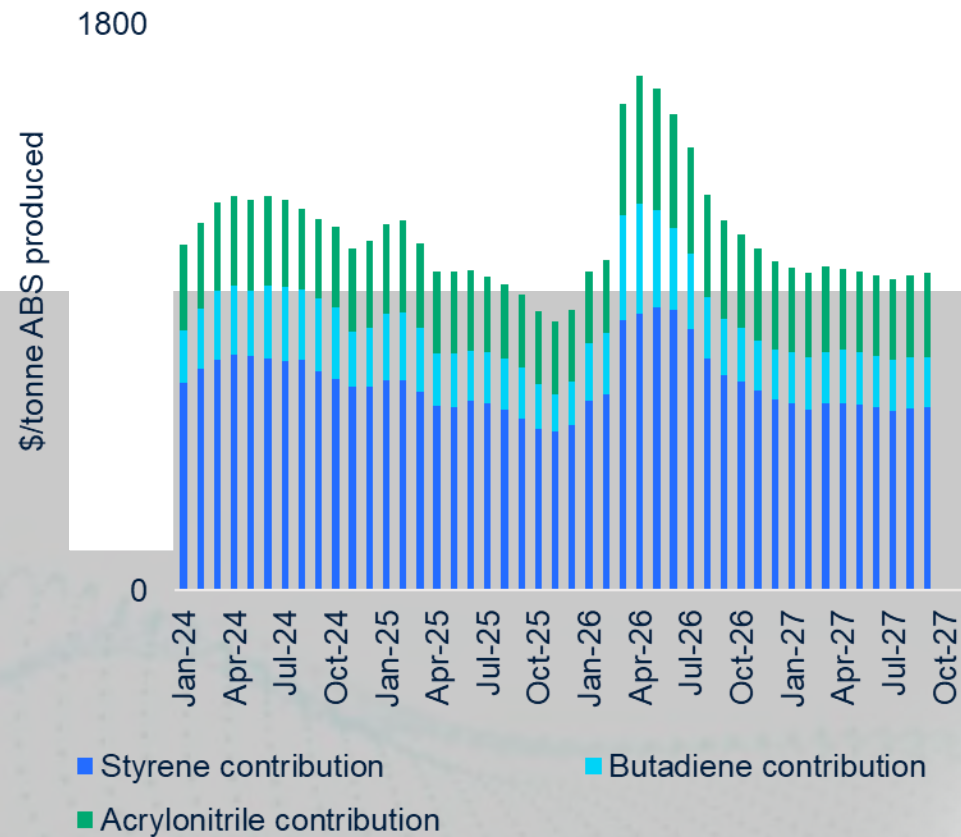
Integrated producers better placed to capitalize on changing market dynamics



Asia ABS cash cost breakdown



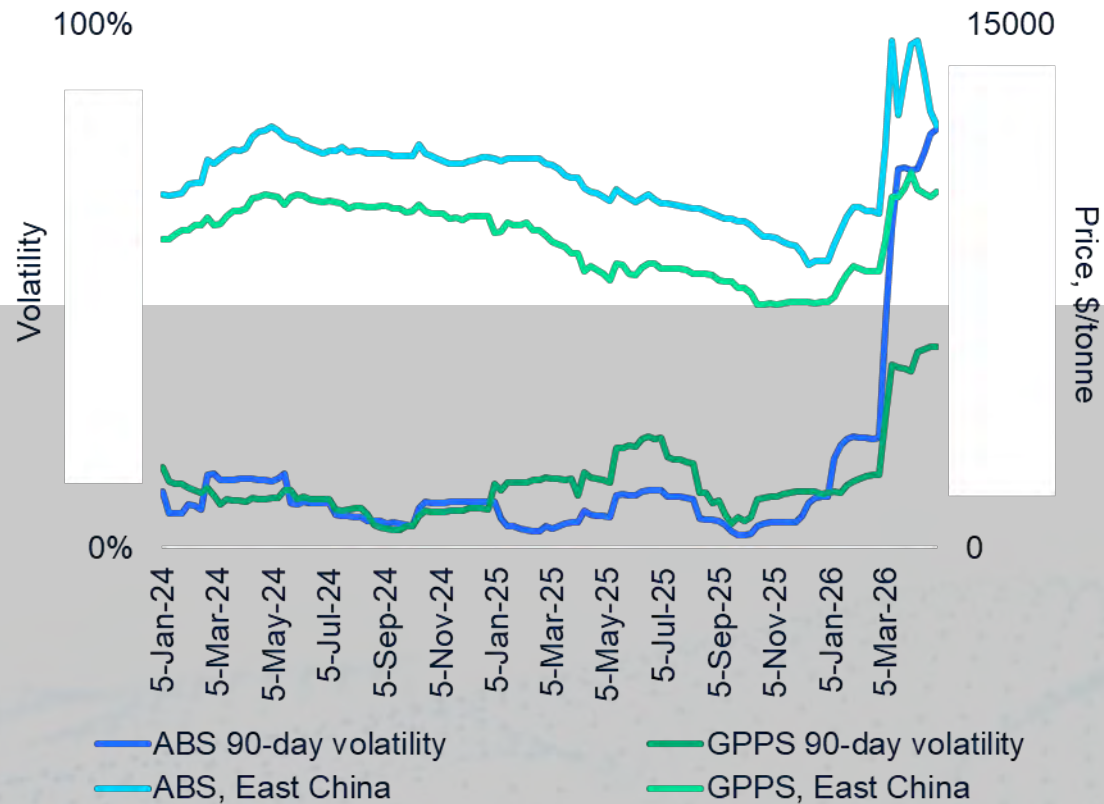
Asia ABS feedstock cost breakdown



Rising price volatility is driving demand for enhanced cost and sales management strategies



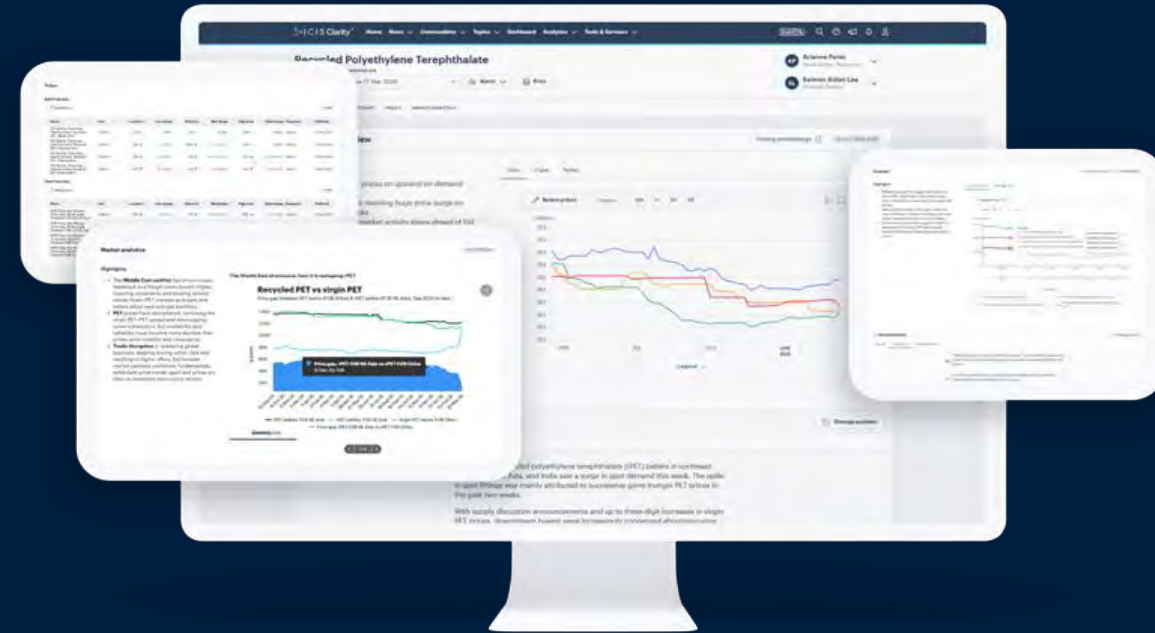
China styrenic polymer price historical volatility (HV)
(Moving 90-day HV, January 2024-May 2026)



- Increased price volatility during market downturns adds pressure to cost management
- War-driven volatility is likely to remain elevated for an extended period
- Tailored hedging strategies can help mitigate volatility-related impacts



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CHEMICAL MARKET ANALYTICS



Styrene market outlook

Is the Turnaround Visible? Reassessing Fundamentals and Momentum

28 May 2026

Brian Lee
Executive Director Asia Aromatics
Brian.lee@Chemicalmarketanalytics.com

Agenda



Middle East impact & China's emerging opportunities

Persistent overcapacity & western volatility

Accelerated rationalization leading to market rebalance

Slow demand recovery & sustainability pressures



Heightened Geopolitical Risks are Redefining Supply Chains

- Shifted from a "rules-first" to a "risk-first" environment due to Middle East disruptions (Iran/Strait of Hormuz)
- Prioritizing supply chain resilience over mere cost optimization, embedding a "risk premium" into markets



The Global Economy is Moving Toward "Regionalization"

- Transitioning from broad globalization to regional trade in response to tariffs and geopolitical instability
- Focusing on "friend-shoring" and local production to mitigate the risks of volatile global supply chains



A Persistent Oversupply and Rationalization Phase

- Facing severe industry overcapacity, primarily driven by massive production build-ups in China
- Accelerating industry rationalization, forcing the closure or sale of non-cost-competitive assets to survive

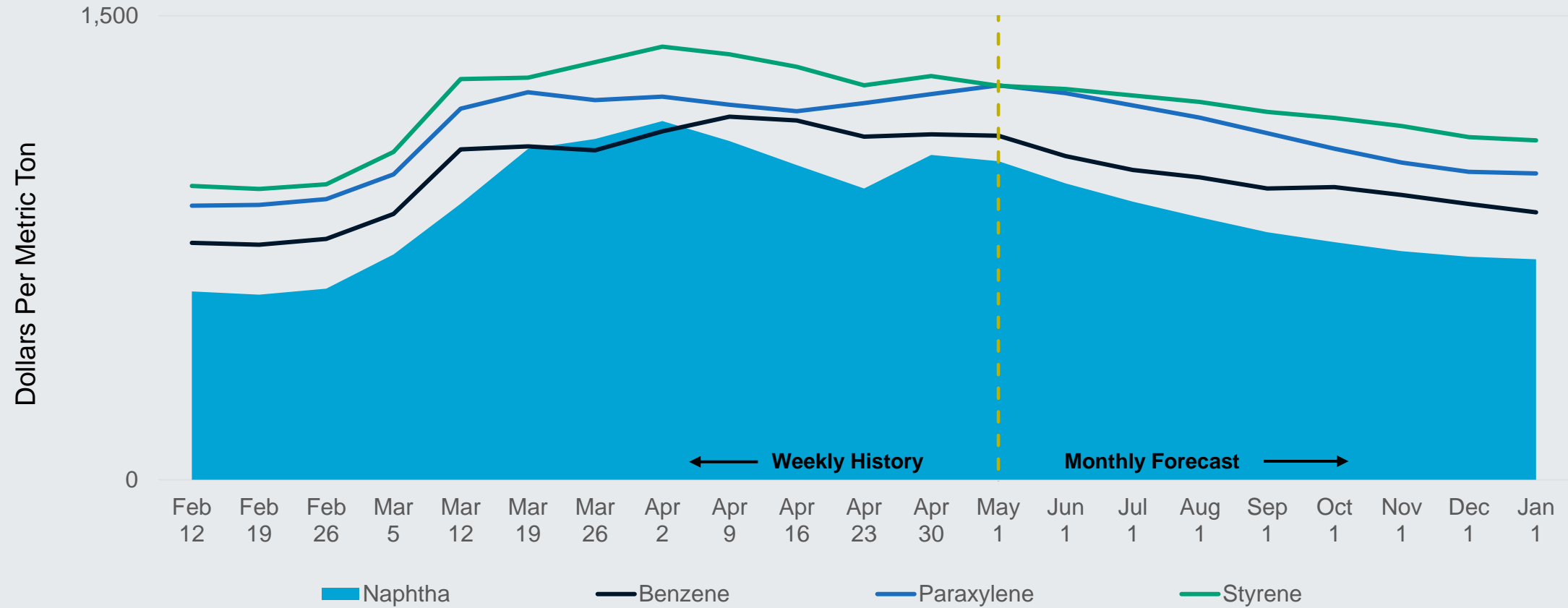


The "Energy Trilemma" has Shifted Toward Security and Affordability

- Reprioritizing energy security and affordability over the previous heavy focus on sustainability
- Adopting a pragmatic, "all of the above" energy mix to ensure stable economic growth amid supply disruptions

Product price increases did not keep up with naphtha which has seen the maximum impact on supply.

Aromatics Prices in Asia

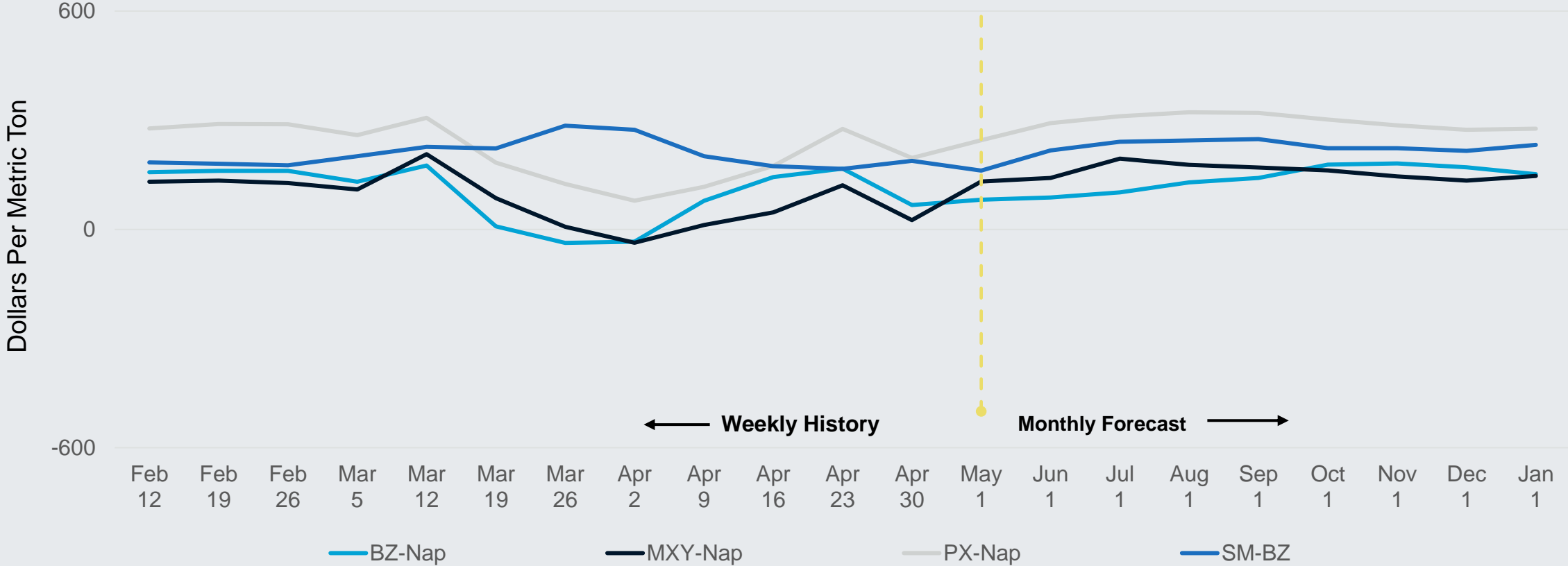


Source: Chemical Market Analytics by OPIS

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Margins have declined sharply and will improve only gradually

Product Spreads



Source: Chemical Market Analytics by OPIS

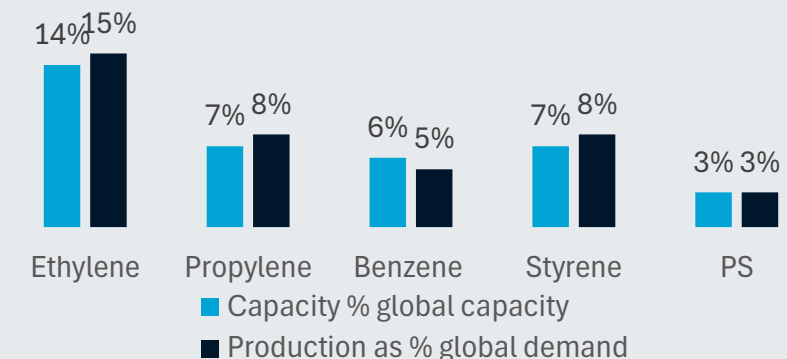
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Chemicals Supply Risk: Middle East vs Global Totals



Source: Oxford Analytica

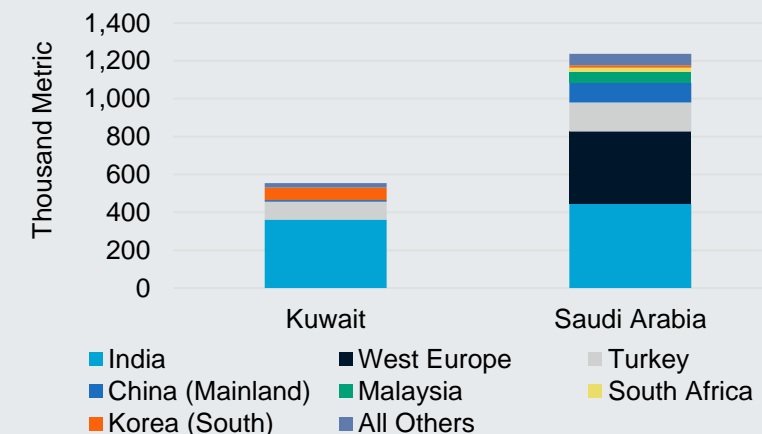
Iran, Saudi Arabia, Kuwait, Bahrain, Qatar, UAE, Oman, Israel-2026 Total



Source: Chemical Market Analytics by OPIS

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Styrene Export in Middle East

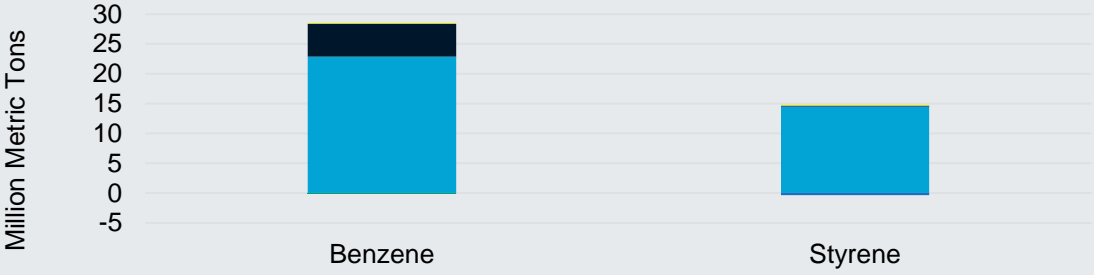


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Limited direct impact from capacity outages in Middle East, except on the India Subcontinent.

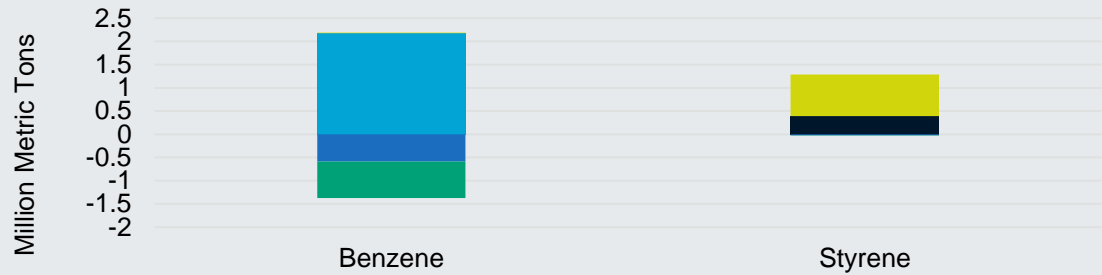
Mainland China



Source: Chemical Market Analytics by OPIS

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India Subcontinent

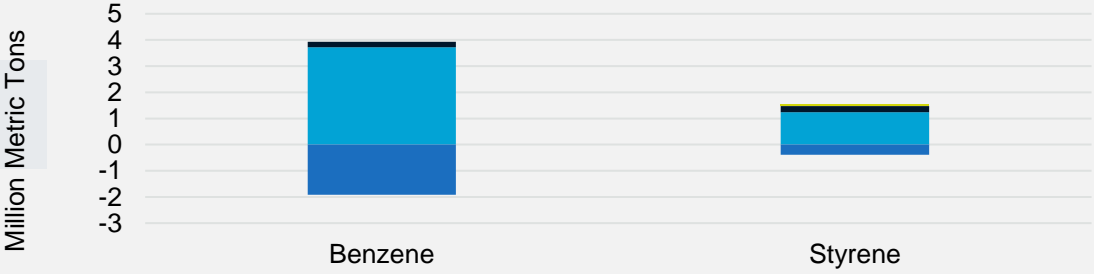


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■ Domestic Supply ■ Imports ■ Imports from Hormuz ■ Exports ■ Exports to Hormuz

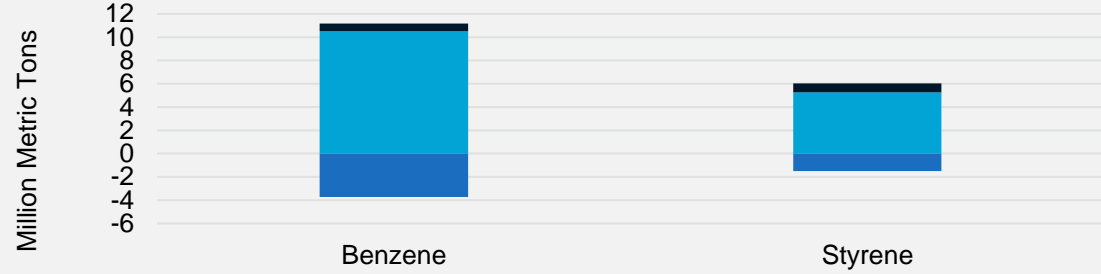
South East Asia



Source: Chemical Market Analytics by OPIS

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North East Asia excluding mainland China



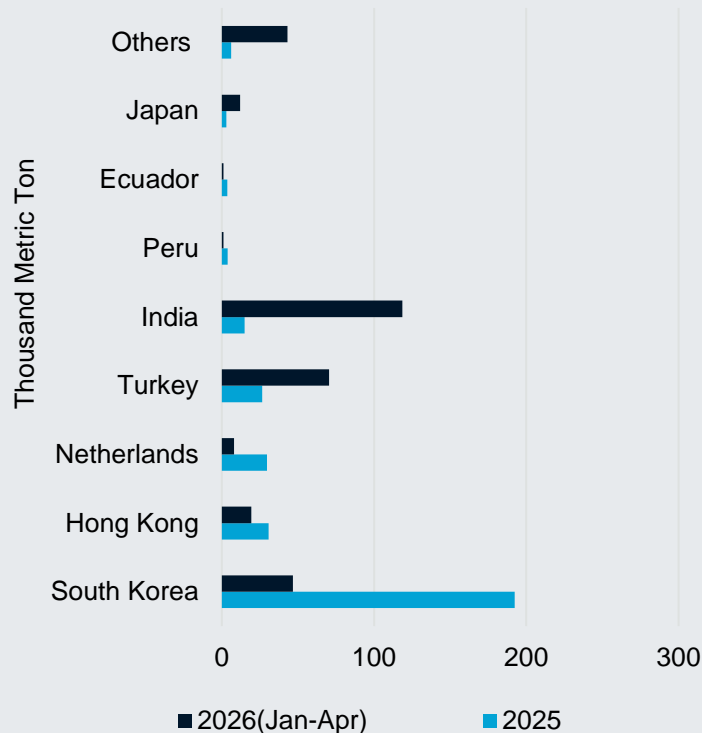
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■ Domestic Supply ■ Imports ■ Imports from Hormuz ■ Exports ■ Exports to Hormuz

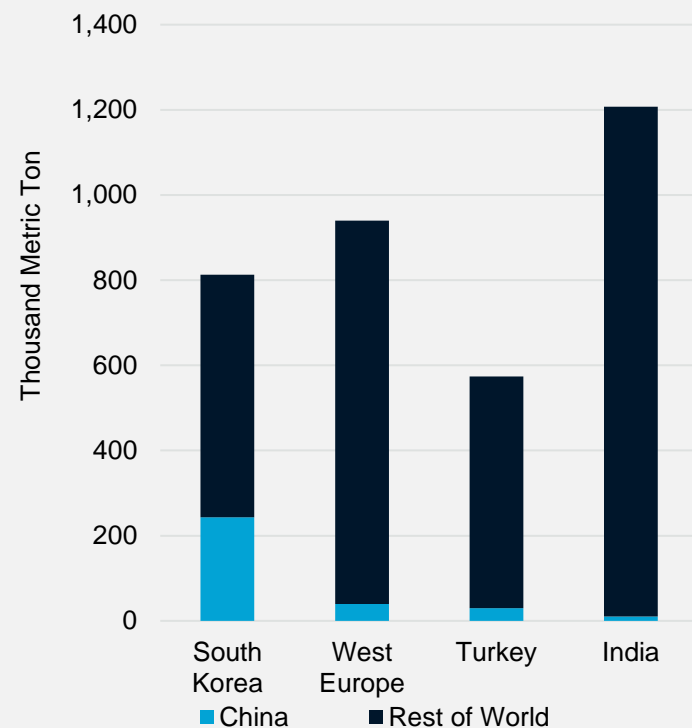
Key Opportunity in mainland China

China Styrene Export



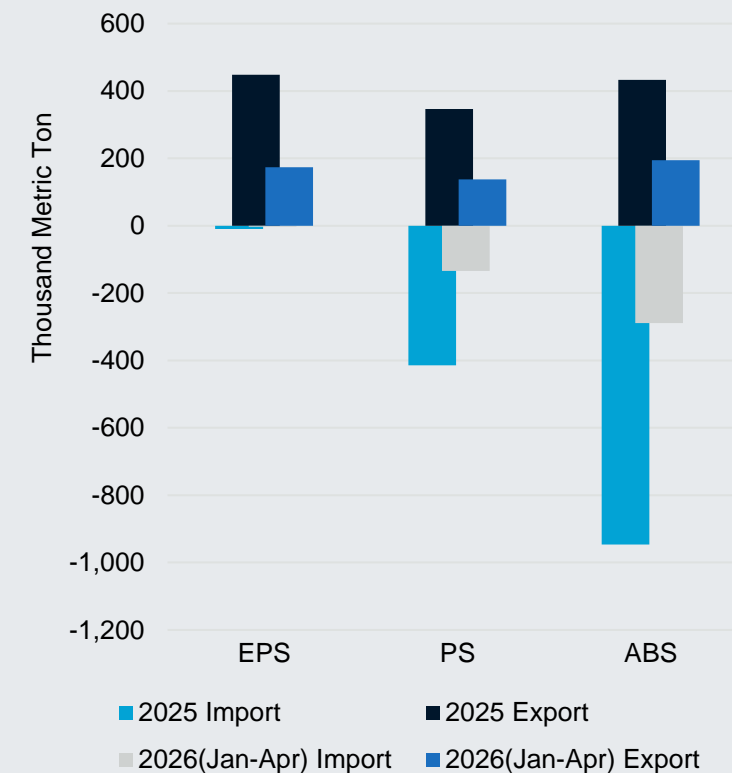
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China's Styrene Share in Major Destination Import Markets in 2025



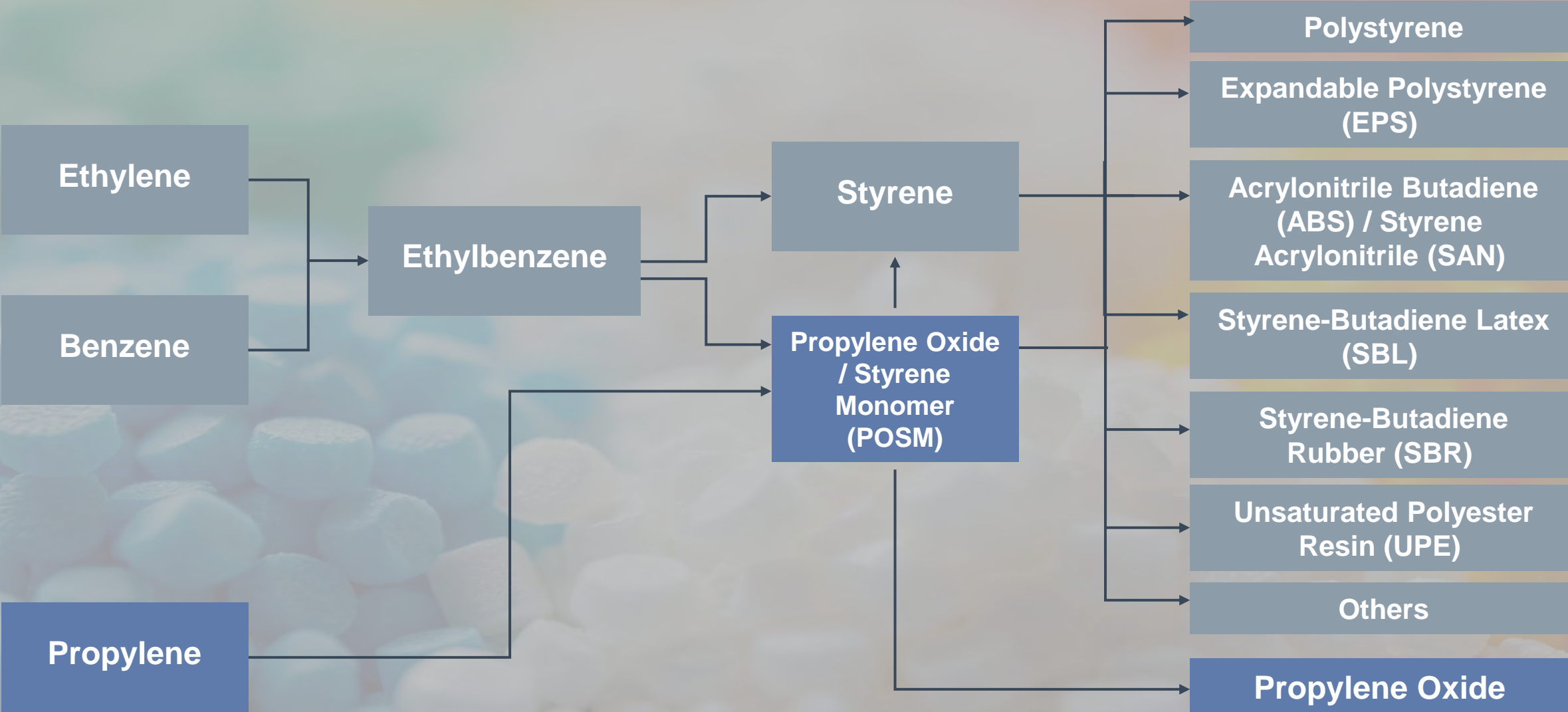
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China Polymer Import & Export

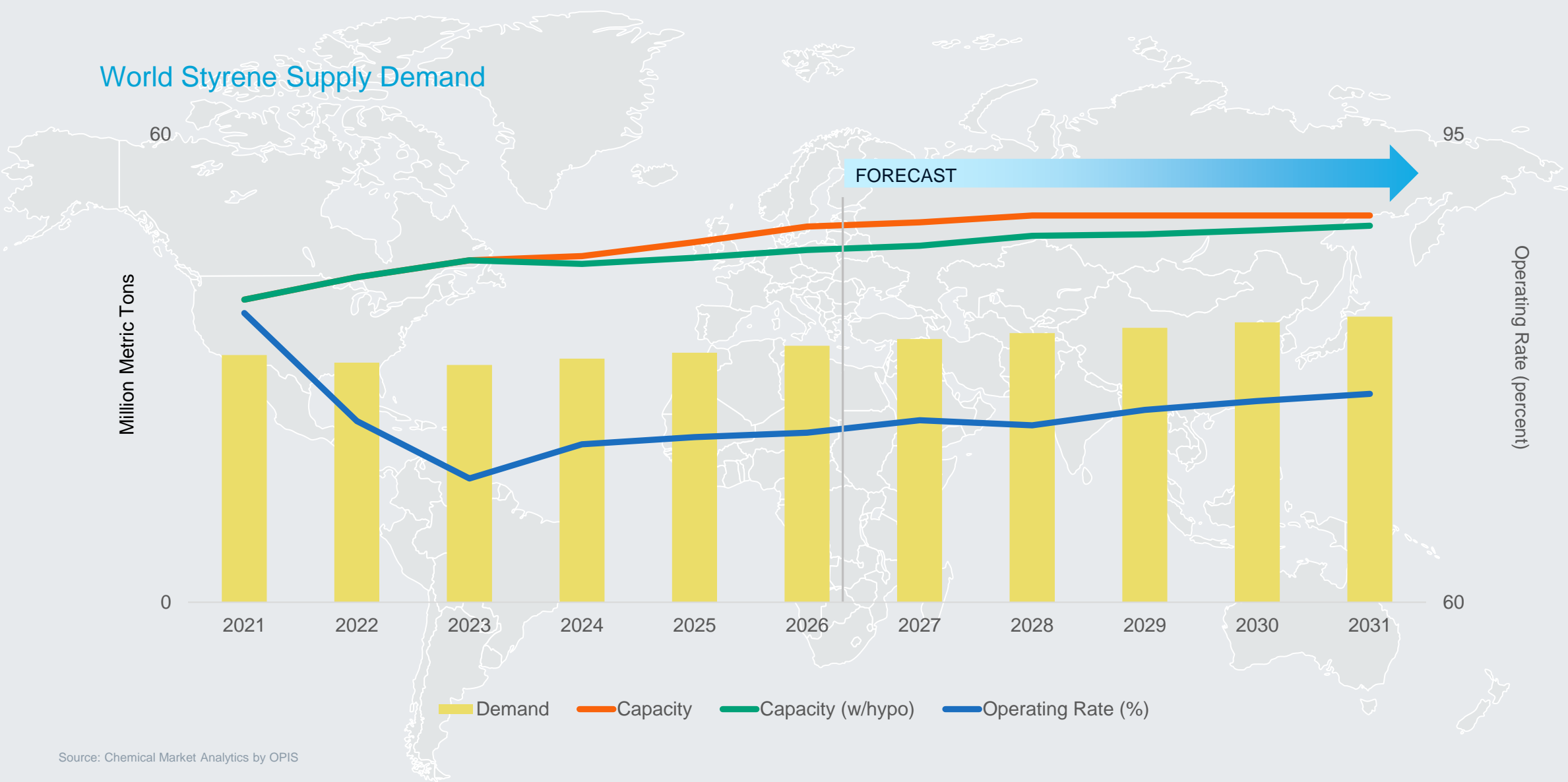


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Styrene production and consumption



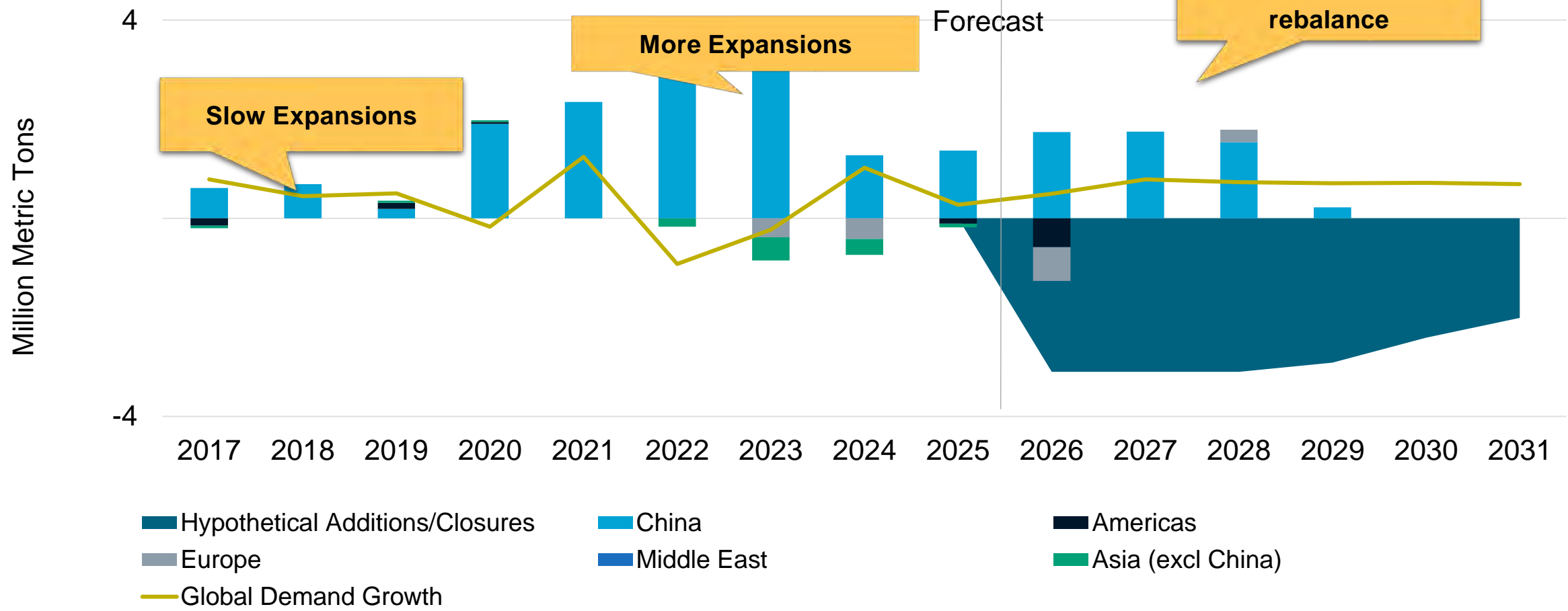
Styrene is in the midst of an extended trough



Source: Chemical Market Analytics by OPIS

Rationalization is needed to rebalance the styrene market

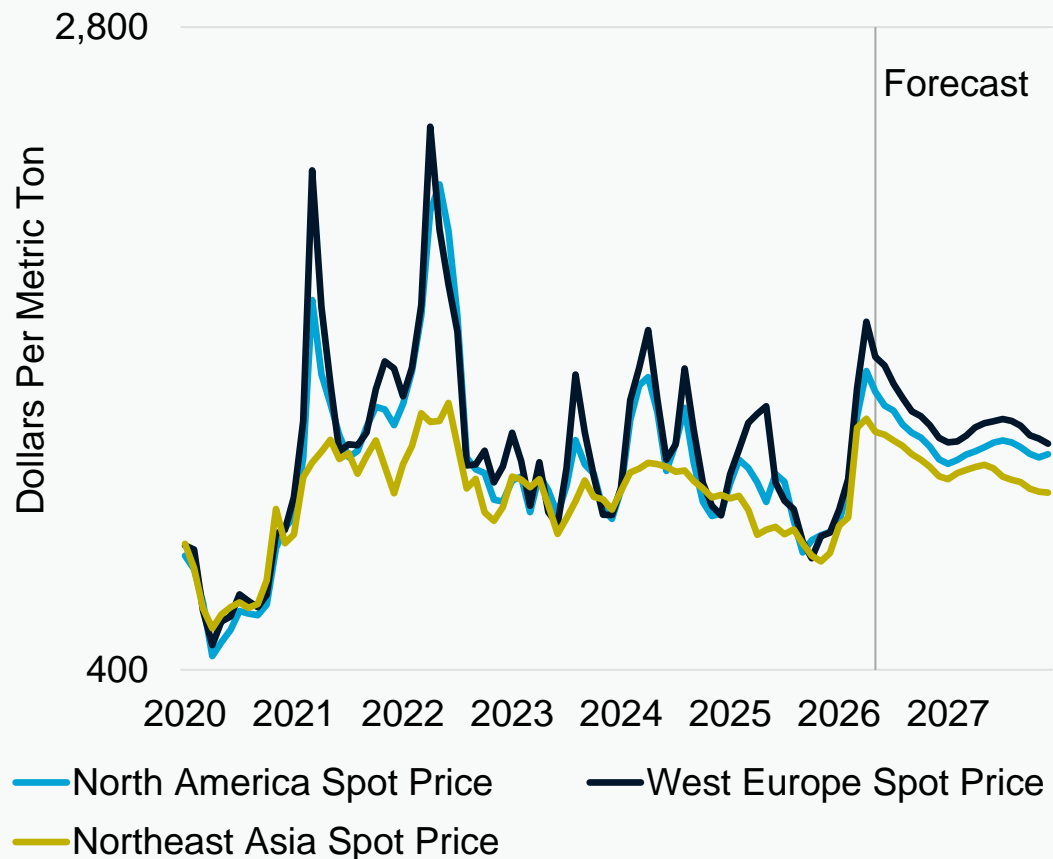
Capacity expansions versus demand growth



Source: Chemical Market Analytics by OPIS

Markets in the west have separated from the east

Global styrene spot price comparison

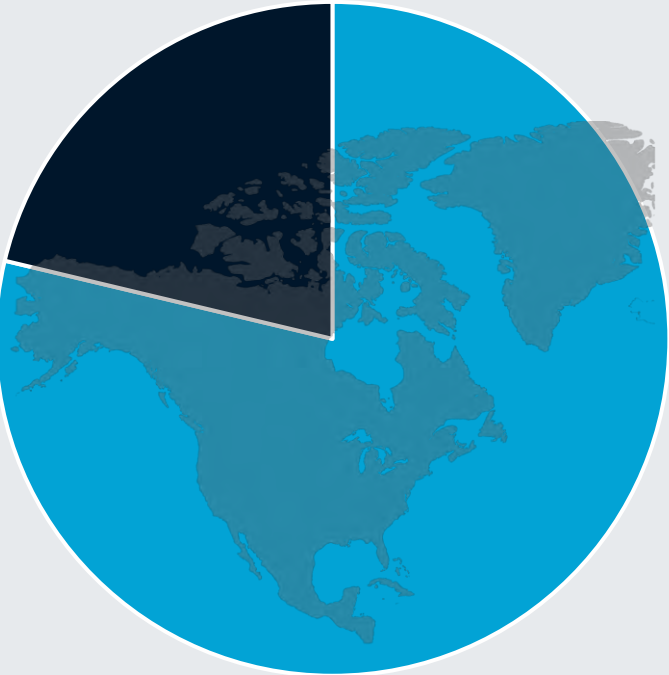


- Planned/unplanned outages and disruptions caused spot prices and margins in the west to surge.
- In Western Europe, price fluctuations persist despite stagnant demand, as rationalization has limited the number of operable plants and increased reliance on imports.
- Price movements in Asia are diverging from the Western market, driven by the heavy concentration of new capacity additions in the region

PO SM's impact on the market grows in the west

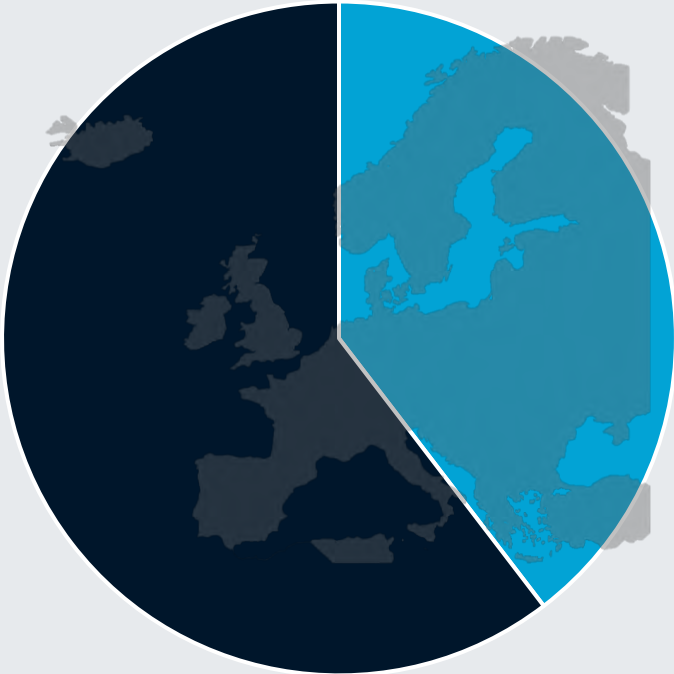
Europe becomes heavily influenced by propylene oxide (PO) after rationalization of ethylbenzene styrene monomer (EBSM) and POSM-driven expansions in Asia link styrene supply to PO market conditions

North America



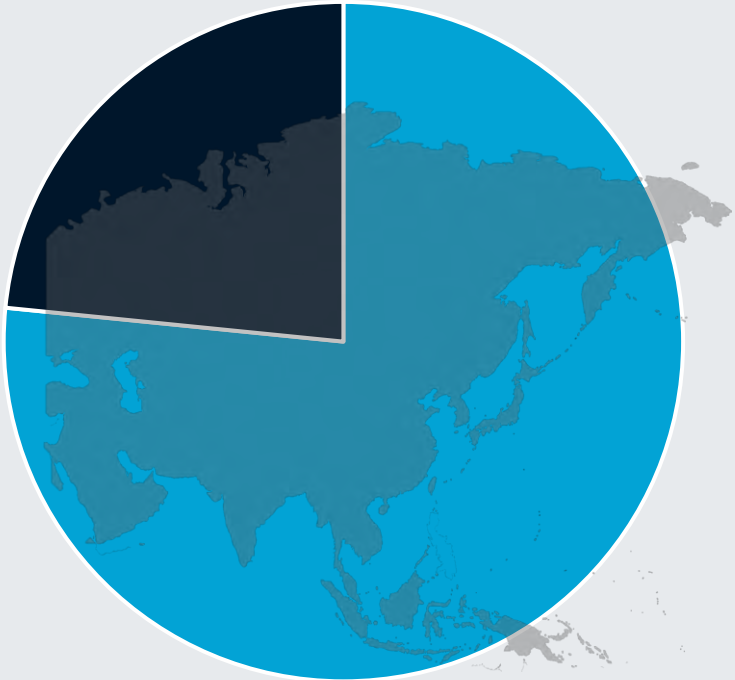
■ EB/SM ■ PO/SM

Europe



■ EB/SM ■ PO/SM

Asia

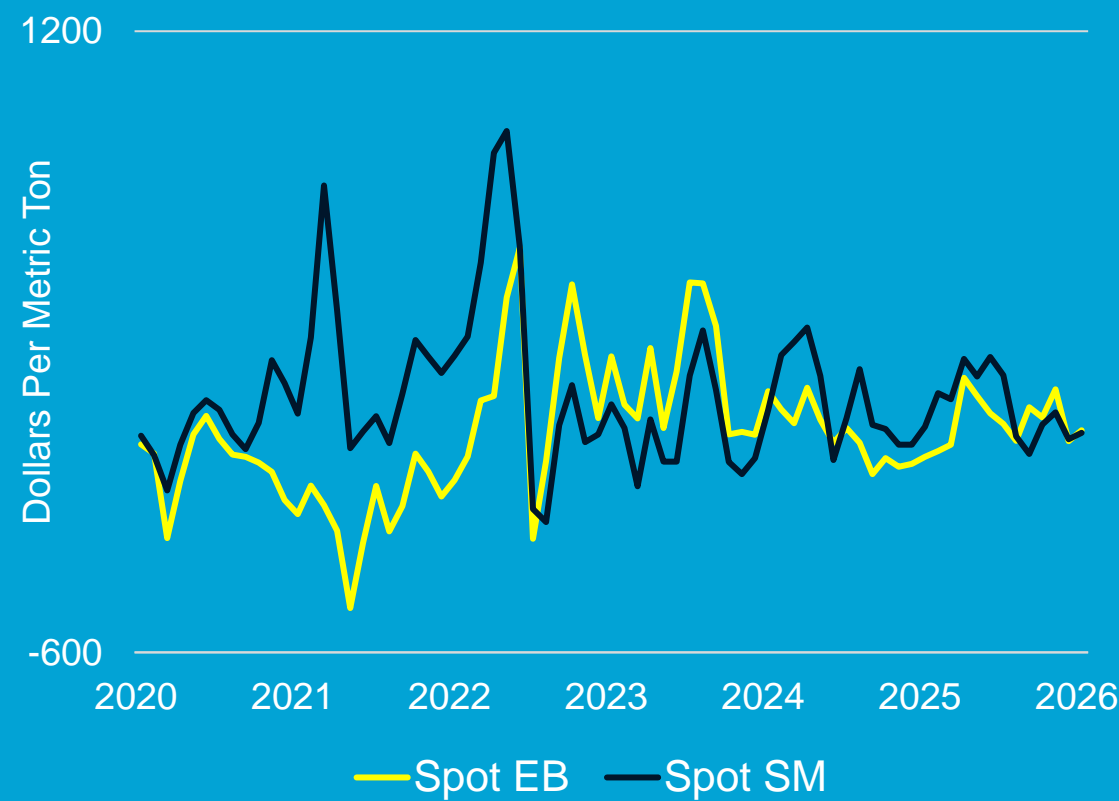


■ EB/SM ■ PO/SM

Opportunistic EB sales to blending market expected to persist

- Unexpected ethylbenzene (EB) demand from the octane market provided a crucial buffer for producers while styrene margins remained under pressure
- This trend remains largely confined to the U.S. market, despite some recent movement observed in Europe
- Overall volume expected to decrease, yet opportunistic activities will remain tied to octane market trends

US monthly EB margins vs SM margins

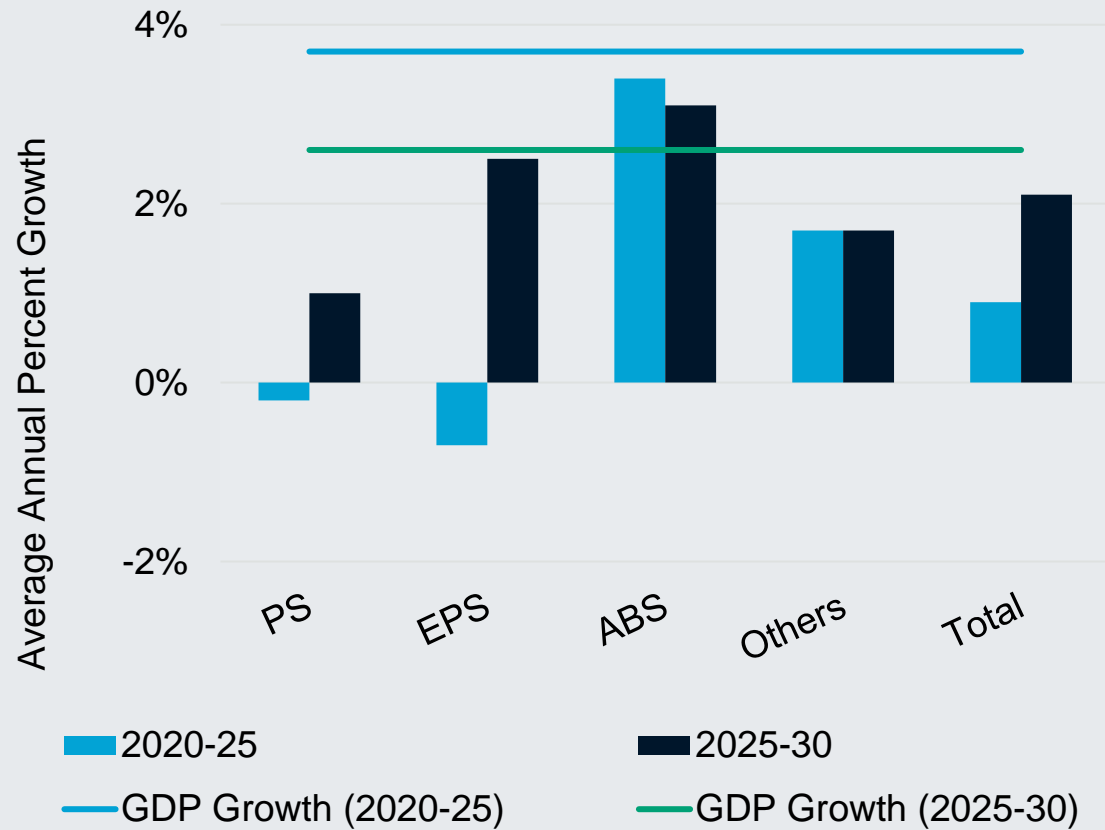


Source: Chemical Market Analytics by OPIS

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Styrene demand growth will follow GDP for the next five years

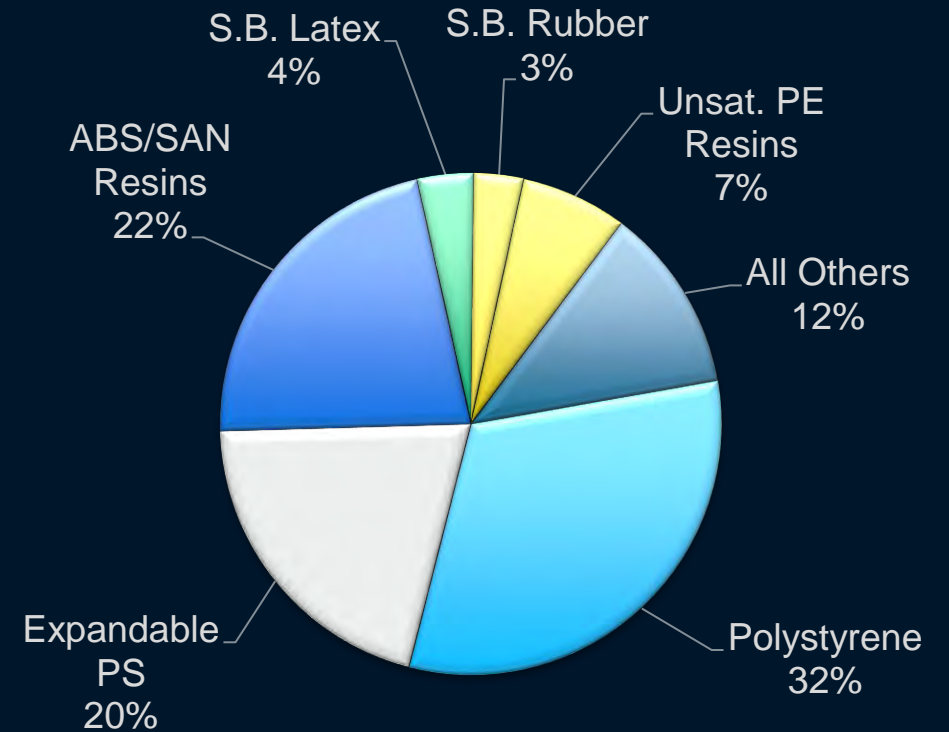
Styrene Demand Growth



Source: Chemical Market Analytics by OPIS

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World: 2025 Styrene demand

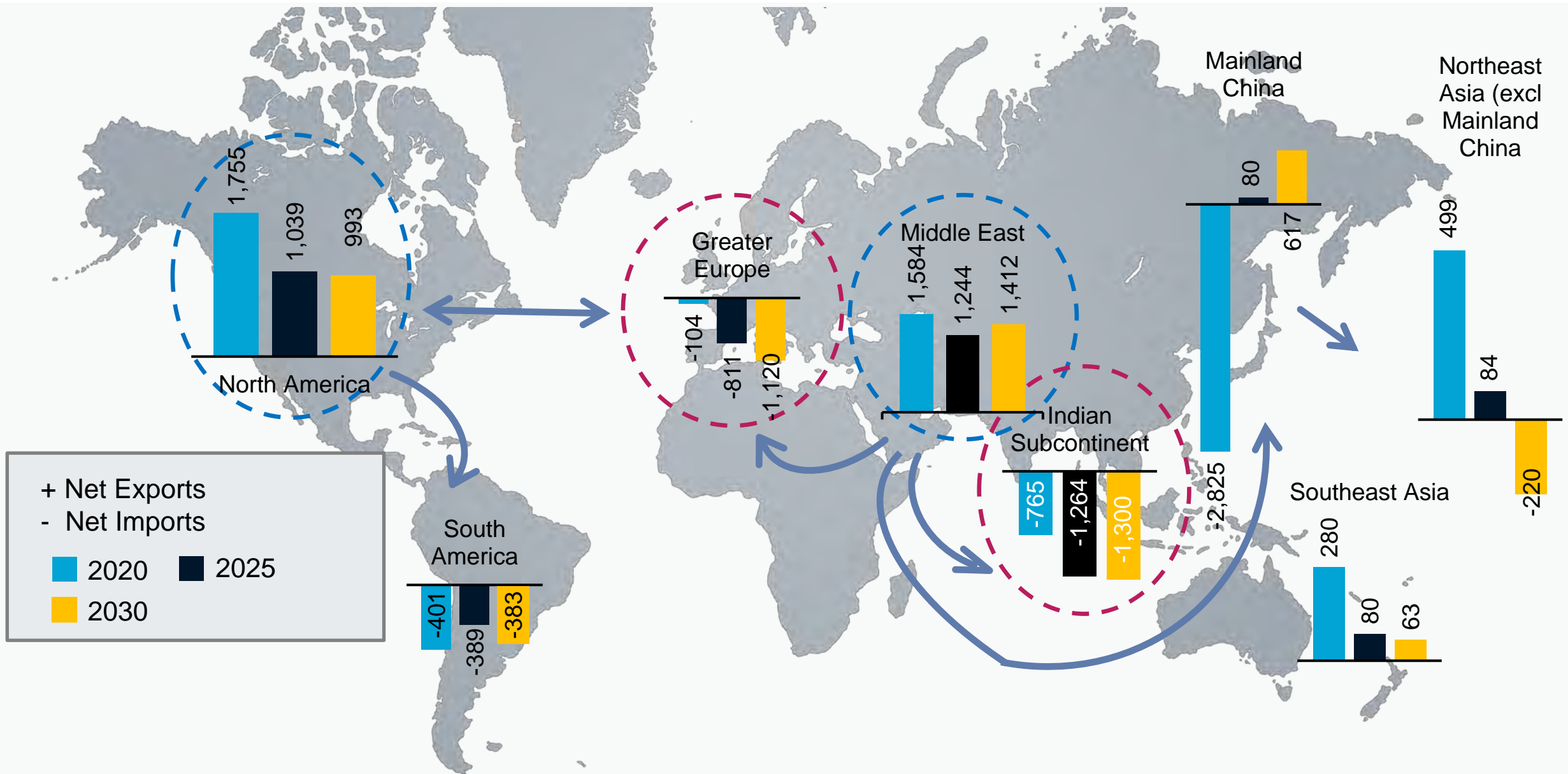


Demand = 31.9 Million Metric Tons

Source: Chemical Market Analytics by OPIS

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Styrene exporters face challenges



Key unique characteristics in every region and rationalization

West Europe

- Cost disadvantaged
- Stagnant demand growth
- Competition from imports
- Single Use Plastics ban

Mainland China

- Many small plants without feedstock
- Severe competition with new capacities
- + Stronger demand growth

North America

- Net long balance
- Stagnant demand growth
- + Cost competitive

Middle East

- Net long balance
- + Cost advantaged
- + Steady export demand

Northeast Asia (ex China)

- Net long balance
- Cost disadvantaged
- Slow demand growth

Southeast Asia

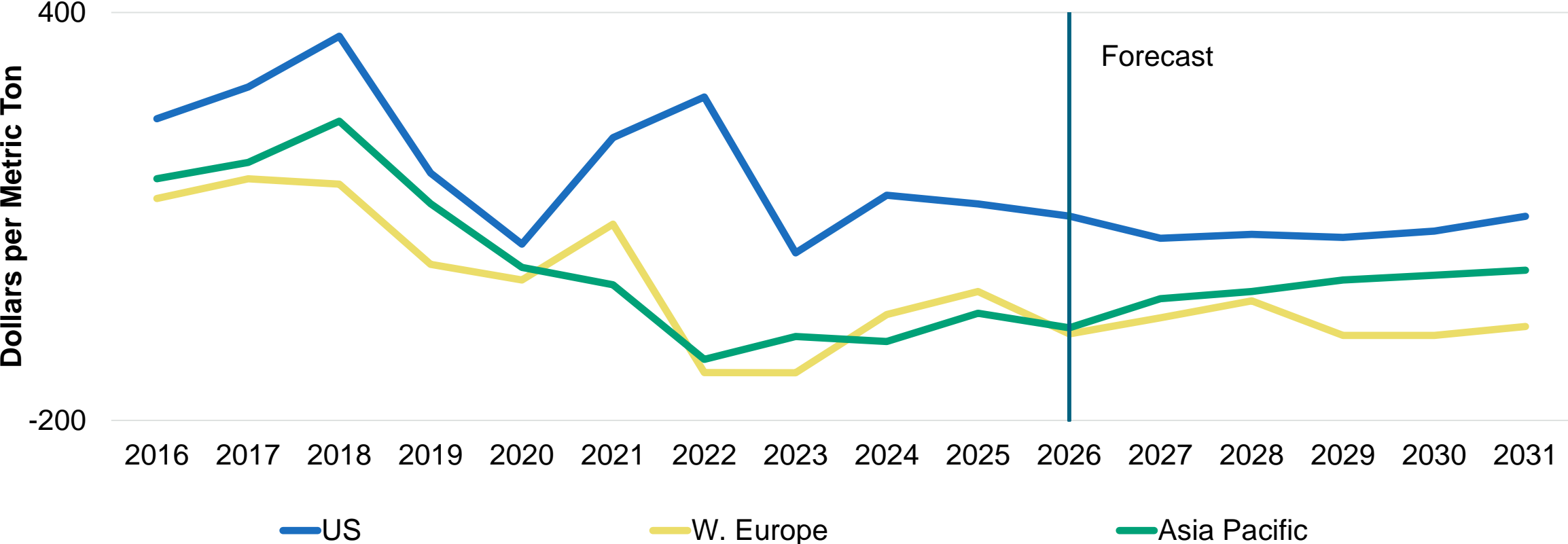
- Net long balance
- Cost disadvantaged
- Slow demand growth

* Permanent Closure (2021-2025)

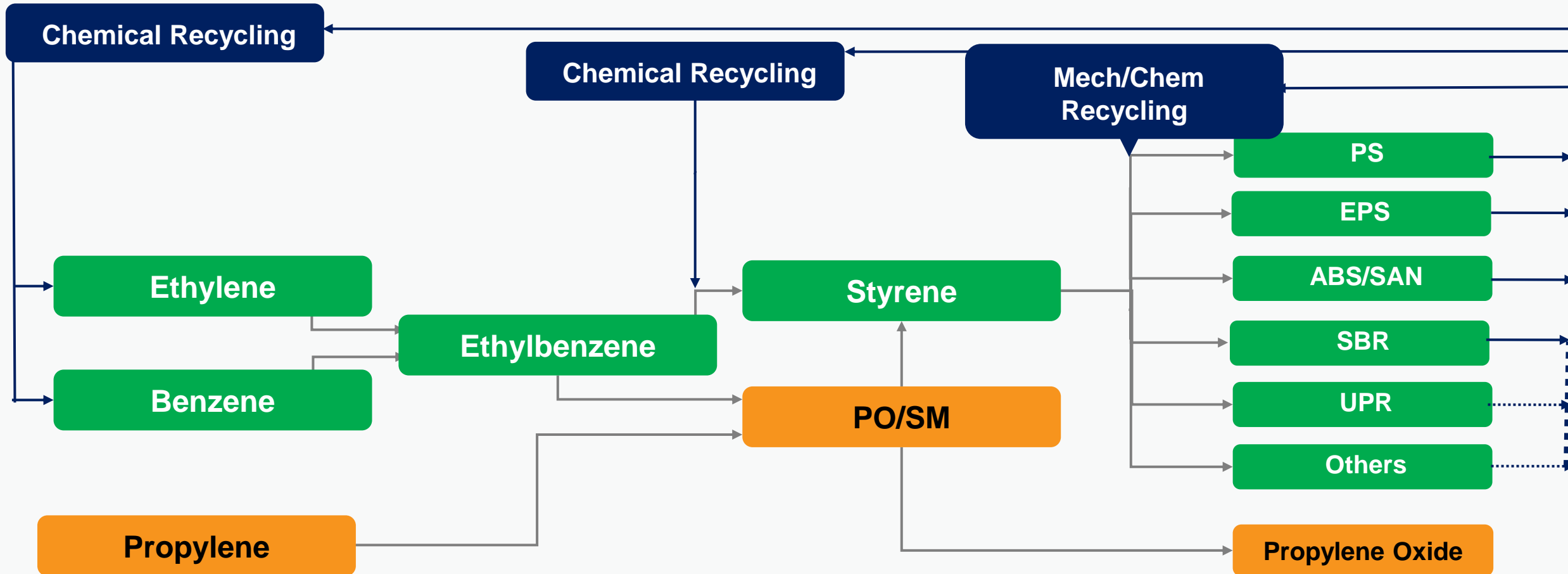
Country/Region	Capacity (KT)
Mainland China	-560
West Europe	-1,480
Northeast Asia (Ex China)	-1,040
North America	-691
South America	-120
Total	-3,891

Styrene margins will improve slowly but will still be challenged for the next few years

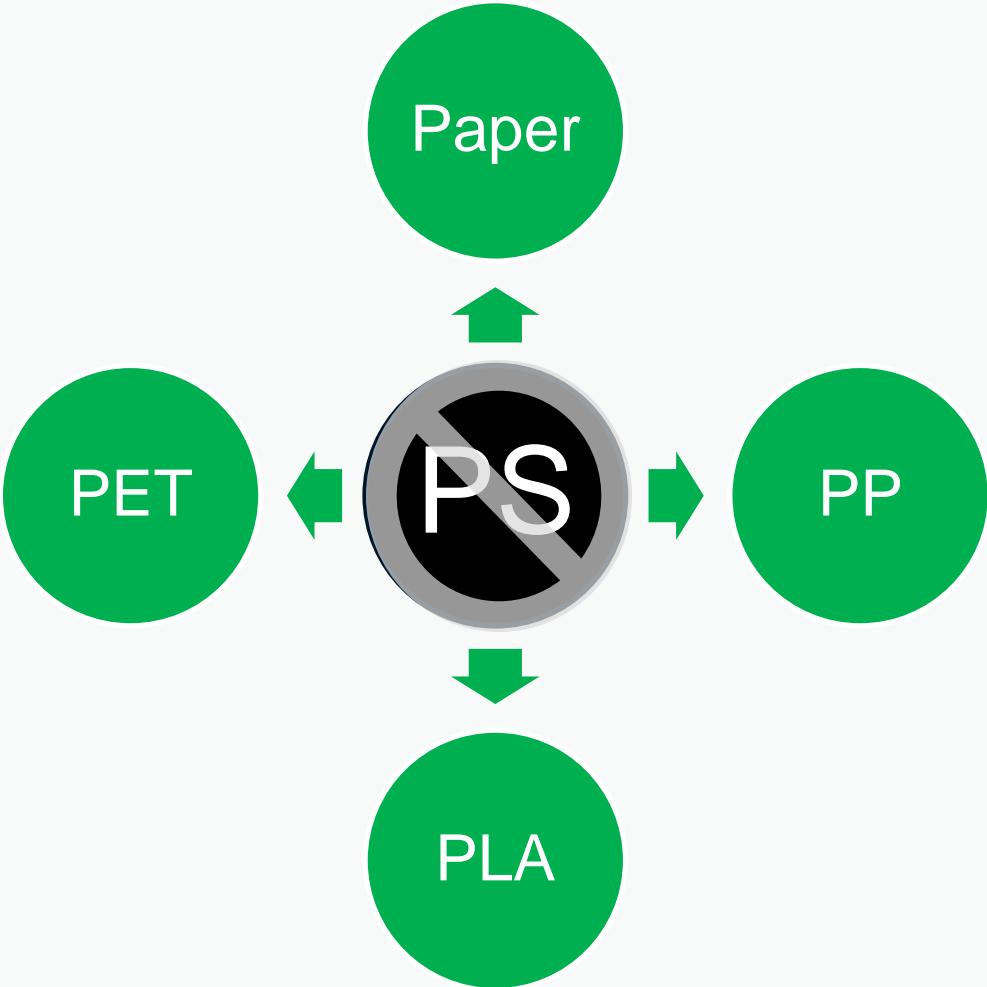
Styrene spot margins



The beginning of the circular economy for styrenics

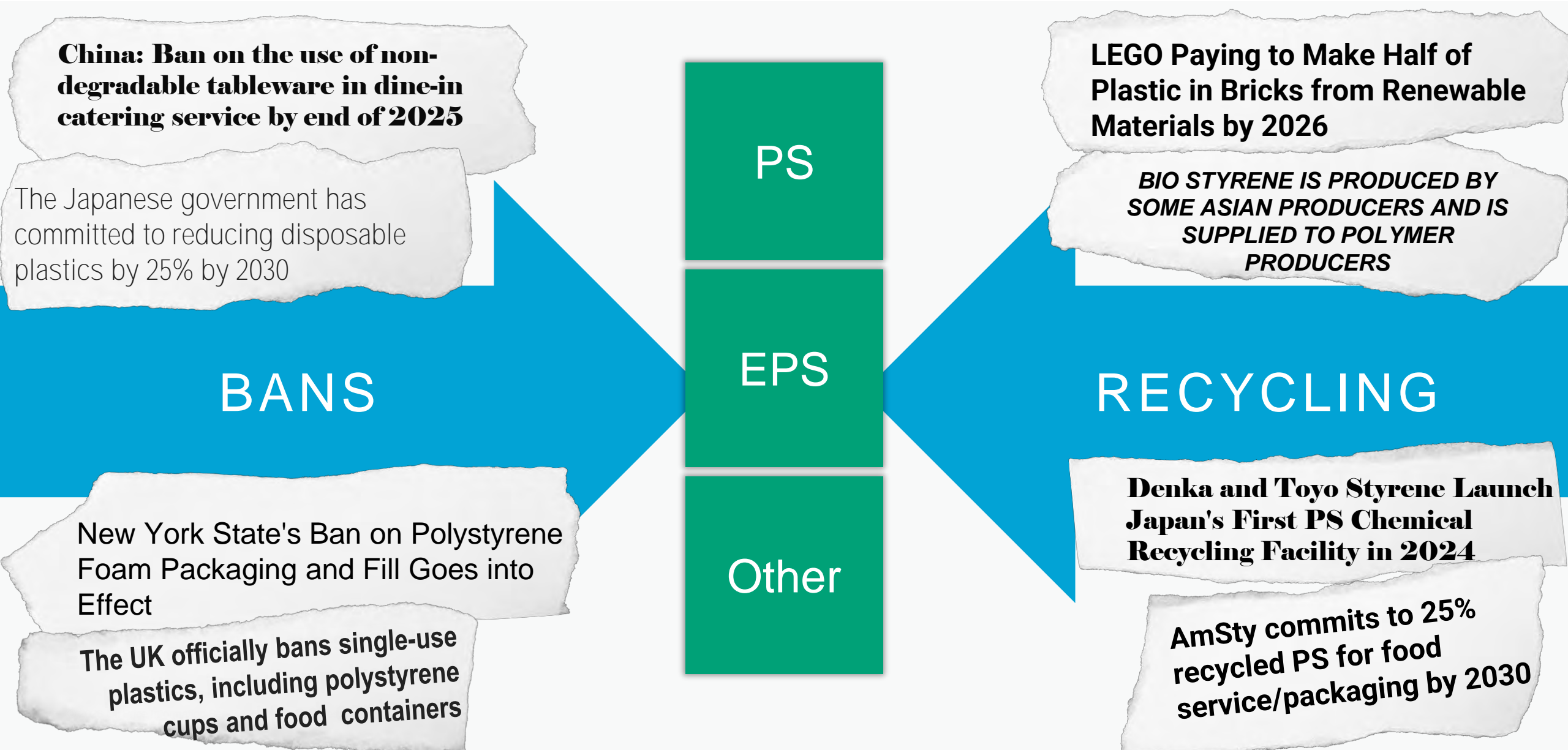


PS continues to be de-selected in favor of other materials



	POLYSTYRENE	COMPLIANT MATERIALS AND EXAMPLES
C O L D C U P		Coated Paper #1 PET #5 polypropylene
H O T C U P		Coated Paper
L I D S		#1 PET #5 polypropylene
B O W L S		Coated paper #5 polypropylene
P L A T E S		Molded pulp/fiber

Sustainability pressures continue



Key takeaways

- Middle East conflict: global supply chain disruptions and emerging opportunities for mainland China
- Structural overcapacity persists, yet market rebalancing is underway driven by ongoing rationalization.
- Regional markets have diverged, with the West exhibiting higher volatility
- Global demand growth remains modest but will track GDP
- Accelerated rationalization: the key to rebalancing
- Global demand growth is slow and challenged by sustainability pressures
- Sustainability: temporarily sidelined, but a persistent long-term trend

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Asian Aromatics Markets

Navigating the Downturn and Preparing for Recovery

Nicole Johnson, Deputy Editor, Americas Aromatics
Petrochemicals

Suzi Shin, Business Development Manager, Korea

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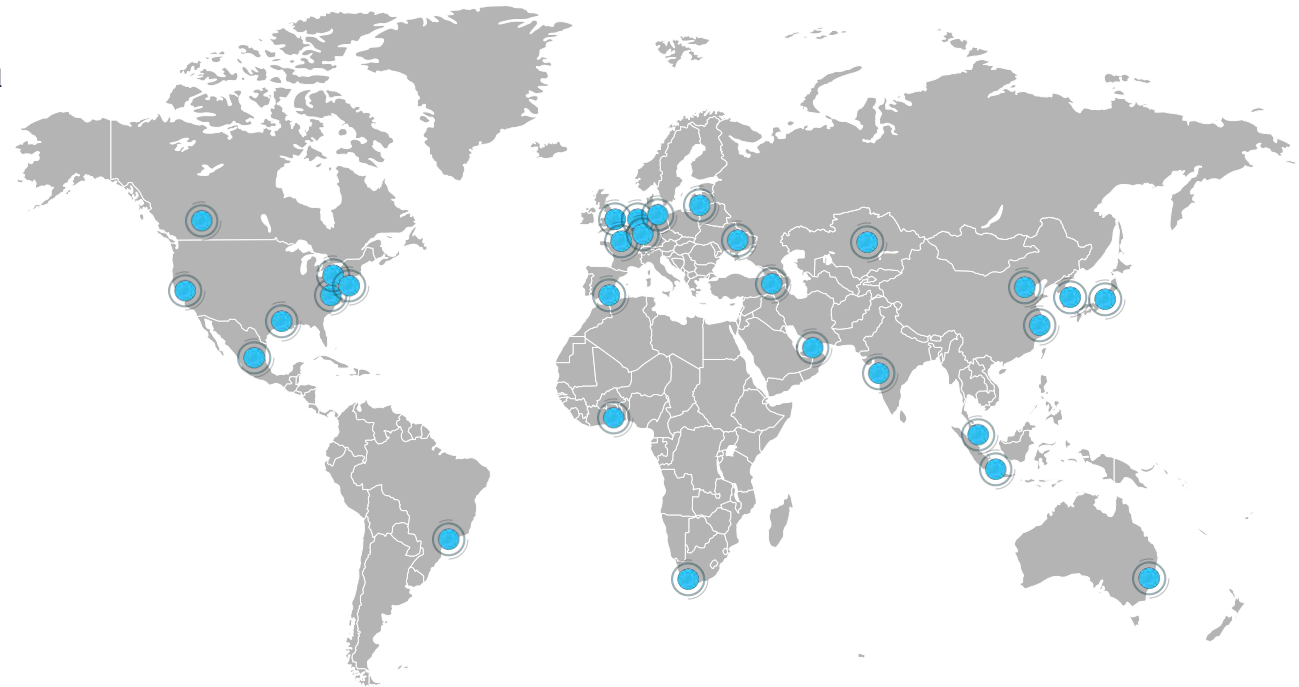
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- Fertilizers
- Agriculture
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- Metals, ferrous, non-ferrous, battery materials, and scrap

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- European gasoline and biofuels
- Asia-Pacific LPG
- Coal
- European steel
- US and European environmental markets



Aromatics Shifting Eastward

**Aging Western Hemisphere styrenics
production being displaced in favor of Asia**

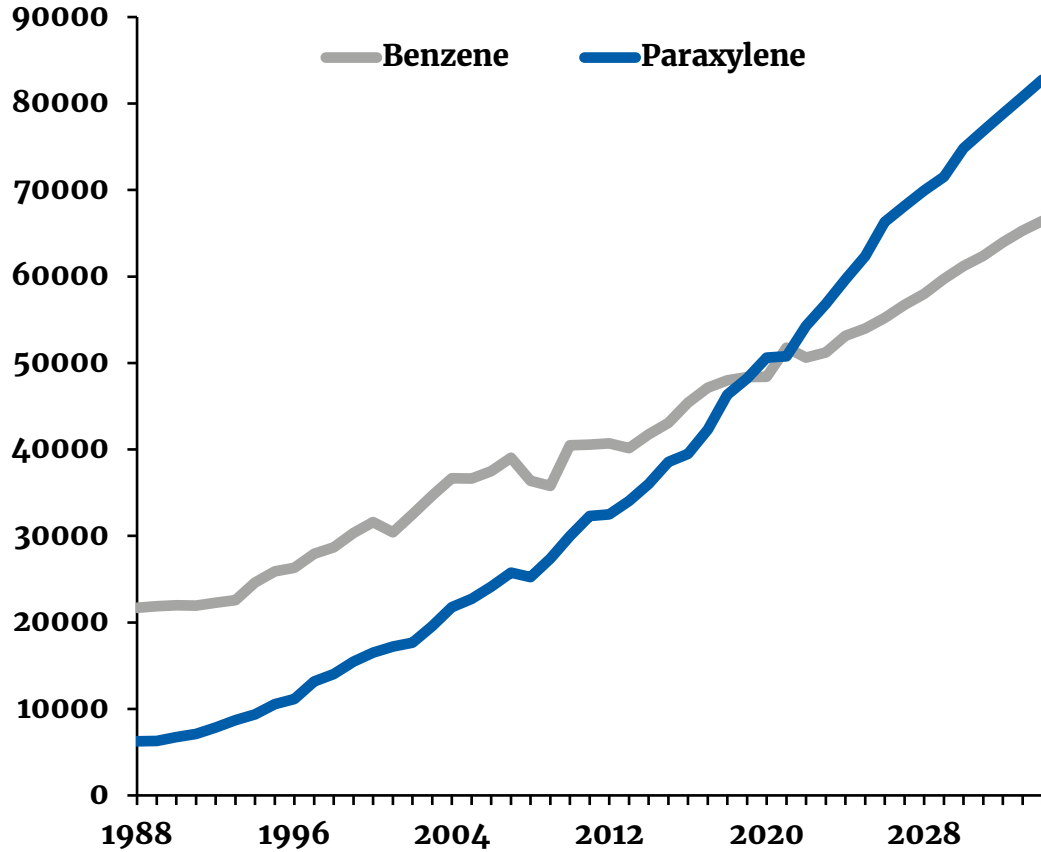
Nicole Johnson, Deputy Editor, Americas Aromatics Petrochemicals

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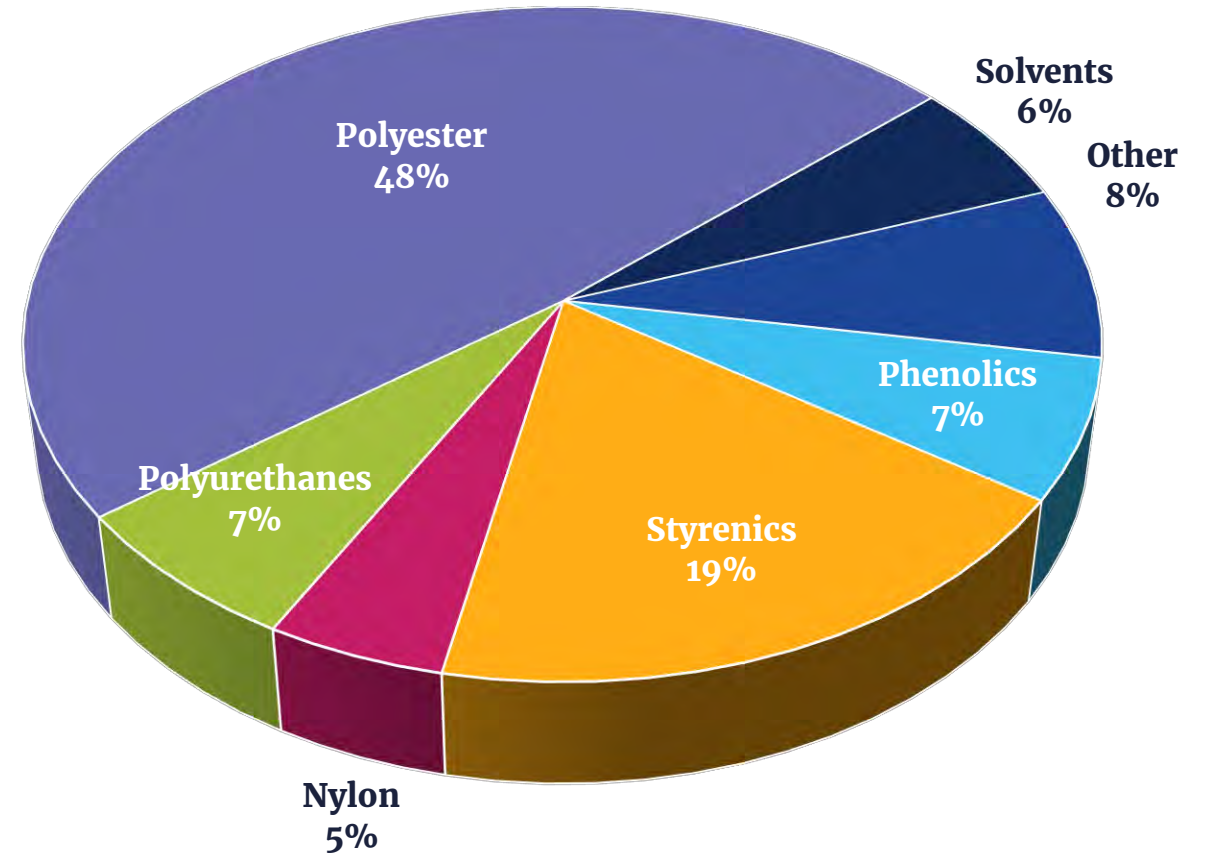
1. **The Asia-NAM PX trend**
2. **The Europe-Asia SM trend**
3. **Implications for US-Asia SM**
4. **Key Takeaways**

Aromatics production & consumption...polyester is king

Global aromatics market growth ('000t)

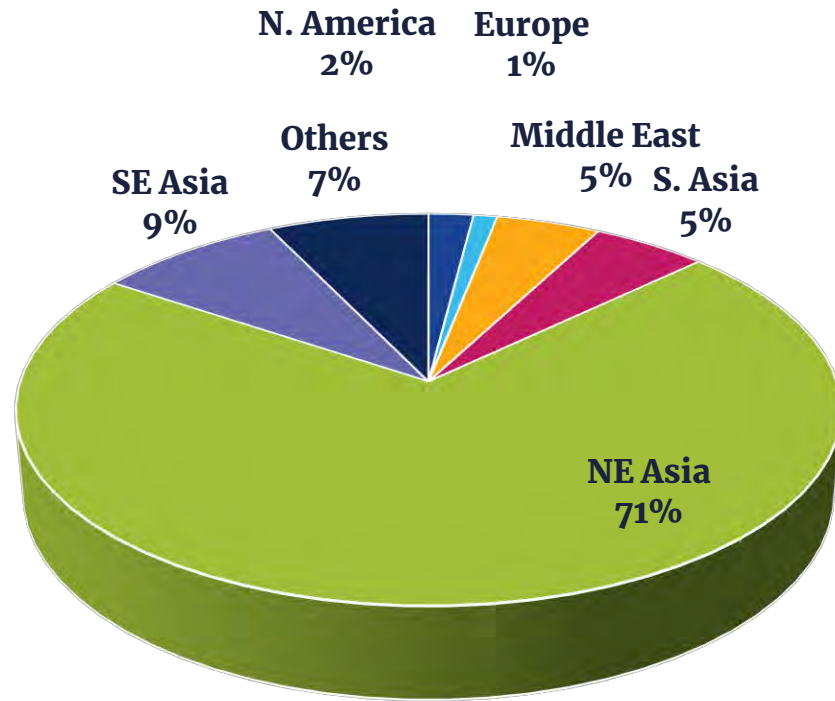


Global Consumption by End Use, 2025

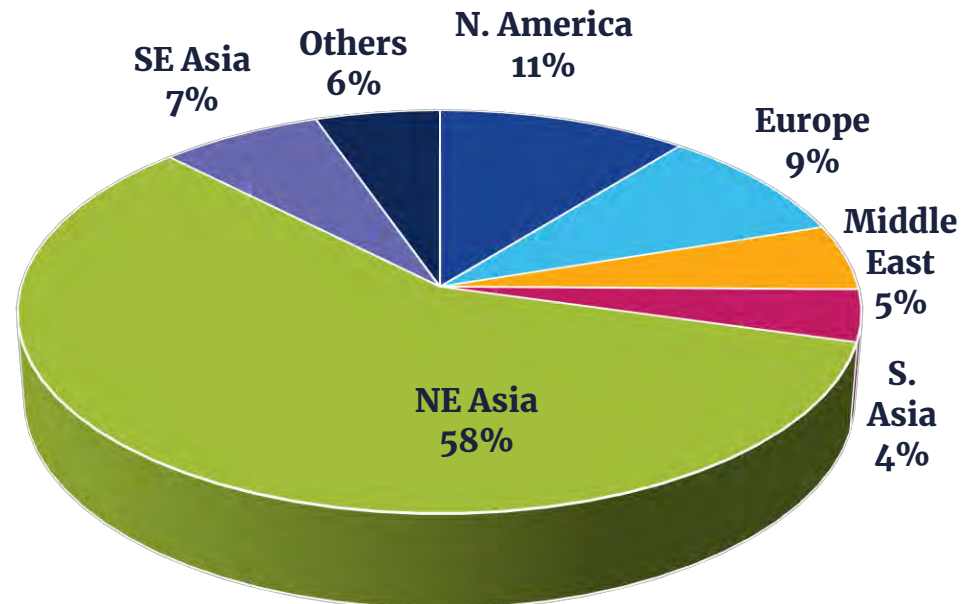


Asia dominates production, especially for paraxylene

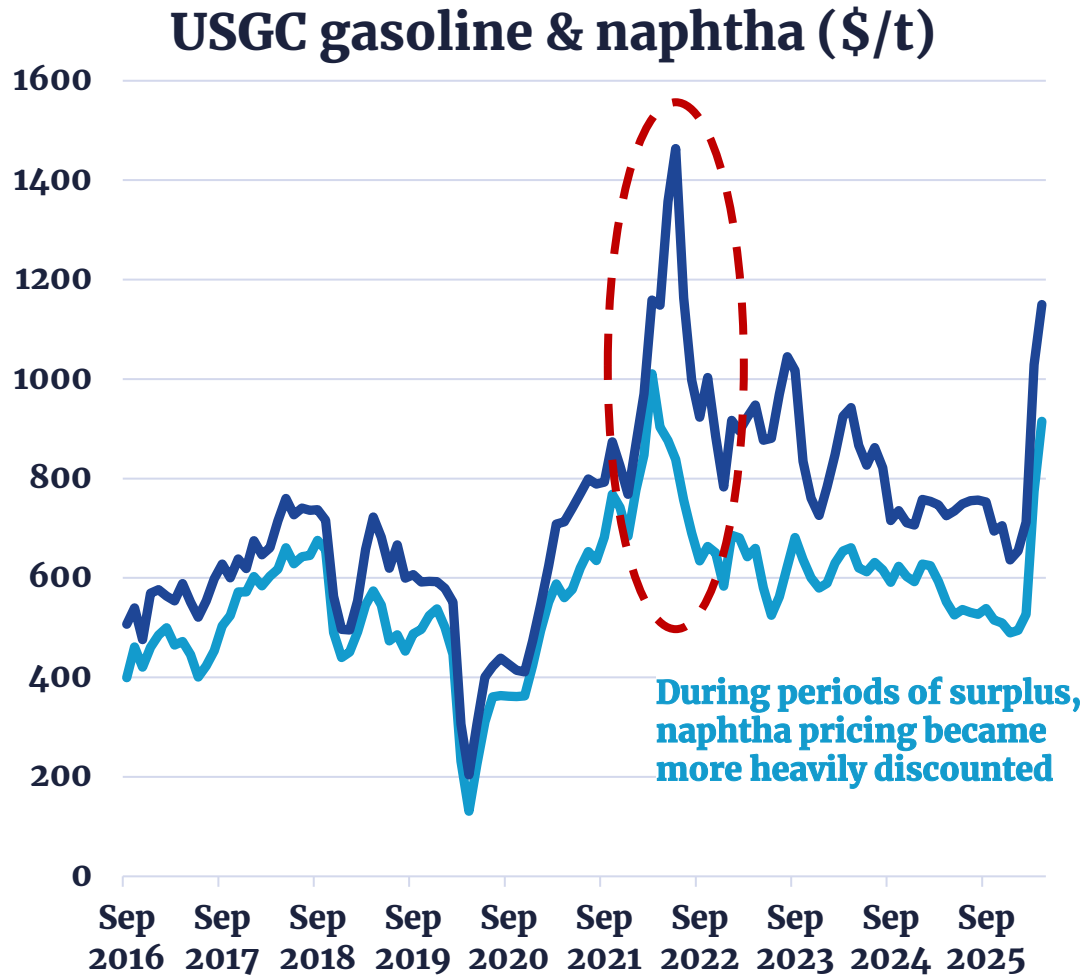
Global PX Production, 2025
(around 62 Mn T)



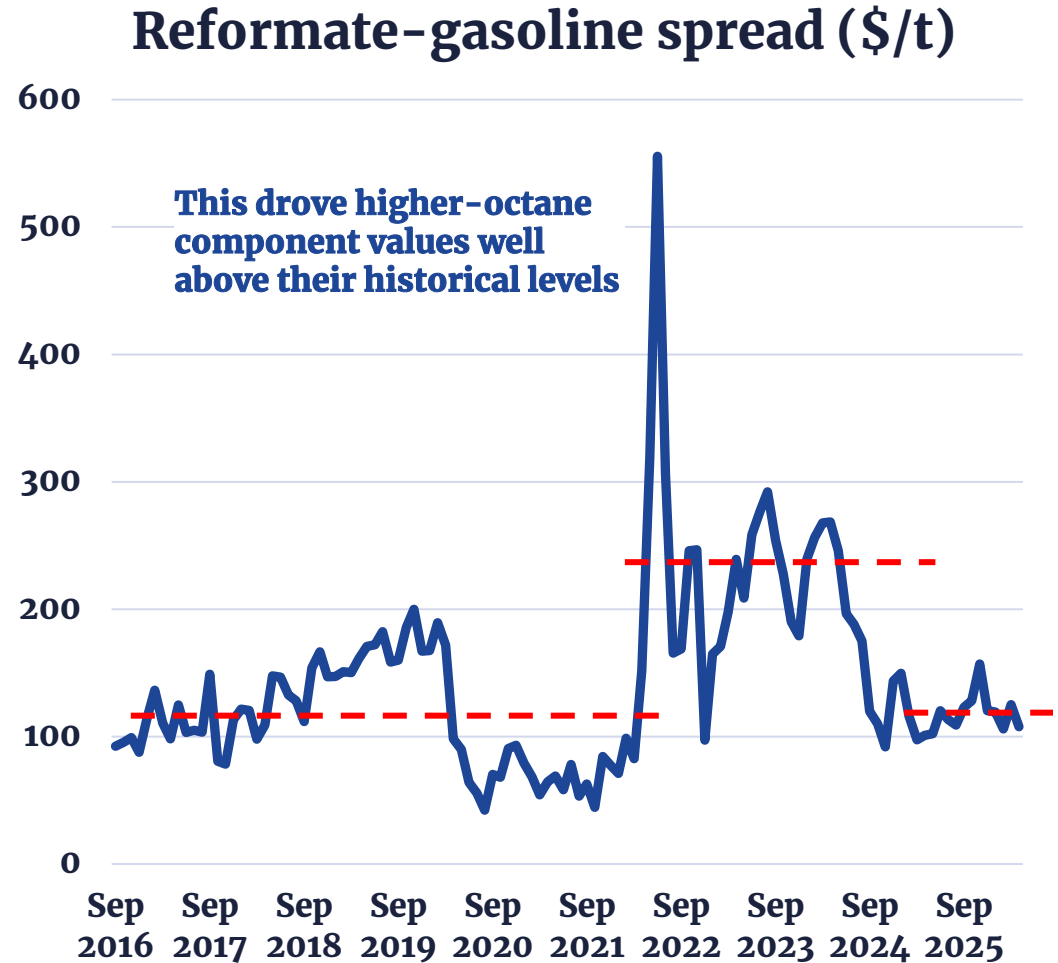
Global BZ Production, 2025
(around 54 Mn T)



US gasoline moderated the impact of Asian oversupply



Source: Argus Media

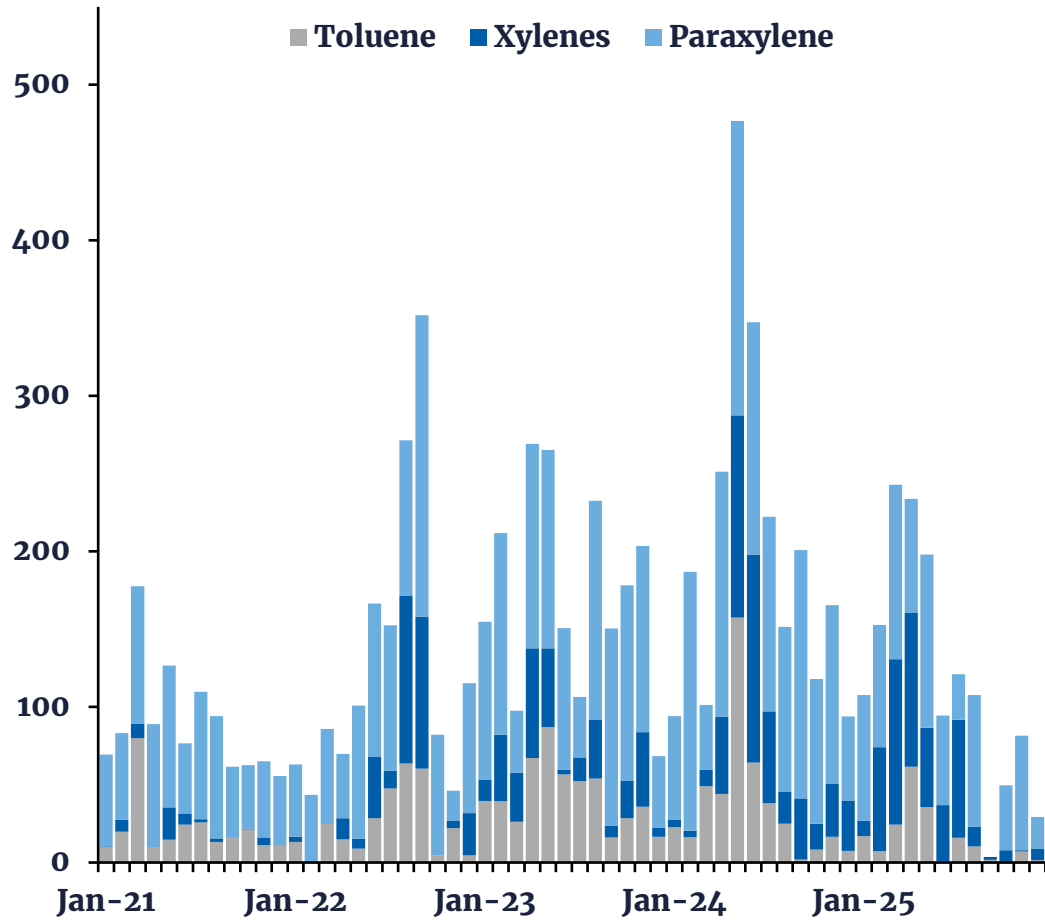


Source: Argus Media



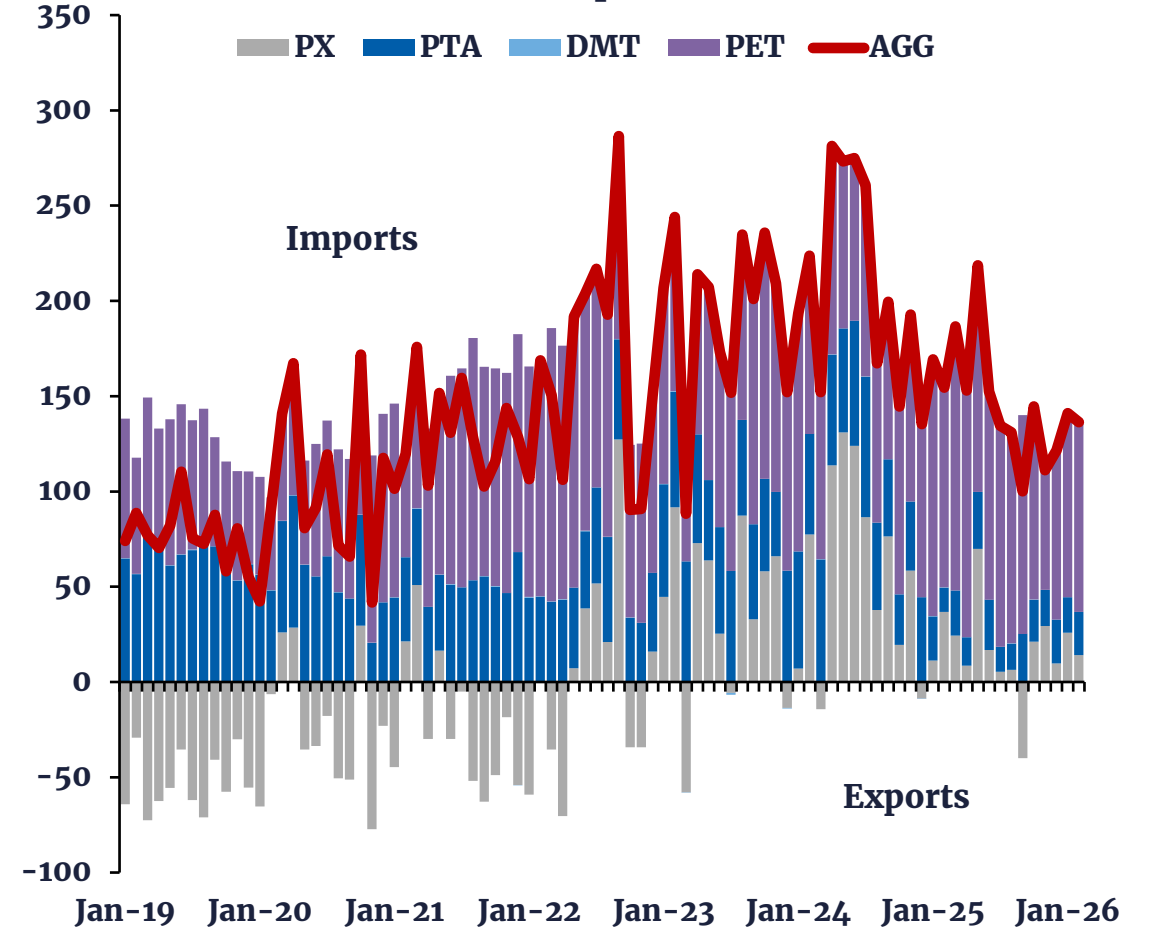
Higher US octane values attracted imports

US C7A & C8A imports 2021-2025 ('000t)



Source: GTT, Kpler, Argus TX Analytics

US C7A & C8A net imports 2021-2025 ('t)



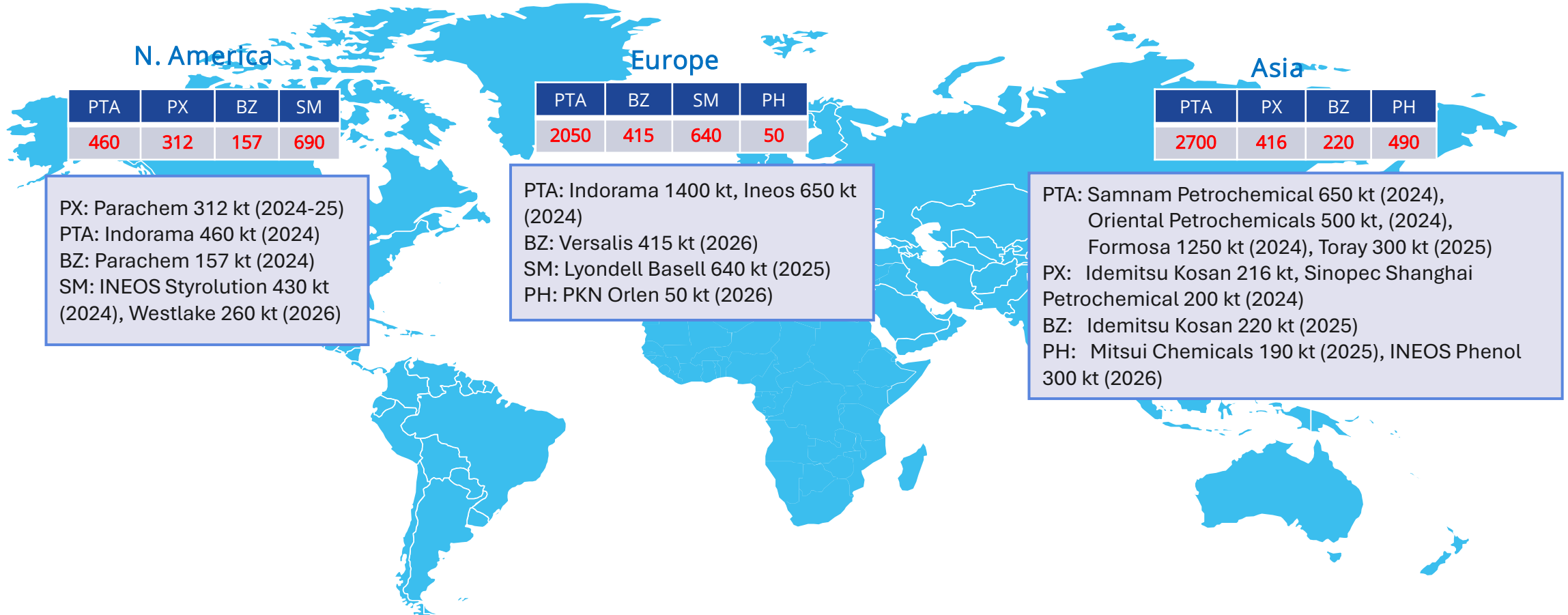
Source: GTT, Kpler, Argus TX Analytics



Contents

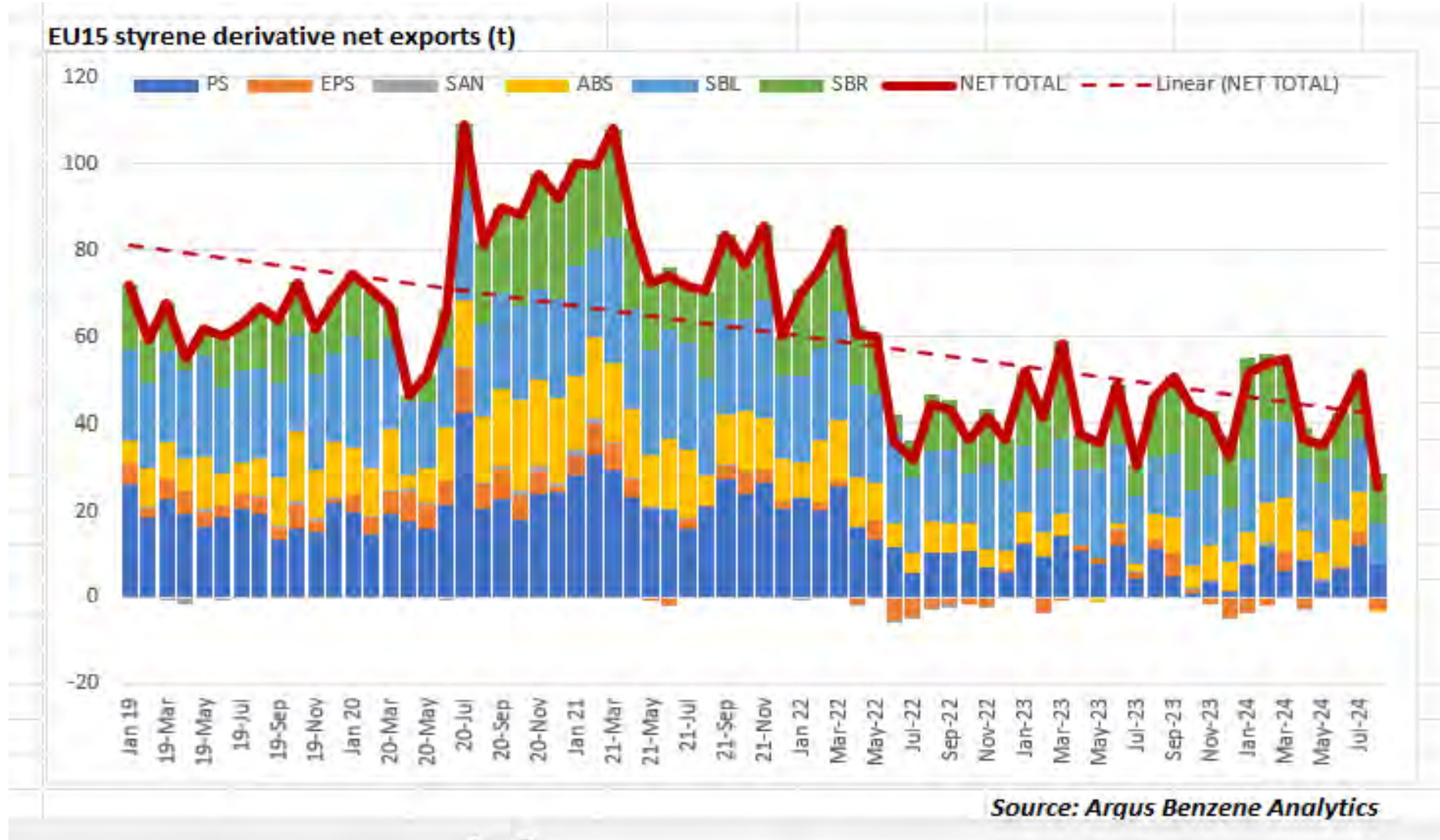
1. The Asia-NAM PX trend
2. **The Europe-Asia SM trend**
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4. Key Takeaways

Global closures, 2024-26 ('000 t)

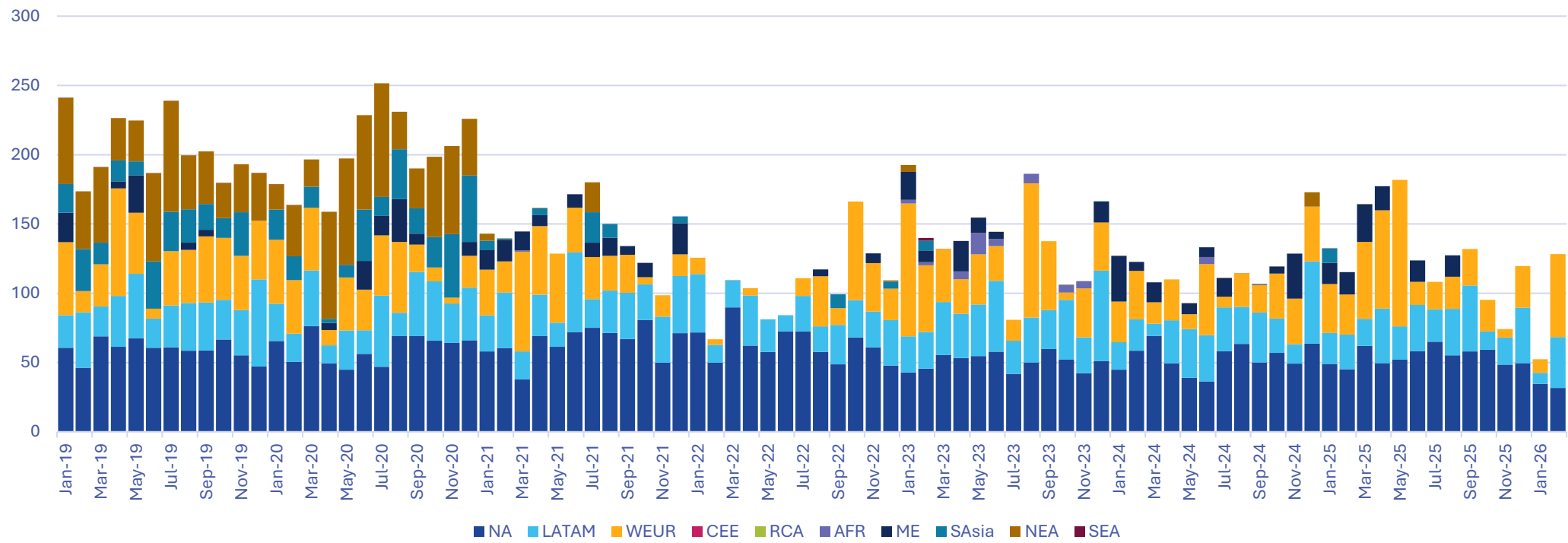


- Capacity build in China along the Aromatics value chain has forced rationalizations in high-cost regions especially Europe & N. America, and in export dependent countries in Asia.

Western Europe shifts to net importer of styrenics



US styrene export volumes by destination region by month ('000t)



Source: GTT, Argus Media

- US styrene exports to Europe on a reducing trend in recent months as US cost base increases.
- Chinese exports driven by new capacity additions may curtail US exports in future.

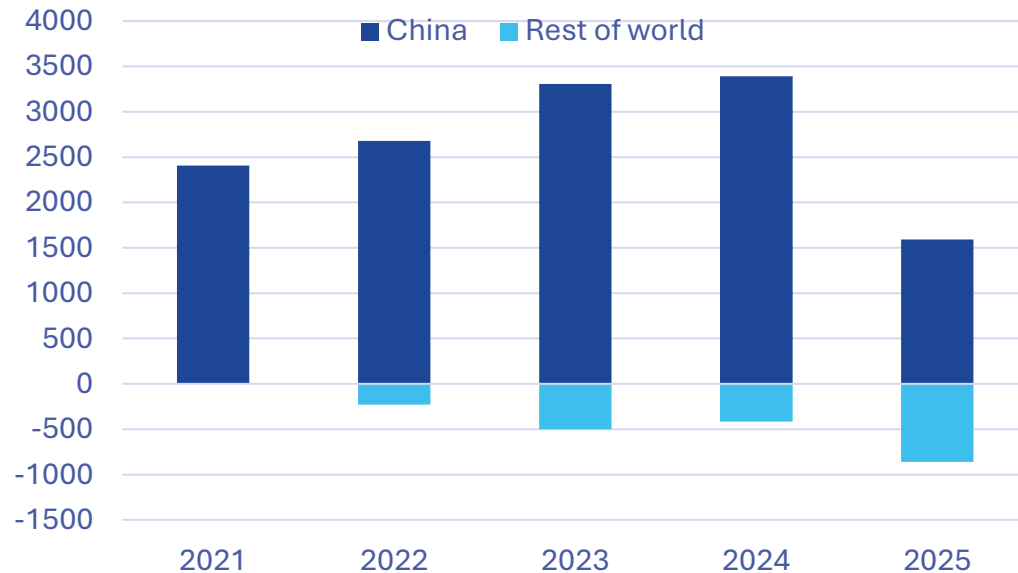


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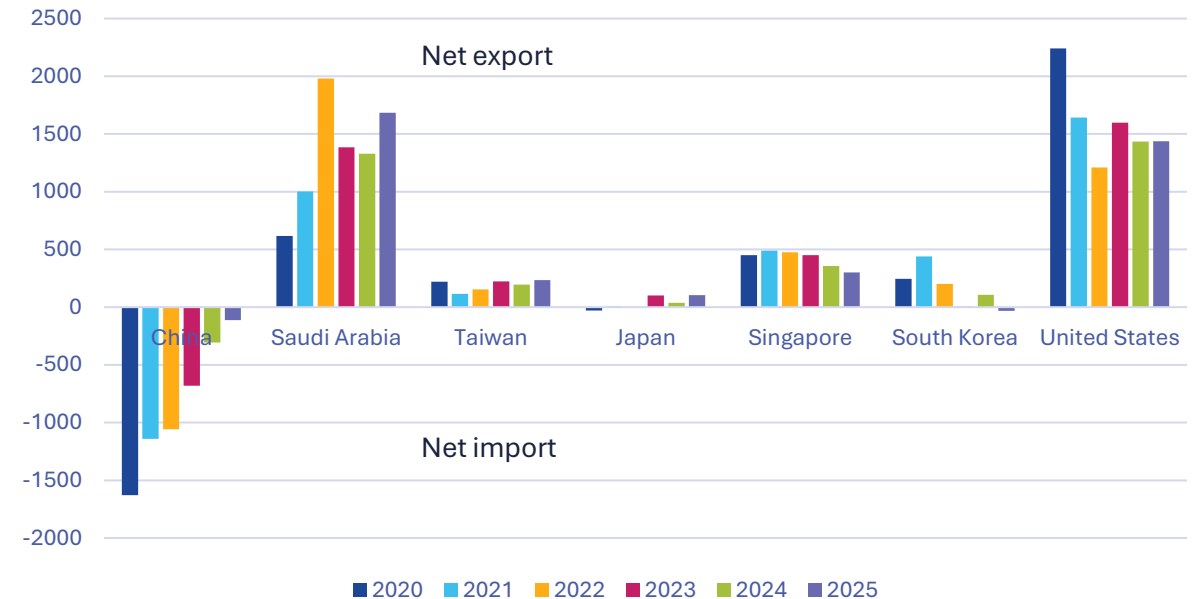
1. The Asia-NAM PX trend
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Potential impacts for Styrene

Styrene capacity additions

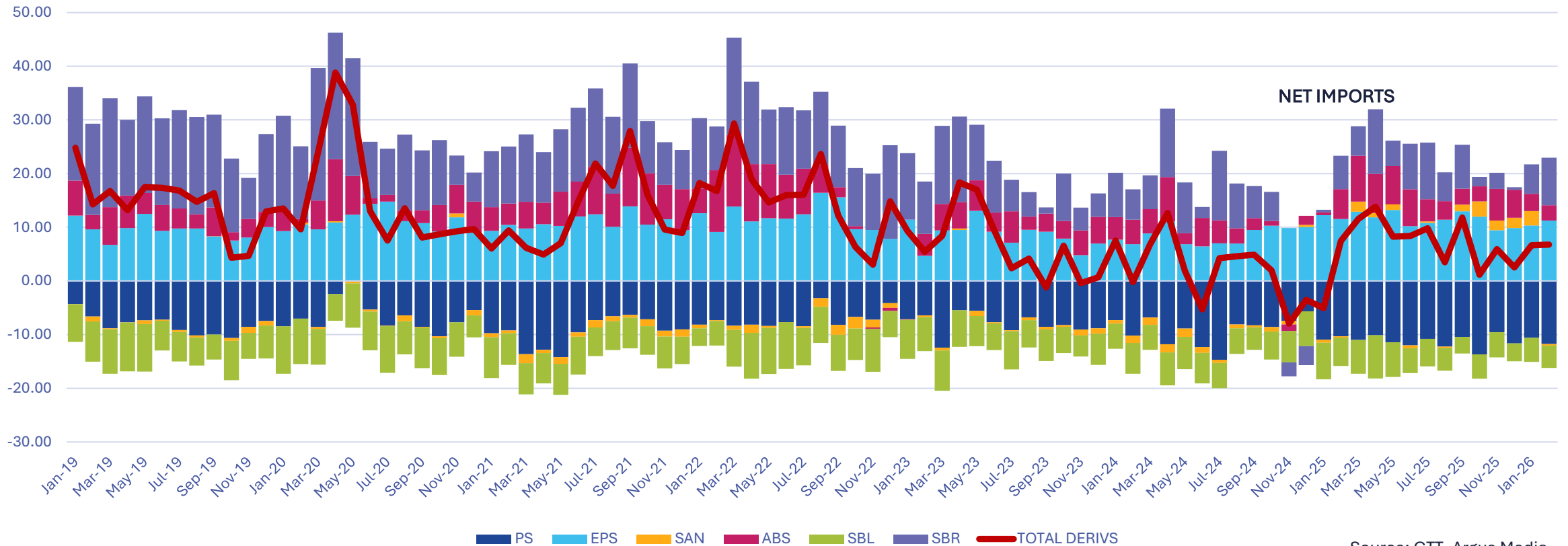


Styrene net trade -major countries ('000 t)



- Capacity additions in China have far exceeded demand growth for styrene, forcing rationalizations in the rest of the world.
- Styrene plants sit nicely within an integrated complex, monetizing incremental ethylene and benzene from aromatics recovery.
- Chinese styrene capacity additions may impact trade flows, with China emerging as an exporter.

US SM derivative net trade, excluding monomer ('000t)



- Formerly the US was a net exporter of PX, but capacity buildout and demand strength in Asia has shifted the US to a net importer of PX, PTA and PET.
- In the last five years, contracting upstream and SM capacity in western Europe while SM polymer imports increase has shifted the region to a net importer for styrenics, relying on Asia for volume.
- The US risks becoming a net styrenics importer based on polymer and derivative imports as US SM exports languish while the US price advantages shrinks on costly feedstock costs. The US is more resistant to this than western Europe and the risk is not as pronounced as PX, but an aging production fleet and contracting capacity are already underway.

Major Capacities in ME and impact of trade disruption

To US (2025)*

PX
410

To India (2025)*

PX	SM
780	990

Announced maintenance shutdowns - PX
 ZPC, 2mn t, from mid-Mar, 30-40 d
 Qingdao Lidong, 1mn t, from end-Mar, 30-40 d
 S-Oil, 790kt, from early Mar, 50 d

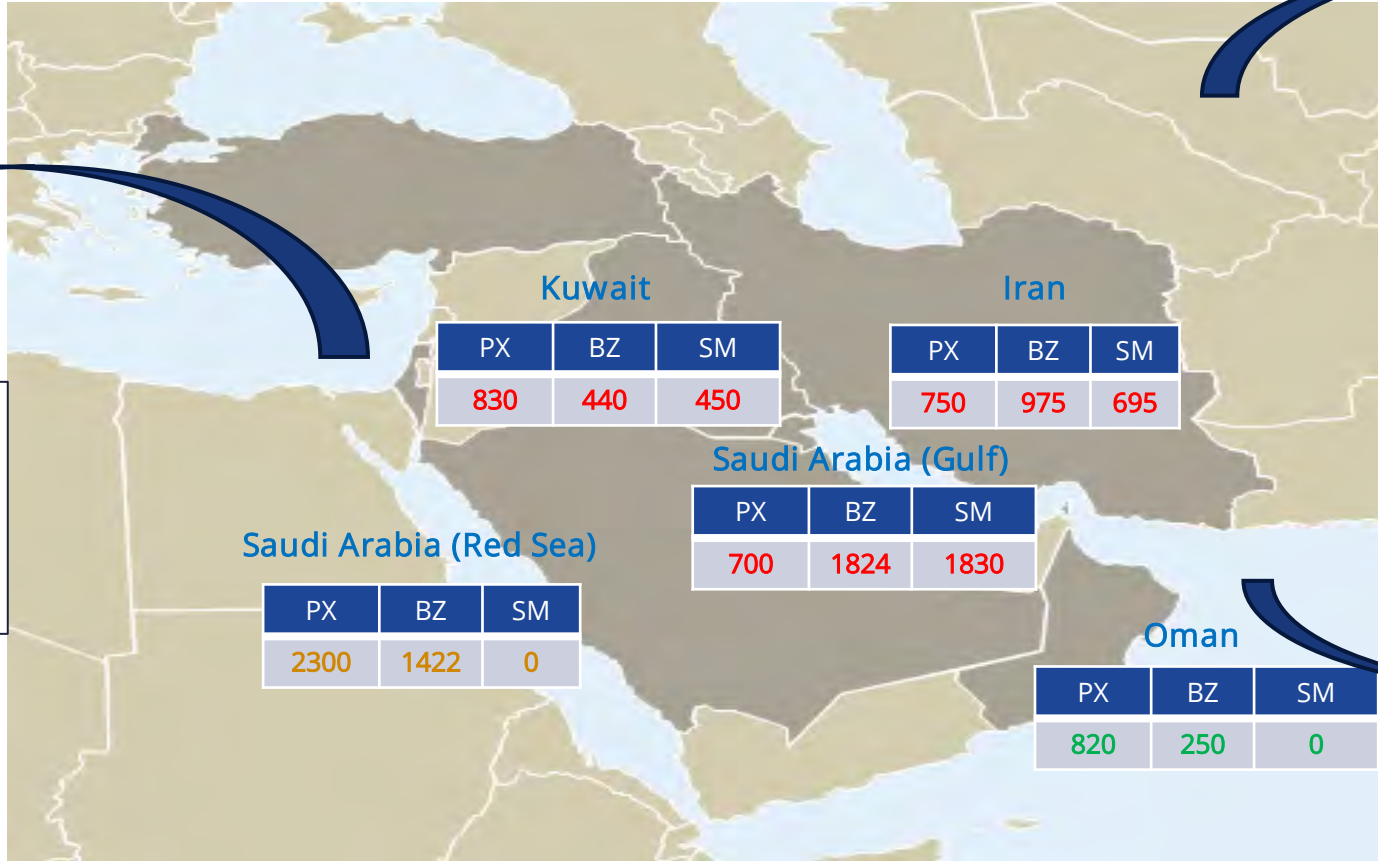
Cracker Force Majeures, impact on BTX
 Chandra Asri-Indonesia, 350kt SM
 YNCC-S.Korea, 230kt TL, 530kt BZ, 370kt SM
 PCS-Singapore, 145kt TL, 270kt BZ
 Aster-Singapore, 230kt BZ, 320KT SM
 SCG-ROC-Thailand, 150kt BZ, 70kt TL

To China (2025)*

PX	BZ	SM
267	244	145

Short term bullish factors

- Operating rate cuts/FMs
- Cost push from upstream
- Stronger gasoline cracks
- Surge in freight rates
- Summer driving season



- Trade flow disruption in PX & SM from Middle East will impact India directly.
- Impact in NE Asia will be due to the disruption of crude oil and naphtha exports leading to operating rate cuts/forced closures.

*As per data from Kpler

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1. The Asia-NAM PX trend
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3. Implications for US-Asia SM
4. **Key Takeaways**

Key takeaways

- Benzene and derivative capacity has been significantly overbuilt, but not to the extremes seen in the polyester value chain. Most of the pressure has focused on C6A derivatives like styrene and phenol.
- Styrene production and consumption is steadily migrating eastwards, but again not yet to the extremes seen in polyester. This does not help the pressure of overbuilding in C6A derivatives.
- Benzene and styrene production is in decline in the Atlantic Basin, seeing all-time lows in 2023, and likely to see similar levels later in the decade. More declines in output are expected in Europe as the steam cracker fleet is further rationalized.
- US tariffs have disrupted global balancing mechanisms, with large surpluses of C6A derivative production now targeting other regional markets. This will put C6A derivative markets in Europe under even greater pressure.
- The war in the Middle East has caused significant disruption to shipping, especially for paraxylene, styrene, and feedstock naphtha supplies. Feedstock shortfalls are causing rate reductions on steam crackers in Asia, which in turn reduces feed for BTX recovery. Hydrocarbon prices have also seen intense volatility as a result of the war and is likely to continue.



Asia Aromatics: Korea's Rationalisation and the BTX Reset

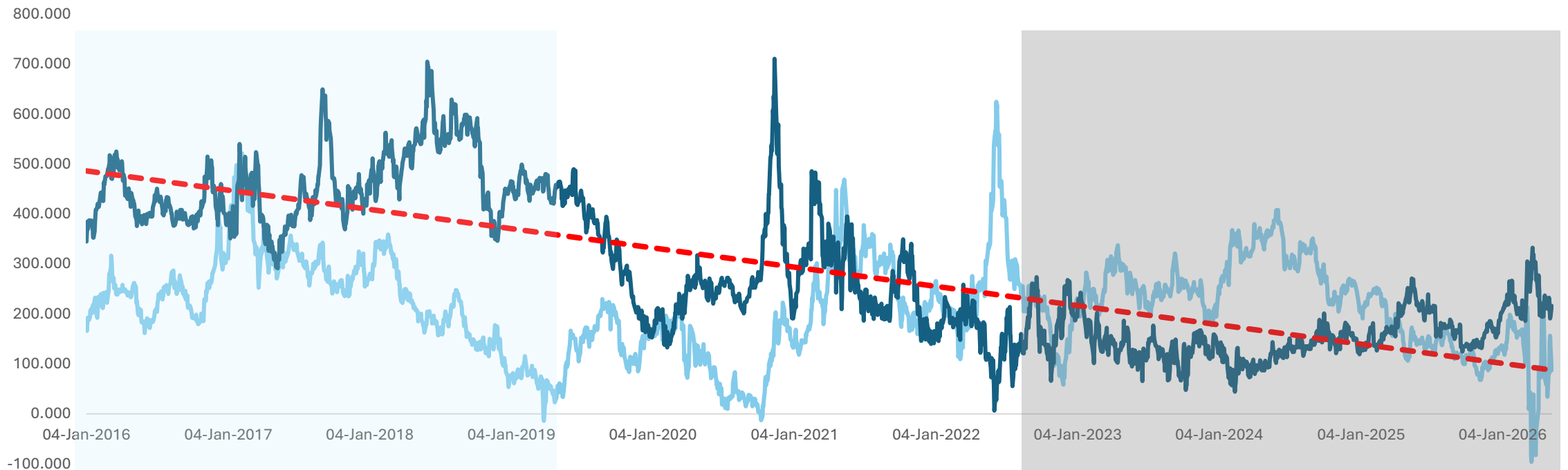
A structural turning point

Suzi Shin, Business Development Manager, Korea

Asia aromatics is entering a structural turning point

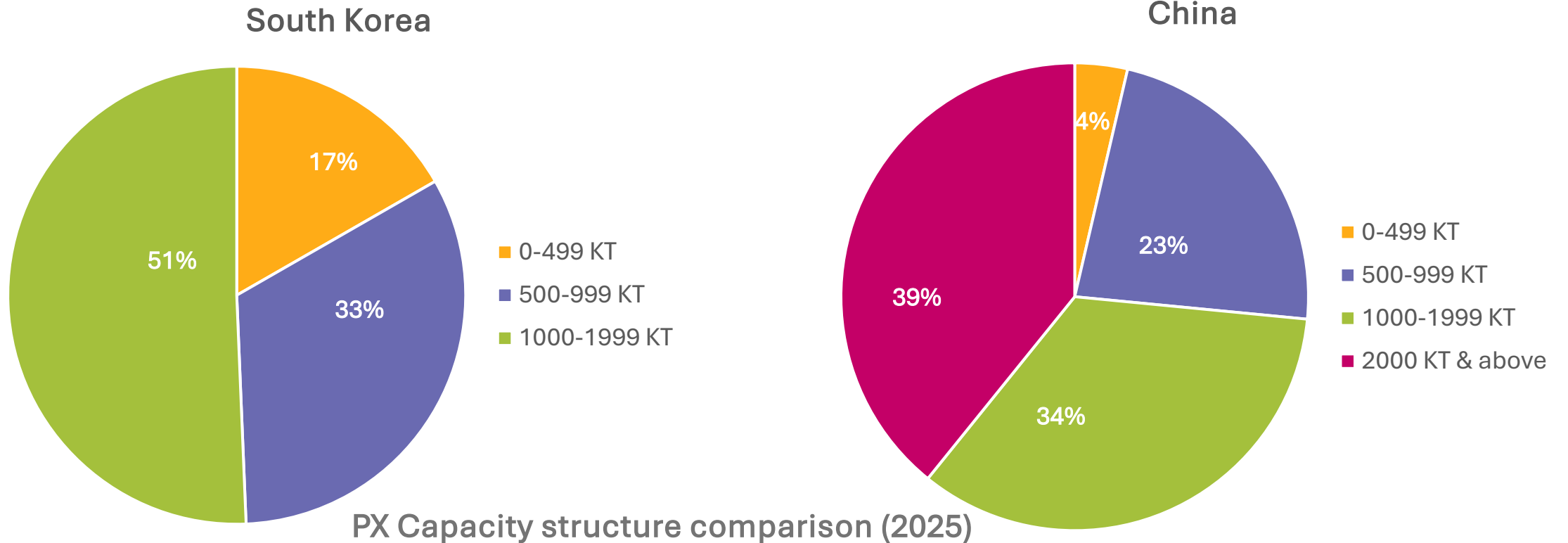
- Structural decline since 2019
- System imbalance persists

BZ-Naphtha & SM-BZ spread



- Benzene fob South Korea-Naphtha cfr Japan
- Styrene cfr East China-Benzen fob South Korea
- - - 線形 (Styrene cfr East China-Benzen fob South Korea)

Korea's petrochemical system is less competitive

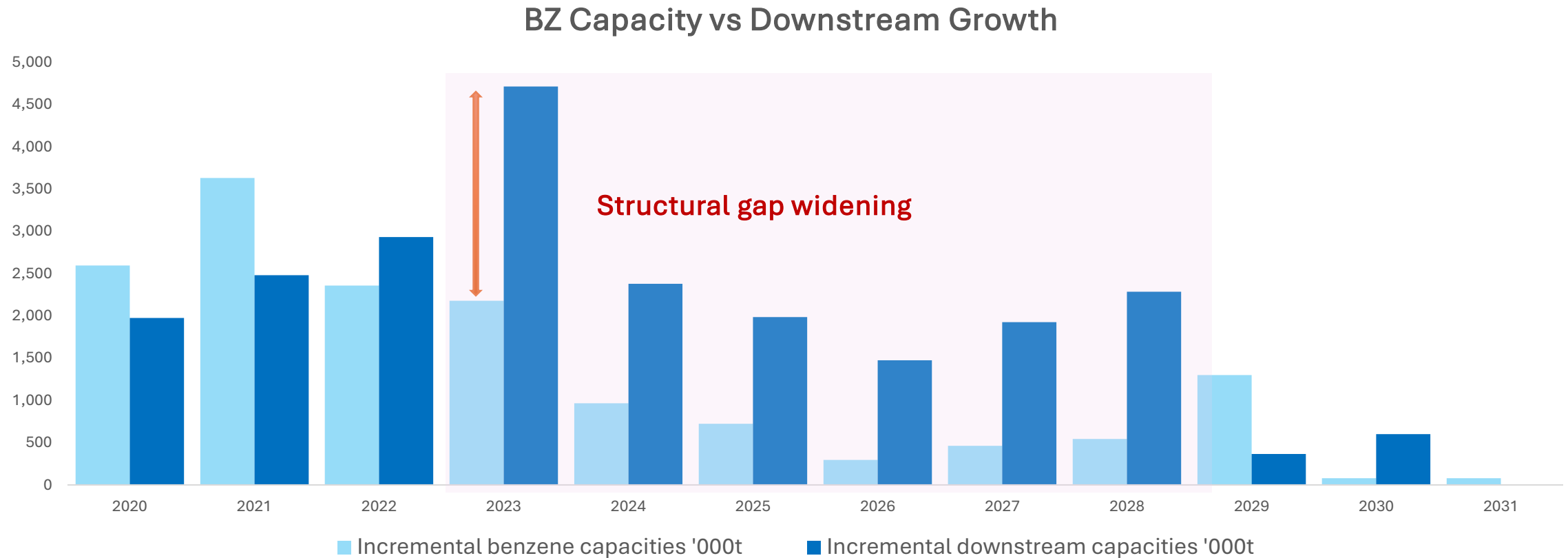


- Naphtha-based cracking
- Higher cost structure
- Declining utilisation

- Fully integrated complexes
- Scale advantage
- Rapid capacity expansion

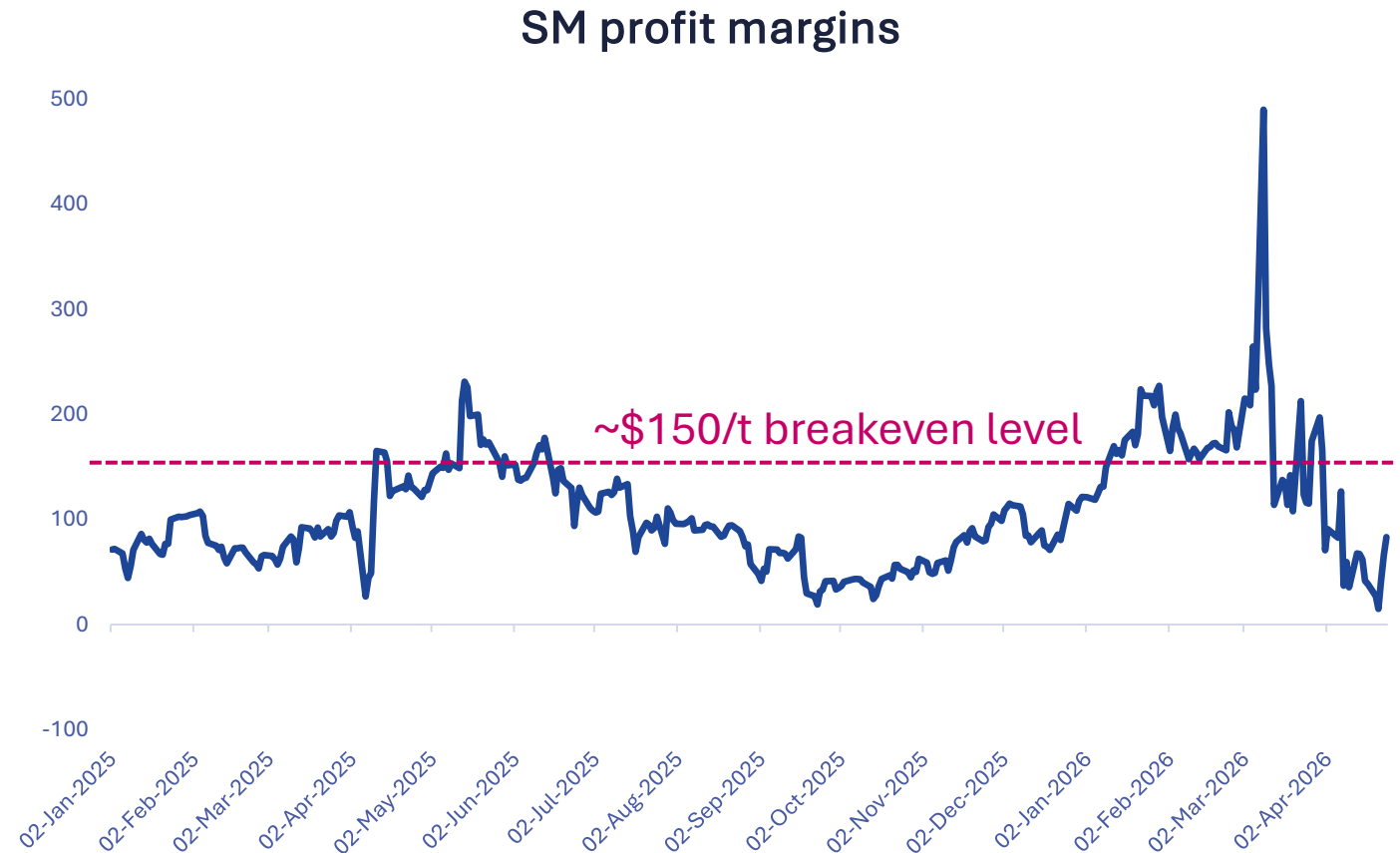
Benzene is structurally tightening

- Downstream growth consistently exceeds benzene capacity
- Limited capacity growth reinforces tightness



SM margins remain below sustainable levels

- Margins are squeezed
→ by high BZ / C2 prices
- Downstream demand is weak
→ producers running at low rates
- Upside only if supply adjusts
→ run cuts may emerge

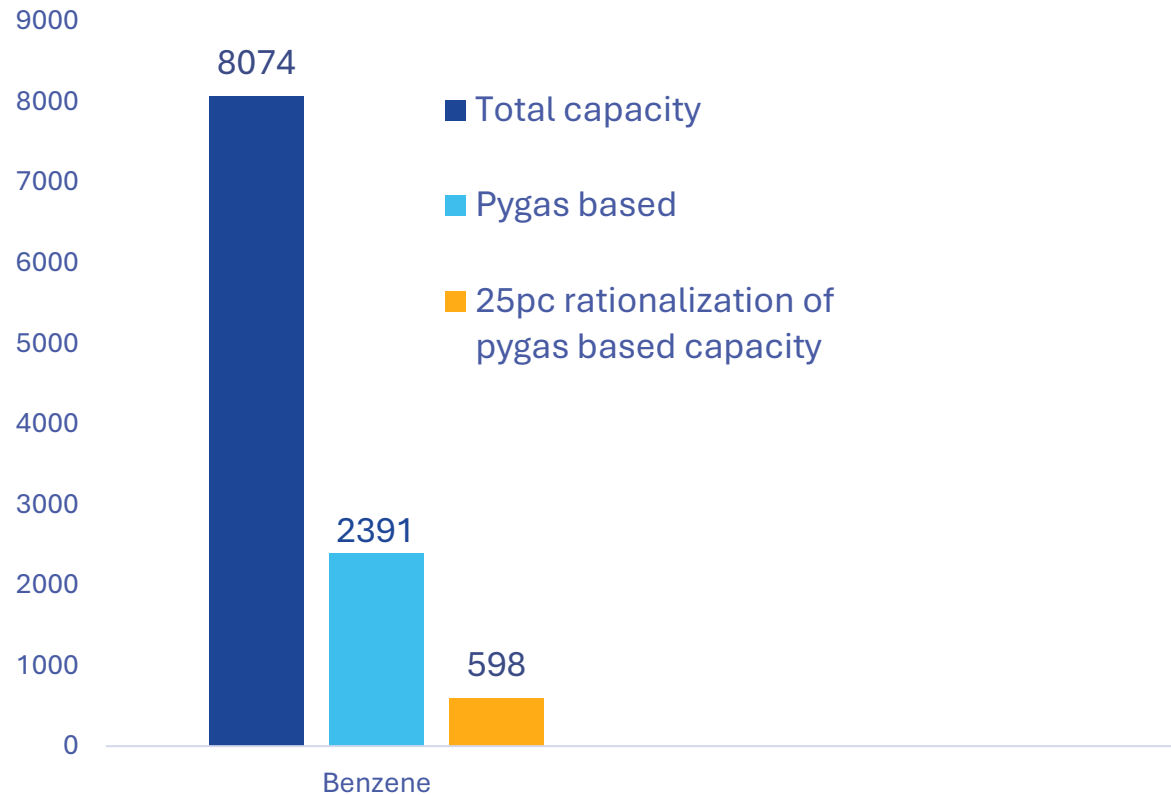


*SM margins = CFR China SM price - [(0.79*average of last five days BZ FOBK) + (0.29*latest CFR NEA C2)]

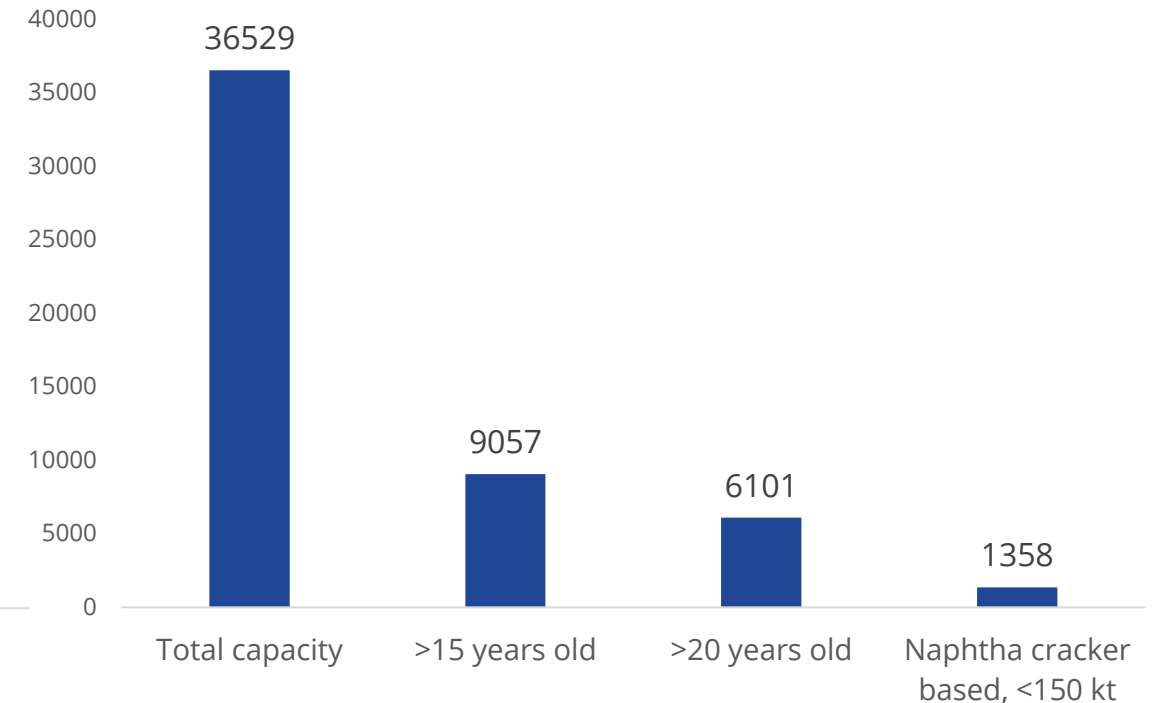
Rationalisation directly reduces benzene supply

- Government-led NCC cuts reinforce cracking reductions
- Less cracking → less pygas
- Esport availability shrinking

South Korea Benzene capacity ('000 t), 2025



China Benzene capacity ('000 t), 2025



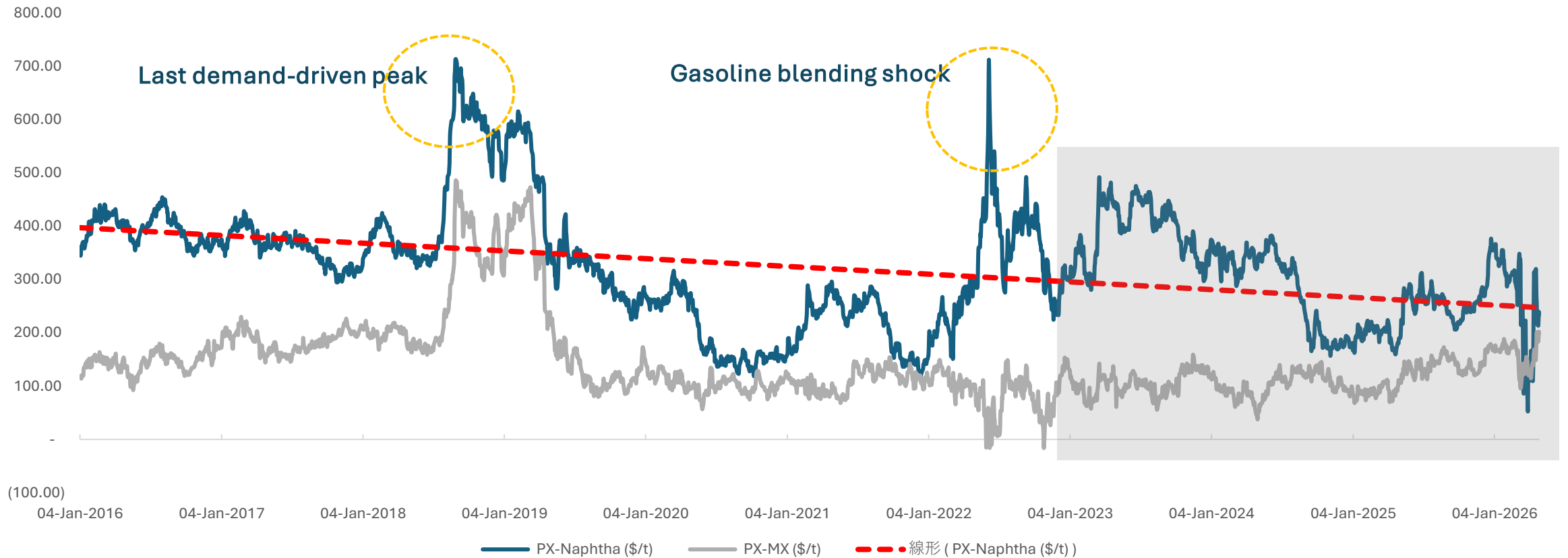
PX is not different — the same reset applies

BENZENE	PX
Supply tightening	Margin collapse
Export declining	Export exposure rising
Output shirking	Same structural pressure

Asia's PX margins: This is not another cycle

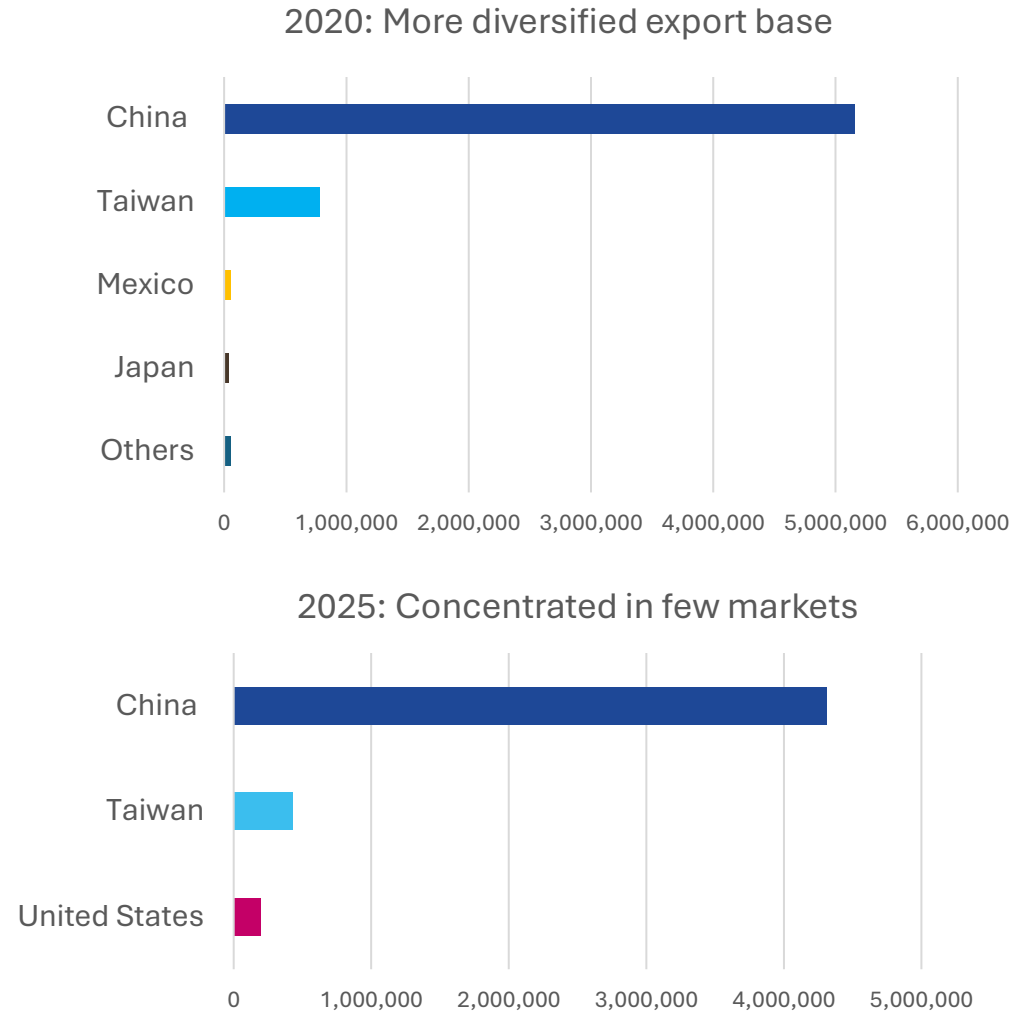
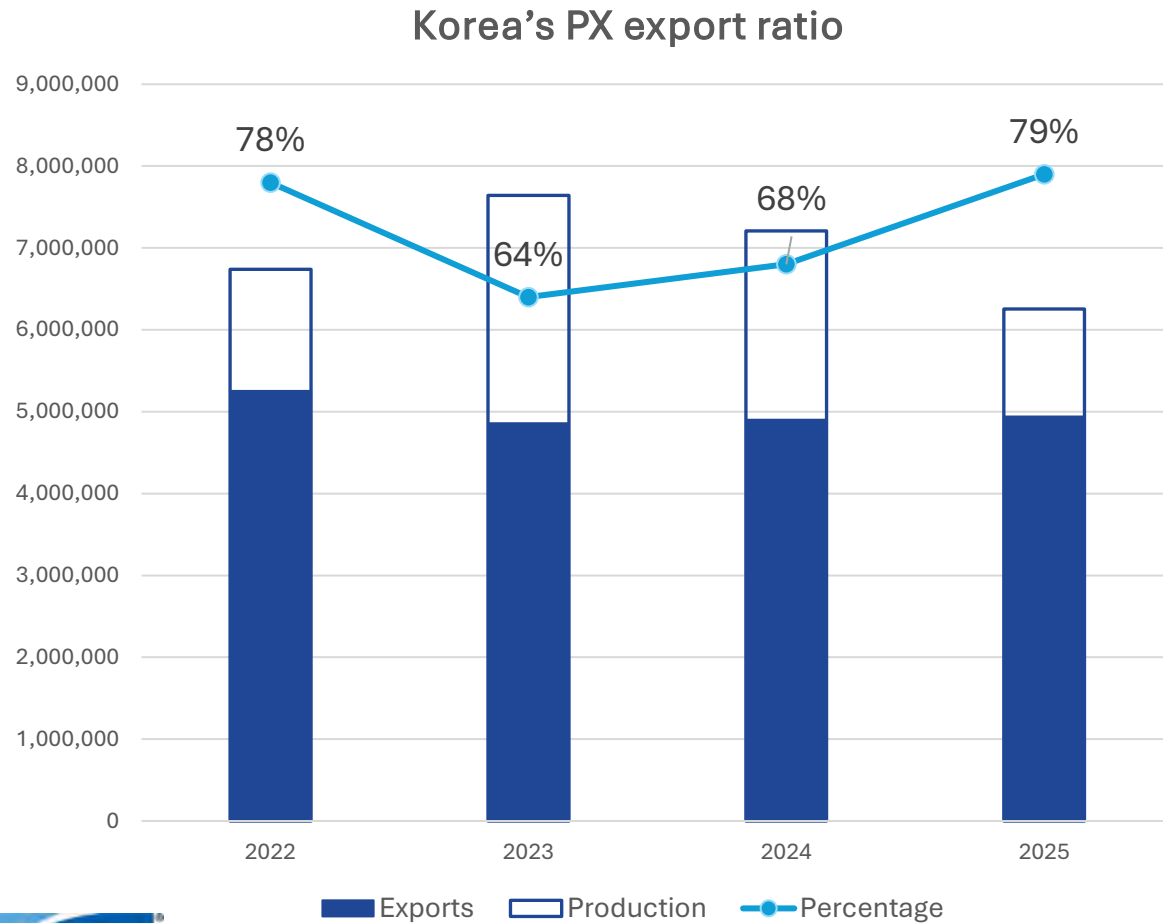
- No recovery despite cycle expectations

PX-Naphtha & PX-MX spread



Korea's PX model is structurally exposed

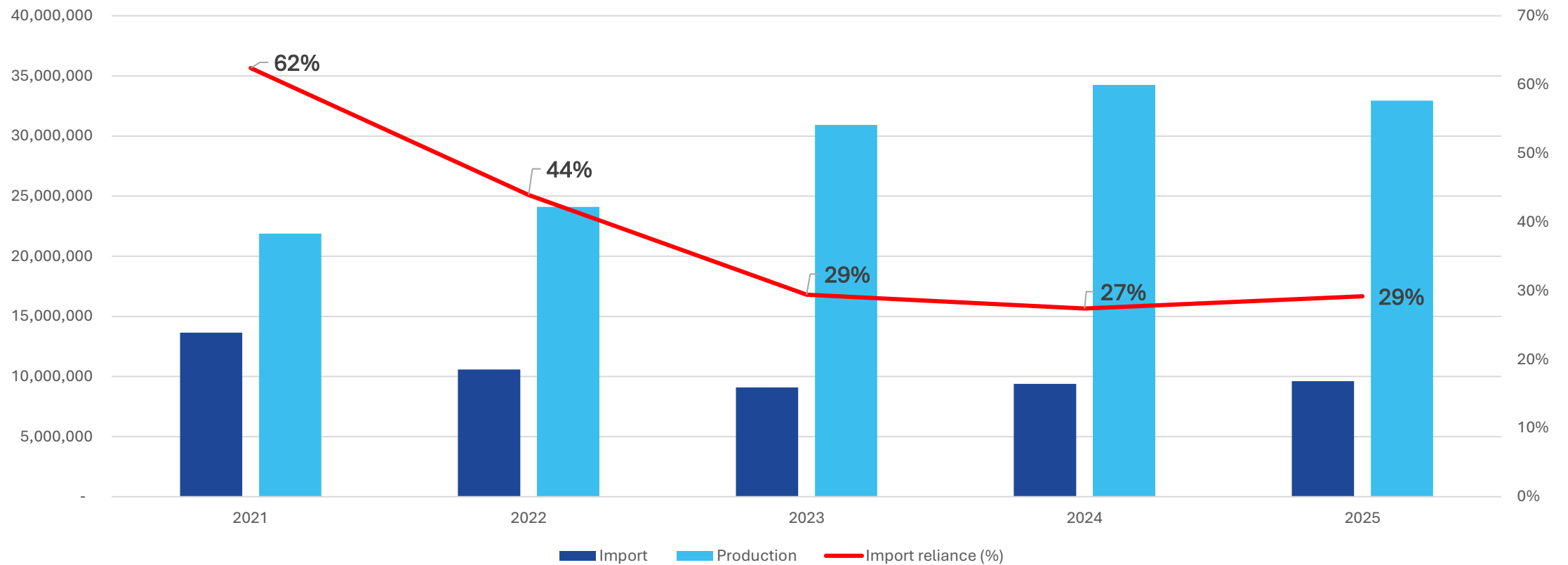
- Export dependence remains high
- Market diversification declining



China has structurally removed import demand

- Rapid domestic capacity expansion
- Import reliance collapsing

China's PX import ratio



Argus Global Aromatics Assessments

Americas

Benzene – DDP/FOB
Houston/USG
Styrene – FOB USG
Toluene – FOB HTC
Mixed Xylenes – FOB HTC

Europe

Benzene – CIF ARA
Styrene – FOB Rotterdam
Toluene – FOB NWE
Mixed Xylenes – FOB NWE
Paraxylene – FOB NWE

Asia-Pacific

Benzene – FOB Korea
Styrene – CFR China / CFR India
Toluene – FOB Korea / CFR China /
CFR Southeast Asia / CFR India
Mixed Xylenes – FOB Korea / CFR Taiwan
Paraxylene – FOB Korea / CFR China /
CFR Taiwan / CFR Southeast Asia

Global benchmark coverage across Americas, Europe, and Asia supporting pricing and contracts

Q&A

Thank you

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Nicole Johnson

Email: Nicole.johnson@argusmedia.com

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