

Argus report sample

Argus Ethylene Analytics H1 2026

Executive Summary: Ethylene analytics

Second capacity wave pressures operating rates and margins as rationalisation offers limited relief globally.

Key regions update

North America
North America retains cost leadership, but operating rates through the forecast period will hinge more on exports and demand recovery than new builds. Feedstocks and support North American operations, throughout the forecast period.

Western Europe
Ongoing rationalisation ahead of any demand recovery. With expected in the coming years, as and make recovery a slow process throughout the forecast period.

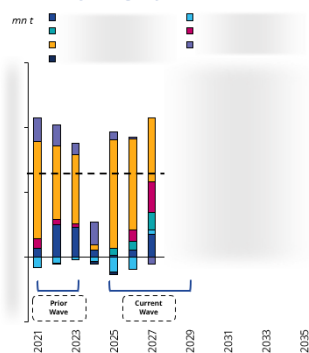
Middle East
Cost advantages and modern assets will with ethylene exports on surplus volumes from new cracker start-ups until derivative demand absorbs them.

Northeast Asia
The second wave of capacity additions will add around by with closures of older, smaller, less efficient and non-integrated crackers supporting operating rates.

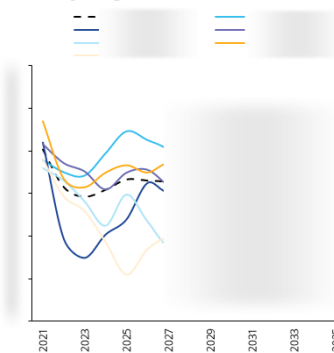
South Asia (India)
Strong demand to persist, supported by infrastructure growth, solid GDP performance, and a young population. Operating rates are likely to because of and project start-ups.

Southeast Asia
Operating rates are forecast to remain relatively and driven by into northeast Asia.

Global ethylene capacity addition



Global operating rates



Note:

- The Iran-Israel/US conflict, which escalated in late February, has disrupted the region, including the temporary closure of the Strait of Hormuz, leading to a substantial reduction in energy and crude product exports. These impacts are not captured in the published balance.
- This analysis assumes that disputes between economies are short-lived, with the conflict ultimately resolved and trade flows stabilising at levels that do not materially disrupt efficient global trade.

Middle East Conflict: Repricing

Base-case assumptions were set before escalation

- The 2026 ethylene analytics were originally developed under a pre-Iran conflict assumption. The conflict has now persisted for more than a month, with a recent two-week ceasefire agreement, at the time of writing. This has significantly changed the global energy and petrochemical landscape. Iran has shown resilience under sustained attack, disrupting trade through the Strait of Hormuz, and retaliating against US military assets and regional energy infrastructure.

Hormuz remains a major chokepoint for crude, naphtha and LPG

- The closure of the Strait of Hormuz is a major shock to global energy trade. Prior to the conflict, crude flows through the strait averaged approximately accounting for more than of global seaborne crude trade. In addition, around b/d of refined products and b/d of LPG transited the strait.

Asia Petrochemical markets remain most exposed

- The disruption of these flows is driving acute feedstock shortages across regions highly dependent on Middle Eastern exports, particularly Asia and parts of Africa.

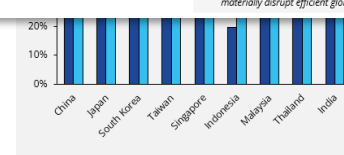
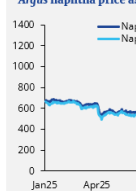
Price volatility reflects both physical and risk-premium tightening

- Crude and naphtha prices have risen sharply since the conflict began. Downstream costs are likely to remain structurally high after the war, as supply chains, shipping logistics, and freight insurance recover only gradually.

Argus crude price assess



Argus naphtha price assess



A photograph of a large industrial refinery or chemical plant at sunset. The sky is a mix of orange, yellow, and blue. The facility features several tall distillation columns, a complex network of pipes, and various storage tanks. Some parts of the plant are illuminated by artificial lights, creating a contrast with the natural light of the sunset.

About this report sample

Long-term investment and strategy depend on understanding how global ethylene markets will evolve over the coming years.

Argus Ethylene Analytics offers a data-driven perspective on global supply-demand fundamentals, combining expert analysis with detailed forecasts of capacities, trade flows, operating rates and derivative demand across key producing and consuming regions.

Subscribers receive a 10-year forecast with five years of historical data, supported by regional and country-level analysis to assess market developments, anticipate growth opportunities and track shifting industry dynamics.

The full service is published twice a year and delivered as a PDF report with accompanying Excel data files.

This sample provides a preview of the depth and structure of the complete service.

To learn more about Argus Ethylene Analytics, **[contact our team](#)**.

Executive Summary: Ethylene analytics

Second capacity wave pressures operating rates and margins as rationalisation offers limited relief globally.

Key regions update

North America

North America retains cost leadership, but operating rates through the forecast period will hinge more on exports and demand recovery than new builds. Feedstocks and support North American operations, throughout the forecast period.

Western Europe

Ongoing rationalisation ahead of any demand recovery. With closures expected in the coming years, as and make recovery a slow process throughout the forecast period.

Middle East

Cost advantages and modern assets will support operating rates, with ethylene exports rising on surplus volumes from new cracker start-ups until derivative demand absorbs them.

Northeast Asia

The second wave of capacity additions will add around 20 mn t by 2030, with closures of older, smaller, less efficient and non-integrated crackers supporting operating rates.

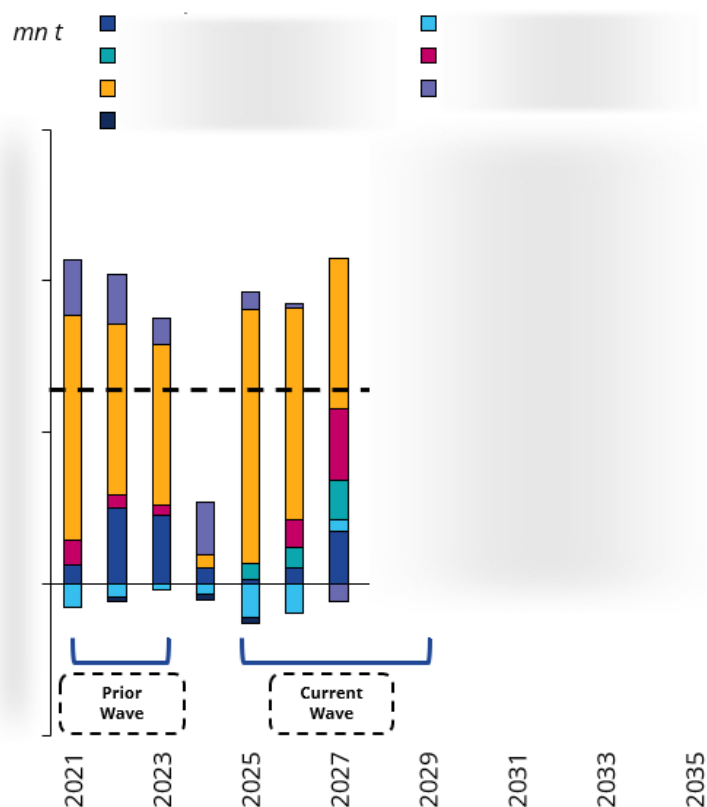
South Asia (India)

Strong demand to persist, supported by infrastructure growth, solid GDP performance, and a young population. Operating rates are likely to remain high because of and project start-ups.

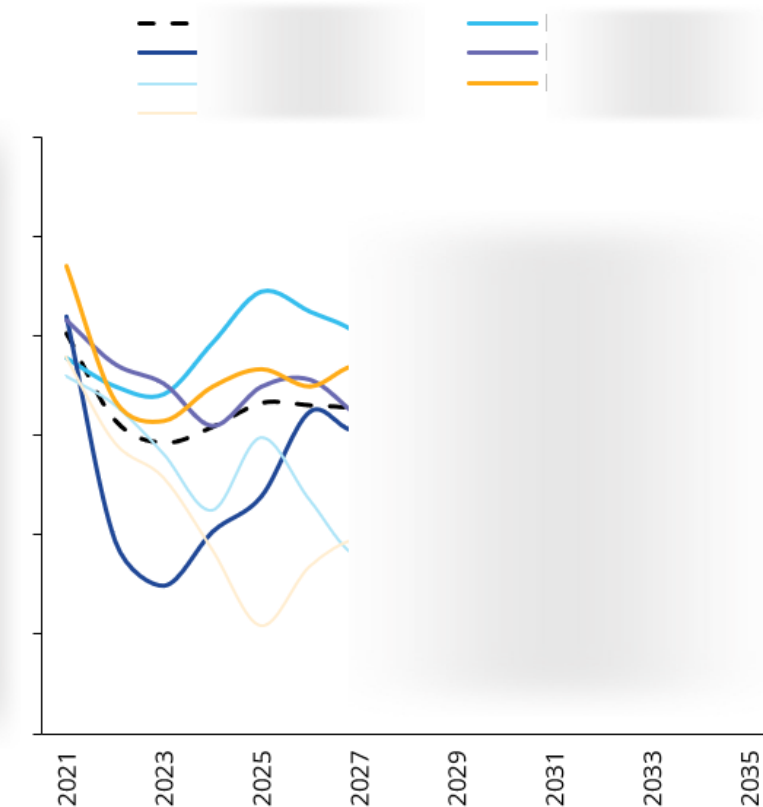
Southeast Asia

Operating rates are forecast to remain high, driven by relatively strong demand and into northeast Asia.

Global ethylene capacity addition



Global operating rates



Note:

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Middle East Conflict: Repricing global energy risk

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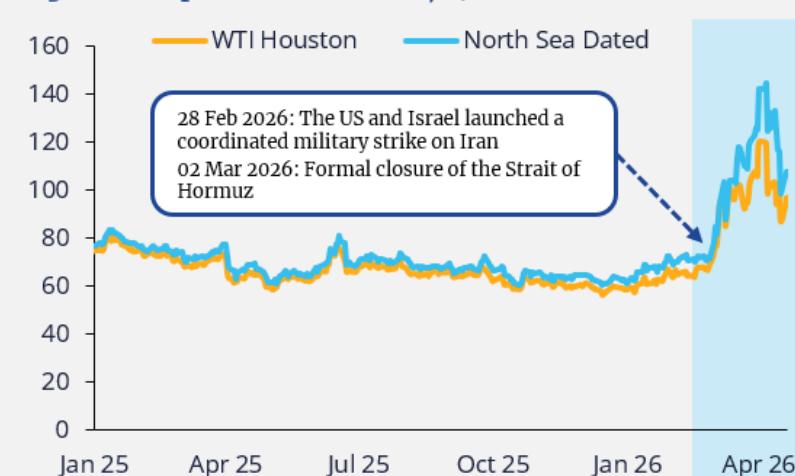
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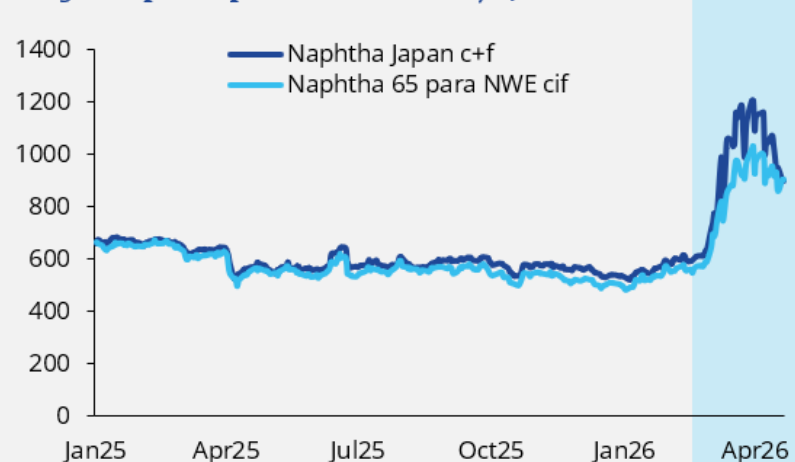
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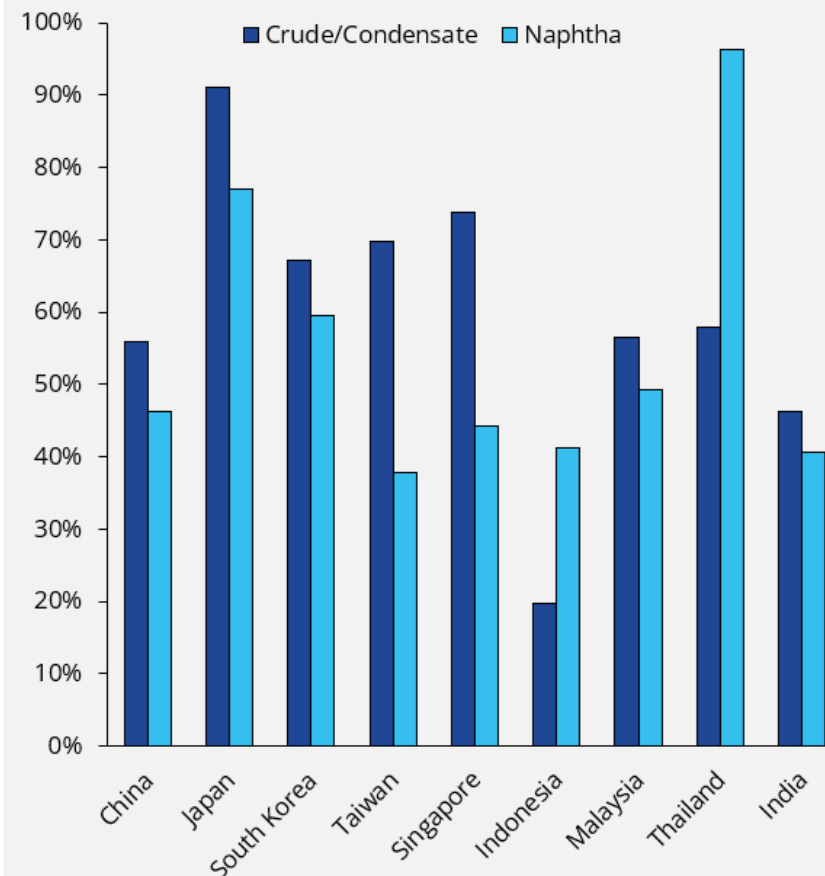
Argus crude price assessments, \$/bl



Argus naphtha price assessments, \$/t

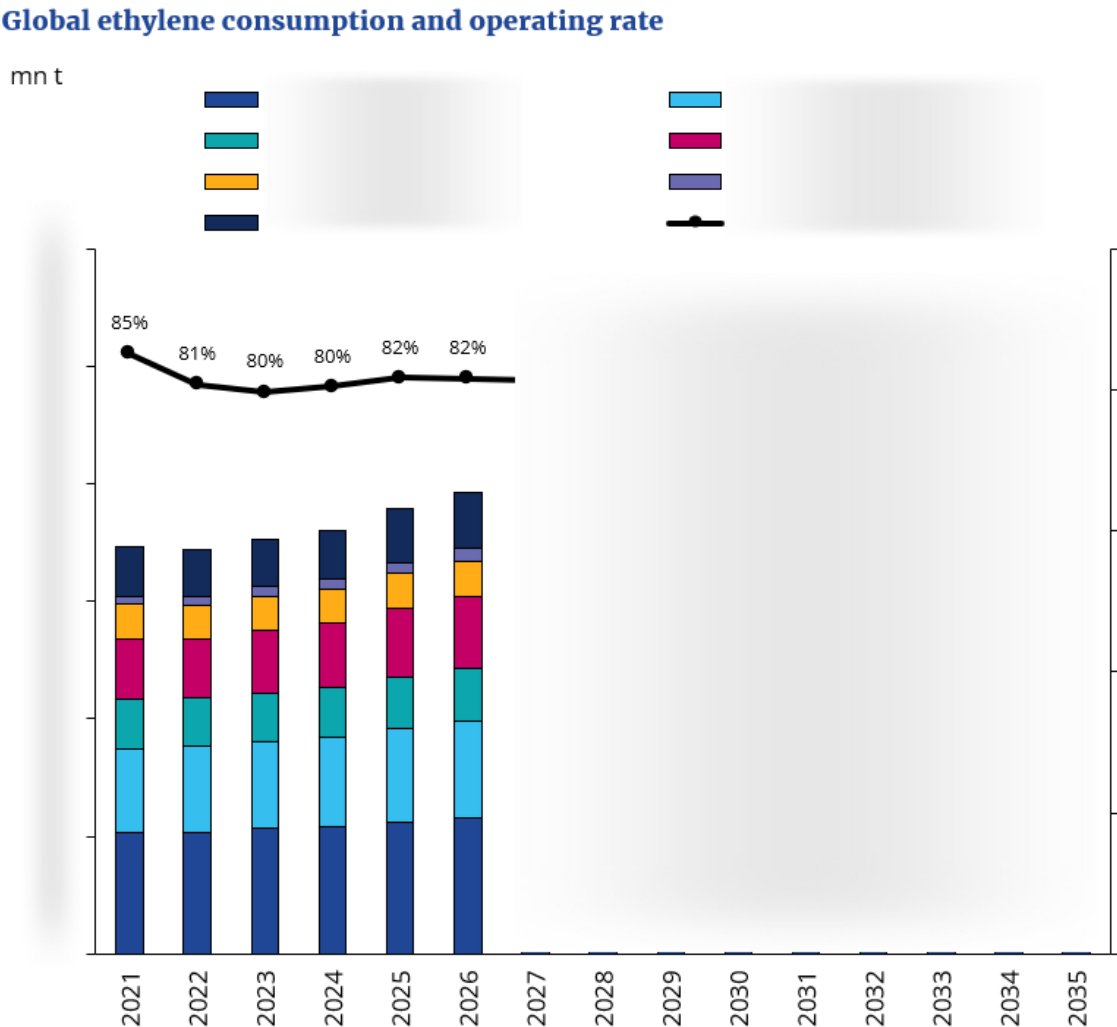


Asia-Pacific dependence on the Strait of Hormuz for crude and naphtha imports in 2025



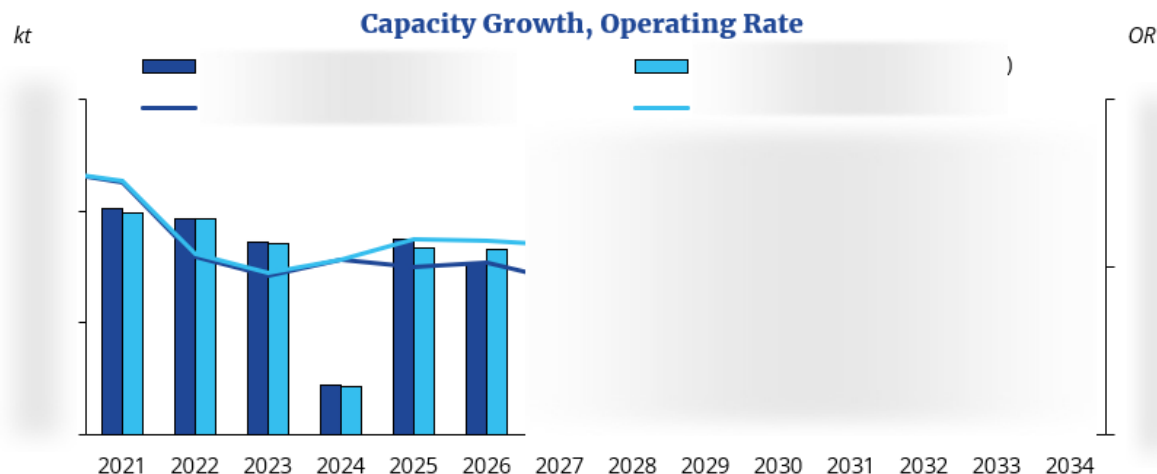
Global ethylene: Overview

Supply	- The first global ethylene capacity addition cycle has [redacted], with operating rates expected to [redacted]. A new wave of [redacted] in 2027-28 is expected to renew oversupply pressure. - Rationalisation in Northeast Asia and Western Europe will partially offset new additions but will not fully restore market balance. - North America and the Middle East remain structurally advantaged because of their cost positions, although both regions are [redacted].
Demand	- Global ethylene demand growth [redacted] but is insufficient to absorb upcoming capacity additions from the second wave of capacity additions. - China remains the key marginal driver, though [redacted] in [redacted]. - Western European demand is recovering only gradually and will stay [redacted] throughout the forecast period. - North America and the Middle East show the strongest derivative-led export demand growth, supported by competitive feedstocks and global demand. - Export constraints from the Middle East conflict are likely to reduce [redacted] encourage domestic production where possible. The longer-term outlook [redacted], assuming a resolution and a return to normal global trade.
Trade	- Ethylene exports are essential to global balance, particularly as new capacity comes online in surplus regions. The US and Middle East [redacted], while Europe and parts of Asia [redacted]. - Northeast Asia's reliance on imports is [redacted], [redacted] and [redacted] the regional balance, but the region still depends on [redacted]. Ongoing investment in export terminals and logistics is vital to clear surplus ethylene and derivatives.



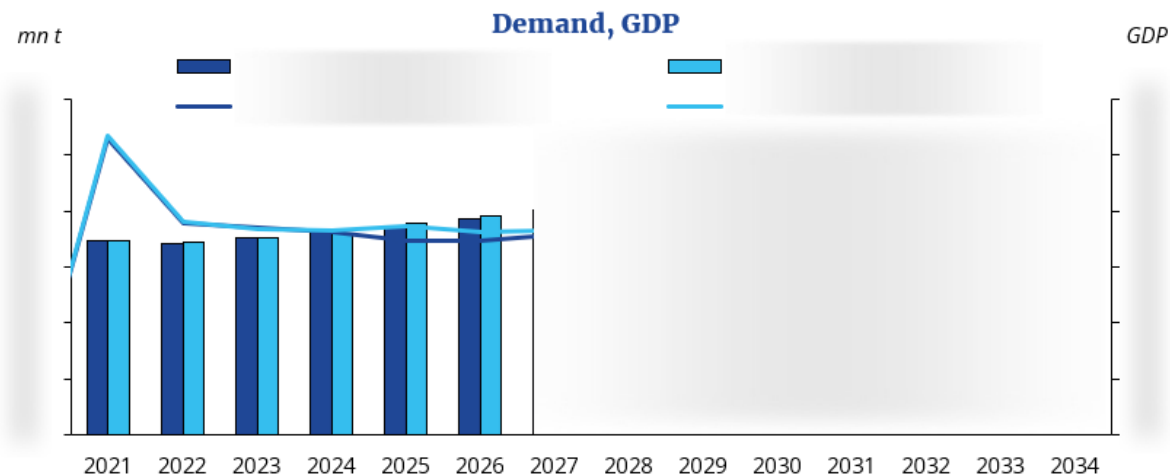
Global: What's changed

Supply:



- The latest outlook shows that capacity additions in 2027–28 have been revised lower, reflecting increased rationalisation, project cancellations and scheduling changes, as some projects are brought forward or deferred into 2029.
- Average net capacity additions over the next five years have been revised down by 1.4mnt/yr from the previous update, pointing to a structurally softer supply growth outlook. In parallel, average operating rates are now expected to increase by around 2pc/yr, supported by stronger production in 2025 and beyond, combined with lower capacity additions.
- The oversupply outlook remains a dominant global theme, with this revision reflecting the industry's gradual shift towards restructuring to partially offset excess supply. Downside risks to operating rates persist, as an unusually high number of strategic projects are still moving forward.

Demand:



- Global ethylene demand forecast has been revised higher by an average of 3.8mnt t/yr compared with the previous update, as a result of a stronger 2025 base year and the compounding growth effect throughout the forecast period. Additional support for this increase came from higher polypropylene (PP) comonomer demand.
- Global GDP assumptions remain broadly unchanged, averaging 3.2pc/yr through 2030, but ethylene demand growth continues to be impacted by slower macroeconomic growth. Ethylene demand growth averages 3.1pc/yr over the forecast period, consistent with previous expectations.
- China remains the key swing factor, but policy stimulus is not yet reflected in forecasts, leaving risks tilted towards a modest upside rather than a step-change recovery.

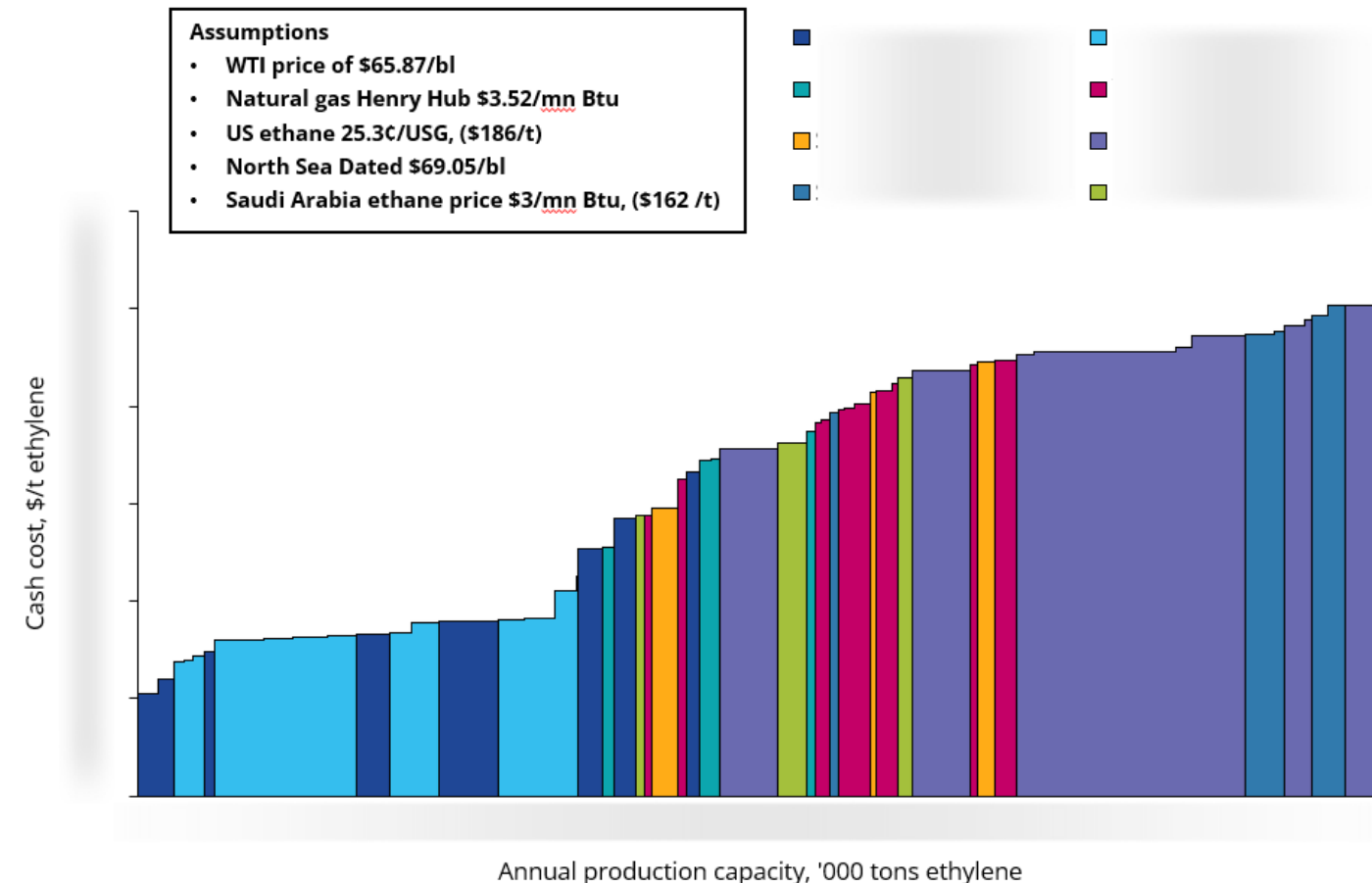
*Note: The **Iran-Israel/US conflict**, which escalated in late February, has disrupted the region, including the temporary **closure of the Strait of Hormuz**, leading to a substantial reduction in energy and crude product exports. These impacts were not incorporated into this update*

Global steam cracker cost curve

Middle East and North America lead, Asia and Europe face rationalisation pressure

- Global steam cracker capacity rose to 232 mn t/yr in 2025, with 316 units in operation, a net increase of six units year on year, despite closures in Western Europe and Australia.
- The Argus-modelled global steam cracker cost curve benchmarks producer competitiveness under 2025 annualised price assumptions of \$65.87/bl crude and 25.3¢/USG US ethane.
- The Middle East remains the lowest-cost ethylene-producing region globally, underpinned by access to structurally low-cost ethane, primarily in Saudi Arabia, the UAE and Qatar, despite a 20 pc increase in Saudi ethane prices in 2025. While regional crackers running heavier feedstocks face relatively higher costs than ethane-based units, they continue to retain a cost advantage over regions reliant on imported ethane, particularly against the backdrop of a 33 pc rise in US ethane prices and lower crude prices.
- North American ethane-based crackers follow on the cost curve, benefiting from abundant ethane supply and large-scale production, which together reinforce the region's position as a global leader in ethylene production.
- Older Asian and European crackers that depend on heavier feedstocks with limited flexibility for lighter alternatives sit at the higher end of the global cost curve. These assets face the greatest rationalisation risk amid persistent oversupply and weak demand, with shutdowns and capacity idling already under way.
- The current cost curves exclude European Emissions Trading System (ETS) costs, estimated at an average of USD 50/t of ethylene, which would push European assets further to the right on the cost curve.

Global steam cracker cost curve



Associated data sample

Subscription
includes detailed
Excel downloads

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Ethylene 10-year price page																		
Region	Price	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034		
US	Contract Ethylene €/lb	26																
US	Contract Ethylene \$/t	579																
US	Spot Ethylene €/lb	18																
US	Spot Ethylene \$/t	390																
Europe	Contract Ethylene \$/t	908																
Europe	Contract Ethylene €/t	797																
Asia-Pacific	NEA Spot Ethylene \$/t	746																
Asia-Pacific	SEA Spot Ethylene \$/t	708																
Market Assumptions																		
US	Crude WTI- Cushing \$/bl	39																
US	Crude WTI- Midland \$/bl	40																
Europe	North Sea Dated \$/bl	42																
Asia-Pacific	Dubai \$/bl	42																
US	Natural Gas Henry Hub \$/mmBtu	2.00																
Europe	Naphtha ARA \$/t	355																
Asia-Pacific	Naphtha cfr Japan \$/t	380																
Europe	Exchange rate \$/€	1.14																

22	Steam cracker	159,359
23	Total production	165,884
24	Operating Rate	86%
25	Total Imports	7,171
26	Total supply	165,884
27		
28	Derivative Capacity (Ethylene)	
29	Acetaldehyde	1,041
30	Alpha Olefins	6,263
31	Speculative Alpha Olefins	-
32	E/P Rubber	2,467
33	Ethanol	857
34	Ethyl Acetate	243
35	Ethyl Chloride	56
36	Ethylbenzene	10,964
37	Speculative Ethylbenzene	-
38	Ethylene Dichloride	17,875
39	Speculative Ethylene Dichloride	-
40	Ethylene Oxide	30,073
41	Speculative Ethylene Oxide	-
42	HDPE	41,336
43	Speculative HDPE	-

< > Contents World Regional dashboard Country dashboard GDP Trade Capacity +

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Central and Eastern Europe: Overview

Modest operating rate gains following PKN Orlen's expansion project start up

Supply

- Steam cracker operating rates in the region have remained broadly stable over the past three years, averaging about [redacted] points below levels before the war in Ukraine.
- Production capacity is forecast to increase to [redacted], driven by the delayed PKN Orlen's expansion project as it re-evaluates its overall strategic alignment of the proposed investment.
- Forward expectations point to a slow and steady improvement in the region's operating rate, averaging around [redacted], constrained by weak demand growth, and peaking at [redacted] once the new PKN Orlen project is fully materialised.

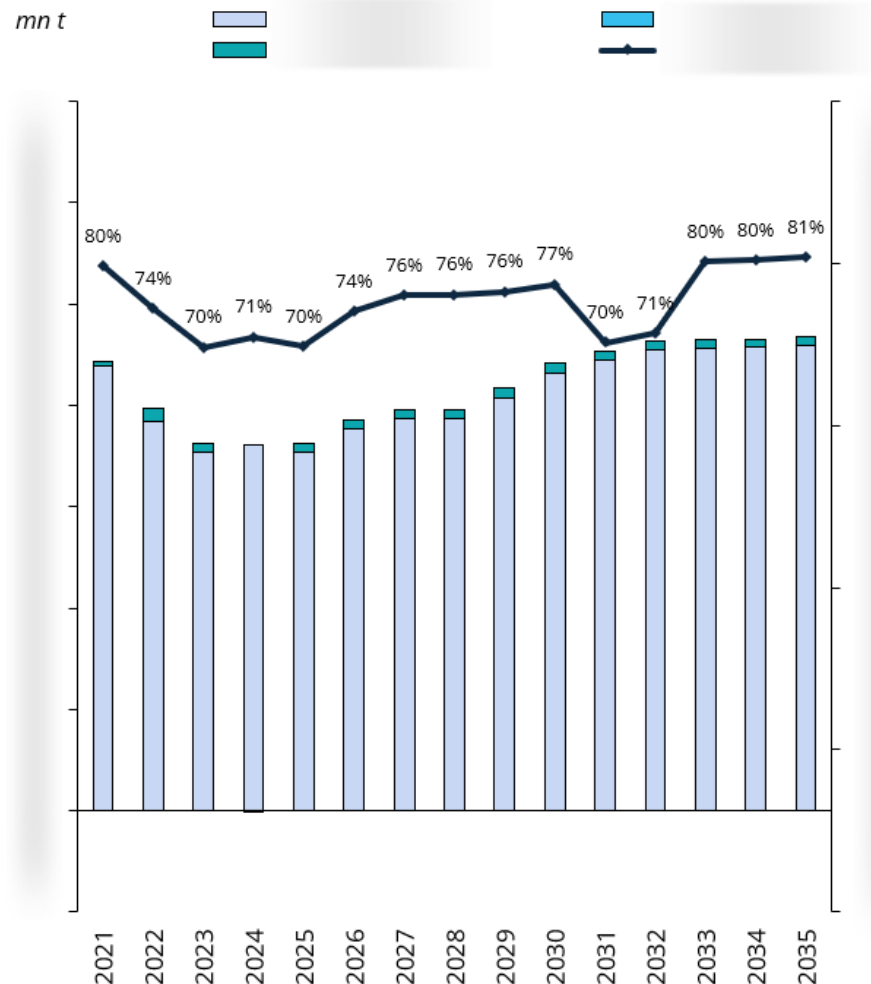
Demand

- Central and eastern Europe continues to be impacted by the Russian-Ukraine conflict, with the effects of high energy prices and high inflation yet to completely ease, which has reduced consumer spending and business confidence.
- The peak in global polyethylene (PE) capacity additions over the next five years is set to [redacted]. PKN Orlen's expansion project is not expected to start before 2031 and should support regional ethylene growth once commissioned.
- Any resolution to the Russian-Ukrainian conflict would be a major boost for demand.

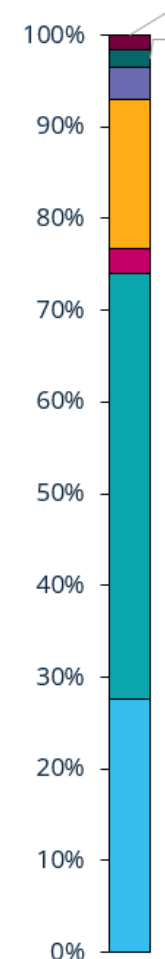
Trade

- The region is forecast to [redacted]
- Net imports [redacted] but remained close to historical averages. Gradual demand growth in Romania is expected to keep net imports broadly stable throughout the forecast period.

Production and Operating Rate

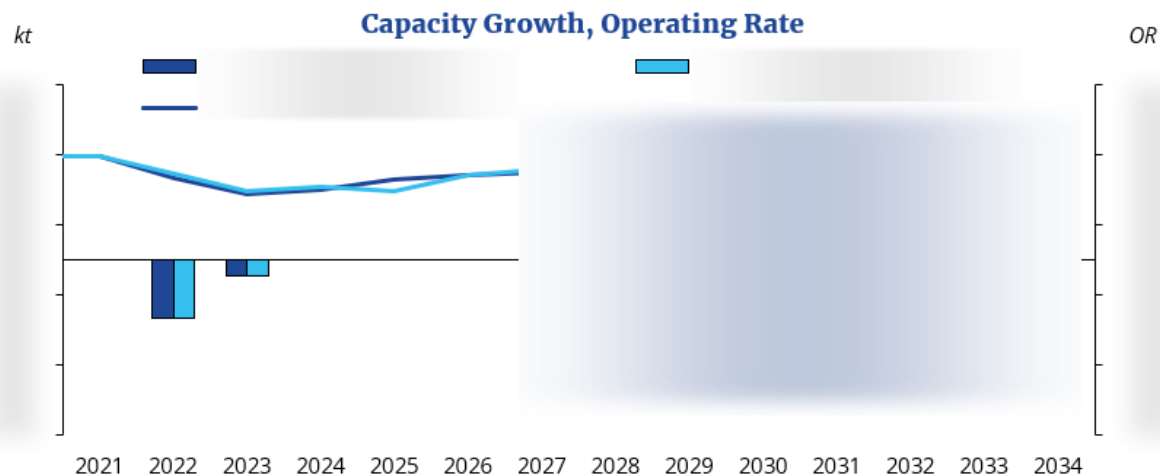


Demand by Derivatives



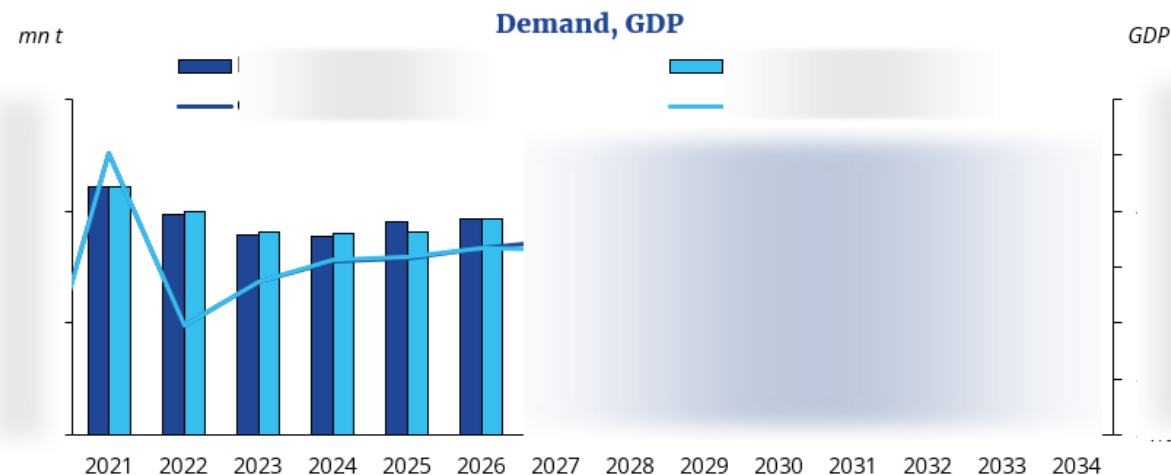
Central and Eastern Europe: What's changed

Supply: Minor 2025 demand weakness but improving outlook supports higher cracker runs long term



- Minimal changes were made to the regional capacity forecast. The 2025 operating rate was revised down by . By contrast, an improving PP comonomer demand outlook is expected to lift forecast steam cracker operating rates by an average of .
- The Ukrainian cracker, offline since the first quarter of 2022 because of to the conflict with Russia, is now .

Demand: After four years of declines, ethylene demand returns to growth



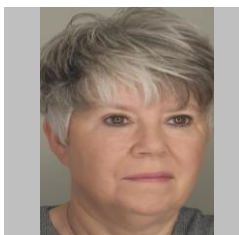
- Minimal changes were made to the regional forecast. Domestic ethylene demand in the region increased by after consecutive declines from , as a result of the Russia-Ukraine conflict. Demand is forecast to grow on average by 2.6pc/yr over the outlook period, roughly in line with projected average GDP growth of .
- The longer-term regional ethylene demand forecast was revised slightly higher, increasing by an average of over the 10-year outlook, driven by stronger PP comonomer modelled demand.

Meet the experts



Craig Barry
Lead Consultant, Ethylene and Derivatives

Craig leads the global ethylene team, focused on integrated global forecasts. He has more than 30 years of experience in the olefins industry, including with Dow Chemical and ExxonMobil. Throughout his career, Craig has worked across the world with major olefins and derivatives producers. His experience includes olefins feedstocks and refinery integration within the petrochemical industry. He holds a chemical engineering degree from Ohio State University and an MBA from Rice University.



Sarah Rae
Vice-President, Propylene and Derivatives

Sarah is Argus' propylene consultant, primarily focused on Europe and the Middle East. Before joining Argus, Sarah held senior strategic purchasing management positions at Ineos, Tessenderlo Chemie and Rhodia, responsible for materials such as olefins, fertilizers and commodity raw materials. Before this, Sarah held various management and project roles covering most aspects of the chemicals business, including business management, sales, planning and logistics. She holds a degree in geology from Leicester University.



Alan Williamson
Olefins Consultant, EMEA

Alan focuses primarily on olefins in Europe and the Middle East. He has more than 35 years of experience working in the European petrochemicals industry with BP.



Dhanish Kalayarasu
Manager – Chemicals

Dhanish is a Manager in the London Consulting office, mainly focusing on olefins, polyolefins and chlor alkali. He got his degree in chemical engineering from the University of Newcastle and an MSc in Finance Analytics from King's College London. His experience includes roles working in power generation, project management, agriculture and analytics. He also spent time at an edible oil refinery managing operations and projects with high-pressure biomass boilers, steam turbines, water treatment, and fuel management.



Toong Shien Lee
Associate Editor, Olefins, Aromatics and MTBE

Lee Toong Shien (TS) is an associate petrochemicals editor at Argus based in Singapore. He specialises in various petrochemical products, including toluene, ethylene, propylene and MTBE in Asia and the Middle East. Before joining Argus in 2018, he worked in the financial industry. TS holds a bachelor of science degree in statistics from the National University of Singapore.



Josie Jiang
Senior Analyst, Olefins and Polyolefins

Josie is a senior analyst in Shanghai focused on olefins and polyolefins markets. Her experience includes working at Pacific Gas as a market analyst in the strategic department, focusing on LPG, ethane, shipping and financial markets. Josie is a chartered financial analyst who holds a bachelor's degree in economics and a master's degree in finance and investment from the University of Bristol.



Utkarsh Mishra
Lead Olefins Consultant – Asia

Utkarsh is the lead consultant for Olefins-Asia based in the Argus Mumbai office. He is a chemical engineer with over 13 years of diverse experience in operations, technology, process design, technical services, and modelling and simulation across the refinery and petrochemicals value chain during his previous roles at Reliance Industries and Honeywell UOP.

We hope you found this sample of *Argus Ethylene Analytics* valuable.

The full service provides twice-yearly updates on long-term global ethylene supply, demand, capacity and trade flows, alongside detailed datasets accessible through Argus Direct®.

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