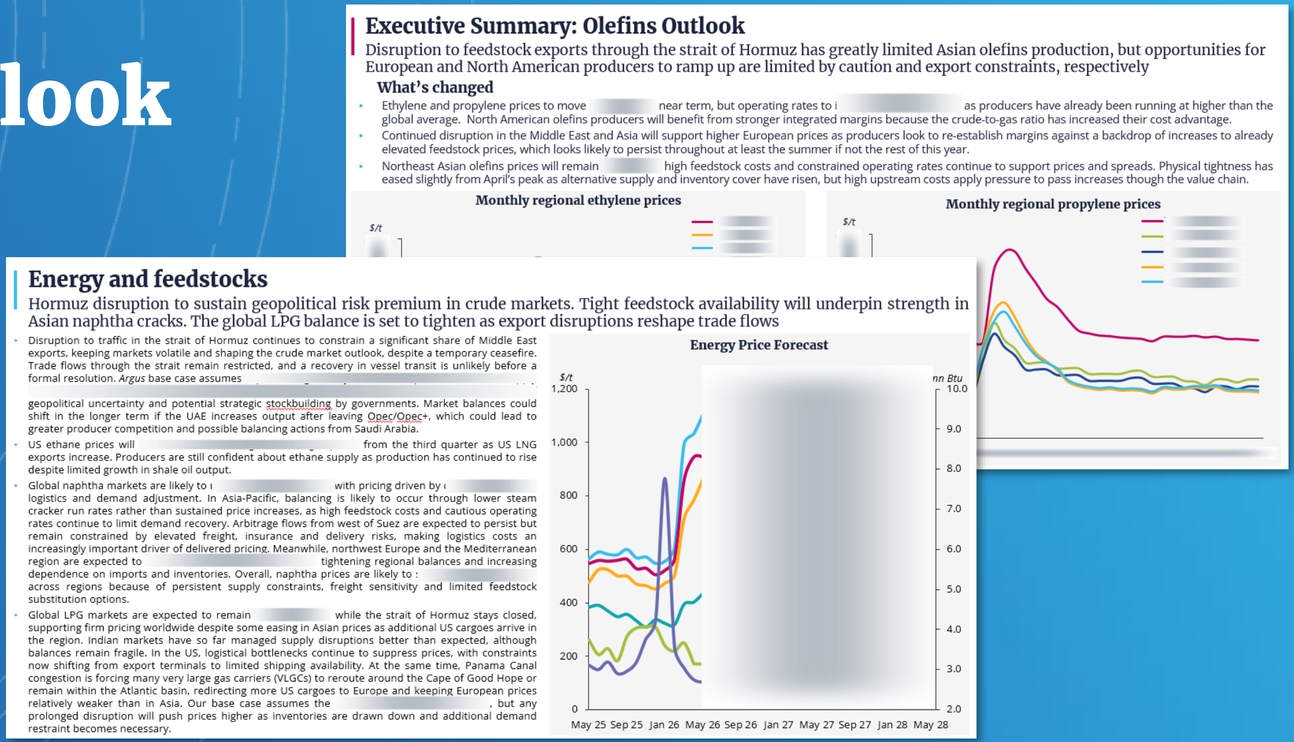
Argus report sample

Argus Olefins Outlook

May 2026



Executive Summary: Olefins Outlook

Disruption to feedstock exports through the strait of Hormuz has greatly limited Asian olefins production, but opportunities for European and North American producers to ramp up are limited by caution and export constraints, respectively

What's changed

- Ethylene and propylene prices to move [illegible] near term, but operating rates to [illegible] as producers have already been running at higher than the global average. North American olefins producers will benefit from stronger integrated margins because the crude-to-gas ratio has increased their cost advantage.
- Continued disruption in the Middle East and Asia will support higher European prices as producers look to re-establish margins against a backdrop of increases to already elevated feedstock prices, which looks likely to persist throughout at least the summer if not the rest of this year.
- Northeast Asian olefins prices will remain [illegible] high feedstock costs and constrained operating rates continue to support prices and spreads. Physical tightness has eased slightly from April's peak as alternative supply and inventory cover have risen, but high upstream costs apply pressure to pass increases though the value chain.

Energy and feedstocks

Hormuz disruption to sustain geopolitical risk premium in crude markets. Tight feedstock availability will underpin strength in Asian naphtha cracks. The global LPG balance is set to tighten as export disruptions reshape trade flows

- Disruption to traffic in the strait of Hormuz continues to constrain a significant share of Middle East exports, keeping markets volatile and shaping the crude market outlook, despite a temporary ceasefire. Trade flows through the strait remain restricted, and a recovery in vessel transit is unlikely before a formal resolution. *Argus* base case assumes [illegible] geopolitical uncertainty and potential strategic stockbuilding by governments. Market balances could shift in the longer term if the UAE increases output after leaving Opec/Opec+, which could lead to greater producer competition and possible balancing actions from Saudi Arabia.
- US ethane prices will [illegible] from the third quarter as US LNG exports increase. Producers are still confident about ethane supply as production has continued to rise despite limited growth in shale oil output.
- Global naphtha markets are likely to [illegible] with pricing driven by [illegible] logistics and demand adjustment. In Asia-Pacific, balancing is likely to occur through lower steam cracker run rates rather than sustained price increases, as high feedstock costs and cautious operating rates continue to limit demand recovery. Arbitrage flows from west of Suez are expected to persist but remain constrained by elevated freight, insurance and delivery risks, making logistics costs an increasingly important driver of delivered pricing. Meanwhile, northwest Europe and the Mediterranean region are expected to [illegible] tightening regional balances and increasing dependence on imports and inventories. Overall, naphtha prices are likely to [illegible] across regions because of persistent supply constraints, freight sensitivity and limited feedstock substitution options.
- Global LPG markets are expected to remain [illegible] while the strait of Hormuz stays closed, supporting firm pricing worldwide despite some easing in Asian prices as additional US cargoes arrive in the region. Indian markets have so far managed supply disruptions better than expected, although balances remain fragile. In the US, logistical bottlenecks continue to suppress prices, with constraints now shifting from export terminals to limited shipping availability. At the same time, Panama Canal congestion is forcing many very large gas carriers (VLGCs) to reroute around the Cape of Good Hope or remain within the Atlantic basin, redirecting more US cargoes to Europe and keeping European prices relatively weaker than in Asia. Our base case assumes the [illegible], but any prolonged disruption will push prices higher as inventories are drawn down and additional demand restraint becomes necessary.

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About this report sample

Argus Olefins Outlook delivers independent analysis and forecasting to help you anticipate developments in ethylene and propylene markets before they affect your commercial decisions.

Subscribers receive:

- A 24-month rolling price forecast
- An annual 5-year outlook
- Forward-looking analysis on global supply and demand, trade flows, regional market behaviour, feedstocks and production economics

The full service is delivered monthly as a PDF report with supporting Excel data files via Argus Direct®.

This sample offers a preview of the depth and structure of the monthly analysis.

To learn more about the Argus Olefins Outlook service, **contact our team**.

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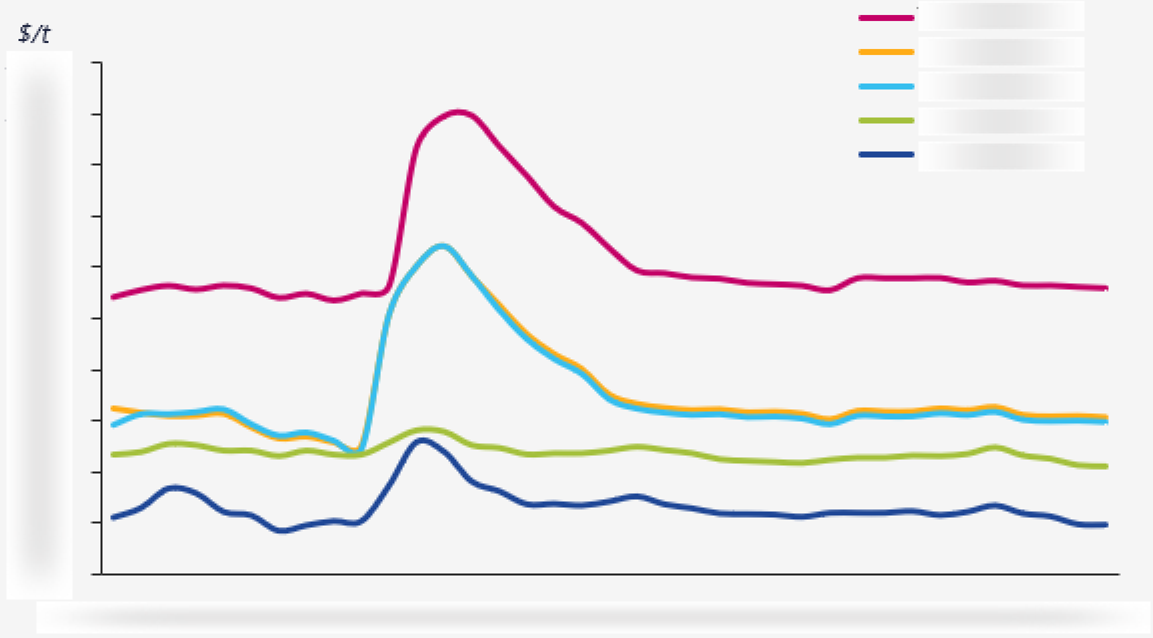
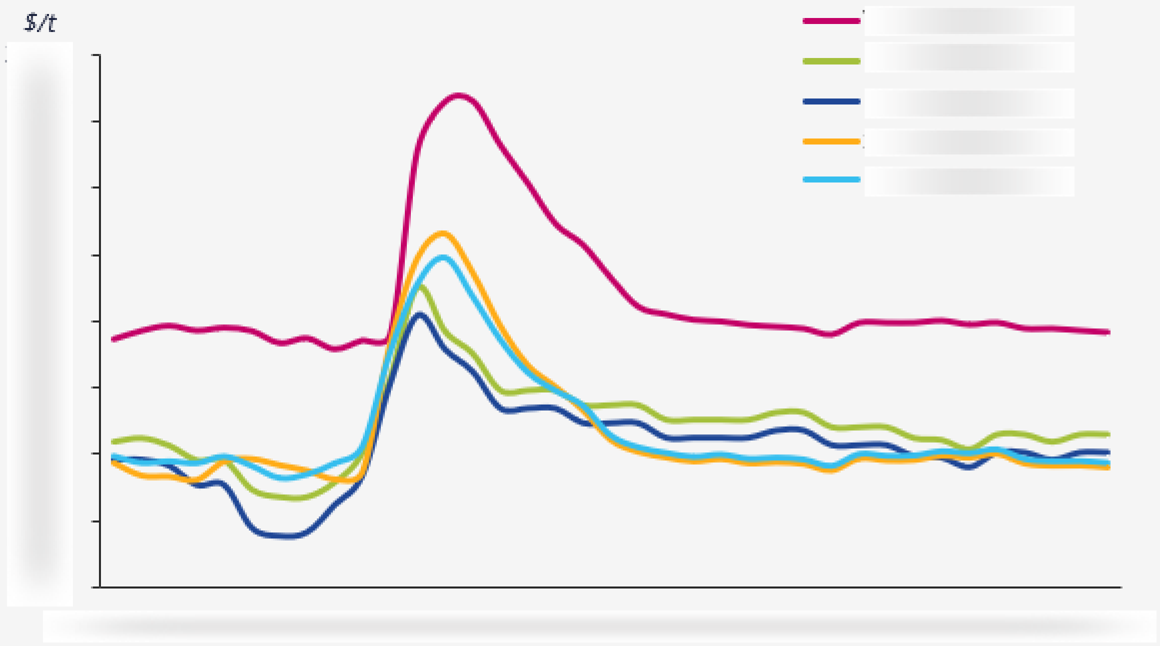
Monthly regional ethylene prices



Monthly regional propylene prices



Source: Argus Media - Consulting Services

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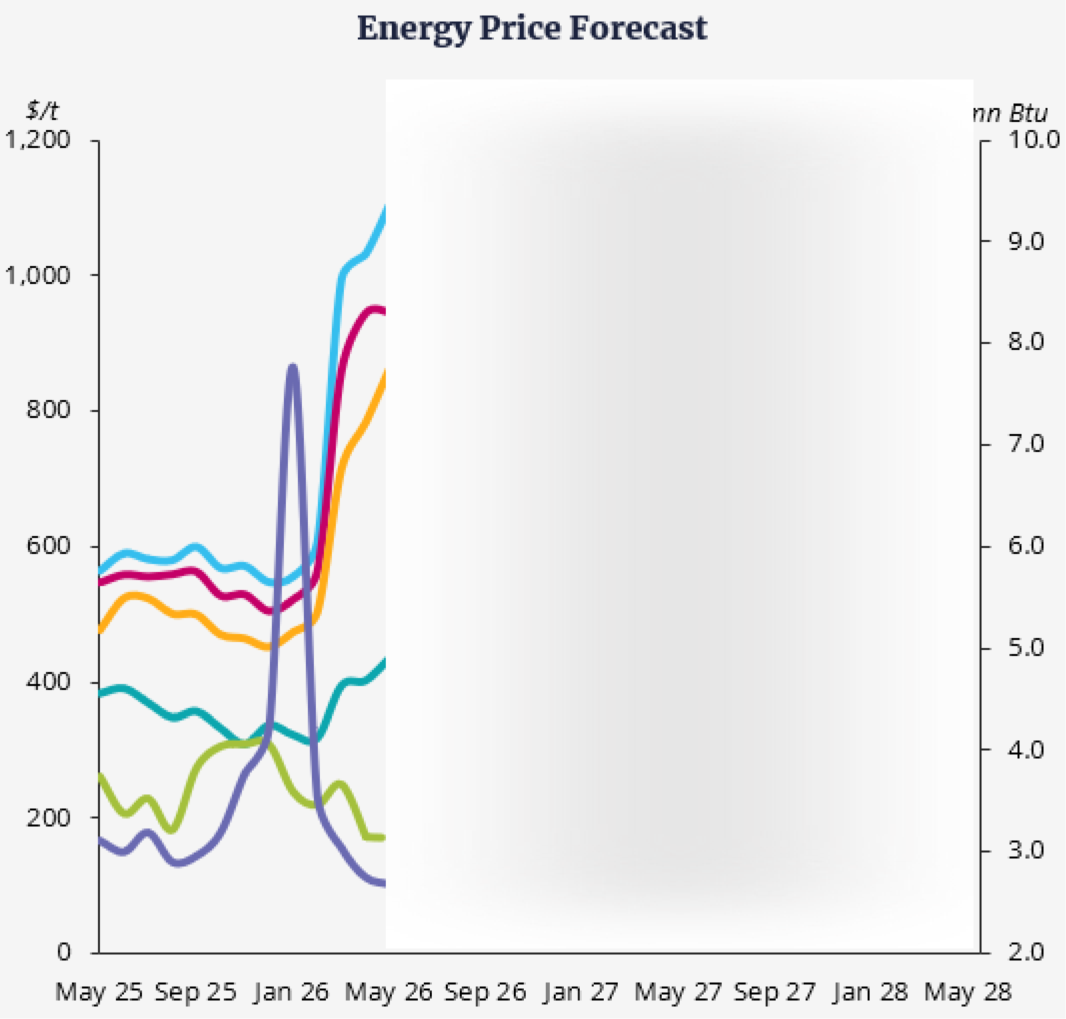

Source: Argus Media - Consulting Services

Associated data sample

Subscription includes detailed Excel downloads

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Ethylene, propylene and polymers price page

Region	Price	Dec 25	Jan 26	Feb 26	Mar 26	Apr 26	May 26	Jun 26	Jul 26	Aug 26
US	Contract Ethylene ¢/lb	31	30	30	33	35	*35*	*32*	*32*	*30*
US	Contract Ethylene $/t	683	667	667	717	766	*761*	*705*	*634*	*668*
US	Spot Ethylene ¢/lb	18	19	19	25	32	*31*	*26*	*24*	*22*
US	Spot Ethylene $/t	393	409	409	546	714	*677*	*562*	*525*	*474*
US	Poly Gr Contract Propylene ¢/lb	31	33	37	47	59	*53*	*50*	*45*	*45*
US	Poly Gr Contract Propylene $/t	672	717	805	1,025	1,301	*1,168*	*1,102*	*992*	*992*
US	Poly Gr Spot Propylene ¢/lb	26	29	33	46	55	*51*	*48*	*43*	*43*
US	Poly Gr Spot Propylene $/t	565	647	735	1,009	1,216	*1,113*	*1,047*	*937*	*937*
US	Ref Gr Propylene ¢/lb	29	29	29	29	29	*47*	*44*	*39*	*39*
US	Ref Gr Propylene $/t	639	639	639	638	638	*1,036*	*970*	*860*	*860*
US	PVC pipe fas Houston bagged ¢/lb	26	28	30	40	47	*52*	*45*	*43*	*39*
Europe	Contract Ethylene $/t	1,294	1,267	1,295	1,323	1,867	*1,930*	*1,932*	*1,871*	*1,756*
Europe	Contract Ethylene €/t	1,105	1,080	1,095	1,145	1,595	*1,635*	*1,635*	*1,530*	*1,430*
Europe	Poly Gr Contract Propylene $/t	1,148	1,115	1,141	1,156	1,715	*1,867*	*1,863*	*1,730*	*1,614*
Europe	Poly Gr Contract Propylene €/t	980	950	965	1,000	1,465	*1,585*	*1,585*	*1,470*	*1,370*
Europe	PVC €/t	990	978	980	1,020	1,395	*1,445*	*1,445*	*1,345*	*1,275*
Asia-Pacific	NEA Spot Ethylene $/t	753	720	686	1,216	1,407	*1,486*	*1,369*	*1,234*	*1,120*
Asia-Pacific	SEA Spot Ethylene $/t	738	715	701	1,216	1,407	*1,486*	*1,369*	*1,254*	*1,140*
Asia-Pacific	NEA Spot Propylene $/t	740	774	824	1,106	1,312	*1,391*	*1,274*	*1,144*	*1,045*
Asia-Pacific	SEA Spot Propylene $/t	750	724	745	1,128	1,388	*1,461*	*1,344*	*1,184*	*1,065*
Asia-Pacific	PVC Pipe $/t	598	620	669	823	893	*986*	*854*	*784*	*843*
Market Assumptions										
US	Crude WTI- Cushing $/bl	58	60	65	91	99	*107*	*102*	*92*	*90*
US	Crude WTI- Midland $/bl	58	61	65	93	101	*112*	*106*	*96*	*94*
Europe	North Sea Dated $/bl	63	67	71	104	120	*115*	*110*	*100*	*95*
Asia-Pacific	Dubai $/bl	62	63	69	128	104	*115*	*111*	*102*	*97*
US	Natural Gas Henry Hub $/mmBtu	4.22	7.77	3.56	3.05	2.76	*2.69*	*2.79*	*3.07*	*3.14*
Europe	Naphtha ARA $/t	505	523	564	858	943	*945*	*910*	*820*	*778*
Asia-Pacific	Naphtha cfr Japan $/t	549	557	607	995	1,032	*1,106*	*994*	*894*	*840*
Europe	Exchange rate $/€	1.17	1.17	1.18	1.16	1.17	*1.17*	*1.18*	*1.18*	*1.18*

Sep 26	Oct 26	Nov 26	Dec 26	Jan 27	Feb 27	Mar 27	Apr 27	May 27	Jun 27	Jul 27	Aug 27	Sep 27	Oct 27	Nov 27	Dec 27	Jan 28	Feb 28	Mar 28	Apr 28	May 28

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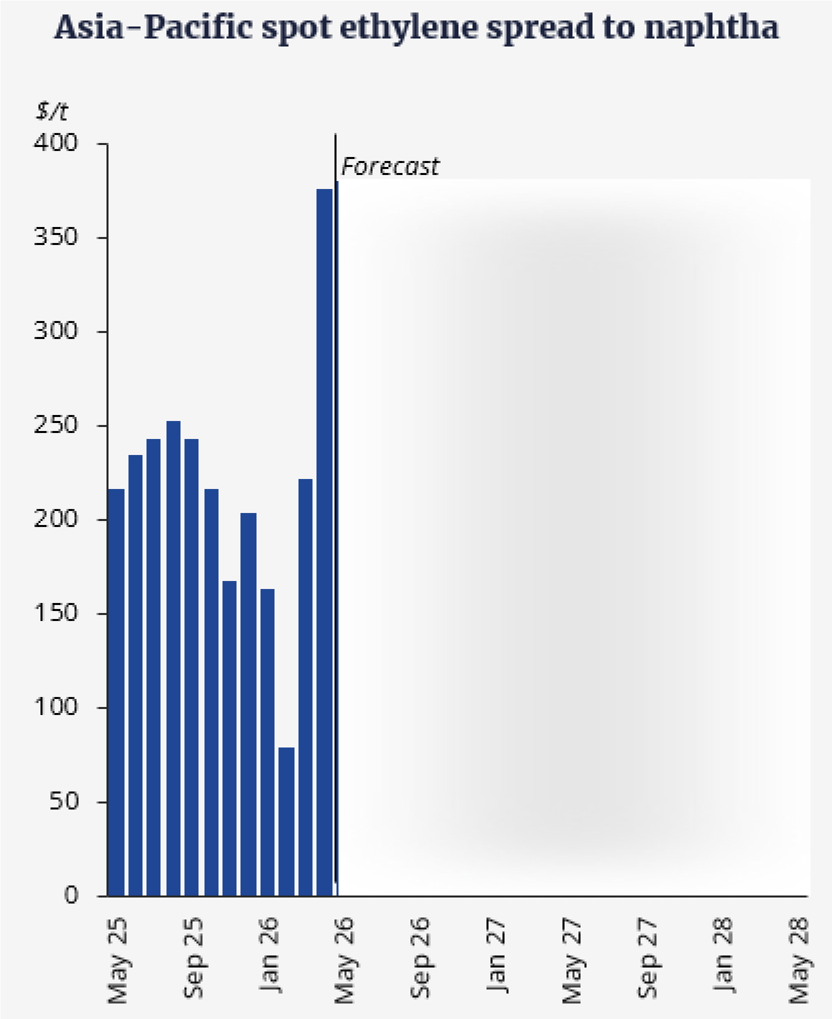
Asia-Pacific: Ethylene

Market spreads to remain high in May because of elevated costs and continued tight supply-demand dynamics



	Apr 26	May 26	Jun 26	Jul 26	Aug 26	Sep 26	Oct 26
NEA spot ethylene, *$/t*	1,407	*1,486*	*1,369*	*1,234*	*1,120*		
SEA spot ethylene, *$/t*	1,407	*1,486*	*1,369*	*1,254*	*1,140*		

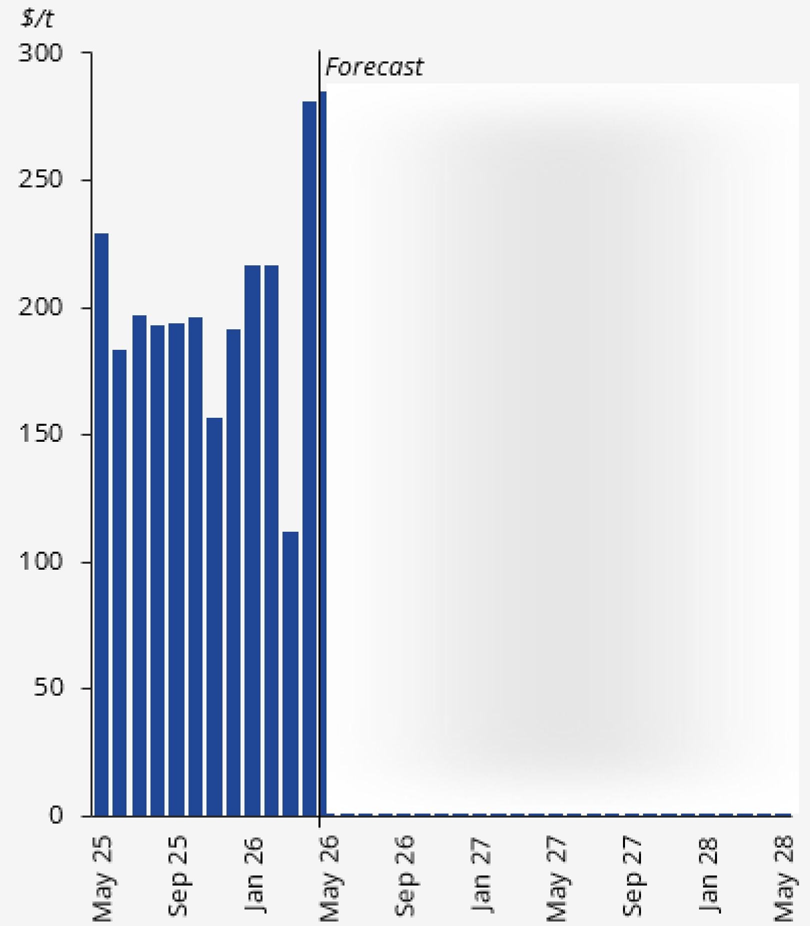
- The ethylene market was highly volatile from February to April, with spreads widening from around $80/t to $375/t. The move was mainly driven by supply constraints and elevated feedstock costs, rather than any improvement in merchant ethylene profitability. Disruptions in the Middle East, feedstock shortages and run cuts have reduced operating rates by between 10-20pc across northeast and southeast Asia, tightening spot availability.
- Near-term physical supply tightness is likely to ease from April's peak, supported by higher alternative feedstock flows, partial inventory replenishment and lower operating rates. This is reflected in CNOOC-Shell restarting their Huizhou cracker using domestic naphtha and existing inventories, lower South Korean naphtha premiums and South Korea's naphtha import subsidy, although any run rate recovery is likely to be limited by persistent feedstock uncertainty and negative margins. Elevated naphtha replacement costs will continue to support ethylene prices despite weaker downstream fundamentals.
- Demand remains mixed. Spot buying in late March and April was partly driven by urgent restocking, but these requirements now appear largely covered. Downstream buyers are showing greater resistance to higher offers, particularly as derivative margins remain under pressure and the ability to pass through costs remains limited.
- Ethylene spreads are projected to remain elevated in May-June, broadly in line with April levels and consistent with our crude price outlook and base-case assumption that Hormuz flows will begin to normalise from June. Upside is capped by weak demand, while downside remains limited by high feedstock costs.
- Under our base case view that Middle East tensions ease and Hormuz flows start to normalise from June, ethylene spreads are expected to moderate gradually from July-August. This correction is likely to be cost-driven rather than demand-led, as naphtha supply recovers, trade flows stabilise and cracker operating rates adjust.
- If disruptions persist beyond the expected timeline, feedstock costs could Production under negative margins may delay restarts, while downstream affordability could deteriorate further. This would prolong market stress and may accelerate capacity rationalisation.
- Capacity additions in the second half of 2026 also . Potential delays could provide limited near-term support but may also postpone the region's broader recovery.

Source: Argus Media - Consulting Services

Asia-Pacific: Propylene

Propylene spread to remain elevated on forced PDH supply cuts until LPG costs fall

Asia-Pacific spot PGP spread to naphtha



	Apr 26	May 26	Jun 26	Jul 26	Aug 26	Sep 26	Oct 26
NEA spot propylene, $/t	1,312	*1,391*	*1,274*	*1,144*	*1,045*	[illegible]	[illegible]
SEA spot propylene, $/t	1,388	*1,461*	*1,344*	*1,184*	*1,065*	[illegible]	[illegible]

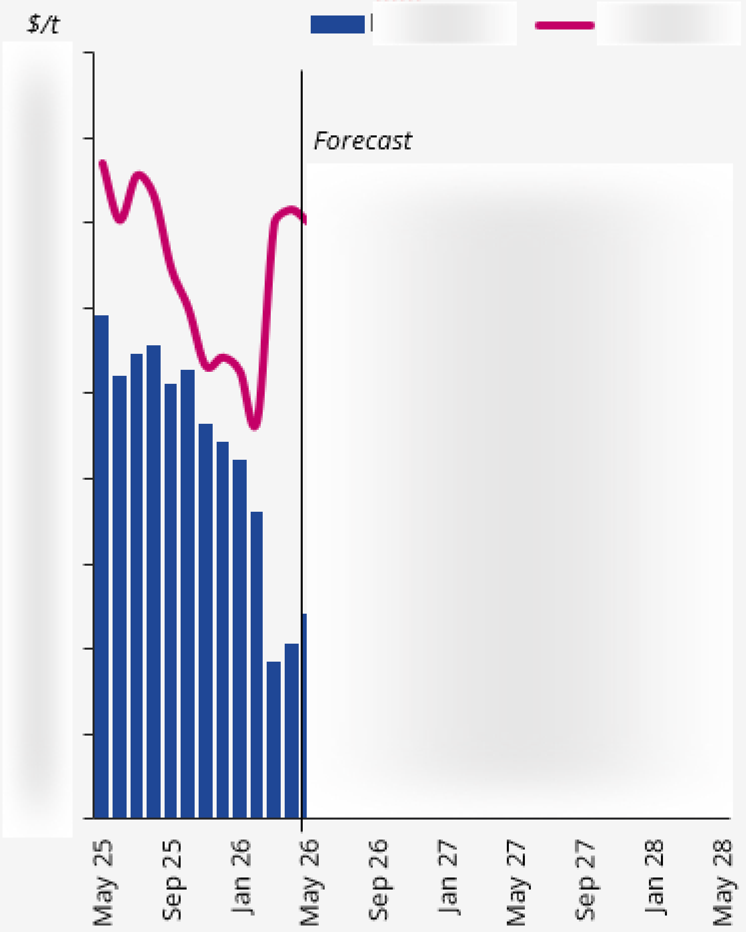
- The northeast Asian propylene market tightened sharply in April after a relatively muted response to the Middle East war in March. The propylene-naphtha spread widened from around $111/t in March to around $280/t in April, as forced supply contraction outweighed weak downstream demand. The move was driven mainly by elevated LPG costs and sharply reduced PDH operating rates, rather than stronger derivative buying. China's PDH operating rate fell to around 47pc by late April, the lowest since 2015, as deeply negative PDH margins forced producers to cut rates or shut units.
- Near-term physical tightness is likely to ease only gradually. Some incremental supply may emerge as cracker operating rates rise in northeast Asia and spot availability from South Korea and China increases. But recovery is expected to be limited in May-June while LPG replacement costs remain elevated and PDH economics continue to come under severe pressure. The market remains supply-constrained rather than demand-supported.
- Demand across the propylene chain remains mixed. PP demand is broadly tepid, but low inventories, limited raffia availability, higher futures and seasonal agriculture demand provide selective support. PO and ACN remain under pressure because high propylene costs are difficult to pass through to weaker downstream markets, limiting broader spot buying and capping upside.
- Propylene prices are projected to remain elevated in May-June, broadly in line with April levels. Upside will be capped by limited downstream cost pass-through and uneven derivative demand, while downside will be blunted by high LPG costs, deeply negative PDH margins and reduced operating rates.
- Under our base case that Middle East tensions ease and Hormuz flows start to normalise from June, propylene prices are expected to moderate from July-August. The correction is likely to be faster than in ethylene, as propylene is more directly exposed to LPG and PDH economics. Once LPG costs ease, PDH margins should improve more quickly, allowing operating rates to recover and spot supply to increase.
- The southeast Asian market remains more exposed to physical tightness than northeast Asia, because regional supply relies more heavily on imports. Feedstock disruption and reduced cracker operations have kept balances tighter as a result, although weak downstream demand and sufficient PP supply through to June are expected to limit sustained price upside.
- Risks remain if disruption persists beyond the expected timeline. LPG costs could stay elevated for longer, PDH margins could remain deeply negative and operating rates may stay low. In that scenario, supply would remain structurally constrained, but downstream affordability would deteriorate further, limiting price strength and extending pressure across the PP chain.
- Potential PDH additions in 2H26 face [illegible]. Persistent feedstock disruption and margin pressure could delay projects, offering [illegible]

Source: Argus Media - Consulting Services

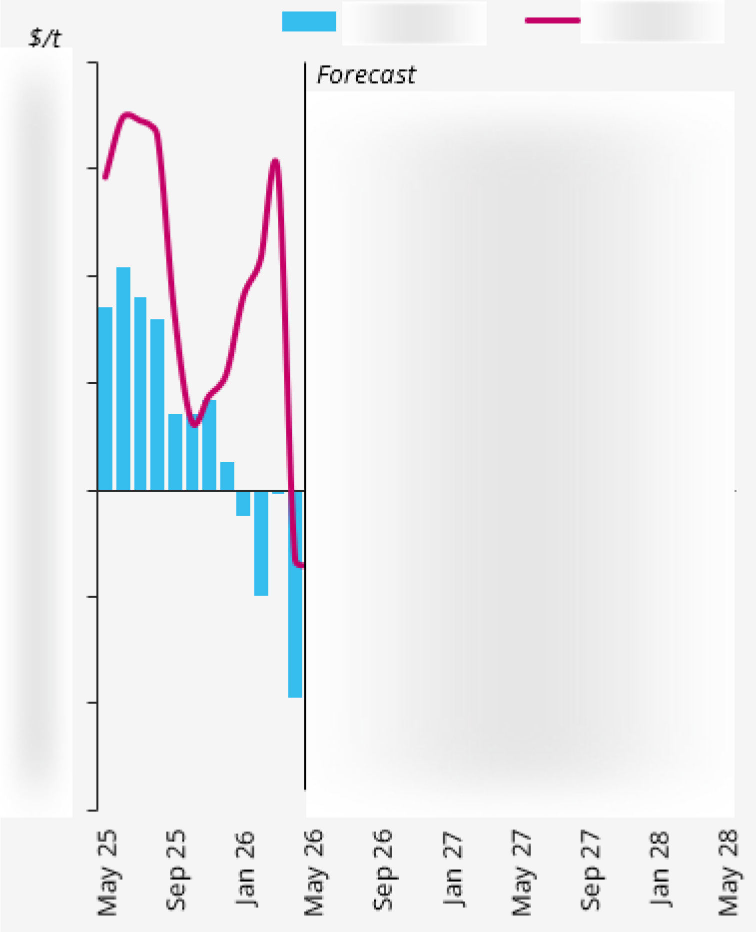
Asia-Pacific: Polymers

High feedstock costs driven by the conflict in the Middle East fail to be fully passed through to polymer markets

Asia-Pacific LLDPEC4 spot spreads to naphtha cfr Japan



Asia-Pacific spot PP spreads to PGP



- Northeast Asian polyolefin markets remain capped by subdued demand despite support from higher futures, elevated costs and selective supply tightness. PE and PP prices have risen, but this has been driven more by futures strength, low inventories and cost support than by a broad recovery in physical demand. Restocking ahead of public holidays across the region in early May was weaker than a year earlier, and converters continued to buy mainly on an as-needed basis.
- The olefin-polyolefin price inversion is expected to persist through May-June. Ethylene and propylene remain supported by high feedstock costs and constrained operating rates, while PE and PP producers struggle to pass through cost increases and face margin pressure. Integrated PE margins remain deeply negative, while PP margins are pressured by elevated propylene costs. PE gains are supported by higher LLDPE futures and tightness in high-grade products, but standard grades remain pressured by stable coal-based supply. PP demand is broadly tepid, but low inventories, limited raffia availability and seasonal agriculture demand provide some support.
- Under our base case that flows through the Strait of Hormuz start to normalise from June, July-August. The adjustment is likely to be driven mainly by olefin downside as naphtha and LPG costs , rather than a strong recovery in polymer demand. If disruption persists, elevated feedstock costs could prolong the inversion, but downstream affordability would deteriorate further, limiting polymer price upside and increasing pressure on producer margins.
- Polyolefin fundamentals are expected to for the next two years. PP may be supported by limited near-term additions and selective raffia demand, but supply pressure could . PE is more exposed to capacity additions and limited downstream demand, despite periodic support from high-cost feedstocks and tightness in selected grades.

Source: Argus Media - Consulting Services

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.

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.

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.

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.

Anna Fittock

Analyst, Chemicals

Anna is an analyst in Argus' London office, focusing on olefins and co-products modelling. Before this, she worked at Ovation Data, where she managed and analysed seismic data and deliverables on behalf of a global geophysical company. She holds a bachelor's degree in geography with international study from the University of Manchester.

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