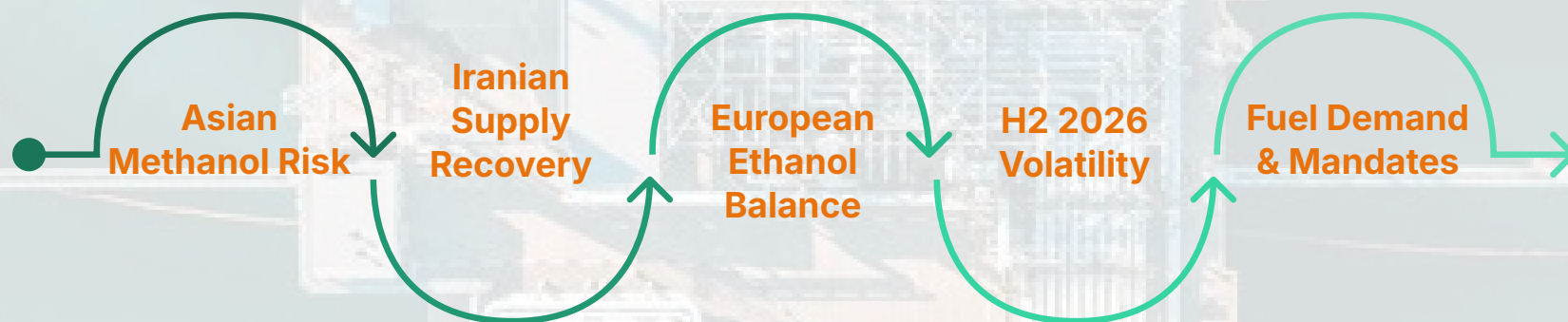




Recent Chemical & Freight Market Trends

- Asian methanol markets remain highly exposed to Middle East geopolitical and shipping risks, despite recovering Iranian supply and a sharp correction in Chinese import prices.
- European ethanol is balanced but could turn more volatile in H2 2026 as logistics and production costs rise, while fuel demand strengthens under RED III and E10 mandates.





Methanol Outlook

Geopolitical disruption remains the dominant market driver. US-Iran conflict and Strait of Hormuz instability have removed an estimated 16% of global methanol production, lifting Asian premiums sharply before a partial correction.

Iranian Supply

Plants at 60-70% capacity; exports resumed after Strait reopened late June. Sanctions and damaged utilities continue to constrain output.



Low Inventories

Chinese coastal stocks at ~400,000 tonnes. Market vulnerable to renewed attacks, Houthi involvement, and August shipment disruption.



Price Correction

Chinese import prices fell 25.8% from 12 June, reaching ~\$300/tonne in early July as delayed Middle Eastern cargoes arrived.



Q4 Outlook

Monsoon weakens near-term demand. Potential winter shortages could tighten the market; prices remain dependent on Middle Eastern output and shipping access.



❏ Elevated freight and insurance costs may limit regional trade and maintain a risk premium in delivered methanol prices.



Ethanol Outlook

Europe enters H2 2026 with a balanced ethanol market, though supply shifts, logistics constraints, and geopolitical risks point to rising price volatility ahead.



Domestic + Imports

Output supplemented by South/Central America and Pakistan



Mercosur Quotas

Unlikely to affect 2026 balances; trade flow impact from 2027



Fermentation Margins

Stable grain and sugar beet costs benefit fermentation producers



Synthetic Pressure

Volatile ethylene, gas, and power prices squeeze synthetic margins

RED III & E10

Mandates and tighter GHG targets strengthen fuel ethanol demand



Stable End-Use

Pharma, beverage, and personal care demand steady; industrial growth limited



Low Spot Liquidity

Spot market remains fragile



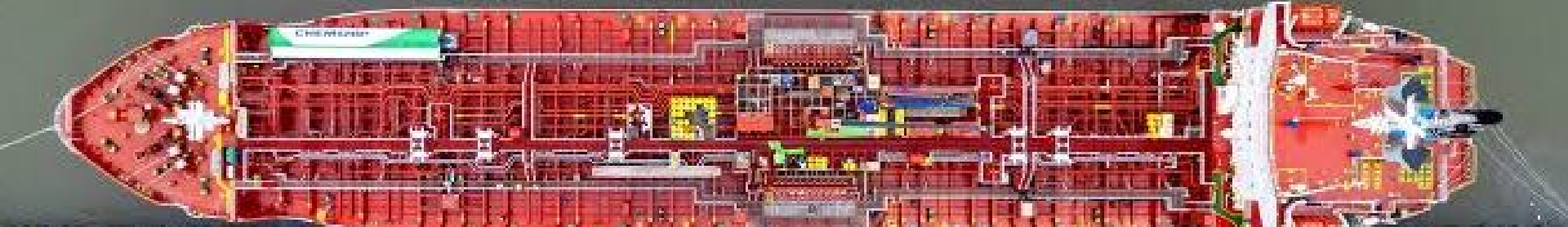
Double-Counting Rules

Germany and Netherlands changes require greater physical blending

Freight Costs Rising

Driver shortages, longer lead times, and Strait disruption risk

❏ Extreme weather remains a key crop-yield risk for fermentation feedstocks heading into the new 2026 harvest campaign.



Chemical Freight

Declining demand, seasonal disruptions and ample available tonnage are likely to keep the chemical carrier freight rates subdued in Q3 vs Q2.

