Weekly Chemicals Market Summary

Middle East accounts for 25% of global chemical exports, making supply disruptions highly significant.

Critical shipping route for PE, PP, methanol, ethylene glycol, naphtha and LPG.

Disruptions increase supply uncertainty, freight costs and chemical price volatility worldwide.

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Major Developments

Middle East Disruption

The region represents approximately 25% of global commodity chemicals and plastics exports. The Strait of Hormuz remains critical for PE, PP, methanol, ethylene glycol, naphtha and LPG movements.

China Expands Exports

China is increasingly replacing disrupted Middle Eastern supply in Asian markets, supported by substantial new domestic capacity and competitive regional freight costs.

Demand Weakness

After a record-setting price surge, demand destruction and buyer resistance caused corrections in chemicals. High prices have not translated into sustained profitability.

Reassessed Trade Flows

India is diversifying import sources, China is becoming a larger exporter, US producers are expanding their market reach, and Gulf producers are seeking alternative shipping routes.

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Key Market Number



Middle East Share

Middle East share of global chemical and plastics exports at risk from Hormuz disruptions.



China PP Exports

YoY surge in China PP exports, January-September 2026.



China Methanol Imports

YoY decline in China methanol imports, September 2026.



ME PE Capacity at Risk

Middle East PE capacity dependent on Hormuz for waterborne exports.

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Product Market Outlook

Product	Main Development	Market Implication
Methanol	Iranian disruption, followed by partial recovery of Gulf cargoes	Volatile prices; improving Indian availability
MEG / EG	Middle East shipments gradually recovering	Downward pressure on Chinese domestic market
LPG / Propane	Supply uncertainty and elevated Saudi contract prices	Margin pressure on Asian PDH producers
PET / PVC	High freight rates despite weak GCC demand	Elevated landed prices, limited transactions
Aromatics / PX	Northeast Asian exports replacing Middle Eastern supply	Changed trade routes toward India and Turkey

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India: Key Implications

Sourcing & Supply Shifts

- **Methanol: Saudi cargo arrivals improved supply in early Q4. India diversified H1 import origins from 21 to 25 countries, with increased sourcing from Russia, Malaysia, Venezuela, and China.**
- **PE and PP: Chinese, US, and Southeast Asian cargoes are helping replace Middle Eastern supply.**
- **Import Policy: Emergency import-duty exemptions provided temporary relief, though their short duration limited the overall benefit.**

Demand, Trade & Outlook

- **Polymer Demand: India's long-term demand outlook remains strong, but weak near-term demand, seasonal factors, and cheaper imports are pressuring domestic producers.**
- **Trade Opportunities: India is developing re-export opportunities in methanol and has increased sulphuric acid shipments to Southeast Asia.**

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Regional Winners and Losers

United States (Beneficiary)

- lower-cost feedstocks
- export opportunities in PE, EG, PP, LPG

China (Mixed, export-positive)

- stronger chemical exports
- weak domestic demand
- overcapacity

India (Mixed)

- more sourcing choices
- rising import competition
- freight costs

Middle East (Adversely affected)

- plant damage
- production losses
- logistical disruptions

Europe (Vulnerable)

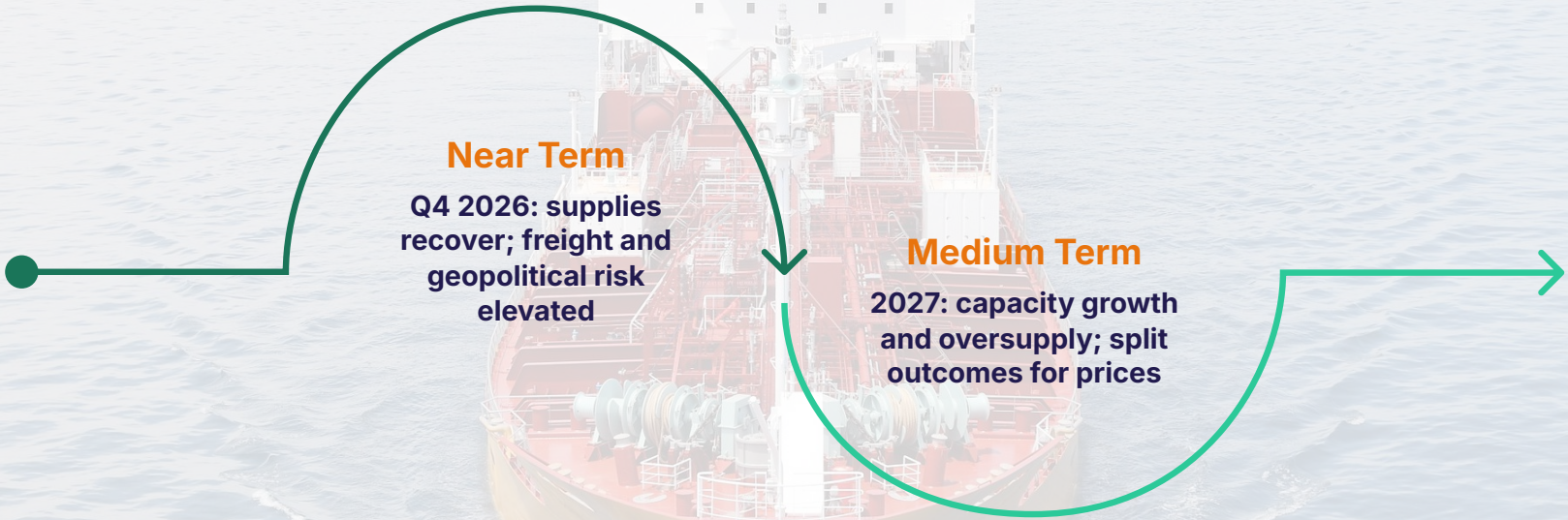
- import dependence
- elevated energy costs
- weak demand

Northeast Asia (Vulnerable)

- heavy reliance on imported naphtha, LNG
- Middle Eastern feedstocks

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Near & Medium Term Market Outlook



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