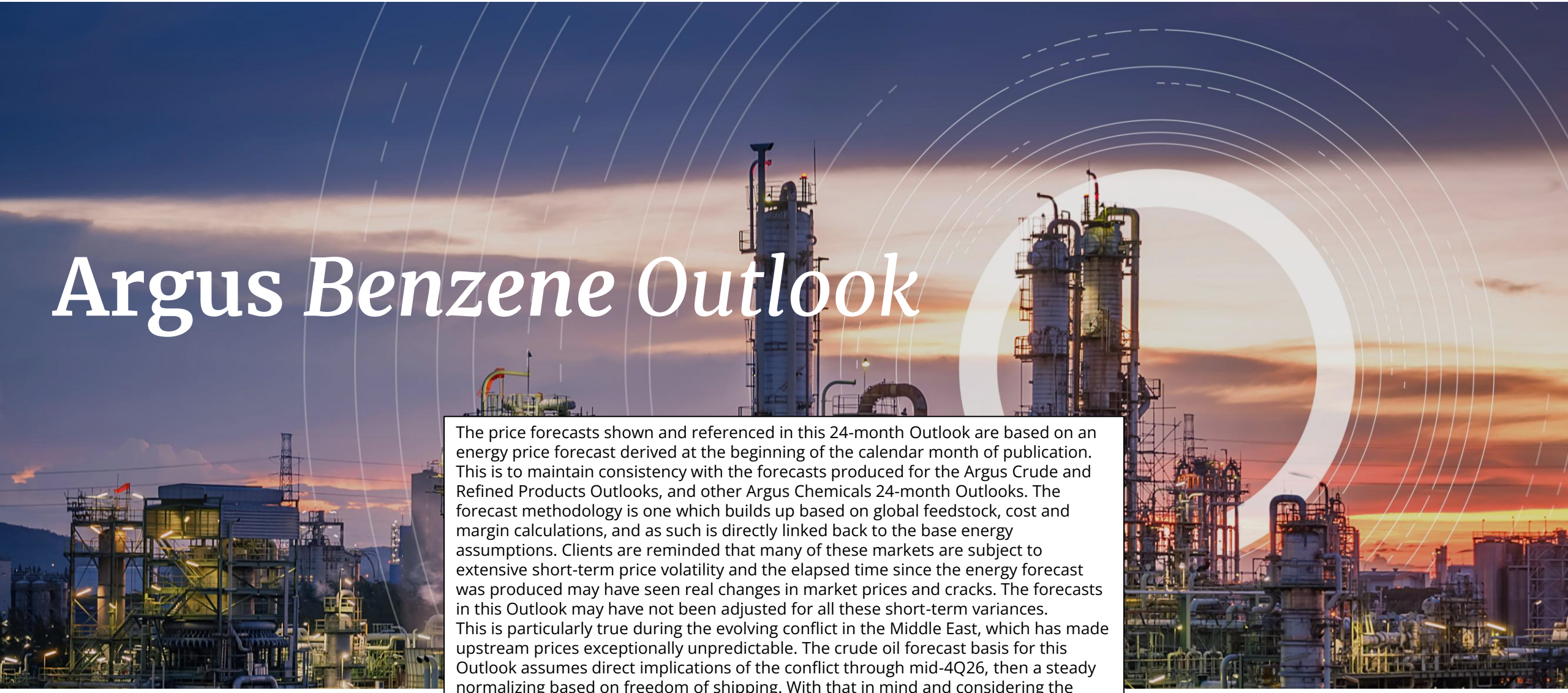

Argus *Benzene Outlook*

The price forecasts shown and referenced in this 24-month Outlook are based on an energy price forecast derived at the beginning of the calendar month of publication. This is to maintain consistency with the forecasts produced for the Argus Crude and Refined Products Outlooks, and other Argus Chemicals 24-month Outlooks. The forecast methodology is one which builds up based on global feedstock, cost and margin calculations, and as such is directly linked back to the base energy assumptions. Clients are reminded that many of these markets are subject to extensive short-term price volatility and the elapsed time since the energy forecast was produced may have seen real changes in market prices and cracks. The forecasts in this Outlook may have not been adjusted for all these short-term variances.
This is particularly true during the evolving conflict in the Middle East, which has made upstream prices exceptionally unpredictable. The crude oil forecast basis for this Outlook assumes direct implications of the conflict through mid-4Q26, then a steady normalizing based on freedom of shipping. With that in mind and considering the lagged impact on downstream markets, our near-term forecasts continue to place greater weight on spreads over feedstocks than observed price movements.

Chemicals

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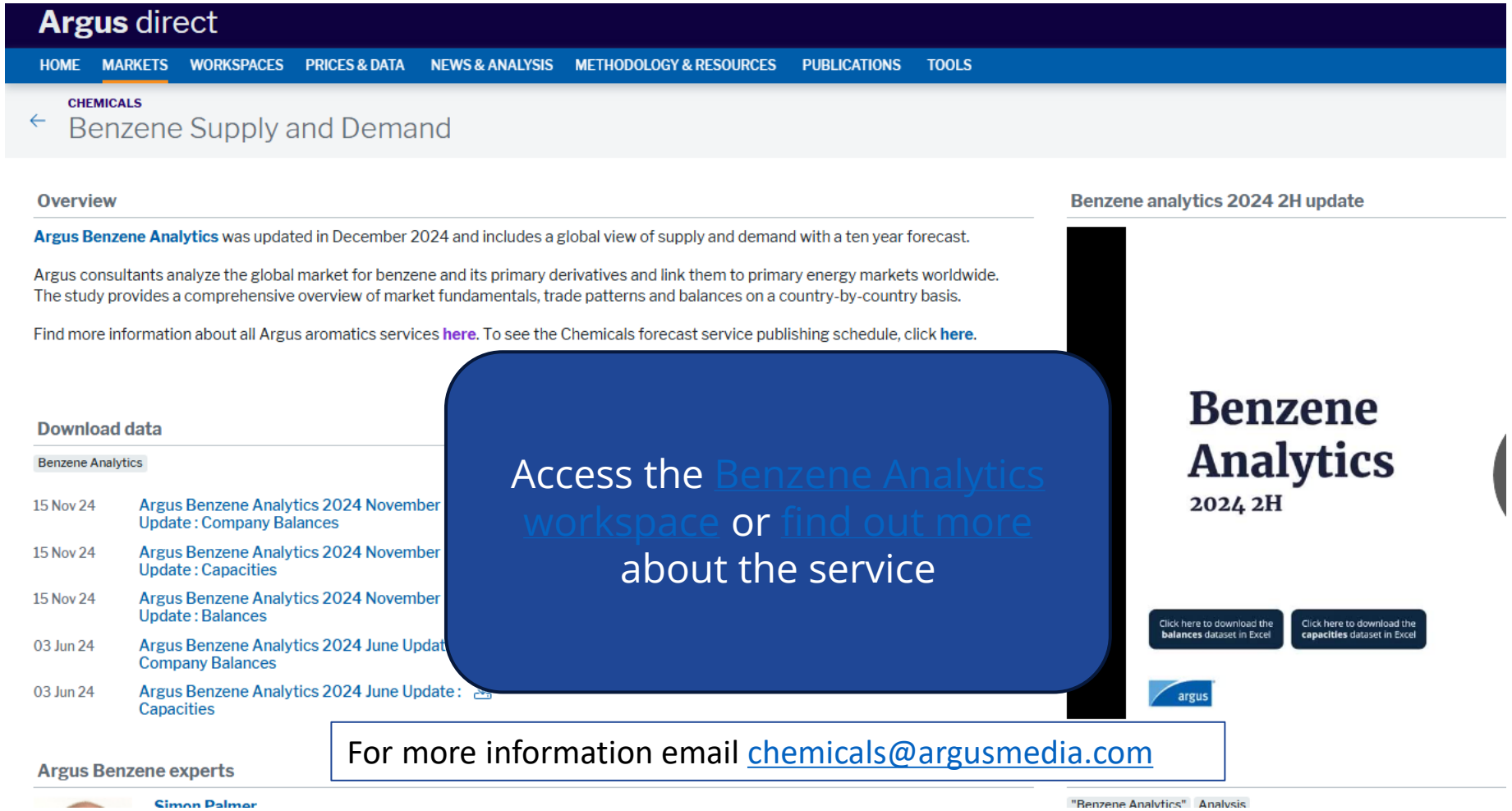
See our other service: Benzene analytics with 10-year fundamentals forecast



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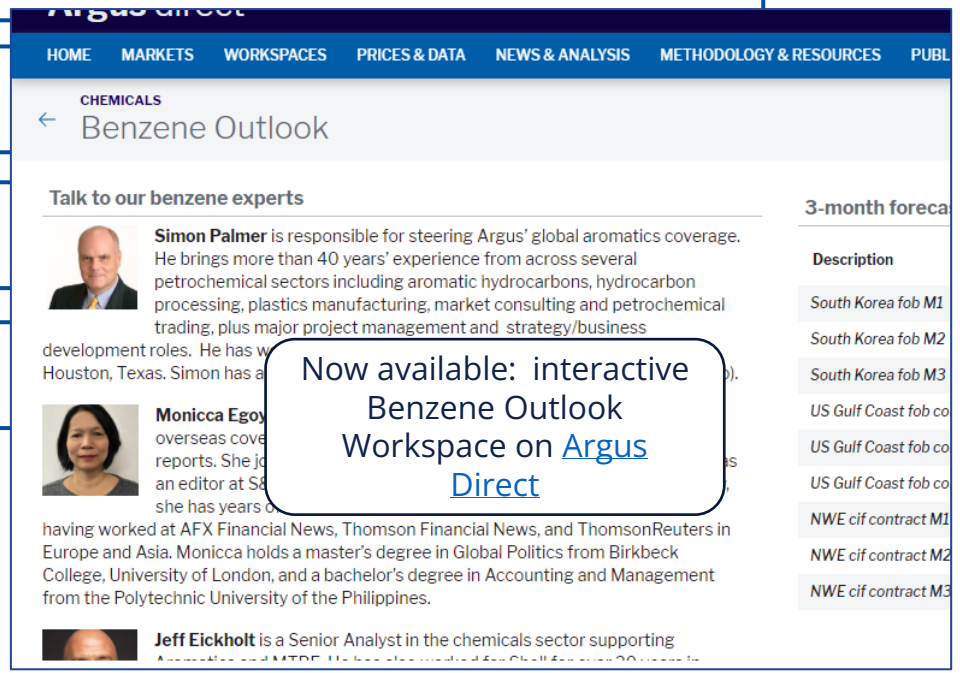

Now available: interactive Benzene Outlook Workspace on Argus Direct

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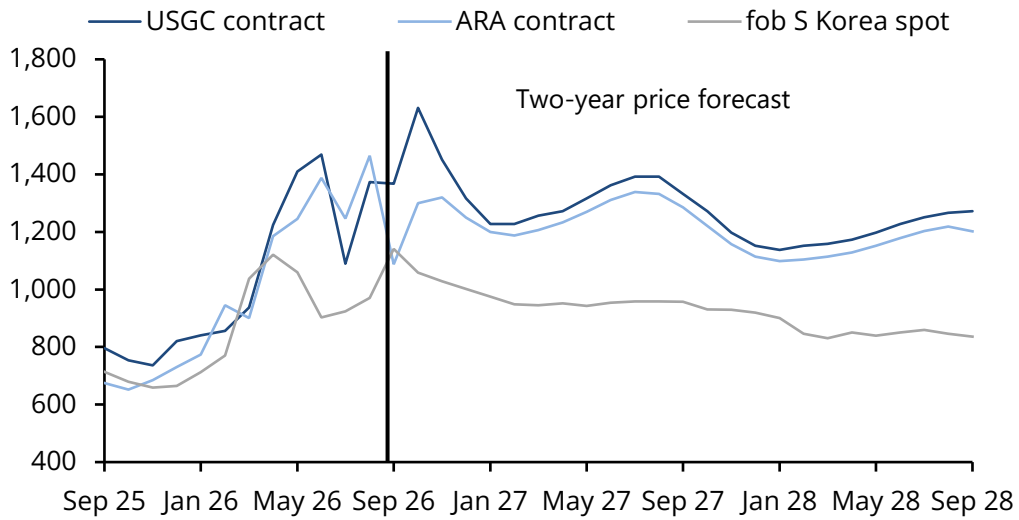
Benzene outlook executive summary

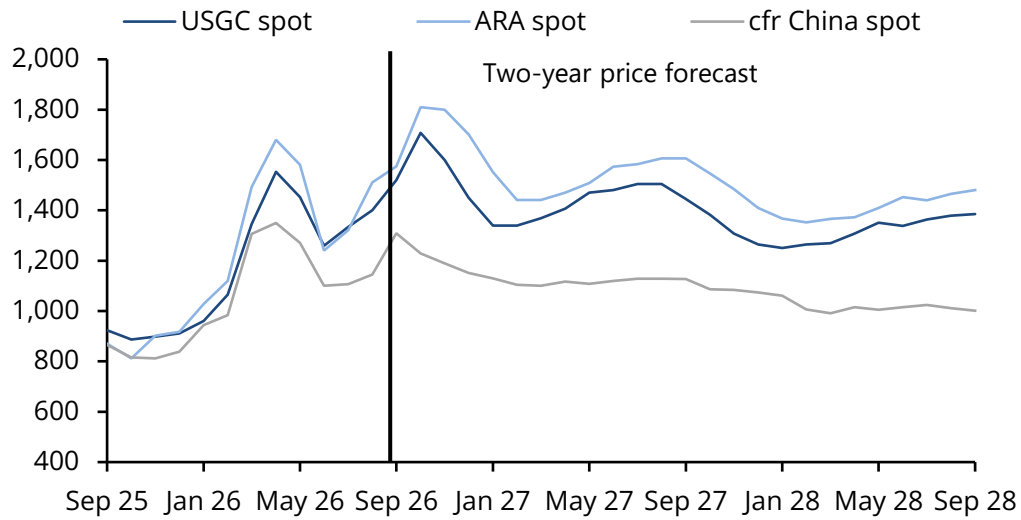
The crude market remains in turmoil, with feedstock tightness likely to sustain.

Click here to download the full 24-month dataset

Global benzene prices $/t



Global styrene prices $/t



What's Changed

- Trade flows via the Strait of Hormuz are likely to remain well below historical norms amid continued geopolitical instability in the Middle East Gulf. Recent attack by Houthis on Bab al-Mandab Strait to further restrict crude flows.
- Refining economics remain strong, with crack spreads and refining margins sustaining elevated levels.
- Russian product supply remains under pressure as refinery disruptions continue to limit production capacity and output.
- Asian BZ to remain tight, bolstered by low Chinese inventories and upcoming maintenance turnarounds; Rhine disruptions continue to affect benzene supply and demand in Europe.

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Benzene outlook executive summary

Asian benzene tightness persists amid low inventories; Rhine disruptions weigh on Europe.

Click here to download the full 24-month dataset

Crude and products

Near-term outlook

August crude prices strengthened amid ongoing Middle East supply disruptions. Renewed US sanctions on Iran curtailed export volumes, while security issues in the Bab el-Mandeb region reduced Saudi export flows through the Red Sea. Saudi Arabia suspended operations on the East-West pipeline following security attacks, reducing crude export flexibility. This would place additional pressure on already constrained global crude oil inventories, likely sustaining elevated oil prices until alternative workarounds or mitigating measures become operational. Demand for crude as well as refined products is also being sustained by the disruption to Russian supplies.

Longer-term outlook

A more prolonged period of market tightness has strengthened the crude price outlook, with North Sea Dated now forecast at $90-95/bl through the end of the year. Supply constraints are expected to extend into 2027, supporting a higher price outlook, while the 2028 view remains unchanged amid expectations of renewed oversupply concerns. Lower Chinese crude purchases have eased pressure on global balances, although stronger demand from China could tighten the market further. Having said that, there is a concern that part of the recent strength in refining margins reflects seasonal peak demand and exceptionally strong export netbacks, both of which could weaken by the end of the year.

Global benzene and styrene

Near-term outlook

Benzene prices strengthened on tighter supply fundamentals and firmer upstream costs. In Asia, prices were further supported by low Chinese inventories and upcoming maintenance turnarounds in South Korea. In Europe, Rhine-related logistical and operational disruptions continued to impact market fundamentals, with downstream demand facing greater pressure than supply. In the US, benzene imports totaled 332 kt during January-July, down 20pc year on year and 67pc versus 2023. Reduced import availability has continued to support domestic benzene and derivative prices despite refinery run rates remaining above levels seen over past three years.

Longer-term outlook

South Korea has extended restrictions on naphtha exports by another five months to 2027 to safeguard domestic availability of the key petrochemical feedstock. The country initially imposed the controls on 27 March for a five-month period. South Korean refiners exported about 300,000 t/month of naphtha to regional markets including Japan, China, and Singapore in 2025. Following the restrictions, exports declined to around 50,000 t/month in Q2 2026, according to GTT data. With Middle East Gulf naphtha supplies remaining constrained and no near-term resolution to geopolitical disruptions in sight, feedstock availability is expected to remain tight, potentially limiting aromatics operating rates and supporting regional aromatics margins in the medium to long term.

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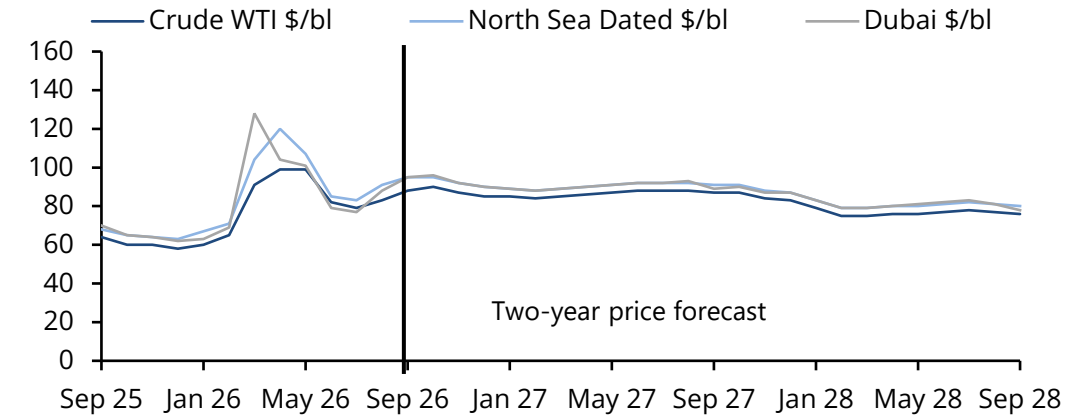
Global crude forecast

OPEC+ faces balancing act as geopolitical uncertainty and non-OPEC+ supply growth reshape outlook.

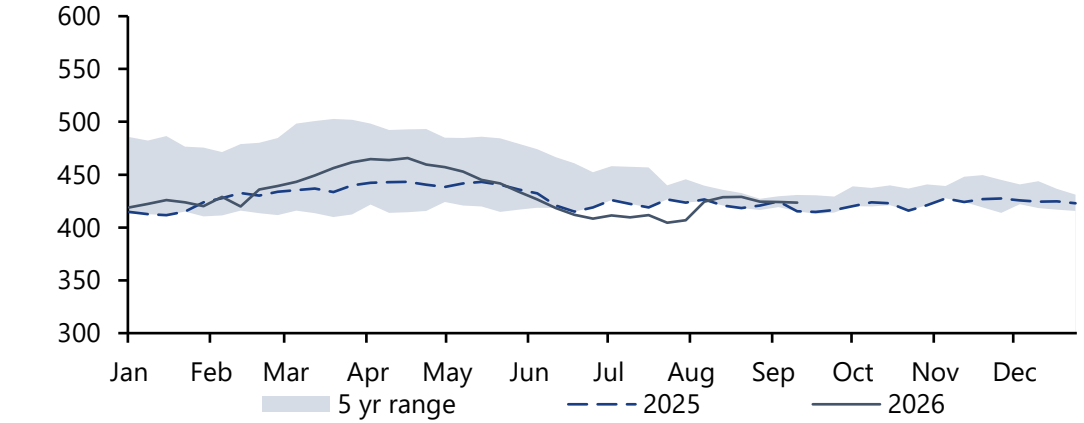
Market commentary and outlook

- Prospects for reaching an agreement that would facilitate the complete reopening of the Strait of Hormuz continue to face growing challenges. The reopening of the waterway now appears to be the key policy priority for Washington, whereas Tehran has indicated that any resolution must align with its strategic requirements.
- While the United States maintains restrictions on Iranian ports and continues to assert its influence over maritime access through the strait, Iran has strengthened its bargaining stance by introducing additional demands and warning of potential military escalation if negotiations do not produce a favorable outcome.
- Initially, the limited upward movement in crude prices reflected the market's response to recovering production and export activity from the Middle East region. However, escalating geopolitical risks, including attacks on the East-West Pipeline and the Houthis' control of the Bab el-Mandeb chokepoint, have intensified supply concerns, pushing crude prices above the $100/bl mark.
- It seems likely that this is how the situation will continue in the months ahead, periods of calm interspersed with regular flare-ups in hostilities. Consequently, forecasts for North Sea Dated crude have strengthened, with prices projected to average $90/bl for the remainder of the year. In addition, the 2027 outlook has been adjusted higher, as prevailing supply tightness is expected to continue and support market fundamentals into the coming year.

Crude price forecast



Weekly Crude Inventories (US) mn bl



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Global products and aromatics feedstock forecast

Naphtha and gasoline markets supported by tightening supply conditions.

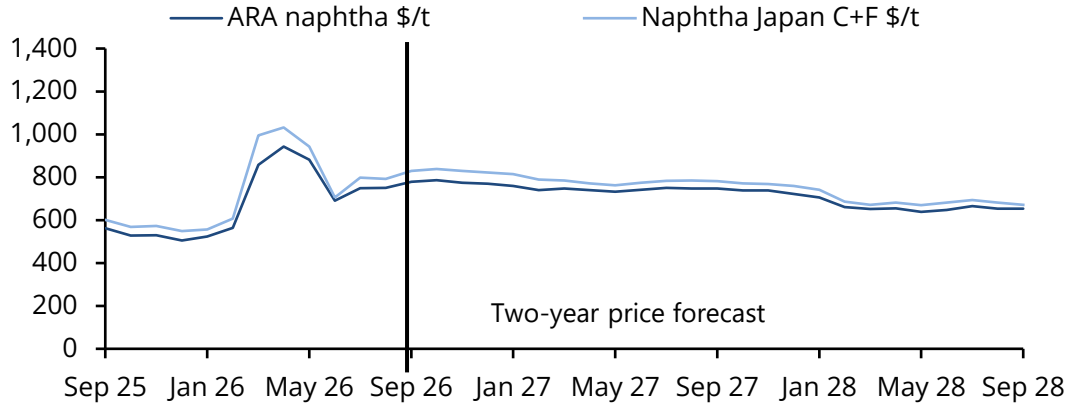
Naphtha market and outlook

- US: Naphtha imports into the US Gulf Coast and Atlantic Coast remained strong, with more than 1mn barrels scheduled for September loading. The arbitrage window into the US was supported by elevated cash prices and sustained demand for gasoline blending-grade naphtha along the Atlantic Coast during the previous month.
- Asia-Pacific: Asian naphtha crack spreads edged higher amid expectations of lower export availability from India. An Indian domestic producer withdrew its latest spot tender and diverted the cargo to the domestic market, where demand had strengthened because of lower Russian imports.
- Europe: Independently-held inventories at the Amsterdam-Rotterdam-Antwerp (ARA) hub declined significantly at start of September, driven by buyers moving volumes to petrochemical crackers inland. This was supported by an increase in water levels along the Rhine river.

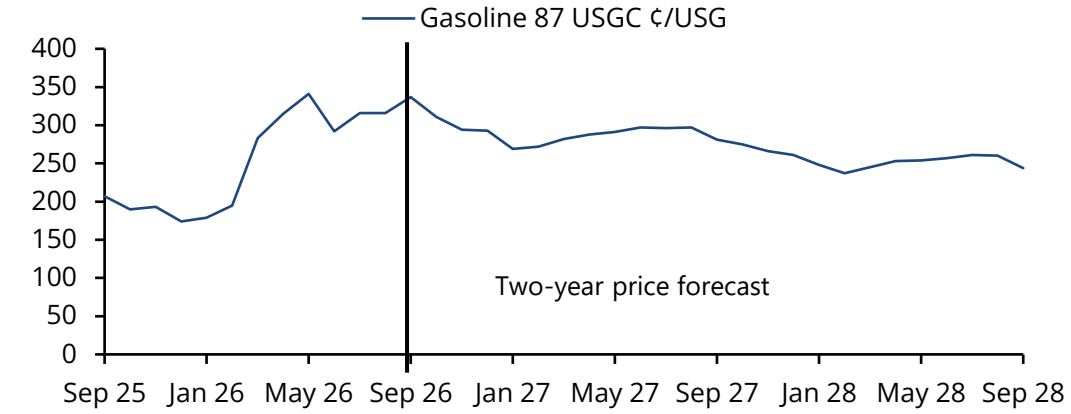
Gasoline market and outlook

- US gasoline: US Gulf coast gasoline prices rose from six-week highs to 15-week highs because of continued supply concerns and Nymex appreciation.
- Europe gasoline: Gasoline exports from the EU, UK and Norway sank to their lowest in August since at least January 2017, as European gasoline strength weighed on export economics. Europe is transitioning towards discounted winter gasoline blending activity. Transatlantic arbitrage economics appeared to be less appealing in August. Third quarter loadings typically drop before bottoming out over winter.
- Asia Pacific gasoline: Singapore's gasoline inventories fell to their lowest level in nearly five years in early September, highlighting tightening regional supply fundamentals.

Naphtha price forecast $/t



Gasoline price forecast (US) ¢/USG



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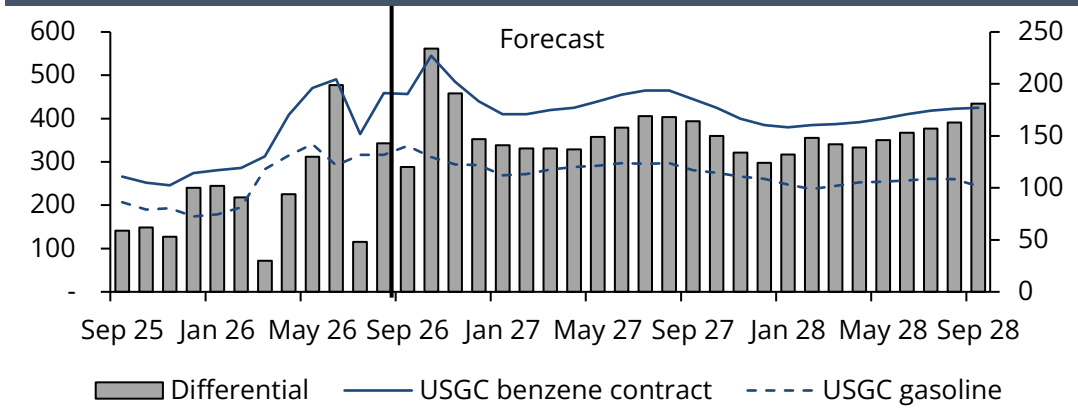
Energy pricing differentials and alternative values

A substantial increase in gasoline values has spurred strong incremental blending activity.

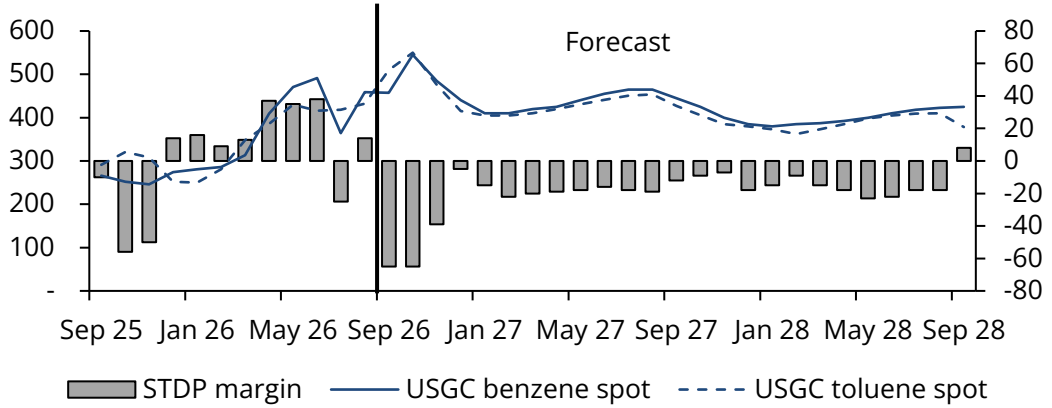
Forecast price spreads and alternative values

- Refiners continue to maximize diesel output due to the higher cracks, and this constrains gasoline make. It also lightens the sub-octane mix and increases the value of aromatic octane. Reformers are tending to run lighter feeds and this cuts into the yield of aromatics. This scenario boosts the value of aromatic octane, and blending demand for products like toluene, mixed xylenes, ethylbenzene and cumene. The markets are also incredibly vulnerable to one or two major refinery events which could turn the balances upside down.
- The US premium to regular gasoline spread, which is one of the key drivers of the value of aromatic octane, has strengthened, averaging $163/t so far in September, compared to $130/t in August and just $62/t a year ago. Gasoline futures prices remain backwardated, providing no incentive to rebuild inventory. The forecast regrade spread has been increased for this month's forecasts, in addition to higher underlying gasoline values.
- The naphtha-gasoline spread, which is another indicator of the incremental value of aromatic octane, has also jumped. The spread is averaging $487/t so far in September, compared to $413/t average in August, and a mere $214/t a year ago. Absolute average gasoline prices have risen $151/t in September versus August, while naphtha prices have gained $95/t. Interestingly, the spread between light and heavy naphtha has contracted to 20 cents a gallon, as higher N+A material has struggled to pull away from rising light naphtha prices.
- Reformate spreads over gasoline have correspondingly surged, averaging $299/t so far in September, nearly doubling from $159/t in August and $123/t this time last year. US gasoline and blend stock inventories continue far below 5-year averages and continuing on a concerning trajectory. Imports of blend components have continued to be weak with reformate shipments drying up and alkylate imports only recently picking up.
- Theoretical blend value alternatives for toluene and mixed xylenes have also leapt, and the premium over gasoline has risen to $338/t, compared to $233/t in August. This compares to just $97/t over gasoline this time last year. Real world toluene market prices however have struggled to keep up, with average nitration grade toluene prices at $1,475/t for September, compared to $1,312/t a month ago, and $884 in September 2025. Blending of higher-octane aromatics has picked up but CARBOB shipments to Padd5 continue to be lower than anticipated.

USGC benzene contract vs USGC gasoline ¢/USG



USGC benzene contract vs USGC toluene spot ¢/USG



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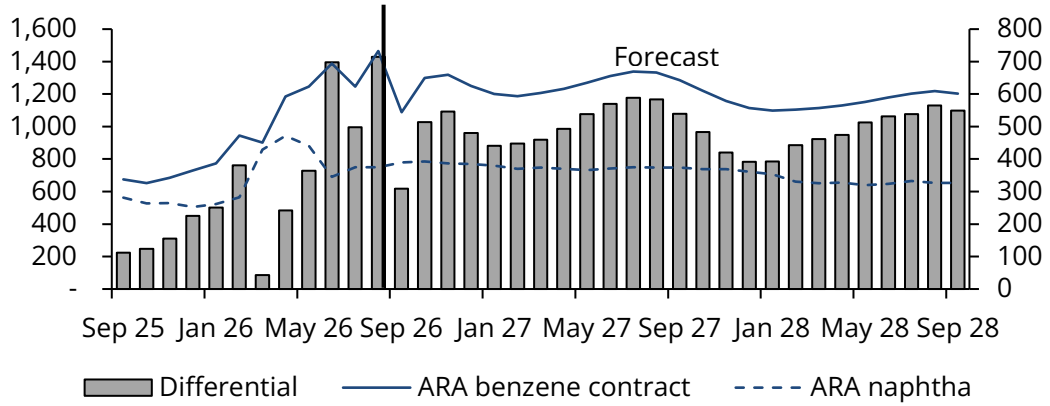
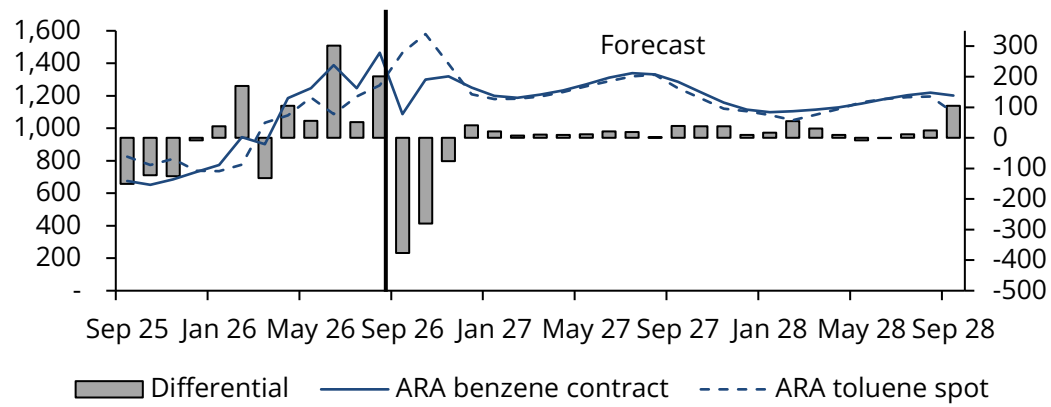
Energy pricing differentials and alternative values

US octane values have seen significant strength, and balances suggest that this might prolong well into 4Q26.

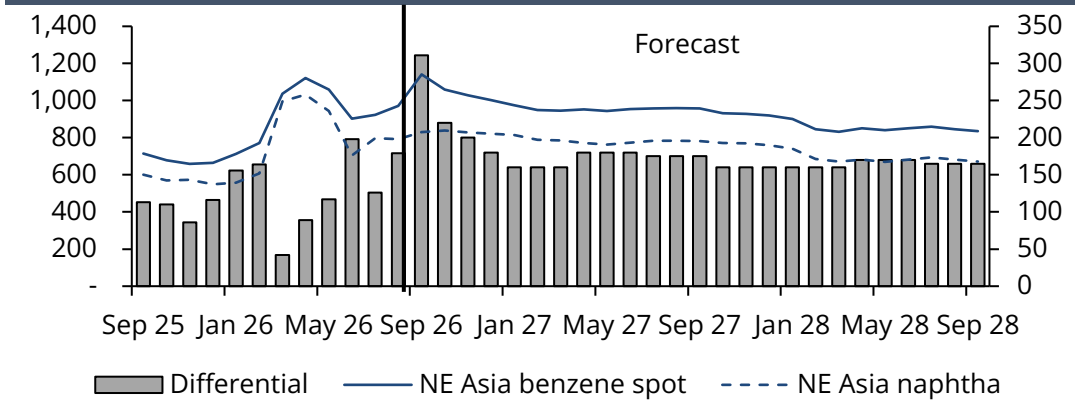
ARA benzene contract vs. ARA naphtha $/t



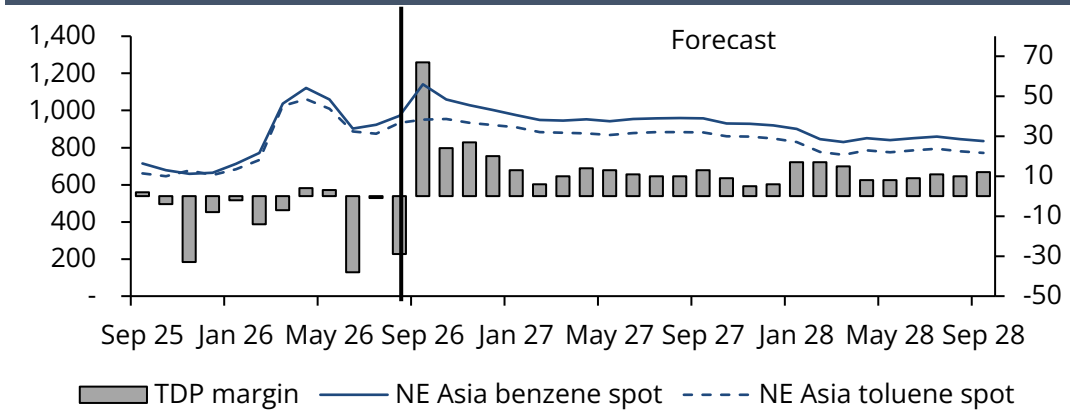
ARA benzene contract vs NWE toluene spot $/t



NE Asia benzene spot vs NE Asia naphtha $/t



NE Asia benzene spot vs NE Asia toluene spot $/t



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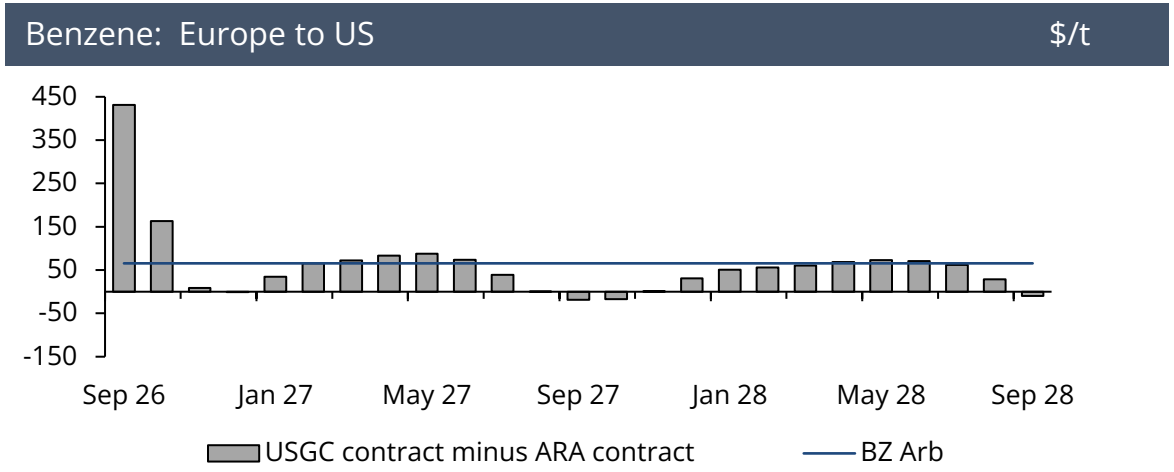
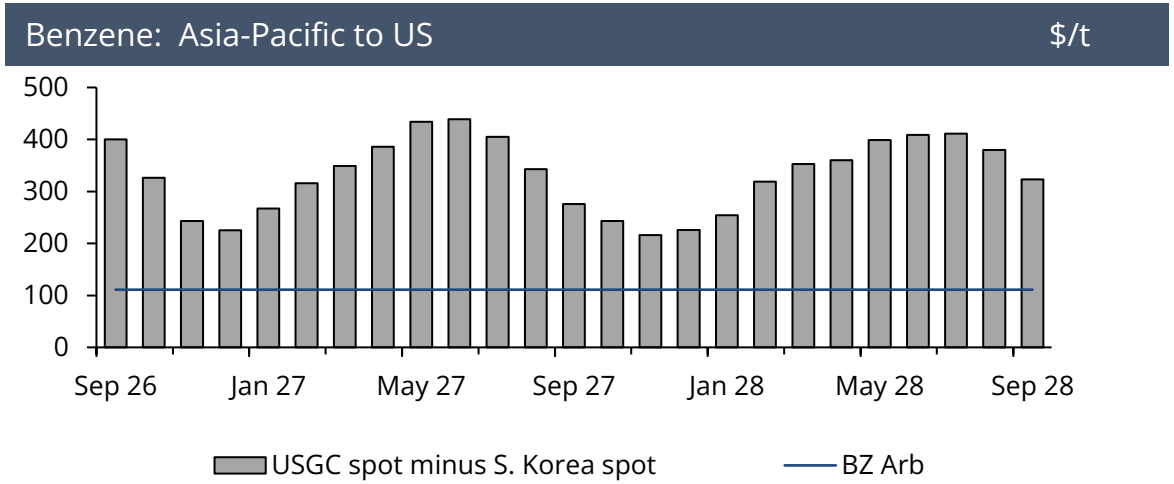
Arbitrage forecast benzene

Rhine disruptions constrain European fundamentals while reduced imports help strengthen the US market.

Trade lane commentary

- **Europe benzene**: While arbitrage economics for benzene shipments from Europe to the US have been consistently supportive since August, physical trade flows have remained modest, with market participants reporting a handful of transactions involving 5-10 kt cargoes.
- Logistical disruptions associated with the Rhine continued to impact regional benzene fundamentals, with downstream demand experiencing greater pressure than supply. Meanwhile, persistent transportation bottlenecks limited cracker utilization to approximately 70pc, constraining the production of both benzene and pygas.
- **US benzene**: US benzene imports totaled 332 kt during January-July, representing a 20pc year-on-year decline and a 67pc reduction compared with 2023 levels. The sharp contraction in import availability has helped support domestic benzene and downstream derivative pricing, despite US refineries operating at higher utilization rates than those observed over the previous three years.
- Imports from South Korea recorded the steepest decline among US benzene suppliers, with the country's share of total US benzene imports falling from more than 50pc in 2023 to approximately 40pc on a year-to-date basis in 2026. Lower export volumes were driven by the combined impact of US tariffs on benzene imports and reduced benzene production resulting from tighter naphtha availability.





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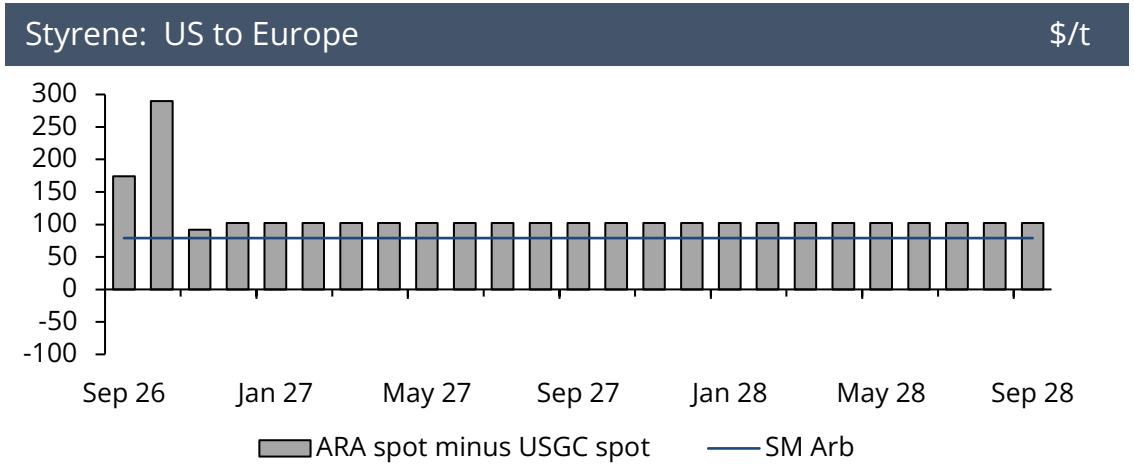
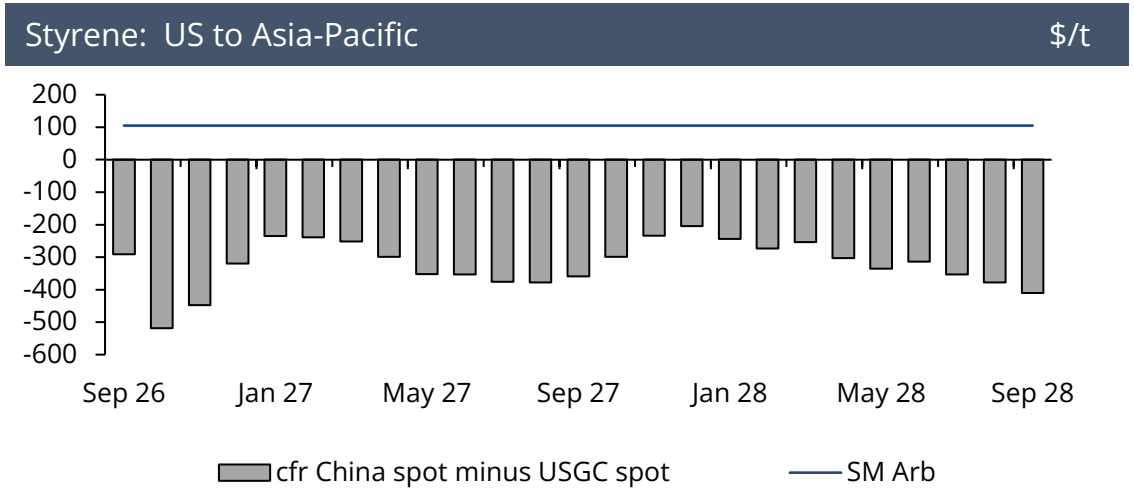
Arbitrage forecast styrene

European supply tightness opens US-to-Europe styrene arbitrage route on paper, but participation is thin.

Trade lane commentary

- **Asia Styrene**: Exports remained an important outlet for Asian SM as Chinese domestic demand continued to underperform expectations ahead of the seasonal peak period. Chinese SM exports for August were estimated at around 90,000t, while September export estimates were at 80,000-90,000t, market sources said. This is substantially lower than export volumes from April-June, which averaged 195,402t a month, according to GTT data.
- **European Styrene**: Geopolitical uncertainty could keep feedstock benzene and ethylene costs elevated, increasing expectations of a renewed rise in the monthly contract price (CP) for styrene in October and encouraging pre-buying ahead of the CP settlement. However, any appetite to stock up is likely to be tempered by concerns over renewed inflationary and cost pressures, a seasonal slowdown in demand towards year-end, and the potential for crude oil prices to drop significantly if geopolitical developments shift.
- **US Styrene**: US SM producers have chosen to prioritize pulling ethylbenzene (EB) from their production streams because of competitive prompt domestic demand for blend stocks into gasoline blending compared to softer demand for downstream polystyrene. On exports, the transatlantic SM arbitrage opened on paper in middle of September because of tight European SM supply, which pushed prices higher in Europe.





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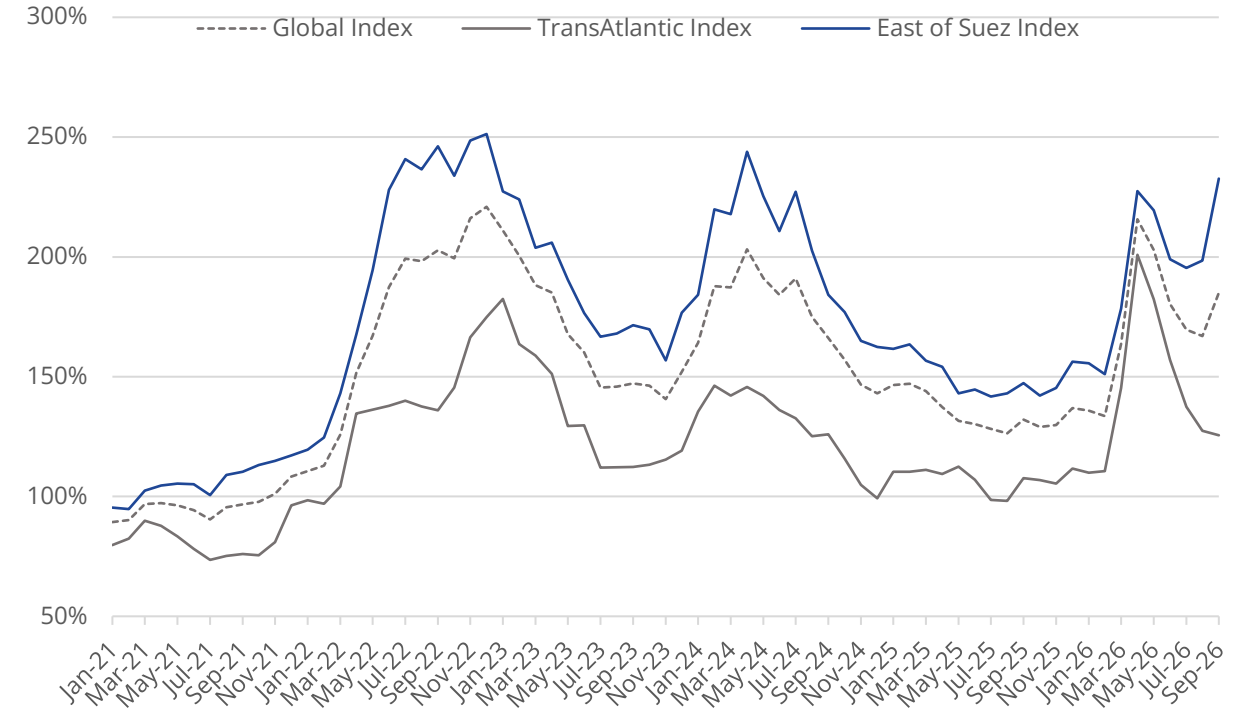
Global freight rates

Global freight rate indices have reversed direction yet again, registering increases on most routes.

Freight market summary

- As of later-September, global bulk "easy-chems" freight rates are mostly higher compared to our last Outlook. Atlantic Basin rates have been flat, while East of Suez origin rates have increased substantially. Larger MR tanker rates have also reversed and are higher compared to last month.
- The stress of continued constraints to shipping through the Strait of Hormuz and the Bab al-Mandab strait is pushing large carrier costs even higher. These higher rates are adding to the hurdles constraining full vessel shipments of aromatics from Asia to the US Gulf.
- Container rates for intermediates and polymers have increased again in September, mostly due to increases in transPacific rates. Current average box rates are more than double what they were 6 months ago and also close to double year ago levels. High rates, and product availability, remain constraints on incremental shipments into Europe from Asia.
- Despite strong incentives on paper, demand for full vessels from Korea to the US Gulf for aromatic shipments has remained suppressed, with less interest as Asia aromatics balances remain snug. The underlying spread between Asia naphtha and US gasoline remains very robust at close to $400/t but local balances in Asia have been the constraint.
- The Argus global easy-chems freight index has risen in September. Current average freight only rates are at 185pc of the basis value (Jan 2016), up 18 points from July. Transatlantic rates have fallen back slightly to 126pc (down another 1 point), while east of Suez rates are dramatically higher compared to August at 233pc. MR full vessel flat-rates from Korea to the USGC are best quoted at nearly $1m higher at $3.93m, or $98/t, up $17 from the end of August.

Global freight index tracker



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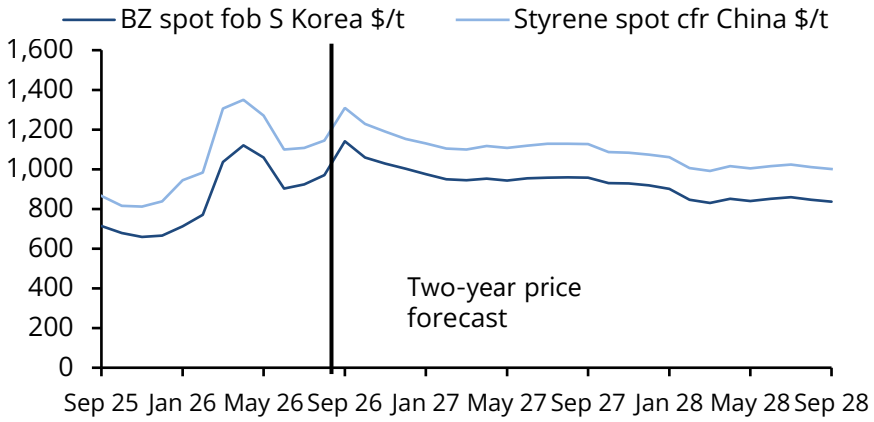
Asia-Pacific: Market outlook and price forecast

Asian benzene market to remain firm in the near term on tight supplies and low inventory.

Asia benzene and styrene price forecast $/t



	Aug 26	Sep 26	Oct 26	Nov 26	Dec 26	Jan 27	Feb 27
BZ spot fob S Korea $/t	971	1141	1059	1029	1002	975	949
Styrene spot cfr China $/t	1145	1309	1229	1189	1152	1130	1104

Forecast summary

- Benzene supply in China and the rest of Asia remains tight, with plant operating rates limited by feedstock supply.
- While prices have largely followed the trend in crude oil, last month has seen benzene prices rising more than feedstock costs, driven by tight supply, low port inventory in China (lower than 50kt in East China) and upcoming maintenance shutdowns in South Korea. CFR China differential to FOB Korea price has increased to $60-80/t.
- We expect this market tightness to continue, as there is no sign of an immediate end to the West Asia war and a consequent easing of feedstock supplies. This will support benzene prices, as will the robust demand for gasoline blending components which in turn supports alternate value for the reformate feedstock.
- Styrene markets have faced the pressure as benzene tightens; styrene sellers have struggled to pass through the cost increases in benzene as well as ethylene. We expect styrene prices will be underpinned by strength in benzene but may not be able to pass on the complete cost increase.
- Styrene import demand from India will help sustain exports from China and the rest of Asia, as supplies from West Asia remain cut off.

Upside risk

- Renewed hostilities in West Asia, Hormuz remaining shut and a potentially shut Red Sea.
- Elevated diesel and gasoline cracks, strong demand for gasoline blending.
- Continued disruption to Russian refinery output.
- Low benzene inventory levels in China & Asia, making the value chain vulnerable to disruptions.

Downside risk

- Elevated prices keep the market demand cautious due to risk of a steep fall in.
- Increase in US bond yields, increasing make the prospects of interest rate increases almost certain.
- Continued weakness in Chinese domestic consumption and prolonged slump in its real estate sector.

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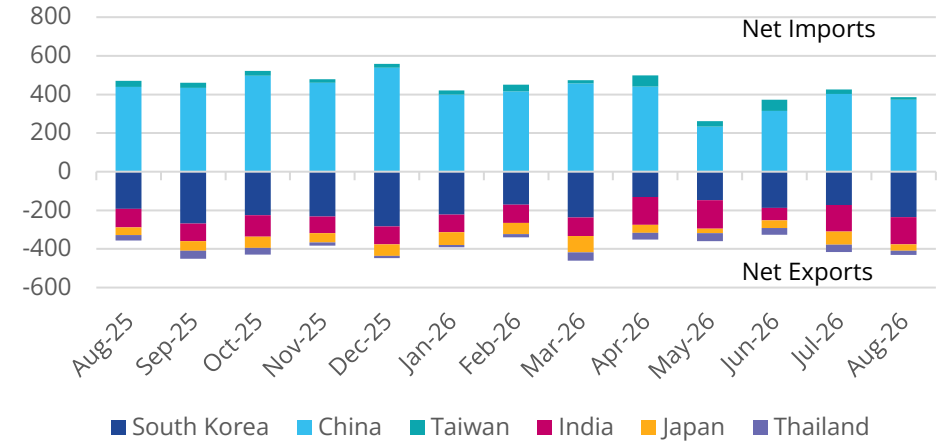
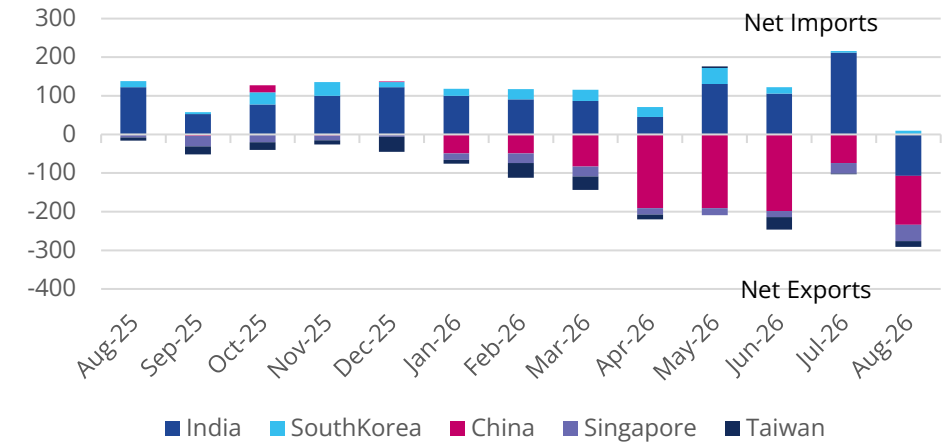
Asia-Pacific: Supply, demand and trade trends

Chinese benzene imports continue to be limited keeping port inventory low; styrene exports lower than Apr-Jun.

BZ net trade (in kt)



Styrene net trade (in kt)



Source: GTT data till Jun, Provisional data for Jul and Aug from GTT/Kpler

Supply

- Benzene supply in China and the rest of Asia remains tight, with plant operating rates limited by feedstock supply constraints due to the West Asia war. Indian production has been affected over the past one-two months owing to technical glitches at some production units.
- While the improvement in margins gives producers an incentive to increase operating rates, any such increase will be limited as it runs into the reality of feedstock constraints and robust alternate value for aromatics feedstock in gasoline blending.
- Styrene supply from West Asia remains largely cut-off due to continued effective closure of Strait of Hormuz.

Demand

- Benzene demand will remain steady, with buying supported by the recent upward price trend and low inventory levels. However, margins of key derivatives like styrene and phenol have been squeezed due to benzene price increase as well as increase in other raw materials like ethylene & propylene.
- At the same time, these derivatives face the challenge of pushing through these cost increases in a subdued demand environment.
- Indian import demand for styrene will remain a significant support factor for Asian styrene sellers as long as West Asia supplies stay off the market.

Trade

- China's benzene imports continue to trend well below the pre-war average as the rest of Asia has limited surplus volume, and better netbacks to the US and Europe over the last couple of months diverted volumes out of Asia.
- China continues to export styrene to India and other parts of Asia, on the back of continued absence of West Asian supply. However, Chinese export volumes in Jul-Aug seem to be much lower than the high levels seen from Apr-Jun, as buyers turn cautious due to high price levels.

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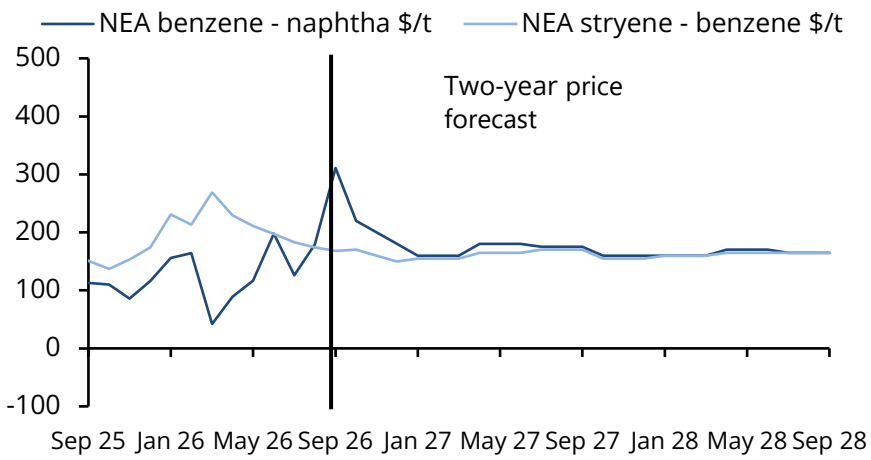
Asia-Pacific: Cost and margin outlook

Benzene spreads will remain strong going into Q4 on tight supply while styrene spreads will get squeezed.

Asia benzene-naphtha and benzene-styrene spreads $/t



	Aug 26	Sep 26	Oct 26	Nov 26	Dec 26	Jan 27	Feb 27
NEA benzene - naphtha $/t	179	311	220	200	180	160	160
NEA stryene - benzene $/t	174	168	170	160	150	155	155

Costs

- Naphtha feed: Naphtha cracks remain comparatively strong amidst a tightly supplied oil and refined products market, and this will probably continue into Q4 given all the uncertainties in West Asian supply.
- Benzene: Benzene-naphtha spreads have increased well beyond $200/t and are quite likely to sustain at these levels in the short term. Costs will remain elevated as oil & naphtha prices are forecast to remain firm, while favorable gasoline blending demand will support alternate value for reformate as well as toluene.
- Price arbitrage from Asia to the US remains open though it is the end of the summer season, and this will set a floor under Asian prices.
- Ethylene: Ethylene prices in Asia have increased around 15pc in the last five-six weeks, and this will add to the pressure on EB-styrene production costs.

Margins

- Reformate/Pygas recovery: Usage of reformate into gasoline pool remains more attractive and is supporting the alternate value for aromatics processing and thus the cost floor. Pygas recovery economics has improved in the last one month with a substantial improvement in benzene-naphtha spreads, a result of significantly tight benzene supply.
- Toluene conversion: TDP & STDP economics in Asia is likely to remain squeezed in the near term due to elevated toluene prices, though recent improvement in benzene prices has helped to an extent.
- EBSM: Styrene-benzene spreads have come under pressure since the beginning of September, declining from $200/t to around $170/t. We expect this trend to continue for the next month or two as tight benzene supply translates to stronger benzene-naphtha spreads, while styrene-benzene spreads get squeezed with a still weak downstream derivatives demand.

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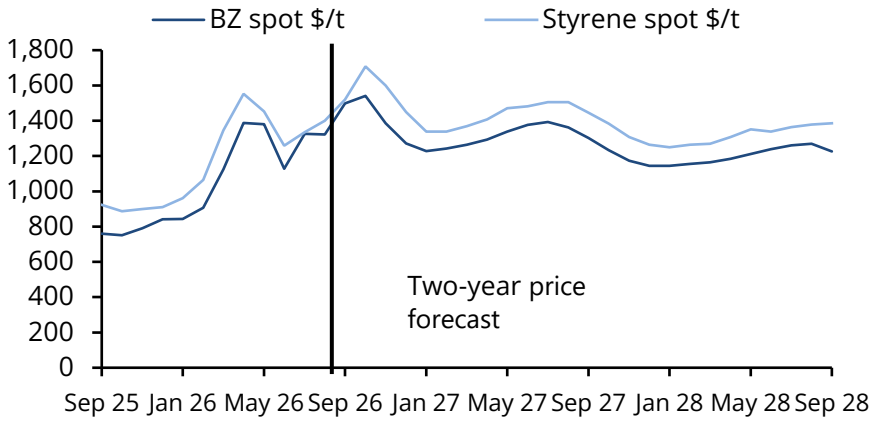
Americas: Market outlook and price forecast

US BTX forecasts have been revised markedly higher, despite lagging upstream projections.

US benzene and styrene price forecast $/t



	Aug 26	Sep 26	Oct 26	Nov 26	Dec 26	Jan 27	Feb 27
BZ spot $/t	1323	1498	1541	1385	1272	1227	1242
Styrene spot $/t	1401	1520	1708	1600	1450	1339	1339

Forecast summary

- The crude forecast was adjusted higher through 2027 as the base case gave up on any near-term US-Iran peace accord and a resumption of free navigation through key regional chokepoints. There is now however a significant step lower for early 2028.
- US inventories of finished gasoline and blending components remain well below 5-year averages, although absolute levels are starting to recover. Naphtha-gasoline and premium-regular gasoline spreads have expanded significantly, meaning elevated blending incentives.
- Reformate spreads over gasoline have also surged, transforming the cost pressure on BTX. Recovery margins over reformate have been decimated, as product prices try to keep up. Aromatic octane is now highly attractive to lift discounted sub-octanes into an elevated gasoline market. All products are sought after, even ethylbenzene and cumene.

Upside risk

- The spread of attacks and shipping disruption to the Red Sea substantially elevates geopolitical risk. Freight rates are rising quickly.
- The relative weakness in US naphtha prices could continue to drive incremental demand for aromatic octane well into 4Q26.
- The lack of margins could further impair US C6A supply even as imports remain low.

Downside risk

- Heavy backwardation indicates a lack of faith in the gasoline markets, which could cool things off.
- Asia balances are beginning to show some signs of localized easing, helping the case for exports.
- Downstream consumption of aromatics and intermediates dips further due to the pressure on cash-in-use as we approach year-end, especially now that the Fed is leveraging interest rates to try to cool inflation.

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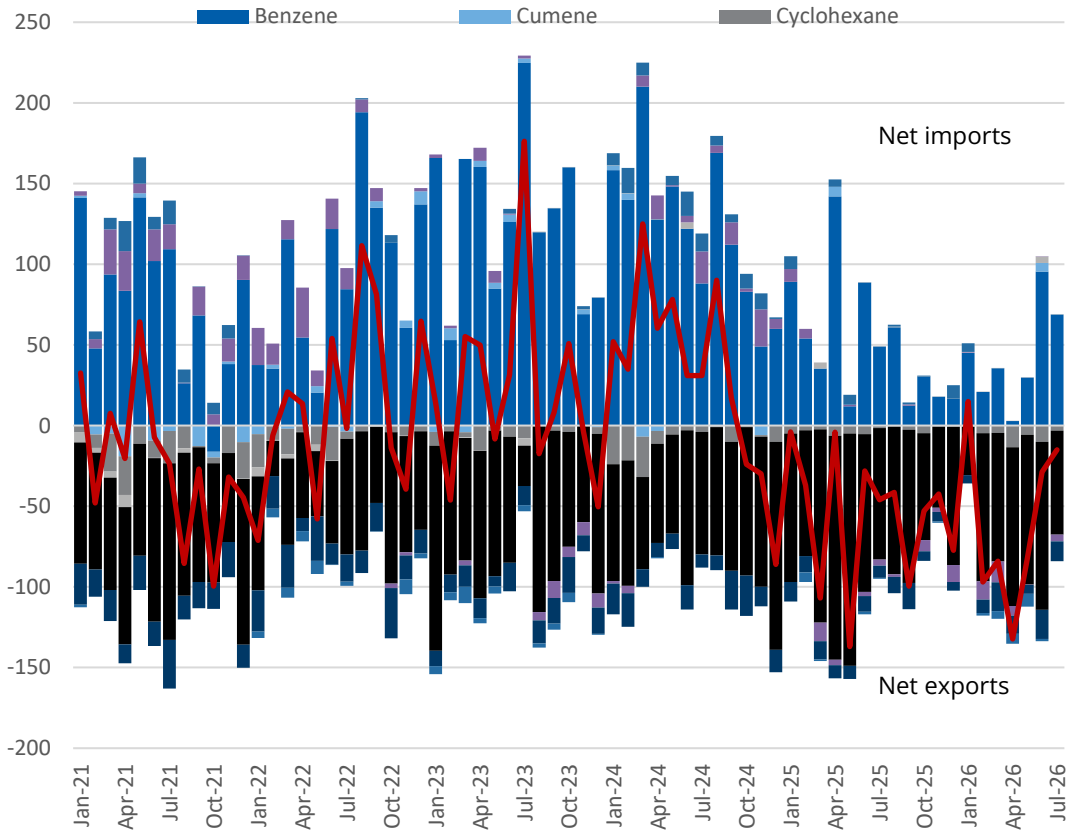
Americas: Supply, demand and trade outlook

Elevated alternatives in gasoline are keeping BTX output restrained and inventories very lean.

US net C6A trade by product (expressed as contained benzene) ('000t)



Source: Global Trade Tracker, Argus Media

Supply

- Average gasoline prices and blend value alternatives have jumped as physical supply and inventories remain tight, and refiners continue to favor middle distillate output.
- Conversion plants are back in the red as feed costs surge and product prices are struggling to keep up. BTX recovery margins are also back in the red.
- Benzene imports continue to run above year-to-date averages, but remain below the levels needed to support any significant uptick in C6A exports or sustained incremental blending.

Demand

- Consuming businesses continue to closely manage inventories to limit price risk, while maintaining the integrity of their supply chains. As a result, direct consumption of feedstock is now very much on a hand-to-mouth basis.
- Buyers did not see the hoped-for reduction in prices in September, and October contract prices will register a further increase. This will limit buying and keep inventories low.
- With indications that further increases in interest rates are anticipated, further slowing in the automotive and construction sectors is to be expected.

Trade

- Benzene imports into the US continue to run below historical levels but have picked up compared to earlier in 2Q26. Elevated US prices should encourage at least some incremental imports.
- Official import data for July is now available, with total benzene imports falling back to 73,000t, following a stronger month in June. Net imports were 69,000t as exports to Canada remained low. C6A derivative net exports dropped by a third compared to June and hit 6-month lows.
- As shown in the chart, net C6A trade expressed as contained benzene, showed a 15,000t net aggregate export in July, well below the monthly average of 68,000t seen so far this year. Styrene exports dropped 40pc as US costs became uncompetitive in many export markets.

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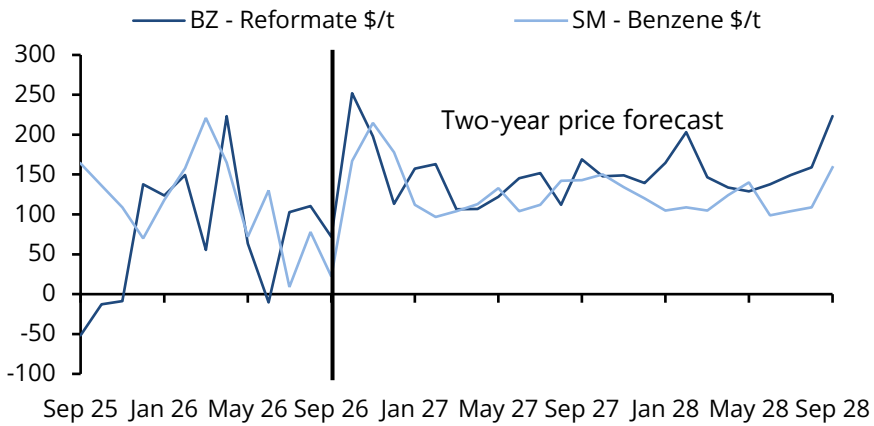
Americas: Cost and margin outlook

Soaring gasoline alternatives have decimated BTX recovery margins once again.

US benzene-reformate and benzene-styrene spreads $/t



	Aug 26	Sep 26	Oct 26	Nov 26	Dec 26	Jan 27	Feb 27
BZ - Reformate $/t	110	72	252	198	113	158	163
SM - Benzene $/t	78	22	167	215	178	112	97

Costs

- BTX recovery costs: alternative feed values have soared with gasoline prices, while naphtha prices have lagged. Blending incentives are elevated, and BTX recovery costs have significantly increased. Reformate spreads over gasoline have effectively doubled to $299/t, which transforms the outlook for costs. Based on low gasoline inventories and elevated prices, this could have legs.
- Conversion costs: Feed costs have jumped and product prices are struggling to keep up. Spreads over reformate have been left in the dust as BTX prices have yet to gain full momentum. Co-product paraxylene values in particular are being held back by lagging prices in Asia, even though balances are relatively snug.

Margins

- BTX recovery from reformate: Recovery margins have been decimated as feed reformate costs have surged and aromatics values in the chemical markets have struggled to keep pace. BTX weighted aggregate values have averaged $1,476/t so far in September, up $153/t from August, while reformate costs have been closer to $1,598/t/t, up $289/t. BTX recovery has swung back into negative territory.
- Toluene conversion: On paper, average conversion margins have been strongly negative in September, even on the basis of contract priced term sales. In theory, conversion plants should be reducing runs although many remain idle or under maintenance. Operators continue to be very cautious when making tactical operating decisions, especially now in the face of high feed valuations, acute cash-in-use targets and inevitable inventory revaluations.
- Benzene-styrene spreads have continued to be highly volatile, swinging negative so far during September. Spreads have averaged $54/t negative so far in September, with some producers opting to take incremental EB sales rather than using their capacity to make styrene.

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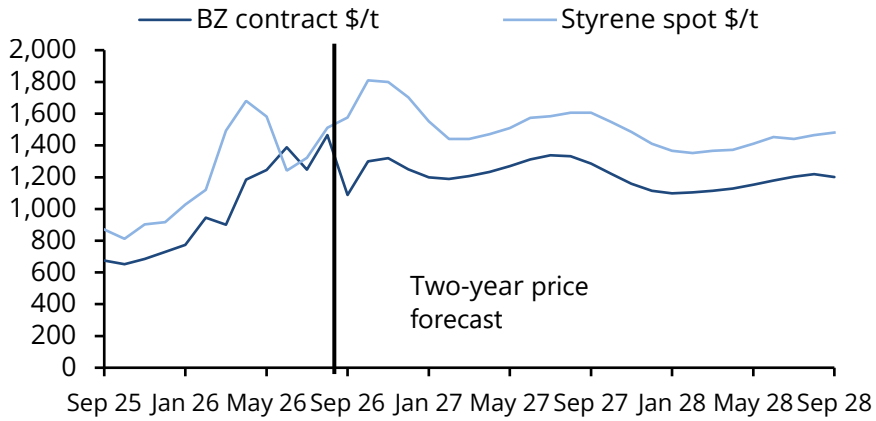
Europe: Market outlook and price forecast

The Middle East situation is deteriorating as passage through the Red Sea comes under renewed threat.

Europe benzene and styrene price forecast $/t



	Aug 26	Sep 26	Oct 26	Nov 26	Dec 26	Jan 27	Feb 27
BZ contract $/t	1465	1088	1300	1320	1250	1200	1188
Styrene spot $/t	1511	1575	1810	1800	1702	1552	1441

Forecast summary

- Elevated energy costs and tight physical supply will drive monthly benzene contract price (CP) sharply higher again in October following the steep fall in September. This volatility in prices does not help the downstream.
- Geopolitical uncertainty and continued upstream volatility will keep the industry cautious and focused on close inventory management for the rest of the year. This keeps incremental purchasing to a minimum.
- Cost pressures are escalating through the European economy again. Eurozone inflation rate reached 3.3pc in August against 2.9pc in July, driven largely by spiking energy costs. In response, the ECB recently raised lending rates by 0.25 basis points and warned of further inflationary pressures from the US-Iran War. This warning helped send government borrowing costs upwards beyond the increase in base rates.
- Despite higher interest rates, European new car sales have continued to trend higher growing by 5.7pc in 1H26.

Upside risk

- A strong but volatile energy market will keep benzene and derivative prices elevated.
- Rhine-related logistical and operational disruptions will start to ease as water levels improve in the autumn. Prebuying could emerge ahead of the October CP increase.
- Firmer margins and demand are incentivizing increased styrene production.

Downside risk

- Benzene extraction will be the strongest option for pygas after moving to gasoline during a unseasonably strong blending season which draw reformate supply.
- Elevated benzene and energy costs undermined blending economics for C6A derivatives. Some ethylbenzene moved to gasoline in the summer.
- Demand will slow seasonally as year-end nears after a robust start in 4Q.

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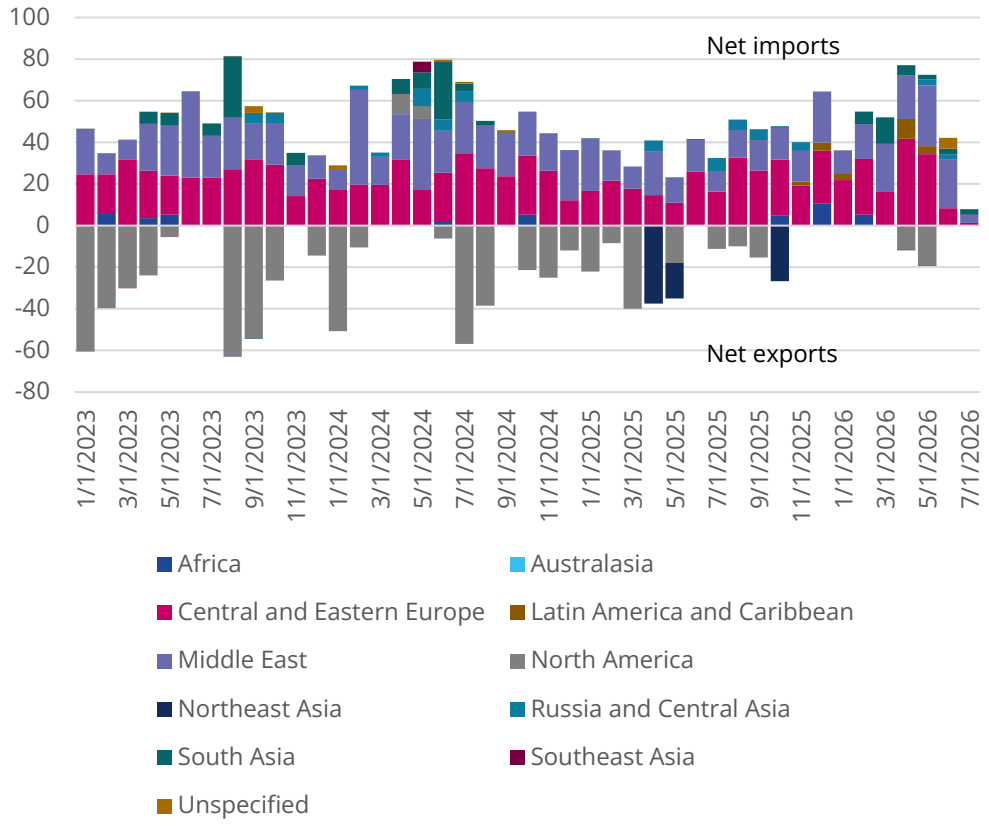
Europe: Supply, demand and trade outlook

Supply chain risk remains extraordinarily high, as hopes for lower costs have been dashed.

Europe C6A net trade balance



Source: Global Trade Tracker, Argus Media

Supply outlook

- Operating rates of inland crackers and refineries will increase as Rhine water levels rise in the autumn. Brief cracker disruptions in Spain and France tightened prompt supply.
- Some refineries have delayed fall maintenance because of exceptionally strong margins.
- Weak propylene oxide demand will keep styrene output from POSM units restrained.

Demand outlook

- Rhine-related issues largely affected consumers further down the value chain. Easing navigational restrictions should spur a recovery in demand in the autumn.
- Underlying market fundamentals are weak. The industry will keep stocks under control as year-end approaches.
- Leuna Polyamid, which bought the Domo assets in Germany, has failed in its attempt to rescue the business. High energy costs and the continued influx of Chinese imports has taken its toll. It will permanently close its doors in October after failing to find an investor.

Trade outlook

- Benzene exports to the US were limited despite the open arbitrage on paper. Exports, despite being limited, contributed to the further tightness in Europe.
- Styrene imports from the US and Asia will remain limited. Some Saudi-origin styrene arrived in September during a temporary lull in US-Iran attacks but will stay stranded by the Hormuz closure, and now the threat of attacks in the Red Sea.
- Benzene flowing from Turkey and Israel may be at risk of disruptions as the Middle East conflict widens. Increased volumes arrived from India and Brazil.

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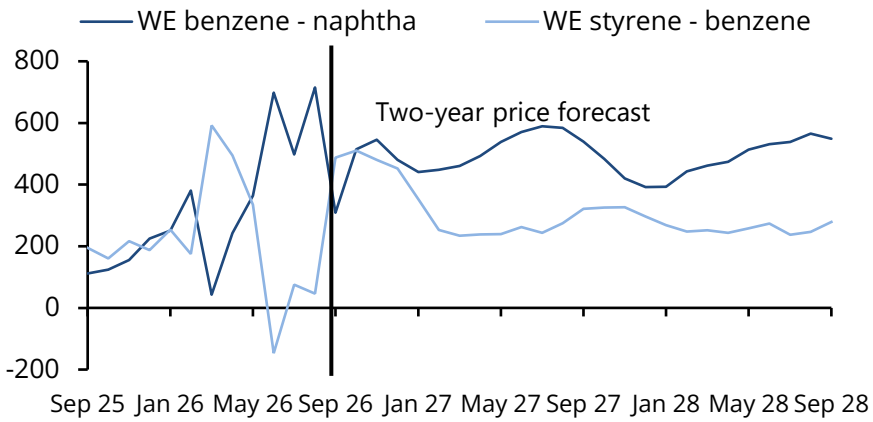
Europe: Cost and margin outlook

Strong alternative values in the gasoline market have elevated feed costs and added to upside risk.

Europe benzene and styrene spread to naphtha $/t



	Aug 26	Sep 26	Oct 26	Nov 26	Dec 26	Jan 27	Feb 27
WE benzene - naphtha	715	309	514	546	480	441	448
WE styrene - benzene	46	487	510	480	452	352	253

Costs

- Despite not keeping pace with crude oil and gasoline prices, stronger naphtha costs will still drive ethylene and propylene CPs higher in October, squeezing amongst other things styrene and cumene margins.
- Natural gas prices have also spiked. The Dutch TTF day-ahead gas prices jumped above €80/MWh for the first time since December 2022. War-related supply disruptions, restocking ahead of winter demand and maintenance works drove gas costs significantly higher this autumn.
- Alternative values for aromatics feed in gasoline have ballooned as Eurobob prices surged to nearly $450/t over naphtha. This inflates the cost of reformate for BTX, although even reformate has struggled to keep pace. The spread between European reformate values and the prompt market in the US is near all-time highs, prompting some leakage of octane components across the Atlantic.

Margins

- On paper, extraction margins remained healthy, if you use naphtha as your basis for cost. The benzene-naphtha spread averaged $415/t so far in September, compared with the September 2025 average of $95/t. Benzene's spread over 103 Ron reformate however has turned negative since August, and as such margins over gasoline or reformate have deteriorated.
- Blending economics remained firm even with the upcoming switch from summer- to winter-grade gasoline in late-September. The prompt gasoline-naphtha spread hovered above $400/t in 2H September, or an average of $436/t so far in September, compared with the September 2025 average of $165/t
- Styrene production margins remained firm. Styrene's premium over benzene and naphtha averaged $411/t and $822/t, respectively, in September so far.

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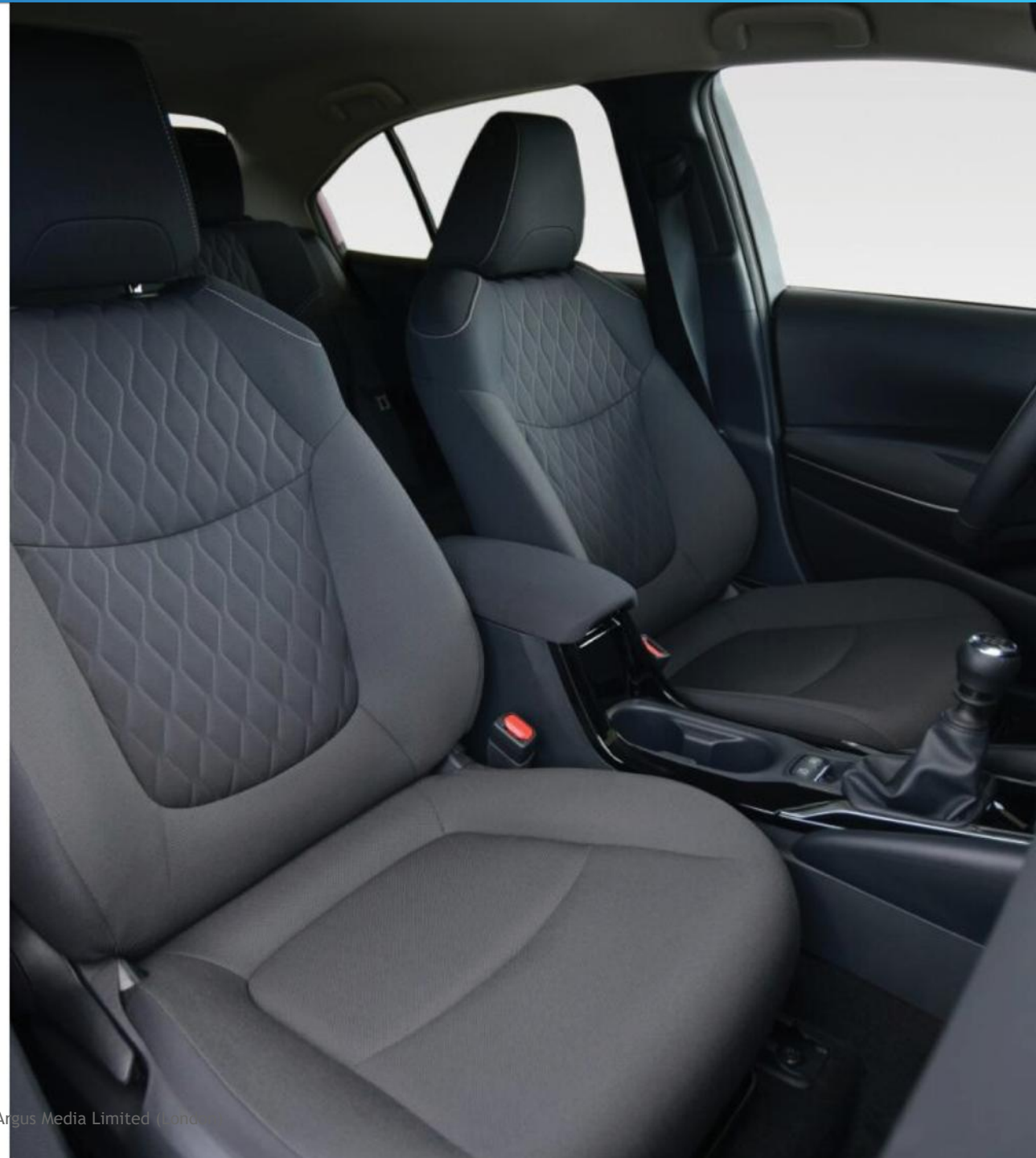

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Vice President
Global Aromatics

Simon Palmer is VP, Global Aromatics at Argus, and is based in Texas. He has experience from across the petrochemical industry. He has worked in operations, market consulting, trading, major project management, and strategy. He started his career with ICI plc in Europe before moving to the US. Since then, he has spent 10 years in industry and over 20 years in market consulting, specializing in aromatics. Prior to Argus, he worked in Strategy and Business Development with Motiva Enterprises, an affiliate of Saudi Aramco.



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Editor,
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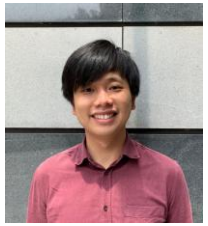

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Senior Reporter,
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Jeff Eickholt
Senior Analyst

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Argus *Benzene* Outlook

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