

# Argus *Benzene* *Outlook*

## September 2025

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**Overview**

**Argus Benzene Analytics** was updated in December 2024 and includes a global view of supply and demand with a ten year forecast.

Argus consultants analyze the global market for benzene and its primary derivatives and link them to primary energy markets worldwide. The study provides a comprehensive overview of market fundamentals, trade patterns and balances on a country-by-country basis.

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Benzene Analytics

15 Nov 24	Argus Benzene Analytics 2024 November Update: Company Balances
15 Nov 24	Argus Benzene Analytics 2024 November Update: Capacities
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03 Jun 24	Argus Benzene Analytics 2024 June Update: Company Balances
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**Argus Benzene experts**

Simon Palmer

**Benzene analytics 2024 2H update**

## Benzene Analytics 2024 2H

Click here to download the balances dataset in Excel

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For more information email [chemicals@argusmedia.com](mailto:chemicals@argusmedia.com)

Access the [Benzene Analytics workspace](#) or [find out more](#) about the service

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Now available: interactive Benzene Outlook Workspace on Argus Direct

3-month forecast	Description
South Korea fob M1	
South Korea fob M2	
South Korea fob M3	
US Gulf Coast fob co	
US Gulf Coast fob co	
US Gulf Coast fob co	
NWE cif contract M1	
NWE cif contract M2	
NWE cif contract M3	

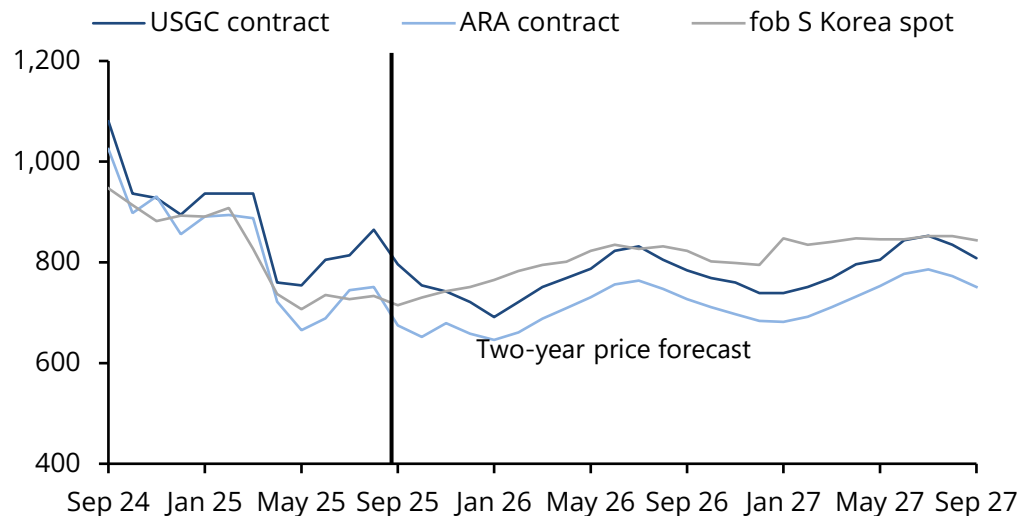
# Benzene outlook executive summary

Opec's early completion of November 2023 cut reversals has not significantly weakened prices; benzene support may come from reduced supply due to Asian cracker turnarounds.

Click [here](#) to download the full 24-month dataset

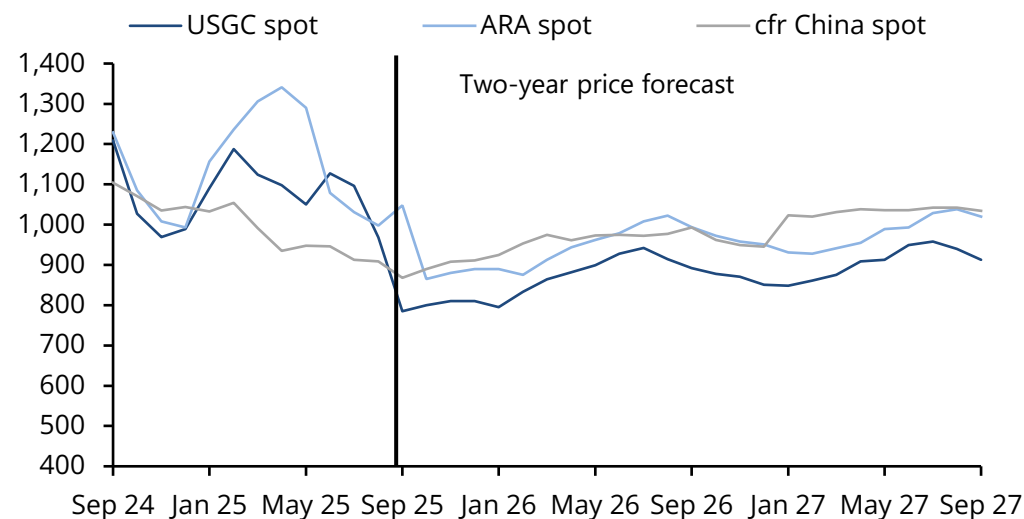
Global benzene prices

\$/t



Global styrene prices

\$/t



## What's Changed

- Year-on-year crude demand growth observed across non-OECD markets, notably China, India, and Brazil, is likely to support prices despite increases in supply. Opec+ remains confident in their unwinding of production cuts.
- Manufacturing PMI indicators for China and India showed notable improvement in August.
- The US Federal Reserve implemented its first rate cut of the year, a move that may support increased commodities demand, or at least facilitate some much-needed inventory reduction.
- With no demand triggers in sight for benzene, Q4's only potential support may come from reduced benzene supply due to multiple Asian cracker turnarounds.

# Benzene outlook executive summary

**Asian BZ markets remain soft while anticipated European buying failed to materialize; crude inventories point to lower prices going forward which may prompt Opec+ intervention.**

Click [here](#) to download the full 24-month dataset

## Crude and products

### Near-term outlook

In the short term, the unwinding process appears to be progressing without disrupting market stability. Limited capacity among certain producers to scale output in line with the unwinding has contributed to a more balanced market. Additionally, the timing of the unwinding has aligned with peak summer cooling demand in the Middle East, diverting substantial crude volumes in Saudi Arabia and Iraq toward power generation, keeping approximately 0.35 mn b/d from export markets. Persistent sanctions-related pressures continue to lend support to prices. So far, there is no sign of competition for market share among Opec+ players.

### Longer-term outlook

The current US government promised to boost the oil sector after being elected. However, prompt WTI futures, typically indicative of robust demand, have continued to decline during his tenure. According to the EIA, a projected increase in global oil inventories is expected to exert downward pressure on crude prices in the coming months, as seasonal summer demand fades and global supply accelerates. Absent major geopolitical disruptions, EIA forecasts Brent prices to average \$59/bl in Q4 2025 and decline further to \$49/bl by March 2026. However, Argus' outlook considers that any significant price fall due to oversupply could prompt Opec+ to reassess production plans, potentially supporting a recovery in prices.

## Global benzene and styrene

### Near-term outlook

US ethylbenzene demand rallied even as USGC RVP gasoline specs shifted, normally favoring competitively priced sub-octanes over high-octane, low-RVP components. There are now signs of a slowing in blender interest, but this has unexpectedly added to US benzene consumption. Asian benzene markets remain long amid soft styrene and phenol demand, while aromatics producers maintain rates due to strong PX-naphtha spreads, leading to steady benzene output. Anticipated European September buying failed to materialize, with demand staying weak. Benzene exports to the US have drastically dropped since April when US tariffs were first introduced.

### Longer-term outlook

South Korea's recently announced petrochemical sector restructuring plan underscores persistent overcapacity, with industry consolidation expected as firms submit plans by year-end. The government will provide financial, tax, R&D, and regulatory support. As Asia's leading naphtha importer, South Korea sources mainly from the Middle East and India. While benzene output from its crackers may be affected, the global impact is expected to be limited. Given the industry's current challenges, similar restructuring is likely among other sector participants.

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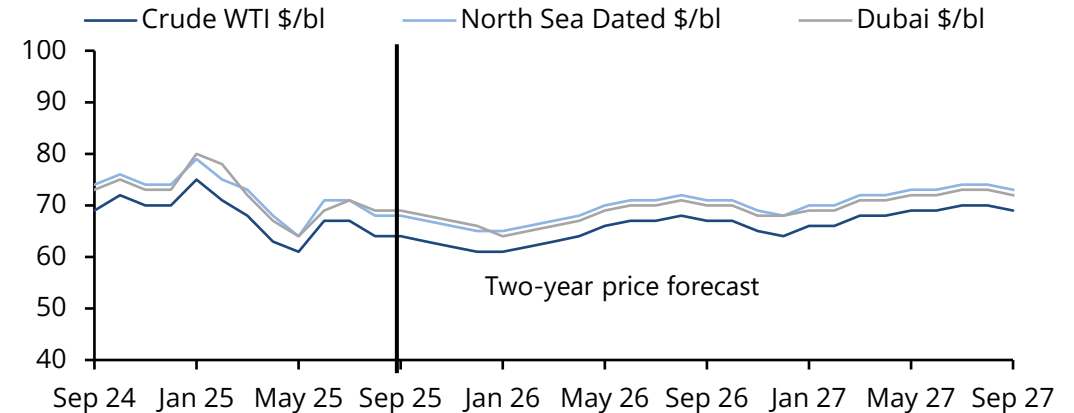
# Global crude forecast

**Limited competition for market share among Opec+ alliance members keeping prices relatively stable; sanctions-related uncertainty also lends support to prices.**

## Market commentary and outlook

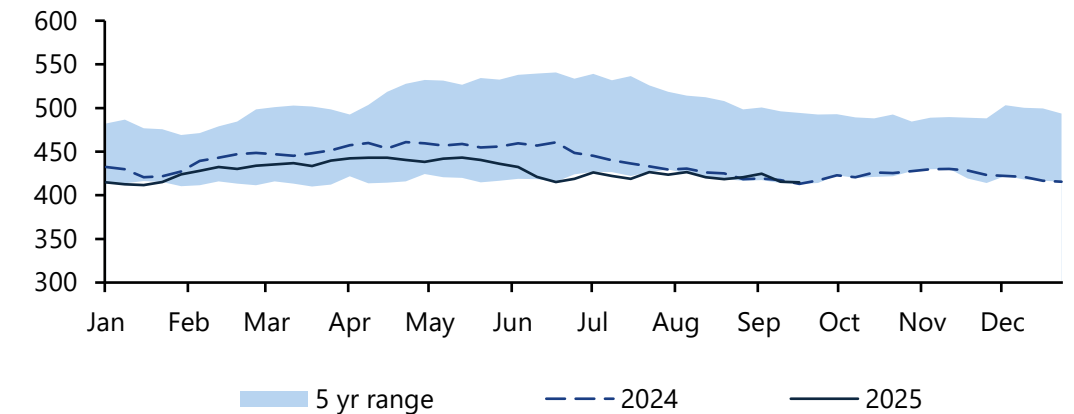
- At its early August meeting, Opec+ confirmed the return of an additional 547 kb/d of allowable maximum production in September, mirroring August's increment. This brings the total rollback of the 2.2mn b/d voluntary cuts introduced in November 2023 by the 8 participating Opec+ members to completion by October. The market had anticipated the move and responded accordingly.
- Despite broad expectations that the unwinding will tip the market into surplus, Opec+ producers remain confident in the appropriateness of their strategy. Sanctions-related uncertainty continues to lend support to underlying prices.
- Meanwhile, tariff threats from President Trump prompted Indian refiners to shift away from Russian Urals to Middle Eastern grades in early August, driving up regional spot crude differentials. Chinese buyers capitalized on the displaced Russian supply.
- Once it became clear that tariffs would proceed regardless of India's sourcing, Indian refiners reverted to Urals, while Chinese firms turned to the next most cost-effective option, Brazilian crude.
- A potential disruption to Chinese crude imports is emerging, as indications suggest the government may halt further crude import quotas for Shandong's independent refiners this year.

## Crude price forecast



## Weekly Crude Inventories (US)

mn bl



# Global products and aromatics feedstock forecast

**To minimize their losses from selling summer-grade gasoline during the transition period, US refiners opt to blend down stored stockpiles and capitalize on renewed export opportunities to Mexico.**

## Naphtha market and outlook

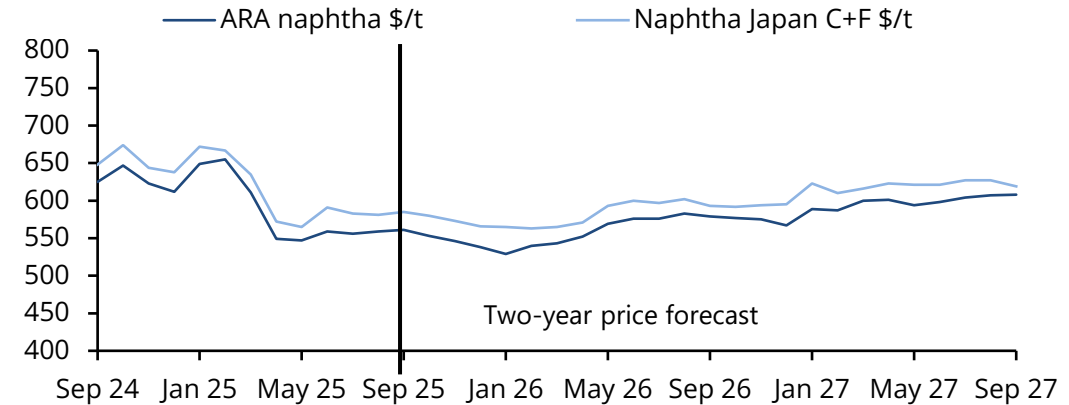
- Europe: Prompt naphtha demand in northwest Europe has edged down because blending demand continues to wane with the end of the summer driving season. But regional naphtha drawdowns could occur if blending demand for gasoline exports to the US, Middle East, the Mediterranean and west Africa continues to rise during their respective maintenance periods.
- US: Naphtha cracks in the US Gulf coast have reached a three-month high supported by gasoline blending demand.
- Asia Pacific naphtha: The Asia-Pacific naphtha market tightened due to drone strikes on Russia's key naphtha facilities, further reducing supply already limited by planned maintenance at key Middle Eastern refineries.

## Gasoline market and outlook

- US gasoline: US Gulf coast gasoline exports climbed to a 13-month high in middle of September after exporters seized on favorable arbitrage and shifting market dynamics in Mexico, where the government continues to combat illicit fuel sales.
- Asia gasoline: China's third batch of export quotas may have brought some relief to the market. Strong Asian gasoline crack spreads and high export margins could encourage Chinese refiners to utilize more of the quotas for October.
- Europe gasoline: Mediterranean tightness is set to increase, amid ongoing plant maintenance in the region, with planned works at Portuguese Galp's 226,000 b/d Sines refinery between October and November also contributing to it.

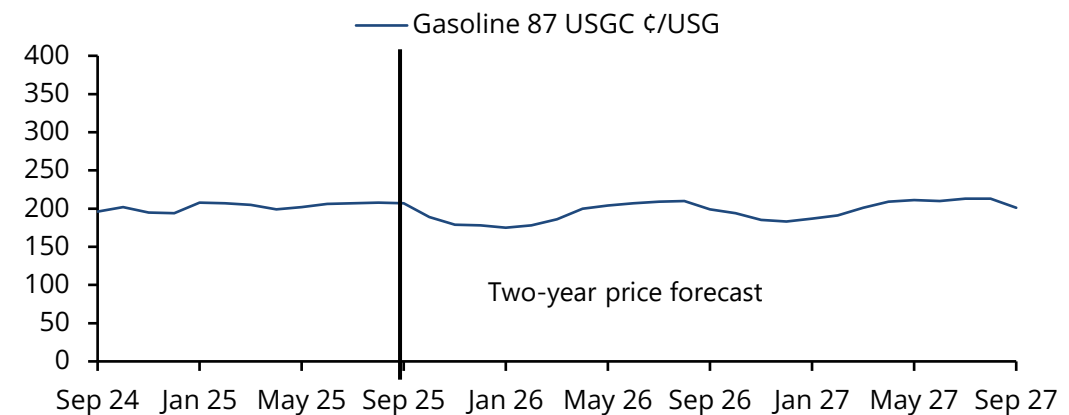
## Naphtha price forecast

\$/t



## Gasoline price forecast (US)

¢/USG



# Energy pricing differentials and alternative values

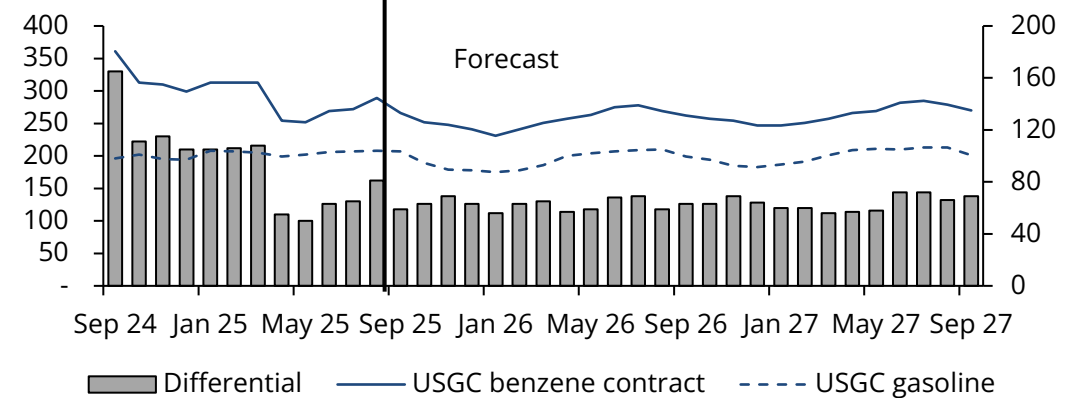
**The market for higher octane components in the US has been surprisingly robust but there are signs of waning valuations. The gasoline and octane outlook remains steady.**

## Forecast price spreads and alternative values

- The US premium to regular gasoline spread, which is one of the key drivers of the value of aromatic octane, has risen, averaging \$60/t so far in September, compared to \$52.60/t in August and \$102/t a year ago. The near-term gasoline futures curve remains in strong backwardation and steadily backwardated through into 1Q26. The forecast regrade spread has been left unchanged for the remainder of 2025.
- The naphtha-gasoline spread, which is another indicator of the incremental value of aromatic octane, has fallen back during September as naphtha prices have risen while gasoline remained flat. The spread is averaging \$216/t so far in September, compared to \$230/t in August, and \$125/t a year ago. Absolute average gasoline prices have lost \$2/t in September over August, while naphtha prices have gained \$12/t.
- Reformate spreads over gasoline have made some unseasonal gains, showing \$124/t so far in September, up from \$109/t in August and \$120/t this time last year. US gasoline and blendstock inventories have drawn to levels below last year and will likely continue to fall. The forecast average reformate spreads over gasoline have been left unchanged again this month.
- Theoretical blend value alternatives for toluene and mixed xylenes have risen sharply in the prompt month, and are now around \$92/t over gasoline, compared to \$60 in August. This is still less than half what the spread was a year ago. Real world market prices have also risen on a pull into gasoline, with average nitration grade toluene prices jumping to \$884/t average for September, compared to \$858/t average in August, and \$903/t a year ago.

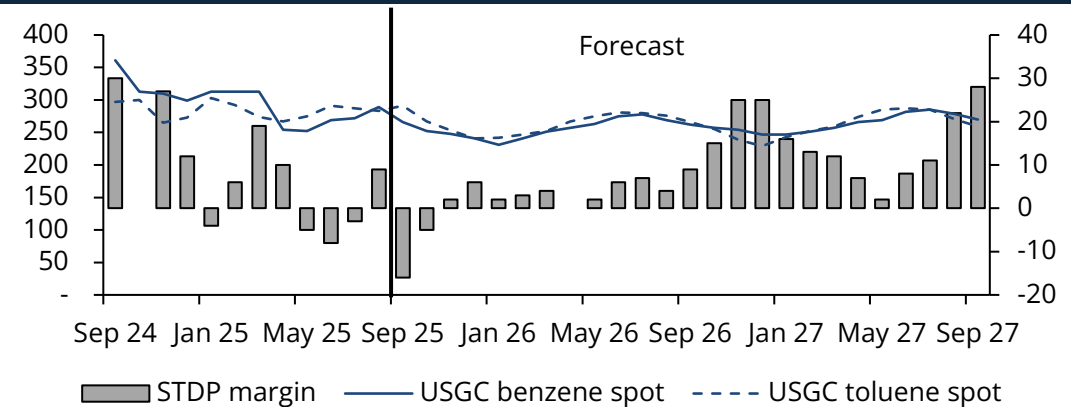
USGC benzene contract vs USGC gasoline

¢/USG



USGC benzene contract vs USGC toluene spot

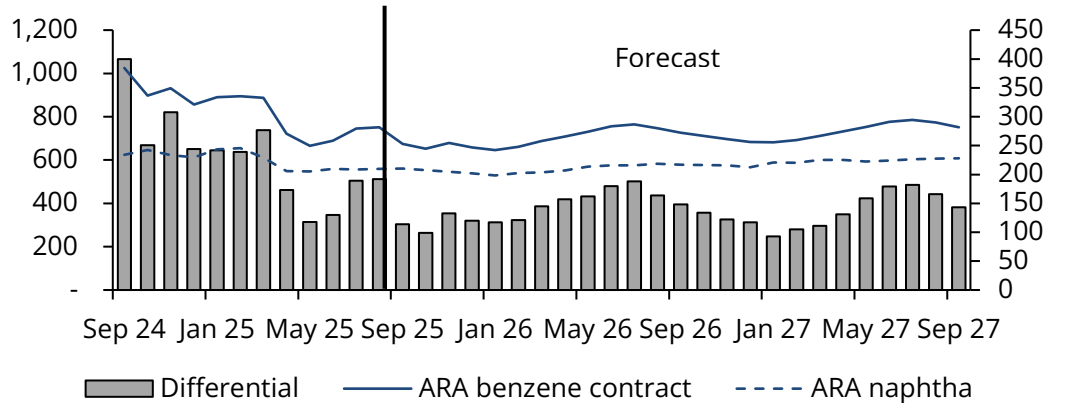
¢/USG



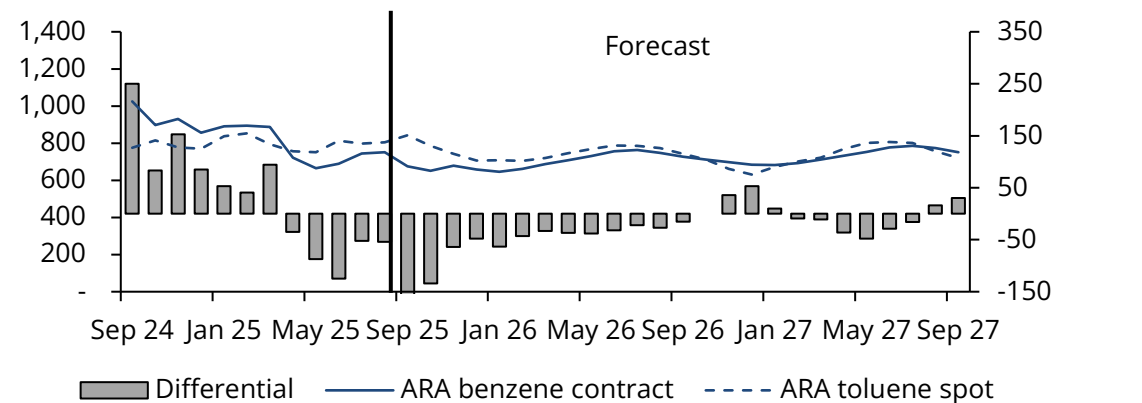
# Energy pricing differentials and alternative values

US BTX margins have been squeezed as feedstock prices have risen with octane values. BTX prices will try to hold as alternative values in gasoline eventually subside. Asian margins have fallen but Europe has risen on the back of the US.

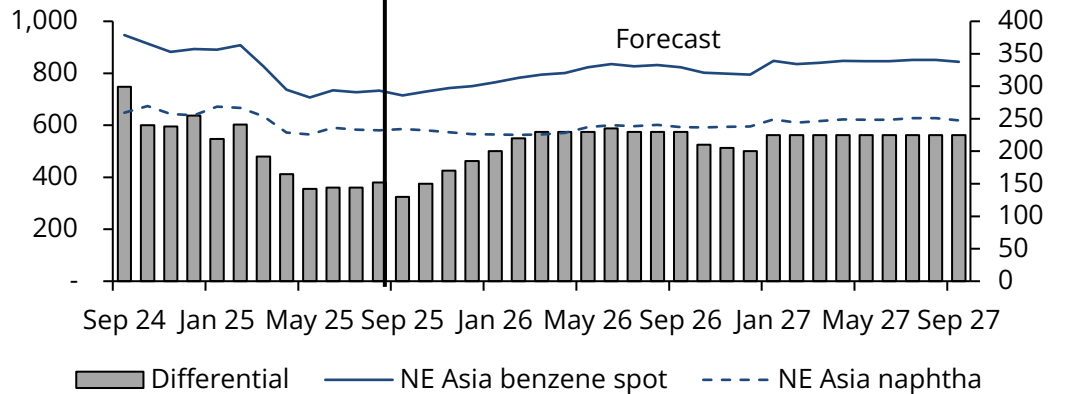
ARA benzene contract vs. ARA naphtha \$/t



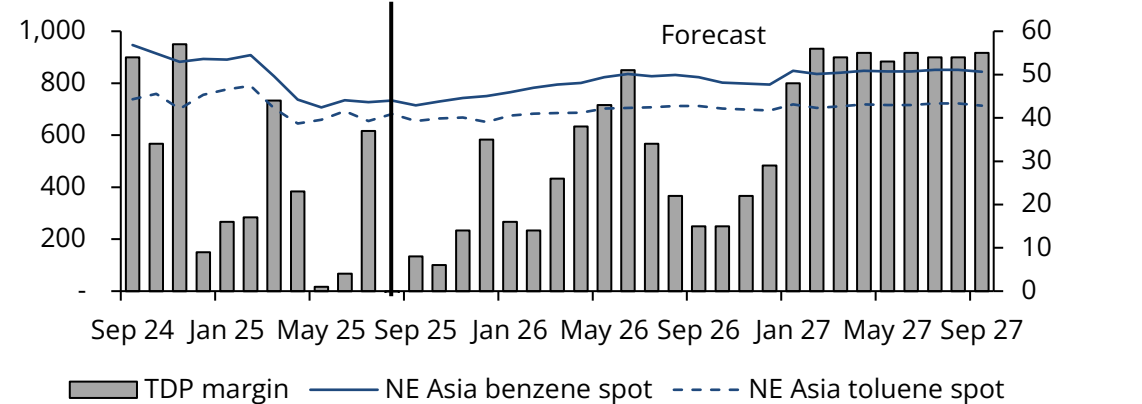
ARA benzene contract vs NWE toluene spot \$/t



NE Asia benzene spot vs NE Asia naphtha \$/t



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



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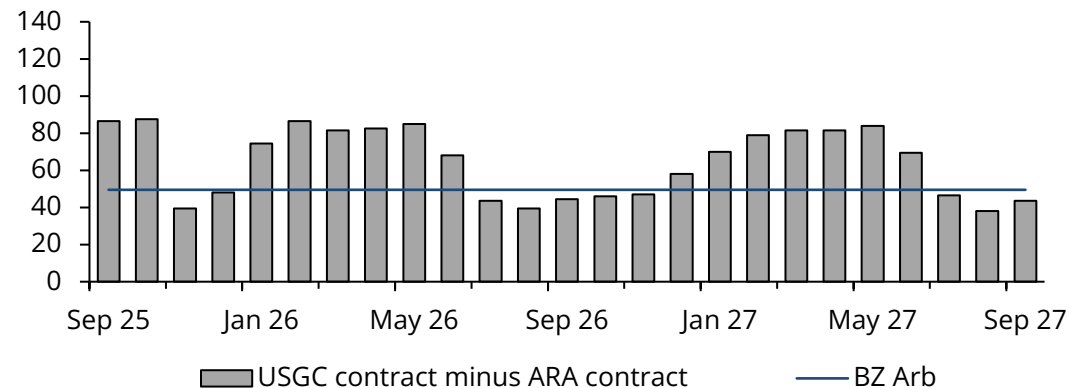
# Arbitrage forecast benzene

**Despite the transition away from summer gasoline specifications in the US, some residual demand for high octane blendstocks has been seen. This has benefitted local EB producers.**

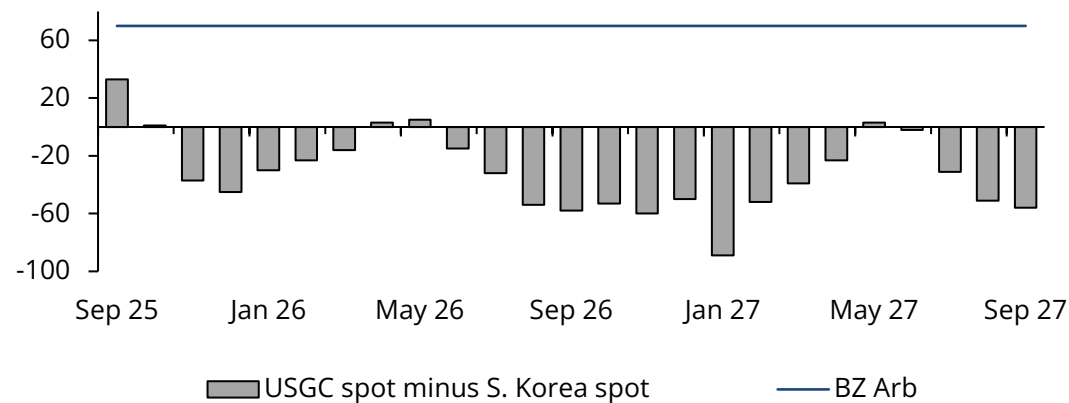
## Trade lane commentary

- Europe benzene: The widely anticipated seasonal buying in September after the summer lull failed to materialize while underlying demand in Europe remained weak across the board. Export opportunities have been scarce as punitive tariffs undermined arbitrage economics to the US, which traditionally helps clear Europe of surplus benzene supply.
- Benzene exports to the US drastically dropped since April when US tariffs were first introduced, initially at 10pc then at 15pc starting from August for Europe-origin benzene. About 11,140t of benzene left Europe for the US in July, latest GTT data shows, despite tight arbitrage economics. Europe's exports to the US have fallen from more than 70,000t in Q1 to less than 18,000t in Q2. Europe is looking at other options to help ease the market of oversupply and is exporting benzene feedstocks pygas and benzene heart-cuts instead since the summer.
- US benzene: In the downstream sector, ethylbenzene (EB) demand from blenders has persisted despite the USGC Reid vapor pressure (RVP) gasoline specification transitioning to winter gasoline which allows for high-RVP blending components into gasoline, such as butane. This normally curbs demand for high-octane, low-RVP blending components, but robust gasoline export interest has persisted this year.
- US BZ production from selective toluene disproportionation (STDP) units remained low because of unfavorable production margins as toluene remained at a relative premium to BZ. STDP unit operators typically require a 30¢/USG premium of BZ over toluene to justify running units or ramping up production rates.

Benzene: Europe to US \$/t



Benzene: Asia-Pacific to US \$/t



# Arbitrage forecast styrene

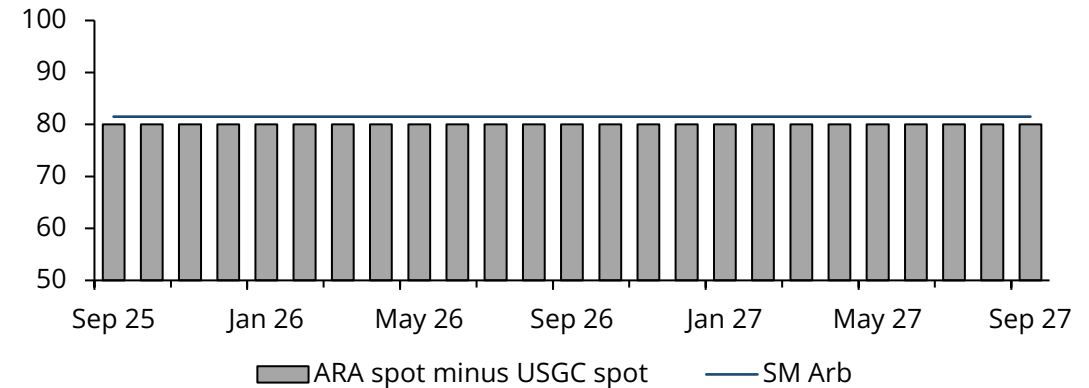
**US styrene exports to Europe remain limited as European producers resume operations; with Q4 approaching, a seasonally weak period, European SM inventories are being cautiously managed.**

## Trade lane commentary

- European styrene: The styrene market in Europe remains amply supplied. Underlying demand down the value chain has been persistently low and the typical upturn in September has been disappointing.
- Inventories and costs are being managed and kept under control as the final quarter of the year, seasonally another low point for styrene demand, approaches.
- Feedstock benzene costs also usually face downward pressure towards the year's end as supply typically builds during the winter months, and this could further weigh on styrene pricing in Europe.
- Styrene imports from all sources continued to arrive in July even as the European market has fallen sharply from its peak pricing in the second quarter when the region tightened because of production turnarounds and disruptions. Almost 28,000t of US-origin styrene arrived in July, latest GTT data show, despite a closed arbitrage. Styrene flowing from the Mideast Gulf, mainly Saudi Arabia, also stepped up at the start of the third quarter.
- US styrene: Historically, western Europe and North America are two of the largest landing spots for US SM exports, with volume also consistently arriving in Latin America.
- SM demand from the US has been capped as European SM producers finished maintenance and repairs in May, leading to a longer US SM market and deflated spot prices.

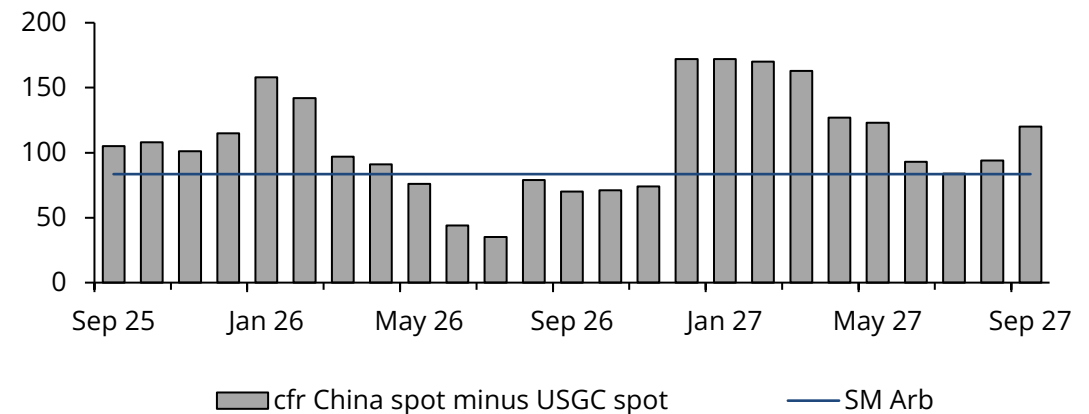
Styrene: US to Europe

\$/t



Styrene: US to Asia-Pacific

\$/t



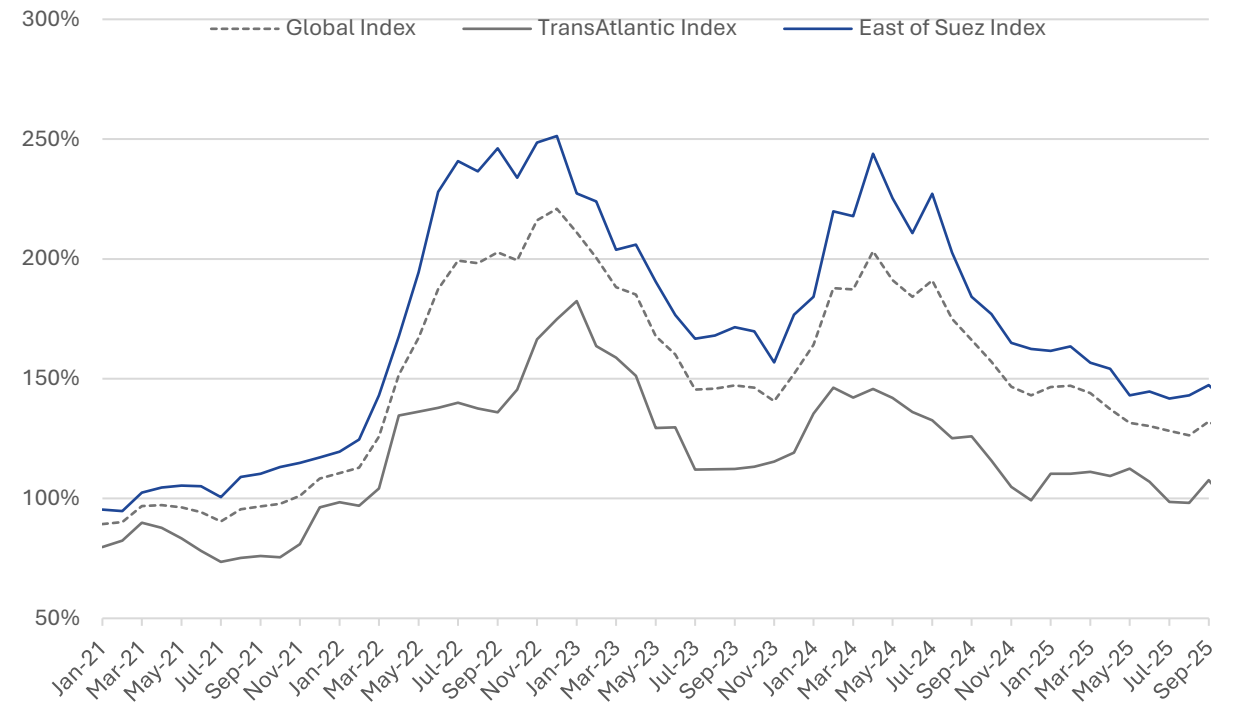
# Global freight rates

**With only a few exceptions, bulk liquid freight rates have risen across the board. All regional indices are showing increases. Transatlantic routes have rebounded from recent weakness.**

## Freight market summary

- As of late September, global bulk “easy-chems” freight rates have recovered some ground compared to a month ago. Atlantic Basin rates have particularly rebounded, while East of Suez origin rates have seen more modest increases. Larger MR-sized charters have also seen increases, despite a continued lack of arbitrage on BTX.
- Tightness in certain sectors of the larger tanker markets has rippled through to the clean products and easy chemicals segments. Despite sluggish demand for CPP and chemicals vessels, there is limited surplus capacity available to offer.
- Container freight indices have continued to fall, with notable reductions in recent weeks. The most marked reductions are once again seen in routes to the US, following a recent surge in bookings ahead of tariff increases. Rates elsewhere have been showing slowing declines, but reductions, nonetheless. Container rates for intermediates and polymers routed into Europe continue to fall and are now at the lowest levels of the year.
- Demand for full vessels from Korea to the US Gulf for aromatic shipments continues to be slow, with fixtures grinding to a halt. Total aromatics volumes loaded out to the US during August were 6000t, down around 80pc from July. Nothing has loaded out to the US during the first twenty days of September, indicating a continued lack of arbitrage incentives.
- The Argus global easy-chems freight index increased in September, the first monthly increase since February 2025. Current average freight only rates for September are at 132pc of the basis value (January 2016), up 5.5pc points from August. Transatlantic rates have rebounded and are at 108pc (up 10pt), while east of Suez rates are 4 points higher from August at 147pc. MR full vessel flat-rates are best quoted at \$2.2m, or \$55/t, a \$3.50/t increase from August.

Global freight index tracker



Index: Jan 2016 = 100  
Source: Argus Media

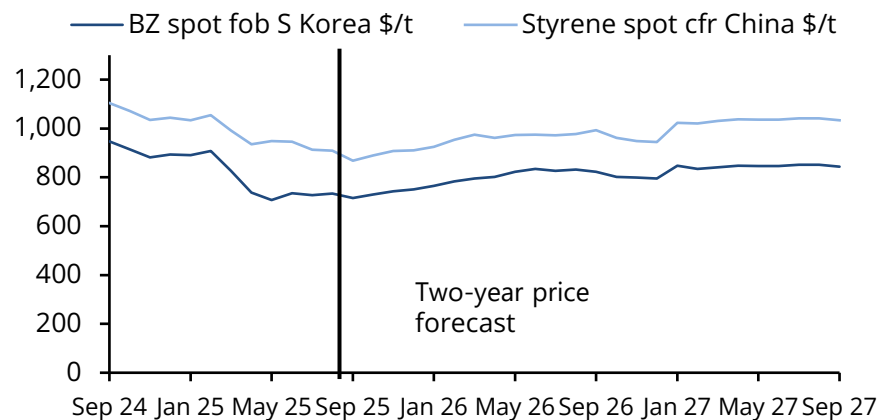
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# Asia-Pacific: Market outlook and price forecast

**Benzene remains long amidst soft derivative markets; some supply reduction is likely in 4Q25 on account of cracker maintenance schedules.**

Asia benzene and styrene price forecast \$/t



	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26
BZ spot fob S Korea \$/t	733	715	730	743	751	765	783
Styrene spot cfr China \$/t	909	868	890	908	911	925	953

## Forecast summary

- The benzene market remains long as key derivative markets like styrene and phenol continue to be soft. Aromatics producers are holding operating rates steady due to still healthy PX-naphtha spreads, leading to sustained benzene output.
- The price arbitrage to the US remains shut due to tariffs, leaving China as the only market for exporters to target. Chinese port inventory levels have remained ample, in the 140,000t range, thus not offering any respite to sellers.
- With BZ-naphtha spreads already compressed from the earlier \$140-150/t to \$120-125/t now, benzene prices are likely to track upstream oil and naphtha price trends.
- In the absence of any demand triggers, the only positive push in Q4 may come from a reduction in benzene supply due to several cracker turnarounds in Asia.

## Upside risk

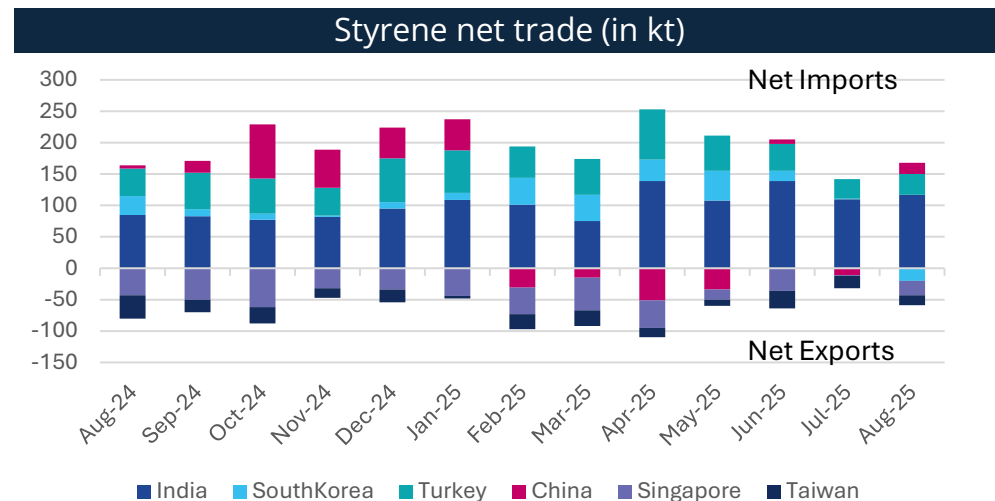
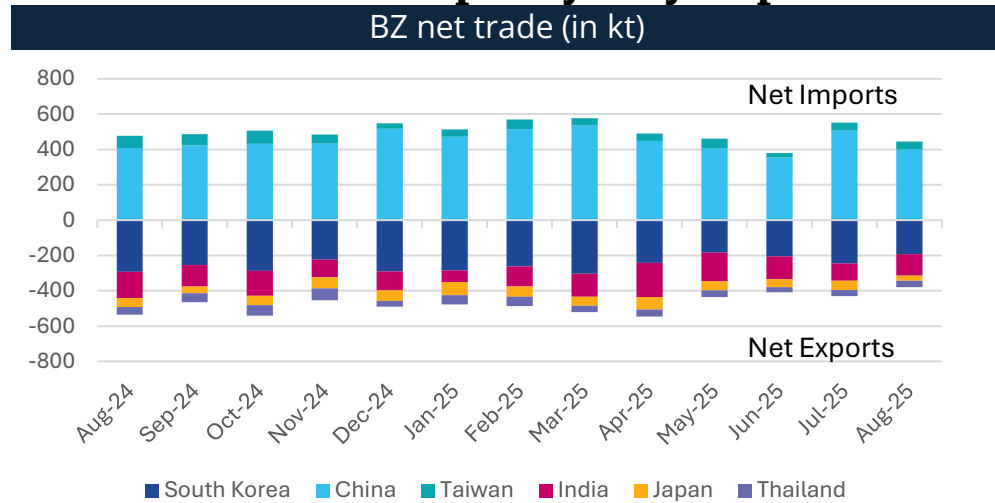
- Continued strong oil demand from China & India, plus robust late summer US gasoline demand.
- Possibility of further sanctions on Russian & Iranian oil, US-Venezuela tensions.
- Economic growth holding up in China, robust in India.
- Rate cut by US Fed supporting US economy.
- Year end festive season demand in Western countries, festive demand in India.

## Downside risk

- OPEC's production increases and additional non-OPEC supply, combined with refinery maintenances in Europe/US/Asia.
- End of the peak demand season for gasoline.
- US economic slowdown & stubbornly high inflation.
- Continued deflation in Chinese manufacturing sector and weakness in the real estate industry.
- Reduction in Chinese consumer goods exports to the US due to tariffs.

# Asia-Pacific: Supply, demand and trade trends

Asian benzene trade volumes hold up as China absorbs the surplus. Traditional styrene trade flows continue but more Chinese capacity may impact over the medium term.



## Supply

- Benzene supply remains long as operating rates of aromatics complexes hold up and Asian surplus encounters a closed arbitrage to the US. Recent restart of plants in SE Asia have added further length.
- Styrene supply has been steady and is expected to increase with the start-up of several new plants in China over the next 12-18 months.

## Demand

- Benzene demand is steady, but the growth has been weak so far this year. Major derivatives like Styrene, Phenol and Aniline are grappling with soft demand and squeezed margins, thus there is no incentive to increase production rates.
- Some demand improvement is likely once new capacities, especially of Styrene, come on-line. However, demand growth will ultimately be in line with trends in consumer facing, end use industries.

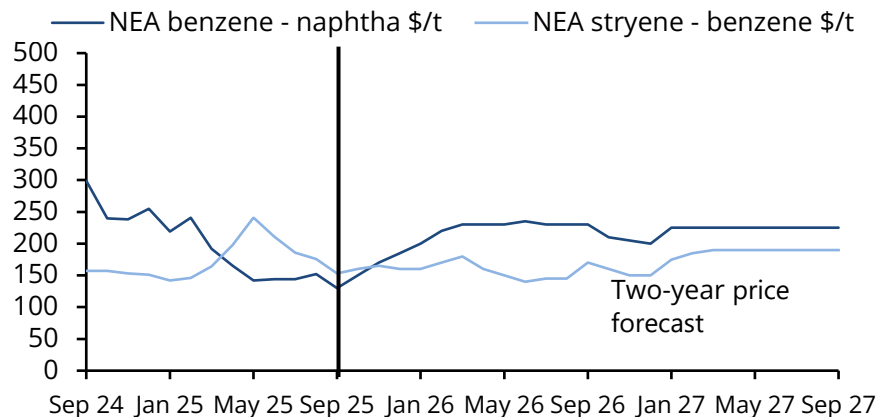
## Trade

- Chinese benzene imports remain substantially higher than last year as it remains the only major destination for Asian cargos. European cargos were seen into China earlier this year but now stopped as the arbitrage is closed.
- Japanese benzene exports are up almost 50pc y-o-y in H1 2025, mostly going to China. India's benzene exports are up marginally by around 7pc so far this year.
- Styrene import demand from India remains robust, catered to by traditional exporters like Middle East and Singapore. China's styrene supply will increase substantially over the medium term with new plant start-ups and may impact trade flows.

# Asia-Pacific: Cost and margin outlook

**Benzene margins have declined in recent weeks due to a lack of support from downstream derivative markets and cost push from firm naphtha prices.**

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



	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26
NEA benzene - naphtha \$/t	152	130	150	170	185	200	220
NEA styrene - benzene \$/t	176	153	160	165	160	160	170

## Costs

- **Naphtha feed:** Naphtha prices continue to be firm in Asia, supported by tightness in supply and steady demand from the petrochemicals sector, especially the new cracker start-ups in China.
- **Benzene:** Benzene prices and margins are getting squeezed between firm naphtha prices and a lack of buoyancy in benzene demand. Spreads over naphtha are thus down to \$120-125/t levels, and any substantial improvement in Q4 can probably only come from supply reduction from plant maintenances.
- **Ethylene:** Ethylene supply in NE and SE Asia is likely to get tighter going into Q4 due to announced cracker shutdown plans and the expected start-up of a new ethylene derivative plant in South Korea. This will impact EB-Styrene margins.

## Margins

- **Reformate/Pygas recovery:** Firm naphtha prices combined with the end of the gasoline peak demand season doesn't augur well for reformate-naphtha spreads and hence aromatics processing economics. Pygas recovery may get some support due to reduced supply in Q4, due to several cracker maintenances in Asia.
- **Toluene conversion:** Though MX and BZ prices and spreads over toluene continue to be depressed, TDP/STDP operations may still find support from relatively better PX prices and spreads.
- **EBSM:** EB-Styrene margins have been supported by weak benzene prices, though SM-BZ spreads are down to around \$150-160/t from the \$200+ levels till a couple of months back. There are several new Styrene plants due to start-up in China over the next 12-18 months, so the margin pressure is likely to persist.

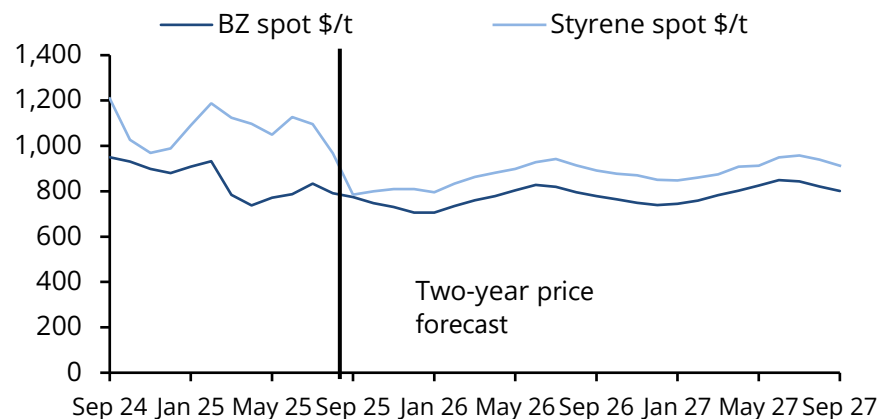
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# Americas: Market outlook and price forecast

The US market appears unphased by opportunistic derivative consumption into gasoline, despite the lack of imports. Balance is being achieved with inventory draw down and more production.

US benzene and styrene price forecast \$/t



	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26
BZ spot \$/t	792	775	748	731	706	706	735
Styrene spot \$/t	968	785	800	810	810	795	833

## Forecast summary

- Weak end-use demand and poor derivative reliability continues to burden the market. This weakness will continue and production output is likely to increase during 4Q25.
- Underlying production from refineries is increasing even ahead of the expected step higher in the fourth quarter. USGC reformer run rates are higher than last year and benzene yields are up.
- Incremental import volumes from NW Europe continue to be hampered by tariff risk, with nothing moving from east of Suez. Imports from within the Americas region are developing some consistency.

## Upside risk

- As peace efforts come and go, the tense geopolitical environment continues to inject price risk into the upstream forecast. Bulk liquid shipping costs are also rising.
- Via heavy discounting, new single-family home inventory is being worked down, and car dealers are working off aged units. This will help reduce lumber and component stocks.
- Rationalization programs in major offshore markets could alter trade flows and arbitrage opportunities to the US, further reducing the options for importation.

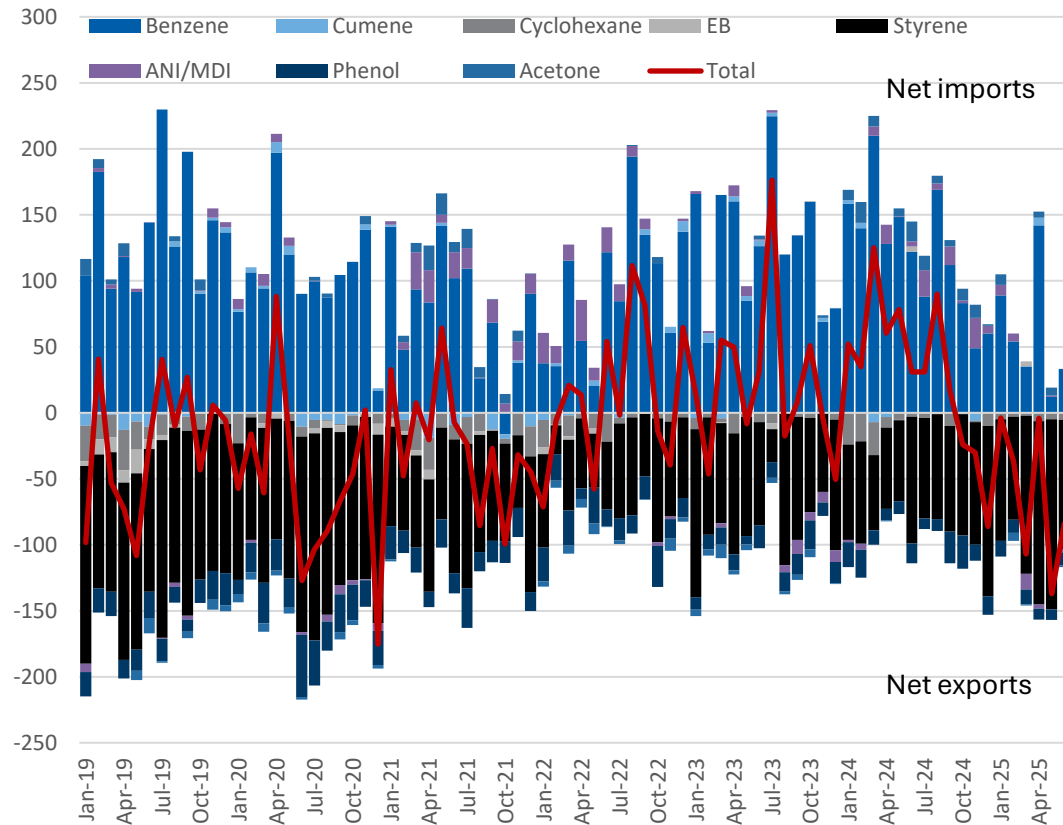
## Downside risk

- Despite the recent interest rate cut, US consumers continue to face stark affordability challenges.
- Incremental exports of C6A derivatives from Asia are applying further pressure to international markets, particularly Europe. US derivative exports are struggling against intense competition.
- The removal of the US tariff exemption on PET resin could mark a resurgence of domestic PX, PTA and PET production, which in turn could support higher feed costs.

# Americas: Supply, demand and trade outlook

US benzene consumption has seen a temporary boost from gasoline blending. Domestic benzene output is running ahead of last year, but incremental imports remain impeded by US tariffs.

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



Source: Global Trade Tracker, Argus Media

## Supply

- Underlying refinery output is running ahead of last year on higher benzene yields and the need to manage benzene in gasoline. Conversion operations are still hampered by high feed costs.
- Incremental benzene supply also remains restrained as co-product paraxylene output is constrained by turnaround activity, but this is coming to an end. Improved benzene recovery from refineries should persist, and toluene conversion operations are expected to pick up during 4Q25.
- Some imports from Europe should continue to dribble in but the Americas will supply most.

## Demand

- Derivative production capability remains underwhelming as disruptions to propylene oxide supply are being overcome and POSM rates adjust. Poor end-use demand continues to be the primary limiting factor, despite the short-term boost from gasoline blending.
- Homebuilders and car manufacturers are discounting heavily to motivate consumers across the line. Affordability remains a formidable issue.
- Hurricane season has been largely uneventful for the US Gulf coast. Some inventory draw down is already underway, and working capital is the focus for the year-end.

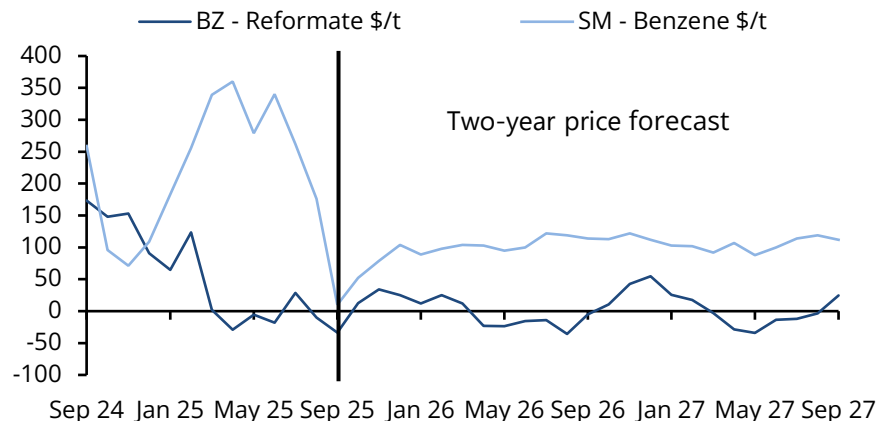
## Trade

- US reported benzene imports fell back again in July, with imports at just 23,000t compared to 36,000t in June. Loadings in South Korea for the US remain at zero and traders are struggling for import options to meet their supply obligations in the US.
- As feed benzene imports remain highly impaired, US derivative exports slowed again during July, but still registered a decent net export of C6A. Styrene net exports dropped to close to 80,000t, while other derivatives all notched lower net export volumes. As shown in the chart, the net trade balance on a contained benzene basis fell from -84,000t in June to -74,000t in July, around half of the level seen in May.

# Americas: Cost and margin outlook

Upstream values have exerted pressure on BTX feed costs and margins, but this may be starting to relent. Weak derivative market conditions are putting even more pressure on benzene prices.

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



	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26
BZ - Reformate \$/t	-10	-33	13	34	25	12	25
SM - Benzene \$/t	176	10	52	79	104	89	98

## Costs

- **BTX recovery costs:** reformate prices have gained ground as incremental octane demand has unseasonably picked up, and differentials to gasoline have risen to average \$124/t in September. The reformate forecast has been revised slightly higher in the front month. The Rbob futures forward curve remains backwardated, with octane inventories drawing down but incremental blending activity expected to slow.
- **Conversion costs:** nitration toluene feed costs continue to resist gravity and are maintaining distinct premiums to lower purity mixed xylenes and toluene. This maintains the pressure on incremental conversion margins, and benzene has given up any gains it had made in pricing. Overall BTX recovery margins remain very weak, but some modest improvement remains likely.

## Margins

- **BTX recovery from reformate:** with feed values appreciating BTX recovery margins have been put under additional pressure. BTX weighted aggregate values have averaged \$875/t so far in September while delivered reformate costs have been closer to \$879/t. This keeps BTX recovery margins firmly under water and likely elevates the risk of recovery rate cuts.
- **Toluene conversion:** High-purity toluene feed costs remain relatively high, and product values are limited by weak derivative market conditions. Margins remain under intense pressure as benzene spot values have been falling. Sales volumes remain weak, and some major turnaround work is shortly coming to an end.
- **Benzene-styrene spreads** continue to normalize but remain above \$160/t. Further compression is expected at some point as EB disposition into gasoline subsidies and export sales remain weak.

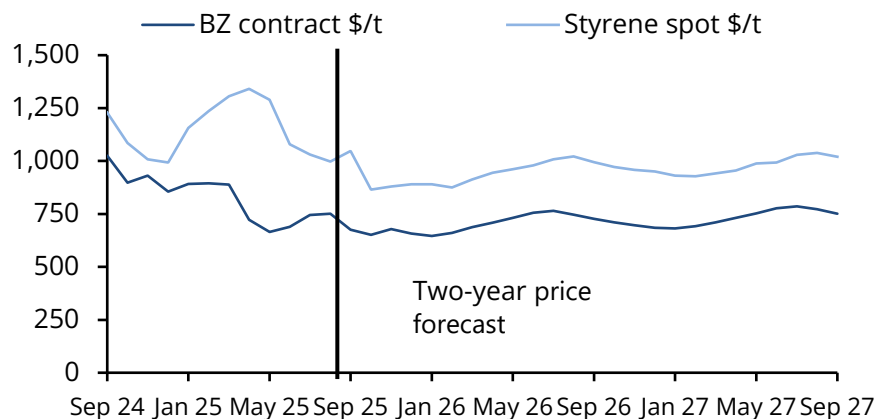
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# Europe: Market outlook and price forecast

Europe continues its search for alternative export opportunities to clear its benzene surplus; manufacturing growth remains inconsistent month-to-month.

Europe benzene and styrene price forecast \$/t



	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26
BZ contract \$/t	751	675	652	679	658	646	661
Styrene spot \$/t	998	1048	865	880	890	890	875

## Forecast summary

- US trade policy uncertainty and geopolitical risks continue to undermine confidence for the rest of the year. Details of the US-EU trade pact are slowly becoming known, but they still have to be clarified and ratified at an EU and member-state level.
- A recovery in underlying demand remains beyond the market's grasp. The oversupply in benzene will persist and Europe will look at all possible export outlets to curb the length.
- Chain margin compression is well underway and will likely continue. Margin deterioration is combining the worst demand side conditions of the pandemic with the margin compression of the octane rally starting in 2022. It is likely going to be a winter of discontent.

## Upside risk

- Benzene feedstocks, including pygas, heartcuts and reformat continue to cross the Atlantic. They are exempted from the 15pc US tariff.
- Restart of an EBSM unit in Belgium after maintenance will add benzene demand and lift the market from a five-year low.
- Benzene is starting to move to Asia, mainly China, despite tight arbitrage economics.

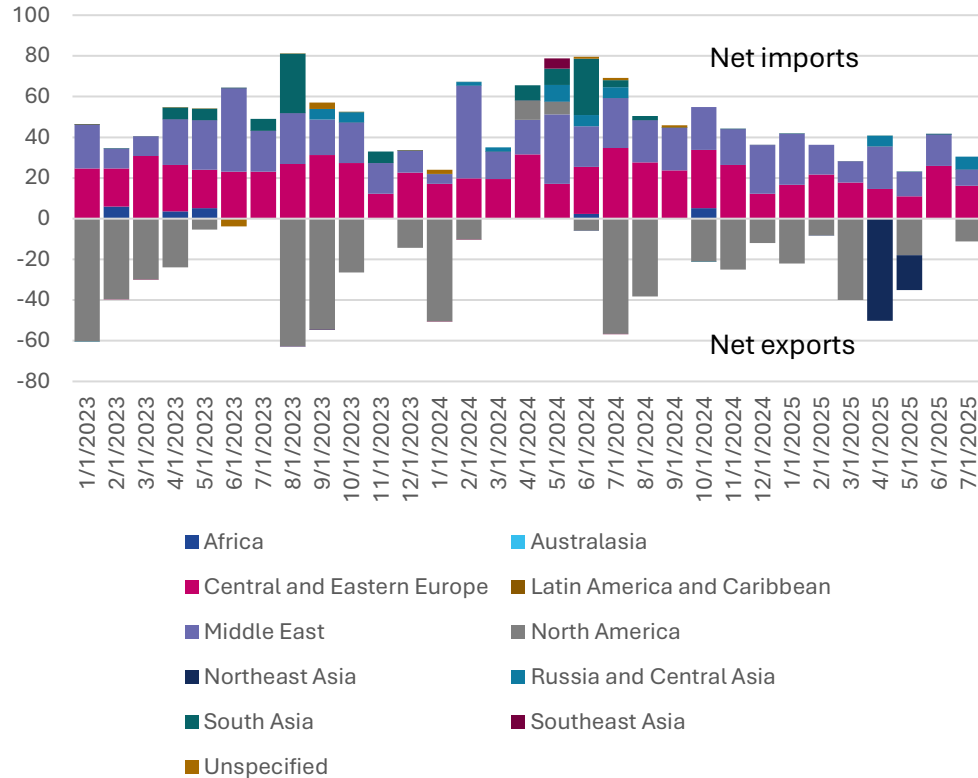
## Downside risk

- The industry will focus on controlling costs and stocks as the year-end approaches. Working capital management is becoming a constant pressure.
- Increases in imports of downstream and finished goods from Asia, mainly China, have slowed but continue to undermine European manufacturing output and raw material demand. Container freight rates continue to fall, encouraging more shipments.

# Europe: Supply, demand and trade outlook

Europe's benzene surplus is set to grow as cracker feedstocks adjust for the winter season. Consumption continues to disappoint, and year-end inventory management is in full swing.

Europe C6A net trade balance



## Supply outlook

- Benzene oversupply will grow as naphtha becomes the feedstock of choice for crackers with feedstock flexibility during the fall/winter months. Some continued exports of extraction feeds is anticipated, but the focus will be on clearing benzene inventories.
- Cracker problems and maintenance outages are currently limited, but ethylene remains long and controlling co-product balances is now a primary operational driver.

## Demand outlook

- The expected September demand rebound turned out to be particularly disappointing. Demand will now bow to the seasonal year-end slowdown. This will be exaggerated by year-end working capital controls.
- An unseasonably firm octane market is drawing some benzene derivatives, primarily ethylbenzene and cumene into the gasoline pool. This is largely a function of the negative benzene spread to reformat.

## Trade outlook

- Reduced styrene imports from the US are supporting domestic styrene production. This is helping local consumption of benzene but the lack of exports to the US is keeping benzene balances long.
- US tariffs on cars and parts have been reduced to 15pc from 27.5pc, retroactive from 1 August. This should stimulate some recovery in automotive assembly once high inventories have been worked off, however it does not really help the lack of EV sales and imbalances in car manufacturers operations.

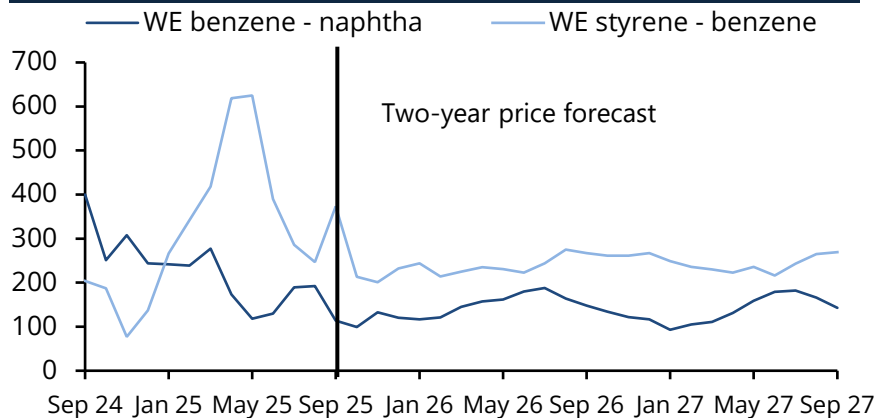
Source: Global Trade Tracker, Argus Media



# Europe: Cost and margin outlook

Chain margins continue to compress due to weak market conditions. Benzene margins remain especially weak, although derivative margins are also deteriorating.

Europe benzene and styrene spread to naphtha \$/t



	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26
WE benzene - naphtha	192	114	99	133	120	117	121
WE styrene - benzene	247	373	213	201	232	244	214

## Costs

- Inflation cost pressures are softening. ECB interest rates have remained steady through 3Q25 but further review is possible, especially if another US interest rate cut occurs before year-end.
- Naphtha prices continue to recover relative value from their lows in early summer and are showing discounts of around \$4.50/bl to North Sea Dated crude. The forecast is for these spreads to remain largely rangebound, averaging between \$4.50 and \$5.00/bl.
- Ethylene and propylene contract pricing have been stable since 2Q25, easing cost pressures on key benzene derivatives.

## Margins

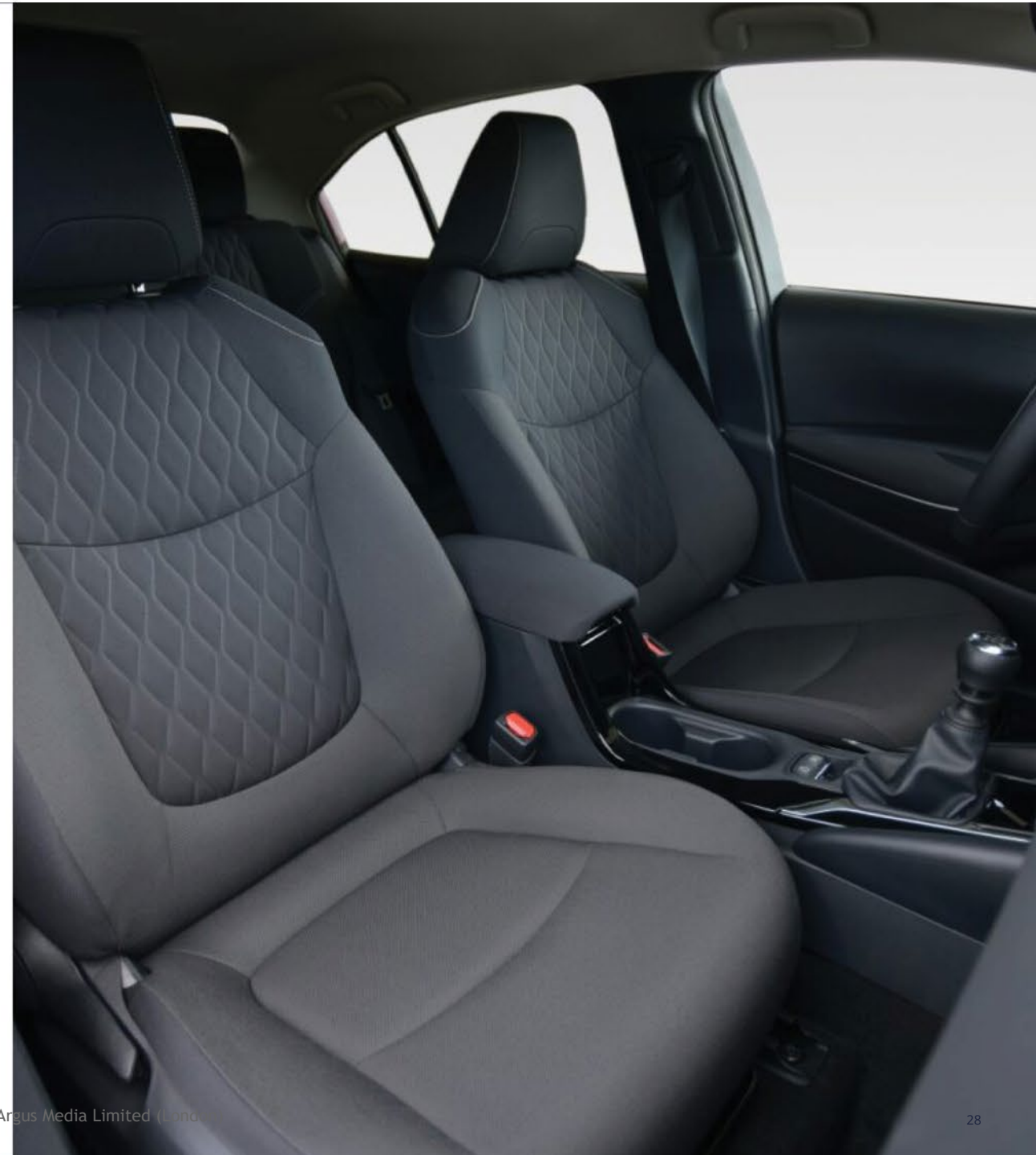
- Extraction margins have deteriorated sharply, with the benzene-naphtha spread averaging \$94/t in September. This is the lowest monthly average spread this year and distinctly below the five-year average. The spread against the contract price was only marginally better at \$111/t, dipping below 1.2 times naphtha.
- Styrene production margins narrowed, with the benzene-styrene spread averaging close to \$200/t in September, against \$294/t in August.
- Benzene is lagging further behind gasoline. It also started to trade at a discount to 103 Ron reformat in August for the first time since the summer of 2023, with the spread widening to more than \$100/t in September. This is approaching the levels seen during the peak octane rally in the US in 2022 and 2023. Inexpensive benzene cost is allowing some ethylbenzene to be blended into gasoline in Europe.



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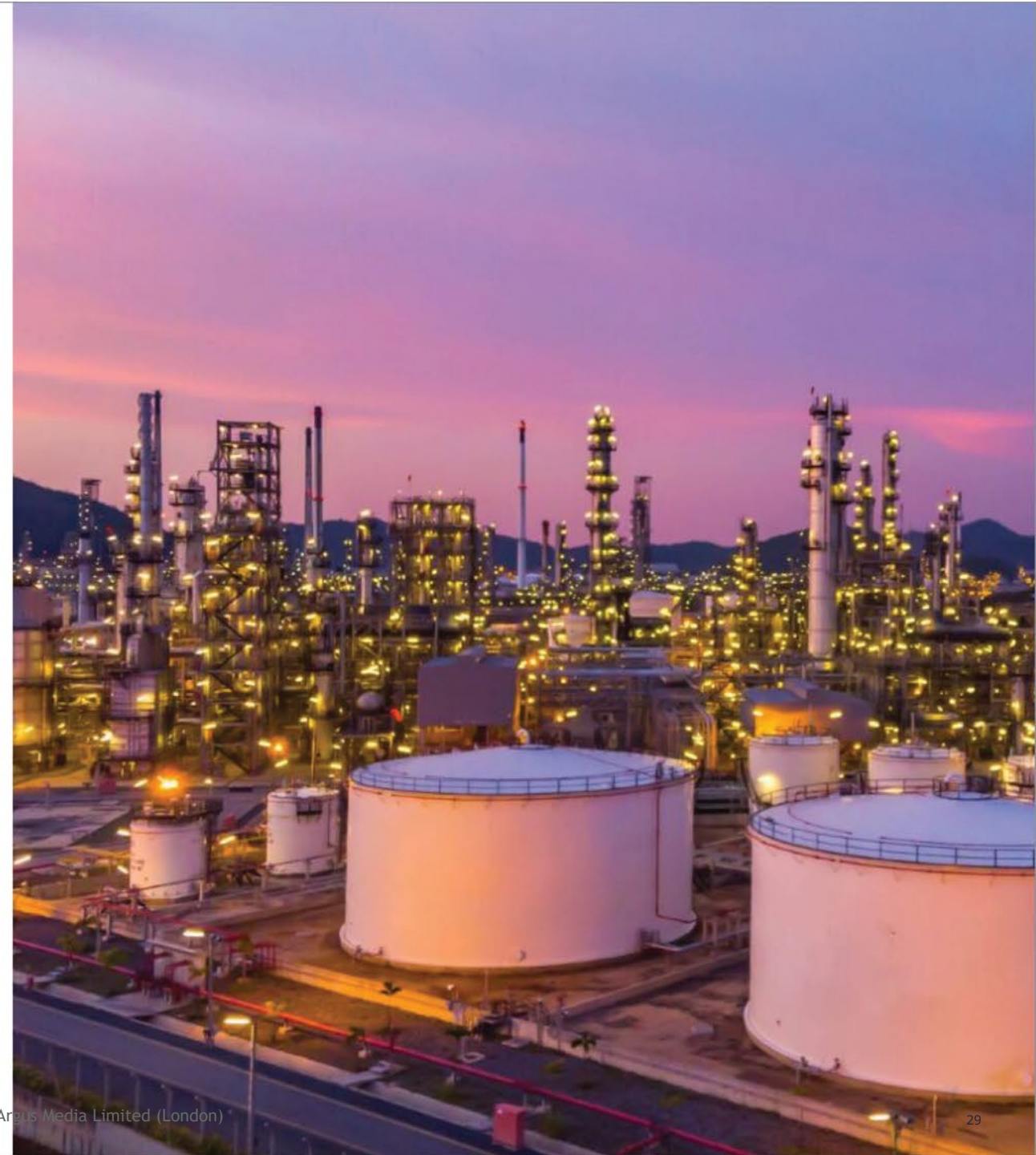




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