



# *Argus Polyethylene Five-Year Price Outlook*

# Now available

**Now available: interactive Polyethylene Outlook Workspace on Argus Direct**

The screenshot shows the Argus Direct interface for the Polyethylene Outlook workspace. At the top, there is a navigation menu with options like HOME, MARKETS, WORKSPACES, PRICES & DATA, NEWS & ANALYSIS, METHODOLOGY & RESOURCES, PUBLICATIONS, and TOOLS. The main header area includes the Argus logo and the title 'Polyethylene Outlook'. Below this, there are several sections:
 

- Polyethylene forecast services:** A text block providing information about the monthly Argus Polyethylene Outlook, including a 10-year supply and demand forecast.
- Global LLDPE price forecasts:** A line chart showing price trends for LLDPE in USD/ton from September 2024 to January 2025. The chart includes data for EU CFR Spot, US FAS Spot, and NEA CFR Spot.
- Global polyethylene analysis:** A list of recent analysis articles with dates, such as 'Polyethylene outlook: Summary' from February 2025 and 'Where will new Chinese PE demand emerge?' from December 2024.
- Polyethylene experts:** Profiles of three experts: Terry Glass (VP Polymers), Elizabeth Zhang (Argus analyst based in Shanghai), and Matthew Rajendra (Business Development Manager for Asia and Middle East).
- Americas price forecasts:** A line chart showing price forecasts for various polyethylene products in the Americas, such as LDPE liner film and HDPE blow moulding, from September 2024 to January 2025.
- Europe price forecasts:** A line chart showing price forecasts for polyethylene products in Europe, including LDPE liner film and HDPE blow moulding, from September 2024 to January 2025.
- Asia price forecasts:** A line chart showing price forecasts for polyethylene products in Asia, such as LDPE liner film and HDPE blow moulding, from September 2024 to January 2025.
- Americas outlook, Europe outlook, Asia outlook:** Text-based outlook sections for each region.

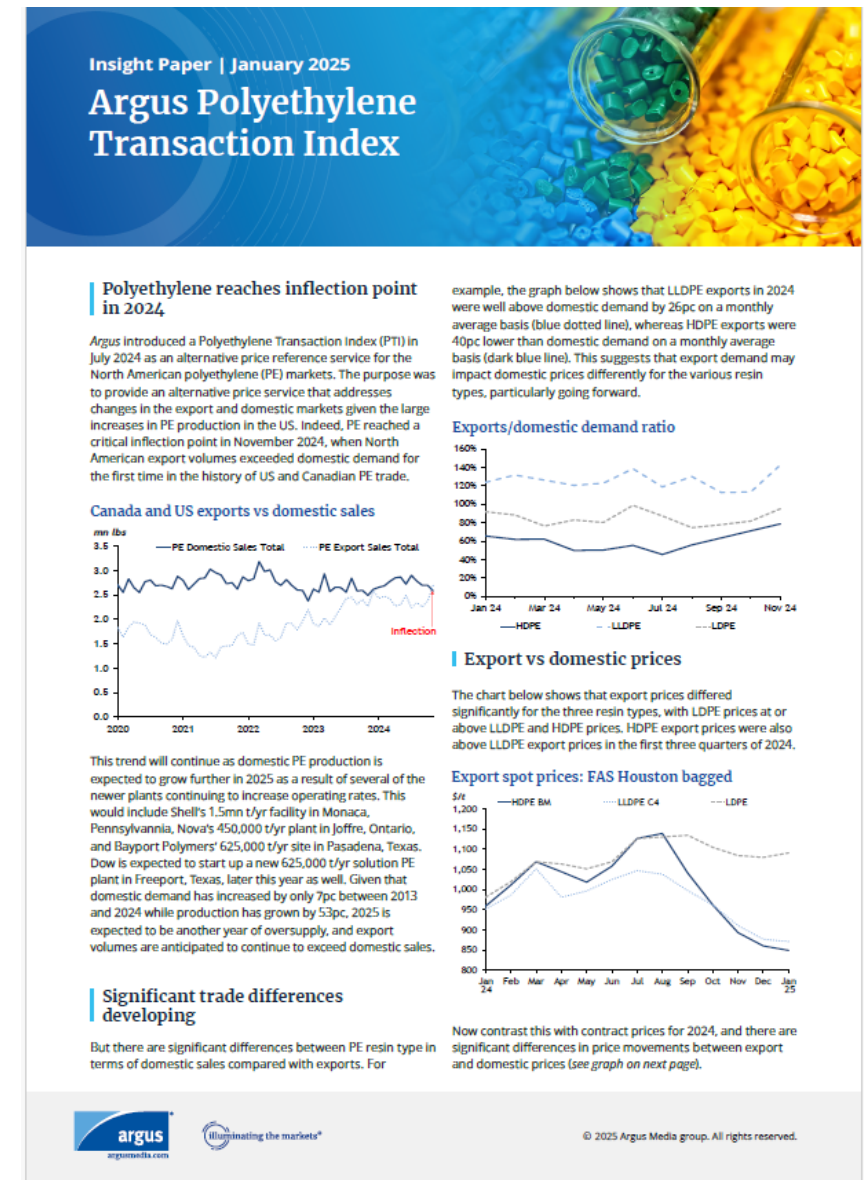
 A large blue callout box is overlaid on the center of the page, containing the text 'Now available: interactive Polyethylene Outlook Workspace on Argus Direct'. Inside this callout box, there is a small video thumbnail showing a presentation by Matthew Rajendra, titled 'By Matthew Rajendra, Chemicals Business Development Manager, Asia and Middle East'.

# Argus Market Insight Papers

This paper speaks to the Polyethylene Transaction Index (PTI) introduced by Argus Media in July 2024 as an alternative to contract price settlements for polyethylene in the USA.

The content includes a discussion on:

- US PE exports exceed domestic sales a historical first.
- Export and domestic price differences by resin grade.
- PTI index as an alternative price reporting service.



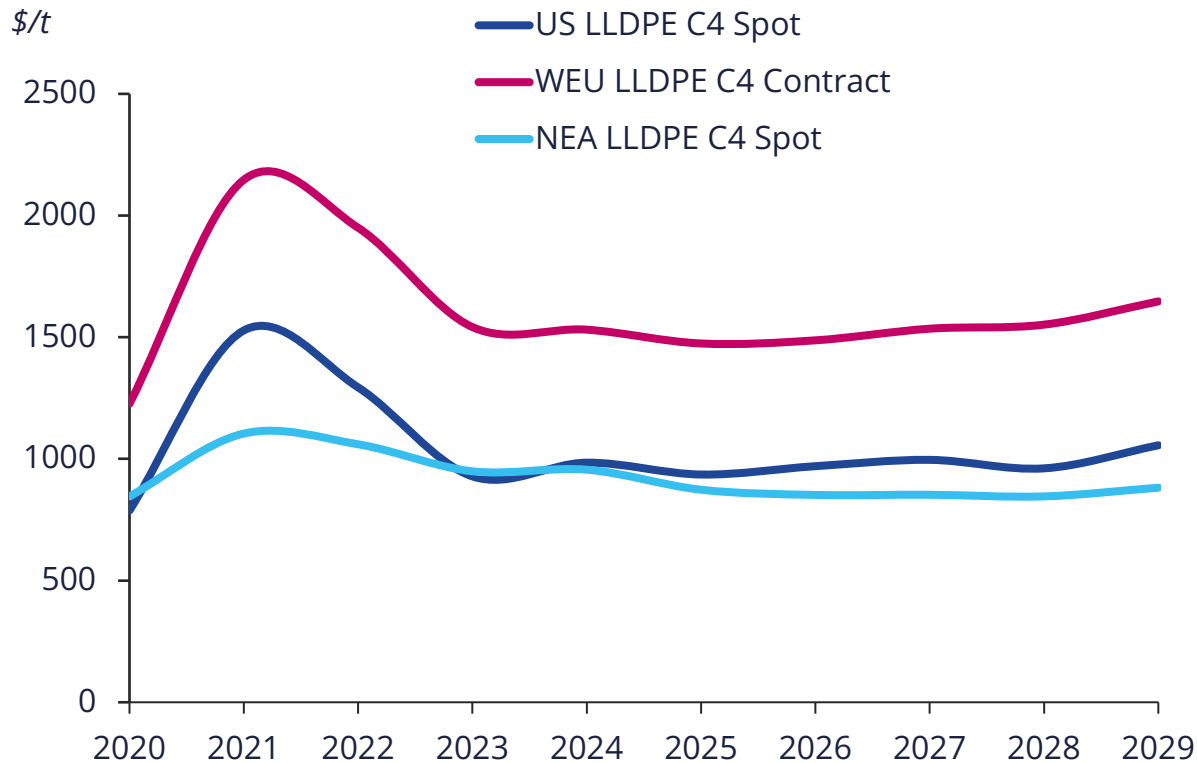
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# Polyethylene five-year outlook executive summary

Margins squeeze will challenge non-integrated producers.

## Global LLDPE C4 Price Forecast



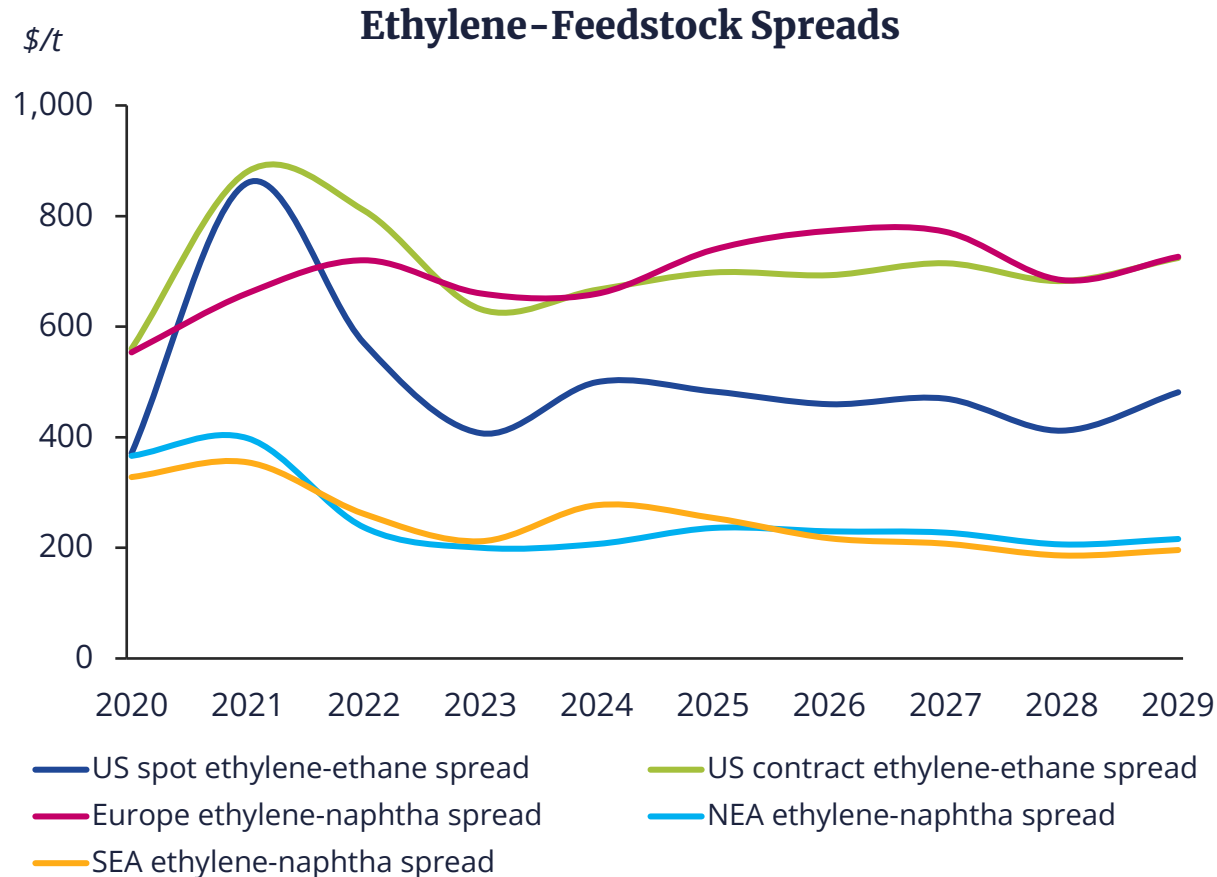
## Global industry shifting

US PE exports at 55+pc of domestic production with total export volumes exceeding Middle East exports by 2028. US will need China import volumes in order to operate plants at historical 87pc capacity. This trend will position the US polyethylene market as a powerful price-setter due to its cost-advantaged production and substantial export capacity.

New ethylene export capacity will come online and likely increase ethylene trade thus providing an important market outlet for domestic spot ethylene production. This may narrow the spread between ethane versus naphtha based ethylene.

# Global feedstocks outlook

Ethylene capacity additions to slow in 2026 before reaching global overcapacity in 2028.



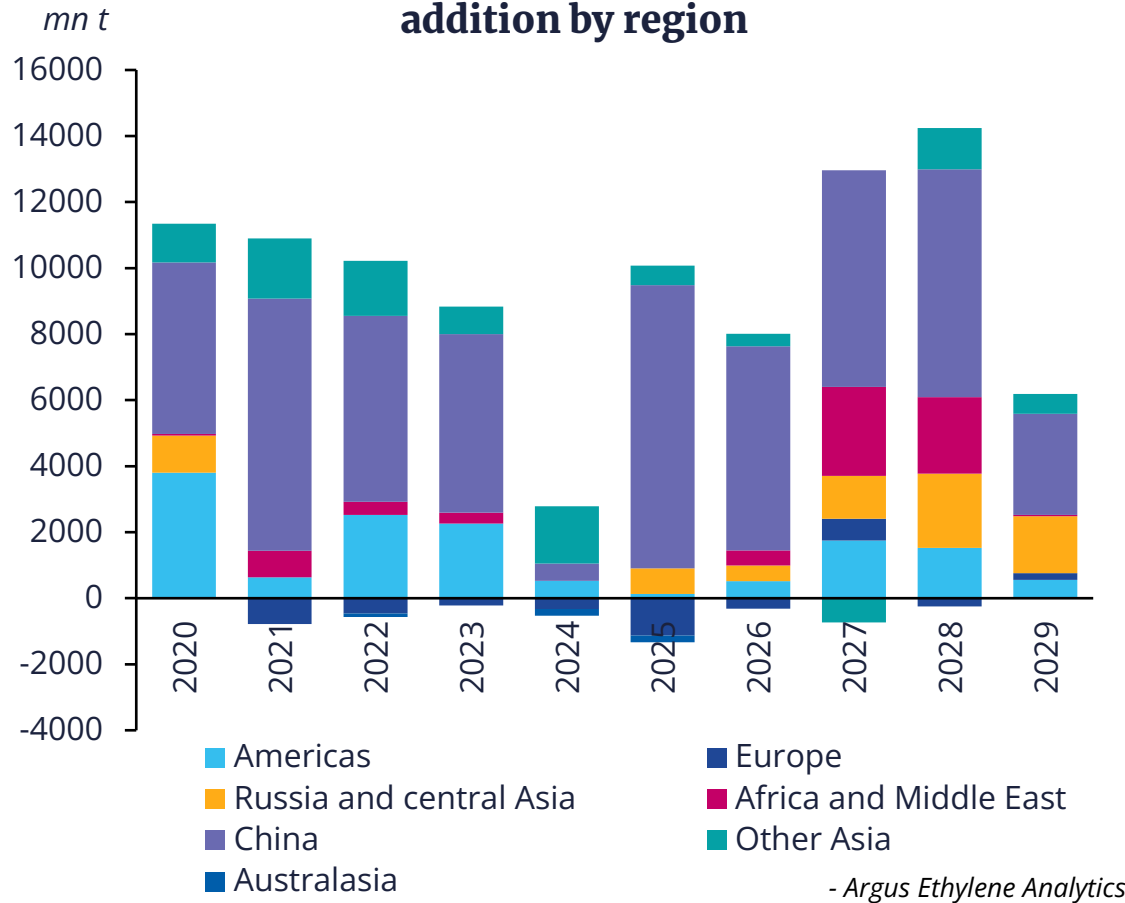
## What's changed

- North America ethylene spread to weaken on higher feedstock costs and global ethylene market oversupply in 2027-2028. New ethylene export capacity will come online that will likely increase ethylene trade and provide an important market outlet for domestic spot ethylene production.
- European prices and spreads to remain constrained over the next five years by global and European capacity additions. Ethylene will continue to rebalance in 2025, helping to stabilize margins, before Europe comes under price and margin pressure from imports.
- Northeast Asia prices and spreads come under pressure amid the expansion in 2025-28 but potential policies to optimize the petrochemical industries in South Korea, Japan and China are expected to boost olefins values to some extent. In 2026, 9mn t/yr of new capacity is expected to be added in China and South Korea. The olefins CFR market will be under pressure from surplus supplies from this project, but China's domestic ethylene supply will be largely tight as most new Chinese crackers do not create much of a surplus as they will balance with their downstream derivatives.

# Global capacity additions

Global operating rates expected to bottom in 2028 at 78pc.

Global year-on-year ethylene capacity addition by region



- Argus Ethylene Analytics

- Oversupply will continue with large plants coming online in 2027 and 2028. Primarily HDPE and LLDPE. Very little LDPE capacity coming online and primarily in China for EVA type products. China will dominate growth with a 7pc increase in market share over the next 5 years.
- Two CPChem/Qatar 1,000 kta HDPE plants to come online starting in 2026 in the US, primarily targeting exports. Product slate will be focused on just a few reactor grades for blow molding applications. Another two HDPE plants (1,700 kta capacity) are expected to come online in 2027 in Qatar, again primarily targeting the export market.
- Global capacity stands at ~150mn t/yr. A 32mn t/yr increase expected in the next five years. Additions are expected primarily in China, increasing its global share from 20pc to 27pc. Net increase of 21pc over the next five years with a global growth estimated at 3.5 – 4pc/yr.

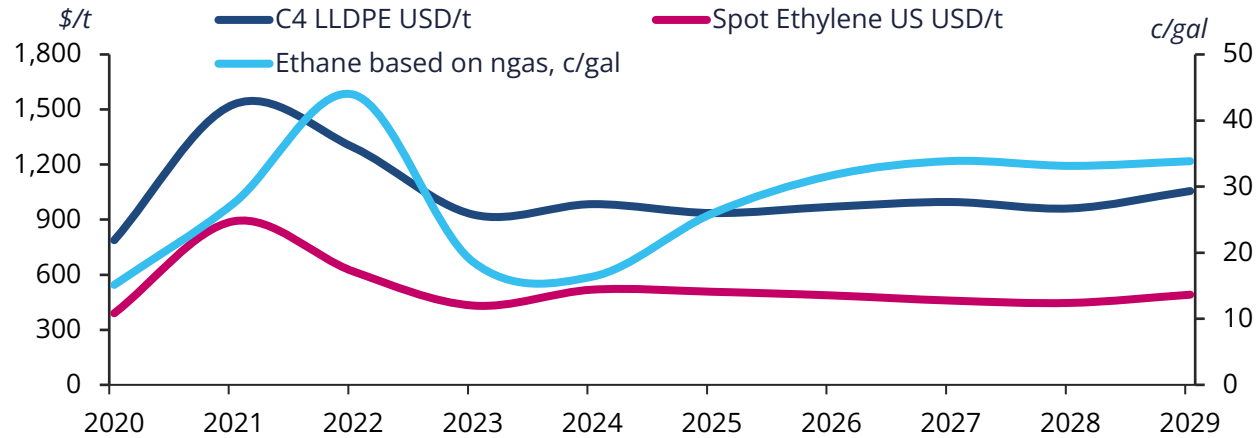
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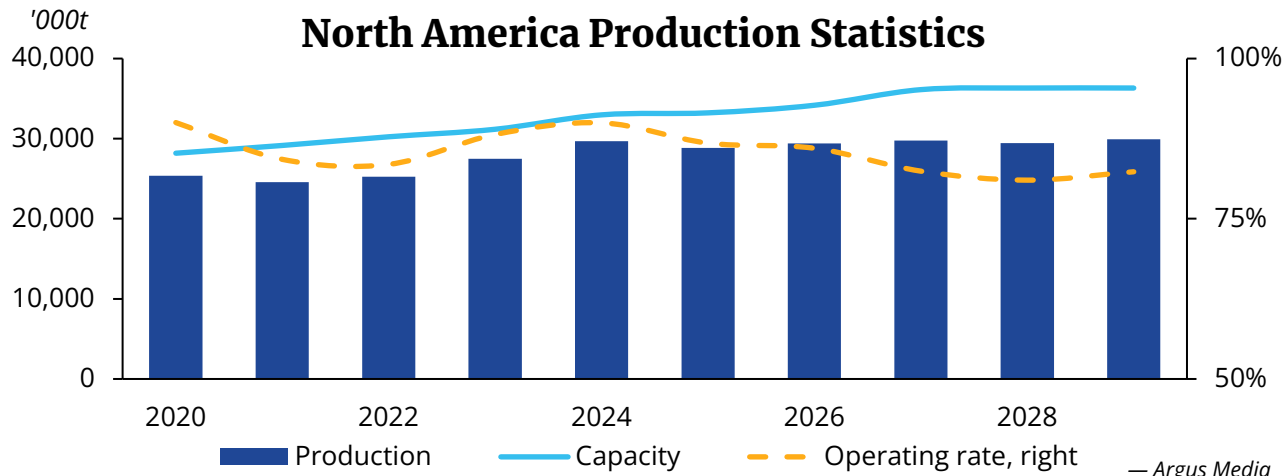
# North America prices versus operating rates

US spot export prices will be challenged with increases in ethane prices.

USA LLDPE C4 Spot Price Forecast



North America Production Statistics

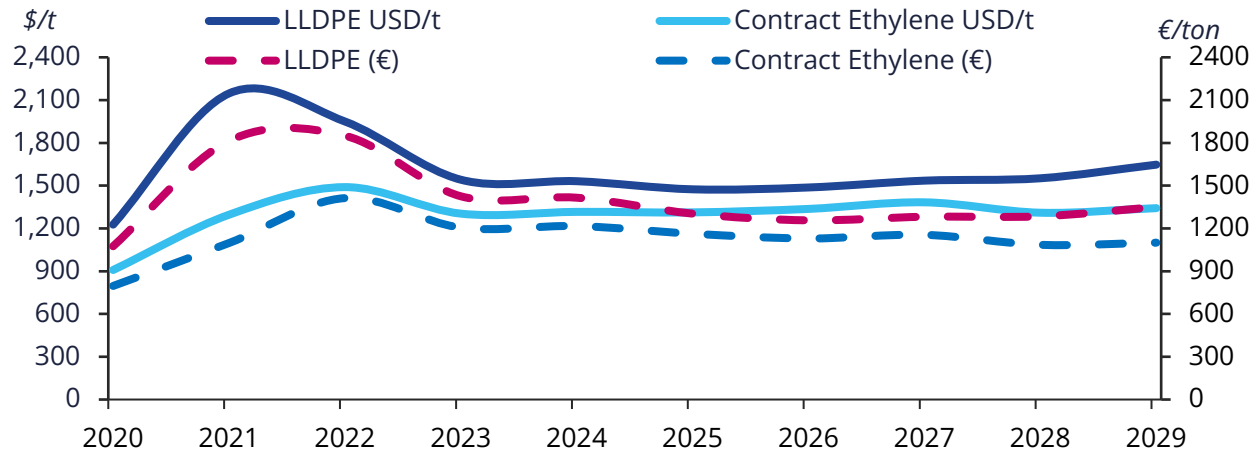


- Approximately 2.1mn t/yr of ethylene derivative capacity will start up between 2024-28. These units will consume existing ethylene capacity, supporting the region's ethylene balance. The ethylene derivative units planned are alkylate, alpha olefins, and polyethylene.
- Spot export prices are expected to be range bound in the \$950 - \$1,000/t for the next five years as US exports approach 60pc of production.
- Historical "down cycles" last 1 - 2 years. Current down cycle expected to last > five years with operating rates well below the 2020 - 2025 average of 87pc.
- Operating rates are estimated to reach the lowest rates in 2028 at 81pc, down from 2025 estimates at 87pc. NA operating rates will be one of the highest of all regions globally given the feedstock cost advantage.

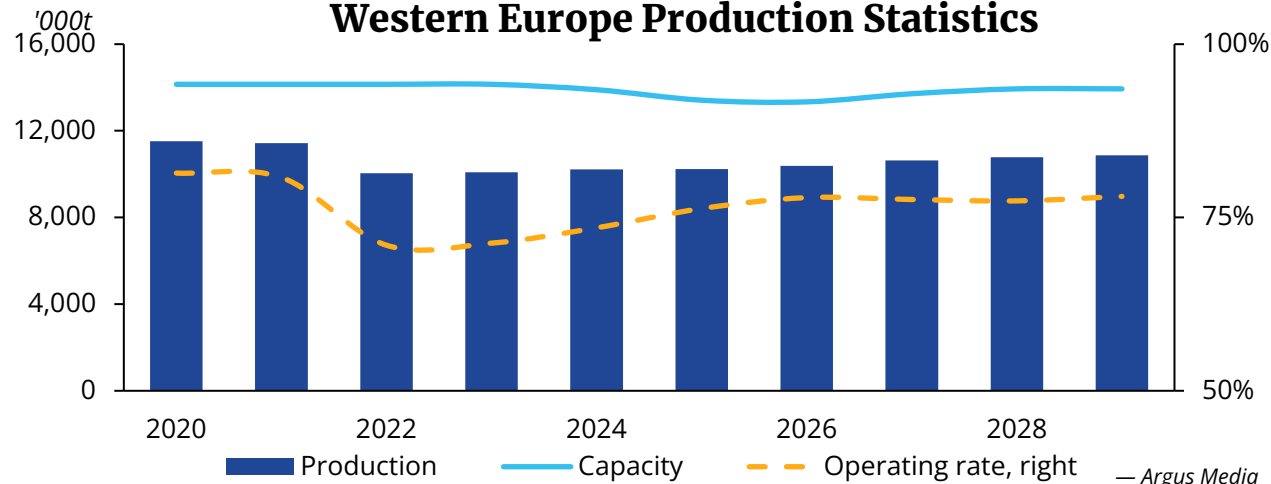
# Europe prices versus operating rates

Further rationalization will be key to supporting regional operating rates.

### WEU Price Forecast



### Western Europe Production Statistics

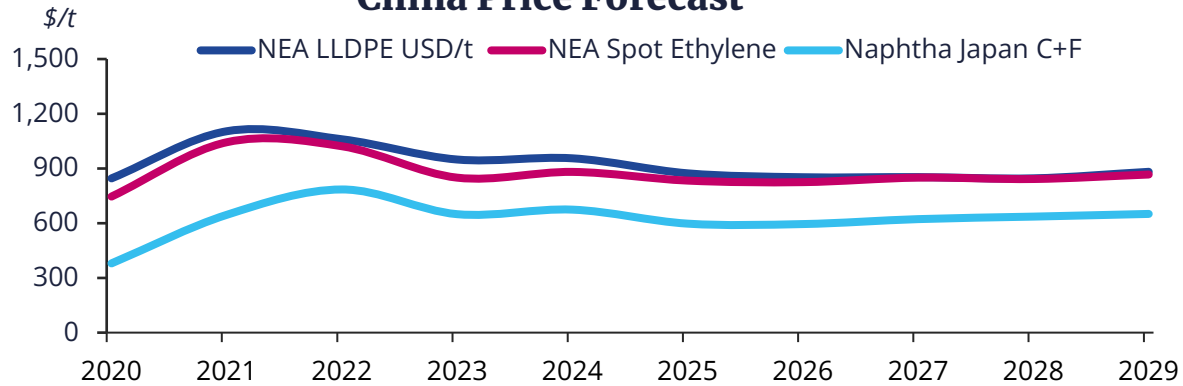


- Political support is growing to help the industry make the investments needed to meet EU carbon reduction targets in 2030 in the face of growing global competition, as European politicians wake up to the increasing risk of de-industrialisation in the continent.
- Imports from US and Middle East will continue to challenge domestic production as lower cost imports compete with local production facing higher energy and feedstock costs.
- Higher energy costs (4x greater than in the US) will impact long-term competitiveness of domestic production compared with other regions. Further rationalization of PE capacity will be tied to cracker rationalizations. 6,416 ktons of ethylene capacity under review or already closed. Operating rates forecasted to be below 80pc for the next five years.
- PE prices will range between \$1,400 - \$1,600/t as producers strive to maintain margins above breakeven cash costs.

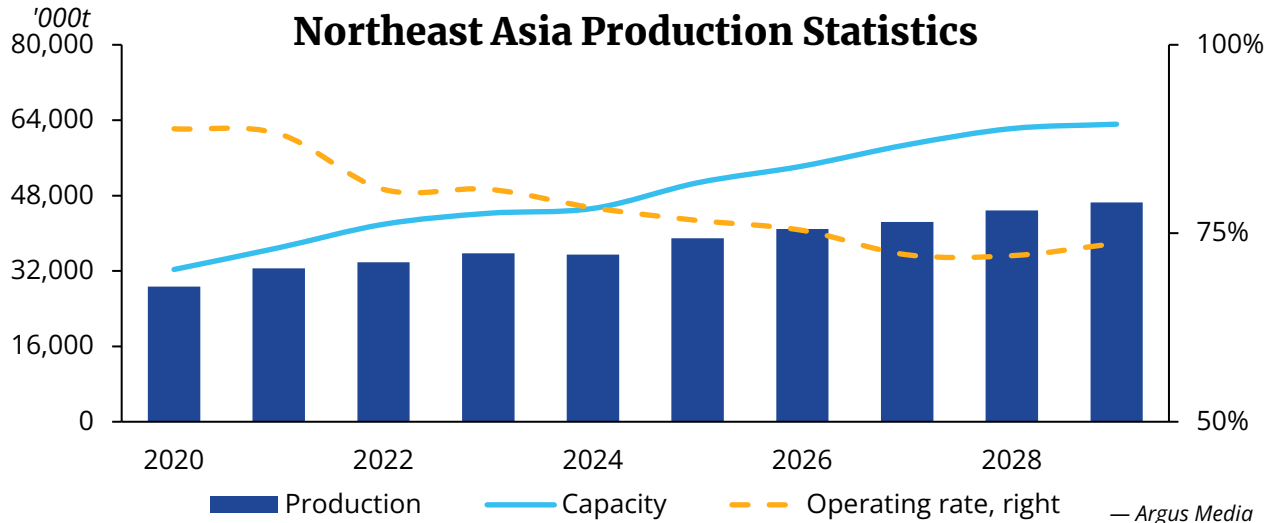
# Asia-Pacific prices versus operating rates

Recent trade dispute between China and US may just delay some projects.

## China Price Forecast



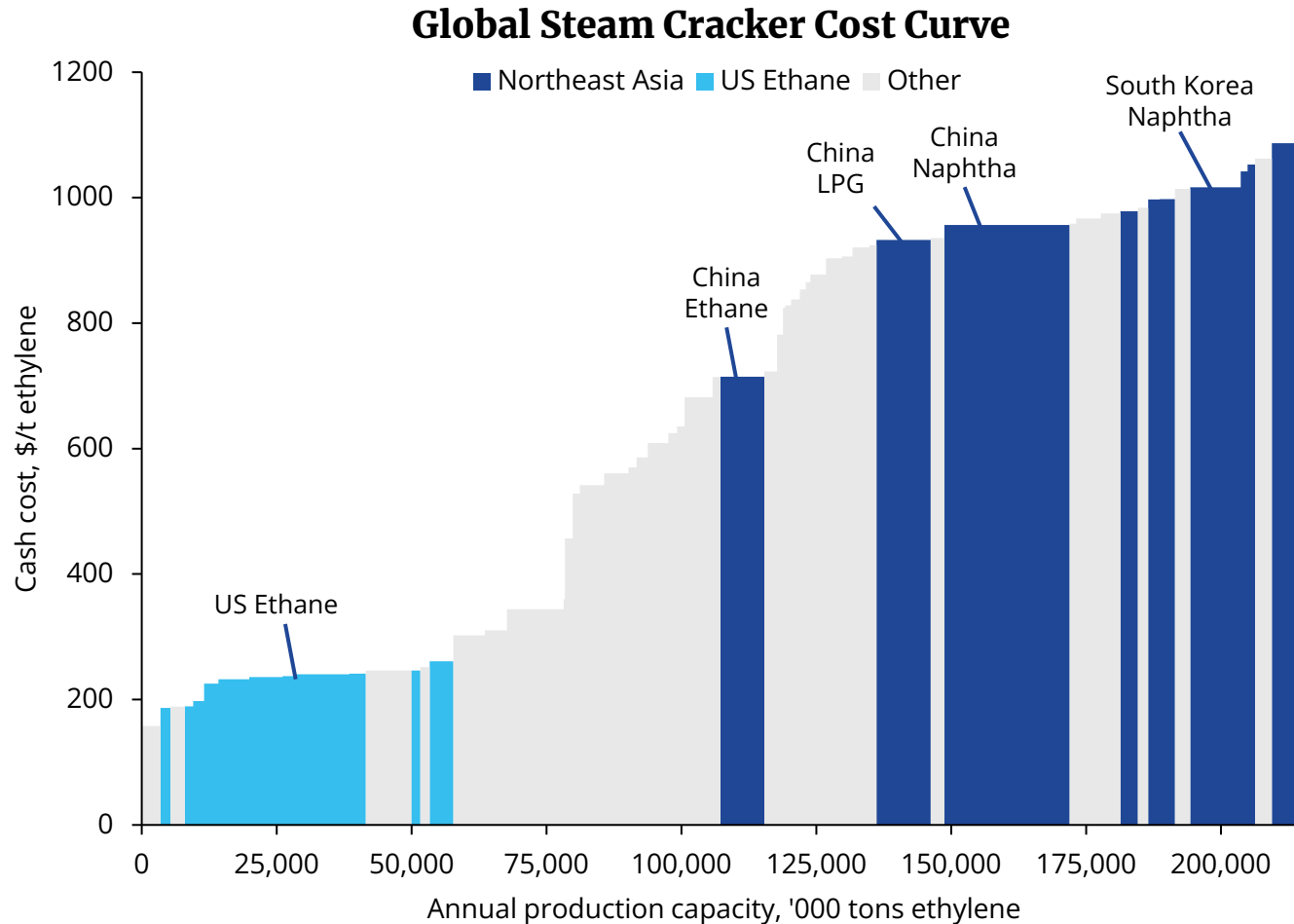
## Northeast Asia Production Statistics



- Northeast Asian capacity is expected to reach 35pc of global capacity share, by 2029. China leads the expansion by adding an average of 3.2mn t/yr of capacity in the 2025-28 period.
- Most new capacities are integrated based on naphtha and cannot compete with the US and Middle East on feedstock cost competitiveness. Ethane imports will improve flex cracker margins, but the government is asking producers not to commit to a single source (US) feedstock.
- Demand will grow at a slower pace. Uncertainty over tariffs and geopolitical tensions will cast a shadow even though tensions have eased considerably. Operating rates expected to drop to 72pc by 2027 with a gradual increase to 75pc by 2029.

# Northeast Asia

Light feedstock ethane still has momentum to develop.



- US will continue to have a sizeable cost advantage based on ethane feedstocks versus naphtha-based feeds.
- Domestic price movements will be tied to naphtha/oil price movements as producers struggle to maintain market share against depressed margins.
- Only about 10pc of China cracker capacity will be able to use ethane imports from the US (locations near the east coast).

# Top of mind issues to follow

## Trade Deals

US resin producers are at risk with exports to Brazil and China due to tariffs and anti-dumping duties. Tariffs are also likely to impact import of finished goods from Asia to the US, causing Asian converters to reduce operating rates by 60 – 70pc, thus impacting demand for import resins. On a good note: Europe is considering removal of duties for US supplied resin (6.5pc) which would increase imports but potentially hurt European resin producers.

## Oil Prices

Lower oil prices are expected to crimp US shale oil production next year as firms prioritize cash returns to investors over output growth. Most oil firms and industry analysts agree that WTI prices need to be in a \$60-70/bl range to sustain new investment in shale wells. Political posturing and dangerous maneuvers by the US and Venezuelan militaries in the southern Caribbean could affect the flow of energy commodities along the region's shipping lanes. US ethane exports to China will resume for now with ethane prices moving higher with natural gas prices as US LNG exports increase this year and next. Producers remain confident about ethane supply as production has increased despite limited growth in shale oil output.

## Rationalization / consolidation / mergers

Weak margins have forced a reset at major European petrochemical companies due to a combination of high energy costs, intense global competition, and aging infrastructure. This has led to plant closures, divestments, and strategic shifts including Exxon's recent announcement considering the sale or shutdown of its European chemical plants in the UK and Belgium due to high energy costs, competition from Asia, and the impact of US tariffs on the sector. The impact of mergers goes beyond just resin producers to include logistics and transportation (Union Pacific's plan to purchase Norfolk Southern) and the Berry, Amcor merger.

## Sustainability / Circular Economy

The European plastics recycling industry is facing a severe crisis and potential collapse due to soaring energy costs, a lack of demand for recycled plastics, excessive regulatory burdens, and fierce competition from imports, leading to significant capacity loss and plant closures. Plastics Recyclers Europe (PRE) has warned of an "imminent collapse" and predicts zero net growth for the sector in 2025, threatening the EU's circular economy goals and climate targets.

## Product Substitution

Polyethylene packaging generally finds it has lower Global Warming Potential and resource impacts compared to materials like glass, aluminum, and steel, though the specific impacts vary by application and region. Studies show replacing PE packaging could increase the overall weight of packaging and lead to greater GHG emissions, with one analysis indicating PE packaging has lower GWP in a majority of cases for the European and US markets. However, the effectiveness of PE packaging LCAs depends heavily on factors like recycling rates, material circularity, and the specific design of multi-material packaging systems.

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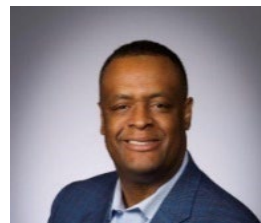
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## **Terry Glass** **Vice President Polymers**

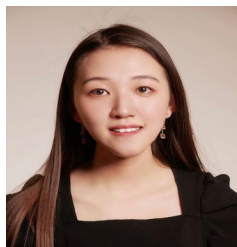
Terry is responsible for the expansion of Polymer Report services in strategic regions. He has over 40 years' experience relating to the plastics industry, working with converters, brand owners, and resin producers. Before joining Argus, Terry worked at Dow Chemical, Braskem, and Sasol. He holds a Chemistry degree from the University of Houston and 26 patents across a variety of market applications.



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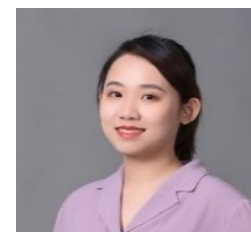
Craig leads the global ethylene team focused on integrated global forecasts. He has over 30 years experience in the olefins industry including with Dow Chemical and ExxonMobil. Throughout his career Craig has worked across the world with major olefins and derivative producers. His experience also includes olefins feedstocks and refinery integration with the petrochemical industry. He holds a chemical engineering degree from The Ohio State University and an MBA from Rice University.



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## **Elizabeth Zhang** **Analyst, Polymers**

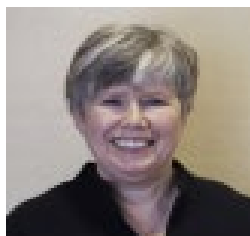
Elizabeth is an analyst in the Shanghai office focusing on the polymer market. Her experience includes working at Ernst & Young as a business consultant, focusing on commercial bank markets. Elizabeth holds a BA in business economics, and a master's in quantitative economics from the University of California - Los Angeles.



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## **Josie Jiang** **Analyst, Olefins and Polyolefins**

Josie is an analyst in Shanghai focused on olefins and polyolefins markets. Her experience includes working at Pacific Gas as a market analyst in the strategic department, focusing on LPG, ethane, shipping and financial markets. Josie is a chartered financial analyst and holds a bachelor's degree in economics, and a master's in finance and investment from the University of Bristol.



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## **Sarah Rae** **Vice-President Propylene and Derivatives**

Sarah Rae is Argus' propylene consultant focusing primarily on Europe and the Middle East. For 17 years prior to joining Argus, Sarah held senior strategic purchasing management positions at Ineos, Tessenderlo Chemie and Rhodia, responsible for a wide range of materials including olefins, fertilizers and commodity raw materials. Before this, Sarah held various management and project roles covering most aspects of the chemical business, including business management, sales, planning and logistics. She graduated with a degree in geology from Leicester University.

## Appendix: Argus acronyms

PE Types	Units	Regions	Process	Financial
HDPE – high density polyethylene	'000t – thousands of tonnes	WE – Western European		GDP – Gross domestic product
LDPE – linear density polyethylene	kt – kilo tonnes	Latam– Latin America and Caribbean		
LLD-HDPE – linear low density-high density polyethylene	kta – kilo tonnes / annum	ME – Middle East		
LLDPE – linear low density polyethylene	mn – million	NAM – North America		
PE - polyethylene	t – tonnes	NEA – Northeast Asia		
		SEA – Southeast Asia		

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