Argus *Toluene and Xylenes Outlook*

September 2025

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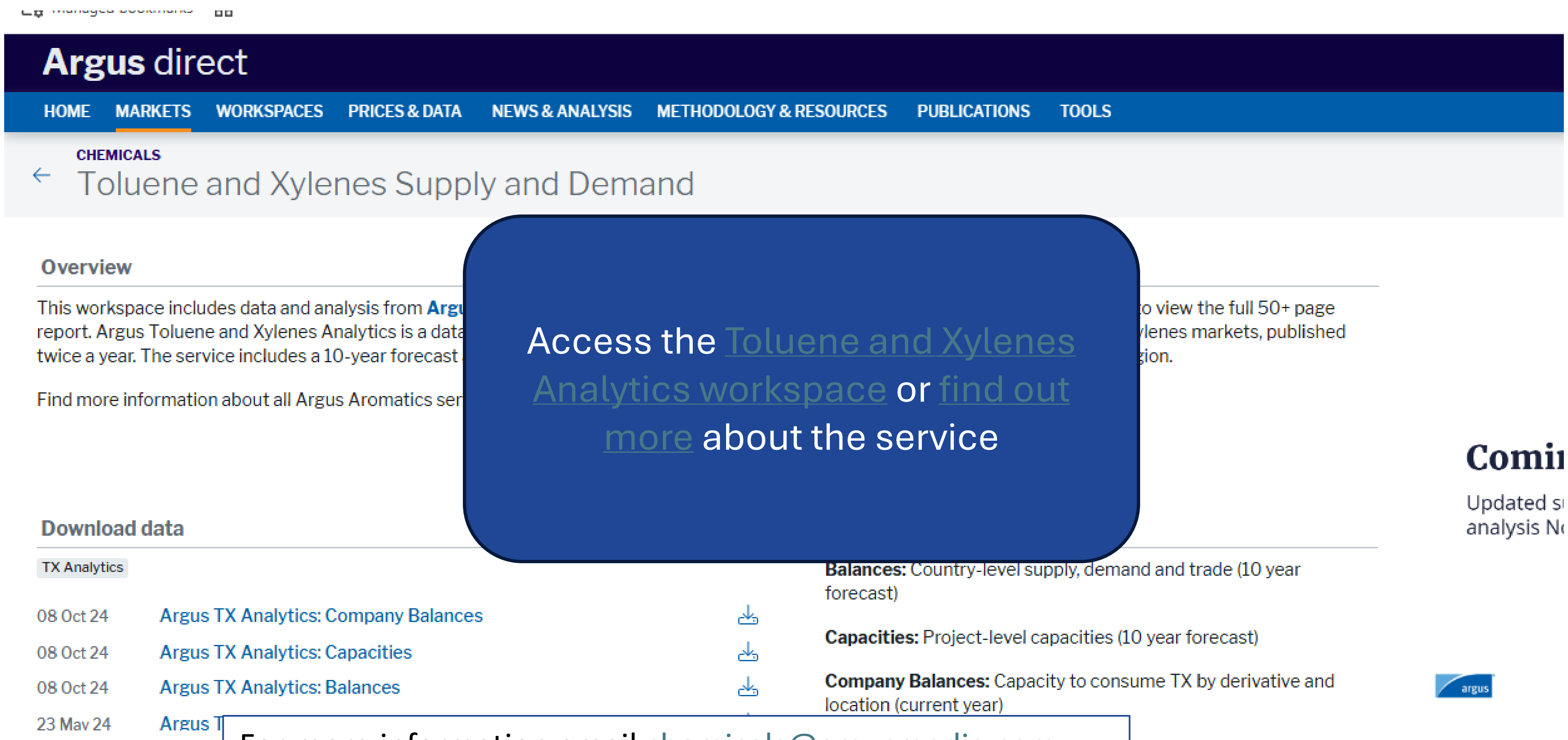

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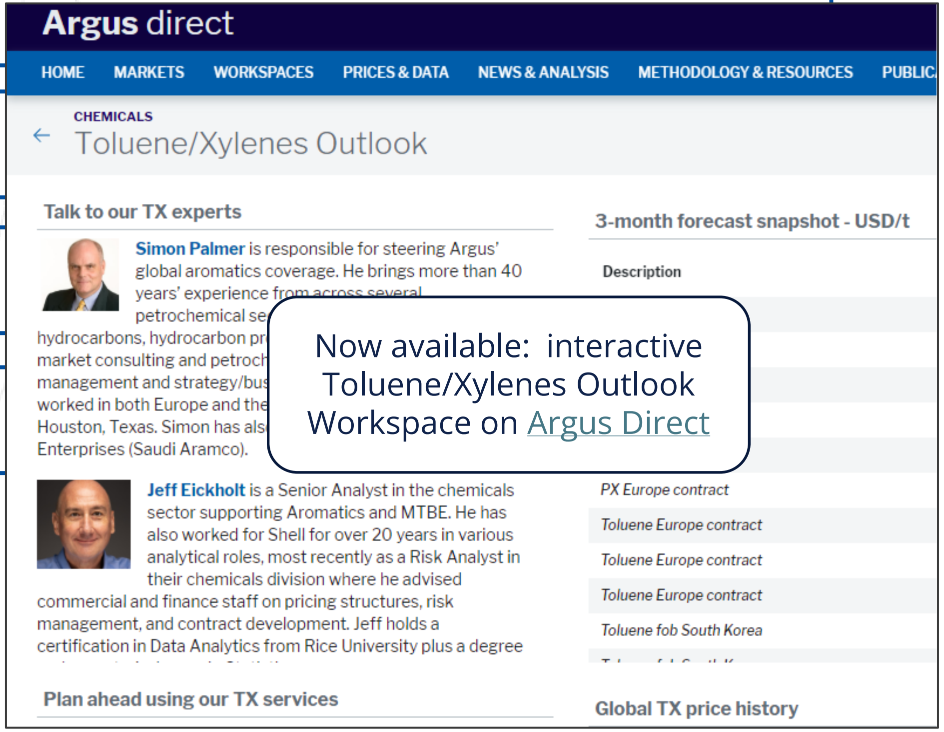

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Toluene and xylenes outlook executive summary

Opec's early completion of November 2023 cut reversals has not significantly weakened prices. Weak autumn polyester demand in China continues to weigh on market sentiment.

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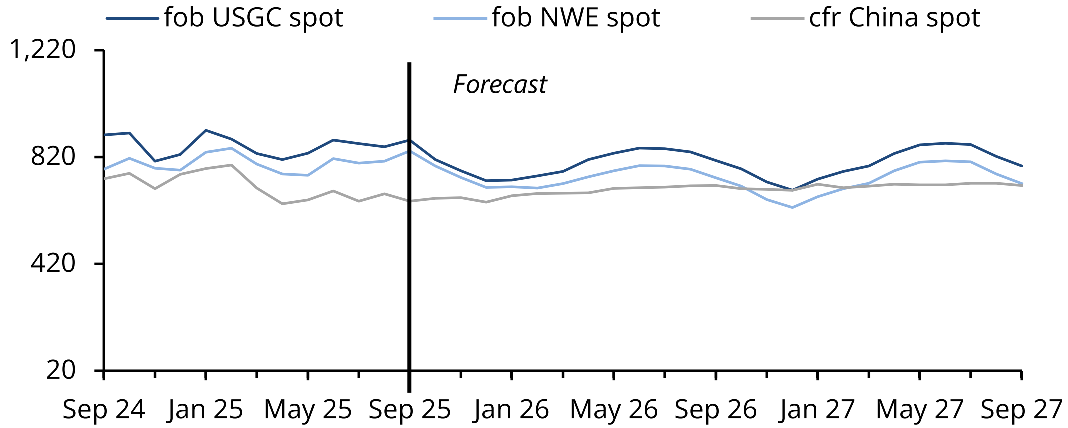
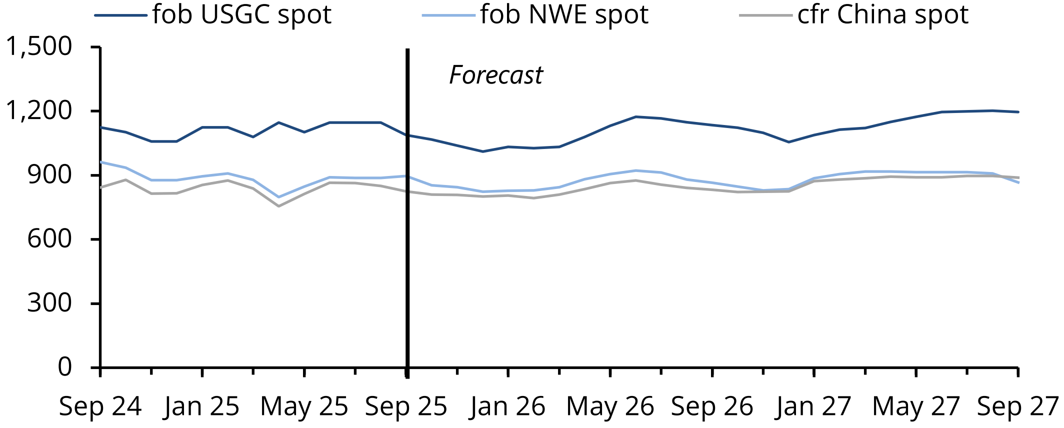
Global toluene prices $/t



Global paraxylene 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 cuts.
- Manufacturing PMI indicators for China and India showed notable improvement in August.
- The U.S. 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.
- Chinese PTA spreads over PX have hit historic lows, impacting even the most efficient producers due to excess new capacity. Weak seasonal polyester demand has further dampened market sentiment.

Toluene and xylenes outlook executive summary

China to see increased PX imports from other Asian producers in the short term; crude inventories point to lower prices going forward which may prompt intervention by OPEC+.

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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 0.35mn 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 toluene and mixed xylenes

Near-term outlook

US PET resin prices remained stable in September, supported by steady demand and increased food packaging spend. A new executive order includes both virgin and recycled PET under revised US tariff policies. This may drive US based PX output from MX-PX units later this year. Chinese PX outlook is mildly bullish, driven by Xinfengming's PTA capacity ramp-up, requiring 1.98mn t/yr of PX. Increased imports from other Asian producers will be needed to meet this demand. However, weak PTA-PX margins could trigger temporary PTA unit shutdowns in China. European PET resin spot prices remain under pressure due to competitive imports.

Longer-term outlook

Momentum around recycling and circularity continues to build steadily. South Korea announced new rules on the use of recycled plastics which will come into effect on 1 January 2026. Bottled water and non-alcoholic beverage firms must incorporate recycled content into clear PET bottles. Initial compliance applies to entities using over 5,000 t/yr, with a minimum 10pc rPET. By 2030, the threshold lowers to 1,000 t/yr and rPET content rises to 30pc, supporting end-use rPET demand. Though currently limited in scope, initiatives such as these could dampen virgin PET demand in the long term which in turn lowers demand for intermediate and upstream products.

Click here to download the full 24-month price forecast dataset

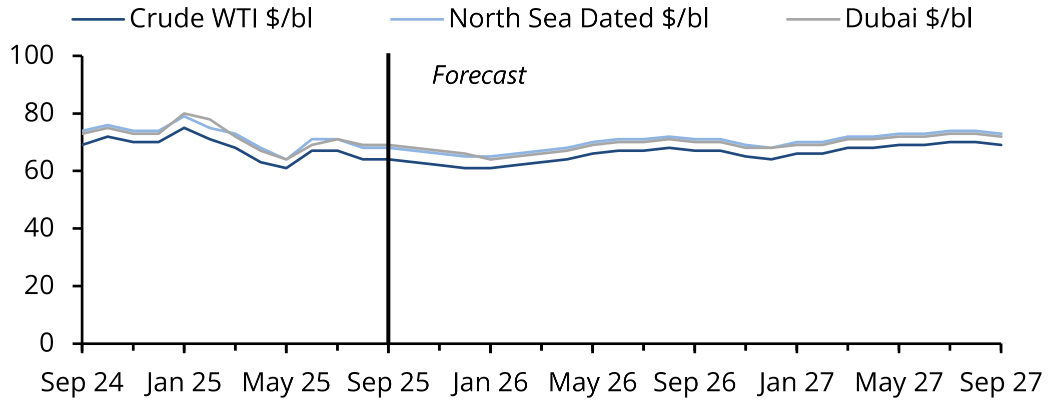
Global crude forecast

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

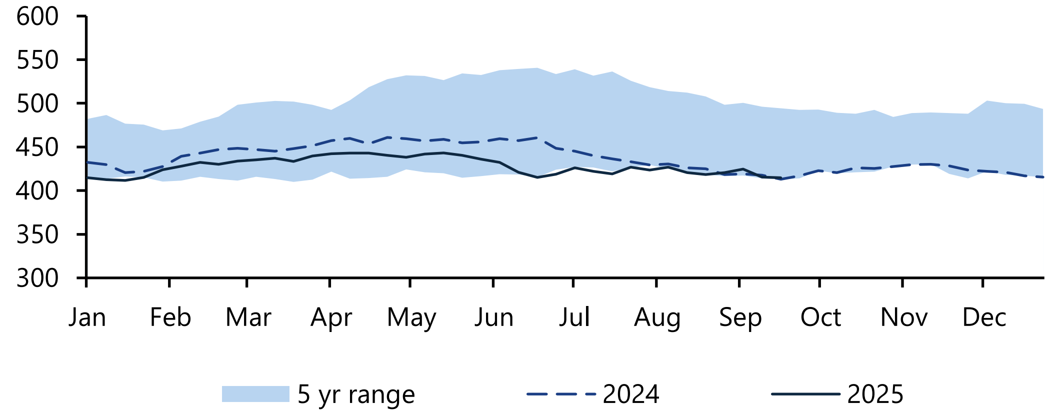
Market commentary and outlook

- 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 prices $/bl



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.

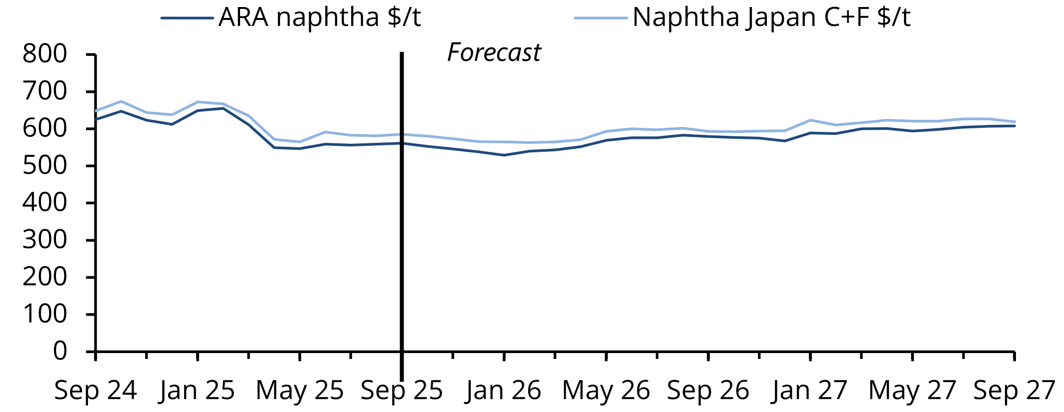
Naphtha market and outlook

- 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.

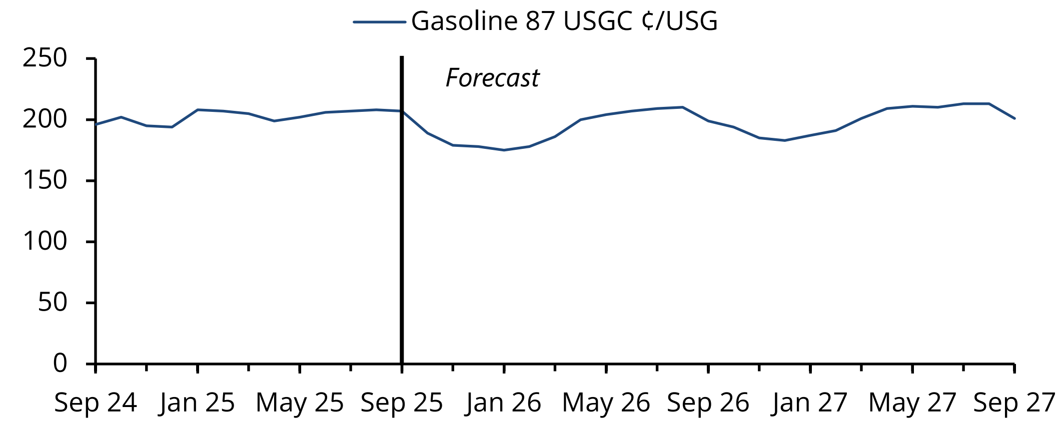
Gasoline market and outlook

- 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 ¢/USG



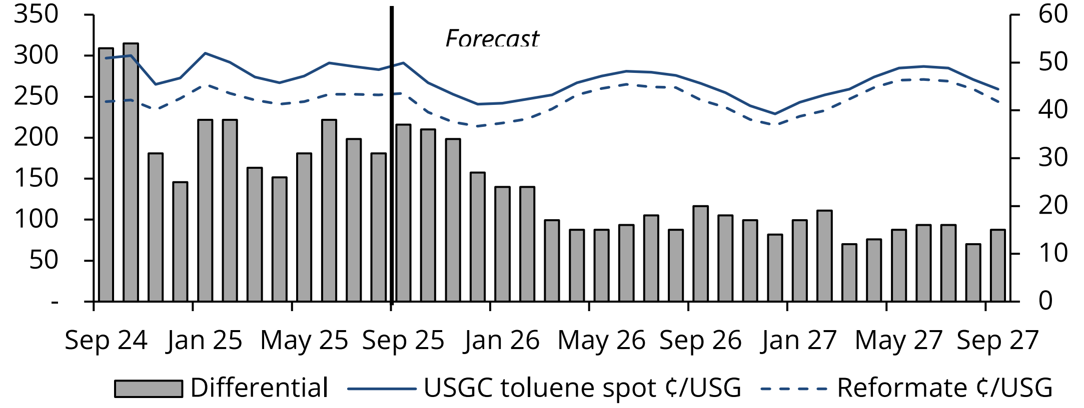
Energy pricing differentials and alternative values

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.

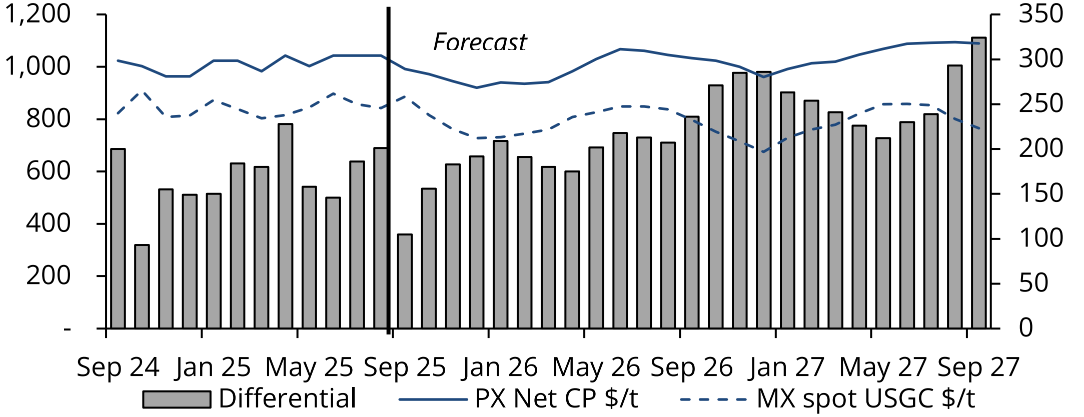
Forecast price spreads and alternative values

- 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 toluene vs reformate ¢/USG



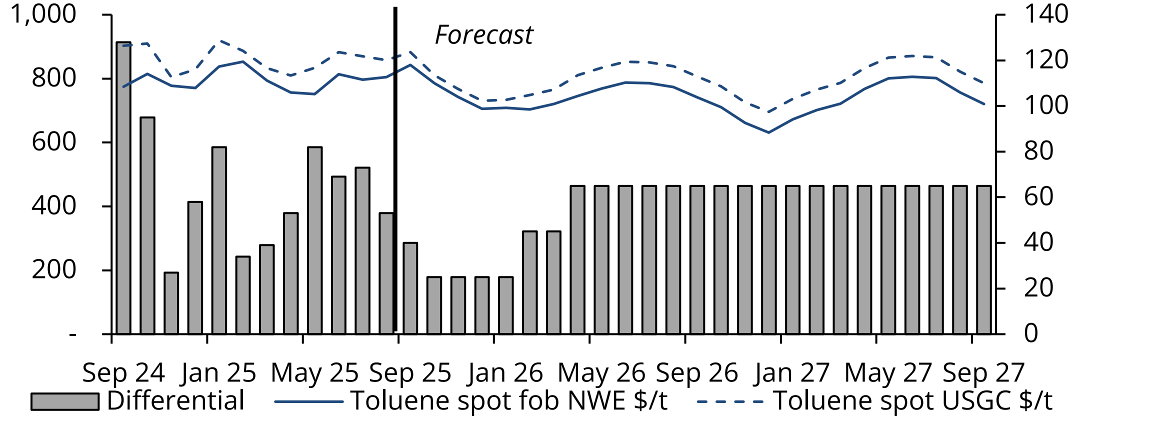
USGC PX vs USGC MX $/t



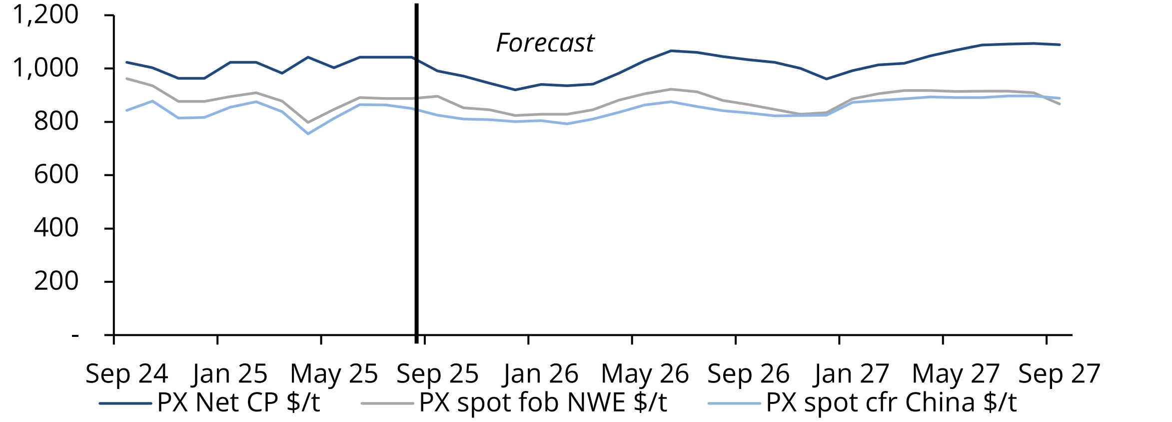
Energy pricing differentials and alternative values

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.

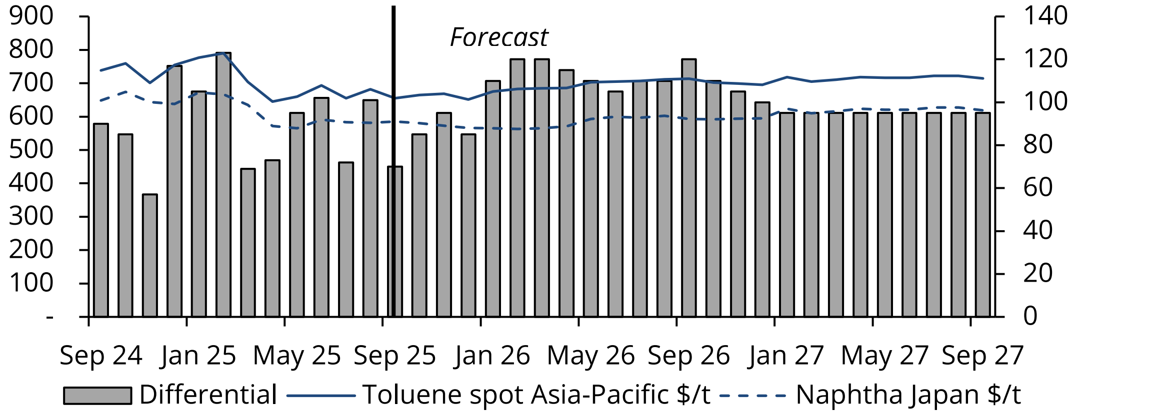
FOB NWE toluene vs USGC toluene $/t



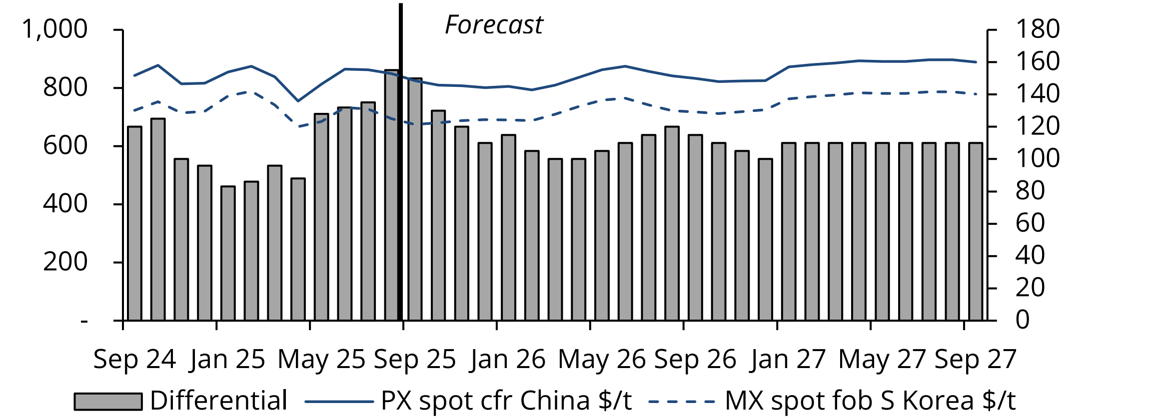
USGC PX vs fob NEW PX vs Asia-Pacific PX $/t



Asia-Pacific toluene vs Asia-Pacific naphtha $/t



Asia-Pacific PX vs Asia-Pacific MX $/t



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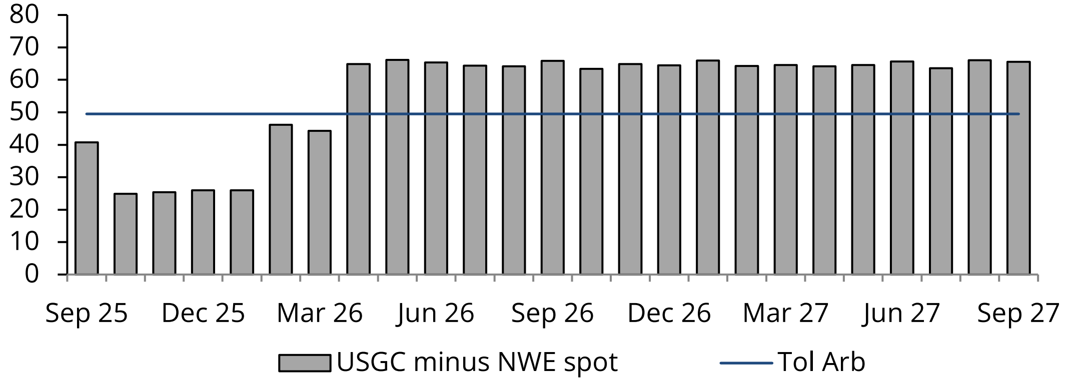
Arbitrage forecast

US tariff exemptions for PET have been removed, which could lead to lower imports of PET and prior US-bound flows being redirected to other regional markets.

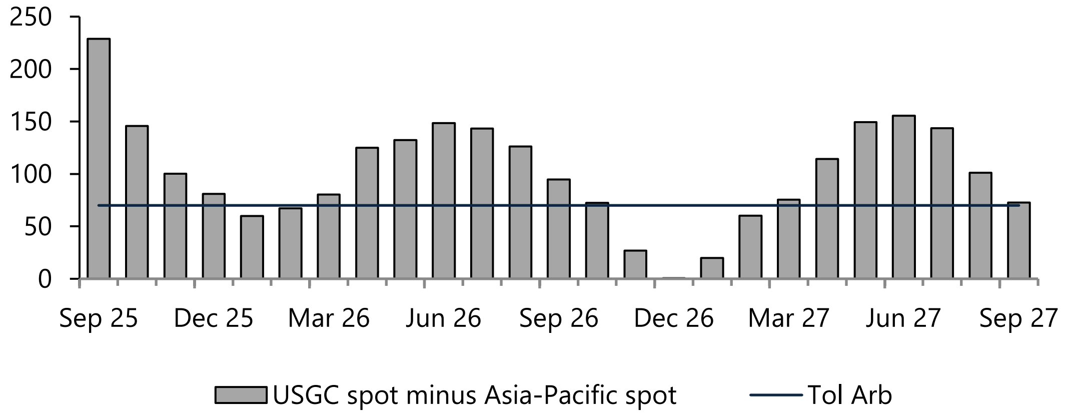
Trade lane commentary

- Americas PET: US president Donald Trump has revised US tariff policies to include both virgin polyethylene terephthalate (vPET) and recycled polyethylene terephthalate (rPET) in an executive order, effective early September.
- PET resins were originally exempt from tariffs, allowing for countries to continue shipping more competitively priced PET to the US with no extra hurdles.
- Americas PX: PX inventory on the USGC remained tight because a producer in Texas remained under maintenance until mid-September.
- European PET: European PET resin spot prices continue to be under pressure from weak demand and competitive import offers. Although fixed-price volumes offer some security in terms of offtake for European producers, margins are very tight. Current conditions are not sustainable and some contraction in European capacity are anticipated if the difficult situations persist.
- Europe MX: MX demand could remain supported, if gasoline blending remain firm. For now, the inventories for finished gasoline and blending components are pointing to being well-stocked.
- Europe PX: Regional prices tracked Asian PX prices, with PX-MX spreads remaining broadly weak.
- Europe TL: European TDI buyers are finding ways to manage tighter September supply and are anticipating some increase in availability in October, when fresh imports are expected to arrive.

Toluene: Europe to US $/t



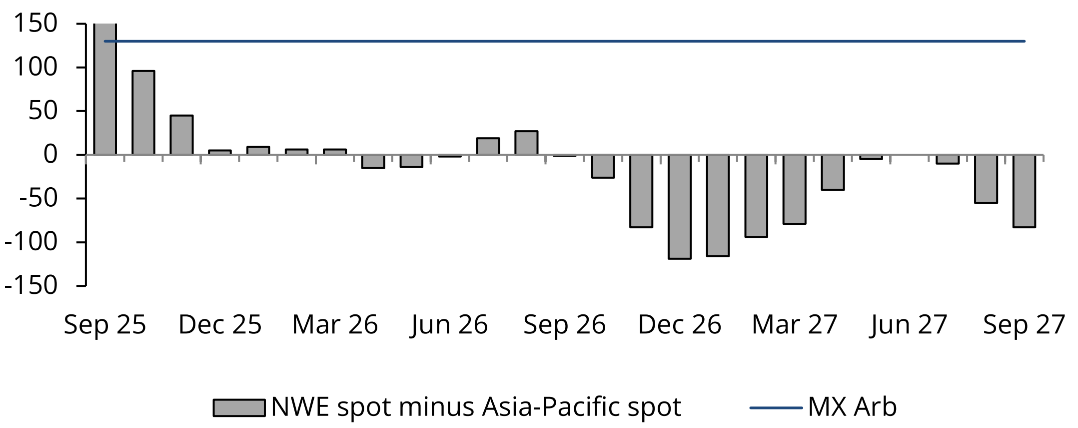
Toluene: Asia-Pacific to US $/t



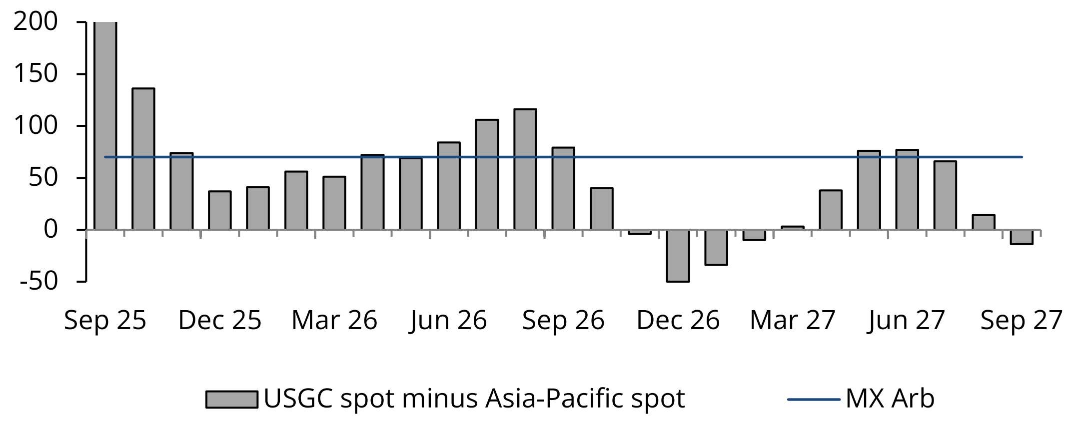
Arbitrage forecast

US TX prices have been pulled up by blending demand, expanding prompt arbitrage incentives. The backwardated market structure continues to dampen the potential returns to shipping, however.

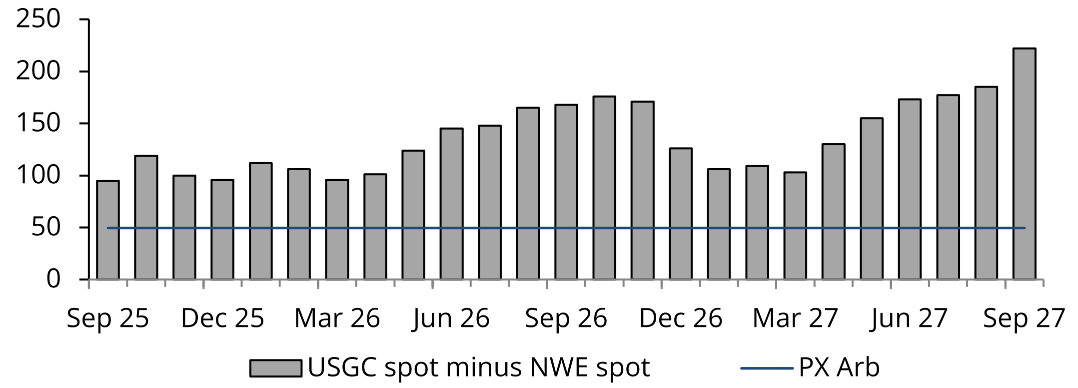
Mixed Xylene: Asia-Pacific to Europe $/t



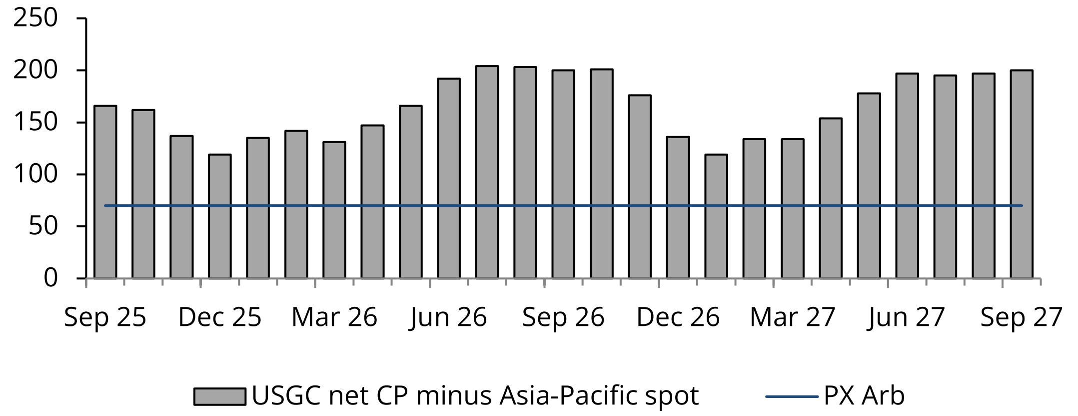
Mixed Xylene: Asia-Pacific to US $/t



Paraxylene: Europe to US $/t



Paraxylene: Asia-Pacific to US $/t



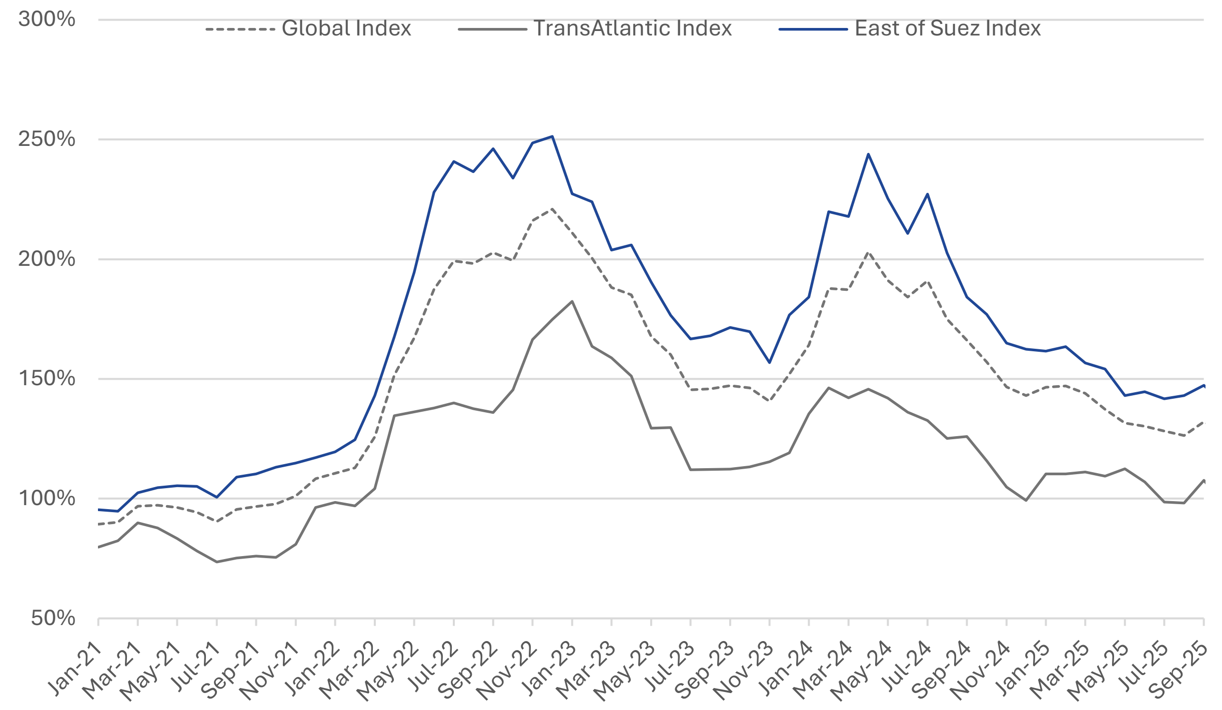
Global freight rates

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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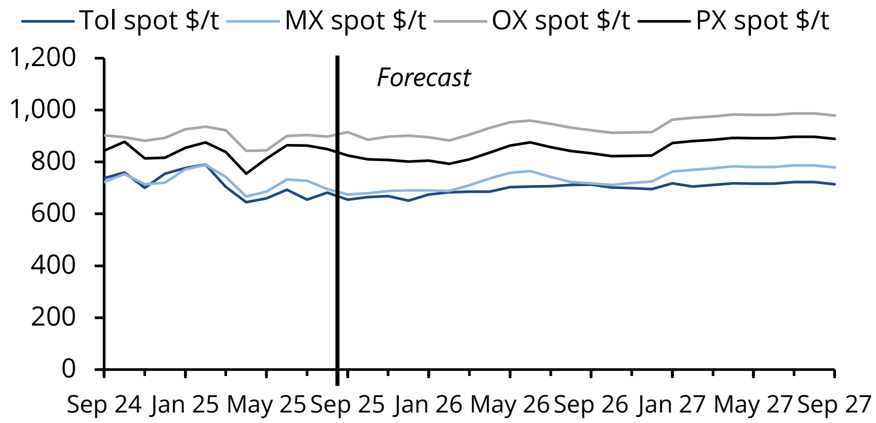
Asia-Pacific: Market outlook and price forecast

PX supply remains balanced but is getting impacted by extremely weak PTA spreads and continued softness in polyester demand.

Asia toluene and xylenes price forecast



	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26
Tol spot $/t	682	655	665	668	651	675	683
MX spot $/t	695	675	680	688	691	690	688
OX spot $/t	898	915	885	898	901	895	883
PX spot $/t	850	825	810	808	801	805	793

Forecast summary

- PX: PX supply remains balanced though is less tight than recent months as producers maintain operating rates. Prices continue to move primarily in tandem with upstream oil; however, the tepid condition of downstream markets is taking its toll. Chinese PTA spreads over PX are at historic lows and even the most efficient PTA producers are bleeding, a result of too many new plants in China this year. At the same time, polyester demand has not rebounded as it normally does during this time of the year, further impacting the sentiments.
- MX: Supply is long with new capacities starting up in China. Export arbitrage to the US remains closed due to tariffs, and with PX operating rates unlikely to rise further in Q4, MX is likely to remain long in Asia in the near term.
- Toluene: Toluene prices are expected to track oil and naphtha prices. Supply remains adequate, and demand still supported by TDP operating rates, though demand from gasoline blending sector seems to be easing.

Upside risk

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

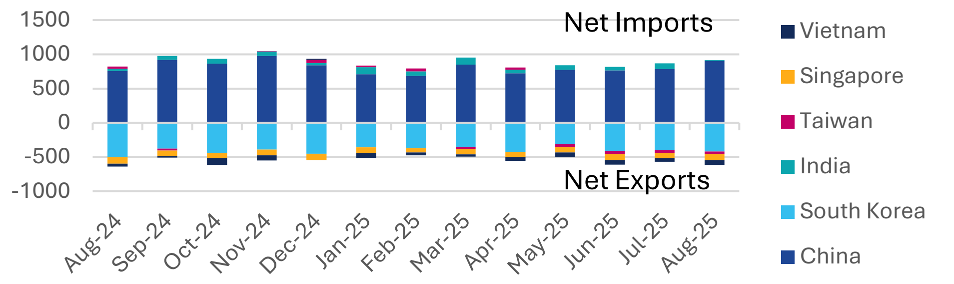
Downside risk

- Opec's production increases and additional non-Opec supply overwhelm the market.
- End of the summer peak demand season for gasoline.
- US economic slowdown and more high inflation.
- Continued deflation in Chinese manufacturing sector and weakness in real estate.
- Inclusion of PET in US tariffs, impacting exports from Asia. Lack of improvement in polyester demand during the strong fall season.

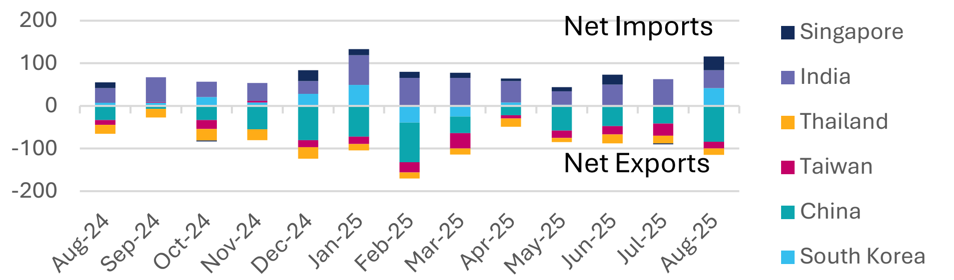
Asia-Pacific: Supply, demand and trade trends

PX trade within Asia holds up in the absence of new Chinese capacity and steady Indian demand, MX trade volumes dip as domestic Chinese supply increases.

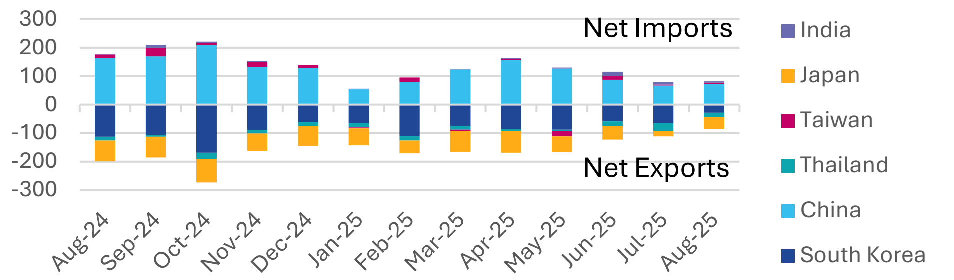
PX net trade (in kt)



TL net trade (in kt)



MX net trade (in kt)



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

Supply

- PX supply remains adequate compared to the tight market seen a couple of months ago. This year seems to be on track to be the first in the last several years without any new PX plant startup globally.
- MX supply is long after the start of two new Chinese units – CNOOC & Yulongdao. Limited options to export MX outside of Asia because of closed arbitrage due to US tariffs has further contributed to market length.

Demand

- Despite new PTA capacity start-ups in China this year, downstream polyester demand has been below par, translating into a limited incremental PX demand.
- Operating rates in the PET and polyester fibre and filament sectors, especially in China, have not recovered substantially despite the onset of the traditional peak autumn demand season.
- Steady PX demand and operating rates have helped to support MX demand.

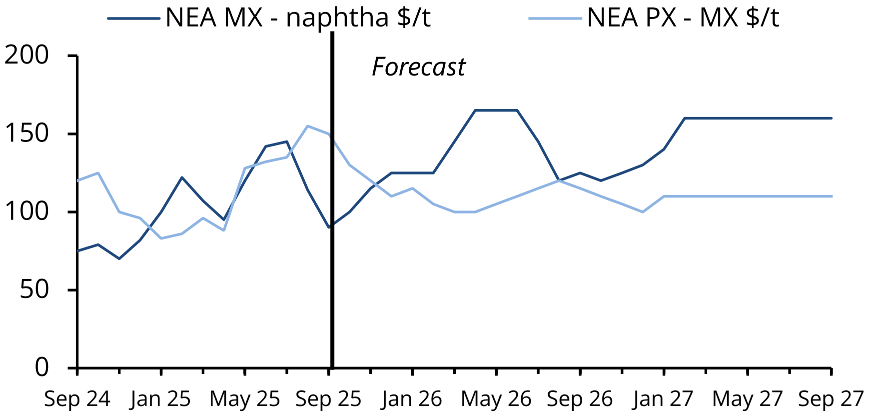
Trade

- Chinese appetite for PX imports has been steady, growing at around 8pc y-o-y till August, no doubt helped by the lack of new domestic supply this year. This has sustained exports from South Korea and SE Asia.
- Indian PX imports are on track to surpass last year's volumes as a result of robust PTA operating rates and lower domestic PX operating rates due to inadequate margins.
- South Korea's MX exports are down around 10pc y-o-y till August, a result of more Chinese supply and less exports to the US. However, Japan's MX exports seem to have taken a bigger hit and are down almost 50pc y-o-y in H1 2025.
- Indian toluene imports are up around 19pc y-o-y in H1 2026, while Singapore's import demand for gasoline blending has been steady, supporting the surplus supply from NE Asia and Thailand.

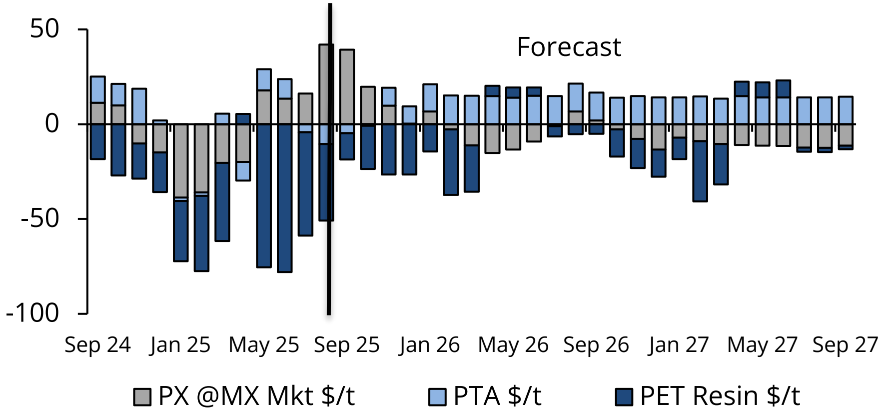
Asia-Pacific: Cost and margin outlook

Margins have declined in recent weeks and are likely to remain under pressure into Q4 in view of the lack of robust support from downstream markets.

Mixed xylenes spread to naphtha\PX spread to MX $/t



PET chain margin forecast $/t



	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26
NEA MX - naphtha $/t	114	90	100	115	125	125	125
NEA PX - MX $/t	155	150	130	120	110	115	105

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.
- Paraxylene: PX cost is being impacted by firm Naphtha, while PX-naphtha spreads are being pressured by a more balanced supply and bad downstream markets. Spreads had held firm at $250-260/t for more than three months but have moderated by around $20/t in the last 2-3 weeks. Q4 doesn’t seem capable of offering much relief, unless downstream conditions change drastically.
- Mixed xylene: MX cost base is also impacted by firm Naphtha prices; however, the current length in MX compared to the better balance in PX has resulted in MX-naphtha spreads getting squeezed while PX-MX spreads have widened. This trend is likely to persist in the near term.
- Toluene: Toluene-naphtha spreads have reduced, impacted by a firm naphtha cost and softer demand both from the gasoline blending and chemical sectors, and this is likely to continue into Q4.

Margins

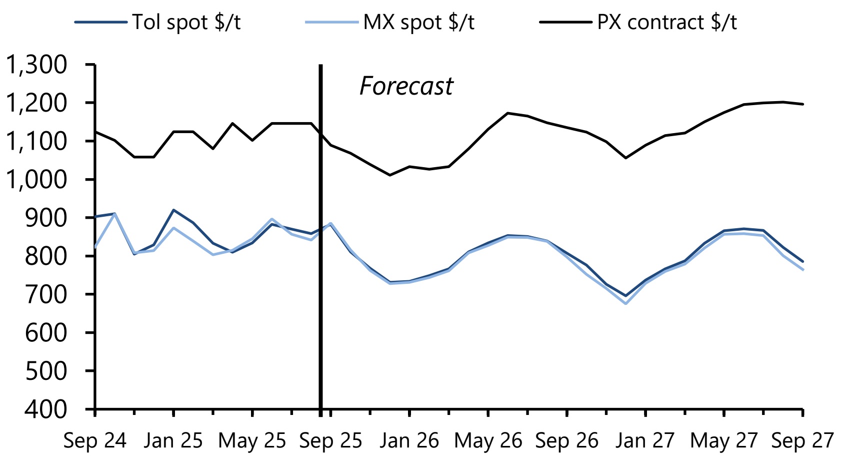
- Reformate/Pygas recovery: Firm naphtha prices combined with the end of the gasoline peak demand season doesn’t augur well for reformate-naphtha spreads and hence aromatics processing economics. Pygas recovery may get some support due to reduced supply in Q4, due to several cracker turnarounds in Asia.
- 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.
- PTA: PTA-PX margins in China have dipped to historic lows and are now below $30/t, a level at which even the most efficient producer will make losses. With the polyester market showing no signs of a sustained recovery and given the length in the Chinese PTA market, it is difficult to see any substantial recovery for the rest of this year.

Click here to download the full 24-month price forecast dataset

Americas: Market outlook and price forecast

Gasoline continued to follow a seasonal path, but octane values have made a stand. Alternative values for aromatics have been buoyed by a pull into blending. This is expected to be transitional however.

US toluene and xylenes price forecast



	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26
Tol spot $/t	858	883	811	768	731	734	749
MX spot $/t	842	886	816	762	728	731	744
PX contract $/t	1146	1089	1068	1039	1011	1033	1027

Forecast summary

- Despite the prompt rally, US gasoline alternatives have been left mostly unchanged for the remainder of 2025.
- US inventories of finished gasoline and blending components are drawing down below year ago levels. The gasoline futures markets continue in backwardation, reflecting the seasonal decline in values during the winter months. Things turn mid-1Q26.
- Reformate spreads over gasoline have jumped as component prices react to a late season pull. This raises absolute feed costs for BTX recovery and margins have been compressed.

Upside risk

- Tier 1 Opec+ members are showing signs of fiscal distress as low crude prices reduce revenues. This may prompt a reaction as time marches on.
- Shipping disruption in the Middle East continues to add operational risk and cost, despite a lull in attacks on western vessels.
- Peak north Atlantic hurricane season is still just about in play, but elevated risks will soon start to subside.

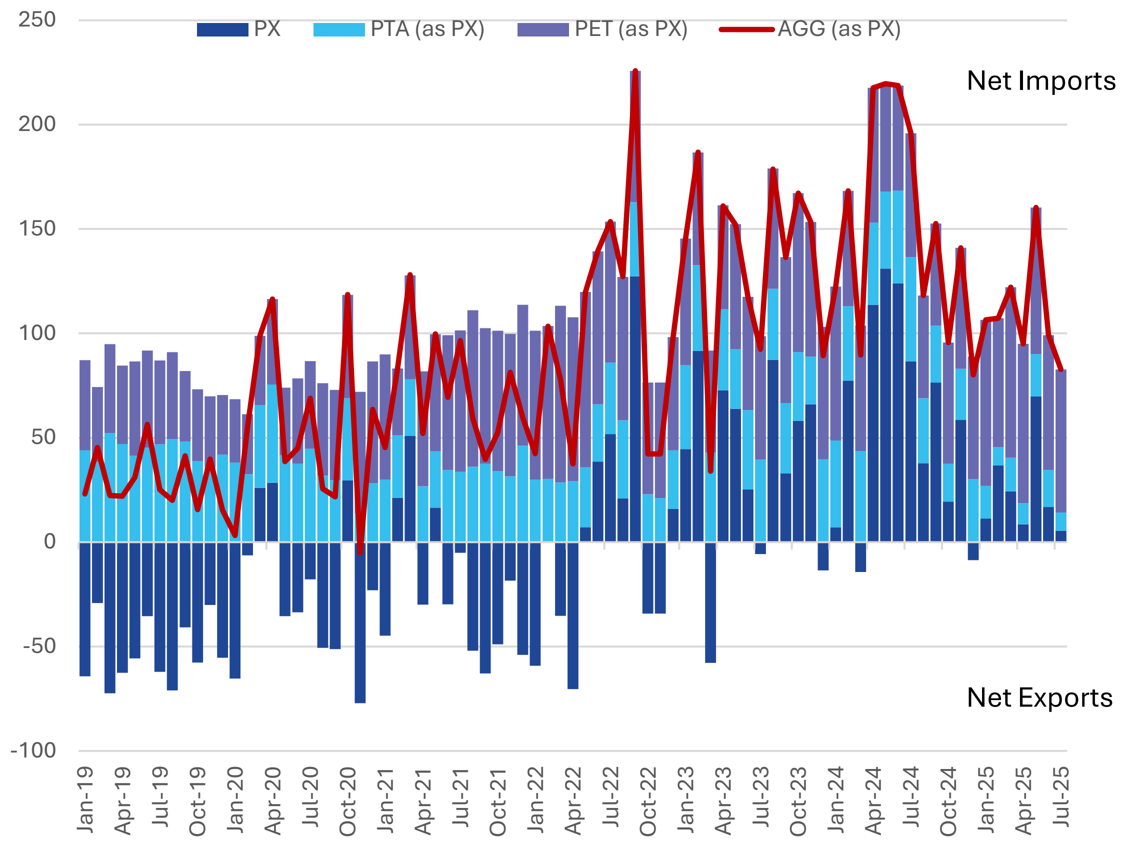
Downside risk

- Tariff risk remains elevated, with international C8A product looking for available markets. This will impact traded volumes and flows, particularly with PET now subject to US tariffs.
- Peak hurricane season will soon be in the mirror, with reduced risk concerns and price premiums.
- Despite interest rate reductions, inventory in the construction and automotive supply chains remains elevated. Heavy discounting is finally succeeding in moving new homes and vehicles.

Americas: Supply, demand and trade outlook

The total flow of C7A and C8A imports to the US has stabilized but PX arrivals continue to decline. With recent announcements, US tariff risk remains elevated, and PET imports will likely decline.

US paraxylene, polyester intermediates and polymer trade balance (expressed as contained PX) (kt)



Source: Global Trade Tracker, Argus Media

Supply

- Supplies of higher-octane blending components, including reformate and alkylate, have been drawn down by a late-season pull. The supply chain is seeing some temporary tightness.
- Benchmark BTX recovery margins have been compressed by higher feed costs and continued weakness in derivative markets. Inventories have been depleted as product moves to gasoline.

Demand

- Consumption into gasoline blending has seen a late-season pop, as blenders of finished gasoline for central America and the Caribbean made the most of discounted sub-octanes and pulled aromatic octane to finish off their blends. This is expected to wane shortly as refiners adjust operations for winter gasoline and take a greater interest in export gasoline cargoes.
- Underlying end-use demand for petrochemicals continues to be lackluster, with little seasonal increase in consumption. Net US PET imports continue to be robust, but PET is no longer exempt from US tariffs, and trade flows are expected to start to adjust to the sudden application of tariffs.
- Intermediate and polymer net trade appears to be further increasing. Exports of resin from Asia have picked up noticeably encouraged by lower container rates.

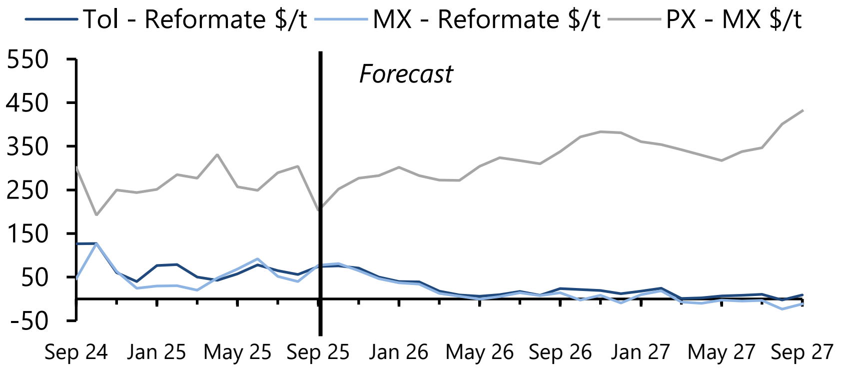
Trade

- Loadings of C7 and C8 aromatics in South Korea destined for the US have come to an absolute halt as tariff risk and lack of arbitrage limits volumes. A total of just 6,000t loaded out for the US in August, with nothing loaded out in the first twenty days of September.
- US exports of paraxylene remained subdued in July at just 24,000t, down from 41,000t in June, which in turn was over 50pc down on this year’s peak in March. US imports also fell back to 29,000t, very much in line with expectations of lower volumes due to heightened tariff risk.

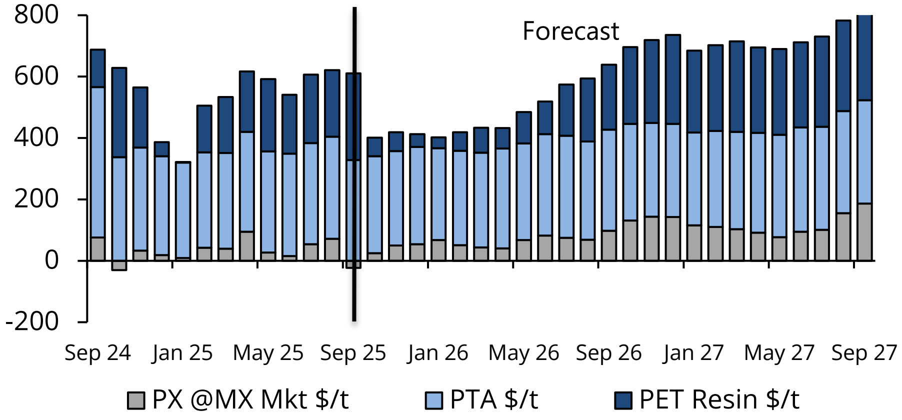
Americas: Cost and margin outlook

The recent rally in gasoline alternative values is applying renewed pressure on BTX margins, which were already poor. Conversion margins remain impacted by weak derivative markets.

US Toluene, MX spread to reformate/PX spread to MX $/t



PET chain margin forecast $/t



	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26
Tol - Reformate $/t	56	75	76	71	50	40	39
MX - Reformate $/t	40	78	81	65	47	37	34
PX - MX $/t	304	203	252	277	283	302	283

Costs

- BTX recovery costs: reformate prices have turned higher and differentials over gasoline have recovered to $156/t in September compared to $102/t in August and $91/t in July. This is judged temporary, and the reformate forecast has been left largely unchanged for 1Q25 and into 2026. The Rbob futures forward curve remains backwardated with implied octane values also falling.
- Conversion costs: Toluene feed costs continue to put intense pressure on conversion operations, especially following the recent rally. Nitration toluene market prices have continued to be sticky compared to other TX products, and the expected collapse remains elusive.

Margins

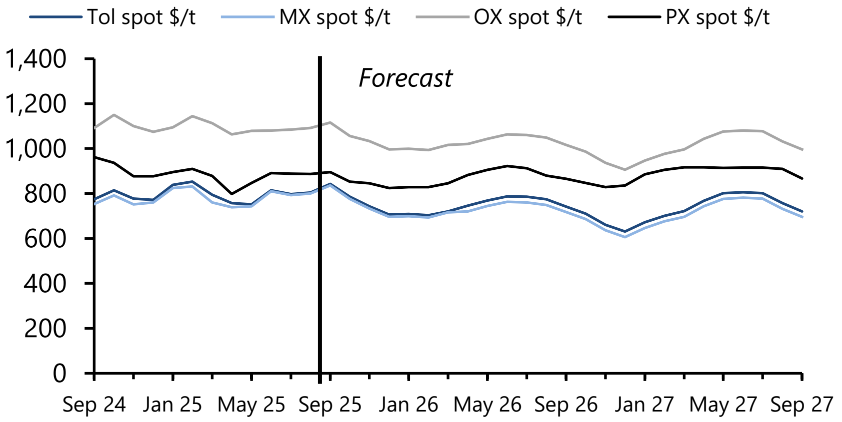
- BTX recovery from reformate: Stronger relative reformate values have added pressure on BTX recovery margins and profitability has deteriorated. BTX weighted aggregate values have averaged $875/t so far in September while delivered reformate costs have been closer to $879/t. This keeps BTX recovery margins firmly under water and likely stimulates 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.
- Paraxylene recovery: The recent rally in feed prices, particularly on toluene has applied margin pressure to paraxylene conversion. The US MX-to-PX spread remains compressed but relative pressure from imports has seen the spread average $82/t so far in September, a decent step higher than the $54/t seen for August. US PX margins remain thin, but margins elsewhere are also under pressure, with Asia at $210/t over naphtha and Europe MX to PX spread averaging around $65/t.

Click here to download the full 24-month price forecast dataset

Europe: Market outlook and price forecast

Gasoline blending activity in Europe was strong in September, supporting TX spreads over naphtha and absolute prices.

Europe toluene and mixed xylenes price forecast



	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26
Tol spot $/t	805	843	786	743	706	709	704
MX spot $/t	800	836	776	733	696	699	694
OX spot $/t	1091	1116	1056	1033	996	999	994
PX spot $/t	887	896	853	845	824	828	829

Forecast summary

- Gasoline blending activity in Europe has been strong during September, with higher exports to the US and west Africa because of maintenance at the Dangote refinery.
- Prices may fall once Dangote's RFCC comes back online, and the true end of driving season demand fall is finally seen.
- Chemical demand is stable at low-to-mid-levels, with competitive imports pressuring prices down and margins weakened.

Upside risk

- Refinery maintenance in Europe and the Middle East keeps supply tight and supports prices.
- Finished gasoline and blending component exports to the US and west Africa are strong, on dampened local production.
- Trade deals negotiated between US and Europe result in beneficial tariffs, supporting European producers and derivative export markets.

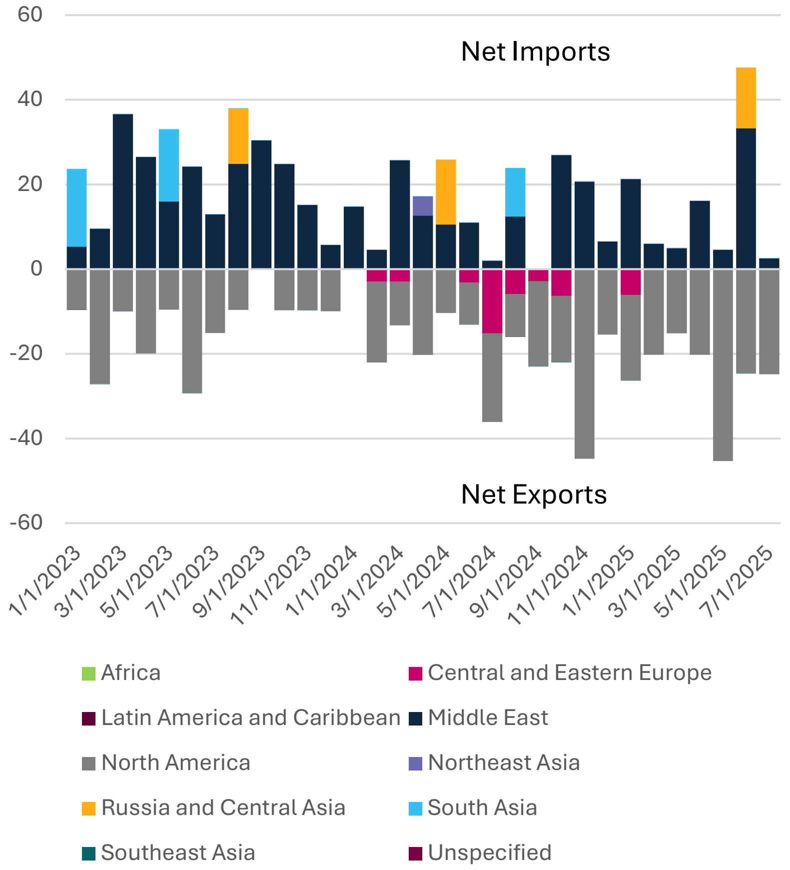
Downside risk

- Delayed end of seasonal peak gasoline sees a sharper decline than usual.
- US tariffs on Asian material results in an influx of Asian imports arriving in NW Europe.
- Growing Nigerian gasoline production continues to displace European finished gasoline exports to west Africa.

Europe: Supply, demand and trade outlook

Market dynamics are more balanced for September but more on constrained supply than especially high demand.

Europe paraxylene net trade balance (kt)



Supply outlook

- European production has been curtailed by refinery maintenance, both planned and unplanned in Europe as well as in the Middle East.
- Margins for gasoline blending have been especially high for the time of the year, but this has resulted in a heightened squeeze on margins for petrochemical producers.
- Overall market sentiment is cautious, with participants downbeat on the near-term demand outlook, as downstream markets of automotive and construction continue to struggle.

Demand outlook

- Gasoline blending demand has been stronger than usual for the time of year, on firm export demand, but it is rather uncertain as to how long this will be supported.
- Consumption into chemical markets is steady at weak-mid levels, with mostly contractual supply sufficient and little in the way of spot activity. Lowering offer prices has done little to incentivize fresh deal making.

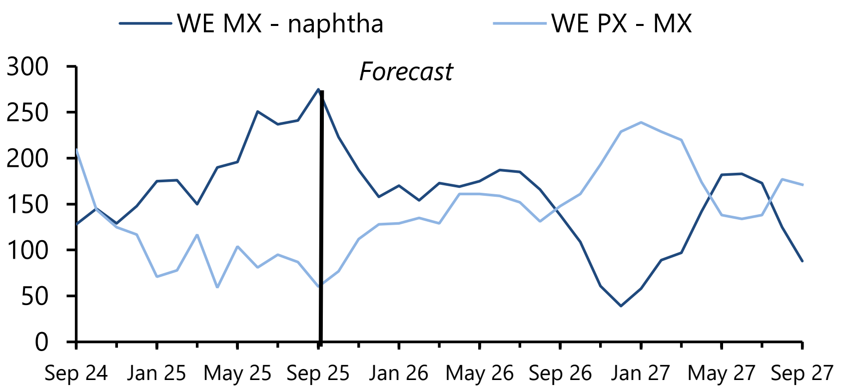
Trade outlook

- July trade both in and out of western Europe was shown to be weak according to the latest Global Trade Tracker data. Weaker than expected demand kept OX, PA and PTA imports low.
- Market participants are worried about European markets being flooded by Asian material as the US tariffs on a range of products closes that outlet for Asian producers.
- The recent US decision to specifically remove PET from the exempt list for reciprocal tariffs, will likely redirect some export product to other markets such as western Europe.

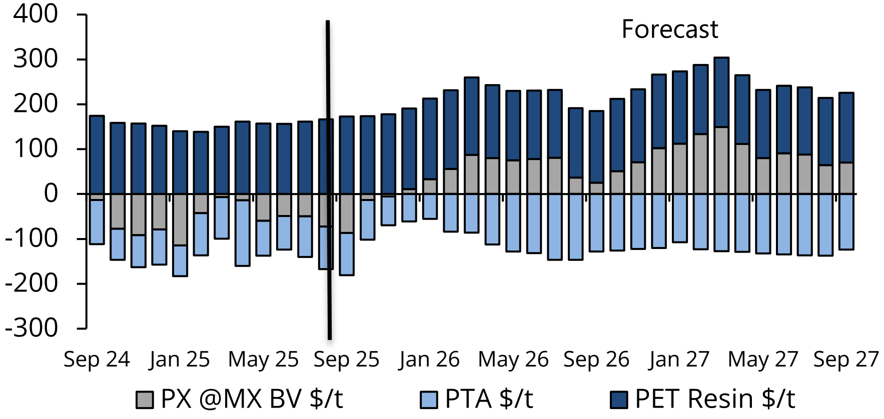
Europe: Cost and margin outlook

Gasoline blending activity has been stronger than usual in September, helping firm gasoline-to-naphtha spreads.

Europe MX spread to naphtha/PX spread to MX $/t



Europe PET chain margin forecast $/t



	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26
WE MX - naphtha	241	275	223	187	158	170	154
WE PX - MX	87	60	77	112	128	129	135

Costs

- The gasoline-naphtha spread has averaged $160/t so far in September, significantly firmer than the August average of $138/t, and high for the time of year. Gasoline markets have been strong with prices gaining ground gas cracks were stronger at an average $19/bl in September so far. The natural gas TTF monthly index average was slightly lower, averaging €32.40/MWh in September so far, compared to August average €33.16/MWh.
- MX premiums were supported in a range of $90-110/t over gasoline, and TDI grade toluene is between the range of $105-125/t premiums to gasoline, with the toluene-MX spread remaining narrow.

Margins

- Toluene conversion: Run rates on TDP units remain weak due to unattractive and negative benzene-toluene spreads of around $178/t so far this month, weaker than an average of negative $102/t in the month of August.
- Paraxylene recovery: Nominal European PX recovery margins have continued to weaken, with the PX-MX spread averaging $63/t so far in September, down from the average of $89/t in August.
- PET resin margins have been pressured down by low demand and competitive import prices, but producers state the floor of this has been reached with no further deterioration of margins acceptable.

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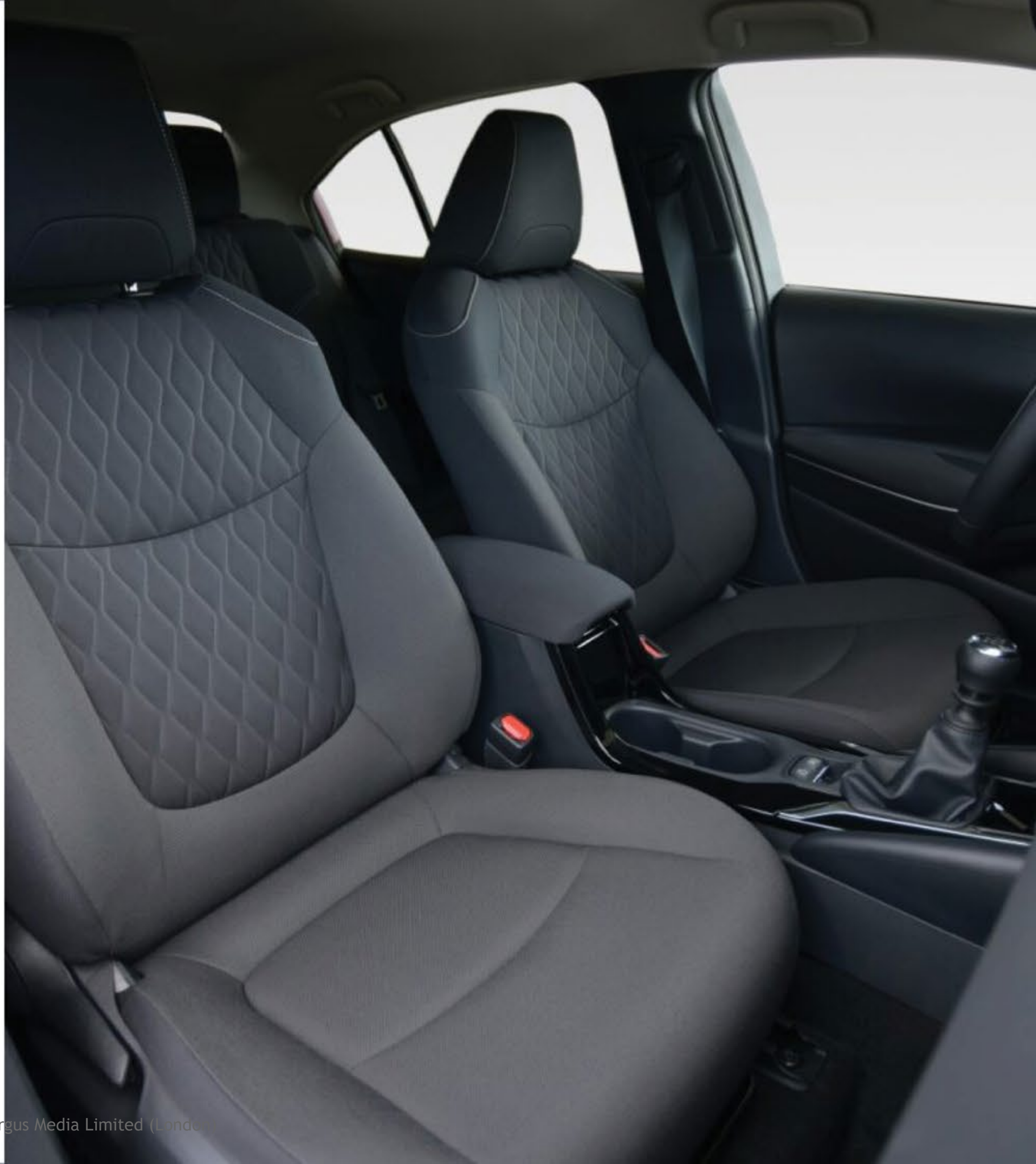


Argus aromatics experts

Simon Palmer
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.

Ashish Kulkarni
Lead Aromatics
Consultant - Asia

Ashish joined Argus in August 2024 as Lead Aromatics Consultant - Asia and is based out of Mumbai. He is a Chemical Engineer and MBA with 28 years of corporate experience, including 25 years in the Petrochemicals Industry. He worked in P&L positions as COO and Business Head for the last 10 years, as well as earlier stints as Procurement Head & Product Head. He worked for 19 years with Reliance Industries Limited, of which 9 years were as Business Head for large businesses like PTA, Ethylene Glycols & EO.

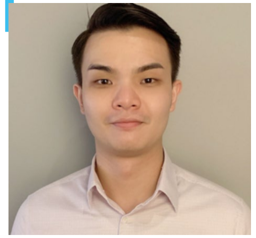
Santosh Navada
Senior Analyst

Santosh provides data and analytics support to the aromatics and related product areas in the Asia-Pacific region and is based in Mumbai. He has nearly ten years of market research experience related to chemicals and bulk materials including time with MarketsandMarkets, Bureau Veritas and AgileIntel. Santosh holds an undergraduate degree in chemical engineering.

Jeff Eickholt
Senior Market Analyst

Jeff is a Senior Analyst in the chemicals sector supporting Aromatics and MTBE and is based in Houston. Prior to joining Argus, Jeff worked for Shell for over 20 years in various analytical roles, most recently as a Risk Analyst in their chemicals division where he advised commercial and finance teams on pricing structures, risk management, and contract development. Jeff holds a certification in Data Analytics from Rice University in Houston, plus a degree and a master's degree in Statistics.

Argus aromatics experts



Lee Toong Shien
Associate Editor

Toong Shien is a senior reporter based in Singapore who is responsible for ethylene, propylene and toluene markets in Asia. He joined Argus in 2018 where his focus back then was octane boosters such as toluene, solvent xylenes and MTBE, before taking more responsibilities for other market coverages including olefins. Prior to that, Toong Shien worked as a relationship manager in the banking and finance sector. He graduated from National University of Singapore as a Bachelor of Science majoring in statistics.

Alicia Goh
Senior Reporter

Alicia is based in Singapore and is responsible for paraxylene and isomer-grade mixed xylene in the Petrochemicals team. Prior to Argus Media, Alicia worked for international trading firms as physical trades operator and has more than 10 years' experience in petroleum and petrochemical operations. She has an extensive network across the supply chains and is fluent in English and Mandarin.

Helen Ma
Petrochemical Analyst

Helen is an analyst in the Shanghai office, focusing on the PET industry chain and the modeling of its co-products. Her experience includes working at PUdaily, where she analyzed market data on behalf of a Chinese polyurethane information enterprise, produced in-depth research reports, and delivered outcomes. She holds a bachelor's degree in business administration from the University of Hong Kong and has experience studying internationally.

Qamreen Parker
Editor, European Toluene & Xylenes

Qamreen Parker joined Argus in early 2023 and is the Editor covering the European Toluene and Xylenes markets. She contributes to benchmark spot price assessments, as well as price forecasts and supply and demand analytics for the Argus Toluene and Xylenes service. Qamreen has more than 5 years of experience covering petrochemical markets, with a specialism in the polyester value chain. She holds a Masters of Chemistry degree from Warwick University and a PhD from University College London.

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