

Argus report sample

Polypropylene Analytics
April 2025



About this report sample

Argus Polypropylene Analytics is a data-driven evaluation of supply-demand fundamentals forecasts for global polypropylene markets, published twice a year.

The service includes 10-year forecast and five-year history covering supply-demand fundamentals, capacities and detailed expert insight for the polypropylene markets.

Subscribers receive a PowerPoint PDF with expert commentary written by our experts plus accompanying Excel data files.. **This is only a sample of the full report.**

To find out more about the full *Argus Polypropylene Analytics* service, **[click here to get in touch.](#)**

Polypropylene analytics executive summary

China's self-sufficiency will impact trade flows.

Key Regions

Northeast Asia

China is turning independent and self-efficient in PP production, with fast capacity expansion expected to increase with a compound annual growth rate in the next five years. The challenge China faces is rationalization of plants from the fast growth.

Middle East

Capacity investment continues both from mixed-feed steam cracking and on-purpose PDH. While there is no major cost advantage in the region to produce and export polypropylene, the assets tend to be newer and on a global scale, ensuring they are competitive assets. Turkey is a major importer of polypropylene, so investment in PDH to polypropylene would reduce their imports.

Western Europe

Polypropylene demand is not expected to recover to pre-pandemic levels. Several sites are under strategic review, with a speculative capacity loss of by 2028. Repsol's new plant is expected on line in 2027. Operating rates will from 2030.

South Asia (India)

Rapid development in infrastructure, robust GDP growth and a young population will keep domestic demand robust, with a 10-year forecast Domestic capacity will increase by t/yr in the next 10 years. Imports will continue to increase, while exports decrease to support domestic consumption.

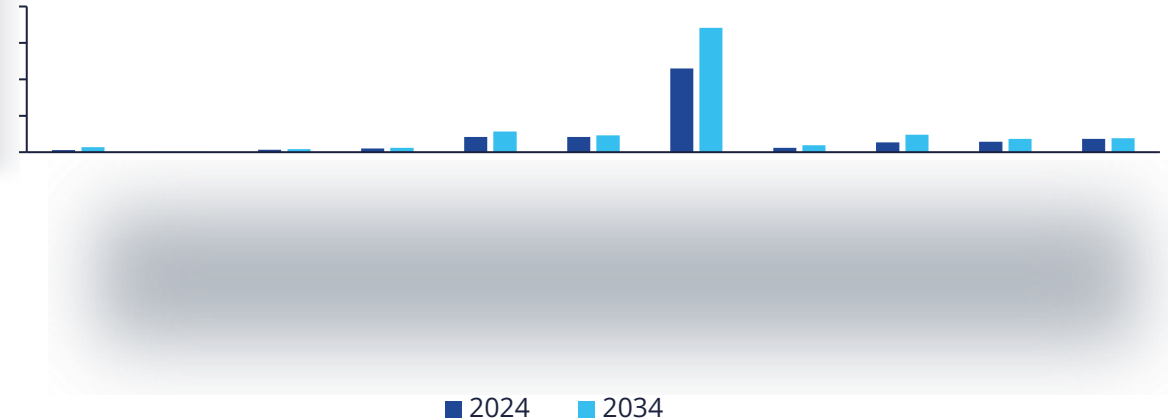
North America

PP market's strength is closely tied to GDP, with growing concerns about the economy's health. Import tariffs could lead to some improved domestic demand in the automotive applications. Propylene demand is expected to rise gradually, alongside middling GDP growth.

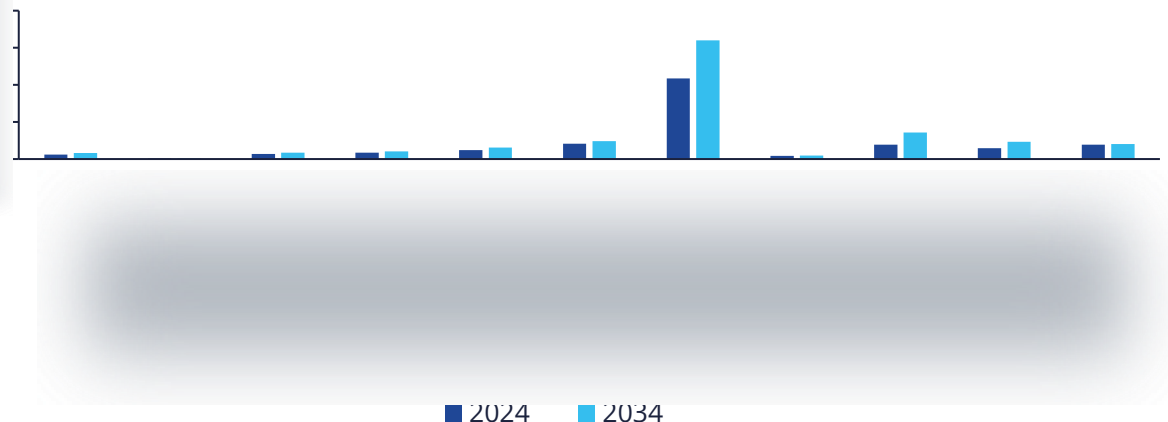
Southeast Asia

The gradual rise regional demand and northeast Asia production expansion will increase the southeast Asia imports, and put pressure on regional production which will turn to be a net import region.

PP Production by Region



PP Consumption by Region



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Long term economic outlook

Moderating inflationary pressure and implementation of fiscal and monetary policy will keep the global economy on track for steady growth. Though higher tariffs will add to market volatility and uncertainty.

GDP Forecast Assumptions

Inflation

Inflationary pressure is likely to increase in the next 5 years and impact demand and then moderate to a 1-3pc range through 2035.

Global conflicts

Global conflict in 2025 is expected to remain at very high levels, potentially exceeding previous years. The World Economic Forum's Global Risks Report 2025 identifies state-based armed conflict as the top immediate risk. Experts also predict that the current conflicts in Ukraine, the Middle East, and Sudan will continue to destabilize those regions, increasing the likelihood of further conflict. Additionally, a growing number of experts anticipate a world war in the next decade.

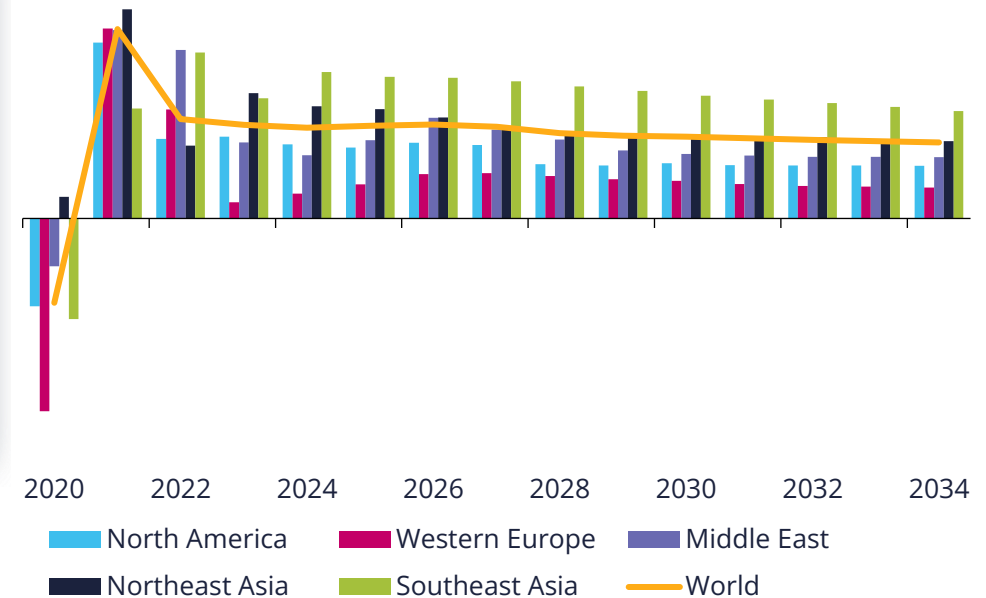
Globalization

While global growth is expected to remain relatively stable, it is likely to be lower than pre-pandemic levels. Significant concerns include climate change, geopolitical tensions, and developing economies facing headwinds. But there are also positive trends, such as productivity growth in some areas and the potential for AI to reshape industries.

Monetary Policy

Unlike previous aggressive stimulus measures, Beijing is now more cautious, avoiding excessive debt. Rather than relying on infrastructure projects and a property boom, the government is shifting its focus to advanced technologies.

Global annual GDP growth



Note:

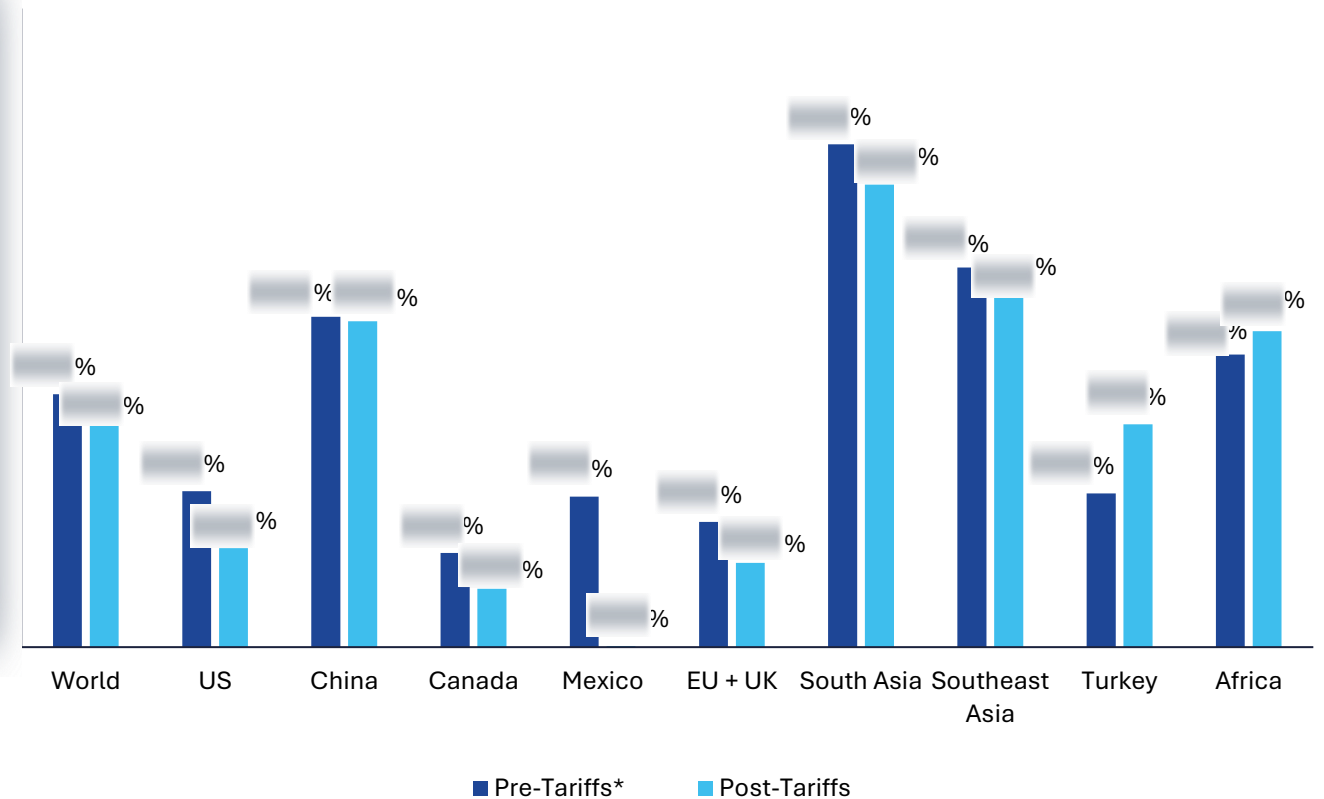
- The 2025 1H Argus Polyethylene Analytics were modelled based on the January 2025 macroeconomic forecast; therefore, the latest changes in U.S. tariffs on China and China's reciprocal tariffs were not incorporated into this update.
- As of April 2025, the prevailing baseline view suggests that the U.S. will continue to impose substantial tariffs on China, while other regions will remain subject to relatively smaller tariffs of approximately 10pc. This trend is expected to contribute to a decline in global trade as a share of GDP.
- In the near term, U.S. inflation is projected to increase, driven by higher tariffs and potential supply chain disruptions. As a result, the U.S. Federal Reserve is likely to delay rate cuts until year-end to mitigate the risk of second-round inflationary effects.
- With the new tariffs in effect, the US is expected to experience a combination of supply and demand shocks, while the rest of the world will predominantly face a more traditional external demand shock. Economies with strong trade ties with the US and those impacted by a significant tariff increase are likely to be negatively affected.

Short term economic outlook

US GDP growth almost halved post tariffs. The Chinese economy is not expected to face significant impact.

- The recent tariff "increases, pauses, escalations and exemption" are likely to have significant consequences for the global economy, resulting in a postponement of investment decisions, ships at sea not knowing where to sail, precautionary savings and more volatile financial markets. Higher tariffs will cause an upfront hit to economic growth and could cause a shift in trade under which some sectors could be "flooded by cheap imports" while other sectors face shortages.
- While Oxford Economics sees US GDP PPP growth slashed to [redacted] in 2025 as a result of the tariffs, China sees a much less significant downgrade as Chinese exports to the US account for just [redacted] China's GDP. China's self-sufficiency for polyethylene is much better than the 2018-19 trade tariffs dispute and can weather the supply disruption better.
- The US, Mexico and Canada show the sharpest declines in GDP, which will have a big impact on consumer demand for finished goods.
- Mexico is facing a growing risk of recession. The country experienced its first quarterly GDP slump since the pandemic in the fourth quarter of 2024, and a contraction in the first quarter of 2025 would confirm a technical recession.

2025 GDP PPP Growth



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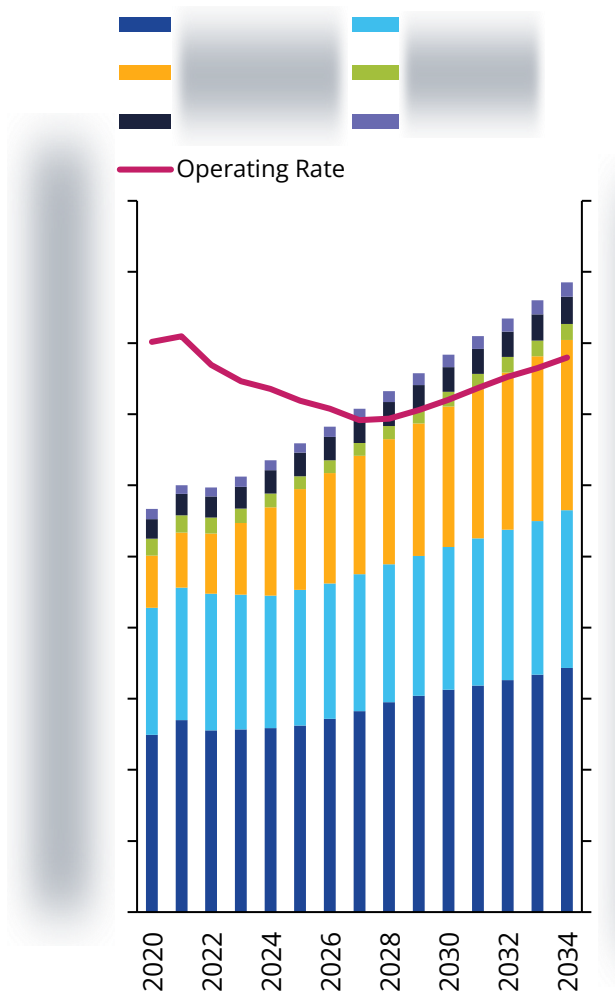
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Global propylene overview

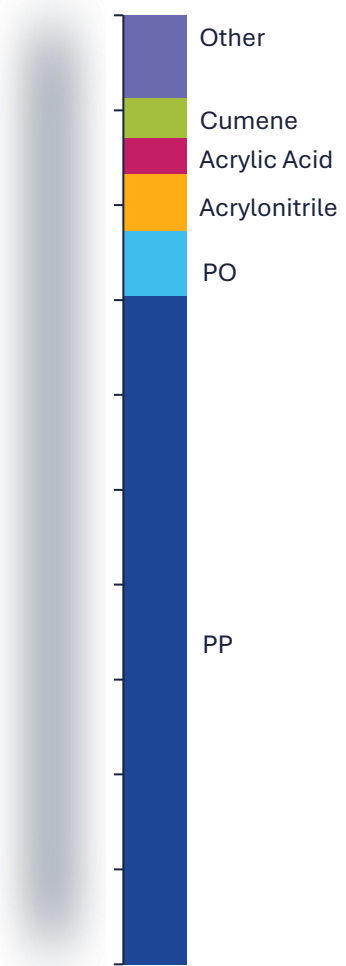
Global operating rates expected to run as low as [redacted] before a recovery later in the forecast.

Supply	<ul style="list-style-type: none"> From 2020 to 2024, global average production was at [redacted]. Argus expects production to reach [redacted]. All regions have seen a significant operating rate reduction owing to the combination of lower demand against above average annual capacity additions. Eventually, new capacity will be absorbed and there will be significant rationalisation, but this will take time. Economic recovery and stable conditions are required to grow demand.
Demand	<ul style="list-style-type: none"> Demand growth is expected to start [redacted]. Polypropylene remains the largest consumer of propylene, accounting for [redacted] consumption, followed by propylene oxide [redacted] and acrylonitrile [redacted]. Demand projections are lower than historical growth so it will take longer for the market to rebalance. Consumer confidence remains poor but should improve as economic conditions recover. Recycling and carbon reduction removes some incremental demand.
Operating Rate (%)	<ul style="list-style-type: none"> The global average operating rate has been steadily falling since 2021, [redacted] 2024. This is expected [redacted]. A recovery is expected in the second half of the forecast, with rates reaching [redacted] by 2034. Low operating rates will put pressure on [redacted].
Trade	<ul style="list-style-type: none"> Global traded volumes have decreased [redacted]. Exports are due to [redacted] meaning countries are more self-sufficient. As downstream demand catches up in 2029-34 exports [redacted] average [redacted].

Propylene Supply and Operating Rate



2025 Propylene Consumption by Derivative

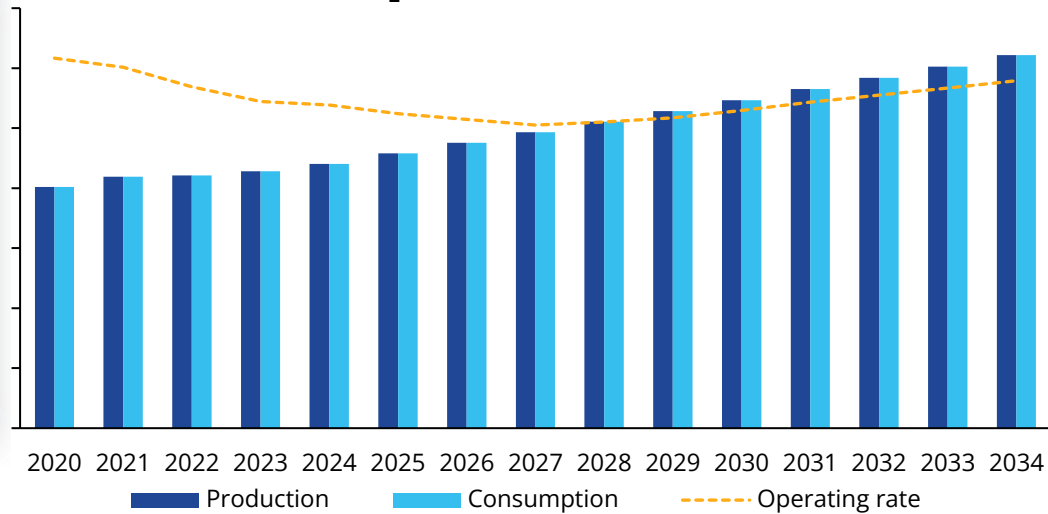


Source: Argus Media

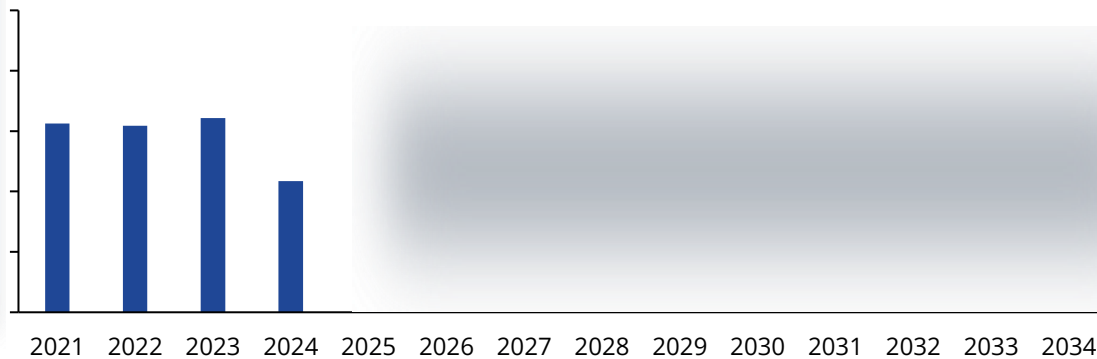
Global supply-demand

China global capacity share will increase to [redacted] by 2034.

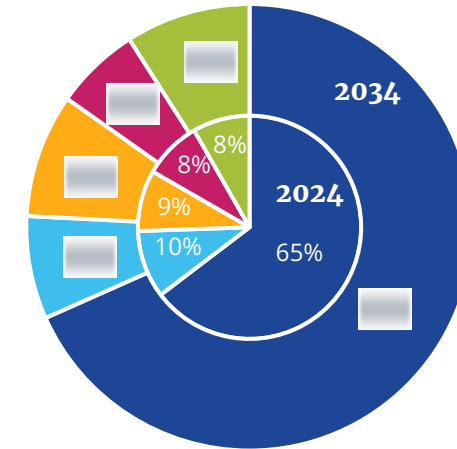
Global production statistics



Global capacity year-on-year changes



Global capacity shift

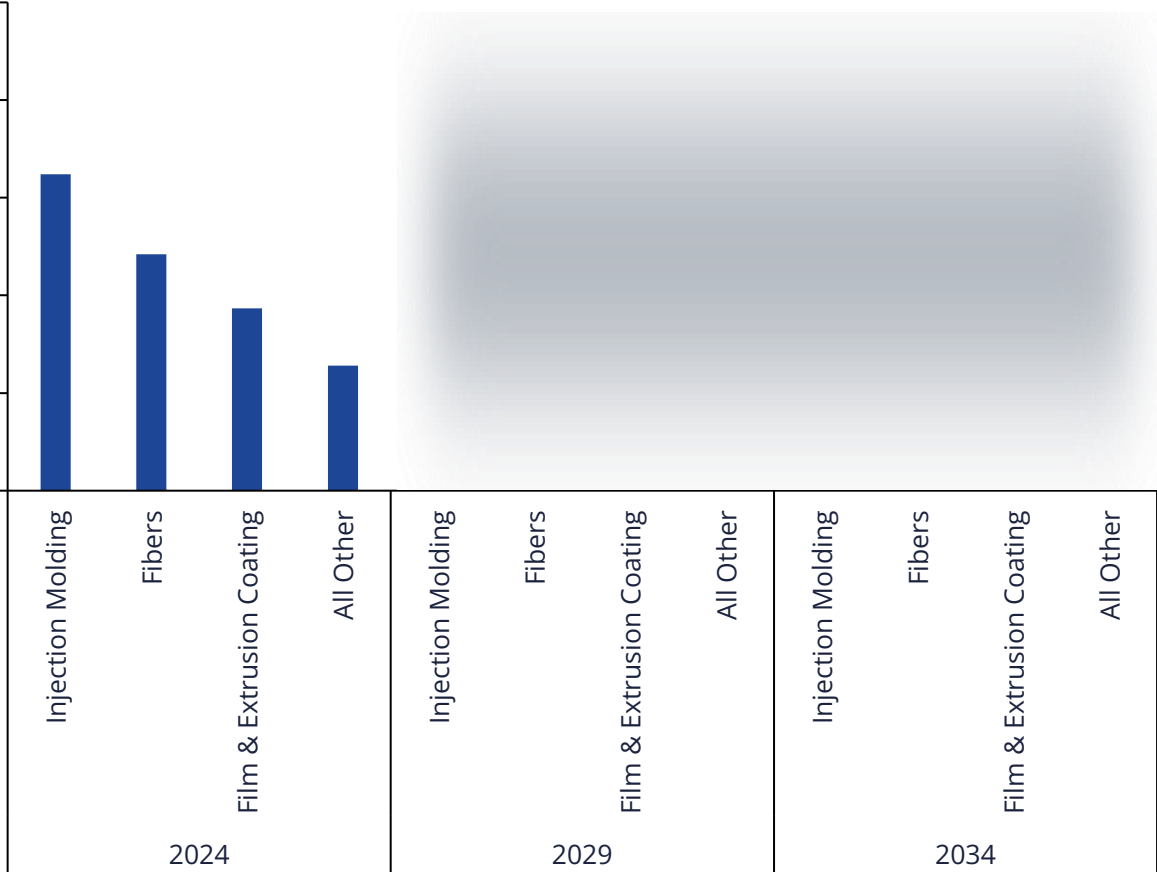


- New capacity additions are moving forward but the overall glut will take many years to be absorbed by demand growth. But this increase in capacity, particularly in China, would suggest that older and smaller PP plants could be rationalized to help rebalance supply with demand. There are close to [redacted]
- Markets are managed on a local level with import/export trading activities [redacted]. There are certain situations such as high energy costs that may impact one region versus another (Europe for example) which may create demand for lower cost PP imports.

Global polypropylene demand by process

Global PP demand increases [redacted] – 2034 vs 2024.

PP global market growth 2024-2034



- Fiber demand expected to [redacted] 2034 with a total volume of [redacted]
- Injection molding is expected to [redacted] by 2034 with a total volume of [redacted]
- Film and extrusion coating expected to [redacted] demand in 2034 estimated at [redacted]
- All other applications expected to [redacted] demand in 2034 estimated at [redacted]



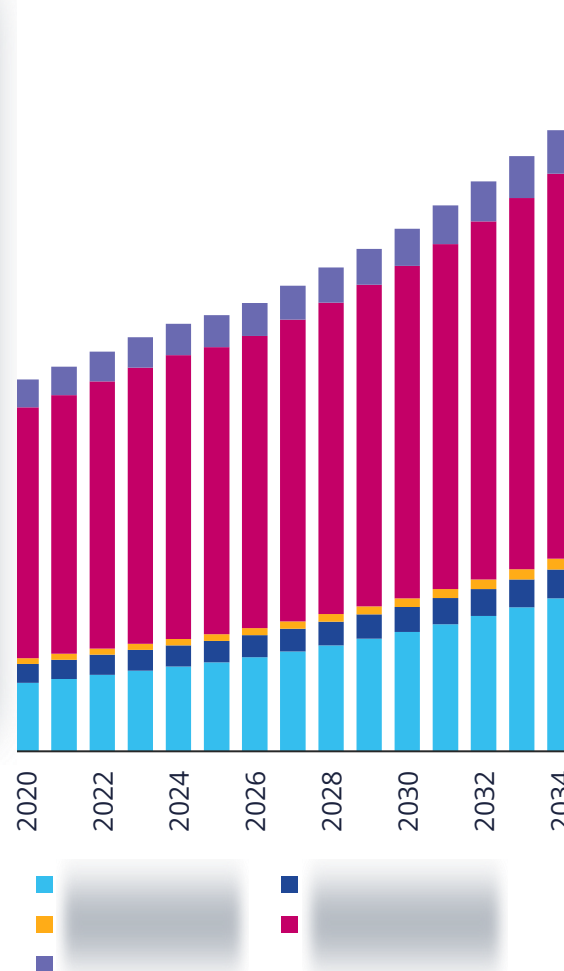
% shows the growth rate between 2034 and 2024
Source: Townsend, Argus Media

Introducing recycled polypropylene to analytics

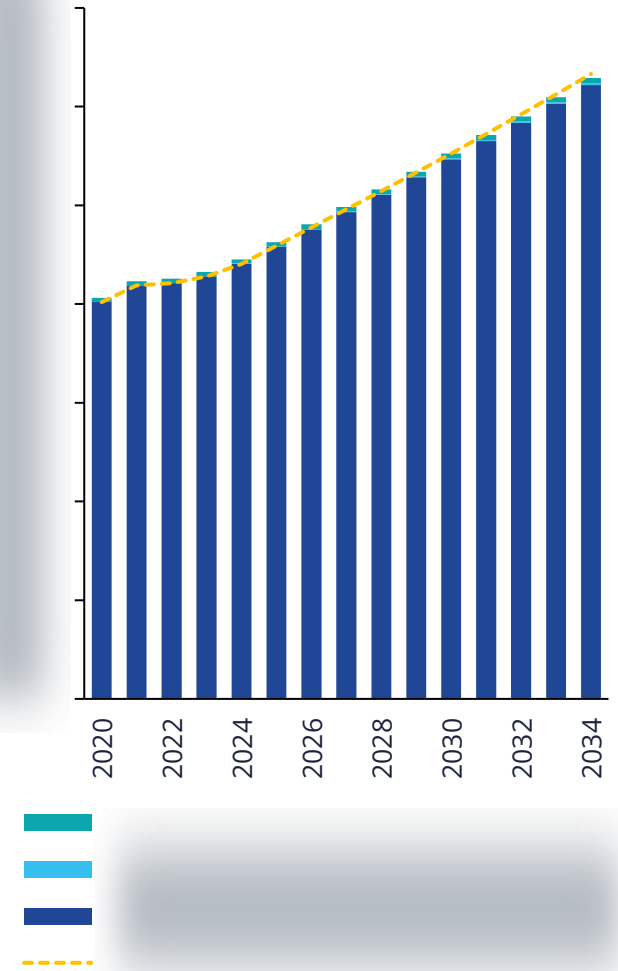
Argus forecasts virgin PP demand losses to substitution by recycled material and to plastics consumption reduction, driven by sustainability regulation.

- Argus Polypropylene Analytics is a virgin supply-demand balance, meaning that historical and forecast data reflects the virgin PP market. Nevertheless, the impact of the recycled PP market and sustainability legislation on virgin PP demand has been considered for the forecast at regional level.
- Substitution of PP by rPP is where recycled material directly replaces virgin material on the market, for instance where plastic packaging, typically derived from virgin PP, has recycled content.
- Supplemental demand of PP by rPP is where recycled material is consumed for applications that are not typically fulfilled by virgin material, such as road furniture. It can also account for the additional demand, above the virgin PP demand forecast, that has been generated for rPP by the green economy as consumers and brands move towards more sustainable applications.
- Sustainability regulation that gives rise to reduced plastic consumption. such as single use plastics directives, The demand loss in the forecast is small, because most regions already have in place some form of single use plastic legislation, such as the 2008 ban of free plastic bags at grocery stores in China, or the EU Single Use Plastics Directive of 2021. The products covered are often relatively small-volume items, such as drinking straws, or can be replaced by other polymer products, such as long-life shopping bags replacing single-use. This means most of these losses to virgin demand have already been absorbed by the market and factored into the GDP-driven forecasts of PP demand.
- However, Several country and regional level mandates for recycled content in plastic packaging, alongside brand commitments, come in to force in the second half of the decade. These include India's amended Plastic Waste Management Rules, under which packaging manufacturers/sellers must track their recycled content against targets from this year, and the EU's PPWR which will mandate recycled content in most plastic packaging from 2030.

rPP Production by Region



Global PP and rPP demand



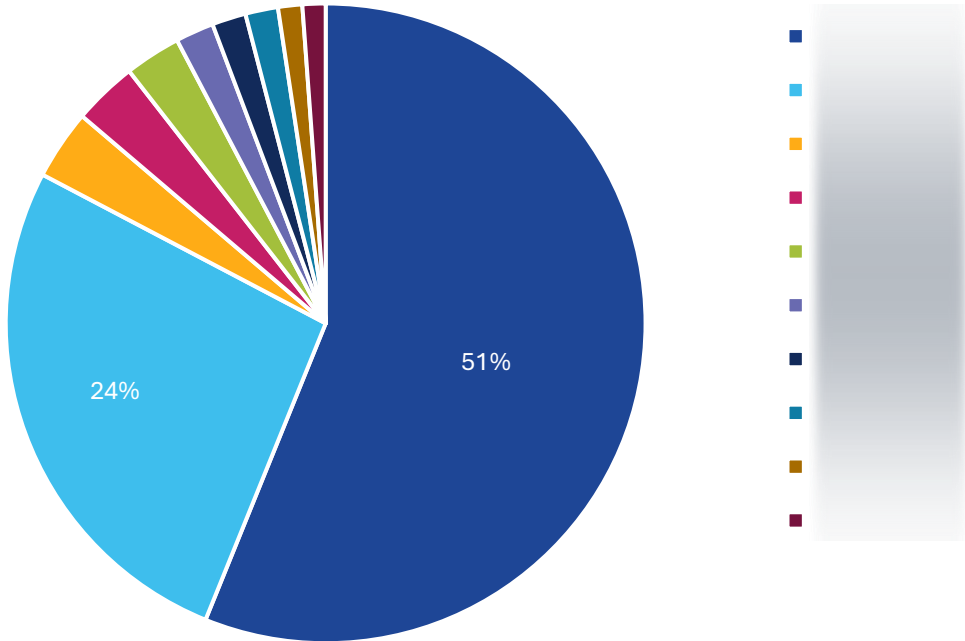
Source: Argus Media



For more recycled polymer information, please see [Argus Recycled Polymers](#).

PP tariffs impact – trade patterns for PP in 2024

2024 US PP Exports
Top 10 Export Countries



- US exported ██████ in 2024.
- Canada and Mexico imported ██████ of total PP exports from the US in 2024.
- The other eight countries imported ██████ of the total PP exports from the US.

Country	China Exports
Vietnam	██████████
Indonesia	██████████
Peru	██████████
Brazil	██████████
Bangladesh	██████████
Thailand	██████████
India	██████████
Philippines	██████████
Pakistan	██████████
Kenya	██████████

- China PP exported ██████ in 2024.
- Top 10 export countries consumed ██████ of total China exports.
- LATAM countries ██████ in volume.

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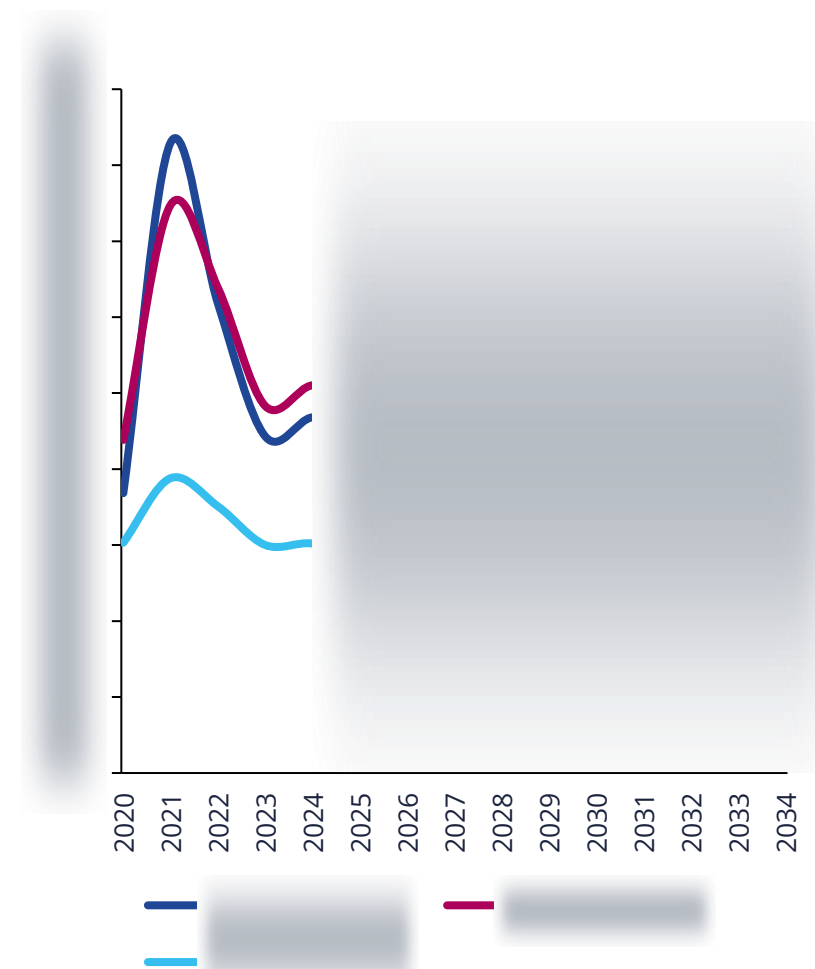
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Polypropylene 10-year price outlook

China exports will set global prices as they expand global trade alliances outside of SEA.

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">North America</p>	<p>Global trade will have a greater impact on domestic prices.</p> <ul style="list-style-type: none"> North American polypropylene prices will be volatile for 1-2 years. Propylene prices will remain high post-2029, given the lack of new on-purpose production and some speculative refinery rationalization.
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Western Europe</p>	<p>Strategies will shift as economics are not competitive with global supply.</p> <ul style="list-style-type: none"> European producers are focused on controlling stocks as economic uncertainty stems demand. We expect demand to remain low. Reduced propylene supply will follow recent and announced cracker closures, together with reduced refinery supplies. Europe will continue to rely on imports.
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Northeast Asia</p>	<p>The PP market will face pressure from another capacity expansion wave in 2025-2028.</p> <ul style="list-style-type: none"> Expanding PP capacity through 2028 continues to outweigh regional demand growth, weighing on prices and operating rates. Uncertainty also came from the impact of trade tariff on downstream finished goods, which could shift the trade pattern and lead to price volatility.

Global polypropylene prices



Note: 10-year price forecasts in analytics are based on an energy forecast derived at the start of March 2025. Many of these markets are subject to extensive short-term price volatility and the elapsed time since the energy forecast was produced may have seen real changes in market prices. But our assumptions around spreads – raw material to product – and inter-regional comparisons should remain valid.

Source: Argus Media

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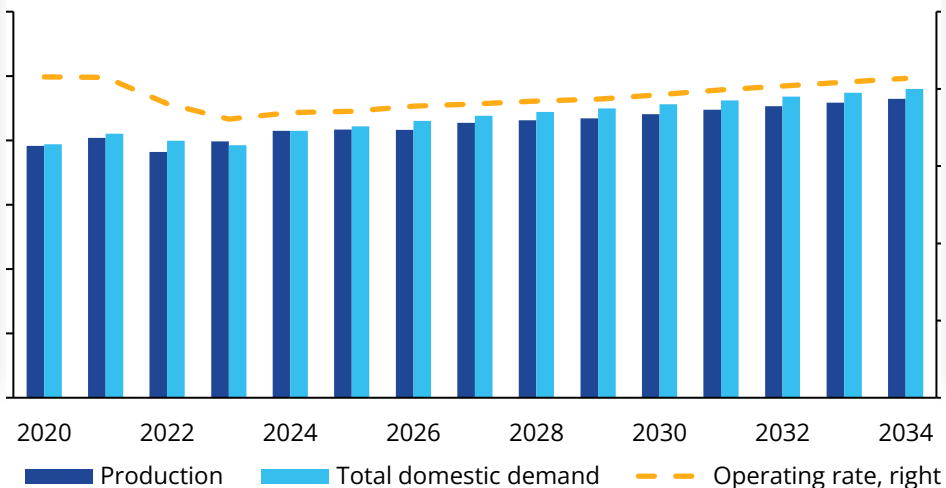
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North America: Key updates

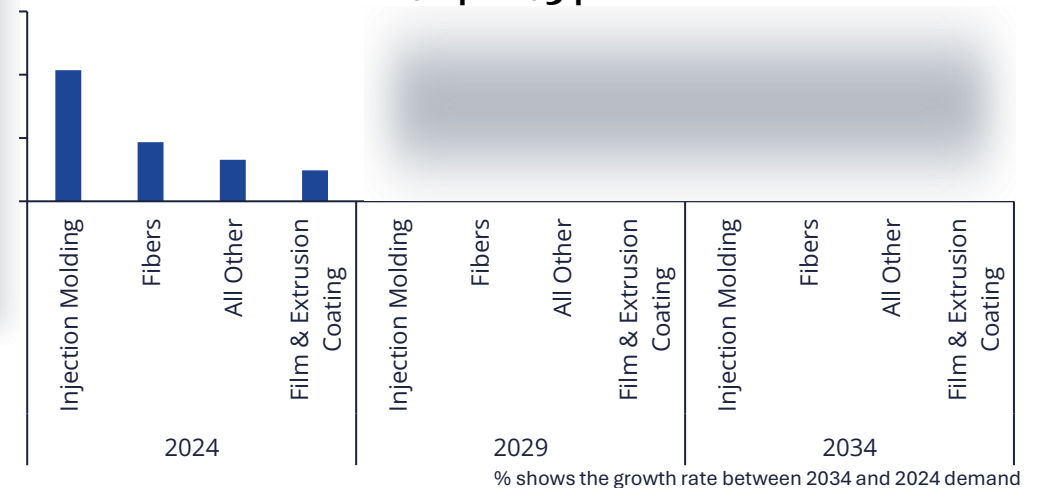
Operating rates rebound

Key market changes			
 Supply	<p>Production to remain steady, with producers believed to be balancing run rates with demand. Operating rates are expected to range in [redacted].</p> <p>Propylene supply continues to be negatively impacted by the closure of LyondellBasell's [redacted] Houston, Texas refinery resulting in [redacted] of propylene supply.</p>	 Demand	<p>PP market's strength is closely tied to GDP, and many market participants are concerned about the economy's underlying health.</p> <p>Import tariffs could lead to some improved domestic demand in the US, as American buyers turn to local suppliers to avoid the new tariffs. Much of the material brought in from South Korea is tied to specific automotive applications, and it may take time for converters to find domestic alternatives.</p>
		 Trade	<p>The absence of tariffs on Canadian and Mexican imports could trigger further demand in the PP market now that trade appears poised to return to more normal conditions.</p> <p>PP imports [redacted] will increase as US domestic production economics become less competitive, with no PP plant investments expected.</p>

Production statistics



NA PP market growth 2024 - 2034

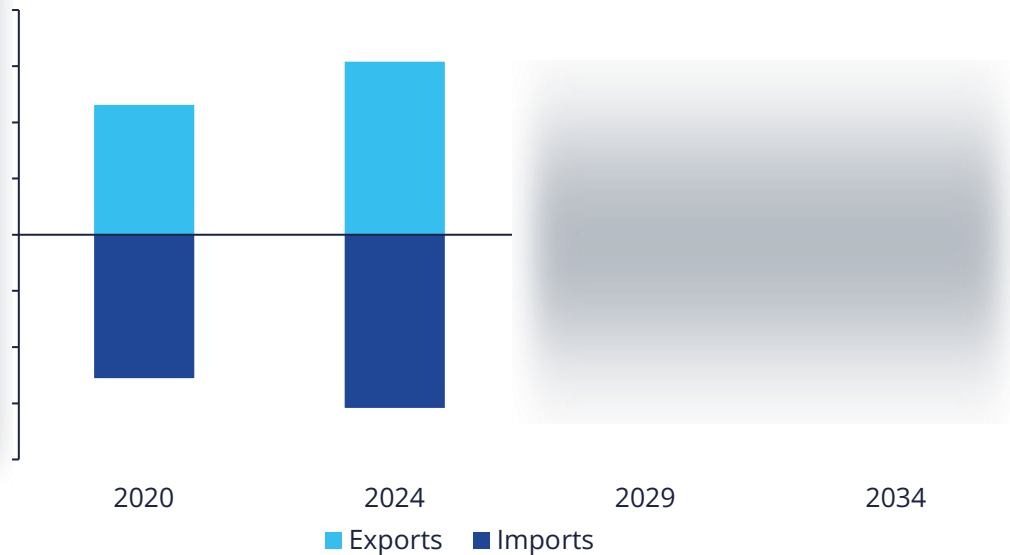


North America: Supply and trade

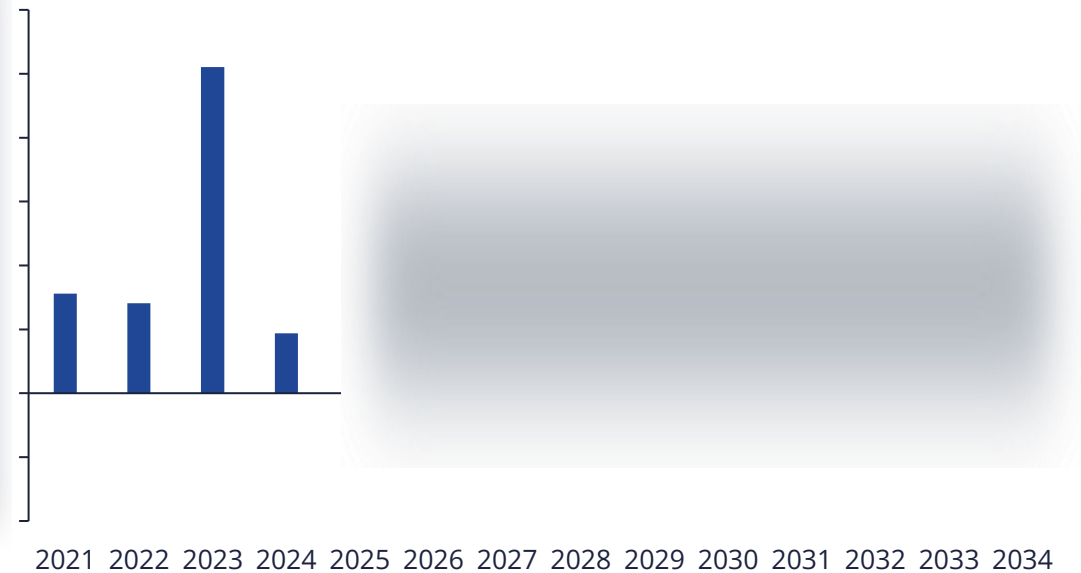
Polypropylene oversupply to continue despite rationalization.

- The US and Mexico will likely continue on an intra-regional trade basis as the majority of PP resin is consumed on a bulk rail car basis with limited bag handling capabilities.
- There will be some plant
- There will be some shifting of trade in

Export / Import trade activity



Capacity year-on-year changes



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terry.glass@argusmedia.com

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.



sarah.rae@argusmedia.com

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.



craig.fisher@argusmedia.com

Craig Fisher Lead consultant, Propylene

Craig is a member of the *Argus Media* olefins team, focusing on propylene and associated derivatives. He contributes to the monthly Olefins Outlook report, the biannual Propylene Analytics report, and provides support to both internal stakeholders and external clients. Craig has nearly 25 years' experience in the petrochemical industry including roles with producers and consultants. The variety of products covered in his career include polymers, olefins, aromatics, asphalt, methanol, inorganics, OXO Alcohols, and electricity.



utkarsh.mishra@argusmedia.com

Utkarsh Mishra Lead Olefins consultant - Asia

Utkarsh is working as lead consultant for Olefins-Asia based in *Argus'* Mumbai office. He is a chemical engineer with over 13 years of enriching and diverse experience in operations, technology, process design, technical services and modelling and simulation across refinery and petrochemicals value chain during his previous roles at Reliance Industries Limited and Honeywell UOP.



terezinhamiranda@argusmedia.com

Terezinha Miranda Consultant

Terezinha is a consultant for olefins and polyolefins in South America. Before joining *Argus*, she spent 18 years in the Brazilian petrochemical industry working as the leader of Market Intelligence at the Commercial Area of Copene-Companhia Petroquímica do Nordeste SA and Braskem SA. She holds a BS chemistry degree from the Federal University of Rio de Janeiro (UFRJ) and a Petrochemical Business Management degree from the Federal University of Bahia (UFBA).



simon.sheppard@argusmedia.com

Simon Sheppard Analyst, Petrochemicals

Simon is an analyst in the London consulting office focusing on hydrocarbon resins and olefins. He holds an MSc in Chemistry from the University of Manchester. Before joining *Argus*, he worked as a chemical emergency responder for the National Chemical Emergency Centre.



elizabeth.zhang@argusmedia.com

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.



dhanish.kalayarasu@argusmedia.com

Dhanish Kalayarasu Manager - Chemicals

Dhanish is a deputy analyst manager in the London consulting office, mainly focusing on olefins, polyolefins and chlor alkali. He got his undergraduate degree in chemical engineering and a MSc in finance analytics. His experience includes roles working in power generation, project management, agriculture and analytics. He also spent time at an edible oil refinery in operations and managing projects with high pressure biomass boilers, steam turbines, water treatment, and fuel management.

Appendix: Polypropylene analytics methodology

Period presented

The biannual period for this study is the years 2020-2024, and forecast data for 2025-2034, inclusive.

Analysis and forecasting

The analytics service contains detailed information such as capacities, production, demand and trade for most producing and consuming countries in the world. Demand forecasts are based on relationships to derivative and end-use consumption trends and expected country-by-country economic growth projections. *Argus* uses data, market opinions and views on market trends to develop the medium-term supply and demand and corresponding price and margin forecasts. When appropriate, *Argus* makes adjustments to published data, for example trade data reported by countries or government-reported statistics. Although data gathering is essential to understanding the polypropylene market's history and potential future trends, *Argus* believes the interpretation of this data is the most valuable part of this analysis.

Weights, currencies and percentages

Unless explicitly stated, all weights are given in metric tonnes and all references to dollars are in US dollars. Currency conversions have been made either at a current or relevant historical exchange rate, as required by the context. Numbers may be rounded. This means that table totals may differ from the sum of the individual figures, and percentages may sometimes appear not to total exactly 100pc.

Your feedback is welcome

Argus thanks our valuable clients and contacts for sharing opinions and expertise during the compilation process. Data verification is the cornerstone of to the quality of the analysis, and the input received from global market participants is critical to arriving at logical and realistic conclusions. It is important that this product meets client's expectations, and we encourage feedback to ensure continuous improvement. If additional company-specific or more detailed long-term analysis is desired regarding polypropylene or other petrochemicals, please contact the *Argus* team.

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Registered office

Lacon House, 84 Theobald's Road, London, WC1X 8NL
Tel: +44 20 7780 4200
Email: Sales@argusmedia.com

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Chief commercial manager

Jo Loudiadis

President, Expansion sectors

Christopher Flook

SVP Chemicals

Chuck Venezia

Customer support and sales

support@argusmedia.com

sales@argusmedia.com

London, UK Tel: +44 20 7780 4200

Houston, US Tel: +1 713 968 0000

Singapore Tel: +65 6496 9966