



S&P Global H2 Chemicals Market Overview and Outlook

**Insights into ABS, Polypropylene, Nylon, and Oxo Alcohol Markets:
Trends & Challenges**

ABS Market: What trends are shaping the ABS market?

Polypropylene: How is the polypropylene supply-demand landscape changing?

Nylon: What's driving oversupply in the nylon market?

Oxo Alcohol: How are tariffs impacting the oxo alcohol market?

S&P Global

Commodity Insights

High-Performance Plastics

Global ABS: Weak Demand Drives Sluggish H2 2025

Persistently low downstream demand (automotive, appliances) dampens outlook worldwide.

Europe

1. Automotive slump

The flat automotive sector keeps ABS demand stagnant, with no signs of recovery.

2. Weak construction & appliances

Low consumer confidence also drags down building and home-appliance markets.

3. Geopolitical & tariff drag

Uncertainty and spot-price cuts haven't spurred new buying.

4. Import competition

East Asian ABS undercuts local prices by nearly \$400/mt, despite EU antidumping probes.

United States

1. Auto demand still low

Vehicle sector runs about 5% below normal, limiting ABS growth.

2. Other end-use support

Construction and appliance markets provide modest, steady demand.

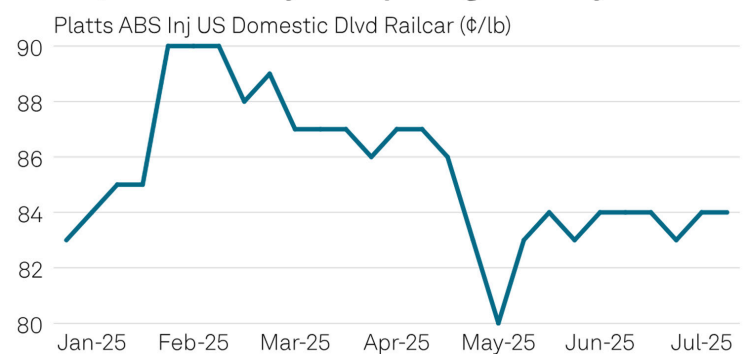
3. Price drop from styrene glut

ABS fell ~10% (87¢→80¢/lb) in April–May as styrene oversupply hit.

4. Recovery tied to oil volatility

Middle East tensions could raise benzene/styrene costs, but real rebound likely in 2026.

US ABS, stuck at early 2025 pricing levels by end of 1H



Source: S&P Global Commodity Insights

Asia

5. Automotive & toys steady

Car manufacturing and toy production offer minor price support.

6. Home-appliance downturn

Off-season production and high U.S. tariffs weigh heavily on demand.

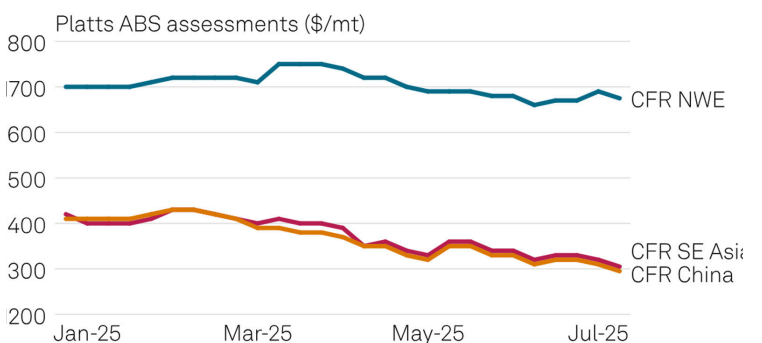
7. H1 price slide

CFR China ABS fell \$115/mt (from \$1,410 to \$1,295) in the first half of 2025.

8. Tariffs & subsidy limits

Further U.S.–China trade actions and waning subsidies leave little hope for a H2 uptick.

Asian prices keep competitive pricing below Europe over H1 2025



Source: S&P Global Commodity Insights

Key Takeaway: Global ABS faces headwinds from poor automotive/appliance demand and tariff pressures. Europe and Asia see import competition; US eyes upstream cost risks. No significant H2 recovery expected.

Asian exports of BPA, epoxy resins, and polycarbonate surge as additional capacity looms

Global Outlook: Asian Supply Surge, Weak Demand

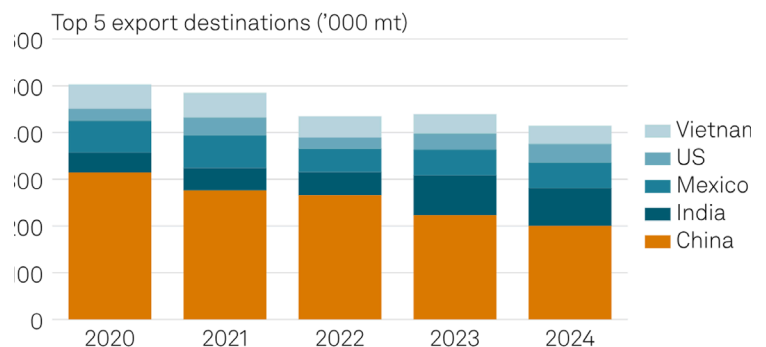
- **Asia drives oversupply:** Massive new Chinese capacity (BPA, epoxy resins, polycarbonate) floods global markets, lowering prices.
- **Prices hit lows:** Record-low polycarbonate prices in Europe; China's BPA at multi-year lows.
- **Demand remains sluggish:** Construction and automotive sectors weak worldwide.

Regional Snapshots:

1. Asia (Export Engine):

- **China's expansions:** Significant new BPA (+180k mt already, +240k mt coming) and epoxy resin capacity reduces import needs, boosts exports.
- **Prices plummet:** Asian BPA prices at lows; exporters seek new markets (Europe, India).
- **Outlook bleak:** Producers face oversupply and tariff headwinds.

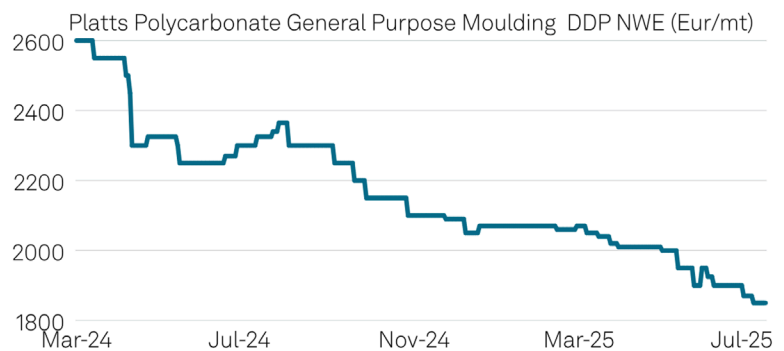
South Korea polycarbonate exports to China shrink



Source: South Korea Customs

2. Europe (Import Pressure & Price Slump): European polycarbonate prices slide to all-time low

- **Prices crash:** Polycarbonate hits record lows; BPA/epoxy also down. Weak construction (-1.6%) and automotive demand.
- **Asian imports dominate:** Korean BPA fills ~80% of the market.
- **Epoxy resins:** Brief price surge after duties faded; seasonal coatings demand missing.



Source: S&P Global Commodity Insights

3. Americas (Stable but Soft):

- **Epoxy demand stable/slightly down:** Cautious buying in construction/auto. Minimal impact from new tariffs on Asian imports (Korea remains 46% of US supply).
- **Construction slump:** Limits BPA/polycarbonate/epoxy consumption. No near-term recovery expected.

4. India (Q4 Hope):

- **Monsoon lull:** Weak BPA/epoxy demand during rainy season (construction/paint slowdown).
- **Post-monsoon recovery expected:** Anticipated demand surge in Q4 for festive season/construction.

Key Takeaway: Asian capacity expansions create global oversupply and record-low prices for BPA, epoxy resins, and polycarbonate. Weak downstream demand (especially construction/auto) persists worldwide, with only India anticipating a significant H2 recovery (post-monsoon).

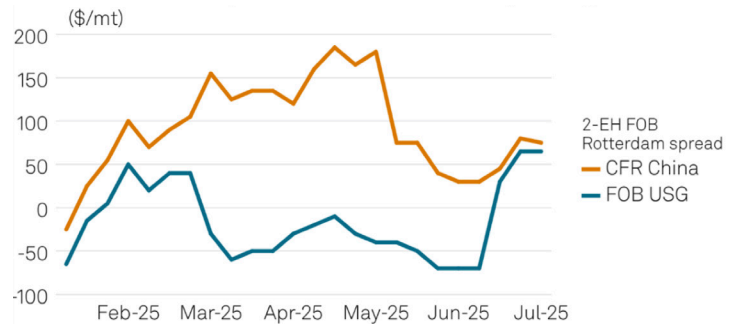
H2 chemicals report

Feedstocks & Derivatives

Oxo alcohol markets brace for demand, tariff challenges US market

- **Demand Weak:** Construction and automotive sectors struggle (due to politics/trade issues), limiting demand for oxo alcohols (like 2-EH) and plasticizers (like DINP, DOTP).
- **Seasonal Slump:** Weak seasonal demand keeps supply long, preventing price hikes.
- **Price Focus:** Aggressive pricing dominates US and export markets.
- **Tariff Impact:** New tariffs on Malaysian, Polish, Taiwanese, and Turkish DOTP imports haven't significantly tightened the US market due to weak demand and long supply.
- **Stalled Recovery:** Depressed demand persists. If no pickup by August/September, market stagnation ("rollover") is likely until December.

US becomes competitive with Asia in exporting 2-EH

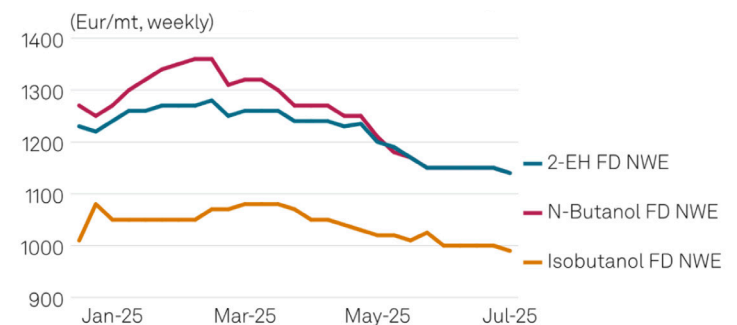


Source: S&P Global Commodity Insights

European Market:

- **Flat Outlook:** Most expect stagnant demand in H2 2025. Hopes rest on a September demand boost for 2026.
- **Weak Sectors:** Automotive and construction spending remains low, hurting oxo alcohol derivatives.
- **Price Drops:** Significant price declines occurred for n-butanol and 2-EH since early 2025.
- **Import Pressure:** Downstream markets (acrylates, plasticizers, fuel additives) face fierce competition from cheaper Asian imports, reducing oxo alcohol demand.
- **Competitiveness Lost:** Europe is the highest-priced global market, attracting imports. Its 2-EH exports to Turkey collapsed in Q2 2025 as cheaper US/Asian material replaced it.
- **2026 Focus:** Oversupply and import pressure continue. Many now look to 2026 for improvement, not late 2025.

Oxo alcohol pricing downtrend in Europe



Source: S&P Global Commodity Insights

Key Takeaway: Expect stable oxo alcohol prices in both regions for the rest of 2025 due to weak demand, ample supply, and competitive pressures.

Weak fundamentals, tariff uncertainty cloud ethylene glycols picture

Asia:

- **Buyers Hesitant:** Asian MEG imports fell sharply (-40.3% MoM in May) due to uncertainty over US tariffs.
- **Supply Shifts:** Imports from Taiwan rose, possibly filling gaps if US flows drop. Supply from South Korea/Japan may fall due to production issues.
- **China Weak:** Domestic operating rates stay low (<70%) as polyester/PET demand remains sluggish.

2025 US-origin Imports into Asia

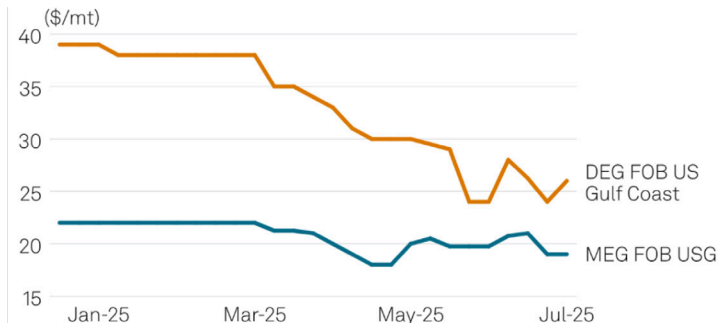
Month	Import volume (mt)
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Source: S&P Global Commodity Insights

Americas:

- **Surplus Expected:** Healthy US production + loss of China export market (due to tariffs) will lengthen the market in H2 2025.
- **Exports Shifted:** “Zero” spot MEG to China since April. Exports rerouted to India, Turkey, etc., but can’t replace China’s volume (India takes ~50% of pre-tariff China volume).
- **Pricing Mixed:** US MEG prices stayed buoyant (supported by tight China stocks), but DEG prices weakened on poor construction/durables demand. Discounts to Asia widened (\$85-90/mt in July).
- **Outlook:** US discounts to Asia could hit “triple digits” by Q4 unless outages occur or China returns.

DEG spot prices trend down as US production ramps up



Source: S&P Global Commodity Insights

Europe:

- **Weak Fundamentals:** Ample supply and poor spot demand persist. Upstream ethylene capacity rationalization and tariff uncertainty hurt sentiment.
- **Import Reliance:** Europe depends on imports, which will continue shaping supply.
- **Structural Challenges:** High costs vs. global competitors pressure the market. Spot demand outlook for H2 2025 remains bleak.

Key Takeaway: Global ethylene glycols markets face oversupply and shifting trade flows due to US-China tariffs and weak demand. Prices face downward pressure (especially DEG), with significant regional variations.

Global weakness in ethylene markets anticipated amid oversupply

Europe: Shutting Down

- Pessimism persists. Weak demand expected through 2025.
- H1 low cracker runs weren't enough; more capacity closures planned (total 6 crackers 2024-2027).
- Ethylene derivatives struggle vs. imports. Downstream closures possible. "Demand is really disappointing" (Producer).

Asia: Adding Capacity

- New supply coming online from major H2 2025 cracker startups:
- ExxonMobil China: 1.6 million mt/year
- Wanhua Chemical China (retrofit): 1.2 million mt/year (from 1m)
- BASF China: 1 million mt/year
- PT Lotte Indonesia: 1 million mt/year
- Despite this, weak downstream demand (PE, MEG, SM) will likely keep operating rates below capacity.

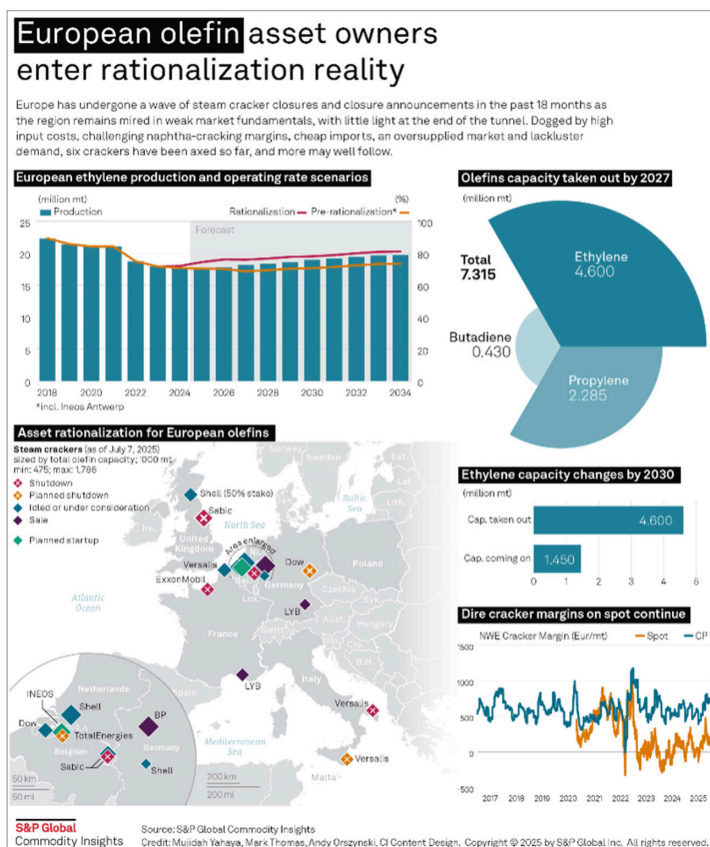
US: Weak Demand, Volatile Prices

- Spot prices dropped 39% in H1 2025 despite turnarounds, due to weak demand and tariff uncertainty.
- Downstream demand (e.g., construction) remains weak, no significant H2 pickup expected.

Exports to Europe offer relief:

- Expected to increase due to European closures and lower freight.
- Ethane export restart lifted feedstock prices, but ethylene prices rose faster, improving margins slightly in July.

Key Takeaway: Europe shrinks capacity amid persistent weak demand. Asia adds significant new supply despite current soft markets. The US battles weak domestic demand but finds some support in exports and improved margins.



Polyolefins & Recycling

Global polypropylene supply growth and trade uncertainty curb recovery hopes

Americas Market

- **Domestic Demand Slump:** Weak PP and propylene demand despite slight monomer price increase (June: 38.5¢/lb).

Export Challenges:

- Producers eye exports but face cheap Asian PP competition.
- Trade policy paralysis: “People scared to place orders until tariffs final”.

South America Struggles:

- Oversupply and import competition dominate.
- Buyers only purchasing near-term needs.

Brazil Spotlight: Imports from China/Egypt gain share as Braskem struggles to match prices.

Asia Market

Stable Prices, Oversupply: Feedstock cost rises offset by new capacity (1-3M mt by late 2025).

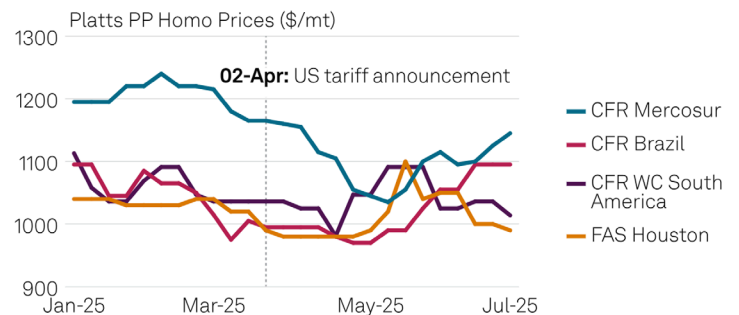
Recovery Delayed: Market balance not expected until 2027.

South Asia Dynamics

- Pre-monsoon stockpiling leaves buyers overstocked.
- **India’s Oct 24 Deadline:** Quality order may restrict Chinese PP imports.

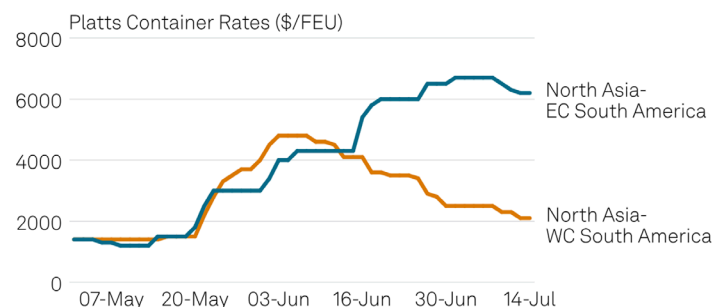
Limited Seasonal Lift: Festive/harvest demand may slightly boost consumption but keep prices rangebound.

PP prices in the Americas had deep downturn after April 2



Source: S&P Global Commodity Insights

Freight costs from Asia to South America veer apart



Source: S&P Global Commodity Insights

Europe Market

Demand Crisis: Construction/auto slowdowns crush prices:

- **PP down 15%** (Feb: €1,210/mt → May: €1,030/mt).

Rationalization Accelerates:

- Crackers closing (Versalis, SABIC, Dow).
- LyondellBasell selling European assets.
- “Survival mode” amid uncompetitive production costs.

Export Collapse: US tariffs reduce European car exports, rippling through domestic PP demand.

Limited Bright Spots: German defense stimulus supports packaging but can’t offset structural issues.

Key Takeaway: Oversupply and weak demand persist globally: Europe’s crisis deepens, Asia adds capacity, Americas battle imports. Trade uncertainty freezes activity.

Flat outlook across global recycled polyolefins, styrenics

Highlights:

Sustainability Pledges Fade: Brands (Coca-Cola, Walmart, Unilever) scale back recyclable packaging targets.

Virgin Plastic Competition: Cost-competitive alternatives undermine recycled polymer demand.

Asian Feedstock Shortages: Import restrictions cripple scrap plastic supply.

Europe: R-PE Market Split

R-HDPE Weakness

- Prices slump due to reversed brand commitments and low demand (cosmetics/gifting sectors weak).
- “Brands left the sustainability game” (Recycler).

R-LDPE Strength

- Feedstock shortages + strong film industry demand support prices.
- “Prices would be higher if not for destocking” (Recycler).

PP/PS/ABS Flatlined

- R-PP: No H2 demand surge expected; gardening/auto/construction sectors weak.
- R-PS/R-ABS: Early electronics/household demand faded; construction slump persists.

US: R-PE Challenges Dominate

R-HDPE Downturn

- Post-consumer bale prices retreat from peak (\$1/lb → lower).
- Mixed-color bales pressured by missing agricultural demand.

R-LDPE Stability

- New Midwest capacity (bags/films) offsets soft plastic lumber demand.

Structural Barriers

- Voluntary commitments + no enforced laws + cheap virgin plastic hurt growth.

Asia: Supply Crisis Deepens

Feedstock Crunch

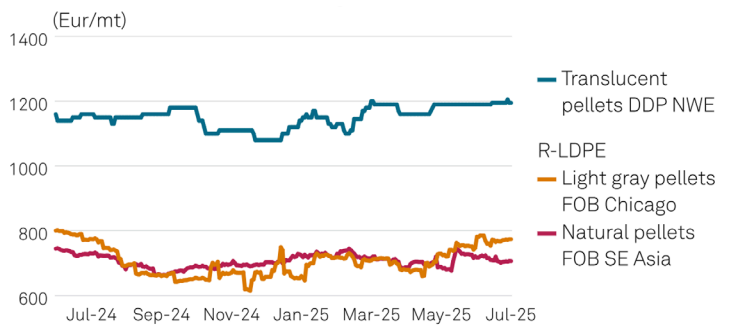
- Import restrictions: Thailand/Vietnam tighten controls; Malaysia intensifies inspections.
- Operations at 70% capacity due to material shortages.

Recycling Bottlenecks

- Poor domestic sorting/cleaning limits production.
- High GRS certification costs stall growth.

Key Takeaway: Weak brand commitments, virgin plastic competition, and Asian feedstock shortages suppress global recycled polymer demand. Europe’s R-LDPE is the sole bright spot.

R-LDPE pellets spot pricing H1 2025



Source: S&P Global Commodity Insights

Engineering Fibers

Global nylon market grapples with weak demand and oversupply

US: Automotive Slump Drives Weakness

Price Volatility

- “Prices can’t go lower but can’t rise much” (Source).
- Fluctuations driven by intermediates (cyclohexane, adipic acid, caprolactam).

Auto Sector Crisis

High interest rates crush new car demand → reduces nylon consumption.

No Near-Term Relief

- Recovery unlikely before September.
- **Aug 1 Deadline:** US tariffs cloud outlook.

China: Oversupply Worsens

Capacity Flood

- New plants add **220,000 mt/year** (Shanghai Jieda, PetroChina).
- Operating rates at **57-60%** amid structural glut.

Pricing Collapse

- Nylon-6 at multi-year lows; nylon-66 pressured.
- Export discounts fail to offset surplus.

Trade Threats

- EU anti-dumping ruling may block **1/3 of adipic acid exports**.
- “*Fivefold demand growth impossible*” (Buyer) vs. planned capacity.

Europe: Flat Demand, Niche Exceptions

Core Sectors Struggle

- Construction output **↓1.6% YoY**; auto demand weak.
- Chinese automakers double EU market share.

Specialized Hope

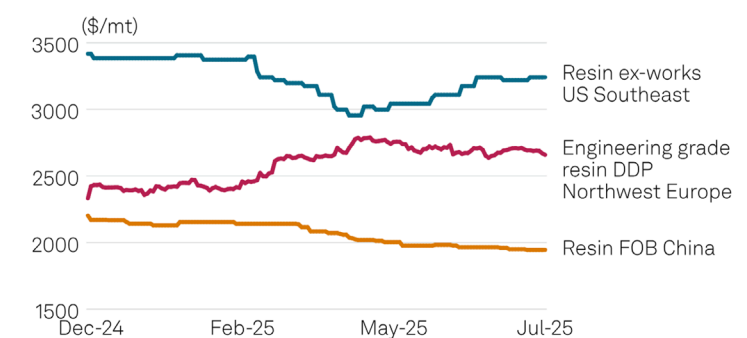
- 5G/AI connectors drive **5% of engineering resins** (sole bright spot).

Feedstocks Under Pressure

- • Caprolactam glut worsens (Hengyi’s new 600k mt/year plant).
- • Anti-dumping ruling on Chinese adipic acid expected Q3.

Key Takeaway: Global oversupply and weak demand persist. US auto slump, China’s capacity tsunami, and Europe’s flatlining consumption delay recovery until at least 2026. Tariff impacts (Aug 1 US, pending EU) remain critical unknowns.

Nylon-66 price dynamics across regions



Source: S&P Global Commodity Insights

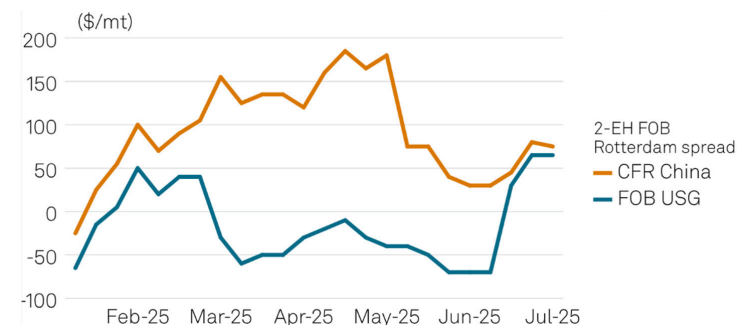
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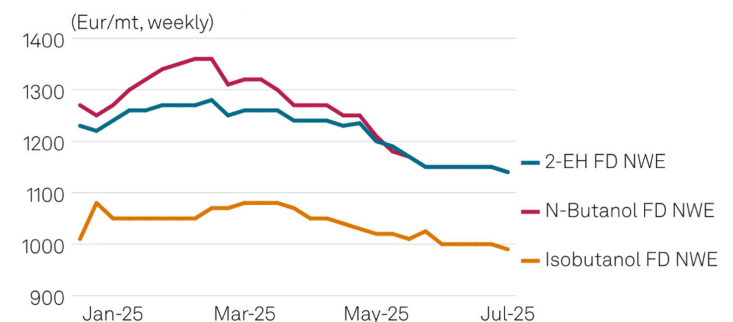


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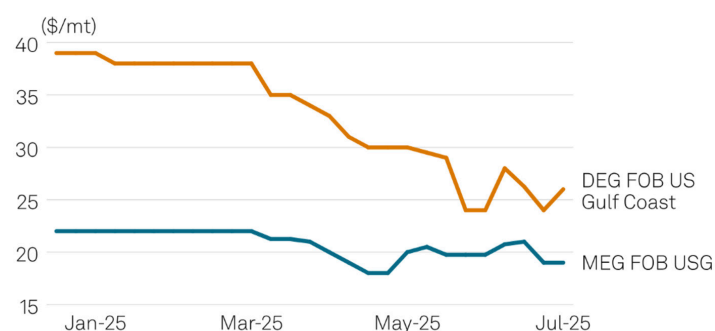
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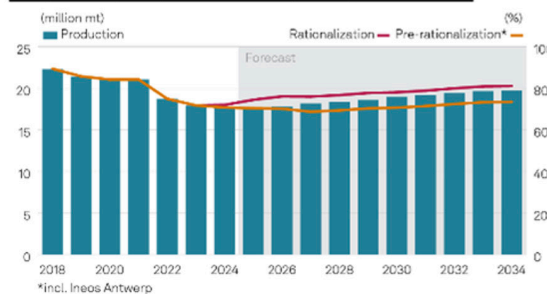
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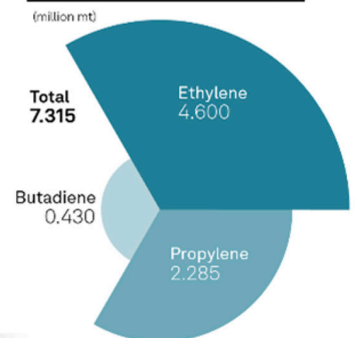
European olefin asset owners enter rationalization reality

Europe has undergone a wave of steam cracker closures and closure announcements in the past 18 months as the region remains mired in weak market fundamentals, with little light at the end of the tunnel. Dogged by high input costs, challenging naphtha-cracking margins, cheap imports, an oversupplied market and lackluster demand, six crackers have been axed so far, and more may well follow.

European ethylene production and operating rate scenarios



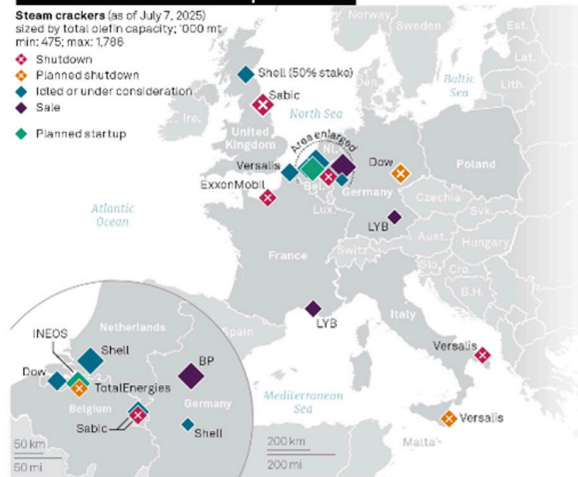
Olefins capacity taken out by 2027



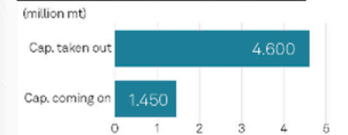
Asset rationalization for European olefins

Steam crackers (as of July 7, 2025) sized by total olefin capacity; '000 mt: min: 475; max: 1,798

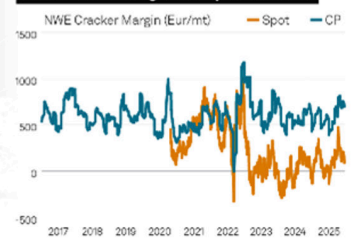
- ◆ Shutdown
- ◆ Planned shutdown
- ◆ Toted or under consideration
- ◆ Sale
- ◆ Planned startup



Ethylene capacity changes by 2030



Dire cracker margins on spot continue



S&P Global
Commodity Insights

Source: S&P Global Commodity Insights
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