August 2025

Oil & Petrochemicals Monthly Report
July 2025

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EDC, ammonia and DAP prices jumped in July, a further reduction in propane and butane prices for August by Aramco

- **Naphtha prices increased in July, while propane and butane reduced:** Naphtha prices rose 1.8% M/M to USD 580 per ton in July. Propane and butane prices decreased to USD 575 per ton and USD 545 per ton, respectively. Aramco cut the prices of propane and butane further for August to USD 520 per ton and USD 490 per ton, respectively.
- **Selected product prices showed a positive trend in July: EDC** prices surged 21.6% M/M to USD 225 per ton in July, as lower operating rates by some producers in Asia due to higher power costs and poor margins created supply concerns. **Ammonia** prices jumped 12.1% M/M to USD 325 per ton, driven by tighter supply from Egypt and Algeria owing to limited availability of natural gas and scheduled maintenance activities at some producers coupled increased demand from India. **DAP** prices increased 8.1% M/M to USD 800 per ton attributable to increased demand from Bangladesh and stable inventories in China suggesting tight supply situation. **MEG (Asia)** prices increased 5.9% M/M to USD 540 per ton owing to delay in import arrivals in China that led to a temporary decline in inventory. **Urea** prices gained 4.4% M/M to USD 475 per ton due to stronger demand from India and Ethiopia and drop in Iranian exports.
- **Petchem Spreads Trend:** PP-propane spread rose to USD 465 per ton in July from USD 426 per ton in June. PP-butane spread increased to USD 489 per ton in July from USD 450 per ton in June. HDPE-naphtha spread increased to USD 291 per ton in July from USD 263 per ton in June.

Early summer oil demand was partly offset by mounting supply pressures in July, prices remained impacted by oversupply concerns in August so far

- **Brent crude prices inched up in July:** In July, oil prices rose in the first half of the month, supported by strong summer demand, ongoing geopolitical concerns, and early-month draws in US inventories. Later, prices retreated, as rising OPEC+ output and fresh inventory builds in the US signaled improving supply. In August so far, prices have been weighed down by further OPEC+ increases, higher output from non-OPEC producers and softer demand. Brent rose by 1.0% M/M, while WTI fell 0.5% M/M in July, ending at USD 68.4/bbl and USD 65.2/bbl, respectively. Natural gas prices at Henry Hub dropped 16.8% M/M to USD 3.1/mn Btu.
- **Manufacturing activity slows in the US and China, Eurozone saw slowest contraction since mid-2022:** The US ISM manufacturing PMI slipped further into contraction at 48.0 from 49.0 in June, as weakening employment and faster supplier deliveries weighed on sentiments despite modest production gains. China's Caixin manufacturing PMI fell to 49.5 from 50.4 in June driven by sharply weaker export orders and a drop in production. Meanwhile, Eurozone HCOB manufacturing PMI inched up to 49.8 from 49.5, marking the slowest contraction since mid-2022.

Table 1: Petchem Prices – July FY25

Name	Price (USD per ton)	M/M %	Q/Q %	Y/Y %	YTD %
Naphtha	580	1.8%	0.0%	-15.3%	-10.1%
Saudi Propane	575	-4.2%	-6.5%	-0.9%	-9.4%
Saudi Butane	545	-4.4%	-9.9%	-3.5%	-13.5%
Ethylene	775	-1.9%	2.6%	-6.1%	-7.2%
Propylene-Asia	740	-0.7%	-5.7%	-13.5%	-9.8%
HDPE	875	0.6%	1.2%	-6.9%	-1.7%
LDPE	1,035	1.0%	-1.4%	-10.0%	-8.8%
LLDPE	855	-0.6%	-1.7%	-10.0%	-9.5%
PP-Asia	920	2.2%	0.0%	-1.1%	4.0%
Styrene-Asia	925	1.6%	5.1%	-15.9%	-9.3%
Polystyrene-Asia	1,080	0.0%	-4.8%	-13.6%	-10.7%
PET - Asia	770	-1.9%	5.5%	-14.9%	-3.1%
PVC-Asia	700	-2.8%	0.7%	-12.5%	-5.4%
MEG (Asia)	540	5.9%	12.5%	-0.9%	-0.9%
Methanol-China	280	-1.8%	7.7%	-3.4%	-9.7%
DAP-Gulf	800	8.1%	15.9%	34.5%	28.0%
Urea-Gulf	475	4.4%	23.4%	37.7%	33.8%
Ammonia-Gulf	325	12.1%	3.2%	-7.1%	-26.1%
MTBE-Asia	650	-1.5%	-4.4%	-20.2%	-8.5%
EDC	225	21.6%	21.6%	-34.8%	-21.1%
MEG (SABIC)	740	-5.1%	-2.6%	-7.5%	-5.1%
PC	1,535	-0.6%	-3.2%	-18.1%	-8.9%
Acetic Acid-AA	415	-2.4%	-5.7%	-11.7%	-4.6%
EVA	1,185	2.2%	-4.8%	3.0%	1.3%
Vinyl Acetate Monomer-VAM	790	1.9%	-3.7%	-1.3%	0.6%

Note: Prices as of July 27, 2025
Source: Argaam, Reuters Eikon, AlJazira Capital Research

Table 2: Economic Calendar

Date	Country	Event
August 20,27	US	Weekly Petroleum Status Report
21-Aug	US	S&P Global US Manufacturing PMI
21-Aug	US	US Initial Jobless Claims
28-Aug	US	GDP Annualized QoQ
28-Aug	KSA	M3 Money Supply YoY
28-Aug	KSA	SAMA Net Foreign Assets SAR
3-Sep	KSA	S&P Global Saudi Arabia PMI
4-Sep	US	Trade Balance
5-Sep	US	Unemployment Rate
8-Sep	KSA	GDP Constant Prices YoY
9-Sep		EIA Short-term Energy Outlook
11-Sep		IEA Oil Market Report
11-Sep		OPEC Monthly Oil Market Report
15-Sep	KSA	CPI YoY
28-Sep	KSA	Current Account Balance

Source: Bloomberg, EIA, OPEC, IEA

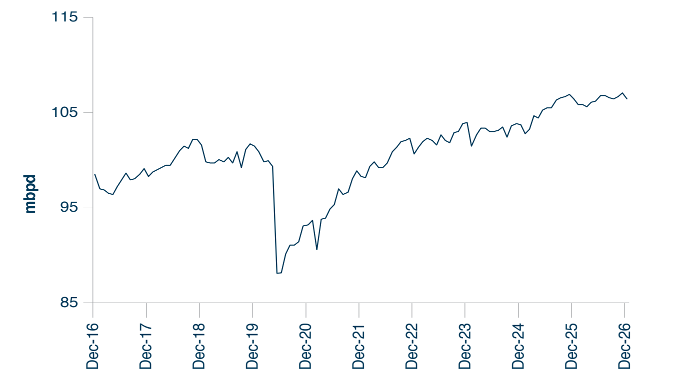
Key comments from international energy agencies

Crude oil supply

Global supply

- Global supplies of crude oil and liquid fuels are expected to rise by 2.3 mbpd to 105.4 mbpd in FY25 (vs. 1.8 mbpd increase in previous estimate) and by 1.0 mbpd in FY26 (vs. 1.1 mbpd increase in previous estimate), as per **EIA**. Non-OPEC supply is forecast to grow 1.6 mbpd to 72.0 mbpd in FY25 and 0.8 mbpd to 72.7 mbpd in FY26.
- Global oil supply is expected to rise by 2.5 mbpd in FY25 and increase further by 1.9 mbpd in FY26, according to **IEA**.
- Global refining throughputs are expected to be at 83.6 mbpd in FY25 and 84.0 mbpd in FY26, according to **IEA**.

Figure 1: World Oil Production



Source: Bloomberg, AlJazira Capital Research

OPEC Supply

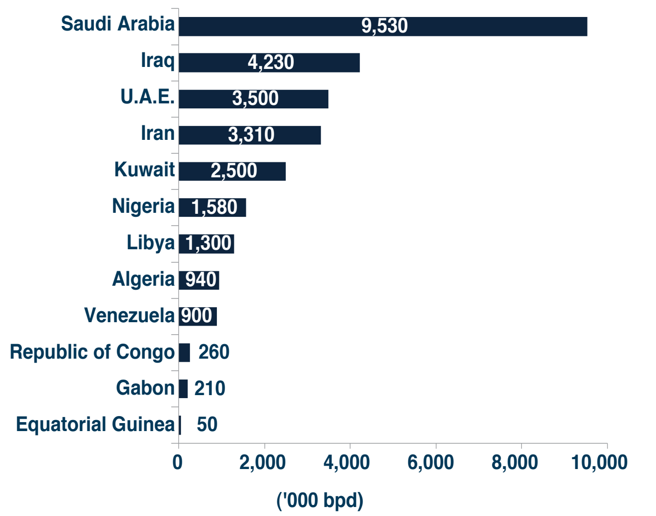
- OPEC crude oil production increased ~260,000 bpd M/M in June to an average of 27.5 mbpd, as per OPEC's secondary sources.
- On average, OPEC members are expected to produce 27.9 mbpd of crude oil in Q3-25 (vs 27.7 mbpd in Q2-25), as per **EIA**.
- OPEC's average crude production is estimated at 27.7 mbpd in FY25 and 27.8 mbpd in FY26, according to **EIA**.
- OPEC's unplanned oil supply disruptions averaged 1.50 mbpd in July (vs. 1.42 mbpd in June), as per **EIA**.

Table 3: OPEC Oil Production ('000 bpd; excl. Angola)

Prod. ('000 bpd)	Cap.	Apr 2025	May 2025	Jun 2025	Jul 2025	*% M/M Chg.*
Equatorial Guinea	80	50	60	50	50	*0.0%*
Gabon	230	220	220	220	210	*-4.5%*
Republic of Congo	300	240	250	250	260	*4.0%*
Venezuela	980	880	900	900	900	*0.0%*
Algeria	1,060	910	920	930	940	*1.1%*
Libya	1,320	1,270	1,320	1,280	1,300	*1.6%*
Nigeria	1,600	1,500	1,530	1,560	1,580	*1.3%*
Kuwait	2,820	2,430	2,440	2,470	2,500	*1.2%*
Iran	3,830	3,390	3,390	3,310	3,310	*0.0%*
U.A.E.	4,650	3,300	3,310	3,400	3,500	*2.9%*
Iraq	4,800	4,180	4,180	4,210	4,230	*0.5%*
Saudi Arabia	12,000	8,970	9,130	9,750	9,530	*-2.3%*
Total OPEC	**33,670**	**27,340**	**27,650**	**28,330**	**28,310**	***-0.1%***

Source: Bloomberg

Figure 2: OPEC July Oil Production ('000 bpd)



Source: Bloomberg

Crude oil demand

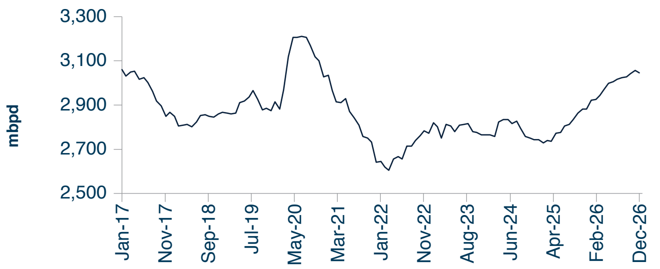
Global

- OPEC estimates a 1.3 mbpd increase in global consumption in FY25 (unchanged from previous month's estimate) and a further growth of 1.4 mbpd in FY26 (0.1 mbpd higher than previous month's estimate). **IEA** estimates global oil demand to increase by 0.7 mbpd growth in FY25 (largely unchanged from earlier estimate) and by 0.7 mbpd in FY26. As per **EIA**, global consumption of petroleum and liquid fuels is forecasted to increase by 1.0 mbpd Y/Y in FY25 (vs. earlier projection of 0.8 mbpd increase) and 1.2 mbpd Y/Y in FY26 (vs. earlier projection of 1.1 mbpd increase).
- Global demand for petroleum and liquid fuels stood at 104.3 mbpd in July, up 0.6% Y/Y, as per **EIA**.
- DoC (countries participating in the Declaration of Cooperation) crude demand for FY25 is forecasted to grow 0.4 mbpd Y/Y to 42.5 mbpd (unchanged from the previous month's estimate), according to OPEC. The DoC demand is estimated to increase to 43.1 mbpd in FY26 (0.2 mbpd higher than the previous month's estimate), up by around 0.6 mbpd Y/Y.

Inventory

- Global oil inventories rose 28.1 mb in June to 7,836 mb, the fifth consecutive monthly increase, as per **IEA**.
- **EIA** forecasts OECD inventories at 2.88bn barrels by end-FY25 and 3.0bn by FY26.
- Natural gas inventories in the US are estimated to be 2% higher than the five-year average by October 2025, according to **IEA**.

Figure 3: OECD Monthly Oil Inventories



Source: US EIA, AlJazira Capital Research

Price outlook

- Brent spot prices are forecasted to average USD 67 per barrel in FY25 and at USD 51 per barrel in FY26, as per **EIA**.
- Goldman Sachs forecasts Brent prices to average at USD 64 per barrel in Q4-25 and average at USD 56 per barrel in FY26. Citi expects Brent prices to head towards low-60s by end of FY25 as a base case. **EIA** expects natural gas prices at Henry Hub to average USD 3.60/mn Btu in FY25 and USD 4.30/mn Btu in FY26.

Table 4: World Oil Demand and Supply

(mbpd)	FY24				FY25E				FY24	FY25E	FY26E
World Crude Oil & Liq. Fuels Supply	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**			
OPEC Supp.	32.72	32.77	32.65	32.77	32.89	33.39	33.62	33.67	32.73	33.39	33.62
Non-OPEC Suppl.	69.79	70.32	70.35	70.94	70.71	71.67	72.49	72.96	70.35	71.96	72.73
Total World Supply	**102.51**	**103.09**	**102.99**	**103.71**	**103.60**	**105.06**	**106.11**	**106.63**	**103.08**	**105.36**	**106.35**
World Crude Oil & Liq. Fuels Cons.											
OECD Cons.	44.79	45.59	46.24	46.06	45.16	45.51	46.07	45.93	45.67	45.67	45.74
Non-OECD Cons.	56.87	57.16	57.05	57.19	56.97	58.19	58.42	58.60	57.07	58.05	59.17
Total World Cons.	**101.66**	**102.74**	**103.29**	**103.26**	**102.13**	**103.71**	**104.49**	**104.53**	**102.74**	**103.72**	**104.91**
OECD Comm. Inventory (mn barrels)	2,757	2,834	2,796	2,744	2,738	2,776	2,833	2,882	2,744	2,882	3,047
OPEC Surplus Crude Oil Prod. Cap.	1.47	1.39	1.55	1.31	1.25	1.28	n/a	n/a	1.43	n/a	n/a

Source: EIA STEO August 2025, AlJazira Capital Research

- The gap between crude consumption and supply is estimated to increase to 1.62 mbpd in Q3-25 (higher supply than consumption) from 1.35 mbpd in Q2-25 (higher supply than consumption).
- OECD's crude inventories are expected to be at 2.83bn barrels in Q3-25 compared to 2.78bn barrels in Q2-25.

Petrochemical sector news

- **Saudi Aramco** revised the local market prices for kerosene and liquefied petroleum gas (LPG). The new pricing reflects a 19.5% increase in kerosene, to SAR 1.59 per liter, up from SAR 1.33 per liter. Similarly, the price of LPG rose by 4.8%, to SAR 1.09 per liter, compared to its earlier price of SAR 1.04 per liter. (Source: Argaam)
- **National Industrialization Co. (Tasnee)** CEO Fawaz Al-Fawaz said the persisting global uncertainty, economic challenges, geopolitical tensions, and heightened tariffs are factors weighing on demand outlook and financial performance forecasts. According to Al-Fawaz, Tasnee views its stake in Tronox as a long-term strategic investment. Despite the industry's cyclical nature, he expects performance to improve going forward. (Source: Argaam)
- **Saudi Basic Industries Corp.'s (SABIC)** industrial complex in Teesside, UK, includes two facilities, an ethylene cracker and a polyethylene plant, and the recent shutdown decision applies only to the cracker unit as CEO Abdulrahman Al-Fageeh. (Source: Argaam)
- **Saudi Aramco** President and CEO Amin Nasser said that oil market fundamentals remain strong, with demand expected to rise by more than two million barrels per day (bpd) in H2-25, compared to H1-25. He added that Aramco believes that hydrocarbons will continue to play a vital role in global energy and chemical markets. (Source: Argaam)
- **Saudi Aramco** signed an $11 billion lease and leaseback deal involving its Jafurah gas processing facilities with a consortium of international investors, led by funds managed by Global Infrastructure Partners (GIP), a part of BlackRock. (Argaam)
- **Methanol Chemicals Co. (Chemanol)** announced that the former owners of Global Company for Chemical Industries (GCI) filed a commercial lawsuit against the company before the Dammam Commercial Court, seeking SAR 73mn in the unpaid portion of the agreed purchase price. (Source: Tadawul)
- **Saudi Aramco** and DHL are seeking to attract investors to finance and build a logistics distribution center in Saudi Arabia, as per Bloomberg sources. The sources expect the project, which will be implemented as a build-to-order model where the facility is designed according to the tenant's specifications, to cost about SAR 1.0bn (USD 267.0mn). (Source: Bloomberg)

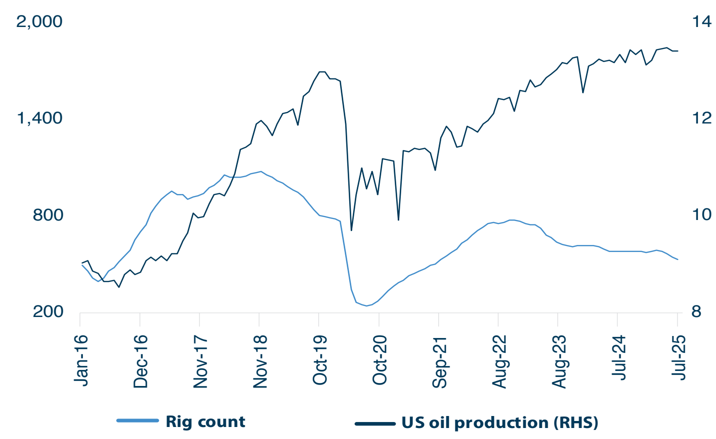
Table 5: KSA Petrochemical Companies Key Metrics

Company	Net profit (TTM; SAR mn)	P/E (Adjusted)	P/B	EV/ EBITDA	DPS (SAR) TTM	Dividend Yield (2024)	YTD returns
SABIC	-6,168.1	High	1.1x	11.9x	3.40	5.9%	-14.5%
TASNEE	952.0	High	0.5x	High	-	-	-0.1%
YANSAB	154.2	High	1.6x	11.4x	2.00	6.3%	-15.4%
SABIC Agri-Nutrients	3,825.3	14.8x	2.8x	9.1x	6.00	5.0%	7.4%
Sipchem	149.3	High	0.9x	13.9x	1.00	5.6%	-28.5%
Advanced	-89.1	High	2.8x	41.6x	-	-	1.8%
KAYAN	-2,253.9	NEG	0.7x	20.0x	-	-	-30.9%
SIIG	147.2	High	1.4x	-	0.50	2.8%	7.9%
Nama Chemical	91.4	NEG	1.8x	-	-	-	-6.5%
Chemanol	-288.5	NEG	2.3x	-	-	-	-45.4%
ALUJAIN	-58.8	High	0.7x	16.9x	-	-	-5.7%

Source: Bloomberg, Tadawul, Argaam, Aljazira Capital Research; Data as of August 14, 2025

US oil and gas developments

Figure 4: US Oil Production versus Rig Count

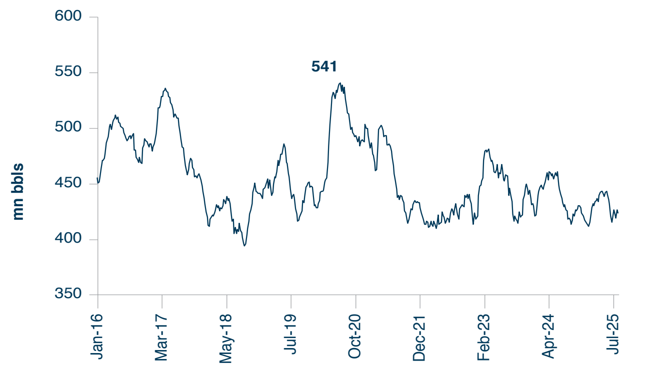


Source: US EIA, AlJazira Capital Research

US oil production averaged 13.41 mbpd in July 2025. Production decreased 0.1% M/M, while increased 1.7% Y/Y from 13.19 mbpd in July 2024.

In the week ended July 25, the rotary rig count in the US stood at 542 (down 2 W/W). The average number of rigs fell 2.4% M/M in July vis-à-vis a drop of 3.4% in June. The average rig count was down 7.8% Y/Y in July. As of August 8, of the total 539 rigs, 411 (up 1 W/W) were used to drill for oil and 123 (down 1 W/W) for natural gas. In the US, oil exploration decreased 15.3% Y/Y, while gas exploration rose 26.8% Y/Y.

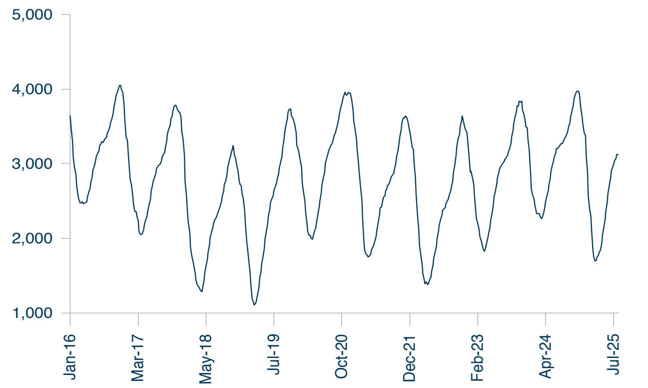
Figure 5: US Weekly Oil Inventories



- US weekly oil inventories increased 1.8% W/W to 426.7mn barrels for the week ended July 25. On M/M basis, inventories rose 1.8%.

Source: US EIA, AlJazira Capital Research

Figure 6: US Weekly Natural Gas Storage

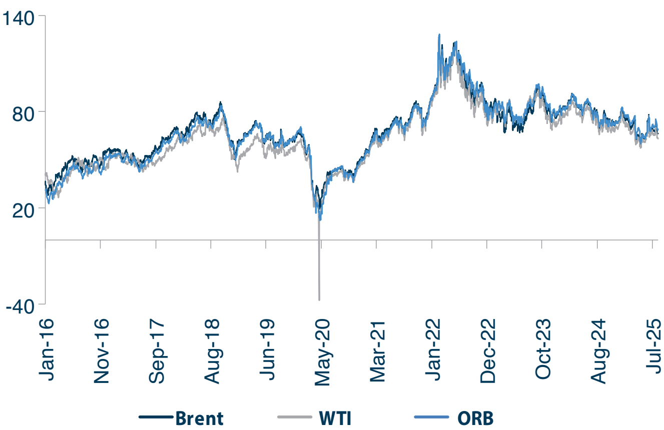


- US weekly natural gas storage increased 1.6% W/W to 3,123 bcf in the week ended July 25. On M/M basis, natural gas storage rose 5.8%.

Source: US EIA, AlJazira Capital Research

Price Trend: Oil, Natural Gas & Petrochemicals Products

Figure 7: Oil Price Trends (USD / Barrel)

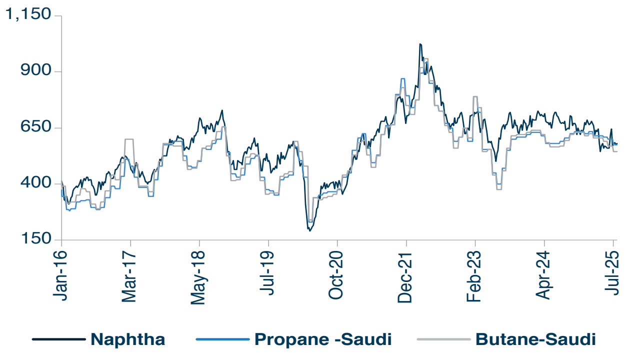


Source: Reuters Eikon, AlJazira Capital Research

Figure 8: Henry Hub Natural Gas (USD / MMBTu)

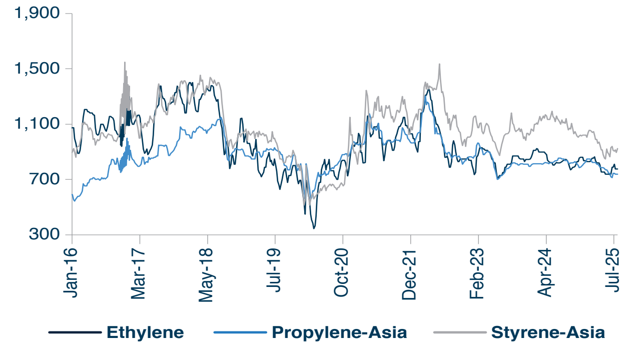
Source: OPEC, AlJazira Capital Research

Figure 9: Feedstock Price Trends (USD / Ton)



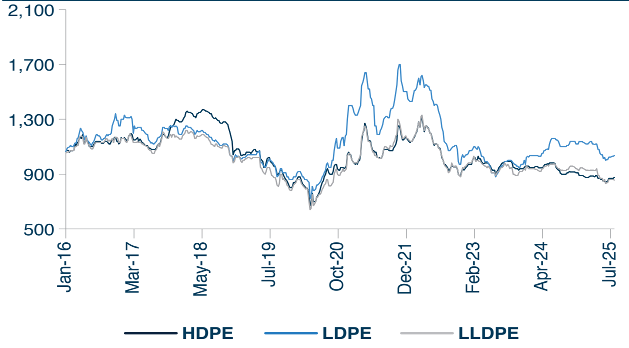
Source: Argaam, AlJazira Capital Research

Figure 10: Basic Petchem Price Trends (USD / Ton)



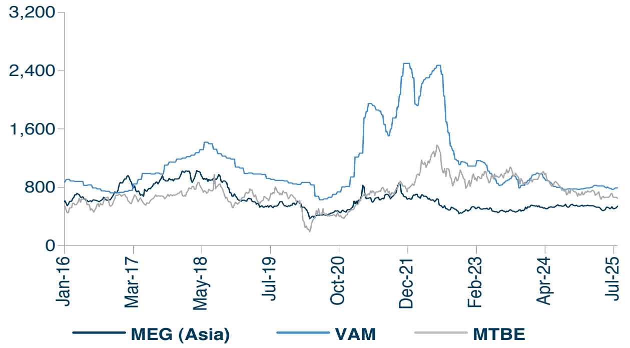
Source: Argaam, AlJazira Capital Research

Figure 11: Polyethylene Price Trends (USD / Ton)



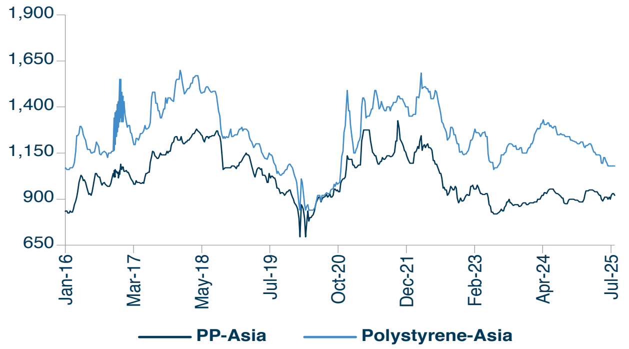
Source: Argaam, AlJazira Capital Research

Figure 12: Intermediates Price Trends (USD / Ton)



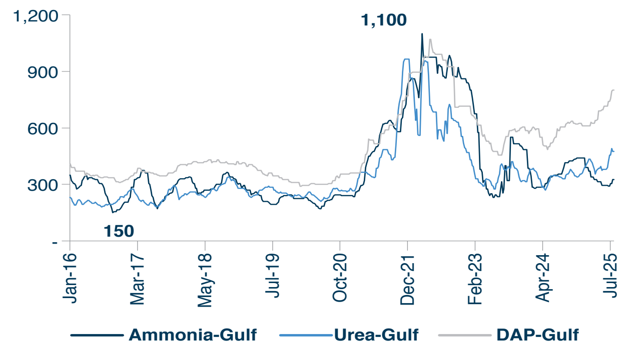
Source: Argaam, AlJazira Capital Research

Figure 13: Polypropylene & Polystyrene



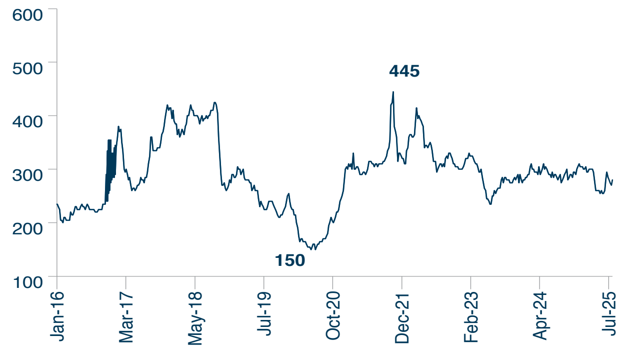
Source: Argaam, AlJazira Capital Research

Figure 14: Ammonia, Urea & DAP



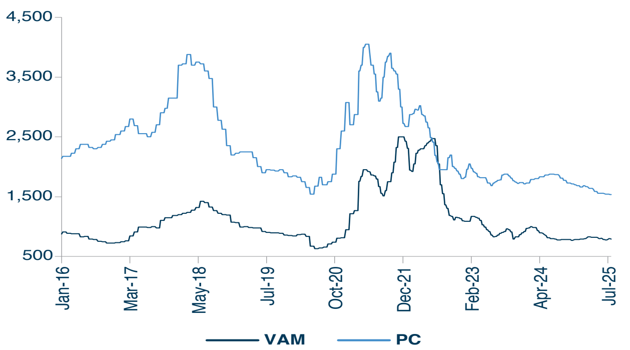
Source: Argaam, AlJazira Capital Research

Figure 15: Methanol-China (USD / Ton)



Source: Argaam, AlJazira Capital Research

Figure 16: PC-VAM

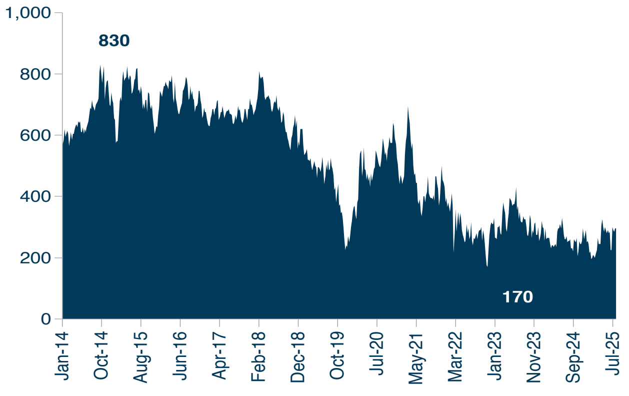


Source: Argaam, AlJazira Capital Research

Petchem Spreads Trend

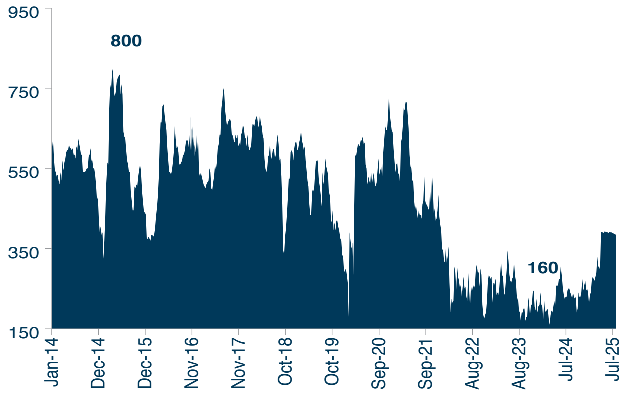
- Naphtha prices averaged 580 per ton in July, down from USD 591 per ton in June.
- Polypropylene average prices edged up to USD 925 per ton in July from USD 906 per ton in June.
- The HDPE-naphtha spread increased to USD 291 per ton in July from USD 263 per ton in June.
- The PP-naphtha spread fell slightly to USD 387 per ton from USD 390 per ton during the previous month.
- The PP-propane spread rose to USD 465 per ton in July from USD 426 per ton in June.
- The PVC-EDC spread contracted to USD 483 per ton in July from USD 525 per ton in June.
- The polystyrene-benzene spread decreased to USD 353 per ton in July compared to USD 354 per ton in June.
- The HDPE-ethylene spread decreased to USD 88 per ton in July from USD 95 per ton in June.
- PP-butane spread increased to USD 489 per ton in July from USD 450 per ton in June.
- LDPE-naphtha spread widened by 6.9% M/M to USD 450 per ton, while LDPE-ethylene spread contracted 2.7% M/M to USD 246 per ton in July.
- LLDPE-naphtha spread rose 10.2% to USD 279 per ton and LLDPE-ethylene plunged 11.8% M/M to USD 75 per ton in July.

Figure 17: Naphtha- HDPE



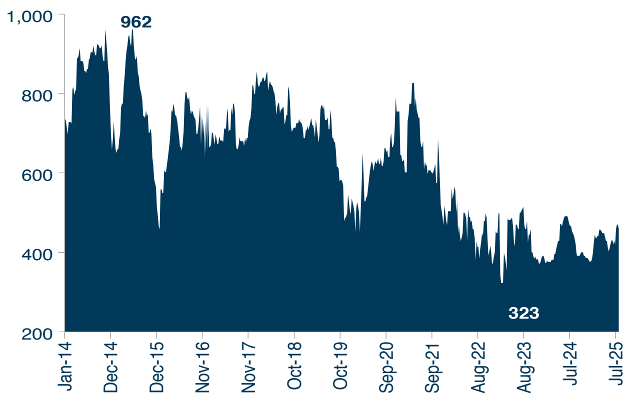
Source: Argaam, AlJazira Capital Research

Figure 18: Naphtha- PP



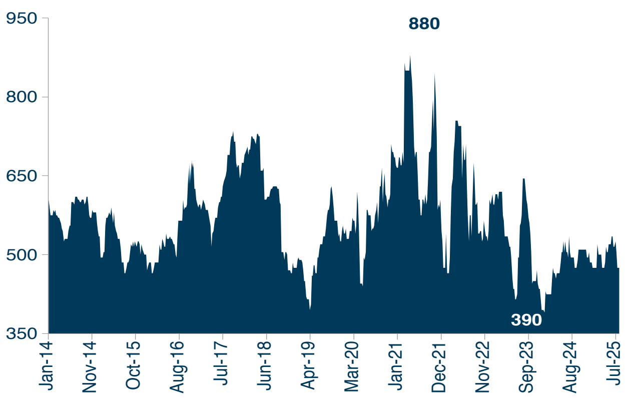
Source: Argaam, AlJazira Capital Research

Figure 19: Propane (Saudi) - PP



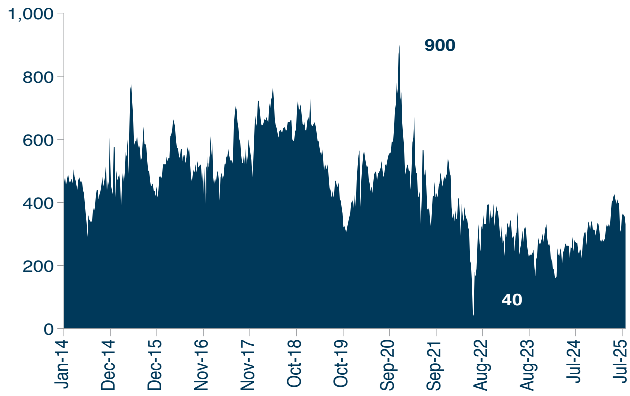
Source: Argaam, AlJazira Capital Research

Figure 20: EDC- PVC



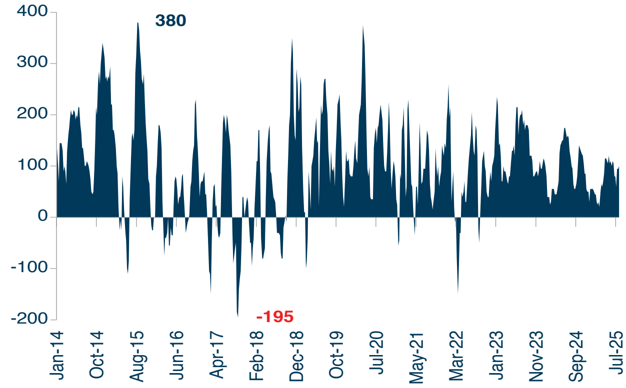
Source: Argaam, AlJazira Capital Research

Figure 21: Benzene- Polystyrene



Source: Argaam, AlJazira Capital Research

Figure 22: Ethylene- HDPE



Source: Argaam, AlJazira Capital Research

Table 6: Petrochemical Products by Saudi Petrochemical Companies

Company	Finished Products
SABIC	Polyethylene, polypropylene, poly styrene, ethylene glycol (MEG), methyl tert-butyl ether (MTBE), benzene, urea, ammonia, PVC, and PTA
SABIC Agri- Nutrients	Urea, ammonia
YANSAB	Polyethylene, polypropylene, MEG, MTBE, and benzene
Tasnee	Polyethylene, polypropylene, and propylene (TiO2)
Saudi Kayan	Polyethylene, polypropylene, MEG, polycarbonate, and bisphenol A
Petro Rabigh	Polyethylene, polypropylene, propylene oxide, and refined petroleum products
Sahara Petrochemicals (Sipchem)	Polyethylene, polypropylene, Methanol, butanol, acetic acid, and vinyl acetate monomer
Saudi Group	Styrene, benzene, cyclohexene, propylene, polyethylene, polypropylene, and polystyrene
Advanced	Polypropylene
Alujain	Polypropylene
CHEMANOL	Formaldehyde – improvers concrete
NAMA	Epoxy resin, hydrochloric acid, liquid caustic soda, and soda granule
MAADEN	Ammonia and DAP

Source: Argaam Plus

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RATING TERMINOLOGY

1. Overweight: This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. Underweight: This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated "Underweight" would typically decline by over 10% from the current price levels over next twelve months.
3. Neutral: The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. Suspension of rating or rating on hold (SR/RH): This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

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