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Oil & Petrochemicals Monthly Report

August | 2026

Oil prices fluctuating with geopolitical developments, demand outlook worsens, recovery expected next year

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September 2026

Ethylene, EDC, MEG and methanol prices increased, while ammonia prices fell in August, Aramco increased Propane and Butane prices for September

- **Naphtha prices declined; propane and butane rose:** Naphtha prices declined 13.2% M/M to USD 825 per ton in August. Propane and Butane prices rose 6.9% M/M and 6.7% M/M to USD 620 and USD 640 per ton, respectively, in August. Aramco lifted Propane and Butane prices for September to USD 625 and USD 660 per ton, respectively.

- **Most of the product prices recovered;** fertilizer prices fell in August: **Ethylene** prices jumped 10.6% M/M to USD 1,040 per ton, driven by higher upstream costs and tighter supply in Asia. **EDC** prices rose 9.7% M/M to USD 340 per ton due to increased feedstock prices and constrained supply amid lower operating rates. **MEG** prices gained 9.5% M/M to USD 690 per ton, as decline in Middle East imports in China led to record low inventories at East China ports. **Methanol** prices rose 7.5% M/M to USD 360 per ton, due to a significant tightening of the supply from Middle East owing to geopolitical escalations. **Ammonia** prices plunged 24.2% M/M to USD 485 per ton due to weaker demand because of seasonality and higher import costs.

- **Petchem Spreads Trend:** PP-propane spread expanded to USD 623 per ton in August from USD 585 per ton in July. PP-butane spread increased to USD 613 per ton in August from USD 569 per ton in July. HDPE-naphtha spread increased marginally to USD 230 per ton in August from USD 229 per ton in July.

Geopolitical support to oil prices offset by absence of material supply disruptions and profit booking

- **Oil prices eased in August amid heightened volatility in August:** Brent crude prices fluctuated through August as geopolitical risk premiums were partially offset by periods of profit-taking and evolving market expectations around Middle East supply disruptions. The concerns over the Strait of Hormuz and uncertainty surrounding US-Iran negotiations, provided intermittent support to prices. However, the absence of material supply disruptions and periodic profit-taking weighed on sentiment, resulting in a slight decline in prices compared to previous month-end.

  Brent crude prices fell 0.9% M/M, while WTI decreased 1.5% M/M in August, ending at USD 89.3/bbl and USD 83.4/bbl, respectively. Natural gas prices at Henry Hub increased by 5.1% M/M to USD 2.9/mn Btu.

- **Manufacturing activity remained resilient in August:** China's Caixin Manufacturing PMI rose to 51.5 from 50.9 in July, driven by faster growth in output, new orders and exports, with a six-month high overseas demand. US ISM Manufacturing PMI eased to 54.6 from 55.6 in July but remained in expansion territory for an eighth consecutive month, supported by continued growth in new orders, production, employment and exports. The Eurozone's HCOB Manufacturing PMI increased to 52.7 from 51.9, marking its highest level since May 2022.

Table 1: Petchem Prices - August FY26

Name	Price (USD per ton)	M/M %	Q/Q %	Y/Y %	YTD %
Naphtha	825	-13.2%	9.3%	38.7%	52.8%
Saudi Propane	620	6.9%	-17.3%	19.2%	25.3%
Butane-Saudi	640	6.7%	-20.0%	30.6%	32.0%
Ethylene	1,040	10.6%	8.3%	30.0%	47.5%
Propylene-Asia	1,060	7.1%	-11.7%	40.4%	49.3%
HDPE	1,025	-0.5%	-14.2%	19.9%	25.8%
LDPE	1,210	5.7%	-7.6%	18.0%	33.0%
LLDPE	990	4.2%	-10.4%	16.5%	28.6%
PP-Asia	1,135	5.1%	-8.5%	27.5%	45.5%
Styrene-Asia	1,205	4.3%	0.4%	38.5%	51.6%
Polystyrene-Asia	1,290	0.8%	-11.9%	21.7%	31.6%
PET - Asia	1,045	4.5%	-7.5%	35.7%	35.7%
PVC-Asia	820	5.1%	-4.7%	16.3%	28.1%
MEG (Asia)	690	9.5%	17.9%	29.0%	55.1%
Methanol-China	360	7.5%	-7.7%	41.2%	46.9%
DAP-Gulf	890	-1.7%	-3.3%	10.6%	30.9%
Urea-Gulf	380	-9.5%	-33.9%	-24.0%	-3.8%
Ammonia-Gulf	485	-24.2%	-25.4%	47.0%	-6.7%
MTBE-Asia	960	-3.5%	28.0%	43.3%	54.8%
EDC	340	9.7%	0.0%	65.9%	70.0%
MEG (SABIC)	830	0.0%	0.0%	13.7%	27.7%
PC	1,950	5.4%	-15.2%	29.6%	25.4%
Acetic Acid-AA	575	2.7%	7.5%	40.2%	42.0%
EVA	1,280	0.8%	-15.0%	6.7%	11.8%
Vinyl Acetate Monomer-VAM	970	4.3%	-23.9%	25.2%	22.8%

Note: *Prices as of August 30, 2026

Source: Argaam, Reuters Eikon, AlJazira Capital Research

Table 2: Economic Calendar

Date	Country	Event
September 2,10,16,23,30	US	Weekly Petroleum Status Report
3-Sep	US	Trade Balance
3-Sep	KSA	S&P Global Saudi Arabia PMI
3-Sep	US	US Initial Jobless Claims
4-Sep	US	Unemployment Rate
8-Sep	KSA	GDP Constant Prices YoY
9-Sep		EIA Short-term Energy Outlook
10-Sep		OPEC Monthly Oil Market Report
11-Sep		IEA Oil Market Report
15-Sep	KSA	CPI YoY
23-Sep	US	S&P Global US Manufacturing PMI
30-Sep	US	GDP Annualized QoQ
30-Sep	KSA	Current Account Balance
30-Sep	KSA	M3 Money Supply YoY
30-Sep	KSA	SAMA Net Foreign Assets SAR

Source: Bloomberg, EIA, OPEC, IEA

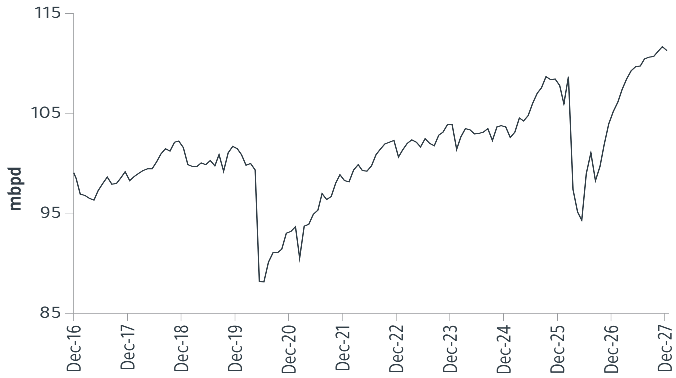
Key comments from international energy agencies

Crude oil supply

Global supply

- Global supplies of crude oil and liquid fuels are expected to decline by 5.3 mbpd to 100.8 mbpd in FY26 (vs. the previous estimate of a decrease of 4.2 mbpd), while supplies are expected to increase by 8.9 mbpd in FY27 (vs. 8.0 mbpd increase in previous estimate), as per **EIA**. Non-OPEC supply is forecast to remain steady at 76.8 mbpd in FY26 and rise 3.2 mbpd to 80.1 mbpd in FY27.
- Global oil supply rose by 2.4 mbpd to 101.5 mbpd in July, according to **IEA**. Global oil supply is projected to decrease 4.3 mbpd in FY26 and rebound by 8.3 mbpd next year to 110.3 mbpd.

Figure 1: World Oil Production



Source: Bloomberg, AlJazira Capital Research

OPEC Supply

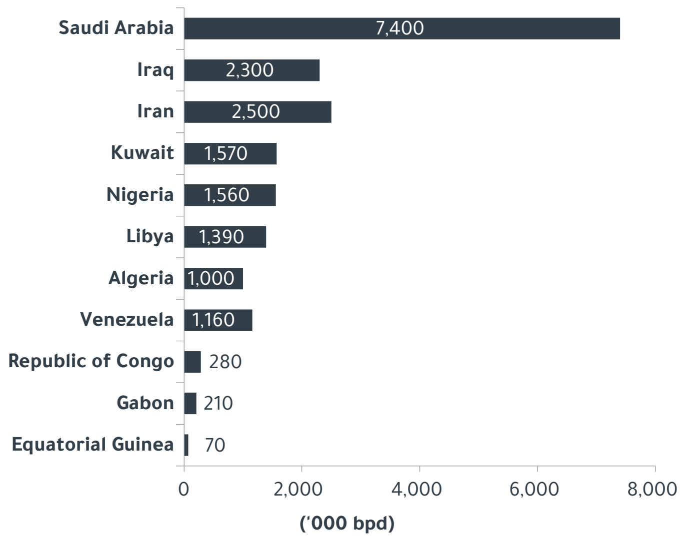
- OPEC crude oil production increased by 1.66 mbpd M/M in July to 23.6 mbpd, as per **OPEC's** secondary sources.
- On average, OPEC members are expected to produce 19.3 mbpd of crude oil in Q3-26 (vs 17.3 mbpd in Q2-26), as per **EIA**.
- OPEC's average crude production is estimated at 20.3 mbpd in FY26 and 24.7 mbpd in FY27, according to **EIA**.
- OPEC's unplanned oil supply disruptions averaged 7.04 mbpd in July (vs. 8.98 mbpd in June), as per **EIA**.

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

Prod. ('000 bpd)	Cap.	Apr 2026	May 2026	Jun 2026	Jul 2026	% M/M Chg.
Equatorial Guinea	80	40	60	40	70	75.0%
Gabon	230	220	230	220	210	-4.5%
Republic of Congo	300	270	270	270	280	3.7%
Venezuela	1,000	1,190	1,180	1,180	1,160	-1.7%
Algeria	1,060	980	980	980	1,000	2.0%
Libya	1,320	1,320	1,290	1,310	1,390	6.1%
Nigeria	1,600	1,560	1,520	1,670	1,560	-6.6%
Kuwait	2,820	800	490	1,210	1,570	29.8%
Iran	3,830	3,050	2,340	2,550	2,500	-2.0%
Iraq	4,800	1,640	1,400	1,840	2,300	25.0%
Saudi Arabia	12,000	7,340	6,650	7,010	7,400	5.6%
Total OPEC	**33,690**	**20,550**	**16,410**	**18,280**	**19,440**	**6.3%**

Source: Bloomberg

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



Source: Bloomberg

Crude oil demand

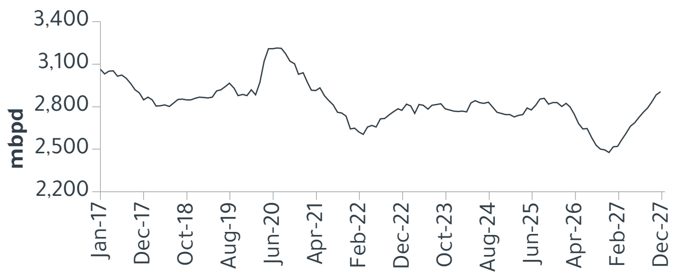
Global

- **OPEC** estimates a 0.6 mbpd increase in global consumption in FY26 (~0.2 mbpd lower than previous month's estimate) and a growth of 2.2 mbpd in FY27. IEA estimates global oil demand to decrease by 1.6 mbpd in FY26 (vs. 1.0 mbpd decrease in previous estimate). As per **EIA**, global consumption of petroleum and liquid fuels is forecasted to decrease by 1.3 mbpd Y/Y in FY26 (vs. earlier projection of 1.2 mbpd decrease) but estimated to increase by 2.2 mbpd Y/Y in FY27.
- Global demand for petroleum and liquid fuels stood at 101.5 mbpd in July, down 3.5% Y/Y, as per **EIA**.
- DoC (countries participating in the Declaration of Cooperation) crude demand for FY26 is forecasted to remain steady Y/Y at 42.1 mbpd (~0.2 mbpd lower than previous month's estimate), according to **OPEC**. The DoC demand is estimated to increase to 43.6 mbpd in FY27, up by around 1.4 mbpd Y/Y.

Inventory

- Global oil inventories fell 69mn barrels in July, as per **IEA**.
- **EIA** forecasts OECD inventories at 2.48bn barrels by end-FY26 and 2.91bn by FY27.
- Natural gas inventories in the US are estimated at a record 3.985tn cu. ft. by October 2026, 5% above five-year average, as per **EIA**.

Figure 3: OECD Monthly Oil Inventories



Source: US EIA, AlJazira Capital Research

Price outlook

- Brent spot prices are forecasted to average USD 87 per barrel in FY26 and at USD 69 per barrel in FY27, as per **EIA**. Goldman Sachs maintained its Q4-26 forecast for brent crude prices at USD 80 per barrel and expected prices to average at USD 75 per barrel in FY27, assuming the Strait of Hormuz remains open. **EIA** expects natural gas prices at Henry Hub to average USD 3.44/mn Btu in FY26 and USD 3.31/mn Btu in FY27.

Table 4: World Oil Demand and Supply

(mbpd)	FY25				FY26E				FY25	FY26E	FY27E
World Crude Oil & Liq. Fuels Supply	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
OPEC Supp.	28.67	29.11	29.53	30.01	27.65	20.39	22.69	25.31	29.33	24.00	29.67
Non-OPEC Suppl.	74.77	75.90	78.22	78.19	76.21	75.73	76.99	78.35	76.78	76.83	80.07
Total World Supply	**103.44**	**105.01**	**107.75**	**108.20**	**103.87**	**96.12**	**99.67**	**103.66**	**106.12**	**100.83**	**109.74**
World Crude Oil & Liq. Fuels Cons.											
OECD Cons.	45.29	45.70	46.54	46.08	45.64	44.66	45.89	45.79	45.91	45.50	45.81
Non-OECD Cons.	57.00	58.28	58.42	58.60	57.15	55.67	57.61	58.50	58.08	57.24	59.15
Total World Cons.	**102.29**	**103.97**	**104.95**	**104.67**	**102.80**	**100.33**	**103.50**	**104.29**	**103.98**	**102.73**	**104.96**
OECD Comm. Inventory (mn barrels)	2,739	2,777	2,858	2,829	2,798	2,644	2,528	2,477	2,829	2,477	2,906
OPEC Surplus Crude Oil Prod. Cap.	1.03	1.00	1.00	0.90	3.59	10.57	n/a	n/a	0.98	n/a	n/a

Source: EIA STEO August 2026, AlJazira Capital Research

- The gap between crude consumption and supply is estimated to decrease to 3.83 mbpd in Q3-26 (higher consumption than supply) vs. 4.21 mbpd in Q2-26 (higher consumption than supply).
- OECD's crude inventories are expected to be at 2.53bn barrels in Q3-26 compared to 2.64bn barrels in Q2-26.

Petrochemical sector news

- **National Industrialization Co. (Tasnee)** completed the sale of its entire equity stake in Al-Rowad Industrial Transformation Co. to Tahweel Holding. The transaction's enterprise value, as previously announced, amounted to SAR 700mn, while the final total consideration reached SAR 684mn after applying the final cash consideration adjustment mechanism at closing. The transaction will support Tasnee's strategic focus on the petrochemicals sector and strengthen its financial position by improving capital allocation and reducing debt. (Source: Tadawul)
- **Saudi Arabian Mining Co. (Maaden)** subsidiary, Maaden Integrated Fertilizer Co., and SABIC Agri-Nutrients Co. (SABIC AN) signed a memorandum of understanding (MoU) to evaluate and explore cooperation and joint investment opportunities across the fertilizers and agricultural nutrients value chain, including the production and manufacturing of value-added products. (Source: Tadawul)
- **Saudi Aramco Base Oil Co. (Luberef)** signed a new agreement with Saudi Arabian Oil Co. (Saudi Aramco) for the supply of feedstock and sale of return streams, replacing the previous agreement. The agreement has a 10-year term starting August 29, 2026, and is aligned with the company's long-term strategy to ensure operational continuity at its Jeddah facility and Group I base oil production. (Source: Tadawul)
- **Saudi Aramco** signed agreements and a memorandum of understanding (MoU) with French companies, with a potential total value exceeding USD 3.7bn (approximately SAR 13.8bn). The partnerships focus on supporting projects, developing capabilities, transferring technology and innovation, and enhancing supply chain resilience. (Source: Argaam)
- **Luberef** said it extended its utilities services agreement, which includes the land lease for its Jeddah facility, with Saudi Aramco until December 31, 2030, with an option to renew. Luberef said the annual land lease amounts to SAR 1.0mn, while utility service charges will continue to be calculated according to the rates specified in the agreement. (Source: Argaam)
- **Saudi Aramco** and **Maaden** announced the signing of a shareholders' agreement to form a joint venture to unlock new opportunities in mineral exploration and hard-rock mining in the Kingdom. The JV will focus on copper and other minerals critical to the energy transition. (Source: Argaam)
- **Rabigh Refining and Petrochemical Co. (Petro Rabigh)** said President and CEO Othman Al-Ghamdi has resigned, effective August 31, citing personal reasons. Petro Rabigh's board appointed Hassan AlYami as President and CEO, effective September 1. (Source: Tadawul)

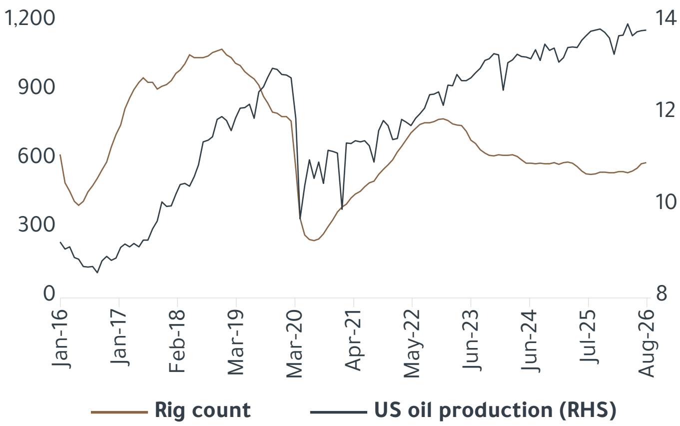
Table 5: KSA Petrochemical Companies Key Metrics

Company	Net profit (TTM; SAR mn)	P/E (Adjusted)	P/B	EV/ EBITDA	DPS (SAR) 2025	Dividend Yield (2025)	YTD returns
SABIC	-21,322.1	NEG	1.2x	9.6x	3.00	6.1%	-3.6%
TASNEE	-3,484.3	NEG	0.9x	High	-	-	-3.6%
YANSAB	290.9	48.4x	1.8x	11.4x	2.00	5.9%	23.7%
SABIC Agri-Nutrients	3,883.3	16.0x	2.9x	10.3x	7.00	5.4%	18.0%
Sipchem	-1,693.8	NEG	0.8x	High	1.00	7.6%	-11.9%
Advanced	4.4	NEG	2.2x	15.4x	-	-	-18.2%
KAYAN	-2,309.1	NEG	1.0x	24.1x	-	-	11.2%
SIIG	51.8	High	1.0x	-	0.25	2.0%	-0.3%
Nama Chemical	77.9	NEG	1.6x	-	-	-	-22.9%
Chemanol	-485.6	NEG	1.9x	-	-	-	-8.9%
ALUJAIN	-725.0	15.7x	0.7x	13.4x	3.00	11.1%	0.4%

Source: Bloomberg, Tadawul, Argaam, Aljazira Capital Research; prices as of August 31, 2026

US oil and gas developments

Figure 4: US Oil Production versus Rig Count



Source: US EIA, AlJazira Capital Research

US oil production averaged 13.83 mbpd in August 2026. Production increased 0.1% M/M and rose 0.1% Y/Y from 13.81 mbpd in August 2025.

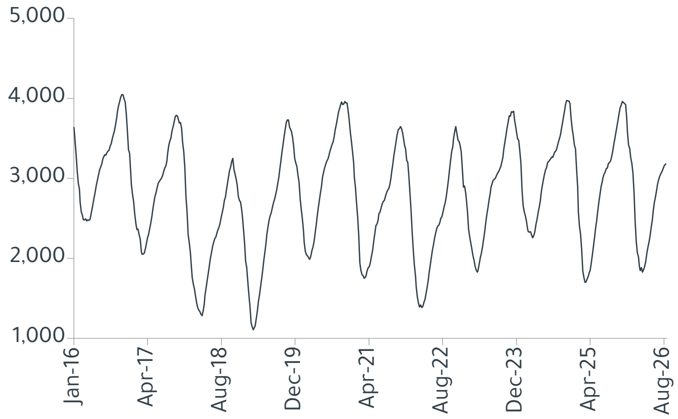
In the week ended August 28, the rotary rig count in the US stood at 588 (unchanged W/W). The average number of rigs rose 0.8% M/M in August vis-à-vis an increase of 3.5% in July. The average rig count was up 9.4% Y/Y in August. As of August 28, of the total 588 rigs, 447 (down 5 W/W) were used to drill for oil and 132 (up 5 W/W) for natural gas. In the US, oil exploration increased 8.5% Y/Y, while gas exploration rose 10.9% Y/Y.

Figure 5: US Weekly Oil Inventories

- US weekly oil inventories were flat W/W at 428.9mn barrels for the week ended August 21. On M/M basis, inventories rose 6.0%.

Source: US EIA, AlJazira Capital Research

Figure 6: US Weekly Natural Gas Storage

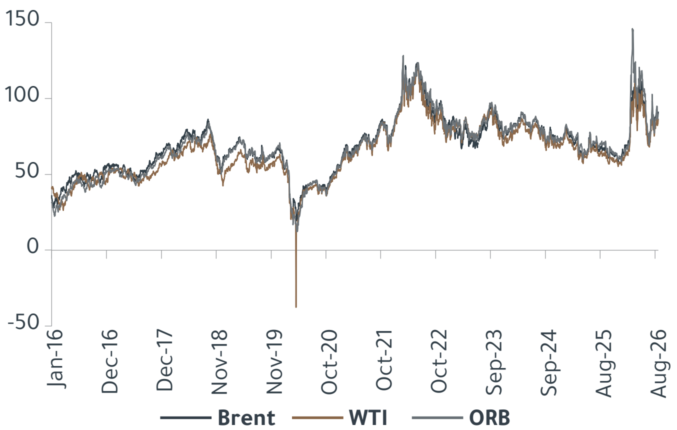


- US weekly natural gas storage increased 0.5% W/W to 3,184 bcf in the week ended August 21. On M/M basis, natural gas storage rose 3.2%.

Source: US EIA, AlJazira Capital Research

Price Trend: Oil, Natural Gas & Petrochemicals Products

Figure 7: Oil Price Trends (USD / Barrel)

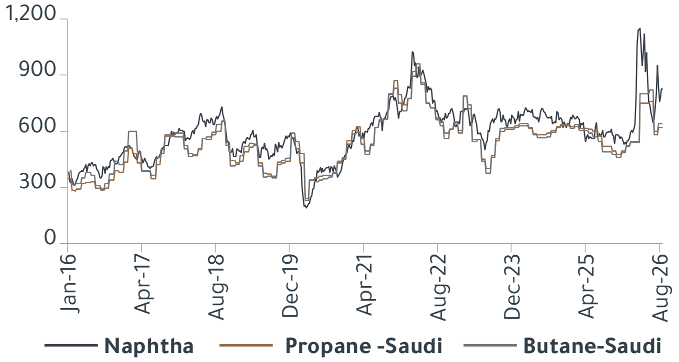


Source: Reuters Eikon, AlJazira Capital Research

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

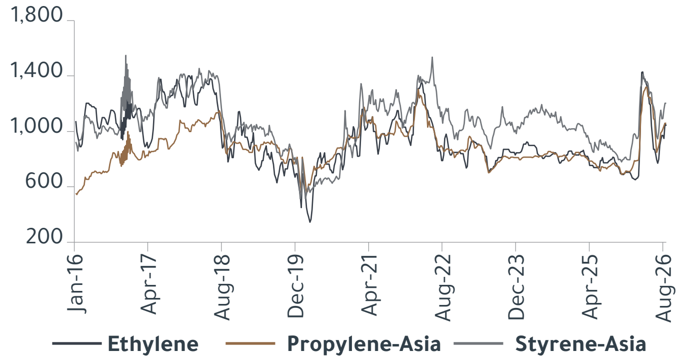
Source: OPEC, AlJazira Capital Research

Figure 9: Feedstock Price Trends (USD / Ton)



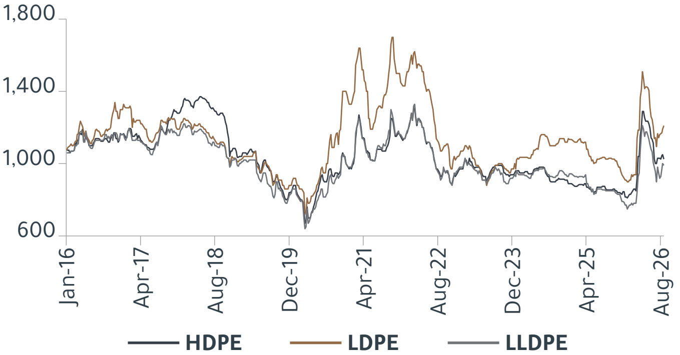
Source: Argaam, AlJazira Capital Research

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



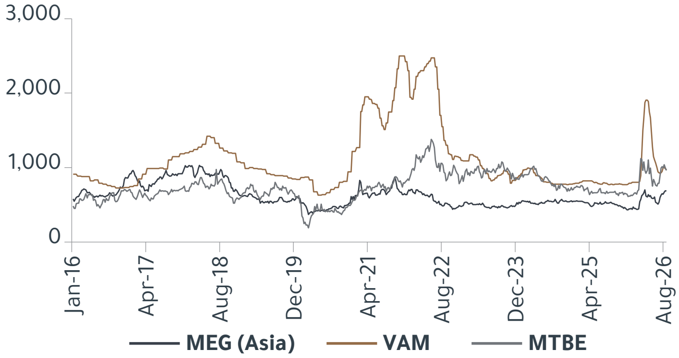
Source: Argaam, AlJazira Capital Research

Figure 11: Polyethylene Price Trends (USD per Ton)



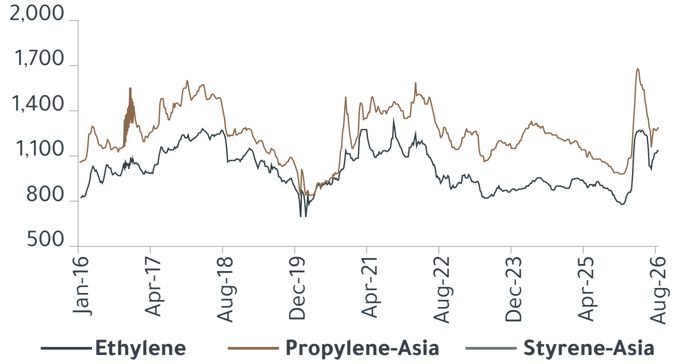
Source: Argaam, AlJazira Capital Research

Figure 12: Intermediates Price Trends (USD per Ton)



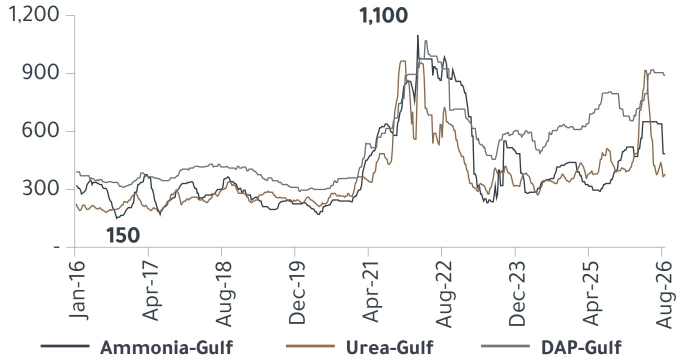
Source: Argaam, AlJazira Capital Research

Figure 13: Polypropylene & Polystyrene



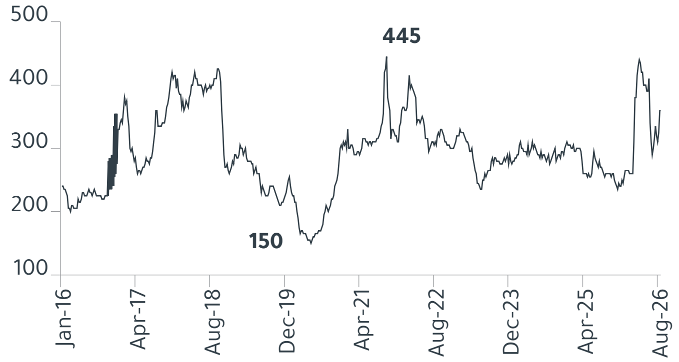
Source: Argaam, AlJazira Capital Research

Figure 14: Ammonia, Urea & DAP



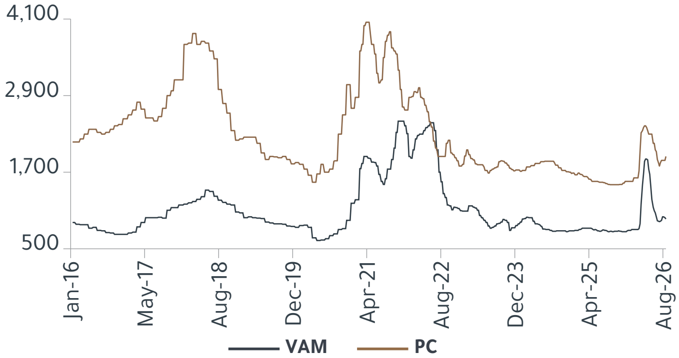
Source: Argaam, AlJazira Capital Research

Figure 15: Methanol-China (USD per Ton)



Source: Argaam, AlJazira Capital Research

Figure 16: PC-VAM



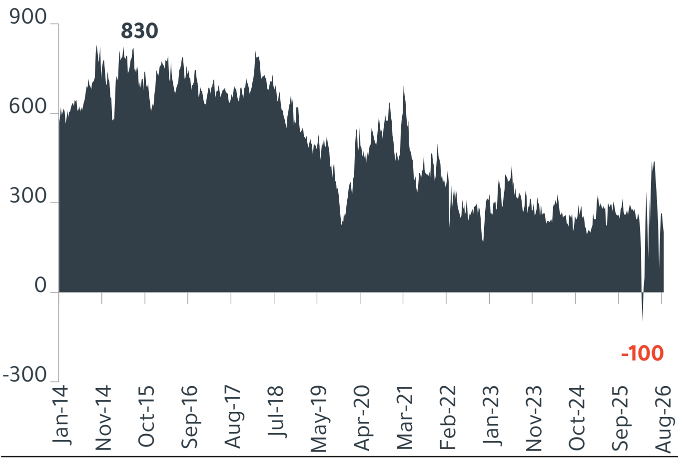
Source: Argaam, AlJazira Capital Research

Petchem Spreads Trend

- Naphtha prices averaged 805 per ton in August, up from USD 786 per ton in July.
- Polypropylene average prices edged up to USD 1,125 per ton in August from USD 1,049 per ton in July.
- The HDPE-naphtha spread increased marginally to USD 230 per ton in August from USD 229 per ton in July.
- The PP-naphtha spread jumped to USD 320 per ton from USD 263 per ton during the previous month.
- The PP-propane spread expanded to USD 623 per ton in August from USD 585 per ton in July.
- The PVC-EDC spread rose to USD 512 per ton in August from USD 431 per ton in July.
- The polystyrene-benzene spread fell to USD 308 per ton in August compared to USD 318 per ton in July.
- The HDPE-ethylene spread contracted to USD 37 per ton in August from USD 163 per ton in July.
- PP-butane spread increased to USD 613 per ton in August from USD 569 per ton in July.
- LDPE-naphtha spread rose by 6.5% M/M to USD 374 per ton, while LDPE-ethylene reduced 36.5% M/M to USD 181 per ton in August.
- LLDPE-naphtha spread fell to USD 157 per ton from USD 160 per ton in July and LLDPE-ethylene declined to USD -36 per ton in August compared to USD 94 per ton in July.

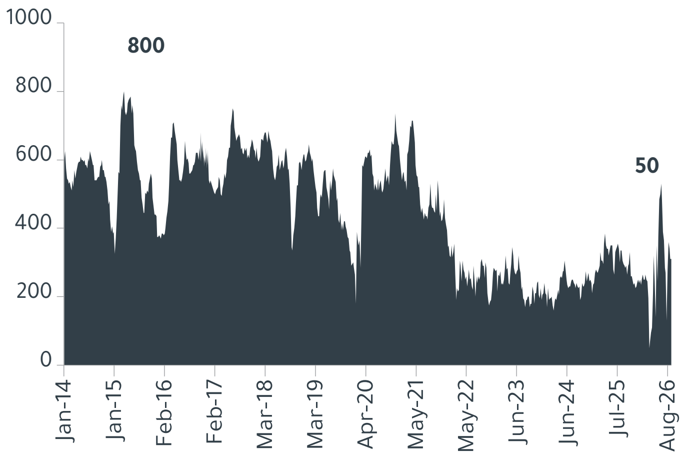
*Prices till May 12, 2026

Figure 17: Naphtha- HDPE



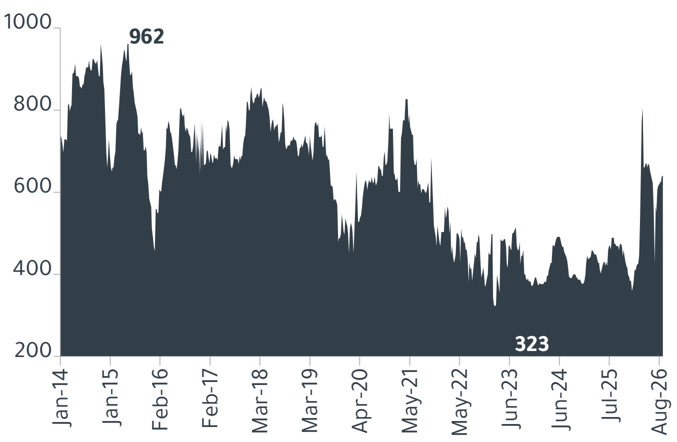
Source: Argaam, AlJazira Capital Research

Figure 18: Naphtha- PP



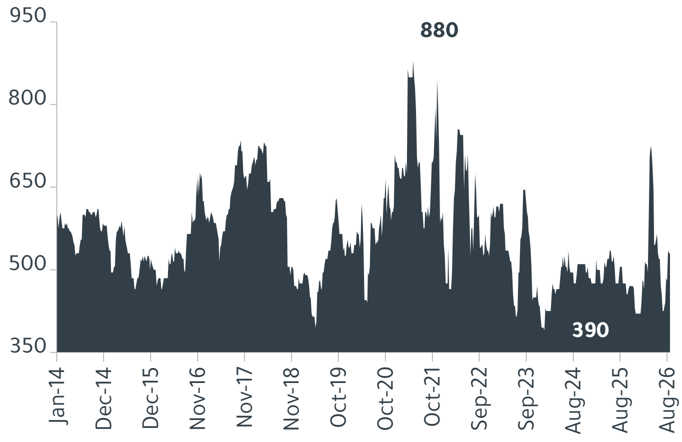
Source: Argaam, AlJazira Capital Research

Figure 19: Propane (Saudi) - PP



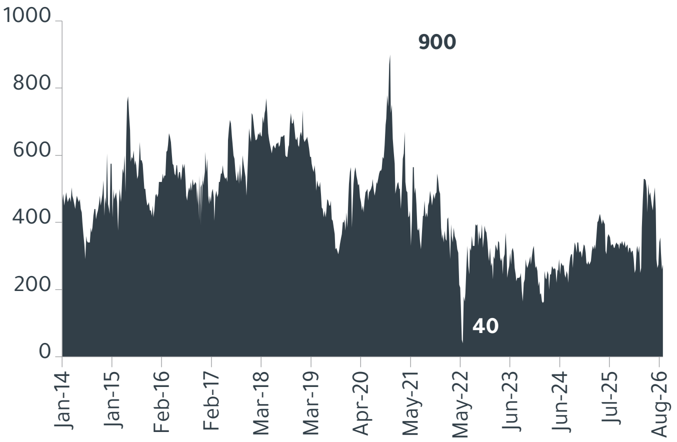
Source: Argaam, AlJazira Capital Research

Figure 20: EDC- PVC



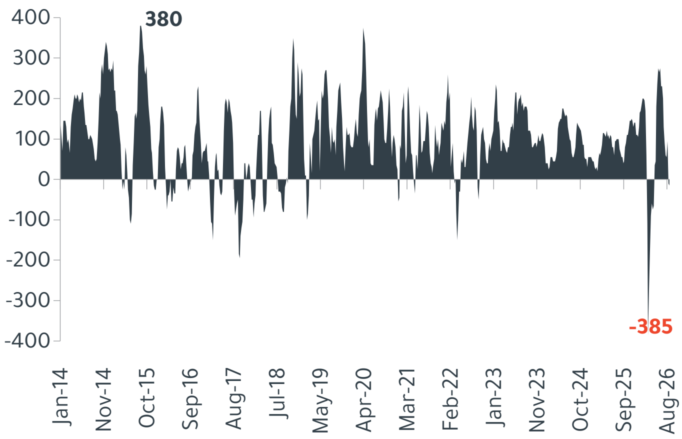
Source: Argaam, AlJazira Capital Research

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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