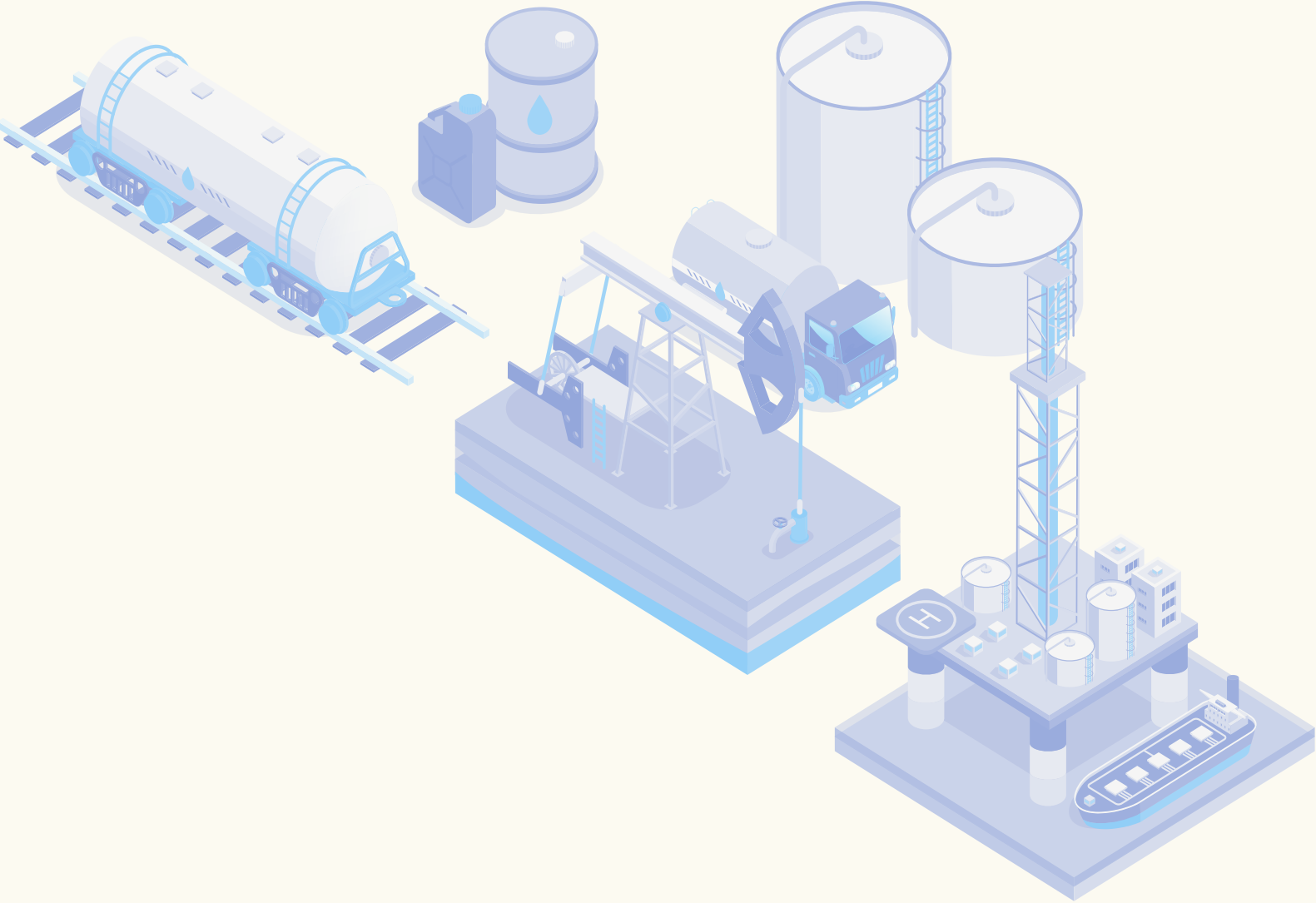


# الجزيرة كابيتال

ALJAZIRA CAPITAL الجزيرة للأسواق المالية



February  
2025



## Oil & Petrochemicals Monthly Report January I 2025

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## Ammonia, Methanol and HDPE prices declined; Urea and Propylene gained in January; Aramco increased propane and butane prices for February

- Naphtha gained, while propane and butane declined in January:** Naphtha prices increased 4.7% M/M to USD 675 per ton in January. Propane and butane prices decreased 1.6% and 2.4% M/M, respectively to USD 625 per ton and USD 615 per ton, respectively. Aramco raised the prices of propane and butane for February to USD 635 per ton and USD 625 per ton, respectively.
- Prices of most products contracted in January:** Ammonia prices declined 11.4% M/M to USD 390 per ton due to lower demand in Asia. Methanol prices fell 3.2% M/M to USD 300 per ton amid steady demand, despite tight supply. HDPE prices decreased 1.7% M/M to USD 875 per ton attributable to subdued demand and an oversupply situation in Asia. Urea prices increased 11.3% M/M to USD 395 per ton, supported by increasing post-holiday buying interest amid tightening availability. Propylene prices gained 3.7% M/M to USD 850 per ton driven by tight prompt availability following unplanned production disruptions.
- Petchem Spreads Trend:** PP-propane spread increased to USD 414 per ton in January from USD 380 per ton in December. PP-butane rose to USD 422 per ton in January from USD 384 per ton in December. HDPE-naphtha spread inched down to USD 208 per ton in January from USD 263 per ton in December.

## Oil prices rose in early January on supply concerns but eased as Trump pushed for higher US output. In February, rising stockpiles and US-China trade war fears pressured prices further

- Oil prices gained in January:** Oil prices rose at the start of the month, driven by potential supply disruptions caused by new US sanctions on Russia. However, prices later softened as Trump announced plans to boost energy production in the US and urged the Organization of Petroleum Exporting Countries (OPEC) to increase output and lower oil prices. In early February, oil prices eased due to a large buildup in US crude stockpiles and concerns regarding a potential US-China trade war. Brent increased by 3.5% M/M, while WTI rose 2.7% M/M in January, ending at USD 76.8/bbl and USD 72.5/bbl, respectively. Natural gas prices at Henry Hub fell 13.4% M/M to USD 3.0/mn Btu.
- Manufacturing activity expansion slowed in China; US PMI rose and returned to expansion zone; activity improved in Eurozone:** US ISM manufacturing PMI increased to 50.9 in January from 49.2 in December indicating first expansion in the factory sector after 26 consecutive months of contraction. China's Caixin manufacturing PMI fell to 50.1 in January from 50.5 in December as foreign orders contracted for the second month due to rising challenges in global trade policies. Eurozone manufacturing PMI rose to 46.6 from 45.1 in December.

Table 1: Petchem Prices – January FY25

Name	Price (USD per ton)	M/M %	Q/Q %	Y/Y %	YTD %
Naphtha	675	4.7%	0.7%	-4.3%	4.7%
Saudi Propane	625	-1.6%	0.0%	0.8%	-1.6%
Saudi Butane	615	-2.4%	-0.8%	-2.4%	-2.4%
Ethylene	830	-0.6%	4.4%	-5.7%	-0.6%
Propylene-Asia	850	3.7%	2.4%	4.9%	3.7%
HDPE	875	-1.7%	-4.4%	-8.9%	-1.7%
LDPE	1,120	-1.3%	-1.8%	9.3%	-1.3%
LLDPE	930	-1.6%	-3.1%	-1.1%	-1.6%
PP-Asia	945	6.8%	5.0%	8.0%	6.8%
Styrene-Asia	1,055	3.4%	1.0%	-0.5%	3.4%
Polystyrene-Asia	1,190	-1.7%	-2.5%	0.8%	-1.7%
PET - Asia	800	0.6%	-3.6%	-12.6%	0.6%
PVC-Asia	725	-2.0%	-2.0%	-5.2%	-2.0%
MEG (Asia)	545	0.0%	-0.9%	-1.8%	0.0%
Methanol-China	300	-3.2%	5.3%	5.3%	-3.2%
DAP-Gulf	610	-2.4%	-3.9%	7.0%	-2.4%
Urea-Gulf	395	11.3%	5.3%	11.3%	11.3%
Ammonia-Gulf	390	-11.4%	-8.2%	1.3%	-11.4%
MTBE-Asia	740	4.2%	0.0%	-18.7%	4.2%
EDC	285	0.0%	-3.4%	-20.8%	0.0%
MEG (SABIC)	770	-1.3%	-2.5%	-3.8%	-1.3%
PC	1,660	-1.5%	-4.0%	-3.2%	-1.5%
Acetic Acid-AA	465	6.9%	3.3%	-2.1%	6.9%
EVA	1,190	1.7%	2.1%	-2.9%	1.7%
Vinyl Acetate Monomer-VAM	790	0.6%	1.3%	-14.1%	0.6%

Note: Prices as of January 26, 2025

Source: Argaam, Reuters Eikon, AlJazira Capital Research

Table 2: Economic Calendar

Date	Country	Event
Feb 20,26	US	Weekly Petroleum Status Report
20-Feb	US	US Initial Jobless Claims
21-Feb	US	S&P Global US Manufacturing PMI
27-Feb	US	GDP Annualized QoQ
27-Feb	KSA	M3 Money Supply YoY
27-Feb	KSA	SAMA Net Foreign Assets SAR
4-Mar	KSA	S&P Global Saudi Arabia PMI
6-Mar	US	Trade Balance
7-Mar	US	Unemployment Rate
9-Mar	KSA	GDP Constant Prices YoY
11-Mar		EIA Short-term Energy Outlook
12-Mar		OPEC Monthly Oil Market Report
13-Mar		IEA Oil Market Report
16-Mar	KSA	CPI YoY
29-Mar	KSA	Current Account Balance

Source: Bloomberg, EIA, OPEC, IEA

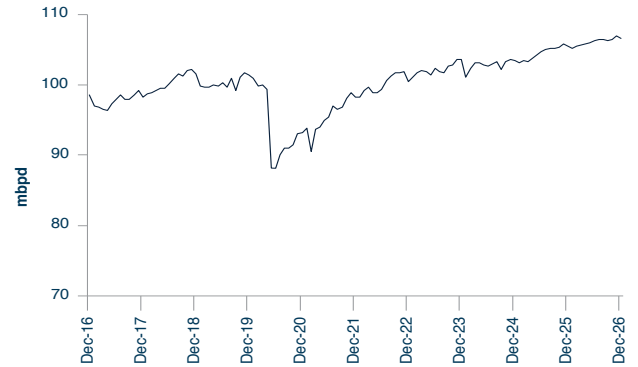
## Key comments from international energy agencies

### Crude oil supply

#### Global supply

- Global supplies of crude oil and liquid fuels are expected to rise by 1.7 mbpd to 104.6 mbpd in FY25 (0.2 mbpd higher than previous estimate) and by 1.6 mbpd to 106.2 mbpd in FY26, as per EIA. Non-OPEC supply is forecast to grow 1.5 mbpd to 71.9 mbpd in FY25 and 1.1 mbpd to 73.1 mbpd in FY26.
- Global oil supply is expected to increase by 1.6 mbpd in FY25, according to IEA.
- Throughputs are expected to average 83.3 mbpd in FY25, according to IEA.

Figure 1: World Oil Production



Source: Bloomberg, AlJazira Capital Research

#### OPEC Supply

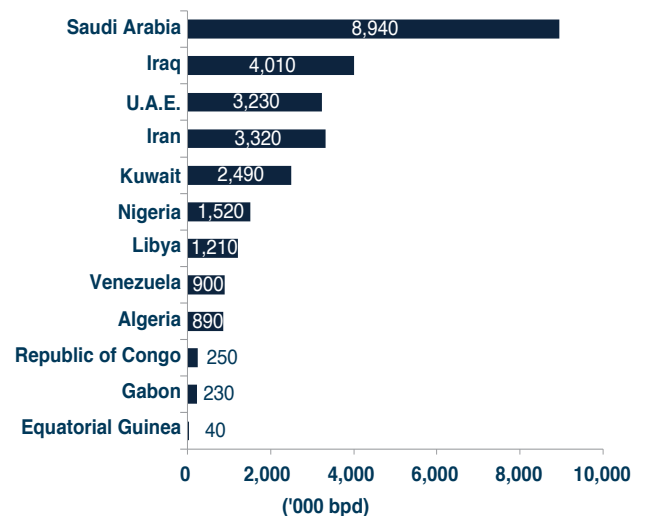
- OPEC crude oil production decreased 121,000 bpd M/M in January to an average of 26.7 mbpd, as per OPEC's secondary sources.
- On average, OPEC members are estimated to produce 26.8 mbpd of crude oil in Q1-25 (vs 26.7 mbpd in Q4-24), as per EIA.
- OPEC's average crude production is estimated at 26.9 mbpd in FY25 and at 27.3 mbpd in FY26, according to EIA.
- OPEC's unplanned oil supply disruptions averaged 1.16 mbpd in January (vs. 1.14 mbpd in December), as per EIA.

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

Prod. ('000 bpd)	Cap.	Oct 2024	Nov 2024	Dec 2024	Jan 2025	% M/M Chg.
Equatorial Guinea	120	50	80	70	40	-42.9%
Gabon	220	230	230	220	230	4.5%
Republic of Congo	300	240	230	250	250	0.0%
Venezuela	900	890	880	850	900	5.9%
Algeria	1,060	900	890	900	890	-1.1%
Libya	1,200	1,030	1,190	1,230	1,210	-1.6%
Nigeria	1,600	1,510	1,470	1,560	1,520	-2.6%
Kuwait	2,820	2,440	2,470	2,430	2,490	2.5%
Iran	3,830	3,360	3,360	3,320	3,320	0.0%
U.A.E.	4,650	3,170	3,300	3,200	3,230	0.9%
Iraq	4,800	4,130	4,120	4,120	4,010	-2.7%
Saudi Arabia	12,000	8,950	8,950	8,950	8,940	-0.1%
<b>Total OPEC</b>	<b>33,500</b>	<b>26,900</b>	<b>27,170</b>	<b>27,100</b>	<b>27,030</b>	<b>-0.3%</b>

Source: Bloomberg

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



Source: Bloomberg

## Crude oil demand

### Global

- OPEC estimates a 1.4 mbpd increase in global consumption in FY25 (unchanged from the previous month's estimate) and grow further by 1.4 mbpd in FY26. IEA estimates global oil demand growth to increase from 0.9 mbpd in FY24 to 1.1 mbpd growth in FY25 (vs. 1.1 mbpd earlier). As per EIA, global consumption of petroleum and liquid fuels averaged at 102.8 mbpd in FY24, it is forecasted to increase by 1.4 mbpd Y/Y in FY25 and 1.0 mbpd Y/Y in FY26.
- Global demand for petroleum and liquid fuels stood at 102.8 mbpd in January, up 1.9% 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 42.6 mbpd, according to OPEC. The DoC demand is estimated to increase to 42.9 mbpd in FY26, up by around 0.3 mbpd Y/Y.

## Inventory

- Global oil inventories declined 17.1 mb in December. OECD industry stocks decreased 26.1 mb to 2,737 mb, as per IEA.
- EIA recorded OECD inventories at 2.74bn barrels by end-FY24 and forecasts at 2.77bn by end-FY25 and 2.88bn by end-FY26.
- Natural gas inventories in the US are estimated to be 3,137bn cu.ft. per day in FY25 and 2,990bn cu.ft. per day in FY26, 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 74 per barrel in FY25 and at USD 66 per barrel in FY26, as per EIA.
- Goldman Sach forecasts average Brent prices at USD 76 per barrel in FY25, adding that the price are likely to be driven by rate of production in non-OPEC countries and geopolitical factors. EIA expects natural gas prices at Henry Hub to average USD 3.80/mn Btu in FY25 and USD 4.20/mn Btu in FY26.

Table 4: World Oil Demand and Supply

(mbpd)	FY24				FY25E				FY24	FY25E	FY26E
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
<b>World Crude Oil &amp; Liq. Fuels Supply</b>											
OPEC Supp.	32.38	32.46	32.35	32.36	32.52	32.58	32.68	32.79	32.39	32.65	33.09
Non-OPEC Suppl.	69.86	70.41	70.49	71.04	70.78	71.65	72.45	72.76	70.45	71.92	73.07
<b>Total World Supply</b>	<b>102.23</b>	<b>102.87</b>	<b>102.84</b>	<b>103.40</b>	<b>103.31</b>	<b>104.23</b>	<b>105.14</b>	<b>105.56</b>	<b>102.84</b>	<b>104.56</b>	<b>106.16</b>
<b>World Crude Oil &amp; Liq. Fuels Cons.</b>											
OECD Cons.	44.81	45.57	46.13	46.28	45.78	45.42	46.27	46.24	45.70	45.93	45.93
Non-OECD Cons.	57.11	57.23	56.83	57.12	58.05	58.33	58.20	58.24	57.07	58.21	59.25
<b>Total World Cons.</b>	<b>101.92</b>	<b>102.79</b>	<b>102.96</b>	<b>103.40</b>	<b>103.83</b>	<b>103.76</b>	<b>104.46</b>	<b>104.48</b>	<b>102.77</b>	<b>104.14</b>	<b>105.18</b>
OECD Comm. Inventory (mn barrels)	2,757	2,834	2,803	2,744	2,710	2,747	2,765	2,773	2,744	2,773	2,876
OPEC Surplus Crude Oil Prod. Cap.	1.47	1.39	1.55	1.31	n/a	n/a	n/a	n/a	1.43	n/a	n/a

Source: EIA STEO February 2025, AlJazira Capital Research

- The gap between crude consumption and supply is estimated to increase to 0.52 mbpd in Q1-25 (higher consumption than supply) from a balanced consumption and supply in Q4-24.
- OECD's crude inventories are expected to be at 2.71bn barrels in Q1-25 compared to 2.74bn barrels in Q4-24.

## Petrochemical sector news

- **Saudi Arabia's exports** of chemical industry and related products fell by 2.0% Y/Y to nearly SAR 6.5bn in November. Compared to October 2024, the chemical exports decreased by SAR 446.7mn, or 6%. The exports of the chemical industry and related products accounted for 24.0% of November's SAR 26.9bn in non-oil exports. (Source: Argaam)
- **Alujain Corp. (ALUJAIN)** announced the scheduled maintenance turnaround for the propylene and polypropylene complex of its 65%-owned subsidiary National Petrochemical Industrial Co. (NATPET), in accordance with the industrial standards. The company added that the maintenance work will help improve production efficiency and plant reliability. It will also help achieve future operational plans. (Source: Argaam)
- **Saudi Aramco**, CEO Amin Nasser announced that the oil market is healthy, expecting demand to rise by 1.3mn bpd in FY25, driving market growth. He emphasized that the Kingdom and Ministry of Energy aim for market balance and consider this when setting the target volume for company production. (Source: Argaam)
- **Rabigh Refining and Petrochemical Co. (Petro Rabigh)** announced the completion of the second waiver of revolving shareholder loans (RSLs), as it entered into the amended and restated RSL termination agreements with its founding shareholders, Saudi Aramco and Sumitomo Chemical Co. Under the agreements, the founding shareholders irrevocably and unconditionally waived the company's obligation to repay an amount of SAR 1.9bn under the RSLs (representing SAR 937.5mn) for each founding Shareholder under its respective agreement). The second waiver is expected to have a positive impact on its financial position, which will be reflected in financial Statements for Q1-25. (Source: Argaam)
- **Saudi Aramco**, President and CEO Amin Nasser revealed that the company is heavily investing in renewable energy, stressing the need for efficient grid management to avoid power outages. (Source: Argaam)
- **Saudi Aramco-owned** Motiva Enterprises has expanded its Port Arthur refinery in Texas to become the largest fuel-making plant in the US. The refinery can now process up to 654,000 barrels of crude per day, more than the biggest US plants owned by ExxonMobil Corp. and Marathon Petroleum. (Source: Argaam)
- **Nama Chemicals Co.** said its subsidiary, Jubail Chemical Industries Co. (JANA), terminated contracts with a consortium comprising Green Dimension Co. and Confident Engineering International Co. These contracts pertain to the treatment of wastewater from chloride and epoxy resin plants. (Source: Argaam)

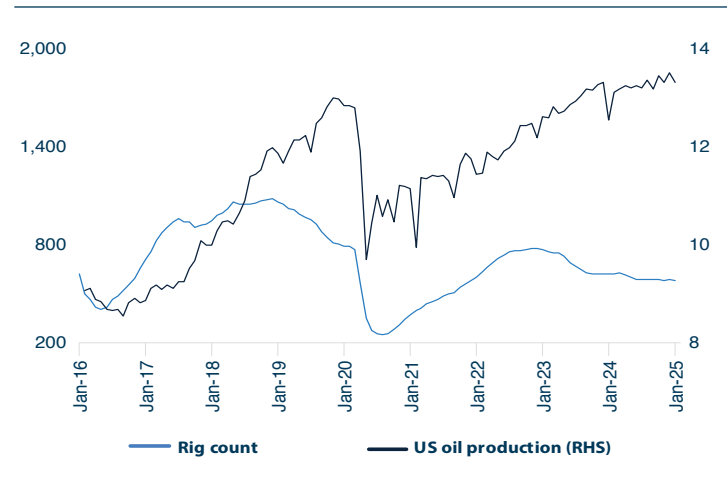
**Table 5: KSA Petrochemical Companies Key Metrics**

Company	Net profit (TTM; SAR mn)	P/E (Adjusted)	P/B	EV/ EBITDA	DPS (SAR) TTM	Dividend Yield (2024)	YTD returns
SABIC	1,702.1	High	1.2x	13.6x	3.40	5.1%	-1.2%
TASNEE	52.7	High	0.7x	83.0x	-	-	-1.4%
YANSAB	473.3	44.0x	1.8x	13.1x	2.00	5.4%	-2.0%
SABIC Agri-Nutrients	3,351.1	15.3x	2.9x	11.0x	6.00	5.4%	0.7%
Sipchem	564.8	High	1.1x	13.3x	1.00	4.4%	-9.6%
Advanced	51.6	High	2.4x	49.2x	-	-	-6.7%
KAYAN	-1,740.2	NEG	0.8x	14.6x	-	-	-7.3%
SIIG	201.2	High	1.4x	--	0.50	2.8%	7.1%
Nama Chemical	-86.7	NEG	3.6x	--	-	-	8.2%
Chemanol	-171.4	NEG	1.1x	41.5x	-	-	-13.5%
ALUJAIN	-0.7	NEG	0.7x	12.2x	-	-	-7.0%

Source: Bloomberg, Tadawul, Argaam, Aljazira Capital Research; Data as of February 17, 2025

## US oil and gas developments

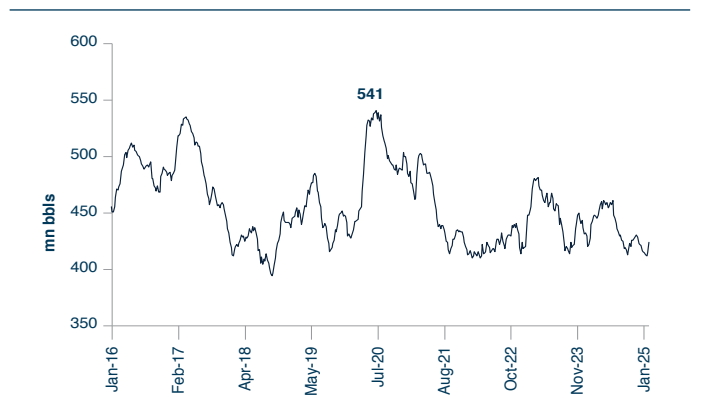
**Figure 4: US Oil Production versus Rig Count**



US oil production averaged 13.31 mbpd in January 2025. Production decreased 1.5% M/M and increased 6.1% Y/Y from 12.55 mbpd in January 2024.

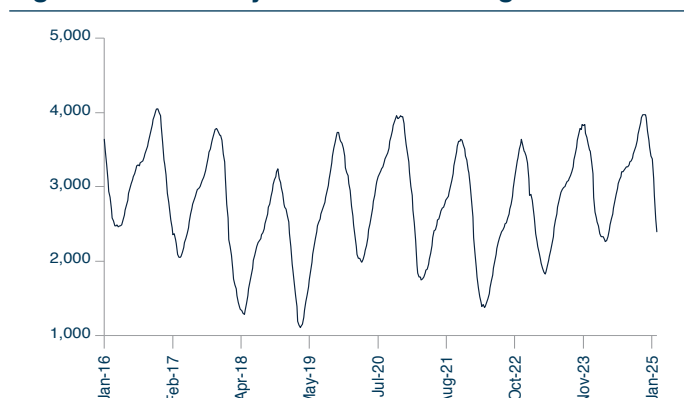
In the week ended January 31, the rotary rig count in the US stood at 582 (up 6 W/W). The average number of rigs fell 1.2% M/M in January vis-à-vis an increase of 0.9% in December. The average rig count was down 6.1% Y/Y in January. As of February 14, of the total 588 rigs, 481 (up 1 W/W) were used to drill for oil and 101 (up 1 W/W) for natural gas. In the US, oil exploration decreased 3.2% Y/Y, while gas exploration declined 16.5% Y/Y.

**Figure 5: US Weekly Oil Inventories**



- US weekly oil inventories increased 2.1% W/W to 423.8mn barrels for the week ended January 31. On M/M basis, inventories rose 2.0%.

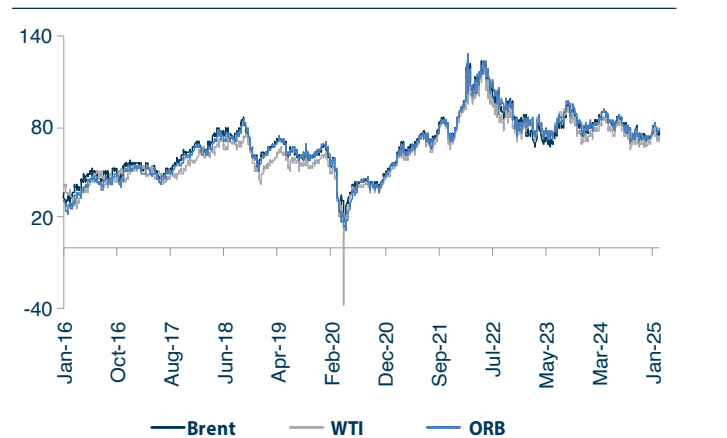
**Figure 6: US Weekly Natural Gas Storage**



- US weekly natural gas storage decreased 6.8% W/W to 2.397 bcf in the week ended January 31. On M/M basis, natural gas storage declined 29.8%.

## Price Trend: Oil, Natural Gas & Petrochemicals Products

**Figure 7: Oil Price Trends (USD per Barrel)**

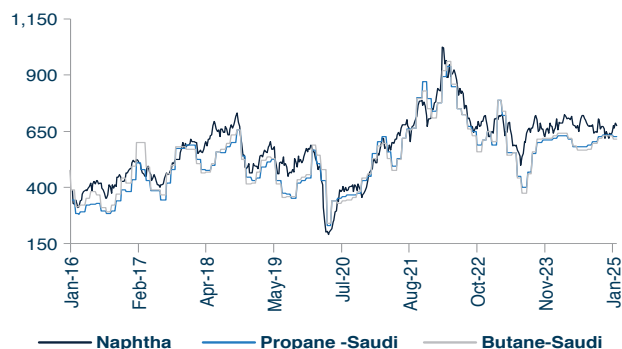


**Figure 8: Henry Hub Natural Gas (USD per MMBtu)**



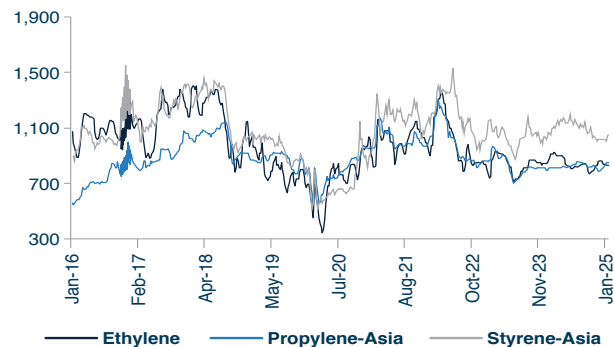


Figure 9: Feedstock Price Trends (USD per Ton)



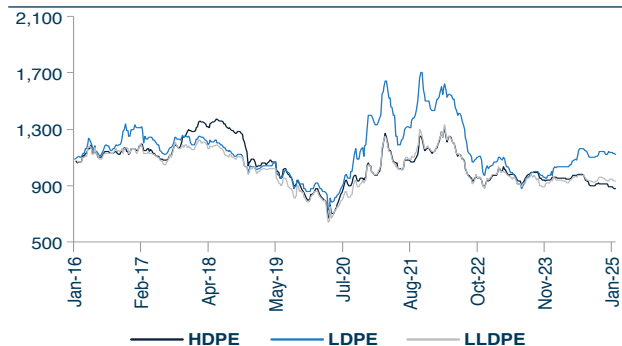
Source: Argaam, AlJazira Capital Research

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



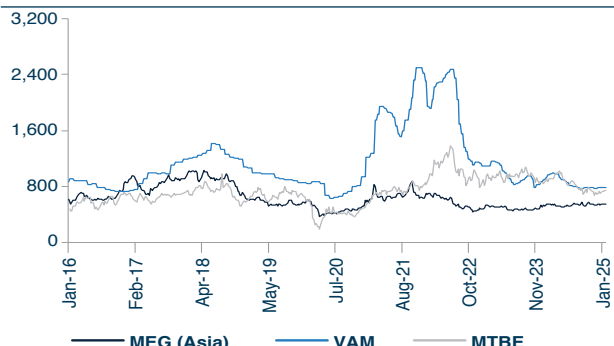
Source: Argaam, AlJazira Capital Research

Figure 11: Polyethylene Price Trends (USD per Ton)



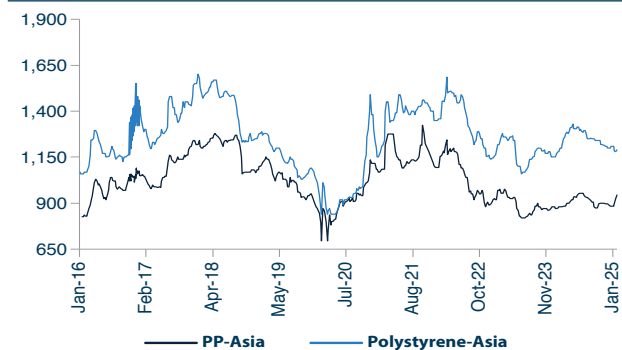
Source: Argaam, AlJazira Capital Research

Figure 12: Intermediates Price Trends (USD per Ton)



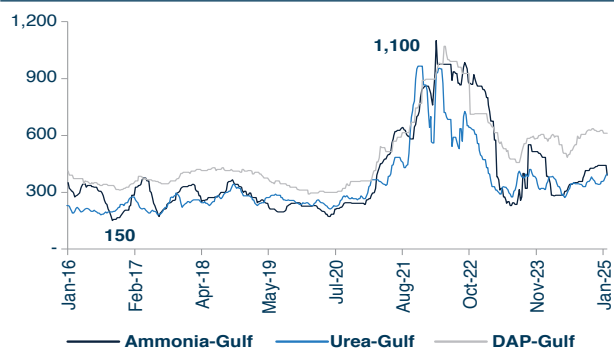
Source: Argaam, AlJazira Capital Research

Figure 13: Polypropylene &amp; Polystyrene



Source: Argaam, AlJazira Capital Research

Figure 14: Ammonia, Urea &amp; DAP



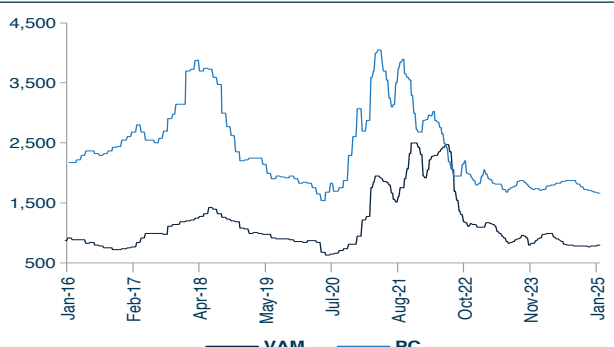
Source: Argaam, AlJazira Capital Research

Figure 15: Methanol-China (USD per Ton)



Source: Argaam, AlJazira Capital Research

Figure 16: PC-VAM



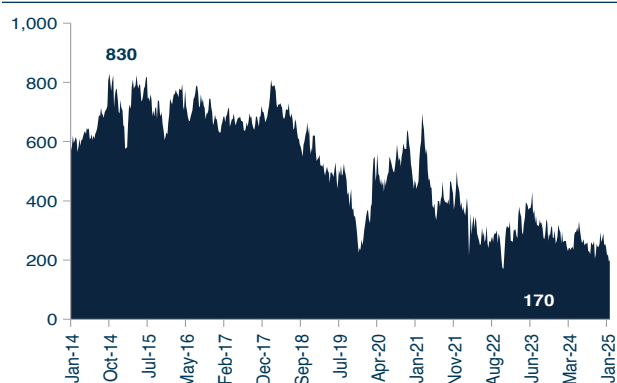
Source: Argaam, AlJazira Capital Research



## Petchem Spreads Trend

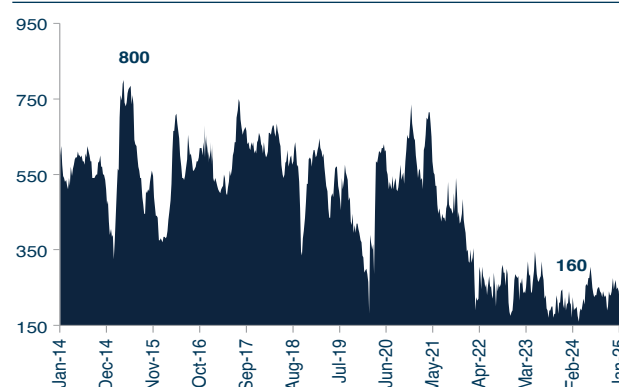
- Naphtha prices averaged USD 675 per ton in January, up from USD 635 per ton in December.
- Polypropylene average prices rose to USD 914 per ton in January from USD 888 per ton in December.
- The HDPE-naphtha spread inched down to USD 208 per ton in January from USD 263 per ton in December.
- The PP-naphtha spread decreased to USD 239 per ton from USD 253 per ton during the previous month.
- The PP-propane spread increased to USD 414 per ton in January from USD 380 per ton in December.
- The PVC-EDC spread declined to USD 478 per ton in January from USD 493 per ton in December.
- The polystyrene-benzene spread contracted to USD 299 per ton in January compared to USD 314 per ton in December.
- The HDPE-ethylene spread rose to USD 51 per ton in January from USD 48 per ton in December.
- PP-butane spread rose to USD 422 per ton in January from USD 384 per ton in December.
- LDPE-naphtha spread contracted by 8.6% M/M to USD 453 per ton, while LDPE-ethylene spread widened 5.8% M/M to USD 296 per ton in January.
- LLDPE-naphtha spread declined 13.4% to USD 263 per ton. Whereas LLDPE-ethylene rose 20.7% M/M to USD 106 per ton in January.

Figure 17: Naphtha- HDPE



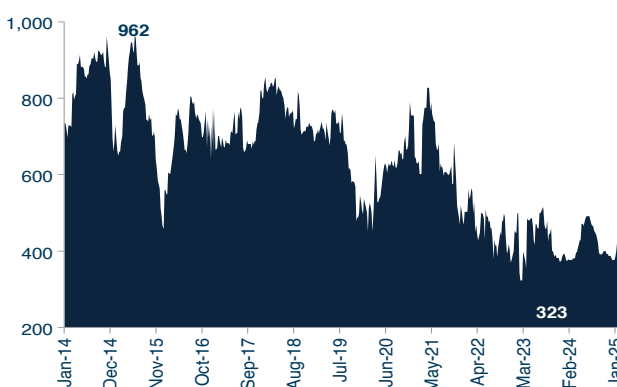
Source: Argaam, AlJazira Capital Research

Figure 18: Naphtha- PP



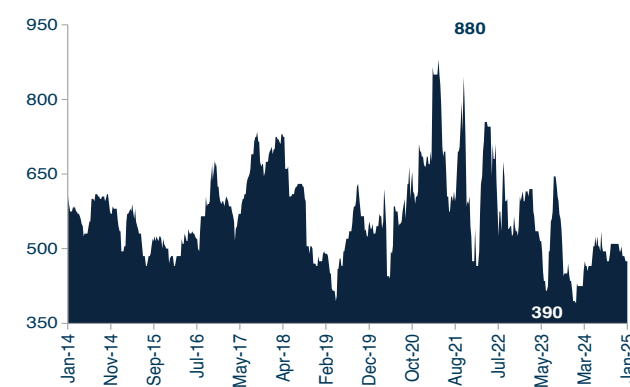
Source: Argaam, AlJazira Capital Research

Figure 19: Propane (Saudi) - PP



Source: Argaam, AlJazira Capital Research

Figure 20: EDC- PVC

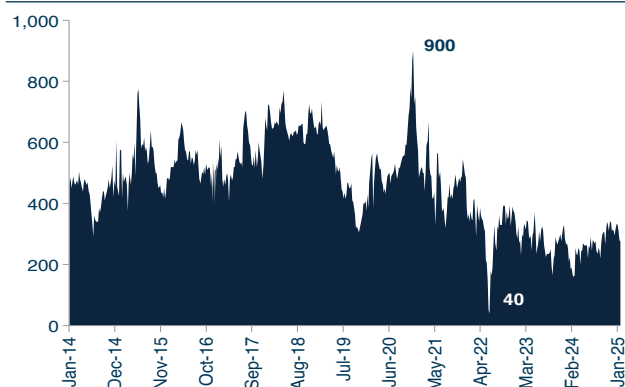


Source: Argaam, AlJazira Capital Research



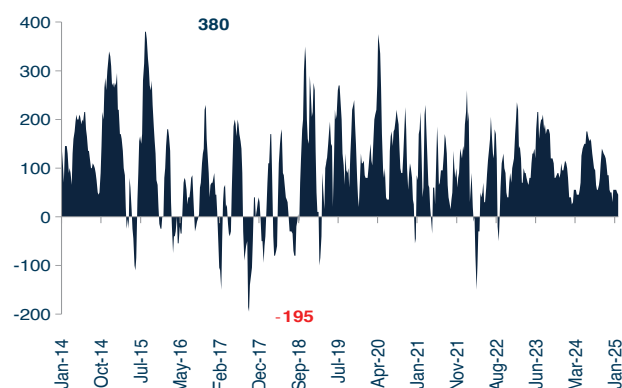


Figure 21: Benzene- Polystyrene



Source: Argam, AlJazira Capital Research

Figure 22: Ethylene- HDPE



Source: Argam, AlJazira Capital Research

Table 6: Petrochemical Products by Saudi Petrochemical Companies

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

Source: Argam Plus



RESEARCH  
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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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