Oil & Petrochemicals Monthly Report

July | 2026

Geopolitical escalations keep premium on oil prices, while muted demand outlook indicates supply surplus by the year end

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August 2026

MTBE, MEG and styrene prices increased, while VAM and PC prices fell in July, Aramco increased Propane and Butane prices for August

- **Naphtha prices rose; propane and butane declined in July:** Naphtha prices increased 47.3% M/M to USD 950 per ton in July. Propane and Butane prices fell to USD 580 and USD 600 per ton in July. Aramco lifted Propane and Butane prices for August to USD 620 and USD 640 per ton, respectively.
- **Product prices were mixed in July: MTBE** prices surged 32.7% M/M to USD 995 per ton due to stronger gasoline blending demand amid driving season and reduced supply from China. **MEG** prices increased 20.0% M/M to USD 630 per ton, impacted by disruption in supply from Middle East that led to drop in inventories at East China ports. **Styrene** prices rose 19.7% M/M to USD 1,155 per ton, rebounding from decline in the previous month amid expectations of slight tightening of supply. **PC** prices decreased 8.6% M/M to USD 1,850 per ton because of extensive supply and weak demand. **VAM** prices fell 7.0% M/M to USD 930 per ton in July, weighed down by continued weakness in downstream consumption in addition to seasonality effect.
- **Petchem Spreads Trend:** PP-propane spread expanded to USD 585 per ton in July from USD 558 per ton in June. PP-butane spread increased to USD 569 per ton in July from USD 510 per ton in June. HDPE-naphtha spread decreased to USD 229 per ton in July from USD 415 per ton in June.

Brent crude rebounded sharply in July and early August as geopolitical tensions reignited the war premium

- **Oil prices rebound in July:** After dipping to a low near USD 73 per barrel in June, prices reversed course in July due to fresh missile strikes in the Strait of Hormuz and security breakdowns following new Iranian attacks. Supply anxieties deepened into early August as US-Iran framework negotiations stalled. Brent crude climbed past USD 90 per barrel in July before settling in USD 80-85 level in early August.

  Brent prices surged 25.2% M/M, while WTI gained 22.3% M/M in July, ending at USD 90.1/bbl and USD 84.7/bbl, respectively. Natural gas prices at Henry Hub decreased by 15.0% M/M to USD 2.7/mn Btu.
- **Manufacturing activity extended its expansion in July:** Major global economies maintained expansionary manufacturing activity in July, with growth accelerating in the US and Eurozone while momentum moderated in China. China's Caixin PMI eased to 50.9 from 51.7 in June, supported by a 14-month streak of new order growth, a return to export growth, and cooling input-cost inflation. The Eurozone HCOB PMI rose to 51.9 from 51.4, driven by faster output expansion. Meanwhile, the US ISM PMI accelerated to 55.6 from 53.3, reaching its highest level since May 2022 and sustained by surging production and strong new orders.

Table 1: Petchem Prices - July FY26

Name	Price (USD per ton)	M/M %	Q/Q %	Y/Y %	YTD %
Naphtha	950	47.3%	-7.3%	63.8%	75.9%
Saudi Propane	580	-23.7%	-22.7%	0.9%	17.2%
Butane-Saudi	600	-26.8%	-25.0%	10.1%	23.7%
Ethylene	940	18.2%	-29.3%	21.3%	33.3%
Propylene-Asia	990	16.5%	-25.0%	33.8%	39.4%
HDPE	1,030	0.5%	-17.9%	17.7%	26.4%
LDPE	1,145	0.4%	-19.1%	10.6%	25.8%
LLDPE	950	-3.1%	-17.4%	11.1%	23.4%
PP-Asia	1,080	4.3%	-15.0%	17.4%	38.5%
Styrene-Asia	1,155	19.7%	-15.1%	24.9%	45.3%
Polystyrene-Asia	1,280	-0.8%	-20.0%	18.5%	30.6%
PET - Asia	1,000	-0.5%	-16.7%	29.9%	29.9%
PVC-Asia	780	4.0%	-25.7%	11.4%	21.9%
MEG (Asia)	630	20.0%	4.1%	16.7%	41.6%
Methanol-China	335	8.1%	-20.2%	19.6%	36.7%
DAP-Gulf	905	0.0%	13.8%	13.1%	33.1%
Urea-Gulf	420	5.0%	-54.1%	-11.6%	6.3%
Ammonia-Gulf	640	-1.5%	-1.5%	96.9%	23.1%
MTBE-Asia	995	32.7%	3.6%	53.1%	60.5%
EDC	310	-1.6%	-30.3%	37.8%	55.0%
MEG (SABIC)	830	0.0%	0.0%	12.2%	27.7%
PC	1,850	-8.6%	-22.9%	20.5%	19.0%
Acetic Acid-AA	560	3.7%	-13.2%	34.9%	38.3%
EVA	1,270	3.3%	-25.5%	7.2%	10.9%
Vinyl Acetate Monomer-VAM	930	-7.0%	-51.2%	17.7%	17.7%

Note: *Prices as of July 26, 2026

Source: Argaam, Reuters Eikon, AlJazira Capital Research

Table 2: Economic Calendar

Date	Country	Event
August 12,19,26	US	Weekly Petroleum Status Report
11-Aug		EIA Short-term Energy Outlook
12-Aug		IEA Oil Market Report
12-Aug	KSA	CPI YoY
12-Aug		OPEC Monthly Oil Market Report
13-Aug	US	US Initial Jobless Claims
21-Aug	US	S&P Global US Manufacturing PMI
26-Aug	US	GDP Annualized QoQ
30-Aug	KSA	M3 Money Supply YoY
30-Aug	KSA	SAMA Net Foreign Assets SAR
3-Sep	KSA	S&P Global Saudi Arabia PMI
4-Sep	US	Trade Balance
4-Sep	US	Unemployment Rate
08-Sep	KSA	GDP Constant Prices YoY
30-Sep	KSA	Current Account Balance

Source: Bloomberg, EIA, OPEC, IEA

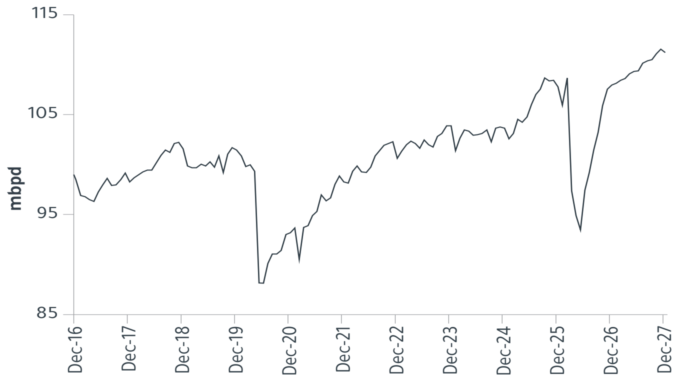
Key comments from international energy agencies

Crude oil supply

Global supply

- Global supplies of crude oil and liquid fuels are expected to decline by 4.2 mbpd to 101.9 mbpd in FY26 (vs. the previous estimate of a decrease of 4.8 mbpd), while supplies are expected to increase by 8.0 mbpd in FY27 (vs. 7.9 mbpd increase in previous estimate), as per **EIA**. Non-OPEC supply is forecast to remain steady at 76.8 mbpd in FY26 and rise 3.1 mbpd to 79.9 mbpd in FY27.
- Global oil supply rose by 4.1 mbpd to 98.8 mbpd in June, according to **IEA**. Global oil supply is projected to decrease 3.7 mbpd to102.6 in FY26.

Figure 1: World Oil Production



Source: Bloomberg, AlJazira Capital Research

OPEC Supply

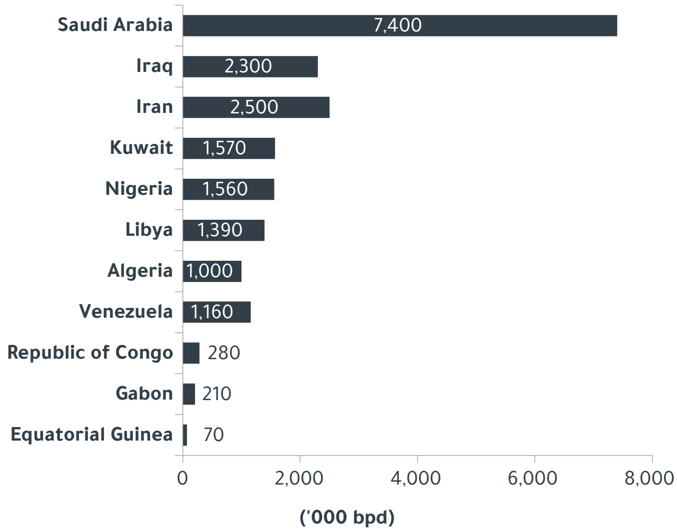
- OPEC crude oil production increased by 3.05 mbpd M/M in June to 22.0 mbpd, as per **OPEC's** secondary sources.
- On average, OPEC members are expected to produce 20.3 mbpd of crude oil in Q3-26 (vs 17.1 mbpd in Q2-26), as per **EIA**.
- OPEC's average crude production is estimated at 21.1 mbpd in FY26 and 24.9 mbpd in FY27, according to **EIA**.
- OPEC's unplanned oil supply disruptions averaged 9.87 mbpd in June (vs. 12.00 mbpd in May), 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 0.8 mbpd increase in global consumption in FY26 (~0.2 mbpd lower than previous month's estimate) and a growth of 1.9 mbpd in FY27. **IEA** estimates global oil demand to decrease by 1.0 mbpd in FY26 (vs. 1.1 mbpd decrease in previous estimate). As per **EIA**, global consumption of petroleum and liquid fuels is forecasted to decrease by 1.2 mbpd Y/Y in FY26 (vs. earlier projection of 0.2 mbpd increase) but estimated to increase by 2.0 mbpd Y/Y in FY27.
- Global demand for petroleum and liquid fuels stood at 101.4 mbpd in June, down 3.8% 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 42.3 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 1.2 mbpd Y/Y.

Inventory

- Global oil inventories rose 21mn barrels in June (first increase in four months), as per **IEA**.
- **EIA** forecasts OECD inventories at 2.60bn barrels by end-FY26 and 3.02bn by FY27.
- Natural gas inventories in the US are estimated at 3.97tn 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 82 per barrel in FY26 and at USD 65 per barrel in FY27, as per **EIA**. **Goldman Sachs** increased its FY26 forecast for brent crude prices to USD 85 from USD 77 per barrel and expected prices to average at USD 80 per barrel in FY27, citing extended shipping disruption. **EIA** expects natural gas prices at Henry Hub to average USD 3.67/mn Btu in FY26 and USD 3.49/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	20.01	24.17	28.53	29.33	25.09	29.95
Non-OPEC Suppl.	74.77	75.90	78.22	78.19	76.21	75.25	77.12	78.61	76.78	76.80	79.89
Total World Supply	**103.44**	**105.01**	**107.75**	**108.20**	**103.86**	**95.26**	**101.29**	**107.14**	**106.12**	**101.89**	**109.84**
World Crude Oil & Liq. Fuels Cons.											
OECD Cons.	45.38	45.68	46.53	46.08	45.61	44.91	45.93	45.72	45.92	45.54	45.63
Non-OECD Cons.	57.00	58.27	58.41	58.59	57.21	55.45	57.59	58.68	58.08	57.24	59.18
Total World Cons.	**102.38**	**103.96**	**104.95**	**104.67**	**102.82**	**100.35**	**103.51**	**104.40**	**104.00**	**102.78**	**104.81**
OECD Comm. Inventory (mn barrels)	2,738	2,777	2,858	2,829	2,798	2,603	2,557	2,604	2,829	2,604	3,021
OPEC Surplus Crude Oil Prod. Cap.	1.03	1.00	1.00	0.90	3.61	11.08	n/a	n/a	0.98	n/a	n/a

Source: EIA STEO July 2026, AlJazira Capital Research

- The gap between crude consumption and supply is estimated to decrease to 2.22 mbpd in Q3-26 (higher consumption than supply) vs. 5.09 mbpd in Q2-26 (higher consumption than supply).
- OECD's crude inventories are expected to be at 2.56bn barrels in Q3-26 compared to 2.60bn barrels in Q2-26.

Petrochemical sector news

- **Saudi Basic Industries Corp. (SABIC)** completely divested its specialty engineering plastics business in North America, South America and Europe on August 3, 2026. The divested business recorded operating losses of approximately SAR 1.9bn for 2025, and around SAR 648mn for H1-26. (Source: Tadawul)
- **Saudi Basic Industries Corp. (SABIC)** signed a project development agreement with Rongsheng Petrochemical Co. Ltd. and its wholly owned subsidiary, Rongsheng New Materials Co. Ltd., to develop the Jintang New Materials advanced materials project in Zhoushan, China. (Source: Argaam)
- **Rabigh Refining and Petrochemical Co. (Petro Rabigh)** is considering increasing its production capacity to more than 400,000 bpd, as per CEO and President Othman Al-Ghamdi. (Source: Argaam)
- **Petro Rabigh's** "the Bottom of the Barrel project" is one of the company's key strategic asset development projects and is currently in the front-end engineering design (FEED) stage, as per CEO and President Othman Al-Ghamdi. (Source: Argaam)
- **Alujain Corp.** signed a joint venture (JV) agreement with Beaulieu Fibres International N.V., a wholly owned subsidiary of Beaulieu International Group. The partnership aims to structurally expand Alujain's production capacity of advanced polypropylene (PP) fibers for geotextile and flooring applications. The deal is valued at SAR 89mn (USD 23.7mn), comprising machinery and cash. (Source: Tadawul)
- **National Industrialization Co. (Tasnee)** announced the no-objection from the General Authority for Competition (GAC) for Tahweel Holding to fully acquire Al-Rowad Industrial Transformation Co. Tasnee signed on March 1 an agreement to sell its entire stake in Al-Rowad Industrial to Tahweel for SAR 700 mn. (Source: Tadawul)
- **Saudi Aramco** is considering owning global storage facilities larger than its current facilities, said Yasir Al Rumayyan, Governor of the Public Investment Fund (PIF) and Chairman of Aramco. (Source: Argaam)
- Yemen's Houthis said they had attacked Saudi **Aramco's** Jazan refinery on Sunday, two days after the kingdom signed a defence pact with Turkey and Pakistan. The Saudi energy ministry said a fire had broken out at the refinery that was later extinguished, without saying what caused the fire. (Source: Reuters)

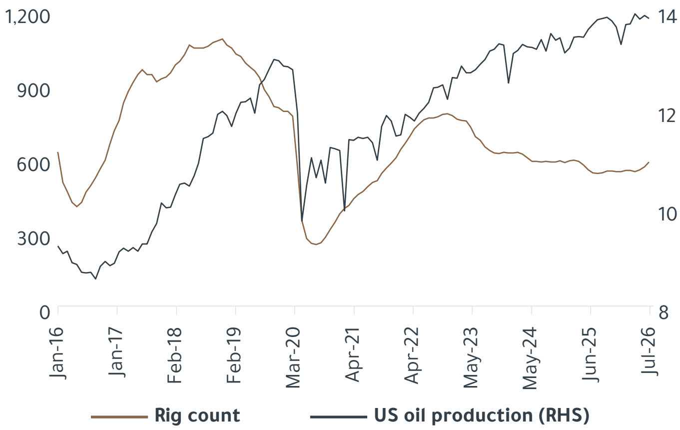
Table 5: KSA Petrochemical Companies Key Metrics

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	5.9%	-1.5%
TASNEE	-3,484.3	NEG	0.8x	High	-	-	-4.1%
YANSAB	290.9	High	1.6x	17.4x	2.00	6.7%	8.8%
SABIC Agri-Nutrients	3,883.3	14.9x	2.7x	10.3x	7.00	5.8%	9.8%
Sipchem	-1,693.8	NEG	0.7x	High	1.00	7.7%	-13.3%
Advanced	4.4	NEG	2.1x	15.4x	-	-	-21.6%
KAYAN	-2,309.1	NEG	1.0x	24.1x	-	-	9.9%
SIIG	52.1	High	1.0x	-	0.25	2.0%	-0.5%
Nama Chemical	77.9	NEG	1.6x	-	-	-	-22.9%
Chemanol	-485.6	NEG	2.0x	-	-	-	-6.2%
ALUJAIN	-725.0	15.9x	0.7x	26.4x	3.00	10.9%	1.8%

Source: Bloomberg, Tadawul, Argaam, Aljazira Capital Research; prices as of August 06, 2026

US oil and gas developments

Figure 4: US Oil Production versus Rig Count

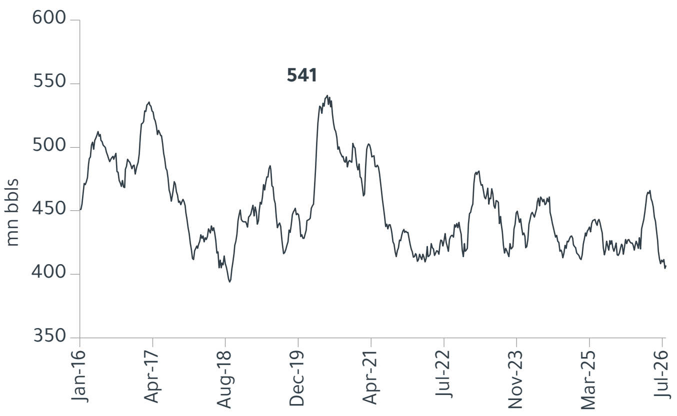


Source: US EIA, AlJazira Capital Research

US oil production averaged 13.84 mbpd in July 2026. Production decreased 0.4% M/M and increased 0.9% Y/Y from 13.71 mbpd in July 2025.

In the week ended July 31, the rotary rig count in the US stood at 588 (up 1 W/W). The average number of rigs rose 3.5% M/M in July vis-à-vis an increase of 2.2% in May. The average rig count was up 8.2% Y/Y in July. As of August 07, of the total 588 rigs, 454 (up 3 W/W) were used to drill for oil and 124 (down 3 W/W) for natural gas. In the US, oil exploration increased 10.5% Y/Y, while gas exploration rose 0.8% Y/Y.

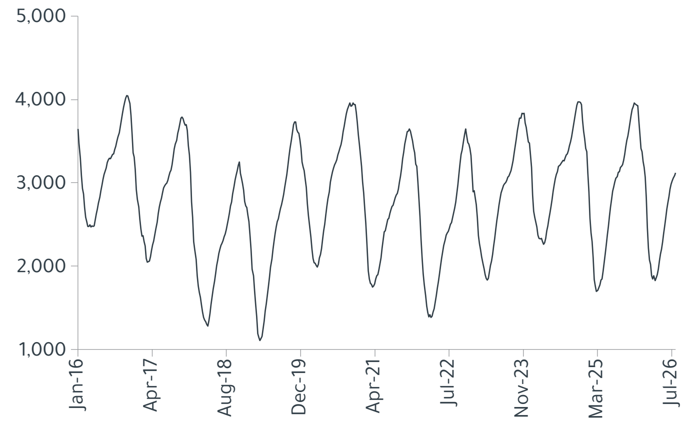
Figure 5: US Weekly Oil Inventories



- US weekly oil inventories increased 0.6% W/W to 407.0mn barrels for the week ended July 31. On M/M basis, inventories fell 0.3%.

Source: US EIA, AlJazira Capital Research

Figure 6: US Weekly Natural Gas Storage

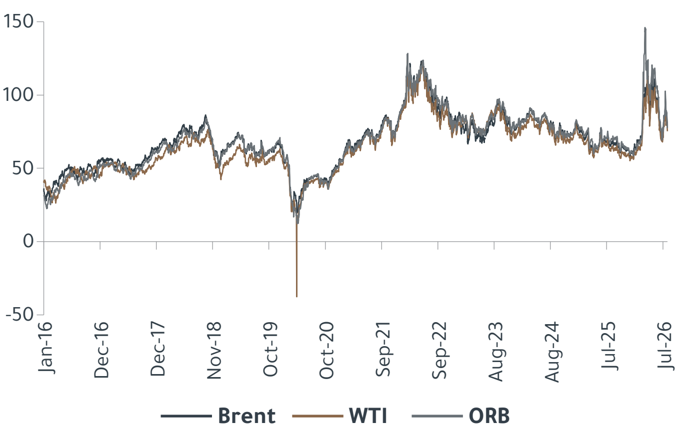


- US weekly natural gas storage increased 1.1% W/W to 3,117 bcf in the week ended July 31. On M/M basis, natural gas storage rose 6.7%.

Source: US EIA, AlJazira Capital Research

Price Trend: Oil, Natural Gas & Petrochemicals Products

Figure 7: Oil Price Trends (USD / Barrel)

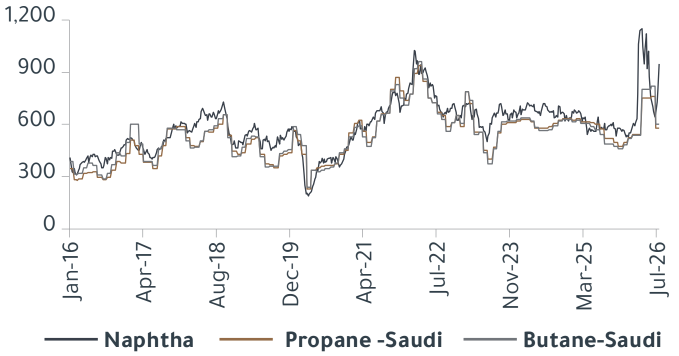


Source: Reuters Eikon, AlJazira Capital Research

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

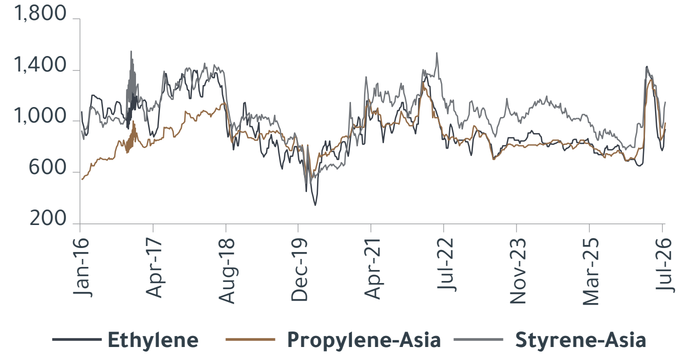
Source: OPEC, AlJazira Capital Research

Figure 9: Feedstock Price Trends (USD / Ton)



Source: Argaam, AlJazira Capital Research

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

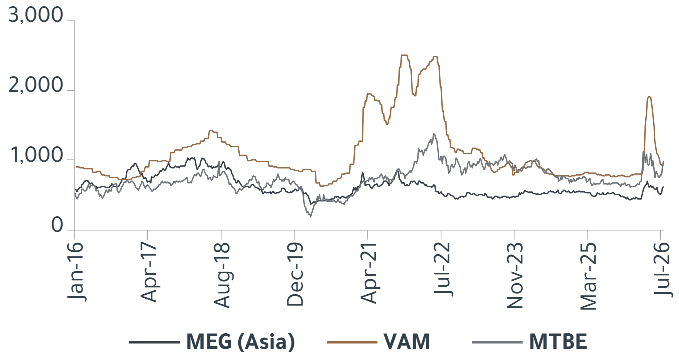


Source: Argaam, AlJazira Capital Research

Figure 11: Polyethylene Price Trends (USD per Ton)

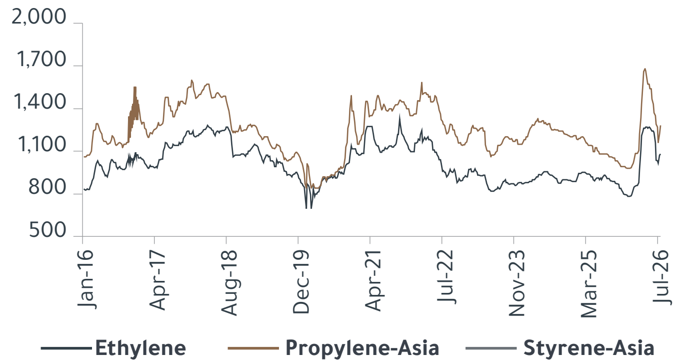
Source: Argaam, AlJazira Capital Research

Figure 12: Intermediates Price Trends (USD per Ton)



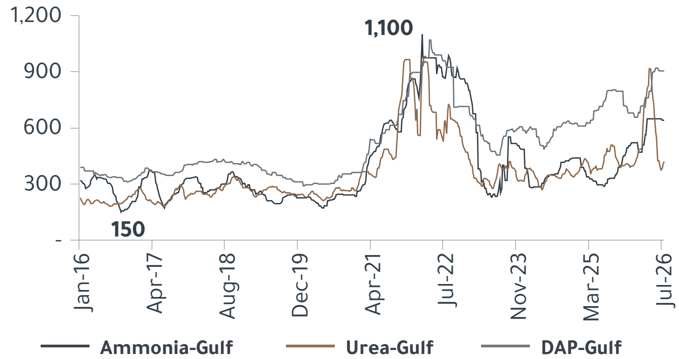
Source: Argaam, AlJazira Capital Research

Figure 13: Polypropylene & Polystyrene



Source: Argaam, AlJazira Capital Research

Figure 14: Ammonia, Urea & DAP

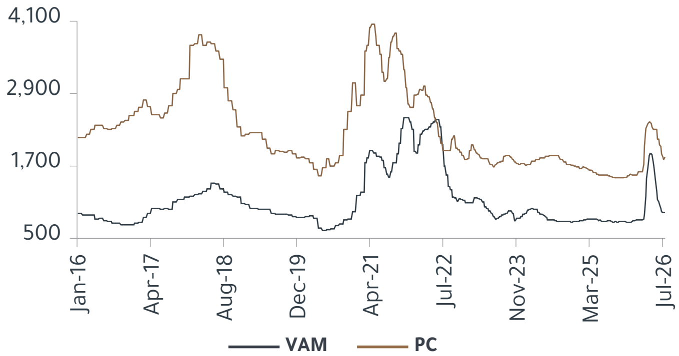


Source: Argaam, AlJazira Capital Research

Figure 15: Methanol-China (USD per Ton)

Source: Argaam, AlJazira Capital Research

Figure 16: PC-VAM



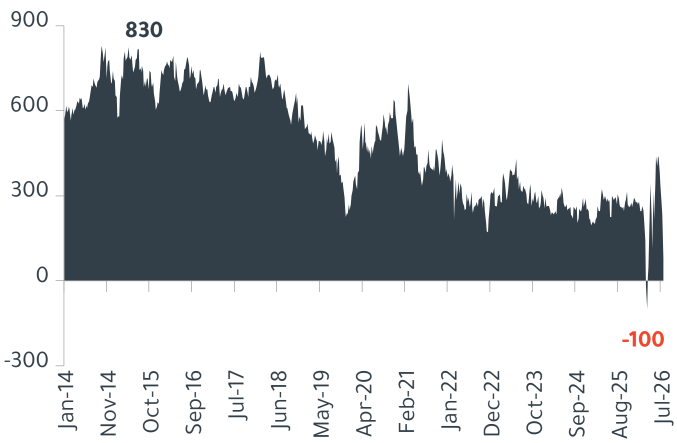
Source: Argaam, AlJazira Capital Research

Petchem Spreads Trend

- Naphtha prices averaged 786 per ton in July, up from USD 690 per ton in June.
- Polypropylene average prices edged down to USD 1,049 per ton in July from USD 1,166 per ton in June.
- The HDPE-naphtha spread decreased to USD 229 per ton in July from USD 415 per ton in June.
- The PP-naphtha spread declined to USD 263 per ton from USD 476 per ton during the previous month.
- The PP-propane spread expanded to USD 585 per ton in July from USD 558 per ton in June.
- The PVC-EDC spread dropped to USD 431 per ton in July from USD 491 per ton in June.
- The polystyrene-benzene spread fell to USD 318 per ton in July compared to USD 466 per ton in June.
- The HDPE-ethylene spread contracted to USD 163 per ton in July from USD 261 per ton in June.
- PP-butane spread increased to USD 569 per ton in July from USD 510 per ton in June.
- LDPE-naphtha spread slipped by 32.8% M/M to USD 351 per ton, while LDPE-ethylene reduced 22.7% M/M to USD 285 per ton in July.
- LLDPE-naphtha spread plunged to USD 160 per ton from USD 343 per ton in June and LLDPE-ethylene declined to USD 94 per ton in July compared to USD 189 per ton in June.

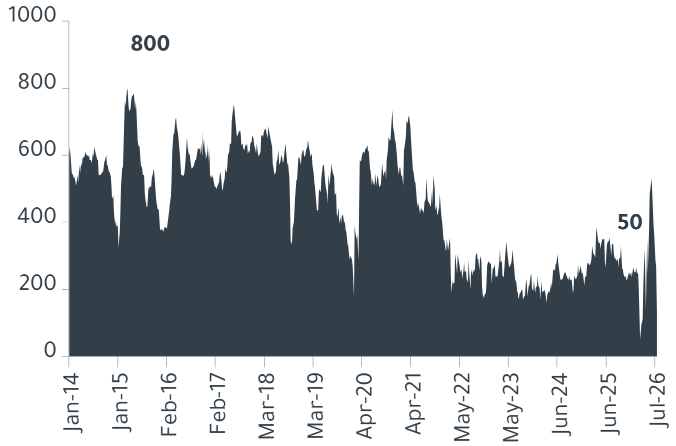
*Prices till May 12, 2026

Figure 17: Naphtha- HDPE



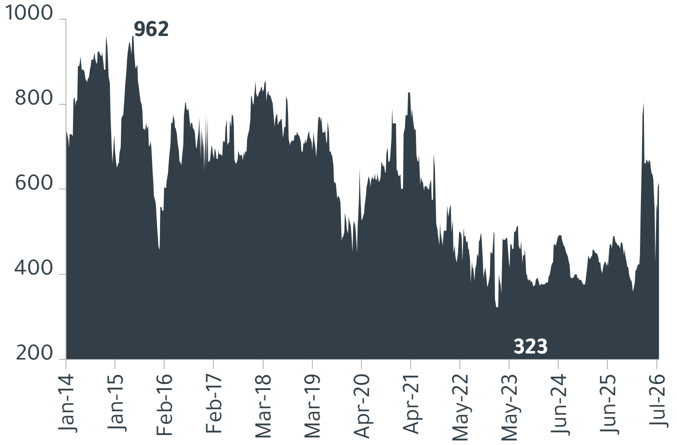
Source: Argaam, AlJazira Capital Research

Figure 18: Naphtha- PP



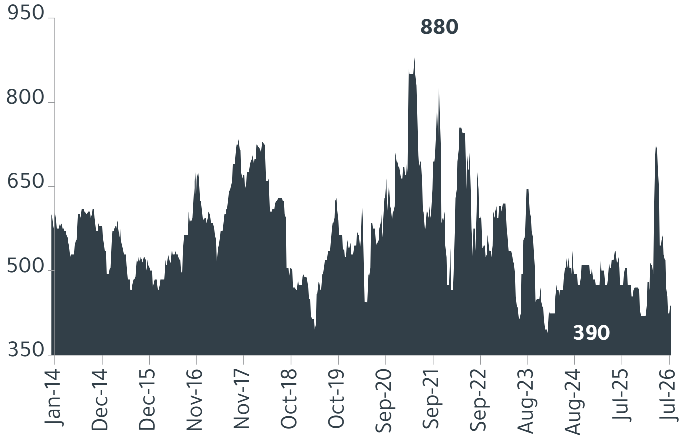
Source: Argaam, AlJazira Capital Research

Figure 19: Propane (Saudi) - PP



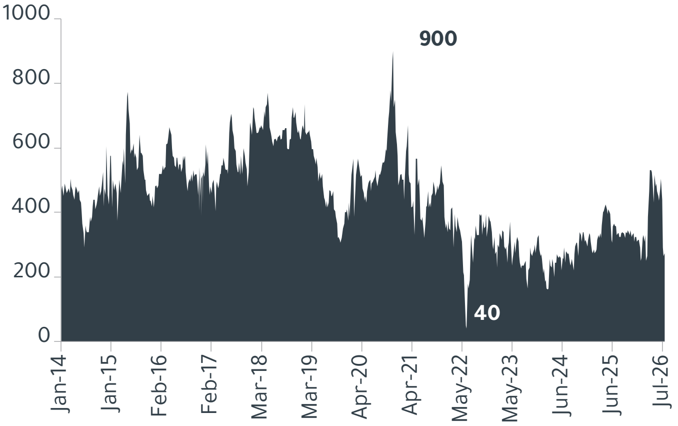
Source: Argaam, AlJazira Capital Research

Figure 20: EDC- PVC



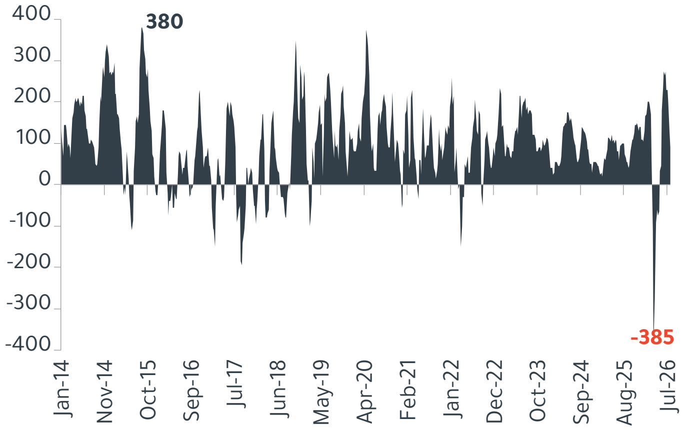
Source: Argaam, AlJazira Capital Research

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

RESEARCH DIVISION

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RESEARCH DIVISION

AlJazira Capital, the investment arm of Bank AlJazira, is a Shariaa Compliant Saudi Closed Joint Stock company and operating under the regulatory supervision of the Capital Market Authority. AlJazira Capital is licensed to conduct securities business in all securities business as authorized by CMA, including dealing, managing, arranging, advisory, and custody. AlJazira Capital is the continuation of a long success story in the Saudi Tadawul market, having occupied the market leadership position for several years. With an objective to maintain its market leadership position, AlJazira Capital is expanding its brokerage capabilities to offer further value-added services, brokerage across MENA and International markets, as well as offering a full suite of securities business.

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.

Disclaimer