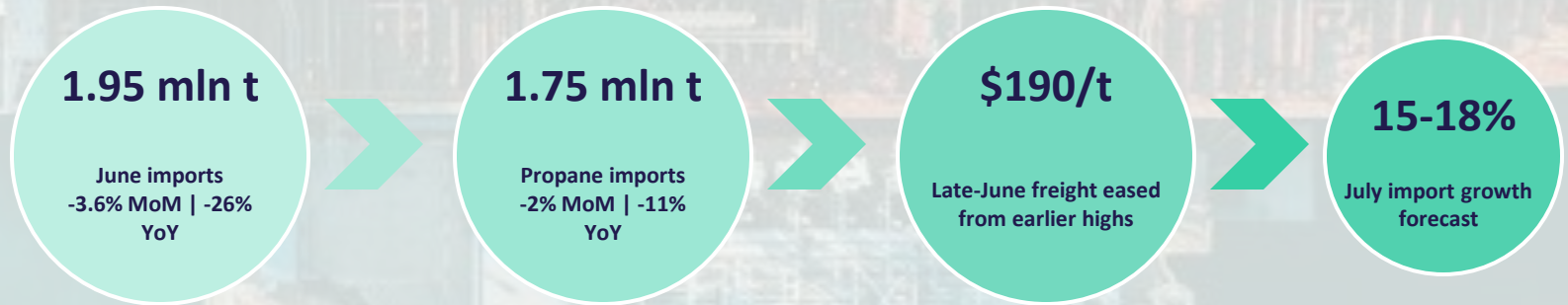




China Returns to Longer-Haul US Barrels as Middle Eastern Supply Remains Constrained

China LPG Imports

Imports recovered from April's low, but June remained below May and the prior year.



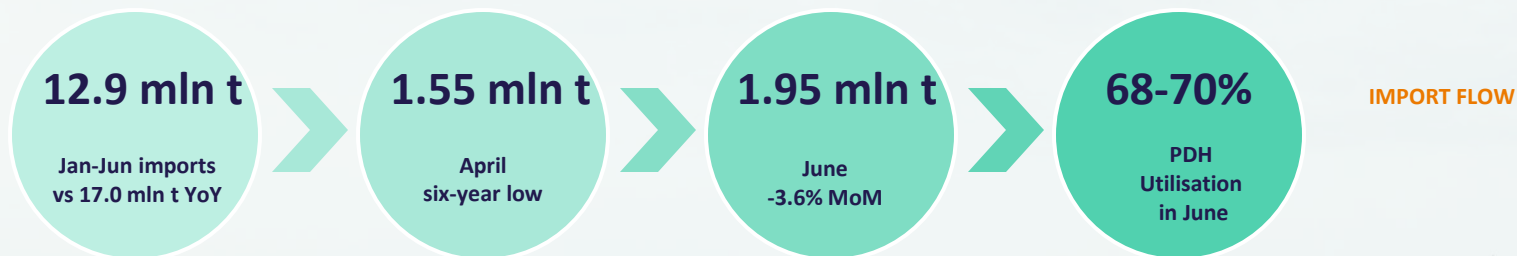
SUMMARY

- Recovery was propane-led, not broad-based.
- Better PDH economics supported consumption.
- Weak MTBE margins constrained butane.
- Freight corrected as the arbitrage narrowed.



China Imports

June improved from April, but H1 volumes and traditional supply remained sharply lower.



SUPPLY MIX SHIFT

- **Middle East: 4.63 Million tonnes**
 - H1 supply fell 42%.
- **United States: 4.83 Million tonnes**
 - H1 arrivals fell 32%.
 - Tariff tensions weakened trade.
- **Alternative origins gained share**
 - Canada, Australia, Algeria, Argentina and Southeast Asia increased.

JUNE COMMODITY SPLIT

PROPANE

1.75 mln t

-2% MoM | -11% YoY

BUTANE

207 kt

-16% MoM | -69% YoY

MARKET IMPACT

- Propane-led recovery supported VLGC activity.
- Butane-heavy cargo demand remained limited.



Market Developments

Lower LPG prices and improved PDH economics supported propane; weak MTBE margins constrained butane.

PRESSURE

- **High prices weakened demand**
 - Residential and petrochemical demand softened.
- **Conflict lifted propane costs**
 - Olefin production economics compressed.
- **PDH margins reached 47-50%**
 - April imports fell to 1.55 Mln tonnes lowest in Q2.



RECOVERY

- **Supply fears eased**
 - Peace agreement and lower prices improved conditions.
- **PDH operations recovered**
 - Monthly rate: 67% (+11 pts).
 - Mid-June: 70%.
- **Butane remained weak**
 - Poor MTBE margins; arrivals down 69% YoY.

MARKET IMPACT

- Propane responded to better PDH margin economics.
- Residential and butane-linked demand did not show a broad recovery.



Freight & Outlook

West of Suez market freight corrected with the arbitrage; July tonnage remained unexpectedly tight.

FREIGHT FLOW



FREIGHT MARKET

Late-June correction accelerated

- Peace Agreement narrowed the arbitrage.
- Fresh cargo viability weakened.

Western availability stayed supported

- AG demand absorbed tonnage.
- July position list remained tight.

KEY TAKEAWAYS

- China's June imports: 1.95 mln tonnes, down MoM and YoY.
- Supply shifted from Middle East to US.
- Propane outperformed butane as PDH margins improved.
- Freight fell as the arbitrage contracted.
- July LPG imports slated to rise by 15-18%, crossing 2 million mark.

WATCHPOINT

- Domestic price pressure if July supply outpaces demand.
- A narrower arbitrage may further weaken fresh cargo viability and freight rates