From Gulf Disruption to Asian Opportunity

- ***Hormuz disruption is reshaping trade flows, reviving marginal assets and creating temporary winners. But the industry's 190 million tonne capacity overhang has not gone away.***

- ***China is no longer only exporting surplus. It is becoming Asia's swing supplier.***

- ***Longer supply chains are raising costs but also restoring margins for selected Asian producers.***

The Chemical Capacity Paradox

Oversupply has not disappeared. But disruption in the Strait of Hormuz has temporarily made scarcity more powerful than capacity.

~190 million tonnes

of excess global capacity.

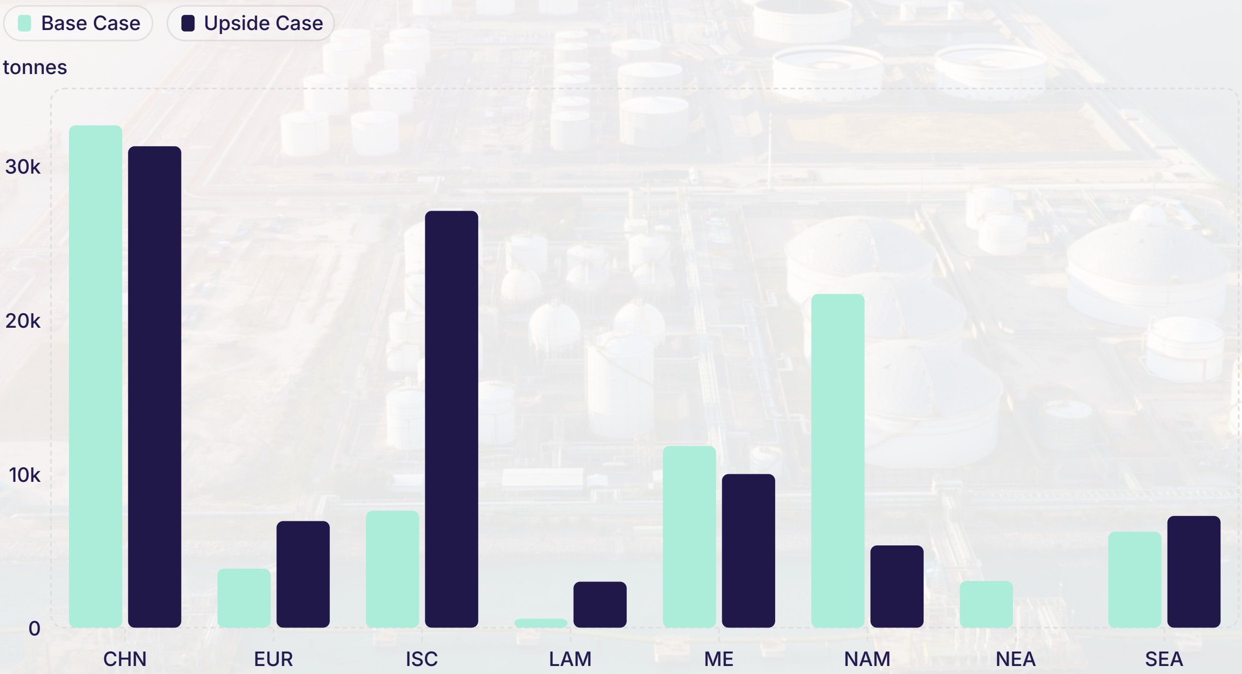
Higher Prices

despite an ongoing oversupply, due to Hormuz disruption.

4-6 Months

for affected ME supply to normalize after the war ends.

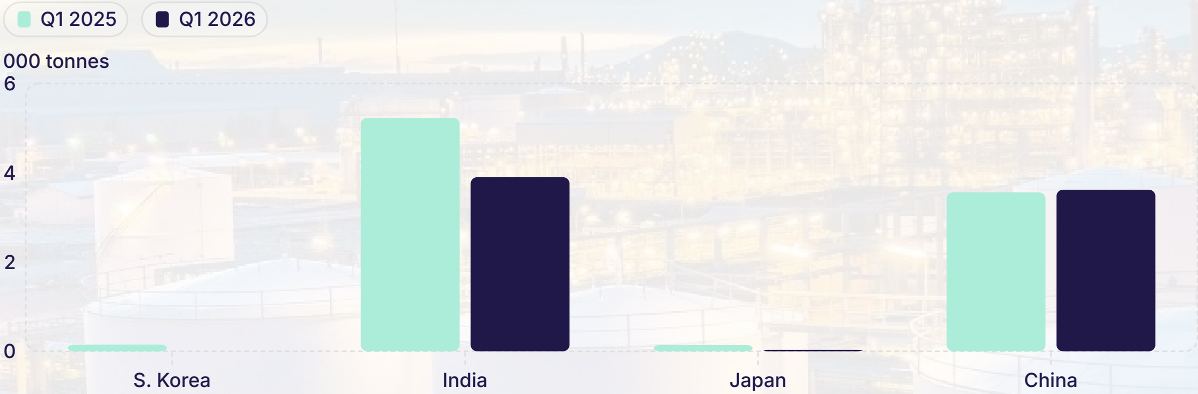
Global base and upside case capacity additions upto 2030.



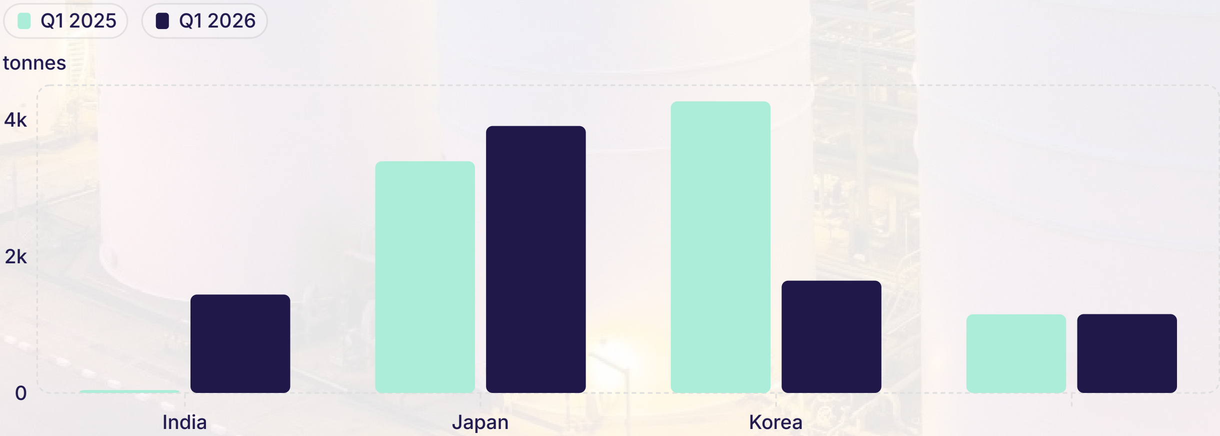
Hormuz Is Rewriting Global Chemical Trade

Middle Eastern capacity still exists, the problem is getting it to market.

Middle East feedstock exports were seen declining in the Q1 2026.

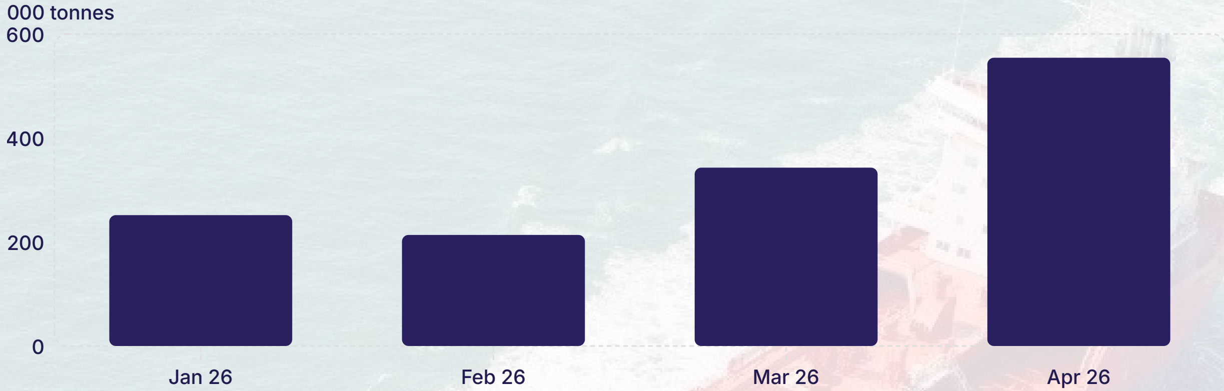


US feedstocks exports rose in Q1 2026 as importers searched for alternate supply.



China's Oversupply Has Become a Strategic Advantage

China emerges as the biggest swing polymer supplier amid the US-Iran war.



China filling the gap while Gulf polymer is blocked at Hormuz.

Export Acceleration

Chinese polymer exports act as a swing supplier.

Nameplate Capacity

for polymers in China exceeds the domestic demand by ~15%

ASEAN

countries were the key benefactors of Chinese volumes.

Strategic Oversupply

China's production capacity becomes a strategic export advantage.

Freight Market Developments

Chemicals freight rates down into 3Q 2026 on weaker demand and limited cargo availability.