PETROCHEMICAL & POLYMER INSIGHT

EXECUTIVE SUMMARY

Edition: June '26 | Published: July '26

This executive summary distils the key market-moving developments across global crude oil, macro-economic conditions, and the polypropylene (PP) value chain during June 2026, together with an outlook for the months ahead. May refer the complete report with added details, if interested.

$85.1/bbl	**₹94.9**	**3.9%**	**$1,225/MT**
Brent Crude (Jun'26 avg)	USD/INR (Jun'26 avg)	India CPI Inflation	PP Raffia SA (month-end)

1: GLOBAL CRUDE OIL MARKET

Crude prices retraced sharply through June, falling nearly 42% from the $126/bbl peak recorded on 30 April, when the closure of the Strait of Hormuz had triggered fears of a major supply disruption. The signing of a US-Iran deal – providing for the immediate re-opening of the Strait of Hormuz and lifting of the US maritime blockade on Iran – pushed Brent futures below $80/bbl for the first time in over four months.

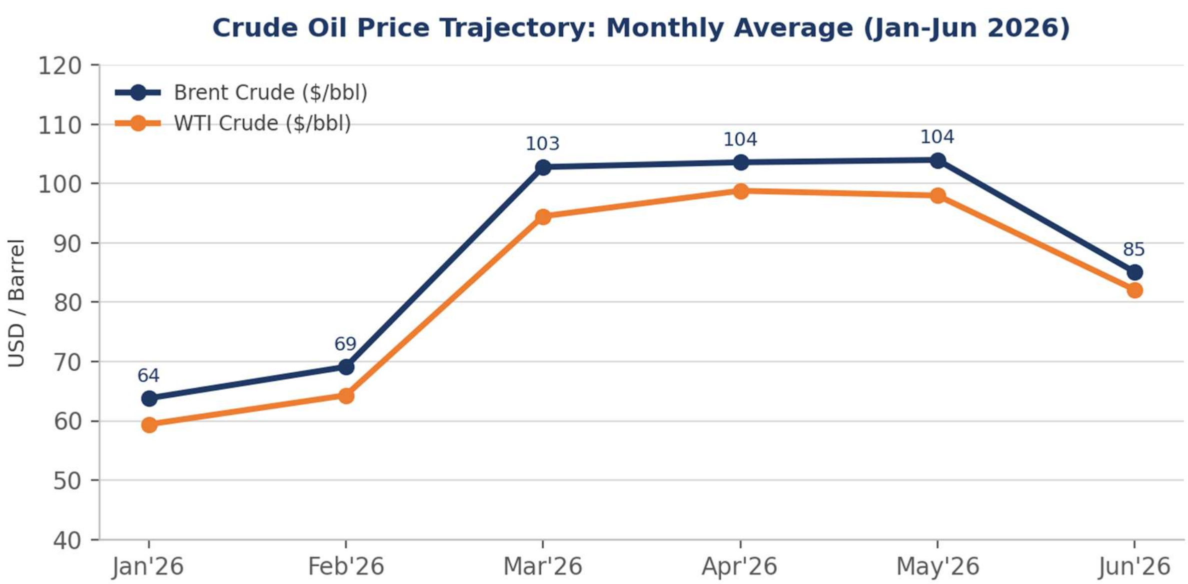

Fig 1: Brent and WTI crude – monthly average price, Jan–Jun 2026. Prices spiked past $100/bbl amid the Strait of Hormuz crisis before correcting sharply in June as de-escalation progressed.

- OPEC's 11 members produced 19.43 mb/d in June, up 3.3 mb/d m-o-m, with the largest gains from Kuwait and Iran as shut-in barrels returned to the market.
- Goldman Sachs and Morgan Stanley both revised Q4 2026 Brent forecasts down to an average of $80/bbl (-$10/bbl vs prior), citing continuity of prospective peace deal.
- Risks remain: Neither Israel nor Hezbollah is party to the US-Iran agreement, and tanker traffic through Hormuz is still well below pre-war levels.

- On the supply side, US crude output hit a record ~14 mb/d and non-OPEC UAE is exporting record volumes, reviving oversupply concerns.
- OPEC's 2026 World Oil Outlook projects incremental demand growth of 8 mb/d through 2030, with a peak of ~124 mb/d expected only by 2050.
- Russia's refinery output has been hit hard by Ukrainian drone strikes, prompting a jet-fuel export ban (till 30 Nov 2026) and eased environmental specifications for domestic fuel production; seaborne crude exports, however, have risen to a post-2022 high of 3.46 mb/d as more crude is freed up for the export market.

2: MACROECONOMIC BACKDROP – INDIA

India's growth outlook remains constructive even as currency and inflation dynamics tighten. Goldman Sachs raised India's CY2026 GDP growth forecast to 6.8%, while the OECD projects FY2026-27 growth at 6.3%. The RBI's MPC unanimously held the repo rate at 5.25% with a neutral stance, prioritising stability over easing given imported inflation risks.

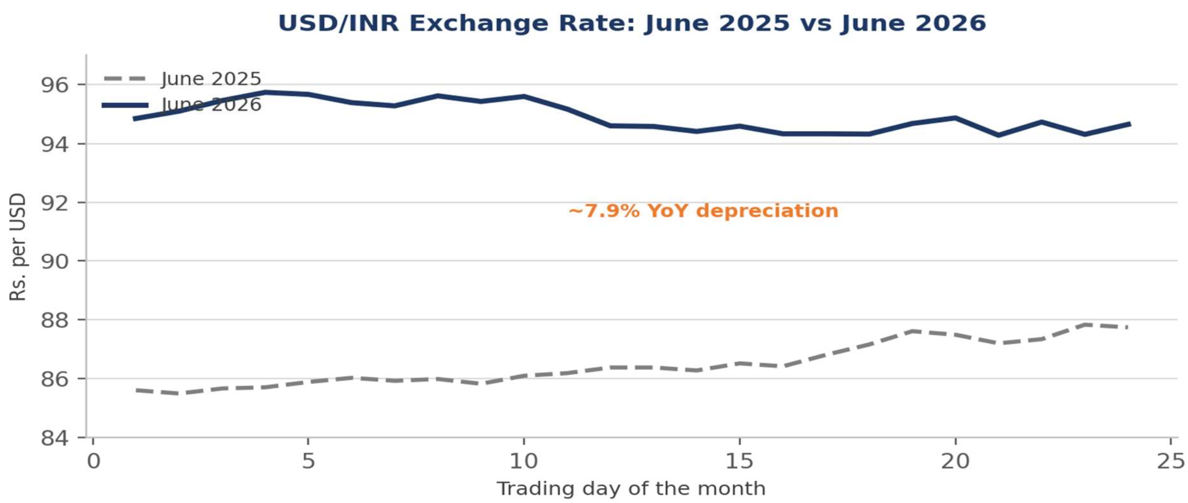

Fig 2: USD/INR daily movement, June 2025 vs June 2026. The rupee has depreciated roughly 8-9% year-on-year, raising import costs for crude oil and fertiliser.

- Headline CPI inflation held moderate at ~3.9%, but Wholesale Price Inflation (WPI) rose to 9.7% on imported inflation and commodity pressures; CPI is projected to rise to 4.8% in FY2026-27 on higher food, energy and fertiliser costs.
- The rupee has depreciated by approximately 11-12% versus a year ago, adding to import costs given India's heavy reliance on crude oil (~46% of imports) and natural gas (~57% of imports).
- Industrial output (IIP) grew 5.1% in May, led by a 5.5% rise in manufacturing and a 9.9% jump in electricity generation.
- India's external debt rose to $762.8 billion by March 2026 (debt-to-GDP at 20.8%), with the US dollar accounting for 55.5% of the outstanding stock.
- Foreign portfolio investors added ~Rs 35,000 crore to Indian bonds in June following a tax exemption on interest and capital gains income; equity indices, however, stayed flat as investors weighed lower crude prices against a 43% monsoon deficit.

3: POLYPROPYLENE MARKET – GLOBAL & REGIONAL

PP feedstock and finished-product prices tracked the crude oil cycle closely through the month – firm in the first half on supply-side disruption fears, before easing meaningfully as the geopolitical situation calmed and Middle-East capacity resumed.

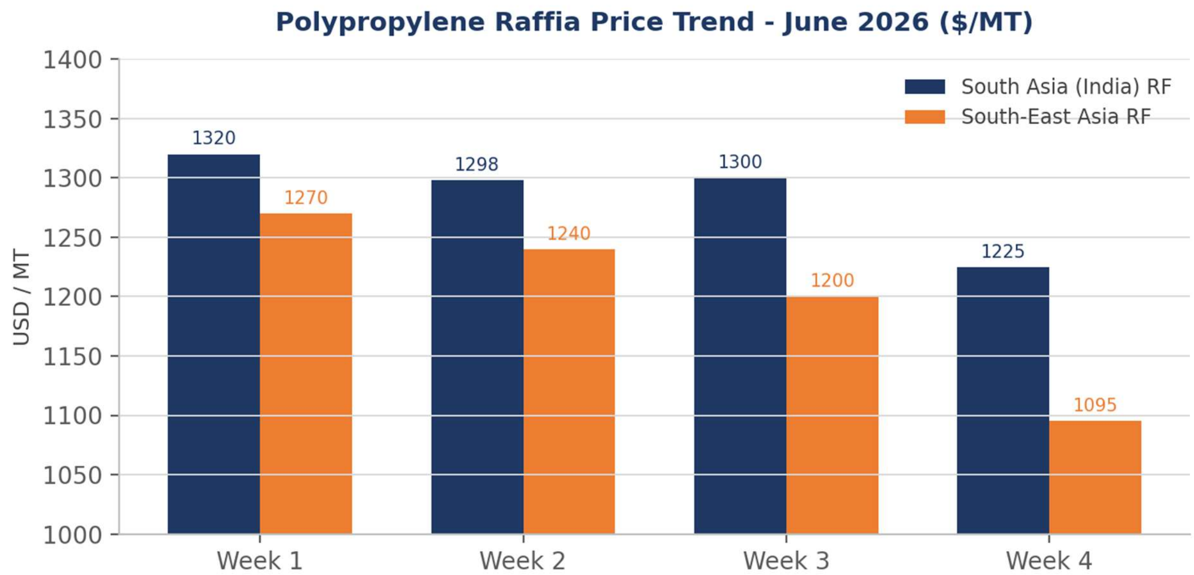

Fig 3: PP Raffia price trend (Platts assessments), June 2026 – South Asia (India) vs South-East Asia. Both benchmarks corrected meaningfully through the month as Middle-East supply normalised.

Feedstock & Regional Trends:

- Naphtha (Japan C+F) fell from $737/MT in week 1 to $644/MT by week 4; Propylene (CFR NE-Asia) declined from $1,135/MT to $900/MT over the same period, as an over-supplied Asian naphtha market met a demand slump.
- Middle-East producers accelerated efforts to regain export share from Chinese suppliers as regional capacity resumed; Borouge (UAE) signed an agreement with AD Ports to develop an alternative export hub via Fujairah port.
- Chinese PP operating rates stayed subdued at 64-65% through June, and Chinese export offers softened on higher freight and weakening buyer sentiment.
- Freight from North-East to South Asia stood near $2,700/FEU early in the month, with rates expected to ease as container availability improves and Red Sea transit normalises.
- Indonesia is reportedly considering an anti-dumping duty of 6.5-36.5% on PP imports from certain origins, even as separate signals point to a possible exemption on PP processing-related imports; local buying sentiment weakened on higher lending rates and fuel prices.
- Regional plant activity was mixed – the Philippines' JG Summit unit (300 KTA) remains on indefinite shutdown, Vietnam's Longson (400 KTA) is planning a shutdown on feedstock constraints, while Malaysia's PRefChem (2x450 KTA) and Indonesia's Chandra Asri (590 KTA) have resumed operations.

Plant Status – South-East Asia (Selected):

Country	Plant	Capacity	Status
Philippines	JG Summit	300 KTA	Indefinite shutdown
Vietnam	Longson	400 KTA	Planned shutdown – feed crisis
Vietnam	Nghi Son / Binh Son	370 / 150 KTA	Under operation
Malaysia	PRefChem / Lotte Titan	2x450 / 640 KTA	Resumed / operating
Indonesia	Chandra Asri	590 KTA	Resumed

4: INDIAN POLYPROPYLENE MARKET

Domestic supply was constrained for most of the month by a GOI directive prioritising LPG production, restricting an estimated 80% of domestic PP output before refineries gradually resumed petrochemical runs in the latter part of June.

- Domestic prices rose by a cumulative Rs 8,000/MT through the beginning and middle of the month, before correcting sharply by Rs 12,500/MT towards month-end as supply improved.
- Around 42,000 MT of Chinese PP landed at Indian ports between March and June 2026, cushioning the domestic supply shock; roughly 51% of India's 2025 PP imports originated from the Middle East.
- Six RIL PP lines went into maintenance shutdown during the month, while ports faced congestion from diverted and trans-shipment cargo linked to the West Asia crisis, causing berthing delays of up to five days.
- Demand was supported by strong agriculture and construction activity, alongside re-stocking by converters; the Government has held off revoking the PP import-duty exemption until 15 July.
- Capacity additions in the pipeline: IOCL Panipat is planning a bagging line addition of 60-80 KTA, and HPL is evaluating regional warehousing in South India.

5: OUTLOOK & KEY WATCH-POINTS

- Crude: Directionally lower into Q4 2026 (consensus ~$80/bbl Brent) contingent on the US-Iran de-escalation holding; renewed Israel-Hezbollah tension in Lebanon remains the principal upside risk.
- Currency: Continued rupee depreciation would keep imported-inflation pressure elevated, particularly for fuel and fertiliser-linked costs.
- PP feedstock: Naphtha and propylene prices likely to stay soft near-term as Middle-East supply normalises, though a sharper-than-expected oil price rebound (Israel-Hezbollah escalation) is a key risk to monitor.
- India PP: Supply should continue to normalise as refinery LPG/petrochemical trade-offs ease and RIL lines return from maintenance; import competition from China and the Middle East is expected to keep pricing conservative through July.
- Policy: Indonesia's anti-dumping decision and India's import-duty exemption review (due 15 July) are near-term catalysts for regional PP trade flows.