Asia's petrochemical supply chain has collapsed, and textile and packaging factories have halted production en masse.

Source: ChemNet 中文

For weeks, disruptions to energy supplies in the Middle East have continued to spread outward; their chain reactions have extended from energy markets to the real economy, noticeably affecting factory production across many parts of Asia and further increasing global economic downside risks.

A team led by Goldman Sachs analyst Georgina Fraser warned in its latest report that Asia is facing an intensifying shock to the petrochemical industry,**with the textile and packaging sectors among the first downstream industries to be severely hit**.
Fraser said the speed and magnitude of this supply shock's diffusion have exceeded expectations, moving from rising energy prices to corporate production cuts, profit compression and premature demand contraction, and related warning signs are emerging rapidly.

Last week,**disruptions in key plastic feedstock supply chains intensified**, with multiple monoethylene glycol (MEG) and purified terephthalic acid (PTA) producers successively declaring force majeure. As core raw materials in the plastics value chain, tightening MEG and PTA supplies directly hit the foundations of modern manufacturing.
Report data show that since the outbreak of the US-Iran conflict,**PTA spot prices have risen by more than 30% cumulatively**.
China accounts for roughly three quarters of global PTA capacity; due to shutdowns and cutbacks, about 15% of domestic PTA capacity is constrained, equivalent to around 11% of global PTA supply being subject to volatility.

MEG and PTA are the core raw materials for producing PET resin and polyester fibers, widely used in plastic bottles, food packaging, apparel, home textiles and various consumer and industrial products; price swings will be directly transmitted to end consumer markets.
Goldman Sachs also noted that India is already showing early signs of petrochemical supply shocks. In the textile hub of Surat, squeezed by surging raw material costs and weak end demand, local producers have cut production to a single 12-hour shift, halving output.

In the textile and apparel industry, petrochemical raw material costs account for 50%–65% of sales costs. The large swings in raw material prices in this round will impose about a 17% shock on firms' cost side, and inefficient capacities face pressure to be forced offline.

The packaging industry is also under significant pressure. Sustained high prices for PTA and other petrochemical feedstocks will gradually pass through to the food, beverage and FMCG packaging sectors, further increasing upward inflationary pressure. This scenario closely matches JPMorgan's earlier forecast: the energy shock will present a "domino" effect, with Asia hit first, then spreading to Africa and Europe, and ultimately affecting the United States.

Fraser also warned that even if the conflict eases later, the supply chain disruptions already set in motion will be difficult to fully reverse and subsequent impacts will continue.