

US-China styrene trade flows are returning to normal

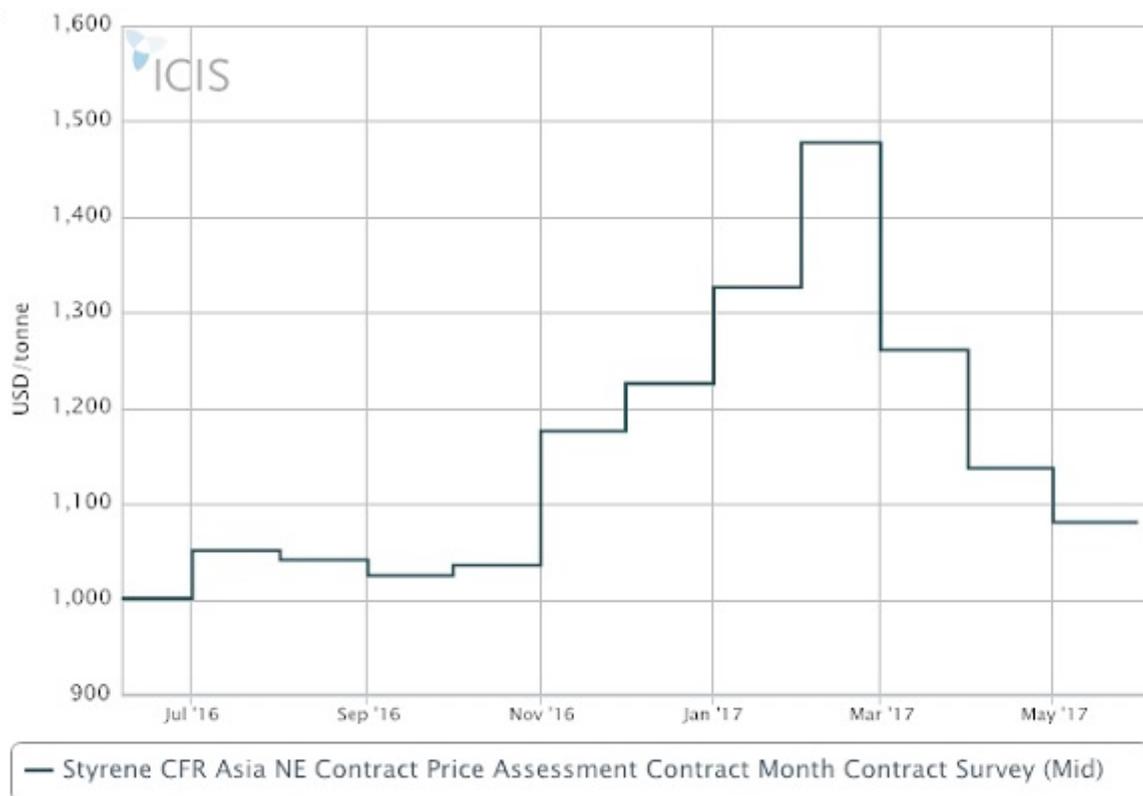
By Al Greenwood - 07 Jun 2017 00:28 ICIS News

Interview article by **Al Greenwood**

COLORADO SPRINGS, Colorado (ICIS)--Styrene trade flows between the US and China are returning to normal after being disrupted by a host of outages, an executive with US-based Trinseo said on Tuesday.

The US typically exports styrene to China. However, a series of outages caused supply to tighten, prices to rise and US exports to fall. In March alone, overall US styrene exports fell by 52% year on year.

With supply tightening, styrene prices in northeast Asia rose sharply, as shown in the chart below.



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Source: ICIS

Those higher prices caused numerous effects in China. The country has several small non-integrated plants. These plants usually run at low operating rates.

However, the rise in prices justified running these non-integrated plants at higher operating rates.

Meanwhile, the higher styrene prices discouraged derivative plants from running at normal rates. Demand from these plants fell, and that led to an increase in Chinese stocks of styrene.

Since then, US plants have resumed production, allowing exports to return to more normal levels.

As of June, North American exports to China reached a rate of 30,000-40,000 tonnes/month, said Tim Stedman, senior vice president and business president, basic plastics and feedstocks for Trinseo. He made his comments on the sidelines of the American Chemistry Council's (ACC) Annual Meeting.

The increased supply caused prices to drop.

ICIS assessed the May northeast Asian styrene contract price at \$1,081.00/tonne CFR (cost and freight), down from \$1,477.50/tonne in February.

At these lower prices, the non-integrated styrene plants lowered their operating rates to more typical levels. Also, styrene derivative plants have increased rates to more normal levels. Stedman said acrylonitrile butadiene styrene (ABS) plants are running above 80% in China. Polystyrene (PS) is in the low to mid 70%. Expandable polystyrene (EPS) is a bit over 60%.

As derivative plants have raised operating rates to more normal levels, stocks have fallen, Stedman said. East China trade stocks of styrene stood at 92,000 tonnes at the end of May, down from 170,000 tonnes at the end of March.

"We are seeing a sort of normalisation of the situation, and derivatives are pulling hard on demand," he said.

The annual meeting runs through Wednesday.
