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CHINA STYRENE

**Q2 PRICE INCREASES
EXPECTED ON TIGHT
SUPPLY AND STRONG
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Q2 INCREASES EXPECTED ON TIGHT SUPPLY, STRONG DEMAND

BY JOANNE WANG JUNE 2018

Chinese styrene monomer (SM) spot prices in Q2 2018 are expected to rise on tight supply and healthy demand.

Supported by SM antidumping duty (ADDs) policy and unscheduled turnarounds, the SM spot price in China rose in the first two months of 2018.

Prices fell in March due to the slow rebound of downstream demand after the Lunar New Year holidays. The futures

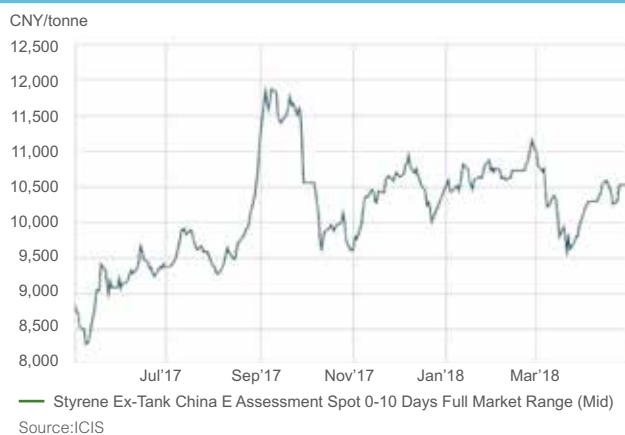
markets were also affected by growing supply in China.

Although import volumes decreased after the SM ADDs in February, the new Qingdao Hanwai plant – with a capacity of 500,000 tonnes/year – had been trailing at the end of January, but then began to run smoothly in March.

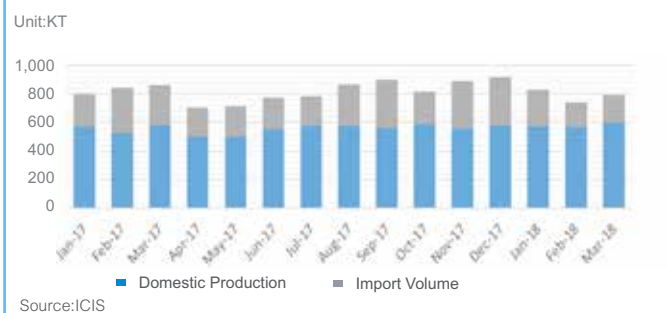
The new capacity offset the loss of imports, and Q1 2018 SM inventories in east China picked up to 90,000-100,000 tonnes, from 38,830 tonnes in December 2017.

In the second quarter, the situation greatly changed yet again. There were numerous planned and unplanned outages starting in April, and May. There were also fewer

CHINA STYRENE EX-TANK SPOT PRICES



CHINA SM SUPPLY



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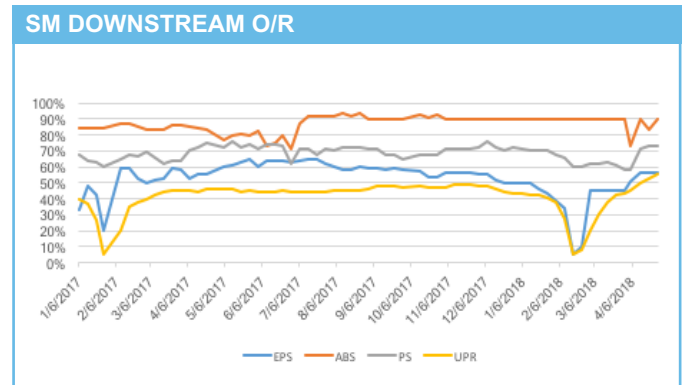
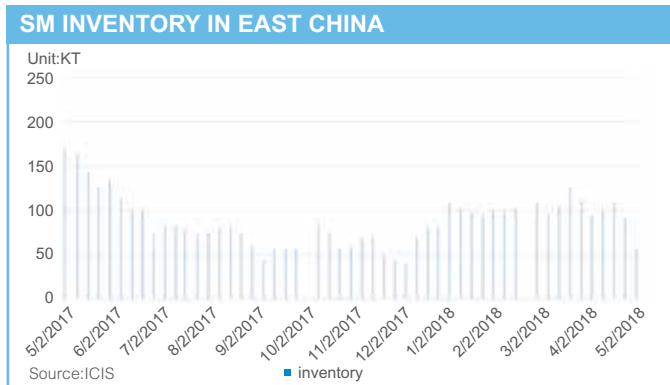
Company	Location	Capacity (1,000 tonnes)	Shut date	Restart date	Plan
Xinpu Chemical	Jiangsu	320	1 Jan	15 Jan	unplanned
Changzhou New Solar1#	Jiangsu	350	Dec 2017	13 Jan	planned
Anqing Petrochemical	Anhui	100	15 Jan	5 Feb	planned
Sinopec Maoming PC	Guangdong	100	1 Feb	9 Feb	unplanned
Changzhou New Solar2#	Jiangsu	300	1 Mar	27 Mar	planned
Shandong Yuhuang Chemical	Shandong	200	3 Mar	27 Mar	planned
Jiangsu Leasty Chemical 1#	Jiangsu	200	23 Mar	Early May	planned
Shandong Lihuayi	Shandong	80	26 Mar	Early May	unplanned
Qingdao Soda Ash	Shandong	500	28 Mar	9 Apr	unplanned
Tianjin Dagu	Tianjin	500	10 Apr	End Apr	planned
ZRCC	Zhejiang	35	11 Apr	Early Jun	planned
Shandong Shengyuan	Shandong	60	18 Apr	18 May	planned
Changzhou Dohow	Jiangsu	200	18 Apr	End Apr	unplanned
ZRCC Lyondell	Zhejiang	620	20 Apr	Early Jun	planned
Ningbo Keyuan 1#	Zhejiang	100	17 Apr(reduce O/P)	27 Apr	unplanned
Ningbo Keyuan 2#	Zhejiang	150	17 Apr(reduce O/P)	27 Apr	unplanned
PetroChina Jilin	Jilin	460	10 May	2H Jun	planned
Sinopec Yanshan	Beijing	80	10 May	15 May	planned
Abel chemical	Jiangsu	250	Mid-May	Early Jun	unplanned
PetroChina Jinxi	Liaoning	60	1H May	End Jun	planned
PetroChina Daqing	Heilongjiang	225	July		planned

imports arriving at east China ports. This led to a significant decline in SM inventories and pushed the price up.

Most import traders said volumes are expected to keep falling gradually for the rest of 2018 because of the effect of the ADDs. On the demand side, the second quarter is

the peak season, and the operation rate for downstream producers is climbing.

The supply-demand situation in the second quarter will be bullish amid continued low supply amid hefty turnaround schedule, as well as downstream seasonal peak.



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