

# China Styrene monomer supply could stay tight till Oct

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Styrene monomer supply in Asia's key market China could remain tight till October due to a new round of plant turnarounds in Northeast Asia and expectations of limited arbitrage volumes from the US, traders said this week.

The inventory level of SM held by traders in East China fell to the lowest level so far this year, heard at around 43,000-44,000 mt Friday, compared with 51,000 mt a week ago, sources said. In comparison, SM inventory levels in East China averaged 87,302 mt in 2012, according to Platts data.

Some traders said the inventory level and supply in China was likely to stay tight until at least the end of July, while others said it would last all the way until October.

One China-based trader said stock levels in China might only start to increase from the middle of October due to "less deepsea [cargoes]", adding that "till September, there are turnarounds and peak [demand] season."

Demand for expandable polystyrene, and feedstock SM, usually peaks in the warmer months of the year - typically around June to August/September -- due to demand from the construction sector.

In addition, a number of maintenance shutdowns have been planned at SM plants in Northeast Asia over August-October, traders said.

Taiwan's Formosa Chemicals Fiber Corp. plans to shut two of its SM plants at Mailiao for about one month each in August. The two units have a combined capacity of 600,000 mt/year. In the same month, Taiwan Styrene Monomer Company plans to shut its 200,000 mt/year No. 1 SM unit at Lin Yuan for about three weeks.

In September, Japan's Asahi Kasei will shut its largest SM plant, the 390,000 mt/year unit at Mizushima, for about 40 days, while around the same time, Nihon Oxirane will shut its 420,000 mt/year plant in Chiba for a month.

In South Korea, Samsung Total will shut its 650,000 mt/year plant in Daesan for three weeks, also in September.

There has also been market talk of Iran's Pars Petrochemical shutting its 600,000 mt/year plant at Assaluyeh for maintenance in the third quarter, and South Korea's Lotte Chemical shutting its 560,000 mt/year plant at Daesan for maintenance in September.

Meanwhile, market sources have said that SM supply from the US - for cargoes loading in July and early August for arrival in Asia in late August and September - is expected to be limited due to plant turnarounds there and competing high prices in the European market.

SM supply has been relatively tight since late 2012 due to a long series of turnarounds in Asia, as well as in the US and Europe, which has driven up prices on a global scale.

SOURCE : RIA Oreanda-News