

Asian Styrenics: Mega expansions in China: Will the momentum continue? What does this mean for the rest of the market?

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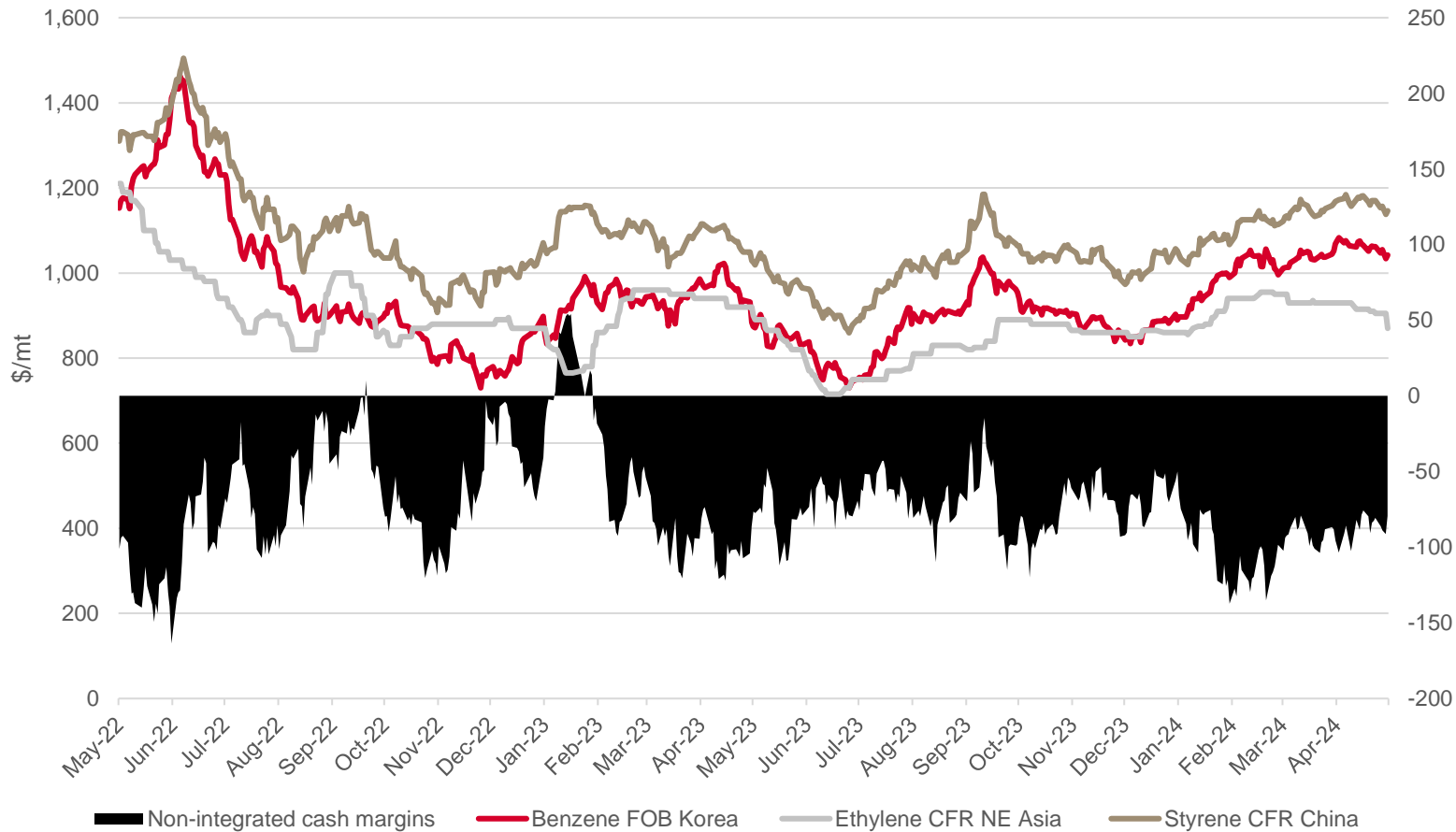
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A look at price trends so far



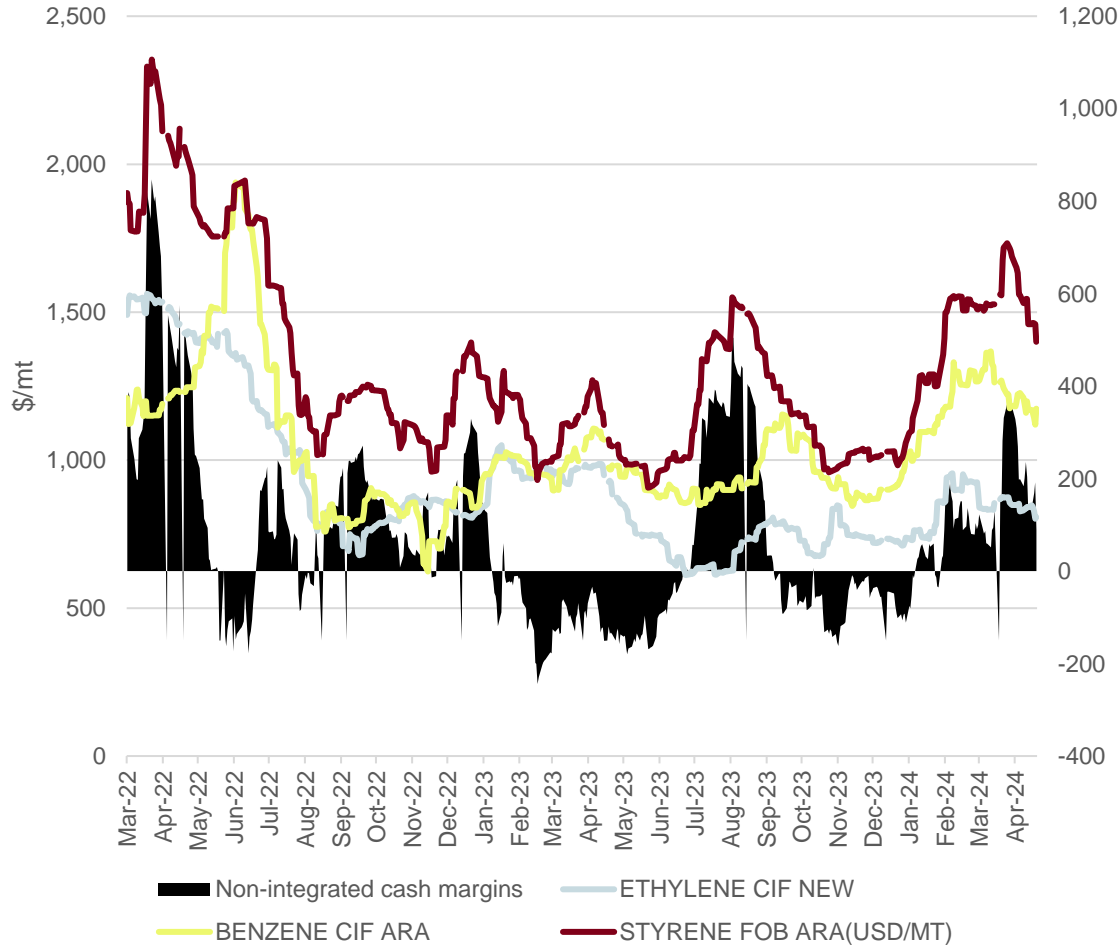
Asian Styrenics: Prices vs Margins



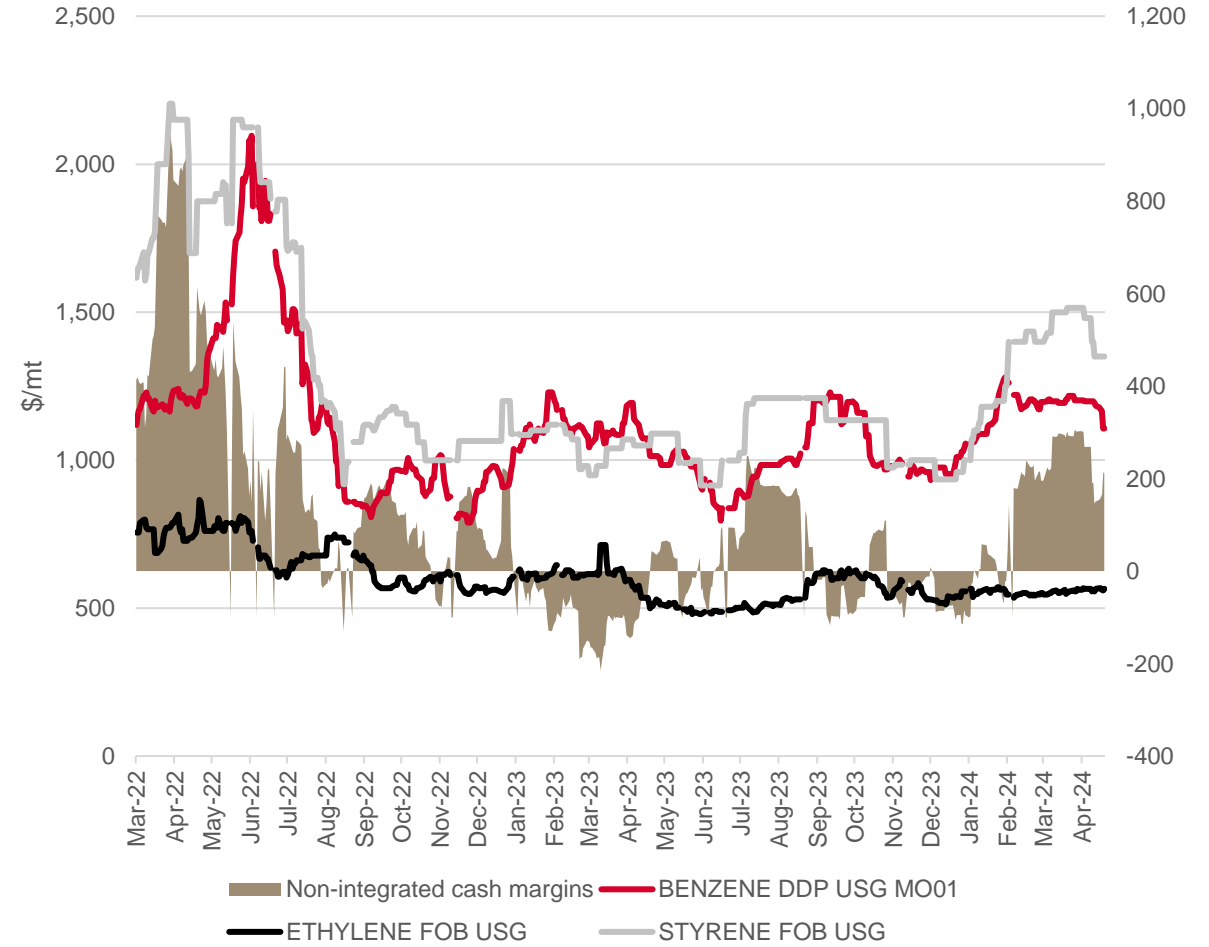
- Margin environment sees no improvement as styrenic expansions continued in 2023
- Consolidation expected, even as downstream expansions in China continue

Prices & Margins in the US and Europe

Europe



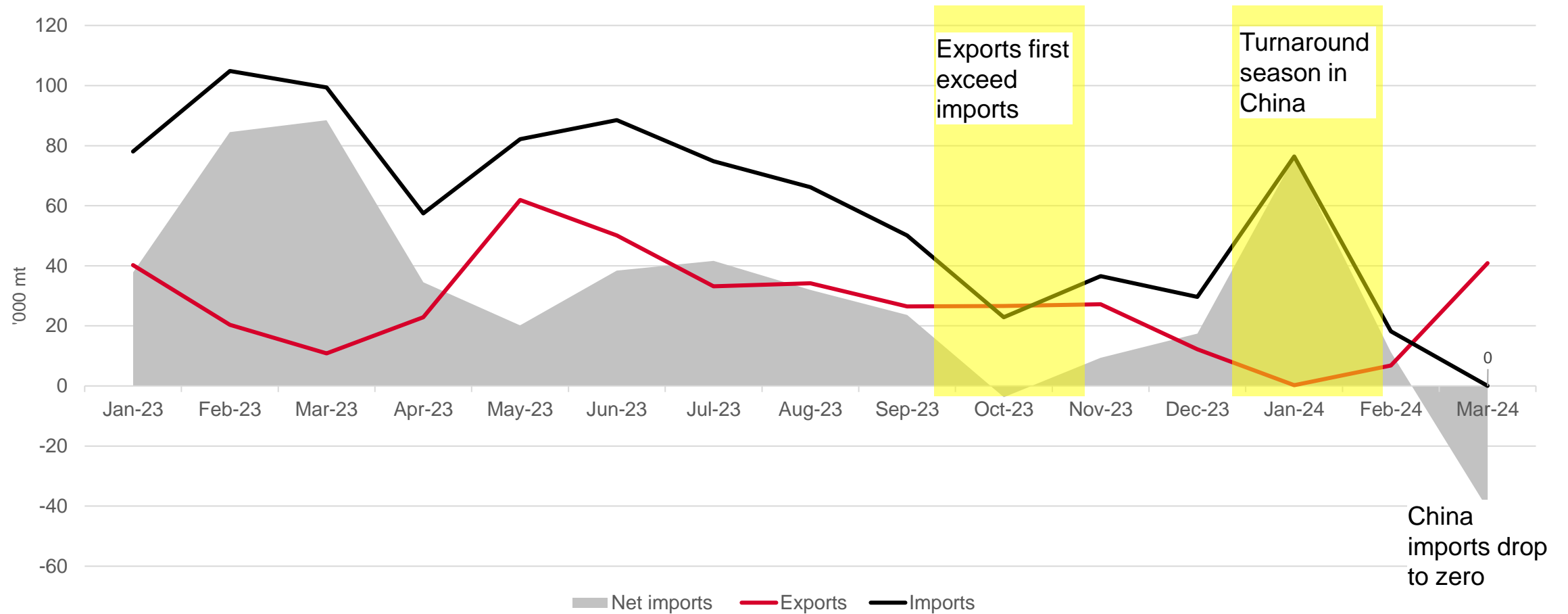
US



China's mega expansions and impact on trade flows

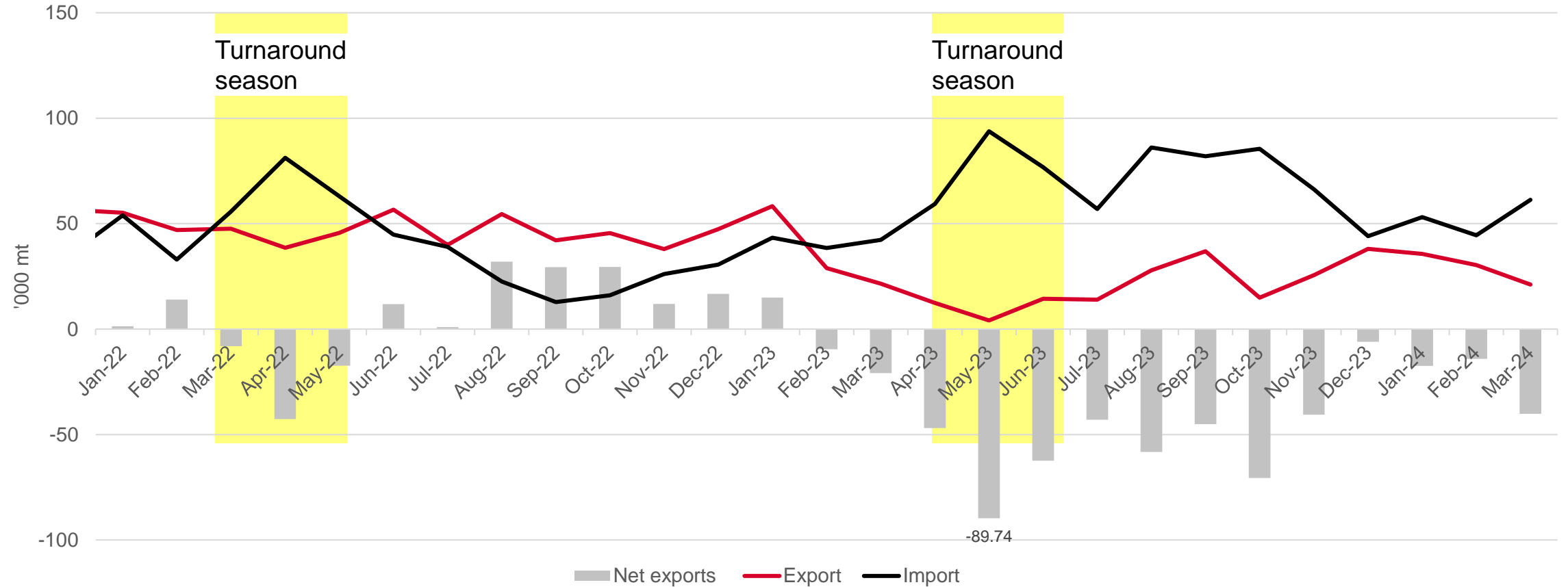


China turns to net exporter of styrene



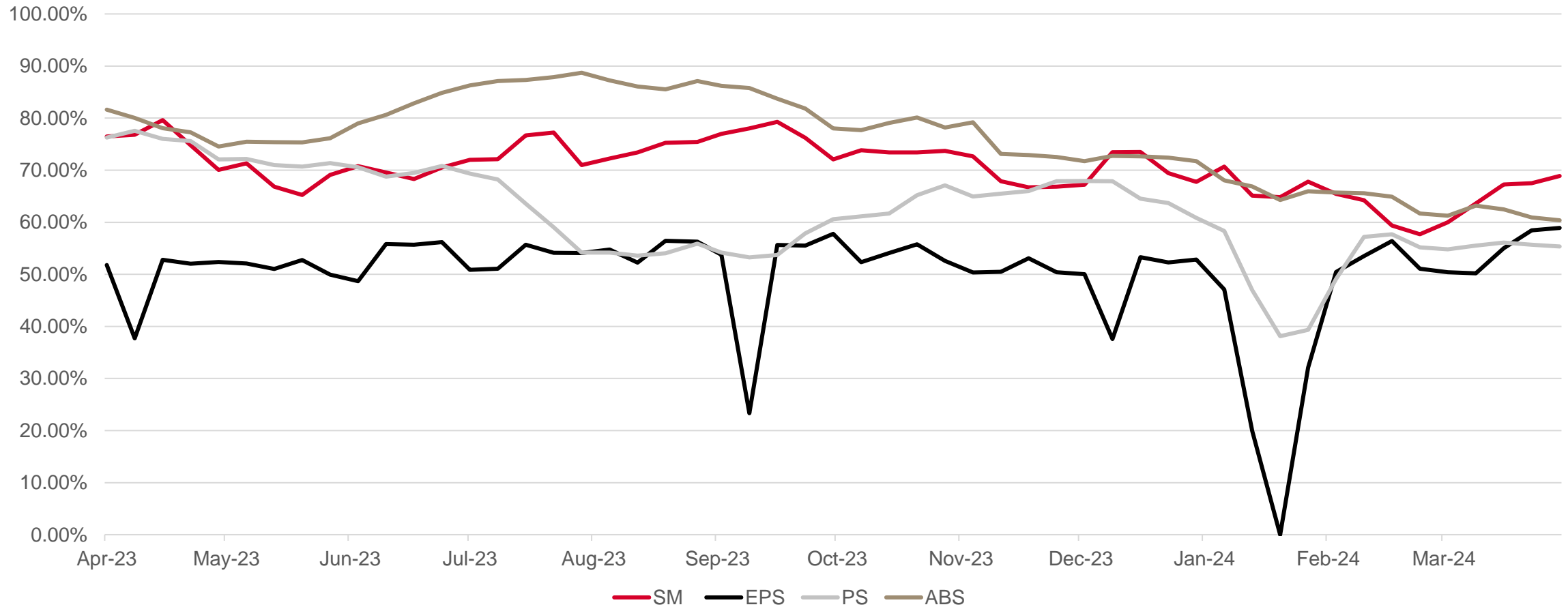
Cost competition from China changes Korean SM imports from opportunistic to structural

Korean SM trade data

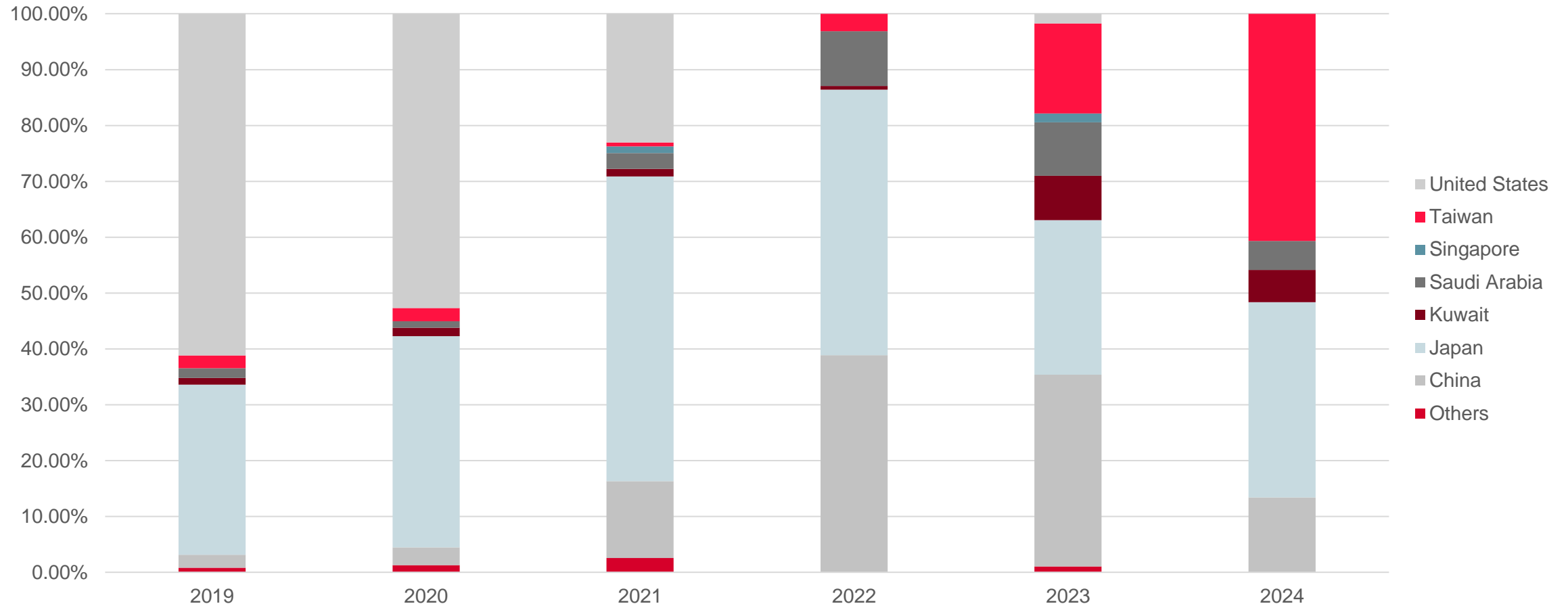


Supply overhang starts to limit operating rates even in China

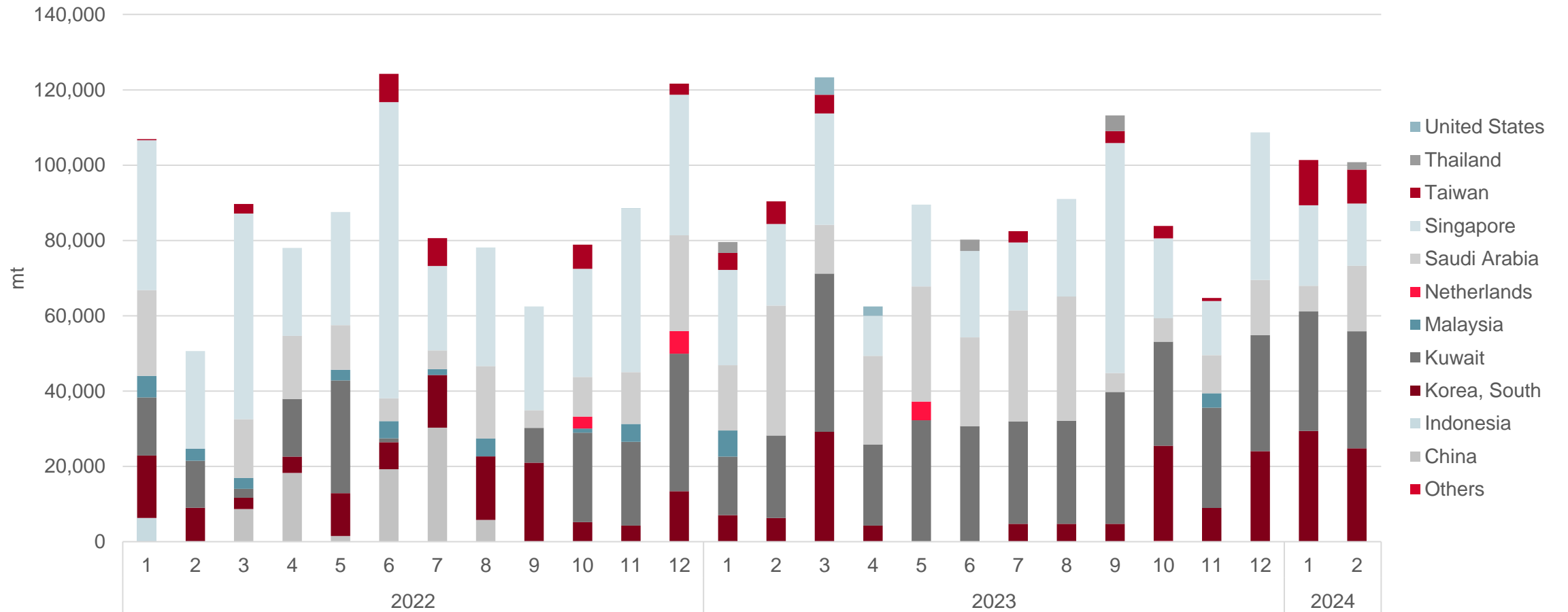
Styrene and downstream operating rates in China



Korean SM imports: traders ditch deep sea cargoes for near haul origins

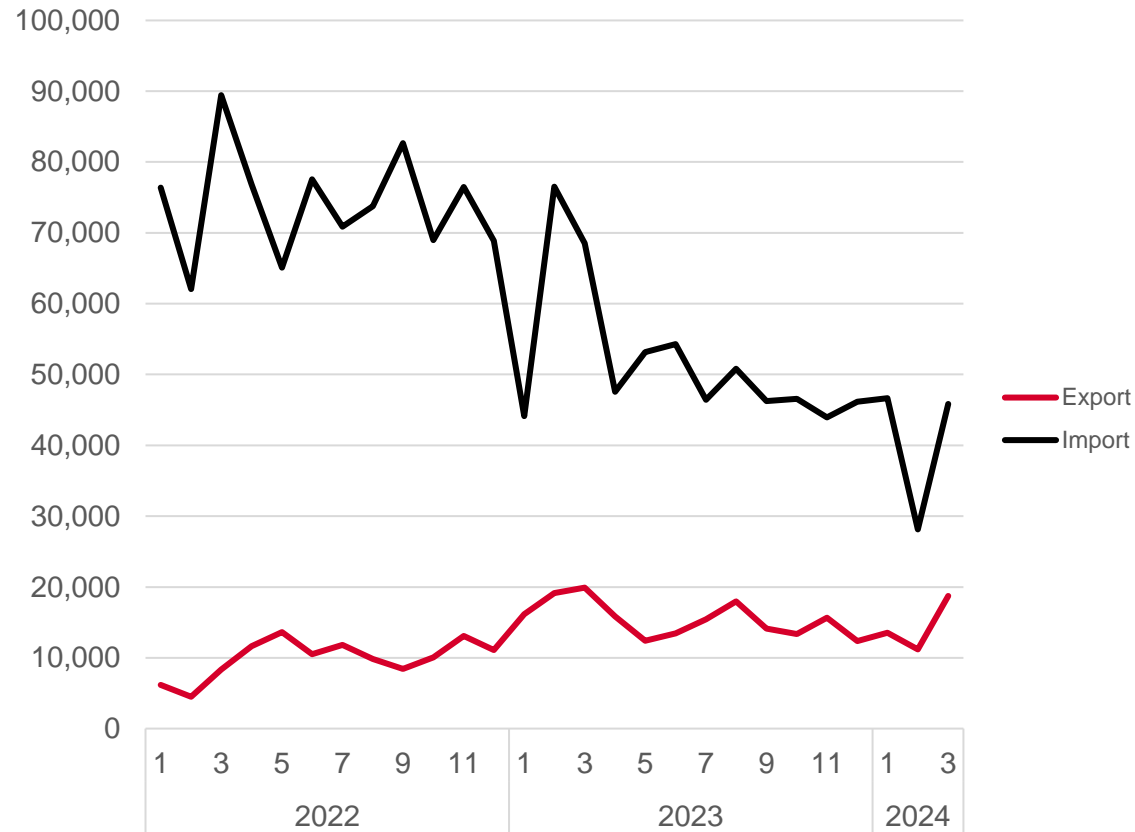


Evolution of India's SM import profile

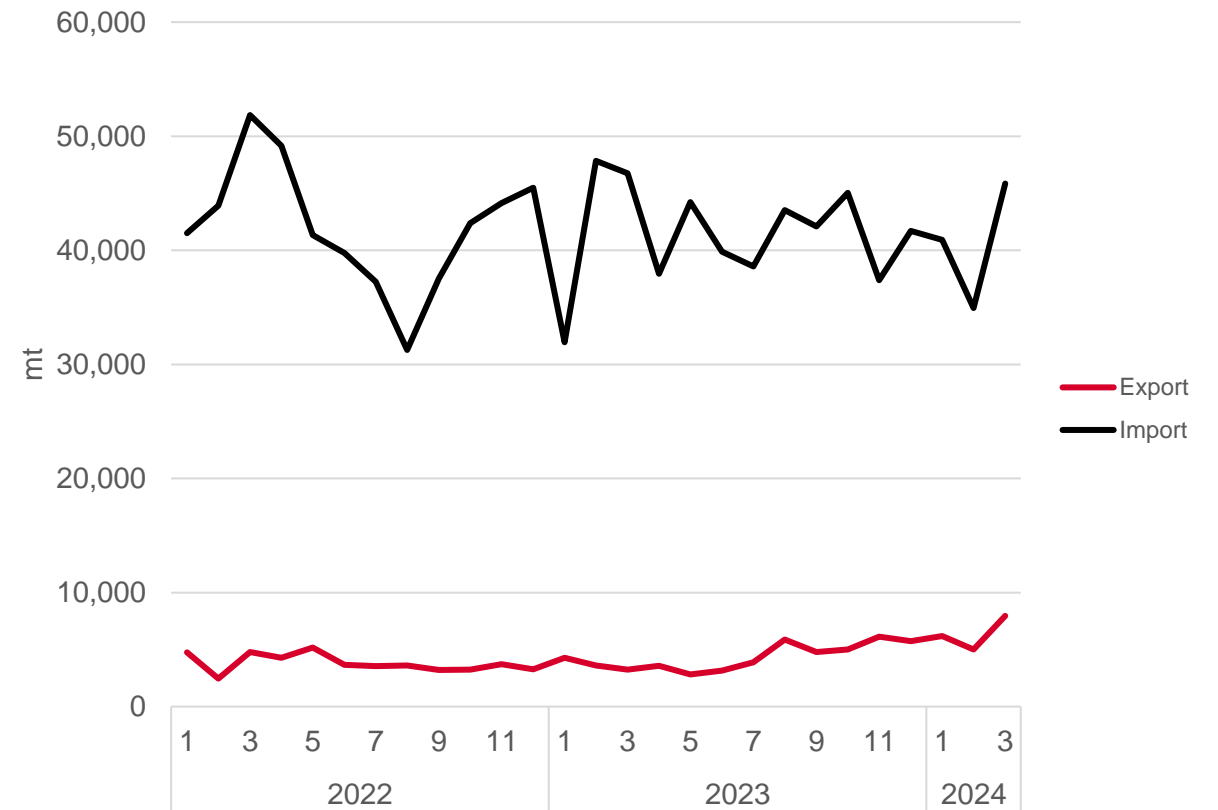


Styrenics in China: Export trends emerging in an import market

China's GPPS trade flows



China's HIPS trade flows



Styrenics in China: Export trends emerging in an import market

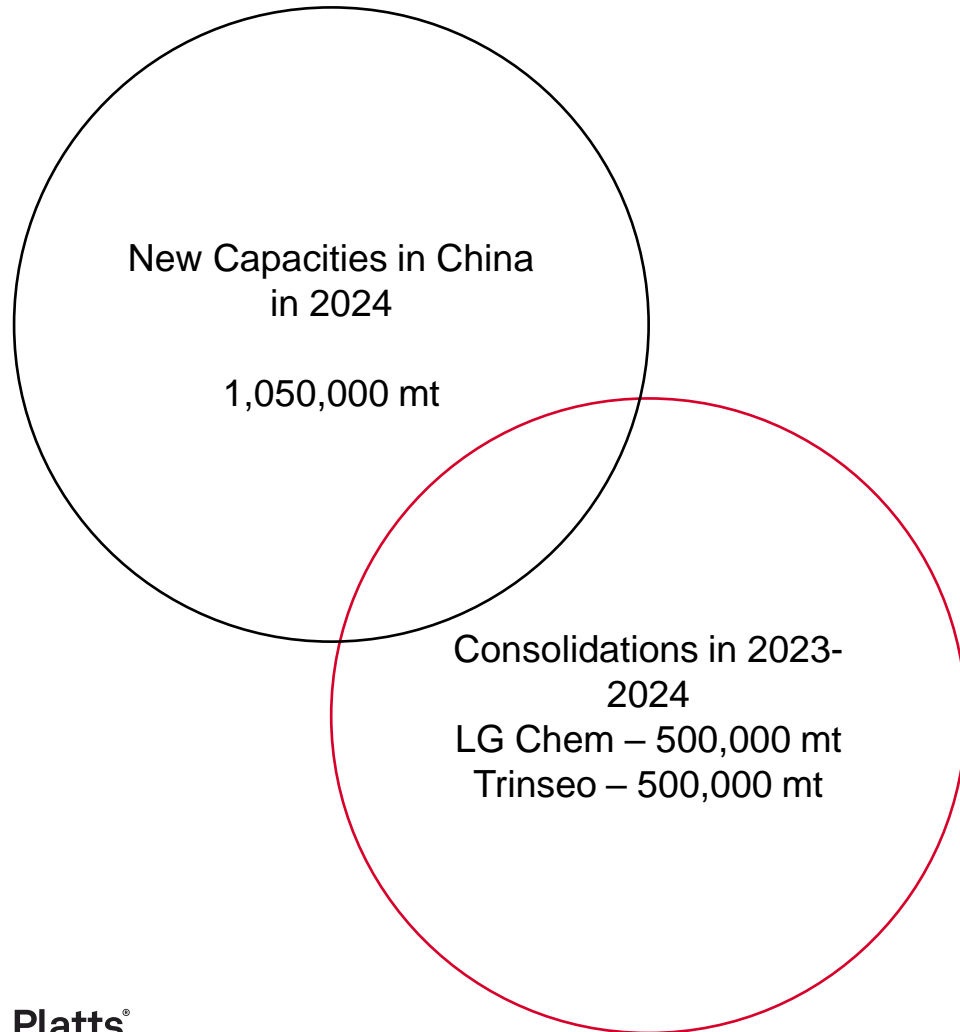


- Asia's biggest importer of styrenic polymers slowly shifts to exports
- Rapid decline of import dependence as capacities start up in China
- Cost competition in domestic market makes imports unattractive

On the horizon: capacity, legislation, trade flows



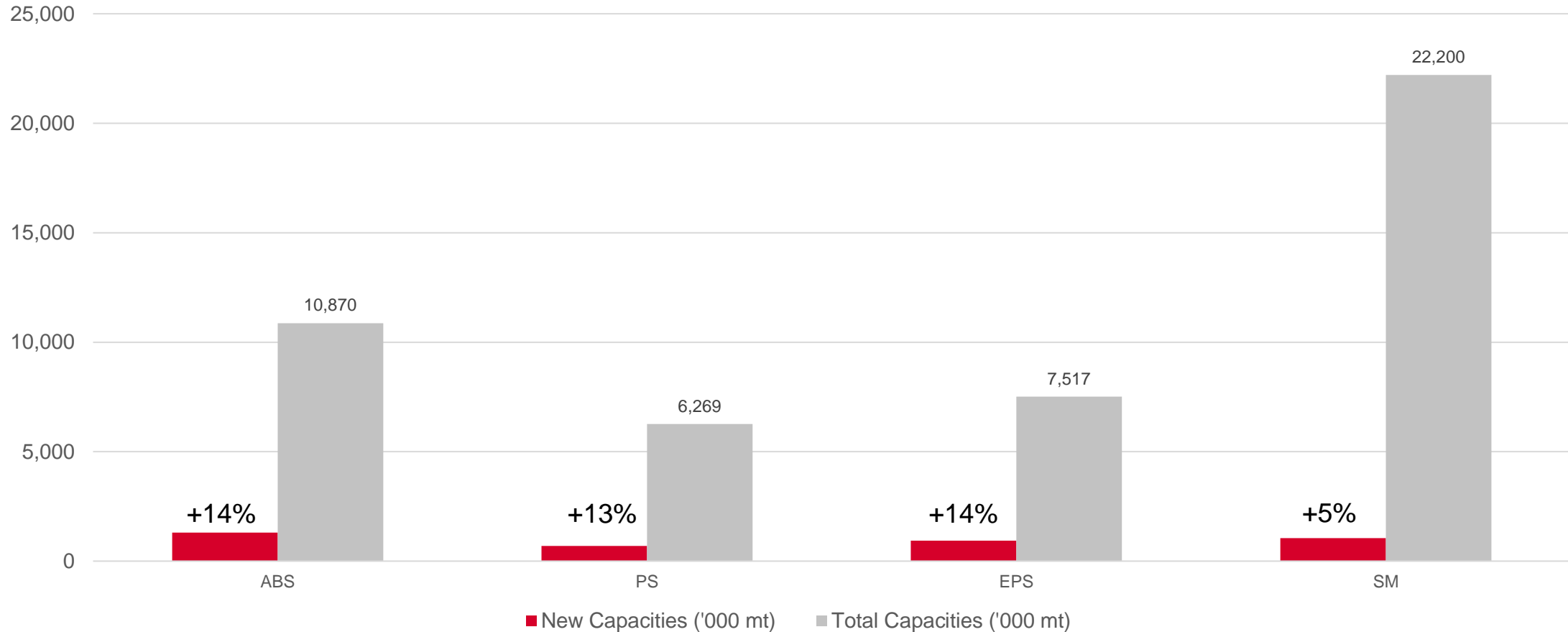
China's SM capacity expansions to continue, rationalizations elsewhere



Top SM Producing Countries as of Jan 2024	
Country/Territory	Estimated Capacity ('000 mt)
China (mainland)	22,277
United States	4,976
Korea, South	2,726
Taiwan	2,030
Saudi Arabia	1,910
Netherlands	1,700
Japan	1,503

China's SM capacity expansions to continue, rationalizations elsewhere

SM and downstream capacities 2024



Legislation – Mounting measures impede free flow of trade



- Styrene monomer Bureau of Indian Standard's Quality Control Order ("BIS") enforcement extended to 24 October 2024



- India's Anti-dumping duty on polystyrene except EPS from Malaysia, Singapore, Taiwan, UAE and USA



- ABS BIS enforcement in place since June 2023



- China's anti-dumping duty (ADD) investigation to conclude; ADD widely expected to continue



- South Korea launches its ADD investigation into Chinese SM

Concluding remarks



Mega expansions to continue in China; macroeconomic worries persist



- Planned expansions likely to continue, process economics unlikely to significantly impact startup schedule
- Manufacturing sector shows promise of recovery but many still cautious due to poor performance in 2023
- Styrene margins expected to improve, downstream losses to worsen
- Taiwan to emerge as key supplier to South Korea should ADD against China be implemented

Thank you!

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