

EPCA: European expandable polystyrene 2017 market may fall on low Jan-Apr demand

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The European expandable polystyrene market may decline in 2017 on low demand in the first few months of the year, despite August-September having been stellar months for EPS with strong expectations for October, sources said on the sidelines of the EPCA conference in Berlin this week.

Sky-high styrene prices in January-April this year meant EPS demand fell in double digits on a year on year basis as it was simply unaffordable, sources said.

Expandable PS is used in a variety of applications. Around 80% is used in the construction industry, such as in insulation, while 20% is used for packaging.

January-April is typically a low demand period as construction activity usually trends with the weather. But this year, demand was particularly low as high feedstock costs led to both a fall in uptake and substitution.

An EPS seller source said there had been a switch to polyurethane which also has insulation properties.

Despite demand recovering strongly in Q3 and expectations for October remaining bright, the seller source said there are worries total EPS demand in 2017 may decline.

Next year, however, the market should be able to claw back demand lost to polyurethane with the switch this year a temporary one.

EPS seller sources said their margins had suffered this year from a combination of low EPS demand and high feedstock costs in January-April.

But sellers clawed back lost margins in August-September. In September, the spread between EPS and styrene prices reached Eur400/mt, a year-to-date high.

Sellers are attempting another increase in margins this month.

The styrene contract price for October was fully settled at Eur1,250/mt, down Eur110/mt on the month. But initial seller offers for EPS were heard to be at a rollover.