

EU styrene premium to feedstocks plummet to six-month low threatening operating rates: market sources

Platts.com. 12th Apr 2017

European styrene's premium to feedstocks -- ethylene and benzene -- has plunged to a six-month low this week, which could lead to a reduction in operating rates at styrene units, according to S&P Global Platts data and market sources.

The styrene spot price was assessed Tuesday at \$1,166/mt FOB ARA, down \$4/mt on the day, while benzene spot was assessed at \$875.50/mt and ethylene was assessed at Eur1,101/mt (\$1,169.50) FD NWE.

Taking an industry-estimated formula of 0.79 benzene and 0.29 ethylene as feedstock costs for styrene, styrene's premium over feedstocks in the spot market can be estimated at \$135/mt, the lowest level since mid-October 2016.

Styrene's spot price has been on a downward trend since mid-February, shedding around 30% of its value in the past two months.

Although benzene spot prices declined through March, they gained upward momentum since the end of March amid a stronger crude oil complex. The spot price has risen from \$730/mt on March 23 to an assessment of \$875.50/mt CIF ARA on Tuesday.

Ethylene prices have edged downwards in both euro and dollar terms in April, but styrene prices declined at a faster rate than ethylene.

A source said that if styrene's premium over its feedstocks is sustained at low levels for a period of time, this could lead to a reduction in operating rates at styrene units.

Despite the fall in the premium in the spot market, premiums were seen at healthy levels for the April contract market.

Platts calculated the styrene premium over feedstocks at Eur482/mt in April, down 20% on the month, but significantly above the 2016 average of Eur324/mt for the premium.