

For Immediate release:

CMAI completes 2010 World Styrene Analysis; More capacity rationalization expected

Houston, TX – [Chemical Market Associates, Inc. \(CMAI\)](#) announces the completion of the [2010 World Styrene Analysis](#), an annual global study in its twenty-third year that covers the future outlook for supply, demand, production, capacity, trade, pricing and profitability of the global [Styrene](#) industry for the period 2004 to 2014. Included with each analysis is 12 months access to CMAI's online capacity and supply/demand databases with a mid-term supply/demand update incorporating the latest economic and market outlook. This well-established analysis is a necessary resource for business managers and planning professionals who need to make strategic business decisions based on the recent unpredictability in the global financial markets and fluctuations in energy prices.

Current Market Situation

CMAI projects that [world styrene demand](#) in 2009 will contract for the second consecutive year, bringing the total loss in demand to well over two million tons from the peak in 2007. Other issues facing the industry are record low operating rates (below 80 percent in 2009) as capacity additions have continued in tandem with the drop in demand. There is a record high capacity surplus, despite fairly extensive capacity rationalization. The oversupply is expected to grow even further next year as more capacity comes on stream. Again, this surplus takes into account further monomer plant closures.

Styrene margins in 2009 have not been as bad as suggested by the low operating rates. A very weak [propylene oxide](#) market has curtailed styrene production via the [POSM](#) route, which created a tight market in the early part of 2009. As [propylene oxide](#) demand improves, so does styrene availability, having a negative impact on styrene margins as evident in the second half of 2009.

Overall, market conditions are tough due to the weak demand and overcapacity. The industry has been diligently scrapping capacity in the last couple of years, but a demand decrease of this magnitude has created an even wider output gap. As a result, more producers are heading for the exits or reducing their exposure to their "toxic assets."

Market Outlook

World average operating rates for styrene are not forecast to surpass even the mid 80s percent level in the coming years, despite our projections that styrene demand growth will resume at levels near GDP. Without further capacity closures, operating rates throughout the forecast period are projected to remain below the rates recorded during the last trough in 2001. This scenario will unfold even without any confirmed capacity

expansions after 2012. Even more likely, however, is there will be additional capacity closures. The world market leaders in the styrene and [styrenics industry](#) are now simply leading the way out.

Growth across the board in terms of derivatives is expected in 2010. Geographically, all the significant markets are expected to see growth in styrene demand. The average annual growth rates for [styrene consumption](#) into its derivatives during the 2009-2014 period are fairly reasonable, but originate from a low base year, and are consistent with history. As with the world economy, we can expect growth rates for styrene to resume “pre-crisis” levels, but without the global market regaining the lost ground quickly. In fact, the world styrene market is not forecast to reach the 2007 peak consumption level until 2012.

To find out more about the current market issues and CMAI’s outlook for this industry, order this analysis now at www.cmaiglobal.com. The analysis is available in book and CD-ROM format, with access to CMAI’s Online Capacity and Supply/Demand databases. With updates to the Capacity database as changes in the marketplace occur, and an annual mid-year update to the Supply/Demand database, clients find this database access to be a necessary tool for their strategic business decisions.

[CMAI](#) is the premier provider of Market, Planning and Business Advisory services offering a unique combination of consulting analytics and expertise for the global chemical, plastics, fibers and chlor-alkali industries. With offices in Houston, New York, London, Dubai, Düsseldorf, Singapore and Shanghai, CMAI has provided expert business advisory services to a broad base of companies across multiple value chains and geographies since 1979. Clients to CMAI services include chemical and oil companies, technology & EPC companies, banking and financial institutions, plastic converters, textile & apparel manufacturers, brand-owners, grocers/retailers, government agencies and trading companies.

For more information on the [2010 World Styrene Analysis](#), visit CMAI’s website at www.cmaiglobal.com or contact:

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