Independent Commodity Intelligence Services

Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim
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Please click here for full details on the criteria ICIS uses in making these price assessments.

OVERVIEW

- **Import offers up on cost push**
- **Domestic China prices also rise**
- **Demand sentiment improves**

Discussions trended up in Asia's spot market for styrene butadiene rubber (SBR) on firmer offers.

Sellers sought to defray rising feedstock butadiene (BD) costs, but the response from buyers this week was patchy and spot trade liquidity remained on the low side.

However, regional rubber makers were heard determined to defend the elevated targets. If sales fall below expectations, rather than dishing out fresh discounts to woo buyers, SBR makers said they may instead recalibrate production rates to rein in costs.

That said, sellers were generally confident that demand will pick up, especially if buoyancy seen in the domestic China market this week continues. Sentiment was also more upbeat following an upward revision of China's 2023 GDP growth forecast.

OUTLOOK

- **Hopes that China will drive Asia demand recovery**
- **Offers to remain supported by rising cost pressures**
- **Rising natural rubber prices could bolster SBR demand**

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	+50	1450-1550	+50	1300-1400	65.77-70.31
CFR Asia SE	USD/tonne	+100	1600.00-1650.00	+50	1400.00-1500.00	72.57-74.84
CFR India Main Ports	USD/tonne	+50	1600.00-1700.00	+50	1450.00-1550.00	72.57-77.11
SBR 1712, Oil-Extended						
CIF China	USD/tonne	+50	1400-1500	+50	1250-1350	63.50-68.04
CFR Asia SE	USD/tonne	+100	1550.00-1600.00	+50	1350.00-1450.00	70.31-72.57
CFR India Main Ports	USD/tonne	+50	1550.00-1650.00	+50	1400.00-1500.00	70.31-74.84

China

CIF China prices for non-oil 1502 grade were assessed up, tracking firmer buy-sell indications.

The assessment for oil-extended 1712 grade was adjusted up in line.

Domestic SBR prices in east China extended gains due to upstream strength.

East China domestic SBR 1502 prices

Price (CNY/tonne)	01 Feb	20 Jan*
E China Ex-Warehouse	11,700-11,800	11,200-11,300

*China markets were shut for the Lunar New Year holiday from 21-27 January.

Southeast Asia

CFR SE Asia prices for non-oil 1502 grade also rose with firmer offers at the high end. Some transactions materialised at the low end.

CFR SE Asia prices for oil-extended 1712 grade were adjusted up with the change in the 1502 grade assessment.

Natural Rubber SMR 20 Reference Price US cents/kg FOB Malaysia

Jan 2023	Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022
140.11	135.03	127.32	130.52	134.12	149.74	158.83

India

The CFR India assessment for non-oil 1502 grade was up with firmer offers at the high end and buying indications from traders at the low end.

The CFR India assessment for oil-extended 1712 grade was adjusted with changes for 1502 grade.

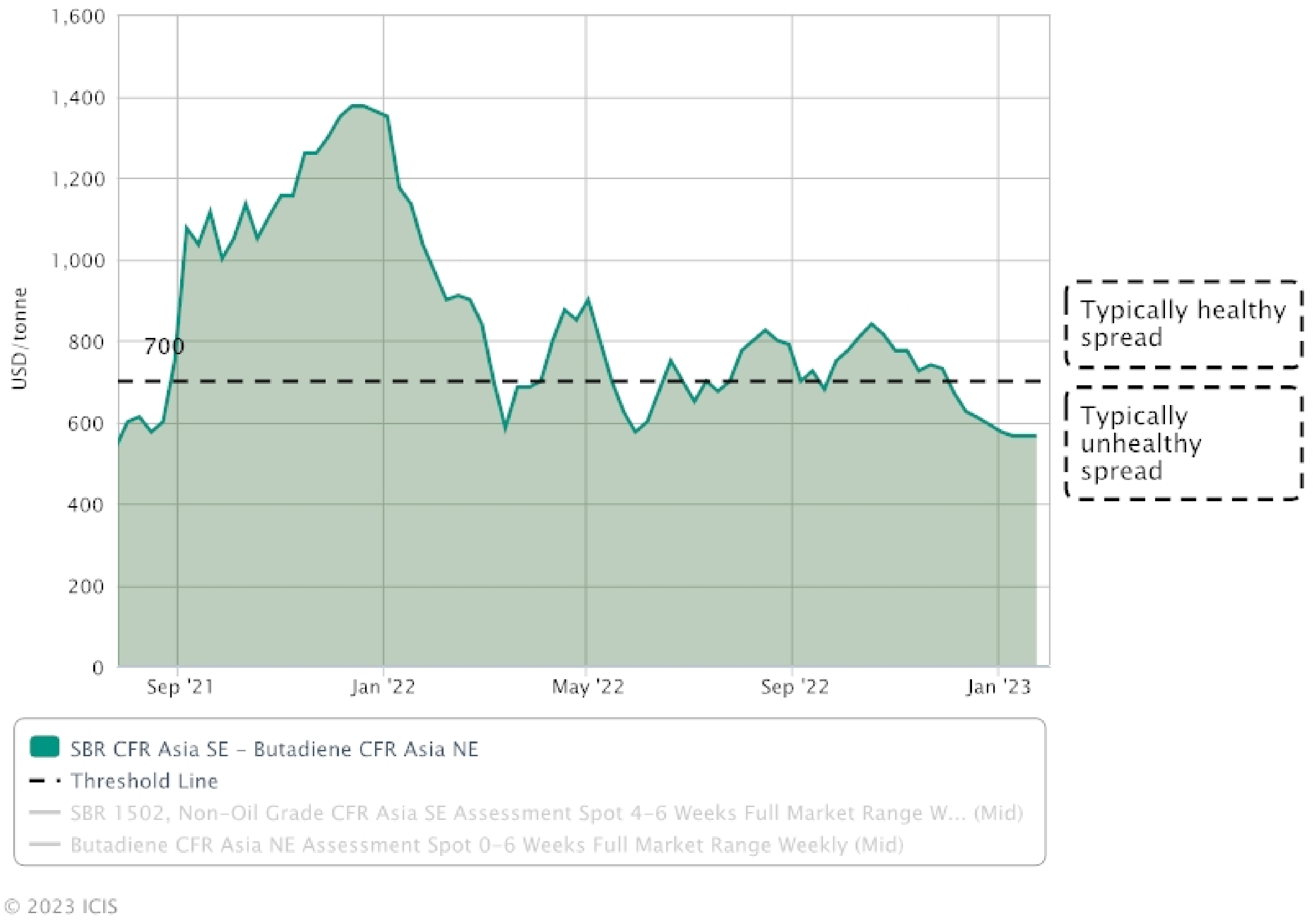
UPSTREAM

Butadiene (BD)

- Discussions curbed on holiday closures
- Buy-sell sentiment mixed
- Most hold back for clarity on post-holiday China situation

The chart below shows the spread between BD and SBR.

[Downstream spread – BD NE Asia and SBR SE Asia]



PRODUCTION

SBR spot availability in the region is tight due to on an ongoing outage, but a regional plant restarted this week from a prior maintenance closure.

Click here for the Asian SBR Live Disruption Tracker.

OTHER REGIONS

Europe

- Upstream BD rolls over in February
- No SBR supply issues despite lower operating rates
- Demand mostly unchanged

US

- Cost pressures mixed
- BD nominated flat to higher
- Some SBR producers may incur feedstock access constraints

ANALYTICS

ICIS Crude Outlook

OPEC+ increased production by 120,000 bbl/day in December, despite a previous decision to cut oil production quotas by 2m bbl/day in early November. Nigeria played a key role in the month-on-month increase by raising output by 91,000 bbl/day after improving security issues over major pipelines. Although Western sanctions are set impact Russian oil, both production and exports have remained in line with December levels because Russia found time to find alternative buyers in Asia. However, Russian production is expected to fall by about 500,000 bbl/day as EU embargoes and price caps on crude oil and oil products take full effect in February. In terms of demand, global oil consumption is likely to rise by about 2m bbl/day to hit 102m bbl/day in 2023, mostly driven by economic growth in China and a rebound in demand rebound after the easing of COVID-19 restrictions. Global oil demand is likely to be significantly affected by the trajectory of economic activity, with growth likely to increase later in the year.

By Greg Mouchikas, energy and refining analyst, grigorios.mouchikas@icis.com

ICIS Naphtha Outlook

Naphtha cracks in Europe improved considerably in January and remain deep in positive territory. European refiners have been running at higher rates to make up for an anticipated shortage in Russian supply once EU sanctions take effect on February 5. Naphtha stocks in northwest Europe increased by 14% month on month, in line with average monthly levels. Renewed strikes at French refineries and expected spring maintenances will reduce product availability in the region and

exacerbated by strong demand from the US Gulf Coast. Naphtha flows to Asia remain supported, driven by Chinese demand after the country's reopening and the lifting of COVID-19 restrictions in the run up to the Lunar New Year. ICIS expects Russian refinery throughput and the export of product to decline as a result of EU sanctions from February.

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