



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

- **Bullish offers due to cost concerns**
- **Small lots sold**
- **But majority buyers continue to stay away**

Discussions in Asia's styrene-butadiene-rubber (SBR) spot market remained broadly upbeat, although liquidity was capped as demand increases still fell below prior expectations.

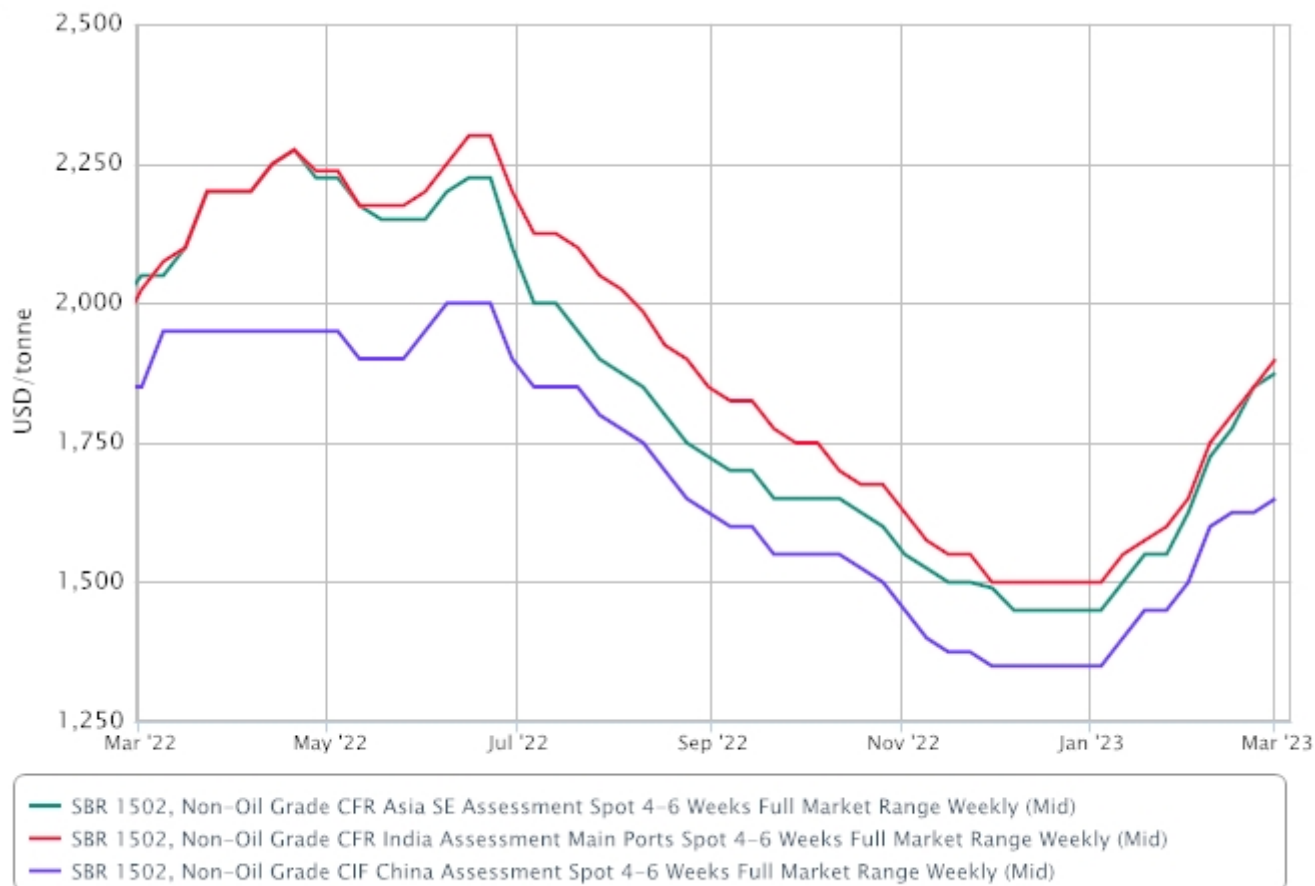
Some purchases did transpire, at levels closer to sellers' targets, but buying was limited on need-basis, and involved only very small volumes.

But most end-users, particularly from the mainstream tire sector, held back, as they deemed the latter's current expectations as unduly high and not something that they could transfer easily down the line, if auto markets in [Europe](#) and [US](#), which are their main export destinations, fail to recover as well as expected.

Buyers are generally skeptical too if end-use consumption could improve if the wider macro-economic landscape remained gripped by [multiple uncertainties](#).

But sellers held vastly different pricing outlook. For one, they continued to prioritise the need to protect margins over the need to boost sales through dishing out wider discounts.

Feedstock butadiene (BD) prices have spiked in recent times, putting sellers' margins under duress. And to improve margins if sales volumes fail to keep up, more regional rubber plants said that they would load down to minimise surplus.



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OUTLOOK

- Upstream pricing conditions to drive offers in the near term
- Deeper output cuts possible if buying stays weak
- Downstream demand dependent on economic growth prospects

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	+50	1600-1700	n/c	1450-1550	72.57-77.11
CFR Asia SE	USD/tonne	n/c	1800.00-1950.00	+50	1600.00-1650.00	81.65-88.45
CFR India Main Ports	USD/tonne	+50	1850.00-1950.00	+50	1600.00-1700.00	83.91-88.45
SBR 1712, Oil-Extended						
CIF China	USD/tonne	+50	1550-1650	n/c	1400-1500	70.31-74.84
CFR Asia SE	USD/tonne	n/c	1750.00-1900.00	+50	1550.00-1600.00	79.38-86.18

CFR India Main Ports	USD/tonne	+50	1800.00- 1900.00	+50	1550.00-1650.00	81.65-86.18
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China

CIF China assessments for non-oil 1502 imports narrowed, as buying indications were notionally firmer, tracking domestic gains.

But these still fell well below sellers' expectations at the high-end, and no meaningful discussions were heard.

CIF China assessments for the oil-extended 1712 grades were adjusted with 1502 grade changes. .

Domestic SBR producers also hiked yuan-denominated offers in east China, to keep pace with upstream increases in the last few weeks.

East China domestic SBR 1502 prices

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	11,900-12,000	11,500-11,700

Southeast Asia

CFR SE Asian prices for the non-oil 1502 grade were stable-to-firm, tracking deals and offers heard for cargoes from regular and traditional Asian suppliers.

Offers for these suppliers were heard at the high-end, and limited volumes were sold at the high-end.

But majority buying indications for these materials were heard capped at the low-end, market sources said.

There were cheaper cargoes, indicated at much below the published range, from other non-conventional sources, such as Russia and China, but there were no transactions heard despite the lower asking prices. Market players were thus of the consensus view that these do not reflect the mainstream tradable values, even if they served to dampen buyers' sentiment in their negotiation with regular suppliers.

Assessments for the oil-extended 1712 grade were adjusted with the 1502 grade changes.

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

1 2023	Mar	Feb 2023	Jan 2023	Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022
141.15	140.11	140.11	135.03	127.32	130.52	134.12	149.74	

India

In India, the high-end tracked offers for non-oil 1502 grade cargoes from regular northeast Asian suppliers, and some transactions materialised at the low-end, albeit for limited volumes, market players said.

But most buyers continued to stay in the sidelines, as they wanted to minimise fresh trades and commitments before the financial year closes later this month.

Many were also watchful about how the broader [Indian economy](#) would trend, before they deliberate further, perhaps by late month as well, on how intensely they should procure SBR, market players said.

Many also wanted to wait for more news and confirmation about potential spot SBR availabilities from Europe, before taking any fresh decision on next procurement.

CFR India assessments for the oil-extended 1712 grade are adjusted with changes for the 1502 grade.

UPSTREAM

Butadiene (BD)

- Sellers' expectations firmly bullish
- Buying appetite tapers towards late week
- Discussions fragmented as buy-sell tussle continues

The chart below shows the spread between butadiene and SBR.

[Downstream spread – butadiene NE Asia and SBR SE Asia](#)



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Styrene:

- Limited regional import appetite
- Margin concerns remain in Asia
- Chinese suppliers look for export opportunities



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PRODUCTION

Regional supplies are weighed down by an [upcoming](#) maintenance in April-May, as well as the possibility of deeper output cuts by rubber makers seeking to rescue compressed margins.

Click [here](#) for the Asian SBR Live Disruption Tracker.

OTHER REGIONS

Europe

- Spot prices stable to soft
- Upstream March BD increases €30/tonne
- March SBR contract talks yet to start

US

- March BD nominated flat
- Supplies balanced with demand
- Demand weak

ANALYTICS

ICIS Outlook on GDP

It is almost a year since Russia invaded Ukraine, with no resolution in sight. Geopolitical tensions are forecast to weigh heavily on the global economy. IMF (International Monetary Fund) projects global GDP for 2023 at 2.9%, which is a 0.2% higher than the previous forecast. Growth is expected to rebound to 3.1% in 2024. The upward revision was primarily driven by the opening of the Chinese economy. However, potential risk to the downside remains such as emergence of a new COVID-19 variant, labour shortages, high risk of debt distress from developing economies. In addition, geopolitical tensions between Russia and Ukraine are expected to be drawn out. Currently, risk outweighs growth drivers. In addition, the central bank is required to maintain balance between managing inflation by raising interest rates, and not compromising on recovery.

US GDP in 2023 is forecast to grow 1.4% year on year, which is 0.4% higher than the previous IMF forecast. Similarly, 2024 is forecast to grow at 1.4% year on year. The optimistic forecast reflects potential pent-up demand and stronger private consumption and investment. In addition, with the signing of Inflation Reduction Act, approximately \$370bn in investments will be deployed to tackle energy costs, local manufacturing, health care and green infrastructure.

According to IMF, the euro area is project to grow at 0.7% year on year in 2023 (an increase of 0.2% from previous update). 2024 is predicted to be a much stronger year with 1.6% expansion of the economy year on year.

As China has scrapped its quarantine requirements and other movement restrictions, the economy is forecast to grow 5.2% year on year in 2023 (an upward revision of 0.8% from previous update). 2024 is forecast to grow 4.5% year on year. India is forecast to grow 6.1% and 6.8% in 2023 and 2024, respectively.

By **Jincy Varghese**, ICIS demand analyst, jincy.varghese@icis.com

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