

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

All prices in the weekly analysis on 9 August will be assessed based on information collated up to 8 August. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

- **Cost pressures mount on sellers**
- **Offers to see upside support**
- **Demand concerns still prevalent**

Sentiment is mixed in the Asian spot import market for styrene butadiene rubber (SBR).

On the sell-side, regional producers said that as upstream costs have risen quite substantially recently, they would need to price up on SBR to recoup costs and preserve frail margins.

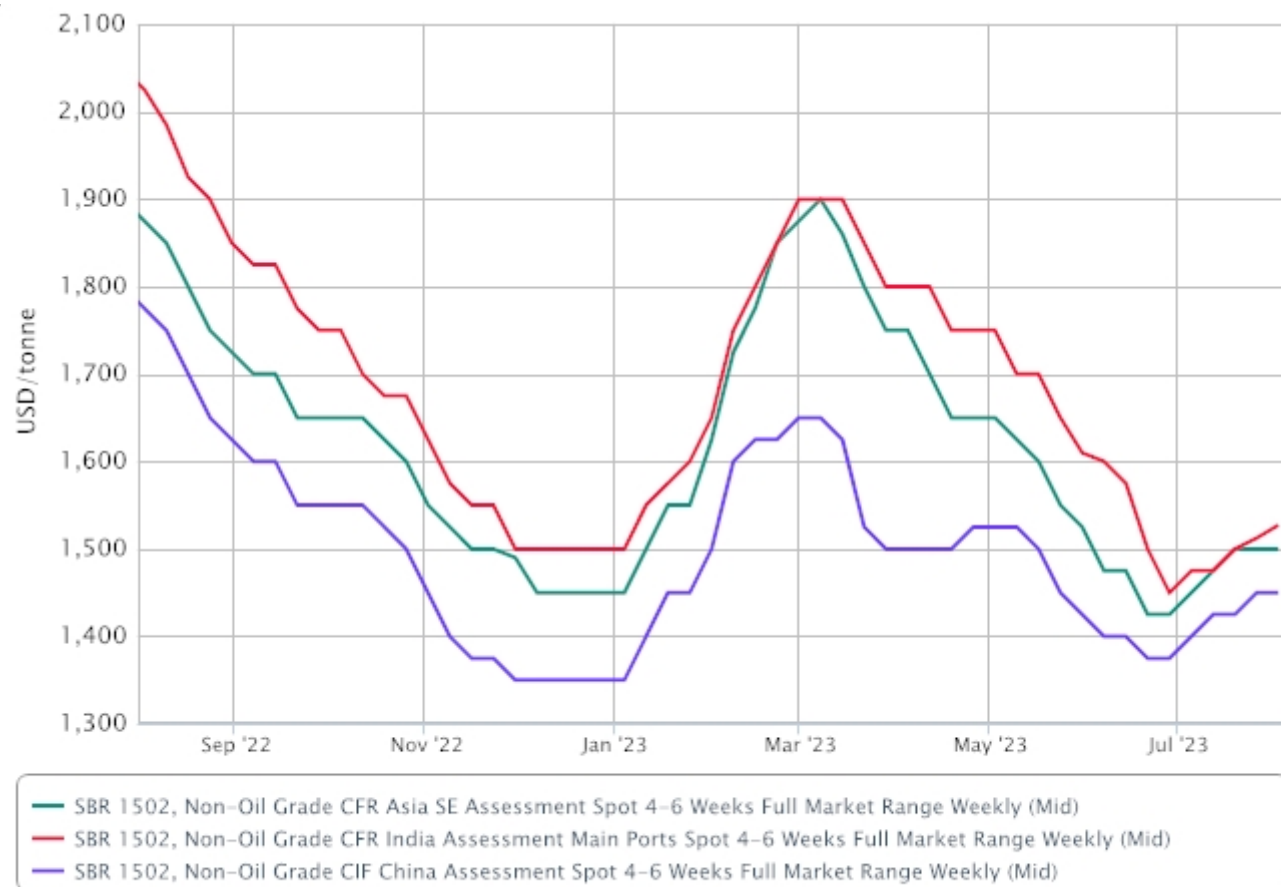
Sellers were also convinced that as end-users' inventories must have run low by now, they should be ready to buy and restock now to avert any disruption to ongoing production.

However, the buy-side sentiment differs. Many end-users maintained that they would continue to keep spot procurement to the minimal and only on a need-to basis, as long as reservations linger about downstream demand conditions.

They added that there have not been any clear sign that concrete improvements are forthcoming in their downstream markets, and many also see such prospects as remote, especially since latest economic indicators are still bearish, with China's [Caixin PMI](#) reading falling back into the contraction zone for July.

Even though the China government has recently announced plans for [fiscal measures](#) to boost consumption of items like cars and houses, end-users said that fuller details of the said measures were still hazy, and that it remains to be seen how effective these may be in spurring SBR consumption by related downstream

industries such as automobile.



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OUTLOOK

- **Upcoming offers to tap upstream strengths for support**
- **Players to monitor impact of China's fiscal measures**

- **Macroeconomic uncertainties to weigh on market sentiment**

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	n/c	1400-1500	n/c	1350-1450	63.50-68.04
CFR Asia SE	USD/tonne	n/c	1450.00-1550.00	n/c	1400.00-1500.00	65.77-70.31
CFR India Main Ports	USD/tonne	+30	1480.00-1575.00	n/c	1450.00-1500.00	67.13-71.44
SBR 1712, Oil-Extended						
CIF China	USD/tonne	n/c	1350-1450	n/c	1300-1400	61.24-65.77
CFR Asia SE	USD/tonne	n/c	1400.00-1500.00	n/c	1350.00-1450.00	63.50-68.04
CFR India Main Ports	USD/tonne	+30	1430.00-1525.00	n/c	1400.00-1450.00	64.86-69.17

China

CIF China assessments for the non-oil 1502 grade were unchanged, in the absence of fresh buy-sell indications.

There was limited buying interest for imports, as local end-users are already amply covered by domestic supplies.

Assessments for the oil-extended 1712 grade were rolled with unchanged 1502 grade assessments.

Domestic prices in east China for the non-oil 1502 grade trended up, alongside firmer feedstock butadiene values.

East China domestic SBR 1502 prices

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	11,650-11,800	11,500-11,700

Southeast Asia

CFR SE Asian assessments for the non-oil 1502 grade were flat, tracking rangebound offers and deals.

China-origin cargoes changed hands at the low end of the range, while discussions and limited deals for cargoes from other regular NE Asian suppliers took place at the high end, market sources said.

Assessments for the oil-extended 1712 grade were stable in line too.

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

Aug 2023	(1-2) Jul 2023	Jun 2023	May 2023	Apr 2023	Mar 2023	Feb 2023	Jan 2023	Dec 2022
130.63	131.31	133.48	136.34	136.27	135.03	140.11	140.11	135.03

India

CFR Indian assessments for the non-oil 1502 grade were stable to firm, with some Asia-origin cargoes heard changing hands in the week at the low end of the range, against selling indications at the high end.

However, prevailing downstream operations are subdued, in part due to the ongoing monsoon weather, and market players said that this weighed on buying appetite for imports.

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

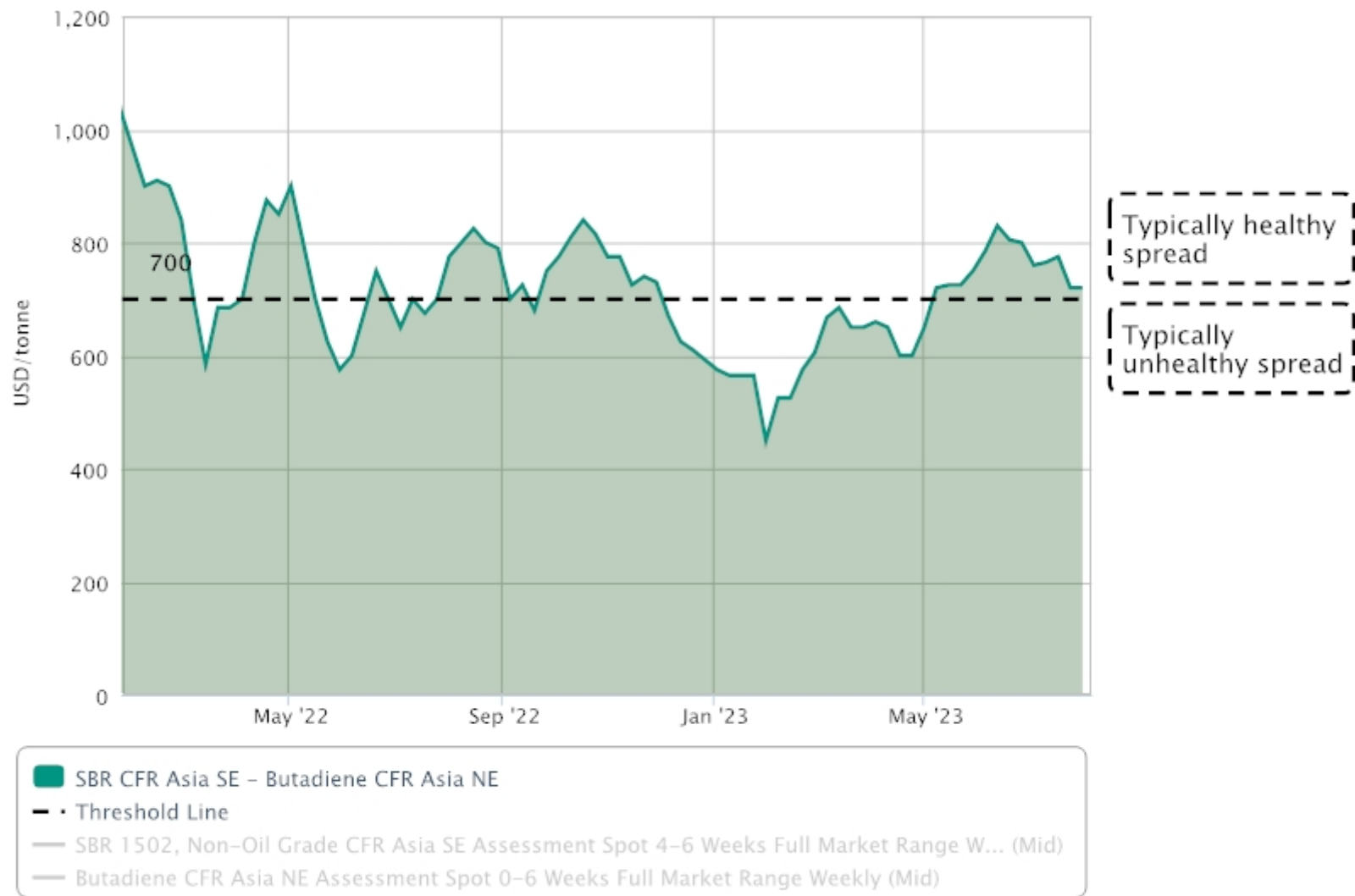
UPSTREAM

Butadiene

- Sellers' sentiment up with domestic China buoyancy
- China remains main buying support for imports
- Muted buy-side response in wider Asia

The chart below shows the spread between butadiene and SBR prices.

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



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Styrene:

- CFR China market liquidity remains hampered by wide buy-sell disparity
- Market sentiments generally strong
- Downstream users exhibiting certain price resistance against recent styrene uptrends



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PRODUCTION

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

OTHER REGIONS

Europe

- Wide spot/contract gap unsustainable for suppliers
- Market awaits BD August contract
- Dry grade spot prices widen; offers highly varied

US

- July SBR prices drop sharply again, tracking feedstock BD
- US BD plummets on weak demand for derivative products
- Destocking continues as demand theme for 2023

ANALYTICS

ICIS Crude Outlook

Total OPEC+ crude oil production averaged 28.2m bbl/day in June, over 100,000 bbl/day higher month-on-month. Output from Iran and Iraq mainly increased, but production from Angola fell. Global supply is forecast to decrease by more than 1m bbl/day in July and August as Saudi Arabia implements deeper cuts, with crude output expected to hit a two-year low of around 9m bbl/day. There were signs that Russian crude oil shipments fell in July as seaborne exports declined by over 13% to about 3.2m bbl/day from about 3.7m bbl/day in April and May, indicating that it has started to reduce supply to the market. China and India have imported record volumes of crude from Russia as they take advantage of cheap flows to build up stockpiles.

By **David Jorbenaze**, senior analyst, david.jorbenaze@icis.com

ICIS Naphtha Outlook

A rise in crude oil values led by a deep production cut from OPEC+, supply disruptions, elevated seasonal demand and an open arbitrage, lent significant support to European naphtha in July. However, northwest Europe naphtha cracks have remained under pressure from reduced cracker run rates and limited demand growth. In a similar situation to Europe, naphtha prices in Asia found support from higher crude oil values and reduced Russian exports in July, although cracks saw increased volatility by moving from a double-digit discount to a premium. An open arbitrage to West Africa and Asia and firming gasoline and gasoil cracks also helped to support the feedstock.

By **David Jorbenaze**, senior analyst, david.jorbenaze@icis.com

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