



Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim
03-Apr-2024

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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 10 April will be assessed based on information collated up to 9 April. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

- **Holiday trade lull weighed on discussions**
- **Offers well supported on unwavering cost pressures**
- **Buyers resistant but demand outlook deemed rather positive**

Discussions for Asian spot imports of styrene-butadiene-rubber (SBR) slowed down this week on the back of holiday market closures across the region.

In northeast Asia, players in China and Taiwan were winding down ahead of the three-day Qing Ming Festival beginning 4 April.

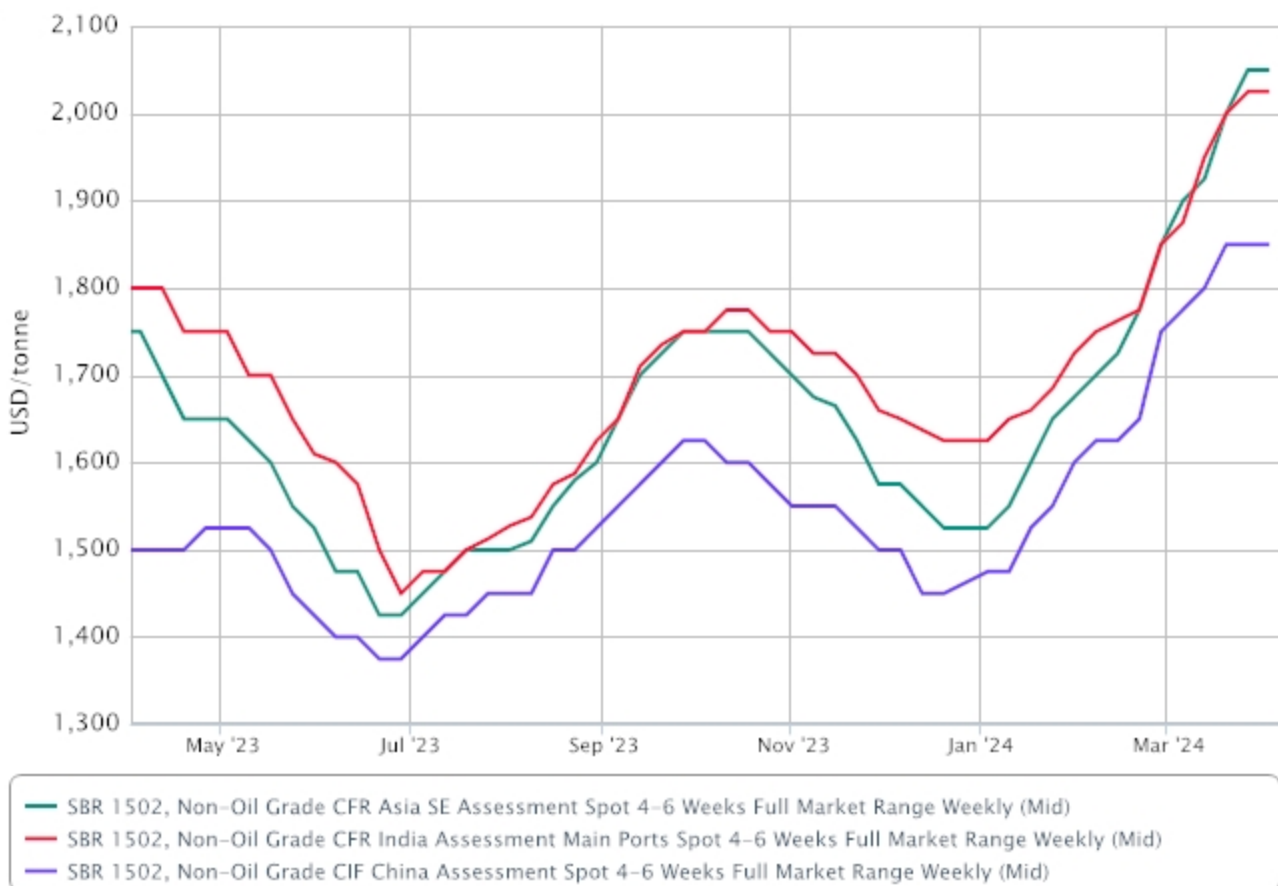
In southeast Asia and India, not all players have returned from Easter and the Holi festival celebrated in the week prior. And with the extended Eid ul Fitr holiday approaching in mid-April, many may continue to stay in the sidelines longer, market sources said.

Meanwhile, sellers mostly held firm to their existing offers, or chased higher targets, in their bids to recover costs and protect frail margins.

Buyers are resistant to these firmer offers, citing potential downstream affordability difficulties.

Yet, the outlook is generally rather upbeat that downstream requirements for raw materials including SBR will stay healthy if recovery in the auto industries in China and India remains on track, especially on the back of growing sales of electric vehicles ([EV](#)).

Such sentiment was further buoyed with news of upbeat March factory data in China, such as a year-high [official PMI](#). In this climate, SBR sellers were confident that they could hold and wait until buyers come closer to their terms, market sources said.



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OUTLOOK

- Spot supplies may tighten with upcoming turnaround
- Demand could see support with anticipated recovery of [auto sector](#)
- But buy-sell pricing tussle may amplify

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	n/c	1800-1900	n/c	1700-1850	81.65-86.18
CFR Asia SE	USD/tonne	n/c	2000.00-2100.00	n/c	1850.00-1950.00	90.72-95.25
CFR India Main Ports	USD/tonne	n/c	1950.00-2100.00	n/c	1800.00-1950.00	88.45-95.25
SBR 1712, Oil-Extended						
CIF China	USD/tonne	n/c	1750-1850	n/c	1650-1800	79.38-83.91

CFR Asia SE	USD/tonne	n/c	1950.00-2050.0 0	n/c	1800.00-1900.00	88.45-92.99
CFR India Main Ports	USD/tonne	n/c	1900.00-2050.0 0	n/c	1750.00-1900.00	86.18-92.99

China

CIF China assessments for the non-oil 1502 grade were left unchanged, with stable offers tracked at the high end. Buying interest was subdued for US dollar denominated imports, with local requirements fully covered by domestically produced materials. The low end of CIF China assessment was rolled over as such.

CIF China assessments for the oil-extended 1712 grade were rolled over, in line with stable 1502 grade assessments.

Yuan-denominated trades in east China for the 1502 grade started on a softer note at the beginning of the trading week, but recovered some lost grounds late in the week. Domestic prices in east China were assessed in a wider range as such.

East China domestic SBR 1502 prices

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	13,100-13,400	13,150-13,200

Southeast Asia

CFR SE Asian assessments for the non-oil 1502 grade were unchanged, taking into consideration range-bound offers and buying indications heard in the week.

Substantive discussions were limited too as many players were absent on holidays.

CFR SE Asian assessments for the oil-extended 1712 grade were flat, in line with stable 1502 grade assessments.

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

Apr (1-3) 2024	Mar 2024	Feb 2024	Jan 2024	Dec 2023	Nov 2023	Oct 2023	Sep 2023	Aug 2023
163.98	165.36	156.66	154.20	146.31	148.42	145.26	142.65	130.22

Source: Malaysian Rubber Board

India

In India, non-oil 1502 grade materials from NE Asia origins were heard indicated at the high-end and up.

But these offers continued to meet with much buy-side resistance, many end-users of whom looked more actively into the pool of non-Asia origin materials for alternative, and competitively priced, supplies.

CFR India assessments for both the non-oil 1502 and the oil-extended 1712 grades were kept unchanged as such.

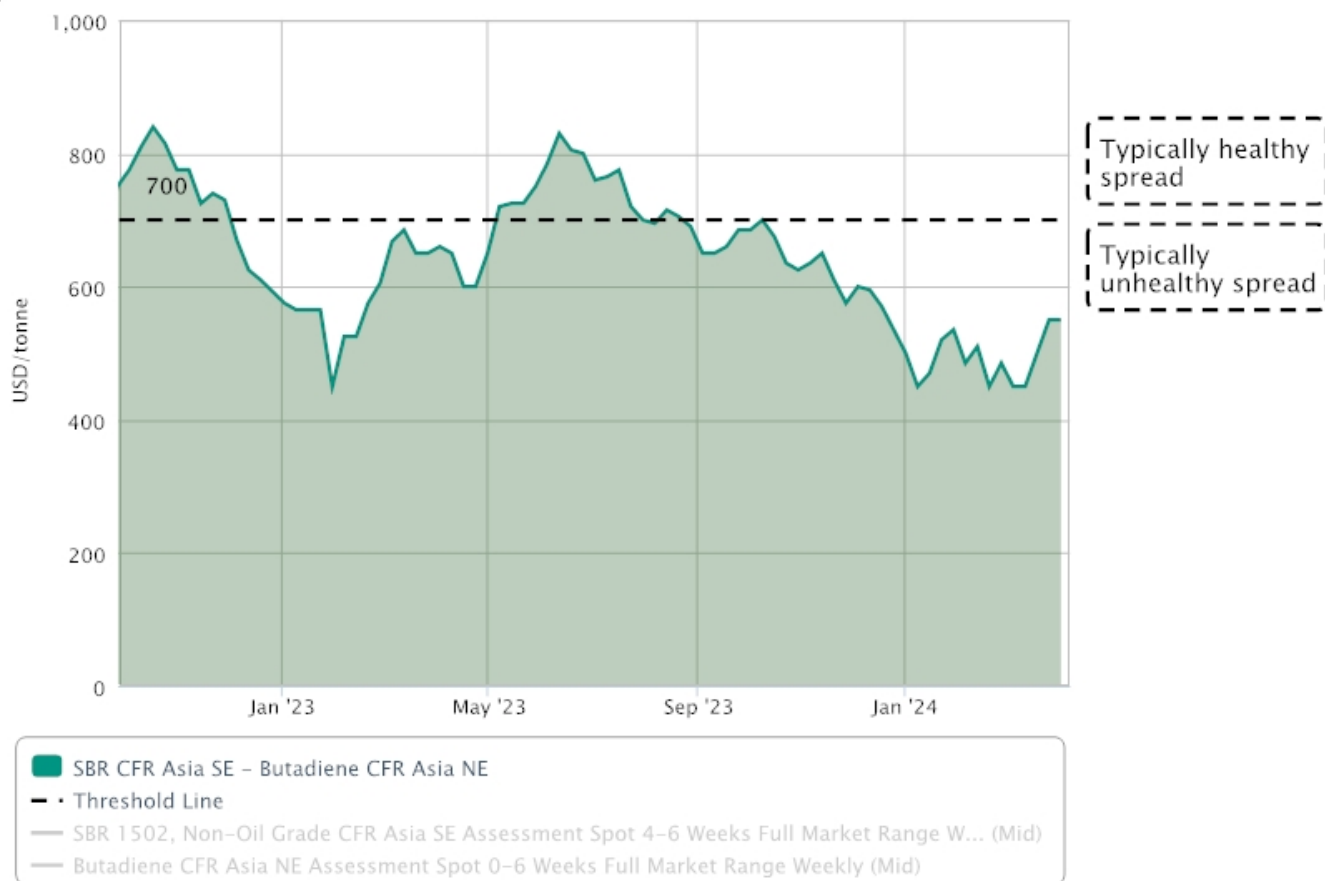
UPSTREAM

Butadiene

- Production losses widen in the region
- Offers well support as such
- But trade liquidity subdued amid growing buy-side resistance

The chart below shows the spread between butadiene and SBR, which remains in the unhealthy zone.

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

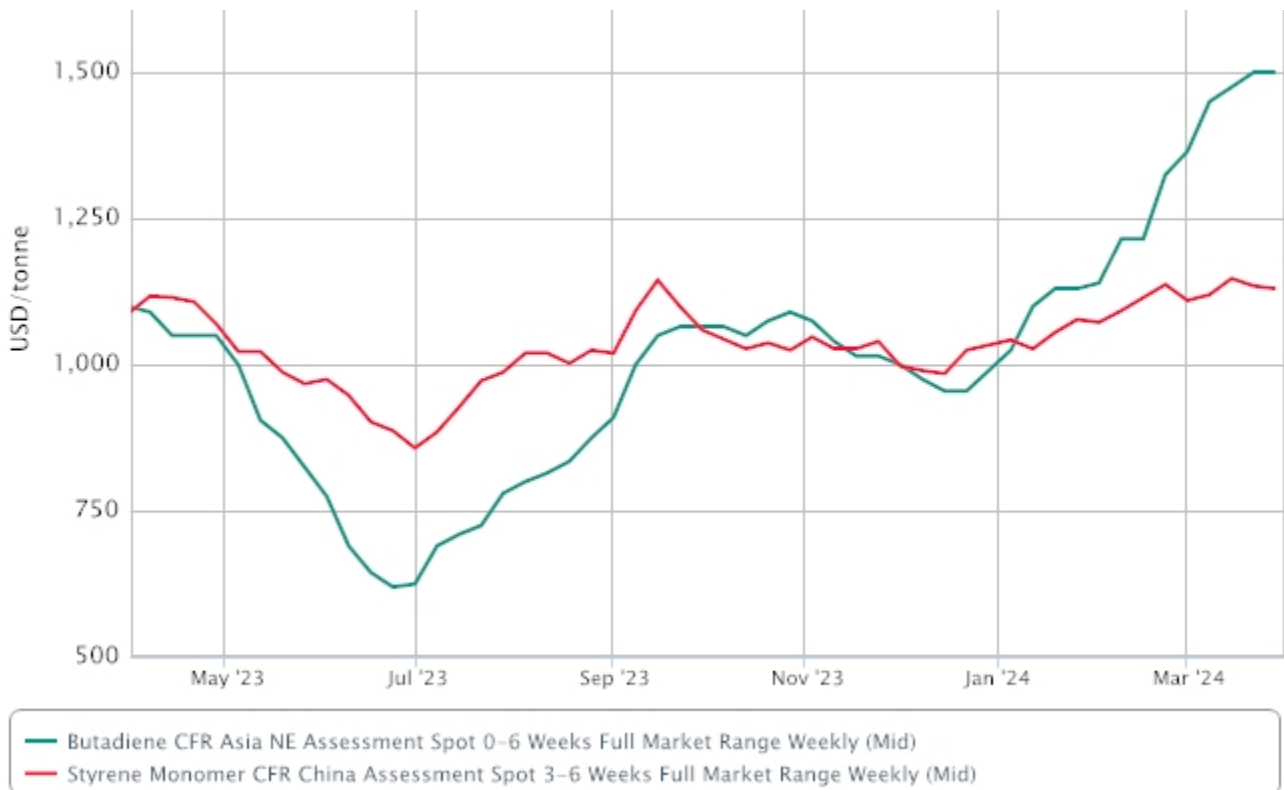


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Styrene

- Limited volatilities in China SM market
- LG Chem [shuts SM Line 2](#); NE Asia spot SM supply outside China stays generally tight
- East China SM inventories moderately decrease but remain overall high





PRODUCTION

A plant in east China, with a total nameplate capacity of 170,000 tonnes/year, has [shut](#) one of its three lines, for a month-long maintenance from 20 March.

Another 100,000 tonnes/year [unit](#) in Taiwan is also scheduled for a near-month-long maintenance in May.

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

OTHER REGIONS

Europe

- Upstream BD April contract rises €70/tonne
- Spot prices in wide range
- Mixed market dynamics ahead of holidays

US

- March prices rise on higher feedstock costs, primarily a surge in BD
- Asian imports costly on more expensive BD, firm freight
- USTMA tire forecast bullish for record year

ANALYTICS

ICIS outlook on downstream automotive sector

Impending layoffs, affordability and a slower electrification process are some of the key challenges for the automotive sector this year. Global automotive demand in 2024 is expected to be flat compared with 2023; Q2 2024 is forecast to shrink by 2.2% compared with Q2 2023 (Oxford Economics).

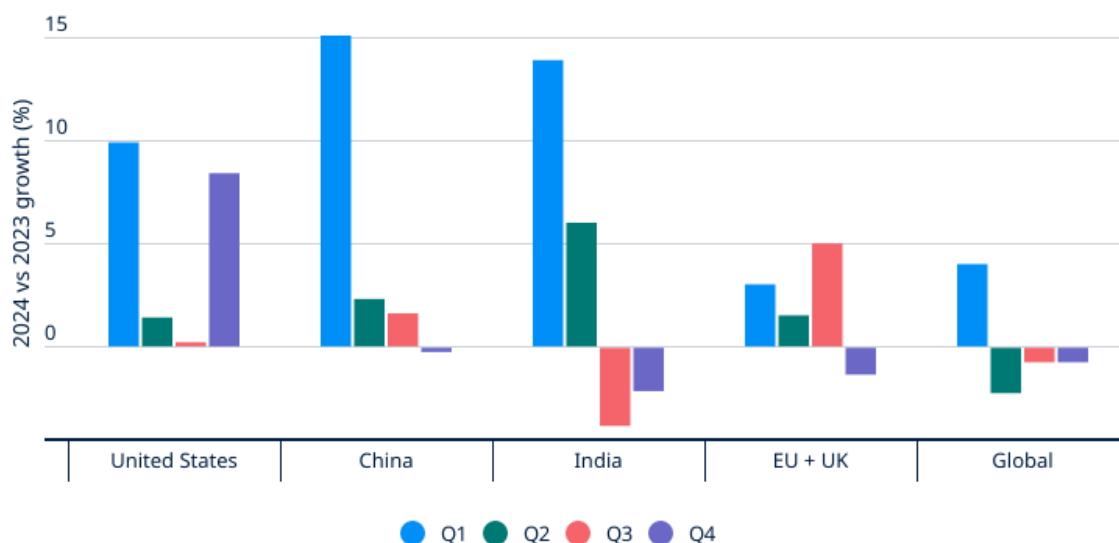
Medium-term fundamentals remain strong, with rising income and low car ownership. This is particularly true for electrified and other new energy vehicles (NEVs) as government incentives push this market. China automotive demand in 2024 is expected to grow by 4.3% compared with 2023; Q2 2024 is forecast to grow by 2.3% compared with Q2 2023 (Oxford Economics).

India automotive demand in 2024 is expected to grow by 3.0% compared with 2023; Q2 2024 is forecast to grow by 6.0% compared with Q2 2023 (Oxford Economics). According to the Federation of Automobile Dealers Associations (FADA), there is cautious optimism in the market, but election-related purchase deferrals could be a challenge.

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

Motor vehicle sector growth by region

2024 vs 2023



SOURCE: Oxford Economics

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