



## 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

- **Year-end trade lull for imports**
- **Domestic China spiked alongside upstream gains**
- **Players pull back to survey situation**

Discussions were subdued in wider Asia for styrene-butadiene-rubber (SBR) imports as many traders were away for year-end holidays.

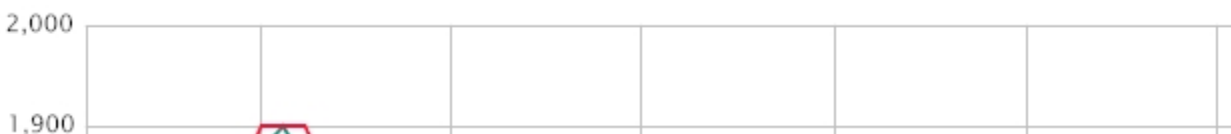
But even for those who are resuming work, many have pulled back too to catch up with and understand better how the domestic China market has fluctuated during their absence.

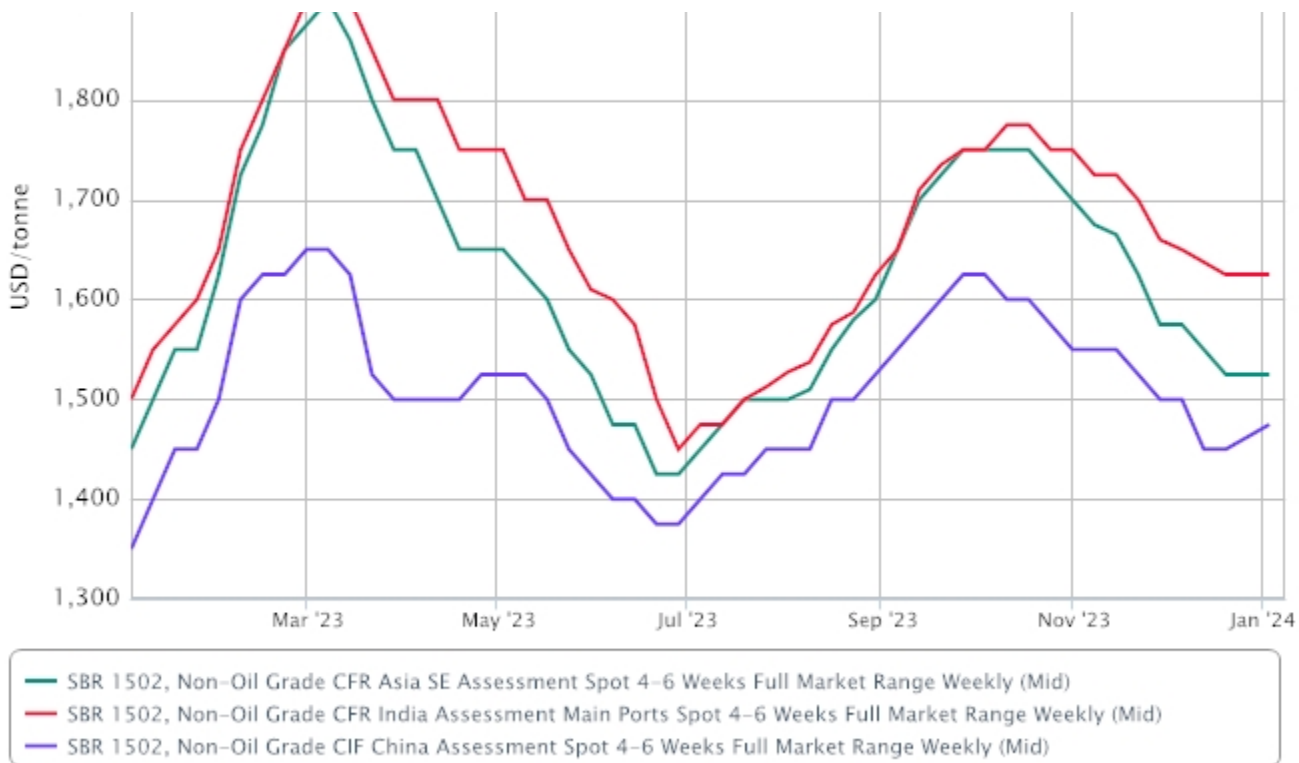
The domestic China market was volatile in the last trading week of December, with yuan values of SBR spiking sharply early week, alongside similar jumps in the [yuan prices of feedstock butadiene](#) (BD). Market players in wider Asia wanted to see how the yuan market may trend from here before they initiate fresh talks on US dollar denominated imports.

Meanwhile, buy-sell disparity remains, with end-users heard mostly skeptical if the domestic uptrend in China will sustain, especially since there is as yet no clear sign that substantive off-take from key downstream automotive sector in the country has improved.

SBR sellers, on the other hand, were unwilling to moderate existing targets, as they anticipated production cost increases to come, especially if freight rates jump higher with escalating [security threats in the Suez Canal](#).

Spot availabilities may tighten too, if regional SBR production is impacted by potential squeeze of feedstock supply following some [unplanned BD plant outages in China](#), market sources said.





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## OUTLOOK

- Players to await pricing direction from domestic China market
- [Demand outlook](#) hazy in the near term
- Regional output may drop if feedstock supplies tighten anew

## PRICES

### SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
<b>SBR 1502, Non-Oil Grade</b>						
<b>CIF China</b>	USD/tonne	+50	1450-1500	n/c	1450-1550	65.77-68.04
<b>CFR Asia SE</b>	USD/tonne	n/c	1500.00-1550.00	n/c	1550.00-1600.00	68.04-70.31
<b>CFR India Main Ports</b>	USD/tonne	n/c	1575.00-1675.00	n/c	1600.00-1700.00	71.44-75.98
<b>SBR 1712, Oil-Extended</b>						
<b>CIF China</b>	USD/tonne	+50	1400-1450	n/c	1400-1500	63.50-65.77
<b>CFR Asia SE</b>	USD/tonne	n/c	1450.00-1500.00	n/c	1520.00-1570.00	65.77-68.04
<b>CFR India Main Ports</b>	USD/tonne	n/c	1525.00-1625.00	n/c	1570.00-1670.00	69.17-73.71

## China

CIF China assessments for the non-oil 1502 grade are stable-to-firm, as buying indications, captured at the low-end, climbed with stronger domestic market performance.

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

In the domestic China market, SBR prices surged, tracking upstream butadiene price increases.

### East China domestic SBR 1502 prices

Price (CNY/tonne)	This week's close	On 20 Dec 23 *
E China Ex-Warehouse	12,200-12,400	11,250-11,400

\*There was no publication on 27 December 2023.

## Southeast Asia

CFR SE Asian assessments for the non-oil 1502 grade were unchanged, tracking range-bound buy-sell talks for cargoes available to ship in January.

But substantive discussions were minimal, as most end-users have already covered their January requirements with prior purchases.

Offers were also entrenched at the high-end, as regional producers were buoyed by the recent upsurge in both the domestic RMB prices and the natural rubber market, and believe that there should be good support for their existing expectations.

CFR SE Asian assessments for the oil-extended 1712 grade were also rolled with stable 1502 assessments.

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

Jan 2024	(1-3) Dec 2023	Nov 2023	Oct 2023	Sep 2023	Aug 2023	Jul 2023
156.63	146.31	148.42	145.26	142.65	130.22	131.31

Source: Malaysian Rubber Board

## India

CFR Indian assessments for the non-oil 1502 grade were also unchanged, taking into consideration broadly unchanged buy-sell indications.

Most end-users in India were reluctant to take in more imports at this time of the year, as they tried to keep inventories lean ahead of the financial year closing in March.

CFR Indian assessments for the oil-extended 1712 grade were also unchanged, in line with the 1502 grade.

## UPSTREAM

### Butadiene

- Uptick in domestic China on restocking activities
- But no discernible impact on imports
- Trade talks capped by year-end lull

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

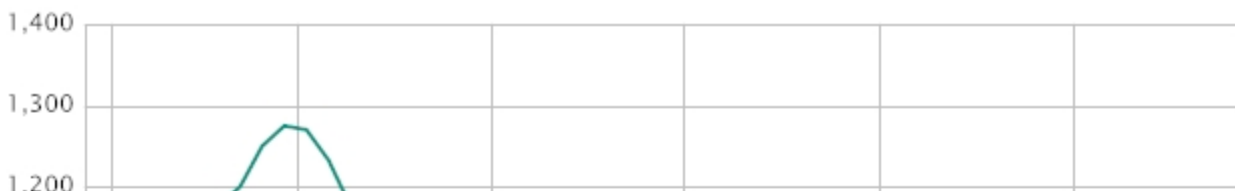
[Downstream spread – butadiene NE Asia and SBR SE Asia](#)

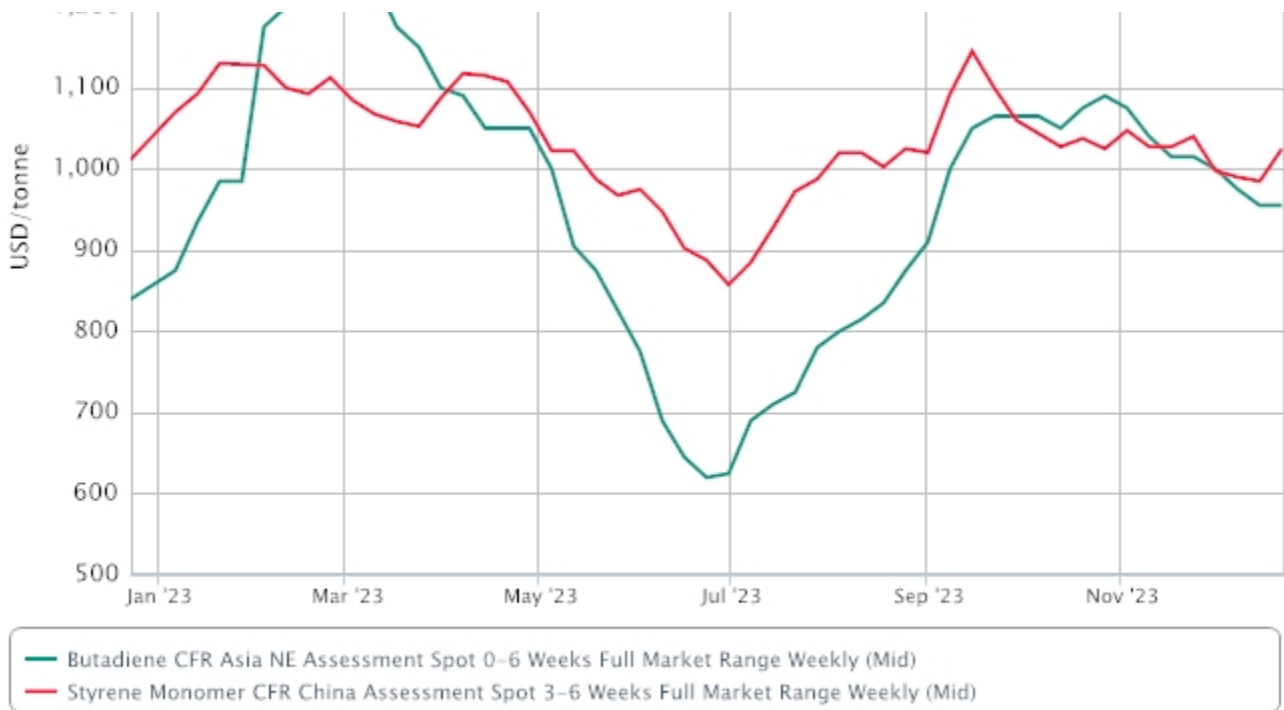


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### Styrene

- China styrene market picked up in late December with speculations in futures market
- CFR China price disparity narrowed down, more viable to trade price-wise
- Regional spot market remained tepid as demand persisted sluggish





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## PRODUCTION

A 60,000 tonnes/year SBR unit in Zhoushan, China is [shut](#) for a three-week planned maintenance from late December.

Operations at another two SBR units in Shandong, with a total of 250,000 tonnes/year production capacity, may be disrupted too after a fire rendered the related upstream [cracker](#) in the Sinopec Qilu Petrochemical out of action since 23 December, market sources said.

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

## OTHER REGIONS

### Europe

- Versalis to close [Grangemouth](#) due to poor market conditions
- December SBR contracts assessed lower
- Spot prices steady

### US

- December SBR contract prices fall, tracking feedstock BD
- Spot prices down on weak downstream demand
- Tire forecast expects reduction in shipments versus 2022 and 2019

## ANALYTICS

## ICIS Styrene Outlook

The European styrene market faces a challenging supply landscape in the coming months. Ongoing demand weakness and structural market changes have created uncertainties for buyers, sellers and traders. Bearish sentiment looms as many market participants foresee no demand improvement until later in 2024 or even 2025. Notably, the recent restart of Repsol's Tarragona POSM unit and ample domestic inventories are set to keep supply well above demand in the short term. Furthermore, the closure of the Trinseo unit in the Netherlands is expected to increase import flows in December and January.

The demand outlook for European styrene is gloomy because of economic headwinds. The construction sector, a key consumer, remains sluggish, accounting for approximately one-third of demand. Eurozone inflation, high European Central Bank (ECB) interest rates and persistent economic weakness contribute to a deteriorating outlook. ICIS analysts highlight inflation as a major concern affecting the construction industry. While some market participants foresee a moderate seasonal demand improvement in spring 2024, a swift recovery seems unlikely. Lingering uncertainties and challenges in the global economy will likely keep the styrene market well supplied, with any demand improvement expected to be incremental.

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