



Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim
03-Jul-2024

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

OVERVIEW

- **China stalls as players pull back to wait and see**
- **But upstream strengths keep SE Asia and India supported**
- **Buyers cautious and keep purchases to small lots**

Discussions in this week's Asian import market for styrene butadiene rubber (SBR) were mixed – flat in China but stable to firm in other regional outlets like SE Asia and India.

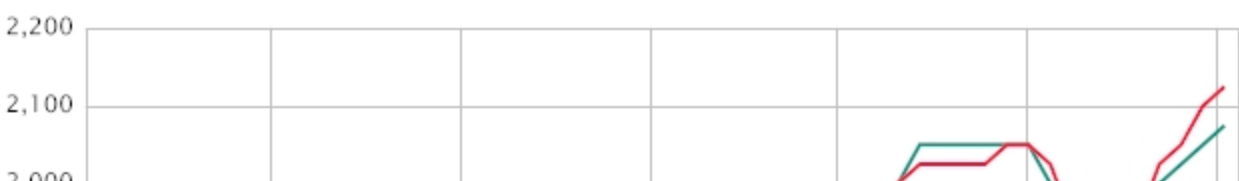
Overall, feedstock butadiene (BD) prices remained [bullish](#) in nature, keeping SBR offers firm as such as producers sought to recoup costs and protect frail margins.

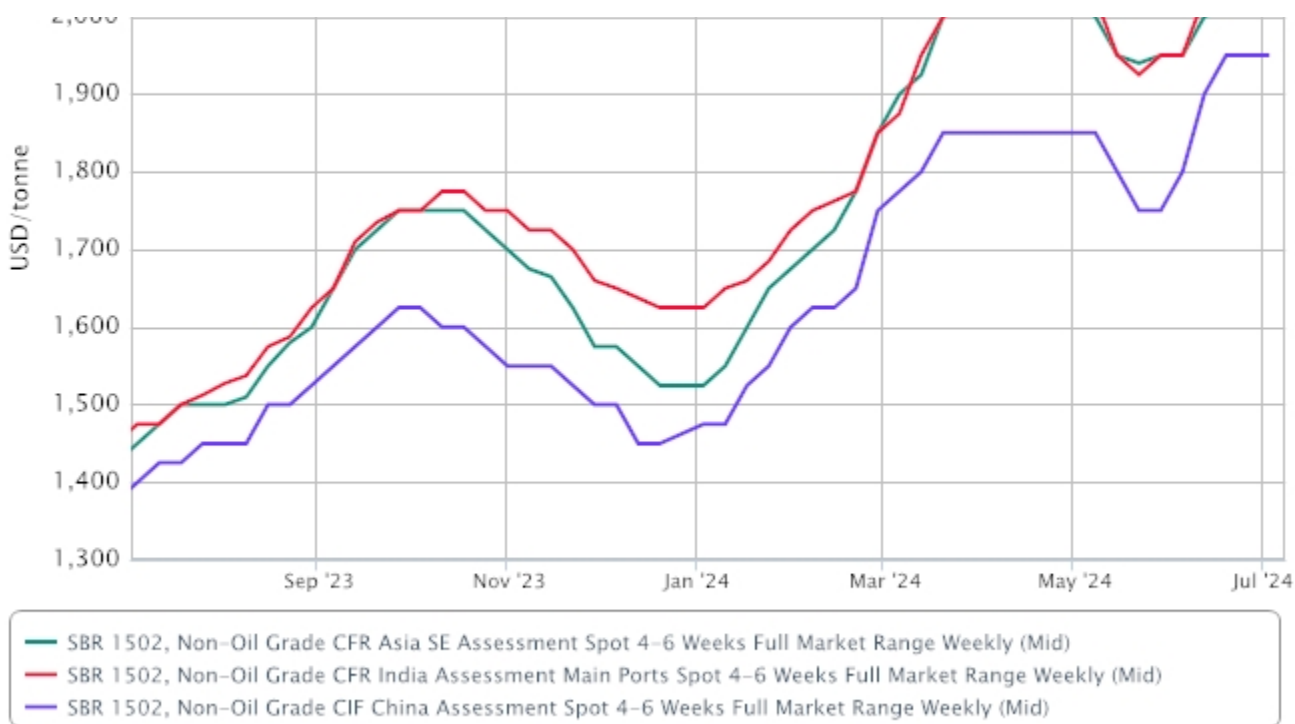
From the sellers' point of view, many of whom are already heavily committed to term supply obligations, they do not have much volumes to divert to spot sales, and therefore, were adamant that this constraint in spot supplies will provide additional support to spot trade discussions.

But buyers' response varied across the region. In China, buyers pulled back from the import market, turning to domestically produced materials instead.

In SE Asia and India, some end-users did bid up to ensure they secured some NE Asia-origin materials to keep ongoing production going. But trade volumes were kept to the minimum so as to contain cost outlay, market sources said.

Instead, some in outlets like India were turning to tap more heavily on alternative supply pool such as domestically produced materials, or imports from non-Asia origins like Russia and East Europe.





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OUTLOOK

- Upstream market movements to provide directions
- Spot availabilities may stay snug for the near term
- Buy-sell disparity may widen

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	n/c	1900-2000	n/c	1750-1850	86.18-90.72
CFR Asia SE	USD/tonne	+50	2050.00-2100.00	n/c	1900.00-2000.00	92.99-95.25
			0			
CFR India Main Ports	USD/tonne	+50	2050.00-2200.00	n/c	1900.00-2000.00	92.99-99.79
			0			

SBR 1712, Oil-Extended

CIF China	USD/tonne	n/c	1850-1950	n/c	1700-1800	83.91-88.45
CFR Asia SE	USD/tonne	+50	2000.00-2050.0 0	n/c	1850.00-1950.00	90.72-92.99
CFR India Main Ports	USD/tonne	+50	2000.00-2150.0 0	n/c	1850.00-1950.00	90.72-97.52

China

CIF China prices for the non-oil 1502 grade were rolled over on rangebound talks.

CIF China prices for the oil-extended 1712 grade were unchanged alongside stable 1502 grade.

In the China domestic market, yuan-denominated prices for the 1502 grade ended slightly higher week on week even as stiff upstream cost pressures had started to weigh on buying tempo.

East China domestic SBR 1502 prices

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	15,200-15,300	15,100-15,200

Southeast Asia

CFR SE Asia assessments for the non-oil 1502 grade narrowed, with the low end lifted to capture the full range of trades and discussions heard for the trading week.

Deals were closed at the low end while offers were at the high end and up.

Buying appetite waned somewhat as futures market for both natural rubber and polybutadiene rubber eased, but discussions in physical spot market still saw upside support from firm upstream feedstock prices, market contacts said.

CFR SE Asia prices for the oil-extended 1712 grade were adjusted up at the low end of the assessment, in line with changes for the 1502 grade.

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

Jul 2024	(1-3) Jun 2024	May 2024	Apr 2024	Mar 2024	Feb 2024	Jan 2024
169.62	176.00	170.03	162.99	165.36	156.66	154.20

Source: Malaysian Rubber Board

India

Like SE Asia, discussions in India for CFR India trades of the non-oil 1502 grade were in a narrower range for NE

Asia-origin materials.

Offers, heard at the high end of the assessment and up, tapped strong upstream costs for support, and buyers who needed to procure NE Asia-origin cargoes had had to raise bids to secure volumes, reflected at the low end.

But market sources said that transactions were limited to small lots, with many end-users looking to tap more heavily on other supply streams such as domestic products and/or imports from non-Asia origins like Europe. Market sources said that the latter were competitively priced against Asia-origin materials.

CFR India prices for the oil-extended 1712 grade were adjusted with changes for the 1502 grade.

UPSTREAM

Butadiene

- Domestic China eases
- Buy-sell disparity widens for imports
- Divergent pricing appetite depending on cargo origin or shipment window

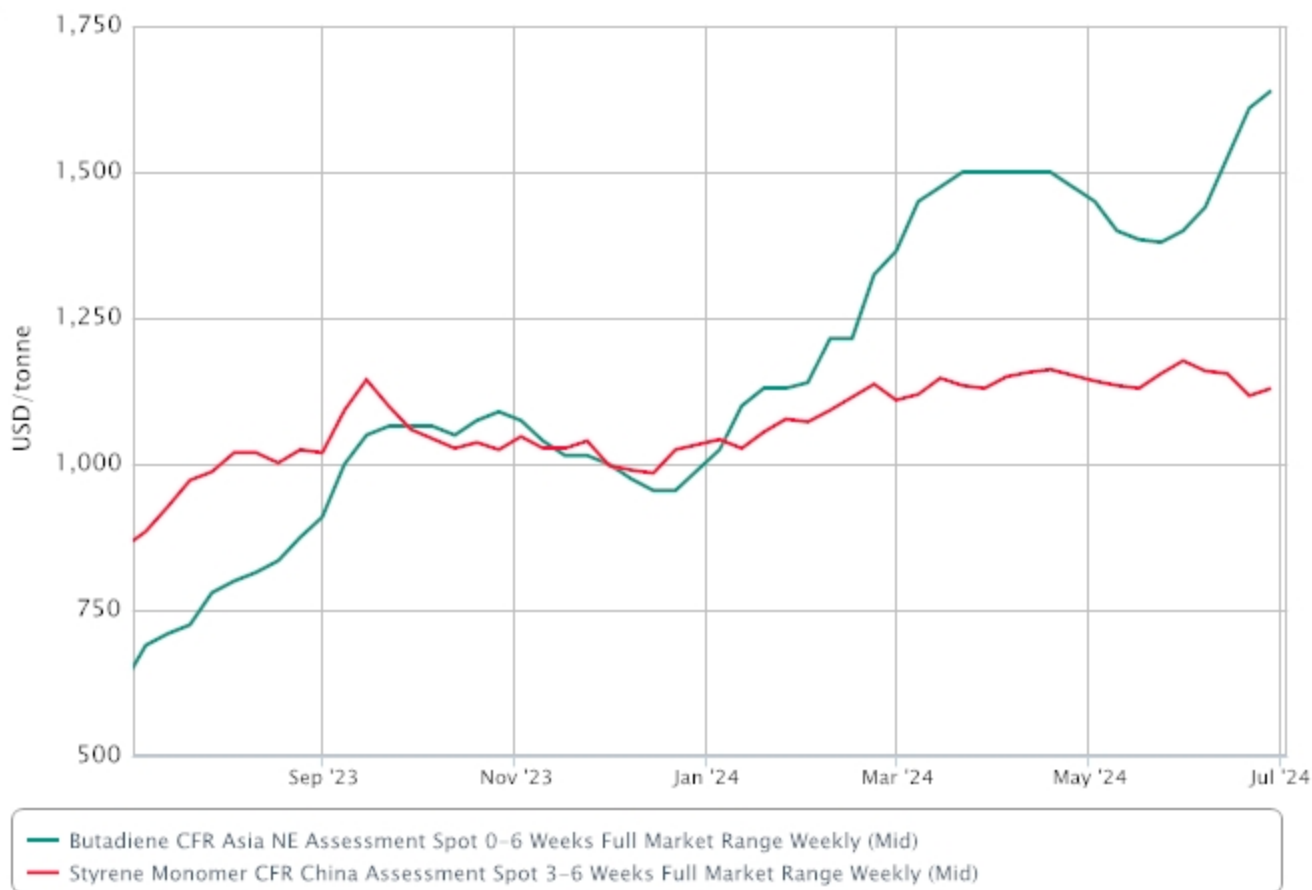
The chart below shows the spread between butadiene and SBR, which while stabilizing of late, remains wedged in the unhealthy zone.

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



Styrene

- Uptrend in China's market tracks feedstock benzene market rebound
- China's spot export talks remain slow following cautious buying from Korea
- Discussions on Korea's ADD on China-origin SM import ongoing, progress appears slow



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PRODUCTION

Japan's [Zeon](#) plans to discontinue a portion of its emulsion-SBR production at the Tokuyama site in 2026, according to the company's report published on 11 June. Its total SBR production capacity at Tokuyama is 135,000 tonnes/year, according to ICIS data.

In China, two [lines](#) in Xinjiang, each with 60,000 tonnes/year worth of production capacity, has shut from mid-May to H1 July for maintenance.

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

OTHER REGIONS

Europe

- Market digests BD July contract rollover
- Wide ranging SBR spot picture; prices assessed steady

- Mixed demand views

US

- June contract prices rise again on elevated feedstock costs
- Spot prices firm amid rising import prices from Europe and Asia
- [Surging shipping costs limits imports globally](#)

ANALYTICS

ICIS outlook on downstream automotive sector

Protectionist trade policy and potential retaliatory measures would be key factors driving the automotive industry in the foreseeable future. Except Europe, performance in other regions is likely to be better than expected in the second half of 2024. Global automotive value-added output in 2024 is expected to grow by 0.4% compared with 2023. The third quarter of 2024 is forecast to remain relatively flat compared with the third quarter of 2023, according to Oxford Economics.

US automotive in 2024 is expected to grow 6.4% compared with 2023. The third quarter of 2024 is forecast to grow by 2.6% year on year, according to Oxford Economics. US President Biden, in a statement released last month, directed his trade representative to increase tariffs on \$18 billion of imports from China to protect American workers and businesses. Target industries include steel and aluminum, semiconductors, electric vehicles, batteries, critical minerals, solar cells, ship-to-shore cranes, and medical products. The tariff rate on electric vehicles under Section 301 will increase from 25% to 100% in 2024. According to the US Census Bureau, US light vehicle sales rose 0.8% month on month in May with total sales of 15.9 million units (up 2.5% year on year and 8.9% down from 2019).

The European Commission, in its 12 June press release, provisionally concludes that battery electric vehicle (BEV) value chains in China benefit from unfair subsidies and hence pose a threat to EU BEV producers. This has resulted in provisional EU countervailing duties on Chinese imports. Discontent was expressed by stakeholders, such as the German Association of the Automotive Industry (VDA), which said EU tariffs will increase the risk of a global trade conflict. Fears of a trade conflict grew after China launched an anti-dumping investigation into EU pork imports. The EU exports about 13% of its total pork production. Most of the EU's pork exports go to east Asia, in particular China, according to the Commission. According to the European Automobile Manufacturers' Association (ACEA), EU passenger car registrations increased by 13.7% in April year on year. ACEA said Spain posted the largest increase at +23.1%, followed by Germany (+19.8%), France (+10.9%), and Italy (+7.7%). In 2024, the automotive sector in the EU, including the UK, is expected to contract by 1.7% compared with 2023. The third quarter of 2024 is forecast to grow by 1.2% compared with the third quarter of 2023, according to Oxford Economics.

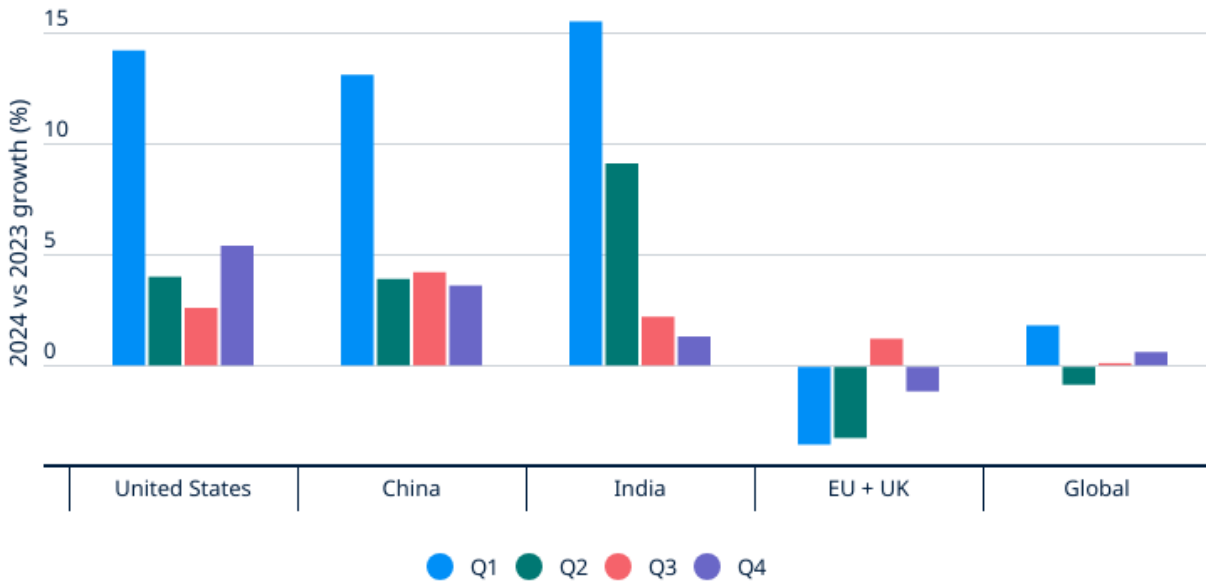
China's balance of risk leans towards the downside, posing a potential threat to its dominant share of the electric vehicle industry. China's automotive sector in 2024 is expected to grow by 6% compared with 2023. The third quarter of 2024 is forecast to grow by 4.2% year on year, according to Oxford Economics. India's automotive industry in 2024 is expected to grow by 6.7% compared with 2023. The third quarter of 2024 is forecast to grow by 2.2% compared with the third quarter of 2023, according to Oxford Economics. According to an Indian Federation of Automobiles Dealers Association (FADA) survey, 42% of its' members believe growth is going to be

flat in June and approximately 15% expect the industry to contract. FADA also said: “Extreme heat and elections significantly impacted footfall, with showrooms seeing an 18% drop in walk-ins.” Still, the continuity of government after recent elections adds to the overall stability of the industry in terms of economic policies.

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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