



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

- **Holiday trade lull**
- **Upstream strengths lend support to offers**
- **Buyers remain in wait-and-see mode**

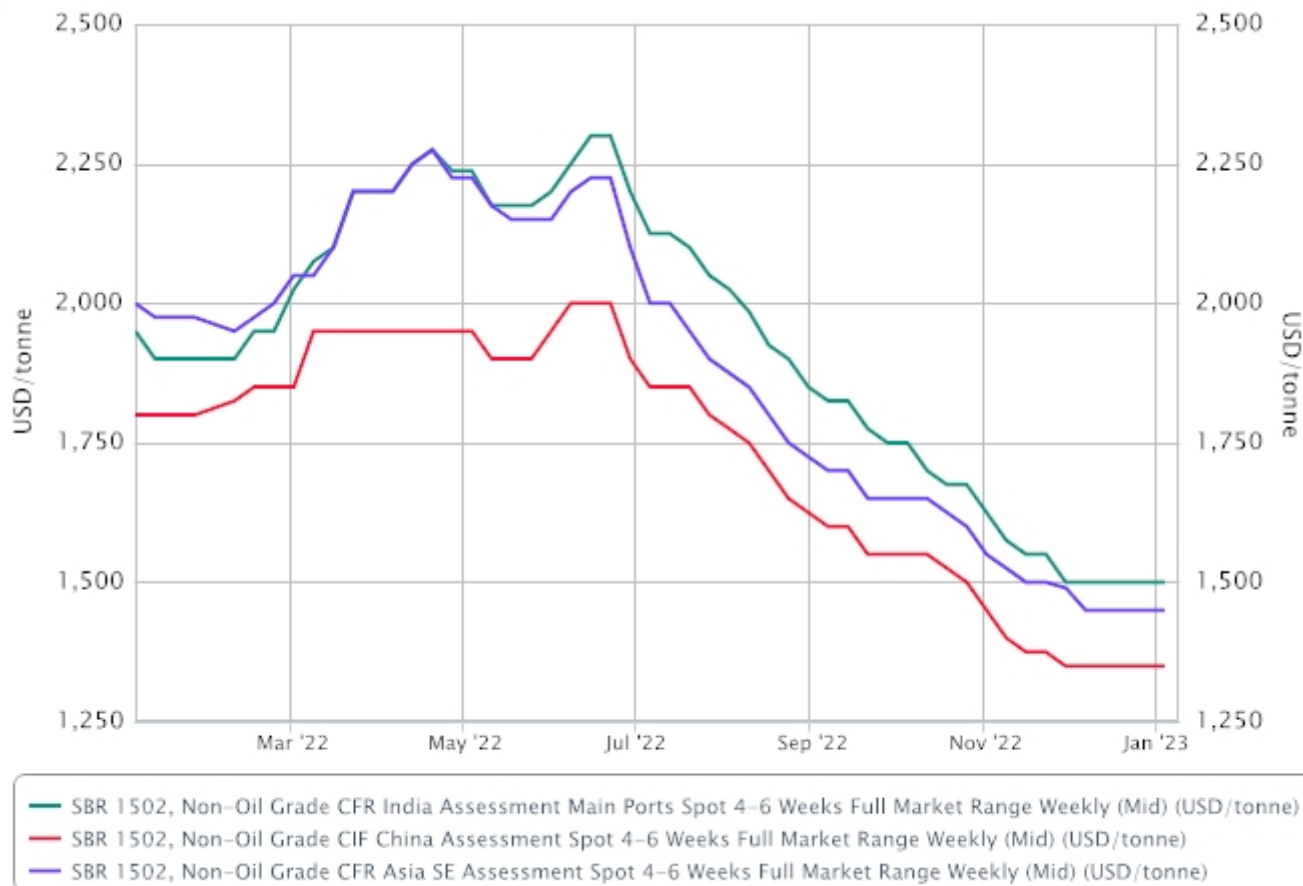
Asia's spot market for styrene butadiene rubber (SBR) was quiet amid the year-end holidays. Market players expected discussions to pick up more pace only in the coming week when more traders return to work.

Meanwhile, although available offers on Asia-origin materials were rangebound this week, some sellers are mulling the need to review offers if recent gains in the upstream markets of butadiene and styrene are sustained.

However, uncertainties prevail on the demand front. While many were broadly optimistic that downstream operations could pick up once the current COVID-19 wave in China eases, players were generally of the view that this process would take time and could kick in only much later, perhaps after the upcoming Lunar New Year holidays are over in February.

Until there is clarity about the situation in China, regional end-users are likely to keep spot procurement to a minimum and only on a need-to basis, and this could continue to weigh on buying indications as such, market sources said.

In some outlets like India, buying appetite for Asia-origin materials is also curtailed by ample availabilities of aggressively-priced deep-sea cargoes, market players said.



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OUTLOOK

- Feedstock butadiene costs could see support from sustained [supply constraints](#)
- Automotive sector [growth prospects](#) to impact demand
- Macroeconomic [uncertainties](#) may weigh on sentiment

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	n/c	1300-1400	n/c	1300-1400	58.97-63.50
CFR Asia SE	USD/tonne	n/c	1400.00-1500.00	n/c	1400.00-1500.00	63.50-68.04
CFR India Main Ports	USD/tonne	n/c	1450.00-1550.00	n/c	1450.00-1550.00	65.77-70.31
SBR 1712, Oil-Extended						
CIF China	USD/tonne	n/c	1250-1350	n/c	1250-1350	56.70-61.24
CFR Asia SE	USD/tonne	n/c	1350.00-1450.00	n/c	1350.00-1450.00	61.24-65.77
CFR India Main Ports	USD/tonne	n/c	1400.00-1500.00	n/c	1400.00-1500.00	63.50-68.04

China

CIF China assessments for both the non-oil 1502 and the oil-extended 1712 grades were kept unchanged in the absence of fresh indications and discussions.

Domestic SBR prices in east China were stable to soft, weighed down by lacklustre buying tempo, but declines are cushioned by upstream butadiene price increases.

East China domestic SBR 1502 prices

Price (CNY/tonne)	4 Jan 23	21 Dec 22
E China Ex-Warehouse	10,700-10,700	10,700-10,800

Southeast Asia

CFR SE Asian assessments for both the non-oil 1502 and the oil-extended 1712 grades held steady, taking into account rangebound offers and discussions heard.

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

Jan 2023	(1-4) Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022
134.38	135.03	127.32	130.52	134.12	149.74	158.83

India

CFR Indian assessments for the non-oil 1502 grade were flat on rangebound deals and discussions for Asia-origin materials.

Some buyers continued to stay away, citing availability of cheaper deep-sea alternatives.

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

UPSTREAM

Butadiene

- Mixed sentiment persists
- Discussions see support from spot supply constraints
- Trades curbed by demand headwinds

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

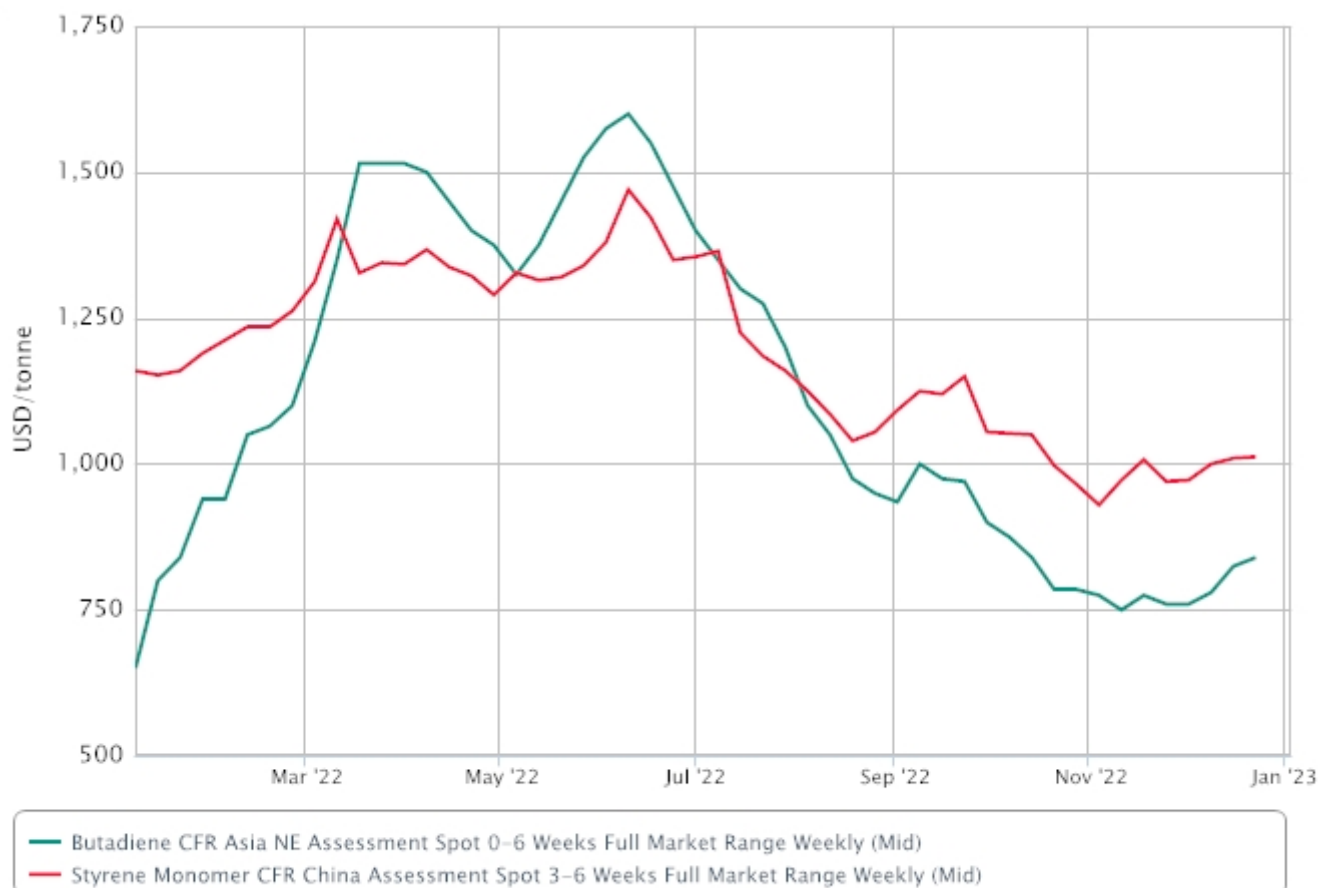
[Downstream spread – butadiene NE Asia and SBR SE Asia](#)



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Styrene:

- CFR China market sentiment improves
- Market participants bullish regarding post-festival demand outlooks
- Indian SM market appears active



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PRODUCTION

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

OTHER REGIONS

Europe

- Europe January butadiene contract price falls by €100/tonne
- Demand seasonally low
- Downstream shutdowns

US

- Downward price pressure for January
- BD contract nominations emerge lower
- Freeze approaches Gulf Coast, but Uri repeat not expected

ANALYTICS

ICIS Crude Outlook

OPEC+ is standing by its decision to cut oil production quotas by 2m bbl/day, while actual production volumes in November dropped 720,000 bbl/day from October - well below the cartel's target. The EU ban on oil purchases from Russia went into effect on 5 December, although its impact has been muted as Russia has had time to find

alternative buyers. Between 1-20 December, Russian seaborne volumes were 11% lower than during the same period in November. In terms of demand, China's recent decision to relax its zero-COVID policy should stimulate demand from 2Q, but a transition to pre-COVID-19 movement and seasonally low demand ahead of the Chinese New Year will keep consumption restrained during Q1. Overall, global economic growth is still expected to be subdued in 1H 2023, as the combined effect of high energy prices, increasing inflation and rising interest rates will weigh on oil demand.

By **Ally Kirk**, senior analyst and global team lead, ally.kirk@icis.com

ICIS Naphtha Outlook

Naphtha cracks in Europe fluctuated between positive and negative territory in December. In the US, strong margins for middle distillates and increased refinery output buoyed supply, although US refiners may see an opportunity to send naphtha to Europe in the months ahead as EU sanctions on Russian products will come into force on 5 February. Chinese refiners targeted higher exports for gasoline and diesel in December, although these volumes are expected to fall in the coming months as domestic demand picks up. Demand from petrochemicals in China is expected to increase after the Lunar New Year, if the government shifts its focus to economic growth, as anticipated.

By **Ally Kirk**, senior analyst and global team lead, ally.kirk@icis.com

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