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.

The CIF China prices in the weekly analysis on 4 October will be assessed based on information collated up to 28 September. Please click here for the ICIS publishing schedule.

OVERVIEW

- **Discussions muted on holiday lull**
- **Players pulled back to wait-and-see**
- **Upstream costs still a major driver for offers**

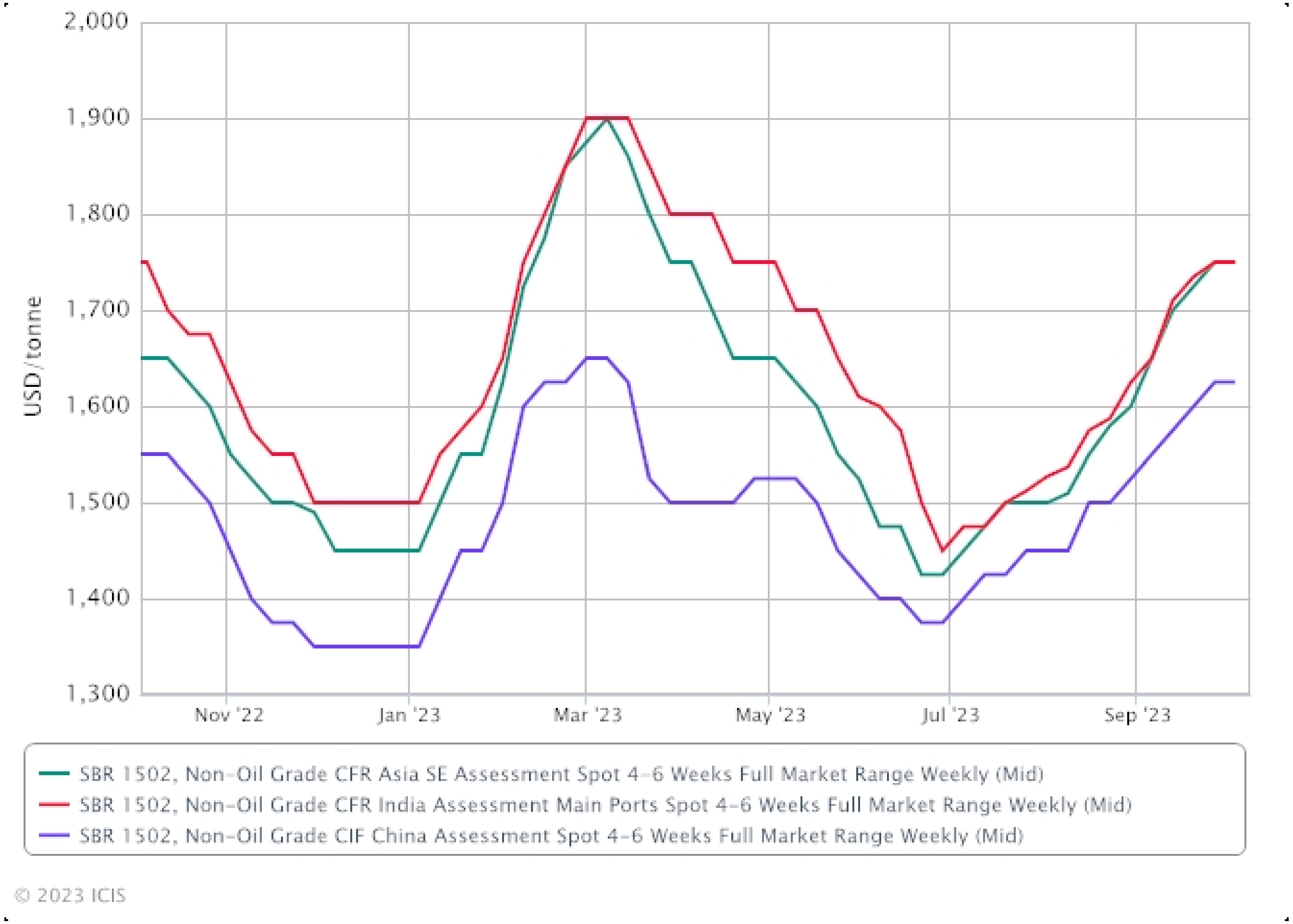
Discussions were at near-standstill in Asia's spot import market for styrene-butadiene-rubber (SBR), amid extensive holiday market closures in NE Asia.

Available players in other regional outlets like southeast Asia and India also held back, saying that they would deliberate and finalise their next buy-sell positions only after it is clearer how post-holiday market in China may trend.

The China market will resume only from 8 October.

Sentiment is mixed in the meantime. On one hand, news that China's manufacturing sector returned to expansion mode in September lifted spirits, keeping alive hopes that China's economy is well on the recovery track and could better support demand for raw materials like SBR.

On the other hand, stiff upstream costs have cut into SBR producers' margins, but such cost concerns may ease later in the year, according to ICIS analyst forecast.



OUTLOOK

- **Supply may lengthen with plants returning from turnarounds**
- **Demand growth to hinge on post-holiday market dynamics in China**
- **Sustained rally of crude prices may cloud outlook**

PRICES

SPOT PRICES

	Price Range	Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade			

CIF China	USD/tonne	n/c	1600-1650	n/c	1500-1600	72.57-74.84
CFR Asia SE	USD/tonne	n/c	1700.00-1800.00	n/c	1600.00-1700.00	77.11-81.65
CFR India Main Ports	USD/tonne	n/c	1700.00-1800.00	n/c	1600.00-1700.00	77.11-81.65
SBR 1712, Oil-Extended						
CIF China	USD/tonne	n/c	1550-1600	n/c	1450-1550	70.31-72.57
CFR Asia SE	USD/tonne	n/c	1670.00-1770.00	n/c	1570.00-1670.00	75.75-80.29
CFR India Main Ports	USD/tonne	n/c	1670.00-1770.00	n/c	1570.00-1670.00	75.75-80.29

China

CIF China prices were rolled for both the non-oil 1502 and oil-extended 1712 grades as the China market was mostly shut for the week, from 29 September to 7 October for the Mid-Autumn and extended National Day holidays.

And domestic ex-tank prices of SBR in east China also closed softer with slower pre-holiday trade momentum.

East China domestic SBR 1502 prices

Price (CNY/tonne)	This week's close*	Previous week's close
E China Ex-Warehouse	12,900-13,100	13,000-13,100

*Based on info received up to 28 September, as China is shut for National Day holidays from 29 September to 7 October.

Southeast Asia

CFR SE Asian assessments for both the non-oil 1502 and oil-extended 1712 grades were unchanged, taking into account rangebound buy-sell indications heard.

Cost concerns kept selling indications supported, but buyers retreated to the sidelines to wait for regional holidays to pass.

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

Oct (1-4)	Sep 2023	Aug 2023	Jul 2023	Jun 2023	May 2023	Apr 2023
141.30	142.65	130.22	131.31	133.48	136.34	136.27

Source: Malaysian Rubber Board

India

CFR Indian assessments for the non-oil 1502 and oil-extended 1712 grades were rolled in a thinly-discussed week.

Fresh offers on NE Asia-origin materials were scant with many regional producers away on extended holidays. Buying interest in India was also tepid, with most end-users already amply covered for October requirements but not ready as yet to finalise November requirements.

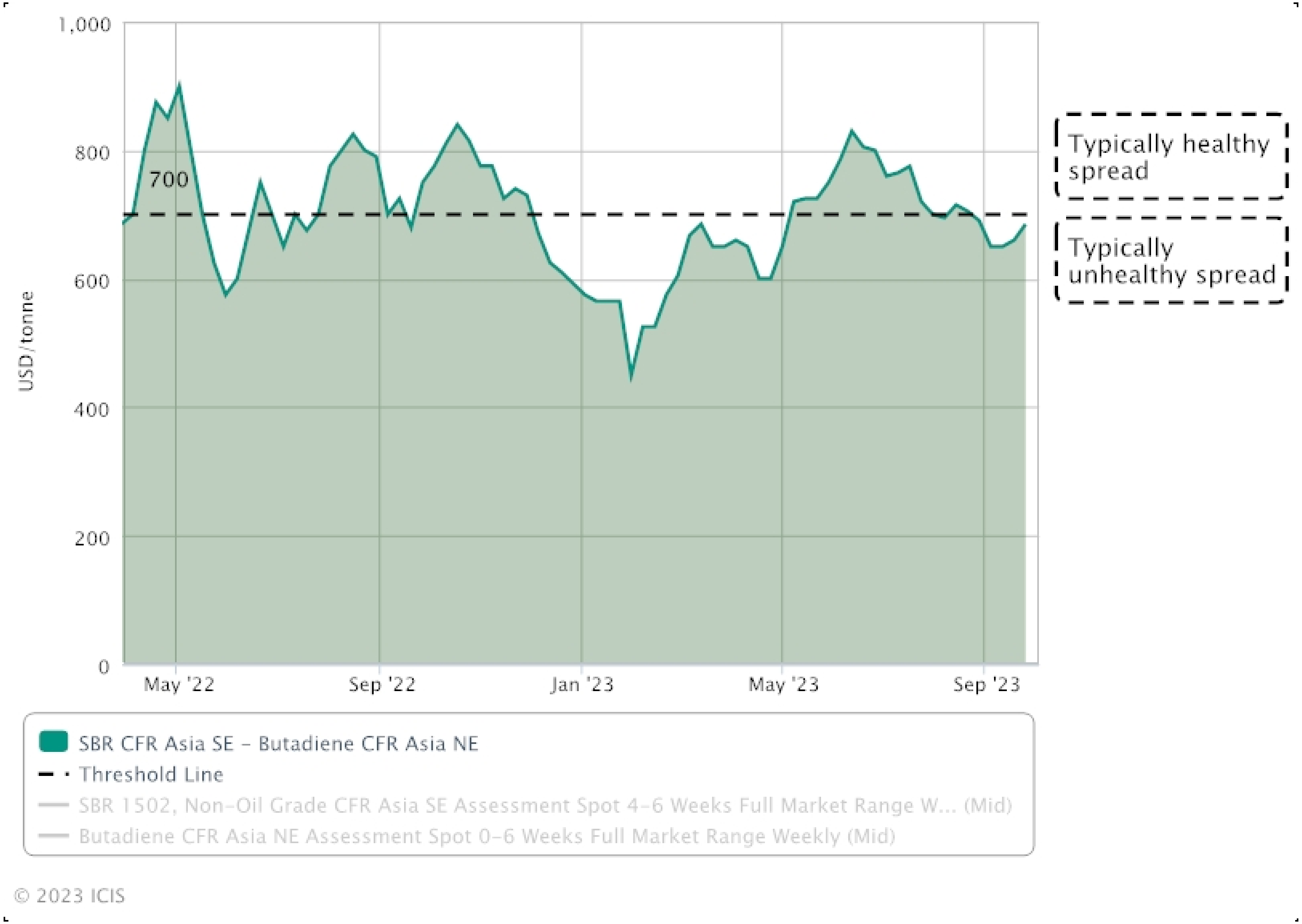
UPSTREAM

Butadiene

- Discussions stall as extensive holiday approaches
- Buying tempo tapers with softer domestic China
- Concrete offer scant too with October mostly already sold out

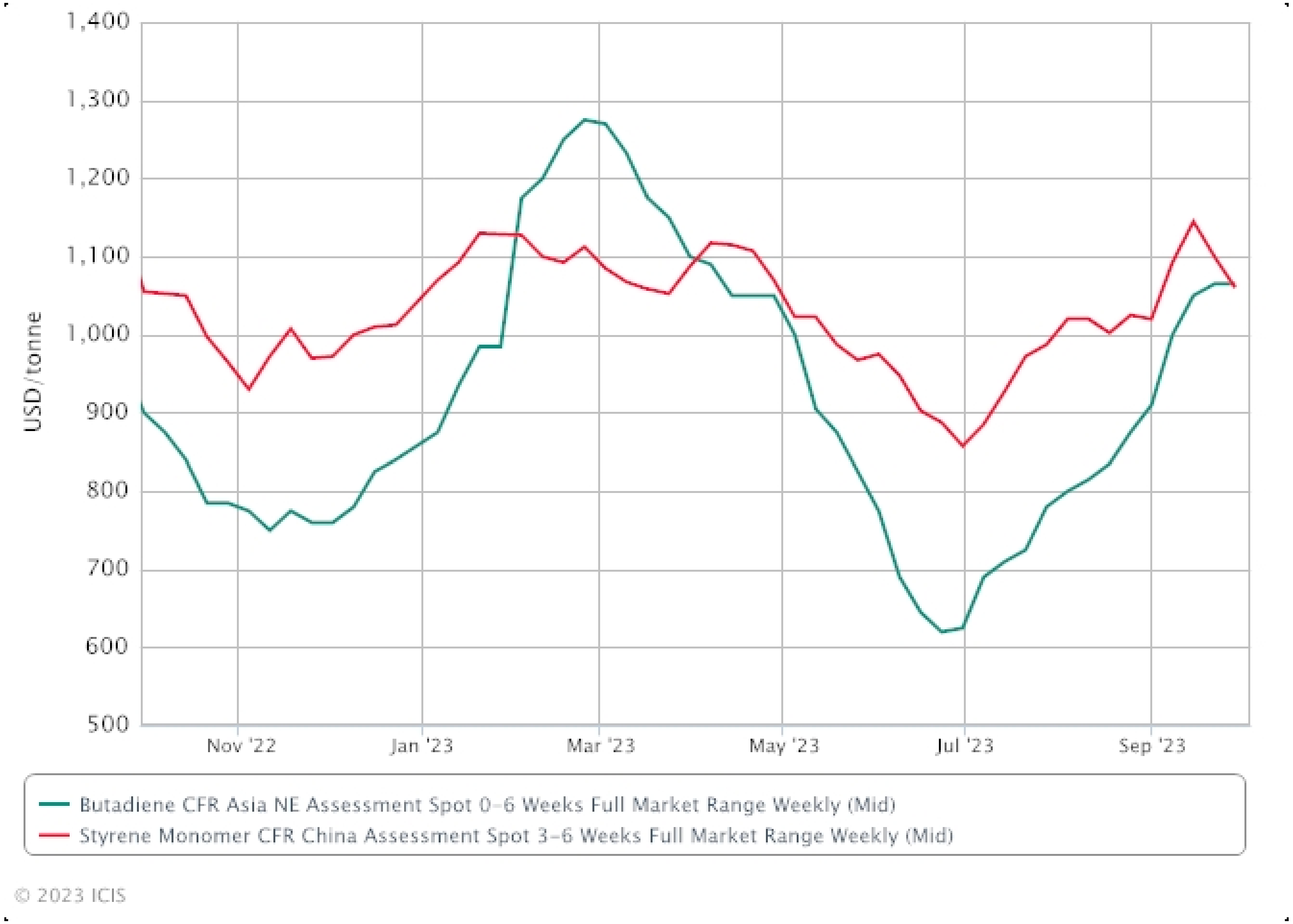
The chart below shows the spread between butadiene and SBR, which while improving of-late in producers' favour, remains wedged in the unhealthy zone.

Downstream spread – butadiene NE Asia and SBR SE Asia



Styrene:

- China styrene market corrections continue
- Sentiments generally bearish until cost supports in H2 week
- Significant risk-avoiding stances ahead of holidays



PRODUCTION

Regional spot supplies may lengthen into Q4, now that prior plant maintenances in South Korea and China have been completed.

Click here for the Asian SBR Live Disruption Tracker.

OTHER REGIONS

Europe

- October BD firms by €70/tonne
- SBR contract talks to begin

- Suppliers faced with higher feedstock costs

ANALYTICS

ICIS Crude Outlook

Global crude supply is expected to tighten in Q4, with Saudi Arabia extending its unilateral cut of 1m bbl/day. Global oil prices moved steadily higher in August and continued that trajectory in September, reflecting a supply reduction with deeper OPEC+ output cuts and robust market fundamentals. Firm demand for crude in the spot market, rising global refinery intakes, stronger refining margins, and a large draw in crude stocks have boosted spot prices. We anticipate global oil inventories will decline in the coming months, adding upward pressure to oil prices with putting the prospect of the $100/bbl mark in sight. However, non-OPEC production growth, concerns over Chinese demand dynamics and the sustained elevated interest rate environment, maintaining US dollar strength, will weigh on oil prices.

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

ICIS Naphtha Outlook

Europe's refineries are planning for a reduced autumn maintenance season to capitalise on higher profit margins amid low fuel inventories and the loss of Russian diesel. Refiners that remain online will have to purchase crude at higher prices, which may have a negative impact on profitability. In Asia, as seasonal consumption for middle and light distillates remain elevated, Chinese imports of naphtha reached new highs, with the government supporting its economy by implementing a series of stimulating policies.

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