Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim
05-Apr-2023

Overview | Outlook | Prices | Upstream | Production | Other Regions | Analytics

Please click here for full details on the criteria ICIS uses in making these price assessments.

The CIF China and domestic Chinese yuan (CNY) prices in the weekly analysis on 5 April will be assessed based on information collated up to 4 April. Please click here for the ICIS publishing schedule.

OVERVIEW

- **Discussions thin on regional holidays**
- **Offers supported on spot supply constraints**
- **But buyers resistant**

Discussions were subdued in this week's Asian spot import market for styrene-butadiene-rubber (SBR) as many players in China and Taiwan were absent on holidays.

The market is also typically slower in southeast Asia during the Muslim fasting month of Ramadan which takes place between late March to late April this year.

Spot availabilities are not abundant, which help to shore up existing offers, despite low trade liquidity.

Most regional producers said that they do not have much surplus volumes to allocate for spot sales, after catering for contractual obligations. Inventories among producers are not high to begin with, and may come under more duress once several maintenance closures get underway in Q2.

This served to mitigate to some extent, downside pricing pressures stemming from lacklustre downstream demand, market players said.

Many end-users held fast to a more cautious and conservative procurement strategy for SBR, citing reservations stemming from firstly, slower-than-expected recovery of the downstream automobile sector, and secondly, the continued availability of natural rubber as cheaper substitutes.

OUTLOOK

- **Spot supplies likely to stay snug for Q2**
- **Demand will hinge on automobile sector recovery**
- **Buy-sell tussle may intensify**

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	n/c	1450-1550	n/c	1600-1700	65.77-70.31
CFR Asia SE	USD/tonne	n/c	1700.00-1800.00	n/c	1850.00-1950.00	77.11-81.65
CFR India Main Ports	USD/tonne	n/c	1750.00-1850.00	n/c	1850.00-1950.00	79.38-83.91
SBR 1712, Oil-Extended						
CIF China	USD/tonne	n/c	1400-1500	n/c	1550-1650	63.50-68.04
CFR Asia SE	USD/tonne	n/c	1650.00-1750.00	n/c	1800.00-1900.00	74.84-79.38
CFR India Main Ports	USD/tonne	n/c	1700.00-1800.00	n/c	1800.00-1900.00	77.11-81.65

China

CIF China assessments for both the non-oil 1502 grade and the oil-extended 1712 grade are rolled over in the absence of fresh buy-sell indications in a holiday-shortened trading week.

Domestic China prices were stable-to-firm, amid some restocking purchases.

East China domestic SBR 1502 prices

Price (CNY/tonne)	This week's close*	Previous week's close
E China Ex-Warehouse	11,150-11,300	11,000-11,300

*China markets are shut on 5 April for holiday.

Southeast Asia

CFR SE Asian assessments for the non-oil 1502 grade held steady on broadly unchanged buy-sell indications.

May shipment cargoes were indicated at the high-end, against buying indications capped at the low-end.

CFR SE Asian assessments for the oil-extended 1712 grade also held steady with stable 1502 grade prices.

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

Apr 2023 (1-5)	Mar 2023	Feb 2023	Jan 2023	Dec 2022	Nov 2022
135.32	135.03	140.11	140.11	135.03	127.32

India

Some northeast-Asia origin SBR 1502 materials were sold at low to mid $1,850s/tonne CFR India, and the high-end is kept unchanged as such.

But majority buyers were heard looking to pay no more than the published low-end for imports, especially since there is ample non-Asia origin supplies available at prices under the published range, market sources said.

Most local end-users are also tapping more heavily into the domestic supply pool, at the expense of imports, market players said.

Assessments for the oil-extended 1712 grade are unchanged with stable 1502 grade.

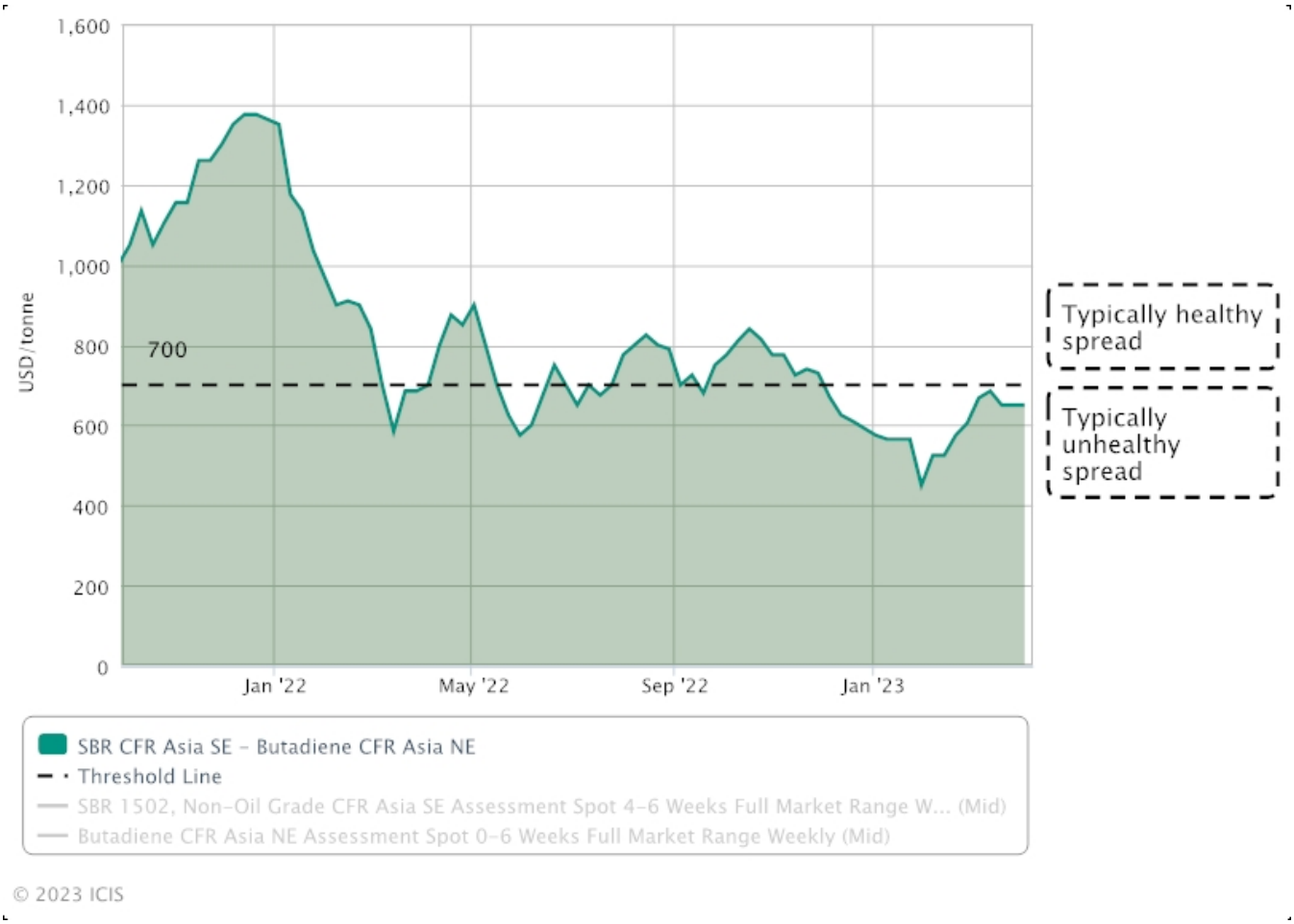
UPSTREAM

Butadiene

- Discussions trend down with sluggish demand
- Buyers pressed for deeper discounts
- But offers cushioned by spot supply constraints

The chart below shows the spread between butadiene and SBR.

Downstream spread – butadiene NE Asia and SBR SE Asia



Styrene:

- China import market liquidity remains shallow
- Chinese sellers working on export talks
- Regional buyers stay on the sidelines amid slow downstream offtake

PRODUCTION

Several regional plants are due to shut for maintenance in the April to June window.

Click here for the Asian SBR Live Disruption Tracker.

OTHER REGIONS

Europe

- Market waits for styrene to settle
- April contract talks yet to begin
- Spot prices assessed stable

US

- Supply sufficient amid soft demand
- Turnaround scheduled for April
- April costs steady-to-higher

ANALYTICS

ICIS Outlook on GDP

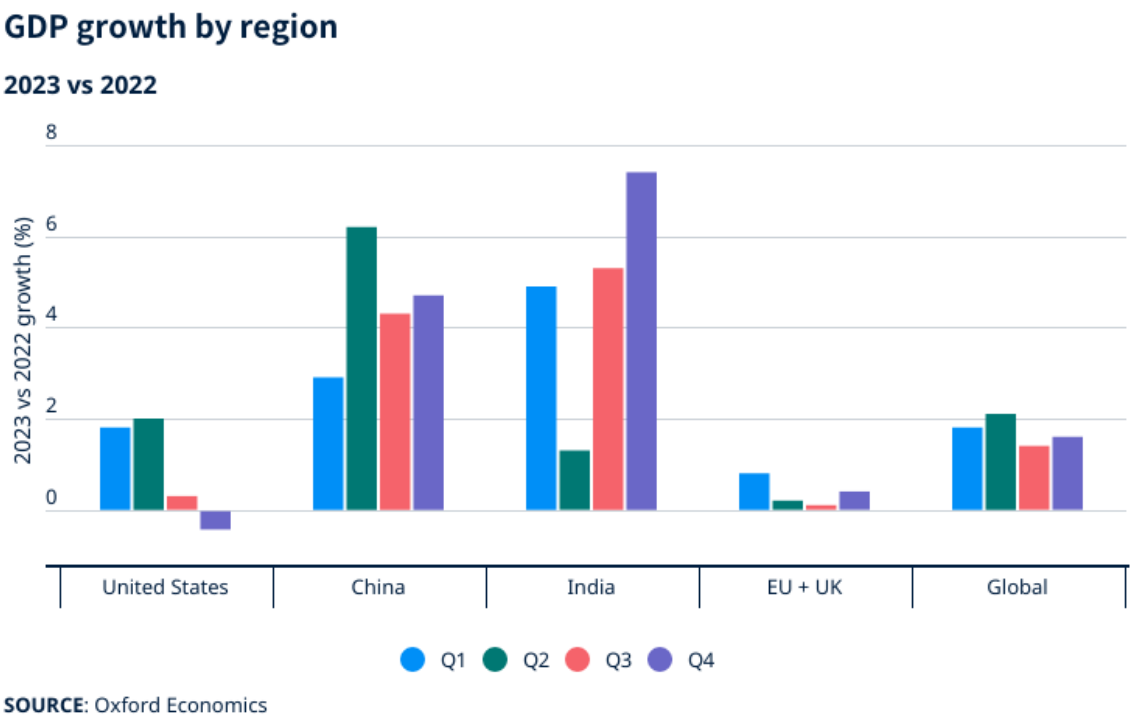
Global GDP is forecast to increase by 1.8% in Q1 year on year, and Q2 is expected to grow by 2.1%, according to Oxford Economics. Geopolitical tension and certain protectionist policies are forecast to weigh heavy on the global economy. A significant amount of growth expectation is based off the Chinese economy. With people free to move and travel around, this is expected to give considerable boost to domestic consumption. On the negative, with the bank-run of Silicon Valley Bank in the US, there is certain level of nervousness in the market. A potential spill over to other regions cannot be ruled out.

US GDP is forecast to increase by 1.8% in Q1 year on year, and Q2 is expected to grow by 2.0%, according to Oxford Economics. There is an increase level of caution among the investor community and public in general on the news surrounding Silicon Valley Bank and Signature Bank in the US. However, something positive to look forward to would include the signing of Inflation Reduction Act in the US. Approximately $370bn in investments will be deployed to tackle energy costs, local manufacturing, health care and green infrastructure.

For Europe, taming inflation continues to be the primary goal. Christine Lagarde, ECB president, said in March that "we must continue to take whatever measures are necessary to bring inflation back to 2%...." EU GDP is forecast to increase by 0.8% in Q1 compared to Q1 2022, and Q2 is expected to grow by 0.2% in the same period, according to Oxford Economics.

China's "Two Sessions" event in March set the outline over direction for the economy. It set the GDP growth target for 2023 at 5.0%. After dropping three years of pandemic induced restriction, there has been increased focus on reviving the economy and improve consumer sentiment. India GDP is forecast to increase by 4.9% in Q1 year on year, and Q2 is expected to grow by 1.3% in the same period, according to Oxford Economics.

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



SOURCE: Oxford Economics

Styrene Butadiene Rubber (Asia-Pacific) | 05-Apr-2023. ICIS accepts no liability for commercial decisions based on the content of this report. Unauthorised reproduction, onward transmission or copying of the Styrene Butadiene Rubber (Asia-Pacific) Report in either its electronic or hard copy format is illegal. Should you require a licence or an additional copy of the Styrene Butadiene Rubber (Asia-Pacific) Report, please contact ICIS at sales.uk@icis.com

ICIS, Quadrant House, The Quadrant, Sutton, Surrey, SM2 5AS. United Kingdom. ICIS accept no liability for commercial decisions based on the content of this report. Copyright violation is a serious offence. Any distribution or forwarding of information that is not expressly permitted by your subscription agreement is a copyright violation. ICIS uses software to monitor unauthorised electronic redistribution of reports.

© 2023 Reed Business Information Limited. ICIS is a member of RELX Group. www.icis.com