



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

- **Offers up with cost push, tight supplies**
- **Sentiment also lifted by domestic China rally**
- **Uneven buy-side response**

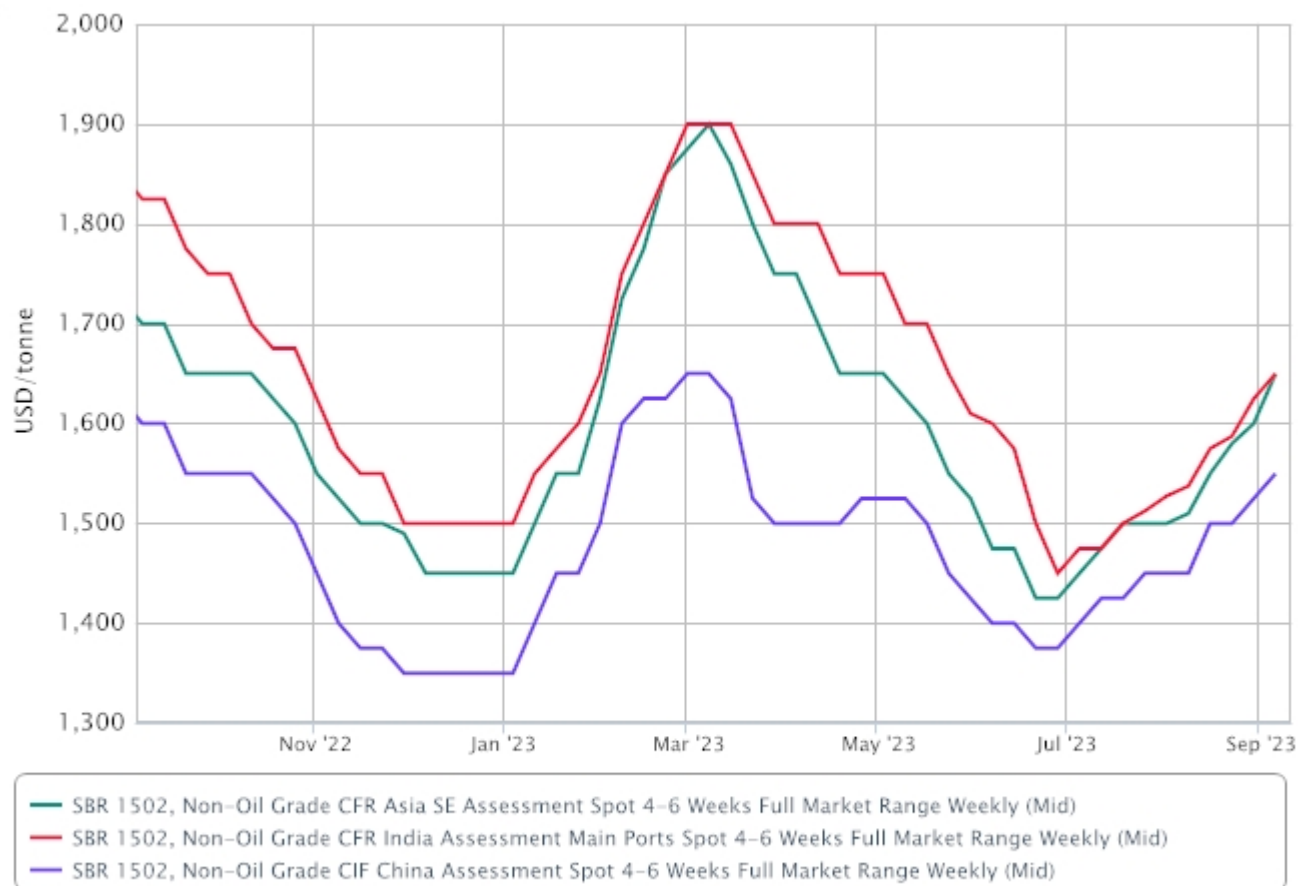
Discussions in Asia's import market for styrene butadiene rubber (SBR) trended up, as offers rose with an upstream rally.

Regional producers chased higher targets, citing the need to keep pace with recent increases in feedstock butadiene (BD) costs. And if BD prices continue to [climb](#) from here, SBR sellers said they would have to follow suit as well.

They were also buoyed by a SBR spike in [China's domestic yuan-denominated market](#) this week, in the hope that this may boost China's demand for imports as end-users there try to find cheaper alternatives to domestic materials.

Regional spot supplies are tight too, not just due to ongoing turnarounds, but also because producers' inventories were organically low, since many regional plants did not operate at more optimal rates in H1 2023.

But it remains to be seen how responsive buyers may be to the firmer offers. Buying tempo has picked up in SE Asia, but market sources said that the progress is still subdued in other Asian outlets, amid lingering uncertainties and concerns about the broader global macro-economic well-being.



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OUTLOOK

- **Upstream pricing movements to drive offers**
- **Spot supplies may remain snug in the near term**
- **Some optimism that downstream operations may pick up after Q3**

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	n/c	1500-1600	+50	1400-1500	68.04-72.57
CFR Asia SE	USD/tonne	+50	1600.00-1700.00	+50	1470.00-1550.00	72.57-77.11
CFR India Main Ports	USD/tonne	n/c	1600.00-1700.00	+50	1500.00-1575.00	72.57-77.11
SBR 1712, Oil-Extended						
CIF China	USD/tonne	n/c	1450-1550	+50	1350-1450	65.77-70.31
CFR Asia SE	USD/tonne	+50	1570.00-1670.00	+50	1440.00-1520.00	71.21-75.75
CFR India Main Ports	USD/tonne	n/c	1570.00-1670.00	+50	1470.00-1545.00	71.21-75.75

China

CIF China assessments for the non-oil 1502 grade were stable-to-firm, with the high-end lifted on higher selling indications heard.

Sellers hiked their targets, in line with sharp increases seen this week for domestic yuan prices.

Latest data also shows a year-on-year improvement in China's [July SBR imports](#), but market sources said that China end-users were hesitant to finalise fresh import booking of-late due to concerns about a depreciating yuan currency against the US dollar.

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

Domestic ex-tank prices in east China surged this week, propped up by spikes in yuan values of feedstock butadiene (BD).

East China domestic SBR 1502 prices

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	13,700-13,800	12,000-12,100

Southeast Asia

CFR SE Asian assessments for the non-oil 1502 grade were up, taking into account firmer buy-sell discussions.

Offers were heard at the high end and above, while buying appetite is more pronounced at levels around the low end, market sources said.

But with natural rubber prices recently also on the rise, SBR makers were confident that this will help boost demand for SBR as a cheaper substitute to natural rubber.

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

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

Sep 2023	(1-6) Aug 2023	Jul 2023	Jun 2023	May 2023	Apr 2023	Mar 2023
141.89	130.22	131.31	133.48	136.34	136.27	135.03

India

CFR Indian assessments for the non-oil 1502 grade is raised at the high end to reflect firmer offers for NE Asian-origin materials.

Demand is also deemed healthy, supported by recent growth in local car sales. There is further upside potential in the latter, market sources said, as car sales typically trend up in the run-up to the year-end Diwali festivals.

But some SBR buyers held back from finalising fresh import bookings, saying that they would rely first on domestic supplies, in part also to minimise currency risks.

Assessments for the oil-extended 1712 grade is also up with 1502 grade increases.

UPSTREAM

Butadiene

- Bullish sell-side expectations
- Sentiment boosted too by mid-week domestic China spike
- Buyers' response mixed

The chart below shows the spread between butadiene and SBR.

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



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Styrene

- Low CFR China liquidity; market participants passive
- Asian regional fundamentals outside China remain stronger than in China
- SM makers face continued high feedstock costs, tight margins



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PRODUCTION

There are ongoing turnarounds in NE Asia, including a plant in [South Korea](#) and another in [east China](#).

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

OTHER REGIONS

Europe

- September contract talks yet to begin mostly
- Spot assessed stable
- Concerns remain over energy costs for European suppliers

US

- August SBR prices decline, tracking feedstock styrene
- Spot prices down as available supplies outpace demand
- Rising costs add pressure to SBR prices heading into September

ANALYTICS

ICIS Crude Outlook

Total OPEC-13 crude oil production averaged just over 27.3m bbl/day in July, down by just under 840,000 bbl/day month-on-month. Global supply is forecast to decrease by about 1m bbl/day in August and September as Saudi Arabia implements voluntary cuts. Russian crude oil shipments fell in July and this trend continued into August, indicating that Russia is finally following pledged output cuts. China's economic recovery continues to evolve at a slower-than-expected pace, even though data for Chinese crude oil imports have proved robust. Global crude prices increased steadily in July and early August, reflecting a tightening market amid deeper Saudi supply cuts, improved macroeconomic sentiment and elevated seasonal demand. Concerns remain focused on the tension between slowing global demand growth and tighter global supply.

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

ICIS Naphtha Outlook

Naphtha values continue to reflect fluctuations in crude prices, which saw weekly gains in July and early August. The recent crude rally, led by deeper OPEC+ cuts, sent refined product prices higher. Due to a surge in demurrage costs at the Panama Canal, USGC exporters have redirected volumes destined for Asia to Europe. Elevated seasonal demand, led by higher consumption of light distillates, has attracted naphtha for blending purposes. In August, naphtha stocks in the ARA hub in northwest Europe remained steady. Russian oil product shipments fell in July and this trend continued into August. Petrochemical margins remained weak on increased overall availability through the month. Hurricane forecasts in the US could affect supply-demand fundamentals in September.

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