



## 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

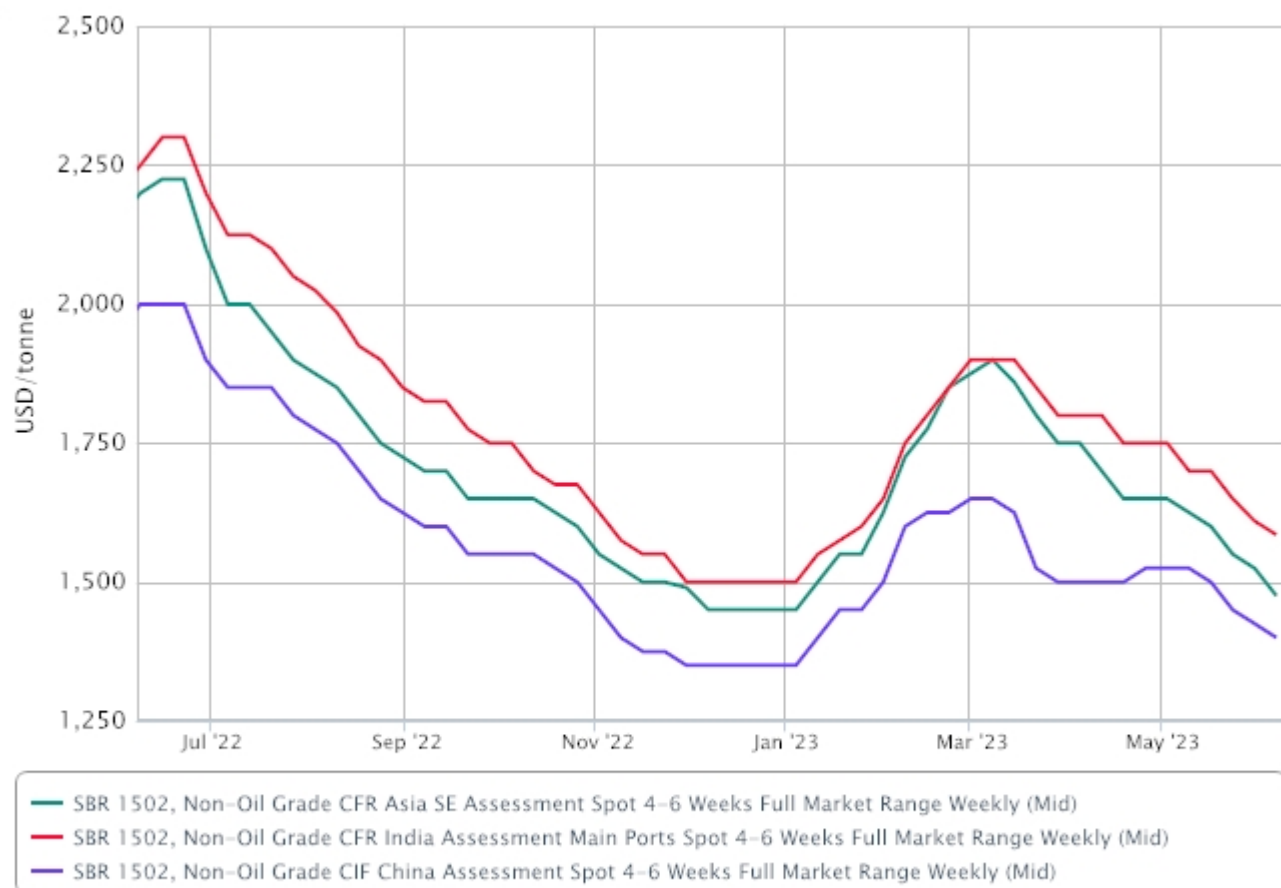
- **Sentiment downbeat**
- **Buying appetite also curtailed by [weak upstream](#)**
- **Lower offers surface**

Sentiment remains weak in Asia's spot import market for styrene butadiene rubber (SBR), with no discernible rise in downstream demand.

End-users are holding back procurement to wait and see if, or when, upstream feedstock markets, like butadiene and styrene, would bottom out.

To the end-users, the spot market is also not too tightly supplied, as there was no lack of availability from non-Asian origins, much of which were also competitively priced compared with cargoes from regular northeast Asian suppliers. They are thus in no hurry to decide on next procurement.

For northeast Asian suppliers, while many acknowledged that they may have to continually moderate selling targets to induce buying, they highlighted that their production margins are squeezed as they are still utilising feedstock from higher-priced inventories acquired previously. There is thus a limit to how much they could cut back on current offers without hurting their own bottomlines, market players said.



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## OUTLOOK

- **Upstream declines, if extended, could weigh on sentiment**
- **Near-term outlook dim for downstream demand recovery**
- **Buy-sell stand-off could persist**

### ICIS analyst view on BD

Asian butadiene (BD) demand should pick up in June/July on restocking activities and increasing margins at BD derivative units, but this is not expected to sufficiently place the market in short supply. There are also concerns over the end-user demand outlook as the growing global economic uncertainty now seems to outweigh China's reopening recovery, dragging down the export outlook for Asia.

Domestic BD supply in Asia is expected to increase, with the restart of more plants from maintenance. Deep-sea cargoes will spur further concerns of oversupply. The surplus is due to weakening demand rather than increasing supply from the west. We do not see any signs of demand strengthening, indicating possible continuous availability of deep-sea cargoes.

However, production trims might be possible in Asia as well as in exports from Iran, considering unhealthy margins at crackers and BD extraction units. Lighter feedstock slate for crackers in summer should also help to reduce supply pressure.

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For more information about analytical content, click [here](#).

## PRICES

### SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
<b>SBR 1502, Non-Oil Grade</b>						
<b>CIF China</b>	USD/tonne	-50	1350-1450	n/c	1500-1550	61.24-65.77
<b>CFR Asia SE</b>	USD/tonne	-50	1450.00-1500.00	-50	1600.00-1650.00	65.77-68.04
<b>CFR India Main Ports</b>	USD/tonne	n/c	1550.00-1650.00	-20	1650.00-1750.00	70.31-74.84
<b>SBR 1712, Oil-Extended</b>						
<b>CIF China</b>	USD/tonne	-50	1300-1400	n/c	1450-1500	58.97-63.50
<b>CFR Asia SE</b>	USD/tonne	-50	1400.00-1450.00	-50	1550.00-1600.00	63.50-65.77
<b>CFR India Main Ports</b>	USD/tonne	n/c	1500.00-1600.00	-20	1600.00-1700.00	68.04-72.57

### China

CIF China prices for the non-oil 1502 grade are assessed stable to soft.

The low end is dropped, alongside softer buying indications heard.

Selling indications were broadly unchanged, as sellers deemed the domestic market to be bottoming out, and thus saw no imperative to price down further on imports. The high end is rolled as such.

CIF China assessments for the oil-extended 1712 grade are adjusted in line with changes for the 1502 grade.

Domestic prices in east China are unchanged week on week, but trade momentum remains far from ideal, market players said.

#### East China domestic SBR 1502 prices

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	11,000-11,200	11,000-11,200

### Southeast Asia

CFR SE Asian assessments for the non-oil 1502 grade fell with lower offers heard for cargoes from mainstream northeast Asian suppliers.

Some cargoes changed hands within the range, but market players said that overall liquidity was still low as most buyers wanted to wait and see before they commit further.

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

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

<b>Jun 2023</b>	<b>(1-7) May 2023</b>	<b>Apr 2023</b>	<b>Mar 2023</b>	<b>Feb 2023</b>	<b>Jan 2023</b>	<b>Dec 2022</b>
133.54	136.34	136.27	135.03	140.11	140.11	135.03

**India**

CFR Indian assessments for the non-oil 1502 grade are down on the high end, reflecting offers heard for Asia-origin materials, against buying indications heard at the low end.

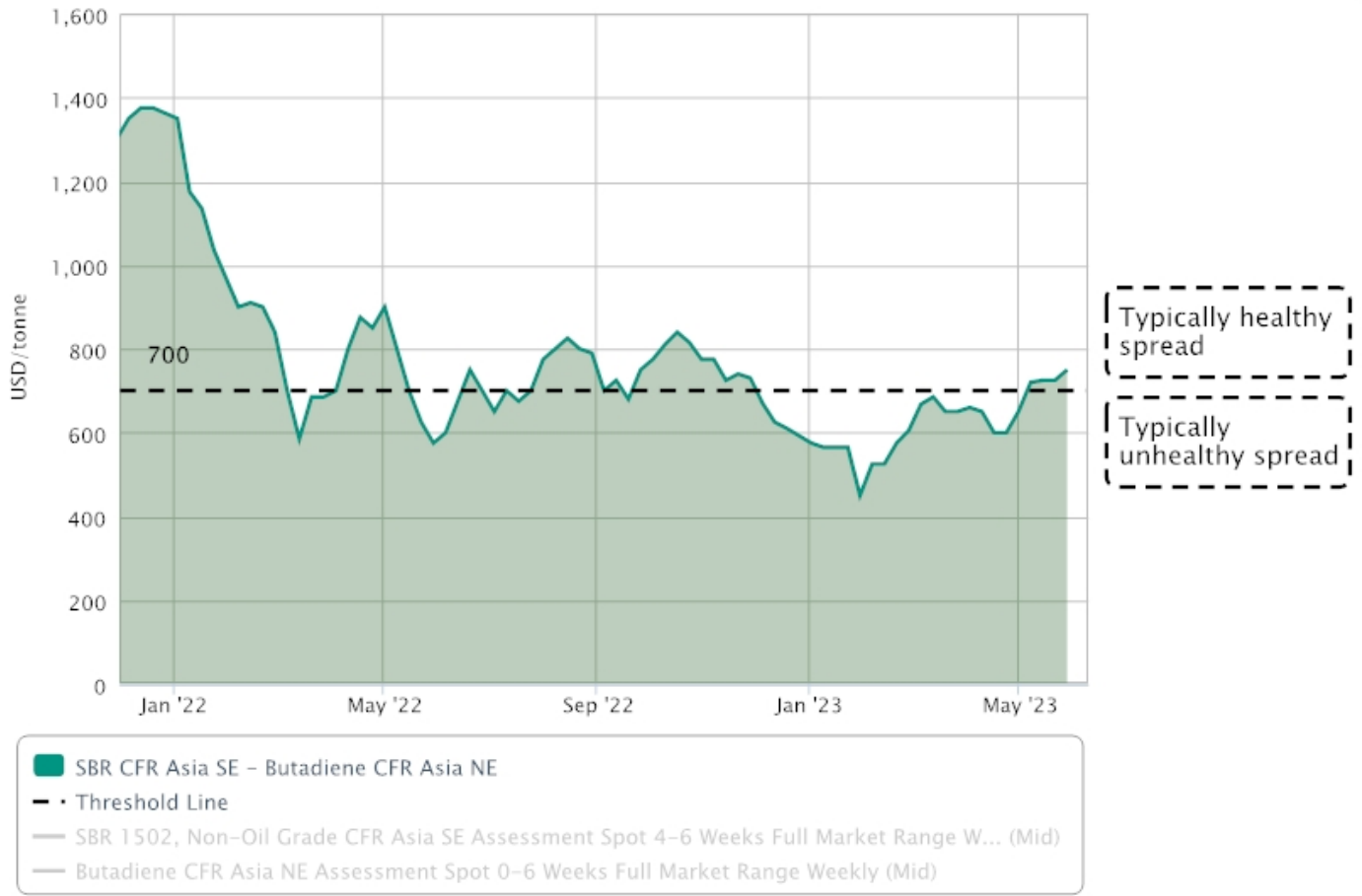
CFR India assessments for the oil-extended 1712 grades were adjusted with changes in the 1502 grade.

**UPSTREAM****Butadiene**

- Domestic losses widen within China
- This weighs on import discussions in wider Asia too
- Potential supply overhang looms amid weak demand

The chart below shows the spread between butadiene and SBR.

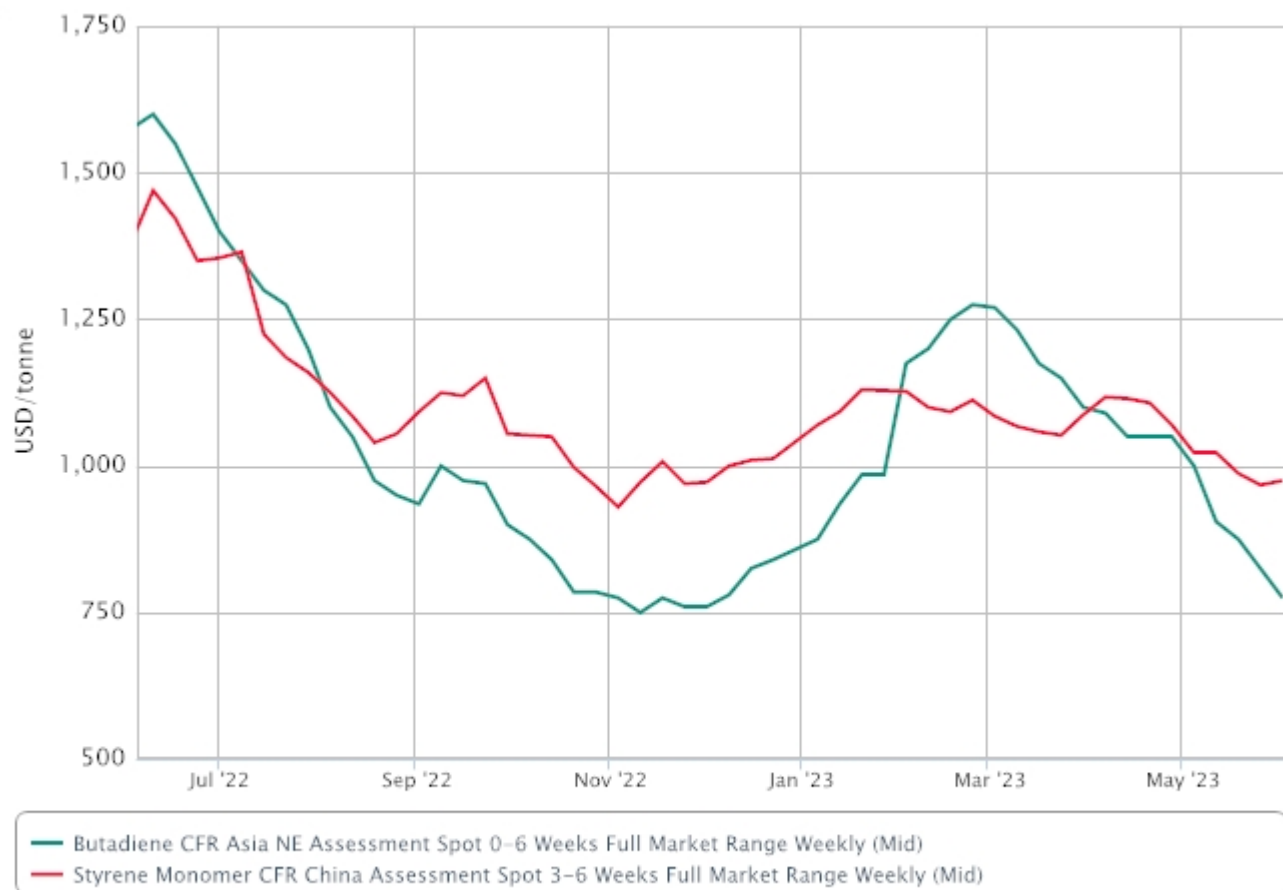
[Downstream spread – butadiene NE Asia and SBR SE Asia](#)



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**Styrene:**

- Sentiment softened tracking crude loss during mid-week
- Chinese domestic inventory eased moderately with fewer arrivals
- Muted China export talks



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## PRODUCTION

SBR output in China will tighten in June, with some plants [shut](#) for maintenance in the month.

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

## OTHER REGIONS

### Europe

- June SBR contract talks early stages
- Reserved view on demand expectations
- Likely downward pressure from BD

### US

- Downward price pressure for June likely
- BD settles sharply lower
- Supplies sufficient to meet weaker demand

## ANALYTICS

## ICIS Crude Outlook

In April, total OPEC-13 crude oil production averaged 28.6m bbl/day, down 200,000 bbl/day month-on-month. Output cuts by OPEC+ should continue to tighten the market later this year. Russia continues to aggressively boost export volumes and has found willing buyers in markets further afield. US crude exports to Europe remained high in April and May, encouraged by elevated European demand ahead of the driving season and lack of supply from Russia. Crude oil imports are on the rise in China after an increase in domestic mobility. India continues to play a prominent role in the oil market and has become a major consumer of Russian crude which has forced OPEC+ producers to ship oil to other regions such as Europe and the US. The market's current pessimistic mood due to macroeconomic concerns, clashes with expectations of a tight supply-demand balance later this year, when demand is set to meet and outstrip supply.

By David Jorbenaze, senior analyst, [david.jorbenaze@icis.com](mailto:david.jorbenaze@icis.com)

## ICIS Naphtha Outlook

NWE naphtha cracks in May remained volatile, closely mirroring fluctuations in the crude futures market, and they continue to remain under pressure from reduced cracker run rates due to limited demand and ample availability. Margins at European refiners have been hit by rising costs and slow demand growth. Naphtha stocks in the ARA trading hub were up over 20% in May compared with the April month average, suggesting that demand has reduced in recent weeks. Russian flows continue to look for new buyers – with Russian naphtha imports into Singapore almost tripling in Q1. Naphtha demand remains a major source of underlying growth in Chinese and global oil demand, supported by ongoing steam-cracker capacity additions in Asia. However, refined product stocks are on the rise in the region, maintaining pressure on naphtha prices.

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