



Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim
08-Nov-2023

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Please click [here](#) for full details on the criteria ICIS uses in making these price assessments.

OVERVIEW

- **Demand sentiment downbeat**
- **Buyers continued to stay away**
- **Some sellers widened discounts**

Discussions remain soft and muted in Asia's spot import market for styrene-butadiene-rubber (SBR) as demand worries continue to fester.

The latest [ICIS China petrochemical price index for October](#) weakened further month on month, eroding market confidence about economic recovery prospects in Asia too.

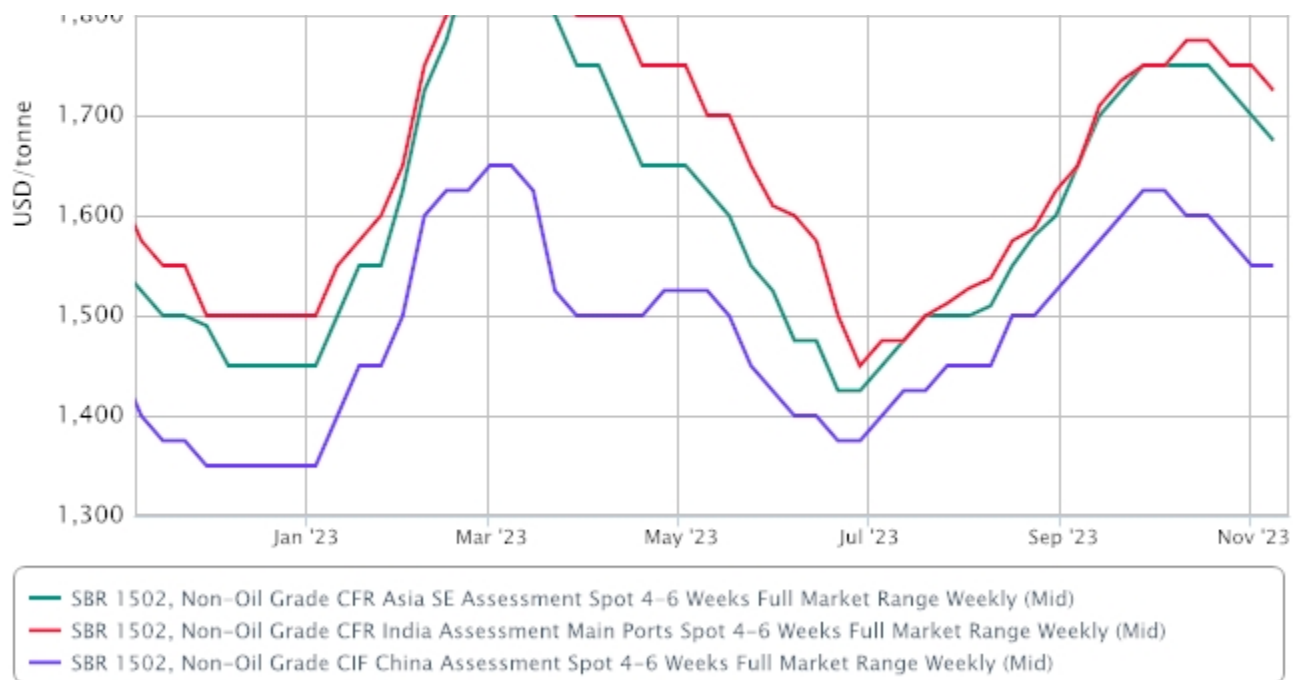
Many end-users stayed on the sidelines, in part because they are mindful that the seasonal year-end lull is drawing near, and that they should not overbuild inventories of raw materials, including SBR.

Many also await more clarity on how the delicate recovery of the global automotive sector may hold up after a six-week auto union strike in the US. SBR has heavy auto-related applications.

To induce buying and keep some volumes moving, some sellers widened discounts on their SBR spot offers. But as cost pressures remain stiff, coupled with uncertainties caused by volatile crude values, sellers may not be able to price down more and yet not hurt their own bottom lines, market players said.

Some SBR makers were heard deliberating on the need to cut operating rates to minimise supply overhang, if the momentum of spot sales fail to pick up soon, market sources said.





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OUTLOOK

- Sellers may cut op rates more amid ICIS' [forecast](#) of low feedstock supplies
- Downstream demand outlook hazy for the near term
- But China's [stimulus packages](#) may help arrest some demand slide

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	n/c	1500-1600	n/c	1550-1650	68.04-72.57
CFR Asia SE	USD/tonne	n/c	1650.00-1700.00	-50	1700.00-1800.00	74.84-77.11
CFR India Main Ports	USD/tonne	n/c	1700.00-1750.00	-50	1700.00-1850.00	77.11-79.38
SBR 1712, Oil-Extended						
CIF China	USD/tonne	n/c	1450-1550	n/c	1500-1600	65.77-70.31
CFR Asia SE	USD/tonne	n/c	1620.00-1670.00	-50	1670.00-1770.00	73.48-75.75
CFR India Main Ports	USD/tonne	n/c	1670.00-1720.00	-50	1670.00-1820.00	75.75-78.02

China

CIF China assessments for the non-oil 1502 grade were rolled with rangebound buy-sell indications heard.

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

But discussions on imports were limited with most end-users turning to tap domestic supply pool for forward requirements.

This was a marked contrast to September, when China's [SBR imports](#) saw a hefty year-on-year increase.

Domestic yuan-denominated prices in east China for the 1502 grade fell, tracking similar fluctuations in the upstream butadiene market. Trade momentum also eased as worries grew about China's slower-than-expected economic growth.

East China domestic SBR 1502 prices

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	12,100-12,200	12,400-12,600

Southeast Asia

CFR SE Asian assessments for the non-oil 1502 grade were also down at the high-end with softer offers heard.

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

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

Nov 2023	(1-8) Oct 2023	Sep 2023	Aug 2023	Jul 2023	Jun 2023	May 2023
147.43	145.26	142.65	130.22	131.31	133.48	136.34

Source: Malaysian Rubber Board

India

CFR Indian assessments for non-oil SBR 1502 were dopped at the high end, in line selling indications for NE Asia-origin materials heard at \$30-50/tonne lower on-week.

But concrete discussions were limited with many local players already absent for the upcoming Diwali holidays. Trade talks may resume more actively only in H2 November, market sources said.

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

UPSTREAM

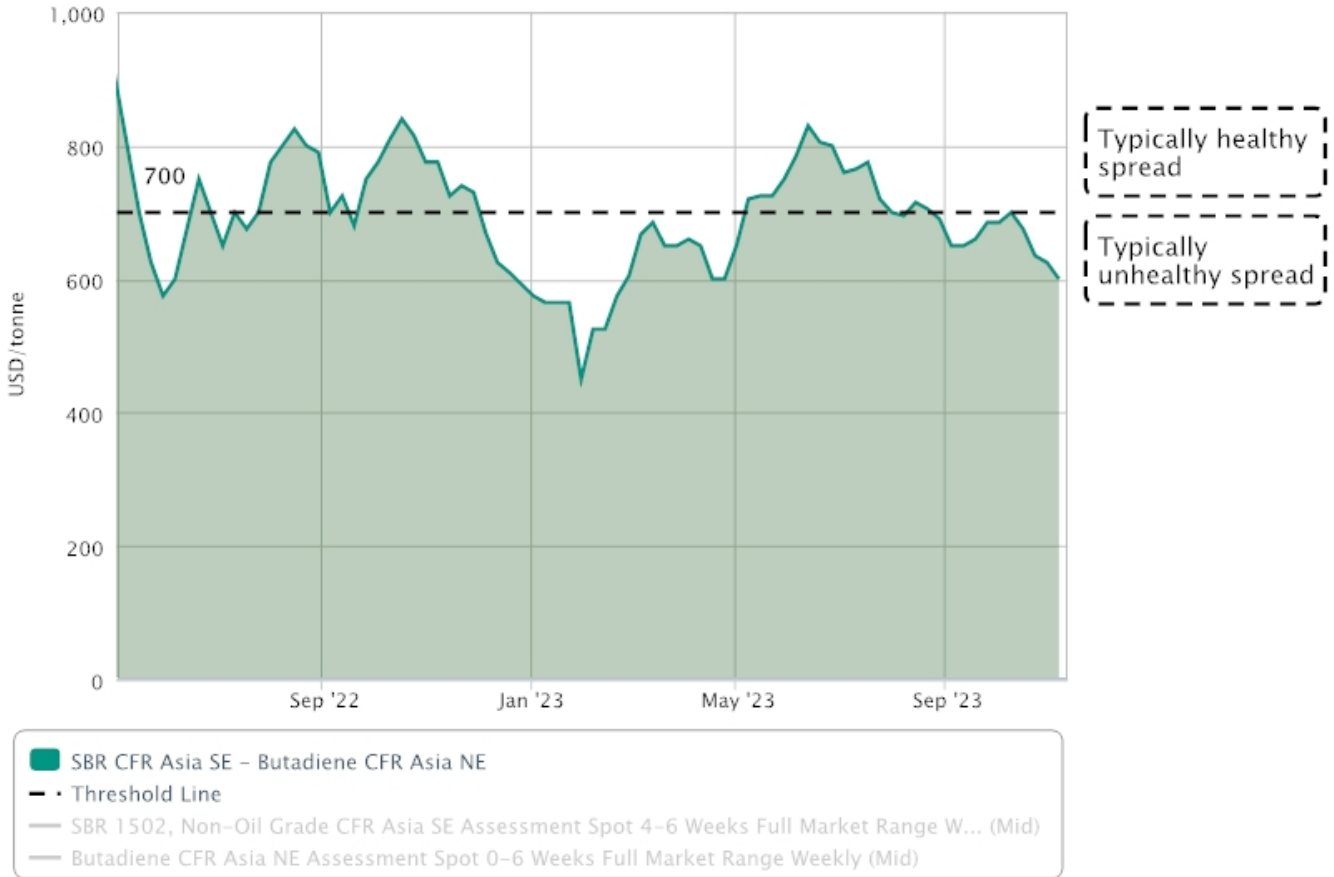
Butadiene

- Downstream demand tapers with China's slowdown

- Buying tempo receded
- Deep-sea arrivals to plug regional supply gaps

The chart below shows the spread between butadiene and SBR, which has dived deeper into the unhealthy zone of-late.

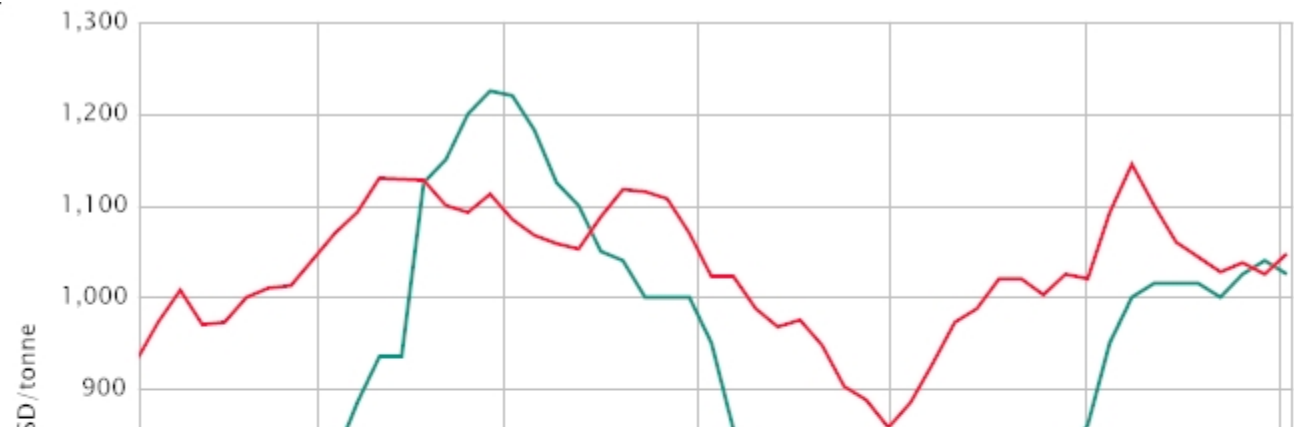
[Downstream spread – butadiene NE Asia and SBR SE Asia](#)

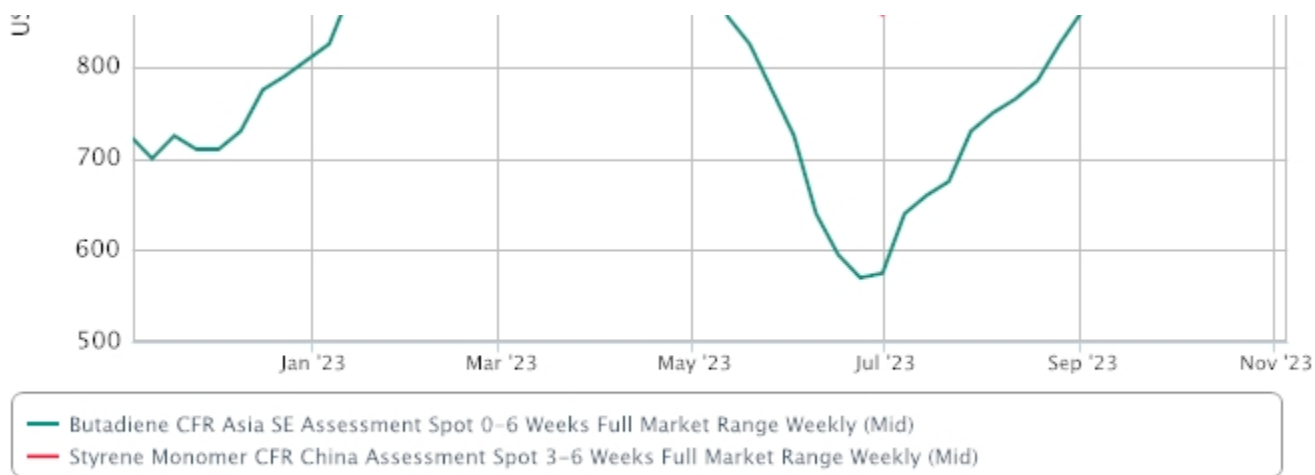


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Styrene:

- Constrained market volatilities
- Speculative capital flows and improved macro sentiment supported some market performances
- China export activities were tepid tracking limited regional buying appetite





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PRODUCTION

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

OTHER REGIONS

Europe

- SBR November contract talks yet to start
- Upstream styrene contract settlement delayed for November
- Spot SBR prices assessed stable in quiet market; some increased offers in isolation

ANALYTICS

ICIS Crude Outlook

Global crude supply is expected to tighten in Q4, supporting prices along the downstream value chain. The spot market is dominated by headlines covering geopolitical tension in the Middle East. Total OPEC-13 crude oil production averaged 27.75m bbl/day in September, higher by 273,000 bbl/day month on month. Saudi Arabia and Russia indicated that the additional cuts may be reduced or extended depending on oil price dynamics. Combined dynamics of OPEC+ supply, Chinese economic growth, and a level of geopolitical tensions will determine forward oil prices for the balance of 2023. The most likely outcome of the next OPEC+ meeting, scheduled for 26 November 2023, is that the group holds to its current production schedule. There is significant asymmetric upside to near-term oil prices if conflict in the Middle East escalates and widens, as the region supplies over a quarter of the world's crude oil.

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

ICIS Naphtha Outlook

European naphtha cracks in northwest Europe came under pressure in October displaying elevated volatility following fluctuation in the crude oil market and shifting arbitrage-led fundamentals. Transatlantic arbitrage

attracted a value-driven flow, reducing shipments to Asia. We anticipate that exports of European naphtha to Asia will attract more volumes amid improving east-west arbitrage economics in the coming months. Naphtha imports to China are projected to remain high for the balance of Q4 amid healthy light and middle distillates margins. The Q4 2023 outlook for naphtha demand from the petrochemicals sector remains bearish as the propane/naphtha spread is likely to trade under -\$100/tonne in Europe, suggesting that naphtha will not easily find its way into the steam cracker units, which are anticipated to operate at reduced rates. Sentiment for naphtha premiums in the Asia remains positive amid stronger regional demand and lower production following refinery turnarounds.

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

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