

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

All prices in the weekly analysis on 9 August are assessed based on information collated up to 8 August. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

- **Upstream cost push keeps offers firm**
- **Some restocking procurement interest surfaces**
- **Buy-sell gap persists still to curb liquidity**

The tempo in Asia's styrene butadiene rubber (SBR) import market picked up pace this week, amid a show of buying interest for restocking purposes.

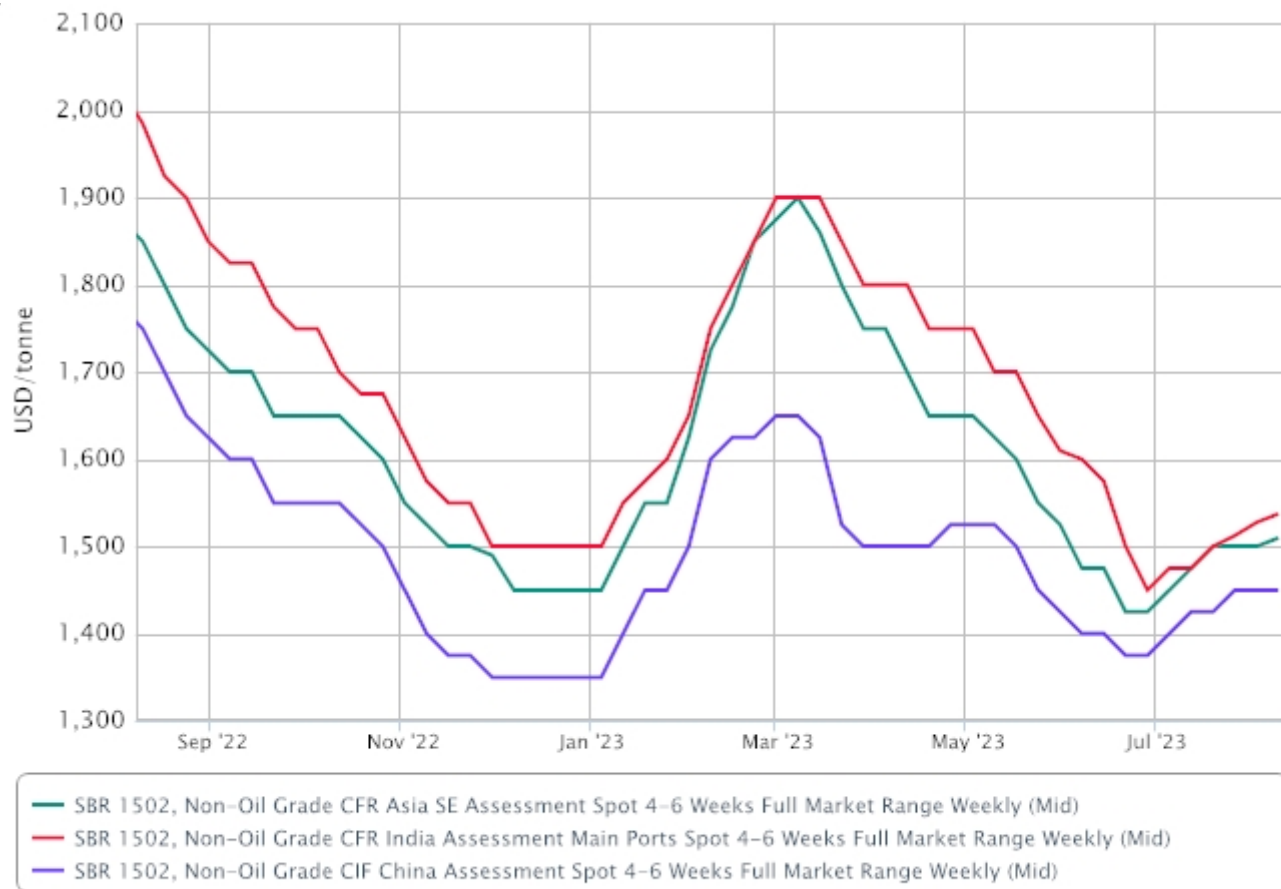
Some transactions did materialise, but the buy-sell gap failed to narrow sufficiently to drive overall spot trade liquidity up more, market players said.

Selling targets were up as producers sought to defray rising upstream cost and protect frail margins.

For instance, feedstock butadiene ([BD](#)) prices rose 28% since early July and co-feedstock styrene prices also climbed nearly 19% higher for the same period.

A fresh [crude](#)/naphtha rally last week heightened concerns among SBR producers that such costs could trend up more and as such, they were determined not to let up on efforts to sell SBR higher, market players said.

However, end-users were still resistant, citing lacklustre conditions in their own downstream markets as a factor limiting their bids for raw materials. As natural rubber prices have softened of late, some may also turn to procure more natural rubber as substitution product for SBR, market sources said.



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OUTLOOK

- Upstream gains may drive up offers more
- Economic headwinds to cap downstream demand
- Buy-sell gap may stay wide in the near term

PRICES

SPOT PRICES

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

| | | | | | | |
|-------------------------------|-----------|-----|-----------------|-----|-----------------|-------------|
| CIF China | USD/tonne | n/c | 1400-1500 | n/c | 1400-1450 | 63.50-68.04 |
| CFR Asia SE | USD/tonne | +20 | 1470.00-1550.00 | n/c | 1450.00-1500.00 | 66.68-70.31 |
| CFR India Main Ports | USD/tonne | +20 | 1500.00-1575.00 | n/c | 1450.00-1500.00 | 68.04-71.44 |
| SBR 1712, Oil-Extended | | | | | | |
| CIF China | USD/tonne | n/c | 1350-1450 | n/c | 1350-1400 | 61.24-65.77 |
| CFR Asia SE | USD/tonne | +40 | 1440.00-1520.00 | +20 | 1400.00-1450.00 | 65.32-68.95 |
| CFR India Main Ports | USD/tonne | +40 | 1470.00-1545.00 | +20 | 1400.00-1450.00 | 66.68-70.08 |

China

CIF China assessments for both the non-oil 1502 and the oil-extended 1712 grades were rolled over in a thinly discussed market.

Local end-users were fully covered with domestic supplies and uninterested in purchasing US dollar-denominated imports.

Domestic ex-tank prices in China were higher on-week, alongside increases in the upstream BD market.

East China domestic SBR 1502 prices

| Price (CNY/tonne) | This week's close | Previous week's close |
|----------------------|-------------------|-----------------------|
| E China Ex-Warehouse | 11,700-11,900 | 11,650-11,800 |

Southeast Asia

CFR SE Asian prices for the non-oil 1502 grade were assessed in a narrower range, taking into account discussions and deals for cargoes from diverse NE Asian suppliers.

Trades for cargoes from traditional NE Asian suppliers were mostly at the higher end of the published range, while discussions for China-origin materials were heard at the lower end.

Assessments for the oil-extended 1712 grade were adjusted first with changes in 1502 grade, and also in consideration of a consensus feedback from regular Asian suppliers that due to factors such as firmer distillate oil prices, production costs for 1712 grade has increased substantially of late, and that its typical price differential with the non-oil 1502 grade has narrowed to about \$20-30/tonne.

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

| Aug 2023 | (1-8) Jul 2023 | Jun 2023 | May 2023 | Apr 2023 | Mar 2023 | Feb 2023 | Jan 2023 | Dec 2022 |
|----------|----------------|----------|----------|----------|----------|----------|----------|----------|
|----------|----------------|----------|----------|----------|----------|----------|----------|----------|

| | | | | | | | | |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 129.55 | 131.31 | 133.48 | 136.34 | 136.27 | 135.03 | 140.11 | 140.11 | 135.03 |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|

India

CFR Indian assessments for the non-oil 1502 grade were up at the low end, tracking deals heard for NE Asia-origin materials.

Remaining offers were heard at high end and up.

Assessments of the oil-grade 1712 were adjusted first in line with 1502 grade changes, and also in consideration of market feedback that the typical pricing differential between the two grades have narrowed to about \$20-30/tonne.

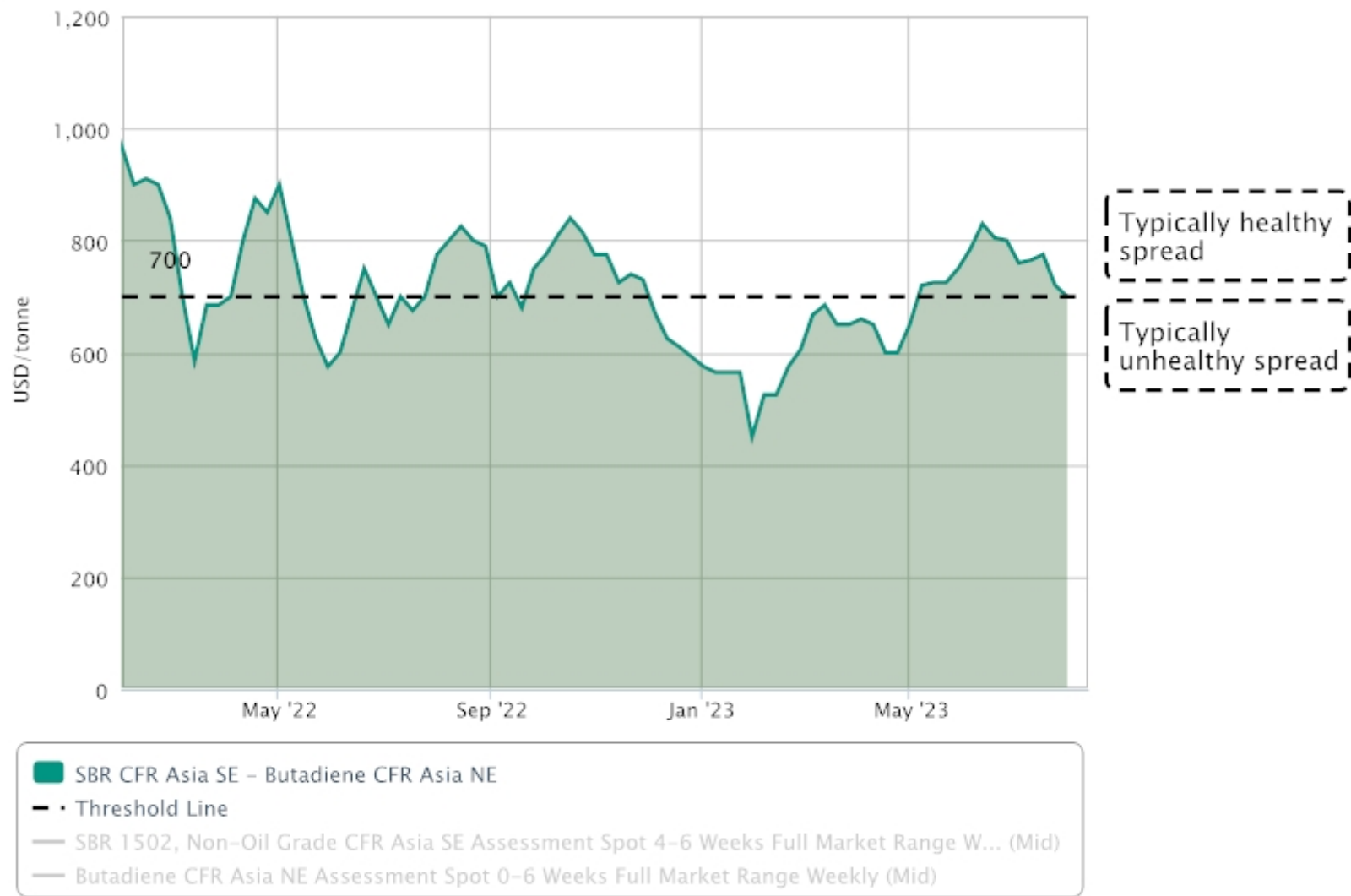
UPSTREAM

Butadiene

- Domestic China surges higher
- Sentiment was therefore bullish among import sellers
- Mood subdued among buyers in wider Asia

The chart below shows the spread between butadiene and SBR.

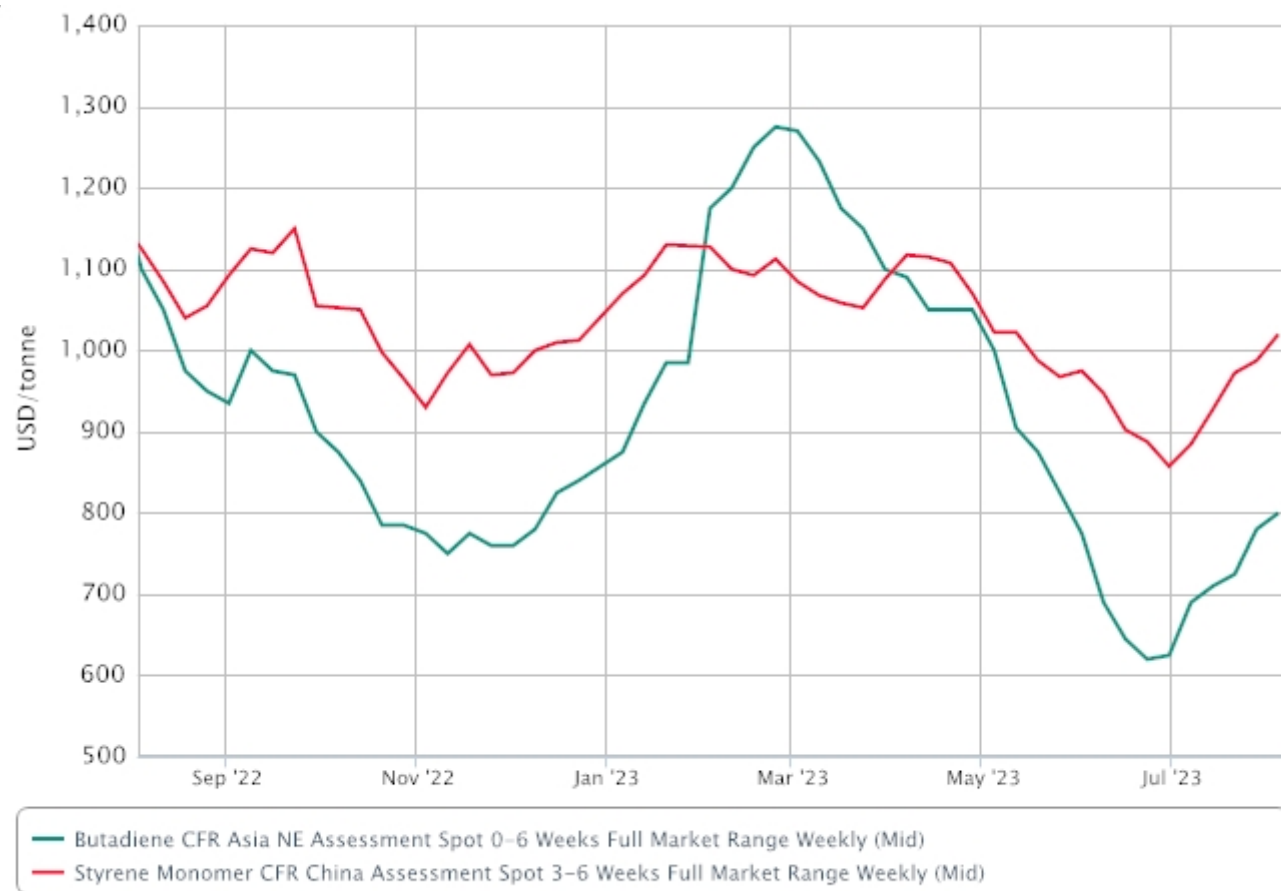
[Downstream spread – butadiene NE Asia and SBR SE Asia](#)



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Styrene

- Liquidity in China's import market low
- Chinese producers remain focused on export opportunities
- Other regional import markets see limited discussions



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PRODUCTION

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

OTHER REGIONS

Europe

- Upstream August BD contract falls by triple digits
- August styrene jumps up by triple digits

- Dry-grade spot price gap widens further

ANALYTICS

ICIS Downstream Automotive Outlook

Global light vehicle sales increased by 4.7% month on month in May to 89m units/year from 85m unit/year in April (Oxford Economics). But negatives continue to outweigh positives for the sector. Now for 2023, the outlook continues to be challenging due to the cost-of-living crisis, as car buyers are expected to postpone their purchases.

According to the US Census Bureau, US light vehicle sales increase by 4.0% month on month in June with total sales of 15.7m units (up 20.2% year on year and 8.5% down from 2019). High inflation, slumping consumer confidence and tighter monetary policy will weigh upon consumer demand for automotives. The outlook for the rest of 2023 remains concerning.

According to the European Automobile Manufacturers' Association (ACEA), in Jan to May 2023, EU passenger car registrations increased by 18.5% to 4.4m units. However, the figure was still lower compared with the same time period in 2019, by 23%. The Association further reported double-digit growth in Spain (+26.9%), Italy (+26.1%), France (+16.3%), and Germany (+10.2%). However, in the current macroeconomic climate, there are concerns about balance sheets, with some producers struggling to survive in the short term. Long-term investments for trends including tightening emission standards, a growing push to electrify and increasing shared car ownership have already left firms cash strapped. In the context of the EU's ambitious Fit for 55 climate policy (which aims to reduce net greenhouse gas emissions by at least 55% by 2030), eurozone car makers are preparing for structural change. However, there is a degree of scepticism among manufacturers regarding mandatory targets for ramping up the charging and refuelling infrastructure for electric vehicles.

China automotive output is forecast to shrink during the second half of the year (Oxford Economics), contrary to the view that pent-up demand would lead to growth post the reopening of the economy. However, the actual impact is something we must wait and see. Currently Chinese auto stakeholders are primarily focusing on the development of New Energy Vehicles (NEV) and Intelligent Connected Vehicles (ICV) including autonomous vehicles.

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