Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim
09-Oct-2024

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

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

OVERVIEW

- **Offers up with feedstock strengths**
- **But sentiment mixed about post-holiday China outlook**
- **Buyers mostly still cautious in approach**

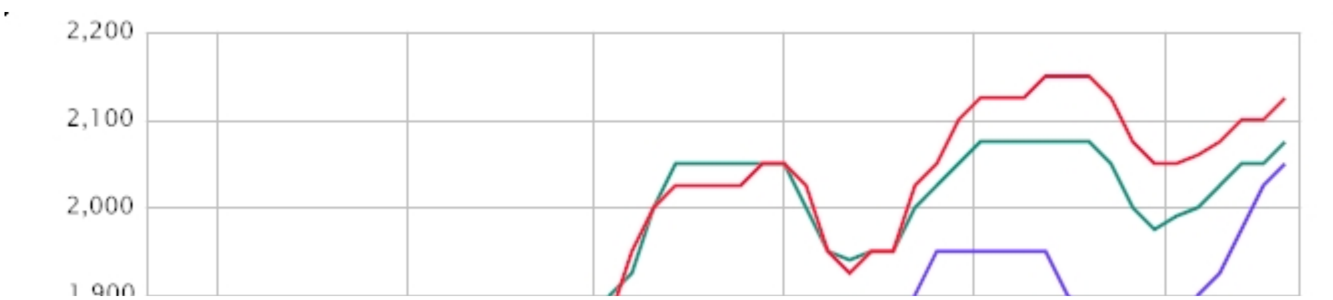
Spot assessments for Asian styrene-butadiene-rubber (SBR) imports widened as offers climbed with rising cost pressures.

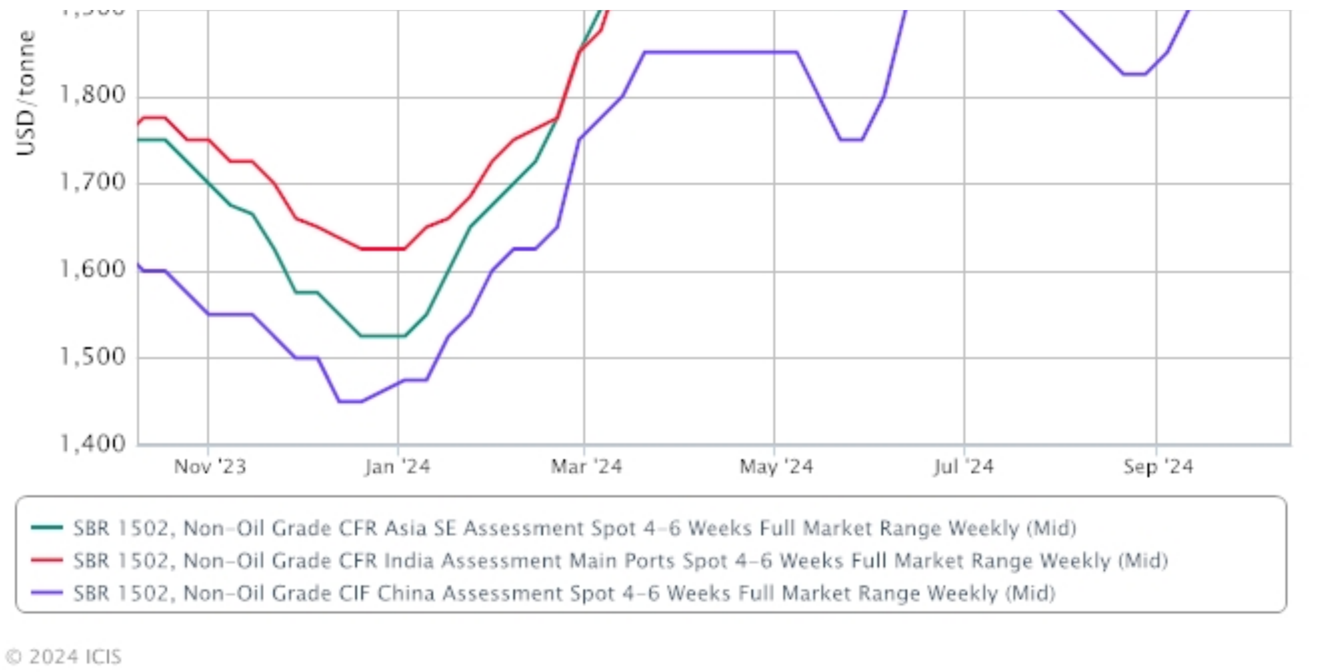
Feedstock butadiene (BD) prices have been driven up of late by buoyant yuan-denominated values for natural rubber and synthetic rubbers.

Sellers of US dollar-denominated SBR imports said that they would have to price up to recoup increased production costs stemming from more expensive raw materials.

Furthermore, they are confident that synthetic rubbers like SBR would see improved demand support, as long as natural rubber prices stay on a sustained rally, as end-users would turn to using more synthetic rubbers as cheaper substitution product.

But broader outlook about forward demand prospects is mixed, amid conflicting signals on how the post-holiday situation in China will pan out. Some are optimistic that that China's stimulus measures will eventually lift things up, while others are discernibly disappointed that the equity rally seen on the first day China return from holidays did not sustain well thereafter.





OUTLOOK

- **Upstream market movements to drive spot offers**
- **Supply to stay snug for rest of year amid plant turnarounds**
- **Demand to hinge on how China shapes up from here**

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	n/c	2000-2100	+50	1850-1950	90.72-95.25
CFR Asia SE	USD/tonne	n/c	2000.00-2150.00	+50	1950.00-2050.00	90.72-97.52
CFR India Main Ports	USD/tonne	n/c	2050.00-2200.00	+50	2020.00-2100.00	92.99-99.79
SBR 1712, Oil-Extended						
CIF China	USD/tonne	n/c	1950-2050	+50	1800-1900	88.45-92.99
CFR Asia SE	USD/tonne	n/c	1950.00-2100.00	+50	1900.00-2000.00	88.45-95.25
CFR India Main Ports	USD/tonne	n/c	2000.00-2150.00	+50	1970.00-2050.00	90.72-97.52

China

CIF China assessments for the non-oil 1502 grade were up at the high end with firmer offers heard.

Trade discussions were halted though, with the China market shut for extended National Day holiday between 1 and 7 October.

CIF China assessments for the oil-extended 1712 grade were adjusted up at the high end, in line with changes for the 1502 grade.

Domestic prices were higher, tracking a sustained rally in natural rubber prices.

East China domestic SBR 1502 prices

Price (CNY/tonne)	This week's close	Previous week's close *
E China Ex-Warehouse	16,600-16,900	16,500 – 16,800

*As at 30 September as China is shut from 1-7 October.

Southeast Asia

CFR SE Asia assessments for the non-oil 1502 grade were stable to firm, with higher asking prices from producers tracked at the high end.

But buying interest is subdued, with many players holding back next procurement decisions until after there is more clarity about how downstream demand conditions may trend going forward.

In the meantime, sellers remained confident that with natural rubber prices still on the uptrend, demand for cheaper substitution products like SBR will only strengthen too.

CFR SE Asia assessments for the oil-extended 1712 grade is adjusted with changes for the 1502 grade.

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

Oct (1-9) 2024	Sep 2024	Aug 2024	Jul 2024	Jun 2024	May 2024
215.03	196.02	179.89	168.65	176.00	170.03

Source: Malaysian Rubber Board

India

Like southeast Asia, the CFR India assessments for the non-oil 1502 grade were lifted at the high end with firmer offers for northeast Asia-origin materials, while buying indications remained capped at the low end.

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

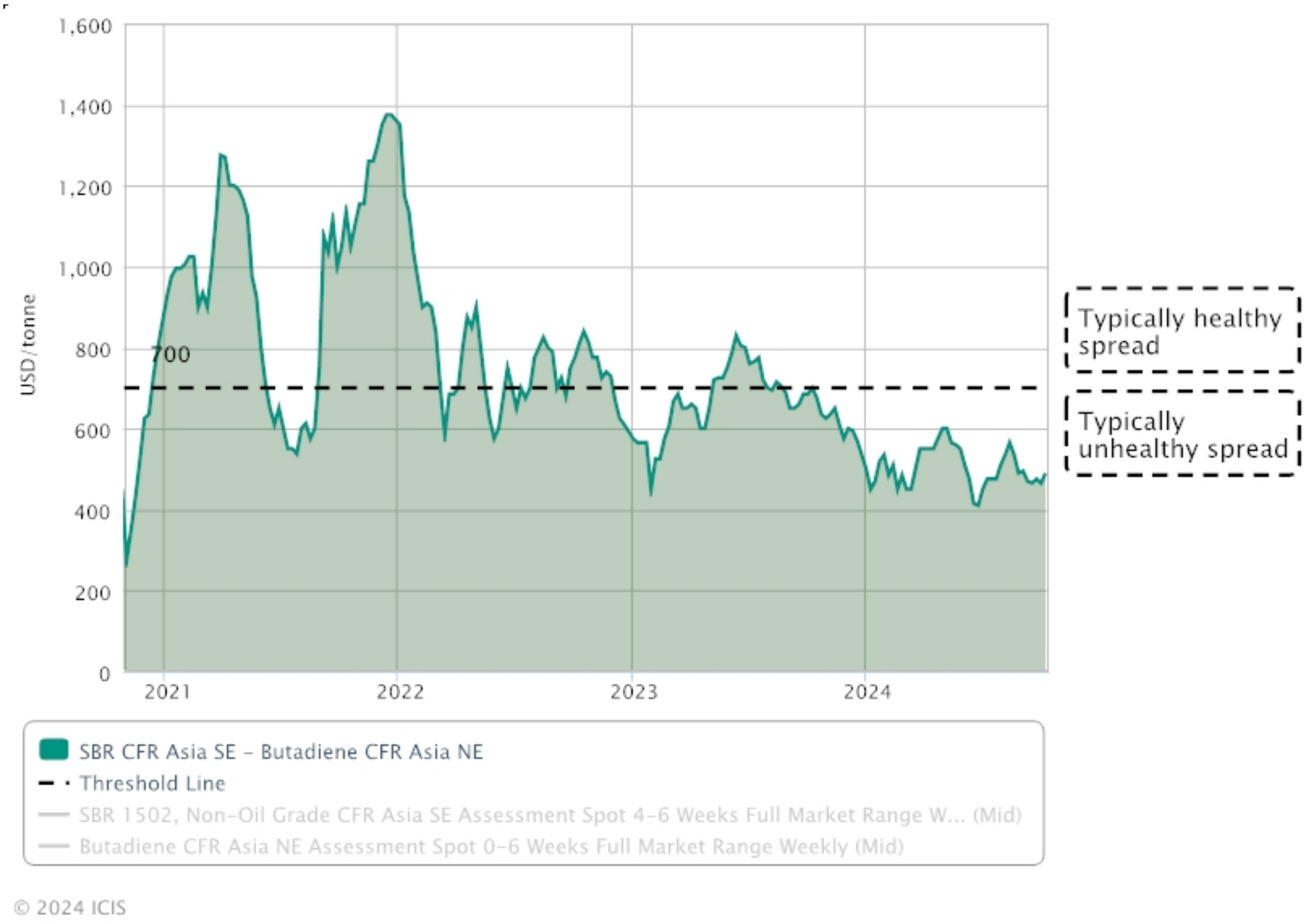
UPSTREAM

Butadiene

- Import discussions quieter with China market shut
- Wider Asian sellers upbeat about post-holiday prospects in China
- Most end-users pull back to wait and see

The chart below shows the spread between butadiene and SBR, which remains in the unhealthy zone.

Downstream spread – butadiene NE Asia and SBR SE Asia



PRODUCTION

There are several Q4 maintenance closures in northeast Asia.

Company	Location	Status	Capacity (MT/year)	Start	End
Zeon	Tokuyama, Japan	Maintenance	135,000 (two lines)	20 Sep	Late Nov
Kumho	Ulsan, South Korea	Maintenance	283,000 (three lines)	End Sep	Late Oct

Petrochina Jilin	Jinlin, China	Maintenance	150,000	23 Aug	Mid-Oct

Click here for the Asian SBR Live Disruption Tracker.

OTHER REGIONS

Europe

- SBR October contract talks start after upstream styrene contract falls steeply
- Spot prices mixed; some increased enquiries but also hesitation seen
- No issues relating to supply mentioned this week

ANALYTICS

ICIS crude outlook

Crude prices are forecast to remain under pressure until the end of 2024, largely due to weak demand from China and other key regions. Though interest rate cuts in the US and stimulus in China may boost demand, supply-demand imbalances will persist. OPEC+ has extended its 2.2 million barrels/day in cuts until December 2024, with current production at just under 41 million barrels/day. Saudi Arabia and Russia produce around 9 million barrels/day each, while the US maintains steady output at 13.3 million barrels/day. Geopolitical risks and potential disruptions from hurricanes also threaten supply stability. OPEC-12 crude oil production averaged 26.6 million barrels/day for September, with non-OPEC (Decree of Cooperation) output just over 14 million barrels/day.

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

ICIS naphtha outlook

Naphtha prices globally remain highly volatile, reflecting fluctuations in crude oil values and shifting gasoline demand. European open-spec naphtha (OSN) spot prices continue to rally, supported by improved blending activity and restocking by petrochemical units ahead of the autumn refinery maintenance season. The Eurobob gasoline crack spread has strengthened to around $9.50/bbl, driven by export opportunities, while premiums for lighter naphtha grades have risen to the mid-$20s/tonne. However, bearish demand from Asia and weaker margins for heavier naphtha grades are limiting the upside. Arbitrage opportunities to Asia from Europe remain limited, and high freight rates continue to dampen export flows. Despite this, domestic European demand for naphtha from steam crackers and a narrowing propane-naphtha spread, now at -$60/tonne, are expected to support consumption. Reduced refinery runs in Europe and Asia and inflows from the US and Algeria are helping to balance availability, though market volatility will likely persist as the crude market continues to fluctuate.

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