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

- **Discussions up with upstream gains**
- **Snug spot availabilities keep offers supported too**
- **More active buying enquiries**

Discussions in Asia's spot market for styrene butadiene rubber (SBR) are firmer as offers rose with cost concerns and spot supply constraints.

Sellers elevated targets to keep up with upstream increases after markets for both feedstock butadiene (BD) and styrene rallied in the week prior.

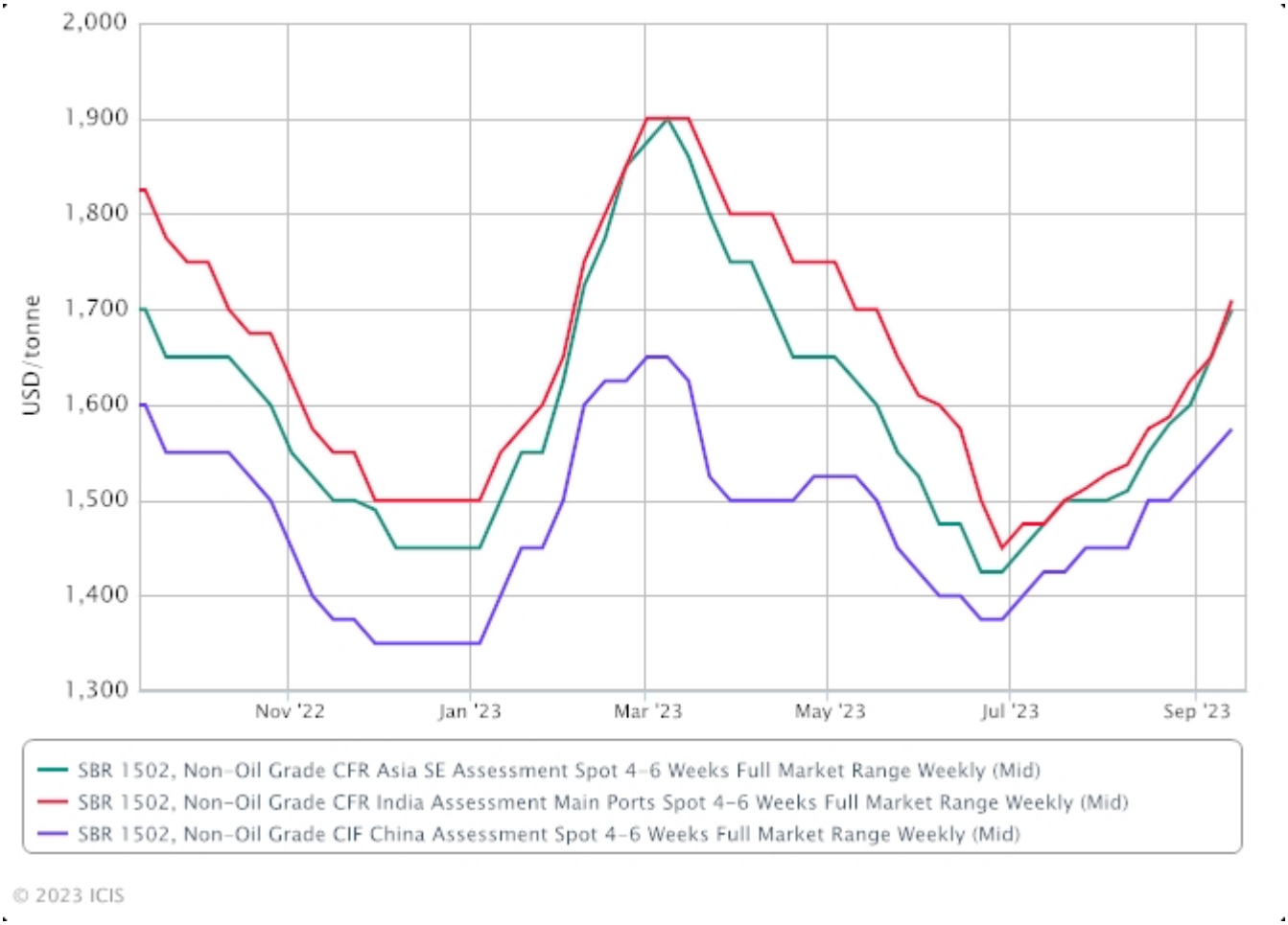
Sellers also said that there was a healthy stream of buying enquiries, and considering that their spot availabilities were limited in the first place, they were therefore confident that potential buyers will have to negotiate closer to their terms to secure cargoes.

On the buy-side, end-users are cautiously optimistic although many were buoyed by China's consumer price index returning to a positive reading in August, saying that this could help propel the much-anticipated downstream petrochemical market recovery.

As such, some were heard keen to ensure they are sufficiently stocked on raw materials, including SBR, so that they could readily ramp up their own operations whenever the opportune timing comes.

And such potential SBR buyers were not disinclined to book now, rather than later, so that they can lock in prices before the next SBR offers rise higher, assuming upstream markets continue to trend up in the near term, market sources said.

But as uncertainties linger with regards to the longer-term global economic well-being, market players said that this would invariably still weigh on overall spot-trade liquidity as even if they were prepared to purchase, potential buyers were mostly still apprehensive about committing to bulk purchases, keeping their intake to smaller parcels.



OUTLOOK

- **Supply constraints to drive market**
- **Upstream costs another upside factor on offers**
- **But global economic headwinds may weigh on buying appetite**

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	+50	1550-1600	n/c	1450-1550	70.31-72.57
CFR Asia SE	USD/tonne	+50	1650.00-1750.00	+50	1500.00-1600.00	74.84-79.38
CFR India Main Ports	USD/tonne	+70	1670.00-1750.00	+50	1525.00-1625.00	75.75-79.38
SBR 1712, Oil-Extended						
CIF China	USD/tonne	+50	1500-1550	n/c	1400-1500	68.04-70.31
CFR Asia SE	USD/tonne	+50	1620.00-1720.00	+50	1470.00-1570.00	73.48-78.02
CFR India Main Ports	USD/tonne	+70	1640.00-1720.00	+50	1495.00-1595.00	74.39-78.02

China

CIF China prices for the non-oil 1502 grade were stable to firm, with the low end up, reflecting firmer buying indications.

Offers were heard at the high end and up.

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

Domestic ex-tank prices in east China eased this week, following some profit-taking activities on the rubber futures market.

East China domestic SBR 1502 prices

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	13,200-13,500	13,700-13,800

Southeast Asia

CFR SE Asian assessments for the non-oil 1502 grade rose, with both ends lifted to capture the full spectrum of trades and indications.

Cargoes had changed hands at mid-$1,600's to low-$1,700's/tonne CFR SEA, while fresh offers were heard at the high end.

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

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

Sep 2023 (1-13)	Aug 2023	Jul 2023	Jun 2023	May 2023	Apr 2023
143.48	130.22	131.31	133.48	136.34	136.27

India

For the non-oil 1502 grade, the high end tracked CFR India offers heard for NE Asia-origin materials.

Some cargoes were sold at the low end.

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

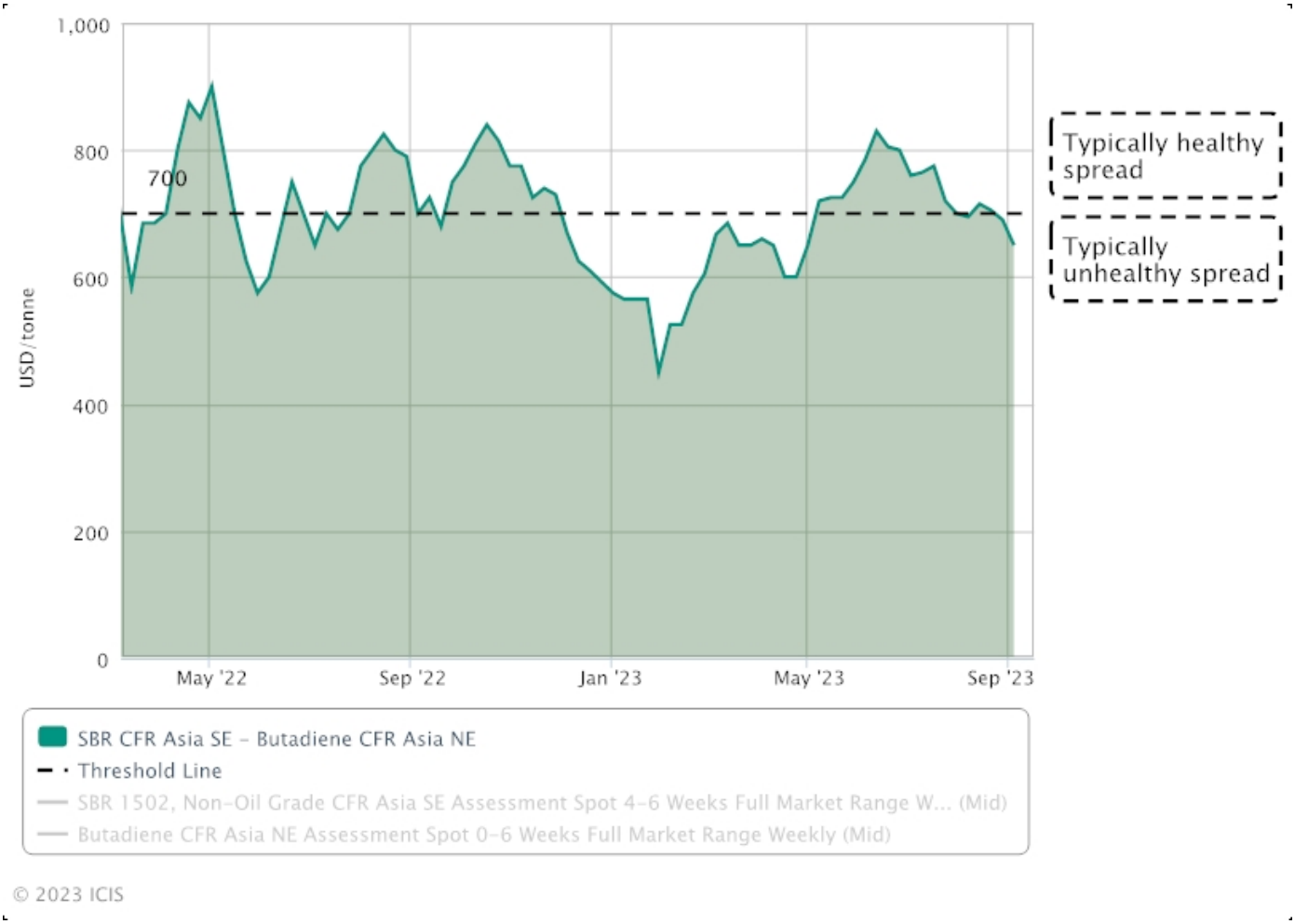
UPSTREAM

Butadiene

- Domestic China surges
- Import sellers bullish
- Some short-covering buying surfaces too

The chart below shows the spread between butadiene and SBR.

Downstream spread – butadiene NE Asia and SBR SE Asia



Styrene:

- Strong CFR China market trend during H1 of the week pushes participants to the sidelines
- Buy-sell disparity in the China import market remains very wide
- China shore-tank inventory levels hit year-to-date low

PRODUCTION

There are ongoing turnarounds in South Korea. But some plants in China are restarting.

Click here for the Asian SBR Live Disruption Tracker.

OTHER REGIONS

Europe

- September contract talks progressing
- Expected upward pressure due to feedstock gains
- Demand appears unchanged

ANALYTICS

ICIS Styrene Outlook

The European styrene market faces ongoing supply disruptions linked to unexpected closures. The Ellba propylene oxide-styrene monomer (POSM) unit in the Netherlands shut in August due to technical issues. While initially anticipated to last two weeks, the outage continues into early September, with hopes of restarting this month. Additionally, BASF's plant in Germany is undergoing a catalyst change, and the turnaround is set to last until mid-

October. Economic factors led to the closure of both Trinseo's plant in the Netherlands and LyondellBasell/Covestro's plant in Maasvlakte, the Netherlands, and these shutdowns are now impacting the European styrene supply chain. Now the producers that idled production for economic reasons are faced with a difficult choice: whether to recommence production, despite the potential risk of lower profitability due to increased supply, or to persist in purchasing styrene at a higher rate on the open market to fulfil contractual obligations to customers rather than producing themselves. In contrast, the arbitrage window to Asia and the US opened wide in early September, with European styrene spot prices commanding premiums of $500/tonne and nearly $300/tonne, respectively.

On the demand side, the European market faces continued weakness due to the economic downturn's impact on end-use markets. The construction sector, a major consumer of styrene, traditionally has reduced demand during winter, further contributing to the subdued demand outlook.

Moritz Lank, ICIS lead analyst - styrenics, moritz.lank@icis.com

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