



## Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim  
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[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

- **Discussions in limbo**
- **Players pull back to wait and see**
- **Sentiment dented by fresh upstream losses**

Discussions were muted this week in Asia's spot import market for styrene butadiene rubber (SBR) as both buyers and sellers pull back to wait and see.

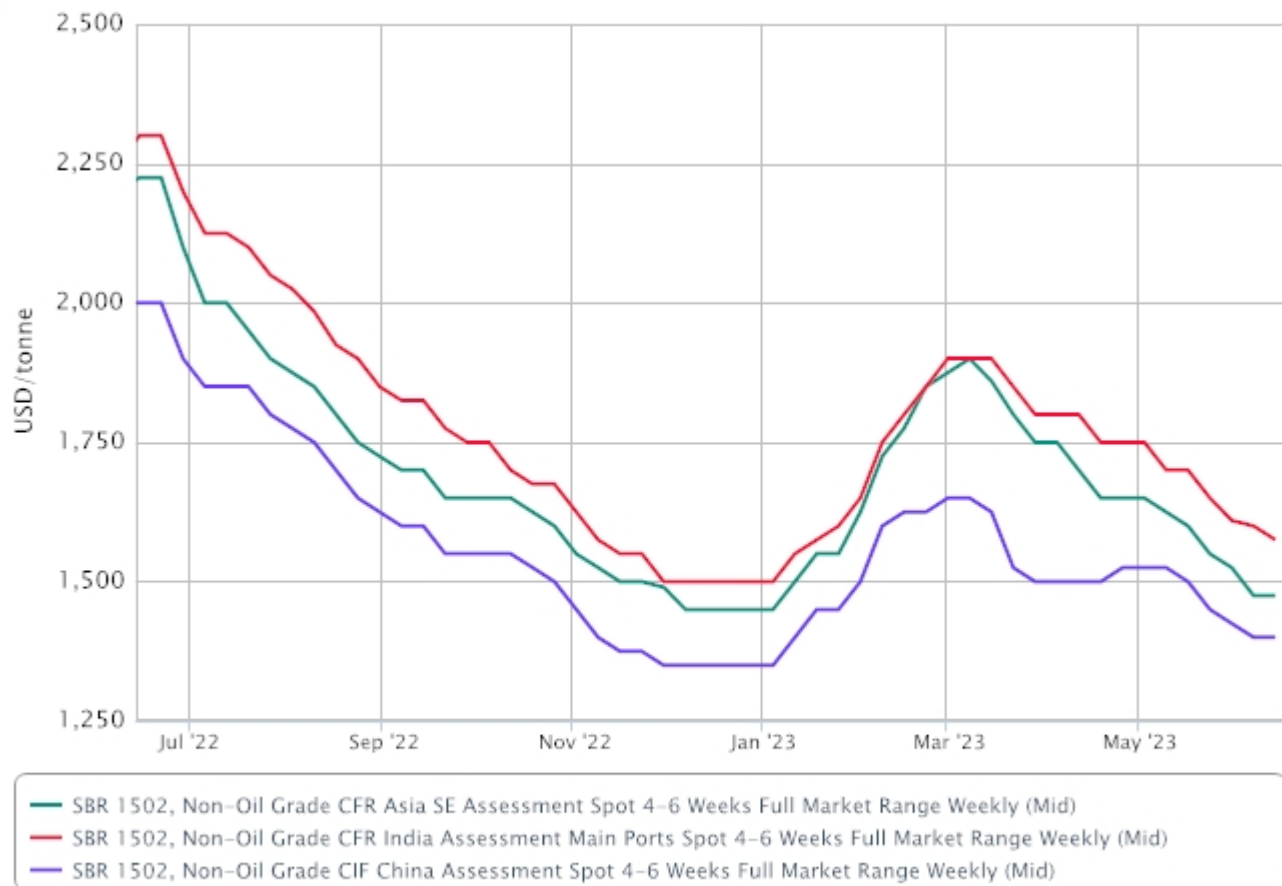
Downstream requirements were limited to begin with, as a slew of bearish economic indicators, such as a contraction in China's May PMI, and a 9-week-long decline in [global IPEX](#), accentuated concerns about the state of the global economic health.

Many regional end-users are therefore cautious and kept to a conservative procurement stance for raw materials like SBR.

With recent falling prices of feedstock butadiene (BD), they are also expecting SBR offers to keep correcting down moving forward, and therefore do not want to commit now.

However, SBR sellers said that they are still sitting on higher-priced inventories and therefore could not afford to price down more.

SBR spot availabilities are relatively limited too, in view of recent and ongoing turnarounds in northeast Asia, and sellers are hopeful that this could help provide some pricing support.



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## OUTLOOK

- Downside potential strong with [weak demand](#) fundamentals
- Upstream pricing movements to impact on sentiment
- Uncertainties abound

## PRICES

### SPOT PRICES

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

### China

CIF China prices for both the non-oil 1502 and the oil-extended 1712 grades are unchanged in the absence of substantive discussions for imports.

US dollar-denominated imports are now more expensive for Chinese end-users, given the recent depreciation of the Chinese yuan currency. End-users in China are turning instead to tap more heavily on domestically produced materials.

This gave support to yuan-denominated prices, and domestic prices in east China held steady, despite falling upstream prices.

### 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 were kept unchanged amid rangebound offers and deals.

However, liquidity is low, with buyers keeping procurement to small parcels and on a strictly need-to basis.

Many expected offers to correct down more if upstream losses should widen further in coming weeks, and do not want to commit now.

Assessments for the oil-extended 1712 grade were kept unchanged too with stable 1502 grade assessments.

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

Jun (1-14) 2023	May 2023	Apr 2023	Mar 2023	Feb 2023	Jan 2023	Dec 2022
133.74	136.34	136.27	135.03	140.11	140.11	135.03

### India

CFR Indian assessments for the non-oil 1502 grade are stable to soft.

Some northeast Asia-origin volumes were available from traders seeking to liquidate surplus import cargoes on hand, and this forms the high-end.

Most northeast Asian producers were heard already sold out of June supplies and were not prepared to commence July discussions as yet until after the recent volatility in upstream markets have subsided.

Local end-users are mostly absent from the import trading arena too, relying more heavily instead on the domestic supplies pool to meet any prevailing supply gaps.

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

## UPSTREAM

### Butadiene

- Weak buying momentum
- Lengthening supplies
- Selling pressures heighten

The chart below shows the price spread between butadiene and SBR.

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



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### Styrene:

- Market sentiment remains bearish
- Exchange rate volatilities and expectations of ample supply curb China buying sentiment
- Regional spot demand stays sluggish



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## PRODUCTION

A regional maintenance was [completed](#) in mid-May, but China saw fresh [closures](#), market sources said.

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

## OTHER REGIONS

### Europe

- Spot prices decline
- Demand remains low
- Output curtailed for certain rubber derivatives

## ANALYTICS

### ICIS Downstream Automotive Outlook

The outlook for the global automotive industry in 2023 continues to be a concern. The outbreak of the COVID-19 pandemic was more than three years ago, and the industry has yet to recover all the losses suffered since then. It started with a severe semiconductor shortage, and while the overall situation has improved, the industry has yet to

make a full recovery. Following the pandemic, the industry has been hit by a high interest-rate environment amid a weaker global economy and rising geopolitical tensions. A full and complete recovery is not expected until 2024.

According to the US Census Bureau, US light vehicle sales increased by 7.2% month on month in April with total sales at 15.9m, which was up 11.4% year on year but down 2.5% from 2019. Macroeconomic stressors continue to weigh heavily on auto demand.

According to the European Automobile Manufacturers' Association (ACEA), EU passenger car registrations increased by 17.2% in April year on year but were down 22.8% from April 2019. Spain posted the biggest gain with a 33.7% increase, followed by Italy (+26.9%), France (+16.7%), and Germany (+7.9%). Significant growth was seen in the electric vehicle (EV) category, for example hybrid electric vehicles (HEVs), plug-in hybrid vehicles (PHEVs) and battery electric vehicles (BEVs), with BEVs reporting year-on-year growth of 30%.

Following the country's reopening after three years of on-off restrictions, China reported double-digit year-on-year growth in automotive production in April. Expectations for the rest of the year are optimistic, given that the government is targeting an economic growth rate of 5%. India also appears to be on the path to recovery. An improvement in sentiment was reported on the back of China's reopening, as a large share of auto spare parts is imported from China. In March, total vehicle retail sales increased by 14% year on year, according to the Federation of Automobile Dealers Associations of India (FADA), which also reported that 2023 was the first full year without any impact from COVID-19.

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