



Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim
16-Nov-2022

[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 subdued on weak demand**
- **Buyers stay in wait-and-see stance**
- **Lower offers surfaced**

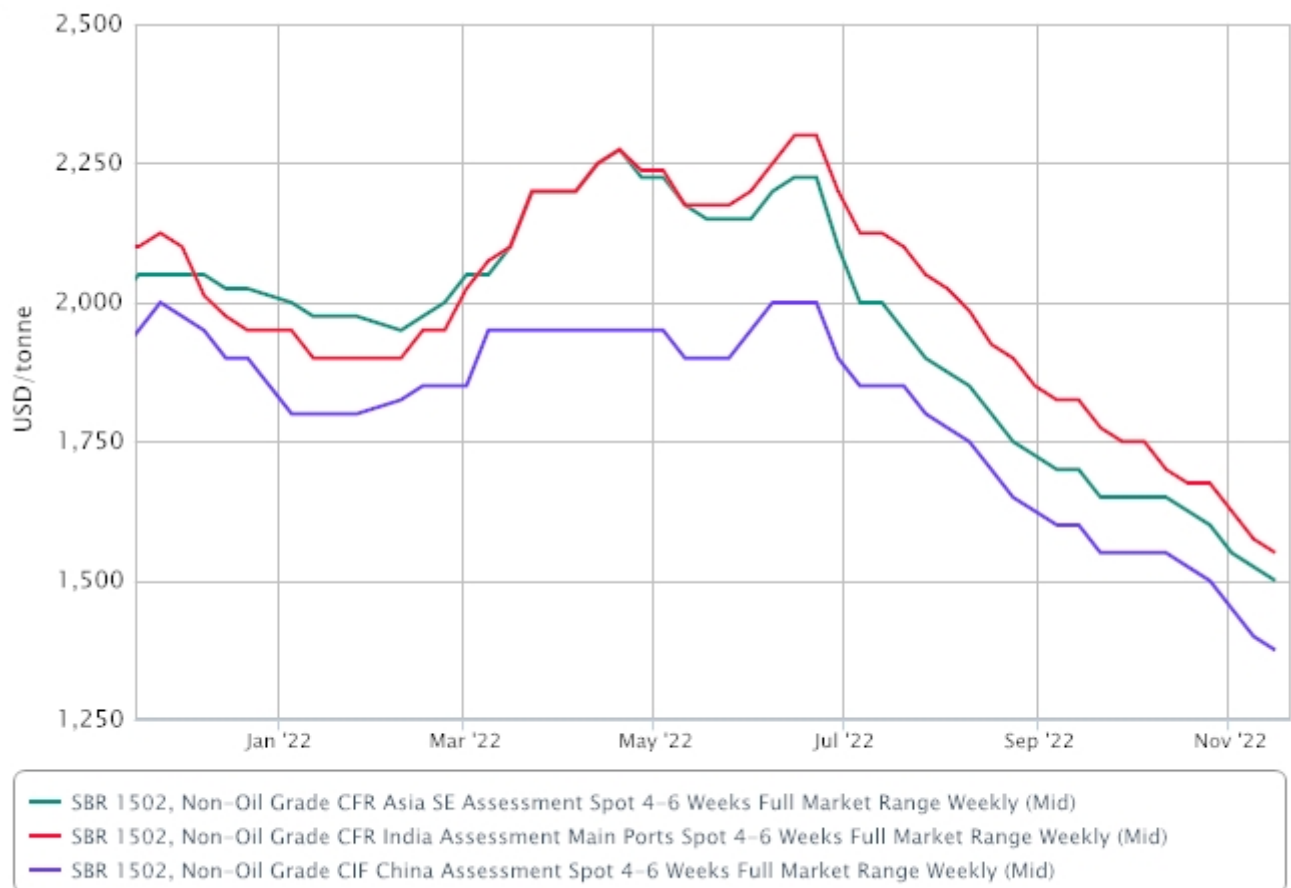
Asia's spot discussions for styrene butadiene rubber (SBR) were mostly still downbeat as weak demand persists.

End-users remained cautious and many were still of the view that offers will only continue to soften moving forward, and that they should defer booking to later.

Recent news that China will [ease](#) some COVID-19 control measures did not seem to have boosted market confidence much either.

Many market players said that it will take some time more before downstream tempo would shift more substantively, especially since auto plant operations are already winding down now for the seasonal year-end lull.

Selling pressures remain strong as such. However, as cost pressures are poised to rise if an uptick seen last week in feedstock styrene prices stretches, some SBR makers are also cautious not to over-correct their offers down and harm their own margins instead. Some are looking at other options, such as to recalibrate production, as a means to manage surplus, market sources said.



© 2022 ICIS

OUTLOOK

- Spot availabilities may rise with completion of plant turnaround
- Lingering uncertainties on how China's COVID-19 policies will evolve
- Macroeconomic worries to weigh on broader regional demand

PRICES

SPOT PRICES

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

China

CIF China assessments for the non-oil 1502 grade were stable to soft, with lower offers reflected at the high end.

CIF China assessments for the oil-extended 1712 grade were adjusted with changes for the 1502 grade.

Domestic SBR prices in east China were stable week on week.

East China domestic SBR 1502 prices

Price (CNY/tonne)	16 Nov	09 Nov
E China Ex-Warehouse	10,700-10,800	10,700-10,800

Southeast Asia

CFR SE Asian assessments for the non-oil 1502 grade were stable to soft, taking into consideration offers and discussions for cargoes from diverse NE Asian origins.

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

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

Nov (1-16) 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022
126.76	130.52	134.12	149.74	158.83	164.15	162.81

India

CFR Indian assessments for the non-oil 1502 grade also narrowed, with lower offers tracked at the high end.

Domestic prices softened this week, market sources said.

However, buy-side response remain generally tepid, with some end-users heard mulling instead to destock moving into the year-end lull period.

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

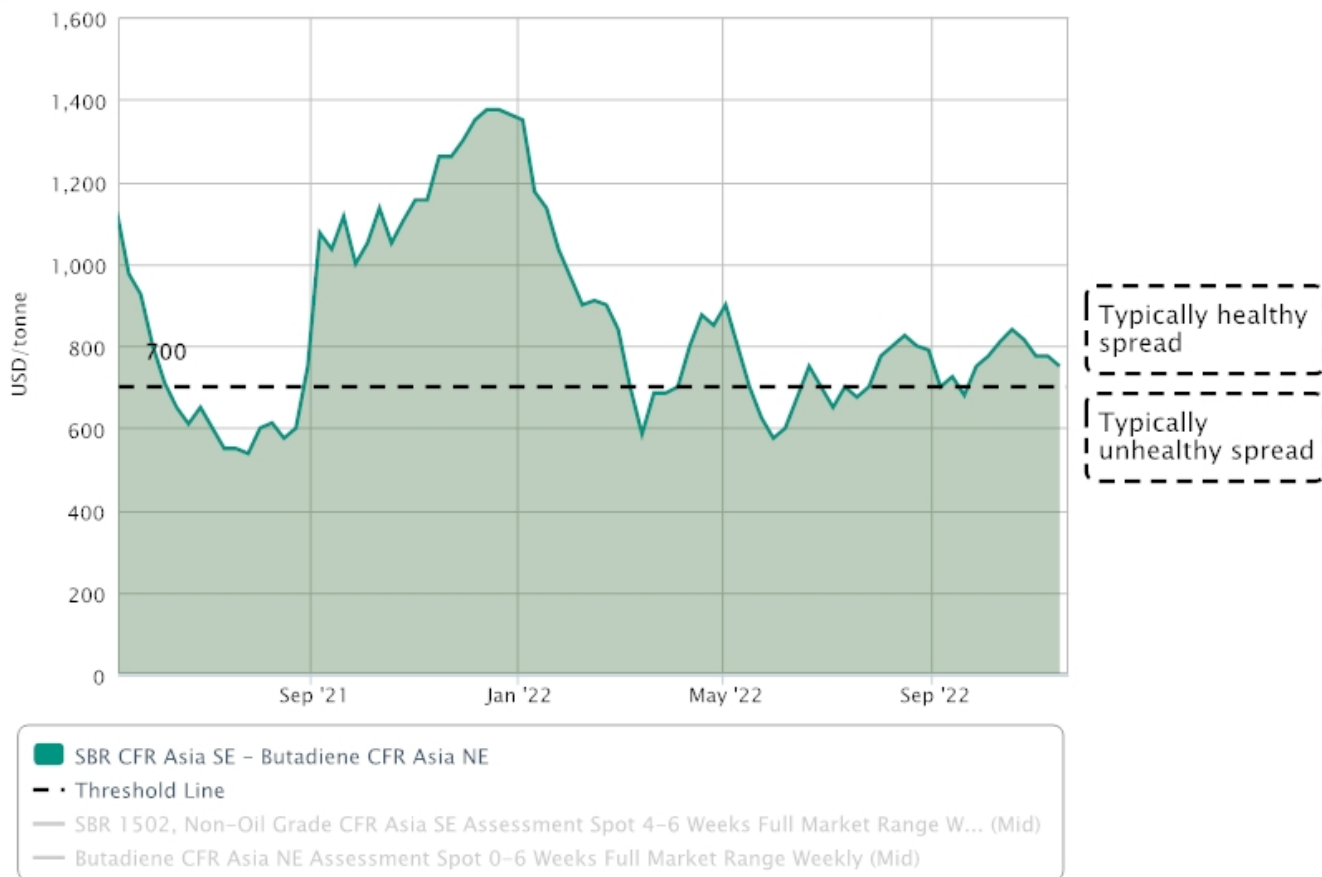
UPSTREAM

Butadiene

- Asian BD weighed down by soft demand and domestic China volatility
- High cost pressure cushions declines
- Spot supply available from SE Asia

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

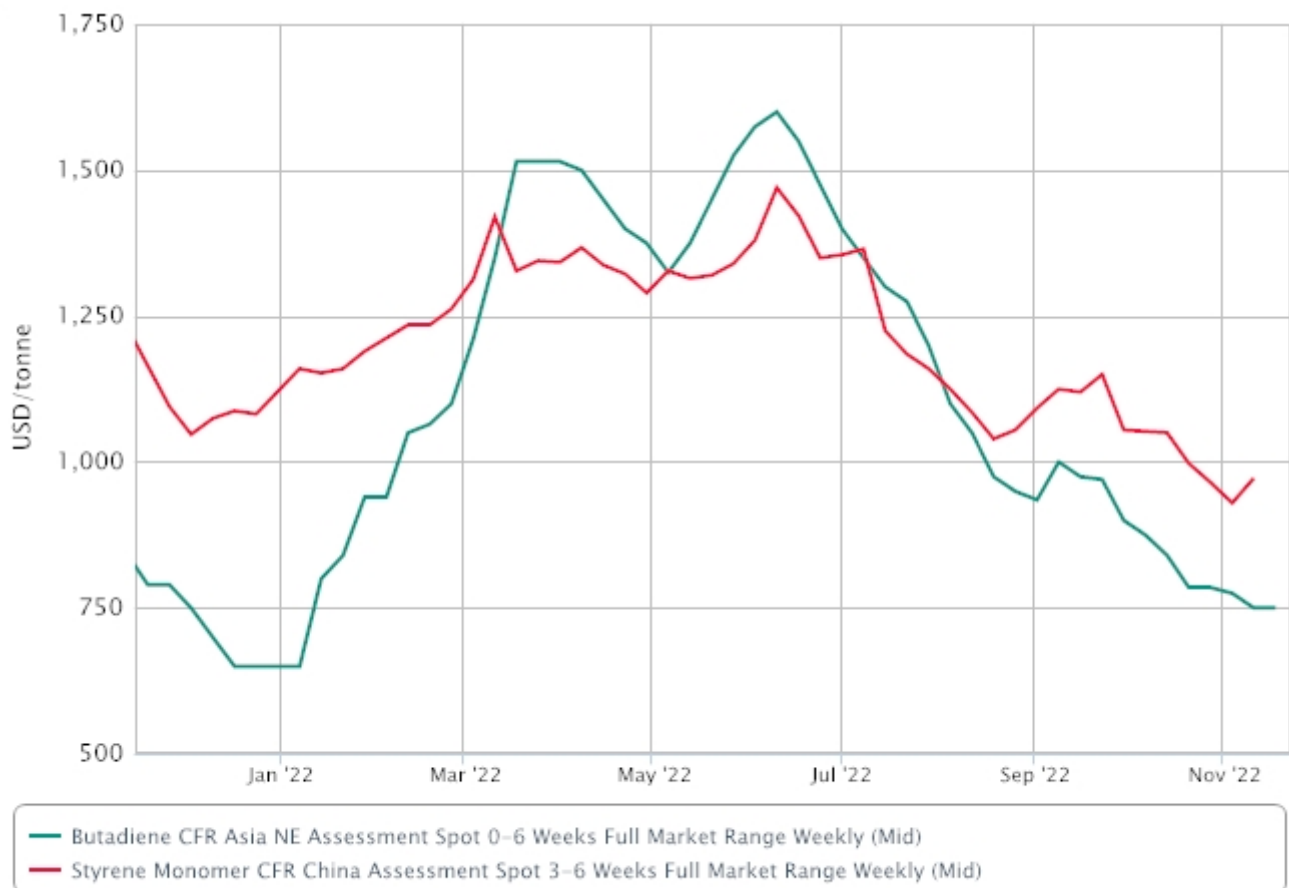
[Downstream spread – butadiene NE Asia and SBR SE Asia](#)



© 2022 ICIS

Styrene

- Rangebound market with wait-and-see attitude seen in most of the week ended 11 Nov
- Buy-sell disparity remains wide
- Chinese export market sees more active discussions



© 2022 ICIS

PRODUCTION

SBR spot availabilities are poised to rise once a heavy wave of plant maintenances across [northeast](#) and [south](#) Asia is completed within November.

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

OTHER REGIONS

Europe

- Spot prices soften
- November contract talks ongoing, decreases seen so far
- E-SBR demand weak

US

- Spot prices fall further
- Demand weakens seasonally
- Supplies sufficient

ANALYTICS

ICIS Butadiene Outlook

A gloomy outlook will continue to characterise the European butadiene (BD) market for the rest of the year. BD producers are unlikely to gain significant support from US and Asian buyers, given that demand

will remain sluggish globally. Consequently, the BD supply-demand balance will be adjusted by pulling back run rates for crackers and BD extraction units.

A challenging environment for the Europe automotive industry is likely to continue over the coming months. ArcelorMittal, the leading steelmaker, will continue to idle its blast furnaces across Europe. In early November, the company said it will take one of its two blast furnaces at Fos-sur-Mer site in France off line from December because of high energy costs and poor demand. This will represent another challenge for the European automotive supply chain.

Heading into 2023, the BD price spread between the US and Europe should remain open on paper, making BD flows viable, particularly in early 2023. Indeed, maintenance at TPC Group's 546,000 tonne/year BD unit in Houston, which is scheduled in January 2023, could, to some extent, turn the US market into a short position.

By **Paolo Scafetta**, ICIS senior olefin analyst, paolo.scafetta@icis.com

ICIS Styrene Outlook

We expect the current dynamic of curtailed domestic styrene production and poor demand to continue through Europe's winter months. It's for those precise reasons that LyondellBasell and Covestro opted to idle the region's largest styrene unit the end of December. We expect TotalEnergies to restart its Gonfreville unit in France soon, as the strikes that prompted its closure have ended. But with styrene consumption reduced to a crawl and ongoing energy cost volatility linked to the disruption of natural gas flows that once came from Russia, Gonfreville is unlikely to run at full throttle. Like most other European producers it will probably operate at a significantly reduced rate. Recent pressure from imports from lower-priced regions like the US gulf coast, the Middle East and Asia could intensify, as demand in those regions has also weakened, and arbitrage economics have appeared favourable, at least on paper. US-based producers INEOS Styrolution and Westlake have successfully restarted production, with Europe the likely target for large parts of their production volumes.

But Europe's styrene demand continues to weaken, as high energy costs and soaring interest rates impact most end-use markets. The construction sector, an important end-use market for expandable polystyrene (EPS) and XPS insulations boards, is particularly weak and vulnerable to growing macroeconomic pressure. We don't expect demand to improve significantly before springtime when building activity typically increases. Other downstream segments linked to cyclical consumer goods may be more resilient, and support pockets of demand in the distribution market.

By **Moritz Lank**, lead market analyst, moritz.lank@icis.com

Styrene Butadiene Rubber (Asia-Pacific) | 16-Nov-2022. ICIS accepts no liability for commercial decisions based on the content of this report. Unauthorised reproduction, onward transmission or copying of the Styrene Butadiene Rubber (Asia-Pacific) Report in either its electronic or hard copy format is illegal. Should you require a licence or an additional copy of the Styrene Butadiene Rubber (Asia-Pacific) Report, please contact ICIS at sales.uk@icis.com

ICIS, Quadrant House, The Quadrant, Sutton, Surrey, SM2 5AS. United Kingdom. ICIS accept no liability for commercial decisions based on the content of this report. Copyright violation is a serious offence. Any distribution or forwarding of information that is not expressly permitted by your subscription agreement is a copyright violation. ICIS uses software to monitor unauthorised electronic redistribution of reports.

