



Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim
16-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

- **Domestic China falls, denting sentiment for import talks**
- **But fresh spot offers scant in wider Asia**
- **Many players wait and see**

Discussions in the Asian styrene-butadiene-rubber (SBR) import market were [muted](#), as players in wider Asia mostly pulled back to wait and monitor developments in the major China market.

In China, domestic yuan-denominated prices fell, bringing to a close a three-week-long streak of week-on-week increases. In the local exchange, both synthetic and natural rubber futures also corrected downwards.

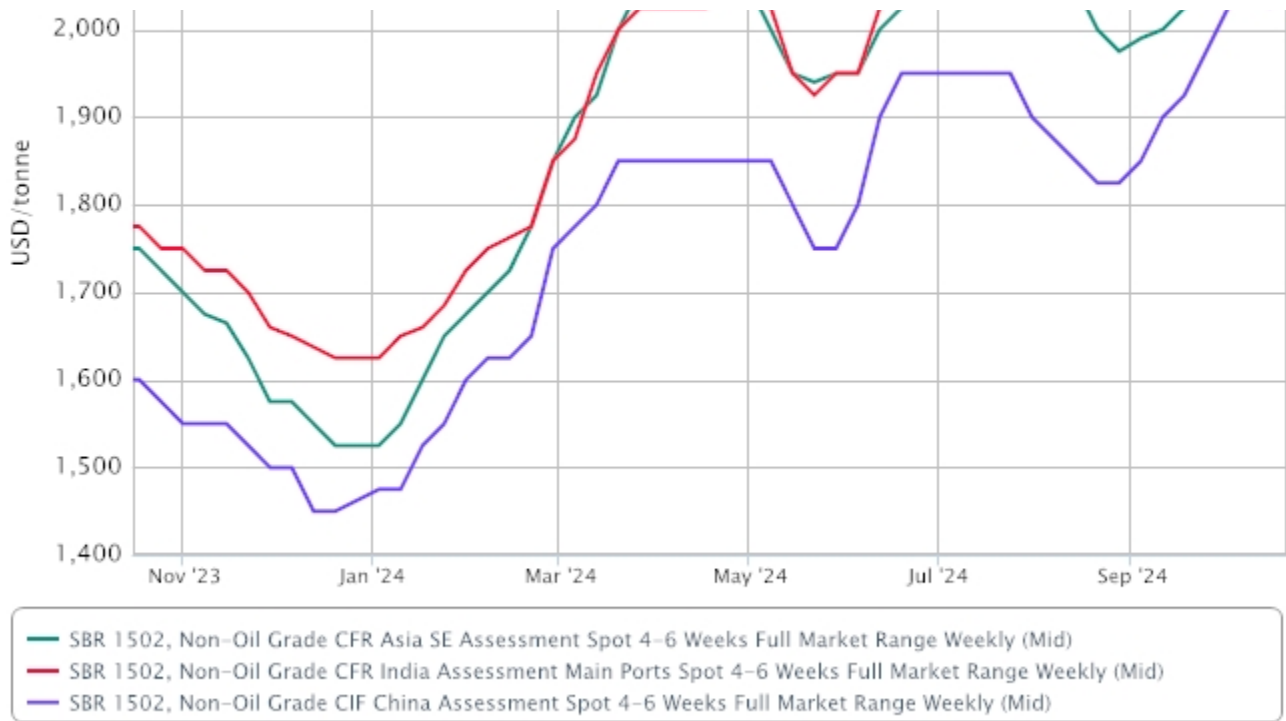
Collectively, this served to temper the bullish sentiment that has dominated the import market in the last few weeks, and some softer buy-sell indications also emerged for US-dollar denominated import shipment into China.

In wider Asia, concrete discussions and negotiations for SBR shipments to other regular import outlets like southeast Asia and India were muted too, in part because spot availabilities are limited with a number of SBR units in northeast Asia currently shut for maintenance.

Downstream demand in wider Asia is deemed broadly stable, but players said that expectations are not high for a marked improvement in the near term, without any commensurate economic uptick in China.

Although the Chinese government recently rolled out new [fiscal directives](#) to stimulate economic growth, many noted no specific measures targeted at the automotive sector, raising concerns that the consumption of discretionary goods like cars may not pick up, which would in turn weigh on requirements for related raw materials including SBR.





© 2024 ICIS

OUTLOOK

- Spot supplies snug for rest of year
- Demand to hinge on China's economic growth
- Players likely to keep cautious approach

PRICES

SPOT PRICES

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

China

The CIF China assessment for non-oil 1502 grade was adjusted down on the high end with more muted selling indications.

However, discussions for US dollar denominated imports were curtailed, as end-users turned to purchasing more from the domestic pool, now that yuan-denominated prices have eased.

Domestic prices in east China fell, alongside losses seen in the rubber futures market.

The CIF China assessment for oil-extended 1712 grade was adjusted in line with the change for 1502 grade.

East China domestic SBR 1502 prices

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	16,200-16,400	16,600-16,900

Southeast Asia

The CFR SE Asia assessment for non-oil 1502 grade was kept unchanged, with stable selling indications for NE Asia-origin tracked at the high end.

The low end was kept unchanged in the absence of concrete buying interest.

As prevailing natural rubber prices are still substantially higher than they were earlier in the year, players said this may still provide some demand support for SBR, as end-users will continue to favorably consider using SBR as a cheaper substitution product.

The CFR SE Asia assessment for oil-extended 1712 grade was adjusted in line with changes for 1502 grade.

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

Oct (1-16) 2024	Sep 2024	Aug 2024	Jul 2024	Jun 2024	May 2024	Apr 2024	Mar 2024
211.00	196.02	179.89	168.65	176.00	170.03	162.99	165.36

Source: Malaysian Rubber Board

India

The CFR Indian assessment for non-oil 1502 grade was kept unchanged, with a stable asking price for northeast Asia-origin cargoes reflected at the high end.

The low end was kept unchanged in the absence of concrete buying interest. Players said some end-users continued to lean towards using cargoes from non-Asia origin as they were substantially cheaper than Asia-origin material and supplies were also ample.

The CFR India assessment for oil-extended 1712 grade was adjusted in line with changes for 1502 grade.

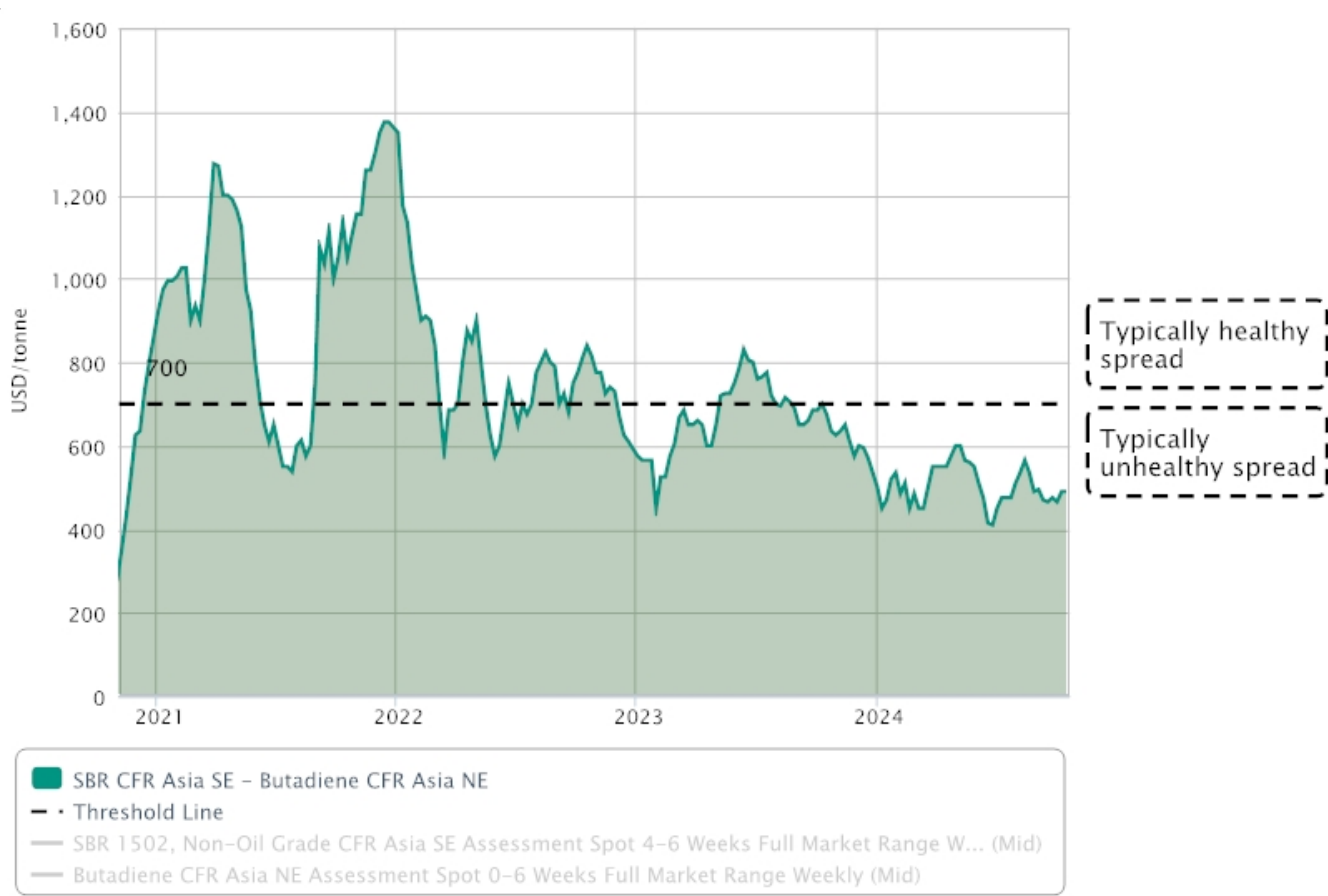
UPSTREAM

Butadiene

- Domestic China was bullish early week but faltered towards end-week
- Players defer import talks to await clarity on domestic China
- Discussions for deep-sea materials pick up pace

The chart below shows the spread between butadiene and SBR is in unhealthy zone.

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

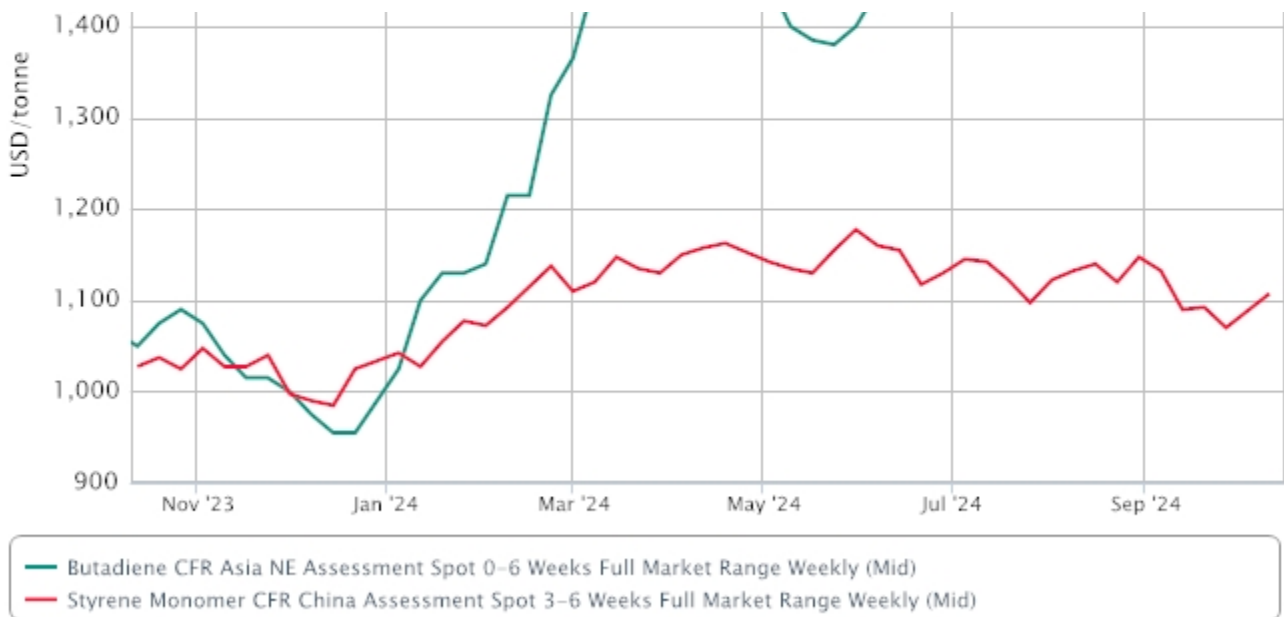


© 2024 ICIS

Styrene

- High sentiment-driven volatility in China's post-holiday SM market
- CFR China discussions reactivated for Nov-arrival cargoes
- Regional spot demand stays weak, highlighting Asia oversupply





© 2024 ICIS

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, Korea	South 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

- Demand conditions mostly unchanged
- Spot prices steady
- Contract talks continue

ANALYTICS

ICIS outlook on downstream automotive sector

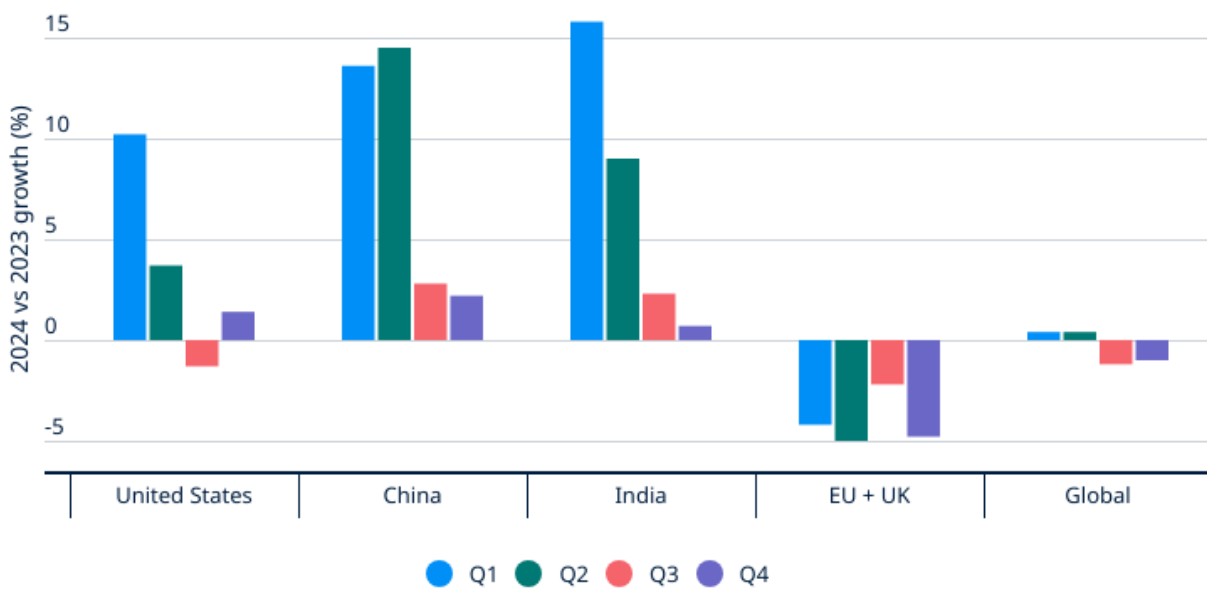
The global automotive industry is going through a structural shift, resulting in weak demand against a background of chronic overcapacity and high costs. Long-term investments for trends including tightening emission standards and growing momentum to electrify have already left firms cash strapped. For some regions, the industry never really recovered fully to pre-pandemic levels. This is now resulting in rationalization of original equipment manufacturer (OEM) capacities. As a case in point, Volkswagen (VW) announced earlier this month that it was considering closing factories in Germany for the first time in its 87-year history to cut costs. The carmaker also raised concerns over its electrification commitment at the plants in Wolfsburg and Zwickau. Global automotive output in 2024 is expected to contract by 0.4% compared with 2023, while in the fourth quarter of 2024 it is forecast to shrink by 1.0% year on year, according to Oxford Economics.

China’s balance of risk lies to the downside, especially with Europe’s anti-subsidy duty and the US Inflation Reduction Act of 2022. This is a potential threat to the country’s ambition to continue being a leader in the electric vehicle (EV) space. China automotive demand in 2024 is expected to grow by 8.0% compared with 2023 and in the fourth quarter of 2024 it is forecast to grow by 2.2% compared with the same period of the previous year (Oxford Economics). The upcoming Indian festive season is forecast to give a much-needed boost to the industry. On the negative side, dealers are struggling with higher inventories and lower profitability, as reported by Federation of Auto Dealers Association (FADA). India’s automotive output in 2024 is expected to grow by 6.6% compared with 2023, while in the fourth quarter it is forecast to grow by 0.7% year on year (Oxford Economics).

By **Jincy Varghese**, ICIS demand analyst, jincy.varghese@icis.com

Motor vehicle sector growth by region

2024 vs 2023



SOURCE: Oxford Economics

Styrene Butadiene Rubber (Asia-Pacific) | 16-Oct-2024. 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.

© 2024 Reed Business Information Limited. ICIS is a member of RELX Group. www.icis.com

