



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 slow down**
- **Demand sentiment downbeat**
- **But sellers maintain offers on upstream cost concerns**

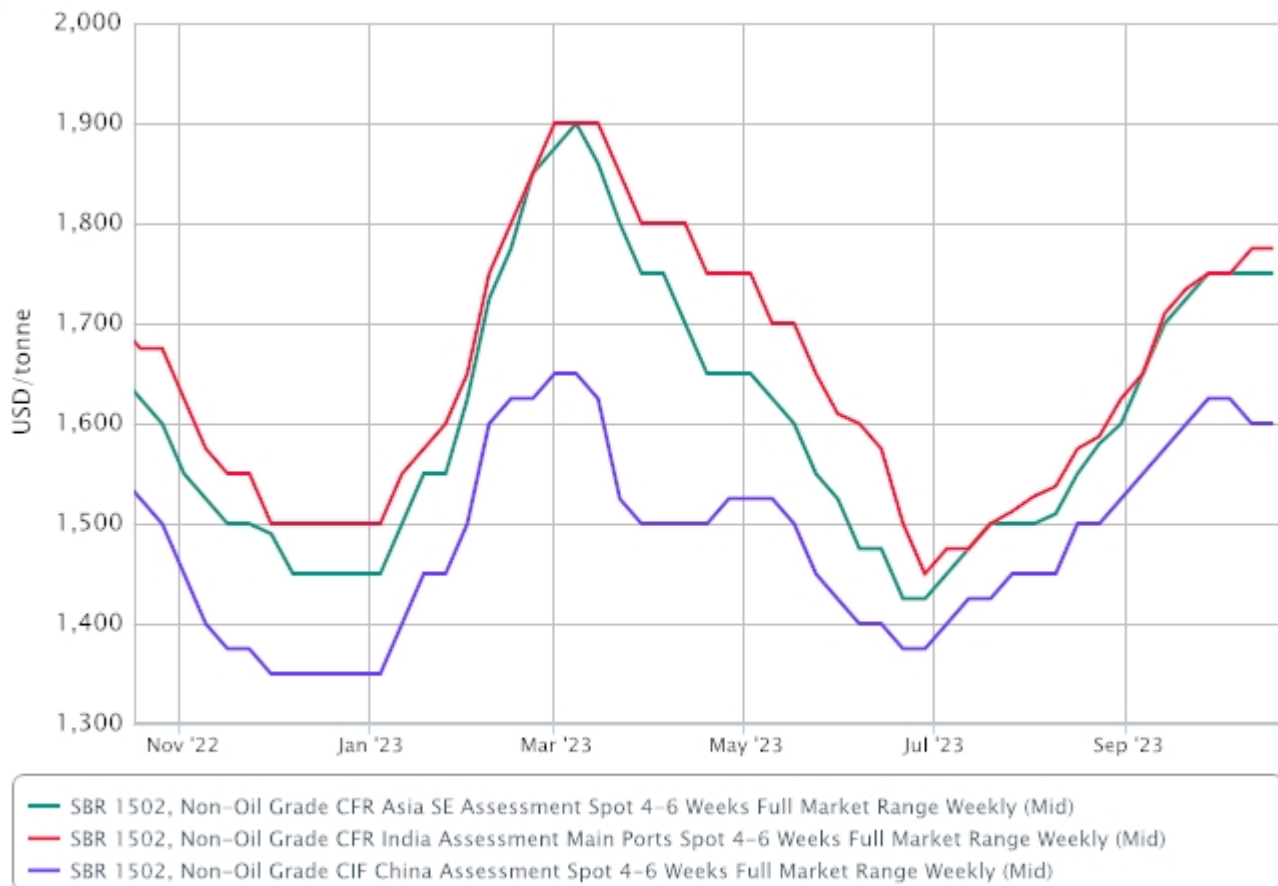
Discussions in Asia's spot import market for styrene-butadiene-rubber (SBR) [slowed down](#) amid growing demand uncertainties.

Latest economic indicators regarding China were mixed. On one hand, while China's September [industrial output](#) was higher year-on-year, its Q3 [GDP growth](#) rate was lower than the previous quarter.

Coupled with a lower [IMF projection](#) of growth forecast for Asia, regional SBR end-users pulled back on their spot procurement, saying that they would wait and see how China pans out in coming weeks and how this may impact on the situation in other regional outlets like SE Asia and India.

Buyers, therefore, kept purchasing only small parcel lots to tide over current production needs, and avoided buying excess stockpiles.

Despite the lower sales tempo, sellers mostly rolled over their offers this week, as they were mostly already sold out of spot October/November availabilities to begin with. And as indicated in the ICIS [forecast](#), many are also worried about how their production costs may be affected if crude prices rally further with heightened tensions in the Middle East.



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OUTLOOK

- [Global economic slowdown](#) to weigh on demand
- But SBR costs could climb with geopolitical tensions
- Buy-sell tussle may persist

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	n/c	1550-1650	n/c	1550-1650	70.31-74.84
CFR Asia SE	USD/tonne	n/c	1700.00-1800.00	n/c	1700.00-1750.00	77.11-81.65
CFR India Main Ports	USD/tonne	n/c	1700.00-1850.00	n/c	1670.00-1800.00	77.11-83.91
SBR 1712, Oil-Extended						
CIF China	USD/tonne	n/c	1500-1600	n/c	1500-1600	68.04-72.57
CFR Asia SE	USD/tonne	n/c	1670.00-1770.00	n/c	1670.00-1720.00	75.75-80.29
CFR India Main Ports	USD/tonne	n/c	1670.00-1820.00	n/c	1640.00-1770.00	75.75-82.55

China

CIF China assessments for the non-oil 1502 grade are unchanged in a thinly-discussed week.

Offers were heard range-bound, but buyers held back to wait for more clarity on how the yuan-denominated domestic China market will trend.

Domestic prices in east China rebounded this week, tracking gains seen in the upstream butadiene market late last week.

The CIF China assessments for the oil-extended 1712 grade were kept unchanged with the stable 1502 grade.

East China domestic SBR 1502 prices

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	12,500-12,600	12,400-12,500

Southeast Asia

CFR SE Asian assessments for the non-oil 1502 grade held steady, taking into account broadly unchanged buy-sell pricing indications.

Spot trade liquidity remained curtailed as buyers stayed in the sidelines. But sellers maintained their offers, in anticipation too that the recent gains in natural rubber prices will help generate more buying interest in substitution products like SBR.

Assessments for the oil-extended 1712 grade were also unchanged, given flat 1502 grade assessments.

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

Oct (1-18)	Sep 2023	Aug 2023	Jul 2023	Jun 2023	May 2023	Apr 2023	Mar 2023	Feb 2023	Jan 2023	Dec 2022
144.05	142.65	130.22	131.31	133.48	136.34	136.27	135.03	140.11	140.11	135.03

Source: Malaysian Rubber Board

India

CFR Indian assessments for the non-oil 1502 were left unchanged, taking into account stable offers on NE-Asia origin cargoes at the high-end, against buying indications heard at the lower end.

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

UPSTREAM

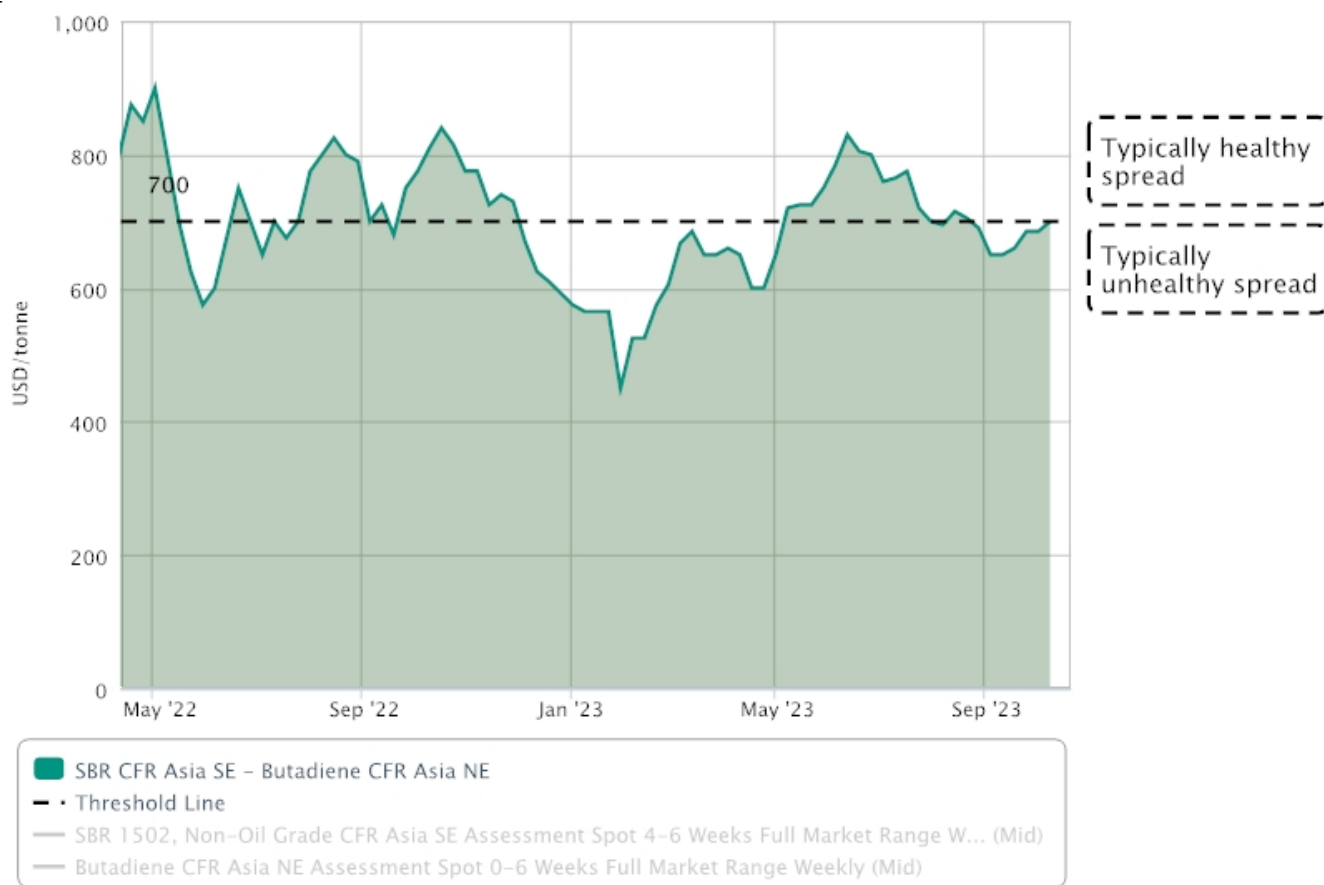
Butadiene

- Domestic China volatility drives import sentiment
- Lacklustre downstream outlook weighs on buying appetite

- But sellers see support from persistent supply constraints

The chart below shows the spread between butadiene and SBR, which has improved of-late and inching back to the healthy zone.

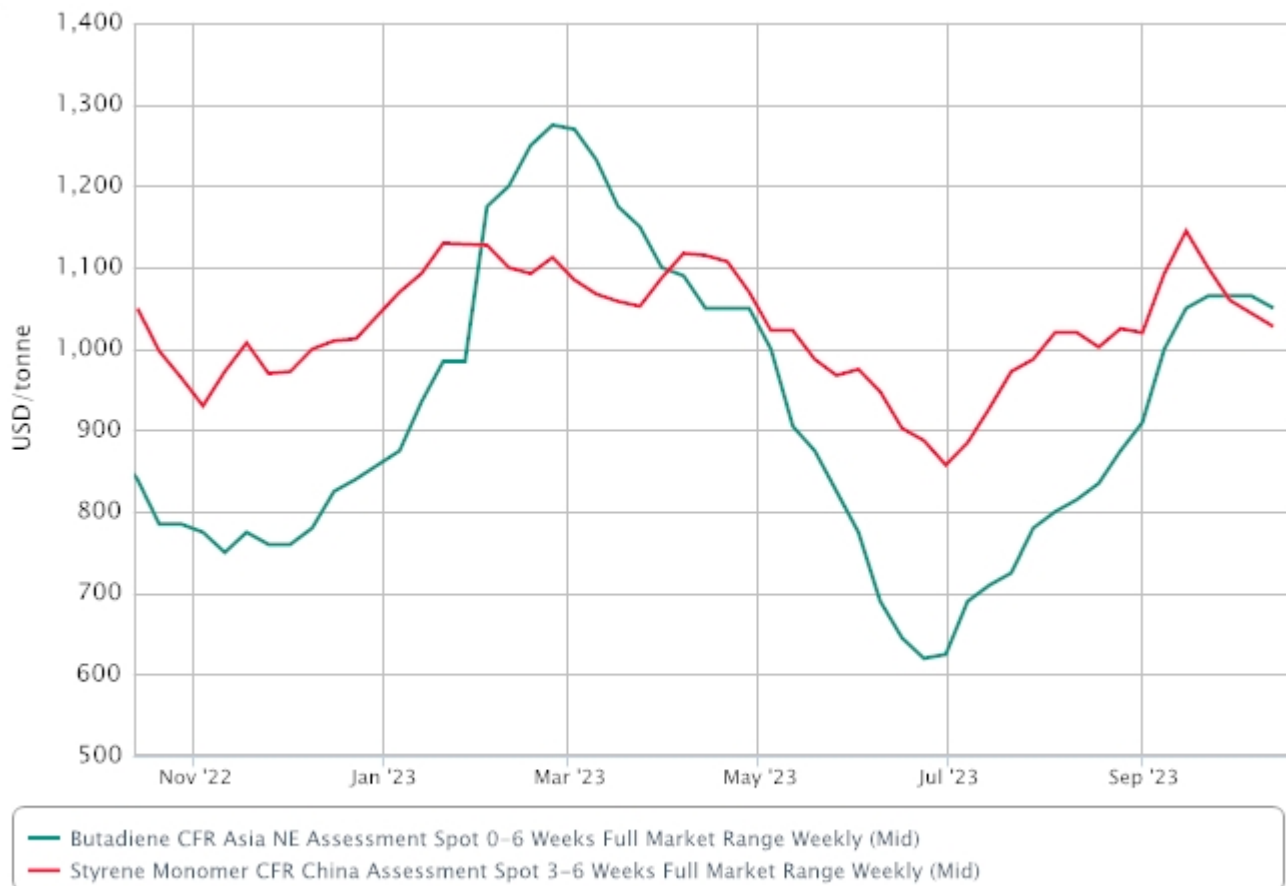
[Downstream spread – butadiene NE Asia and SBR SE Asia](#)



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Styrene

- Post-holiday China styrene market tanks
- Crude and feedstock benzene market trends impact styrene market movements significantly
- Mixed market sentiments amid some supply concerns, but demand tepid



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PRODUCTION

Regional spot supplies may lengthen into Q4, now that prior plant maintenances in [South Korea](#) and [China](#) have been completed.

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

OTHER REGIONS

Europe

- October talks continue amid upward feedstock pressure
- Spot prices within a wide range still
- Views on demand mixed

ANALYTICS

ICIS Downstream Outlook on Automotive

The global light vehicle selling rate increased to 95m units in July from 94m in June (Oxford Economics). Global automotive in 2023 is expected to grow 13.6% compared with 2022; Q4 2023 is forecast to grow by 8.5% compared with Q4 2022 (Oxford Economics). For the rest of 2023, the outlook continues to be challenging due to the cost-of-living crisis, as car buyers are expected to postpone their purchases. In the current macroeconomic environment, increasing interest rates is the leading cause of demand destruction. Car makers are also

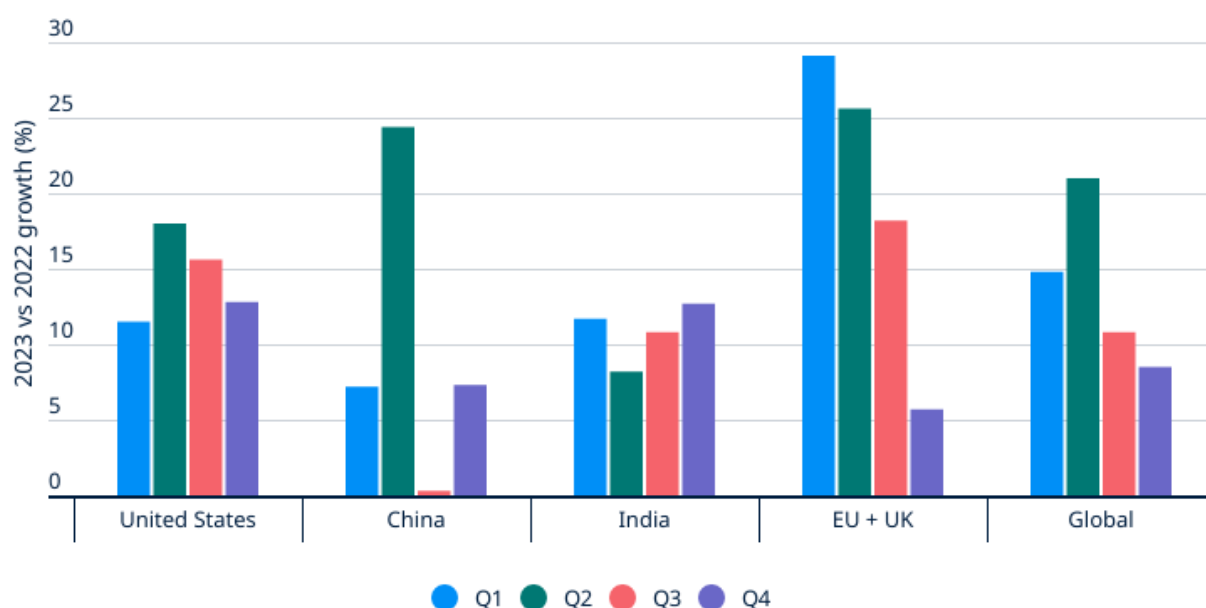
readjusting their just-in-time strategies to maintain a certain level of inventory to ensure supply security. Another priority includes improving relationships with Tier 1 suppliers.

China automotive in 2023 is expected to grow 9.4% compared with 2022; Q4 2023 is forecast to grow by 7.3% compared with Q4 2022 (Oxford Economics). Medium-term fundamentals remain strong, with rising income and low car ownership. This is particularly true for electric and other new energy vehicles (NEVs) as government incentives push this market. India automotive in 2023 is expected to grow 10.8% compared with 2022; Q4 2023 is forecast to grow by 12.7% compared with Q4 2022 (Oxford Economics).

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

Motor vehicle sector growth by region

2023 vs 2022



SOURCE: Oxford Economics

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