



## Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim  
20-Dec-2023

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Please click [here](#) for full details on the criteria ICIS uses in making these price assessments.

The weekly pricing analysis will not be published on 27 December 2023. Please click [here](#) for the ICIS publishing schedule.

### OVERVIEW

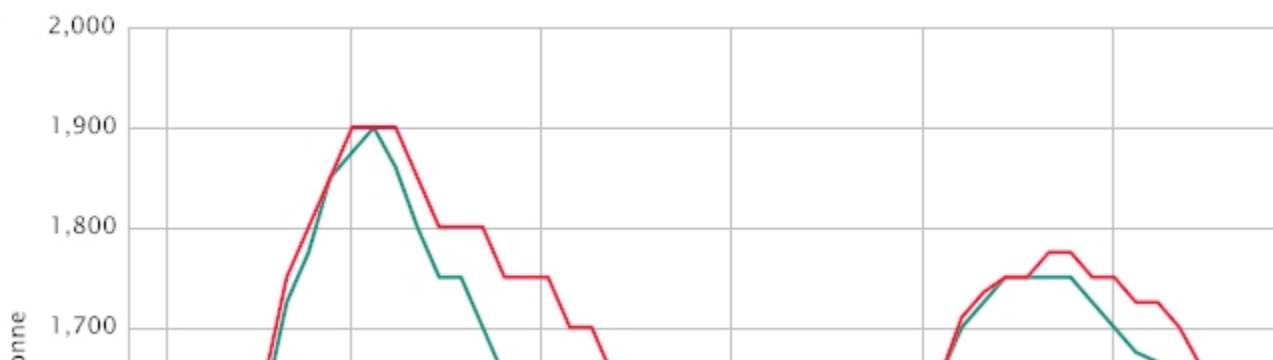
- **Discussions at standstill on [seasonal trade lull](#)**
- **Buying interest tepid amid demand headwinds**
- **Spot offers stay under downside pressures**

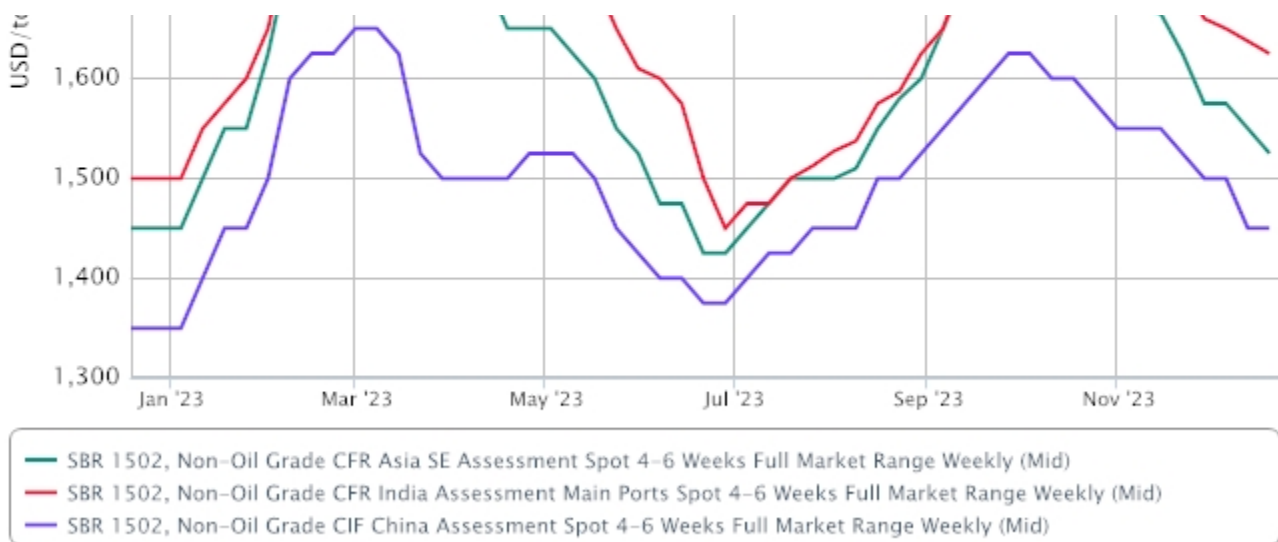
Spot discussions for Asian imports of styrene-butadiene-rubber (SBR) were muted, with many players already winding down or exiting the arena for the year-end holidays.

The overall downstream demand remains soft, with many end-users still holding back on fresh spot talks until in the new year. The near-term outlook is bearish too, amid dim economic growth prospects for China.

Most buyers also wanted to wait and see how upstream markets, including for [crude](#), as well as for immediate feedstock butadiene (BD), would trend in the new term before finalising their early-2024 procurement plans.

Some SBR makers did try to moderate anew their selling targets, but discounts are capped by concerns on about the potential cost push they may face if maritime security conditions on the [Suez Canal](#) worsen and consequently affect freight rates for shipment of both their feedstock supplies and finished products.





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## OUTLOOK

- Trade discussions may pick up pace only in the new year
- Demand to hinge on [auto sector](#) recovery
- Producers to monitor upstream pricing movements too

## 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	1400-1500	n/c	1500-1550	63.50-68.04
<b>CFR Asia SE</b>	USD/tonne	n/c	1500.00-1550.00	-50	1600.00-1650.00	68.04-70.31
<b>CFR India Main Ports</b>	USD/tonne	-25	1575.00-1675.00	n/c	1650.00-1750.00	71.44-75.98
<b>SBR 1712, Oil-Extended</b>						
<b>CIF China</b>	USD/tonne	n/c	1350-1450	n/c	1450-1500	61.24-65.77
<b>CFR Asia SE</b>	USD/tonne	n/c	1450.00-1500.00	-50	1570.00-1620.00	65.77-68.04
<b>CFR India Main Ports</b>	USD/tonne	-25	1525.00-1625.00	n/c	1620.00-1720.00	69.17-73.71

### China

CIF China assessments for both the non-oil 1502 and the oil-extended 1712 grades were kept unchanged, taking into account rangebound buy-sell indications heard.

But there were no import deals heard in the week, with most China-based end-users still primarily reliant on domestic supplies.

Domestic prices of SBR in east China edged up, alongside some recovery in yuan-denominated prices of butadiene at the end of the trading week.

### East China domestic SBR 1502 prices

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	11,250-11,400	11,200-11,300

### Southeast Asia

The CFR SE Asia assessments for the non-oil 1502 grade were in a narrower range, with the high end dropped on lower offers heard.

The bulk of spot discussions and limited deals took place within the published range, market sources said.

As natural rubber prices have fluctuated of late, rebounding again this week after some declines weeks prior, market players said that they would monitor how natural rubber pricing may trend for the rest of the year first before they further deliberate on their next trades for substitute product SBR.

The CFR SE Asia assessments for the oil-extended 1712 grade were adjusted in line with changes for the 1502 grade.

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

Dec 2023	(1-20) Nov 2023	Oct 2023	Sep 2023	Aug 2023	Jul 2023
144.57	148.42	145.26	142.65	130.22	131.31

Source: Malaysian Rubber Board

### India

CFR India assessments for the non-oil 1502 grade were dropped at the low end with a softer buying indication heard.

The high end tracked stable offers heard for northeast Asia-origin materials.

But discussions stayed subdued, with many local factories in slow year-end operations.

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

## UPSTREAM

**Butadiene**

- Bearish sentiment prevails
- Domestic China prices remain under pressure
- Buying appetite for spot imports wanes in line

The chart below shows the spread between butadiene and SBR, which remains in the unhealthy zone.

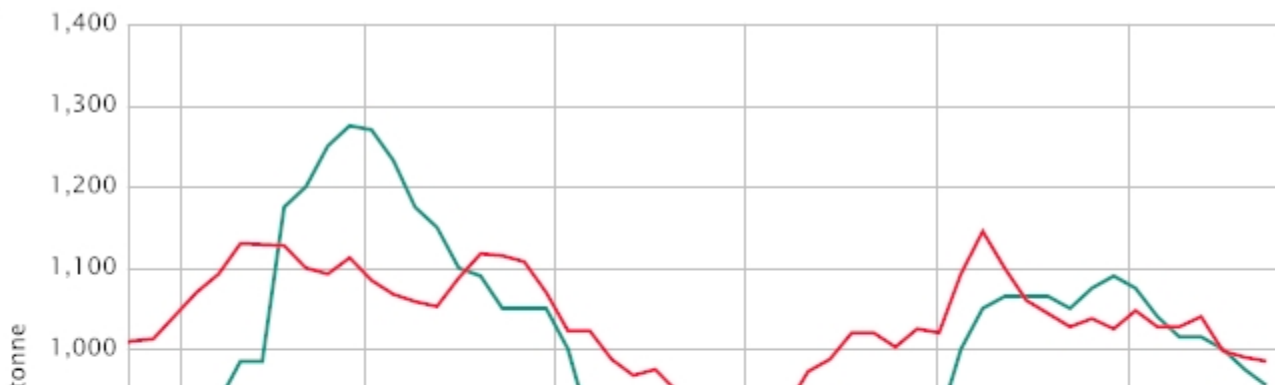
[Downstream spread – butadiene NE Asia and SBR SE Asia](#)

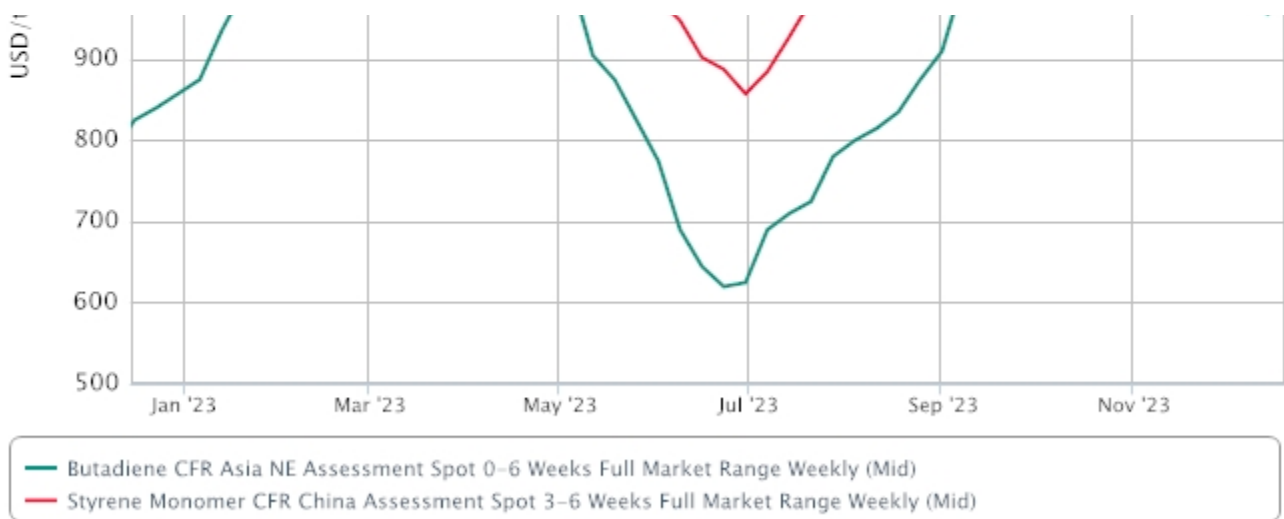


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**Styrene**

- China styrene market bottoms out in late week following feedstock market rebounds
- Improved macro climate bolsters styrene market sentiments
- Regional spot market tepidity persists; oversupply remains





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## PRODUCTION

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

## OTHER REGIONS

### Europe

- Dry grade spot prices stable to firm
- Oil extended spot prices soften on lower offers
- Demand slowing down as year end approaches

## ANALYTICS

### ICIS outlook for downstream automotive sector

Rising labour costs, higher borrowing costs and green regulation are among the variables which will determine the fate of the automotive industry in 2024. Like 2023, next year is going to pose challenges to original equipment manufacturers (OEM) and car buyers. OEM's primary task would be to manage the cost of its employees, such as increased minimum wage and retirement benefits. As for the end-user, making big ticket purchases in gloomy economic conditions would be key. Moreover, volatility in crude oil prices poses a further challenge, casting a pall on industry sentiment. Global automotive 2023 output is expected to grow 13.1% compared with 2022. 2024 is expected to grow 1.6% year on year (Oxford Economics).

In the US, the United Auto Workers (UAW) and the automakers have reached a resolution, ending six and a half weeks of strike action. One positive associated with this outcome is stakeholders have one less thing to worry about, though the resolution came at a cost. As per the official announcement, "For most employees, there has been a 23% general wage increase representing a 25% compounded wage increase over life of agreement...". 2024 is expected to be subdued for this sector. US automotive 2023 output is expected to grow 10.6% compared with 2022. 2024 is expected to grow 3.3% compared with 2023.

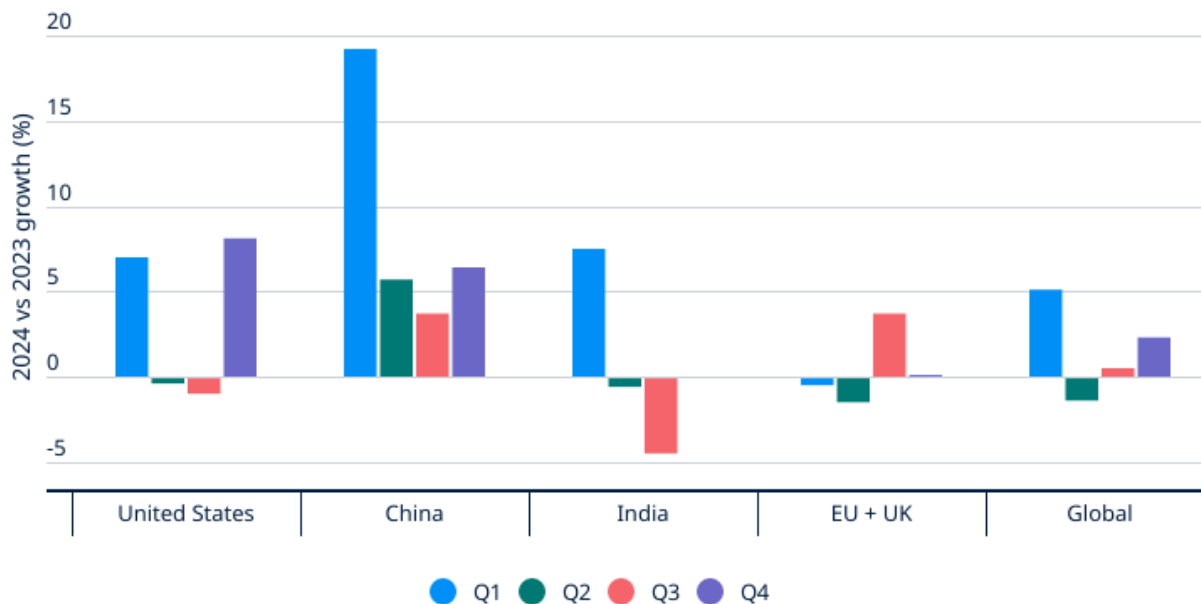
As reported last month, one of the leading points of contention for European OEM's is the looming Rules of Origin (ROO) January 2024 deadline – where a 10% of additional tariff on electric vehicles will be applicable on exports for vehicles with less than 40-45% non-originating components. EU OEMs argue against this rule, citing a severe impact on domestic competitiveness. The European Commission has proposed to seek a three-year extension to the current rules of origin for batteries under the EU-UK Trade and Cooperation Agreement (TCA). This has been widely welcomed by the industry. EU, including the UK, automotive 2023 output is expected to grow 16.4% compared with 2022. 2024 is expected to grow by 0.5% compared with 2023. Though it is still down approximately 5% from 2019 levels. A meaningful recovery is not expected until late 2025.

The outlook for Asian automotive is mixed. China automotive 2023 output is expected to grow 14.9% compared with 2022. 2024 is expected to grow 8.4% compared with 2023. Primary growth drivers for the sector would be increasing the level of car ownership. This is particularly true for electrified and other New Energy Vehicles as governments incentives push this market. Moreover, to improve year-end sales, various dealerships are offering attractive schemes. India automotive 2023 output is expected to grow 14.1% compared with 2022. 2024 is expected to grow 0.5% compared with 2023. The Federation of Automobile Dealers Associations (FADA) in India reported optimism in the market. Still, inflation, eroding consumer confidence and a tighter monetary policy will weigh on demand for automotives.

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## Motor vehicle sector growth by region

2024 vs 2023



SOURCE: Oxford Economics

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