



Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim
20-Mar-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.

All prices in the weekly analysis on 10 April will be assessed based on information collated up to 9 April, with the exception of the Chinese domestic yuan (CNY) quotes. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

- **Offers substantially higher**
- **Upside support too from firmer natural rubber prices**
- **Buying indications higher but buy-sell gap persists**

Discussions were more buoyant this week for Asian imports of styrene-butadiene-rubber (SBR), as sellers independently pursued higher targets, and buyers raised bids for limited spot cargoes.

Feedstock butadiene (BD) prices remained bullish amid [protracted supply woes](#), prompting SBR makers to press on with efforts to sell their finished products at higher levels, in a bid to defray hefty feedstock costs and preserve frail margins.

Limitations in BD supplies could also mean that there may not be sufficient feedstock supplies to drive SBR plant operations, denting as such spot availabilities of SBR. This could prompt buyers with concrete requirements to bid up for volumes from the small supply pool, market players said.

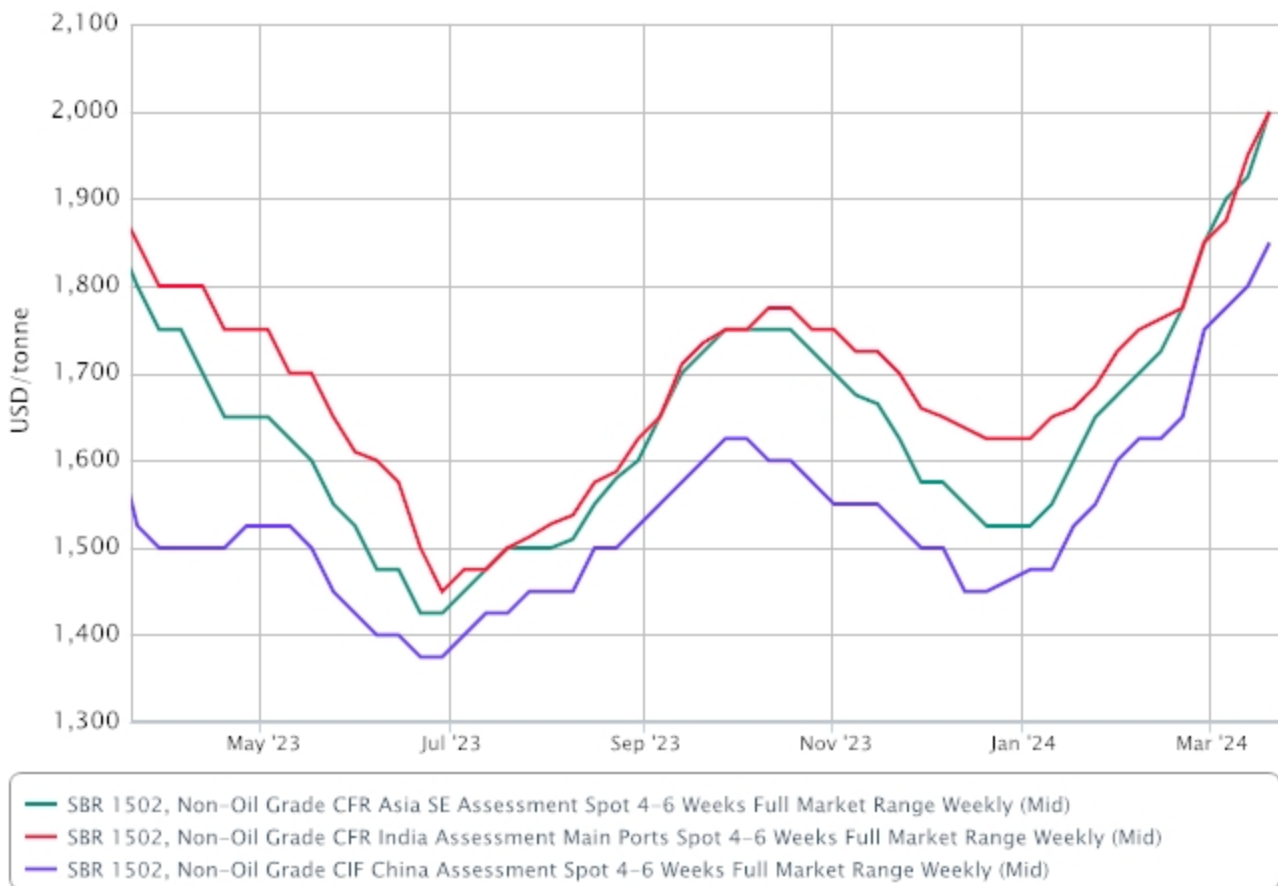
Furthermore, natural rubber prices have spiked of-late, amid a confluence of factors, from supply chain disruptions to adverse weather-induced production constraints. This further bolstered SBR makers' confidence of increased demand for SBR as a cheaper substitution product

End-users have indeed bid up for cargoes, market sources said, although their higher level of pricing tolerance still lagged behind increases in offers, denting in turn spot trade liquidity.

Many end-users do not hold much SBR stockpile, and as such would need to keep up some measures of SBR procurement to ensure that they are suitably equipped for prevailing operation requirements.

However, many were mindful not to over-commit on higher SBR pricing as yet, for fear that they could not fully

transfer the costs downstream, amid lingering uncertainties about [growth prospects of the wider petrochemical industry](#).



© 2024 ICIS

OUTLOOK

- Upstream cost pressures could heighten with bullish BD pricing
- Deeper SBR output cuts likely amid feedstock shortage and margin worries
- Players to keep a close watch on [demand growth prospects in China](#)

PRICES

SPOT PRICES

		Price Range	Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade				
CIF China	USD/tonne	+50 1800-1900	+50 1600-1700	81.65-86.18
CFR Asia SE	USD/tonne	+50 1950.00-2050.00	+100 1750.00-1800.00	88.45-92.99
CFR India Main Ports	USD/tonne	+50 1950.00-2050.00	+50 1750.00-1800.00	88.45-92.99
SBR 1712, Oil-Extended				

CIF China	USD/tonne	+50	1750-1850	+50	1550-1650	79.38-83.91
CFR Asia SE	USD/tonne	+50	1900.00-2000.0 0	+100	1700.00-1750.00	86.18-90.72
CFR India Main Ports	USD/tonne	+50	1900.00-2000.0 0	+50	1700.00-1750.00	86.18-90.72

China

CIF China prices for the non-oil 1502 grade are assessed up with firmer offers at the higher-end.

Buying indications also edged up, alongside spikes in domestic yuan-denominated prices.

CIF China prices for the oil-extended 1712 grade are adjusted too, in line with changes for the 1502 grade changes.

Domestic prices in east China surged, as domestic SBR makers separately hiked offers in a bid to rescue severely compressed margins.

East China domestic SBR 1502 prices

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	13,600-13,700	12,900-13,100

Southeast Asia

Concrete offers for the non-oil 1502 grade were scant with many traditional SBR suppliers in abeyance, awaiting more clarity on upstream market pricing situation before they finalised their next selling positions for SBR shipment bound for southeast Asian destinations.

That said, limited volumes were still floated for spot sales at the high-end and up, with sellers reiterating the need to price up and keep pace with upstream cost increases.

Buying indications were heard firmer on-week too, and reflected at the low-end. But spot trade liquidity is weighed down by a persistent buy-sell gap.

CFR SE Asian assessments for the oil-extended 1712 grade are adjusted in line with changes for the 1502 grade.

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

Mar (1-20) 2024	Feb 2024	Jan 2024	Dec 2023	Nov 2023	Oct 2023	Sep 2023	Aug 2023
164.90	156.66	154.20	146.31	148.42	145.26	142.65	130.22

India

Like in SE Asia, CFR India assessments for the non-oil 1502 grade are also lifted with the lowest offer on NE Asian origin materials captured at the high-end.

Buying indications were also up for NE Asia-origin materials, and these formed the low-end.

Some end-users continued to tap on the supply pool of non-Asian origin imports for small top-up parcels as these were heard indicated at significantly lower prices than Asia-origin materials.

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

UPSTREAM

Butadiene

- Offers supported on supply constraints
- Downstream margin woes erode buying interest
- End-users confine themselves to only need-based procurement

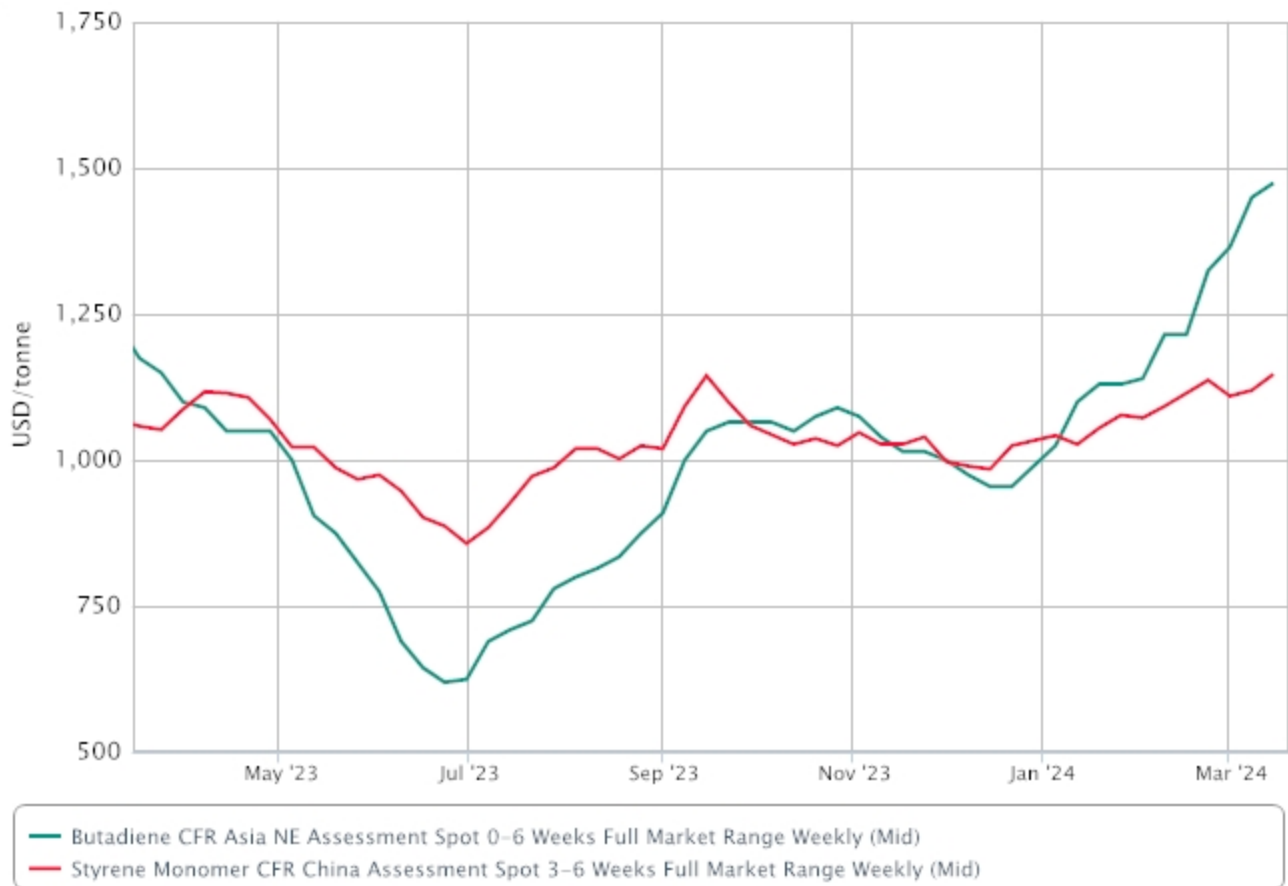
The chart below shows the spread between butadiene and SBR, which stabilised of-late, albeit still at deeply unhealthy levels.

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



Styrene:

- Firm feedstock benzene market movements continues supporting SM market trends
- China's domestic SM buying appetite improves
- FOB China discussions slow as S Korea buyers turn to domestic market



© 2024 ICIS

PRODUCTION

Regional spot availabilities are poised to tighten with several maintenance closures across Asia, including at a 170,000 tonne/year [unit](#) in east China for mid-March to mid-April, and at another 100,000 tonne/year [unit](#) in Taiwan in May.

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

OTHER REGIONS

Europe

- Spot prices stable to firm
- Higher feedstock costs drive certain increases
- Supply remains snug

ANALYTICS

ICIS butadiene outlook

US BD consumption is expected to improve. Demand for spot volumes is currently constrained due to plant outages and relatively high freight rates. The arbitrage window between the US and Europe is forecast to remain closed throughout the year. In contrast, opportunities to export BD to Asia could materialize once domestic supply normalizes, given that prices in Asia will remain attractive for US producers. Against this background, there was positive news from the Panama Canal Authority which recently declared that it will raise the number of transits from 24 to 27 in March in response to current and projected levels at Gatun Lake.

German industry, the main engine for European growth, will continue to face difficulties. Following the war in Ukraine, production costs in Germany are far higher than its competitors. The ifo Institute for Economic Research recently revised down the country's 2024 GDP forecast from 0.9% to 0.2%. The rubber sector has come under pressure from weak demand and cheap tire imports. Goodyear is planning to close a tire plant in Furstenwalde, Germany, by 2027, and one in Fulda. Michelin will close three sites - Karlsruhe, Trier and Homburg - by the end of 2025.

The consumer price index (CPI) in China rose by a more-than-expected 0.7% in February, the first increase since August 2023. That said, BD demand may be healthier in the months to come, especially from some sectors such as ABS and SBR. The Europe-Asia arbitrage window is expected to remain closed on paper in the weeks ahead, mainly due to higher freight rates following the Red Sea crisis. In terms of new plants, ICIS expects the start-up of two Chinese projects - Sinopec INEOS (Tianjin) Petrochemical and Shandong Yulong - in Q3/Q4 and Q4 respectively. Nameplate capacity additions in China will total 350,000 tonnes/year.

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

Styrene Butadiene Rubber (Asia-Pacific) | 20-Mar-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

