



## 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.

The CIF China prices in the weekly analysis on 4 October will be assessed based on information collated up to 28 September. Please click [here](#) for the ICIS publishing schedule.

### OVERVIEW

- Offers [up](#) with upstream gains
- Spot supply limitations provided some support too
- Demand sentiments mixed however

Asia's spot discussions for styrene butadiene rubber (SBR) were driven up mainly by firmer selling targets.

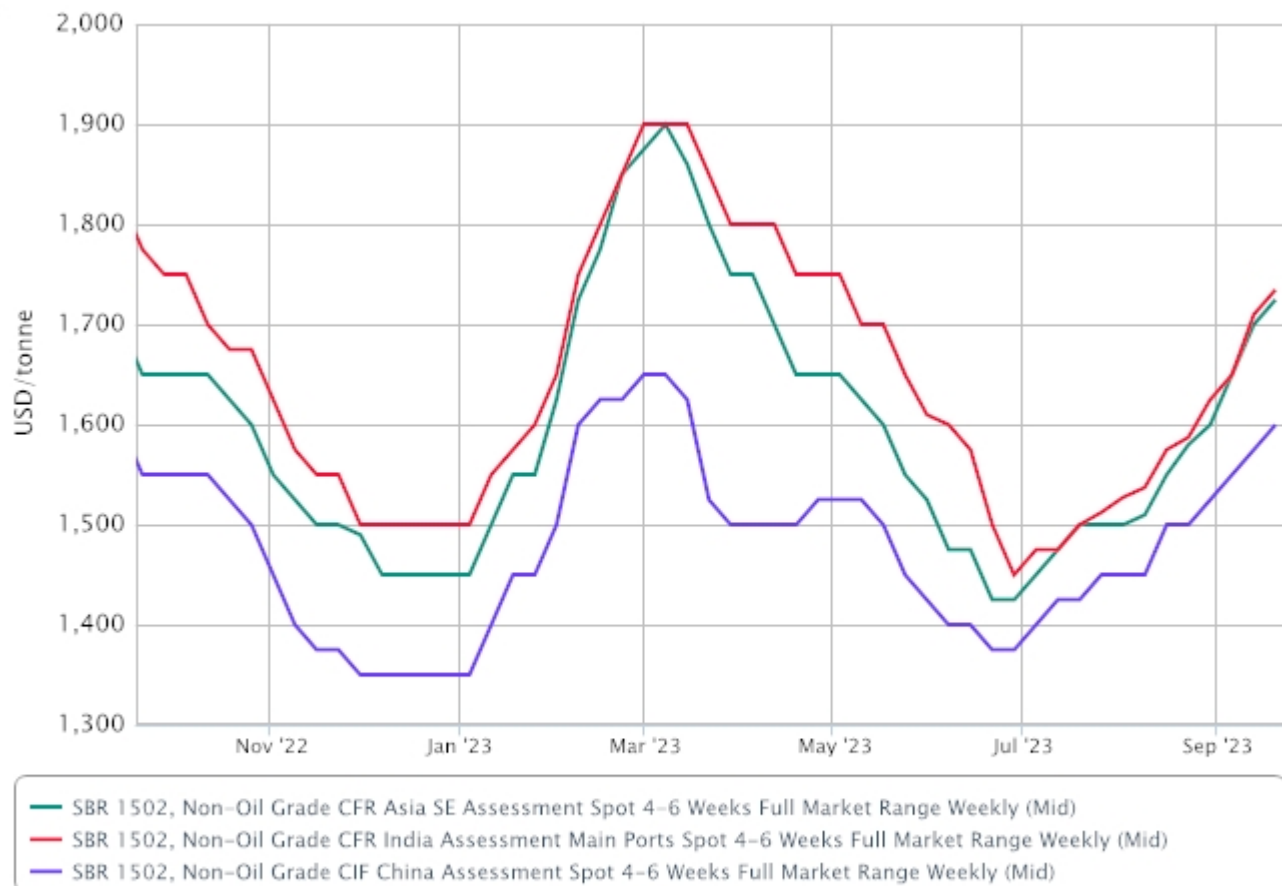
Spot supplies were limited, not just due to ongoing turnarounds, but also because many northeast Asian producers were already heavily committed to contractual requirements, and uninterested in spot sales unless buyers are willing to negotiate on their terms.

Upstream costs are also rising, and producers said that they would have to hold fast to their higher asking prices to recoup costs and protect margins.

Demand sentiments varied. In China, local end-users avoided US dollar-denominated imports in favour of domestically produced materials to avoid currency risks. Even so, domestic yuan prices for SBR eased slightly recently, which market sources said underscored slipping demand locally, as many factories have been winding down for the extended National Day holidays from 29 September to 7 October.

In southeast Asia, buying tempo is relatively more brisk, with some buyers looking to lock in prices before sellers raised offers later, on the assumption that feedstock markets will remain bullish in the near term.

But reservations about downstream affordability are growing nonetheless, and in India, some end-users were heard retreating to seek out cheaper import alternatives, such as from deep-sea sources.



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## OUTLOOK

- Market to be mainly supply-driven
- Cost pressures to propel offers
- Demand may see more support if [China's recovery](#) picks up

## 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	1550-1650	+50	1450-1550	70.31-74.84
<b>CFR Asia SE</b>	USD/tonne	+50	1700.00-1750.00	n/c	1530.00-1630.00	77.11-79.38
<b>CFR India Main Ports</b>	USD/tonne	n/c	1670.00-1800.00	+50	1550.00-1625.00	75.75-81.65
<b>SBR 1712, Oil-Extended</b>						
<b>CIF China</b>	USD/tonne	n/c	1500-1600	+50	1400-1500	68.04-72.57
<b>CFR Asia SE</b>	USD/tonne	+50	1670.00-1720.00	n/c	1500.00-1600.00	75.75-78.02

<b>CFR India Main Ports</b>	USD/tonne	n/c	1640.00-1770.00	+50	1520.00-1595.00	74.39-80.29
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## China

CIF China prices for the non-oil 1502 grade were stable to firm, with higher offers tracked at the high end.

Buy-side response was muted, as end-users pulled back on imports after the domestic yuan-denominated prices have eased of late from the highs seen in late August. The low end for the non-oil 1502 grade was rolled over in the absence of fresh buy-side indications.

Assessments for the oil-extended 1712 grade were adjusted up at the high end, in line with changes for the 1502 grade.

### East China domestic SBR 1502 prices

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	13,400-13,500	13,200-13,500

## Southeast Asia

CFR SE Asia assessments for the non-oil 1502 grade were stable to firm, with the bulk of offers heard in the week at the high end and deals done at the low end.

Some sellers were heard targeting at even higher levels, above the published range.

Spot transactions volumes were limited in the week, with most regional producers already heavily committed to term obligations.

End-users are also more reliant on term supplies and only stepped out to procure small spot parcel lots if there were unforeseen gaps.

End-users were otherwise not keen to purchase too heavily on spot basis, as they said sellers' asking levels were getting too lofty for their downstream markets to stomach.

Some buyers were heard looking into alternatives, such as deep sea-origin materials, but market players said that as these were not regular supply sources with limited outlets in southeast Asia and hence, not too representative of mainstream market pricing.

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

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

Sep (1-20) 2023	Aug 2023	Jul 2023	Jun 2023	May 2023	Apr 2023	Mar 2023
143.38	130.22	131.31	133.48	136.34	136.27	135.03

Source: Malaysian Rubber Board

## India

CFR India assessments for the non-oil 1502 grade widened, reflecting growing buy-sell disparity.

Offers for October shipment supplies were heard at the higher end, but these were met with stiff buyers' resistance amid growing concerns about downstream affordability.

Buyers' pricing appetite varied. Those who needed limited top-up volumes from regular northeast Asian suppliers had had to bid up to negotiate with bullish sellers.

But others who were not adverse to using cargoes from non-mainstream channels, such as those from deep-sea origins, held fast to their lower buying indications. The low end was kept unchanged to capture the fuller spectrum of the buy-side sentiment.

Some buyers procured from the pool of import materials that have already arrived at shore, purportedly at levels substantially below the published range, but these fell outside the assessment methodology criteria of 4-6 weeks forward shipment window.

Overall, substantive SBR requirements within India were considered broadly healthy as new car sales typically pick up in the run-up to major festivals such as Diwali, which will be celebrated in November, market players said.

This fuelled expectations that India-based end-users will keep up with SBR import purchases to ensure that they are sufficiently stocked to keep their own operations going. However, market sources said that buyers may also tap more heavily into the domestic products. The latter is preferred over imports as given their longer delivery timeline, imports are more exposed to risks of unforeseen fluctuations in the broader macro-economic landscape.

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

## UPSTREAM

### Butadiene

- Sell tenders drew some bullish response
- Tight spot supplies boosted sellers' sentiment further
- Pricing appetite still uneven across Asia

The chart below shows the spread between butadiene and SBR which remains wedged in the unhealthy zone as upstream increases continue to outpace gains in SBR market.

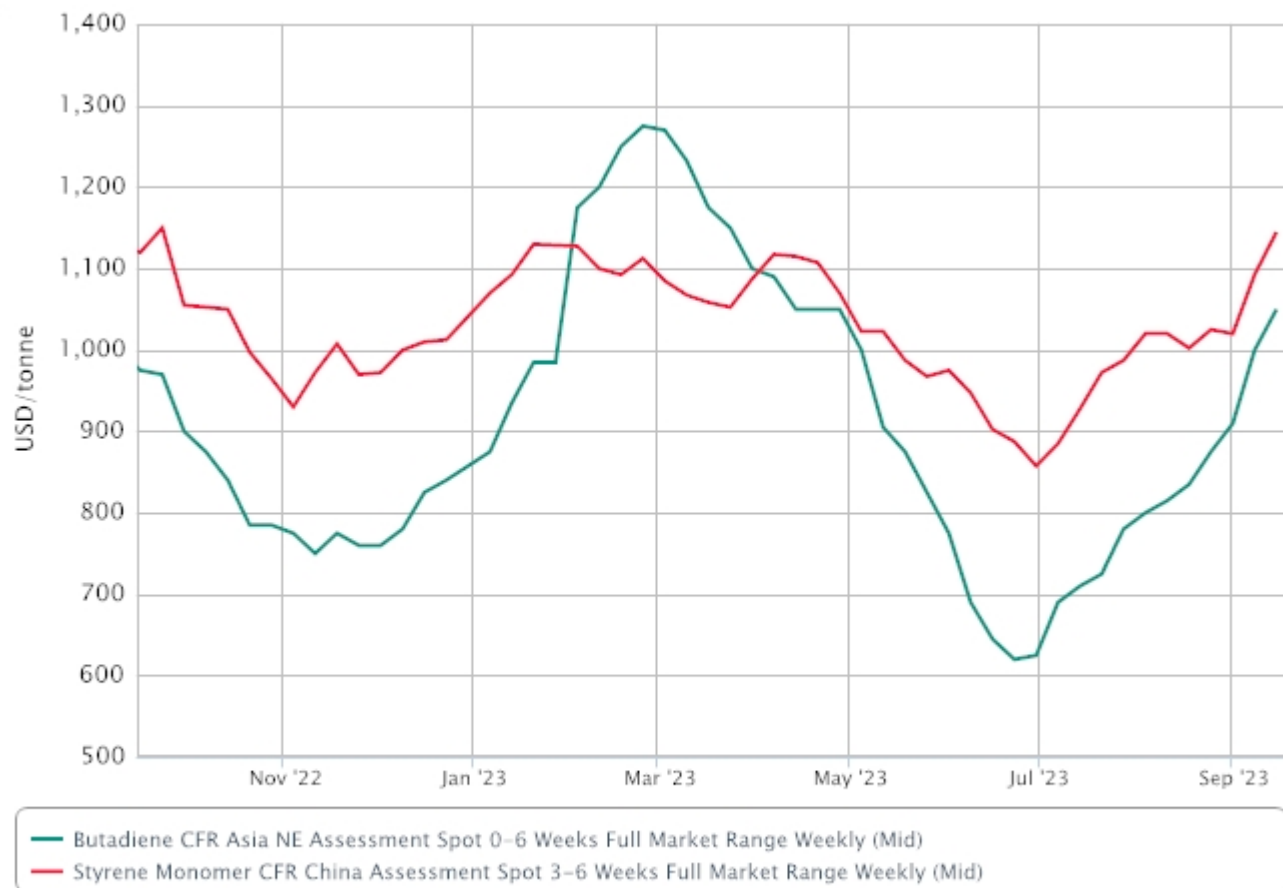
[Downstream spread – butadiene NE Asia and SBR SE Asia](#)



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**Styrene:**

- China styrene market continues to rise week on week
- Speculative capital flow in derivatives market supporting physical market's atmosphere
- Downstream styrene users remain resistant to price hikes



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## PRODUCTION

There are ongoing turnarounds in [South Korea](#) and [east China](#).

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

## OTHER REGIONS

### Europe

- SBR contracts mentioned higher on upstream gains so far
- Slight uptick in demand; underlying demand not booming
- Spot stable to slightly firmer

## ANALYTICS

### ICIS Butadiene Outlook

US BD producers will continue to eye Asia as an outlet to ship some molecules. The Asian spot price spread to the US is expected to average \$450/tonne for the rest of the year. In the first nine months of 2023, US BD exports to Asia will reach about 53,000 tonnes. This is a significant increase compared with 2022, when total exports hit less than

2,000 tonnes. The recent outage of cracker and BD at BASF TotalEnergies Petrochemical's site in Port Arthur, Texas, due to a fire could trigger supply disruption.

A bullish mood is likely to hit the European market in the weeks to come, mainly driven by a renewed appetite from Asian players and a surge in feedstock costs. European producers will tend to ship some cargoes to Asia although competition from the US remains strong. In addition, we should see an uptick in offtakes from the BD derivative industry over the coming weeks, as is usual at the end of the summer. The automotive industry, the largest end-user sector for BD, continues to face headwinds. Although new European car sales (excluding Turkey) grew by 17.6% from January to July to hit 7.6m units, the growth rate is expected to slow down due to seasonal factors and a further worsening of macroeconomic conditions ahead of the year end.

The Asian BD market is regaining momentum mainly because of rebuilding inventory levels on the back of major holidays, such as the Mid-Autumn Festival in late September and China's Golden Week in early October. A few unplanned outages at BD plants in Asia are likely to propel domestic prices. Chinese import volumes are projected to remain high over the next weeks due to arbitrage opportunities. The price differential between Asia and Europe is set to average \$550/tonne for the rest of 2023. The Chinese government has rolled out some measures for 2023-2024 period in an effort to sustain the automotive industry growth. China plans to raise vehicle sales by 3% to 27m units in 2023.

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