Styrene Butadiene Rubber (Asia-Pacific)

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Please click here for full details on the criteria ICIS uses in making these price assessments.

OVERVIEW

- **Downtrend resumes**
- **Offers moderated to induce buying**
- **But demand still muted in nature**

Spot discussions for styrene-butadiene-rubber (SBR) imports trended down with softer buy-sell discussions heard.

Some sellers moderated asking prices, in a bid to bridge gap with buyers and chase deals.

Some sellers are buoyed by news of a rosy 38.3% year-on-year growth in China's August car production, adding that if this growth trend could sustain, it could lend support to SBR demand in coming months.

In India, there is also anticipation among sellers that SBR requirements could pick up in the coming month, in the run-up to the Diwali festival.

But spot trade liquidity remains thin with end-users heard mostly still amply stocked for now.

Those with room to take in a spot cargo or two also saw no need to rush and book now, even if spot availabilities are poised to tighten once several SBR plant maintenances in northeast Asia get underway from October.

Buyers are also resistant to current spot offers, as they had expected wider discounts to come with hefty price cuts earlier in several upstream markets like butadiene (BD) and styrene monomer (SM), market sources said.

OUTLOOK

- **Sellers hopeful for more upbeat October demand in China and India**
- **But raging inflation and recession concerns could derail such anticipation**
- **Uncertainties may prevail**

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	-50	1500-1600	-50	1600-1700	68.04-72.57
CFR Asia SE	USD/tonne	-50	1600.00-1700.00	-50	1700.00-1800.00	72.57-77.11
CFR India Main Ports	USD/tonne	-50	1700.00-1850.00	-50	1800.00-2000.00	77.11-83.91
SBR 1712, Oil-Extended						
CIF China	USD/tonne	-50	1400-1500	-50	1500-1600	63.50-68.04
CFR Asia SE	USD/tonne	-50	1500.00-1600.00	-50	1600.00-1700.00	68.04-72.57
CFR India Main Ports	USD/tonne	-50	1600.00-1750.00	-50	1700.00-1900.00	72.57-79.38

China

CIF China assessments for both the non-oil 1502 and the oil-extended 1712 grades were adjusted notionally down, in line with changes in SE Asia and India, to reflect bearish demand fundamentals across Asia, and in the absence of any substantive discussions for China-bound shipment.

China end-users continued to shy away from purchasing US dollar denominated imports, relying instead on domestically produced materials.

Domestic China prices for the 1502 grade edged up, as sellers separately raised offers to keep pace with increases in upstream butadiene prices.

East China domestic SBR 1502 prices

Price (CNY/tonne)	21 Sep	14 Sep
E China Ex-Warehouse	11,650-11,750	11,600-11,600

Southeast Asia

CFR southeast Asian assessments for the non-oil 1502 grade were down with softer discussions heard.

The lowest offer from regulear northeast Asian suppliers formed the high-end, while buying indications were at the low end.

With natural rubber prices still at low points, market players said that this also affected end-users' buying appetite for synthetic rubbers like SBR.

CFR SE Asian 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

Sep (1-21) 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022
133.93	149.74	158.83	164.15	162.81	171.15	175.18

India

CFR India assessments for the non-oil 1502 grade were down, taking into consideration softer discussions heard.

The high-end tracks lower offers heard for northeast Asia-origin materials, while buying indications were capped at the low-end.

CFR Indian assessments for the oil-extended 1712 grade were adjusted alongside changes in the 1502 grade assessments.

UPSTREAM

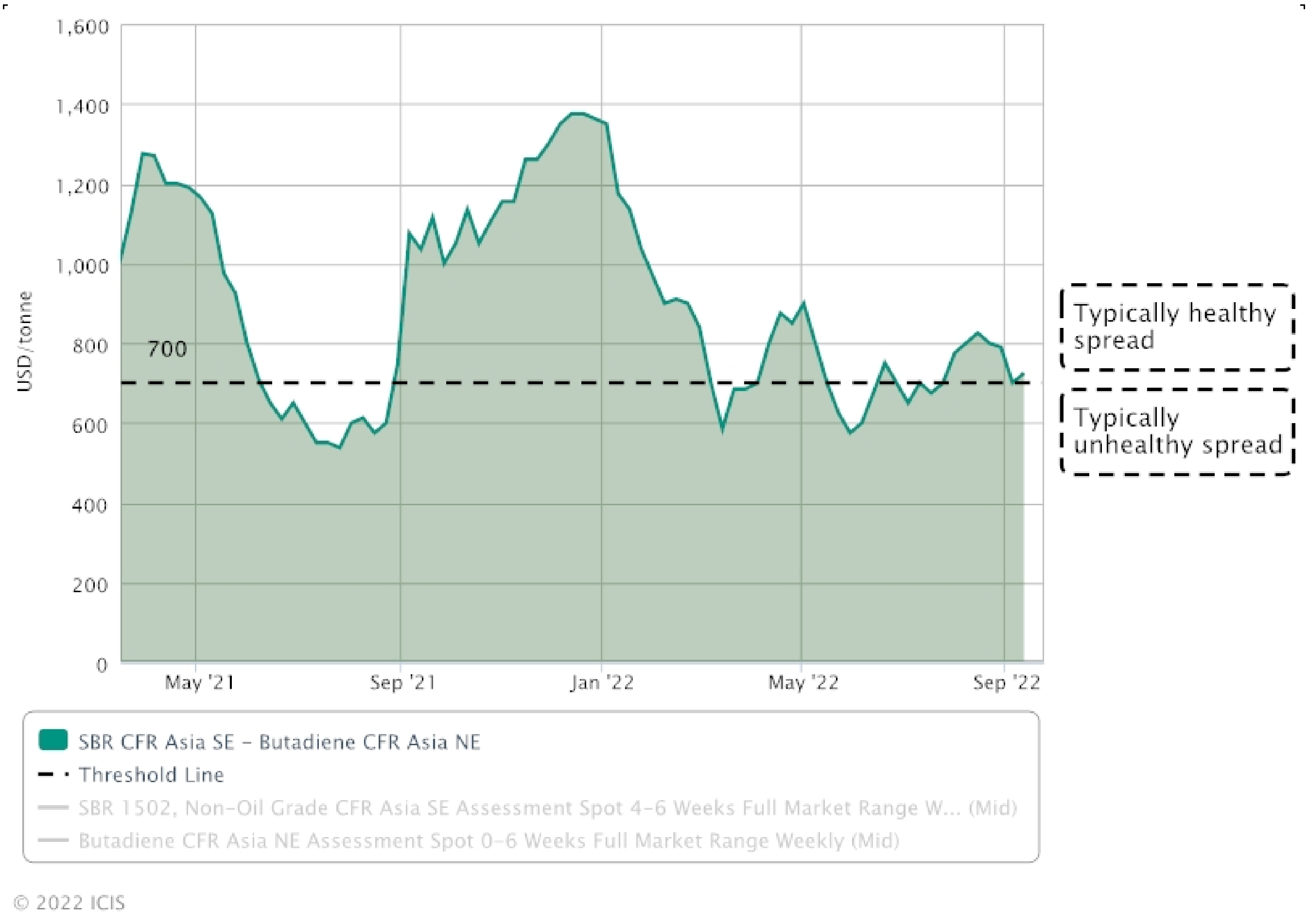
Butadiene (BD)

- Sentiment uneven across northeast Asia

- Domestic China strengths lent some support to China-bound import talks
- But import appetite in wider Asia subdued on weak demand fundamentals

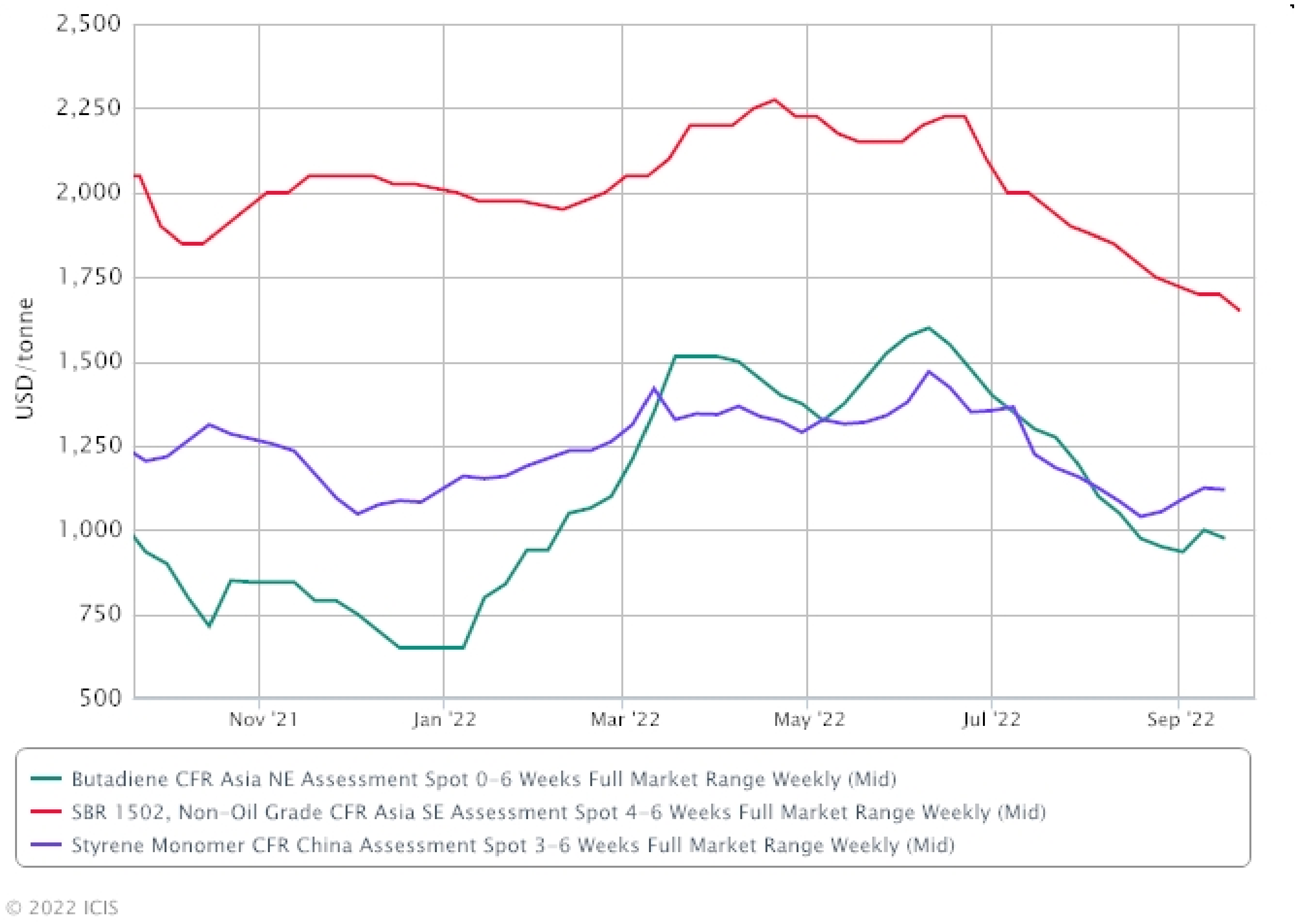
The chart below shows the spread between butadiene and SBR.

Downstream spread – butadiene NE Asia and SBR SE Asia



Styrene:

- Market lacking concrete offers for H2 Sep, Oct
- China demand stable, changing exchange rate keep buyers cautious
- Regional demand outside of China tepid



PRODUCTION

In wider Asia, SBR output is poised to tighten with several upcoming maintenances in the September-November window.

Click here for the Asian SBR Live Disruption Tracker.

OTHER REGIONS

Europe

- September talks ongoing
- Synthos cut ESBR production by 30% amid high gas prices
- Spot prices unchanged

US

- September contracts lower
- Supply issues linger on operational constraints
- Demand healthy, but slowdown expected

ANALYTICS

ICIS Styrene Outlook

Lower run rates at styrene units in Europe should result in potential demand for Asian cargoes in Q4. Elevated natural gas prices have increased costs for European styrene producers, forcing a number of them to lower rates by 20-30%. We expect run rates to remain low during the winter because of the energy shortage. Imports from the US are expected to remain subdued in the coming weeks as European prices remain below or at parity with those in the US, making transatlantic shipments not lucrative. Two US producers have already halted production as a result.

Styrene demand is currently very soft in Europe and is likely to weaken further in the coming weeks as energy costs and inflation continue to rise. In particular, styrene demand from the construction sector has been much lower than originally expected and demand will drop further once activity tapers off during the winter months.

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