



## 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 5 April will be assessed based on information collated up to 4 April. Please click [here](#) for the ICIS publishing schedule.

### OVERVIEW

- **Upstream losses dent sentiment**
- **Buyers also shifting to cheaper natural rubber substitutes**
- **Softer offers emerged but discounts capped on spot supply limitations**

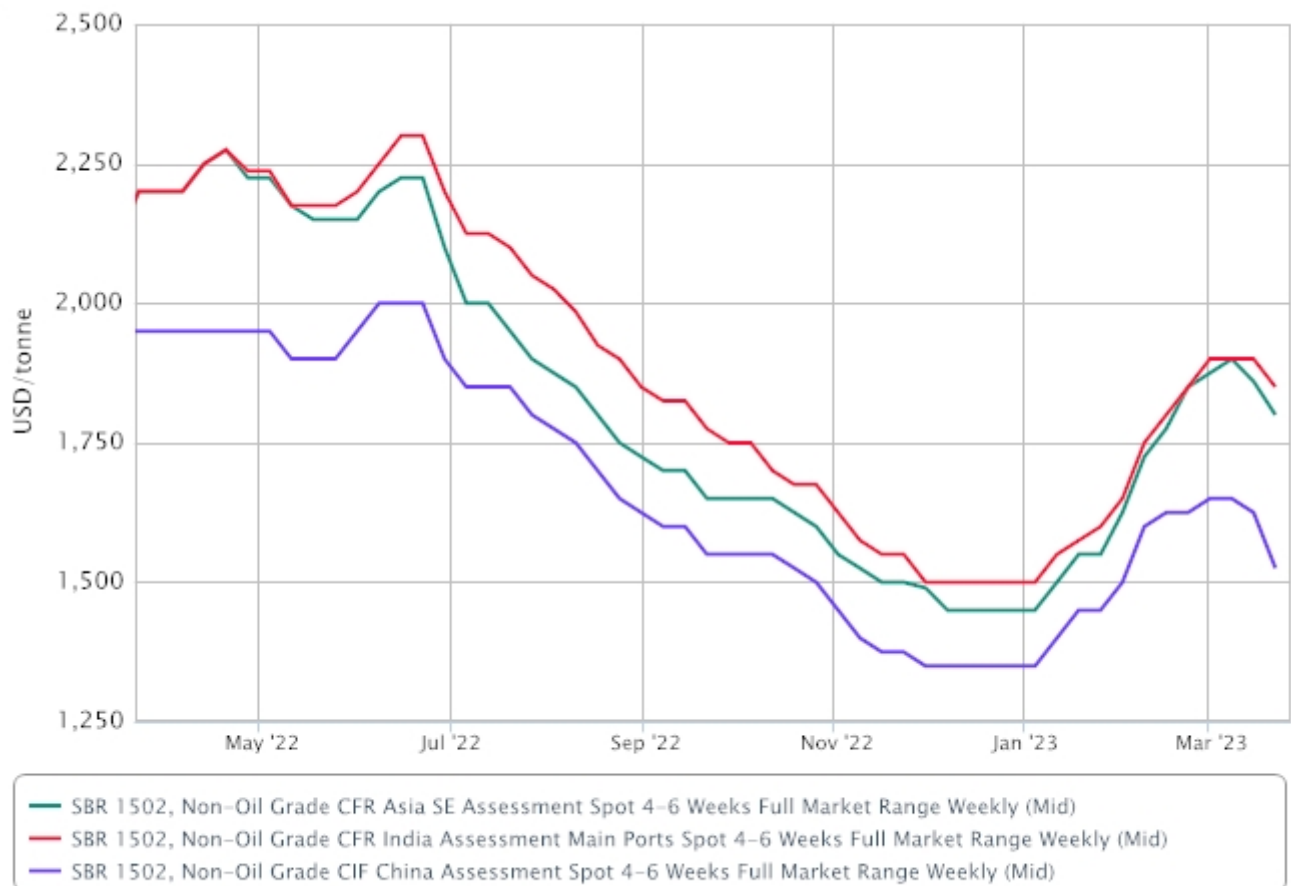
Spot discussions in Asia for styrene-butadiene-rubber (SBR) came under pressure as weak demand persisted amid widening upstream losses.

Buyers pressed for discounts as firstly, they saw feedstock butadiene (BD) prices [declining](#) recently and expected SBR makers to transfer the cost savings to lower offers.

Secondly, more end-users are switching to using cheaper natural rubber to substitute SBR.

Downstream requirements are not robust to begin with, as concerns linger about how fresh [macro-economic issues](#) such as the recent US bank crisis may hamper smooth recovery of downstream operations.

To stimulate sales, some sellers moderated offers, but discounts are capped because spot availabilities are limited to begin with, amid upcoming maintenance.



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## OUTLOOK

- Regional maintenance to keep spot supplies snug
- Upstream market performance to drive pricing sentiment
- Micro-economic jitters to weigh on demand

## PRICES

### SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
<b>SBR 1502, Non-Oil Grade</b>						
<b>CIF China</b>	USD/tonne	-100	1450-1600	-100	1550-1700	65.77-72.57
<b>CFR Asia SE</b>	USD/tonne	-50	1750.00-1850.00	-70	1800.00-1900.00	79.38-83.91
<b>CFR India Main Ports</b>	USD/tonne	-50	1800.00-1900.00	-50	1800.00-1900.00	81.65-86.18
<b>SBR 1712, Oil-Extended</b>						
<b>CIF China</b>	USD/tonne	-100	1400-1550	-100	1500-1650	63.50-70.31
<b>CFR Asia SE</b>	USD/tonne	-50	1700.00-1800.00	-70	1750.00-1850.00	77.11-81.65
<b>CFR India Main Ports</b>	USD/tonne	-50	1750.00-1850.00	-50	1750.00-1850.00	79.38-83.91

## China

CIF China prices are assessed down for the non-oil 1502 grade, as buy-sell indications fell, tracking hefty losses seen in the domestic China market.

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

Domestic China prices slumped, alongside plummeting upstream values, as well as poor downstream demand.

### East China domestic SBR 1502 prices

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	11,000-11,100	11,550-11,700

## Southeast Asia

CFR SE Asian assessments for the non-oil 1502 grade were down, taking into account deals and offers heard.

Limited transactions were at the lower end of the range, while offers from regular northeast Asian suppliers hovered at the higher end.

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

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

Mar (1-22) 2023	Feb 2023	Jan 2023	Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022
135.44	140.11	140.11	135.03	127.32	130.52	134.12	149.74

## India

CFR Indian prices for the non-oil 1502 grade were down with lower offers heard for H2 April import shipments from NE Asia.

But buyers' response was tepid, in part because local end-users were careful not to hold more stocks than necessary before the new financial year begins. There is also a sustained inflow of competitively-priced alternatives from non-Asia origins, diluting in turn Indian end-users' appetite for Asia-origin imports.

Indian end-users have also covered their prevailing requirements with prior purchases of domestically produced materials. On this note, domestic SBR producers are heard more upbeat in sentiment, unlike their foreign counterparts, as they have seen very robust domestic sales in the last two months, market players said.

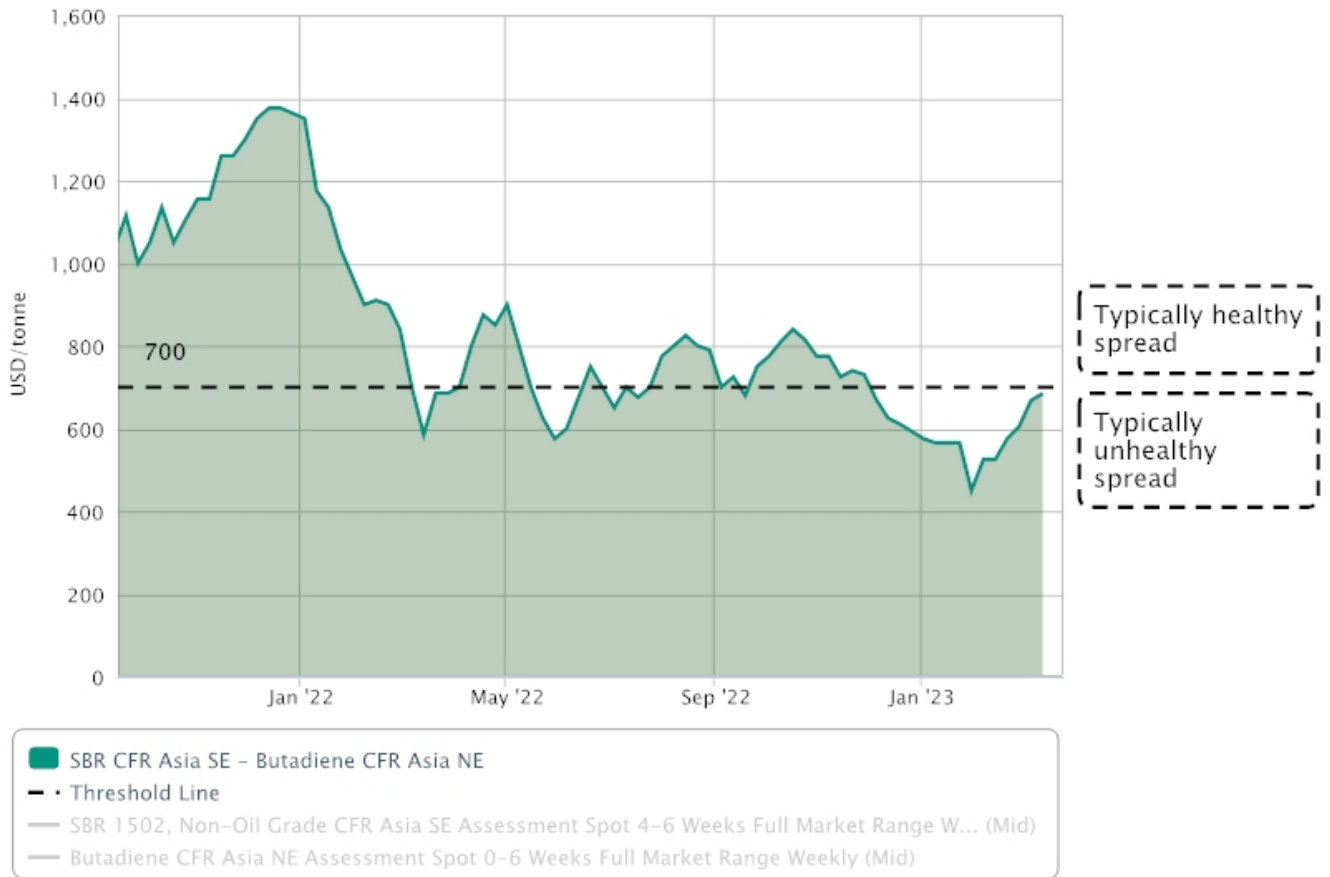
Assessments for the oil-extended 1712 grade are adjusted with the 1502 grade changes.

## UPSTREAM

### Butadiene (BD)

- Domestic China prices plummeted
- Import discussions slump in line
- Potential buyers pull back to wait and see

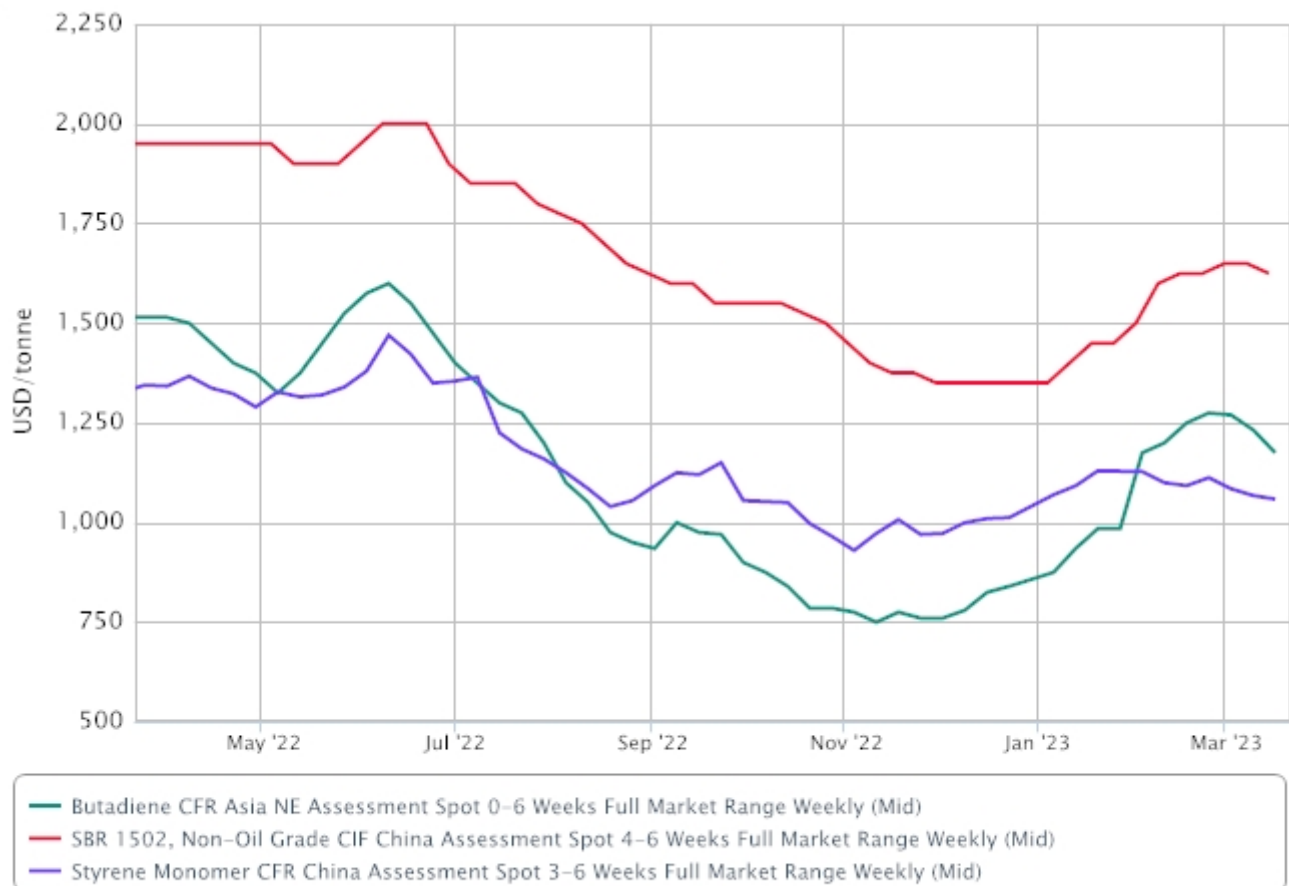
The chart below shows the spread between butadiene and SBR.

Downstream spread – butadiene NE Asia and SBR SE Asia

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**Styrene:**

- Discussions in Asian import markets muted
- Concrete activity in CFR China market limited
- Dampened upstream crude weakens market sentiment



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## PRODUCTION

Regional supplies are poised to stay tight with an [upcoming](#) April maintenance in NE Asia.

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

## OTHER REGIONS

### Europe

- March SBR contracts roll over
- Spot prices stable
- Unchanged market fundamentals

### US

- Fundamentals unchanged week on week
- Supplies sufficient to meet weak demand
- Flat pricing in March

## ANALYTICS

## ICIS Downstream Outlook for Automobile

Global light vehicle production is forecast to be at 84m units in 2023, according to Oxford Economics. This is a 3.1% increase year on year but still down 4.8% from 2019 levels. Like construction, automotive demand hinges on interest rates or rates of borrowing. The current macro environment of increasing interest rates is leading to a certain level of demand destruction. In addition, supply shocks continue to impact production. Although chip availability has improved as compared with 2021, there is still a shortage when it comes to high-end chips.

In addition, car makers have readjusted their just-in-time strategies to maintain a certain level of inventory to ensure supply security. Auto companies consider chips a strategic material. Another priority includes improving relationships with Tier-I suppliers. To mitigate any further such disruption, countries are looking for ways to implement protectionist policies. For example, the US imposed restrictions on exporting chip making equipment to China last year. The Netherlands has followed suit, imposing export restriction on some of the advance semiconductor technology as well. Electric vehicles are a bright spot as countries adopt measures to boost their use through purchase subsidies, for example.

The north American auto industry remains in a weak spot. Production is improving but at a slow pace. After an encouraging January, US light vehicle sales fell by 6.2% in February month on month (still down 9.5% year on year compared with February 2019). Inventories remain low even though there has been a slight improvement over the past couple of months. The US, in an attempt to become more self-sufficient, announced plans to start applications for the \$39bn semiconductor manufacturing subsidy programme. The plan also includes a provision for 25% investment tax credits for building chip plants.

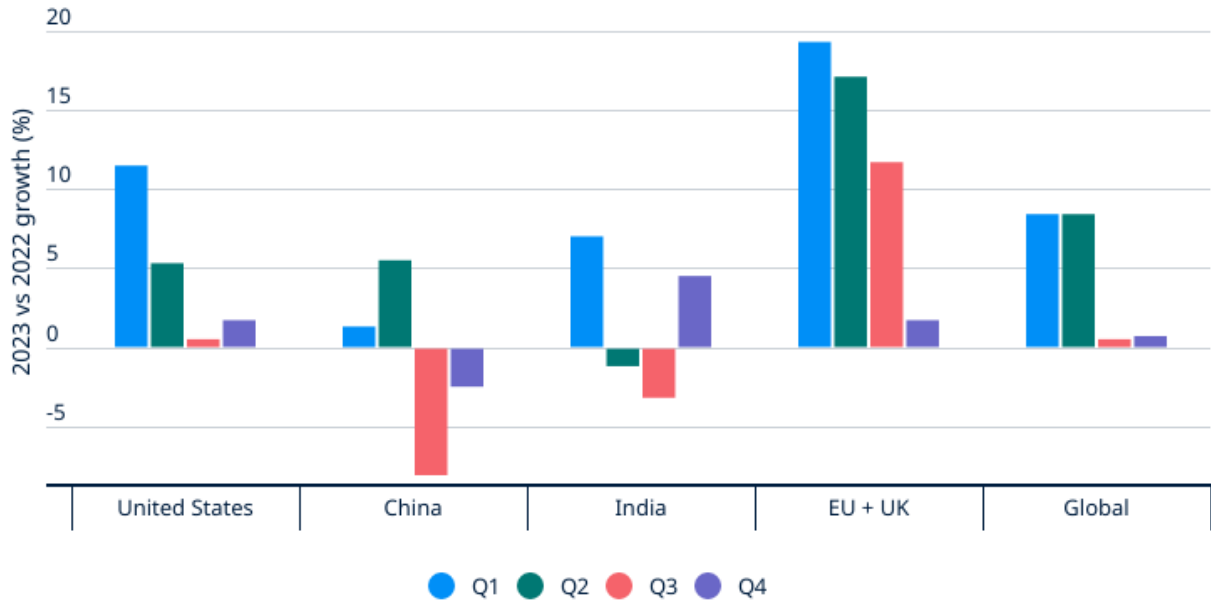
According to the European Automobile Manufacturers' Association (ACEA), EU passenger car registration rose 11.3% in January year on year to 760,041 units. However, the increase is a function of a lower base. The association further reports that Spain posted the biggest gain (+51.4%) and Italy (+19.0%), followed by France (+8.8%). Germany, on the other hand, posted a 2.6% decline. The outlook for 2023 remains challenging (especially in the commercial vehicles sector) because of reduced industrial activity. As for chips supply security, in a press release dated 15 February 2023, the European Parliament set its negotiation position on two draft bills – the Chips Act and Chips Joint Undertaking – with an aim to increase the EU's share in global production capacity of semiconductors to 20%. In addition to this, ACEA expressed its concern regarding investment leakage, stating: "Europe needs a strong response to the fundamental challenges posed by the US's Inflation Reduction Act (IRA) and the risks it creates for 'investment leakage' out of the EU."

Chinese automotive output is forecast to increase by 1.3% year on year in the first quarter and the second quarter is expected to see year-on-year growth of 5.5% , according to Oxford Economics. With the country reopening after three years of COVID-19-related restrictions, there has been an increased focus on raising domestic consumption. However, the actual impact is something we must wait and see to assess. Moreover, the "Two Sessions" meeting, held earlier this month, was attended by several key representatives, with the policy proposal focusing on the development of New Energy Vehicles (NEVs) and Intelligent Connected Vehicles (ICVs), including autonomous vehicles. Indian automotive output is forecast to increase by 7.0% in the first quarter year on year as a result of the festive season.

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## Motor vehicle sector growth by region

2023 vs 2022



SOURCE: Oxford Economics

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