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

- **Offers supported on cost push**
- **Some uptick in buying tempo too**
- **But gap prevails in buy-sell outlook**

Discussions for Asian imports of styrene butadiene rubber (SBR) saw some upside support from upstream cost push.

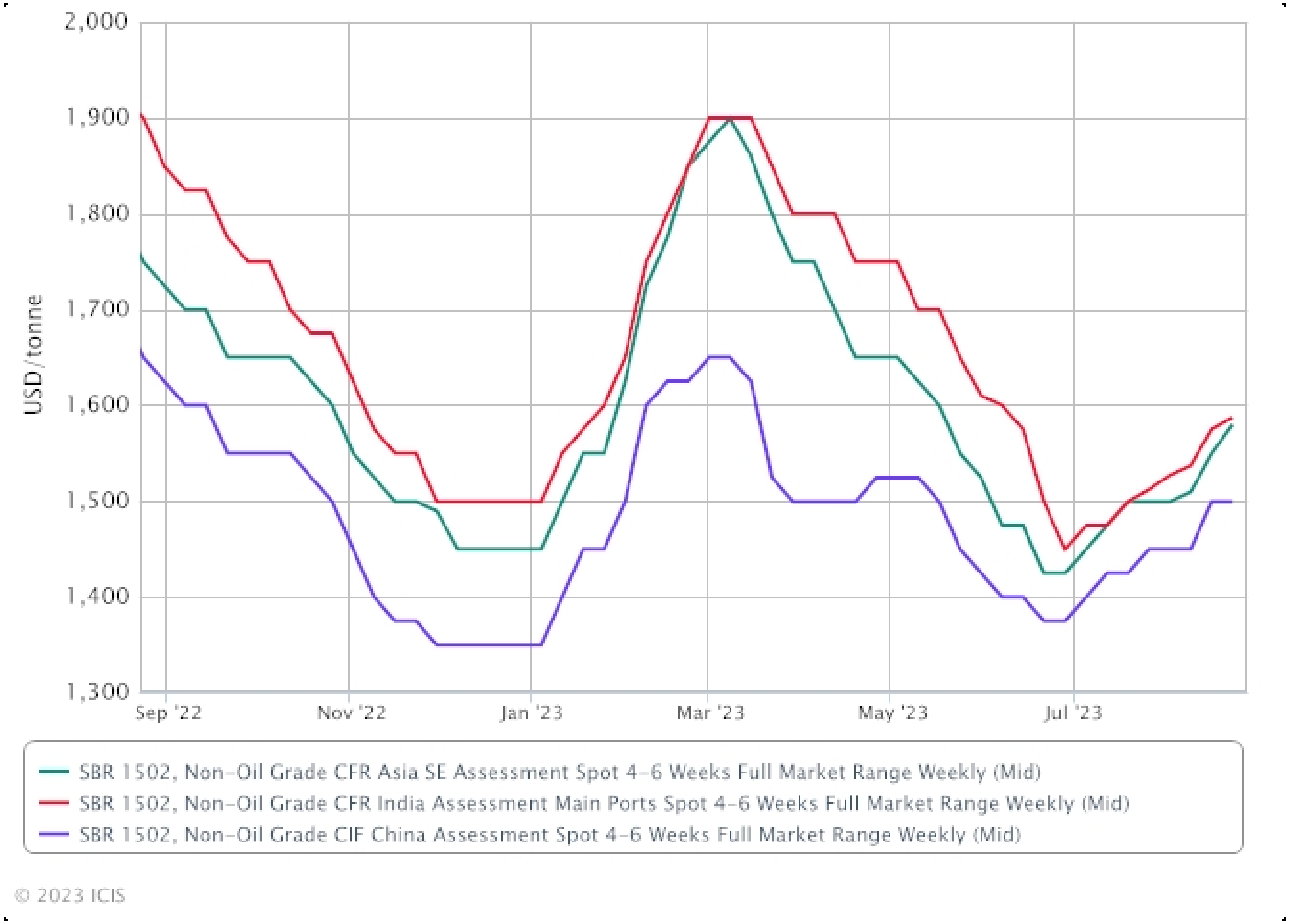
Sellers held fast to existing offers, or chase higher targets, in attempts to defray increased feedstock costs and protect frail margins.

Sellers were also confident that buyers with concrete requirements will follow as spot supplies are not abundant, now that producers' inventories have run lower.

Buying tempo did pick up somewhat, in the import-reliant outlet of southeast Asia and to some extent, in India too, market players said.

But overall trade liquidity is capped as most buyers were still cautious and bids moved up at a pace far slower than sellers' expectations.

Buy-side elements are apprehensive that their downstream markets could not keep up, as sales of their finished products into key outlets like China could be affected if bearish July trade data for the country translated into a prolonged economic slowdown there.



OUTLOOK

- **Upstream cost push may not ease in the near term**
- **But demand recovery may lag amid macroeconomic uncertainties**
- **Such divergent fundamentals may drive buy-sell gap wider**

PRICES

SPOT PRICES

	Price Range	Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade			

CIF China	USD/tonne	n/c	1450-1550	n/c	1400-1500	65.77-70.31
CFR Asia SE	USD/tonne	+30	1530.00-1630.00	+30	1450.00-1550.00	69.40-73.94
CFR India Main Ports	USD/tonne	+25	1550.00-1625.00	n/c	1450.00-1575.00	70.31-73.71
SBR 1712, Oil-Extended						
CIF China	USD/tonne	n/c	1400-1500	n/c	1350-1450	63.50-68.04
CFR Asia SE	USD/tonne	+30	1500.00-1600.00	+30	1400.00-1500.00	68.04-72.57
CFR India Main Ports	USD/tonne	+25	1520.00-1595.00	n/c	1400.00-1525.00	68.95-72.35

China

Assessments were flat for the non-oil 1502 grade, taking into account broadly unchanged selling indications.

Buying interest for US dollar denominated imports was low, weighed down by recent depreciation of the local yuan currency against the dollar.

Assessments for the oil-extended 1712 grade was unchanged, alongside stable 1502 prices.

Domestic ex-tank prices in east China are down week on week, tracking fluctuations in yuan-denominated values for feedstock butadiene. Buying tempo for synthetic rubbers like SBR is also dampened by weak natural rubber pricing in China, market sources said.

East China domestic SBR 1502 prices

Price (CNY/tonne)	This week’s close	Previous week’s close
E China Ex-Warehouse	11,700-11,800	11,750-11,900

Southeast Asia

CFR SE Asian assessments for the non-oil 1502 grade rose with firmer buy-sell indications and discussions.

The low end tracks highest deal-done level heard for China-origin materials, while an offer for cargoes from other regular NE Asian producers formed the high-end.

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

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

Aug (1-23) 2023	Jul 2023	Jun 2023	May 2023	Apr 2023	Mar 2023	Feb 2023

129.59	131.31	133.48	136.34	136.27	135.03	140.11

India

For the non-oil 1502 grade assessments, the low-end tracks some limited transactions for NE Asia-origin materials, while the high-end is rolled over, taking into account rangebound selling indications in the low-to-mid $1,600s/tonne range.

Some sellers were upbeat that SBR offtake could pick up seasonlly, in the run-up to the November Diwali festivities.

But other local end-users were less optimistic, saying that factors such as declining export flow, and a recent depreciation of the local Indian rupee currently against the dollar, could dampen end-use consumer spending and derail expectations for any pre-diwali demand push for SBR.

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

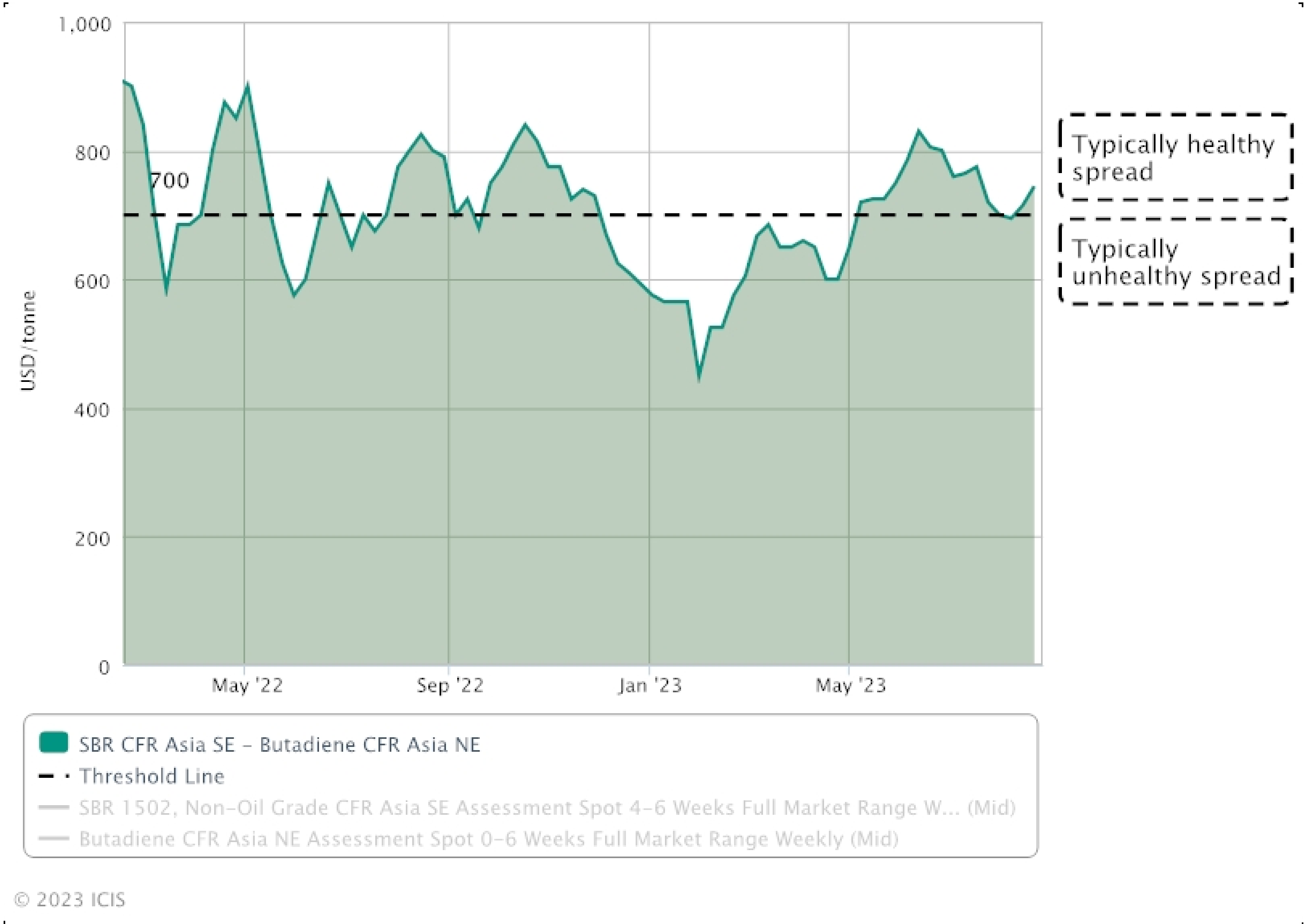
UPSTREAM

Butadiene

- Tight BD supply in Asia
- Buyers adopt wait-and-see position
- Buy-sell gap remains wide in NE Asia

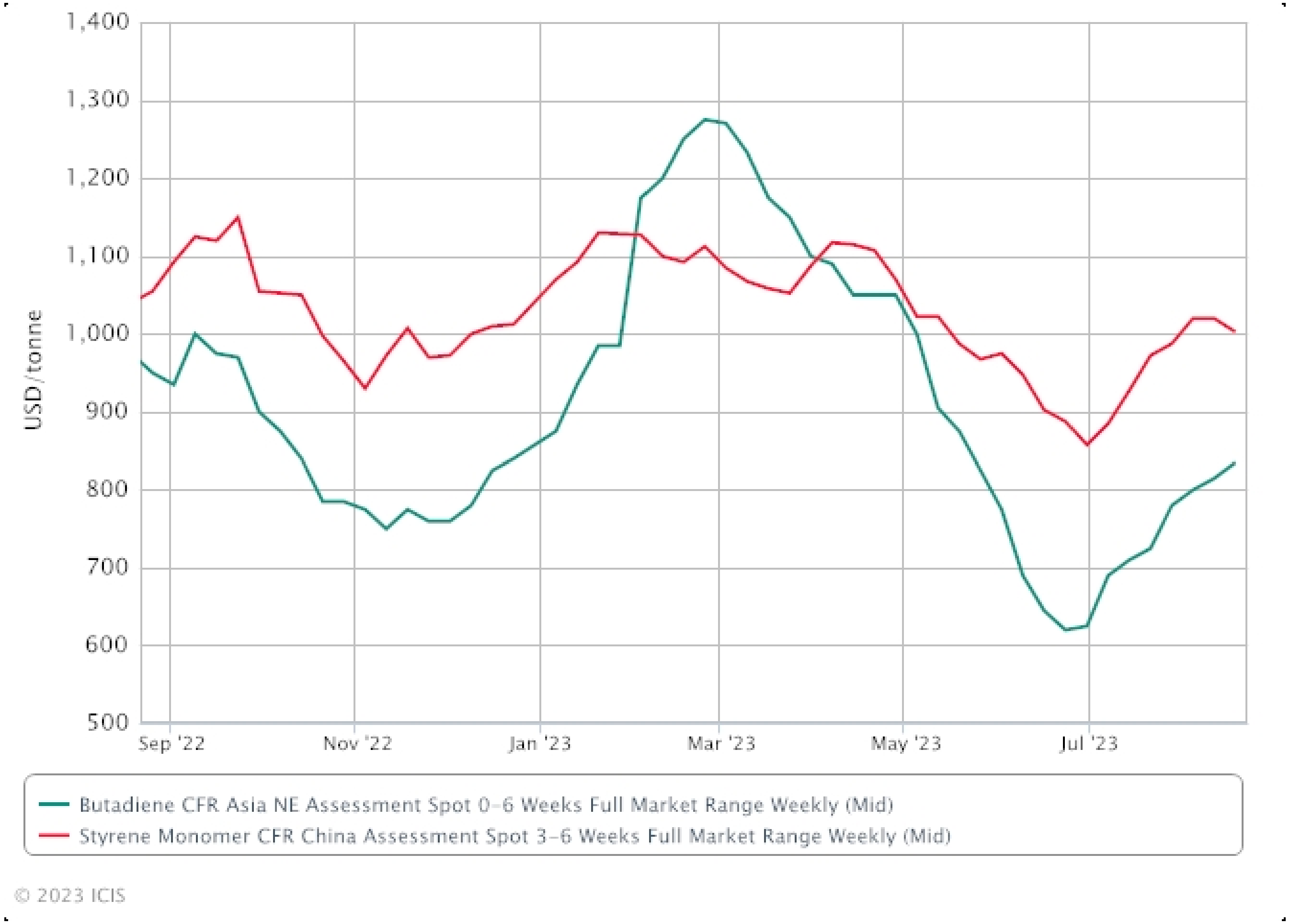
The chart below shows the spread between butadiene and SBR.

Downstream spread – butadiene NE Asia and SBR SE Asia



Styrene

- Regional market largely rangebound in week prior before uptick on Friday
- CFR China market quiet on unfavourable exchange rate, passive buying sentiment
- Asia-Europe export discussions active in later half of the week prior



PRODUCTION

A 170,000 tonne/year unit in east China has shut for maintenance, and operations are expected to resume around mid-September, market sources said.

Click here for the Asian SBR Live Disruption Tracker.

OTHER REGIONS

Europe

- Demand quiet during August
- Downstream shutdowns continue

- Supply levels appear unchanged

ANALYTICS

ICIS Styrene Outlook

Recent disruptions have significantly impacted styrene supply in Europe and helped to remove excess length in the market amid abnormally poor demand. In July alone, around a quarter of the region's styrene production capacity was offline, partly because of the extended spell of depressed production economics in recent months. The unexpected idling of the 680,000 tonne/year POSM unit in Maasvlakte, Netherlands, is likely to extend into September. Trinseo is in talks for the permanent closure of its 500,000 tonne/year unit in Terneuzen, the Netherlands, which is also currently offline. Moreover, BASF's 550,000 tonne/year unit in Ludwigshafen, Germany, will be shut for maintenance from mid-August to late September.

Weakness has characterised the European market in 2023 and will likely persist in the months ahead. A seasonal slowdown, macroeconomic uncertainties and elevated energy costs are hindering a swift demand recovery. Domestic producers are likely to face further pressure from competitively priced derivative imports and anaemic end-use sectors. As the summer outages conclude, cautious restocking is anticipated. Amid these dynamics, a watchful eye is kept on energy market fluctuations, which could cascade into the styrene market. This trend of demand weakness is projected to extend into H1 2024.

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