



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 China prices in the weekly analysis on 14 February will be based on information collated up to 13:00 hours Singapore/Shanghai time on 9 February. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

- **Offers climb higher with cost push**
- **Buying tempo picked up with restocking activities**
- **But buy-sell gap persist to weigh down spot trade liquidity**

Discussions in Asian spot import market for styrene-butadiene-rubber (SBR) edged up, as sellers continued to chase [higher offers](#) to protect and rescue squeezed margins.

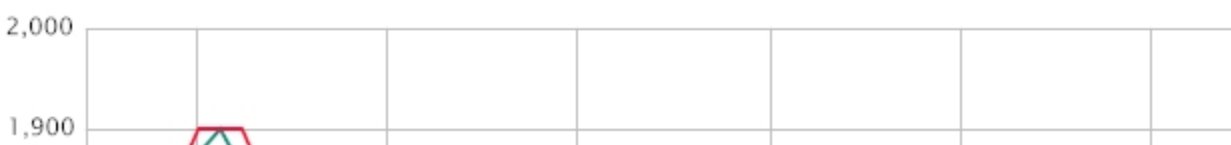
Prices for feedstock butadiene (BD) and styrene (SM) have gained substantially in recent weeks, prompting regional producers to scale up selling targets and recoup costs.

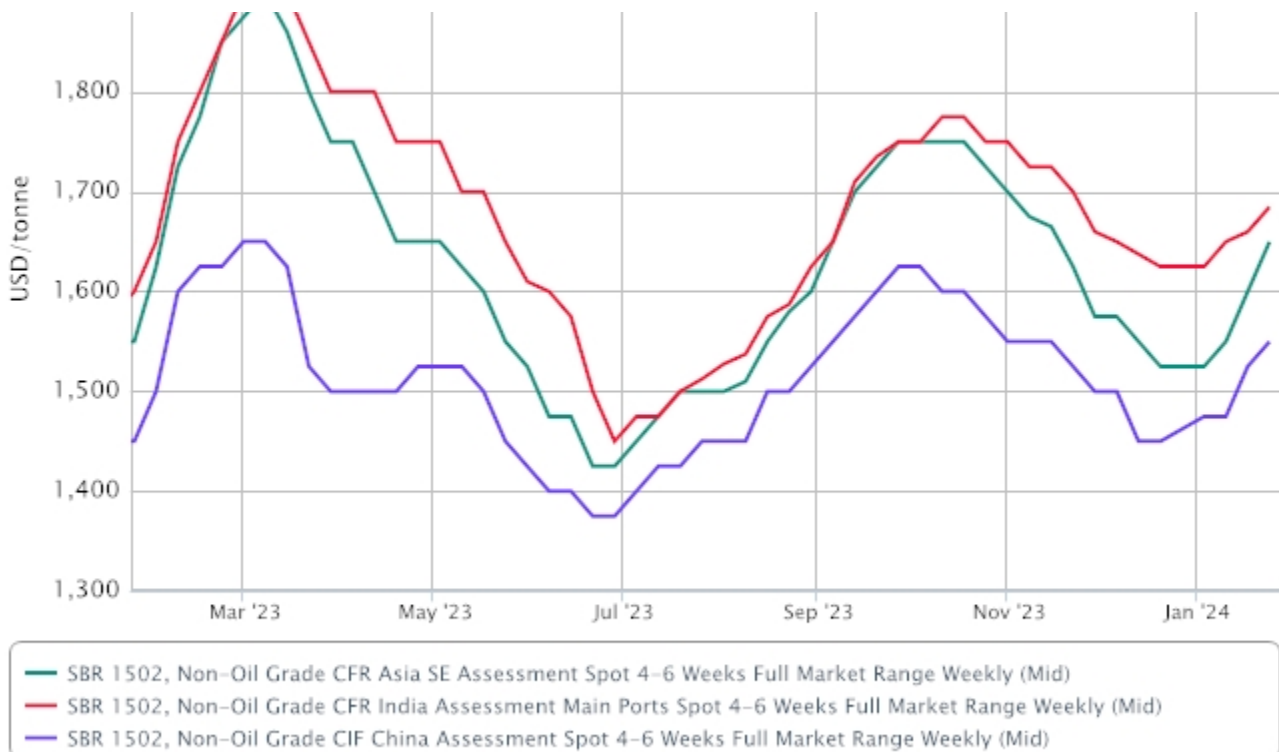
They also believe there is some support on the demand front, as enquiries for spot cargoes have increased.

Some end-users are looking to replenish stocks before the extended Lunar New Year holidays start in early February.

Others wanted to secure some volumes before SBR offers climb higher, assuming upstream markets continue to rally in the near term.

But there were concerns if the buying momentum could sustain once stocks are sufficiently replenished. After all, mid-term growth prospects for key downstream industries like [automotive](#) are still hazy, market players highlighted.





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OUTLOOK

- Upstream markets movements to drive SBR offers
- Buying tempo may ease once [pre-holiday restocking](#) is completed
- Longer term demand uncertainties to weigh on spot trade liquidity

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	n/c	1500-1600	+50	1400-1500	68.04-72.57
CFR Asia SE	USD/tonne	+50	1600.00-1700.00	+50	1500.00-1550.00	72.57-77.11
			0			
CFR India Main Ports	USD/tonne	+30	1650.00-1720.00	+20	1575.00-1675.00	74.84-78.02
			0			
SBR 1712, Oil-Extended						
CIF China	USD/tonne	n/c	1450-1550	+50	1350-1450	65.77-70.31
CFR Asia SE	USD/tonne	+50	1550.00-1650.00	+50	1450.00-1500.00	70.31-74.84
			0			
CFR India Main Ports	USD/tonne	+30	1600.00-1670.00	+20	1525.00-1625.00	72.57-75.75
			0			

China

CIF China assessments for the non-oil 1502 grade climbed at the high-end with firmer offers, but buying indications, at the low-end, were broadly stable, as local end-users were primarily reliant on domestic supplies instead of import materials.

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

Domestic prices in east China softened slightly as pre-holiday restocking purchases started to taper.

East China domestic SBR 1502 prices

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	12,000-12,200	12,050-12,200

Southeast Asia

CFR SE Asian prices for the non-oil 1502 grade made fresh gains amid firmer buy-sell indications.

Offers were heard mostly in the \$1,700-1,750/tonne CFR SE Asia range, and this formed the high-end. The low-end tracks more robust buying indications, which market sources said rose by up to \$50/tonne week-on-week, market sources said.

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

Jan (1-24) 2024	Dec 2023	Nov 2023	Oct 2023	Sep 2023	Aug 2023	Jul 2023
154.19	146.31	148.42	145.26	142.65	130.22	131.31

Source: Malaysian Rubber Board

India

CFR Indian assessments for the non-oil 1502 grade moved up, tracking discussions and indications heard.

Potential buyers acknowledged that if upstream markets held firm to keep SBR offers well-supported, they may have to be prepared to fork out more for NE Asian origin imports, market sources said. Their buying indications edged up and are reflected at the low-end.

Offers were heard at the high-end and up for NE Asia-origin materials.

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

UPSTREAM

Butadiene

- Offers well supported amid snug supplies
- But buying tempo receding
- Demand down with compressed downstream margins

The chart below shows the spread between butadiene and SBR, which while still deep in the unhealthy zone, has picked up slightly from the weeks prior.

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

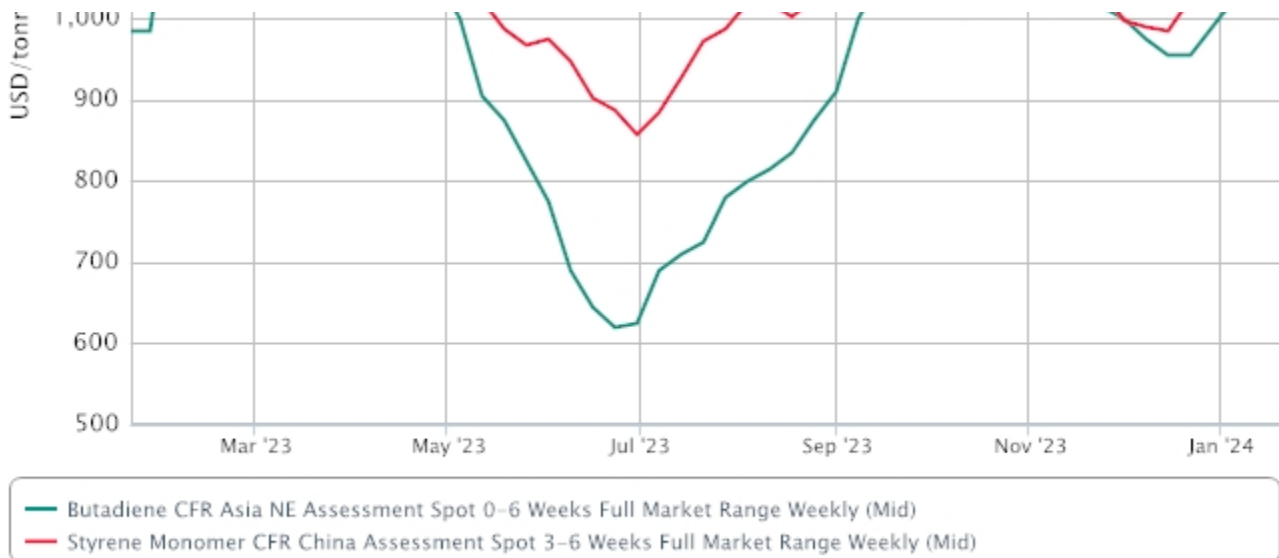


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Styrene

- Firm feedstock market trends continue supporting regional market
- Seasonal lull remains; limits market upside
- Logistical challenges keep intra-, inter-regional trade lanes illiquid





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PRODUCTION

A 60,000 tonnes/year SBR unit in Zhoushan, China has [restarted](#) from a near-month-long-maintenance.

But another 100,000 tonnes/year unit in Hangzhou will [shut](#) for about three weeks from early February for planned servicing.

In NE Asia, there will be a planned turnaround in April at a 100,000 tonnes/year unit in [Taiwan](#).

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

OTHER REGIONS

Europe

- Small decrease in January SBR contracts on feedstock prices
- Logistical issues a key topic, spot prices firm
- Some demand improvement, restocking

ANALYTICS

ICIS downstream outlook for automotive

Two key things to watch out for in 2024 are smart mobility and transport-related greenhouse gas emission goals. The global automotive industry is not out of the woods yet - and is still struggling to make up for pre-pandemic losses. Factors weighing on business include supply-chain disruptions and structural changes in demand. Some of the weakness predates the COVID-19 crisis on the back of global environmental concerns. Short- to medium-term demand still looks gloomy due to an expected fall in disposable incomes.

According to the US Census Bureau, US light vehicle sales decreased by 0.8% month on month in November with total sales at 15.3m units. The finished inventory to sales ratio - calculated by dividing inventory by sales - increased to 1.312 in November from 1.134 in October. 2023 was a challenging year for the US automotive industry because the United Auto Workers (UAW) strike seriously disrupted production. Although a resolution has been reached, vehicle prices will increase given a background of chronically weak demand and high costs.

In Europe, high inflation, slumping consumer confidence and tighter monetary policy will weigh on consumer demand for vehicles. According to the European Automobile Manufacturers' Association (ACEA), EU passenger car registrations decreased by 3.3% in December 2023 compared with same month in 2022. The fall was blamed on a high baseline performance in December 2022. However, for 2023 as a whole, car registrations were up 13.9%. Italy, Spain and France were the best performing countries with growth of 18.9%, 16.7% and 16.1% respectively. Germany, on the other hand, posted growth of just 7.3%. As reported last month, one point of contention for original equipment manufacturers (OEMs) in Europe is the looming Rules of Origin (ROO) January 2024 deadline - where a 10% additional tariff on electric vehicles will be applicable on exports for vehicles with less than 40-45% non-originating components. OEMs have argued against this citing a severe impact on domestic competitiveness. As a result, the European Commission is seeking a three-year extension to current rules of origin for batteries under the EU-UK Trade and Cooperation Agreement (TCA), a move that has been widely welcomed by the industry.

The outlook for Asia's automotive industry is mixed. A primary growth driver for the sector will be the increasing penetration of car ownership. This is particularly true of electrified and other new energy vehicles after government incentive schemes. In India, inflation and tighter monetary policy will weigh on demand, but after an improvement in consumer sentiment in December, the Federation of Automobile Dealers Associations of India (FADA) said: "With this resurgence in consumer confidence, the forecast for 2024 is decidedly optimistic."

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