



## Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim

27-Nov-2024

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Please click [here](#) for full details on the criteria ICIS uses in making these price assessments.

### OVERVIEW

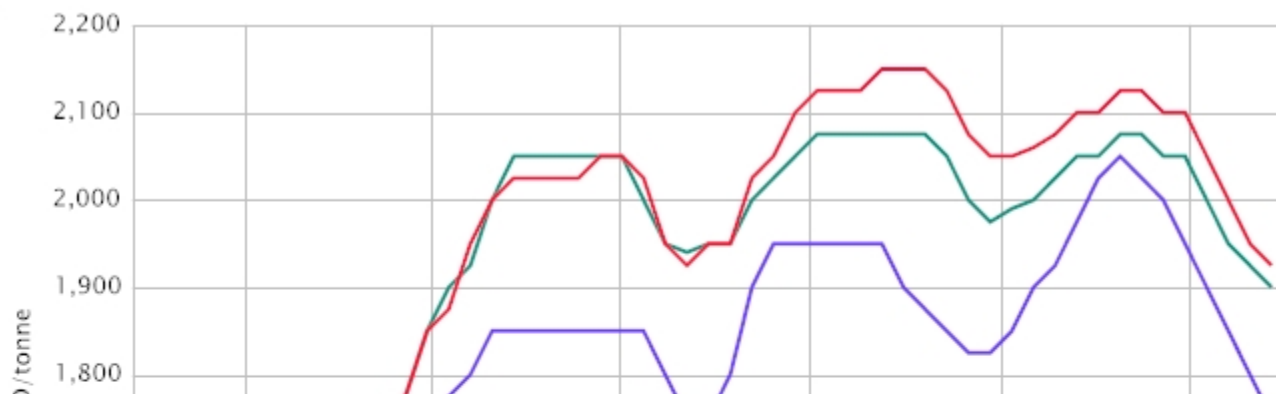
- **Discussions stay under pressure on weak upstream**
- **Buyers continued to press for discounts**
- **But sellers resisting deeper cuts to offers**

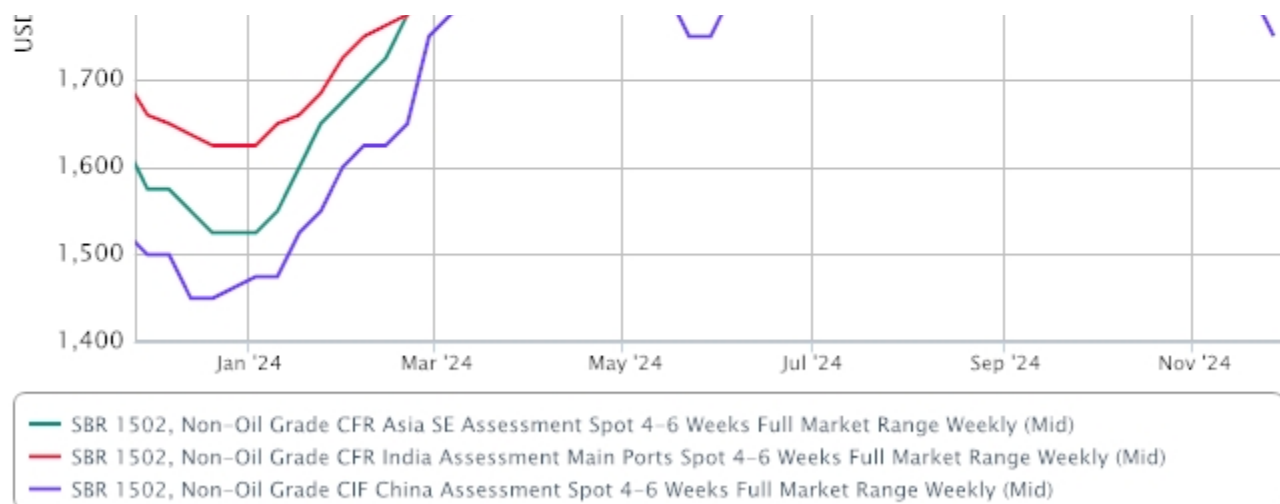
Discussions for Asian styrene-butadiene-rubber (SBR) stayed under pressure this week, as buyers continued to press for discounts commensurate with the massive losses feedstock butadiene (BD) had chalked up of late.

As long as key regional trade hubs, such as China, continue to churn out [disappointing economic data](#), regional end-users said that they would maintain a cautious procurement stance, so as to minimize the risk of over-buying should prior anticipations of downstream demand recovery fail to materialize.

Some sellers did trim offers to bridge the gap with buyers and get some cargoes moving. However, many regional producers also expressed reluctance to dish out deeper discounts as despite recent reduction in BD prices, overall production costs are still hefty and they would need more time to recoup prior losses fully.

Furthermore, spot availabilities are limited, with many regional producers already quite heavily committed to contractual obligations. Producers, therefore, expected buyers with pressing spot requirements to bid up more to secure volumes, and as such, are not inclined to price down too much should they have any spot lots to sell.





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## OUTLOOK

- Downstream demand outlook hazy on [macro-level uncertainties](#)
- Buyers to keep to need-based procurement
- Producers may continue to focus on term sales at the expense of spot business

## PRICES

### SPOT PRICES

				Price Range		Four Weeks Ago	US CTS/lb
<b>SBR 1502, Non-Oil Grade</b>							
<b>CIF China</b>	USD/tonne	-50		1700-1800	-50	1900-2000	77.11-81.65
<b>CFR Asia SE</b>	USD/tonne	-50		1850.00-1950.00	n/c	2000.00-2100.00	83.91-88.45
				0			
<b>CFR India Main Ports</b>	USD/tonne	n/c		1900.00-1950.00	-50	2050.00-2150.00	86.18-88.45
				0			
<b>SBR 1712, Oil-Extended</b>							
<b>CIF China</b>	USD/tonne	-50		1650-1750	-50	1850-1950	74.84-79.38
<b>CFR Asia SE</b>	USD/tonne	-50		1800.00-1900.00	n/c	1950.00-2050.00	81.65-86.18
				0			
<b>CFR India Main Ports</b>	USD/tonne	n/c		1850.00-1900.00	-50	2000.00-2100.00	83.91-86.18
				0			

### China

CIF China assessments for the non-oil 1502 grade are dropped with lower buy-sell indications heard for US dollar denominated import materials.

CIF China assessments for the oil-extended 1712 grade are adjusted in line with changes for the 1502 grade.

Domestic prices in east China softened further, under the dual weight of soft upstream values and low buying momentum.

### East China domestic SBR 1502 prices

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	14,400-14,600	14,700-14,800

### Southeast Asia

CFR SE Asian assessments for the non-oil 1502 grade is widened to capture the full spectrum of discussions and deals in a thinly-traded week.

Offers are heard mostly at the high-end, but buying indications fell to the low-end, and some limited volumes did change hands within the range, market sources said.

CFR SE Asian assessments for the oil-extended 1712 trade are adjusted with changes for the 1502 grade.

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

Nov (1-27) 2024	Oct 2024	Sep 2024	Aug 2024	Jul 2024	Jun 2024	May 2024
197.44	207.08	196.02	179.89	168.65	176.00	170.03

Source: Malaysian Rubber Board

### India

CFR India prices for the non-oil 1502 grade are assessed in a narrower range, with offers heard at the high-end, against buying indications capped at the low-end.

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

## UPSTREAM

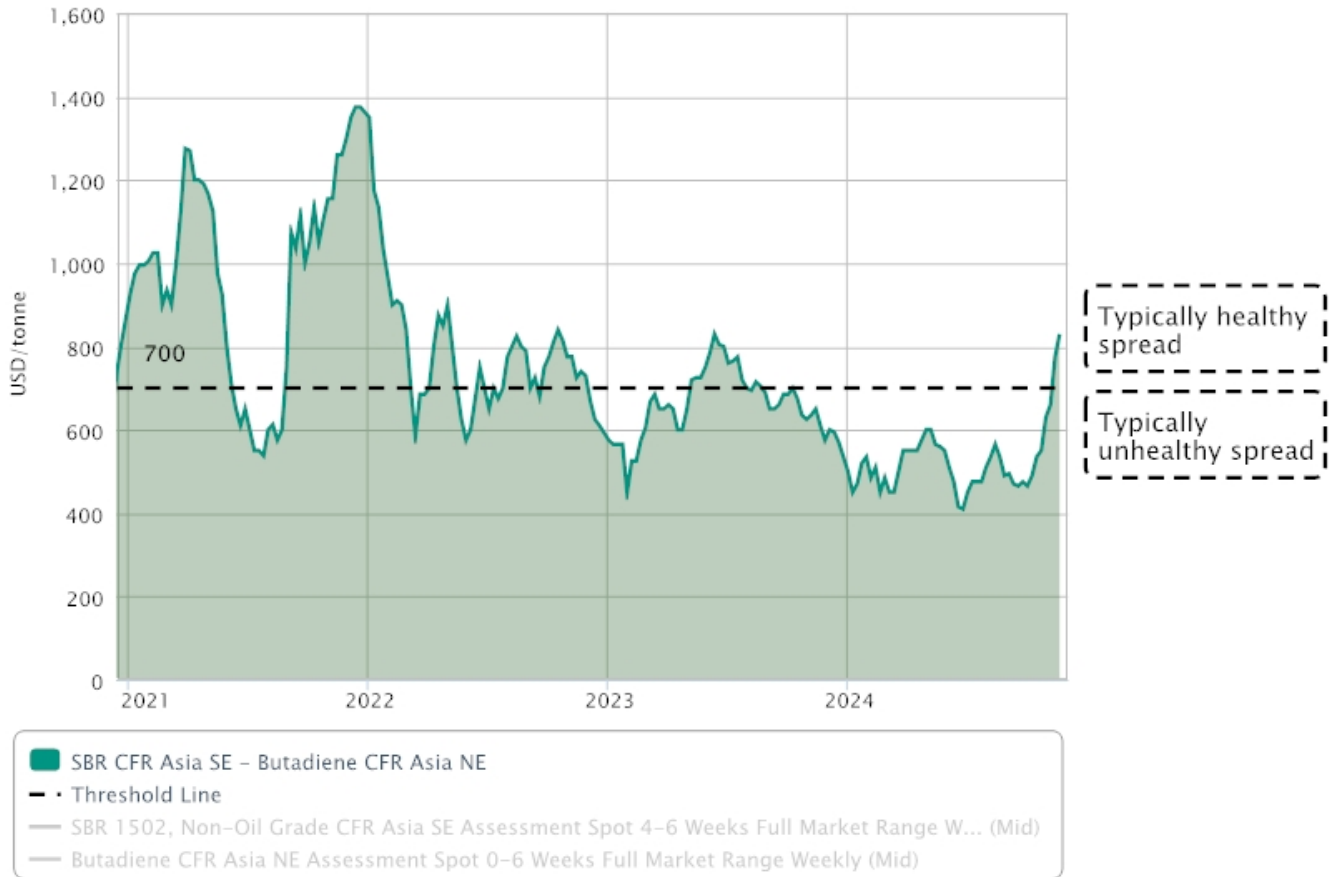
### Butadiene

- Import sentiment muted amid bearish domestic China
- No active buying interest for December shipment materials

- But players not keen to engage yet on January trade talks

The chart below shows the spread between butadiene and SBR, which rebounded of-late to the healthy zone, after languishing for most parts of the year in the unhealthy zone.

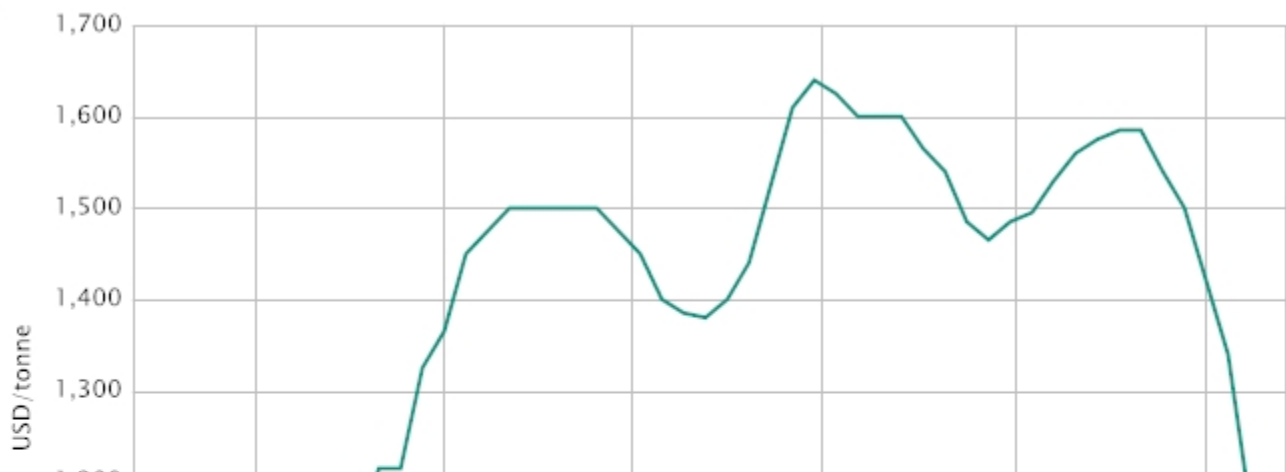
#### [Downstream spread – butadiene NE Asia and SBR SE Asia](#)

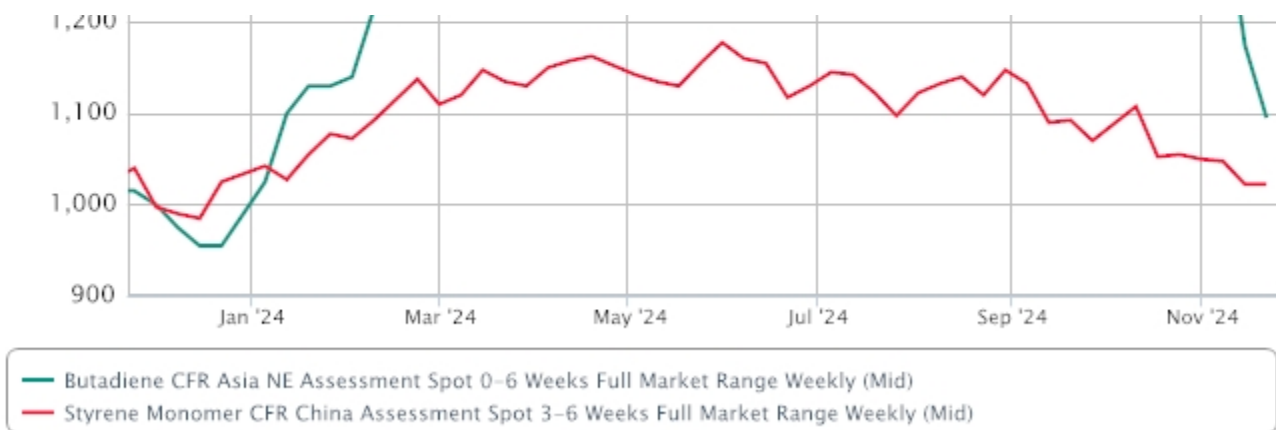


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### Styrene

- Constrained directional momentum seen in China's SM market
- Improved forward Dec and Jan supply outlooks in China cushion cost-push upward pressure
- Spot demand-supply fundamentals stay weak in the broader Asia





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## PRODUCTION

An SBR production capacity of 135,000 tonnes/year in Tokuyama, Japan will [restart](#) end November following the completion of an over two-month-long servicing.

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

## OTHER REGIONS

### Europe

- November SBR contracts mainly stable on limited feedstock movement
- Spot prices remain unchanged; some isolated increase in demand
- Market conditions remain similar week-on-week

## ANALYTICS

### ICIS outlook on downstream automotive sector

Skepticism over electric vehicles, looming layoffs among car manufacturers and government policy continuity, especially for green regulations, are some of the main concerns for industry stakeholders. Nissan Motors in November 2024 announced plans to reduce its global workforce by 9,000. Moreover, volatile trade relations and high borrowing costs continue to challenge property developers. Even though the US Fed and EU Central banks have started monetary easing, the pass-over benefit will take some time, with inflation in the EU and the US expected to reach the 2% target next year.

According to the US Census Bureau, US light vehicle sales increased by 2.9% month on month in September with total sales of 15.768 million units. On a year-on-year basis, there was only a marginal gain of 0.5% (from 15.692 million units to 15.768 million units). The finished inventory to sales ratio, calculated by dividing inventory by sales, decreased to 1.269 in September from 1.338 in August

The European Automobile Manufacturers' Association (ACEA) reported a second consecutive month of negative results. According to the association, EU passenger car registration decreased by 6.1% in September compared

with the same month last year. The Association further reports that France posted the largest loss with a -11.1% decrease, followed by Italy (-10.7%) and Germany down 7%. By contrast, commercial vehicle registration reported positive results with an overall increase of 8.5% for the first nine months, year on year.

The European Central Bank (ECB) lowered the three key ECB interest rates by 25 basis points effective from 23 October 2024. But the governing body also stated that inflation is expected to reach the target rate next year. With the collapse of the German government coalition, market sentiments have deteriorated further. Trade groups, such as VCI (German chemical producers' trade group) and VDA (German Association of the Automotive Industry), have expressed concerns over the latest political developments, raising questions on foreign trade policy and overall industrial competitiveness.

China's balance of risk has further deteriorated in the context of geopolitical power transition. Currently, it accounts for more than 50% of global electric vehicle production. It is aggressively incentivizing the industry. For example, China has extended the subsidy on new electric vehicles until 2027 where vehicles remain exempt from purchase taxes. China automotive output in 2024 is expected to grow 8% compared with 2023. Q4 2024 is forecast to grow by 2.2% compared with Q4 2023, according to Oxford Economics.

In India, the Federation of Automobile Dealers Associations (FADA) reported market optimism with ongoing year end festivities. It reported strong growth across all segments with October 2024 retail sales increasing by 32% year on year and 64% month on month. Though the association expressed concerns over the high level of passenger vehicle inventory and is directing original equipment manufacturers (OEMs) rationalize supply to prevent excess stock.

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