



Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim
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[Overview](#) | [Outlook](#) | [Prices](#) | [Upstream](#) | [Production](#) | [Other Regions](#) | [Analytics](#)

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

OVERVIEW

- **Discussions subdued in a short trading week**
- **Buying appetite curbed on weak demand fundamentals**
- **Market players mostly in a wait-and-see stance**

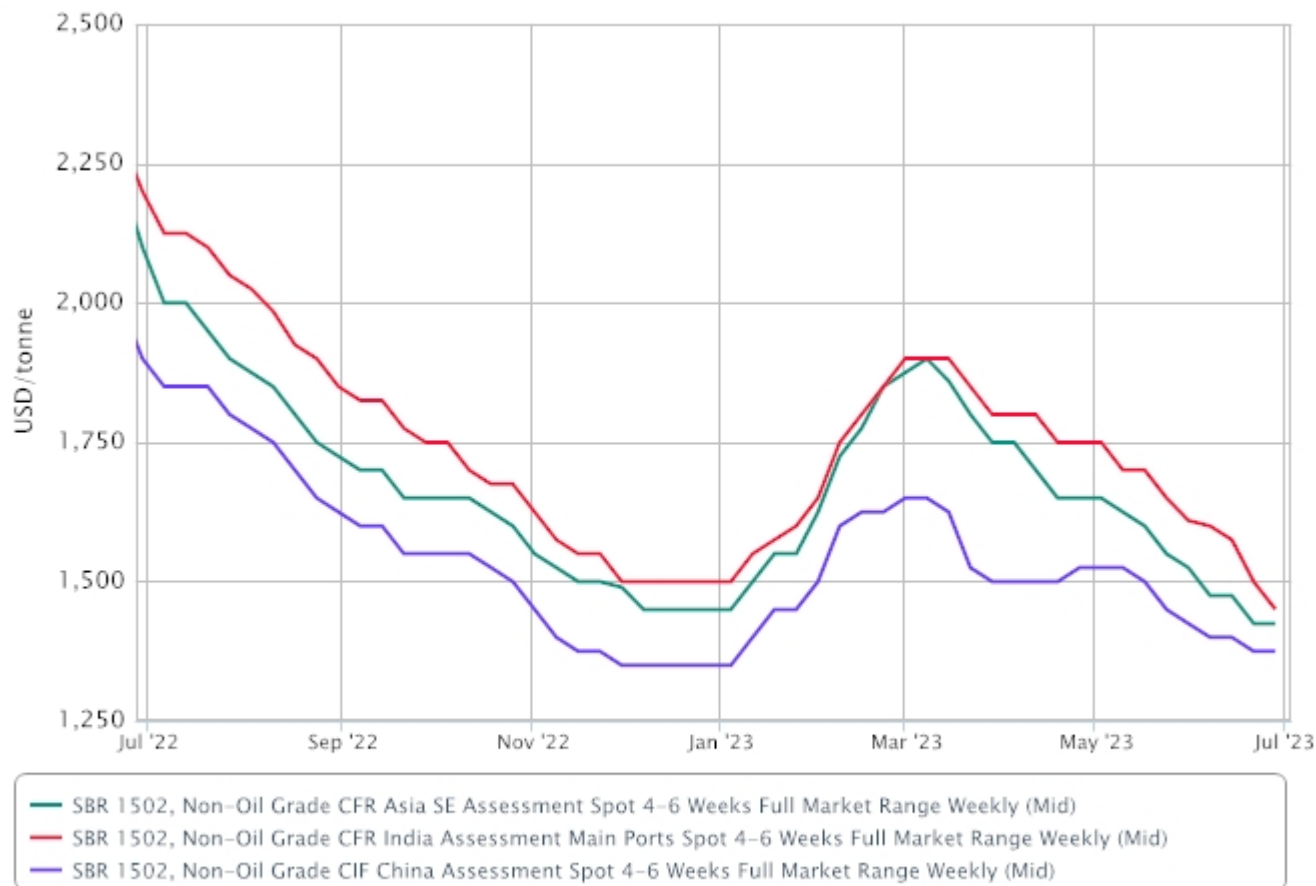
Spot trade discussions for Asian styrene-butadiene-rubber (SBR) imports were limited amid holiday market closures in northeast Asia.

The China and Taiwan markets were shut from 22-23 June for the Dragon Boat Festival holidays, and market participants in other regional outlets held back fresh trade decisions too to wait for clearer signs on post-holiday trade sentiment in China.

However, as end-users still kept up with relatively active checks on cargo availabilities, some sellers remained hopeful that there were latent pockets of demand and that buyers were just waiting for what they may deem as opportune time to restock.

Sellers' sentiment was also buoyed to some extent by news that China will roll out more [stimulus packages](#) to incentivise consumer spending and boost economic recovery.

However, many market players are also mindful that as fuller details about the Chinese fiscal packages are still pending, it may be as yet too early to judge how this could impact on, or even lift, SBR spot trades for the near term.



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OUTLOOK

- [Inflation risks](#) to weigh down on demand
- China’s stimulus packages may provide some relief
- Buyers to stay cautious

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	n/c	1350-1400	n/c	1400-1450	61.24-63.50
CFR Asia SE	USD/tonne	n/c	1400.00-1450.00	n/c	1500.00-1550.00	63.50-65.77
CFR India Main Ports	USD/tonne	-50	1400.00-1500.00	-50	1550.00-1670.00	63.50-68.04
SBR 1712, Oil-Extended						
CIF China	USD/tonne	n/c	1300-1350	n/c	1350-1400	58.97-61.24
CFR Asia SE	USD/tonne	n/c	1350.00-1400.00	n/c	1450.00-1500.00	61.24-63.50
CFR India Main Ports	USD/tonne	-50	1350.00-1450.00	-50	1500.00-1620.00	61.24-65.77

China

CIF China assessments for both the non-oil 1502 and the oil-extended 1712 grades were unchanged, in the absence of fresh buy-sell indications. Trade discussions were mostly stalled in the week due to extensive market closures.

Domestic prices in east China for the non-oil 1502 grade were also stable.

East China domestic SBR 1502 prices

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	11,000-11,200	11,000-11,200

Southeast Asia

CFR SE Asia assessment for the non-oil 1502 grade were unchanged. Buying indications were capped at the low-end of the range, while offers were heard at the high-end and up.

Assessments for the oil-extended 1712 grade were unchanged with stable 1502 grade assessments.

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

Jun (1-28) 2023	May 2023	Apr 2023	Mar 2023	Feb 2023	Jan 2023	Dec 2022
133.52	136.34	136.27	135.03	140.11	140.11	135.03

India

CFR India assessments for the non-oil 1502 grade fell amid lower asking prices for cargoes from different Asian suppliers. Some volumes changed hands at the low-end of the range, market sources said

Substantive requirements were limited on a seasonal factor, as downstream operations in India are typically slower during the monsoon season in Q3.

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

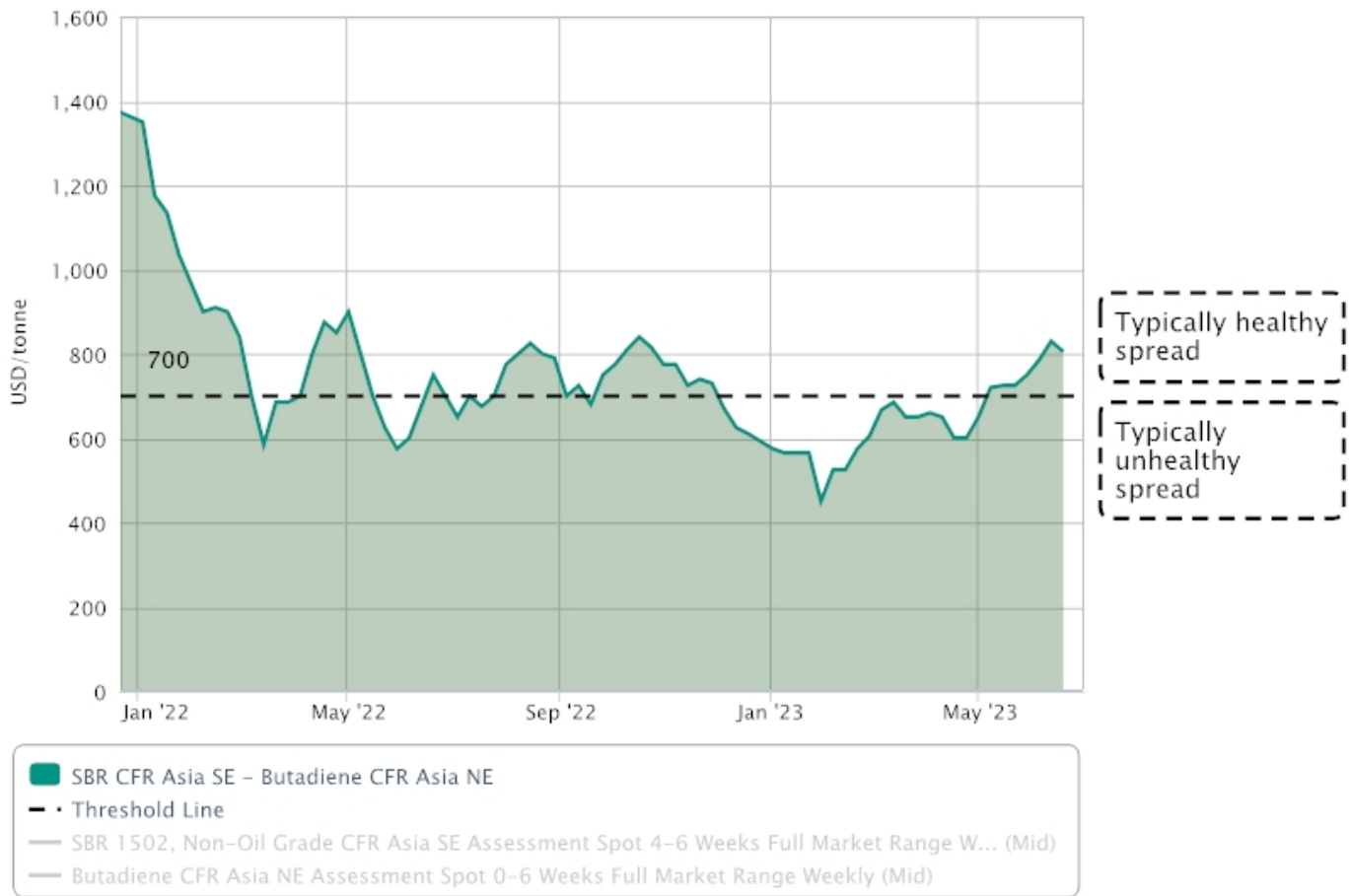
UPSTREAM

Butadiene

- Buy-sell tussle continues
- Overhang grew with deep-sea inflow
- Tepid buying interest

The chart below shows the spread between butadiene and SBR.

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



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Styrene:

- CFR China market liquidity low ahead of holiday
- China import ADD continues until the end of final review
- Exchange rate volatilities largely impact Chinese participants' price indications



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PRODUCTION

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

OTHER REGIONS

Europe

- June SBR contracts drop on feedstock losses
- Demand remains bearish; spot dry grade prices soften
- Upstream BD July contract drops €70/tonne

ANALYTICS

ICIS Butadiene Outlook

ICIS forecasts a worse outlook for US BD consumption for 2023 compared with November 2022 projections. Downstream demand is now expected to drop by around 9.3% year on year against 8.3% in the previous outlook. Across the board, the worsening outlook for the BD industry is dictated by the fact that US inflation will remain relatively high because it is dropping at a more moderate pace than expected. In 2023, net imports should decrease to about 100,000 tonnes from 200,000 tonnes in 2022. Currently, several US market participants are seeking to ship some cargoes to Asia to manage plenty supply, although Asian prices seems to be unworkable and trend downward.

The European BD market is likely to face a prolonged period of stunted demand and abundant supply. High inflation is compressing household purchases. The automotive sector, which usually records sales lows in summer months, will be subdued for the rest of 2023. An increase in BD flows from Europe to Asia to ease pressure on Q3 supply does not appear to be feasible, as Asian plants are gradually returning on stream from their maintenance. ICIS forecasts underlying European demand to increase to 2m tonnes or about 6% in 2023. As BD production is estimated to total 2.1m tonnes, the supply-demand imbalance will be about 100,000 tonnes. That said, the outlook for demand could be worse than expected.

The Asian BD market continues to witness soft demand and concerns over China's economic growth. ICIS expects that BD demand this year is set to increase to about 8.5m tonnes, slightly lower than 8.7m tonnes projection made in November 2022. A prolonged Russian-Ukraine war, high inflation and slower-than-expected recovery in Chinese economy weighed on domestic demand growth. BD production should hit about 8.2m tonnes, down by 2.3% from the previous outlook. As a result, the deficit is likely to be around 250,000 tonnes. In terms of plant news, Long Song petrochemical complex in Vietnam, which is currently conducting trials, could start production in July. The project includes a new standalone BD unit with a capacity of 110,000 tonnes/year and will serve Asian needs.

By **Paolo Scafetta**, ICIS senior olefin analyst, paolo.scafetta@icis.com

ICIS Styrene Outlook

The Europe styrene market continues to grapple with supply and demand challenges, amplified and sustained by high inflation and macroeconomic pressures, and relatively high regional energy and production costs. Weak demand has kept pressure on producer margins, while oversupply has capped the upside for prices. Competitively priced imports from the Middle East and North America are expected to keep pressure on the European market in the coming months.

Styrene demand is expected to be sluggish over the summer months as business activities typically slow down during the holiday period. Some slight improvements in demand may be seen in September as inventories are replenished. Seasonal factors are expected to again weigh on the market in the fourth quarter. The market is expected to gradually rebalance in 2024, but that recovery will depend heavily on demand improvements, particularly from the construction sector.

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