



Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim
29-Mar-2023

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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

- **Bearish buy-side sentiment**
- **Weak upstream weighs on offers**
- **Off-take dented by cheaper natural rubber substitutes**

Downside pressures have been unyielding for spot discussions in Asia's styrene-butadiene-rubber (SBR) market, as various bearish demand factors loom.

Downstream operations in southeast Asia will be seasonally slower during the Muslim fasting month of Ramadan, which started last week, and in India, players said import talks will only pick up pace when the new financial year begins in April.

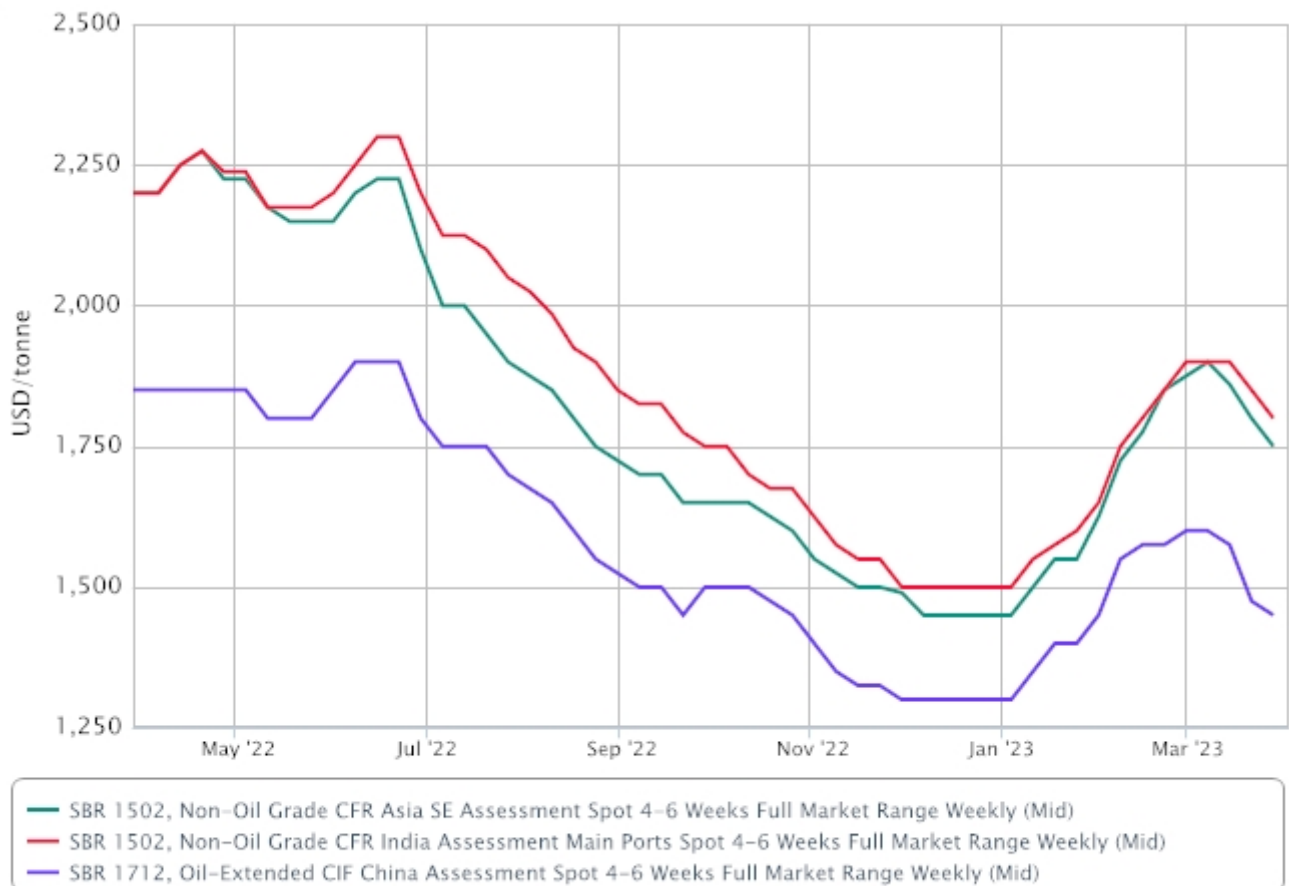
China's domestic market is still amply supplied, and this continues to weigh on the country's buying interest in imports.

Offers softened too with weaker upstream [butadiene](#) (BD) values, but failed to keep pace with the extent of declines in buying indications.

SBR end-users were also leaning towards buying less SBR in favour of cheaper natural rubber substitutes.

However, sellers said spot availability was limited after catering for contractual obligations and stock-building ahead of upcoming maintenance closures. There was therefore no selling pressure and they were reluctant to reduce offers further, especially as production margins are still not back to a healthy level.

Some regional producers are also looking to divert more volumes to markets further afield, such as Europe.



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OUTLOOK

- Upcoming turnarounds to keep spot supply tight
- Growing optimism for auto sector [demand recovery](#) in H2 2023
- [Macroeconomic uncertainty](#) lingers

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	n/c	1450-1550	-50	1600-1700	65.77-70.31
CFR Asia SE	USD/tonne	-50	1700.00-1800.00	-50	1800.00-1950.00	77.11-81.65
CFR India Main Ports	USD/tonne	-50	1750.00-1850.00	-50	1850.00-1950.00	79.38-83.91
SBR 1712, Oil-Extended						
CIF China	USD/tonne	n/c	1400-1500	-50	1550-1650	63.50-68.04
CFR Asia SE	USD/tonne	-50	1650.00-1750.00	-50	1750.00-1900.00	74.84-79.38
CFR India Main Ports	USD/tonne	-50	1700.00-1800.00	-50	1800.00-1900.00	77.11-81.65

China

CIF China prices for non-oil 1502 grade were down on the high end, to reflect muted selling indications from foreign suppliers.

The low end was held flat in the absence of any concrete buy-side indications.

CIF China prices for oil-extended 1712 grade were adjusted in line with the change for 1502 grade.

Domestic China prices bottomed out, as buying resumed to an extent. However, any uptick was capped as downstream users remained cautious and only bought sparingly.

East China domestic SBR 1502 prices

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	11,100-11,300	11,000-11,100

Southeast Asia

The CFR SE Asia assessment for non-oil 1502 grade trended lower on softer buy-sell talks.

Spot offers from regular Asian suppliers were mostly at the high end. Some held fast to indications above the range, but did not receive any buyer response, sources said.

Buyers with no pressing requirements were not prepared to pay more than the low end, citing no lack of cheaper availabilities from non-Asia supply streams like Russia.

The CFR SE Asia assessment for oil-extended 1712 grade was adjusted in line with the change for 1502 grade.

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

Mar 29) 2023	(1- Feb 2023	Jan 2023	Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022
134.91	140.11	140.11	135.03	127.32	130.52	134.12	149.74

India

CFR India prices for non-oil 1502 grade also softened, with lower buy-sell indications for Asia-origin material.

Duty free Korea-origin material was indicated at the high end and above, market sources said.

However, buyers stayed away citing cheaper availability from other origins, such as China and Russia. Buying ideas also slipped to the low end.

The assessment for oil-extended 1712 grade was adjusted with the 1502 grade change.

UPSTREAM

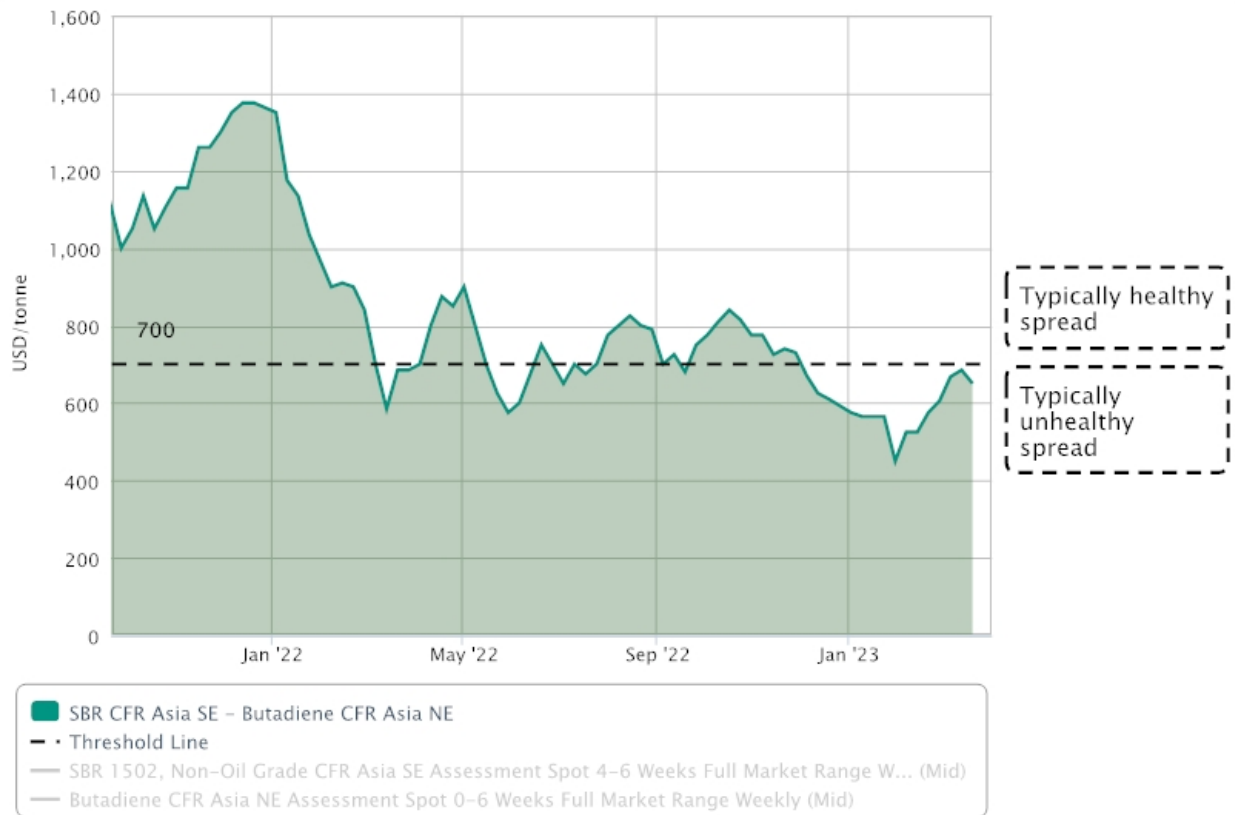
Butadiene (BD)

- Macroeconomic jitters weigh on sentiment

- Downside pressures on offers increase
- Limited regional offers but buyer eye deep-sea alternatives

The chart below shows the spread between butadiene and SBR.

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



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Styrene:

- China import market liquidity slows
- Domestic market recovery supports CFR China price indications
- Margins at SM makers remain under pressure



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PRODUCTION

Several regional plants are due to shut for maintenance in the [April](#) to [June](#) window.

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

OTHER REGIONS

Europe

- Upstream BD April price falls
- Spot SBR prices stable to firm
- Market conditions appear unchanged

US

- Supply is more than sufficient
- Overall demand remains low
- Sentiment bearish on economic, bank concerns

ANALYTICS

ICIS Butadiene Outlook

US inflation has fallen but at a slower pace than expected by the Federal Reserve. This could result in further monetary tightening which will further depress consumption. BD demand weakness is forecast to continue for the next few weeks. Production will continue to be tailored to demand and according to

preliminary estimates will total around 315,000 tonnes in Q1, down from 350,000 tonnes in Q1 2022. US BD availability will improve once plant maintenance ends at the end of this quarter. Automotive production is increasing as will inventory levels after almost three years of destocking. An increase in vehicle stocks suggests that consumer demand remains weak. New vehicle sales are expected to improve by 6.6% to about 14.6m units in 2023, about 14% below 2019 levels.

Synthos will permanently close its ESR line with 110,000 tonnes/year capacity at Kralupy, Czech Republic in Q2 due to unsustainable and unpredictable energy costs in Europe. As a result, the country's SBR market, which is currently long, is expected to become short. In the last five years, net exports averaged around 50,000 tonnes/year, with Poland the largest outlet in Europe. Upstream, the country's BD market is currently short and forecast to become balanced to slightly long going forward. In the last three years, total imports averaged around 70,000 tonnes/year, with Germany the largest source.

Across the board, BD supply in Asia is expected to improve in the weeks ahead due to an increase in Iranian deliveries and additional capacity. In contrast, Brazilian BD buyers are likely to shift most BD cargoes from northeast Asia to North America, notably the US and Mexico, during 2023. On the flip side, the Brazilian market is expected to become more balanced with the start-up of a new polybutadiene unit at Triunfo with a capacity of 65,000 tonnes/year. Overall, China's BD equivalent downstream capacity will total 6.6m tonnes/year this year, up from 5.4m tonnes/year in 2022. Total BD capacity will hit 6m tonnes/year in 2023, up from 5.3m tonnes/year. On paper, the country's monomer deficit is expected to increase to about 600,000 tonnes/year. Global natural rubber demand is forecast to remain steady in 2023, according to the Association of Natural Rubber Producing Countries (ANRPC). In contrast, global production could increase by 2.5% to about 14.7m tonnes. As a result, a narrow natural rubber supply and demand imbalance could add pressure to the BD/SBR industry in Asia.

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

ICIS Styrene Outlook

The European styrene market is expected to lengthen further in March as the full impact of recent unit restarts becomes visible. Trinseo restarted its Terneuzen plant in late January. LyondellBasell and Covestro restarted their unit in Maasvlakte in late February and have begun selling styrene on the open market. Terneuzen and Maasvlakte account for approximately 20% of Europe's installed capacity. The overall supply balance is likely to improve slightly in April, with Europe's soft market expected to continue to trade at or near the global floor, prompting a reduction of imports.

Demand is expected to see modest improvement as seasonal demand from the construction sector returns. The current demand is still far below that of recent years and the market is likely to remain lengthy in the first half of 2023. Styrene derivatives are also widely used in packaging, automotive and appliances, and all sectors are currently experiencing subdued demand because of constrained end-consumer spending. We do not expect a swift recovery and expect demand to stay weak in the coming months.

By **Moritz Lank**, lead market analyst, moritz.lank@icis.com

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