



## 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.

### OVERVIEW

- **Discussions still under pressure**
- **Demand lacklustre**
- **Softer offers emerge too**

Discussions in Asian spot import market for styrene-butadiene-rubber (SBR) are weighed down by thin demand and softer offers.

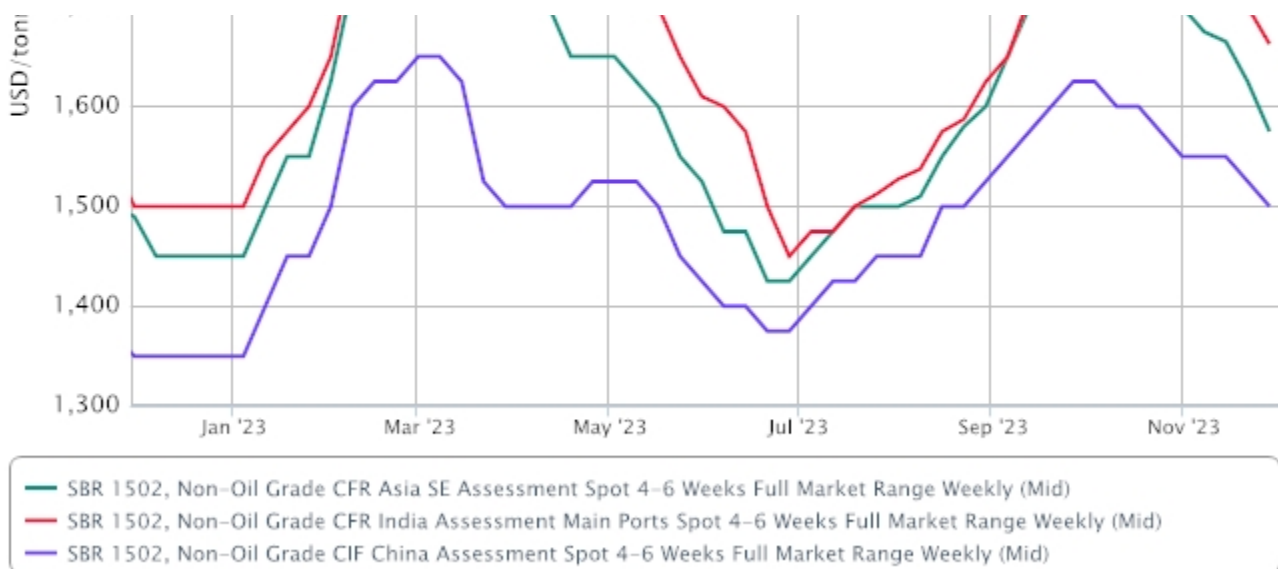
Buyers continued to press sellers for wider discounts, and their substantive requirements were also not robust to begin with, tracking patchy recovery of the key downstream automotive sector.

Lacklustre [industrial profits](#) in China dented buy-side confidence too, and many downstream factories are unwilling to hold stocks of raw materials, including SBR, market players said.

Softer offers surfaced this week, as some sellers tried to narrow and bridge the price gap with buyers and keep some cargoes moving.

However, sellers are mindful that as their production margins are already very squeezed, their ability to widen discounts further will be limited. Some are heard instead contemplating options like cutting operating rates to rein in cost outlay, if sales tempo still fail to pick up more pace soon.





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## OUTLOOK

- Supplies may tighten if producers trim operations
- Global economic slowdown to dent demand
- Buyers to stay cautious for the near term

## 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	1450-1550	n/c	1500-1600	65.77-70.31
<b>CFR Asia SE</b>	USD/tonne	-50	1550.00-1600.00	-50	1650.00-1750.00	70.31-72.57
			0			
<b>CFR India Main Ports</b>	USD/tonne	-50	1600.00-1720.00	-30	1700.00-1800.00	72.57-78.02
			0			
<b>SBR 1712, Oil-Extended</b>						
<b>CIF China</b>	USD/tonne	-50	1400-1500	n/c	1450-1550	63.50-68.04
<b>CFR Asia SE</b>	USD/tonne	-50	1520.00-1570.00	-50	1620.00-1720.00	68.95-71.21
			0			
<b>CFR India Main Ports</b>	USD/tonne	-50	1570.00-1690.00	-30	1670.00-1770.00	71.21-76.66
			0			

### China

CIF China assessments for the non-oil 1502 grade were stable to soft, tracking softer buying indications.

Import demand was not robust to begin with, as local end-users relied more heavily on the domestic supply pool, and customs data did show that China's SBR imports were substantially lower in [October](#), compared to [September](#).

CIF China assessments for the oil-extended 1712 grade were adjusted with changes for the 1502 grade.

Domestic China prices for SBR were, however, higher week on week, as local makers hiked offers to keep up with sharp increases seen in the week prior of yuan-denominated values of feedstock [butadiene](#) (BD).

#### 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	11,500-11,700

#### Southeast Asia

CFR SE Asian prices for the non-oil 1502 extended losses, as several NE Asian suppliers moderated offers again to push sales.

China-origin materials were indicated at the low-end, while cargoes from other NE Asian suppliers hovered at the higher end.

CFR SE Asian prices for the oil-extended 1712 grade are adjusted in line with changes for the 1502 grade.

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

Nov (1-29) 2023	Oct 2023	Sep 2023	Aug 2023	Jul 2023	Jun 2023	May 2023
148.41	145.26	142.65	130.22	131.31	133.48	136.34

Source: Malaysian Rubber Board

#### India

Sentiment for CFR Indian trades for the non-oil 1502 grade are weighed down by global downstream demand worries.

Local end-users are also cautious not to over-commit on raw material purchases as they head into the seasonal year-end lull in factory operations. Their buying indications were mostly suppressed as such.

Import offers and discussions were wide-ranging for the week. Some NE Asia-origin materials changed hands at the high-end early week, market sources said.

Lower asking prices also emerged, tracked at the low-end, from some regional suppliers eager to push sales and mitigate inventory pressures.

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

## UPSTREAM

### Butadiene

- Domestic China up on prompt supply crunch
- Import discussions less upbeat
- Buy-side sentiment dull in wider Asia

The chart below shows the spread between butadiene and SBR, which fell deeper into the unhealthy zone lately.

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

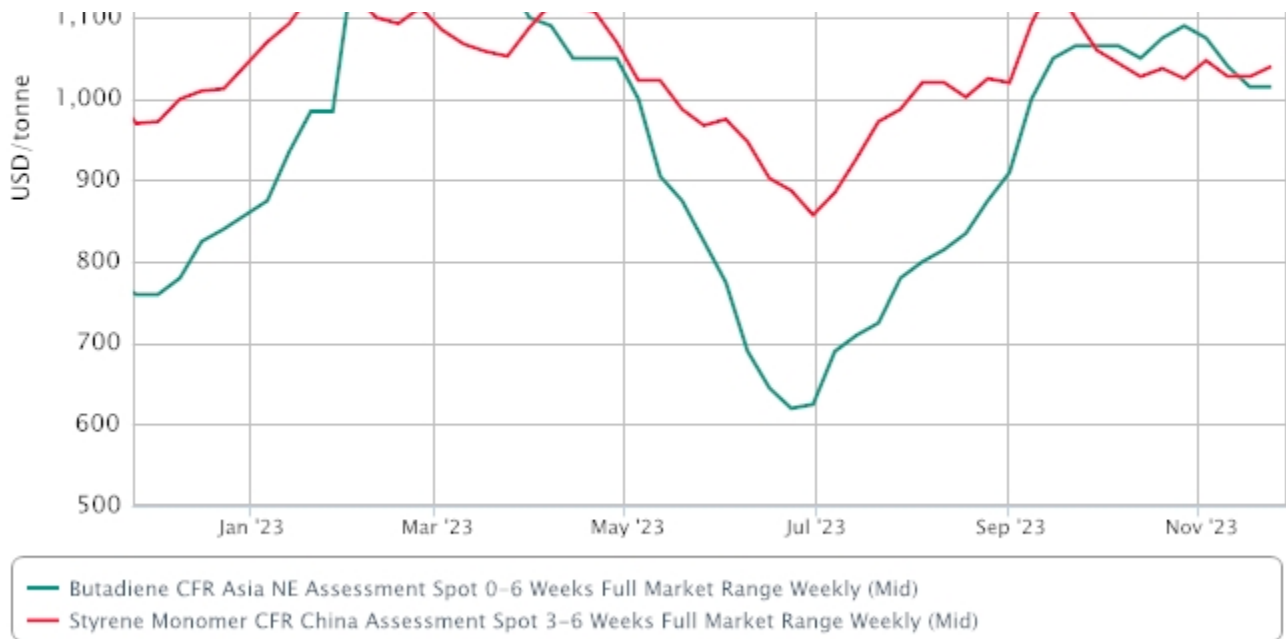


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### Styrene:

- China market turns slightly bearish
- Japan-origin cargoes offered to China on floating basis
- Regional market sentiment remains weak, tracking year-end lull





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## PRODUCTION

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

## OTHER REGIONS

### Europe

- November SBR contracts stable to soft amid mixed pricing
- Spot prices also vary; December BD contract declines
- Europe's Q3 replacement tyre sales struggle in tough conditions- ETRMA

## ANALYTICS

### ICIS downstream outlook on automotive

Impending regulation, labour unrest and higher interest rates are three main variables weighing on the outlook of the automotive industry. Though a relative increase in activity has been reported, numbers are still below 2019 levels. Bearish market sentiment continues to delay recovery.

The US automotive industry continues to struggle because of the failure to reach at an amicable resolution between the United Auto Workers (UAW) and the automakers (Ford, General Motors and Stellantis). Industry stakeholders are closely tracking developments and waiting it out. According to the US Census Bureau, US light vehicle sales fell 1.2% month on month in October with total sales of 15.5m units. The finished inventory to sales ratio (its calculated by dividing inventory by sales) rose to 1.069 in September from 0.952 in August. High inflation, eroding consumer confidence and tighter monetary policy will weigh on consumer demand for automotives.

The European Automobile Manufacturers' Association (ACEA) reported positive set of results. Though one of the leading points of contention for European Original Equipment Manufacturers (OEM) is the looming Rules of Origin (ROO) January 2024 deadline where a 10% of additional tariff on electric vehicles will be applicable on exports for vehicles with less than 40-45% non-originating components. The ACEA, in its petition to the European Commission, argues that it will lead to "direct impact on the competitiveness of EU electric vehicle manufacturing by reducing our share in Europe's number one EV export market." The Association recommends "continuation of the current ROO for batteries in the EU-UK Trade and Cooperation Agreement (TCA) until the end of 2026 is the most appropriate solution."

According to ACEA, EU passenger car registration increased by 9.2% in September compared with same month last year. ACEA reports that Italy posted the biggest gain with a 22.7% increase, followed by France (+10.7%) and Germany being marginally flat. Commercial vehicle registration also reported positive results, even recording double digit growth with Spain (+20.5%), Germany (+18.2%), and Italy (+16.7%). Though long-term investment for trends, including tightening emission standards, a growing push to electrify and increasing shared car ownership, is forecast to put pressure on OEMs.

China automotive in 2023 is expected to grow 9.4% compared with 2022. Q4 2023 is forecast to grow by 7.3% compared with Q4 2022, according to Oxford Economics. Medium-term fundamentals remain strong, with rising income and low car ownership. This is particularly true for electrified and other new energy vehicles (NEV) as governments incentives push this market. India's automotive sector in 2023 is expected to grow 10.8% compared with 2022. Q4 2023 is forecast to grow by 12.7% compared with Q4 2022, according to Oxford Economics. Federation of Automobile Dealers Associations (FADA) reported market optimism with ongoing Diwali festivities in India. Though the association expressed concerns over high inventory levels and is urging OEMs to moderate vehicle dispatch and advise dealers to introduce attractive schemes to manage excess unsold stock before ending the calendar year.

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