

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

- **Better buying appetite**
- **Restocking interest seen**
- **Offers also up on cost concerns**

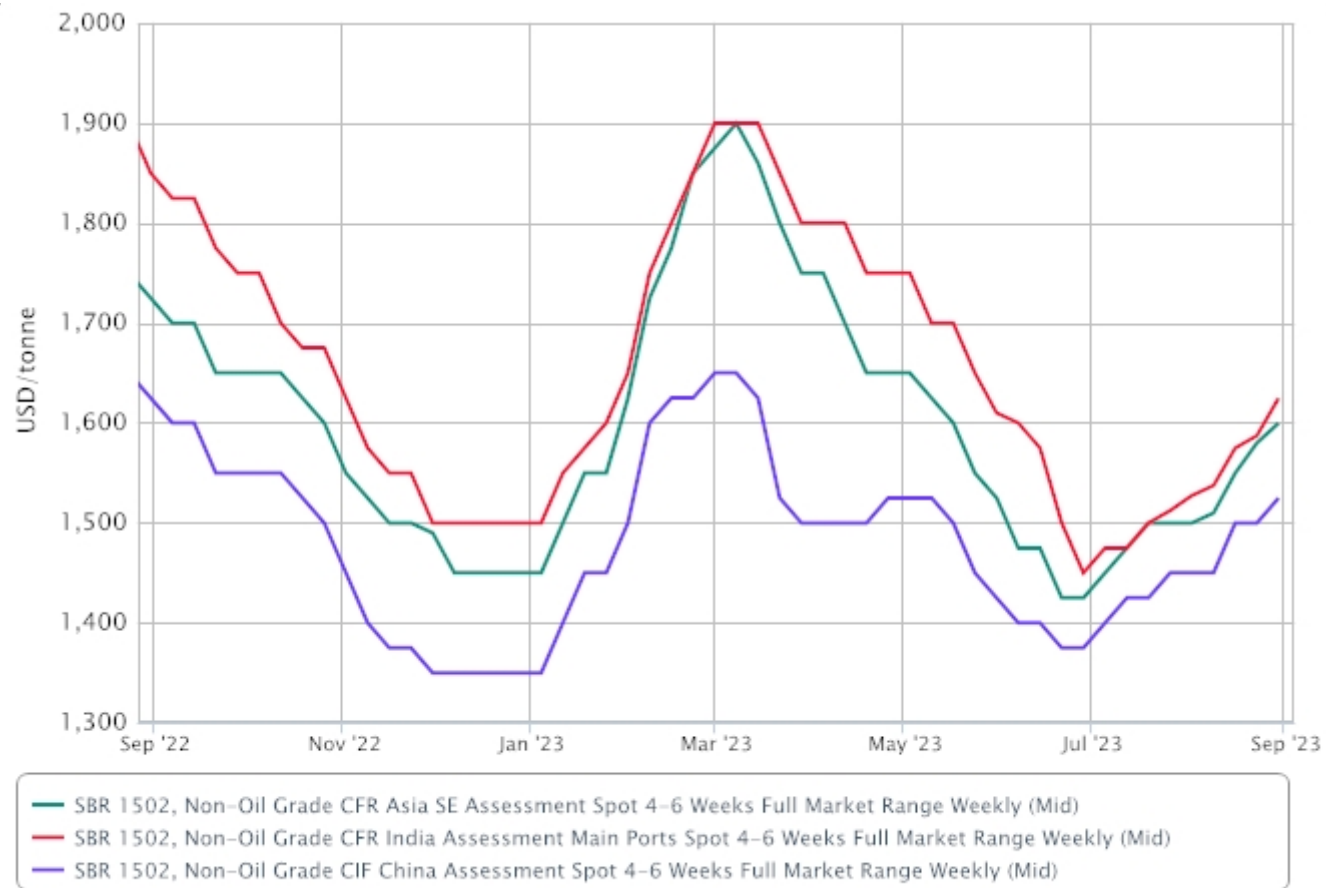
Asia's import market for styrene butadiene rubber (SBR) edged up this week, on [rising offers](#) and firmer discussions.

Inventories are running lower in import reliant outlets such as southeast Asia and India, and end-users there were keen to book additional import cargoes, in part also to lock in prices before SBR offers rose any further.

They expect downstream operations, in related sectors like automobiles, to pick up after the summer lull is over, which will in turn generate demand support for SBR spot trade, players said.

However, because the broad global macroeconomic outlook is still not bright, players said this could continue to weigh on buy-side sentiment.

In the meantime, SBR makers are separately determined to chase higher targets in an attempt to defray mounting feedstock [butadiene](#) (BD) costs and protect frail margins.



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OUTLOOK

- Auto sector [strike](#) may derail pace of recovery
- Upstream cost movements to drive offers
- Buyers may remain cautious in near term

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	+50	1500-1550	n/c	1400-1500	68.04-70.31
CFR Asia SE	USD/tonne	+20	1550.00-1650.00	+20	1450.00-1550.00	70.31-74.84
CFR India Main Ports	USD/tonne	+50	1600.00-1650.00	+25	1480.00-1575.00	72.57-74.84
SBR 1712, Oil-Extended						
CIF China	USD/tonne	+50	1450-1500	n/c	1350-1450	65.77-68.04
CFR Asia SE	USD/tonne	+20	1520.00-1620.00	+20	1400.00-1500.00	68.95-73.48
CFR India Main Ports	USD/tonne	+50	1570.00-1620.00	+25	1430.00-1525.00	71.21-73.48

China

The CIF China assessment for non-oil 1502 grade narrowed, as buying indications, reflected at the low end, improved with firmer yuan-denominated prices.

But as the yuan remains weak against the US dollar, local end-users were looking to limit their exposure to US dollar denominated imports, preferring instead to tap into the domestic supply pool.

The assessment for oil-extended 1712 grade was adjusted with changes in 1502 grade.

Domestic prices in east China surged due to better demand and sustained upstream price increases.

East China domestic SBR 1502 prices

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	12,000-12,100	11,700-11,800

Southeast Asia

The CFR SE Asia assessment for non-oil 1502 grade was up, to reflect the spectrum of trades and transactions for cargoes from different regional suppliers.

Fresh offers were heard at the high end.

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

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

Aug (1-30) 2023	Jul 2023	Jun 2023	May 2023	Apr 2023	Mar 2023
130.22	131.31	133.48	136.34	136.27	135.03

India

Demand sentiment is quite upbeat on expectations that local automobile sales will rise in the run up to the year-end Diwali festival.

The CFR India assessment for non-oil 1502 grade was adjusted to reflect firmer offers from diverse NE Asian suppliers.

The assessment for oil-extended 1712 grade was also up with the 1502 grade increase.

UPSTREAM

Butadiene

- Offers [trend up](#) with cost and supply factors
- Some restocking requirements seen from end-users
- But bids still lag offers, affecting spot trade liquidity

The chart below shows the spread between BD and SBR.

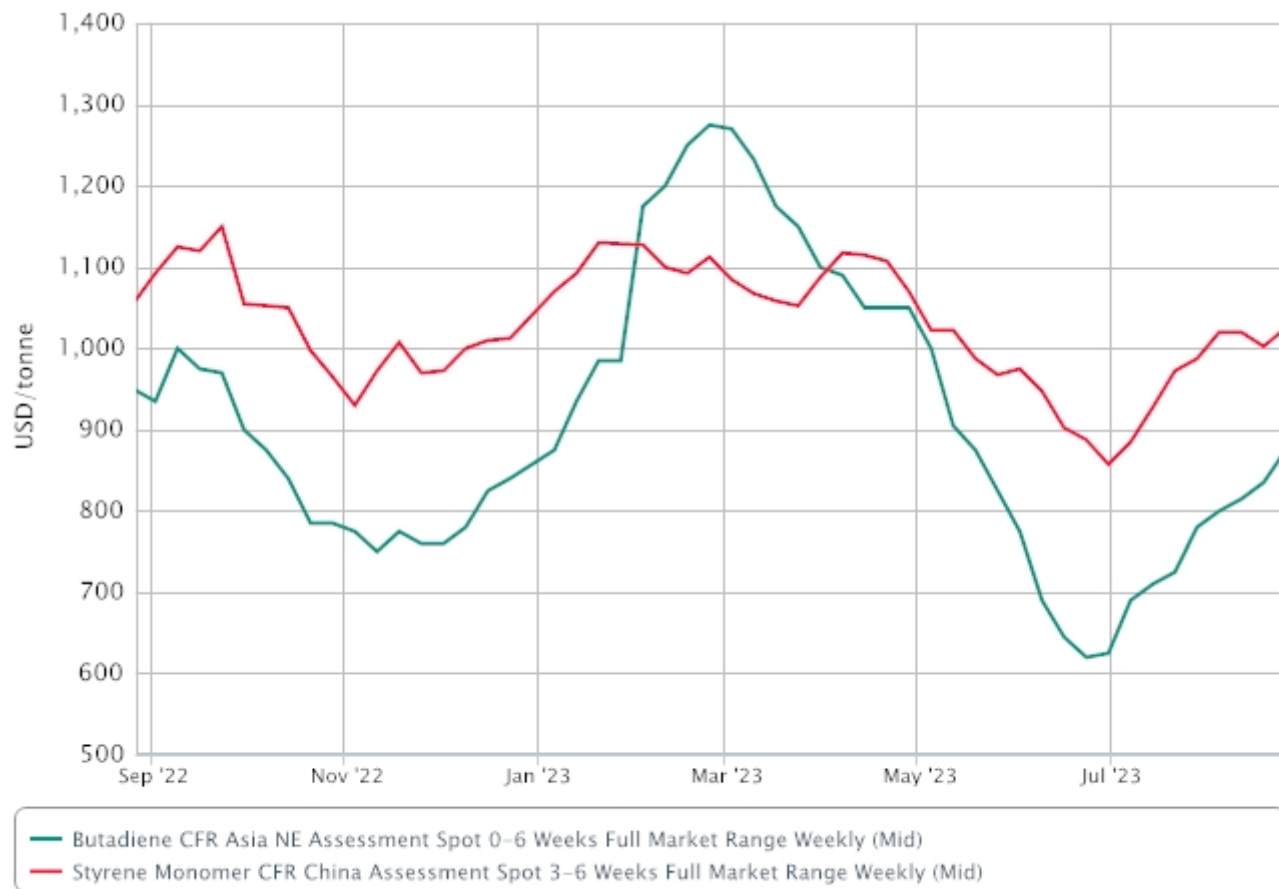
[Downstream spread – butadiene NE Asia and SBR SE Asia](#)



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Styrene:

- CFR China market fluctuates at above \$1,000s/tonne
- Market movements largely bound by firm production costs, tepid downstream appetite
- Active discussions in FOB China market for prompt-loading cargoes



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PRODUCTION

In China, SBR output tightened with a month-long maintenance [closure](#) at the 170,000 tonne/year Shen Hua Chemical Industrial unit in Nantong. The unit is expected to resume operations in mid-September, market sources said.

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

OTHER REGIONS

Europe

- August SBR contracts assessed at decreases

- Europe butadiene September contract up by [€35](#)/tonne
- Quiet conditions continue; market in holiday mode

ANALYTICS

ICIS Outlook for Downstream Automobile Sector

The global light vehicle selling rate increased to 93m units in June from 89m units in May 2023, according to Oxford Economics.

According to the US Census Bureaus, US light vehicle sales increased marginally by 0.5% month on month in July 2023 with total sales of 15.73 million units (up 18% year on year but still down 7.3% from 2019). The finished inventory-to-sales ratio slightly improved month on month from 0.807 to 0.838 in June. (For context, the ratio was 0.937 and 2.641 respectively in June 2021 and 2020). High inflation, slumping consumer confidence and tighter monetary policy will weigh upon consumer demand for automotives. On the positive, congress has passed the Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act to increase US semiconductor manufacturing with a total package of \$280bn to boost computer chip research and production.

According to the European Automobile Manufacturers' Association (ACEA), EU new car registration increased by 17.8% in June compared with same month last year. However, the increase is a function of a lower base. The Association further reports that Germany posted the biggest gain with a 24.8 % increase, followed by Spain (+13.3 %) and Italy (+9.1 %). However, there are still concerns about balance sheets, with some producers struggling to survive in the short term. Long-term investments for trends including tightening emission standards and a growing push to electrify and increase shared car ownership have already left firms cash strapped.

According to the China Association of Automobile Manufacturers (CAAM), Chinese car production was up 10.4% month on month in June, and down 0.9% year on year. In contrast to its global peers, China's inventory coefficient (calculated as inventory over sales) at auto dealers is quite high at 1.70 in July 2023 – with levels above 1.5 considered a warning. CADA reported an improvement in inventory levels.

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