



Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim
30-Oct-2024

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

OVERVIEW

- **China assessments lower on extended domestic losses**
- **Discussions muted elsewhere in Asia**
- **Market players in wait-and-see mode**

Discussions for styrene butadiene rubber (SBR) imports in Asia continued to trend downward in China, tracking extended declines in the yuan-denominated domestic market.

Discussions were also muted elsewhere in Asia, as players in southeast Asia and India retreated to wait for the situation in China to stabilize.

Buy-sell opinions on the near term pricing outlook differed, which further curtailed meaningful discussions and negotiations on any potential spot trade.

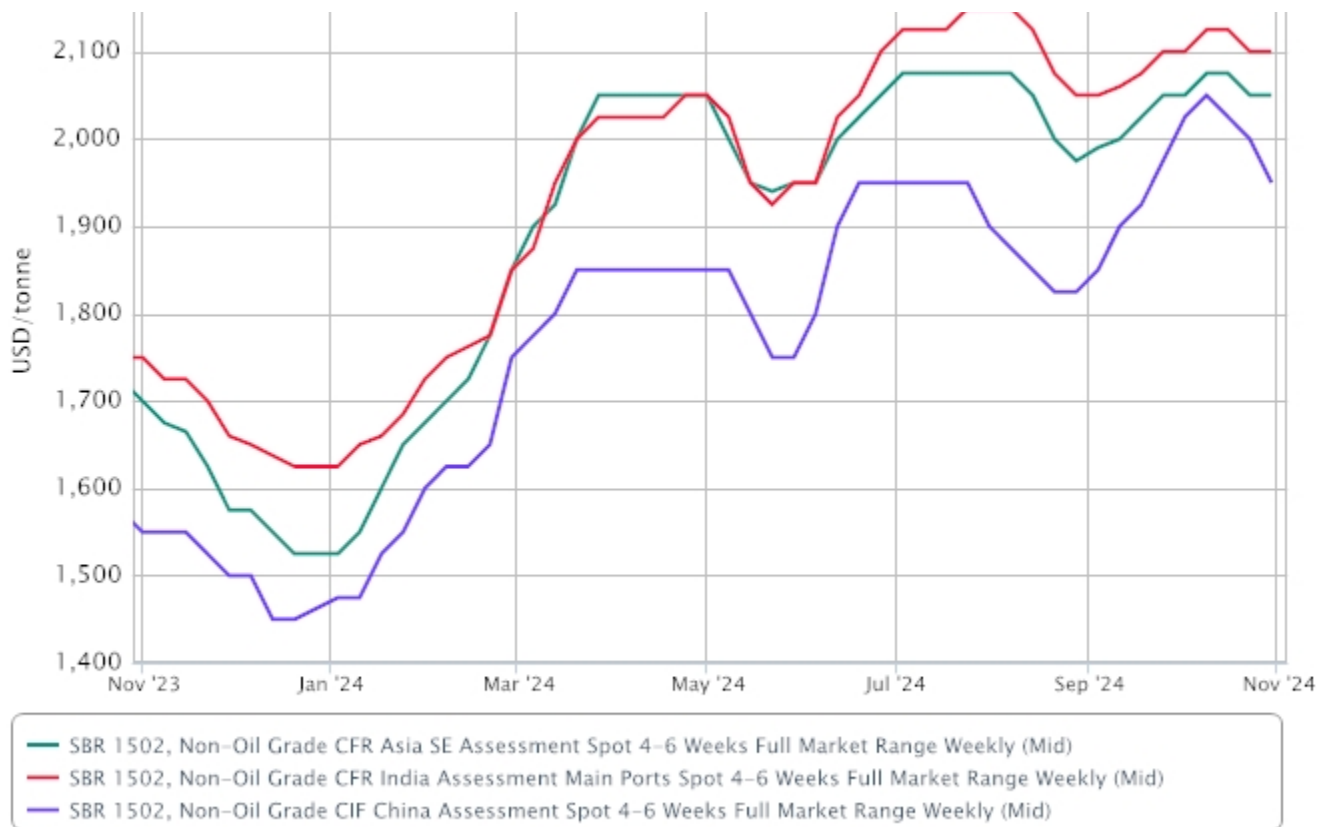
Among sellers, most regional rubber makers separately held back from dishing out discounts to induce buying, even if they acknowledged that substantive buying interest was subdued.

Most said they had limited spot availabilities to begin with and they were independently of the belief that buyers with concrete requirements would, in due course, increase bids to secure volumes from the small supply pool.

However, seeing how feedstock butadiene (BD) prices have [fallen](#) in recent times, SBR buyers separately expressed expectations that sellers could transfer cost savings in the form of moderated PBR offers. They added that if this did not materialize, they would rather wait and defer purchases to a later date.

A number of market players polled pointed to downstream demand conditions, such as in the key automobile sector, that are still far from robust and said it would not be to their advantage to fork out more for raw materials such as SBR.

2,200



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OUTLOOK

- Spot supply constraints to lend near-term support to offers
- Buying interest could dwindle further if upstream losses sustained
- Buy-sell disparity may intensify

PRICES

SPOT PRICES

| | | | Price Range | | Four Weeks Ago | US CTS/lb |
|--------------------------------|-----------|-----|----------------------|-----|-----------------|-------------|
| SBR 1502, Non-Oil Grade | | | | | | |
| CIF China | USD/tonne | -50 | 1900-2000 | -50 | 2000-2050 | 86.18-90.72 |
| CFR Asia SE | USD/tonne | n/c | 2000.00-2100.00 0 | n/c | 2000.00-2100.00 | 90.72-95.25 |
| CFR India Main Ports | USD/tonne | n/c | 2050.00-2150.00 0 | n/c | 2050.00-2150.00 | 92.99-97.52 |
| SBR 1712, Oil-Extended | | | | | | |
| CIF China | USD/tonne | -50 | 1850-1950 | -50 | 1950-2000 | 83.91-88.45 |
| CFR Asia SE | USD/tonne | n/c | 1950.00-2050.00 0 | n/c | 1950.00-2050.00 | 88.45-92.99 |

| | | | | | | |
|-----------------------------|-----------|-----|-----------------|-----|-----------------|-------------|
| CFR India Main Ports | USD/tonne | n/c | 2000.00-2100.00 | n/c | 2000.00-2100.00 | 90.72-95.25 |
| | | | 0 | | | |

China

CIF China assessments for the non-oil 1502 grade fell at the high end on lower selling indications, as some sellers moderated expectations to keep pace with prevailing yuan-denominated values. The low end also fell with more subdued buy-side indications.

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

Domestic prices in east China continued to trend downward, alongside weaker feedstock BD prices.

East China domestic SBR 1502 prices

| Price (CNY/tonne) | This week's close | Previous week's close |
|-------------------|-------------------|-----------------------|
| E China EXWH | 15,700-16,000 | 16,200-16,400 |

Southeast Asia

CFR SE Asia assessments for both the non-oil 1502 grade and the oil-extended 1712 grade were unchanged, taking into account rangebound buy-sell indications heard in a thinly traded week.

Natural rubber SMR 20 reference price - US cents/kg FOB Malaysia

| 1-30 2024 | Oct 2024 | Sep 2024 | Aug 2024 | Jul 2024 | Jun 2024 | May 2024 | Apr 2024 |
|--------------|-------------|----------|----------|----------|----------|----------|----------|
| 207.08 | 196.02 | 179.89 | 168.65 | 176.00 | 170.03 | 162.99 | |

Source: Malaysian Rubber Board

India

Discussions took a pause in India, with many players heard to have been gradually exiting the trade arena for Diwali celebrations that will begin at the end of October.

CFR India assessments for both the non-oil 1502 grade and the oil-extended 1712 grade have been rolled over, as a result.

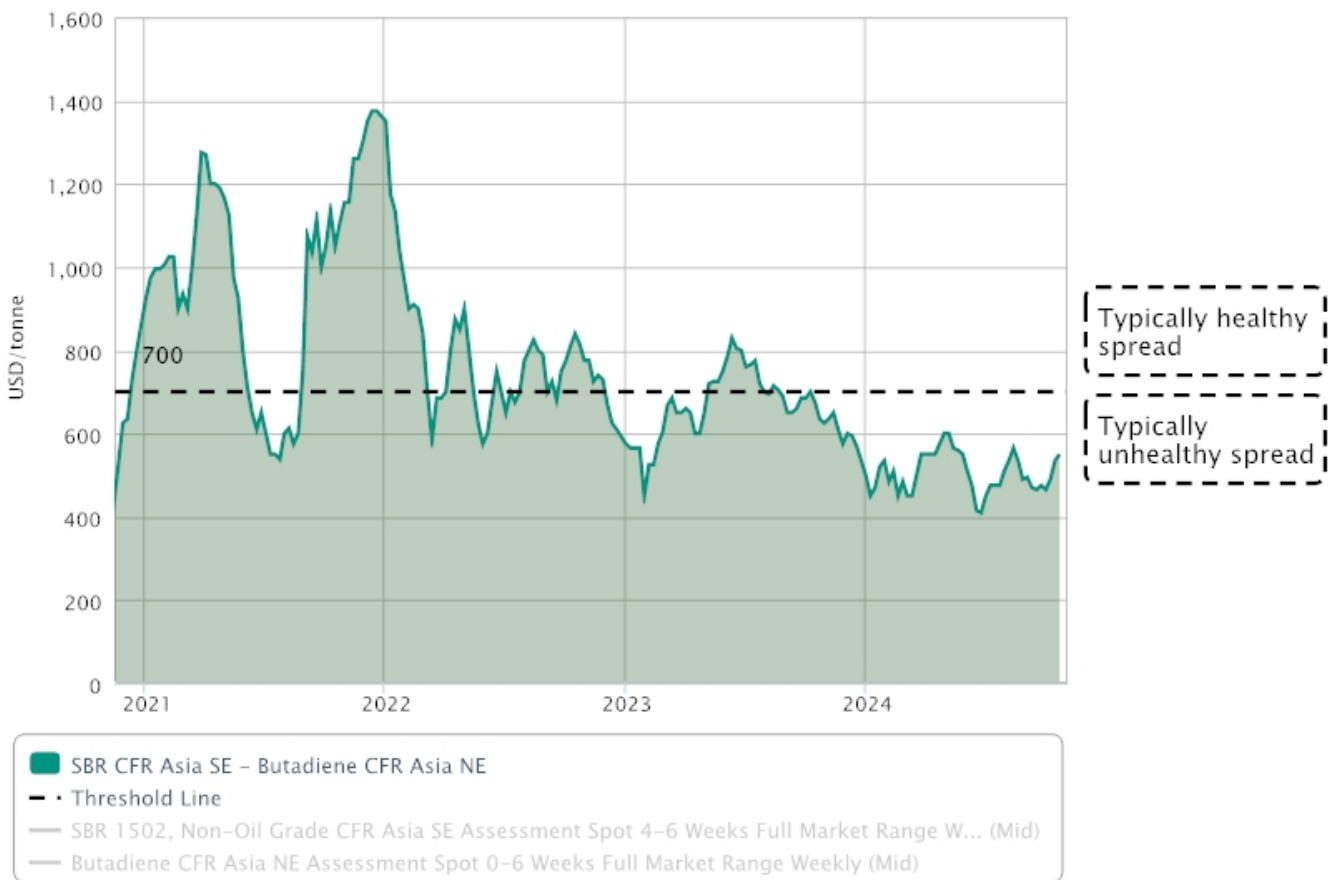
UPSTREAM

Butadiene (as at 25 Oct)

- Muted domestic China continues to weigh on import sentiment
- Market deemed amply supplied amid mix of regional offerings, deep-sea materials
- Buy-sell gulf widens

The chart below shows the spread between BD and SBR, which remains wedged in the zone deemed to be unhealthy.

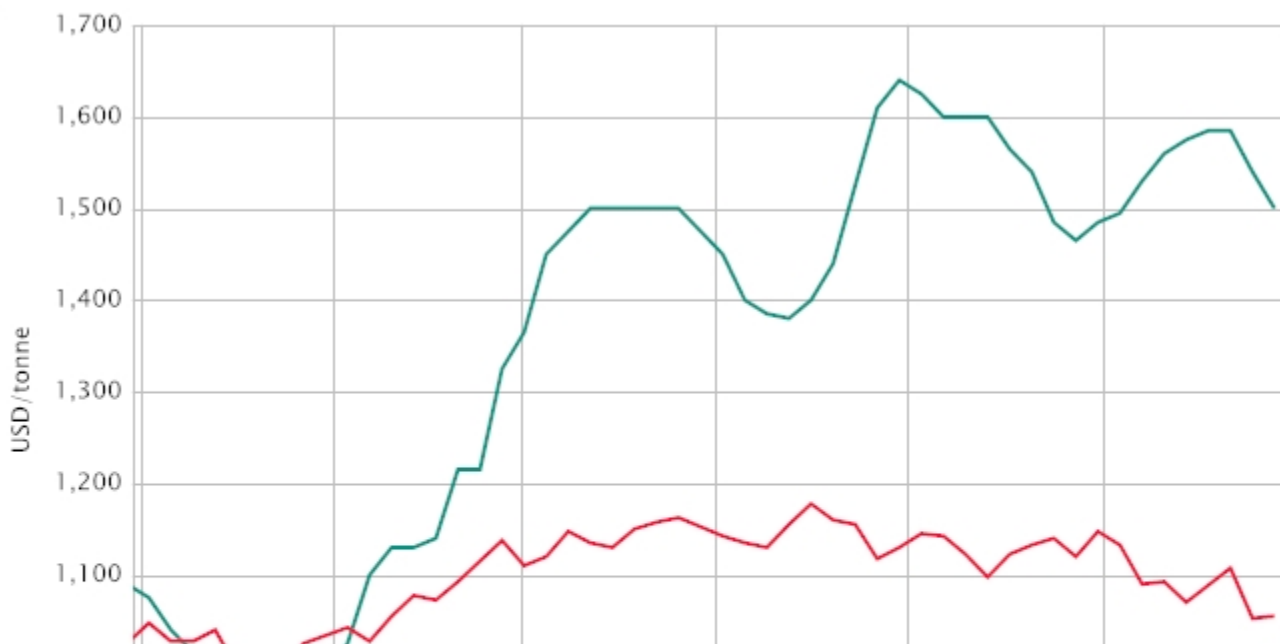
Downstream spread – butadiene NE Asia and SBR SE Asia



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Styrene (as at 25 Oct)

- China's SM market consolidates after falling the previous week
- Near-term supply concerns in China remain as low shore-tank inventory continues
- Regional spot liquidity stays shallow amid low year-end demand





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PRODUCTION

A 150,000 tonne/year SBR unit in Jilin, China, was [restarted](#) in H2 October, following a two-month closure for maintenance. Nevertheless, maintenance is still ongoing at several other plants in northeast Asia.

| Company | Location | Status | Capacity (MT/ year) | Start | End |
|-----------------------|--------------------|-------------|-----------------------|---------|----------|
| Zeon | Tokuyama, Japan | Maintenance | 135,000 (two lines) | 20 Sep | Late Nov |
| Kumho | Ulsan, South Korea | Maintenance | 283,000 (three lines) | End Sep | Late Oct |

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

OTHER REGIONS

Europe

- Europe BD [Nov contract](#) rolls over
- Supply mostly balanced or unchanged this week
- Demand stable or slowing depending on source

ANALYTICS

ICIS outlook on downstream automobile sector

Volatility in both trade relations and policy continue to be major headwinds for the automotive sector in 2024. The industry is preparing for structural change. However, there is a degree of skepticism among manufacturers regarding mandatory targets for ramping up the charging and refueling infrastructure for electric vehicles (EVs).

According to the US Census Bureaus, US light vehicle sales increased by 3.3% month on month in September to 15.7 million. This figure is still below the pre-pandemic level of 17.2 million in September 2019 and down approximately 8.1%. The finished inventory-to-sales ratio, calculated by dividing inventory by sales, decreased month on month from 1.601 to 1.359 in August. For context, the ratio was 0.672 and 0.601 respectively in September 2021 and 2022.

According to the European Automobile Manufacturers' Association (ACEA), EU passenger car registration decreased by 6.1% year on year in September. The association reported double-digit losses in France (-11.1%) and Italy (-10.7%). Germany's market contracted by 7.0%. On the positive side, Spain and Italy reported growth of 4.7% and 2.1%, respectively.

China's automotive output in 2024 is expected to grow 8.0% compared with 2023 levels, with Q4 2024 output forecast to grow by 2.2% compared with Q4 2023 levels, according to Oxford Economics.

The festive season in India is forecast to give a much-needed boost to the industry. On the negative side, dealers are struggling with higher inventory and lower profitability, as reported by the Federation of Automobile Dealers Associations (FADA).

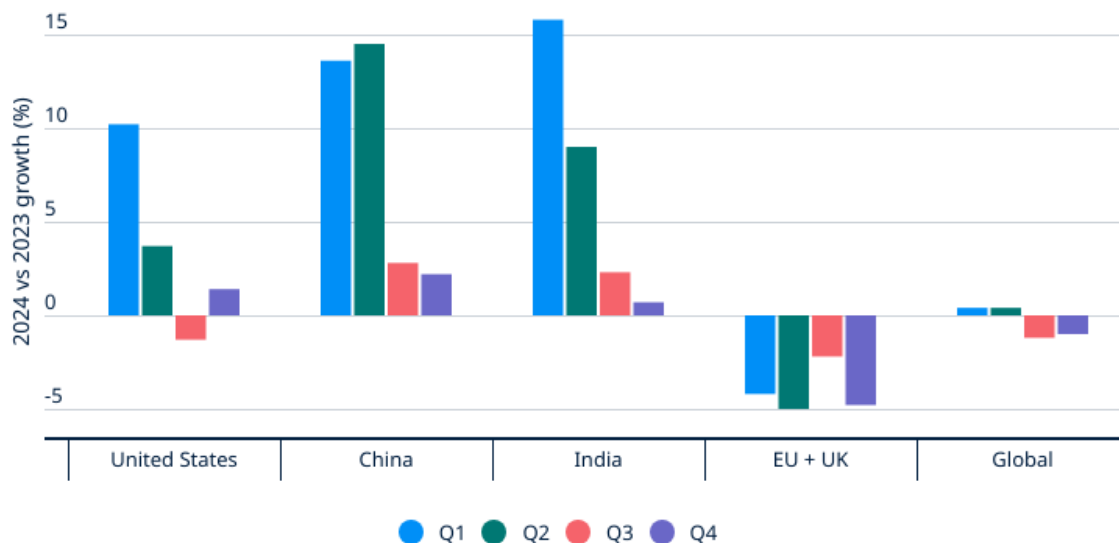
India's automotive output in 2024 is expected to grow 6.6% compared with 2023 levels, with Q4 2024 output forecast to grow by 0.7% compared with Q4 2023 levels according to Oxford Economics.

FADA reported cautious optimism ahead of India's festive season, though strategic inventory management is crucial before capitalizing on it.

By **Jincy Varghese**, ICIS demand analyst, jincy.varghese@icis.com

Motor vehicle sector growth by region

2024 vs 2023



SOURCE: Oxford Economics

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