



## Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim

31-Jan-2024

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

The China prices in the weekly analysis on 14 February will be based on information collated up to 13:00 hours Singapore/Shanghai time on 9 February. Please click [here](#) for the ICIS publishing schedule.

### OVERVIEW

- **Discussions more buoyant**
- **Sellers chase higher targets to recoup costs**
- **Demand outlook mixed**

Discussions this week in Asia's spot import market for styrene butadiene rubber (SBR) are more upbeat, tracking firmer offers.

However, concrete transactions were limited as buyers and sellers could not fully iron out their difference in pricing outlook.

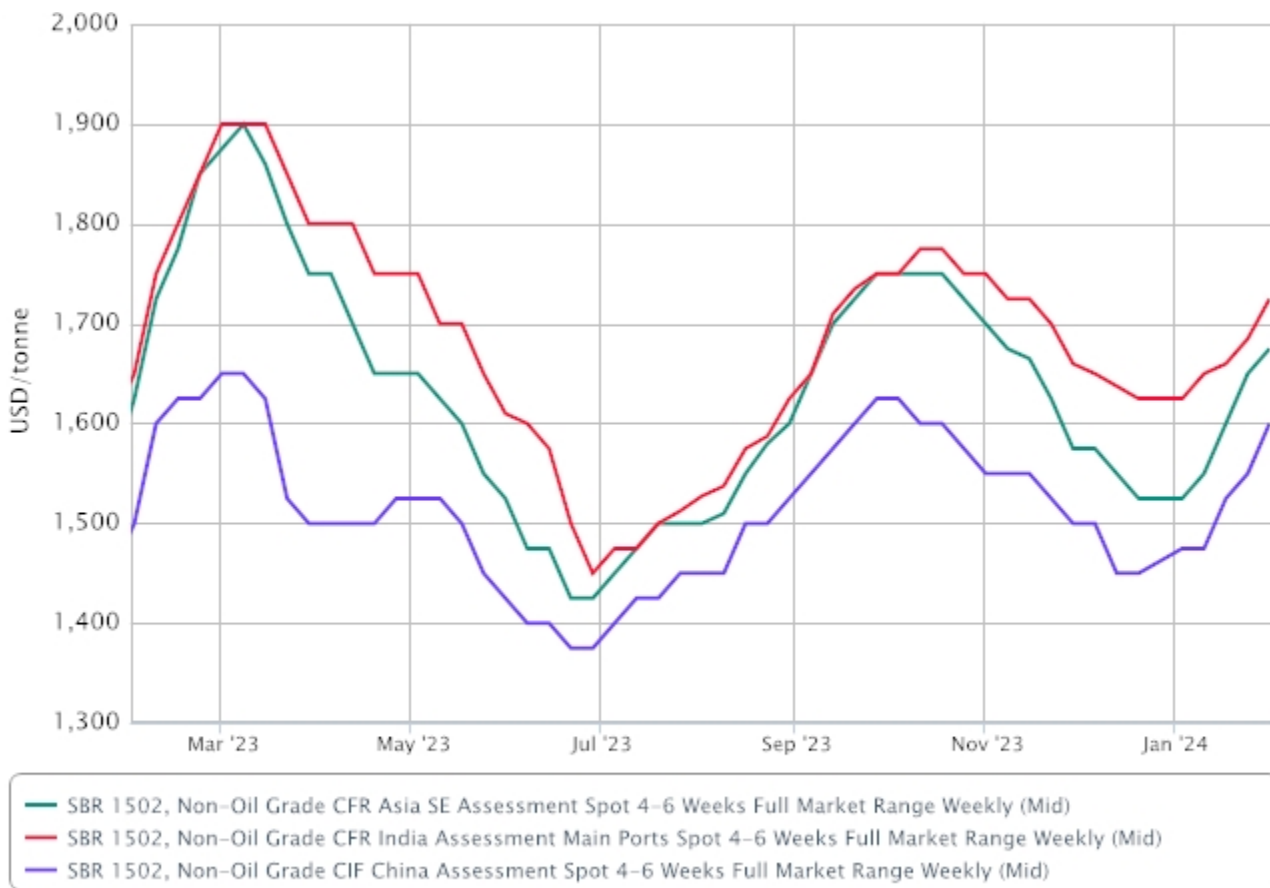
Sellers raised their [offers](#), citing the need to protect frail margins amid an unrelenting cost push from the upstream feedstock butadiene (BD) market.

Sellers are also buoyed by what they perceived as growing demand, as they received a healthy and steady stream of buying enquiries for spot cargoes.

However, market players said that much of the buying enquiries did not materialize into deals as yet, because majority buyers are still unwilling to pay too much more for SBR cargoes, on concerns that they could not transfer the increases to their own downstream markets.

Many said that they would rather wait until after there is more clarity on how the key China market will trend post-holiday, before they finalize their next procurement position.

Thus far, signals are mixed on post-holiday outlook. On one hand, global economic headwinds continue to loom and weigh on sentiment. On the other hand, some are encouraged by latest data showing [China's factory activities](#) firmed up in January, as well as IMF's upward revision of [China's 2024 GDP growth forecast](#).



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## OUTLOOK

- Offers to tap upstream strengths for main support
- Uncertainties loom in post-holiday demand outlook
- Buyers may continue to keep to cautious procurement stance

## 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	1550-1650	+50	1450-1500	70.31-74.84
<b>CFR Asia SE</b>	USD/tonne	+50	1650.00-1700.00	n/c	1500.00-1550.00	74.84-77.11
<b>CFR India Main Ports</b>	USD/tonne	+50	1700.00-1750.00	+30	1575.00-1675.00	77.11-79.38
<b>SBR 1712, Oil-Extended</b>						
<b>CIF China</b>	USD/tonne	+50	1500-1600	+50	1400-1450	68.04-72.57
<b>CFR Asia SE</b>	USD/tonne	+50	1600.00-1650.00	n/c	1450.00-1500.00	72.57-74.84

<b>CFR India Main Ports</b>	USD/tonne	+50	1650.00-1700.00	+30	1525.00-1625.00	74.84-77.11
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## China

CIF China prices for the non-oil 1502 grade were assessed higher, taking into consideration firmer offers at the high end.

Buying indications, reflected at the low end, also rose in line with higher yuan-denominated prices in the domestic market.

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

Domestic prices in east China spiked, alongside a bull run in the upstream butadiene market.

### East China domestic SBR 1502 prices

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	12,400-12,500	12,000-12,200

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## Southeast Asia

CFR SE Asian prices for the non-oil 1502 grade were steady to firm, taking into consideration deals and discussions heard.

Transactions were heard concluded within the published range, and offers were heard at the high end and above.

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

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

Jan 2024	Dec 2023	Nov 2023	Oct 2023	Sep 2023	Aug 2023
154.20	146.31	148.42	145.26	142.65	130.22

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Source: Malaysian Rubber Board

## India

CFR Indian assessments for the non-oil 1502 grade also climbed in line with higher buy-sell indications heard for Asia-origin materials.

Some cargoes were indicated at the high end, and buying indications capped at the low end. Market sources said that some trades may have materialized too at the lower end of the published range.

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

## UPSTREAM

### Butadiene

- Snug spot supply situation kept sellers' sentiment bullish
- Buyers on retreat amid heightened downstream margin concerns
- Spot discussions deadlocked amid entrenched buy-sell differences

The chart below shows the spread between butadiene and SBR, which while improving of-late in SBR makers' favor, remains deep in the unhealthy zone.

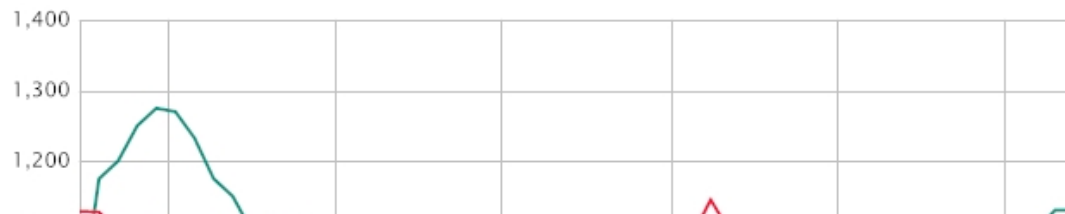
[Downstream spread – butadiene NE Asia and SBR SE Asia](#)

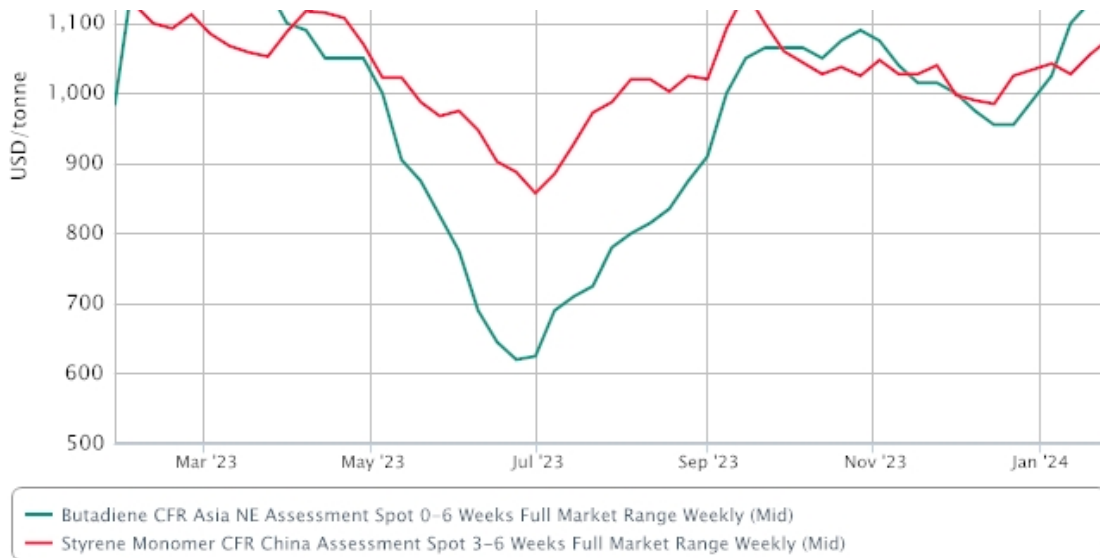


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### Styrene

- Feedstock cost support remains
- Sentiments turn more risk averse as demand concerns persist
- Regional market players eyeing long-haul opportunities but logistical difficulties continue





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## PRODUCTION

A 100,000 tonne/year unit in [Hangzhou](#), China, will shut for about three weeks from early February for planned servicing. In northeast Asia, a 100,000 tonne/year unit in [Taiwan](#) will shut for maintenance in April.

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

## OTHER REGIONS

### Europe

- BD contract price rises for February
- Spot 1500 dry grade prices stable-to-firm, oil extended unchanged
- Stable demand

## ANALYTICS

### ICIS Crude Outlook

Geopolitical tensions in the Middle East, responsible for a significant portion of global oil trade, have intensified due to US and UK airstrikes in response to Red Sea attacks and raised concerns about oil flow disruptions. OPEC+ production cuts aim to prevent an excessive oil inventory build, especially amid worries about a sluggish global economy. The surge in supplies from non-OPEC+ sources, predominantly driven by US shale drillers, is anticipated to persist, even as consumption growth is expected to decelerate. Russia plans to increase diesel exports from major western ports by almost a fifth in February, aligning with growing refinery runs. China is expected to continue to lead oil

demand growth in 2024, driven in particular by its expanding petrochemical sector. Refiners in India are looking to enhance supplies from the Middle East and neighboring countries due to concerns about longer shipping times and higher costs following attacks in the Red Sea. US Federal Reserve officials anticipate core inflation to decrease further in 2024, closer to 2% target rate.

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### **ICIS Naphtha Outlook**

The open specification naphtha market is anticipated to be a mixture of volatility and cautious optimism for early 2024. Attacks in the Red Sea have caused delays and created a market imbalance in the East. Market fundamentals are projected to remain supportive through most of Q1, buoyed by refinery maintenance in the Middle East and concerns arising from the Red Sea situation. Despite weak petrochemical margins, tight supplies are expected to overshadow these concerns. In February, refinery utilization rates are expected to marginally increase in selected Asian countries including Japan, China, India, Singapore and South Korea. The outlook for naphtha demand from the petrochemical sector remains bearish as the propane-naphtha spread is expected to remain wide. This suggests that propane is anticipated to maintain its position as the preferred feedstock into steam cracker units, which are expected to continue to operate at a reduced rate.

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