



Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim
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[Overview](#) | [Outlook](#) | [Prices](#) | [Upstream](#) | [Production](#) | [Other Regions](#) | [Analytics](#)

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

OVERVIEW

- **Prices trend lower**
- **Poor buying appetite**
- **Sellers lower expectations too**

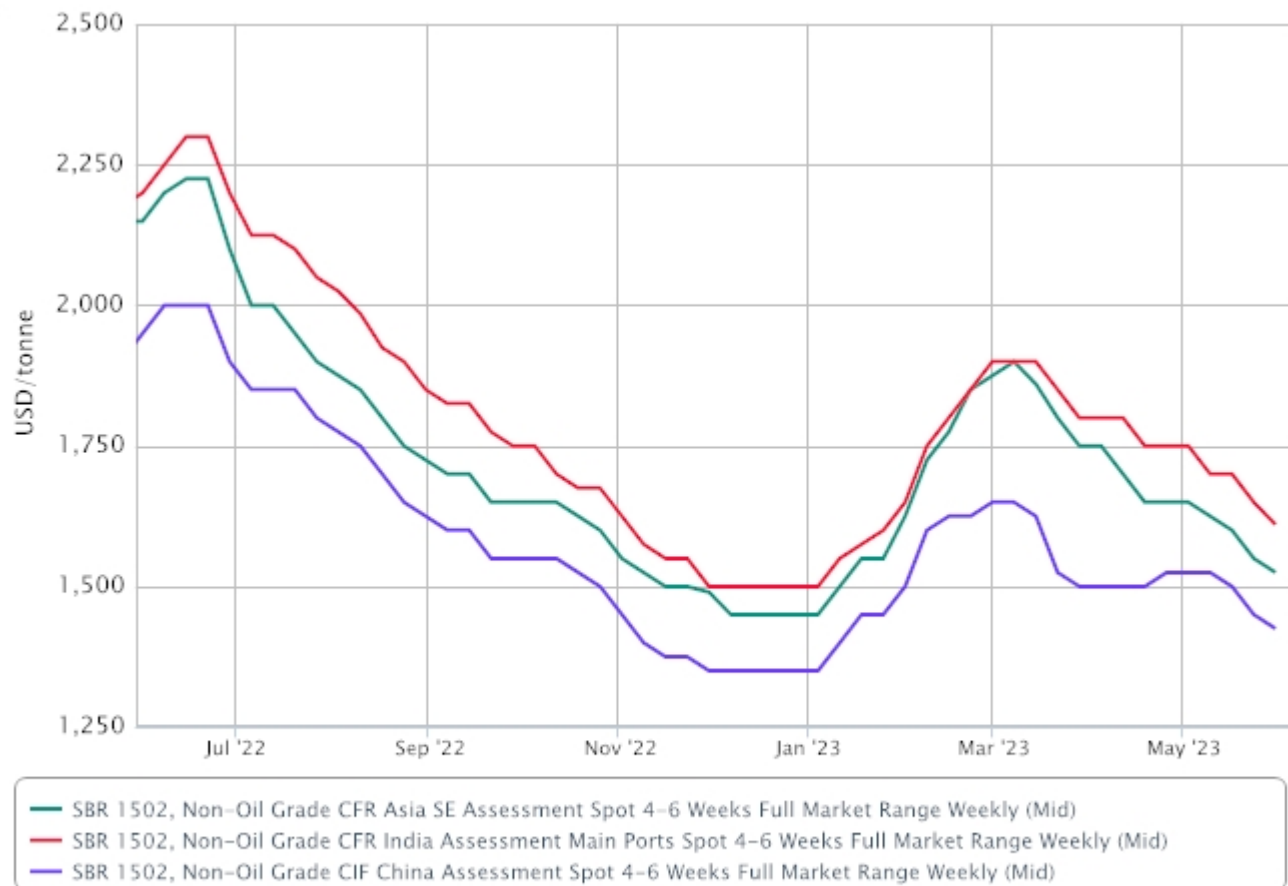
Discussions in Asia's spot import market for styrene-butadiene-rubber (SBR) were muted as buying interest fizzled amid continued upstream losses.

Prices for feedstock [butadiene](#) (BD) tumbled recently, and further downside potential may lurk in this over-supplied market, sources said.

This diluted buying appetite among SBR end-users, many of whom expected the SBR market to also weaken more should BD prices fall lower in coming weeks. As such, SBR buyers wanted to delay their own procurement for as long as possible, in anticipation that upcoming SBR offers could move closer to their terms.

Some SBR sellers did moderate their current asking prices slightly this week, in the hope that this would induce some buying and keep cargoes moving to some extent.

But they refrained from widening discounts further, with some regional producers saying that as they are just returning from prior maintenance closures, there is no inventory pressures as yet to warrant hefty price cuts.



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OUTLOOK

- **Buying may slow further if upstream losses are extended**
- **Economic slow down to pose demand headwinds too**
- **Bearish sentiment may linger for the near term**

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	n/c	1400-1450	-50	1500-1550	63.50-65.77
CFR Asia SE	USD/tonne	n/c	1500.00-1550.00	-50	1600.00-1700.00	68.04-70.31
CFR India Main Ports	USD/tonne	-50	1550.00-1670.00	-30	1700.00-1800.00	70.31-75.75
SBR 1712, Oil-Extended						
CIF China	USD/tonne	n/c	1350-1400	-50	1450-1500	61.24-63.50
CFR Asia SE	USD/tonne	n/c	1450.00-1500.00	-50	1550.00-1650.00	65.77-68.04
CFR India Main Ports	USD/tonne	-50	1500.00-1620.00	-30	1650.00-1750.00	68.04-73.48

China

CIF China discussions for the non-oil 1502 grade are down at the high-end, tracking lower selling indications heard for import materials.

China's [May PMI](#) falls lower, squashing prior hopes that downstream operations in the country could have improved to support consumption of raw materials like SBR.

Demand for SBR imports dwindled as such, and as domestic prices in east China also continued to soften, it hampering further discussions for US dollar denominated imports.

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

East China domestic SBR 1502 prices

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	11,000-11,200	11,200-11,300

Southeast Asia

CFR SE Asian assessments for the non-oil 1502 grade were stable-to-soft, with the high-end dropped to capture the full spectrum of trades heard for June shipment materials from regular northeast Asian suppliers.

But trade liquidity is low, with most buyers keeping spot procurement to a minimum and strictly on need-to basis only.

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

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

May 2023	Apr 2023	Mar 2023	Feb 2023	Jan 2023	Dec 2022
136.34	136.27	135.03	140.11	140.11	135.03

India

CFR Indian assessments for the non-oil 1502 grade are down this week, taking into account lower discussions and deals heard for cargoes from mainstream northeast Asian suppliers.

Limited volumes were sold at the high-end, while discussions for remaining June shipment cargoes hovered at the low-end.

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

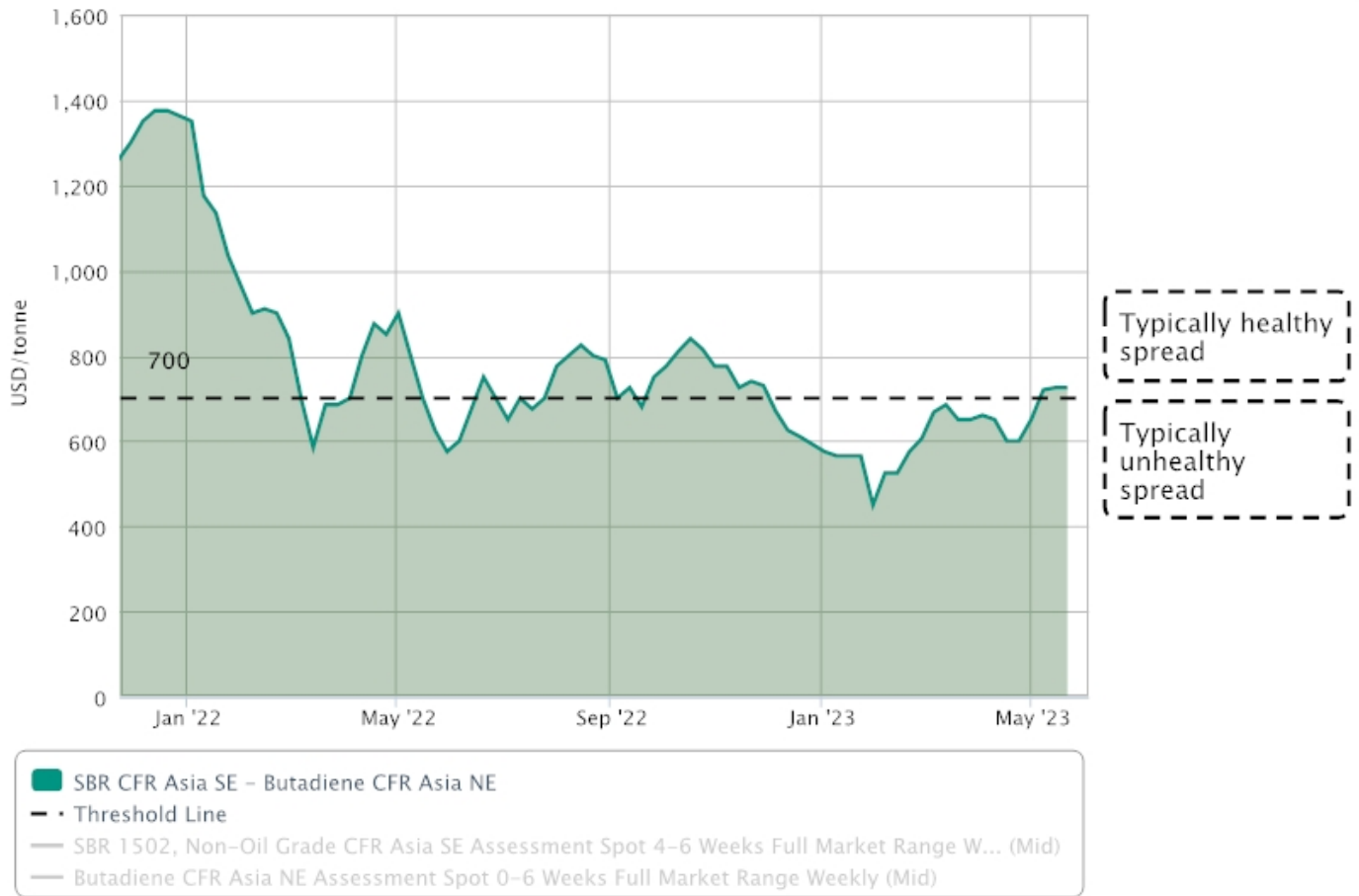
UPSTREAM

Butadiene

- Tepid downstream demand
- Market deemed amply supplied
- Sentiment dented further by weak domestic China

The chart below shows the spread between butadiene and SBR.

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



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Styrene:

- Weak market sentiment especially in the early half of the week
- China export talks trimmed down further as Asian importers complete spot procurements
- Overall market liquidity stays shallow tracking slow regional downstream demand



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PRODUCTION

A regional maintenance was [completed](#) in mid-May, but fresh [closures](#) in China are expected in June, sources said.

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

OTHER REGIONS

Europe

- Upstream BD contract falls in June
- SBR contract talks not started
- Demand remains lacklustre

US

- June SBR price direction gains clarity
- June BD nominated sharply lower
- Supplies outpace weak demand

ANALYTICS

ICIS Downstream Automotive Demand Outlook

The outlook for the global automotive industry in 2023 continues to be a concern. The outbreak of the COVID-19 pandemic was more than three years ago, and the industry has yet to recover all the losses suffered since then. It started with a severe semiconductor shortage, and while the overall situation has improved, the industry has yet to make a full recovery. Following the pandemic, the industry has been hit by a high interest rate environment amid a weaker global economy and rising geopolitical tensions. A full and complete recovery is not expected until 2024.

According to the US Census Bureau, US light vehicle sales increased by 7.2% month on month in April with total sales at 15.9m, which was up 11.4% year on year but down 2.5% from 2019. Macroeconomic stressors continue to weigh heavily on auto demand.

According to the European Automobile Manufacturers' Association (ACEA), EU passenger car registrations increased by 17.2% in April year on year but were down 22.8% from April 2019. Spain posted the biggest gain with a 33.7% increase, followed by Italy (+26.9%), France (+16.7%), and Germany (+7.9%). Significant growth was seen in the electric vehicle (EV) category, for example hybrid electric vehicles (HEVs), plug-in hybrid vehicles (PHEVs) and battery electric vehicles (BEVs), with BEVs reporting year-on-year growth of 30%.

Following the country's reopening after three years of on-off restrictions, China reported double-digit year-on-year growth in automotive production in April. Expectations for the rest of the year are optimistic, given that the government is targeting an economic growth rate of 5%. India also appears to be on the path to recovery. An improvement in sentiment was reported on the back of China's reopening, as a large share of auto spare parts is imported from China. In March, total vehicle retail sales increased 14% year on year, according to the Federation of Automobile Dealers Associations of India (FADA), which also reported that 2023 was the first full year without any impact from COVID-19.

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