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

- **Weak upstream weighs on sentiment**
- **Buyers in wait-and-see mode**
- **Sellers resistant to dishing out deeper discounts**

Spot discussions for Asian styrene-butadiene-rubber (SBR) imports edged down, as buying interest fizzled with upstream losses.

Feedstock butadiene (BD) market faltered under the dual weight of weak demand and increased spot supplies. And this fuelled anticipation among SBR buyers that they are in a stronger position now to negotiate with SBR sellers for deeper discounts.

Most also saw no urgency to commit, and wanted to take their time to bargain and shop, especially since substantive downstream requirements are not robust to begin with.

From the sell-side, while some regional SBR makers did moderate offers to chase limited deals, most said that since SBR supplies are currently balanced to tight, amid regional turnarounds, there was no imperative to price down too much either, considering that their margins are still far from healthy.

And, as natural rubber prices rose recently, some SBR sellers are hopeful that this could help shore up to some extent buying appetite for SBR, as a cheaper substitute to natural rubber.

OUTLOOK

- **PMI declines in China could weigh on demand outlook**
- **Buying interest may pick up if natural rubber prices stay firm**
- **Supply tightness to ease too once regional turnarounds are completed**

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	n/c	1500-1550	n/c	1450-1550	68.04-70.31
CFR Asia SE	USD/tonne	n/c	1600.00-1650.00	-50	1650.00-1750.00	72.57-74.84
CFR India Main Ports	USD/tonne	-50	1650.00-1750.00	-50	1750.00-1850.00	74.84-79.38
SBR 1712, Oil-Extended						
CIF China	USD/tonne	n/c	1450-1500	n/c	1400-1500	65.77-68.04
CFR Asia SE	USD/tonne	n/c	1550.00-1600.00	-50	1600.00-1700.00	70.31-72.57
CFR India Main Ports	USD/tonne	-50	1600.00-1700.00	-50	1700.00-1800.00	72.57-77.11

China

The CIF China assessment for the non-oil 1502 grade is unchanged, taking into account offers and buying indications heard within rangebound levels.

Assessments for the oil-extended 1712 grade are also steady in line.

Domestic prices in east China were flat, as downside pressures from early-week declines in the upstream BD market were mitigated by tighter domestic supplies as some local plants head into maintenance.

East China domestic SBR 1502 prices

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	11,900-12,000	11,900-12,000

Southeast Asia

CFR SE Asian asssessments for the non-oil 1502 grade were stable to soft, with the high-end dropped to capture the full spectrum of deals and discussions for cargoes from diverse Asia origins.

China-origin materials changed hands at the low-end, while the high-end reflects transactions and offers involving materials from other regular northeast Asian suppliers.

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 (1-10)	Apr 2023	Mar 2023	Feb 2023	Jan 2023	Dec 2022
137.40	136.27	135.03	140.11	140.11	135.03

India

CFR India assessments for the non-oil 1502 grade were down with softer discussions.

Northeast Asia origin materials were offered at the high-end, against buying indications at the low-end, market sources said.

Local SBR requirements were deemed broadly steady, but buyers are amply supplied by domestically produced materials, and this curtailed their buying appetite for imports. Many are resistant to current import offers on Asia-origin cargoes, saying that there is no lack of cheaper alternatives from other non-Asia origins.

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

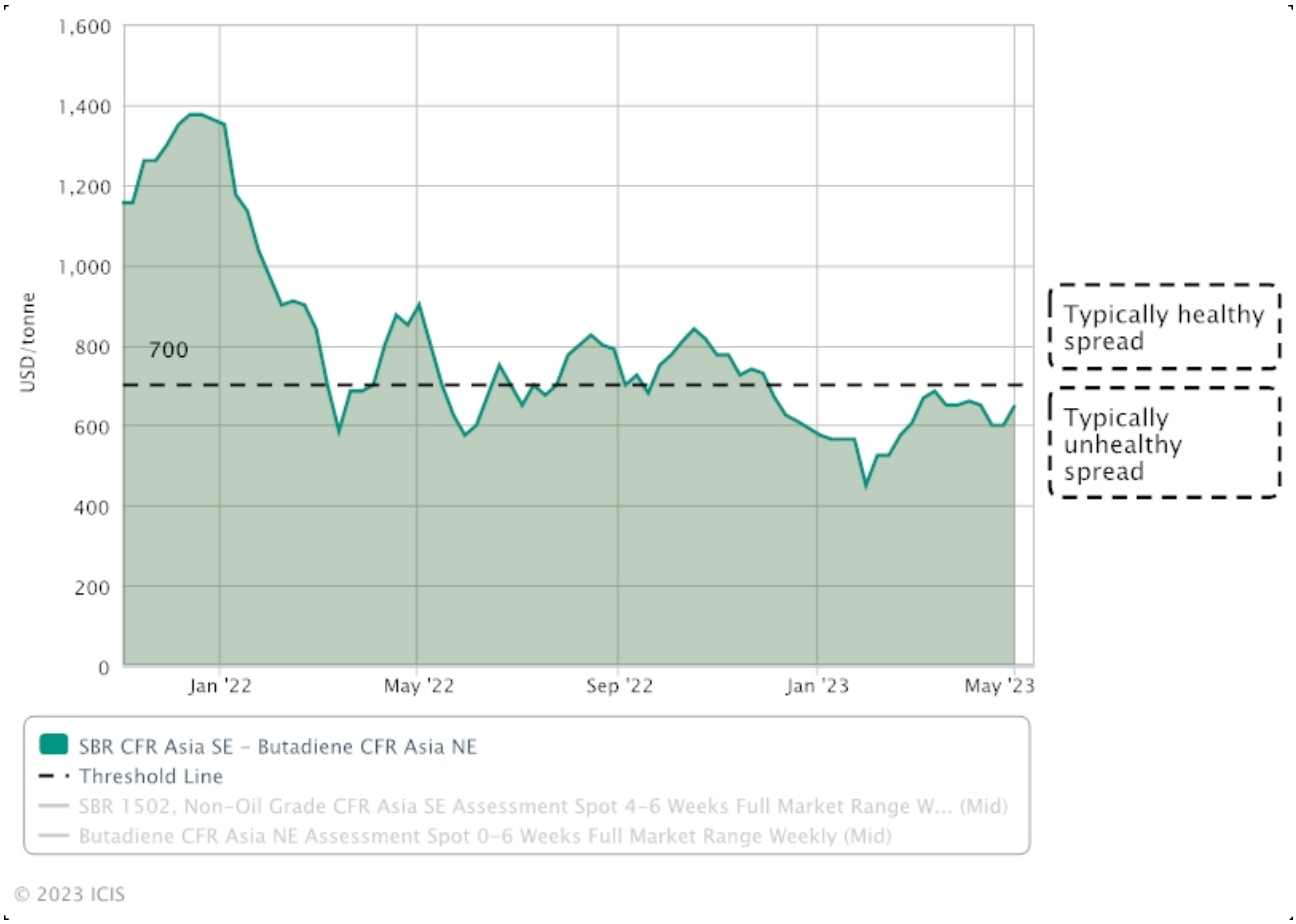
UPSTREAM

Butadiene (BD)

- Weak downstream demand continues
- Oil slump dents buying appetite further
- No lack of spot availabilities from SE Asia

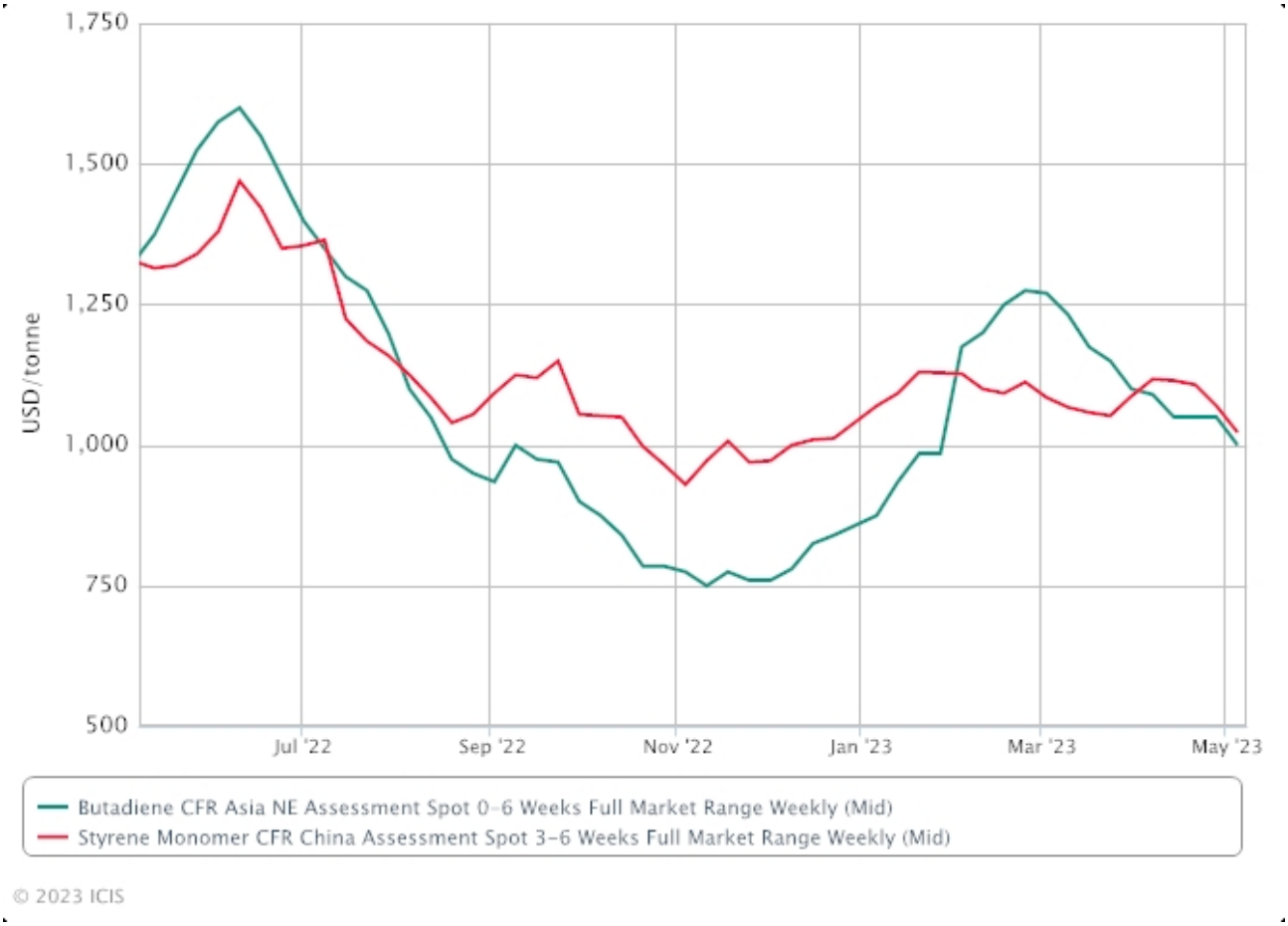
The chart below shows the spread between butadiene and SBR.

Downstream spread – butadiene NE Asia and SBR SE Asia



Styrene:

- Lower CFR China discussions post-holiday
- SM market highly affected by feedstock costs
- Bearish market sentiment remains



PRODUCTION

Several regional plants are shut for maintenance in the April to June window.

Click here for the Asian SBR Live Disruption Tracker.

OTHER REGIONS

Europe

- Upstream styrene increases
- SBR May talks start
- Spot prices assessed stable

US

- May contracts await confirmation
- Feedstock costs diverge
- Supplies balanced with demand

ANALYTICS

ICIS Crude Outlook

In early April, OPEC+ surprised the oil markets with the announcement that it would reduce output by a further 1.16m bbl/day from May. With Russian output down by just over 500,000 bbl/day in April, a substantial volume of Russian crude is held on water or discharged into temporary storage facilities. The volume of US crude exported to Europe remained high in March and April. India and China are still seen as the biggest contributors to global oil demand growth and are expected to drive world oil consumption to a record level in 2023.

By David Jorbenaze, senior analyst, david.jorbenaze@icis.com

ICIS Naphtha Outlook

NWE naphtha cracks remain under pressure and saw increased volatility in March and April, following crude price volatility in the wake of turbulence in the US financial sector in March and the surprise announcement in early April about additional output cuts from OPEC+. Limited European demand from both the middle distillate and petrochemical sectors has weighed on naphtha refining margins this year, with March and April no exception. Russian flows continue to look for new willing buyers with global reach. Naphtha demand in Asia, as in Europe, saw limited gains in the first quarter, with partial support from the petrochemical sector.

By David Jorbenaze, senior analyst, david.jorbenaze@icis.com

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