

BAINFO SBR, SBR Latex & ABS Monthly Summary

Dec., 2019



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Market Summary: This month, ABS market prices fluctuated in a small range after moving up. Early this month, boosted by many bullish factors, such as strong styrene market and tight supply, suppliers were reluctant to sell and offers ran up. Petrochemical enterprises followed to push prices up. However, downstream plants performed flat on preparing goods. Actual deals were not increased markedly. At mid-Dec., styrene market was in consolidation, but petrochemical enterprises without high inventory, kept prices firm, and part of them raised prices. Traders were hesitated. Under the cost pressure, they were limited to make discounts. However, buyers were less interest, shipment was blocked and the price was steady. At late Dec., styrene market showed bearish scenario. Without inventory pressure, petrochemical enterprises continued to keep prices firm. In East China, merchants remained prices stable, while in South China, part of market prices was pushed up. Merchants based on their inventories, adjusted prices flexibly in a small range. Up to the end of Dec., ABS mainstream offers were at RMB 11,700-12,800/T. With a few inquiries, downstream plants purchased on demand. Shipment was normal.

Import Market: Asia ABS offers were as follows: USD 1,355-1,360/T CFR China.

Raw Material: Domestic butadiene market prices dropped slightly in Dec. Forward prices were stable-to-buoyant. In early Dec., enterprises in Northeast China provided fewer cargos for outside sales, driving down market supply. Coupled with increasing synthetic rubber prices, butadiene prices hovered at high level. Later, one plant in North China supplied butadiene normally, leading to ample supply. Besides, there were some cargos arriving at ports in East China. Downstream users got inactive in purchase, dragging down butadiene prices. At the end of Dec., some plants declined resources for outside sale again, bringing some supports to the market. Sellers were unwilling to lessen prices. However, downstream users remained cautious. Thus, butadiene prices stabilized overall. Despite of limited supply, deals were hard to conclude at high prices amid weak demand.

Forecast: At present, domestic ABS market fluctuates slightly. Market participants are all cautious about operations. In upstream side, styrene inventory is increasing, which cannot promote ABS market. Butadiene market may give little support to ABS market. Acrylonitrile prices are steady. As such, there will not be clear guidance from upstream sector. Closing to the Spring Festival, downstream replenishment will be finished gradually. Therefore, domestic ABS market prices are expected to be stable-to-bearish with the movement of RMB 100-200/T in Jan.

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SBR Market Summary & Forecast

Market Summary: In Dec., domestic SBR prices showed a downtrend. High-end market price of SBR 1502 was RMB 11,750/T, while low-end price was at RMB 11,200/T. The price gap was RMB 550/T. Domestic SBR price averaged RMB 11,407/T, up RMB 478/T over last month.

International Market: Weekly closing price in Asia SBR market was adjusted this month. SBR 1502 and SBR 1712 were offered at USD 1,325/T and USD 1,225/T CIF in China respectively, up USD 15/T respectively. Prices for SBR 1502 and SBR 1712 kept at USD 1,325/T and USD 1,225/T CFR in Southeast Asia respectively, and that for SBR 1502 and SBR 1712 CFR in India remained at USD 1,325/T and USD 1,225/T respectively.

Import & Export: In Nov. 2019, China imported 17,218 tonnes of SBR, down 28.65% YoY and 8.51% MoM respectively, and exported 1,968 tonnes of SBR, down 27.65% YoY but up 21.25% MoM respectively.

Raw Materials: In Dec., domestic butadiene price went down weakly and international price saw small upside amid stability. On the one hand, recent arrival ships of butadiene were limited. Besides, some butadiene plants slightly raised price due to tight supply caused by production reduction. Therefore, holders increased offers. On the other hand, demand for butadiene did not improve significantly and deals at high price level were few, which limited the upward space of butadiene prices. Up to end of Dec., average price of domestic butadiene was at RMB 8,989/T, up RMB 22/T or 0.24% over RMB 8,967/T last month.

Forecast:

Domestic SBR prices slipped down in Dec. As for natural rubber in Shanghai, futures prices edged up and spot prices ran higher, which would stimulate SBR market. Although international prices of butadiene were stable-to-buoyant, while domestic prices of butadiene inched down, cost end of SBR kept largely stable. Players slightly raised offers and reduced high-end prices, making mainstream offer of SBR close to deal prices. Deal prices were still negotiable.

Downstream demand didn't obviously change. As some sellers slightly raised offers of SBR due to the rises in natural rubber in Shanghai, buyers adopted wait-and-see attitude towards deal prices in the coming market.

Supply was ample with normal operation of mainstream SBR equipment.

Overall, with various bullish and bearish factors, domestic SBR offers are expected to be narrowly adjusted in the first quarter of 2020.

SBR Latex

SBR Latex Market Summary & Forecast

Market Summary & Forecast: In Shandong, market weakly fluctuated without good support. Price of domestic carboxylated SBR latex was at RMB 5,500-5,700/T, and that of NBR latex was around RMB 6,300-6,600/T, for reference. In East China, deal prices were soft amid limited enquiries. Mainstream price of domestic carboxylated SBR latex was at RMB 5,500-6,000/T and price of carboxylated NBR latex for working gloves production was around RMB 6,800-7,000/T, for reference.

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