



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

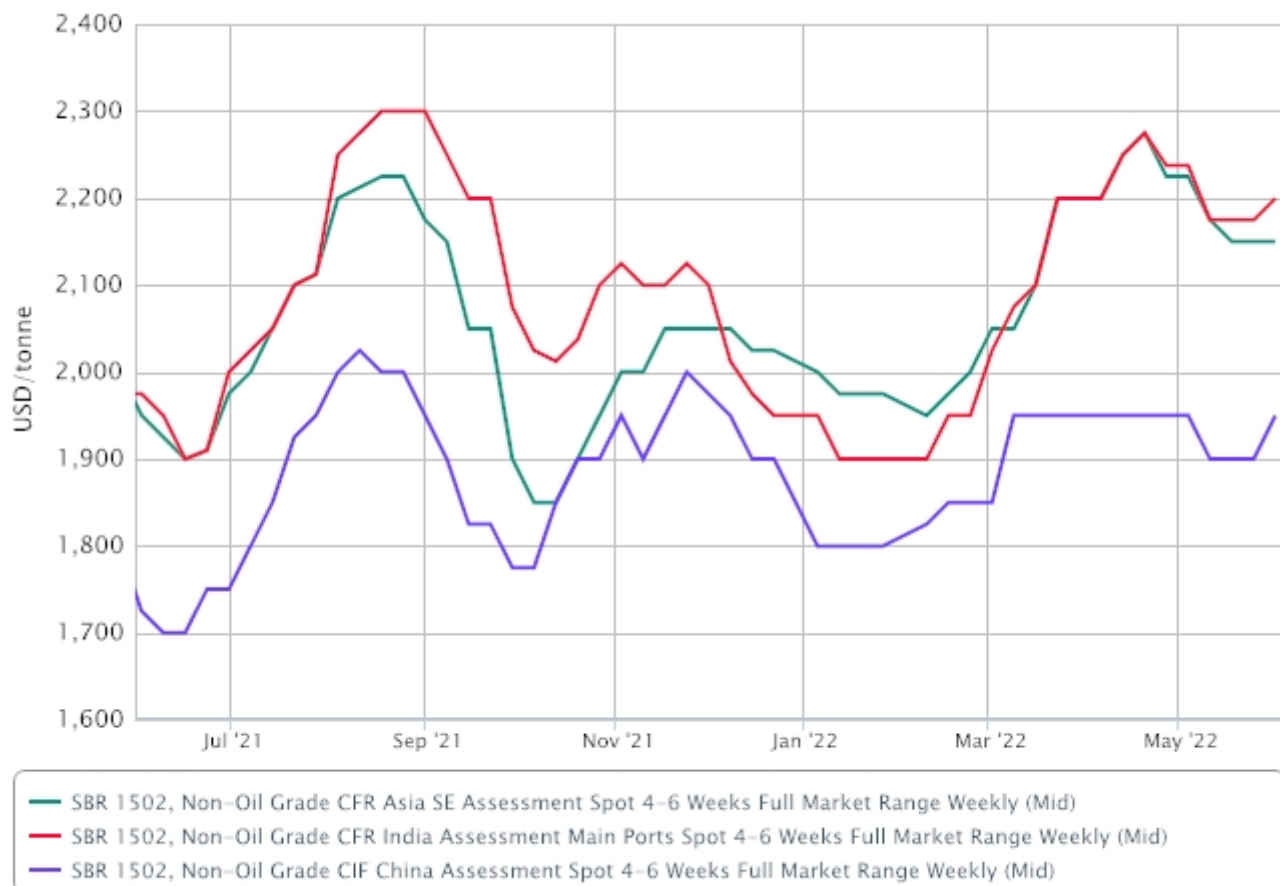
- **Offers supported with rising feedstock costs**
- **Demand sentiment more upbeat in China**
- **But buyers in wider Asia still cautious**

Asian spot discussions for styrene-butadiene-rubber (SBR) saw some upside support as demand sentiment was [buoyed](#) by easing lockdowns in China.

But spot trade liquidity is still low, as regional end-users remained cautious in outlook, awaiting more clarity on how demand conditions in their own downstream markets will shift once the situation in China resumes fuller normalcy.

Sellers were however mostly optimistic in pricing outlook, as spot availabilities are tight amid ongoing plant maintenance.

Due to recent [increases](#) in feedstock butadiene costs, some regional SBR makers are also mulling the need to moderate operating rates to mitigate cost pressures. This will further crimp spot availabilities, which market players said will further support existing offers.



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OUTLOOK

- Snug supplies in wider Asia to continue
- China may cut back on exports
- Demand contingent on pace of China's recovery

PRICES

SPOT PRICES

| | | | Price Range | | Four Weeks Ago | US CTS/lb |
|--------------------------------|-----------|-----|-----------------|-----|-----------------|--------------|
| SBR 1502, Non-Oil Grade | | | | | | |
| CIF China | USD/tonne | +50 | 1900-2000 | +50 | 1900-2000 | 86.18-90.72 |
| CFR Asia SE | USD/tonne | n/c | 2100.00-2200.00 | n/c | 2200.00-2250.00 | 95.25-99.79 |
| CFR India Main Ports | USD/tonne | n/c | 2100.00-2300.00 | +50 | 2200.00-2275.00 | 95.25-104.33 |
| SBR 1712, Oil-Extended | | | | | | |
| CIF China | USD/tonne | +50 | 1800-1900 | +50 | 1800-1900 | 81.65-86.18 |
| CFR Asia SE | USD/tonne | n/c | 2050.00-2150.00 | n/c | 2150.00-2200.00 | 92.99-97.52 |
| CFR India Main Ports | USD/tonne | n/c | 2050.00-2250.00 | +50 | 2150.00-2225.00 | 92.99-102.06 |

China

CIF China assessments for the non-oil 1502 grade rose as offers climbed with gains seen in the domestic yuan-denominated market.

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

Domestic prices in China for the 1502 grade spiked, first on the back of sharp increases in the upstream BD market, and also because buying interest improved after the lockdowns in Shanghai were lifted.

East China domestic SBR 1502 prices

| Price (CNY/tonne) | 01 Jun | 25 May |
|----------------------|---------------|---------------|
| E China Ex-Warehouse | 12,600-12,800 | 12,100-12,300 |

Southeast Asia

CFR southeast (SE) Asian prices for the non-oil 1502 grade held steady, on range-bound indications for cargoes from diverse origins.

China-origin cargoes were heard discussed at the lower end, but no concrete transactions transpired, as sellers were heard also looking to divert more cargoes to domestic sales, at the expense of exports.

Discussions for other Asia-origin materials were heard at the higher-end, but buyers' response was tepid, with many looking to replace some SBR requirements with the more competitively-priced option of natural rubber, market sources said.

CFR SE Asian prices for the oil-extended 1712 grade were kept unchanged with stable 1502 grade assessments.

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

| June 2022 | May 2022 | Apr 2022 | Mar 2022 | Feb 2022 | Jan 2022 |
|-----------|----------|----------|----------|----------|----------|
| 167.30 | 162.81 | 171.15 | 175.18 | 179.84 | 178.12 |

India

Assessments for India-bound shipment of the non-oil 1502 grade were stable-to-firm, reflecting the spectrum of discussions for cargoes from diverse origins.

The high-end tracks firmer offers for non-China origin materials, while indications China-origin cargoes were heard capped at the low-end.

Meanwhile, domestic producers also separately raised prices for SBR, citing tighter supplies amid ongoing maintenance closure, as well as cost pressures from feedstock increases.

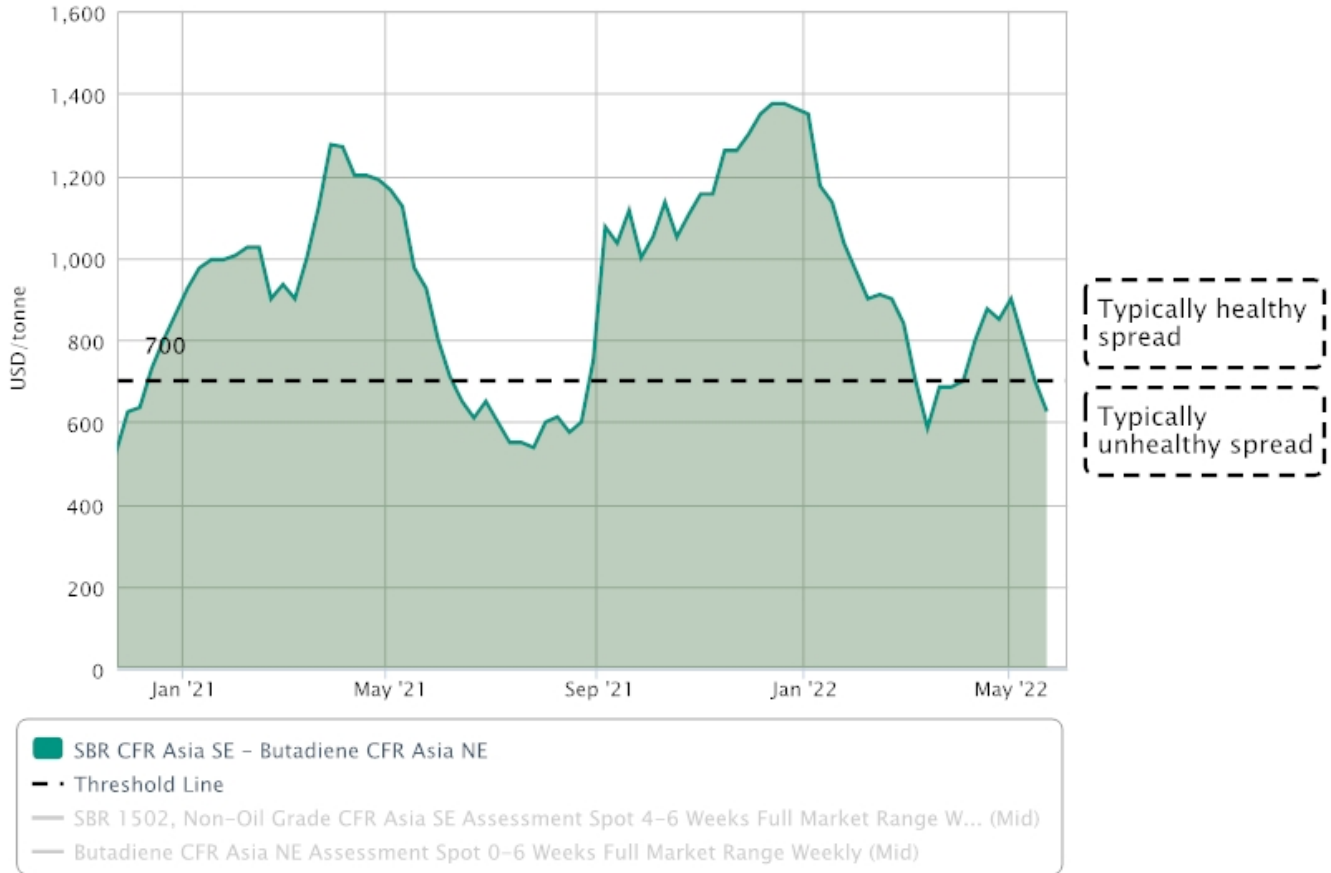
CFR India assessments for the oil-extended 1712 grade is lifted at the high-end, in line with the changes seen for 1502 assessments.

UPSTREAM

Asia's spot discussions for butadiene (BD) rose, tracking late-week upsurge in the domestic China market. There is support also from sustained buying interest in Korea and Japan for spot BD cargoes, as domestic output is poised to drop with another heavy wave of upstream [cracker operating rate cuts](#) expected in June.

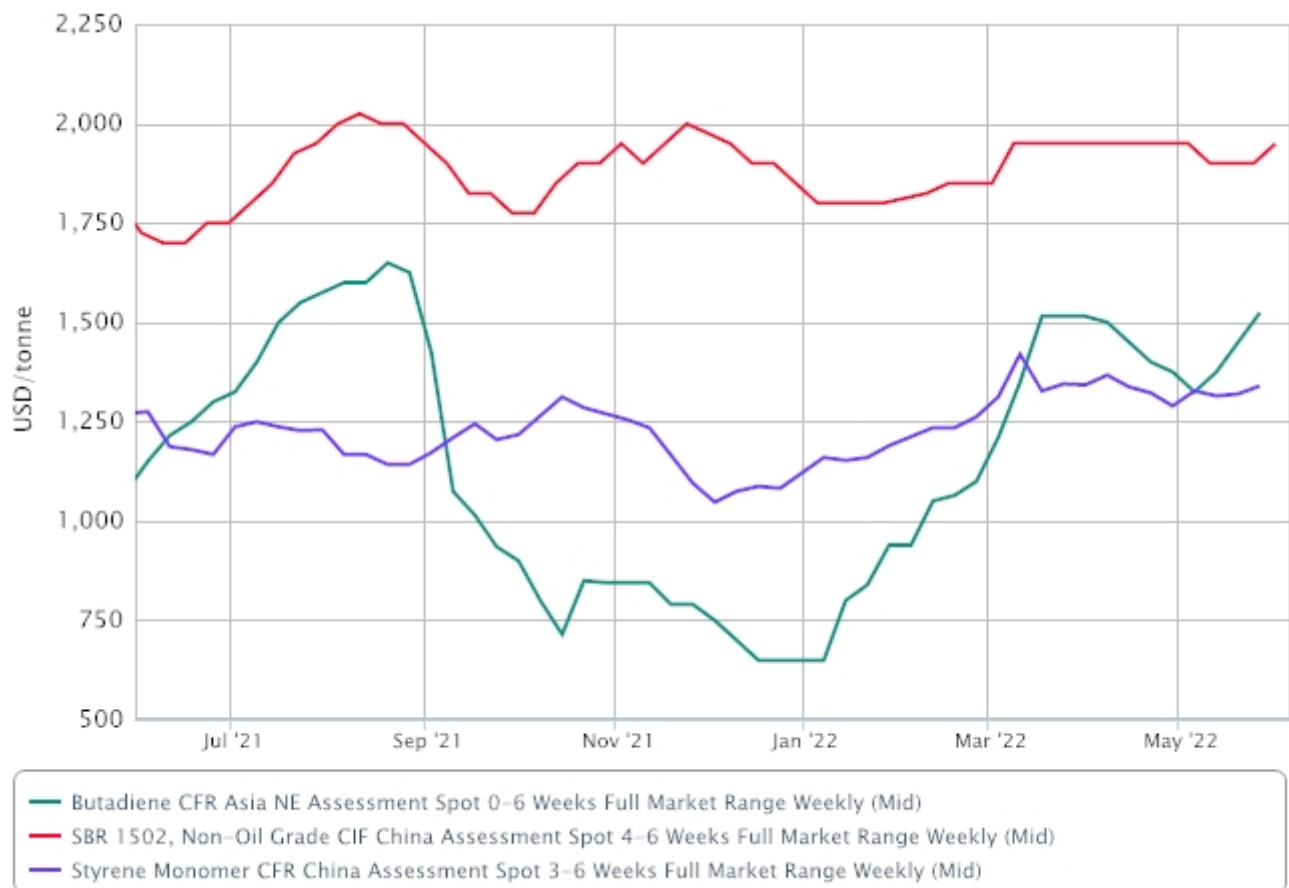
The chart below shows the spread between butadiene and SBR.

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



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Asia's styrene prices were driven by June [shortcovering](#) demand, more-than-expected outages in domestic China, squeezed production margins amid firmer upstream benzene price movements and overall cautious market outlooks entering June.



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PRODUCTION

In China, average operating rates of local SBR plants fell to 72% for the week ended 27 May, one percentage point lower than the week prior, market source said.

A local plant is scheduled to [shut](#) from end May for a month-long maintenance.

Meanwhile, regional SBR supplies are also tight amid ongoing maintenance in India.

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

ANALYTICS

ICIS Crude outlook

The EU has agreed to directly sanction Russian seaborne oil purchases. The phased nature of the proposed sanctions does mean that the overall impact on prices will be much more muted than previously expected, as it will give Russia time to find alternative buyers of its crude (eg India), and therefore Russia's overall exports may not be as negatively impacted in the long term as previous forecasts have noted. OPEC+ cuts agreement compliance is at 220%, indicating significantly lower production than its quotas allow. Oil demand growth is likely to be lower later in 2022, as global economic growth is now expected to be much lower than previous expectations. This is primarily due to the combined effect of high inflation, high energy prices and higher interest rates. This will inevitably lead to lower oil demand growth from Q4 2022 and into early 2023.

By **Ajay Parmar**, ICIS senior analyst, ajay.parmar@icis.com

ICIS Naphtha outlook

European naphtha supplies from Russia have reduced in recent months, from about 500,000 bbl/day in January 2022 to 330,000 bbl/day in April. Pre-war, Russia supplied Europe with about 50% of its naphtha imports – with sanctions now implemented on Russian naphtha exports, this will provide support to naphtha prices. Asian naphtha demand is particularly low, as lockdowns in China negatively impact gasoline blending demand, and poor olefins margins have also led to reductions in cracker run rates. As China exits lockdowns, both of these demand sources are expected to increase.

By **Ajay Parmar**, ICIS senior analyst, ajay.parmar@icis.com

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