



## 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

- **Sluggish demand persists**
- **Buy-sell gap widens**
- **Low trade liquidity**

Spot discussions for Asian styrene butadiene rubber (SBR) imports are muted on sluggish demand.

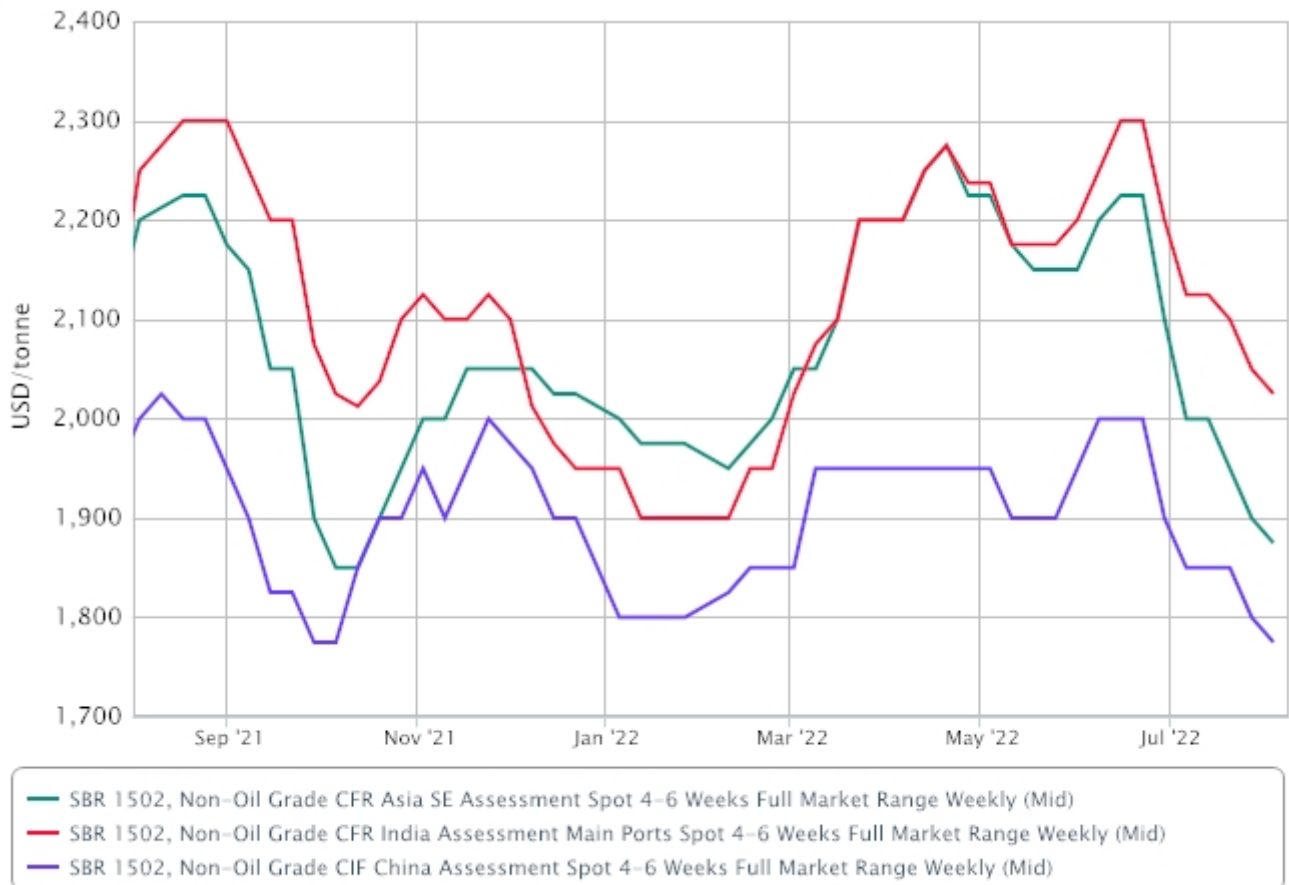
Buyers continued to stay away, in anticipation that offers will soften further in due course, especially if the [downtrend](#) in upstream butadiene market does not ease.

Substantive requirements are limited in any case, as macro-level economic issues such as rising inflation continue to undermine downstream operations, in turn curtailing consumption of raw materials including SBR.

Such bearish sentiment is further accentuated by news of further month-on-month [contraction](#) in July, of manufacturing activities in several major regional economies such as China and Japan.

Some SBR sellers moderated expectations in a bid to push sales, but failed to elicit much response from buyers.

To minimise unsold stocks, a number of regional SBR producers have trimmed their operations in July, and are likely to keep, or even deepen, the op rate cuts for August, market sources said.



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## OUTLOOK

- China likely to keep up with active SBR [exports](#)
- But wider Asian supplies may be capped by output cuts
- Demand recovery potential remains [murky](#)

## 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	1700-1850	n/c	1800-1900	77.11-83.91
<b>CFR Asia SE</b>	USD/tonne	-50	1800.00-1950.00	n/c	1950.00-2050.00	81.65-88.45
<b>CFR India Main Ports</b>	USD/tonne	-50	1900.00-2150.00	n/c	2000.00-2250.00	86.18-97.52
<b>SBR 1712, Oil-Extended</b>						
<b>CIF China</b>	USD/tonne	-50	1600-1750	n/c	1700-1800	72.57-79.38
<b>CFR Asia SE</b>	USD/tonne	-50	1700.00-1850.00	n/c	1850.00-1950.00	77.11-83.91
<b>CFR India Main Ports</b>	USD/tonne	-50	1800.00-2050.00	n/c	1900.00-2150.00	81.65-92.99

## China

CIF (cost, insurance & freight) China assessments for the non-oil grade 1502 were assessed in a wider range, tracking softer indications heard at the low end, and limited selling indications at the high end.

CIF China assessments for the oil-extended 1712 grades were adjusted in line with changes seen in the 1502 assessments, in the absence of concrete 1712 business.

Domestic prices in China for 1502 SBR fell, tracking upstream losses.

### East China domestic SBR 1502 prices

Price (CNY/tonne)	03 Aug	27 Jul
E China Ex-Warehouse	11,900-12,000	12,000-12,100

## Southeast Asia

CFR (cost & freight) southeast Asian prices for the non-oil grade 1502 grade were down at the low end, taking into account weaker selling indications for China-origin cargoes.

Discussions for cargoes from other suppliers in wider Asia were at the higher end, and market players said that trade liquidity was curbed by thin buying.

The recent losses seen in the natural rubber market could also weigh down requirements further for SBR, as end-users may turn to using more of the competitively priced natural rubber, at the expense of SBR, market sources said.

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

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

Aug (1-3) 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
152.27	158.83	164.15	162.81	171.15	175.18	179.84	178.12

## India

CFR Indian assessments for the non-oil 1502 grade were in a wider range, taking into account the full spectrum of discussions and deals for cargoes from diverse origins.

Offers for cargoes from suppliers in wider Asia were heard at the higher end, and cargoes were heard sold in the \$2,000-2,150/tonne CFR India range.

Discussions for China-origin cargoes were capped at the low end.

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

## UPSTREAM

## Butadiene

- Sentiment down with weak domestic China
- Bearish regional demand persists
- Supply tight on reduced cracker operations

The chart below shows the spread between butadiene and SBR.

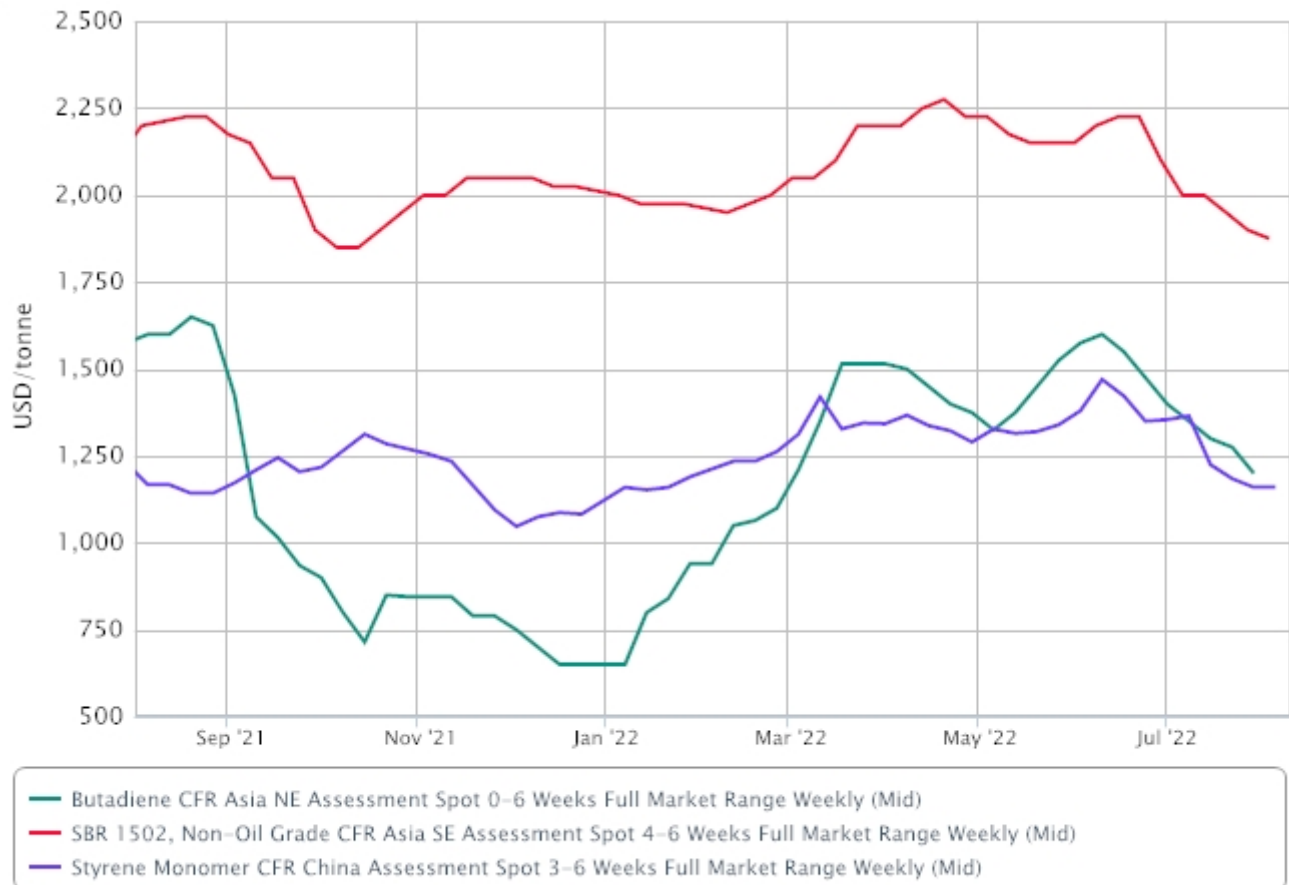
### [Downstream spread – butadiene NE Asia and SBR SE Asia](#)



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## Styrene:

- Thin spot liquidity on limited demand from deep-sea region
- Chinese import buying stays lukewarm on slow styrenics buying despite margins
- Sufficient supply weighs on market sentiment



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## PRODUCTION

In China, operating rates of local SBR plants held steady at 65% for the week ended 29 July, unchanged from the week prior, market source said.

In wider Asia, SBR output has tightened with [output cuts](#) at some regional plants.

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

## OTHER REGIONS

### Europe

- July SBR contracts stable to firm
- Replacement tyre demand steady
- Spot demand slower, prices soften

### US

- Supplies sufficient to meet demand
- Feedstock BD nominated flat for August
- Upward pressure stems from styrene

## ANALYTICS

### ICIS Outlook on GDP

Are we in a recession already? This is a key question in the minds of the global economic community. The consensus in the market is, a situation of global recession is unlikely however, the prospects are higher for certain regions. For example, Europe is the hardest hit region so far with series of growth downgrades in combination with higher inflation. According to Oxford Economics, global GDP is expected to grow 3.0% in 2022 and 2.4% by 2023. Advanced economies will be harder hit compared to emerging markets. As discussed in our May commentary, one of the key leading indicators followed by the global investor community to assess the state of the economy is yield inversion curve – which is still negative. A negative yield implies short-term return is better than long-term prospects. Global sentiments continue to take a hit with a deteriorating economic situation coupled with political instability (such as in Japan and the UK). Logistics and supply chain issues continue to adversely impact international trade.

US GDP rose 2.3% in Q2 compared with the same quarter in 2021, and Q3 and Q4 is expected to grow at 2.3% and 1.2% respectively. According to Bureau of Economic Analysis, quarter on quarter Q1 GDP was negative 1.6%. This negative growth was due to a decrease in exports, government spending and private investment. However, an increase in personal consumption expenditure was reported.

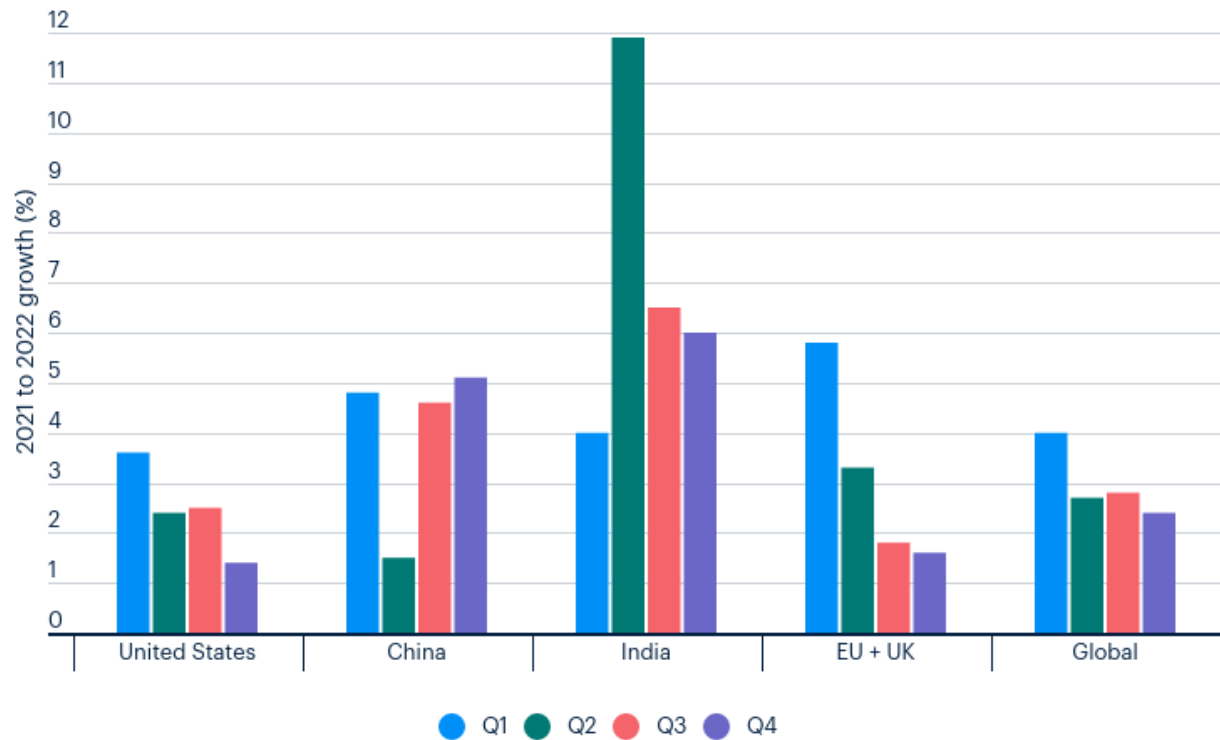
The European Commission in its summer 2022 interim economic forecast projects that the EU economy will grow 2.7% in 2022 and 1.5% in 2023. The commission also projects peaking of annual average inflation at 8.3% in the EU this year. Inflation is forecast to cool off in 2023 at 4.6%. War is taking a major toll on the overall health of the region. The closure of the Nord Stream 1 natural gas pipeline for maintenance has also exacerbated the region's energy 'insecurity'. Europe is the most vulnerable as the region is most exposed to energy shocks due to its heavy reliance on Russian imports.

China did not meet market expectations. The country's GDP increased 1.7% in Q2 year on year (down from the expected 4.3%). Q3 and Q4 is forecast to grow at 4.8% and 5.2% respectively year on year – ending the year with 4.0%. China's zero covid policy has taken a toll on the country's growth. With country's 'on and off' Covid shutdown making the projection for the region extremely challenging. India seems to be outperforming its peer with Q2 GDP increase of 12.4% year on year, according to a consensus estimate. The country is forecast to grow at 6.9% and 5.7% respectively in Q3 and Q4. Inflation concerns remains. In a recent development, India's central bank on 11 July issued a circular: allowing international trades to be settled in Indian Rupee, to promote international trade among non-dollar trading partners.

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## GDP growth by region

### 2021 vs 2022



**SOURCE:** Oxford Economics

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