



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

- **Discussions limited amid holidays**
- [Buy-sell gap](#) prevails
- **Players wait and see**

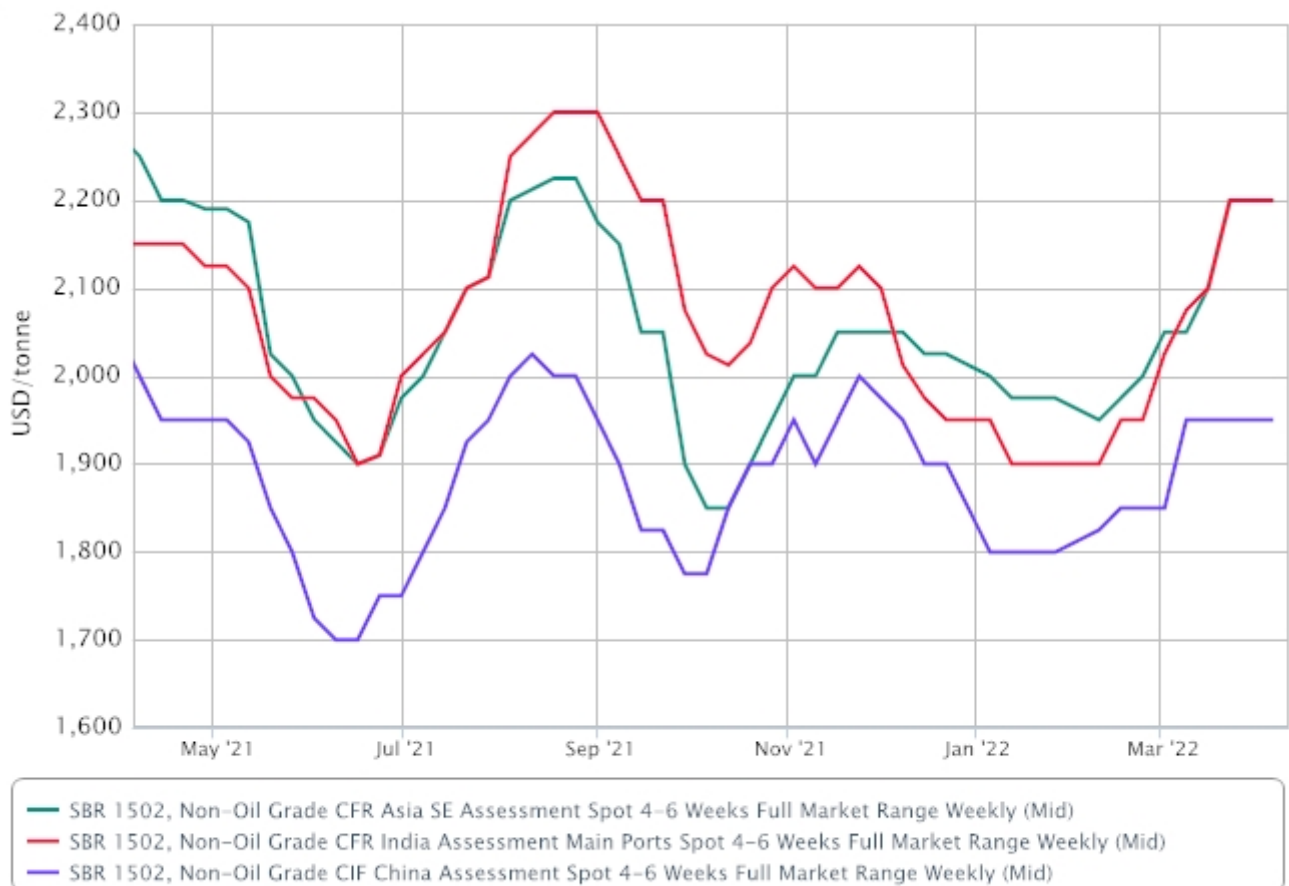
Asian spot discussions for styrene butadiene rubber (SBR) were muted, with several key outlets shut during the week for an extended holiday.

Sellers kept to existing expectations, and if not, chased higher targets citing the need to recover higher production costs.

Spot availability is also expected to stay snug amid capacity cuts and upcoming plant turnarounds.

Buy-side sentiment remains bearish as worries about downstream affordability grow, especially after global growth forecasts were [slashed](#) in the wake of the [Russia-Ukraine conflict](#).

End-users were also reluctant to commit to fresh bookings citing uncertainty about downstream off-take, assuming that current COVID-19 lockdowns in some China cities are not lifted soon.



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OUTLOOK

- Supplies to stay snug on upcoming turnarounds
- Demand outlook hazy on China pandemic situation
- Mixed buy-sell sentiment to persist

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	n/c	1900-2000	n/c	1900-2000	86.18-90.72
CFR Asia SE	USD/tonne	n/c	2150.00-2250.00	n/c	2000.00-2100.00	97.52-102.06
CFR India Main Ports	USD/tonne	n/c	2100.00-2300.00	n/c	2050.00-2100.00	95.25-104.33
SBR 1712, Oil-Extended						
CIF China	USD/tonne	n/c	1800-1900	n/c	1800-1900	81.65-86.18
CFR Asia SE	USD/tonne	n/c	2100.00-2200.00	n/c	1950.00-2050.00	95.25-99.79
CFR India Main Ports	USD/tonne	n/c	2050.00-2250.00	n/c	2000.00-2050.00	92.99-102.06

China

The CIF China assessments for non-oil 1502 grade and oil-extended 1712 grade were kept unchanged in the absence of any fresh buy-sell pricing indications.

Spot trade discussions were subdued as China was shut for a holiday between 3-5 April.

Domestic prices for 1502 grade rose in the week, tracking an earlier uptrend seen in the upstream butadiene (BD) market.

East China domestic SBR 1502 prices

Price (CNY/tonne)	06 April	30 March
E China Ex-Warehouse	12,500-12,600	12,400-12,500

Southeast Asia

CFR southeast (SE) Asian prices for both non-oil 1502 and oil-extended 1712 grade were also rolled over, taking into account range-bound buy-sell indications.

Some offers were heard at levels higher than the published range, but buyers remained resistant citing downstream demand worries.

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

Apr (1-6) 2022	Mar 2022	Feb 2022	Jan 2022	Dec 2021	Nov 2021	Oct 2021	Sep 2021
176.95	175.18	179.84	178.12	172.08	175.65	174.39	163.23

India

The CFR India assessments for both non-oil 1502 and oil-extended 1712 grade were also rolled over, tracking rangebound buy-sell indications heard.

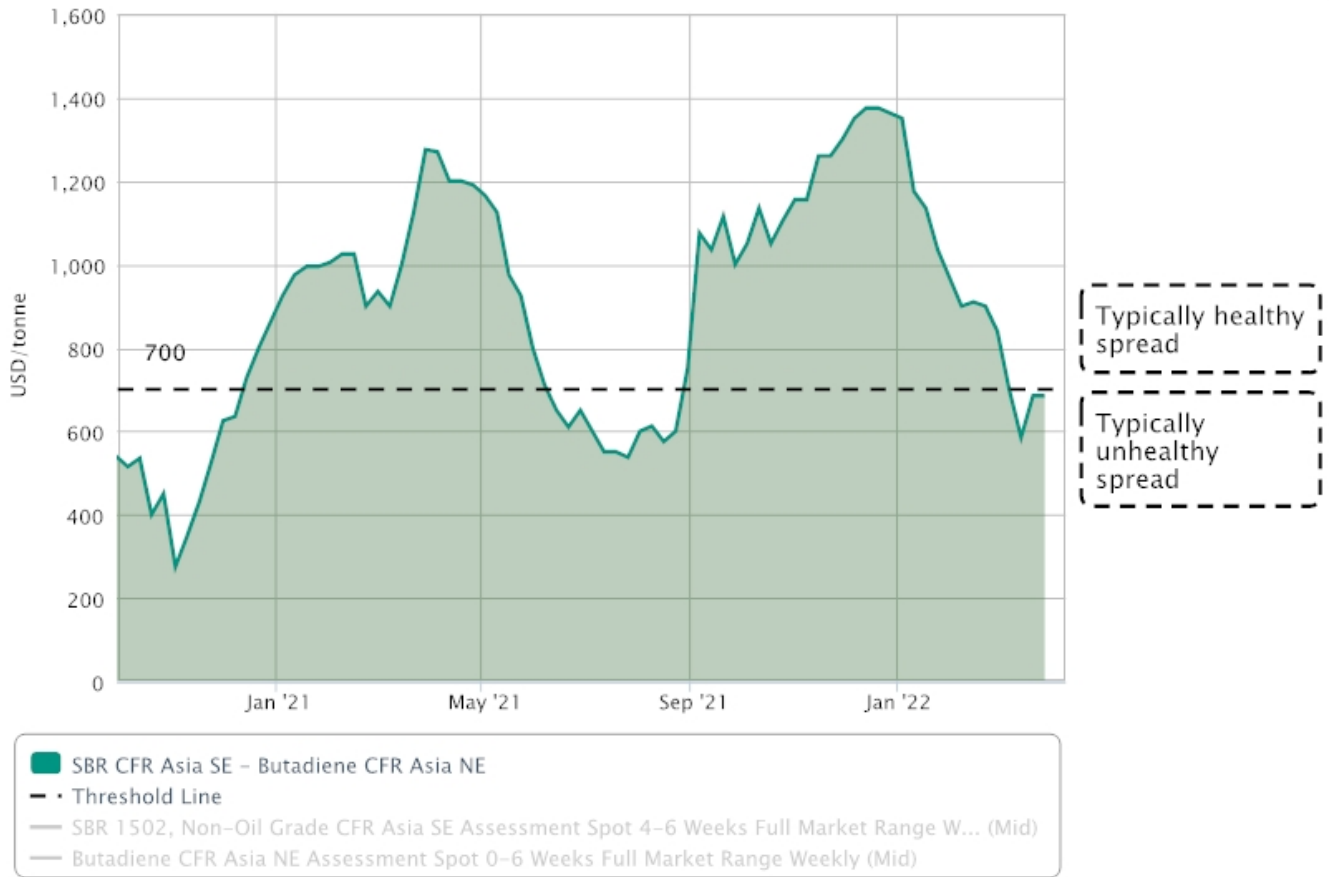
Some deals were heard closed within the published range for April shipment of 1502 grade, market sources said.

UPSTREAM

Asian spot discussions for **butadiene** (BD) remain rangebound, with buyers and sellers still wide apart on [differing views](#) about the near-term demand-supply balance for Asia.

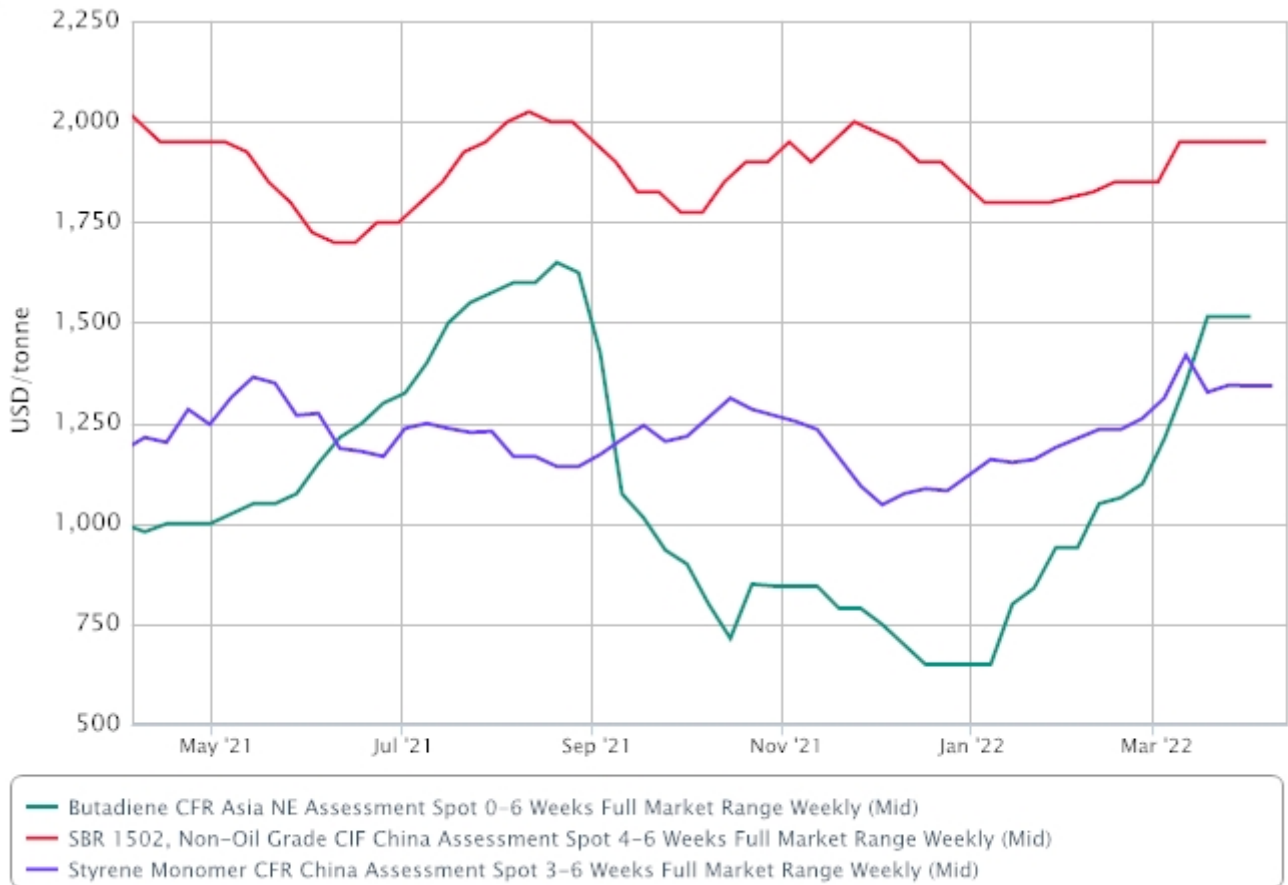
The chart below shows the spread between BD and SBR.

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



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Asian **styrene** prices recorded thin liquidity with CFR China discussions mostly at a standstill as buyers and sellers were split on about the outlook going into April, even though arbitrage spreads with the west remained workable for Asian exports.



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PRODUCTION

In China, average operating rates at local SBR plants fell to 74% in the week ended 1 April, down from 88% in the previous week.

Some local SBR plants have started to cut back operating rates in a bid to minimise costs after the price of feedstock butadiene (BD) rose more than 30% between February and March in the domestic yuan-denominated market.

Meanwhile, regional SBR supplies remained tight on [upcoming](#) turnarounds.

ANALYTICS

ICIS Crude outlook

The crude price will continue to be driven by the Russia-Ukraine crisis in the short term. ICIS assumes no major further escalation in the conflict - recent peace talks indicate a potential de-escalation in the near term. At present, Russian crude exports have reduced by about 1.5m bbl/day - we expect exports to further reduce in the near term, even with peace talks underway. ICIS also expects China's coronavirus cases to continue to rise in the coming weeks, raising concerns about its oil demand in the near term. The US has announced it will release 180m barrels of crude into the market over six months. This equates to 1m bbl/day of additional oil, which is significant but does not fully cover the lost Russian crude exports. The primary source of sizeable oil production increases which could fill the gap left by reduced Russian exports would be Iran, which could add 1.3m bbl/day within six months of a nuclear deal being agreed. Looking to the summer, ICIS expects the Russia-Ukraine conflict to continue. It is expected that major oil importers such as China and India will look to find a way to

purchase Russian crude at a steep discount and by utilising the yuan-denominated financial system, in order to avoid the risk of sanctions from the West, helping to restore some of the lost Russian barrels to the market.

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

ICIS Naphtha outlook

European naphtha supplies remain under threat due to the conflict in Ukraine. Russia supplies Europe with around 50% of its naphtha imports. If sanctions are implemented on Russian naphtha exports or Russia chooses to reduce supply to Europe, this could cause a spike in prices. However, naphtha demand as a petrochemical feedstock has been under pressure recently, as negative cracking margins in Asia have led to reduced cracking runs. Propane is expected to continue to remain a strong alternative to naphtha in the coming months, as summer temperatures are expected to reduce propane demand in the heating market, and therefore reduce pressure on propane prices overall.

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

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