



## 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.

The CIF China prices in the weekly analysis on 6 October are assessed based on information collated on 30 September. Please click [here](#) for the ICIS publishing schedule

### OVERVIEW

- **China market on holiday**
- **Discussions remained soft in wider Asia**
- **Demand lacklustre, but supplies tightening**

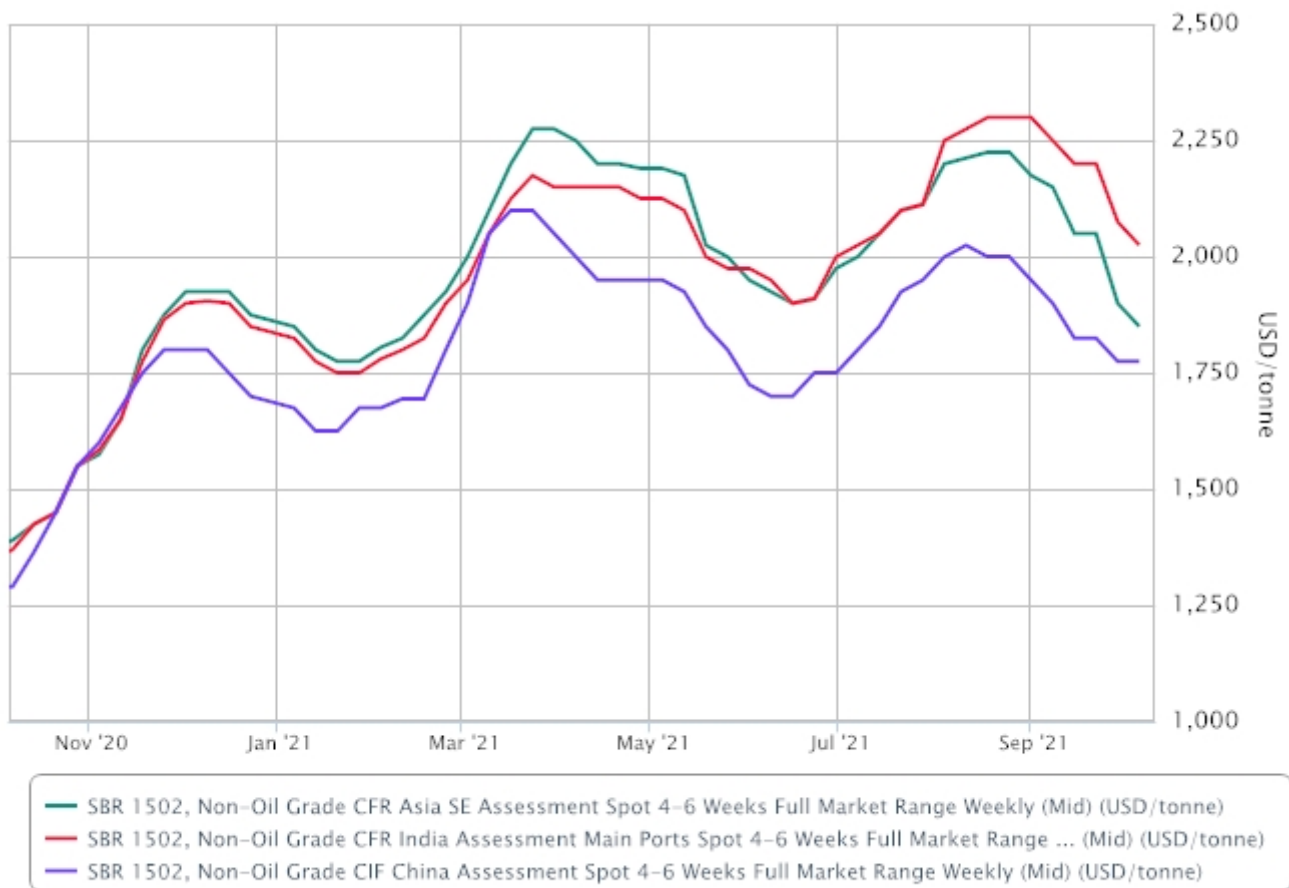
Asia's spot prices for styrene butadiene rubber (SBR) edged lower in wider Asia, on softer buy-sell indications heard. The Chinese market was flat amid a holiday lull.

Generally, discussions are still weighed down across the region by lacklustre demand.

In southeast Asia, downstream operations are still [crimped](#) by ongoing coronavirus-related restrictions, and in India, the buying momentum has also tapered on growing concerns about longer-term global economic health.

Spot availabilities have tightened though, on a heavy wave of regional SBR plant [turnarounds](#) in October, and this is expected to provide some support for spot offers, notwithstanding the thin buying interest, market players said.

Some sellers were also heard generally optimistic that regional demand for SBR may rise shortly, as coronavirus-related restrictions are gradually being lifted in southeast Asian outlets like Vietnam and Malaysia, market sources said.



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## OUTLOOK

- Supply tight on turnarounds
- Demand recovery will hinge on when pandemic restrictions are lifted
- [Auto sector outlook](#) also a factor to watch

## PRICES

### SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
<b>SBR 1502, Non-Oil Grade</b>						
<b>CIF China</b>	USD/tonne	n/c	1700-1850	n/c	1800-2000	77.11-83.91
<b>CFR Asia SE</b>	USD/tonne	-50	1800.00-1900.00	-50	2100.00-2200.00	81.65-86.18
<b>CFR India Main Ports</b>	USD/tonne	-50	1950.00-2100.00	-50	2200.00-2300.00	88.45-95.25
<b>SBR 1712, Oil-Extended</b>						
<b>CIF China</b>	USD/tonne	n/c	1600-1750	n/c	1700-1900	72.57-79.38
<b>CFR Asia SE</b>	USD/tonne	-50	1700.00-1800.00	-50	2000.00-2100.00	77.11-81.65
<b>CFR India Main Ports</b>	USD/tonne	-50	1850.00-2000.00	-50	2100.00-2200.00	83.91-90.72

## China

CIF China prices for both the non-oil 1502 and the oil-extended 1712 grades are rolled over as discussions on US dollar-denominated cargoes came to a standstill in a holiday-shortened trading week. China is shut on 1-7 October for its National Day holidays.

Domestic China prices of the 1502 grade material edged up though during the short trading week, in part because supplies tightened on operating rate cuts.

### East China domestic SBR 1502 prices

Price (CNY/tonne)	30 September*	29 September
E China Ex-Warehouse	12,800-13,000	12,600-12,800

\*China is shut for extended national holidays from 1-7 October.

## Southeast Asia

CFR southeast (SE) Asian prices for the non-oil 1502 grade are assessed down on softer buy-sell indications heard.

Sellers lowered offers on cargoes for prompt spot sales, with the lowest offer captured at the high end of the assessment.

Buying indications are capped at the low end.

CFR SE Asian prices for the oil-extended 1712 grade are adjusted down in line with changes for the 1502 grade, in the absence of any concrete 1712 discussions.

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

Oct (1-6) 2021	Sep 2021	Aug 2021	July 2021	June 2021	May 2021	Apr 2021	Mar 2021
168.08	163.23	172.67	164.32	164.51	169.09	164.72	175.25

## India

CFR Indian assessments for the non-oil 1502 grade dropped with lower pricing indications heard.

The high end tracks offers heard for Asia-origin cargoes, while buying indications were capped at the low end, which market sources said are aligned with indications heard on more competitively priced cargoes from deep-sea origins.

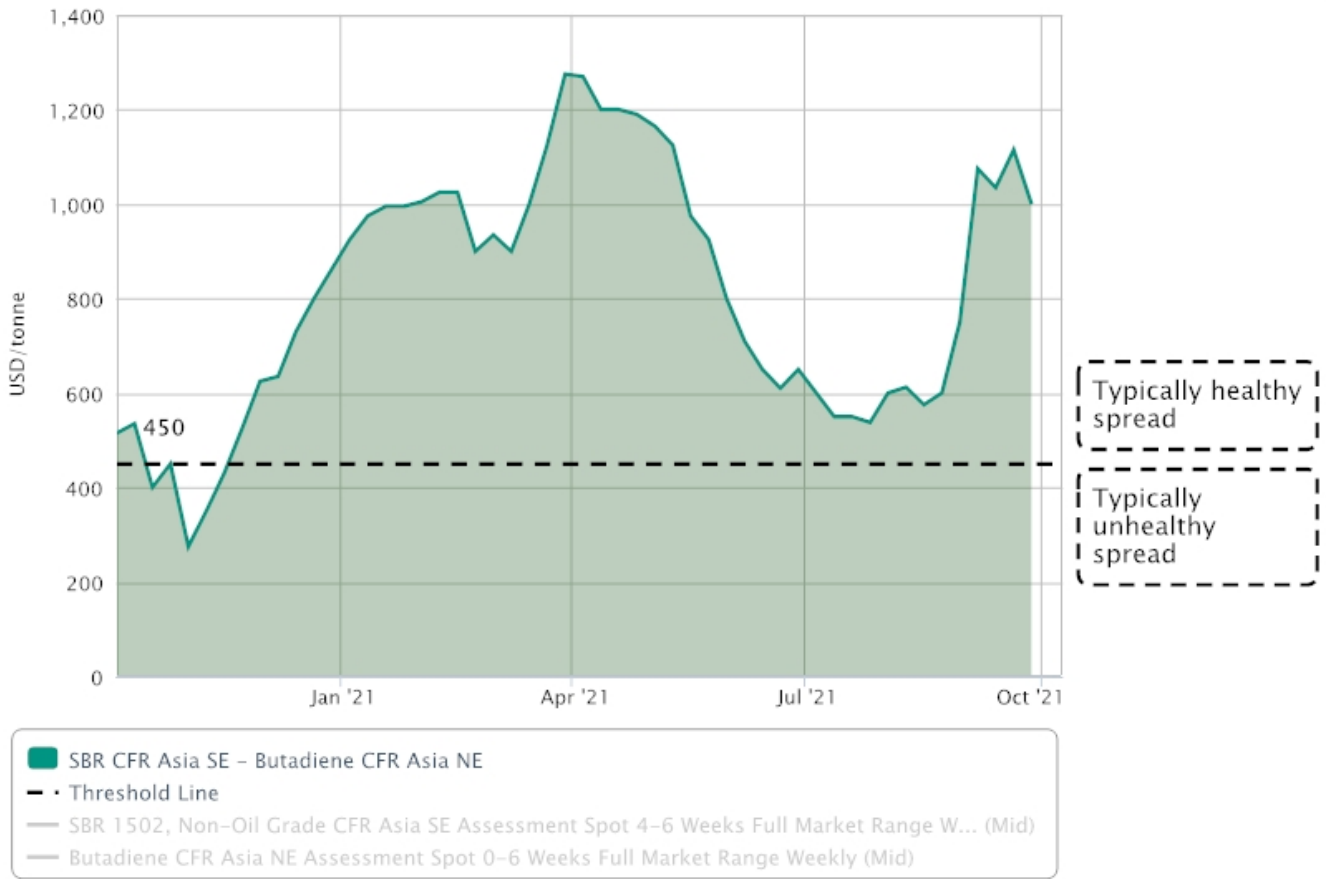
CFR Indian prices for the oil-extended 1712 grade were adjusted down in line with changes for the 1502 grade, in the absence of any concrete 1712 business.

## UPSTREAM

Asian **butadiene (BD)** discussions remain [muted](#), with demand expected to stay soft in the near term.

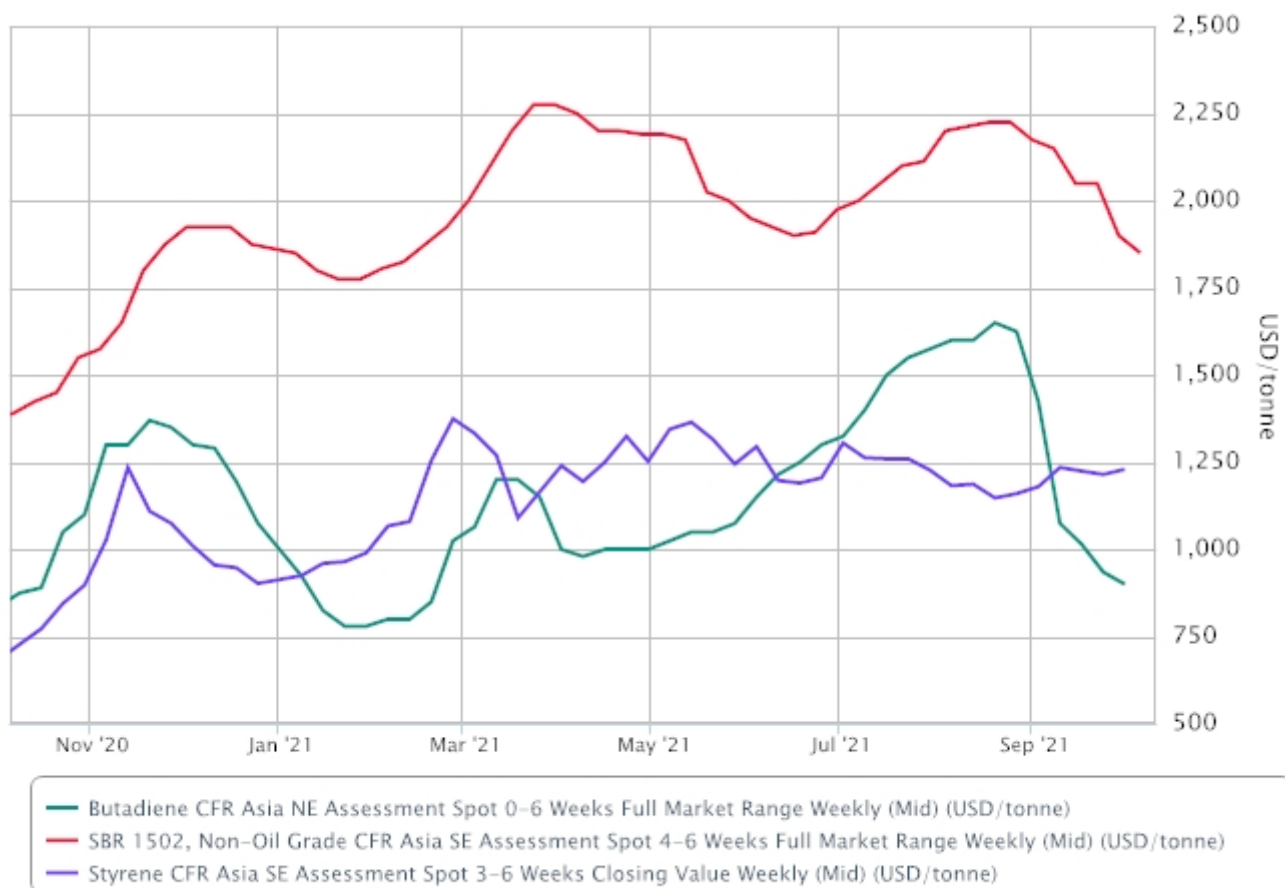
The chart below shows the spread between butadiene and SBR prices.

Downstream spread – butadiene NE Asia and SBR SE Asia



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Asian **styrene monomer (SM)** prices were discussed in a much wider range, with some sentiment support coming from energy and futures prices and a [plant shutdown](#) in northeast Asia, despite the overall bearish sentiment on demand-supply fundamentals leading up to mid-October.



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## PRODUCTION

In China, average operating rates of local SBR plants fell to 77% for the week ended 30 September, down from 82% in the week prior, market sources said.

This came as operating rates in China declined on a power crunch in the country, amid newly introduced energy consumption control rules by the government.

Outside of China, SBR supplies are tight in Korea on the back of ongoing and upcoming [turnarounds](#) in October.

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

## ANALYTICS

### ICIS Crude Outlook

The price of Brent rose in September, primarily because Hurricane Ida took a significant volume of US oil production offline, with up to 1.7m bbl/day lost at its peak. Looking ahead, OPEC+ will continue its 400,000 bbl/day per month production cut tapering programme until the end of the year. Following this, ICIS does not expect OPEC+ to continue any additional tapering until summer 2022, unless prices remain persistently high. In the near term, the US may see further production issues if more hurricanes hit the US Gulf Coast in October and November. Indian oil demand is set to rebound strongly for the rest of the year. For example, demand for gasoline has already breached pre-coronavirus levels. Many refineries are expected to increase run rates to 100% to meet this demand, with overall refinery throughput expected to be above 5m bbl/day before the end of 2021.

By **Ajay Parmar**, ICIS senior analyst ([ajay.parmar@icis.com](mailto:ajay.parmar@icis.com))

## ICIS Naphtha Outlook

The northwest Europe naphtha-Dated BFOE spread has strengthened by 8% month on month in September due to a tight market and exacerbated by supply disruption in the US. The spread is expected to remain strong in Q4 due to expected lower supplies and firm demand as a petchem feedstock. US naphtha supplies could face further disruption in October and November as more hurricanes are expected to hit the US Gulf Coast. This could see millions of barrels per day of refinery capacity temporarily taken offline, as seen in September, and lead to naphtha supply disruptions, particularly to Asia. The Europe propane-naphtha spread has widened significantly in recent weeks, with a high of \$49/tonne seen in September. This was primarily due to an unusual price spike in the summer caused by low supplies of propane in the US. The spread is likely to remain wide as winter approaches, leaving naphtha as the cracker feedstock of choice through to summer 2022.

By **Ajay Parmar**, ICIS senior analyst ([ajay.parmar@icis.com](mailto:ajay.parmar@icis.com))

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