



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

- **Sentiment down with weak demand fundamentals**
- **S pot supplies snug**
- **Cost pressure on producers may rise**

Spot discussions for styrene butadiene rubber (SBR) imports trended down with persistently weak demand fundamentals.

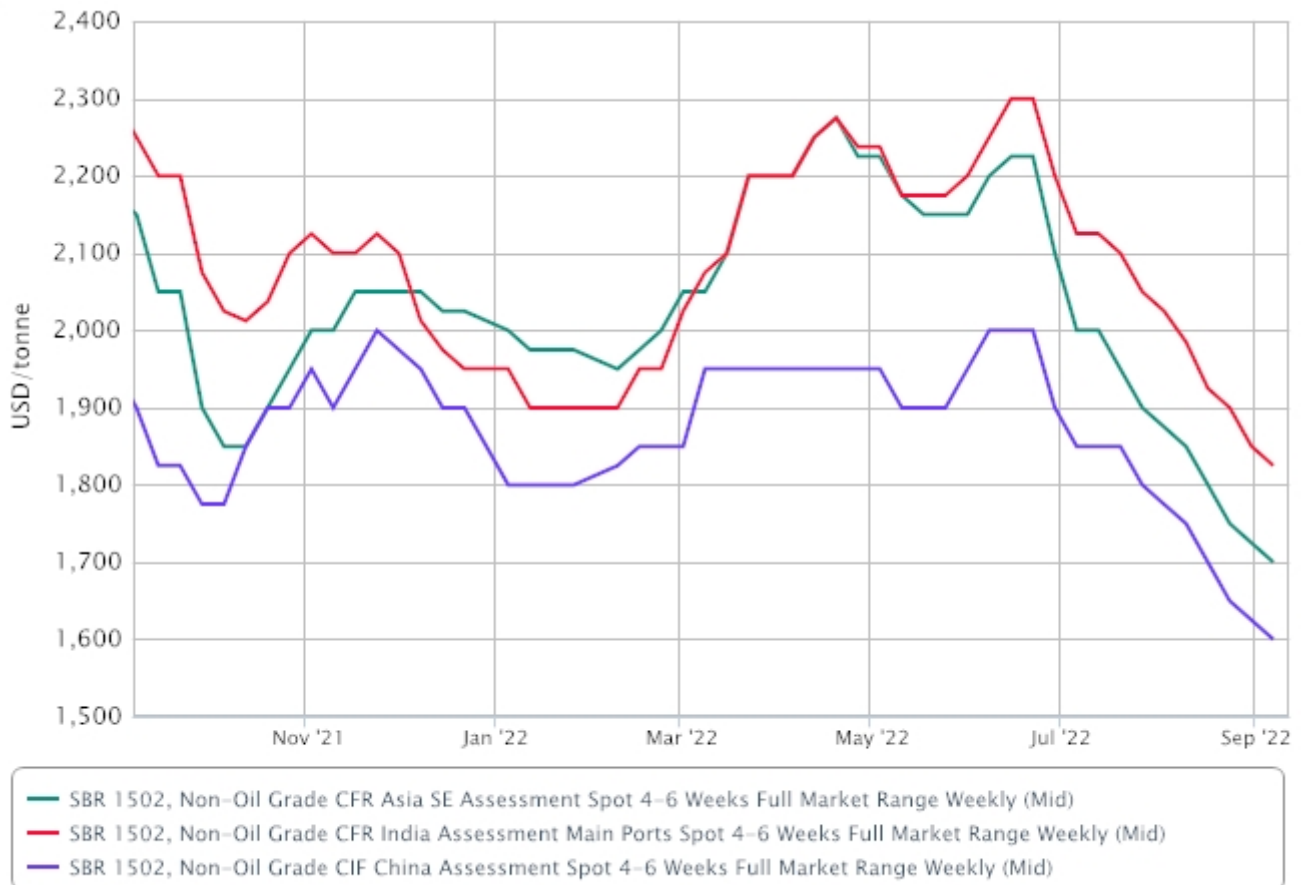
Downstream offtake remains undermined, with latest economic indicators pointing to a month-on-month decline for [August](#) factory activities across northeast Asia. Operations at regional tyre plants are sub-optimal, market sources said, and this invariably weighed on requirements for key feedstock SBR.

Furthermore, with natural rubber prices still falling, market players said that this would further dent demand for SBR, as tyre makers may switch to using more natural rubber, at the expense of SBR, to achieve higher netback.

Sellers moderated their offers to push sales and keep cargoes moving, but acknowledged that buyers' response has been tepid in nature.

Many SBR makers were heard not inclined to widen discounts further, given their mounting concerns that supply limitations may drive upstream [styrene](#) and [butadiene](#) pricing up and weigh on their already squeezed margins.

Furthermore, spot availabilities are expected to tighten once various plant maintenance kick in from H2 September. Some sellers were hopeful that this could help cushion SBR's price slide, even if buying interest still fails to recover then.



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OUTLOOK

- Snug supplies for the near term
- Demand recovery prospects unclear
- Wide buy-sell gap may be difficult to bridge

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	n/c	1550-1650	-50	1700-1800	70.31-74.84
CFR Asia SE	USD/tonne	n/c	1650.00-1750.00	-50	1800.00-1900.00	74.84-79.38
CFR India Main Ports	USD/tonne	n/c	1750.00-1900.00	-50	1900.00-2070.00	79.38-86.18
SBR 1712, Oil-Extended						
CIF China	USD/tonne	n/c	1450-1550	-50	1600-1700	65.77-70.31
CFR Asia SE	USD/tonne	n/c	1550.00-1650.00	-50	1700.00-1800.00	70.31-74.84
CFR India Main Ports	USD/tonne	n/c	1650.00-1800.00	-50	1800.00-1970.00	74.84-81.65

China

CIF China assessments for both the non-oil 1502 and oil-extended 1712 grades were adjusted in line with changes for CFR SE Asian assessments, in the absence of substantive discussions for China-bound shipment supplies.

Domestic China prices for the 1502 grade rebounded slightly, with firmer upstream butadiene values in the yuan-denominated market.

East China domestic SBR 1502 prices

Price (CNY/tonne)	07 Sep	31 Aug
E China Ex-Warehouse	11,600-11,700	11,500-11,600

Southeast Asia

CFR SE Asia assessments for the non-oil 1502 grade were stable-to-soft, with the high end dropped on lower offers heard.

Buying indications were capped at the low end.

No deals were heard closed in the week.

CFR SE Asia assessments for the oil-extended 1712 grade were adjusted down at the high end, in line with 1502 grade assessment's changes.

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

Sep (1-7) 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
133.45	149.74	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 dropped at the high end, tracking lower offers heard.

Buying indications were capped at the low end. Most buyers were heard reluctant to commit as they expect offers to soften further in due course.

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

UPSTREAM

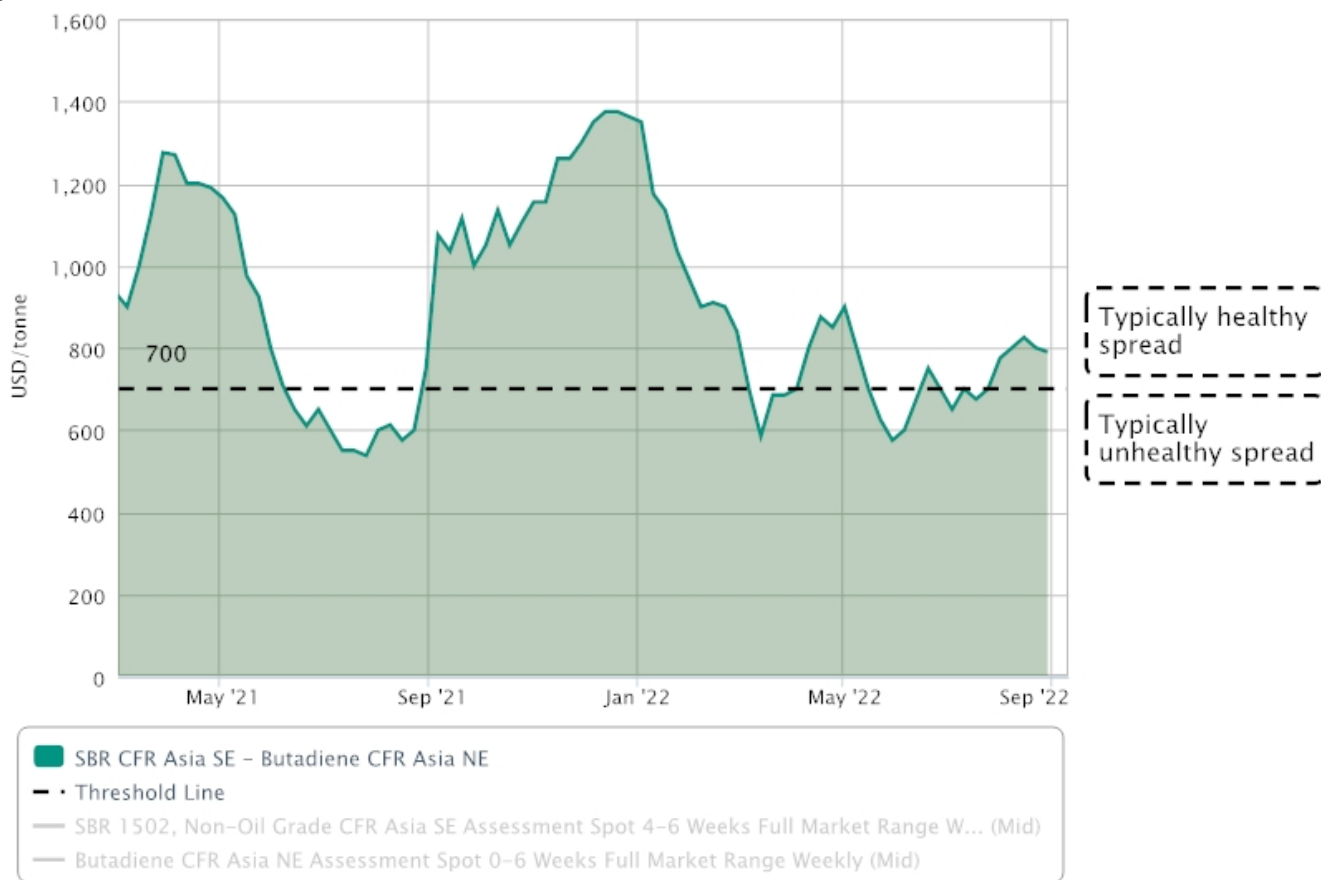
Butadiene (BD)

- Domestic China prices spikes on local supply concerns

- Some China players sought imports for replacement
- Downstream demand across Asia remain bearish

The chart below shows the spread between butadiene and SBR.

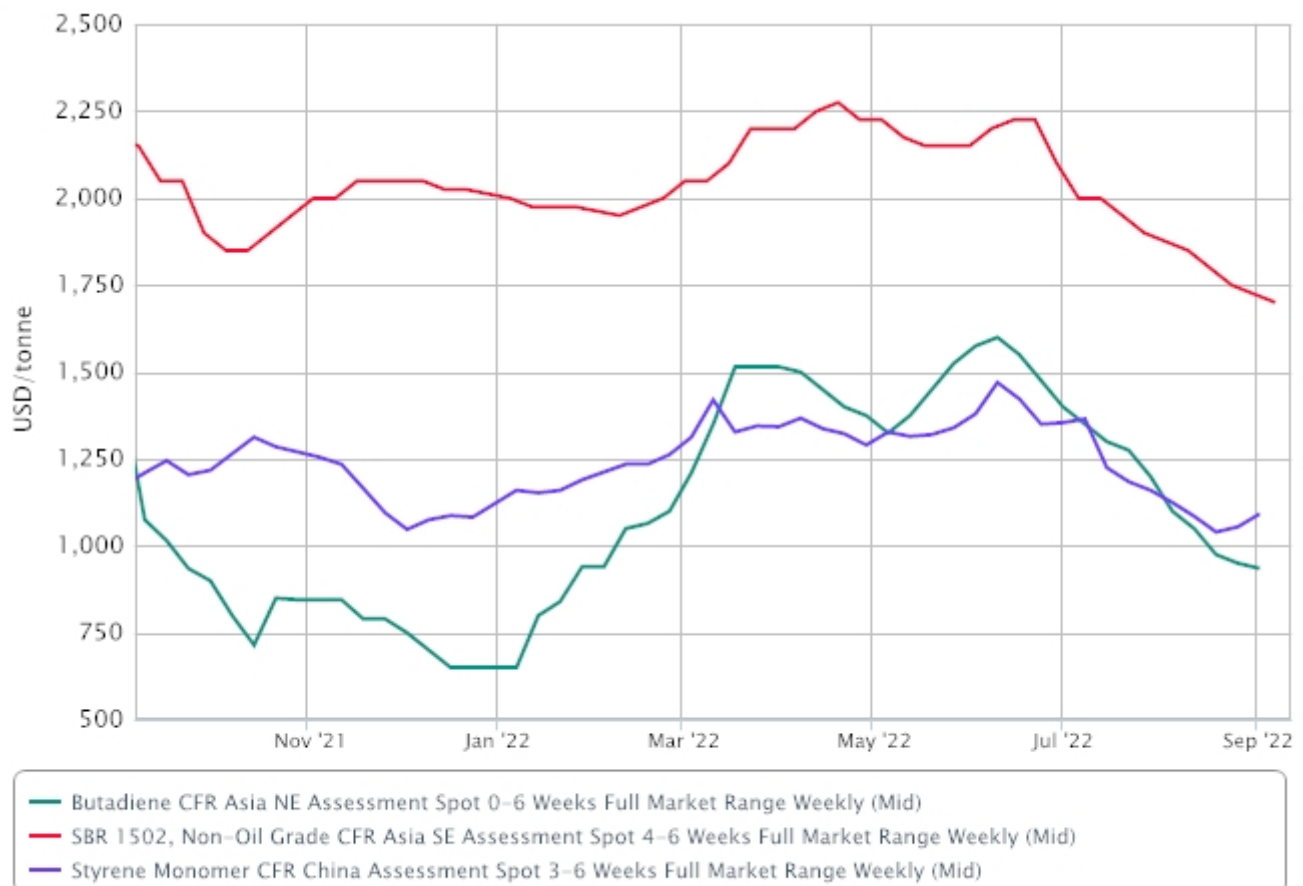
[Downstream spread – butadiene NE Asia and SBR SE Asia](#)



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Styrene:

- Firmer trading sentiment in China
- Chinese buying interest for September-October buoys prices
- Gains mitigated by slow northeast Asia activity



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PRODUCTION

In China, operating rates of local SBR plants edged up to 73% for the week ended 2 September, two percentage points higher than the week prior, market source said.

In wider Asia, SBR output is poised to tighten with several [upcoming](#) plant maintenance in the September-November period.

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

OTHER REGIONS

Europe:

- Spot prices stable
- September contract talks in early stages
- Gas costs weigh on production costs more heavily

US

- September feedstock inputs mixed
- September BD settles lower
- SBR supplies sufficient to meet demand

ANALYTICS

ICIS Crude outlook

OPEC+ is unlikely to reach the expected production increase quota set in previous months and will likely agree a production cut in September. This dynamic will keep supply constrained in the short term, with Saudi Arabia one of the few members that has the capability to meaningfully increase production levels out of the entire cartel. Libyan oil production is running again at 1.2m bbl/day, although it has fluctuated severely over recent months, with production falling below 100,000 bbl/day in June, before recovering substantially in July, and reaching 860,000 bbl/day in mid-to-late July. Oil demand is likely to come under pressure in the second half of 2022, as global economic growth is now predicted to be much lower than previous expectations. China's refining throughput is believed to have dropped to its lowest rates since March 2020 in August 2022 because of unplanned shutdowns and maintenance operations. In India, gasoline and gasoil fuel demand has been impacted by increasing prices, compounded by the dampening effect of monsoon rains on overall demand. Looking ahead, India faces some headwinds as export taxes have been imposed on transport fuels, though domestic demand for this market is expected to remain fairly resilient through the second half of 2022.

By **Greg Mouchikas**, energy and refining analyst, grigorios.mouchikas@icis.com

ICIS Naphtha outlook

Naphtha cracks in August (the naphtha price minus the crude price) have recovered slightly from July's figures. However, they still remain weak across all regions. Although demand has been relatively stronger in Asia, it has recently faced a more challenging situation and demand overall remains weak. ICIS expects naphtha cracks to remain around current levels through the remainder of the summer. Naphtha stocks in the ARA region rose by 18% this week, in part as a result of the low water levels on the Rhine river, which have hindered transportation of products in the northwest Europe region. Stocks will likely continue to remain elevated for the remainder of this quarter, since demand in Asia is expected to remain low.

By **Greg Mouchikas**, energy and refining analyst, grigorios.mouchikas@icis.com

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