



## 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 muted**
- **Buying tempo slows down**
- **Some offers moderated to induce buying**

Asian styrene butadiene rubber (SBR) discussions softened in China and India on waning demand, but held steady in southeast Asia, on relatively balanced supply-demand fundamentals.

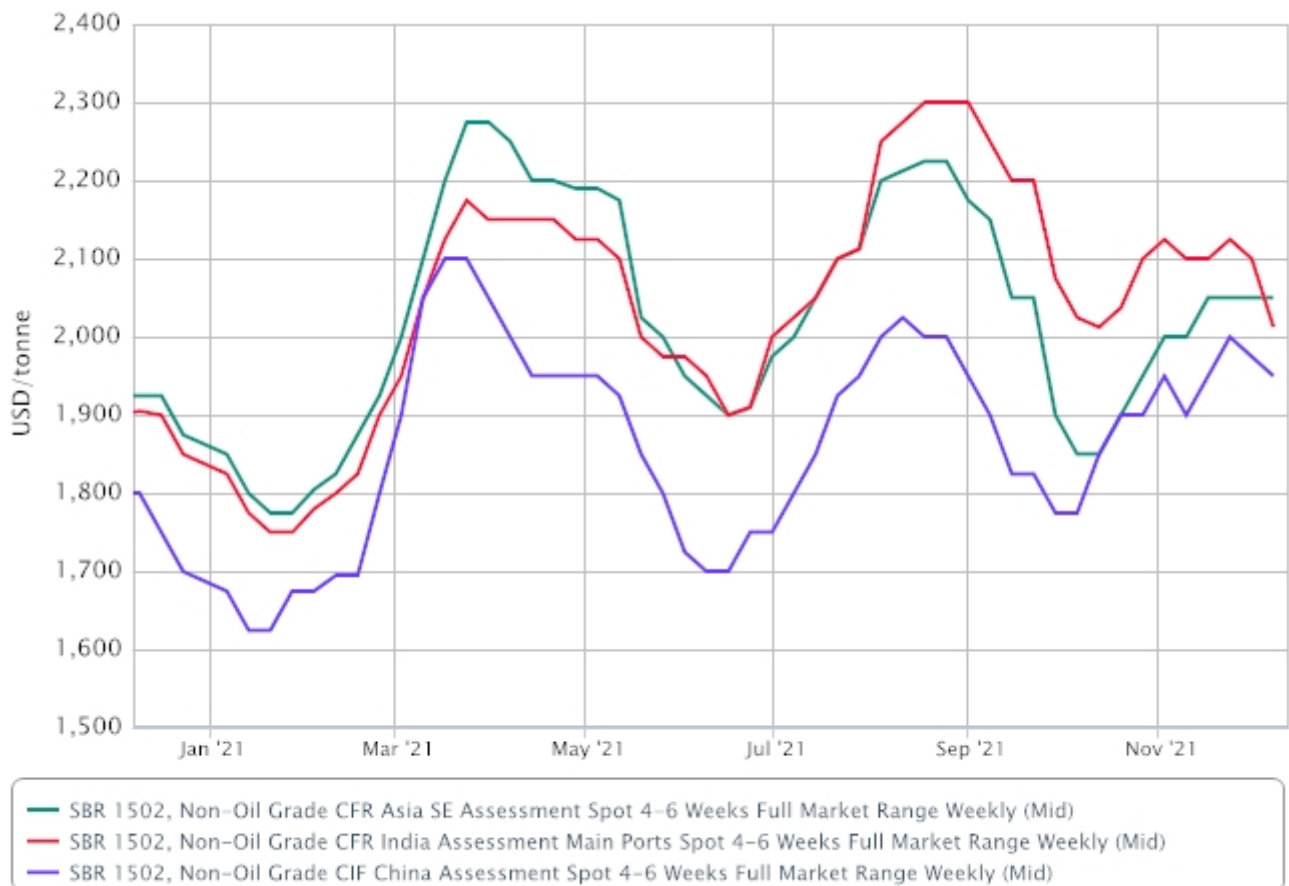
In China, domestic prices continued to [slip](#), with lacklustre downstream production momentum putting downside pressures on discussions for US dollar-denominated imports.

Most end-users there were heard to be cautious not to over-stock on raw materials, on concerns that their operations may be affected if there were any fresh government directives on pollution control measures ahead of the February 2022 Beijing Winter Olympics.

In India, buying momentum also receded, not just due to a seasonal year-end lull, but also because apprehensions have risen on how consumer demand may shift with the emergence of a new virus variant.

In the import-reliant southeast Asian market, prices were rangebound, but trade liquidity has also tapered, market sources said, with end-users keeping to purchasing only as and when needed.

While some sellers moderated expectations to induce buying in China and India, most remained optimistic that there is still support for current offers, given that inventory levels are still below optimal levels and there are no selling pressures.



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## OUTLOOK

- Supply situation may lengthen and stabilise in early 2022
- Coronaviruses worries to weigh on demand
- Weak upstream pricing to also depress sentiment

## 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	1900-2000	n/c	1850-1950	86.18-90.72
<b>CFR Asia SE</b>	USD/tonne	n/c	2000.00-2100.00	n/c	1950.00-2050.00	90.72-95.25
<b>CFR India Main Ports</b>	USD/tonne	-100	1950.00-2075.00	-75	2050.00-2150.00	88.45-94.12
<b>SBR 1712, Oil-Extended</b>						
<b>CIF China</b>	USD/tonne	-50	1800-1900	n/c	1750-1850	81.65-86.18
<b>CFR Asia SE</b>	USD/tonne	n/c	1900.00-2000.00	n/c	1850.00-1950.00	86.18-90.72
<b>CFR India Main Ports</b>	USD/tonne	-100	1850.00-1975.00	-75	1950.00-2050.00	83.91-89.58

## China

CIF China assessments for the non-oil 1502 grade were stable to soft, with the low end reduced in line with lower buying indications heard.

The latter fell alongside retreating yuan-denominated prices.

CIF China assessments for the oil-extended 1712 grade were adjusted down on the low end, in line with changes in the 1502 grade assessments.

Domestic China prices for the 1502 grade continued to trend down, both as buying tempo eased, and as upstream losses ballooned.

### East China domestic SBR 1502 prices

Price (CNY/tonne)	08 December	01 December
E China Ex-Warehouse	12,300-12,400	12,900-13,100

## Southeast Asia

CFR southeast (SE) Asian prices for the non-oil 1502 grade were rolled over on rangebound discussions and deals.

Those for the oil-extended 1712 grade were also kept unchanged, alongside stable 1502 assessments and in the absence of any concrete 1712 business.

But with a sudden decline in natural rubber prices in the past week, concerns have arisen over how this may impact demand for synthetic rubber, as end-users may turn to substituting more of the latter with natural rubber, market sources said.

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

Dec (1-8) 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021	July 2021	June 2021	May 2021
173.89	175.65	174.39	163.23	172.67	164.32	164.51	169.09

## India

CFR India prices for the non-oil 1502 grade were assessed down, taking into consideration lower deals and pricing indications heard.

The high end tracks a transaction for an Asia-origin shipment, while buying indications from other buyers were capped at the low end, weighed down by competitively priced availabilities from domestic producers, as well as from other deep-sea-origin suppliers.

CFR Indian prices for the oil-extended 1712 grade are also adjusted down, in line with changes seen for the 1502 grade assessments.

## UPSTREAM

Asian spot prices for butadiene (BD) [lost more ground](#) as demand waned amid a growing supply glut.

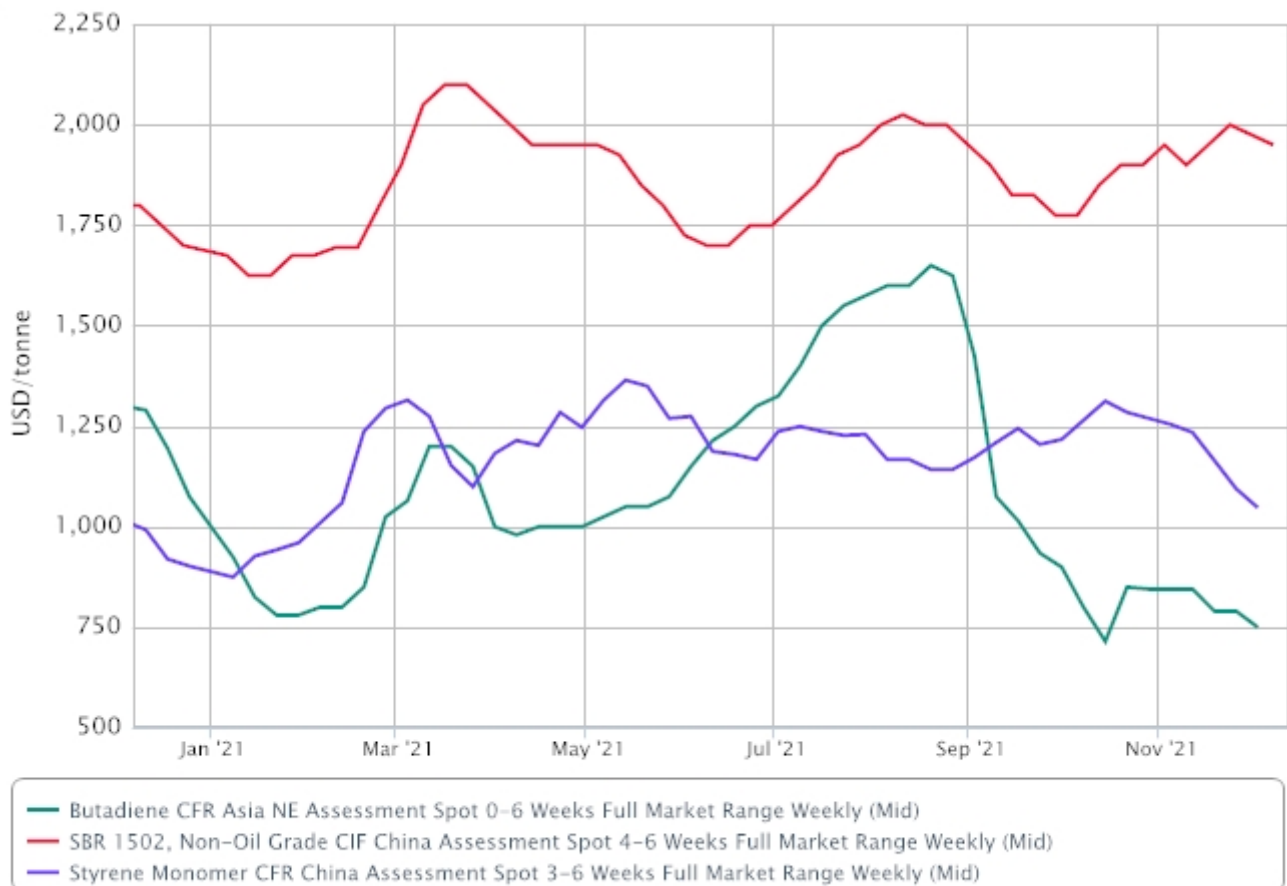
The chart below shows the spread between butadiene and SBR.

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



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The Asian styrene spot market [weakened](#) further as short selling continued in the early week on the futures because of bearish macroeconomic factors and worries of further slowing demand in China starting in early 2022.



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## PRODUCTION

In China, average operating rates of local SBR plants held steady at 91% for the week ended 3 December, unchanged from the week prior, market sources said.

Outside China, SBR spot availabilities are also poised to grow and stabilise, now that regional plant turnarounds have been completed.

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

## OTHER REGIONS

In the US, December SBR contract prices [declined](#) from November, tracking lower feedstock BD prices.

November auto sales in the US also [declined](#) month on month, as the industry tried to cope with a global shortage of microchips.

## ANALYTICS

### ICIS Butadiene Outlook

For 2022, BD demand in North America, including Mexico, is likely to be about 1.82m tonnes, which is below pre-pandemic levels. In terms of production, Canada and the US, the only producers in North America, should total about 1.66m tonnes, down from 1.77m tonnes in 2019. Due to an improvement in regional supply and demand fundamentals, the BD deficit may shrink to around 160,000 tonnes in 2022.

Preliminary trade data shows that the North America demand-production gap was around 212,000 tonnes in the first nine months of 2021.

Based on ICIS estimations, European BD production will reach 2.4m tonnes in 2022, increasing by 4.5% year on year. Demand is expected to grow by 6% from 2.1m tonnes in 2021, resulting in a higher growth rate than production. However, some uncertainties over the BD supply and demand balance are likely to emerge into 2022. UK production is estimated to stay around 20,000 tonnes, assuming that Sabic's cracker at Wilton will resume its operations by the end of 2022. That said, the BD unit may remain permanently closed. On the Italian BD industry front, the scheduled closure of cracker at Porto Marghera will stop crude C4 delivery to Versalis' BD extraction unit in Ravenna, which in turn may be at risk of shutdown.

In 2022, Asia is forecast to be responsible for about 61% of total BD production, up by 4% from 2019 levels. Five new plants will start their operations in China in 2022, with a total nameplate capacity of 680,000 tonnes/year. South Korea's new 90,000 tonne/year BD extraction unit operated by Lotte-GS Chemical is scheduled to start in Q2 2022. On the demand side, Asia should cover about 63% of overall BD demand, rising by about 3% from 2019. As consumption will continue to exceed production, Asia will remain a net importer.

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