



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

- **Demand clouded by rising virus concerns**
- **But most suppliers sold out**
- **Buyers wait-and-see**

Asia's spot discussions for styrene-butadiene-rubber (SBR) were mostly stable-to-soft, with liquidity weighed down by tapering buying interest.

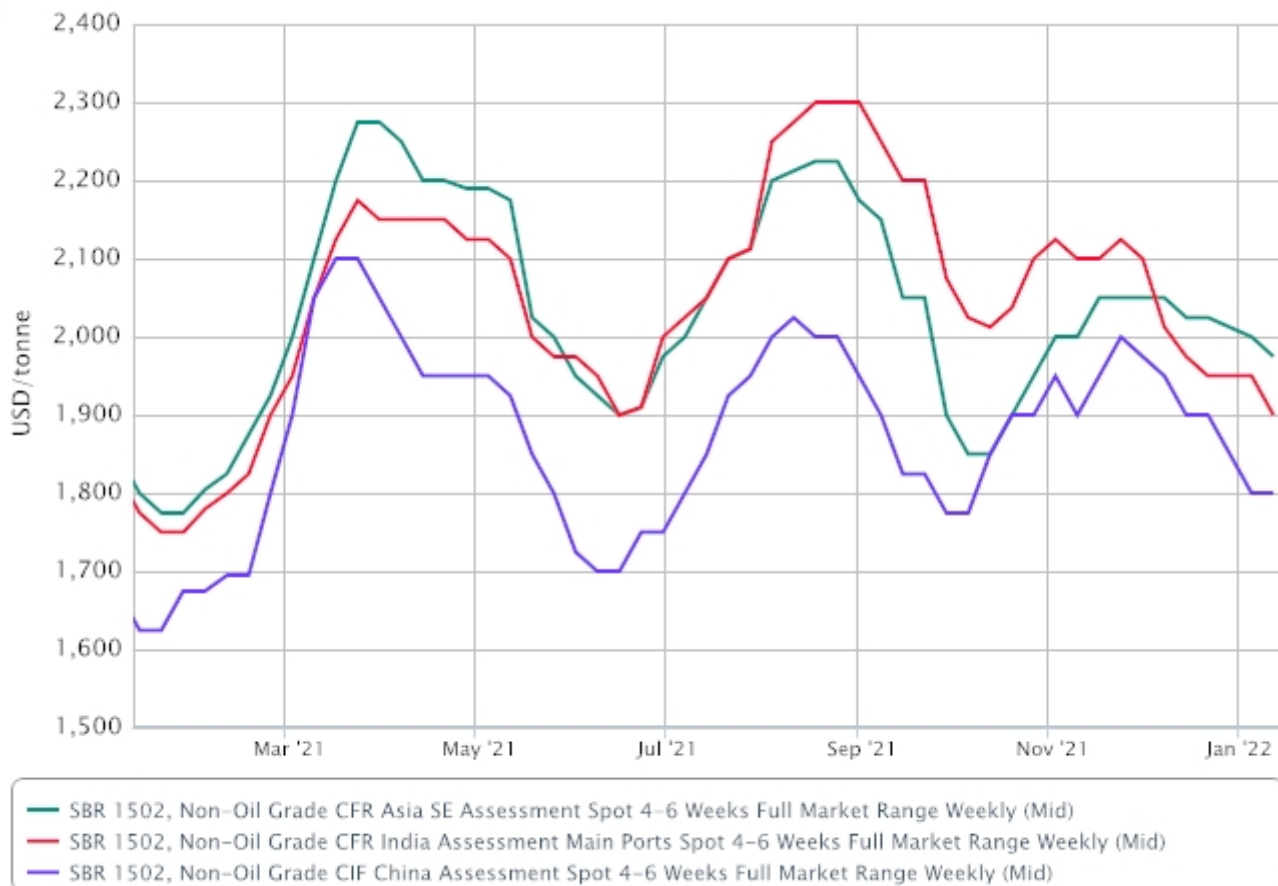
In China, import discussions stalled as players await more clarity on how the domestic yuan-denominated market will pan out after upstream butadiene prices there saw a bull run late in the trading week.

Logistical bottlenecks stemming from localised virus lockdowns at some China cities also served to [thwart](#) spot trade momentum.

In southeast Asia, discussions were muted too but market players highlighted that this was more because the bulk of foreseeable requirements have been covered by prior purchases, and not really reflective of any structural demand losses.

Some sellers were also confident synthetic rubber demand could see some support from the reality that natural rubber prices have surged recently on the back of inclement weather-induced production constraints.

In India, discussions were also subdued as buyers pulled back, citing uncertainties about longer term downstream demand growth after India [cuts](#) its 2021-2022 GDP growth forecast.



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OUTLOOK

- Spot supplies may tighten with increasing contractual volumes
- Demand will hinge on how the virus situation pan out
- Eye on pricing direction in the upstream butadiene market

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	n/c	1750-1850	n/c	1850-1950	79.38-83.91
CFR Asia SE	USD/tonne	n/c	1950.00-2000.00	-50	2000.00-2050.00	88.45-90.72
CFR India Main Ports	USD/tonne	-50	1850.00-1950.00	-50	1900.00-2050.00	83.91-88.45
SBR 1712, Oil-Extended						
CIF China	USD/tonne	n/c	1650-1750	n/c	1750-1850	74.84-79.38
CFR Asia SE	USD/tonne	n/c	1850.00-1900.00	-50	1900.00-1950.00	83.91-86.18
CFR India Main Ports	USD/tonne	-50	1750.00-1850.00	-50	1800.00-1950.00	79.38-83.91

China

CIF China assessments for the non-oil 1502 grade and the oil-extended 1712 grade were rolled over, in the absence of any fresh discussions this week.

Most players were preoccupied with monitoring how the yuan-denominated prices for SBR would trend, after yuan values for butadiene surged in recent days.

Domestic supplies were also abundant, curbing in turn buying interest for imports, market players said.

Domestic prices for the 1502 grade were stable-to-firm, tracking upstream increases.

East China domestic SBR 1502 prices

Price (CNY/tonne)	12 January	05 January
E China Ex-Warehouse	12,000-12,200	12,000-12,100

Southeast Asia

CFR southeast (SE) Asian assessments were stable-to-soft, with the price range for non-oil 1502 grade narrowed to reflect the full range of trade discussions and transactions.

NE Asia-origin cargoes were heard indicated and transacted at levels within the range.

CFR SE Asian prices for the oil-extended 1712 grade were also adjusted down at the high-end, in tandem with the changes seen for 1502, in the absence of any concrete 1712 discussions.

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

Jan (1-12) 2022	Dec 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021	July 2021
177.56	172.08	175.65	174.39	163.23	172.67	164.32

India

CFR Indian prices for the non-oil 1502 grade were assessed down, tracking lower buying and selling indications heard.

Demand was muted, with many end-user heard still sitting on high inventories and unable to accommodate fresh cargoes.

Sentiment was also weighed down by recent surge in virus infection counts in the country.

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

UPSTREAM

Sentiment in spot discussions for Asian **butadiene** was [buoyed](#) to some extent by some arbitrage sales to the US, but substantive demand in Asia remains lacklustre and kept intra-regional trades within rangebound levels.

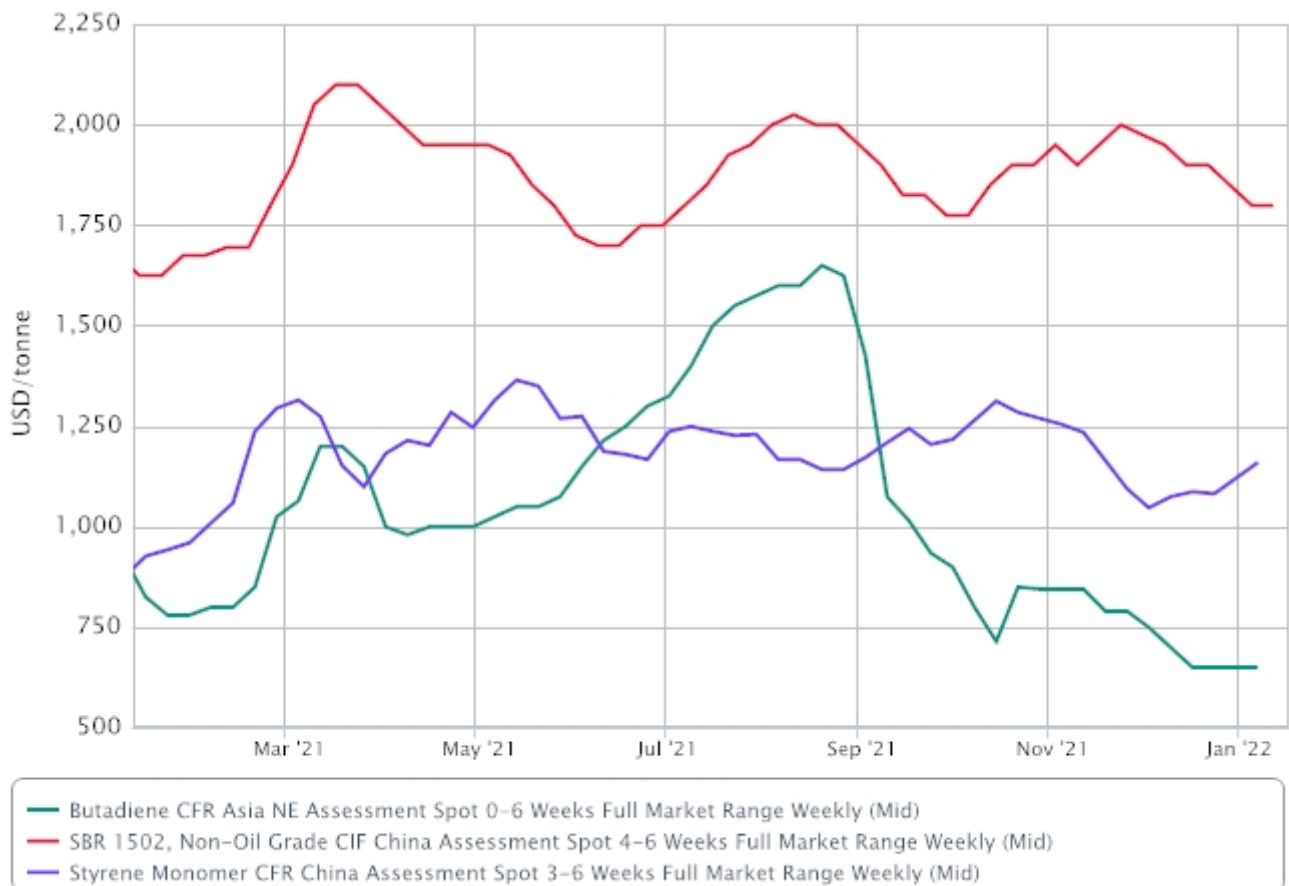
The chart below shows the spread between butadiene and SBR.

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



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Asian **styrene** prices went on a downtrend for most of the week, despite starting out and ending strong on firmer upstream benzene prices and more rate cuts at units outside of China amid squeezed maker margins, as Chinese fundamentals remained weak.



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PRODUCTION

In China, average operating rates of local SBR plants dropped one percentage point lower than the week prior, to 91% for the week ended 7 January, market sources said.

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

OTHER REGIONS

In the US, January SBR contracts fell from December, tracking weak feedstock BD prices. US' SBR markets are expected to continue with [robust demand](#) in 2022.

In Europe, SBR production costs are poised to [rise](#) further on hugely increased gas prices.

ANALYTICS

ICIS Crude outlook

OPEC+ will continue with releasing an extra 400,000 bbl/day in February. In addition, the US will release 50m bbl of crude reserves, as a co-ordinated effort with other crude importing nations to counter high crude prices. Overall oil demand is strong, but the spread of the Omicron coronavirus variant has led to concerns over future oil demand. While the outbreak in Europe seems to be under control, oil demand could be under threat should there be additional restrictions imposed in other major oil importing regions. Additionally, US (and global) inflation continues to rise, with November's consumer price index up 6.8% year on year. The US Fed is also likely

to increase interest rates three times in 2022 to counter this inflation. This will substantially reduce global GDP growth and will also make crude more expensive for buyers, reducing overall crude demand.

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ICIS naphtha outlook

The European naphtha crack decreased by 4% in December month on month due to concerns over rising coronavirus infection rates across Europe. Concerns exist over future naphtha demand in the gasoline blending pool, due to recently imposed restrictions and lockdowns in a number of European countries. However, Asian naphtha demand is expected to continue to grow beyond the short term, spurred by new ethylene capacity coming on line in the region this year and in 2023. While much of this extra demand will be sourced from increasing domestic supplies, any additional required imports will be sourced from the West and Middle East – the latter saw a 10% increase in monthly exports to Asia in 2021 vs 2019 (currently at 3.5m tonnes/month), and is poised to further plug this gap as additional refining capacity will come on line in the Middle East in the coming years.

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