



## 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 fundamentals weak**
- **Upstream cost pressure lends support to offers**
- **Spot supplies limited in wider Asia**

Spot discussions for styrene butadiene rubber (SBR) imports were muted this week, in part due to various holiday closures in northeast Asia.

Overall, market sentiment remains [dull](#) in nature, as demand fundamentals are still undermined by lingering macroeconomic issues.

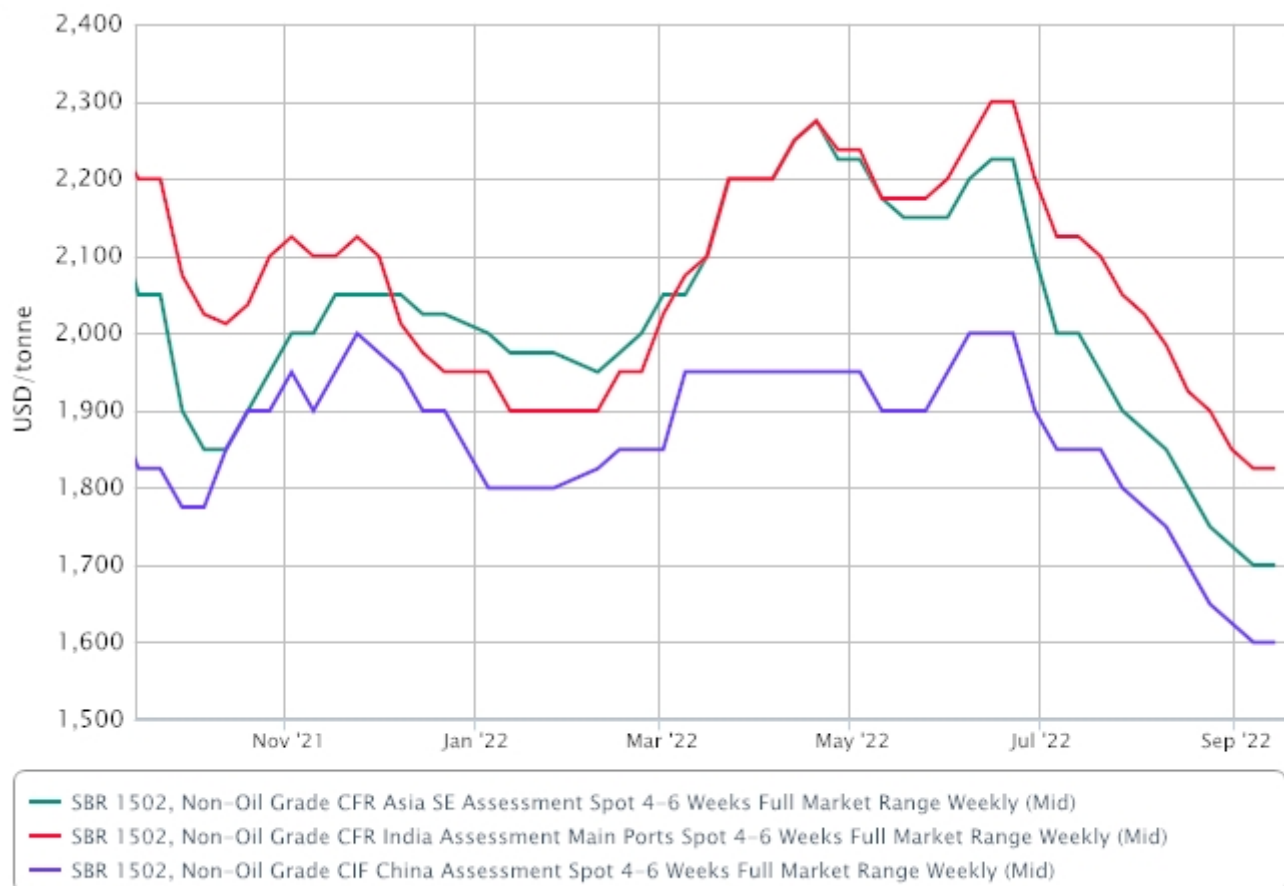
Substantive requirements are limited with key consumers like the tyre factories heard still sitting on high inventories of their finished products.

With natural rubber prices still at year-low levels, market players expect a further further squeeze in buying interest for SBR, as tyre makers are likely to turn to using more of the cheaper natural rubber, at the expense of SBR, to achieve better economics.

Offers were broadly rangebound this week, with sellers heard limited by stiff cost pressures.

The recent price uptick for feedstock [butadiene](#) and styrene monomer (SM) heightened concerns among rubber makers of a further impact on their already frail margins.

Furthermore, with some regional plants heading into maintenance closures in the late September to November window, the ensuing squeeze on spot availabilities could also help to provide some pricing support and offset the downside pressures of lacklustre demand, market sources said.



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## OUTLOOK

- Supplies may stay tight in wider Asia
- Demand outlook hazy
- Buy-sell gap may remain wide and crimp spot trade liquidity

## 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	1550-1650	n/c	1650-1750	70.31-74.84
<b>CFR Asia SE</b>	USD/tonne	n/c	1650.00-1750.00	n/c	1750.00-1850.00	74.84-79.38
<b>CFR India Main Ports</b>	USD/tonne	n/c	1750.00-1900.00	n/c	1850.00-2000.00	79.38-86.18
<b>SBR 1712, Oil-Extended</b>						
<b>CIF China</b>	USD/tonne	n/c	1450-1550	n/c	1550-1650	65.77-70.31
<b>CFR Asia SE</b>	USD/tonne	n/c	1550.00-1650.00	n/c	1650.00-1750.00	70.31-74.84
<b>CFR India Main Ports</b>	USD/tonne	n/c	1650.00-1800.00	n/c	1750.00-1900.00	74.84-81.65

## China

CIF China assessments for the non-oil 1502 grade were flat in a thinly-discussed, rangebound, market.

CIF China assessments for the oil-extended 1712 grade were rolled over with stable 1502 assessments.

Domestic China prices for the 1502 grade were stable to soft, reflecting subdued buying interest from end-users.

### East China domestic SBR 1502 prices

Price (CNY/tonne)	14 Sep	07 Sep
E China Ex-Warehouse	11,600-11,600	11,600-11,700

## Southeast Asia

CFR southeast Asian assessments for the non-oil 1502 grade were kept unchanged, taking into account range-bound buy-sell indications.

Offers were at reflected at the high end, while buying indications remained capped at the low end.

Substantive discussions and transactions were heard minimal for spot parcels, given tepid downstream demand conditions.

CFR SE Asian assessments for the oil-extended 1712 grade were stable in line too.

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

Sep (1-14) 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
133.41	149.74	158.83	164.15	162.81	171.15	175.18	179.84	178.12

## India

CFR India assessments for the non-oil 1502 grade were kept unchanged given broadly rangebound offers for cargoes from diverse origins. Those from regular suppliers in northeast Asia were reflected at the high end of the published range, while materials from other origins were heard available at the low end of the published range.

However, buying appetite is weak, as downstream end-users kept a wary eye on how demand conditions within Europe may impact on exports of their finished products to the region.

CFR Indian assessments for the oil-extended 1712 grade were rolled over with unchanged 1502 grade assessments.

## UPSTREAM

### Butadiene (BD)

- Firmer deals for China-bound shipments
- Discussions muted in wider Asia
- Buy-sell gap persists

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

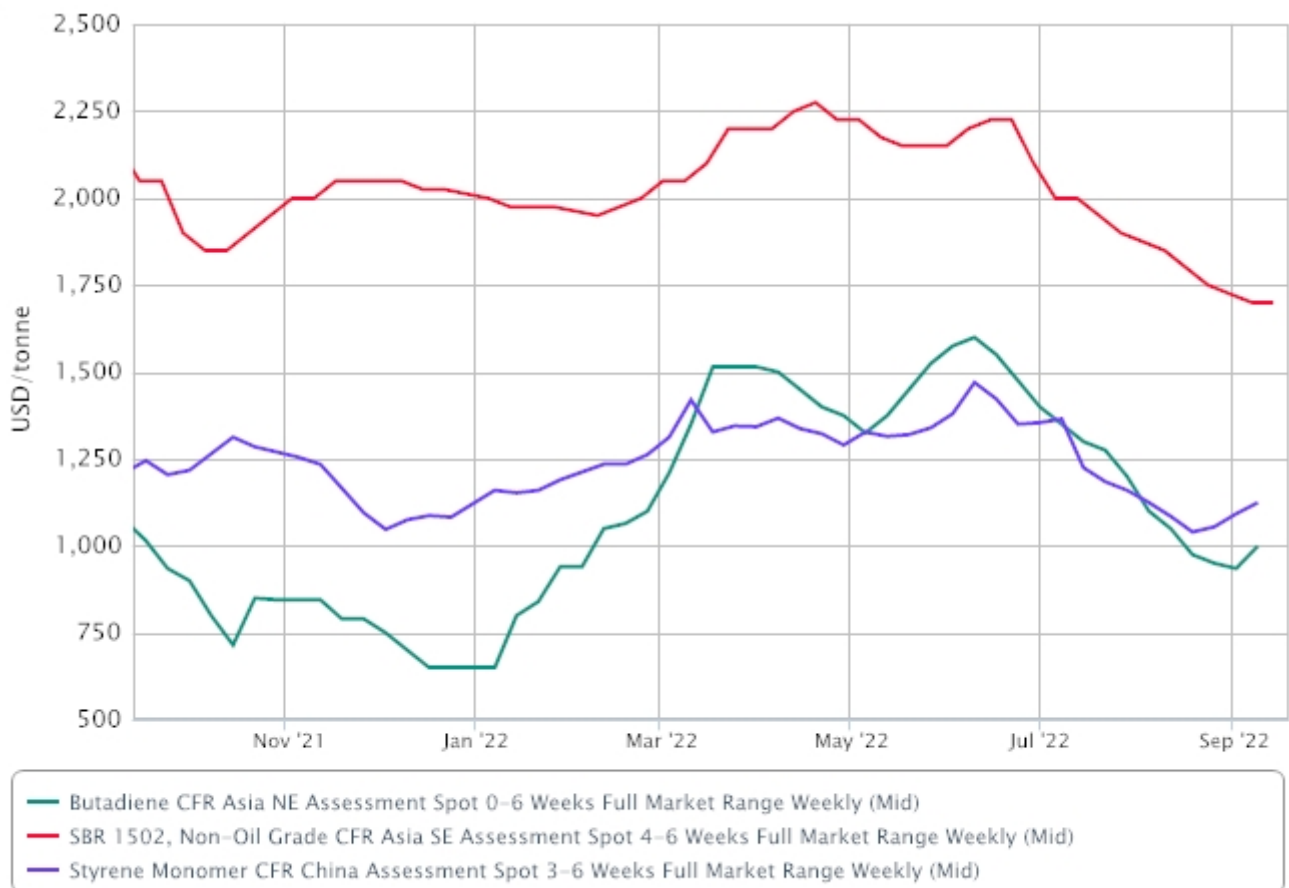
[Downstream spread – butadiene NE Asia and SBR SE Asia](#)



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**Styrene:**

- Sentiment bolstered by prompt shortcovering activities in China
- Stock levels in east China hit new low on weather delays
- Gains taper off by cautiousness outside China



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## PRODUCTION

In China, operating rates of local SBR plants edged up to 77% for the week ended 9 September, compared to 73% for the week prior, market sources said.

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

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

## OTHER REGIONS

### Europe

- Energy surcharges discussed
- Sluggish spot demand at start of September
- Styrene drops €287/tonne for September

### US

- Spot prices fall on rising supplies
- Demand remains robust for now
- Tyre producers continue to face supply chain constraints

## ANALYTICS

## ICIS Butadiene Outlook

The US butadiene (BD) market is unlikely to see supply tightness in the coming months. No scheduled turnarounds are expected during the autumn. In terms of trade, the arbitrage window between the US and Europe is expected to remain open. The BD contract price spread should average \$400/tonne from September to December, according to ICIS analysts. In addition, derivative demand is forecast to be mainly soft during the period to reflect poor macroeconomic conditions, seasonal tendencies and upcoming maintenances. That said, crude C4 flows for BD extraction units may be limited due to reduced operating rates at crackers.

The European economy will continue to slow given that the conflict between Ukraine and Russia is expected to last for a prolonged period. This will keep costs elevated for energy, notably gas, and will contribute to depressed BD fundamentals over the next few weeks. European passenger car production is likely to remain constrained due to a shortage of finished components. Leading steel producer ArcelorMittal is closing two blast furnaces in Europe at the end of September because of high energy costs and weak demand. This will exacerbate problems in the automotive industry.

Asian BD sentiment is likely to remain mainly bearish for the rest of the year. Downstream demand is expected to remain weak while BD production is forecast to improve once maintenances are completed in H2 September. Between July and December, natural rubber (NR) output typically increases from the main producers in Asia including Thailand, Indonesia, Malaysia, Vietnam and India - but consumption decreases. As a result, a supply and demand imbalance in NR could add pressure to the BD industry over the next few months.

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