



## 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

- **Upstream cost pressures persist**
- **Demand sentiment uneven across Asia**
- **Flat in China but uptick seen elsewhere**

Asian import prices for styrene-butadiene-rubber (SBR) were up in southeast Asia and India, but flat in China.

Sellers hiked import offers, citing cost pressures stemming from recent strength in the upstream butadiene (BD) market and rising [freight costs](#).

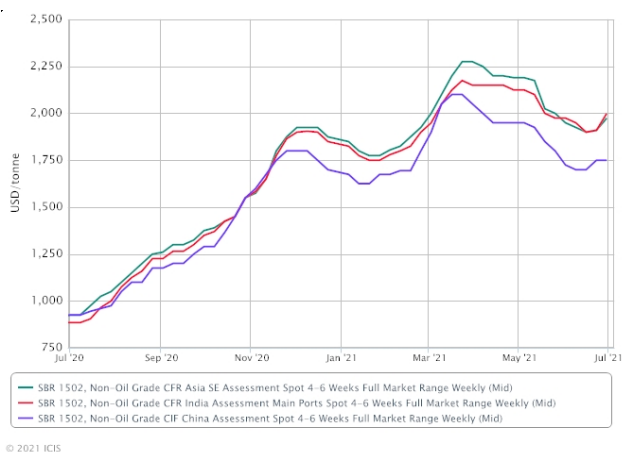
But buyers' response was uneven - poor in China, but relatively upbeat and positive in other regional outlets like southeast Asia and India.

In China, downstream requirements are capped, as factory operations are typically lower in summer due to warmer weather and electricity rationing.

End-users in China said that there was also sufficient domestically produced materials to draw on, minimising any need to purchase more from the import pool.

Demand sentiment was brighter in other import-reliant outlets, particularly India, where downstream factories are heard starting to ramp up after a prolonged production hiatus in the last few months due to COVID-19-related restrictions.

In southeast Asia, there were also pockets of buying interest, although lingering COVID-19-related issues, such as an indefinite extension of lockdown in [Malaysia](#), may continue to weigh on trade momentum in the near term, market players said.



## OUTLOOK

- Offers to look to steep costs for support
- Demand to gradually recover as more lockdown orders are lifted
- Longer-term demand outlook in China still rosy on positive growth forecast

## 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	1700-1800	n/c	1650-1800	77.11-81.65
<b>CFR Asia SE</b>	USD/tonne	+80	1950.00-2000.00	+50	1900.00-2000.00	88.45-90.72
<b>CFR India Main Ports</b>	USD/tonne	+80	1950.00-2050.00	+100	1900.00-2050.00	88.45-92.99
<b>SBR 1712, Oil-Extended</b>						
<b>CIF China</b>	USD/tonne	n/c	1600-1700	n/c	1550-1700	72.57-77.11
<b>CFR Asia SE</b>	USD/tonne	+80	1850.00-1900.00	+50	1800.00-1900.00	83.91-86.18
<b>CFR India Main Ports</b>	USD/tonne	+80	1850.00-1950.00	+100	1800.00-1950.00	83.91-88.45

### China

CIF China prices for both the non-oil 1502 and oil-extended 1712 grades were left unchanged, amid range-bound pricing indications heard. Discussions were thin on seasonal lull in downstream demand.

Domestic China prices of the 1502 grade materials slid amid low buying momentum.

#### East China domestic SBR 1502 prices

Price (CNY/tonne)	30 June	23 June
E China Ex-Warehouse	12,300-12,500	12,500-12,600

**Southeast Asia**

CFR SE Asian prices for the non-oil 1502 grade were up, taking into account deals and offers heard in the week. Some cargoes changed hands at the lower end of the published range, market sources said.

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

June 2021	May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021
164.51	169.09	164.72	175.25	169.16	158.41

Oil-extended 1712 grade prices in SE Asia were also adjusted up, in tandem with changes for the 1502 grade assessment, in the absence of any concrete 1712 business.

**India**

CFR Indian prices for the non-oil 1502 grade was also assessed up, amid higher offers and buying indications heard.

Asian origin materials were heard available at the high-end of the published range, although buying indications were capped at the low end, similar to what deep-sea origin materials were heard indicated at.

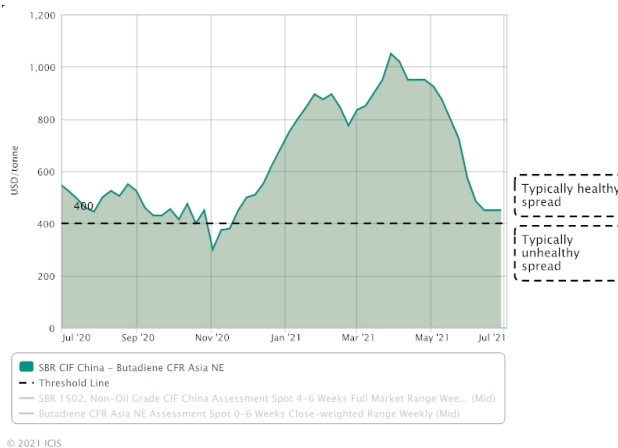
The CIF Indian assessment for the oil-extended 1712 grade was also up in tandem with changes for the 1502 grade, in the absence of concrete 1712 business for the week.

**UPSTREAM**

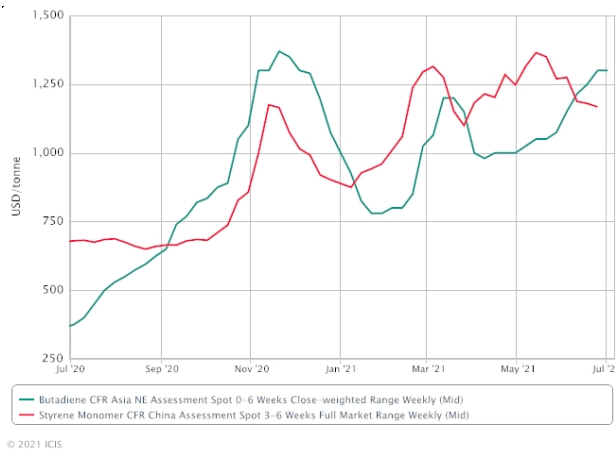
Asian **butadiene (BD)** continues on [a bull run](#), amid competing demand pull from the western markets.

The chart below shows the spread between butadiene and SBR.

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



Asian **styrene monomer (SM)** discussions were in a wider range on the back of [bearish](#) August sentiment and strong selling interest from several participants, despite some short-covering demand being present for July from at least one buyer.



## PRODUCTION

In China, average operating rates of local SBR plants, for the week ending 25 Jun, held steady at 70%, unchanged from the week prior, market sources said.

But output remains constrained by lingering maintenance [closures](#).

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

## ANALYTICS

### ICIS Crude Outlook

The price of Brent rose in June, primarily due to strong positive sentiment from the continued success of the global vaccination programme, as well as improved demand as governments around the world remove restrictions. Looking forward, vaccination programmes are expected to be successful and many countries are likely to remove restrictions over the coming months. In the West, the overall oil demand outlook is positive for the summer as the driving season is likely to be much stronger than usual this year, helping to lift core oil products demand. President Biden's \$1.9tr stimulus package is also expected to boost the US and global economy, helping to spur oil demand for the rest of the year. On the supply side, OPEC+ will release an extra 2m bbl/day oil into the market by the end of July, with further tapering expected later in the year. The US and Iran continue discussions over a nuclear deal, and should this come to fruition, up to 1.5m bbl/day of additional oil could be supplied into the market by Iran.

By **Ajay Parmar**, ICIS senior analyst

### ICIS Naphtha Outlook

The price of naphtha rose in June, in line with crude prices. The supply of naphtha from Asian refineries will rise in the coming months; China's oil refining throughput is expected to rise above 14.7m bbl/day in September following the start-up of new refining capacities in the country. Supply from the US will also increase as refinery operating rates there have already exceeded 90% for the first time since January 2020. European naphtha demand is strong in both the petrochemical and gasoline blendstock markets. This is likely to continue through the summer as the warmer weather spurs driving demand. Asian ethylene-naphtha spreads are weakening due to the start-up of new crackers in South Korea, but naphtha demand will remain strong if operating rates do not fall too low. However, if the Asian LPG-naphtha spread falls below -\$60/tonne, naphtha demand could be

negatively impacted as dual-feed crackers will be more likely to switch to liquefied petroleum gas (LPG) as the preferred feedstock.

By **Ajay Parmar**, ICIS senior analyst



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