



Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim
01-Sep-2021

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Please click [here](#) for full details on the criteria ICIS uses in making these price assessments.

OVERVIEW

- **China and SE Asia down on [thin demand](#)**
- **India stable amid range-bound talks**
- **Outlook hazy**

Asian spot discussions for styrene-butadiene-rubber (SBR) were mixed – stable in India, but down in SE Asia and China on weak demand.

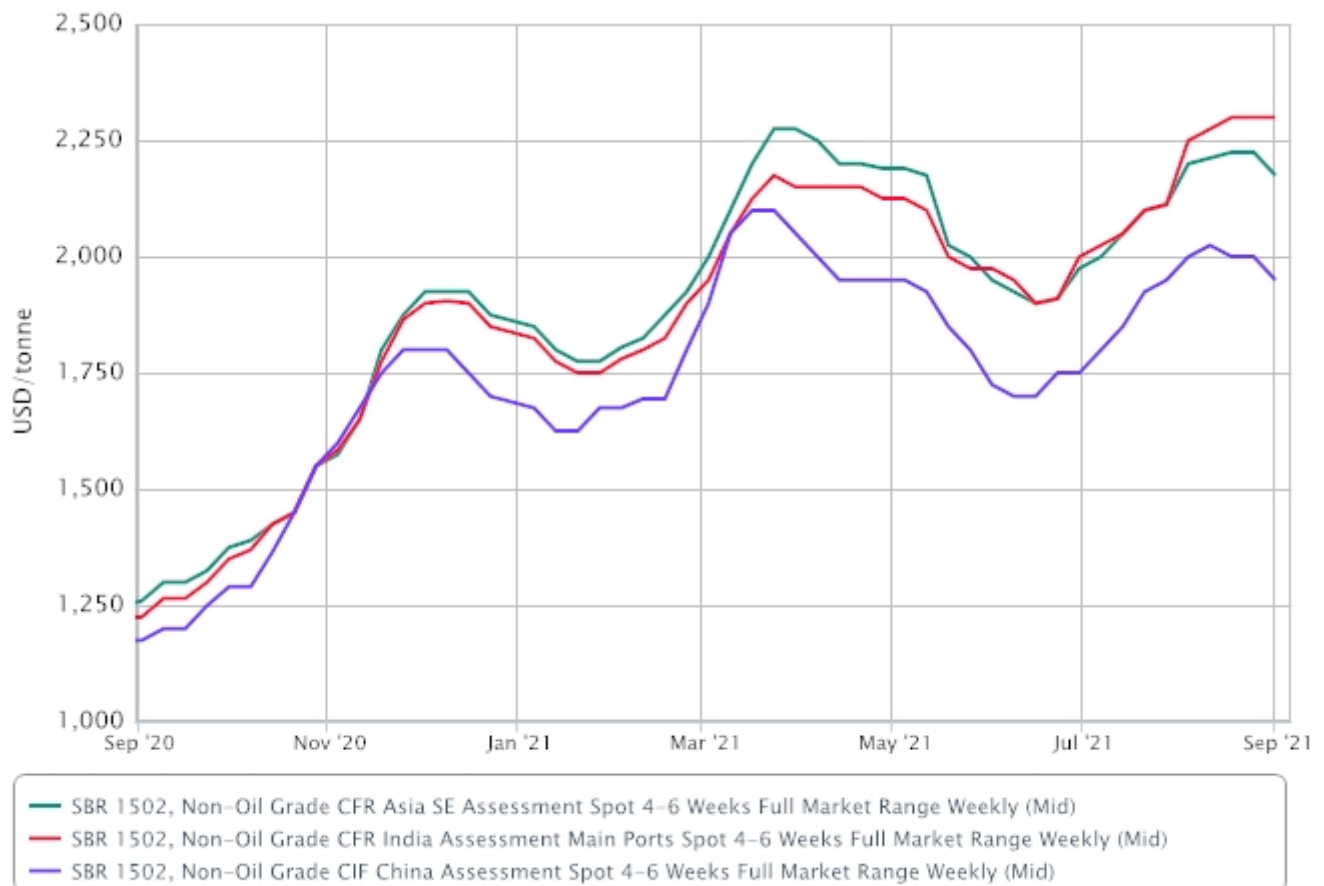
In SE Asia, downstream operations remained curtailed, amid protracted coronavirus-related lockdowns across several regional outlets, from Vietnam to Indonesia and Malaysia.

In China, buying tempo is also lacklustre, alongside dismal economic data showing China's official manufacturing purchasing manager index ([PMI](#)) at a 18-month low for August.

Sellers moderated offers as such to boost SBR sales to these outlets.

But the demand sentiment sees more support in India, where latest data shows up a 20% year-on-year [GDP growth](#) for Q1 2021.

That said, some buy-side elements in India remained cautious in outlook, citing lingering concerns of coronavirus infection risks. Most are as such keeping to procuring only on a 'need to' basis, but not to build inventories.



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OUTLOOK

- **Coronavirus worries may persist**
- **Auto sector outlook also dull on chip shortage**
- **Offers may tap cost pressures for support**

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	-50	1900-2000	-50	1900-2100	86.18-90.72
CFR Asia SE	USD/tonne	-50	2150.00-2200.00	-50	2150.00-2250.00	97.52-99.79
CFR India Main Ports	USD/tonne	n/c	2250.00-2350.00	n/c	2200.00-2300.00	102.06-106.59
SBR 1712, Oil-Extended						
CIF China	USD/tonne	-50	1800-1900	-50	1800-2000	81.65-86.18
CFR Asia SE	USD/tonne	-50	2050.00-2100.00	-50	2050.00-2150.00	92.99-95.25
CFR India Main Ports	USD/tonne	n/c	2150.00-2250.00	n/c	2100.00-2200.00	97.52-102.06

China

CIF China assessments for the non-oil 1502 grade materials were down, tracking the lower buy-sell pricing indications heard. Assessments for the oil-extended 1712 grade was also adjusted down, in line with changes for the 1502 grade, in the absence of any concrete business or discussions. Buying interest in China for US-dollar-denominated SBR imports was further diluted by the availability of competitively priced materials in the domestic yuan-denominated market. Domestic China prices of the 1502 grade materials were lower on-week, tracking sharp upstream butadiene losses.

East China domestic SBR 1502 prices

Price (CNY/tonne)	25 Aug	25 Aug
E China Ex-Warehouse	12,700-12,900	13,000-13,100

Southeast Asia

CFR southeast (SE) Asian assessments for the non-oil 1502 grade were dropped, taking into account softer buy-sell discussions.

Buying indications were heard capped at mid-\$2,100's/tonne CFR SE Asia, and this is reflected at the low end.

The high end is also down with lower offers heard. Some cargoes did change hands at levels within the published range, market sources said.

CFR SE Asian assessments for the oil-extended 1712 grade are also adjusted down, in tandem with lower 1502 assessments, in the absence of any concrete 1712 discussions.

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

Sep 2021	(1) Aug 2021	July 2021	June 2021	May 2021	Apr 2021	Mar 2021	Feb 2021
165.30	172.678	164.32	164.51	169.09	164.72	175.25	169.16

India

CFR Indian assessments for both the non-oil 1502 and oil-extended 1712 grade were rolled over, taking into account range-bound deals and discussions.

While some volumes of NE-Asia-origin 1512 materials were heard sold earlier in the week at the high end of the published range, some offers were heard moderated to levels nearer the low end of the published range towards the end of the trading week.

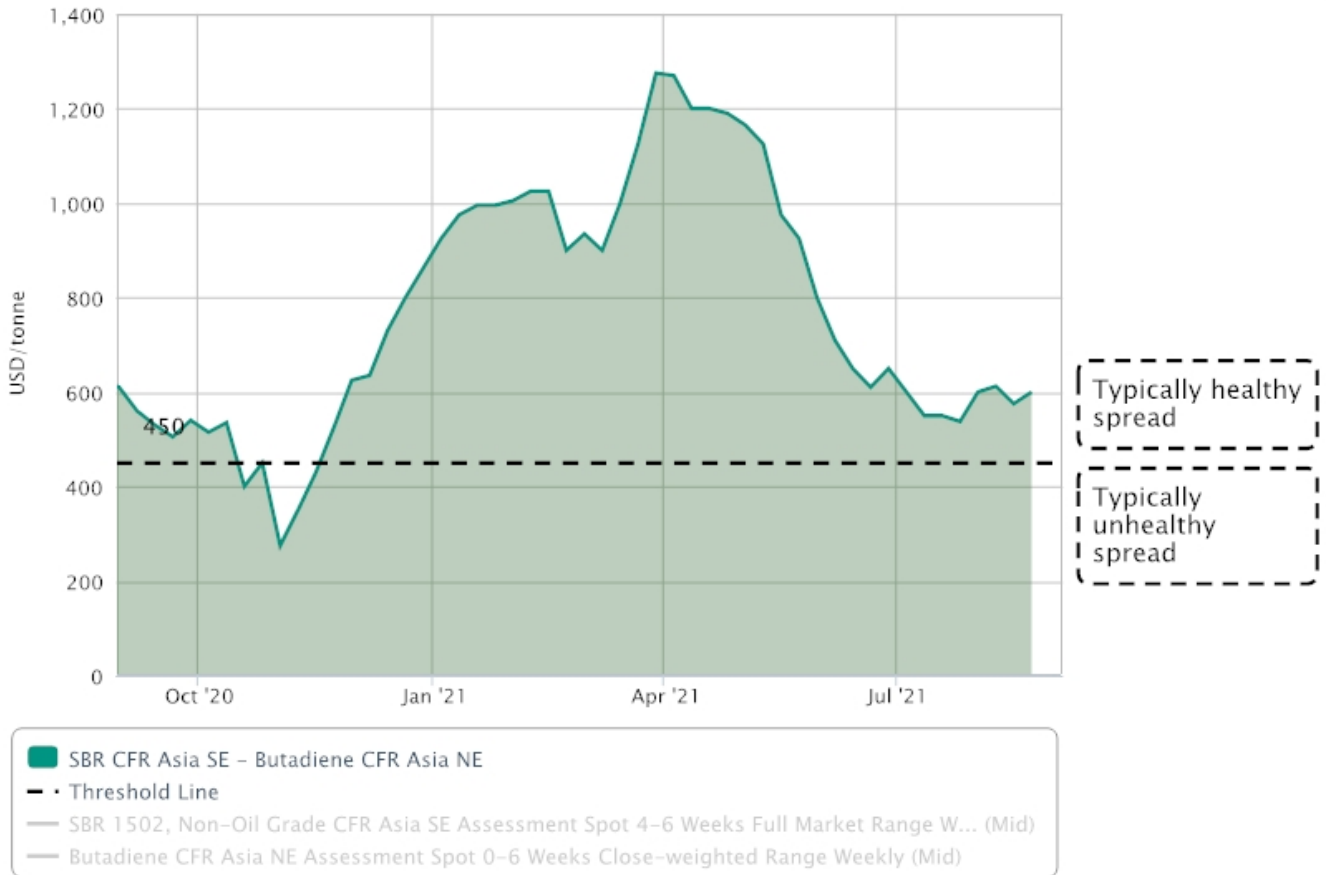
Although substantive requirements remain healthy in nature, market sources said that end-users in India remain wary about the latent risk of coronavirus resurgence, and as such preferred to keep to a cautious procurement approach, buying only sufficient to meet prevailing production requirements and not to build stocks.

UPSTREAM

Asian butadiene spot talks [soften](#) with easing supply concerns and thinner demand.

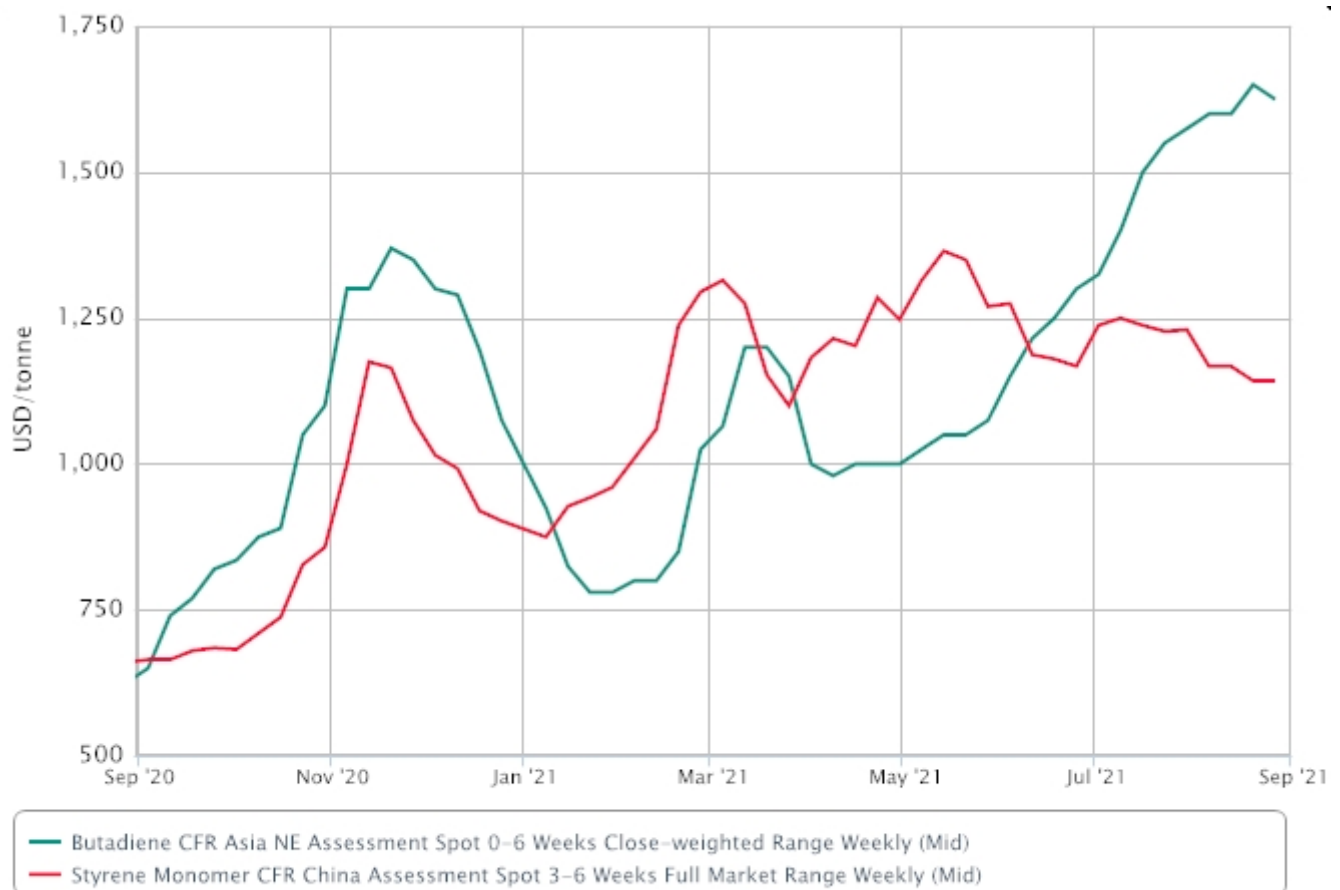
The chart below shows the spread between butadiene and SBR.

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



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Asian **styrene** import prices were mostly discussed at a narrower range amid market volatility, with increments earlier in the week neutralised by weaker market sentiment and stronger selling interest from Chinese participants mid-week.



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PRODUCTION

In China, average operating rates of local SBR plants rose to 63% for the week ended 27 August, up from 56% in the week prior, market sources said.

With a major 250,000 tonnes/year plant in Shandong expected to return from maintenance this month, SBR supply in China is poised to lengthen in due course.

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

ANALYTICS

ICIS Downstream Automotive Demand Outlook

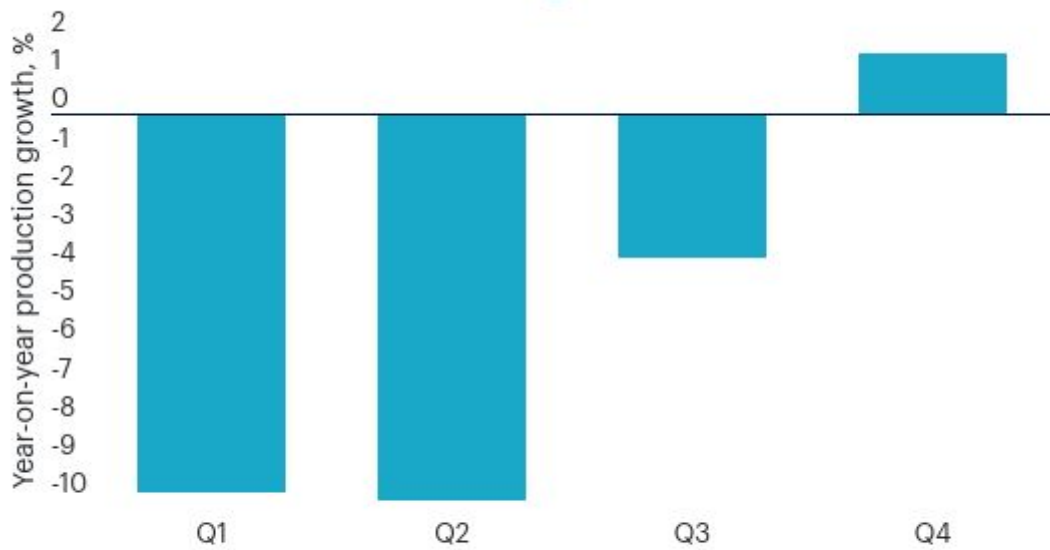
It has been about a year-and-a-half since the world was plunged into the coronavirus crisis. But the last year has been the most puzzling in terms of outlook for global automotive industry stakeholders. The level of uncertainty has been unprecedented, challenging both decision-making and risk management. The global automotive industry was one of the first and hardest hit by the pandemic and has yet to make a full recovery. According to Oxford Economics, the global selling rate of light vehicles stood at 82.4m units/year in June, 9% short of its pre-pandemic selling rate in Q4 2019. Supply shocks continue to impact production, with a global shortage of microchips leading to cuts in auto output. Hopes for a speedy resolution are still distant. One potential hiccup to the supply of chips could be water! This is because their manufacture is extremely water intensive and Taiwan - which is home to TSMC, the world's largest chip foundry, and has a global market share of 56% of all foundries - is in the middle of its worst drought in 50 years. As a result, TSMC is sourcing requirements via additional water

trucks. The Taiwan Institute of Economic Research estimates that water reduction in industrial parks is currently around 15%, which is below the 20% level that factories can tolerate.

Asia was the first region to be impacted by the semiconductor shortage. According to the China Association of Automobile Manufacturers (CAAAM), the country produced and sold 1.863m and 1.864m automobiles in July, down 4.1% and 7.5% month on month and 15.5% and 11.9% year on year respectively. Compared with the same period in 2019, production and sales increased by 3.2% and 2.7% year on year respectively. Japan should see a severe near-term disruption, but South Korea will benefit from domestic chipmakers Samsung and SK Hynix which have both increased production. Electric vehicle production in Asia should ramp up sharply in 2021 as China, in particular, pushes for greater environmental measures. The Delta variant will be closely monitored, as further outbreaks could cut short any recovery.

By **Jincy Varghese**, ICIS demand analyst (jincy.varghese@icis.com)

Global motor vehicle sector growth, 2019 vs 2021



Source: Oxford Economics



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