



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.

ICIS is currently consulting readers about the methodology used for this report. To respond, [click here](#).

OVERVIEW

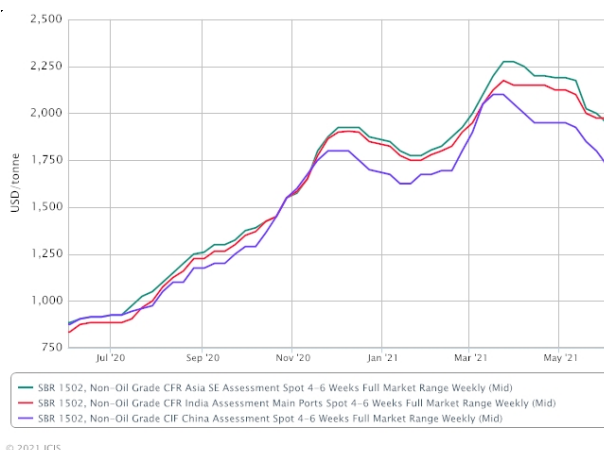
- **Prices down in China and SE Asia**
- **Buying tempo dips lower**
- **Market flat in India on muted talks**

Asian spot import prices for styrene-butadiene-rubber (SBR) were down in China and southeast Asia, tracking softer buy-sell talks, while those in India were rolled over amid coronavirus-related disruptions to downstream operations.

In China and southeast Asia, buyers continued to pull back on spot purchases, amid lingering concerns about how regional manufacturing sectors, particularly the car industry, would weather through coronavirus-induced lockdowns and mobility/manpower restrictions recently rolled out in key outlets such as [Malaysia](#) and Taiwan.

Some sellers moderated their offers for China/SE Asia-bound shipments, in a bid to boost sales.

But in India, import talks remain at a standstill, with some sectors of the country still yet to fully resume and recover from the impact of the recent coronavirus surge.



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OUTLOOK

- Coronavirus worries may deepen
- Eyes on when demand in India will recover
- Supply poised to grow in China

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	-100	1650-1800	-50	1900-2000	74.84-81.65
CFR Asia SE	USD/tonne	-50	1900.00-2000.00	-50	2150.00-2230.00	86.18-90.72
CFR India Main Ports	USD/tonne	n/c	1900.00-2050.00	n/c	2050.00-2200.00	86.18-92.99
SBR 1712, Oil-Extended						
CIF China	USD/tonne	-100	1550-1700	-50	1800-1900	70.31-77.11
CFR Asia SE	USD/tonne	-50	1800.00-1900.00	-50	2050.00-2130.00	81.65-86.18
CFR India Main Ports	USD/tonne	n/c	1800.00-1950.00	n/c	1950.00-2100.00	81.65-88.45

China

CIF China prices for the non-oil 1502 grade fell, with lower offers and buying indications heard.

Buying interest for imports was also weighed down by availabilities of cheaper domestic supplies.

Domestic China prices fell as supply grew with completion of several plant maintenances.

East China domestic SBR 1502 prices

Price (CNY/tonne)	Current week	Previous week
E China Ex Works	12,100-12,200	12,700-12,800

Discussions were limited for the oil-extended 1712 grade and CIF China prices were adjusted down, tracking changes for the non-oil 1502 grade.

Southeast Asia

CFR SE Asian prices for the non-oil 1502 grade were down, with both ends dropped to reflect softer buy-sell pricing indications heard.

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

June 2021	(1-2) May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021
166.18	169.09	164.72	175.25	169.16	158.41

Oil-extended 1712 grade prices in SE Asia were also adjusted down, in line with changes for the 1502 grade assessment.

India

CIF Indian prices for the non-oil 1502 grade were rolled over, amid muted discussions for the week, with the majority of players there still preoccupied with the battle to contain and curtail coronavirus infections.

Sellers of domestically produced cargoes also moderated their expectations, in part due to subdued downstream requirements, but also in part to keep pace with recent declines in the US dollar denominated import market, sources said.

But sellers of import cargoes were heard not keen to introduce wider discounts for India-bound shipments. Instead, some were heard confident that demand in India will rebound soon, once the virus situation stabilises.

CFR Indian assessments for the oil-extended 1712 grade held steady with stable 1502 grade assessments.

UPSTREAM

Asian butadiene (BD) spot talks were [boosted](#) on healthy buying. But [uncertainties](#) still abound on the regional demand-supply balance in the longer term.

The chart below shows the spread between butadiene and SBR.

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



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Asian **styrene** prices fell for the first time since the end of April on the back of overall weaker import buying interest for both June and July parcels, amid bearish forward outlooks in domestic China.



PRODUCTION

In China, average operating rates for local SBR plants rose to 88% for the week ending 28 May, up from 73% in the week prior, market sources said.

SBR output in China is set to rise, with many plants [ramping up](#) after maintenance periods are over.

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

ANALYTICS

ICIS Crude Outlook

The price of Brent rose in May, primarily due to continued success in the vaccination programmes in many countries and regions, including the US, Europe and Middle East. ICIS expects the vaccination programmes to continue to be successful and many countries are likely to be able to remove the most severe of restrictions in June, aiding oil demand. However, some countries such as India, Malaysia, Singapore and parts of Europe have seen a spike in COVID-19 cases. This could delay the rebound in those countries. In the West, the overall oil demand outlook is positive for the summer as the driving season will likely be much stronger than usual this year, helping to lift core oil products demand. US President Biden's \$1.9tr stimulus plan and prospective \$2tr infrastructure plan are also expected to boost the US and global economies, helping to spur oil demand for most of the rest of the year. On the supply side, OPEC+ will release an extra 2m bbl/day of oil into the market by July, with further increases expected later in the year.

By **Ajay Parmar**, ICIS senior analyst

ICIS Naphtha Outlook

The price of naphtha rose in May, in line with crude. Supply of naphtha from Asian refineries will begin to rise again from June, as many refineries will return from planned maintenance. China's oil refining throughput will return to above 14m bbl/day in June following a few months below that level due to maintenance. This will aid naphtha supply in the region. The European naphtha complex is particularly tight at present, due to strong European demand in both the gasoline blending and petrochemicals markets. This supply tightness in Europe likely will lead to a lower Asia-Europe naphtha spread, thereby reducing Asian naphtha imports from Europe.

Asia, therefore, will likely increase its naphtha imports from the US. Finally, the European LPG-naphtha spread remains highly negative, with -\$108/tonne recorded in May. This spread likely will remain highly negative overall until the end of summer.

By **Ajay Parmar**, ICIS senior analyst

ICIS Downstream Automotive Demand Outlook

Global automotive demand has been strong due to pent-up demand during lockdowns, high savings and a pandemic-related movement away from public transport. The global light vehicle sales rate rose to 87.5m units/year in March, an improvement on 81.8m units/year in February 2021 (Oxford Economics). However, automotive production has lagged sales, resulting in a global drawdown of vehicle stocks. Production has been hit by several factors, including lockdowns, plant closures and supply chain issues. The main supply chain issue is a shortage of semiconductor chips, which has led to widely reported production cuts. However, February's polar storm in the US, several force majeure in the polymer chain, the Suez Canal blockage, a shortage of polyurethane (PU) foam in the US and other issues, have exacerbated the supply problem.

In April, Chinese car sales were down by 10.8% month on month, with passenger cars and commercial vehicles down -9.1% and -15.9% respectively. This was partly because April is seasonally a weak month for car sales, unlike March, and therefore a month-on-month decline was expected. The China Association of Automobile Manufacturers (CAAM) is quite optimistic about prospects for the market. According to the Center for Automotive Research (CAR), by 2025 30.2m new cars will be sold in China, making it about ten times larger than the German car market. However, according to an ICIS estimate, passenger car sales are not expected to surpass 2017's peak of 24.6m units until 2027. As far new energy vehicles are concerned, China is ramping up its infrastructure to support the growth of electric cars. For example, car makers including NIO have announced the launch of a new energy supply plan, "Power North", which will construct a charging and battery swapping infrastructure. Forecasts suggest there will be one power charging station every 100km on the expressway within the next three years.

By **Jincy Varghese**, ICIS demand analyst and **Rhian O'Connor**, ICIS senior analyst



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