



## 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

- **Offers rise on cost pressures**
- **Spot availability limited**
- **Demand healthy in SE Asia/India, muted in China**

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

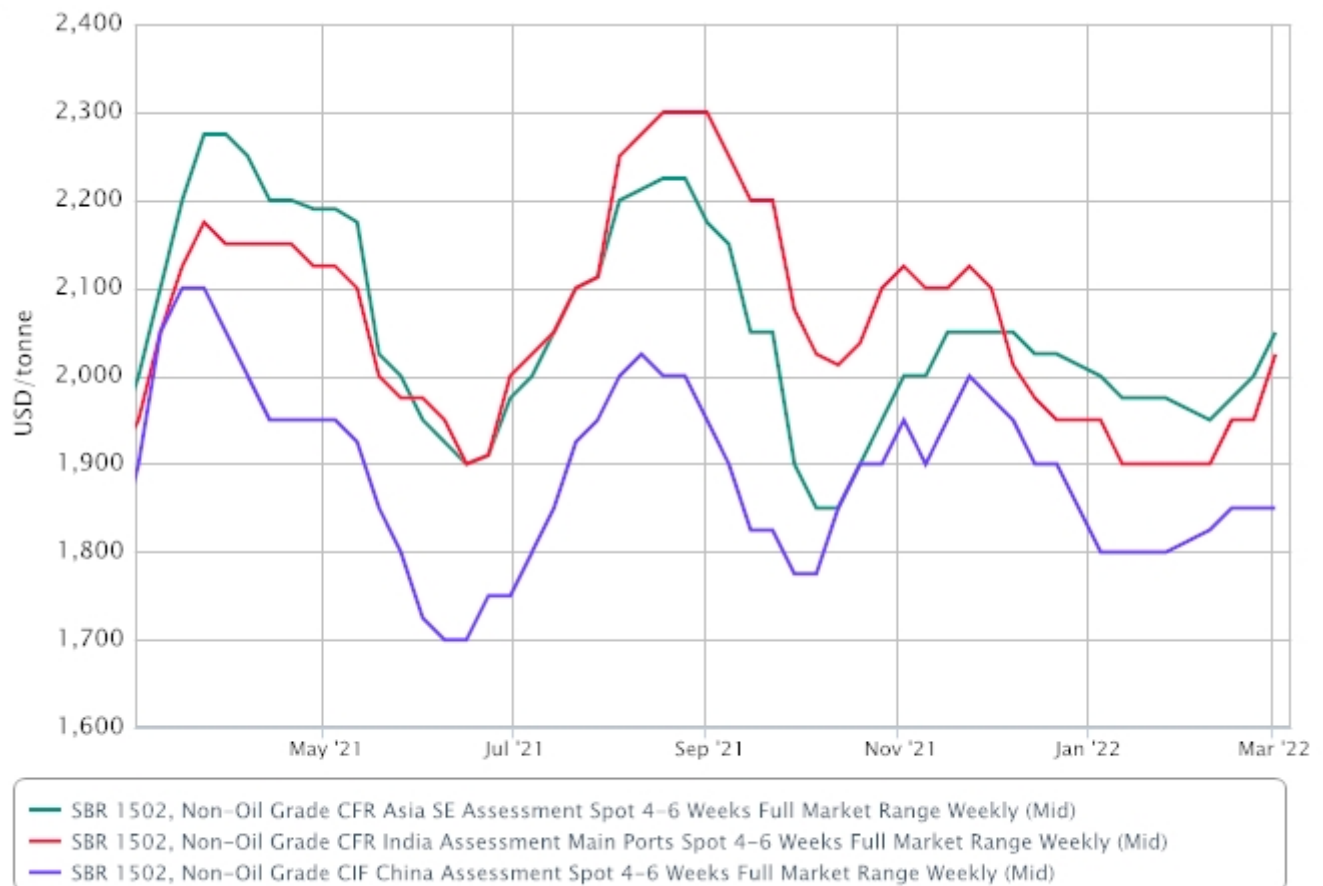
Sellers mulled higher targets, citing the need to protect margins as production costs are poised to rise given the recent [crude rally](#).

Spot availability is also tight on regional plant turnarounds. Most producers were heard long sold out of March allocations.

End-user response to the higher offers varied. In southeast Asia and India, some buyers raised bids close to sellers' expectations, in an attempt to secure some volumes.

However, liquidity was still low with most buyers only procuring on a "need-to" basis. There are concerns about the downstream markets and how they will hold out if the [Russia-Ukraine conflict](#) escalates further.

In China, buying interest for US dollar denominated imports was distinctly weaker than other regional outlets, in part due to a lacklustre performance in the domestic market. End-users are reliant on local and more competitively-priced product, and have shunned imports.



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## OUTLOOK

- Supply to tighten further
- Demand to vary across region
- Cost pressure to increase on geopolitical tensions

## 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	1800-1900	n/c	1750-1850	81.65-86.18
<b>CFR Asia SE</b>	USD/tonne	+50	2000.00-2100.00	+50	1950.00-2000.00	90.72-95.25
<b>CFR India Main Ports</b>	USD/tonne	+50	1950.00-2100.00	+100	1850.00-1950.00	88.45-95.25
<b>SBR 1712, Oil-Extended</b>						
<b>CIF China</b>	USD/tonne	n/c	1700-1800	n/c	1650-1750	77.11-81.65
<b>CFR Asia SE</b>	USD/tonne	+50	1900.00-2000.00	+50	1850.00-1900.00	86.18-90.72
<b>CFR India Main Ports</b>	USD/tonne	+50	1850.00-2000.00	+100	1750.00-1850.00	83.91-90.72

## China

CIF China assessments for both non-oil 1502 and oil-extended 1712 grade were rolled over in the absence of any fresh pricing indications.

Buying interest for imports remained cramped by the availability of competitively priced domestic product.

Domestic prices for the 1502 grade were stable-to-soft, weighed down by a slower-than-expected post-holiday recovery in trade.

### East China domestic SBR 1502 prices

Price (CNY/tonne)	02 March	23 February
E China Ex-Warehouse	12,000-12,100	12,000-12,200

## Southeast Asia

CFR southeast (SE) Asian prices for non-oil 1502 grade were assessed up, tracking firmer discussions.

Some cargoes changed hands at levels within the published range, market players said.

The CFR SE Asia assessment for oil-extended 1712 grade was also adjusted up, in tandem with change to the 1502 grade assessment.

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

Mar (1-2) 2022	Feb 2022	Jan 2022	Dec 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021
178.43	179.84	178.12	172.08	175.65	174.39	163.23	172.67

## India

CFR Indian prices for non-oil 1502 grade rose on firmer buy-sell indications.

The high end reflects offers, with buying indications capped at the low end.

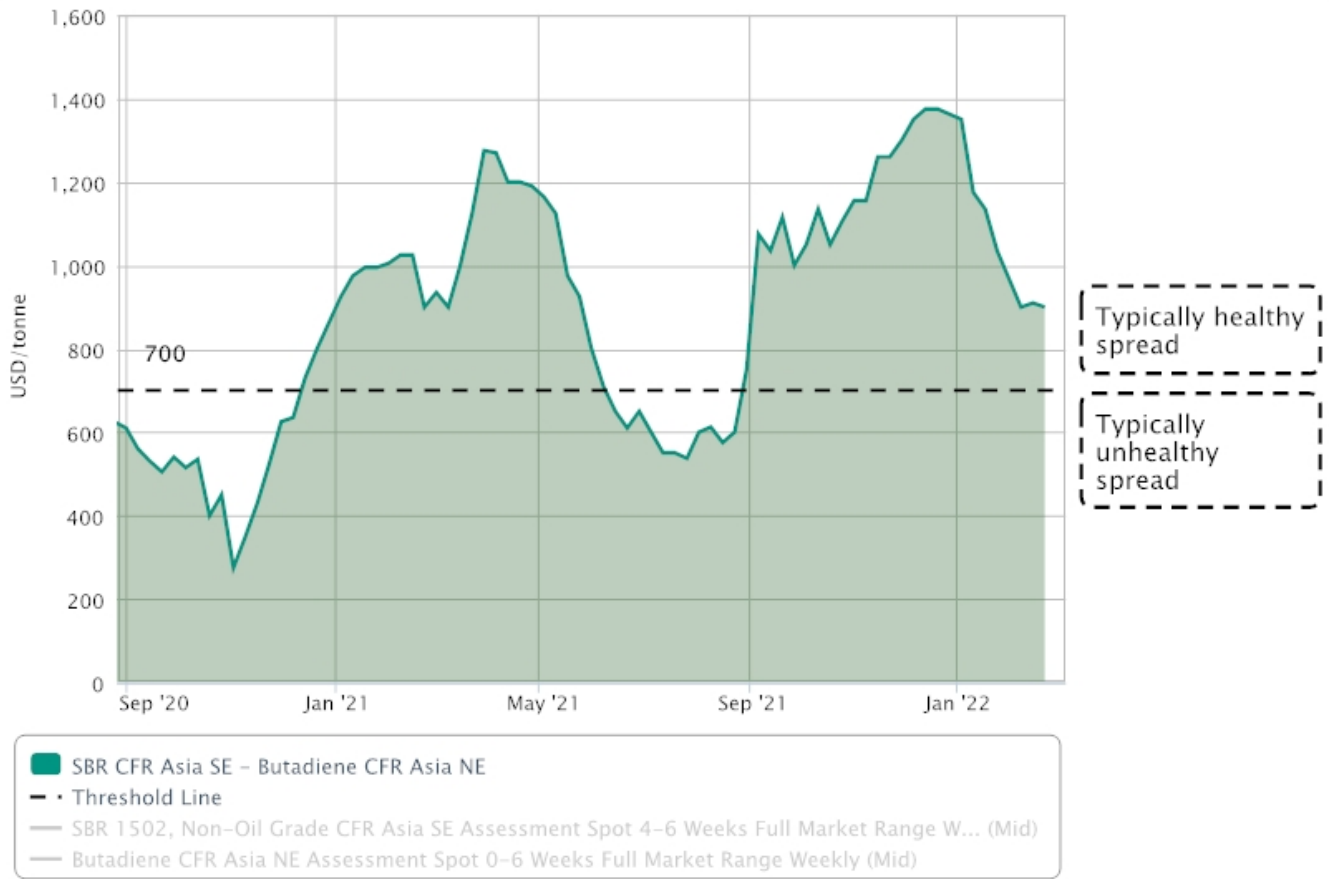
The CFR India assessment for oil-extended 1712 grade was raised in line with the 1502 assessment in the absence of any concrete 1712 business.

## UPSTREAM

Spot discussions for Asian butadiene (BD) imports climbed, supported by a [domestic China bull run](#) and the crude rally. However, trade liquidity was thin as buyers mostly remained cautious and refrained from committing to new bookings.

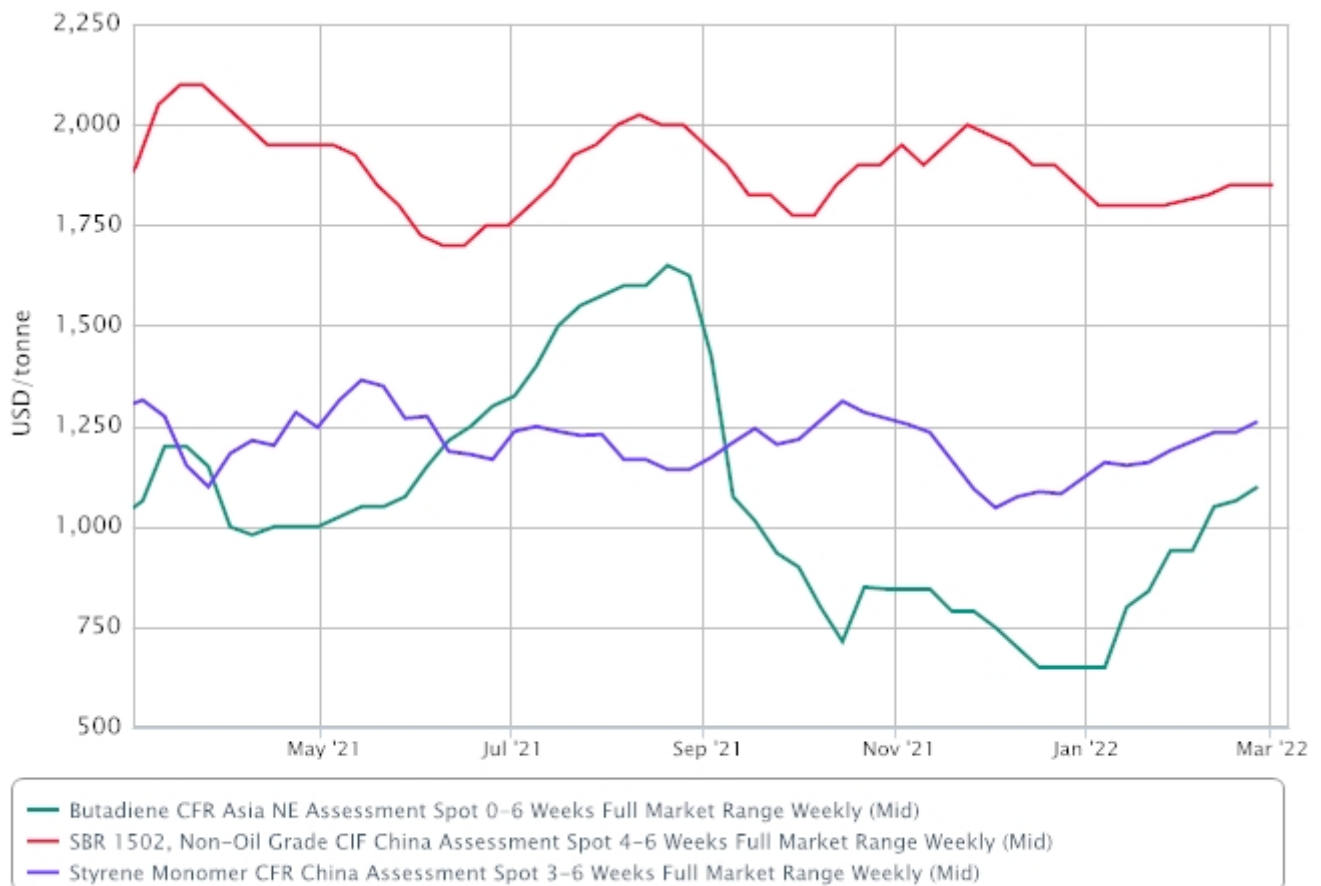
The chart below shows the spread between BD and SBR.

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



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Asian styrene prices surged on the back of firmer energy prices, healthy regional import demand for both second-half March and April arrival parcels, as well as some short-term production issues in northeast Asia.



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## PRODUCTION

In China, average operating rates at local SBR plants held steady at 93% for the week ended 18 February, unchanged for several weeks in a row, market sources said.

However, regional supplies are poised to tighten on [ongoing](#) and [upcoming](#) turnarounds.

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

## ANALYTICS

### ICIS Downstream Automotive Demand Outlook

It has been more than two years since the world plunged into the coronavirus crisis. But the last year has been the most puzzling in terms of the outlook for stakeholders in the global automotive industry. The level of uncertainty has been unprecedented, challenging for decision-making and risk management. The global automotive industry was one of the first and hardest hit by the pandemic and has yet to fully recover. According to Oxford Economics, global production of light vehicles is expected to reach 83.6m units in 2022, short of its pre-pandemic production rate of 88.4m units in 2019. Supply shocks continue to impact production, with a global shortage of microchips leading to cuts in automotive output. We expect vehicle sales to mirror the production growth rate, as there is not a considerable gap between the two.

The North American auto industry remains weak: production is improving but at a slow pace. US light vehicle production is expected to reach 10.3m units this year compared with 10.6m units in 2019. The industry is still down 2.8% year on year from 2019. Inventories continue to touch new lows. In December, inventories totalled 58,900 units, the lowest since 1993. In the same month, the auto inventory-sales ratio was 0.359. Supply chain

issues continue to haunt the industry. Microchip supply has yet to catch up with demand. The key challenge for the region is its semiconductors' demand (which is close to 50%) versus production (which is about 12%) gap. This is one reason for semiconductors being treated as a material of strategic importance. As a result, the CHIPS for America Act was passed in the House in early February. It includes various grants and subsidies aiming to provide more than \$50bn to boost the industry.

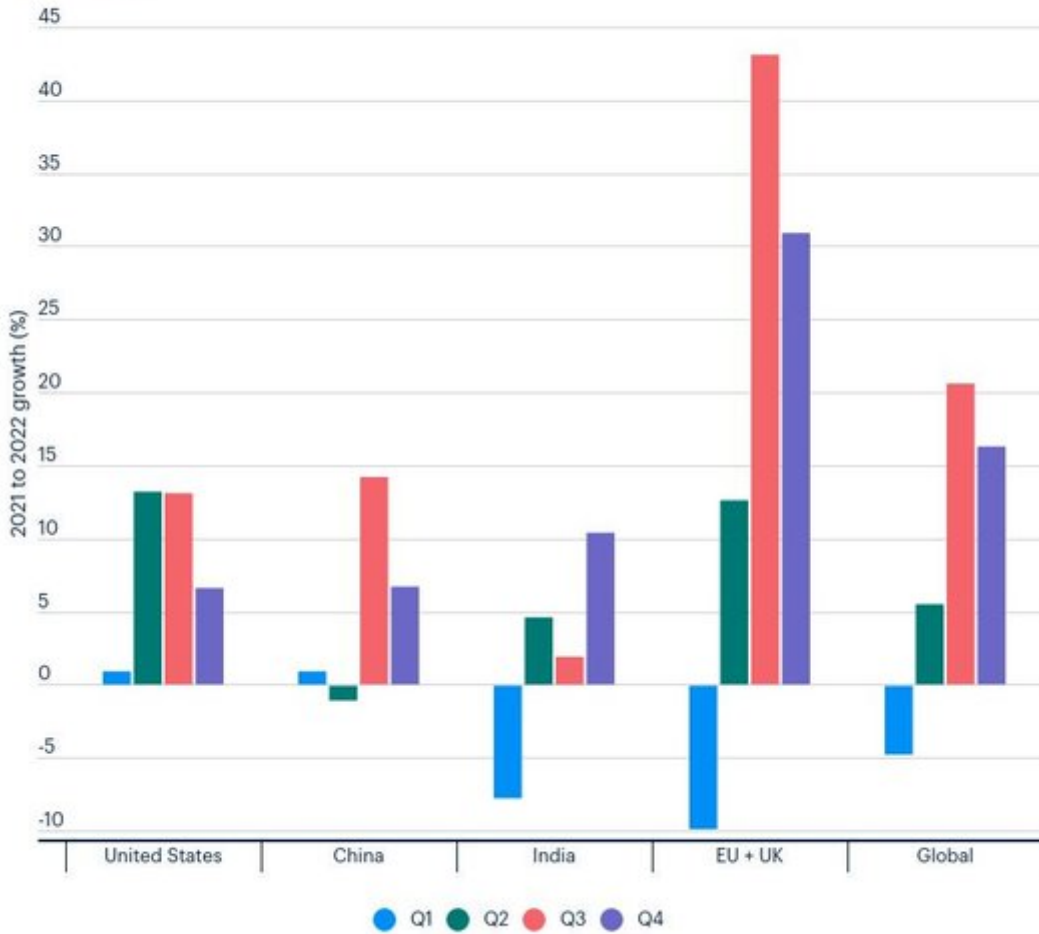
European vehicle production is still down compared to the pre-crisis level. Production for this year is forecast to reach 15.3m units compared to 17.8m units in 2019, down by 14%, according to Oxford Economics. In addition, the European Automobile Manufacturers' Association (ACEA) reported a decline in car registrations in December by 23% to 795,295 units, a sixth consecutive month of loss. This implies consumers are delaying their purchases on account of high prices. Commercial vehicles are following suit. According to the ACEA, in December the EU commercial vehicle market contracted again, for a sixth consecutive month. Hopes for a speedy resolution are still faint.

China continues to be the bright light in the global economy, with production expected to reach 25m units this year, up 2.7% from the 2019 level of 24.3m units (Oxford Economics). The China Automobile Dealers Association reported an improvement in inventory levels. The inventory coefficient in January was reported at 1.46, a month-on-month increase of 2.1%. The reason Asia-Pacific is outperforming the rest of the world is its proximity to the chips manufacturers (about 70% of the global microchip capacity is in Asia). Indian automotive production is expected to recover and be back to its pre-crisis level. An improvement in market sentiment is reported by the Federation of Automobile Dealers Associations of India.

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### Motor vehicle sector growth by region

2021 vs 2022



SOURCE: Oxford Economics

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