



Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim
05-May-2021

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

The CIF China prices in the weekly analysis on 5 May will be based on information collated up to 30 April. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

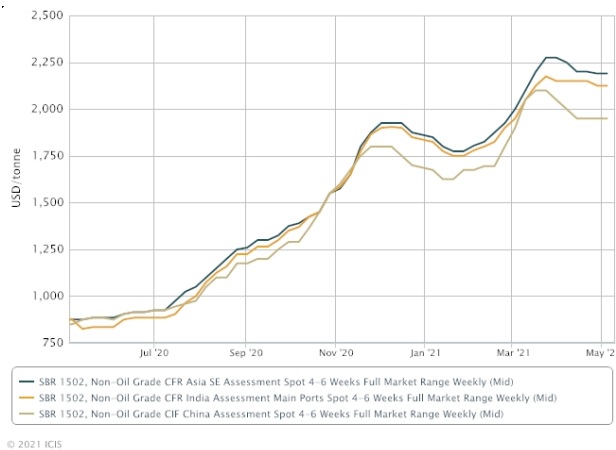
- **Discussions subdued amid holiday lull**
- **Demand sentiment soft**
- **Spot availability limited**

Asian spot talk for styrene-butadiene-rubber (SBR) was subdued across the region, with many markets shut for extended holidays.

On the buy-side, most were heard unwilling to take fresh at this point, preferring to defer decisions until holidays are fully over and all players returned to the trading arena. Market participants expect therefore that trade discussions may pick up more pace only in the coming week.

Notional selling indications were unchanged, with most regional makers heard already sold out of May shipment materials and in no hurry to commence June talks.

Meanwhile in India, demand sentiment weakened with the onslaught of a second coronavirus wave. Although there were still some enquiries heard this week for SBR deliveries to India in late May/early June, market sources said that these may also fizzle out should operations at downstream automobile sector [whittle](#) more later under the weight of the country's ongoing coronavirus-linked restrictions.



OUTLOOK

- Supply may expand if current [outage](#) in China ease
- Eye on how demand may shift with [India's coronavirus situation](#)
- Buyers to stay cautious

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	n/c	1900-2000	n/c	1950-2050	86.18-90.72
CFR Asia SE	USD/tonne	n/c	2150.00- 2230.00	n/c	2200.00-2300.00	97.52-101.15
CFR India Main Ports	USD/tonne	n/c	2050.00- 2200.00	n/c	2100.00-2200.00	92.99-99.79
SBR 1712, Oil-Extended						
CIF China	USD/tonne	n/c	1800-1900	n/c	1850-1950	81.65-86.18
CFR Asia SE	USD/tonne	n/c	2050.00- 2130.00	n/c	2100.00-2200.00	92.99-96.62
CFR India Main Ports	USD/tonne	n/c	1950.00- 2100.00	n/c	2000.00-2100.00	88.45-95.25

China

CIF China prices for both the non-oil 1502 and the oil-extended 1712 grades were kept unchanged on muted discussions in a holiday-shortened week.

Domestic China prices softened as trade momentum slowed down ahead of the extended 1-5 May holidays.

East China Domestic SBR 1502 EXWH (CNY/tonne) *

30 Apr 28 Apr 21 Apr 14 Apr 07 Apr 31 Mar 24 Mar 17 Mar

13,100-	13,200-	13,500-	14,000-	14,100-	14,100-	14,100-	14,300-
13,300	13,300	13,700	14,100	14,200	14,200	14,200	14,500

*Based on information collected up to 30 April

Southeast Asia and India

Prices for both non-oil 1502 and oil-extended 1712 grades held steady in SE Asia and India on rangebound talks.

Trade momentum in India is low as the country is more preoccupied with ongoing efforts to curb the coronavirus spread.

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

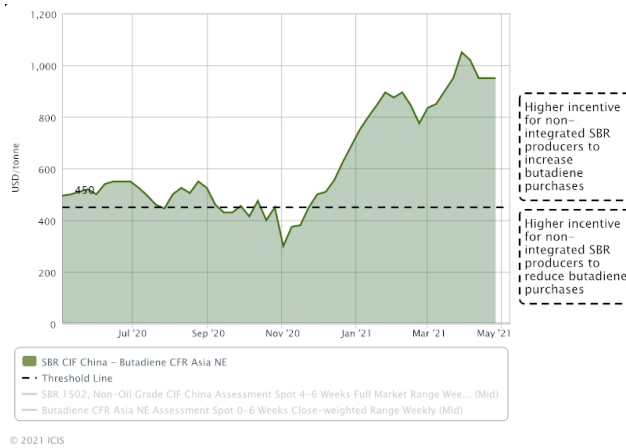
May 2021	(1-5) Apr 2021	Mar 2021	Feb 2021	Jan 2021	Dec 2020
168.60	164.72	175.25	169.16	158.41	157.61

UPSTREAM

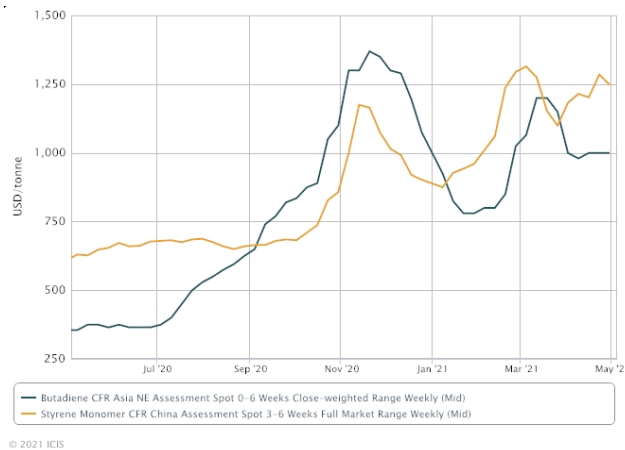
Asian **butadiene** market was flat, and outlook is unclear on wide buy-sell gap.

The chart below shows the spread between butadiene and SBR.

Downstream spread – butadiene and SBR NE Asia



Asian **styrene** prices gave back earlier gains overall, despite some prompt shortage in domestic China supply, because of more bearishness in June fundamentals amid expectations of improving supply outside of China after the turnaround season ends.



PRODUCTION

In China, average operating rates for local SBR plants were at 66% for the week ended 30 April, unchanged from the week prior, market sources said.

SBR supplies in the region are set to tighten in Q2 on upcoming [turnarounds](#).

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

ANALYTICS

ICIS Crude Outlook

The price of Brent fell in April, primarily due to a more bearish demand outlook after several major European countries such as Italy, Germany and France, as well as India, announced fresh lockdown measures. Looking forward, at least some European lockdowns are expected to remain in May, which will somewhat delay the recovery in demand. In India, a major importer of oil, coronavirus cases are rising rapidly, which is likely to cause regional demand for oil to decrease. ICIS expects oil demand to recover at a higher rate in June, when it is expected that most countries will aim to remove major restrictions. On the supply side, OPEC+ will begin tapering its oil production cuts in May, with a total of 650,000 bbl/day of tapering expected in May and June respectively, and 850,000 bbl/day in July, equating to 2m bbl/day extra oil in the market by July. While this is a significant rise in oil supply, this additional production will arrive during a period where demand is also expected to increase significantly, and therefore the market should remain in balance.

By **Ajay Parmar**, ICIS senior analyst; ajay.parmar@icis.com

ICIS Naphtha Outlook

The price of naphtha fell in April, in line with crude. Supply of naphtha from Asian refineries will be lower in the coming months, as the region enters its refinery maintenance season. China, for example, will see refinery throughput drop by over 1m bbl/day by May, compared with February. This will prompt additional imports from the West to maintain supply to the region. After the Suez Canal blockage reduced West-East naphtha transfers in April, ICIS expects them to exceed 2 million mt in May. The European LPG-naphtha spread has reached its lowest point since mid-2020, with -\$112/tonne recorded in mid-April. This is primarily due to warmer weather in Europe reducing the demand for LPG heating. ICIS expects that the spread will narrow slightly over the coming months; however, the overall spread will remain strongly negative until the end of the summer season.

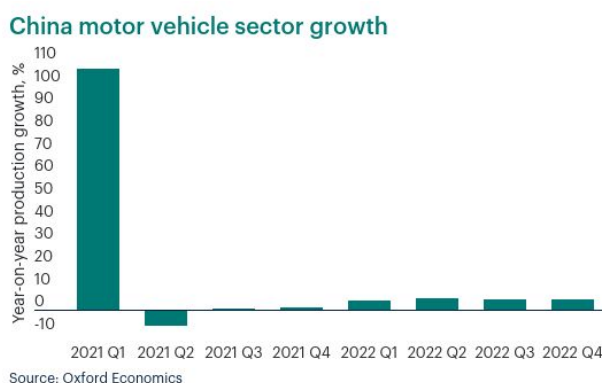
By **Ajay Parmar**, ICIS senior analyst; ajay.parmar@icis.com

ICIS Downstream Automotive Demand Outlook

The year started with a certain degree of optimism on the back of a better-than-expected Q4 2020. The automotive sector reported a strong performance in March 2021. According to LMC Automotive, the automotive forecaster, global light vehicle (LV) sales rose 7% month on month in March to 87.5m units. However, the industry is suffering from supply chain problems and other production-related issues. Polymer and shipping container shortages continue, forcing a number of companies to announce plant shutdowns. As a result, most carmakers are running alarmingly low levels of raw material and finished product inventories. The CEO of Volkswagen said, "The company would be unable to build 100,000 cars this year due to the chip shortage and the group would not be able to make up for the shortfall in 2021".

Chinese vehicle production was up a strong 72% year on year in March 2021, although this largely reflects shutdowns in Q1 2020. However, production is lower than in March 2019, even though sales have been flat over the same time period. This reflects lower inventories, according to the China Automobile Dealers Association (CADA). Chip shortages are biting here too, with many domestic and foreign producers talking about supply problems. India's Federation of Automobile Dealers Associations (FADA) reported that registrations fell 28.64% year on year but grew 10.05% month on month. Close to 47% of dealers said that they had lost more than 20% of sales due to supply-side constraints. Japanese car production has also been impacted: down around 9% year on year in February. South Korean producers, especially Hyundai, are seen as less impacted by shortages due to integrated chip production. However, production cutbacks are now starting to bite for all producers here too.

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



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