



Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim
05-Oct-2022

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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 October are assessed based on information collated up to 30 September. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

- **Holiday trade lull across Asia**
- **Buying interest thin**
- **Weak demand fundamentals persist**

Asian import discussions for styrene-butadiene-rubber (SBR) were subdued in a holiday-shortened trading week.

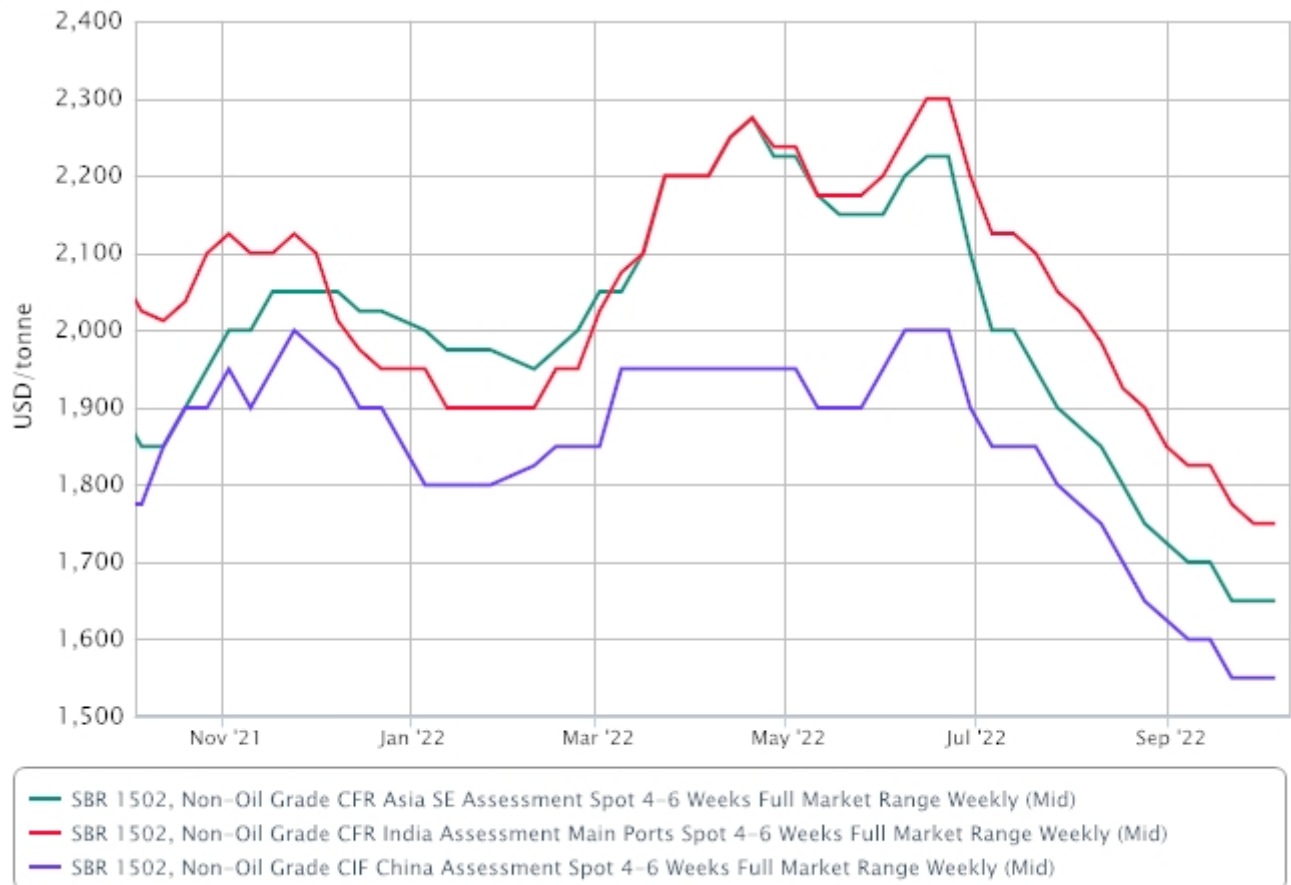
China is shut for extended National Day holidays from 1-7 October, and many others are also away in India in the run-up to a public holiday there on 5 October.

Available market participants in other regional outlets are therefore mostly not keen to undertake any fresh spot negotiations this week, preferring instead to wait and see how the post-holiday market in China may trend before they deliberate and finalise their next position.

In the meantime, sellers held fast to existing expectations, citing support from the reality that spot supplies are limited by an ongoing wave of regional maintenances. They were also hopeful that regional demand may have hit bottom, and with freight costs [easing](#) recently, some sellers said that this will also facilitate their efforts to export more actively to US and Europe.

But buy-side response is lukewarm thus far, with Asian end-users heard mostly still amply stocked and uninterested in engaging sellers for now.

Market players also said that it remains to be seen how receptive markets further afield may be to importing SBR more heavily from Asia, given persistently bearish outlook for auto sector growth in the [US](#) and [Europe](#), as well as nagging macro-economic concerns like recession and inflation.



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OUTLOOK

- Spot supplies to tighten into Q4
- But demand outlook still hazy
- Spot trade liquidity may remain under pressure

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	n/c	1500-1600	n/c	1550-1650	68.04-72.57
CFR Asia SE	USD/tonne	n/c	1600.00-1700.00	n/c	1650.00-1750.00	72.57-77.11
CFR India Main Ports	USD/tonne	n/c	1700.00-1800.00	n/c	1750.00-1900.00	77.11-81.65
SBR 1712, Oil-Extended						
CIF China	USD/tonne	n/c	1450-1550	n/c	1450-1550	65.77-70.31
CFR Asia SE	USD/tonne	n/c	1550.00-1650.00	n/c	1550.00-1650.00	70.31-74.84
CFR India Main Ports	USD/tonne	n/c	1650.00-1750.00	n/c	1650.00-1800.00	74.84-79.38

China

CIF China assessments for the non-oil 1502 grade were unchanged in a thinly-discussed, holiday-shortened trading week.

Assessments for the oil-extended 1712 grade were also rolled with unchanged 1502 grade assessments.

Domestic China prices for the 1502 grade eased as trade momentum tapered off ahead of the extended National Day holidays.

East China domestic SBR 1502 prices

Price (CNY/tonne)	30 Sep*	28 Sep
E China Ex-Warehouse	11,600-11,700	11,650-11,750

*China markets are shut for extended National Day holidays from 1-7 October.

Southeast Asia

CFR SE Asian assessments for the non-oil 1502 grade held steady on range-bound offers, and in the absence of fresh buy-side indications.

CFR SE Asian assessments for the oil-extended 1712 grade were also rolled with stable 1502 grade assessments.

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

Oct (1-5) 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
136.17	134.12	149.74	158.83	164.15	162.81	171.15	175.18	179.84	178.12

India

Like southeast Asia, spot assessments for non-oil 1502 grade imports into India were kept unchanged, tracking unchanged offers heard for cargoes from diverse origins.

But substantive discussions were limited with many buyers away in a holiday-shortened week in India.

CFR Indian assessments for the oil-extended 1712 grade were rolled with stable 1502 grade assessments.

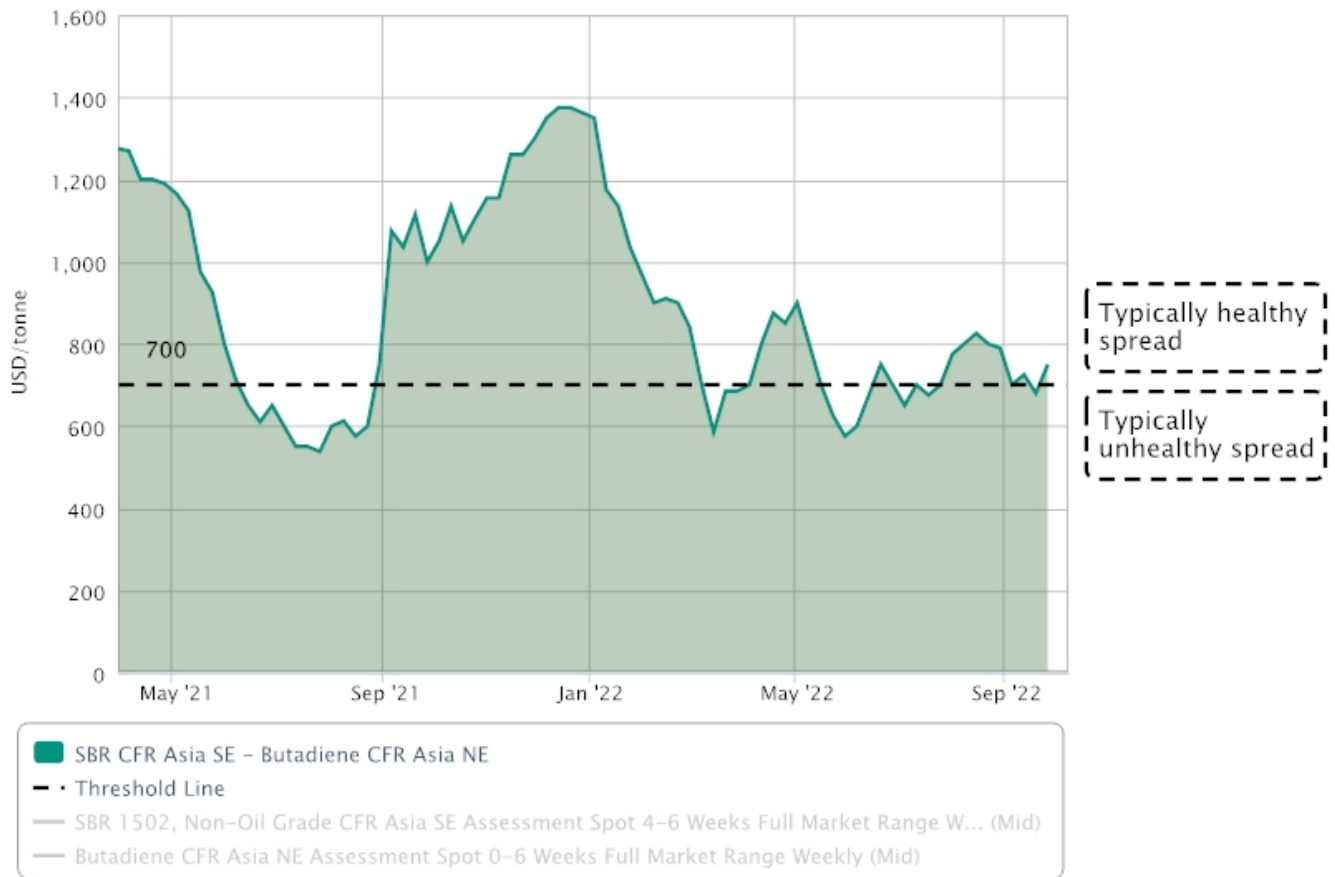
UPSTREAM

Butadiene (BD)

- Domestic China softens
- China's buying interest for imports dented too
- Wider Asian demand remains weak

The chart below shows the spread between butadiene and SBR.

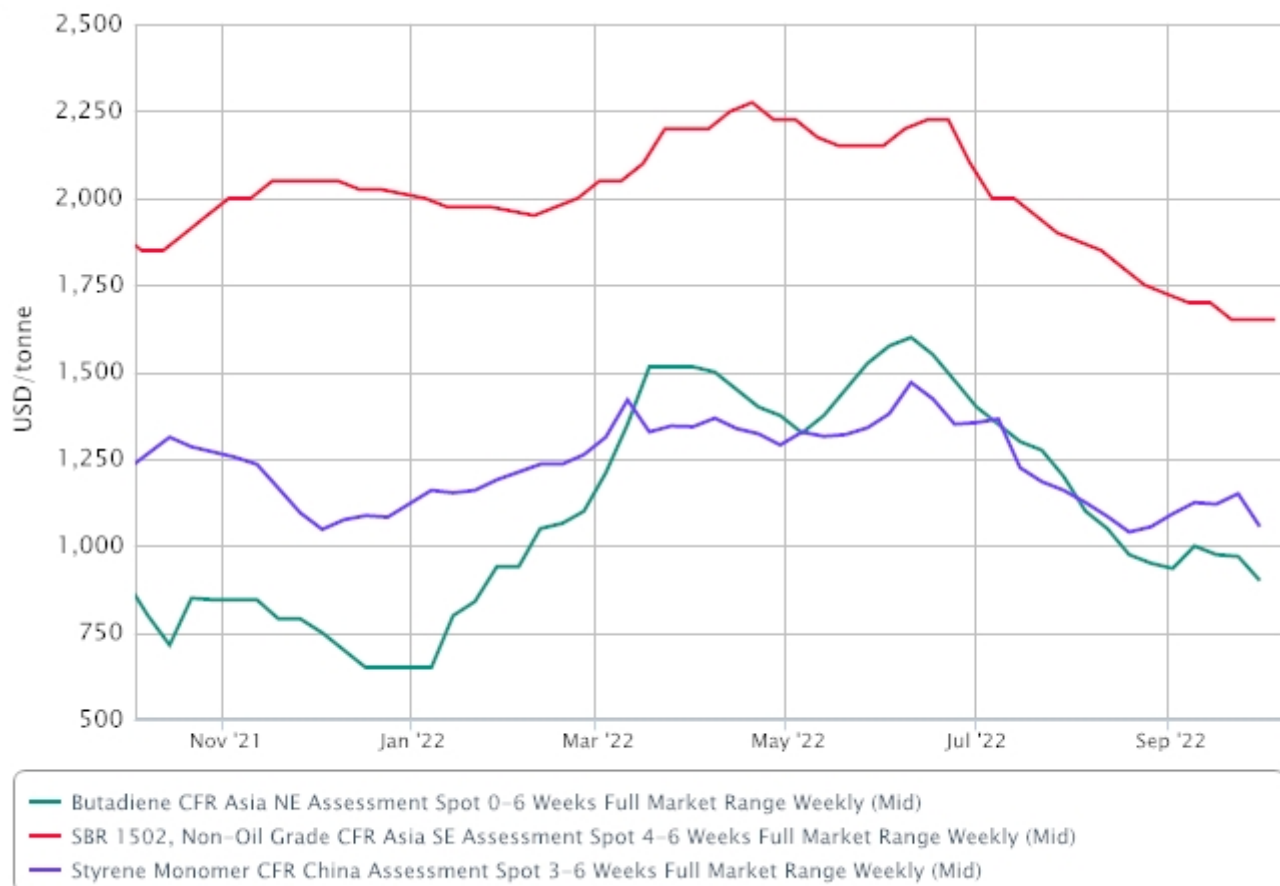
[Downstream spread – butadiene NE Asia and SBR SE Asia](#)



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Styrene:

- Subdued CFR China discussions ahead of Golden Week holiday
- Volatile crude, depreciating yuan against the dollar keeping importers at sidelines
- Limited spot demand in the rest of Asia



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PRODUCTION

SBR spot availabilities is expected to stay snug in the September to November window, given a heavy wave of plant maintenances in [northeast](#) and [south](#) Asia.

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

OTHER REGIONS

Europe

- Production costs remain high
- Steady spot prices
- Demand weak

US

- October SBR prices decrease with lower feedstocks
- Spot prices face downward pressure with contracts
- Demand steady

ANALYTICS

ICIS Downstream Automotive Demand Outlook

Automotive is one of the most battered sectors and suffered severe semi-conductor shortages at the start of the pandemic. However, with the exception of Europe, most other major economies have recovered and operating above pandemic (2019) levels. The global light vehicle selling rate increased to 90m units in July from 85m units in June (Oxford Economics). The growth was primarily contributed by China with easing of lockdown measures. But negatives continue to outweigh positives for the sector. Geopolitical tension has worsened the supply situation for semiconductor (IC) chips. The three key critical regions for IC chips are Russia (supplying key input materials such palladium, neon gas etc), Ukraine (supply 90% of neon gas) and Taiwan & China (accounts for approx. 22% & 16% of IC chips supply, respectively).

According to the US Census Bureau, US light vehicle sales fell 1.1% month on month in August with total sales of 13.2m units. The finished inventory to sales ratio slightly declined m/m from 0.558 to 0.505 in July. (For context, the ratio was 0.937 and 2.641 respectively in June 2021 and 2020). High inflation, slumping consumer confidence, and tighter monetary policy will weigh on consumer demand for automotives.

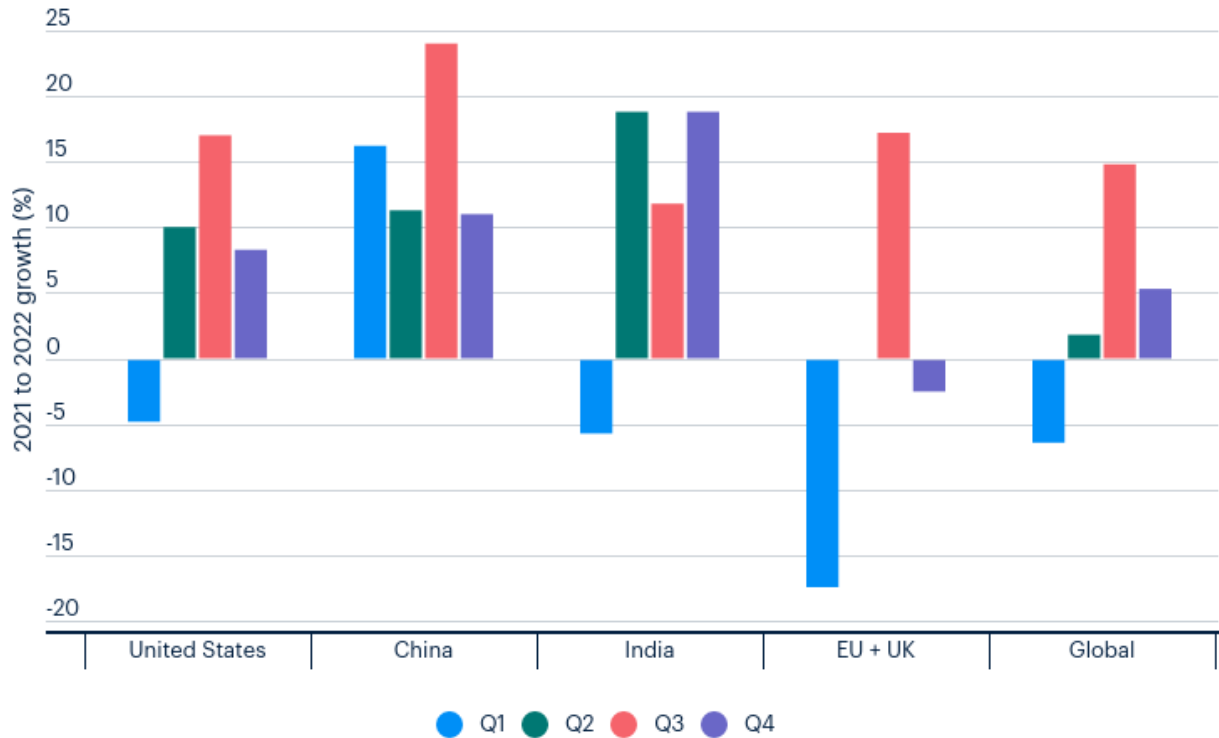
EU automotive production in 2022 is expected to shrink by 2.0% compared with 2021; Q4 2022 is forecast is expected to contract by 2.4% compared with Q4 2021 (Oxford Economics). As compared to 2019, production levels are still down approx. 27%. Furthermore, energy rationing would be drag on the recovery. As Gazprom announced last week that the "Nord stream pipeline has been fully shut down until the operational defects in the equipment are eliminated." No timeline in terms of re-opening is mentioned. The European Automobile Manufacturers Association (ACEA) reported a 15.4% fall year on year in passenger car registrations in June (which is 14% fall during first half of 2022). All major European economies posted a double-digit sales contraction, as logistics and supply chain problems continue to dent industry. Commercial vehicle registration was down 22.5% month on month in June. ACEA reported that "*this fall is mainly due to the drop in sales of new vans...*".

China automotive production in 2022 is expected to grow 15.4% compared with 2021; Q4 2022 is forecast to grow 11.0% compared with Q4 2021 (Oxford Economics). Compared to 2019, production levels in 2022 are 35.0% above pre-pandemic levels. Easing of lockdowns is major factor contributing to the recovery. India automotive output in 2022 is expected to grow 10.4% compared with 2021; Q4 2022 is forecast to grow by 18.8% compared with Q4 2021 (Oxford Economics). Compared to 2019, production levels in 2022 are 10% above pre-pandemic levels.

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

Motor vehicle sector growth by region

2021 vs 2022



SOURCE: Oxford Economics

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