



## 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

- **China export offers lifted with domestic gains**
- **Other regional offers also up with upstream cost pressures**
- **Buyers resistant**

Asian spot discussions for styrene-butadiene-rubber (SBR) gained some grounds, as sellers hiked offers to relieve cost pressures.

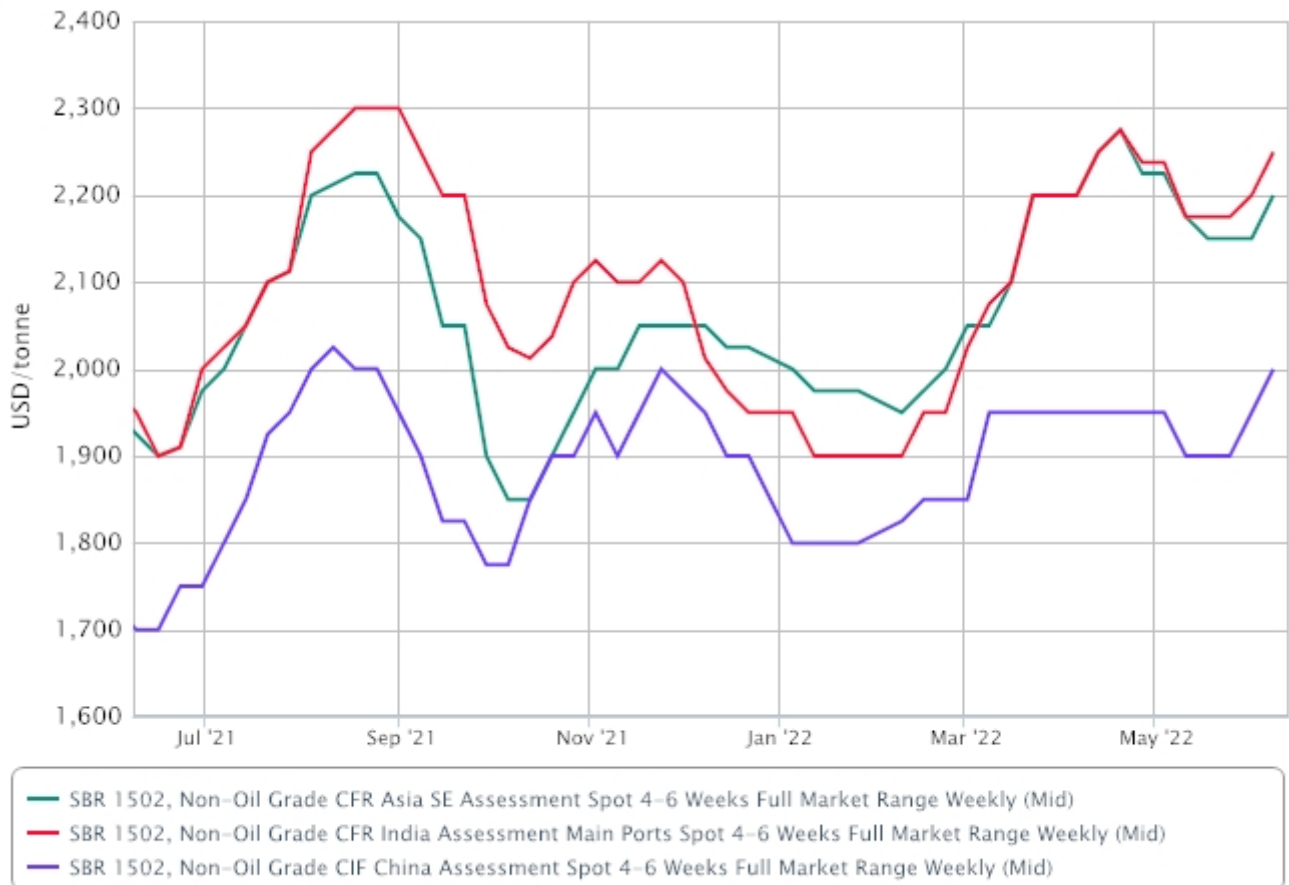
As feedstock butadiene (BD) prices have risen over 15% in the last month, SBR makers in wider Asia said that they would need to price up to rescue compressed margins.

Yuan-denominated BD prices saw even [bigger gains](#) in China and domestic China prices for SBR have risen in line. This also prompted more China SBR makers to revert back to heavier domestic SBR sales, at the expense of exports. Those who were still open to marketing cargoes for exports also elevated targets in line with firmer domestic prices.

The reduced export availabilities from China will help strengthen the selling positions of other regional SBR makers, market sources said, as end-users in wider Asia would now have fewer alternative supplies to turn to.

However, spot transactions were still limited, and market players said that this underscored the reality that downstream demand is structurally weak.

But some remained hopeful that measures, such as tax rebates for car purchases in China, could help to [stimulate](#) auto sector growth, and in turn boost requirements for key raw materials like SBR.



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## OUTLOOK

- Upstream cost pressures may persist for a while
- Supply may tighten if SBR plants trim operations to save margins
- Demand recovery will hinge on auto sector growth

## PRICES

### SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
<b>SBR 1502, Non-Oil Grade</b>						
<b>CIF China</b>	USD/tonne	+50	1950-2050	+50	1850-1950	88.45-92.99
<b>CFR Asia SE</b>	USD/tonne	+50	2150.00-2250.00	+50	2100.00-2250.00	97.52-102.06
<b>CFR India Main Ports</b>	USD/tonne	+50	2150.00-2350.00	+50	2100.00-2250.00	97.52-106.59
<b>SBR 1712, Oil-Extended</b>						
<b>CIF China</b>	USD/tonne	+50	1850-1950	+50	1750-1850	83.91-88.45
<b>CFR Asia SE</b>	USD/tonne	+50	2100.00-2200.00	+50	2050.00-2200.00	95.25-99.79
<b>CFR India Main Ports</b>	USD/tonne	+50	2100.00-2300.00	+50	2050.00-2200.00	95.25-104.33

## China

CIF China assessments for the non-oil 1502 grade were lifted with firmer selling indications heard.

But no substantive discussions were heard as local end-users were still amply supplied by domestically produced materials.

Assessments for the oil-extended 1712 grade were adjusted up with changes for the 1502 grade, in the absence of any concrete discussions.

Domestic 1502 SBR prices in China continued to trend up, alongside bullish upstream market.

### East China domestic SBR 1502 prices

Price (CNY/tonne)	08 Jun	01 Jun
E China Ex-Warehouse	12,700-12,800	12,600-12,800

## Southeast Asia

CFR southeast (SE) Asian prices for the non-oil 1502 grade also rose, with both ends lifted to capture the full range of firmer offers heard, for both China-origin and non-China-origin materials.

Some transactions were heard in the published range, but market sources said that buyers were mostly still cautious.

CFR SE Asian prices for the oil-extended 1712 grade were adjusted up with changes in the 1502 grade assessments.

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

June 2022	(1-8) May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
168.20	162.81	171.15	175.18	179.84	178.12

## India

CFR Indian discussions for the non-oil 1502 grade were also up.

The low end tracks indications heard for China-origin materials, while the high-end reflects those from other Asian suppliers. Deals were heard for the latter at the higher-end too.

CFR India assessment for the oil-extended 1712 grade is lifted at the high-end, in line with the changes seen for 1502 assessments.

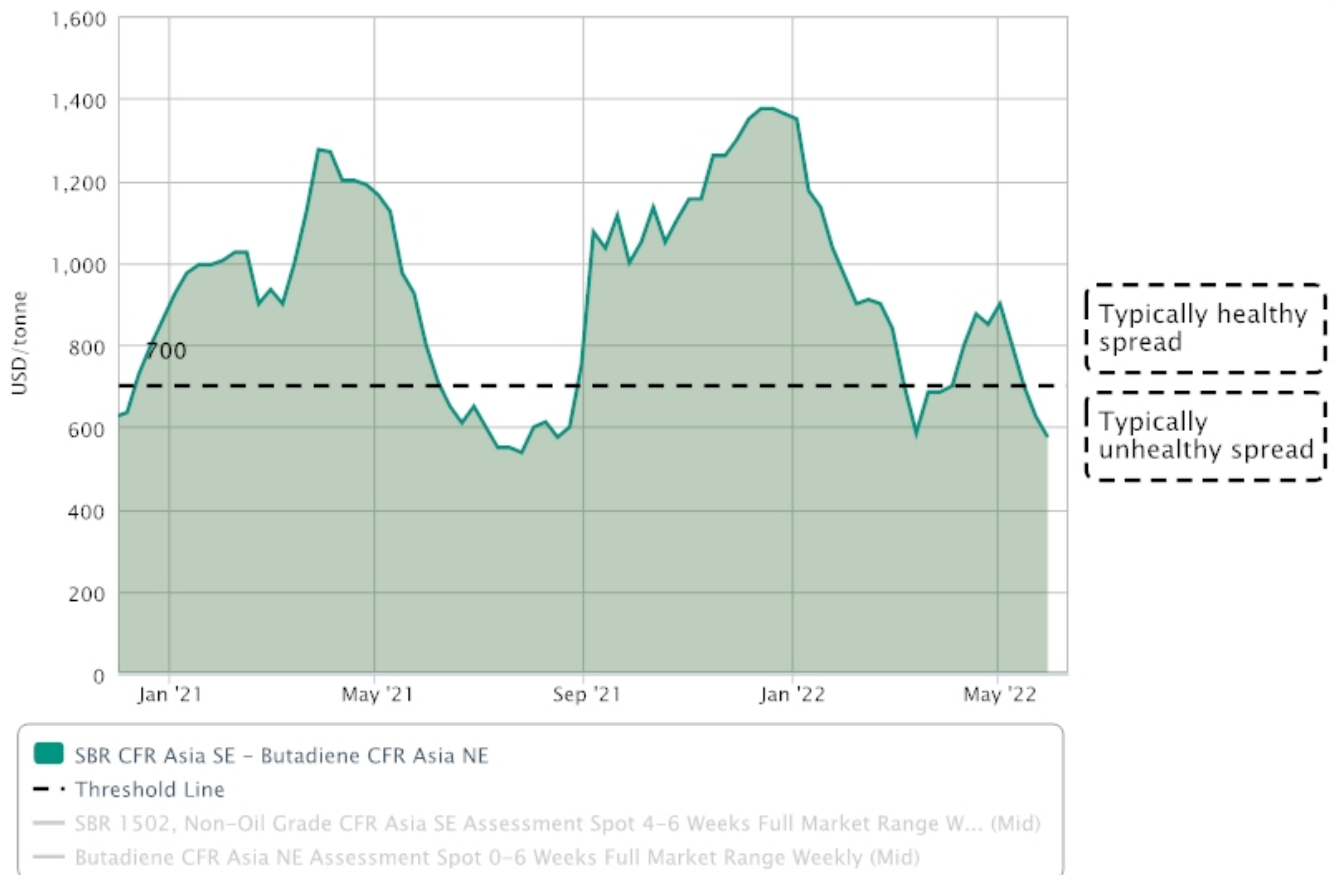
## UPSTREAM

### Butadiene

- Strong short-covering procurement interest
- But buy-sell gap wide
- Downstream margins squeezed

The chart below shows the spread between butadiene and SBR, which has slipped into the unhealthy zone.

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



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## Styrene

- Discussions buoyed by gains in the yuan-denominated futures market
- Strong upstream markets also a booster
- Short-covering demand also a positive factor

## PRODUCTION

In China, average operating rates of local SBR plants fell to 69% for the week ended 3 June, down from 72% in the week prior, market sources said.

This came as a local plant [shut](#) from end May for a month-long maintenance.

Meanwhile, regional SBR supplies are also tight amid ongoing maintenance.

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

## ANALYTICS

### ICIS Downstream Automotive Demand Outlook

The global automotive industry is still struggling to make up for pandemic-induced losses. The global light vehicle selling rate fell to 75m units/year in March, with a Q1 2022 average of 79m units/year, as supply

issues continued to cap sales growth (Oxford Economics). Material shortages continue to hit the industry. The semiconductor industry is already running at full capacity but is still unable to meet demand. Typical lead times for key materials are between six and eight months. Car manufacturers are bracing for the impact. Toyota reported net income of yen (¥) 2.8tr for FY2022 (an increase of 27%), despite logistics issues. However, its guidance for FY2023 is for net income of ¥2.3tr (down 21% year on year) because the company expects material costs to more than double this year.

According to the US Census Bureau, US light vehicle sales increased by 6.6% month on month in March with total sales of 14.3m (still down 22% year on year). The finished inventory to sales ratio continues to be extremely low at 0.470. The ratio was 1.564 and 3.140 respectively in March 2021 and 2020.

The European Automobile Manufacturers' Association (ACEA) reported a 21% fall year on year in passenger car registrations in March, an historic low. Major European economies posted double-digit sales contractions: Spain (-30%), Italy (-30%), France (-20%) and Germany (-18%). Commercial vehicle registration was down 25% month on month in January, and inventories were alarmingly low. Another direct impact of the conflict in Ukraine is limited supply of neon gas, which is used in making microchips. Ukraine is one of the leading producers of neon gas. The UK's Society of Motor Manufacturers and Traders reported total registrations down 16%, with diesel cars down 52% year on year in April.

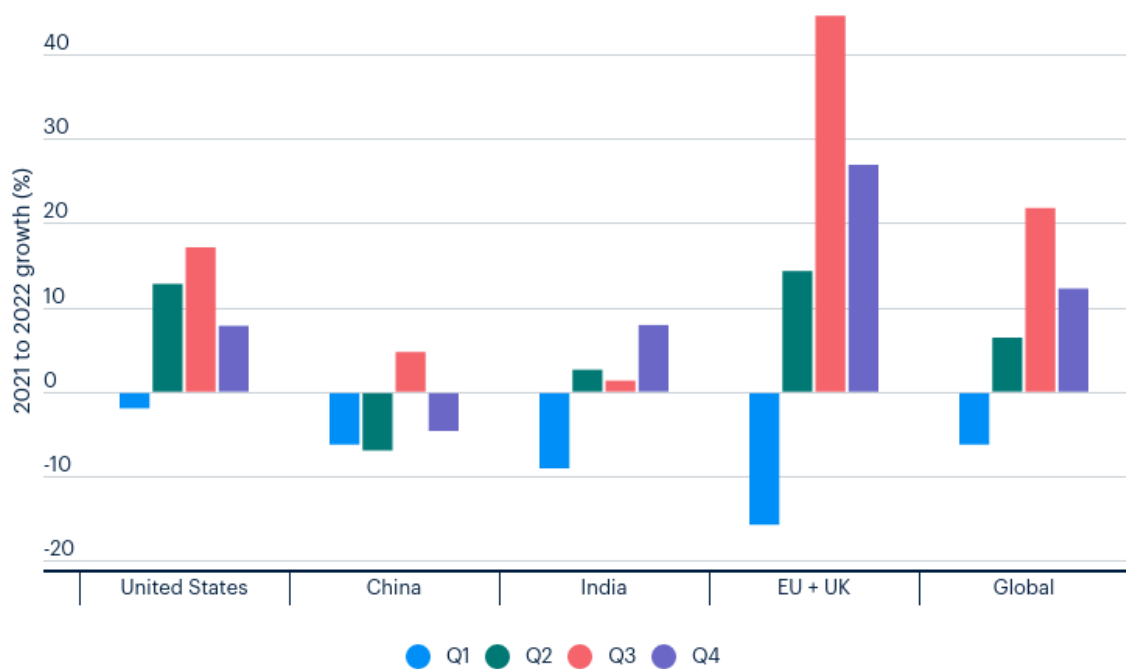
In China, auto sales and production steeply declined as a result of the strict coronavirus lockdowns. According to the China Association of Automobile Manufacturers (CAAM), car production was down 46% year on year in April 2022. A similar fall was reported month on month. The outlook for Chinese automotive remains bearish, mainly because of movement controls. Inventory is up thanks to weak sales. The China Automobile Dealers Association reported an inventory coefficient of 1.91, an increase of 9.1% month on month and a year-on-year increase of 22% (with levels above 1.5 considered a warning).

The Indian outlook continues to be bearish. The Federation of Automobile Dealers Associations of India said total vehicle sales increased by 37% in April year on year. However, compared with April 2019 (pre-pandemic), the sales are still down 6%.

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## Motor vehicle sector growth by region

2021 vs 2022



SOURCE: Oxford Economics

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