



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

- **Uneven sentiment for import talks**
- **China upbeat on domestic increases**
- **But buyers elsewhere in Asia cautious**

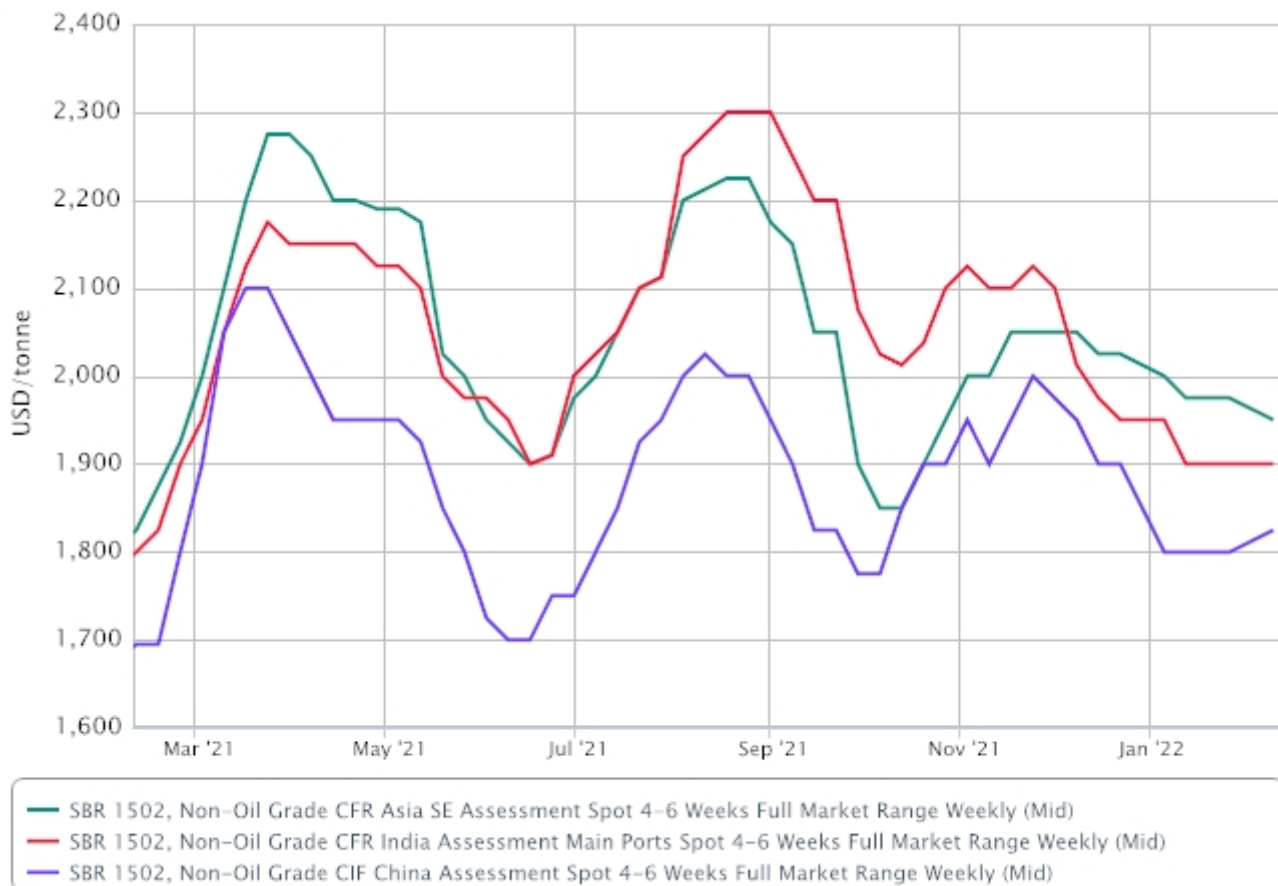
Asia's spot prices for styrene-butadiene-rubber (SBR) are mixed, stable-to-firm in China, but stable-to-soft in other Asian outlets.

In China, pricing sentiment for US-dollar-denominated imports firmed with increases seen in the domestic yuan-denominated market. But trade liquidity for imports remains low, firstly because not all players have returned from extended Lunar New Year holidays, and secondly because end-users are amply supplied by domestic supplies.

In southeast Asia and India, however, discussions were muted on a wider buy-sell gap. Some sellers held firm to their existing expectations, or even mulled higher targets, citing the need to defend bottomline against mounting [upstream cost pressure](#).

However, buyers were generally more cautious in their outlook and as such held fast to lower buying indications, citing concerns about affordability and longer-term demand prospects in their own downstream markets.

Most also said that they have purchased adequately previously and could afford to wait-and-see before committing on fresh purchases.



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OUTLOOK

- Demand and supply may [balance](#) out better
- But uncertainties linger on upstream crude volatility
- [Auto sales prospects](#) to drive demand outlook

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	+50	1800-1850	n/c	1750-1850	81.65-83.91
CFR Asia SE	USD/tonne	-50	1900.00-2000.00	n/c	1950.00-2000.00	86.18-90.72
CFR India Main Ports	USD/tonne	n/c	1850.00-1950.00	n/c	1850.00-1950.00	83.91-88.45
SBR 1712, Oil-Extended						
CIF China	USD/tonne	+50	1700-1750	n/c	1650-1750	77.11-79.38
CFR Asia SE	USD/tonne	-50	1800.00-1900.00	n/c	1850.00-1900.00	81.65-86.18
CFR India Main Ports	USD/tonne	n/c	1750.00-1850.00	n/c	1750.00-1850.00	79.38-83.91

China

CIF China assessment for the non-oil 1502 grade was stable-to-firm, with the low-end lifted with firmer buying indications heard.

CIF China assessment for the oil-extended 1712 grade was also adjusted up in line with changes at the low-end for the 1502 grade, in the absence of any concrete 1712 business.

Domestic prices for the 1502 grade were up, tracking increases seen in the upstream butadiene market in the last few weeks.

East China domestic SBR 1502 prices

Price (CNY/tonne)	09 February*	26 January
E China Ex-Warehouse	12,600-12,700	12,400-12,600

*China is shut for extended national holidays from 31 January to 6 February.

Southeast Asia

CFR southeast (SE) Asian assessment for the non-oil 1502 grade widened, with the low-end dropped to capture softer buying indications.

CFR SE Asian assessments for the oil-extended 1712 grade were also adjusted down on the low-end, in tandem with changes in the 1502 grade assessment.

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

Feb (1-9) 2022	Jan 2022	Dec 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021
177.53	178.12	172.08	175.65	174.39	163.23	172.67

India

CFR Indian prices for both the non-oil 1502 and the oil-extended 1712 grades were also rolled over, taking into account range-bound buy-sell pricing indications.

UPSTREAM

Asian spot market for **butadiene** was flat in the week ended 4 February as discussions grind to a halt with many major players across Asia, from China to Korea, still absent on extended Lunar New Year celebrations.

The chart below shows the spread between butadiene and SBR.

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



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Asian **styrene** prices were up as sentiment improved with upstream crude gains and more active buying interest.



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PRODUCTION

In China, the average operating rates of local SBR plants were at 91% for the week ended 26 January, unchanged for several weeks in a row, market sources said.

But regional supplies may tighten once a northeast Asian plant maintenance gets underway in [February](#).

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

OTHER REGIONS

In Europe, SBR spot prices were [stable](#), with increases projected for February production costs.

In the US, SBR prices [rose](#) on higher costs.

ANALYTICS

ICIS Downstream Automotive Demand Outlook

Global automotive output is expected to grow 8.8% in 2022 compared with 2021, although it will still be down 10% from 2019 levels. (Q1 2022 is expected to fall by 4.7% year on year). The global auto industry continues to suffer because of key material shortages and the impact of the pandemic. Chips and electric steel supply issues are likely to persist. Polyamide, a key input material, is anticipated to be in short supply as ammonia production is cut due to high energy costs. In addition, a disruption caused by a typhoon was reported at a Malaysian and Singapore MEG plant.

US automotive output is expected to grow 8.3% in 2022 compared with 2021, although it will be down 2% from 2019 levels. (Q1 2022 is expected to grow by 0.9% year on year). The inventory sales ratio was 0.242 in November 2021, the lowest on record.

EU automotive demand (including the UK) is outpacing supply. Inventories are at an all-time low. EU automotive output is expected to grow 17.0% in 2022 compared with 2021, although it will still be down 26% from 2019 levels. (Q1 2022 is expected to shrink 9.8% year on year). The chip shortage is likely to last well into 2022 and will result in weaker-than-expected vehicle sales and poor demand for key polymers used in the automotive industry.

A modest improvement in China's automotive industry is expected. Output is expected to grow 4.9% in 2022 compared with 2021 (Q1 2022 is forecast to grow by 0.9% compared with Q1 2021). However, pockets of coronavirus infections amid a 'zero COVID-19' approach will likely weigh on demand. Xi'an, the capital of Shaanxi Province, has been under lockdown since 22 December. However, it is worth noting that Shaanxi Province accounts for just 2.7% of the country's passenger cars. In terms of stock, the inventory coefficient was at 1.43 in December 2021, a year on year decrease of 20.6% (although it increased 5.9% month on month). Indian automotive output in 2022 is expected to grow 2.0% compared with 2021, although it will be down 4.6% from 2019 levels. (Q1 2022 is expected to shrink by 7.7% compared with Q1 2021). Despite a healthy order book, passenger vehicles continue to be affected by the chip shortage and increased lead times.

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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