



Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim
12-May-2021

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

ICIS is currently consulting readers about the methodology used for this report. To respond, [click here](#). All prices in the weekly analysis on 26 May will be assessed based on information collated up to 25 May. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

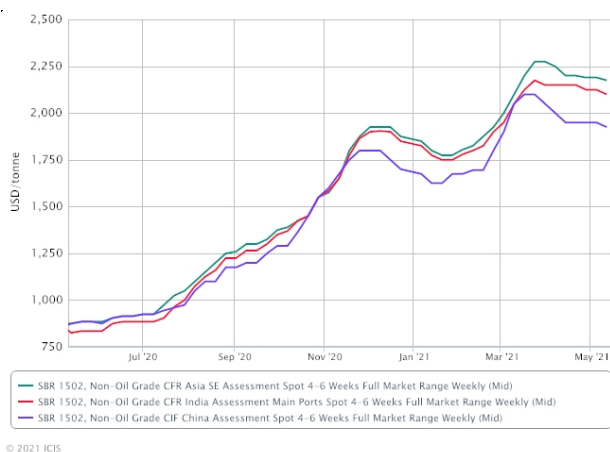
- **Sentiment dull**
- **Buying tempo subdued**
- **Some sellers drop offers**

Asian spot talks for styrene-butadiene-rubber (SBR) were stable-to-soft across the region, taking into account muted pricing indications heard in a thinly-discussed week.

Sentiment is generally dull among buy-side elements, with many keeping a wary eye on how downstream demand may shift with the evolving coronavirus situation.

While the COVID-19 spread is currently more pronounced and dire in [India](#), market players noted that there is also worrisome news of resurgent cases in some other regional locations.

Some sellers moderated expectations slightly to bridge the buy-sell gap and induce buying. But as spot availabilities are structurally low, and may tighten with upcoming regional plant turnarounds, sellers were heard mostly not keen to widen discounts further from here.



OUTLOOK

- Eyes on when a China plant currently **shut** may restart
- But supply in wider Asia to tighten on **upcoming turnaround**
- Downturn in auto sector performance may weigh further on sentiment

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	n/c	1900-1950	-50	1900-2000	86.18-88.45
CFR Asia SE	USD/tonne	n/c	2150.00- 2200.00	-30	2150.00-2250.00	97.52-99.79
CFR India Main Ports	USD/tonne	n/c	2050.00- 2150.00	-50	2100.00-2200.00	92.99-97.52
SBR 1712, Oil-Extended						
CIF China	USD/tonne	n/c	1800-1850	-50	1800-1900	81.65-83.91
CFR Asia SE	USD/tonne	n/c	2050.00- 2100.00	-30	2050.00-2150.00	92.99-95.25
CFR India Main Ports	USD/tonne	n/c	1950.00- 2050.00	-50	2000.00-2100.00	88.45-92.99

China

CIF China prices for the non-oil 1502 grade material were stable-to-soft, with the high end dropped to reflect the spectrum of trade discussions.

Buying interest in US dollar denominated imports is low, with domestic inventories heard still at a relatively high level.

Domestic China prices edged up, with upside support from recent gains in the country's natural rubber futures.

East China Domestic SBR 1502 EXWH (CNY/tonne)

12 May	30 Apr	28 Apr	21 Apr	14 Apr	07 Apr	31 Mar	24 Mar	17 Mar
13,300-	13,100-	13,200-	13,500-	14,000-	14,100-	14,100-	14,100-	14,300-
13,400	13,300	13,300	13,700	14,100	14,200	14,200	14,200	14,500

CIF China assessments for the oil-extended 1712 grade were adjusted down at the high end, tracking changes in the non-oil 1502 grade, in the absence of any concrete deals or discussions for the 1712 grade.

Southeast Asia

Discussions were muted, with many players [winding down](#) for the upcoming Eid ul-Fitr holidays.

But the high end of the CFR SE Asian assessments for the non-oil 1502 grade was dropped in line with lower offers heard in the trading week.

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

May 2021	(1-11) Apr 2021	Mar 2021	Feb 2021	Jan 2021	Dec 2020
171.57	164.72	175.25	169.16	158.41	157.61

Oil-extended 1712 grade prices in SE Asia were also adjusted in line with changes for the 1502 grade prices.

India

CFR India prices for the 1502 grade were assessed stable-to-soft, with the high end lowered in line with a deal heard.

Trade momentum is low, with [India](#) preoccupied with the ongoing battle against coronavirus spread.

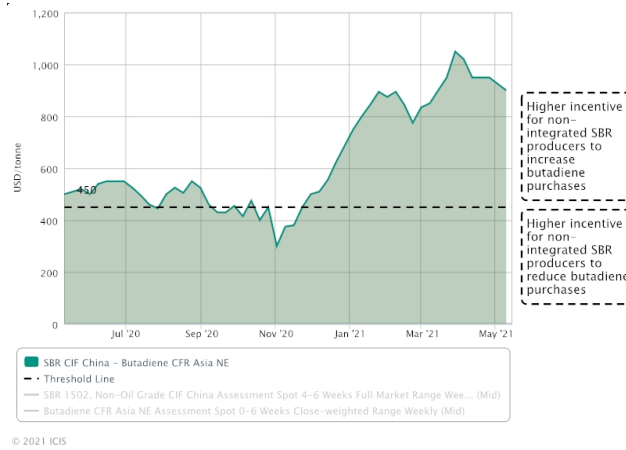
CFR India prices for the oil-extended 1712 grade were adjusted in tandem with 1502 grade assessment changes, in the absence of any concrete talks for the 1712 grade.

UPSTREAM

Asian **butadiene** prices were stable-to-firm, with [uneven supply conditions](#) in the region providing some upside support for wider Asian deliveries.

The chart below shows the spread between butadiene and SBR.

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



Asian **styrene** prices were firmer as some prompt shortcovering from a handful of Chinese participants re-emerged on tighter-than-expected prompt supply in domestic China. Buying sentiment was supported by late-week gains in feedstock benzene prices.



PRODUCTION

In China, average operating rates for local SBR plants held steady at 66% for the week ended 7 May, 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.

OTHER REGIONS

In the US, SBR spot prices are at [multi-year highs](#), propelled by feedstock constraints and firm demand.

Contract SBR prices in the US also [rose](#) on upstream cost push.

ANALYTICS

ICIS Butadiene Outlook

US butadiene (BD) production reached about 270,000 tonnes in Q1 2021, based on the available data, down by about 12% on Q1 2020, as a consequence of polar storm-related shutdowns. Despite an increase in production to between 330,000 tonnes and 350,000 tonnes in Q2, tight market fundamentals are likely to persist. Another rise

in output is forecast in Q3 2021 compared with Q2 2021, capping opportunities for exports from European producers.

The European BD market is set to be bullish for June amid healthy demand and constrained supply. Given the persistent effects stemming from February's deep freeze, the US market might continue attracting interest from several European producers during the next few weeks. In contrast, a bearish mood is expected for the BD industry for most of H2 2021 due primarily to the return of plants from seasonal maintenance combined with the start-up of new units in Asia.

Throughout H2 2021, South Korea will be adding new BD production capacity that is expected to increase from almost 1.3m tonnes/year to 1.6m tonnes/year this year and to about 1.9m tonnes/year in 2022, according to the ICIS Supply and Demand Database. Three new BD extraction units will be commissioned by Hyundai Chemical, LG Chem and Yeochun NCC in 2021. Another facility will be installed by Lotte-GS Chemical at Yeosu next year. South Korea, which is structurally short in BD, should see a gradual reduction in its shortfall and even halve it by 2025.

By **Paolo Scafetta**, ICIS senior olefin analyst, paolo.scafetta@icis.com

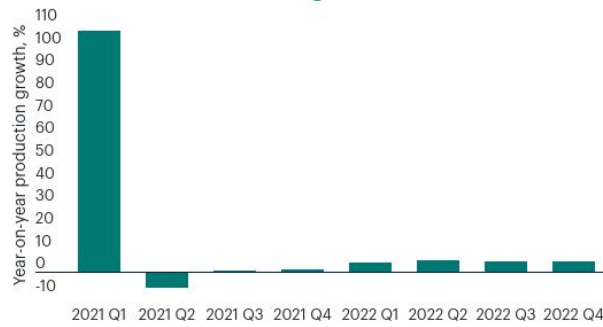
ICIS Downstream Automotive Demand Outlook

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

China motor vehicle sector growth



Source: Oxford Economics



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