



Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim
16-Jun-2021

[Overview](#) | [Outlook](#) | [Prices](#) | [Upstream](#) | [Production](#) | [Other Regions](#) | [Analytics](#)

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

OVERVIEW

- **Demand lacklustre**
- **Offers soften too**
- **Outlook dull**

Asian spot talks for styrene-butadiene-rubber (SBR) remained weighed down by lacklustre buying interest.

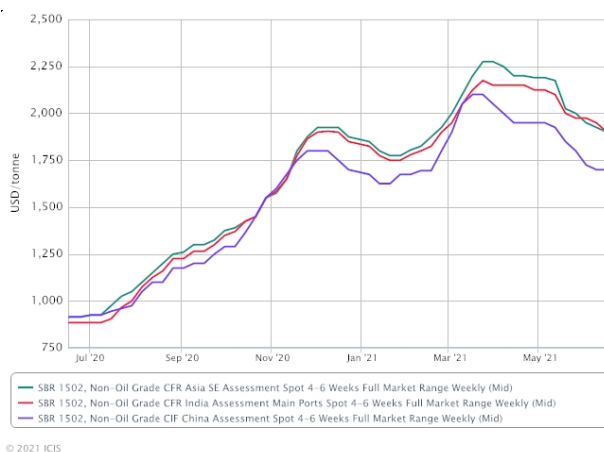
With new hot spots – the latest being China’s [Guandong province](#) - still emerging in the regional pandemic landscape, it remains to be seen when the outbreak situation will stabilise sufficiently to facilitate smooth and sustained downstream operations.

Until confidence is restored, end-users are likely to keep to a cautious approach to fresh spot procurement, especially for prompt July shipment supplies, market players said.

Buying indications remain bearish in nature as a result.

Some sellers moderated offers slightly to move cargoes, but most remain optimistic that there is no need to deepen discounts too much as regional demand should recover in due course. As it is, some pointed to recent data in India, showing that manufacturing and export sectors in May held steady with April, as a sign that India’s economy is on the [path to recovery](#) from the second pandemic wave.

Spot availability is also not excessive to begin with, market players said, in view of ongoing regional plant maintenances.



© 2021 ICIS

OUTLOOK

- Demand to hinge on when pandemic will stabilise and ease
- Turnarounds to weigh on near-term spot supply
- Feedstock cost pressures may grow

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	n/c	1650-1750	n/c	1800-1900	74.84-79.38
CFR Asia SE	USD/tonne	n/c	1850.00- 1950.00	-50	2000.00-2050.00	83.91-88.45
CFR India Main Ports	USD/tonne	-50	1850.00- 1950.00	-50	1950.00-2050.00	83.91-88.45
SBR 1712, Oil-Extended						
CIF China	USD/tonne	n/c	1550-1650	n/c	1700-1800	70.31-74.84
CFR Asia SE	USD/tonne	n/c	1750.00- 1850.00	-50	1900.00-1950.00	79.38-83.91
CFR India Main Ports	USD/tonne	-50	1750.00- 1850.00	-50	1850.00-1950.00	79.38-83.91

China

CIF China prices for both non-oil 1502 grade and oil-extended 1712 grade were left unchanged, given broadly stable buy-sell indications.

Domestic China prices rose, tracking gains seen in the domestic market for feedstock butadiene (BD).

East China domestic SBR 1502 prices

Price (CNY/tonne)	Current week	Previous week
E China Ex-Warehouse	11,900-12,100	11,800-11,900

Southeast Asia

CFR SE Asian prices for non-oil 1502 grade were stable-to-soft, with the high-end dropped on lower offers heard.

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

June 2021	(1-16) May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021
165.21	169.09	164.72	175.25	169.16	158.41

Oil-extended 1712 grade prices in SE Asia were adjusted in line with changes for the 1502 grade assessment, in the absence of any concrete business.

India

CFR Indian prices for the non-oil 1502 grade were down, tracking softer offers and buying indications heard for Asia-origin material.

Buying interest was also weighed down by the availability of competitively priced deep-sea origin material.

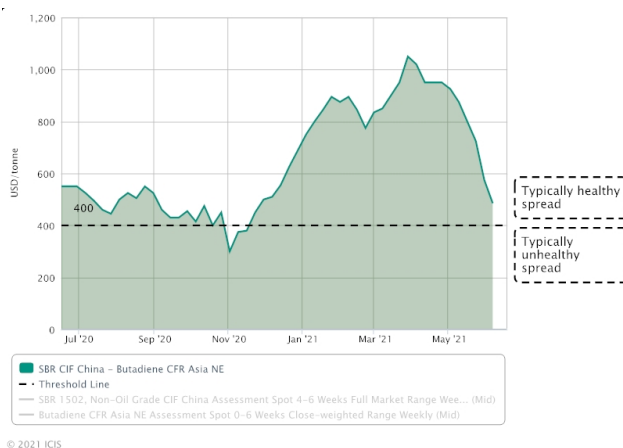
The CFR India assessment for oil-extended 1712 grade was adjusted down in line with changes for the 1502 grade, in the absence of concrete business.

UPSTREAM

[Bullish US](#) sets tones for the global **BD** market, but regional buying in Asia [may not keep up](#).

The chart below shows the spread between BD and SBR.

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



Asian **styrene** prices [fell](#) on the back of persistently weak trading sentiment, amid a sell-off in the futures market following bearish macroeconomic views from Chinese participants. Some selling pressures for July parcels weighed on discussion levels as well.



PRODUCTION

In China, the average operating rate at local SBR plants was 73% for the week ending 11 Jun, a hefty drop from the 84% rate seen in the week prior, market sources said.

This came as two local plants, with a total capacity of 200,000 tonnes/year, [commenced](#) maintenance from H1 June.

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

OTHER REGIONS

In the US, SBR producers are [caught](#) between insufficient supply of feedstock BD and downstream demand from tyre producers.

But the latest data shows that in the US, [May auto sales](#) fell from April amid chip supply issues.

ANALYTICS

ICIS Downstream Automotive Demand Outlook

Global automotive demand remains very strong, with a shortage of used vehicles boosting demand for new vehicles. High levels of household savings, increased domestic tourism, and fear of public transport globally have also pushed up vehicle demand. However, low availability is starting to bite, with global sales slightly down month-on-month in April. Supply shocks continue to impact production of autos, affecting demand for chemicals and polymers into this market. In particular, the shortage of microchips has led to production cutbacks of over one million vehicles, record low inventories and high prices. Car producers are focusing only on most in-demand models, and juggling supply chains. Hopes of a speedy resolution to the problem now seem short-sighted. U.S. Commerce Secretary Gina Raimondo said the global shortage would be a "daily challenge" for the "next year or so."

Chinese vehicle sales in May were down month-on-month for the first time in 13 months. According to a report by CAAM (China Associate of Automobile Manufacturers) this is due to the global chip shortage and rising raw material prices. One positive sector was the strong increase in sales of new energy vehicles (NEVs), which was up 160% month-on-month. In addition, market analysts believe the country will recover from chip shortages earlier than other regions, with improved production in H2 2021.

Medium-term fundamentals also remain strong, with rising income and low car ownership. This is particularly true for electrified and other NEVs as governments incentives push this market. India is suffering from renewed lockdowns, including closing plants and dealerships. Production this year is now forecast to be 9% below 2019 levels, and some 22% below 2018's record levels. Recovery in India is forecast to be slow with 2022 still below 2019 levels.

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



Styrene Butadiene Rubber (Asia-Pacific) | 16-Jun-2021. ICIS accepts no liability for commercial decisions based on the content of this report. Unauthorised reproduction, onward transmission or copying of the Styrene Butadiene Rubber (Asia-Pacific) Report in either its electronic or hard copy format is illegal. Should you require a licence or an additional copy of the Styrene Butadiene Rubber (Asia-Pacific) Report, please contact ICIS at sales.uk@icis.com

ICIS, Quadrant House, The Quadrant, Sutton, Surrey, SM2 5AS. United Kingdom. ICIS accept no liability for commercial decisions based on the content of this report. Copyright violation is a serious offence. Any distribution or forwarding of information that is not expressly permitted by your subscription agreement is a copyright violation. ICIS uses software to monitor unauthorised electronic redistribution of reports.

© 2023 Reed Business Information Limited. ICIS is a member of RELX Group. www.icis.com

