



## Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim  
17-Aug-2022

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

### OVERVIEW

- **Offers softer on weak downstream**
- **Demand also stays weak**
- **Spot discussions subdued**

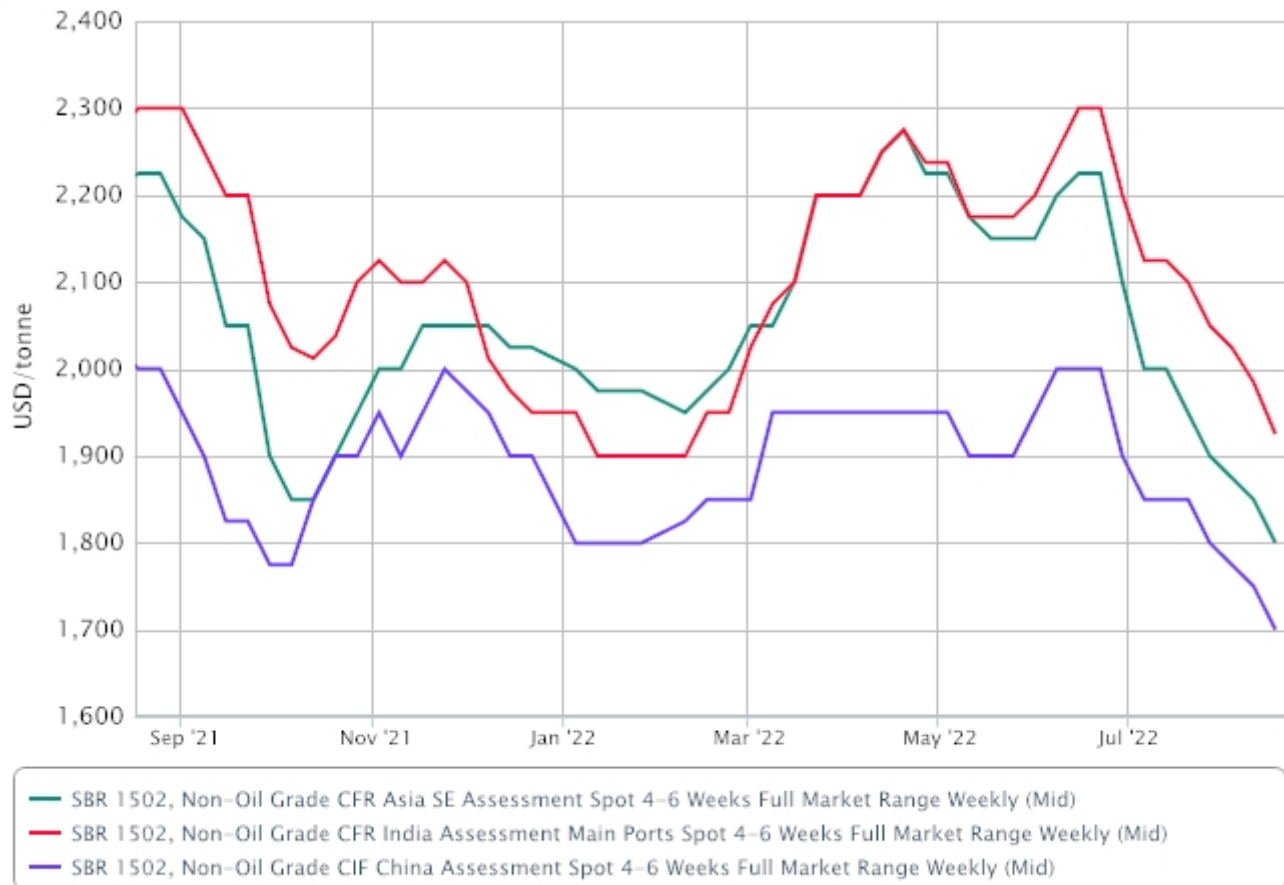
Discussions were muted in this week's Asian spot market for styrene-butadiene-rubber (SBR), in part because many players in northeast Asia were away on summer holidays, and also because [demand](#) is structurally weak.

Some lower offers were heard as sellers sought to chase deals and keep some volumes moving.

With upstream feedstock butadiene prices chalking up more than 30% losses in the last two months, production margins for SBR makers have also improved, giving the SBR sellers more room to price down in order to bridge the gap with potential buyers, market sources said.

But buyers' responses were limited, with end-users mostly anticipating that offers may trend down further in the coming weeks, especially if there is no discernible improvement in the global macro-economic picture to stimulate SBR consumption in relevant downstream industries.

That said, some market sources noted that China posted a hefty year-on-year improvement [in July](#) car sales and production, and if this trend sustains, it may help rejuvenate and lift SBR demand to some extent.



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## OUTLOOK

- Supply may tighten on output cuts and maintenance
- But demand likely to stay soft on growing inflationary pressures
- Buy-sell gap likely to remain wide

## 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	1650-1750	-50	1800-1900	74.84-79.38
<b>CFR Asia SE</b>	USD/tonne	-50	1750.00-1850.00	-50	1900.00-2000.00	79.38-83.91
<b>CFR India Main Ports</b>	USD/tonne	-50	1850.00-2000.00	-70	2000.00-2200.00	83.91-90.72
<b>SBR 1712, Oil-Extended</b>						
<b>CIF China</b>	USD/tonne	-50	1550-1650	-50	1700-1800	70.31-74.84
<b>CFR Asia SE</b>	USD/tonne	-50	1650.00-1750.00	-50	1800.00-1900.00	74.84-79.38
<b>CFR India Main Ports</b>	USD/tonne	-50	1750.00-1900.00	-70	1900.00-2100.00	79.38-86.18

## China

CIF China assessments for both the non-oil 1502 and the oil-extended 1712 grades were notionally adjusted down with changes seen in the CFR SE Asia assessments to reflect the persistently bearish market sentiment, even in the absence of any concrete CIF China discussions.

Local end-users were amply supplied by domestically produced materials and steered away from US dollar-denominated imports to avoid undue currency risks.

Domestic prices in China for 1502 SBR were flat on muted local trade momentum.

### East China domestic SBR 1502 prices

Price (CNY/tonne)	17 Aug	10 Aug
E China Ex-Warehouse	11,500-11,600	11,500-11,600

## Southeast Asia

CFR southeast Asia prices for the non-oil 1502 grade were down, taking into account lower discussions heard for cargoes from diverse origins.

The high end tracks pricing indications for cargoes from regular suppliers in wider Asia, while those of China-origin materials were reflected at the low end.

CFR SE Asia assessments for the oil-extended 1712 grade were adjusted down in tandem with changes for the 1502 grade assessment.

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

Aug 17) 2022	(1- Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
152.41	158.83	164.15	162.81	171.15	175.18	179.84	178.12

## India

CFF India assessments for the non-oil 1502 grade softened on lower discussions for cargoes from diverse origins.

Selling indications for cargoes from suppliers in wider Asia were captured at the high end, while discussions for China-origin materials were heard capped at the low-end.

CFR India assessments for the oil-extended 1712 grade were also dropped in line with changes for the 1502 grade.

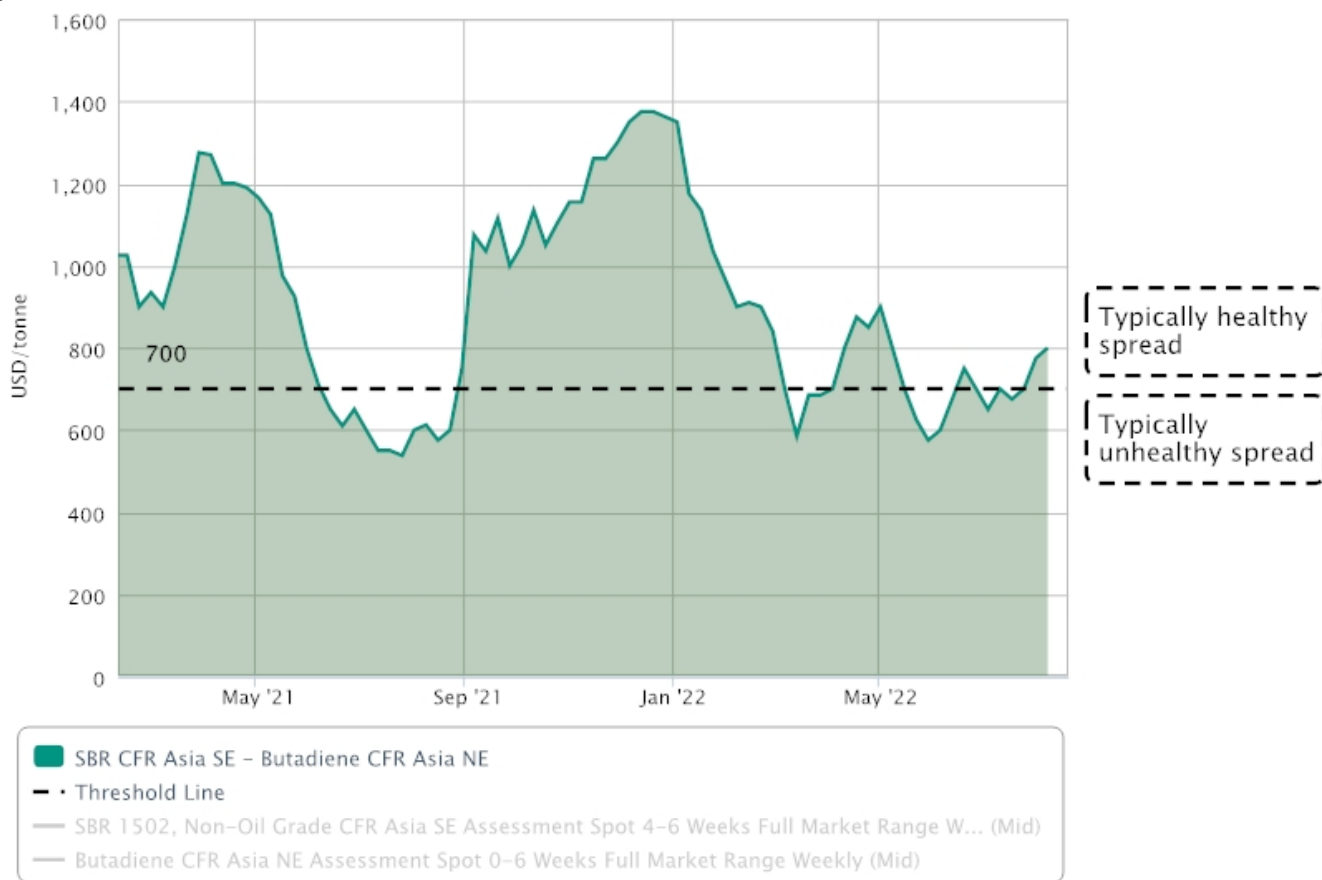
## UPSTREAM

### Butadiene (BD)

- Thin demand weighs on import discussions
- Increased export offers from China
- Buyers also cautious with domestic China [volatility](#)

The chart below shows the spread between butadiene and SBR.

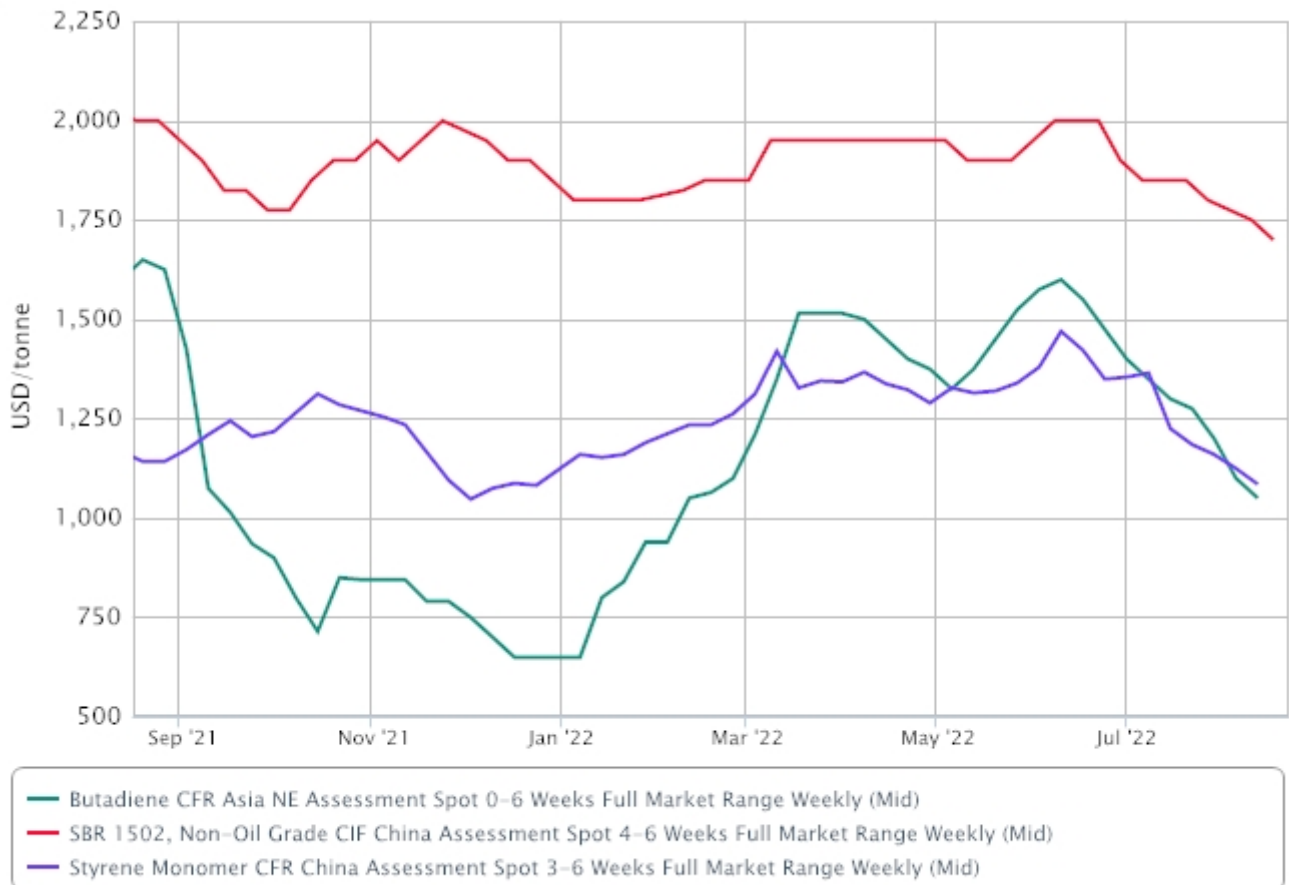
[Downstream spread – butadiene NE Asia and SBR SE Asia](#)



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**Styrene:**

- Thin spot liquidity on mixed market sentiment
- Downtrend slows after import margins for China improve
- Asian export trading activity stays slow on closed arbitrage to the west



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## PRODUCTION

In China, operating rates of local SBR plants slipped to 65% for the week ended 12 August, two percentage points down from the week prior, market sources said.

But in wider Asia, SBR output has tightened, with [output cuts](#) at some regional plants and [upcoming](#) maintenances.

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

## OTHER REGIONS

### Europe

- August contract talks ongoing
- Demand quiet
- Spot prices stable to soft

### US

- Supplies balanced with demand
- Costs remain elevated, but face pressure
- Feedstock BD snug

## ANALYTICS

## ICIS Downstream Automotive Demand Outlook

It has been about a year-and-a-half since the world was plunged into the coronavirus crisis – impacting automotive production. Following this disruption, acute computer chip shortage ensued. And now war related disruptions, such as the shutdown of the Nord Stream 1 natural gas pipeline, further aggravated problems of an industry already under duress. The industry, so far, is struggling to make any meaningful recovery – even though May's auto sales performance was in positive territory. The global light vehicle selling rate increased to 76m units in May from 67m units April, according to Oxford Economics. The growth was primarily contributed by China as the nation eased lockdown measures. However, renewed lockdown actions cannot be ruled out.

According to the US Census Bureau, US light vehicle sales rose 2.3% month on month in June with total sales of 12.9m units (yet this is down 16% year on year and 25% down from 2019 levels). The finished inventory to sales ratio slightly improved month on month from 0.440 to 0.527 in May. (For context, the ratio was 1.108 and 2.948 respectively in March 2021 and 2020.)

The European Automobile Manufacturers Association (ACEA) reported a 15.4% fall year on year in passenger car registrations in June. All major European economies posted a double-digit sales contraction, as logistics and supply chain problem continue to dent industry growth i.e. Germany (-18.1%), Italy (-15.0%) and France (-14.2%) and Spain (-7.8%). Commercial vehicle registration was down 17.7% month on month in May (with sales down for the eleventh consecutive month). Another direct impact of the Russia-Ukraine conflict is constrained supply of neon gas, which is used in making microchips. Ukraine is one of the leading producers of neon gas. The UK's SMMT also reported, total registration was down 24.3% in June year on year, and down 12% year to date, with diesel cars taking the largest impact (down 46.7% year on year in June). Another new development for this month pertains to the Nord Stream 1 pipeline maintenance schedule with lack of clarity on resumption of operations.

China's automotive outlook continue to puzzle, as it heavily relies on the status of the movement control restrictions. China reported improved sales and production figures because of the easing of lockdown measures. According to the China Association of Automobile Manufacturers (CAAM), Chinese car production was up 28.2% year on year in June 2022. A similar level of growth was reported in month on month as well. Inventory levels were down from 1.51 to 1.36 in June. India's outlook seems to be on the positive side, as there were signs of easing of tightness in computer chips supply. However inflation concerns remain. FADA reported India retail sales rose 27% in June year on year (still down 9% as compared to 2019 levels).

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## Motor vehicle sector growth by region

2021 vs 2022



SOURCE: Oxford Economics

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