



Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim
21-Dec-2022

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

The weekly pricing analysis will not be published on 28 December 2022. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

- **Discussions capped on year-end lull**
- **Low buying interest**
- **Offers steady on cost pressures**

Spot trade liquidity was low in Asia's styrene-butadiene-rubber (SBR) market, as many participants are already winding down for the year-end and not keen to take on any fresh buy or sell positions.

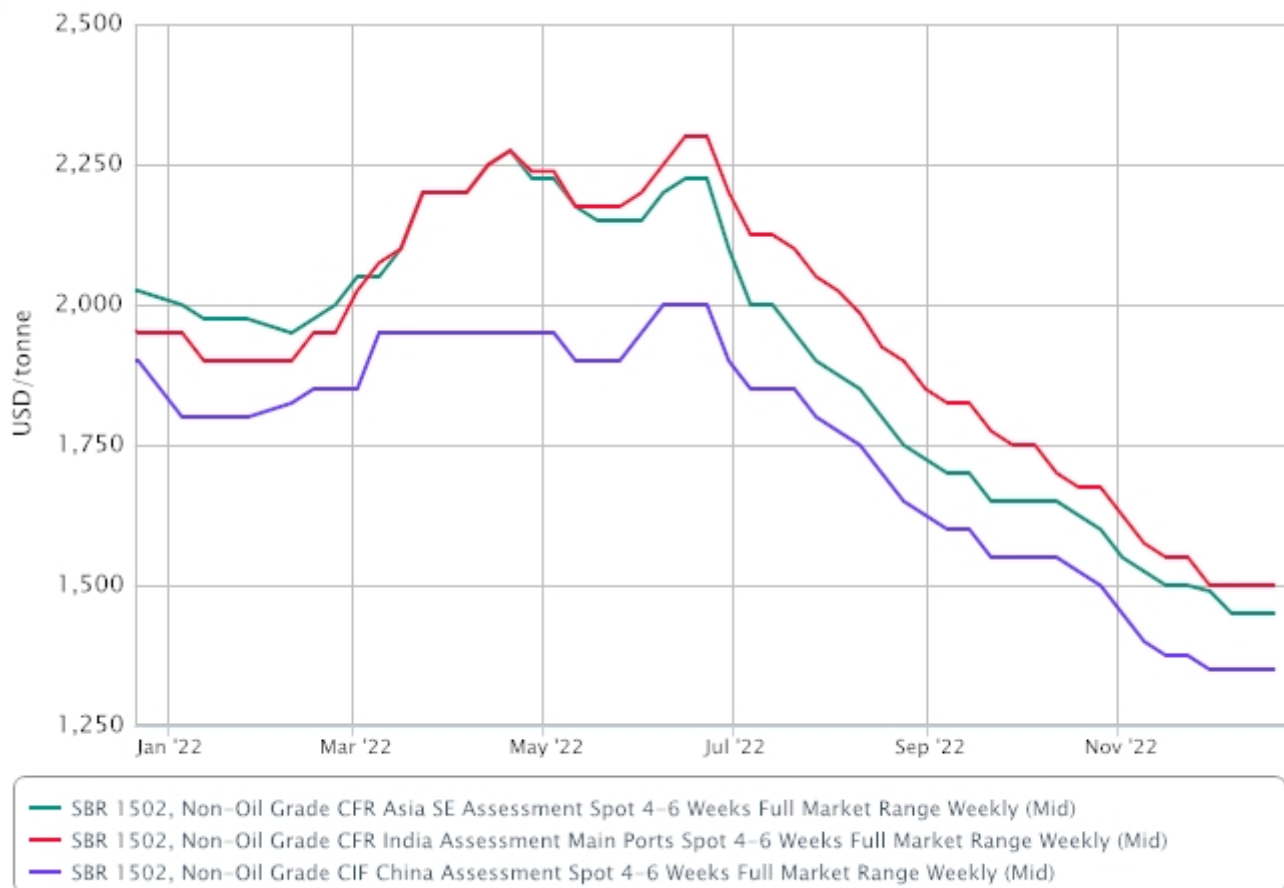
Buyers held back citing [uncertainty](#) about how and when China's downstream markets will recover more concretely.

After a recent surge in COVID-19 infections, sources said factories in China are still grappling with a manpower shortage and are not able to ramp up operations, even though strict COVID-19 controls were eased.

This stalemate may stretch until after the extended Lunar New Year holiday is over in February, and end-users in southeast and south Asia said that they would therefore go slow and wait until the New Year to reassess their next spot procurements.

Selling indications were heard broadly unchanged, supported in part by rising cost pressures stemming from recent upstream increases.

Also, amid the ongoing Ukraine war, Europe-based end-users were heard looking to increase contractual SBR intake from Asia next year and reduce their reliance on Russian supplies. If so, spot selling pressure for Asian SBR makers will ease, shoring up additional support for current spot offers, market sources said.



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OUTLOOK

- China's easing of zero-COVID policy eyed closely
- [Demand outlook](#) still hazy in near term
- Global growth recovery to face [headwinds](#) in 2023

PRICES

SPOT PRICES

| | | | Price Range | | Four Weeks Ago | US CTS/lb |
|--------------------------------|-----------|-----|-----------------|-----|-----------------|-------------|
| SBR 1502, Non-Oil Grade | | | | | | |
| CIF China | USD/tonne | n/c | 1300-1400 | n/c | 1350-1400 | 58.97-63.50 |
| CFR Asia SE | USD/tonne | n/c | 1400.00-1500.00 | n/c | 1450.00-1550.00 | 63.50-68.04 |
| CFR India Main Ports | USD/tonne | n/c | 1450.00-1550.00 | n/c | 1500.00-1600.00 | 65.77-70.31 |
| SBR 1712, Oil-Extended | | | | | | |
| CIF China | USD/tonne | n/c | 1250-1350 | n/c | 1300-1350 | 56.70-61.24 |
| CFR Asia SE | USD/tonne | n/c | 1350.00-1450.00 | n/c | 1400.00-1500.00 | 61.24-65.77 |
| CFR India Main Ports | USD/tonne | n/c | 1400.00-1500.00 | n/c | 1450.00-1550.00 | 63.50-68.04 |

China

The CIF China assessment for non-oil 1502 grade was kept unchanged on range-bound offers.

Discussions for US dollar denominated imports were limited due to lacklustre local demand.

The assessment for oil-extended 1712 grade was also rolled with the stable 1502 grade assessment.

Domestic SBR prices in east China softened, as trade momentum tapered following a recent surge in local COVID-19 infections.

East China domestic SBR 1502 prices

| Price (CNY/tonne) | 21 Dec | 14 Dec |
|----------------------|---------------|---------------|
| E China Ex-Warehouse | 10,700-10,800 | 10,800-10,850 |

Southeast Asia

The CFR SE Asia assessment for non-oil 1502 grade was stable, taking into account rangebound discussions heard for Asia-origin material.

The assessment for oil-extended 1712 grade was also rolled with the stable 1502 grade assessment.

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

| Dec (1-21) 2022 | Nov 2022 | Oct 2022 | Sep 2022 | Aug 2022 | Jul 2022 | Jun 2022 |
|-----------------|----------|----------|----------|----------|----------|----------|
| 137.01 | 127.32 | 130.52 | 134.12 | 149.74 | 158.83 | 164.15 |

India

The CFR India assessment for non-oil 1502 grade was unchanged, with offers for Asia origin material heard mostly at the high end, against buying indications capped at the low end.

As buyers continued to see an influx of aggressively-priced deep-sea cargoes, such as from Russia, many held back on bookings for Asian cargoes, in anticipation that sellers of the latter will moderate their expectations to remain competitive with their deep-sea counterparts.

The CFR India assessment for oil-extended 1712 grade was rolled over with the stable 1502 grade assessment.

UPSTREAM

Butadiene (BD)

- Snug supplies lends support to discussions
- Some firmer buy-sell indications surfaced
- Broader demand fundamentals still weak

The chart below shows the spread between butadiene and SBR.

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



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Styrene:

- CFR China market quiet
- Asia SM market largely stable
- Buy-sell gap hampers contract negotiations



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PRODUCTION

Several regional plants, including a 100,000 tonne/year unit in [China](#), and another 120,000 tonne/year line in [India](#), are expected to return from scheduled maintenance closures within the month.

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

OTHER REGIONS

Europe

- December contracts drop triple digits on feedstock losses
- Demand tapers off as Christmas approaches
- Spot prices steady on thin activity

US

- Supplies available against weak demand
- De-stocking through December
- BD nominations to emerge next week

ANALYTICS

ICIS Automotive Outlook

The global automotive industry was hit by one shock after another during the year. 2022 started with a growth expectation of 8.8% year on year, but actual growth was 6.1%, according to Oxford Economics. The last few years have been extremely tough. 2020 was one of the worst on record as the industry was one of the first and hardest hit by the pandemic - and has yet to make a full recovery. 2021 was also challenging due to the semiconductor shortage - as supply was diverted to the electronics industry. And 2022 has also been difficult due to geopolitical tensions. The Russia-Ukraine war has impacted the auto industry because Russia is a leading producer of palladium - a key material used in computer chip production. The supply of neon gas, which is also used in making microchips, has also been constrained. 2023 is also expected to be challenging for the industry due to the cost-of-living crisis, because car buyers are expected to postpone purchases.

According to the Census Bureaus, US light vehicle sales fell 6.5% month on month in November, and total sales were at 14.1m units - which was up 7.9% year on year, but down 17.7% from 2019. Rising inflation, a slump in consumer confidence and tighter monetary policy will weigh on demand for vehicles. The outlook for 2023 remains concerning.

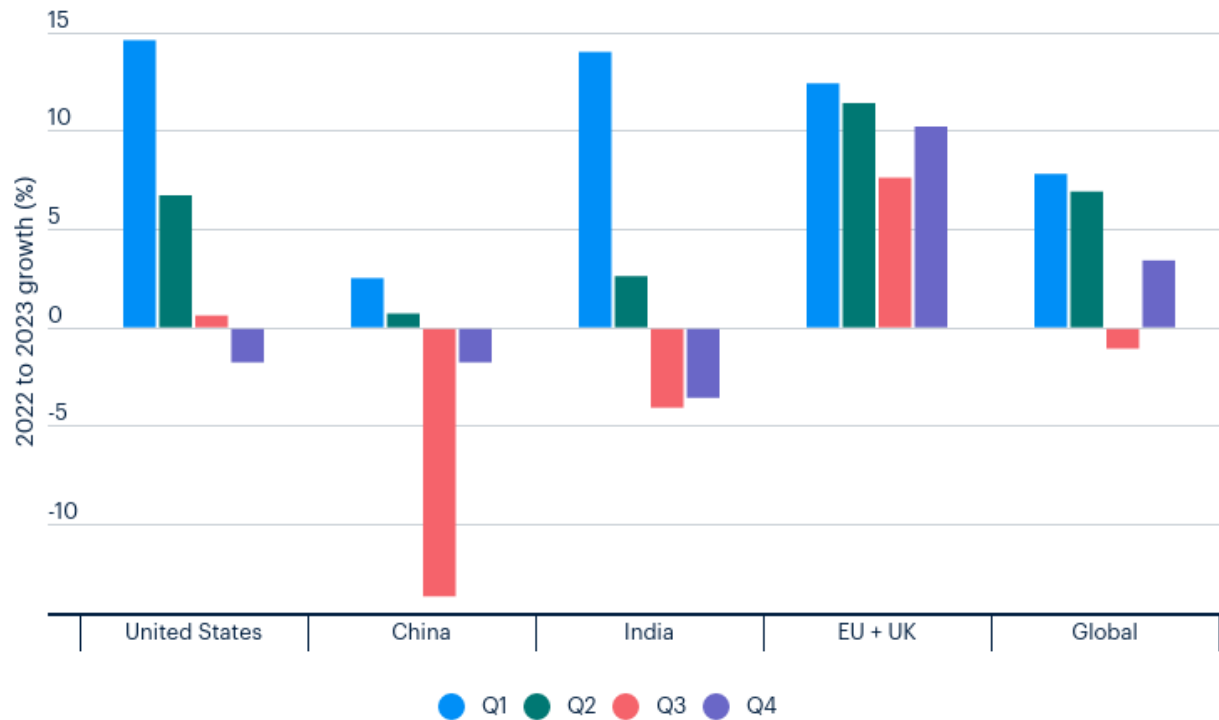
According to the European Automobile Manufacturers' Association (ACEA), EU passenger car registrations increased by 12.2% year on year in October, although the increase is a function of a lower 2021 base. ACEA said Germany posted the largest gain with a 16.8% increase, followed by Italy (+14.6%), Spain (+11.7%) and France (+5.5%). However, commercial vehicle registrations fell by 8.9% - a sixteenth consecutive monthly decline. Germany reported the sharpest fall at -12.4%, followed by France (-5.3%) and Italy (-3.9%). The outlook for 2023 remains challenging, especially for commercial vehicles, on the back on reduced industrial activity.

The outlook for China's automotive industry remains puzzling, as it heavily dependent on consumer mobility. China has also experimented with the 'closed-loop system' of production where workers live in on-site dormitories at the plant. However, it was suspended due to a lack of spare parts. India's automotive industry will face challenges as large portion of spare auto parts are imported from China. As a result, China's emerging COVID-19 policies will determine the health of the region's industry.

By **Jincy Varghese**, ICIS demand analyst, jincy.varghese@icis.com

Motor vehicle sector growth by region

2022 vs 2023



SOURCE: Oxford Economics

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