



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

- **Discussions were muted**
- **Offers supported on cost concerns**
- **Weak demand persists**

Asian spot prices for styrene butadiene rubber (SBR) were flat amid muted, range-bound discussions.

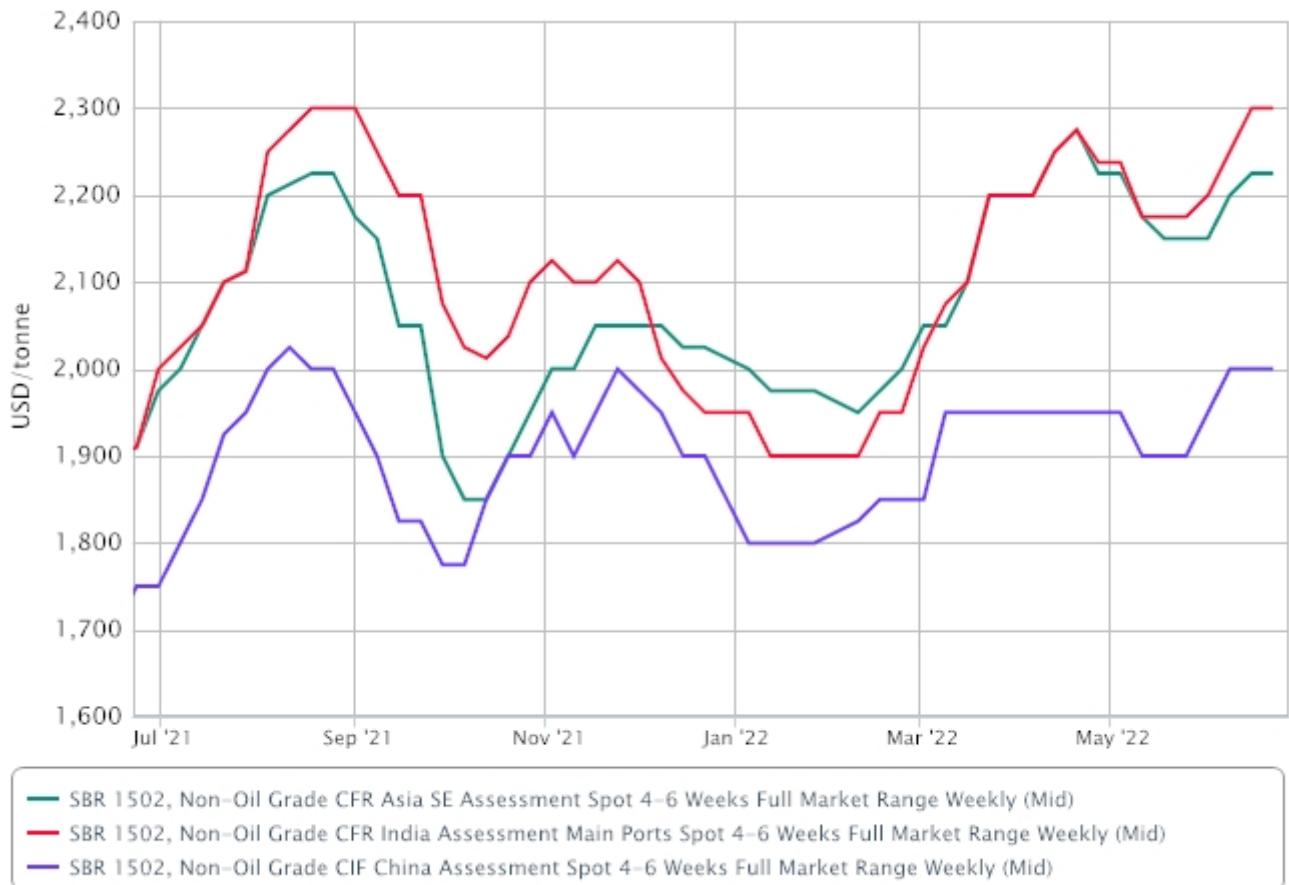
Sellers held firm to existing offers, citing the continual need to recoup high production costs.

However, these offers were met with limited response from buyers, many of whom are bearish in their outlook on downstream demand conditions, and thus reluctant to commit on new spot bookings.

Although latest industry data pointed to a rebound in China's [May vehicle sales](#), market players said that production recovery at China's tyre factories has been much slower than expected, which dampened off-take rate for SBR.

Elsewhere in Asia, the demand picture for SBR is also dull, as auto plant operations in various northeast Asian outlets are still hampered by the perennial shortage of microchips. As long as this stays the case, market players said that SBR requirements in these outlets will also be capped.

Nevertheless, sellers were heard not inclined to increase discounts on existing offers to induce sales. Instead, many are leaning towards [trimming operations](#) to minimise surplus volumes and keep cost outlay down.



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OUTLOOK

- Deeper output cuts likely if buying does not pick up
- Buy-sell gap may widen
- Demand recovery may be thwarted by rising [recession fears](#)

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	n/c	1950-2050	n/c	1850-1950	88.45-92.99
CFR Asia SE	USD/tonne	n/c	2200.00-2250.00	n/c	2100.00-2200.00	99.79-102.06
CFR India Main Ports	USD/tonne	n/c	2200.00-2400.00	n/c	2100.00-2250.00	99.79-108.86
SBR 1712, Oil-Extended						
CIF China	USD/tonne	n/c	1850-1950	n/c	1750-1850	83.91-88.45
CFR Asia SE	USD/tonne	n/c	2150.00-2200.00	n/c	2050.00-2150.00	97.52-99.79
CFR India Main Ports	USD/tonne	n/c	2150.00-2350.00	n/c	2050.00-2200.00	97.52-106.59

China

CIF China assessments for both the non-oil 1502 grade and the oil-extended 1712 grade held steady, in the absence of concrete discussions and transactions for US dollar-denominated imports.

Domestic 1502 SBR prices in China were stable-to-soft, as trade momentum is slower than expected amid a [bumpy recovery](#) of downstream operations post-lockdown.

East China domestic SBR 1502 prices

Price (CNY/tonne)	22 Jun	15 Jun
E China Ex-Warehouse	12,300-12,500	12,400-12,500

Southeast Asia

CFR southeast Asia prices for the non-oil 1502 grade were unchanged, tracking range-bound offers, and in the absence of any concrete, fresh buying interest.

With natural rubber prices still trending down, market sources said that this could also impact on demand for synthetic rubber as end-users may switch to use more natural rubber, at the expense of synthetic rubber like SBR, to save costs.

CFR SE Asian prices for the oil-extended 1712 grade were also rolled over with the stable 1502 grade assessments.

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

June 2022	(1-22) May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
164.93	162.81	171.15	175.18	179.84	178.12

India

CFR Indian assessments for the non-oil 1502 grade are also unchanged, tracking broadly unchanged selling indications for cargoes of diverse origins.

Some buyers continued to keep away, awaiting more clarity on whether competitively-priced alternatives may surface, such as those of deep-sea origins.

Downstream operations in the country also seasonally tapers off in the upcoming monsoon season, and market players said that this could also weigh down on SBR requirements.

CFR India assessments for the oil-extended 1712 grade was also rolled with stable 1502 grade assessments.

UPSTREAM

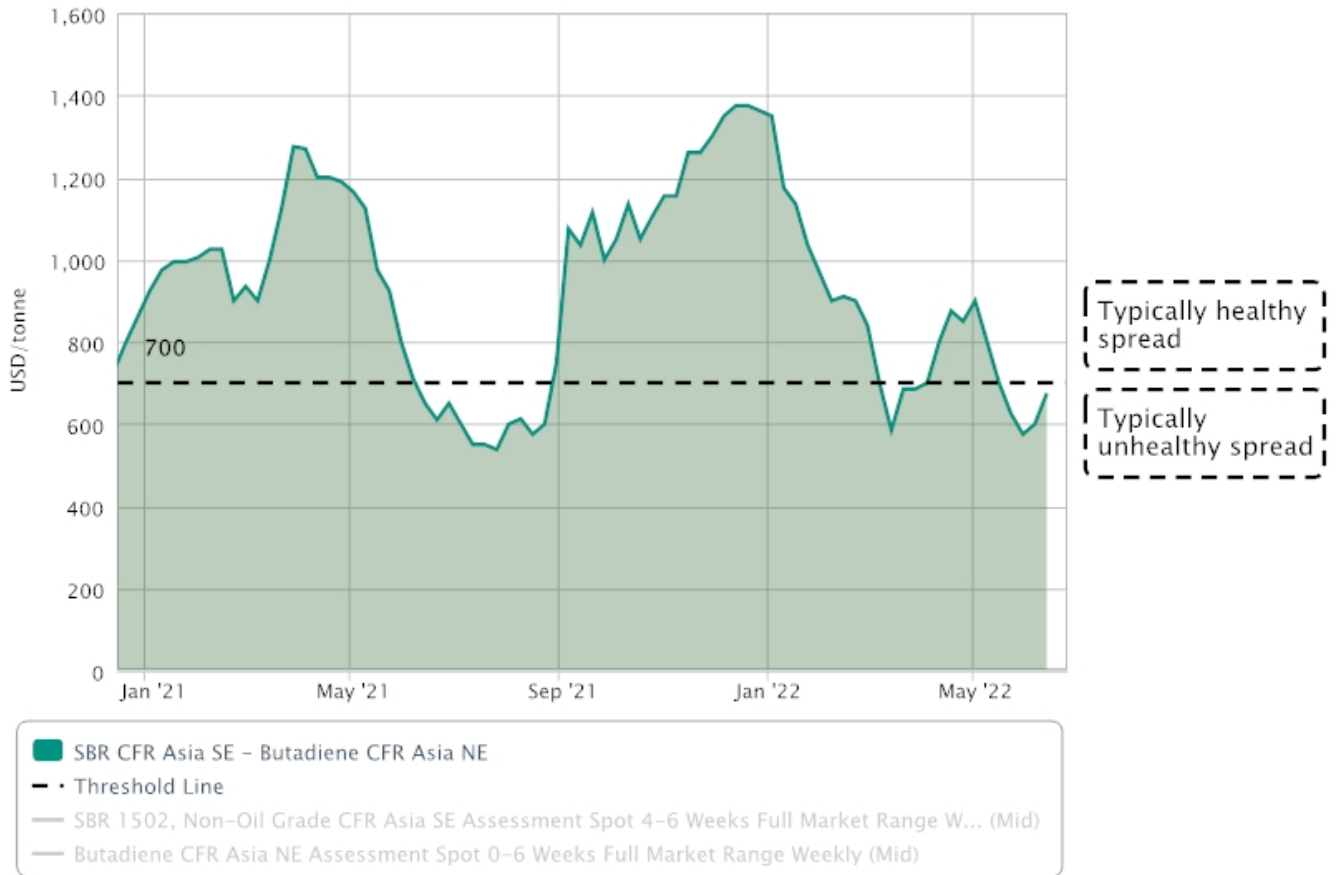
Butadiene (BD)

- Buying appetite shrunk with a weaker domestic China
- Import offers still see support from prompt supply limitations

- Buy-sell gap widens

The chart below shows the spread between butadiene and SBR.

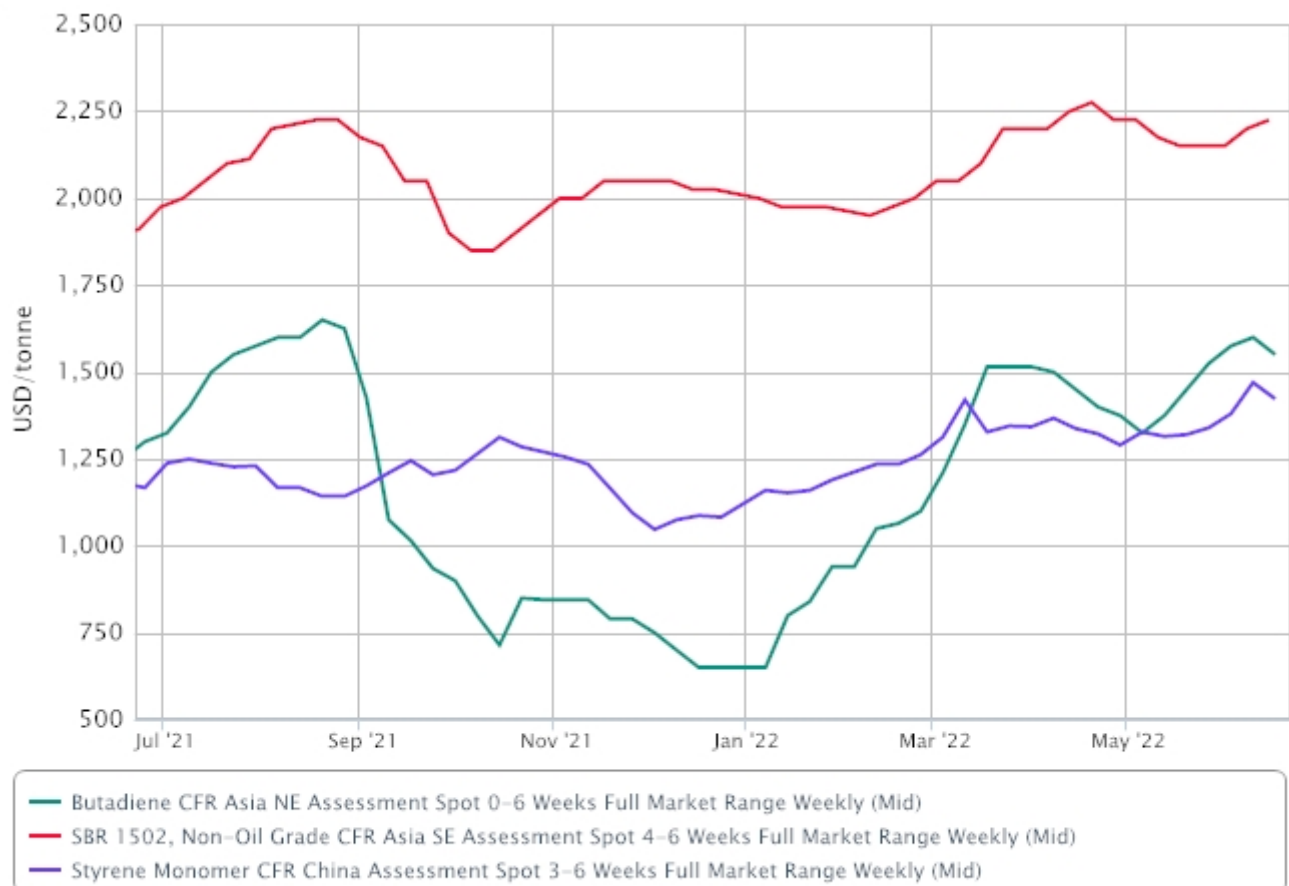
[Downstream spread – butadiene NE Asia and SBR SE Asia](#)



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Styrene:

- Prices reverse course on profit-taking
- Poor downstream buying activity weighs on sentiment
- China's balance remains mixed



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PRODUCTION

In China, operating rates of local SBR plants fell to an average of 66% for the week ended 17 June, one percentage point lower than the week prior, market source said.

However, local supplies may grow once a local plant [shut](#) since the end of May restarts in a week or two after completing a month-long maintenance.

In wider Asia, prior snugness in regional spot supplies may also ease with the [completion](#) of plant maintenance.

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

OTHER REGIONS

Europe

- June contracts mostly increase on feedstocks
- Mixed pricing picture in cases; June SBR contracts settle next week
- Stable spot prices

US

- Supplies balanced with demand
- Catalyst supply issues weigh on run rates
- US SBR import volumes [consistent](#) despite tyre demand increase

ANALYTICS

ICIS Downstream Automotive Demand Outlook

The global automotive industry is still struggling to make up for pandemic-induced losses. The global light vehicle selling rate fell to 75m units/year in March, with a Q1 2022 average of 79m units/year, as supply issues continued to cap sales growth (Oxford Economics). Material shortages continue to hit the industry. The semiconductor industry is already running at full capacity but is still unable to meet demand. Typical lead times for key materials are between six and eight months. Car manufacturers are bracing for the impact. Toyota reported net income of yen (¥) 2.8tr for FY2022 (an increase of 27%), despite logistics issues. However, its guidance for FY2023 is for net income of ¥2.3tr (down 21% year on year) because the company expects material costs to more than double this year.

According to the US Census Bureau, US light vehicle sales increased by 6.6% month on month in March with total sales of 14.3m (still down 22% year on year). The finished inventory to sales ratio continues to be extremely low at 0.470. The ratio was 1.564 and 3.140 respectively in March 2021 and 2020.

The European Automobile Manufacturers' Association (ACEA) reported a 21% fall year on year in passenger car registrations in March, an historic low. Major European economies posted double-digit sales contractions: Spain (-30%), Italy (-30%), France (-20%) and Germany (-18%). Commercial vehicle registration was down 25% month on month in January, and inventories were alarmingly low. Another direct impact of the conflict in Ukraine is limited supply of neon gas, which is used in making microchips. Ukraine is one of the leading producers of neon gas. The UK's Society of Motor Manufacturers and Traders reported total registrations down 16%, with diesel cars down 52% year on year in April.

In China, auto sales and production steeply declined as a result of the strict coronavirus lockdowns. According to the China Association of Automobile Manufacturers (CAAM), car production was down 46% year on year in April 2022. A similar fall was reported month on month. The outlook for Chinese automotive remains bearish, mainly because of movement controls. Inventory is up thanks to weak sales. The China Automobile Dealers Association reported an inventory coefficient of 1.91, an increase of 9.1% month on month and a year-on-year increase of 22% (with levels above 1.5 considered a warning).

The Indian outlook continues to be bearish. The Federation of Automobile Dealers Associations of India said total vehicle sales increased by 37% in April year on year. However, compared with April 2019 (pre-pandemic), the sales are still down 6%.

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Motor vehicle sector growth by region

2021 vs 2022



SOURCE: Oxford Economics

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