



## Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim  
23-Feb-2022

[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

- **Offers steady on cost concerns**
- **Spot supplies snug**
- **Buyers resistant**

Asian spot prices for styrene-butadiene-rubber (SBR) were stable-to-firm. [Offers](#) were generally supported by upstream cost pressures, but buying momentum was curtailed in some outlets by geopolitical uncertainties.

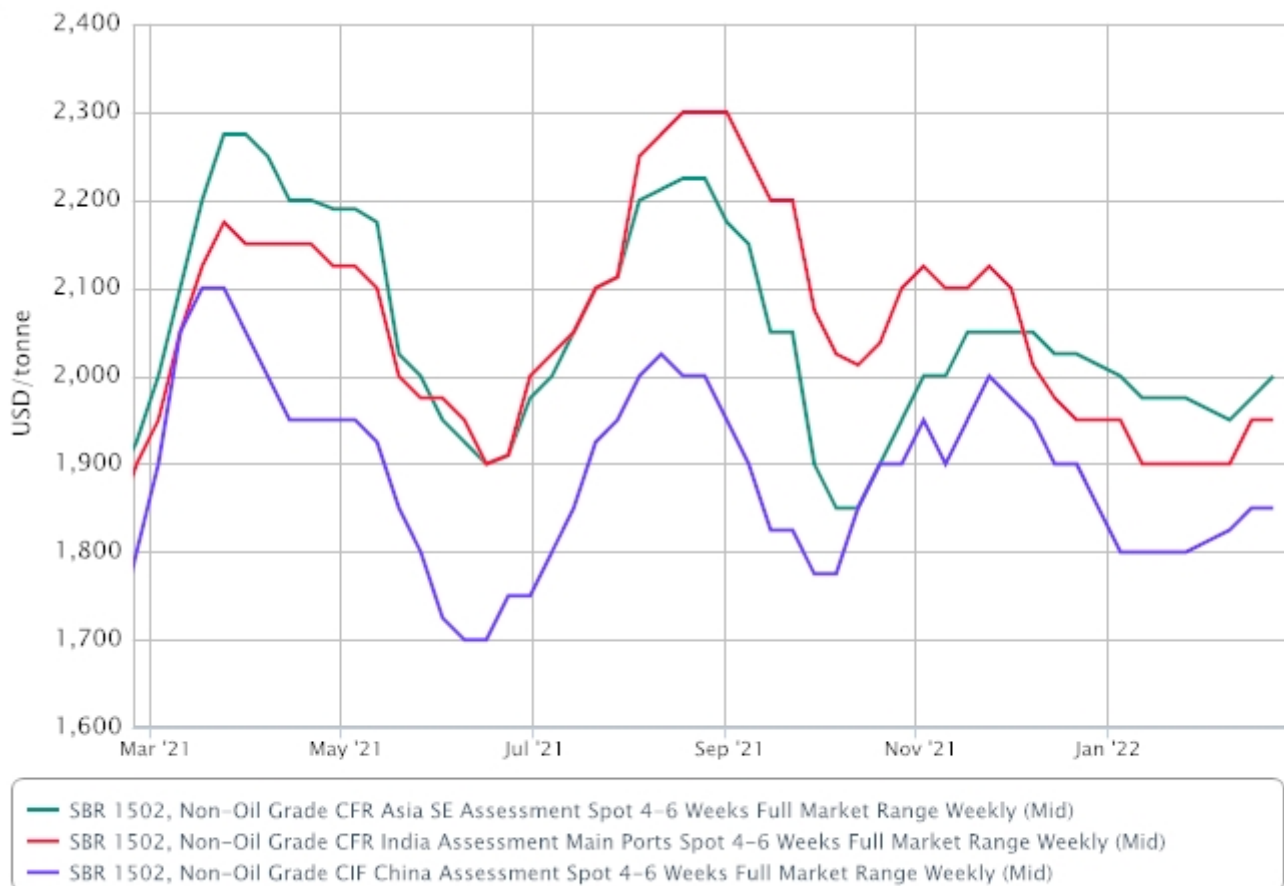
Sellers held firm to existing asking prices and even chased higher targets, citing the need to recover rising upstream costs and protect their bottom lines.

Spot supplies were also limited amid ongoing and upcoming turnarounds.

In China, downstream requirements were lacklustre. Factories have yet to ramp up operations amid ongoing Winter Olympic-related controls and restrictions.

In India, end-users were also heard unable to commit more heavily to SBR purchases. This is because operations in the local downstream automotive sector have been weighed down by the ongoing microchip shortage.

However, in the import reliant-southeast Asian outlet, some buyers stepped up to purchase at prices closer to sellers' asking levels and secured volumes before the existing spot supply pool runs dry.



© 2022 ICIS

## OUTLOOK

- **Regional supply may tighten on upcoming turnarounds**
- **Upstream cost pressures may increase**
- **Geopolitical tensions may weigh on demand**

### ICIS analyst view on styrene butadiene rubber (SBR)

ICIS expects healthy fundamentals in the Asian SBR market in February and March.

Most Chinese tyre factories are restarting their businesses. The Lunar New Year holiday period for Chinese tyre manufacturers was longer than last year. Destocking of pre-holiday tyre inventories could weigh on SBR demand while price increases for butadiene (BD) seen in February could increase raw material costs. An impending shutdown at YNCC's third cracker in Yeosu on 20 February, following an explosion on 11 February, may impact BD prices, which could also affect the SBR market.

Recent volatility in the Chinese natural rubber futures market due to speculative profit-taking activity, could potentially impact short-term market sentiment.

However, SBR prices are still expected to be constrained by weaker end-user demand due to the semiconductor shortage through the first-half of 2022. Tight microchip supply could continue to put downward pressure on original equipment tyre demand globally.

By **Yilan Wang** ([yilan.wang@icis.com](mailto:yilan.wang@icis.com))

For more information about analytical content, click [here](#).

## PRICES

### SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
<b>SBR 1502, Non-Oil Grade</b>						
<b>CIF China</b>	USD/tonne	n/c	1800-1900	n/c	1750-1850	81.65-86.18
<b>CFR Asia SE</b>	USD/tonne	+50	1950.00-2050.00	n/c	1950.00-2000.00	88.45-92.99
<b>CFR India Main Ports</b>	USD/tonne	n/c	1900.00-2000.00	n/c	1850.00-1950.00	86.18-90.72
<b>SBR 1712, Oil-Extended</b>						
<b>CIF China</b>	USD/tonne	n/c	1700-1800	n/c	1650-1750	77.11-81.65
<b>CFR Asia SE</b>	USD/tonne	+50	1850.00-1950.00	n/c	1850.00-1900.00	83.91-88.45
<b>CFR India Main Ports</b>	USD/tonne	n/c	1800.00-1900.00	n/c	1750.00-1850.00	81.65-86.18

### China

Domestic prices for 1502 grade extended losses, weighed down by lacklustre downstream offtake.

End-user requirements were low and are not expected to recover until after the Winter Olympics are over in early March.

Requirements for US dollar-denominated SBR imports were low as a result, but selling indications for imports held steady, supported by upstream cost concerns.

The CIF China assessment for non-oil 1502 grade was rolled over, taking into account stable offers and a lack of fresh buying indications.

The CIF China assessment for oil-extended 1712 grade was also kept unchanged with the stable 1502 assessment.

### East China domestic SBR 1502 prices

Price (CNY/tonne)	23 February	16 February
E China Ex-Warehouse	12,000-12,200	12,400-12,700

### Southeast Asia

CFR southeast (SE) Asian prices for the non-oil 1502 grade were assessed in a narrower range, with the low end raised to capture firmer discussions.

Sellers held their ground on higher asking prices, citing the need to recoup rising production costs.

The CFR SE Asian assessment for oil-extended 1712 grade was also adjusted up on the low end, in tandem with changes in the 1502 grade assessment.

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

Feb 23) 2022	(1- Jan 2022	Dec 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021	July 2021
179.16	178.12	172.08	175.65	174.39	163.23	172.67	164.32

### India

The CFR India assessment for both non-oil 1502 and oil extended 1712 grades were rolled over amid range-bound talks.

Some sellers held back on fresh offers as they want more clarity on how deep-sea import availability will be affected by the ongoing Russia-Ukraine crisis.

Buyers kept to more bearish buying indications, citing reservations about downstream demand growth, especially if the crisis escalates.

### UPSTREAM

Spot trade discussions for Asian **butadiene** (BD) imports were [active](#) in the week ended 18 February, as more sellers emerged. While some deals materialised within the published range, overall liquidity was still limited with some buyers cautious about spot procurement amid lingering macroeconomic uncertainties.

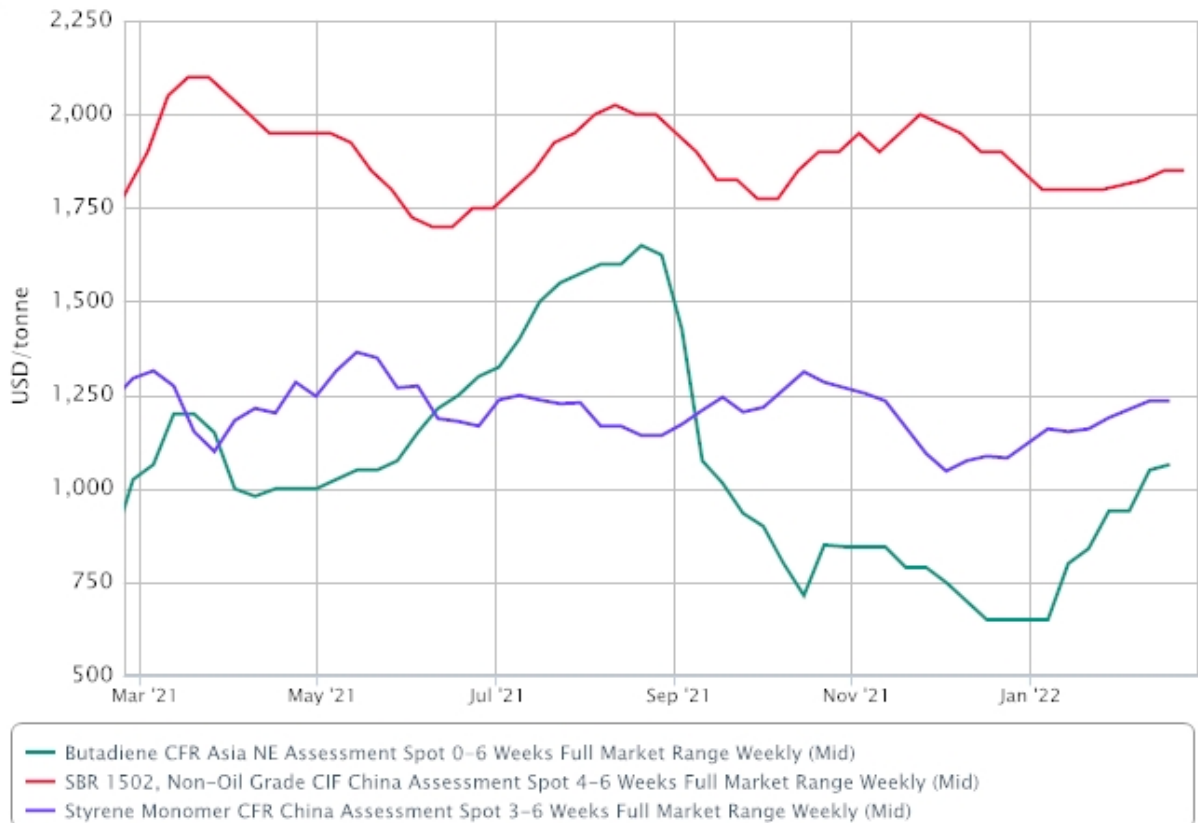
The chart below shows the spread between BD and SBR.

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



© 2022 ICIS

Asian styrene discussions were in a wider range, but the midpoint of prices was steady owing to unchanged strong [fundamentals](#) outside of the China market for March and a bullish market outlook going into April.



© 2022 ICIS

## PRODUCTION

In China, average operating rates at local SBR plants held firm at 93% for the week ended 18 February, unchanged from the week prior.

However, regional supply is tighter after a northeast Asian plant [shut](#) for a two-month long maintenance.

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

## OTHER REGIONS

In Europe, February SBR contract prices [increased](#), tracking firmer upstream BD cost pressures.

## ANALYTICS

### ICIS Downstream Automotive Demand Outlook

It has been more than two years since the world plunged into the coronavirus crisis. But the last year has been the most puzzling in terms of the outlook for stakeholders in the global automotive industry. The level of uncertainty has been unprecedented, challenging for decision-making and risk management. The global automotive industry was one of the first and hardest hit by the pandemic and has yet to fully recover. According to Oxford Economics, global production of light vehicles is expected to reach 83.6m units in 2022, short of its pre-pandemic production rate of 88.4m units in 2019. Supply shocks continue to impact production, with a global shortage of microchips leading to cuts in automotive output. We expect vehicle sales to mirror the production growth rate, as there is not a considerable gap between the two.

The North American auto industry remains weak: production is improving but at a slow pace. US light vehicle production is expected to reach 10.3m units this year compared with 10.6m units in 2019. The industry is still down 2.8% year on year from 2019. Inventories continue to touch new lows. In December, inventories totalled 58,900 units, the lowest since 1993. In the same month, the auto inventory-sales ratio was 0.359. Supply chain issues continue to haunt the industry. Microchip supply has yet to catch up with demand. The key challenge for the region is its semiconductors' demand (which is close to 50%) versus production (which is about 12%) gap. This is one reason for semiconductors being treated as a material of strategic importance. As a result, the CHIPS for America Act was passed in the House in early February. It includes various grants and subsidies aiming to provide more than \$50bn to boost the industry.

European vehicle production is still down compared to the pre-crisis level. Production for this year is forecast to reach 15.3m units compared to 17.8m units in 2019, down by 14%, according to Oxford Economics. In addition, the European Automobile Manufacturers' Association (ACEA) reported a decline in car registrations in December by 23% to 795,295 units, a sixth consecutive month of loss. This implies consumers are delaying their purchases on account of high prices. Commercial vehicles are following suit. According to the ACEA, in December the EU commercial vehicle market contracted again, for a sixth consecutive month. Hopes for a speedy resolution are still faint.

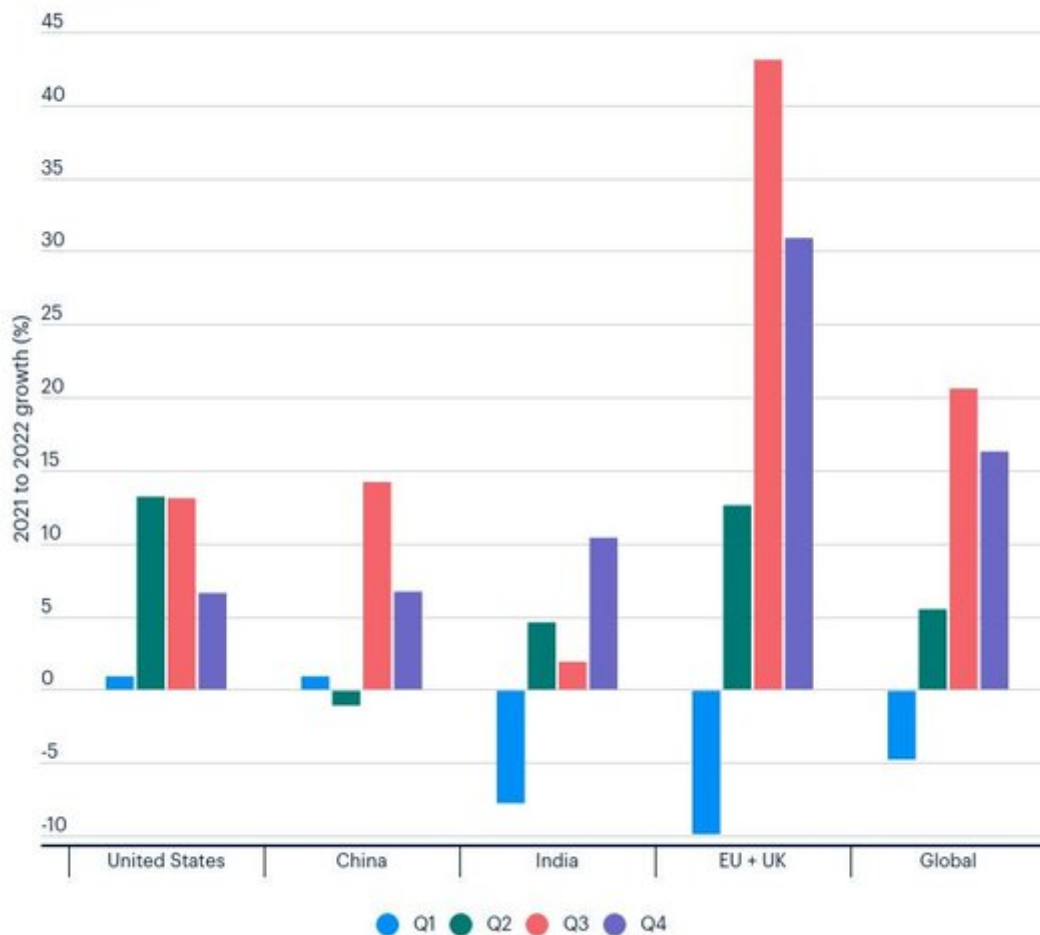
China continues to be the bright light in the global economy, with production expected to reach 25m units this year, up 2.7% from the 2019 level of 24.3m units (Oxford Economics). The China Automobile Dealers Association reported an improvement in inventory levels. The inventory coefficient in January was

reported at 1.46, a month-on-month increase of 2.1%. The reason Asia-Pacific is outperforming the rest of the world is its proximity to the chips manufacturers (about 70% of the global microchip capacity is in Asia). Indian automotive production is expected to recover and be back to its pre-crisis level. An improvement in market sentiment is reported by the Federation of Automobile Dealers Associations of India.

By **Jincy Varghese**, ICIS demand analyst ([jincy.varghese@icis.com](mailto:jincy.varghese@icis.com))

## Motor vehicle sector growth by region

2021 vs 2022



SOURCE: Oxford Economics

**Styrene Butadiene Rubber (Asia-Pacific) | 23-Feb-2022.** 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](mailto: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.

