



Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim
23-Nov-2022

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

OVERVIEW

- **Soft demand persists**
- **Sellers cautious after some upstream cost uptick**
- **Offers scant**

Sentiment in Asia's spot styrene butadiene rubber (SBR) market continues to be underpinned by bearish downstream demand conditions.

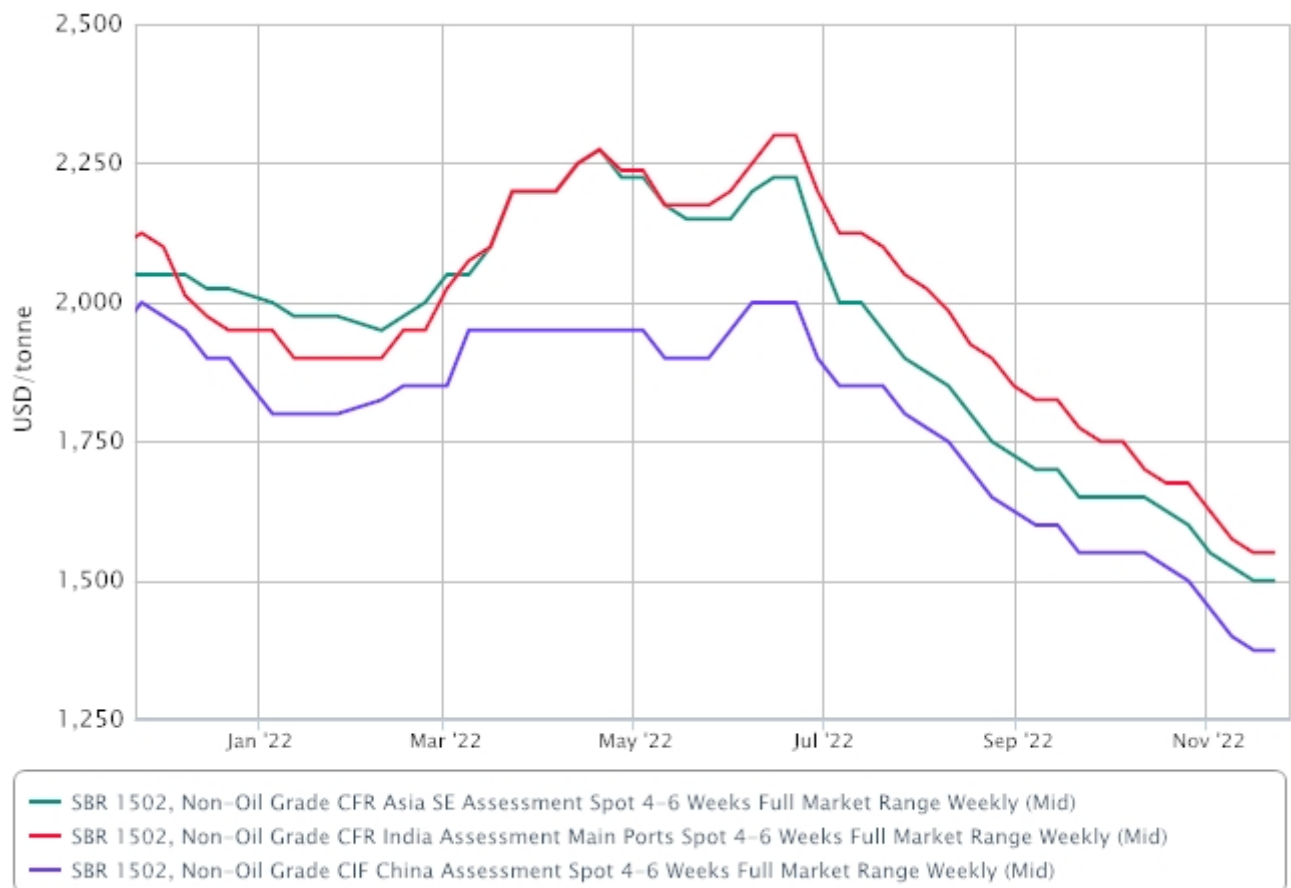
End-users stayed cautious as there are as yet no clear signs of impending recovery in downstream production tempo.

In fact, the recent surge in China of new COVID-19 cases has reinforced prior apprehensions that the current production stalemate in Chinese tyre plants could persist, suppressing in turn requirements for raw materials like SBR.

In wider Asia, end-use consumption is also crimped in the depressed global macroeconomic climate.

On the sell-side, fresh offers are limited and rangebound this week, with sellers cautious not to over-extend on SBR discounts until there is more clarity on how their own feedstock costs may trend.

There was some recent uptick in Asian prices for feedstock [butadiene](#) and styrene, triggering concerns among SBR makers that this could place further pressure on their already squeezed production margins.



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OUTLOOK

- Unclear when the COVID-19 situation in China will stabilise
- **Bearish** market sentiment may not clear up soon either
- Sellers to monitor upstream pricing movement

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	n/c	1350-1400	n/c	1450-1550	61.24-63.50
CFR Asia SE	USD/tonne	n/c	1450.00-1550.00	n/c	1550.00-1650.00	65.77-70.31
CFR India Main Ports	USD/tonne	n/c	1500.00-1600.00	n/c	1600.00-1750.00	68.04-72.57
SBR 1712, Oil-Extended						
CIF China	USD/tonne	n/c	1300-1350	n/c	1400-1500	58.97-61.24
CFR Asia SE	USD/tonne	n/c	1400.00-1500.00	n/c	1500.00-1600.00	63.50-68.04
CFR India Main Ports	USD/tonne	n/c	1450.00-1550.00	n/c	1550.00-1700.00	65.77-70.31

China

CIF China assessments for both the non-oil 1502 and the oil-extended 1712 grades were rolled over in the absence of any fresh pricing indications.

Domestic SBR prices in east China picked up with some upstream gains.

East China domestic SBR 1502 prices

Price (CNY/tonne)	23 Nov	16 Nov
E China Ex-Warehouse	10,800-10,900	10,700-10,800

Southeast Asia

CFR SE Asian assessments for the non-oil 1502 grade were unchanged on rangebound offers and discussions.

Spot trade liquidity is low as buyers kept away from the spot market.

Although natural rubber (NR) prices are still at year-low levels, these are slowly inching back up in recent weeks. As such, some sellers are hopeful that as long as this upside momentum continues for NR, it could help over time dilute buyers' resistance against purchasing synthetic rubber.

Assessments for the oil-extended 1712 grade are also flat with stable 1502 assessment.

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

Nov 23) 2022	(1- Oct 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022
126.97	130.52	134.12	149.74	158.83	164.15	162.81	171.15	175.18	

India

CFR Indian assessment for the non-oil 1502 grade are kept unchanged with rangebound offers heard for cargoes from diverse Asia origins.

With domestic output still capped by an [extended](#) plant maintenance closure, some regional makers also expected this to keep India's buying interest for imports supported.

However, buy-side elements said that as there is no lack of spot availabilities from other deep-sea origins and given that these cargoes are also competitively priced against Asia-origin materials, they see no need to rush to commit on any fresh imports for now.

CFR Indian assessments for the oil-extended 1712 materials were flat with stable 1502 assessment.

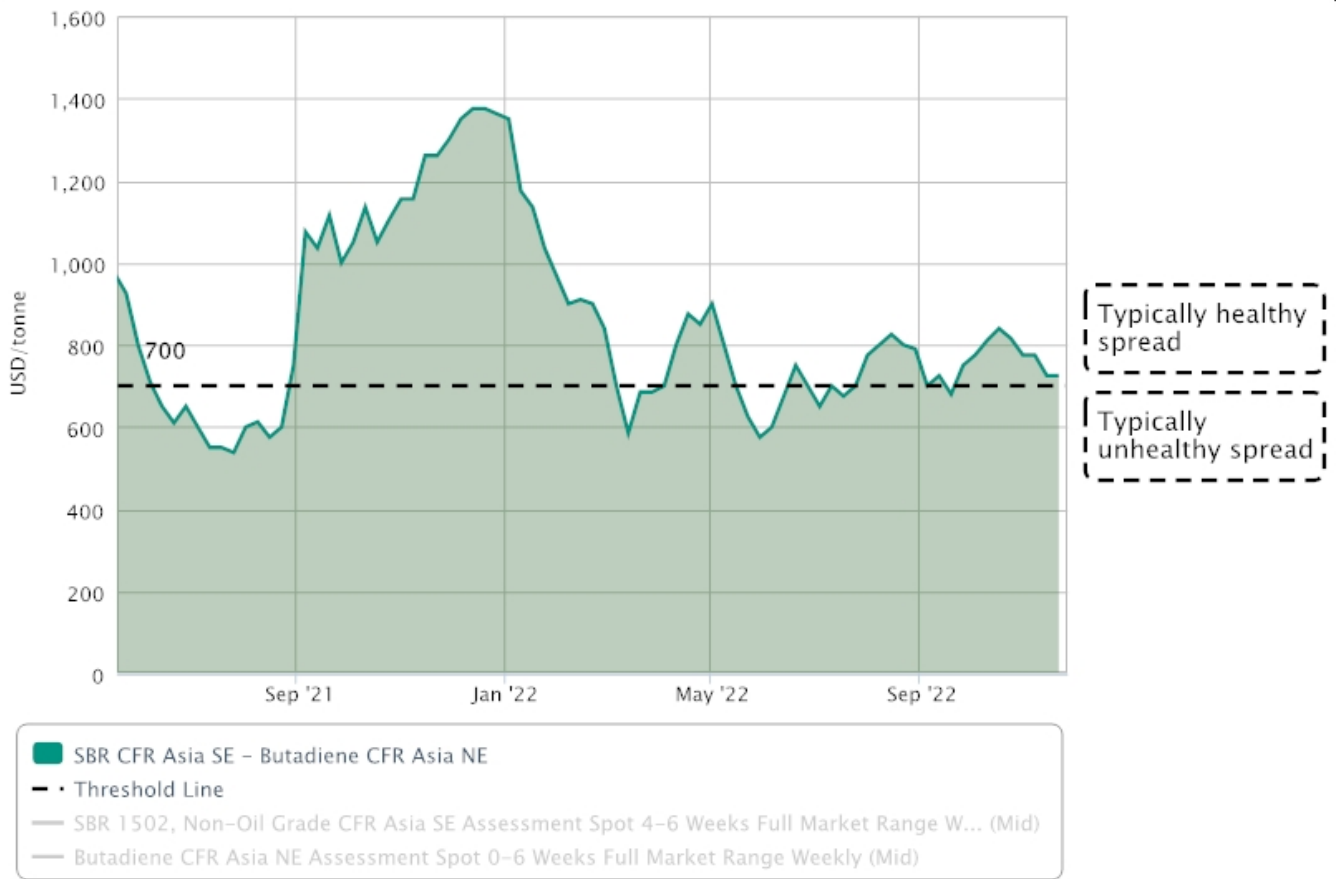
UPSTREAM

Butadiene

- Domestic China supported on expectations of constrained output
- China's buying appetite for imports [boosted](#) in line
- Wider regional downstream demand still weak

The chart below shows the price spread between butadiene and SBR.

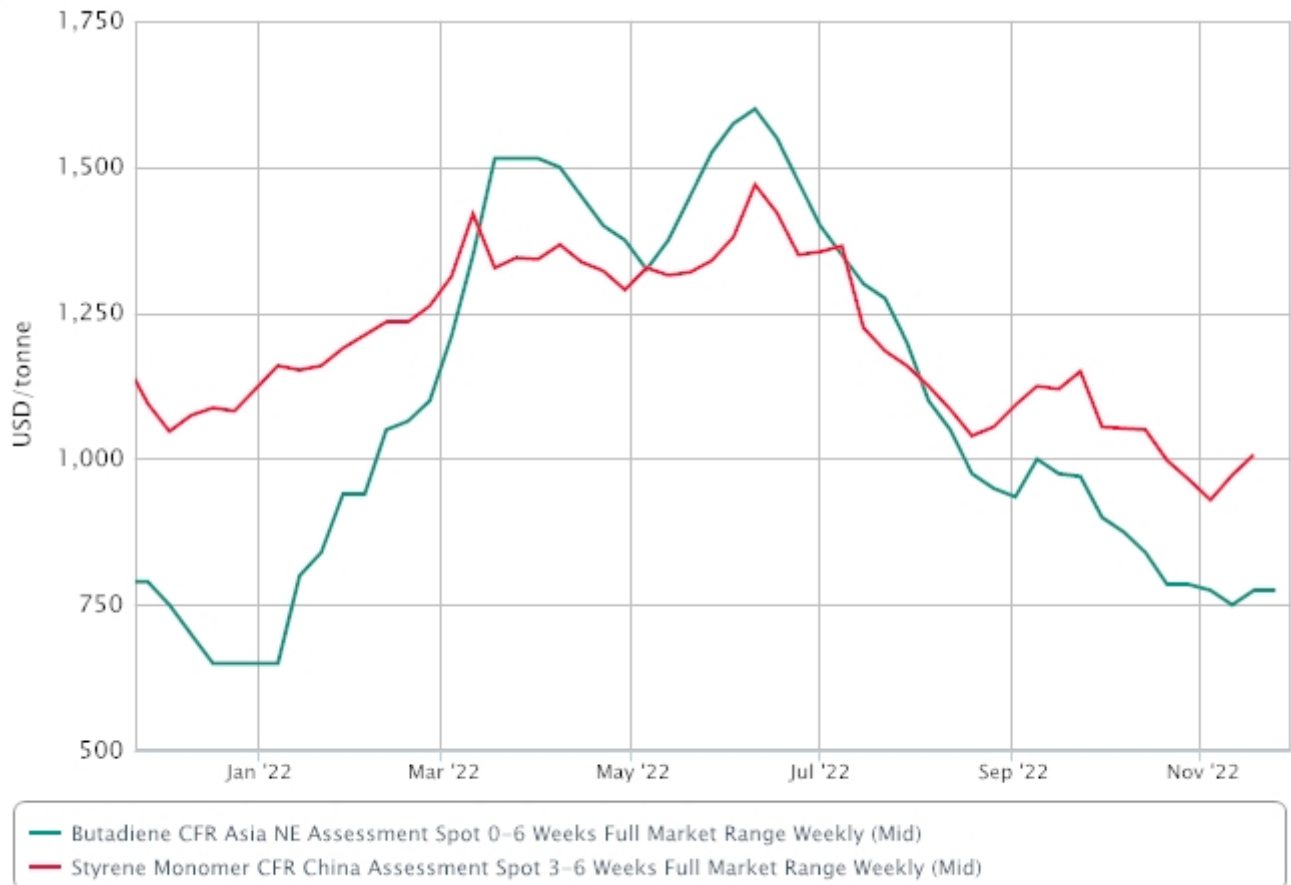
Downstream spread – butadiene NE Asia and SBR SE Asia



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Styrene

- Limited import market volatilities throughout the week ended 18 Nov
- Spot market participation remains low
- Negotiations for 2023 SM contracts volatile



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PRODUCTION

SBR spot availabilities are poised to rise once various plant maintenance are completed within the year across [northeast](#) and south Asia.

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

OTHER REGIONS

Europe

- November SBR contracts decrease
- Quiet demand
- Spot prices steady

US

- Weak demand amid destocking
- Feedstocks face downward pressure
- Automotive holding up as backlogs persist

ANALYTICS

ICIS Downstream Automotive Demand Outlook

Global light vehicle sales contracted by 5.5% m/m in September to 86m units/year from 91m units/year in August (Oxford Economics). Geopolitical tension has worsened the supply situation for semiconductor (IC) chips. The three key critical regions for IC chips are Russia (supplying key input materials such

palladium, neon gas etc), Ukraine (supply 90% of neon gas) and Taiwan & China (accounts for approx. 22% & 16% of IC chips supply, respectively).

According to the US Census Bureau, US light vehicle sales increased by 9.8% m/m in October with total sales of 14.9m units. Inventories continues to be lean. The finished inventory to sales ratio (its calculated by dividing inventory by sales) decreased to 0.642 in September. High inflation, slumping consumer confidence and tighter monetary policy will weigh on consumer demand for automotives.

According to the European Automobile Manufacturers' Association (ACEA), EU passenger car registration increased by 9.6% in September compared with same month last year. However, the increase is a function of a lower 2021 base. The ACEA reported that Germany posted the biggest gain with a 14.1% increase, followed by Spain (+12.7%) and Italy (+5.4%). Commercial vehicle registration, on the other hand, contracted by 6.6%, with the exception of Spain, which reported a marginally positive result. There are concerns about balance sheets, with some producers struggling to survive in the short term. Long-term investments for trends, including tightening emission standards, a growing push to electrify and increasing shared car ownership have already left firms cash strapped.

According to the China Association of Automobile Manufacturers (CAAM), Chinese car production decreased by 2.7% m/m in October. However, it posted an increase by 11.1% y/y. China's inventory coefficient (calculated as inventory over sales) at auto dealers is quite high at 1.47 in September – with levels above 1.5 considered a warning. China Automobile Dealers Association (CADA) reported an improvement in inventory levels.

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