



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

- **Sellers widened discounts**
- **Buying interest tepid**
- **Weak upstream also dampened sentiment**

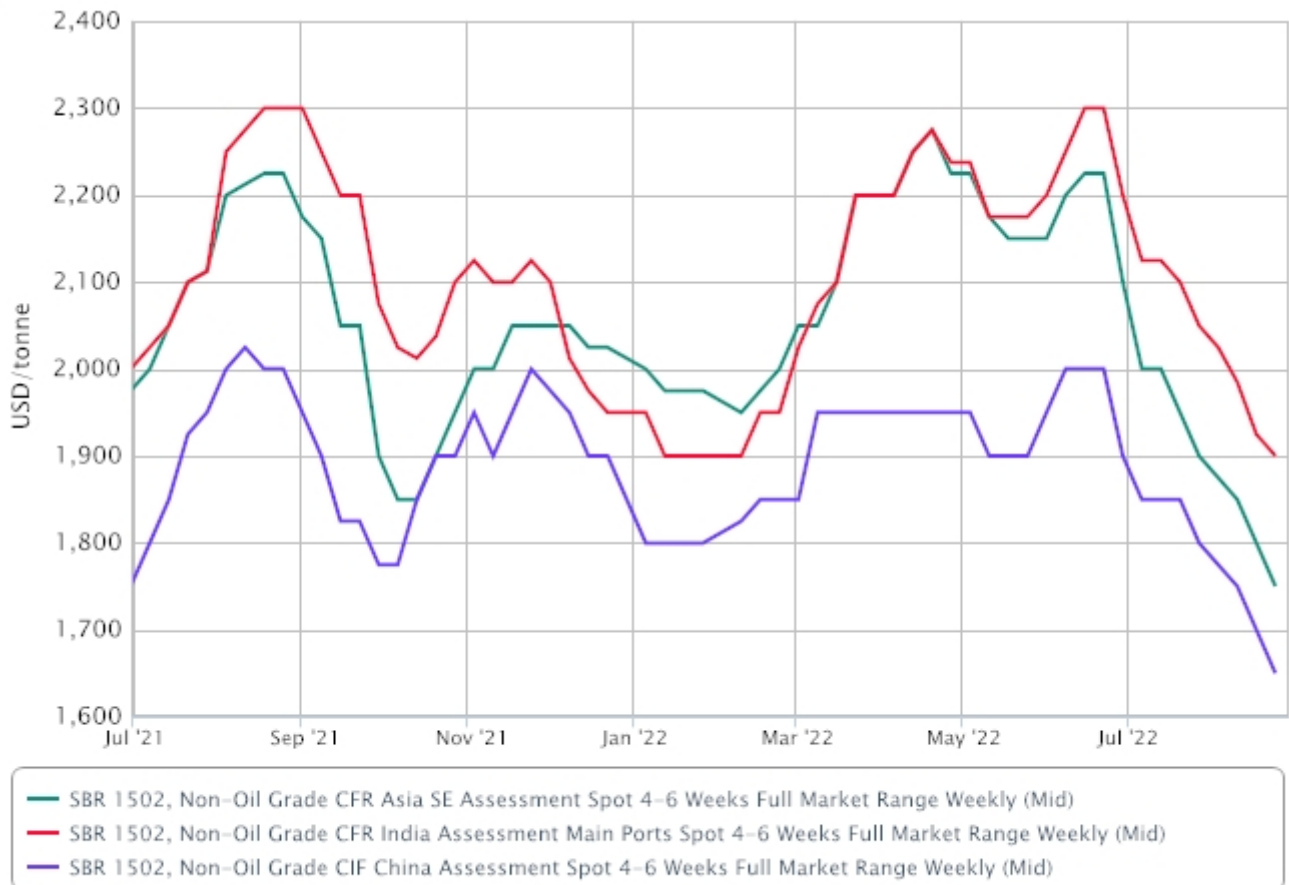
Spot discussions for styrene-butadiene-rubber (SBR) imports were subdued across Asia, mainly due to lacklustre downstream demand conditions.

SBR makers moderated asking prices to induce demand, but met with limited success.

In China and southeast Asia, downstream tyre makers were heard still sitting on high inventories of finished products, and as such had limited spot appetite for fresh feedstock shipments.

With natural rubber prices easing, regional tyre makers may also be prodded to use more natural rubber, at the expense of synthetic rubbers like SBR, to enhance production margins. If so, this will weigh down their requirements for SBR even more, market players said.

But in India, buying interest for SBR imports saw some better support on anticipated losses in local output once some domestic plant turnarounds begin in Q4. That said, buyers were heard still not in a hurry to finalise import bookings, as they expected import offers to falter further in due course if the upstream [butadiene](#) market stays soft.



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OUTLOOK

- Raging inflation may weigh in on demand
- Supply to tighten on upcoming turnarounds
- Spot liquidity may stay low in the near term

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	-50	1600-1700	-50	1750-1850	72.57-77.11
CFR Asia SE	USD/tonne	-50	1700.00-1800.00	-50	1850.00-1950.00	77.11-81.65
CFR India Main Ports	USD/tonne	-50	1800.00-2000.00	n/c	1950.00-2150.00	81.65-90.72
SBR 1712, Oil-Extended						
CIF China	USD/tonne	-50	1500-1600	-50	1650-1750	68.04-72.57
CFR Asia SE	USD/tonne	-50	1600.00-1700.00	-50	1750.00-1850.00	72.57-77.11
CFR India Main Ports	USD/tonne	-50	1700.00-1900.00	n/c	1850.00-2050.00	77.11-86.18

China

CIF China assessments for the non-oil 1502 grade are down, with lower pricing indications heard.

But there is minimal discussions, as local end-users are still fully reliant on the domestic supplies pool.

Foreign suppliers were also not keen on selling actively into China, preferring instead to divert cargoes to other areas for better netback.

Assessments for the oil-extended 1712 grade were adjusted in line with 1502 changes, in the absence of concrete discussions.

Domestic prices in China for the 1502 grade were stable-to-firm, supported by some restocking activities, market sources said. But [power cuts](#) in some regions may disrupt downstream operations anew and dampen SBR off-take moving forward.

East China domestic SBR 1502 prices

Price (CNY/tonne)	24 Aug	17 Aug
E China Ex-Warehouse	11,500-11,700	11,500-11,600

Southeast Asia

CFR southeast Asian prices for the non-oil 1502 grade fell with lower offers for cargoes from diverse origins.

Regular suppliers in wider Asia reduced asking prices and these are captured at the high-end, while China-origin materials were heard available at the low-end.

But trade liquidity was low, with buyers heard mostly still at the sidelines, amid growing apprehension that their own downstream markets may succumb under [rising inflationary pressures](#).

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

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

Aug (1-24) 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
151.18	158.83	164.15	162.81	171.15	175.18	179.84	178.12

India

CFR Indian assessments for the non-oil 1502 grade were stable-to-soft, with the low-end down to reflect the full spectrum of deals and discussions for diverse origin cargoes.

Some NE Asia-origin materials were sold at up to \$2,000/tonne CFR India range for September shipment, market sources said. This formed the high end.

But discussions and deals for cargoes from other origins, such as China and deep-sea sources, were heard at the lower-end of the published range.

Most local end-users also capped, at the low end, their buying indications for next spot booking for all-origin cargoes, citing considerations such as downstream affordability.

CFR Indian assessments for the oil-extended 1712 grade were adjusted down in line with changes for the 1502 grade.

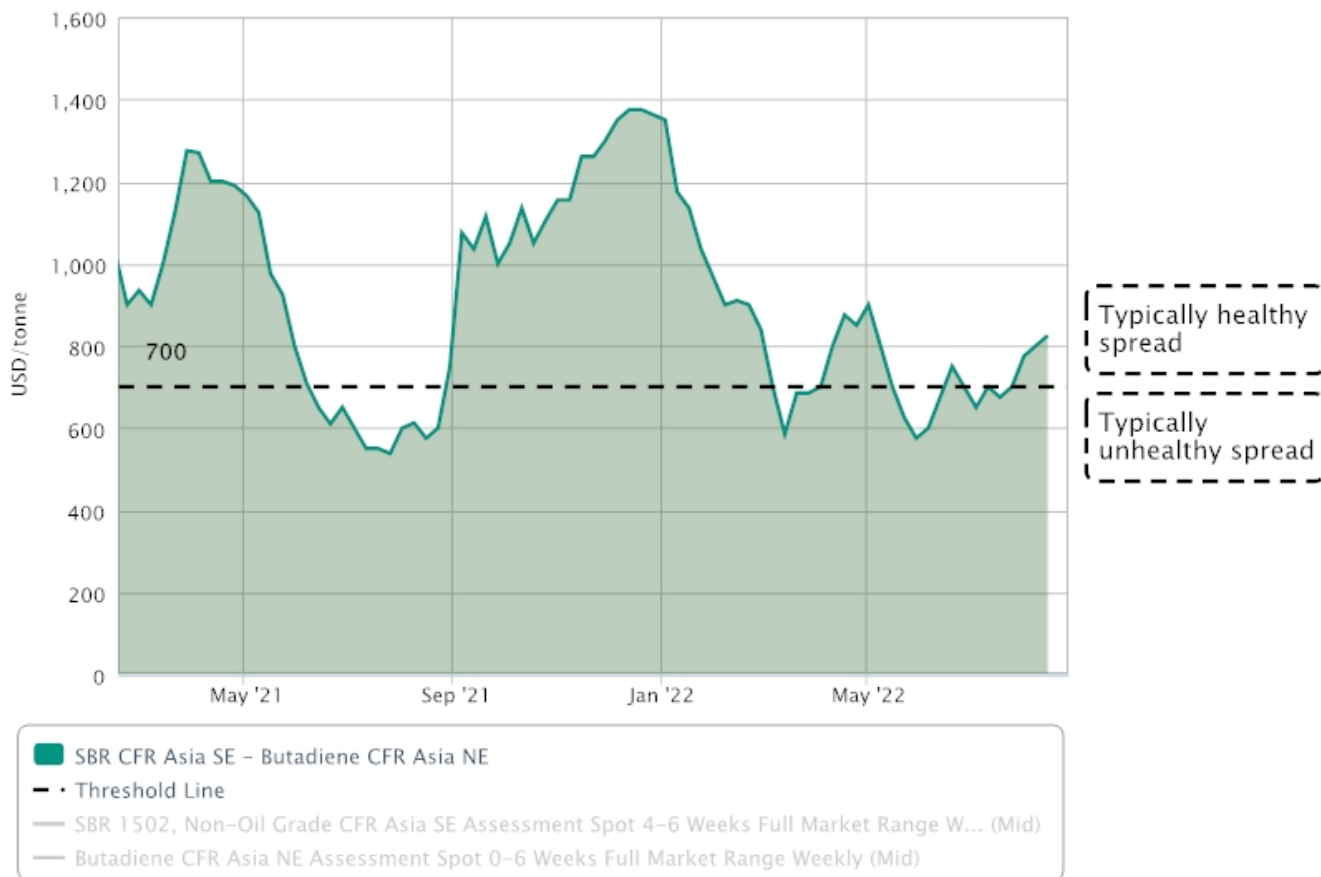
UPSTREAM

Butadiene (BD)

- Weak downstream demand
- Buyers see no supply concerns
- Concrete offers scant

The chart below shows the spread between butadiene and SBR.

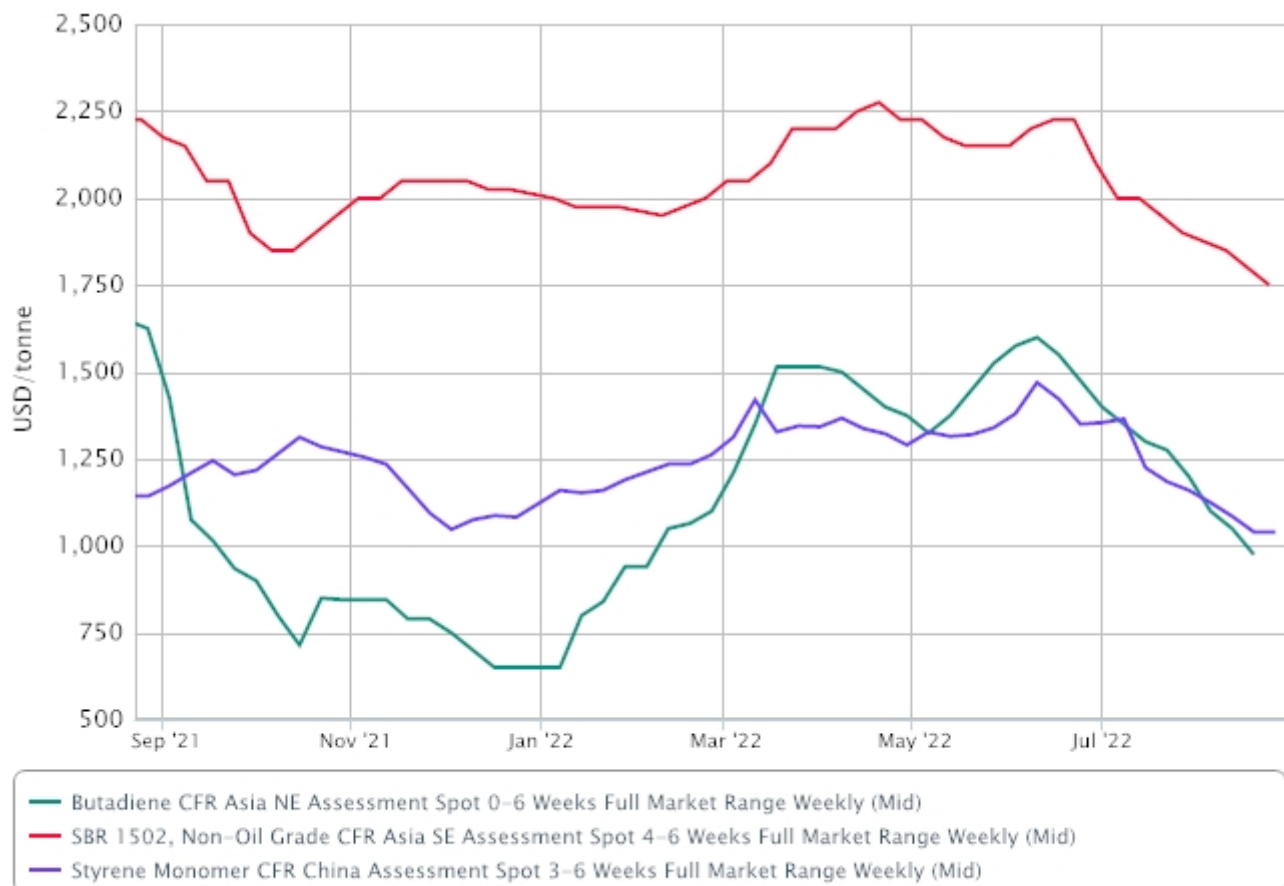
[Downstream spread – butadiene NE Asia and SBR SE Asia](#)



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Styrene:

- Market sentiment weak over poor feedstock outlooks
- Asian demand stays overall sidelined
- Import margin fluctuations to impact CFR China activity



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PRODUCTION

In China, operating rates of local SBR plants rebounded to 69% for the week ended 19 August, four percentage points higher than the week prior, market source said.

This came as a 100,000 tonnes/year unit in Zhejiang [restarted](#) in the week after an over-two-month-long maintenance.

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

- Spot prices stable-to-soft
- August contract settlements still pending
- Stable-to-lower demand

US

- SBR supplies balanced with demand
- Cost inputs could be mixed in September
- Feedstock limitations not a concern as demand slows

ANALYTICS

ICIS Downstream Automotive Demand Outlook

Global light vehicle sales rose to 85m units in June from 76m in May, according to Oxford Economics. The growth was primarily attributed to China, with the easing of lockdown measures. On the negative side, uncertainty over gas supply, particularly from the Nord stream 1 pipeline from Russia to Europe, continues. In addition, escalating tension in the South China Sea is extremely worrying for the global automotive industry because of the world's heavy dependence on Taiwan as a major supplier of computer chips – and this could further dampen the outlook.

According to the US Census Bureau, US light vehicle sales increased by 2.6% month on month in July, with total sales of 13.3m units, although this was still down by 16% year on year and 21.6% lower than the same month in 2019. The finished inventory-to-sales ratio slightly improved month on month, from 0.526 to 0.555 in June. For context, the ratio was 0.937 in June 2021 and 2.641 in June 2020. High inflation, slumping consumer confidence and tighter monetary policy will weigh upon consumer demand in the automotive sector. On a positive note, the US Congress has passed the CHIPS Act to boost semiconductor manufacturing with a total package worth \$280bn to support computer chip research and production.

The European Automobile Manufacturers Association (ACEA) reported a 15.4% year-on-year fall in passenger car registrations in June (and a 14% fall during the first half of 2022). All major European economies posted double-digit sales contractions, as logistics and supply-chain problems continued to affect the industry. Commercial vehicle registrations were down 22.5% month on month in June. ACEA reported that the fall was mainly as a result of the drop in sales of new vans.

According to the China Association of Automobile Manufacturers (CAAM), Chinese car production was up 31.5% year on year in July 2022. However, it shrank by 1.8% month on month. The inventory-to-sales coefficient, calculated as current inventory divided by sales for the month, was down to 1.45 in July from 1.36 in June. This was as a result of various promotional industry events following the easing of COVID-19 restrictions. India's automotive retail sales contracted by 7.8% year on year in July. The biggest concern for the region continues to be timely availability of semiconductor chips in the wake of current geopolitical tensions.

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

Motor vehicle sector growth by region

2021 vs 2022



SOURCE: Oxford Economics

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