



Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim
25-Aug-2021

[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

- **Discussions rangebound**
- **SE Asia slow on coronavirus impact**
- **But healthy demand in India**

Asian spot discussions for styrene-butadiene-rubber (SBR) held steady this week, on rangebound buy-sell talks.

But demand sentiment continues to vary across different regional outlets.

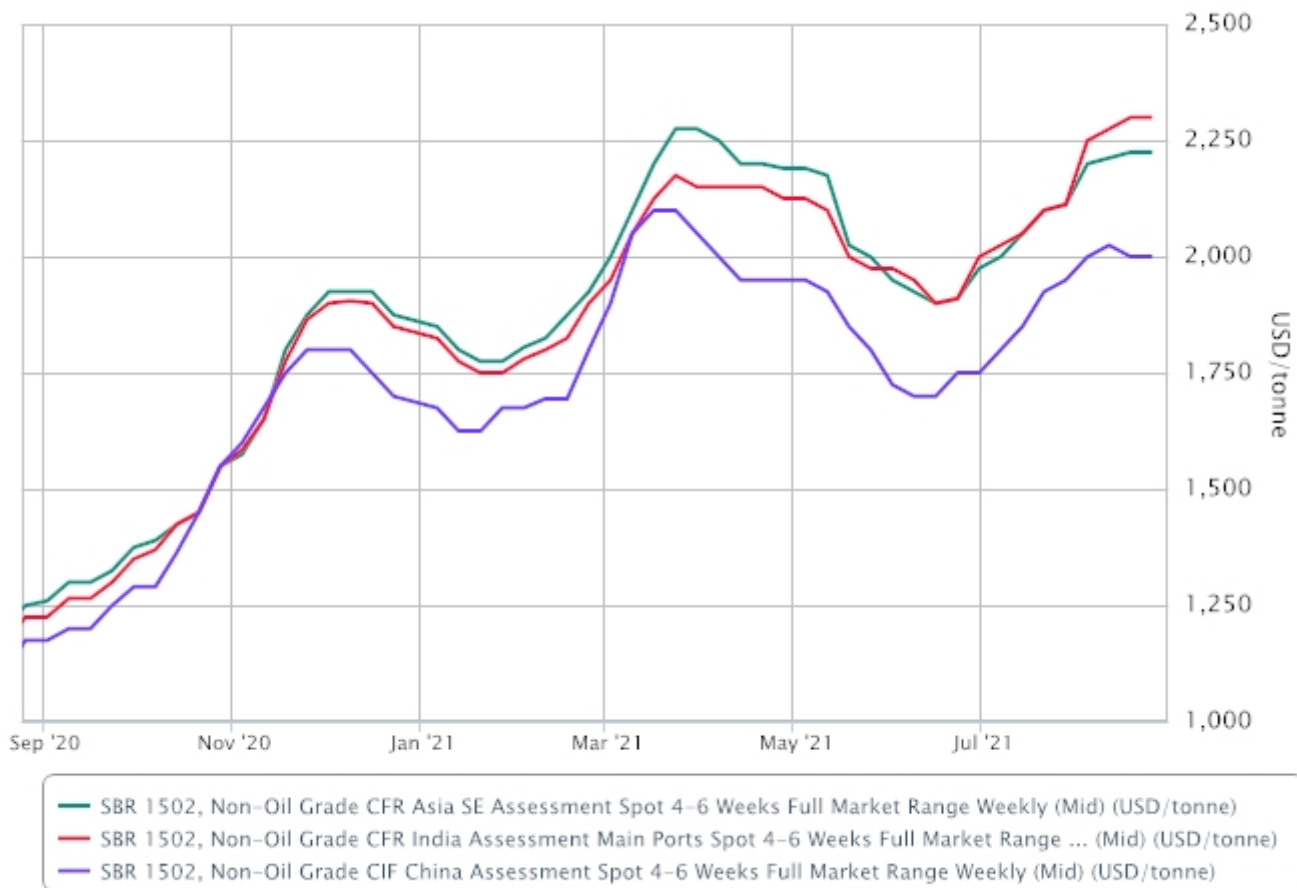
In China, prevailing requirements were still lacklustre, in part on a seasonal lull factor. But anticipations are growing that downstream operations will soon pick up more pace, once the warmer summer weather eases.

That more China ports, such as [Zhoushan](#), are gradually re-opening from prior coronavirus-related closures also served to bolster trade confidence.

In southeast (SE) Asia, demand is weighed down by ongoing coronavirus-linked lockdowns, such as in [Vietnam](#), and buyers are wary not to commit.

But in India, sentiment is still very upbeat amid positive and robust demand for replacement tyres, market players said.

Domestic inventories are also low, which further stimulated buying interest in interest for imports. But bids for Asia-origin materials were heard still capped, on purported availability of more competitively-priced deep-sea cargoes.



© 2021 ICIS

OUTLOOK

- Cost pressures may not ease so soon
- Coronavirus will continue to weigh on regional demand
- Eyes on impact of auto sector performance

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	1900-2000	88.45-92.99
CFR Asia SE	USD/tonne	n/c	2200.00-2250.00	n/c	2075.00-2150.00	99.79-102.06
CFR India Main Ports	USD/tonne	n/c	2250.00-2350.00	n/c	2075.00-2150.00	102.06-106.59
SBR 1712, Oil-Extended						
CIF China	USD/tonne	n/c	1850-1950	n/c	1800-1900	83.91-88.45
CFR Asia SE	USD/tonne	n/c	2100.00-2150.00	n/c	1975.00-2050.00	95.25-97.52
CFR India Main Ports	USD/tonne	n/c	2150.00-2250.00	n/c	1975.00-2050.00	97.52-102.06

China

CIF China assessments were unchanged week-on-week for both the non-oil 1502 and oil-extended 1712 grades, tracking range-bound discussions heard.

Domestic China prices of the 1502 grade materials softened, amid weaker upstream butadiene values in the yuan-denominated market.

East China domestic SBR 1502 prices

Price (CNY/tonne)	25 Aug	18 Aug
E China Ex-Warehouse	13,000-13,100	13,200-13,300

Southeast Asia

CFR southeast (SE) Asia assessments for both the non-oil 1502 and oil extended 1712 grades were rolled over on range-bound discussions.

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

Aug 25) 2021	(1- July 2021	June 2021	May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021
173.78	164.32	164.51	169.09	164.72	175.25	169.16	158.41

India

CFR India assessments for both the non-oil 1502 and oil-extended 1712 grades were also kept unchanged on stable buy-sell talks.

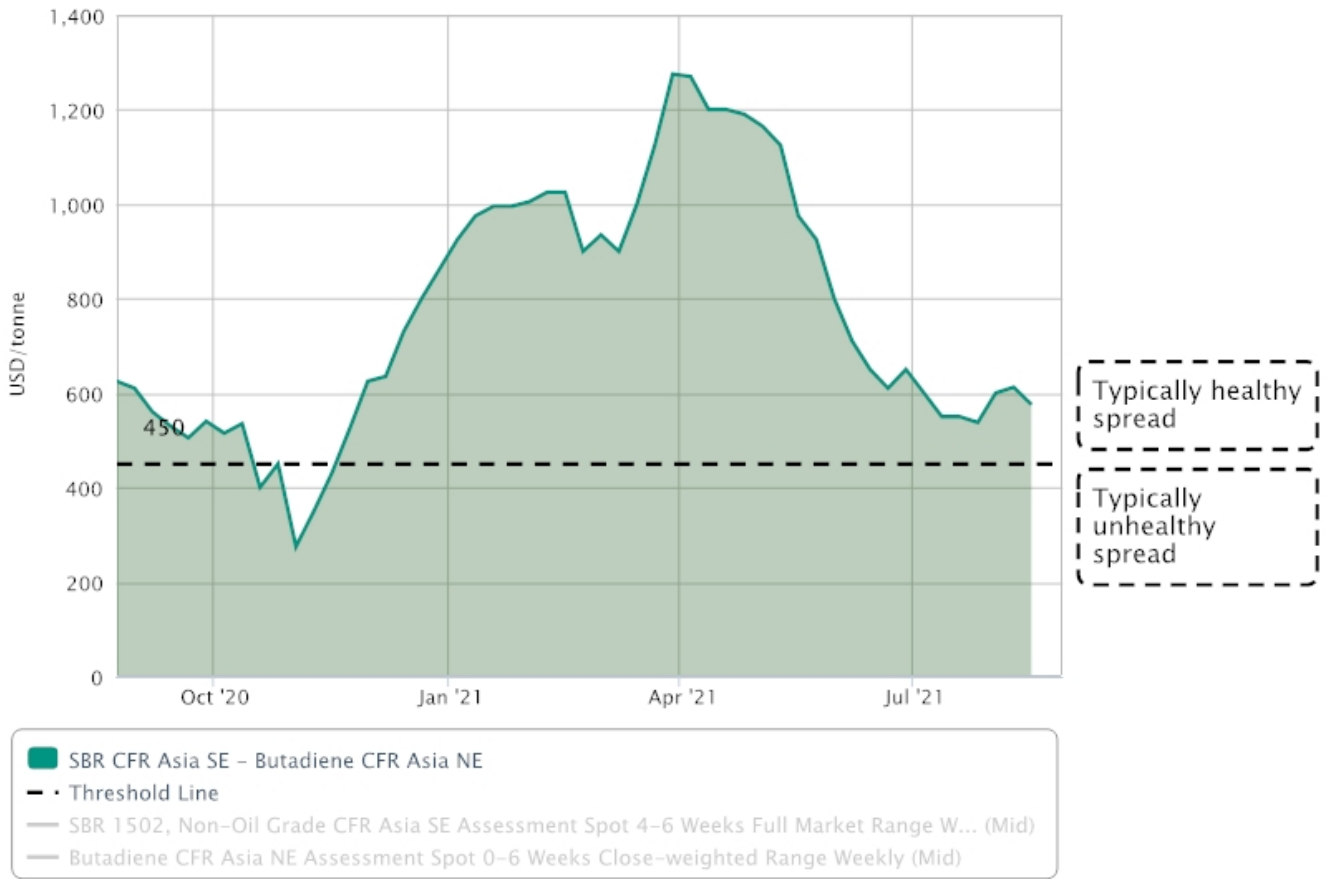
Overall, demand sentiment is still buoyant, with active enquiries heard for September shipment, although actual trade liquidity was capped by logistical/freight challenges such as high freight costs and limited vessel availabilities.

UPSTREAM

NE Asian **butadiene** prices [rose](#) on prompt demand in Japan, but demand outlook further out is hazy on various regional uncertainties.

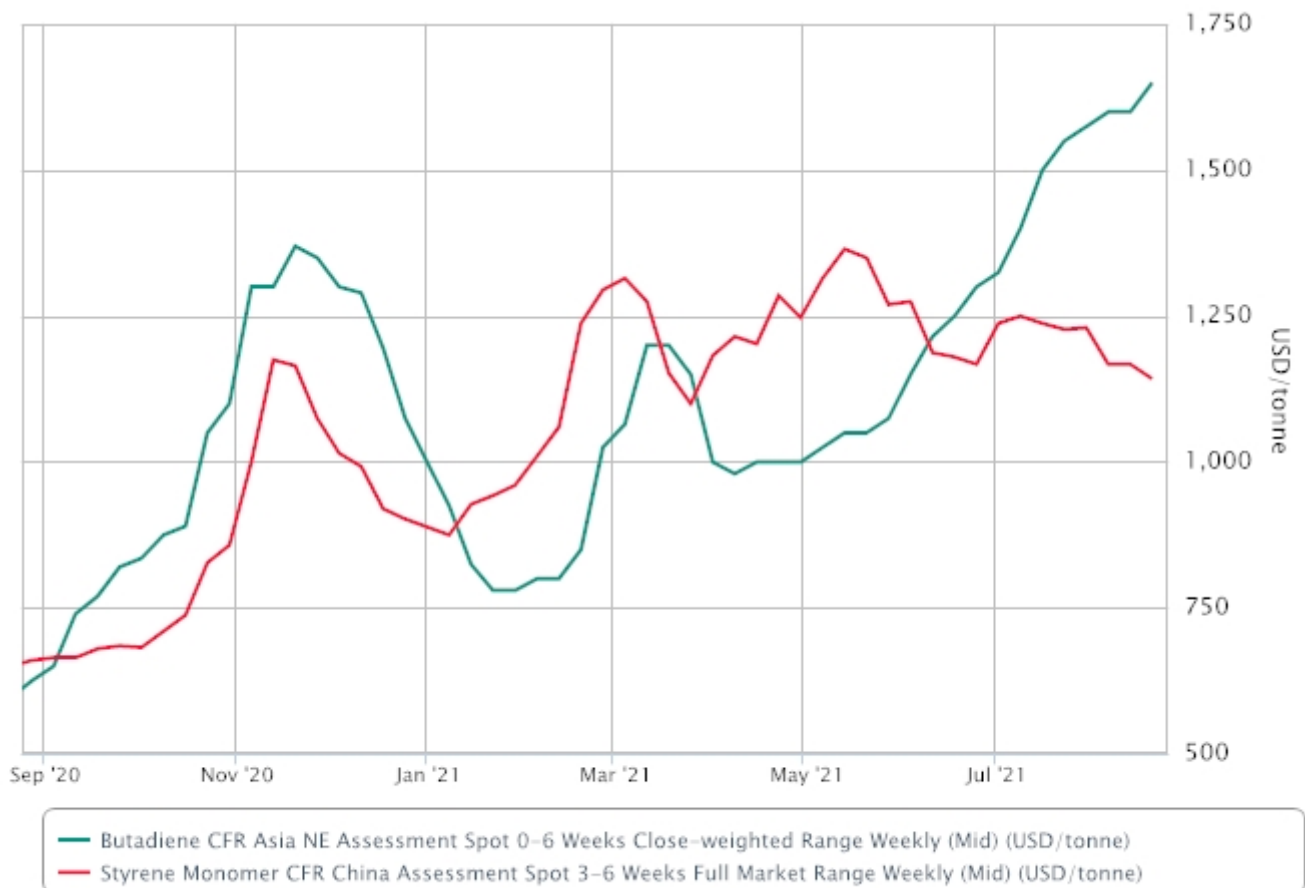
The chart below shows the spread between butadiene and SBR.

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



© 2021 ICIS

Asian **styrene** prices were on a general downtrend through the week, reversing the previous week’s uptrend, on the back of weak trading sentiment and a sell-off on the futures as well as energy markets. Competitively priced offers were readily available as sellers hope to clear off their inventories on concerns of weaker buying [sentiment](#) going forward.



© 2021 ICIS

PRODUCTION

In China, average operating rates of local SBR plants dipped lower, second week in a row, to 56% for the week ended 20 August, down from 60% in the week prior, market sources said.

Output in China fell after a major 250,000 tonnes/year plant in Shandong was [shut](#) in early August for turnaround until H2 September.

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

OTHER REGIONS

In the US, [SBR supply concerns](#) eased slightly on supply chain adjustments but feedstock limitations continue to lie ahead.

In Europe, [August contract](#) talks for SBR faced upside pressures on rising production costs.

ANALYTICS

ICIS Butadiene Outlook

Enduring US BD market tightness is likely to support bullish sentiment at least until the end of 2021. This year's production is estimated to hit between 1.3m and 1.4m tonnes, down from 2020 levels, with underlying demand remaining robust. Given that the market remains unbalanced, some BD cargos are expected to arrive to support US needs, especially from Asia.

The European BD industry is projected to be characterised by good domestic demand and tight supply over the next few weeks. The unexpected production woes that hit a few BD-integrated crackers in late July might persist, at least through early August. Against this backdrop, production constraints should limit BD trade from Europe to the US. Nevertheless, BD availability is set to reach about 585,000 tonnes in Q3, up from 560,000 tonnes in Q2 but down from 595,000 tonnes in Q1.

In Asia, BD market fundamentals are forecast to become bearish in the short term, primarily on the back of growing supply from new BD plants. As a result, Asia is likely to be an unattractive export outlet for European producers for the rest of 2021.

By **Paolo Scafetta**, ICIS senior olefin analyst, paolo.scafetta@icis.com

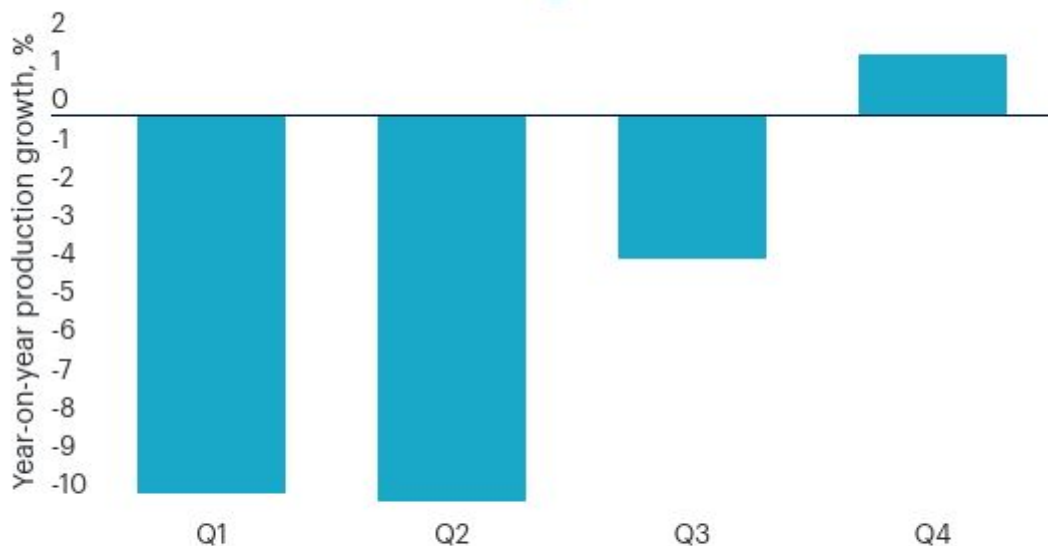
ICIS Downstream Automotive Demand Outlook

It has been about a year-and-a-half since the world was plunged into the coronavirus crisis. But the last year has been the most puzzling in terms of outlook for global automotive industry stakeholders. The level of uncertainty has been unprecedented, challenging both decision-making and risk management. The global automotive industry was one of the first and hardest hit by the pandemic and has yet to make a full recovery. According to Oxford Economics, the global selling rate of light vehicles stood at 82.4m units/year in June, 9% short of its pre-pandemic selling rate in Q4 2019. Supply shocks continue to impact production, with a global shortage of microchips leading to cuts in auto output. Hopes for a speedy resolution are still distant. One potential hiccup to the supply of chips could be water! This is because their manufacture is extremely water intensive and Taiwan - which is home to TSMC, the world's largest chip foundry, and has a global market share of 56% of all foundries - is in the middle of its worst drought in 50 years. As a result, TSMC is sourcing requirements via additional water trucks. The Taiwan Institute of Economic Research estimates that water reduction in industrial parks is currently around 15%, which is below the 20% level that factories can tolerate.

Asia was the first region to be impacted by the semiconductor shortage. According to the China Association of Automobile Manufacturers (CAAAM), the country produced and sold 1.863m and 1.864m automobiles in July, down 4.1% and 7.5% month on month and 15.5% and 11.9% year on year respectively. Compared with the same period in 2019, production and sales increased by 3.2% and 2.7% year on year respectively. Japan should see a severe near-term disruption, but South Korea will benefit from domestic chipmakers Samsung and SK Hynix which have both increased production. Electric vehicle production in Asia should ramp up sharply in 2021 as China, in particular, pushes for greater environmental measures. The Delta variant will be closely monitored, as further outbreaks could cut short any recovery.

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

Global motor vehicle sector growth, 2019 vs 2021



Source: Oxford Economics



Styrene Butadiene Rubber (Asia-Pacific) | 25-Aug-2021. 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

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.

© 2023 Reed Business Information Limited. ICIS is a member of RELX Group. www.icis.com

