



Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim
25-Jan-2023

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

The CIF China prices in the weekly analysis on 25 January are assessed based on information collated up to 20 January. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

- **Upstream strengths lend support to offers**
- **Buyers mostly in wait-and-see mode**
- **Discussions subdued due to holidays**

Asia's spot market for styrene butadiene rubber (SBR) is quiet this week, with many traders away on holidays in China and southeast Asia.

There are some discussions in India, but trade liquidity is low too.

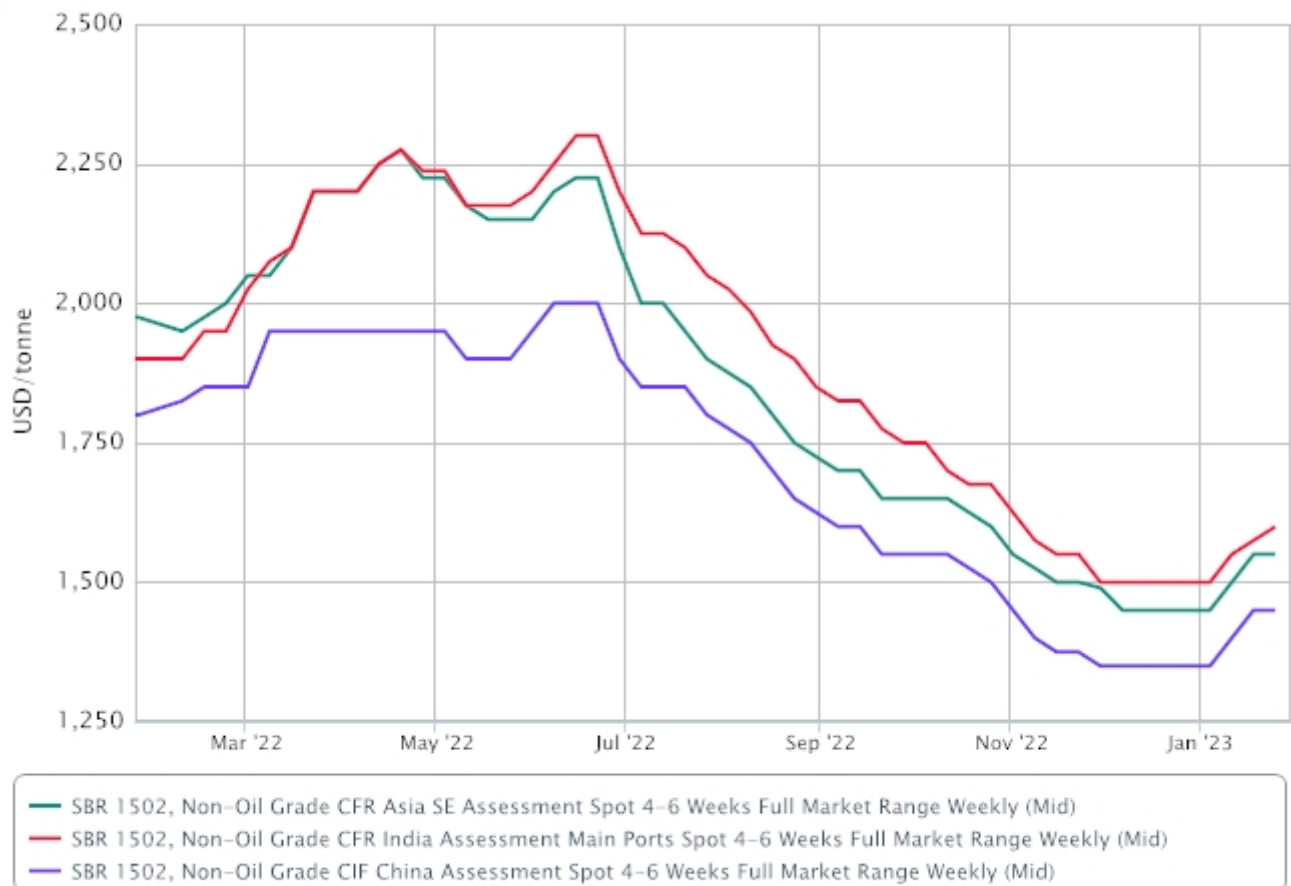
Existing offers are well supported on recent upstream gains, and some sell-side elements said that they may have to chase higher targets to rescue margins, if increases in feedstock [butadiene](#) and styrene prices do not ease soon.

Spot availabilities are also tightened with ongoing plant closures in northeast Asia. Furthermore, with natural rubber prices rising, SBR sellers expected end-users to turn more to procuring SBR as a substitution product to natural rubber.

However, the buy-side response is muted with as many held back to wait for more clarity on post-holiday market conditions in China.

Even though SBR end-users in southeast Asia and India are also hopeful that post-holiday recovery in China, if it materialises, will also help invigorate and spur demand in their own downstream markets, many said that they would go slow and wait and see first.

China is shut from 21-27 January for Lunar New Year holidays, and it may take even longer - possibly into H1 February when the full festivities are completed - for trade tempo there to pick up more, market players said.



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OUTLOOK

- **Cost pressures on makers may not ease soon**
- **All eyes on post-pandemic recovery in China**
- **Anticipations high that China will drive wider Asian demand**

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	n/c	1400-1500	n/c	1300-1400	63.50-68.04
CFR Asia SE	USD/tonne	n/c	1500.00-1600.00	n/c	1400.00-1500.00	68.04-72.57
CFR India Main Ports	USD/tonne	+50	1550.00-1650.00	n/c	1450.00-1550.00	70.31-74.84
SBR 1712, Oil-Extended						
CIF China	USD/tonne	n/c	1350-1450	n/c	1250-1350	61.24-65.77
CFR Asia SE	USD/tonne	n/c	1450.00-1550.00	n/c	1350.00-1450.00	65.77-70.31
CFR India Main Ports	USD/tonne	+50	1500.00-1600.00	n/c	1400.00-1500.00	68.04-72.57

China

CIF China assessments for both the non-oil 1502 and the oil-extended 1712 grades were kept unchanged as discussions stalled on extended holidays.

Domestic SBR prices in east China were flat too in the holiday-shortened trading week.

East China domestic SBR 1502 prices

Price (CNY/tonne)	20 Jan*	18 Jan
E China Ex-Warehouse	11,200-11,300	11,200-11,300

*China markets are shut for extended Lunar New Year holidays from 21-27 January.

Southeast Asia

CFR SE Asian assessments for both the non-oil 1502 and the oil-extended 1712 grades were rolled in a thinly-discussed market.

Many outlets, from Vietnam to Malaysia, were shut for the holidays, albeit with varying duration.

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

Jan (1-25) 2023	Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022
138.11	135.03	127.32	130.52	134.12	149.74	158.83	164.15

India

CFR India assessments for the non-oil 1502 grade are stable to firm, tracking limited buy-sell indications heard this week.

Buying appetite varies across different buyer profiles in India. Many end-users maintained that they were willing to pay no more than the published low end for Asia-origin import cargoes.

However, some traders were more receptive to existing offers, much of which were maintained at the published high end, market sources said.

CFR India assessments for the oil-extended 1712 grade rose at the low end, in line with changes for the non-oil 1502 grade assessments.

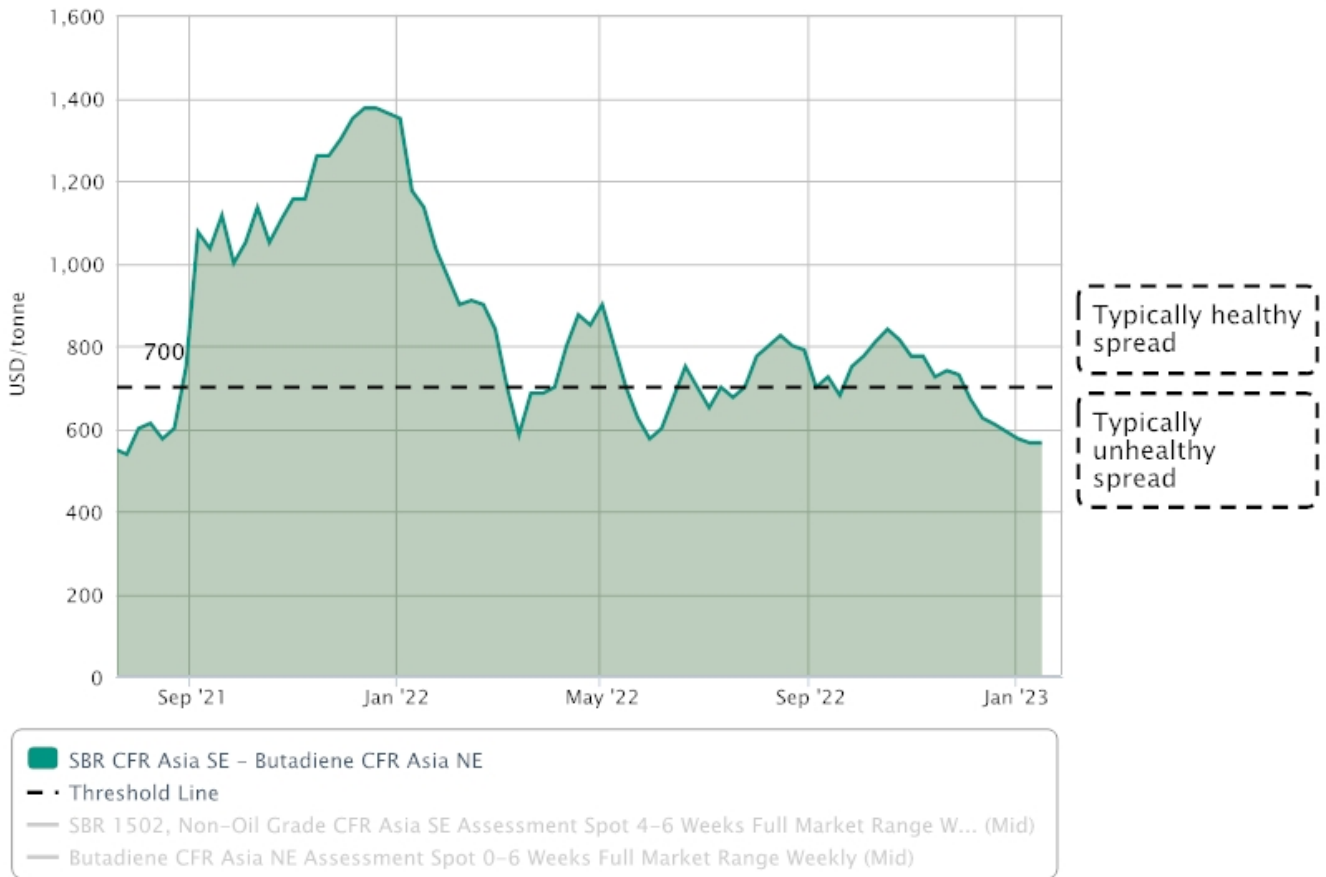
UPSTREAM

Butadiene (BD)

- Bids firmer across Asia
- Bullish domestic China lends support too
- Demand sentiment strengthens but uncertainties linger

The chart below shows the spread between butadiene and SBR.

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



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Styrene:

- Sluggish market activities amid holiday lull
- Market participants waiting for post-holiday clarity
- Buyers resist price hikes as end-consumption remains slow



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PRODUCTION

SBR spot availabilities in the region are tightened by both [planned](#) and [unplanned](#) closures.

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

OTHER REGIONS

Europe

- January contracts lower on feedstocks
- Demand remains quiet, 1500 dry grade SBR spot prices stable-to-soft
- Supply remains sufficient despite some reduced rates

US

- Demand slow to start 2023
- Feedstock sufficient despite BD outages
- Pipeline maintenance may affect feedstock access

ANALYTICS

ICIS Downstream Automotive Demand Outlook

The global automotive industry was hit by one shock after another during the year. 2022 started with a growth expectation of 8.8% year on year, but actual growth was 6.1%, according to Oxford Economics. The last few years have been extremely tough. 2020 was one of the worst on record as the industry was one of the first and hardest hit by the pandemic - and has yet to make a full recovery. 2021 was also challenging due to the semiconductor shortage - as supply was diverted to the electronics industry. And 2022 has also been difficult due to geopolitical tensions. The Russia-Ukraine war has impacted the auto industry because Russia is a leading producer of palladium - a key material used in computer chip production. The supply of neon gas, which is also used in making microchips, has also been constrained. 2023 is also expected to be challenging for the industry due to the cost-of-living crisis, because car buyers are expected to postpone purchases.

According to the Census Bureau, US light vehicle sales fell 6.5% month on month in November, and total sales were at 14.1m units - which was up 7.9% year on year, but down 17.7% from 2019. Rising inflation, a slump in consumer confidence and tighter monetary policy will weigh on demand for vehicles. The outlook for 2023 remains concerning.

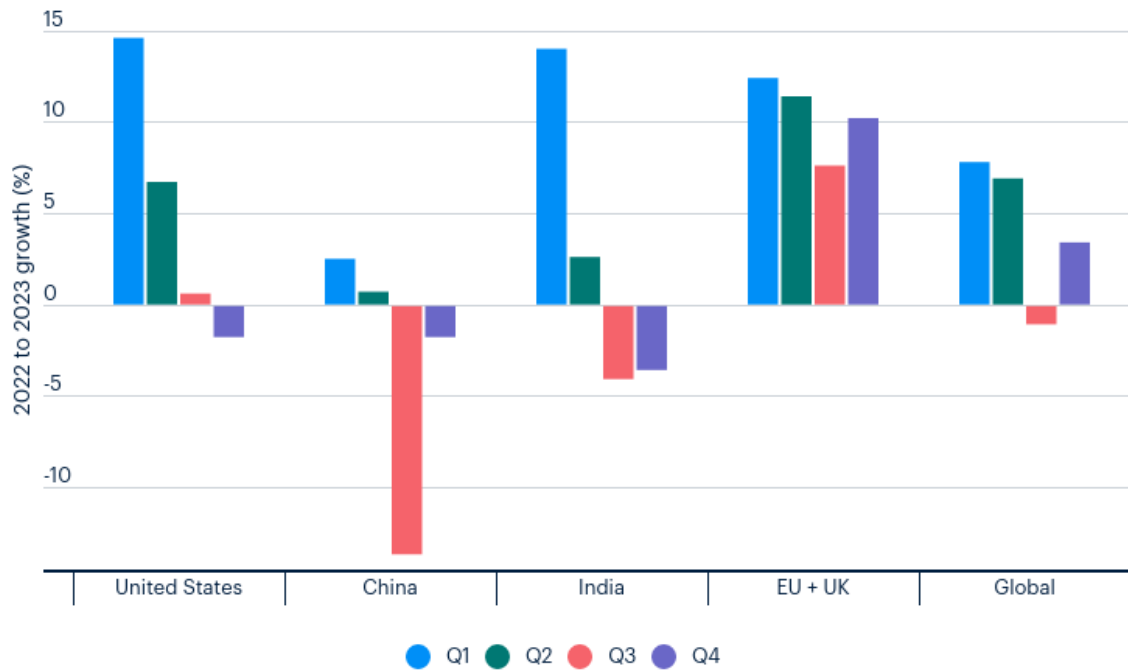
According to the European Automobile Manufacturers' Association (ACEA), EU passenger car registrations increased by 12.2% year on year in October, although the increase is a function of a lower 2021 base. ACEA said Germany posted the largest gain with a 16.8% increase, followed by Italy (+14.6%), Spain (+11.7%) and France (+5.5%). However, commercial vehicle registrations fell by 8.9% - a sixteenth consecutive monthly decline. Germany reported the sharpest fall at -12.4%, followed by France (-5.3%) and Italy (-3.9%). The outlook for 2023 remains challenging, especially for commercial vehicles, on the back on reduced industrial activity.

The outlook for China's automotive industry remains puzzling, as it heavily dependent on consumer mobility. China has also experimented with the 'closed-loop system' of production where workers live in on-site dormitories at the plant. However, it was suspended due to a lack of spare parts. India's automotive industry will face challenges as large portion of spare auto parts are imported from China. As a result, China's emerging COVID-19 policies will determine the health of the region's industry.

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

Motor vehicle sector growth by region

2022 vs 2023



SOURCE: Oxford Economics

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