



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

- **Discussions rangebound**
- **Indications vary for cargoes from diverse origins**
- **Players wait and see**

Asian spot discussions for styrene-butadiene-rubber (SBR) were flat amid rangebound indications for cargoes from diverse origins.

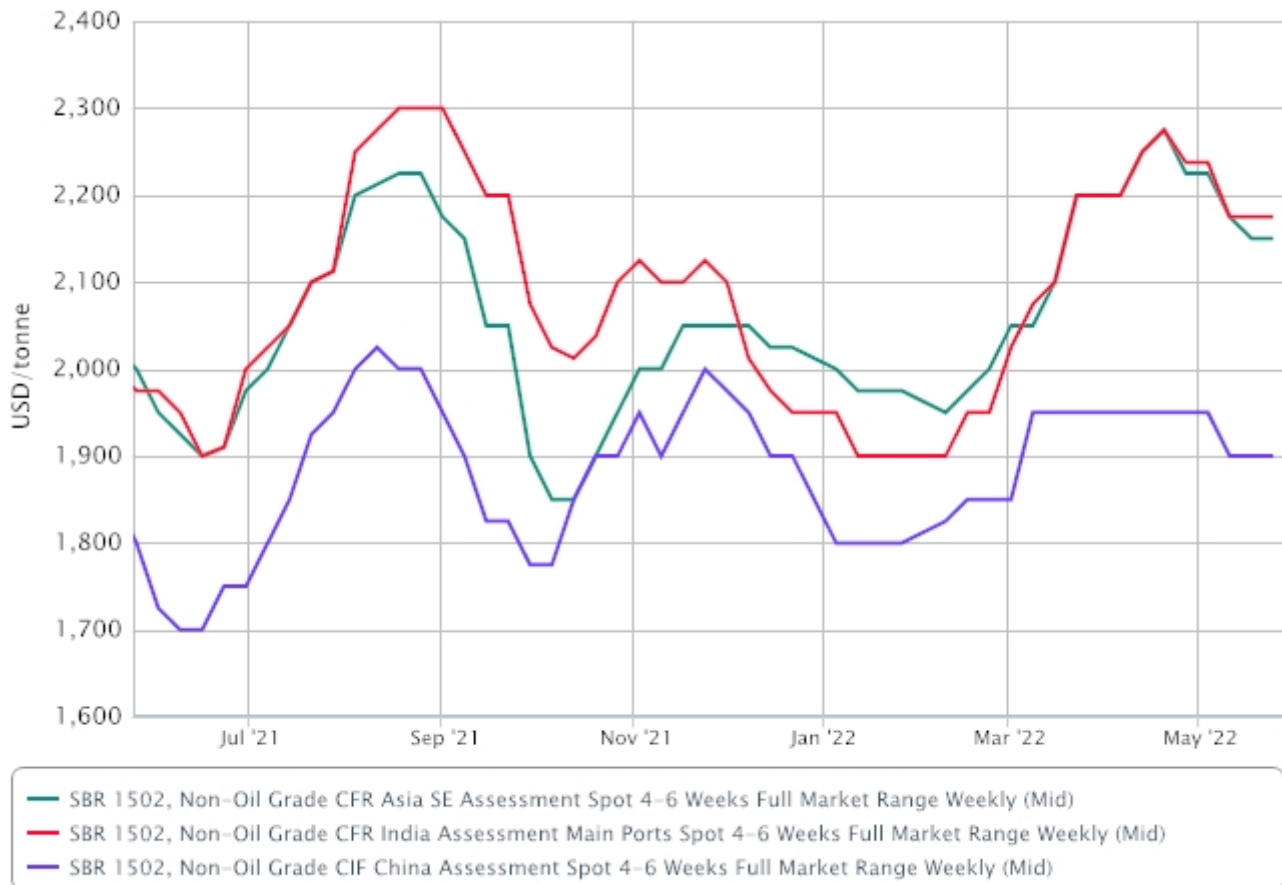
Demand was generally subdued across Asia, as global auto operations continue to be undermined by issues like a shortage of computer chips. Most end-users said they will procure SBR cautiously as a result.

However, supply is tight in wider Asia, providing some support for spot discussions. Most regional suppliers are already mostly sold out, either on heavy contractual terms or for long-haul shipments to Europe where demand and pricing conditions are more attractive than in Asia.

There is also an ongoing plant maintenance in India which further crimped spot availabilities.

Although [increased exports from China](#) previously served to provide some relief from the snug supply situation in wider Asia, sources said some Chinese sellers had pulled back on the pace of their export offers.

They are holding back to monitor how pricing and demand in the domestic yuan-denominated market will pan out, and whether more pandemic controls in Shanghai will be lifted as anticipated.



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OUTLOOK

- Snug supply in wider Asia to continue
- Availability in China may tighten on upcoming maintenance
- Demand to depend on auto sector growth

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	n/c	1850-1950	n/c	1900-2000	83.91-88.45
CFR Asia SE	USD/tonne	n/c	2100.00-2200.00	n/c	2200.00-2250.00	95.25-99.79
CFR India Main Ports	USD/tonne	n/c	2100.00-2250.00	n/c	2200.00-2275.00	95.25-102.06
SBR 1712, Oil-Extended						
CIF China	USD/tonne	n/c	1750-1850	n/c	1800-1900	79.38-83.91
CFR Asia SE	USD/tonne	n/c	2050.00-2150.00	n/c	2150.00-2200.00	92.99-97.52
CFR India Main Ports	USD/tonne	n/c	2050.00-2200.00	n/c	2150.00-2225.00	92.99-99.79

China

The CIF China assessment for both non-oil 1502 grade and oil-extended 1712 grade were rolled over in a quiet, thinly-discussed market.

There was no buying interest in US dollar denominated imports. The yuan remains weak against the US dollar, making imports more expensive than domestic yuan-denominated cargoes.

Local end-users with requirements purchased from the domestic supply pool, providing upside support for domestic prices of SBR 1502.

East China domestic SBR 1502 prices

Price (CNY/tonne)	25 May	18 May
E China Ex-Warehouse	12,100-12,300	12,000-12,100

Southeast Asia

CFR southeast (SE) Asian prices for non-oil 1502 grade were kept unchanged, tracking stable indications for cargoes from diverse origins.

China-origin material is indicated at the low end of the range, and the high end captures discussions for cargoes from other regional suppliers.

CFR SE Asian prices for oil-extended 1712 grade were rolled over with the unchanged 1502 grade assessment.

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

May (1-25) 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
161.89	171.15	175.18	179.84	178.12

India

Discussions for India-bound shipments of non-oil 1502 grade from diverse origins were broadly unchanged week-on-week.

The high end captures selling indications for non-China origin material, and the low end reflects the lowest offer heard for China-origin cargoes.

No deals materialised in the week, sources said.

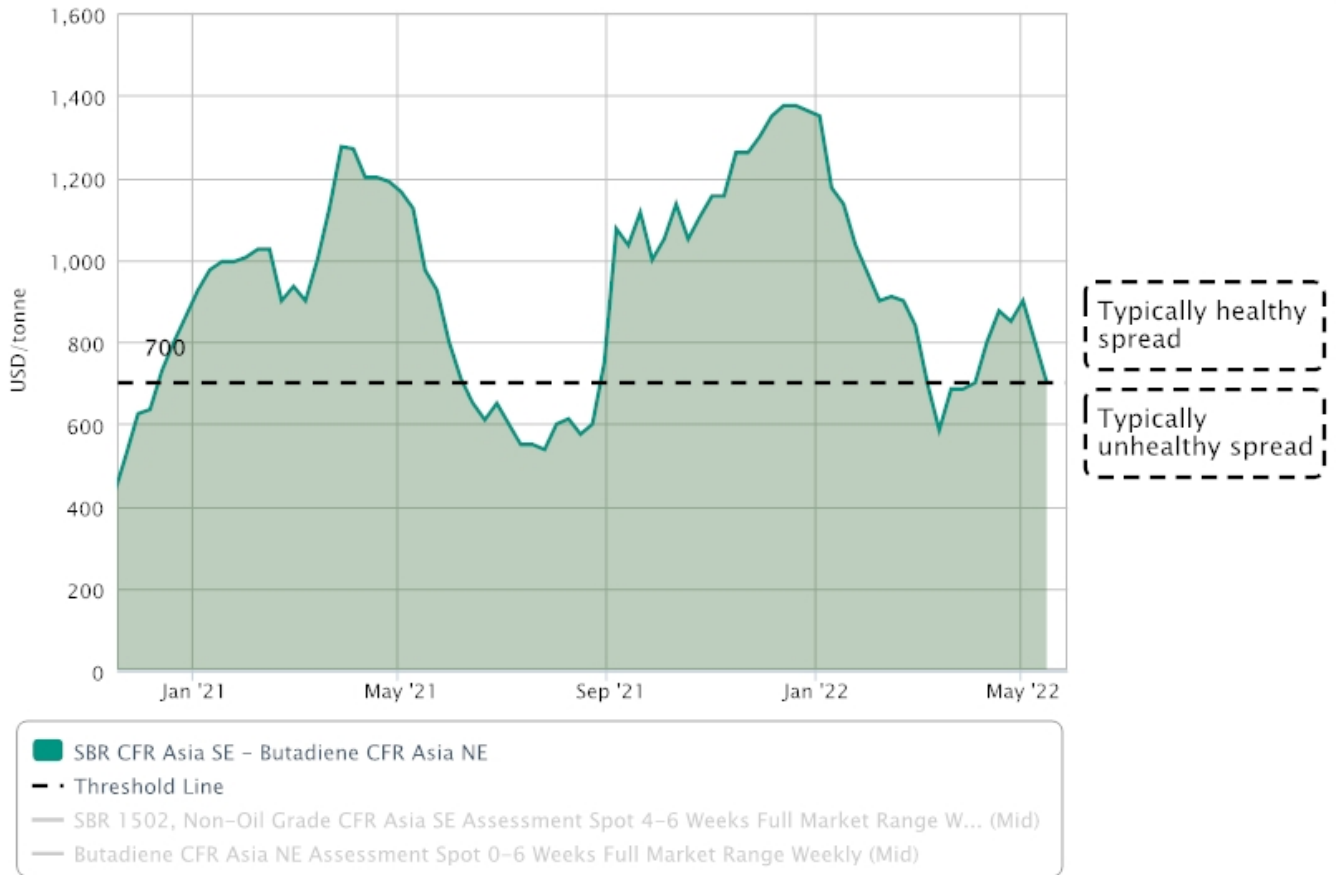
The assessment for oil-extended 1712 grade was kept unchanged with the stable 1502 assessment.

UPSTREAM

Asia's spot import offers for **butadiene** (BD) were [bullish](#), supported by perceived buying interest in Korea, where persistently weak cracker margins triggered fresh concerns about the likelihood of additional operating rate cuts at upstream crackers. However, spot trade liquidity for BD remained crimped by a wide buy-sell gap.

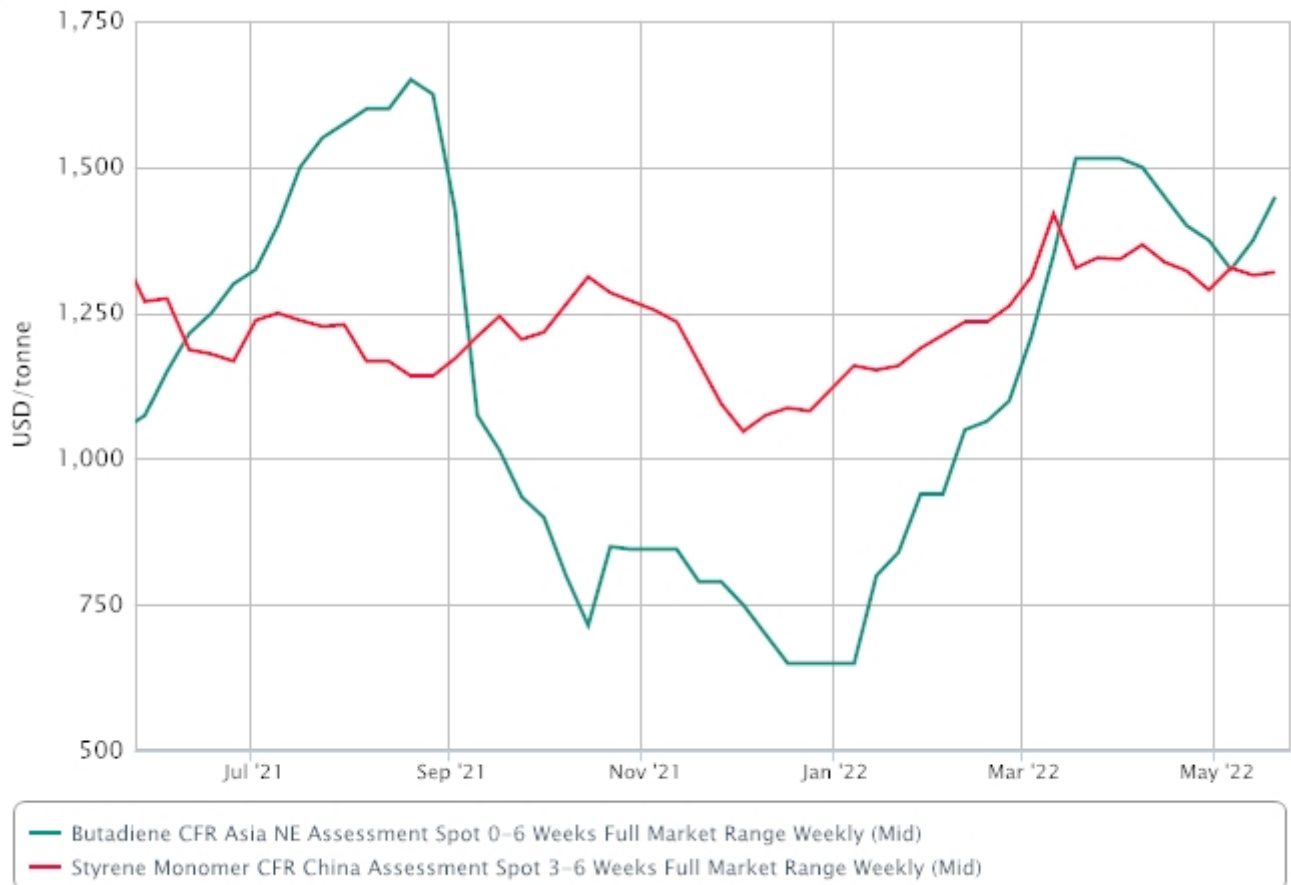
The chart below shows the spread between BD and SBR.

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



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Activity in Asia’s **styrene** market was limited on the back of an unclear outlook and mixed trading sentiment, against a backdrop of continuously squeezed margins and [high](#) feedstock benzene costs.



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PRODUCTION

In China, average operating rates at local SBR plants held steady at 73%, for a third week in a row, sources said. There are, however, downside pressures because a local plant is scheduled to [shut](#) from end May for a month-long maintenance.

Regional SBR supplies are also tight amid an ongoing maintenance.

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

OTHER REGIONS

In Europe, [May](#) contracts for SBR settled at rollovers to double-digit increases over April, due to firmer feedstock costs.

ANALYTICS

ICIS Downstream Automotive Demand Outlook

The global automotive industry is still struggling to make up for pandemic-induced losses. The global light vehicle selling rate fell to 75m units/year in March, with a Q1 2022 average of 79m units/year, as supply issues continued to cap sales growth (Oxford Economics). Material shortages continue to hit the industry. The semiconductor industry is already running at full capacity but is still unable to meet demand. Typical lead times for key materials are between six and eight months. Car manufacturers are bracing for the impact. Toyota reported net income of yen (¥) 2.8tr for FY2022 (an increase of 27%), despite logistics issues. However, its guidance for FY2023 is for

net income of Y2.3tr (down 21% year on year) because the company expects material costs to more than double this year.

According to the US Census Bureau, US light vehicle sales increased by 6.6% month on month in March with total sales of 14.3m (still down 22% year on year). The finished inventory to sales ratio continues to be extremely low at 0.470. The ratio was 1.564 and 3.140 respectively in March 2021 and 2020.

The European Automobile Manufacturers' Association (ACEA) reported a 21% fall year on year in passenger car registrations in March, an historic low. Major European economies posted double-digit sales contractions: Spain (-30%), Italy (-30%), France (-20%) and Germany (-18%). Commercial vehicle registration was down 25% month on month in January, and inventories were alarmingly low. Another direct impact of the conflict in Ukraine is limited supply of neon gas, which is used in making microchips. Ukraine is one of the leading producers of neon gas. The UK's Society of Motor Manufacturers and Traders reported total registrations down 16%, with diesel cars down 52% year on year in April.

In China, auto sales and production steeply declined as a result of the strict coronavirus lockdowns. According to the China Association of Automobile Manufacturers (CAAM), car production was down 46% year on year in April 2022. A similar fall was reported month on month. The outlook for Chinese automotive remains bearish, mainly because of movement controls. Inventory is up thanks to weak sales. The China Automobile Dealers Association reported an inventory coefficient of 1.91, an increase of 9.1% month on month and a year-on-year increase of 22% (with levels above 1.5 considered a warning).

The Indian outlook continues to be bearish. The Federation of Automobile Dealers Associations of India said total vehicle sales increased by 37% in April year on year. However, compared with April 2019 (pre-pandemic), the sales are still down 6%.

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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