



Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim
26-Jan-2022

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

The weekly analysis on 2 February will not be published. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

- **Market flat on pre-holiday trade lull**
- **Divergent buy-sell outlook**
- **Players wait-and-see**

Asia spot prices for styrene-butadiene-rubber (SBR) were [flat](#), reflecting muted discussions in a pre-holiday, thinly-traded week.

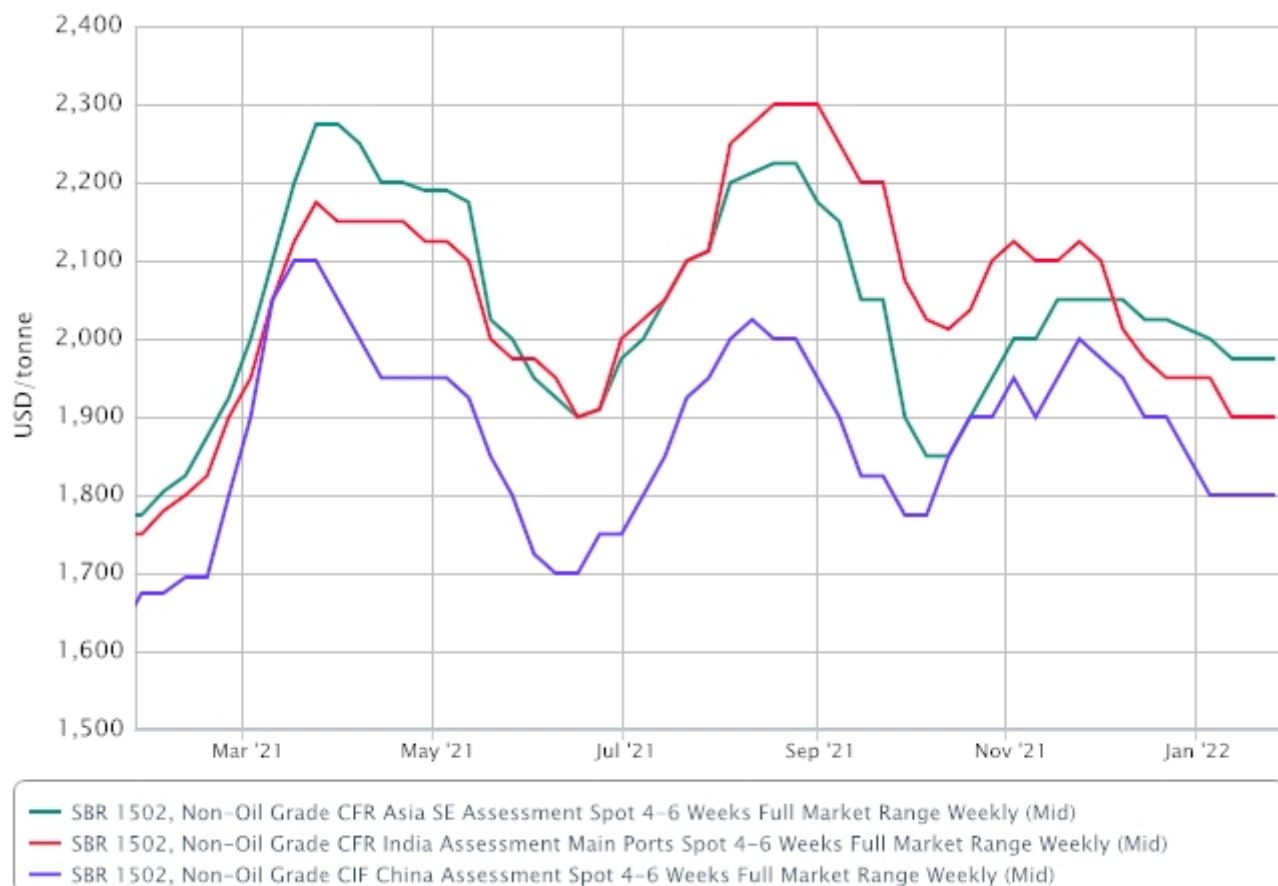
Liquidity was also capped due to divergent views between buyers and sellers.

Most sellers held firm to existing expectations, citing concerns about potential cost rises after recent gains in feedstock butadiene (BD).

Spot availability is expected to tighten on upcoming turnarounds. As a result, sellers were under no pressure to moderate their offers to stimulate buying interest.

Most buyers kept to a cautious procurement approach, citing uncertainty about the [Q1 outlook](#) for the automotive sector, which is a major downstream application for SBR.

Resurgent COVID-19 worries in many regional outlets also clouded the demand picture. Many end-users said they would go slow and deliberate on fresh purchases after the extended Lunar New Year holidays are over in mid-February.



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OUTLOOK

- [Post-holiday trade tempo](#) recovery may take time
- **Upstream BD pricing direction to be watched**
- **Downstream demand to hinge on auto sector**

ICIS analyst view on styrene butadiene rubber (SBR)

ICIS expects fluctuations in the Asian SBR market in January-February, given seasonal weak demand and speculations in the domestic Chinese market.

The semiconductor shortage continues to impact original equipment tyre demand globally, and replacement tyre demand is expected to slow along with a recent spike in coronavirus cases.

Chinese tyre plants were heard running at 55-60% capacity in mid-January, about 10 percentage points lower month on month. Chinese tyre factories will shut from second-half January and are expected to restart in mid-to-late February. The extended shutdown is due to the Winter Olympic Games (4-20 February) and high tyre inventories.

The spread of the Omicron variant is expected to dampen demand. More countries are introducing tighter restrictions, including India, the Philippines and China. This could see import delays, which may support prices in the short term. However, ample regional capacity may offset any longer-term impact.

Speculative interest in China grew in recent weeks because a price gap between synthetic and natural rubber has developed. The upstream butadiene market is also volatile.

By Ann Sun (ann.sun@icis.com)

For more information about analytical content, click [here](#).

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	n/c	1750-1850	n/c	1850-1950	79.38-83.91
CFR Asia SE	USD/tonne	n/c	1950.00-2000.00	n/c	2000.00-2050.00	88.45-90.72
CFR India Main Ports	USD/tonne	n/c	1850.00-1950.00	n/c	1900.00-2000.00	83.91-88.45
SBR 1712, Oil-Extended						
CIF China	USD/tonne	n/c	1650-1750	n/c	1750-1850	74.84-79.38
CFR Asia SE	USD/tonne	n/c	1850.00-1900.00	n/c	1900.00-1950.00	83.91-86.18
CFR India Main Ports	USD/tonne	n/c	1750.00-1850.00	n/c	1800.00-1900.00	79.38-83.91

China

The CIF China assessments for both the non-oil 1502 and oil-extended 1712 grade held steady in a thinly-discussed market.

Domestic prices for 1502 grade were unchanged in the week, despite increases seen in the upstream BD market.

East China domestic SBR 1502 prices

Price (CNY/tonne)	26 January	19 January
E China Ex-Warehouse	12,400-12,600	12,400-12,600

Southeast Asia

The CFR southeast (SE) Asia assessment for both non-oil 1502 and oil-extended 1712 grade were unchanged, in the absence of any concrete fresh discussions and amid range-bound offers.

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

Jan (1-26) 2022	Dec 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021	July 2021	June 2021
178.50	172.08	175.65	174.39	163.23	172.67	164.32	164.51

India

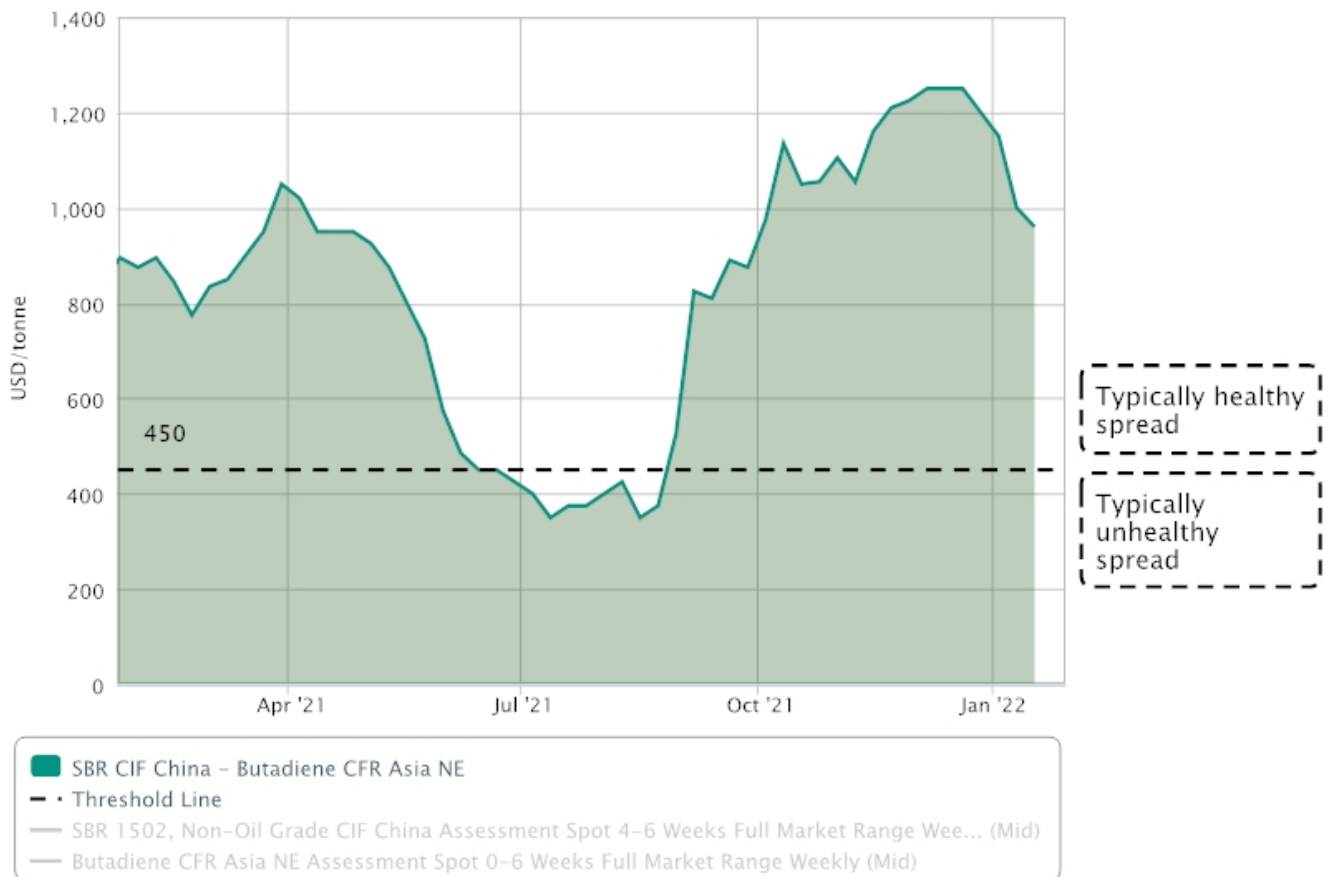
CFR Indian prices for both non-oil 1502 and oil-extended 1712 grade were also rolled over in a muted market, with largely unchanged buy-sell pricing indications.

UPSTREAM

Discussions for Asian BD import cargoes finished on a higher note despite some [haziness](#) earlier in the trading week. The fluctuations tracked those of yuan-denominated prices, which fell earlier in the week with easing buying frenzy seen last week, but rebounded sharply towards the end of the trading week again, on [production issues](#) in China.

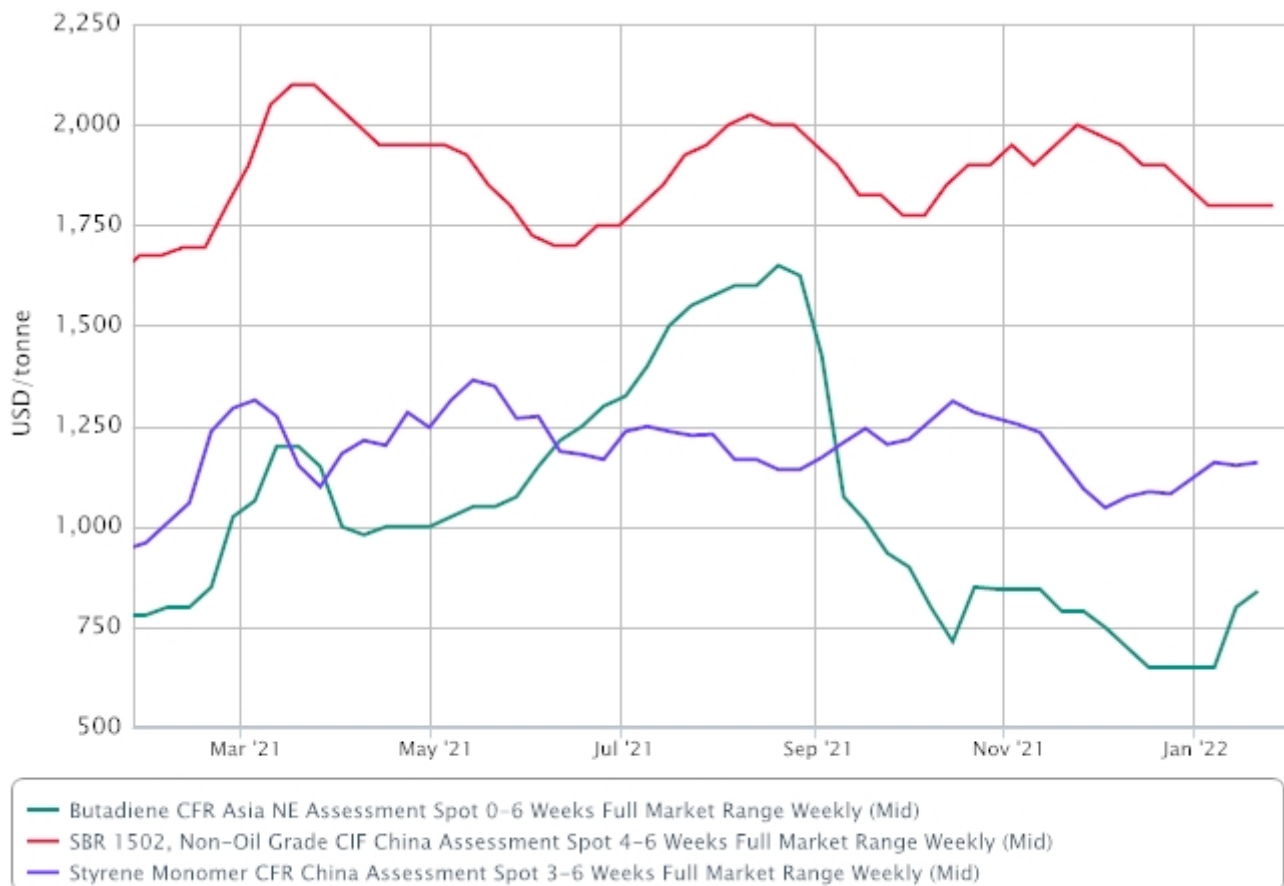
The chart below shows the spread between butadiene and SBR.

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



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Asian styrene prices were thinly discussed through the week, despite increments week on week, because of mixed market sentiment and a lack of a firm outlook overall leading into February.



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PRODUCTION

In China, average operating rates at SBR plants held steady at 91% for the week ended 21 January, unchanged from the week prior.

However, regional supplies may tighten once a northeast Asian plant maintenance gets under way in [February](#).

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

OTHER REGIONS

In Europe, [January contracts](#) for SBR were stable-to-soft, with spot prices declining on slow demand.

ANALYTICS

ICIS Downstream Automotive Demand Outlook

Global automotive output is expected to grow 8.8% in 2022 compared with 2021, although it will still be down 10% from 2019 levels. (Q1 2022 is expected to fall by 4.7% year on year). The global auto industry continues to suffer because of key material shortages and the impact of the pandemic. Chips and electric steel supply issues are likely to persist. Polyamide, a key input material, is anticipated to be in short supply as ammonia production is cut due to high energy costs. In addition, a disruption caused by a typhoon was reported at a Malaysian and Singapore MEG plant.

US automotive output is expected to grow 8.3% in 2022 compared with 2021, although it will be down 2% from 2019 levels. (Q1 2022 is expected to grow by 0.9% year on year). The inventory sales ratio was 0.242 in November 2021, the lowest on record.

EU automotive demand (including the UK) is outpacing supply. Inventories are at an all-time low. EU automotive output is expected to grow 17.0% in 2022 compared with 2021, although it will still be down 26% from 2019 levels. (Q1 2022 is expected to shrink 9.8% year on year). The chip shortage is likely to last well into 2022 and will result in weaker-than-expected vehicle sales and poor demand for key polymers used in the automotive industry.

A modest improvement in China's automotive industry is expected. Output is expected to grow 4.9% in 2022 compared with 2021 (Q1 2022 is forecast to grow by 0.9% compared with Q1 2021). However, pockets of coronavirus infections amid a 'zero COVID-19' approach will likely weigh on demand. Xi'an, the capital of Shaanxi Province, has been under lockdown since 22 December. However, it is worth noting that Shaanxi Province accounts for just 2.7% of the country's passenger cars. In terms of stock, the inventory coefficient was at 1.43 in December 2021, a year on year decrease of 20.6% (although it increased 5.9% month on month). Indian automotive output in 2022 is expected to grow 2.0% compared with 2021, although it will be down 4.6% from 2019 levels. (Q1 2022 is expected to shrink by 7.7% compared with Q1 2021). Despite a healthy order book, passenger vehicles continue to be affected by the chip shortage and increased lead times.

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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