



## 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 wait and see**
- **Buying interest stays low**
- **Weak upstream also dampens sentiment**

Discussions were hampered in Asia's spot market for styrene-butadiene-rubber (SBR) as buyers and sellers held different pricing outlook.

For buyers, they remained convinced that this is not as yet the best time to procure, as they expect the market to soften further if upstream [butadiene](#) prices continue to trend down.

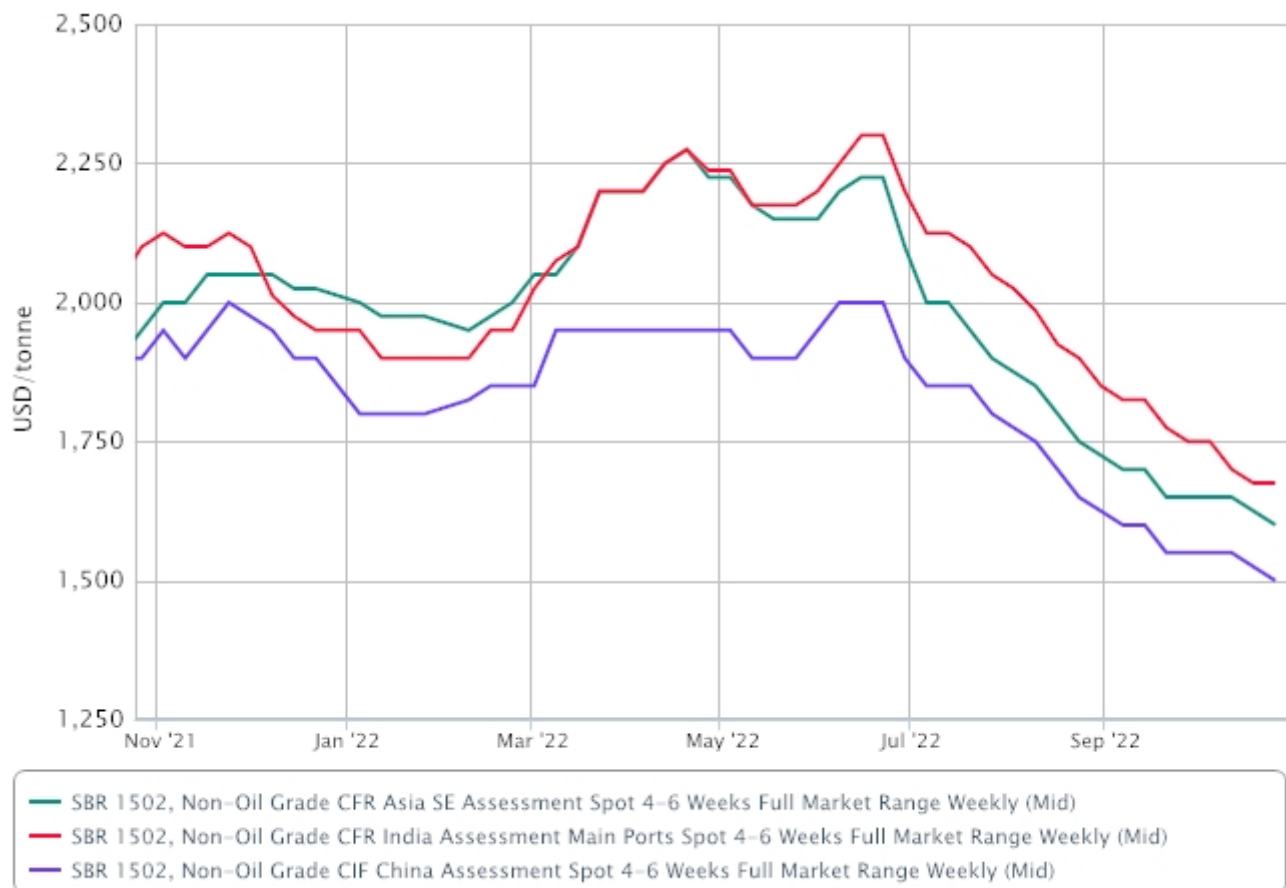
Substantive requirements are limited too, weighed down by hazy global auto sector growth prospects, amid lingering issues like shortage of chips and inflation-induced demand losses.

Sellers kept expectations broadly unchanged this week, in part also because current margins were already squeezed, leaving them with not much room at all to introduce additional discounts without hurting their own bottomlines.

Although there are as yet no sign that China will [relax](#) its strict zero-COVID policy, sellers were hopeful that some other pollution control restrictions have been lifted after the major political meeting wrapped up in Beijing, and that this would create a more conducive operating environment for local China factories to ramp up in the coming weeks.

If downstream production momentum does pick up in China, market participants said that this could then have a [knock-on effect](#) on other regional outlets and lift SBR demand in SE Asia/India.

However, until such expectations materialise, regional end-users were heard more inclined towards going slow and cautiously on their next spot procurement.



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## OUTLOOK

- Supplies to rise once regional turnarounds completed in November
- Demand to track growth for auto sector
- Bearish global economics will also weigh on demand

## PRICES

### SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
<b>SBR 1502, Non-Oil Grade</b>						
<b>CIF China</b>	USD/tonne	-50	1450-1550	n/c	1500-1600	65.77-70.31
<b>CFR Asia SE</b>	USD/tonne	-50	1550.00-1650.00	n/c	1600.00-1700.00	70.31-74.84
<b>CFR India Main Ports</b>	USD/tonne	n/c	1600.00-1750.00	n/c	1700.00-1800.00	72.57-79.38
<b>SBR 1712, Oil-Extended</b>						
<b>CIF China</b>	USD/tonne	-50	1400-1500	n/c	1450-1550	63.50-68.04
<b>CFR Asia SE</b>	USD/tonne	-50	1500.00-1600.00	n/c	1550.00-1650.00	68.04-72.57
<b>CFR India Main Ports</b>	USD/tonne	n/c	1550.00-1700.00	n/c	1650.00-1750.00	70.31-77.11

## China

CIF China assessments for the non-oil 1502 were stable to soft, with the low-end dropped alongside lower, albeit sporadic, buying indications.

Discussions were limited as currency risks kept buyers away from US dollar-denominated imports.

CIF China assessments for the oil-extended 1712 grades were adjusted in line with 1502 grade changes.

Domestic China prices for the 1502 grade slumped as trade momentum continues to languish.

### East China domestic SBR 1502 prices

Price (CNY/tonne)	26 Oct	19 Oct
E China Ex-Warehouse	10,900-11,100	11,200-11,300

## Southeast Asia

CFR SE Asian assessments for the non-oil 1502 grades were rolled over at the high-end, tracking stable offers from most sellers, while the low-end fell with softer buying indications heard.

Some NE Asia-origin materials were heard indicated at below the published range, but for prompt shipment and the delivery window is not within ICIS assessment criteria.

Natural rubber prices remained weak, which will also continue to weigh down buying appetite for SBR, market participants said.

Assessments for the oil-extended 1712 grades were adjusted in line with changes for 1502.

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

Oct (1-26) 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022
132.34	134.12	149.74	158.83	164.15	162.81	171.15

## India

CFR India assessments for both the non-oil 1502 grade and oil-extended 1712 grade were kept unchanged, in a thinly-discussed, holiday-shortened week.

Many traders in India are away for extended Diwali celebrations and may be back mostly only in the coming week.

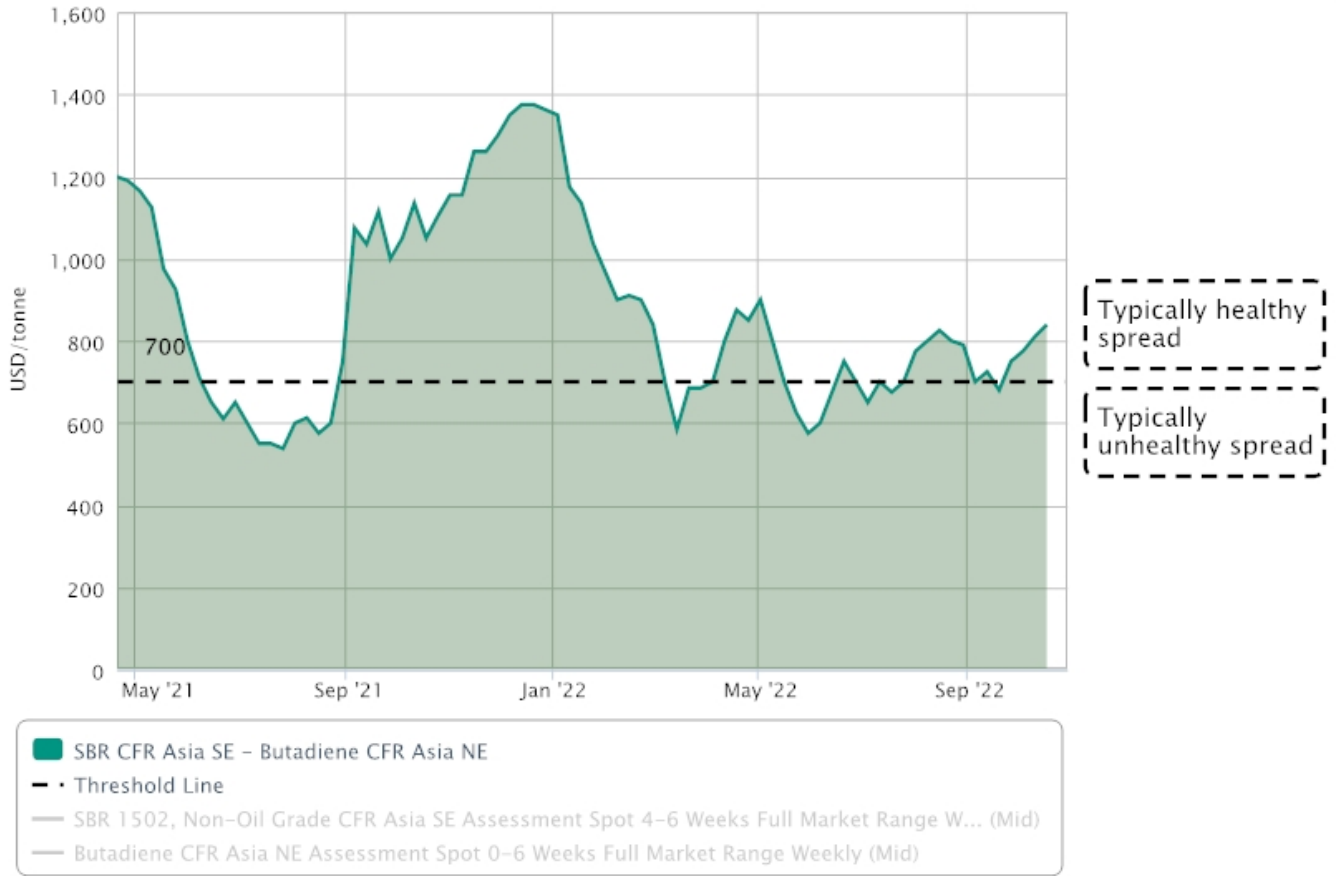
## UPSTREAM

### Butadiene (BD)

- Discussions soften further
- No lack of spot availabilities in SE Asia
- Regional demand still low

The chart below shows the spread between BD and SBR.

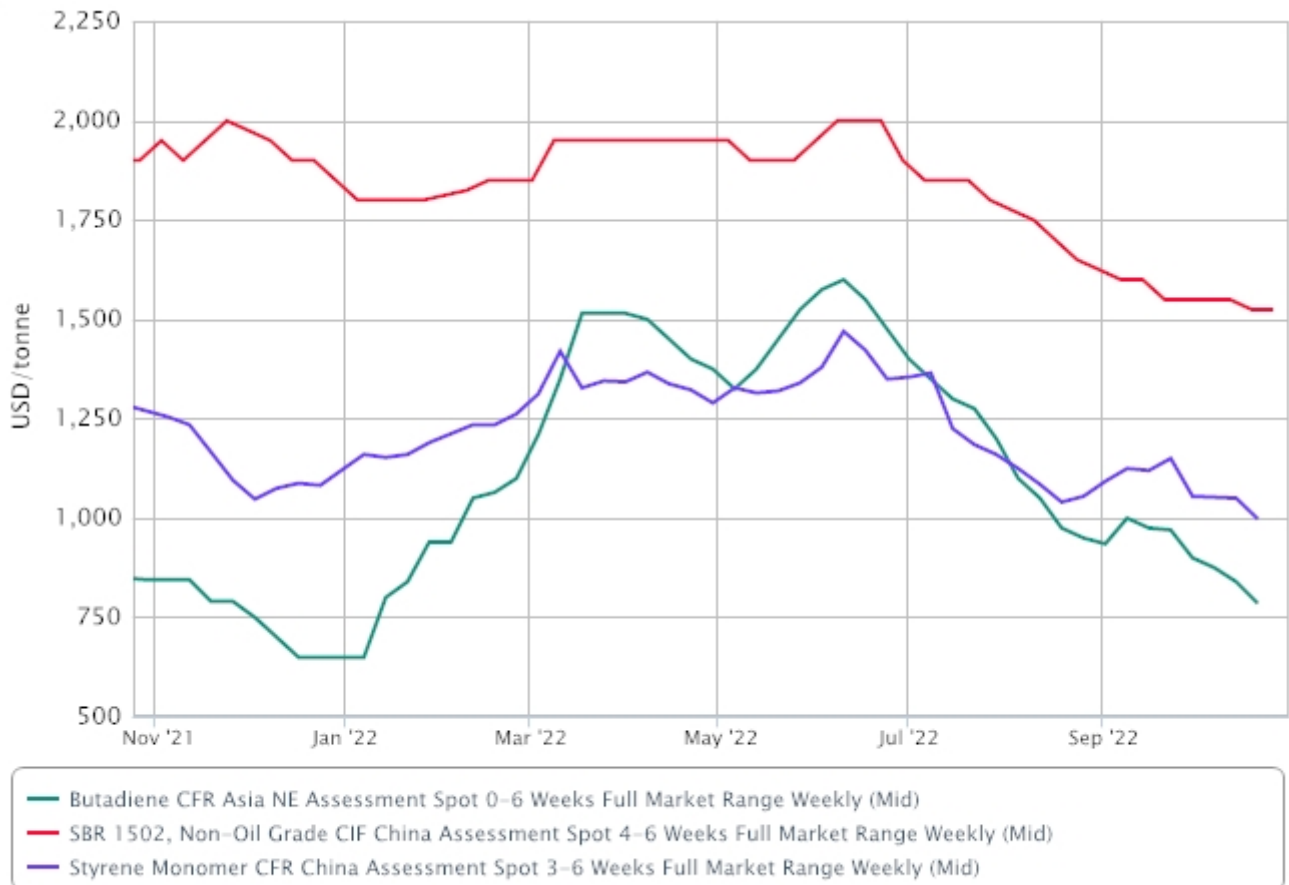
[Downstream spread – butadiene NE Asia and SBR SE Asia](#)



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**Styrene:**

- Volatile trend tracking crude movements
- SM makers' margins remain squeezed
- Spot demand in rest of Asia stays tepid



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## PRODUCTION

SBR spot availabilities may rise once a heavy wave of plant maintenances in Asia, from [China](#), [South Korea](#) to [India](#), [northeast](#) and [south](#) Asia, is completed in November.

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

## OTHER REGIONS

### Europe

- October contracts decrease slightly on monomers
- Gas prices come down but still historically high
- Spot prices steady

### US

- Downward price pressure from feedstocks
- Supplies sufficient to meet needs
- Imports up 5% year to date

## ANALYTICS

### ICIS Downstream Automotive Demand Outlook

The automotive industry has been one of the most battered since the start of the pandemic, because it has also suffered from a severe shortage of semiconductors. Apart from Europe, most of the other major economies have

recovered are operating above 2019 levels. Global light vehicle sales increased to 90m units in July from 85m units in June, according to Oxford Economics with much of this coming from the easing of lockdown measures in China. However, the negatives continue to outweigh the positives for the sector. Geopolitical tensions have worsened the supply situation for semiconductors. The three main areas for chips are Russia - which supplies key materials such palladium, neon gas etc, Ukraine - which supplies 90% of neon gas, and China and Taiwan - which account for approximately 16% and 22% of global chip supply respectively.

According to the US Census Bureaus, US light vehicle sales increased by 2.9% month on month in September, with total sales at 13.5m units. The finished inventory to sales ratio increased slightly from 0.51 to 0.67 in September. (For context, the ratio was 0.94 and 2.6 in June 2021 and June 2020 respectively). Rising inflation, a slump in consumer confidence and tighter monetary policy will weigh on future vehicle demand.

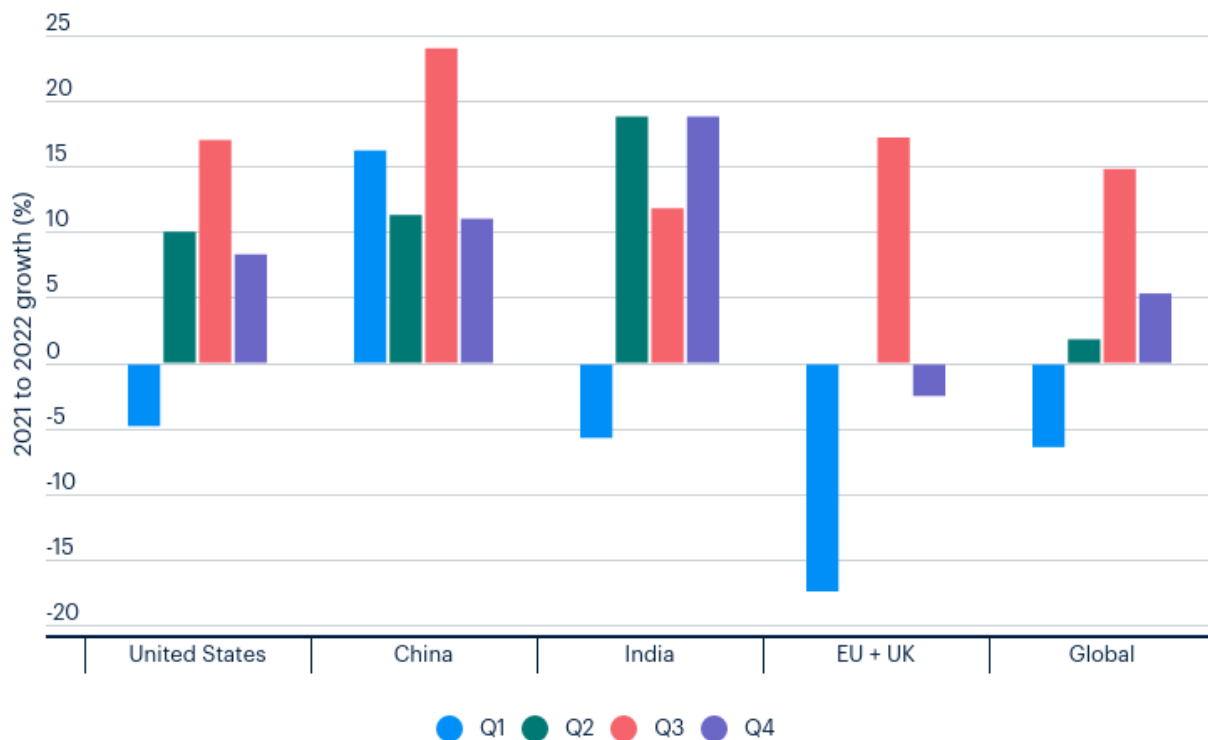
The European Automobile Manufacturers Association (ACEA) expects the EU car market to shrink by 1.0% to 9.6m units in 2022 - which is still down 26% on the 2019 total. As a result, the association is calling for urgent policy action.

According to the China Association of Automobile Manufacturers (CAAM), car production rose 11.5% month on month in September, and by 7.4% year on year. In contrast to its global peers, China’s inventory coefficient - inventory divided by sales - was quite high at 1.47 in September - with anything above 1.5 considered a warning. The China Automobile Association (CADA) reported an improvement in inventory levels.

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

## Motor vehicle sector growth by region

2021 vs 2022



SOURCE: Oxford Economics

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