



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

- **Offers trend lower**
- **But demand still lacklustre**
- **Bearish pricing outlook among buyers**

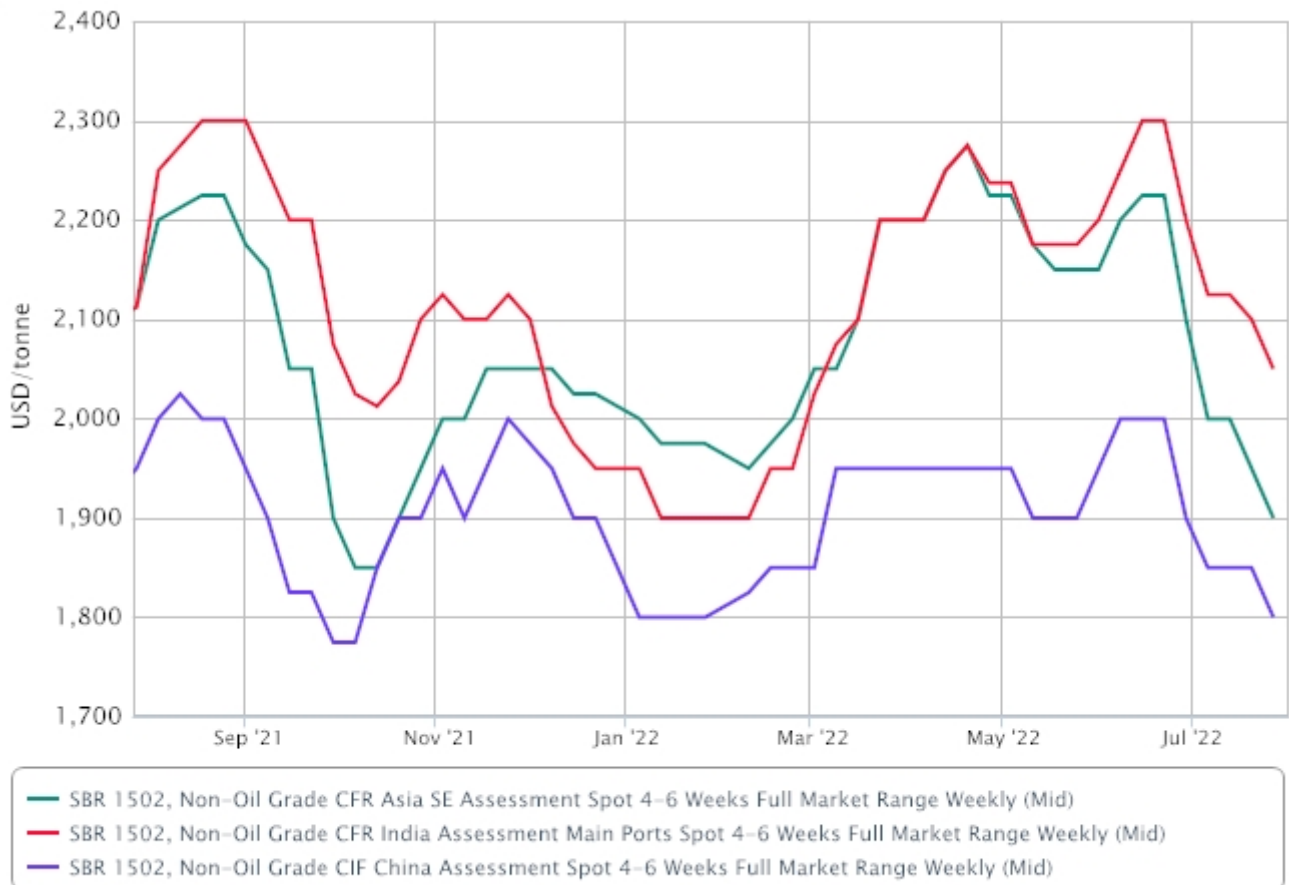
Discussions for spot styrene butadiene rubber (SBR) imports to Asia remained under pressure from weak structural demand as well as active exports from China.

Suppliers in wider Asia widened discounts but drew limited response from buyers. The latter stayed away also because they expected the sellers to price down even more in due course, just so they could stay competitive vis-à-vis the aggressive selling by China.

Buyers are also generally cautious to minimise spot procurement, amid rising apprehensions that their own downstream market will weaken even more after the International Monetary Fund (IMF) [cut](#) global GDP growth forecasts this week.

Furthermore, with China SBR makers still actively [exporting](#) to make up for slow domestic sales, regional end-users saw the market as generally well-supplied, mitigating any need to rush into fresh purchases.

With the upstream butadiene market still weak, buyers were also confident that this will keep up downside pressures on SBR offers, and as such, it will be to their advantage if they wait it out.



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OUTLOOK

- China exports may continue to flow
- Demand recovery potential may be **limited** during Q3
- **Global economic challenges** to cloud outlook

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	-50	1750-1850	-50	1850-1950	79.38-83.91
CFR Asia SE	USD/tonne	-50	1850.00-1950.00	-50	2050.00-2150.00	83.91-88.45
CFR India Main Ports	USD/tonne	-50	1950.00-2150.00	-50	2100.00-2300.00	88.45-97.52
SBR 1712, Oil-Extended						
CIF China	USD/tonne	-50	1650-1750	-50	1750-1850	74.84-79.38
CFR Asia SE	USD/tonne	-50	1750.00-1850.00	-50	1950.00-2050.00	79.38-83.91
CFR India Main Ports	USD/tonne	-50	1850.00-2050.00	-50	2000.00-2200.00	83.91-92.99

China

CIF China assessments for the non-oil 1502 fell on the high-end with lower selling indications heard.

There was no concrete buying interest detected, and the low-end is adjusted down in line with changes at the high-end.

CIF China assessments for the oil extended 1712 grades were down in line with lower 1502 assessments.

Domestic prices in China for 1502 SBR were flat on slow trade momentum.

East China domestic SBR 1502 prices

Price (CNY/tonne)	27 Jul	20 Jul
E China Ex-Warehouse	12,000-12,100	12,000-12,100

Southeast Asia

CFR southeast Asian prices for the non-oil 1502 grade were down at the high-end, tracking lowest offers heard amongst suppliers in wider Asia.

Discussions for China-origin materials are capped at the low-end, but spot trade liquidity was low.

With natural rubber prices still on the slide, market players said that this could also displace some requirements for synthetic rubbers

CFR SE Asian assessments for the oil-extended 1712 grade were adjusted down with changes for the 1502 grade assessments.

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

Jul (1-27) 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
159.20	164.15	162.81	171.15	175.18	179.84	178.12

India

As with southeast Asia, the high-end of the CFR India assessment for the non-oil 1502 grade was dropped with lower selling indications heard for cargoes from wider Asian suppliers.

Discussions for China-origin materials were heard capped at the low-end.

CFR Indian assessments for the oil-extended 1712 grade were adjusted down with changes for the 1502 assessments.

UPSTREAM

Butadiene

- Weak demand persists
- Buying indications bearish
- But offers scant on snug spot supplies

The chart below shows the spread between butadiene and SBR.

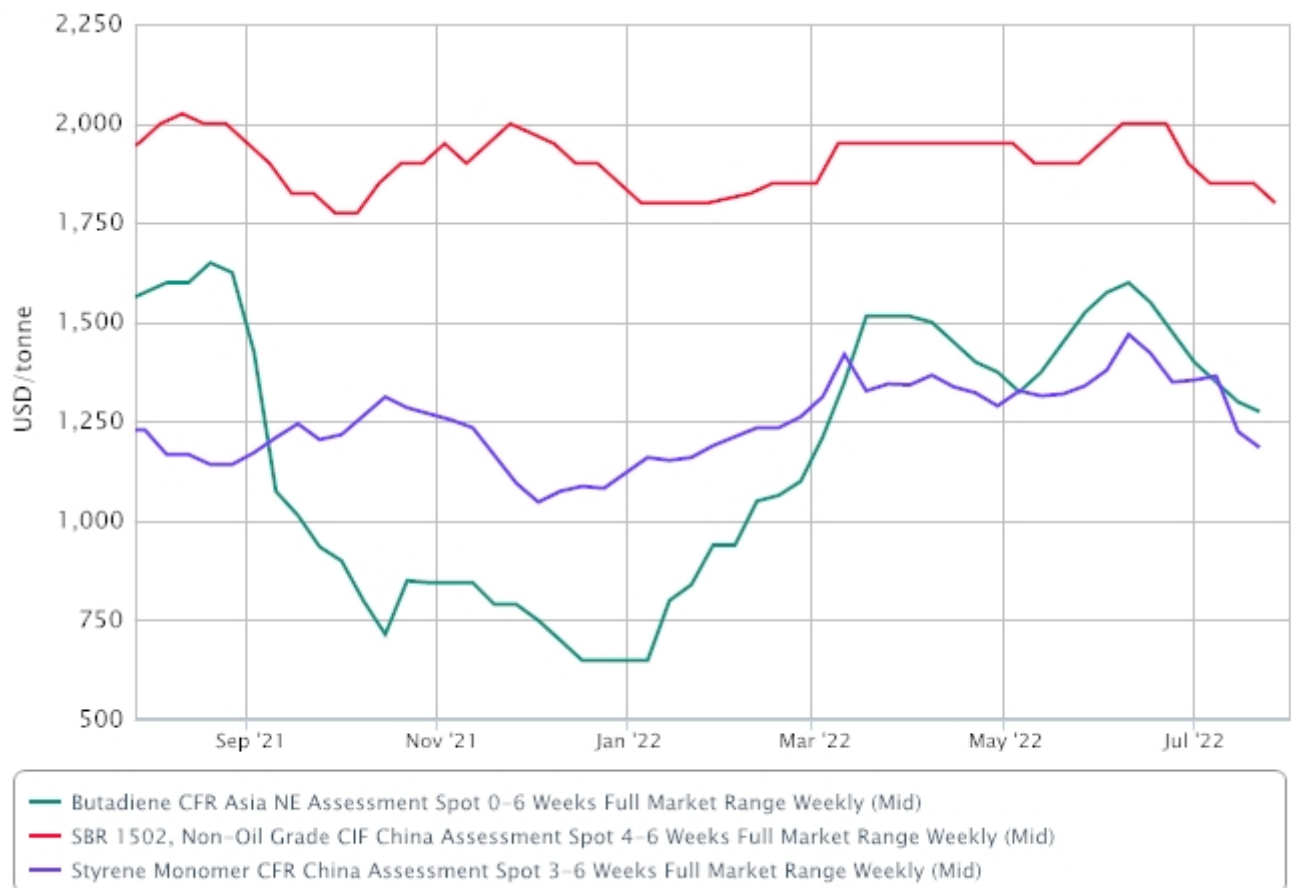
[Downstream spread – butadiene NE Asia and SBR SE Asia](#)



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Styrene:

- Downtrend persists on weak fundamentals, futures performance
- Limited Aug export activity from Asia to the West weighs further on sentiment
- Regional demand poor on slow styrenics offtake



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PRODUCTION

In China, operating rates of local SBR plants held steady at 65% for the week ended 22 July, unchanged from the week prior, market source said.

But in wider Asia, SBR output has tightened with [output cuts](#) at some regional plants.

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

OTHER REGIONS

Europe

- July SBR contracts stable to firm
- Replacement tyre demand steady
- Spot demand slower, prices soften

US

- Supplies sufficient to meet demand
- Feedstock BD nominated flat for August
- Upward pressure stems from styrene

ANALYTICS

ICIS Downstream Automotive Demand Outlook

It has been about a year-and-a-half since the world was plunged into the coronavirus crisis – impacting automotive production. Following this disruption, acute computer chip shortage ensued. And now war related disruptions, such as the shutdown of the Nord Stream 1 natural gas pipeline, further aggravated problems of an industry already under duress. The industry, so far, is struggling to make any meaningful recovery – even though May's auto sales performance was in positive territory. The global light vehicle selling rate increased to 76m units in May from 67m units April, according to Oxford Economics. The growth was primarily contributed by China as the nation eased lockdown measures. However, renewed lockdown actions cannot be ruled out.

According to the US Census Bureau, US light vehicle sales rose 2.3% month on month in June with total sales of 12.9m units (yet this is down 16% year on year and 25% down from 2019 levels). The finished inventory to sales ratio slightly improved month on month from 0.440 to 0.527 in May. (For context, the ratio was 1.108 and 2.948 respectively in March 2021 and 2020.)

The European Automobile Manufacturers Association (ACEA) reported a 15.4% fall year on year in passenger car registrations in June. All major European economies posted a double-digit sales contraction, as logistics and supply chain problem continue to dent industry growth i.e. Germany (-18.1%), Italy (-15.0%) and France (-14.2%) and Spain (-7.8%). Commercial vehicle registration was down 17.7% month on month in May (with sales down for the eleventh consecutive month). Another direct impact of the Russia-Ukraine conflict is constrained supply of neon gas, which is used in making microchips. Ukraine is one of the leading producers of neon gas. The UK's SMMT also reported, total registration was down 24.3% in June year on year, and down 12% year to date, with diesel cars taking the largest impact (down 46.7% year on year in June). Another new development for this month pertains to the Nord Stream 1 pipeline maintenance schedule with lack of clarity on resumption of operations.

China's automotive outlook continue to puzzle, as it heavily relies on the status of the movement control restrictions. China reported improved sales and production figures because of the easing of lockdown measures. According to the China Association of Automobile Manufacturers (CAAM), Chinese car production was up 28.2% year on year in June 2022. A similar level of growth was reported in month on month as well. Inventory levels were down from 1.51 to 1.36 in June. India's outlook seems to be on the positive side, as there were signs of easing of tightness in computer chips supply. However inflation concerns remain. FADA reported India retail sales rose 27% in June year on year (still down 9% as compared to 2019 levels).

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Motor vehicle sector growth by region

2021 vs 2022



SOURCE: Oxford Economics

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