



## Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim  
27-Oct-2021

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

### OVERVIEW

- **Limited spot availability**
- **Demand picking up in some outlets**
- **But buyers resistant to offer increases**

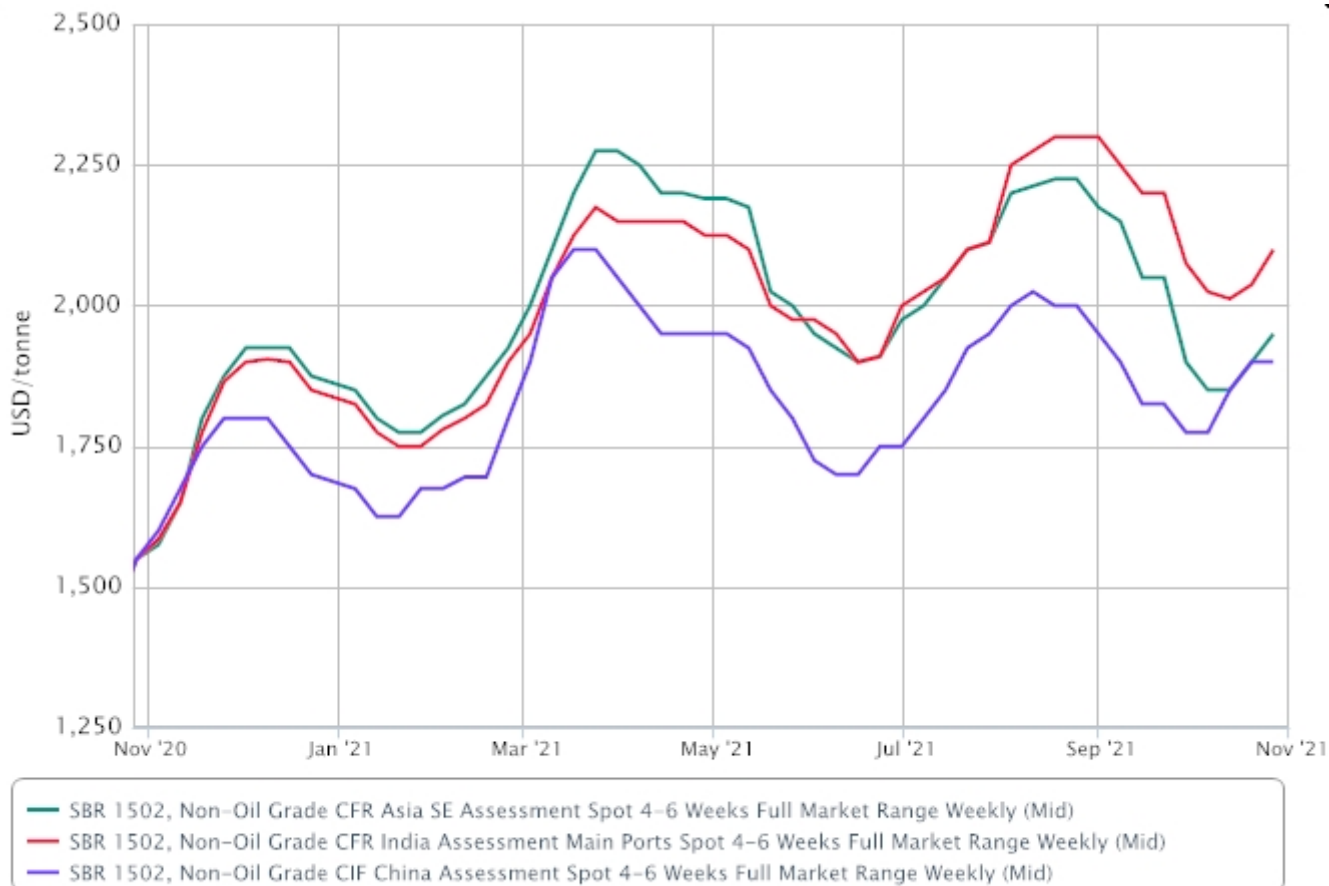
Asia's spot prices for styrene-butadiene-rubber (SBR) were mostly up week-on-week, except in China where discussions were range-bound.

In China, volatility in the upstream butadiene market impacted on buying interest for SBR, with some end-users heard reluctant to take position and commit on fresh spot import booking, until there is more clarity on upstream pricing trends.

But in wider Asia, sentiment was generally more buoyant. Offers were supported on the reality that spot availability are limited due to ongoing turnarounds.

Some regional plants had cut operating rates in Q3, drawing down stocks instead, and as such, even if they are currently reverting to full-tilt operations, market players said that supply is still not optimal.

Demand is also deemed to be recovering, with more downstream factories in southeast Asia and India heard ramping up post-Covid operations.



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## OUTLOOK

- Supply shortage may ease in Q4
- But [power crunch crisis](#) in China may weigh on local output
- Demand outlook may remain uneven across the region

## PRICES

### SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
<b>SBR 1502, Non-Oil Grade</b>						
<b>CIF China</b>	USD/tonne	n/c	1850-1950	n/c	1700-1850	83.91-88.45
<b>CFR Asia SE</b>	USD/tonne	+50	1900.00-2000.00	+50	1850.00-1950.00	86.18-90.72
<b>CFR India Main Ports</b>	USD/tonne	+50	2050.00-2150.00	+75	2000.00-2150.00	92.99-97.52
<b>SBR 1712, Oil-Extended</b>						
<b>CIF China</b>	USD/tonne	n/c	1750-1850	n/c	1600-1750	79.38-83.91
<b>CFR Asia SE</b>	USD/tonne	+50	1800.00-1900.00	+50	1750.00-1850.00	81.65-86.18

<b>CFR India Main Ports</b>	USD/tonne	<b>+50</b>	1950.00- 2050.00	<b>+75</b>	1900.00-2050.00	88.45-92.99
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## China

CIF China assessments for the non-oil 1502 grade were rolled over on range-bound pricing indications heard.

CIF China assessments for the oil-extended 1712 grade were kept unchanged in tandem with stable 1502 assessments.

Buying interest for imports were generally low due to lacklustre downstream requirements, and latest official data shows that China's [September SBR imports](#) were more than 25% lower on-year.

Domestic China prices of the 1502 grade materials softened on week, alongside upstream losses seen this week in the yuan-denominated market.

### East China domestic SBR 1502 prices

Price (CNY/tonne)	27 October	20 October
E China Ex-Warehouse	13,800-13,900	14,400-14,600

## Southeast Asia

CFR southeast (SE) Asian prices for the non-oil 1502 grade extended gains, on firmer buy-sell discussions heard.

Deals were heard in the published range. Some offers were heard at levels over the published high-end of the range, but received lukewarm response from buyers, many of whom were heard still resistant of firmer offers, market players said.

CFR SE Asian prices for the oil-extended 1712 grade are also adjusted up with the changes for 1502 grade assessments, in the absence of concrete 1712 discussions.

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

Oct 27) 2021	(1- Sep 2021	Aug 2021	July 2021	June 2021	May 2021	Apr 2021	Mar 2021	Feb 2021
174.12	163.23	172.67	164.32	164.51	169.09	164.72	175.25	169.16

## India

As with southeast Asia, CFR Indian prices for the non-oil 1502 grade were also up, tracking firmer buy-sell pricing indications heard.

The high-end is lifted with the lowest offer heard on November shipment supplies, while the low-end reflected buying indications.

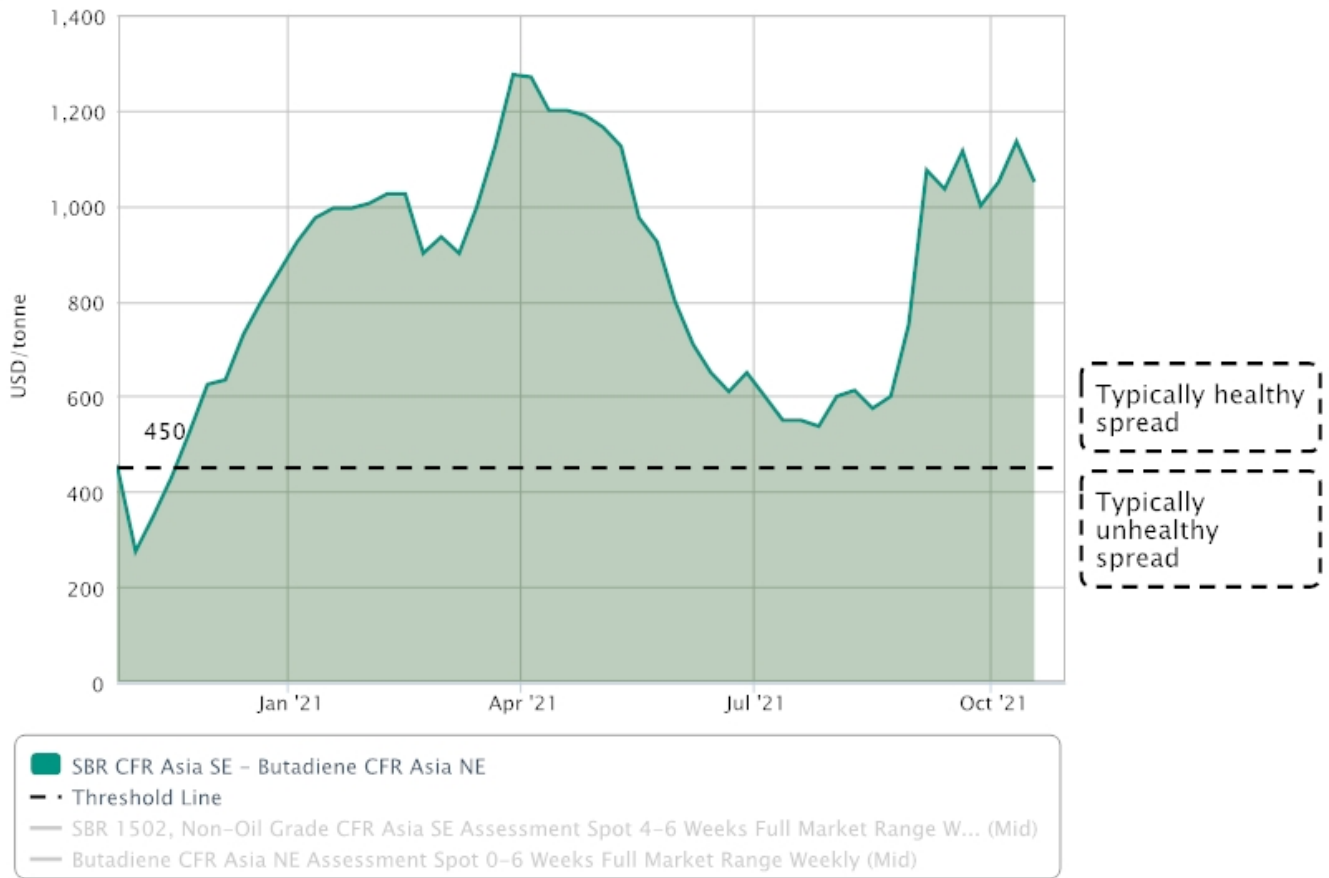
CFR Indian prices for the oil-extended 1712 grade were also raised in tandem with the 1502 grade, in the absence of any concrete 1712 business.

## UPSTREAM

Asian **butadiene** import discussions spiked with [bullish](#) domestic China market. But spot trade liquidity is overall low with end-users in other regional outlets amply covered for October and November requirements, and visibly less enthusiastic than their China counterparts in securing fresh spot parcels.

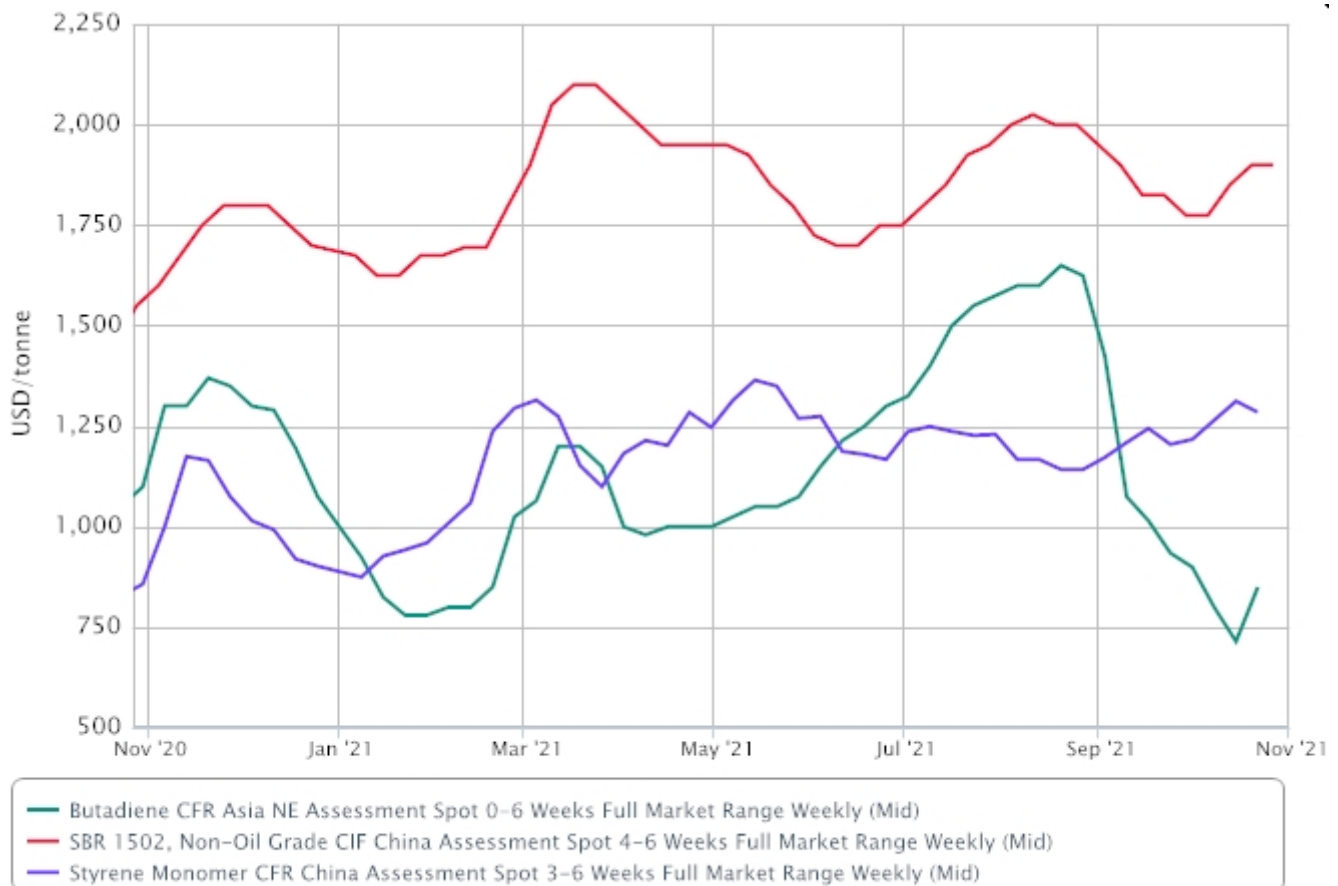
The chart below shows the spread between butadiene and SBR.

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



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Asian **styrene** prices came under downward pressures in most parts of the week, owing to bearish trading sentiment and persistently weak buying interest from the key Chinese import market.



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## PRODUCTION

In China, average operating rates of local SBR plants dropped to 73% for the week ended 22 October, compared to 76% for the week prior, market sources said.

Ongoing power crunch in the country may continue to weigh down domestic production, market players said.

Outside of China, spot availabilities of SBR are also tightened by ongoing turnarounds in Korea and India.

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

## OTHER REGIONS

In Europe, October contract pricing discussions for SBR remain [clouded](#) by energy surcharges.

## ANALYTICS

### ICIS Downstream Automotive Demand Outlook

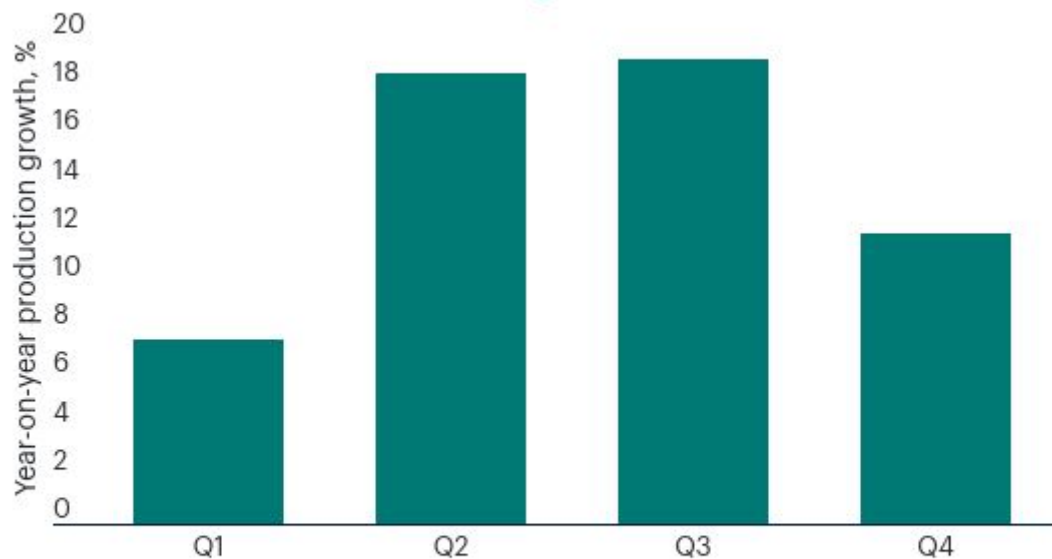
The worst is not over for the automotive industry. Global light vehicle sales were down 11.7% in August from pre-pandemic level in August 2019. The industry continues to reel from extreme supply chain disruptions and a shortage of critical auto parts such as semiconductor chips. As a result, almost all the major car makers have reduced run rates. For example Toyota slashed production by 40% in September and expects to make another 15% cut in November. The main reason for the chip shortage is the extraordinary demand for consumer

electronics seen during the pandemic. The automakers either misjudged or underestimated chip demand and did not fully prepare. For 2021, Oxford Economics forecasts an 11.5% contraction in motor vehicle value added output compared with 2019. The growing popularity of Electric Vehicles (EVs) is another factor exerting pressure on chip supply. EVs requires more chips compared with conventional cars, but only account for 3% of the global automotive market. In the short term, chip supply is likely to remain tight until the first half of 2022. For fabless companies, the wait may be even longer. Even though a few chip investments have been announced, it typically takes 18 to 24 months for a new chip plant to start operations. Investments recently announced include Intel's €80bn over the next decade in Europe and TSMC's €2.8bn, among others.

In China, passenger car sales were down 25.5% year on year in June. This trend is expected to continue. Energy rationing has also adversely affected the Chinese auto market, exacerbating a shortage of materials, especially polymers. ICIS analyst Jimmy Zhang said, "In the fourth quarter, with the ongoing strict policy on carbon emissions and environmental protection, operating rates of coal-based polyolefin units is expected to remain limited. The polyolefin supply pattern is expected to change from ample to tight." India is not an exception. In September, total vehicle sales were down 5% year on year, according to India's Federation of Automobile Dealers Association (FADA). As India enters its festive season, the outlook is mixed.

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

### China motor vehicle sector growth, 2019 vs 2021



Source: Oxford Economics

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