



Styrene Butadiene Rubber (Asia-Pacific)

By Ai Teng Lim
28-Apr-2021

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

The CIF China prices in the weekly analysis on 5 May will be based on information collated up to 30 April. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

- **Discussion stable-to-soft**
- **Buyer tempo slows**
- **Offers supported by supply limitations**

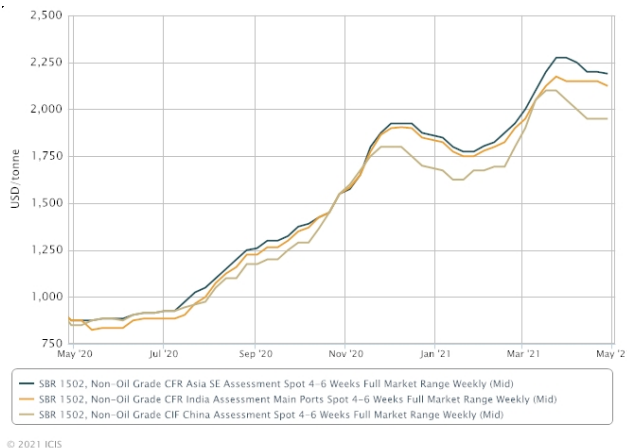
Asian spot prices for styrene-butadiene-rubber (SBR) were broadly stable-to-soft, weighed down by lacklustre buying across the region.

In China, because the domestic yuan-denominated market was still trending down, end-users mostly veered towards purchasing from the domestic pool rather than the US dollar denominated import market, in part to sidestep currency risks.

In southeast Asia, most buyers were heard amply covered. Some said they may stay away from the market until after the Eid ul-Fitr holiday is over in mid-May.

In India, import talks stalled as downstream production and trade in many states were disrupted and derailed by the ongoing second, and dire, wave of [coronavirus infections](#) in the country.

However, offers mostly held steady, with regular suppliers heard leaning on tight spot availabilities for pricing support.



OUTLOOK

- Supply to tighten on upcoming [turnaround](#)
- Coronavirus worries to weigh on demand
- Buy-sell gap may widen

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	n/c	1900-2000	n/c	2000-2100	86.18-90.72
CFR Asia SE	USD/tonne	n/c	2150.00- 2230.00	-20	2250.00-2300.00	97.52-101.15
CFR India Main Ports	USD/tonne	-50	2050.00- 2200.00	n/c	2100.00-2200.00	92.99-99.79
SBR 1712, Oil-Extended						
CIF China	USD/tonne	n/c	1800-1900	n/c	1900-2000	81.65-86.18
CFR Asia SE	USD/tonne	n/c	2050.00- 2130.00	-20	2150.00-2200.00	92.99-96.62
CFR India Main Ports	USD/tonne	-50	1950.00- 2100.00	n/c	2000.00-2100.00	88.45-95.25

China

CIF China prices for both non-oil 1502 and oil-extended 1712 grades were kept unchanged in the absence of fresh concrete discussions.

Domestic China prices for SBR extended losses, dampening the country's buying appetite for US dollar denominated imports.

East China Domestic SBR 1502 EXWH (CNY/tonne)

28 Apr 21 Apr 14 Apr 07 Apr 31 Mar 24 Mar 17 Mar 10 Mar 03 Mar

13,200-	13,500-	14,000-	14,100-	14,100-	14,100-	14,300-	14,200-	14,100-
13,300	13,700	14,100	14,200	14,200	14,200	14,500	14,300	14,300

Southeast Asia

CFR southeast (SE) Asian prices were stable-to-soft, with the high end lowered to capture the range of deals heard in the week.

Some northeast Asia-origin cargoes were heard above the published range, but players said that this was met with increased resistance from buy-side elements.

That said, sellers saw no merit to widen discounts below the current range, sources said, as spot availability is tight.

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

Apr 2021	(1-28) Mar 2021	Feb 2021	Jan 2021	Dec 2020	Nov 2020
164.49	175.25	169.16	158.41	157.61	156.50

Oil-extended 1712 grade prices in SE Asia were adjusted down at the high end in tandem with changes in the 1502 grade assessment.

India

CFR Indian prices for the non-oil 1502 grade material were assessed in a wider range, with the low end lowered to reflect a widening gap in the buy-sell evaluation of SBR.

Offers held firm at \$2,200/tonne CFR India and above for Asia-origin material, but buying indications fell by at least \$50/tonne on the week, sources said, similar to the amount deep-sea origins cargoes may be available at.

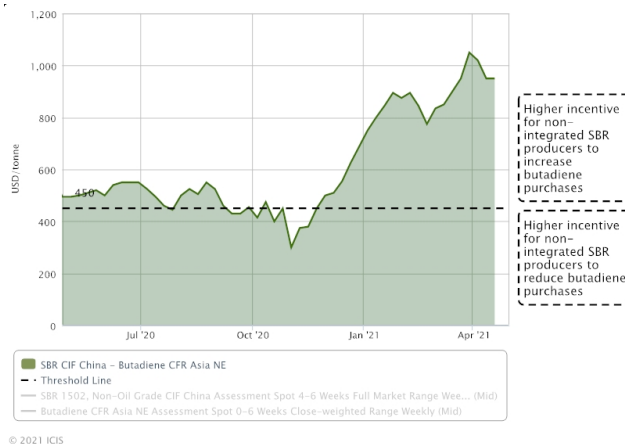
The CIF Indian assessment for oil-extended 1712 grade was adjusted in line with changes for the 1502 grade assessment.

UPSTREAM

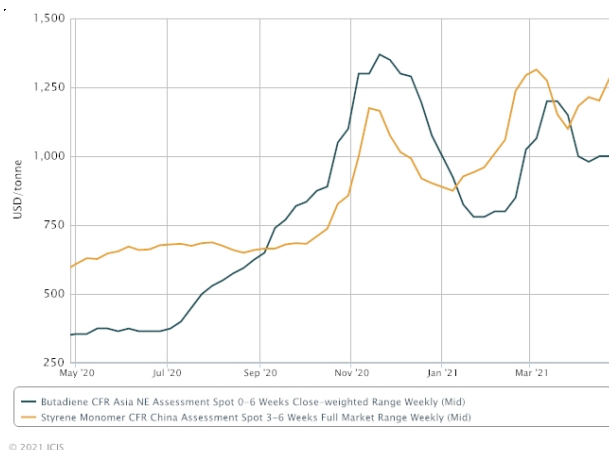
Asian butadiene (BD) prices were flat on muted talks.

The chart below shows the spread between BD and SBR.

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



Asian **styrene** prices [were up](#) on the back of prompt short-covering activities in both the yuan-denominated and US-denominated market, against a backdrop of tighter-than-usual supplies on the back of ongoing plant turnarounds and lower stock levels in main east China ports.



PRODUCTION

In China, average operating rates for local SBR plants slipped by one percentage point to 67% for the week ended 23 April, compared to the week prior, market sources said.

SBR supplies in the region may tighten in Q2 on upcoming [turnarounds](#).

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

ANALYTICS

ICIS Butadiene Outlook

In the short term, the US BD market is likely to have healthy demand and tight supply. Nevertheless, pressure might be eased by extremely challenging times for the auto industry. Apart from the coronavirus pandemic, which has affected vehicle sales, the shortage of semiconductors is forcing several automakers to limit production. This situation has prompted US President Biden to call a summit to try resolve the global chip crisis. ICIS foresees demand for new passenger cars and light trucks in the US will increase to between 15.9m and 16.5m units in 2021.

European BD consumption is expected to remain good in Q2, even though there are mixed sentiments. In April, European demand for new vehicles is projected to be adversely affected by prolonged lockdowns across many countries. In addition, several automakers are planning to reduce or halt production at their plants over the next few weeks due to a semiconductor supply shortage. ICIS projects a rise in passenger car sales in 2021, with the vehicle market picking up in H2 2021. European sales might increase between 3% and 8% compared with 2020, but new registrations will remain below 13m units this year.

The Chinese BD market fundamentals are predicted to remain firm throughout 2021 amid a GDP growth forecast of 8.4% for China, according to the IMF. Vehicle sales should surpass pre-pandemic levels this year. Buoyant domestic demand alongside new incentive package to stimulate car sales in rural areas are expected to sustain the auto industry. Three new BD projects are scheduled to come on stream in Q3 2021. Overall, Zhejiang Petrochemical, Fujian Gulei and Shandong Shouguang Luqing will produce 420,000 tonnes/year of BD at full capacity.

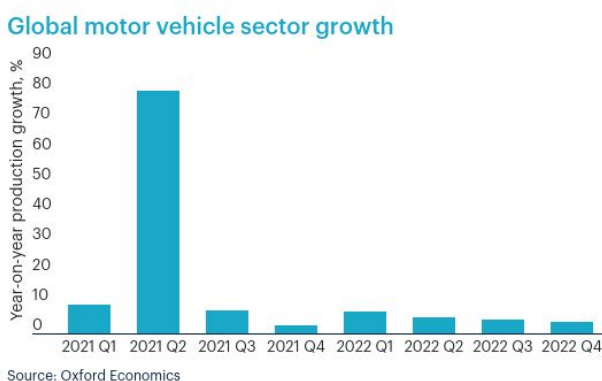
By **Paolo Scafetta**, ICIS senior olefin analyst, paolo.scafetta@icis.com

ICIS Downstream Automotive Demand Outlook

The year started with a certain degree of optimism on the back of a better-than-expected Q4 2020. The automotive sector reported a strong performance in March 2021. According to LMC Automotive, the automotive forecaster, global light vehicle (LV) sales rose 7% month on month in March to 87.5m units. However, the industry is suffering from supply chain problems and other production-related issues. Polymer and shipping container shortages continue, forcing a number of companies to announce plant shutdowns. As a result, most carmakers are running alarmingly low levels of raw material and finished product inventories. The CEO of Volkswagen said, "The company would be unable to build 100,000 cars this year due to the chip shortage and the group would not be able to make up for the shortfall in 2021".

Chinese vehicle production was up a strong 72% year on year in March 2021, although this largely reflects shutdowns in Q1 2020. However, production is lower than in March 2019, even though sales have been flat over the same time period. This reflects lower inventories, according to the China Automobile Dealers Association (CADA). Chip shortages are biting here too, with many domestic and foreign producers talking about supply problems. India's Federation of Automobile Dealers Associations (FADA) reported that registrations fell 28.64% year on year but grew 10.05% month on month. Close to 47% of dealers said that they had lost more than 20% of sales due to supply-side constraints. Japanese car production has also been impacted: down around 9% year on year in February. South Korean producers, especially Hyundai, are seen as less impacted by shortages due to integrated chip production. However, production cutbacks are now starting to bite for all producers here too.

By **Jincy Varghese**, ICIS demand analyst and **Rhian O'Connor**, ICIS senior analyst



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