



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

- **Feedstock cost pressures up**
- **Sellers raise offers**
- **Buying appetite curbed**

Asian import prices for styrene-butadiene-rubber (SBR) were assessed stable-to-firm across the region, taking into account elevated offers amid rising cost pressures.

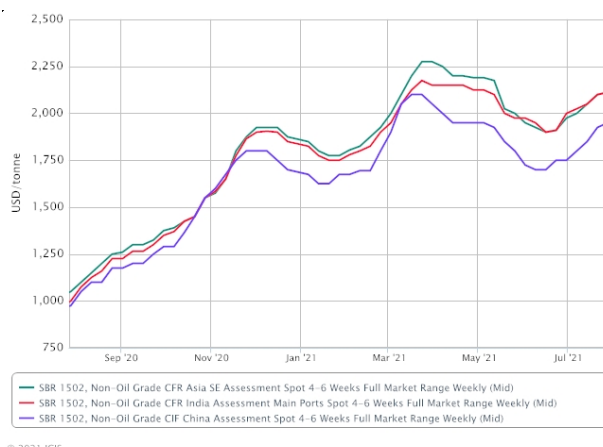
Feedstock butadiene (BD) prices are at a [multi-year high](#), prompting SBR makers in the region to price up in a bid to recoup costs and rescue squeezed margins.

Even at the increased levels seen this week, SBR sellers said they are still far from ideal in terms of their cost recovery objectives.

That said, sellers are mindful that increases need to be paced to lessen resistance from downstream users, market sources said.

Buyers were heard pulling back on fresh procurements, citing affordability issues as pricing conditions in their own downstream markets were more muted.

With regional economic growth prospects now [underwhelmed](#) by the latest COVID-19 wave, market players said this may impact on the recovery of the automotive sector which is a key SBR application.



OUTLOOK

- **Cost pressures may continue to build**
- **Demand to hinge on economic growth prospects**
- **SBR producers may cut output to reduce costs**

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
SBR 1502, Non-Oil Grade						
CIF China	USD/tonne	+50	1900-2000	n/c	1700-1800	86.18-90.72
CFR Asia SE	USD/tonne	+25	2075.00-2150.00	n/c	1950.00-2000.00	94.12-97.52
CFR India Main Ports	USD/tonne	+25	2075.00-2150.00	n/c	1950.00-2050.00	94.12-97.52
SBR 1712, Oil-Extended						
CIF China	USD/tonne	+50	1800-1900	n/c	1600-1700	81.65-86.18
CFR Asia SE	USD/tonne	+25	1975.00-2050.00	n/c	1850.00-1900.00	89.58-92.99
CFR India Main Ports	USD/tonne	+25	1975.00-2050.00	n/c	1850.00-1950.00	89.58-92.99

China

CIF China prices for non-oil 1502 grade were assessed stable-to-firm, with the low end lifted by higher buy-side pricing indications. However, no deals materialised with local end users still amply supplied by domestically produced material, especially at a time when downstream requirements were not robust.

CIF China prices for oil-extended 1712 grade were adjusted up on the low end, in line with the 1502 grade changes, in the absence of concrete discussions.

Domestic China prices of 1502 grade material slid on lacklustre buying.

East China domestic SBR 1502 prices

Price (CNY/tonne)	28 July	21 July
E China Ex-Warehouse	13,300-13,500	13,500-13,800

Southeast Asia

CFR southeast (SE) Asian prices for non-oil 1502 grade were stable-to-firm, with the low end lifted to capture the full range of trade discussions heard.

The assessment for oil-extended 1712 grade was adjusted in line with changes seen in the 1502 grade assessment, in the absence of any concrete business.

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

Jul (1-28) 2021	June 2021	May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021
163.82	164.51	169.09	164.72	175.25	169.16	158.41

India

CFR Indian prices for non-oil 1502 grade were assessed in a narrower range, taking into account offers and deals heard.

Some northeast Asia-origin material was heard sold around the high end of the assessment range.

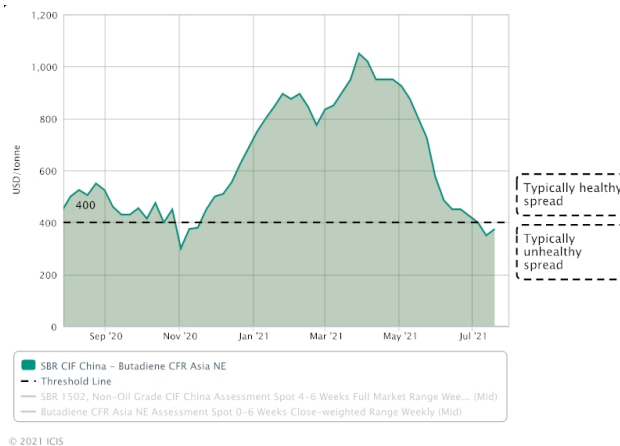
The CFR India assessment for oil-extended 1712 grade was stable-to-firm, in tandem with changes for 1502 grade, in the absence of concrete 1712 business.

UPSTREAM

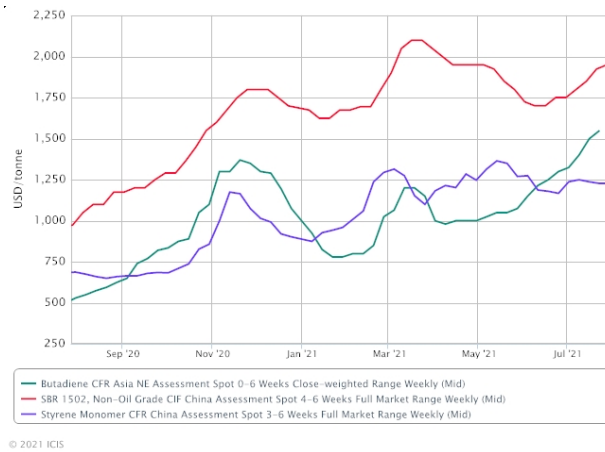
Asian BD prices rose on [tightened supply](#) among a strong arbitrage demand pull.

The chart below shows the spread between BD and SBR.

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



The Asian **styrene** price range widened amid price volatility, owing to upstream energy movements and overall [mixed](#) market sentiment among trading participants.



PRODUCTION

In China, average operating rates at local SBR plants slipped slightly to 78% for the week ended 23 July, one percentage point lower than the week prior, market sources said.

With margins severely squeezed by an upstream cost push, some SBR makers in northeast Asia were heard mulling output cuts to control their feedstock cost outlay, and if so, SBR supplies in the region are poised to tighten in the coming months, market players said.

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

OTHER REGIONS

US' SBR markets are expected to [stay tight](#), with production hampered by limitations in feedstock BD supply.

A semiconductor chip shortage may continue to weigh on the US auto industry as General Motors announced additional [production cuts](#).

However, the Celanese CEO holds the view that US auto production should begin to [pick up](#) from Q3, as tightness in the supply of raw materials and chips start to ease.

ANALYTICS

ICIS Downstream Automotive Demand Outlook

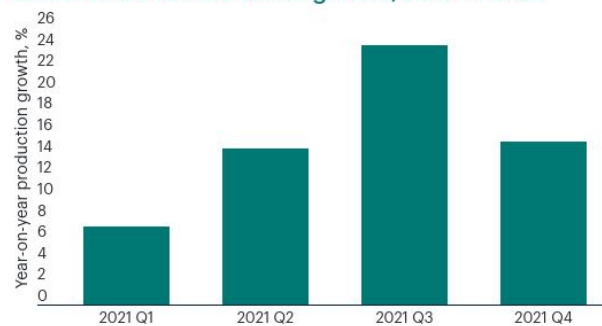
The global automotive industry is not out of the woods yet and is still struggling to make up its pre-pandemic losses. Production of motor vehicles in Q2 was down by 10% and is expected to be down by 4% in Q3 2021 (compared to 2019 levels). Growth is expected to return only in Q4 2021 (Oxford Economics). Renewed (and mutated) virus outbreaks in Europe and the US have the potential to disrupt supply again, so reaching pre-pandemic levels is still a long way off. There are multiple factors weighing on business, including supply-chain disruptions and structural changes to demand. Some of the weakness predates the coronavirus crisis, with environmental concerns prevalent globally. Short- to mid-term demand still looks gloomy on the back of high unemployment and lower disposable income. In most emerging economies, four-wheeler ownership is classified as a luxury rather than a necessity.

China is the only major economy in world experiencing positive year-on-year growth for H1 2021 (compared with 2019), never having really lost any ground to the pandemic. Moreover, the Chinese government's policy of supporting the development and sale of new energy vehicles (NEV) is expected to add to the momentum. For

example, China has extended the subsidy on NEVs until 2022 whereby vehicles remain exempt from purchase taxes. India, on the other hand, still has a long way to go. After a terrible Q1 and Q2 2021, Q3 is showing marginal growth, with recovery only expected from Q4.

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China motor vehicle sector growth, 2019 vs 2021



Source: Oxford Economics



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