



Polybutadiene 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

- **Divergent buy-sell pricing outlook**
- **Liquidity low on spot supply constraints**
- **India discussions split between cargoes from diverse origins**

Spot discussions for polybutadiene rubber (PBR) were rangebound in northeast and southeast Asia, unlike in India, where buyers' sentiment remained weighed down by an influx of competitively priced China-origin materials.

In NE/SE Asia, most suppliers in wider Asia were already sold out of PBR, and as such held firm to existing, or even higher, targets for spot business in NE/SE Asia.

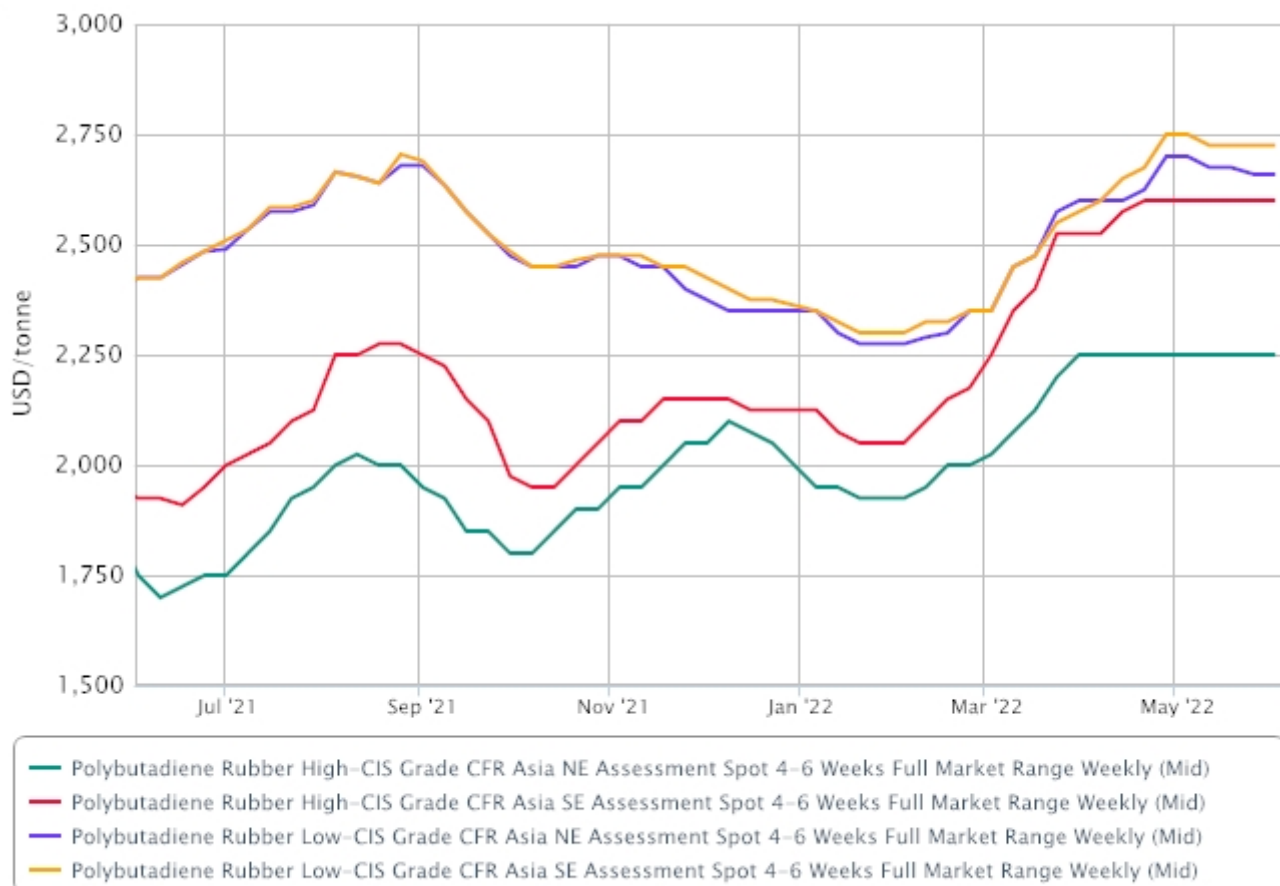
Even China PBR makers - many of whom exported actively earlier at competitive levels - have elevated their sales targets to NE/SE Asia in line with firmer domestic yuan-denominated values, market source said.

But spot trade liquidity is low for mainstream tyre-sector customers, not just because spot volumes were limited, but also because tyre-sector consumers sought to scale back on spot procurement, citing cost pressures.

End-users said that they will hold back first to wait and see to what extent recent [lifting of lockdowns](#) in China will bolster downstream demand conditions across Asia.

In India, local PBR output is curbed by an ongoing plant maintenance, and domestic prices rose in line.

Import offers to India were firmer too from suppliers in wider Asia, but buyers were resistant, citing the availability of cheaper cargoes from China and other deep-sea origins.



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OUTLOOK

- Supply conditions may be uneven across Asia
- [Economic concerns](#) to weigh in on sentiment
- Auto sector growth key to demand recovery

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	n/c	2600.00-2720.00	n/c	2650.00-2750.00	117.93-123.38
CFR Asia SE	USD/tonne	n/c	2700.00-2750.00	n/c	2700.00-2800.00	122.47-124.74
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	n/c	2200.00-2300.00	n/c	2200.00-2300.00	99.79-104.33
CFR Asia SE	USD/tonne	n/c	2500.00-2700.00	n/c	2550.00-2650.00	113.40-122.47

Northeast Asia

High-cis

CFR NE Asian assessments for high-cis PBR grade held steady in a thinly-discussed market.

There was no buying interest for imports into China, and instead, China PBR makers turned to exporting more actively.

China-origin cargoes were heard indicated at the lower-end of the published range, and the higher-end reflects selling indications for cargoes from other origins.

Domestic PBR prices in China extended gains, supported by tighter supplies and a bullish upstream butadiene market.

Price (CNY/tonne)	02 Jun	26 May
E China Ex-Warehouse	14,500-14,700	14,100-14,300

Low-cis

CFR northeast Asian prices for low-cis materials were kept unchanged, in the absence of concrete transactions.

Sellers mulled higher targets to mitigate high cost pressures, but did not engage buyers as many players in northeast Asia were winding down for long holidays.

Southeast Asia**High-cis**

CFR southeast Asian prices for high-cis materials were rolled over, with range-bound selling indications for cargoes from diverse origins.

China-origin materials were indicated at the low-end, while those from other northeast Asia origins were heard discussed at the higher-end of the published range.

The scope for CFR SE Asian assessments does not include discussions for India-bound cargoes, based on [ICIS methodology](#).

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

June 2022	(1-2) May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
168.83	162.81	171.15	175.18	179.84	178.12

Low-cis

CFR southeast Asian prices for low-cis materials were rolled over in a quiet, thinly-discussed trading week.

India

Discussions for India-bound shipments of high-cis PBR remain split between cargoes from different origins.

Materials from suppliers in wider Asia were heard indicated at or above \$2,700/tonne CFR India range. Domestic prices were also up with tighter supplies.

But cheaper offers continued to surface for cargoes from other origins.

For instance, China-origin cargoes were heard indicated in the week at \$2,200/tonne CFR India. Although it is not clear if any concrete transactions have transpired, market players said that this invariably diluted local end-users' buying interest for higher-priced cargoes from other regional suppliers.

UPSTREAM

Asia's spot discussions for butadiene (BD) rose, tracking an upsurge in the domestic China market. There is support also from sustained buying interest in Korea and Japan for spot BD cargoes, as domestic output is poised to drop with another heavy wave of upstream [cracker operating rate cuts](#) expected in June.

The chart below shows the spread between butadiene and PBR.

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



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PRODUCTION

In China, average operating rates for PBR slipped to 66% for the week ended 27 May, from 74% in the week prior, market sources said.

The decline came as the 100,000 tonnes/year unit by Zhejiang Transfer was [shut](#) for a three-week-long maintenance.

In wider Asia, spot availability is also curbed by several [ongoing](#) and [upcoming](#) maintenance outages, in addition to an existing [outage](#) which could stretch for the rest of the year, market source said.

ANALYTICS

ICIS Crude outlook

The EU has agreed to directly sanction Russian seaborne oil purchases. The phased nature of the proposed sanctions does mean that the overall impact on prices will be much more muted than previously expected, as it will give Russia time to find alternative buyers of its crude (eg India), and therefore Russia's overall exports may not be as negatively impacted in the long term as previous forecasts have noted. OPEC+ cuts agreement compliance is at 220%, indicating significantly lower production than its quotas allow. Oil demand growth is likely to be lower later in 2022, as global economic growth is now expected to be much lower than previous expectations. This is primarily due to the combined effect of high inflation, high energy prices and higher interest rates. This will inevitably lead to lower oil demand growth from Q4 2022 and into early 2023.

By Ajay Parmar, ICIS senior analyst, ajay.parmar@icis.com

ICIS Naphtha outlook

European naphtha supplies from Russia have reduced in recent months, from about 500,000 bbl/day in January 2022 to 330,000 bbl/day in April. Pre-war, Russia supplied Europe with about 50% of its naphtha imports – with sanctions now implemented on Russian naphtha exports, this will provide support to naphtha prices. Asian naphtha demand is particularly low, as lockdowns in China negatively impact gasoline blending demand, and poor olefins margins have also led to reductions in cracker run rates. As China exits lockdowns, both of these demand sources are expected to increase.

By Ajay Parmar, ICIS senior analyst, ajay.parmar@icis.com

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