



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

- **Holiday trade lull**
- **Offers supported on cost concerns**
- **Buyers cautious**

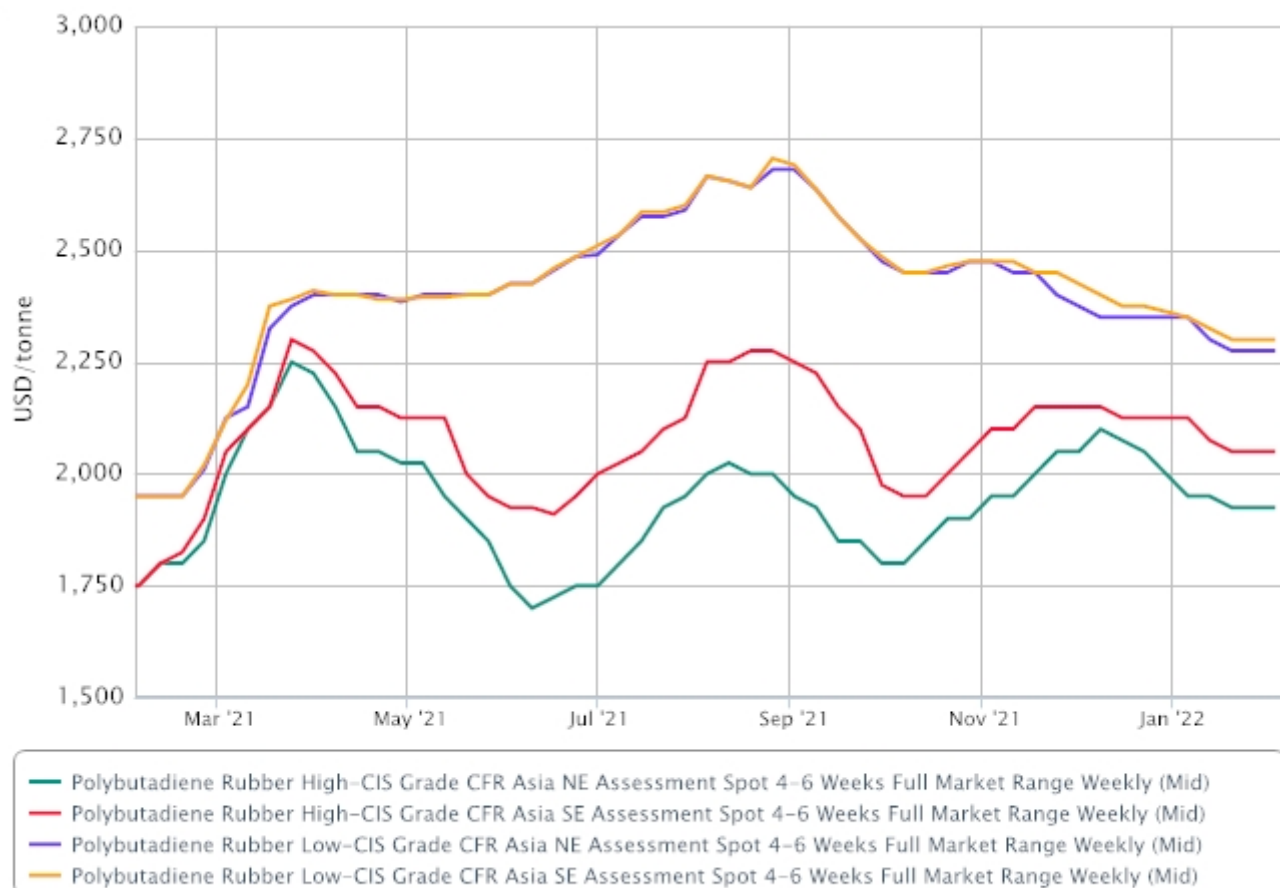
Asian spot prices for polybutadiene rubber (PBR) were rolled over, in a thinly discussed, holiday-shortened, trading week.

Many outlets across Asia, including the key hubs of China and Korea, were shut for extended Lunar New Year holiday from late January to early February.

Market sources said that trade discussions are likely to resume to normalcy only in the coming week when more participants are back in the trading arena.

Sellers held firm to their existing expectations, or mulled the need for fresh hikes in the near term, citing for support factors like limited spot availabilities, and rising cost pressures stemming from recent gains seen in the upstream butadiene (BD) market.

Buying interest was thin, not just on a holiday factor, but also because of building concerns about long term [global economic growth prospects](#). In India, importers also shun fresh imports, citing concerns about issues such as potential shipment delays and currency risks.



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OUTLOOK

- Spot supplies to tighten on upcoming turnarounds
- Demand to hinge on post-holiday trade momentum
- Outlook mixed

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	n/c	2250.00-2300.00	n/c	2300.00-2400.00	102.06-104.33
CFR Asia SE	USD/tonne	n/c	2250.00-2350.00	n/c	2300.00-2400.00	102.06-106.59
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	n/c	1850.00-2000.00	n/c	1900.00-2000.00	83.91-90.72
CFR Asia SE	USD/tonne	n/c	2000.00-2100.00	n/c	2100.00-2150.00	90.72-95.25

Northeast Asia

High-cis

CFR northeast Asian assessments for high-cis materials were kept unchanged, in the absence of concrete discussions.

Key markets like China and South Korea were shut much of the week on extended Lunar New Year holiday.

Price (CNY/tonne)	30 January *	27 January
E China Ex-Warehouse	13,300-13,700	13,300-13,700

*China is shut for Lunar New Year holidays from 31 January to 6 February.

Low-cis

CFR northeast Asian prices for low-cis materials were also left unchanged on muted discussions.

Southeast Asia**High-cis**

CFR southeast Asian prices for high-cis materials were unchanged on range-bound talks

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

Feb 2022	(1-3) Jan 2022	Dec 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021	July 2021
176.40	178.12	172.08	175.65	174.39	163.23	172.67	164.32

Low-cis

CFR southeast Asian assessments for low-cis materials were also unchanged in a thinly-discussed market.

India

In India, buying interest declined, as buyers wind down ahead of their fiscal year closure in March.

Asia-origin cargoes were heard indicated at around \$2,100/tonne CFR India, but buying indications were capped at \$2,000/tonne CFR India.

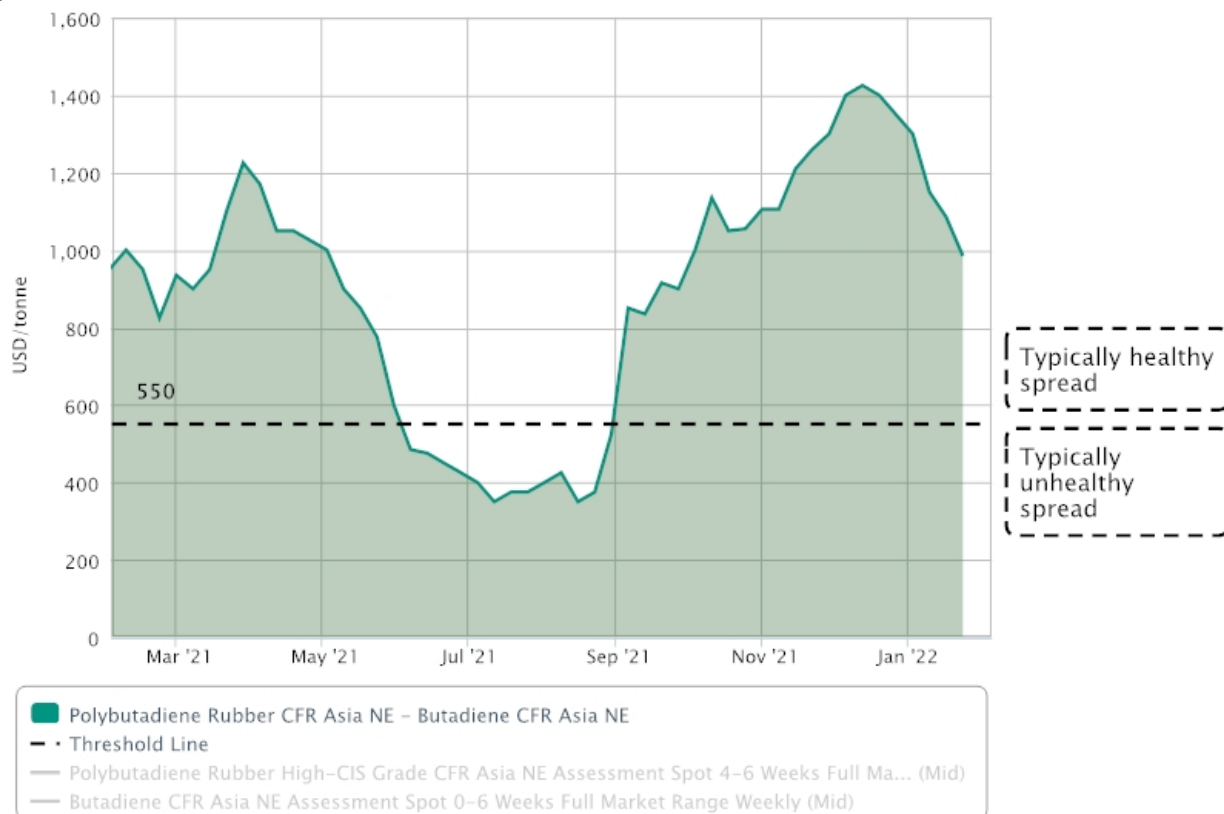
Some buyers also said that they would turn to procure either from the domestic pool or from more competitively-priced deep-sea origin volumes.

UPSTREAM

Asian BD prices extended gains on the back of a [buoyant domestic](#) China market. Regional supplies also tightened somewhat with a heavy wave of upstream cracker operating rate cuts, and this gave additional support to BD import offers.

The chart below shows the spread between BD and PBR.

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



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PRODUCTION

In China, average operating rates at PBR held steady at 83% for the week ended 28 January, several weeks in a row.

Elsewhere in Asia, most operating plants continue to operate at high rates, but supply may tighten once a regional plant [maintenance](#) gets underway in February.

ANALYTICS

ICIS Downstream Automotive Demand Outlook

Global automotive output is expected to grow 8.8% in 2022 compared with 2021, although it will still be down 10% from 2019 levels. (Q1 2022 is expected to fall by 4.7% year on year). The global auto industry continues to suffer because of key material shortages and the impact of the pandemic. Chips and electric steel supply issues are likely to persist. Polyamide, a key input material, is anticipated to be in short supply as ammonia production is cut due to high energy costs. In addition, a disruption caused by a typhoon was reported at a Malaysian and Singapore MEG plant.

US automotive output is expected to grow 8.3% in 2022 compared with 2021, although it will be down 2% from 2019 levels. (Q1 2022 is expected to grow by 0.9% year on year). The inventory sales ratio was 0.242 in November 2021, the lowest on record.

EU automotive demand (including the UK) is outpacing supply. Inventories are at an all-time low. EU automotive output is expected to grow 17.0% in 2022 compared with 2021, although it will still be down 26% from 2019 levels. (Q1 2022 is expected to shrink 9.8% year on year). The chip shortage is likely to

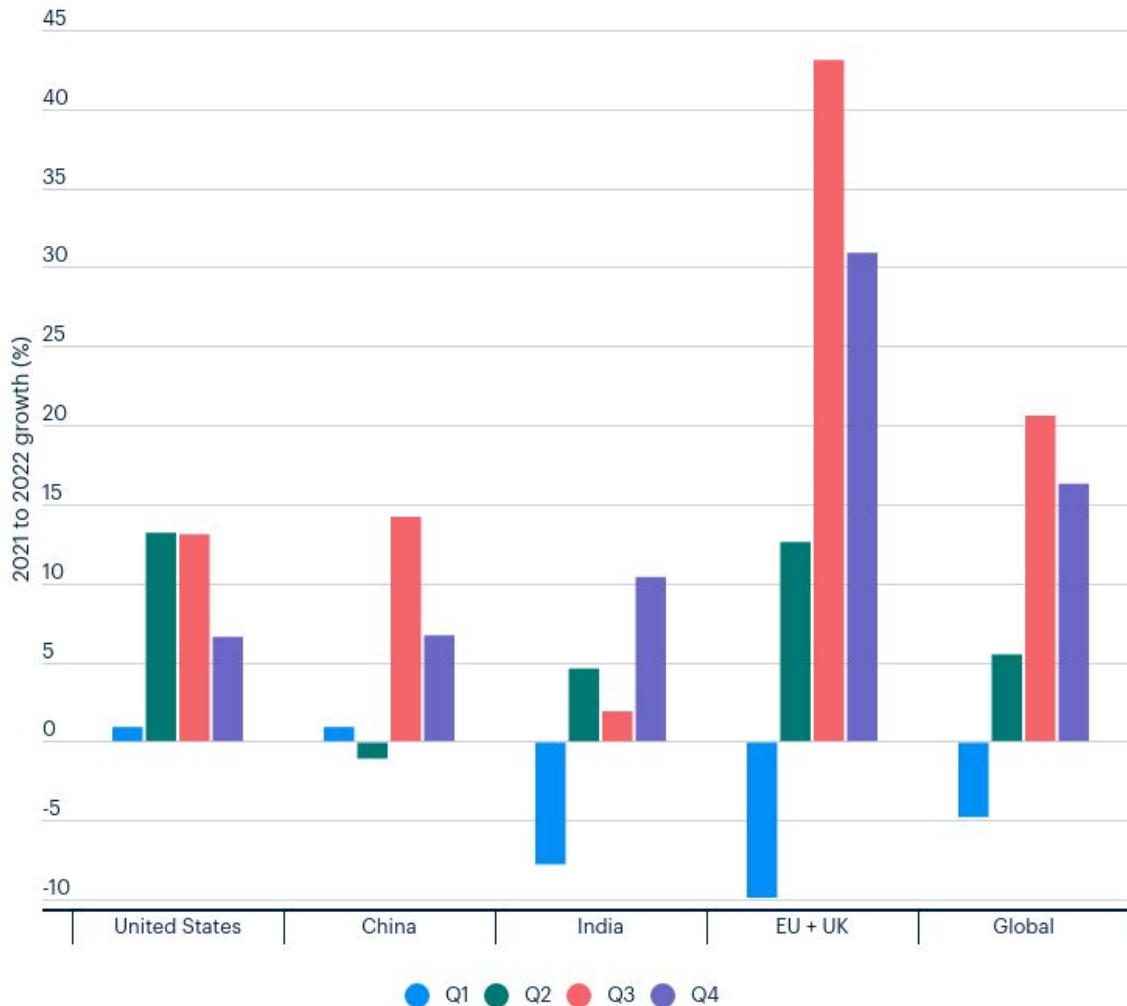
last well into 2022 and will result in weaker-than-expected vehicle sales and poor demand for key polymers used in the automotive industry.

A modest improvement in China’s automotive industry is expected. Output is expected to grow 4.9% in 2022 compared with 2021 (Q1 2022 is forecast to grow by 0.9% compared with Q1 2021). However, pockets of coronavirus infections amid a ‘zero COVID-19’ approach will likely weigh on demand. Xi’an, the capital of Shaanxi Province, has been under lockdown since 22 December. However, it is worth noting that Shaanxi Province accounts for just 2.7% of the country’s passenger cars. In terms of stock, the inventory coefficient was at 1.43 in December 2021, a year on year decrease of 20.6% (although it increased 5.9% month on month). Indian automotive output in 2022 is expected to grow 2.0% compared with 2021, although it will be down 4.6% from 2019 levels. (Q1 2022 is expected to shrink by 7.7% compared with Q1 2021). Despite a healthy order book, passenger vehicles continue be affected by the chip shortage and increased lead times.

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

Motor vehicle sector growth by region

2021 vs 2022



SOURCE: Oxford Economics

ICIS Downstream Demand Outlook - Domestic Appliances

The demand outlook for domestic appliances is expected to be modest this year. This is because growth rates are returning to normal after an exceptional 2021. Therefore, a correction in growth for 2022 cannot be seen as negative, but rather a cyclical downswing. Global domestic appliance output in 2022 is expected to decrease 0.8% compared with 2021 (Q1 2022 is expected to shrink 7.0% compared with Q1 2021).

Domestic appliance demand in the US in the first three quarters of 2021 was remarkable, and unlikely to be repeated this year. US output in 2022 is expected to shrink 4.7% compared with 2021 (Q1 2022 is expected to decrease by 10.1% year on year).

EU domestic appliance output (including the UK) in 2022 is expected to decrease 2.4% compared with 2021 (Q1 2022 is expected to shrink 6.5% compared with Q1 2021). Overall, the sector is cooling down and returning to more normal growth rates.

The appliances market in northeast Asia, except for Japan, is doing well, in line with other advanced economies. Chinese output in 2022 is expected to decrease 0.6% compared with 2021 (Q1 2022 is expected to fall 8.5% compared with Q1 2021). In contrast to other global regions, southeast Asia is expected to perform better in 2022 compared with 2021. Indian output is expected to grow 4.6% in 2022 compared with 2021 (Q1 2022 is expected to grow by 11.1% year on year).

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

Domestic Appliances sector growth by region

2021 vs 2022



SOURCE: Oxford Economics

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