



Polybutadiene Rubber (Asia-Pacific)

By Ai Teng Lim
03-Nov-2022

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

OVERVIEW

- **More export offers from China**
- **Weak buying appetite**
- **Market sentiment softens**

Sentiment in Asia's import market for high-cis polybutadiene rubber (PBR) is weighed down as more spot availabilities emerge from China, at a time when buying interest is already frail across Asia.

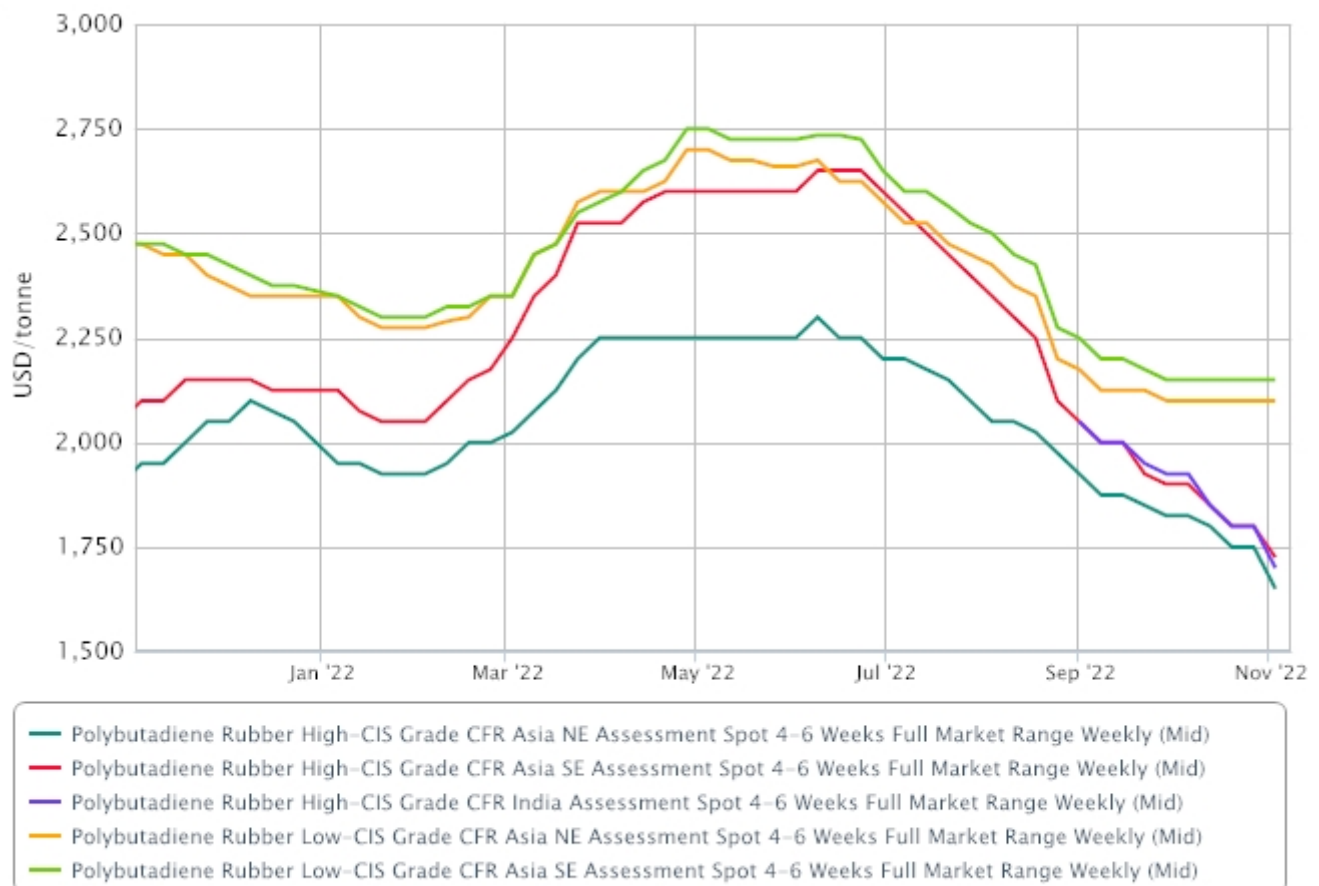
In China, domestic demand remains sluggish as factories in several cities have had to scale back operations to comply with stricter control measures to curb the spread of COVID-19. Some Chinese PBR makers turned to [exporting](#) more heavily as an alternative sales outlet.

As Chinese export cargoes are competitively-priced compared with cargoes from other regular northeast Asian suppliers, this will likely push regional buyers, including many who typically do not consume China-origin materials, to try and leverage on lower Chinese offers to bargain for deeper discounts on materials from other northeast Asian suppliers, market players said.

As substantive downstream requirements are lacklustre to begin with, buyers did not see the need to rush into any fresh booking as yet.

On the sell side, even if some northeast Asian sellers did adjust down this week their high-cis offers, these still lagged behind the Chinese offers, curtailing in turn concrete negotiations with buyers.

However, most northeast Asian suppliers were heard broadly resistant towards offering more discounts just to boost sales. Instead, they may prefer to adjust operating rates in response to prevailing demand conditions, market sources said.



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OUTLOOK

- Exports from China could rise if domestic China market stays weak
- Bearish global GDP growth outlook to weigh on sentiment too
- Some lingering anticipations of potential auto 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	2000.00-2200.00	n/c	2000.00-2200.00	90.72-99.79
CFR Asia SE	USD/tonne	n/c	2100.00-2200.00	n/c	2100.00-2200.00	95.25-99.79
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	-150	1550.00-1700.00	-100	1800.00-1850.00	70.31-77.11
CFR Asia SE	USD/tonne	-150	1600.00-1750.00	-100	1850.00-1950.00	72.57-79.38
CFR India	USD/tonne	-150	1600.00-1750.00	-100	1850.00-2000.00	72.57-79.38

Northeast Asia

High-cis

CFR NE Asian prices were down with lower selling indications heard for shipment to diverse destinations across northeast Asia.

However, substantive discussions were minimal, given poor downstream demand conditions, especially in the key China outlet.

Domestic prices in China trended lower too on slow downstream offtake.

Price (CNY/tonne)	03 Nov	27 Oct
E China Ex-Warehouse	10,900-11,300	11,400-12,100

Low-cis

CFR NE Asian prices were unchanged on stable offers and in the absence of any concrete discussions.

Southeast Asia

High-cis

CFR southeast Asian prices were down, with the high end reflecting transactions for mainstream northeast Asia-origin materials.

Offers for China-origin material formed the low end.

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

Nov (1-3) 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022
121.35	130.52	134.12	149.74	158.83	164.15	162.81	171.15

Low-cis

CFR SE Asian prices were unchanged on rangebound discussions and offers heard.

India

Domestic requirements in India were heard still fairly healthy, supported by robust car sales in the country for October, market sources said.

However, with the Indian rupee currency still weak against the US dollar, local end-users turned to buying more heavily from the domestic pool, instead of US dollar-denominated imports, market players said.

They also kept to bearish buying indications for imports.

CFR India prices for high-cis PBR fell. The high-end tracks discussions for December-shipment cargoes from mainstream northeast Asian suppliers.

Discussions for China-origin materials were heard at the low end.

Some China-origin materials for November shipment changed hands at levels below the published range, but the delivery window falls outside of the assessed period as specified in the ICIS methodology.

UPSTREAM

Butadiene (BD)

- Buying interest frail despite regional outage
- Weak regional demand persists
- Mixed appetite for imports in China

The chart below shows the price spread between butadiene and PBR.

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



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ANALYTICS

ICIS Outlook on GDP

In its World Economic Outlook released last month, the IMF said, "One-third of the world economy will likely contract this year or next amid shrinking real incomes and rising prices..." It expects a challenging winter ahead and forecasts that the global economy will deteriorate further in 2023. Global growth is expected to slow from 6.0% in 2021 to 3.2% in 2022 and 2.7% in 2023. The IMF's growth forecast for the eurozone has been

downgraded by 0.7 percentage points to 0.5% in 2023. The IMF also warned that that worst is yet to come and suggests that central banks should stay the course while inflation concerns remain high.

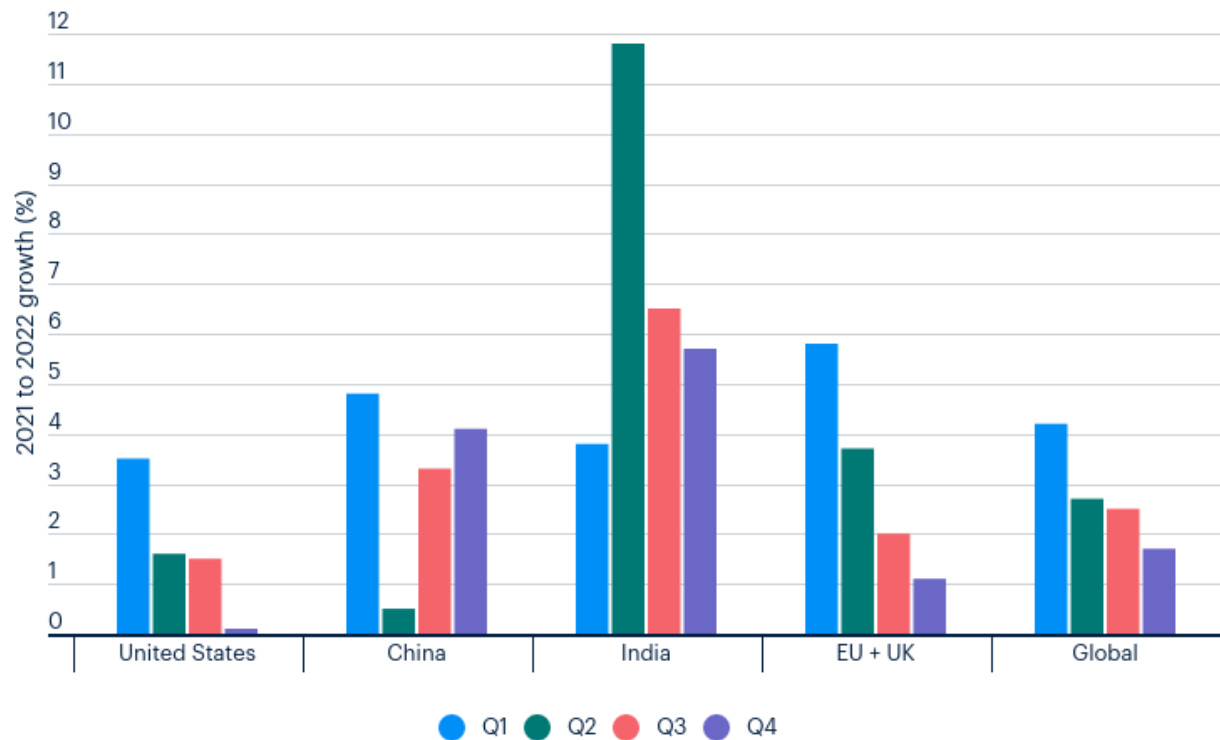
The IMF forecasts that US GDP will grow by 1.6% year on year in 2022, (downgraded by 0.7 percentage points) and 1.0% in 2023. It forecasts that the eurozone will grow by 3.1% year on year in 2022 and by 0.5% year on year in 2023.

China has indicated that it will continue with its zero-COVID policy, and further lockdowns cannot be ruled out. The on-and-off restrictions have seriously disrupted manufacturing activity in the country. China's GDP is expected to grow by 3.2% year on year in 2022 and by 4.4% year on year in 2023. India, an outperformer, is forecast to grow by 6.8% year on year in 2022 and by 6.1% year on year in 2023.

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

GDP growth by region

2021 vs 2022



SOURCE: Oxford Economics

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