



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

- Demand **muted**
- Weak upstream weighs down offers
- But buy side response is thin

Asian spot discussions for polybutadiene rubber (PBR) edged lower, as a [gloomy](#) macroeconomic picture dampened buying .

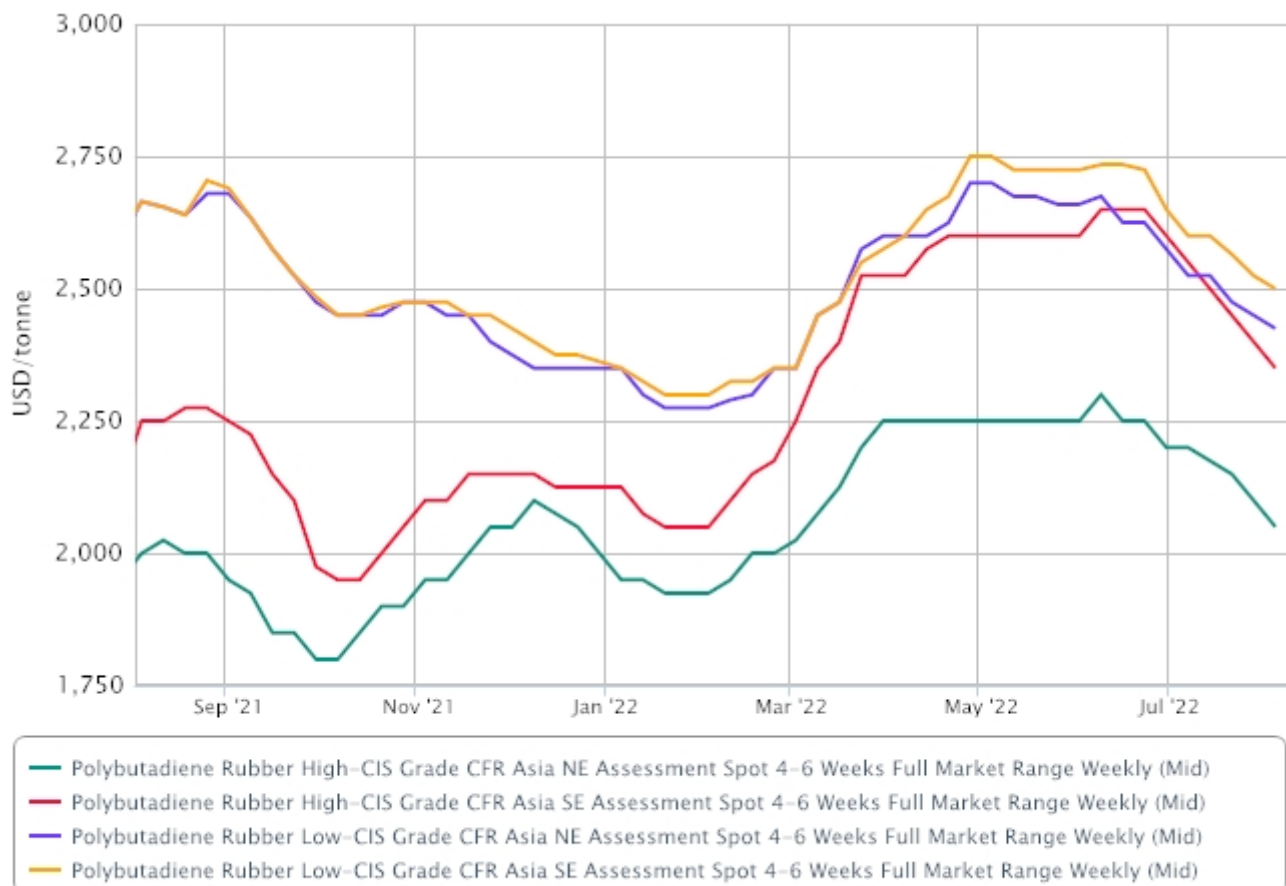
For high-cis, spot availabilities in the wider Asia market remained on the tighter side, given ongoing plant closures for repairs or regular servicing.

But buyers held back as they expected offers from regular suppliers in wider Asia to soften even more in due course, alongside [declining](#) upstream butadiene (BD) values.

Some sellers did moderate high-cis expectations to keep pace with upstream losses but in part also under pressure from competitive export offers from China, market players said.

For low-cis, discussions were even more muted, hampered by low requirements from a [weak](#) downstream polystyrene (PS) sector. Many regional PS plants are operating at [low rates](#) and this has affected their offtake for raw materials including low-cis.

But concrete low-cis offers were scarce. Some suppliers were heard diverting cargoes instead to markets further afield, such as the US and Europe, where demand and pricing conditions were more favourable than Asia.



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PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	-50	2250.00-2600.00	n/c	2350.00-2700.00	102.06-117.93
CFR Asia SE	USD/tonne	-50	2400.00-2600.00	n/c	2500.00-2700.00	108.86-117.93
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	-50	2000.00-2100.00	-50	2100.00-2300.00	90.72-95.25
CFR Asia SE	USD/tonne	-50	2250.00-2450.00	-50	2450.00-2650.00	102.06-111.13

Northeast Asia

High-cis

CFR NE Asian assessments for high-cis grades were down with the high end tracking a lower selling indication heard.

The low end was adjusted down notionally in line with the high end, in the absence of any concrete buy-side indications.

Domestic PBR prices in China were down, alongside losses seen in the upstream BD market.

Price (CNY/tonne)	04 Aug	28 Jul
E China Ex-Warehouse	13,000-13,400	13,500-13,900

Low-cis

The high end for low-cis CFR northeast Asian assessment was rolled with stable selling indications heard.

In the absence of concrete buying indications or discussions, the low end is adjusted down notionally, in line with changes for the low end of high-cis materials, to reflect bearish buy-side sentiment.

Southeast Asia

High-cis

CFR southeast Asian assessments were down at the high end with lower offers heard for cargoes from regular suppliers in wider Asia.

The low end tracked discussions and transactions for China-origin material.

The scope of CFR SE Asian assessments does not include discussions for India-bound cargoes.

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

Aug (1-4) 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
152.18	158.83	164.15	162.81	171.15	175.18	179.84	178.12

Low-cis

The high end for low cis CFR southeast Asian assessment was rolled with stable selling indications heard.

There were no substantive discussions. In the absence of any concrete buying indications, the low end is adjusted down notionally, in line with changes for the low end of high-cis materials, to reflect bearish buy-side sentiment.

India

Offers for high-cis PBR material from regular northeast Asian suppliers were heard mostly in the \$2,400-2,450/tonne CFR India range, against buying indications in the \$2,300-2,350/tonne CFR India range. Some volumes were sold earlier in the week at around \$2,600/tonne CFR India, market sources said.

For China-origin cargoes, indications were heard at around \$2,150-2,200/tonne CFR India, market sources said.

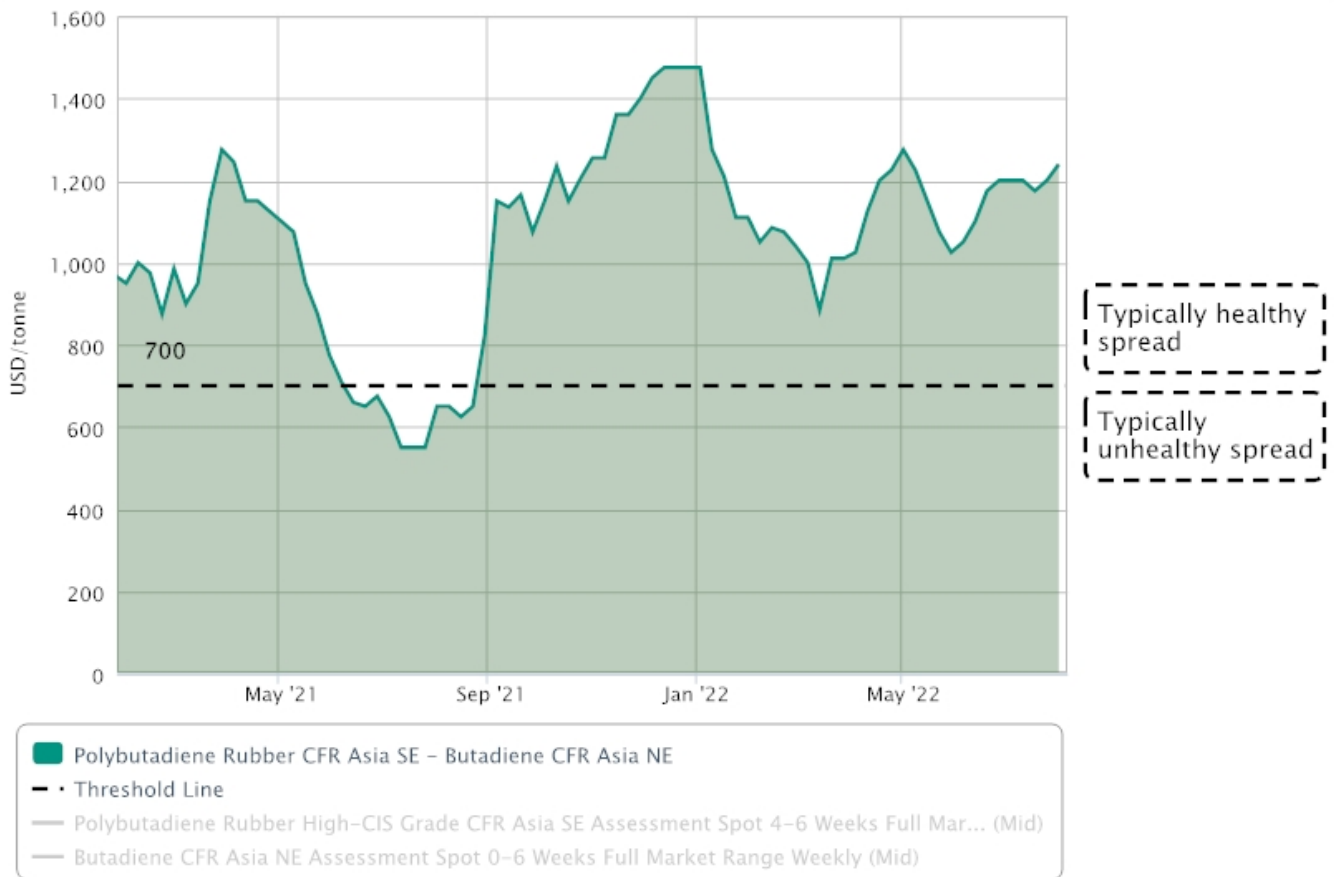
UPSTREAM

Butadiene (BD)

- Sentiment down with weak domestic China
- Bearish regional demand persists too
- But supply tight on reduced cracker operations

The chart below shows the spread between BD and PBR.

Downstream spread – butadiene NE Asia and PBR SE Asia



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PRODUCTION

In China, average operating rates for PBR held steady at 68% for the week ended 29 July, unchanged from the week prior, market sources said.

In wider Asia, spot availabilities remained tight with an ongoing [outage](#) and [maintenance](#).

ANALYTICS

ICIS Outlook on GDP

Are we in a recession already? This is a key question in the minds of the global economic community. The consensus in the market is that a global recession is unlikely. However, the prospects are higher for certain regions. For example, Europe is the hardest hit region so far with a series of growth downgrades combined with higher inflation. According to Oxford Economics, global GDP is expected to grow 3.0% in 2022 and 2.4% by 2023. Advanced economies will be harder hit than emerging markets. As discussed in our May commentary, one of the key leading indicators followed by the global investor community to assess the state of the economy is the yield inversion curve – which is still negative. A negative yield implies a short-term return is better than long-term prospects. Global sentiments continue to take a hit with a deteriorating economic situation coupled with political instability (such as in Japan and the UK). Logistics and supply chain issues continue to adversely impact international trade.

US GDP rose 2.3% in the second quarter compared with the same quarter in 2021, and the third and fourth quarters are expected to grow at 2.3% and 1.2% respectively. According to the Bureau of Economic Analysis,

quarter on quarter, Q1 GDP fell by 1.6%. This negative growth was due to a decrease in exports, government spending and private investment. However, an increase in personal consumption expenditure was reported.

The European Commission in its summer 2022 interim economic forecast projects that the EU economy will grow 2.7% in 2022 and 1.5% in 2023. The Commission also projects peaking of annual average inflation at 8.3% in the EU this year. Inflation is forecast to cool off in 2023 at 4.6%. War is taking a major toll on the overall health of the region. The closure of the Nord Stream 1 natural gas pipeline for maintenance has also exacerbated the region's energy insecurity. Europe is the most vulnerable as the region is most exposed to energy shocks because of its heavy reliance on Russian imports.

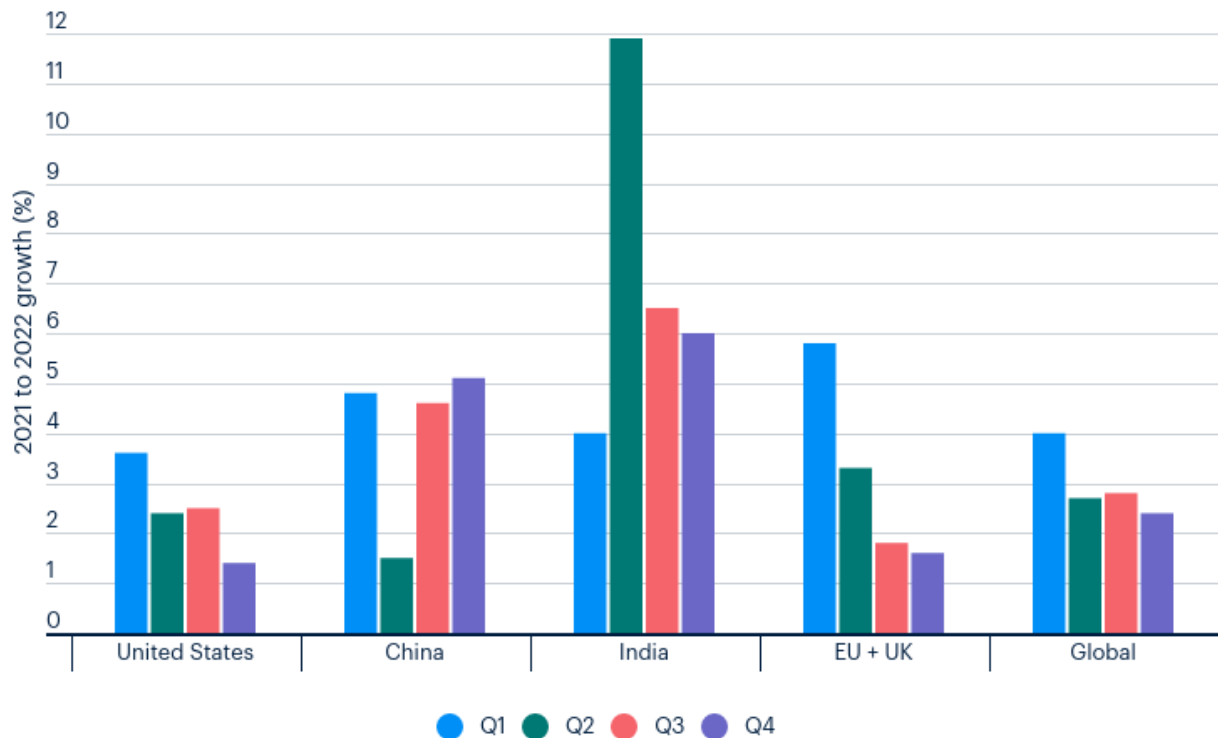
China did not meet market expectations. The country's GDP increased by 1.7% in the second quarter year on year (down from the expected 4.3%).

The third and fourth quarters are forecast to grow at 4.8% and 5.2% respectively year on year – ending the year with 4.0%. China's zero-COVID policy has taken a toll on the country's growth. With the country's 'on and off' COVID shutdown making the projection for the region extremely challenging. India seems to be outperforming its peer with a Q2 GDP increase of 12.4% year on year, according to a consensus estimate. The country is forecast to grow at 6.9% and 5.7% respectively in the third and fourth quarters. Inflation concerns remain. In a recent development, India's central bank on 11 July issued a circular, allowing international trades to be settled in Indian rupees, to promote international trade among non-dollar trading partners.

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

GDP growth by region

2021 vs 2022



SOURCE: Oxford Economics

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