



## Polybutadiene Rubber (Asia-Pacific)

By Ai Teng Lim  
06-Oct-2022

[Overview](#) | [Outlook](#) | [Prices](#) | [Upstream](#) | [Production](#) | [Analytics](#)

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

### OVERVIEW

- **Holiday lull across Asia**
- **Players keep wait-and-see stance**
- **Demand fundamentals still weak**

Asian import discussions for polybutadiene rubber (PBR) were subdued in a holiday-shortened trading week.

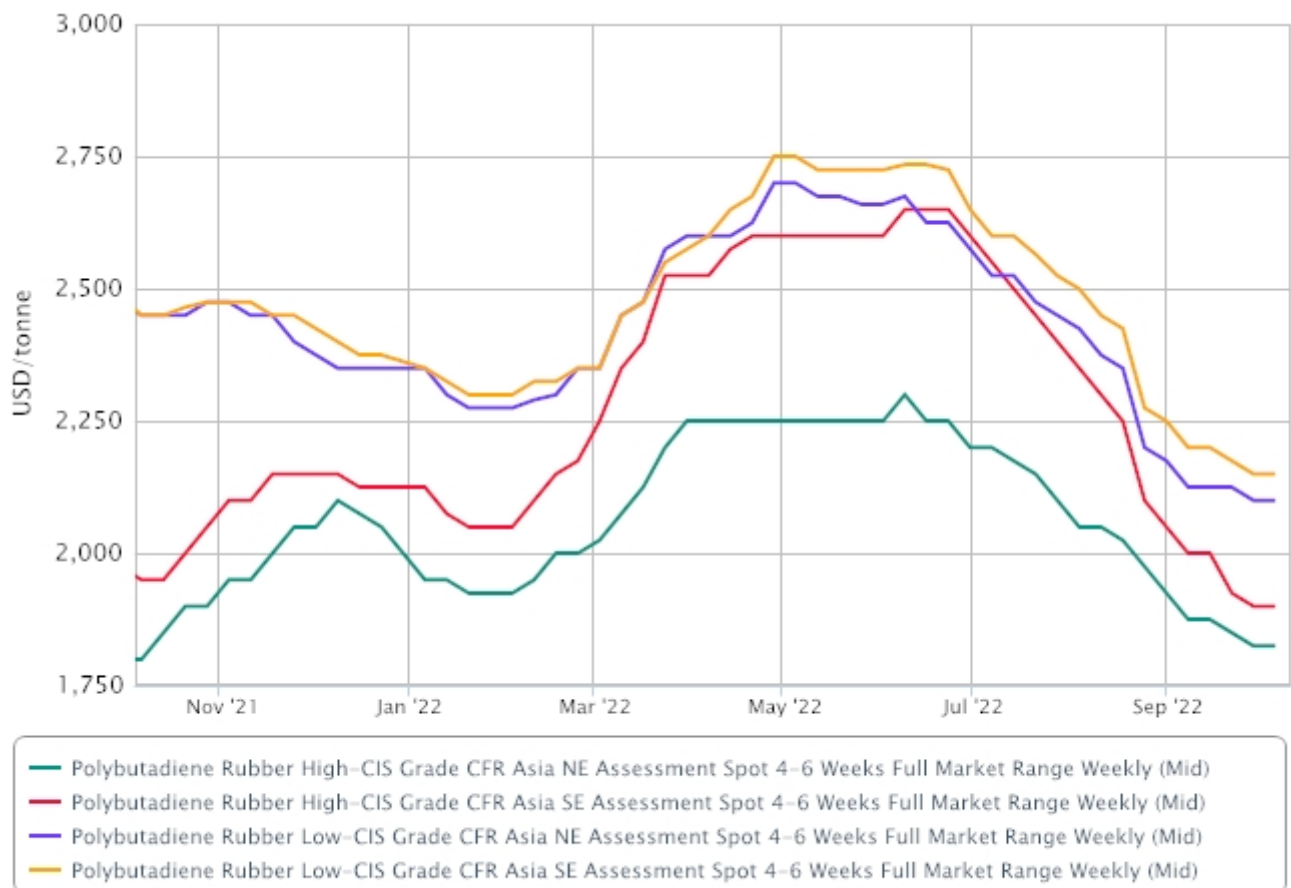
China is shut for extended National Day holidays from 1-7 October and there were public holidays this week in South Korea and India too.

With many traders away on vacation, available market participants were therefore mostly reluctant to undertake any fresh negotiation this week. Most wanted to wait and see how the post-holiday market in China would trend before they deliberated and finalised their next positions.

In the meantime, sellers held fast to existing expectations, citing support from spot supply constraints stemming from an ongoing wave of regional turnarounds. They were also hopeful that regional demand had hit bottom and with freight costs also [easing](#) recently, some sellers said that this could also facilitate their efforts to export more actively to the US and Europe.

However, the buy-side response is lukewarm thus far, with Asian end-users heard mostly still amply stocked and uninterested in engaging sellers for now.

Some are also sceptical if markets further afield would be receptive to buying more PBR from Asia, as auto sector growth in the [US](#) and [Europe](#) is also under pressure amid nagging macroeconomic concerns, such as recession and inflation.



© 2022 ICIS

## OUTLOOK

- Spot supply likely to stay snug on turnarounds
- Demand outlook still hazy
- Spot trade liquidity may remain under pressure

## PRICES

### SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
<b>Polybutadiene Rubber Low-CIS Grade</b>						
<b>CFR Asia NE</b>	USD/tonne	n/c	2000.00-2200.00	n/c	2000.00-2250.00	90.72-99.79
<b>CFR Asia SE</b>	USD/tonne	n/c	2100.00-2200.00	n/c	2150.00-2250.00	95.25-99.79
<b>Polybutadiene Rubber High-CIS Grade</b>						
<b>CFR Asia NE</b>	USD/tonne	n/c	1800.00-1850.00	n/c	1800.00-1950.00	81.65-83.91
<b>CFR Asia SE</b>	USD/tonne	n/c	1850.00-1950.00	n/c	1900.00-2100.00	83.91-88.45
<b>CFR India</b>	USD/tonne	n/c	1850.00-2000.00	n/c	1850.00-2150.00	83.91-90.72

## Northeast Asia

### High-cis

CFR NE Asia assessments were kept unchanged in a thinly-discussed trading week. Discussions were capped with the key China market shut for holidays.

Domestic PBR prices were stable to soft on holiday trade lull.

Price (CNY/tonne)	30 Sep*	29 Sep
E China Ex-Warehouse	12,400-13,000	12,400-13,300

\*China is shut for extended National Day holidays from 1-7 October.

### Low-cis

CFR NE Asia assessments were unchanged amid muted discussions.

## Southeast Asia

### High-cis

CFR SE Asia assessments were kept unchanged, tracking rangebound offers heard.

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

Oct 2022**	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022
136.35	134.12	149.74	158.83	164.15	162.81	171.15

\*\*From 1-6 October 2022.

### Low-cis

CFR SE Asia assessments were kept unchanged with stable offers heard.

## India

CFR India assessments for high-cis PBR held steady, tracking unchanged offers heard for cargoes from diverse origins.

However, substantive discussions were limited, with many buyers away in a holiday-shortened week in India.

## UPSTREAM

### Butadiene (BD)

- Domestic China softens
- China's buying interest for imports dented too
- Wider Asian demand remains weak

The chart below shows the spread between butadiene and PBR.

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



© 2022 ICIS

## PRODUCTION

Output in China is tightened amid ongoing [turnarounds](#) for up to a total of 140,000 tonnes/year of production capacity in Shandong.

In wider Asia, there are also ongoing maintenance [closures](#) in the September to November window.

## ANALYTICS

### ICIS downstream automotive demand outlook

Automotive is one of the most battered sectors, having suffered severe semiconductor shortages at the start of the COVID-19 pandemic. With the exception of Europe, most other major economies have recovered and are operating above pre-pandemic (2019) levels. The global light vehicle selling rate increased to 90m units in July, from 85m units in June, according to Oxford Economics. Growth was primarily contributed by China, with the easing of lockdown measures. However, negatives continue to outweigh the positives for the sector. Geopolitical tensions have worsened the supply situation for semiconductor integrated circuit (IC) chips. The three key critical regions for IC chips are Russia, which supplies key input materials such as palladium, neon gas, etc; Ukraine, which supplies 90% of neon gas; and Taiwan and China, accounting for approximately 22% and 16% of IC chips supply, respectively.

According to the US Census Bureau, US light vehicle sales fell 1.1% month on month in August with total sales of 13.2m units. The finished inventory-to-sales ratio slightly declined month on month, from 0.558 to 0.505 in July. For context, the ratio was 0.937 and 2.641 respectively in June 2021 and 2020. High inflation, slumping consumer confidence and tighter monetary policy will weigh on consumer demand for automotive vehicles.

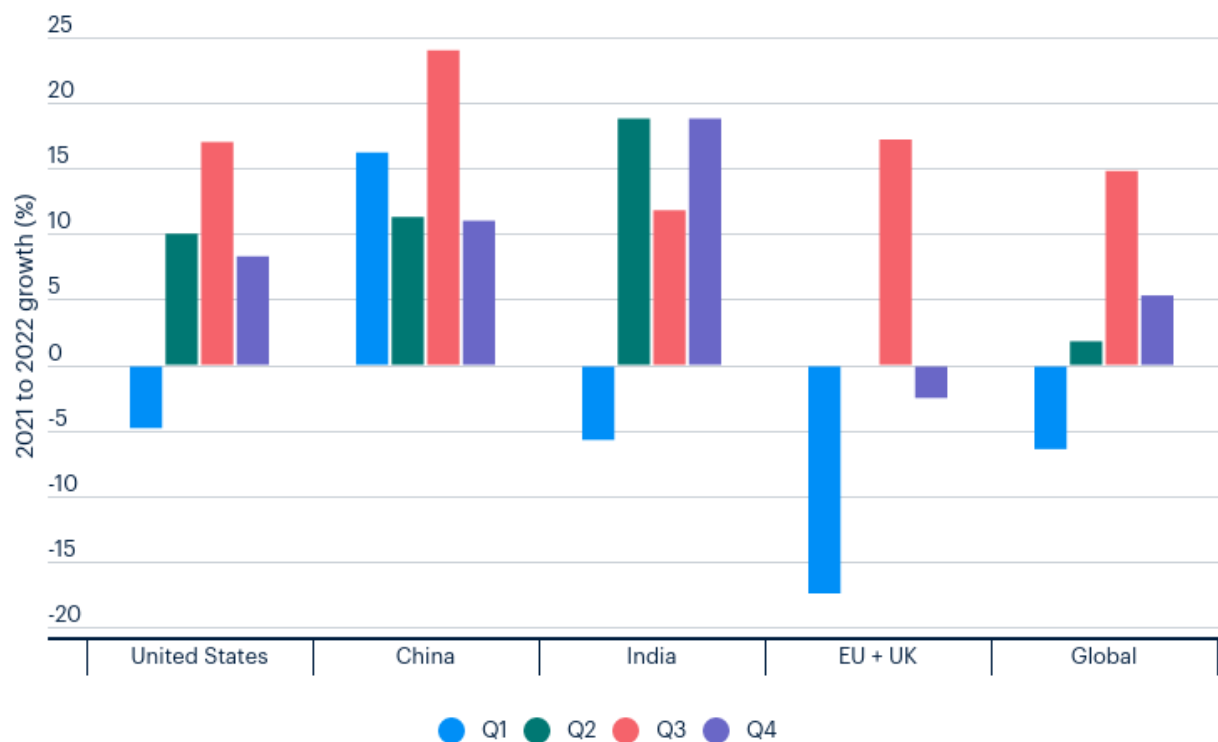
EU automotive production in 2022 is expected to shrink by 2.0% compared with 2021, while Q4 2022 production is expected to contract by 2.4%, as compared with Q4 2021 levels, according to Oxford Economics. Compared with 2019, production levels are still down by approximately 27%. Furthermore, energy rationing would be a drag on recovery. As Gazprom announced last week, the Nord Stream pipeline has been fully shut down until "operational defects in the equipment are eliminated". No timeline in terms of reopening was mentioned. The European Automobile Manufacturers Association (ACEA) reported a 15.4% fall year on year in passenger car registrations in June. All major European economies posted a double-digit sales contraction, as logistics and supply chain problems continue to affect the industry. Commercial vehicle registrations were down 22.5% month on month in June. ACEA reported the fall is mainly due to the drop in sales of new vans.

China automotive production in 2022 is expected to grow 15.4% compared with 2021, while Q4 2022 production is forecast to grow 11.0% compared with Q4 2021 levels, according to Oxford Economics. Compared with 2019, production levels in 2022 are 35.0% above pre-pandemic levels. The easing of lockdowns is a major factor contributing to recovery. India automotive output in 2022 is expected to grow 10.4% compared with 2021 levels, while Q4 2022 output is forecast to grow by 18.8%, compared with Q4 2021 levels, according to Oxford Economics. Compared with 2019, production levels in 2022 are 10% above pre-pandemic levels.

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

## Motor vehicle sector growth by region

### 2021 vs 2022



**SOURCE:** Oxford Economics

**Polybutadiene Rubber (Asia-Pacific) | 06-Oct-2022.** ICIS accepts no liability for commercial decisions based on the content of this report. Unauthorised reproduction, onward transmission or copying of the Polybutadiene Rubber (Asia-Pacific) Report in either

its electronic or hard copy format is illegal. Should you require a licence or an additional copy of the Polybutadiene Rubber (Asia-Pacific) Report, please contact ICIS at [sales.uk@icis.com](mailto:sales.uk@icis.com)

ICIS, Quadrant House, The Quadrant, Sutton, Surrey, SM2 5AS. United Kingdom. ICIS accept no liability for commercial decisions based on the content of this report. Copyright violation is a serious offence. Any distribution or forwarding of information that is not expressly permitted by your subscription agreement is a copyright violation. ICIS uses software to monitor unauthorised electronic redistribution of reports.

© 2023 Reed Business Information Limited. ICIS is a member of RELX Group. [www.icis.com](http://www.icis.com)

