



## 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

- **Discussions muted on long China holidays**
- **Some softer high-cis offers heard**
- **Buying tempo remains slow**

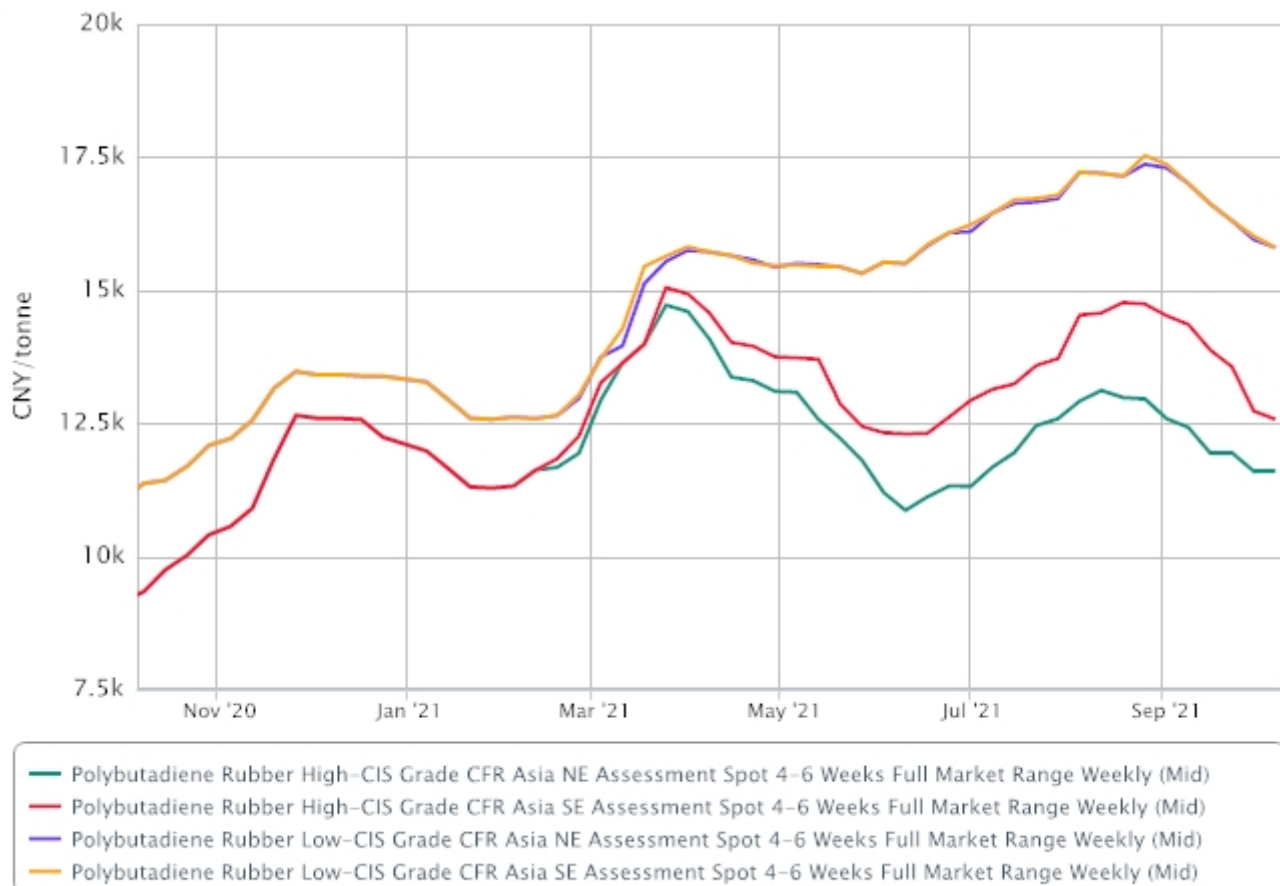
Asia's spot discussions for polybutadiene rubber (PBR) remained weighed on by a [weak demand outlook](#), even if spot availabilities are expected to decline on a slew of October plant [turnarounds](#).

Some sellers with cargoes at hand for prompt October shipment sales moderated their asking prices to stimulate demand.

Response was lukewarm though, with many regional end-users already amply covered for October with prior purchases or contractual allocations.

However, some sellers were heard still broadly optimistic about the likelihood of a near-term demand recovery, especially in southeast Asia where there are budding signs that long-standing coronavirus-related restrictions in outlets like Vietnam and Malaysia are being eased gradually.

On the buy-side, however, many saw no urgency to commit, with some gearing to push for more discounts on offers in view of the [sharp losses](#) seen in the upstream feedstock butadiene (BD) market recently.



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## OUTLOOK

- Demand recovery to hinge on regional pandemic situation developments
- Supply to remain snug on upcoming turnarounds
- Volatility in feedstock costs may also impact pricing sentiment

## 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	-50	2400.00-2500.00	n/c	2600.00-2670.00	108.86-113.40
<b>CFR Asia SE</b>	USD/tonne	-70	2400.00-2500.00	n/c	2600.00-2670.00	108.86-113.40
<b>Polybutadiene Rubber High-CIS Grade</b>						
<b>CFR Asia NE</b>	USD/tonne	n/c	1700.00-1900.00	n/c	1850.00-2000.00	77.11-86.18
<b>CFR Asia SE</b>	USD/tonne	n/c	1900.00-2000.00	-50	2150.00-2300.00	86.18-90.72

## Northeast Asia

### High-cis

CFR northeast Asian assessments for high-cis materials were rolled over, amid range-bound talks in a holiday-shortened trading week.

The key China market is shut for the week on extended National Day celebrations.

### Low-cis

CFR northeast Asian assessments were stable-to-soft, with the low end dropped to reflect weaker buying indications heard.

Sellers kept offers unchanged, citing tight spot availabilities, and this is reflected at the high end of published range.

No deals were heard closed in the week.

## Southeast Asia

### High-cis

CFR southeast Asian assessments for high-cis materials were stable-to-soft, with the high end dropped to reflect lower offers heard.

Demand remains tepid, and no deals were heard closed in the week.

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

Oct (1-7) 2021	Sep 2021	Aug 2021	July 2021	June 2021	May 2021	Apr 2021	Mar 2021
168.40	163.23	172.67	164.32	164.51	169.09	164.72	175.25

### Low-cis

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## India

Discussions for India-bound high-cis PBR cargo shipment started the week on a softer note, as sellers dropped offers to around \$2,100/tonne CFR India, while buying indications were heard falling lower to below \$2,000/tonne CFR India, in part tracking lower indications heard on deep-sea origin materials, market sources said.

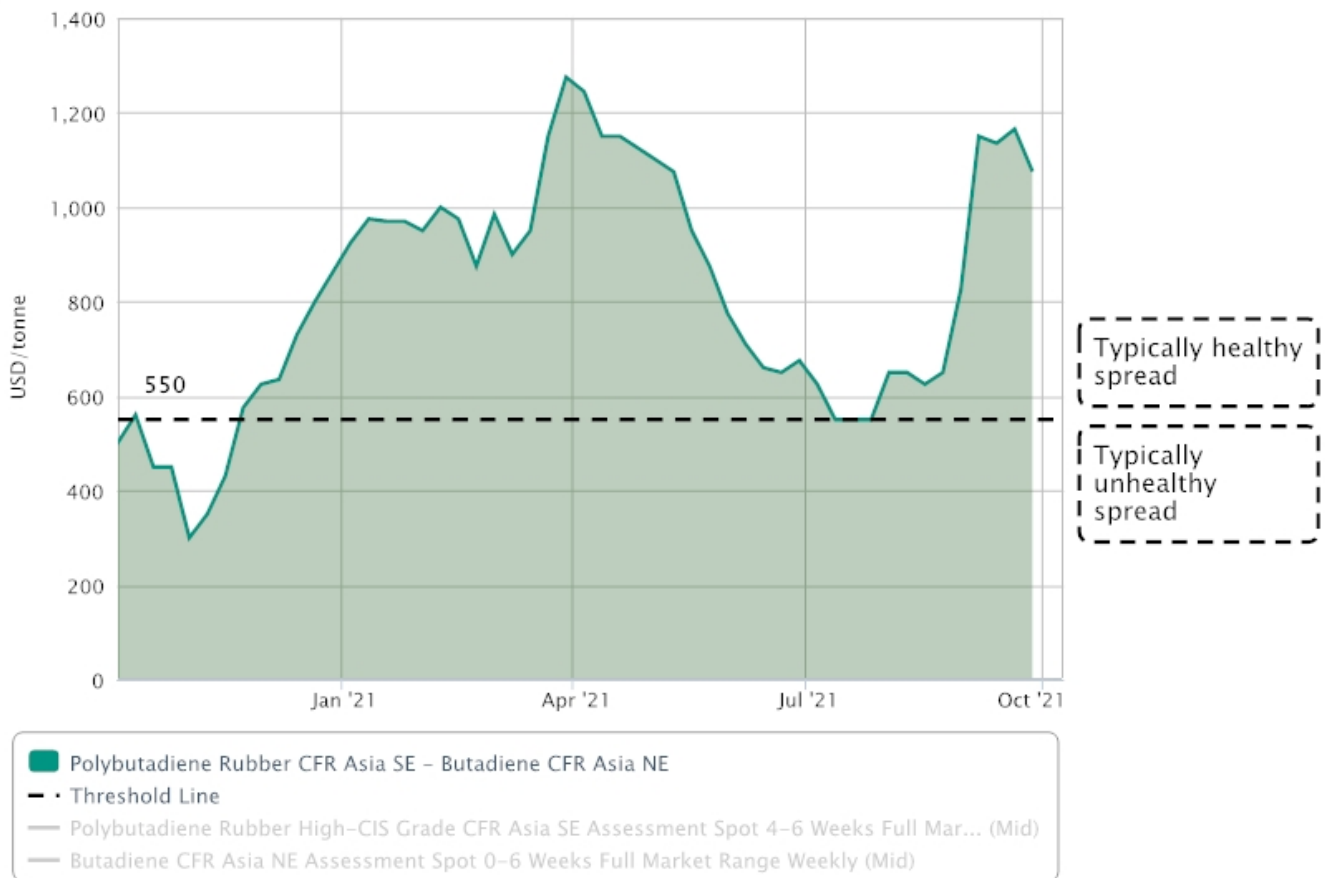
However, towards the end of the trading week, as offers on deep-sea origin cargoes started to rise with [increased energy cost pressures](#), regional PBR producers were heard turning increasingly reluctant to price down their PBR cargoes just to stimulate buying interest.

## UPSTREAM

Asian butadiene (BD) discussions remain [muted](#), with demand expected to stay soft in the near term.

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 at PBR units edged up slightly to 75% for the week ended 30 September, compared to 72% in the week prior, market sources said.

Moving forward, operating rates for China's PBR plants may dip if the country continues to press on with its [dual control policy](#) aimed at protecting the environment through energy consumption caps.

Elsewhere in Asia, PBR supplies are also expected to tighten on ongoing [turnarounds](#) in Korea.

## ANALYTICS

### ICIS Crude Outlook

The price of Brent rose in September, primarily because Hurricane Ida took a significant volume of US oil production offline, with up to 1.7 m bbl/day lost at its peak. Looking ahead, OPEC+ will continue its 400,000 bbl/day per month production cut tapering programme until the end of the year. Following this, ICIS does not expect OPEC+ to continue any additional tapering until summer 2022, unless prices remain persistently high. In the near term, the US may see further production issues if more hurricanes hit the US Gulf Coast in October and

November. Indian oil demand is set to rebound strongly for the rest of the year. For example, demand for gasoline has already breached pre-coronavirus levels. Many refineries are expected to increase run rates to 100% to meet this demand, with overall refinery throughput expected to be above 5m bbl/day before the end of 2021.

By **Ajay Parmar**, ICIS senior analyst ([ajay.parmar@icis.com](mailto:ajay.parmar@icis.com))

### ICIS Naphtha Outlook

The northwest Europe naphtha-Dated BFOE spread has strengthened by 8% month on month in September due to a tight market and exacerbated by supply disruption in the US. The spread is expected to remain strong in Q4 due to expected lower supplies and firm demand as a petchem feedstock. US naphtha supplies could face further disruption in October and November as more hurricanes are expected to hit the US Gulf Coast. This could see millions of barrels per day of refinery capacity temporarily taken offline, as seen in September, and lead to naphtha supply disruptions, particularly to Asia. The Europe propane-naphtha spread has widened significantly in recent weeks, with a high of \$49/tonne seen in September. This was primarily due to an unusual price spike in the summer caused by low supplies of propane in the US. The spread is likely to remain wide as winter approaches, leaving naphtha as the cracker feedstock of choice through to summer 2022.

By **Ajay Parmar**, ICIS senior analyst ([ajay.parmar@icis.com](mailto:ajay.parmar@icis.com))

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