



## 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

- **High-cis prices rise**
- **Supply tightened on production woes**
- **Wide buy-sell gap persists for low-cis**

Spot discussions for polybutadiene rubber (PBR) edged up for both the high-cis and low-cis grades, albeit to varying degrees.

For high-cis PBR, spot supplies, which were already tight, look set to tighten further after a 100,000 tonnes/year plant in China [went off-line](#) this week following a fire at the complex.

Sellers were buoyant as such, and asking prices for the limited volumes available for spot sales went up. Sellers also said that they need to price up to relieve cost pressures from [bullish](#) feedstock butadiene market.

But buyers' response was patchy, and market sources pointed out that these elevated offers were workable only for consumers from specialised applications.

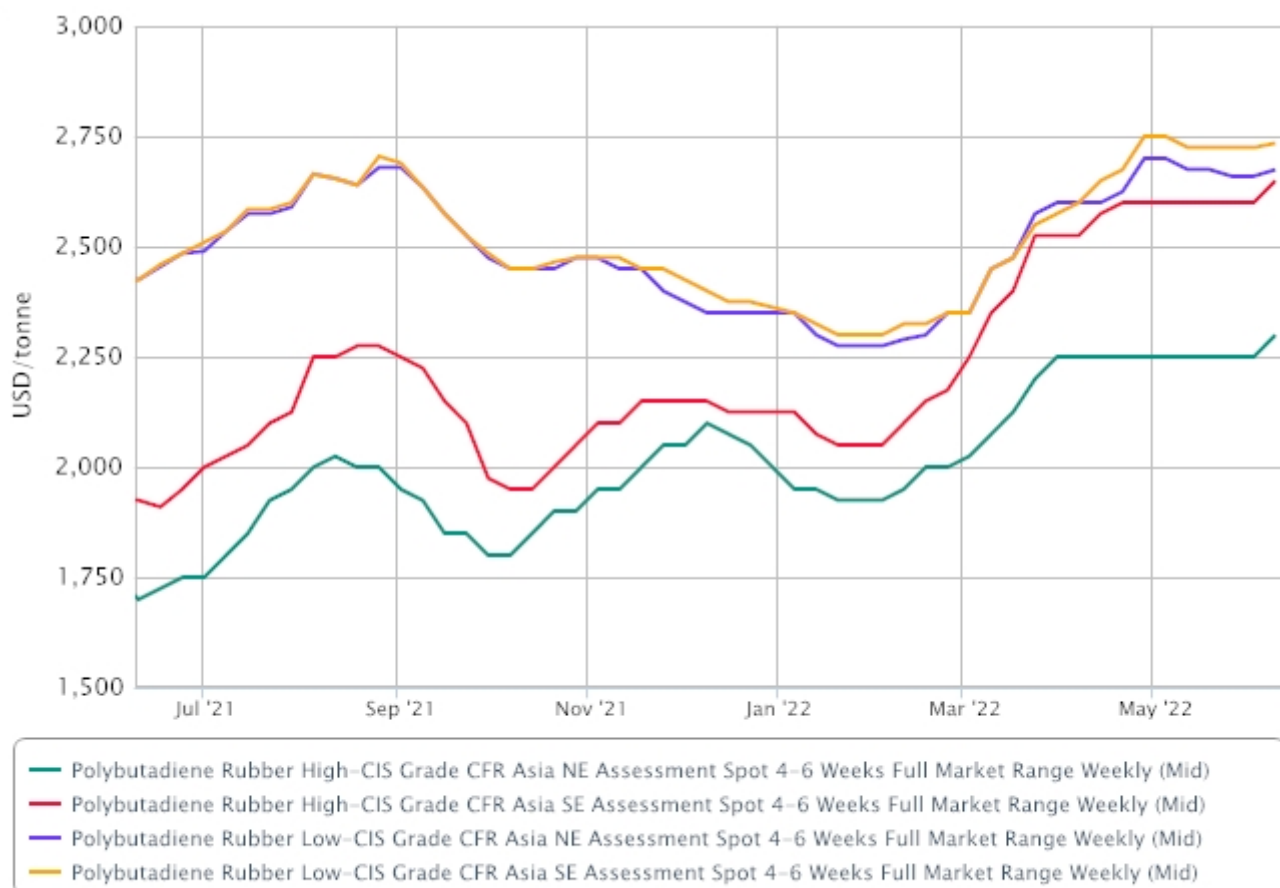
For the more mainstream tyre-related end-users, many cited affordability concerns, given muted growth outlook for the auto sector. They held back therefore and continued to seek out more competitively priced China-origin supplies instead.

That said, China export offers were waning as domestic sellers started to re-focus, amid rising domestic PBR prices, on local sales at the expense of exports.

For low-cis cargoes, regular suppliers in wider Asia also held fast to higher expectations, but spot trade liquidity is capped as buying ideas were widely apart.

Some end-users said they have covered requirements with prior procurement from newer supply streams, at competitive levels.

But low-cis makers were at ease, and saw no urgency to moderate expectations to induce sales, since their own inventories were low and there is no selling pressures.



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## OUTLOOK

- **High-cis supply constraints to persist**
- **Appliance sector growth will drive low-cis off-take**
- **[Economic concerns](#) to weigh in on overall demand 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	n/c	2600.00-2750.00	+30	2600.00-2750.00	117.93-124.74
<b>CFR Asia SE</b>	USD/tonne	+20	2720.00-2750.00	n/c	2700.00-2750.00	123.38-124.74
<b>Polybutadiene Rubber High-CIS Grade</b>						
<b>CFR Asia NE</b>	USD/tonne	+50	2250.00-2350.00	+50	2200.00-2300.00	102.06-106.59
<b>CFR Asia SE</b>	USD/tonne	+50	2550.00-2750.00	+50	2500.00-2700.00	115.67-124.74

## Northeast Asia

### High-cis

CFR NE Asian prices for high-cis grades were assessed higher, tracking firmer selling indications for cargoes from different origins.

But no import transactions were heard, with the usual output in China still amply supplied with domestically produced materials.

China-origin cargoes were instead available for exports, and selling indications were heard at the lower end of the published range.

The high-end tracks notional indications for cargoes from other wider Asia origins.

Domestic PBR prices in China surged on the back of a strong upstream butadiene market.

Price (CNY/tonne)	09 Jun	02 Jun
E China Ex-Warehouse	14,900-15,100	14,500-14,700

### Low-cis

CFR northeast Asian prices for low-cis materials were stable-to-firm. The high-end is raised to reflect firmer buying indications for non-China cargoes.

Sellers in wider Asia targeted at levels substantially over the published range, but most buyers deemed these as unrealistically high, and tried to secure instead from a more competitively priced pool in China, reflected at the low-end.

## Southeast Asia

### High-cis

CFR southeast Asian prices for high-cis materials were also assessed higher.

The high end tracked the lowest offer heard for non-China, northeast Asia-origin cargoes, while the low-end reflected that for China-origin materials.

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

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

June 2022	(1-9) May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
168.83	162.81	171.15	175.18	179.84	178.12

### Low-cis

CFR southeast Asian prices for low-cis materials were stable-to-firm, with the low-end raised to capture the full range of buying indications heard.

As with northeast Asia, some sellers targeted at levels substantially over the published range, but buyers deemed these as unrealistically high. There were scant discussions at that level and these were not included for assessments.

**India**

Discussions for CFR Indian trade for high-cis PBR remain split between cargoes from different origins.

Materials from suppliers in wider Asia were heard indicated at \$2,700-2,800/tonne CFR India. Some deals were heard concluded in the range for June/July shipment, market sources said.

But cheaper offers from China were also heard, and some cargoes were sold at around \$2,300/tonne CFR India for end June shipment, market sources said.

**UPSTREAM**

**Butadiene**

- Strong short-covering procurement interest
- But buy-sell gap wide
- Downstream margins squeezed

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 for PBR held steady at 66% for the week ended 3 June, unchanged from the week prior, market sources said.

But output may decline further after operations at the 100,000 tonnes/year Sinopec Maoming PBR plant in Guangdong were [suspended](#) on 8 June, following an accident at an upstream unit.

In wider Asia, spot availabilities were also squeezed by several [ongoing](#) and [upcoming](#) maintenance, in addition to an existing [outage](#) which could stretch for the rest of the year, market sources said.

## ANALYTICS

### ICIS Downstream Automotive Demand Outlook

The global automotive industry is still struggling to make up for pandemic-induced losses. The global light vehicle selling rate fell to 75m units/year in March, with a Q1 2022 average of 79m units/year, as supply issues continued to cap sales growth (Oxford Economics). Material shortages continue to hit the industry. The semiconductor industry is already running at full capacity but is still unable to meet demand. Typical lead times for key materials are between six and eight months. Car manufacturers are bracing for the impact. Toyota reported net income of yen (¥) 2.8tr for FY2022 (an increase of 27%), despite logistics issues. However, its guidance for FY2023 is for net income of ¥2.3tr (down 21% year on year) because the company expects material costs to more than double this year.

According to the US Census Bureau, US light vehicle sales increased by 6.6% month on month in March with total sales of 14.3m (still down 22% year on year). The finished inventory to sales ratio continues to be extremely low at 0.470. The ratio was 1.564 and 3.140 respectively in March 2021 and 2020.

The European Automobile Manufacturers' Association (ACEA) reported a 21% fall year on year in passenger car registrations in March, an historic low. Major European economies posted double-digit sales contractions: Spain (-30%), Italy (-30%), France (-20%) and Germany (-18%). Commercial vehicle registration was down 25% month on month in January, and inventories were alarmingly low. Another direct impact of the conflict in Ukraine is limited supply of neon gas, which is used in making microchips. Ukraine is one of the leading producers of neon gas. The UK's Society of Motor Manufacturers and Traders reported total registrations down 16%, with diesel cars down 52% year on year in April.

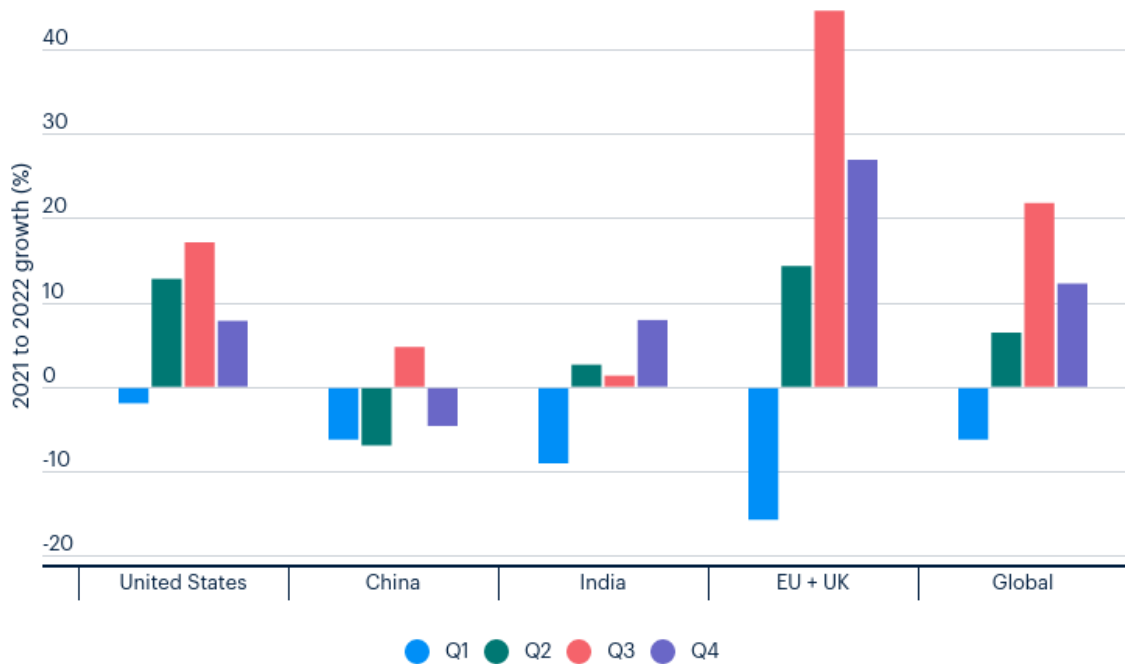
In China, auto sales and production steeply declined as a result of the strict coronavirus lockdowns. According to the China Association of Automobile Manufacturers (CAAM), car production was down 46% year on year in April 2022. A similar fall was reported month on month. The outlook for Chinese automotive remains bearish, mainly because of movement controls. Inventory is up thanks to weak sales. The China Automobile Dealers Association reported an inventory coefficient of 1.91, an increase of 9.1% month on month and a year-on-year increase of 22% (with levels above 1.5 considered a warning).

The Indian outlook continues to be bearish. The Federation of Automobile Dealers Associations of India said total vehicle sales increased by 37% in April year on year. However, compared with April 2019 (pre-pandemic), the sales are still down 6%.

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

### ICIS Downstream Demand Outlook - Domestic Appliances

The domestic appliances market had a great period from mid-2020 until late 2021. As a result, expectations for 2022 were already sombre. The sector was expected to cool down and return to a more normal rate. However, in March and April, the outlook was further dampened. A slowing real estate market, an erosion of real household incomes and a longer appliance replacement cycle are expected to hit sales in the short to medium term. This has been exacerbated by supply chain

problems and a continuous lack of microchips. The outlook for domestic appliances is bearish, given the level of inflation, as consumers are cutting back on discretionary spending. White goods are expected to become more expensive this year given the increase in prices of raw material such as plastics and steel. China is one of the leading exporters of household appliances, which are on hold because of the strict lockdowns. On the positive side, unseasonal hot weather is supporting demand for cooling appliances.

US household appliances is a mature market and a longer appliance replacement cycle is expected to hit sales in the short to medium term.

Like the US, Europe is a mature market and replacement demand is expected to slow down. Europe is also experiencing warm weather (above seasonal norms) that could support the cooling appliances market. Logistics woes continue.

With the real estate downturn in China, demand for domestic appliances is expected to be muted. However, the long-term outlook is quite positive, driven by megatrends such as urbanisation, an increasing middle class and digitalisation. Earlier expectations that India would outperform its global peers have been downgraded. However, there is substantial growth potential in southeast Asia because of its low market share.

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

## Domestic Appliances sector growth by region

2021 vs 2022



SOURCE: Oxford Economics

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