



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

- **Low-cis mixed in northeast Asia**
- **High-cis upbeat overall**
- **Sentiment buoyant on upstream gains**

Asian spot discussions for high-cis polybutadiene rubber (PBR) grade were upbeat in northeast and southeast Asia, but for low-cis grade they were relatively less even across Asia.

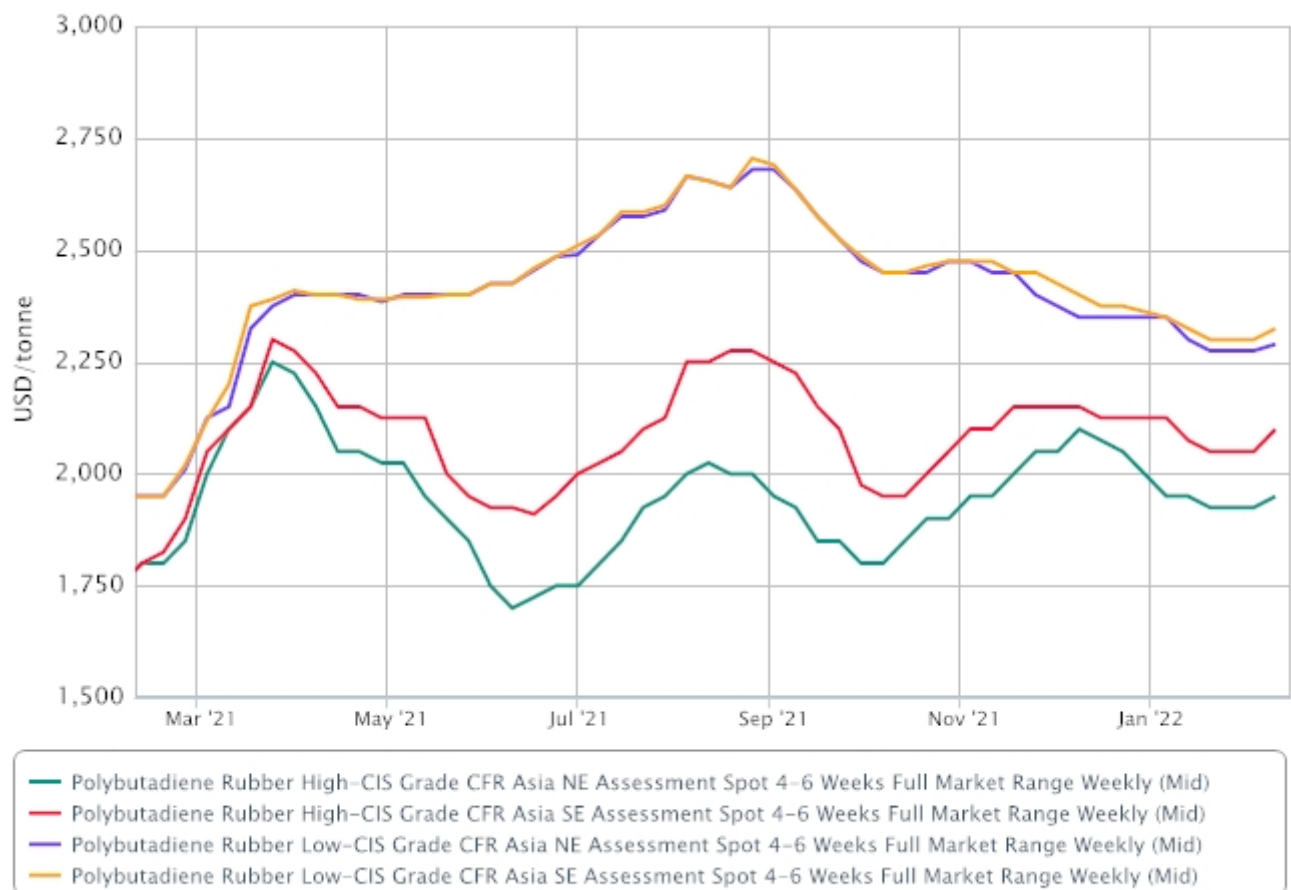
In general, PBR supply for both grades was tight, limited by low inventories at producers and ongoing/upcoming maintenance closures.

Producers also cited cost pressures from recent [gains](#) in upstream feedstock butadiene (BD) as a consideration.

Demand for high-cis grade was supported, not just by automotive industry requirements, but also by other consumer applications like shoe manufacturing.

Requirements for low-cis grade, the bulk of which is used in the appliance manufacturing sector, were also healthy.

Unlike the import-reliant southeast Asian market, buying appetite for imports in northeast Asia was relatively more subdued, given the availability of domestically produced material in some outlets.



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OUTLOOK

- **Spot supply tightness**
- **Auto sales** to drive demand for high-cis
- **Global economic recovery** may boost low-cis usage

PRICES

SPOT PRICES

				Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade							
CFR Asia NE	USD/tonne	-20		2230.00-2350.00	+50	2250.00-2350.00	101.15-106.59
CFR Asia SE	USD/tonne	+50		2300.00-2350.00	n/c	2300.00-2350.00	104.33-106.59
Polybutadiene Rubber High-CIS Grade							
CFR Asia NE	USD/tonne	+50		1900.00-2000.00	n/c	1900.00-2000.00	86.18-90.72
CFR Asia SE	USD/tonne	+50		2050.00-2150.00	+50	2050.00-2100.00	92.99-97.52

Northeast Asia

High-cis

The CFR northeast Asia assessment for high-cis material was stable-to-firm, with the low end lifted in line on firmer buying indications for China-bound shipments.

Domestic prices in east China rose on upstream gains.

Price (CNY/tonne)	10 February	30 January
E China Ex-Warehouse	13,700-14,000	13,300-13,700

Low-cis

CFR northeast Asian prices for low-cis materials were assessed in a wider range, taking into account buying and selling indications heard in the week.

The high end was lifted on higher offers heard, and the low end was reduced to reflect softer buying indications heard.

Southeast Asia**High-cis**

CFR southeast Asian prices for high-cis material rose on firmer buy-sell indications heard.

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

Feb 10) 2022	(1- Jan 2022	Dec 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021	July 2021
178.18	178.12	172.08	175.65	174.39	163.23	172.67	164.32

Low-cis

The CFR southeast Asia assessment for low-cis material was stable-to-firm, with the low end lifted on higher buying indications heard.

India

In India, discussions remained thin as buyers shunned fresh import purchases ahead of the fiscal year closing period in March.

Buy-sell indications were heard broadly unchanged in the week, at about \$2,100/tonne CFR India on the sell side, against buying indications at below \$2,000/tonne CFR India.

UPSTREAM

The Asian spot market for **butadiene (BD)** was flat in the week ended 4 February as discussions ground to a halt with many major players across Asia, from China to South Korea, still absent on extended Lunar New Year celebrations.

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 at PBR plants held steady at 83% in the week ended 28 January, unchanged since December 2021, market sources said.

Elsewhere in Asia, supply tightened on an ongoing regional plant [maintenance](#) in the February-April period.

ANALYTICS

ICIS Downstream Automotive Demand Outlook

Global automotive output is expected to grow 8.8% in 2022 compared with 2021, although it will still be down 10% from 2019 levels. (Q1 2022 is expected to fall by 4.7% year on year). The global auto industry continues to suffer because of key material shortages and the impact of the pandemic. Chips and electric steel supply issues are likely to persist. Polyamide, a key input material, is anticipated to be in short supply as ammonia production is cut due to high energy costs. In addition, a disruption caused by a typhoon was reported at a Malaysian and Singapore MEG plant.

US automotive output is expected to grow 8.3% in 2022 compared with 2021, although it will be down 2% from 2019 levels. (Q1 2022 is expected to grow by 0.9% year on year). The inventory sales ratio was 0.242 in November 2021, the lowest on record.

EU automotive demand (including the UK) is outpacing supply. Inventories are at an all-time low. EU automotive output is expected to grow 17.0% in 2022 compared with 2021, although it will still be down 26% from 2019 levels. (Q1 2022 is expected to shrink 9.8% year on year). The chip shortage is likely to last well into 2022 and

will result in weaker-than-expected vehicle sales and poor demand for key polymers used in the automotive industry.

A modest improvement in China’s automotive industry is expected. Output is expected to grow 4.9% in 2022 compared with 2021 (Q1 2022 is forecast to grow by 0.9% compared with Q1 2021). However, pockets of coronavirus infections amid a ‘zero COVID-19’ approach will likely weigh on demand. Xi’an, the capital of Shaanxi Province, has been under lockdown since 22 December. However, it is worth noting that Shaanxi Province accounts for just 2.7% of the country’s passenger cars. In terms of stock, the inventory coefficient was at 1.43 in December 2021, a year on year decrease of 20.6% (although it increased 5.9% month on month). Indian automotive output in 2022 is expected to grow 2.0% compared with 2021, although it will be down 4.6% from 2019 levels. (Q1 2022 is expected to shrink by 7.7% compared with Q1 2021). Despite a healthy order book, passenger vehicles continue to be affected by the chip shortage and increased lead times.

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

Motor vehicle sector growth by region

2021 vs 2022



SOURCE: Oxford Economics

ICIS Downstream Demand Outlook - Domestic Appliances

The demand outlook for domestic appliances is expected to be modest this year. This is because growth rates are returning to normal after an exceptional 2021. Therefore, a correction in growth for 2022 cannot be seen as negative, but rather a cyclical downswing. Global domestic appliance output in 2022 is expected to decrease 0.8% compared with 2021 (Q1 2022 is expected to shrink 7.0% compared with Q1 2021).

Domestic appliance demand in the US in the first three quarters of 2021 was remarkable, and unlikely to be repeated this year. US output in 2022 is expected to shrink 4.7% compared with 2021 (Q1 2022 is expected to decrease by 10.1% year on year).

EU domestic appliance output (including the UK) in 2022 is expected to decrease 2.4% compared with 2021 (Q1 2022 is expected to shrink 6.5% compared with Q1 2021). Overall, the sector is cooling down and returning to more normal growth rates.

The appliances market in northeast Asia, except for Japan, is doing well, in line with other advanced economies. Chinese output in 2022 is expected to decrease 0.6% compared with 2021 (Q1 2022 is expected to fall 8.5% compared with Q1 2021). In contrast to other global regions, southeast Asia is expected to perform better in 2022 compared with 2021. Indian output is expected to grow 4.6% in 2022 compared with 2021 (Q1 2022 is expected to grow by 11.1% year on year).

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

Domestic Appliances sector growth by region

2021 vs 2022



SOURCE: Oxford Economics

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