



Polybutadiene Rubber (Asia-Pacific)

By Ai Teng Lim
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[Overview](#) | [Outlook](#) | [Prices](#) | [Upstream](#) | [Production](#) | [Analytics](#)

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

OVERVIEW

- **Spot supply still tight in wider Asia**
- **China seeks to export more**
- **Price gap widens for cargoes from diverse origins**

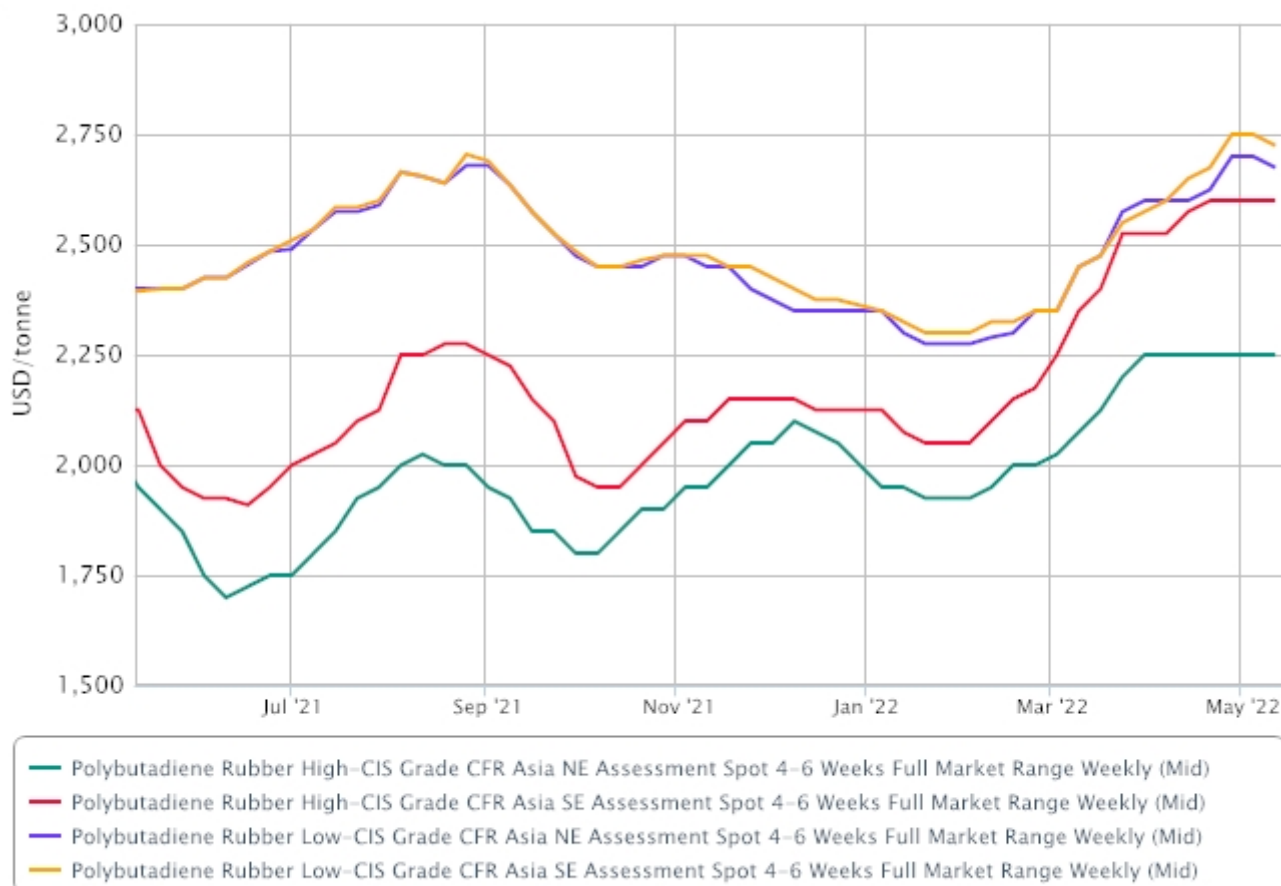
Asian spot discussions for polybutadiene rubber (PBR) were mixed, as the emergence of competitively-priced cargoes from China clouded buying sentiment.

China is stepping up efforts to [drive exports](#) to make up for slow domestic sales. The yuan's recent depreciation against the US dollar has also emphasised the importance for Chinese SBR makers to maximise exports.

Although the use of China-origin material is not common in many regional outlets, end-users are considering procuring China-origin cargoes because the gap in asking prices compared with cargoes from other Asian suppliers has recently widened by a substantial amount.

However, many regular suppliers in wider Asia held fast to higher expectations, citing supply constraints as a key support.

Output has been curtailed by an ongoing outage in southeast Asia. It is as unclear when the plant will restart.



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OUTLOOK

- China supply to continue to grow in near term
- Divergent pricing trends may persist for cargoes from different origins
- Buy-sell gap may widen further

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	-50	2600.00-2750.00	n/c	2550.00-2650.00	117.93-124.74
CFR Asia SE	USD/tonne	n/c	2700.00-2750.00	-50	2600.00-2700.00	122.47-124.74
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	n/c	2200.00-2300.00	n/c	2200.00-2300.00	99.79-104.33
CFR Asia SE	USD/tonne	-50	2500.00-2700.00	+50	2500.00-2650.00	113.40-122.47

Northeast Asia

High-cis

The CFR NE Asia assessment for high-cis PBR grade was stable on range-bound discussions. Transactions were heard within the range.

Domestic high-cis PBR prices in China softened as downstream operations remained suppressed by ongoing lockdowns.

Price (CNY/tonne)	12 May	05 May
E China Ex-Warehouse	13,200-13,400	13,500-13,700

Low-cis

CFR northeast Asian prices for low-cis materials were stable-to-soft.

Some competitively-priced material was heard indicated from China which dampened buying indications for materials from regular supply streams, and formed the low end.

The high end reflects the lowest offers heard from regular suppliers.

Southeast Asia**High-cis**

CFR southeast Asian prices for high-cis materials were assessed in a wider range, taking into consideration buy-sell indications for cargoes of diverse origins.

Discussions for cargoes from regular suppliers in wider Asia were heard at the higher-end of the range, while China-origin material were heard indicated at the lower end.

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

May (1-12) 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
160.60	171.15	175.18	179.84	178.12

Low-cis

CFR southeast Asian prices for low-cis materials were stable-to-soft, with the high end dropped in line with the lowest offer heard.

India

As in southeast Asia, import discussions for high-cis PBR material were also split between cargoes from diverse origins in Asia.

Although some deals for non-China-origin cargoes were heard closed in the range \$2,600-2,700/tonne CFR India, sources said discussions for China-origin material surfaced at levels \$200-300/tonne lower.

UPSTREAM

Asian spot discussions for butadiene (BD) were muted on a holiday lull, but sentiment remained weak on a lacklustre demand outlook. While prompt availability may be limited, expectations are rising among end-users

that regional output will grow once operating rates at upstream crackers are incrementally restored or when new BD plants are started up in the next few months.

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 fell to 70% for the week ended 6 May, compared to 77% in the week prior, sources said.

Spot supplies in wider Asia is also crimped on production hiccups and upcoming [maintenance](#).

ANALYTICS

ICIS Crude outlook

The crude price has switched from being driven by supply to being driven by demand in recent weeks. China's future oil demand growth is under question, with Shanghai already in lockdown and the potential for Beijing to also be placed under lockdown soon. Furthermore, the International Monetary Fund (IMF) has downgraded its global GDP growth forecast for 2022 by 0.8%, while the US Federal Reserve is expected to raise interest rates by 0.5% in May; these would reduce oil demand growth for the remainder of the year. The EU is likely to impose direct sanctions on Russian crude in May. The exact details are still to be finalised but it is likely that the sanctions will be implemented in a phased manner over the course of 2022. This will give Russia plenty of time to find alternative buyers of this crude (eg India) and therefore the overall loss of crude in the market will be fairly small

overall. Finally, new oil supply is due on the market in May as the US and other allies release about 1.3m bbl/day for six months, providing the market with much needed additional supply over the medium term.

By **Ajay Parmar**, ICIS senior analyst, ajay.parmar@icis.com

ICIS Naphtha outlook

With the recent fall in crude prices, European refinery paper margins have risen substantially. European refinery run rates are expected to increase once refineries return from maintenance, primarily to address the deficit of gasoil in the region. This will also increase naphtha supplies. Russian refinery run rates have dropped by just under 1 m bbl/day (compared to typical processing rates of around 6m bbl/day). This is partly due to maintenance, but also due to a lack of demand from willing buyers for their refined products. Naphtha supplies from Russia are expected to be lower as a consequence.

By **Ajay Parmar**, ICIS senior analyst, ajay.parmar@icis.com

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