



## 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

- **Lower offers for high-cis**
- **Slow buying tempo**
- **Low-cis unchanged**

Discussions are largely muted in Asia's spot market for polybutadiene rubber (PBR) amid weak demand fundamentals.

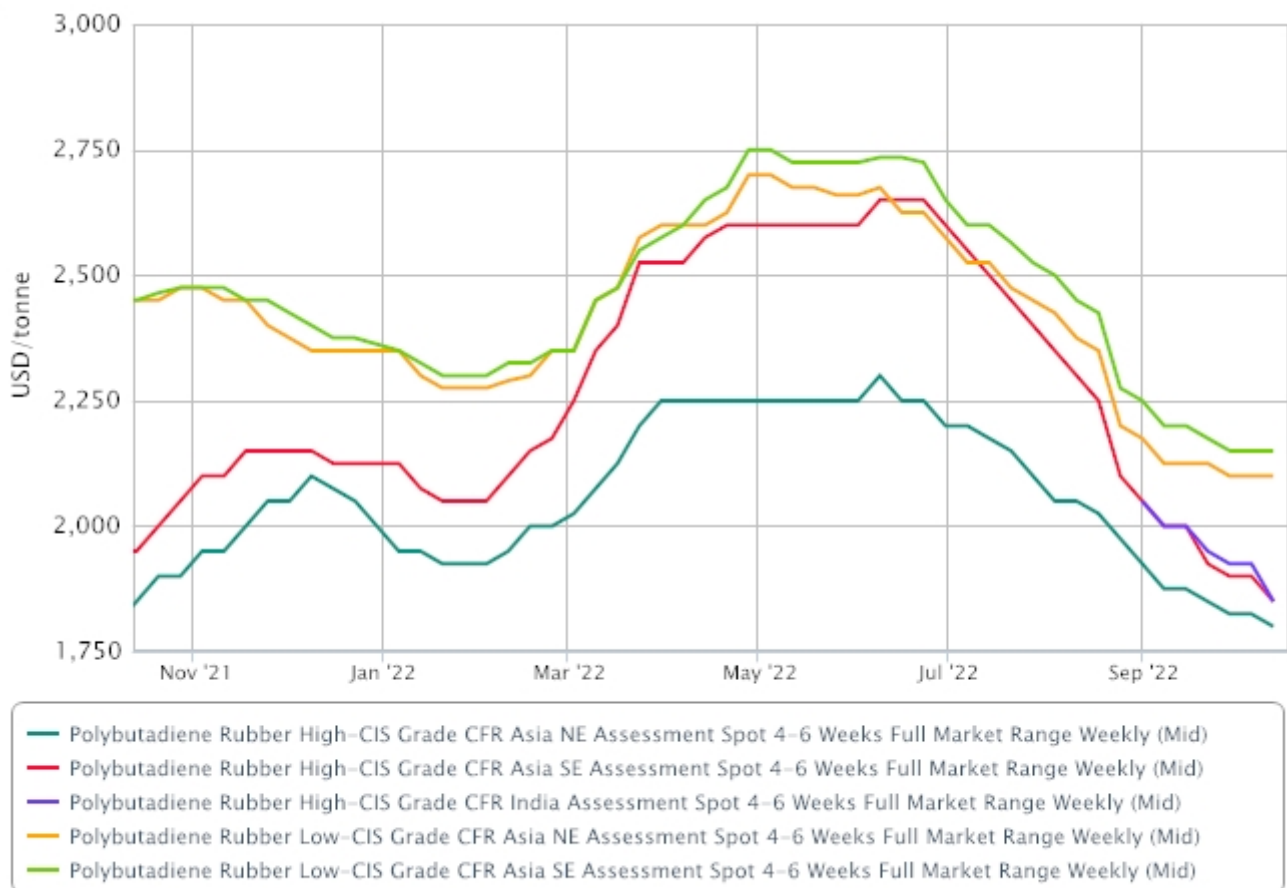
Domestic trades in China started on a slow note on 8 October following a week-long holiday, diluting prior optimism that downstream demand in China could rebound post-holiday.

This also weighed down on sentiment in the wider Asian market, and buyers were heard mostly still reluctant to take on fresh positions until there is clarity on how the China market may trend after the major 20th National People's Congress meeting is over in the coming week.

Meanwhile, confidence is shaken after the IMF [trimmed](#) Asian economic growth forecasts and concerns rose about how auto sector operations may be impacted to affect in turn requirements for high-cis PBR, which is used heavily for the production of automotive tyres.

Some sellers, therefore, widened discounts this week on high-cis cargoes, in a bid to induce sales and move some volumes before and in case, requirements dwindle any further.

For low-cis PBR, off-take of which is more dependent on the polystyrene (PS) sector, sellers kept current expectations unchanged for now, in anticipation that demand may see more support from a pre-holiday uptick in PS plant operating rates within China.



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## OUTLOOK

- Bearish [Q4 outlook](#) will weigh down on demand
- Buyers will stay cautious in the near term
- Weak feedstock pricing may also dampen 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	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	-50	1750.00-1850.00	n/c	1800.00-1950.00	79.38-83.91
<b>CFR Asia SE</b>	USD/tonne	-50	1800.00-1900.00	-50	1900.00-2100.00	81.65-86.18
<b>CFR India</b>	USD/tonne	-50	1800.00-1900.00	-100	1850.00-2150.00	81.65-86.18

## Northeast Asia

### High-cis

CFR NE Asian assessments were stable-to-soft, with the low-end of the assessment range dropped in line with CFR SE Asian assessments, to reflect generally bearish buying sentiment.

Otherwise, substantive discussions were thin, with minimal pricing indications heard in the week.

Domestic PBR prices were stable-to-soft, amid a slow start to post-holiday trade in the yuan-denominated market.

Price (CNY/tonne)	13 Oct	30 Sep*
E China Ex-Warehouse	12,200-13,000	12,400-13,000

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

### Low-cis

CFR NE Asian assessments were unchanged, tracking stable offers. Buy-side response was limited.

## Southeast Asia

### High-cis

CFR southeast Asian assessments were down, with the high-end of the assessment range dropped with lower offers heard. Buying indications were softer at the low-end.

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

Oct (1-13) 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
135.69	134.12	149.74	158.83	164.15	162.81	171.15	175.18	179.84	178.12

### Low-cis

CFR SE Asian assessments were kept unchanged with rangebound offers and discussions.

## India

CFR India assessments for high-cis PBR were down, tracking lower offers and buying indications heard. Some northeast Asia-origin materials changed hands at levels within the range, market sources said.

## UPSTREAM

### Butadiene (BD)

- Buying appetite low
- Sellers wait and see

- Buy-sell gap widened again

The chart below shows the spread between BD and PBR.

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



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## PRODUCTION

Output in China is tight 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 Outlook on GDP

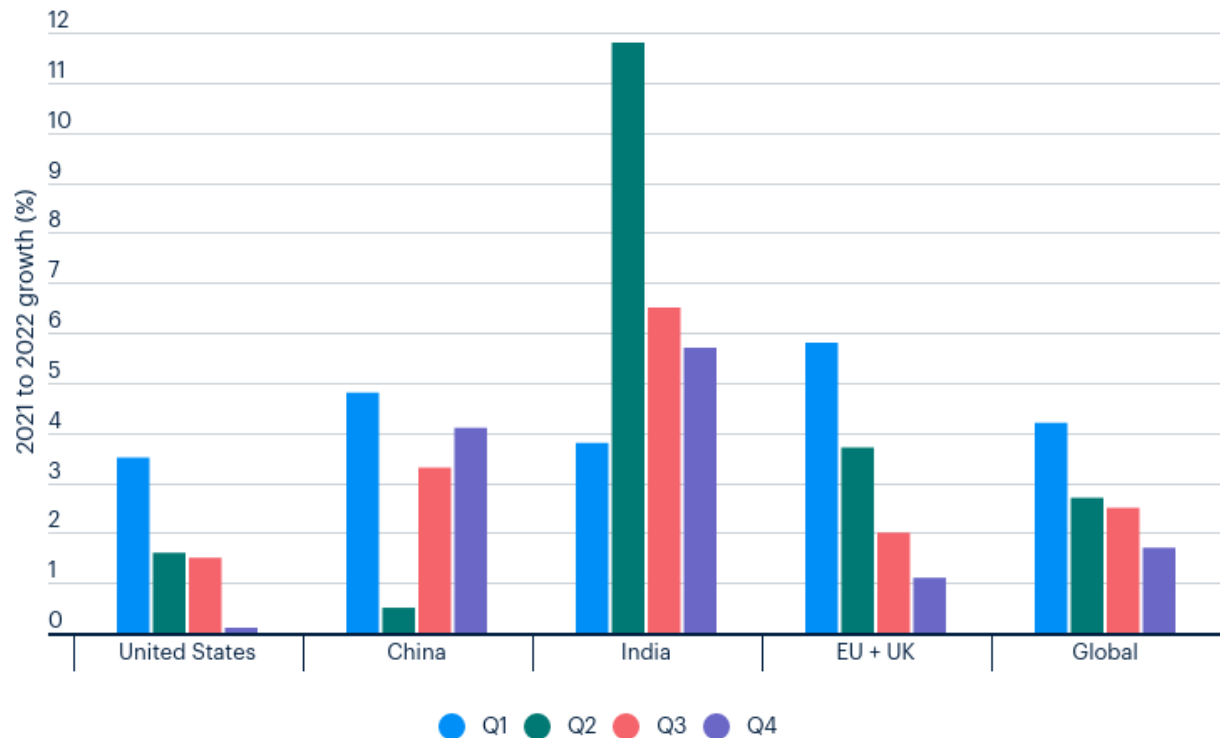
Is the global economy in recession? Technically the answer is No. Because the global economy even after several downgrades is still in positive territory. IMF, in a world economic outlook update in July, said they do not foresee a recession in their base case scenario. However, it was with a caveat of severe downside risk of full shut down of Russian gas to Europe. However, looking at countries on an individual basis, the US is already in recession, as two consecutive quarters of negative GDP is reported namely Q1 and Q2; Q3 and Q4 are marginally holding with sub 0.5% growth. Some economists disagree with US being in a recession, citing a falling unemployment rate (however unemployment data does not give any insight on the quality of jobs). Europe, on the other hand, is on the brink of economic slowdown with Q3 just managing to be in marginally positive. However, Q4 is forecasted to

be negative. In addition, the IMF's downside risk has materialised, as *Gazprom announced last week that the "Nord stream pipeline has been fully shut down until the operational defects in the equipment are eliminated."* No timeline in terms of re-opening is mentioned) there is an increased probability of a European winter recession. China Q2 growth was negative, however it bounced back in Q3. Similarly, India also managed to not enter a 'technical' recession. However, a slowdown is reported across regions due to the cost of living crisis. Logistics and supply chain issue continue to adversely impact international trade.

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

## GDP growth by region

### 2021 vs 2022



**SOURCE:** Oxford Economics

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