



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

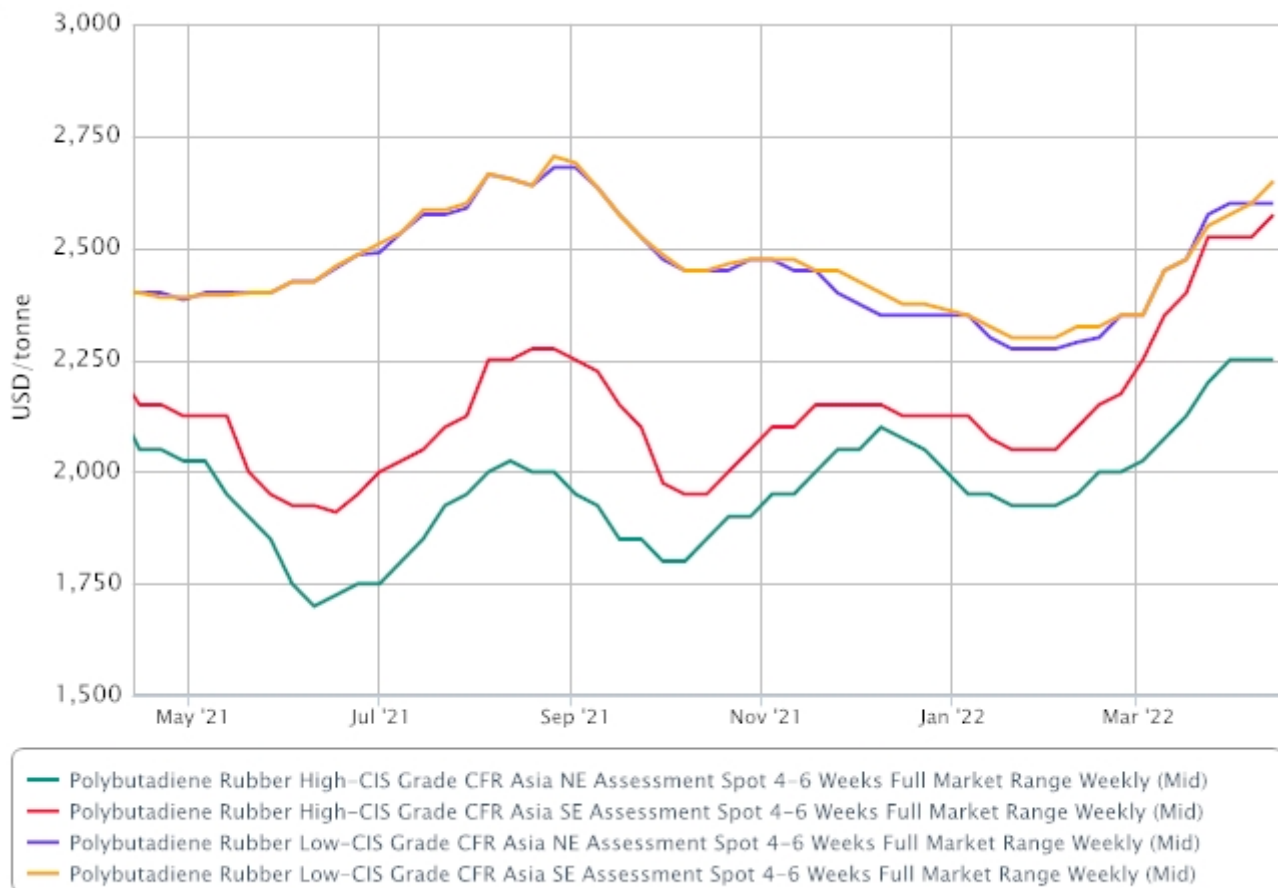
- **SE Asia upbeat**
- **But NE Asia muted**
- **Offers supported by supply limitations**

Spot discussions for polybutadiene rubber (PBR) gained fresh ground in southeast Asia, but stalled in northeast Asia.

In southeast Asia, spot supplies were tightened on various grounds. Firstly there is an ongoing outage which may stretch for some time, according to market sources. Secondly, regular suppliers to the region are moving more volumes to [Europe](#), at the expense of Asia, as the demand and pricing conditions in Europe far outweigh Asia, market players said.

In this backdrop, end-users with concrete requirements have had to raise bids to secure volumes from regular suppliers. Although some more competitively-priced cargoes were also heard indicated in the market, albeit from hitherto less active sources, these received lukewarm response from buyers.

However, trade momentum in northeast Asia is considerably slower, especially in China, where downstream operations have [tapered](#) with prolonged COVID-19 related lockdowns in some cities, and ensuing disruption in supply chain and logistics.



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OUTLOOK

- Supply constraints may stretch for some time more
- [Inflation worries](#) will weigh in on demand
- Sellers also keep a wary eye on [volatility](#) in crude markets

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	n/c	2550.00-2650.00	n/c	2450.00-2500.00	115.67-120.20
CFR Asia SE	USD/tonne	+50	2600.00-2700.00	+50	2450.00-2500.00	117.93-122.47
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	n/c	2200.00-2300.00	n/c	2100.00-2150.00	99.79-104.33
CFR Asia SE	USD/tonne	+50	2500.00-2650.00	+50	2350.00-2450.00	113.40-120.20

Northeast Asia

High-cis

CFR northeast Asian assessments for high-cis PBR were kept unchanged on thin discussions.

Domestic prices in China for PBR softened, tracking declines seen in the week in the upstream butadiene markets.

Price (CNY/tonne)	14 April	7 April
E China Ex-Warehouse	14,400-14,500	14,500-14,700

Low-cis

CFR northeast Asian prices for low-cis materials are rolled over, in the absence of fresh discussions or transactions.

But if spot availabilities remained crimped in the near term, assuming output will be weighed down by shortage of requisite catalysts for production, sellers were heard mulling the need to elevate selling targets, market sources said.

Southeast Asia**High-cis**

CFR southeast Asian prices for high-cis materials were raised, tracking firmer discussions and deals heard.

Some volumes changed hands within the published range, and remaining offers were heard at or over the high-end of the published range.

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

Apr (1-14) 2022	Mar 2022	Feb 2022	Jan 2022
175.10	175.18	179.84	178.12

Low-cis

CFR southeast Asian prices for low-cis materials were up, tracking deals and discussions heard.

India

In India, end-users were heard scaling back on import purchases, citing concerns with downstream affordability issues as offers for Asia-origin cargoes have risen substantially in recent times.

They were heard looking to tap instead on the domestic supply pool, or anticipating the arrival of deep-sea origin materials in due course. However, market players said that availability of the latter is uncertain, pending how the Russia-Ukraine conflict may pan out.

Meanwhile, NE Asia-origin materials were heard indicated at well over \$2,400/tonne CFR India, but buying indications were heard at or below \$2,300/tonne CFR India, market sources said.

UPSTREAM

Asian spot discussions for butadiene (BD) were stable-to-soft, as pricing sentiment [wavered](#) with consistently soft demand. But buy-sell gap remains wide, crimping spot trade liquidity in turn. Even as buyers kept to bearish bids, some sellers held fast to higher expectations, citing as support that prompt BD output will remain weighed down as long as regional cracker operations are not optimised.

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 78% for the week ended 8 April, three weeks in a row, market sources said.

Outside of China, spot supply remain tight, amid an unplanned [outage](#) in southeast Asia.

ANALYTICS

ICIS Outlook on GDP

Russia's invasion of Ukraine has far-reaching economic consequences. It has also created a humanitarian crisis as refugees flee to neighbouring countries. Oxford Economics has revised down its global GDP forecast to 3.7% year on year in 2022, and its Q1 forecast has been revised down to 4.1% year on year. Because the situation is still developing, the outlook could deteriorate further. The International Monetary Fund (IMF) has approved \$1.4bn in emergency financing under the Rapid Financing Instrument (RFI) to Ukraine. Some of the direct and immediate impact of the conflict includes higher energy and food prices leading to inflation, disrupted trade and a weakening

in market sentiment and business confidence. Historically, whenever crude prices have doubled in a year, there is a high possibility that economies will go into recession. ICIS can currently see typical precursors to a recession - which is a shock to the system - high inflation, asset bubbles and a loss of consumer confidence. Even though many countries in Europe are getting rid of COVID-19 regulations, many believe the pandemic is far from over.

The US GDP forecast has been revised down by 1.0% to 3.4% year on year in 2022 by Oxford Economics, although Q1 GDP is expected to grow by 4.2% year on year. US household savings doubled in 2020 compared with 2019, suggesting that consumers will have higher disposal incomes. It is, however, important to note that the doubling of savings was concentrated among higher income households.

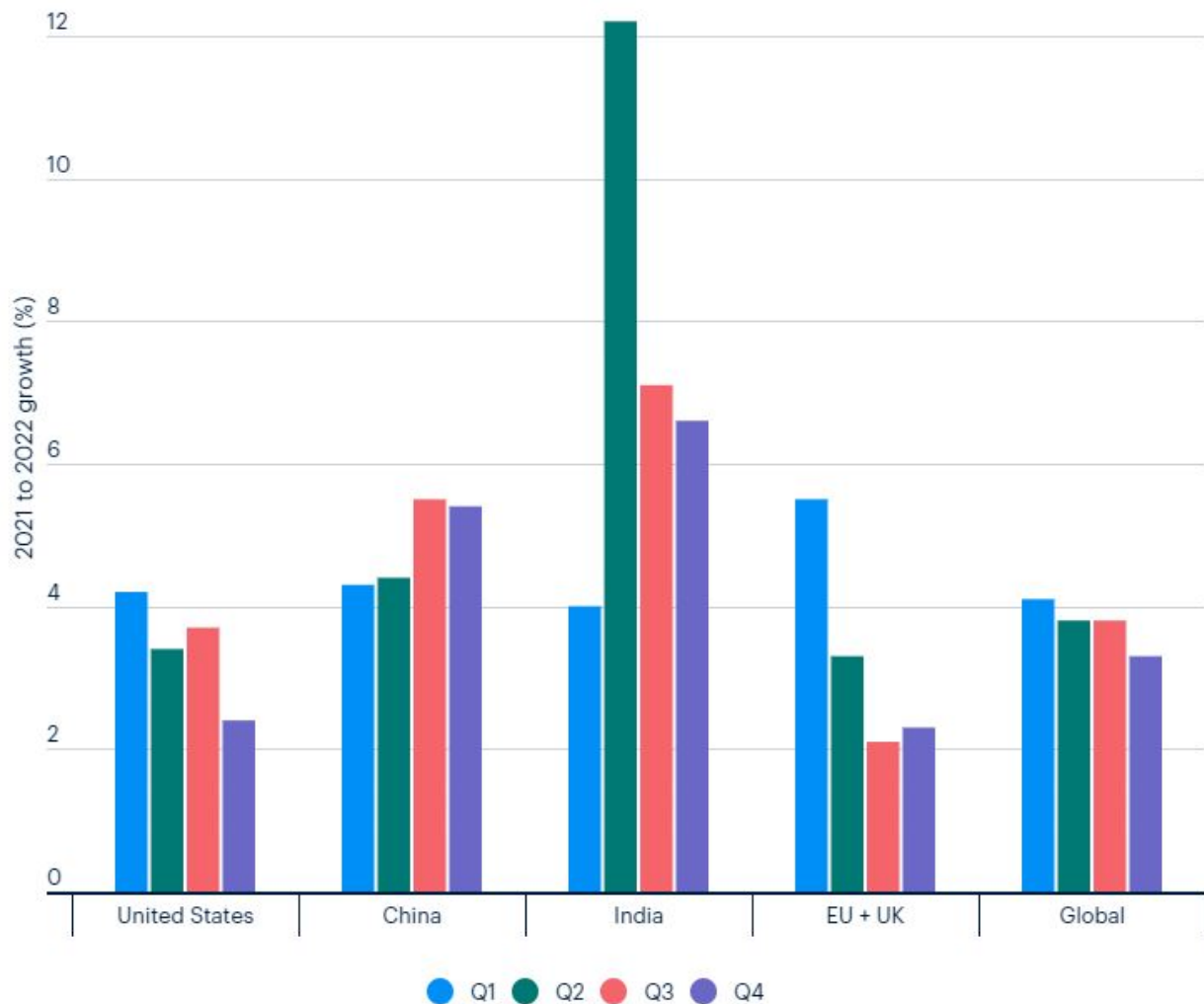
The EU GDP forecast has been revised down by 1.1% to 3.3% year on year in 2022 by Oxford Economics, and its Q1 GDP forecast lowered by 0.7% to 5.5% year on year. The EU's heavy dependence on Russian gas further clouds the gloomy outlook. However, the European Commission has tabled an ambitious plan to reduce Europe's reliance on Russian gas by two-thirds by the end of this year. Many countries in the EU are preparing to remove coronavirus regulations despite renewed concerns about mutations.

China's GDP forecast has been revised down by 0.5% to 4.9% year on year in 2022 by Oxford Economics, and Q1 GDP is forecast to grow by 4.3% year on year (although this has been revised down by 1.5%). Renewed pandemic concerns in cities such in Guangdong and Suzhou pose a major downside risk. At present, the country has stopped most non-essential activity. India's GDP forecast has been revised down by 0.7% to 7.3% year on year in 2022 by Oxford Economics, and Q1 GDP is expected to grow by 4.0% year on year (although this has been revised down by 1.4%).

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

GDP growth by region

2021 vs 2022



SOURCE: Oxford Economics

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