



Polybutadiene Rubber (Asia-Pacific)

By Ai Teng Lim
18-Aug-2022

[Overview](#) | [Outlook](#) | [Prices](#) | [Upstream](#) | [Production](#) | [Analytics](#)

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

ICIS plans to launch a new CFR India assessment for PBR high-cis grade on 1 September 2022 to track growing imports into India. Please send feedback and queries to aiteng.lim@icis.com.

OVERVIEW

- **Discussions trend down**
- **High-cis offers drop with upstream losses**
- **Low-cis talk muted on poor demand**

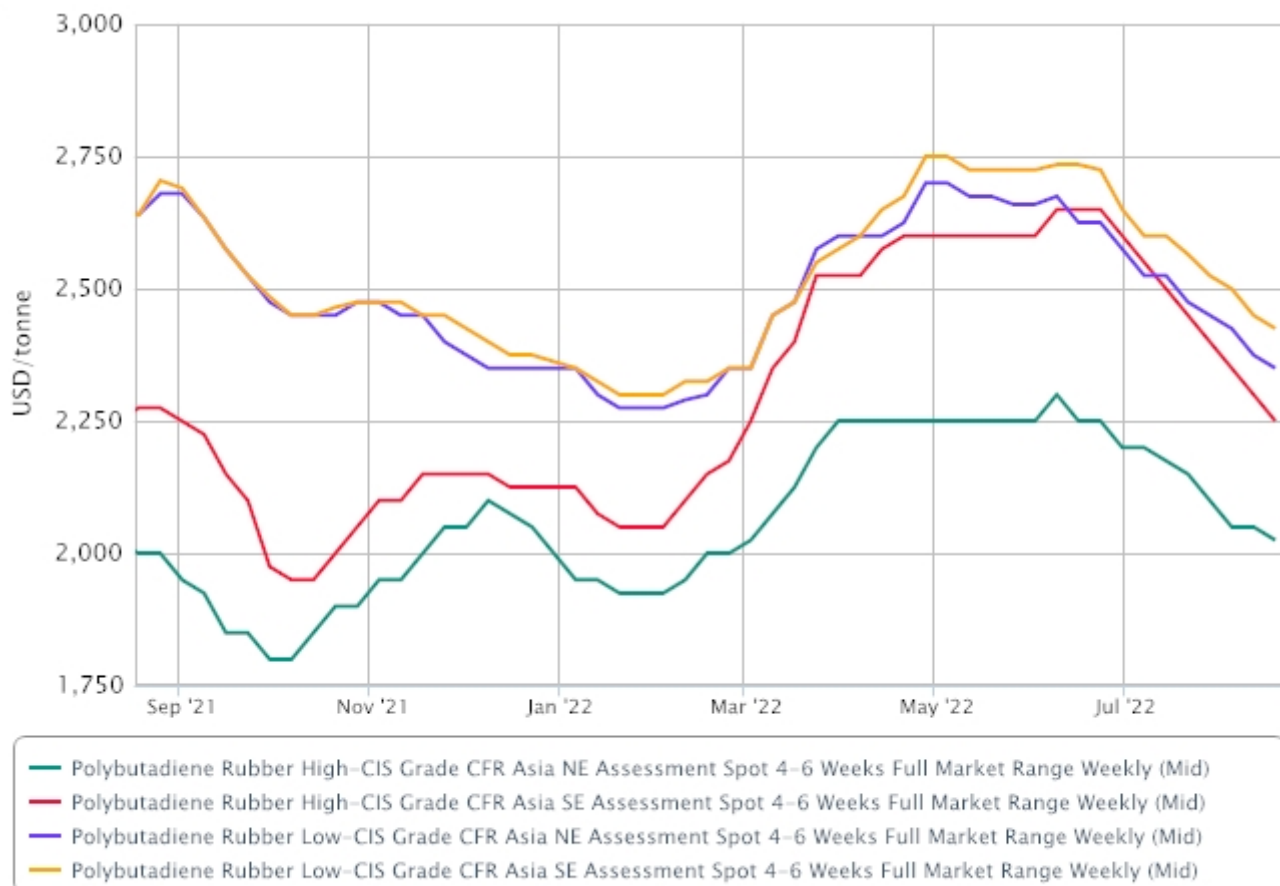
Spot discussions in Asia's polybutadiene rubber (PBR) market were subdued, in part due to generally unfavourable demand conditions in many related downstream markets.

For instance, growth outlook remains hazy in the automobile and domestic appliances sectors, which are respectively major outlets for high-cis and low-cis PBR materials.

Buyers are thus cautious, keeping spot procurement to a minimum until there is more clarity if the broader petrochemical market may [brighten up](#) moving into Q4.

Meanwhile, to induce buying, most high-cis PBR makers moderated their asking prices, in part also to factor in cost savings from recent declines in feedstock [butadiene](#) prices.

Some makers in wider Asia also widened discounts to stay competitive against China counterparts, many of whom are keen to [export](#) more actively now to compensate for weak domestic consumption.



© 2022 ICIS

OUTLOOK

- Feedstock pricing movements to drive offers
- Low-cis off-take may stay weak on sluggish polystyrene sector
- Inflationary pressures may also weigh down on high-cis demand [outlook](#)

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	-50	2200.00-2500.00	n/c	2350.00-2600.00	99.79-113.40
CFR Asia SE	USD/tonne	-50	2350.00-2500.00	n/c	2500.00-2630.00	106.59-113.40
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	-50	1950.00-2100.00	n/c	2100.00-2200.00	88.45-95.25
CFR Asia SE	USD/tonne	-50	2150.00-2350.00	-50	2350.00-2550.00	97.52-106.59

Northeast Asia

High-cis

CFR NE Asian assessments were kept unchanged at the high-end of the range, tracking stable selling indications for shipments to non-China outlets in the region.

However, the low-end was dropped with subdued buying interest in China for US-dollar denominated imports.

Domestic PBR prices in China are also down week-on-week, in part due to a weak upstream market, and also because buying momentum was lacklustre.

Price (CNY/tonne)	18 Aug	11 Aug
E China Ex-Warehouse	12,100-12,500	12,300-12,700

Low-cis

The high-end for the low-cis CFR NE Asian assessment was kept unchanged on stable indications heard.

The low-end is dropped notionally, in line with changes for the low-end of high-cis CFR NE Asian assessments, to reflect bearish demand sentiment and in the absence of any concrete transactions.

Southeast Asia**High-cis**

CFR southeast Asian assessments fell, taking into account lower offers heard among various regular suppliers in wider Asia.

No concrete transactions were heard, with potential buyers still mostly in a wait-and-see stance, and in anticipation that offers will continue to trend down in the coming weeks if upstream losses persisted.

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

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

Aug 18) 2022	(1- Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
152.25	158.83	164.15	162.81	171.15	175.18	179.84	178.12

Low-cis

The high-end for the low-cis CFR SE Asian assessment was kept unchanged on stable indications heard, but the low-end was dropped notionally, in line with changes for the low-end of high-cis CFR SE Asian assessments, to reflect bearish demand sentiment and in the absence of any concrete buy-side indication.

India

High-cis PBR materials from regular northeast Asian suppliers were heard indicated at around \$2,350/tonne CFR India, while offers for cargoes from other origins were heard slipping to below \$2,000/tonne CFR India, market sources said.

Buying interest is low, as buyers are convinced that offers will trend down more if upstream market continue to weaken. Substantive requirements were also thin currently on a seasonal factor, market players said.

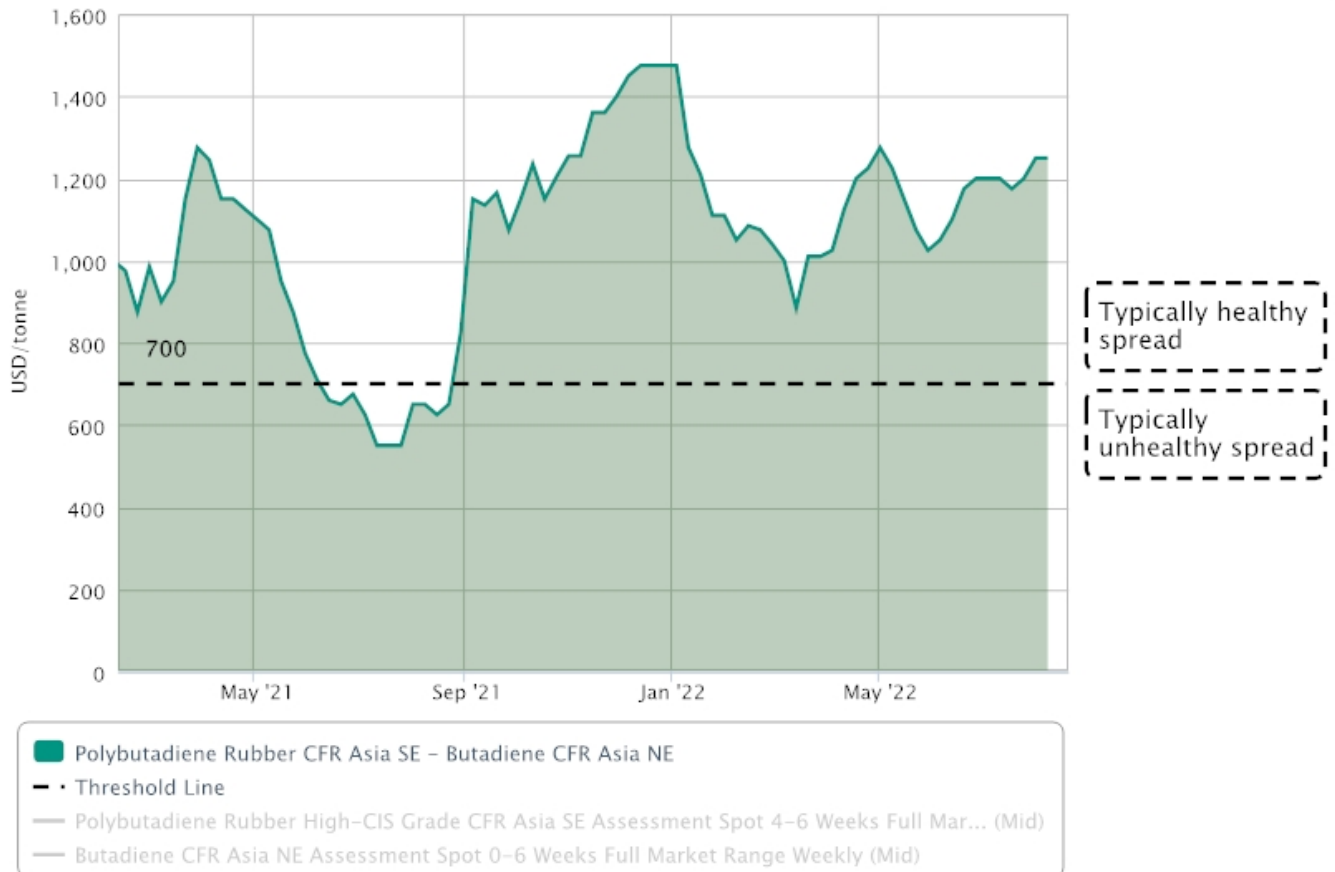
UPSTREAM

Butadiene (BD)

- Thin demand weighs down on import discussions
- Increased export offers from China
- Buyers also cautious with domestic China [volatility](#)

The chart below shows the spread between BD and PBR.

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



© 2022 ICIS

PRODUCTION

In China, average operating rates for PBR held steady at 68% for the week ended 12 August, four weeks in a row, market sources said.

In wider Asia, while spot availabilities remained tight with an ongoing [outage](#) and [upcoming](#) maintenance, market sources said that there may be some respite in China, if operations could resume soon at a 100,000 tonnes/year local unit that was [shut](#) in June after an accident at an upstream plant in the same complex .

ANALYTICS

ICIS Downstream Automotive Demand Outlook

It has been about a year-and-a-half since the world was plunged into the coronavirus crisis – impacting automotive production. Following this disruption, acute computer chip shortage ensued. And now war related disruptions, such as the shutdown of the Nord Stream 1 natural gas pipeline, further aggravated problems of an industry already under duress. The industry, so far, is struggling to make any meaningful recovery – even though May's auto sales performance was in positive territory. The global light vehicle selling rate increased to 76m units in May from 67m units April, according to Oxford Economics. The growth was primarily contributed by China as the nation eased lockdown measures. However, renewed lockdown actions cannot be ruled out.

According to the US Census Bureau, US light vehicle sales rose 2.3% month on month in June with total sales of 12.9m units (yet this is down 16% year on year and 25% down from 2019 levels). The finished inventory to sales ratio slightly improved month on month from 0.440 to 0.527 in May. (For context, the ratio was 1.108 and 2.948 respectively in March 2021 and 2020.)

The European Automobile Manufacturers Association (ACEA) reported a 15.4% fall year on year in passenger car registrations in June. All major European economies posted a double-digit sales contraction, as logistics and supply chain problem continue to dent industry growth i.e. Germany (-18.1%), Italy (-15.0%) and France (-14.2%) and Spain (-7.8%). Commercial vehicle registration was down 17.7% month on month in May (with sales down for the eleventh consecutive month). Another direct impact of the Russia-Ukraine conflict is constrained supply of neon gas, which is used in making microchips. Ukraine is one of the leading producers of neon gas. The UK's SMMT also reported, total registration was down 24.3% in June year on year, and down 12% year to date, with diesel cars taking the largest impact (down 46.7% year on year in June). Another new development for this month pertains to the Nord Stream 1 pipeline maintenance schedule with lack of clarity on resumption of operations.

China's automotive outlook continue to puzzle, as it heavily relies on the status of the movement control restrictions. China reported improved sales and production figures because of the easing of lockdown measures. According to the China Association of Automobile Manufacturers (CAAM), Chinese car production was up 28.2% year on year in June 2022. A similar level of growth was reported in month on month as well. Inventory levels were down from 1.51 to 1.36 in June. India's outlook seems to be on the positive side, as there were signs of easing of tightness in computer chips supply. However inflation concerns remain. FADA reported India retail sales rose 27% in June year on year (still down 9% as compared to 2019 levels).

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

Motor vehicle sector growth by region

2021 vs 2022



SOURCE: Oxford Economics

Polybutadiene Rubber (Asia-Pacific) | 18-Aug-2022. ICIS accepts no liability for commercial decisions based on the content of this report. Unauthorised reproduction, onward transmission or copying of the Polybutadiene Rubber (Asia-Pacific) Report in either its electronic or hard copy format is illegal. Should you require a licence or an additional copy of the Polybutadiene Rubber (Asia-Pacific) Report, please contact ICIS at sales.uk@icis.com

ICIS, Quadrant House, The Quadrant, Sutton, Surrey, SM2 5AS. United Kingdom. ICIS accept no liability for commercial decisions based on the content of this report. Copyright violation is a serious offence. Any distribution or forwarding of information that is not expressly permitted by your subscription agreement is a copyright violation. ICIS uses software to monitor unauthorised electronic redistribution of reports.

© 2023 Reed Business Information Limited. ICIS is a member of RELX Group. www.icis.com

RELX™