



## Polybutadiene Rubber (Asia-Pacific)

By Ai Teng Lim  
18-Nov-2021

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

### OVERVIEW

- **Domestic China surges on supply issues**
- **Import talks boosted in line**
- **Demand healthy**

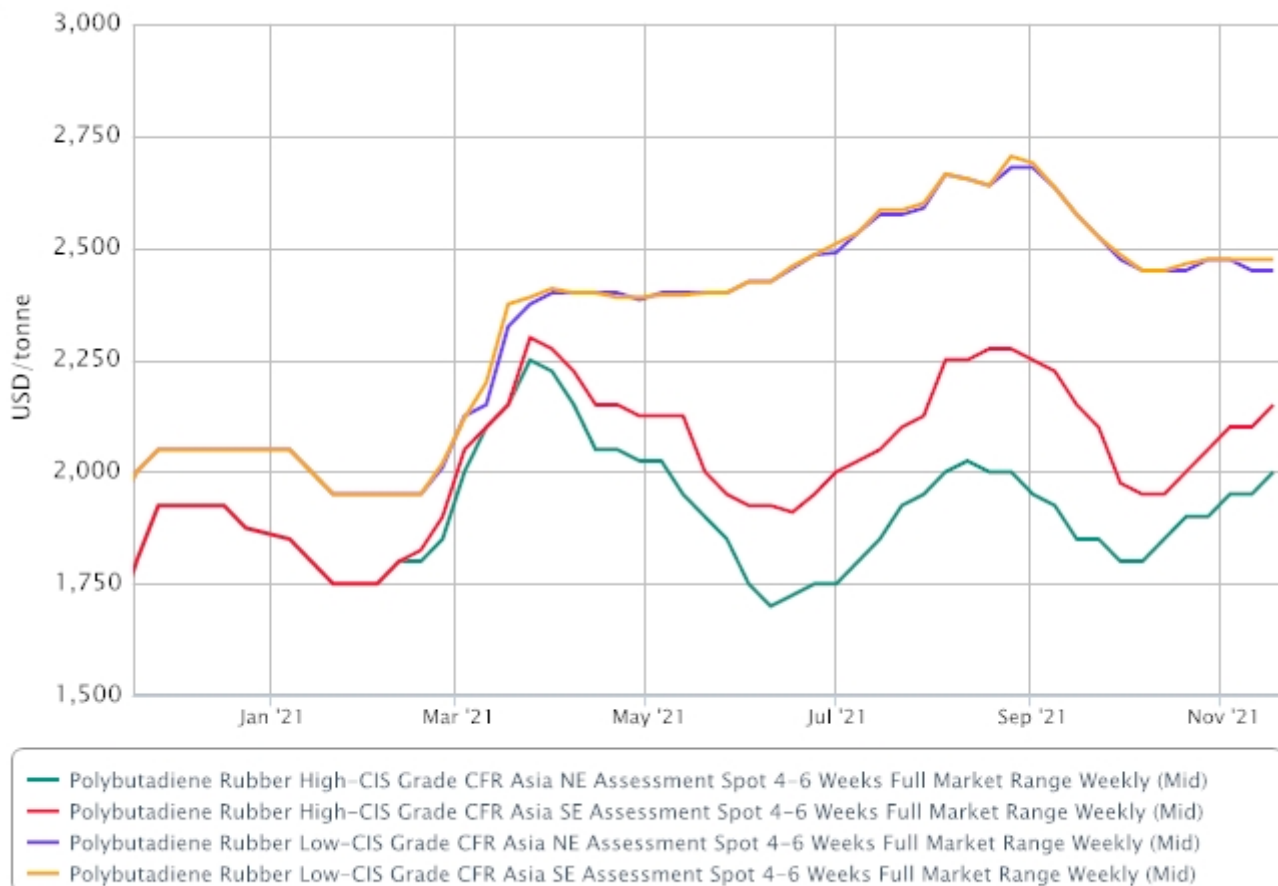
Asia's spot discussions for high-cis polybutadiene (SBR) material were supported by [snug supplies](#) across the region, but those for low-cis material were subdued by a wider buy-sell gap.

Demand was generally healthy, with more downstream factories returning to full operation in various southeast Asian outlets that were previously shut due to coronavirus controls.

However, the regional supply picture was somewhat more worrisome, with a void emerging in various outlets.

In domestic China, prompt supply tightened due to local transportation hiccups caused by snow in the north, prompting some affected end-users to tap the US dollar-denominated import pool for replacement cargoes.

In wider Asia, regional PBR makers were heard struggling with intrinsically low inventories as they diverted more volumes to spot sales. Most sellers were careful not to overcommit lest it affect their capability to fulfil contractual obligations. This situation may stretch into the year-end or even early next year, some market sources said.



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## OUTLOOK

- Snug supply likely to persist
- Automotive growth to drive high-cis demand
- Low-cis demand to tap support from appliance sector

## 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	2400.00-2500.00	n/c	2400.00-2500.00	108.86-113.40
<b>CFR Asia SE</b>	USD/tonne	-50	2400.00-2500.00	n/c	2430.00-2500.00	108.86-113.40
<b>Polybutadiene Rubber High-CIS Grade</b>						
<b>CFR Asia NE</b>	USD/tonne	+50	1950.00-2050.00	+50	1850.00-1950.00	88.45-92.99
<b>CFR Asia SE</b>	USD/tonne	+50	2100.00-2200.00	+50	1950.00-2050.00	95.25-99.79

### Northeast Asia

**High-cis**

The CFR northeast Asia assessment for high-cis material was up, taking into account higher offers heard for shipments to diverse destinations in northeast Asia.

Domestic China prices for high-cis material also spiked in the week, amid a shortage of prompt supplies caused by delivery bottlenecks stemming from snowy weather in northern China.

Price (CNY/tonne)	18 November	11 November
E China Ex-Warehouse	15,800-16,000	13,800-14,300

**Low-cis**

The CFR northeast Asian assessment was rolled over on stable pricing indications heard for cargoes from regular Asian suppliers.

Spot trade liquidity was low, not only due to low spot availability, but also because of the wide buy-sell gap.

End-user buying interest for material from regular suppliers was curtailed to some extent by more competitive offers from some regional producers that were not active in exporting low-cis cargoes up to this point, market sources said.

**Southeast Asia****High-cis**

The CFR southeast Asian assessment for high-cis materials was up, tracking firmer buy-sell indications heard.

Some transactions materialised within the published range for automotive-related applications, market sources said.

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

Nov 18) 2021	(1- Oct 2021	Sep 2021	Aug 2021	July 2021	June 2021	May 2021	Apr 2021
172.64	174.39	163.23	172.67	164.32	164.51	169.09	164.72

**Low-cis**

The CFR southeast Asian assessment for low-cis material was stable-to-soft, with the low end reduced in line with a deal heard.

**India**

In India, PBR import discussions were broadly rangebound. Asia-origin high-cis material was heard indicated at \$2,150-2,200/tonne CFR India, market sources said.

The demand outlook is deemed rosy amid [strong export growth](#) seen in October.

The buying tempo was comparatively subdued for Asia-origin PBR imports, as local end-users remained cautious and capped their buying indications at low \$2,000's/tonne CFR India, citing the availability of

more competitively priced alternatives from some non-Asia origins.

## UPSTREAM

Asian butadiene (BD) market discussions stalled as [buy-sell gap](#) remains with buyers persistently resistant to higher offers. But sellers were adamant not to price down further, so as to rescue suppressed cracker margins.

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 at PBR was steady at 81% for the week ended 12 November, unchanged from the week prior, market sources said.

Outside of China, PBR production is expected to improve and stabilise with recent [completion](#) of maintenance in Korea. But some market sources highlighted the possibility that persistent supply chain disruptions, leading to delayed shipments of raw materials, may also, in due course, weigh in on run rates at some PBR units, especially those involved in low-cis material production.

## ANALYTICS

### ICIS Downstream Automotive Demand Outlook

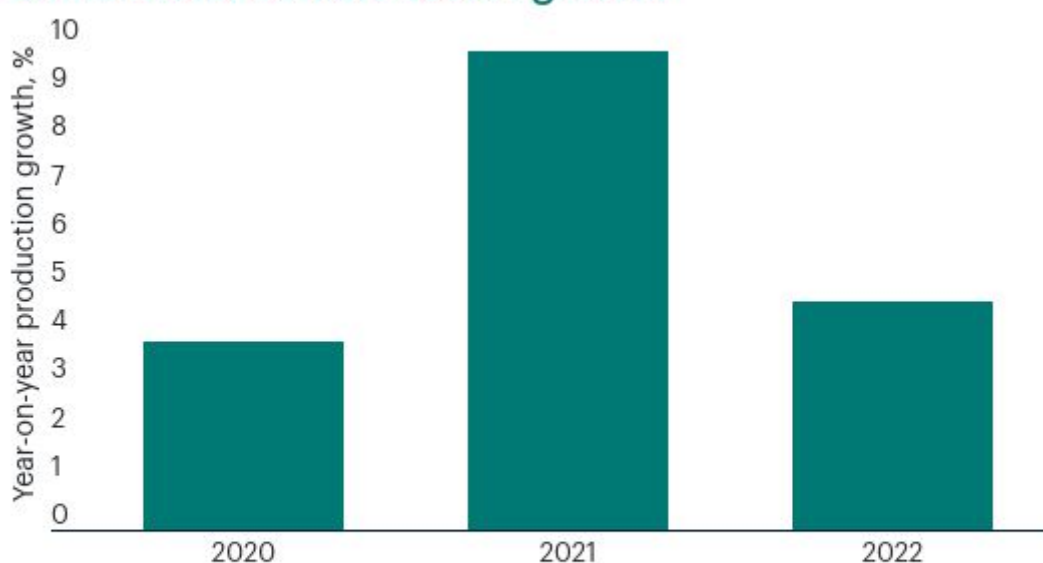
The global automotive industry is still struggling to make up for pandemic-induced losses, with Q3 production down by 13.2% year on year, and Oxford Economics predicting that Q4 will be down by 6.5%

compared with Q4 2019. Global vehicle production growth is not expected to return until Q3 2022, with chip supply expected to remain tight through 2022. Even Jean-Marc Chery, CEO of STMicroelectronics predicted that, "...we will return to a normal situation... not before the first half of 2023." Chip makers are also heard to favour consumer electronics over cars because of higher volumes and better margins. The industry's just-in-time (JIT) procurement strategy has added to the pressure. However, it is not all doom and gloom as vehicle chip suppliers such as Infineon and Bosch are ramping up capacity. Many countries are also now looking at chips as a strategic material and the industry is now receiving government support. Rising electric vehicle penetration will also push car makers up the chip pecking order because more advanced chips (with higher margins) will be required. However, car makers will need to readjust JIT strategies to ensure supply of security, as well as improving relationships with their Tier-1 suppliers.

The auto industry in China is also struggling. It currently has an inventory coefficient of 1.24 – with anything below 1.5 considered a dangerous level. In addition to severe supply disturbances, the regulator in China is cracking down on chip suppliers who are accused of price gouging. The outlook for the Indian automotive market is mixed. It was already under pressure after several manufacturers exited the country citing low sales. India's Federation of Automobile Dealers Associations (FADA) reported that the inventory level had slumped to a record low of 15 to 20 days. According to a FADA survey, 45.0% of respondents had a neutral outlook for the Indian auto market, with positives and negatives split with 27.5%. India's personal vehicle and tractor sectors are outperforming, growing by 30% and 39% in September respectively from September 2019. The chip shortage has hit Bajaj Auto's export market.

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

### China motor vehicle sector growth



Source: Oxford Economics

### ICIS Downstream Demand Outlook - Domestic Appliances

The demand outlook remains positive because people are spending more time at home. As a result, there has been a steady increase in home-bound activity such as food preparation, cleaning and grooming. The industry is performing well with Q3 output up by 14.3% and Q4 expected to grow 12% compared with 2019. So far, 2021 has proved extraordinary for domestic appliances, even in mature markets such as the US and Europe. The overall convenience of buying online has fuelled demand with a growing number of people switching to smarter appliances.

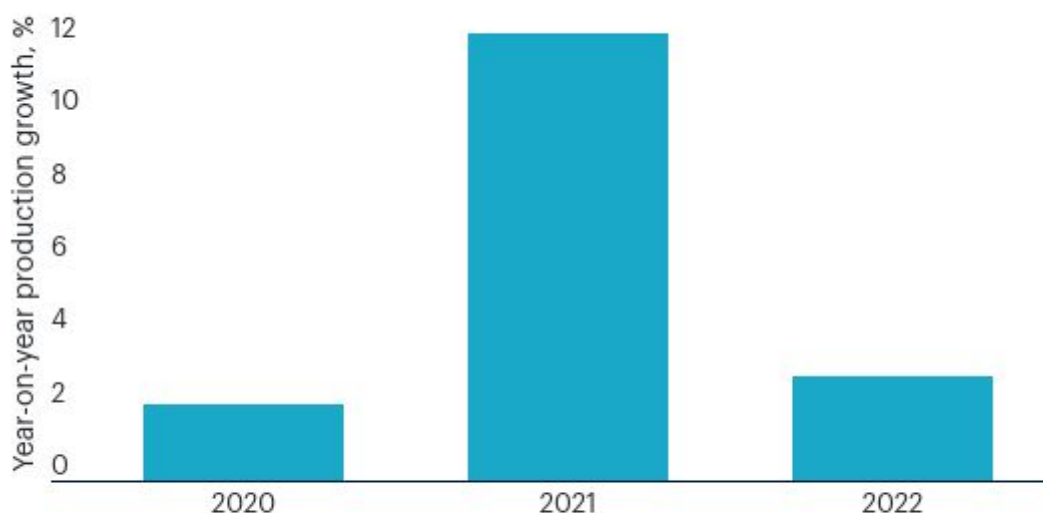
Domestic appliances demand in North America in the first three quarters of 2021 was remarkable. Q4 2021 is forecast to uphold the trend and expected to grow by 20% compared with 2019. However, growth from Q1 2022 will normalise to between 2 and 3%. There has been a shift from traditional appliances to more sophisticated ones.

The EU appliances industry is performing extremely well with production up 19% in Q3 compared with 2019, and Q4 output forecast to rise 17%. As with other regions, growth is expected to normalise from next year.

The appliance market in northeast Asia, except for Japan, is doing well in line with other advanced economies. Southeast Asia is growing, but its growth is nowhere near that seen in developed nations. The southeast Asian market is expected to pick up and perform better next year.

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

## Global domestic appliances sector growth



Source: Oxford Economics

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