



## Polybutadiene Rubber (Asia-Pacific)

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

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

### OUTLOOK

- Auto sector growth worries to weigh on Q2 demand outlook
- Global economic concerns may extend too
- Near-term outlook still hazy

### 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	1950.00-2150.00	n/c	2000.00-2150.00	88.45-97.52
<b>CFR Asia SE</b>	USD/tonne	n/c	2100.00-2250.00	n/c	2200.00-2250.00	95.25-102.06
<b>Polybutadiene Rubber High-CIS Grade</b>						
<b>CFR Asia NE</b>	USD/tonne	-50	1500.00-1600.00	n/c	1600.00-1750.00	68.04-72.57
<b>CFR Asia SE</b>	USD/tonne	-100	1600.00-1700.00	-50	1750.00-1900.00	72.57-77.11
<b>CFR India</b>	USD/tonne	-100	1700.00-1800.00	-50	1800.00-1950.00	77.11-81.65

#### Northeast Asia

##### High-cis

CFR NE Asian prices are stable to soft, with the low-end dropped to capture the full spectrum of pricing indications heard for cargoes available to ship to diverse NE Asian outlets.

Domestic China prices rose, supported by an uptick in restocking purchases ahead of the upcoming long May Day holidays.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	11,300-11,400	11,000-11,100

### **Low-cis**

CFR NE Asian assessments were kept unchanged in a thinly discussed week.

### **Southeast Asia**

#### **High-cis**

CFR SE Asian prices were down, based on lower buy-sell talks heard.

Offers from regular NE Asian suppliers were at the high-end, but buying indications slipped to the low-end.

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

Apr (1-20) 2023	Mar 2023	Feb 2023	Jan 2023	Dec 2022	Nov 2022	Oct 2022	Sep 2022
135.80	135.03	140.11	140.11	135.03	127.32	130.52	134.12

### **Low-cis**

CFR SE Asian assessments were kept unchanged, tracking muted, albeit rangebound, talks.

Discussions may pick up more pace after more players return from the Eid ul-Fitr holidays in the coming weeks.

### **India**

CFR Indian prices were also down with selling indications for duty NE Asia-origin materials tracked at the high-end, while buying indications were at the low-end.

Buyers continued to hold back from finalising fresh deals, for Asia-origin cargoes, in anticipation that sellers may revise offers down in due course to retain market share from aggressively priced cargoes from non-Asia origins.

## **UPSTREAM**

### **Butadiene**

- Limited buying interest
- Lower offers for prompt shipment cargoes
- Overall liquidity curbed by wide buy-sell gap

The chart below shows the spread between butadiene and PBR.

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



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## ANALYTICS

### ICIS Downstream Automotive Sector Outlook

Global light vehicle production is forecast to be at 84m units in 2023, according to Oxford Economics. This is a 3.1% increase year on year but still down 4.8% from 2019 levels. Like construction, automotive demand hinges on interest rates or rates of borrowing. The current macro environment of increasing interest rates is leading to a certain level of demand destruction. In addition, supply shocks continue to impact production. Although chip availability has improved as compared with 2021, there is still a shortage when it comes to high-end chips.

In addition, car makers have readjusted their just-in-time strategies to maintain a certain level of inventory to ensure supply security. Auto companies consider chips a strategic material. Another priority includes improving relationships with Tier-I suppliers. To mitigate any further such disruption, countries are looking for ways to implement protectionist policies. For example, the US imposed restrictions on exporting chip making equipment to China last year. The Netherlands has followed suit, imposing export restriction on some of the advance semiconductor technology as well. Electric vehicles are a bright spot as countries adopt measures to boost their use through purchase subsidies, for example.

The north American auto industry remains in a weak spot. Production is improving but at a slow pace. After an encouraging January, US light vehicle sales fell by 6.2% in February month on month (still down 9.5% year on year compared with February 2019). Inventories remain low even though there has been a slight improvement over the past couple of months. The US, in an attempt to become more self-sufficient, announced plans to start applications for the \$39bn semiconductor manufacturing subsidy programme. The plan also includes a provision for 25% investment tax credits for building chip plants.

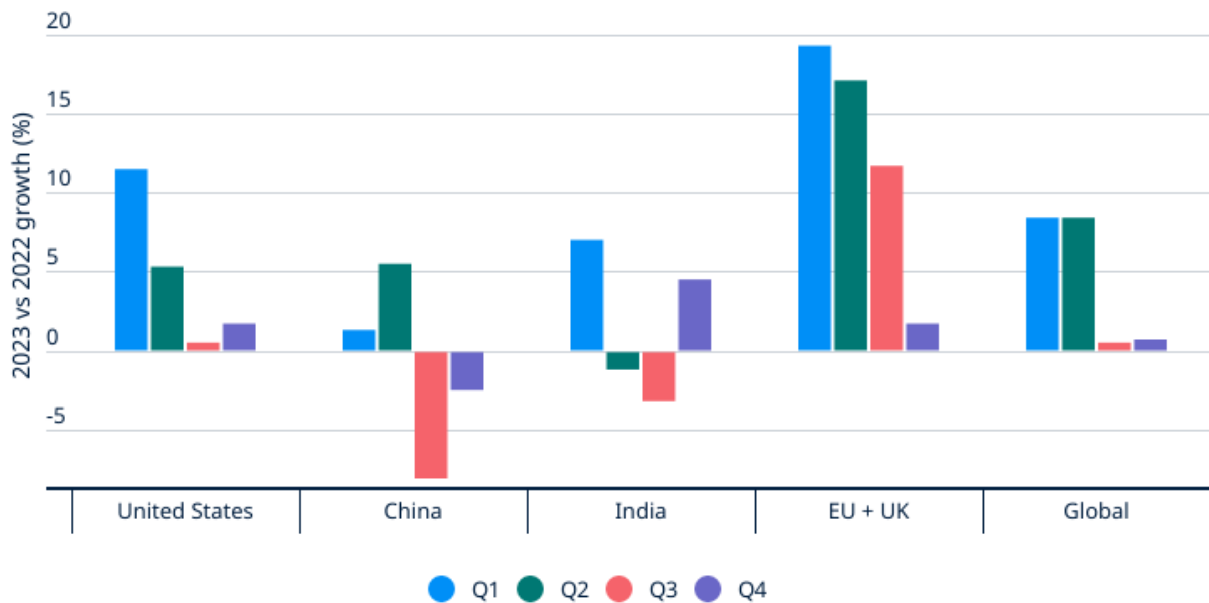
According to the European Automobile Manufacturers' Association (ACEA), EU passenger car registration rose 11.3% in January year on year to 760,041 units. However, the increase is a function of a lower base. The association further reports that Spain posted the biggest gain (+51.4%) and Italy (+19.0%), followed by France (+8.8%). Germany, on the other hand, posted a 2.6% decline. The outlook for 2023 remains challenging (especially in the commercial vehicles sector) because of reduced industrial activity. As for chips supply security, in a press release dated 15 February 2023, the European Parliament set its negotiation position on two draft bills – the Chips Act and Chips Joint Undertaking – with an aim to increase the EU’s share in global production capacity of semiconductors to 20%. In addition to this, ACEA expressed its concern regarding investment leakage, stating: “Europe needs a strong response to the fundamental challenges posed by the US’s Inflation Reduction Act (IRA) and the risks it creates for ‘investment leakage’ out of the EU.”

Chinese automotive output is forecast to increase by 1.3% year on year in the first quarter and the second quarter is expected to see year-on-year growth of 5.5% , according to Oxford Economics. With the country reopening after three years of COVID-19-related restrictions, there has been an increased focus on raising domestic consumption. However, the actual impact is something we must wait and see to assess. Moreover, the "Two Sessions" meeting, held earlier this month, was attended by several key representatives, with the policy proposal focusing on the development of New Energy Vehicles (NEVs) and Intelligent Connected Vehicles (ICVs), including autonomous vehicles. Indian automotive output is forecast to increase by 7.0% in the first quarter year on year as a result of the festive season.

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

## Motor vehicle sector growth by region

2023 vs 2022



SOURCE: Oxford Economics

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