



## 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

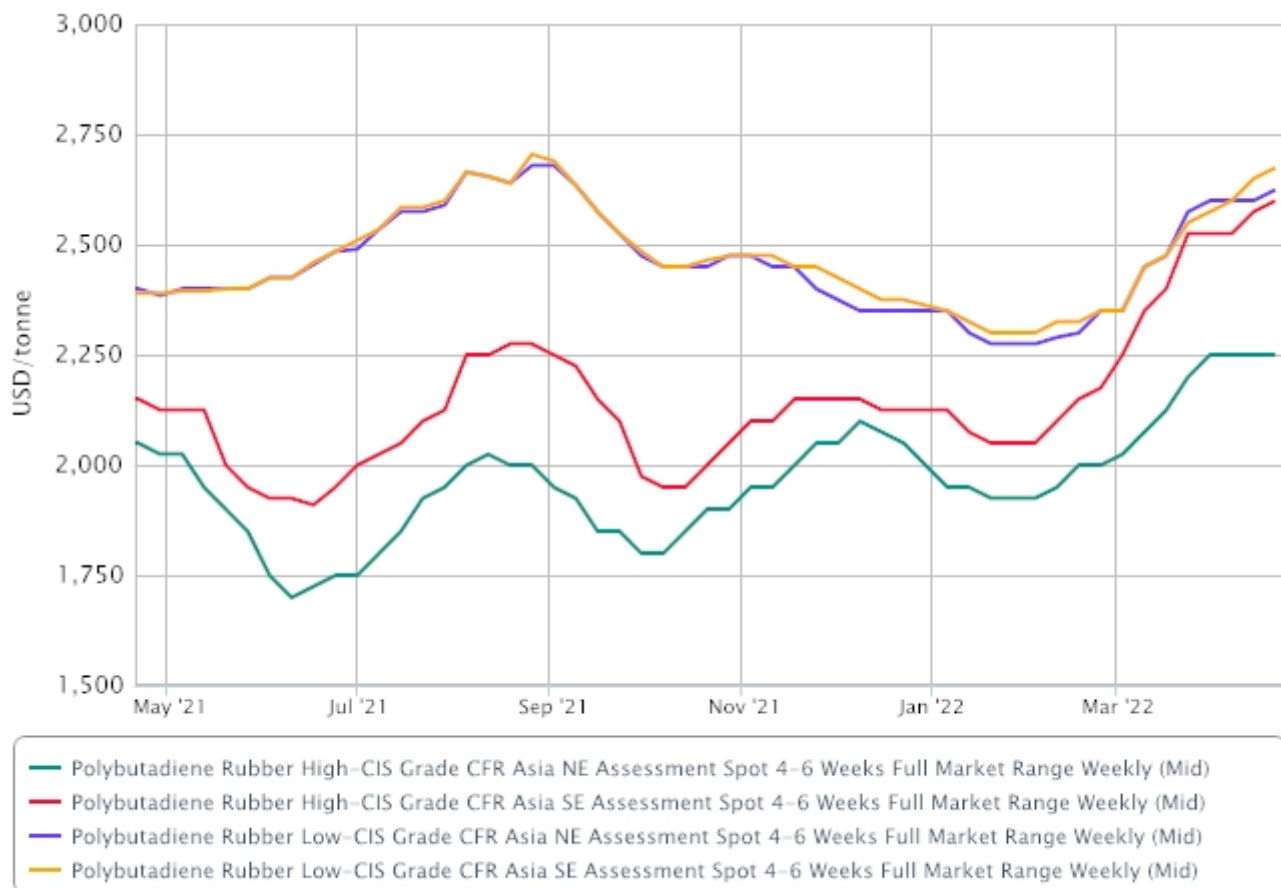
- **Spot supplies limited**
- **Some buying, but liquidity generally thin**
- **Demand worries grow**

Spot discussions for polybutadiene rubber (PBR) were mostly stable-to-firm across the region, as limitations in spot availabilities kept up upside pressures on offers.

Sellers held fast to their expectations, if not chasing higher targets, for export sales within Asia, saying that they could otherwise readily divert cargoes to other markets further afield such as Europe, to achieve higher netbacks.

Spot allocation volumes were [low](#) to begin with, as regional output has been curtailed by an unplanned outage in March. The latter may stretch for some time more, market sources said.

While some buyers were heard still seeking cargoes, albeit in smaller lots, to fill supply gaps and keep ongoing operations going, resistance is also building against what they deemed as hefty offers, market players said, as concerns rise about wider downstream [demand losses](#) if developments such as the Russia-Ukraine war and the COVID-19 lockdowns in China do not ease soon.



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## OUTLOOK

- Spot supplies to stay snug
- Demand may gain if China lockdowns are [eased](#) soon
- But [economic worries](#) could weigh in on overall buying appetite

## 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	+50	2600.00-2650.00	n/c	2550.00-2600.00	117.93-120.20

<b>CFR Asia SE</b>	USD/tonne	+50	2650.00- 2700.00	n/c	2500.00-2600.00	120.20-122.47
<b>Polybutadiene Rubber High-CIS Grade</b>						
<b>CFR Asia NE</b>	USD/tonne	n/c	2200.00- 2300.00	n/c	2150.00-2250.00	99.79-104.33
<b>CFR Asia SE</b>	USD/tonne	+50	2550.00- 2650.00	n/c	2450.00-2600.00	115.67-120.20

## Northeast Asia

### High-cis

CFR northeast Asian assessments for high-cis PBR were rolled over on subdued discussions, as downstream operations in China stalled with prolonged COVID-19 restrictions at some cities.

In the same vein, alongside local supply chain disruptions caused by the prolonged virus lockdowns, domestic trades in China for PBR also tapered off, triggering even wider losses week-on-week for domestic yuan-denominated PBR prices.

Price (CNY/tonne)	21 April	14 April
E China Ex-Warehouse	13,900-14,200	14,400-14,500

### Low-cis

CFR northeast Asian prices for low-cis materials are stable-to-firm, tracking discussions heard.

But no deals materialised in the week, market players said.

## Southeast Asia

### High-cis

CFR southeast Asian assessments for high-cis materials were raised at the low-end, to reflect mainstream discussions and transactions to tyre-related sector consumers.

Some offers were heard at above the published range, but market players said that these were more targeted at customers in niche, non-tyre, applications and hence excluded from assessments.

Some China-origin materials were heard sold at below the published range for May shipment to southeast Asia, but the consensus market view is that this deal closed lower than mainstream levels because the cargo has limited outlet in the region currently. It is also thus excluded from assessment.

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

Apr (1-21) 2022	Mar 2022	Feb 2022	Jan 2022
174.72	175.18	179.84	178.12

### Low-cis

CFR southeast Asian prices for low-cis materials were also raised at the low-end, and deals were heard closed within the published range.

**India**

In India, sentiment was mixed with sellers’ targets heard at over \$2,600/tonne CFR India for cargoes from regular northeast Asian supply streams.

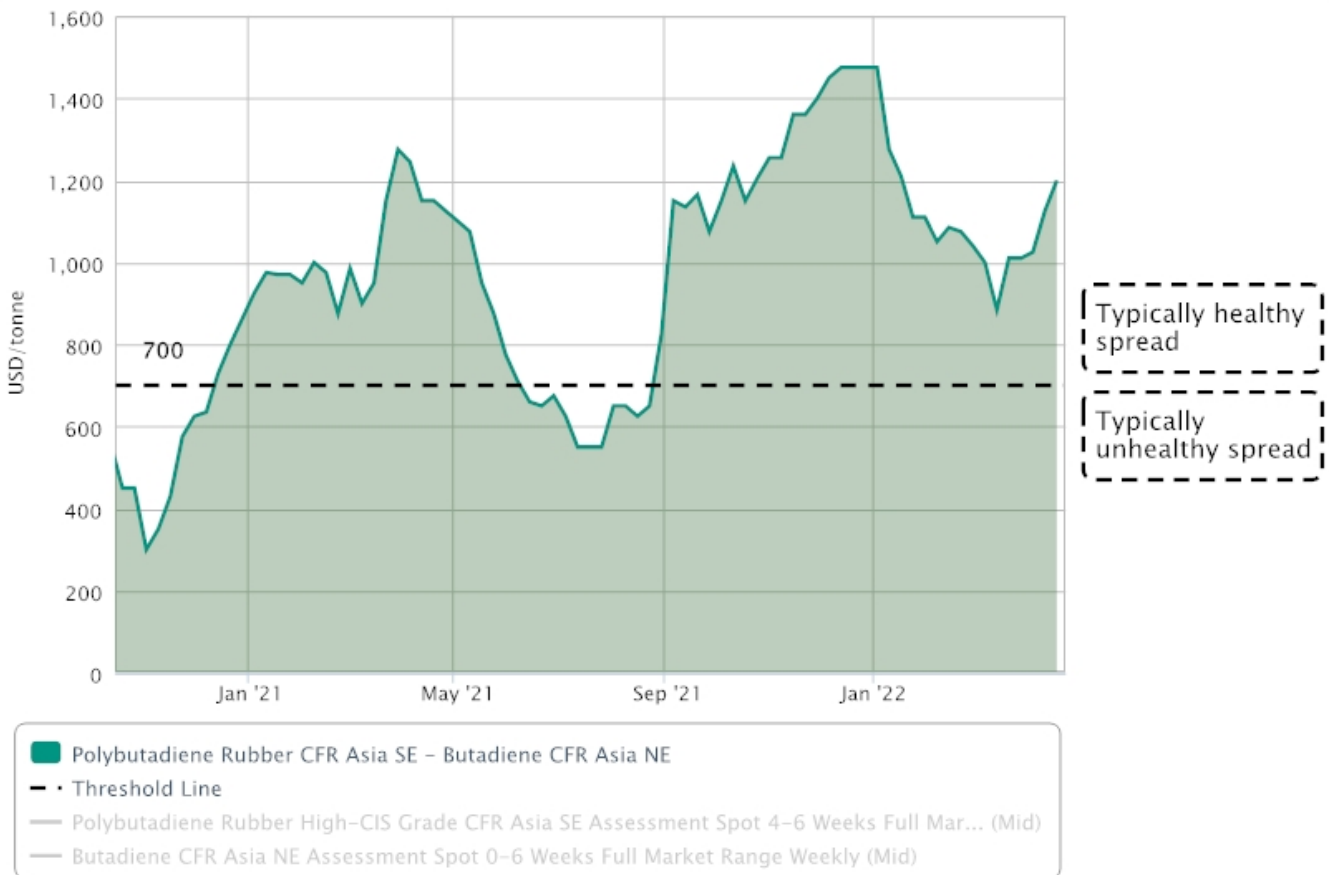
But these were resisted by local end-users, who maintained that they would either purchase from the domestic pool or from other hitherto less active suppliers. Cargoes from the latter were heard indicated at or below \$2,400/tonne CFR India, market sources said.

**UPSTREAM**

Pricing sentiment in Asia’s spot butadiene market softens further, as buying interest remains lacklustre. Buying indications were also weighed down by concerns of longer term downstream [demand losses](#), if the pandemic lockdowns in China and the Russia-Ukraine conflict are prolonged. But prompt availabilities remain low too, amid ongoing operating rate cuts at upstream crackers, according in turn some sellers the flexibility to wait and see further before they finalise fresh selling positions.

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 dipped to 70% in the week ended 15 April, compared to 78% for the week prior, market sources said.

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

## ANALYTICS

### ICIS Butadiene Outlook

Although 2022 US BD demand is likely to remain subdued year on year, domestic needs will continue to outpace production. Given Q2 scheduled maintenance is expected to be lighter than the same period a year earlier, overall BD output could increase to between 360,000 and 400,000 tonnes, up from about 345,000 tonnes in Q2 2021. In the weeks to come, imports from Asia may rise to support US domestic demand, but European BD, which has relatively higher costs than past months, could see a contraction in exports to the US. High energy prices, increasing inflation rates and the ongoing semiconductor shortage will weigh on the new vehicle sales trajectory in the US.

BD production in Europe is set to decline to between 550,000 and 570,000 tonnes in Q2 2022 compared with Q1 due mainly to the spring scheduled cracker maintenance. According to ICIS analysts, the price spread between propane and naphtha is expected to remain in negative territory, hitting at average about \$345/tonne in Q2. As a result, cracker operators are likely to increase the use of propane at the expense of naphtha as an alternative feedstock. 2022 tyre production is likely to be still affected by automotive supply disruptions caused also by the Ukraine war and a gloomy demand outlook. The lack of electrical parts for engines from Ukraine is further pressuring European auto manufacturing rates, particularly in Germany.

Asian BD demand continues to be weak, likely reflecting concerns over the war in Ukraine, lower economic growth than expected and the increase in COVID-19 cases in China. Downstream automotive production continues to be hindered by a shortage of semiconductors and lockdowns imposed in cities such as Changchun, Shenzhen and Shanghai, which are key car manufacturing bases. Consequently, ICIS analysts downgraded their forecast for auto sales from the previous month. This year's new passenger car registrations are forecast to reach about 22.5m units, up 5.1% from 2021. As the price spread between naphtha CFR Japan and BD CFR northeast Asia is expected to be lower than \$400/tonne for most months in 2022, integrated players may be incentivised to sell naphtha instead of BD producing.

By **Paolo Scafetta**, ICIS senior olefin analyst, [paolo.scafetta@icis.com](mailto:paolo.scafetta@icis.com)

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