



Polybutadiene Rubber (Asia-Pacific)

By Ai Teng Lim
22-Dec-2022

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

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

The weekly pricing analysis will not be published on 29 December 2022. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

- **Discussions capped on year-end lull**
- **Low buying interest**
- **But offers steady on cost pressures**

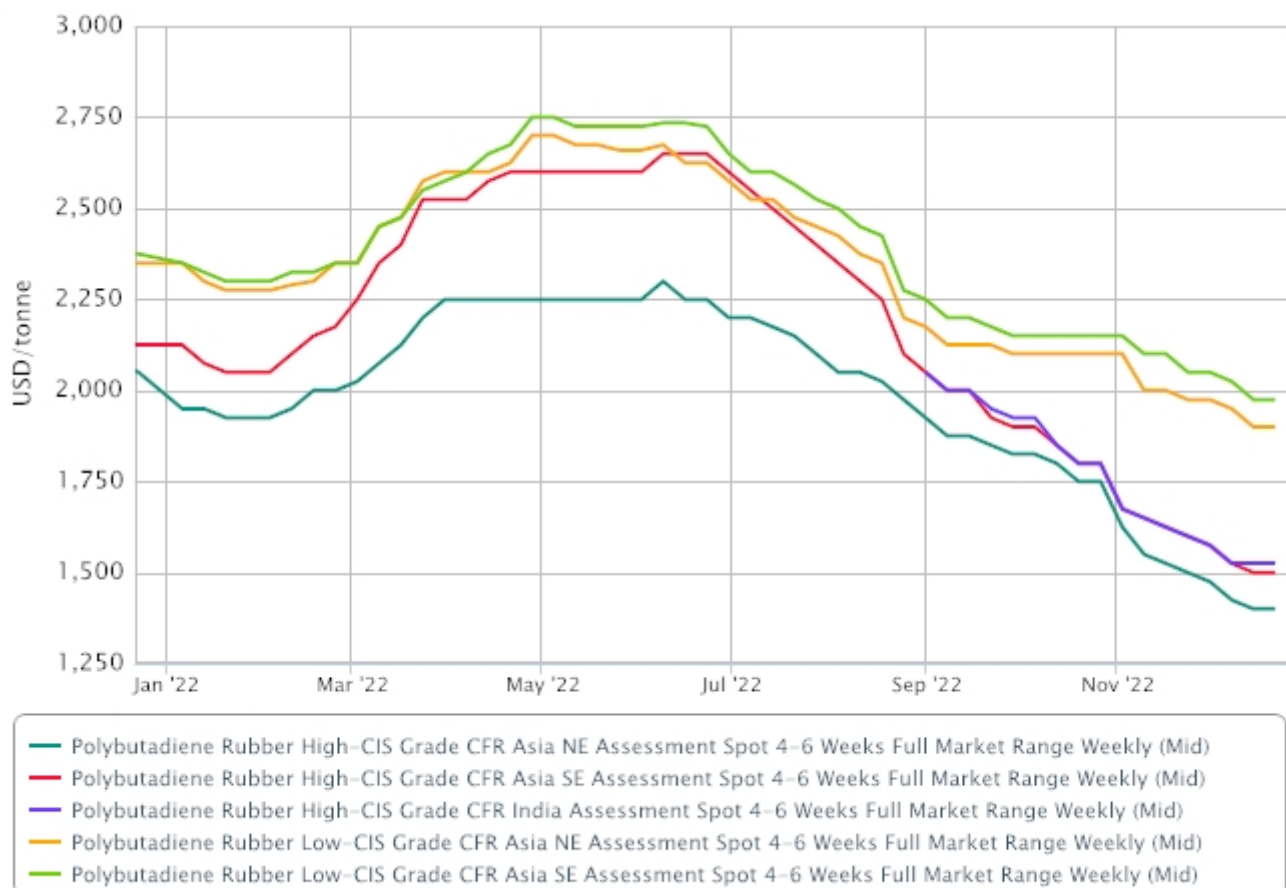
Spot trade liquidity was low in Asia's polybutadiene rubber (PBR) market, as many participants are already winding down for the year-end and not keen to take on any fresh buy or sell positions.

Buyers held back, citing [uncertainty](#) in China, where manpower shortage caused by a recent surge in COVID-19 infections has crimped anew operations at downstream factories.

This stalemate may stretch until after the extended Lunar New Year holiday is over in February, and end-users in southeast and south Asia are heard therefore cautious and want to go slow until there is more clarity about the China situation.

But selling indications were heard broadly unchanged for both low-cis and high-cis materials, supported in part by rising cost pressures stemming from recent upstream increases. Sellers were also generally optimistic that demand would invariably pick up, in February or March 2023, and that therefore they would try to hold out on current asking prices for as long as they could afford to.

Also, amid the ongoing Ukraine war, Europe-based end-users were heard looking to increase contractual PBR intake from Asia next year and reduce their reliance on Russian supplies. If so, spot selling pressure for Asian PBR makers will ease, shoring up additional support for current spot offers, market sources said.



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OUTLOOK

- All eyes still on how China may smoothly exit zero-COVID policies
- Automotive sector demand outlook still hazy in the near term
- Global growth recovery in 2023 likely to face [headwinds](#)

PRICES

SPOT PRICES

| | | | Price Range | Four Weeks Ago | US CTS/lb | |
|--|-----------|-----|-----------------|----------------|-----------------|-------------|
| Polybutadiene Rubber Low-CIS Grade | | | | | | |
| CFR Asia NE | USD/tonne | n/c | 1850.00-1950.00 | n/c | 1900.00-2050.00 | 83.91-88.45 |
| CFR Asia SE | USD/tonne | n/c | 1950.00-2000.00 | n/c | 2000.00-2100.00 | 88.45-90.72 |
| Polybutadiene Rubber High-CIS Grade | | | | | | |
| CFR Asia NE | USD/tonne | n/c | 1350.00-1450.00 | n/c | 1400.00-1600.00 | 61.24-65.77 |
| CFR Asia SE | USD/tonne | n/c | 1450.00-1550.00 | n/c | 1500.00-1700.00 | 65.77-70.31 |
| CFR India | USD/tonne | n/c | 1450.00-1600.00 | n/c | 1500.00-1700.00 | 65.77-72.57 |

Northeast Asia

High-cis

The high-end of CFR NE Asian assessments were unchanged with rangebound indications in a thinly discussed week.

But in China, domestic yuan-denominated prices for PBR softened as downstream operations tapered amid a recent surge in local COVID-19 infections.

| Price (CNY/tonne) | 22 Dec | 15 Dec |
|----------------------|---------------|---------------|
| E China Ex-Warehouse | 10,200-10,600 | 10,400-10,700 |

Low-cis

CFR NE Asian assessments were unchanged in a thinly-discussed market.

Southeast Asia

High-cis

CFR southeast Asian assessments held steady, on stable offers heard for cargoes from diverse Asia origins.

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

| Dec 22) 2022 | (1- Nov 2022 | Oct 2022 | Sep 2022 | Aug 2022 | Jul 2022 | Jun 2022 | May 2022 |
|--------------|--------------|----------|----------|----------|----------|----------|----------|
| 136.63 | 127.32 | 130.52 | 134.12 | 149.74 | 158.83 | 164.15 | 162.81 |

Low-cis

CFR SE Asian assessments were stable on rangebound indications.

India

The CFR India assessment for high-cis PBR was unchanged, with offers for Asia-origin material heard mostly at the high end, against buying indications capped at the low end.

As buyers continued to see an influx of aggressively priced deep-sea cargoes, such as from Russia, many held back on bookings for Asian cargoes, in anticipation that sellers of the latter will moderate their expectations to remain competitive with their deep-sea counterparts.

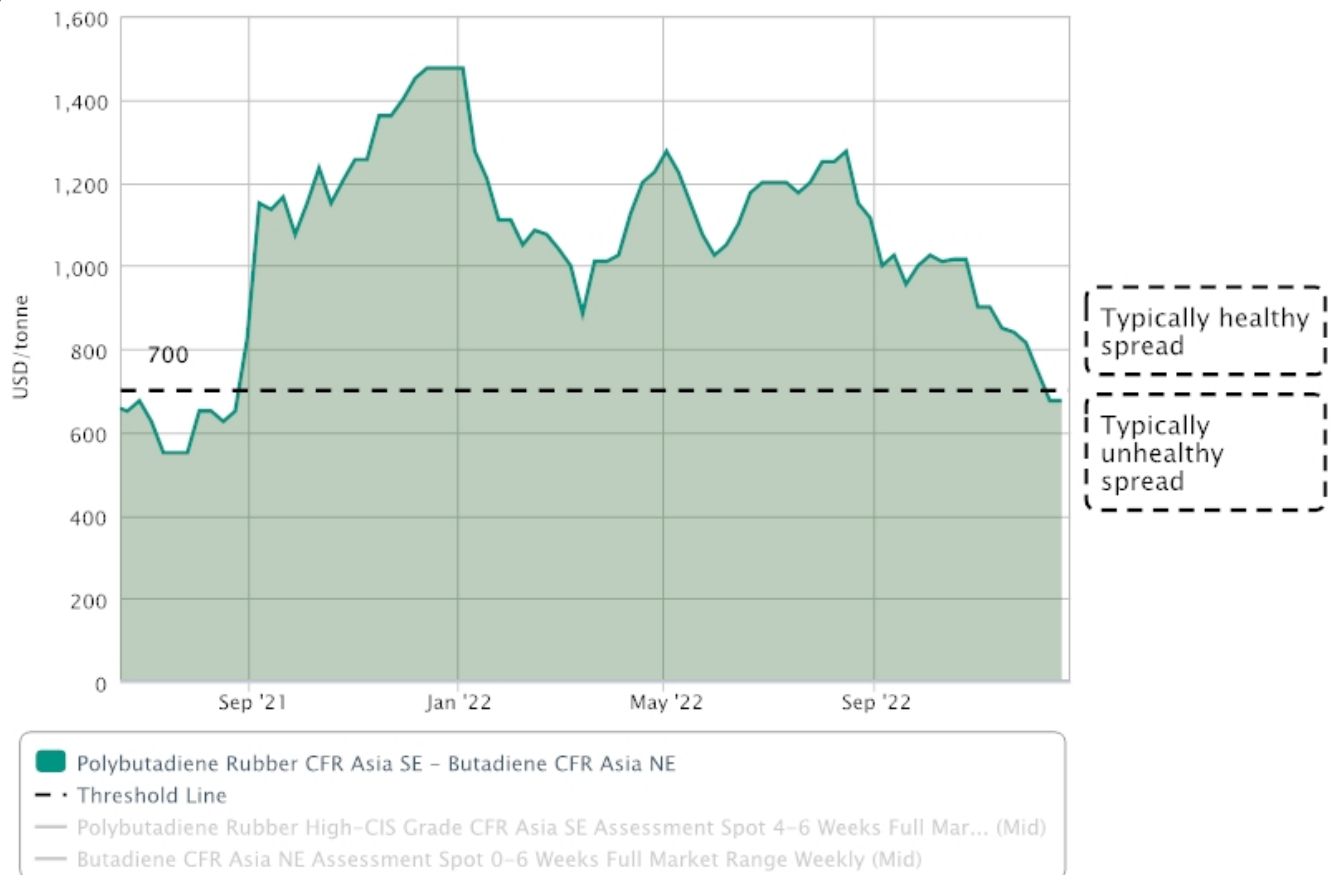
UPSTREAM

Butadiene (BD)

- Snug supplies lent support to discussions
- Some firmer buy-sell indications surfaced
- But broader demand fundamentals still weak

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 southeast Asia, an existing outage at a 72,000 tonnes/year plant may [stretch](#) through Q1 2023, market sources said.

ANALYTICS

ICIS Downstream Automotive Demand Outlook

The global automotive industry was hit by one shock after another during the year. 2022 started with a growth expectation of 8.8% year on year, but actual growth was 6.1%, according to Oxford Economics. The last few years have been extremely tough. 2020 was one of the worst on record as the industry was one of the first and hardest hit by the pandemic - and has yet to make a full recovery. 2021 was also challenging due to the semiconductor shortage - as supply was diverted to the electronics industry. And 2022 has also been difficult due to geopolitical tensions. The Russia-Ukraine war has impacted the auto industry because Russia is a leading producer of palladium - a key material used in computer chip production. The supply of neon gas, which is also used in making microchips, has also been constrained. 2023 is also expected to be challenging for the industry due to the cost-of-living crisis, because car buyers are expected to postpone purchases.

According to the Census Bureaus, US light vehicle sales fell 6.5% month on month in November, and total sales were at 14.1m units - which was up 7.9% year on year, but down 17.7% from 2019. Rising inflation, a slump in

consumer confidence and tighter monetary policy will weigh on demand for vehicles. The outlook for 2023 remains concerning.

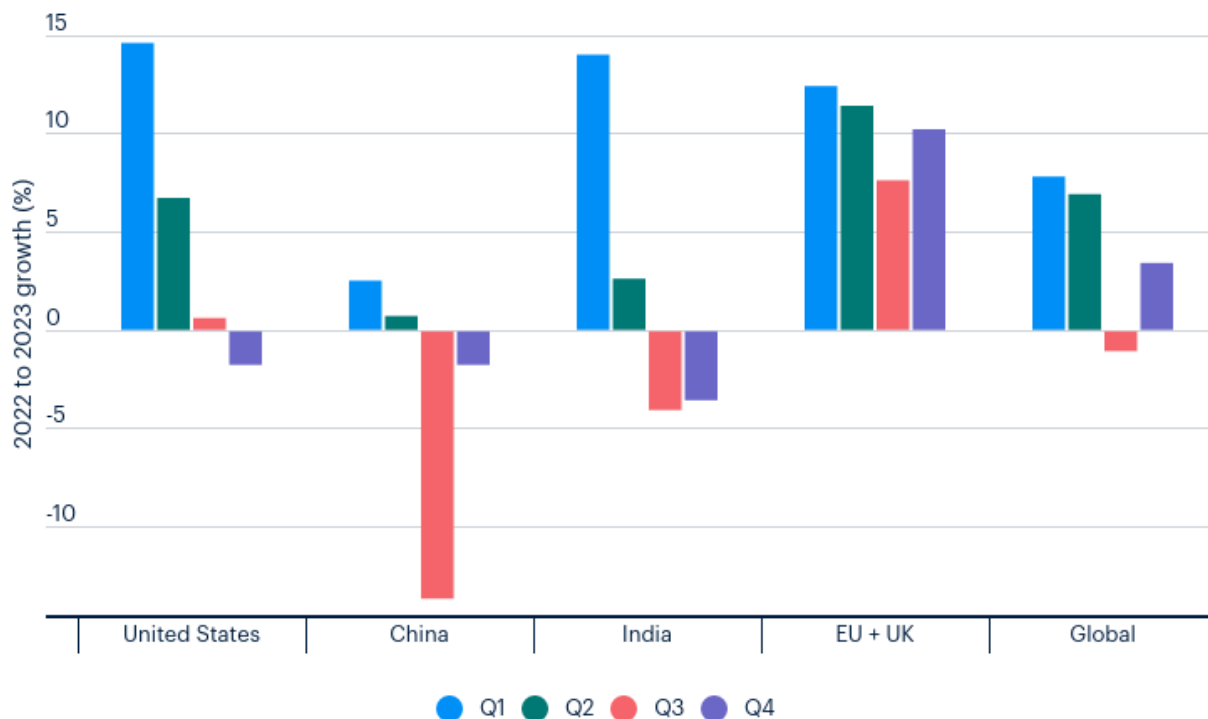
According to the European Automobile Manufacturers' Association (ACEA), EU passenger car registrations increased by 12.2% year on year in October, although the increase is a function of a lower 2021 base. ACEA said Germany posted the largest gain with a 16.8% increase, followed by Italy (+14.6%), Spain (+11.7%) and France (+5.5%). However, commercial vehicle registrations fell by 8.9% - a sixteenth consecutive monthly decline. Germany reported the sharpest fall at -12.4%, followed by France (-5.3%) and Italy (-3.9%). The outlook for 2023 remains challenging, especially for commercial vehicles, on the back on reduced industrial activity.

The outlook for China's automotive industry remains puzzling, as it heavily dependent on consumer mobility. China has also experimented with the 'closed-loop system' of production where workers live in on-site dormitories at the plant. However, it was suspended due to a lack of spare parts. India's automotive industry will face challenges as large portion of spare auto parts are imported from China. As a result, China's emerging COVID-19 policies will determine the health of the region's industry.

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

Motor vehicle sector growth by region

2022 vs 2023



SOURCE: Oxford Economics

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