



## 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.

The weekly analysis will not be published on 30 December. Please click [here](#) for the ICIS publishing schedule.

### OVERVIEW

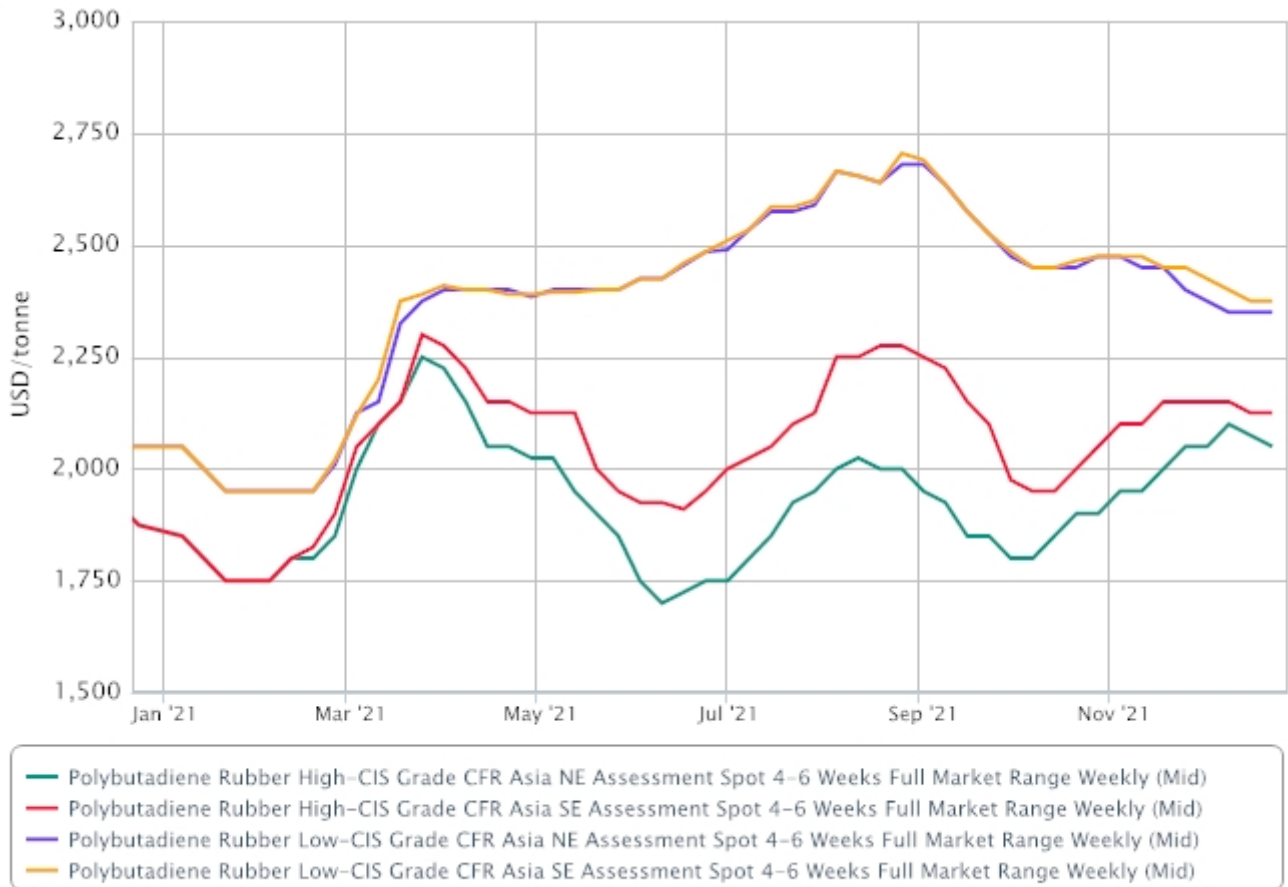
- **Sentiment weighed down on year-end trade lull**
- **Offers supported by tight supplies**
- **But demand remains slow**

Asian spot discussions for polybutadiene (PBR) were mostly flat on rangebound indications, but those for high-cis materials in northeast Asia were stable-to-soft, taking into account discussions for cargoes heading to diverse destinations in northeast Asia.

Overall, buying interest is lacklustre across the region, with most end-users heard careful not to over-commit on import bookings, as concerns continue to build on how [demand outlook](#) for the coming year may be affected by various issues, from shipping challenges to spread of new virus variant Omicron.

In China, import discussions for high-cis materials were further weighed down by a recent downtrend seen in the yuan-denominated market for PBR.

But offers generally held steady, supported by the reality that spot availabilities are not abundant, as regional inventories remain under optimal levels.



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## OUTLOOK

- Trade discussions may pick up only in the new year
- Supply tightness may not ease so soon
- But various [uncertainties](#) prevail in demand

## 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	2300.00-2400.00	n/c	2350.00-2450.00	104.33-108.86
<b>CFR Asia SE</b>	USD/tonne	n/c	2350.00-2400.00	n/c	2400.00-2500.00	106.59-108.86
<b>Polybutadiene Rubber High-CIS Grade</b>						
<b>CFR Asia NE</b>	USD/tonne	-50	2000.00-2100.00	n/c	2000.00-2100.00	90.72-95.25
<b>CFR Asia SE</b>	USD/tonne	n/c	2100.00-2150.00	n/c	2100.00-2200.00	95.25-97.52

### Northeast Asia

**High-cis**

CFR northeast Asian high-cis material was assessed in a wider range, with the low end dropped to capture the full spread of trade and discussions for shipment to diverse destinations in the region.

Buying tempo for imports in China was considerably weaker this week, as domestic yuan-denominated prices continued to fall.

Price (CNY/tonne)	23 December	16 December
E China Ex-Warehouse	14,200-14,400	14,500-14,700

**Low-cis**

CFR northeast Asian prices held steady, in the absence of fresh negotiations.

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

CFR southeast Asian assessments were unchanged, tracking range-bound buy-sell indications heard.

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

Dec (1-23) 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021	July 2021	June 2021
171.79	175.65	174.39	163.23	172.67	164.32	164.51

**Low-cis**

CFR southeast Asian assessments for low-cis materials were unchanged, in a thinly-discussed week. Some discussions for limited volumes were heard within the published range.

**India**

In India, buying tempo remains weak in nature, as most end-users were careful not to build stocks at the year-end.

Asia-origin cargoes were heard indicated substantially lower week on week, at the low to mid \$2,000s/tonne CFR India, but drew limited response from end-users.

Buying indications for imports were heard capped in the \$1,900s/tonne CFR India, with buyers still generally more reliant on competitively-priced domestic cargoes.

**UPSTREAM**

Asian butadiene (BD) prices continue to [trend down](#), alongside losses in the domestic yuan market, and as the regional supply overhang fails to ease amid a year-end lull in demand.

The chart below shows the spread between BD and PBR.

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



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## PRODUCTION

In China, average operating rates at PBR held steady at 83% for the week ended 17 December, unchanged from the week prior, market sources said.

Elsewhere in Asia, while operating rates are rising after all scheduled regional plant turnarounds were [completed](#) by mid-November, players said spot availabilities remain tight, as producers focus on rebuilding inventories to more healthy levels, at the expense of non-contractual sales.

## ANALYTICS

### ICIS Butadiene Outlook

For 2022, butadiene (BD) demand in North America, including Mexico, is likely to be about 1.82m tonnes, which is below pre-pandemic levels. In terms of production, Canada and the US, the only producers in North America, should total about 1.66m tonnes, down from 1.77m tonnes in 2019. Due to an improvement in regional supply and demand fundamentals, the BD deficit may shrink to around 160,000 tonnes in 2022. Preliminary trade data shows that the North America demand-production gap was around 212,000 tonnes in the first nine months of 2021.

Based on ICIS estimations, European BD production will reach 2.4m tonnes in 2022, increasing by 4.5% year on year. Demand is expected to grow by 6% from 2.1m tonnes in 2021, resulting in a higher growth rate than production. However, some uncertainties over the BD supply and demand balance are likely to emerge into 2022. UK production is estimated to stay around 20,000 tonnes, assuming that Sabic's cracker at Wilton will resume its operations by the end of 2022. That said, the BD unit may remain permanently closed. On the Italian BD industry

front, the scheduled closure of cracker at Porto Marghera will stop crude C4 delivery to Versalis' BD extraction unit in Ravenna, which in turn may be at risk of shutdown.

In 2022, Asia is forecast to be responsible for about 61% of total BD production, up by 4% from 2019 levels. Five new plants will start their operations in China in 2022, with a total nameplate capacity of 680,000 tonnes/year. South Korea's new 90,000 tonne/year BD extraction unit operated by Lotte-GS Chemical is scheduled to start in Q2 2022. On the demand side, Asia should cover about 63% of overall BD demand, rising by about 3% from 2019. As consumption will continue to exceed production, Asia will remain a net importer.

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