



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

- **Producers cut output to alleviate cost pressures**
- **Sellers press on with higher offers**
- **But buying tempo patchy**

Discussions for Asian spot polybutadiene rubber (PBR) imports saw support from firm offers, but demand is generally muted as buyers stayed cautious and limited their purchases to only very small parcel lots.

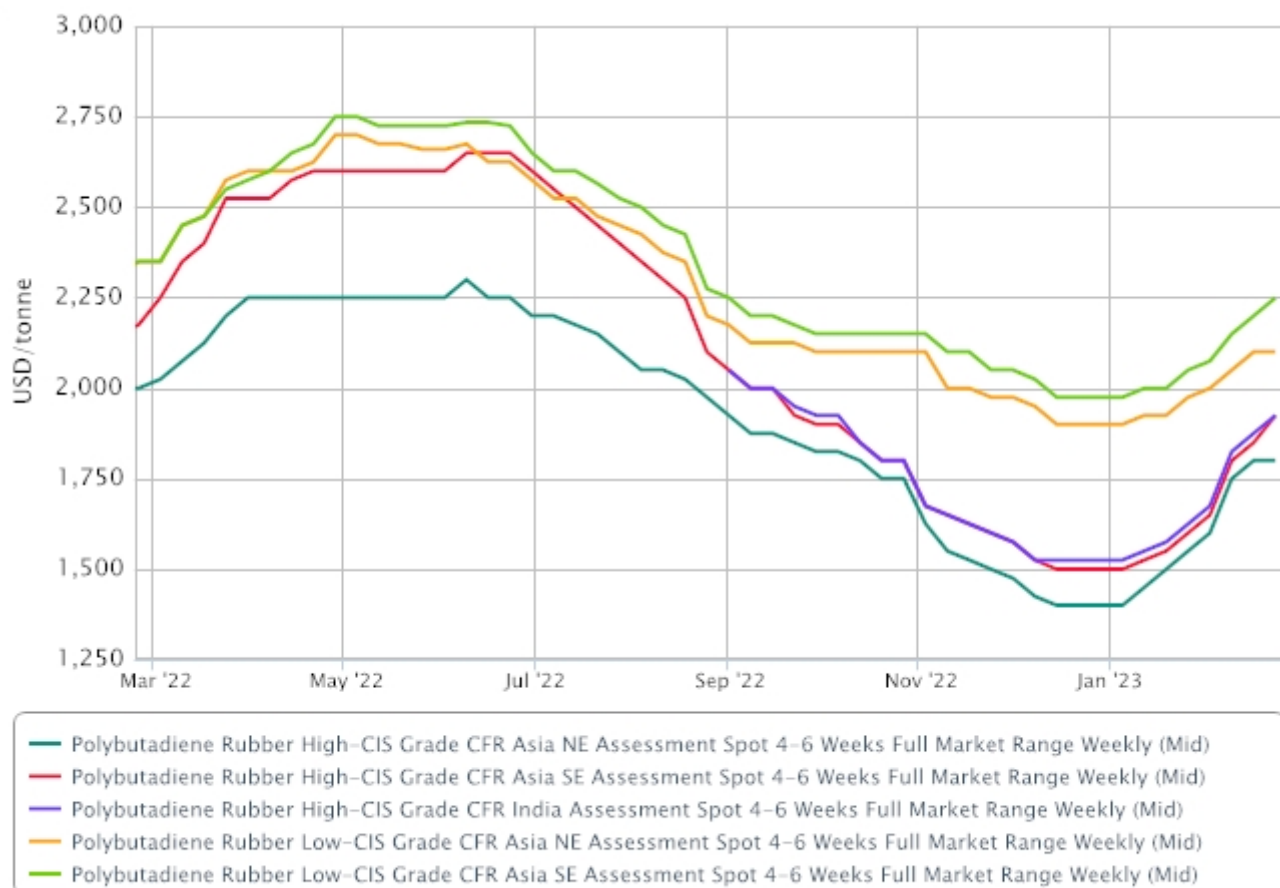
Motivated by the need to recoup high feedstock costs and improve margins, PBR sellers were generally determined to press on with efforts to sell March shipment cargoes at higher levels.

To further alleviate cost pressures, some producers have also taken steps to [trim output](#).

But buying interest is weighed down by [disappointment](#) that recovery in various downstream markets, especially those in China, have fallen far short of prior expectations.

Until there is more certainty about the Q2 macroeconomic landscape, most end-users preferred to minimise forward procurement of raw materials like PBR.

Many are resistant too to forking out more for cargoes from regular mainstream suppliers in northeast Asia, and continue to keep a look-out for other alternative – and competitively priced – sources, such as cargoes from deep-sea origins.



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OUTLOOK

- Economic uncertainties to cloud demand outlook
- Supply may tighten with deeper output cuts
- Buy-sell tussle likely to extend

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	n/c	2000.00-2200.00	n/c	1900.00-2050.00	90.72-99.79
CFR Asia SE	USD/tonne	+50	2200.00-2300.00	+50	2000.00-2100.00	99.79-104.33
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	n/c	1750.00-1850.00	n/c	1500.00-1600.00	79.38-83.91
CFR Asia SE	USD/tonne	+50	1850.00-2000.00	+100	1550.00-1650.00	83.91-90.72
CFR India	USD/tonne	+50	1850.00-2000.00	+50	1550.00-1700.00	83.91-90.72

Northeast Asia

High-cis

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

In the major China outlet, local buyers steered clear of US dollar-denominated imports for fear of incurring undue currency risks.

Instead, they turned to tap more heavily on the domestic supply pool, especially since domestic yuan-denominated PBR prices have softened this week on lacklustre downstream market performance.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	11,600 – 11,800	11,800-11,900

Low-cis

CFR NE Asian assessments for low-cis materials were also kept unchanged in the absence of concrete offers and bids.

Regional suppliers mostly retreated from northeast Asia to focus on other outlets where demand conditions were relatively firmed, market sources said.

Some selling targets were heard initially at levels substantially higher than the published range, but fizzled out due to lack of buy-side response.

Southeast Asia

High-cis

CFR SE Asian assessments were adjusted with discussions and deals heard.

One small lot-sized cargo changed hands at the high end, while discussions for regular-sized cargoes were heard at no less than the published low-end, market sources said.

Offers for late March/early April shipment cargoes also emerged within the range.

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

Feb 23)	Jan 2023	Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022
140.29	140.11	135.03	127.32	130.52	134.12	149.74	158.83

Low-cis

Offers for northeast Asia-origin were heard in the \$2,300-2,400/tonne CFR SE Asia range, and the high-end is lifted to reflect the lowest offer, while buying indications are captured at the low-end.

India

CFR Indian assessments for high-cis PBR rose on the high-end with firmer offers heard for March shipment cargoes from regular northeast Asian suppliers.

While buy-side indications for such cargoes also edged up in line – reflected at the low-end - the buy-sell gap remains wide, curtailing meaningful negotiations and trades.

End-users are heard actively looking out instead for cheaper import alternatives, such as from deep-sea sources or China. However, as these are dutiable materials, they may not work out to be that much more advantageous, in relation to duty free cargoes from northeast Asia, some market players said.

UPSTREAM

Butadiene (BD)

- Sellers chase higher targets
- Active buying interest detected in wider Asia
- But import buying interest tapered in China

The chart below shows the spread between butadiene and PBR.

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



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PRODUCTION

Regional supplies have tightened after operations at several plants in [China](#) and [Taiwan](#) were suspended for commercial reasons.

But a 72,000 tonnes/year unit in Malaysia, which was shut in 2022 after a fire, is expected to [resume](#) operations in the late March/April period, market sources said.

ANALYTICS

ICIS Downstream Automotive Sector Outlook

It has been more than three years since the world plunged into the coronavirus crisis. But the last year has been the most puzzling in terms of outlook for stakeholders in the global automotive industry. The level of uncertainty has been unprecedented, challenging for both decision-making and risk management. The global automotive industry was one of the first and hardest hit by the pandemic and has yet to make a full recovery. Supply shocks continue to impact production, with a global shortage of microchips leading to cuts in auto output.

The North American auto industry remains in a weak spot. Production is improving but at a slow pace. US light vehicle sales posted encouraging figures in January 2023, reporting a 17.7% increase month on month to 15.7m units from 13.4m units in December 2022. In 2022, the industry was down minus 6.2% year on year from 2019 levels. Inventories remain at a low level even though there has been a slight improvement over the past couple of months.

According to the European Automobile Manufacturers' Association (ACEA), EU passenger car registration increased by 12.8% in December compared with same month last year, signifying five consecutive months of growth. However, the increase is a function of a lower 2021 base. ACEA said Germany posted the biggest gain with a 38.1% increase, followed by Italy (+21.0%). Spain on the other hand, reported a contraction (-14.1%) and relatively stable France (-0.1%). Commercial vehicle registration, on the other hand, contracted by 5.1% in December. France reported the sharpest decline in registration (-14.2%), followed by Italy (-8.3%). However, surprisingly Spain and Germany reported an increase in sales by 15.2% and 8.4%, respectively. Outlook for 2023 remains challenging (especially commercial) because of reduced industrial activity.

China's automotive outlook continue to be puzzling, as the economy is heavily reliant on this sector. The country unsuccessfully experimented with 'closed-loop systems' of production where workers resided in the plant's on-site dorms. However, the system was forced to be suspended, because of a lack of spare parts. China has now opened up but whether that translates to stronger demand remains to be seen. The Federation of Automobile Dealers Associations of India (FADA) reported passenger vehicle registration increased 22% in January year on year. Improvement in market sentiment is reported as China's economy opens up, as a good share of auto spare parts is imported from China.

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