



## Polybutadiene Rubber (Asia-Pacific)

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

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

### OVERVIEW

- **Prices mostly firmer in region**
- **Offers rise on cost pressures**
- **Response from buyers muted**

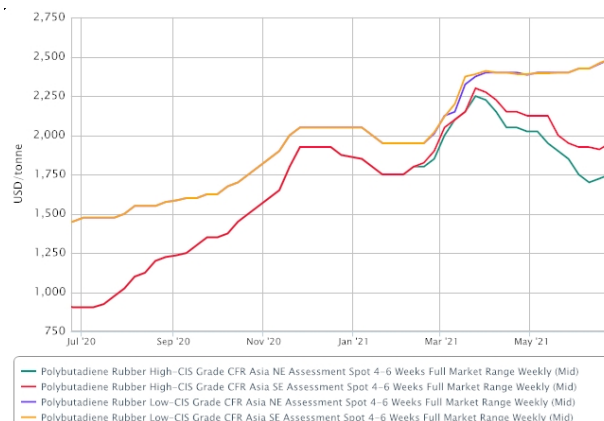
Asian spot prices for polybutadiene rubber (PBR) were stable-to-firm, as offer rose across the board on increased cost pressure.

Sellers elevated their asking prices for all PBR grades, citing the need to protect margins, should the uptrend seen recently in feedstock butadiene (BD) prices fail to ease.

Although some limited volumes changed hands at levels higher than last week, players said sentiment among buyers was distinctly more muted.

The demand outlook for the longer term remains hazy amid uncertainty about when coronavirus situation will stabilise to facilitate a fuller recovery of downstream operations, especially in the automobile sector which a key outlet for high-cis PBR material.

Supply is poised to lengthen as China steps up [exports](#), which will also weigh on buying interest, market players said.



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## OUTLOOK

- Auto sector demand may taper for summer lull
- Cost pressure may grow on bullish BD pricing trend
- Supply from China may lengthen

## 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 | +20 | 2470.00-<br>2500.00 | +40 | 2350.00-2450.00 | 112.04-113.40 |
| <b>CFR Asia SE</b>                         | USD/tonne | +20 | 2470.00-<br>2500.00 | +30 | 2350.00-2450.00 | 112.04-113.40 |
| <b>Polybutadiene Rubber High-CIS Grade</b> |           |     |                     |     |                 |               |
| <b>CFR Asia NE</b>                         | USD/tonne | n/c | 1700.00-<br>1800.00 | +50 | 1800.00-1900.00 | 77.11-81.65   |
| <b>CFR Asia SE</b>                         | USD/tonne | +50 | 1900.00-<br>2000.00 | +30 | 1900.00-2000.00 | 86.18-90.72   |

### Northeast Asia

#### High-cis

CFR northeast Asia prices for high-cis materials were stable-to-firm, with the high-end lifted on firmer offers heard.

The low-end was kept unchanged on stable buying indications heard.

Domestic China prices held steady on range-bound talks.

#### East China Domestic PBR Prices

| Price (CNY/tonne)    | Current week  | Previous week |
|----------------------|---------------|---------------|
| E China Ex-Warehouse | 12,200-12,400 | 12,200-12,400 |

#### Low-cis

The CFR northeast Asian assessment was up, with deals captured at the low end and offers heard at the high end.

## Southeast Asia

### High-cis

CFR southeast Asian prices for high-cis materials were assessed up, tracking firmer deals and discussions heard.

The low-end captures deals heard, while offers were heard at the higher-end of the assessment range.

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

| June<br>2021 | (1-23)<br>May 2021 | Apr 2021 | Mar 2021 | Feb 2021 | Jan 2021 |
|--------------|--------------------|----------|----------|----------|----------|
| 164.33       | 169.09             | 164.72   | 175.25   | 169.16   | 158.40   |

### Low-cis

The CFR southeast Asian assessment for low-cis material was raised with firmer deals and discussions heard.

Some deals were heard at the low end of the assessment range, while the high end captures offers heard.

## India

Pricing sentiment was buoyant, with higher selling targets heard in the \$2,000-2,100/tonne CFR India range for Asia-origin material, market sources said. This came as cost pressures have mounted in recent weeks with rising BD prices.

However, the buying tempo remained fairly muted, as downstream operations are still crimped by lingering coronavirus lockdown orders.

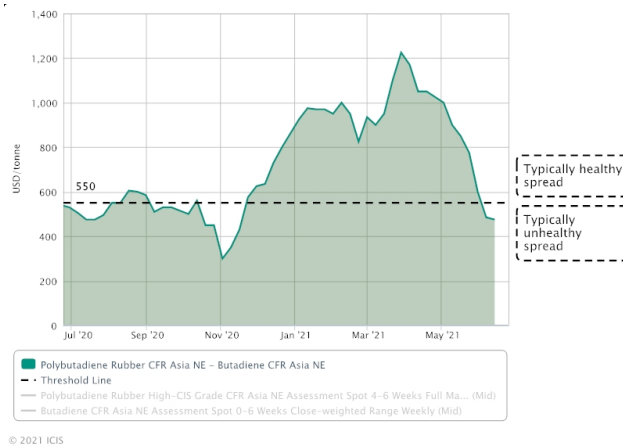
That said, the longer-term outlook seems brighter with some traders optimistic that procurement will recover, once domestic inventories have been sufficiently drawn down.

## UPSTREAM

Asian BD import offers continued on [a bull run](#), amid persistent demand pull from markets further afield like the [US](#).

The chart below shows the spread between BD and PBR.

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



## PRODUCTION

In China, average operating rates at PBR plants climbed to 75% in the week ending 18 June, compared to 69% in the week prior, market sources said.

Moving forward, PBR supplies from China are poised to expand further, especially with the 100,000 tonne/year Sinopec Maoming Petrochemical plant in Guangdong [restarting](#) this week, more than three months after the unit was shut following a fire in mid-March.

## ANALYTICS

### ICIS Butadiene Outlook

The North American butadiene (BD) market, including Mexico, will continue to be short in 2021, with the shortage of BD set to increase slightly year on year, reaching about 170,000 tonnes/year. While Canada's stand-alone BD extraction plant structurally supports the US' needs, outside the region Brazil and Europe will remain the main sources both for the US and Mexico. ICIS estimates new passenger car and light truck sales in the US will increase to between 16.9m and 17.5m units throughout 2021, up from about 14.5m in 2020.

In 2021, European demand is projected to rise by about 12% year on year, but production should increase by about 6% based on ICIS projections. As a result, net exports will decrease, likely dropping to around 240,000 tonnes/year, with northeast Asia reducing total imports from Europe.

Asian BD production is forecast to increase by about 10% to 7.7m tonnes in 2021, but underlying demand should rise by about 6% to 8m tonnes. Consequently, net imports will fall below 400,000 tonnes/year. Additional capacity is expected to be installed only in Asia this year, with China being the major contributor. Total Asian capacity is set to reach 9.7m tonnes/year, up about 1m tonnes/year from 2020.

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

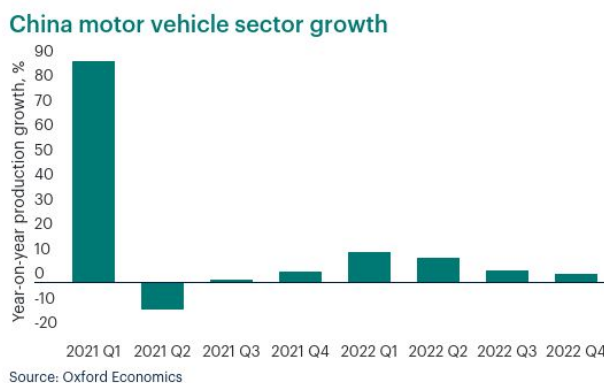
### ICIS Downstream Automotive Demand Outlook

Global automotive demand remains very strong, with a shortage of used vehicles boosting demand for new vehicles. High levels of household savings, increased domestic tourism, and fear of public transport globally have also pushed up vehicle demand. However, low availability is starting to bite, with global sales slightly down month on month in April. Supply shocks continue to impact auto production, affecting demand for chemicals and polymers into this market. In particular, the shortage of microchips has led to production cutbacks of over one million vehicles, record low inventories and high prices. Car producers are focusing only on most in-demand models, and juggling supply chains. Hopes of a speedy resolution to the problem now seem short-sighted. US

Commerce Secretary Gina Raimondo said the global shortage would be a "daily challenge" for the "next year or so."

Chinese vehicle sales in May were down month on month for the first time in 13 months. According to a report by CAAM (China Association of Automobile Manufacturers), this is due to the global chip shortage and rising raw material prices. One positive was the strong increase in sales of new energy vehicles (NEVs), which was up 160% month on month. In addition, market analysts believe the country will recover from chip shortages earlier than other regions, with improved production in H2 2021. Medium-term fundamentals also remain strong, with rising income and low car ownership. This is particularly true for electrified and other NEVs as government incentives propel this market. India is suffering from renewed lockdowns, including closing plants and dealerships. Production this year is now forecast to be 9% below 2019 levels, and some 22% below 2018's record levels. Recovery in India is forecast to be slow with 2022 still below 2019 levels.

By **Jincy Varghese**, ICIS demand analyst and **Rhian O'Connor**, ICIS senior analyst



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