



## 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

- **Muted discussions**
- **Bearish demand outlook among buyers**
- **Sellers wait and see**

Sentiment in Asia's spot import market for polybutadiene rubber (PBR) remained downcast amid muted and rangebound discussions.

Prior anticipation that production momentum within China might pick up after the country's 20th National Congress was wrapped up in Beijing earlier this week did not materialise.

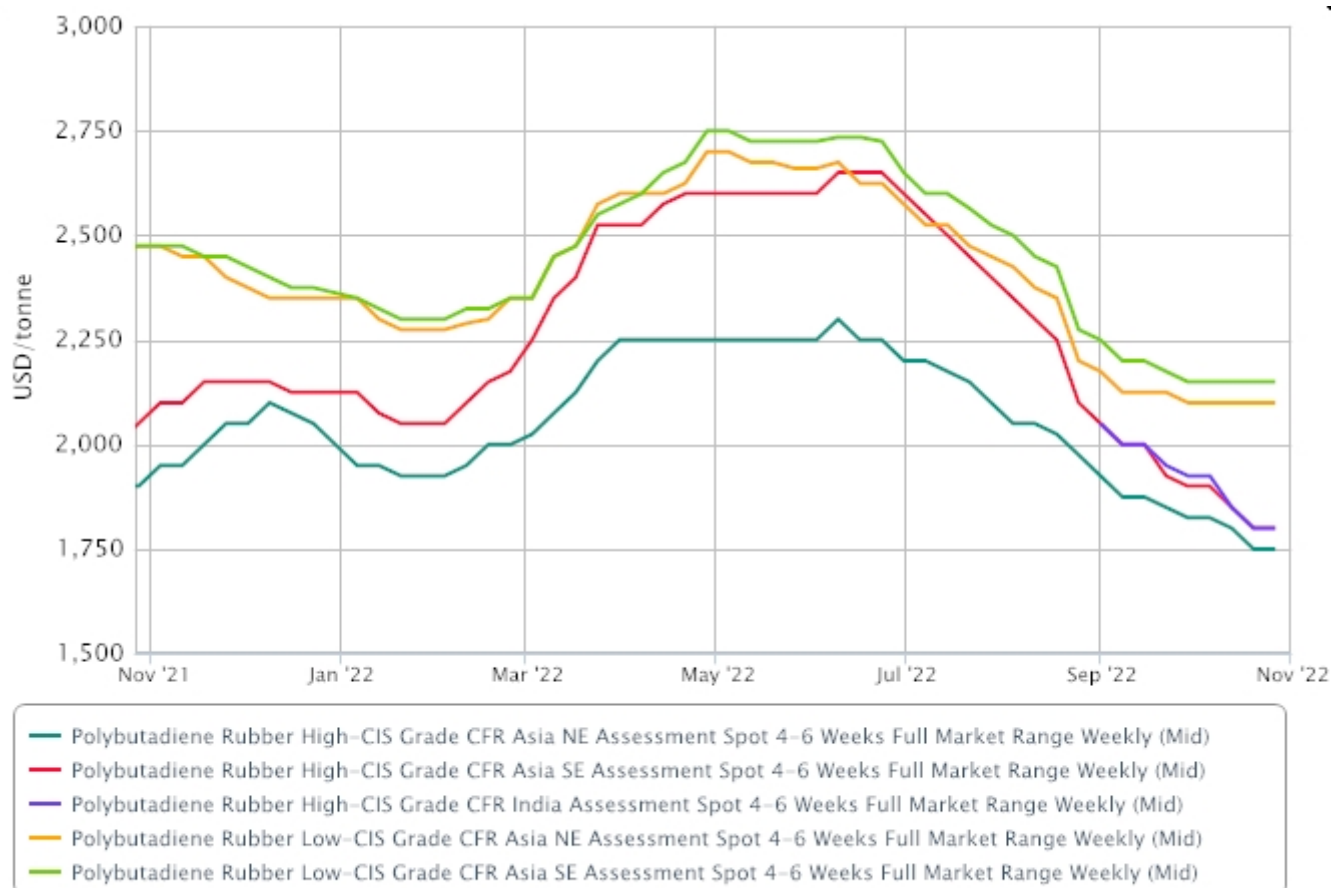
Market players said that as there was, as yet, no sign that China would relax its strict [zero COVID-19 policies](#) anytime soon, it is likely things within China would remain in its current stalemate for the near term.

End-users in wider Asia were themselves generally pessimistic about the likelihood that their own downstream markets would pick up anytime soon too, without China as a [growth engine](#).

As a result, they would continue to keep to a cautious stance for their own spot procurement, market sources said.

Furthermore, with upstream feedstock butadiene prices trending down lately, end-users were convinced that PBR offers would only soften more in due course and this was, therefore, not yet the best time for them to confirm any fresh import bookings.

While sellers were themselves similarly downbeat about near-term demand prospects, many kept expectations broadly unchanged this week, as spot availabilities were limited with ongoing plant maintenance shutdowns, which in turn mitigated selling pressures on PBR makers for the time being.



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## OUTLOOK

- High-cis PBR demand to track growth for auto sector
- Bearish global economics weighs on sentiment
- Players also await pricing directions from upstream movements

## 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	2000.00-2200.00	n/c	2000.00-2200.00	90.72-99.79
<b>CFR Asia SE</b>	USD/tonne	n/c	2100.00-2200.00	n/c	2100.00-2200.00	95.25-99.79
<b>Polybutadiene Rubber High-CIS Grade</b>						
<b>CFR Asia NE</b>	USD/tonne	n/c	1700.00-1800.00	n/c	1800.00-1850.00	77.11-81.65
<b>CFR Asia SE</b>	USD/tonne	n/c	1750.00-1850.00	n/c	1850.00-1950.00	79.38-83.91
<b>CFR India</b>	USD/tonne	n/c	1750.00-1850.00	n/c	1850.00-2000.00	79.38-83.91

## Northeast Asia

### High-cis

CFR NE Asia assessments were kept unchanged amid muted discussions.

Meanwhile, domestic prices in China fell lower on weak local demand, curtailing as well discussions for China-bound import shipment.

Price (CNY/tonne)	27 Oct	20 Oct
E China EXWH	11,400-12,100	11,800-12,200

### Low-cis

CFR NE Asia assessments were rolled over in the absence of any concrete discussions.

## Southeast Asia

### High-cis

CFR SE Asia assessments were rolled over on rangebound discussions.

Natural rubber prices remained weak, which would also continue to weigh down buying appetite for PBR, market participants said.

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

Oct (1-27) 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022
131.84	134.12	149.74	158.83	164.15	162.81	171.15

### Low-cis

CFR SE Asia assessments held steady on rangebound indications and deals.

## India

CFR India assessments for high-cis PBR were rolled over in a thinly-discussed, holiday-shortened week.

Many traders in India were away for extended Diwali celebrations and may be back mostly only in the coming week, market sources said.

## UPSTREAM

### Butadiene (BD)

- Discussions soften further
- No lack of spot availabilities in SE Asia
- Regional demand still low

The chart below shows the spread between butadiene and PBR.

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



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## ANALYTICS

### ICIS downstream automotive demand outlook

The automotive industry has been one of the most battered since the start of the COVID-19 pandemic and has also suffered from a severe shortage of semiconductors. Apart from Europe, most of the other major economies that have recovered are operating above 2019 levels. Global light vehicle sales increased to 90m units in July, from 85m units in June, according to Oxford Economics, with much of this coming from the easing of lockdown measures in China. However, the negatives continue to outweigh the positives for the sector. Geopolitical tensions have worsened the supply situation for semiconductors. The three main areas for chips are Russia, which supplies key materials such as palladium, neon gas, etc; Ukraine, which supplies 90% of neon gas; and China and Taiwan, which account for approximately 16% and 22% of global chip supply respectively.

According to the US Census Bureaus, US light vehicle sales increased by 2.9% month on month in September, with total sales at 13.5m units. The finished inventory-to-sales ratio increased slightly from 0.51 to 0.67 in September. For context, the ratio was 0.94 and 2.6 in June 2021 and June 2020 respectively. Rising inflation, a slump in consumer confidence and tighter monetary policy would weigh on future vehicle demand.

The European Automobile Manufacturers' Association (ACEA) expects the EU car market to shrink by 1.0% to 9.6m units in 2022 – which is still down 26% on the 2019 total. As a result, the association is calling for urgent policy action.

According to the China Association of Automobile Manufacturers (CAAM), car production rose by 11.5% month on month in September and by 7.4% year on year. In contrast to its global peers, China's inventory coefficient –

inventory divided by sales – was quite high at 1.47 in September, with anything above 1.5 considered a warning. The China Automobile Dealers Association (CADA) reported an improvement in inventory levels.

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## Motor vehicle sector growth by region

### 2021 vs 2022



**SOURCE:** Oxford Economics

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