



## 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

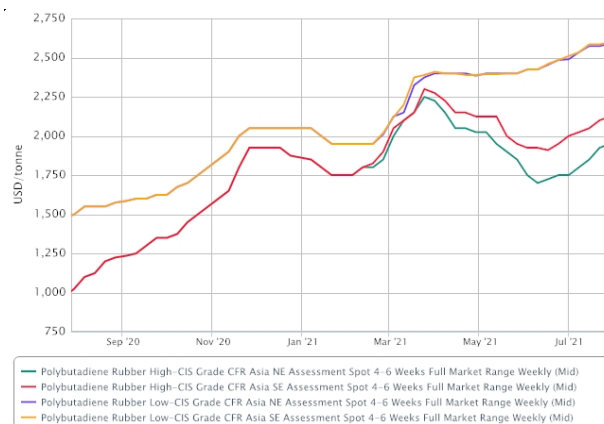
- **Stiff cost pressures persist**
- **Offers supported as such**
- **But buying tempo still muted in nature**

Asian spot prices for polybutadiene rubber (PBR) were stable to firm across the region for both the low-cis and high-cis grades.

The main upside support came from upstream cost pressures, as feedstock butadiene (BD) prices have risen by nearly 35% between June and July, based on ICIS data.

Sellers said that even if they try to stave off fresh offer hikes to bridge the buy-sell gap, they were unable to offer lower prices, as the upstream increases have eaten too deeply into their margins.

On the buy side, while those who need to procure to keep production going have had few options to raise bids to secure materials, most end-users said they would recalibrate production plans to minimise requirements for PBR.



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### OUTLOOK

- **Upstream cost pressures to persist**
- **Export availabilities from [China](#) may grow**

- Demand may pick up with post-coronavirus [economic recovery](#)

## 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	2550.00- 2630.00	+30	2480.00-2500.00	115.67-119.29
<b>CFR Asia SE</b>	USD/tonne	n/c	2570.00- 2630.00	+30	2500.00-2520.00	116.57-119.29
<b>Polybutadiene Rubber High-CIS Grade</b>						
<b>CFR Asia NE</b>	USD/tonne	+50	1900.00- 2000.00	n/c	1700.00-1800.00	86.18-90.72
<b>CFR Asia SE</b>	USD/tonne	+50	2100.00- 2150.00	n/c	1950.00-2050.00	95.25-97.52

### Northeast Asia

#### High-cis

CFR northeast Asia prices for high-cis materials were assessed in a narrower range, with the low end lifted to reflect the spectrum of buy-sell indications heard.

Buying interest is luke-warm, with some end-users citing affordability issues since pricing conditions in their own downstream markets are still limited.

Some sellers kept offers stable as such – which forms the high-end - rather than raise targets to recover increased costs, in the hope that this will narrow the buy-sell gap and stimulate buying.

Domestic China prices also weakened, tracking softer upstream BD values in the domestic yuan-denominated market.

#### East China Domestic PBR Prices

Price (CNY/tonne)	29 July	22 July
E China Ex-Warehouse	13,800-14,000	14,000-14,100

#### Low-cis

CFR northeast Asian assessments were stable to firm, with the high end raised to capture firmer offers heard.

### Southeast Asia

#### High-cis

CFR southeast Asian prices for high-cis materials were assessed stable to firm, with the low end raised to capture the full range of deals and discussions heard.

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

July (1-29) 2021	June 2021	May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021
164.00	164.51	169.09	164.72	175.25	169.16	158.40

### Low-cis

CFR southeast Asian assessments were stable to firm, with higher offers captured at the high-end, and buying indications stable at the low end.

### India

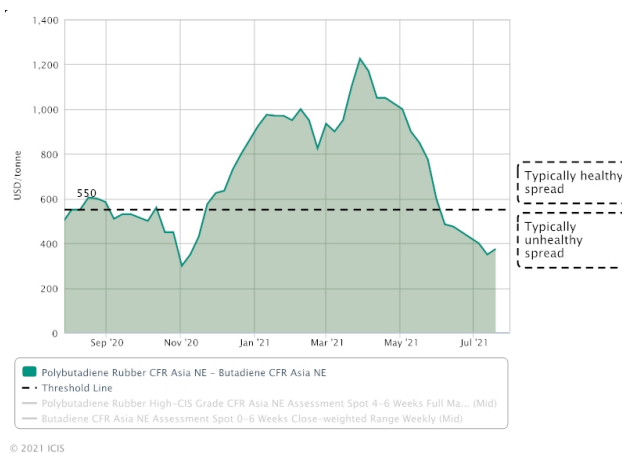
In India, discussions and deals for Asia-origin high-cis materials were heard in the mid-\$2,100's to mid \$2,200's/tonne CFR India range.

## UPSTREAM

Asian BD prices rose on [tightened supply](#) among a strong arbitrage demand pull.

The chart below shows the spread between BD and PBR.

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



## PRODUCTION

In China, average operating rates at PBR plants fell for the second week running to 76% in the week ended 23 July, from 78% in the week prior, market sources said.

Outside of China, spot availabilities also tightened as a 60,000 tonne/year plant in Taiwan commenced [maintenance](#) from 24 July.

## OTHER REGIONS

In Europe, [commercial vehicle sales](#) rose by more than one-third in the first half of 2021, compared with the previous year, data from the European Automobile Manufacturers' Association (ACEA) said.

But the [global shortage](#) of semiconductor chips may continue to weigh in on automotive production.

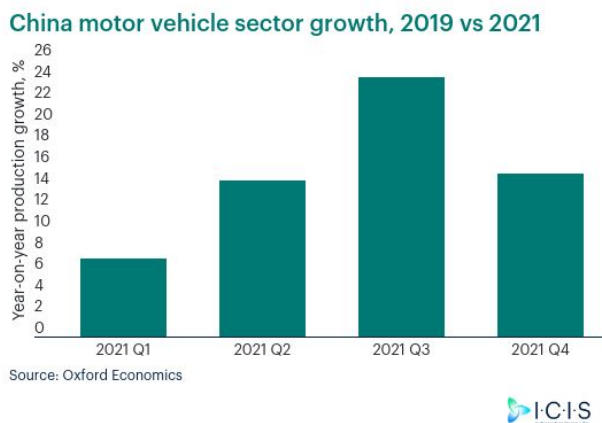
## ANALYTICS

### ICIS Downstream Automotive Demand Outlook

The global automotive industry is not out of the woods yet and is still struggling to make up its pre-pandemic losses. Production of motor vehicles in the second quarter was down by 10% and is expected to be down by 4% in the third quarter of 2021 (compared with 2019 levels). Growth is expected to return only in the fourth quarter of 2021 (Oxford Economics). Renewed (and mutated) virus outbreaks in Europe and the US have the potential to disrupt supply again, so reaching pre-pandemic levels is still a long way off. There are multiple factors weighing on business, including supply-chain disruptions and structural changes to demand. Some of the weakness predates the COVID-19 crisis, with environmental concerns prevalent globally. Short- to medium-term demand still looks gloomy on the back of high unemployment and lower disposable income. In most emerging economies, four-wheeler ownership is classified as a luxury, rather than a necessity.

China is the only major economy in the world experiencing positive year-on-year growth for the first half of 2021 (compared with 2019), never having really lost any ground to the pandemic. Moreover, the Chinese government's policy of supporting the development and sale of new energy vehicles (NEVs) is expected to add to the momentum. For example, China has extended the subsidy on NEVs until 2022, whereby vehicles remain exempt from purchase taxes. India, on the other hand, still has a long way to go. After a terrible first and second quarter of 2021, the third quarter is showing marginal growth, with recovery only expected from the fourth quarter.

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