



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

- **Discussions more buoyant**
- **Sellers hike offers to recoup costs**
- **Buying tempo also positive**

Discussions this week in Asia's spot import market for polybutadiene rubber (PBR) continued to trend up, as offers rose while buying momentum was also more positive.

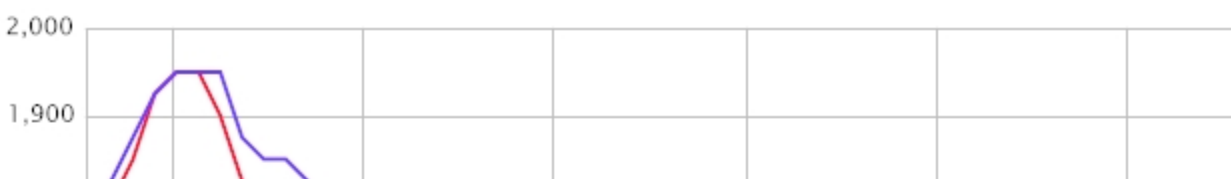
However, buyers and sellers could not fully iron out their difference in pricing outlook, and this curtailed to some extent spot trade liquidity.

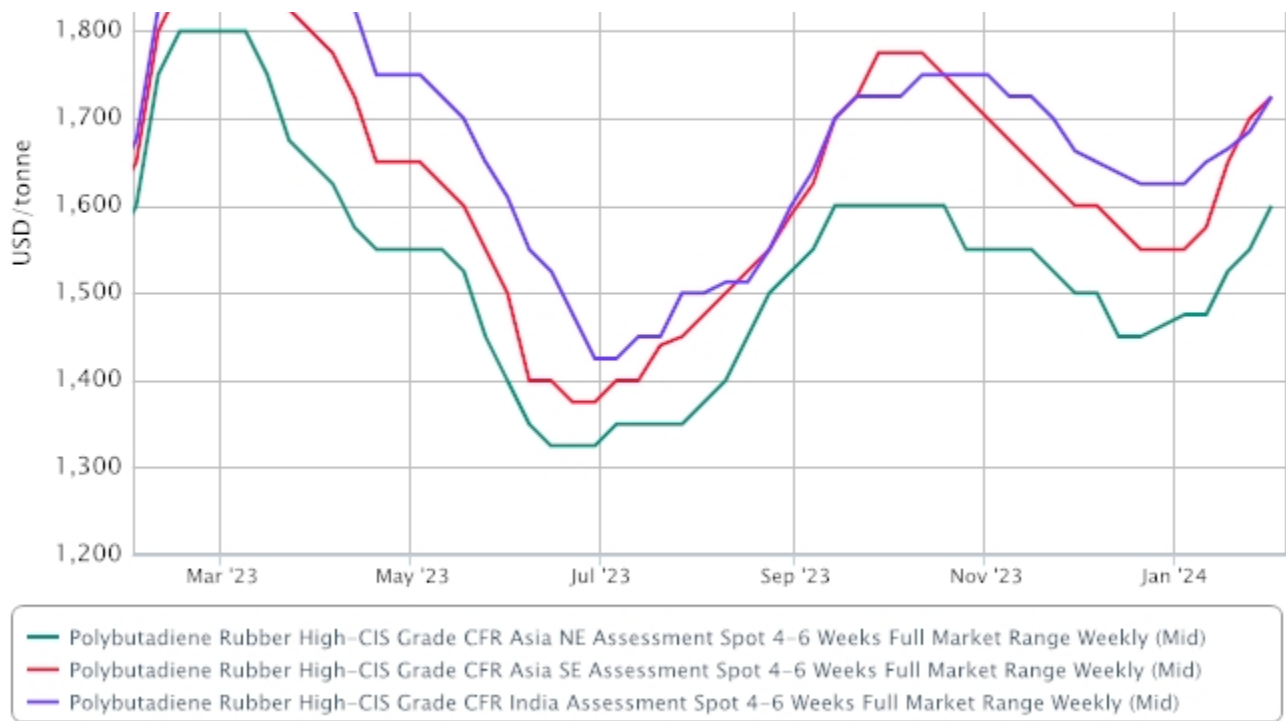
Spot availabilities were limited to begin with, in view of ongoing plant maintenance closures, and sellers were confident that they will wield the upper hand in negotiations with customers who have concrete procurement needs.

Offers were higher too as sellers sought to recoup higher production costs, both in terms of feedstock prices and freight rates.

Buy-side sentiment was mixed. On one hand, as prevailing downstream market conditions are still murky, end-users said that they continue to face difficulties transferring the higher PBR costs downstream, and as such, have to stay prudent when bidding for raw materials such as PBR.

However, because latest data shows that [China's factory activities](#) are firming in January, and the IMF has also adjusted up [China's 2024 GDP growth forecasts](#), others were quite upbeat about demand outlook in China post-holiday.





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OUTLOOK

- Offers to tap upstream strengths for main support
- Demand outlook to hinge on how post-holiday market in China will trend
- Buyers may continue to keep to a cautious procurement stance

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	+50	2000.00-2100.00 0	+50	1800.00-2000.00	90.72-95.25
CFR Asia SE	USD/tonne	+50	2000.00-2100.00 0	+50	1900.00-2000.00	90.72-95.25
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	+50	1550.00-1650.00 0	+50	1450.00-1500.00	70.31-74.84
CFR Asia SE	USD/tonne	+50	1700.00-1750.00 0	n/c	1500.00-1600.00	77.11-79.38
CFR India	USD/tonne	+50	1700.00-1750.00 0	+30	1575.00-1675.00	77.11-79.38

Northeast Asia**High-cis**

CFR NE Asia assessment was up on firmer buy-sell discussions, but concrete transactions were curtailed with many players in key outlets like China already winding down operations to prepare for the extended Lunar New Year holidays.

In east China, domestic prices spiked, alongside a bull run in the upstream butadiene (BD) market.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	12,300-12,600	12,000-12,300

Low-cis

CFR NE Asia prices were assessed as up on the high-end of the assessment range with a firmer offer heard.

The low-end was adjusted up notionally in line with high-end, in the absence of concrete buy-side indications.

Southeast Asia**High-cis**

CFR SE Asia assessment narrowed, with the low-end of the assessment range lifted to capture the full spectrum of trade heard for the week.

Remaining offers were at the high-end and up.

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

Jan 2024	Dec 2023	Nov 2023	Oct 2023	Sep 2023	Aug 2023
154.20	146.31	148.42	145.26	142.65	130.22

Source: Malaysian Rubber Board

Low-cis

CFR SE Asia prices were assessed as up on the high-end of the assessment range, tracking a firmer offer heard.

The low-end was notionally adjusted up in line, in the absence of any concrete transactions.

India

CFR India prices were up, with firmer offers tracked at the high-end of the assessment range.

Buying indications were capped at the low-end.

Transactions were limited, as end-users were mindful not to stockpile further until after the current financial year closing is over at the end of March.

UPSTREAM

BD

- Snug spot supply situation keep sellers' sentiment bullish
- Buyers on retreat amid heightened downstream margin concerns
- Spot discussions deadlocked amid entrenched buy-sell differences

The chart below shows the spread between BD and PBR, which while improving of-late in PBR makers' favour, remains in the unhealthy zone.

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



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PRODUCTION

A 50,000 tonnes/year line in NE Asia is [shut](#) since early January for a month-long maintenance.

In China, a total of 150,000 tonnes/year of production capacity in Beijing also [went off-stream](#) from early January, alongside a parallel [shutdown](#) of related upstream BD units.

ANALYTICS

ICIS Crude Outlook

Geopolitical tensions in the Middle East, responsible for a significant portion of global oil trade, have intensified due to US and UK airstrikes in response to Red Sea attacks and raised concerns about oil flow disruptions. OPEC+ production cuts aim to prevent an excessive oil inventory build, especially amid worries about a sluggish global economy. The surge in supplies from non-OPEC+ sources, predominantly driven by US shale drillers, is anticipated to persist, even as consumption growth is expected to decelerate. Russia plans to increase diesel exports from major western ports by almost a fifth in February, aligning with growing refinery runs. China is expected to continue to lead oil demand growth in 2024, driven in particular by its expanding petrochemical sector. Refiners in India are looking to enhance supplies from the Middle East and neighboring countries due to concerns about longer shipping times and higher costs following attacks in the Red Sea. US Federal Reserve officials anticipate core inflation to decrease further in 2024, closer to 2% target rate.

By **David Jorbenaze**, senior analyst, david.jorbenaze@icis.com

ICIS Naphtha Outlook

The open specification naphtha market is anticipated to be a mixture of volatility and cautious optimism for early 2024. Attacks in the Red Sea have caused delays and created a market imbalance in the East. Market fundamentals are projected to remain supportive through most of Q1, buoyed by refinery maintenance in the Middle East and concerns arising from the Red Sea situation. Despite weak petrochemical margins, tight supplies are expected to overshadow these concerns. In February, refinery utilization rates are expected to marginally increase in selected Asian countries including Japan, China, India, Singapore and South Korea. The outlook for naphtha demand from the petrochemical sector remains bearish as the propane-naphtha spread is expected to remain wide. This suggests that propane is anticipated to maintain its position as the preferred feedstock into steam cracker units, which are expected to continue to operate at a reduced rate.

By **David Jorbenaze**, senior analyst, david.jorbenaze@icis.com

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