



# 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

- **Sentiment down with weak upstream**
- **High-cis sellers price down to entice buying**
- **But buying interest stay elusive for all grades**

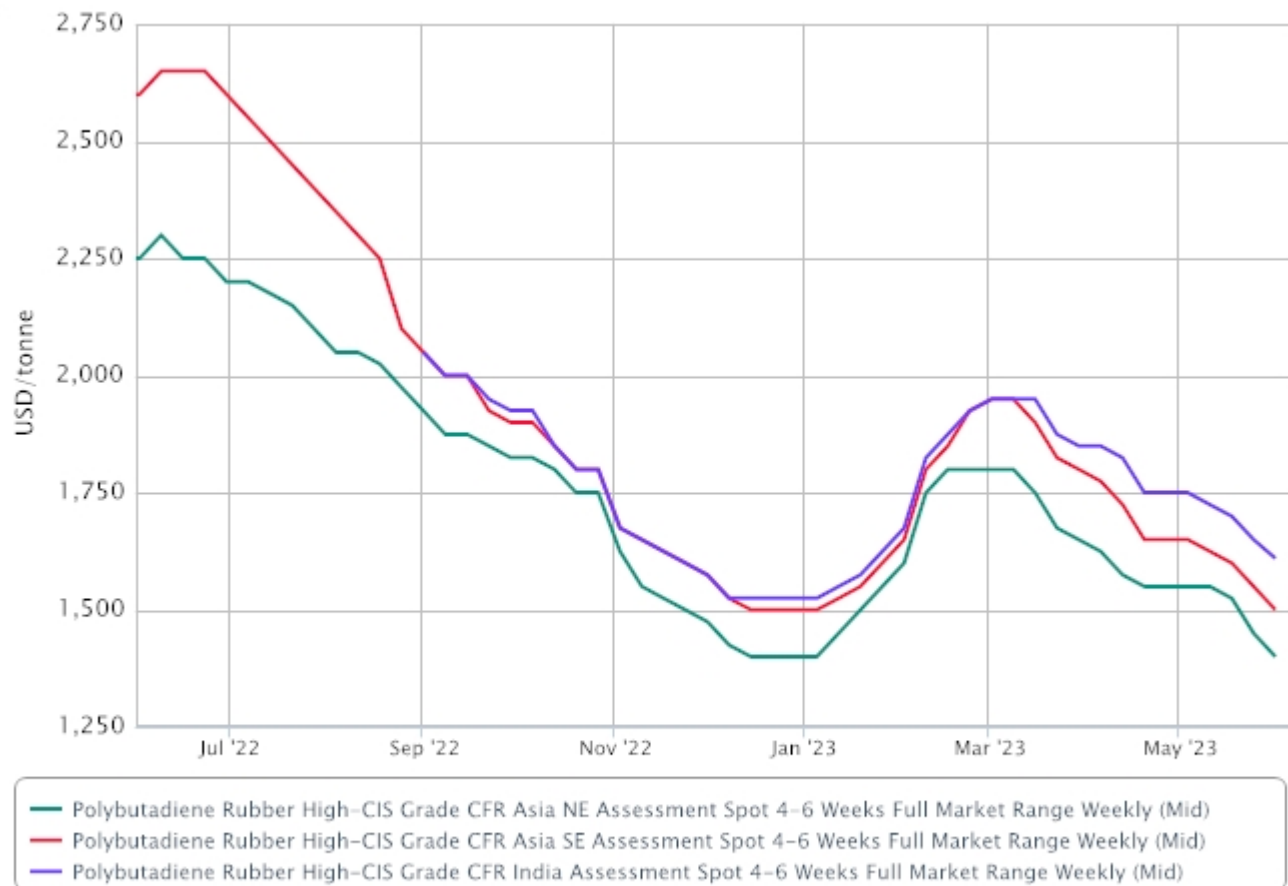
Discussions in Asia's spot import market for polybutadiene rubber (PBR) were derailed by poor demand and weak upstream.

Prices for feedstock [butadiene](#) (BD) tumbled recently, and further downstream potential may affect this over-supplied marker, sources said.

PBR buyers retreated deeper, as they were convinced it was better for them to delay procurement, as upcoming PBR offers may ease if BD prices fall lower in coming weeks.

They are in no hurry to buy since downstream requirements are far from robust to begin with, not just due to lacklustre automotive sector recovery, but also because of weak consumer spending on items like shoes and electrical appliances, all of which involve usage of high-cis and low-cis PBR.

Lower offers were heard for high-cis materials. But for low-cis materials, sellers said that they were still helmed in by other stiff operating costs like utilities and catalysts to be able to price down further. To keep inventories at manageable levels amid the slow sales, some low-cis producers were heard looking instead to adjust operating rates and cut output.



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## OUTLOOK

- Weak China [PMI](#) data to weigh on demand
- Bearish pricing sentiment to persist
- Upcoming turnarounds may help trim surplus

## 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	-50	1850.00-2050.00	n/c	1950.00-2100.00	83.91-92.99
<b>CFR Asia SE</b>	USD/tonne	-50	1950.00-2100.00	-50	2100.00-2200.00	88.45-95.25
<b>Polybutadiene Rubber High-CIS Grade</b>						
<b>CFR Asia NE</b>	USD/tonne	-50	1350.00-1450.00	-50	1500.00-1600.00	61.24-65.77
<b>CFR Asia SE</b>	USD/tonne	-50	1450.00-1550.00	-50	1600.00-1700.00	65.77-70.31
<b>CFR India</b>	USD/tonne	-50	1550.00-1670.00	-30	1700.00-1800.00	70.31-75.75

## Northeast Asia

### High-cis

CFR NE Asian prices fell, with lower discussions for shipment to different NE Asian outlets.

The high end of the range tracked offers to Taiwan-bound shipment, while the low end reflected discussions on imports into China.

Import demand into China was dented by recent declines in the domestic yuan-denominated market. Local end-users turned to buying more heavily from the domestic supply pool.

Domestic PBR prices continued to trend down with losses seen in the upstream BD market.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	10,100-10,200	10,200-10,400

### Low-cis

The low end was dropped notionally down, in tandem with low-end changes for the high-cis CFR NE Asian assessment, to reflect bearish buy-side sentiment, and in the absence of any concrete requirement.

The high end was kept unchanged as regional producers held firm to existing expectations.

## Southeast Asia

### High-cis

CFR SE Asian prices were adjusted down with the full spectrum of trade and discussions heard for cargoes from different Asian producers.

Some cargoes changed hands within the published range, market sources said.

But as natural rubber prices started to turn south again recently, it triggered fresh demand concerns for PBR as some end-users may switch to using natural rubber instead as a cheaper substitute.

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

1 Jun 2023	May 2023	Apr 2023	Mar 2023	Feb 2023	Jan 2023
132.95	136.34	136.27	135.03	140.11	140.11

### Low-cis

CFR SE Asian assessments were down at the high end, taking into account a sell-side indication.

The low end was moved notionally with the low-end changes of the low-cis CFR NE Asian assessment, in the absence of any concrete buy-side requirements.

## India

CFR Indian assessments were down this week, based on discussions and deals heard.

Limited volumes of NE Asia-origin materials changed hands at the high end, while buying indications for remaining June shipment cargoes were at the low end.

## UPSTREAM

### Butadiene

- Tepid downstream demand
- Market deemed amply supplied
- Sentiment dented further by weak domestic 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

Several PBR plant closures, including a 60,000 tonne/year [unit](#) in northeast Asia, are expected in the June to August window.

## ANALYTICS

### ICIS Downstream Automotive Demand Outlook

The outlook for the global automotive industry in 2023 continues to be a concern. The outbreak of the COVID-19 pandemic was more than three years ago, and the industry has yet to recover all the losses suffered since then. It started with a severe semiconductor shortage, and while the overall situation has improved, the industry has yet to make a full recovery. Following the pandemic, the industry has been hit by a high interest rate environment amid a weaker global economy and rising geopolitical tensions. A full and complete recovery is not expected until 2024.

According to the US Census Bureau, US light vehicle sales increased by 7.2% month on month in April with total sales at 15.9m, which was up 11.4% year on year but down 2.5% from 2019. Macroeconomic stressors continue to weigh heavily on auto demand.

According to the European Automobile Manufacturers' Association (ACEA), EU passenger car registrations increased by 17.2% in April year on year but were down 22.8% from April 2019. Spain posted the biggest gain with a 33.7% increase, followed by Italy (+26.9%), France (+16.7%), and Germany (+7.9%). Significant growth was seen in the electric vehicle (EV) category, for example hybrid electric vehicles (HEVs), plug-in hybrid vehicles (PHEVs) and battery electric vehicles (BEVs), with BEVs reporting year-on-year growth of 30%.

Following the country's reopening after three years of on-off restrictions, China reported double-digit year-on-year growth in automotive production in April. Expectations for the rest of the year are optimistic, given that the government is targeting an economic growth rate of 5%. India also appears to be on the path to recovery. An improvement in sentiment was reported on the back of China's reopening, as a large share of auto spare parts is imported from China. In March, total vehicle retail sales increased 14% year on year, according to the Federation of Automobile Dealers Associations of India (FADA), which also reported that 2023 was the first full year without any impact from COVID-19.

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