



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

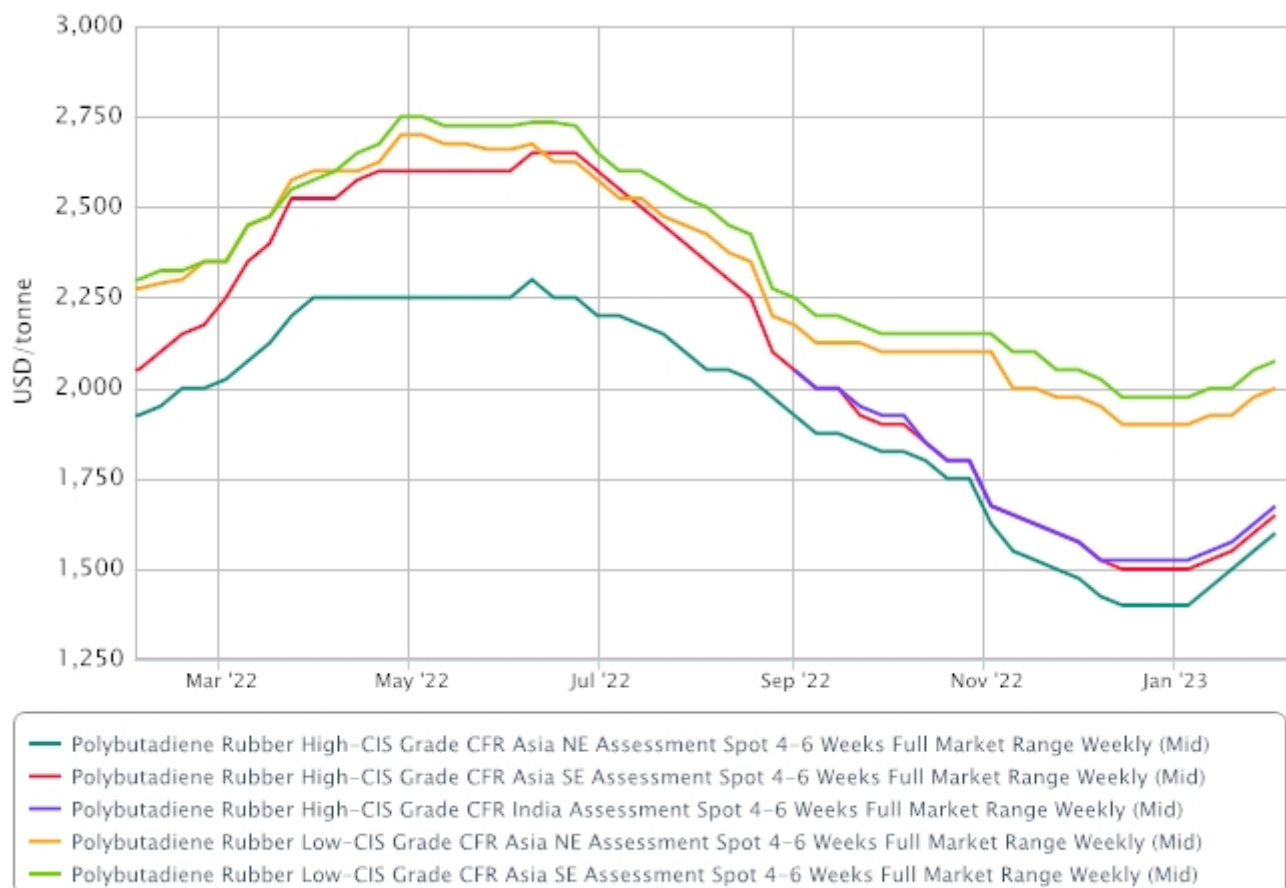
- **Import offers up on cost push**
- **Domestic China prices also rise**
- **Demand sentiment improves**

Discussions trended up in Asia's spot market for polybutadiene rubber (PBR) as sellers hiked offers to defray rising feedstock butadiene (BD) costs.

Even though buyer's responses were still patchy this week, regional rubber makers were determined, nonetheless, to defend current offers, or may even consider higher targets if the BD [uptrend](#) extends further.

Should sales still fail to rise to expectations, sellers said that instead of dishing out fresh discounts to woo buyers, they would rather consider recalibrating their production to rein in costs.

That said, most sellers were generally confident that regional demand will only improve, especially if the buoyancy seen in the domestic China market this week continues. Sentiment was also more upbeat following an [upward revision](#) of China's 2023 GDP growth forecast.



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OUTLOOK

- Hopes that China will drive Asia demand recovery
- Offers to remain supported by cost pressures
- Rising natural rubber prices could bolster PBR demand too

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	n/c	1900.00-2100.00	+50	1850.00-1950.00	86.18-95.25
CFR Asia SE	USD/tonne	n/c	2000.00-2150.00	+50	1950.00-2000.00	90.72-97.52
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	+50	1550.00-1650.00	+50	1350.00-1450.00	70.31-74.84
CFR Asia SE	USD/tonne	+50	1600.00-1700.00	+50	1450.00-1550.00	72.57-77.11
CFR India	USD/tonne	+50	1600.00-1750.00	+50	1450.00-1600.00	72.57-79.38

Northeast Asia

High-cis

CFR NE Asian assessments are up at the high-end with firmer offers. Buying indications are also firmer, tracking domestic China gains, but no deals were heard in the week.

In China, domestic yuan-denominated prices for PBR rose with upstream gains.

Price (CNY/tonne)	2 Feb	20 Jan*
E China Ex-Warehouse	11,600-11,700	11,000-11,100

*China markets were shut for the extended Lunar New Year holidays from 21-27 January.

Low-cis

CFR NE Asian assessments for low-cis tracked the lowest offer at the high-end. The low-end was kept unchanged in the absence of any concrete buy-side indications.

Southeast Asia

High-cis

CFR SE Asian assessments rose with firmer offers and discussions. Deals were heard within the published range.

With natural rubber prices rising recently, market players are expecting that this could bolster tyre makers' usage of PBR as a substitution product for natural rubber.

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

Feb (1-2) 2023	Jan 2023	Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022
143.25	140.11	135.03	127.32	130.52	134.12	149.74

Low-cis

CFR SE Asian assessments for low-cis tracked firmer offers at the high-end. The low-end was kept unchanged in the absence of any concrete buy-side indications.

India

CFR India prices for high-cis PBR also were assessed up with firmer buy-sell discussions.

But spot trade liquidity was curtailed to some extent as operations at various local tyre plants were still not fully optimised, market sources said.

Until operations are at full tilt, these end-users may scale back from import purchases and tap more heavily instead on the domestic supply pool.

That said, market players said that anticipation is building for downstream operations to pick up in Q2, alongside expected recovery in China, and if this materialises, it will also strengthen then India's buying interest and appetite for PBR imports.

UPSTREAM

Butadiene (BD)

- Discussions curbed on holiday closures
- Buy-sell sentiment mixed
- Most hold back for clarity on post-holiday China situation

The chart below shows the spread between butadiene and PBR.

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



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PRODUCTION

Spot availabilities are limited with two ongoing outages, but one of these two plants could [resume](#) operations in the late March/April period, market sources said.

ANALYTICS

ICIS Crude Outlook

OPEC+ increased production by 120,000 bbl/day in December, despite a previous decision to cut oil production quotas by 2m bbl/day in early November. Nigeria played a key role in the month-on-month increase by raising output by 91,000 bbl/day after improving security issues over major pipelines. Although Western sanctions are set impact Russian oil, both production and exports have remained in line with December levels because Russia found time to find alternative buyers in Asia. However, Russian production is expected to fall by about 500,000

bbl/day as EU embargoes and price caps on crude oil and oil products take full effect in February. In terms of demand, global oil consumption is likely to rise by about 2m bbl/day to hit 102m bbl/day in 2023, mostly driven by economic growth in China and a rebound in demand rebound after the easing of COVID-19 restrictions. Global oil demand is likely to be significantly affected by the trajectory of economic activity, with growth likely to increase later in the year.

By Greg Mouchikas, energy and refining analyst, grigorios.mouchikas@icis.com

ICIS Naphtha Outlook

Naphtha cracks in Europe improved considerably in January and remain deep in positive territory. European refiners have been running at higher rates to make up for an anticipated shortage in Russian supply once EU sanctions take effect on February 5. Naphtha stocks in northwest Europe increased by 14% month on month, in line with average monthly levels. Renewed strikes at French refineries and expected spring maintenances will reduce product availability in the region and exacerbated by strong demand from the US Gulf Coast. Naphtha flows to Asia remain supported, driven by Chinese demand after the country's reopening and the lifting of COVID-19 restrictions in the run up to the Lunar New Year. ICIS expects Russian refinery throughput and the export of product to decline as a result of EU sanctions from February.

By Greg Mouchikas, energy and refining analyst, grigorios.mouchikas@icis.com

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