



Polybutadiene Rubber (Asia-Pacific)

By Ai Teng Lim
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[Overview](#) | [Outlook](#) | [Prices](#) | [Upstream](#) | [Production](#) | [Analytics](#)

Please click [here](#) for full details on the criteria ICIS uses in making these price assessments.

OVERVIEW

- **Supplies tighter on output cuts**
- **Producers grapple with cost pressures**
- **But trade liquidity capped on wide buy-sell gap**

Spot liquidity is low in the Asian polybutadiene rubber (PBR) import market, as a wide buy-sell gap derailed negotiations, especially for low-cis materials.

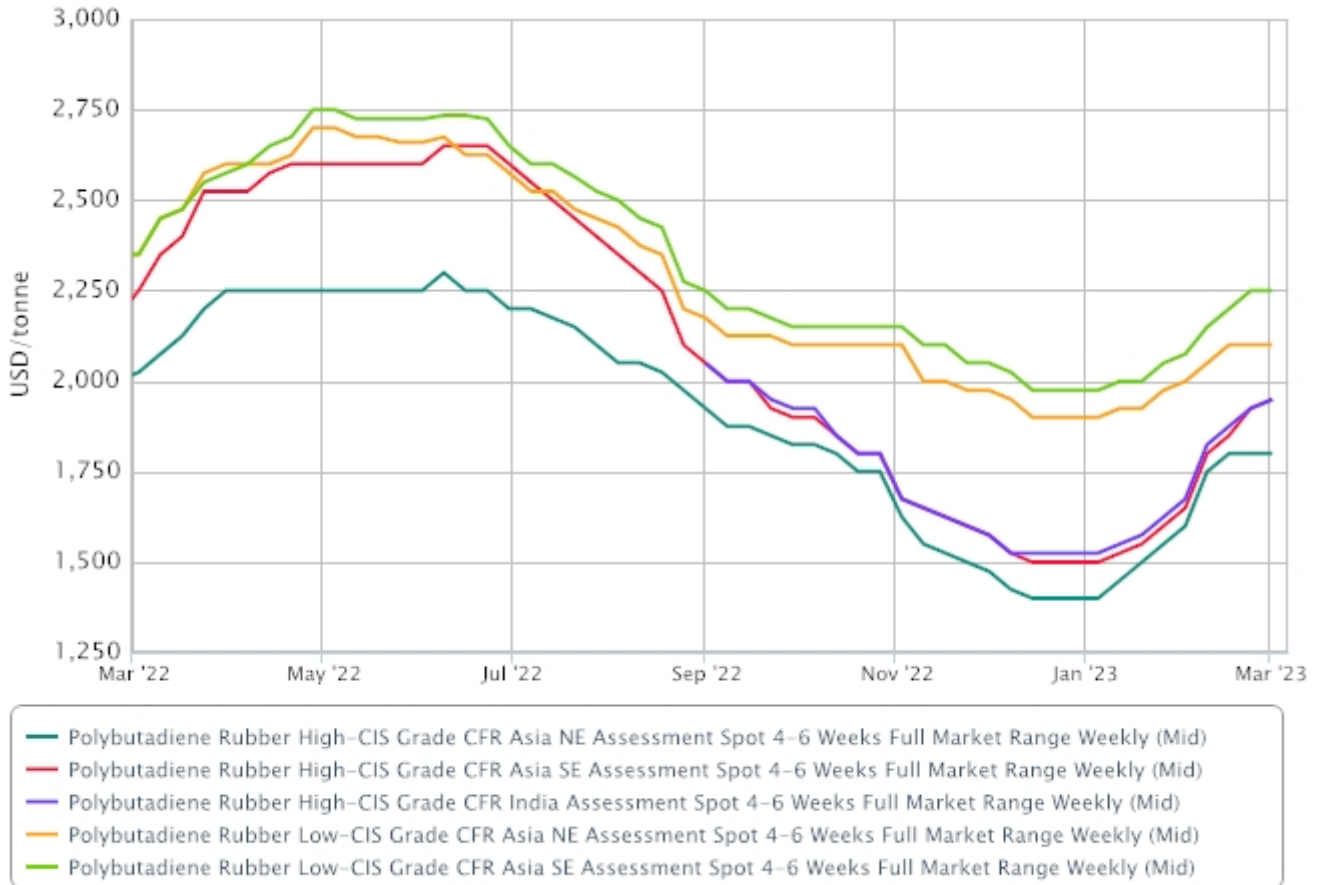
Sellers held firm to existing offers, if not chasing higher targets, citing the need to recoup costs and protect margins from a dramatic rally recently in feedstock butadiene (BD) prices.

Some have trimmed output to rein in costs, and the ensuing limitation on spot availabilities should provide additional support to spot offers too, market players said.

Anticipations are still high among sellers that downstream demand will invariably pick up into Q2, especially after China's February PMI registered a clear month-on-month [upswing](#).

But buyers' responses have been underwhelming. Many were, in fact, disappointed that their own downstream markets have not rebounded as well as expected, and as such very careful not to overbuy raw materials lest they get saddled with undue stockpiles.

They limited spot purchases as such to very small lots, and on a need-to basis.



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OUTLOOK

- Economic recovery will drive demand
- But uncertainties linger on when this will materialise
- Buy-sell stalemate may extend

PRICES

SPOT PRICES

			Price Range	Four Weeks Ago	US CTS/lb	
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	n/c	2000.00-2200.00	n/c	1900.00-2100.00	90.72-99.79
CFR Asia SE	USD/tonne	n/c	2200.00-2300.00	n/c	2000.00-2150.00	99.79-104.33
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	n/c	1750.00-1850.00	n/c	1550.00-1650.00	79.38-83.91
CFR Asia SE	USD/tonne	+50	1900.00-2000.00	n/c	1600.00-1700.00	86.18-90.72
CFR India	USD/tonne	+50	1900.00-2000.00	n/c	1600.00-1750.00	86.18-90.72

Northeast Asia

High-cis

CFR NE Asian assessments were kept unchanged in a thinly-discussed market.

End-users in China were fully reliant on domestic supplies, market players said.

Domestic prices for PBR in east China were up with firmer offers, as sellers sought to keep pace with upstream strengths.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	11,900-12,000	11,600-11,800

Low-cis

CFR NE Asian assessments for low-cis materials were also rolled in the absence of any concrete and meaningful negotiations.

Some selling indications did emerge at above the range, but market participants said that these were unrealistically high for buyers, as related downstream sectors, like polystyrene, were still struggling to stay afloat.

Southeast Asia

High-cis

CFR SE Asian assessments were stable-to-firm, with the low-end lifted with limited volumes sold to tire-sector customers.

Small lots were sold at the high-end to shoe sole manufacturers, market sources said.

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

Mar 2023	(1-2) Feb 2023	Jan 2023	Dec 2022	Nov 2022	Oct 2022	Sep 2022
141.38	140.11	140.11	135.03	127.32	130.52	134.12

Low-cis

CFR SE Asian assessments for low-cis were unchanged on the high-end with a stable, albeit lowest, offer. The low-end is rolled too in the absence of fresh buying indications.

India

Offers for duty-free cargoes from regular northeast Asian suppliers were heard higher at the high-end and capped at the low end against buying indications.

UPSTREAM

Butadiene (BD)

- Sellers' expectations firmly bullish
- Buying appetite tapers towards late week
- Discussions fragmented as buy-sell tussle continues

The chart below shows the spread between butadiene and PBR.

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



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PRODUCTION

Supplies have tightened after operations at several plants in [China](#) and [Taiwan](#) were suspended on commercial reasons.

But a 72,000 tonnes/year unit in Malaysia, which was shut in 2022 after a fire, is expected to [resume](#) operations in the late March/April period, market sources said.

ANALYTICS

ICIS Outlook on GDP

It is almost a year since Russia invaded Ukraine, with no resolution in sight. Geopolitical tensions are forecast to weigh heavily on the global economy. The International Monetary Fund (IMF) projects global GDP for 2023 at 2.9%, which is a 0.2% higher than the previous forecast. Growth is expected to rebound to 3.1% in 2024. The upward revision was primarily driven by the opening of the Chinese economy. However, potential risk to the downside remains such as emergence of a new COVID-19 variant, labour shortages, high risk of debt distress from developing economies. In addition, geopolitical tensions between Russia and Ukraine are expected to be drawn out. Currently, risk outweighs growth drivers. In addition, the central bank is required to maintain balance between managing inflation by raising interest rates, and not compromising on recovery.

The US GDP in 2023 is forecast to grow 1.4% year on year, which is 0.4% higher than the previous IMF forecast. Similarly, 2024 is forecast to grow at 1.4% year on year. The optimistic forecast reflects potential pent-up demand and stronger private consumption and investment. In addition, with the signing of the Inflation Reduction Act, approximately \$370bn in investments will be deployed to tackle energy costs, local manufacturing, health care and green infrastructure.

According to the IMF, the euro area is project to grow at 0.7% year on year in 2023 (an increase of 0.2% from previous update). 2024 is predicted to be a much stronger year with 1.6% expansion of the economy year on year.

As China has scrapped its quarantine requirements and other movement restrictions, the economy is forecast to grow 5.2% year on year in 2023 (an upward revision of 0.8% from previous update). 2024 is forecast to grow 4.5% year on year. India is forecast to grow 6.1% and 6.8% in 2023 and 2024, respectively.

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