



Polybutadiene Rubber (Asia-Pacific)

By Ai Teng Lim
04-Jan-2024

[Overview](#) | [Outlook](#) | [Prices](#) | [Upstream](#) | [Production](#) | [Analytics](#)

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

OVERVIEW

- **Domestic China spikes alongside upstream gains**
- **Import spot supplies also snug**
- **Import discussions limited on year-end lull**

Discussions were subdued in wider Asia for polybutadiene rubber (PBR) imports as many traders are still away for the year-end holidays.

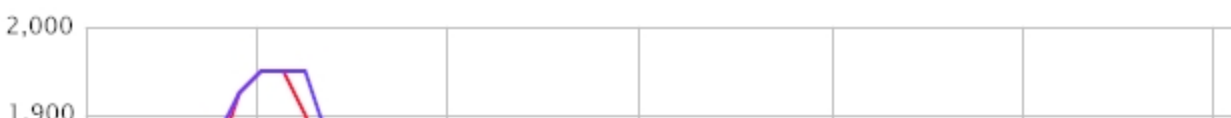
For those at work, many retreated to catch up with and better understand how China's domestic market fluctuated during their absence.

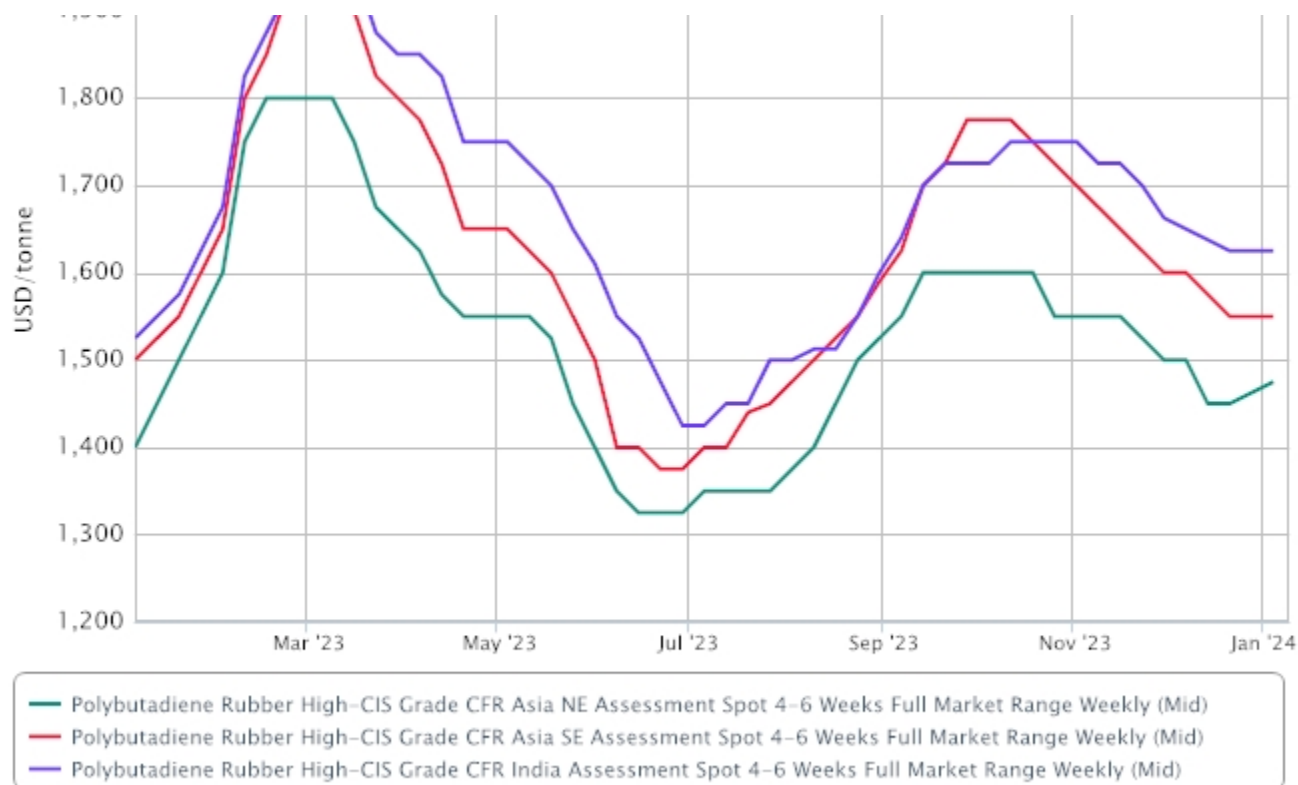
China's domestic market was volatile in the last trading week of December, with PBR yuan values spiking sharply early in the week alongside a similar jump in the [yuan price of feedstock butadiene](#) (BD). Players in wider Asia therefore want to see how the yuan market will trend before they initiate fresh talks for US dollar denominated imports.

Meanwhile, views are split in the import market, with end-users heard skeptical if the domestic uptrend can be sustained, especially as there has been no clear sign that off-take from key downstream sectors like appliances and automotive has improved.

PBR sellers on the other hand, were unwilling to moderate existing targets as they anticipate increased production costs, especially if freight rates jump higher due to the escalating [security threat in the Suez Canal](#).

Spot availability is poised to tighten too, as besides upcoming planned turnarounds, there was an unplanned [outage](#) in China.





© 2024 ICIS

OUTLOOK

- **Players await pricing direction from domestic China market**
- **[Demand outlook](#) hazy for near term**
- **Spot supply constraints to provide some pricing support**

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	n/c	1800.00-2000.00	n/c	1900.00-2100.00	81.65-90.72
CFR Asia SE	USD/tonne	n/c	1900.00-2000.00	n/c	2000.00-2100.00	86.18-90.72
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	+50	1450.00-1500.00	n/c	1450.00-1550.00	65.77-68.04
CFR Asia SE	USD/tonne	n/c	1500.00-1600.00	n/c	1550.00-1650.00	68.04-72.57
CFR India	USD/tonne	n/c	1575.00-1675.00	n/c	1600.00-1700.00	71.44-75.98

Northeast Asia

High-cis

The CFR NE Asia assessment was stable-to-firm with gains in domestic China providing some upside support to discussions for China-bound import shipments.

However, no transactions materialised as many players were still in wait-and-see mode for fresh import trades.

In the domestic China market, PBR prices surged, tracking upstream BD price increases in late December.

Price (CNY/tonne)	This week's close	On 21 Dec 23*
E China Ex-Warehouse	12,000-12,600	11,400-11,900

*There was no publication on 28 December 2023.

Low-cis

CFR NE Asia prices were kept unchanged in a thinly-discussed trading week.

Southeast Asia

High-cis

The CFR SE Asia assessment was unchanged, tracking range-bound buy-sell talks for cargoes available to ship in January.

Substantive discussions were minimal as most end-users have covered their January requirements with prior purchases.

Offers were also entrenched at the high end, as regional producers believe that tighter spot availability and buoyancy in both the natural rubber and domestic China PBR markets will provide upside support for import talks.

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

Jan 2024	(1-4) Dec 2023	Nov 2023	Oct 2023	Sep 2023	Aug 2023	Jul 2023
155.92	146.31	148.42	145.26	142.65	130.22	131.31

Source: Malaysian Rubber Board

Low-cis

The assessment was rolled amid range-bound offers and the absence of concrete buy-side indications.

India

The CFR India assessment was also unchanged, taking into consideration broadly unchanged buy-sell indications.

Most end-users in India are reluctant to take in more imports at this time of the year, as they are trying to keep inventories lean ahead of the close of the financial year in March.

UPSTREAM

Butadiene

- Uptick in domestic China on restocking activities
- But no discernible impact on imports
- Trade talks capped by year-end lull

The chart below shows the spread between BD and PBR, which remains deep in the unhealthy zone.

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



© 2023 ICIS

PRODUCTION

In wider Asia, a 72,000 tonne/year plant in Malaysia [restarted](#) at the end of December after an over one-month-long maintenance, but another 50,000 tonne/year line in NE Asia is slated to [shut](#) for a month-long maintenance

in January.

In China, a 70,000 tonne/year unit in Shandong [went offline](#) from 23 December after a related upstream cracker in the same complex caught fire. Another 100,000 tonne/year unit in Zhousan has also been [shut](#) since 21 December for a three-week-long planned maintenance.

ANALYTICS

ICIS downstream outlook for domestic appliances sector

Overall domestic appliances performed better than anticipated in 2023 year on year. After the pandemic-induced growth in 2021, the industry went through a sober 2022. Though recovery was in order in 2023, the double-digit finish was not expected. Global domestic appliances 2023 output is expected to grow 10.7% year on year; 2024 is expected to grow by 3.2% compared with 2023 (Oxford Economics). This growth is primarily led by Asian economies, mainly China. Broader weakness is expected in western economies. The outlook for 2023 is cautious as the world economy continues to battle with the elevated cost of living.

The US domestic appliances 2023 output is expected to grow 1.0% compared with 2022; 2024 is expected to grow by 2.8% compared with 2023. Cooking appliances, the largest sub-segment, reported strong growth as people are reportedly starting to scale back on their eating out budget. Overall demand expectation for 2024 is conservative.

After a great run in 2021 (7% growth year on year reported), weakness in the EU, including the UK, is forecast to continue. In 2023, the region's domestic appliance output is expected to contract 8.0% compared with 2022; 2024 is expected to grow by 7.4% compared with 2023. Even with anticipated growth in 2024, a full recovery of losses is not expected. The sector is still down 3.6% from 2019 levels. All the gains made during 2021 have been lost in 2022 and 2023. The outlook for 2024 is forecast to be a year of losses with no new demand potential. A slowing real estate market, an erosion of real household incomes and a longer appliance replacement cycle are expected to adversely affect sales in the short-to-medium term. Real demand growth is forecast to begin in 2025.

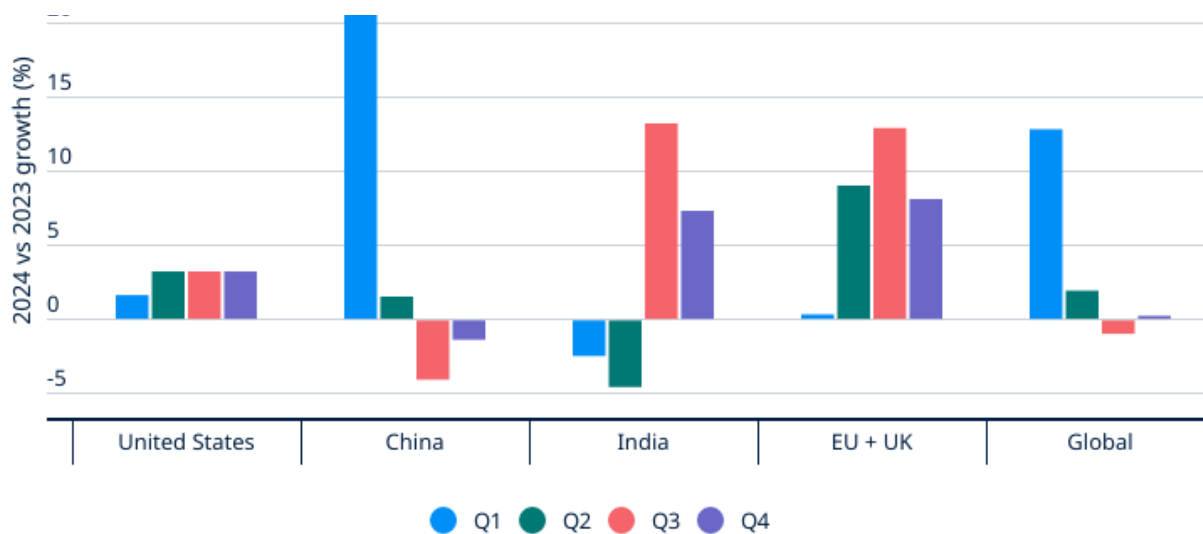
China outperformed most of its peers. It is also a key market for appliances, as it is responsible for more than half of global domestic appliance production. China domestic appliances 2023 output is expected to grow 20.2% compared with 2022 and 2024 is expected to grow by 3.7% compared with 2023. There are multiple provinces such as Guangdong, Hainan and Dalian, among others, which are issuing discount vouchers to boost year-end sales. And it is expected that more will follow next year to accelerate domestic consumption. Keeping up with its peer, Indian domestic appliance output in 2023 is expected to grow 18.7% compared with 2022 and 2024 is expected to grow by 3.0% compared with 2023. Increasing middle class and urbanisation are expected to be the primary growth drivers for the region.

By **Jincy Varghese**, ICIS demand analyst, jincy.varghese@icis.com

Domestic appliances sector growth by region

2024 vs 2023





SOURCE: Oxford Economics

*India's growth numbers based on local currency

Polybutadiene Rubber (Asia-Pacific) | 04-Jan-2024. ICIS accepts no liability for commercial decisions based on the content of this report. Unauthorised reproduction, onward transmission or copying of the Polybutadiene Rubber (Asia-Pacific) Report in either its electronic or hard copy format is illegal. Should you require a licence or an additional copy of the Polybutadiene Rubber (Asia-Pacific) Report, please contact ICIS at sales.uk@icis.com

ICIS, Quadrant House, The Quadrant, Sutton, Surrey, SM2 5AS. United Kingdom. ICIS accept no liability for commercial decisions based on the content of this report. Copyright violation is a serious offence. Any distribution or forwarding of information that is not expressly permitted by your subscription agreement is a copyright violation. ICIS uses software to monitor unauthorised electronic redistribution of reports.

© 2024 Reed Business Information Limited. ICIS is a member of RELX Group. www.icis.com

