



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

- **High costs kept SE Asia and India supported**
- **But China flat as buyers pull back to wait and see**
- **Buyers' resistance to high offers mounting**

Discussions in this week's Asian import market for polybutadiene rubber (PBR) were mixed – still upbeat in SE Asia and India, but flat in China.

Overall, feedstock butadiene (BD) prices remain strong, and PBR makers said that there was no room therefore for them to price down.

Furthermore, other costs are also rising, especially for freight, since [container shipping rates](#) have climbed substantially of-late, amid factors like port congestion and shortage of containers.

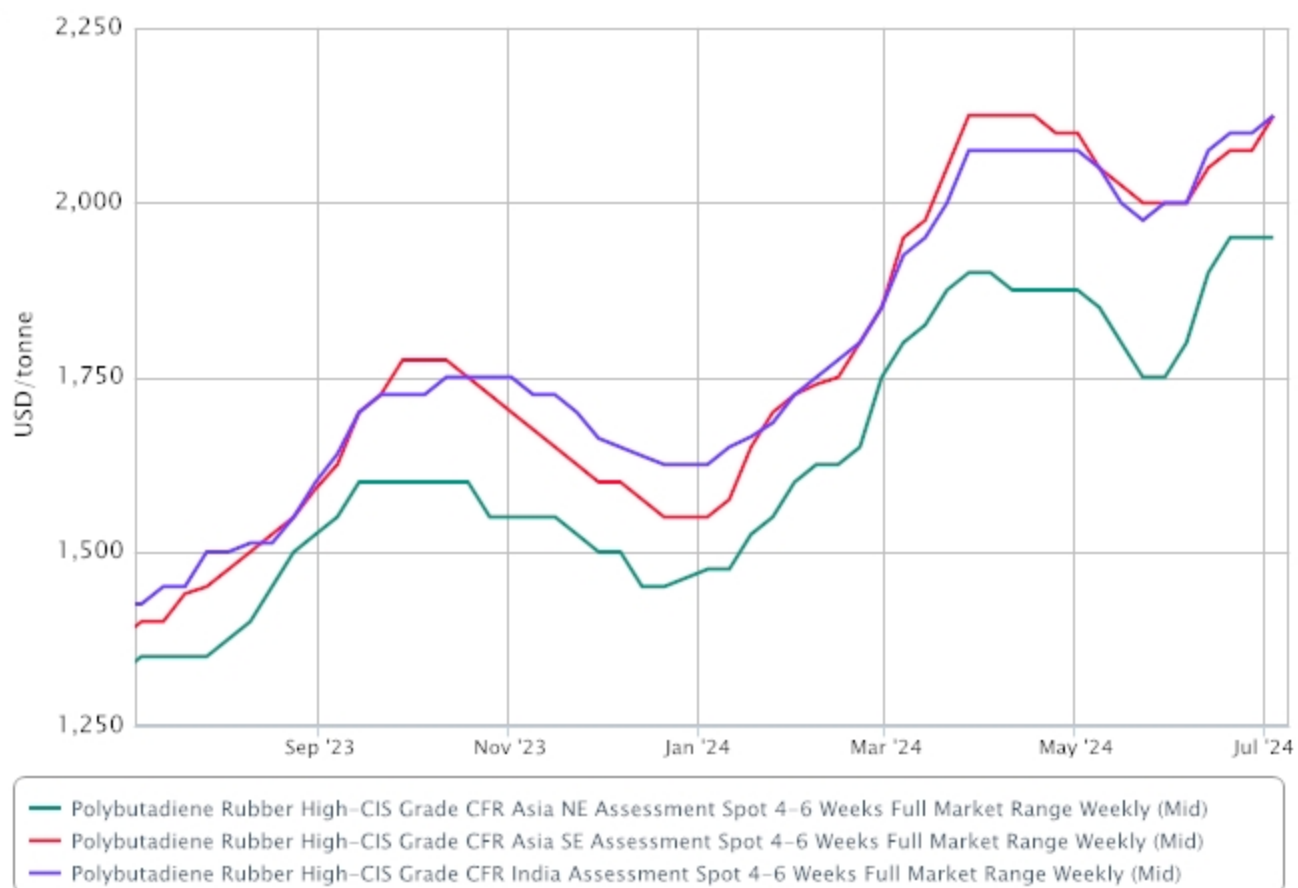
Logistical challenges are also hampering movements of cargoes, both pertaining to raw material shipment to PBR makers, as well as for delivery of their finished products.

Some buyers also recognised these issues and resigned to paying more to ensure timely delivery of materials required for keeping prevailing production going.

But buying tempo is generally curbed, as downstream demand conditions are far from promising in nature, market sources said.

High-cis PBR has heavy applications in the automotive sector, and auto-related sentiment in China has dimmed recently, as brewing [trade wars](#) between China and several western economies may weigh on demand for China-made electric vehicles.

Low-cis PBR is used for manufacturing of polystyrene (PS) which is in turn dependent on growth of electrical appliance sector, and market players said that persistent headwinds thwarting global macroeconomic growth do not bode well either for the recovery of the electrical appliance sector.



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OUTLOOK

- Cost pressures to be key pillar of support for offers
- Off-take may be curbed by downstream demand worries
- Spot supplies to tighten with an [upcoming maintenance](#)

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	n/c	2300.00-2500.00	n/c	2200.00-2450.00	104.33-113.40
Polybutadiene Rubber High-CIS Grade						
CFR Asia SE	USD/tonne	n/c	2400.00-2500.00	n/c	2300.00-2450.00	108.86-113.40

CFR Asia NE	USD/tonne	n/c	1900.00-2000.0 0	n/c	1750.00-1850.00	86.18-90.72
CFR Asia SE	USD/tonne	+50	2050.00-2200.0 0	+50	1950.00-2050.00	92.99-99.79
CFR India	USD/tonne	+50	2050.00-2200.0 0	n/c	1950.00-2050.00	92.99-99.79

Northeast Asia

High-cis

CFR NE Asian prices were rolled over on rangebound buy-sell pricing indications.

In the China domestic market, yuan-denominated prices rebounded, alongside increases seen in prior week in the upstream butadiene (BD) market.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	15,100-15,300	14,900-15,100

Low-cis

CFR NE Asian assessments for low-cis PBR are also unchanged, taking into account stable offers and in the absence of concrete buy-side response.

Southeast Asia

High-cis

CFR SE Asia prices are up, tracking firmer offers at the high-end, and some deals were closed at the lower end.

Buying appetite waned somewhat though with recent losses in the natural rubber futures. Market sources said that if natural rubber prices weakened further, this may erode demand for substitution products like PBR.

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

Jul 2024	(1-4) Jun 2024	May 2024	Apr 2024	Mar 2024	Feb 2024	Jan 2024
169.93	176.00	170.03	162.99	165.36	156.66	154.20

Source: Malaysian Rubber Board

Low-cis

CFR SE Asian assessments for low-cis PBR were unchanged, tracking stable offers at the high-end, and buying indications are heard capped at the low-end.

India

In India, spot import offers for northeast Asia-origin materials were heard at the high-end and up, against buying indications capped at the low-end.

But market sources said that transactions were limited, as many local end-users are turning to tap more on other supply streams that are competitively priced, such as domestically produced materials, and imports from other non-Asia origins like Europe. The latter, which is not included in ICIS' methodology for CFR India assessments, are heard available at levels well below the published range, market sources said.

UPSTREAM

Butadiene

- Domestic China eases
- Buy-sell disparity widens for imports
- Divergent pricing appetite depending on cargo origin or shipment window

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

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



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PRODUCTION

Japan's [Zeon](#) plans to discontinue its 65,000 tonnes/year PBR production at the Tokuyama site in 2028, according

to the company's report published on 11 June.

In China, a 30,000 tonne/year unit in [Urumqi](#) is shut since mid May for maintenance and expected to restart in H1 July, Another 50,000 tonne/year unit in [Karamay](#) is also shut for the same period for maintenance.

In wider Asia, a 60,000 tonnes/year unit in [Taiwan](#) will start in end July for a month-long maintenance.

ANALYTICS

ICIS outlook on downstream appliances sector

Adoption of energy-efficient appliances, shifting consumer eating habits and the influence of social media are key drivers for the industry. Global domestic appliances value-added output is expected to grow by 6.2% in 2024 compared with 2023, while in the third quarter of 2024 it is forecast to grow marginally, by 1.8% year on year (according to Oxford Economics). Overall global output is forecast to be higher than expected, primarily as a result of an upgrade to expected growth in the APAC region. The US and Europe on the other hand have had their growth projections further downgraded.

The US domestic appliances market is expected to contract by 1.4% in 2024 compared with 2023, with the third quarter of the year forecast to shrink by 2.4% compared with the same period in 2023 (also according to Oxford Economics). Categories such as televisions and home theaters are expected to be saturated markets, owing to changes in viewing habits, whereas smart appliances related to health, fitness and beauty are forecast to experience faster growth.

For Europe, sustainability, and energy-saving appliances will drive the market. With the increasing cost of energy, European households are switching to more efficient alternatives in 2024. The EU (including UK) domestic appliances market is expected to grow by 1.1% year on year in 2024, while the third quarter of 2024 will remain flat compared with the third quarter of 2023 (Oxford Economics). In Europe, the balance of risk is likely to be on the downside, largely as a function of economic stress.

The China and India markets are both forecast to experience growth. On the negative front, China's real estate market is still not out of woods as newly built homes typically correlate with high demand for household domestic appliances. The China domestic appliances market is expected to grow by 10.5% in 2024 compared with 2023, while the third quarter of 2024 is forecast to grow by 3.0% year on year (Oxford Economics). The long-term outlook is quite positive, driven by megatrends such as urbanization, a rising middle class and digitalization.

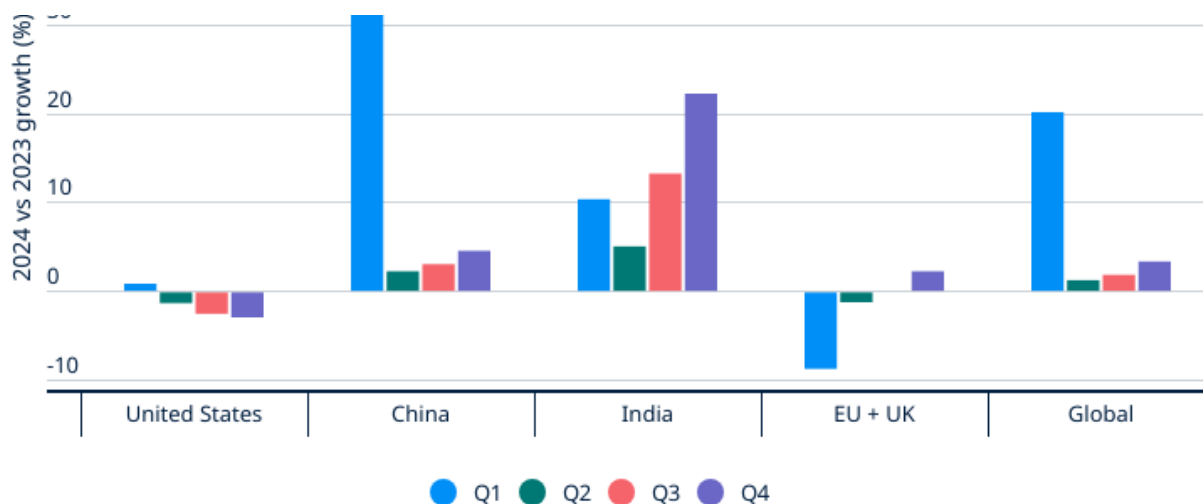
In India, domestic appliances is forecast to experience double-digit growth of 12.4% in 2024 versus 2023. In the third quarter of 2024, growth is forecast at 13.2% compared with the third quarter of 2023 (Oxford Economics).

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Domestic appliances sector growth by region

2024 vs 2023





SOURCE: Oxford Economics

*India's growth numbers based on local currency

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