

**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

- **Discussions limited on holiday lull**
- **Players pulled back to wait-and-see**
- **Offers tap upstream strengths for support**

Discussions mostly halted in Asia's spot market for polybutadiene rubber (PBR), amid extensive holiday market closures in northeast Asia.

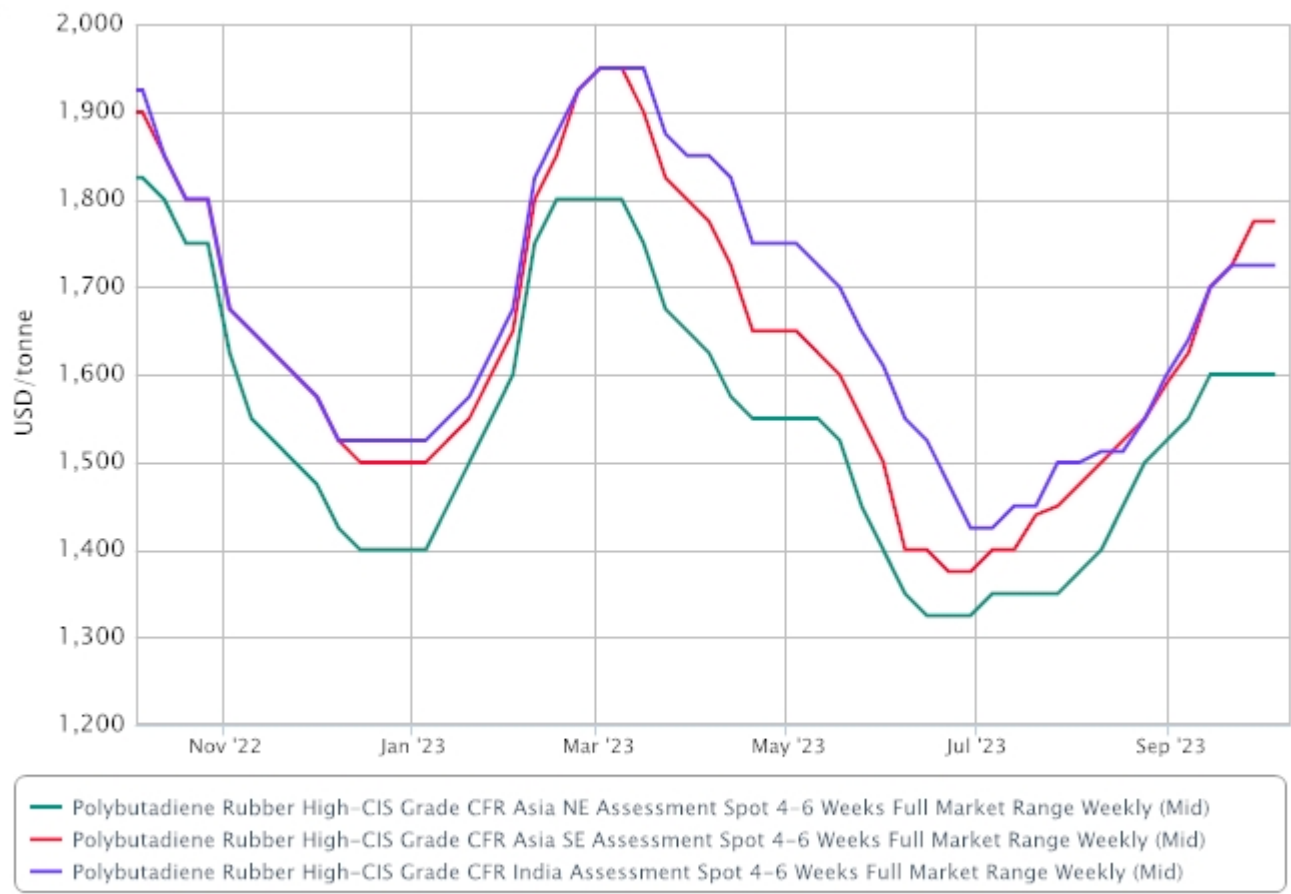
Available players in other regional outlets like southeast Asia and India also held back, saying that they would deliberate and finalise their next buy-sell positions only after it is clearer how post-holiday market in China may trend.

The China market will only resume from 8 October.

Sentiment is mixed. On one hand, sellers are encouraged by China's [manufacturing sector](#) returning to expansion mode in September, and more are optimistic that the economic recovery in China, if sustained, will also drive similar progress in wider Asia and boost overall demand for raw materials like PBR.

However, stiff upstream costs have cut into PBR producers' margins, constraining in turn producers' flexibility to induce buying through moderated PBR offers.

With ICIS analysts' [forecast](#) that upstream markets, such as for feedstock butadiene, could stay firm in the near term, such cost pressures on PBR market may not ease anytime soon, market players said.



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## OUTLOOK

- Spot supplies to tighten on upcoming turnarounds
- Demand growth to hinge on post-holiday market dynamics in China
- Sustained rally of crude prices may drive offers up

## PRICES

### SPOT PRICES

	Price Range	Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade			

<b>CFR Asia NE</b>	USD/tonne	n/c	1900.00-2100.00	n/c	1850.00-2050.00	86.18-95.25
<b>CFR Asia SE</b>	USD/tonne	n/c	1950.00-2100.00	n/c	1950.00-2050.00	88.45-95.25
<b>Polybutadiene Rubber High-CIS Grade</b>						
<b>CFR Asia NE</b>	USD/tonne	n/c	1550.00-1650.00	n/c	1500.00-1600.00	70.31-74.84
<b>CFR Asia SE</b>	USD/tonne	n/c	1750.00-1800.00	n/c	1600.00-1650.00	79.38-81.65
<b>CFR India</b>	USD/tonne	n/c	1650.00-1800.00	n/c	1600.00-1680.00	74.84-81.65

### Northeast Asia

CFR NE Asian assessments for both high-cis and low-cis grades were kept unchanged as trade ground to a halt during the week, with many markets in northeast Asia shut for holidays.

China markets for instance, is closed since 29 September, and will only resume from 8 October.

### Southeast Asia

CFR SE Asian assessments were flat for both high-cis and low-cis grades, amid subdued and rangebound discussions.

Many players retreated to wait for regional holidays to pass before they commit on fresh transactions.

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

<b>Oct (1-5) 2023</b>	<b>Sep 2023</b>	<b>Aug 2023</b>	<b>Jul 2023</b>	<b>Jun 2023</b>	<b>May 2023</b>	<b>Apr 2023</b>
141.11	142.65	130.22	131.31	133.48	136.34	136.27

*Source: Malaysian Rubber Board*

### India

CFR Indian assessments for high-cis grade were rolled over in a thinly-discussed week.

Fresh offers on NE Asia-origin materials were scant with many regional producers away on extended holidays. Buying interest for imports was tepid too, with many end-users in India already amply covered for October requirement and not ready as yet to consider November trades.

## UPSTREAM

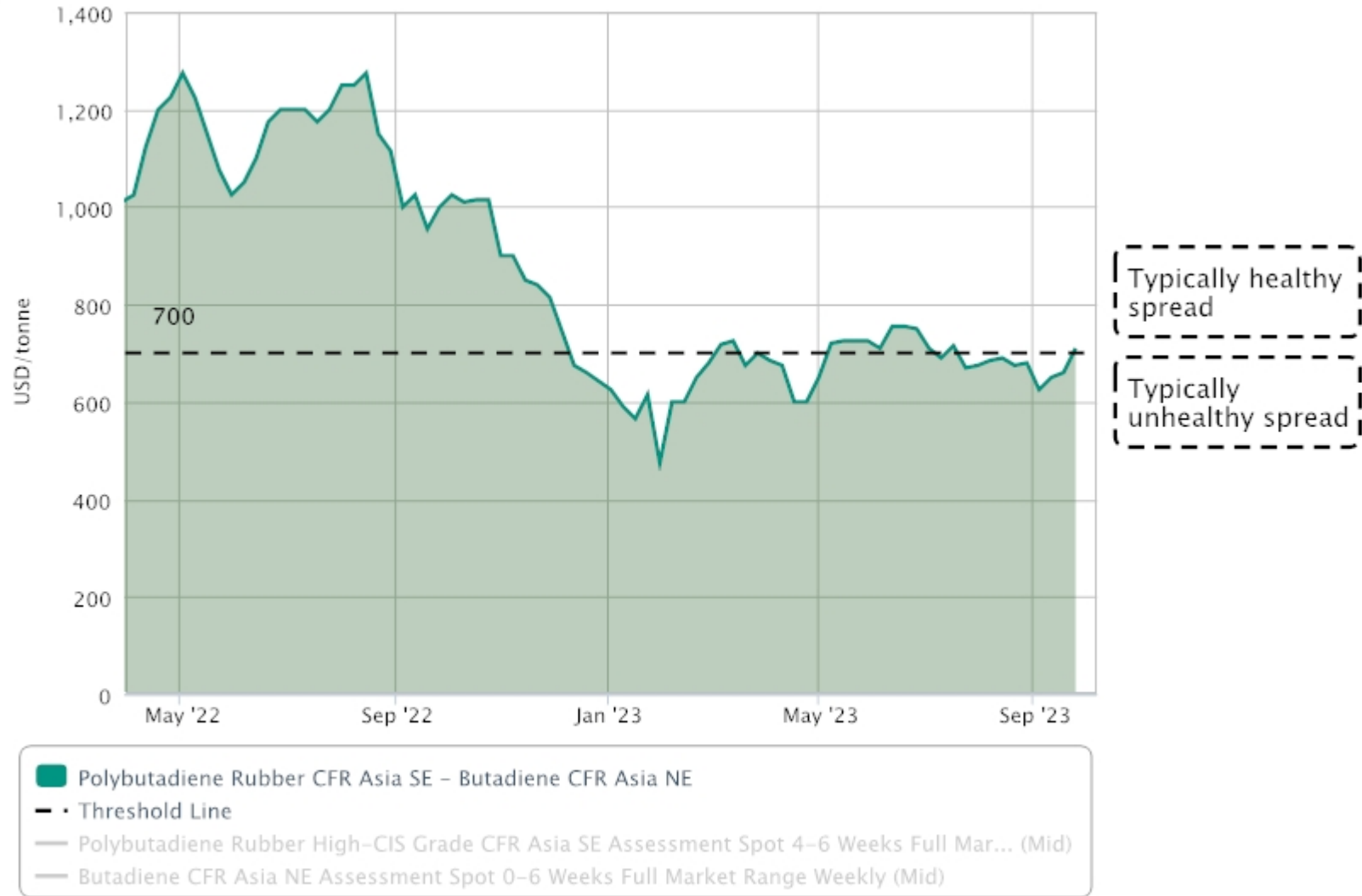
### Butadiene

- Discussions stall as extensive holiday approaches

- Buying tempo tapers with softer domestic China
- Concrete offer scant too with October mostly already sold out

The chart below shows the spread between butadiene and PBR, which has improved of-late in PBR producers' favour.

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



## PRODUCTION

Regional supplies are poised to tighten with turnarounds coming up in [South Korea](#) and [Malaysia](#).

Another unit in [China](#) has also shut since mid-September for a two-month-long maintenance.

## ANALYTICS

### ICIS Crude Outlook

Global crude supply is expected to tighten in Q4, with Saudi Arabia extending its unilateral cut of 1m bbl/day. Global oil prices moved steadily higher in August and continued that trajectory in September, reflecting a supply reduction with deeper OPEC+ output cuts and robust market fundamentals. Firm demand for crude in the spot market, rising global refinery intakes, stronger refining margins, and a large draw in crude stocks have boosted spot prices. We anticipate global oil inventories will decline in the coming months, adding upward pressure to oil prices with putting the prospect of the \$100/bbl mark in sight. However, non-OPEC production growth, concerns over Chinese demand dynamics and the sustained elevated interest rate environment, maintaining US dollar strength, will weigh on oil prices.

By **David Jorbenaze**, senior analyst, [david.jorbenaze@icis.com](mailto:david.jorbenaze@icis.com)

### ICIS Naphtha Outlook

Europe's refineries are planning for a reduced autumn maintenance season to capitalise on higher profit margins amid low fuel inventories and the loss of Russian diesel. Refiners that remain online will have to purchase crude at higher prices, which may have a negative impact on profitability. In Asia, as seasonal consumption for middle and light distillates remain elevated, Chinese imports of naphtha reached new highs, with the government supporting its economy by implementing a series of stimulating policies.

By **David Jorbenaze**, senior analyst, [david.jorbenaze@icis.com](mailto:david.jorbenaze@icis.com)

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