



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

- **Discussions muted on regional holidays**
- **Longer high-cis supply weighed on buying tempo**
- **Low-cis at standstill on wide buy-sell disparity**

Spot discussions for Asian imports of polybutadiene rubber (PBR) are limited this week, with several regional markets shut for holidays.

For high-cis grade materials, as spot availabilities look poised to increase, now that a southeast Asian plant has [restarted](#) from a prolonged outage, buyers held back to wait and see further.

Substantive requirements were also undermined to begin with, by lacklustre operations at many shoe sole manufacturing plants.

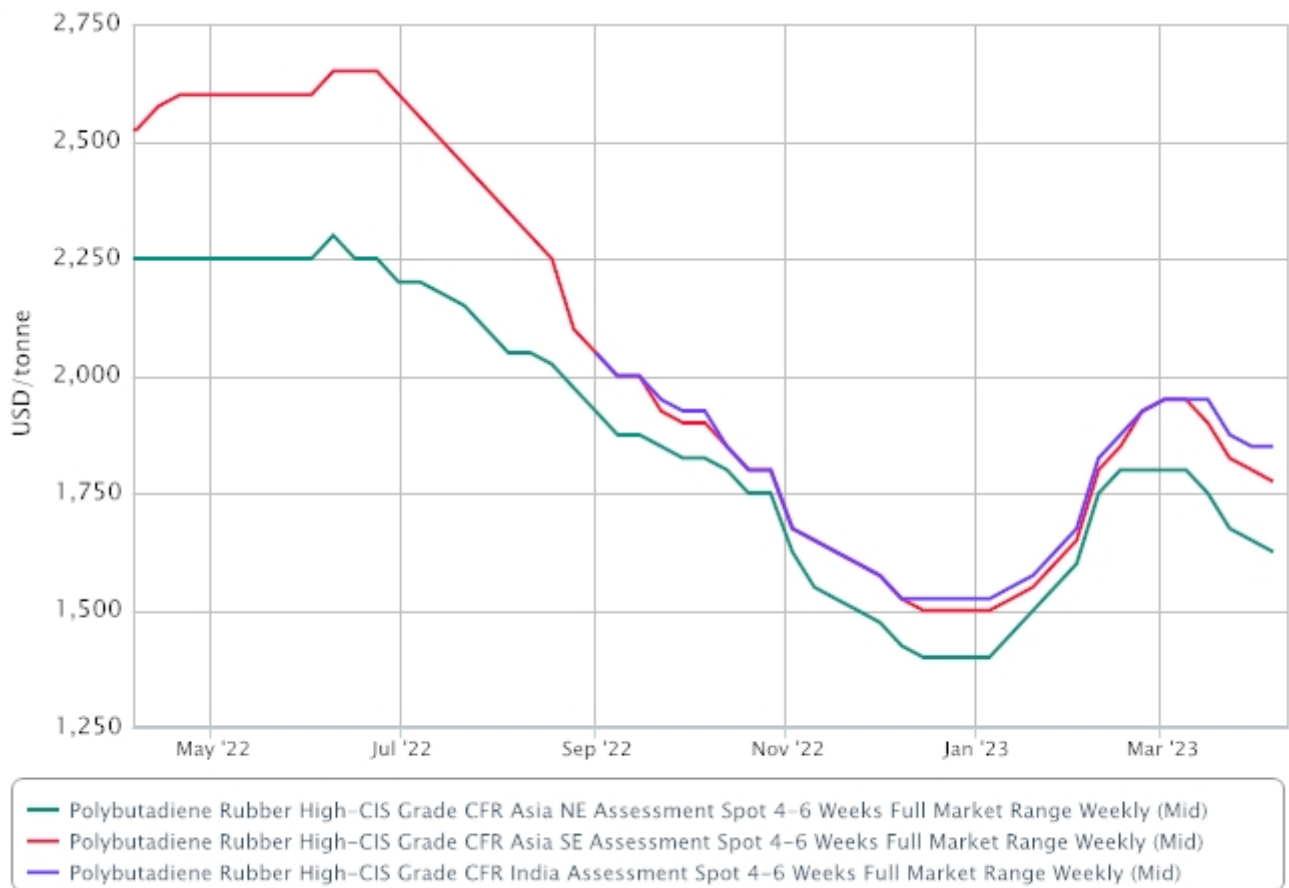
As end-use consumption is still undermined by various [macro-economic headwinds](#), shoe sole makers said that they were still struggling to improve sales of their finished products, without which their buying appetite for feedstock high-cis PBR will remain low.

For low-cis materials, spot trade discussions continue to stall on wide buy-sell differences.

Sellers maintained that, as their margins are currently still kept under duress by various high-cost items such as utilities and catalysts, there was no room to moderate expectations.

Spot availabilities are limited to begin with, and low-cis PBR makers said that they could afford to wait out till buying sentiment improves.

Some low-cis buyers, on the other hand, are mulling the merit of switching to cheaper alternatives, such as high-cis PBR, market sources said.



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OUTLOOK

- [Auto sector](#) recovery will help to boost high-cis demand
- Low-cis off-take to hinge on appliance sector performance
- Buy-sell tussel may intensify

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	n/c	2000.00-2150.00	n/c	2000.00-2200.00	90.72-97.52
CFR Asia SE	USD/tonne	n/c	2150.00-2250.00	n/c	2200.00-2300.00	97.52-102.06
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	n/c	1600.00-1650.00	-50	1750.00-1850.00	72.57-74.84
CFR Asia SE	USD/tonne	n/c	1750.00-1800.00	-50	1900.00-2000.00	79.38-81.65
CFR India	USD/tonne	n/c	1800.00-1900.00	n/c	1900.00-2000.00	81.65-86.18

Northeast Asia

High-cis

CFR NE Asian prices are down at the high-end with a lower offer heard.

Domestic China prices were unchanged in a holiday-shortened trading week.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	11,000-11,200	11,000-11,200

Low-cis

There was limited discussions, and assessments were kept unchanged.

Southeast Asia

High-cis

CFR SE Asian assessments were stable to soft, with high-end dropped on lower offers heard.

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

Apr (1-6) 2023	Mar 2023	Feb 2023	Jan 2023	Dec 2022	Nov 2022	Oct 2022	Sep 2022
135.09	135.03	140.11	140.11	135.03	127.32	130.52	134.12

Low-cis

There were limited discussions, and assessments were kept unchanged.

But some sellers are hopeful that buying tempo could pick up in the coming weeks once end-users' inventories are drawn lower.

India

CFR Indian assessment were kept unchanged on range-bound indications and discussions. Limited NE Asia-origin materials were sold at the high-end, market sources said.

Buying momentum for Asian cargoes is, however, weighed down by the continued availabilities of cheaper non-Asia origin materials.

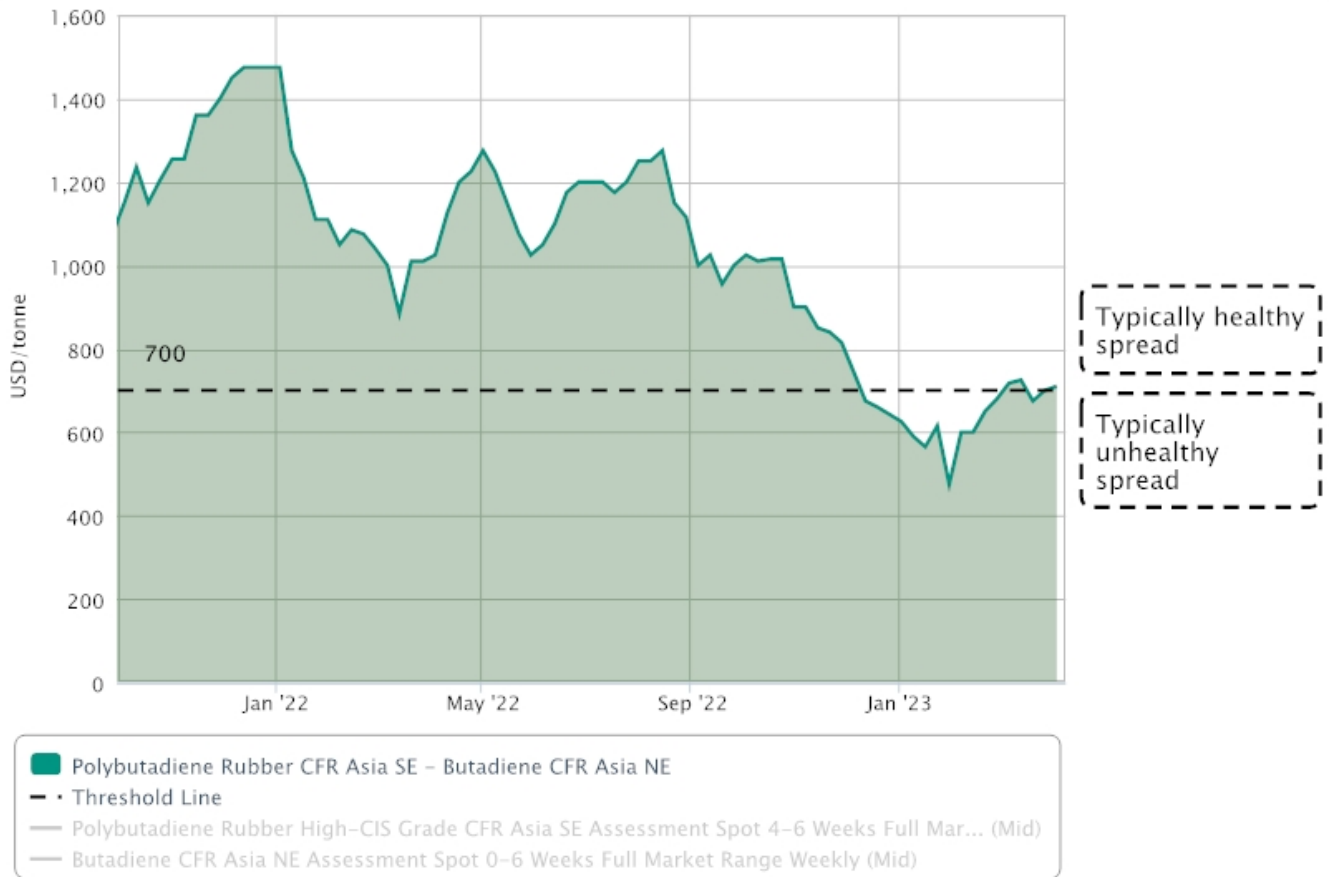
UPSTREAM

Butadiene (BD)

- Discussions trend down with sluggish demand
- Buyers pressed for deeper discounts
- Offers cushioned by spot supply constraints

The chart below shows the spread between butadiene and PBR.

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



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ANALYTICS

ICIS Outlook on GDP

Global GDP is forecast to increase by 1.8% in Q1 year on year, and Q2 is expected to grow by 2.1%, according to Oxford Economics. Geopolitical tension and certain protectionist policies are forecast to weigh heavy on the global economy. A significant amount of growth expectation is based off the Chinese economy. With people free to move and travel around, this is expected to give considerable boost to domestic consumption. On the negative, with the bank-run of Silicon Valley Bank in the US, there is certain level of nervousness in the market. A potential spill over to other regions cannot be ruled out.

US GDP is forecast to increase by 1.8% in Q1 year on year, and Q2 is expected to grow by 2.0%, according to Oxford Economics. There is an increase level of caution among the investor community and public in general on the news surrounding Silicon Valley Bank and Signature Bank in the US. However, something positive to look forward to would include the signing of Inflation Reduction Act in the US. Approximately \$370bn in investments will be deployed to tackle energy costs, local manufacturing, health care and green infrastructure.

For Europe, taming inflation continues to be the primary goal. Christine Lagarde, ECB president, said last week that "we must continue to take whatever measures are necessary to bring inflation back to 2%..." EU GDP is forecast to increase by 0.8% in Q1 compared to Q1 2022, and Q2 is expected to grow by 0.2% in the same period, according to Oxford Economics.

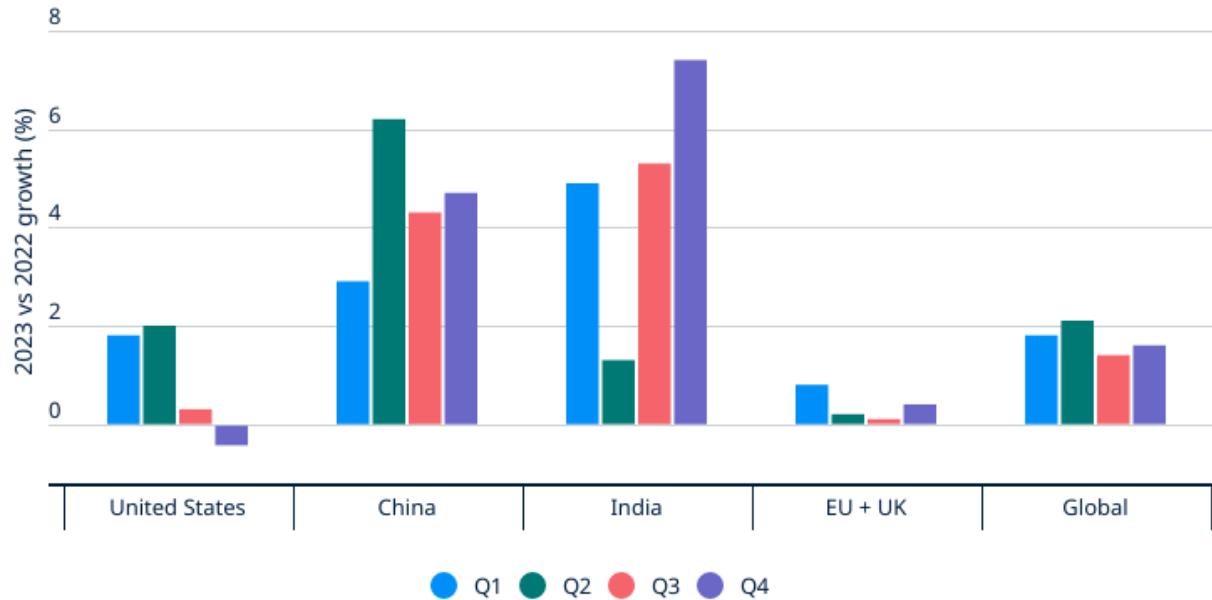
China's "Two Sessions" event held last week has set the outline over direction for the economy. It has set the GDP growth target for 2023 at 5.0%. After dropping three years of pandemic induced restriction, there has been increased focus on reviving the economy and improve consumer sentiment. India GDP is forecast to increase by

4.9% in Q1 year on year, and Q2 is expected to grow by 1.3% in the same period, according to Oxford Economics.

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

GDP growth by region

2023 vs 2022



SOURCE: Oxford Economics

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