



# 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

- **Sellers' sentiment buoyed by upstream uptick**
- **High-cis offers firmed**
- **Patchy response from buyers**

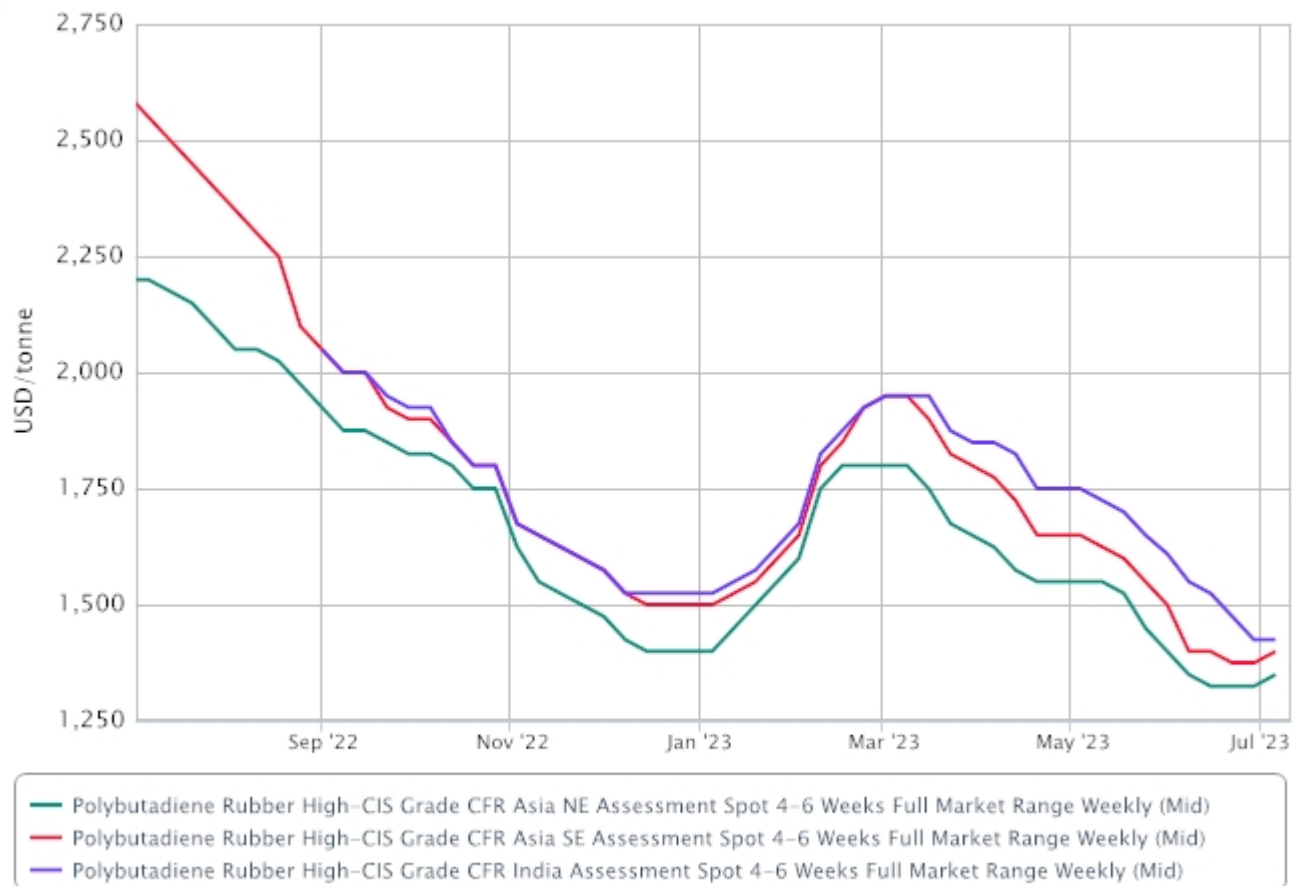
Spot trade discussions for Asian polybutadiene rubber (PBR) imports edged up this week, as some sellers raised their selling targets citing the need to keep pace with production cost movements.

Feedstock butadiene (BD) import prices firmed in the week prior, tracking a strong yuan-denominated market.

However, buying indications remained bearish in nature, with buyers mostly still sidelined by lacklustre downstream demand conditions.

Bearish economic indicators, such as the 18.8% year-on-year decline in China's [industrial profits](#) for the January-May period, as well as month-on-month dip in China's [Caixin PMI](#) for June, served little to instil confidence among buyers.

Buyers also believed that the PBR market is amply supplied and therefore no need to rush to buy or hold inventories. For instance, [China's export](#) availabilities are on the rise, and there is also a steady inflow of cargoes from non-Asia origins such as Russia and Iran.



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## OUTLOOK

- Upcoming regional **turnarounds** may help trim overhang
- Gloomy economic outlook to weigh on demand
- Eyes also on feedstock market for pricing direction

## PRICES

### SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
<b>Polybutadiene Rubber Low-CIS Grade</b>						
<b>CFR Asia NE</b>	USD/tonne	n/c	1750.00-1970.00	n/c	1800.00-2000.00	79.38-89.36
<b>CFR Asia SE</b>	USD/tonne	n/c	1850.00-2000.00	n/c	1900.00-2050.00	83.91-90.72
<b>Polybutadiene Rubber High-CIS Grade</b>						
<b>CFR Asia NE</b>	USD/tonne	n/c	1300.00-1400.00	+50	1300.00-1400.00	58.97-63.50
<b>CFR Asia SE</b>	USD/tonne	n/c	1350.00-1450.00	+50	1350.00-1450.00	61.24-65.77
<b>CFR India</b>	USD/tonne	n/c	1400.00-1450.00	n/c	1500.00-1600.00	63.50-65.77

### Northeast Asia

**High-cis**

CFR NE Asia prices are stable to firm, with high end lifted in line with firmer offers heard.

Domestic prices in east China spiked, tracking sharp upstream increases.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	10,600-10,800	10,100-10,300

**Low-cis**

Prices are stable on rangebound buy-sell indications.

**Southeast Asia****High-cis**

CFR SE Asia assessments were up at the high end, tracking firmer offers.

The low end was rolled over with broadly stable buy-side indications. Some cargoes did change hands too at the lower end, market sources said.

With natural rubber prices faltering recently, more end-users are also looking towards procuring natural rubber as a cheaper substitute to synthetic rubbers like PBR, market sources said.

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

Jul (1-6) 2023	Jun 2023	May 2023	Apr 2023	Mar 2023	Feb 2023	Jan 2023
132.35	133.48	136.34	136.27	135.03	140.11	140.11

**Low-cis**

CFR SE Asia prices are kept unchanged on range-bound discussions. Selling indications held steady at the higher end against buying indications at the low end. Some cargoes were sold at levels closer to the low end, market sources said.

**India**

CFR India market was flat, with buy-sell discussions heard at rangebound levels for cargoes from traditional northeast Asian suppliers.

However, local end-users were reluctant to book, not just because substantive requirements were lower during the monsoon period, but also because there was a deluge of competitively priced materials from non-Asia origins.

**UPSTREAM****Butadiene**

- Domestic China up with tighter prompt supplies
- China's buying appetite for imports supported to some extent
- Weak demand dents discussions across Asia at large

The chart below shows the spread between butadiene and PBR.

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



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## PRODUCTION

Two high-cis PBR plants in Taiwan, with respective production capacity of [50,000 tonnes/year](#) and [60,000 tonnes/year](#), are slated to shut for maintenance in July.

## ANALYTICS

### ICIS Crude Outlook

Total OPEC crude oil production averaged 28.06m bbl/day in May, lower by nearly 465,000 bbl/day month on month. At the June OPEC+ meeting, Saudi Arabia announced it would voluntarily cut its oil production by another 1m bbl/day in July to support global oil prices. Non-OPEC liquids production growth remains unchanged, at about 1.5m bbl/day year on year. Russian exports of crude oil and oil products remained resilient and reached a post-invasion high in May. Crude oil inventories in the US have decreased in recent weeks in June, with crude oil exports projected to get a

further boost in July from deeper production cuts in Saudi Arabia. China is still expected to account for more than half of the world's oil demand growth in 2023. Against this backdrop, oil prices continued to decline in June as concerns over a global economic slowdown have weighed on price dynamics.

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

### **ICIS Naphtha Outlook**

European naphtha cracks came under increased pressure in June, following greater crude oil price volatility and depressed feedstock demand, combined with weakening fundamentals, sending the crack spreads deeper into negative territory. Limited demand and ample availabilities in Europe and Asia are keeping pressure on refinery margins with some promptly available naphtha cargoes placed at deeper discounts. China's lacklustre economic recovery is weighing on naphtha prices amid limited demand from plastics and petrochemicals, adding another bearish element to the declining market sentiment. We have continued to see weakening dynamics for naphtha flow into the gasoline pool in June. Prices across crude oil and oil products complexes, including naphtha, are expected to be supported in Q3 on the back of additional OPEC+ cuts taking place in July.

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

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