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

- **Extended gains in domestic China buoy sellers**
- **Upstream strengths lend support to offers too**
- **But trade liquidity curbed on buy-side resistance**

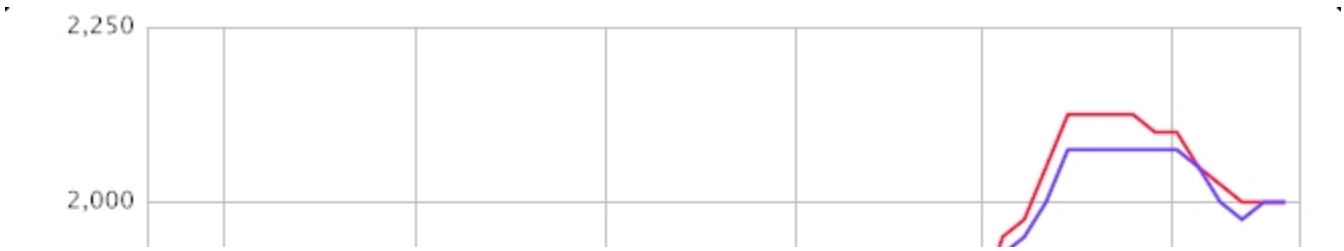
Discussions for Asian spot imports of polybutadiene rubber (PBR) saw support, especially in China, on buoyancy in the domestic China market, as well as on recovery of feedstock butadiene (BD) prices.

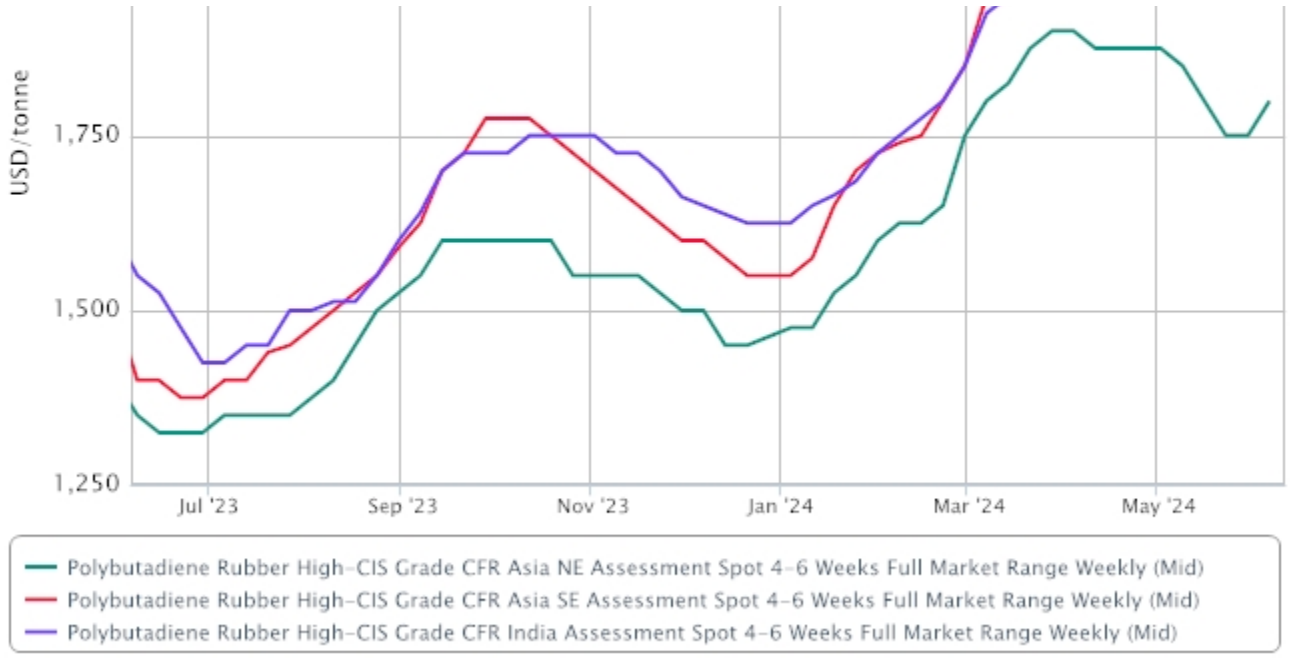
In China, domestic prices extended gains, not just on the back of surging BD values in the yuan-denominated market, but also with a push from bullish PBR futures.

This bolstered buying appetite for US dollar-denominated imports, although substantive negotiations were still limited, weighed down by buyers' reservations about over-committing on forward import deliveries when the horizon is still quite murky and unclear about longer-term growth and recovery of China's economy.

In the rest of Asia, buy-sell disparity may also widen as different factors and considerations drive end-users and producers. For regional PBR producers, cost pressures are mounting, not just with BD increases, but also because of recent freight rate hikes. Many are heard looking to raise import offers in due course to recoup costs and protect frail margins.

But buyers differed in their outlook, and most were mindful not to stockpile raw materials like PBR, especially after some geopolitical developments, such as US tariff hikes on imports of China-made electric vehicles (EV), heightened concerns about growth prospects of the auto sector in China.





OUTLOOK

- **Mixed sentiment about near-term economic growth prospects for China**
- **Geo-political uncertainties to further weigh on demand outlook**
- **Sellers to watch closely u pstream market movements**

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	n/c	2200.00-2450.00	+50	2200.00-2400.00	99.79-111.13
CFR Asia SE	USD/tonne	n/c	2300.00-2450.00	+50	2250.00-2400.00	104.33-111.13
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	+50	1750.00-1850.00	+50	1800.00-1900.00	79.38-83.91
CFR Asia SE	USD/tonne	n/c	1950.00-2050.00	n/c	2000.00-2100.00	88.45-92.99
CFR India	USD/tonne	n/c	1950.00-2050.00	n/c	2000.00-2100.00	88.45-92.99

Northeast Asia

High-cis

CFR NE Asia prices were up with firmer offers reflected at the high end, against buying indications heard capped at the low end.

Domestic China prices continued to trend up with buoyant upstream BD prices, as well as with support from firm futures, both for synthetic and natural rubber.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	14,300-14,700	14,000-14,300

Low-cis

CFR NE Asia assessments for low-cis PBR were stable-to-firm, with offers heard at the high-end and up.

The low-end was kept unchanged, in the absence of concrete buy-side response.

Southeast Asia

High-cis

CFR SE Asia prices held steady, with offers heard at the high-end and up, against flat buying indications at the low-end.

Natural rubber prices remained strong, bolstering in turn PBR sellers' confidence that more end-users may turn, in due course, to buying additional PBR as a cheaper substitution product.

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

Jun 2024 (1-6)	May 2024	Apr 2024	Mar 2024	Feb 2024	Jan 2024	Dec 2023
175.58	170.03	162.99	165.36	156.66	154.20	146.31

Source: Malaysian Rubber Board

Low-cis

CFR SE Asia assessments were stable-to-firm, with the high-end up on an offer heard.

The low-end was unchanged, tracking a stable buying indication, and in the absence of substantive and/or meaningful discussions for spot cargoes.

But discussions for regular term contracts were heard comparatively more active, with end-users seeking to secure higher volumes for Q3 shipment, market sources said.

India

Like southeast Asia, CFR India prices for the non-oil 1502 grade held steady with offers for northeast Asia-origin materials heard at the high end and up, against buying indications capped at the low end.

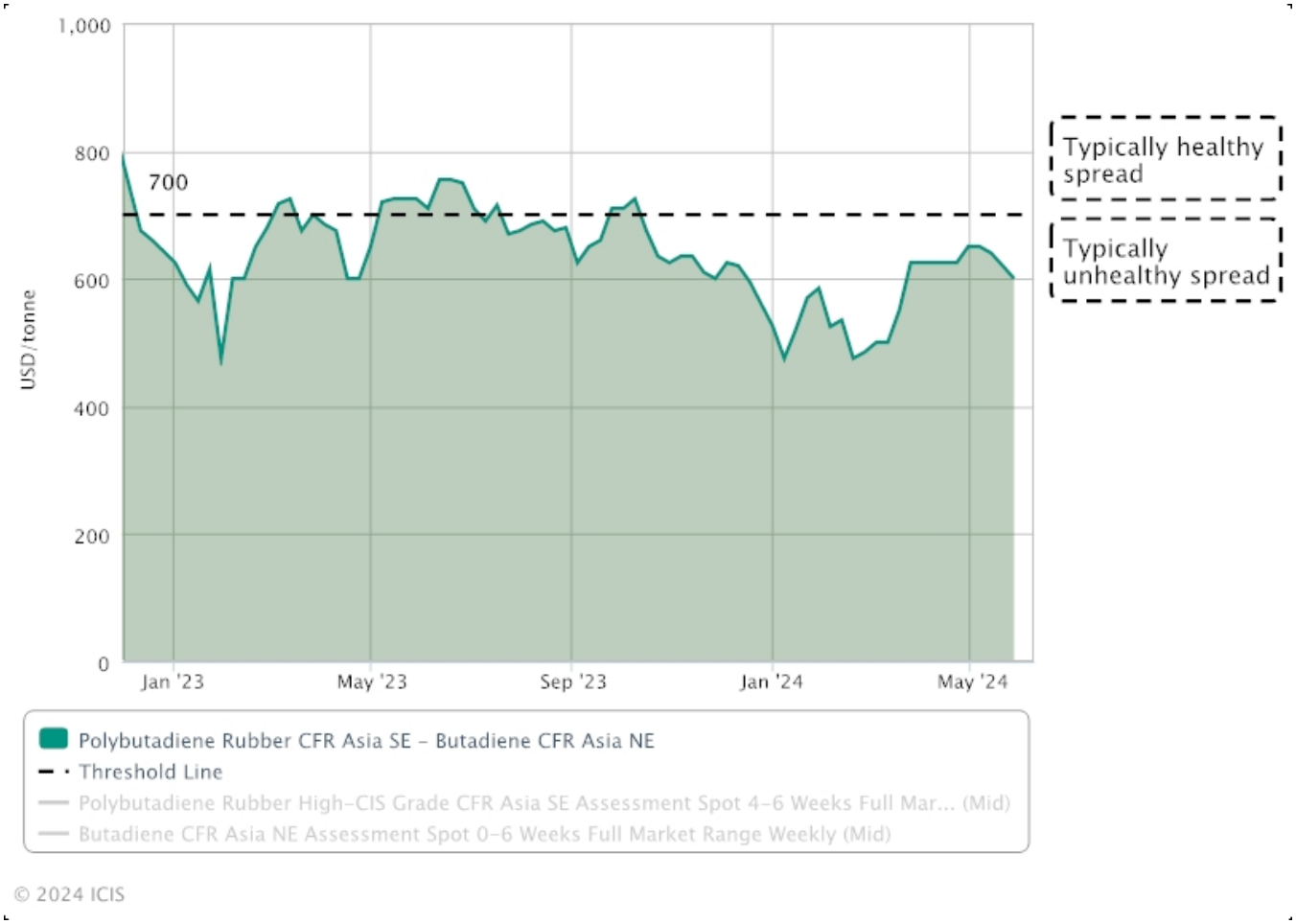
UPSTREAM

Butadiene

- Domestic China prices spike
- Import market sentiment more upbeat as such
- Snug spot availability also an upside support factor

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



PRODUCTION

In wider Asia, a 60,000 tonne/year plant in Taiwan will undergo maintenance in July.

Another 50,000 tonne/year unit in Dongying, China, has shut since H2 April for maintenance. But a 72,000 tonne/year unit in Nantong restarted in end-May after a month-long maintenance.

ANALYTICS

ICIS crude outlook

The physical crude oil market faces subdued demand and abundant supply, keeping prices under pressure despite ongoing geopolitical conflicts. OPEC has maintained production cuts of 2.2 million barrels/day with current output at nearly 27 million barrels/day and is expected to extend these cuts into the third quarter. As we move into the third quarter, Russian oil production is projected to remain steady, ranging between 9.55 million and 10.05 million barrels/day, with exports mirroring Q2 levels. China's crude oil imports are expected to average 11.3 million barrels/day, with refinery throughput at just under 15 million barrels/day. India's imports of Russian oil surged to 1.8 million barrels/day in May, reshaping its import market dynamics. Global oil demand is expected to be driven primarily by non-OECD countries and is projected to grow by about 1 million barrels/day in 2024, fueled by resilient US consumption and India's economic expansion.

By **David Jorbenaze**, senior analyst, david.jorbenaze@icis.com

ICIS naphtha outlook

As June approaches, global naphtha dynamics are being shaped by fluctuating Brent crude values, regional market activities and broader economic conditions. In Europe, naphtha spot quotations are being influenced by these fluctuations and macroeconomic challenges, with the market focusing on US gasoline demand for the summer driving season and the re-establishment of exports to Asia. Although global naphtha cracks are attempting to recover, the upside has been limited by reduced steam cracker operations and extended turnarounds. In Asia, naphtha demand is expected to remain tapered, with closed arbitrage windows causing local oversupply and preventing significant price spikes. China is set to increase refinery rates to meet rising domestic gasoline and jet fuel demand, driven by stronger margins and seasonal consumption. In addition, India's high imports of Russian oil highlight naphtha's critical role in petrochemicals. These interconnected regional activities underscore the complex and evolving nature of the global naphtha market in the third quarter.

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