



Polybutadiene Rubber (Asia-Pacific)

By Ai Teng Lim

07-Mar-2024

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Please click [here](#) for full details on the criteria ICIS uses in making these price assessments.

OVERVIEW

- **Offers continue to climb with cost spike**
- **Limited availabilities too**
- **Need-based procurement dominates**

Spot prices in this week's Asian polybutadiene rubber (PBR) spot import market continued to trend up, riding on bullish offers.

Buying tempo differed across outlets, but as spot availabilities are not abundant to begin with, those with pressing supply gaps to fill have had to bid up to secure cargoes, market sources said.

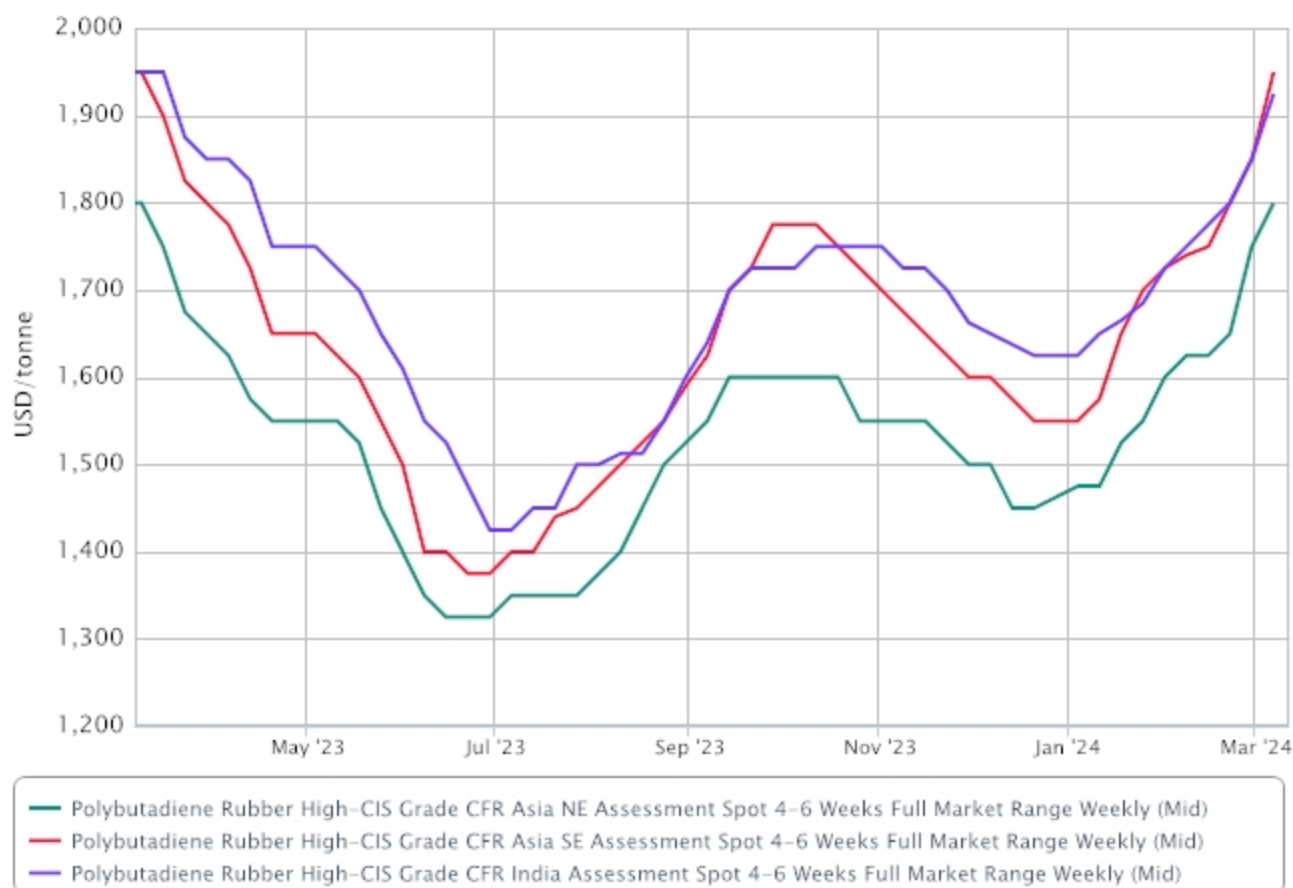
Feedstock [butadiene](#) (BD) is on a firm uptrend in a tightly supplied market, which has invariably heightened cost pressures on PBR makers. To rescue their battered margins, PBR sellers are therefore separately pressing on with efforts to achieve higher targets for their own finished products.

As most regional producers have already committed the bulk of their current output to prior contractual sales, they do not have much spot volume to market, and are therefore generally confident too that they will wield the upper hand in negotiations with end-users who have concrete spot procurement requirements.

Demand-wise, there is a steady stream of need-based requirements, as many end-users do not hold much PBR stocks at hand, and would need to take in some small lots regularly to ensure that they are sufficiently covered for their prevailing production needs.

But buying tempo varies across the different Asian outlets. In China and India, domestic buyers turned to tapping more heavily on the local production pool, and in India, competitively priced import materials were available too from markets further afield like Europe and Middle East, market sources said.

In contrast, buying appetite for northeast Asia-origin materials were firmer in the import-reliant southeast Asian outlet.



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PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	+50	2100.00-2300.00	+50	2000.00-2150.00	95.25-104.33
CFR Asia SE	USD/tonne	+100	2150.00-2350.00	+100	2000.00-2150.00	97.52-106.59
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	+50	1750.00-1850.00	+50	1600.00-1650.00	79.38-83.91
CFR Asia SE	USD/tonne	+100	1900.00-2000.00	+100	1700.00-1780.00	86.18-90.72
CFR India	USD/tonne	+50	1850.00-2000.00	+100	1700.00-1800.00	83.91-90.72

Northeast Asia

High-cis

CFR NE Asia assessments rose with firmer offers at the high end, against buying indications capped at the low end.

Discussions for China-bound shipments were relatively more subdued at the lower end of the range, as potential buyers there pulled back to tap more heavily on domestic products.

Domestic prices of PBR in east China softened despite rising butadiene costs, as local traders moderated expectations to induce sales.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	13,000-13,200	13,100-13,400

Low-cis

CFR NE Asian prices were assessed higher, tracking firmer offers at the high-end. The low-end was notionally raised in line with the high-end changes, in the absence of concrete buying indications.

Southeast Asia**High-cis**

CFR SE Asia assessments were up, taking into consideration firmer buy-sell discussions and indications.

Offers were heard at the high end and up, and buyers also bid higher, as reflected at the low end.

Some transactions transpired within the published range, market sources said.

As natural rubber prices have surged of late, PBR sellers were hopeful too that this could enhance demand support for SBR, as end-users may switch to using more synthetic rubbers like SBR as cheaper substitution products for natural rubber.

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

Mar 2024	(1-7) Feb 2024	Jan 2024	Dec 2023	Nov 2023	Oct 2023	Sep 2023	Aug 2023
161.40	156.66	154.20	146.31	148.42	145.26	142.65	130.22

Source: Malaysian Rubber Board

Low-cis

CFR NE Asia prices were also assessed up on firmer buy-sell talks.

Offers were heard at the high end and up, against buying indications at the low-end.

Some limited volumes also changed hands at levels closer to the high-end, market sources said.

Market players said that there was healthy demand from polystyrene (PS) makers, many of whom are looking to

restock, including raw material low-cis PBR, to drive ongoing production plans.

India

CFR India prices also went up with firmer offers for NE Asia-origin materials at the high-end.

But buyers were resistant, citing for instance the availability of cheaper materials from other suppliers, and their buying indications for NE Asia-origin products were capped at the low-end.

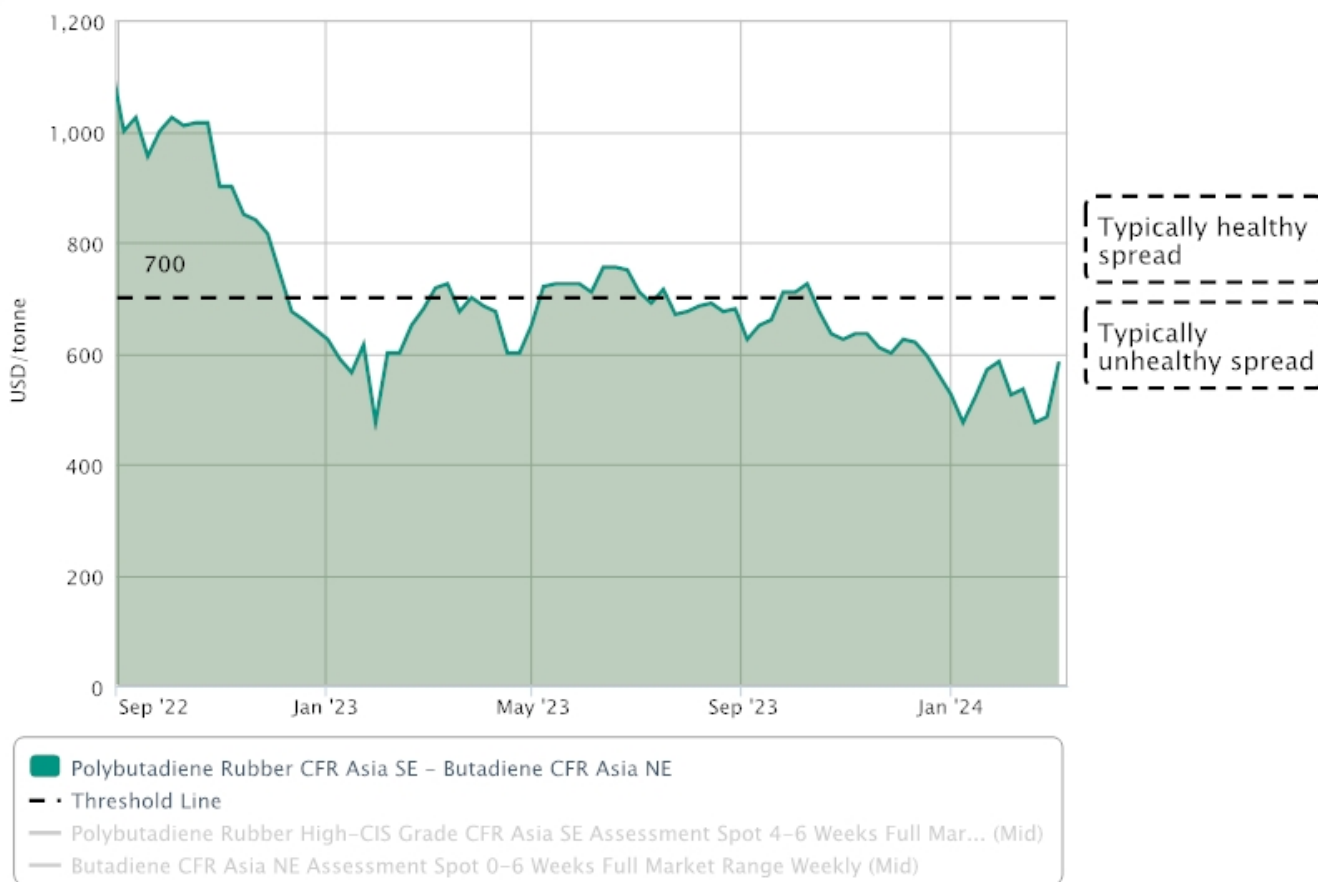
UPSTREAM

Butadiene

- Domestic China stays buoyant generally
- Import offers well supported as such
- But buyers retreating on margin worries

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

Several PBR plants in China's Shandong province have gone off-line lately, possibly due to economic considerations, market sources said. These include a 80,000 tonne/year [unit](#) and another 100,000 tonne/year [plant](#), both of which have been shut since mid-February.

ANALYTICS

ICIS downstream outlook for domestic appliances sector

The global growth of domestic appliances will be primarily led by Asia's economy, by sheer volume. Though there are concerns with respect to economic woes, the mid-to-long outlook is positive. The global outlook for 2024 is forecast to be better than 2023. However, inflation and other economic concerns will probably be a drag on growth. A slowing real estate market, an erosion of real household incomes and a longer appliance replacement cycle are expected to adversely affect sales in the short-to-medium term.

US household appliances is a mature market, and a longer appliance replacement cycle is expected to adversely affect sales in the short-to-medium term (approximately 70 to 80% of total demand is via replacement). In addition, macro-economic woes will further crimp growth potential in 2024.

Like the US, Europe is a mature market and replacement demand is expected to slow. Logistics woes continue. With the onset of the cost-of-living crisis, consumers are holding back on non-essential spending. As a result, overall demand for domestic appliances is slowing across geographies.

With the real-estate downturn in China, demand for domestic appliances is expected to be muted. Primary growth drivers include urbanization, increasing middle class and digitalization. However, there is substantial growth potential in southeast Asia because of its low market share.

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