Polybutadiene Rubber (Asia-Pacific)

By Ai Teng Lim
07-Nov-2024

Overview | Outlook | Prices | Upstream | Production | Analytics

Please click here for full details on the criteria ICIS uses in making these price assessments.

OVERVIEW

- **Some offers moderated with upstream losses**
- **Buying interest lacklustre**
- **Macro uncertainties weigh down on demand outlook**

Discussions for Asian polybutadiene rubber (PBR) imports slowed down this week as buying interest dwindled amid upstream losses and hazy demand outlook.

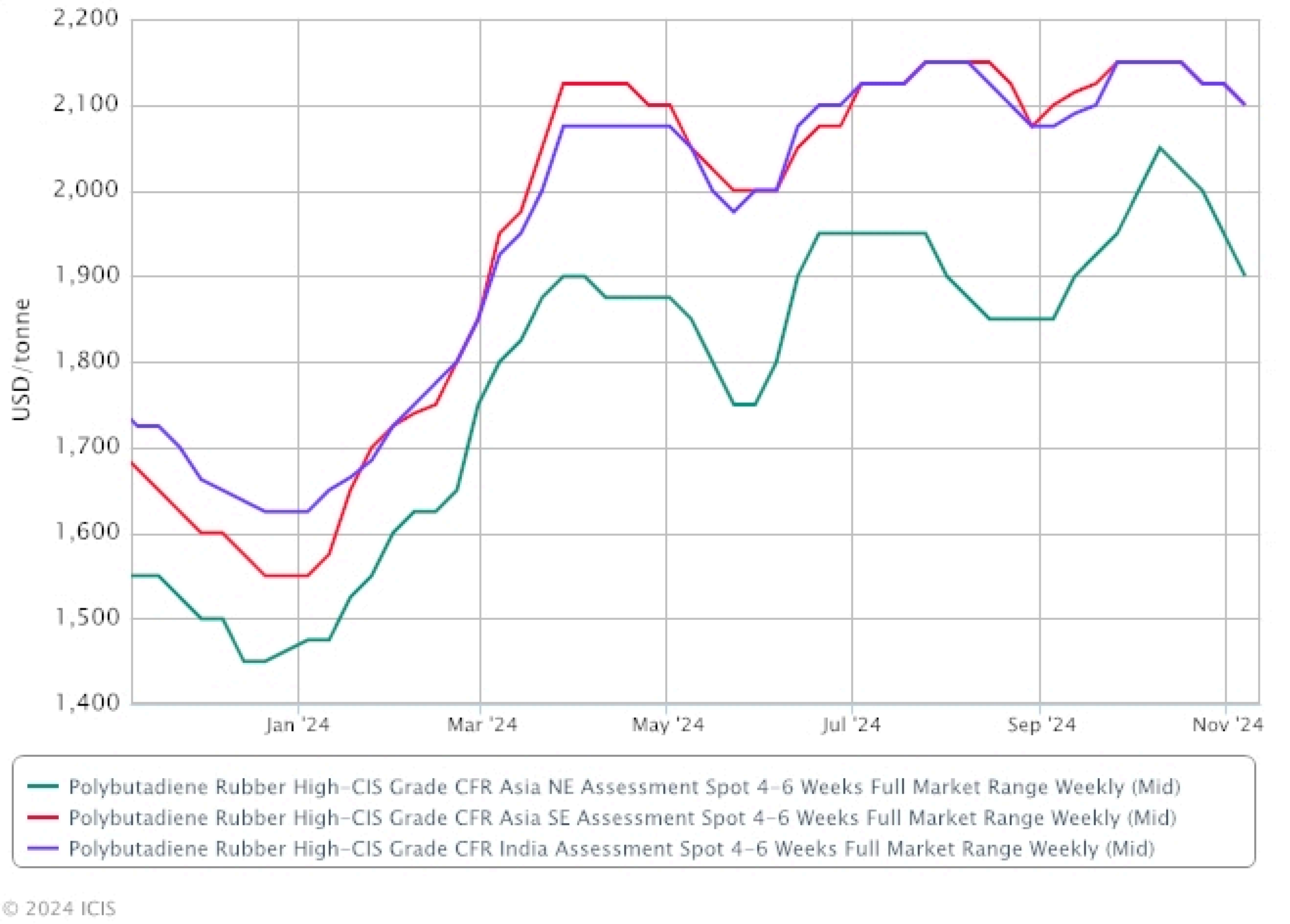
In China, domestic yuan-denominated values for PBR remain under pressure, in part because of plummeting prices for feedstock butadiene (BD).

This also dented market sentiment for the US dollar denominated imports, not just for China-bound shipment, but also for deliveries to other regular outlets including southeast Asia and India.

For one, end-users hesitated to commit, in anticipation that offers will continue to trend down going forward if upstream markets do not recover anytime soon. In this scenario, it would work to their advantage to defer procurement for as much as possible, market sources said.

Many also wanted to see how market conditions in the key China outlet may trend going forward, amid several macro developments, from impending administration change in the US to an ongoing tariff row between China and Europe about exports of China-made electric vehicles.

Meanwhile, while some regional PBR sellers moderated offers to induce buying, most highlighted that their spot availabilities are limited. Since they do not have much surplus volumes for spot sales, the sellers may not be inclined to widen discounts too much, market sources said.



OUTLOOK

- **Sellers may cap discounts on spot supply limitations**
- **Upstream losses, if sustained, will weigh down on buying appetite**
- **Demand to hinge on China's growth trajectory**

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	-50	2300.00-2400.00	-50	2350.00-2500.00	104.33-108.86
CFR Asia SE	USD/tonne	-50	2300.00-2400.00	-50	2350.00-2500.00	104.33-108.86
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	-50	1850.00-1950.00	-50	2000.00-2100.00	83.91-88.45
CFR Asia SE	USD/tonne	-50	2050.00-2150.00	n/c	2100.00-2200.00	92.99-97.52
CFR India	USD/tonne	-50	2050.00-2150.00	n/c	2100.00-2200.00	92.99-97.52

High-cis

CFR NE Asia assessment fell with lower offers at the high-end of the range, against softer buying indications capped at the low-end.

Domestic prices in east China softened further with upstream BD losses.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	14,500-14,800	15,000-15,300

Low-cis

CFR NE Asia assessment for low-cis PBR fell at the high-end of the range, tracking reduced selling indications. Buying indications are capped at the low-end.

Southeast Asia

High-cis

CFR SE Asian assessment was unchanged at the high-end of the range, tracking offers heard, but buying indications softened and reflected at the low-end.

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

Nov (1-7) 2024	Oct 2024	Sep 2024	Aug 2024	Jul 2024	Jun 2024	May 2024	Apr 2024
201.66	207.08	196.02	179.89	168.65	176.00	170.03	162.99

Source: Malaysian Rubber Board

Low-cis

CFR SE Asian assessment was down with lower selling indications at the high-end of the range, against softer buying indications at the low-end.

India

CFR India assessment was stable-to-soft, with the low-end of the range dropped with more subdued buying indications.

Substantive discussions were limited, as not all market players are back yet from extended Diwali celebrations.

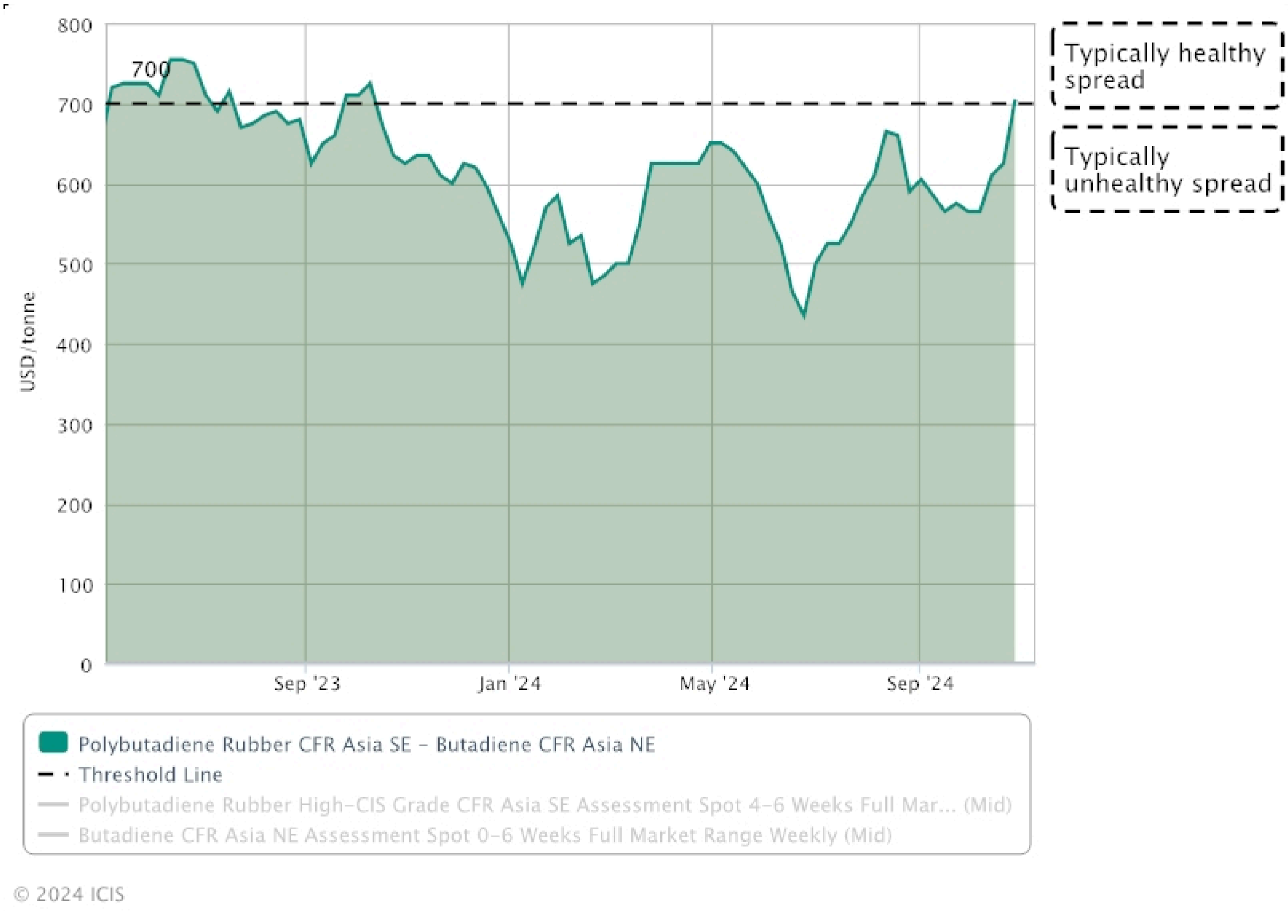
UPSTREAM

BD

- Domestic China market extends losses
- Buying appetite for imports slumps in line
- Market deemed amply supplied

The chart below shows the spread between BD and PBR, which has been edging back up towards the healthy zone lately.

Downstream spread – butadiene NE Asia and PBR SE Asia



PRODUCTION

There are several ongoing PBR maintenance in northeast Asia, and one unit will restart within the month.

Company	Location	Status	Capacity (MT/year)	Start	End
Yangzi	Nanjing, China	Commercial	100,000	Early June	TBC
Lotte Ube	Tanjung Langsat, Malaysia	Technical	72,000	H2 June	TBC
Zhenhua	Dongying, China	Commercial	100,000	H2 August	TBC
Zeon	Tokuyama, Japan	Planned Maintenance	65,000	Mid-September	Late November

Chi Mei	Tainan, Taiwan	Planned Maintenance	50,000	Late September	December

ANALYTICS

ICIS crude outlook

The crude oil market faces a cautious close to Q4, with supply and demand dynamics finely balanced through November and December. OPEC+ is holding off on production increases until December, aiming to manage oversupply risks amid steady output growth from non-OPEC producers like the US and Brazil, which continues to weigh on prices. In China, economic stimulus efforts are expected to drive modest demand growth, but structural shifts, including a rise in electric vehicle use, may keep demand subdued. Meanwhile, heightened tensions in the Middle East, particularly between Israel and Iran, present potential risks of regional supply disruptions, adding an element of volatility. A strong US dollar also exerts downward pressure on oil prices as it raises costs for global buyers. As 2025 approaches, these complex factors are likely to sustain a cautious and potentially volatile oil market environment.

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

ICIS naphtha outlook

European naphtha demand is projected to decline for the rest of the year, due mainly to ongoing headwinds in manufacturing and the petrochemical industry. The naphtha market will be characterised by ample supply, as refinery maintenance season is coming to an end and crackers run at lower operating rates amid sluggish demand. Flexible crackers will continue to favour naphtha over LPG as feedstock. The naphtha arbitrage window to Asia is likely to narrow in the months to come as Asia will see new refineries coming on stream and gasoline demand relatively subdued due to ongoing electric vehicle penetration. China’s new energy vehicle sales, which include pure and hybrid electric vehicles, exceeded fuel car sales in September for the second consecutive month.

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