



Polybutadiene Rubber (Asia-Pacific)

By Ai Teng Lim
08-Aug-2024

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

OVERVIEW

- **Downside pressures persist in China**
- **Discussions steadier in wider Asia**
- **Spot supply constraints give some support, but demand outlook dull**

Discussions for Asian spot imports of polybutadiene rubber (PBR) were mixed – softer in China but broadly flat in rest of Asia.

In China, discussions for imports trended down mainly to keep pace with recent losses seen in the domestic yuan-denominated markets.

In other Asian outlets, many regional PBR makers held fast to existing selling targets, saying that they would need to recoup high production costs.

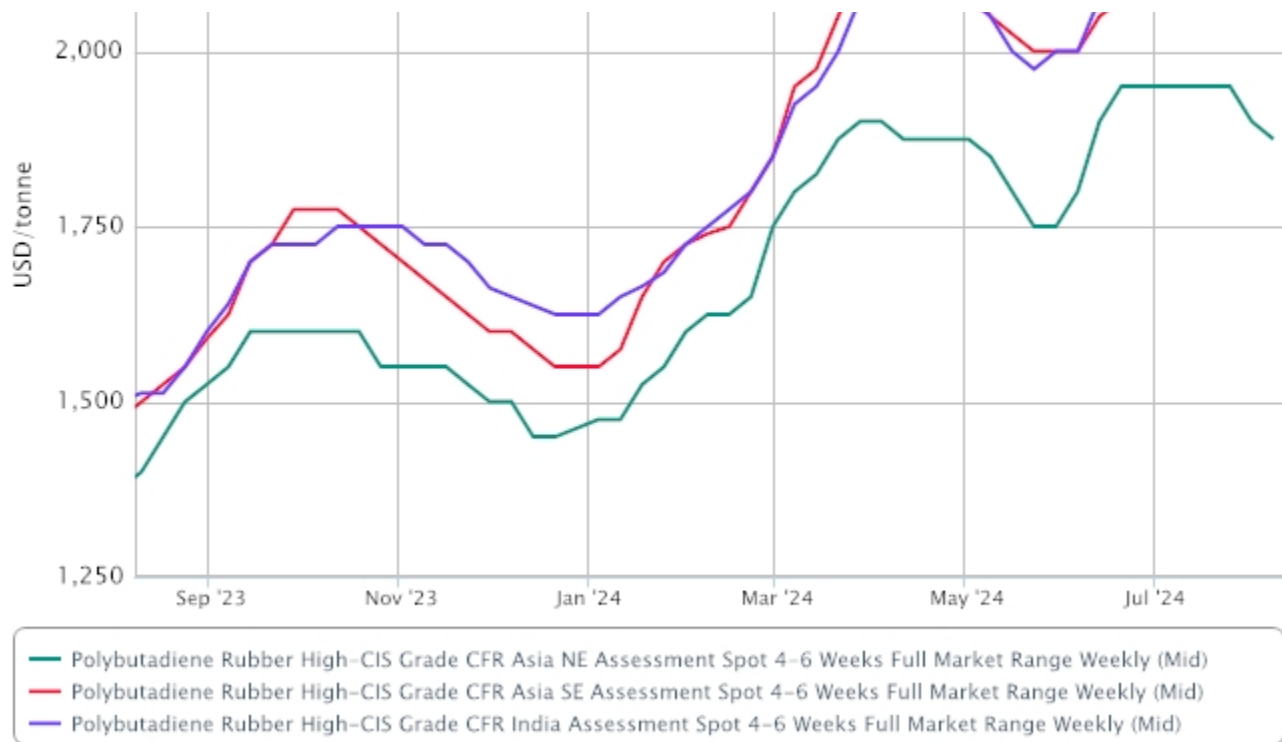
Even though prices for feedstock butadiene (BD) has [softened](#), the margins are still tight due to the increases incurred in spending on freight arrangements, some PBR sellers said.

From the buy-side, buying appetite for PBR imports is suppressed, especially after the [global equity rout](#) earlier this week dented consumers' confidence about near-term growth prospects for related downstream industries, such as automotive.

End-users turned even more cautious in their procurement approach for raw materials like PBR, even though there has yet to be any concrete sign that downstream factories will be moderating operations rates, market players said.

2,250





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OUTLOOK

- Sellers to await directions from the upstream BD market
- Supply may remain structurally tight for H2 2024
- Demand to hinge on recovery and growth of auto sector

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	n/c	2400.00-2500.00	n/c	2400.00-2500.00	108.86-113.40
			0			
CFR Asia SE	USD/tonne	n/c	2400.00-2500.00	n/c	2400.00-2500.00	108.86-113.40
			0			
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	n/c	1850.00-1900.00	-50	1900.00-2000.00	83.91-86.18
			0			
CFR Asia SE	USD/tonne	n/c	2100.00-2200.00	n/c	2050.00-2200.00	95.25-99.79
			0			
CFR India	USD/tonne	n/c	2100.00-2200.00	n/c	2050.00-2200.00	95.25-99.79
			0			

Northeast Asia

High-cis

CFR NE Asia prices were stable-to-soft, with the high-end of the assessment range dropped with softer selling indications heard for China-bound shipments

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

Local end-users in China continued to tap more actively from the domestic supply pool, rather than imports, as the former was more competitively-priced.

Domestic prices in China remained under pressure amid lacklustre downstream off-take and weak sentiment in the upstream BD market.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	14,200-14,400	14,400-14,800

Low-cis

Discussions stalled on perennial buy-sell gap, and CFR NE Asia assessment was kept unchanged in the absence of concrete transactions.

Southeast Asia

High-cis

CFR SE Asia assessment was unchanged, supported by rangebound offers and buying indications.

Transactions were limited, but sellers faced no inventory pressures and were not inclined to adjust offers just to induce sales, market sources said.

Furthermore, as natural rubber prices rebounded this week, some sellers said that this could help shore up demand for cheaper substitution products like PBR.

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

Aug 2024	(1-8) Jul 2024	Jun 2024	May 2024	Apr 2024	Mar 2024	Feb 2024
174.23	168.65	176.00	170.03	162.99	165.36	156.66

Source: Malaysian Rubber Board

Low-cis

CFR SE Asia assessment for low-cis PBR held steady at the high-end of the range with a stable offer heard.

The low-end was kept unchanged in the absence of any concrete buy-side indications.

India

CFR India assessment also held steady, supported by broadly rangebound buy-sell indications for NE Asia-origin materials.

Some northeast Asia origin materials were offered at levels higher than the assessed range, but drew limited buy-side interest, market sources said.

Substantive transactions were curtailed to begin with, as many India-based buyers are still undecided on the merit of purchasing cheaper alternatives but from non-conventional, non-Asia origins.

In the meantime, domestic requirements are mostly filled by domestically produced materials, market players said.

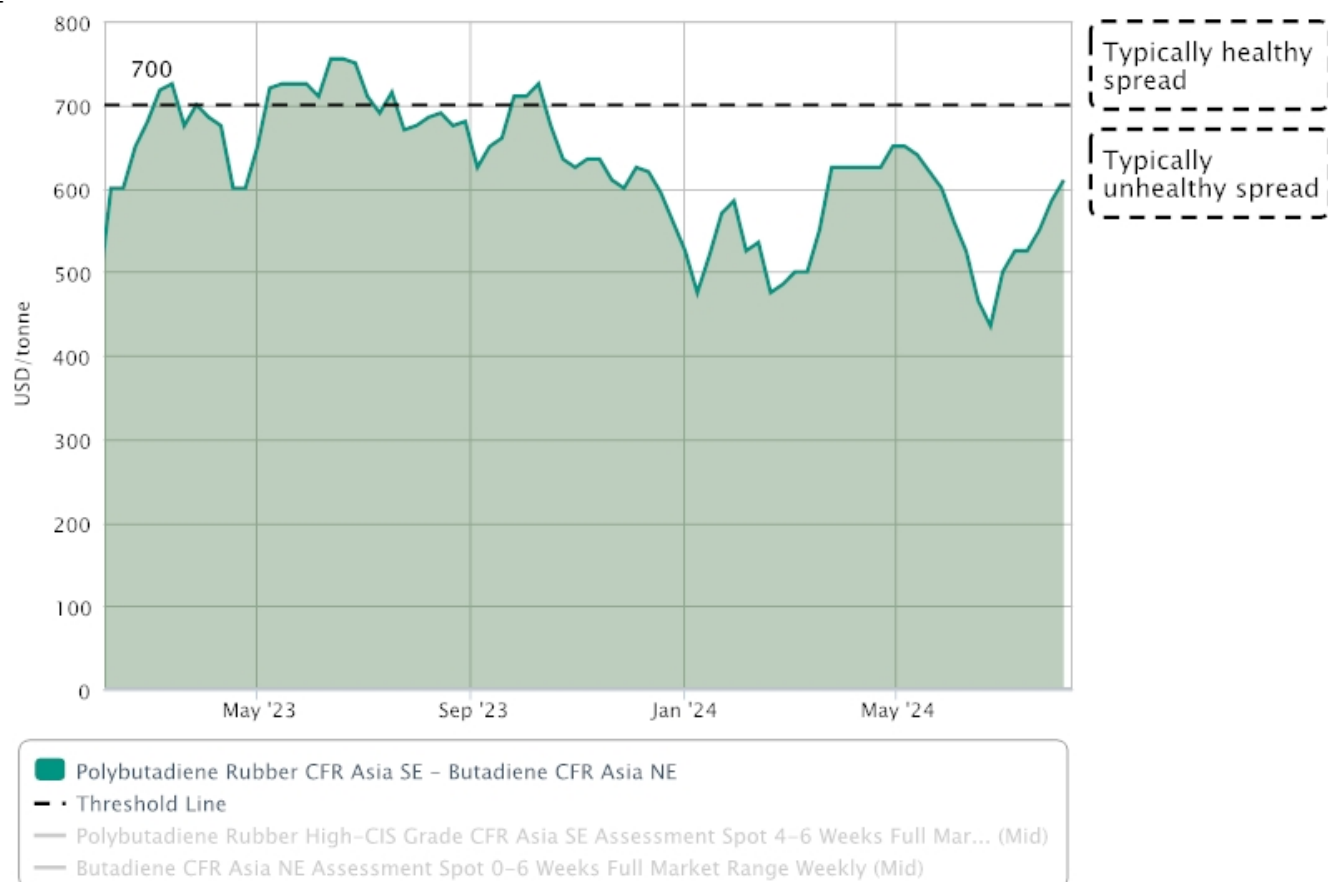
UPSTREAM

BD

- Domestic China market weaker, dampening import sentiment
- Fresh deep-sea availabilities also relieved some supply concerns
- Regional BD production picture still patchy

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

In Taiwan, a 60,000 tonnes/year unit at Kaohsiung has [commenced](#) a month-long maintenance from late July.

In Japan, a 65,000 tonnes/year unit at Tokuyama will undergo [maintenance](#) in the mid-Sept to end-Nov period.

ANALYTICS

ICIS outlook on downstream automotive sector

The auto industry is preparing for a structural change. However, there is a degree of skepticism among manufacturers about mandatory targets to ramp up charging and refueling infrastructure for electric vehicles (EVs). Volatile trade relations and changes to policy will continue to be major headwinds for the industry this year.

According to the US Census Bureau, US light vehicle sales decreased by 4.0% month on month in June, with total sales at 15.3 million units. The figure was down by 4.8% year on year and 11.6% below levels seen in 2019. Inflation, a slump in consumer confidence and tighter monetary policy will weigh on US demand in the automotive sector. The outlook for the rest of this year remains bearish.

The European Automobile Manufacturers' Association (ACEA) reported that EU passenger car registrations increased by 4.3% in June year on year. Italy posted the largest increase at 15.1%, followed by Germany at 6.1% and Spain at 2.2%. However, given the weak economy and strained trade relations, concerns about balance sheets are growing, with some producers struggling to survive in the short term. Investment in longer-term trends includes tightening emission standards, a growing push to electrify and increased shared car ownership, but this has left some firms cash strapped. As a result, OEMs and other stakeholders are looking to diversify by identifying and conducting white space analysis. For example, Volkswagen and Rivian have announced plans to form a joint venture which will see Volkswagen invest an initial \$1 billion in Rivian, ahead of a further \$4 billion in additional funds. Elsewhere, Aramco acquired a 10% stake in HORSE Powertrain, which is owned equally by Renault and Geely, for €7.4 billion. The stake will allow Aramco to help develop competitive powertrains, technologies, synthetic fuels and lubricants.

China's balance of risk lies to the downside after the EU raised tariffs on Chinese EVs and following the implementation of the US Inflation Reduction Act (IRA). Both pose a threat to China's ambition of continuing to lead the EV space. According to ACEA, China's share of the European EV market has increased from 3% to 20% in the past three years.

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

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