



Polybutadiene Rubber (Asia-Pacific)

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

OVERVIEW

- **Offers well supported on cost push**
- **Some restocking purchases seen**
- **Overall liquidity capped on holiday trade lull**

Spot prices for Asia's polybutadiene (PBR) imports continued to [trend up](#), as most offers climbed with continuing cost push.

Feedstock [butadiene](#) (BD) prices have been bullish, amid festering supply concerns.

Escalations of tension in the Red Sea have also disrupted [shipping](#) arrangements, adding further to sellers' cost outlay in delivering finished products to customers.

PBR makers are thus determined not to dish out fresh discounts, just for the sake of inducing buying.

Instead, some said that they would consider operating rate cuts to rein in costs if sales tempo fails to pick up.

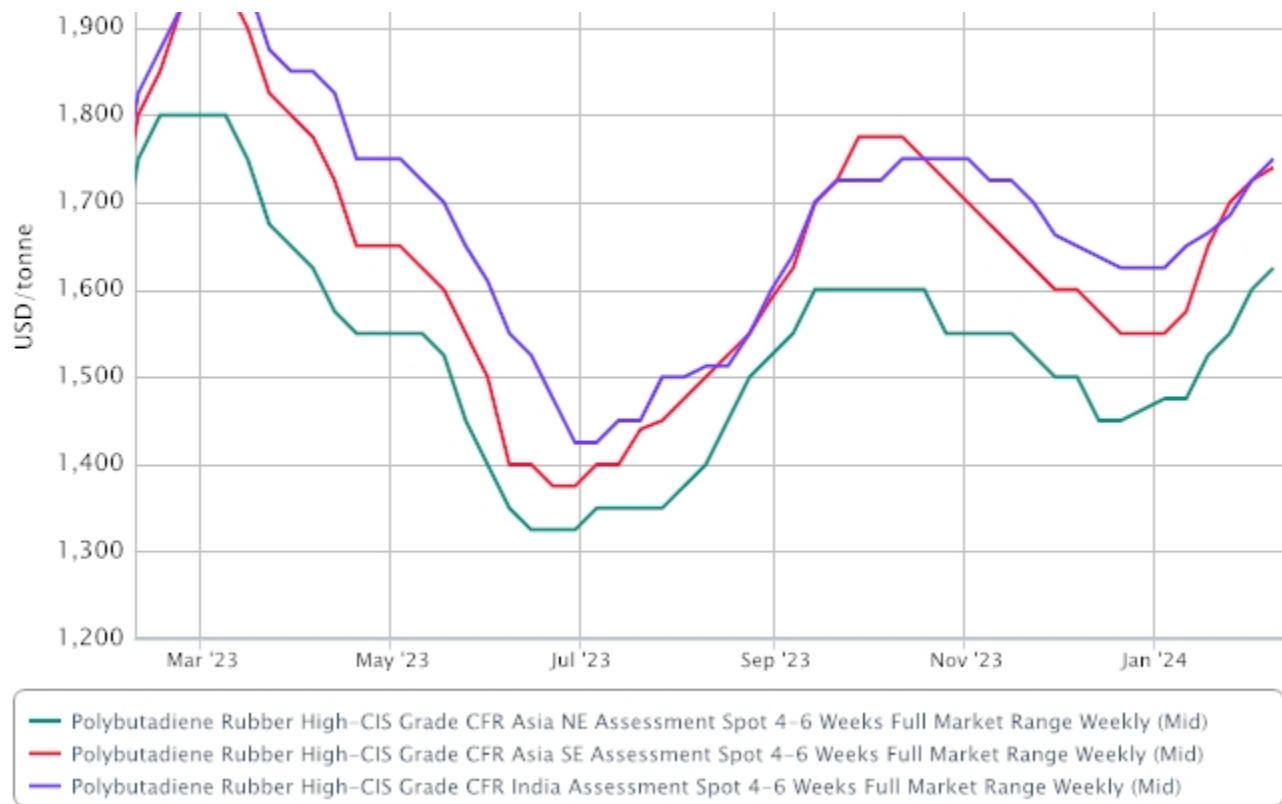
Buying momentum was indeed tapering this week across Asia, but mainly because many market players were already winding down and exiting the arena for the extended Lunar New Year holidays that will begin from 10 February.

But there were some who remained keen to take in a cargo or two more at the juncture, more to ensure stocks are sufficiently replenished for post-holiday operations, as well as to lock in prices, should next offers rise with continued rally in the upstream market.

That said, overall spot trade liquidity remains low, both on the holiday factor, as well as because confidence is still lacking about how downstream market demand conditions may trend post-holiday.

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OUTLOOK

- Players to monitor how [post-holiday market in China](#) may trend
- More positive [GDP growth outlook for China](#) may help uplift spirits
- Macroeconomic concerns continue to weigh down on sentiment

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	n/c	2000.00-2150.00	+50	1850.00-2000.00	90.72-97.52
			0			
CFR Asia SE	USD/tonne	n/c	2000.00-2150.00	+50	1900.00-2000.00	90.72-97.52
			0			
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	+50	1600.00-1650.00	n/c	1450.00-1500.00	72.57-74.84
			0			
CFR Asia SE	USD/tonne	n/c	1700.00-1780.00	+30	1550.00-1600.00	77.11-80.74
			0			

CFR India	USD/tonne	n/c	1700.00-1800.00	+50	1600.00-1700.00	77.11-81.65
			0			

Northeast Asia

High-cis

CFR NE Asia assessment was stable-to-firm, with the low-end of the range lifted on more buoyant buy-side indications.

However, substantive discussions and transactions were limited, as many players in various major NE Asian outlets, from Taiwan to China, were winding down for the upcoming holidays.

The high-end was kept unchanged with broadly stable selling indication, in the absence of concrete offers.

In east China, domestic prices spiked as producers hiked offers to keep up with upstream BD gains.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	12,500-12,900	12,300-12,600

Low-cis

CFR NE Asia prices were stable-to-firm, with the high-end of the assessment range up on firmer selling indications.

Low-end was unchanged in the absence of concrete buy-side response.

Southeast Asia

High-cis

CFR SE Asia prices were assessed in a wider range, taking into account buy-sell indications heard.

Buyers were mostly resistant to paying more for cargoes, citing downstream affordability issues and demand uncertainties. The buying indications were capped at the low-end of the assessment range.

Sellers chased higher targets to mitigate cost pressures, and offers were heard at the high-end and up.

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

Feb 2024	(1-8) Jan 2024	Dec 2023	Nov 2023	Oct 2023	Sep 2023	Aug 2023
152.92	154.20	146.31	148.42	145.26	142.65	130.22

Source: Malaysian Rubber Board

Low-cis

CFR SE Asia prices were stable-to-firm, with high-end of the assessment range up on firmer selling indications.

Low-end was unchanged in the absence of concrete buy-side response.

India

CFR India prices were up on the high-end of the assessment range, with firmer offers heard.

The low end reflects buying indications, and some limited transactions transpired within the published range, market sources said.

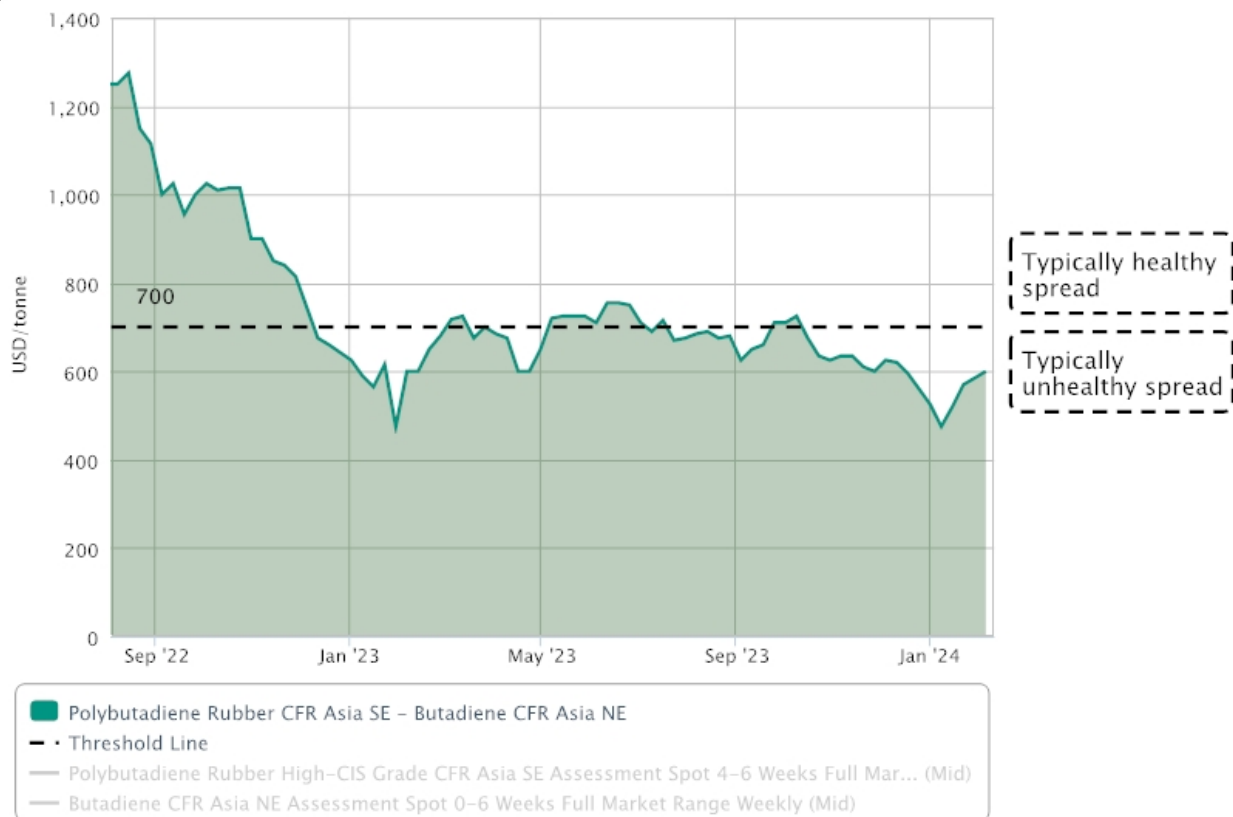
UPSTREAM

BD

- [Domestic China buoyancy](#) boosts import sellers’ sentiment
- Supply limitations another key upside support for import talks
- Buy-sell gap narrower, but fails to bridge fully to induce trades

The chart below shows the spread between butadiene and PBR, which remains in the unhealthy zone.

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



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PRODUCTION

Regional supplies poised to rise with completion of various planned servicing, including at a 50,000 tonnes/year [line](#) in NE Asia and several others in [China](#), totalling over 300,000 tonnes/year worth of production capacity.

ANALYTICS

ICIS downstream outlook for automotive

Two key things to watch out for in 2024 are smart mobility and transport-related greenhouse gas emission goals. The global automotive industry is not out of the woods yet - and is still struggling to make up for pre-pandemic losses. Factors weighing on business include supply-chain disruptions and structural changes in demand. Some of the weakness predates the COVID-19 crisis on the back of global environmental concerns. Short- to medium-term demand still looks gloomy due to an expected fall in disposable incomes.

According to the US Census Bureau, US light vehicle sales decreased by 0.8% month on month in November with total sales at 15.3m units. The finished inventory to sales ratio - calculated by dividing inventory by sales - increased to 1.312 in November from 1.134 in October. 2023 was a challenging year for the US automotive industry because the United Auto Workers (UAW) strike seriously disrupted production. Although a resolution has been reached, vehicle prices will increase given a background of chronically weak demand and high costs.

In Europe, high inflation, slumping consumer confidence and tighter monetary policy will weigh on consumer demand for vehicles. According to the European Automobile Manufacturers' Association (ACEA), EU passenger car registrations decreased by 3.3% in December 2023 compared with same month in 2022. The fall was blamed on a high baseline performance in December 2022. However, for 2023 as a whole, car registrations were up 13.9%. Italy, Spain and France were the best performing countries with growth of 18.9%, 16.7% and 16.1% respectively. Germany, on the other hand, posted growth of just 7.3%. As reported last month, one point of contention for original equipment manufacturers (OEMs) in Europe is the looming Rules of Origin (ROO) January 2024 deadline - where a 10% additional tariff on electric vehicles will be applicable on exports for vehicles with less than 40-45% non-originating components. OEMs have argued against this citing a severe impact on domestic competitiveness. As a result, the European Commission is seeking a three-year extension to current rules of origin for batteries under the EU-UK Trade and Cooperation Agreement (TCA), a move that has been widely welcomed by the industry.

The outlook for Asia's automotive industry is mixed. A primary growth driver for the sector will be the increasing penetration of car ownership. This is particularly true of electrified and other new energy vehicles after government incentive schemes. In India, inflation and tighter monetary policy will weigh on demand, but after an improvement in consumer sentiment in December, the Federation of Automobile Dealers Associations of India (FADA) said: "With this resurgence in consumer confidence, the forecast for 2024 is decidedly optimistic."

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