



Polybutadiene Rubber (Asia-Pacific)

By Ai Teng Lim
09-Mar-2023

[Overview](#) | [Outlook](#) | [Prices](#) | [Upstream](#) | [Production](#) | [Analytics](#)

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

OVERVIEW

- **Domestic China losses weigh on high-cis**
- **Low-cis stagnant on wide buy-sell gap**
- **Buyers resistant to existing offers**

Discussions for high-cis polybutadiene rubber (PBR) mostly stalled, as the buying tempo [slowed](#) with domestic losses seen in China.

The low-cis PBR arena was also quiet, with meaningful negotiations curtailed by a wide buy-sell pricing gulf.

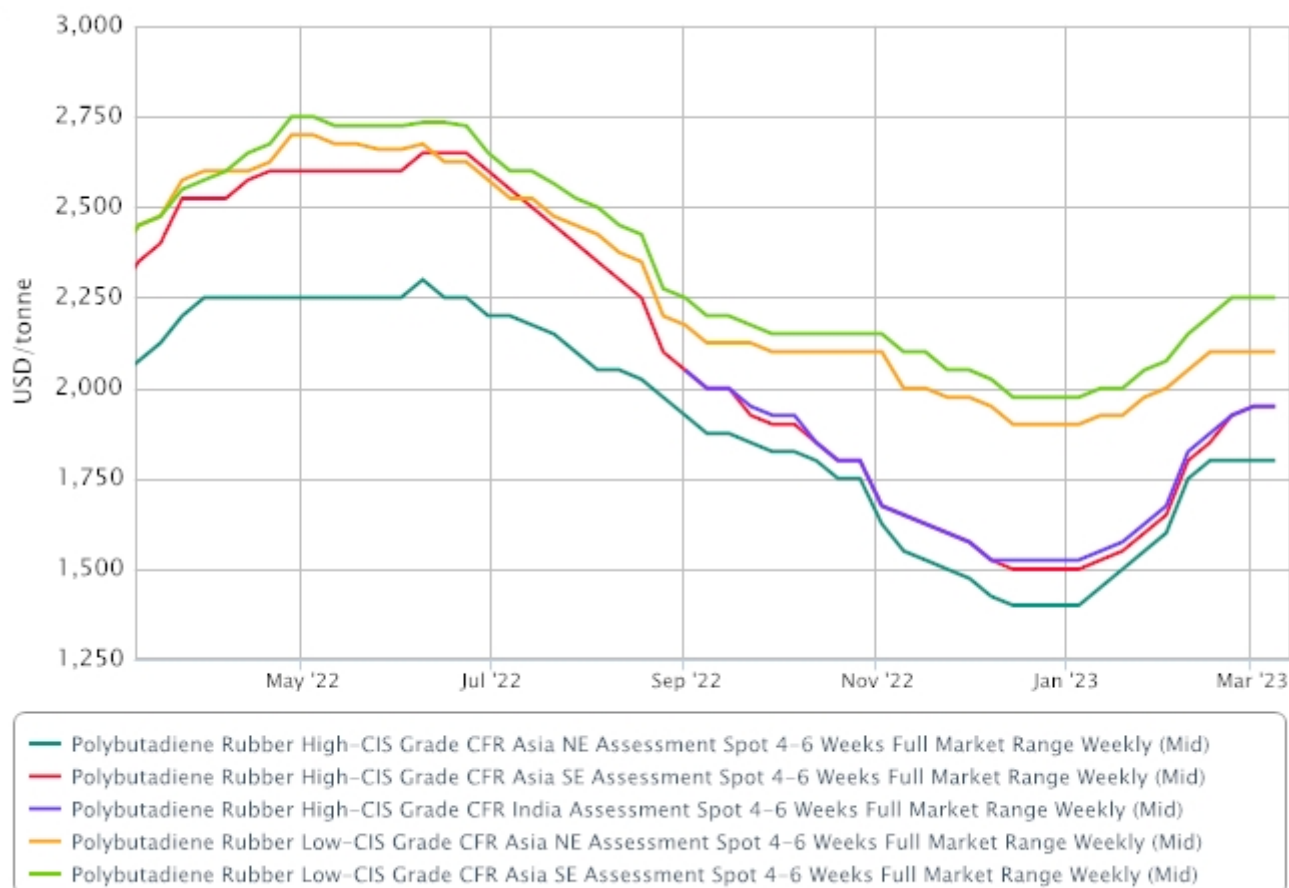
The near-term demand outlook for Asia is still broadly downbeat, despite an improvement in the region's manufacturing sector performance in February.

In China, domestic yuan values for high-cis PBR cargoes slipped on a combination of upstream weakness and lacklustre off-take.

This not only squeezed Chinese demand for imports, but also affected buying interest in wider Asia. Many regional buyers said they would hold back to see if the slower high-cis domestic sales in China may translate into increased export availability.

If the latter scenario materialises, buy-side elements said the increased competition from China may prompt other northeast Asian producers to price down and protect their market share.

However, wider Asian producers were undeterred and held fast to existing expectations, on the grounds of recouping high feedstock costs.



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OUTLOOK

- Pricing sentiment may shift with upstream market conditions
- Demand uncertainties prevail
- All eyes remain on China's [economic recovery](#)

PRICES

SPOT PRICES

			Price Range	Four Weeks Ago	US CTS/lb	
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	n/c	2000.00-2200.00	n/c	1950.00-2150.00	90.72-99.79
CFR Asia SE	USD/tonne	n/c	2200.00-2300.00	n/c	2100.00-2200.00	99.79-104.33
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	n/c	1750.00-1850.00	n/c	1700.00-1800.00	79.38-83.91
CFR Asia SE	USD/tonne	n/c	1900.00-2000.00	n/c	1750.00-1850.00	86.18-90.72
CFR India	USD/tonne	n/c	1900.00-2000.00	n/c	1750.00-1900.00	86.18-90.72

Northeast Asia

High-cis

The CFR NE Asia assessment was kept unchanged in a thinly discussed market.

For the major China outlet, there was no import requirements, as local end-users turned fully to domestic supplies.

Domestic prices for PBR in east China declined with losses seen in the yuan-denominated feedstock butadiene (BD) market.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	11,700-11,800	11,900-12,000

Low-cis

The CFR NE Asia assessment was rolled in the absence of meaningful discussions and concrete pricing discussions.

There were some notional buying indications at well below the range, as well as producers' targets heard well above the published range, but both sides were so far apart that market participants agreed these were not reflective of workable buy-sell considerations.

Southeast Asia

High-cis

The CFR SE Asia assessment was also held steady on rangebound deals. Trades involving tyre sector customers were heard mostly at the low end, while the high end reflected trades involving other non-tyre applications, such as shoe sole manufacturing.

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

Mar 2023	(1-9) Feb 2023	Jan 2023	Dec 2022	Nov 2022	Oct 2022	Sep 2022
139.85	140.11	140.11	135.03	127.32	130.52	134.12

Low-cis

The CFR SE Asia assessment for low-cis was rolled over on broadly unchanged buy-sell indications and the absence of concrete transactions.

There was a healthy slew of buying enquiries from Thailand, probably because end-users were looking to re-stock before the extended Songkran holidays in the coming month. However, discussions were limited and non-conclusive, market sources said.

India

CFR India prices held steady on range-bound discussions and limited deals for duty-free cargoes from regular northeast Asian suppliers.

UPSTREAM

Butadiene (BD)

- Some short-covering purchases at higher levels
- But sentiment fell thereafter alongside domestic China losses
- Discussions are dampened late week

The chart below shows the spread between butadiene and PBR.

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



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PRODUCTION

A plant in [Taiwan](#) has loaded down on commercial reasons, but a 72,000 tonnes/year unit in Malaysia, which was shut in 2022 after a fire, is slated to [restart](#) end March.

ANALYTICS

ICIS Crude Outlook

A panel of OPEC+ members left production quotas unchanged at a meeting in February. In January, OPEC's actual production volume was 28.88m bbl/day, a drop of 49,000 bbl/day month on month. However, global oil production is expected to increase by about 1m bbl/day in 2023. EU sanctions on Russian oil exports came into

full effect on 5 February. Russia reacted with an announcement that it would cut its oil production by 500,000 bbl/day starting in March. On the demand side, global oil consumption is likely to rise by about 2m bbl/day in 2023, mostly driven by Chinese economic growth. Still, concerns over global economic growth remain. Chinese refinery throughputs showed a modest increase in February despite higher expectations. India continued to import record volumes of seaborne Russian crude oil.

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

ICIS Naphtha Outlook

Due to the extension of the EU ban to include Russian refined products as of 5 February, seaborne volumes of the country's refined oil products, including 1m bbl/day of diesel, naphtha, and other fuels need to find a home elsewhere. Naphtha stocks at the key European trading hub of ARA dropped by over 20% in the most recent week in February, the lowest in nearly two months, as the much-anticipated sanctions on Russian refined products kicked in. Naphtha cracks remained steady in February supported by bullish sentiment in Q2. However, prices may rise as the full EU ban on Russian material sets in. Refiners expect margins to remain robust this year because of EU sanctions on Russian fuels and a rebound in Chinese demand. Asian naphtha markets are likely to come under pressure in the first half of 2023 as the region prepares to absorb additional Russian supplies.

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