



Polybutadiene Rubber (Asia-Pacific)

By Ai Teng Lim
09-May-2024

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

ICIS is currently consulting readers about the methodology used for this report. To respond, [click here](#).

OVERVIEW

- **Some offers softer with upstream [declines](#)**
- **But discounts were limited**
- **Buyers pull back to wait and see more**

Spot prices in this week's Asian import market for polybutadiene rubber (PBR) trended down in some outlets, as discussions, particularly those for the high-cis PBR grades, wavered with declines seen of late in the feedstock butadiene (BD) market.

BD prices [have corrected downwards](#), prompting some PBR makers to transfer cost savings in the form of moderated spot offers.

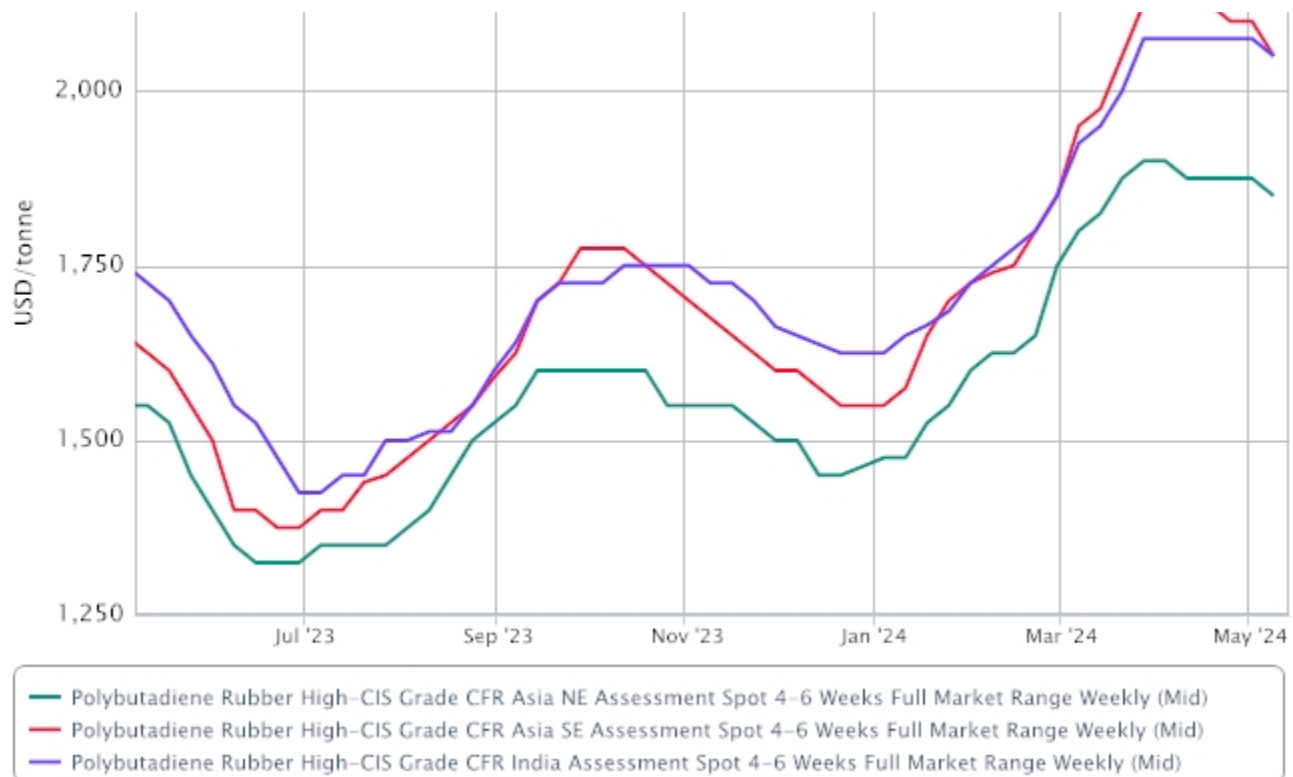
But discounts were capped, as overall production margins are still far from healthy, PBR makers said.

Furthermore, spot supplies are limited, with many regional suppliers heard mostly sold out on heavy contractual obligations. This should provide some support for offers on any volumes that are available for spot sales, market sources said.

But from the buy-side, sentiment is muted, with many end-users wary and apprehensive about how their own downstream markets, such as that for domestic appliances, may hold up if various external issues, like the geopolitical tensions in Middle East, escalate.

Many prefer therefore to keep spot procurement strictly on a needs basis, and in small lot sizes, in turn crimping spot trade liquidity, market players said.

2,250



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OUTLOOK

- **Upstream market movements to drive offers**
- **Middle East conflicts** will continue to weigh on confidence
- **Buyers likely to confine themselves to only need-based procurement**

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	n/c	2200.00-2400.00	n/c	2200.00-2400.00	99.79-108.86
			0			
CFR Asia SE	USD/tonne	n/c	2250.00-2400.00	n/c	2250.00-2450.00	102.06-108.86
			0			
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	n/c	1800.00-1900.00	-50	1800.00-1950.00	81.65-86.18
			0			
CFR Asia SE	USD/tonne	-50	2000.00-2100.00	-50	2050.00-2200.00	90.72-95.25
			0			
CFR India	USD/tonne	n/c	2000.00-2100.00	-50	2000.00-2150.00	90.72-95.25
			0			

Northeast Asia**High-cis**

CFR NE Asian prices are stable-to-soft, with the high-end adjusted down with lower offers heard.

But discussions are muted for the trading week, especially since China, a major outlet, was shut from 1-5 May for the extended Labour Day holidays.

Domestic prices in east China picked up slightly though in limited, but relatively buoyant, post-holiday trade.

Price (CNY/tonne)	This week's close	Previous week's close*
E China Ex-Warehouse	13,200-13,300	13,100-13,200

*As at 30 April as China was shut for holidays from 1-5 May.

Low-cis

CFR NE Asian prices were unchanged, in the absence of fresh buy-sell pricing indications.

Many retreated to the sidelines this week, on the back of extensive holiday market closures in key NE Asian outlets like China and Japan.

Southeast Asia**High-cis**

CFR SE Asian prices were down with lower buy-sell indications.

NE Asia-origin cargoes were available at the high-end and up, but buying indications were heard capped at the low-end.

But as natural rubber prices edged up, some sellers were heard optimistic that this might provide better demand support for PBR, as a cheaper substitution product.

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

May (1-9) 2024	Apr 2024	Mar 2024	Feb 2024	Jan 2024	Dec 2023
163.23	162.99	165.36	156.66	154.20	146.31

Source: Malaysian Rubber Board

Low-cis

CFR NE Asian prices were unchanged, in the absence of fresh buy-sell pricing indications.

Many retreated to the sidelines this week, on the back of extensive holiday market closures in key NE Asian outlets like China and Japan.

India

CFR Indian prices for PBR are stable to soft, taking into account offers for NE Asian origin materials heard at the high end and up, against buying indications capped at the low-end.

Buying interest was not active, with many end-users mindful not to hold excessive stocks of raw materials like PBR, in the run up to the monsoon season when downstream operations are typically slower.

UPSTREAM

Butadiene

- Discussions muted on holiday trade lull
- Buyers more withdrawn
- But offers steady on cost factor

The chart below shows that the spread between butadiene and PBR is picking up but still remains in the unhealthy zone.

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



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PRODUCTION

In wider Asia, a 60,000 tonnes/year plant in [Taiwan](#) will undergo maintenance in July.

Another 50,000 tonnes/year [unit](#) in Donying, China, has shut since H2 April for maintenance.

ANALYTICS

ICIS downstream sector outlook for domestic appliances

The global outlook for domestic appliances does not look too promising for the next two quarters, even though growth rates have bounced back for countries such as China and India, which is largely a base effect. Inflation is the leading cause behind the demand destruction. In addition, 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. Demand from advanced economies is also projected to be subdued, with the exception of the US.

The US is expected to outperform its peers, even though it is a mature market. One possible reason is a relatively higher willingness to spend amassed credit.

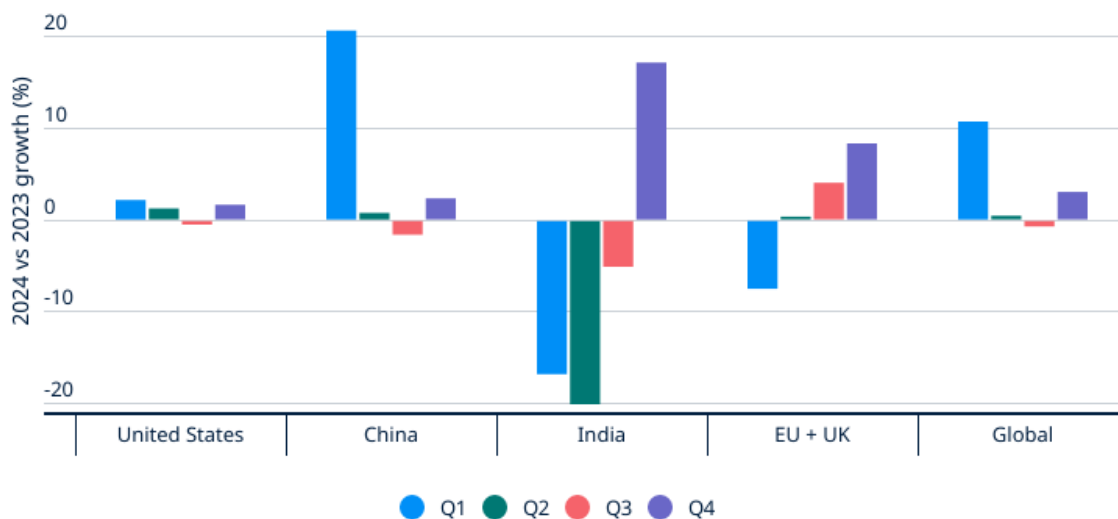
Like the US, Europe is also a mature market. Europe appliance output is forecasted to shrink this year, as a result of economic turmoil.

With the real-estate downturn in China, demand for domestic appliances is forecast to be constrained. However, the long-term outlook is positive, driven by megatrends such as urbanization, digitalization and an increasing middle class.

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

Domestic appliances sector growth by region

2024 vs 2023



SOURCE: Oxford Economics

*India's growth numbers based on local currency

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