



## 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

- **Demand stays soft**
- **Some sellers moderated offers**
- **But discounts capped on spot supply limitations**

Discussions in Asia's spot import market for polybutadiene rubber (PBR) are hampered by growing demand worries.

The latest [ICIS China petrochemical price index for October](#) weakened further month on month, eroding market confidence about economic recovery prospects in Asia.

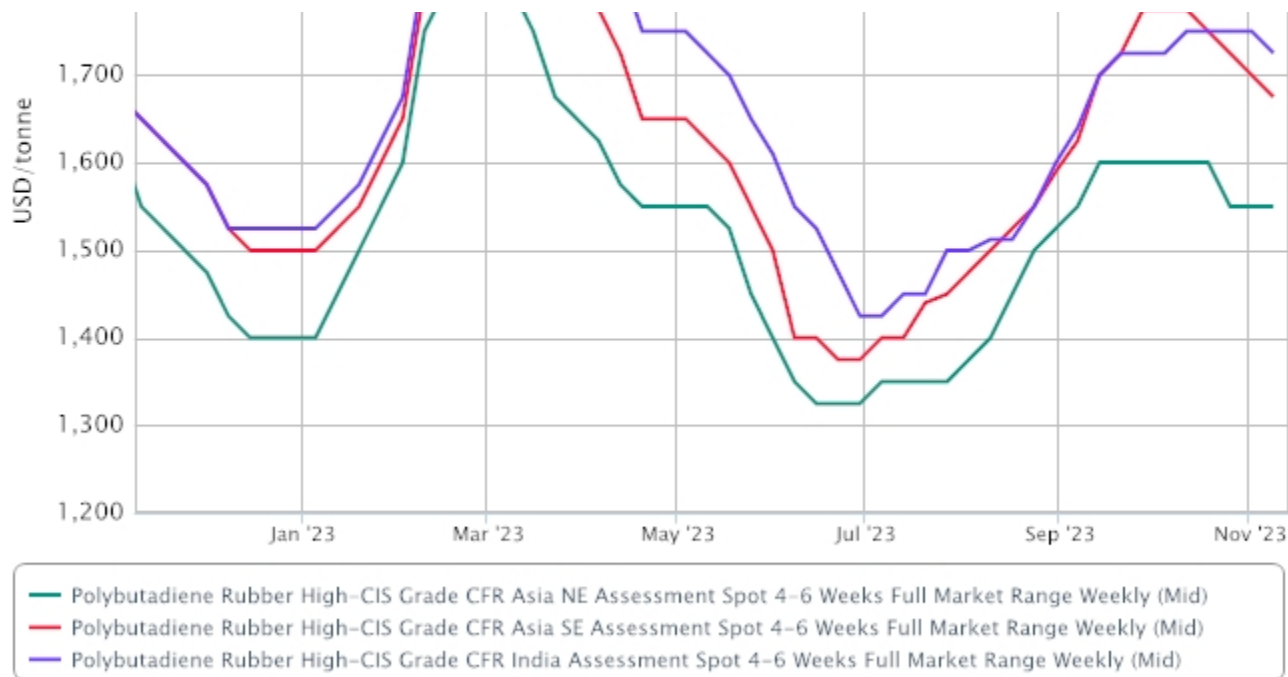
Many end-users stayed on the sidelines as such, mindful that the seasonal year-end lull draws near, and they should not overbuild at this juncture, inventories of raw materials, including PBR.

There were concerns over the impact of a [six-week auto union strike](#) in the US on auto sector growth, which could in turn weigh on requirements for PBR given its heavy auto-related applications.

To induce buying, some PBR sellers moderated offers, but discounts were constrained in consideration of existing cost pressures as well as the need to buffer themselves against uncertainties triggered by volatile crude oil prices.

And as spot supplies are currently still limited, producers see no need to rush to dish out excessive discounts. Producer inventories are low, and a regional plant has just [shut](#) for maintenance. Market players said this could help cushion and slow offer declines in the near term, even if spot sales still fail to pick up.





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## OUTLOOK

- Output may stay constrained by ICIS' [forecast](#) of low feedstock supplies
- Downstream demand outlook hazy for the near term
- China's [stimulus packages](#) may help arrest some demand slide

## PRICES

### SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
<b>Polybutadiene Rubber Low-CIS Grade</b>						
<b>CFR Asia NE</b>	USD/tonne	n/c	1900.00-2100.00	n/c	1900.00-2100.00	86.18-95.25
			0			
<b>CFR Asia SE</b>	USD/tonne	n/c	2000.00-2100.00	n/c	1950.00-2100.00	90.72-95.25
			0			
<b>Polybutadiene Rubber High-CIS Grade</b>						
<b>CFR Asia NE</b>	USD/tonne	n/c	1500.00-1600.00	n/c	1550.00-1650.00	68.04-72.57
			0			
<b>CFR Asia SE</b>	USD/tonne	n/c	1650.00-1700.00	-50	1750.00-1800.00	74.84-77.11
			0			
<b>CFR India</b>	USD/tonne	n/c	1700.00-1750.00	-50	1700.00-1800.00	77.11-79.38
			0			

## Northeast Asia

### High-cis

Discussions were muted for CFR NE Asian trades, and assessments are kept unchanged in the absence of concrete and fresh negotiations.

In contrast to customs data showing a year-on-year increase in [China's September PBR imports](#), market players said that buying interest in the country for US dollar denominated imports has shrunk substantially of-late.

End-users turned to buying from the domestic supply pool as yuan-denominated prices have softened.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	12,400-12,600	12,600-12,900

### Low-cis

Assessments were flat on broadly unchanged demand-supply fundamentals.

Substantive requirements are not robust as operating rates for derivative plants, such as acrylonitrile-butadiene-styrene ([ABS](#)), have been on the decline.

But spot offers are limited too as regional plants have tweaked production plans to reduce overhang.

## Southeast Asia

### High-cis

CFR SE Asian assessments narrowed, with the low-end dropped with softer offers heard.

But as natural rubber prices remain firm, market players said that this could provide some demand support for PBR if end-users consider using more PBR as a cheaper substitute to natural rubber.

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

Nov (1-9) 2023	Oct 2023	Sep 2023	Aug 2023	Jul 2023	Jun 2023
147.50	145.26	142.65	130.22	131.31	133.48

Source: Malaysian Rubber Board

### Low-cis

CFR SE Asian prices were rolled on muted and flat discussions among majority players. Some selling indications did surface at levels above the range, but did not get meaningful buy-side response, market sources said.

## India

CFR Indian assessments are lower on the high-end, in line with moderated selling indications heard for NE Asia-origin materials.

But concrete discussions were limited with many local players already absent for the upcoming Diwali holidays. Trade talks may resume more actively only in H2 September, market sources said.

## UPSTREAM

### Butadiene

- Downstream demand tapers with China's slowdown
- Buying tempo receded
- Deep-sea arrivals to plug regional supply gaps

The chart below shows the spread between butadiene and PBR, which has dived deeper into the unhealthy zone recently.

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



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## ANALYTICS

### ICIS Crude Outlook

Global crude supply is expected to tighten in Q4, supporting prices along the downstream value chain. The spot market is dominated by headlines covering geopolitical tension in the Middle East. Total OPEC-13 crude oil

production averaged 27.75m bbl/day in September, higher by 273,000 bbl/day month on month. Saudi Arabia and Russia indicated that the additional cuts may be reduced or extended depending on oil price dynamics. Combined dynamics of OPEC+ supply, Chinese economic growth, and a level of geopolitical tensions will determine forward oil prices for the balance of 2023. The most likely outcome of the next OPEC+ meeting, scheduled for 26 November 2023, is that the group holds to its current production schedule. There is significant asymmetric upside to near-term oil prices if conflict in the Middle East escalates and widens, as the region supplies over a quarter of the world's crude oil.

By **David Jorbenaze**, senior analyst, [david.jorbenaze@icis.com](mailto:david.jorbenaze@icis.com)

### **ICIS Naphtha Outlook**

European naphtha cracks in northwest Europe came under pressure in October displaying elevated volatility following fluctuation in the crude oil market and shifting arbitrage-led fundamentals. Transatlantic arbitrage attracted a value-driven flow, reducing shipments to Asia. We anticipate that exports of European naphtha to Asia will attract more volumes amid improving east-west arbitrage economics in the coming months. Naphtha imports to China are projected to remain high for the balance of Q4 amid healthy light and middle distillates margins. The Q4 2023 outlook for naphtha demand from the petrochemicals sector remains bearish as the propane/naphtha spread is likely to trade under -\$100/tonne in Europe, suggesting that naphtha will not easily find its way into the steam cracker units, which are anticipated to operate at reduced rates. Sentiment for naphtha premiums in the Asia remains positive amid stronger regional demand and lower production following refinery turnarounds.

By **David Jorbenaze**, senior analyst, [david.jorbenaze@icis.com](mailto:david.jorbenaze@icis.com)

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