



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

- **Discussions muted amid extensive holiday market closures**
- **Offers steady as sellers seek to protect compressed margins**
- **Buyers resistant, denting trade liquidity**

Trade momentum in the Asian spot import market for polybutadiene rubber (PBR) continued to taper amid ongoing holiday market closures in the region.

Several outlets in import-reliant southeast Asia, like Indonesia and Malaysia, are shut for extended Eid ul-Fitr holidays from 4 April.

Players in Thailand are winding down too for the upcoming Songkran festival in mid-April.

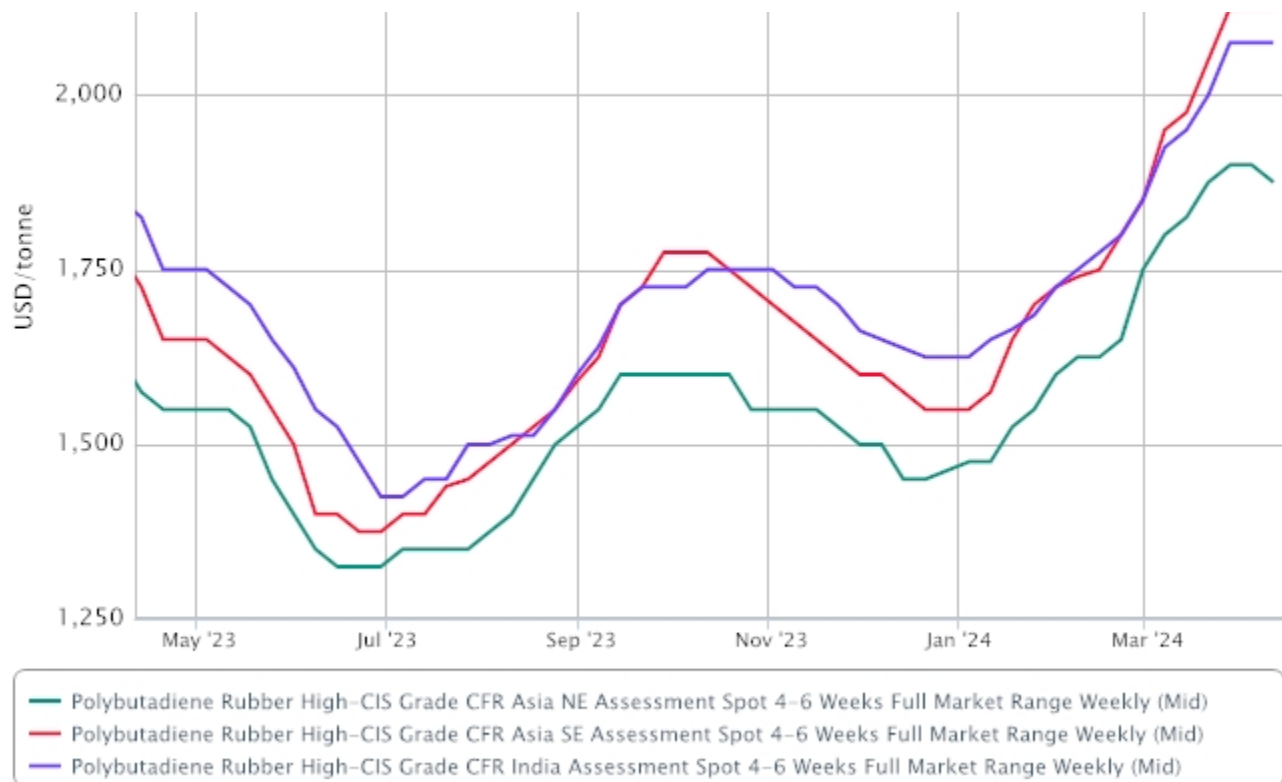
The Eid holiday is observed in some parts of India too, and most players there therefore stayed on the sidelines, mindful to not commit before market activities resume fuller normalcy, or until India’s national elections are over in late Q2 2024, market sources said.

Meanwhile, PBR makers [held firm](#) to their existing asking prices, if not chasing higher targets, on the grounds that they would have to recoup expensive feedstock butadiene (BD) costs.

Sellers are also confident that there will be healthy demand support, especially in the wake of an upbeat [world manufacturing output index](#).

Market players said that all eyes are also on China, watchful of how and if the country may keep up with the [buoyancy](#) seen in March for its downstream manufacturing activities. End-users are however generally cautious about China, citing for instance recent news hat Fitch has downgraded [China’s credit rating outlook](#) on the back of a rising debt ratio.





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OUTLOOK

- Regional spot supplies expected to stay snug on ongoing and upcoming maintenance
- Volatility in [crude](#) markets may drive upstream price movements
- Security and political [risks](#) may weigh on demand sentiment

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	2100.00-2300.00	99.79-108.86
CFR Asia SE	USD/tonne	n/c	2250.00-2450.00	n/c	2150.00-2350.00	102.06-111.13
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	-50	1800.00-1950.00	n/c	1800.00-1850.00	81.65-88.45
CFR Asia SE	USD/tonne	n/c	2050.00-2200.00	n/c	1950.00-2000.00	92.99-99.79
CFR India	USD/tonne	n/c	2000.00-2150.00	n/c	1900.00-2000.00	90.72-97.52

Northeast Asia

High-cis

CFR NE Asia assessments were assessed in a wider range, with the low end dropped to reflect subdued buying indications for imported materials in some outlets such as China.

China-based end-users were heard veering away from imports, tapping instead more heavily on domestically-produced materials.

Domestic prices in east China for PBR climbed as local producers hiked offers to keep pace with rising prices for feedstock BD.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	13,450-13,600	13,300-13,500

Low-cis

CFR NE Asia prices were kept unchanged, taking into account a stable offer heard at the high end. There was no concrete buy-side response and the low end was rolled as such.

Southeast Asia

High-cis

CFR SE Asia assessments were flat, with the bulk of buy-sell discussions and limited deals heard within rangebound levels.

With natural rubber prices still holding at firmer levels compared to late 2023, market players said that this may also serve to bolster buying interest for PBR as a cheaper substitution product for natural rubber.

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

Apr 2024	(1-11) Mar 2024	Feb 2024	Jan 2024	Dec 2023	Nov 2023	Oct 2023
164.35	165.36	156.66	154.20	146.31	148.42	145.26

Source: Malaysian Rubber Board

Low-cis

CFR SE Asia assessments were unchanged on rangebound buy-sell talks.

No transactions were heard, with most buyers still in a wait-and-see mode, market sources said.

India

CFR India assessments held steady on broadly unchanged buy-sell pricing indications for northeast Asia origin imports that are available to ship in May.

But substantive buying interest for these forward import shipments was tepid, with some end-users heard still able to obtain imported materials from the domestic market, though these were materials that had flowed into India much earlier, market sources said.

Furthermore, there was no lack of more competitively priced materials from non-Asian suppliers, and these only served to dent buying interest for NE Asia materials, market players said.

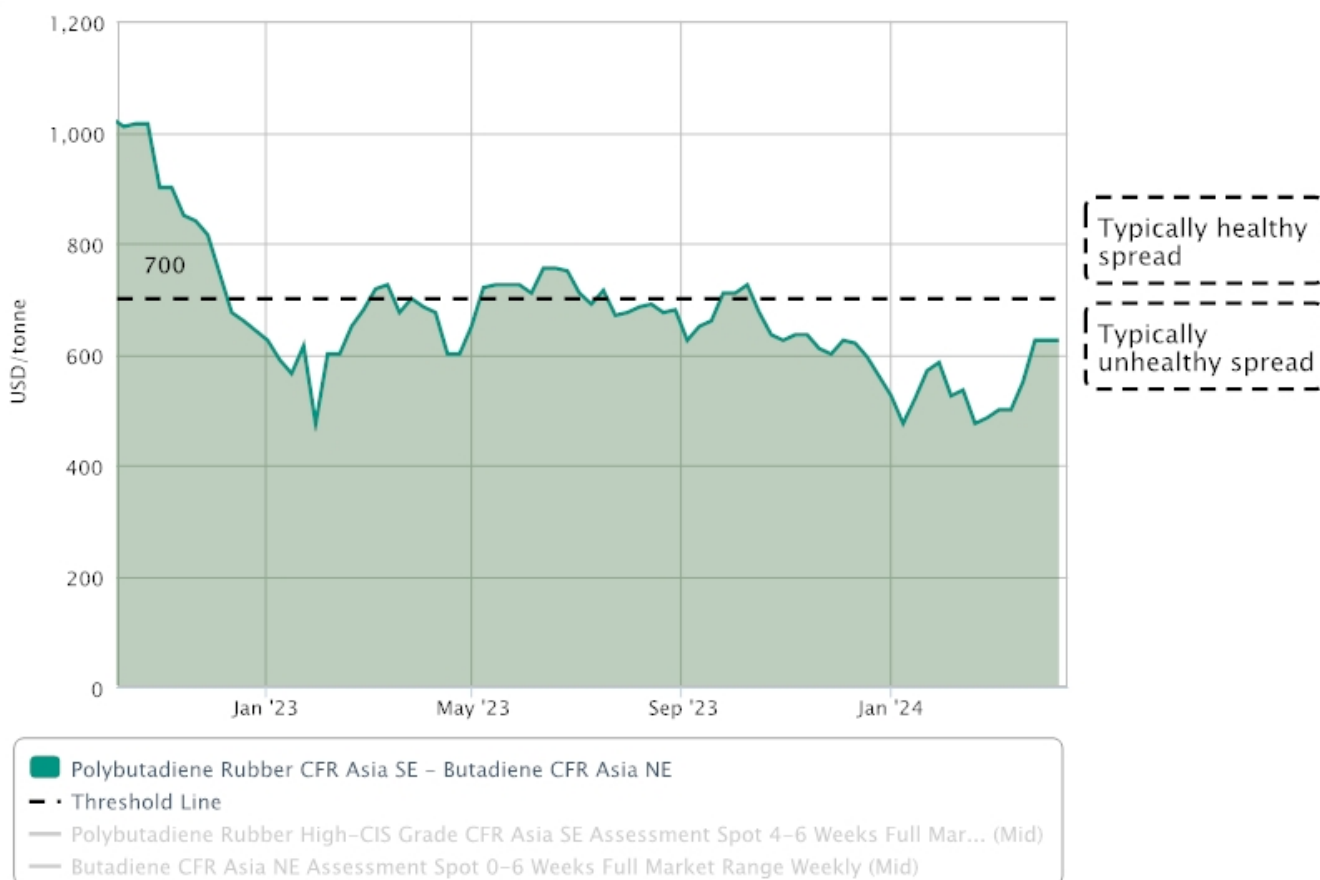
UPSTREAM

Butadiene

- China keeps up export offers
- But discussions muted on holiday trade lull
- Some buyers pull back to wait and see

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 are to tighten in Q3 as a 60,000 tonnes/year plant in [Taiwan](#) has scheduled maintenance for

July.

Three plants in China, including a 100,000 tonne/year [unit](#) in Dongying, a 60,000 tonne/year [unit](#) in Yantai, and a 150,000 tonne/year [line](#) in Zhejiang, have also shut from H2 March for month-long turnarounds.

ANALYTICS

ICIS butadiene outlook

US BD is currently the most affordable product worldwide, but an increase in prices is forecast in April due mainly to an imbalance between supply and demand. Market fundamentals are expected to improve going forward. TPC Group, a leading BD producer in the US, is on track to expand its capacity in Houston from 426,000 tonnes/year to 508,000 tonnes/year in Q3 2024.

Although the BD price spread between the US and Europe is likely to remain in negative territory in 2024, relatively higher prices in Asia, driven by planned turnarounds over the next two months, could support additional trade flows from Europe on paper. The issue is that BD availability in Europe remains limited. European cracker operators typically move to maximum LPG cracking at the expense of naphtha between Q2 and Q3 to benefit from more favourable cracking economics. The use of propane compared with naphtha results in lower BD production per tonne of ethylene. In addition, Aramco lowered its April OSPs for propane by \$15/tonne to \$615/tonne and for butane by \$20/tonne to \$620/tonne, and these adjustments have implications for the global LPG prices.

The BD industry in northern Asian countries remains under pressure from significant competition with Chinese players and low profitability. Korean producers are likely to run BD plants at around 70% throughout 2024, far lower than 90% posted in 2021, according to the ICIS Supply and Demand Database. Likewise, a bleak scenario is likely to characterise the BD market in Japan with operating rates expected to average about 65% this year, that is well below 79% in 2021.

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