



## Polybutadiene Rubber (Asia-Pacific)

By Ai Teng Lim  
11-Jan-2024

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

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

### OVERVIEW

- **Offers supported on feedstock cost push**
- **Spot supplies tighter too on plant closures**
- **Broader demand headwinds continue to weigh on sentiment**

Sentiment is more bullish this week in the Asian import market for polybutadiene rubber (PBR), as players recalibrate their buy-sell positions to keep pace with recent increases in the upstream [butadiene](#) (BD) market.

Sellers held firm to their existing offers, or even chased higher targets in some outlets, in a bid to protect frail margins amid rising production costs.

Spot availabilities are tighter amid various planned and unplanned outages in northeast Asia, which sellers expect should give additional support to spot offers.

Buyers acknowledged too that they may have pay more for spot cargoes if they have urgent requirements.

However, even if some have raised their buying indications, there remains a gap with sellers' expectations, which dampened negotiations and curbed spot transactions.

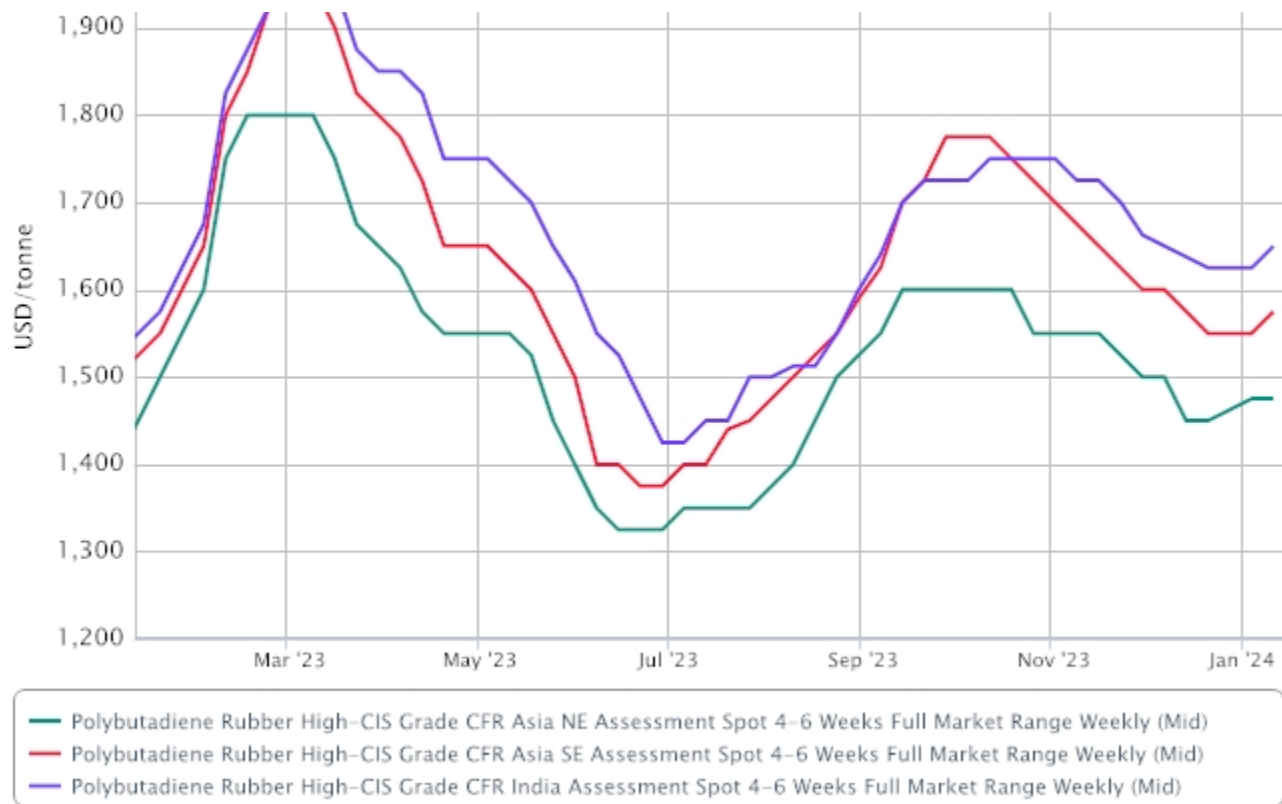
End-users hesitated to commit as they were unsure if their own downstream markets could absorb the increases, considering that the global economic outlook remains shaky for a [risk-fraught 2024](#).

The maritime crisis in the [Red Sea/Suez Canal](#) area has also sharpened end-users' fears that shipment of their finished products to target markets like Europe may be affected.

The buy-sell tussle may continue for the near term, or until it is clearer how the downstream manufacturing environment in China may trend before or after the extended Lunar New Year holidays there in H1 February this year.

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## OUTLOOK

- **BD market movements to drive PBR offers**
- **Buying tempo may pick up if China starts to restock pre-holidays**
- **Buy-sell differences unlikely to dissipate anytime soon**

## 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	+50	1850.00-2000.00	n/c	1850.00-2050.00	83.91-90.72
			0			
<b>CFR Asia SE</b>	USD/tonne	n/c	1900.00-2000.00	n/c	1950.00-2050.00	86.18-90.72
			0			
<b>Polybutadiene Rubber High-CIS Grade</b>						
<b>CFR Asia NE</b>	USD/tonne	n/c	1450.00-1500.00	n/c	1400.00-1500.00	65.77-68.04
			0			
<b>CFR Asia SE</b>	USD/tonne	+50	1550.00-1600.00	n/c	1550.00-1600.00	70.31-72.57
			0			

<b>CFR India</b>	USD/tonne	+25	1600.00-1700.0 0	+25	1600.00-1675.00	72.57-77.11
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## Northeast Asia

### High-cis

CFR NE Asian assessments were stable on rangebound discussions and indications.

Fluctuations in the domestic yuan-denominated market in China dampened buying interest in China for US dollar-denominated imports. Many local end-users said that they would try to tap on domestic supply pool first, before considering imports, even though domestic supplies are poised to tighten with some recent unplanned outages.

Domestic China prices for PBR fell this week, returning some of the gains chalked up in the last few weeks. This tracked some easing in the week of yuan-denominated prices for feedstock butadiene.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	11,800-12,300	12,000-12,600

### Low-cis

CFR NE Asian assessments for the low-cis grade narrowed, with the low end lifted with firmer buying indications heard.

Substantive discussions were scant as this still lagged far behind sellers' expectations, reflected at the high end.

## Southeast Asia

### High-cis

CFR SE Asian assessments narrowed, with offers heard consolidating at the high end, against buying indications heard firmer week on week and reflected at the low end.

Many buy-side elements held back from finalising booking, as they wanted to wait and see how prices for BD and natural rubber may trend in the immediate term.

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

Jan 2024	(1-11) Dec 2023	Nov 2023	Oct 2023	Sep 2023	Aug 2023	Jul 2023
153.59	146.31	148.42	145.26	142.65	130.22	131.31

Source: Malaysian Rubber Board

### Low-cis

Assessments were unchanged, taking into account rangebound indications in a thinly discussed trading week.

**India**

CFR Indian assessments edged up, taking into account firmer buy-sell indications heard for northeast Asia-origin materials.

However, concrete import transactions were in reality limited, as most buyers preferred to procure from the domestic supply pool instead, given the latter's flexibility in accommodating smaller parcel lot size and shorter delivery window.

Broadly, the outlook is more positive about substantive requirements for synthetic rubbers among Indian tyre makers, especially since vehicle sales in India had grown quite substantially in the last few months, market sources said.

**UPSTREAM**

**Butadiene**

- Import talks lifted with recent domestic China gains
- Fixed price-basis trades crimped by persistent buy-sell differences
- Some hold back too to wait for domestic China volatility to subside

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

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



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**PRODUCTION**

In wider Asia, a 50,000 tonnes/year line in NE Asia has [shut](#) in early January for a month of maintenance in January.

In China, a total of 150,000 tonnes/year of production capacity in Beijing also [went off-stream](#) from 5 January, alongside a [shutdown](#) of related upstream BD units.

**ANALYTICS**

**ICIS crude outlook**

The OPEC+ group has maintained a cautiously optimistic stance with regards to fundamental factors affecting oil

market dynamics in 2024. Saudi Arabia's decision to extend a voluntary cut of 1m bbl/day into Q1 2024 as part of the OPEC+ deal announced on November 30, further reduces Saudi output by 122 000 bbl/day to 8,818m bbl/day. Our forecast indicates that non-OPEC production increased by approximately 2m bbl/day in 2023 and is projected to grow by about 1.5m bbl/day in 2024. Year-on-year growth in crude imports into China is anticipated to decelerate significantly in 2024. The slowdown will be due to the impact of fleets of new energy vehicles on oil consumption growth and a widely expected fall in China's GDP growth to 4.5%.

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### **ICIS naphtha outlook**

A bearish outlook for crude oil prices is expected to keep naphtha values suppressed moving forward. In December, Saudi Arabia and Russia called for all OPEC+ members to agree on output cuts. The recent announcement by OPEC+ of a 1m bbl/day voluntary output cut has not inspired much confidence as smaller members have little incentive to abide by its terms and larger ones may not reduce exports due to seasonality. An anticipated reduction in naphtha arbitrage flows to Asia are expected as tensions escalate in the Middle East, adding another layer of uncertainty to regional market dynamics. The Asia market is poised to remain robust, buoyed by supply shortfalls that have contributed to its strength. However, petrochemicals face a subdued demand outlook as poor margins continue to exert downward pressure on consumption. Oil refinery runs in China are expected to ease in January due to slower domestic demand for gasoline and jet fuel. Forward-looking indicators remain positive as road mobility in China continues to increase.

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