



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 in limbo for high-cis PBR**
- **Upstream markets started to slow down**
- **Buyers pull back to wait and see**

Discussions mostly stalled in this week's Asian import market for polybutadiene rubber (PBR) as buyers pulled back to await more clarity on how the upstream butadiene market may trend in the coming weeks.

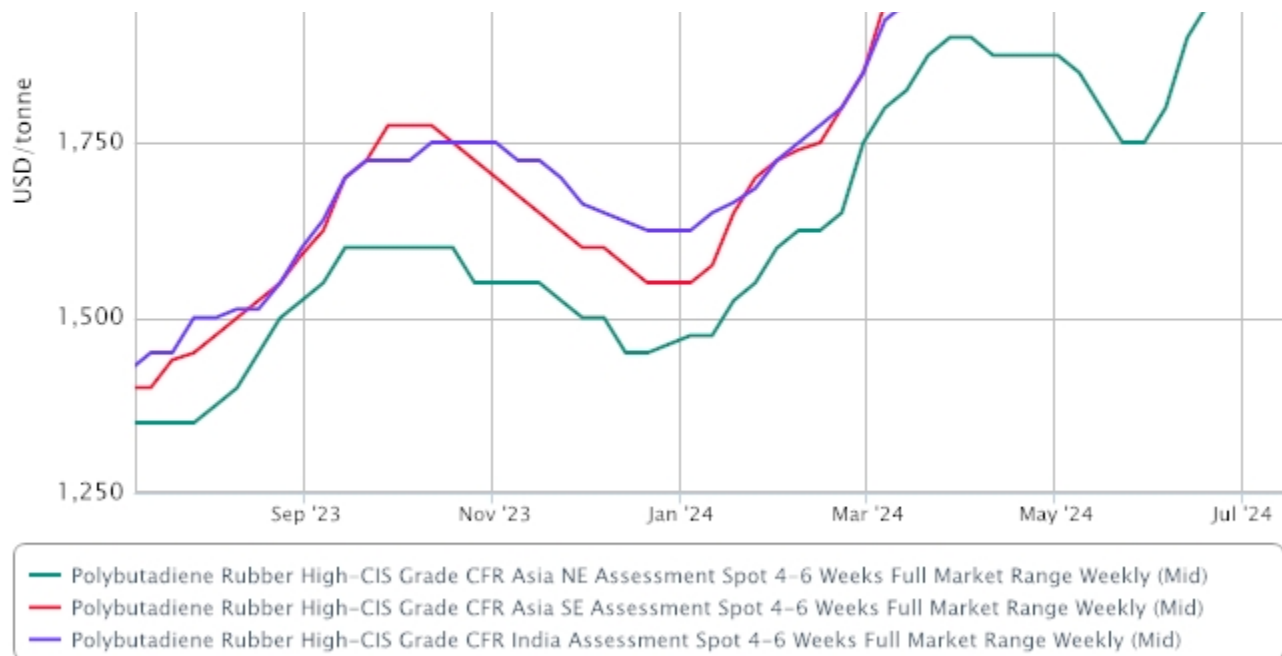
Asian BD prices [corrected down](#) slightly in the week prior, fuelling some anticipations among buy-side elements that if BD declines widen from here, this could translate to softer PBR offers in due course, and thus, it would be to their advantage if they defer their next procurement negotiations till later.

End-users were also cautious not to jump into fresh purchases as they were wary how off-take from the automotive sector may shift when stiffer import tariffs against China-made electric vehicles come into force in some western economies.

But PBR makers mostly held fast to their existing offers even though they acknowledged that buying interest has waned this week. Cost pressures, especially on the freight front, are still mounting, and there is no room to dish out discounts without hurting their own bottomlines, some makers said.

Spot availabilities were also limited, with upcoming regional maintenance and heavy Q3 contract sales. Regional producers believed this would, in turn, provide more support to their asking prices.





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OUTLOOK

- [Continued freight cost increases](#) will weigh on pricing sentiment
- Buyers may retreat if feedstock markets soften
- Broader macroeconomic headwinds may further dampen demand

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	+100	2400.00-2500.00	n/c	2300.00-2450.00	108.86-113.40
CFR Asia SE	USD/tonne	n/c	2400.00-2500.00	n/c	2400.00-2450.00	108.86-113.40
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	n/c	1900.00-2000.00	n/c	1850.00-1950.00	86.18-90.72
CFR Asia SE	USD/tonne	n/c	2050.00-2200.00	n/c	2000.00-2100.00	92.99-99.79
CFR India	USD/tonne	n/c	2050.00-2200.00	n/c	2000.00-2150.00	92.99-99.79

Northeast Asia

High-cis

CFR NE Asia prices were rolled over on rangebound buy-sell pricing indications.

Local end-users also turned their focus more towards the domestic supply pool as yuan-denominated prices for high-cis PBR slipped this week, in part due to the weight of softer yuan values for feedstock butadiene.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	15,000-15,200	15,100-15,300

Low-cis

CFR NE Asia assessments for low-cis PBR narrowed, with the low end lifted on a firmer buying indication heard.

But no deals materialized as the offer remained stable at the high end, market sources said.

Southeast Asia**High-cis**

CFR SE Asia prices were flat, taking into consideration offers heard at the high end and stable buying indications at the low end.

Softening natural rubber prices also diluted buying interest for PBR, as some end-users held back to monitor and compare.

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

Jul (1-11) 2024	Jun 2024	May 2024	Apr 2024	Mar 2024	Feb 2024	Jan 2024	Dec 2023
169.34	176.00	170.03	162.99	165.36	156.66	154.20	146.31

Source: Malaysian Rubber Board

Low-cis

CFR SE Asia assessments for low-cis PBR were unchanged on rangebound offers and buying indications.

India

CFR India trade discussions slowed down and assessments were rolled over with mostly rangebound indications heard for northeast Asian materials.

Some northeast Asian cargoes were heard sold at levels substantially higher than the range but were not included in the assessments as not all the details could be verified.

Sentiment among local end-users in India is otherwise more sullen in nature, with many expecting downstream operations in the country to wind down from here on the seasonal monsoon factor.

Furthermore, many were looking into how to reduce reliance on northeast Asian materials and replace with

cheaper alternatives from non-Asian origins, market sources said.

UPSTREAM

Butadiene

- Fresh August availabilities emerge within regional supply pool
- Additional deep-sea cargoes were also floated for sale
- [Buying interest](#) duller as end-users pull back to wait and see

The chart below shows the spread between butadiene and PBR. While this has improved of late, it remains deep in the unhealthy zone.

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



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PRODUCTION

Japan's [Zeon](#) plans to discontinue its 65,000 tonne/year PBR production at the Tokuyama site in 2028, according to the company's report published on 11 June.

In China, a 30,000 tonne/year unit in [Urumqi](#) is shut since mid-May for maintenance and is expected to restart in H1 July. Another 50,000 tonne/year unit in [Karamay](#) is also shut for the same period for maintenance.

In wider Asia, a 60,000 tonne/year unit in [Taiwan](#) will start in end July for a month-long maintenance.

ANALYTICS

ICIS crude outlook

The global crude oil market in Q3 2024 will be shaped by various critical factors. OPEC+ plans to gradually phase out its production cuts of 2.2 million bbl/day, starting in October 2024 through to September 2025. This is expected to influence supply dynamics significantly, with OPEC's crude oil production projected to average around 41 million bbl/day. Demand growth varies, with OPEC forecasting a 2.2 million bbl/day increase, while ICIS anticipate a more modest rise of about 1 million bbl/day. Geopolitical tensions are redirecting supply and adding volatility. The oil ban and price cap on Russian oil have shifted global supply chains, with increased exports to China, India and Turkey. Speculative trading has also influenced prices, evident from the 8% drop in ICE Brent prices due to selloffs in early June. Seasonal demand in the US driven by the summer driving season and potential impacts from the hurricane season will further affect market dynamics. Overall, these factors will drive the complex interplay of supply and demand, shaping global crude oil prices and market stability in the coming months.

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

ICIS naphtha outlook

The European naphtha market is expected to remain volatile due to fluctuations in Brent crude prices and OPEC+'s phased output cuts. The market initially dropped by 8% but has stabilized with the anticipated rise in seasonal demand. The summer driving season is likely to boost gasoline consumption, enhancing naphtha blending activities. Weak European demand is redirecting Mediterranean cargoes to Asia, supported by the potential reopening of the arbitrage between the US and ARA (Amsterdam-Rotterdam-Antwerp). Global naphtha demand and supply are projected to grow by 1.5%, driven by new refineries in China and the Middle East. However, challenges such as overcapacity, subdued demand and geopolitical tensions will add complexity to the landscape. Northeast Asia's positive capacity utilization trend and European shutdowns will influence market adjustments.

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