



# 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 still sluggish in nature**
- **Weak upstream also dents buying appetite**
- **Buyers deem market as amply supplied**

Sentiment remained downbeat in Asia's spot market for polybutadiene rubber (PBR) imports, as buying was undermined by [weak fundamentals](#).

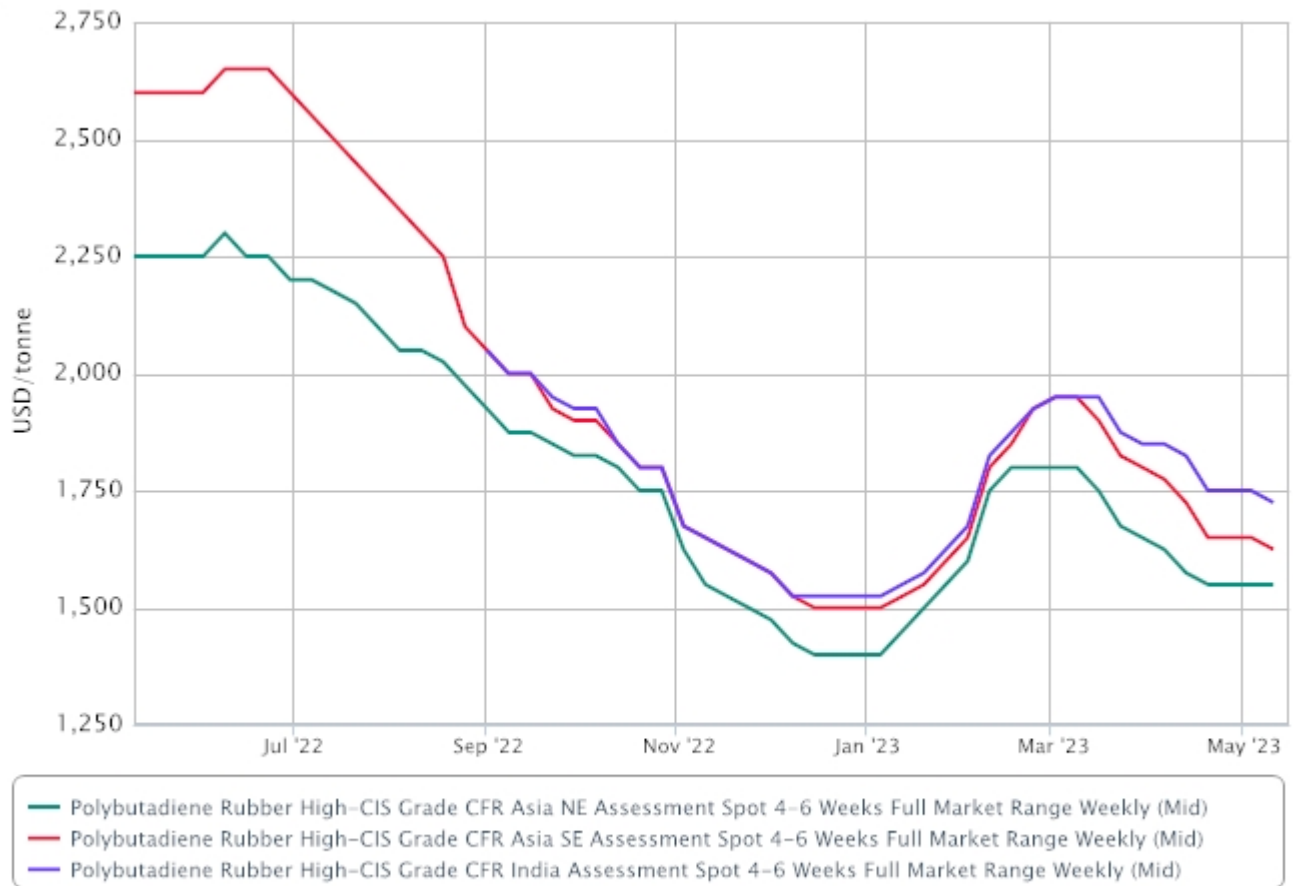
Furthermore, feedstock [butadiene](#) (BD) market faltered recently, fuelling anticipation among PBR buyers that they are in a stronger position now to negotiate with sellers for deeper discounts.

Most also saw no urgency to commit, not just because substantive downstream requirements are not robust, but also because end-users perceived the market as amply supplied, now that more regional plants have [returned](#) from prior maintenance closures.

There is also capacity growth in [China](#), which could further lengthen supplies, market players said.

But producers, especially for low-cis materials, said that despite easing BD prices, operation costs on other fronts, from utilities to procurement of catalysts required remain hefty, giving them no room to price down more without hurting their already frail bottomlines.

Some may consider recalibrating production instead, to better align supply with demand and minimise risk of overflowing inventories, market sources said.



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## OUTLOOK

- **PMI declines in China could weigh down on demand**
- **No lack of spot supplies in the near term**
- **[Outlook](#) may stay bearish**

## 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 | 1950.00-2100.00 | n/c | 1950.00-2150.00 | 88.45-95.25 |
| <b>CFR Asia SE</b>                         | USD/tonne | n/c | 2100.00-2200.00 | n/c | 2100.00-2250.00 | 95.25-99.79 |
| <b>Polybutadiene Rubber High-CIS Grade</b> |           |     |                 |     |                 |             |
| <b>CFR Asia NE</b>                         | USD/tonne | n/c | 1500.00-1600.00 | n/c | 1550.00-1600.00 | 68.04-72.57 |
| <b>CFR Asia SE</b>                         | USD/tonne | n/c | 1600.00-1650.00 | -50 | 1700.00-1750.00 | 72.57-74.84 |
| <b>CFR India</b>                           | USD/tonne | n/c | 1700.00-1750.00 | -50 | 1800.00-1850.00 | 77.11-79.38 |

### Northeast Asia

**High-cis**

CFR NE Asia prices were kept unchanged, taking into account limited and rangebound buy-sell indications.

Domestic China prices softened, tracking declines in yuan-denominated prices of feedstock butadiene.

| Price (CNY/tonne)    | This week's close | Previous week's close |
|----------------------|-------------------|-----------------------|
| E China Ex-Warehouse | 11,100-11,200     | 11,300-11,400         |

**Low-cis**

CFR NE Asia market was stable in a thinly-discussed market. Some discussions took place at nearer the high-end of the assessment range for June deliveries, but it was unclear if any transactions materialised. Majority of the buying indications were at the low-end of the range.

**Southeast Asia****High-cis**

CFR SE Asia prices were stable-to-soft, with the high-end of the assessment range dropped to capture the full spectrum of deals done and discussions for cargoes from diverse Asia origins.

Demand was largely muted this week, but with natural rubber prices rising, some market players said that this could lend some support to PBR as end-users may turn to purchase more PBR as a cheaper substitute to natural rubber.

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

| May (1-11) 2023 | Apr 2023 | Mar 2023 | Feb 2023 | Jan 2023 | Dec 2022 | Nov 2022 |
|-----------------|----------|----------|----------|----------|----------|----------|
| 137.45          | 136.27   | 135.03   | 140.11   | 140.11   | 135.03   | 127.32   |

**Low-cis**

CFR SE Asian assessments were kept unchanged, tracking largely muted and rangebound talks.

**India**

CFR India assessments were stable-to-soft, with the high-end of the assessment range dropped alongside lower offers heard for northeast Asia-origin materials.

**UPSTREAM****BD**

- Weak downstream demand continues
- Oil slump dents buying appetite further
- No lack of spot availabilities from SE Asia

The chart below shows the spread between BD and PBR.

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



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## ANALYTICS

### ICIS GDP Outlook

Global GDP is forecast to increase by 1.8% in Q1 year on year, and Q2 is expected to grow by 2.1%, according to Oxford Economics. Geopolitical tension and certain protectionist policies are forecast to weigh heavy on the global economy. A significant amount of growth expectation is based off the Chinese economy. With people free to move and travel around, this is expected to give considerable boost to domestic consumption. On the negative, with the bank-run of Silicon Valley Bank in the US, there is certain level of nervousness in the market. A potential spill over to other regions cannot be ruled out.

US GDP is forecast to increase by 1.8% in Q1 year on year, and Q2 is expected to grow by 2.0%, according to Oxford Economics. There is an increase level of caution among the investor community and public in general on the news surrounding Silicon Valley Bank and Signature Bank in the US. However, something positive to look forward to would include the signing of Inflation Reduction Act in the US. Approximately \$370bn in investments will be deployed to tackle energy costs, local manufacturing, health care and green infrastructure.

For Europe, taming inflation continues to be the primary goal. Christine Lagarde, ECB president, said in March that “we must continue to take whatever measures are necessary to bring inflation back to 2%....” EU GDP is forecast to increase by 0.8% in Q1 compared to Q1 2022, and Q2 is expected to grow by 0.2% in the same period, according to Oxford Economics.

China’s “Two Sessions” event held in March set the outline over direction for the economy. It set the GDP growth target for 2023 at 5.0%. After dropping three years of pandemic induced restriction, there has been increased focus on reviving the economy and improve consumer sentiment. India GDP is forecast to increase by 4.9% in Q1 year on year, and Q2 is expected to grow by 1.3% in the same period, according to Oxford Economics.

By **Jincy Varghese**, ICIS demand analyst, [jincy.varghese@icis.com](mailto:jincy.varghese@icis.com)

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