



Polybutadiene Rubber (Asia-Pacific)

By Ai Teng Lim
12-Jan-2023

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

OVERVIEW

- **Offers supported on upstream gains**
- **Buyers' response lukewarm**
- **Spot trade liquidity low**

Discussions in Asia's spot market for polybutadiene rubber (PBR) edged up with upstream buoyancy, but substantive trade liquidity is still curbed by weak demand fundamentals.

Sellers held firm to existing expectations, or chased higher prices in some cases, citing the need to recoup costs and rescue margins, following a recent surge in upstream feedstock [butadiene \(BD\)](#) prices.

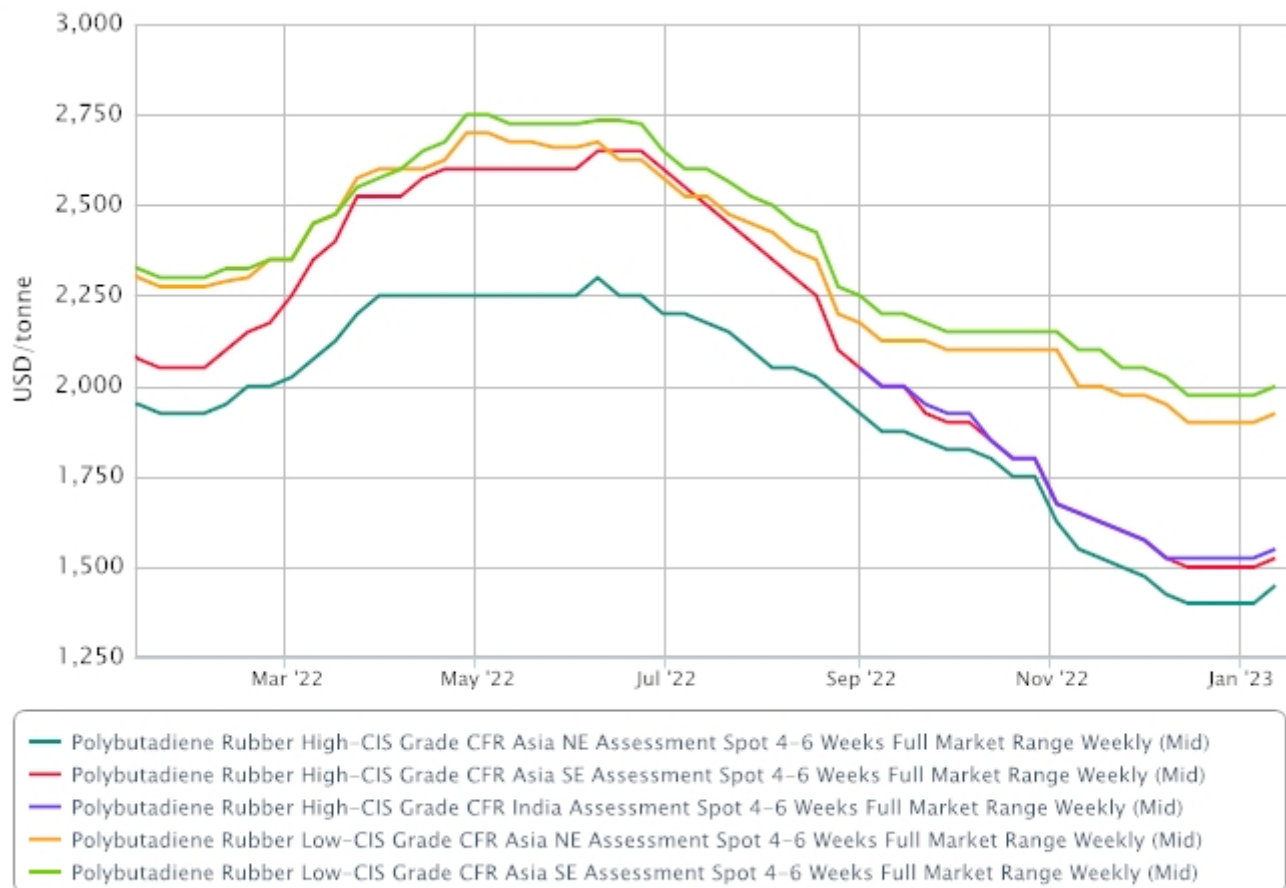
If the upstream prices do not ease, PBR sellers said that they have to lift price even higher in the coming weeks to break even.

Even though some firmer buying indications emerged this week, the buy-sell gap remains wide and crimped trade liquidity.

End-users were still resistant to paying much more for Asia-origin materials, citing affordability issues as their own margins have been squeezed badly by persistently weak pricing and demand conditions in their own downstream markets.

Most buyers remained on the sidelines as such, and do not rule out the likelihood that they could turn to tapping more heavily on cheaper deep-sea alternative supplies instead to control costs and protect margins.

With [global inflation risks](#) still running high, confidence is low among end-users that the macro-economic landscape could improve in the near term to boost PBR off-take from related downstream sectors like automobile and shoe sole manufacturing.



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OUTLOOK

- High-cis spot availabilities may tighten with an upcoming [turnaround](#)
- Uncertainties linger on [post lunar-new-year](#) situation in China
- Demand outlook still murky in nature

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	n/c	1850.00-2000.00	+50	1850.00-1950.00	83.91-90.72
CFR Asia SE	USD/tonne	n/c	1950.00-2050.00	+50	1950.00-2000.00	88.45-92.99
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	+50	1400.00-1500.00	+50	1350.00-1450.00	63.50-68.04
CFR Asia SE	USD/tonne	+50	1500.00-1550.00	n/c	1450.00-1550.00	68.04-70.31
CFR India	USD/tonne	+50	1500.00-1600.00	n/c	1450.00-1600.00	68.04-72.57

Northeast Asia

High-cis

CFR NE Asia assessment rose with firmer offers for deliveries to diverse northeast Asian destinations.

In China, domestic yuan-denominated prices for PBR also rose with upstream gains.

Price (CNY/tonne)	12 Jan	5 Jan
E China Ex-Warehouse	10,500-10,600	10,400-10,500

Low-cis

CFR NE Asia assessment rose at the high-end of the range, tracking firmer offers.

Southeast Asia

High-cis

CFR southeast Asia assessment was stable-to-firm, with low-end of the range lifted on higher discussions heard for China-origin materials. Northeast Asia-origin materials are indicated at the high-end and above.

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

Jan (1-12) 2023	Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022
134.91	135.03	127.32	130.52	134.12	149.74	158.83	164.15

Low-cis

CFR SE Asia assessment rose raised at the high-end of the range with firmer offers.

India

The low-end of the CFR India assessment range tracked firmer offers for China-origin materials, while materials from other traditional northeast Asian suppliers were heard at the high-end and up.

However, discussions were muted for imports, with many buyers turning to tap more heavily on the domestic pool, market sources said.

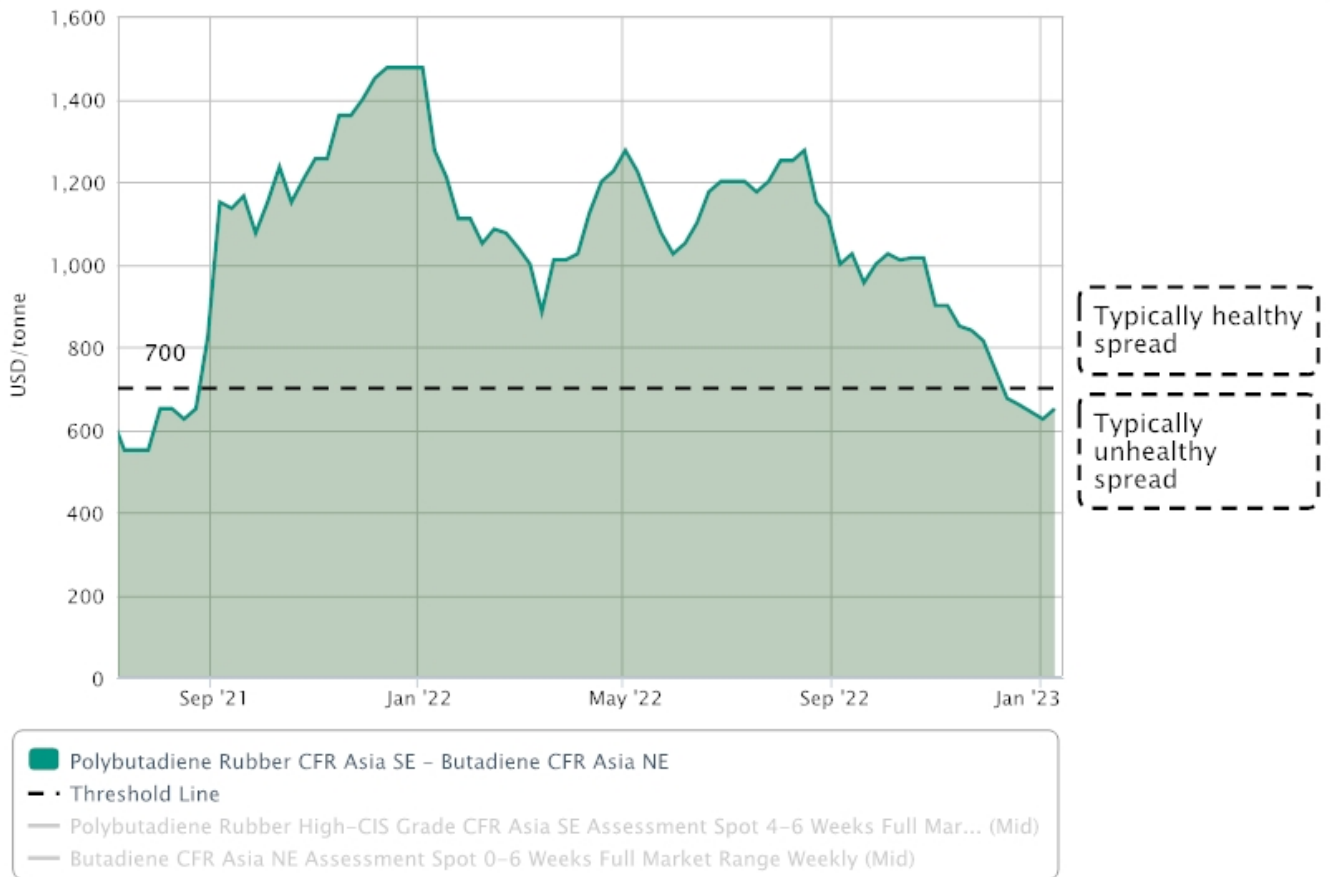
UPSTREAM

BD

- Bullish start for domestic China market
- Discussions for China imports boosted in line
- Lack of support from weak demand fundamentals in wider Asia

The chart below shows the spread between butadiene and PBR.

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



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ANALYTICS

ICIS Outlook on GDP

In its latest World Economic Outlook, the International Monetary Fund (IMF) said, "One-third of the world economy will likely contract this year or next amid shrinking real incomes and rising prices...". The global economic situation, and Europe's in particular, will continue to deteriorate. It is likely that the global economy is on the edge of a recession, although it has not entered one yet. Manufacturing is struggling although services have improved and this has been enough to keep overall growth in positive territory. 2022 was filled with shocks and surprises, but we are unable to say that the worst is behind us. The global system remains under strain and has seen several structural shifts in demand-supply fundamentals. The key question is – When will we see the start of a real recovery? Much will depend on China's future COVID-19 policy and the state of gas supply in Europe.

Despite reduced economic activity, the US has not entered a technical recession, mainly because non-manufacturing, notably services, are performing better than expected. However, the economy is expected to stagnate in 2023.

2023 will be extremely challenging for Europe as it is forecast to enter an official recession. Just as Europe was recovering from the pandemic, it was hit by a severe energy disruption. The Russia-Ukraine continues to affect the European economy disproportionately. A recovery is not expected until there is greater certainty about a reliable and consistent energy source.

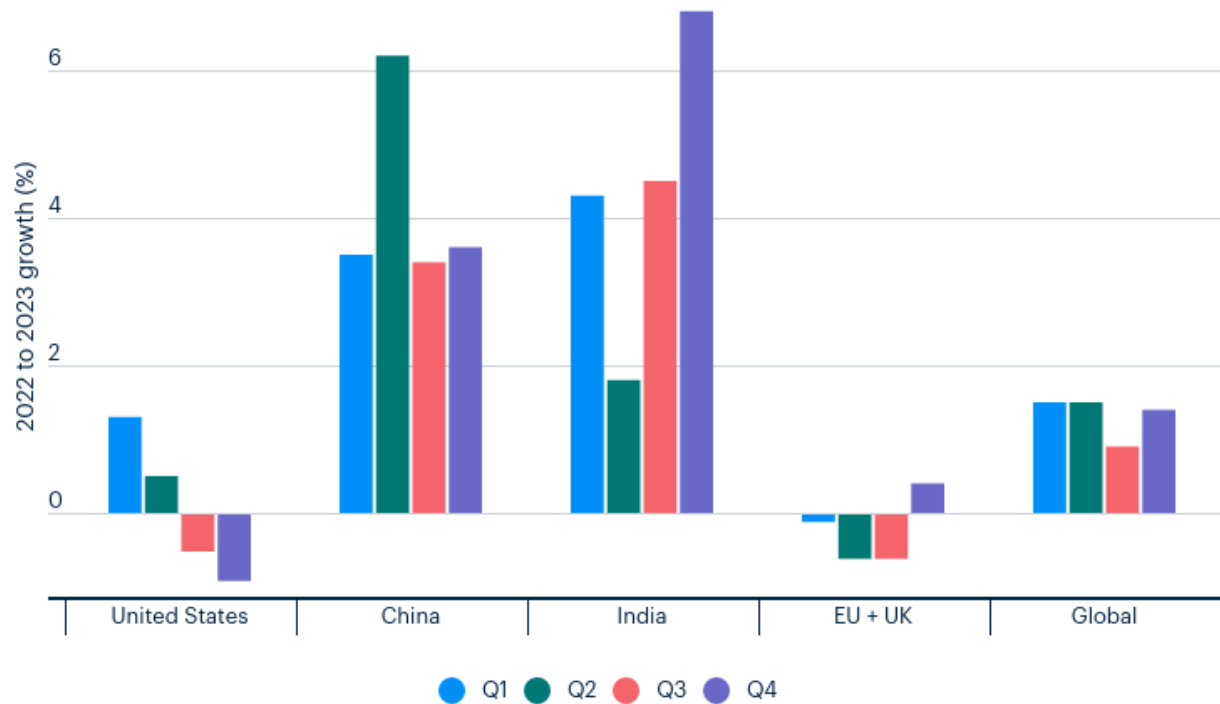
In December 2022, China's National Health Commission relaxed some of the country's strict zero-COVID measures. However, a reintroduction has not been ruled out if cases surge. These on-and-off measures have

damaged manufacturing activity. The economy is struggling due to diminished activity. A twin shock to both demand and supply has derailed the country's trading prospects, which will impact those economies dependent on Chinese material.

By **Jincy Varghese**, ICIS demand analyst, jincy.varghese@icis.com

GDP growth by region

2022 vs 2023



SOURCE: Oxford Economics

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