



## 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

- **Domestic China surges**
- **Import sellers' sentiment boosted in line**
- **Trade liquidity curbed on spot supply constraints**

Discussions for spot imports into China of polybutadiene rubber (PBR) were more upbeat, tracking robust gains in yuan-denominated values for the product in the domestic China market.

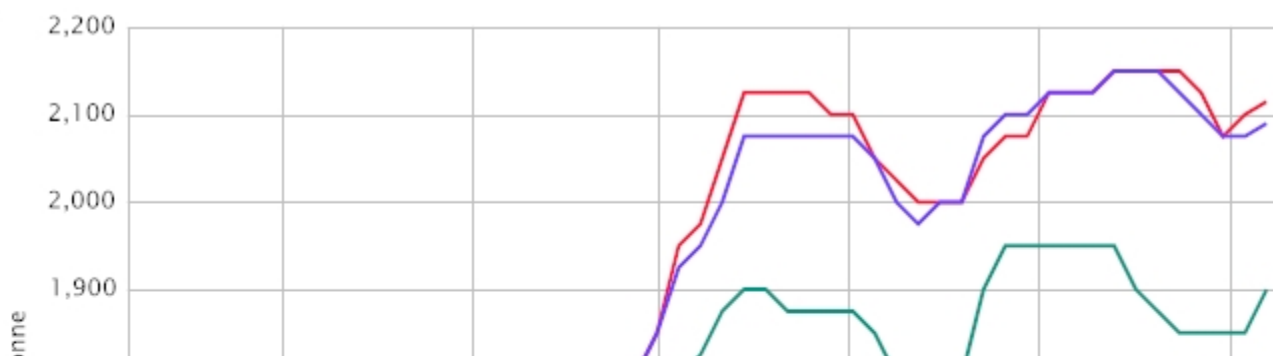
Domestic China prices for physical PBR cargoes rose alongside buoyant futures, for both PBR and natural rubber.

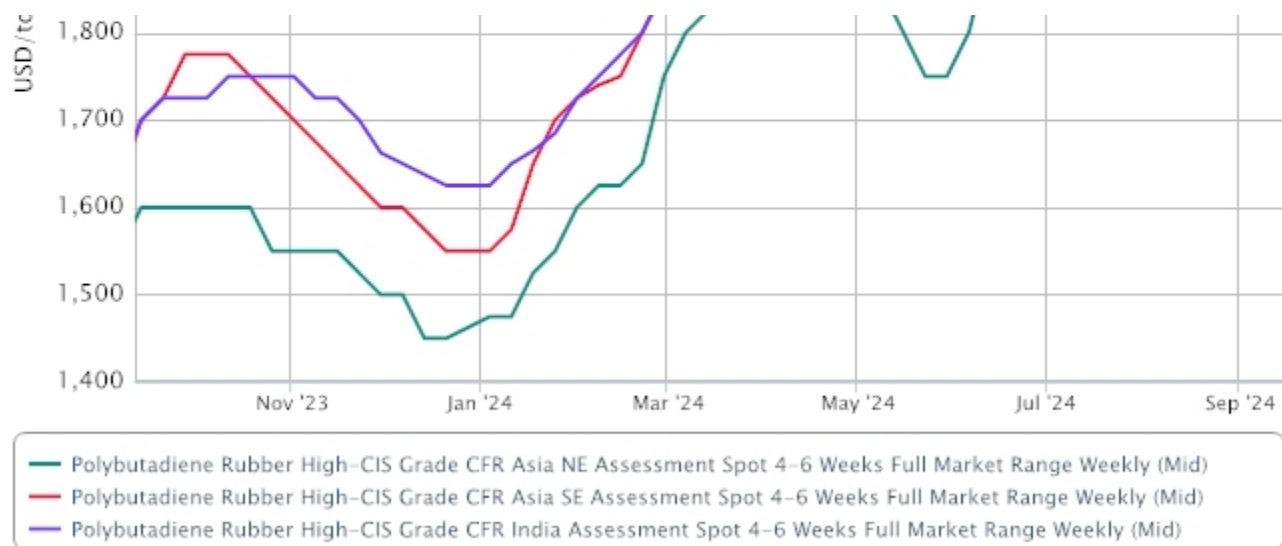
The bullish yuan market, in turn, boosted sellers' expectations for US dollar-denominated imports into China.

In wider Asia, regional PBR makers elevated offers, especially for shipment to southeast Asia where they command a relatively firmer market share vis-à-vis suppliers of non-Asia origin materials.

Furthermore, as spot availabilities are poised to run lower once a heavy wave of PBR plant maintenance in northeast Asia begins in late September, seller are expecting this to provide even more support to their offers.

However, sentiment is relatively more muted on the buy-side, with many end-users still cautious about the risk of over-committing on forward-import shipment. Many are worried that their own downstream markets, such as the [automotive sector](#), may not hold well if macroeconomic headwinds intensify.





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## OUTLOOK

- Near-term demand outlook in China still shaky
- But tightening spot supply pool to keep up offers
- Feedstock butadiene ([BD](#)) cost push on sellers may increase

## 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	2300.00-2450.00	+50	2350.00-2500.00	104.33-111.13
			0			
<b>CFR Asia SE</b>	USD/tonne	n/c	2300.00-2450.00	+50	2350.00-2500.00	104.33-111.13
			0			
<b>Polybutadiene Rubber High-CIS Grade</b>						
<b>CFR Asia NE</b>	USD/tonne	+50	1850.00-1950.00	+50	1800.00-1900.00	83.91-88.45
			0			
<b>CFR Asia SE</b>	USD/tonne	+30	2080.00-2150.00	n/c	2100.00-2200.00	94.35-97.52
			0			
<b>CFR India</b>	USD/tonne	+30	2030.00-2150.00	n/c	2050.00-2200.00	92.08-97.52
			0			

### Northeast Asia

#### High-cis

CFR NE Asia assessments rose, taking into account firmer buy-sell indications.

Domestic prices in east China spiked, tracking increases seen in the upstream BD market

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	15,500-15,700	14,900-15,300

### **Low-cis**

CFR NE Asia assessments for low-cis PBR is lifted at the high end, with firmer selling indications heard and the low end kept unchanged in the absence of substantive discussions.

### **Southeast Asia**

#### **High-cis**

CFR SE Asia prices for high-cis PBR were stable to firm, with offers heard at the high end and up, while some deals were concluded at the lower end.

Bullish natural rubber prices also served to boost PBR sellers' confidence as they believed that more end-users may turn to purchasing SBR as a cheaper substitution product.

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

Sep (1-11) 2024	Aug 2024	Jul 2024	Jun 2024	May 2024	Apr 2024	Mar 2024
185.79	179.89	168.65	176.00	170.03	162.99	165.36

Source: Malaysian Rubber Board

### **Low-cis**

CFR SE Asia assessments for low-cis PBR were stable to firm, with the high end lifted due to firmer selling indications heard.

### **India**

CFR India prices for high-cis PBR were assessed in a narrower range, with the low end lifted to capture the spectrum of buy-sell indications heard for NE Asia-origin materials.

Local buyers were seeking more volumes from the domestic producers too, to reduce reliance on imports, market sources said.

## **UPSTREAM**

### **Butadiene**

- Domestic China stays upbeat
- Discussions for China-bound imports boosted in line
- Demand muted in wider Asia otherwise

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 Malaysia, a 72,000 tonne/year PBR unit at Tanjung Langsat remains [shut](#) for maintenance which commenced in H2 June, market sources said.

In South Korea, a 170,000 tonne/year PBR unit in Yeosu will [shut](#) for a month-long maintenance in October.

In Japan, a 65,000 tonne/year unit at Tokuyama will undergo [maintenance](#) in the mid-Sept to end-Nov period.

In Taiwan, a 50,000 tonne/year unit at Taina Hsien will also [shut](#) for maintenance in October.

And in China, a 100,000 tonne/year plant in Zhoushan is [shut](#) for a month-long maintenance in September, and another 100,000 tonne/year unit in Dongying has also gone [off-line](#) since H2 August on commercial reasons.

## ANALYTICS

## ICIS outlook on downstream automobile sector

The global automotive industry is still in the middle of a deep crisis, with high interest rates continuing to be a drag on the sector. Other challenges include subdued demand, supply chain disruptions and slower line speeds, among others. Long-term investments for, among others, tightening emission standards, a growing push to electrify, and shared car ownership have already left firms short of cash.

According to the US Census Bureau, US light vehicle sales increased by 4.2% month on month in July with total sales of 15.817 million units (still down 0.8% year on year and down 7.8% from 2019). The finished inventory to sales ratio increased month on month from 1.248 to 1.420 in June. (For context, the ratio was 0.919 and 2.592 respectively in June 2021 and 2020). High inflation, slumping consumer confidence and tighter monetary policy will weigh upon consumer demand for automotives. On the positive side, there are multiple supportive federal policies being announced to support and boost the sector, such as the CHIPS and Science Acts.

According to the European Automobile Manufacturers' Association (ACEA), EU new car registration increased by 4.3% in June compared with the same month last year. The Association further reports that Italy posted the biggest gain with a 15.1% increase, followed by Germany (+6.1%), and Spain (+2.2%). However, France reported a decline of 4.8%. There are still concerns about balance sheets, with some producers struggling to survive in the short term.

China's inventory coefficient (calculated as inventory over sales) at auto dealers was at 1.40 in June, down from 1.44 in May. This is positive for the industry as less working capital is tied up. Typically, an inventory coefficient less than 1.50 is considered to be reasonable. For the next month we do not expect any significant increase in auto sales, because traditionally July and August are an off-season period. India's Federation of Automobile Dealers Associations (FADA) reported an increased registration of 13.84% in July year on year. However, some of the challenges identified for the industry for the next quarter include a severe monsoon, poor consumer sentiments and higher stocks, among others. On the positive side, the onset of the festive season is expected to support the market. Therefore, there is a cautious optimism over the outlook.

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