Polybutadiene Rubber (Asia-Pacific)

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Please click here for full details on the criteria ICIS uses in making these price assessments.

OVERVIEW

- **Weak demand fundamentals prevail**
- **High-cis supplies ample**
- **Subdued buying interest**

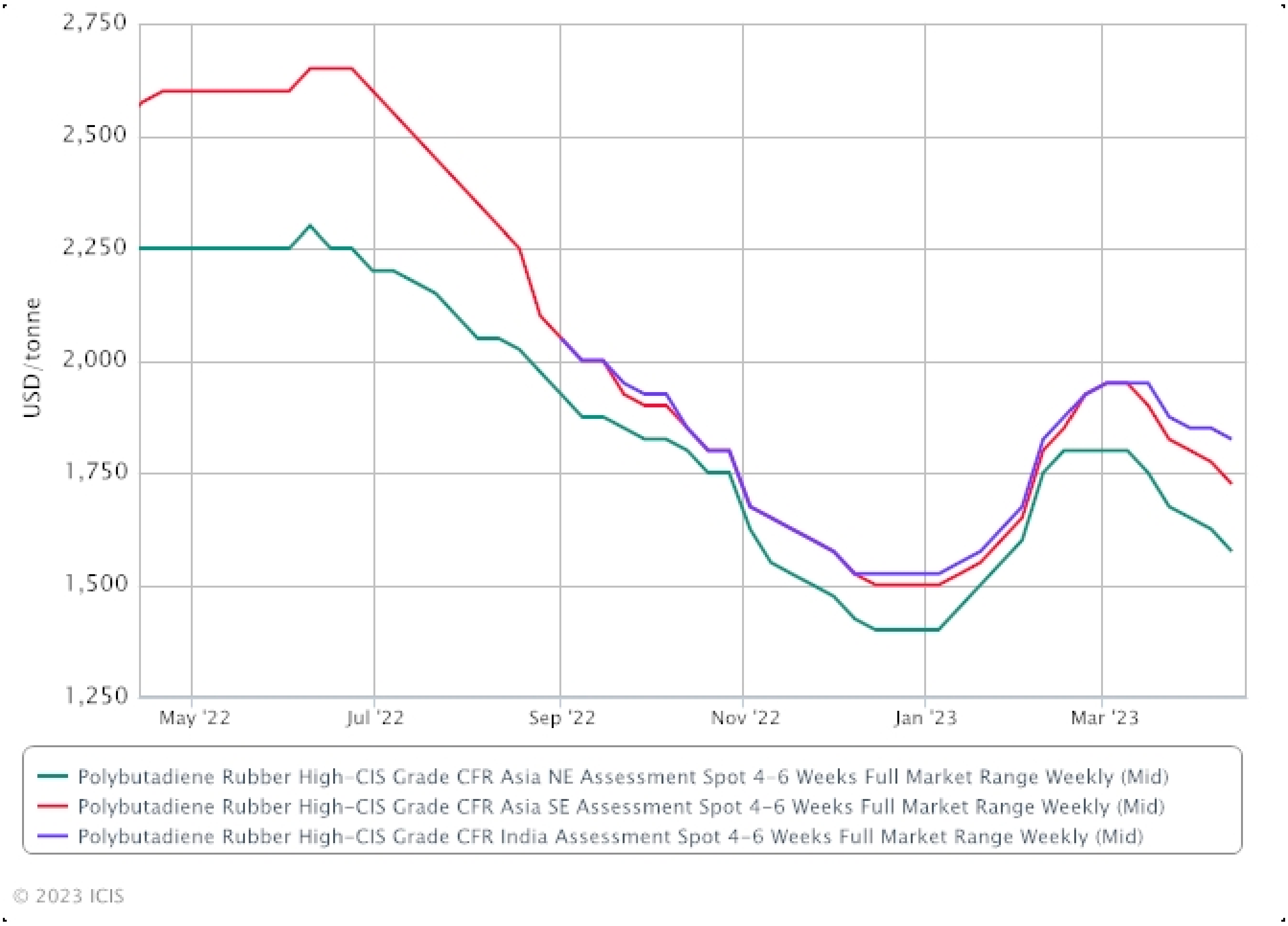
Downbeat demand sentiment kept spot trade discussions for polybutadiene rubber (PBR) import market hampered across all outlets in Asia.

In China, import trade is at a standstill. Recovery of several related downstream markets, such as the China car sector, is still patchy in nature, market sources said, and this also meant usage for raw materials including PBR is not fully optimised.

Domestic high-cis PBR availabilities are also poised to lengthen with several local PBR plants returning from prior maintenance closures.

In southeast Asia, offtake is seasonally slower too, in the run-up to various regional holidays like Eid ul-Fitr and the Songkran festival in Thailand. Demand from non-tyre sector users, such as the shoe sole makers, has also waned with weaker end-use consumption.

In India, buyers also kept to a cautious approach for import procurement, but steady benchmark interest rates for the country helped to bolster confidence to some extent, compared to other regional outlets.



OUTLOOK

- **Steady Asian growth projections could provide some demand support**
- **But uncertainties will prevail**
- **Near-term outlook may remain murky in nature**

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	-50	1950.00-2150.00	n/c	2000.00-2200.00	88.45-97.52
CFR Asia SE	USD/tonne	-50	2100.00-2250.00	n/c	2200.00-2250.00	95.25-102.06
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	-50	1550.00-1600.00	-50	1700.00-1800.00	70.31-72.57
CFR Asia SE	USD/tonne	-50	1700.00-1750.00	-50	1850.00-1950.00	77.11-79.38
CFR India	USD/tonne	n/c	1800.00-1850.00	-50	1900.00-2000.00	81.65-83.91

Northeast Asia

High-cis

CFR NE Asian prices are assessed down with softer pricing indications for shipment to China – at the lower end – and shipment to other northeast Asian outlets at the higher end.

Domestic China prices are stable to soft, weighed down by increased supplies.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	11,000-11,100	11,000-11,200

Low-cis

Some limited volumes were sold for May shipment to Japan at the high-end. But the majority of buyers pressed for deeper discounts, and the low-end is dropped in line with such bearish buy-side sentiment, in the absence of other concrete bids or discussions for May shipment materials.

Some April shipment supplies were transacted at below the published range, but the shipment period is outside of the assessment window.

Southeast Asia

High-cis

CFR SE Asian prices softened with lower offers tracked at the high-end, and buying indications capped at the low-end for cargoes from regular NE Asian suppliers.

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

Apr (1-13) 2023	Mar 2023	Feb 2023	Jan 2023	Dec 2022	Nov 2022	Oct 2022	Sep 2022
134.48	135.03	140.11	140.11	135.03	127.32	130.52	134.12

Low-cis

The high-end is kept unchanged, taking reference from stable selling indications from regional producers.

But buy-sell gap remains wide, market sources said. No concrete bids were heard and the low-end is adjusted down notionally, in line with low-end changes for the CFR NE Asian assessment.

Regional producers said that they would not moderate current expectations, as firstly, they remained confident that demand from regional polystyrene (PS) makers will pick up in due course. Secondly, their spot availabilities are limited to begin with, and they also saw room to divert some cargoes to the US if sales within Asia fail to pick up.

India

CFR Indian discussions were stable-to-soft, with the high-end dropped with lower selling indications heard for NE Asia-origin, duty-free, materials.

But substantive discussions were limited as Indian buyers continued to hold back on fresh import procurement, preferring to wait until the next trench of domestic prices are finalised later this week.

There is also no lack of cheaper availabilities for cargoes from non-Asia origins, such as Iran, market players said, and this further diluted buying interest.

UPSTREAM

Butadiene (BD)

- Discussions muted amid holidays in NE Asia
- Bearish demand sentiment prevails
- Supply picture varies between NE and SE Asia

The chart below shows the spread between butadiene and PBR.

Downstream spread – butadiene NE Asia and PBR SE Asia

ANALYTICS

ICIS Crude Outlook

In February, OPEC crude oil production averaged just under 29m bbl/day, higher by 117,000 bbl/day month on month, with total OPEC+ production remaining stable at 44.5m bbl/day. Russia was the largest crude oil supplier to China with import volumes jumping by nearly 25% year on year to just under 2m bbl/day in January-February 2023. Russian suppliers have re-routed most of the barrels previously destined for the EU and US to new outlets in Asia, Africa and the Middle East. US oil exports to Europe hit a record in March at more than 2m bbl/day, driven by wider Brent/WTI spreads. China is seen as the biggest contributor to global oil demand growth and is expected to drive world oil consumption to record levels in 2023. India's oil demand is projected to rise by over 300,000 bbl/day to more than 5m bbl/day in 2023, from 4.77m bbl/day in 2022. Mid-March oil prices plunged, despite the predicted Chinese demand growth, as a result of banking stress, recessionary fears and an exodus of investor flows from western economies. However, prices recovered to above $75/bbl by late March, in expectation of global oil demand growing by 1.6m bbl/day to 101.4m bbl/day in 2023.

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ICIS Naphtha Outlook

Naphtha cracks in northwest Europe came under further pressure in March and were pushed into negative territory on the back of ample supply and weak demand. Yet, refiners expect naphtha cracks to improve and remain robust in the coming weeks and months, led by increasing demand for distillates and blending interest in tandem with supply disruptions from France and Russia. In addition to the Russian oil embargo, Europe has been hit by refinery strikes in France, hampering its access to, and availability of, naphtha. By late March, four out of six refineries in France had shut or were in the process of halting their operations. In March, naphtha stock levels in the European trading hub of ARA, while still high, were down slightly, by an average of 2% month on month, with continuous limited demand from regional buyers and ample availability standing by from alternative supply sources. Russian flows have been looking for new markets along the Mediterranean coast of north Africa, the Middle East and Asia with deeper discounts, displacing alternative supplies and putting pressure on naphtha crack spreads in these regions. Asia’s cracker margins improved slightly in the final weeks of March amid a tighter ethylene market. However, by the end of the month they remained in negative territory. Ample supplies from the Middle East, partially contracted on a term basis with several cracker operators, are limiting buying interest for Russian naphtha even though they may be heavily discounted. More than 60% of March Russian naphtha flow headed for Asia, with Singapore being the top destination country. However, all Russian naphtha sent to Asia so far has been discharged into storage terminals in Singapore rather than to a refinery.

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