



Polybutadiene Rubber (Asia-Pacific)

By Ai Teng Lim

14-Dec-2023

[Overview](#) | [Outlook](#) | [Prices](#) | [Upstream](#) | [Production](#) | [Analytics](#)

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

The weekly pricing analysis will not be published on 28 December 2023. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

- **Requirements muted on year-end lull**
- **Market amply supplied**
- **Weak upstream weighs on buying appetite**

Sentiment remains largely downbeat in the Asian spot import market for polybutadiene rubber (PBR), amid a weak outlook on [global demand](#).

Even though some regional plants are currently shut for maintenance, end-users seemed at ease and unconcerned about any ensuing squeeze on spot availabilities.

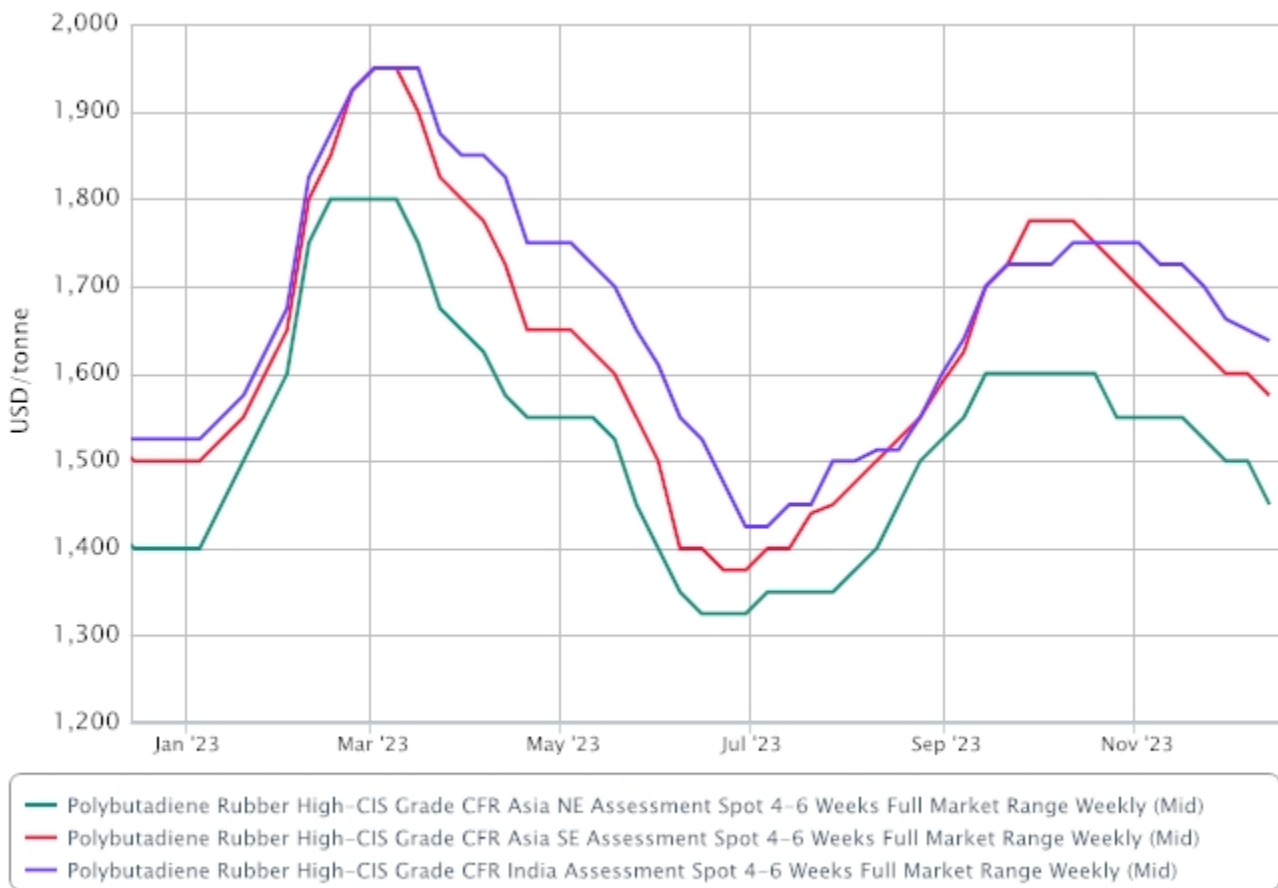
After all, substantive requirements are not active to begin with at this time of year, with many downstream factories preparing to wind down for year-end holidays, market players said.

Furthermore, as feedstock [butadiene](#) prices are seemingly on a downtrend, PBR buyers are even more convinced that it would be to their advantage to wait, as offers could soften more in due course should feedstock costs continue to weaken.

Some lower spot offers did surface, amongst sellers seeking to protect market share. But most sellers were more preoccupied otherwise with 2024 term negotiations than prevailing spot business.

Based on how term talks are progressing, sellers were themselves rather assured, market sources said, that substantive downstream requirements are broadly healthy, as buyers are requesting for similar, if not more, volumes compared to the current year.

That said, sellers acknowledged that buy-sell gap remains wide on the pricing matters, and this is delaying term settlement, as well as stifling spot trade liquidity.



© 2023 ICIS

OUTLOOK

- Near-term spot requirements on seasonal lull
- Extended losses in feedstock market to weigh on offers too
- Players likely to keep to a cautious procurement stance

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	-50	1850.00-2050.00	-50	1900.00-2100.00	83.91-92.99
			0			
CFR Asia SE	USD/tonne	-50	1950.00-2050.00	-50	2000.00-2100.00	88.45-92.99
			0			
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	-50	1400.00-1500.00	-50	1500.00-1600.00	63.50-68.04
			0			

CFR Asia SE	USD/tonne	n/c	1550.00-1600.00	-50	1600.00-1700.00	70.31-72.57
			0			
CFR India	USD/tonne	n/c	1600.00-1675.00	-25	1700.00-1750.00	72.57-75.98
			0			

Northeast Asia

High-cis

CFR NE Asian assessments fell, taking into account weaker buy-sell indications for deliveries to different NE Asian outlets.

In China, buying interest for US dollar-denominated imports was diluted too by recent losses in the yuan-denominated domestic market.

Domestic prices of PBR in east China sunk lower, tracking massive losses seen recently in the upstream butadiene market.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	11,100-11,600	11,500-12,000

Low-cis

The high-end is adjusted down with some softer selling indications heard.

There was no meaningful discussion and the low-end is notionally adjusted down, in line with the changes in high-end, to reflect a generally bearish downstream demand sentiment.

Southeast Asia

High-cis

CFR SE Asian assessments are down on the high-end tracking lower offers heard.

Recent declines in natural rubber prices also weighed down demand in southeast Asia for PBR imports, market players said.

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

Dec (1-14) 2023	Nov 2023	Oct 2023	Sep 2023	Aug 2023	Jul 2023	Jun 2023	May 2023	Apr 2023	Mar 2023	Feb 2023	Jan 2023
143.99	148.42	145.26	142.65	130.22	131.31	133.48	136.34	136.27	135.03	140.11	140.11

Source: Malaysian Rubber Board

Low-cis

Assessments are down tracking softer buy-sell indications heard.

But no transactions materialized, with buyers still in a wait-and-see mood, while sellers are also unwilling as yet to deepen discounts as they wanted to protect and preserve frail margins.

India

CFR Indian assessments are also adjusted down at the high-end with a softer offer heard for NE Asian cargoes.

But substantive discussions are limited otherwise, as most end-users do not want to take positions currently, preferring to wait until the year-end holiday season is over before they redeliberate on fresh spot trades.

UPSTREAM

Butadiene

- Wider losses in domestic China market
- [Buying appetite](#) curtailed in line for spot imports
- Players more preoccupied with term negotiations too

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](#)



— Polybutadiene Rubber High-CIS Grade CFR Asia SE Assessment Spot 4-6 Weeks Full Mar... (Mid)
— Butadiene CFR Asia NE Assessment Spot 0-6 Weeks Full Market Range Weekly (Mid)

© 2023 ICIS

PRODUCTION

PBR availabilities are tight in December amid ongoing turnarounds in [China](#) and [SE Asia](#).

In January, a 50,000 tonne/year line in NE Asia will also [shut](#) for a month-long maintenance.

ANALYTICS

ICIS butadiene outlook

There are few signs that the BD industry will improve in 2024. Global BD prices are unlikely to reach values seen in 2023 due to an expected decline in energy and feedstocks prices, weaker US appetite and increased global capacity. Dark clouds will continue to threaten Germany's BD industry in the years to come. Several tyre makers are rethinking the future of their production assets in the country. Michelin is due to close three sites in Karlsruhe, Trier and Homburg by the end of 2025. Goodyear is mulling the closure of its tyre plants in Fulda and Furstenwalde. The elastomer and BD markets will be affected as a result. Tyre imports for passenger and light commercial vehicles could rise from an annual average of 24m units seen over the last few years to sustain German demand. In theory, the BD arbitrage window between the US and Europe should remain closed, which will cause an excess of product in the latter. The US BD market is expected to become more self-sufficient next year following a scheduled expansion of BD capacity in Houston, Texas, and the closure of an ADN unit in Orange, Texas, in early October 2023. In 2024, all BD greenfield facilities will be built in Asia, with two new units completed in China. In China, total derivative capacity expressed as a BD equivalent will exceed total BD capacity by about 1.3m tonnes. Seven new ABS trains, which will add 2.46m tonnes/year at full capacity, should start production in China in H1 2024. Two will be installed at existing petrochemical complexes operated by Hengli Petrochemical and Zhejiang Petroleum & Chemical. As a result, the two will cut spot and term BD supply to the market.

By **Paolo Scafetta**, ICIS senior olefins analyst, paolo.scafetta@icis.com

Polybutadiene Rubber (Asia-Pacific) | 14-Dec-2023. ICIS accepts no liability for commercial decisions based on the content of this report. Unauthorised reproduction, onward transmission or copying of the Polybutadiene Rubber (Asia-Pacific) Report in either its electronic or hard copy format is illegal. Should you require a licence or an additional copy of the Polybutadiene Rubber (Asia-Pacific) Report, please contact ICIS at sales.uk@icis.com

ICIS, Quadrant House, The Quadrant, Sutton, Surrey, SM2 5AS. United Kingdom. ICIS accept no liability for commercial decisions based on the content of this report. Copyright violation is a serious offence. Any distribution or forwarding of information that is not expressly permitted by your subscription agreement is a copyright violation. ICIS uses software to monitor unauthorised electronic redistribution of reports.

