



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

- **Upstream losses weigh on PBR offers**
- **Buy-side response patchy**
- **Many unwilling to commit**

Atmosphere in this week's Asian import market for polybutadiene rubber (PBR) is sullen as more players pulled back, waiting for the volatility in upstream markets to subside before deciding on their next positions.

Feedstock butadiene ([BD](#)) market stumbled in recent weeks, losing nearly 10% as of last assessment week as compared with prices seen in early November in the domestic ex-tank market in east China, according to ICIS data.

And with BD supplies poised to grow with new capacity growth in China, market players said that the BD market may stay under pressure in the near term.

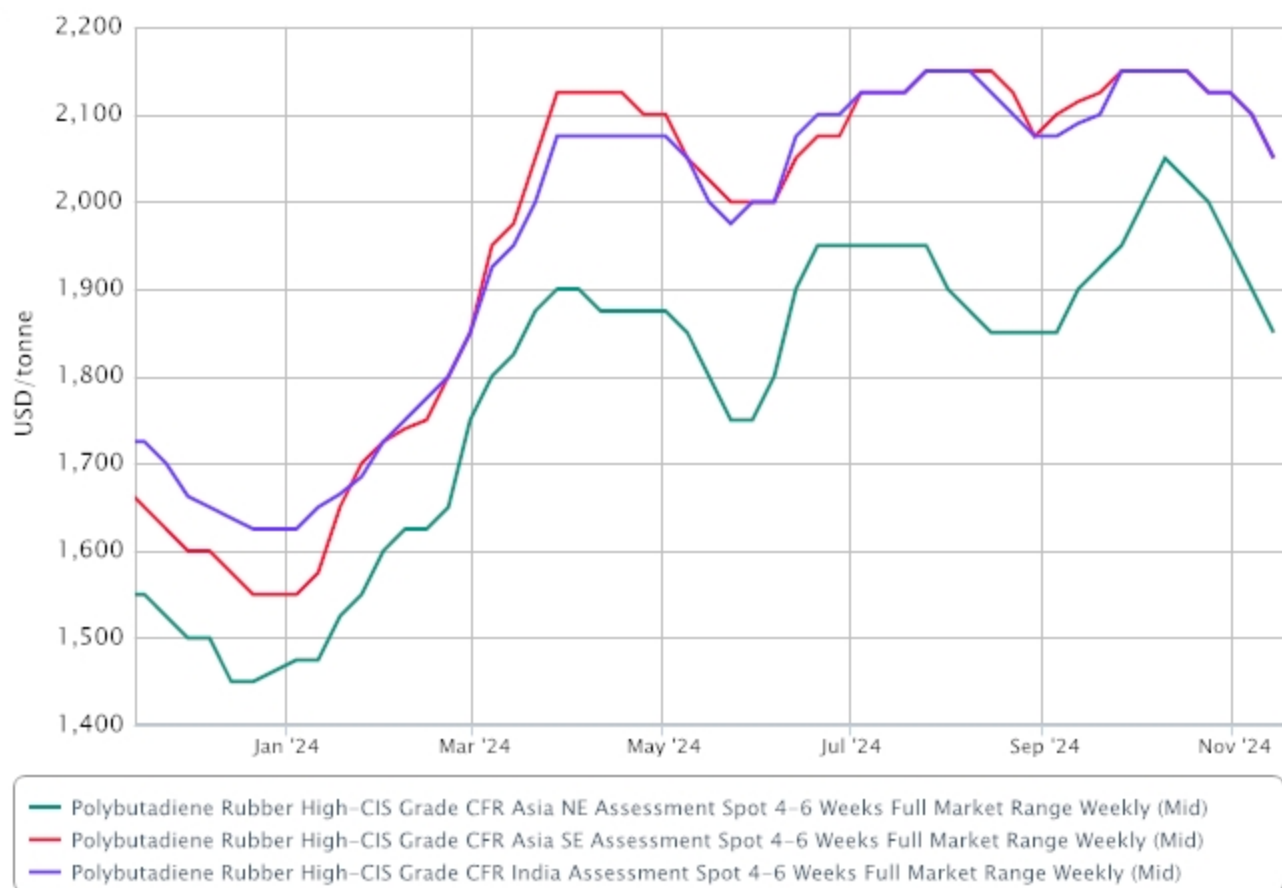
Against this backdrop, buyers of BD derivative products, including those of PBR, are unwilling to commit at this juncture, preferring to hold out for PBR sellers to transfer BD costs savings and lower PBR offers.

Many also believe that the longer that they stave off their next PBR purchase, the more likely they could procure at lower prices.

Sentiment among sell-side elements vary somewhat. Some did dish out some discounts to bridge the gap with buyers and keep some cargoes moving, some others were not inclined to moderate offers more extensively as yet.

Firstly, spot availabilities are limited amid a heavy wave of PBR plant maintenance in Q4, and many regional suppliers are confident that this will help provide some support to their existing expectations.

Also, many highlighted that their margins had been long compressed, and that therefore they were not as yet in a good financial position to price down PBR too much.



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OUTLOOK

- Extended feedstock declines to [weigh on offers](#)
- Downstream demand hazy, pending clarity on auto sector growth
- Buy-sell disparity to widen

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	-50	2250.00-2350.00	-50	2350.00-2450.00	102.06-106.59
			0			
CFR Asia SE	USD/tonne	-50	2250.00-2350.00	-50	2350.00-2450.00	102.06-106.59
			0			

Polybutadiene Rubber High-CIS Grade

CFR Asia NE	USD/tonne	-50	1800.00-1900.0 0	-50	2000.00-2050.00	81.65-86.18
CFR Asia SE	USD/tonne	-50	2000.00-2100.0 0	-50	2100.00-2200.00	90.72-95.25
CFR India	USD/tonne	-50	2000.00-2100.0 0	-50	2100.00-2200.00	90.72-95.25

Northeast Asia**High-cis**

CFR NE Asia assessments trended lower, with softer offers heard at the high end against subdued buying indications at the low end.

Domestic prices in east China continued to decline amid sustained losses seen for spot yuan-denominated trades in feedstock BD.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	13,700-14,000	14,500-14,800

Low-cis

CFR NE Asia assessments for low-cis materials were adjusted down at the high end with softer selling indications.

There was no substantive requirements detected, and in the absence of concrete buy-side indications, the low end was adjusted down, in line with changes at the high end, in part to reflect bearish demand sentiment.

Southeast Asia**High-cis**

CFR SE Asia assessments also dropped at the high end, with lower offers heard against buying indications capped at the low end.

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

Nov (1-14) 2024	Oct 2024	Sep 2024	Aug 2024	Jul 2024	Jun 2024	May 2024	Apr 2024
200.63	207.08	196.02	179.89	168.65	176.00	170.03	162.99

Source: Malaysian Rubber Board

Low-cis

CFR SE Asia assessments were down, with lower selling indications at the high end against subdued buy-side indications capped at the low end.

India

CFR India prices fell at the high end, with lower offer heard for northeast Asia-origin materials, while the low end tracked buying indications for similar materials.

Substantive discussions were limited, with some end-users increasingly leaning towards buying non-Asia-origin materials, much of which are offered at prices substantially cheaper.

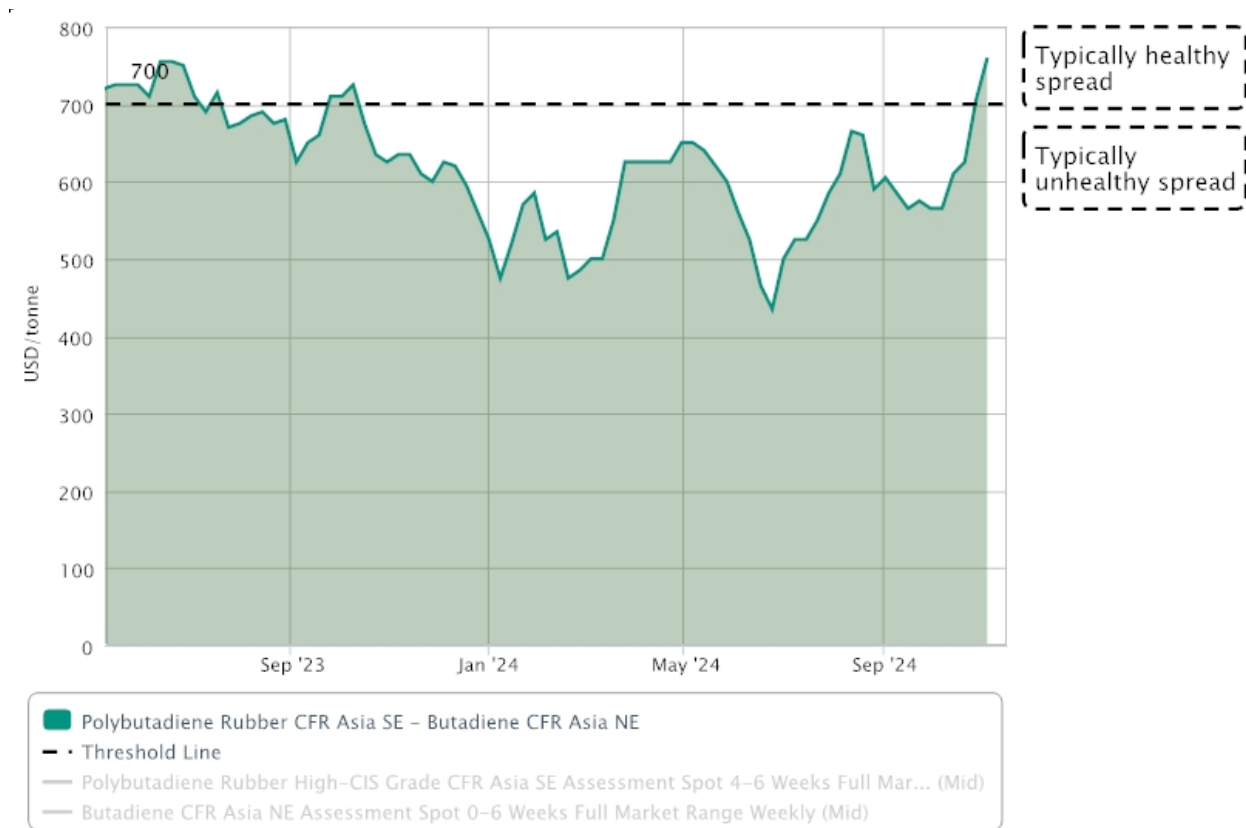
UPSTREAM

Butadiene

- Floundering domestic China weighs on import sentiment
- Fresh spot supplies surface
- But most buyers already amply covered

The chart below shows that the spread between butadiene and PBR recent moved back up into the healthy zone.

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



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PRODUCTION

There are several ongoing PBR maintenance in northeast Asia, and a number will complete within the month.

Company	Location	Status	Capacity (MT/year)	Start	End
Yangzi	Nanjing, China	Commercial	100,000	Early June	TBC
Lotte Ube	Tanjung Langsat, Malaysia	Technical	72,000	H2 June	TBC
Zhenhua	Dongying, China	Commercial	100,000	H2 August	TBC
Zeon	Tokuyama, Japan	Planned Maintenance	65,000	Mid-September	Late November
Chi Mei	Tainan, Taiwan	Planned Maintenance	50,000	H2 September	December
Huayu Rubber	Shandong, China	Maintenance	80,000	Early November	Mid-November

ANALYTICS

ICIS outlook for the downstream automotive sector

Volatile trade relations and policy continue to be major headwinds for the automotive sector this year. The industry is preparing for structural change. However, there is a degree of skepticism among manufacturers regarding mandatory targets for ramping up the charging and refueling infrastructure for electric vehicles.

According to the US Census Bureaus, US light vehicle sales increased by 3.3% month on month in September to 15.7 million (this is still below the pre-pandemic level of 17.2 million in September 2019, down approximately 8.1%). The finished inventory to sales ratio (calculated by dividing inventory by sales) decreased month on month from 1.601 to 1.359 in August 2024. For context, the ratio was 0.672 and 0.601 respectively in September 2021 and 2022.

According to the European Automobile Manufacturers' Association (ACEA), EU passenger car registration decreased by 6.1% in September compared with same month last year. The association reported double-digit losses in France (-11.1%) and Italy (-10.7%). The German market contracted by 7.0%. On the positive side, Spain and Italy reported growth of 4.7% and 2.1%, respectively.

China automotive output in 2024 is expected to grow 8.0% compared with 2023; Q4 2024 is forecast to grow by 2.2% compared with Q4 2023 (Oxford Economics). The Indian festive season is forecast to give a much-needed boost to the industry. On the negative side, dealers are struggling with higher inventory and lower profitability, as reported by the Federation of Automobile Dealers Associations (FADA). India automotive output in 2024 is expected to grow 6.6% compared with 2023; Q4 2024 is forecast to grow by 0.7% compared with Q4 2023 (Oxford Economics). FADA reported cautious optimism ahead of India's festive season, though strategic inventory management is crucial before capitalizing on it.

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