



# 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

- **Offers rose with cost push**
- **Supplies tighten too with turnarounds**
- **Buying appetite more positive as well**

Asia's spot import [offers](#) for polybutadiene rubber (PBR) climbed higher with fresh upstream gains.

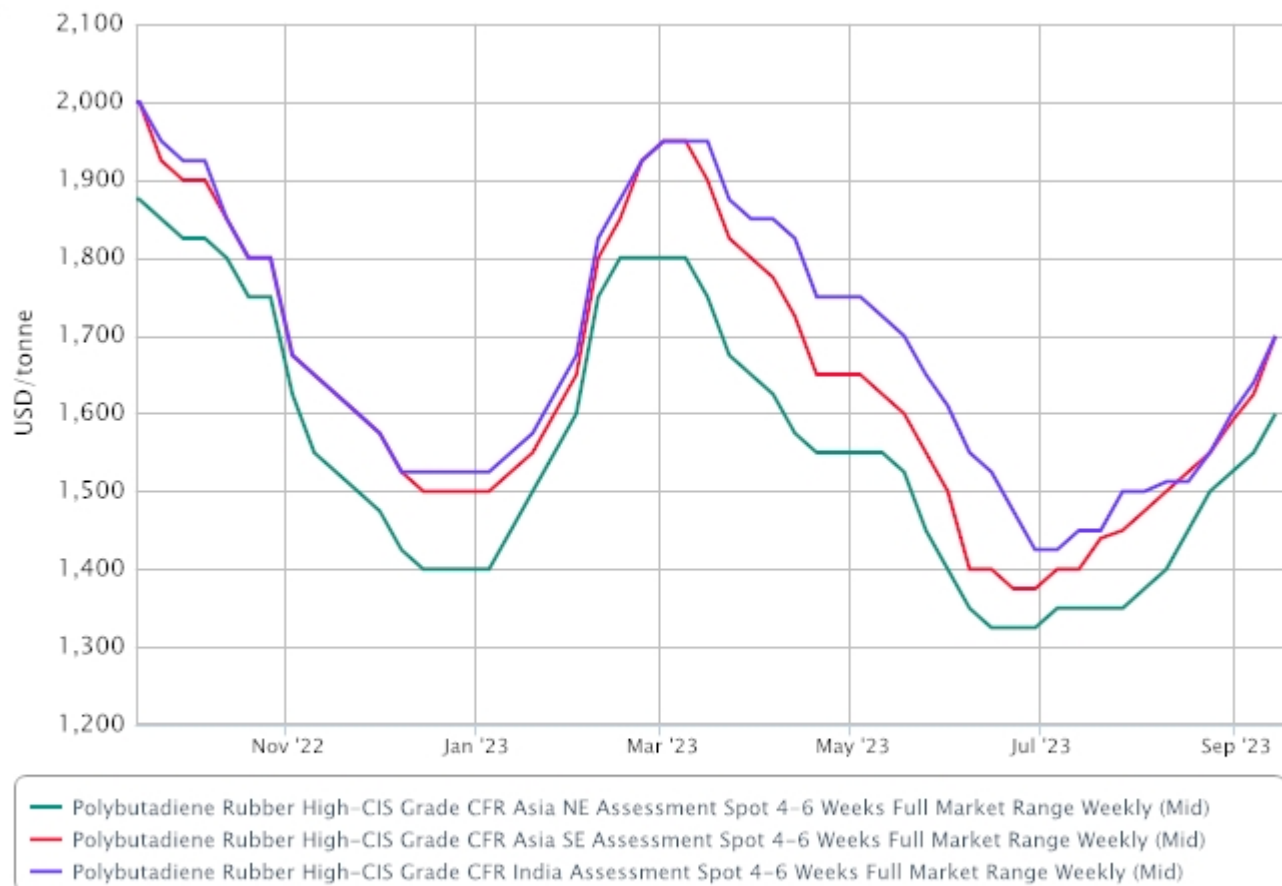
Feedstock [butadiene](#) (BD) prices surged in the week prior, and nagging supply constraints of BD could keep this bull run going for some time more, market sources said.

Sellers were also encouraged by what they perceived as a healthy stream of buying enquiries, and considering that regional spot availabilities could tighten on upcoming turnarounds, sellers were confident that potential buyers will have to negotiate closer to their terms to secure cargoes.

On the buy-side, end-users are cautiously optimistic. As China's [consumer price index](#) returned to a positive reading in August, sentiment is more upbeat that the much-anticipated end-use demand recovery is underway, and that sales of related consumer products like automobile and shoes will consolidate further.

These end-users are thus keen to ensure that they are sufficiently stocked on raw materials, including PBR, so that they could readily ramp up when needed, and if so, they are not disinclined to book now, rather than later, so that they can lock in prices before PBR offers get propelled up by firmer upstream values, market sources said.

But as there were still uncertainties with regards to the longer-term global economic well-being, market players said that buyers are also careful to avoid bulk purchases, limiting themselves more only to smaller top-up parcels for now.



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## OUTLOOK

- Upstream gains to stay as the main price driver
- Demand may pick up with China’s economic recovery
- But global economic headwinds to weigh on sentiment

## 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	+50	1900.00-2100.00	+50	1800.00-2000.00	86.18-95.25
<b>CFR Asia SE</b>	USD/tonne	n/c	1950.00-2100.00	+50	1850.00-2000.00	88.45-95.25
<b>Polybutadiene Rubber High-CIS Grade</b>						
<b>CFR Asia NE</b>	USD/tonne	+50	1550.00-1650.00	+50	1400.00-1500.00	70.31-74.84
<b>CFR Asia SE</b>	USD/tonne	+50	1650.00-1750.00	+100	1450.00-1600.00	74.84-79.38
<b>CFR India</b>	USD/tonne	+50	1650.00-1750.00	+70	1450.00-1575.00	74.84-79.38

**Northeast Asia****High-cis**

CFR NE Asian assessments are up, with firmer offers reflected at the high end.

Buying indications were higher too, tracking recent increases in the domestic yuan-denominated market.

But domestic prices in China eased slightly week on week, following some profit-taking activities on the rubber futures market.

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

**Low-cis**

Firmer offers are tracked at the high end, against buying indications capped at the low end.

**Southeast Asia****High-cis**

CFR SE Asian assessments rose, with both ends lifted to capture the full spectrum of trades and indications.

Cargoes changed hands at the lower end of the published range, but fresh offers spiked with upstream increases and are captured at the high-end.

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

Sep (1-14) 2023	Aug 2023	Jul 2023	Jun 2023	May 2023	Apr 2023
143.35	130.22	131.31	133.48	136.34	136.27

Source: Malaysian Rubber Board

**Low-cis**

The high end is raised with firmer offers, and the low end is rolled in the absence of concrete requirements. Low-cis PBR is a raw material used in polystyrene (PS) plants and currently demand from this sector is capped amid an ongoing PS plant turnaround in Malaysia, market sources said.

**India**

CFR Indian assessments also rose with firmer discussions and trades for NE Asia-origin materials

Some transactions materialised at the lower end, while fresh offers emerged at the high end.

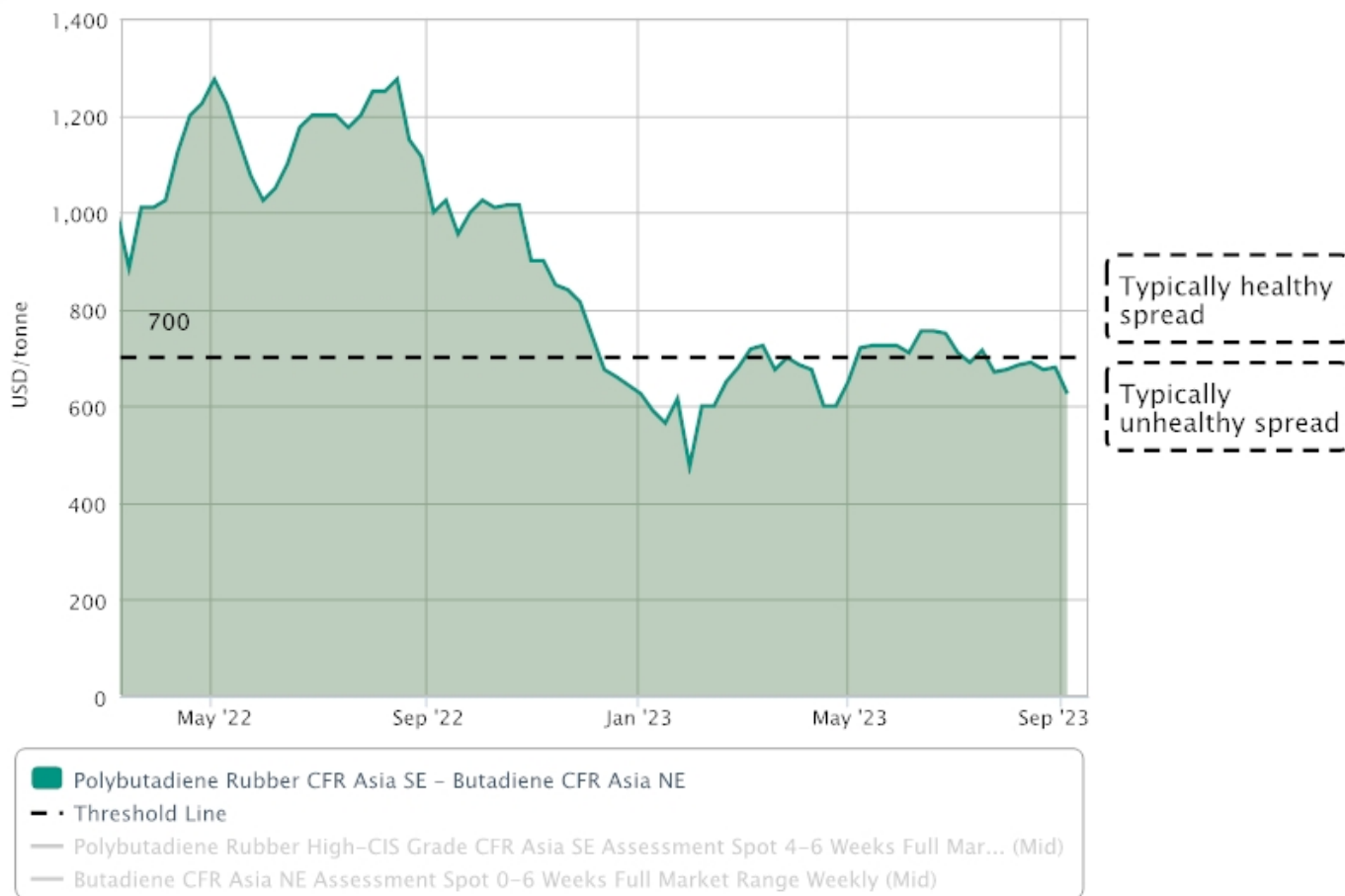
**UPSTREAM**

**Butadiene**

- Domestic China surges
- Import sellers bullish
- Some short-covering buying surface too

The chart below shows the spread between butadiene and PBR, which remains wedged in the unhealthy zone as PBR increases still lagged behind the pace of upstream gains.

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



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**PRODUCTION**

There are ongoing PBR plant closures in [China](#), as well as upcoming turnarounds planned for October in [South Korea](#).

Another 150,000 tonnes/year [unit](#) in Sichuan, China, will also undergo a two-month-long servicing from mid-September, market sources said.

**ANALYTICS**

### ICIS downstream outlook for automobile

The global light vehicle selling rate increased to 93m units in June from 89m units in May 2023, according to Oxford Economics.

According to the US Census Bureaus, US light vehicle sales increased marginally by 0.5% month on month in July 2023 with total sales of 15.73 million units (up 18% year on year but still down 7.3% from 2019). The finished inventory-to-sales ratio slightly improved month on month from 0.807 to 0.838 in June. (For context, the ratio was 0.937 and 2.641 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, congress has passed the Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act to increase US semiconductor manufacturing with a total package of \$280bn to boost computer chip research and production.

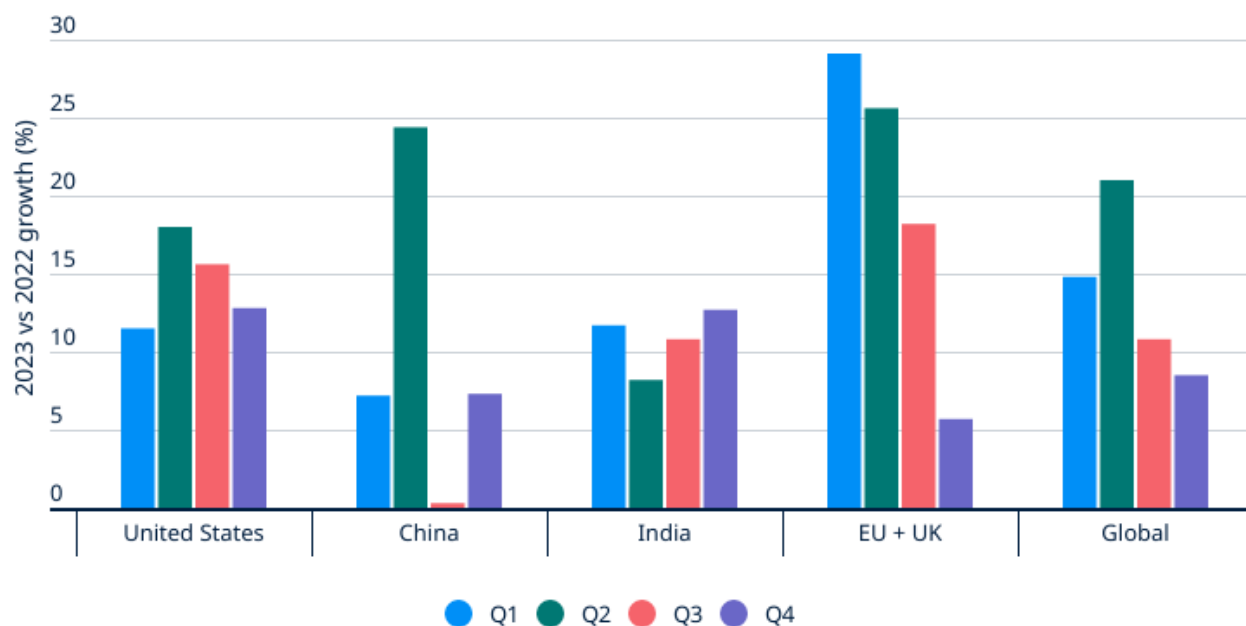
According to the European Automobile Manufacturers' Association (ACEA), EU new car registration increased by 17.8% in June compared with same month last year. However, the increase is a function of a lower base. The Association further reports that Germany posted the biggest gain with a 24.8% increase, followed by Spain (+13.3 %) and Italy (+9.1 %). However, there are still concerns about balance sheets, with some producers struggling to survive in the short term. Long-term investments for trends including tightening emission standards and a growing push to electrify and increase shared car ownership have already left firms cash strapped.

According to the China Association of Automobile Manufacturers (CAAM), Chinese car production was up 10.4% month on month in June, and down 0.9% year on year. In contrast to its global peers, China's inventory coefficient (calculated as inventory over sales) at auto dealers is quite high at 1.70 in July 2023 - with levels above 1.5 considered a warning. CADA reported an improvement in inventory levels.

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## Motor vehicle sector growth by region

### 2023 vs 2022



SOURCE: Oxford Economics

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