



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 see support from spot supply constraints**
- **Buying interest tepid nonetheless**
- **Softer feedstock prices also weigh on sentiment**

Discussions in the Asia spot import market for polybutadiene rubber (PBR) were subdued by tapering buying interest.

Buyers pressed for discounts, seeing how upstream feedstock butadiene ([BD](#)) market had trended down of late. They were also prepared to hold back procurement until offers are at levels they deem more attractive.

Most end-users were mindful too not to hold too much PBR stocks on hand lest downstream requirements fail to keep up as well as expected, especially if prior anticipations of growth in key downstream sectors like car and electronic appliances are derailed by unyielding macroeconomic headwinds.

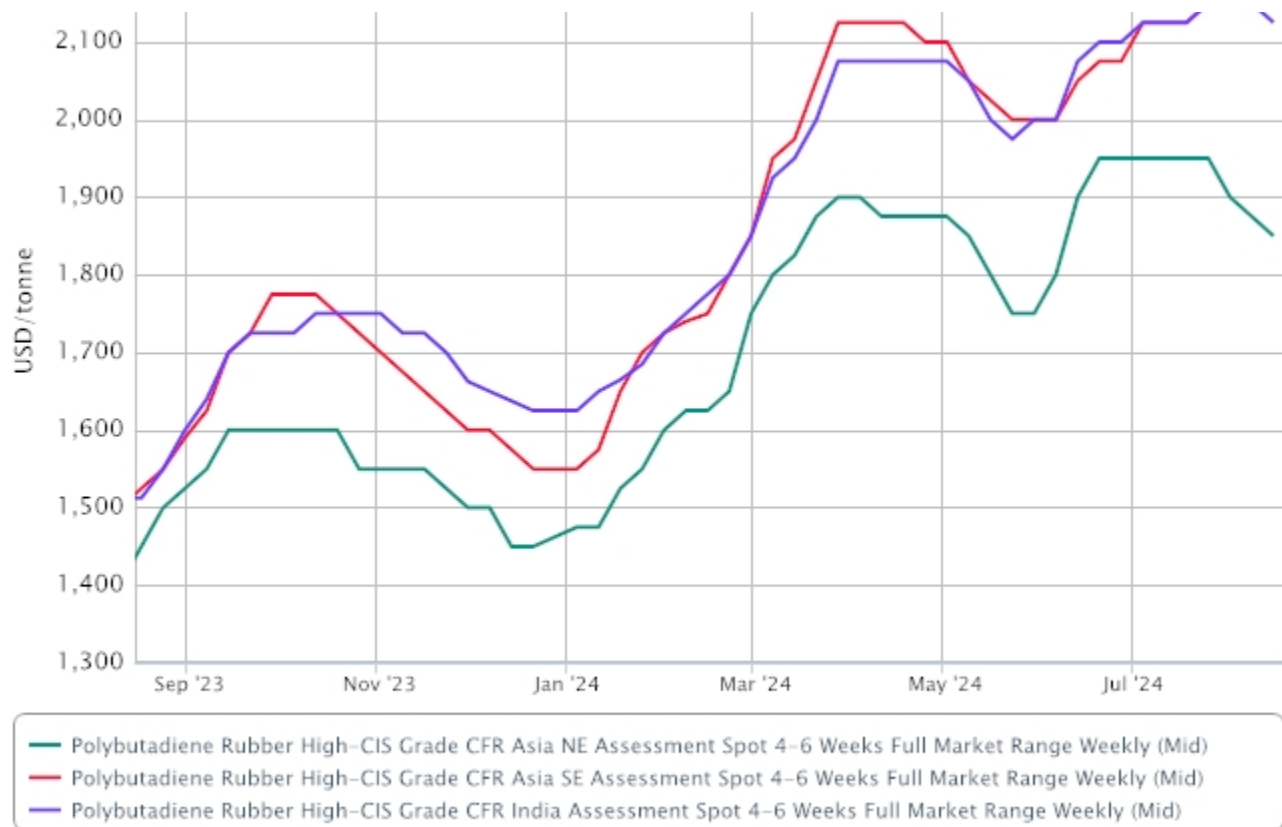
Recent slew of bearish economic indicators, including duller 2024 exports growth forecast for regional economies like [Singapore](#), did little to boost market confidence.

But many regional PBR makers held fast to existing targets, saying that they also could not afford to price down as notwithstanding the recent declines in BD prices, their overall production costs are still hefty, on account of, for instance, the elevated freight component.

Spot supplies were squeezed too amid [ongoing](#) and [upcoming](#) plant maintenance, leading PBR sellers to believe that buyers with concrete and pressing needs will bid up in due course to secure volumes.

Market players said that this buy-sell stalemate may extend well into H2 2024, or until there is more clarity on state of regional economic growth.

2,200



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OUTLOOK

- Upstream [crude oil](#) volatilities to weigh on demand sentiment
- Offers to get support from structurally snug supplies for H2 2024 nonetheless
- Buy-sell diversity may widen

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	-50	2350.00-2500.00	n/c	2400.00-2500.00	106.59-113.40
			0			
CFR Asia SE	USD/tonne	-50	2350.00-2500.00	n/c	2400.00-2500.00	106.59-113.40
			0			
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	-50	1800.00-1900.00	n/c	1900.00-2000.00	81.65-86.18
			0			
CFR Asia SE	USD/tonne	n/c	2100.00-2200.00	n/c	2050.00-2200.00	95.25-99.79
			0			

CFR India	USD/tonne	-50	2050.00-2200.00	n/c	2050.00-2200.00	92.99-99.79
			0			

Northeast Asia

High-cis

CFR NE Asia prices edged lower with subdued buying indications capped at the low end.

But there were scant fresh offers and the high end was rolled over as such.

In China, local end-users remained reliant on the domestic supply pool, and domestic yuan-denominated prices held steady as such on the back of a healthy stream of purchases.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	14,200-14,400	14,200-14,400

Low-cis

Substantive discussions were curbed by the buy-sell gap, which widened further this week amid steady offers tracked at the highend and weakened buying indications reflected at the low end.

Southeast Asia

High-cis

CFR SE Asia assessment held steady on rangebound discussions, and limited volumes changed hands within the range, market sources said.

Spot availabilities were limited as regular suppliers in northeast Asia were cutting back on spot sales in preparation for upcoming maintenance closures in late Q3, market sources said.

Natural rubber prices remained firm too, boosting in turn sellers' confidence that demand for PBR as cheaper substitution product could improve in due course.

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

Aug (1-15) 2024	Jul 2024	Jun 2024	May 2024	Apr 2024	Mar 2024	Feb 2024
175.92	168.65	176.00	170.03	162.99	165.36	156.66

Source: Malaysian Rubber Board

Low-cis

CFR SE Asia assessment for low-cis PBR was down at the low end, reflecting softer buying indications heard. But selling indications were broadly stable at the high end.

India

The CFR India assessment for high-cis PBR were stable to soft, with the low end adjusted down to reflect bearish buy-side sentiment in a thinly traded week.

Selling indications on northeast Asia-origin materials held steady at the high end and up.

But buy-side response was tepid, with many end-users still remaining on the sidelines for now and expecting to resume spot discussions only after the monsoon season is fully over in the coming weeks.

UPSTREAM

Butadiene

- SE Asia sees sudden spurt of spot offers
- Buy-side's supply anxieties assuaged
- Most reverted to wait-and-see stance

The chart below shows the spread between butadiene and PBR.

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



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PRODUCTION

In Taiwan, a 60,000 tonne/year unit at Kaohsiung has [commenced](#) a month-long maintenance from late

July.

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

ANALYTICS

ICIS crude outlook

Global oil market dynamics are set to shift, influenced by a recent 12 million-barrel reduction in US crude inventories and OPEC+'s tight supply controls. In the US, refining capacity is nearing 95%, while gasoline and crude inventories are declining. Meanwhile, geopolitical risks in the Middle East and Ukraine, along with the hurricane season, pose potential supply disruptions. Exports of gasoline, gasoil and jet fuel from China are expected to decrease slightly, by about 0.5% in August, as refiners focus on domestic demand. India is forecast to increase crude imports to over 6.5 million barrels/day and will likely drive future demand. Non-OPEC+ producers are expanding output, enhancing global capacity and contributing to market stability. The US inflation trend and potential interest rate adjustments will also be key to shaping market movements, with a 25 basis point cut anticipated in September.

By **David Jorbenaze**, senior analyst, david.jorbenaze@icis.com

ICIS naphtha outlook

The naphtha markets in Europe and Asia are expected to remain volatile in August due to fluctuations in crude oil prices following growing geopolitical tensions and macroeconomic developments. In Europe, strong demand for blending and reduced supply, exacerbated by a possible hurricane disruption in the US, is anticipated. Heatwaves are likely to boost Eurobob gasoline prices, while the arbitrage window to Asia remains narrow due to limited regional availability and high freight costs. In Asia, naphtha prices are poised to be supported by a seasonal increase in demand, although an increase in petrochemical demand remains uncertain. Naphtha exports from Russia to Asia are set to peak as refineries recover from drone attacks, which will further support prices amid the ongoing driving season.

By **David Jorbenaze**, senior analyst, david.jorbenaze@icis.com

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