



Polybutadiene Rubber (Asia-Pacific)

By Ai Teng Lim

15-Jun-2023

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

OVERVIEW

- **Muted discussions**
- **Demand still sluggish**
- **Sentiment dented by fresh upstream losses**

Discussions in this week's spot polybutadiene rubber (PBR) import market in Asia were hampered by [poor demand](#).

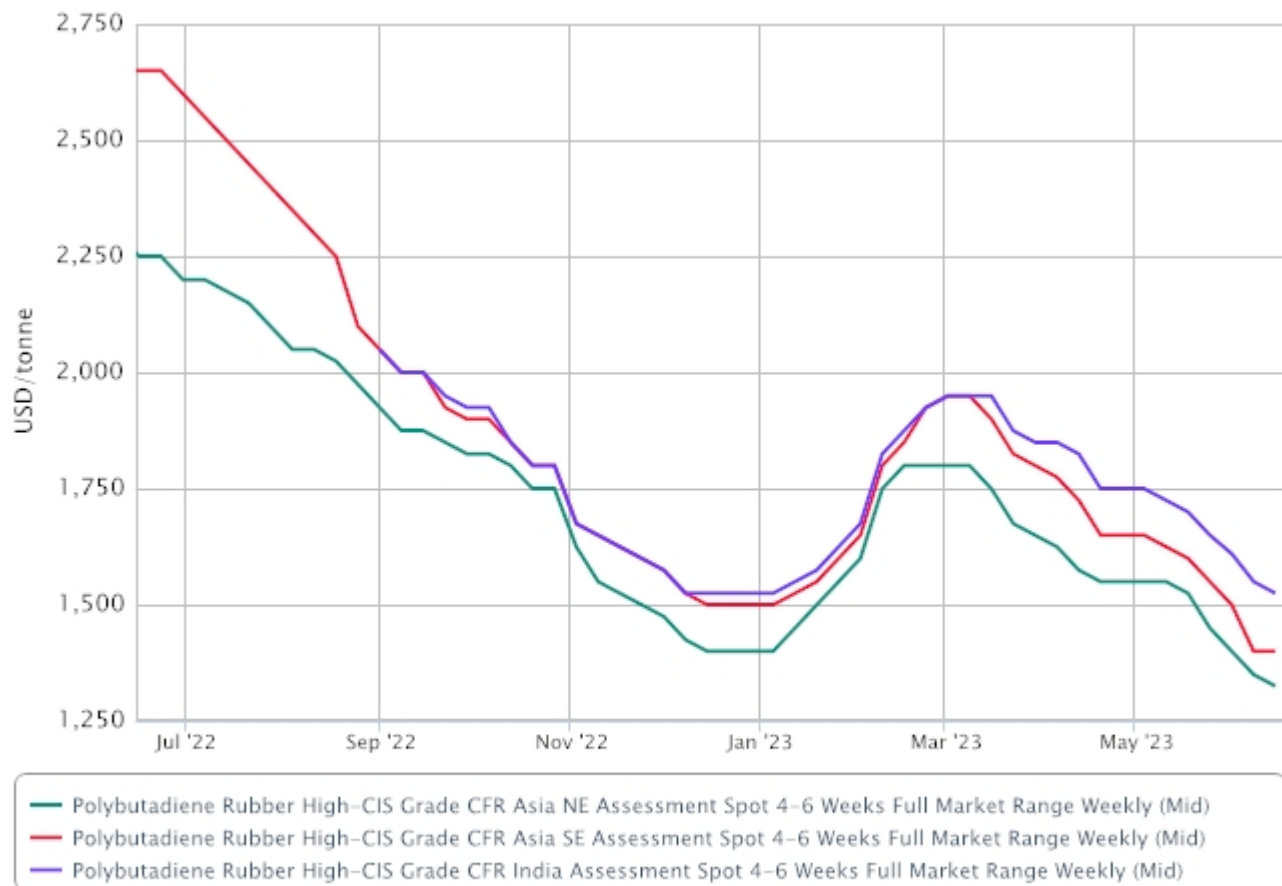
Substantive downstream requirements were limited to begin with, as a slew of bearish economic indicators, such as a contraction in China's May PMI and a 9-week-long decline in [global IPEX](#), accentuated concerns about the state of global economic health.

Many regional end-users were therefore cautious and kept to a conservative procurement stance for raw materials like SBR.

With recently falling prices of feedstock [butadiene](#) (BD), they are also expecting PBR offers to keep correcting down moving forward, and therefore do not want to commit now.

However, PBR sellers said that they are still sitting on higher-priced inventories and therefore could not afford to price down more.

Instead of dishing out deeper discounts, PBR producers were heard more inclined to adjusting production to minimise surplus and trim cost outlay.



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OUTLOOK

- **Upstream pricing movements to impact sentiment**
- **Downside potential may widen with poor demand**
- **But upcoming turnarounds may help trim overhang**

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	-30	1770.00-1970.00	-30	1900.00-2100.00	80.29-89.36
CFR Asia SE	USD/tonne	-50	1850.00-2000.00	-50	2000.00-2200.00	83.91-90.72
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	n/c	1300.00-1350.00	-50	1500.00-1550.00	58.97-61.24
CFR Asia SE	USD/tonne	n/c	1350.00-1450.00	n/c	1550.00-1650.00	61.24-65.77
CFR India	USD/tonne	n/c	1500.00-1550.00	-50	1650.00-1750.00	68.04-70.31

Northeast Asia

High-cis

CFR NE Asia prices are stable-to-soft, with a selling indication reflected at the high-end.

Substantive discussions were minimal, with the recent depreciation of the Chinese yuan currency keeping buyers in China away from US dollar-denominated imports.

In China, domestic PBR prices fell, alongside plummeting feedstock butadiene prices.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	10,100-10,200	10,200-10,400

Low-cis

The high-end was adjusted down on a lower deal heard, and the low-end was dropped in line to reflect bearish buying sentiment in the absence of other active discussions.

Southeast Asia

High-cis

CFR SE Asia assessments were unchanged amid rangebound offers and deals.

However, liquidity is low, with buyers keeping procurement to small parcels and on a strictly need-to basis.

Many expected offers to correct down more if upstream losses should widen further in the coming weeks, and do not want to commit now.

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

Jun 2023	(1-15) May 2023	Apr 2023	Mar 2023	Feb 2023	Jan 2023	Dec 2022
133.74	136.34	136.27	135.03	140.11	140.11	135.03

Low-cis

Some regional producers saw stable off-take in southeast Asia on a term basis, but spot requirements remain curtailed.

The high-end was down with lower spot offers heard, and the low-end was adjusted down in line to reflect bearish buy-side sentiment.

India

CFR India assessments are stable to soft, taking into account limited discussions and indications heard for northeast Asia-origin materials.

But concerns about recent volatility in upstream markets will keep local end-users away from the import market, sources said.

Instead, most will be turning to tap more heavily on domestically produced materials, market players said.

UPSTREAM

Butadiene

- Weak buying momentum
- Lengthening supplies
- Selling pressures heighten

The chart below shows the spread between butadiene and PBR.

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



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ANALYTICS

ICIS Outlook for Downstream Automotive

The outlook for the global automotive industry in 2023 continues to be a concern. The outbreak of the COVID-19 pandemic was more than three years ago, and the industry has yet to recover all the losses suffered since then. It started with a severe semiconductor shortage, and while the overall situation has improved, the industry has yet to make a full recovery. Following the pandemic, the industry has been hit by a high interest-rate environment amid a weaker global economy and rising geopolitical tensions. A full and complete recovery is not expected until 2024.

According to the US Census Bureau, US light vehicle sales increased by 7.2% month on month in April with total sales at 15.9m, which was up 11.4% year on year but down 2.5% from 2019. Macroeconomic stressors continue to weigh heavily on auto demand.

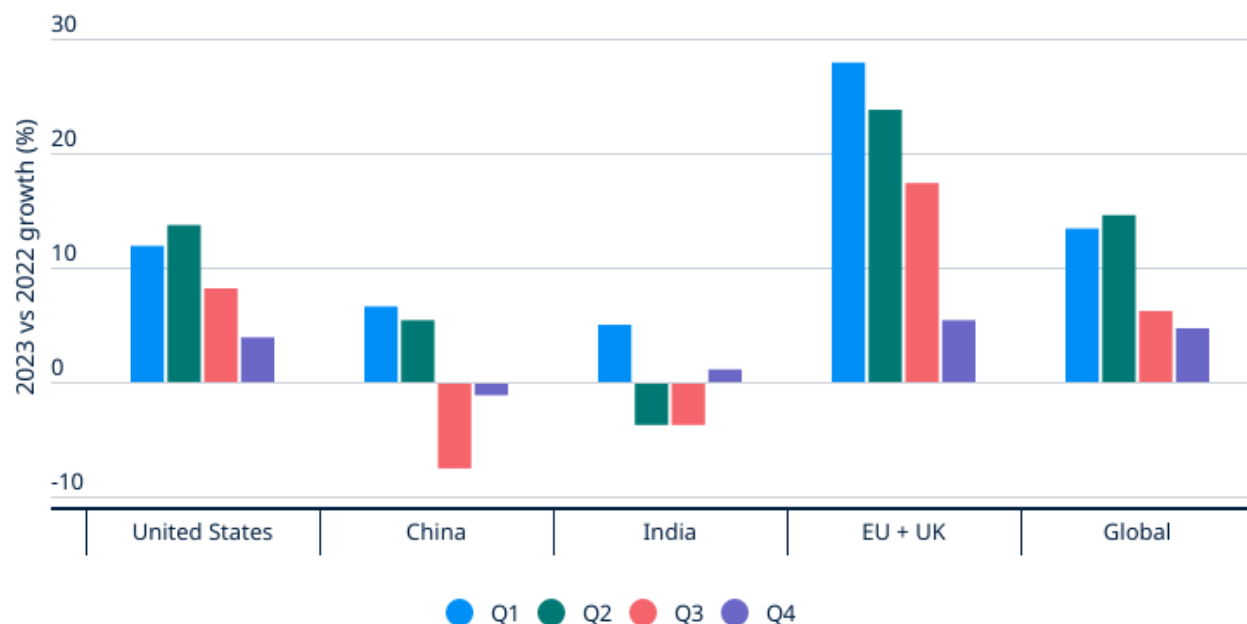
According to the European Automobile Manufacturers' Association (ACEA), EU passenger car registrations increased by 17.2% in April year on year but were down 22.8% from April 2019. Spain posted the biggest gain with a 33.7% increase, followed by Italy (+26.9%), France (+16.7%), and Germany (+7.9%). Significant growth was seen in the electric vehicle (EV) category, for example hybrid electric vehicles (HEVs), plug-in hybrid vehicles (PHEVs) and battery electric vehicles (BEVs), with BEVs reporting year-on-year growth of 30%.

Following the country's reopening after three years of on-off restrictions, China reported double-digit year-on-year growth in automotive production in April. Expectations for the rest of the year are optimistic, given that the government is targeting an economic growth rate of 5%. India also appears to be on the path to recovery. An improvement in sentiment was reported on the back of China's reopening, as a large share of auto spare parts is imported from China. In March, total vehicle retail sales increased by 14% year on year, according to the Federation of Automobile Dealers Associations of India (FADA), which also reported that 2023 was the first full year without any impact from COVID-19.

By **Jincy Varghese**, ICIS demand analyst, jincy.varghese@icis.com

Motor vehicle sector growth by region

2023 vs 2022



SOURCE: Oxford Economics

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