



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 supported on cost push**
- **Non-tyre high-cis requirements pick up on seasonal factor**
- **Buyers' resistance weighs on trade liquidity**

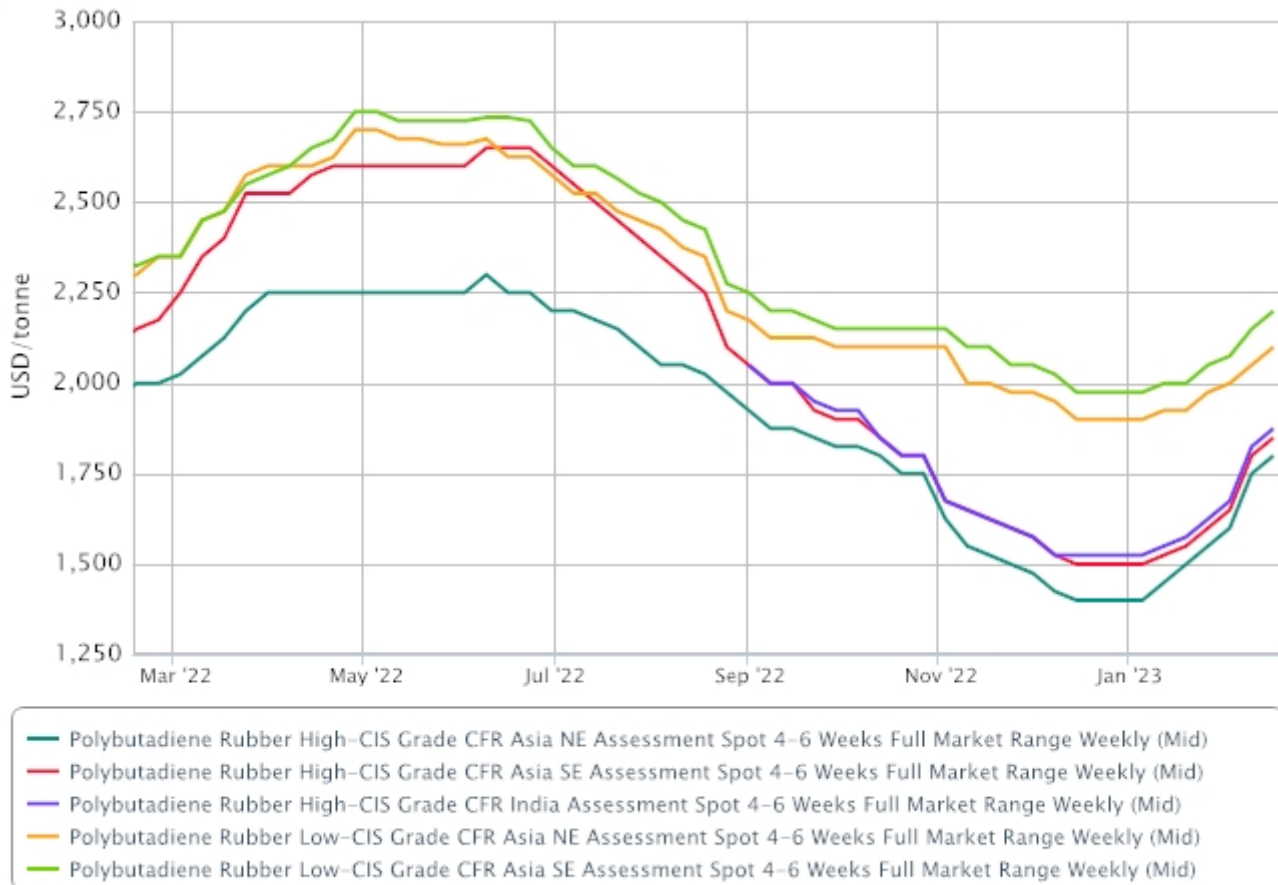
Upstream cost push kept offers firm in the Asian import market for polybutadiene rubber (PBR).

Demand for high-cis PBR from non-tyre applications, such as shoe sole manufacturing, is expected to pick up on a seasonal factor.

High-cis supplies are also snug, as some regional plants had [suspended](#) operations earlier on economics considerations. For other operating plants, some are mulling output cuts to contain high feedstock costs, market sources said.

Despite these seemingly upbeat demand-supply outlook, substantive spot trade negotiations were limited, with many end-users heard still trying to come to terms with how much PBR offers have risen of-late.

Even if some did fork out more to secure limited volumes so as to keep ongoing production sustained, most buyers are resistant to current PBR offers, saying that the higher costs could not be transferred to downstream markets until the latter are themselves more vibrant.



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OUTLOOK

- Upstream markets may remain supported
- PBR output cuts likely to rein in costs
- Hopes still high that China demand will [rebound](#) to uplift sentiment

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	+50	2000.00-2200.00	+50	1850.00-2000.00	90.72-99.79
CFR Asia SE	USD/tonne	+50	2150.00-2250.00	+50	1950.00-2050.00	97.52-102.06
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	+50	1750.00-1850.00	+50	1450.00-1550.00	79.38-83.91
CFR Asia SE	USD/tonne	+50	1800.00-1900.00	+50	1500.00-1600.00	81.65-86.18
CFR India	USD/tonne	+50	1800.00-1950.00	+50	1500.00-1650.00	81.65-88.45

Northeast Asia

High-cis

CFR NE Asian discussions were capped, as many end-users in the major China outlet preferred domestic materials over imports.

The high end is raised with firmer selling indications, and the low end is notionally lifted in line, in the absence of concrete buy-side indications.

Domestic PBR prices in east China edged up with upstream strengths.

Price (CNY/tonne)	16 Feb	9 Feb
E China Ex-Warehouse	11,800-11,900	11,300-11,500

Low-cis

CFR NE Asian assessments for low-cis materials were up with firmer buy-sell discussions. Some limited volumes were sold for March shipment at the mid-point of published range, market sources said.

Southeast Asia

High-cis

CFR SE Asian assessments moved up with firmer buy-sell discussions for March shipment cargoes.

Some offers emerged above the published range too, but met with resistance this week among buyers, market sources said.

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

Feb 16) 2023	(1- Jan 2023	Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022
140.01	140.11	135.03	127.32	130.52	134.12	149.74	158.83

Low-cis

CFR SE Asian assessments for low-cis track limited transactions at the low end, and offers on March shipment materials on the high end.

India

CFR Indian assessments moved up, tracking buy-sell indications heard for March shipment cargoes, but discussions were limited, as all players held back to wait for more clarity on domestic pricing movements.

Within the import pool, some local end-users remained resistant to paying more for Asia-origin materials, as competitively-priced cargoes from other non-Asian origins remained readily available, market sources said.

Furthermore, as March is typically the financial year closure month for India, most business entities in the country will avoid taking up fresh buy-sell positions at this juncture, market players said.

UPSTREAM

Butadiene

- Buy-sell sentiment mixed
- Producers see no selling pressures
- End-users retreat on affordability concerns

The chart below shows the price spread between butadiene and PBR.

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



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PRODUCTION

Supplies have tightened after operations at several plants in [China](#) and [Taiwan](#) were suspended on commercial reasons.

A 72,000 tonnes/year unit in Malaysia, which was shut in 2022 after a fire, is expected to [resume](#) operations in the late March/April period, market sources said.

ANALYTICS

ICIS Butadiene Outlook

US butadiene (BD) consumption is likely to remain subdued in the first months of the year. According to appliance maker Whirlpool's Q4 earnings, the current environment is likely to persist into H1 2023, with a drop in demand being from 5% to 10%. Demand will improve in H2, particularly in North America. That said, the impact of

planned BD unit turnarounds in the US in Q1 should be alleviated by high inventory levels and soft demand. US-origin crude C4 feedstock for BD extraction facilities should rise slightly in 2023, on paper, because of increased ethylene production capacity. However, as steam cracker margins are expected to be compressed in the few weeks to come, players could cut operating rates, limiting crude C4 availability.

European BD demand may be slightly healthier over the next weeks than expected a few months ago. Synthos is scheduled to restart polybutadiene production at its plant in Schkopau, Germany, in March 2023. The plant, which was idled in 2020, consumes about 30,000 tonnes/year of BD at full throttle. The company will be resuming activities because of robust market demand for butadiene rubber, particularly from existing customers. European BD producers may eye Asia to free up some cargoes on the spot market. It is the broad consensus that durable goods demand may increase in H2 2023. Expectations of easing inflationary pressures should help raise consumption in Europe. New passenger car registrations will improve this year, but the propensity to make important purchases is expected to remain very low compared with historic levels.

Tailwinds in China following the economy reopening may support BD demand. With margins expected to remain low, crackers could continue cutting operating rates during the next few weeks, thus capping crude C4 output. This, combined with a heavy regional maintenance scheduled, is likely to drive up Asian BD prices in H1 2023. In contrast, pressures on supply may be eased by deep-sea imports and new ongoing projects. In terms of plant news, two new Chinese BD plants - PetroChina Guangdong at Jieyang and Sinopec Hainan at Yangpu, both with a capacity of 110,000 tonnes/year - are expected to be commissioned between February and March. Long Song Petrochemical's 110,000 tonne/year project in Vietnam is also set to start operations in mid 2023.

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

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