



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

- **Softer upstream dents high-cis discussions**
- **Outage in China no demand booster either**
- **Sellers' discounts capped on margins' concerns**

Discussions in this week's spot market for polybutadiene-rubber (PBR) were more downbeat, as buying appetite shrunk with recent upstream declines.

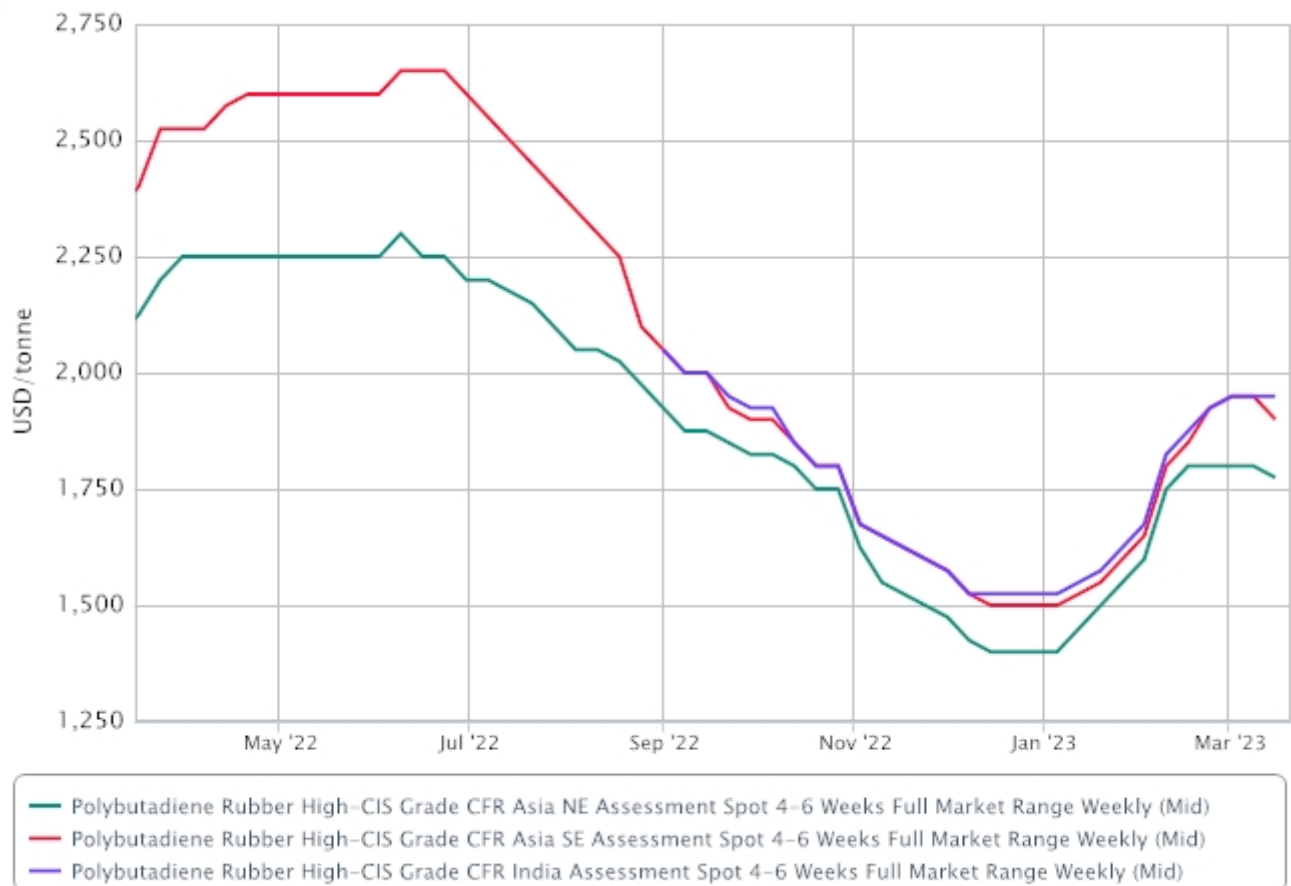
Production losses stemming from an unplanned PBR [outage](#) in China did little to spur buying too, underscoring the reality of frail structural demand, market sources said.

In fact, most end-users pulled back to wait and see if high-cis PBR spot offers could soften further in the coming week, given expectations that feedstock butadiene (BD) prices may continue to decline.

With natural rubber prices also falling recently, this could further erode PBR off-take, market players said, as end-users may increase usage of natural rubber for better economics.

Some sellers moderated expectations slightly to induce sales, but held back from wider discounts as margins were still hovering at unhealthy levels. Spot availabilities were limited, which sellers were hopeful would help provide some support for existing offers, market players said.

On the low-cis front, spot liquidity is suppressed by a persistently wide buy-sell gap. Regional producers kept to higher targets, but failed to draw meaningful response from buyers.



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OUTLOOK

- Spot supplies may stay snug in the near term
- Upstream losses, if sustained, to weigh down on sentiment
- China's [economic growth outlook](#) to drive demand

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	n/c	2000.00-2200.00	n/c	2000.00-2200.00	90.72-99.79
CFR Asia SE	USD/tonne	n/c	2200.00-2250.00	-50	2150.00-2250.00	99.79-102.06
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	-50	1700.00-1800.00	-50	1750.00-1850.00	77.11-81.65
CFR Asia SE	USD/tonne	-50	1850.00-1950.00	-50	1800.00-1900.00	83.91-88.45
CFR India	USD/tonne	n/c	1900.00-2000.00	n/c	1800.00-1950.00	86.18-90.72

Northeast Asia

High-cis

CFR NE Asian prices were assessed as down, taking into account indications heard for different outlets in the region.

The high-end of the range tracks offers for delivery to Taiwan, while the low-end reflects discussions for China-bound shipment.

For the major China outlet, local end-users steered away from US dollar denominated imports to avert currency risks.

Domestic prices for PBR in east China fell on weak demand, even if supply tightened with an unplanned outage.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	11,500-11,600	11,700-11,800

Low-cis

CFR NE Asian assessments were stable, with lowest offers on northeast Asia-origin materials heard at the high-end of the range, and buying indications capped at the low-end.

Southeast Asia

High-cis

CFR SE Asian assessments fell with lower discussions and deals heard done.

Transactions were heard at both ends of the range, for cargoes from different northeast Asian suppliers, and selling indications for April cargoes also emerged at around the mid-point of the range, market sources said.

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

Mar 2023	(1-16) Feb 2023	Jan 2023	Dec 2022	Nov 2022	Oct 2022	Sep 2022
136.88	140.11	140.11	135.03	127.32	130.52	134.12

Low-cis

A cargo was sold for April shipment and this forms the high-end of the range.

The low-end was unchanged in the absence of other fresh buy-side enquiries and indications.

India

CFR India prices were kept unchanged on range-bound talks for northeast Asia-origin materials.

Meanwhile, domestic prices were up, prompting local end-users to reconsider procuring imports.

However, end-users are likely to delay any such concrete decisions until after the new financial year begin in the coming month, market sources said.

UPSTREAM

BD

- Divergent sentiment as domestic China fluctuates
- Discussions for prompt import parcels down
- Views mixed on demand-supply outlook

The chart below shows the spread between butadiene and PBR.

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



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PRODUCTION

A plant in [Taiwan](#) has loaded down on commercial reasons, but a 72,000 tonnes/year unit in Malaysia, which was shut in 2022 after a fire, is slated to [restart](#) end March. In China, a 150,000 tonnes/year [plant](#) suspended operations this week following an accident at site.

ANALYTICS

ICIS Butadiene Outlook

US inflation has fallen but at a slower pace than expected by the Federal Reserve. This could result in further monetary tightening which will further depress consumption. BD demand weakness is forecast to continue for the next few weeks. Production will continue to be tailored to demand and according to preliminary estimates will total around 315,000 tonnes in Q1, down from 350,000 tonnes in Q1 2022. US BD availability will improve once plant maintenance ends at the end of this quarter. Automotive production is increasing as will inventory levels after almost three years of destocking. An increase in

vehicle stocks suggests that consumer demand remains weak. New vehicle sales are expected to improve by 6.6% to about 14.6m units in 2023, about 14% below 2019 levels.

Synthos will permanently close its ESR line with 110,000 tonnes/year capacity at Kralupy, Czech Republic in Q2 due to unsustainable and unpredictable energy costs in Europe. As a result, the country's SBR market, which is currently long, is expected to become short. In the last five years, net exports averaged around 50,000 tonnes/year, with Poland the largest outlet in Europe. Upstream, the country's BD market is currently short and is forecast to become balanced to slightly long going forward. In the last three years, total imports averaged around 70,000 tonnes/year, with Germany the largest source.

Across the board, BD supply in Asia is expected to improve in the weeks ahead due to an increase in Iranian deliveries and additional capacity. In contrast, Brazilian BD buyers are likely to shift most BD cargoes from northeast Asia to North America, notably the US and Mexico, during 2023. On the flip side, the Brazilian market is expected to become more balanced with the start-up of a new polybutadiene unit at Triunfo with a capacity of 65,000 tonnes/year. Overall, China's BD equivalent downstream capacity will total 6.6m tonnes/year this year, up from 5.4m tonnes/year in 2022. Total BD capacity will hit 6m tonnes/year in 2023, up from 5.3m tonnes/year. On paper, the country's monomer deficit is expected to increase to about 600,000 tonnes/year. Global natural rubber demand is forecast to remain steady in 2023, according to the Association of Natural Rubber Producing Countries (ANRPC). In contrast, global production could increase by 2.5% to about 14.7m tonnes. As a result, a narrow natural rubber supply and demand imbalance could add pressure to the BD/SBR industry in Asia.

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