



Polybutadiene Rubber (Asia-Pacific)

By Ai Teng Lim
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[Overview](#) | [Outlook](#) | [Prices](#) | [Upstream](#) | [Production](#) | [Analytics](#)

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

ICIS is currently consulting readers about the methodology used for this report. To respond, [click here](#).

OVERVIEW

- **Weaker upstream values dented sentiment**
- **Buying interest tapered**
- **But sellers' d discounts capped by their margin concerns**

Discussions in this week's Asian import market for polybutadiene rubber (PBR) [trended lower](#) as sellers moderated offers following recent upstream losses.

Reduction of feedstock butadiene ([BD](#)) prices gave PBR sellers some room to dish out discounts and induce buying, but discounts may be capped as production margins remain under duress, market players said.

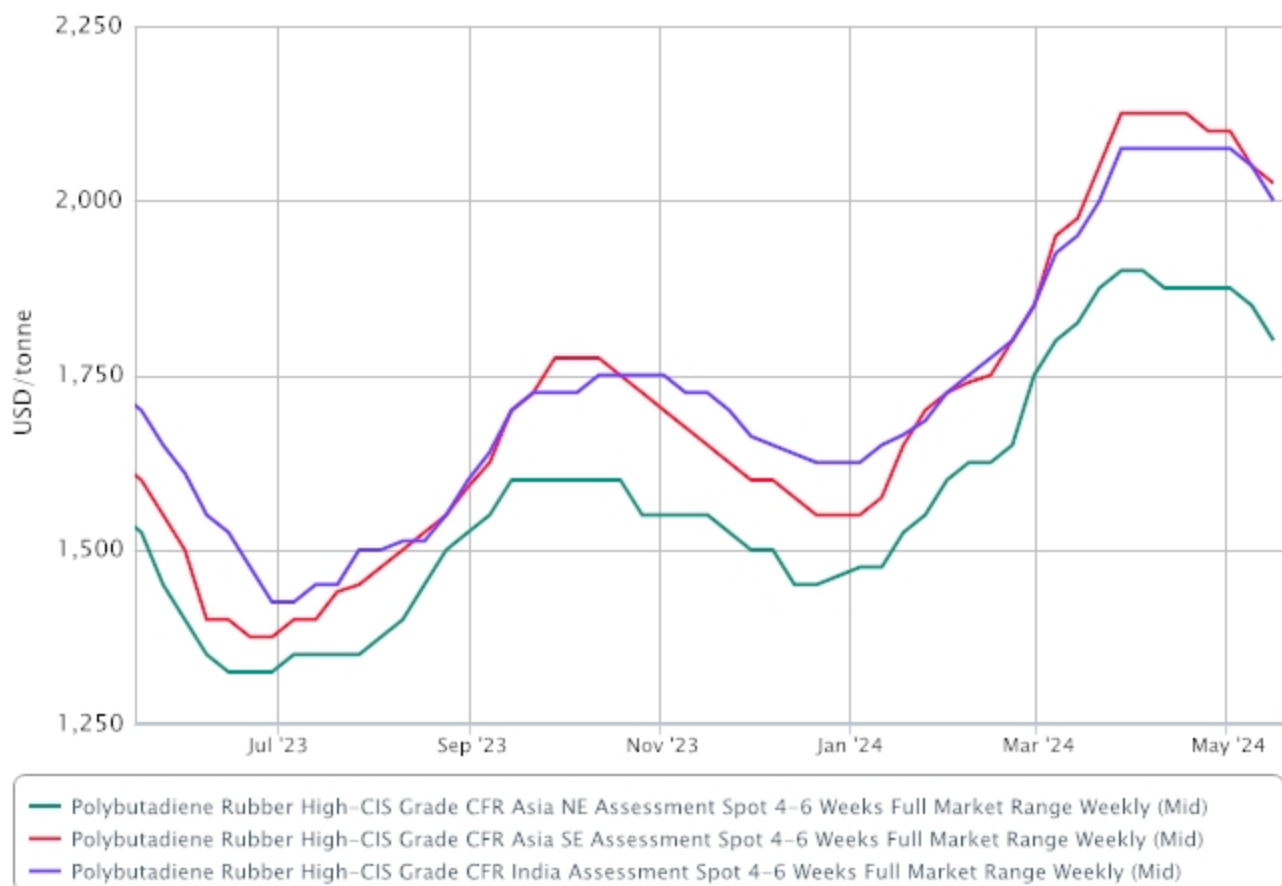
And most sellers were heard in no rush either, as they had already committed the bulk of their prevailing output to contractual requirements, and did not have much surplus volumes in the first place to divert to spot sales, market sources said.

But buying interest is generally tepid, with many end-users heard retreating deeper to the sidelines, in anticipation that upcoming offers may soften more to their advantage should the downtrend in feedstock BD stretch longer.

Many were also cautious not to over-buy raw materials including PBR until they have more clarity on what is in store in the broader macroeconomic landscape.

Latest news of [US tariff hikes](#) on China imports, including for electric vehicles, triggered concerns about how this may impact on downstream requirements for products like PBR which have heavy applications in the automotive sector.

In India, buy-side pricing appetite for Asia-origin imports is also dented by competition from materials of non-Asia origins, much of which were heard offered at substantially lower price, market sources said.



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OUTLOOK

- Demand uncertainties may heighten with fresh trader barriers
- Other geopolitical issues like the Middle East conflicts could weigh further on sentiment
- Buyers likely to stay in wait-and-see mode for longer

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	n/c	2200.00-2400.00	n/c	2200.00-2400.00	99.79-108.86
Polybutadiene Rubber High-CIS Grade						
CFR Asia SE	USD/tonne	n/c	2250.00-2400.00	n/c	2250.00-2450.00	102.06-108.86

CFR Asia NE	USD/tonne	-50	1750.00-1850.0 0	-50	1800.00-1950.00	79.38-83.91
CFR Asia SE	USD/tonne	n/c	2000.00-2050.0 0	-50	2050.00-2200.00	90.72-92.99
CFR India	USD/tonne	-50	1950.00-2050.0 0	-50	2000.00-2150.00	88.45-92.99

Northeast Asia

High-cis

The CFR NE Asia prices were assessed lower, tracking softer offers heard at the high-end, against buying indications capped at the low-end.

In China, domestic prices were stable-to-soft as buying momentum slowed down with some reductions seen early week in yuan values of feedstock BD.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	13,100-13,300	13,200-13,300

Low-cis

Compared to high-cis PBR, there are fewer regional producers for low-cis PBR, and this relatively smaller supply pool, therefore, provided better support for prevailing low-cis PBR spot offers, even if demand is broadly lacklustre in nature, market players said.

The high-end of the CFR NE Asia assessment for low-cis PBR was unchanged with a stable selling indication heard, and the low-end is rolled in the absence of concrete buy-side interest or response.

Southeast Asia

High-cis

The CFR SE Asia prices were adjusted down at the high-end with a lower offer heard, and the low-end kept unchanged to reflect the full spectrum of deals and discussions heard in the trading week.

Recent uptick in natural rubber prices served to buoy though, spirits and optimism among some sellers that this may help to bolster buying interest for PBR as a cheaper substitution product to natural rubber.

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

May (1-16) 2024	Apr 2024	Mar 2024	Feb 2024	Jan 2024	Dec 2023	Nov 2023
164.65	162.99	165.36	156.66	154.20	146.31	148.42

Source: Malaysian Rubber Board

Low-cis

The CFR SE Asia assessments were stable, tracking unchanged offers at the high-end, and buying indications heard within rangebound levels.

India

CFR Indian prices were down with lower offers heard at the high-end for NE Asia-origin cargoes, against buying indications capped at the low-end.

But substantive buying interest were tepid, with many end-users heard turning to tap instead on supplies from non-Asia-origin materials, given that the latter are competitively priced vis-à-vis Asia-origin materials.

UPSTREAM

Butadiene

- Demand still underwhelming
- Discussions softer early week as sellers moderated expectations
- Supply anxieties reignited following [Thai tank fire](#) last week

The chart below shows the spread between butadiene and PBR, which has picked up lately but remains in the unhealthy zone.

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



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PRODUCTION

In wider Asia, a 60,000 tonnes/year plant in [Taiwan](#) will undergo maintenance in July.

Another 50,000 tonnes/year [unit](#) in Donying, China, has shut since H2 April for a month-long maintenance.

ANALYTICS

ICIS outlook on downstream automotive sector

Widespread staff reductions and companies scaling back procurement are some of the key headwinds for the automotive sector this year, while the impact of election uncertainty on consumer sentiment presents another

challenge.

According to the US Census Bureau, US light vehicle sales increased by 1.1% month on month in April, with total sales of 15.7 million units (up by 0.4% year on year and 3.4% down from 2019). Macroeconomic stressors continue to weigh heavy on automotive demand.

According to the European Automobile Manufacturers' Association (ACEA), EU passenger car registrations decreased by 5.2% in March year on year. The Association further reports that Germany experienced the largest decline of -6.2%, followed by Spain (-4.7%), Italy (-3.7%), and France (-1.5%).

Asia's sector outlook for the medium to long term remains strong, however, with rising income and low car ownership in the region. This is particularly true for electrified and other New Energy Vehicles (NEVs) as government incentives push this market.

According to India's Federation of Automobile Dealers Associations (FADA) survey, 33% of members believe growth is going to be flat for the rest of the year, while some 16% expect the industry to contract.

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