



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

- **Lacklustre demand**
- **Offers supported by spot limitations**
- **Buy-sell gap widening**

Spot trade liquidity in Asia's import market for polybutadiene rubber (PBR) were weighed down by widening [buy-sell gaps](#).

Demand is lacklustre, with many end-users limiting procurement only to small lots for covering prevailing production requirements, but not to build stocks, especially since downstream operations are typically slower going into the seasonal year-end lull.

They are also convinced that with feedstock [butadiene](#) (BD) market softening recently, it would be to their benefit to book cargoes later than now, as spot offers may also come down in due course with lower feedstock costs.

But sellers held a different view. PBR makers are reluctant to moderate current offers, amid concerns about how their own upstream markets may really trend should crude values fluctuate wildly again.

Some were also hopeful that with latest data showing a healthy year-on-year increase in [China's October production of new cars](#), PBR could see better demand support if China's auto sector could sustain such positive growth trajectory.

Furthermore, spot availabilities are limited with ongoing turnarounds, mitigating selling pressures further.



OUTLOOK

- **Cost pressures on sellers may not ease in the near term**
- Global [demand worries](#) could also continue to weigh down on off-take
- **Buy-sell gap may stretch**

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	n/c	1900.00-2100.0 0	n/c	1900.00-2100.00	86.18-95.25
CFR Asia SE	USD/tonne	n/c	2000.00-2100.0 0	n/c	2000.00-2100.00	90.72-95.25
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	n/c	1500.00-1600.0 0	n/c	1550.00-1650.00	68.04-72.57
CFR Asia SE	USD/tonne	-50	1600.00-1700.0 0	n/c	1700.00-1800.00	72.57-77.11
CFR India	USD/tonne	n/c	1700.00-1750.0 0	n/c	1700.00-1800.00	77.11-79.38

Northeast Asia

High-cis

CFR NE Asia assessment was rolled over on rangebound indications in a thinly-discussed market.

Domestic yuan-denominated prices in east China weakened further as buying tempo continues to wane.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	11,700-12,200	12,400-12,600

Low-cis

Offers were heard in the \$2,100-2,150/tonne CFR NE Asia range, and the high-end of the assessment range was kept unchanged as such.

The low-end was rolled over in the absence of any concrete buy-side response.

Southeast Asia

High-cis

CFR SE Asia assessment widened, with the low-end of the range dropped with weaker buying indications.

But as natural rubber prices remain firm, market players said that offers held steady, captured at the high-end, as

sellers were convinced that more end-users may turn to buying PBR as a cheaper substitute to natural rubber.

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

Nov 2023	(1-16) Oct 2023	Sep 2023	Aug 2023	Jul 2023	Jun 2023
148.20	145.26	142.65	130.22	131.31	133.48

Source: Malaysian Rubber Board

Low-cis

CFR SE Asia offers were heard at the high-end of the assessment range and up, but drew no firm response from the buyers, many of whom said that they were already adequately covered for the rest of the year.

Assessments were kept unchanged as such.

India

CFR India assessment was kept unchanged, as market was shut much of the week for the extended Diwali celebrations.

UPSTREAM

BD

- Demand subdued
- Mixed supply picture
- Regional cargoes limited, but deep-sea influx expected

The chart below shows the spread between butadiene and PBR, which remains wedged in the unhealthy zone.

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



PRODUCTION

Regional supplies are expected to remain snug in Q4 due to various turnarounds in [northeast](#) and [southeast](#) Asia.

ANALYTICS

ICIS Analyst View on Butadiene

Asia's butadiene (BD) supply of immediate volumes is tighter than expected on previous unexpected regional

outages and output cuts by crackers, due to margin concerns.

However, this situation is forecast to ease in second half (H2) November and December on lukewarm downstream demand and increasing availability of deep-sea cargoes from Europe and the US.

Spot appetite for derivatives is forecast to decrease on declining margins. Acrylonitrile butadiene styrene (ABS) and styrene butadiene styrene (SBS) margins remain in negative territory, amid overcapacity. Asia's styrene butadiene rubber (SBR) and polybutadiene rubber (PBR) margins have been also squeezed in recent months.

The possible start up of Vietnam's Long Son project in December is also expected to weigh on market sentiment.

The ongoing 2024 contract negotiations will also be in focus for the next two to three months. If the negotiations take more time to finalise, spot demand for January/February may increase, lending support to the market sentiment.

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For more information about analytical content, click [here](#).

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