



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

- **Demand fundamentals weak**
- **Buyers bearish**
- **More spot sellers emerge**

Asia's spot discussions for polybutadiene rubber (PBR) are muted amid low demand.

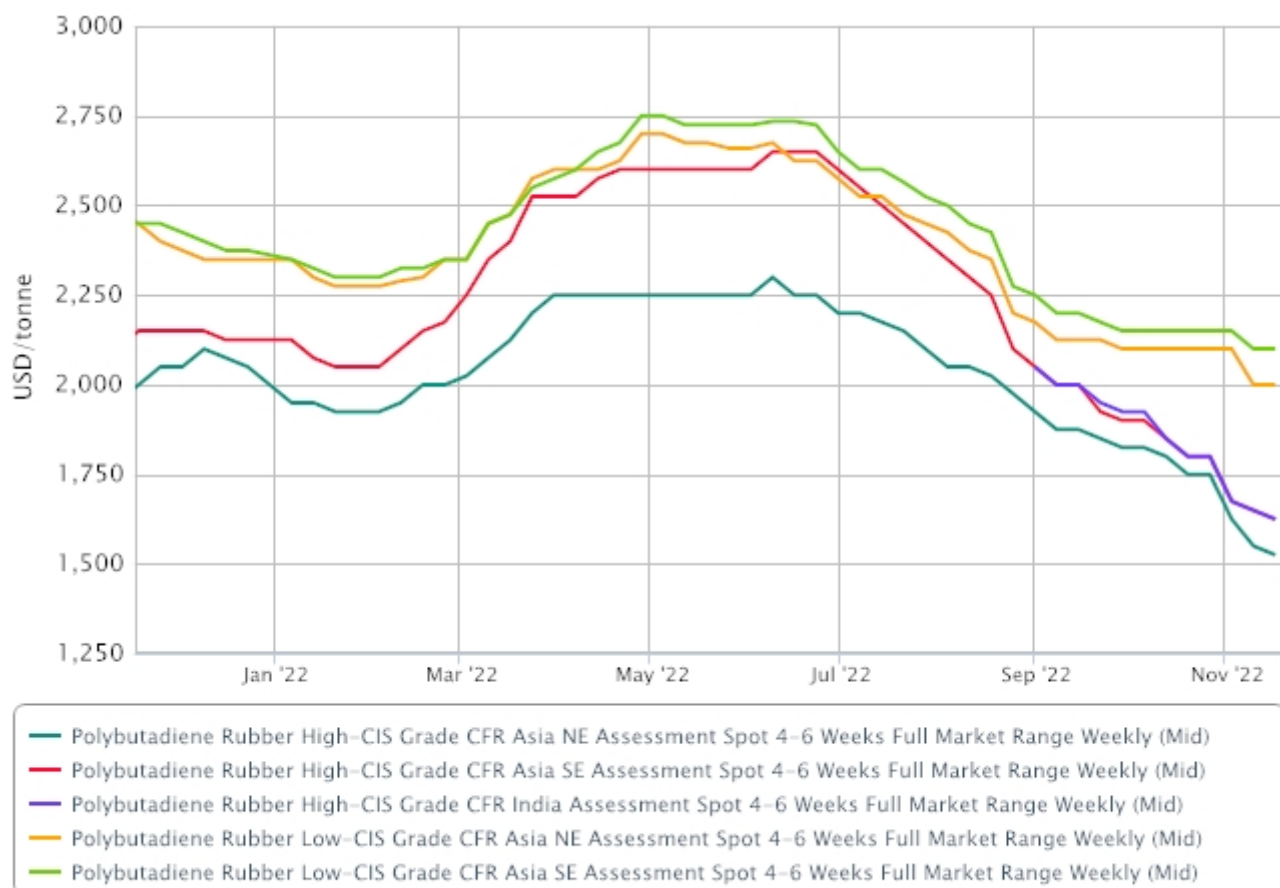
Buyers are in no hurry to book, as they perceived the market to be amply supplied, as spot availabilities from diverse origins, including Russia and Middle East, started to emerge, alongside regular offerings of traditional northeast Asian materials.

In this climate, buyers mostly expected regular Asian suppliers may continue to moderate their expectations to keep up with the intensifying competition for market share. As such, they are resolved to wait and not rush into any fresh spot procurement until it is absolutely necessary.

On the sell-side, while regional PBR makers concede that the downstream demand outlook is generally not bullish, some are resistant to pricing down too aggressively at a go, especially if they face no discernible inventory pressures.

Some are also still hopeful that China's recent move to [relax](#) some COVID-19 control measures may help reinvigorate downstream production tempo in the country, and in turn boost consumption of raw materials, including PBR.

However, some of this initial optimism has fizzled out with latest news of fresh COVID-19 [surge](#) in China. Furthermore, operations in the key downstream automobile sector is usually lower going into the year-end, on a seasonal factor, market sources said.



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OUTLOOK

- Selling pressures may rise with influx of deep-sea cargoes
- Uncertainties prevail on COVID-19 situation in China
- Macroeconomic worries to weigh on broader regional demand

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	n/c	1900.00-2100.00	n/c	2000.00-2200.00	86.18-95.25
CFR Asia SE	USD/tonne	n/c	2050.00-2150.00	n/c	2100.00-2200.00	92.99-97.52
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	-50	1450.00-1600.00	n/c	1700.00-1800.00	65.77-72.57
CFR Asia SE	USD/tonne	-50	1550.00-1700.00	n/c	1750.00-1850.00	70.31-77.11
CFR India	USD/tonne	n/c	1550.00-1700.00	-50	1750.00-1850.00	70.31-77.11

Northeast Asia

High-cis

CFR NE Asian assessments were down on the low end, alongside softer discussions for China-bound shipment.

Discussions for shipment to other northeast Asian destinations were limited, and tracked at the high end of the range.

Meanwhile, domestic prices in China held steady week on week.

Price (CNY/tonne)	17 Nov	10 Nov
E China Ex-Warehouse	11,000-11,500	11,000-11,500

Low-cis

CFR NE Asian assessments for low-cis were kept unchanged in a thinly-discussed market.

Southeast Asia

High-cis

CFR southeast Asian assessments were down at the low end, tracking softer buying indications heard.

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

Nov (1-17) 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022
126.93	130.52	134.12	149.74	158.83	164.15	162.81

Low-cis

CFR SE Asian assessments are unchanged on rangebound discussions. Limited volumes changed hands for December shipment at the high end of the range, market sources said.

India

CFR India assessments for high-cis PBR are down at the high end with lower offers heard for northeast Asia-origin supplies.

Domestic prices were also softer, market sources said.

Buying interest is limited and capped at the low end for Asia-origin materials.

UPSTREAM

Butadiene

- Asian BD weighed down by soft demand and domestic China volatility
- High cost pressure cushions declines
- Spot supply available from SE Asia

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

In China, a 100,000 tonne/year plant in Shandong is [shut](#) for maintenance in H2 November, but a new 100,000 tonne/year plant in the same area is expected to come on stream within the month, market sources said.

In wider Asia, an ongoing [maintenance](#) in Japan is expected to wrap up by end November. However, an existing outage in southeast Asia may [stretch](#) until Q1 2023, market sources said.

ANALYTICS

ICIS Butadiene Outlook

A gloomy outlook will continue to characterise the European butadiene (BD) market for the rest of the year. BD producers are unlikely to gain significant support from US and Asian buyers, given that demand will remain sluggish globally. Consequently, the BD supply-demand balance will be adjusted by pulling back run rates for crackers and BD extraction units.

A challenging environment for the Europe automotive industry is likely to continue over the coming months. ArcelorMittal, the leading steelmaker, will continue to idle its blast furnaces across Europe. In early November, the company said it will take one of its two blast furnaces at Fos-sur-Mer site in France off line from December because of high energy costs and poor demand. This will represent another challenge for the European automotive supply chain.

Heading into 2023, the BD price spread between the US and Europe should remain open on paper, making BD flows viable, particularly in early 2023. Indeed, maintenance at TPC Group's 546,000 tonne/year BD unit in Houston, which is scheduled in January 2023, could, to some extent, turn the US market into a short position.

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