



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.

OVERVIEW

- **Discussions stall as players retreat to sidelines**
- **Offers steady on cost considerations**
- **But upstream losses weigh on buying appetite**

Discussions stagnated in this week's Asian import market for polybutadiene rubber (PBR) amid perennial buy-sell differences.

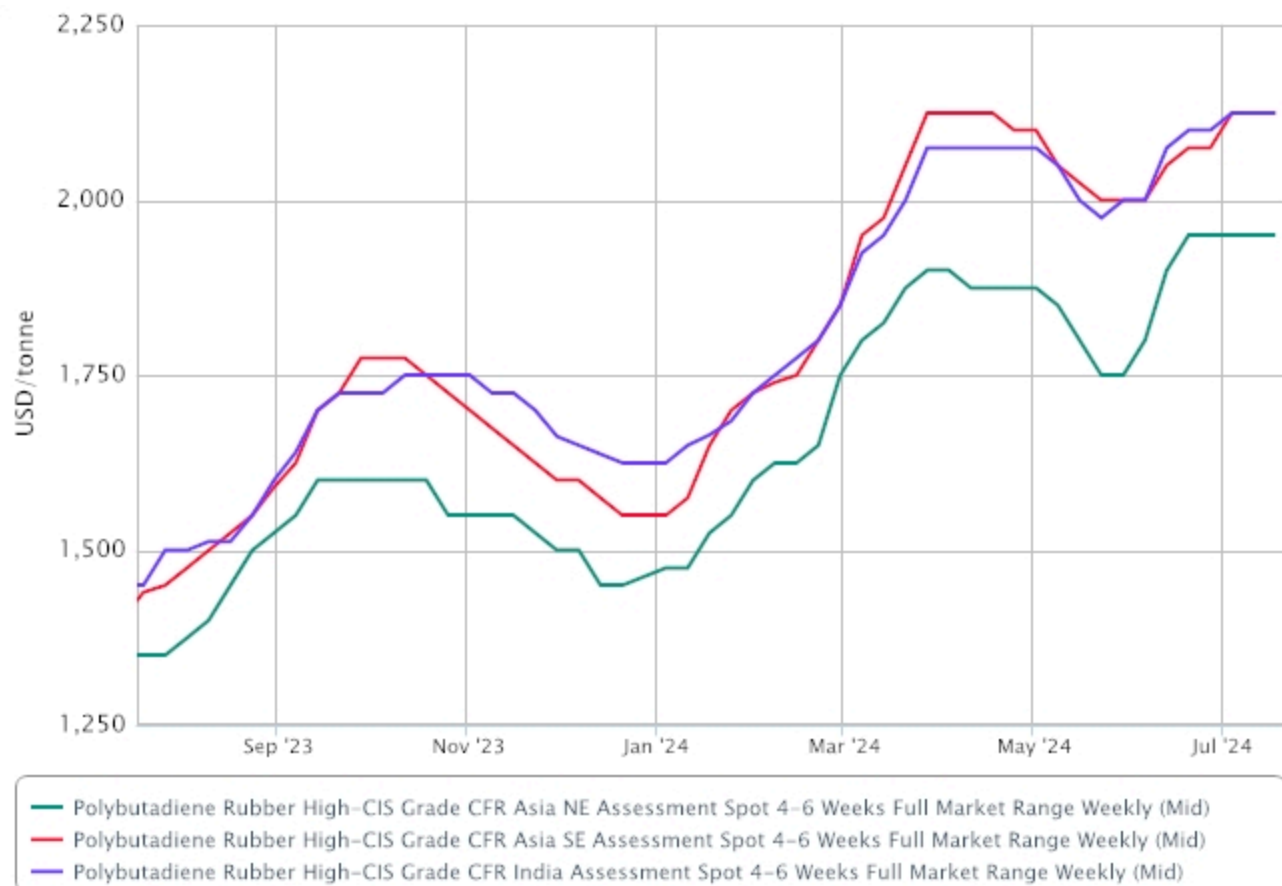
For end-users, many retreated further to the sidelines saying they would defer spot procurement decisions to later when it is clearer how the upstream butadiene (BD) market will trend.

Asian [BD](#) prices have been losing grounds of late and end-users believe that declines may widen going into Q3 if BD supplies lengthen with deep-sea arrivals, and also if downstream demand fails to pick up commensurately.

Potential PBR buyers who may need to buy at this juncture kept their purchases to small lots and strictly on a need-to basis.

But PBR makers held fast to existing offers saying they would still need to recoup steep production costs and have no room to price down without hurting their own bottomlines.

Even if BD may have softened somewhat, PBR makers said that there were other cost factors to consider, including those of shipping raw materials and their finished products. [Freight rates](#) have sky-rocketed recently, and there has as yet to be any clear signs of it easing anytime soon, market players said.



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OUTLOOK

- Buy-sell disparity may widen
- Cost push, including for freight, to continue to keep offers elevated
- Demand may see support if [China's economic growth](#) picks up

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	n/c	2400.00-2500.00	n/c	2300.00-2500.00	108.86-113.40
CFR Asia SE	USD/tonne	n/c	2400.00-2500.00	n/c	2400.00-2500.00	108.86-113.40
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	n/c	1900.00-2000.00	n/c	1900.00-2000.00	86.18-90.72
CFR Asia SE	USD/tonne	n/c	2050.00-2200.00	n/c	2000.00-2150.00	92.99-99.79
CFR India	USD/tonne	n/c	2050.00-2200.00	n/c	2000.00-2200.00	92.99-99.79

Northeast Asia

High-cis

CFR NE Asia prices held steady on stable selling indications, tracked at the high end against broadly unchanged buying indications at the low end.

But in the major China outlet, local end-users continued to tap on domestic supplies at the expense of US dollar-denominated imports.

Domestic PBR prices in east China softened alongside similar upstream market movements.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	14,850-15,100	15,000-15,200

Low-cis

CFR NE Asia assessments for low-cis were unchanged on rangebound buy-sell indications heard.

Southeast Asia**High-cis**

CFR SE Asia prices held steady too, with limited transactions heard closed within the published range.

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

Jul 2024	(1-18) Jun 2024	May 2024	Apr 2024	Mar 2024	Feb 2024	Jan 2024
168.90	176.00	170.03	162.99	165.36	156.66	154.20

Source: Malaysian Rubber Board

Low-cis

CFR SE Asia assessments for low-cis PBR were rolled over, taking into account range-bound offers and in the absence of concrete buy-side response.

India

CFR India assessments stayed flat, taking into account broadly range-bound discussions for NE Asia-origin materials.

Downstream requirements are deemed healthy, but market players said that local end-users tapped heavily on the domestic supply pool to cover the bulk of their requirements.

UPSTREAM**Butadiene**

- Domestic China losses widen
- China stays active on the export front nonetheless
- Import discussions dampen in line

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

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



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PRODUCTION

In China, a 30,000 tonne/year unit in [Urumqi](#) is shut since mid-May for maintenance and expected to restart within July, Another 50,000 tonne/year unit in [Karamay](#) is also shut for the same period for maintenance.

In wider Asia, a 60,000 tonne/year unit in [Taiwan](#) will start a month-long maintenance at the end of July.

ANALYTICS

ICIS outlook for downstream automotive sector

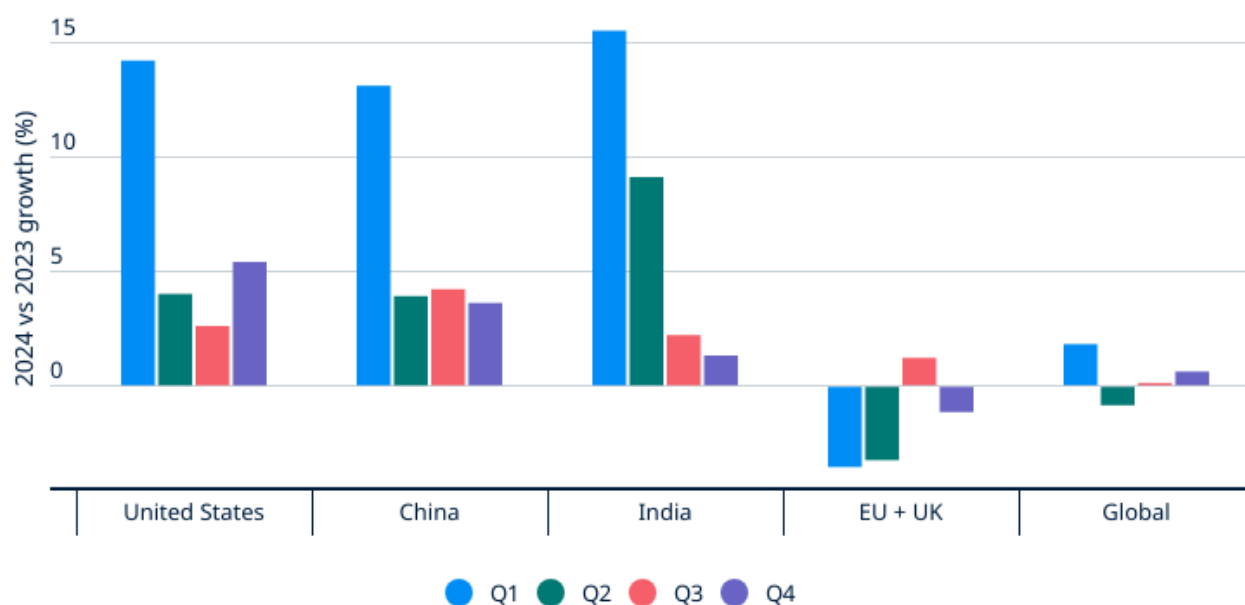
Protectionist trade policy and potential retaliatory measures would be key factors driving the automotive industry in the foreseeable future. Except Europe, performance in other regions is likely to be better than expected in the second half of 2024. Global automotive value-added output in 2024 is expected to grow by 0.4% compared with 2023. The third quarter of 2024 is forecast to remain relatively flat compared with the third quarter of 2023, according to Oxford Economics.

China's balance of risk leans towards the downside, posing a potential threat to its dominant share of the electric vehicle industry. China's automotive sector in 2024 is expected to grow by 6% compared with 2023. The third quarter of 2024 is forecast to grow by 4.2% year on year, according to Oxford Economics. India's automotive industry in 2024 is expected to grow by 6.7% compared with 2023. The third quarter of 2024 is forecast to grow by 2.2% compared with the third quarter of 2023, according to Oxford Economics. According to an Indian Federation of Automobiles Dealers Association (FADA) survey, 42% of its' members believe growth is going to be flat in June and approximately 15% expect the industry to contract. FADA also said: "Extreme heat and elections significantly impacted footfall, with showrooms seeing an 18% drop in walk-ins." Still, the continuity of government after recent elections adds to the overall stability of the industry in terms of economic policies.

By **Jincy Varghese**, ICIS demand analyst, jincy.varghese@icis.com

Motor vehicle sector growth by region

2024 vs 2023



SOURCE: Oxford Economics

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