



# 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

- **Weak upstream curtails buying interest**
- **Demand also sluggish in nature**
- **But sellers resistant to widening discounts**

Asia's spot import market for polybutadiene (PBR) imports edged down as extended losses in the upstream butadiene (BD) market dented buying interest.

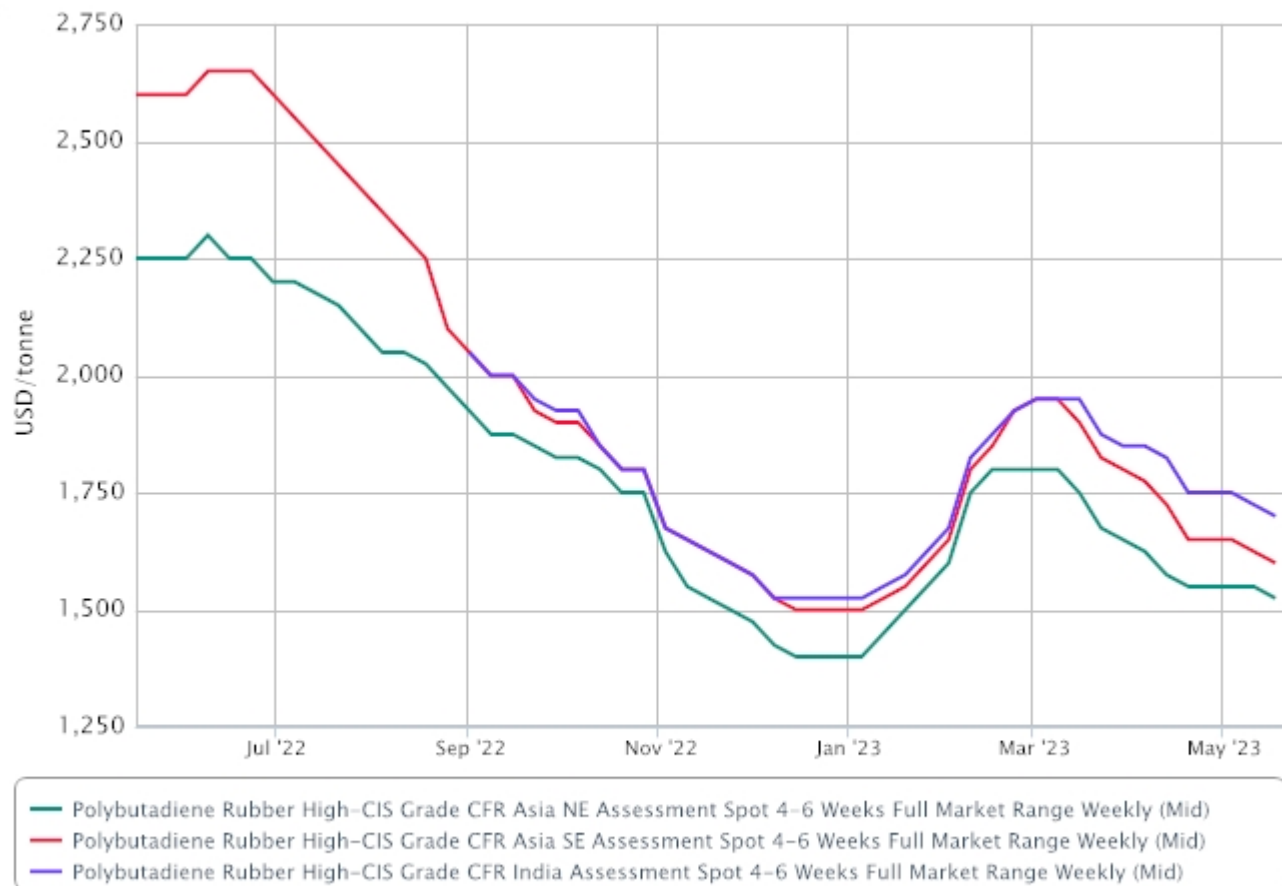
Feedstock BD prices [dived](#) deeper last week, reinforcing PBR buyers' conviction that the savings PBR makers get from the cheaper raw materials should translate into lower offers.

PBR buyers retreated as such, to wait until PBR prices ease more to their advantage and as substantive requirements were limited to begin with, buyers said that they were in no hurry to procure.

In China, downstream demand is sluggish, weighing down yuan-denominated prices in east China. Latest data showing a 11.9% month-on-month decline in China's [April car sales](#) served little to restore confidence for PBR, consumption of which is heavily dependent on automotive-related applications.

In southeast Asia and China, PBR buyers also pulled back and pressed for deeper discounts. But sellers in these outlets were resistant, saying that even though feedstock prices have come off, their production margins are still unhealthy as other operating costs, such as utilities, remain hefty. .

If sales still do not improve and they needed to minimise surplus volumes, regional producers may be more prepared to cut operating rates, rather than cut offers, market sources said.



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## OUTLOOK

- [Bearish demand conditions](#) may stretch throughout Q2
- **Upstream pricing to impact on sentiment too**
- Upcoming [turnaround](#) may help ease surplus

## PRICES

### SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
<b>Polybutadiene Rubber Low-CIS Grade</b>						
<b>CFR Asia NE</b>	USD/tonne	-50	1900.00-2100.00	n/c	1950.00-2150.00	86.18-95.25
<b>CFR Asia SE</b>	USD/tonne	-100	2000.00-2200.00	n/c	2100.00-2250.00	90.72-99.79
<b>Polybutadiene Rubber High-CIS Grade</b>						
<b>CFR Asia NE</b>	USD/tonne	n/c	1500.00-1550.00	-50	1500.00-1600.00	68.04-70.31
<b>CFR Asia SE</b>	USD/tonne	-50	1550.00-1650.00	n/c	1600.00-1700.00	70.31-74.84

<b>CFR India</b>	USD/tonne	-50	1650.00- 1750.00	n/c	1700.00-1800.00	74.84-79.38
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## Northeast Asia

### High-cis

The high-end is dropped with lower offers heard for deliveries to Taiwan.

The low-end is kept unchanged with broadly unchanged selling indications for China-bound shipment.

Domestic China prices fell, amid slow sales and also tracking upstream BD losses.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	10,500-10,700	11,100-11,200

### Low-cis

Buy-sell gap remains wide for June CFR NE Asian shipment supplies. Selling indications were at the high-end, against buying indications at the low-end.

Some May shipment cargoes were sold at below the range, but the delivery window is not within assessment criteria.

## Southeast Asia

### High-cis

CFR SE Asian assessments were stable-to-soft, with the low-end dropped alongside a lower offer heard for China-origin cargoes.

The high-end is unchanged, taking into consideration deals closed early week for cargoes from other regular NE Asian suppliers.

But by late week, some selling indications for these NE Asian supplies have slipped to nearer low \$1,600's/tonne CFR SE Asia, market sources said.

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

May (1-18) 2023	Apr 2023	Mar 2023	Feb 2023	Jan 2023	Dec 2022	Nov 2022
137.63	136.27	135.03	140.11	140.11	135.03	127.32

### Low-cis

CFR SE Asian assessments widened to reflect the spectrum of limited discussions heard.

Some negotiations took place at the mid-point of the published range, while selling indications were mostly at the high-end, against majority buying indications at the low-end.

## India

CFR India assessments were stable-to-soft, with the low-end down alongside softer buying indications heard, against broadly unchanged offers at the high-end for NE Asia origin cargoes.

Local end-users steered away from US dollar denominated imports, turning instead to tap on the domestic supply pool, especially after a major domestic producer priced down this week on various synthetic rubber grades, including PBR.

## UPSTREAM

### Butadiene (BD)

- Downside pressures rise on spot talks
- Poor buying appetite
- No spot supply constraints either

The chart below shows the spread between butadiene and PBR.

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



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## ANALYTICS

### ICIS Downstream Automotive Demand Outlook

The outlook for the global automotive industry in 2023 continues to be a concern. The outbreak of the COVID-19 pandemic was more than three years ago, and the industry has yet to recover all the losses suffered since then. It started with a severe semiconductor shortage, and while the overall situation has improved, the industry has yet to make a full recovery. Following the pandemic, the industry has been hit by a high interest rate environment amid a weaker global economy and rising geopolitical tensions. A full and complete recovery is not expected until 2024.

According to the US Census Bureau, US light vehicle sales increased by 7.2% month on month in April with total sales at 15.9m, which was up 11.4% year on year but down 2.5% from 2019. Macroeconomic stressors continue to weigh heavily on auto demand.

According to the European Automobile Manufacturers' Association (ACEA), EU passenger car registrations increased by 17.2% in April year on year but were down 22.8% from April 2019. Spain posted the biggest gain with a 33.7% increase, followed by Italy (+26.9%), France (+16.7%), and Germany (+7.9%). Significant growth was seen in the electric vehicle (EV) category, for example hybrid electric vehicles (HEVs), plug-in hybrid vehicles (PHEVs) and battery electric vehicles (BEVs), with BEVs reporting year-on-year growth of 30%.

Following the country's re-opening after three years of on-off restrictions, China reported double-digit year-on-year growth in automotive production in April. Expectations for the rest of the year are optimistic, given that the government is targeting an economic growth rate of 5%. India also appears to be on the path to recovery. An improvement in sentiment was reported on the back of China's re-opening, as a large share of auto spare parts is imported from China. In March, total vehicle retail sales increased 14% year on year, according to the Federation of Automobile Dealers Associations of India (FADA), which also reported that 2023 was the first full year without any impact from COVID-19.

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