



Polybutadiene Rubber (Asia-Pacific)

By Ai Teng Lim
19-Sep-2024

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

OVERVIEW

- **Bullish domestic China prices**
- **Upstream butadiene (BD) market also picking up**
- **Import sellers confident, although trade liquidity is curbed this week on holidays**

Discussions for Asian polybutadiene rubber (PBR) imports were curtailed, mainly because various key regional outlets were shut during the week for extended celebrations of the mid-Autumn festival.

For instance, the major China hub was out of action between 15 and 17 September, while South Korea returns even later on 19 September.

However, even if fresh import offers were scant this week due to holidays, the sentiment remains very upbeat among PBR sellers on various grounds.

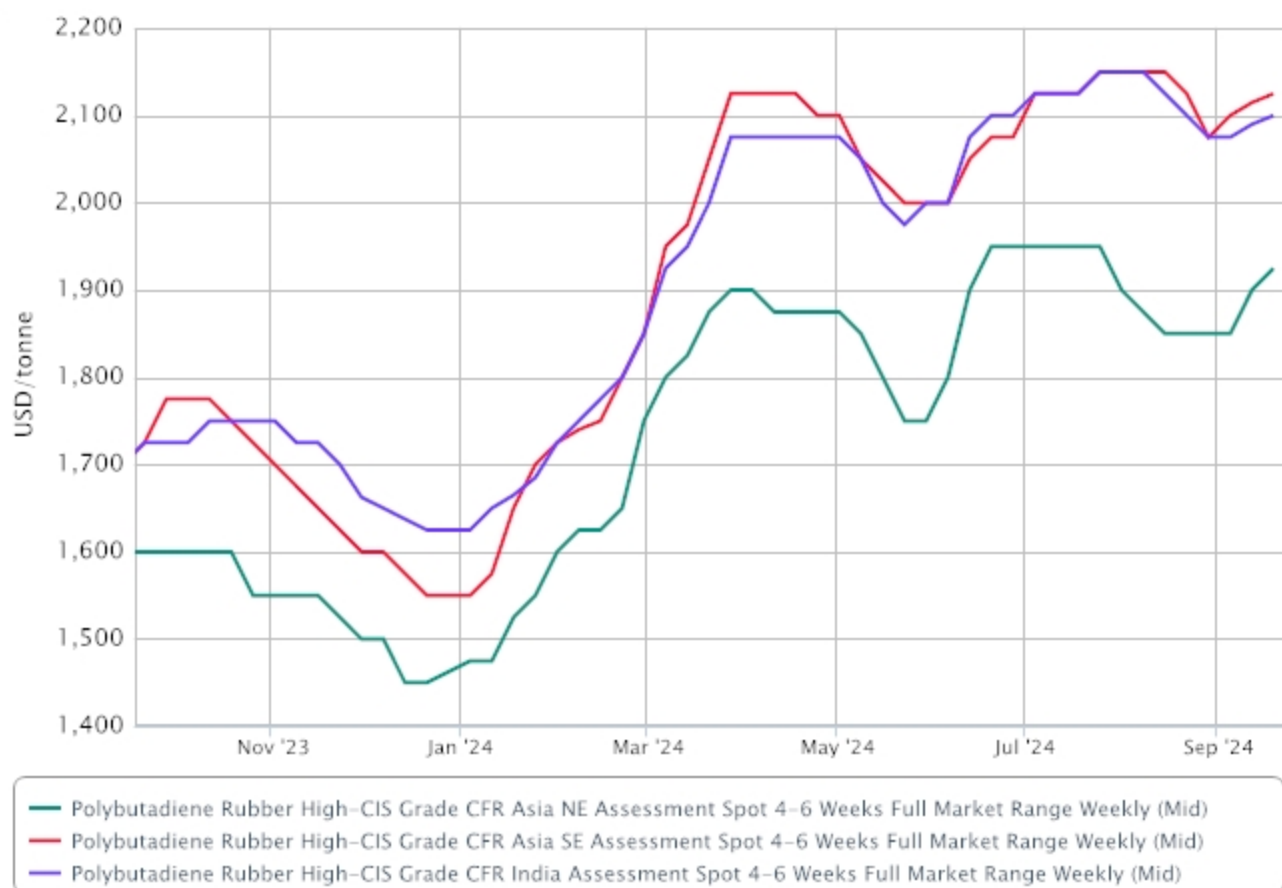
Firstly, domestic yuan-denominated prices in China are very bullish for various synthetic rubber grades, including PBR, demand of which is expected to gain with runaway prices for natural rubber, as the latter may drive end-users to procure more PBR as cheaper substitution product.

Also, given the reality that spot PBR supplies are poised to tighten going into Q4, on the back of a heavy wave of plant maintenances in NE Asia, PBR sellers are confident that this should further support spot offers, if any cargoes were available to begin with.

With feedstock BD prices also [climbing](#), PBR sellers would want to minimally maintain, if not raise, current targets to recoup costs and protect margins, market players said.

Buy-side response is mixed. Those who have pressing requirements have had few options but to bid up to secure volumes.

Many other end-users retreated deeper on concerns that lacklustre downstream market conditions may not be sufficiently robust to warrant them to secure raw materials like PBR at higher prices, market players said.



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OUTLOOK

- Anticipations muted about prospective [demand recovery in China](#)
- Offers may stay supported with snug spot availabilities
- How upstream market will trend could weigh on sentiment too

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	n/c	2300.00-2500.00	+50	2350.00-2450.00	104.33-113.40
			0			
CFR Asia SE	USD/tonne	n/c	2300.00-2500.00	+50	2350.00-2450.00	104.33-113.40
			0			
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	+50	1900.00-1950.00	n/c	1800.00-1900.00	86.18-88.45
			0			

CFR Asia SE	USD/tonne	+20	2100.00-2150.00	n/c	2100.00-2150.00	95.25-97.52
			0			
CFR India	USD/tonne	+20	2050.00-2150.00	n/c	2050.00-2150.00	92.99-97.52
			0			

Northeast Asia

High-cis

CFR NE Asia assessment saw some upside support from more buoyant buy-sell indications for China-bound shipment materials.

The range is narrowed to capture the spectrum of discussions for cargoes to diverse northeast Asian destinations.

Domestic prices in east China extended gains, with support from bullish natural rubber prices, as well as robust PBR futures trade in the local exchange.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	16,000-16,100	15,500-15,700

Low-cis

CFR NE Asia assessment for low-cis PBR were up at the high-end of the range with firmer selling indications heard.

The low-end is kept unchanged with buyers mostly absent from the arena.

Southeast Asia

High-cis

CFR SE Asia prices for high-cis PBR were stable-to-firm, with the low-end of the range up to reflect limited deals done and discussions.

Trade liquidity was curbed with many traditional suppliers in NE Asia away on holidays in the latter half of the trading week, on regional holidays.

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

Sep (1-19) 2024	Aug 2024	Jul 2024	Jun 2024	May 2024	Apr 2024	Mar 2024	Feb 2024
189.64	179.89	168.65	176.00	170.03	162.99	165.36	156.66

Source: Malaysian Rubber Board

Low-cis

CFR SE Asia assessment for low-cis PBR were up on high-end of the range with firmer selling indications heard.

India

CFR India prices for high-cis PBR were assessed in a narrower range, taking into account buy-sell indications heard for northeast Asia-origin materials.

Local buyers continue to tap on domestic supply pool for supplies, in their bids to cut back on import procurement, market players said.

UPSTREAM

BD

- Domestic China prices surge
- Bullish discussions for China imports amid higher domestic prices
- Spot supply lengthens in SE Asia

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

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



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PRODUCTION

In Malaysia, a 72,000 tonne/year PBR unit at Tanjung Langsat remains [shut](#) for maintenance which commenced in H2 June, market sources said.

In South Korea, a 170,000 tonne/year PBR unit in Yeosu will [shut](#) for a month-long maintenance in October.

In Japan, a 65,000 tonne/year unit at Tokuyama will undergo [maintenance](#) from mid-Sept to end-Nov period.

In Taiwan, a 50,000 tonne/year unit at Taina Hsien will also [shut](#) for maintenance in October.

In China, a 100,000 tonne/year plant in Zhoushan has [shut](#) for a month-long maintenance in September, and another 100,000 tonne/year unit in Dongying went [off-line](#) since H2 August on commercial reasons.

ANALYTICS

ICIS outlook on downstream automobile sector

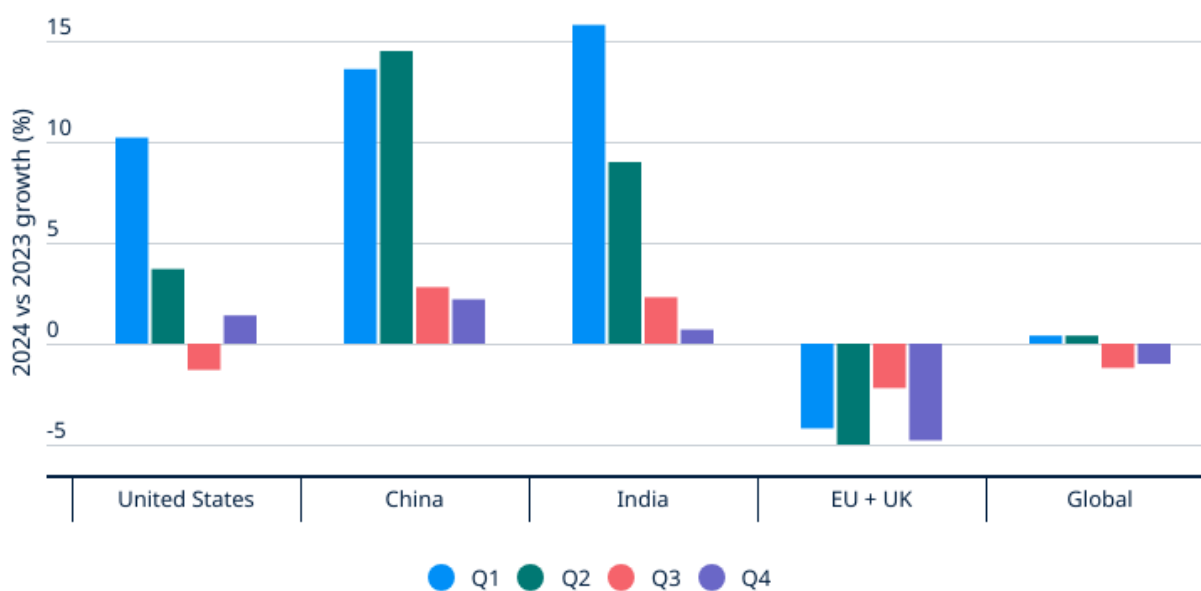
The global automotive industry is still in the middle of a deep crisis, with high interest rates continuing to be a drag on the sector. Other challenges include subdued demand, supply chain disruptions and slower line speeds, among others. Long-term investments for, among others, tightening emission standards, a growing push to electrify, and shared car ownership have already left firms short of cash.

India's Federation of Automobile Dealers Associations (FADA) reported an increased registration of 13.84% in July year on year. However, some of the challenges identified for the industry for the next quarter include a severe monsoon, poor consumer sentiments and higher stocks, among others. On the positive side, the onset of the festive season is expected to support the market. Therefore, there is a cautious optimism over the outlook.

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

Motor vehicle sector growth by region

2024 vs 2023



SOURCE: Oxford Economics

SECRET - EXTERNAL ECONOMICS

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