



# 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

- **Some restocking interest early week**
- **But some buyers retreated after offers rose**
- **Buy-sell gap widens**

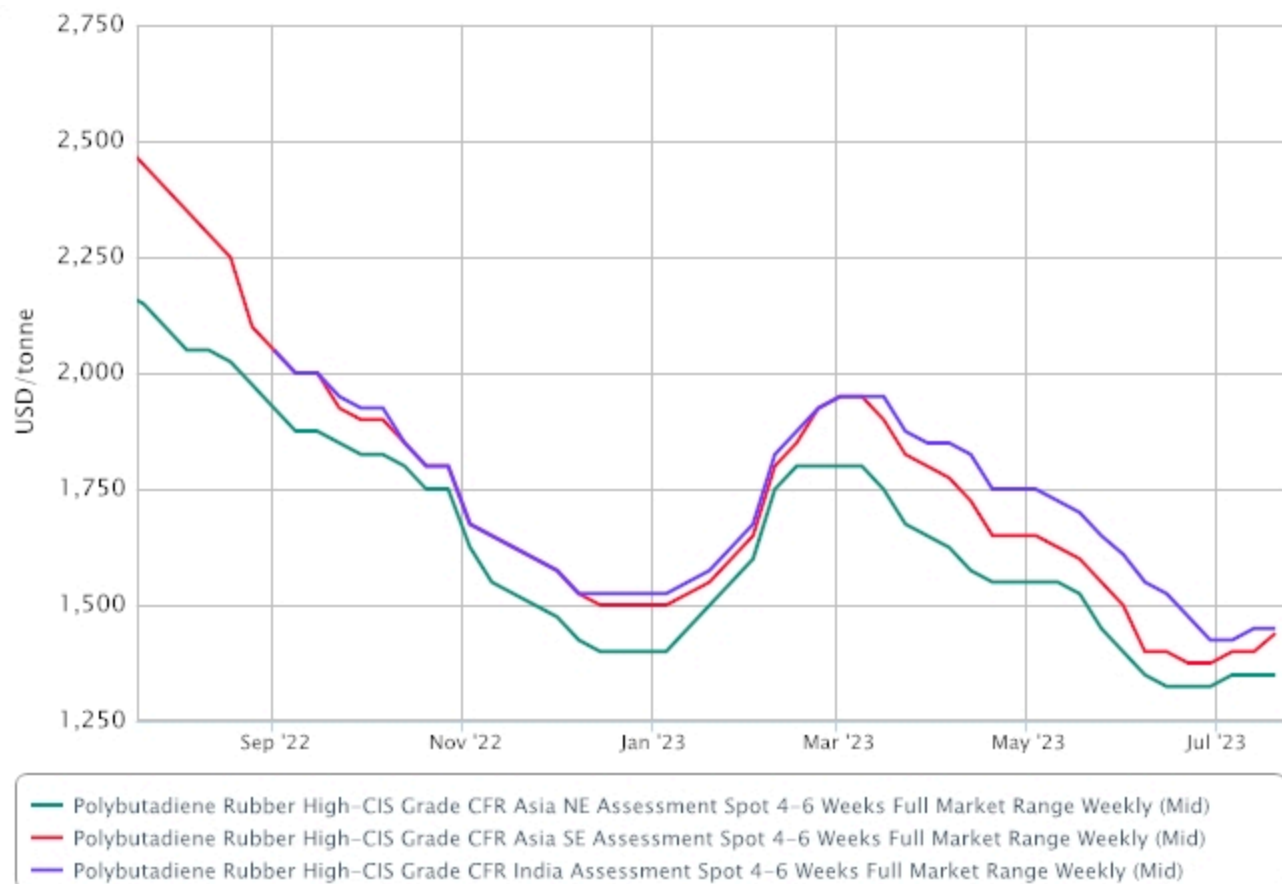
Sentiment among buyers in the Asia spot import market for polybutadiene rubber (PBR) was relatively more upbeat at the beginning of the week, but turned cautious and subdued towards the end of the week.

There was a healthy stream of buying enquiries for high-cis PBR earlier in the week, as some end-users perceived the market as having bottomed out and were seemingly keen to take in some spot volumes before prices rose further, market players said.

But sellers started pricing up too, on the grounds that they needed to recover rising costs and protect margins. This stretched the buy-sell gap wider, and buyers retreated, citing affordability concerns as conditions in their own downstream markets had not improved commensurately.

Substantive high-cis PBR requirements are limited to begin with, amid typically slower tyre plant operations during the summer months.

But as operating rates of [ABS](#) and PS plants in China were up week-on-week, some sellers are hopeful that this could, moving forward, provide better demand support for low-cis PBR, even though discussions on this front remained under pressure this week.



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## OUTLOOK

- Demand recovery **contingent** on China's economic growth
- High-cis supply could lengthen with continued inflow of deep-sea materials
- Low-cis supply may stay balanced-to-tight

## 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	n/c	1750.00-1900.00	n/c	1750.00-1970.00	79.38-86.18
<b>CFR Asia SE</b>	USD/tonne	n/c	1850.00-1950.00	-50	1850.00-2000.00	83.91-88.45
<b>Polybutadiene Rubber High-CIS Grade</b>						
<b>CFR Asia NE</b>	USD/tonne	n/c	1300.00-1400.00	n/c	1300.00-1350.00	58.97-63.50
<b>CFR Asia SE</b>	USD/tonne	+30	1380.00-1500.00	+50	1350.00-1400.00	62.60-68.04
<b>CFR India</b>	USD/tonne	n/c	1400.00-1500.00	n/c	1450.00-1500.00	63.50-68.04

### Northeast Asia

**High-cis**

CFR NE Asia assessments held steady on rangebound indications heard.

There was limited import interest in the major China outlet, as end-users there were already amply covered by domestic supply.

Domestic prices in east China were stable-to-soft as buying tempo eased.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	10,700-10,800	10,700-10,900

**Low-cis**

Assessments were unchanged, tracking a stable offer at the high end, and in the absence of any concrete buy-side indications.

**Southeast Asia****High-cis**

CFR SE Asia assessments were up with firmer offers at the high end, while some transactions transpired at the low end, market sources said.

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

Jul 2023	(1-20) Jun 2023	May 2023	Apr 2023	Mar 2023	Feb 2023	Jan 2023
131.68	133.48	136.34	136.27	135.03	140.11	140.11

**Low-cis**

The high-end was adjusted down with a lower offer heard. The low-end was rolled over, reflecting muted buying interest.

**India**

CFR India assessments were unchanged on limited range-bound indications. Late week, some selling indications emerged at and above the high-end but drew limited buy-side reaction, market sources said.

**UPSTREAM****Butadiene**

- Domestic China supported on prompt production constraints
- Import talks into China kept buoyant as such
- But outlook in wider Asia less upbeat

The chart below shows the spread between butadiene and PBR.

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

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## PRODUCTION

Two PBR plants in Taiwan, with respective production capacities of [50,000 tonnes/year](#) and [60,000 tonnes/year](#), are shut for maintenance in July.

## ANALYTICS

### ICIS Downstream Automotive Sector Outlook

Global light vehicle sales increased by 4.7% month on month in May to 89m units/year from 85m unit/year in April (Oxford Economics). But negatives continue to outweigh positives for the sector. Now for 2023, the outlook continues to be challenging due to the cost-of-living crisis, as car buyers are expected to postpone their purchases.

According to the US Census Bureau, US light vehicle sales increase by 4.0% month on month in June with total sales of 15.7m units (up 20.2% year on year and 8.5% down from 2019). High inflation, slumping consumer confidence and tighter monetary policy will weigh upon consumer demand for automotives. The outlook for the rest of 2023 remains concerning.

According to the European Automobile Manufacturers' Association (ACEA), in Jan to May 2023, EU passenger car registrations increased by 18.5% to 4.4m units. However, the figure was still lower compared with the same time

period in 2019, by 23%. The Association further reported double-digit growth in Spain (+26.9%), Italy (+26.1%), France (+16.3%), and Germany (+10.2%). However, in the current macroeconomic climate, there are concerns about balance sheets, with some producers struggling to survive in the short term. Long-term investments for trends including tightening emission standards, a growing push to electrify and increasing shared car ownership have already left firms cash strapped. In the context of the EU's ambitious Fit for 55 climate policy (which aims to reduce net greenhouse gas emissions by at least 55% by 2030), eurozone car makers are preparing for structural change. However, there is a degree of scepticism among manufacturers regarding mandatory targets for ramping up the charging and refuelling infrastructure for electric vehicles.

China automotive output is forecast to shrink during the second half of the year (Oxford Economics), contrary to the view that pent-up demand would lead to growth post the reopening of the economy. However, the actual impact is something we must wait and see. Currently Chinese auto stakeholders are primarily focusing on the development of New Energy Vehicles (NEV) and Intelligent Connected Vehicles (ICV) including autonomous vehicles.

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