



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

- Offers climb on cost push
- Growing concerns about freight rate increases
- But buy-sell gap widens, crimping trade

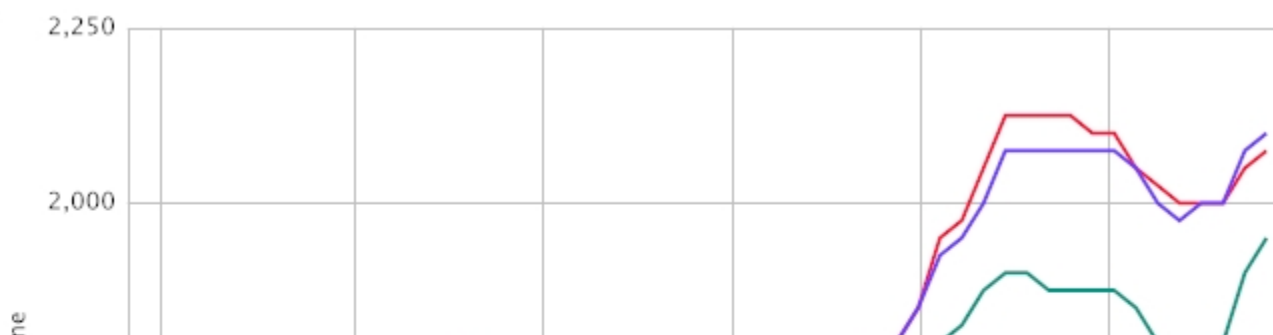
Discussions in this week's Asian import market for polybutadiene rubber (PBR) were bolstered by bullish offers, although spot trade liquidity was stymied and dampened by a widening buy-sell gap.

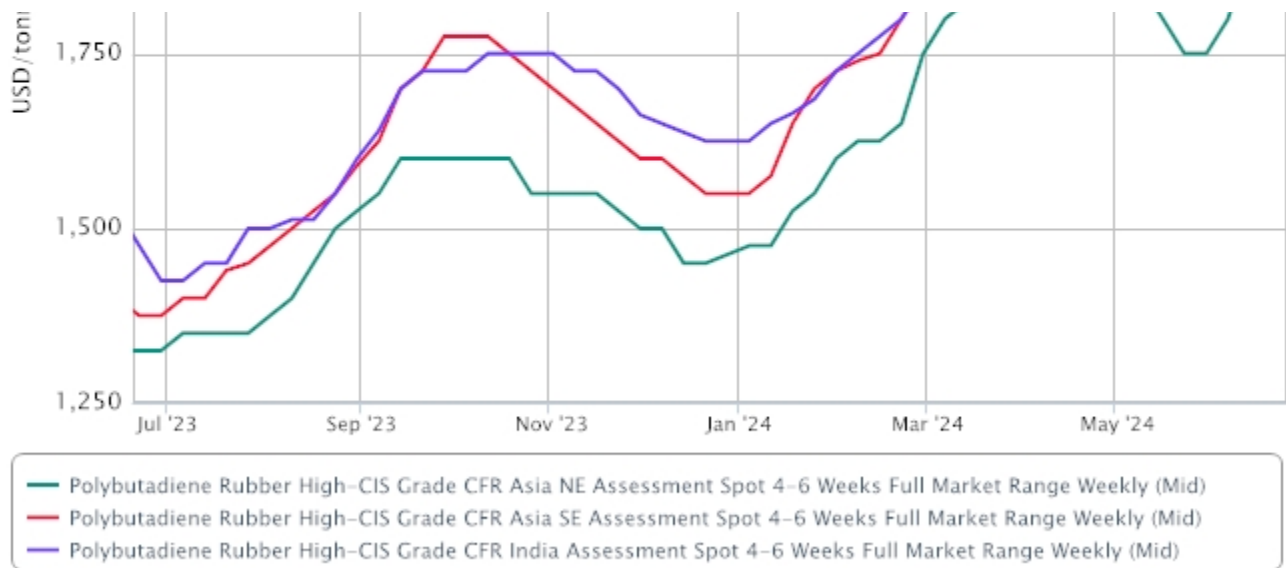
Offers were independently increased as sellers sought to cope with and mitigate mounting cost pressures. On one hand, the feedstock [butadiene](#) (BD) market continued to rise, but on the other, [high ocean freight rates](#) ate deeper into frail production margins.

However, the buy-side response was tepid, with many still resistant to paying more for PBR due to worries about affordability issues in their own downstream markets.

Although many end-users made more active enquiries on forward import shipments, players said this was just an attempt by buyers to lock in vessel space before it runs out, and was not representative of a significant pick-up in substantive requirements, especially as Q3 is a seasonal lull period for key downstream sectors like tyre plants.

Buyers are also watching how conditions in the automotive sector will shape up in the near term, amid a [brewing trade dispute](#) between China and several economies in the West.





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OUTLOOK

- Upstream cost movements key to how offers will trend
- Demand will hinge of [automotive sector growth](#) prospects
- Near-term demand [outlook](#) somewhat unclear

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	2200.00-2350.00	104.33-113.40
			0			
CFR Asia SE	USD/tonne	n/c	2400.00-2500.00	+50	2300.00-2400.00	108.86-113.40
			0			
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	+50	1900.00-2000.00	+50	1700.00-1800.00	86.18-90.72
			0			
CFR Asia SE	USD/tonne	n/c	2000.00-2150.00	+50	1950.00-2050.00	90.72-97.52
			0			
CFR India	USD/tonne	n/c	2000.00-2200.00	+50	1900.00-2050.00	90.72-99.79
			0			

Northeast Asia

High-cis

CFR NE Asian prices were up as sellers separately hiked offers, which were tracked at the high end of the assessment. Buying indications, capped at the low end, were elevated alongside earlier gains in the domestic yuan-denominated market.

Domestic China prices however corrected downwards in the trading week as buying tempo eased.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	15,100-15,300	15,600-15,900

Low-cis

The CFR NE Asia assessment for low-cis PBR was lifted at the high end on firmer offers. However, no concrete buying interest was detected, and the low end was rolled over.

Southeast Asia

High-cis

CFR SE Asia prices were stable-to-firm, with the high end up on elevated offers heard.

However, the buy-side response was thin and the low end was rolled over in the absence of fresh and substantive negotiations.

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

Jun 2024	(1-20) May 2024	Apr 2024	Mar 2024	Feb 2024	Jan 2024	Dec 2023
178.45	170.03	162.99	165.36	156.66	154.20	146.31

Source: Malaysian Rubber Board

Low-cis

The CFR SE Asia assessment was higher on the high end with firmer offers.

The low end was unchanged in a thinly-discussed trading week.

India

CFR Indian prices were lifted on the high end, with firmer offers heard for northeast Asian material.

However, buyers remained on the sidelines and the low end was unchanged as a result. Substantive requirements may taper too with the approach of the monsoon season, market players said.

UPSTREAM

Butadiene

- Supply constraints persist in China
- Domestic China market well supported as such
- Sentiment buoyant therefore among import sellers

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

Japan’s [Zeon](#) plans to discontinue PBR production at its 65,000 tonne/year site in Tokuyama in 2028, according to a company report published on 11 June.

In China, a 30,000 tonne/year unit in [Urumqi](#) has been shut for maintenance since mid-May and is expected to restart in H1 July. Another 50,000 tonne/year unit in [Karamay](#) will be shut for maintenance for a similar period.

However, one 100,000 tonne/year unit in [Shandong](#) restarted in June after a prolonged maintenance that began in February. Another 100,000 tonne/year unit in [Dongying](#) will resume operations at end-June after the completion of maintenance that lasted over two-months.

ANALYTICS

ICIS butadiene outlook

ICIS forecasts a slightly worse outlook for US butadiene (BD) consumption in 2024 compared with November 2023 projections. Downstream demand is now expected to fall 4.3% year on year against a forecasted 3.9% dip in the previous outlook, remaining below pre-pandemic levels when consumption amounted to above 1.8 million tonnes. Across the board, this less favourable outlook for the BD industry is likely to be dictated by a strict monetary policy. On the production front, TPC Group aims to expand its Houston BD plant's 517,000 tonne/year capacity by 20% in 2024.

ICIS has revised down the 2024 European BD demand forecast by about 4.7% compared with the November 2023 outlook which showed a decline of 3.9% year on year. European BD derivative consumption is likely to hit almost 1.9 million tonnes, far lower than pre-Covid levels. That said, the European Central Bank (ECB) in June cut interest rates for the first time since September 2019 even though inflation in the eurozone edged higher in May. This could prove beneficial to private consumption growth going forward. ExxonMobil' steam cracking plant along with its BD extraction unit in Port Jerome, France, is in the process of decommissioning. Total regional capacity will decrease to 3.02 million tonnes/year in 2025 from 3.11million tonnes/year. Europe may see a contraction in BD trade flows to deep-sea as a result.

Based on a spring update of the ICIS Supply and Demand Database, Asian BD demand this year is set to grow by 3.7%, lower than the 6.2% projection made in November 2023. Slowing demand is likely to be due to a worse-than-expected global economic growth and trade disruptions. Congestion at ports and a lack of containers and ships, which are largely triggered by ongoing tensions in the Red Sea created higher container prices and disrupted the export of tires and goods. For 2024, Chinese polybutadiene rubber demand growth rate has been cut by half to 1.5% from a previous forecast. BD production in southeast Asia will increase, largely because of Long Son Petrochemical's plant at Long Son in Vietnam running at full capacity. The petrochemical complex includes a 110,000 tonne/year BD plant and does not have a derivative unit, which means all BD output will be sold in the spot market.

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