



# 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

- **Sellers bullish**
- **Limited spot supplies**
- **Demand sentiment mixed**

Discussions for Asian spot imports of polybutadiene rubber (PBR) were bolstered by upstream cost push and spot supply limitations.

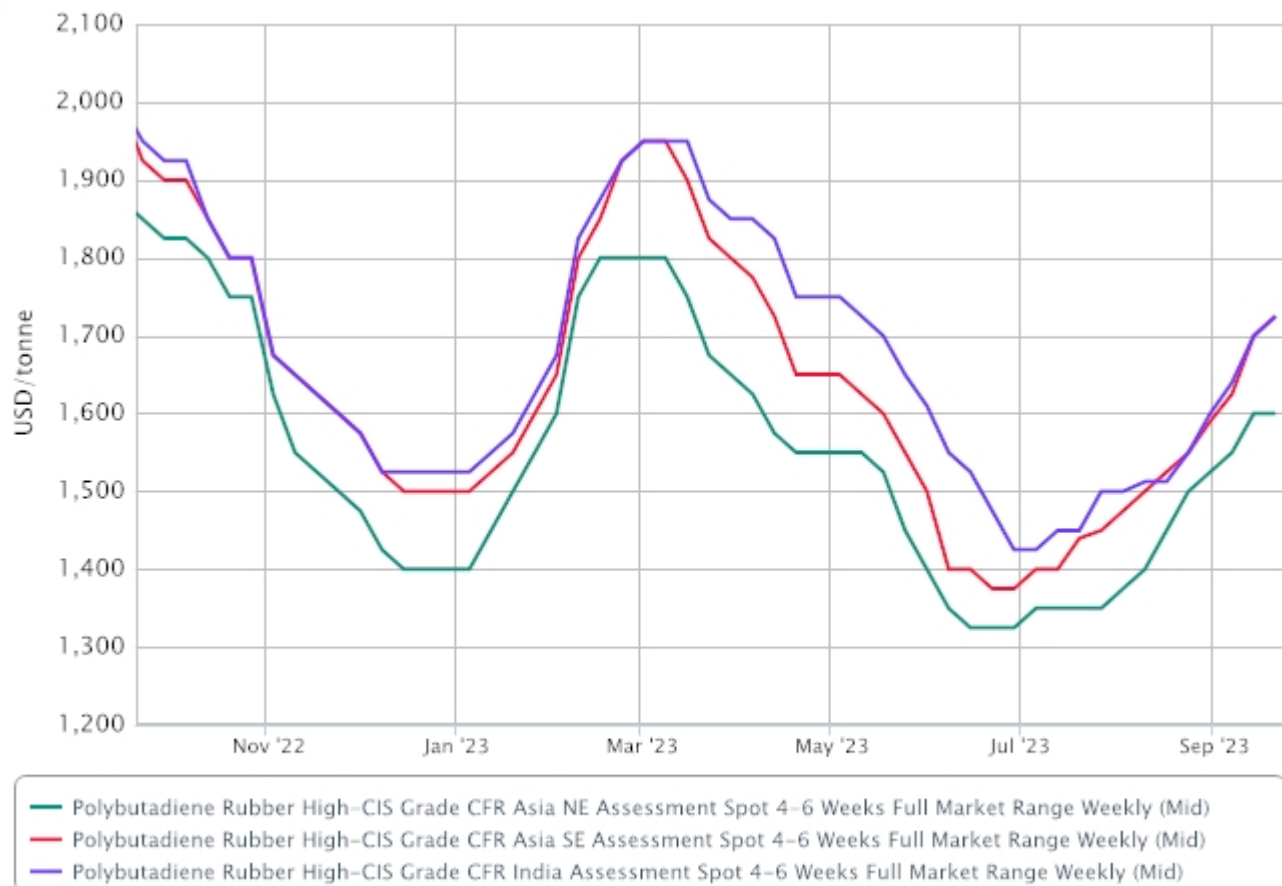
Regional producers are heavily committed to contractual obligations and unwilling to consider spot sales unless buyers are willing to negotiate.

With upstream prices rising, producers were also prodded to chase higher targets so as to protect frail margins.

However, demand sentiment varied. In China, local end-users avoided US dollar-denominated imports in favour of domestically produced materials, not just to avoid currency risks, but also because domestic yuan prices for PBR have eased recently.

In southeast Asia and India, buying tempo is relatively more brisk, with some end-users not averse to buying limited volumes to lock in prices before sellers raised offers further, on the assumption that feedstock markets will remain bullish in the near term. There is also the seasonal pre-Diwali festival requirements in India that gave some additional demand support.

Meanwhile, reservations about downstream affordability are growing and some buyers were increasingly reluctant to discuss and finalise on forward shipment, for fear that the broader macro-economic landscape may shift after long holidays in China in early October.



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## OUTLOOK

- Market to be mainly cost-and-supply-driven for the near term
- Demand may see more support if [China's recovery](#) picks up
- Players to monitor how China market may trend after October holidays

## 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	1900.00-2100.00	n/c	1800.00-2000.00	86.18-95.25
<b>CFR Asia SE</b>	USD/tonne	n/c	1950.00-2100.00	n/c	1900.00-2000.00	88.45-95.25
<b>Polybutadiene Rubber High-CIS Grade</b>						
<b>CFR Asia NE</b>	USD/tonne	n/c	1550.00-1650.00	n/c	1450.00-1550.00	70.31-74.84
<b>CFR Asia SE</b>	USD/tonne	+50	1700.00-1750.00	n/c	1500.00-1600.00	77.11-79.38
<b>CFR India</b>	USD/tonne	n/c	1650.00-1800.00	+50	1500.00-1600.00	74.84-81.65

### Northeast Asia

**High-cis**

CFR NE Asia assessment was unchanged, on range-bound buy-sell indications heard.

Spot liquidity is also lower, as potential buyers in China pulled back to purchase instead from the domestic yuan-denominated market.

Domestic prices in China eased, tracking some slight declines seen in the futures market.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	13,200-13,700	13,500-13,800

**Low-cis**

CFR NE Asia prices were kept unchanged in a thinly-discussed week. Offers were stable and tracked at the high-end of the assessment range.

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

CFR SE Asia assessment was stable-to-firm, with the bulk of offers heard in the week at the high-end of the assessment range, and some deals were closed at the low-end.

Some sellers were heard targeting at even higher levels, above the published range.

Some end-users stepped out to purchase small top-up volumes from the spot market, but were otherwise not keen to commit on bulk purchases, as they said sellers' asking levels were getting too high for the downstream markets to stomach.

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

Sep 2023	(1-21) Aug 2023	Jul 2023	Jun 2023	May 2023	Apr 2023	Mar 2023
143.21	130.22	131.31	133.48	136.34	136.27	135.03

Source: Malaysian Rubber Board

**Low-cis**

CFR SE Asia assessment was unchanged, taking in account broadly stable buy-sell indications.

**India**

CFR India assessment widened, reflecting growing buy-sell disparity.

Offers for October shipment supplies from northeast Asia were heard at the high end of the assessment range, but these were met with stiff buyers' resistance amid growing concerns about downstream affordability.

Those who needed limited top-up volumes from regular northeast Asian suppliers did bid up to negotiate with bullish sellers, but other end-users, especially those not averse to using materials from non-mainstream channels, such as

from deep-sea origins, kept to more bearish buying indications.

## UPSTREAM

### Butadiene (BD)

- Sell tenders drew some bullish response
- Tight spot supplies boosted sellers' sentiment further
- Pricing appetite still uneven across Asia

The chart below shows the spread between BD and PBR, which while still wedged in the unhealthy zone, is moving incrementally in favour of PBR producers.

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



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## PRODUCTION

There are ongoing PBR plant closures in [China](#), as well as upcoming turnarounds planned for October in [south Korea](#).

Another 150,000 tonnes/year [unit](#) in Sichuan, China, has also shut for a two-month-long servicing from mid-September, market sources said.

## ANALYTICS

### ICIS Butadiene Outlook

US BD producers will continue to eye Asia as an outlet to ship some molecules. The Asian spot price spread to the US is expected to average \$450/tonne for the rest of the year. In the first nine months of 2023, US BD exports to Asia will reach about 53,000 tonnes. This is a significant increase compared with 2022, when total exports hit less than 2,000 tonnes. The recent outage of cracker and BD at BASF TotalEnergies Petrochemical's site in Port Arthur, Texas, due to a fire could trigger supply disruption.

A bullish mood is likely to hit the European market in the weeks to come, mainly driven by a renewed appetite from Asian players and a surge in feedstock costs. European producers will tend to ship some cargoes to Asia although competition from the US remains strong. In addition, we should see an uptick in offtakes from the BD derivative industry over the coming weeks, as is usual at the end of the summer. The automotive industry, the largest end-user sector for BD, continues to face headwinds. Although new European car sales (excluding Turkey) grew by 17.6% from January to July to hit 7.6m units, the growth rate is expected to slow due to seasonal factors and a further worsening of macroeconomic conditions ahead of the year end.

The Asian BD market is regaining momentum mainly because of rebuilding inventory levels on the back of major holidays, such as the Mid-Autumn Festival in late September and China's Golden Week in early October. A few unplanned outages at BD plants in Asia are likely to propel domestic prices. Chinese import volumes are projected to remain high over the next weeks due to arbitrage opportunities. The price differential between Asia and Europe is set to average \$550/tonne for the rest of 2023. The Chinese government has rolled out some measures for 2023-2024 period in an effort to sustain the automotive industry growth. China plans to raise vehicle sales by 3% to 27m units in 2023.

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