Polybutadiene Rubber (Asia-Pacific)

By Ai Teng Lim
22-Jun-2023

Overview | Outlook | Prices | Upstream | Analytics

Please click here for full details on the criteria ICIS uses in making these price assessments.

All prices in the weekly analysis on 29 June will be assessed based on information collated up to 28 June. Please click here for the ICIS publishing schedule.

OVERVIEW

- **Slow demand weighs down on discussions**
- **Some lower high-cis offers surface too**
- **Weak upstream also erodes confidence**

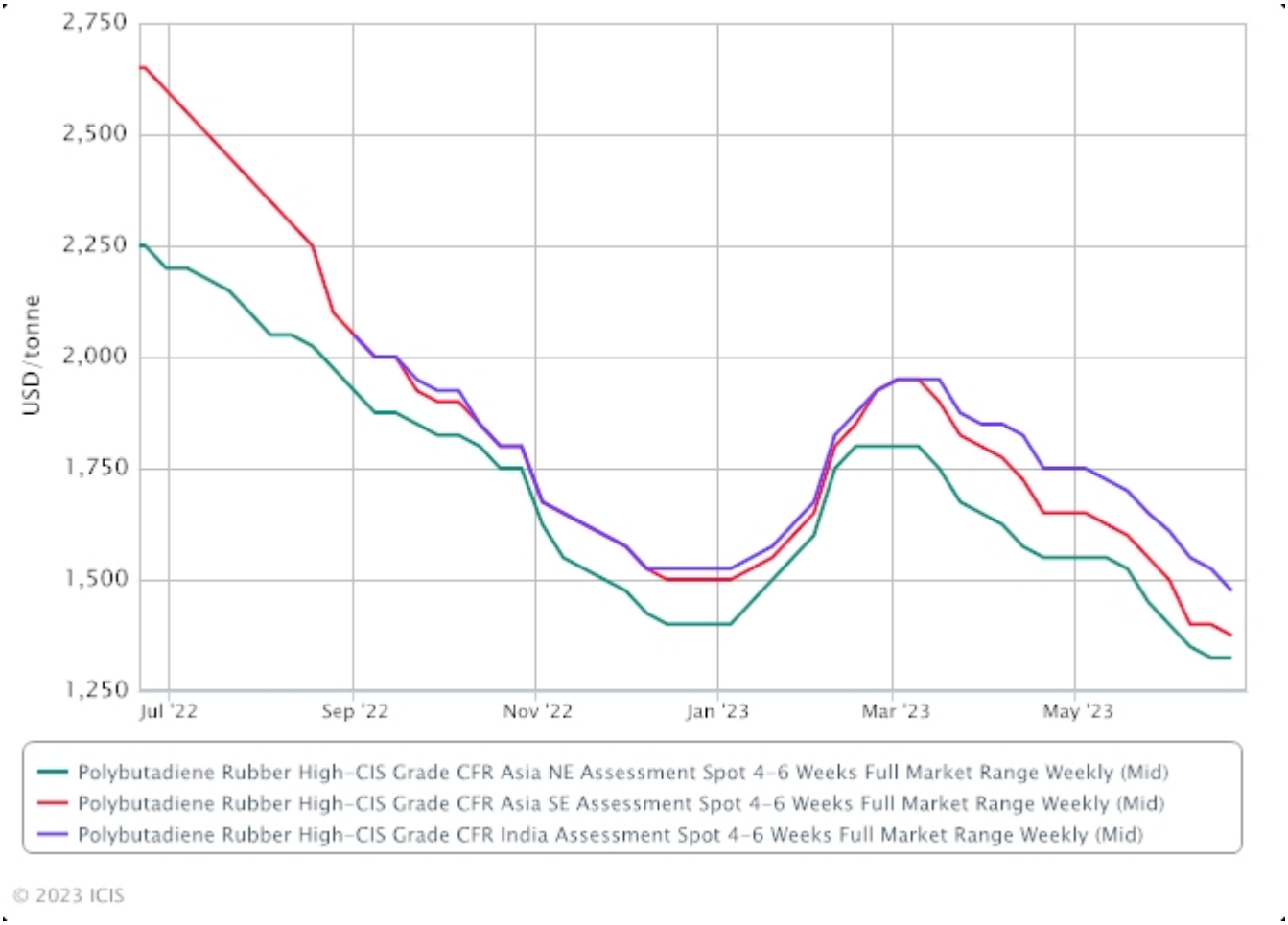
Asia's spot discussions for high-cis polybutadiene rubber (PBR) continued to edge down with weak demand.

Market confidence is low, amid successive declines in ICIS's global spot petrochemical index (IPEX). End-users are, as such, apprehensive about holding undue stocks of raw materials, including PBR.

Most said that they would keep to procuring PBR only on a need-to basis, and with feedstock butadiene (BD) prices still on the decline, they are even more convinced that they should delay fresh bookings till as long as possible.

Some sellers moderated prices to push sales, but spot trade liquidity remain capped on structurally weak demand fundamentals

Nevertheless, news that the Chinese government is rolling out more incentives to boost the automotive industry lifted spirits to some extent. Market players said that this may help improve demand support for PBR, when more discussions for Q3 shipment take place in the coming month.



OUTLOOK

- **Regional output to tighten on upcoming turnarounds**
- **Weak upstream could continue to weigh down on demand**
- **China's stimulus package could help boost potential high-cis requirements**

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	-20	1750.00-1970.00	n/c	1900.00-2050.00	79.38-89.36
CFR Asia SE	USD/tonne	n/c	1850.00-2000.00	n/c	2000.00-2150.00	83.91-90.72
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	n/c	1300.00-1350.00	n/c	1400.00-1500.00	58.97-61.24
CFR Asia SE	USD/tonne	n/c	1350.00-1400.00	-50	1500.00-1600.00	61.24-63.50
CFR India	USD/tonne	-50	1450.00-1500.00	-50	1600.00-1700.00	65.77-68.04

Northeast Asia

High-cis

CFR NE Asia prices were unchanged, on range-bound discussions for imports.

In China, domestic PBR prices were stable-to-firm, but spot trade momentum tapered once many local players started exiting the market for the extended dragon boat festival holidays from 22-23 June.

Price (CNY/tonne)	This week's close*	Previous week's close
E China Ex-Warehouse	10,100-10,300	10,100-10,200

*Based on information received up to 21 June as the China market is shut from 22-23 June for Dragon Boat Festival Holidays.

Low-cis

CFR NE Asia assessments were adjusted down on the low-end of the range, in line with limited deals done involving some northeast Asia-origin materials. Remaining offers hovered at the high-end and up.

Southeast Asia

High-cis

CFR SE Asia assessments were stable-to-soft, and deals done and discussions were heard within the published range.

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

Jun (1-22) 2023	May 2023	Apr 2023	Mar 2023	Feb 2023	Jan 2023	Dec 2022
133.90	136.34	136.27	135.03	140.11	140.11	135.03

Low-cis

CFR SE Asia assessments were left unchanged amid rangebound, albeit largely muted, discussions.

India

CFR India assessments were down with lower offers and trades heard.

Northeast Asia-origin materials were available at the high end of the assessment range from producers, while local traders sold at the low end similar cargoes from their surplus import inventories.

UPSTREAM

BD

- Wider losses seen across Asia
- Ample supplies

- Poor buying support

The chart below shows the spread between butadiene and PBR.

Downstream spread – butadiene NE Asia and PBR SE Asia

ANALYTICS

ICIS Downstram Automotive Outlook

Global light vehicle sales increased by 2.3% month on month in April to 86m units/year from 84m units/year in March (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.

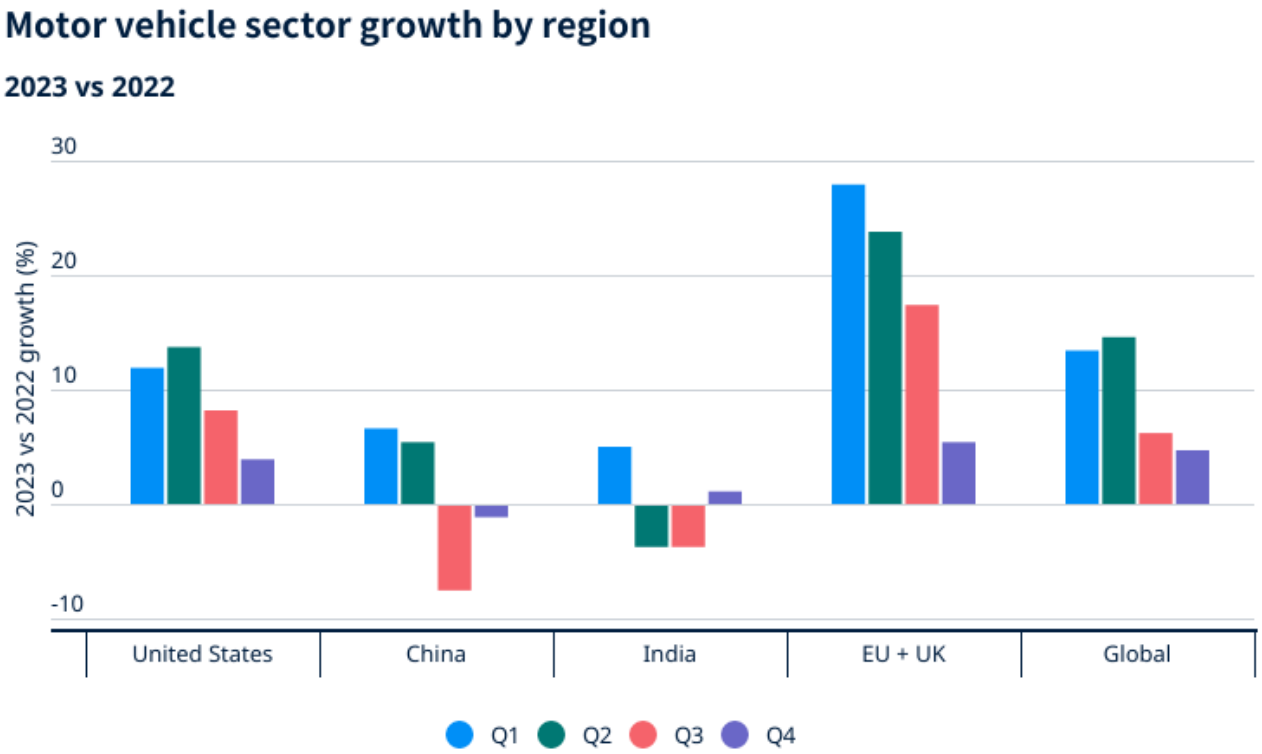
According to the US Census Bureau, light vehicle sales in the country decreased by 6.5% month on month in May with total sales of 15.0m units (up 19.6% year on year and 12.4% down from 2019). High inflation, slumping consumer confidence and tighter monetary policy will weigh upon consumer demand for automotives. The outlook for 2023 remains concerning.

According to the European Automobile Manufacturers' Association (ACEA), EU passenger car registrations decreased by 26% in April (from 1.10m in March to 800,000 in April). However, they grew 17% in April year on year. The ACEA

said Spain (33.7%) saw the biggest gain, followed by Italy (26.9%), France (16.7%) and Germany (7.9%). Commercial vehicle registrations grew 7.7% to 355,553 in Q1 2023 year on year (the growth being largely a function of a lower base). The outlook for 2023 remains challenging (especially for the commercial segment) on the back of reduced industrial activity.

China automotive output is forecast to shrink during the second half of the year (Oxford Economics). This contradicts the view that pent-up led demand growth was expected after the re-opening 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 (NEVs) and intelligent connected vehicles (ICVs) including autonomous vehicles.

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



SOURCE: Oxford Economics

Polybutadiene Rubber (Asia-Pacific) | 22-Jun-2023. ICIS accepts no liability for commercial decisions based on the content of this report. Unauthorised reproduction, onward transmission or copying of the Polybutadiene Rubber (Asia-Pacific) Report in either its electronic or hard copy format is illegal. Should you require a licence or an additional copy of the Polybutadiene Rubber (Asia-Pacific) Report, please contact ICIS at sales.uk@icis.com

ICIS, Quadrant House, The Quadrant, Sutton, Surrey, SM2 5AS. United Kingdom. ICIS accept no liability for commercial decisions based on the content of this report. Copyright violation is a serious offence. Any distribution or forwarding of information that is not expressly permitted by your subscription agreement is a copyright violation. ICIS uses software to monitor unauthorised electronic redistribution of reports.

© 2023 Reed Business Information Limited. ICIS is a member of RELX Group. www.icis.com

RELX™