



## 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

- **Buyers held back by sustained upstream weakness**
- **Shaky economic outlook dampens mood**
- **Mixed supply picture for high-cis and low-cis**

Sentiment stays weak in the Asian polybutadiene-rubber (PBR) market amid a myriad of bearish factors, from sustained upstream [butadiene \(BD\)](#) losses to turbulent [macro-economic developments](#).

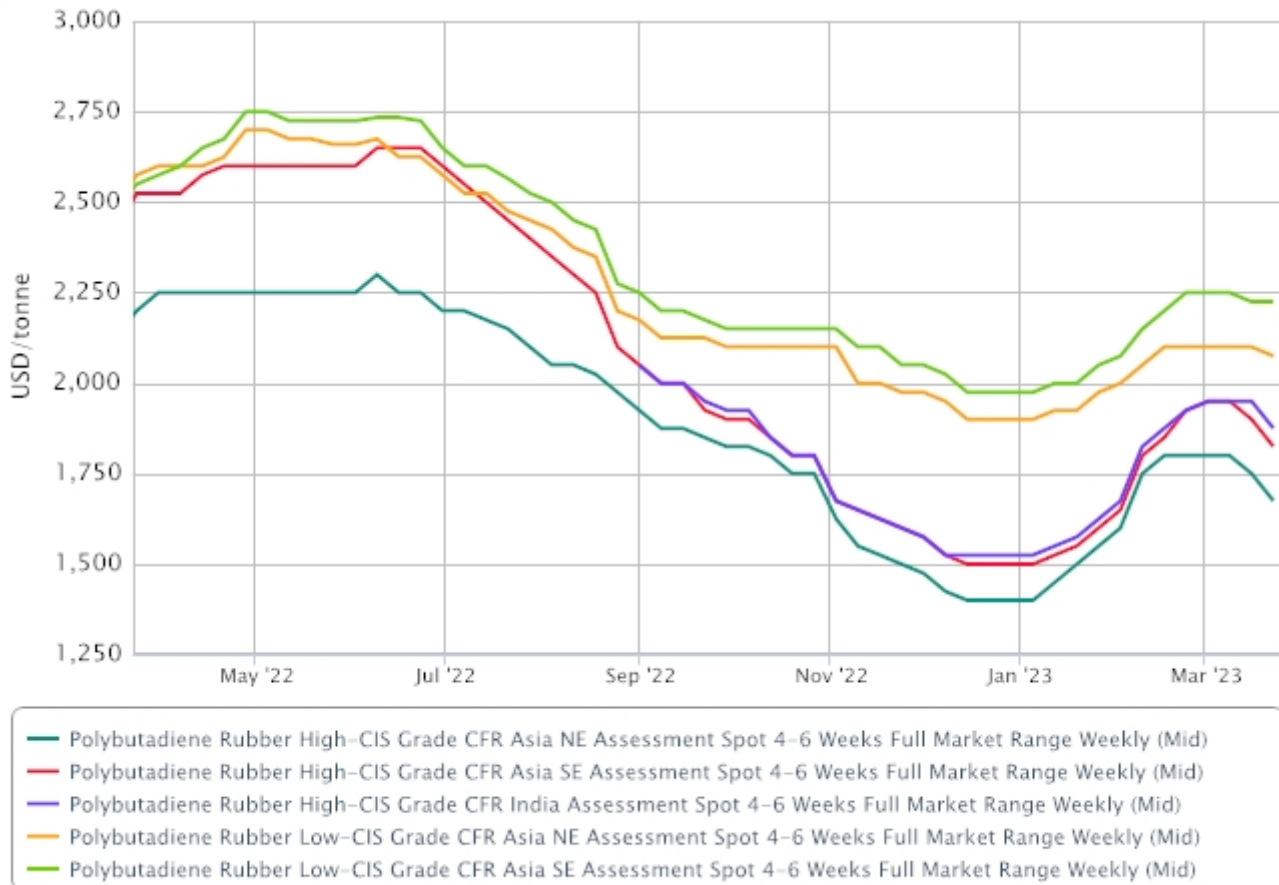
Fears of a recession intensified following the US bank crisis, triggering concerns that the fragile recovery of industries like automobile and electronic appliances will be affected.

If so, it would also slow down these industries' off-take for PBR, market players said.

Some PBR buyers, therefore, pulled back to wait for more clarity on how end-user requirement may pan out. They were also resistant to current PBR sellers' offers, citing difficulties in transferring cost downstream.

Supply wise, the picture is mixed between the two PBR grades. For high-cis, supply may lengthen once a regional plant [restarts](#) end-March from a prolonged outage.

However, for low-cis, spot availabilities may remain on the tighter side with ongoing turnarounds, and regional producers seemed more inclined to recalibrating output, than dishing out fresh discounts, if bids consistently do not meet their targets.



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## OUTLOOK

- **Macro-economic jitters to weigh down on demand**
- **Buy-sell gap could persist**
- **Upstream market performance to drive pricing sentiment**

## 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	2000.00-2150.00	-50	2000.00-2200.00	90.72-97.52
<b>CFR Asia SE</b>	USD/tonne	n/c	2200.00-2250.00	n/c	2200.00-2300.00	99.79-102.06
<b>Polybutadiene Rubber High-CIS Grade</b>						
<b>CFR Asia NE</b>	USD/tonne	-100	1600.00-1750.00	-50	1750.00-1850.00	72.57-79.38
<b>CFR Asia SE</b>	USD/tonne	-100	1750.00-1900.00	-50	1850.00-2000.00	79.38-86.18

<b>CFR India</b>	USD/tonne	<b>-100</b>	1800.00- 1950.00	<b>-50</b>	1850.00-2000.00	81.65-88.45
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## Northeast Asia

### High-cis

CFR NE Asian prices were down, with lower discussions for deliveries to diverse northeast Asian destinations.

The high-end of the assessment range tracked selling indications heard for deliveries to Taiwan, while those for China-bound parcels were at the low-end.

There was no buy-side response in China, as with losses seen in the week for domestic yuan-denominated prices in east China, local users steered clear of the import market to tap fully on the domestic supplies.

Domestic China prices plunged alongside upstream BD losses.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	11,000-11,200	11,500-11,600

### Low-cis

Demand was low, and majority of the buying indications hovered at the low-end of the assessment range.

Regional producers continued to target at levels above the published range, but drew no traction and a small lot changed hands in the week at the high-end of the assessment, for April shipment to China.

## Southeast Asia

### High-cis

CFR SE Asian assessments were adjusted to reflect lower offers at the high-end, against weaker buying indications at the low-end.

Substantive discussions were limited, as trade momentum seasonally slows towards the Muslim fasting month of Ramadan.

Also, as natural rubber prices have slumped of-late, regional end-users are switching to using cheaper natural rubber to substitute PBR, market players said.

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

Mar 2023	(1-23) Feb 2023	Jan 2023	Dec 2022	Nov 2022	Oct 2022	Sep 2022
135.26	140.11	140.11	135.03	127.32	130.52	134.12

### Low-cis

CFR SE Asian assessments for low-cis were kept unchanged in a thinly-discussed market.

## India

CFR Indian prices were down with lower buy-sell indications heard for import shipments from NE Asia.

Buyers' response was tepid, in part because local end-users were careful not to hold more stocks than necessary before the new financial year begins. There is also a sustained inflow of competitively-priced alternatives from non-Asia origins, diluting, in turn, Indian end-users' appetite for Asia-origin imports.

## UPSTREAM

### BD

- Domestic China prices plummet
- Import discussions slump in line
- Potential buyers pull back to wait and see

The chart below shows the spread between butadiene and PBR.

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



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## ANALYTICS

### ICIS Downstream Demand Outlook - Domestic Appliances

Global domestic appliances output contracted in 2022. However, in 2023, output is expected to increase by 3.8% year on year; with a weak first quarter, according to Oxford Economics. It is expected growth will pick up from Q2 2023. Part of this growth is a function of a normal rebound. However, a major part of the growth will be driven by less mature economies. Global average appliances ownership per household is at 70% in 2022, according to Statista. The euro area average is 79%, US is at 70%, India and China at 51% each. Other factors supporting growth include chips availability which is improving for the sector as compared to automotive which typically require high-end or even customised chips. Constraining factors include, an ongoing cost of living crisis, where

major appliances purchase/replacement decisions are delayed. Increased electricity costs have placed further stress on the household budget.

US domestic appliances output is forecast to shrink considerably in the first two quarters. Production stability expected to be in the second half of this year.

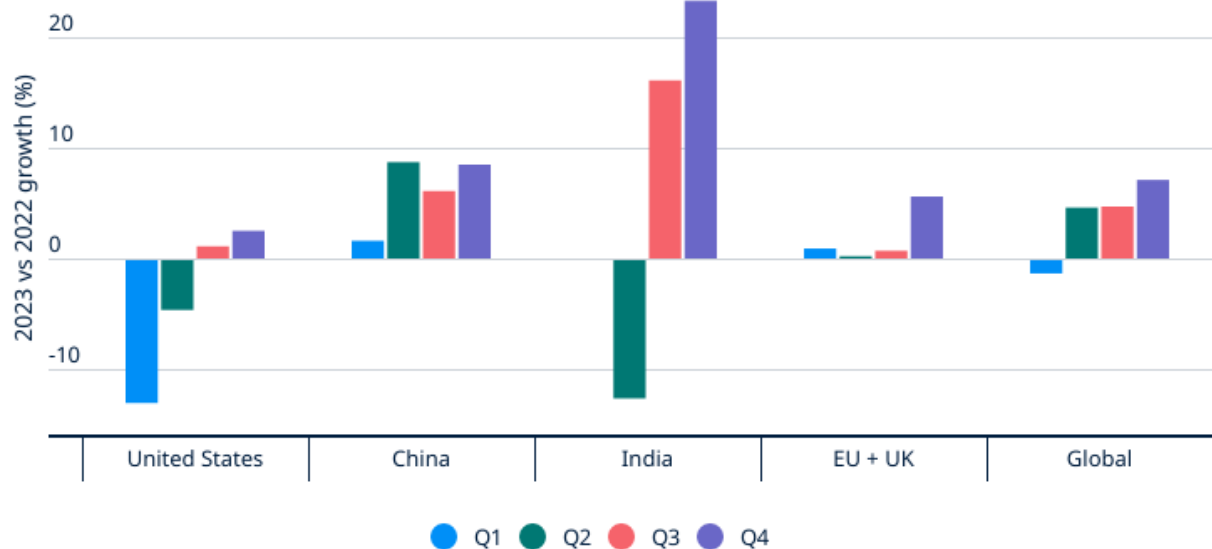
Europe appliance output is forecasted to be steady with marginal growth.

China and India are both forecast to be growing markets; with a forecasted production growth of above 6.0% for each country for this year. On the negative, China's real estate still not out of woods as new built homes typically correlates with high demand for household domestic appliances. Nonetheless, the long-term outlook is quite positive, driven by megatrends such as urbanization, a growing middle class and digitalization.

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## Domestic appliances sector growth by region

2023 vs 2022



**SOURCE:** Oxford Economics

\*India's growth numbers based on local currency

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