



Polybutadiene Rubber (Asia-Pacific)

By Ai Teng Lim
23-May-2024

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Please click [here](#) for full details on the criteria ICIS uses in making these price assessments.

ICIS is currently consulting readers about the methodology used for this report. To respond, [click here](#).

OVERVIEW

- **Extended upstream losses weighed on offers**
- **Buyers pulled back awaiting deeper discounts to come**
- **Near-term [demand outlook](#) murky**

Discussions in this week's Asian import market for polybutadiene rubber (PBR) are hampered as buying interest tapered with continued losses in upstream markets.

Feedstock butadiene ([BD](#)) remains weak, and some PBR offers corrected downwards as sellers sought to chase deals and boost sales.

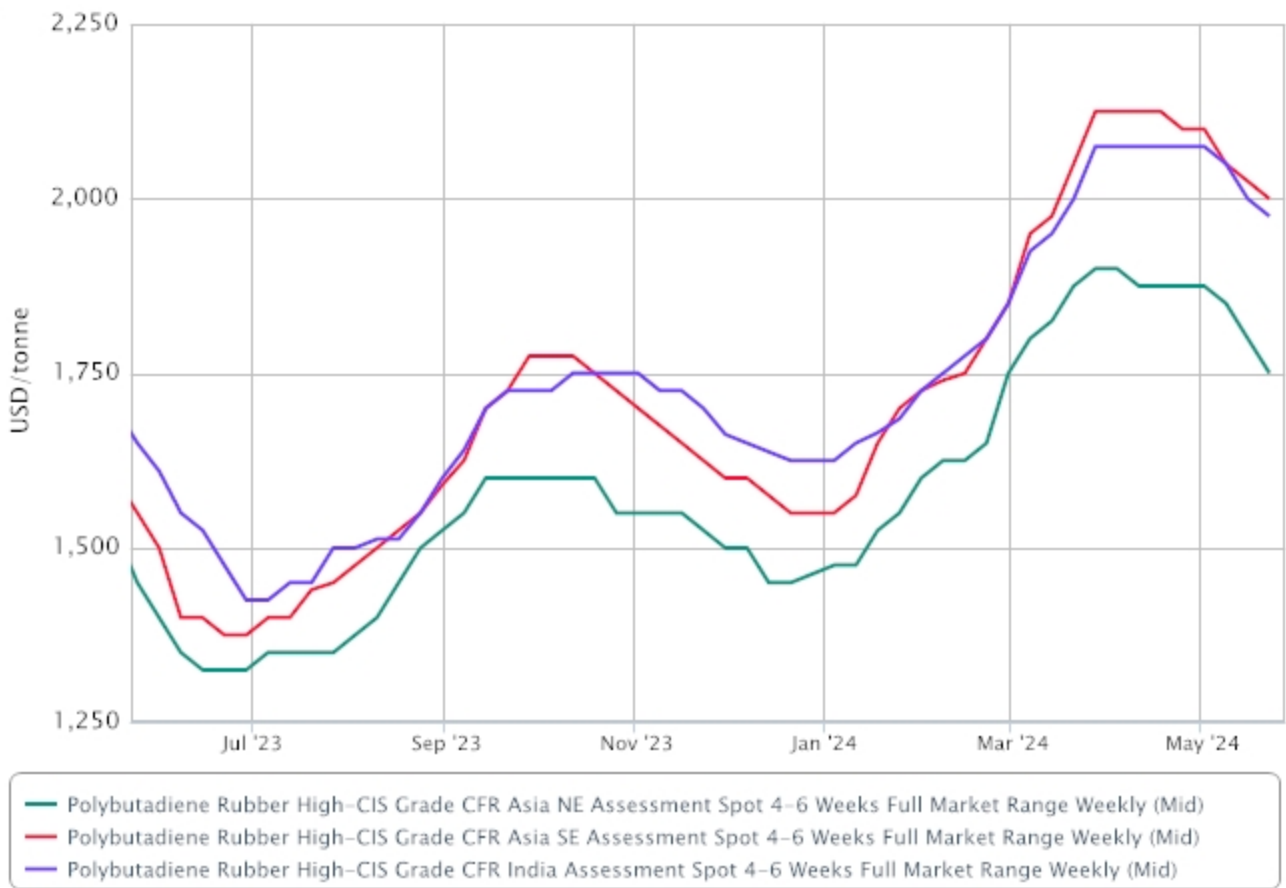
But discounts were capped as major regional makers said that overall production costs were still hefty, notwithstanding some recent savings from feedstock BD.

For instance, [freight costs have soared](#) recently, on the back of various logistical chain disruptions stemming from maritime security concerns in the Red Sea area.

Buy-side sentiment is, however, muted across the region, with many end-users still reluctant to commit, amid lingering uncertainties about demand conditions in their own downstream markets.

In China, while its industrial output for April grew month on month, its PMI for the month paled against March. Such [mixed signals](#) about the state of China's economic development will do little to restore end-user confidence across the region, market players said.

Majority of buyers therefore said that they would continue to take a cautious approach to spot procurement, buying only strictly on a need-to basis and in small lots.



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OUTLOOK

- Uncertainties gather on automotive sector outlook
- Upcoming US [import tariffs](#) on China’s EVs may dent PBR consumption
- Need-based PBR procurement to dominate for the near term

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	n/c	2200.00-2350.00	-50	2200.00-2400.00	99.79-106.59
CFR Asia SE	USD/tonne	+50	2300.00-2400.00	n/c	2250.00-2450.00	104.33-108.86
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	-50	1700.00-1800.00	-50	1800.00-1950.00	77.11-81.65

CFR Asia SE	USD/tonne	-50	1950.00-2050.0 0	n/c	2050.00-2150.00	88.45-92.99
CFR India	USD/tonne	-50	1900.00-2050.0 0	n/c	2000.00-2150.00	86.18-92.99

Northeast Asia

High-cis

CFR NE Asia prices were down, with lower offers tracked at the high end, and buying indications capped at the low end.

But news about year-on-year increases in China's [April PBR imports](#) buoyed sellers' sentiment to some extent.

Domestic prices in east China also moved up week-on-week, supported by gains seen in the futures market.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	13,300-13,500	13,100-13,300

Low-cis

CFR NE Asia assessments for low-cis PBR are down at the high end with a lower offer heard, but the low end rolled over in the absence of concrete buy-side response.

Southeast Asia

High-cis

CFR SE Asia prices were assessed in a wider range, with the low end dropped to capture the full spectrum of buy-sell discussions and indications during the week.

Some cargoes did change hands within the range, market sources said, although details about specific players involved were not fully available.

As the natural rubber market held up recently, some PBR sellers were optimistic that this could, in turn, serve to boost buying interest for PBR as a cheaper substitution product for natural rubber.

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

May 2024	(1-23) Apr 2024	Mar 2024	Feb 2024	Jan 2024	Dec 2023	Nov 2023
166.48	162.99	165.36	156.66	154.20	146.31	148.42

Low-cis

CFR SE Asia assessments were stable to firm, with the high end unchanged on a stable offer, against buying indications heard capped at the low end.

India

CFR India prices were down at the low end, with lower buying indications for northeast Asia-origin materials.

Buying interest was tepid with end-users heard still mulling the merit of tapping actively on cheaper alternatives from non-conventional and non-Asia-origin materials.

But offers on northeast Asia-origin materials were stable at the high end.

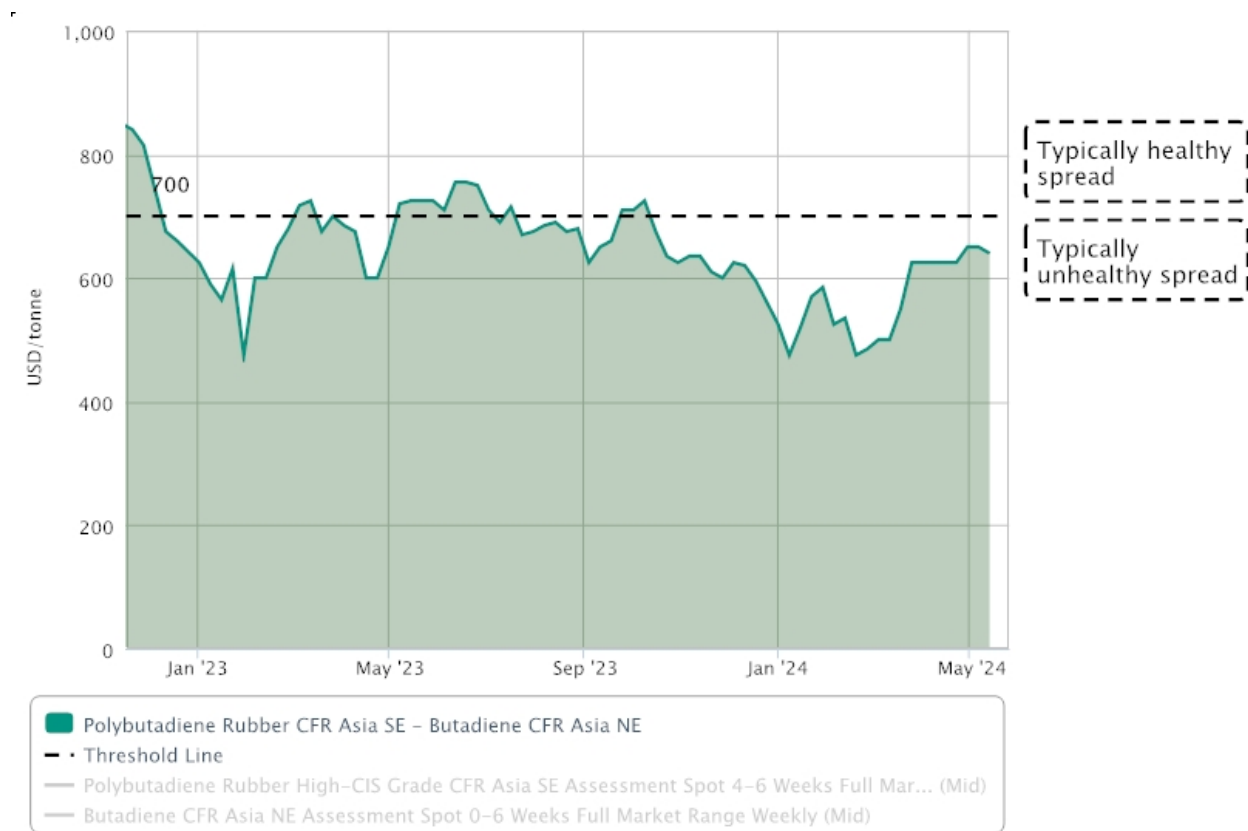
UPSTREAM

Butadiene

- Domestic China crumbles
- Buying interest for imports weighed down as such
- But patchy production picture keeps up sell-side spirits

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

A 60,000 tonne/year plant in [Taiwan](#) will undergo maintenance in July, while another 50,000 tonne/year [unit](#) in Dongying, China, has shut since H2 April for a month-long maintenance.

ANALYTICS

ICIS outlook for downstream domestic appliances sector

The outlook for domestic appliances remains bearish this year. Slow consumer discretionary spending due to elevated interest rates will continue to be a key drag on overall growth. Against a backdrop of geopolitical tensions and a weak global economy, any recovery in the sector appears to have been delayed.

As a result, limited growth is expected, and much of this will only be driven by replacements or upgrades. The market consensus suggests that a tangible recovery in demand will only start next year.

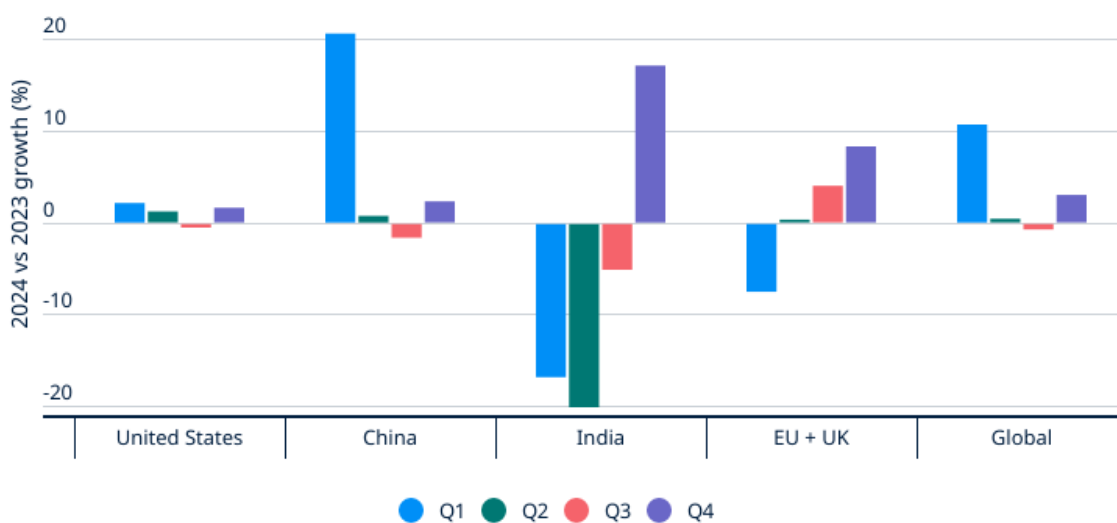
Europe has been worst affected by the cost-of-living crisis. Consumers are holding back on non-essential spending and domestic appliance demand has slowed across the continent.

Demand for domestic appliances in China is expected to be muted due to the country’s ongoing real estate crisis. However, the long-term outlook is more positive. Earlier expectations that India would outperform its global peers have been downgraded, but there is substantial growth potential in southeast Asia because of its low market share.

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

Domestic appliances sector growth by region

2024 vs 2023



SOURCE: Oxford Economics

*India's growth numbers based on local currency

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