



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

- **Buying tempo remains slow**
- **Some sellers moderate offers to stimulate buying**
- **Discounts capped on spot supply constraints**

Spot trade liquidity for Asian polybutadiene rubber (PBR) imports was curbed as buyers continued to pull back, keeping a wary eye on how their own downstream markets may be affected by underwhelming economic growth trajectory and projections.

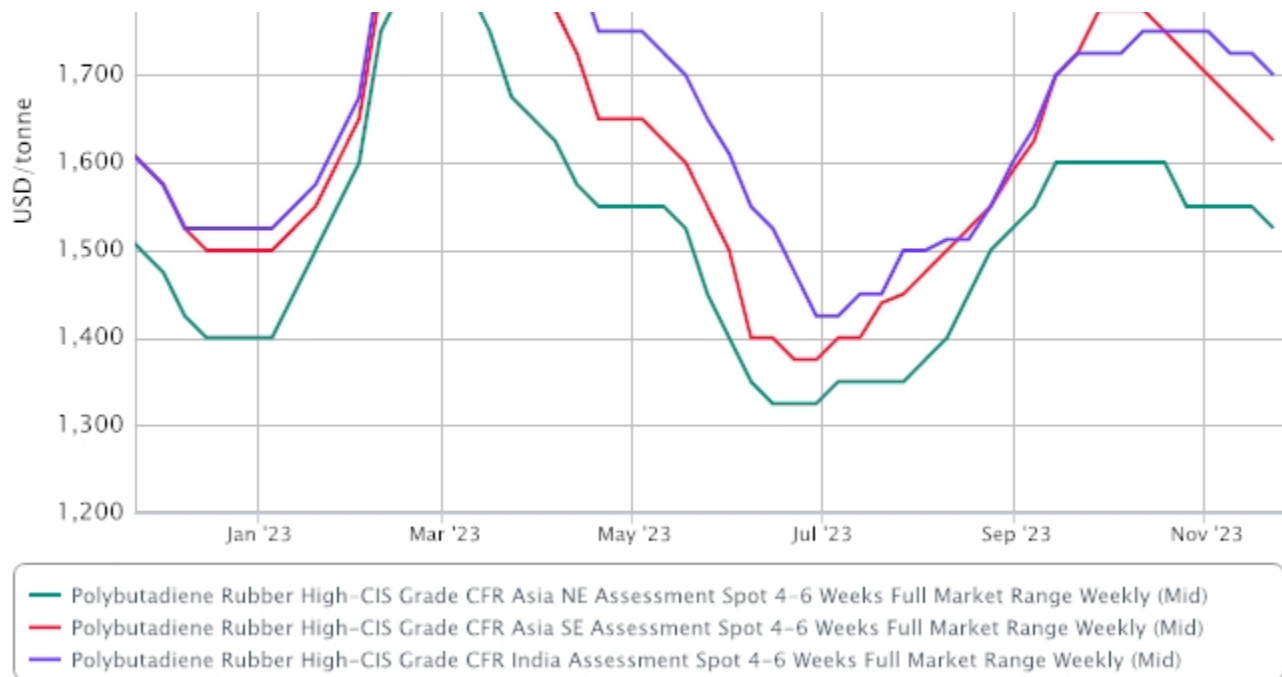
Buyers kept spot procurement to small lots and only on a need-to basis. They also continued to press sellers for more discounts, especially for the high-cis grade, citing the availability of cheaper alternatives from non-Asia origins.

To stimulate buying, most regional producers did moderate their selling expectations for the high-cis grade, leveraging also on the reality that feedstock [butadiene](#) (BD) prices have indeed eased substantially of-late.

However, the likelihood is low for fresh discounts going forward, market sources said, as firstly, spot supplies are limited amid ongoing turnarounds, and producers are also mindful that their production costs may spike if the volatile crude market turns unexpectedly to their disadvantage.

For the low-cis grade, sellers held fast to their existing offers, as current inventories are manageable and they could wait until requirements from downstream ABS and PS sectors stabilize in due course.





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OUTLOOK

- Snug spot supplies may keep offers supported
- Downstream [demand outlook](#) hazy
- Crude's [volatility](#) may weigh down on sentiment

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	n/c	1900.00-2100.00	n/c	1900.00-2100.00	86.18-95.25
			0			
CFR Asia SE	USD/tonne	n/c	2000.00-2100.00	n/c	2000.00-2100.00	90.72-95.25
			0			
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	n/c	1500.00-1550.00	-50	1500.00-1600.00	68.04-70.31
			0			
CFR Asia SE	USD/tonne	n/c	1600.00-1650.00	-50	1700.00-1750.00	72.57-74.84
			0			
CFR India	USD/tonne	-50	1650.00-1750.00	n/c	1700.00-1800.00	74.84-79.38
			0			

Northeast Asia

High-cis

CFR NE Asian assessment fell at the high-end of the range, tracking lower offers heard.

In China, domestic yuan-denominated prices held steady, supported by gains seen in the week for BD yuan values, even though substantive downstream requirements were not overly buoyant, market sources said.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	11,700-12,200	11,700-12,200

Low-cis

The CFR NE Asian market was unchanged, amid muted discussions and stable offers.

Southeast Asia**High-cis**

CFR SE Asia assessment was stable-to-soft, with lower offers from some regular NE Asian suppliers captured at the high-end of the range.

However, with natural rubber prices still firm, market players said that this may help cushion the slide in PBR offers, assuming more end-users turn to substituting natural rubber with cheaper options including PBR.

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

Nov 2023	(1-23) Oct 2023	Sep 2023	Aug 2023	Jul 2023	Jun 2023
148.55	145.26	142.65	130.22	131.31	133.48

Source: Malaysian Rubber Board

Low-cis

Sellers kept offers at the high-end of the assessment range and up, leveraging on what they perceived as positive demand signals for forward shipment, albeit those ready to ship in early 2024.

No concrete transactions transpired for cargoes in the assessment window of 4-6 weeks forward. CFR SE Asia assessment was kept unchanged.

India

Buyers remained on the sidelines, and it was a slow start to post-Diwali trade.

CFR India assessment range widened, taking into account softer buying indications at the low-end.

There were no concrete offers for NE Asia-origin materials and the high-end was rolled over.

UPSTREAM

BD

- Downtrend continues
- More spot cargoes emerge
- Buying appetite shrink

The chart below shows the spread between butadiene and PBR, which remained in the unhealthy zone.

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



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PRODUCTION

Ongoing regional turnarounds will keep PBR supplies snug for Q4. A 100,000 tonnes/year plant in Shandong, China will [shut](#) until end November, while a 72,000 tonne/year unit in Malaysia will not [resume](#) operations until the year-end.

ANALYTICS

ICIS Butadiene Outlook

Based on the ICIS Supply and Demand Database, updated in autumn, global BD capacity is forecast to rise by 2.3% to about 19m tonnes/year in 2024, while consumption should increase by 4.4%. Although demand growth is estimated to exceed incremental capacity, the market will remain well supplied due to a capacity glut, which was added when the demand outlook was bullish. The US BD market is expected to increase in self-sufficiency next year. A scheduled increase in BD capacity in Houston, Texas, and the closure of a ADN unit with a capacity of 480,000 tonnes/year in Orange, Texas, announced by Invista in early October, will cause a reduction in import flows. As a result, European players will have to find other outlets to dispatch BD cargoes or run their plants at a reduced rate. Asian BD demand is set to grow by 6.2% in 2024, but in absolute terms, this is slightly down from the 0.5% projection made in spring. Slowing economic growth will continue to play a major role. In terms of new plants, about 90% of total capacity will come online in Asia.

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