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

OVERVIEW

- **Offers supported on upstream cost push**
- **Some uptick in high-cis buying tempo**
- **Gap prevails in buy-sell outlook**

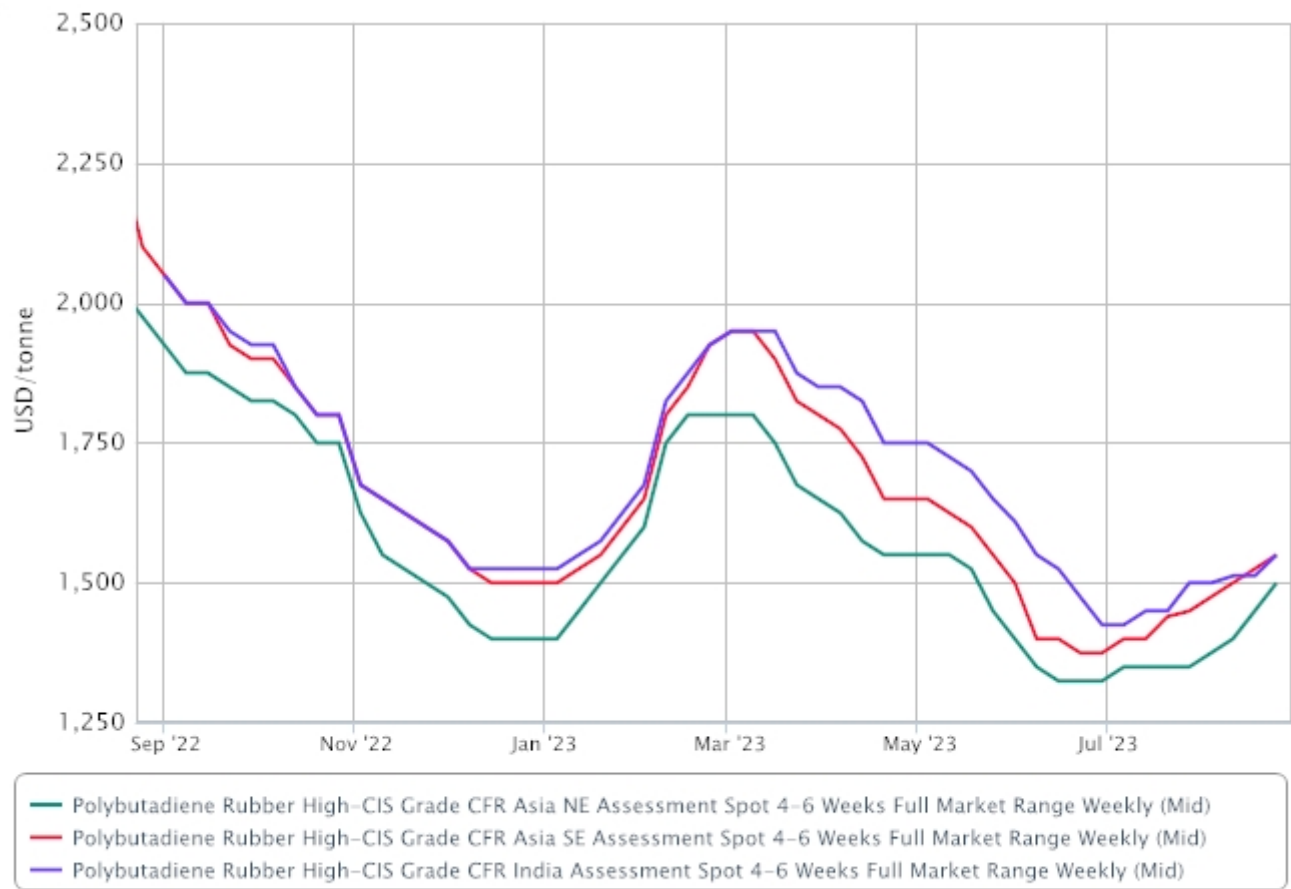
Discussions for Asian imports of polybutadiene rubber (PBR) saw some upside support from upstream cost push.

Sellers held fast to existing offers, or chased higher targets, in attempts to defray increased feedstock costs and protect frail margins.

Buying tempo did pick up somewhat for high-cis PBR, as end-users in import-reliant outlets like southeast Asia stepped up to procure and replenish stocks.

But overall trade liquidity was capped as buyers remained generally cautious and bids moved up at a pace far slower than sellers' expectations.

Buyers were apprehensive that their downstream markets could not keep up, as sales of their finished products into key outlets like China could be affected if bearish July [trade data](#) for the country translated into a prolonged economic slowdown there.



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OUTLOOK

- China's [economic stimulus measures](#) could drive demand recovery
- Cost pressures on producers may not ease in the near term
- Offers may stay supported on squeezed margins

PRICES

SPOT PRICES

	Price Range	Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade			

CFR Asia NE	USD/tonne	n/c	1800.00-2000.00	n/c	1750.00-1900.00	81.65-90.72
CFR Asia SE	USD/tonne	+50	1900.00-2000.00	n/c	1850.00-1950.00	86.18-90.72
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	+50	1450.00-1550.00	+50	1300.00-1400.00	65.77-70.31
CFR Asia SE	USD/tonne	+50	1500.00-1600.00	n/c	1400.00-1500.00	68.04-72.57
CFR India	USD/tonne	+50	1500.00-1600.00	+25	1450.00-1550.00	68.04-72.57

Northeast Asia

High-cis

The Assessment range was up, tracking firmer offers for shipment to diverse northeast Asian destinations.

In China, domestic ex-tank prices also rose on cost pressures.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	11,300-11,600	11,100-11,400

Low-cis

Discussions were muted, with buyers in wait-and-see mode. The low-end of the assessment range was unchanged in the absence of concrete buy-side indications, while selling indications were heard at the high-end and up.

Southeast Asia

High-cis

The assessment range was stable-to-firm, with higher buying indications reflected at the low-end. Offers were at the high-end and up.

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

Aug (1-24)	Jul 2023	Jun 2023	May 2023	Apr 2023	Mar 2023
129.32	131.31	133.48	136.34	136.27	135.03

Low-cis

Prices were stable--to-firm, with the low-end of the price range lifted to reflect more positive buy-side pricing sentiment. Offers were heard at the high-end and up.

India

The assessment range rose with firmer discussions and deals done. Some transactions materialised at the low-end of the range, while offers for Asia-origin materials were heard at the high-end and up.

UPSTREAM

Butadiene (BD)

- Tight BD supply in Asia
- Buyers adopt a wait-and-see position
- Buy-sell gap remains wide in NE Asia

The chart below shows the spread between butadiene and PBR.

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



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PRODUCTION

A 60,000 tonnes/year unit in Taiwan [restarted](#) after completion of a month-long maintenance.

ANALYTICS

ICIS outlook for downstream automotive sector

The global light vehicle selling rate increased to 93m units in June from 89m units in May 2023, according to Oxford Economics.

According to the US Census Bureaus, US light vehicle sales increased marginally by 0.5% month on month in July 2023 with total sales of 15.73 million units (up 18% year on year but still down 7.3% from 2019). The finished inventory-to-sales ratio slightly improved month on month from 0.807 to 0.838 in June. (For context, the ratio was 0.937 and 2.641 respectively in June 2021 and 2020). High inflation, slumping consumer confidence and tighter monetary policy will weigh upon consumer demand for automotives. On the positive, congress has passed the Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act to increase US semiconductor manufacturing with a total package of \$280bn to boost computer chip research and production.

According to the European Automobile Manufacturers' Association (ACEA), EU new car registration increased by 17.8% in June compared with same month last year. However, the increase is a function of a lower base. The Association further reports that Germany posted the biggest gain with a 24.8 % increase, followed by Spain (+13.3 %) and Italy (+9.1 %). However, there are still concerns about balance sheets, with some producers struggling to survive in the short term. Long-term investments for trends including tightening emission standards and a growing push to electrify and increase shared car ownership have already left firms cash strapped.

According to the China Association of Automobile Manufacturers (CAAM), Chinese car production was up 10.4% month on month in June, and down 0.9% year on year. In contrast to its global peers, China's inventory coefficient (calculated as inventory over sales) at auto dealers is quite high at 1.70 in July 2023 – with levels above 1.5 considered a warning. CADA reported an improvement in inventory levels.

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