



Polybutadiene Rubber (Asia-Pacific)

By Ai Teng Lim
25-Apr-2024

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

OVERVIEW

- **Discussions muted, with more players retreating to sidelines**
- **SE Asian prices in a narrower range**
- **Indications mostly flat elsewhere in the region**

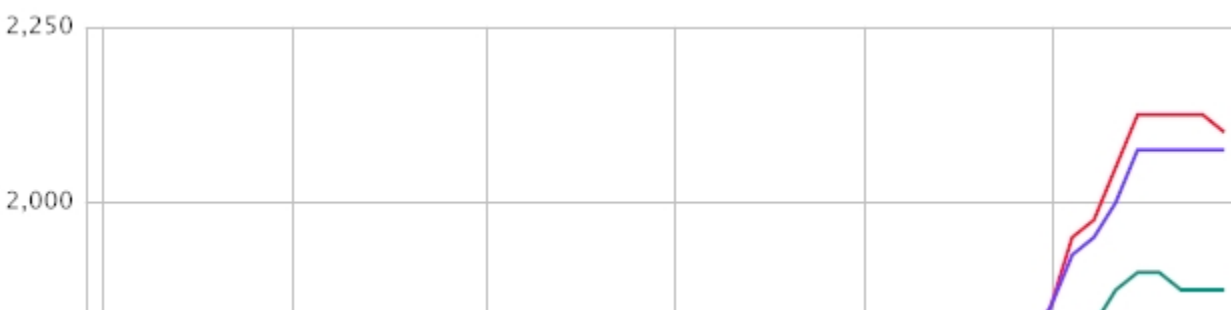
Spot prices for Asian imports of polybutadiene (SBR) were mostly flat, except in southeast Asia where trades were heard in a narrower range.

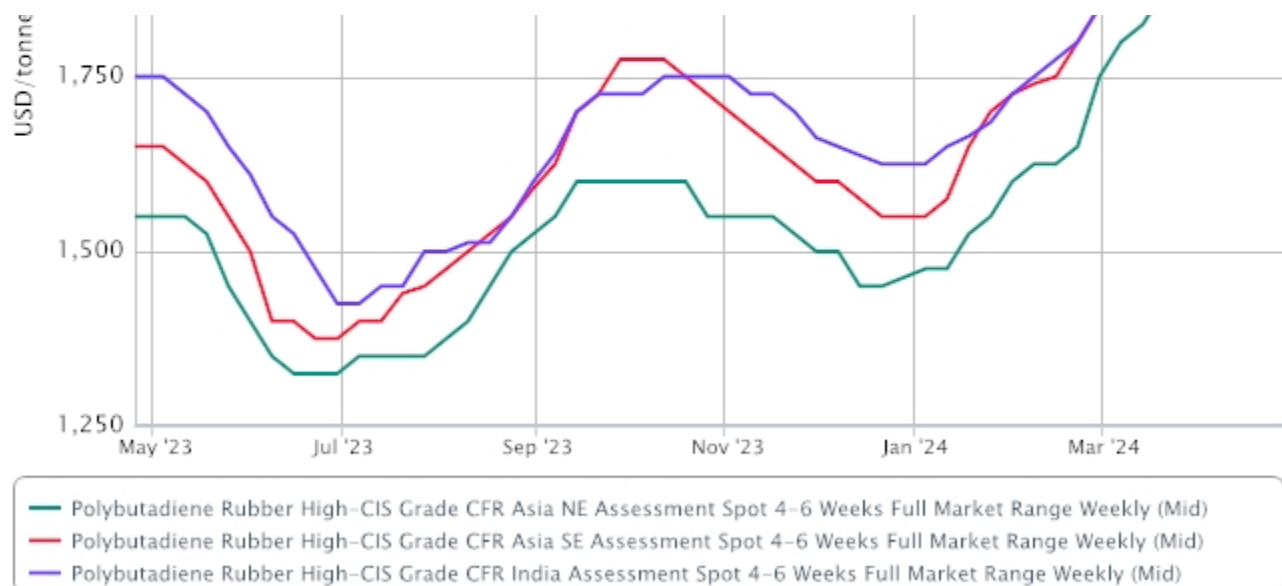
Buying interest was not very active generally, with many regional end-users held back by mounting concerns about how their own downstream markets might hold out against nagging external headwinds such as [escalating tensions](#) in the Middle East and inflationary pressures in key international economies.

Most buyers said that they would defer non-essential buying to later in anticipation that PBR offers may soften more in due course, especially if and should feedstock BD prices start to correct downwards.

That said, in the meantime, traditional PBR suppliers in the region held fast to their prior offers in a bid to protect and preserve frail margins, lackluster buy-side response notwithstanding.

The buy-sell stalemate may continue for the near term, or until more clarity and certainty is seen in the broader global economic growth, especially for the [automotive sector](#) will trend, market players said.





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OUTLOOK

- Buyers to stay cautious for the near term
- Upstream market performance to drive SBR offers
- Buy-sell gap may widen

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	n/c	2200.00-2400.00	n/c	2200.00-2400.00	99.79-108.86
CFR Asia SE	USD/tonne	n/c	2250.00-2450.00	n/c	2250.00-2450.00	102.06-111.13
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	n/c	1800.00-1950.00	n/c	1850.00-1950.00	81.65-88.45
CFR Asia SE	USD/tonne	n/c	2050.00-2150.00	-50	2050.00-2200.00	92.99-97.52
CFR India	USD/tonne	n/c	2000.00-2150.00	n/c	2000.00-2150.00	90.72-97.52

Northeast Asia

High-cis

CFR NE Asian assessments are rolled over in the absence of fresh buy-sell indications.

Local users in China are fully reliant on domestically produced materials as these are considerably cheaper on a US dollar-parity basis, than US dollar-denominated imported materials.

Domestic prices in east China continued to trend down as local producers moderated expectations in a bid to boost sales and alleviate inventory pressures.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	12,950-13,200	13,200-13,400

Low-cis

CFR NE Asian discussions were rolled over, amid broadly unchanged selling indications, reflected at the high-end, against buying indications capped at the low-end.

Southeast Asia

High-cis

CFR SE Asian prices were assessed in a narrower range, with the high-end dropped, to reflect the spectrum of deals and discussions.

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

Apr 2024	(1-24) Mar 2024	Feb 2024	Jan 2024	Dec 2023	Nov 2023	Oct 2023
163.37	165.36	156.66	154.20	146.31	148.42	145.26

Source: Malaysian Rubber Board

Low-cis

CFR SE Asian assessments are unchanged, tracking a stable offer at the high-end.

India

CFR India assessments were unchanged on muted discussions. Offers on northeast Asian materials were stable and captured at the high-end.

But substantive negotiations are limited, with many end-users heard still amply covered by hefty import purchases inked some months ago. These shipment are just arriving at shore, and the local market is swamped with materials, market players said.

UPSTREAM

Butadiene

- Discussions stall amid inter-month trade vacuum

- Sellers see support from perennially tight supply
- But buyers resistant on nagging downstream margin concerns

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

In wider Asia, a 60,000 tonnes/year plant in [Taiwan](#) will undergo maintenance in July.

ANALYTICS

ICIS downstream sector outlook for automotive

Sustainability is important, but so is being competitive. That was the sentiment expressed in a recent interview with Harald Seidel, director general of the European Automobile Manufacturers' Association (ACEA) and CEO of DAF Trucks. The automotive outlook for 2024 remains concerning as uncertainty remains at unprecedented levels, presenting challenges for both decision-making and risk management,

especially in the context of the transition to electric vehicles.

According to the US Census Bureau, US light vehicle sales decreased by 1.3% month on month in April, with total sales of 15.5 million units (up by 3.7% year on year and down by 10.1% on the same period in 2019). Macroeconomic stressors continue to weigh heavy on automotive demand. Another challenge affecting the US auto industry is the impact of the Baltimore bridge disaster, which will lead to significant trade disruptions.

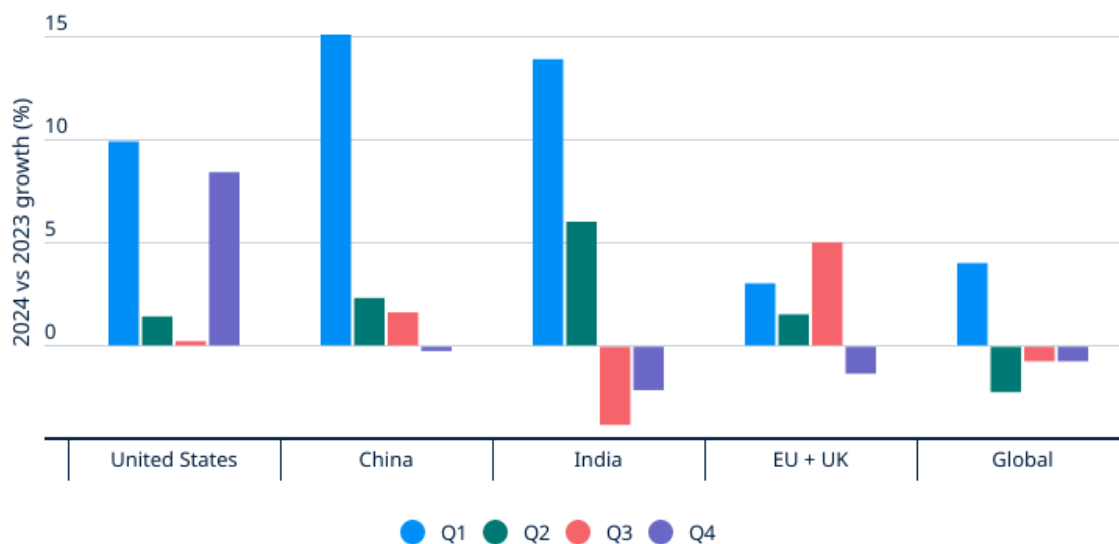
In an automotive round table discussion held earlier this month, 13 original equipment manufacturer CEOs met EU commissioner for climate action Wopke Hoekstra to discuss the future of the sector in the region. Car manufacturers are committed to decarbonization and are making appropriate investments. The group urged support from the government in the form of charging and hydrogen refilling infrastructure, a sufficient supply of critical raw materials, better access to finance, and market incentives. According to ACEA, EU passenger car registrations decreased by 5.2% year on year in March. The fall is primarily attributed to reduced activity because of Easter holidays. The association further reports that Germany posted the biggest decline, with -6.2%, followed by Spain (-4.7%), Italy (-3.7%), and France (-1.5%).

China is doubling down on its investments in electric vehicles. According to the Rhodium Group’s China Cross-Border Monitor, Chinese outbound foreign direct investment (OFDI) is booming. Although investment in both mergers and acquisitions (M&A) and greenfield projects were down 5% in 2023 year on year (2022 did exceptionally well), the independent research group further reports that approximately 80% of the total investments were battery manufacturing related.

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

Motor vehicle sector growth by region

2024 vs 2023



SOURCE: Oxford Economics

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