



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

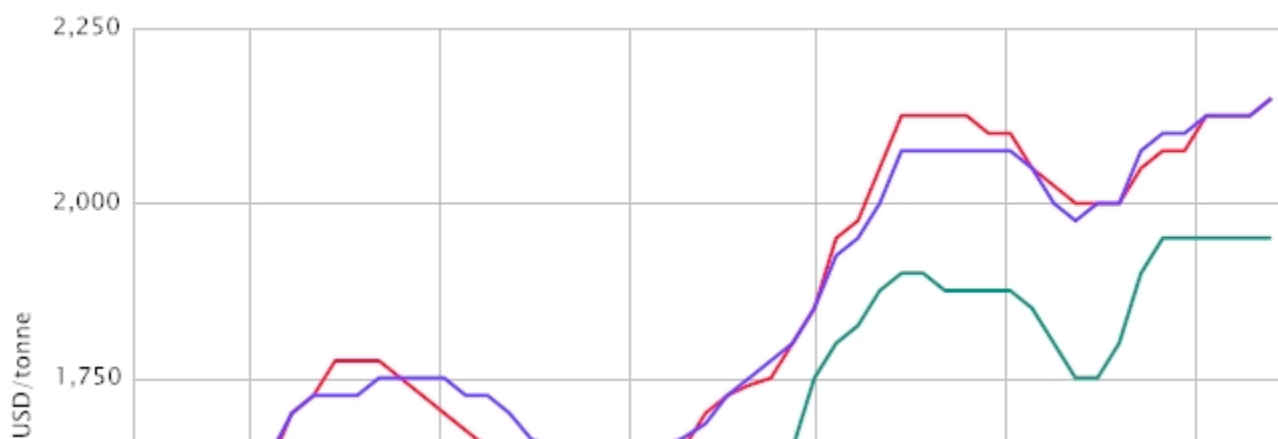
- **Thinning buying interest**
- **Sellers unwilling to increase discounts**
- **Buy-sell tussle continues**

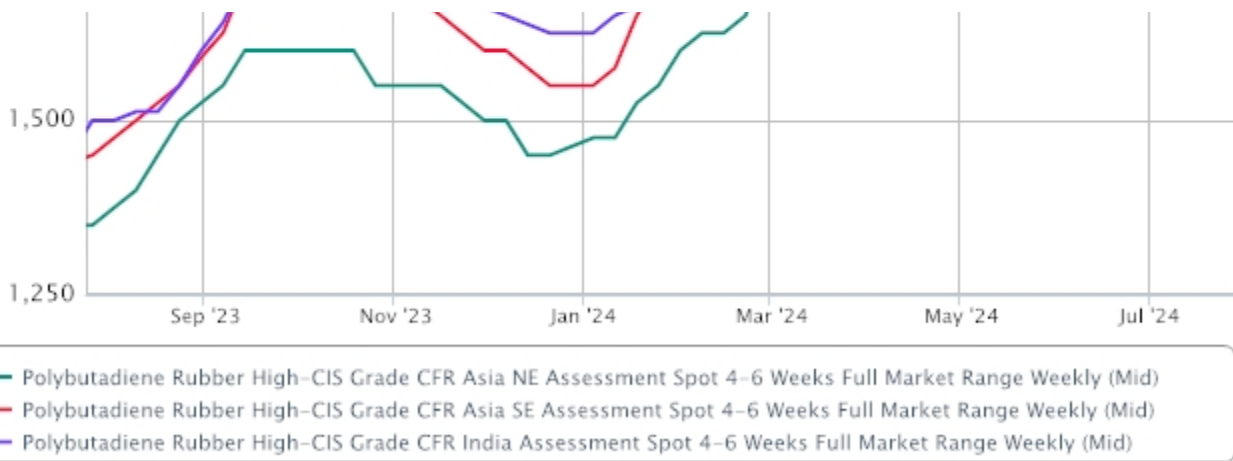
Substantive trade discussions were muted this week for Asian spot imports of polybutadiene rubber (PBR), amid a wide difference between buyers and sellers and their pricing outlooks.

For end-users, many are being careful not to overcommit to fresh spot cargoes until they have more clarity about how some key downstream sectors, such as automotive, will fare in Q3.

Views on the auto sector outlook are mixed. Some hope that off-take will pick up pace once the summer holiday lull is over in September. However, others said [import tariff hikes](#) that several western economies are planning to slap on Chinese-made electric vehicles (EVs) will invariably dampen growth expectations for the industry.

For PBR makers, many held fast to existing targets, saying that despite a recent softening in feedstock butadiene ([BD](#)) prices, overall production costs are still hefty, especially on the freight front, and therefore they were in no position to dish out deeper discounts.





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OUTLOOK

- Outlook for broader chemical [demand in July](#) is generally dull
- **Freight** costs may remain elevated
- Producers to continue to focus on contractual obligations at expense of spot

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	n/c	2400.00-2500.00	n/c	2300.00-2500.00	108.86-113.40
			0			
CFR Asia SE	USD/tonne	n/c	2400.00-2500.00	n/c	2400.00-2500.00	108.86-113.40
			0			
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	n/c	1900.00-2000.00	n/c	1900.00-2000.00	86.18-90.72
			0			
CFR Asia SE	USD/tonne	+50	2100.00-2200.00	n/c	2000.00-2150.00	95.25-99.79
			0			
CFR India	USD/tonne	+50	2100.00-2200.00	n/c	2000.00-2200.00	95.25-99.79
			0			

Northeast Asia

High-cis

CFR NE Asia prices were unchanged in the absence of fresh buy-sell indications for US dollar denominated imports.

Local buyers in China are instead closely monitoring price movements in the domestic yuan-denominated market, with many seemingly keen to procure from the domestic supply pool at the expense of imports, players said.

Domestic prices in east China eased slightly in the week, alongside softer upstream market sentiment.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	14,800-15,050	14,850-15,100

Low-cis

Discussions for CFR NE Asian trades for low-cis PBR were limited, but within rangebound levels.

Offers were heard at the high end, and some negotiations took place at the low end although they were inconclusive in the week.

Southeast Asia

High-cis

The CFR SE Asia assessment narrowed, with the low end lifted to capture the spectrum of deals and discussions in the week.

Some cargoes changed hands at the low end, while remaining selling indications hovered at the high end.

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

Jul 2024	(1-25) Jun 2024	May 2024	Apr 2024	Mar 2024	Feb 2024	Jan 2024
168.63	176.00	170.03	162.99	165.36	156.66	154.20

Source: Malaysian Rubber Board

Low-cis

The CFR SE Asia assessment for low-cis PBR was kept unchanged in the absence of fresh buy-sell indications.

India

The CFR India assessment was up on the low end, tracking limited transactions for NE Asia origin cargoes.

Remaining offers were heard at the high end and higher for northeast Asia origin material.

Sources said buying appetite for PBR imports strengthened somewhat in the week, as a cheaper substitution to natural rubber, the price of which has spiked in India recently after a supply crunch caused by the delayed arrival of imports.

UPSTREAM

Butadiene

- China presses on with [exports](#)
- Some small pockets of short-covering buying boosted sell-side sentiment
- Longer-term demand outlook unclear

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 China, a PBR plant in Zibo shut its two production lines from July to August for maintenance. The two lines have a capacity of [50,000 tonne/year](#) and [40,000 tonne/year](#).

Another 30,000 tonne/year unit in [Urumqi](#) has been shut since mid-May for maintenance and is expected to restart in July. A 50,000 tonne/year unit in [Karamay](#) has also been shut for the same period for maintenance.

In wider Asia, a 60,000 tonne/year unit in [Taiwan](#) will start a month-long maintenance at end July.

ANALYTICS

ICIS outlook for the downstream automotive sector

The auto industry is preparing for a structural change. However, there is a degree of skepticism among manufacturers about mandatory targets to ramp up charging and refueling infrastructure for electric vehicles (EVs). Volatile trade relations and changes to policy will continue to be major headwinds for the industry this year.

According to the US Census Bureau, US light vehicle sales decreased by 4.0% month on month in June, with total sales at 15.3 million units. The figure was down by 4.8% year on year and 11.6% below levels seen in 2019. Inflation, a slump in consumer confidence and tighter monetary policy will weigh on US demand in the automotive sector. The outlook for the rest of this year remains bearish.

The European Automobile Manufacturers' Association (ACEA) reported that EU passenger car registrations increased by 4.3% in June year on year. Italy posted the largest increase at 15.1%, followed by Germany at 6.1% and Spain at 2.2%. However, given the weak economy and strained trade relations, concerns about balance sheets are growing, with some producers struggling to survive in the short term. Investment in longer-term trends includes tightening emission standards, a growing push to electrify and increased shared car ownership, but this has left some firms cash strapped. As a result, OEMs and other stakeholders are looking to diversify by identifying and conducting white space analysis. For example, Volkswagen and Rivian have announced plans to form a joint venture which will see Volkswagen invest an initial \$1 billion in Rivian, ahead of a further \$4 billion in additional funds. Elsewhere, Aramco acquired a 10% stake in HORSE Powertrain, which is owned equally by Renault and Geely, for €7.4 billion. The stake will allow Aramco to help develop competitive powertrains, technologies, synthetic fuels and lubricants.

China's balance of risk lies to the downside after the EU raised tariffs on Chinese EVs and following the implementation of the US Inflation Reduction Act (IRA). Both pose a threat to China's ambition of continuing to lead the EV space. According to ACEA, China's share of the European EV market has increased from 3% to 20% in the past three years.

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