



# 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 interest tepid**
- **Upstream losses also affected appetite**
- **Inventory pressures building on sellers**

Poor downstream demand hampered discussions in Asia's spot import market for polybutadiene rubber (PBR).

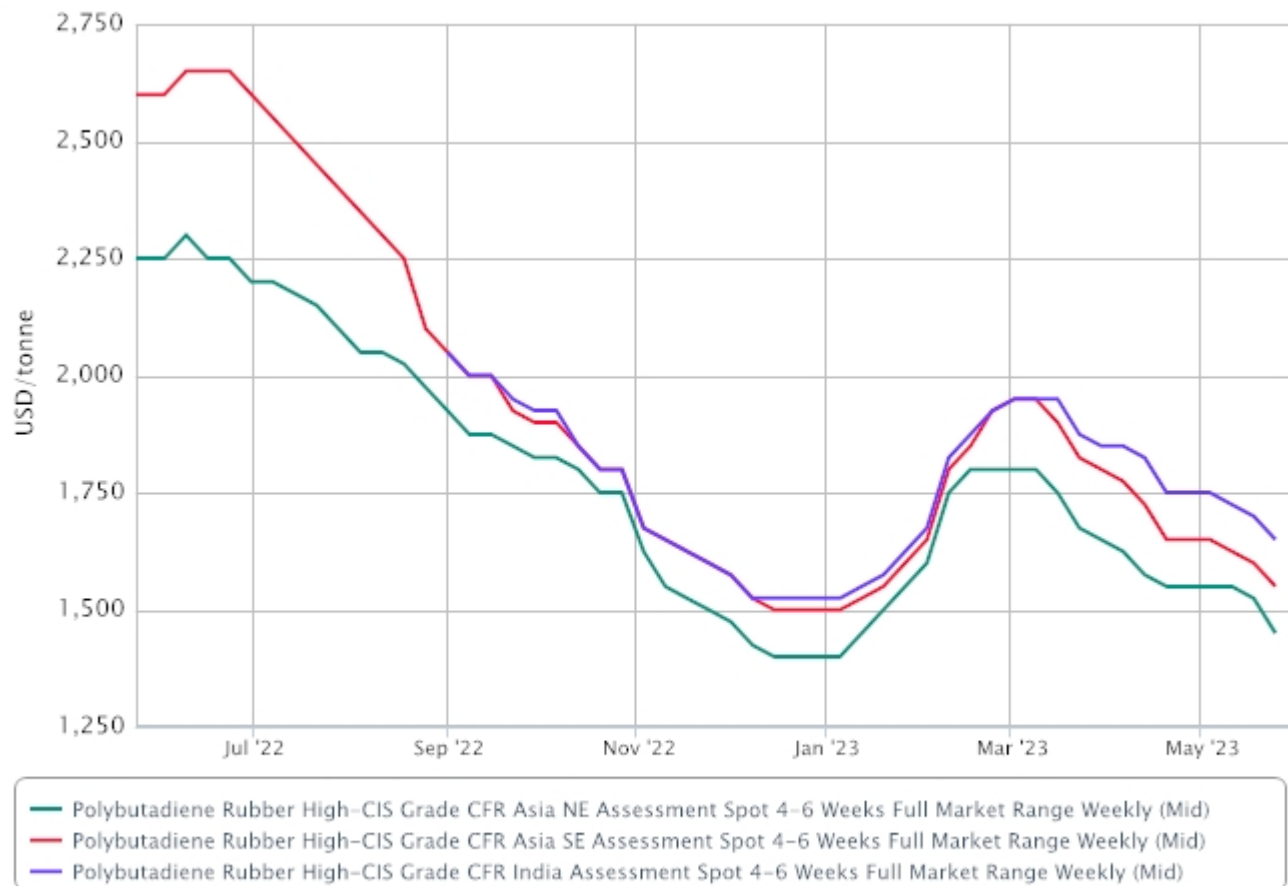
Lacklustre recovery of the automotive sector has affected off-take of high-cis PBR by tyre manufacturers. Usage for other non-tyre applications such as shoe sole production is also undermined by weak consumer spending.

As for low-cis PBR which typically taps more heavily on procurement by polystyrene (PS) factories, market sources said that the latter's requirements are also dwindling, amid falling operating rate of PS plants in China.

Extended losses in the upstream [butadiene](#) (BD) market also did little to restore buyer confidence.

In this situation, end-users typically hold off spot procurement for as long as possible in the hope that offers will trend downwards with the weaker upstream values.

High-cis PBR offers fell as sellers sought to chase deals and keep cargoes moving. But to manage rising inventory pressures, some PBR makers are gearing up to recalibrate production plans to minimise surplus, market source said.



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## OUTLOOK

- Continued declines upstream will weigh on sentiment
- Deeper output cuts likely to trim supply glut
- Bearish sentiment to linger

## PRICES

### SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
<b>Polybutadiene Rubber Low-CIS Grade</b>						
<b>CFR Asia NE</b>	USD/tonne	n/c	1900.00-2050.00	-50	1950.00-2100.00	86.18-92.99
<b>CFR Asia SE</b>	USD/tonne	n/c	2000.00-2150.00	-50	2100.00-2200.00	90.72-97.52
<b>Polybutadiene Rubber High-CIS Grade</b>						
<b>CFR Asia NE</b>	USD/tonne	-100	1400.00-1500.00	-50	1500.00-1600.00	63.50-68.04
<b>CFR Asia SE</b>	USD/tonne	-50	1500.00-1600.00	-50	1600.00-1700.00	68.04-72.57
<b>CFR India</b>	USD/tonne	-50	1600.00-1700.00	-50	1700.00-1800.00	72.57-77.11

### Northeast Asia

**High-cis**

CFR NE Asia prices fell, tracking softer buy-sell talks.

China-bound shipment are heard discussed at the lower end, while cargoes were indicated at the higher end for shipment to other NE Asian outlets.

Downtrend continues for domestic prices in China, alongside lacklustre sales and weak upstream.

<b>Price (CNY/tonne)</b>	<b>This week's close</b>	<b>Previous week's close</b>
E China Ex-Warehouse	10,200-10,400	10,500-10,700

**Low-cis**

There was no concrete discussions and the high end was adjusted notionally down, in line with similar changes for high-cis CFR NE Asia assessment and in reflection of the overall bearish undertone of PBR spot market.

**Southeast Asia****High-cis**

CFR SE Asia prices fell, tracking lower offers at the high end against buying indications also softer at the low end.

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

May (1-25) 2023	Apr 2023	Mar 2023	Feb 2023	Jan 2023	Dec 2022	Nov 2022
137.07	136.27	135.03	140.11	140.11	135.03	127.32

**Low-cis**

CFR SE Asia assessments were also notionally down at the high end, mainly in line with high end changes for the high-cis CFR SE Asia assessments and in the absence of substantive negotiations for low-cis materials.

Market sources said that there were some discussions for limited volumes of June shipment materials at around the mid-point of the published range.

**India**

Discussions were muted for CFR India trade this week as May discussions have been completed and players were not ready to actively engage in June talks.

Selling indications were heard softer on a notional basis, in line with reductions seen in other regional outlets.

The CFR India assessment was adjusted down in line with the change in the CFR SE Asia assessment.

**UPSTREAM**

## Butadiene (BD)

- Concrete negotiations scarce
- Demand tepid, buyers maintaining softer buy indications
- Snug supply persists for some NE Asia makers amid turnaround

The chart below shows the spread between butadiene and PBR.

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



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## PRODUCTION

Several PBR plant closures, including a 60,000 tonne/year [unit](#) in northeast Asia, are expected in the June to August window.

## ANALYTICS

### ICIS Butadiene Outlook

There are expectations for soft demand and improved production in the US BD market over the coming months, once two units return from planned maintenance. TPC Group raised production rates by 10% at its 546,000 tonne/year BD plant in Houston after work, during a scheduled maintenance in Q1, to boost reliability. TPC aims to expand capacity at Houston by mid-2024 and exceed production levels hit before a fire

knocked out the Port Neches plant in 2019. Automotive supply chain problems due to a shortage of semiconductors and other components have eased, but rising interest rates will continue to weigh on sales.

In Q1, most majors reported a double-digit drop in chemical sales volumes in Europe. Steady or even bearish sentiment is expected to prevail in Q2. European BD demand, which has been weak so far, is unlikely to see a robust recovery in the rest of this year. As a result, BD needs are expected to remain close to those seen in 2022. That said, positive news could come from lower energy costs. The energy variable should no longer be an element in discussions during BD price settlements - as was the case in past months when BD contracts were affected by natural gas prices. European utility costs, which are down for a fourth straight month amid lower gas prices, are forecast to fall further in the weeks ahead. Natural gas storage in the EU was about 64% full mid-May, up from an average of 56% in March.

The Chinese appear keen to travel after the lifting of COVID-19 restrictions. Tyre manufacturer Michelin reported a 3% increase in replacement tyre volumes in Q1 compared with the same period in 2022, although OE tyre volumes fell by 14%. A reduction in new car incentives, which came into force in early 2023, should adversely affect sales going forward. From a BD perspective, China's total derivative capacity expressed in BD equivalent will increase to about 6.6m tonnes/year or by 24% this year. BD capacity will reach 6m tonnes/year. In theory, this will cause an imbalance in supply and demand unless new projects delay the start-up of commercial operations due to unfavourable market conditions.

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