



Polybutadiene Rubber (Asia-Pacific)

By Ai Teng Lim
28-Nov-2024

[Overview](#) | [Outlook](#) | [Prices](#) | [Upstream](#) | [Production](#) | [Analytics](#)

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

OVERVIEW

- **Discussions stay under pressure on weak upstream**
- **Buyers press for deeper discounts**
- **Sellers concede some discounts, but magnitude varies across outlets**

Discussions for Asian polybutadiene-rubber (PBR) stayed under pressure this week, as buyers continued to press for discounts commensurate with the massive losses feedstock butadiene (BD) had chalked up of late.

[Disappointing economic data](#) for major regional trade hubs such as China also dented buy-side confidence, leaving end-users wary about the risk of over-buying PBR and be saddled with undue stocks should downstream markets fail to recover as well as expected.

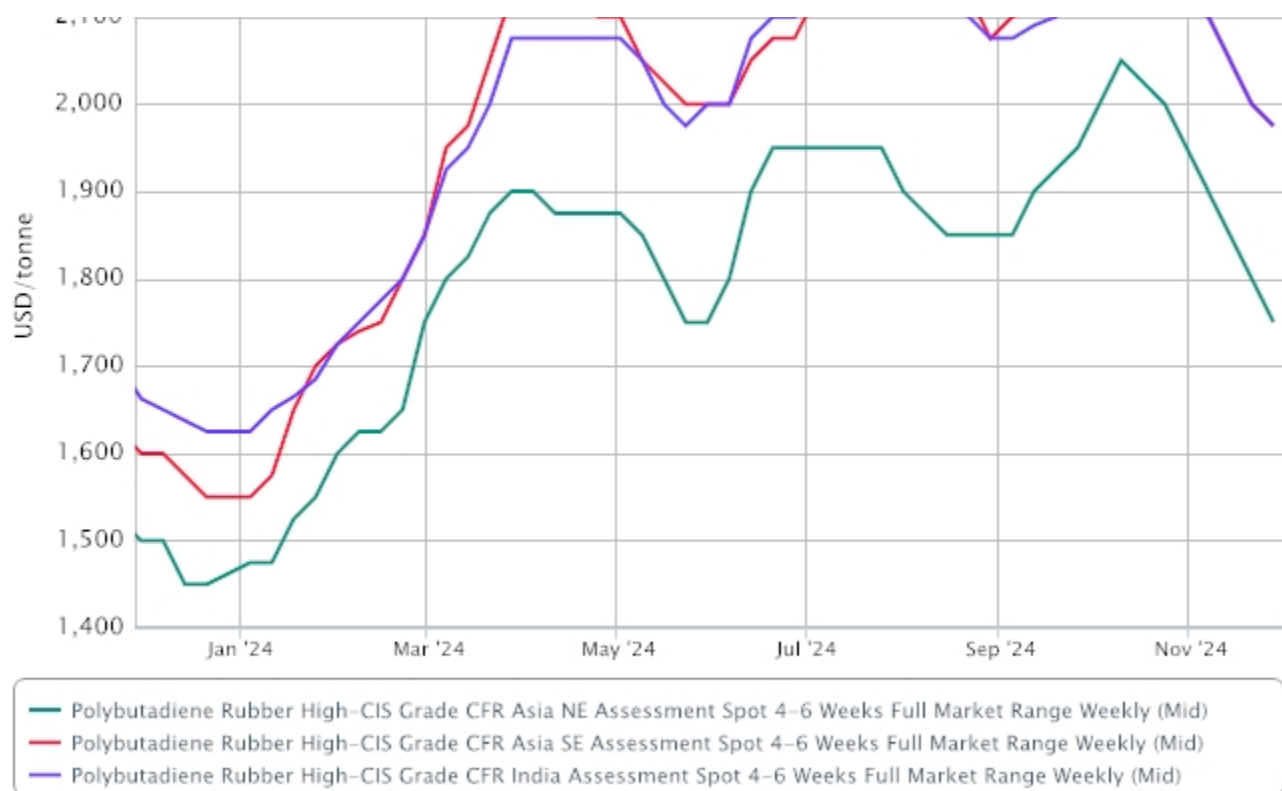
The prospects that US President-elect Trump will slap [fresh import tariffs](#) on China also heightened concerns that this could derail growth of automotive sector, a scenario which could in turn impact on requirements for raw materials like PBR.

Some sellers did trim offers to bridge the gap with buyers and get some cargoes moving. However, discounts are capped, which in turn curtailed transactions. Regional producers said that despite recent falls in feedstock costs, their overall production costs are still hefty and they would need more time to recoup prior losses before they are in more viable positions to price down more on PBR.

Spot supply constraints is another factor limiting sellers' discounts in wider Asia. There are a number of PBR plant closures in wider Asia, and producers' inventories are not high too.

However, the picture in China differs somewhat and is said to be relatively more amply supplied than wider Asia, given local capacity growth this year, market sources said.





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OUTLOOK

- Downstream demand outlook hazy on [macro-level uncertainties](#)
- Buyers to keep to need-based procurement
- Producers may continue to focus on term sales at the expense of spot business

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	-50	2200.00-2300.00	n/c	2350.00-2450.00	99.79-104.33
CFR Asia SE	USD/tonne	-50	2200.00-2300.00	n/c	2350.00-2450.00	99.79-104.33
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	-50	1700.00-1800.00	-50	1900.00-2000.00	77.11-81.65
CFR Asia SE	USD/tonne	n/c	1950.00-2000.00	-50	2100.00-2150.00	88.45-90.72
CFR India	USD/tonne	n/c	1950.00-2000.00	-50	2100.00-2150.00	88.45-90.72

Northeast Asia**High-cis**

CFR NE Asia assessments fell with lower buy-sell indications heard, especially for China-bound shipment materials.

Domestic prices in east China softened further, under the dual weight of soft upstream values and low buying momentum.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	12,800-13,000	13,200-13,500

Low-cis

CFR NE Asian assessments for low-cis materials are unchanged at the high-end, in the absence of fresh offers, while the low-end fell with softer buying indications.

Southeast Asia**High-cis**

CFR SE Asian assessments dropped at the high-end with lower offers. Some limited volumes changed hands within the published range, market sources said.

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

Nov (1-28) 2024	Oct 2024	Sep 2024	Aug 2024	Jul 2024	Jun 2024	May 2024	Apr 2024
197.52	207.08	196.02	179.89	168.65	176.00	170.03	162.99

Source: Malaysian Rubber Board

Low-cis

CFR SE Asian assessments are adjusted down at the low-end with softer buying indications while the high-end is kept unchanged in the absence of concrete fresh offers.

India

CFR Indian prices are stable-to-soft, with the high-end adjusted down with a lower offer heard for northeast Asia-origin cargoes.

Buying indications are capped at the low-end.

UPSTREAM

Butadiene

- Import sentiment muted amid bearish domestic China
- No active buying interest for December shipment materials
- But players not keen to engage yet on January trade talks

The chart below shows the spread between butadiene and PBR, which rebounded recently to the healthy zone, after languishing in the unhealthy zone for over a year.

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



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PRODUCTION

There are several regional PBR plants shut for either extended maintenance or on economic considerations.

Company	Location	Status	Capacity (M T/year)	Start	End
Yangzi	Nanjing, China	Commercial	100,000	Early June	TBC
Lotte Ube	Tanjung Langsat, Malaysia	Technical	72,000	H2 June	TBC
Zhenhua	Dongying, China	Commercial	100,000	H2 August	TBC

Zeon	Tokuyama, Japan	Planned Maintenance	65,000	Mid- September	Late November
Chi Mei	Tainan, Taiwan	Planned Maintenance	50,000	H2 September	December

ANALYTICS

ICIS outlook on downstream automotive sector

Skepticism over electric vehicles, looming layoffs among car manufacturers and government policy continuity, especially for green regulations, are some of the main concerns for industry stakeholders. Nissan Motors in November 2024 announced plans to reduce its global workforce by 9,000. Moreover, volatile trade relations and high borrowing costs continue to challenge property developers. Even though the US Fed and EU Central banks have started monetary easing, the pass-over benefit will take some time, with inflation in the EU and the US expected to reach the 2% target next year.

According to the US Census Bureau, US light vehicle sales increased by 2.9% month on month in September with total sales of 15.768 million units. On a year-on-year basis, there was only a marginal gain of 0.5% (from 15.692 million units to 15.768 million units). The finished inventory to sales ratio, calculated by dividing inventory by sales, decreased to 1.269 in September from 1.338 in August

The European Automobile Manufacturers' Association (ACEA) reported a second consecutive month of negative results. According to the association, EU passenger car registration decreased by 6.1% in September compared with the same month last year. The Association further reports that France posted the largest loss with a -11.1% decrease, followed by Italy (-10.7%) and Germany down 7%. By contrast, commercial vehicle registration reported positive results with an overall increase of 8.5% for the first nine months, year on year.

The European Central Bank (ECB) lowered the three key ECB interest rates by 25 basis points effective from 23 October 2024. But the governing body also stated that inflation is expected to reach the target rate next year. With the collapse of the German government coalition, market sentiments have deteriorated further. Trade groups, such VCI (German chemical producers' trade group) and VDA (German Association of the Automotive Industry), have expressed concerns over the latest political developments, raising questions on foreign trade policy and overall industrial competitiveness.

China's balance of risk has further deteriorated in the context of geopolitical power transition. Currently, it accounts for more than 50% of global electric vehicle production. It is aggressively incentivizing the industry. For example, China has extended the subsidy on new electric vehicles until 2027 where vehicles remain exempt from purchase taxes. China automotive output in 2024

is expected to grow 8% compared with 2023. Q4 2024 is forecast to grow by 2.2% compared with Q4 2023, according to Oxford Economics.

In India, the Federation of Automobile Dealers Associations (FADA) reported market optimism with ongoing year end festivities. It reported strong growth across all segments with October 2024 retail sales increasing by 32% year on year and 64% month on month. Though the association expressed concerns over the high level of passenger vehicle inventory and is directing original equipment manufacturers (OEMs) rationalize supply to prevent excess stock.

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

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