ICIS
Independent Commodity Intelligence Services

Polybutadiene Rubber (Asia-Pacific)

By Ai Teng Lim
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Overview | Outlook | Prices | Upstream | Production | Analytics

Please click here for full details on the criteria ICIS uses in making these price assessments.

All prices in the weekly analysis on 29 June will be assessed based on information collated up to 28 June. Please click here for the ICIS publishing schedule.

OVERVIEW

- **Discussions subdued i n a short trading week**
- **Players mostly in wait-and-see stance**
- **Upcoming turnarounds to tighten spot availabilities**

Spot trade discussions for Asian polybutadiene rubber (PBR) imports are subdued in part because it is a holiday-shortened trading week in northeast Asia.

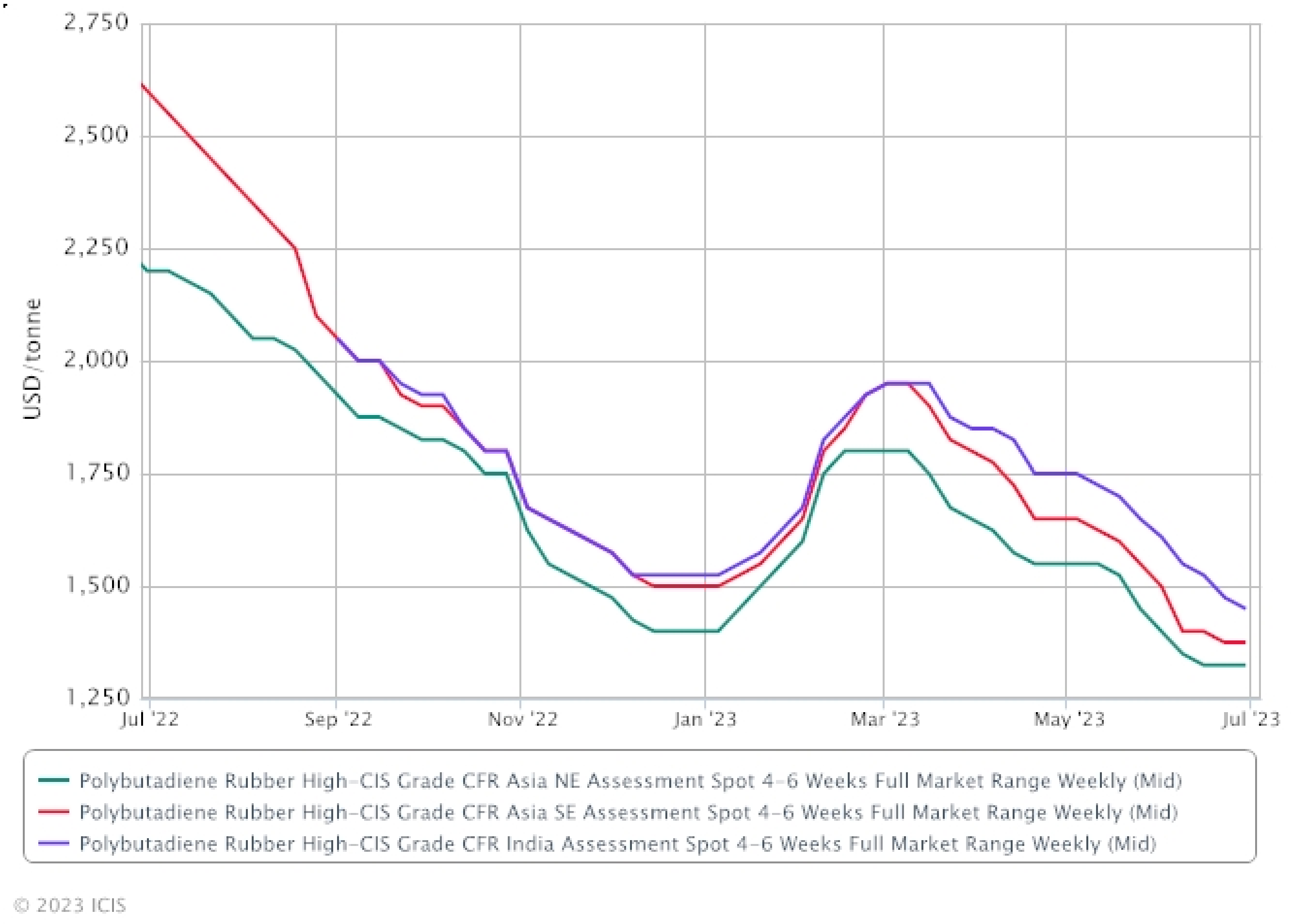
The China and Taiwan markets were shut from 22-23 June for the Dragon Boat Festival holiday, and market participants in southeast Asia and India also held back to wait for clearer signs on post-holiday trade momentum in China.

Because some end-users still kept up with relatively active checks on cargo availabilities, this left some sellers still hopeful that there were latent pockets of demand and that buyers were only waiting for what they may deem as opportune time to procure and restock.

And with some high-cis plants in northeast Asia heading into July maintenance, sell-side element said that the ensuing limitation on spot availabilities could provide some additional support.

As China is expected to roll out more stimulus packages to incentivise consumer spending, some sellers were also hopeful that this could help, in due course, boost demand support from the downstream automotive and domestic appliance sectors.

However, many market players are also mindful that fuller details about the Chinese fiscal packages are still pending, and it is too early to judge if these could effectively spur downstream market recovery within China, let alone rest of Asia.



OUTLOOK

- **Inflation risks to weigh on sentiment**
- **China's stimulus packages may be a positive development**
- **Buyers to stay cautious**

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	n/c	1750.00-1970.00	n/c	1850.00-2050.00	79.38-89.36
CFR Asia SE	USD/tonne	n/c	1850.00-2000.00	n/c	1950.00-2100.00	83.91-90.72
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	n/c	1300.00-1350.00	n/c	1350.00-1450.00	58.97-61.24
CFR Asia SE	USD/tonne	n/c	1350.00-1400.00	n/c	1450.00-1550.00	61.24-63.50
CFR India	USD/tonne	-50	1400.00-1450.00	-50	1550.00-1670.00	63.50-65.77

Northeast Asia

High-cis

CFR NE Asian discussions were stable, amid holiday-curtailed trade activities.

Domestic prices in east China were also flat.

Price (CNY/tonne)	This week's close*	Previous week's close
E China Ex-Warehouse	10,100-10,300	10,100-10,300

*Based on information received up to 28 June.

Low-cis

Assessments were unchanged, taking into account stable buy-sell indications.

Southeast Asia

High-cis

CFR SE Asian assessments were also rangebound, with buying indications capped at the low end, against offers heard at the high end and above.

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

Jun (1-28) 2023	May 2023	Apr 2023	Mar 2023	Feb 2023	Jan 2023	Dec 2022	Nov 2022	Oct 2022	Sep 2022
133.52	136.34	136.27	135.03	140.11	140.11	135.03	127.32	130.52	134.12

Low-cis

CFR SE Asian prices are rolled over in the absence of fresh offers and bids.

India

CFR Indian prices were softer, with buying indications reflected at the low end, against an offer at the high end for northeast Asia-origin materials.

Substantive requirements were slower on a seasonal factor, as downstream operations are typically scaled back during the monsoon season in Q3.

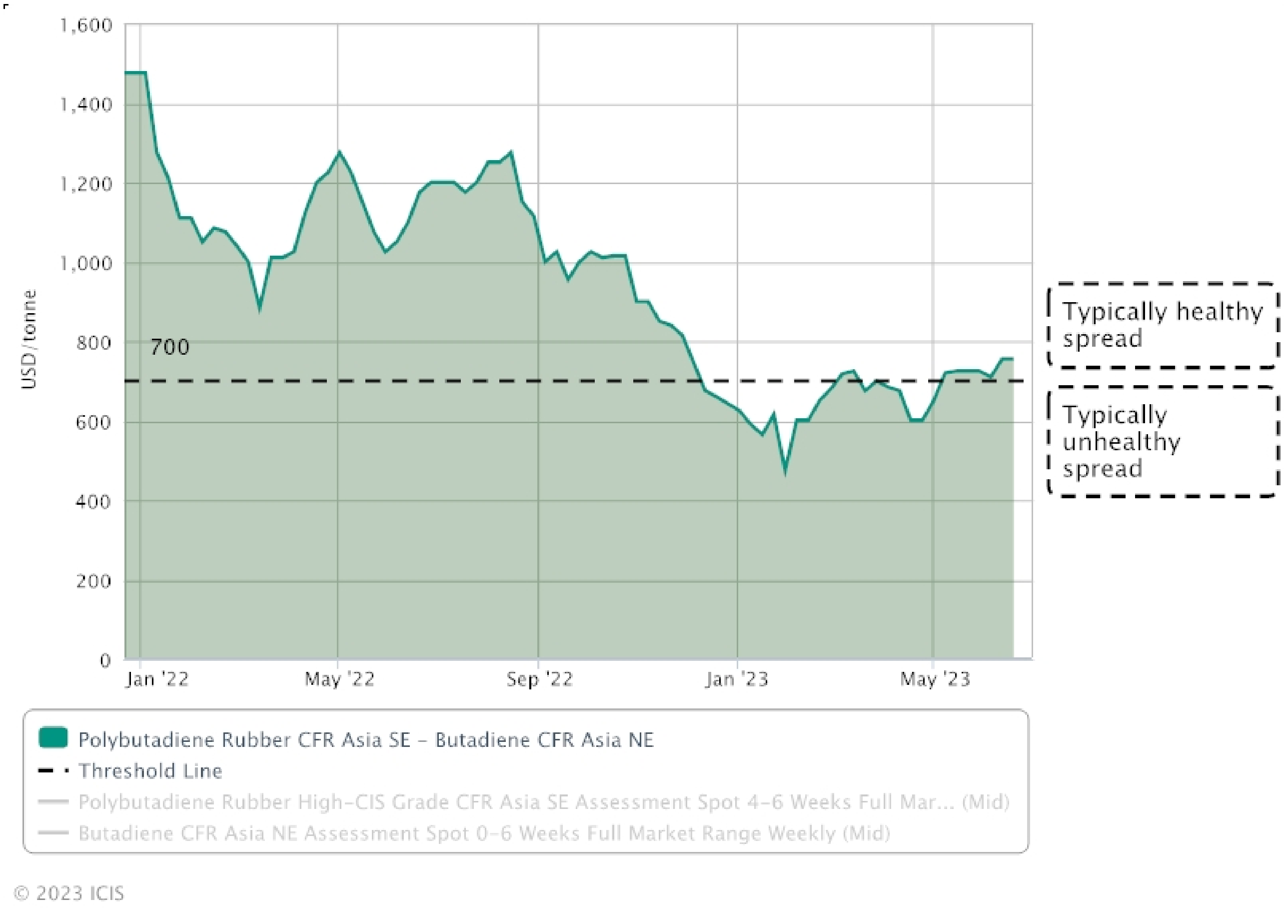
UPSTREAM

Butadiene

- Buy-sell tussle continues
- Overhang grew with deep-sea inflow
- Tepid buying interest

The chart below shows the spread between butadiene and PBR.

Downstream spread – butadiene NE Asia and PBR SE Asia



PRODUCTION

Two PBR plants in Taiwan, with respective production capacity of 50,000 tonnes/year and 60,000 tonnes/year, are slated to shut for maintenance in July.

ANALYTICS

ICIS Downstream Automotive Outlook

Global light vehicle sales increased by 2.3% month on month in April to 86m units/year from 84m units/year in March (Oxford Economics). But negatives continue to outweigh positives for the sector. Now for 2023, the outlook continues to be challenging due to the cost-of-living crisis, as car buyers are expected to postpone their purchases.

According to the US Census Bureau, light vehicle sales in the country decreased by 6.5% month on month in May with total sales of 15.0m units (up 19.6% year on year and 12.4% down from 2019). High inflation, slumping consumer confidence and tighter monetary policy will weigh upon consumer demand for automotives. The outlook for 2023 remains concerning.

According to the European Automobile Manufacturers' Association (ACEA), EU passenger car registrations decreased by 26% in April (from 1.10m in March to 800,000 in April). However, they grew 17% in April year on year. The ACEA said Spain (33.7%) saw the biggest gain, followed by Italy (26.9%), France (16.7%) and Germany (7.9%). Commercial vehicle registrations grew 7.7% to 355,553 in Q1 2023 year on year (the growth being largely a function of a lower base). The outlook for 2023 remains challenging (especially for the commercial segment) on the back of reduced industrial activity.

China automotive output is forecast to shrink during the second half of the year (Oxford Economics). This contradicts the view that pent-up led demand growth was expected after the re-opening of the economy. However, the actual impact is something we must wait and see. Currently Chinese auto stakeholders are primarily focusing on the development of new energy vehicles (NEVs) and intelligent connected vehicles (ICVs) including autonomous vehicles.

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