



Polybutadiene Rubber (Asia-Pacific)

By Ai Teng Lim
30-May-2024

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

ICIS is currently consulting readers about the methodology used for this report. To respond, [click here](#).

OVERVIEW

- **Trade liquidity curbed on buy-sell gap**
- **Sell-side sentiment shifting as cost pressures build**
- **Buyers keep to a cautious wait-and-see stance**

Discussions for Asian spot imports of polybutadiene rubber (PBR) were mostly sporadic, with trade liquidity low amid persistent buy-sell differences.

Broadly, there were no discernible changes to demand-supply fundamentals, in that similar to previous weeks, downstream requirements were stable but not particularly robust, while spot availabilities are delicately balanced.

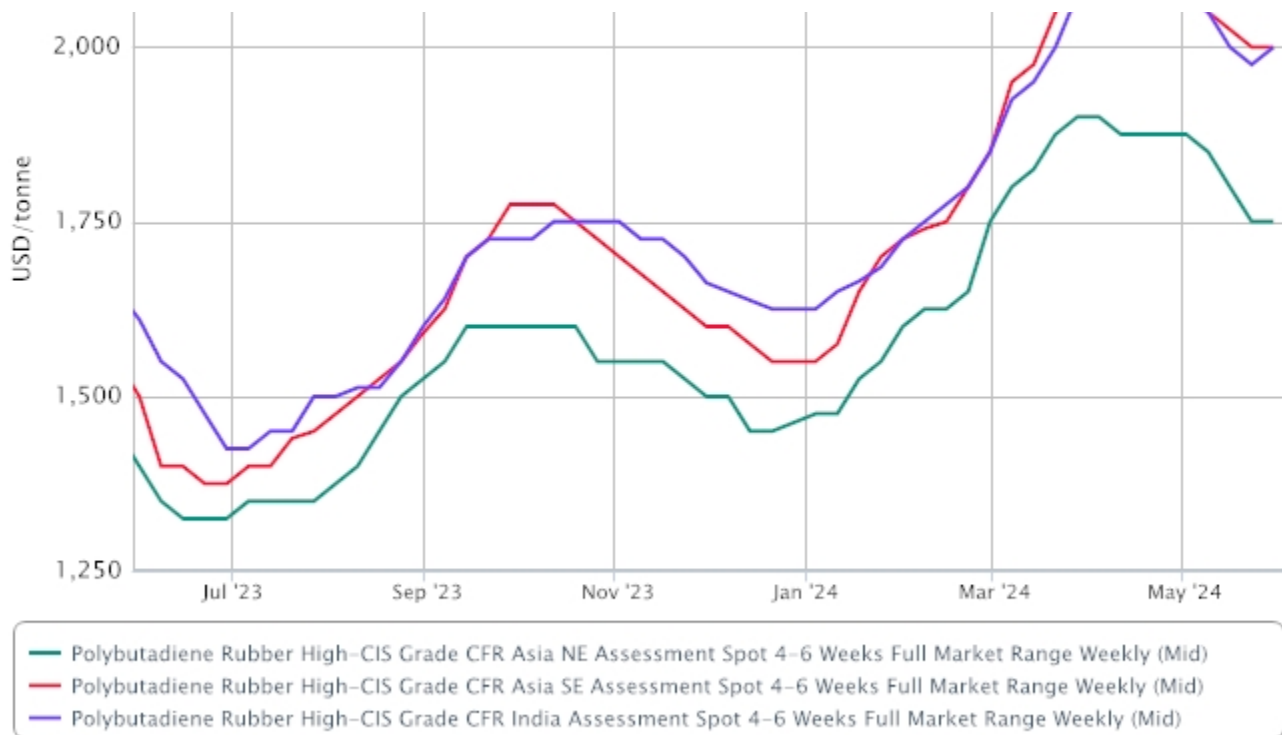
However, there were some subtle shifts in sell-side sentiment on the back of several developing situations.

Firstly, domestic prices of PBR in China surged this week, on the back of strong natural rubber prices, as well as buoyant PBR futures. This shored up confidence among import sellers that China's buying appetite for the US dollar denominated imports would rise in due course.

Secondly, with [freight rates rising](#) sharply, sellers said that their cost pressures are also climbing, and that they would need to price up to protect frail margins.

For the week of assessment, buyers were still mostly cautious, amid lingering concerns about how demand conditions in their own downstream markets may change with developing geo-political issues, including a recent US move to slap higher [tariffs](#) on several categories of China imports, from electric vehicles to batteries.





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OUTLOOK

- Market players may minimise buy-sell exposure for the near term
- Automotive sector demand may waver with US tariffs on China EVs
- Feedstock BD movements to shape offers too

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	+50	2200.00-2400.00	99.79-108.86
			0			
CFR Asia SE	USD/tonne	n/c	2300.00-2400.00	n/c	2250.00-2400.00	104.33-108.86
			0			
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	n/c	1700.00-1800.00	n/c	1800.00-1950.00	77.11-81.65
			0			
CFR Asia SE	USD/tonne	n/c	1950.00-2050.00	n/c	2050.00-2150.00	88.45-92.99
			0			
CFR India	USD/tonne	+50	1950.00-2050.00	n/c	2000.00-2150.00	88.45-92.99
			0			

Northeast Asia**High-cis**

CFR NE Asia prices were unchanged with rangebound discussions and offers heard early week. But discussions halted late week amid sharp yuan-denominated increases in the domestic China market.

Domestic China prices surged, on a multitude of bullish factors, from buoyant futures to upstream butadiene (BD) increases.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	14,000-14,300	13,300-13,500

Low-cis

CFR NE Asia assessment for low-cis PBR was adjusted up at the high-end of the range with an offer heard. The low-end is unchanged with lacklustre buy-side response.

Southeast Asia**High-cis**

CFR SE Asia prices were unchanged on rangebound discussions.

Natural rubber prices remain on an uptrend, which PBR sellers said would help shore up demand for PBR as a cheaper substitution product.

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

May 2024	(1-30) Apr 2024	Mar 2024	Feb 2024	Jan 2024	Dec 2023
169.54	162.99	165.36	156.66	154.20	146.31

Source: Malaysian Rubber Board

Low-cis

CFR SE Asia assessment was stable, taking into account rangebound offers and buying indications.

India

CFR India prices were unchanged at the high-end of the range, in the absence of fresh offers for northeast Asia-origin materials.

The low-end was up with firmer buying indications heard for northeast Asia-origin materials, although no deals were heard closed. Market sources said that this came as offers from non-Asia origin, such as Europe, have also edged up recently with increases in freight costs.

UPSTREAM

BD

- Domestic China recovery [lifts](#) sentiment in import market
- Buy-sell gap for import trades narrowed
- Some spot availabilities emerge, but supply outlook stays mixed

The chart below shows the spread between BD and PBR, which remains in the unhealthy zone.

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



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PRODUCTION

A 60,000 tonne/year plant in [Taiwan](#) will undergo maintenance in July.

ANALYTICS

ICIS outlook for downstream automotive sector

Widespread staff reductions and companies scaling back procurement are some of the key headwinds for the automotive sector this year, while the impact of election uncertainty on consumer sentiment presents another challenge.

According to the US Census Bureau, US light vehicle sales increased by 1.1% month on month in April, with total sales of 15.7 million units (up by 0.4% year on year and 3.4% down from 2019). Macroeconomic stressors continue to weigh heavy on automotive demand.

According to the European Automobile Manufacturers' Association (ACEA), EU passenger car registrations decreased by 5.2% in March year on year. The Association further reports that Germany experienced the largest decline of -6.2%, followed by Spain (-4.7%), Italy (-3.7%), and France (-1.5%).

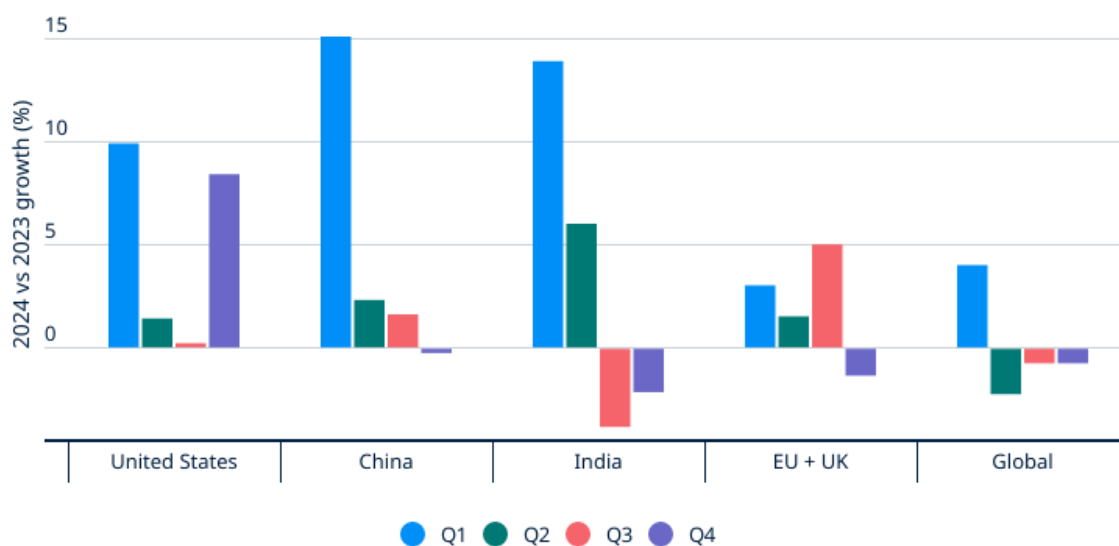
Asia's sector outlook for the medium to long term remains strong, however, with rising income and low car ownership in the region. This is particularly true for electrified and other New Energy Vehicles (NEVs) as government incentives push this market.

According to India's Federation of Automobile Dealers Associations (FADA) survey, 33% of members believe growth is going to be flat for the rest of the year, while some 16% expect the industry to contract.

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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