



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

- **Lacklustre demand continues to weigh on sentiment**
- **But price declines cushioned by spot supply constraints**
- **Buy-sell disparity widens**

Discussions in Asian spot import market for polybutadiene rubber (PBR) are capped on thin demand.

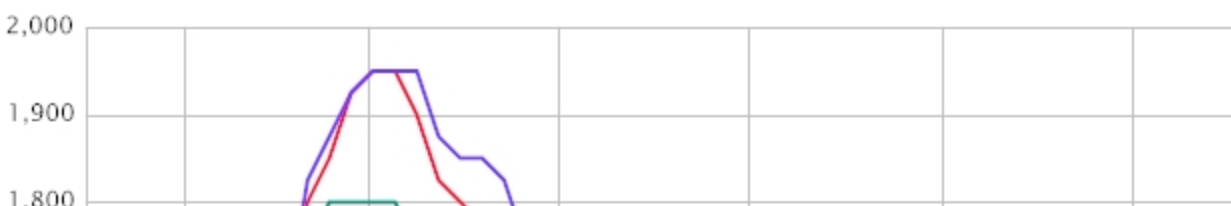
News that OECD has moderated [China's 2024 GDP growth forecasts](#) heightened buyers' concerns about longer term downstream demand losses. They are therefore mindful not to hold too much raw material stocks at hand, especially heading into the seasonal year-end lull for factory operations.

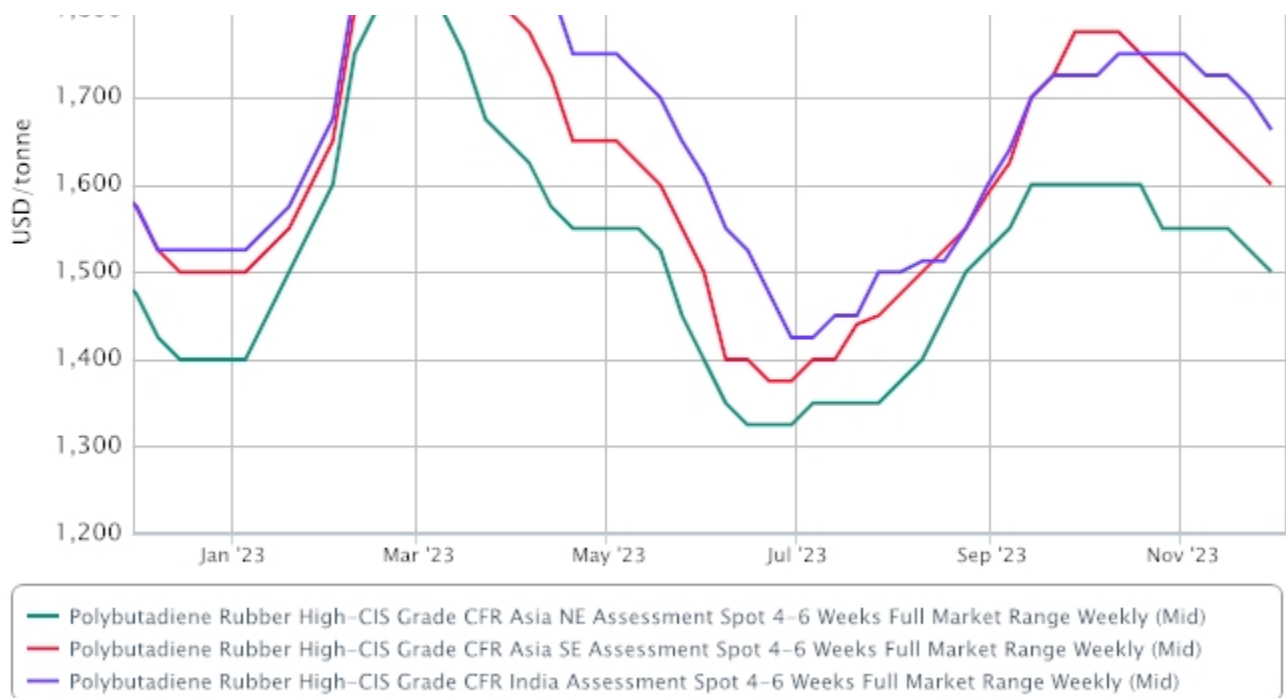
They kept PBR procurement strictly on a need-to basis, and also pressed sellers for deeper discounts, market players said.

While some sellers did price down slightly this week, in a bid to bridge gap with buyers and keep some volumes moving, most held back from dishing out more discounts, on various considerations.

Firstly, their margins are already quite severely squeezed and they could not afford to sell cheaper, market sources said.

Secondly, spot availabilities are not abundant either, taking into consideration ongoing turnarounds in the region. Some producers have also adjusted operating rates to match output with prevailing offtake, to reduce surplus volumes and rein in costs.





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OUTLOOK

- Output cuts may put fresh squeeze on supplies
- Global economic slowdown to dent demand
- Buyers to stay cautious for the near term

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	n/c	1900.00-2100.00	n/c	1900.00-2100.00	86.18-95.25
			0			
CFR Asia SE	USD/tonne	n/c	2000.00-2100.00	n/c	2000.00-2100.00	90.72-95.25
			0			
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	-50	1450.00-1550.00	n/c	1500.00-1600.00	65.77-70.31
			0			
CFR Asia SE	USD/tonne	-50	1550.00-1650.00	n/c	1650.00-1750.00	70.31-74.84
			0			
CFR India	USD/tonne	-50	1600.00-1725.00	-25	1700.00-1800.00	72.57-78.24
			0			

Northeast Asia

High-cis

CFR NE Asian assessments were stable-to-soft, with the low end dropped with softer discussions and indications for China-bound cargoes.

China's import demand is not robust to begin with, with local end-users tapping more heavily on the domestic supply pool.

Domestic China prices for PBR edged up however, as local makers independently hiked offers to keep up with sharp increases seen in the week prior of yuan-denominated values of feedstock [butadiene](#) (BD).

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	11,700-12,300	11,700-12,200

Low-cis

CFR NE Asian assessments were rolled in the absence of any fresh buy-sell indications.

Southeast Asia

High-cis

CFR SE Asian assessments were stable-to-soft, taking into account discussions and offers for cargoes from different NE Asian suppliers.

China-origin materials were indicated at the low end, while discussions and deals for cargoes from regular NE Asian suppliers in South Korea and Taiwan were heard at the higher end.

As natural rubber prices are still holding steady, sellers remain hopeful that this could continue to provide some support to their current PBR offers as a substitute product to natural rubber, market sources said.

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

Nov 2023	Oct 2023	Sep 2023	Aug 2023	Jul 2023	Jun 2023
148.42	145.26	142.65	130.22	131.31	133.48

Source: Malaysian Rubber Board

Low-cis

Some discussions for limited December shipment supplies were heard within range-bound levels.

CFR SE Asian assessments were unchanged as such.

India

Import demand in India was lacklustre as end-users are more mindful that they need to pare down, rather than add to, inventories during the year-end holiday season.

Their buying indications for NE Asia-origin materials were mostly suppressed as such, and reflected at the low end.

Some were heard also considering to take other cheaper, albeit non-Asia origin, materials.

The high end tracks an offer heard for NE Asia-origin cargoes.

UPSTREAM

Butadiene

- Domestic China up on prompt supply crunch
- Import discussions less upbeat
- Buy-side sentiment dull in wider Asia

The chart below shows the spread between butadiene and PBR, and this has fallen deeper into the unhealthy zone.

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



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PRODUCTION

Ongoing regional turnarounds will keep PBR supplies snug for Q4.

In China, the 100,000 tonne/year PetroChina Sichuan plant in Shandong, China will [shut](#) until end November, and the other 100,000 tonne/year Zhenhua unit, also in Shandong, will [shut](#) from late November for maintenance.

In the region, the 72,000 tonne/year Lotte Ube plant in Malaysia will not [resume](#) operations until the year-end, and thereafter, a 50,000 tonne/year unit in Taiwan, under Chi Mei, is [scheduled](#) for a month-long servicing in January.

ANALYTICS

ICIS downstream outlook on automotive

Impending regulation, labour unrest and higher interest rates are three main variables weighing on the outlook of the automotive industry. Though a relative increase in activity has been reported, numbers are still below 2019 levels. Bearish market sentiment continues to delay recovery.

The US automotive industry continues to struggle because of the failure to reach at an amicable resolution between the United Auto Workers (UAW) and the automakers (Ford, General Motors and Stellantis). Industry stakeholders are closely tracking developments and waiting it out. According to the US Census Bureau, US light vehicle sales fell 1.2% month on month in October with total sales of 15.5m units. The finished inventory to sales ratio (its calculated by dividing inventory by sales) rose to 1.069 in September from 0.952 in August. High inflation, eroding consumer confidence and tighter monetary policy will weigh on consumer demand for automotives.

The European Automobile Manufacturers' Association (ACEA) reported positive set of results. Though one of the leading points of contention for European Original Equipment Manufacturers (OEM) is the looming Rules of Origin (ROO) January 2024 deadline where a 10% of additional tariff on electric vehicles will be applicable on exports for vehicles with less than 40-45% non-originating components. The ACEA, in its petition to the European Commission, argues that it will lead to "direct impact on the competitiveness of EU electric vehicle manufacturing by reducing our share in Europe's number one EV export market." The Association recommends "continuation of the current ROO for batteries in the EU-UK Trade and Cooperation Agreement (TCA) until the end of 2026 is the most appropriate solution."

According to ACEA, EU passenger car registration increased by 9.2% in September compared with same month last year. ACEA reports that Italy posted the biggest gain with a 22.7% increase, followed by France (+10.7%) and Germany being marginally flat. Commercial vehicle registration also reported positive results, even recording double digit growth with Spain (+20.5%), Germany (+18.2%), and Italy (+16.7%). Though long-term investment for trends, including tightening emission standards, a growing push to electrify and increasing shared car ownership, is forecast to put pressure on OEMs.

China automotive in 2023 is expected to grow 9.4% compared with 2022. Q4 2023 is forecast to grow by 7.3% compared with Q4 2022, according to Oxford Economics. Medium-term fundamentals remain strong, with rising income and low car ownership. This is particularly true for electrified and other new energy vehicles (NEV) as governments incentives push this market. India's automotive sector in 2023 is expected to grow 10.8% compared with 2022. Q4 2023 is forecast to grow by 12.7% compared with Q4 2022, according to Oxford Economics. Federation of Automobile Dealers Associations (FADA) reported market optimism with ongoing Diwali festivities in

India. Though the association expressed concerns over high inventory levels and is urging OEMs to moderate vehicle dispatch and advise dealers to introduce attractive schemes to manage excess unsold stock before ending the calendar year.

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