



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 tempo more positive**
- **Upstream cost push supported offers**
- **But spot liquidity still capped**

Discussions in Asia's import market for polybutadiene rubber (PBR) are up this week, tracking firmer offers.

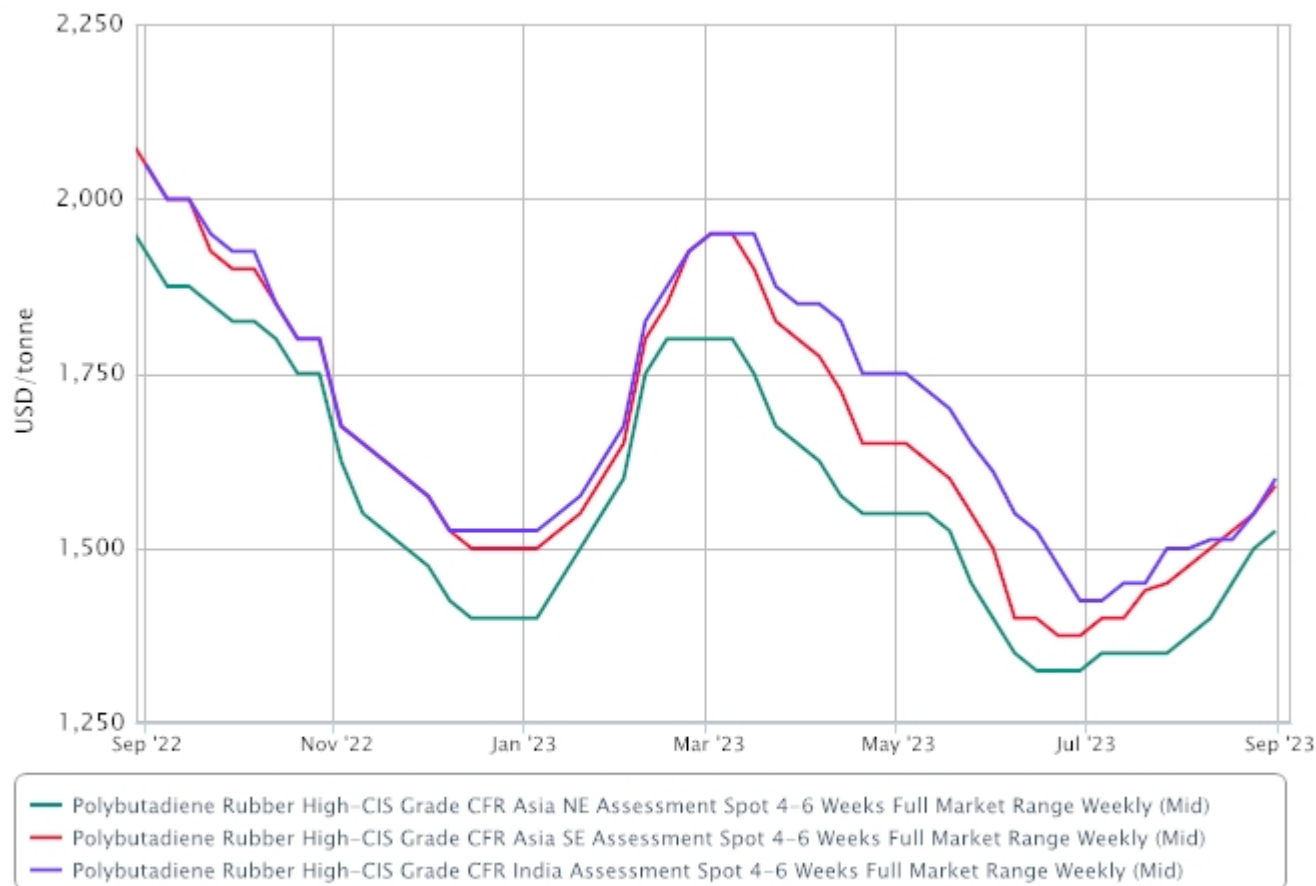
Sellers held their grounds on higher asking prices, as firstly, they needed to rescue compressed margins, and secondly, they were of the view there is support from improving demand conditions in related downstream markets.

For instance, operations in the automobile industry is expected to pick up after the summer lull is over, and if so, it should boost requirements and usage for raw materials like PBR, market players said.

Sellers also perceived buying enquiries as healthy, as more end-users seemed keen to secure some additional PBR now, not only to lock in prices before offers rose further, but also to build stocks in preparation for anticipated Q4 demand uptick.

However, bids continue to lag offers, and this stifles spot trade liquidity, despite the better show of buying interest.

As long as there are still uncertainties about how well the global economic growth will pan out, buyers will be careful to pace themselves and not bid too aggressively for now, market players said.



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OUTLOOK

- Auto sector recovery may be derailed by looming [strikes](#)
- Upstream cost movements to drive offers
- But macroeconomic concerns may hamper upside potential of bids

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Polybutadiene Rubber Low-CIS Grade						
CFR Asia NE	USD/tonne	n/c	1800.00-2000.00	n/c	1750.00-1950.00	81.65-90.72
CFR Asia SE	USD/tonne	n/c	1900.00-2000.00	n/c	1850.00-2000.00	86.18-90.72
Polybutadiene Rubber High-CIS Grade						
CFR Asia NE	USD/tonne	+50	1500.00-1550.00	n/c	1350.00-1400.00	68.04-70.31
CFR Asia SE	USD/tonne	+50	1550.00-1630.00	+30	1450.00-1500.00	70.31-73.94
CFR India	USD/tonne	+50	1550.00-1650.00	+50	1450.00-1550.00	70.31-74.84

Northeast Asia

High-cis

Assessments are stable-to-firm, with the low end lifted alongside domestic increases in China.

Domestic prices in east China surged with more active buying, as well as with support from bullish upstream market.

Price (CNY/tonne)	This week's close	Previous week's close
E China Ex-Warehouse	11,800-12,100	11,300-11,600

Low-cis

Discussions were muted with buyers mostly still in wait-and-see mode.

But sellers held firm to existing offers as they expect buying tempo to pick up in due course, now that operating rates at related downstream factors, such as the polystyrene (PS) units, are improving.

CFR NE Asia assessments were kept unchanged on range-bound indications.

Southeast Asia**High-cis**

Assessments were up, based on the spectrum of trades and discussions heard in the week.

The high end reflects an offer heard, while some cargoes already changed hands at the low end, market players said.

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

Aug (1-30) 2023	Jul 2023	Jun 2023	May 2023	Apr 2023	Mar 2023
130.22	131.31	133.48	136.34	136.27	135.03

Low-cis

Assessments are unchanged, with offers heard at the high end and up.

Buying indications were at the low end, market sources said.

India

Demand sentiment is quite upbeat on expectations that local automobile sales will rise in the run up to the year-end Diwali festival.

Buy-sell discussions firmed as such for CFR India shipment from regular northeast Asian suppliers. Offers were heard at the high end, against buying indications capped at the low end.

UPSTREAM

Butadiene

- Offers [trend up](#) with cost and supply factors
- Some restocking requirements seen from end-users
- But bids still lag offers, affecting spot trade liquidity

The chart below shows the spread between butadiene and PBR.

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



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ANALYTICS

ICIS Outlook for Downstream Appliances Sector

The global outlook for domestic appliances does not look too promising for the next two quarters of 2023. This is true especially for countries such as China and India, which were earlier deemed as a market with substantial growth prospects. Inflation is the leading cause behind the demand destruction. In addition, a slowing real estate market, an erosion of real household incomes and a longer appliance replacement cycle are expected to affect sales adversely in the short-to-medium term. The domestic appliance market had witnessed exponential growth starting in the middle of 2020 until mid-to-late 2021. In short, the sector was expected to cool down and return to more a normalised rate.

In the US, the household appliances sector is a mature market, and a longer appliance replacement cycle is expected to affect sales negatively in the short-to-medium term. However, demand expectations for 2023 are expected to be

low due to lack of pent-up demand.

Like the US, the demand expected for 2023 is expected to be low. And, given the current volatile economic circumstances, consumer spending is expected to be conservative. Overall, the sector is cooling down and returning to more usual growth rates.

With the real-estate downturn in China, demand for domestic appliances is forecast to be constrained. However, the long-term outlook is positive, driven by megatrends such as urbanisation, an increasing middle class and digitalisation. Earlier expectations that India would outperform its global peers have been downgraded. However, there is substantial growth potential in southeast Asia because of its low market share.

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