



Butadiene (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.

All prices in the weekly analysis on 1 September are assessed based on information collected up to 31 August, with the exception of China domestic yuan (CNY) quotes. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

- **Bullish sell-side expectations**
- **Sentiment boosted too by mid-week domestic China spike**
- **Buyers' response mixed**

Spot discussions in Asia's butadiene (BD) import market are boosted by firmer offers and a better show of buying appetite.

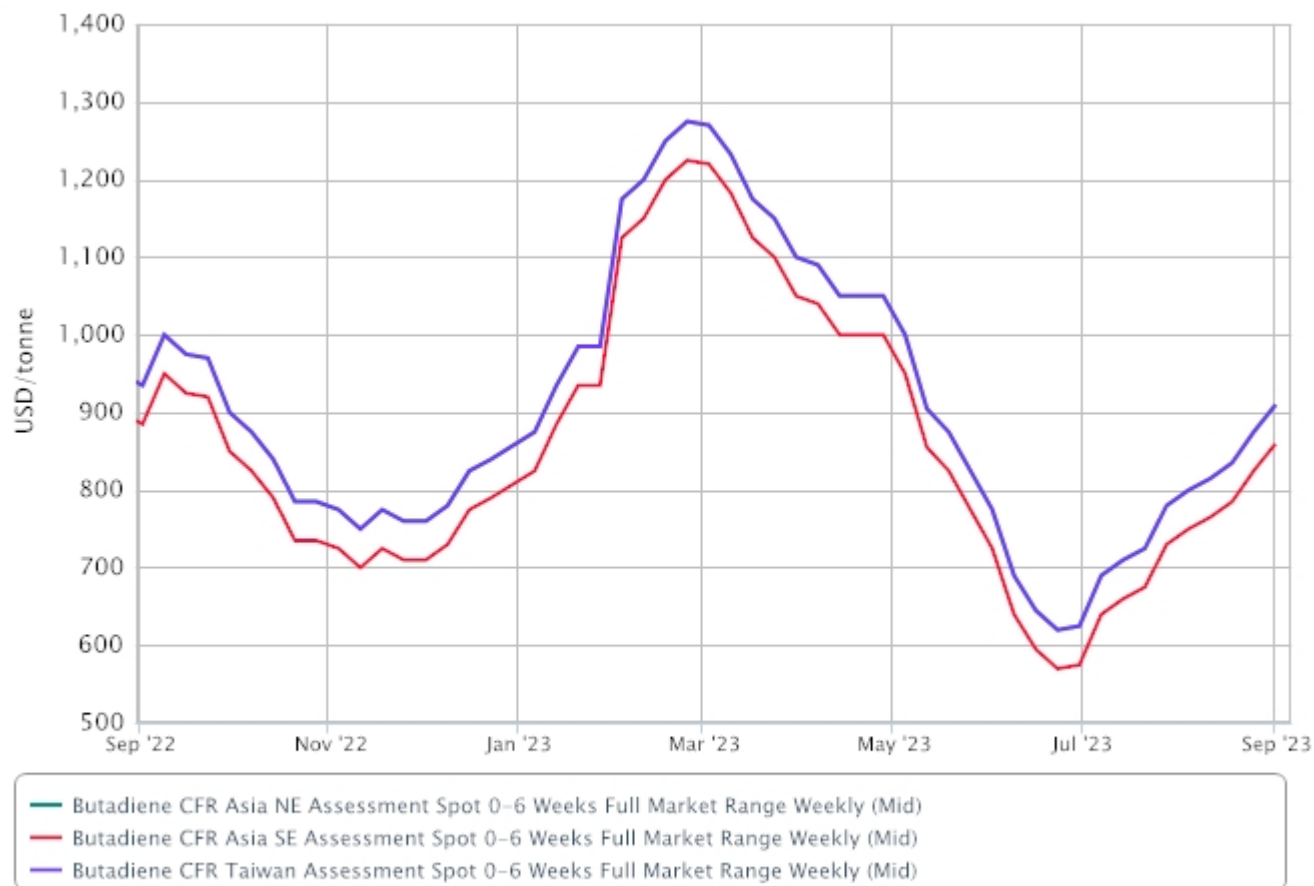
Sellers chased higher targets, not just due to cost concerns, but also because they are confident that they have a stronger hand vis-à-vis buyers, since spot availabilities in Asia are limited.

Northeast Asian producers are mostly already sold out after catering for contractual obligations. Across the region, BD output is expected to stay capped in the near term, by feedstock limitations stemming from not only reduced operations, but also lighter feed into crackers.

In this climate, potential sellers said they would not transact until bids have hit what they deemed as attractive levels.

They were also buoyed by a mid-week spike in domestic China market, and are optimistic that buying appetite for BD should have grown now that derivative markets like [synthetic rubbers](#) and acrylonitrile-butadiene-styrene (ABS) are doing better.

But on the buy-side, sentiment is still mixed and uneven. Some did fork out more to close deals this week, but many continued to hold back, citing concerns about the broader global economic growth prospects.



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OUTLOOK

- Spot supplies may remain snug for the near term
- Downstream demand may see support from [PMI](#) increases in China
- Players to monitor broader [economic growth trajectory](#) in China too

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	+20	850.00-900.00	+20	830.00-860.00	38.56-40.82
CFR NE Asia	USD/tonne	+20	870.00-950.00	+50	750.00-850.00	39.46-43.09
CFR Taiwan	USD/tonne	+20	870.00-950.00	+50	750.00-850.00	39.46-43.09
CFR SE Asia	USD/tonne	+20	820.00-900.00	+50	700.00-800.00	37.19-40.82

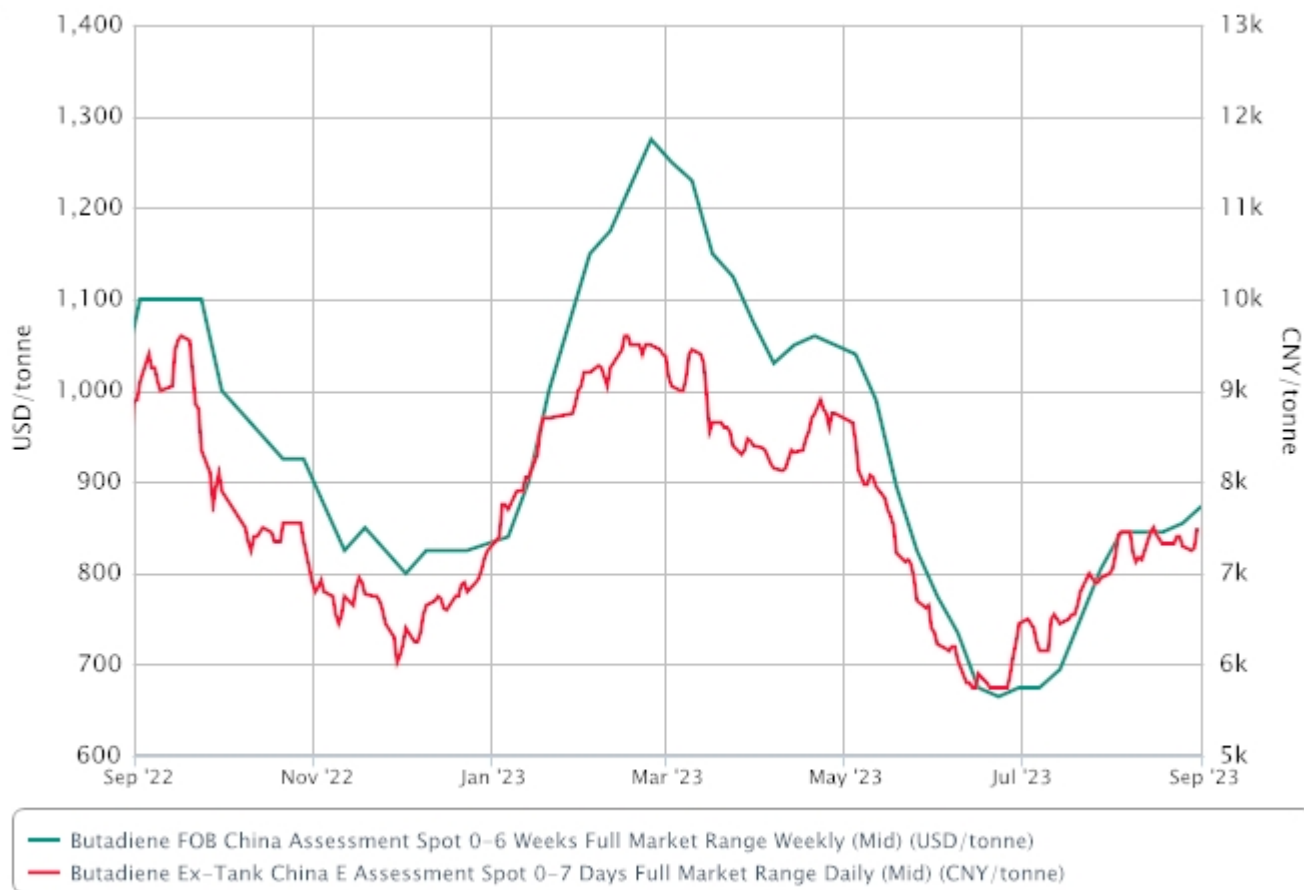
China

The FOB China offers rose with mid-week increases in the domestic yuan-denominated market, and the high-end is lifted.

The low-end is notionally raised in line with high-end in the absence of more substantive negotiations.

Market sources said that China producers shifted their attention back to domestic sales rather than chase export deals.

Domestic ex-tank prices in east China surged mid-week, riding on resurgent and upbeat buying activities in northern China.



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Northeast Asia

CFR NE Asian assessments also gained with firmer buy-sell discussions and indications.

A SE Asia-origin cargo available to ship in H2 September was put up for tender sales this week.

The cargo was sold at high \$700s/tonne, on FOB SE Asia basis, market sources said. It is earmarked for delivery to South Korea, and market sources pegged this to be the equivalent of about mid-\$900s/tonne, on CFR NE Asia basis.

This formed the high-end, as it also dovetailed with the majority selling indications heard from traders who are in position to move September/October parcels.

Regional producers are heard looking to chase even higher targets if they have volumes to spare for spot sales.

Another transaction was heard this week around this level, involving a cargo available to ship promptly in H1 September from south Korea to northern China, market sources said. But not all the parties involved in the trade could be verified.

Buying interest is detected in Korea and Taiwan too, but buying appetite was uneven, with many players leaning more towards trading on formula basis.

For fixed price trades, some potential buyers in these outlets acknowledged that they may have to be prepared to fork out more - minimally high \$800s/tonne CFR NE Asia, as they noted - if they wanted to engage any sellers in more meaningful discussions.

The low-end is raised, reflecting this, and this is also similar to the last deal-done level in recent weeks, market sources said.

But in reality, many end-users continued to stay on the sidelines for the week, saying that they need to monitor derivative market performance further before they could confidently bid higher, and commit to levels closer to sellers' expectations.

CFR Taiwan assessments were adjusted in line with changes for CFR NE Asian assessments.

Monthly Contract DEL, \$/tonne	Jul 23	Jun 23	May 23	Apr 23	Mar 23	Feb 23	Jan 23
Taiwan FPCC	650	655	875	1,015	1,085	1,085	855
Korea YNCC	665	635	855	1,060	1,145	1,178	905

Southeast Asia

CFR SE Asian assessments are adjusted with changes in the CFR NE Asian prices in the absence of concrete discussions on CFR SE Asian terms.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

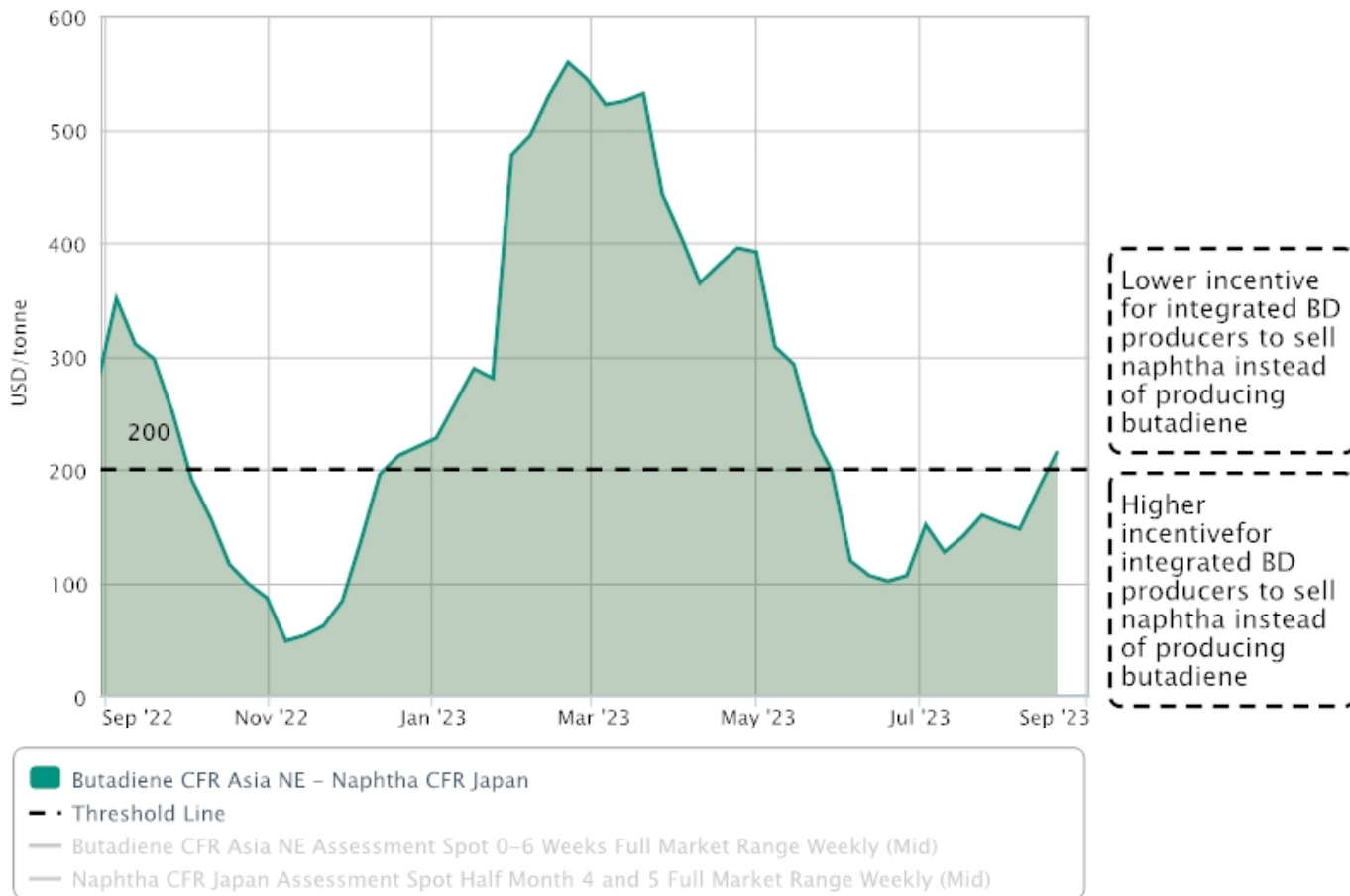
		Price Range	One Week Ago	/
Butadiene				
Ex-Tank E China	CNY/tonne	+500	8000-8200	+600
			7250-7350	-

UPSTREAM

Naphtha:

- Crack on Tuesday eased to lowest since 22 Aug
- Recent high prices impacting buyers
- Some expecting more arbitrage cargoes arriving in Sept

[Feedstock spread between Naphtha CFR Japan and Butadiene CFR NE Asia](#)



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Click [here](#) for the Asia feedstocks and petrochemicals weekly summary.

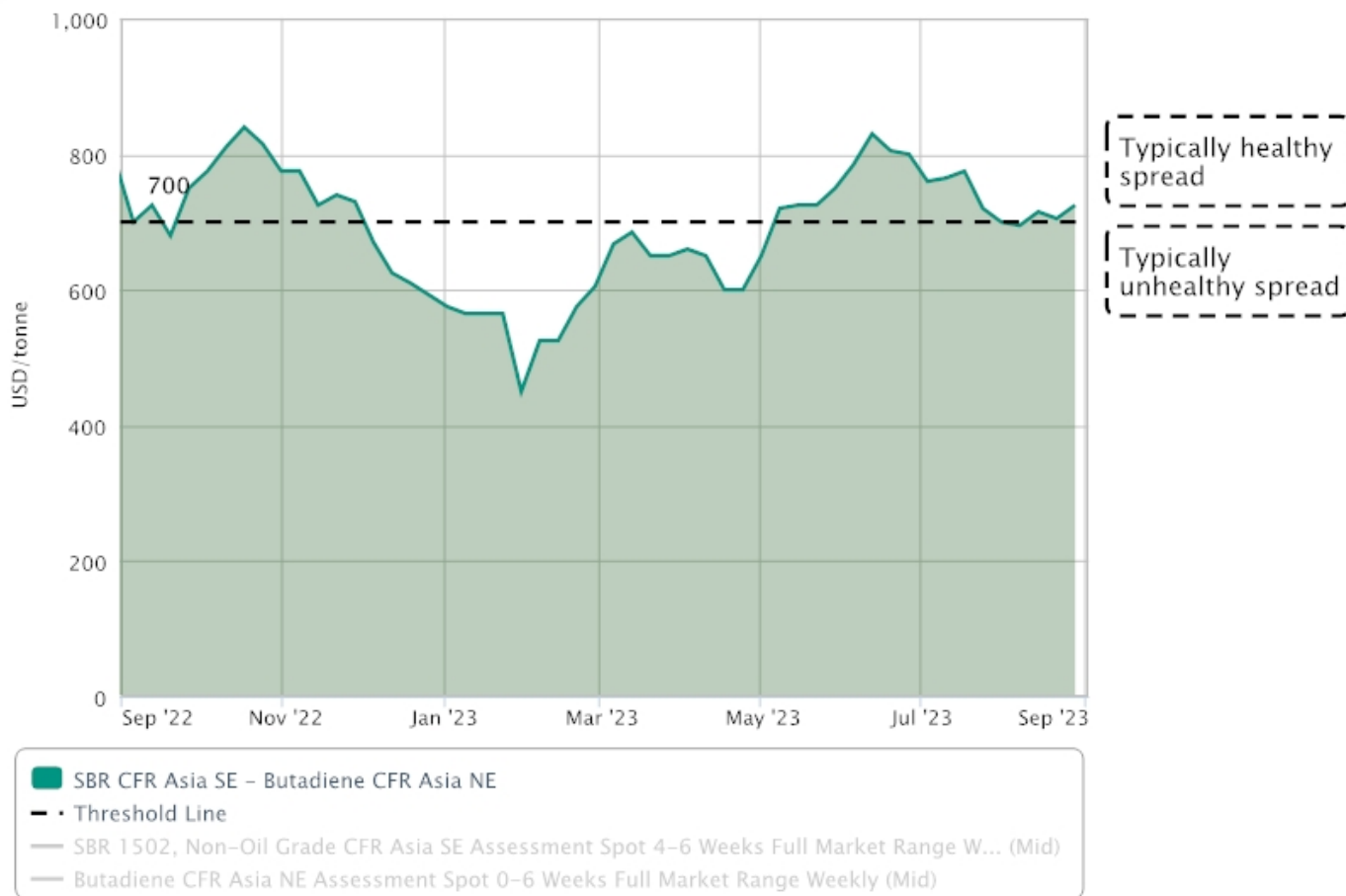
DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Better buying appetite
- Restocking interest seen
- Offers also up on cost concerns

The chart below shows the spread between BD and SBR in Asia.

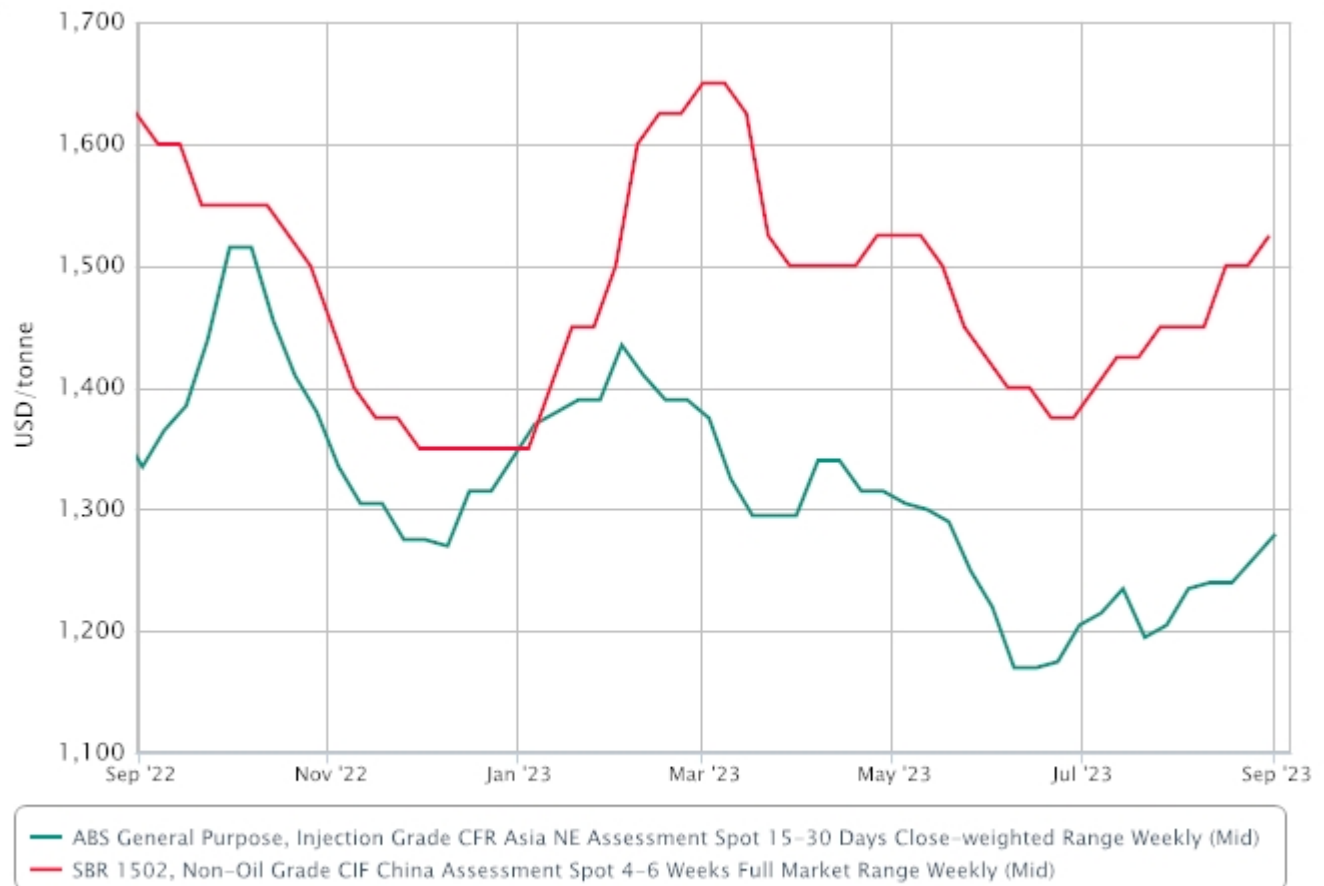
[Spread between Butadiene and Styrene Butadiene Rubber Asia](#)



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Acrylonitrile-butadiene-styrene (ABS)

- CFR NE Asia up for second week on stronger offers following production cuts
- Uptrend mitigated by feedstock costs surge slowdown, persistently sluggish demand
- Seller margins continue to improve, sustainability questioned



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PRODUCTION

Click [here](#) for the Live Disruption Tracker.

OTHER REGIONS

Europe

- September CP up by €35/tonne
- Asia price uptrend ongoing - supporting higher FOB talks
- Export competition with US expected to be renewed
- Domestic stays quiet, price ideas mixed

US

- September contract nominations higher
- Supplies improving on BTP restart; demand remains slow
- Asian price uptrend, import interest continues

ANALYTICS

ICIS Crude Outlook

Total OPEC-13 crude oil production averaged just over 27.3m bbl/day in July, down by just under 840,000 bbl/day month-on-month. Global supply is forecast to decrease by about 1m bbl/day in August and September as Saudi Arabia implements voluntary cuts. Russian crude oil shipments fell in July and this trend continued into August, indicating that Russia is finally following pledged output cuts. China's economic recovery continues to evolve at a slower-than-expected pace, even though data for Chinese crude oil imports have proved robust. Global crude prices increased steadily in July and early August, reflecting a tightening market amid deeper Saudi supply cuts, improved macroeconomic sentiment and elevated seasonal demand. Concerns remain focused on the tension between slowing global demand growth and tighter global supply.

By **David Jorbenaze**, senior analyst, david.jorbenaze@icis.com

ICIS Naphtha Outlook

Naphtha values continue to reflect fluctuations in crude prices, which saw weekly gains in July and early August. The recent crude rally, led by deeper OPEC+ cuts, sent refined product prices higher. Due to a surge in demurrage costs at the Panama Canal, USGC exporters have redirected volumes destined for Asia to Europe. Elevated seasonal demand, led by higher consumption of light distillates, has attracted naphtha for blending purposes. In August, naphtha stocks in the ARA hub in northwest Europe remained steady. Russian oil product shipments fell in July and this trend continued into August. Petrochemical margins remained weak on increased overall availability through the month. Hurricane forecasts in the US could affect supply-demand fundamentals in September.

By **David Jorbenaze**, senior analyst, david.jorbenaze@icis.com

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