



Butadiene (Asia-Pacific)

By Ai Teng Lim

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[Overview](#) | [Outlook](#) | [Prices](#) | [Upstream](#) | [Downstream](#) | [Production](#) | [Other Regions](#) | [Analytics](#)

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

All prices in the weekly analysis on 2 June are assessed based on information collated up to 1 June, with the exception of domestic yuan (CNY) quotes. Please click [here](#) for the ICIS publishing schedule.

ICIS is collecting feedback on our current methodology for Butadiene. Please click [here](#) to provide your feedback.

OVERVIEW

- **Domestic losses widen within China**
- **This weighs on import discussions in wider Asia**
- **Potential supply overhang looms amid weak demand**

In China, domestic yuan-denominated butadiene (BD) prices sank lower this week, dragging down sentiment in wider Asia on discussions in the US dollar denominated import market.

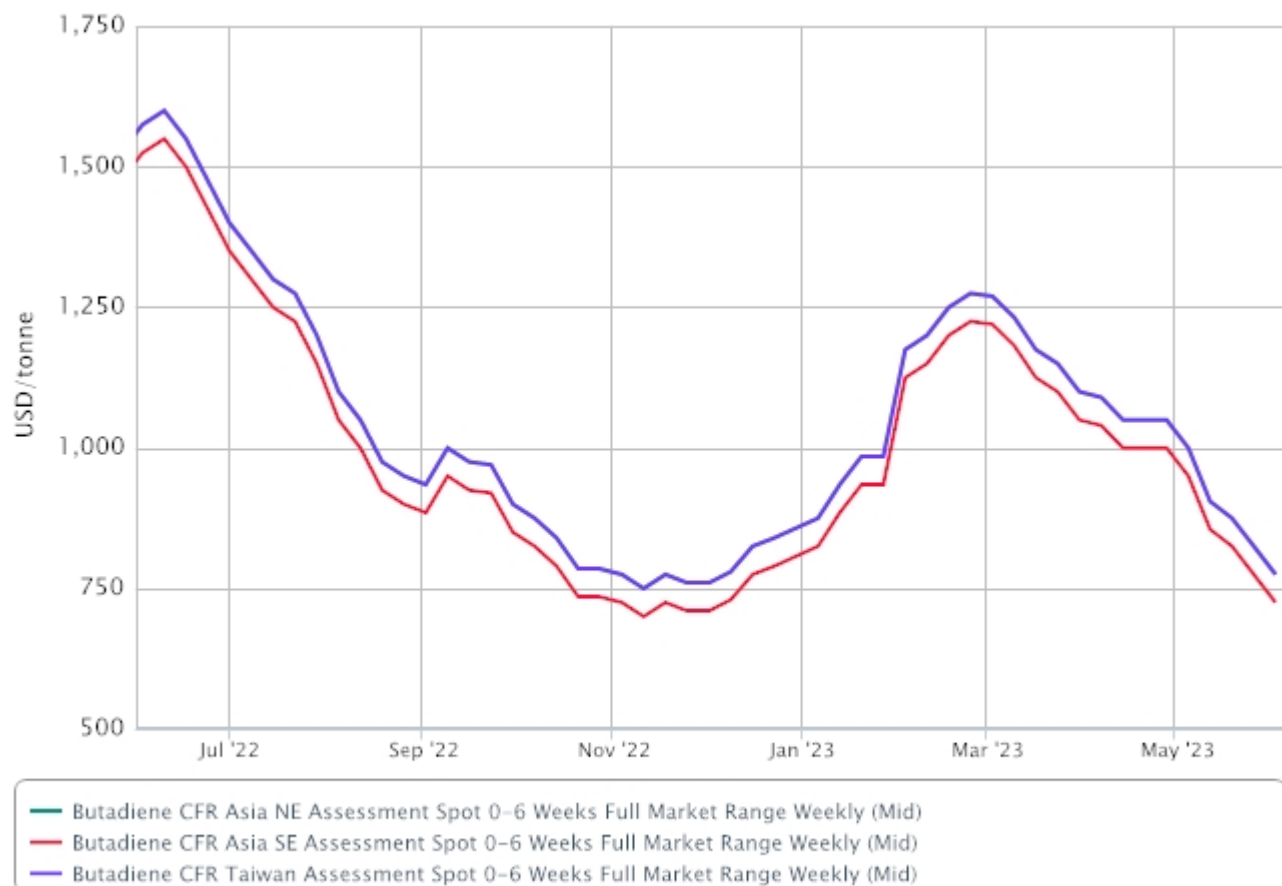
A major China BD producer made successive downward revisions this week on its domestic list prices, triggering a sell-off too in the domestic ex-tank spot market.

This also affected US dollar denominated import discussions as buying interest for imports fizzled out in China, forcing import sellers to also contemplate deeper discounts to entice buying.

Near-term outlook is hazy, as demand-supply fundamentals are structurally weak to being with.

On the demand front, BD requirements are curbed as key derivative sectors, from synthetic rubbers to acrylonitrile-butadiene-styrene (ABS) were also struggling with slow sales and compressed margins.

And yet supply is poised to lengthen as besides the regular stream of southeast Asian spot availabilities, more cargoes may surface from northeast Asia once various BD plants there restart in June from maintenance closures.



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OUTLOOK

- Supply may lengthen with plants restarting
- Weak [China PMI](#) data poses demand headwinds
- Near-term outlook may stay bearish

PRICES

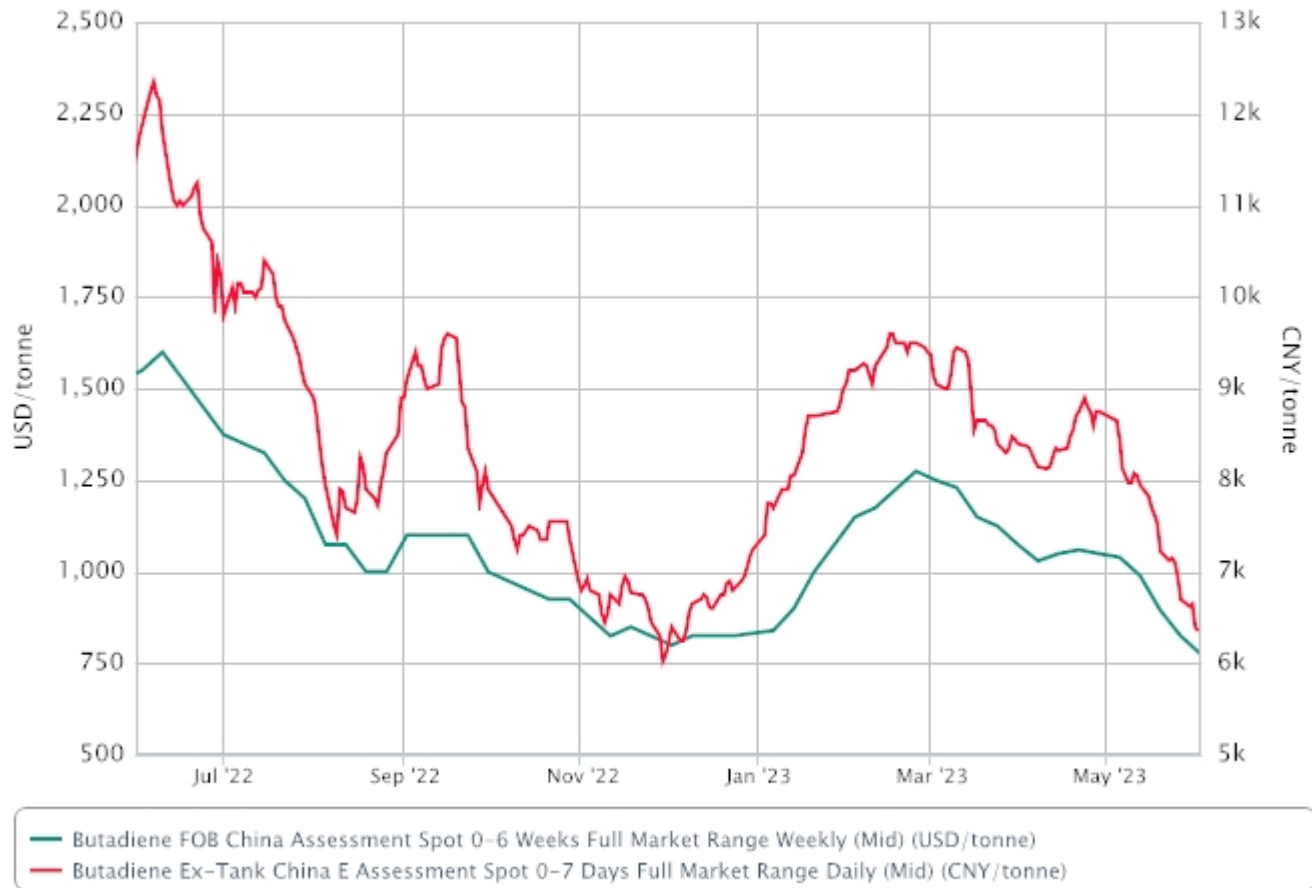
SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	-50	750.00-800.00	-50	1020.00-1060.00	34.02-36.29
CFR NE Asia	USD/tonne	-50	750.00-800.00	-50	950.00-1050.00	34.02-36.29
CFR Taiwan	USD/tonne	-50	750.00-800.00	-50	950.00-1050.00	34.02-36.29
CFR SE Asia	USD/tonne	-50	700.00-750.00	-50	900.00-1000.00	31.75-34.02

China

Domestic ex-tank prices in east China continued to fall, hitting year-low levels.

FOB China discussions also softened in line, and buy-side indications crept lower in the week.



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Northeast Asia

CFR NE Asian assessments are down, taking into account lower buy-sell indications, even though no concrete spot transactions materialised in the week.

June trade was deemed mostly completed, and some discussions on July parcels started surfacing.

A southeast Asia-origin cargo available to lift in early July was put up for sale, via tender, but the outcome of the tender was not available by press time.

A northeast Asian producer may also have a July parcel available for spot sales, market sources said. But there was no concrete offer made in the week as such.

Selling expectations fell from around mid-\$800s/tonne CFR NE Asia in early week to around \$800/tonne CFR NE Asia by late week, and this formed the high-end.

The low-end tracks buying indications which were heard broadly in the \$700-750/tonne CFR NE Asia range.

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

Monthly Contract DEL, \$/tonne	May 23	Apr 23	Mar 23	Feb 23	Jan 23	Dec 22
Taiwan FPCC	875	1,015	1,085	1,085	855	755

Korea YNCC	855	1,060	1,145	1,178	905	795
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Southeast Asia

CFR SE Asian assessments were adjusted with changes in CFR NE Asia assessments.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

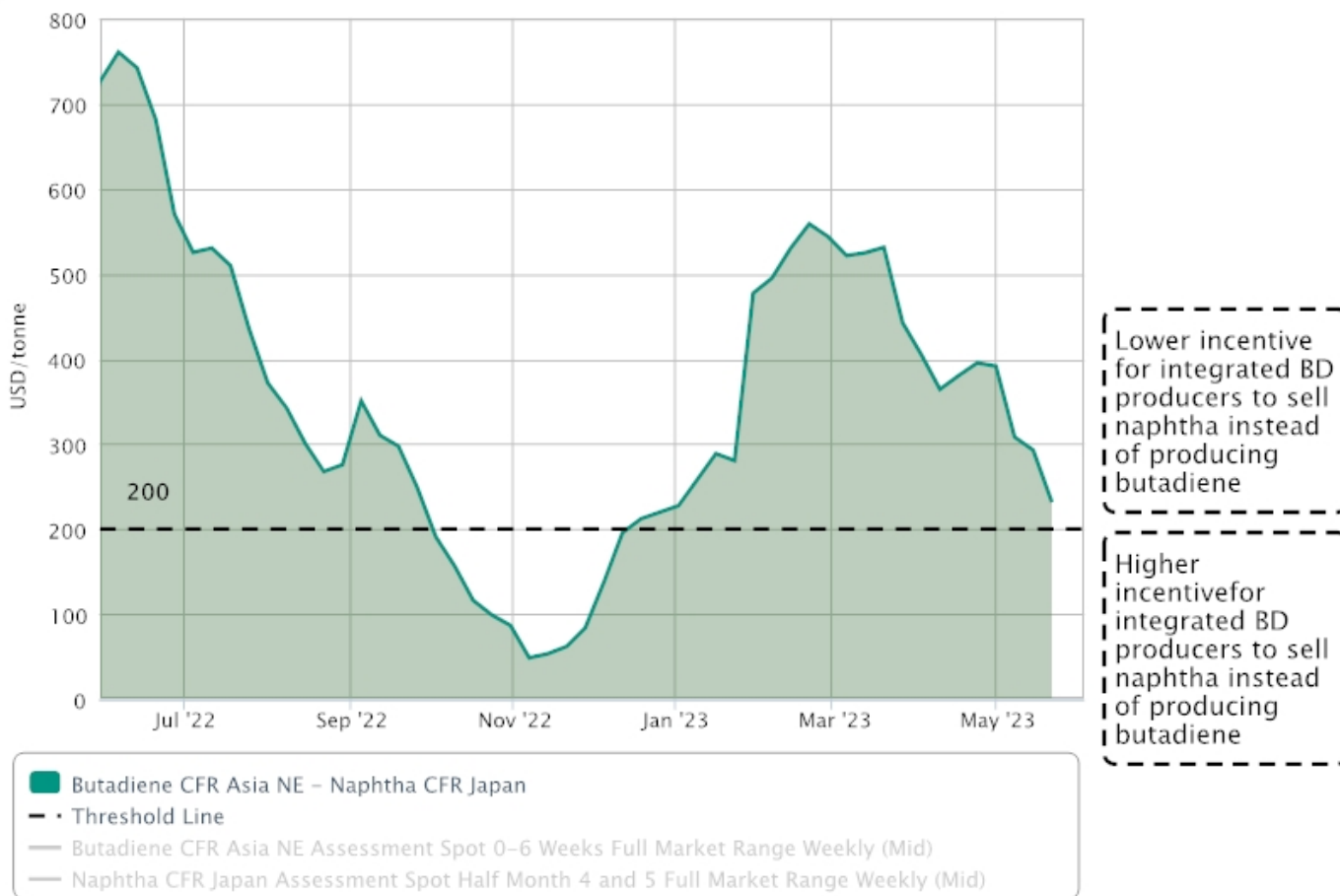
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	-150	6150-6300	-100	6700-6700	-

UPSTREAM

Naphtha

- Asian market weighed down by softer crude
- Some buying interest seen on upcoming cracker restarts
- Sentiment remains cautious on weak demand

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



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

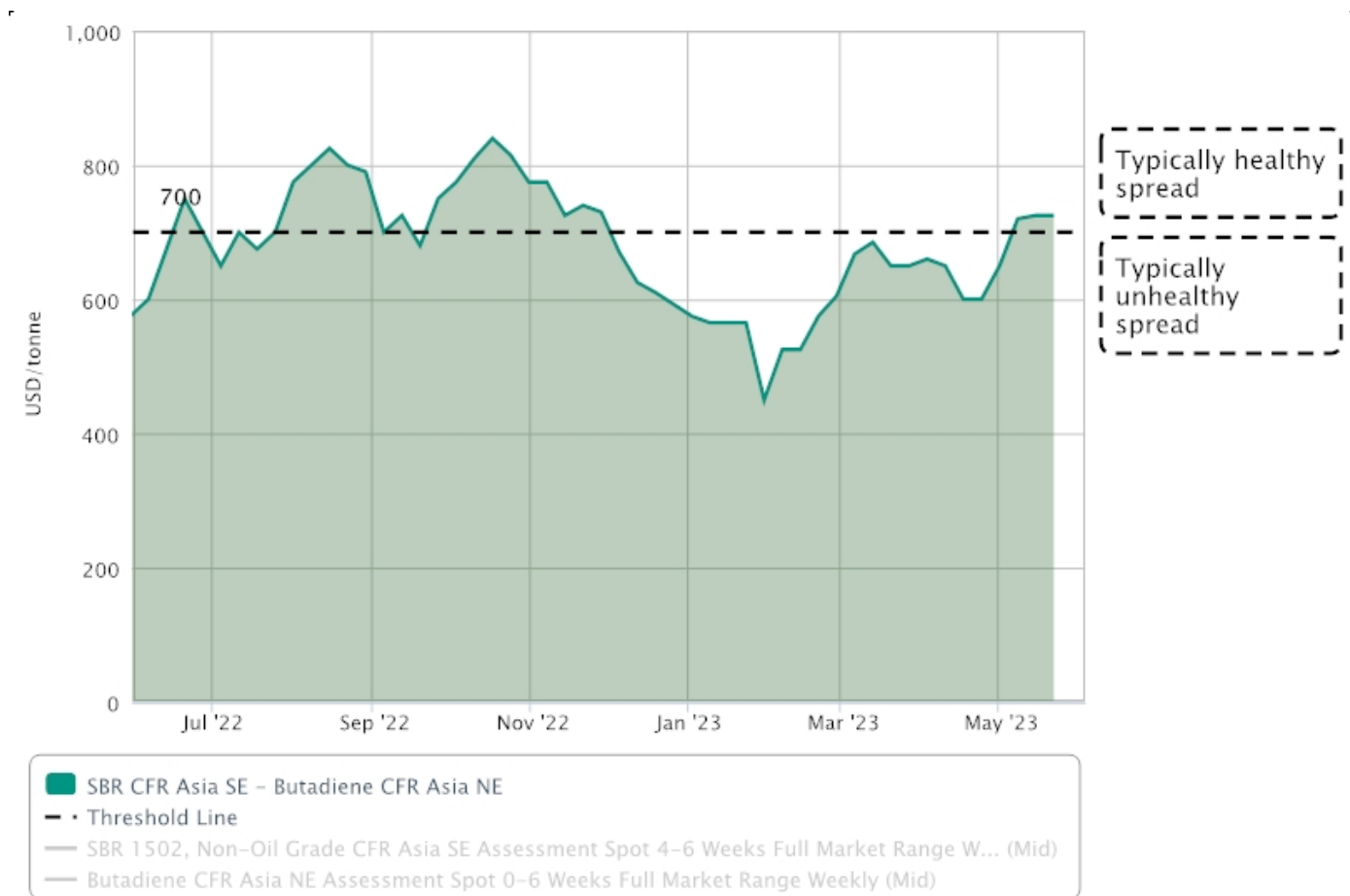
DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Prices trend lower
- Poor buying appetite
- Sellers lower expectations too

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)

- Import prices largely soften for a fifth week
- Sellers worry as margins wobble again
- Spread from feedstock cost, SM, fall below healthy levels



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PRODUCTION

Output in northeast Asia is crimped in Q2 amid a heavy wave of maintenance closures, from [Taiwan](#), [Japan](#) to [South Korea](#).

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

OTHER REGIONS

Europe

- June CP slips by €80/tonne
- Sentiment bearish - US, Asia face downwards pressure

- No spot activities heard, prices notionally lower

US

- June contracts sharply lower
- Spot prices trend lower
- Weak demand remains overarching theme

ANALYTICS

ICIS Crude Outlook

In April, total OPEC-13 crude oil production averaged 28.6m bbl/day, down 200,000 bbl/day month-on-month. Output cuts by OPEC+ should continue to tighten the market later this year. Russia continues to aggressively boost export volumes and has found willing buyers in markets further afield. US crude exports to Europe remained high in April and May, encouraged by elevated European demand ahead of the driving season and lack of supply from Russia. Crude oil imports are on the rise in China after an increase in domestic mobility. India continues to play a prominent role in the oil market and has become a major consumer of Russian crude which has forced OPEC+ producers to ship oil to other regions such as Europe and the US. The market's current pessimistic mood due to macroeconomic concerns, clashes with expectations of a tight supply-demand balance later this year, when demand is set to meet and outstrip supply.

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

ICIS Naphtha Outlook

NWE naphtha cracks in May remained volatile, closely mirroring fluctuations in the crude futures market, and they continue to remain under pressure from reduced cracker run rates due to limited demand and ample availability. Margins at European refiners have been hit by rising costs and slow demand growth. Naphtha stocks in the ARA trading hub were up over 20% in May compared with the April month average, suggesting that demand has reduced in recent weeks. Russian flows continue to look for new buyers – with Russian naphtha imports into Singapore almost tripling in Q1. Naphtha demand remains a major source of underlying growth in Chinese and global oil demand, supported by ongoing steam-cracker capacity additions in Asia. However, refined product stocks are on the rise in the region, maintaining pressure on naphtha prices.

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

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