ICIS Independent Commodity Intelligence Services

Butadiene (Asia-Pacific)

By Ai Teng Lim
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Overview | Outlook | Prices | Upstream | Downstream | Production | Other Regions

Please click here for full details on the criteria ICIS uses in making these price assessments.

OVERVIEW

- **Some short-covering purchases at higher levels**
- **But sentiment fell thereafter alongside domestic China losses**
- **Discussions are dampened late week**

Discussions in this week's Asian butadiene (BD) import market were in a flux, as sentiment fluctuated wildly throughout the week.

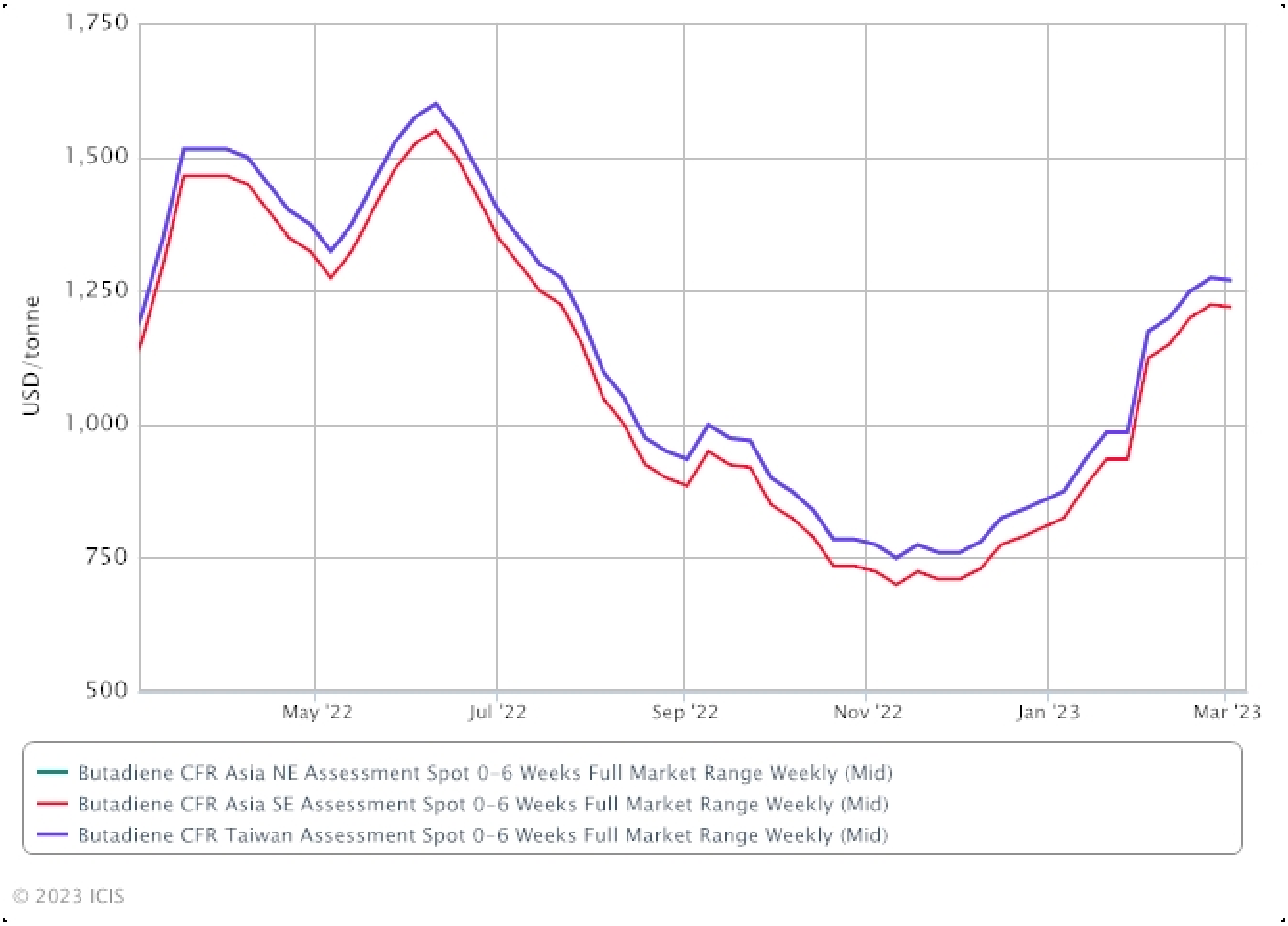
On one hand, there was bullish buying by producers in South Korea seeking prompt delivery cargoes to fill shortfall on their domestic contractual obligations.

Some regional crackers are set to operate at a higher rate in March, but market players said that as the increases are modest, these may not be sufficiently entrenched to change and uplift BD's supply balance in March and April. In short, BD supplies could remain snug in nature for the near term, market players added.

Producers caught short had few options therefore but to source for spot supplement, as well as to bid handsomely, so as to ensure that they secure sufficient volumes and within their required delivery window.

But outside of this sector of players, sentiment was mostly downbeat, firstly due to persistently lacklustre performance in many downstream derivative markets, and secondly because confidence is shaken after the domestic China BD market started to decline within the week.

A major China producer made successive cuts to its yuan-denominated ex-work prices, following which, discussions were dented on other spot availabilities available for forward delivery in April.



OUTLOOK

- **Buy-sell tussel to persist**
- **BD supplies under pressure once plant turnarounds set in**
- **But demand may remain undermined by lacklustre derivative markets**

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	-50	1200.00-1300.00	n/c	1100.00-1200.00	54.43-58.97
CFR NE Asia	USD/tonne	-50	1200.00-1340.00	+40	1100.00-1250.00	54.43-60.78
CFR Taiwan	USD/tonne	-50	1200.00-1340.00	+40	1100.00-1250.00	54.43-60.78
CFR SE Asia	USD/tonne	-50	1150.00-1290.00	+40	1050.00-1200.00	52.16-58.51

China

FOB China assessments were stable-to-soft, with the low-end dropped to capture the full spectrum of discussions.

The high-end tracked stable offers from several producers.

Buying interest was heard at the low end, and some discussions took place at this level, albeit non-conclusively by press time.

Domestic ex-tank prices in China fell in the week with poor buying.

Northeast Asia

China remained more a seller than buyer in the CFR NE Asian market.

CFR NE Asian assessment range also widened, to capture the full spectrum of discussions and deals across the week, involving different profiles of buyers.

There was some short-covering demand from South Korea, and under this ambit, a southeast-Asian-origin cargo was sold at the high-end for H2 March shipment to Korea. Negotiations were underway for another parcel, involving different buy-sell players, at low $1,300’s/tonne CFR NE Asia, market sources said.

But for end-users, many said these levels were untenable, given current pricing and demand conditions in related derivative markets.

And with yuan values for BD falling, they were convinced that discussions for US dollar denominated import cargoes will only trend similarly, especially if the lower yuan values give rise to more competitive export offers from China.

Their buying appetite therefore gravitated towards the low-end, and late week, negotiations were heard underway between an end-user and trader-seller for a mid-April shipment lot at around $1,200/tonne CFR NE Asia.

Another end-user also bought several April cargoes at similar levels, market sources said, but fuller details were not available.

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

Monthly Contract DEL, $/tonne	Feb 23	Jan 23	Dec 22	Nov 22	Oct 22
Taiwan FPCC	1,085	855	755	755	795
Korea YNCC	1,178	905	795	755	745

Southeast Asia

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

A southeast-Asia-origin cargo was sold this week for April lifting, via tender. The trade was concluded on FOB basis, but other details were not available by press time.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

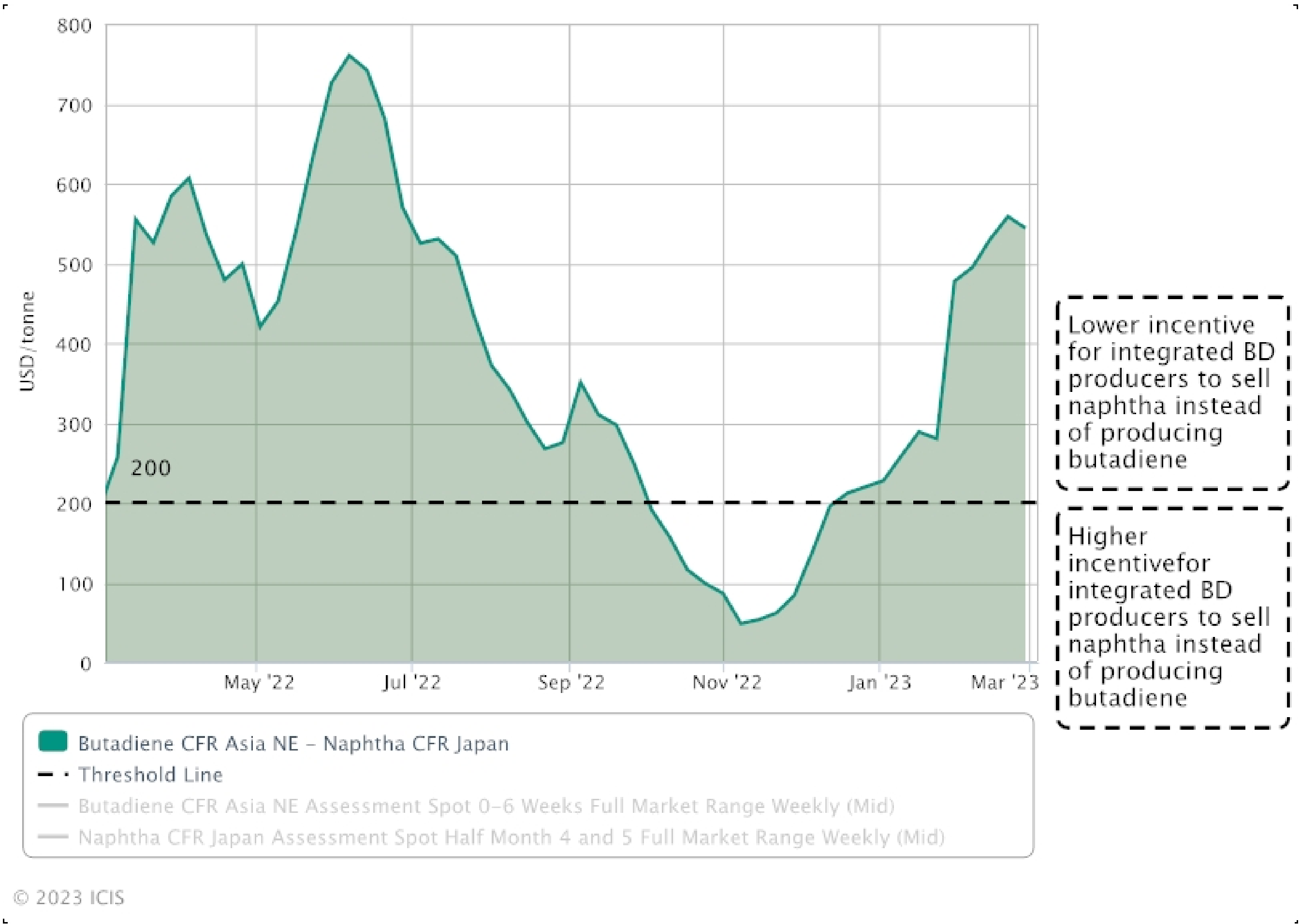
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	-100	9000-9100	-100	9400-9600	-

UPSTREAM

Naphtha:

- Asia demand moderate at best
- Closed western arbitrage keeps supply in check
- Unfavourable returns downstream cap gains

Feedstock spread between Naphtha CFR Japan and Butadiene CFR NE Asia



Click here for the Asia feedstocks and petrochemicals weekly summary.

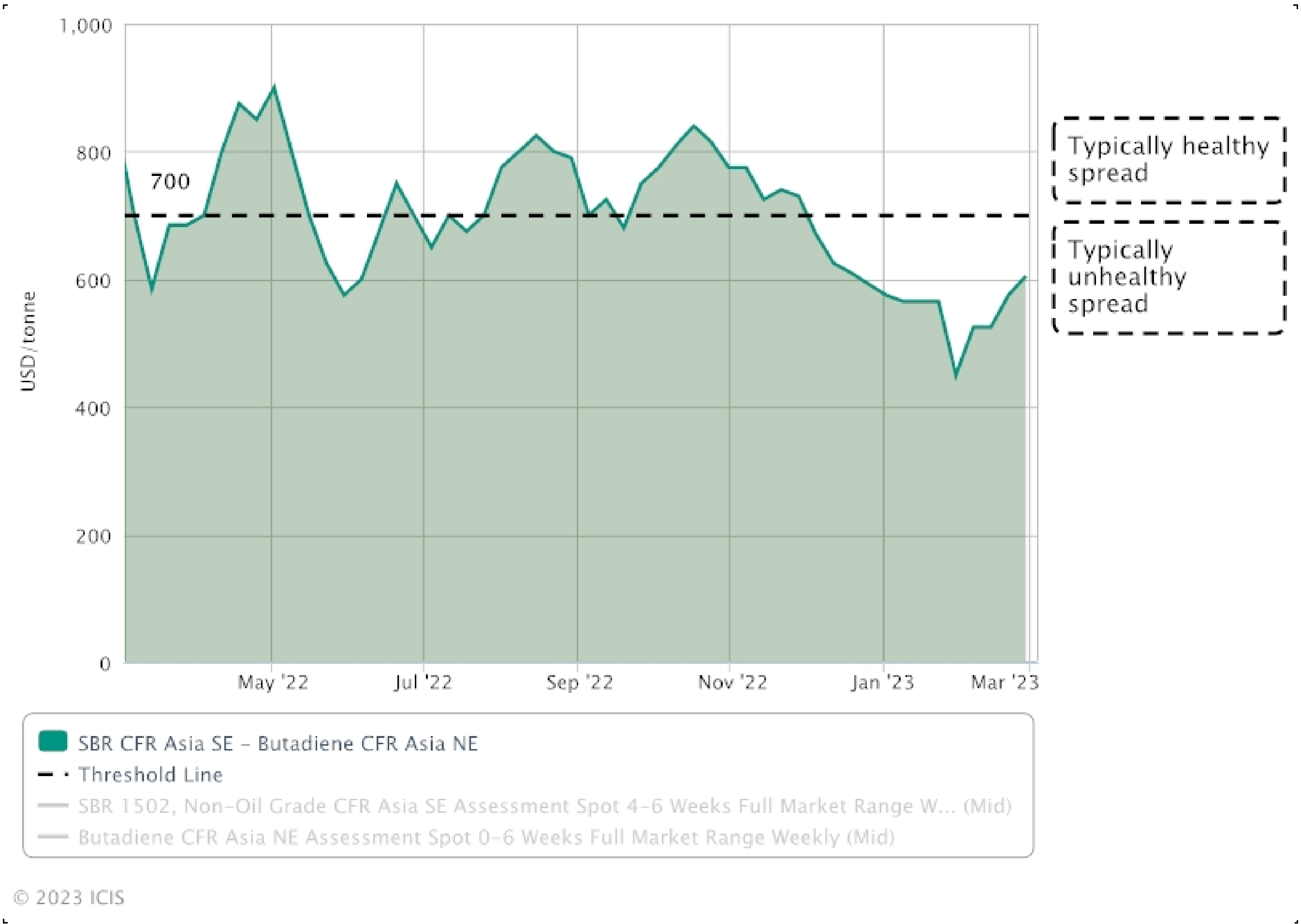
DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Bullish offers due to cost concerns
- Small lots sold
- But majority buyers continue to stay away

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

Spread between Butadiene and Styrene Butadiene Rubber Asia



Acrylonitrile butadiene styrene (ABS)

- Import prices stable-to-soft
- Crude losses, sluggish end-use demand weigh on procurement
- Sentiment stays pessimistic despite China's stronger PMI

PRODUCTION

In northeast, overall BD output is expected to remain capped in the near term, as long as carcker operating rates are not fully restored.

There is also a wave of maintenance closures expected in the April to June 2023 window in South Korea.

Click here for the Asian BD Live Disruption Tracker.

OTHER REGIONS

Europe

- March CP rises on naphtha
- Active discussion for spot exports as Asia market remains firm
- Domestic spot arena remains subdued
- Spot availability limited through production cuts

US

- March contracts roll over alongside balanced market
- US buying interest weak; Europe attention on Asia
- Asia spot prices surpass US for first time since Dec 2020