



Butadiene (Asia-Pacific)

By Ai Teng Lim
03-Nov-2023

[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

- **Downstream demand tapers with China's slowdown**
- **Buying tempo recedes**
- **Deep-sea arrivals to plug regional supply gaps**

Discussions for Asian butadiene (BD) imports slowed down this week as buyers retreated to monitor [shifting dynamics](#) for regional supply-demand balance.

On the demand front, buying interest tapered with manufacturing activities slowing down in China.

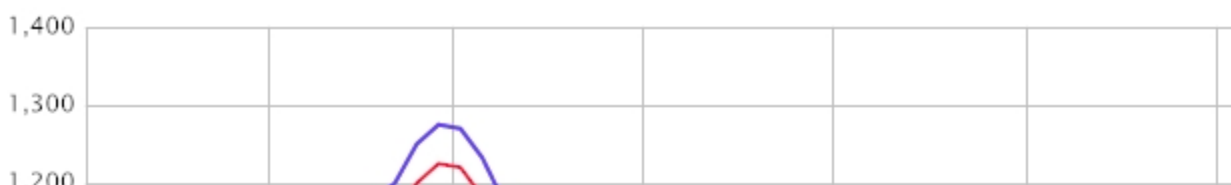
Latest data shows that [China's PMI](#) has rolled back into the contraction zone in October, and this accentuated concerns about China's economic growth trajectory.

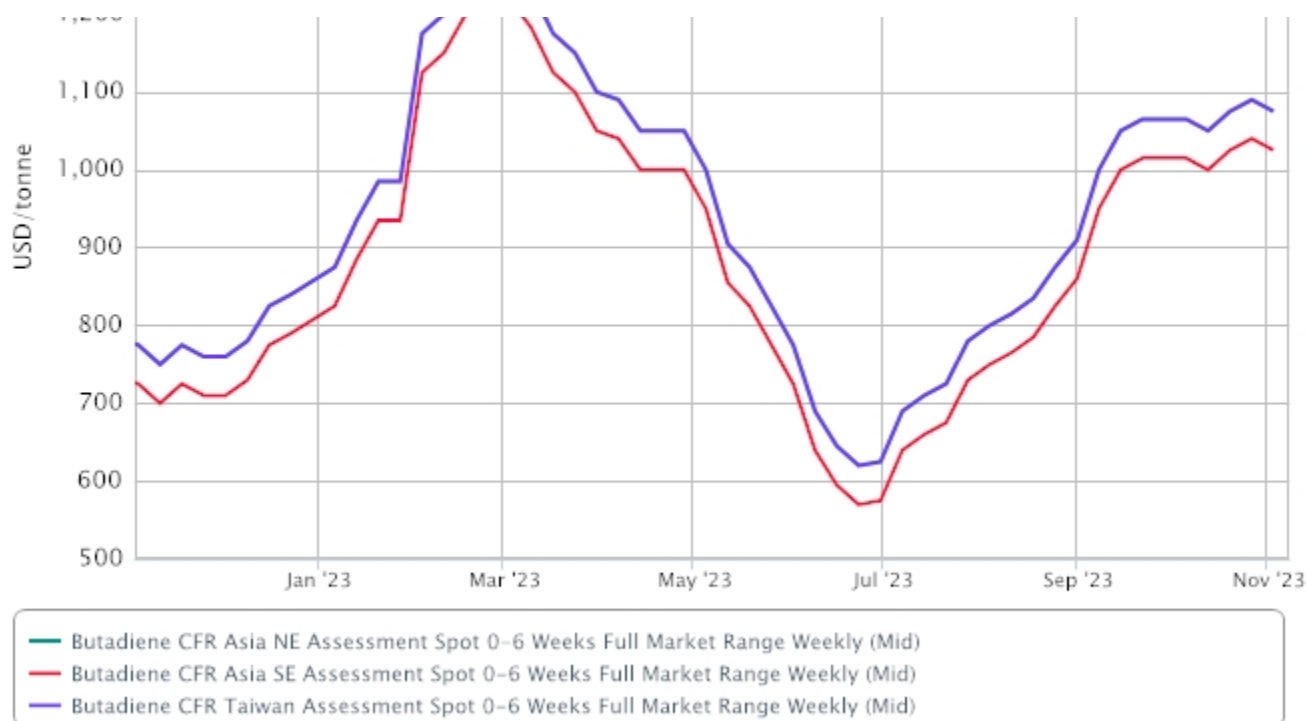
Regional end-users turned cautious anew on fresh BD negotiations, and kept to more subdued buying ideas for BD, also amid lacklustre sales of their own derivative products.

On the supply front, no fresh regional spot availabilities surfaced this week. Regional BD output remains squeezed by ongoing production constraints, supporting in turn existing selling expectations, should any regional spot cargoes surface for spot sales, market sources said.

But buyers' anxieties about supply issues are assuaged by a continuous inflow of deep-sea cargoes. Some November arrival parcels from Europe were already sold in prior weeks, and market players said that fresh volumes available to load in November and arrive in Asia within December were floated this week for sale.

And if downstream demand in Europe fails to pick up, as ICIS' [forecast](#) indicated, the deep-sea BD availabilities may continue for the near term. This could in turn compensate to some extent regional production losses and temper buyers' readiness to bid up, market players said.





© 2023 ICIS

OUTLOOK

- Buy-sell disparity may widen
- Demand outlook downcast on economic headwinds
- Regional output likely to stay structurally tight

PRICES

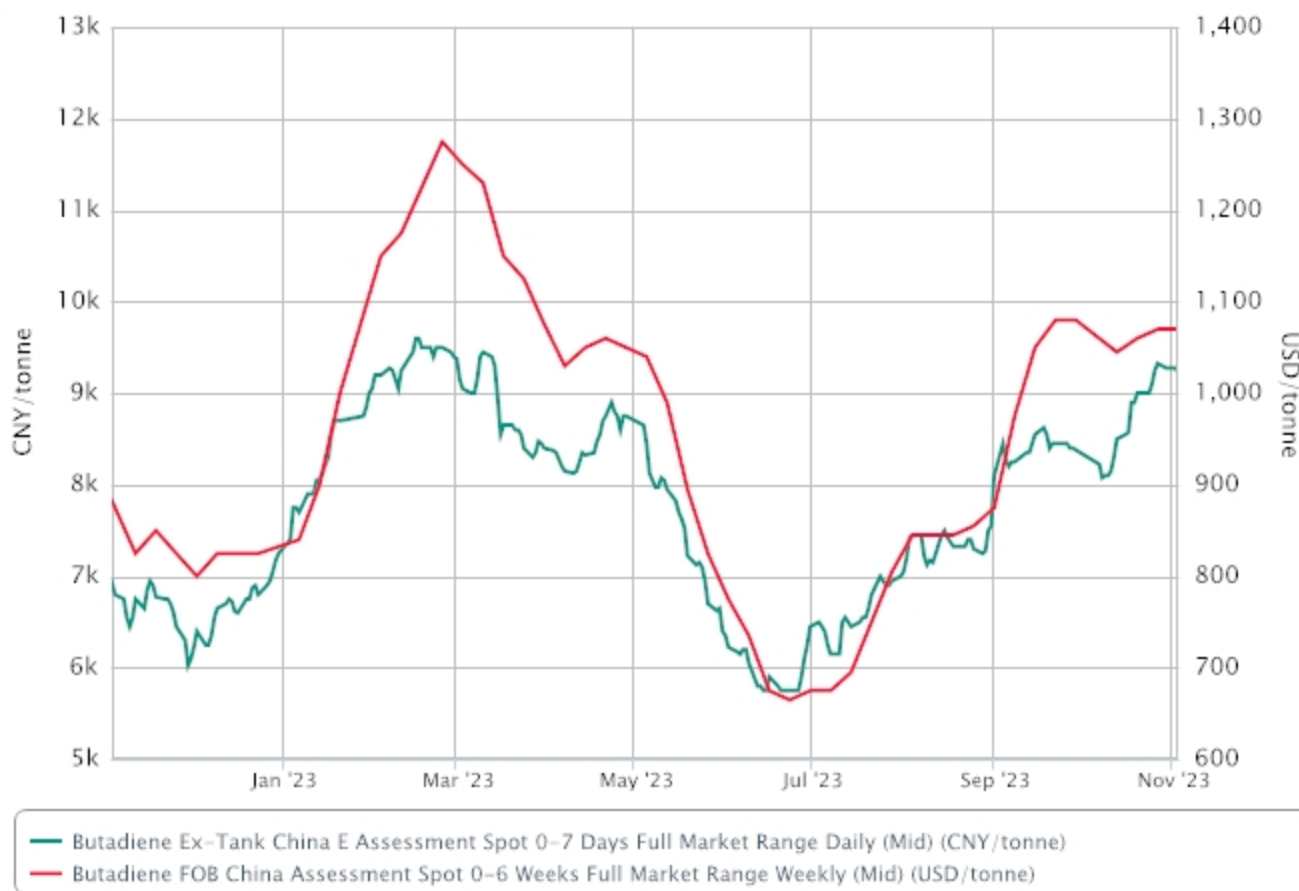
SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	n/c	1040.00-1100.00	n/c	1060.00-1100.00	47.17-49.90
CFR NE Asia	USD/tonne	n/c	1050.00-1100.00	-30	1000.00-1130.00	47.63-49.90
CFR Taiwan	USD/tonne	n/c	1050.00-1100.00	-30	1000.00-1130.00	47.63-49.90
CFR SE Asia	USD/tonne	n/c	1000.00-1050.00	-30	950.00-1080.00	45.36-47.63

China

Domestic ex-tank prices in east China were broadly stable for much of the week, supported by tightness in domestic prompt supplies.

FOB China assessments were rolled over in line, and in the absence of concrete export availabilities for the near term.



© 2023 ICIS

Northeast Asia

CFR NE Asia prices were assessed in a narrower range, taking into consideration lowest sell-side expectations and highest buy-side indications for regional cargoes, in the absence of concrete fixed-price negotiations and/or transactions for such material in the week.

Regional producers were already sold out of November cargoes and not keen as yet to engage in fixed-price trades for December ones unless buyers were prepared to discuss at levels closer to their expectations, the latter of which market sources said held firm at \$1,100/tonne CFR NE Asia and above.

Some regional cargoes did change hands in the week for December shipment, but only on formula-linked terms, market sources said.

On the buy-side, pricing appetite has shrunk, with the majority of end-users across diverse regional outlets heard no longer willing to pay more than \$1,050/tonne CFR NE Asia, tracked at the low end, for any December shipment supplies.

Firstly, they were concerned about downstream affordability, as margins for synthetic rubber makers have slipped

back to unhealthy levels.

Secondly, they see no supply constraints in the region as long as deep-sea origin materials continue to flow in, and were thus in no hurry to bid up. Discussions for December-arrival deep-sea cargoes were heard hovering around the low end of the published range.

CFR Taiwan assessments are adjusted with changes in the CFR NE Asia assessments.

Monthly Contract DEL, \$/tonne	Oct 23	Sep 23	Aug 23	Jul 23	Jun 23	May 23
Taiwan FPCC	995	940	750	650	655	875
Korea YNCC	1,035	980	770	665	635	855

Southeast Asia

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

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

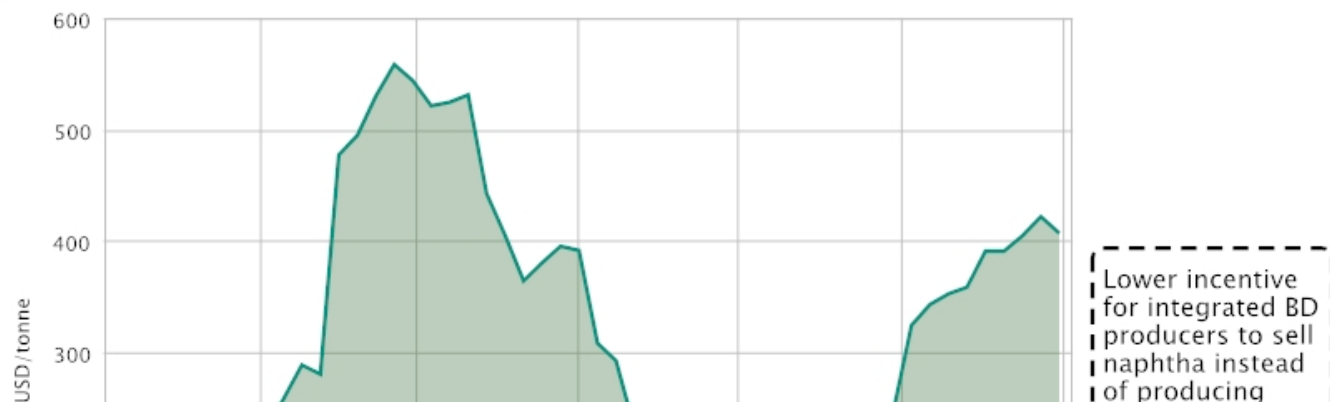
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	-50	9200-9300	n/c	9250-9400	-

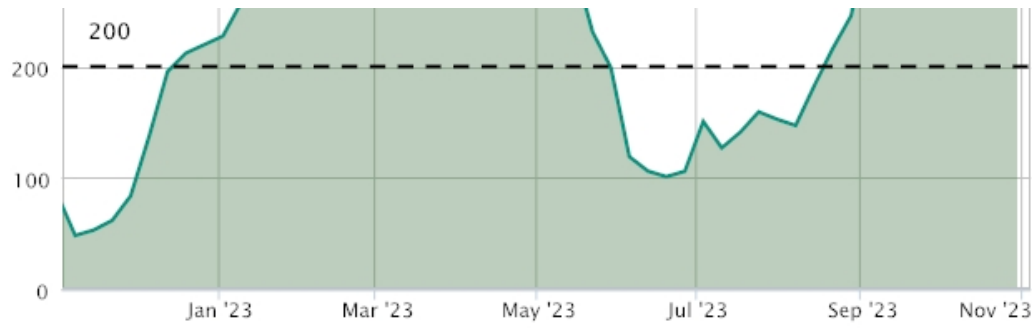
UPSTREAM

Naphtha

- Intermonth spread in contango for the first time since 23 June
- Spot deals for December done largely at discounts amid ample supplies
- Cracks went from double-digit discounts to single-digit premiums due to crude, not demand

[Feedstock spread between naphtha CFR Japan and BD CFR NE Asia](#)





© 2023 ICIS

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

DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Discussions muted as demand tapers
- Some sellers moderated offers
- But discounts capped amid margins concerns

The chart below shows the spread between BD and SBR in Asia, which has slipped into the unhealthy zone, to the disadvantage of SBR makers.

[Spread between BD and SBR Asia](#)





© 2023 ICIS

Acrylonitrile-butadiene-styrene (ABS)

- CFR NE Asia down after last week’s stalemate
- Prices squeezed by upstream, downstream declines
- Traditional lull worsened by cautious sentiment as Middle East conflict ensues



© 2023 ICIS

PRODUCTION

Regional output is constrained by ongoing Q4 [turnarounds](#), but the shortage may ease once recent unplanned outages are gradually [lifted](#).

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

OTHER REGIONS

Europe

- Nov CP settles up by €15/tonne
- Asian uptrend ongoing, extending export interest
- Ramp-up plans for some BD production as a result - but new cracker outages
- Domestic demand mixed - some uplift on Asia

US

- November contracts settle higher
- BTP cracker restarting
- Supplies sufficient to meet domestic demand

Butadiene (Asia-Pacific) | 03-Nov-2023. ICIS accepts no liability for commercial decisions based on the content of this report. Unauthorised reproduction, onward transmission or copying of the Butadiene (Asia-Pacific) Report in either its electronic or hard copy format is illegal. Should you require a licence or an additional copy of the Butadiene (Asia-Pacific) Report, please contact ICIS at sales.uk@icis.com

ICIS, Quadrant House, The Quadrant, Sutton, Surrey, SM2 5AS. United Kingdom. ICIS accept no liability for commercial decisions based on the content of this report. Copyright violation is a serious offence. Any distribution or forwarding of information that is not expressly permitted by your subscription agreement is a copyright violation. ICIS uses software to monitor unauthorised electronic redistribution of reports.

© 2023 Reed Business Information Limited. ICIS is a member of RELX Group. www.icis.com

 RELX™