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.

ICIS plans to discontinue the CFR Taiwan spot assessment in June 2023 as import trade in this market is already included in the wider CFR NE Asia assessment. For further information, please contact aiteng.lim@icis.com .

OVERVIEW

- **Weak downstream demand continues**
- **Oil slump dents buying appetite even more**
- **No lack of spot availabilities from SE Asia**

Spot discussions for Asian butadiene (BD) imports faced several downside pressures this week, although substantive negotiations and transactions were curbed due to various holiday market closures in the week.

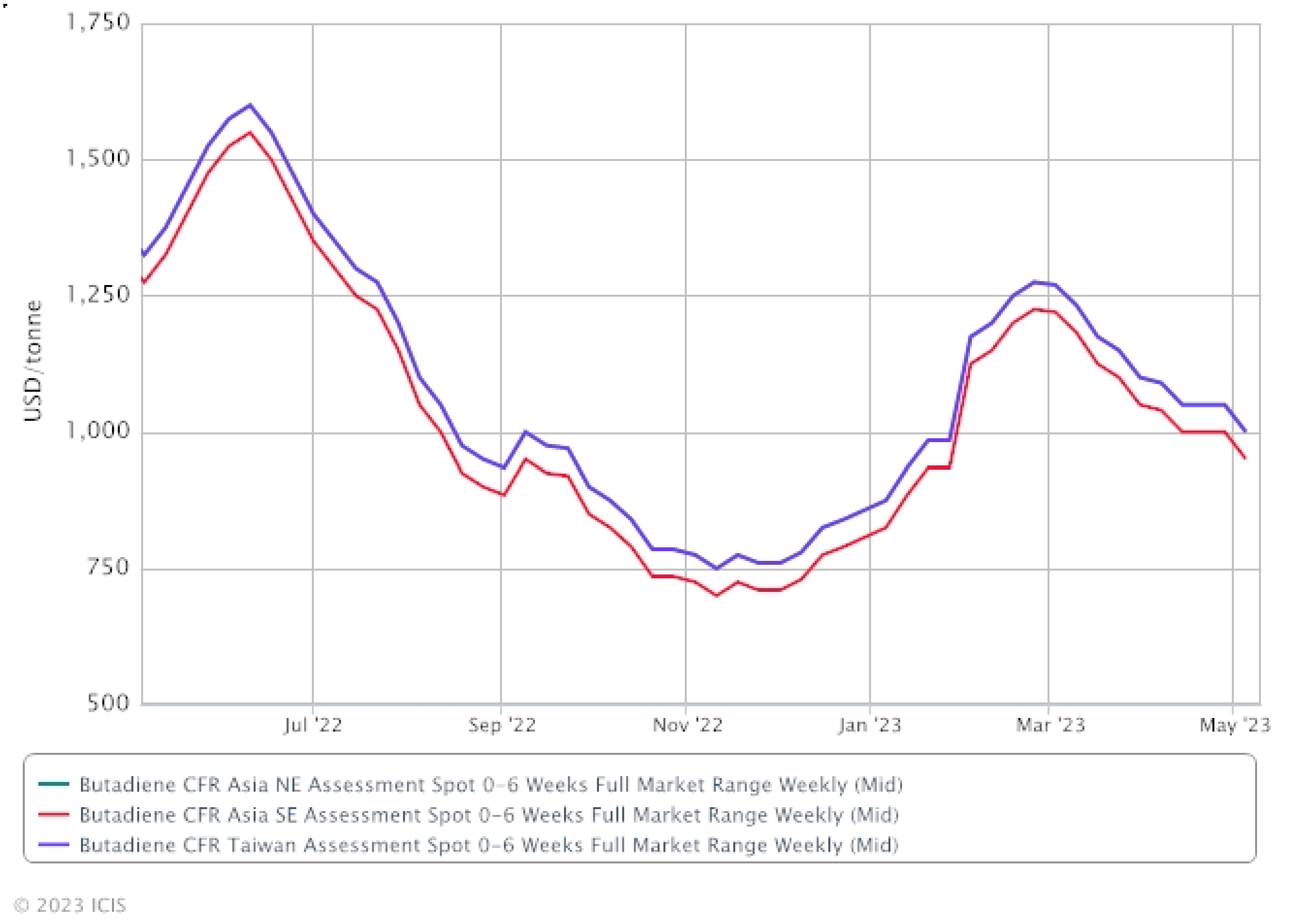
Firstly, demand fundamentals in various key derivative markets, from synthetic rubbers to acrylonitrile-butadiene-styrene (ABS), remain weak.

And news that China's PMI had slipped back to the contraction mode in April further eroded confidence, prompting BD end-users to either hold back on fresh purchases or push for deeper discounts in a bid to protect their frail margins.

Secondly, with crude and naphtha markets slumping early week, BD end-users are even more convinced that this ought to give BD producers more flexibility to cut offers and transfer some cost savings to them.

Buyers were also in no hurry, as contrary to NE Asian suppliers' claims that tight availabilities are lending support to their spot offers, regional end-users noted that there was no lack of alternatives supplies, either from southeast Asia or deep-sea origins.

Particularly for the latter, now that BD prices in Europe and the US have recently eased and local demand is not strong, sellers there are increasingly eyeing opportunities to move surplus volumes ito Asia instead, market players said.



OUTLOOK

- **Upstream market volatility may drive sell-side sentiment**
- **Supply crunch in NE Asia will be compensated by other supply streams**
- **But weak downstream will continue to weigh on demand**

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	n/c	1020.00-1060.00	-20	1000.00-1060.00	46.27-48.08
CFR NE Asia	USD/tonne	-50	950.00-1050.00	-50	1030.00-1150.00	43.09-47.63
CFR Taiwan	USD/tonne	-50	950.00-1050.00	-50	1030.00-1150.00	43.09-47.63
CFR SE Asia	USD/tonne	-50	900.00-1000.00	-50	980.00-1100.00	40.82-45.36

China

Domestic ex-tank prices in east China commenced trading on 4 May, after a near-week-long Labour Day holiday, and prices were softer week-on-week.

The high-end of the FOB China assessment was adjusted down with a lower selling indication heard, but the low-end is unchanged in the absence of any concrete buy-side indications.

As a number of China BD plants are gearing to shut for maintenance, export availabilities are limited to begin with, and market sources said that this could provide some support to current selling indications, despite weak buying interest in wider Asia.

Northeast Asia

CFR NE Asian assessments were down, taking into consideration softer buy-sell indications.

There was talk that a June shipment from southeast Asia to China may have changed hands at around the mid-$900s/tonne CFR NE Asia, but details could not be verified.

That said, due to bearish downstream demand conditions, majority buying indications among end-users across Asia did slip to the $900-950/tonne CFR NE Asia range, and the low-end was adjusted with reference to this.

Several other southeast Asia-origin cargoes were also heard available for May and June shipment sales, allaying in turn any prior concerns among end-users of a possible supply crunch stemming from a heavy NE Asian turnaround season during these two months.

No concrete offers were heard, but market sources said that sellers were generally still targeting at the high-end and up, also in part on consideration that this was still within the affordability range of China-based buyers, given US dollar parity values of current yuan-denominated pricing.

But still, these drew tepid buy-side response this week.

Buyers also pulled back to wait for more details and clarity on availabilities of deep-sea origin materials, including possibly some May and June arrivals from India and the Middle East respectively.

There is also talk that US and Europe origin materials were still available for exports to Asia, and that some discussions surrounding these materials had taken place at below $1,000/tonne CFR NE Asia, although it was not clear if these were conclusive.

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

Monthly Contract DEL, $/tonne	Apr 23	Mar 23	Feb 23	Jan 23	Dec 22	Nov 22
Taiwan FPCC	1,015	1,085	1,085	855	755	755
Korea YNCC	1,060	1,145	1,178	905	795	755

Southeast Asia

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

A southeast Asia-origin cargo was heard floated for H2 May shipment sales, via tender. The tender will close in the coming week.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

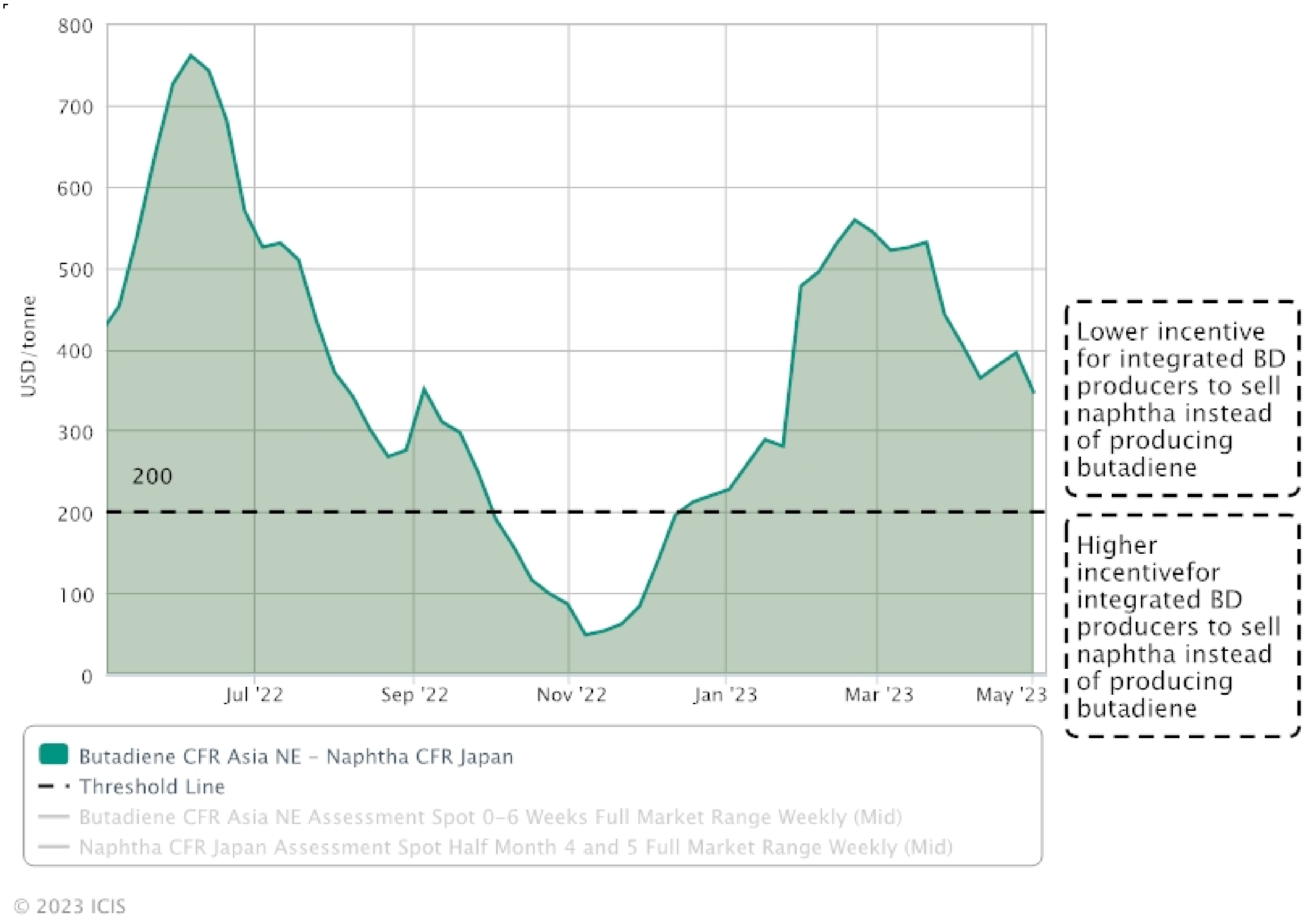
			Price Range		**One Week Ago**	**/**
Butadiene						
Ex-Tank E China	CNY/tonne	-200	8400-8500	-200	8700-8800	-

UPSTREAM

Naphtha:

- Prices weaken on low demand, crude oil losses
- Naphtha crack spread weakens
- Intermonth spreads shrink on lack of market support factors

Feedstock spread between Naphtha CFR Japan and Butadiene CFR NE Asia



Click here for the Asia feedstocks and petrochemicals weekly summary.

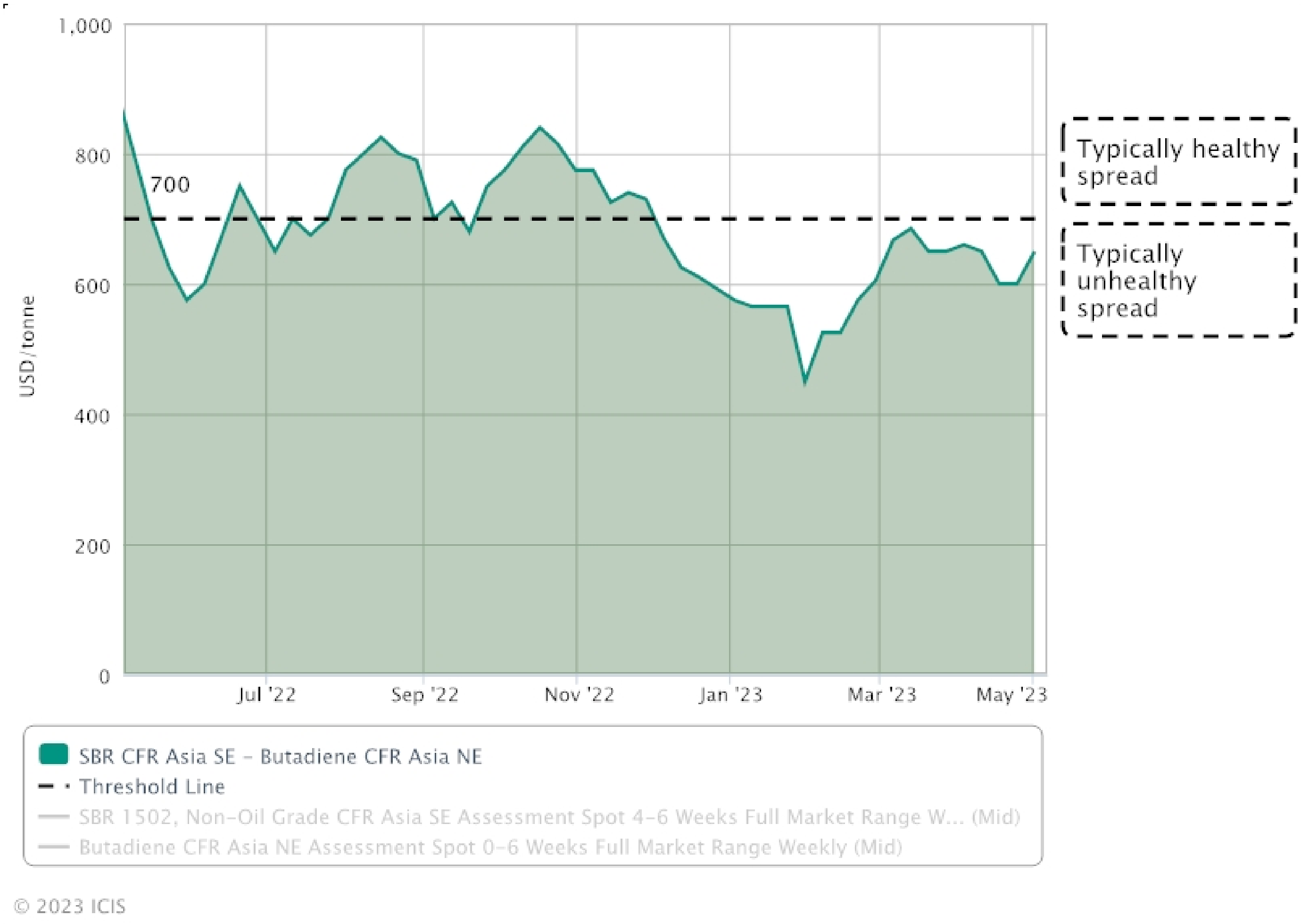
DOWNSTREAM

Styrene butadiene rubber (SBR)

- Holiday trade lull
- Unchanged fundamentals
- Bearish demand sentiment lingers

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 largely down post-festivities
- Restocking activities hindered by extended holidays
- Sluggish end to a shortened trading week

PRODUCTION

A heavy wave of maintenance closures is expected in Q2 within northeast Asia.

Click here for the Asian BD Live Disruption Tracker.

OTHER REGIONS

Europe

- May contract price falls
- Spot export prices soften week on week
- Supply, demand fundamentals largely steady

US

- May contracts fall on weak demand
- May maintenance affects 22% of US capacity
- No supply concerns expected