



Butadiene (Asia-Pacific)

By Ai Teng Lim
07-Apr-2023

[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 7 April will be assessed based on information collated up to 6 April, with the exception of the domestic yuan (CNY) quotes. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

- **Discussions muted amid holidays in NE Asia**
- **Bearish demand sentiment prevails**
- **Supply picture varies between NE and SE Asia**

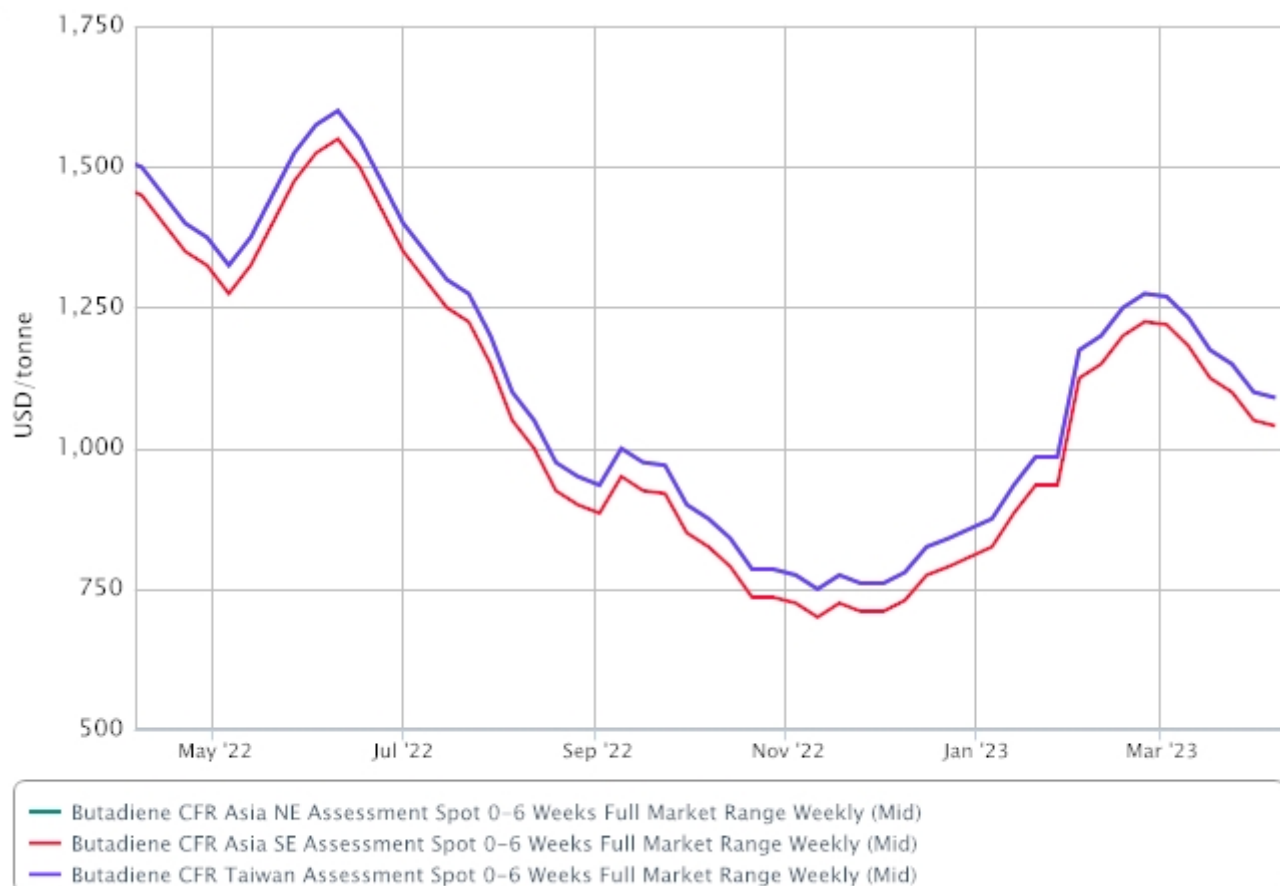
Discussions in the Asian butadiene (BD) import market were disrupted by various regional holidays, and a wide buy-sell disparity on pricing also hampered limited negotiations.

Overall, the demand outlook is [downbeat](#), given sluggish performance in several key derivative markets, from synthetic rubbers to acrylonitrile butadiene styrene (ABS).

End-users said that the bulk of their foreseeable April and May requirements have been filled. Even if there was room to take in some additional lots for stock-building purposes, most said that they were in no hurry, unless prices trend lower.

The supply picture varies across Asia. In northeast Asia, spot supplies are scarce in the run-up to a heavy wave of plant maintenance closures for the April to June period, and this kept selling targets of NE Asian producers well supported.

However, several southeast Asia-origin cargoes emerged this week for tender sales, which served to mitigate such supply concerns to some extent.



© 2023 ICIS

OUTLOOK

- Macroeconomic **uncertainties** to continue to weigh on demand
- Supplies to stay squeezed by Q2 maintenance
- Buy-sell tussle may intensify

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	-50	1000.00-1060.00	-40	1200.00-1260.00	45.36-48.08
CFR NE Asia	USD/tonne	-20	1030.00-1150.00	n/c	1165.00-1300.00	46.72-52.16
CFR Taiwan	USD/tonne	-20	1030.00-1150.00	n/c	1165.00-1300.00	46.72-52.16
CFR SE Asia	USD/tonne	-20	980.00-1100.00	n/c	1115.00-1250.00	44.45-49.90

China

FOB China assessments were down, tracking lower offers heard.

Offers were weighed down by losses in the domestic yuan-denominated market.

A cargo was put up for sale via tender, and market sources said that it was sold for end-April shipment, on FOB China terms, but on a formula-linked basis.

The downtrend continues for domestic ex-tank prices in east China, as buying momentum continues to languish.



© 2023 ICIS

Northeast Asia

CFR NE Asian assessments were stable to soft, taking into account discussions and deals heard for the course of the week.

A trader purchased early week, a China-origin cargo, for mid-April shipment to Korea, heard to fulfil contractual obligations there. The deal formed the high end of the assessment.

This also aligned with selling expectations of NE Asian producers, if they have any spot cargoes to offer.

But by late week, after southeast Asia-origin cargoes – one for late April lifting, and the other for early May lifting - were floated for tender sales, buying indications started to waver with the increased spot availabilities.

While outcome of these tenders may be available only on or after 7 April, market sources said, buying indications were heard slipping to the \$1,000-1,030/tonne CFR NE Asia range, and the low end is dropped in line with this.

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

Monthly Mar '23 Feb '23 Jan '23 Dec '22 Nov '22
 Contract
 DEL, \$/tonne

Taiwan FPCC	1,085	1,085	855	755	755
Korea YNCC	1,145	1,178	905	795	755

Southeast Asia

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

Two southeast Asia-origin cargoes were offered for sale this week, via tender. One was available for late April lifting and the other for early May lifting.

The outcome of the tenders are not available by press time.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

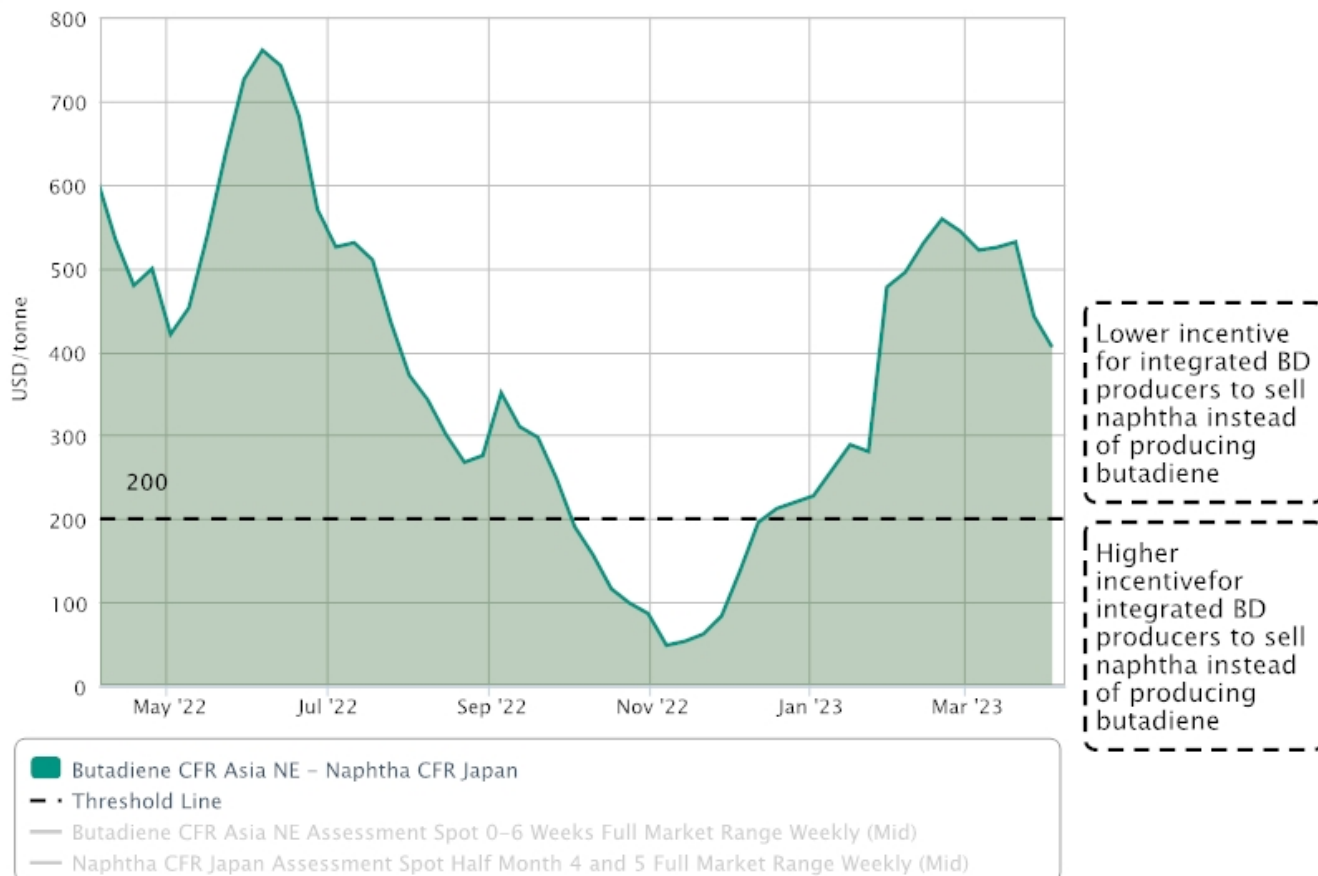
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	-50	8100-8200	-50	8350-8450	-

UPSTREAM

Naphtha:

- Prices driven by crude oil gains
- Lean demand moderates upward pressure
- Western flows curbed; blending demand cushions

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



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

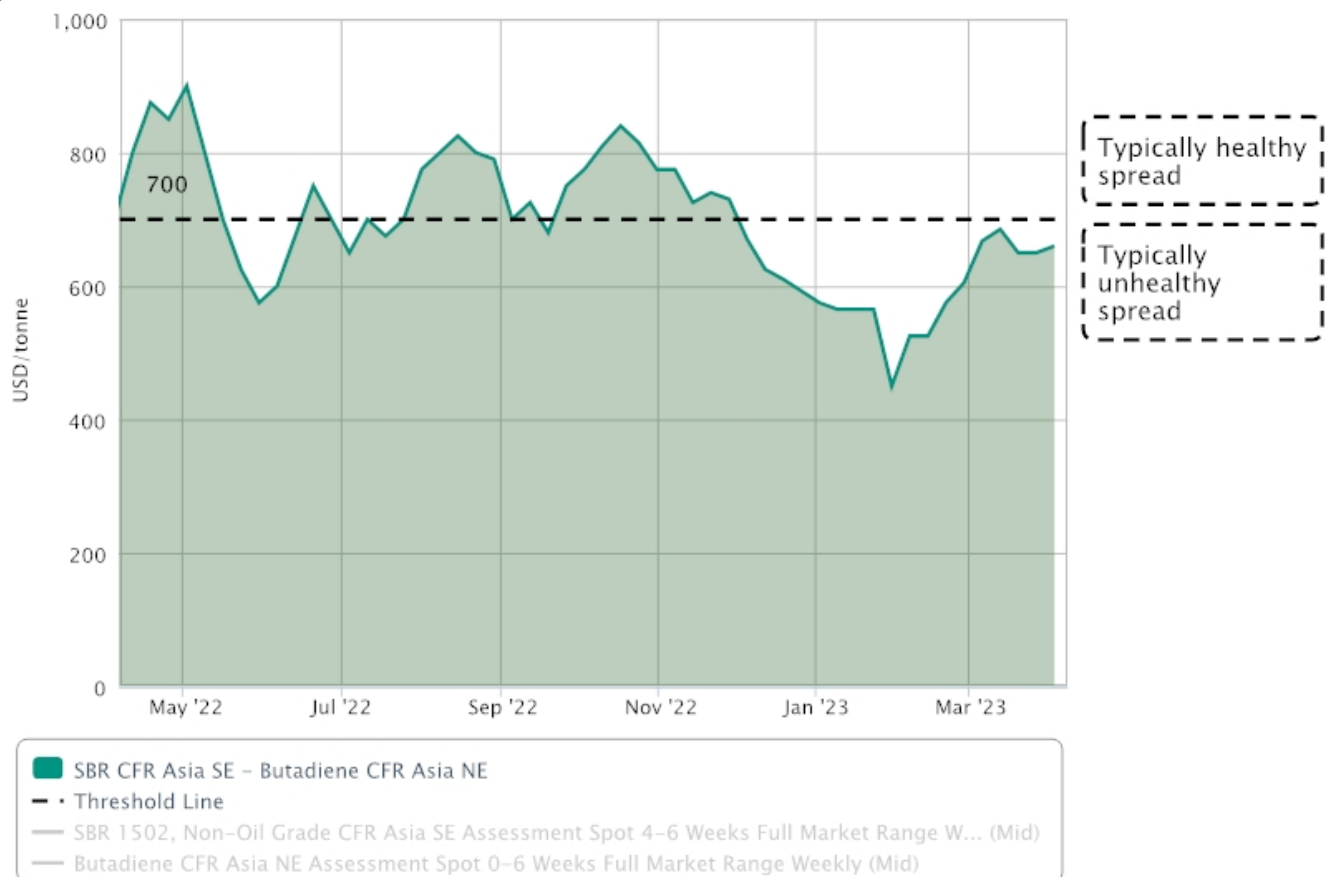
DOWNSTREAM

Styrene butadiene rubber (SBR)

- Discussions thin on regional holidays
- Offers supported on spot supply constraints
- But buyers resistant

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

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



© 2023 ICIS

Acrylonitrile butadiene styrene (ABS)

- CFR NEA prices up alongside feedstock bolster
- Actual trades hindered by public holidays
- End-use consumption stays cautious on mixed projections

PRODUCTION

A heavy wave of maintenance closures will hit [South Korea](#) and [Japan](#) in the April to June window.

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

OTHER REGIONS

Europe

- Market quiet
- Supply, demand finely balanced; very limited surplus volume
- French strike impact unknown; limited clarity on operations, some demand expected
- FOB under pressure as Asian prices fall further

US

- April contracts settle at rollover
- Supply ample, even with Q2 turnarounds
- Demand continues to be weak

ANALYTICS**ICIS Outlook on GDP**

Global GDP is forecast to increase by 1.8% in Q1 year on year, and Q2 is expected to grow by 2.1%, according to Oxford Economics. Geopolitical tension and certain protectionist policies are forecast to weigh heavy on the global economy. A significant amount of growth expectation is based off the Chinese economy. With people free to move and travel around, this is expected to give considerable boost to domestic consumption. On the negative, with the bank-run of Silicon Valley Bank in the US, there is certain level of nervousness in the market. A potential spill over to other regions cannot be ruled out.

US GDP is forecast to increase by 1.8% in Q1 year on year, and Q2 is expected to grow by 2.0%, according to Oxford Economics. There is an increase level of caution among the investor community and public in general on the news surrounding Silicon Valley Bank and Signature Bank in the US. However, something positive to look forward to would include the signing of Inflation Reduction Act in the US. Approximately \$370bn in investments will be deployed to tackle energy costs, local manufacturing, health care and green infrastructure.

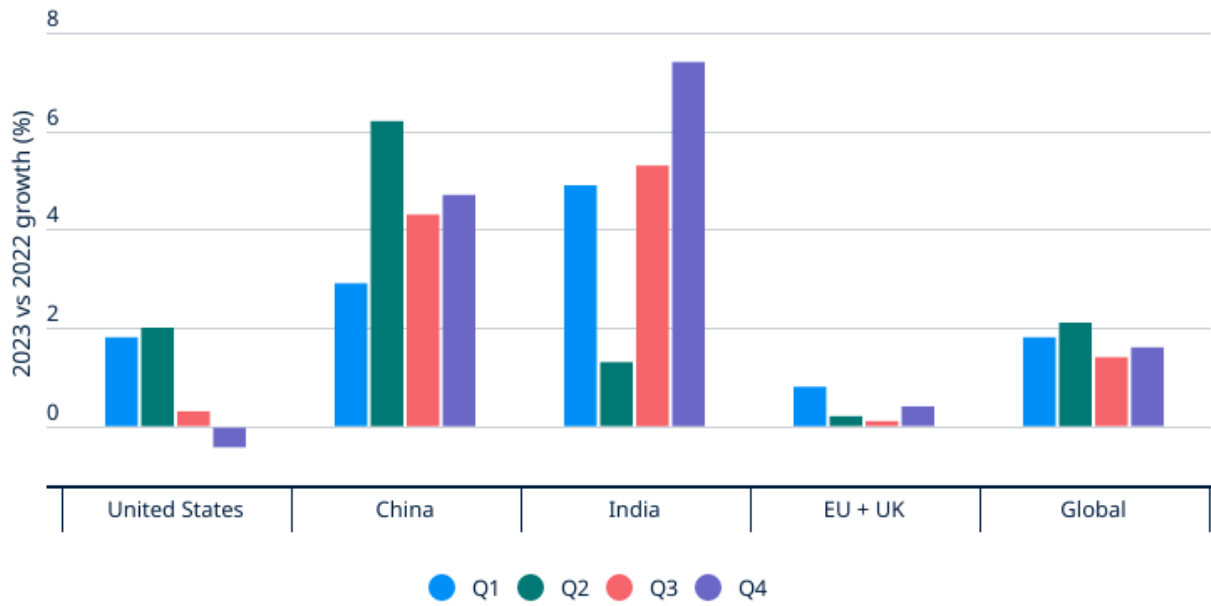
For Europe, taming inflation continues to be the primary goal. Christine Lagarde, ECB president, said last week that "we must continue to take whatever measures are necessary to bring inflation back to 2%...." EU GDP is forecast to increase by 0.8% in Q1 compared to Q1 2022, and Q2 is expected to grow by 0.2% in the same period, according to Oxford Economics.

China's "Two Sessions" event held last week has set the outline over direction for the economy. It has set the GDP growth target for 2023 at 5.0%. After dropping three years of pandemic induced restriction, there has been increased focus on reviving the economy and improve consumer sentiment. India GDP is forecast to increase by 4.9% in Q1 year on year, and Q2 is expected to grow by 1.3% in the same period, according to Oxford Economics.

By **Jincy Varghese**, ICIS demand analyst, jincy.varghese@icis.com

GDP growth by region

2023 vs 2022



SOURCE: Oxford Economics

Butadiene (Asia-Pacific) | 07-Apr-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

