Butadiene (Asia-Pacific)

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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

- **Domestic China surges**
- **Import sellers bullish**
- **Some short-covering buying surface too**

Asian butadiene (BD) import prices spiked, alongside a rally in the domestic yuan-denominated market, as well as tighter spot supplies in the region.

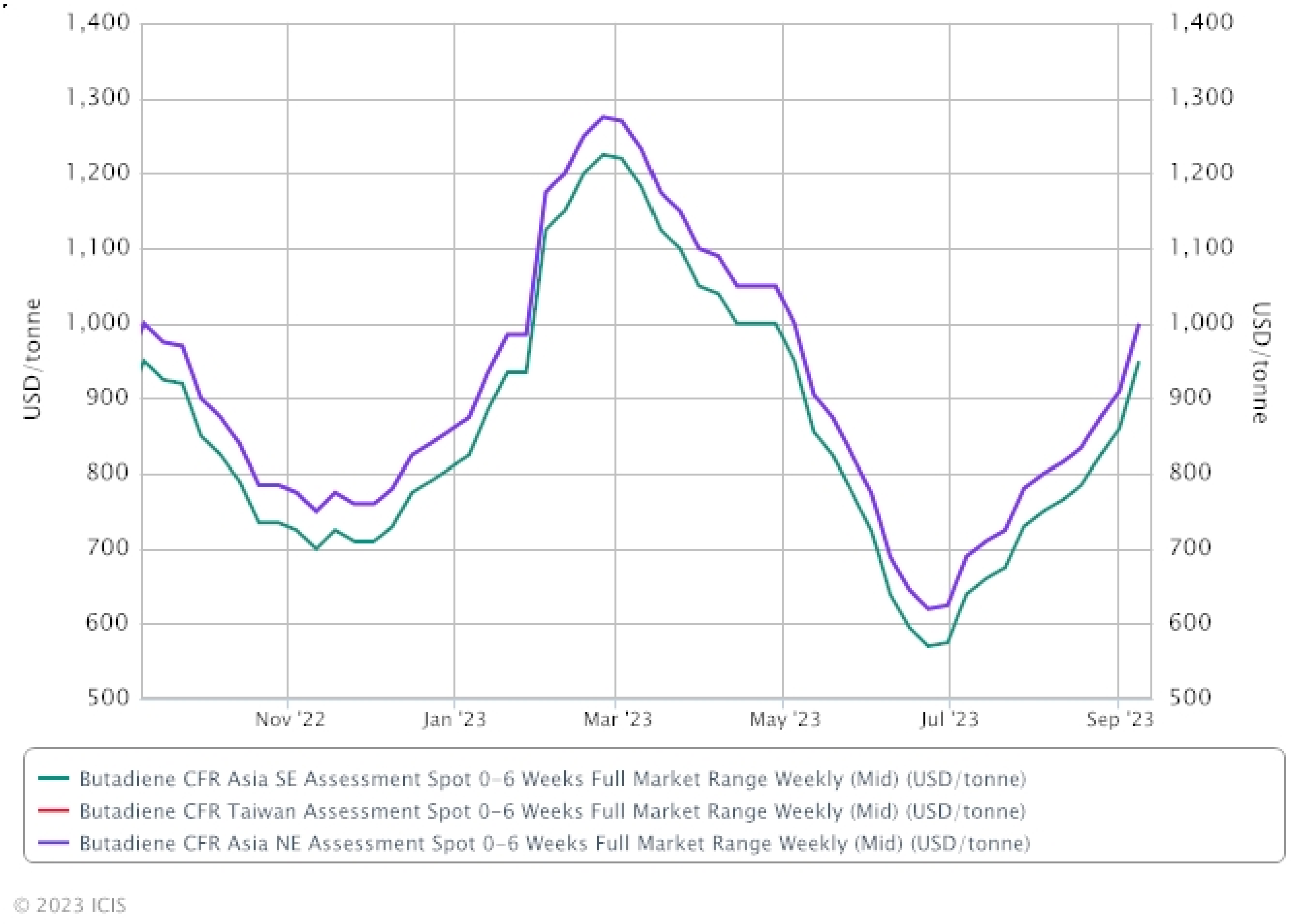
Domestic yuan-denominated prices for butadiene surged early week, tracking a ferocious increase in the newly launched derivative futures.

This bolstered in turn regional sellers' confidence to keep import offers high, even if these admittedly did not draw much positive buy-side response in the beginning of the week.

But as more news surfaced thereafter to suggest that overall regional BD availabilities could tighten further, some regional end-users turned more anxious and stepped up efforts to secure additional spot volumes for short-covering purposes.

A Taiwan BD unit will shut for maintenance end September, earlier than expected. There are also concerns that a recent unplanned outage at a US cracker could impact on US' prior plans for BD export shipment to Asia.

But spot trade liquidity is still curbed by a wide buy-sell gap. While end-users generally acknowledged that it was an uptrend market, underpinned on the dual factors of tighter-than-expected supply and healthy downstream requirements, they were of the consensus view that sellers' expectations were loftier than necessary and mis-aligned with prevailing realities in derivative markets.



OUTLOOK

- **Market will remain supply-driven in the near term**
- **Import talks may sway with how domestic China trends**
- **Uncertainties prevail on global economic recovery outlook**

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	+100	950.00-1000.00	+100	830.00-860.00	43.09-45.36
CFR NE Asia	USD/tonne	+80	950.00-1050.00	+100	780.00-850.00	43.09-47.63
CFR Taiwan	USD/tonne	+80	950.00-1050.00	+100	780.00-850.00	43.09-47.63
CFR SE Asia	USD/tonne	+80	900.00-1000.00	+100	730.00-800.00	40.82-45.36

China

China BD producers hiked offers for export cargoes, reflected at the high-end, to keep pace with yuan value increases.

The low-end is raised notionally in line, in the absence of any concrete buy-side indications.

Domestic ex-tank prices in China surged, after derivative futures chalked up massive gains.

Northeast Asia

CFR NE Asian assessments were raised, taking into account buy-sell indications heard, and in the absence of trades finalised on CFR NE Asian terms.

Two cargoes changed hands late in the week, but on FOB NE Asia terms. These included a deal at low-$900s FOB NE Asia for a H1 October shipment to Korea, and another at $1,000 FOB NE Asia for a prompt end-September shipment to Taiwan.

That these two transactions were far apart also underscored the reality that current pricing sentiment in the BD spot market were segmented and uneven in nature, market players said.

For the sporadic discussions on CFR NE Asian terms, the buy-sell indications floated were nonetheless higher week-on-week.

Sellers were targeting at the high-end and up, for October shipment, and even if buyers’ response was muted, most held fast to these, saying that they have no selling pressures and could wait for bids to rise closer to their terms.

Buying indications, capped at the low-end, have gone up too, on week-on-week basis. The majority of buy-side players polled were heard as not being disinclined to fork out up to mid $900s/tonne CFR NE Asia. But these still fell far short of sell-side expectations, and no meaningful negotiations ensued.

Some were heard also waiting for the outcome of two pending tender sales of SE Asia origin materials, before they recalibrate and adjust buying positions.

A total of three SE Asia-origin cargoes are up for sales, via two tenders that will close on 14 September. One cargo was available to load late September, while the two were for H2 October lifting.

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

Monthly Contract DEL, $/tonne	Aug 23	Jul 23	Jun 23	May 23	Apr 23	Mar 23	Feb 23	Jan 23
Taiwan FPCC	750	650	655	875	1,015	1,085	1,085	855
Korea YNCC	770	665	635	855	1,060	1,145	1,178	905

Southeast Asia

CFR SE Asian assessments are adjusted with changes in the CFR NE Asian prices.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

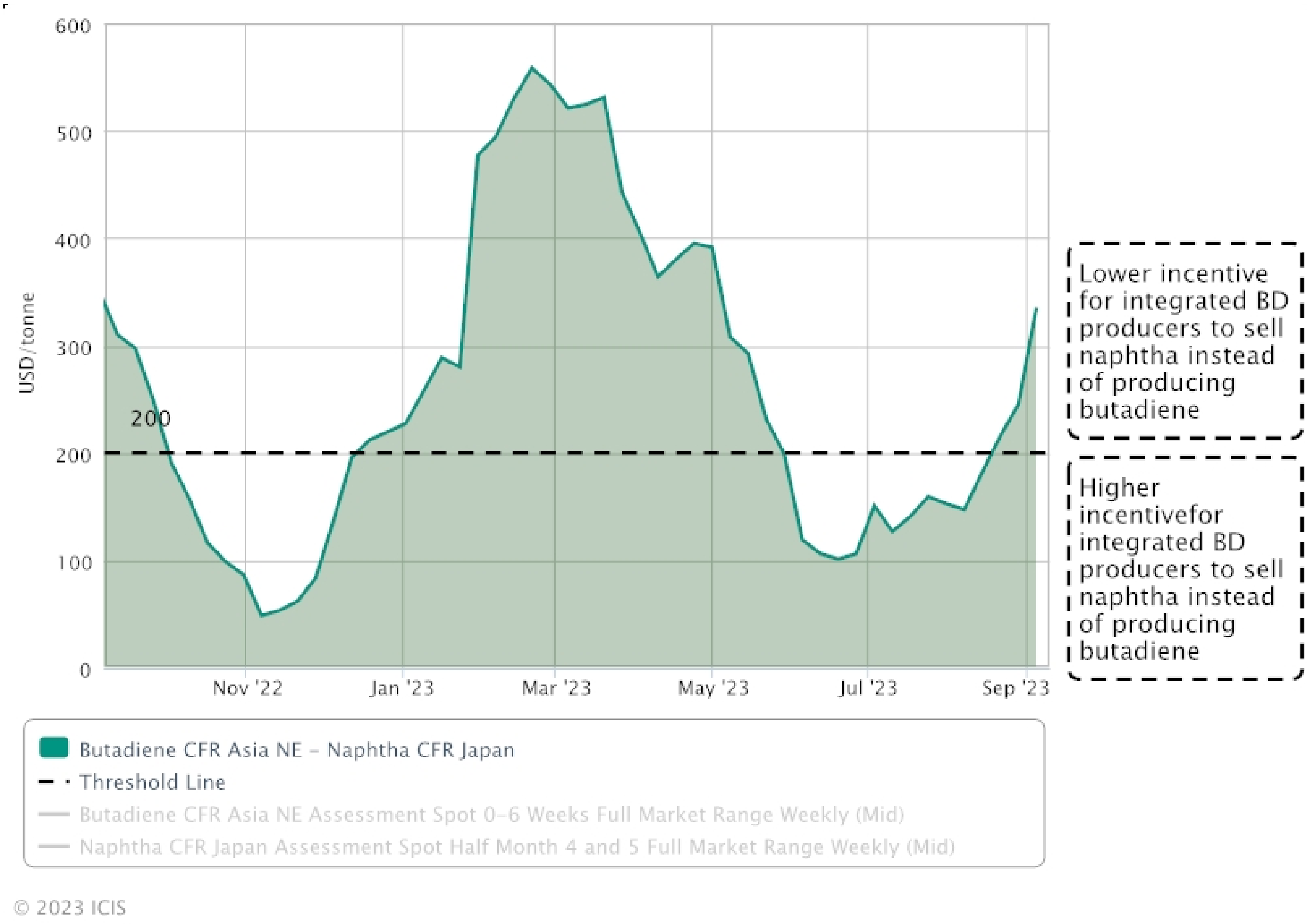
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	n/c	8200-8300	n/c	8000-8200	-

UPSTREAM

Naphtha:

- Outright price on 7 September neared five-month high
- Buyers cautious on firm prices
- Eyes on Russian cargoes, which dwindled after June's influx

Feedstock spread between Naphtha CFR Japan and Butadiene CFR NE Asia



Click here for the Asia feedstocks and petrochemicals weekly summary.

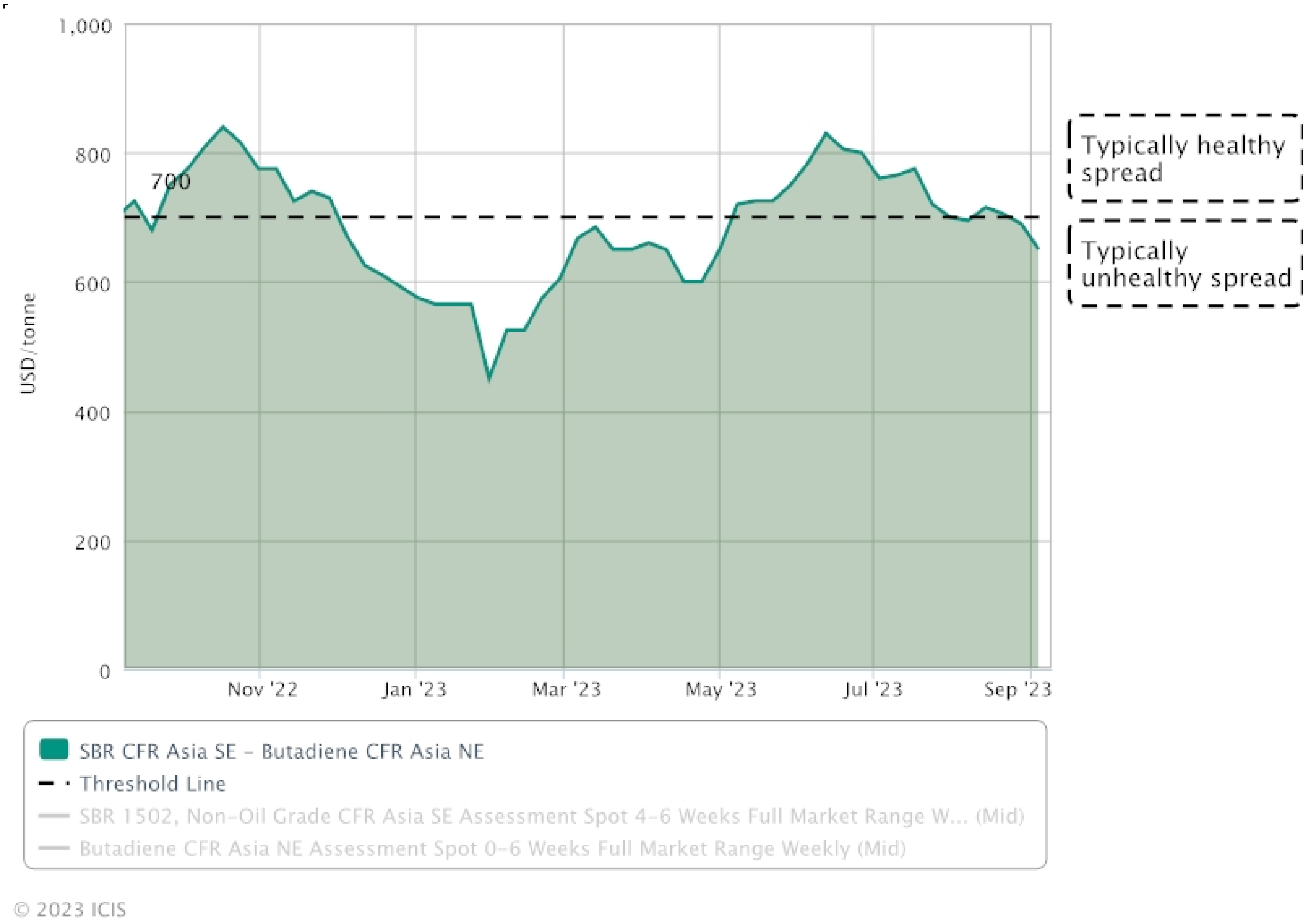
DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Offers up with cost push, tight supplies
- Sentiment also lifted by domestic China rally
- Uneven buy-side response

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

Spread between Butadiene and Styrene Butadiene Rubber Asia



Acrylonitrile-butadiene-styrene (ABS)

- CFR NE Asia up for third week to near four-month high
- Prices supported by feedstock cost surge
- Actual uptrend capped by sluggish demand

PRODUCTION

Regional supplies may tighten with an upcoming turnaround at a 130,000 tonnes/year unit in Taiwan.

Click here for the Live Disruption Tracker.

OTHER REGIONS

Europe

- Supply, demand finely-balanced
- Small upticks in domestic demand reported
- Asian prices higher again, lifts FOB export price ideas
- Sentiment still very cautious

US

- September contracts rise, tracking costs
- Supply limitations a non-issue amid subdued demand in downstream markets
- Asian spot prices continue to tick higher, which may support potential US exports