



Butadiene (Asia-Pacific)

By Ai Teng Lim

09-Jun-2023

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Please click [here](#) for full details on the criteria ICIS uses in making these price assessments.

ICIS is collecting feedback on our current methodology for butadiene (BD). Please click [here](#) to provide your feedback.

The FOB China and domestic yuan (CNY) prices in the weekly analysis on 23 June will be assessed based on information collated up to 21 June. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

- **Weak buying momentum**
- **Lengthening supply**
- **Selling pressures heighten**

Discussions for Asia spot imports of butadiene (BD) [slid lower](#), under the dual weight of weak demand and lengthening supply.

Buying interest is curtailed, with some end-users in wider Asia even contemplating deeper operating rate cuts in the coming months, in a bid to better align their output with persistently sluggish demand for their finished products.

Several China-based parties were heard to be relatively more enthusiastic in purchasing BD imports but their pricing appetite also shrank, alongside the recent currency depreciation.

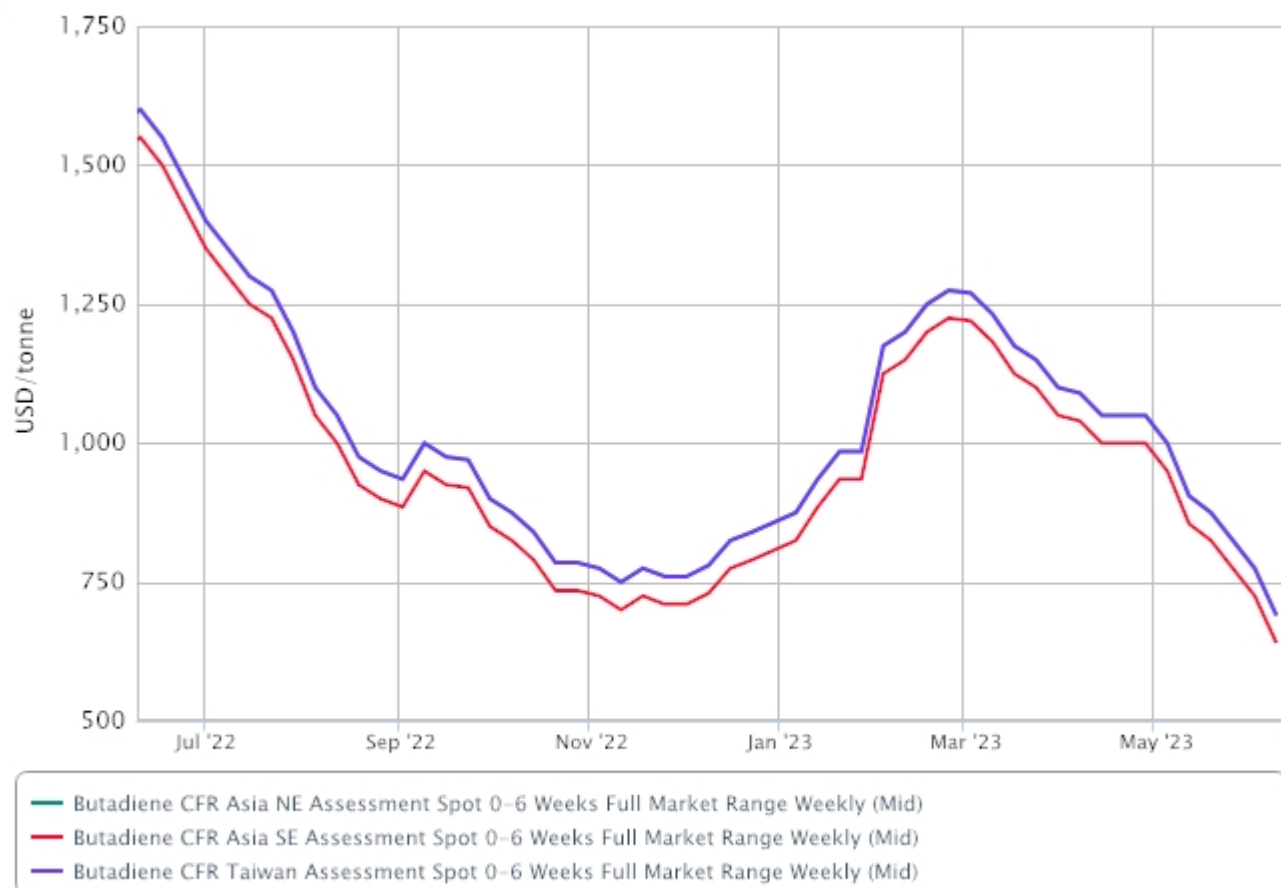
Many pressed sellers for deeper discounts, saying that, if not, they would pull back from the market and sit things out.

Supply is also lengthening, adding to the sell-side woes.

Besides the unrelenting stream of spot availabilities in southeast Asia, market players are expecting additional volumes to surface from northeast Asia once more BD plants there restart this month from turnarounds.

In addition, there is deep-sea material lurking in the background, seeking potential takers in Asia.

Market sources said that this week, up to two July-lifting lots - one each from the US and Europe - are in the discussion pool, although no deals have materialised yet due to a disparity in buy-sell pricing ideas.



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OUTLOOK

- **Supply expected to lengthen**
- **Near-term demand recovery prospects dim**
- **Bear ish sentiment could prevail**

ICIS analyst view on BD

BD demand in Asia should pick up in June/July on restocking activity and increasing margins at BD derivative units but this is not expected to sufficiently place the market in short supply.

There are also concerns over the end-user demand outlook, as the growing global economic uncertainty now seems to outweigh China's reopening recovery, dragging down the export outlook for Asia.

Domestic BD supply in Asia is expected to increase, with the restart of more plants from maintenance. Deep-sea cargoes will spur further concerns about oversupply.

The surplus is due to weakening demand rather than increasing supply from the West. We do not see any signs of demand strengthening, indicating possible continuous availability of deep-sea cargoes.

However, production trims might be possible in Asia, as well as in exports from Iran, considering unhealthy margins at crackers and BD extraction units.

A lighter feedstock slate for crackers in summer should also help to reduce supply pressure.

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For more information about analytical content, click [here](#).

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	-30	720.00-750.00	-50	950.00-1030.00	32.66-34.02
CFR NE Asia	USD/tonne	-100	650.00-730.00	-70	880.00-930.00	29.48-33.11
CFR Taiwan	USD/tonne	-100	650.00-730.00	-70	880.00-930.00	29.48-33.11
CFR SE Asia	USD/tonne	-100	600.00-680.00	-70	830.00-880.00	27.22-30.84

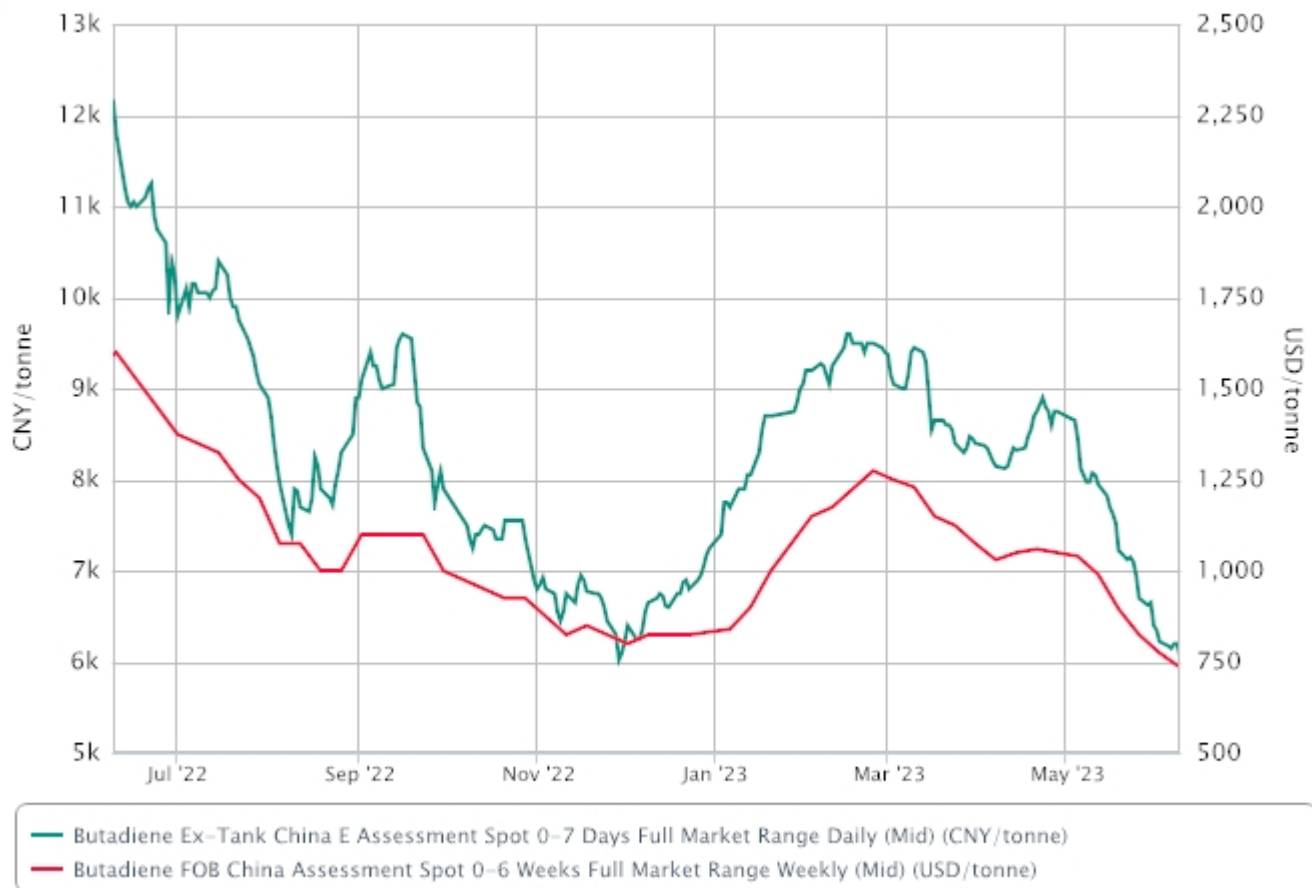
China

Domestic ex-tank prices in east China picked up slightly earlier in the week on news of a production issue at a local north China plant.

However, the uptick was short-lived and the price slide resumed late week, after the said issue was heard to have been resolved.

On a week-on-week basis, domestic prices in China remained under pressure, weighing in turn on the FOB China pricing sentiment.

There were no substantive discussions though, and FOB China prices were assessed down, taking into consideration softer selling indications heard.



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Northeast Asia

CFR NE Asia prices were down to reflect the full spectrum of deals and discussions heard in the course of the week, for a mix of June and July shipment cargoes.

Earlier in the trading week, some volumes changed hands, for July shipment to China, at around \$730/tonne CFR NE Asia range, which forms the high end.

Discussions trended down thereafter and a southeast Asia-origin cargo available for lifting in H2 June was sold at around \$680/tonne CFR NE Asia, purportedly for shipment to China, market sources said.

There was talk that another July shipment parcel, also of southeast Asia-origin, was transacted at a similar level for delivery to China but seller details could not be ascertained.

By late week, the majority of buying indications for remaining July shipment cargoes slipped lower, to hover at around the mid-\$600s/tonne CFR NE Asia, which is captured at the low end.

There were discussions for a US-origin parcel available for lifting in late June or early July at this level and that the deal may have been closed late week at the low end, market sources said, but the latter could not be verified by the time of writing.

CFR Taiwan assessments were adjusted in line with changes in the CFR NE Asia assessments.

Monthly May '23 Apr '23 Mar '23 Feb '23 Jan '23 Dec '22 Nov '22
Contract

DEL, \$/tonn

e

Taiwan	875	1,015	1,085	1,085	855	755	755
FPCC							
S Korea	855	1,060	1,145	1,178	905	795	755
YNCC							

Southeast Asia

CFR SE Asia assessments were adjusted in line with changes in the CFR NE Asia assessments.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

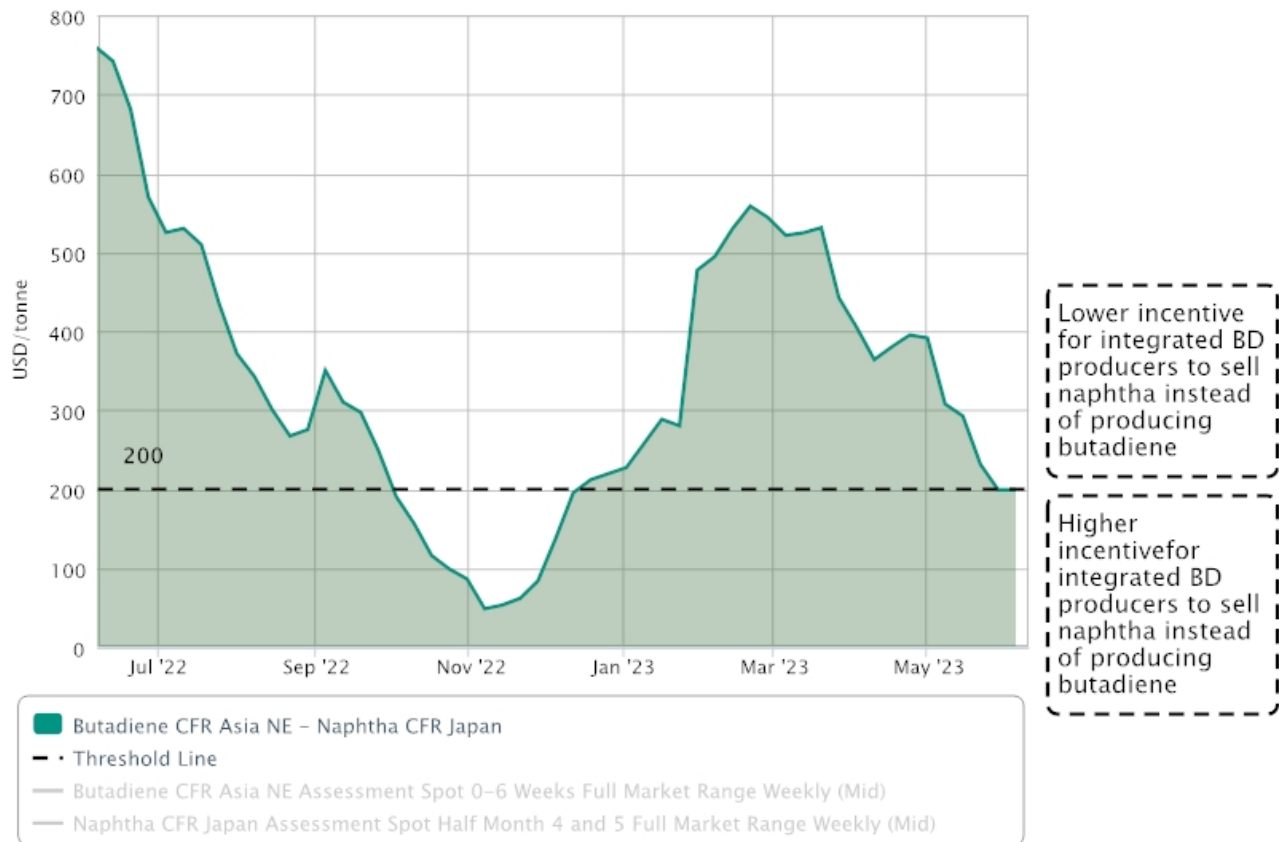
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	-150	6000-6100	-150	6150-6300	-

UPSTREAM

Naphtha:

- Crack turned negative on 7 June
- Demand weak as buyers stay cautious
- Ample supply seen

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



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

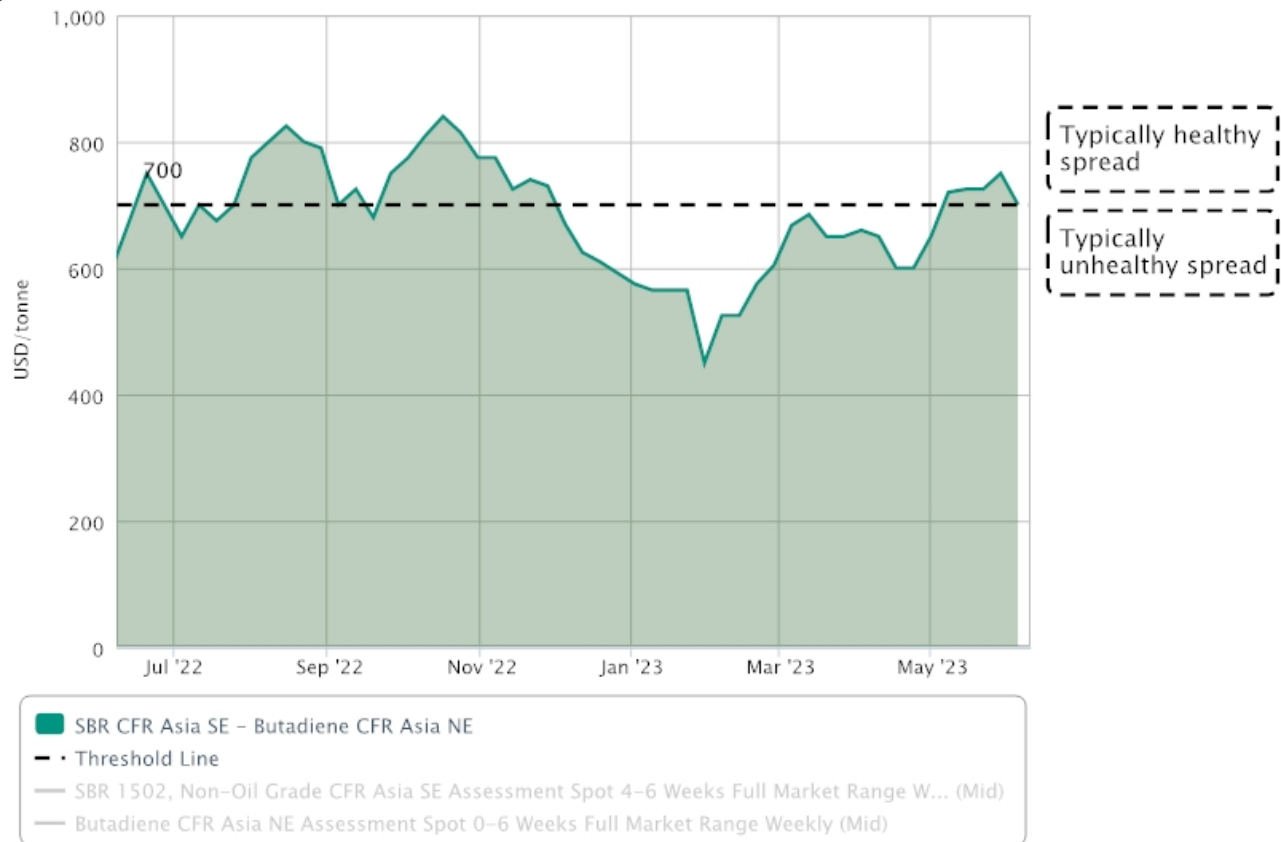
DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Sentiment downbeat
- Buying appetite also curtailed by weak upstream
- Lower offers surface

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

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



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Acrylonitrile-butadiene-styrene (ABS)

- CFR NE Asia prices slide for sixth week
- Seller margins down below healthy levels after good run in May
- Offers plunge to offload rising stockpiles amid soft estimates



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PRODUCTION

There was a heavy wave of BD maintenance closures in northeast Asia in April and May but supply is now poised to grow, with several plants in South Korea [restarting](#) from June.

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

OTHER REGIONS

Europe

- Market appears calm, steady
- Demand soft; offset by continued production cuts
- Cracker trims on ethylene, propylene length supportive

US

- Supply sufficient to meet demand
- Spot activity muted
- Asia market continues to weaken

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