



Butadiene (Asia-Pacific)

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

ICIS is currently consulting readers about the methodology used for this report. To respond, click [here](#).

OVERVIEW

- **Buy-sell sentiment mixed**
- **Producers see no selling pressures**
- **End-users retreat on affordability concerns**

Sentiment is [mixed](#) in this week's Asian butadiene (BD) import market.

Regional producers are bullish in expectations, as spot supplies are limited.

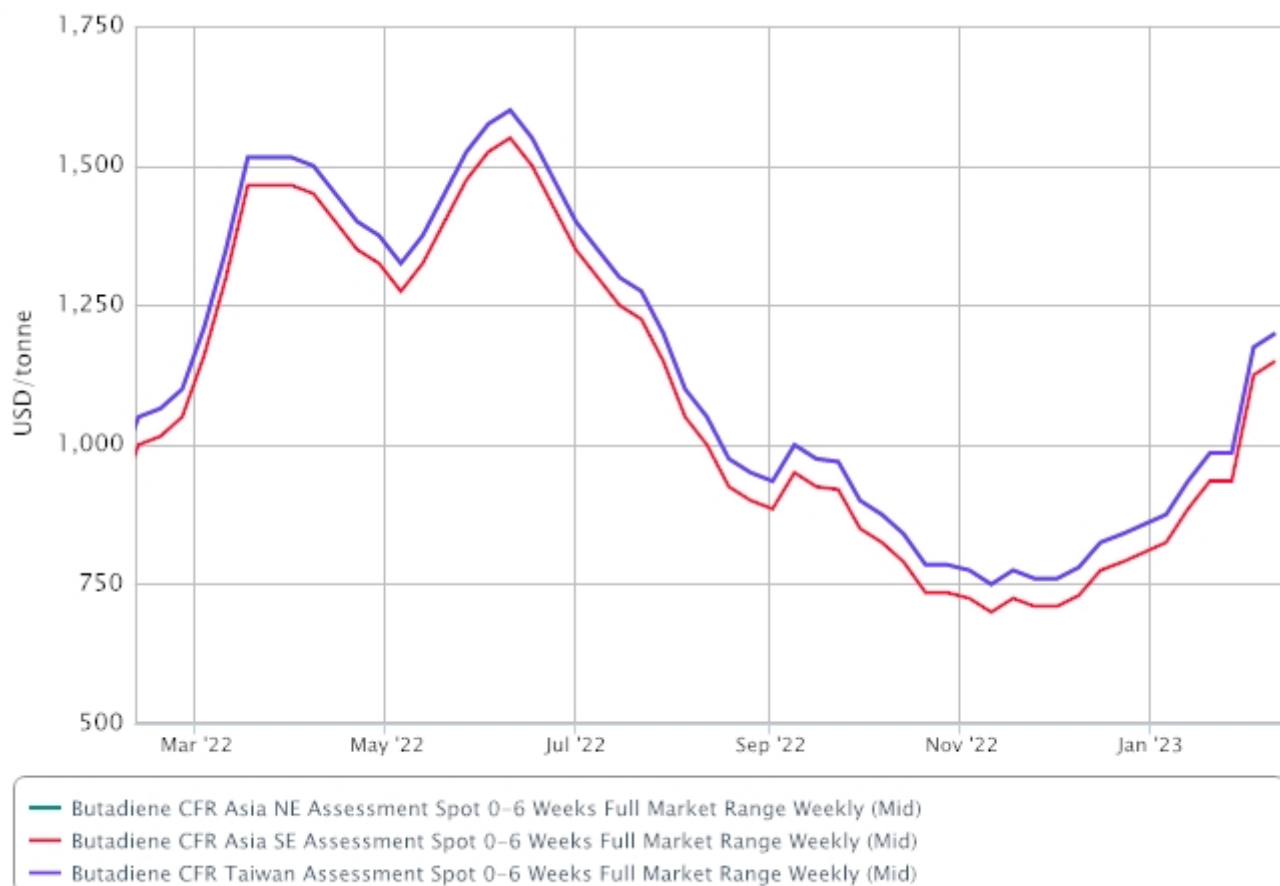
They are confident too that demand will be well supported once downstream operations pick up with improving global economics, and those with pressing requirements will bid higher to secure volumes from the small spot supply pool.

However, end-users are comparatively more cautious in their procurement approach this week.

There is buying interest as BD inventories are low among end-users, and they would need to take in additional spot volumes to ensure there is sufficient feedstock for sustaining existing production, much less pursue higher production targets, market sources said.

But because their own downstream markets had not pick up as much as earlier expected, many end-users were hesitant to chase up the BD market further from here, especially since recent BD price gains have already eaten into their bottom lines.

Some are looking into production cuts instead to minimise BD usage and rein in costs, market sources said.



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OUTLOOK

- Downstream output cuts could dent near-term demand
- Impact may be mitigated if tight spot supplies prevail
- Eyes on progress of anticipated [capacity growth](#) in China

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

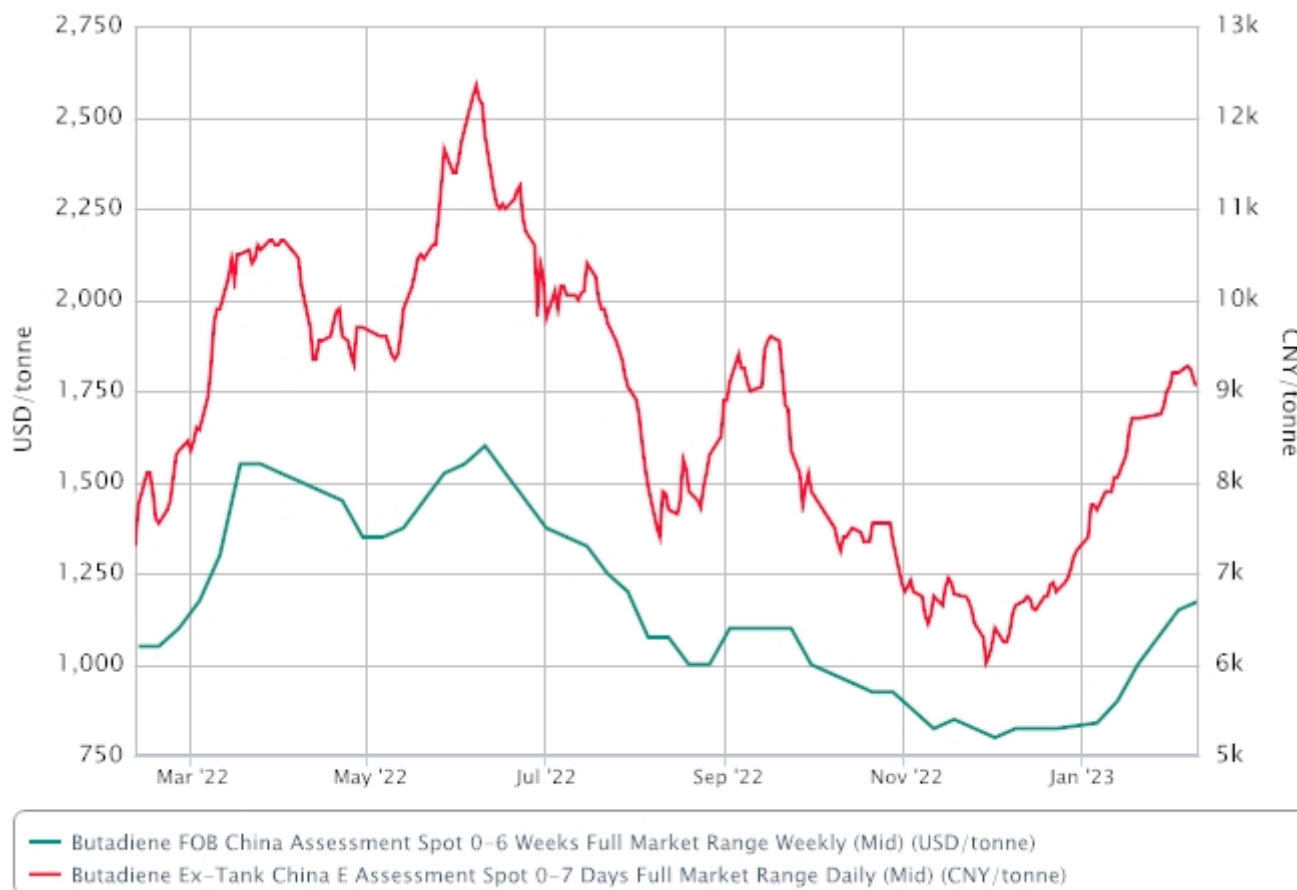
			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	+50	1150.00-1200.00	n/c	850.00-950.00	52.16-54.43
CFR NE Asia	USD/tonne	+50	1150.00-1250.00	n/c	890.00-980.00	52.16-56.70
CFR Taiwan	USD/tonne	+50	1150.00-1250.00	n/c	890.00-980.00	52.16-56.70
CFR SE Asia	USD/tonne	+50	1100.00-1200.00	n/c	840.00-930.00	49.90-54.43

China

Limited export availabilities surfaced this week, as some China end-users sought to trim March contractual volumes from local producers, amid plans to save compressed margins with production cuts.

The producers turned to marketing these surplus volumes for exports, and the FOB China assessments were adjusted, tracking buy-sell indications heard. However, these transactions were eventually concluded on formula basis, market sources said.

Domestic ex-tank prices in east China softened in the first part of the trading week, after a flurry of profit-taking sales, but the market recovered some lost ground towards the end of the week, supported by structurally tight supplies.



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Northeast Asia

CFR NE Asian prices were assessed stable to firm, taking into considerations buying appetite in different northeast Asian outlets.

There were no concrete CFR NE Asian offers. Generally, potential sellers were bullish in expectations, as they were convinced that bids will firm as buyers seek to secure cargoes, since spot availabilities are limited.

A northeast Asia-origin cargo changed hands mid-week, via tender, at around mid-\$1,200s/tonne, on an FOB basis.

However, it remains unclear if the cargo is earmarked for export, and some market sources said that it may have been absorbed by domestic buyers, in which case it would not have bearing on CFR NE Asian talks for the week.

Otherwise, many traders and end-users are of the view that, notwithstanding sellers' bullish expectations, based on current downstream pricing conditions, it was not tenable as yet to consider purchasing at levels beyond the published range.

That said, potential buyers in Korea and Taiwan markets acknowledged that they may have to be prepared to bid higher stay in competition with Chinese buyers, which has bidden more aggressively for imports in prior weeks.

Some discussions took place at up to \$1,250/tonne, for a March shipment parcel to Taiwan, market sources said, but it could not be ascertained if any deals materialised.

In China, unlike in the last few weeks when they led the quest for imports, buyers were distinctly more subdued this week, and kept to prior buying indications in the \$1,150-1,250/tonne CFR China range.

This was likely due to volatility this week in the domestic market, and many said that they would redeliberate on import purchases after there is more clarity on how the domestic market may trend.

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

Monthly Contract DEL, \$/tonne	Jan '23	Dec '22	Nov '22	Oct '22	Sep '22	Aug '22	Jul '22	Jun '22
Taiwan FPCC	855	755	755	795	885	1,025	1,255	1,450
Korea YNCC	905	795	755	745	920	983	1,315	1,555

Southeast Asia

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

A southeast Asia-origin cargo was put up for sales this week, via tender, but outcome is not available by press time.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

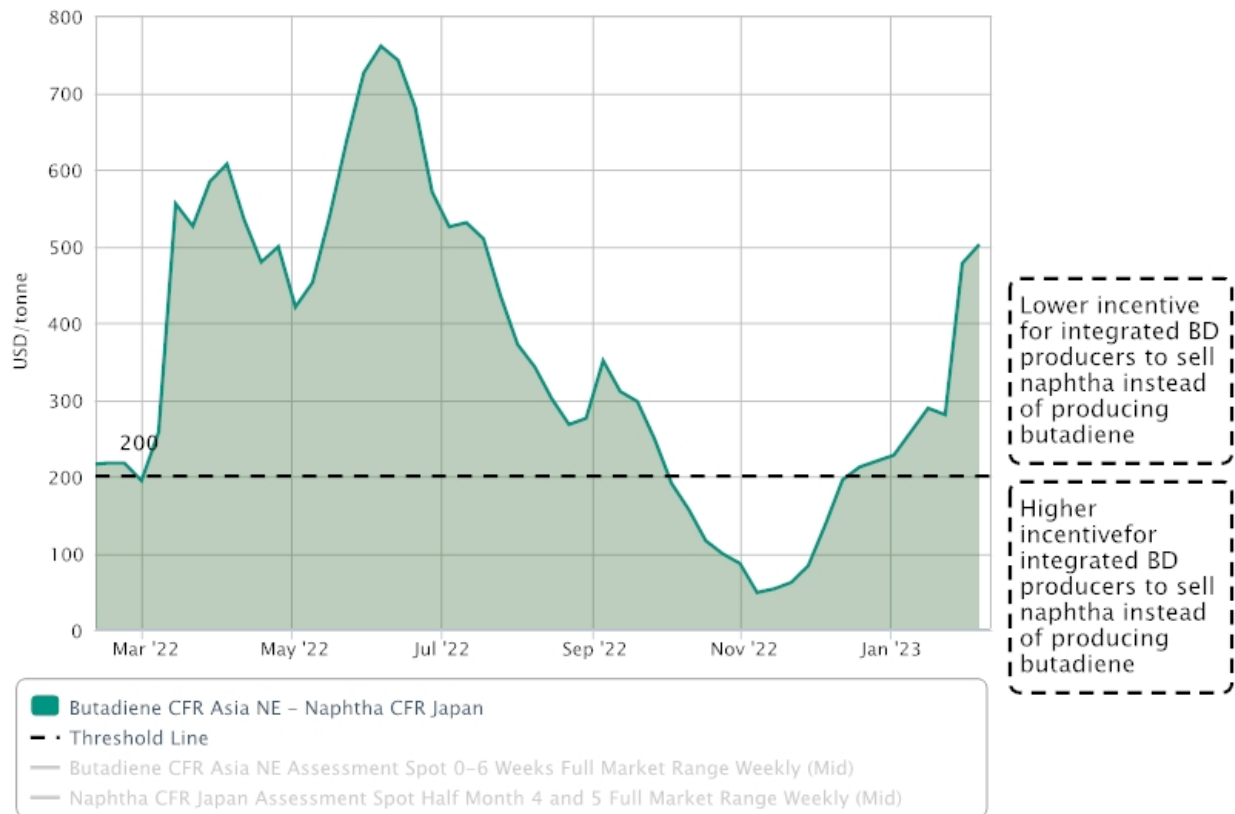
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	+300	9200-9300	+100	9100-9300	-

UPSTREAM

Naphtha

- Moderate demand lends support
- Limited arbitrage viability reins in supply eastwards
- Weak margins downstream; turnarounds cap gains

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



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

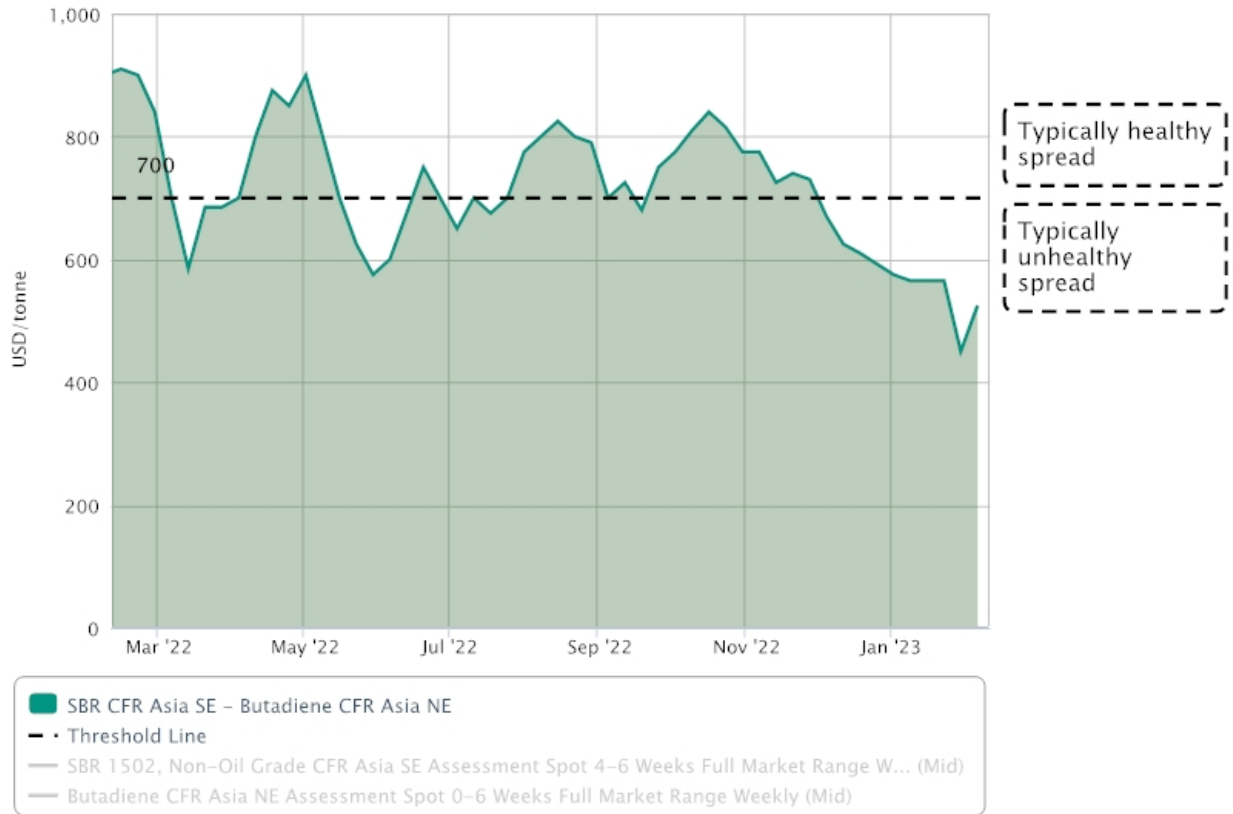
DOWNSTREAM

Styrene butadiene rubber (SBR)

- Offers spike with upstream gains
- Spot trade liquidity low
- Buy-sell gap widens

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)

- Import prices stable to soft
- Players hold out for clearer indications, on sufficient inventories
- Sellers squeezed by margin losses; buyers face cautious end-use demand



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PRODUCTION

In northeast Asia, overall BD output is expected to remain capped in the near term, as weak margins continue to weigh on operating rates at many upstream crackers, forcing in turn some BD plant [closures](#) too.

There is also a wave of maintenance [closures](#) expected in the April to June 2023 window in South Korea.

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

OTHER REGIONS

Europe

- Fundamentals steady – supply cuts continue to offset reduced contractual offtake
- Some talk of an improved demand outlook to rectify some overly pessimistic planning
- Asia spot prices soar, could help lift export prices as US demand is muted – and support Europe derivatives
- First domestic spot deal reported for 2023, price considerably higher than last done

US

- Spot available, prices steady in line with contract price
- Muted demand weighs on spot activity
- [Weak US BD demand drives surge in Q4 2022 inventory levels](#)

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