



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.

OVERVIEW

- **Divergent sentiment as domestic China fluctuates**
- **Discussions for prompt import parcels down**
- **Views mixed on demand-supply outlook**

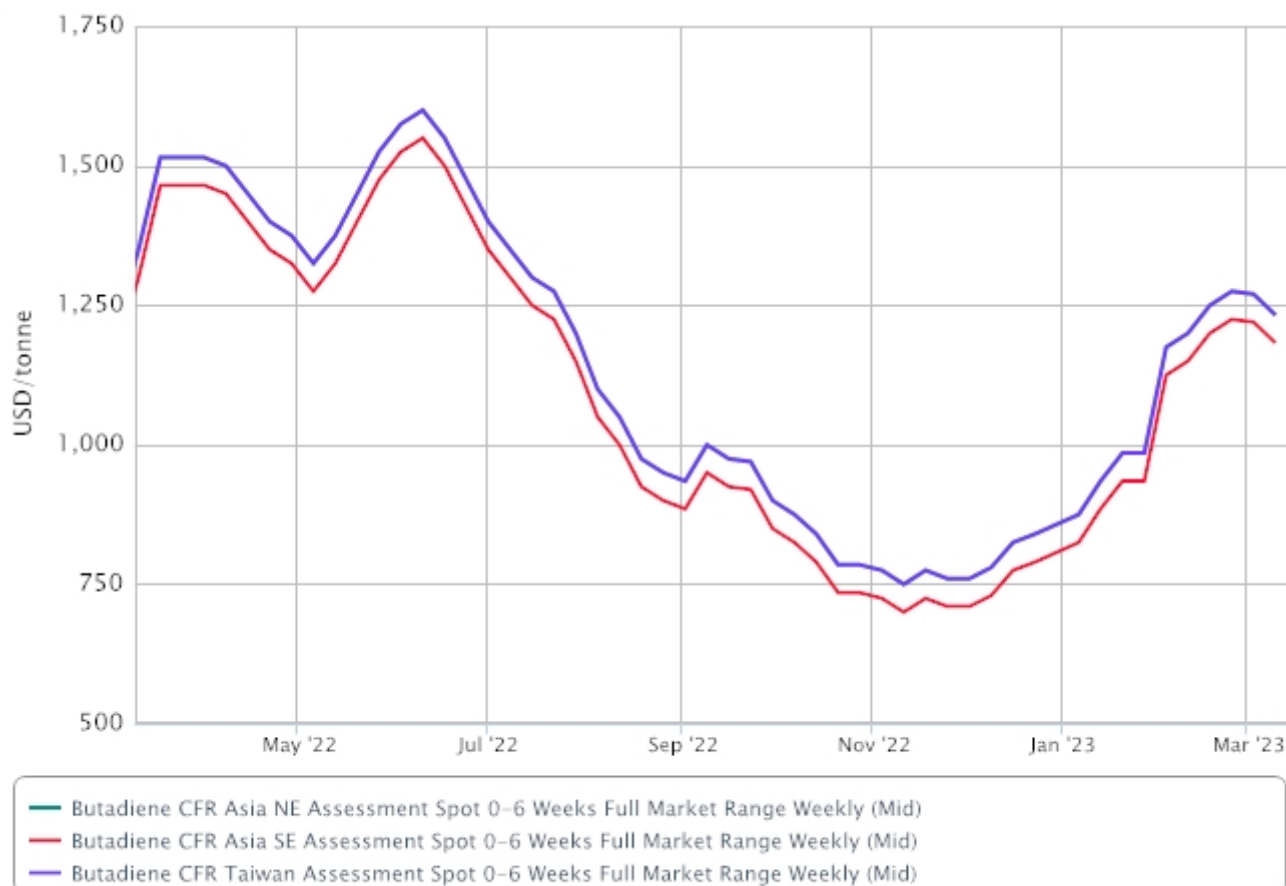
Discussions in this week's Asian butadiene (BD) import market remained [fragmented](#) as vastly different buy-sell views emerged for prompt cargoes and forward deliveries.

Sentiment was also [swayed](#) by fluctuations in the domestic yuan-denominated market, which started the week on a bearish note, but rebounded late week after news that a local plant could not restart from maintenance as planned this week due to technical reasons.

For prompt import cargoes still up for spot sales, buying interest was tepid as most end-users said they had already covered the bulk of their March requirements.

Many said they are also holding back on additional spot April purchases, not only because substantive requirements are limited due to slower-than-expected downstream demand, but also because they are convinced that regional BD supply will only lengthen from here with improving cracker operations. More deep-sea origin cargoes are also slated to flow into Asia in the April-May period.

However, regional producers held a different view, saying that capacity losses from a heavy wave of scheduled maintenance in Q2 for both upstream crackers and regional BD units, will far outstrip deep-sea arrivals, which sources said amounted to more than 10,000 tonnes so far based on finalised transactions. This gave support to firmer selling expectations among regional producers for any spot cargoes that they may have had at hand for sale.



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OUTLOOK

- Buy-sell battle to continue
- Deep-sea cargoes could dent buy-side sentiment
- Regional production remains curtailed on heavy Q2 maintenance

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	n/c	1200.00-1260.00	-40	1150.00-1200.00	54.43-57.15
CFR NE Asia	USD/tonne	-35	1165.00-1300.00	-40	1150.00-1250.00	52.84-58.97
CFR Taiwan	USD/tonne	-35	1165.00-1300.00	-40	1150.00-1250.00	52.84-58.97
CFR SE Asia	USD/tonne	-35	1115.00-1250.00	-40	1100.00-1200.00	50.58-56.70

China

The FOB China assessment was stable-to-soft, as early week-domestic losses weighed on selling indications.

Domestic ex-tank prices in east China fell early in the week but rebounded late in the week as prompt supplies tightened after a local plant failed to restart from maintenance as scheduled.



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Northeast Asia

The CFR NE Asia assessment was adjusted given the full spectrum of deals heard in the week.

A Taiwan end-user purchased two lots, one for end March shipment and the other for April shipment at \$1,165/tonne and \$1,205/tonne CFR NE Asia respectively.

Late in the week, a Chinese producer sold via tender a H2 April loading cargo at \$1,300/tonne CFR NE Asia to a trader. The tender stipulated that the cargo could only be delivered to Taiwan or South Korea but it was not clear if the buyer had finalised the delivery destination by time of publication.

Early-week trades dovetailed with the majority bearish pricing sentiment among end-users, many of whom said that their buying power for BD has been curbed by a poorer-than-expected performance in various derivative markets.

However, the sell-side maintained firmer expectations as they are convinced that regional spot availability will remain tight moving forward, even if several deep-sea cargoes are scheduled to be shipped to Asia in April and May.

For traders with forward positions to fill, some raised bids to secure cargoes, culminating in the higher late-week trade, sources said.

The CFR Taiwan assessment was adjusted with the change in the CFR NE Asia assessment.

Monthly Contract DEL, \$/tonne	Feb 23	Jan 23	Dec 22	Nov 22	Oct 22
Taiwan FPCC	1,085	855	755	755	795
Korea YNCC	1,178	905	795	755	745

Southeast Asia

The CFR SE Asia assessment was adjusted the with change in the CFR NE Asia assessment in the absence of concrete discussions on CFR SE Asia terms.

A southeast Asia-origin cargo was also sold in the week, via tender, for May shipment. The transaction was concluded on FOB terms and on a formula basis, sources said.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

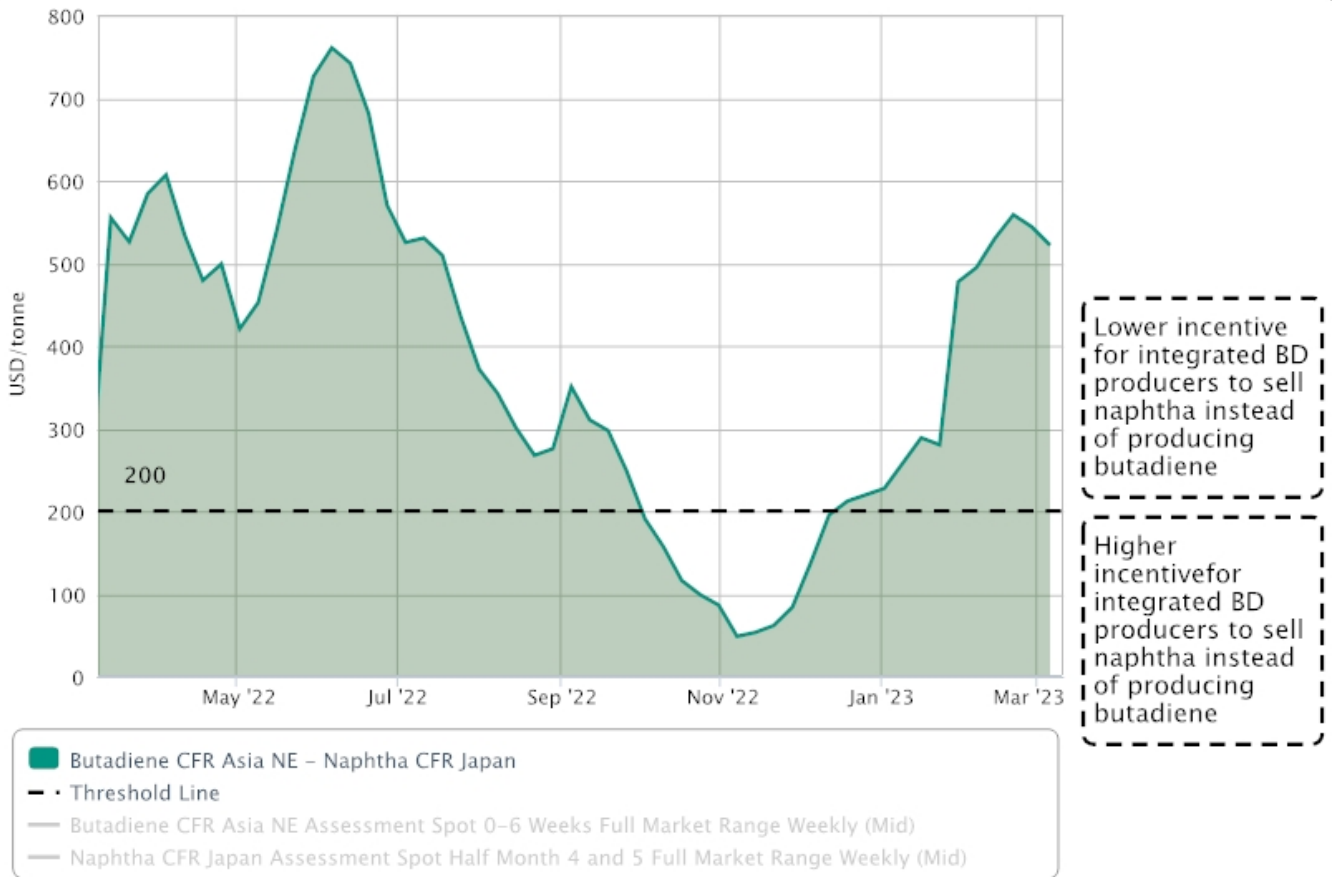
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	n/c	9400-9500	+100	9000-9100	-

UPSTREAM

Naphtha:

- End-user demand lacks drive
- Poor downstream margins caution buying
- Unviable arbitrage economics reins in supply

[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.

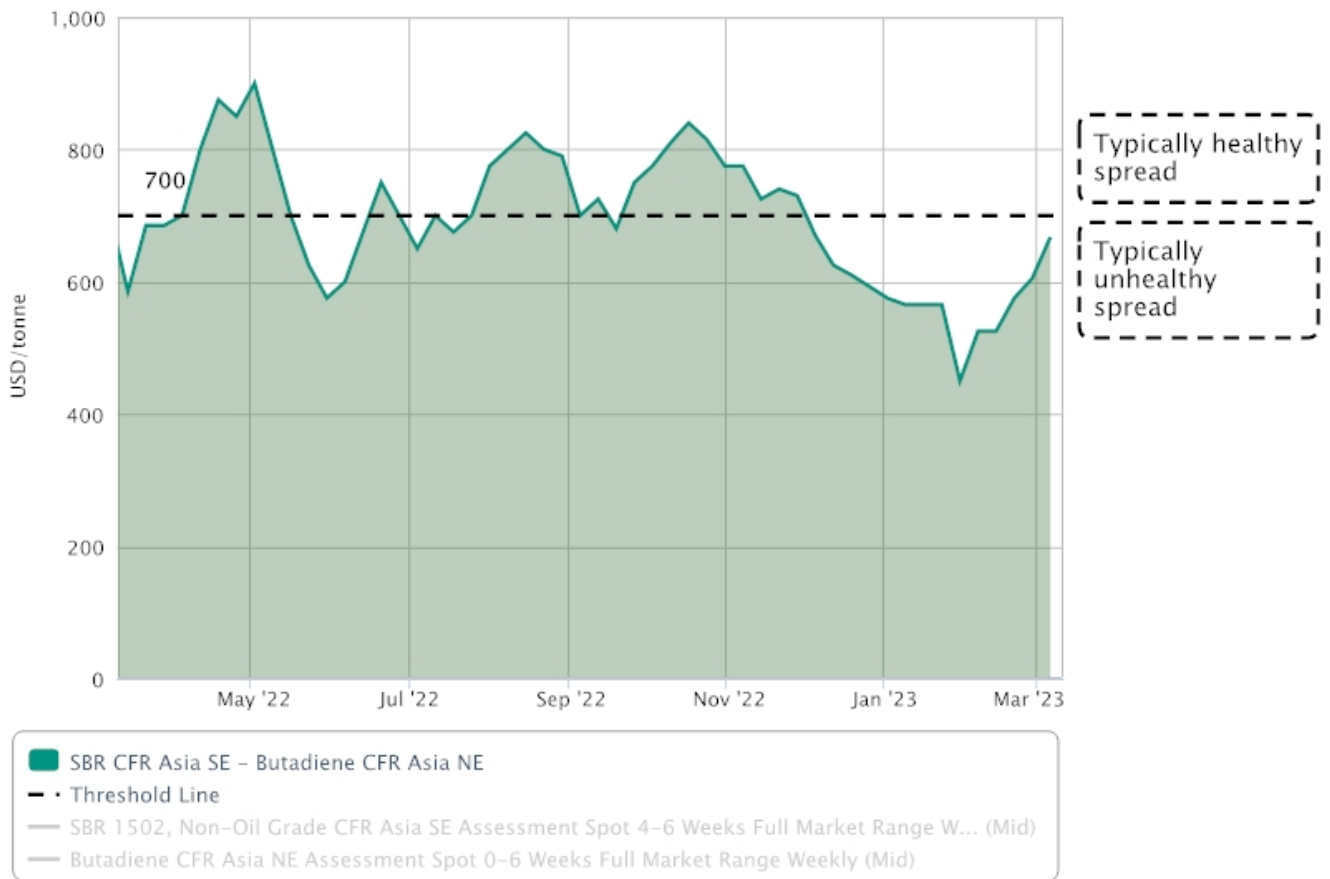
DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Weak domestic China dents wider Asian sentiment
- Buyers pull back
- Unyielding cost pressures for wider Asian producers

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 fall
- Inventory pressures continue to compel offers to drop
- Worries on margin losses, amid feedstock gains, poor end-use demand



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PRODUCTION

In northeast Asia, overall BD output is expected to remain capped in the near term until cracker operating rates are fully restored.

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

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

OTHER REGIONS

Europe

- Supply, demand fundamentals steady week on week
- Production cuts continue to mitigate reduced contractual obligations, limiting spot availability
- Discussion for spot export ongoing, focus on Asia rather than US
- Spot prices notionally higher

US

- Supply levels exceed current demand
- European players export attention on Asia
- [US 2023 tyre shipments expected higher than 2022, 2019](#)

ANALYTICS

ICIS Crude Outlook

A panel of OPEC+ members left production quotas unchanged at a meeting in February. In January, OPEC's actual production volume was 28.88m bbl/day, a drop of 49,000 bbl/day month on month. However, global oil production is expected to increase by about 1m bbl/day in 2023. EU sanctions on Russian oil exports came into full effect on 5 February. Russia reacted with an announcement that it would cut its oil production by 500,000 bbl/day starting in March. On the demand side, global oil consumption is likely to rise by about 2m bbl/day in 2023, mostly driven by Chinese economic growth. Still, concerns over global economic growth remain. Chinese refinery throughputs showed a modest increase in February despite higher expectations. India continued to import record volumes of seaborne Russian crude oil.

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ICIS Naphtha Outlook

Due to the extension of the EU ban to include Russian refined products as of 5 February, seaborne volumes of the country's refined oil products, including 1m bbl/day of diesel, naphtha, and other fuels need to find a home elsewhere. Naphtha stocks at the key European trading hub of ARA dropped by over 20% in the most recent week in February, the lowest in nearly two months, as the much-anticipated sanctions on Russian refined products kicked in. Naphtha cracks remained steady in February supported by bullish sentiment in Q2. However, prices may rise as the full EU ban on Russian material sets in. Refiners expect margins to remain robust this year because of EU sanctions on Russian fuels and a rebound in Chinese demand. Asian naphtha markets are likely to come under pressure in the first half of 2023 as the region prepares to absorb additional Russian supplies.

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