



Butadiene (Asia-Pacific)

By Ai Teng Lim
10-Nov-2023

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

OVERVIEW

- **Demand subdued**
- **Supply picture mixed**
- **Regional cargoes limited but deep-sea influx expected**

Discussions in the Asian spot import market for butadiene (BD) continue to trend down with weak demand, although the extent of declines vary for cargoes from different origins and delivery windows.

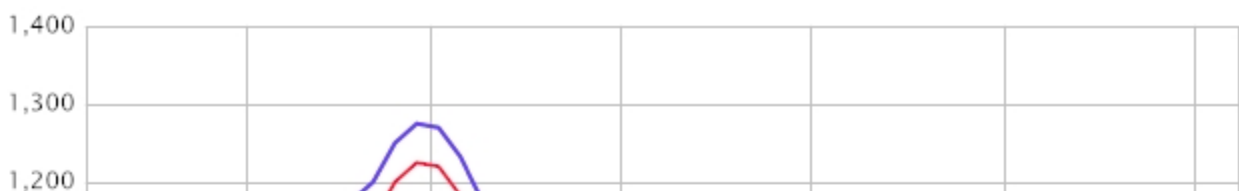
Overall, buying appetite shrunk, as confidence about Asia's near-term economic recovery prospects erodes more in the wake of a month-on-month dip in the [ICIS China petrochemical price index for October](#).

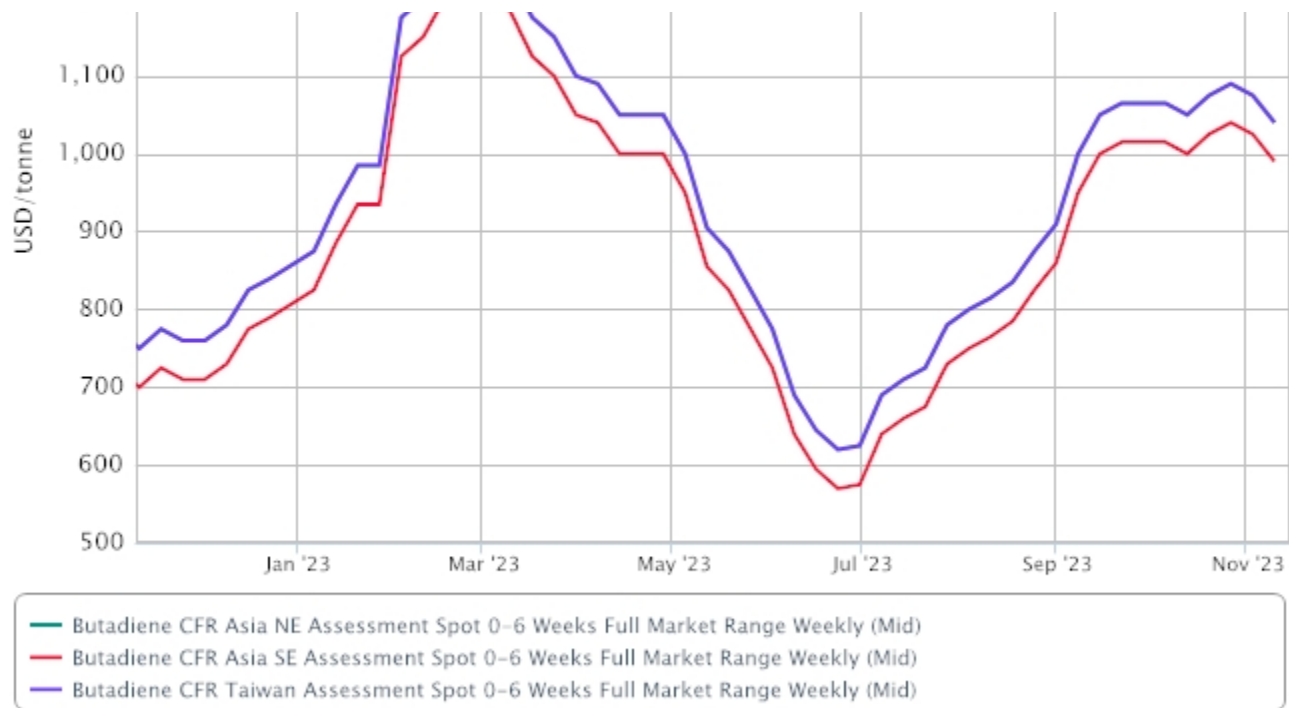
End-users are also not in a rush to commit on fresh imports, preferring to take more time to shop and bargain. They see themselves in a stronger position than before to do so, now that spot availabilities have been augmented by an influx of deep-sea cargoes.

The deep-sea flow may not let up for the near term, as long as the battered [Eurozone](#) and US economies do not improve.

As these are expected to offset Asia's BD production shortfall, regional buyers are now less anxious and willing to bid aggressively for the limited regional BD spot cargoes.

For sellers of regional BD spot cargoes, many did not want to price down much - even as they acknowledge downstream demand is bearish - as they said buyers who could only take Asian cargoes will still have few options. After all, only select players in the region are requisitely equipped to receive deep-sea materials, market sources said.





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OUTLOOK

- Deep-sea flow may persist with weak demand in US, Europe
- Regional supplies [forecast](#) to stay snug in nature
- Global economic woes to weigh on regional buying interest

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	-40	1000.00-1100.00	n/c	1040.00-1050.00	45.36-49.90
			0			
CFR NE Asia	USD/tonne	-50	1000.00-1080.00	-20	1000.00-1100.00	45.36-48.99
			0			
CFR Taiwan	USD/tonne	-50	1000.00-1080.00	-20	1000.00-1100.00	45.36-48.99
			0			
CFR SE Asia	USD/tonne	-50	950.00-1030.00	-20	950.00-1050.00	43.09-46.72

China

Domestic ex-tank China prices softened this week with faltering sales tempo.

Sentiment weakened in line for FOB China discussions, and the low end fell with softer buying indications heard.

The high end is rolled in the absence of fresh offers, with China BD producers heard mostly already sold out on domestic trades.



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Northeast Asia

CFR NE Asian assessments are down, taking into consideration lower buy-sell indications for a spectrum of cargoes, from regional materials to deep-sea arrivals.

Buy-side response faltered amid a mix of poor derivative demand and downstream affordability concerns.

End-users in Asia capped their buying indications for December shipment supplies, be it of regional or deep-sea origin, to the published low-end, with some heard looking to pay even less, in the \$900s/tonne CFR NE Asia range, for forward deliveries.

Some sellers moderated slightly their expectations for regional cargoes, reflected at the high-end.

Deep-sea offers were heard within the published range, and a US-origin parcel changed hands for January arrival into northeast Asia at the low-end, market sources said.

Notably, due to wide disparity between buyers and sellers, many regional players turned to negotiating regional cargoes available to lift in December, on formula-linked terms instead.

Up to two northeast Asia-origin cargoes, available to lift in December for deliveries to mainland China/Taiwan, were heard sold late week on a floating, FOB NE Asia, basis, albeit at a low-teens discount against the CFR NE Asia index, market sources said.

CFR Taiwan assessments are adjusted with changes in the CFR NE Asian assessments.

Monthly Contract DEL, \$/tonne	Oct 23	Sep 23	Aug 23	Jul 23	Jun 23	May 23
Taiwan FPCC	995	940	750	650	655	875
Korea YNCC	1,035	980	770	665	635	855

Southeast Asia

CFR SE Asian assessments are moved in line with changes in CFR NE Asian assessments.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

		Price Range	One Week Ago	/
Butadiene				
Ex-Tank E China	CNY/tonne	-150	8900-9000	-150
			9200-9300	-

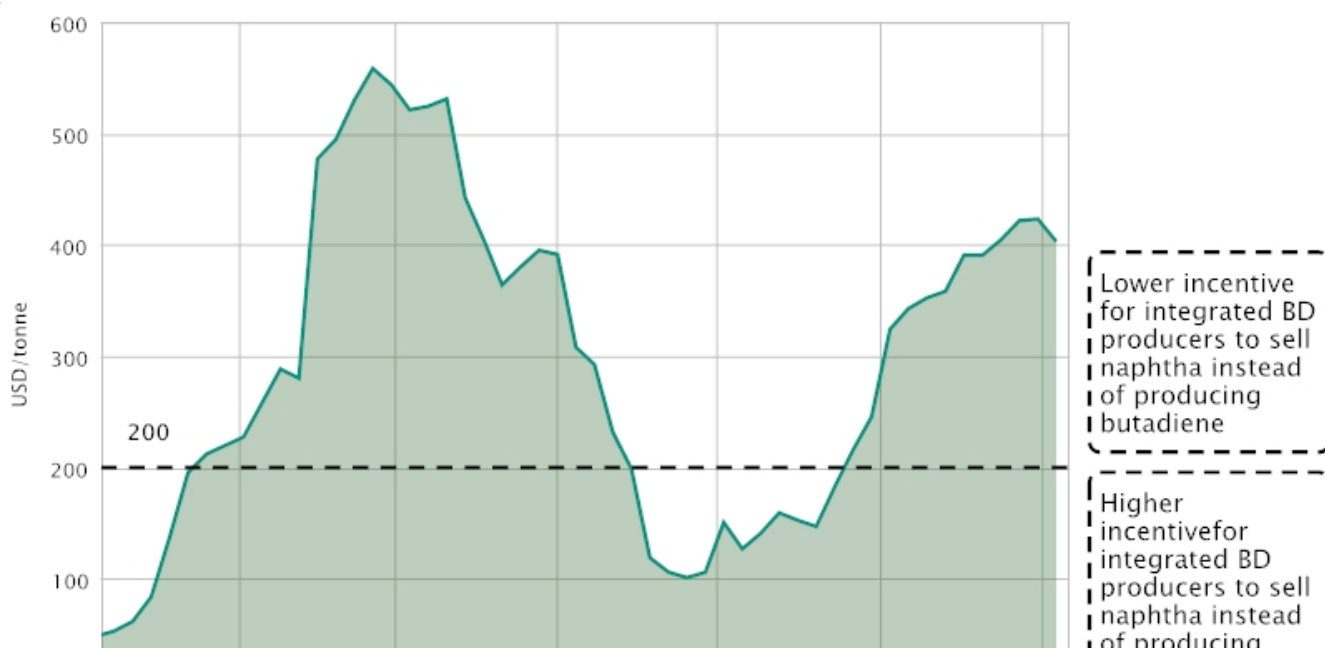
UPSTREAM

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

Naphtha:

- Friday's crack at its highest in almost two months due to crude, not demand
- Spot deals continue to be in discounts
- Intermont spread remains in contango on ample supply

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





of processing
butadiene



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DOWNSTREAM

Styrene butadiene rubber (SBR)

- Demand sentiment downbeat
- Buyers continued to stay away
- Some sellers widened discounts

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

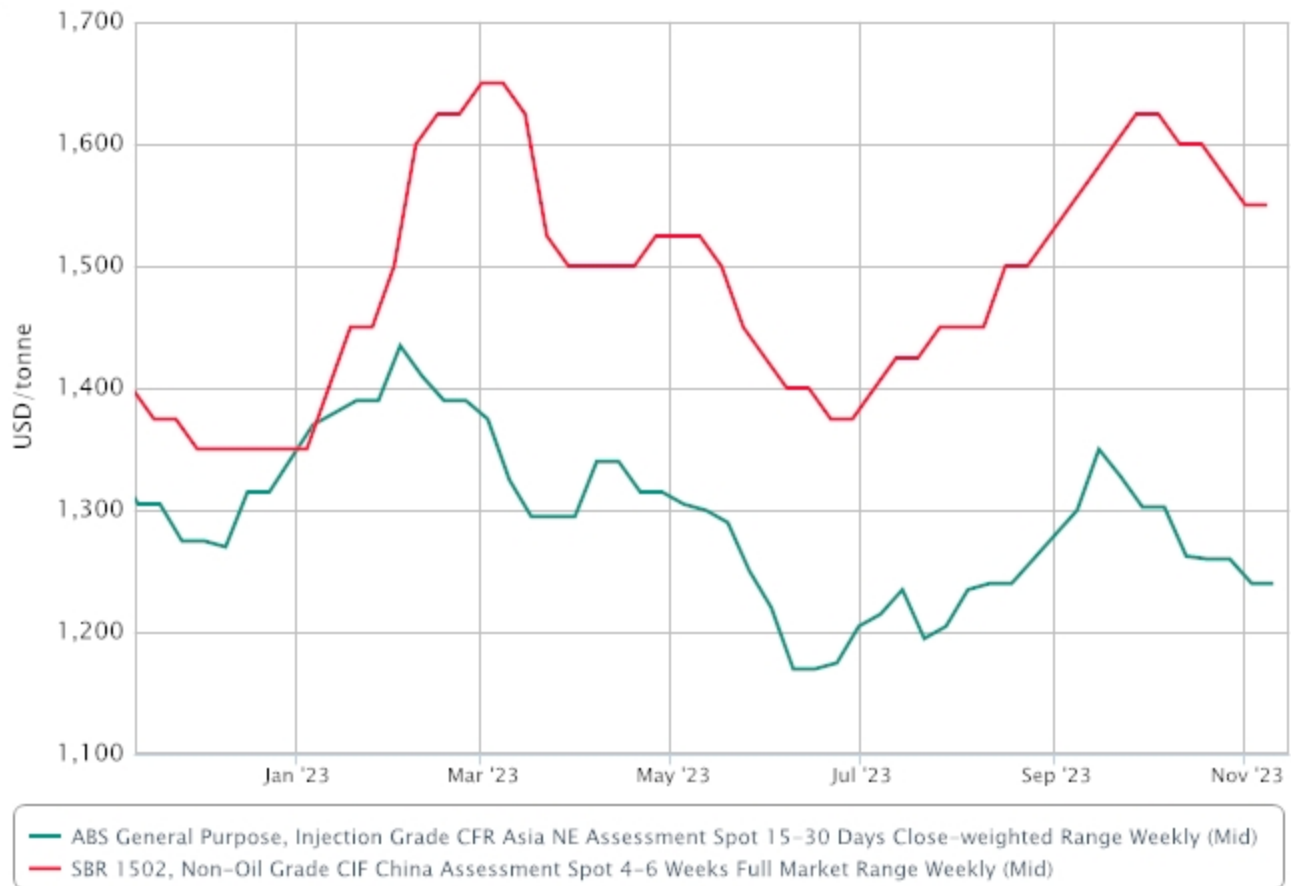
[Spread between Butadiene and Styrene Butadiene Rubber Asia](#)



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Acrylonitrile butadiene styrene (ABS)

- CFR NE Asia flat after last week's decline
- Momentum slides as traditional lull sets in
- India, SE Asia weaken as offers lowered to induce offloading of volumes



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PRODUCTION

Regional output is constrained by ongoing Q4 [turnarounds](#), but the shortage may see some relief once unplanned [outages](#) are gradually lifted.

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

OTHER REGIONS

Europe

- No fundamental changes week on week
- Ongoing appetite for exports leads to higher FOB prices
- BD output ramped up a little as a result
- Lack of clarity over Asia developments may stall opportunities

US

- [US Q3 BD inventories hit second-lowest level on record](#)
- Supplies sufficient to meet domestic contractual demand
- Global market expects US to re-enter export discussions when supplies improve

ANALYTICS

ICIS Crude Outlook

Global crude supply is expected to tighten in Q4, supporting prices along the downstream value chain. The spot market is dominated by headlines covering geopolitical tension in the Middle East. Total OPEC-13 crude oil production averaged 27.75m bbl/day in September, higher by 273,000 bbl/day month on month. Saudi Arabia and Russia indicated that the additional cuts may be reduced or extended depending on oil price dynamics. Combined dynamics of OPEC+ supply, Chinese economic growth, and a level of geopolitical tensions will determine forward oil prices for the balance of 2023. The most likely outcome of the next OPEC+ meeting, scheduled for 26 November 2023, is that the group holds to its current production schedule. There is significant asymmetric upside to near-term oil prices if conflict in the Middle East escalates and widens, as the region supplies over a quarter of the world's crude oil.

By **David Jorbenaze**, senior analyst, david.jorbenaze@icis.com

ICIS Naphtha Outlook

European naphtha cracks in northwest Europe came under pressure in October displaying elevated volatility following fluctuation in the crude oil market and shifting arbitrage-led fundamentals. Transatlantic arbitrage attracted a value-driven flow, reducing shipments to Asia. We anticipate that exports of European naphtha to Asia will attract more volumes amid improving east-west arbitrage economics in the coming months. Naphtha imports to China are projected to remain high for the balance of Q4 amid healthy light and middle distillates margins. The Q4 2023 outlook for naphtha demand from the petrochemicals sector remains bearish as the propane/naphtha spread is likely to trade under -\$100/tonne in Europe, suggesting that naphtha will not easily find its way into the steam cracker units, which are anticipated to operate at reduced rates. Sentiment for naphtha premiums in the Asia remains positive amid stronger regional demand and lower production following refinery turnarounds.

By **David Jorbenaze**, senior analyst, david.jorbenaze@icis.com

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