



Butadiene (Asia-Pacific)

By Ai Teng Lim
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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 prices up**
- **Import talks also boosted**
- **Surplus reduced with cracker op rate cuts**

Asian spot prices for butadiene (BD) [spiked](#), bolstered by a post-holiday rally in the domestic China market.

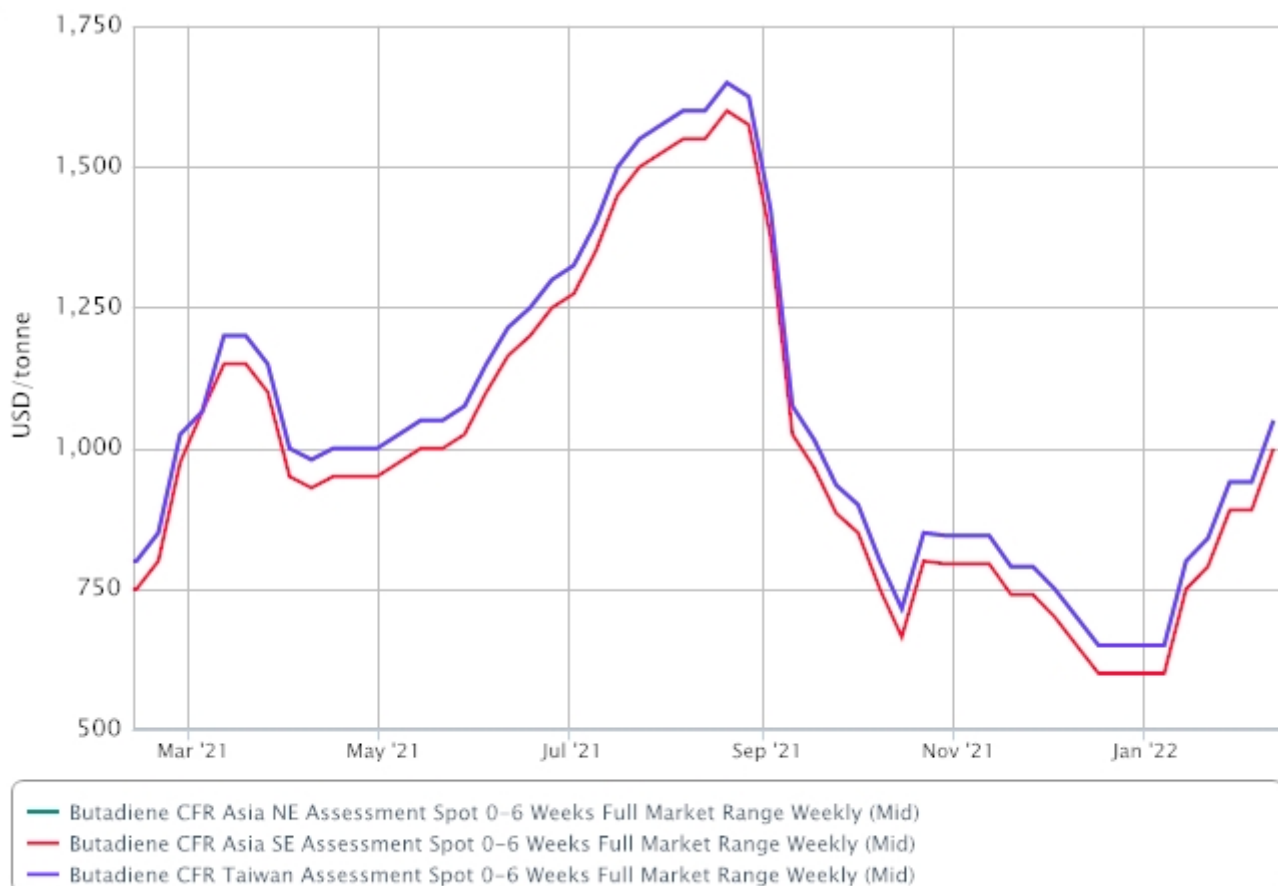
Domestic yuan values surged when the China market resumed on 7 February after an extended Lunar New Year closure, in part tracking upstream crude increases seen in the week prior.

For the US dollar-denominated import market, prior supply overhang also eased with ongoing cracker operating rate cuts in northeast Asia.

Sellers no longer saw the need to stimulate buying interest with discounts, and instead, many hiked offers in a bid to lift and rescue suppressed cracker margins, market players said.

BD sellers' sentiment was further buoyed by news of an [unplanned outage](#) at a cracker in Yeosu, South Korea, even though this cracker does not typically support much of BD production.

Buyers also raised bids to secure some volumes before prices rose further, assuming the ongoing crude rally will extend further.



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OUTLOOK

- **Prompt supplies may stay snug on sustained cracker op rate cuts**
- **Buying tempo may improve with restocking needs**
- **Market players monitor how upstream crude market may trend in the near term**

ICIS analyst view on BD

ICIS expects healthy fundamentals in the Asian BD market in February and March.

More regional producers have cut cracker output in February, and potentially in March as well. This will heavily decrease BD output. In light of strong crude prices, the choice of lighter feedstocks for crackers will also lower BD production yield. Additionally, the incident at YNCC's third cracker in Yeosu is very like to further impact BD supply.

However, following price increases for both BD and other petrochemicals seen in February, we expect some producers to increase cracker output from late March. There will also be a chance that on-purpose BD units will restart.

Also, the Asia-US arbitrage window remains open but narrowed, thereby supporting the bullish sentiment.

Some buyers decreased their term cargoes volume in 2022 in light of the abundant supply outlook. This may support a greater price movement in a tight supply-demand balance situation.

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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	+150	1000.00-1100.00	+150	750.00-800.00	45.36-49.90
CFR NE Asia	USD/tonne	+100	1000.00-1100.00	+120	750.00-850.00	45.36-49.90
CFR Taiwan	USD/tonne	+100	1000.00-1100.00	+120	750.00-850.00	45.36-49.90
CFR SE Asia	USD/tonne	+100	950.00-1050.00	+120	700.00-800.00	43.09-47.63

China

FOB China prices spiked, tracking strong increases in the domestic yuan market.

But substantive discussions on FOB China export trades were muted, with most players focussed on domestic sales.

Price (CNY/tonne)	11 February	30 January
DEL east China	7,700-8,100	7,000-7,200

*China was shut for the Lunar New Year holiday from 31 January to 6 February.



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Northeast Asia

CFR northeast Asian assessments rose, tracking firmer buy-sell pricing indications heard.

A northeast Asia-origin cargo was also heard sold for March shipment within the published range.

CFR Taiwan assessments were raised in line with changes in CFR NE Asian assessments.

Monthly Contract DEL, \$/tonne	Jan 22	Dec 21	Nov 21	Oct 21	Sep 21	Aug 21	Jul 21	June 21
Taiwan FPCC	795	780	885	870	1,175	1,545	1,380	1,205
Korea YNCC	835	645	800	790	1,050	1,650	1,470	1,245

Southeast Asia

CFR SE Asian assessments were lifted, in line with changes seen in the CFR NE Asian assessments, in the absence of concrete discussions.

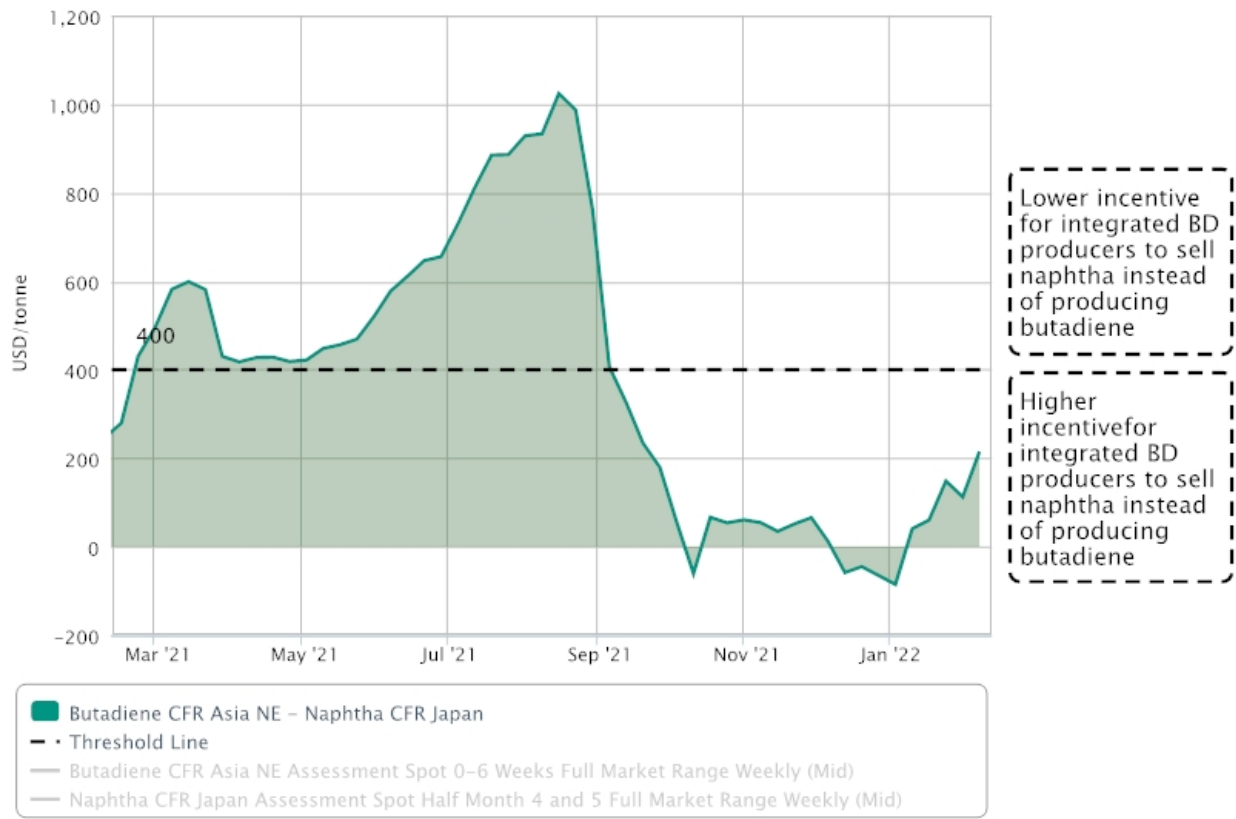
SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

			Price Range	One Week Ago	/
Butadiene					
Ex-Tank E China	CNY/tonne	+300	7500-8000	+500	6800-7000
					-

UPSTREAM

Asia-Pacific naphtha prices tracked volatile global crude oil futures to stay at seven-year highs. Supply-related concerns on the back of steady demand cushioned market sentiment, coinciding with a blast incident at a South Korean cracking site. Naphtha's intermonth spread widened further in backwardation.

[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

Asian styrene-butadiene-rubber (SBR) prices were stable to soft, on weaker buying tempo.

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

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



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Spot acrylonitrile butadiene styrene (ABS) import prices in northeast Asia were flat for a fifth week after a decline from 22 October 2021. Restocking activities were scant, as importers had already stocked up on sufficient inventories prior to the holiday. Sellers struggled with higher production cost after the recent feedstock crude and benzene rally, amid the sluggish demand.



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PRODUCTION

The regional BD market remains structurally over-supplied, with more [new capacities](#), including a 200,000 tonne/year unit in China's Zhejiang province, expected to come onstream within the first half of 2022.

But prompt output is reduced, tracking a heavy wave of recent cracker operating rate cuts in northeast Asia.

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

OTHER REGIONS

In the US, BD imports reach [historic high](#) levels in 2021.

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