ICIS Independent Commodity Intelligence Services

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

- **Asian BD weighed down by soft demand; falling Chinese market**
- **High cost pressures cushions declines**
- **Spot supply available from SE Asia**

The Asian butadiene (BD) market was weighed down by soft demand and a soft China domestic market trend.

The China domestic market dropped early- to mid-week impacting import sentiment but then rose towards end of week on replenishment buying.

Chinese buyers continued to have pockets of import demand, as import prices remained competitive compared with China domestic prices.

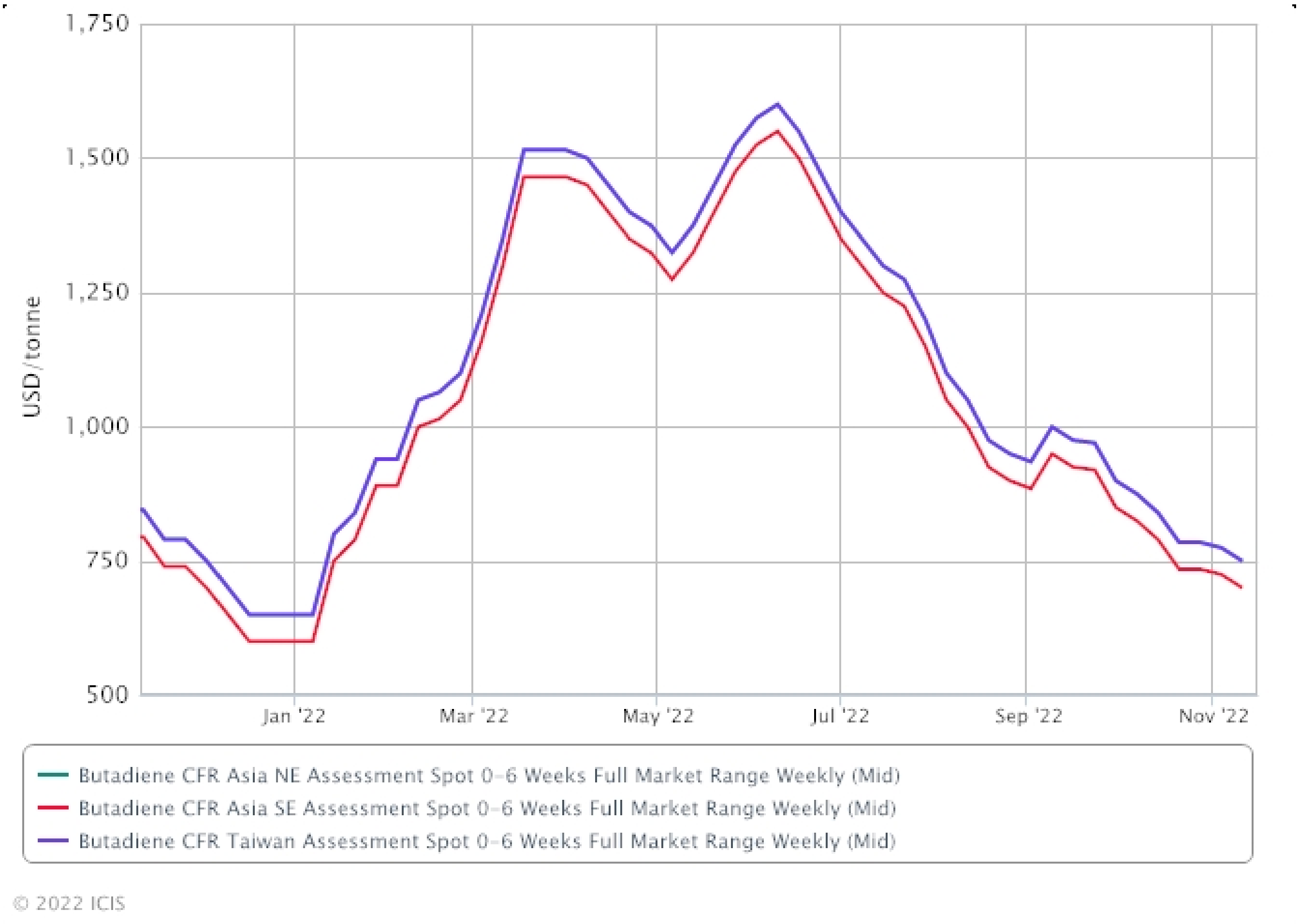
Overall downstream demand remained weak amid Covid-19 curbs and a slowdown in the economy.

Firm fixed-price offers were not widely heard in the current week with sellers preferring to discuss on a formula-basis to mitigate risks.

Southeast Asian cargoes were available via sales tender for December-loading, despite on-going production issues in the region.

With the spread of BD and naphtha minimal, high cost pressures have prompted BD units to reduce production, in line with cuts in cracker run rates.

In South Korea, supply was balanced amid curtailed production. A supplier recently sold bulk volumes to the US for December-loading and had no inventory pressure.



OUTLOOK

- **Concerns on upcoming new BD capacity**
- **New downstream capacities upcoming**
- **BD production may stay curtailed due to loss in margins**

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	-50	800.00-850.00	-50	900.00-1000.00	36.29-38.56
CFR NE Asia	USD/tonne	-30	720.00-780.00	-20	780.00-900.00	32.66-35.38
CFR Taiwan	USD/tonne	-30	720.00-780.00	-20	780.00-900.00	32.66-35.38
CFR SE Asia	USD/tonne	-30	670.00-730.00	-20	730.00-850.00	30.39-33.11

China

The FOB China assessment was reduced in line with declines in the China domestic market.

However, there were no discussions due to poor demand in wider Asia.

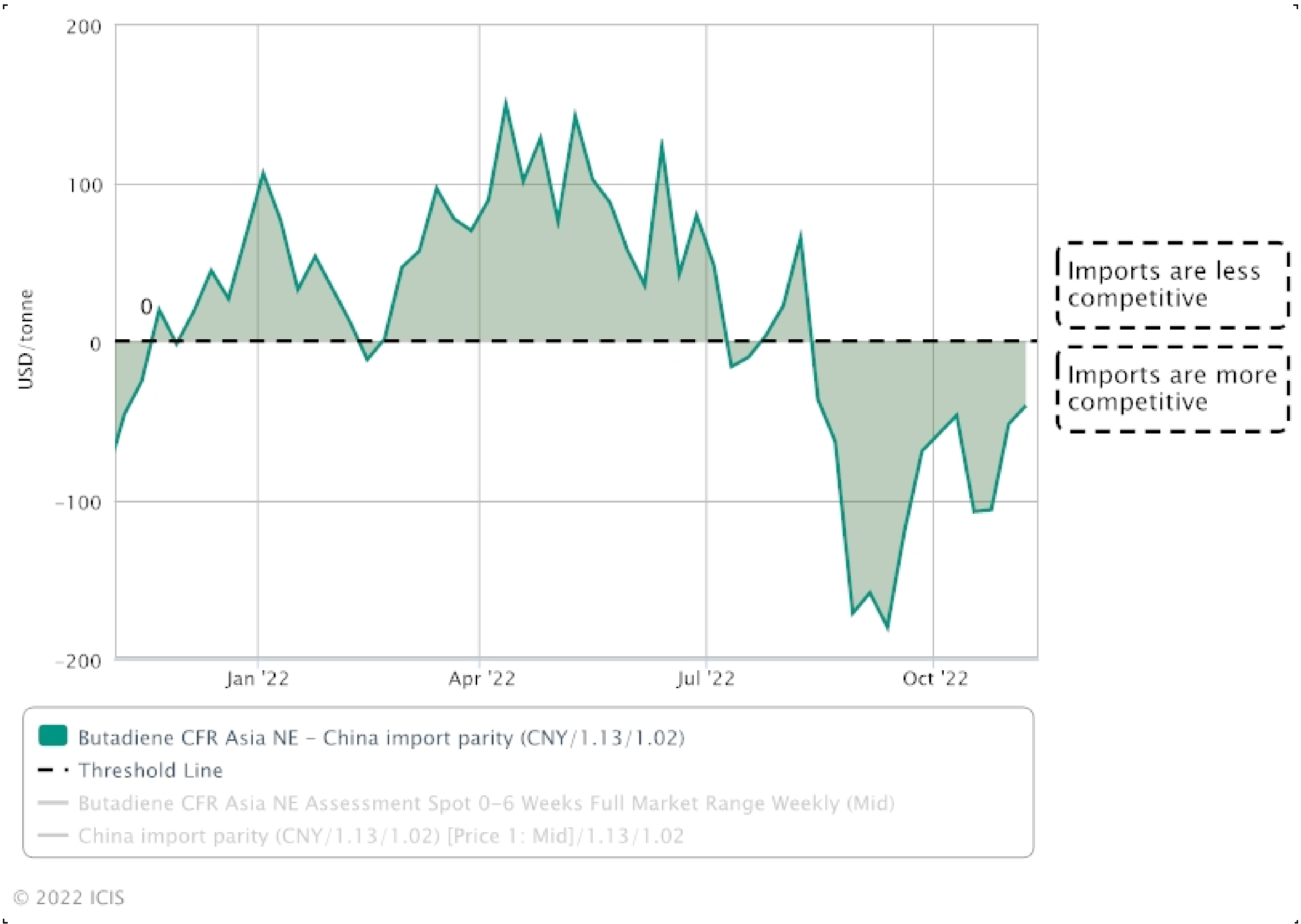
Domestic ex-tank prices fluctuated in the week.

Northeast Asia

CFR NE Asian assessments were based on the workable buying and selling discussion range from market participants.

A deal was heard equivalent to around $780/tonne to $800/tonne CFR NE Asia, but the higher range could not be confirmed with the wider market.

[Import parity of domestic BD prices]



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

Monthly Contract DEL, $/tonne	Oct 22	Sep 22	Aug 22	Jul 22	Jun 22	May 22
Taiwan FPCC	795	885	1,025	1,255	1,450	1,360
Korea YNCC	745	920	983	1,315	1,555	1,445

Southeast Asia

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

Sales tenders were floated in the week for southeast Asian cargoes loading in December. Supply is sufficient in the region despite on-going production issues.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

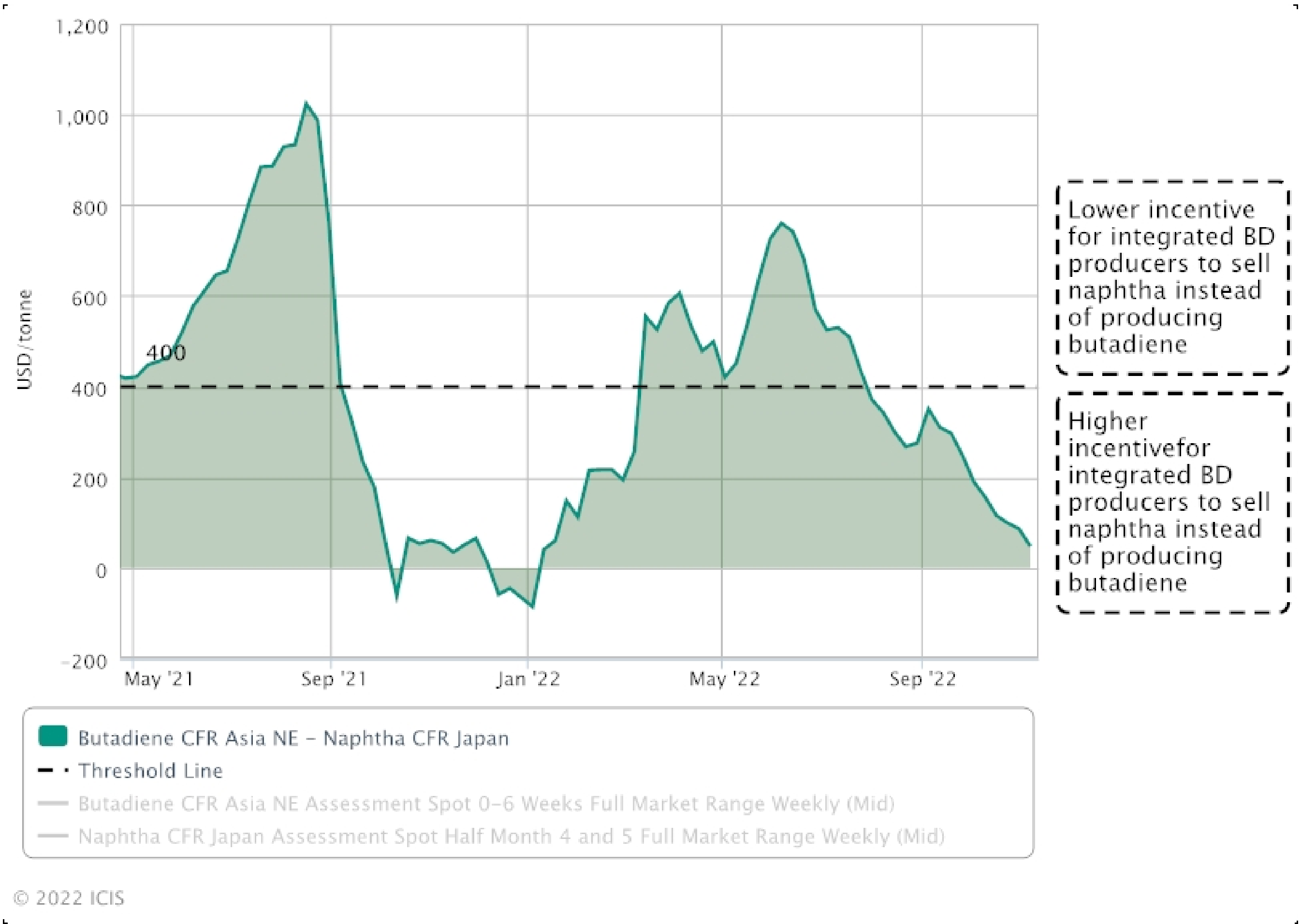
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	+200	6700-6800	+200	6800-6800	-

UPSTREAM

Naphtha

- Asia markets faced with few supporting factors
- Weak downstream margins, cracker maintenances curb demand
- Western arbitrage flows to Asia constant

Feedstock spread between naphtha CFR Japan and BD CFR NE Asia



Click here for the Asia feedstocks and petrochemicals weekly summary.

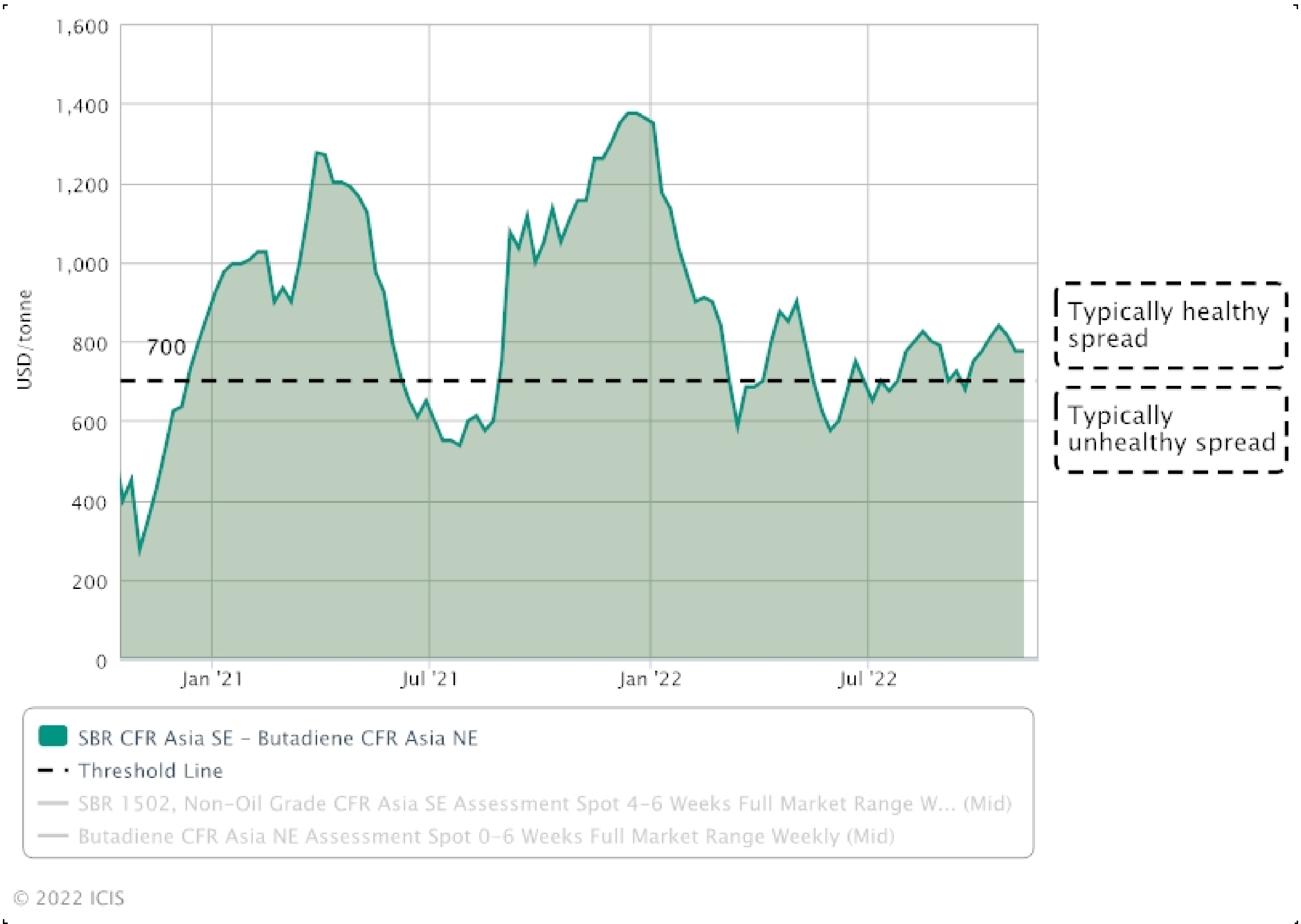
DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Active export offers from China
- Other sellers moderate targets to stay competitive
- Buyers retreat deeper

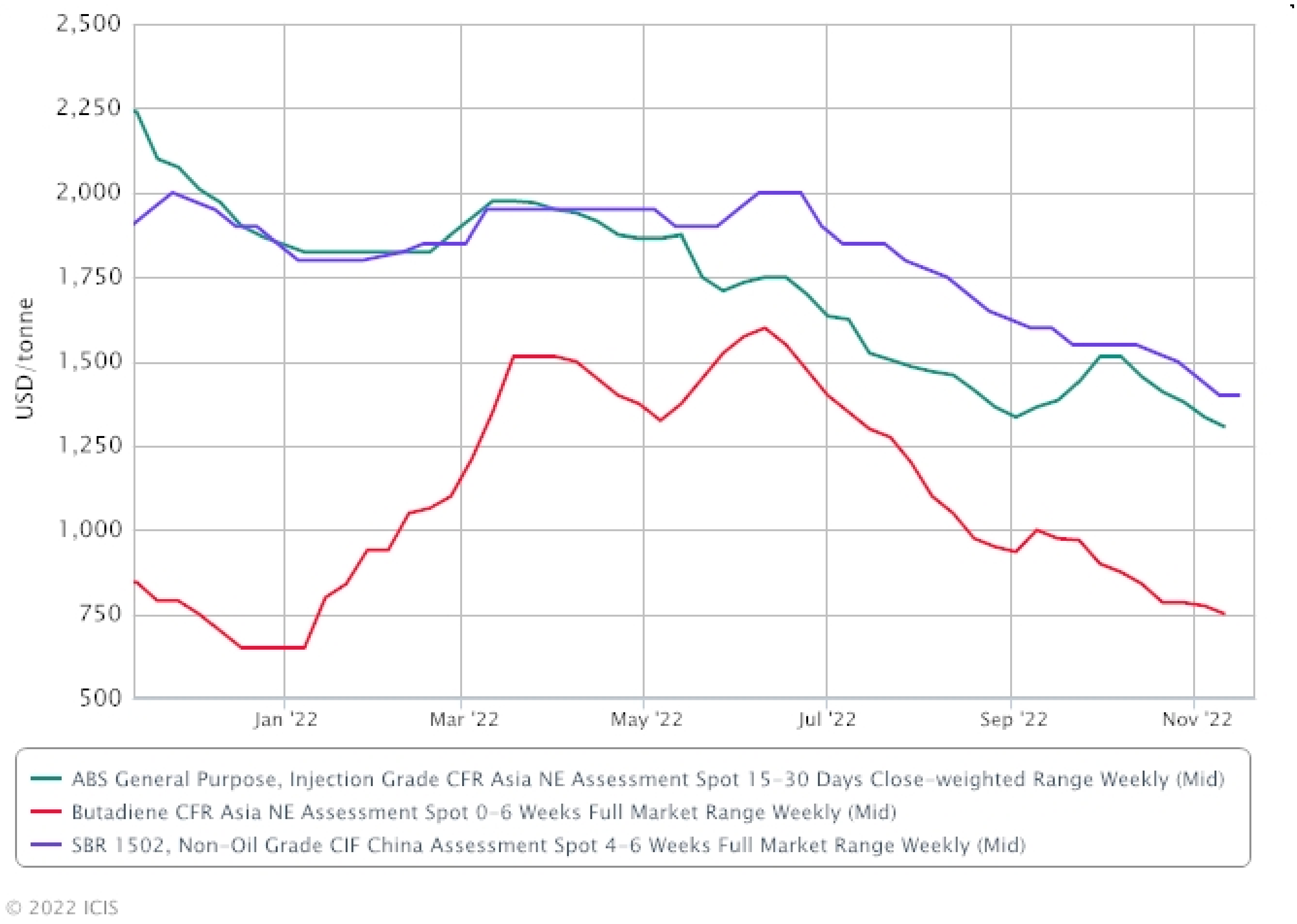
The chart below shows the spread between BD and SBR in Asia.

Spread between butadiene and SBR Asia



Acrylonitrile-butadiene-styrene (ABS)

- CFR NE Asia falls for fifth week
- Prices at more-than-two-year low
- Poor consumption as end-year beckons



PRODUCTION

In wider Asia, BD output from extraction units in Korea and Japan is expected to remain capped in the near term, as weak margins continue to weigh on operating rates at many upstream crackers. There is also ongoing maintenance in South Korea, but a plant in Taiwan has restarted from an unplanned two-week-long outage.

Domestic BD supply in China may lengthen if more new projects manage to begin production in the next two months as earlier expected, but prompt supplies are in the meantime tightened by an unplanned outage.

Click here for the Asian BD Live Disruption Tracker.

OTHER REGIONS

Europe

- Market soft, described as increasingly challenging
- Demand reduced across all sectors
- Production cuts ongoing in mitigation
- No domestic spot activity, exports discussed H2 Nov, Dec

US

- November BD contracts at second lowest level this year
- Spot close to parity with contracts
- Supply sufficient as demand slows during Q4 destocking

(Covering editor: Chng Li Li)