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

- **Buying interest picks up for prompt shipment**
- **Spot availability limited**
- **Longer term demand outlook still hazy**

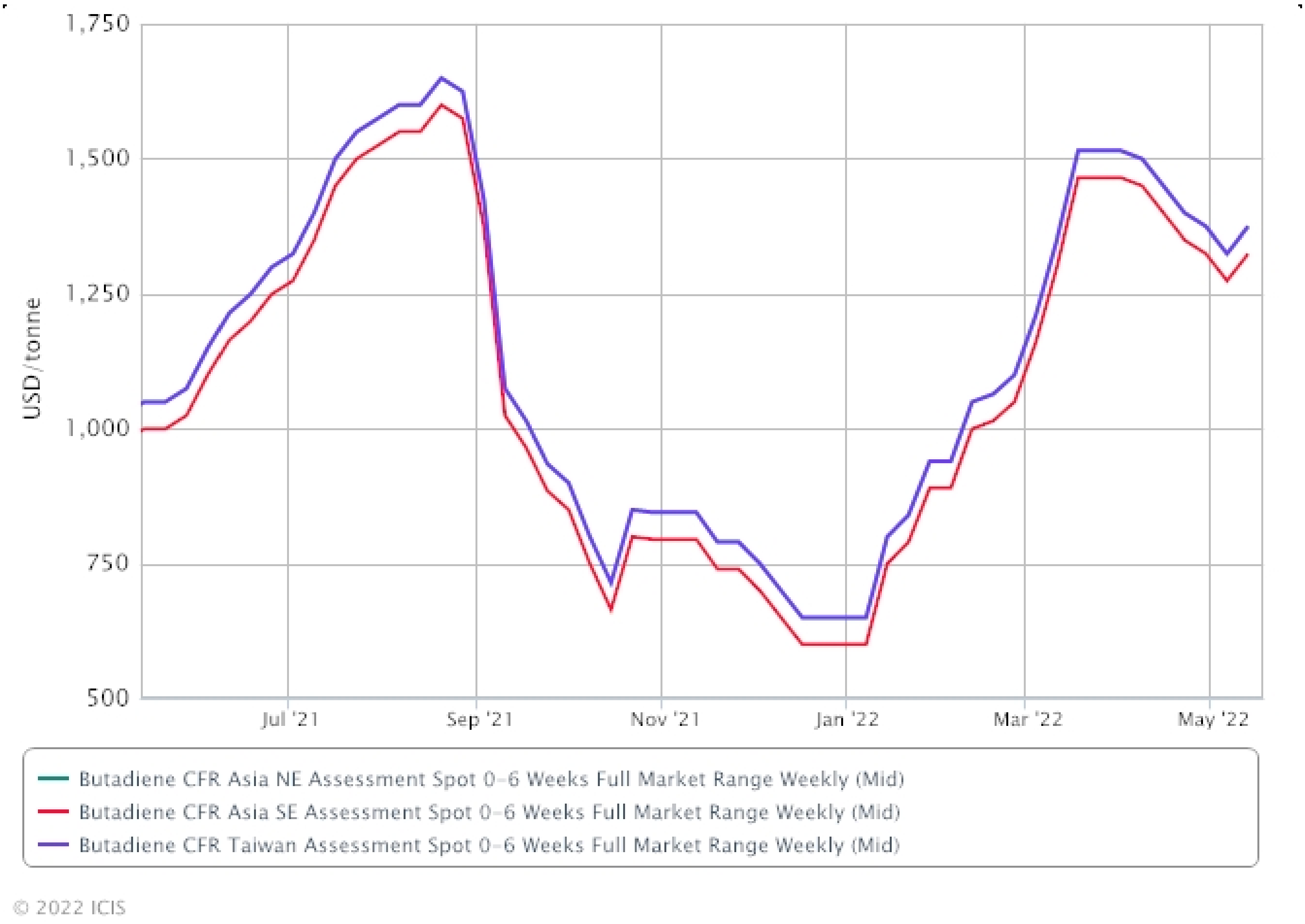
Discussions in this week's spot butadiene (BD) market were more upbeat, as buying interest picked up, especially for cargoes available to ship in H1 June.

Spot availability is limited in wider Asia, and centred only in China, where BD makers are keen to drive up exports, not just to leverage a weakening yuan currency against the US dollar, but also to make up for low domestic consumption.

Buying appetite was heard pronounced for Korea-bound shipment, as local output has been curtailed by several planned, and unplanned, plant maintenance closures. There are also concerns that upstream crackers there may consider fresh operating rate cuts in coming months if cracker margins remain compressed.

Pockets of similar demand also surfaced in Japan, market sources said.

But buyers' response to cargoes available to ship later in June were comparatively more subdued, which market players said underscored the reality that the demand outlook for the mid-to-long term remained murky in nature.



OUTLOOK

- **China supplies likely to dominate in the near term**
- **Economic worries will weigh in on longer term demand**
- **Outlook hazy**

PRICES

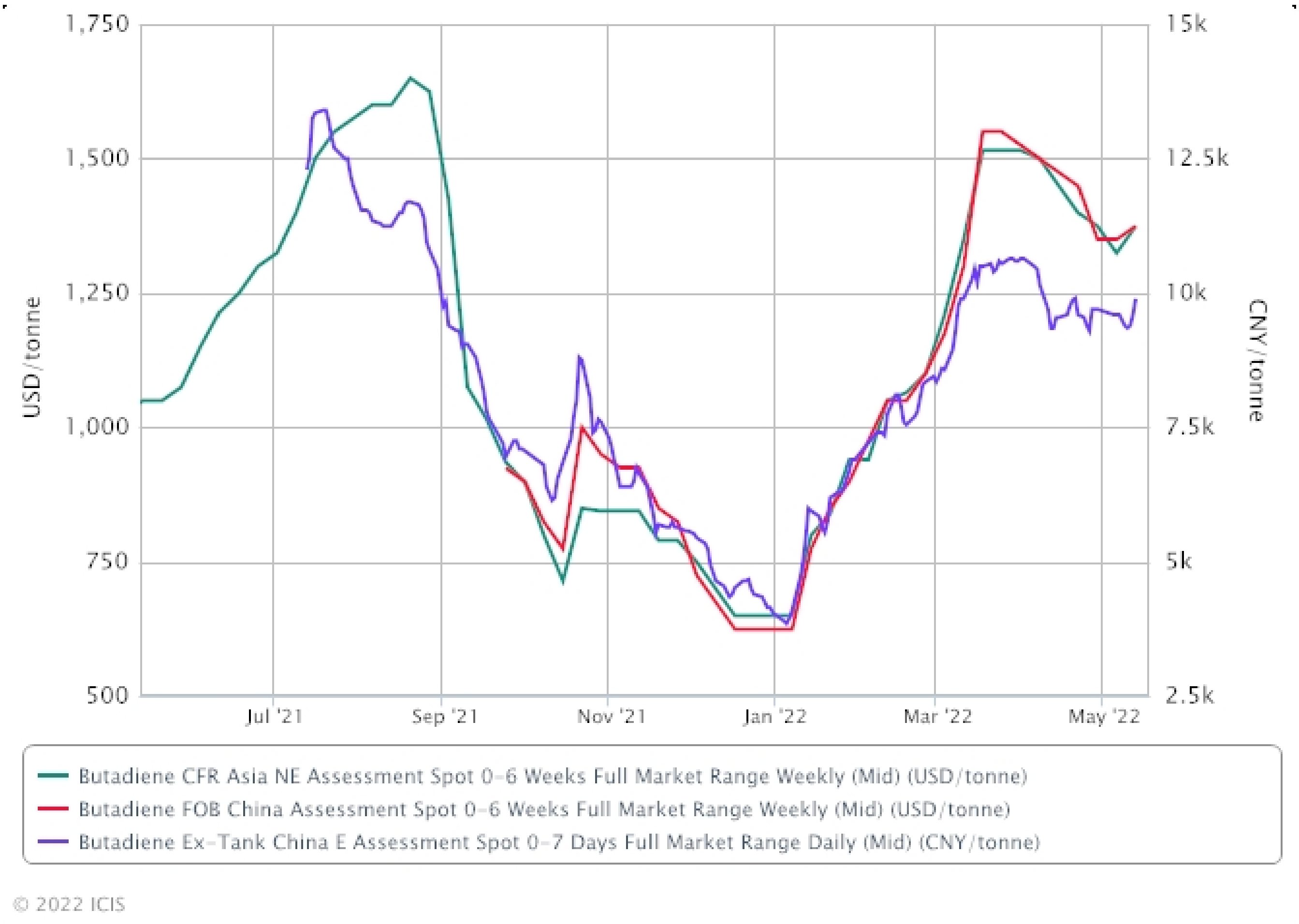
SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	+50	1350.00-1400.00	n/c	1400.00-1550.00	61.24-63.50
CFR NE Asia	USD/tonne	+100	1350.00-1400.00	n/c	1400.00-1500.00	61.24-63.50
CFR Taiwan	USD/tonne	+100	1350.00-1400.00	n/c	1400.00-1500.00	61.24-63.50
CFR SE Asia	USD/tonne	+100	1300.00-1350.00	n/c	1350.00-1450.00	58.97-61.24

China

FOB China assessments were stable-to-firm, with the low-end lifted in line with higher buying indications heard.

In the yuan-denominated market, ex-tank prices in east China rebounded with robust export activities. But domestic offtake rate is still low as operations at many downstream factories are still disrupted by ongoing pandemic lockdowns in several major cities.



Northeast Asia

CFR norhteast Asian prices were assessed in a narrower range, with the low-end raised with firmer buying indications heard for cargoes of diverse delivery windows.

Demand was higher for cargoes available to ship by H1 June, and discussions for these were reflected at the high end.

Buying indications for cargoes available to ship further out are capped at the low-end.

CFR Taiwan assessments were adjusted up on the low-end, in line with the changes in CFR NE Asian assessments.

Monthly Contract DEL, $/tonne	Apr 22	Mar 22	Feb 22	Jan 22	Dec 21	Nov 21	Oct 21
Taiwan FPCC	1,415	1,355	1,040	795	780	885	870
Korea YNCC	1,445	1,335	1,015	835	645	800	790

Southeast Asia

CFR SE Asian assessments were also adjusted up on the low-end, with changes seen in the CFR NE Asian assessments, in the absence of any concrete business on CFR SE Asian terms.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	+300	9800-10000	+300	9500-9700	-

UPSTREAM

Asia-Pacific naphtha prices were buoyed by gains in crude oil futures on supply-related concerns. The upward pressure was countered by subdued demand on the back of sustained lockdowns in China. Bearish sentiment kept the product’s market structure in a contango, with prompt-month prices lower than forward months.

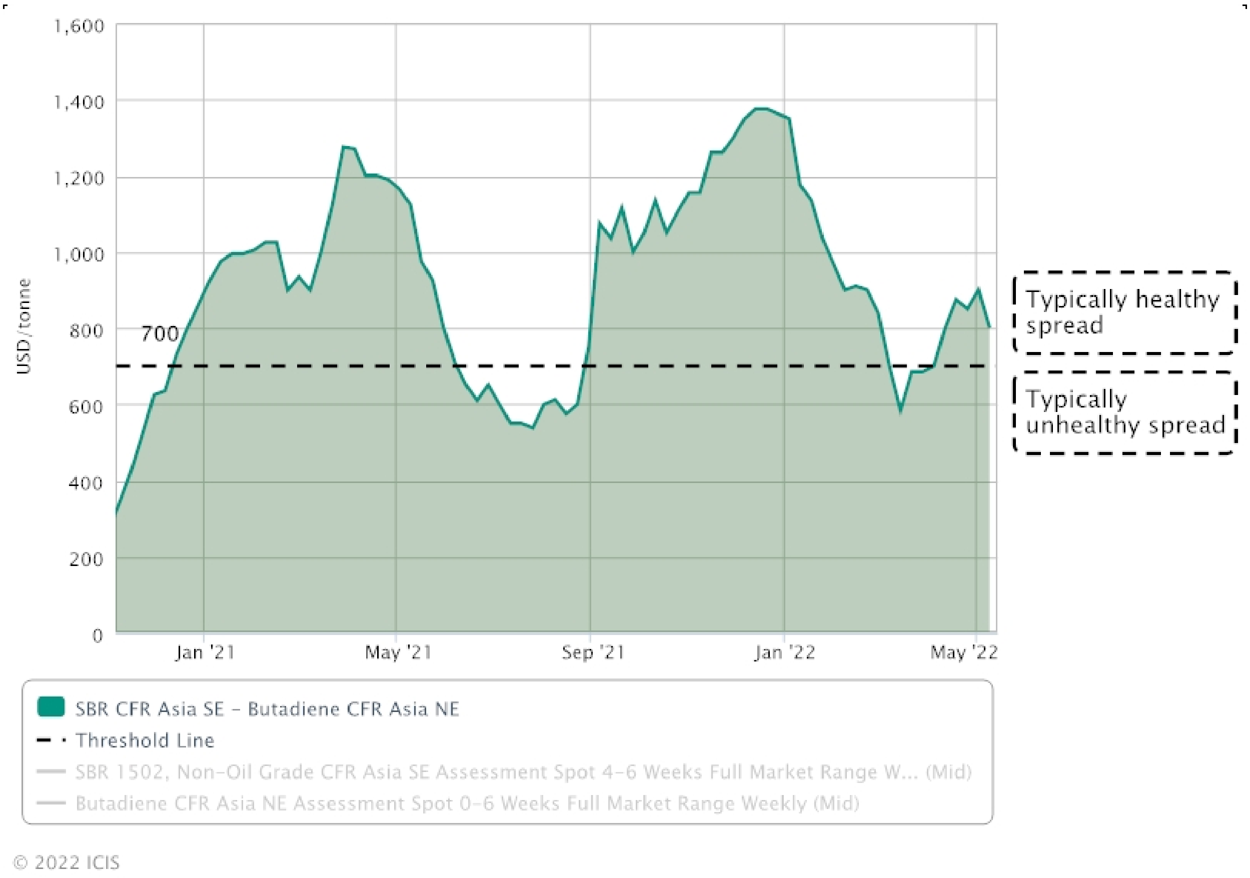
Feedstock spread between Naphtha CFR Japan and Butadiene CFR NE Asia

DOWNSTREAM

Asian spot discussions for **styrene butadiene rubber (SBR)** were weighed down as China stepped up exports.

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

Spread between Butadiene and Styrene Butadiene Rubber Asia



Northeast Asian spot **acrylonitrile butadiene styrene (ABS)** import discussions edged up, as sentiment strengthened with some production cuts across Asia. Availability was further shortened as sellers looked beyond Asian shores for stronger margins. The uptrend was capped by the persistently flagging downstream demand from the ongoing movement controls particularly in major market, China, amid the ongoing Russia-Ukraine war.

PRODUCTION

With many northeast Asian crackers still operating at sub-optimal rates for May, prevailing regional output of BD remains crimped. Furthermore, several plants have scheduled maintenance in May. there are a few BD plant maintenance closures in May.

Whether the constraints may ease in coming months will hinge on how cracker operating rates will pan out, as well as whether a 185,000 tonne/year unit in SE Asia can start up as planned in Q2 2022, market players said.

Click here for the Asian BD Live Disruption Tracker.

OTHER REGIONS

In the US, BD production from steam crackers fell in February because of lower industry operating rates.

But the 410,000 tonne/year BASF-Total BD unit in Texas will restart in mid-May, following a two-month-long maintenance.