



Butadiene (Asia-Pacific)

By Ai Teng Lim

14-Apr-2023

[Overview](#) | [Outlook](#) | [Prices](#) | [Upstream](#) | [Downstream](#) | [Production](#) | [Other Regions](#) | [Analytics](#)

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

OVERVIEW

- **Limited buying interest**
- **Lower offers for prompt shipment cargoes**
- **Overall liquidity curbed by wide buy-sell gap**

[Weak demand](#) fundamentals continued to weigh on spot discussions in the Asian butadiene (BD) import market.

Buyers kept to bearish buying indications, citing difficulties in transferring costs to depressed derivative markets.

Some traders moderated expectations to push sales for prompt shipment materials.

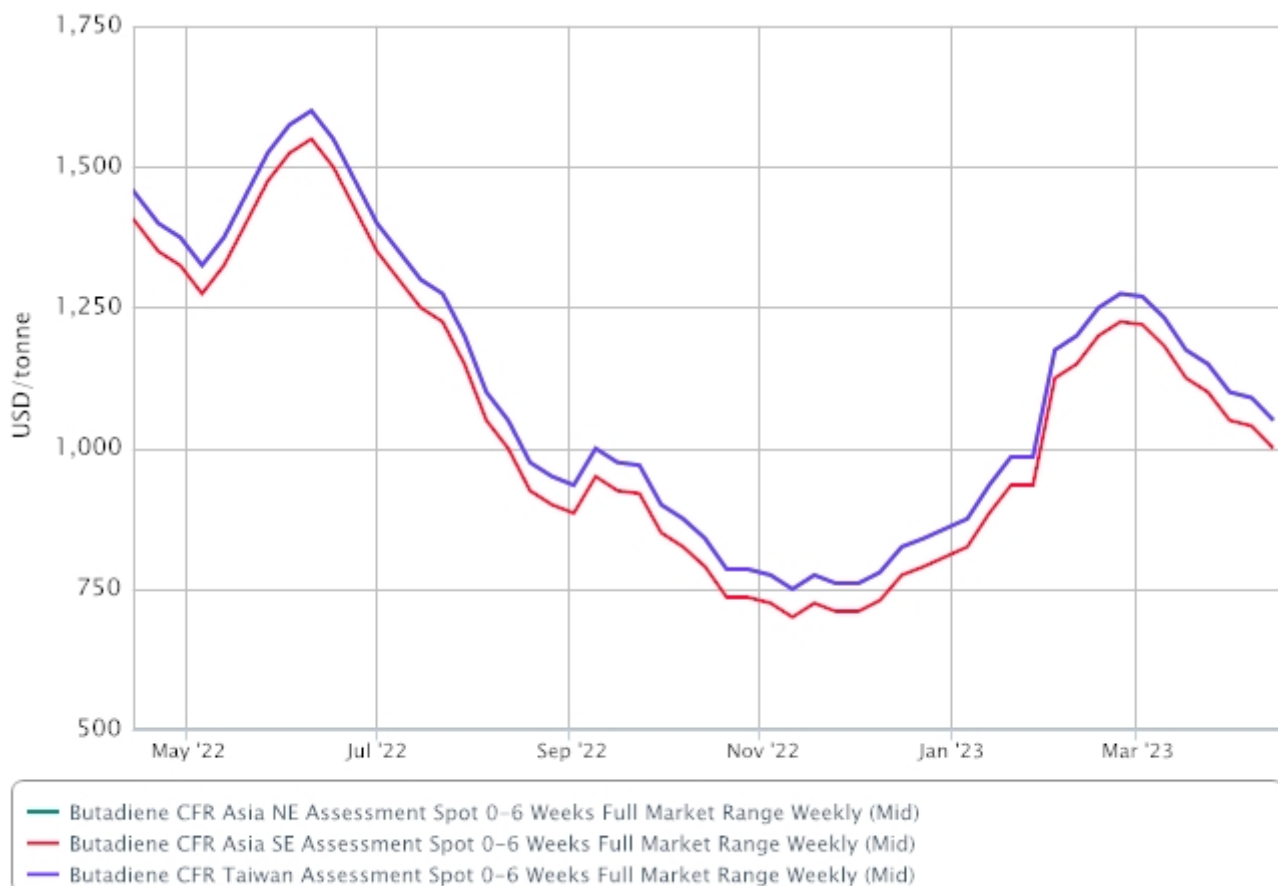
But discounts were not sufficiently wide to induce buying for cargoes only available to ship further out.

Most buyers were reluctant to commit to forward shipments, given uncertainties about how conditions in derivative markets may trend in Q2.

Earlier anticipations of robust demand recovery in Q2 have dissipated, and in turn, concerns have heightened that various looming macro-economic issues, from interest rate hike risks to escalating cross-strait trade tensions, could impact and derail the fragile global economic growth.

On the supply front, while Q2 spot availabilities are tight in northeast Asia amid a heavy wave of maintenance closures, buyers seemed at ease as they expected some gaps to be filled by southeast Asia-origin materials.

Some also kept a look-out for opportunities to purchase deep-sea volumes, but market players said that based on current spot pricing conditions in Asia and Europe, the arbitrage window is closed.



© 2023 ICIS

OUTLOOK

- Snug Q2 supply in NE Asia
- Demand could stay under pressure
- [Downside risks](#) abound for Asian GDP growth

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	+20	1020.00-1080.00	+20	1100.00-1200.00	46.27-48.99
CFR NE Asia	USD/tonne	-30	1000.00-1100.00	-50	1100.00-1250.00	45.36-49.90
CFR Taiwan	USD/tonne	-30	1000.00-1100.00	-50	1100.00-1250.00	45.36-49.90
CFR SE Asia	USD/tonne	-30	950.00-1050.00	-50	1050.00-1200.00	43.09-47.63

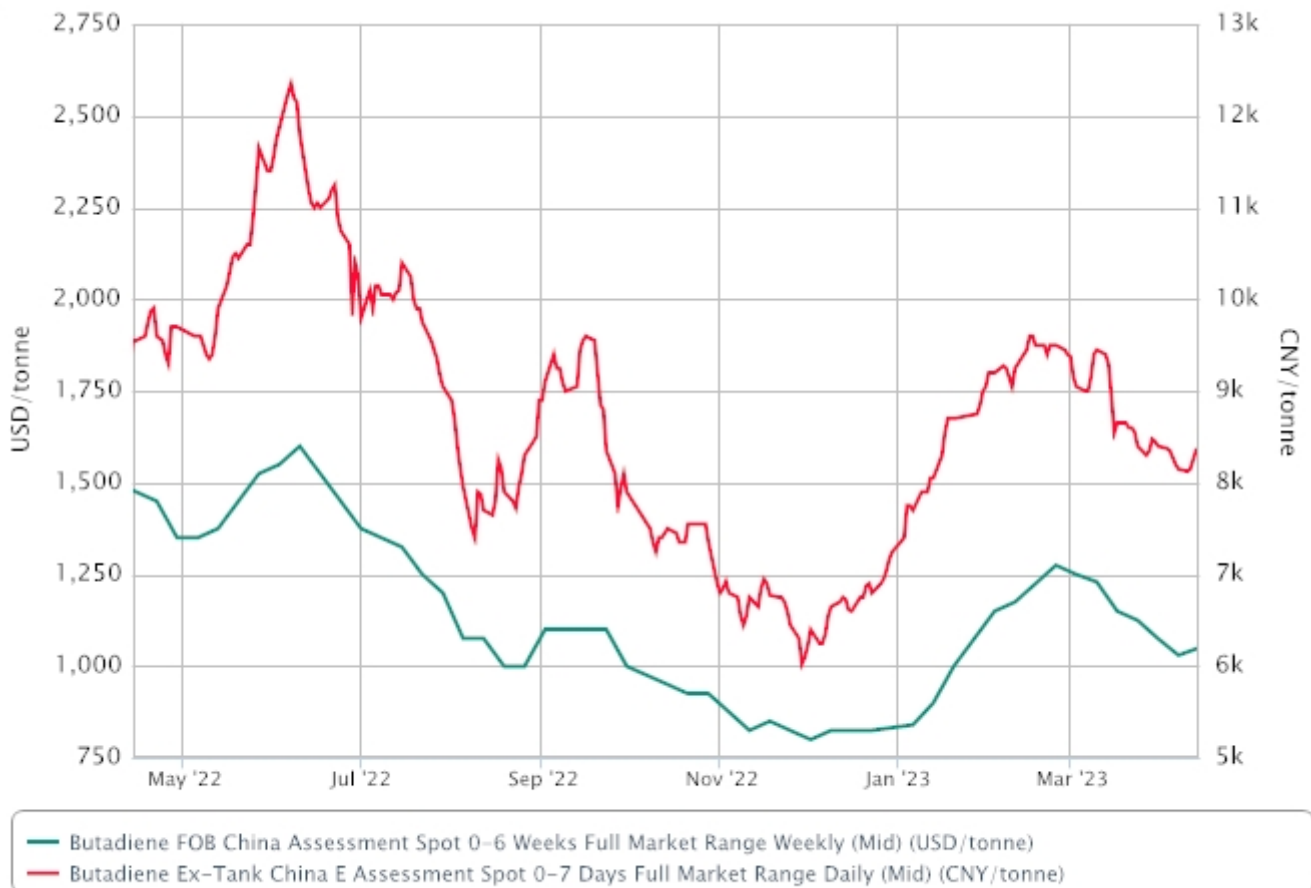
China

FOB China assessments were adjusted with firmer selling indications.

China producers raised their export targets this week, alongside a mid-week uptick in domestic yuan values.

Some China buyers stepped out then to procure some cargoes, in anticipation that domestic supplies will tighten once more when local BD plants shut for maintenance later this month.

The export offers drew no buying interest from wider Asia. But as export availabilities are limited, this served to offset the weak demand, market sources said.



© 2023 ICIS

Northeast Asia

CFR NE Asia assessments were adjusted to encapsulate discussions for cargoes available to ship in April and May, and discussions were mostly centered this week on China-bound deliveries.

Potential buyers in Taiwan and South Korea stayed on the sidelines, saying that they have already amply covered April and May requirements, and could consider procuring additional May cargoes only if they deemed prices to be suitable.

For the latter, many were heard targeting to pay lower than \$1,000/tonne CFR NE Asia, which sellers did not entertain as they saw these as far too low to be tenable.

More players in these two outlets were also leaning towards transacting only on formula-linked terms, instead of fixed-price, and market sources said that there were limited discussions at around flat to a small discount, although it was unclear if these were conclusive.

As for China, there were discussions in the \$1,000-1,050/tonne range, surrounding cargoes available to deliver in April, and a southeast Asia-origin cargo did change hands this week within this range, market sources said.

But for May shipment parcels, offers were mostly at around \$1,100/tonne CFR NE Asia. These drew limited buy-side response.

CFR Taiwan assessments were adjusted with changes in CFR NE Asia assessments.

Monthly Contract DEL, \$/tonne	Mar 23	Feb 23	Jan 23	Dec 22	Nov 22
Taiwan FPCC	1,085	1,085	855	755	755
Korea YNCC	1,145	1,178	905	795	755

Southeast Asia

CFR SE Asia assessments were adjusted with changes in CFR NE Asia assessments.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

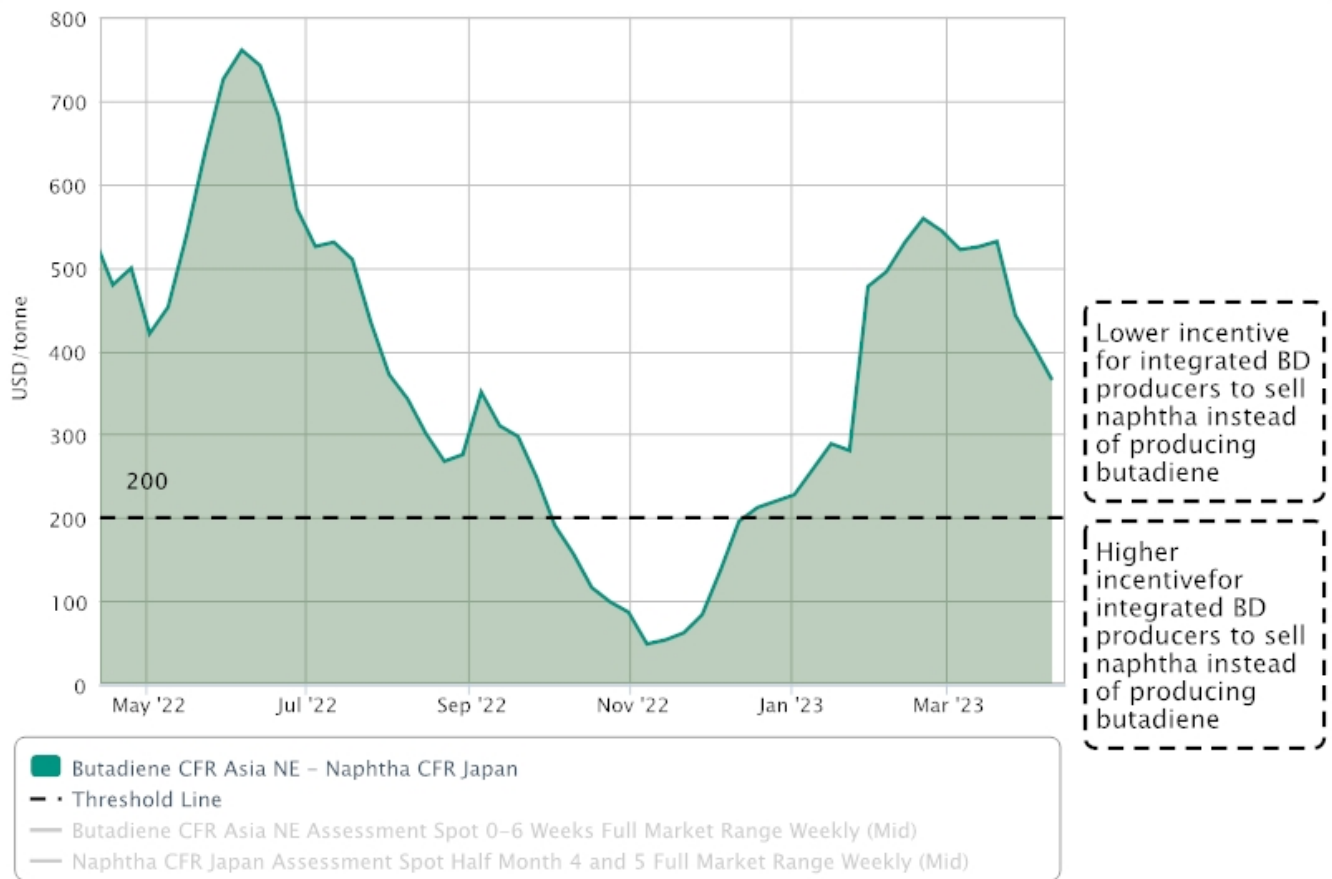
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	n/c	8300-8350	-50	8100-8200	-

UPSTREAM

Naphtha

- Downbeat demand limits trade; shrugs off gains in crude
- Poor margins downstream lead to cautious buying
- Gasoline-blending demand lends some support

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



© 2023 ICIS

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

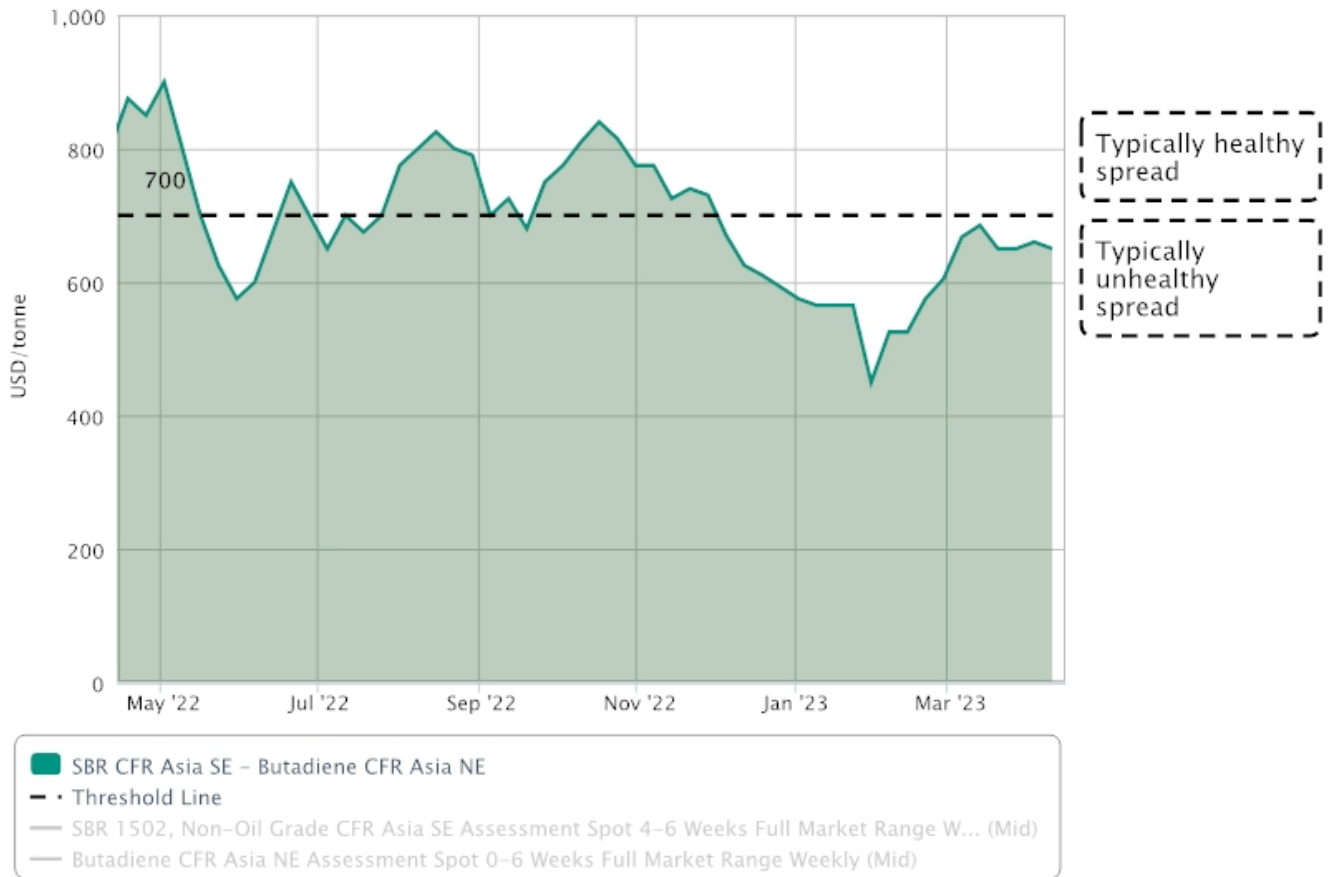
DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Sentiment remains soft in nature
- Demand sluggish in SE Asia
- But discussions steadier in India

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

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



© 2023 ICIS

Acrylonitrile-butadiene-styrene (ABS)

- Indian, SE Asia markets continue to climb alongside feedstock, restocking
- NE Asia end-user markets face hurdles in end-use consumption, particularly in China
- Geopolitical tensions towards end of week weigh on ABS momentum



© 2023 ICIS

PRODUCTION

A heavy wave of maintenance closures will hit [China](#), [South Korea](#) and [Japan](#) in the April to June window.

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

OTHER REGIONS

Europe

- Little fresh news for Europe BD
- Domestic supply, demand fundamentals unchanged
- Supply, demand balanced, limitations on spot
- Little support from Asia, US markets

US

- Spot interest remains thin
- Demand continues to be weak
- Supply ample despite Q2 turnarounds

ANALYTICS

ICIS Crude Outlook

OPEC+ will maintain its 2m bbl/day production cut agreed in October 2022 for 2023. In February, OPEC crude oil production averaged just under 29m bbl/day, higher by 117,000 bbl/day month on month, with

total OPEC+ production remaining stable at 44.5m bbl/day. Russia was the largest crude oil supplier to China with import volumes jumping by nearly 25% year on year to just under 2m bbl/day in January-February 2023. Russian suppliers have re-routed most of the barrels previously destined for the EU and US to new outlets in Asia, Africa and the Middle East. US oil exports to Europe hit a record in March at more than 2m bbl/day, driven by wider Brent/WTI spreads. China is seen as the biggest contributor to global oil demand growth and is expected to drive world oil consumption to record levels in 2023. India's oil demand is projected to rise by over 300,000 bbl/day to more than 5m bbl/day in 2023, from 4.77m bbl/day in 2022. Mid-March oil prices plunged, despite the predicted Chinese demand growth, as a result of banking stress, recessionary fears and an exodus of investor flows from western economies. However, prices recovered to above \$75/bbl by late March, in expectation of global oil demand growing by 1.6m bbl/day to 101.4m bbl/day in 2023.

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

ICIS Naphtha Outlook

Naphtha cracks in northwest Europe came under further pressure in March and were pushed into negative territory on the back of ample supply and weak demand. Yet, refiners expect naphtha cracks to improve and remain robust in the coming weeks and months, led by increasing demand for distillates and blending interest in tandem with supply disruptions from France and Russia. In addition to the Russian oil embargo, Europe has been hit by refinery strikes in France, hampering its access to, and availability of, naphtha. By late March, four out of six refineries in France had shut or were in the process of halting their operations. In March, naphtha stock levels in the European trading hub of ARA, while still high, were down slightly, by an average of 2% month on month, with continuous limited demand from regional buyers and ample availability standing by from alternative supply sources. Russian flows have been looking for new markets along the Mediterranean coast of north Africa, the Middle East and Asia with deeper discounts, displacing alternative supplies and putting pressure on naphtha crack spreads in these regions. Asia's cracker margins improved slightly in the final weeks of March amid a tighter ethylene market. However, by the end of the month they remained in negative territory. Ample supplies from the Middle East, partially contracted on a term basis with several cracker operators, are limiting buying interest for Russian naphtha even though they may be heavily discounted. More than 60% of March Russian naphtha flow headed for Asia, with Singapore being the top destination country. However, all Russian naphtha sent to Asia so far has been discharged into storage terminals in Singapore rather than to a refinery.

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

Butadiene (Asia-Pacific) | 14-Apr-2023. ICIS accepts no liability for commercial decisions based on the content of this report. Unauthorised reproduction, onward transmission or copying of the Butadiene (Asia-Pacific) Report in either its electronic or hard copy format is illegal. Should you require a licence or an additional copy of the Butadiene (Asia-Pacific) Report, please contact ICIS at sales.uk@icis.com

ICIS, Quadrant House, The Quadrant, Sutton, Surrey, SM2 5AS. United Kingdom. ICIS accept no liability for commercial decisions based on the content of this report. Copyright violation is a serious offence. Any distribution or forwarding of

information that is not expressly permitted by your subscription agreement is a copyright violation. ICIS uses software to monitor unauthorised electronic redistribution of reports.

© 2023 Reed Business Information Limited. ICIS is a member of RELX Group. www.icis.com

