



Butadiene (Asia-Pacific)

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

OVERVIEW

- **Domestic China softens post-holiday**
- **Import sentiment also weighed down**
- **Weak demand fundamentals**

Downtrend extends in Asia's spot butadiene (BD) import prices, with buying appetite stifled by persistently weak demand fundamentals.

BD trades in the domestic China market started on a soft note after a week-long holiday closure, and this affected buying appetite in China for US dollar-denominated imports even more

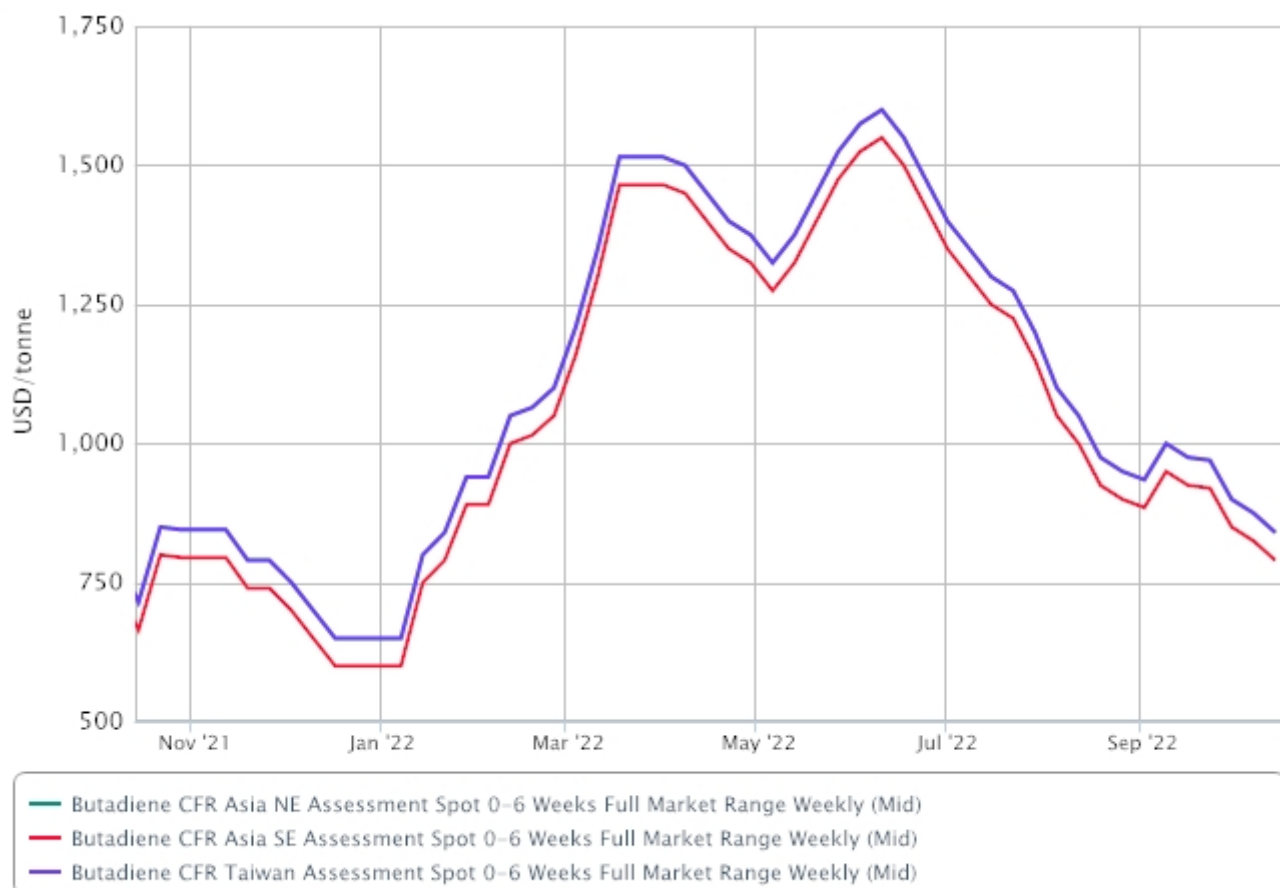
Substantive requirements in China were limited to begin with, market sources said, as despite prior optimism, downstream operations in the country have thus far [failed](#) to pick up pace post-holiday.

In wider Asia, BD demand also remains under pressure. For instance, ongoing maintenance closures for downstream rubber plants have limited consumption of feedstock BD in South Korea, and in Taiwan, end-users said that there were surplus domestic supplies to tap on, minimising the need for additional imports unless prices were deemed sufficiently attractive.

The picture is more mixed on the sell-side. On the one hand, most mainstream BD producers in the region held fast to vastly higher expectations, citing support from the fact that their output is limited and that therefore there is no need to price down too aggressively, even if downstream demand conditions are really not rosy.

Nevertheless, there were also some deep sea-origin cargo-seeking takers, market sources said, and that these sellers may be more willing to dish out wider discounts just to chase deals and close positions, especially if these are prompt arrival shipment.

These availabilities, while not regular, mainstream offerings, served also to reinforce the buy-side perception that BD supplies are not as tight as earlier feared, and that they could continue to take their time to shop for the best bargains.



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OUTLOOK

- Global demand outlook [gloomy](#)
- Players await clearer directions from China market
- Buyers likely to stay cautious in near term

PRICES

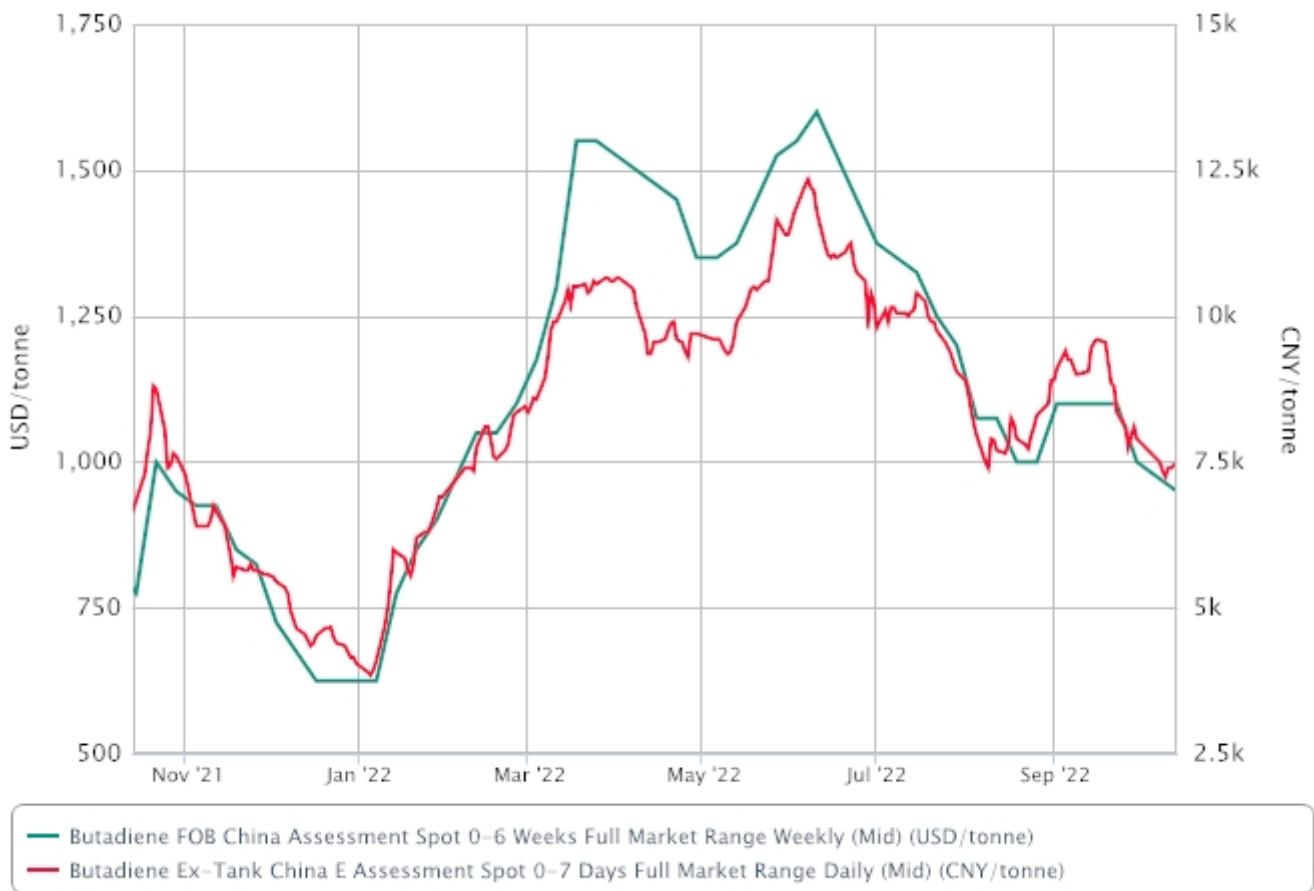
SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	-50	900.00-1000.00	-50	1050.00-1150.00	40.82-45.36
CFR NE Asia	USD/tonne	-20	780.00-900.00	-50	950.00-1000.00	35.38-40.82
CFR Taiwan	USD/tonne	-20	780.00-900.00	-50	950.00-1000.00	35.38-40.82
CFR SE Asia	USD/tonne	-20	730.00-850.00	-50	900.00-950.00	33.11-38.56

China

FOB China assessments were down, tracking domestic losses. However, discussions were paltry in part due to lack of demand in wider Asian outlets.

Domestic ex-tank prices in east China started the trading week on a bearish note, but recovered some lost ground towards the end of the week to end mixed.



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Northeast Asia

CFR NE (northeast) Asia prices were adjusted to encapsulate the full spectrum of buy-sell considerations heard.

The high end is dropped with moderated expectations heard amongst NE Asian producers.

However, this remained wide apart from buying indications at the low-end.

Some deep-sea origin materials were also available at levels within the range, but drew limited response, market sources said.

A NE Asia-origin cargo available to lift promptly in late October/early November was sold for delivery to China, but this is not used for assessment as cargo specifications deviated from methodological requirements.

CFR Taiwan assessments were adjusted in tandem with changes for CFR NE Asian assessments.

Monthly Sep 22 Aug 22 Jul 22 Jun 22 May 22 Apr 22 Mar 22 Feb 22 Jan 22
 Contract
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Taiwan	885	1,025	1,255	1,450	1,360	1,415	1,355	1,040	795
FPCC									
Korea	920	983	1,315	1,555	1,445	1,445	1,335	1,015	835
YNCC									

Southeast Asia

CFR SE (southeast) Asia assessments were adjusted in line with changes for the CFR NE Asia assessments.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

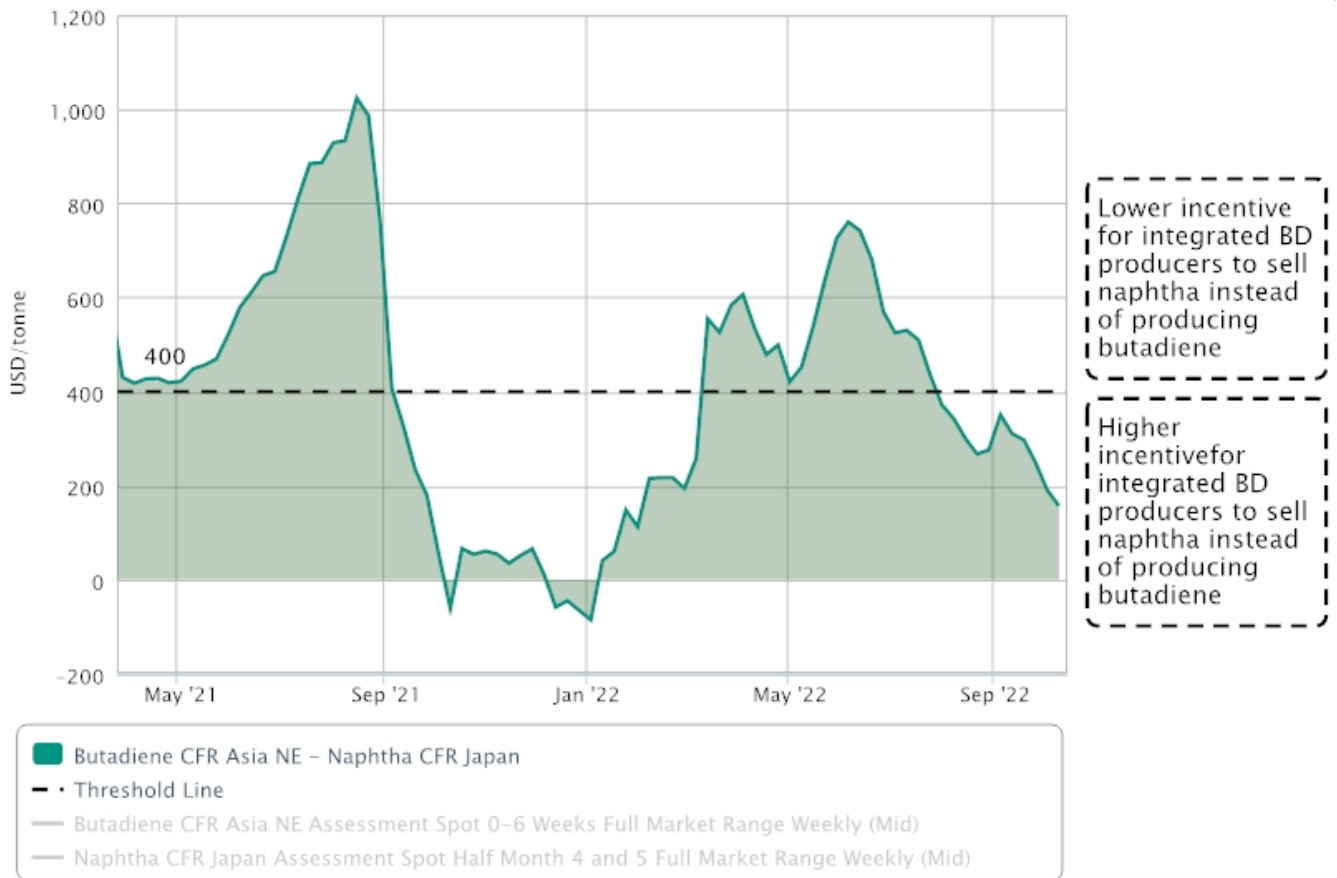
			Price Range	One Week Ago	/
Butadiene					
Ex-Tank E China	CNY/tonne	+100	7500-7500	n/c	n/a-n/a

UPSTREAM

Naphtha:

- Asia-Pacific markets undermined by thin buying
- Naphtha crack slumps to negative territory
- Poor downstream margins, maintenance curb demand

[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

Styrene butadiene rubber (SBR)

- Domestic China muted post-holiday
- Buyers in SE Asia wait and see
- India softer with lower deals

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 plunge after Golden Week
- Restocking wave did not survive COVID-19 post-holiday surge
- Ripples of the sluggish sentiment felt in India, southeast Asia



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PRODUCTION

In wider Asia, BD output from extraction units in Korea and Japan may remain capped in the near term, due to sustained operating rate cuts at many upstream crackers in northeast Asia. There are also ongoing BD maintenances in [South Korea](#) and Taiwan.

However, these gaps may be plugged by spot availabilities from southeast Asia, and domestic BD supplies in the domestic China market may lengthen too after several local plants [returned](#) at the end of September from prior maintenance closures.

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

OTHER REGIONS

Europe

- Demand soft
- Supply/demand balance maintained on cracker cuts, disruptions
- Spot activity limited to outage cover, spot moves below contract price

US

- Spot stable at a discount to contract
- Spot demand weak as downstream rates slow
- Supply sufficient to meet buyers' needs

ANALYTICS

ICIS analyst view on butadiene (BD)

ICIS expects soft supply-demand fundamentals for the BD market in Asia in the fourth quarter (Q4). Asian BD supply is expected to remain abundant on the expected start-up of two new Chinese projects in Q4, and the stable operations at China's Zhejiang Petroleum & Chemical's No 3 plant and Malaysia's PRefChem's plant.

The Chinese Communist Party's flagship newspaper People's Daily urged China to stick with its zero-COVID strategy, dampening hopes that controls would ease after a pivotal political meeting this month. Based on this scenario, it is difficult to expect any significant demand recovery in end-user sectors in China.

Players are monitoring the progress of a spate of new BD derivatives projects in China. These are expected to lend some short-term support to Asian BD prices. However, delays are possible given the uncertainties on pandemic-related restrictions in China, which may bring some volatility to the Chinese domestic market.

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For more information about analytical content, click [here](#).

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