



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.

All prices in the weekly analysis on 15 April are assessed based on information collated up to 14 April, with the exception of domestic yuan (CNY) quotes. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

- **Overall sentiment dull**
- **Tepid buying interest**
- **Domestic China also [down](#)**

Asian spot discussions for butadiene (BD) lost fresh ground amid lacklustre demand. Declines seen in the domestic yuan-denominated market also weakened sentiment further in the US-dollar denominated import market.

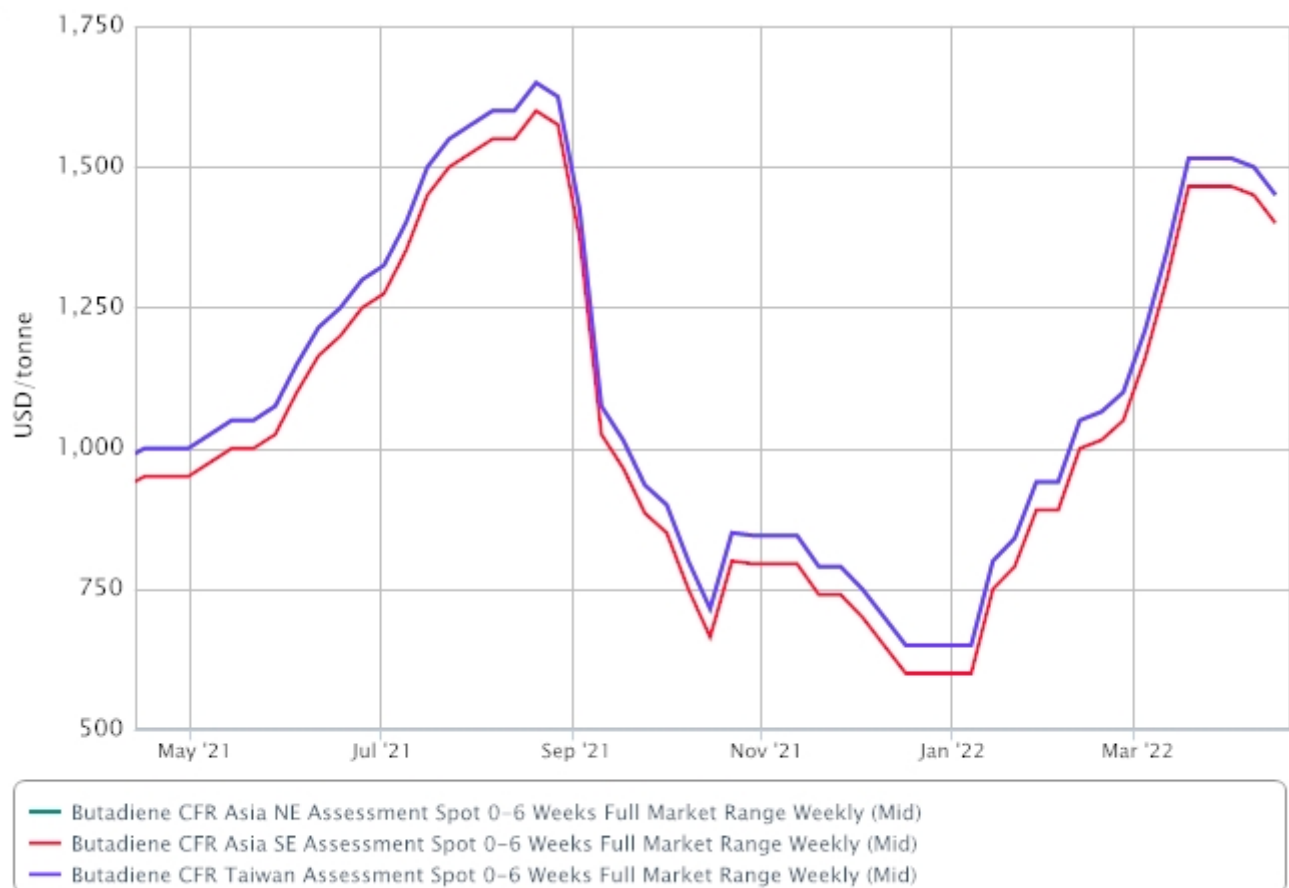
Substantive transactions were still limited however, as buy-sell pricing outlook remains wide apart.

Regional rubber makers, who are major consumers of BD, were heard mostly already amply covered and not prepared to purchase unless prices were deemed more attractive.

By the latter half of the week, some potential buyers were heard seeking significant discounts on existing offers, which market sources said also served to curtail meaningful discussions with sellers, many of whom were not prepared as yet to price their stocks down too much.

Some sellers also held different views on near-term demand-supply balance, with some still inclined to take the view that prompt supplies will remain tight as long as regional cracker operations are still not optimised.

There are also existing outages and upcoming BD plant maintenance that will further weigh down spot availabilities, sell-side elements said.



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OUTLOOK

- Buy-sell gap may widen
- Supply may remain tight for the near term
- Economic worries to continue to weigh on demand

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	-50	1400.00-1550.00	n/c	1500.00-1600.00	63.50-70.31
CFR NE Asia	USD/tonne	-50	1400.00-1500.00	-50	1450.00-1580.00	63.50-68.04
CFR Taiwan	USD/tonne	-50	1400.00-1500.00	-50	1450.00-1580.00	63.50-68.04
CFR SE Asia	USD/tonne	-50	1350.00-1450.00	-50	1400.00-1530.00	61.24-65.77

China

FOB China assessments are stable-to-soft as pricing sentiment faltered with losses seen this week in the domestic yuan-denominated market.

Substantive discussions were limited amid ongoing concerns about cargo movements caused by the increased COVID-related logistical bottlenecks in the country.

The restrictions also crimped domestic trades, and domestic ex-tank prices in east China fell week on week.



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Northeast Asia

CFR northeast Asian assessments were down, taking into account discussions and indications heard, even if no fresh transactions materialised this week.

Buying indications were bearish at or lower than the low end, while sellers' expectations were heard at the higher end.

The mid-point of the published range also reflected the last tradable level seen in prior weeks.

Some pockets of buying interest were heard in northeast Asia, but market players said that due to the unique cargo specifications and requirements, discussions for these trades, heard at levels higher than the published range, were not reflective of the mainstream buy-sell discussions in wider Asia.

CFR Taiwan assessments were adjusted down in line with changes seen for CFR NE Asia assessments.

Monthly Mar 22 Feb 22 Jan 22 Dec 21 Nov 21 Oct 21
 Contract
 DEL, \$/tonne

Taiwan FPCC	1,355	1,040	795	780	885	870
Korea YNCC	1,335	1,015	835	645	800	790

Southeast Asia

CFR SE Asia assessments dropped, in tandem with changes in the CFR NE Asia assessment, in the absence of concrete discussions or deals for SE Asia-bound cargoes.

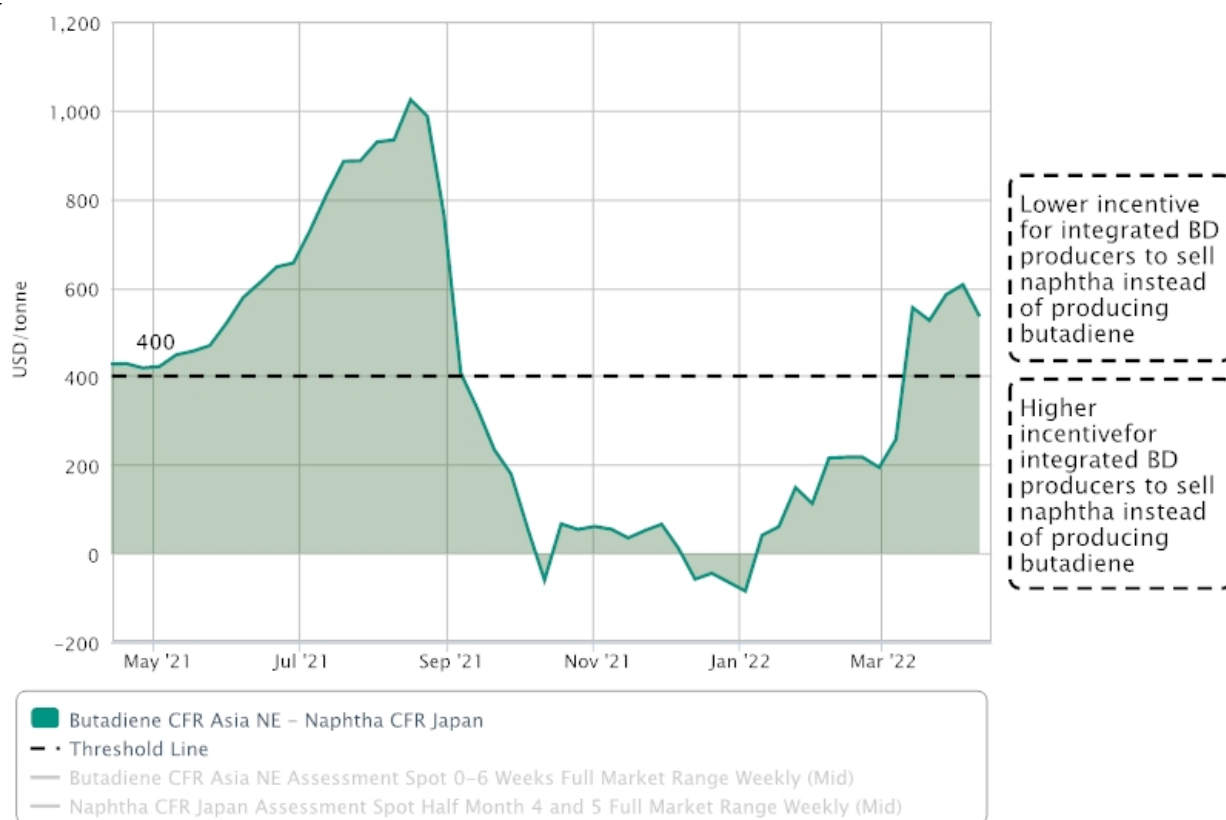
SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	n/c	9500-9600	n/c	10100-10200	-

UPSTREAM

Asia-Pacific naphtha prices were driven by crude oil futures gains on worries about supply losses from sanctioned-hit Russia. Naphtha demand for petrochemical production was cautious amid ongoing COVID-19 lockdowns in China combined with unstable downstream margins. The product’s time-spread held at a narrow 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 import discussions for styrene-butadiene-rubber (SBR) were more upbeat in SE Asia and India, where spot availabilities are weighed down by demand pull from Europe seeking to replace disrupted supplies of Russia-origin materials.

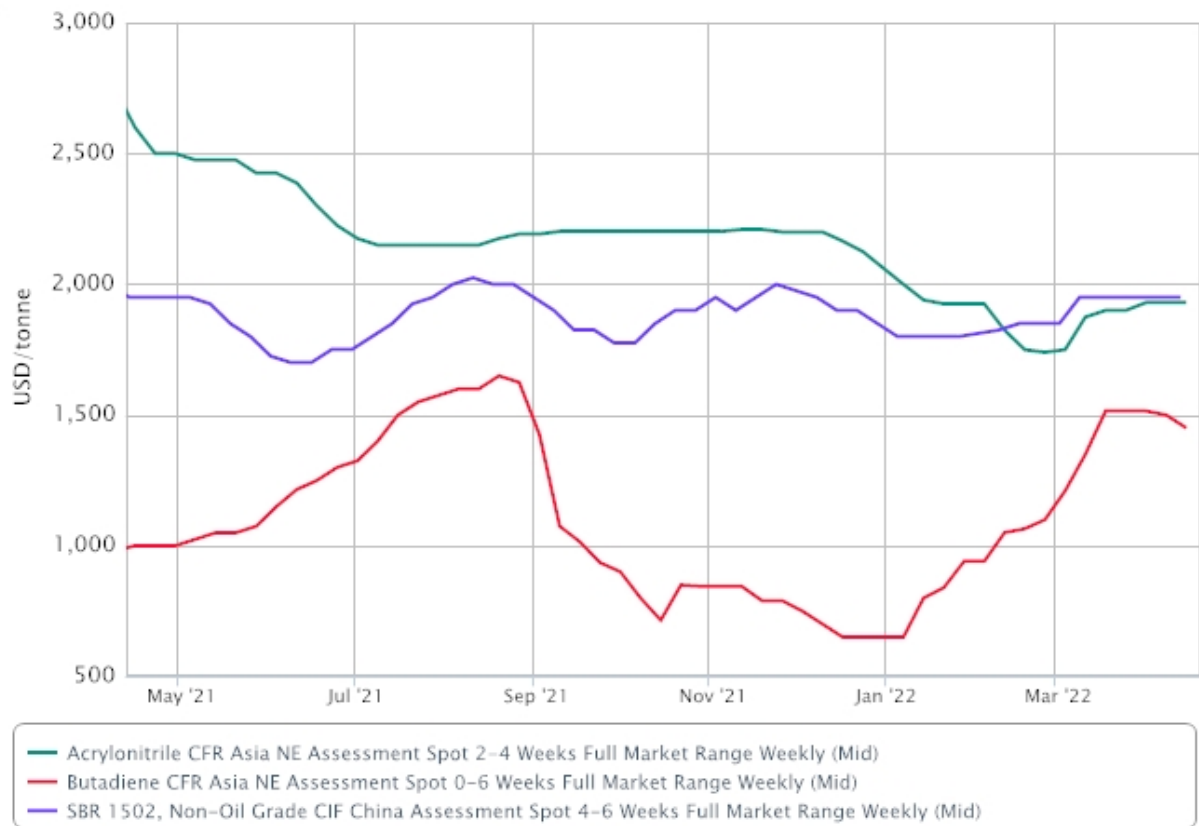
The chart below shows the spread between BD and SBR in Asia.

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



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The northeast Asian spot **acrylonitrile butadiene styrene (ABS)** import price mid-point was down for a fourth week. Some offers were reduced to induce buying as sellers faced mounting inventory pressures. However, trades stayed scant from lacklustre end-use demand, and buyers still preferred to seek local volumes on a need-to basis.



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PRODUCTION

The regional BD market is 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 year.

But prevailing BD output in the region is crimped by a heavy and ongoing wave of cracker operating rate cuts in northeast Asia. Spot supplies are also poised to tighten even more with several upcoming [maintenance](#) in Q2 2022, market sources said.

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

OTHER REGIONS

In the US, LyondellBasell declared [force majeure](#) at its 385,000 tonnes/year butadiene plant in Texas, US, after operations were disrupted by a power failure, market sources said.

ANALYTICS

ICIS Outlook on GDP

Russia's invasion of Ukraine has far-reaching economic consequences. It has also created a humanitarian crisis as refugees flee to neighbouring countries. Oxford Economics has revised down its global GDP forecast to 3.7% year on year in 2022, and its Q1 forecast has been revised down to 4.1% year on year. Because the situation is still developing, the outlook could deteriorate further. The International Monetary Fund (IMF) has approved \$1.4bn in emergency financing under the Rapid Financing Instrument (RFI) to

Ukraine. Some of the direct and immediate impact of the conflict includes higher energy and food prices leading to inflation, disrupted trade and a weakening in market sentiment and business confidence. Historically, whenever crude prices have doubled in a year, there is a high possibility that economies will go into recession. ICIS can currently see typical precursors to a recession - which is a shock to the system - high inflation, asset bubbles and a loss of consumer confidence. Even though many countries in Europe are getting rid of COVID-19 regulations, many believe the pandemic is far from over.

The US GDP forecast has been revised down by 1.0% to 3.4% year on year in 2022 by Oxford Economics, although Q1 GDP is expected to grow by 4.2% year on year. US household savings doubled in 2020 compared with 2019, suggesting that consumers will have higher disposal incomes. It is, however, important to note that the doubling of savings was concentrated among higher income households.

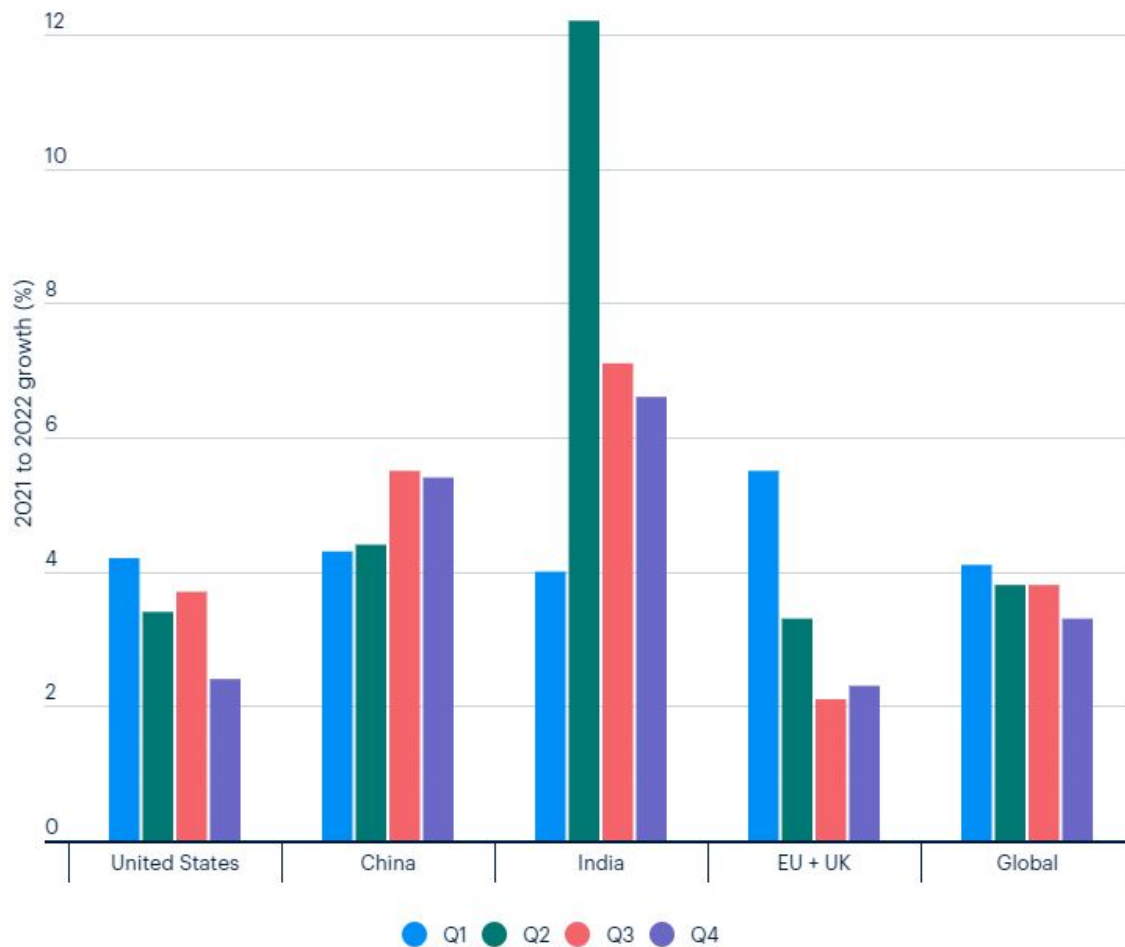
The EU GDP forecast has been revised down by 1.1% to 3.3% year on year in 2022 by Oxford Economics, and its Q1 GDP forecast lowered by 0.7% to 5.5% year on year. The EU's heavy dependence on Russian gas further clouds the gloomy outlook. However, the European Commission has tabled an ambitious plan to reduce Europe's reliance on Russian gas by two-thirds by the end of this year. Many countries in the EU are preparing to remove coronavirus regulations despite renewed concerns about mutations.

China's GDP forecast has been revised down by 0.5% to 4.9% year on year in 2022 by Oxford Economics, and Q1 GDP is forecast to grow by 4.3% year on year (although this has been revised down by 1.5%). Renewed pandemic concerns in cities such in Guangdong and Suzhou pose a major downside risk. At present, the country has stopped most non-essential activity. India's GDP forecast has been revised down by 0.7% to 7.3% year on year in 2022 by Oxford Economics, and Q1 GDP is expected to grow by 4.0% year on year (although this has been revised down by 1.4%).

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GDP growth by region

2021 vs 2022



SOURCE: Oxford Economics

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