



Butadiene (Asia-Pacific)

By Ai Teng Lim
16-Dec-2022

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

The weekly pricing analysis will not be published on 30 December 2022. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

- **Snug supplies lent support to discussions**
- **Some firmer buy-sell indications surfaced**
- **But broader demand fundamentals still weak**

[Firmer](#) buy-sell indications emerged this week in Asia's butadiene (BD) import market for limited January spot availabilities, although bearish sentiment prevails for the longer-term demand outlook.

There was some limited pockets of buying interest detected for January shipment materials. But this demand was apparently not driven by substantive downstream requirements.

Instead, market sources said that these were more reflective of sporadic attempts by buyers to secure some buffer stocks as a safeguard against unexpected shortfalls for the month, assuming either ongoing term 2023 negotiations fail to complete on time, or if cracker operating rates in northeast Asia fall deeper than expected.

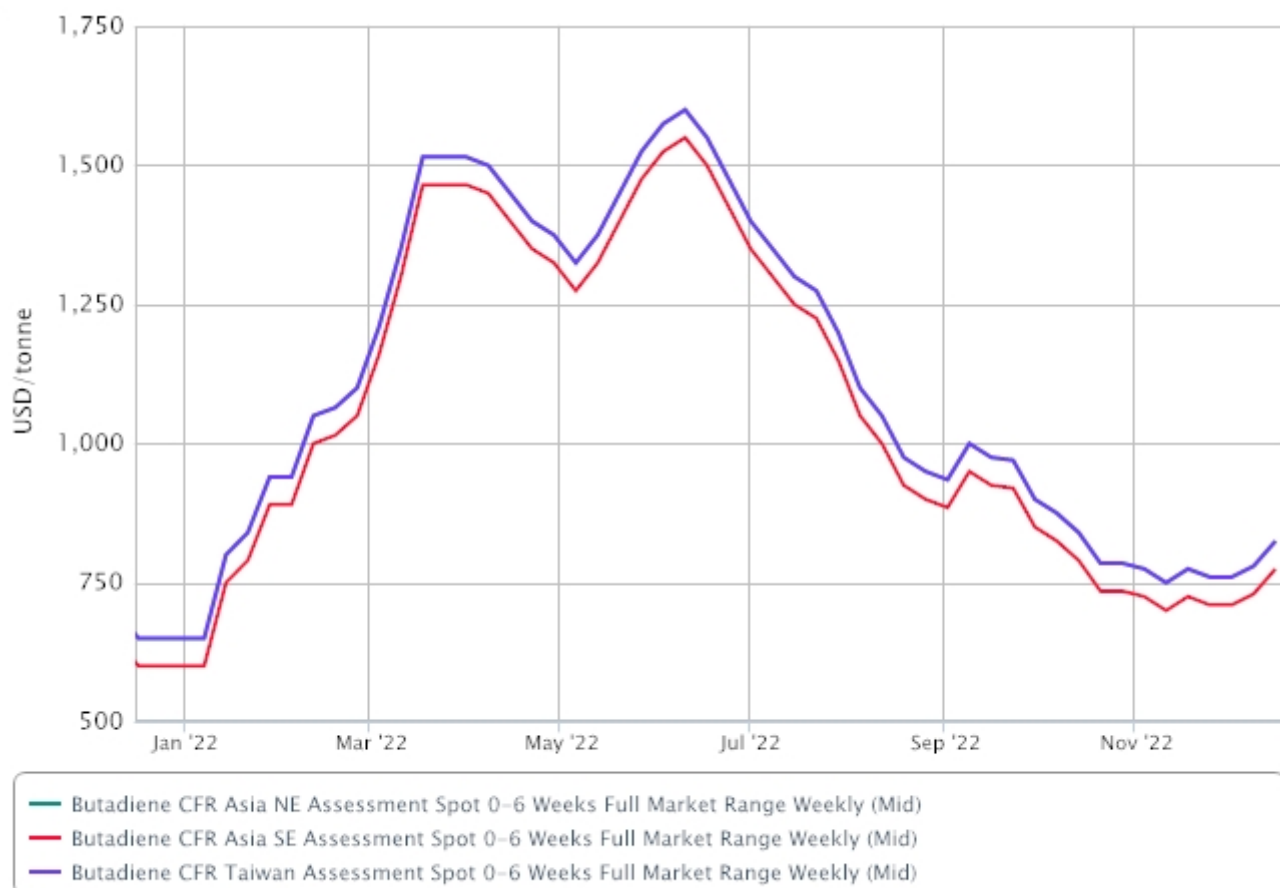
But given the scant spot availability situation, these potential buyers have also come to terms with the reality that they would need to raise bids to secure volumes.

That said, the gap between buy and sell ideas remains wide, and no confirmed deals transpired for northeast Asia-bound shipments.

Otherwise, looking ahead, most market players said there were no discernible changes in broader demand fundamentals, with substantive downstream requirements across the region still mostly under pressure from various macro-economic headwinds.

Many were therefore skeptical that the uptick seen in this week's spot discussions would continue, especially once the window for January trades passes.

Also, once new BD projects come onstream in China, possibly within the year, these will add some length to regional supplies and, in turn, may serve to temper to some extent current selling expectations.



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OUTLOOK

- **Bearish sentiment** may dominate due to weak macroeconomy
- **Players to monitor capacity growth in China**
- **All eyes also on China's post-COVID demand recovery** pace

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	n/c	800.00-850.00	n/c	800.00-900.00	36.29-38.56
CFR NE Asia	USD/tonne	+20	780.00-870.00	+70	750.00-800.00	35.38-39.46
CFR Taiwan	USD/tonne	+20	780.00-870.00	+70	750.00-800.00	35.38-39.46
CFR SE Asia	USD/tonne	+20	730.00-820.00	+70	700.00-750.00	33.11-37.19

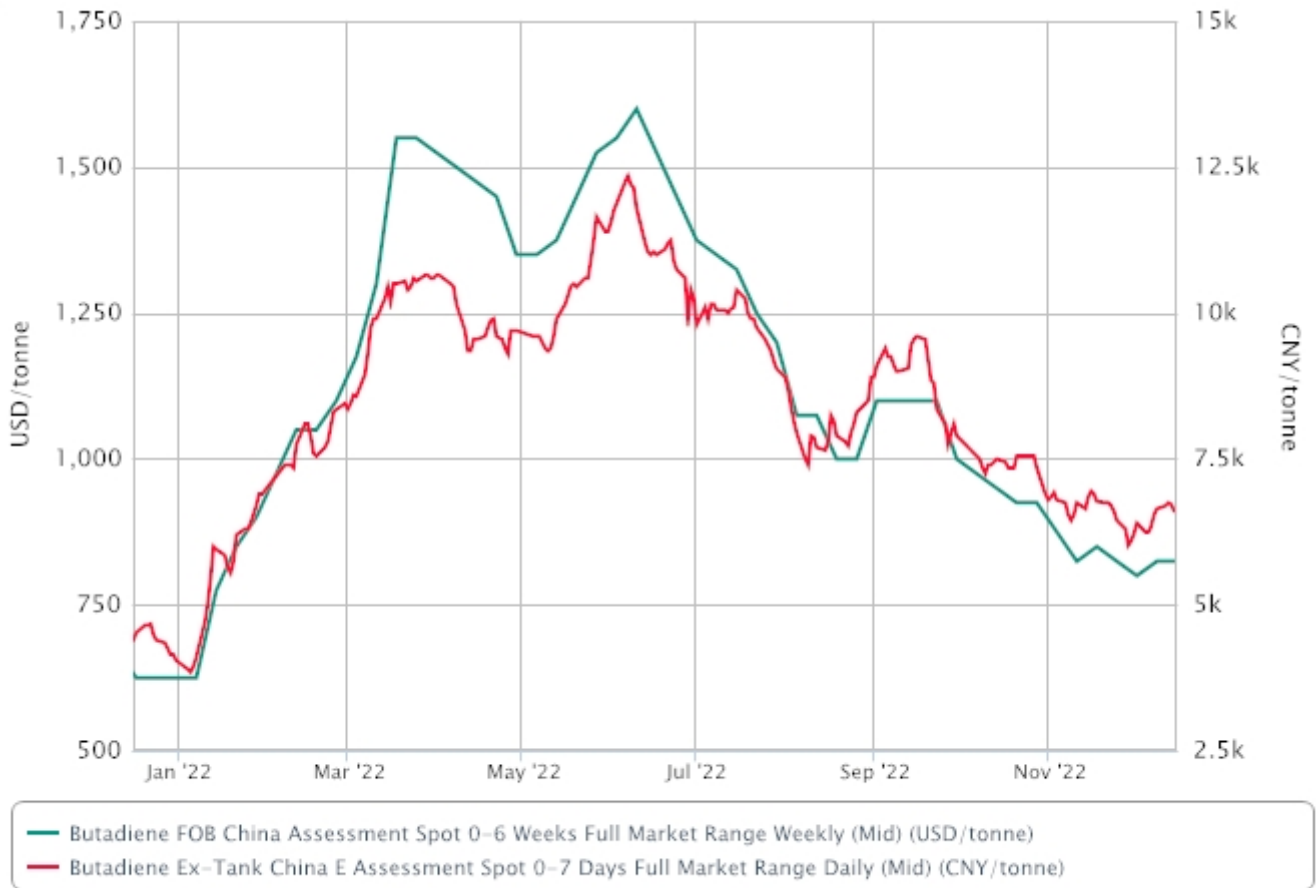
China

FOB China assessments held steady, with discussions heard within the published range.

Sellers' targets were at the higher end, with most saying they would rather focus on domestic sales.

But buyers' indications were capped at the low end and no deals materialised in the week.

Domestic China prices started the week on a steadier note, but softened slightly towards the end of week as domestic supplies look set to rise with a plant returning from a prior [outage](#).



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Northeast Asia

CFR NE Asian assessments were lifted with higher buy-sell discussions heard in the week.

The high end reflected offers that emerged in the high \$800s-900/tonne CFR NE Asia range, including for some China-origin materials.

But discussions were not conclusive, as buying indications from end-users, even if higher than the previous week, remained far apart. These were reflected at the low end.

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

Monthly Contract DEL, \$/tonne	Nov 22	Oct 22	Sep 22	Aug 22	Jul 22	Jun 22	May 22
Taiwan FPCC	755	795	885	1,025	1,255	1,450	1,360
Korea YNCC	755	745	920	983	1,315	1,555	1,445

Southeast Asia

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

Two southeast Asia-origin cargoes were sold late in the week, via tender, for January lifting. Market sources said that the deals were concluded on FOB SE Asia terms, at around mid-700s/tonne, but other details such as delivery destinations and parties involved were not fully verified.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

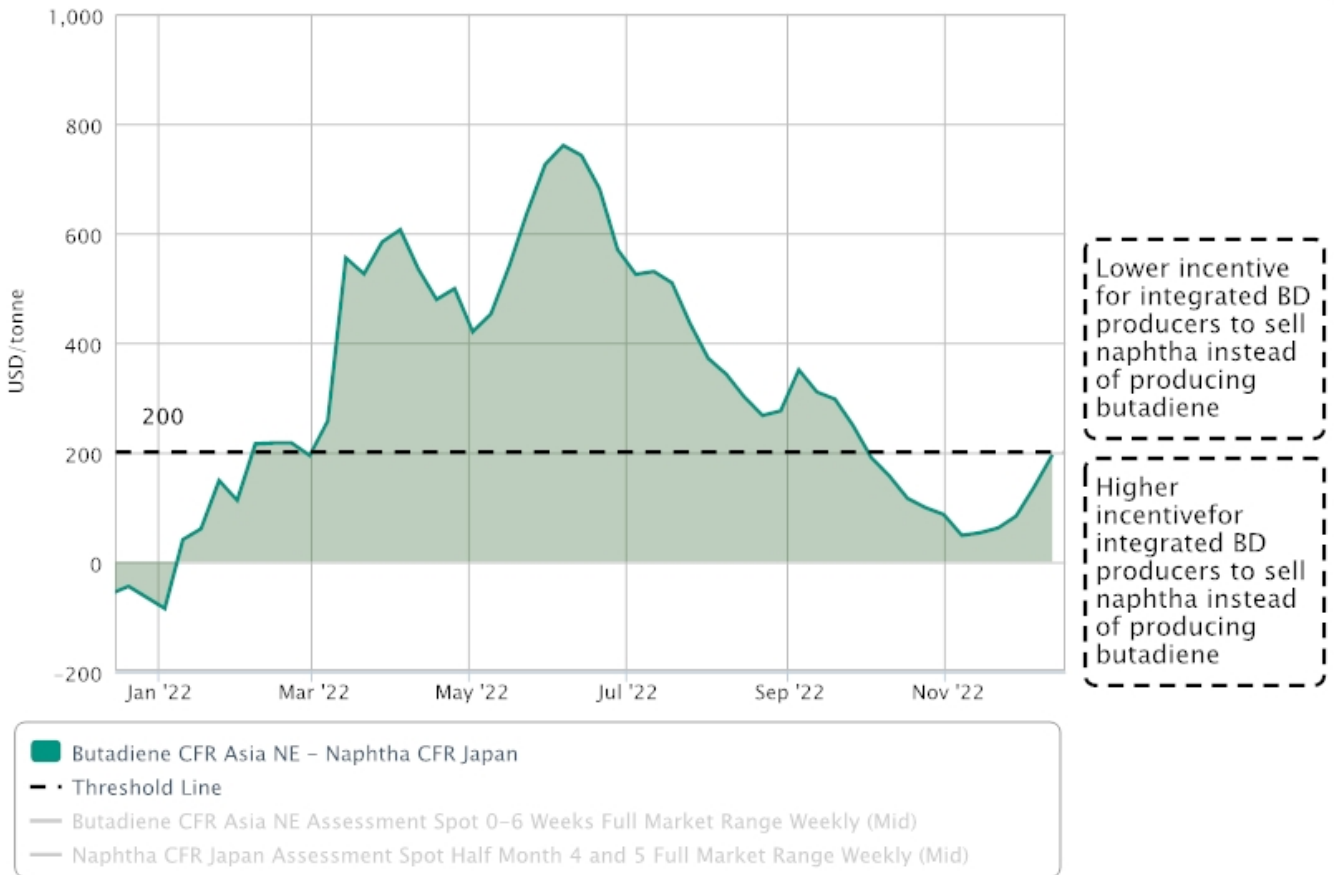
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	n/c	6500-6700	-30	6600-6700	-

UPSTREAM

Naphtha

- Asia naphtha prices buoyed by crude oil
- Lack of end-user spot requirements cap upward pressure
- Poor downstream margins keep demand cautious

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



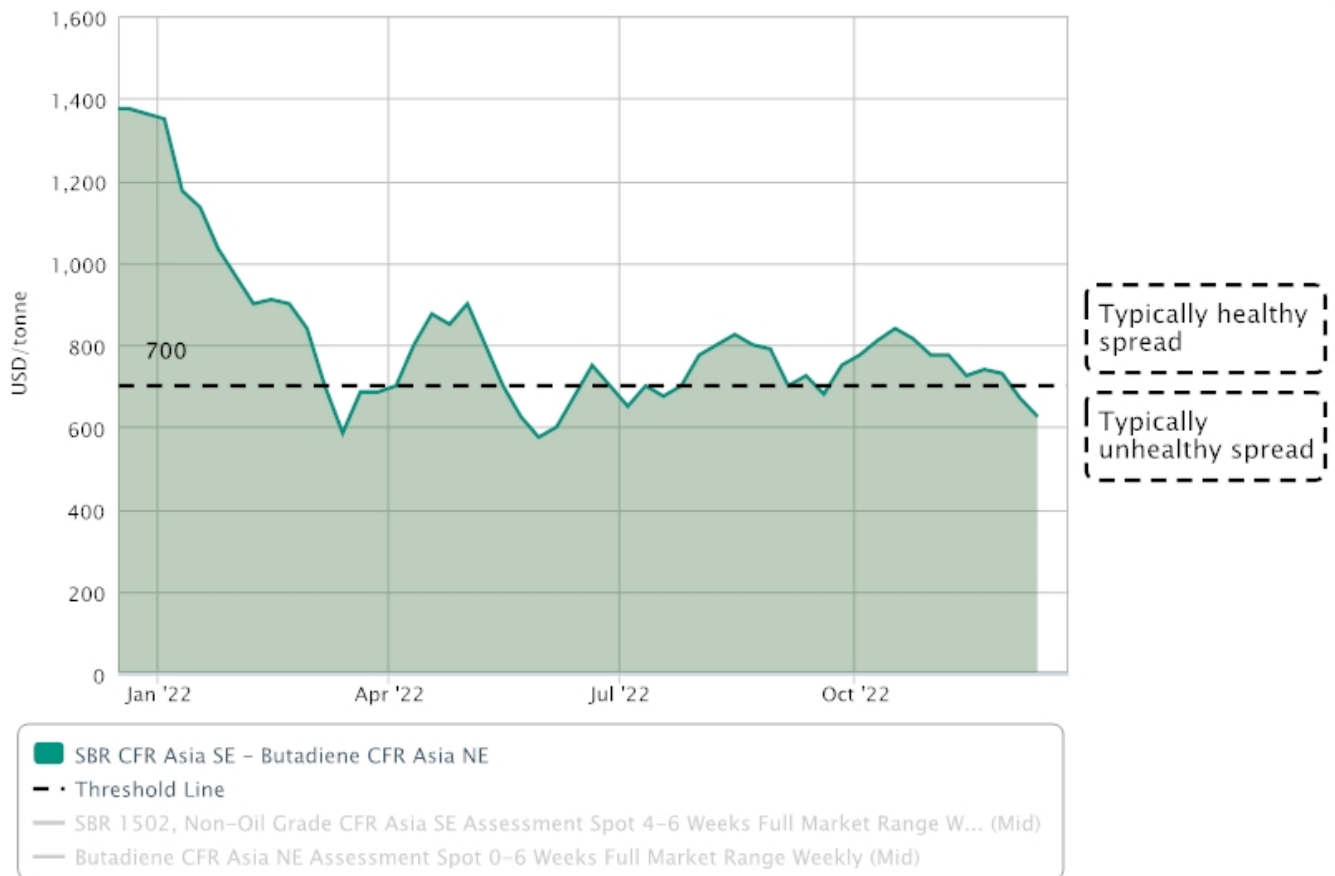
Click [here](#) for the Asia feedstocks and petrochemicals weekly summary.

DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- China's downstream markets still unclear
- Discussions limited in wider Asian outlets
- Offers supported by firmer upstream

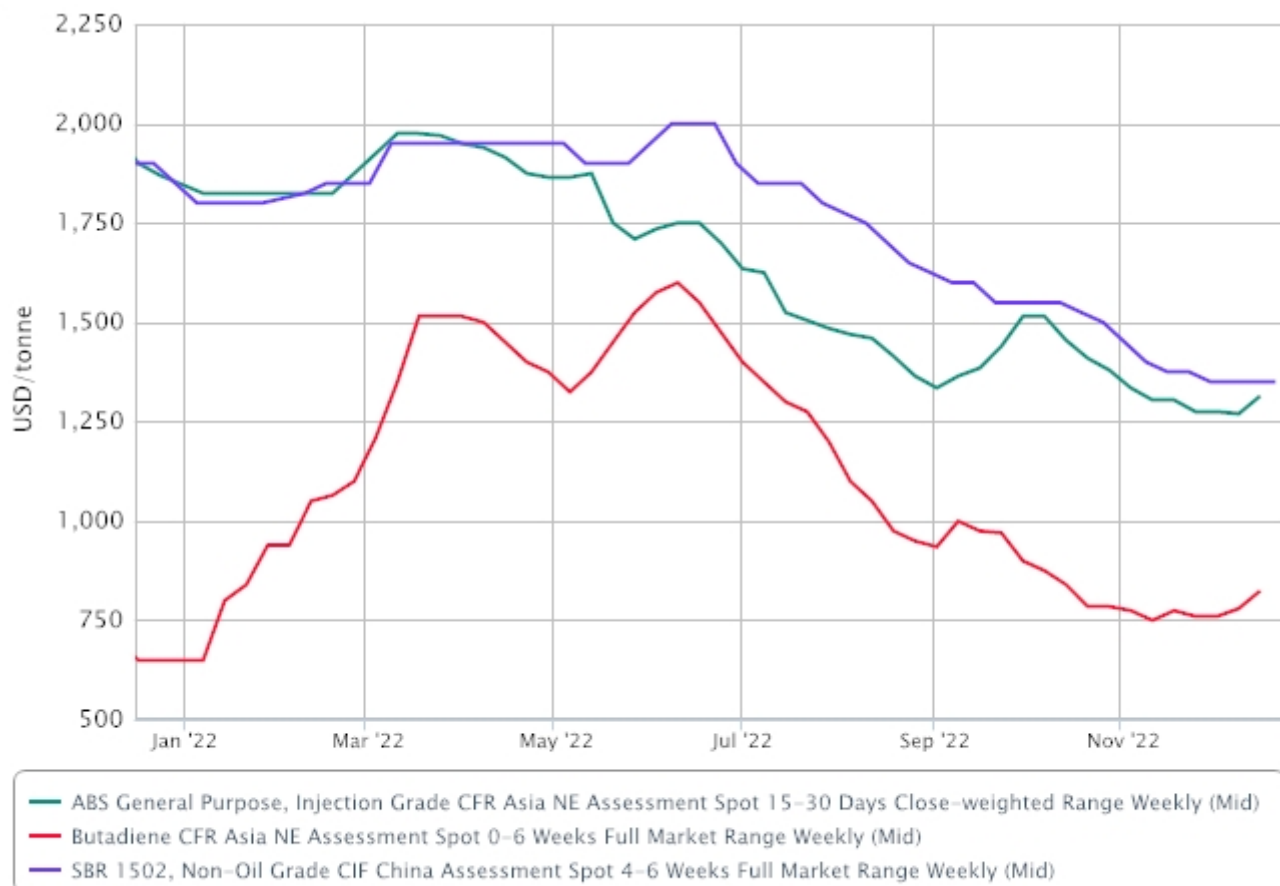
[Spread between Butadiene and Styrene Butadiene Rubber Asia](#)



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Acrylonitrile butadiene styrene (ABS)

- CFR NE Asia prices rose for first time in nearly 3 months
- Sentiment improves as China retracts zero-COVID policies
- Actual consumption still cautious on slowing demand towards year-end



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PRODUCTION

In wider Asia, several plants [restarted](#) this month following maintenance closures. But overall 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.

In China, more [length](#) is expected to set in if new projects start up by the year-end.

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

OTHER REGIONS

Europe

- Market bearish
- Demand heavily reduced, production cuts in place
- Spot export prices under pressure
- Sentiment very cautious amid limited visibility on demand in Q1

US

- Spot falls on muted buying interest
- European spot export plummet widens arbitrage
- Supplies sufficient to meet weak demand in destocking period

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