Butadiene (Asia-Pacific)

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Please click here for full details on the criteria ICIS uses in making these price assessments.

OVERVIEW

- **Sentiment uneven across northeast Asia**
- **Domestic China gains lent some support to China-bound import talks**
- **Wider Asia subdued on weak demand fundamentals**

Sentiment in Asia's spot butadiene (BD) market was mixed between buoyant domestic China market and subdued demand fundamentals in wider Asia.

In China, domestic yuan prices surged with disruption in some prompt deliveries, after a typhoon hit east China mid-week. Another plant in North China also has had to suspend operations this week, after an unplanned outage at a related cracker.

The buoyancy in domestic yuan pricing did render some support for discussions of China-bound, US dollar-denominated, import shipment, especially if there were cargoes available for prompt arrival at shore.

However, the market consensus is that local supply constraints may be transient in nature and could dissipate shortly, buying interest was visibly weaker, even within China, for import cargoes are available to ship only later in October.

Elsewhere in Asia, buying appetite for imports were generally more subdued across the board. Most end-users said that they were already amply covered for October, and some were heard even considering the need to de-stock if downstream requirements falter further.

Even if there was room for additional spot procurement, regional buyers do not think that there is any need to rush to commit too as they saw no lack of spot availabilities, especially of southeast/south Asia-origin materials, even though BD output in northeast Asia may remain capped by low cracker operations there.

OUTLOOK

- **China's local supply issues may ease once delivery disruptions are resolved**
- **Demand fundamentals likely to remain weak in wider Asia**
- **Buyers likely to keep to cautious procurement stance**

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	n/c	1050.00-1150.00	n/c	950.00-1050.00	47.63-52.16
CFR NE Asia	USD/tonne	+50	950.00-1000.00	-100	900.00-1050.00	43.09-45.36
CFR Taiwan	USD/tonne	+50	950.00-1000.00	-100	900.00-1050.00	43.09-45.36
CFR SE Asia	USD/tonne	+50	900.00-950.00	-100	850.00-1000.00	40.82-43.09

China

There was no discernible discussions on FOB (free on board) China basis.

On one hand, local producers were focussed on more lucrative sales in the domestic market, and there were no export offers heard.

On the other hand, demand was also lacklustre in wider Asia.

Assessments were rolled in the absence of fresh pricing indications.

Domestic ex-tank prices in east China continued to trend up amid shortage in prompt supplies.

Northeast Asia

CFR (cost & freight) NE (northeast) Asia prices were assessed in a narrower range, taking into consideration fixed-price discussions and indications heard in the week.

Discussions were nominated by potential China-bound trades, in part due to tepid demand in other northeast Asian outlets.

However, notwithstanding expectations that prompt shipment cargoes would likely elicit more upbeat buying interest from potential China buyers, market sources said that there was no such availabilities floated in the week.

Discussions revolved more around H2 October shipment parcels, and the low end tracked a deal while other cargoes were heard indicated at the higher end.

Some selling indications were heard at or over $1,100/tonne CFR NE Asia, but drew no response, and most market players polled deemed these as unrealistically high.

Another cargo was sold, on a floating basis, for October shipment to Taiwan, market sources said.

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

Monthly Contract	Aug 22	Jul 22	Jun 22	May 22	Apr 22	Mar 22	Feb 22	Jan 22

DEL, $/tonne								
Taiwan FPCC	1,025	1,255	1,450	1,360	1,415	1,355	1,040	795
Korea YNCC	983	1,315	1,555	1,445	1,445	1,335	1,015	835

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

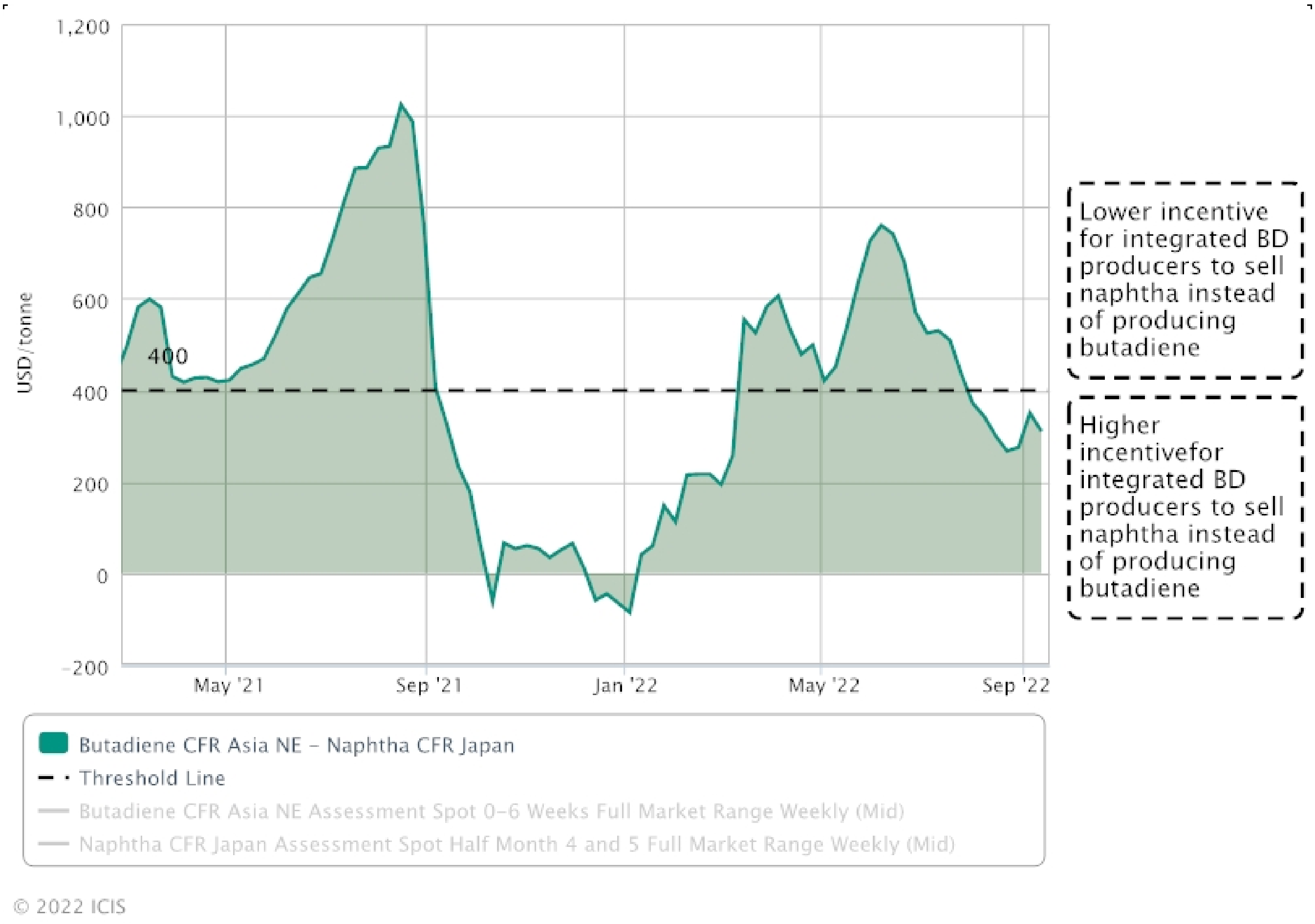
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	n/c	9500-9700	+100	8900-9100	-

UPSTREAM

Naphtha:

- Asia-Pacific prices register marginal gains
- Thin demand, ample supply limit upward pressure
- Naphtha crack spread remains in negative zone

Feedstock spread between Naphtha CFR Japan and Butadiene CFR NE Asia



Click here for the Asia feedstocks and petrochemicals weekly summary.

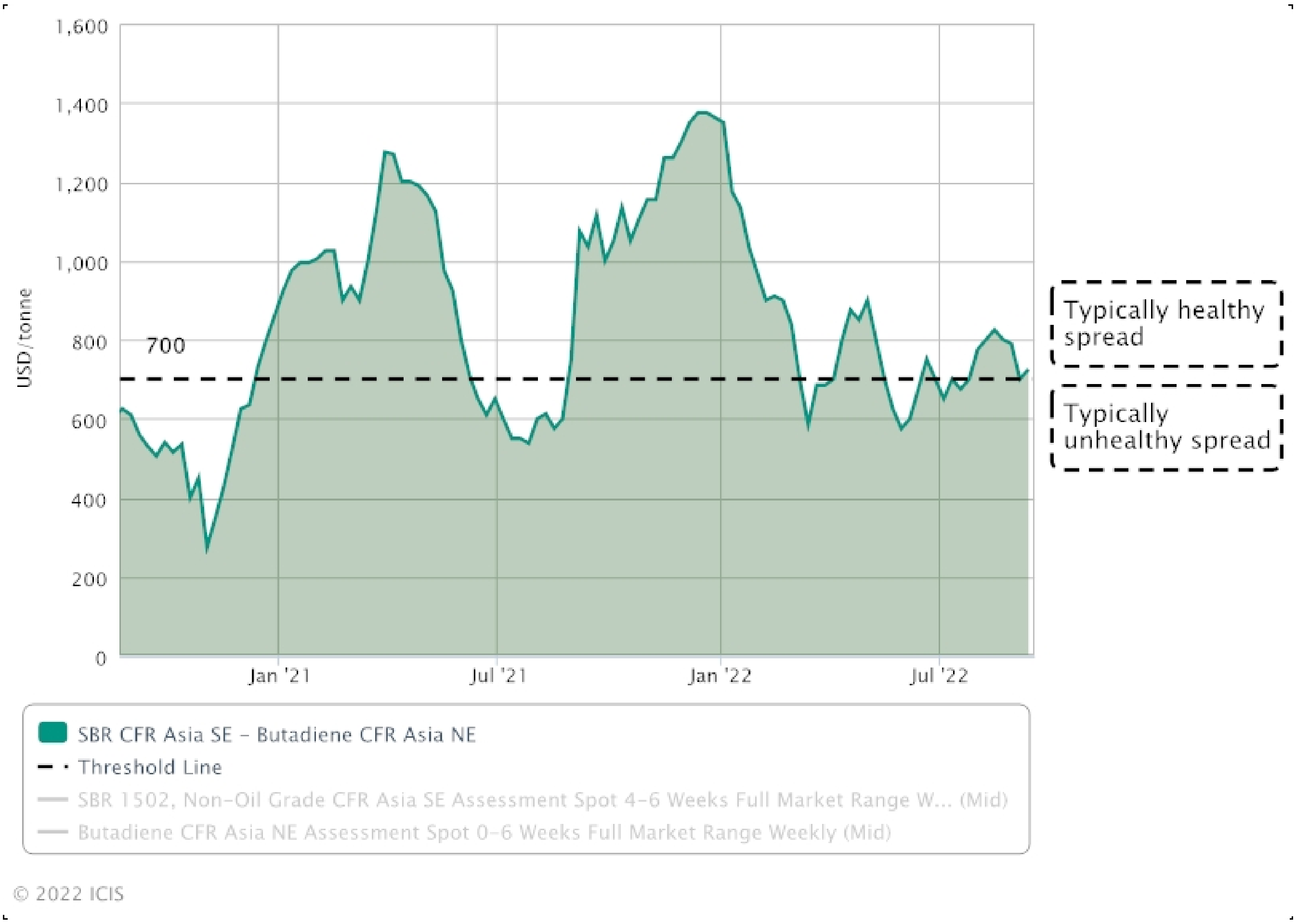
DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Demand fundamentals weak
- Upstream cost pressure lends support to offers
- Spot supplies limited in wider Asia

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

Spread between Butadiene and Styrene Butadiene Rubber Asia



Acrylonitrile butadiene styrene (ABS)

- CFR NE Asia up for second week after an earlier 11-week decline
- Feedstock uptrend from early week continues to render support
- Actual import trades stay subdued by poor exchange rates, lockdowns

PRODUCTION

Domestic butadiene (BD) supplies in China tightened this week on unplanned plant shutdowns.

In wider Asia, with many upstream crackers across Asia still operating at sub-optimal levels, output from related BD extraction units in Korea and Japan is expected to remain crimped. There was also an unplanned outage in SE Asia for September. But these gaps may be filled to some extent once exports from a newly restarted 185,000 tonnes/year unit in SE Asia stabilises, market sources said.

Click here for the Asian BD Live Disruption Tracker.

OTHER REGIONS

Europe

- Some signs fundamentals could be shifting
- Overall supply, demand balance persists
- Softening demand offset by production constraints

US

- Spot falls further as demand weakens
- Supplies sufficient to meet consumer needs
- Downstream demand softens