



## 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 prices plummet late week**
- **Import discussions slump in line**
- **Potential buyers pull back to wait and see**

Spot discussions took a sharply [bearish](#) turn late week in Asia's butadiene (BD) import market, tracking massive losses seen in the domestic yuan-denominated market towards the end of the week.

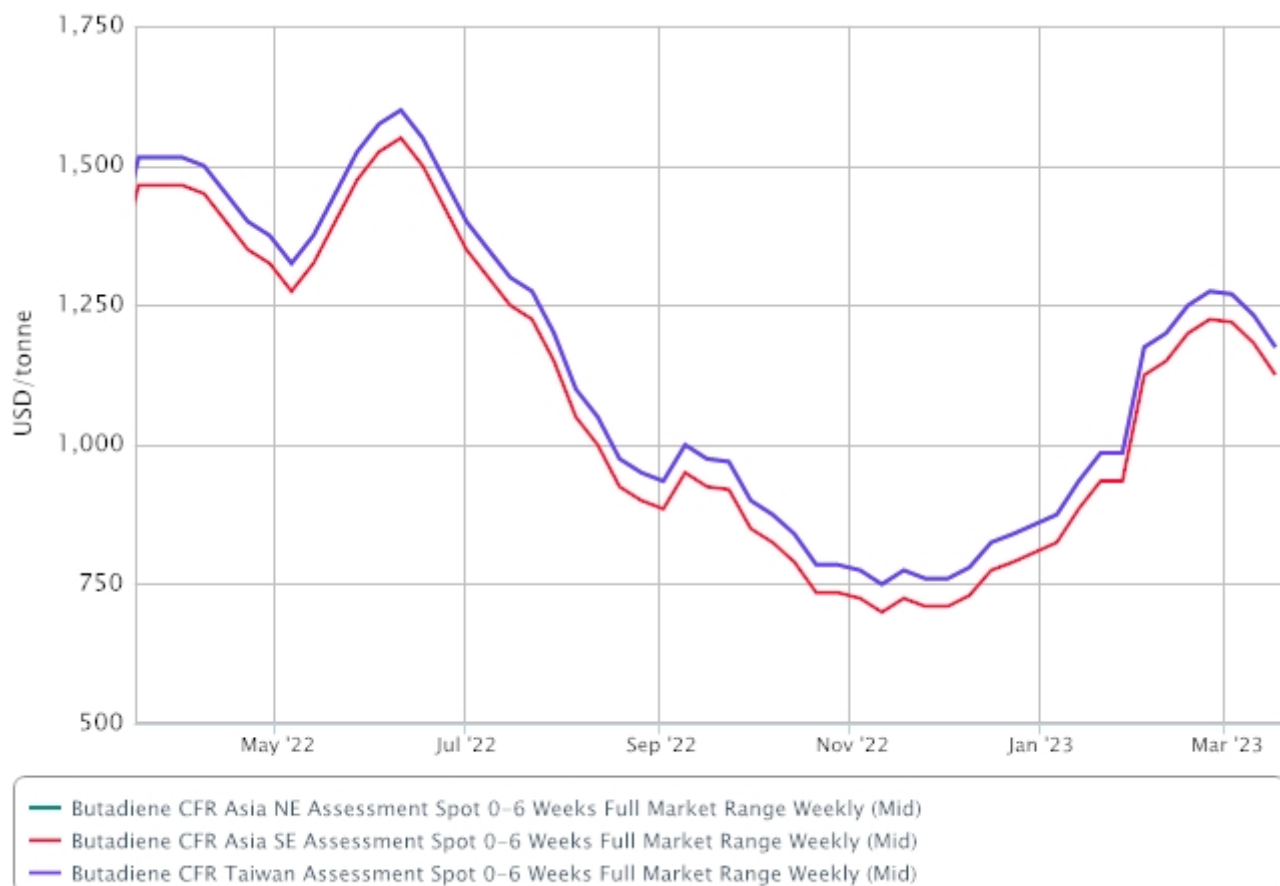
In China, domestic BD trades slowed down after a major downstream polybutadiene (PBR) unit in east China [shut](#) last weekend following an accident on site.

Prior concerns about supply constraints dissipated too with a 200,000 tonnes/year BD unit [restarting](#) this week, nearly a week earlier than expected.

Domestic prices in China plummeted as such towards late week, dragging down discussions for import materials too.

End-users in wider Asia pulled back to wait and see, especially since they have already covered much of their near-term requirements with recent bulk purchases of April/May deep-sea shipment supplies.

For Asia-origin cargoes, while some traders paid higher levels early week, purportedly for short-covering purchases, most regional buyers held back as they expected import offers to only soften further from here on, if the domestic China market stayed weak with poor demand, opening up the way in turn for more export flow from China.



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## OUTLOOK

- All eyes on how domestic China market may trend next
- Increased export availabilities from China likely
- Macroeconomic [uncertainties](#) to weigh on demand outlook

## PRICES

### SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
<b>Butadiene</b>						
<b>FOB China</b>	USD/tonne	-100	1100.00-1200.00	-60	1200.00-1250.00	49.90-54.43
<b>CFR NE Asia</b>	USD/tonne	-65	1100.00-1250.00	-50	1200.00-1300.00	49.90-56.70
<b>CFR Taiwan</b>	USD/tonne	-65	1100.00-1250.00	-50	1200.00-1300.00	49.90-56.70
<b>CFR SE Asia</b>	USD/tonne	-65	1050.00-1200.00	-50	1150.00-1250.00	47.63-54.43

### China

FOB China prices were down, as offers fell in line with hefty domestic losses.

Domestic ex-tank prices in east China started the week on a firmer note, but plunged mid-week, as demand was hit by a downstream outage, and supplies lengthened, not just from plants restarting from maintenance, but also from new capacity growth. While prices recovered slightly at the close of Friday, they remained vastly lower from the start of the week.



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## Northeast Asia

CFR NE Asian assessments were adjusted with a verified deal, as well as to encapsulate discussions and indications for cargoes from diverse origins.

Two cargoes changed hands, between traders, early week at the high-end, for April shipment from China to Korea.

But thereafter, with domestic China prices plummeting, sentiment weakened substantially. The low end is dropped to capture the full spectrum of indications on remaining cargoes. Non-China, southeast-Asia-origin materials were indicated at \$1,200/tonne and up CFR NE Asia, while limited discussions for China-origin cargoes fell late week to around \$1,100/tonne CFR NE Asia, market sources said. This formed the low end.

No fresh deals transpired late week, as by then, end-users also pulled back to defer fresh procurement and negotiations till later, on their conviction that domestic China prices may trend down more in coming weeks.

There were still pockets of spot requirements detected in Taiwan, South Korea and even Japan, for April and May deliveries, market sources said, but added that as the gap is no longer so big, potential buyers are now relatively less anxious than before to finalise new trades.

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

Monthly Contract DEL, \$/tonne	Feb 23	Jan 23	Dec 22	Nov 22	Oct 22
Taiwan FPCC	1,085	855	755	755	795
Korea YNCC	1,178	905	795	755	745

### Southeast Asia

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

A southeast-Asia-origin cargo was also sold in the week, via tender, for H2 April shipment. The transaction was concluded on FOB terms, although it remains unclear by press time, if it was a fixed-price deal or formula-linked, as well as where it would be delivered to.

### SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

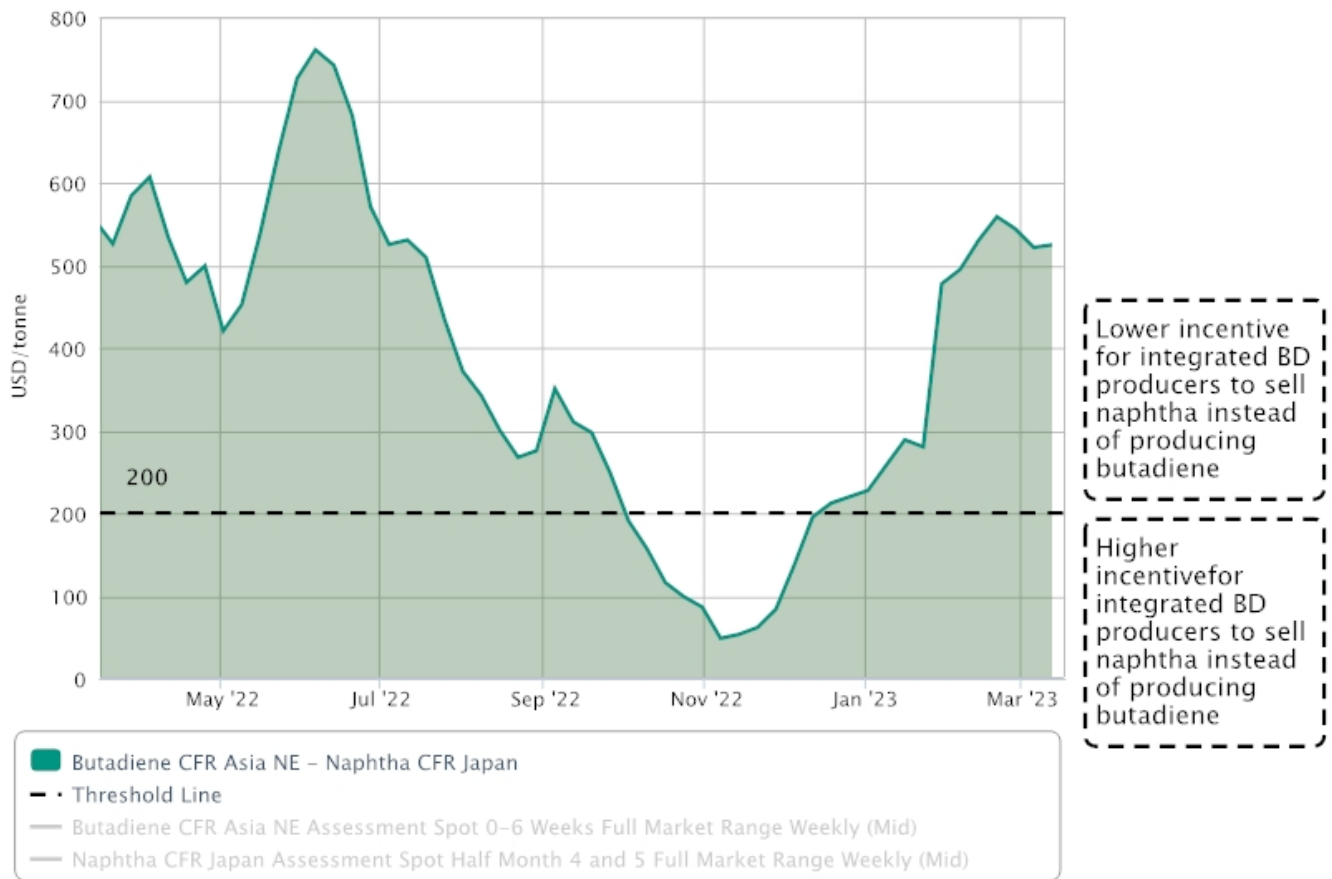
		Price Range	One Week Ago	/
<b>Butadiene</b>				
<b>Ex-Tank E China</b>	CNY/tonne	+100 8600-8700	+100 9400-9500	-

## UPSTREAM

### Naphtha:

- Prices and naphtha crack nosedive on thin demand, crude oil losses
- Improved margins downstream yet to bolster confidence
- Wider LPG-naphtha spread dulls buying incentive

[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.

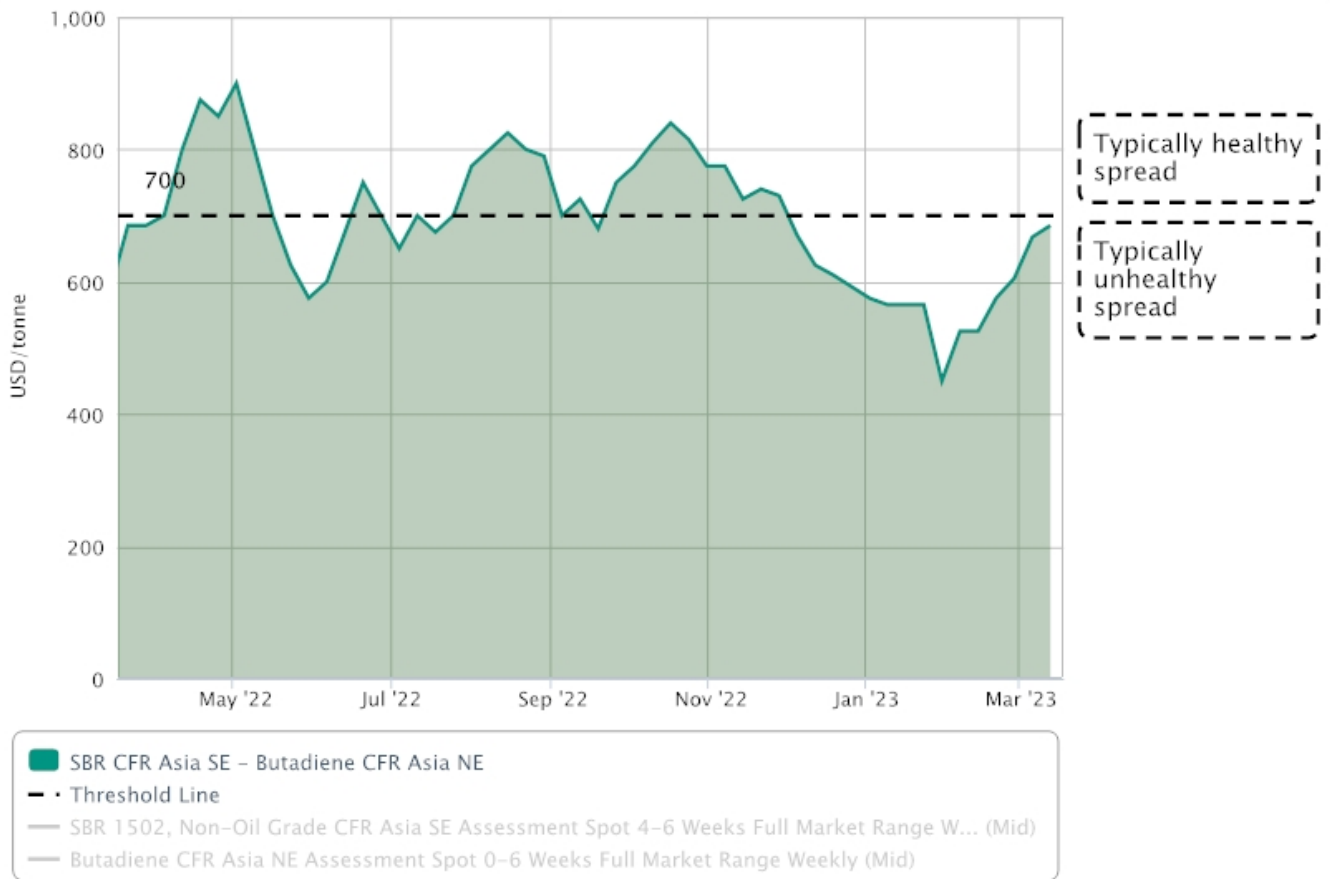
## DOWNSTREAM

### Styrene-butadiene-rubber (SBR)

- Softer upstream weighs on sentiment
- Lower deals in SE Asia
- Losses cushioned by supply limitations

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)

- Import prices fall for third week to lowest year to date
- Upcoming local commercial capacity addition deter import discussions
- Crude losses, poor end-use consumption weigh on ABS



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## PRODUCTION

Several plants in South Korea are scheduled to [shut](#) in the April to June window for maintenance.

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

## OTHER REGIONS

### Europe

- Europe market conditions steady
- Production tailored to domestic consumption
- Limited export news but all eyes on Asia developments
- Spot prices adjusted notionally on market commentary

### US

- Spot export cargo confirmed to Asia
- Spot prices lowered
- Europe eyes exports to Asia over US

## ANALYTICS

### ICIS butadiene outlook

US inflation has fallen but at a slower pace than expected by the Federal Reserve. This could result in further monetary tightening which will further depress consumption. BD demand weakness is forecast to continue for the next few weeks. Production will continue to be tailored to demand and according to preliminary estimates will total around 315,000 tonnes in Q1, down from 350,000 tonnes in Q1 2022. US BD availability will improve once plant maintenance ends at the end of this quarter. Automotive production is increasing as will inventory levels after almost three years of destocking. An increase in vehicle stocks suggests that consumer demand remains weak. New vehicle sales are expected to improve by 6.6% to about 14.6m units in 2023, about 14% below 2019 levels.

Synthos will permanently close its ESBR line with 110,000 tonnes/year capacity at Kralupy, Czech Republic in Q2 due to unsustainable and unpredictable energy costs in Europe. As a result, the country's SBR market, which is currently long, is expected to become short. In the last five years, net exports averaged around 50,000 tonnes/year, with Poland the largest outlet in Europe. Upstream, the country's BD market is currently short and is forecast to become balanced to slightly long going forward. In the last three years, total imports averaged around 70,000 tonnes/year, with Germany the largest source.

Across the board, BD supply in Asia is expected to improve in the weeks ahead due to an increase in Iranian deliveries and additional capacity. In contrast, Brazilian BD buyers are likely to shift most BD cargoes from northeast Asia to North America, notably the US and Mexico, during 2023. On the flip side, the Brazilian market is expected to become more balanced with the start-up of a new polybutadiene unit at Triunfo with a capacity of 65,000 tonnes/year. Overall, China's BD equivalent downstream capacity will total 6.6m tonnes/year this year, up from 5.4m tonnes/year in 2022. Total BD capacity will hit 6m tonnes/year in 2023, up from 5.3m tonnes/year. On paper, the country's monomer deficit is expected to increase to about 600,000 tonnes/year. Global natural rubber demand is forecast to remain steady in 2023, according to the Association of Natural Rubber Producing Countries (ANRPC). In contrast, global production could increase by 2.5% to about 14.7m tonnes. As a result, a narrow natural rubber supply and demand imbalance could add pressure to the BD/SBR industry in Asia.

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