



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 supported on expectations of constrained output**
- **China ' s buying appetite for imports [boosted](#) in line**
- **But wider regional downstream demand still weak**

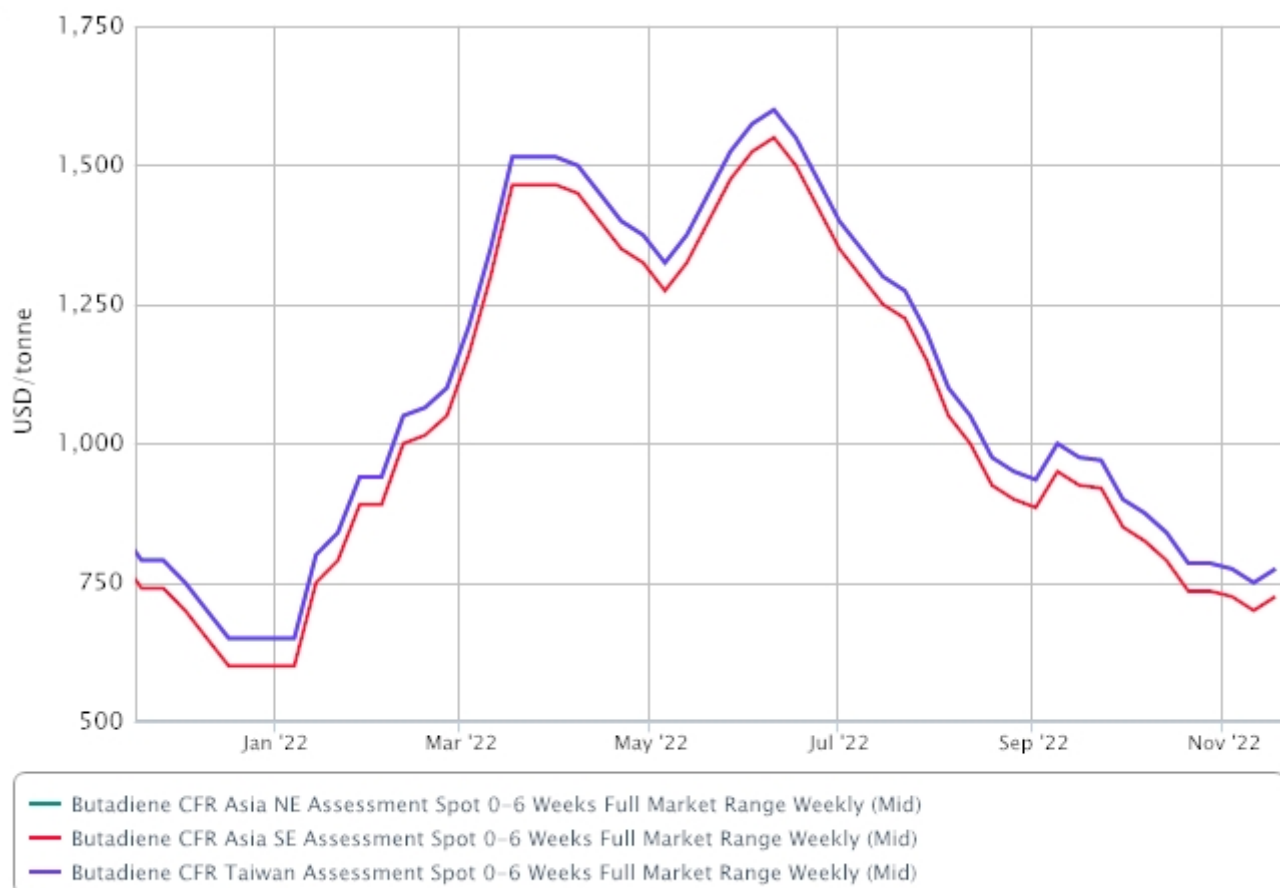
Discussions this week in Asia's butadiene (BD) import market were centered on China, where buying appetite for imports grew with some buoyancy in the domestic yuan-denominated market.

Domestic prices in China picked up in early week trading, amid anticipations that domestic BD output will be squeezed once some China crackers trim operations or shut for maintenance in the coming month.

Some local users are thus prodded to build some safety stocks, and are keen to tap more heavily into the import market for volumes.

But fresh spot availabilities in wider Asia were limited this week, curtailing in turn substantive trade discussions on this front.

Unlike China, the demand picture in wider Asia is still [grim](#) in nature, with operations in several key downstream sectors, like synthetic rubbers and acrylonitrile-butadiene-styrene (ABS), persistently undermined by poor end-use consumption.



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OUTLOOK

- **Players await clearer pricing direction from domestic China**
- **Supply balance may shift with adjustments in upstream cracker operations**
- **But bearish downstream demand conditions may persist**

PRICES

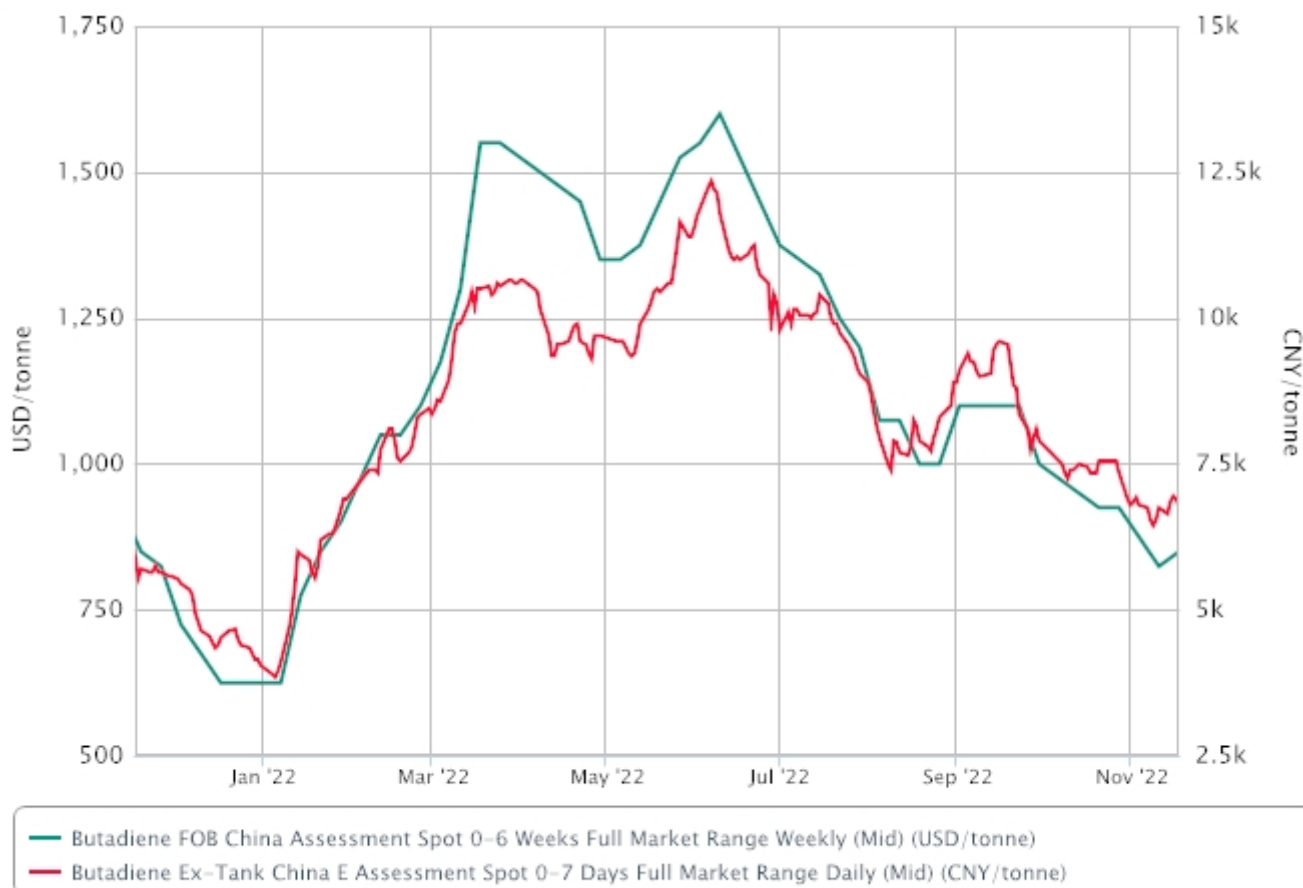
SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	n/c	800.00-900.00	+50	900.00-950.00	36.29-40.82
CFR NE Asia	USD/tonne	+30	750.00-800.00	+20	750.00-820.00	34.02-36.29
CFR Taiwan	USD/tonne	+30	750.00-800.00	+20	750.00-820.00	34.02-36.29
CFR SE Asia	USD/tonne	+30	700.00-750.00	+20	700.00-770.00	31.75-34.02

China

FOB China assessments were stable-to-firm, adjusted at the high-end tracking domestic increases.

Domestic ex-tank prices in east China rose early week on active trades, but returned some of the gains by late week when buying slowed down. But overall, prices closed higher week on week.



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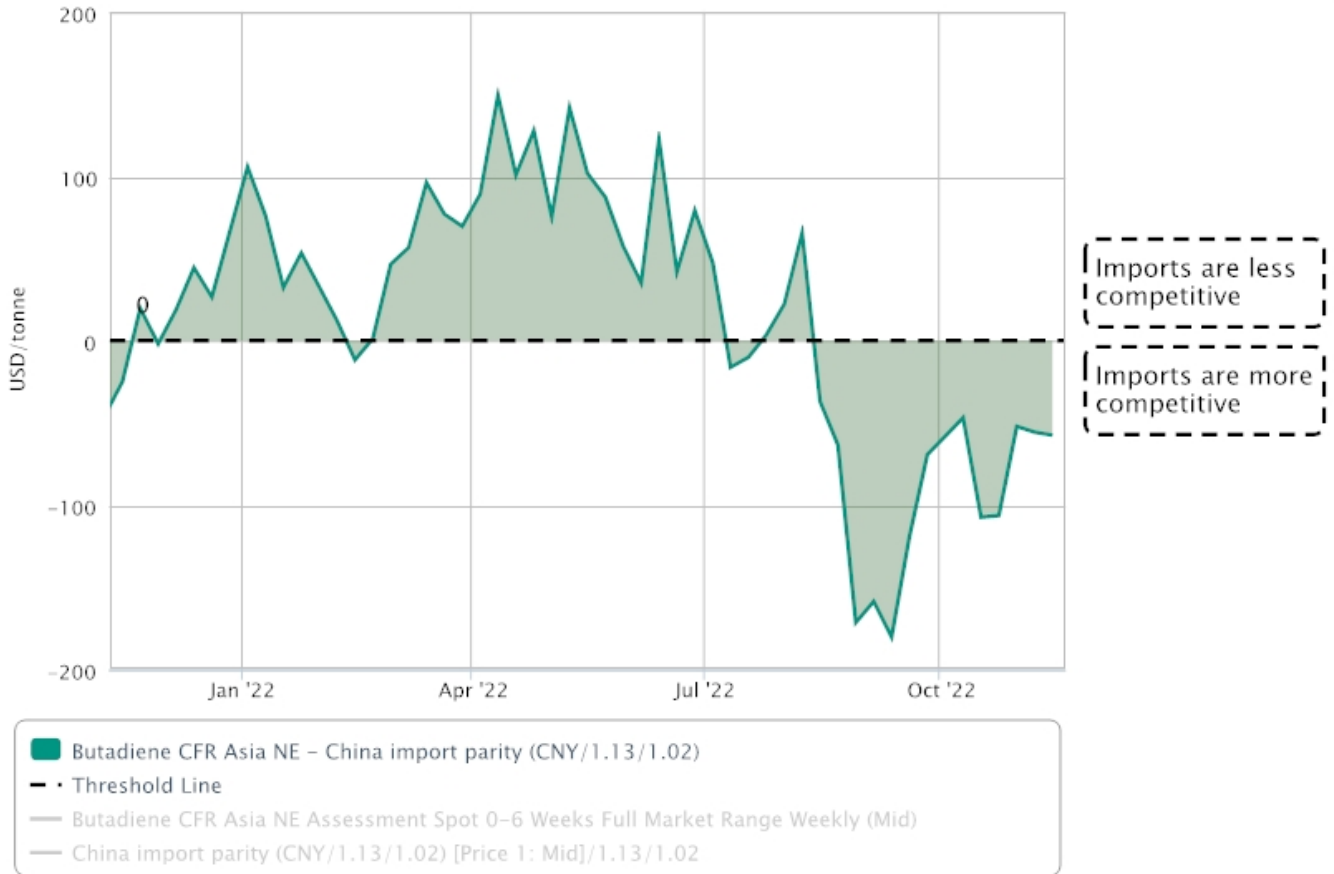
Northeast Asia

CFR NE Asian prices edged up, tracking firmer discussions for China-bound parcels.

China buyers were heard willing to discuss fresh December imports at levels within the published range, as these were still deemed affordable compared to prevailing yuan values, and the high-end was similar to a transaction in the week prior, market sources said.

But no trades materialised this week. With upstream naphtha costs rising, most sellers are reverting to insisting on formula-based negotiations to contain risks, market players said.

[Import parity of domestic BD prices](#)



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Discussions were minimal in wider Asia, with potential buyers mostly looking to purchase only at levels below the published range, given poor demand conditions in their own downstream markets.

Many are also skeptical if the uptick seen this week in the domestic China market will sustain, especially if there are recurrent COVID 19-related [disruptions](#) on the country's downstream operations.

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

Monthly Contract	Oct 22	Sep 22	Aug 22	Jul 22	Jun 22	May 22	Apr 22	Mar 22	Feb 22	Jan 22
Taiwan FPCC	795	885	1,025	1,255	1,450	1,360	1,415	1,355	1,040	795
Korea YNCC	745	920	983	1,315	1,555	1,445	1,445	1,335	1,015	835

Southeast Asia

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

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

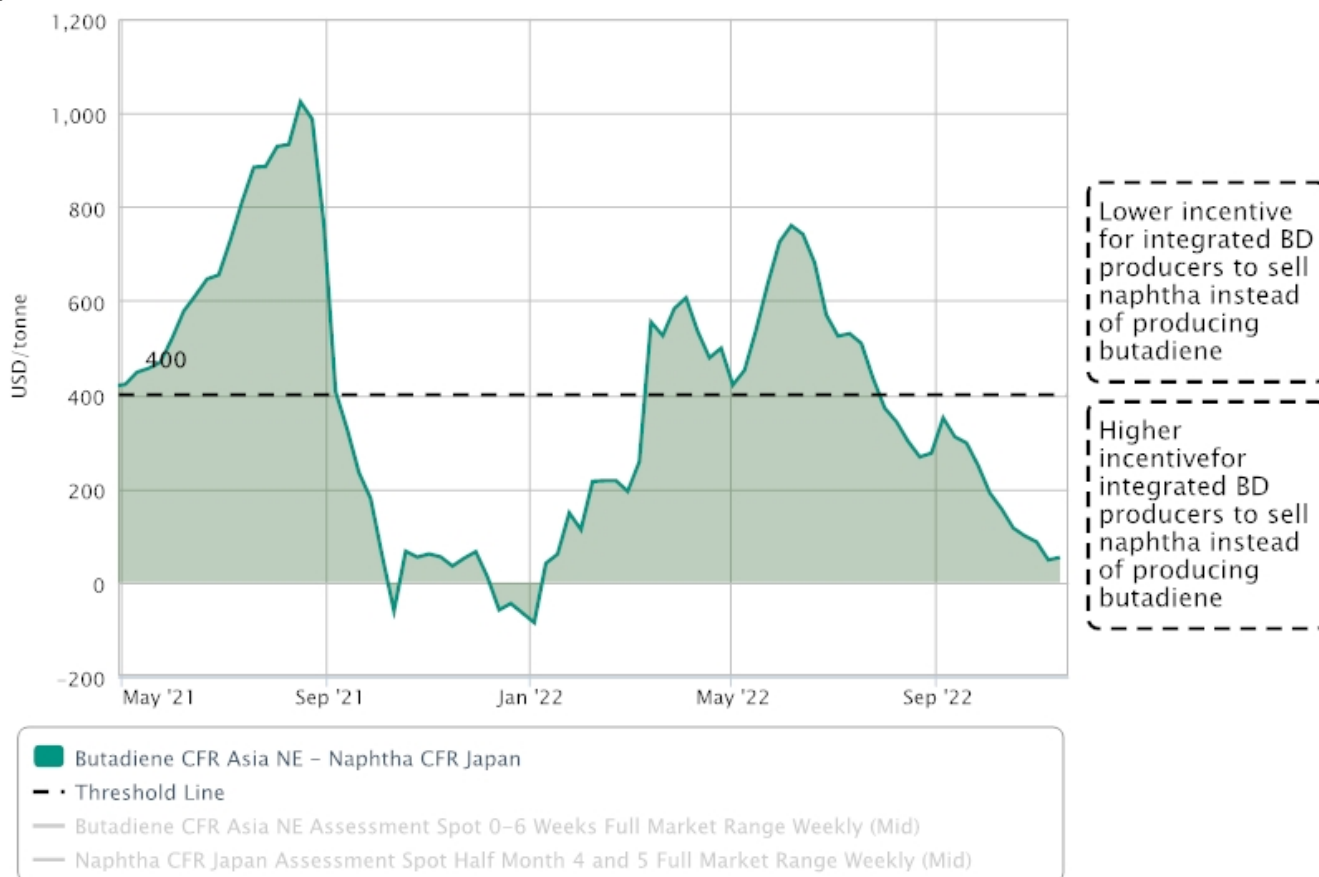
		Price Range	One Week Ago	/
Butadiene				
Ex-Tank E China	CNY/tonne	-150	6700-6850	-100
			6700-6800	-

UPSTREAM

Naphtha:

- Asia end-user demand pull lacking
- Frail downstream margins limit upside potential
- Buoyant oil products aid in normalising naphtha crack

[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.

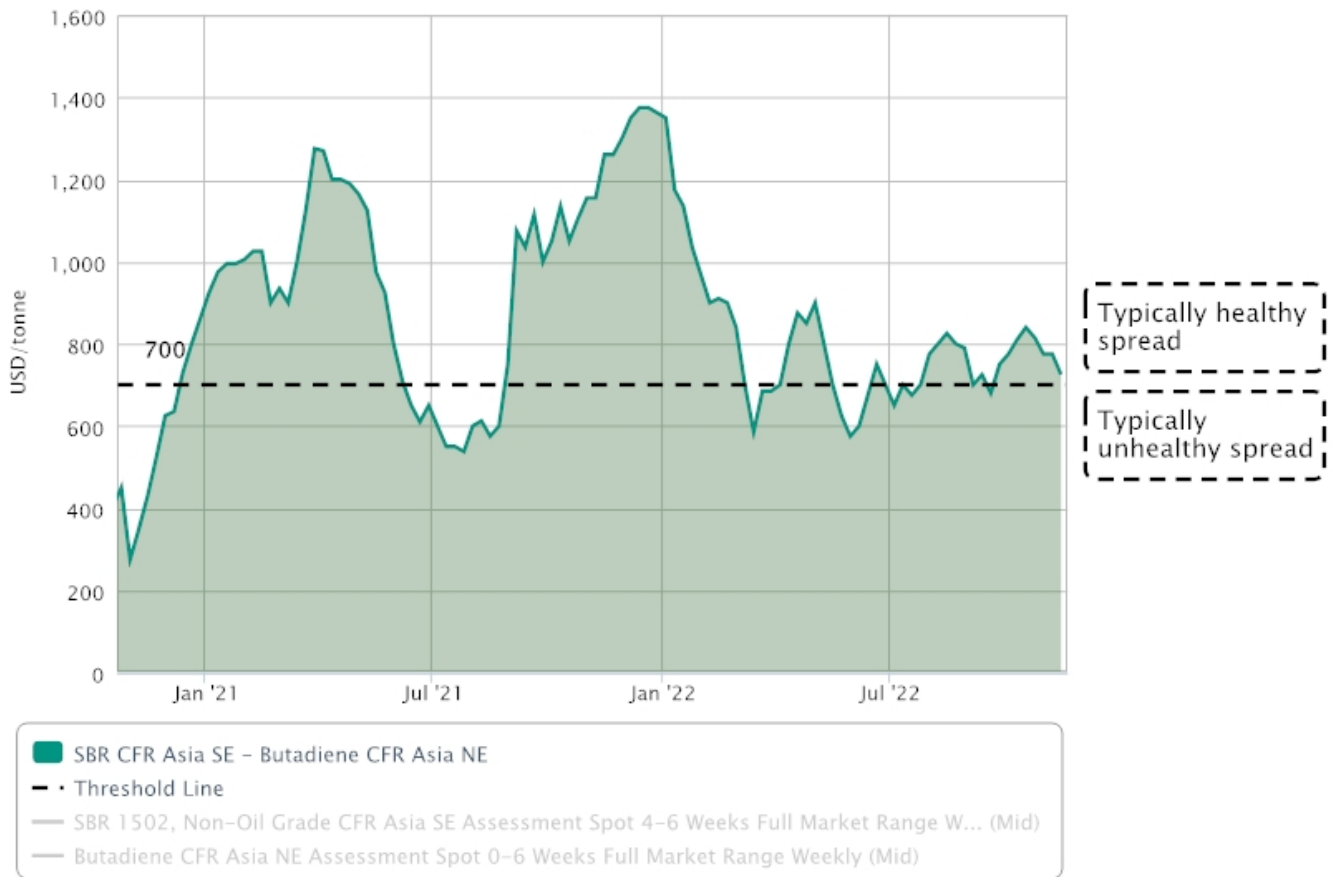
DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Discussions subdued on weak demand
- Buyers stay in wait-and-see stance
- Lower offers surface

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 snaps five-week descent
- Upbeat sentiment post-China's announced COVID-19 curbs tapers off by week's close
- Resurgences in infection rates hurt consumption, reflects in retail sales



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PRODUCTION

In wider Asia, 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. There is also an [unplanned](#) closure in southeast Asia.

Domestic BD supplies in China are tightened on several [planned](#) and [unplanned](#) closures in November, but may [lengthen](#) if more new projects managed to start up by the end of the year.

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

OTHER REGIONS

Europe

- Market fundamentals turning more bearish
- Production cuts, exports mitigate reduced offtakes
- December challenging as inventory reductions top priority

US

- Spot BD declines amid weak buying interest
- Production cuts offset slumping demand

- Strong European interest to export to US, but demand low

ANALYTICS

ICIS Butadiene Outlook

A gloomy outlook will continue to characterise the European butadiene (BD) market for the rest of the year. BD producers are unlikely to gain significant support from US and Asian buyers, given that demand will remain sluggish globally. Consequently, the BD supply-demand balance will be adjusted by pulling back run rates for crackers and BD extraction units.

A challenging environment for the Europe automotive industry is likely to continue over the coming months. ArcelorMittal, the leading steelmaker, will continue to idle its blast furnaces across Europe. In early November, the company said it will take one of its two blast furnaces at Fos-sur-Mer site in France off line from December because of high energy costs and poor demand. This will represent another challenge for the European automotive supply chain.

Heading into 2023, the BD price spread between the US and Europe should remain open on paper, making BD flows viable, particularly in early 2023. Indeed, maintenance at TPC Group's 546,000 tonne/year BD unit in Houston, which is scheduled in January 2023, could, to some extent, turn the US market into a short position.

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