Butadiene (Asia-Pacific)

By Ai Teng Lim
19-May-2023

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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 2 June will be assessed based on information collated up to 1 June, with the exception of domestic yuan (CNY) quotes. Please click here for the ICIS publishing schedule.

OVERVIEW

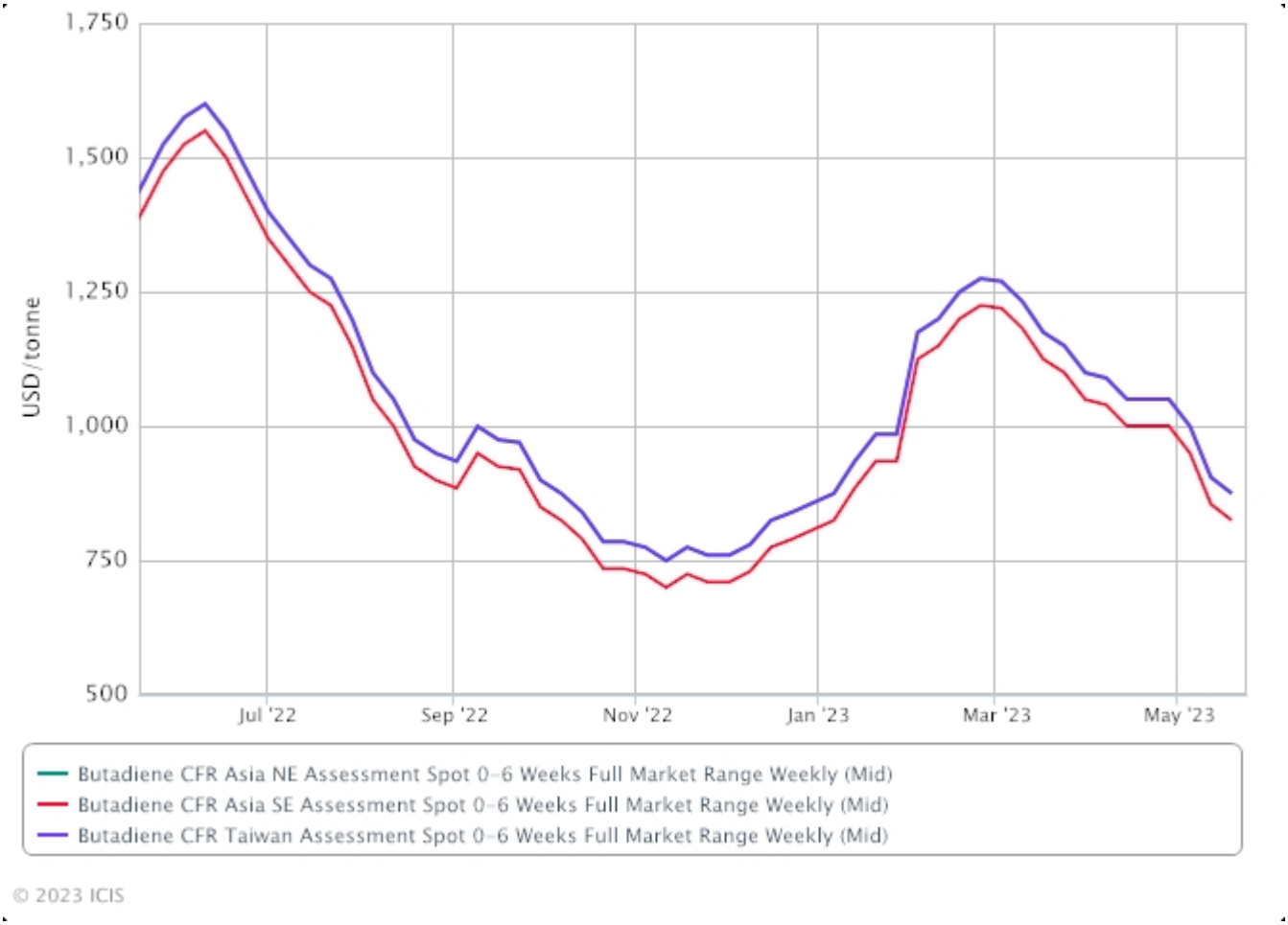
- **Concrete negotiations scarce amid ongoing APIC in India**
- **Demand tepid, buyers maintaining softer buy indications**
- **Snug supply persists for some NE Asia makers amid turnaround**

Asia's spot butadiene (BD) import negotiations softened amid lacklustre demand and largely unchanged supply fundamentals.

Supply among some northeast Asian producers remained tight amid ongoing shutdown maintenance.

Price declines were observed in the domestic Chinese market, which weighed on China export indications and in turn eroded buyers' confidence further.

Notional buying and selling indications mostly declined. Actual transactions were scarce because of the ongoing Asia Petrochemical Industry Conference (APIC) held in New Delhi, India.



OUTLOOK

- **Significant demand upturn unlikely on limited driving factors**
- **Recent price declines set to weigh on buyers' confidence**
- **July supply poised to rise as regional turnarounds end**

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	-60	890.00-900.00	-130	1020.00-1100.00	40.37-40.82
CFR NE Asia	USD/tonne	-30	850.00-900.00	-30	1000.00-1100.00	38.56-40.82
CFR Taiwan	USD/tonne	-30	850.00-900.00	-30	1000.00-1100.00	38.56-40.82
CFR SE Asia	USD/tonne	-30	800.00-850.00	-30	950.00-1050.00	36.29-38.56

China

Domestic ex-tank prices in east China dived deeper on sluggish downstream demand.

This weighed heavily on sentiment for US dollar denominated export trades, and FOB China assessments were dragged down by lower buy-sell indications heard in a thinly-discussed week.

Northeast Asia

CFR NE Asia discussions edged down more on weak buying appetite.

Talk surfaced of a transaction at the mid-to-high $800's/tonne CFR NE Asia for a deep-sea cargo available to load around mid-June for July delivery to Asia.

But details of players involved could not be verified, and the majority of players were of the consensus view that it was unrealistically low for a deep-sea cargo trade, considering the estimated freight costs involved.

That said, the said price range did dovetail with majority views among end-user buyers about what they could consider to pay for Asia-origin June shipment materials, albeit at or below the mid-$800s/tonne CFR NE Asia.

The low-end was dropped therefore in line with this, to reflect bearish buy-side sentiment.

The high-end was also down tracking weaker sell-side pricing sentiment.

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

Monthly Contract DEL, $/tonne	Apr 23	Mar 23	Feb 23	Jan 23	Dec 22	Nov 22
Taiwan FPCC	1,015	1,085	1,085	855	755	755
Korea YNCC	1,060	1,145	1,178	905	795	755

Southeast Asia

CFR SE Asia assessments were adjusted with changes in CFR NE Asia assessments amid limited outright indications.

A southeast Asia-origin cargo available to load in June was put up for spot sale early week. It was sold on formula-linked terms, market sources said.

Covering editor: Jasmine Khoo

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

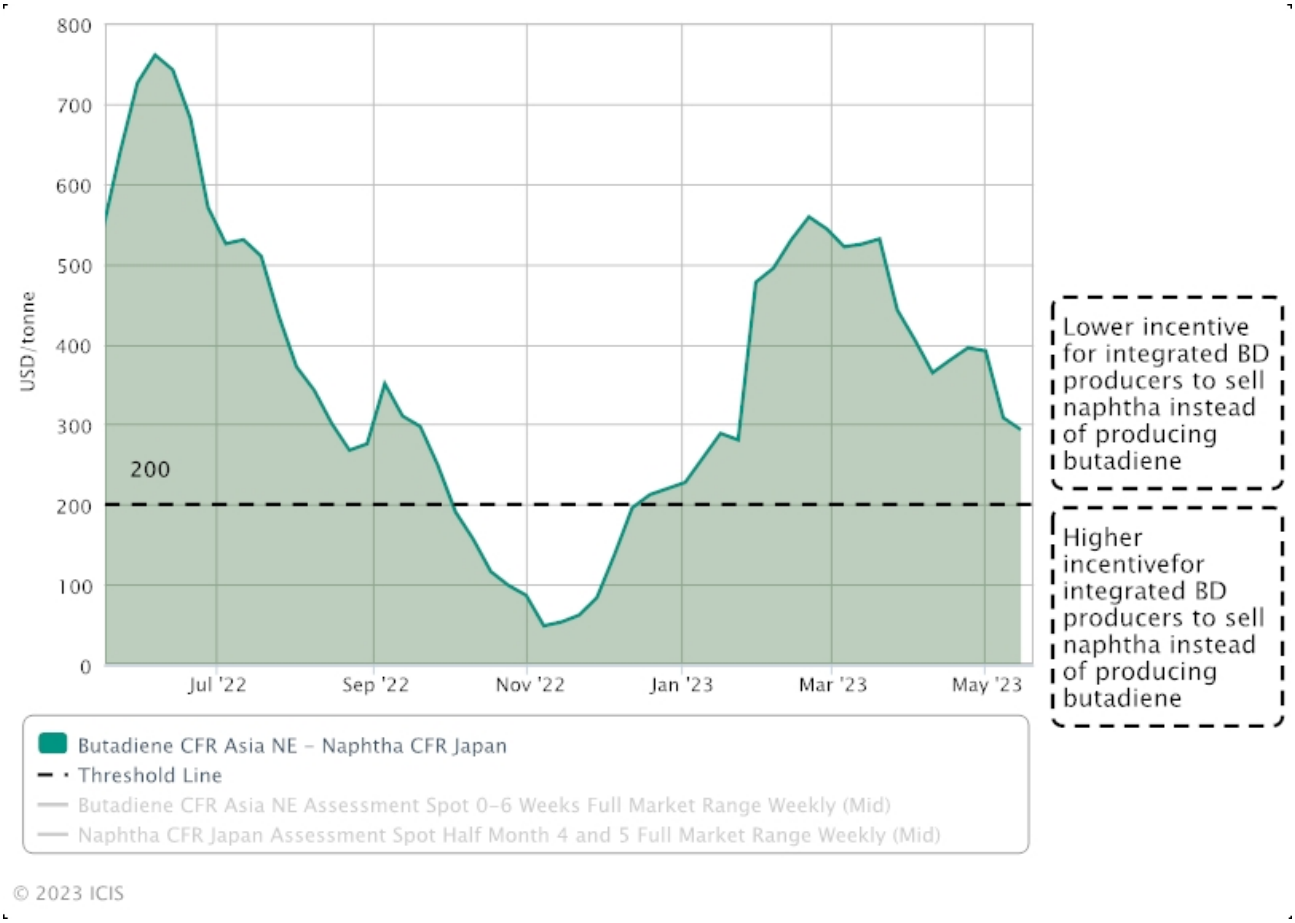
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	-300	7150-7300	-300	7900-8000	-

UPSTREAM

Naphtha:

- Market turns contango on bearish fundamentals
- Slow demand and lack of driving factors weigh on sentiment
- Naphtha crack slumps

Feedstock spread between Naphtha CFR Japan and Butadiene CFR NE Asia



Click here for the Asia feedstocks and petrochemicals weekly summary.

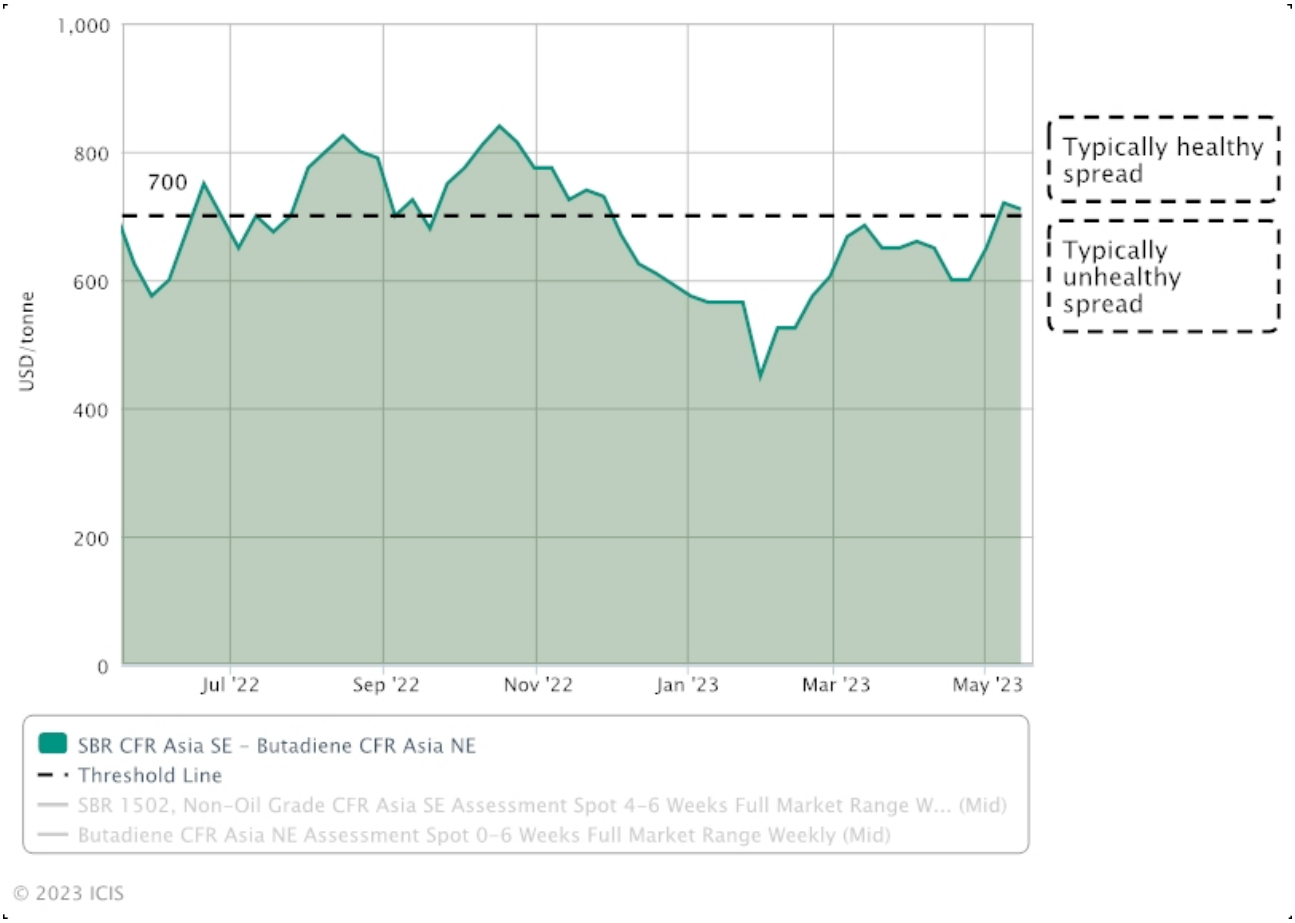
DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Weak upstream curtails buying interest
- Demand also lacklustre in nature
- Sellers resistant to widening discounts

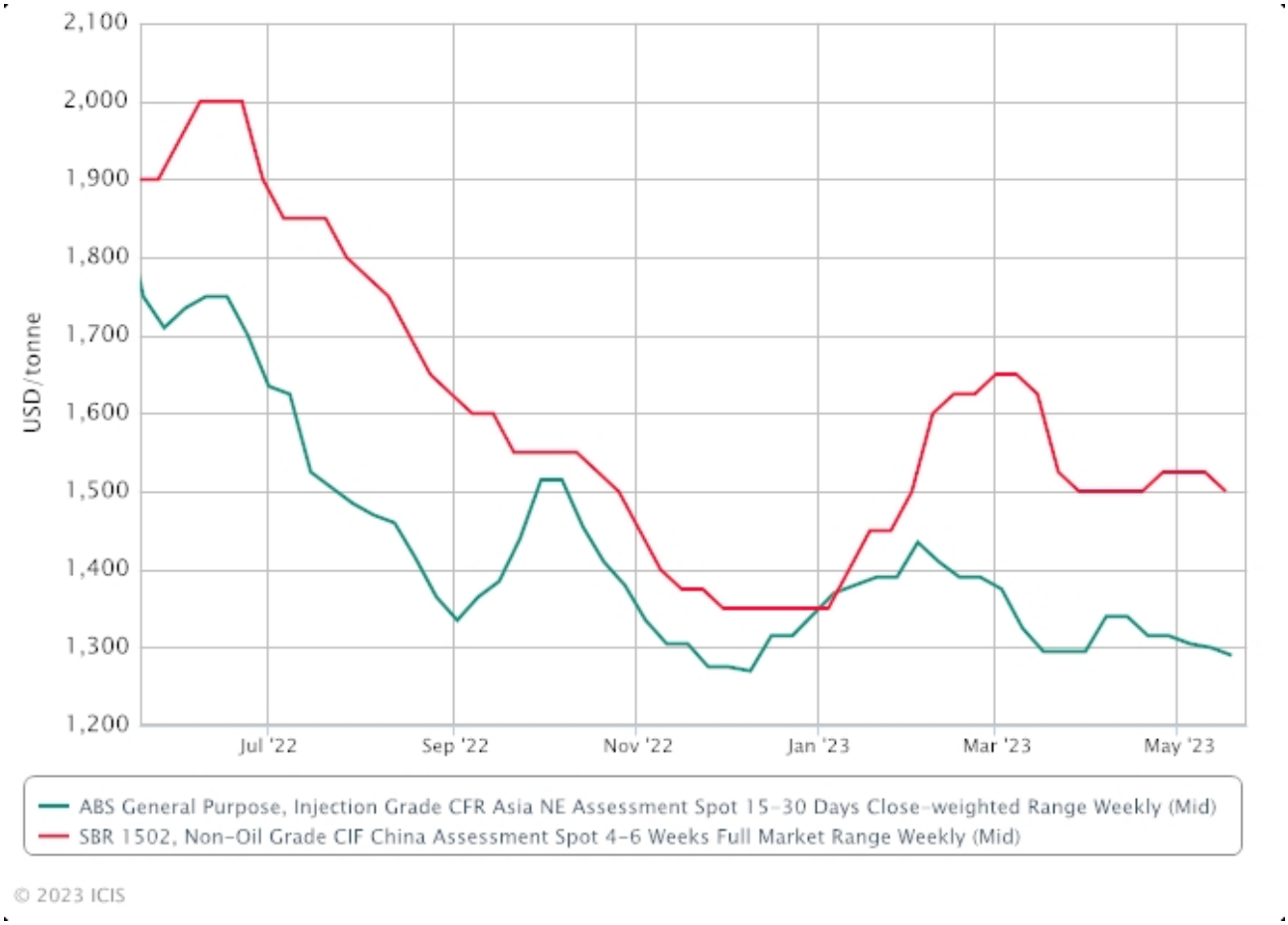
The chart below shows the spread between BD and SBR in Asia.

Spread between Butadiene and Styrene Butadiene Rubber Asia



Acrylonitrile-butadiene-styrene (ABS)

- Import prices continue slide
- Margins see surprise rally as feedstock decline steeper than ABS'
- Momentum subdued during APIC towards week's close



PRODUCTION

Spot suppliers in northeast Asia are tight amid a heavy wave of maintenance closures in Q2, from Taiwan, Japan to South Korea.

Click here for the Asian BD Live Disruption Tracker.

OTHER REGIONS

Europe

- Overall, supply/demand fundamentals unchanged week on week
- Some indications for reduced offtakes in June to control stock
- Asia weaker again; US export withdrawn on local supply issue
- Spot prices notional in quiet market

US

- Deer Park fire not expected to hurt supply levels
- Weaker Asian market, Deer Park fire likely to pause export discussions

- Spot prices stable on a notional basis

ANALYTICS

ICIS Downstream Automotive Demand Outlook

The outlook for the global automotive industry in 2023 continues to be a concern. The outbreak of the COVID-19 pandemic was more than three years ago, and the industry has yet to recover all the losses suffered since then. It started with a severe semiconductor shortage, and while the overall situation has improved, the industry has yet to make a full recovery. Following the pandemic, the industry has been hit by a high interest rate environment amid a weaker global economy and rising geopolitical tensions. A full and complete recovery is not expected until 2024.

According to the US Census Bureau, US light vehicle sales increased by 7.2% month on month in April with total sales at 15.9m, which was up 11.4% year on year but down 2.5% from 2019. Macroeconomic stressors continue to weigh heavily on auto demand.

According to the European Automobile Manufacturers' Association (ACEA), EU passenger car registrations increased by 17.2% in April year on year but were down 22.8% from April 2019. Spain posted the biggest gain with a 33.7% increase, followed by Italy (+26.9%), France (+16.7%), and Germany (+7.9%). Significant growth was seen in the electric vehicle (EV) category, for example hybrid electric vehicles (HEVs), plug-in hybrid vehicles (PHEVs) and battery electric vehicles (BEVs), with BEVs reporting year-on-year growth of 30%.

Following the country's re-opening after three years of on-off restrictions, China reported double-digit year-on-year growth in automotive production in April. Expectations for the rest of the year are optimistic, given that the government is targeting an economic growth rate of 5%. India also appears to be on the path to recovery. An improvement in sentiment was reported on the back of China's re-opening, as a large share of auto spare parts is imported from China. In March, total vehicle retail sales increased 14% year on year, according to the Federation of Automobile Dealers Associations of India (FADA), which also reported that 2023 was the first full year without any impact from COVID-19.

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