ICIS Independent Commodity Intelligence Services

Butadiene (Asia-Pacific)

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20-Jan-2023

CORRECTION: In the weekly pricing analysis dated 20 January 2023, the CFR SE Asia assessment was incorrect. A corrected version is now available.

Overview | Outlook | Prices | Upstream | Downstream | Production | Other Regions

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

The FOB China and Chinese domestic yuan (CNY) prices in the weekly analysis on 27 January will not be assessed. Please click here for the ICIS publishing schedule.

OVERVIEW

- **Bids firmer across Asia**
- **Bullish domestic China lends support too**
- **Demand sentiment improves but uncertainties linger**

Discussions took a more bullish note this week in Asia's butadiene (BD) import market, as firmer bids surfaced for limited spot cargoes available to ship to diverse northeast Asian destinations.

China remained a front-runner in the quest for fresh imports, as another upsurge early this week in the domestic yuan-denominated market reinforced its buying power vis-à-vis other wider Asian buyers.

Anticipations of strong post-holiday downstream recovery in China market also supported the yaun rise, as some Chinese traders were heard to be looking to buy more local cargoes and imports, to top up stocks and get ready to meet post-holiday requirements.

That said, many players expressed surprise that yuan-denominated prices could still rise so much this week when many factories had already shut for the holiday.

In other northeast Asian outlets, end-users with concrete requirements had to then compete and raise bids in order to secure some volumes, even if these higher bids would be to the detriment of their squeezed margins.

But the majority of end-users in wider Asia held back, saying that the prevailing BD pricing had already surpassed their affordability line, and they could consider next spot procurement only if and when there are concrete signs of improvement in downstream market conditions.

OUTLOOK

- **Spot availabilities to stay tight in near term**
- **Recovery expectations for China to drive Asian demand**
- **Macroeconomic uncertainties may still weigh on sentiment**

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

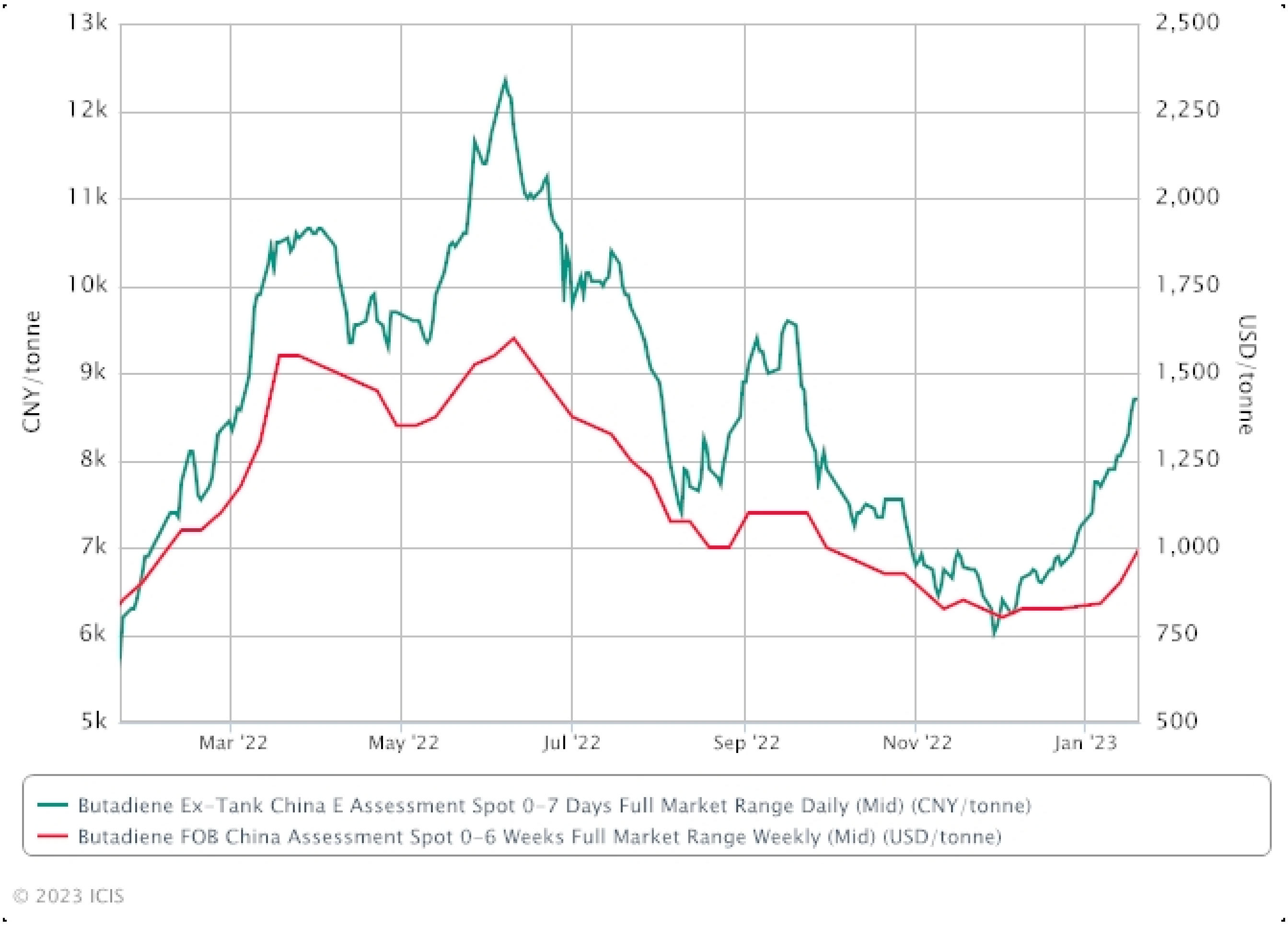
			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	+100	950.00-1050.00	+100	800.00-850.00	43.09-47.63
CFR NE Asia	USD/tonne	+80	970.00-1000.00	+20	800.00-880.00	44.00-45.36
CFR Taiwan	USD/tonne	+80	970.00-1000.00	+20	800.00-880.00	44.00-45.36
CFR SE Asia	USD/tonne	+80	920.00-950.00	+20	750.00-830.00	41.73-43.09

China

The high end of the FOB China range was increased in line with the lowest selling indication heard.

The low end was notionally adjusted up in line, in the absence of any concrete discussions.

Domestic China prices surged, with higher offers and discussions in early week.



Northeast Asia

CFR NE Asian prices were adjusted taking into account deals and discussions in the week for deliveries to different northeast Asian destinations.

A cargo was sold for mid-February shipment to Taiwan, which formed the low end of the range.

Another Korea-origin cargo was sold in the week, purportedly for delivery to China. The transaction was concluded on FOB terms, and the high end of the range tracked a CFR NE Asia equivalent of this deal, after factoring in estimated freight costs.

Although the buyer details for this transaction were not available, this was aligned with CFR NE Asian buying indications from several China traders. A fixed price selling indication for China-bound parcels was also heard at this level from NE Asian producers.

Otherwise, buying indications from other end-users in wider Asia were mostly at below the published range, and many said that they could not afford to pay more as downstream margins were still compressed.

Some China-based traders were heard to be not averse to paying prices above the published range in early week, but no concrete follow-up discussions transpired with sellers, many of whom were still looking to negotiate only on formula-based terms.

CFR Taiwan assessments were adjusted taking into account changes in CFR NE Asian assessments.

Monthly Contract	Dec 22	Nov 22	Oct 22	Sep 22	Aug 22	Jul 22	Jun 22

DEL, $/tonne							
Taiwan FPCC	755	755	795	885	1,025	1,255	1,450
Korea YNCC	795	755	745	920	983	1,315	1,555

Southeast Asia

CFR SE Asian assessments were adjusted taking into account changes in CFR NE Asian assessments, in the absence of concrete discussions on CFR SE Asian terms.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

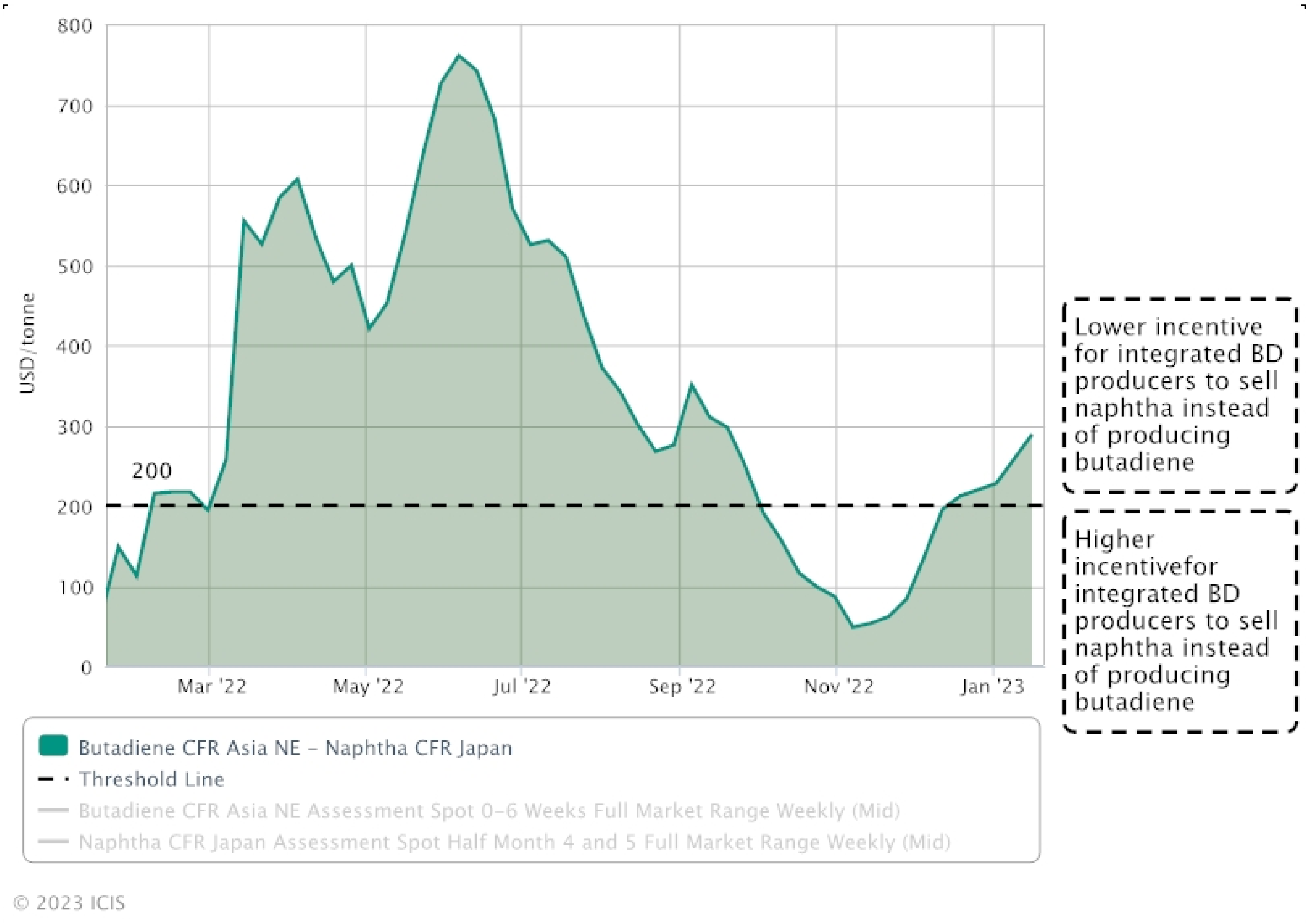
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	n/c	8600-8800	n/c	8000-8100	-

UPSTREAM

Naphtha:

- Asia naphtha markets driven by crude oil on China optimism
- Moderate buying provides floor for prices
- Poor downstream margins, cracker turnarounds cap gains

Feedstock spread between Naphtha CFR Japan and Butadiene CFR NE Asia



Click here for the Asia feedstocks and petrochemicals weekly summary.

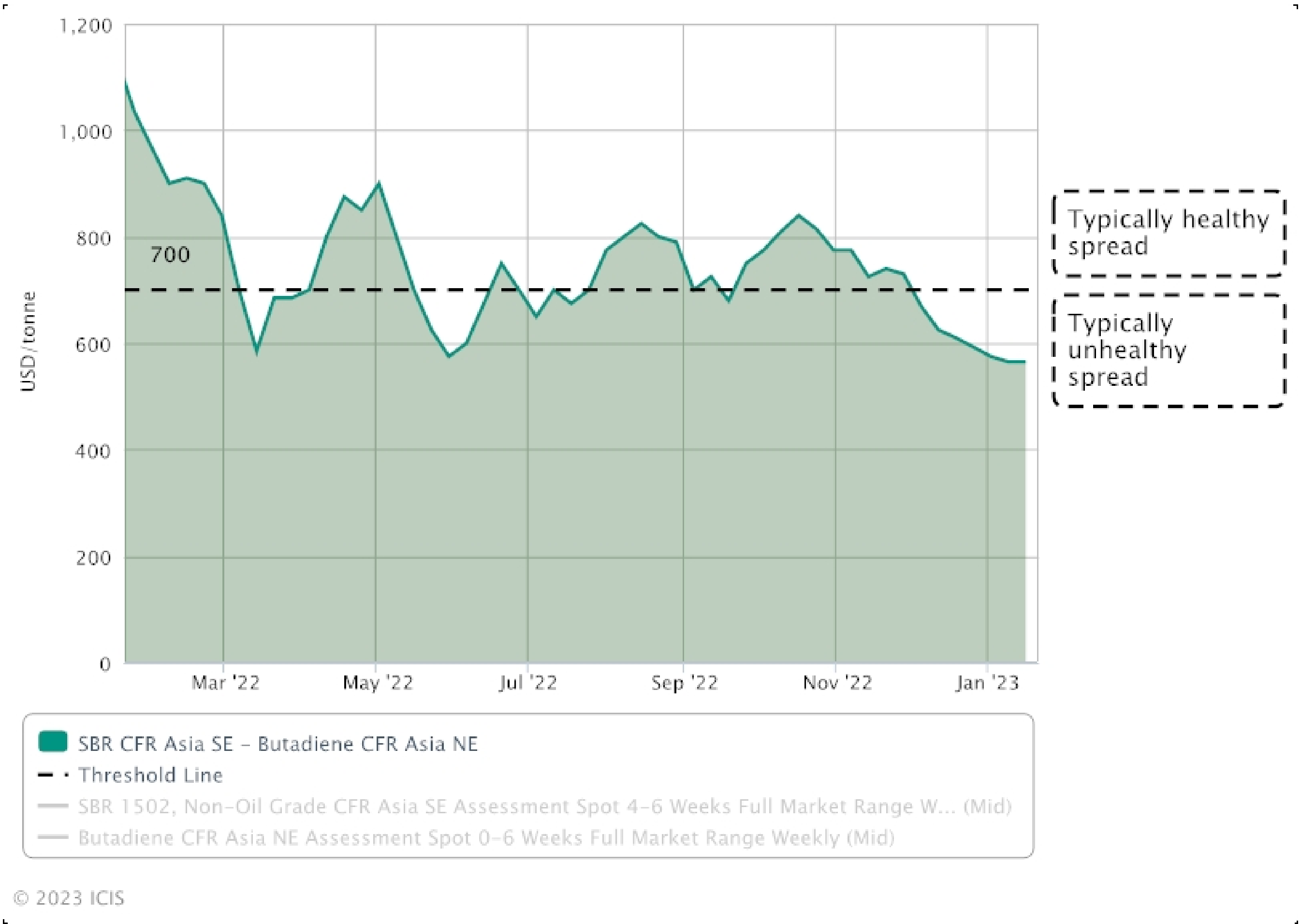
DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Cost pressures heighten
- Offers up in line
- Supplies also tightened

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 stable to firm
- Discussion levels rise on stronger projections post-Lunar New Year
- Actual trades curbed as several players already left for the holiday

PRODUCTION

In northeast, overall BD output is expected to remain capped in the near term, as weak margins continue to weigh on operating rates at many upstream crackers, forcing in turn some BD plant closures too.

Click here for the Asian BD Live Disruption Tracker.

OTHER REGIONS

Europe

- Demand steady to slightly firmer compared with December
- Production cuts remain in place
- Domestic spot quiet, export options available - higher prices discussed
- Ongoing gains in Asia watched closely, hopes they are sustained after Lunar New Year

US

- Spot steady in line with January CP
- Arbitrage with Europe narrows
- Supply concerns offset by weak demand