



## Butadiene (Asia-Pacific)

By Ai Teng Lim

20-Oct-2023

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Please click [here](#) for full details on the criteria ICIS uses in making these price assessments.

### OVERVIEW

- **Domestic China spikes on fresh supply concerns**
- **Import sentiment increases in line**
- **Negotiations still frayed amid persistent buy-sell gap**

Sentiment in Asia's butadiene (BD) import market was more [buoyant](#) this week, tracking large gains seen in the domestic yuan-denominated market.

Domestic ex-tank prices in east China spiralled up as fresh cracker production hiccups triggered concerns that local BD supplies will tighten further.

It also reinvigorated buying interest for supplemental volumes from the US dollar denominated import pool.

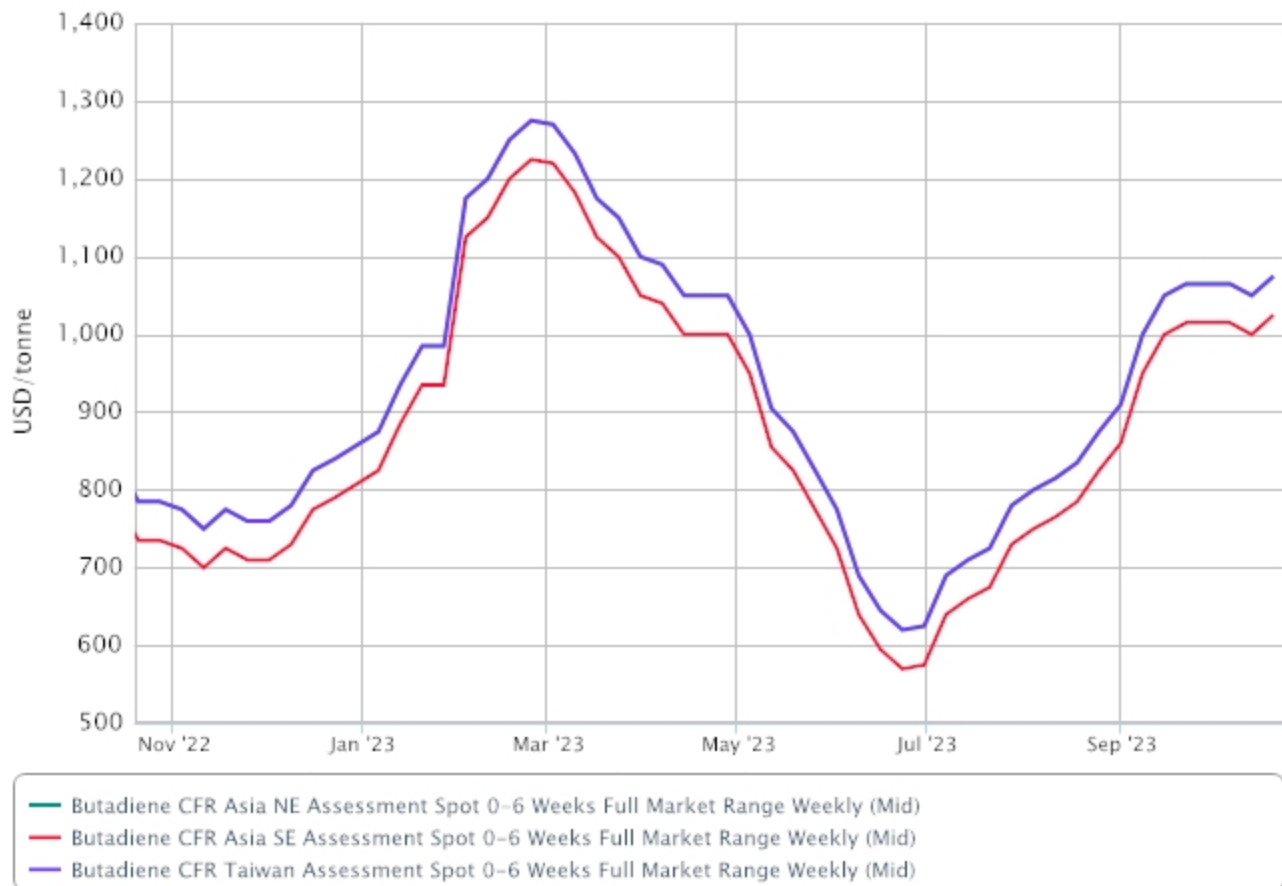
This heightened perceived competition for the few November shipment cargoes put up for spot sale this week, as there were already existing pockets of demand in other regional outlets like South Korea and Taiwan.

At the same time, prior export availabilities from China fizzled out as producers pulled back to plug the domestic supply gap.

Although the supply-demand balance picture appeared to have moved in favour of sellers this week, players said negotiations remained difficult for fixed-price transactions.

Some buyers acknowledged that they would have to raise bids to secure volumes, but they remained cautious citing persistent downstream affordability concerns.

The buy-sell gap, while narrower than earlier weeks, still failed to bridge fully which curtailed spot trade liquidity.



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## OUTLOOK

- Demand uncertainty persists amid muted market [outlook](#)
- ICIS [forecasts](#) that regional supplies will stay snug for rest of year
- Buy-sell difference may continue

## 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 | n/c | 1040.00-1080.00 | +30 | 1060.00-1100.00 | 47.17-48.99 |
| <b>CFR NE Asia</b> | USD/tonne | +50 | 1050.00-1100.00 | n/c | 1000.00-1130.00 | 47.63-49.90 |
| <b>CFR Taiwan</b>  | USD/tonne | +50 | 1050.00-1100.00 | n/c | 1000.00-1130.00 | 47.63-49.90 |
| <b>CFR SE Asia</b> | USD/tonne | +50 | 1000.00-1050.00 | n/c | 950.00-1080.00  | 45.36-47.63 |

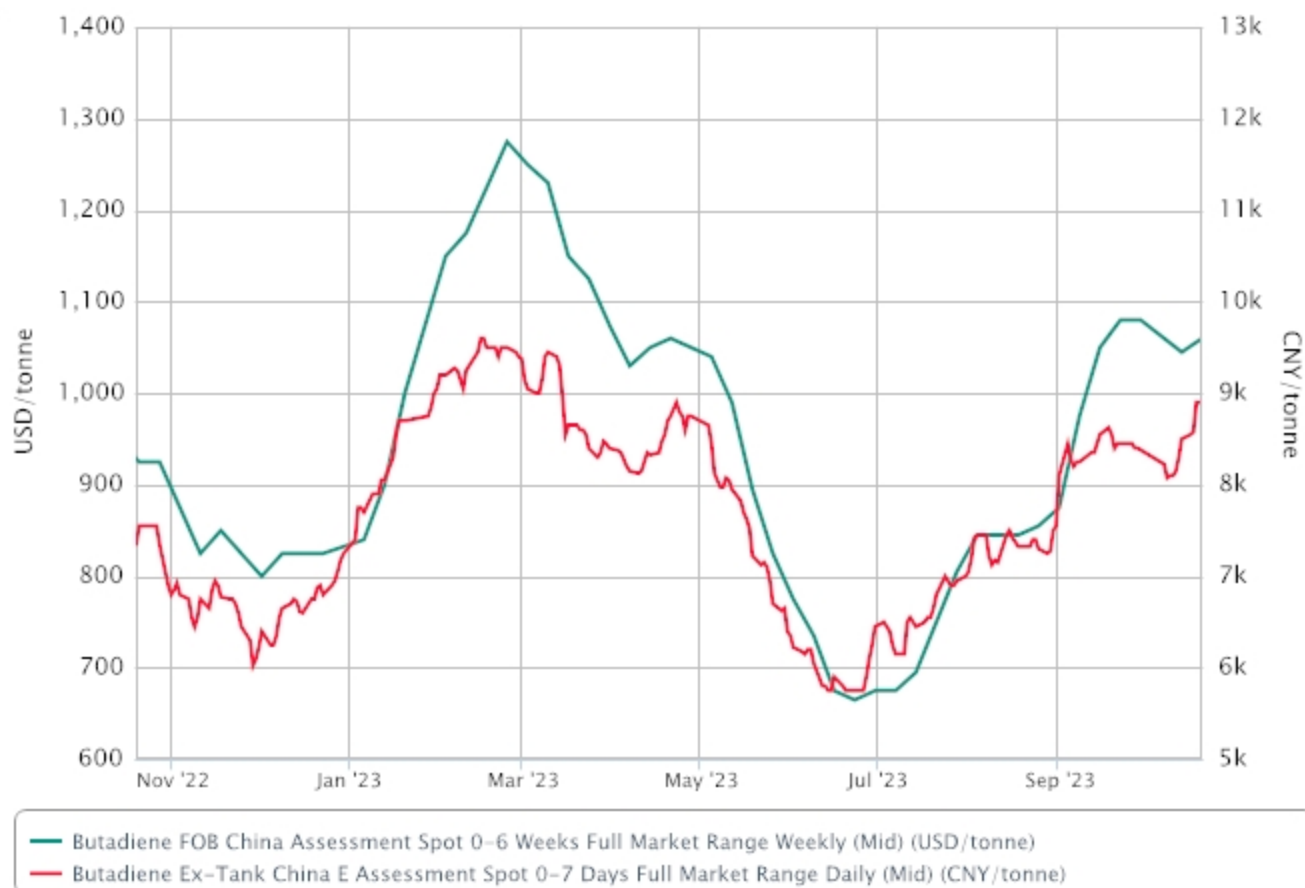
### China

Domestic ex-tank China prices spiked in the week amid fresh supply concerns. A major China producer also raised list prices twice within days during the week - by a cumulative yuan (CNY) 600/tonne.

There were no fresh FOB China offers this week because sellers pulled back to address domestic supply gaps first.

But there were also no concrete buy-side enquiries so the low end of FOB China assessment was kept unchanged.

The high end was raised on a notional basis to reflect firmer sell-side expectations, in line with domestic increases seen this week, if any export availabilities had surfaced.



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## Northeast Asia

The CFR NE Asian assessment was stable-to-firm, supported by a better Chinese buying interest in imports this week, despite a lack of concrete transactions on CFR NE Asia terms.

Domestic supplies tightened in China and yuan values surged, pushing some China traders to look at the import pool for supplemental November shipment volumes.

To stay in the race for limited regional supplies available to ship in November, sources said China-based buyers were open to commence negotiations at \$1,050/tonne CFR NE Asia and up, similar to indications heard from buyers in other regional outlets like South Korea and Taiwan. This formed the low end.

Leveraging on the reality that regional supplies will stay broadly snug in the near term, sell-side expectations also moved up, with many looking to engage buyers at no less than the published high end which was kept unchanged.

Although buy-side sentiment was more positive this week, players said a buy-sell gap remains, leading players to transact only on FOB terms or on a floating basis to side-step the buy-sell difference.

Such was the outcome for three tender sales in the week, involving a total of four southeast Asia-origin cargoes available to lift in H2 November.

The cargoes were sold around the high \$900s/tonne FOB SE Asia, or about a high two-digit discount to CFR NE Asia on FOB terms, sources said. All the cargoes were heard earmarked for delivery to NE Asia, although exact details were not available.

The CFR Taiwan assessment was adjusted in line with the change in the CFR NE Asia assessment.

| Monthly Contract DEL, \$/tonne | Sep 23 | Aug 23 | Jul 23 | Jun 23 | May 23 | Apr 23 |
|--------------------------------|--------|--------|--------|--------|--------|--------|
| Taiwan FPCC                    | 940    | 750    | 650    | 655    | 875    | 1,015  |
| Korea YNCC                     | 980    | 770    | 665    | 635    | 855    | 1,060  |

### Southeast Asia

CFR SE Asian prices were adjusted in line with the change in the CFR NE Asia assessment.

A total of four southeast Asia-origin cargoes surfaced this week for November shipment sales, via tender. The cargoes were sold either on FOB SE Asia terms or on a floating basis, and were all ear-marked for deliveries for northeast Asia, sources said.

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

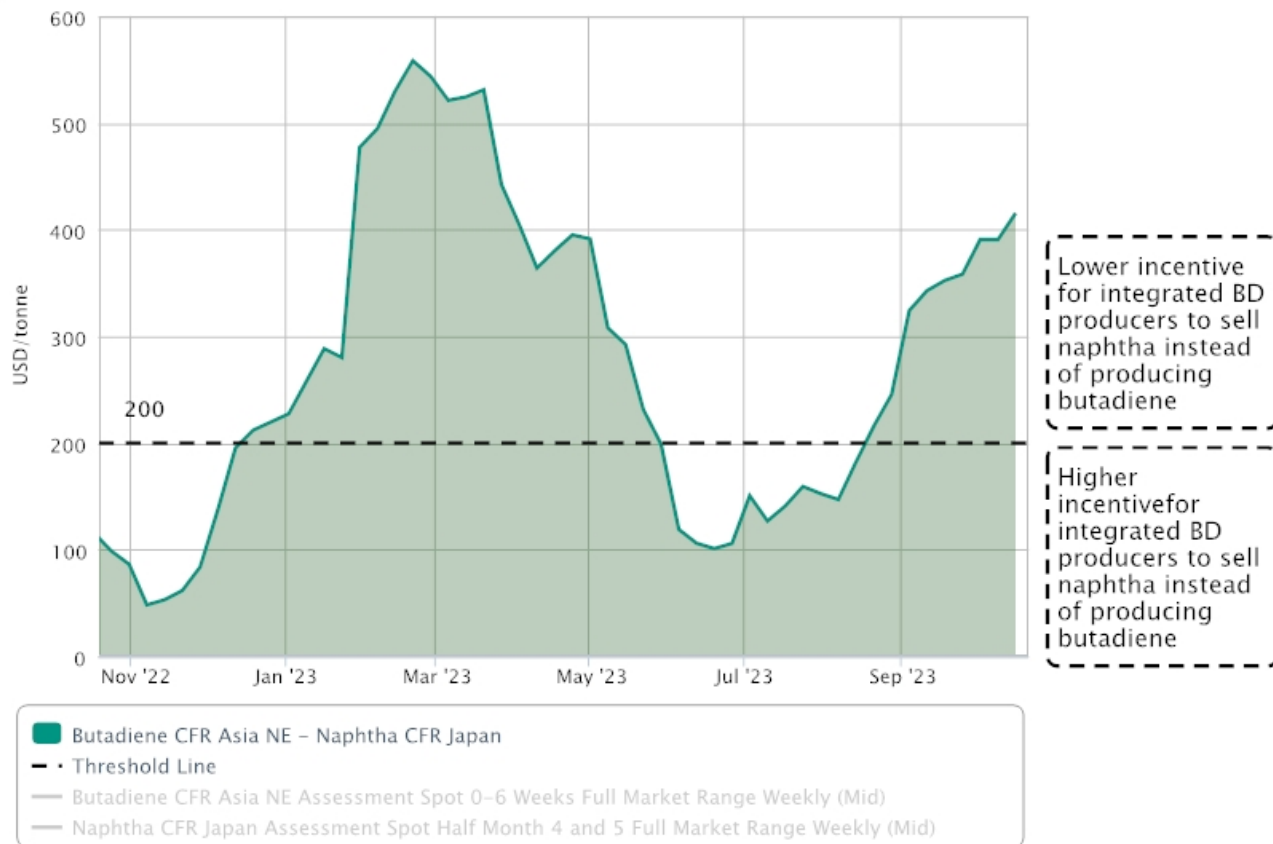
|                        |           |      | Price Range |      | One Week Ago | / |
|------------------------|-----------|------|-------------|------|--------------|---|
| <b>Butadiene</b>       |           |      |             |      |              |   |
| <b>Ex-Tank E China</b> | CNY/tonne | +100 | 8900-9100   | +100 | 8450-8550    | - |

## UPSTREAM

### Naphtha:

- Intermonth spread still positive as refinery maintenance gives support
- Cracks at discounts as volatile oil hurts margins
- Crack value on 17 Oct at lowest since late-Sept before improving

[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.

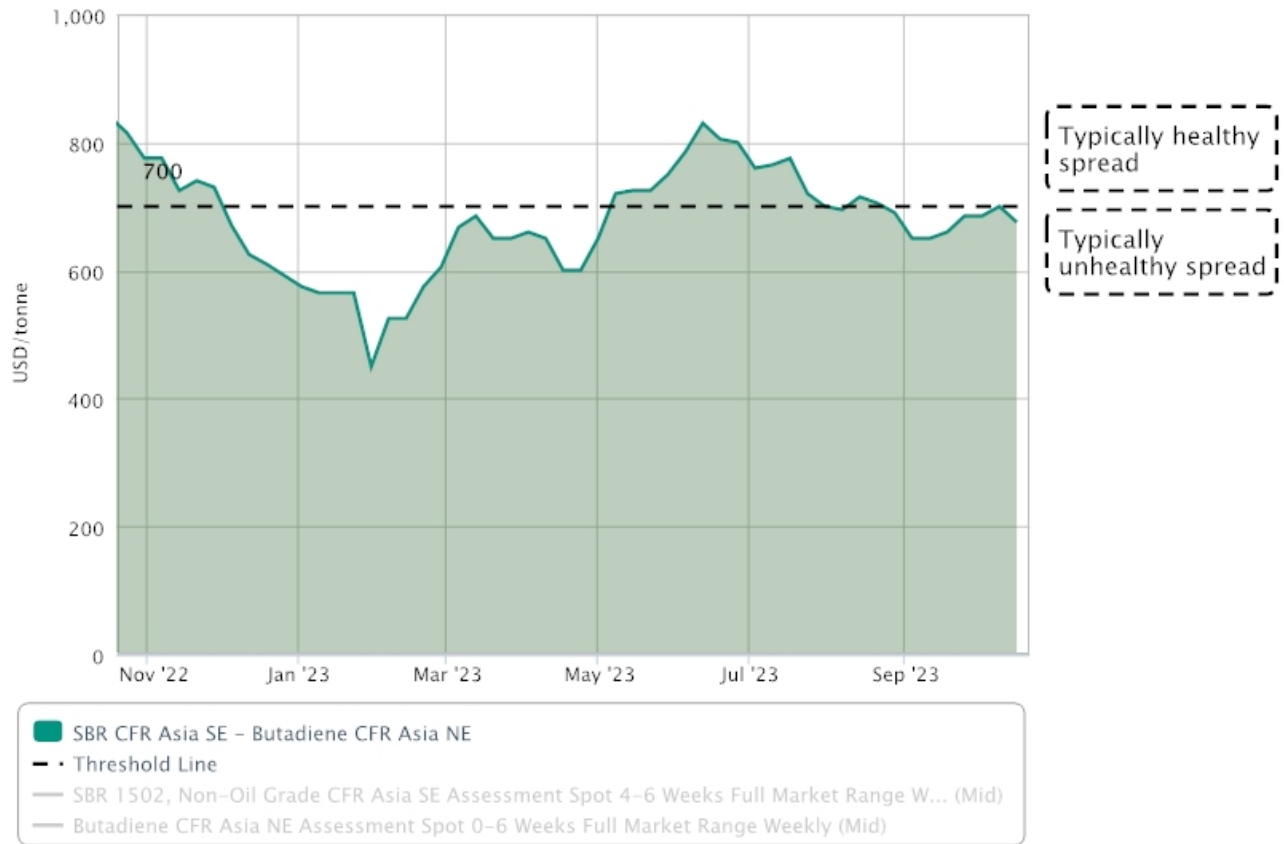
## DOWNSTREAM

### Styrene-butadiene-rubber (SBR)

- Discussions slow
- Demand sentiment downbeat
- Sellers maintain offers on upstream cost concerns

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

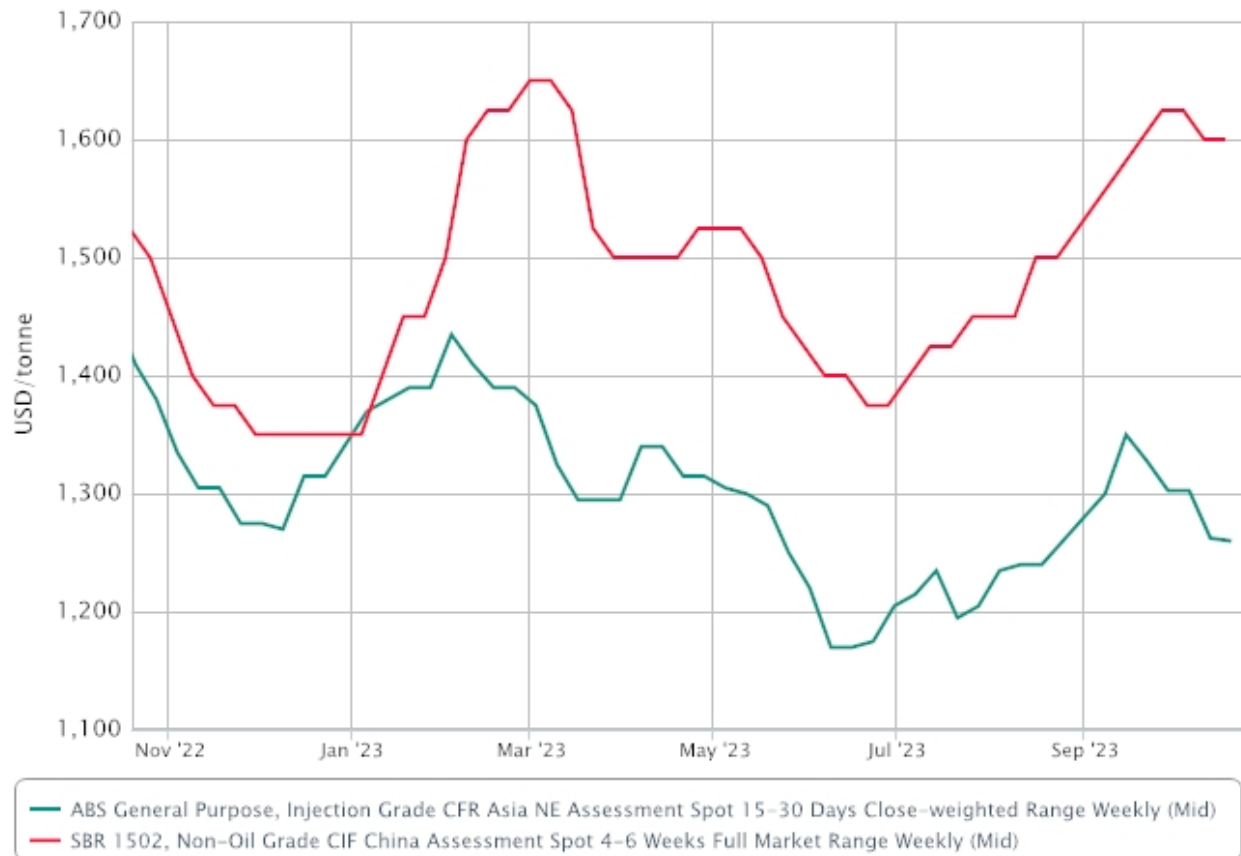
[Spread between Butadiene and Styrene Butadiene Rubber Asia](#)



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### Acrylonitrile-butadiene-styrene (ABS)

- CFR NE Asia midpoint softens, ensuring the decline since mid-Sep
- Offers rolled over in view of limited feedstock cost cuts
- Demand shaken by recent geopolitical turmoil



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## PRODUCTION

Regional supplies have been squeezed by several planned Q4 [turnarounds](#) and unplanned [outages](#) in NE Asia.

Domestic supplies in China are also poised to tighten after an upstream [cracker](#) shut down.

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

## OTHER REGIONS

### Europe

- Europe on hold awaiting direction from post-holiday China
- Heightened uncertainty on outlook due to oil price plunge
- No spot deals recorded – export talks in wider range
- Supply and demand balances closely managed

### US

- Supplies remain constrained with BTP still offline
- No immediate supply concerns given weak demand
- [INVISTA to stop ADN production at Orange, Texas](#)

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