Butadiene (Asia-Pacific)

By Ai Teng Lim
21-Jul-2023

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

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

Effective on 7 August 2023, ICIS will adjust its butadiene methodology as below: cargo size ranges are typically 50-300 tonnes for domestic assessments; purity requirement for import cargoes is at 99.5%; domestic cargoes assessed by ICIS conform to premium grades of GB/T 13291-2021. Any queries please email aviva.zhang@icis.com.

OVERVIEW

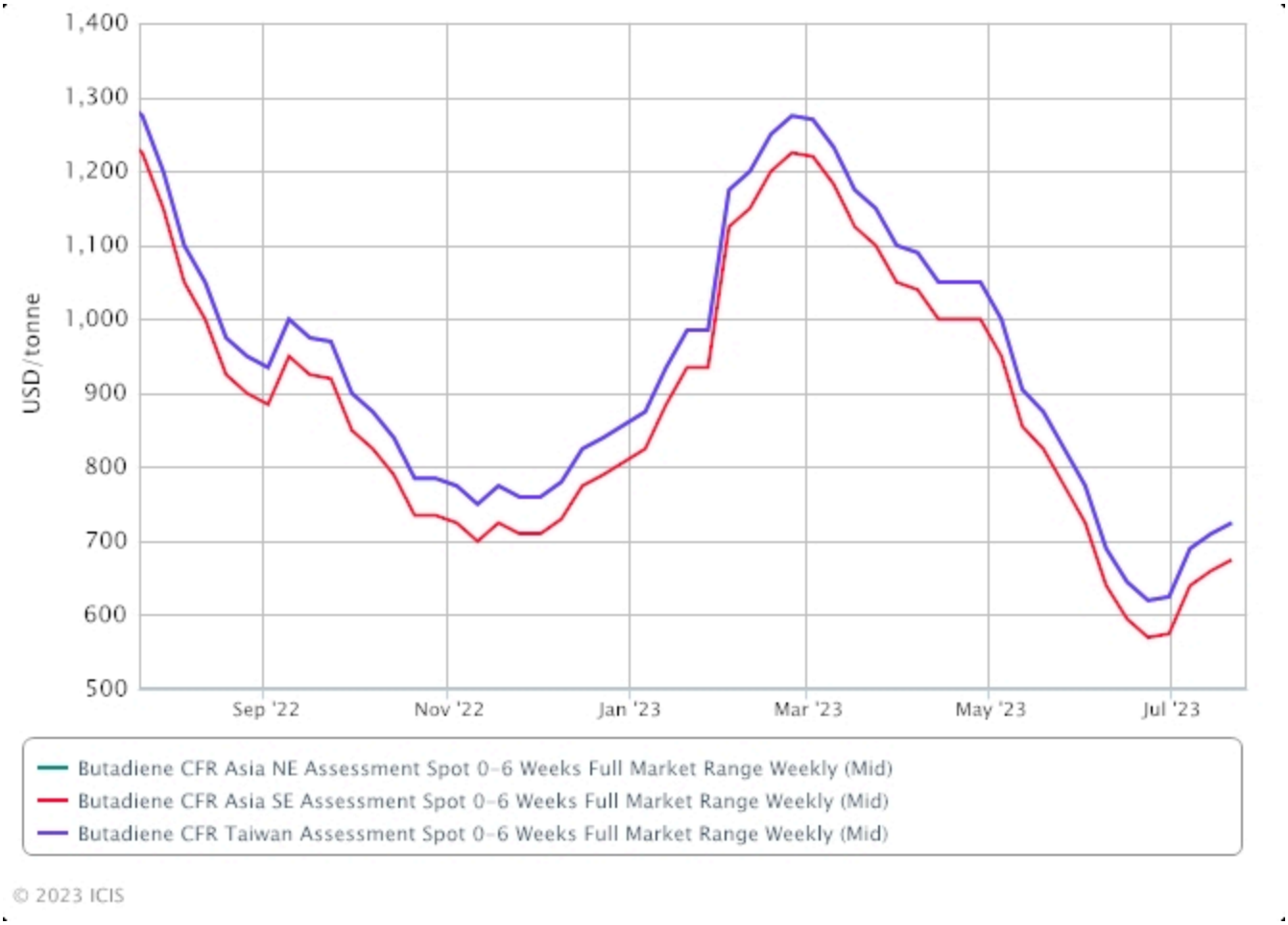
- **China import talks supported by upbeat domestic market**
- **But weak demand in other parts of Asia**
- **Overall regional outlook muted**

Domestic China prices for butadiene (BD) held firm on tight prompt supplies in the local market, on the back of ongoing constraints in domestic production.

This generated continued upside support for discussions for China-bound import shipments.

But outside of China, demand in other parts of Asia largely remained weak, with buyers preferring to remain in a wait-and-see position amid tepid demand in downstream markets, as well as perceived availability of deep-sea BD spot cargoes.

With generally weak downstream demand, and supply for more forward-loading cargoes looking long, multiple market participants underlined a generally muted outlook in the Asian BD market.



OUTLOOK

- **Domestic market strengths to drive China's interest for imports**
- **Near-term demand outlook likely to remain subdued**
- **More discussions for deep-sea cargoes likely**

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	+30	700.00-800.00	+80	630.00-700.00	31.75-36.29
CFR NE Asia	USD/tonne	+30	700.00-750.00	n/c	590.00-650.00	31.75-34.02
CFR Taiwan	USD/tonne	+30	700.00-750.00	n/c	590.00-650.00	31.75-34.02
CFR SE Asia	USD/tonne	+30	650.00-700.00	n/c	540.00-600.00	29.48-31.75

China

The FOB China price assessment reflects higher selling indications.

Domestic prices also firmed as prompt supplies remained tight on the back of ongoing production constraints.

Northeast Asia

The CFR NE Asian assessment reflects firmer buying indications at the low end, against the lowest selling indication at the high end.

The bulk of discussions heard in the week generally centered around China-bound shipments, and end-users in other regional outlets remained on the sidelines.

There was healthy buying interest in China for US dollar-denominated imports, considering that these were still more competitively priced than domestic cargoes.

That said, China buyers were still cautious in bidding up for forward import deliveries, as there were concerns about how long the current buoyancy in the domestic market will be sustained.

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

Monthly Contract DEL, $/tonne	Jun 23	May 23	Apr 23	Mar 23	Feb 23	Jan 23	Dec 22
Taiwan FPCC	655	875	1,015	1,085	1,085	855	755

Korea	YNCC	635	855	1,060	1,145	1,178	905	795

Southeast Asia

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

Two southeast Asia-origin cargoes available to lift in August were sold, via tender, on a formula-linked basis, and purportedly earmarked for delivery to China, market sources said. Further details were not available.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

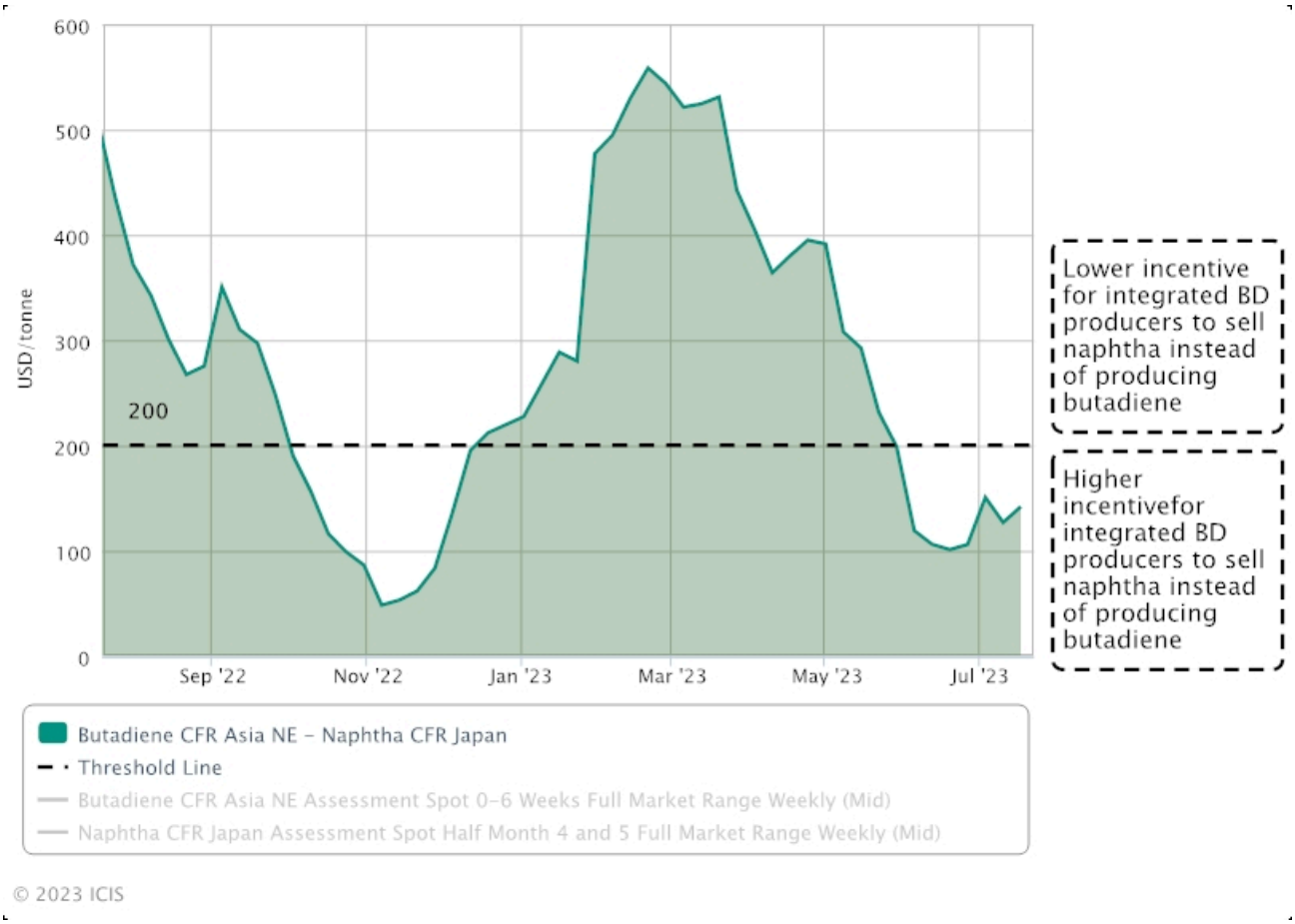
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	+150	6750-6850	+150	6400-6500	-

UPSTREAM

Naphtha:

- Market volatility sends cracks on roller coaster
- Front-month crack flips into premiums for first time since June
- Stronger crack driven by gasoline

Feedstock spread between Naphtha CFR Japan and Butadiene CFR NE Asia



Click here for the Asia feedstocks and petrochemicals weekly summary.

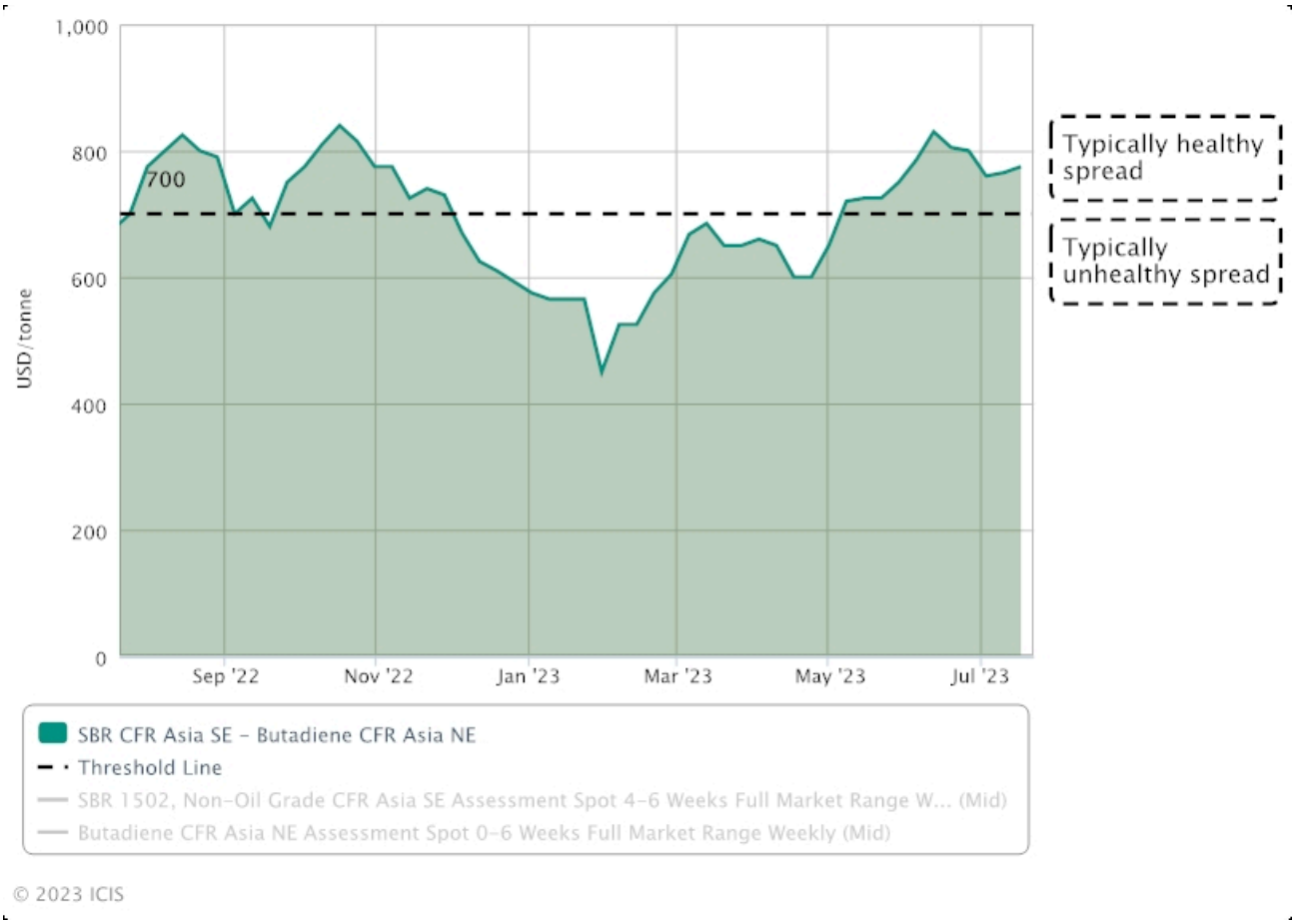
DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Buying interest picks up early in the week
- Buyers pull back after offers rise
- Many retreated to wait and see

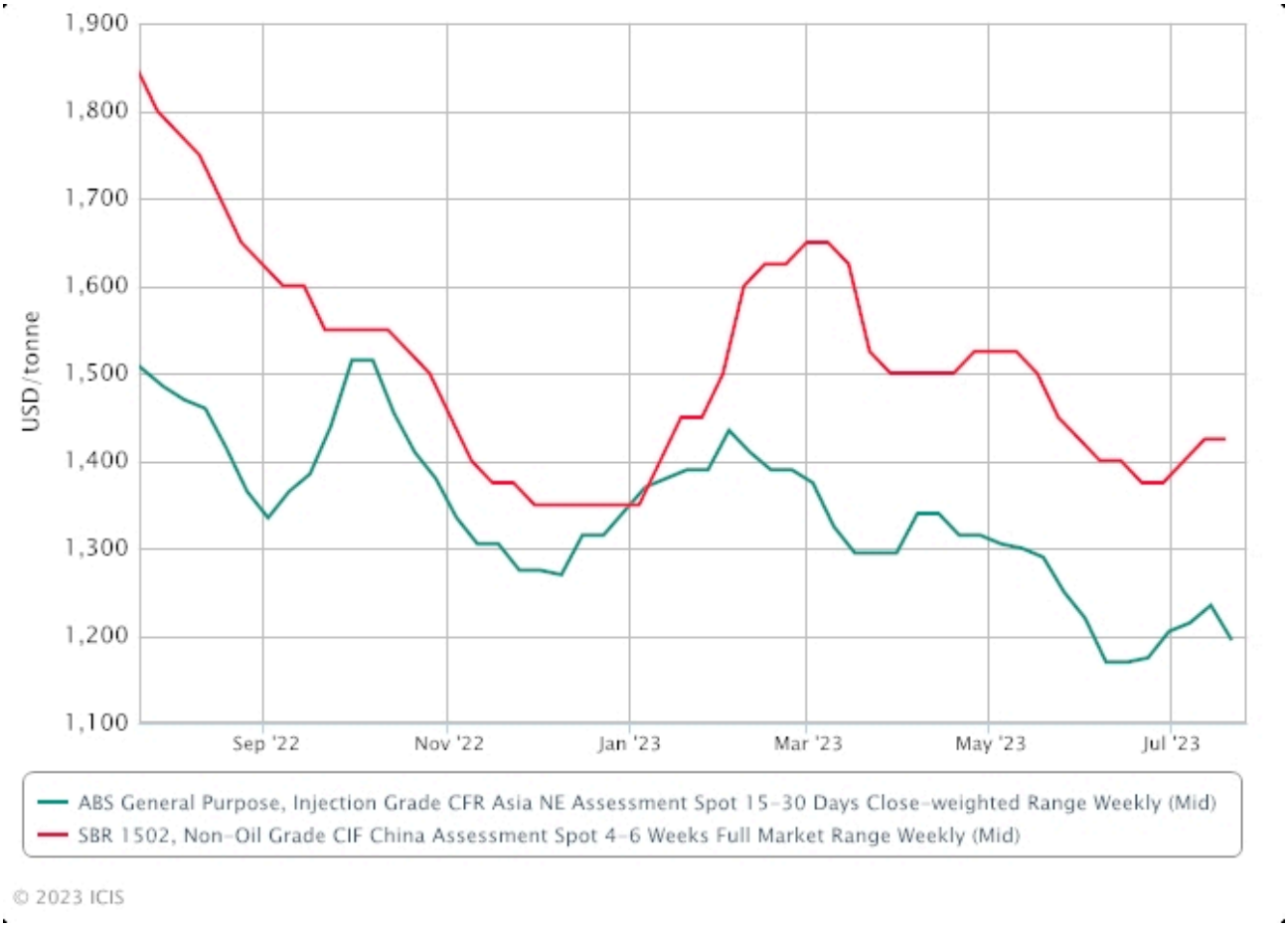
The chart below shows the spread between BD and SBR in Asia.

Spread between Butadiene and Styrene Butadiene Rubber Asia



Acrylonitrile-butadiene-styrene (ABS)

- CFR NE Asia prices down after four weeks of uptrend
- Caution sets in as demand for August shipments stays sluggish
- Sellers squeezed further by feedstock cost increase



PRODUCTION

Several plants in northeast / southeast Asia are restarting in Q3 from prior maintenance closures.

Click here for the Live Disruption Tracker.

OTHER REGIONS

Europe

- Supply-demand balanced to long, steady week on week
- Limited discussions as market approaches peak summer
- Asia prices up again, US supply curbed by production issue

US

- BTP production issues do not pose domestic supply concern
- Outage likely to affect export availability
- Domestic demand remains low, but outage creates better balance

Covering Editor: Zachary Tia

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