Butadiene (Asia-Pacific)

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

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

OVERVIEW

- **Bullish discussions and trades for China exports**
- **Some short-covering activities still ongoing**
- **But additional spot availabilities, including deep-sea materials, surfaced**

Discussions and trades were bullish this week for China's export cargoes of butadiene (BD), which invariably also bolstered sentiment in wider Asia for CFR NE Asian trades.

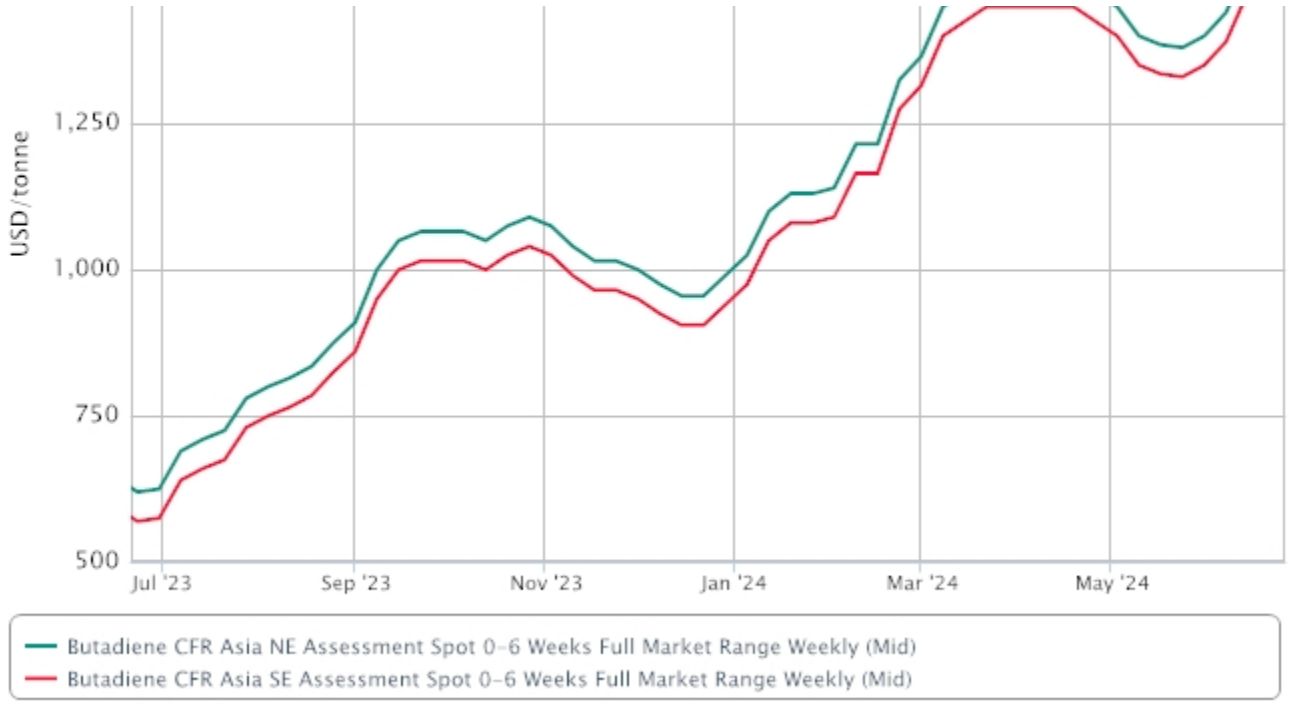
Supply balance within China is still tight. Even though some local plants have returned from prolonged maintenance, several others went off-line.

Export availabilities from China are therefore not abundant and China BD producers held fast to loftier selling expectations, failing which they prefered to keep the cargoes in the domestic pool.

Domestic yuan-denominated prices in China however eased slightly in early week's trading but recovered lost grounds towards late week.

Meanwhile the sentiment in wider Asia stayed upbeat, supported firstly by firm export offers from China and secondly, by sustained buying from players seeking to cover shortage of July-shipment materials.

But for buyers who could afford to wait, their pricing evaluation was visibly more subdued as many were of the view that supply could lengthen in the coming months, especially if more deep-sea materials from Europe and the US start to flow into Asia.



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OUTLOOK

- **Players to monitor closely deep-sea availabilities**
- **Buying appetite to hinge on downstream derivative market performance**
- **Buy-sell gap likely to widen**

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	+50	1500.00-1640.00	+40	1320.00-1390.00	68.04-74.39
CFR NE Asia	USD/tonne	+70	1520.00-1700.00	+100	1350.00-1410.00	68.95-77.11
CFR SE Asia	USD/tonne	+70	1470.00-1650.00	+100	1300.00-1360.00	66.68-74.84

China

FOB China assessments extended gains, supported by firmer deals and discussions.

Some cargoes available to lift in July changed hands at the high end, and market players said that the materials were all earmarked for delivery to South Korea, purportedly to cover shortage of contractual supplies.

Buying indications were capped at the low end otherwise among buyers with no urgent requirements.

Domestic ex-tank prices in east China corrected downwards slightly in the week but recovered to finish broadly unchanged week-on-week.

Northeast Asia

CFR NE Asia assessments continued to trend up too, but the range widened as pricing disparity developed for cargoes in different delivery windows.

There were still some short-covering requirements, market sources said, culminating in more buoyant and bullish discussions for cargoes that were available to ship within July.

A parcel was heard sold in the $1,650-1,700/tonne CFR NE Asia range for late-July delivery.

Some offers were heard at the high end too for cargoes of a similar delivery window.

Three southeast Asia-origin cargoes were also put up for sale this week via tender for H2 shipment. The tenders will run between 21-24 June, and most market players held back further discussions this week to await more details on the outcome of these tenders.

For shipment further out, buying appetite was visibly more subdued, as buy-side elements were mostly of the view that offers for these should soften if supply is longer then. This came amid anticipations that more deep-sea cargoes may be headed to Asia, albeit for arrival from August onwards.

The low end tracks discussions and indications heard for such materials.

Monthly Contract DEL, $/tonne	May 24	Apr 24	Mar 24	Feb 24	Jan 24	Dec 23	Nov 23
Taiwan FPCC	1,355	1,415	1,348	1,135	1,020	910	955
Korea YNCC	1,390	1,450	1,405	1,165	1,070	945	1,000

Southeast Asia

CFR SE Asia assessments was adjusted with changes for the CFR NE Asia assessments in the absence of concrete discussions and transactions on CFR SE Asia terms.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

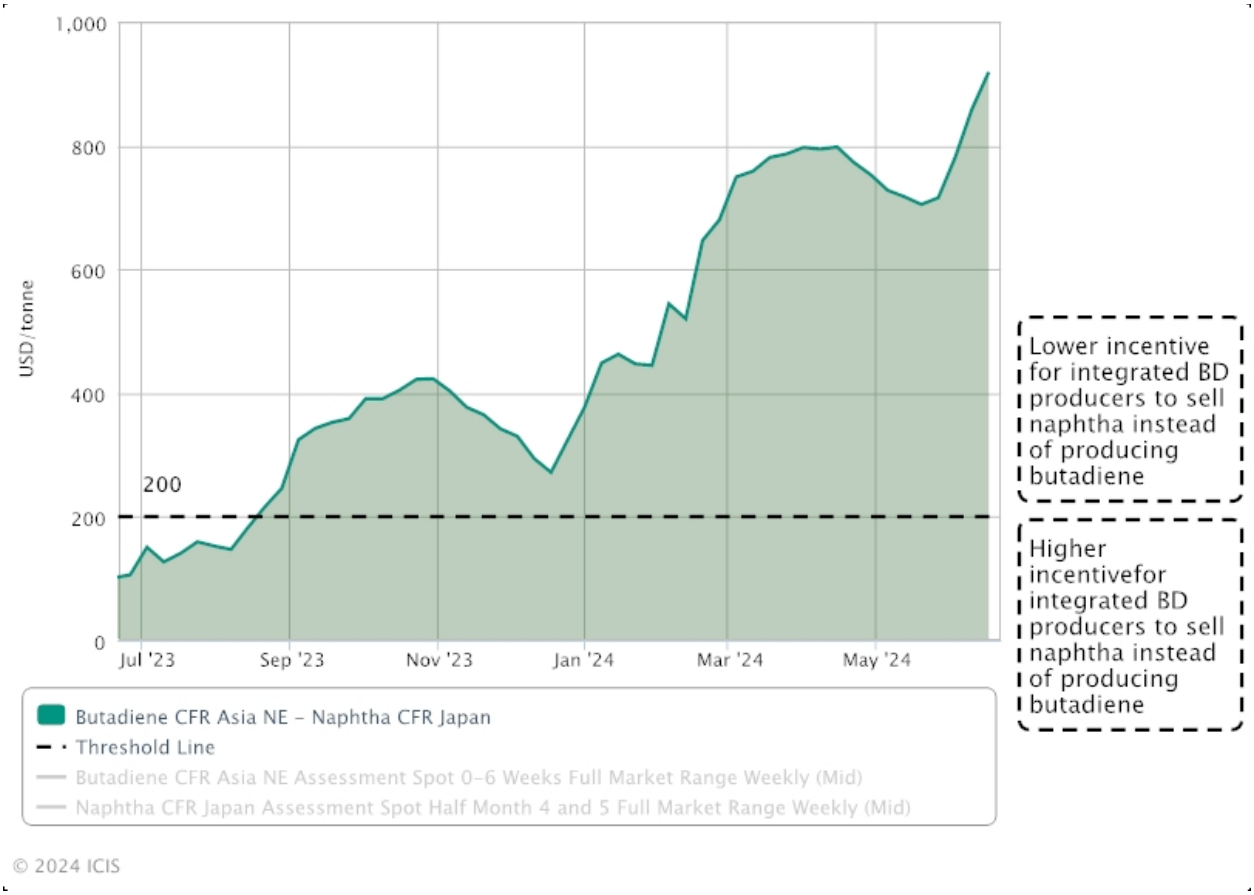
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	n/c	13300-13400	n/c	13600-13700	-

UPSTREAM

Naphtha

- Crack on 20 June at its highest since 5 June
- Market sentiment turned stronger on 20 June as focus returned to supply challenges
- Ongoing refinery maintenance in the Middle East, Red Sea tensions, continue to impact supplies

Feedstock spread between Naphtha CFR Japan and Butadiene CFR NE Asia



Click here for the Asia feedstocks and petrochemicals weekly summary.

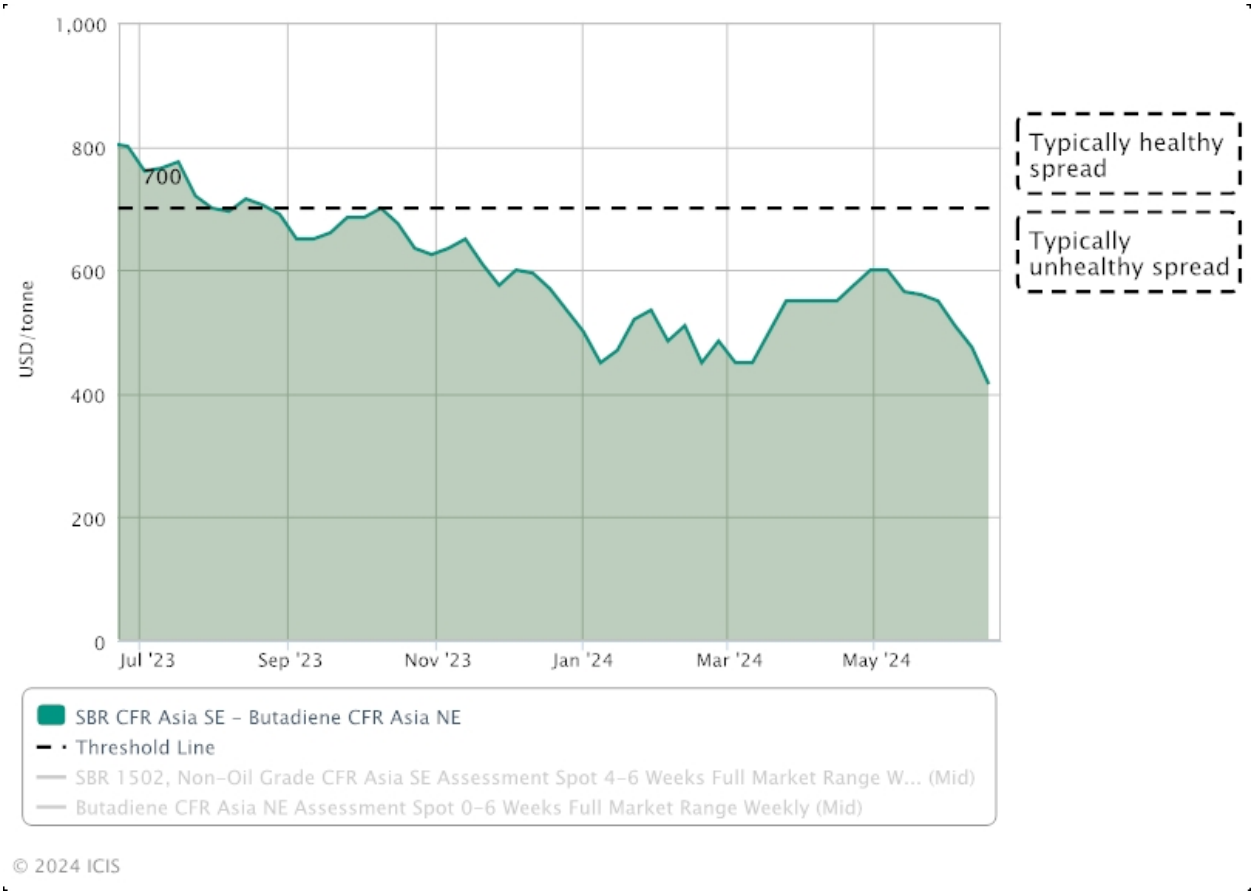
DOWNSTREAM

Styrene butadiene rubber (SBR)

- Offers climb with cost push
- Supply also snug in nature
- But buy-sell gap widens crimping trade

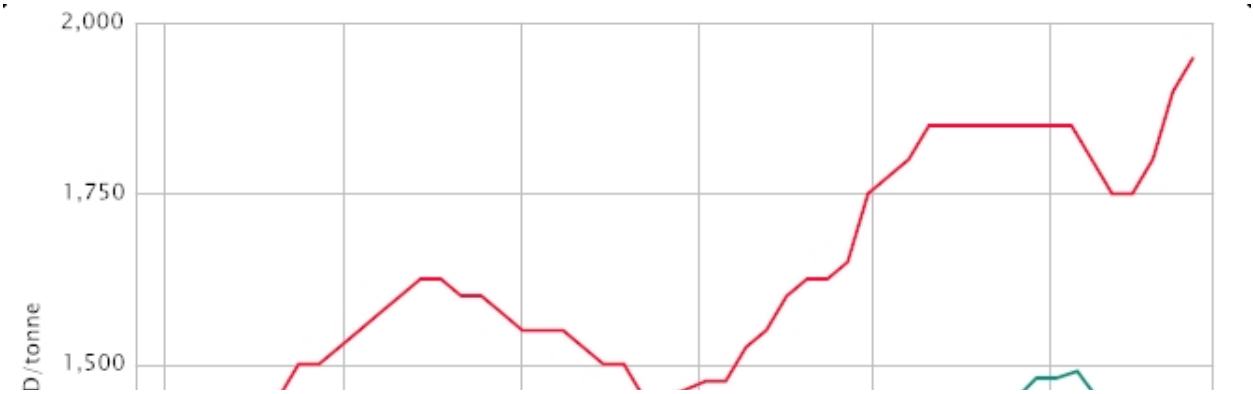
The chart below shows the spread between BD and SBR in Asia.

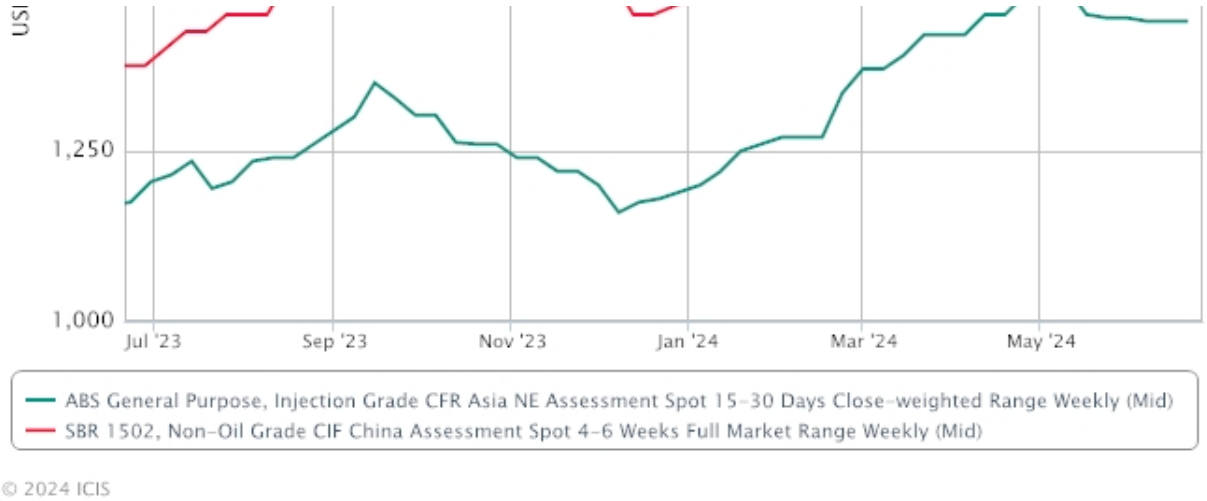
Spread between Butadiene and Styrene Butadiene Rubber Asia



Acrylonitrile butadiene styrene (ABS)

- Import prices flat for second week in NE Asia, SE Asia
- India fails to sustain uptrend, sentiment turns subdued
- Seller margins barely positive in week ended 14 June





PRODUCTION

In China, a plant in Quanzhou, Fujian, with a total nameplate capacity of 180,000 tonnes/year, has resumed operations in H1 June, while another 60,000 tonne/year unit in Jiangsu also restarted around 16 June after a two-month-long planned maintenance.

But a 90,000 tonne/year line in Shanghai is still down since early June for unplanned repairs.

Separately, a 200,000 tonne/year plant in Zhoushan commenced a two-week maintenance from around mid-June, and another 130,000 tonne/year unit in Urumqi is also off-line currently for a two-month-long maintenance beginning mid-May.

In SE Asia, a 70,000 tonne/year plant in the Philippines restarted around 10 June, after its integrated cracker came back on-line successfully.

Click here for the Live Disruptions Tracker.

OTHER REGIONS

Europe

- Output improves but some ongoing limitations
- Domestic demand steady, some spot demand to mitigate supply constraints
- Heightened focus on export opportunities as Asian prices surge

US

- US BD spot prices down on improved supplies
- BD shipments rerouted to the US from Mexico
- Production woes in the US largely resolved

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