



Butadiene (Asia-Pacific)

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[Overview](#) | [Outlook](#) | [Prices](#) | [Upstream](#) | [Downstream](#) | [Production](#) | [Other Regions](#) | [Analytics](#)

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

The FOB China and China domestic yuan (CNY) prices in the weekly analysis on 29 September will be assessed based on information collated up to 28 September. In addition, the FOB China and China domestic yuan (CNY) prices in the weekly analysis on 6 October will not be assessed. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

- **Sellers hold on to bullish expectations**
- **Demand uncertainties linger**
- **Buyers' resistance starts to build**

Discussions for Asian spot butadiene (BD) imports continue to see some support as sellers held on to bullish expectations for available October shipment spot cargoes.

However, negotiations with end-users were protracted and mired by divergent buy-side pricing outlook.

Spot availabilities are not abundant, especially in northeast Asia, where there are [ongoing](#) maintenance closures.

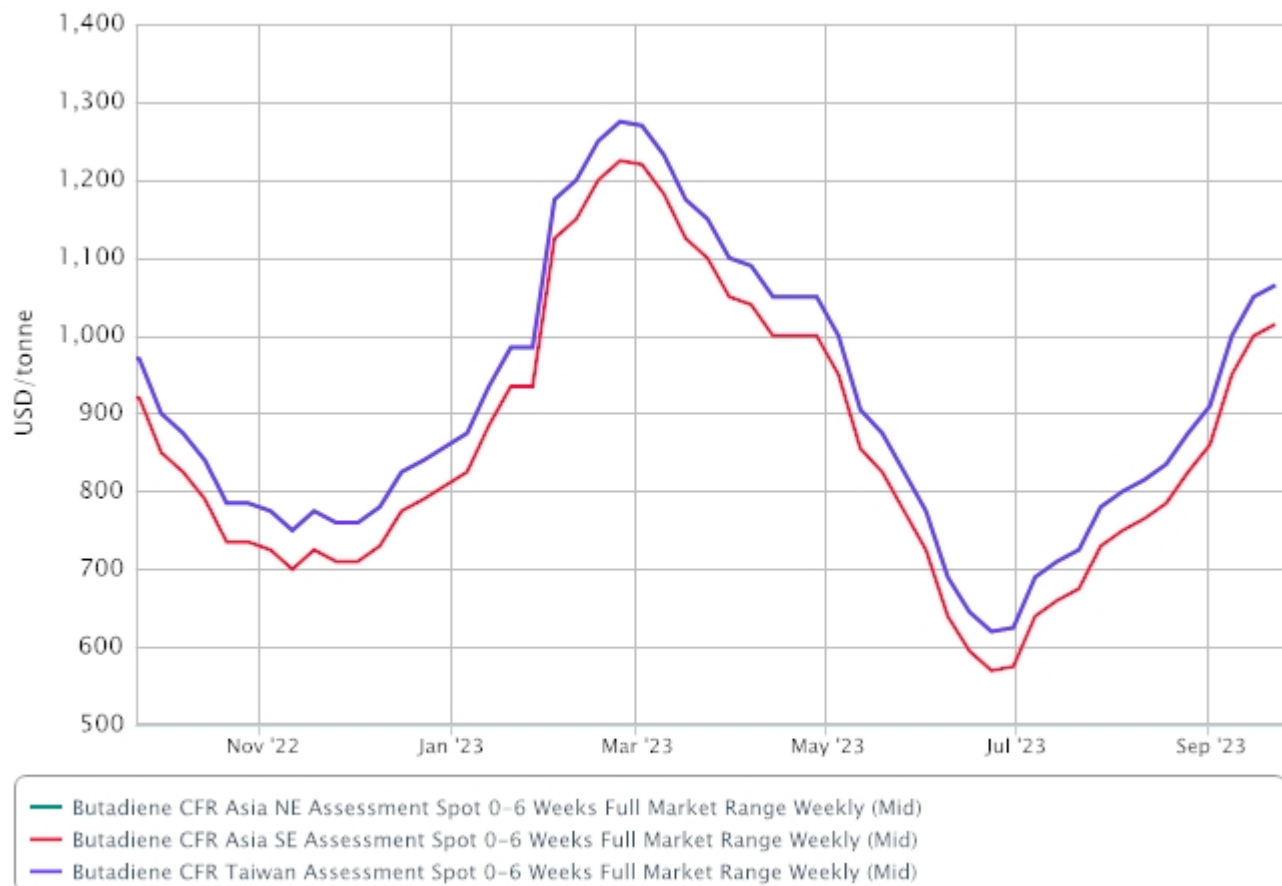
There are more spot cargoes available in southeast Asia, but sellers there pressed on with higher targets, as they said that regional end-users are low on inventories and will invariably bid up to secure cargoes.

Indeed, market players said that there were still pockets of such buying interest in northeast Asia, especially in South Korea and Taiwan.

But unlike prior weeks, more of these potential buyers have pulled back this week, citing firstly uncertainties about how post-holiday markets in China may pan out in early October. China will shut for National Day holidays from 29 September.

Although derivative markets have risen, end-users said that the increases lagged recent gains in the BD market, and they could not afford further increases for now.

Some also pinned hopes on continued availability of deep-sea cargoes, even if these shipments may be for arrival nearer to December, market sources said.



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OUTLOOK

- **Market to remain mainly supply-driven**
- **All eyes on post-holiday demand conditions in China**
- **Sentiment mixed as macroeconomic headwinds persist**

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	+60	1060.00-1100.00	n/c	830.00-880.00	48.08-49.90
CFR NE Asia	USD/tonne	n/c	1000.00-1130.00	+30	850.00-900.00	45.36-51.26
CFR Taiwan	USD/tonne	n/c	1000.00-1130.00	+30	850.00-900.00	45.36-51.26
CFR SE Asia	USD/tonne	n/c	950.00-1080.00	+30	800.00-850.00	43.09-48.99

China

FOB China assessments were stable to firm, tracking deals and discussions heard in the week.

Selling indications are reflected at the high end, while a transaction, involving a cargo sold for mid-October lifting heard for shipment to Korea, formed the low end of the assessment.

Domestic ex-tank prices in China fluctuated in the week, and trade momentum started to ease as more players wind down for the long holidays beginning 29 September.



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Northeast Asia

CFR NE Asian assessments widened, taking into account discussions for October shipment imports into all northeast Asian outlets.

Discussions in China were more subdued, in part because buying interest for US dollar-denominated imports have receded now that these no longer have much pricing advantage, compared with prevailing yuan-denominated prices.

Buying indications for China-bound shipment of regional materials were capped at the low end. This is similar to a transaction heard in the week for 4,000 tonnes of deep-sea origin materials, but this cargo will ship only in November, and does not fall within the delivery window for assessment.

Buying appetite is relatively firmer for the other northeast Asian outlets, namely South Korea and Taiwan.

There were some transactions in the week involving regional cargoes for October shipment to these outlets, but they were all finalised either on FOB terms, or on formula-linked basis, but not on CFR NE Asian terms.

Some selling indications for cargoes available to ship within October to these outlets were heard in the low-to-mid \$1,100s/tonne CFR NE Asia, and the high end of the assessment is adjusted up to reflect this.

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

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

Southeast Asia

CFR SE Asian assessments are adjusted in tandem with changes for CFR NE Asian assessments.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

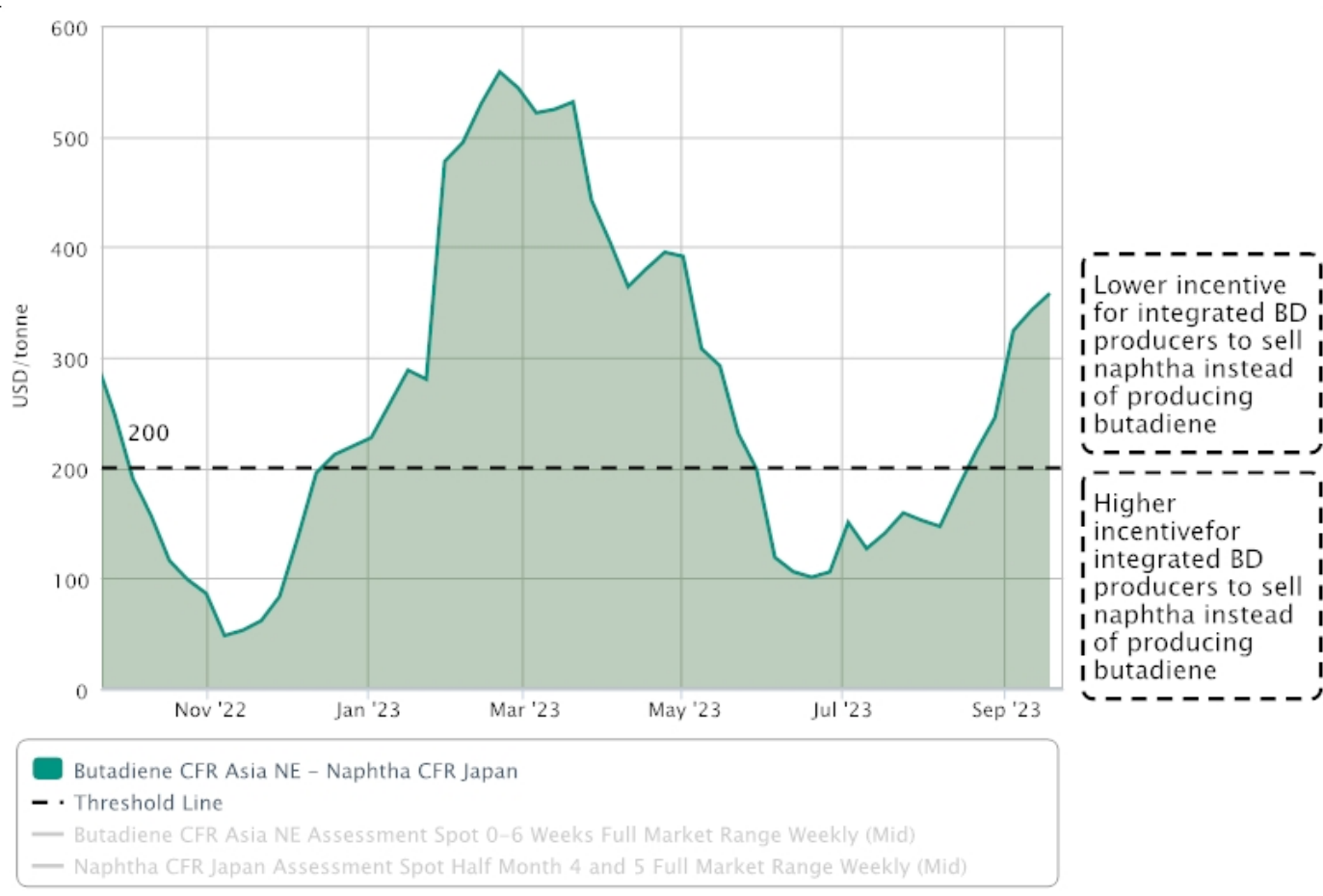
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	n/c	8400-8500	n/c	8500-8600	-

UPSTREAM

Naphtha:

- Crack neared eight-week low on Tuesday before recovering
- Kuwait reissues sell tender following operational issues
- Buyers seen from mid-week

[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.

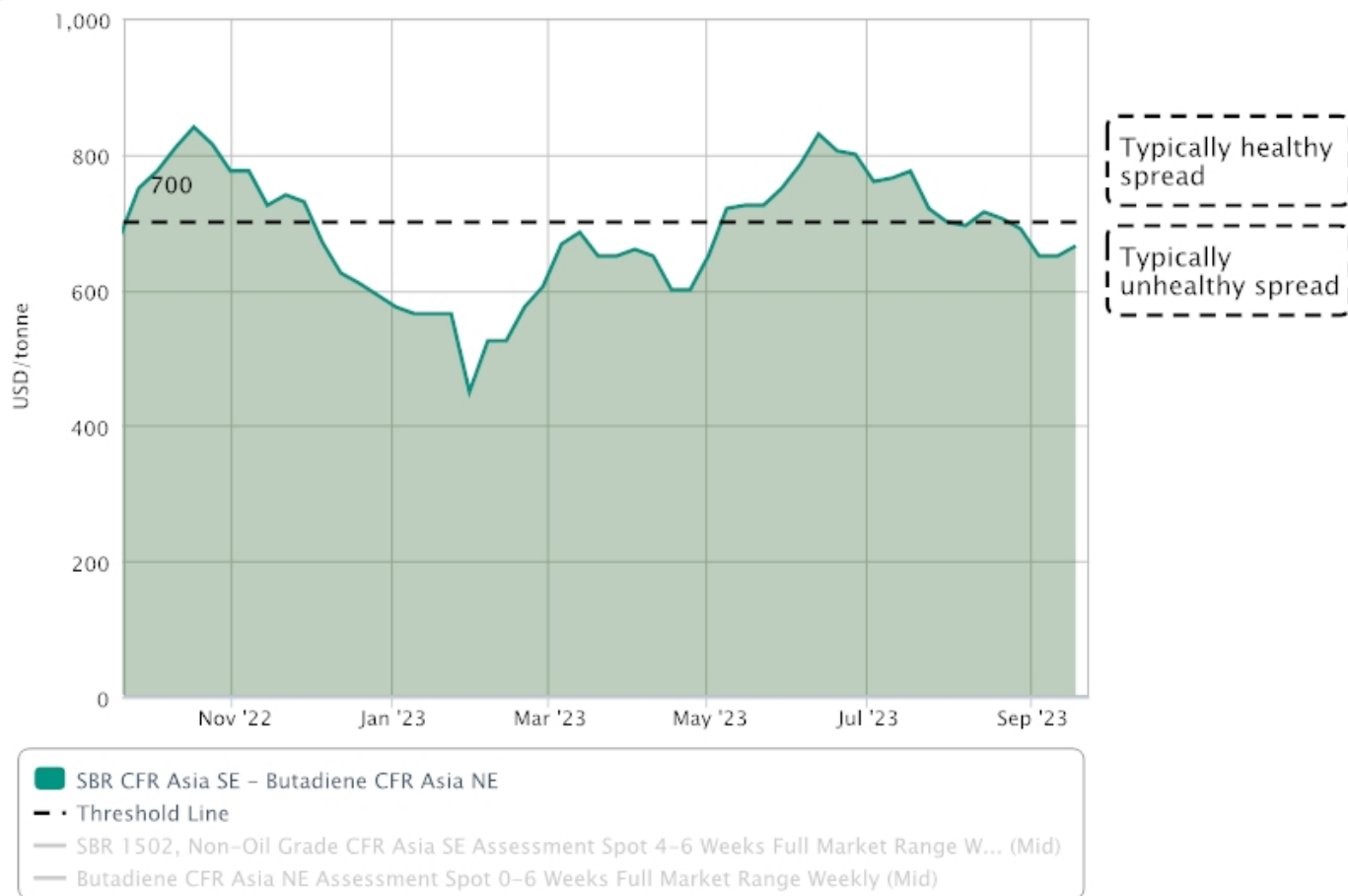
DOWNSTREAM

Styrene butadiene rubber (SBR)

- Offers up with upstream gains
- Spot supply limitations provided some support too
- But demand sentiment mixed

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 down after four-week uptrend
- Upstream volatilities weigh on consumption, buyers hold out for clearer market trends
- Sellers worry about margins hovering at break-even point



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PRODUCTION

Regional supplies are tight with [ongoing](#) maintenance and [upcoming](#) maintenance in northeast Asia.

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

OTHER REGIONS

Europe

- Europe supported by ongoing Asian price uptrend
- No spot export deals heard but talks said ongoing
- Synthetic rubber also sees some benefit from Asian situation
- Domestic demand otherwise quiet but a bit better than August

US

- Spot edges higher on limited availability
- BTP expected down through September
- Asia pricing continues to rise

ANALYTICS

ICIS Butadiene Outlook

US BD producers will continue to eye Asia as an outlet to ship some molecules. The Asian spot price spread to the US is expected to average \$450/tonne for the rest of the year. In the first nine months of 2023, US BD exports to Asia will reach about 53,000 tonnes. This is a significant increase compared with 2022, when total exports hit less than 2,000 tonnes. The recent outage of cracker and BD at BASF TotalEnergies Petrochemical's site in Port Arthur, Texas, due to a fire could trigger supply disruption.

A bullish mood is likely to hit the European market in the weeks to come, mainly driven by a renewed appetite from Asian players and a surge in feedstock costs. European producers will tend to ship some cargoes to Asia although competition from the US remains strong. In addition, we should see an uptick in offtakes from the BD derivative industry over the coming weeks, as is usual at the end of the summer. The automotive industry, the largest end-user sector for BD, continues to face headwinds. Although new European car sales (excluding Turkey) grew by 17.6% from January to July to hit 7.6m units, the growth rate is expected to slow due to seasonal factors and a further worsening of macroeconomic conditions ahead of the year end.

The Asian BD market is regaining momentum mainly because of rebuilding inventory levels on the back of major holidays, such as the Mid-Autumn Festival in late September and China's Golden Week in early October. A few unplanned outages at BD plants in Asia are likely to propel domestic prices. Chinese import volumes are projected to remain high over the next weeks due to arbitrage opportunities. The price differential between Asia and Europe is set to average \$550/tonne for the rest of 2023. The Chinese government has rolled out some measures for 2023-2024 period in an effort to sustain the automotive industry growth. China plans to raise vehicle sales by 3% to 27m units in 2023.

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