



## Butadiene (Asia-Pacific)

**By Ai Teng Lim**  
**23-Dec-2022**

[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The weekly pricing analysis will not be published on 30 December 2022. Please click [here](#) for the ICIS publishing schedule.

### OVERVIEW

- **Mixed sentiment persists**
- **Discussions see support from spot supply constraints**
- **But trades curbed by demand headwinds**

Sentiment remains [mixed](#) in Asia's butadiene (BD) import market, as downside pressures from structurally weak downstream demand are offset to some extent by supply anxieties.

With many term 2023 negotiations still not finalised, some buy-side elements are heard invariably nervous about possibly being caught short in the coming month or two, if term talks take longer than expected to wrap up.

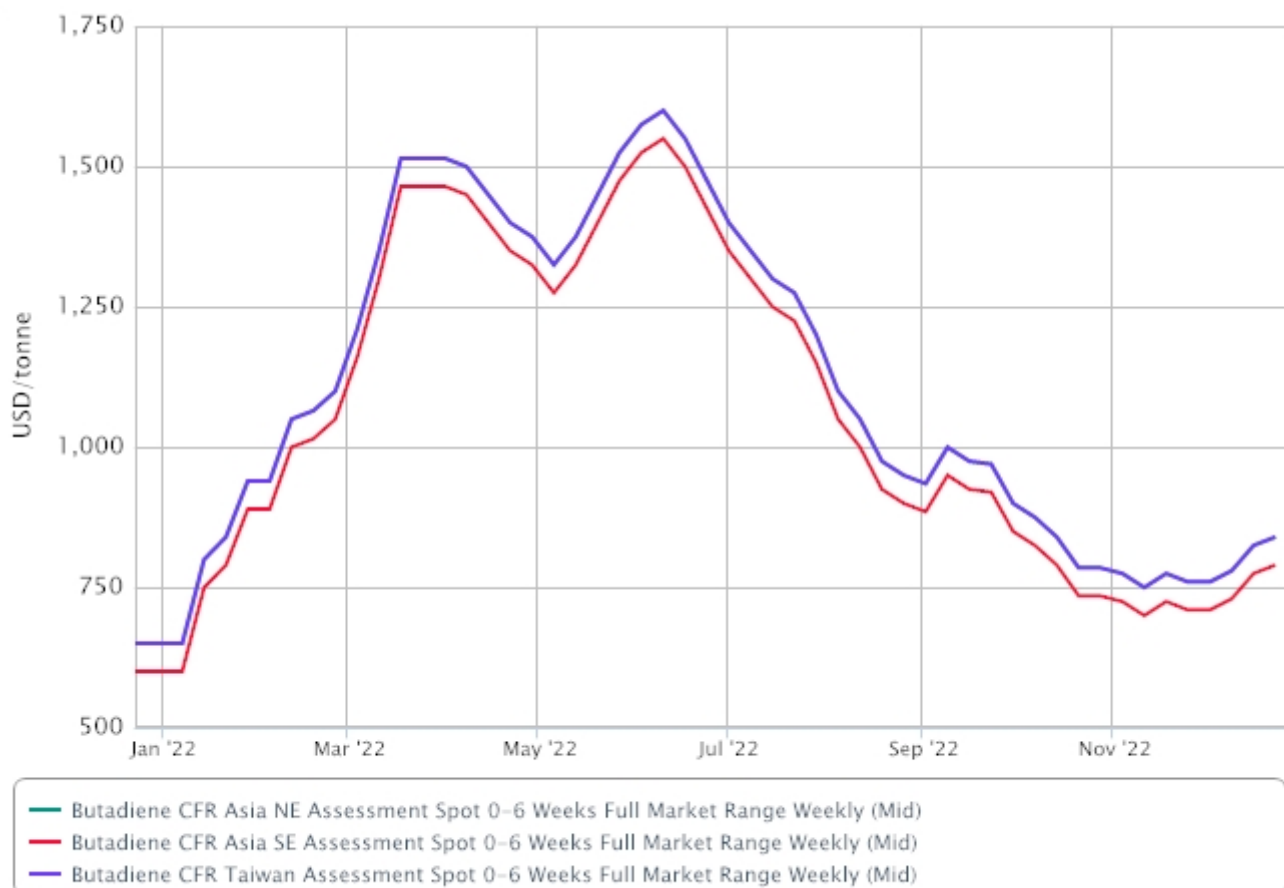
Also, as regional crackers look set to keep their operations low for the near term, concerns linger that the already low regional BD output could be further squeezed.

As such, some end-users and traders remain on the look-out for opportunities to secure some spot volumes, as contingency supplies.

This kept spot talks on BD supported, notwithstanding structurally weak conditions in many derivative sectors, from synthetic rubbers to acrylonitrile-butadiene-styrene (ABS).

But buy-sell gaps remains wide, stifling in turn meaningful and conclusive negotiations. Buyers were hesitant to chase up the market, fearing downstream affordability issues.

Negotiations were also derailed in various instances as sellers withdrew from initial fixed-price discussions to insist on trading only on formula-based terms, much to the resistance of buyers.



© 2022 ICIS

## OUTLOOK

- **Tight spot supplies situation unlikely to ease in near term**
- **Demand recovery to face [headwinds](#)**
- **Buy-sell divide expected to persist**

## 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	800.00-850.00	n/c	800.00-850.00	36.29-38.56
<b>CFR NE Asia</b>	USD/tonne	+20	800.00-880.00	+10	720.00-800.00	36.29-39.92
<b>CFR Taiwan</b>	USD/tonne	+20	800.00-880.00	+10	720.00-800.00	36.29-39.92
<b>CFR SE Asia</b>	USD/tonne	+20	750.00-830.00	+10	670.00-750.00	34.02-37.65

### China

FOB China assessments were rolled on rangebound indications.

Domestic China prices fluctuated during the week, as lacklustre downstream buying diluted to some extent upside support from firm offers among major producers .



© 2022 ICIS

**Northeast Asia**

CFR NE Asian assessments were up, tracking firmer buying indications heard from diverse regional outlets.

Buy-side elements mostly agreed that given the tight spot supply situation, buying ideas below the published low end were no longer realistic.

A southeast Asia-origin cargo available for H2 January lifting was put up for sale via tender, in the week.

This tender drew some bullish response, market sources said. The high end tracked a fixed-price bid heard, but the tender was not finalised by press time, market sources said, and that it was likely that the seller is seeking to negotiate and finalise on formula-based terms instead.

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

Monthly Contract DEL, \$/tonne	Nov 22	Oct 22	Sep 22	Aug 22	Jul 22	Jun 22	May 22
Taiwan FPCC	755	795	885	1,025	1,255	1,450	1,360
Korea YNCC	755	745	920	983	1,315	1,555	1,445

**Southeast Asia**

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

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

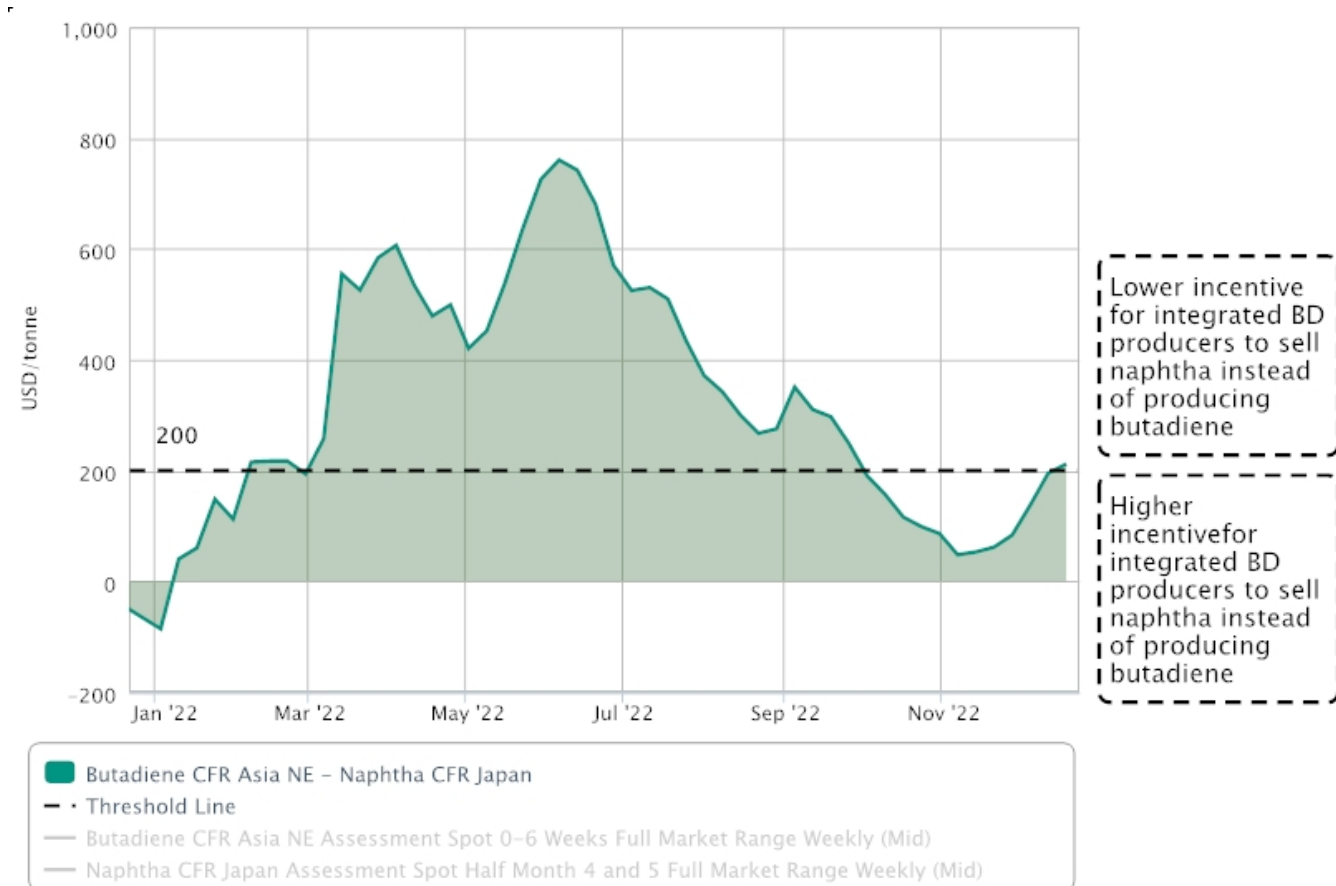
			Price Range		One Week Ago	/
<b>Butadiene</b>						
<b>Ex-Tank E China</b>	CNY/tonne	-100	6700-6900	-100	6500-6700	-

**UPSTREAM**

**Naphtha:**

- Asia naphtha cushioned by upstream gains
- Cautious spot demand limits upward pressure
- Unfavourable downstream sector curtails appetite

[Feedstock spread between Naphtha CFR Japan and Butadiene CFR NE Asia](#)



© 2022 ICIS

Click [here](#) for the Asia feedstocks and petrochemicals weekly summary.

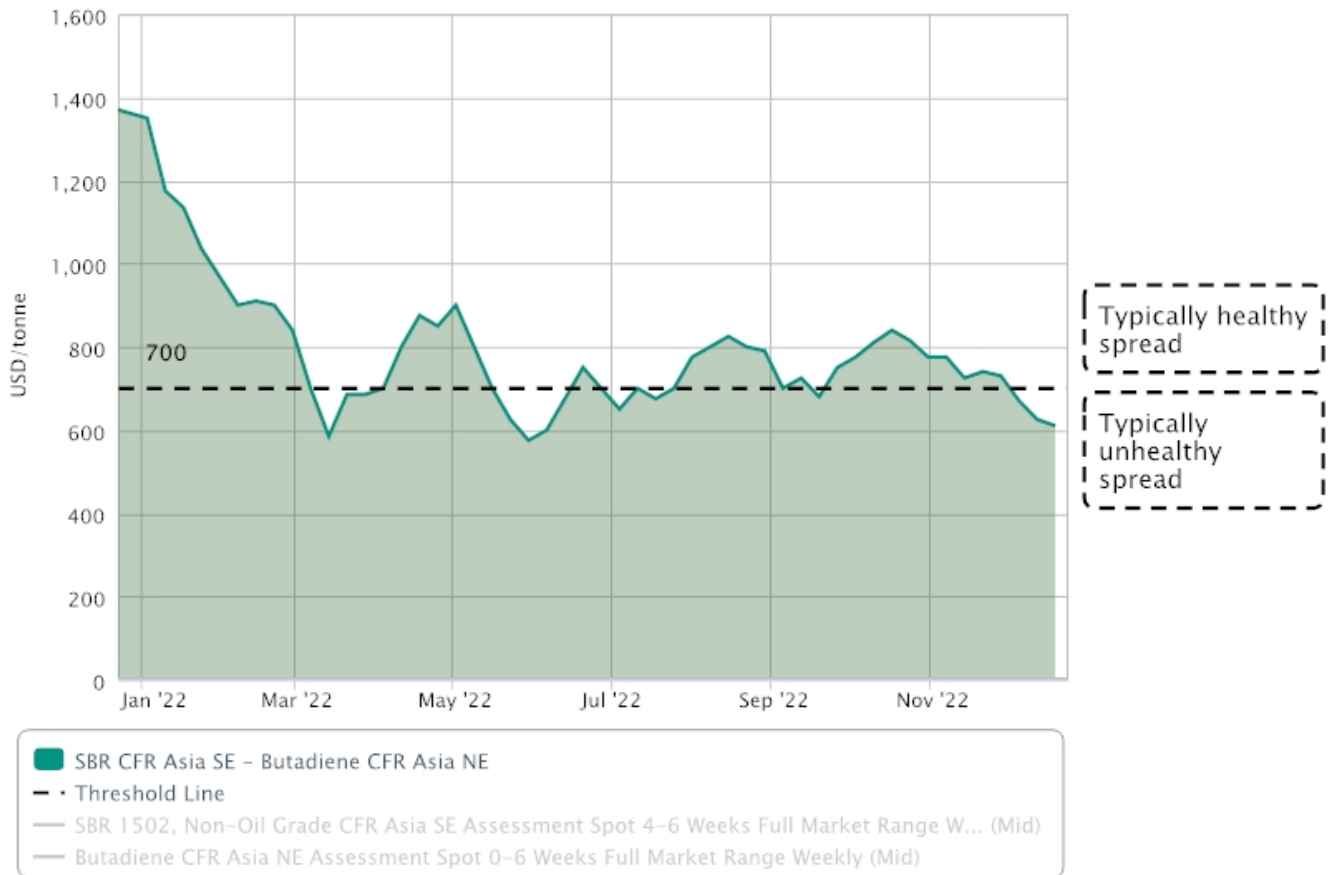
**DOWNSTREAM**

**Styrene-butadiene-rubber (SBR)**

- Discussions capped on year-end lull
- Low buying interest
- Offers steady on cost pressures

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

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



© 2022 ICIS

**Acrylonitrile butadiene styrene (ABS)**

- CFR NE Asia flat after last week's rebound
- Momentum slows as year closes
- Valiant sellers' efforts to initiate discussions met with lukewarm buying interest



© 2022 ICIS

## PRODUCTION

In China, several plants [restarted](#) this week from turnarounds, and more [length](#) is expected to set in once new projects start up in the near term.

But in wider Asia, overall BD output from extraction units in Korea and Japan is expected to remain capped in the near term, as weak margins continue to weigh on operating rates at many upstream crackers.

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

## OTHER REGIONS

### Europe

- January CP falls by €100/tonne
- Production cuts enforced, demand at low ebb for December
- Key consumer restart expected imminently
- Eyes on US, supply disruptions could boost exports

### US

- Supplies outpace weak demand
- Import interest maintained
- BASF/Total expected back by end December

## ANALYTICS

## ICIS Downstream Automotive Demand Outlook

The global automotive industry was hit by one shock after another during the year. 2022 started with a growth expectation of 8.8% year on year, but actual growth was 6.1%, according to Oxford Economics. The last few years have been extremely tough. 2020 was one of the worst on record as the industry was one of the first and hardest hit by the pandemic - and has yet to make a full recovery. 2021 was also challenging due to the semiconductor shortage - as supply was diverted to the electronics industry. And 2022 has also been difficult due to geopolitical tensions. The Russia-Ukraine war has impacted the auto industry because Russia is a leading producer of palladium - a key material used in computer chip production. The supply of neon gas, which is also used in making microchips, has also been constrained. 2023 is also expected to be challenging for the industry due to the cost-of-living crisis, because car buyers are expected to postpone purchases.

According to the Census Bureaus, US light vehicle sales fell 6.5% month on month in November, and total sales were at 14.1m units - which was up 7.9% year on year, but down 17.7% from 2019. Rising inflation, a slump in consumer confidence and tighter monetary policy will weigh on demand for vehicles. The outlook for 2023 remains concerning.

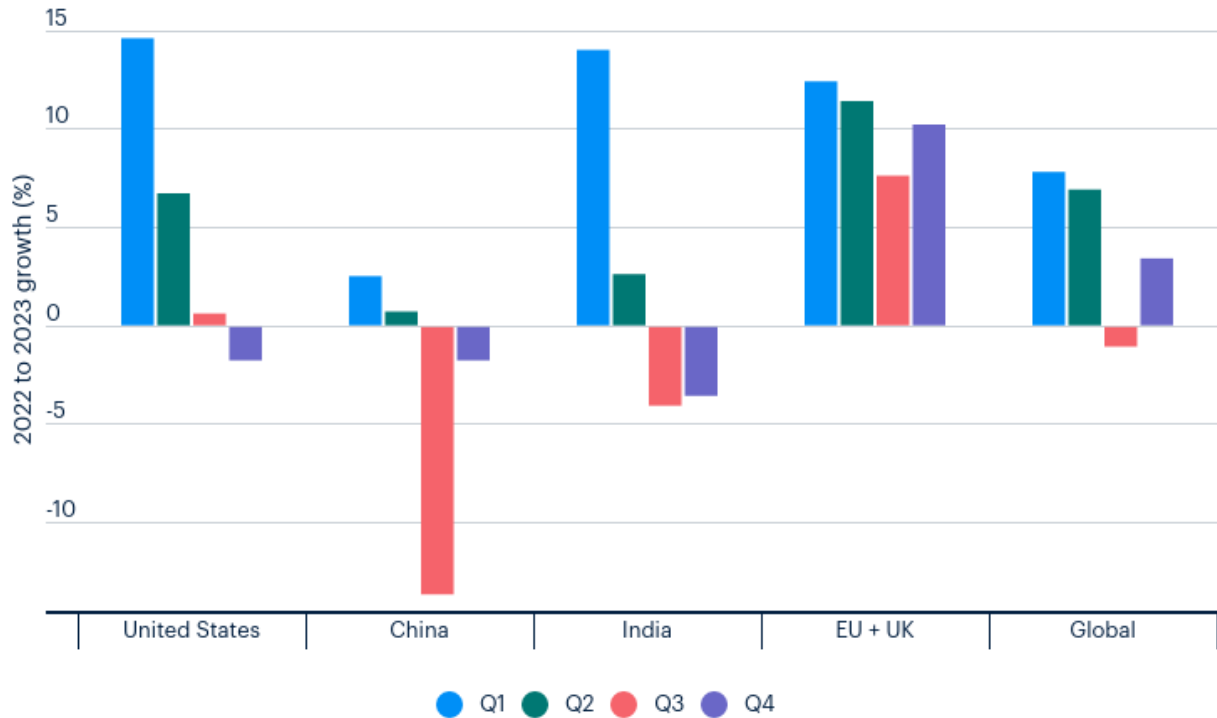
According to the European Automobile Manufacturers' Association (ACEA), EU passenger car registrations increased by 12.2% year on year in October, although the increase is a function of a lower 2021 base. ACEA said Germany posted the largest gain with a 16.8% increase, followed by Italy (+14.6%), Spain (+11.7%) and France (+5.5%). However, commercial vehicle registrations fell by 8.9% - a sixteenth consecutive monthly decline. Germany reported the sharpest fall at -12.4%, followed by France (-5.3%) and Italy (-3.9%). The outlook for 2023 remains challenging, especially for commercial vehicles, on the back on reduced industrial activity.

The outlook for China's automotive industry remains puzzling, as it heavily dependent on consumer mobility. China has also experimented with the 'closed-loop system' of production where workers live in on-site dormitories at the plant. However, it was suspended due to a lack of spare parts. India's automotive industry will face challenges as large portion of spare auto parts are imported from China. As a result, China's emerging COVID-19 policies will determine the health of the region's industry.

By **Jincy Varghese**, ICIS demand analyst, [jjincy.varghese@icis.com](mailto:jjincy.varghese@icis.com)

## Motor vehicle sector growth by region

2022 vs 2023



SOURCE: Oxford Economics

**Butadiene (Asia-Pacific) | 23-Dec-2022.** ICIS accepts no liability for commercial decisions based on the content of this report. Unauthorised reproduction, onward transmission or copying of the Butadiene (Asia-Pacific) Report in either its electronic or hard copy format is illegal. Should you require a licence or an additional copy of the Butadiene (Asia-Pacific) Report, please contact ICIS at [sales.uk@icis.com](mailto:sales.uk@icis.com)

ICIS, Quadrant House, The Quadrant, Sutton, Surrey, SM2 5AS. United Kingdom. ICIS accept no liability for commercial decisions based on the content of this report. Copyright violation is a serious offence. Any distribution or forwarding of information that is not expressly permitted by your subscription agreement is a copyright violation. ICIS uses software to monitor unauthorised electronic redistribution of reports.

© 2023 Reed Business Information Limited. ICIS is a member of RELX Group. [www.icis.com](http://www.icis.com)

