



Butadiene (Asia-Pacific)

By Ai Teng Lim
24-Feb-2023

[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.

ICIS is currently consulting readers about the methodology used for this report. To respond, [click here](#).

OVERVIEW

- **Sellers' expectations firmly bullish**
- **Buying appetite tapers towards late week**
- **Discussions fragmented as buy-sell tussle continues**

Sentiment was mixed in Asia's butadiene (BD) import market this week.

Discussions were relatively more upbeat very early in the week, with support from some short-covering buying, but buying appetite tapered off towards the end of the week.

There were limited pockets of buying interest very early in the week, as some players sought to secure limited prompt cargoes for short-covering purposes.

Discussions for these trades at that time thus gravitated closer to sellers' terms, even if these were broadly deemed by many end-users as unduly bullish and out of sync with downstream market realities.

By midweek, once the gaps had been filled, buying appetite visibly softened and discussions for remaining spot availabilities stalled as the buy-sell pricing gulf widened.

Sellers were firmly and consistently bullish in their expectations, as spot supplies were limited to begin with and they saw no pressure to moderate asking prices.

However, end-users held back, in anticipation that BD offers would soften in due course if the said BD production constraints were to ease, given that [operating rates at some regional crackers](#) could be gradually restored with improving margins.



© 2023 ICIS

OUTLOOK

- Demand growth to hinge on derivative market performance
- Near-term supply may improve with improving cracker operations
- Heavy wave of BD maintenance in Q2 could still skew longer-term supply picture

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	+50	1250.00-1300.00	+50	950.00-1050.00	56.70-58.97
CFR NE Asia	USD/tonne	+50	1250.00-1300.00	n/c	970.00-1000.00	56.70-58.97
CFR Taiwan	USD/tonne	+50	1250.00-1300.00	n/c	970.00-1000.00	56.70-58.97
CFR SE Asia	USD/tonne	+50	1200.00-1250.00	n/c	920.00-950.00	54.43-56.70

China

FOB China prices were up to capture the full range of offers heard this week for cargoes available for lifting in March and early April.

A sale was finalised this week in the high \$1,200s/tonne FOB China for March lifting. While this was within the published range, the bulk of negotiations was really conducted in the week prior, market sources said.

Domestic ex-tank prices in China fluctuated in the week within a narrow band.



© 2023 ICIS

Northeast Asia

China was silent in this week's CFR NE Asia market, as its focus shifted from buying imports to selling exports.

The CFR NE Asia assessment was stable to firm, with the low end lifted to capture deals and discussions heard in early week for March deliveries to Taiwan and Korea.

Seller positions remained fairly consistent throughout the week. Those who had cargoes for spot sales held fast to expectations of no less than \$1,250-\$1,300/tonne on an FOB South Korea/China basis, which translates broadly, on a CFR NE Asia basis, to minimally \$1,300/tonne. The high end of the assessment tracks this.

Buyer positions shifted visibly through the course of the week, starting more positively at the beginning of the week and finishing on a bearish note by the end of the week.

Early in the week, some buyers negotiated with sellers at levels closer to their expectations to secure prompt-delivery cargoes for short-covering purposes.

Some volumes changed hands as such in the mid-to-high \$1,200s/tonne CFR NE Asia for H1 March delivery, market sources said.

From the middle of the week, buying interest fizzled out and there were no meaningful discussions with sellers thereafter, market players said.

A deal was reportedly finalised early this week at the equivalent of about mid-\$1,300s/tonne CFR NE Asia. As negotiations were done mainly in the week prior, according to market players, the deal was not taken into consideration for this week's assessment.

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

Monthly contract DEL, \$/tonne	Jan 23	Dec 22	Nov 22	Oct 22	Sep 22	Aug 22	Jul 22	Jun 22	May 22
Taiwan FPCC	855	755	755	795	885	1,025	1,255	1,450	1,360
South Korea YNCC	905	795	755	745	920	983	1,315	1,555	1,445

Southeast Asia

The CFR SE Asia assessment was adjusted with changes in the CFR NE Asian assessment, in the absence of concrete discussions on CFR SE Asia terms.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

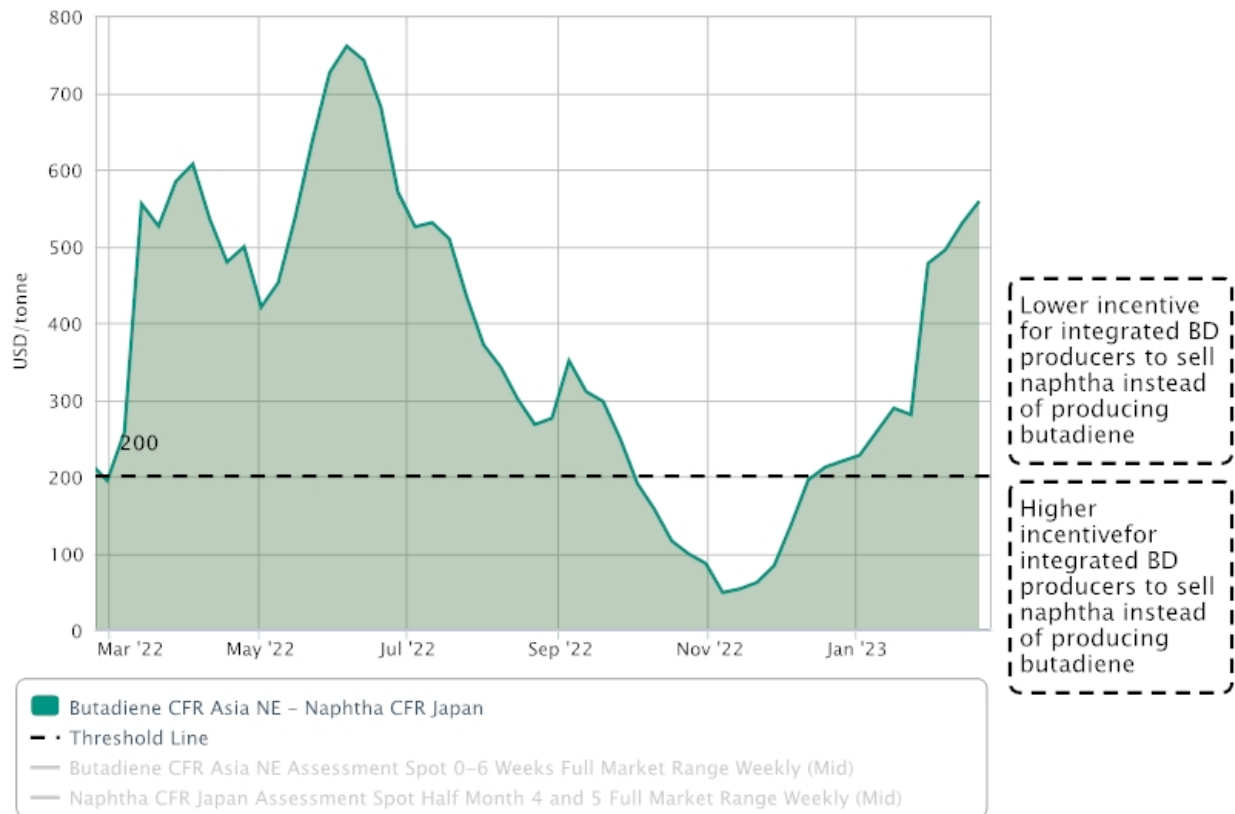
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	n/c	9400-9600	n/c	9400-9600	-

UPSTREAM

Naphtha:

- Supply constraints, lack of arbitrage flows lift sentiment
- Spot cargoes yield higher premiums
- Naphtha crack firms on supply concerns

[Feedstock spread between naphtha CFR Japan and BD CFR NE Asia](#)



© 2023 ICIS

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

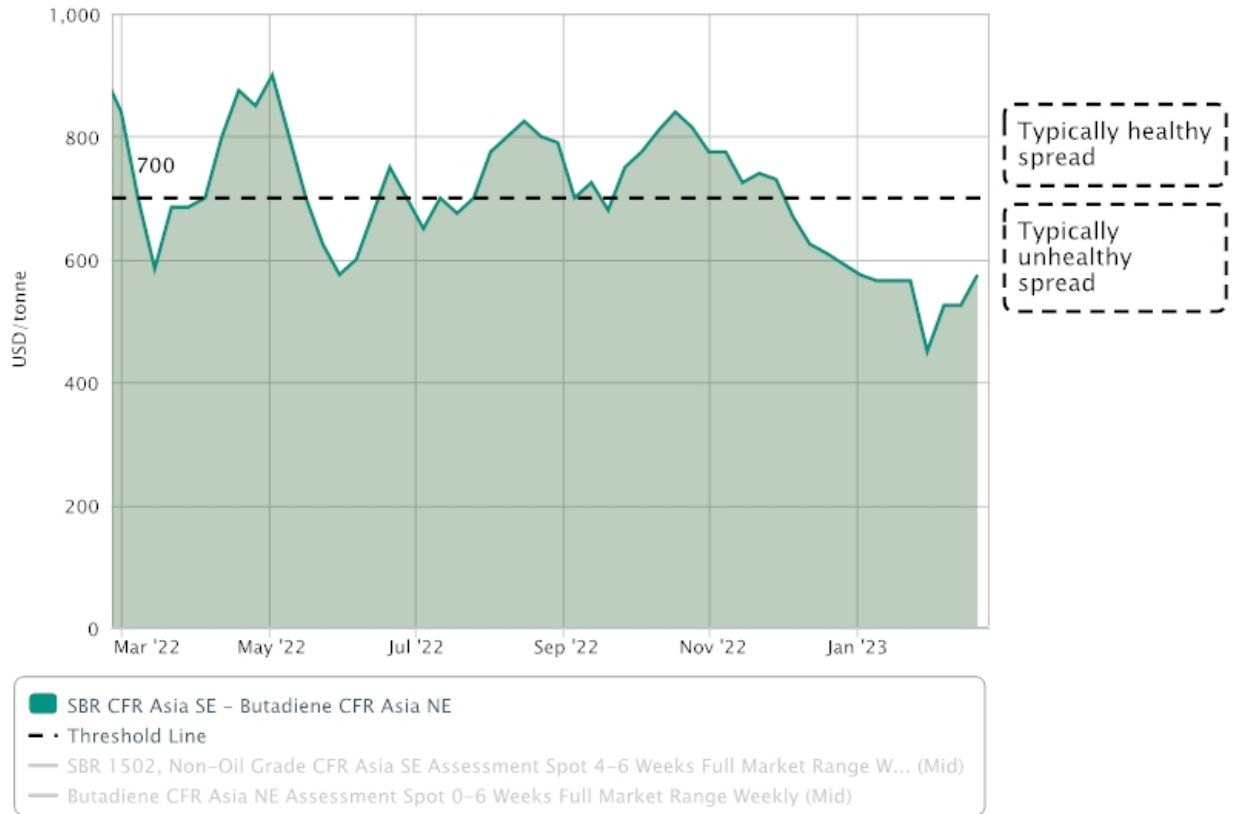
DOWNSTREAM

Styrene butadiene rubber (SBR)

- Sellers chase higher targets
- Buying tempo lacklustre
- Buy-sell disparity develops

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

[Spread between BD and SBR Asia](#)



© 2023 ICIS

Acrylonitrile-butadiene-styrene (ABS)

- Import prices largely stable
- Stand-off between buyers, sellers
- Sellers face margin erosion; buyers grapple with [poor end-use demand](#)



© 2023 ICIS

PRODUCTION

In northeast Asia, overall BD output is expected to remain capped in the near term. Weak margins continue to weigh on operating rates at many upstream crackers, in turn forcing some BD plant [closures](#) too.

There is also a wave of maintenance [closures](#) expected in South Korea in April-June.

OTHER REGIONS

Europe

- Increased demand for exports to Asia drives higher prices
- Domestic market more subdued, limited change
- Contract discussions for March contract price begin next week

US

- Spot activity muted on weak demand
- Europe attention on Asia
- Supplies sufficient to meet weak demand

ANALYTICS

ICIS downstream automotive sector outlook

It has been more than three years since the world was plunged into disarray as a result of the coronavirus crisis. The last year has been the most puzzling in terms of outlook for stakeholders in the global automotive industry. The level of uncertainty has been unprecedented, posing a challenge for both decision making and risk management. The global automotive industry was one of the first and hardest hit by the pandemic and has yet to make a full recovery. Supply shocks continue to impact production, with a global shortage of microchips leading to cuts in auto output.

The North American auto industry remains in a weak spot. Production is improving but at a slow pace. US light vehicle sales posted encouraging figures in January, reporting a 17.7% increase month on month to 15.7m units from 13.4m units in December 2022. In 2022, the industry was in negative territory at -6.2% year on year from 2019 levels. Inventories remain at a low level even though there has been a slight improvement over the past couple of months.

According to the European Automobile Manufacturers' Association (ACEA), EU passenger car registration increased by 12.8% in December 2022 compared with a year ago, signifying five consecutive months of growth. However, the increase is a function of a lower 2021 base. ACEA said Germany posted the biggest gain with a 38.1% increase, followed by Italy (+21.0%). Spain, on the other hand, reported a contraction (-14.1%) and France was relatively stable (-0.1%). Commercial vehicle registration, on the other hand, contracted by 5.1% in December. France reported the sharpest decline in registration (-14.2%), followed by Italy (-8.3%). However, Spain and Germany surprisingly reported an increase in sales by 15.2% and 8.4%, respectively. The outlook for 2023 remains challenging, especially for commercial vehicles, because of reduced industrial activity.

China's automotive outlook continues to be puzzling, as the economy is heavily reliant on this sector. The country unsuccessfully experimented with "closed-loop" systems of production, where workers resided in on-site dormitories within plants. However, the system was forced to be suspended because of a lack of spare parts. China has now opened up but whether that

translates to stronger demand remains to be seen. India's Federation of Automobile Dealers Associations (FADA) reported that passenger vehicle registration increased by 22% in January year on year. An improvement in market sentiment has been reported as China's economy opens up, as a good share of auto spare parts is imported from China.

By **Jincy Varghese**, ICIS demand analyst, jincy.varghese@icis.com

Butadiene (Asia-Pacific) | 24-Feb-2023. 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

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

