



Butadiene (Asia-Pacific)

By Ai Teng Lim
24-Mar-2023

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

All prices in the weekly analysis on 7 April will be assessed based on information collated up to 6 April, with the exception of the domestic yuan (CNY) quotes. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

- **Macroeconomic jitters weigh on sentiment**
- **Downside pressures grow on offers**
- **Limited regional offers but buyer eye deep-sea alternatives**

Substantive discussions were limited in this week's butadiene (BD) spot market in Asia, as buyers and sellers remained widely divided in their pricing outlook.

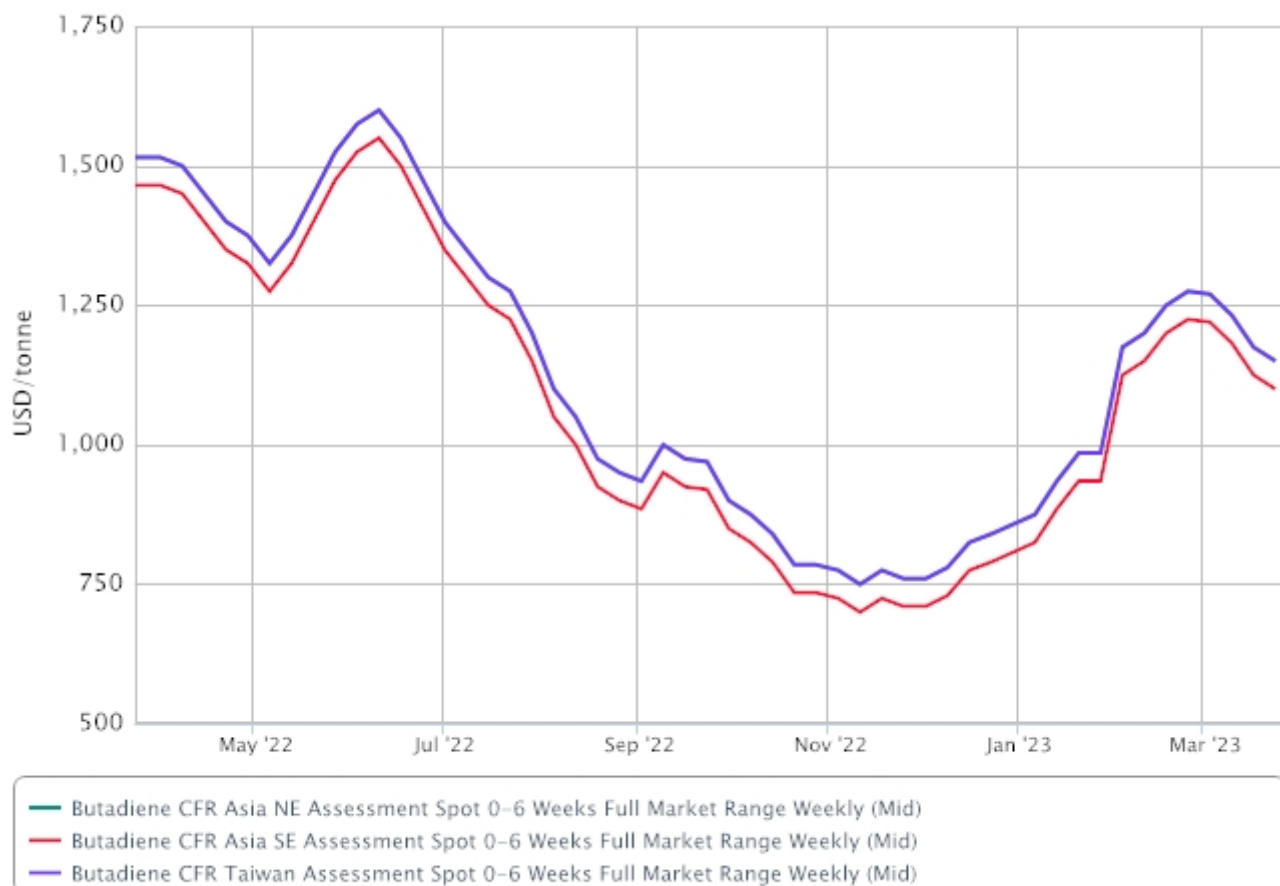
Market players also retreated following various turbulent macro-level developments, from heightened recession risks in the aftermath of the US banking crisis, to the volatility in the upstream crude and naphtha markets.

The downstream [demand outlook](#) is clouded as a result, which, in turn, has weighed on buying interest.

End-users said they were in no hurry to discuss and finalise fresh import bookings. Most also pressed for wider discounts, in a bid to shore up their compressed production margins.

This was to little avail, as regional BD producers remained resistant to making deeper offer cuts, citing supply constraints as a supporting factor for their current expectations.

This also prompted regional end-users to keep up the quest for deep-sea availabilities, as a plausible - and potentially cheaper - alternative to regional cargoes.



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OUTLOOK

- Heavy wave of Q2 turnarounds may keep supply tight
- Some respite possible if crackers **raise** operating rates
- Players to monitor potential inflow of deep-sea cargoes

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

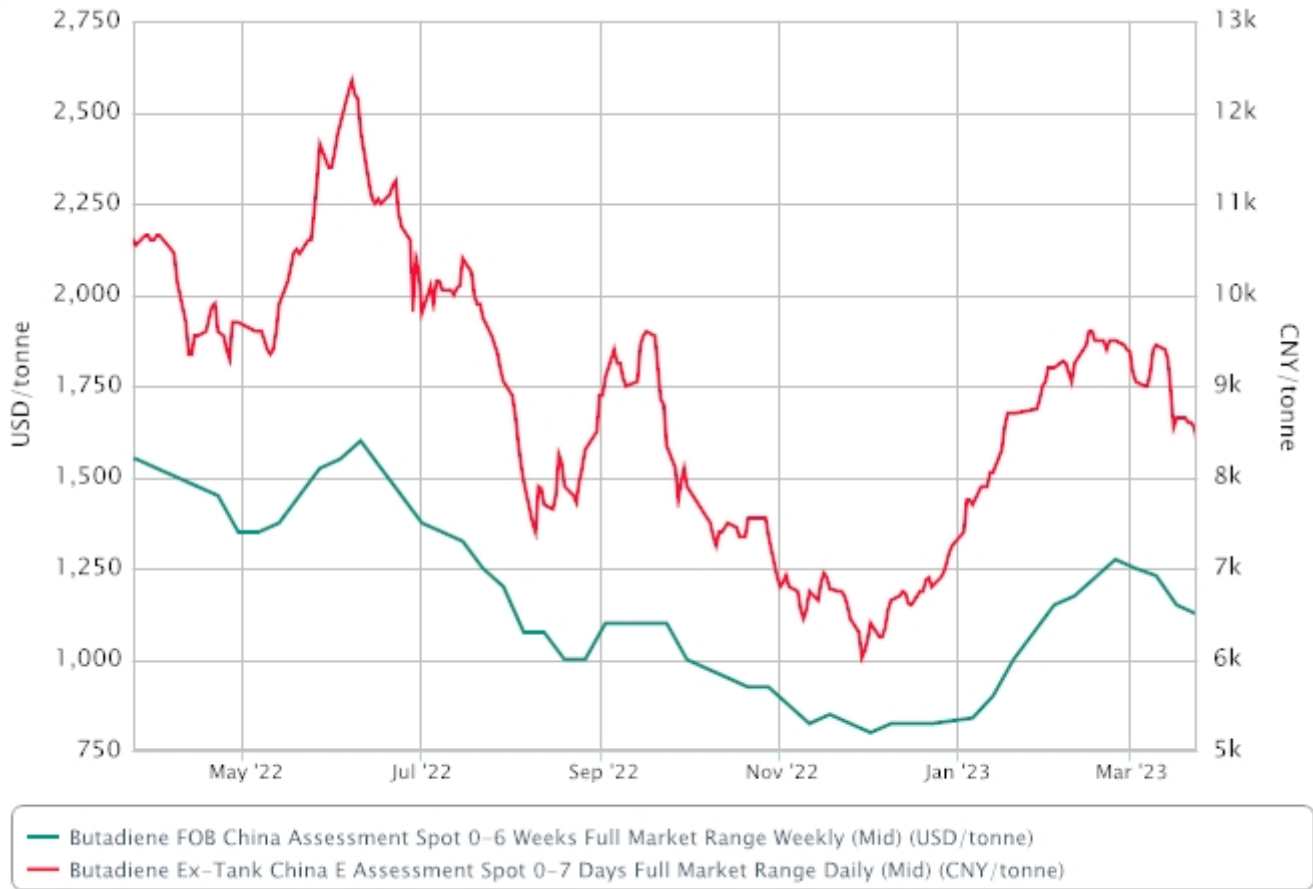
			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	n/c	1100.00-1150.00	-50	1250.00-1300.00	49.90-52.16
CFR NE Asia	USD/tonne	n/c	1100.00-1200.00	-50	1250.00-1300.00	49.90-54.43
CFR Taiwan	USD/tonne	n/c	1100.00-1200.00	-50	1250.00-1300.00	49.90-54.43
CFR SE Asia	USD/tonne	n/c	1050.00-1150.00	-50	1200.00-1250.00	47.63-52.16

China

FOB China prices were down at the high end, with lower discussions heard late in the week.

A China producer sold some April-lifting cargoes at the low end earlier in the week but other details were not available.

Domestic ex-tank prices in east China remained soft on lacklustre buying momentum.



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Northeast Asia

There were no transactions heard in the CFR NE Asia market.

Discussions edged down with softer selling indications heard but substantive negotiations were limited as the gap between buyers' and sellers' expectations remained wide.

The high end reflects selling indications floated by regional producers and traders this week.

Buyers were resistant and buying indications hovered at the low end or even below the range.

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

Monthly Contract DEL, \$/tonne	Feb 2023	Jan 2023	Dec 2022	Nov 2022	Oct 2022
Taiwan Formosa Petrochemical Corporation (FPCC)	1,085	855	755	755	795

South Korea	1,178	905	795	755	745
Yeochun (YNCC)	NCC				

Southeast Asia

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

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

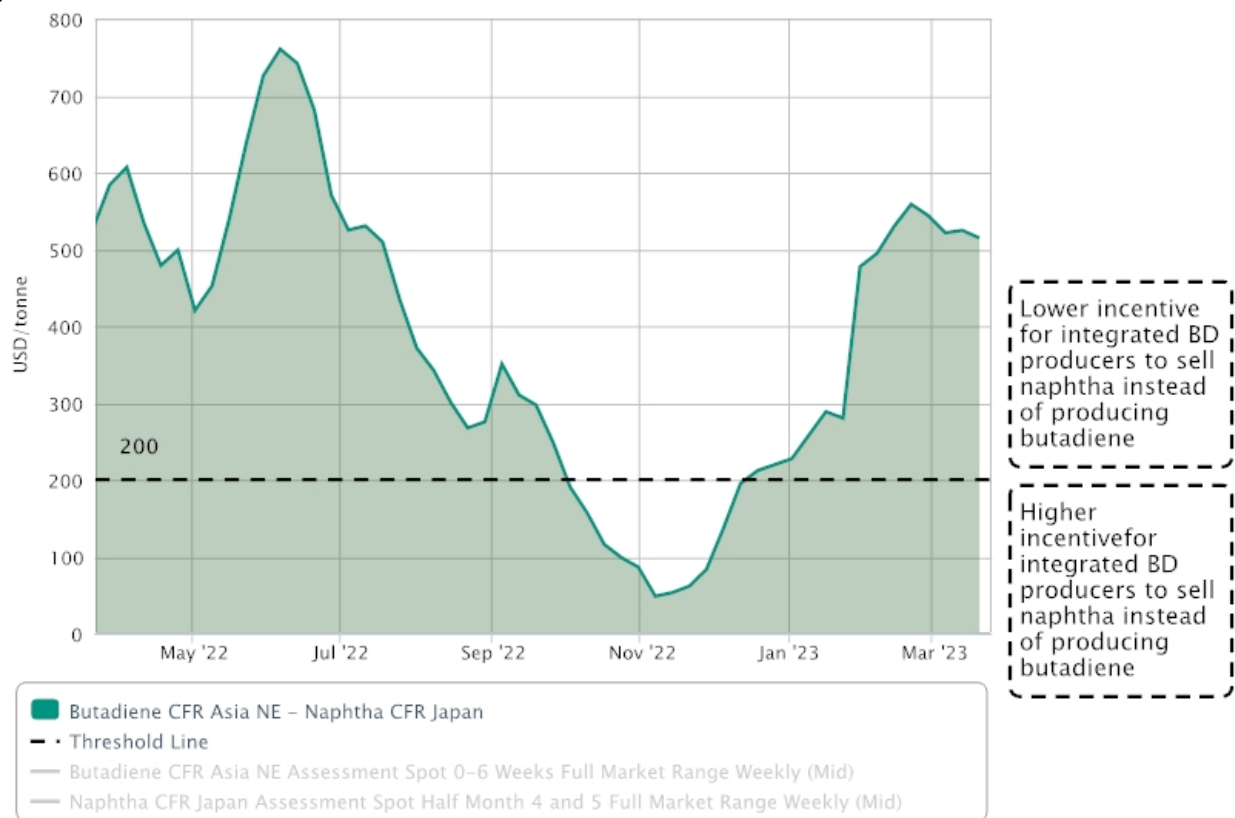
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	-100	8400-8400	-200	8600-8700	-

UPSTREAM

Naphtha:

- Prices fluctuate alongside crude oil volatility
- Gasoline-blending demand offers some support
- Eyes on improved margins downstream to stabilise

[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.

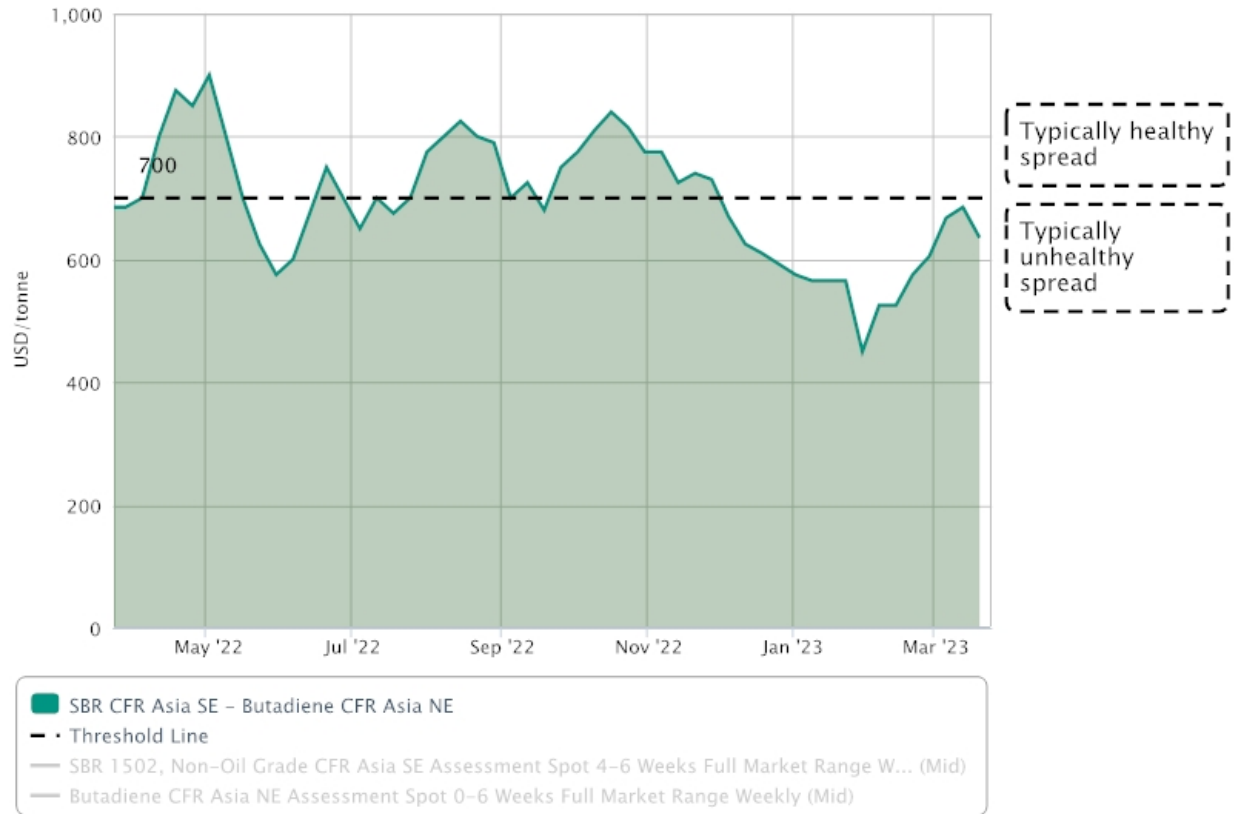
DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Upstream losses dent sentiment
- Buyers also shifting to cheaper natural rubber substitutes
- Softer offers emerge but discounts capped on spot supply limitations

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 flatlines on subdued market activity after three-week downtrend
- Prices stay at lowest year to date; seller margins hover in the red
- End-use demand unlikely to pick up before Qing Ming Festival



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PRODUCTION

A heavy wave of maintenance closures will hit [South Korea](#) and [Japan](#) in the April to June period.

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

OTHER REGIONS

Europe

- No fundamental change in Europe BD supply, demand week on week
- Supply, demand balanced
- Some demand impacted by logistics constraints due to French strike action
- Asia market showing signs of faltering but spot trades higher

US

- Cargo to Asia loads this week amid inventory control
- Bearish sentiment persists as supply outpaces demand
- [INSIGHT: Banking contagion threatens to spread, hit chemicals demand hard](#)

ANALYTICS

ICIS butadiene outlook

US inflation has fallen but at a slower pace than expected by the country's Federal Reserve. This could result in further monetary tightening which will further depress consumption. BD demand weakness is

forecast to continue for the next few weeks. Production will continue to be tailored to demand and, according to preliminary estimates, will total around 315,000 tonnes in Q1, down from 350,000 tonnes in Q1 2022. US BD availability will improve once plant maintenance ends at the end of this quarter. Automotive production is increasing, as will inventory levels after almost three years of destocking. An increase in vehicle stocks suggests consumer demand remains weak. New vehicle sales are expected to improve by 6.6% to about 14.6m units in 2023, about 14% below 2019 levels.

Synthos will permanently close in Q2 its emulsion SBR (ESBR) line with 110,000 tonne/year capacity at Kralupy in the Czech Republic, due to unsustainable and unpredictable energy costs in Europe. As a result, the country's SBR market, which is currently long, is expected to become short. In the last five years, net exports averaged around 50,000 tonnes/year, with Poland the largest outlet in Europe. The country's upstream BD market is currently short and forecast to become balanced to slightly long, going forward. In the last three years, total imports averaged around 70,000 tonnes/year, with Germany the largest source.

Across the board, BD supply in Asia is expected to improve in the weeks ahead due to an increase in Iran deliveries and additional capacity. In contrast, BD buyers in Brazil are likely to shift most BD cargoes from northeast Asia to North America, notably the US and Mexico, during 2023. On the flip side, Brazil's market is expected to become more balanced with the start-up of a new polybutadiene unit at Triunfo with a capacity of 65,000 tonnes/year. Overall, China's BD equivalent downstream capacity will total 6.6m tonnes/year this year, up from 5.4m tonnes/year in 2022. Total BD capacity will hit 6m tonnes/year in 2023, up from 5.3m tonnes/year. On paper, the country's monomer deficit is expected to increase to about 600,000 tonnes/year. Global natural rubber demand is forecast to remain steady in 2023, according to the Association of Natural Rubber Producing Countries (ANRPC). In contrast, global production could increase by 2.5% to about 14.7m tonnes. As a result, a narrow natural rubber supply and demand imbalance could add pressure to the BD/SBR industry in Asia.

By **Paolo Scafetta**, ICIS senior olefin analyst, paolo.scafetta@icis.com

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