



Butadiene (Asia-Pacific)

By Ai Teng Lim
25-Aug-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 1 September will be assessed based on information collected up to 31 August, with the exception of China domestic yuan (CNY) quotes. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

- Offers [trend up](#) with cost and supply factors
- Some restocking requirements seen from end-users
- But bids still lag offers, affecting spot trade liquidity

Spot discussions for Asian butadiene (BD) imports continued to see upside support, as offers rose and bids improved too.

BD producers pushed for higher selling targets, as firstly, spot availabilities are limited since production is weighed down by feedstock shortage, and secondly, production costs are also high and they need to recoup them.

They have an upbeat view too about the overall demand picture, as enquiries from end-users in South Korea and Taiwan are on the rise, and this would make up for waning import demand in China.

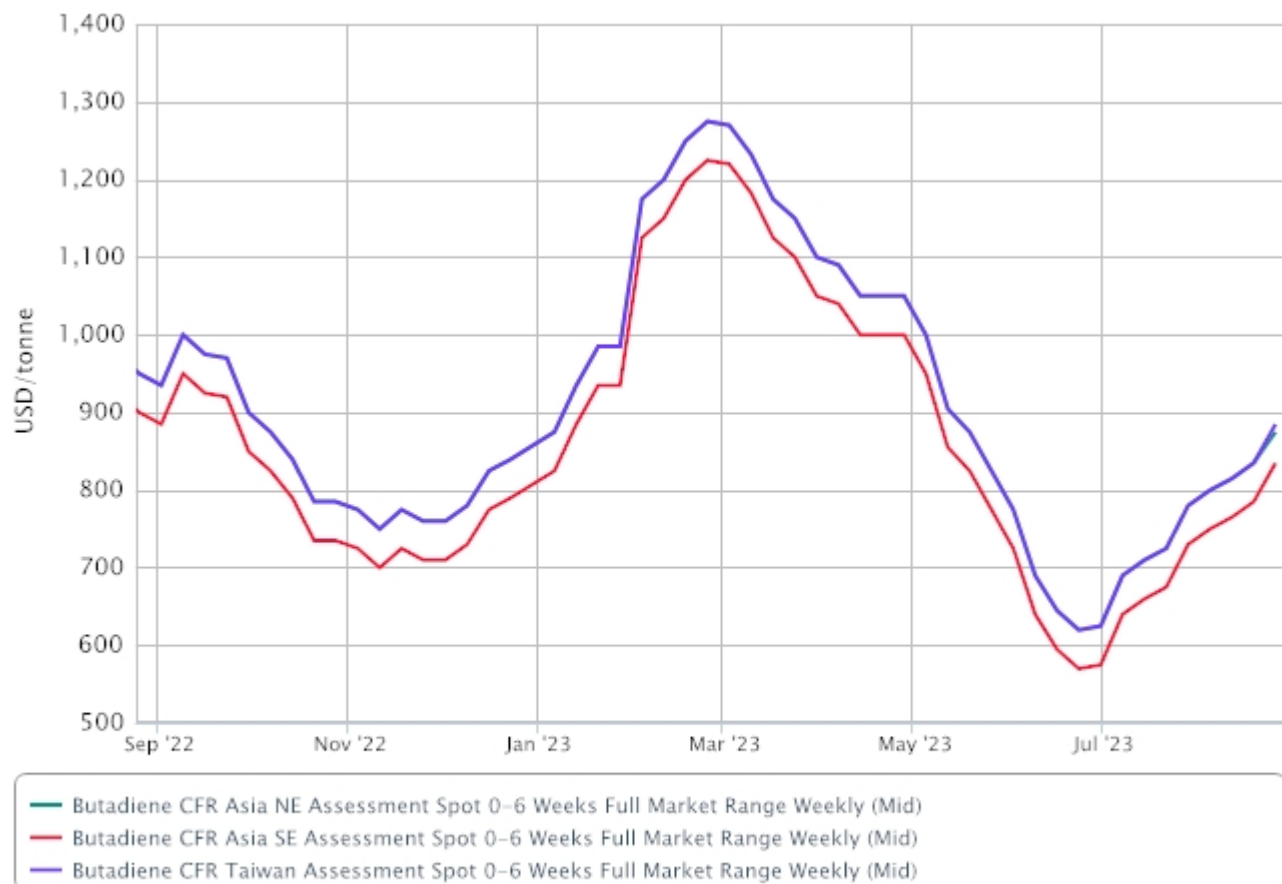
There is anticipation that China may steer away from purchasing imports now that these are at near parity with prevailing yuan values and no longer as competitive.

In wider Asia, end-users did post higher bids this week, but these continue to lag offers, curtailing spot trade liquidity.

Even as they acknowledge that they have to be prepared to fork out more to engage sellers, the buyers were still restrained by downstream affordability concerns.

They were also unconvinced that the market is tightly supplied, seeing that China may turn to exporting more actively, and fresh deep-sea origin availabilities may also resurface once an existing [outage](#) in the US is lifted.

There would be no lack of southeast Asian spot availabilities too, including from a unit in Malaysia which has restarted recently from prolonged maintenance, market sources said.



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OUTLOOK

- Buy-sell tussle could stretch
- Output constraints to weigh on spot availabilities
- But macro-economic uncertainties may dampen buying appetite

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	n/c	830.00-880.00	+20	780.00-830.00	37.65-39.92
CFR NE Asia	USD/tonne	+50	850.00-900.00	+30	750.00-810.00	38.56-40.82
CFR Taiwan	USD/tonne	+50	850.00-900.00	+30	750.00-810.00	38.56-40.82
CFR SE Asia	USD/tonne	+50	800.00-850.00	+30	700.00-760.00	36.29-38.56

China

FOB China offers were heard at the high end and above, while the low end is rolled over on muted buy-side indications.

There were some enquiries from South Korean users on China’s export availabilities, but no substantive transactions transpired as the buy-sell gap remains wide, market sources said.

Further upside potential may be limited if domestic China prices start to taper, market sources said.

This week, domestic ex-tank prices in east China continued to fluctuate wildly, and settled lower on a week-on-week basis.



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Northeast Asia

CFR NE Asian assessments are up, with firmer buy-sell indications heard.

September shipment supplies were indicated at or over the \$900s/tonne CFR NE Asia, and sellers would not want to initiate any discussions at below this level, market sources said. This forms the high end of the published range.

The low end takes reference from buying indications at the mid-\$800s/tonne CFR NE Asia for shipment to different northeast Asian destinations.

The majority of market participants felt that the bullish offers heard beyond the published range drew no traction with buyers and were unrealistically high for the week.

Some regional cargoes may have changed hands for September shipment at levels within the published range – including a deal at around \$870/tonne CFR NE Asia – although details such as players involved and/or deal timing were not available.

Deep-sea cargoes available to lift in September were heard indicated at around the low end of the published range, although discussions were thus far still germinal and limited, market sources said.

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

Monthly Contract DEL, \$/tonne	Jul 23	Jun 23	May 23	Apr 23	Mar 23	Feb 23	Jan 23
Taiwan FPCC	650	655	875	1,015	1,085	1,085	855
Korea YNCC	665	635	855	1,060	1,145	1,178	905

Southeast Asia

CFR SE Asian assessments are adjusted with changes in the CFR NE Asian assessments.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

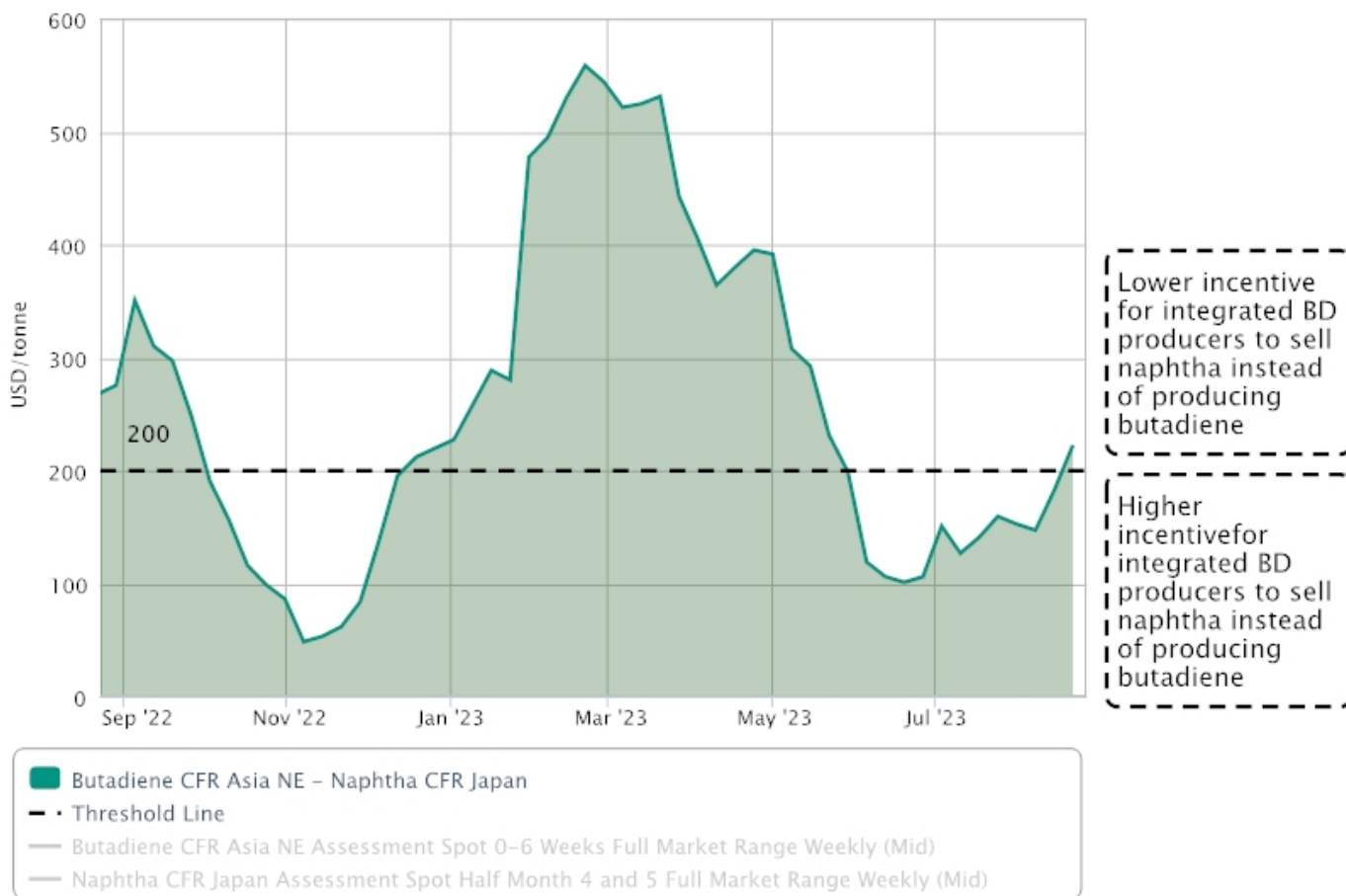
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	-100	7250-7350	-100	7300-7350	-

UPSTREAM

Naphtha:

- Crack value on 24 August nears four-month high
- Gasoline demand continues to give support
- But firm naphtha prices hurting olefins makers

[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.

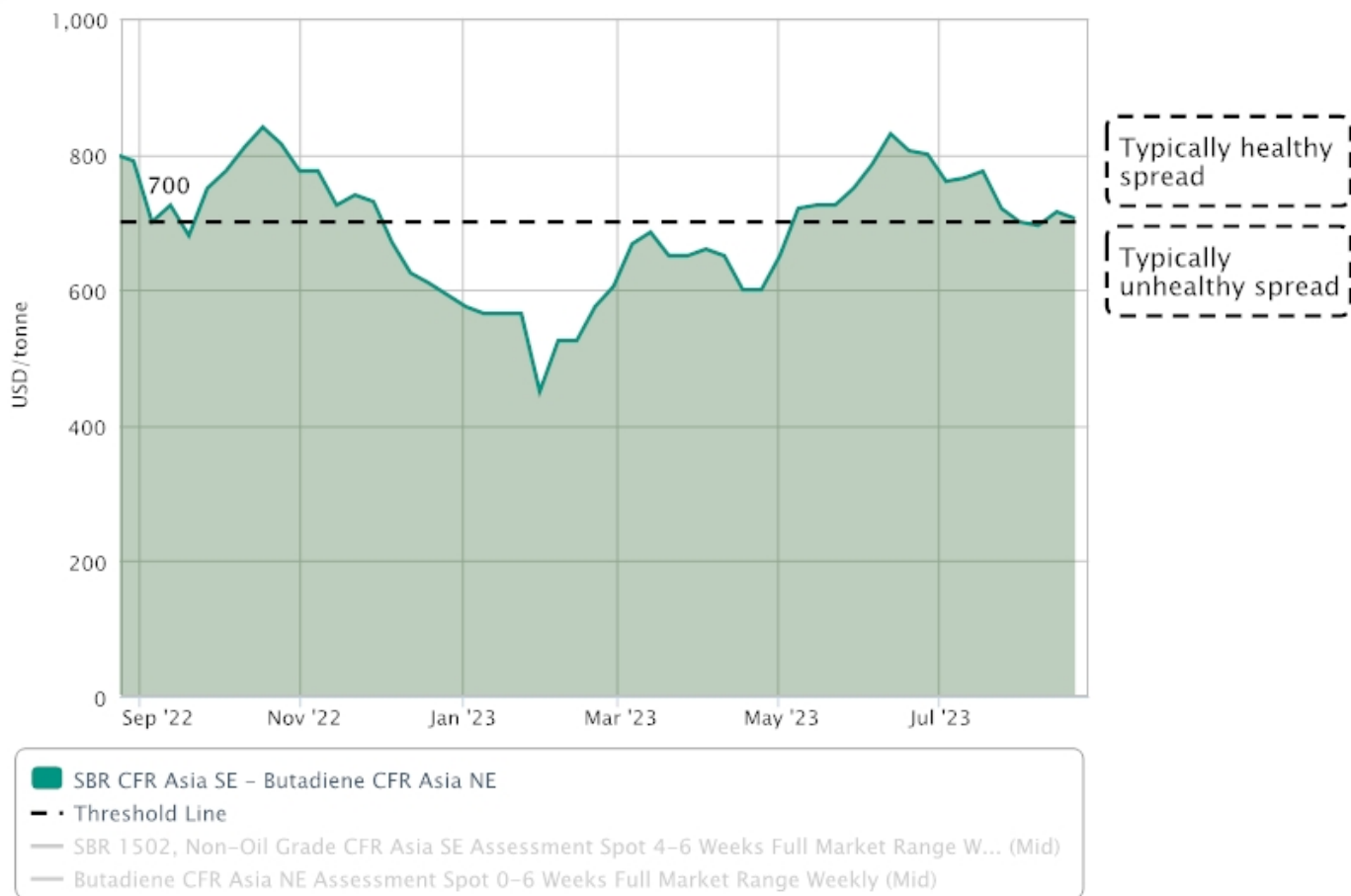
DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Offers supported on cost push
- Some uptick in buying tempo
- But gap prevails in buy-sell outlook

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 strengthens after last week’s stalemate
- Feedstock support outweighs lagging demand
- Seller margins improve, keeping levels afloat for most of Q3



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PRODUCTION

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

OTHER REGIONS

Europe

- Domestic spot prices rise by triple digits following fresh trade
- Export prices stable, discussions for cargoes to Asia continue
- September contract talks to begin next week

US

- [September contract nomination emerges higher](#)
- Spot prices higher on firmer global prices
- Supplies tighter but offset by weak demand

ANALYTICS

ICIS outlook for downstream automotive sector

The global light vehicle selling rate increased to 93m units in June from 89m units in May 2023, according to Oxford Economics.

According to the US Census Bureaus, US light vehicle sales increased marginally by 0.5% month on month in July 2023 with total sales of 15.73 million units (up 18% year on year but still down 7.3% from 2019). The finished inventory-to-sales ratio slightly improved month on month from 0.807 to 0.838 in June. (For context, the ratio was 0.937 and 2.641 respectively in June 2021 and 2020). High inflation, slumping consumer confidence and tighter monetary policy will weigh upon consumer demand for automotives. On the positive, congress has passed the Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act to increase US semiconductor manufacturing with a total package of \$280bn to boost computer chip research and production.

According to the European Automobile Manufacturers' Association (ACEA), EU new car registration increased by 17.8% in June compared with same month last year. However, the increase is a function of a lower base. The Association further reports that Germany posted the biggest gain with a 24.8 % increase, followed by Spain (+13.3 %) and Italy (+9.1 %). However, there are still concerns about balance sheets, with some producers struggling to survive in the short term. Long-term investments for trends including tightening emission standards and a growing push to electrify and increase shared car ownership have already left firms cash strapped.

According to the China Association of Automobile Manufacturers (CAAM), Chinese car production was up 10.4% month on month in June, and down 0.9% year on year. In contrast to its global peers, China's inventory coefficient (calculated as inventory over sales) at auto dealers is quite high at 1.70 in July 2023 – with levels above 1.5 considered a warning. CADA reported an improvement in inventory levels.

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