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Independent Commodity Intelligence Services

Butadiene (Asia-Pacific)

By Ai Teng Lim
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Overview | Outlook | Prices | Upstream | Downstream | Production | Other Regions

Please click here for full details on the criteria ICIS uses in making these price assessments.

OVERVIEW

- **Domestic China spikes**
- **Import sentiment boosted too**
- **But buy-sell gap still wide**

Asian spot prices for US dollar denominated butadiene (BD) import cargoes extended gains, taking into account firmer buy-sell indications heard.

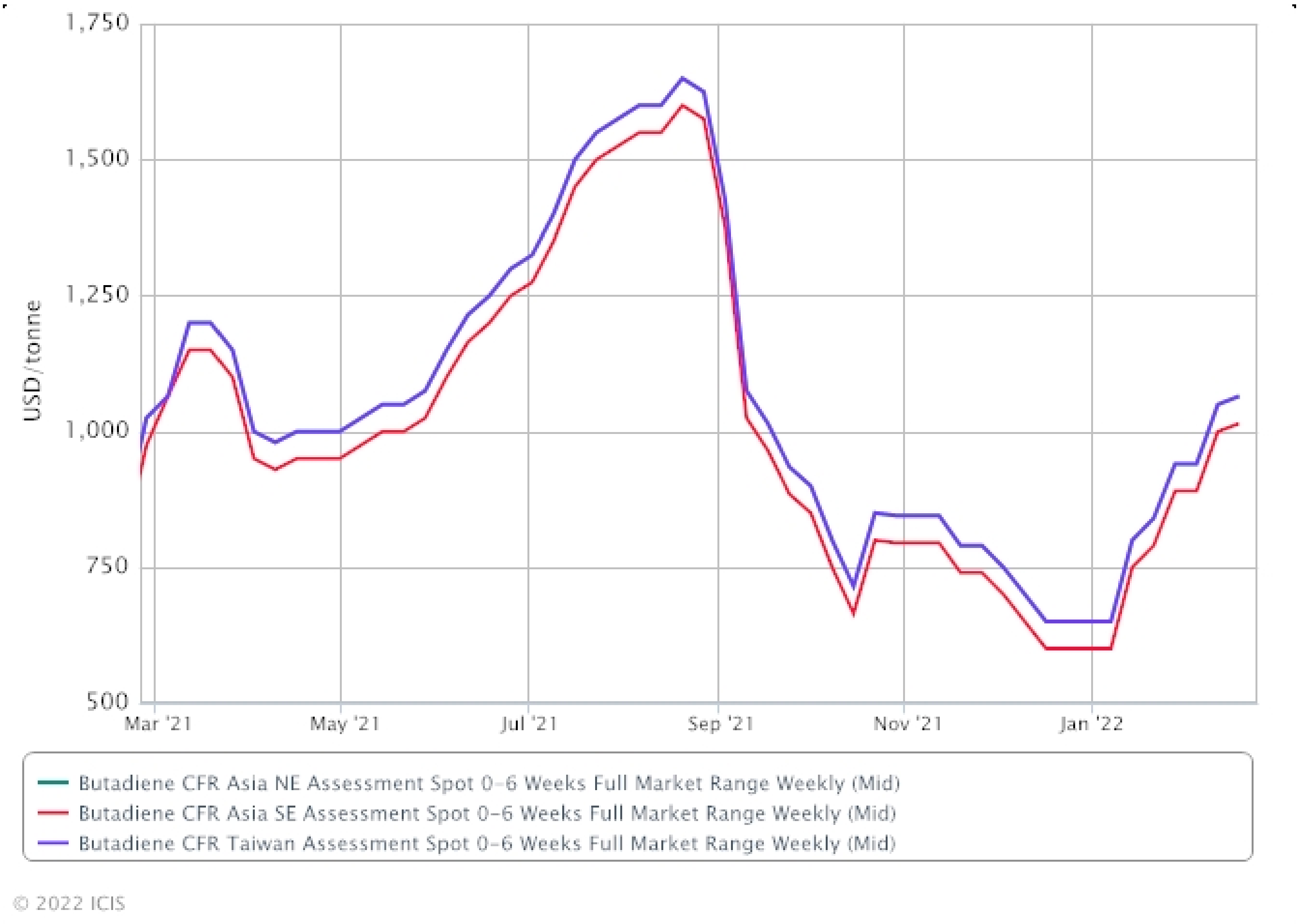
Sellers were bullish, as they drew support for higher import offers from a bull run in domestic China, as well as cost pressures stemming from the recent crude rally.

Prompt supplies were also tighter, crimped by an ongoing wave of cracker operating rate cuts in northeast Asia, and by other planned and unplanned outages in the region.

But buying interest in wider Asia is somewhat muted, and visibly not commensurate with the buoyancy among sellers.

End-users remained cautious in nature, citing uncertainties about how their own downstream market conditions may shift if the Russian-Ukraine miliary conflict escalates further, to the greater detriment of broader regional security order.

Some were also concerned about the potential repercussions this conflict may have on the already challenging global supply chain network.



OUTLOOK

- **Domestic supplies in China to stay tight on plant closures**
- **Availabilities also to stay squeezed by cracker operating rate cuts**
- **But demand worries may persist**

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	+50	1050.00-1150.00	+50	850.00-950.00	47.63-52.16
CFR NE Asia	USD/tonne	+20	1050.00-1150.00	+50	900.00-980.00	47.63-52.16
CFR Taiwan	USD/tonne	+20	1050.00-1150.00	+50	900.00-980.00	47.63-52.16
CFR SE Asia	USD/tonne	+20	1000.00-1100.00	+50	850.00-930.00	45.36-49.90

China

FOB China prices were assessed up, tracking higher pricing indications heard. Sellers hiked expectations to keep pace with the rally seen in domestic yuan values.

Domestic China prices spiked, as prompt supplies tightened with an upcoming maintenance.

Price (CNY/tonne)	24 February	18 February
DEL east China	8,500-8,600	7,700-7,800

Northeast Asia

CFR northeast Asian assessments were raised, taking into account firmer buy-sell discussions, although there was no concrete fresh business closed this week.

Sellers elevated targets, and selling indications were heard at or well over the high $1,100s/tonne CFR NE Asia. This was also better aligned, sellers said, with the import parity values of prevailing yuan-denominated prices.

But buyers were resistant. Even if some did raise buying indications higher than the week prior, in an attempt to bridge their gap with sellers, the divide remains wide.

Some southeast Asia-origin volumes may have changed hands early in the week at the low $1,000s/tonne CFR NE Asia, for mid-March shipment to northeast Asia, market sources said. But this was excluded from assessments as the said deal done level was broadly deemed as unrealistically low and hence unrepeatable, considering how crude had spiked during the week.

CFR Taiwan assessments were raised in tandem with changes in CFR NE Asian assessments.

Monthly Contract DEL, $/tonne	Jan 22	Dec 21	Nov 21	Oct 21	Sep 21	Aug 21	Jul 21
Taiwan FPCC	795	780	885	870	1,175	1,545	1,380
Korea YNCC	835	645	800	790	1,050	1,650	1,470

Southeast Asia

CFR SE Asia assessments were adjusted up in line with changes in the CFR NE Asia assessments, in the absence of any fresh and concrete transactions.

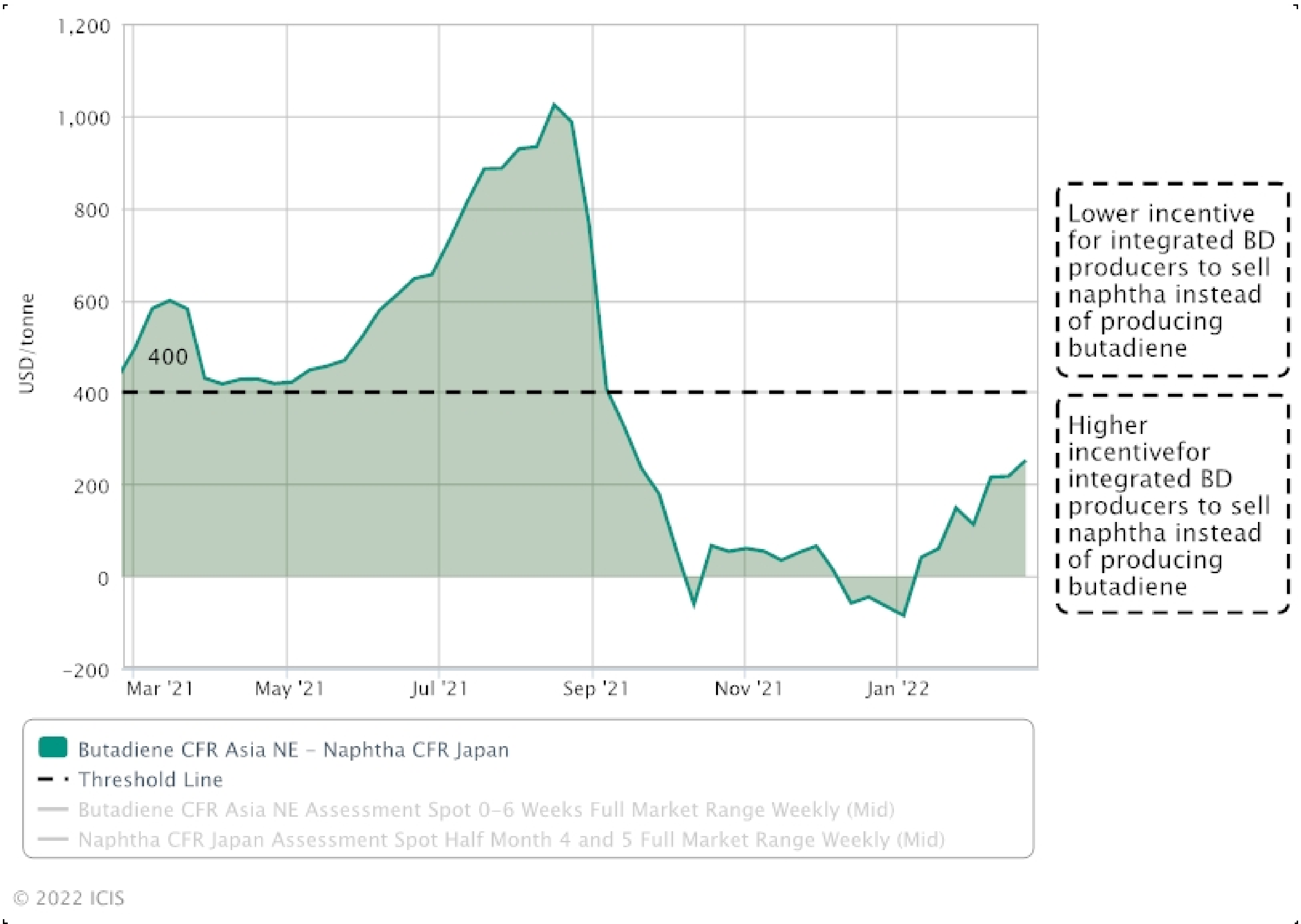
SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	+100	8300-8400	n/c	7500-7600	-

UPSTREAM

Asia-Pacific naphtha prices soared to multiyear highs at above $900/tonne alongside spikes in crude oil futures, following Russia's invasion of Ukraine. Tight supply concerns fuelled market sentiment, sending the product's intermonth spread to its widest backwardation since December 2019.

Feedstock spread between Naphtha CFR Japan and Butadiene CFR NE Asia



Click here for the Asia feedstocks and petrochemicals weekly summary.

DOWNSTREAM

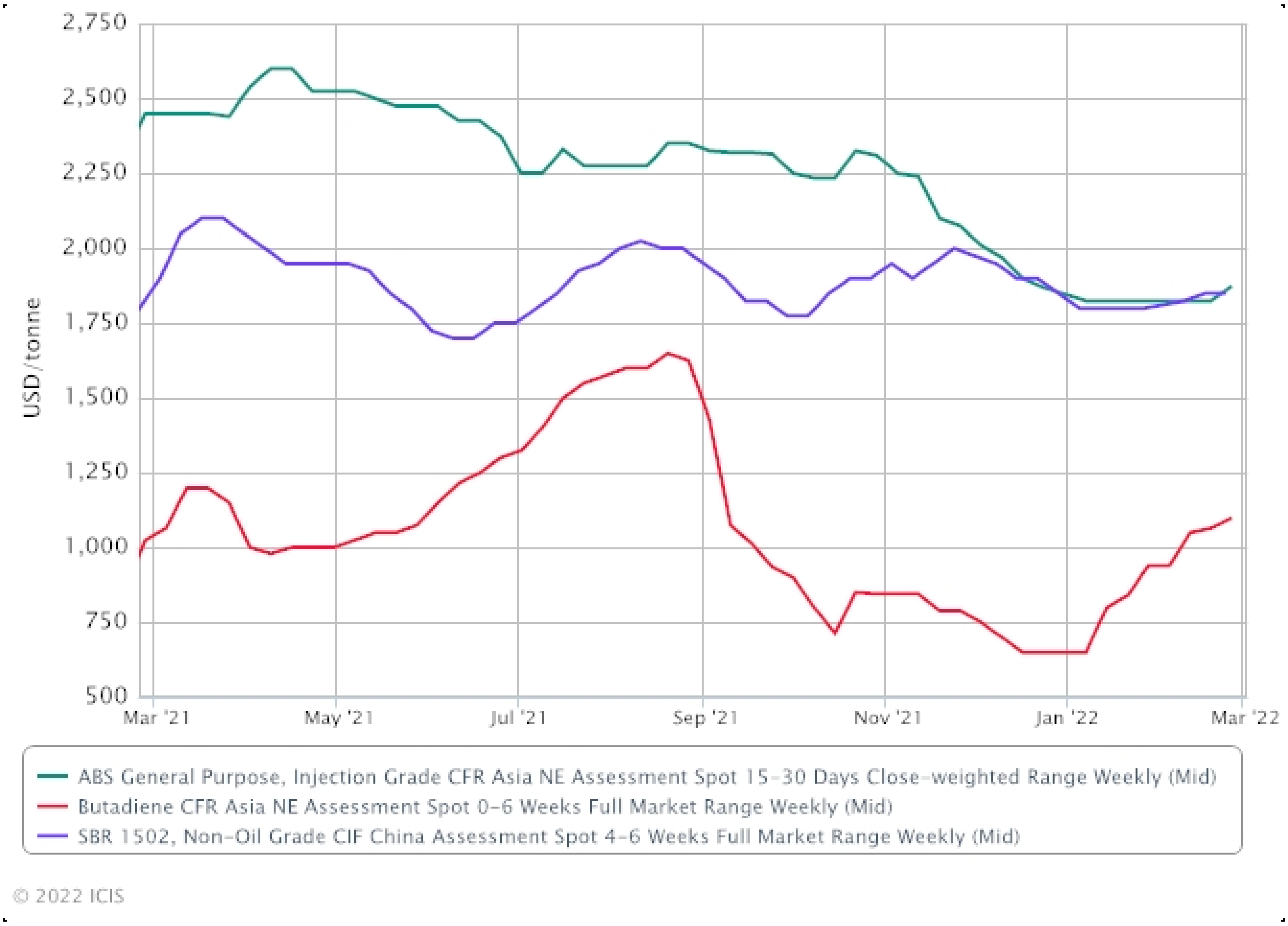
Asian spot prices for styrene-butadiene rubber (SBR) imports were stable-to-firm, as offers tap upstream costs for support.

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

Spread between Butadiene and Styrene Butadiene Rubber Asia

Spot **acrylonitrile butadiene styrene (ABS)** import prices in northeast Asia rose, following a six-week stalemate.

Feedstock and ABS supplies were tightened in South Korea as Yeochun NCC (YNCC)'s No 1 aromatics and No 3 aromatics units had been shut. Compatriot LG Chem will shut its ABS line for scheduled maintenance in March. A higher-priced deal surfaced amid higher offers, though the uptrend was capped by sluggish derivative demand.



PRODUCTION

The regional BD market remains structurally over-supplied, with more new capacities, including a 200,000 tonne/year unit in China's Zhejiang province, expected to come onstream within the first half of 2022.

But prompt output has been reduced, following a heavy and ongoing wave of cracker operating rate cuts in northeast Asia. Supply will also be weighed down by various planned and unplanned plant closures in the February-March window.

Click here for the Asian BD Live Disruption Tracker.

OTHER REGIONS

In the US, nominations for BD March contracts rose above February, amid tighter supplies and firmer costs.

Meanwhile, players in the US await the arrival of hefty BD imports, although the shutdown at one of its regular Asian suppliers have raised concerns.

In Europe, BD March contracts were also set higher than February, on firmer upstream values.