



Butadiene (Asia-Pacific)

By Ai Teng Lim
25-Nov-2022

[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

- **Falls in domestic China**
- **China's import appetite dented**
- **Limited demand support in wider Asia**

Sentiment in the Asian butadiene (BD) import market weakened after losses in China's domestic market.

Domestic yuan-denominated BD prices slumped after local downstream production was disrupted again by a recent surge in COVID-19 cases which resulted in tighter restrictions in some areas, including in the capital Beijing.

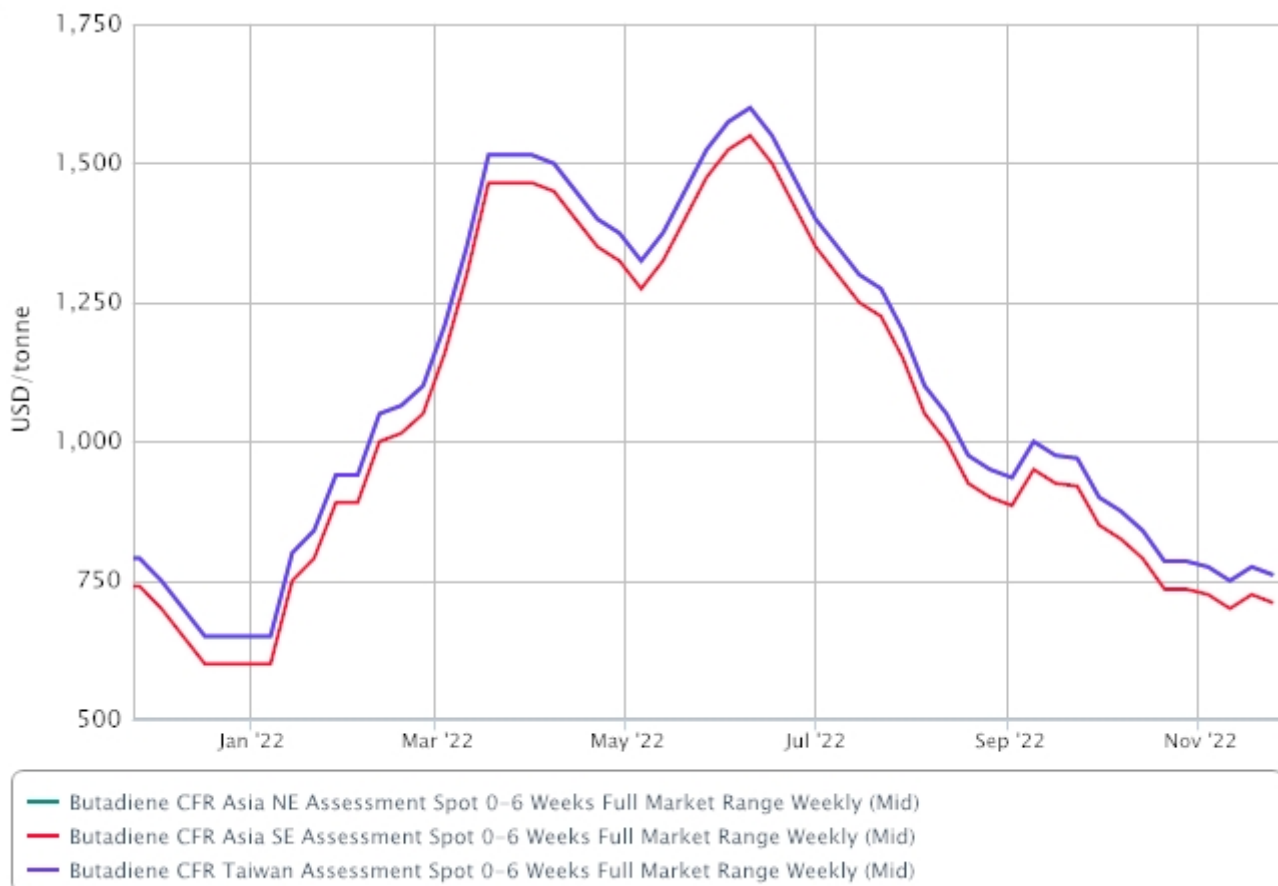
This also [diluted](#) China's buying appetite for US dollar denominated imports, and more subdued buying indications surfaced.

There was also no demand improvement in wider Asia. In fact, more downstream plants in northeast Asia may make further cuts in output to cope with the consistent poor sales of their finished products, market sources said.

Supply-wise, BD output in Asia remains curtailed by feedstock limitations stemming from low cracker operations. This lent support to current selling expectations.

Although regional BD makers agreed that downstream demand fundamentals were weak, they also think that when procurement needs arise, buyers will have little option but to raise bids to get volumes from the small supply pool .

Some regional end-users are comfortable with this as they see an opportunity to tap into the ad hoc availability of deep-sea origin material for replacement volumes.



© 2022 ICIS

OUTLOOK

- **Unclear** outlook for China's COVID-19 situation
- **COVID-19** restrictions to weigh on demand
- **Asian supply to remain snug - could offset downside pressure**

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

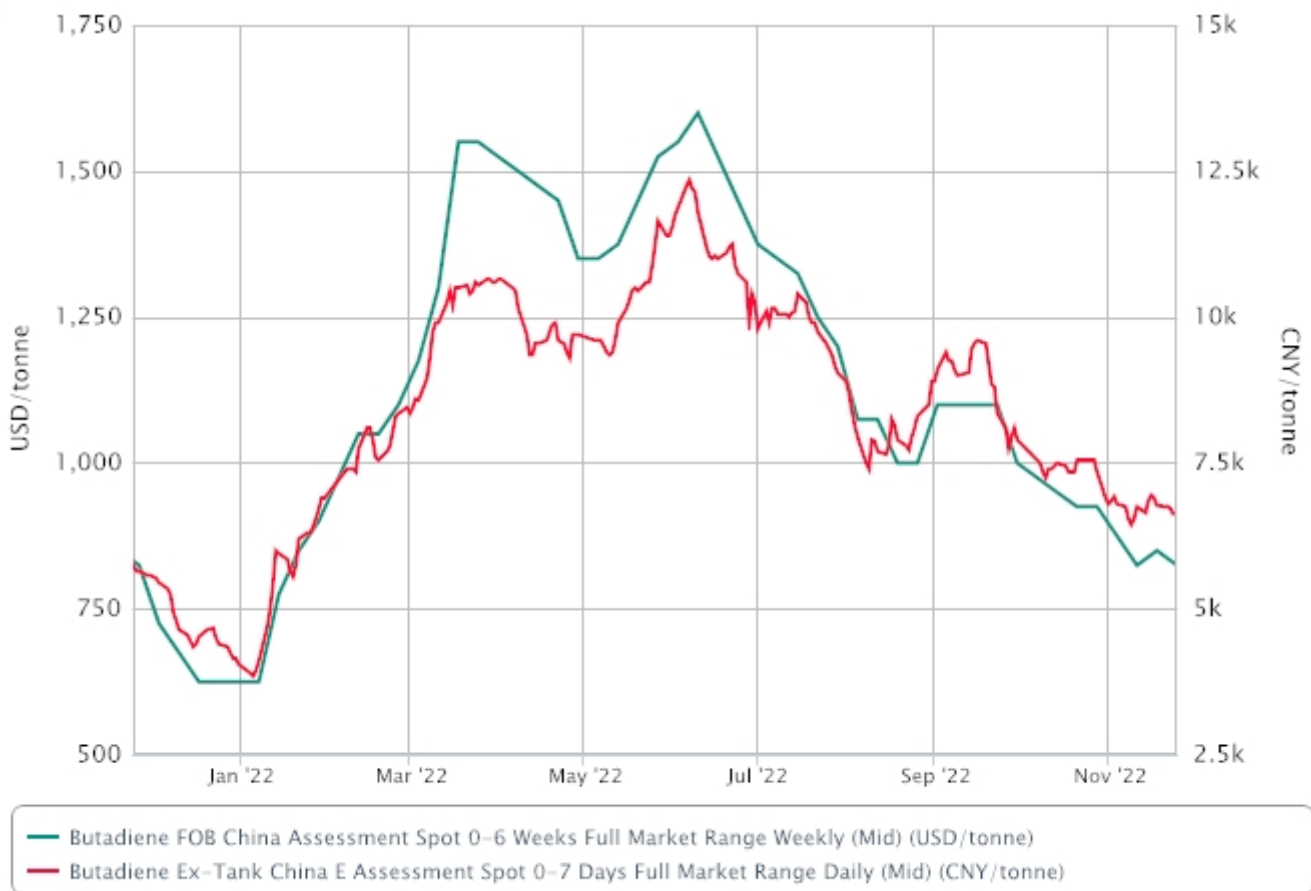
			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	n/c	800.00-850.00	-50	900.00-950.00	36.29-38.56
CFR NE Asia	USD/tonne	-30	720.00-800.00	n/c	750.00-820.00	32.66-36.29
CFR Taiwan	USD/tonne	-30	720.00-800.00	n/c	750.00-820.00	32.66-36.29
CFR SE Asia	USD/tonne	-30	670.00-750.00	n/c	700.00-770.00	30.39-34.02

China

The FOB China assessment was adjusted down on the high end with lower selling indications heard.

There were no substantial discussions at all, in the absence of buying interest.

Domestic ex-tank prices in east China fell as downstream operations were hit by resurgence of COVID-19 cases in several Chinese cities.



© 2022 ICIS

Northeast Asia

CFR NE Asian prices were assessed in a wider range to capture the spectrum of buy-sell sentiment for the week.

The high end tracked selling indications for Asia-origin cargoes, which mostly held firm. Some sellers were heard mulling higher targets to mitigate cost pressures.

For Asian BD makers, selling pressure was minimal as spot availability was limited due to lower-than-usual operations.

Other trader-sellers, were mostly focussed on 2023 term negotiations, and did not pursue spot business actively in the week. For the latter, most wanted to only discuss on a formula-linked basis and not on fixed price terms.

Buying indications softened at the low end alongside declining yuan values. However, a deep-sea cargo was heard sold early in the week at around the mid-point of the published range for early January shipment to China. However, no substantive discussions materialised for Asia-origin cargoes, in part due to a lack of availability.

Some pockets of buying interest were detected late in the week in other NE Asian outlets, but market players said negotiations may pick up in the coming week when there is further clarity about cargo availability.

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

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

Southeast Asia

The CFR SE Asia assessment was adjusted with the change in the CFR NE Asia assessment.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

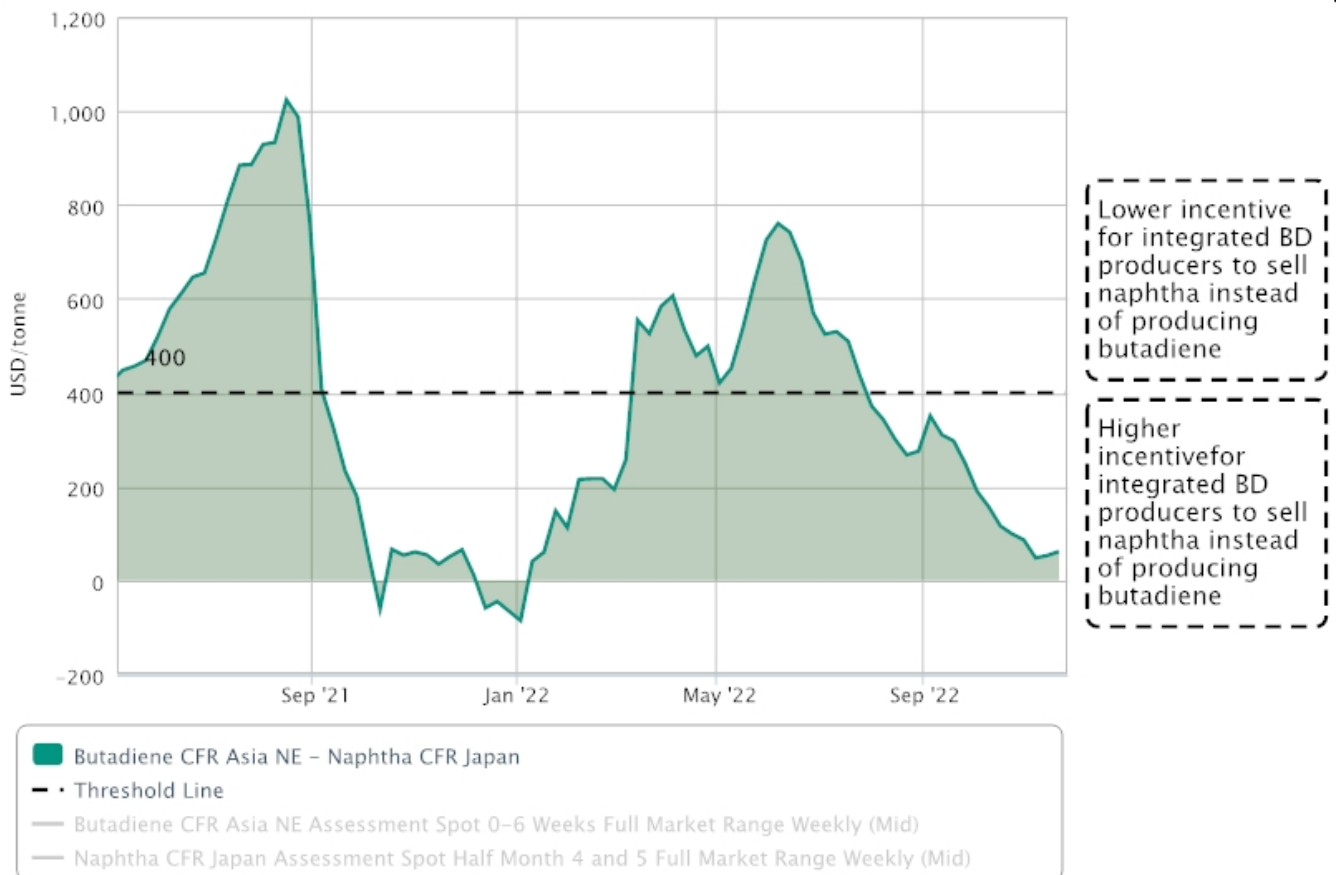
		Price Range	One Week Ago	/
Butadiene				
Ex-Tank E China	CNY/tonne	-150	6400-6500	-150
			6700-6850	-

UPSTREAM

Naphtha

- Asia spot buying less than robust; market structure imbalance
- High freight costs to curtail western cargo flows
- Poor margins downstream cautions demand

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



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

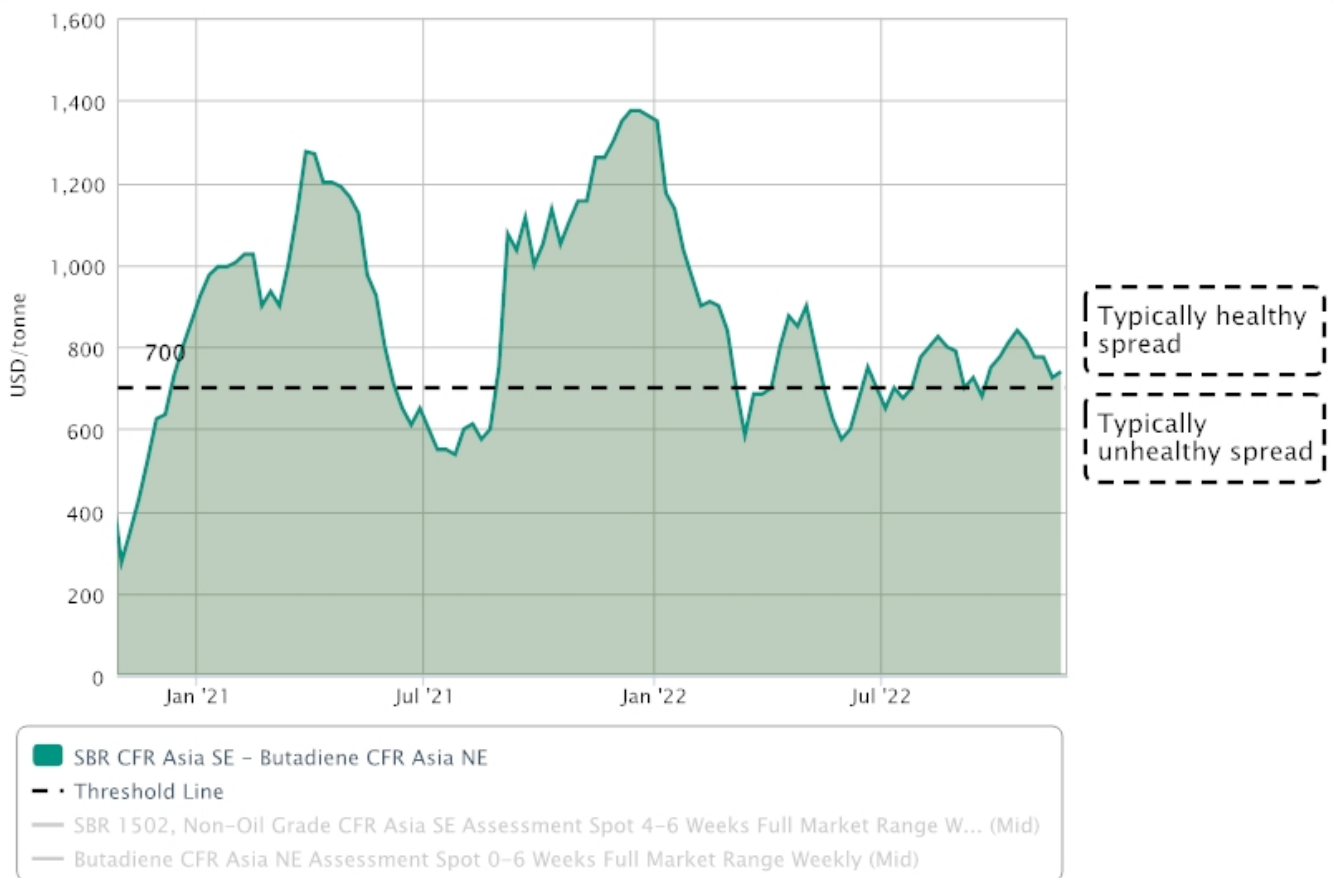
DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Soft demand persists
- Sellers cautious after some upstream cost uptick
- Offers scant

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 fails to sustain last week's stalemate, ensuing the previous five-week decline
- Sentiment hurt by rising Covid-19 infection rate in China
- Protests in Zhengzhou, China and in South Korea



© 2022 ICIS

PRODUCTION

In wider Asia, BD output from extraction units in South 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. There is also an [unplanned](#) closure in southeast Asia.

Domestic BD supply in China tightened on several [planned](#) and [unplanned](#) closures in November, but may [lengthen](#) if more new projects start up by the end of the year.

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

OTHER REGIONS

Europe

- Bearish fundamentals ongoing
- December demand a concern on ongoing inventory management
- Production cuts in place in mitigation
- Exports fixed, talks ongoing but options reduce on slowing US demand

US

- December contract nomination sharply lower
- Spot falls further on slumping demand
- Falling US prices cause concern for European exporters

Butadiene (Asia-Pacific) | 25-Nov-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

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

