



## Butadiene (Asia-Pacific)

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

### OVERVIEW

- **Demand still generally bearish in wider Asia**
- **Domestic China saw some late-week uptick**
- **This lifted market sentiment slightly for import talks into China**

Asian spot discussions for butadiene (BD) imports were mixed – slow in wider Asia, but somewhat more upbeat in China, following a late-week uptick in domestic yuan values.

In wider Asia, downstream demand remains lacklustre, amid curtailed operations at many derivative sectors.

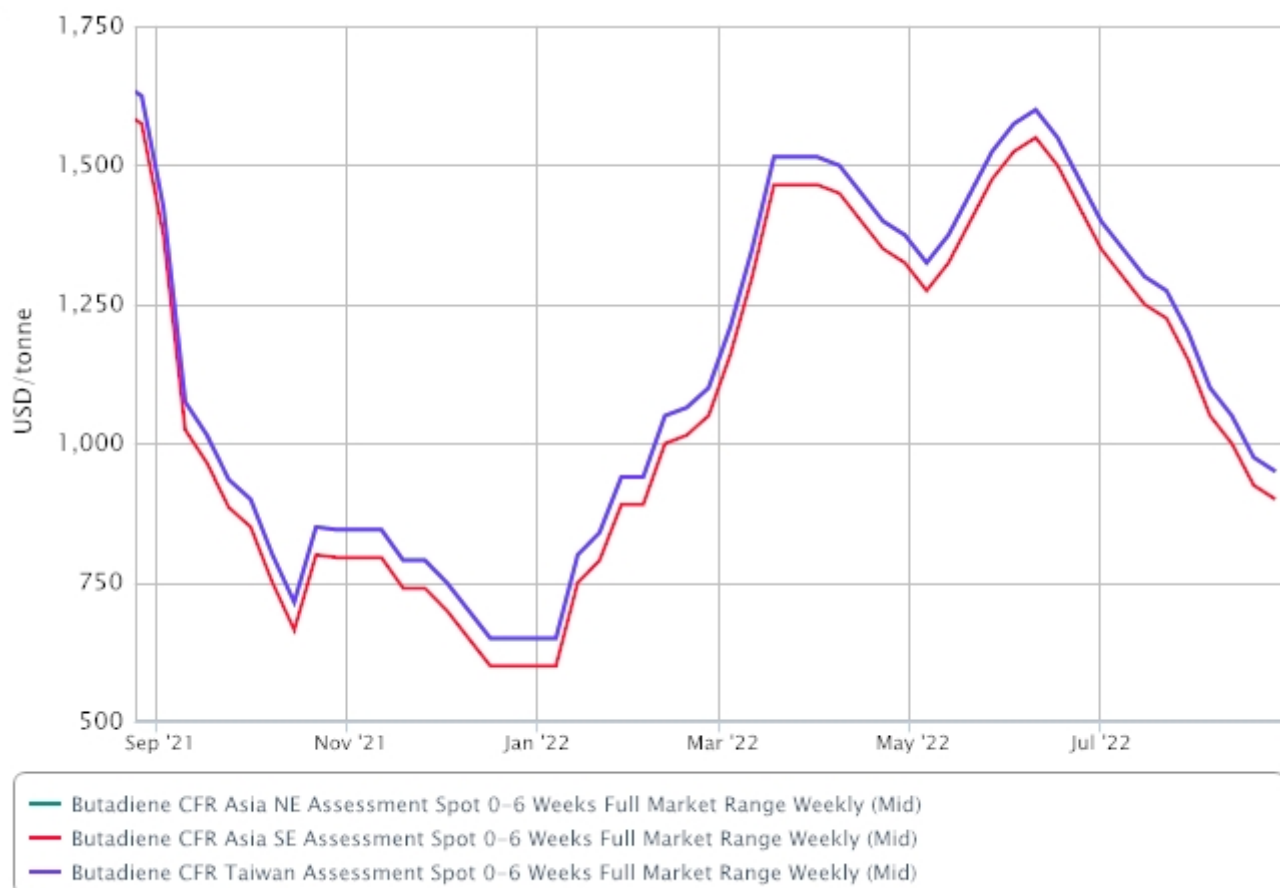
Buyers also saw no supply concerns, as even though low cracker operations curbed BD output in northeast Asia, there was no lack of spot availabilities from southeast Asia. Buyers, as such, saw no need to rush to buy and also progressively dropped their buying indications.

There was no meaningful discussions as such with sellers, many of whom were still resistant to dishing out wider discounts and kept to negotiating spot deals only on a formula-linked basis, market sources said.

However, sentiment among sellers were lifted to some extent after the domestic yuan-denominated BD market edged up late-week, seemingly with support from better derivative off-take.

For instance, a polybutadiene rubber unit in Guangdong will be [restarting](#) after a two-month-long closure and average operating rates at China's acrylonitrile-butadiene-styrene (ABS) plants also [rose](#) week-on-week.

With the yuan's gain, more China market players may turn to consider buying potentially cheaper US dollar-denominated imports instead, market sources said. If this momentum could sustain, some sellers were hopeful that this could compensate for poor off-take from wider Asia.



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## OUTLOOK

- Sellers to eye demand recovery potential in China
- Uncertainties, such as [power shortage](#), prevail
- Outlook still hazy

## PRICES

### SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
<b>Butadiene</b>						
<b>FOB China</b>	USD/tonne	n/c	950.00-1050.00	n/c	1150.00-1250.00	43.09-47.63
<b>CFR NE Asia</b>	USD/tonne	-50	850.00-1050.00	n/c	1150.00-1250.00	38.56-47.63
<b>CFR Taiwan</b>	USD/tonne	-50	850.00-1050.00	n/c	1150.00-1250.00	38.56-47.63
<b>CFR SE Asia</b>	USD/tonne	-50	800.00-1000.00	n/c	1100.00-1200.00	36.29-45.36

### China

FOB China prices were kept unchanged on rangebound indications.

Sellers' sentiment were buoyant on a late-week rebound in the domestic yuan-denominated market.

Domestic ex-tank prices in east China closed higher week-on-week, on firmer deals achieved towards the end of the trading week.



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**Northeast Asia**

CFR NE Asian prices were assessed in a wider range amid muted discussions heard for different regional outlets.

In wider Asia, buying indications continued to trend down on poor buying interest, and the low-end of the assessment range tracks a bid heard in early week for a northeast Asia-origin cargo available to ship in late September/early October.

However, this discussion was not conclusive due to wide gulf in buy-sell expectations.

The high-end was rolled over, with broadly range-bound selling indications heard and in the absence of any concrete fixed-priced offers.

CFR Taiwan assessments were adjusted down on the low-end of the range, in tandem with the changes for the CFR NE Asian assessments.

Monthly Contract DEL, \$/tonne	Jul 22	Jun 22	May 22	Apr 22	Mar 22	Feb 22	Jan 22
Taiwan FPCC	1,255	1,450	1,360	1,415	1,355	1,040	795
Korea YNCC	1,315	1,555	1,445	1,445	1,335	1,015	835

**Southeast Asia**

CFR SE Asian assessments were adjusted down at the low-end of the range, in line with the changes for the CFR NE Asian assessments.

**SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY**

		Price Range		One Week Ago		/
<b>Butadiene</b>						
<b>Ex-Tank E China</b>	CNY/tonne	+200	8200-8400	+200	7800-8000	-

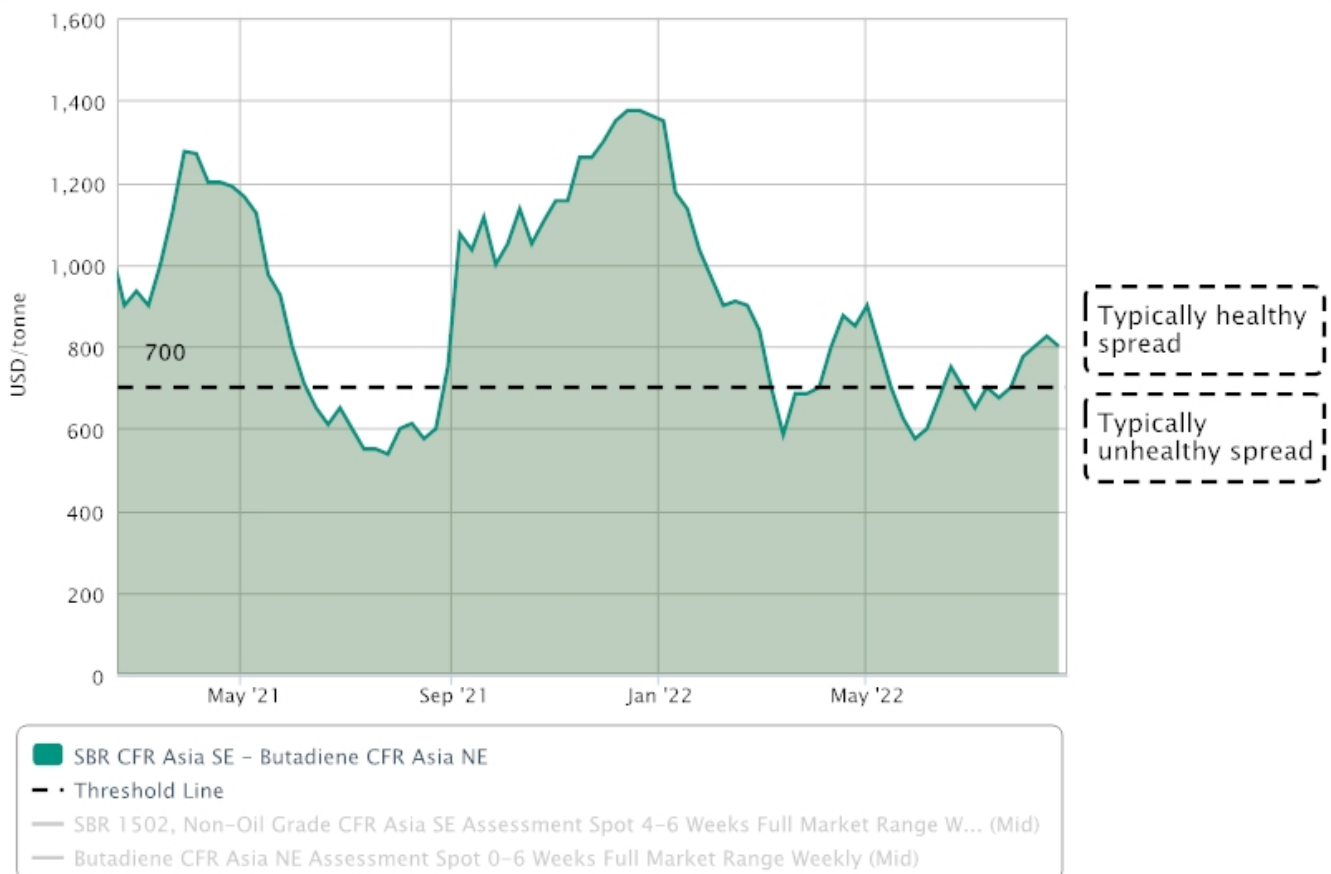
**DOWNSTREAM**

**Styrene-butadiene-rubber (SBR)**

- Sellers widened discounts
- Buying interest tepid
- Weak upstream also dampened sentiment

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

[Spread between Butadiene and Styrene Butadiene Rubber Asia](#)

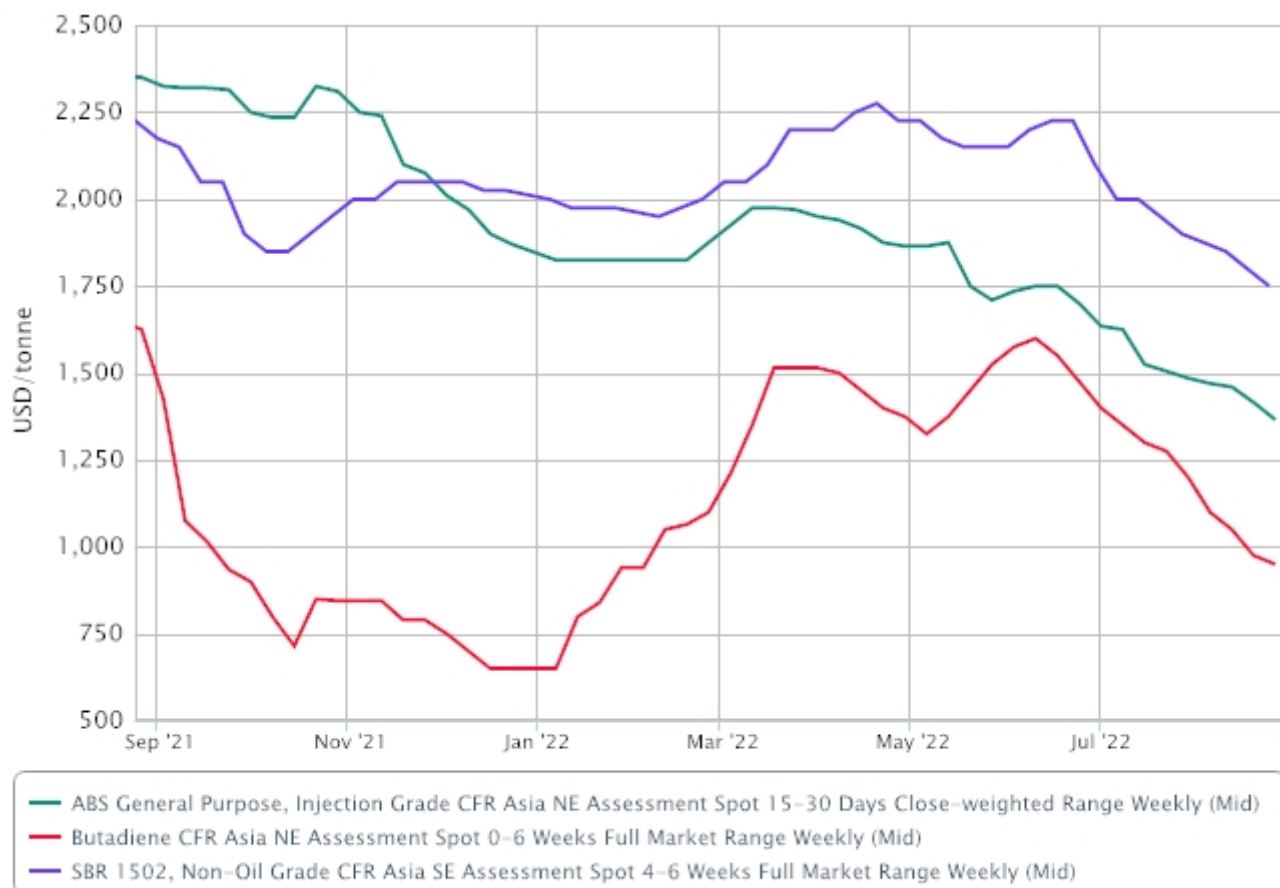


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**ABS**

- CFR NE Asia down for 10th week, stays at more than two-year low
- Burgeoning stockpiles from poor end-use consumption compels offers to drop further

- Worries as some plants plan to raise production on improved margins from feedstock cost drop



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## PRODUCTION

BD supplies are poised to lengthen in China, with more plants restarting from maintenance.

However, with many upstream crackers across Asia still operating at sub-optimal levels, this will continue to cap and curb output from related BD extraction units.

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

## OTHER REGIONS

### Europe

- Domestic spot prices firm triple digits following deal done
- Ongoing supply constraints on the back of European outages
- Export market quiet, prices stable

### US

- September nomination [emerges lower](#)
- Spot steady on muted activity

- Supplies snug, but appear balanced with demand

## ANALYTICS

### ICIS Downstream Automotive Demand Outlook

Global light vehicle sales rose to 85m units in June from 76m in May, according to Oxford Economics. The growth was primarily attributed to China, with the easing of lockdown measures. On the negative side, uncertainty over gas supply, particularly from the Nord stream 1 pipeline from Russia to Europe, continues. In addition, escalating tension in the South China Sea is extremely worrying for the global automotive industry because of the world's heavy dependence on Taiwan as a major supplier of computer chips – and this could further dampen the outlook.

According to the US Census Bureau, US light vehicle sales increased by 2.6% month on month in July, with total sales of 13.3m units, although this was still down by 16% year on year and 21.6% lower than the same month in 2019. The finished inventory-to-sales ratio slightly improved month on month, from 0.526 to 0.555 in June. For context, the ratio was 0.937 in June 2021 and 2.641 in June 2020. High inflation, slumping consumer confidence and tighter monetary policy will weigh upon consumer demand in the automotive sector. On a positive note, the US Congress has passed the CHIPS Act to boost semiconductor manufacturing with a total package worth \$280bn to support computer chip research and production.

The European Automobile Manufacturers Association (ACEA) reported a 15.4% year-on-year fall in passenger car registrations in June (and a 14% fall during the first half of 2022). All major European economies posted double-digit sales contractions, as logistics and supply-chain problems continued to affect the industry. Commercial vehicle registrations were down 22.5% month on month in June. ACEA reported that the fall was mainly as a result of the drop in sales of new vans.

According to the China Association of Automobile Manufacturers (CAAM), Chinese car production was up 31.5% year on year in July 2022. However, it shrank by 1.8% month on month. The inventory-to-sales coefficient, calculated as current inventory divided by sales for the month, was down to 1.45 in July from 1.36 in June. This was as a result of various promotional industry events following the easing of COVID-19 restrictions. India's automotive retail sales contracted by 7.8% year on year in July. The biggest concern for the region continues to be timely availability of semiconductor chips in the wake of current geopolitical tensions.

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## Motor vehicle sector growth by region

2021 vs 2022



SOURCE: Oxford Economics

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