



Butadiene (Asia-Pacific)

By Ai Teng Lim
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[Overview](#) | [Outlook](#) | [Prices](#) | [Upstream](#) | [Downstream](#) | [Production](#) | [Other Regions](#) | [Analytics](#)

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

All prices in the weekly analysis on 2 June will be assessed based on information collated up to 1 June, with the exception of domestic yuan (CNY) quotes. Please click [here](#) for the ICIS publishing schedule.

ICIS is collecting feedback on our current methodology for Butadiene. Please click [here](#) to provide your feedback.

OVERVIEW

- **Tepid downstream demand**
- **Market deemed amply supplied**
- **Sentiment dented further by weak domestic China**

Downtrend continues for discussions in the Asian spot butadiene (BD) import market amid sluggish [downstream demand](#) conditions across Asia.

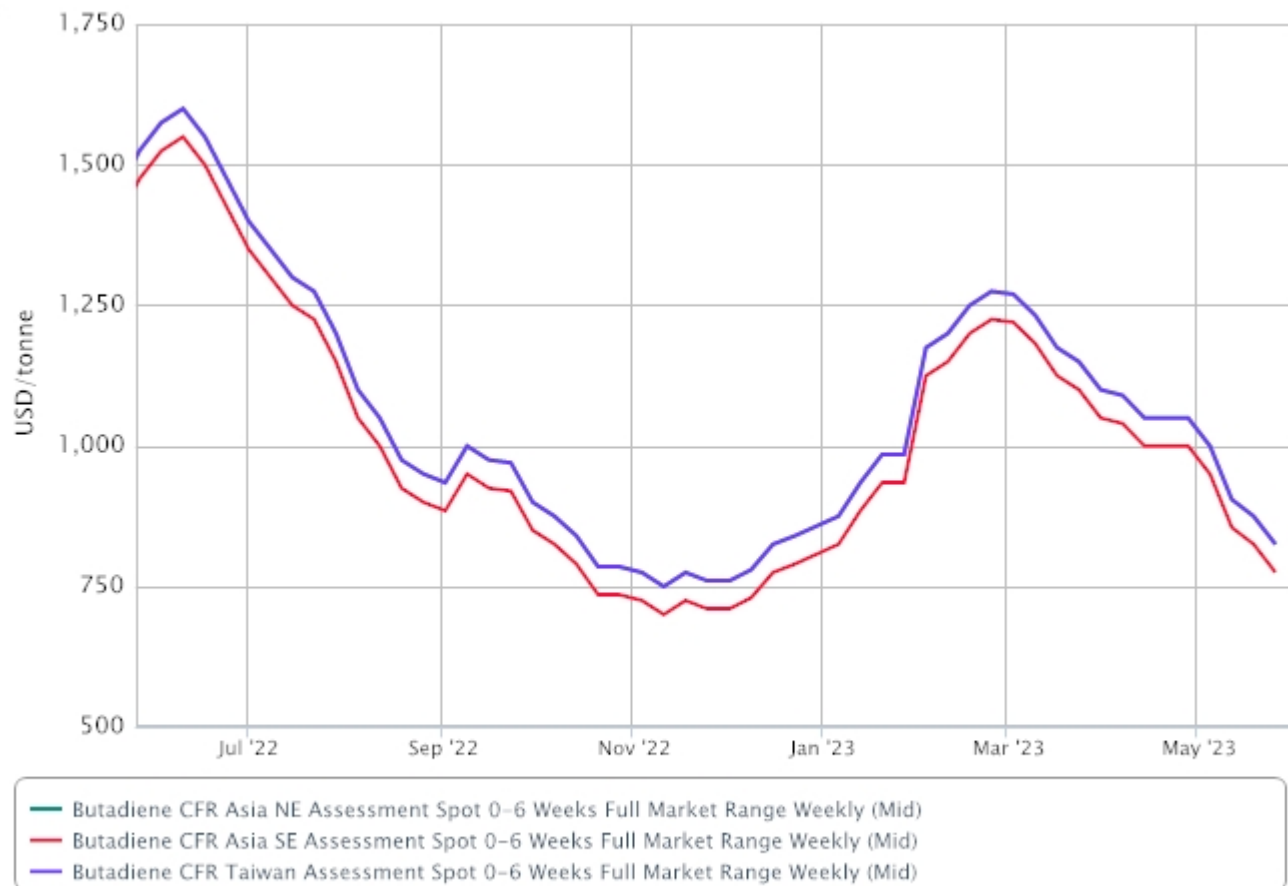
Several downstream synthetic rubber plants in northeast Asia are slated for turnaround in the coming months, which would curtail off-take for feedstock BD.

Most end-users have already covered their requirements for June, and possibly even July. If they have room to take in any additional spot volumes, end-users said there was no urgency to book, as they deemed the market amply supplied.

There has been a consistent stream of southeast Asia-origin spot availabilities. And in-flow of deep-sea origin materials could continue too, even if no fresh cargoes were shown this week.

Furthermore, once several BD plants in northeast Asia restart from maintenance in June, this will also lengthen the supply.

Fresh losses seen this week in the [domestic](#) yuan-denominated market in China also affected China end-users' buying appetite for US dollar-denominated imports.



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OUTLOOK

- Supply could lengthen in Q3
- Demand recovery prospects unclear
- Bearish sentiment may linger

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	-90	800.00-850.00	-50	1020.00-1080.00	36.29-38.56
CFR NE Asia	USD/tonne	-50	800.00-850.00	-50	1000.00-1100.00	36.29-38.56
CFR Taiwan	USD/tonne	-50	800.00-850.00	-50	1000.00-1100.00	36.29-38.56
CFR SE Asia	USD/tonne	-50	750.00-800.00	-50	950.00-1050.00	34.02-36.29

China

Domestic ex-tank prices in east China continued to trend down, with weak domestic buying tempo.

A major China producer also revised downwards its BD list price, dropping to yuan (CNY) 7,300/tonne on 26 May, from CNY 7,500/tonne on 23 May.

FOB China discussions were weighed down as such, and assessments were dropped to reflect softer buy-sell indications.



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Northeast Asia

CFR NE Asian prices were assessed down, to reflect weak market sentiment and softer buy-sell indications heard, even though no concrete and verified transactions transpired in the week on a fixed-price basis.

A SE Asia-origin cargo was sold for June shipment to China this week, but the trade was closed on a formula basis, with FOB values pegged at a three-digit discount to CFR NE Asia.

Most players, especially producers, are gearing towards discussing spot trades only on formula-linked terms, in order to sidestep the big disparity between their expectations and buy-side pricing appetite.

For the scant fixed-priced discussions, some traders with potentially June cargoes at hand to sell were heard willing to start engaging buyers from around mid-\$800s/tonne CFR NE Asia, even if they, alongside producers, had earlier held fast to higher targets.

But buying indications hovered at around \$800/tonne CFR NE Asia and toward late week, as domestic China values continued to slide, many China-based buyers for imports retreated, saying they would wait to see how the domestic market pans out before they re-deliberate on import purchases.

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

Monthly Contract DEL, \$/tonne	Apr 23	Mar 23	Feb 23	Jan 23	Dec 22	Nov 22
Taiwan FPCC	1,015	1,085	1,085	855	755	755
Korea YNCC	1,060	1,145	1,178	905	795	755

Southeast Asia

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

Two southeast Asia-origin cargoes available for June lifting were put up for sale this week, via separate tenders. One was sold for delivery to China, but details were not available of the outcome for the other tender.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

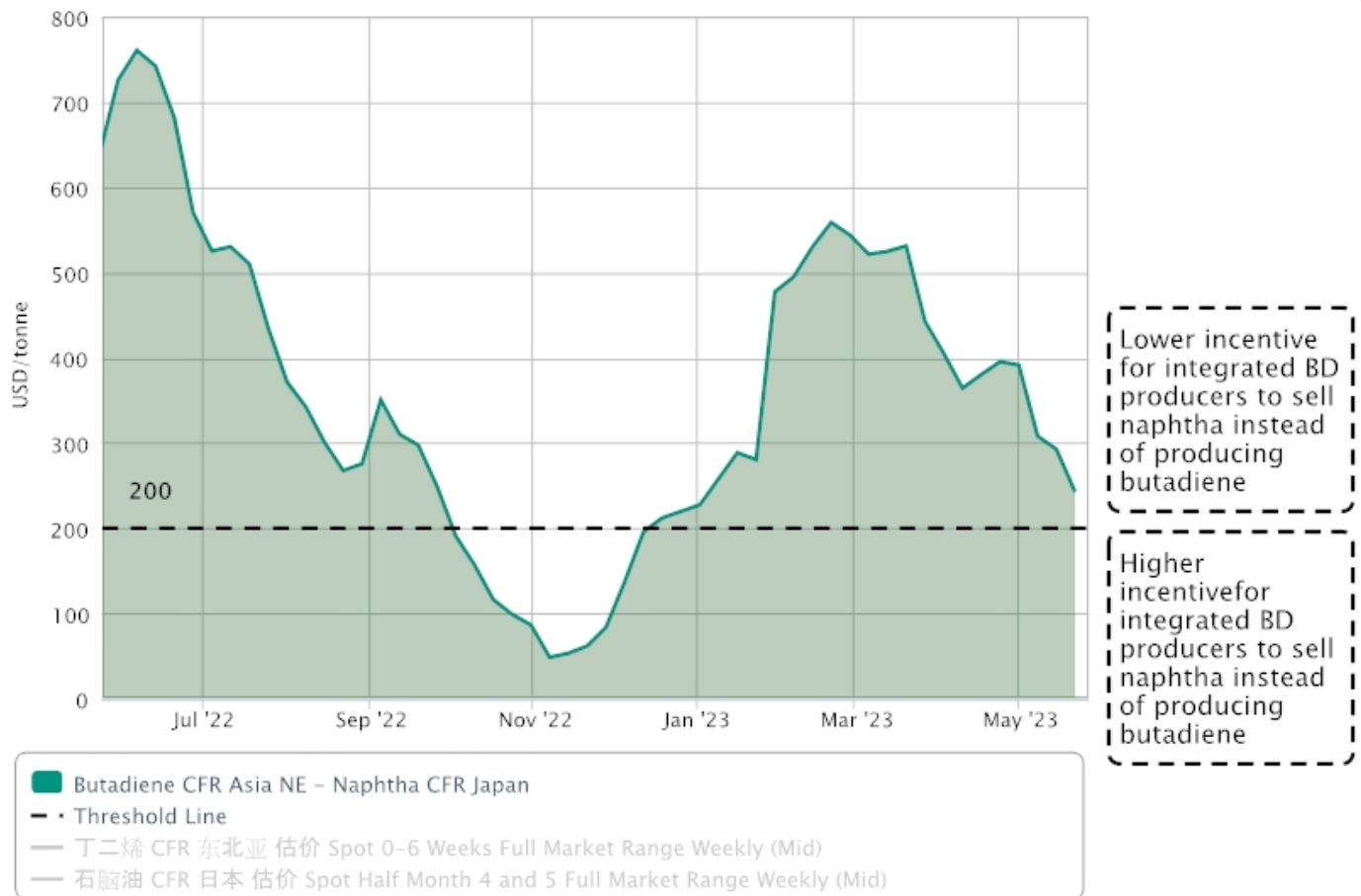
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	-200	6700-6700	-300	7150-7300	-

UPSTREAM

Naphtha

- Firmer crude supports naphtha
- Sentiment soft on weak demand
- Market remains in contango on soft fundamentals

[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.

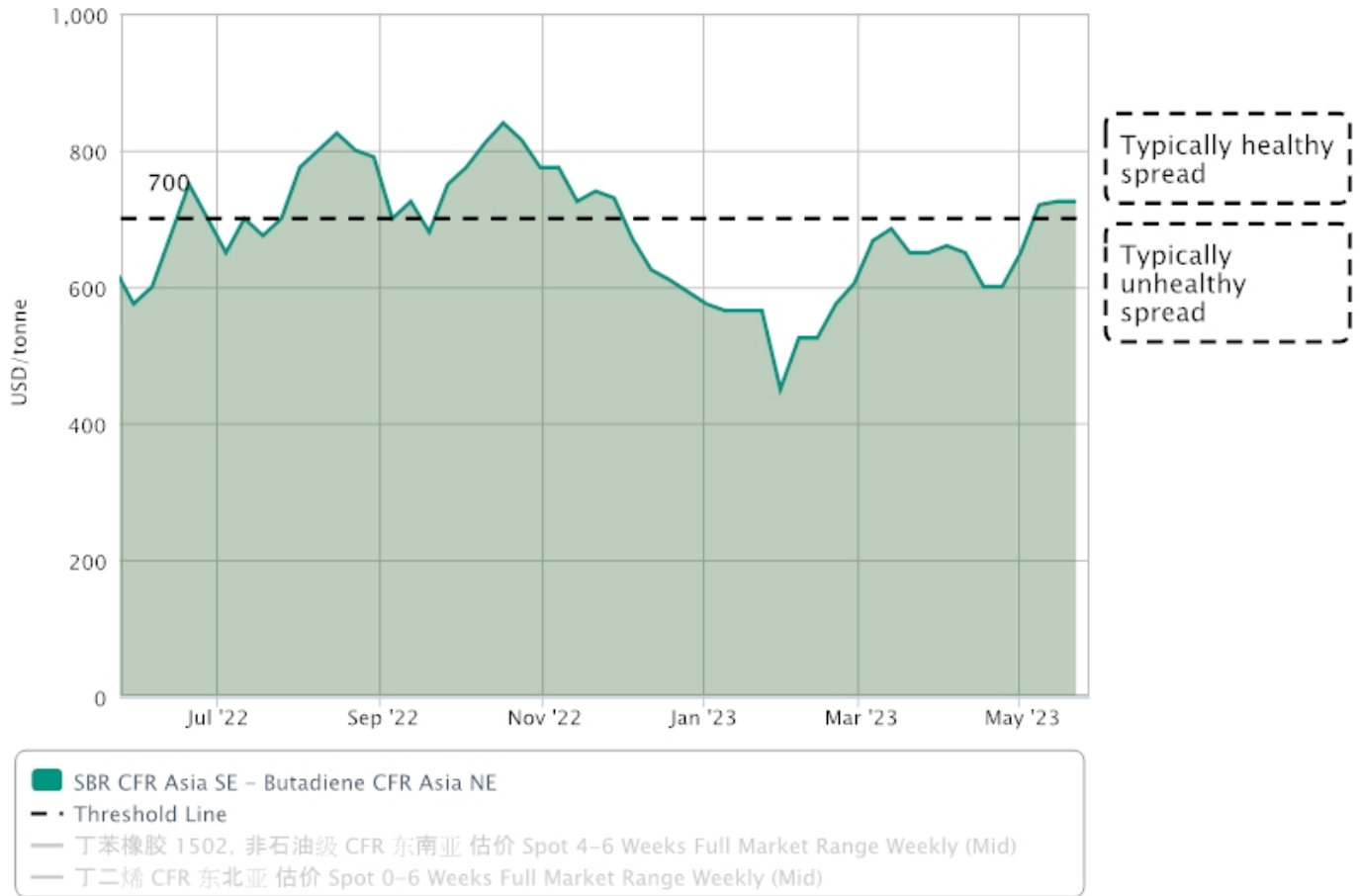
DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Buying interest tepid
- Upstream losses also weigh on sentiment
- Sellers wait and see

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)

- Import prices down for fourth week
- Seller margins maintain at healthy levels as feedstock plunge more than ABS'
- Weaker bids surface post-deal, reflecting poor projections



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PRODUCTION

Output in northeast Asia is crimped in Q2 amid a heavy wave of maintenance closures, from [Taiwan](#), [Japan](#) to [South Korea](#).

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

OTHER REGIONS

Europe

- Spot market stable, quiet trading week
- Limited domestic demand
- Global supply outpacing demand

US

- [June contract nominated lower](#)
- Spot stable; interest muted
- Buyers sufficiently supplied

ANALYTICS

ICIS Butadiene Outlook

There are expectations for soft demand and improved production in the US BD market over the coming months, once two units return from planned maintenance. TPC Group raised production rates by 10% at its 546,000 tonne/year BD plant in Houston after work, during a scheduled maintenance in Q1, to boost reliability. TPC aims to expand capacity at Houston by mid-2024 and exceed production levels hit before a fire knocked out the Port Neches plant in 2019. Automotive supply chain problems due to a shortage of semiconductors and other components have eased, but rising interest rates will continue to weigh on sales.

In Q1, most majors reported a double-digit drop in chemical sales volumes in Europe. Steady or even bearish sentiment is expected to prevail in Q2. European BD demand, which has been weak so far, is unlikely to see a robust recovery in the rest of this year. As a result, BD needs are expected to remain close to those seen in 2022. That said, positive news could come from lower energy costs. The energy variable should no longer be an element in discussions during BD price settlements - as was the case in past months when BD contracts were affected by natural gas prices. European utility costs, which are down for a fourth straight month amid lower gas prices, are forecast to fall further in the weeks ahead. Natural gas storage in the EU was about 64% full mid-May, up from an average of 56% in March.

The Chinese appear keen to travel after the lifting of COVID-19 restrictions. Tyre manufacturer Michelin reported a 3% increase in replacement tyre volumes in Q1 compared with the same period in 2022, although OE tyre volumes fell by 14%. A reduction in new car incentives, which came into force in early 2023, should adversely affect sales going forward. From a BD perspective, China's total derivative capacity expressed in BD equivalent will increase to about 6.6m tonnes/year or by 24% this year. BD capacity will reach 6m tonnes/year. In theory, this will cause an imbalance in supply and demand unless new projects delay the start-up of commercial operations due to unfavourable market conditions.

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