ICIS
Independent Commodity Intelligence Services

Butadiene (Asia-Pacific)

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27-Aug-2021

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 plummets**
- **Demand sentiment elsewhere in Asia also softer**
- **But trades for prompt supplies held firm**

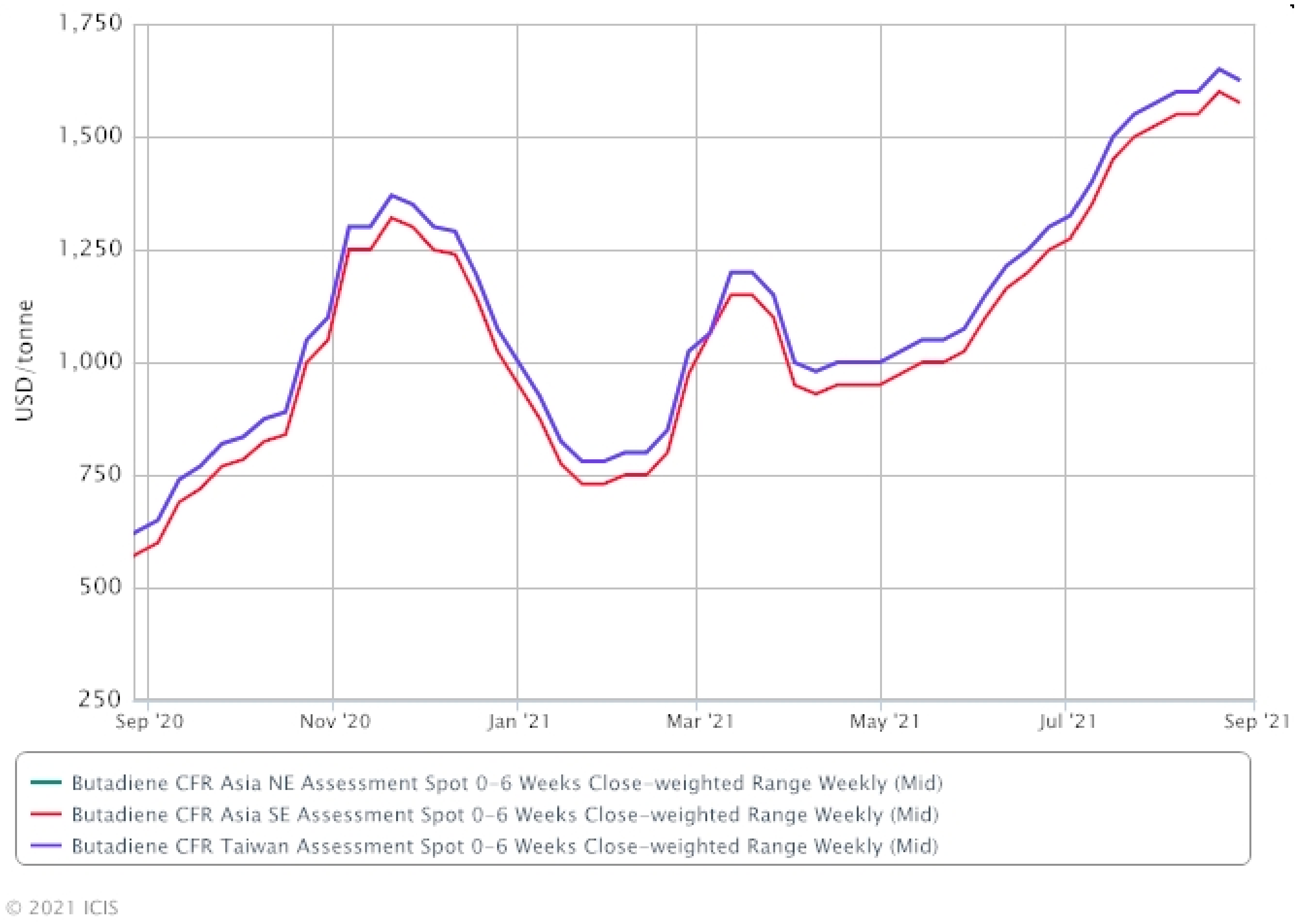
Asian butadiene (BD) spot prices were assessed in a wider range, as the buy-sell gap broadened throughout the week, alongside progressively lower yuan-denominated values.

In China, buying appetite for imports fell drastically in the course of the week, on anticipation that domestic BD supplies will balloon once production stabilises at several new BD projects, involving cumulatively over 400,000 tonnes/year of capacity in the near term.

Demand in other regional outlets seems to be easing too, market players said, with many end-users in Korea and Taiwan heard already well-covered for September and October requirements.

Some buying interest for prompt delivery cargoes prevailed in Japan earlier in the week, but market players said that by the close of the trading week, the gaps were closed too, in turn curbing fresh spot discussions.

But among sellers, sentiment was still broadly upbeat, with most regular suppliers heard confident in continued support from arbitrage trade opportunities to the US. That said, market players said that there were limited discussions this week on US-bound shipment supplies, in part because the US Gulf Coast is preoccupied with managing an approaching tropical storm.



OUTLOOK

- **Supply to lengthen when operations at new BD projects stabilise**
- **Sustained coronavirus worries may weigh in on regional downstream demand**
- **Eye on the sustainability of perceived US demand pull**

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
CFR NE Asia	USD/tonne	-50	1550.00-1700.00	n/c	1500.00-1650.00	70.31-77.11
CFR Taiwan	USD/tonne	-50	1550.00-1700.00	n/c	1500.00-1650.00	70.31-77.11
CFR SE Asia	USD/tonne	-50	1500.00-1650.00	n/c	1450.00-1600.00	68.04-74.84

Northeast Asia

CFR northeast Asian assessments were assessed stable-to-soft, tracking the full range of trade and discussions heard throughout the week.

Earlier in the week, limited volumes of Asia-origin materials were heard sold for very prompt shipment to Japan, at levels broadly similar to a trade in the week prior of the same circumstances, market sources said.

The high-end was kept unchanged in line with this.

But subsequent discussions in the week softened, firstly with losses seen in the domestic China market, and secondly, with weaker buying interest among regular end-users in the region. Most of the latter said that they were already amply covered and had no further requirements for H2 September/H1 October delivery parcels.

The low end was dropped to reflect a lower offer heard late week, involving China-origin materials.

CFR Taiwan assessments were adjusted down at the low end, in line with the changes in CFR northeast Asian assessments.

Monthly Contract DEL, $/tonne	Jul 21	June 21	May 21	Apr 21	Mar 21	Feb 21	Jan '21
Taiwan FPCC	1,380	1,205	1,010	1,050	1,135	880	950
Korea YNCC	1,470	1,245	1,010	987	1,102.50	827.50	867

East China domestic prices

In China, yuan-denominated prices plunged on thin demand and burgeoning supplies.

Price (CNY/tonne)	**27 Aug**	**20 Aug**
DEL east China	10,800-11,200	11,800-12,000

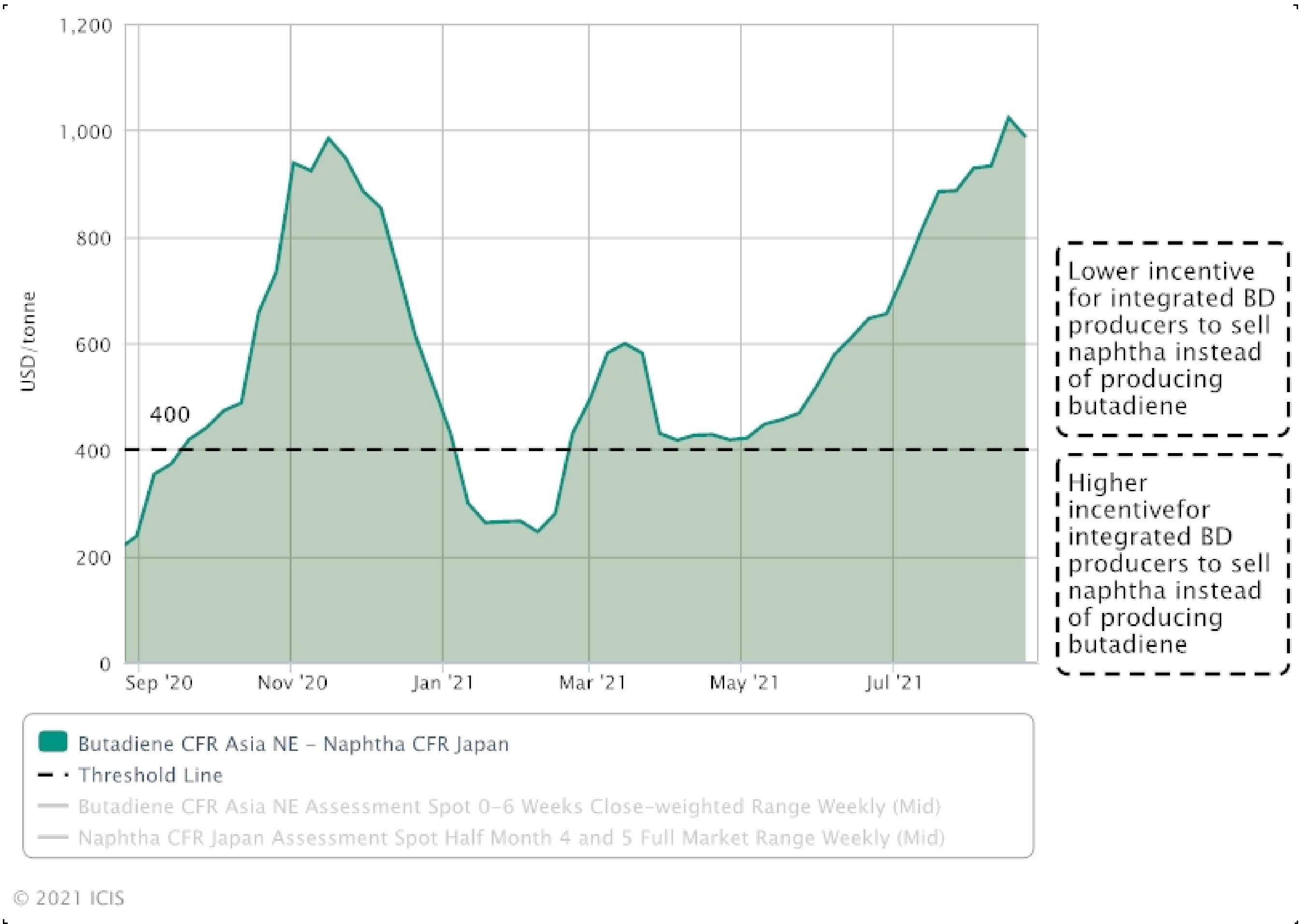
Southeast Asia

In the absence of any concrete CFR SE Asian business and discussions, CFR SE Asian prices were adjusted down on the low end, tracking changes in the CFR NE Asian assessments.

UPSTREAM

Asia Pacific **naphtha** prices were driven by rallying global crude oil futures most of the week. However, ample supply moderated the upside in market fundamentals, keeping naphtha’s market structure in a contango, with prompt-month prices lower than forward months.

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



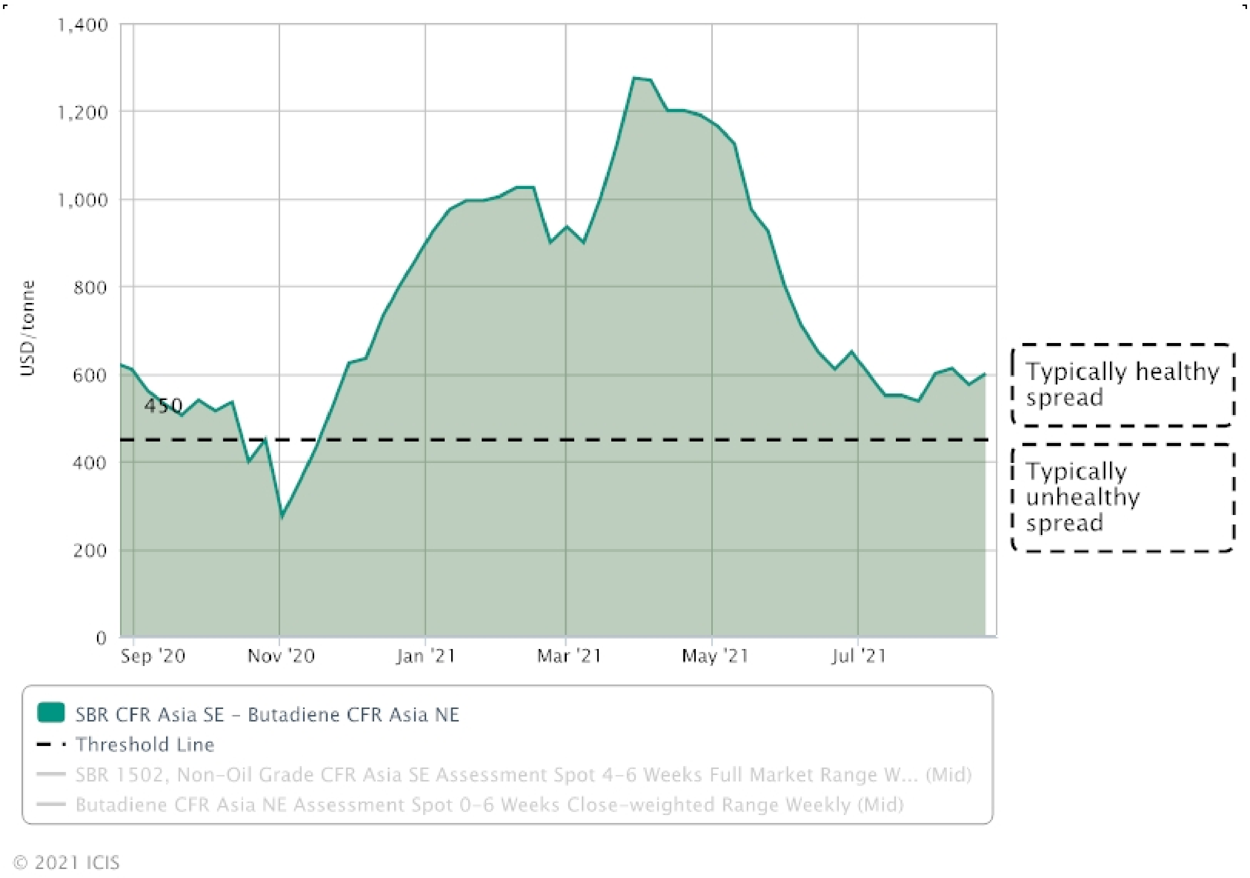
Click here for the Asia feedstocks and petrochemicals weekly summary.

DOWNSTREAM

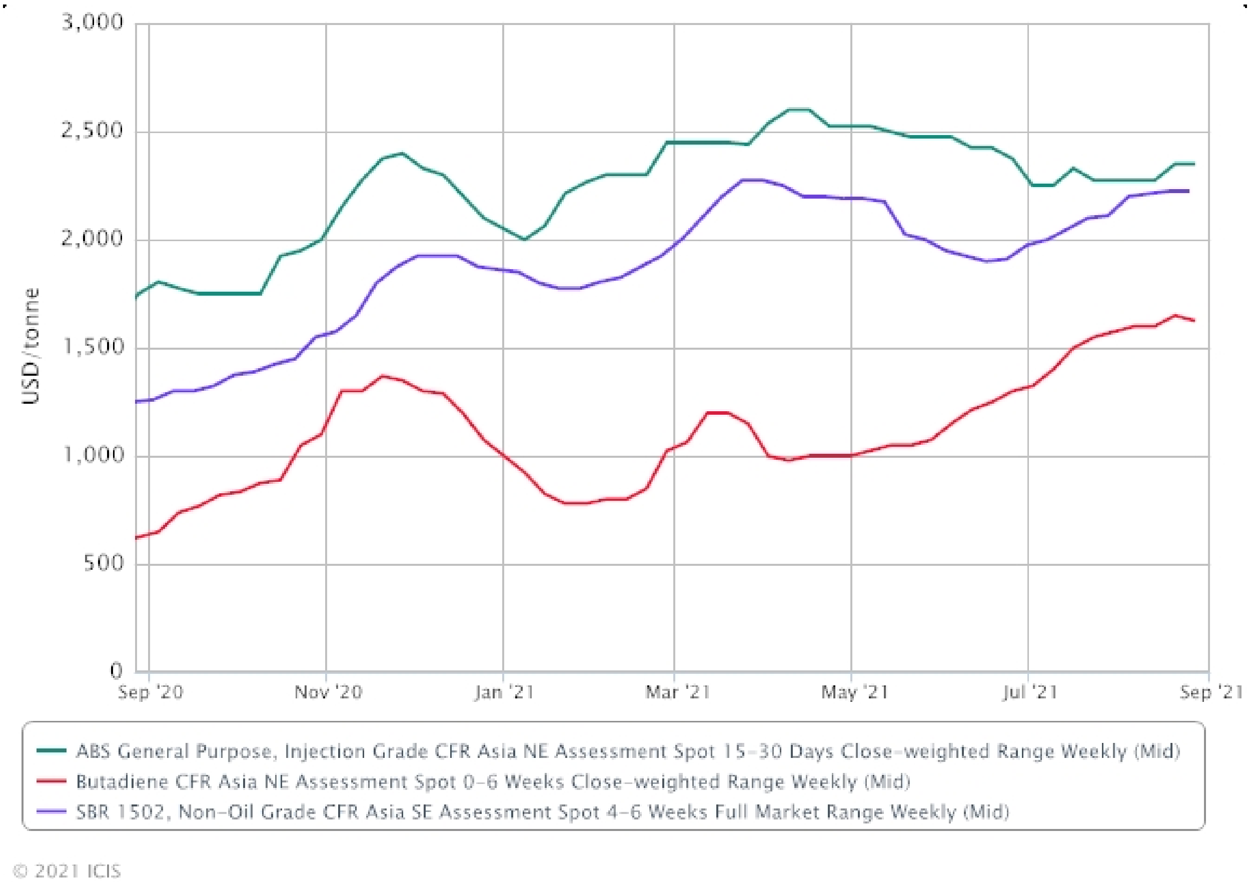
Spot discussions for styrene-butadiene-rubber (SBR) were rangebound, amid muted demand outlook in pandemic-hit southeast Asia.

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

Spread between Butadiene and Styrene Butadiene Rubber Asia



Asian acrylonitrile-butadiene-styrene (ABS) spot import prices were flat, failing to hold onto the uptrend from last week. The upbeat momentum ahead of the traditional peak was offset by talks of supply tightness easing amid COVID-19 resurgences.



PRODUCTION

Anticipations remain high that the regional BD market will lengthen in due course, once more new projects come on stream in northeast Asia in H2 2021.

Prompt availabilities in northeast Asia are tight however, amid several planned and unplanned regional shutdowns in the month.

Click here for the Asian BD Live Disruption Tracker.

OTHER REGIONS

In the US, September contract nominations rose above August, supported by tight supplies, even if prior bullish sentiment has eased to some extent with growing import arrivals.

Meanwhile, the daily BD rate from US steam crackers fell in June on lower operating rates.