



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.

ICIS plans to discontinue the CFR Taiwan spot assessment in June 2023 as import trade in this market is already included in the wider CFR NE Asia assessment. For further information, please contact aiteng.lim@icis.com.

OVERVIEW

- **End-user demand structurally bearish**
- **Some buying for contractual short-covering purposes**
- **Buy-sell standoff still pronounced**

Sentiment in the Asian butadiene (BD) spot import market was mixed this week - relatively positive among a handful of traders who needed to short cover, but broadly bearish among the wider pool of end-users from the key synthetic rubber and acrylonitrile-butadiene-styrene (ABS) derivative markets.

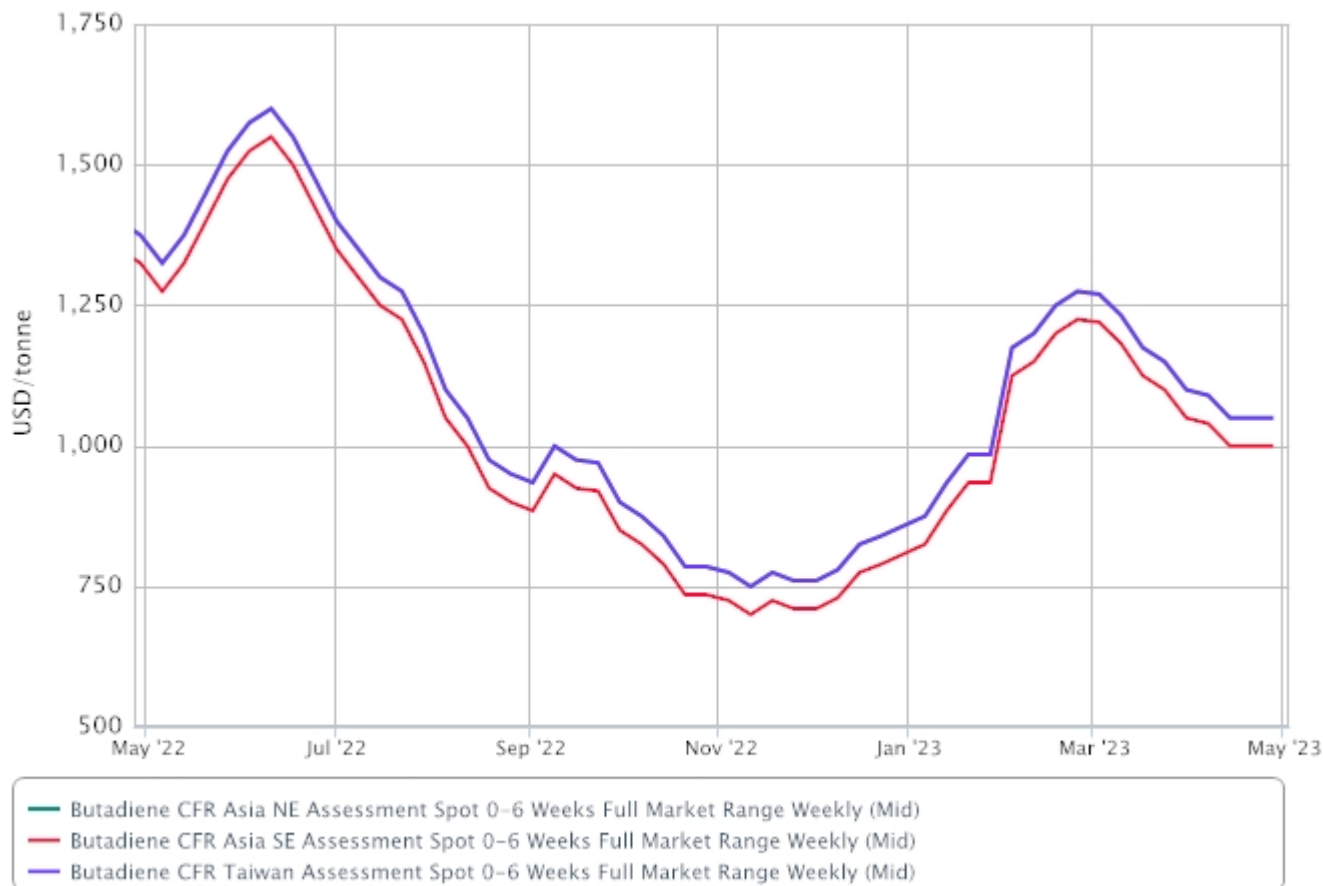
Sellers' positions also varied. The majority held fast to firmer expectations as they perceive that spot availability will tighten with the onset of heavy turnarounds in NE Asia. As such, they are confident about waiting it out for more favourable bids.

Over 100,000 tonnes/year of cumulative capacity losses is expected for May in [China](#), Japan and [South Korea](#), based on ICIS data.

But there were also select traders who agreed to price down prompt shipments of small parcel lots, so that they could close positions, sources said.

Fluctuations in the domestic China market added to the confusion. This week, yuan-denominated prices for BD fell early in the week to return some [gains](#) chalked up last week.

Although yuan prices rebounded at the end of the trading week, most said that they would hold off import talks until it is clearer how domestic prices will trend after the extended Labour Day holidays are over.



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OUTLOOK

- NE Asian supplies snug through Q2
- Downstream [rubber](#) demand outlook murky
- Upstream [crude](#) volatility will also weigh on sentiment

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	n/c	1020.00-1080.00	-20	1050.00-1100.00	46.27-48.99
CFR NE Asia	USD/tonne	n/c	1000.00-1100.00	n/c	1050.00-1150.00	45.36-49.90
CFR Taiwan	USD/tonne	n/c	1000.00-1100.00	n/c	1050.00-1150.00	45.36-49.90
CFR SE Asia	USD/tonne	n/c	950.00-1050.00	n/c	1000.00-1100.00	43.09-47.63

China

The FOB China assessment was adjusted down on the high end to capture the full spectrum of indications heard this week.

A China-origin cargo was sold to a local trader for mid-May lifting, likely for shipment to South Korea. Although not all player details were verified, sources said the trade was finalised at around \$1,060/tonne FOB China, and within the published range.

Domestic ex-tank prices in east China fell early in the week, but recovered at the end of week to finish broadly unchanged from last Friday.



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Northeast Asia

CFR NE Asian assessments tracked discussions for May and June shipment parcels.

End-users in northeast Asia were mostly already amply covered for May and were not looking to purchase additional imports unless prices are closer to their acceptance level.

However, taking into consideration the prevailing price trend for upstream naphtha, end-users were generally unwilling to fork out more than the published low end for June BD cargoes, sources said.

That said, about 1,000 tonnes of H2 May shipment volumes did change hands between a regional trader and a northeast Asian end-user in the low \$1,000s/tonne CFR NE Asia.

But the majority of asking prices for other regular 2,000 tonne-sized lots for late May or June delivery, were higher, at the published high end and above.

Some traders in China were heard on the look-out for additional May shipment cargoes to cover a shortfall in their export contracts, and may be open to paying in the mid-to-high \$1,000s/tonne CFR NE Asia, if there were suitable options, sources said.

In line with this, a China trader purchased early week a mid-May lifting China-origin cargo, with the view of fulfilling contractual obligations in South Korea. But the seller detail, as well as the inco term on which the deal was negotiated and inked, could not be fully verified. On a CFR NE Asia basis, the transaction was pegged at the published high end or slightly above, sources said.

The CFR Taiwan assessment was rolled over with the unchanged CFR NE Asia assessment.

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

Southeast Asia

The CFR SE Asian assessment was rolled over with the unchanged CFR NE Asia assessment.

A southeast Asia-origin cargo was sold earlier in the week, via tender, on FOB basis for H2 May lifting. The trade was concluded on formula terms, and likely at a three digit discount against CFR NE Asian values, market sources said. More details were not available.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

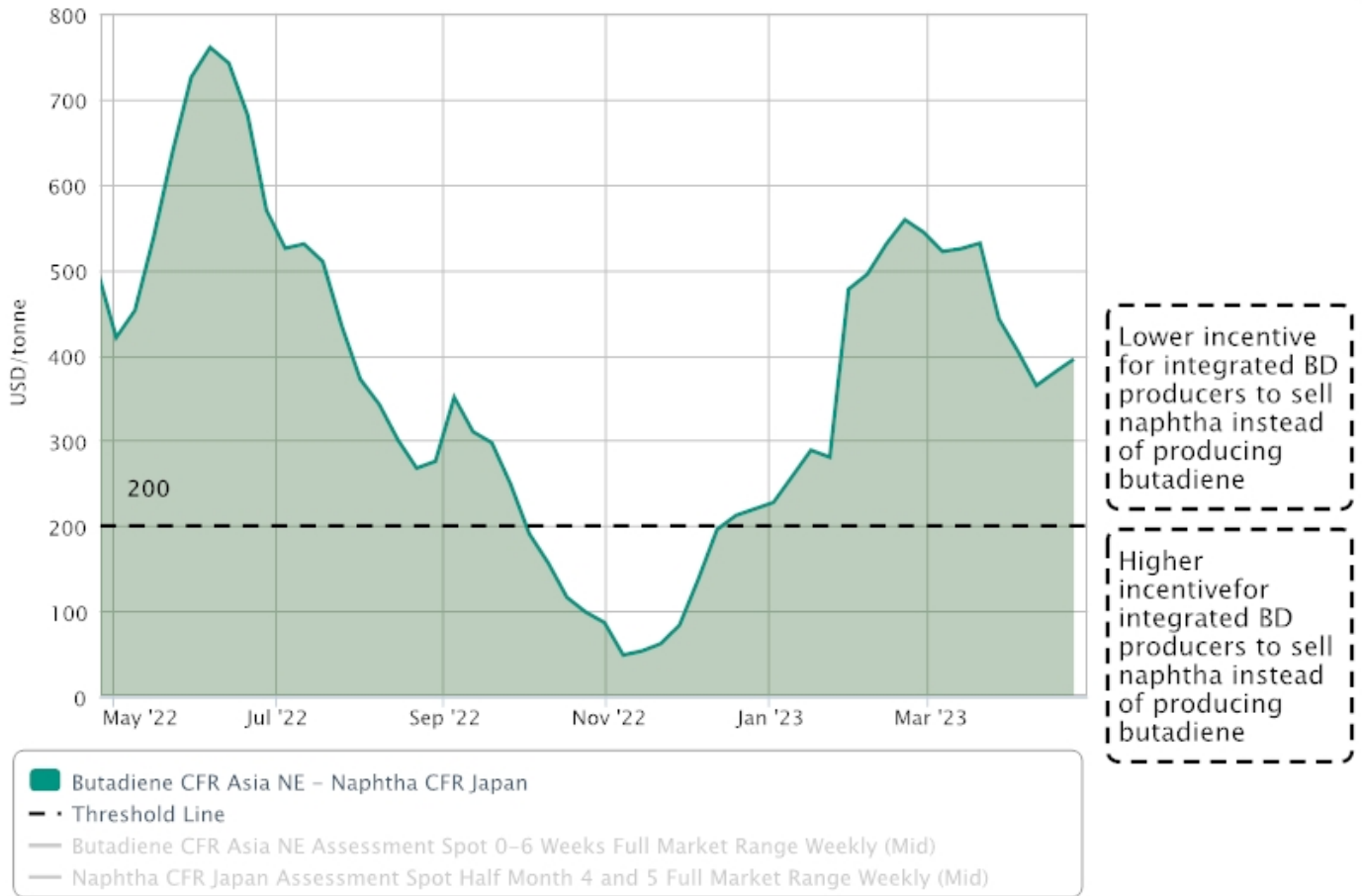
		Price Range	One Week Ago	/
Butadiene				
Ex-Tank E China	CNY/tonne	n/c	8700-8800	n/c
			8700-8800	-

UPSTREAM

Naphtha:

- Prices slump on low demand, poor downstream margins
- Some end-users turn to cheaper propane alternative feedstock
- Market structure weakens on bearish sentiment

[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.

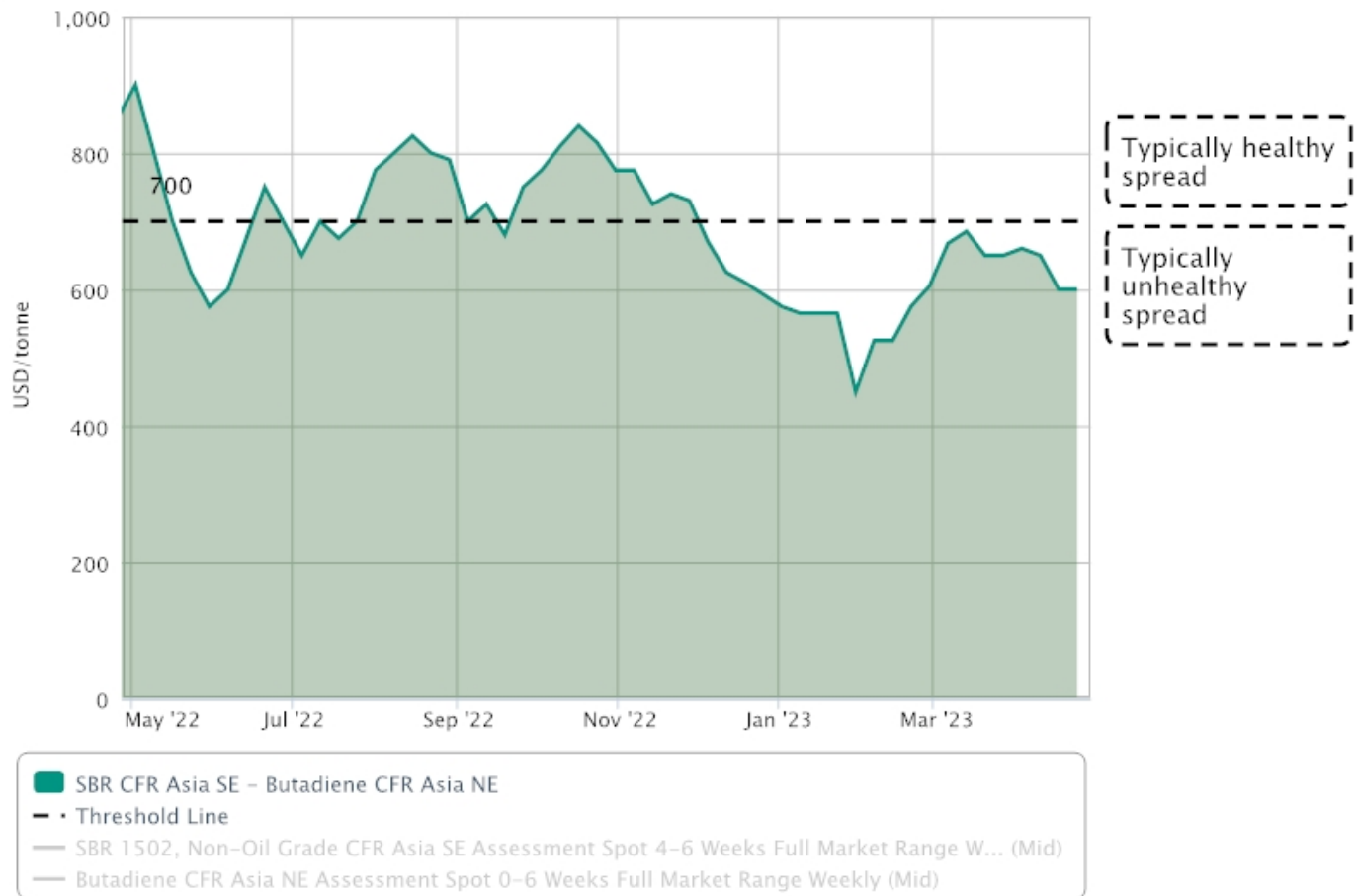
DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Domestic uptick in China, some support for import talks
- But substantive demand weak across Asia
- Spot trade liquidity low

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

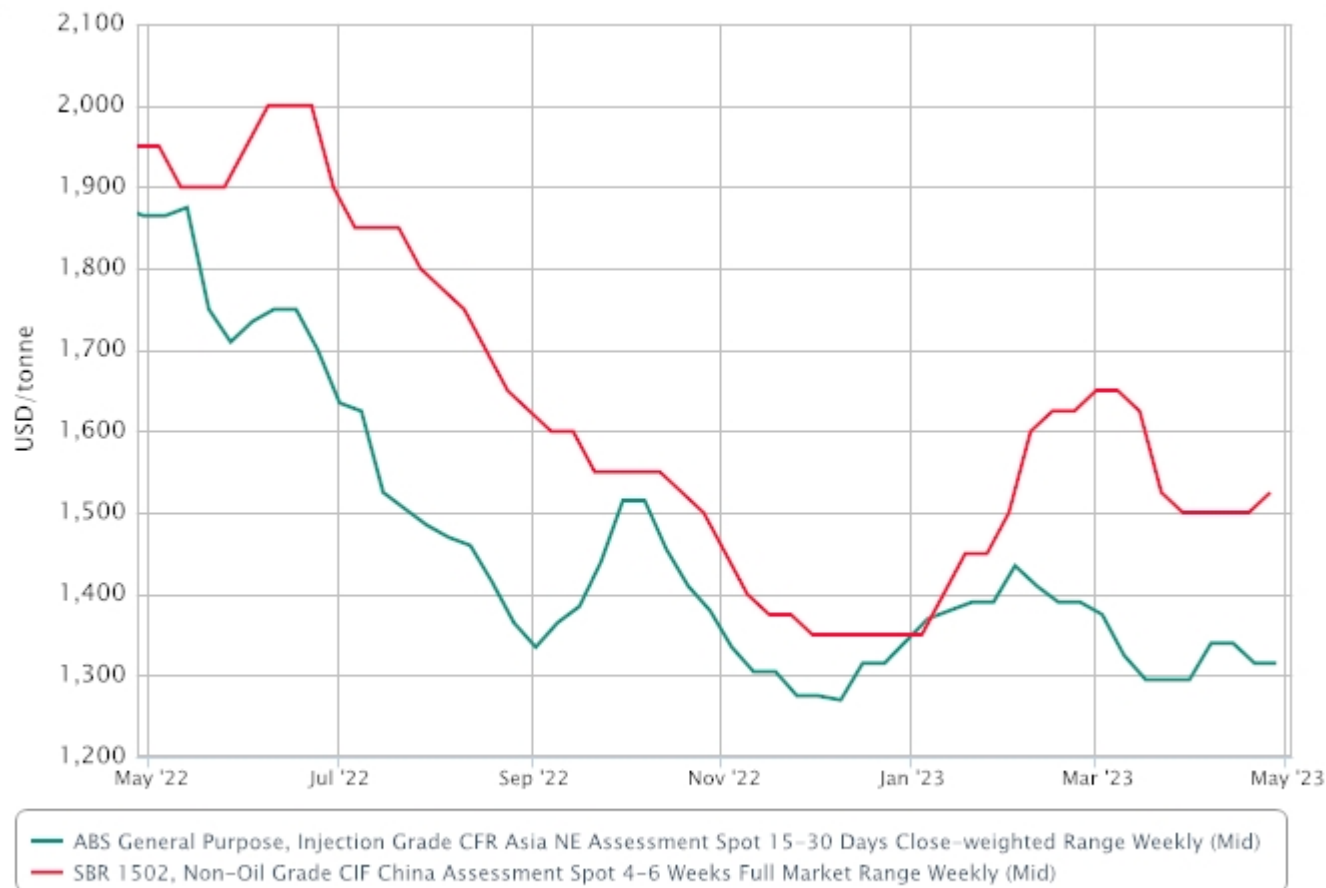
[Spread between Butadiene and Styrene Butadiene Rubber Asia](#)



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Acrylonitrile-butadiene-styrene (ABS)

- Import prices flat after last week’s downtrend
- Momentum grinds to a halt pre-holiday
- Several players already started holidays



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PRODUCTION

A heavy wave of maintenance closures is expected in Q2 in northeast Asia.

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

OTHER REGIONS

Europe

- May CP discussions underway
- Supply, demand fundamentals unchanged
- Spot trade very thin, export prices under pressure

US

- May CP nomination lower
- Spot down slightly on muted interest
- Supplies sufficient against stagnant demand

ANALYTICS

ICIS Crude Outlook

In early April, OPEC+ surprised the oil markets with the announcement that it will reduce output by a further 1.16m bbl/day from May. With Russian output down by just over 500,000 bbl/day in April, a substantial volume of Russian crude is held on water or discharged into temporary storage facilities. The volume of US crude exported to Europe remained high in March and April. India and China are still seen as the biggest contributors to global oil demand growth and are expected to drive world oil consumption to a record level in 2023.

By David Jorbenaze, senior analyst, david.jorbenaze@icis.com

ICIS Naphtha Outlook

NWE naphtha cracks remain under pressure and saw increased volatility in March and April, following crude price volatility in the wake of turbulence in the US financial sector in March and the surprise announcement in early April about additional cuts from OPEC+. Limited European demand from both the middle distillate and petrochemical sectors has weighed on naphtha refining margins this year, with March and April no exception. Russian flows continue to look for new willing buyers with global reach. Naphtha demand in Asia, as in Europe, saw limited gains in Q1, with partial support from the petrochemical sector.

By David Jorbenaze, senior analyst, david.jorbenaze@icis.com

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