



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.

Effective on 7 August 2023, ICIS will adjust its butadiene methodology as below: cargo size ranges are typically 50-300 tonnes for domestic assessments; purity requirement for import cargoes is at 99.5%; domestic cargoes assessed by ICIS conform to premium grades of GB/T 13291-2021. Any queries please email aviva.zhang@icis.com.

OVERVIEW

- **Seller sentiment up with domestic China buoyancy**
- **China remains main buying support for imports**
- **Muted buy-side response in wider Asia**

Sellers independently hiked their offers for Asian butadiene (BD) imports to keep pace with recent increases in the domestic China market.

Compared to the prevailing US dollar parity values of yuan-denominated materials, imports cargoes were deemed much under-priced, prodding many sellers of regional cargoes to elevate targets and tap on perceived paying power in China.

They perceive [buying interest](#) in China healthy too, and believe that this will lend even more upside support for discussions on China-bound shipment.

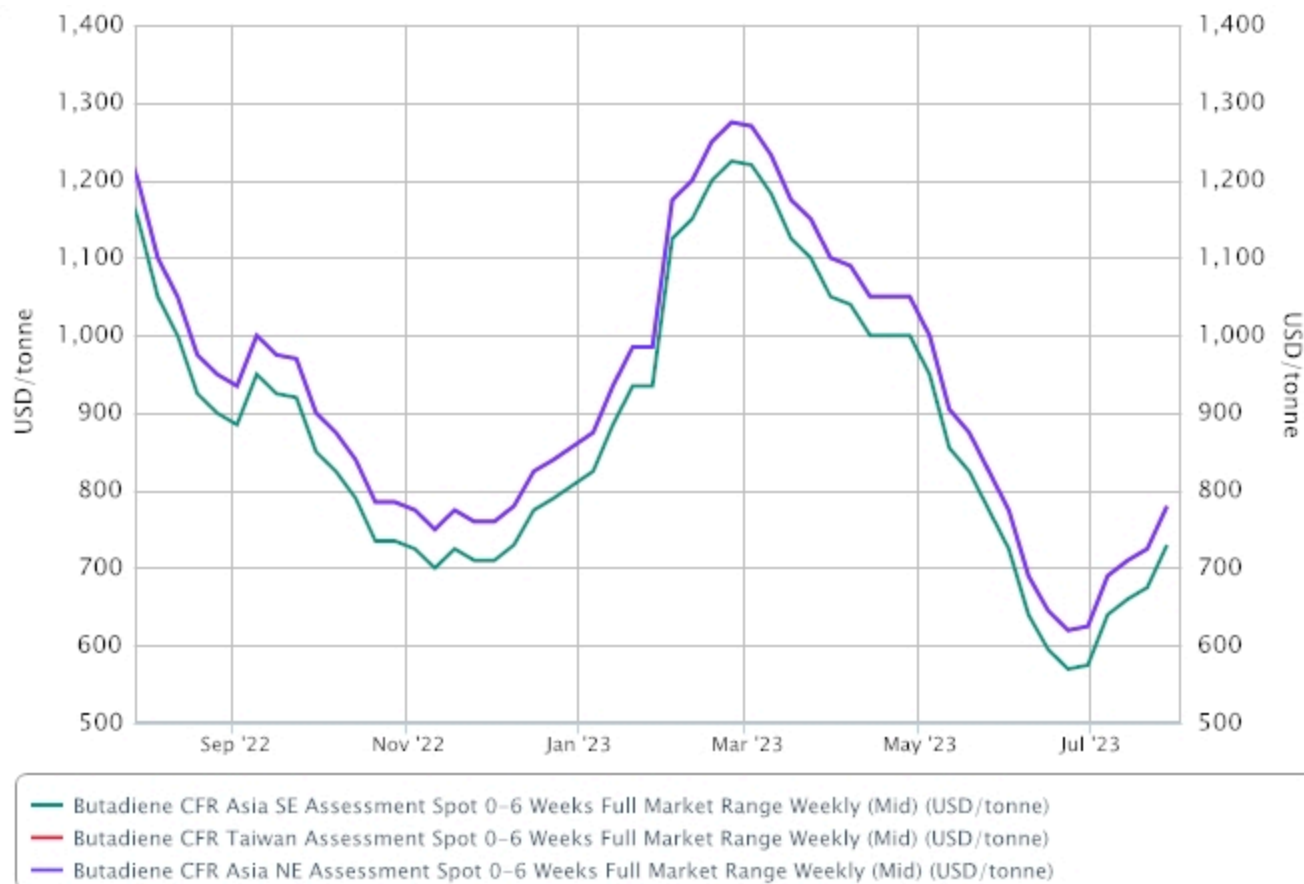
For instance, downstream requirements in China may rise, with rubber plants [restarting](#) from maintenance, and operations at China acrylonitrile butadiene styrene ([ABS](#)) plants also on the rise recently.

Furthermore, some China BD producers have turned import buyers themselves, to cover domestic production shortfall.

Regional BD makers are also confident that procurement by end-users in wider Asia would also pick up, as soon as BD inventories there run lower while operations at downstream rubber and ABS plants are being ramped up of-late.

At least one northeast Asian end-user was heard indeed on the look-out for September shipment cargoes.

But as the global macro-economic picture remains [murky](#), these potential buyers in wider Asia remained subdued in their pricing outlook, reiterating that there is as yet no impetus to warrant them paying higher premiums for feedstock BD.



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OUTLOOK

- Market dynamics may shift with new [rubber futures](#) in China
- Domestic China fluctuations to drive import pricing
- Demand to hinge on recovery of [ABS](#) and [rubber](#) markets

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

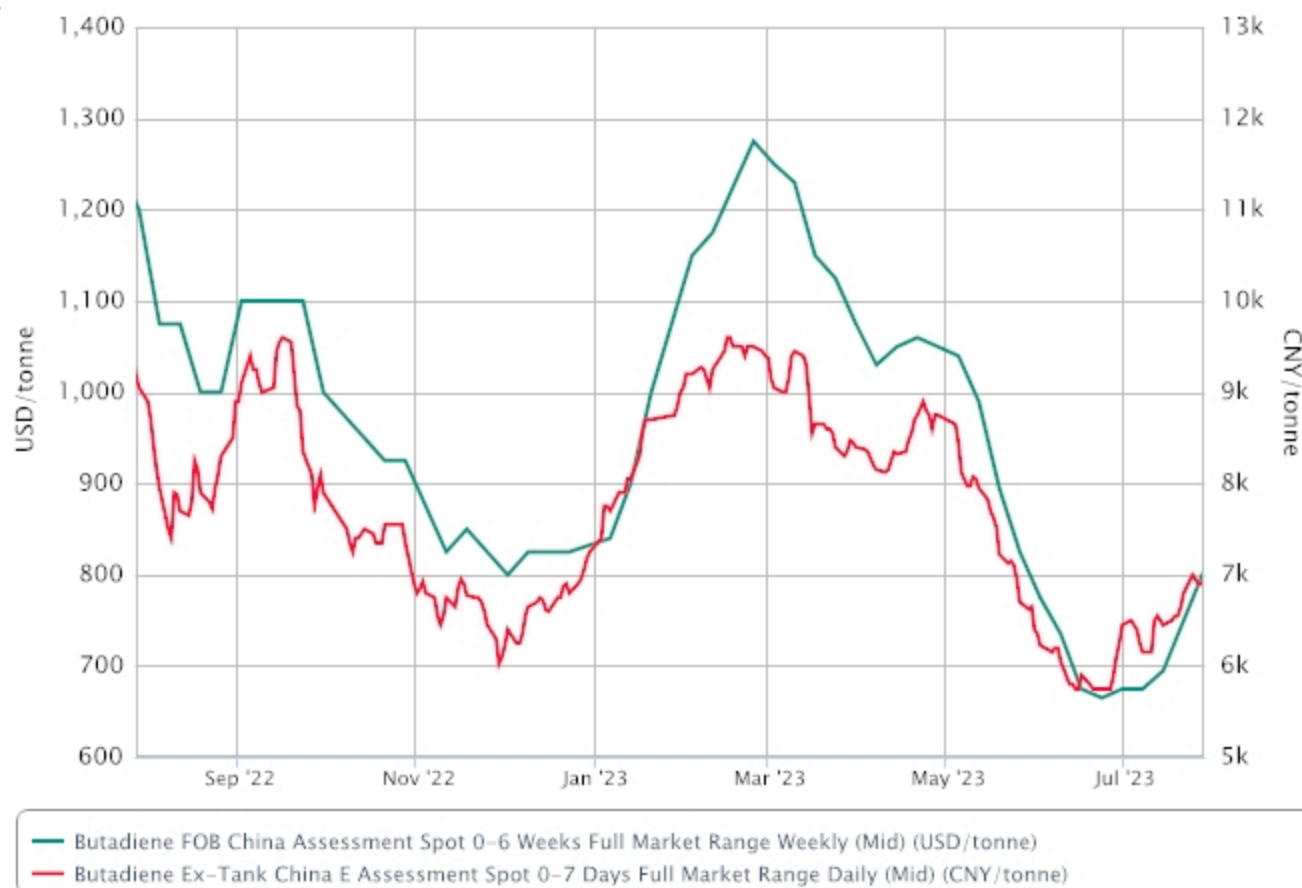
			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	+80	780.00-830.00	+30	650.00-700.00	35.38-37.65
CFR NE Asia	USD/tonne	+50	750.00-810.00	+60	600.00-650.00	34.02-36.74
CFR Taiwan	USD/tonne	+50	750.00-810.00	+60	600.00-650.00	34.02-36.74
CFR SE Asia	USD/tonne	+50	700.00-760.00	+60	550.00-600.00	31.75-34.47

China

FOB China assessments are up as selling indications rose, tracking prevailing yuan values.

But there were no substantive discussions, due to lack of export availabilities.

Domestic ex-tank prices in east China held firm, and a major producer also raised its list prices at the start of the week to yuan (CNY) 7,200/tonne, CNY 200/tonne higher than the week prior.



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Northeast Asia

CFR NE Asian assessments are up, taking into account firmer discussions and deals for August and September shipment supplies.

For one, selling indications surged, with regional producers mostly targeting separately at well over \$800/tonne CFR NE Asia for August cargoes, and some were mulling even higher asking prices for September shipment parcels, market sources said.

An August lifting Asian cargo, earmarked for delivery to China, did change hands this week at levels closer to such sellers' expectations, and this forms the high-end.

But majority buyers across Asia were resistant, and mostly unwilling to fork out more than mid-\$700's/tonne CFR NE Asia, and the low-end took reference from this.

A trade, involving a H2 August SE Asia-origin cargo, was heard this week, at the low-to-mid \$700's CFR NE Asia range.

But market sources said that the bulk of discussions for this trade took place in the weeks prior. Many market players polled were therefore of the consensus view that this has been overtaken by events and that this week, objectively speaking, the likelihood is low that any meaningful negotiations could be initiated at below \$750/tonne CFR NE Asia.

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

Monthly Contract DEL, \$/tonne	Jun 23	May 23	Apr 23	Mar 23	Feb 23	Jan 23	Dec 22	Nov 22
Taiwan FPCC	655	875	1,015	1,085	1,085	855	755	755
Korea YNCC	635	855	1,060	1,145	1,178	905	795	755

Southeast Asia

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

A southeast Asia-origin cargo available to lift in early September was offered for sale early week, via tender. But the tender was withdrawn eventually and not awarded.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

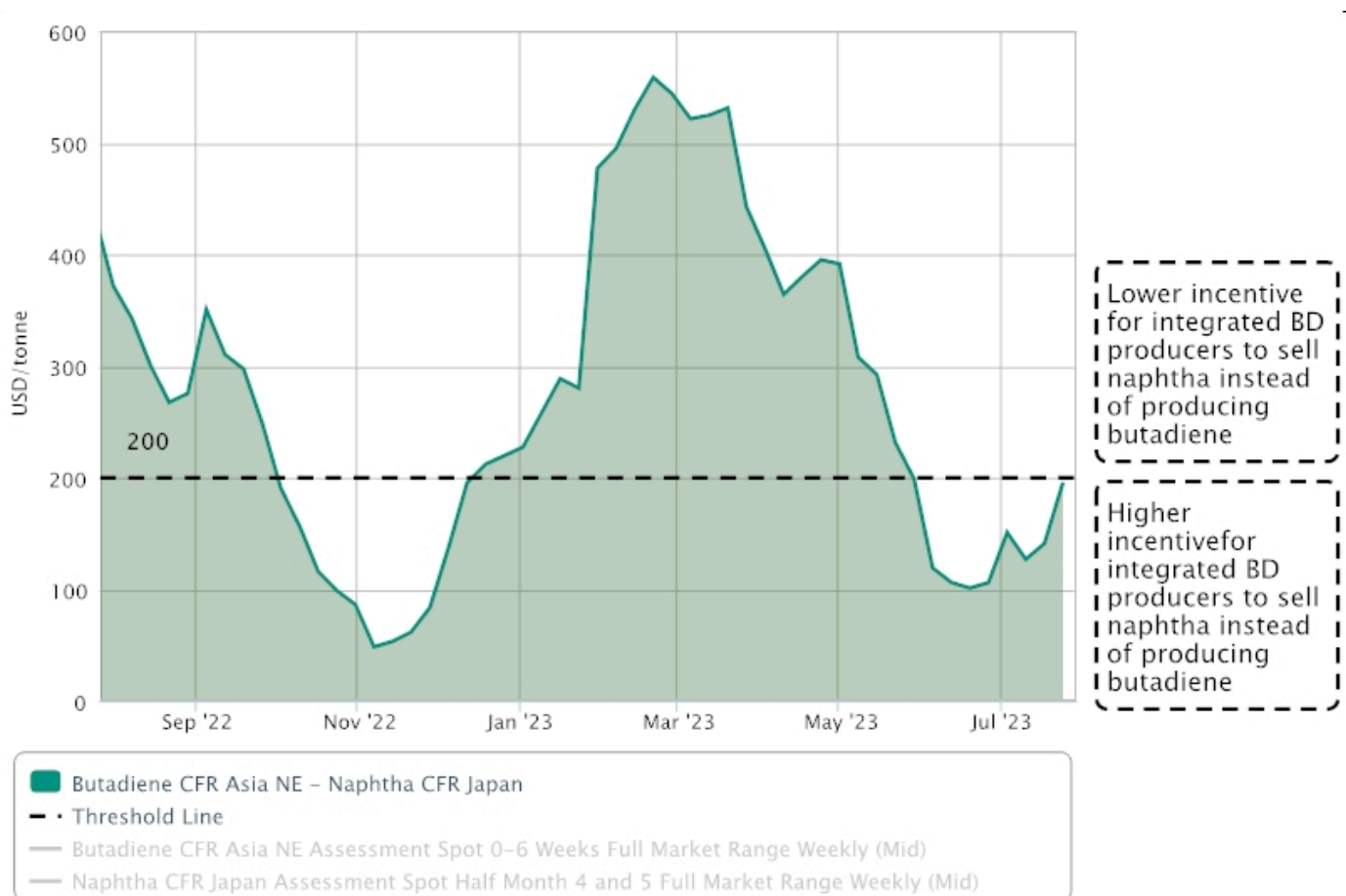
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	+100	6900-7000	n/c	6750-6850	-

UPSTREAM

Naphtha:

- Naphtha remains plagued by volatility
- Cracks fluctuate between negative and positive within the week
- Front-month outright price hits its highest since early May

[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.

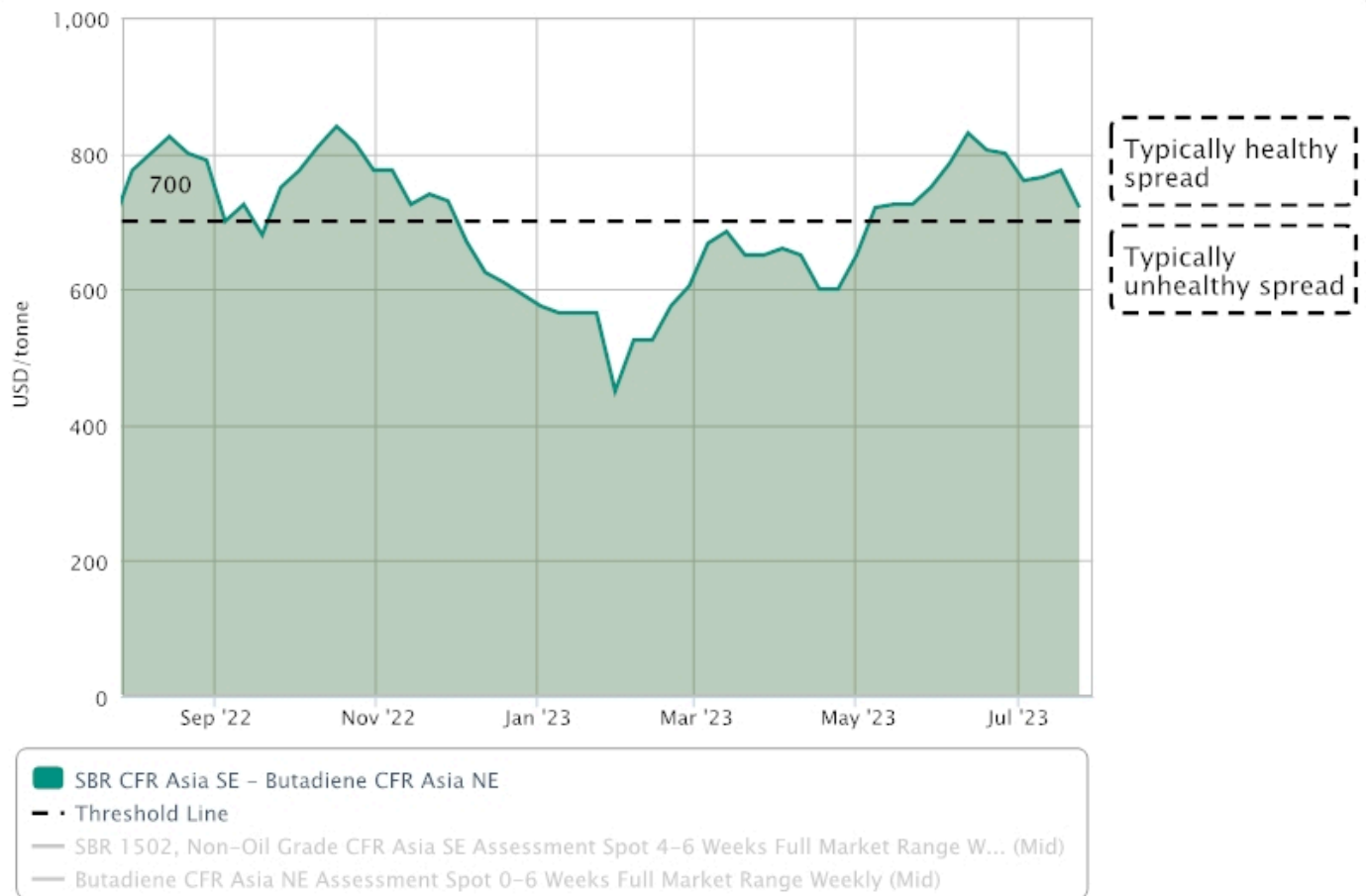
DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Offers supported by upstream strengths
- Buying interest uneven
- Many still cautious to commit

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)

- CFR NE Asia prices rebounds after last week's decline
- Seller margins stay in the reds as feedstock cost surge higher
- Support from production cuts capped by persistently weak demand



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PRODUCTION

A 165,000 tonne/year BD unit in Huizhou, China, has [shut](#) for unplanned maintenance since mid July and expected to restart only in H1 August, market sources said.

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

OTHER REGIONS

Europe

- No change on Europe supply, demand fundamentals
- Market calm, steady at low levels
- Sentiment a little improved on US supply issue, firmer Asia

US

- August contract nominations yet to be confirmed
- BASF Total production issues offset by weak demand
- Outage helps balance oversupplied market

ANALYTICS

ICIS Butadiene Outlook

Sluggish domestic demand for US butadiene (BD) is likely to persist into Q3. The US is expected to ship fewer cargoes to Asia over the coming weeks following the unplanned shutdown of the BASF Total BD unit in Port Arthur, Texas in early July. Replacement tyres, which is the largest end-user segment for BD, should register another drop in sales in June for a sixth consecutive month. Ongoing destocking and relatively higher priced tyres will continue to penalise the replacement sector. Consumers are likely postponing replacement purchases in late Q3 and/or early Q4 and spending money on other activities such as travelling.

The outlook for a BD demand recovery in Q3 is pessimistic. Given disappointing domestic demand, European players may have to look to Asia where they will face competition from the US. An unexpected outage at the BASF Total BD unit in Port Arthur, Texas in early July may limit shipments until August at least and open export opportunities for European producers, although limited, towards Asia. The arbitrage window between Europe and the US is forecast to remain technically closed for the rest of the year. To counteract poor requests, producers have reduced BD output by lowering BD extraction unit operating rates. With cracking operators expected to cut running rates amid stale demand, crude C4 availability will decrease as a result.

The Asian BD market is forecast to be well covered over the next weeks. The end of planned cracker maintenance and the possible arrival of deep-sea cargoes are expected to match underlying demand. The imminent start-up of Vietnam's Long Son Petrochemical steam cracking plant and its stand-alone BD unit will add pressure on production. According to ICIS analysts, the key CFR northeast Asia BD spread to benchmark CFR Japan naphtha is expected to stay close to the break-even point of \$200/tonne for integrated producers for the rest of the year. BD extraction unit margins should remain relatively poor as a result. Based on the ICIS Supply and Demand Database, Sinopec, the world's largest BD producer, will have a capacity of 1.84m tonnes/year or 10% of global capacity by 2023, up from 1.74m tonnes/year in 2022. The second largest producer remains Petrochina with a capacity of 1m tonnes/year.

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