



Butadiene (Asia-Pacific)

By Ai Teng Lim
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[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

- **Buying interest frail despite regional outage**
- **Weak regional demand persists**
- **Mixed appetite for imports in China**

Sentiment was [mixed](#) in Asia's spot discussions for butadiene (BD) imports, as downside pressures from persistently bearish downstream demand conditions were mitigated to some extent by broadly stable domestic China pricing earlier in the week.

This week, a plant in northeast Asia [shut](#) for unplanned repairs, but this did not give rise to fresh buying interest for replacement volumes, which market players said underscores the reality that downstream demand conditions are fundamentally poor.

End-users in wider Asia maintained that they were still sufficiently stocked, especially since substantive usage has been far slower than prior expectations. Existing stocks may stretch for even longer if the sub-optimal downstream off-take situation perpetuates.

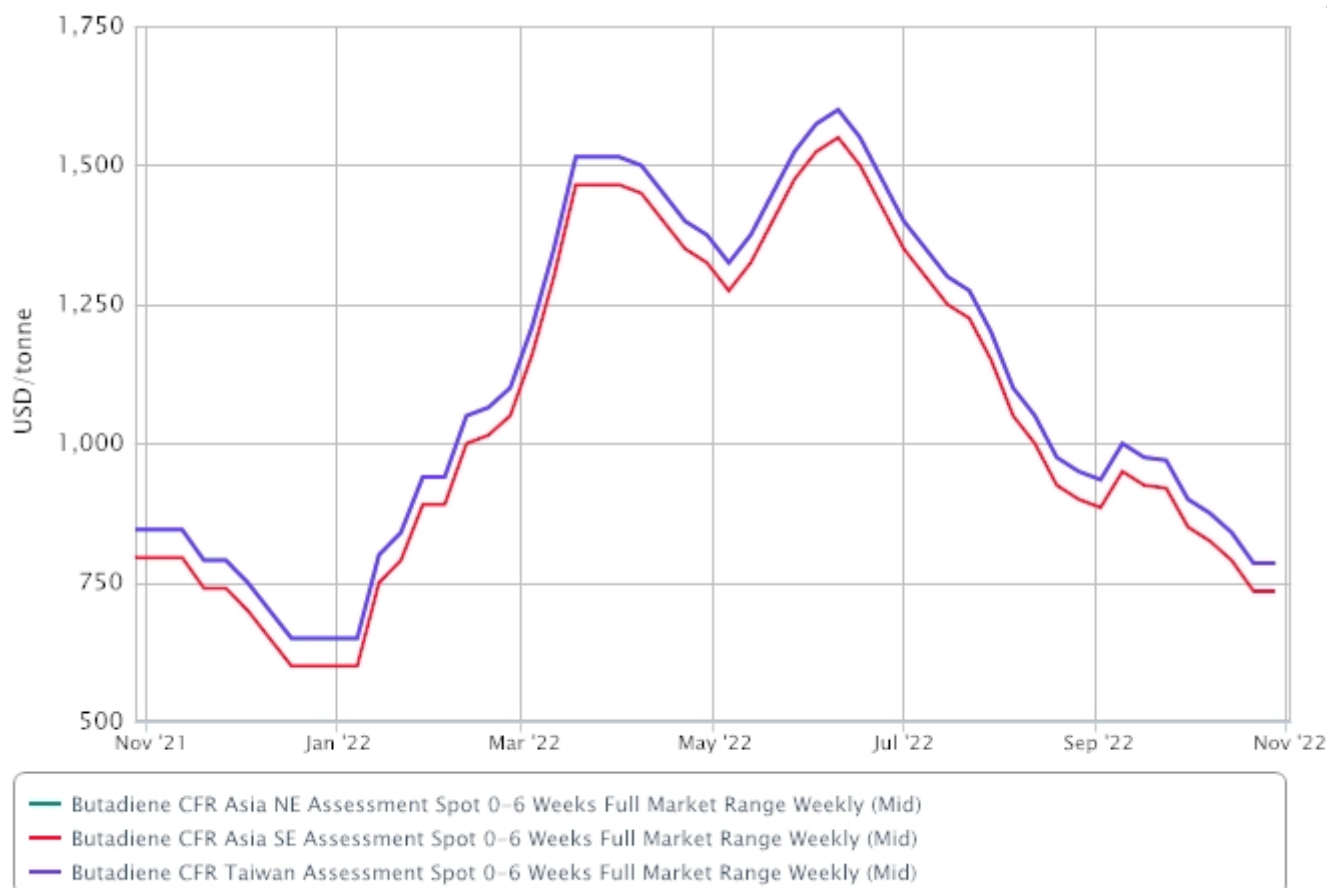
Buying interest is in contrast more upbeat in China, where imports are still deemed attractively priced vis-à-vis domestic products.

But pricing appetite for imports varies among different China buyer profiles too. End-users, like their counterparts in wider Asia, remain deeply conscious of their compressed production margins, and kept to more conservative indications.

Some other players in China were seemingly more receptive to leverage on the wide domestic-import price gap to bid at firmer levels for import materials.

Much of these buying indications, however, still lagged far behind expectations of traditional suppliers.

But some spot availabilities continued to surface from traders seeking to find takers for displaced term cargoes. And these sellers may have fewer options but to negotiate at levels nearer buyers' expectations in order to clinch deals and close their positions, market players said.



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OUTLOOK

- **PI ay ers to keep a wary eye on domestic China market movements**
- **China's buying interest for imports may falter if domestic market softens**
- **Demand outlook in wider Asia may stay hazy on bearish global economics**

PRICES

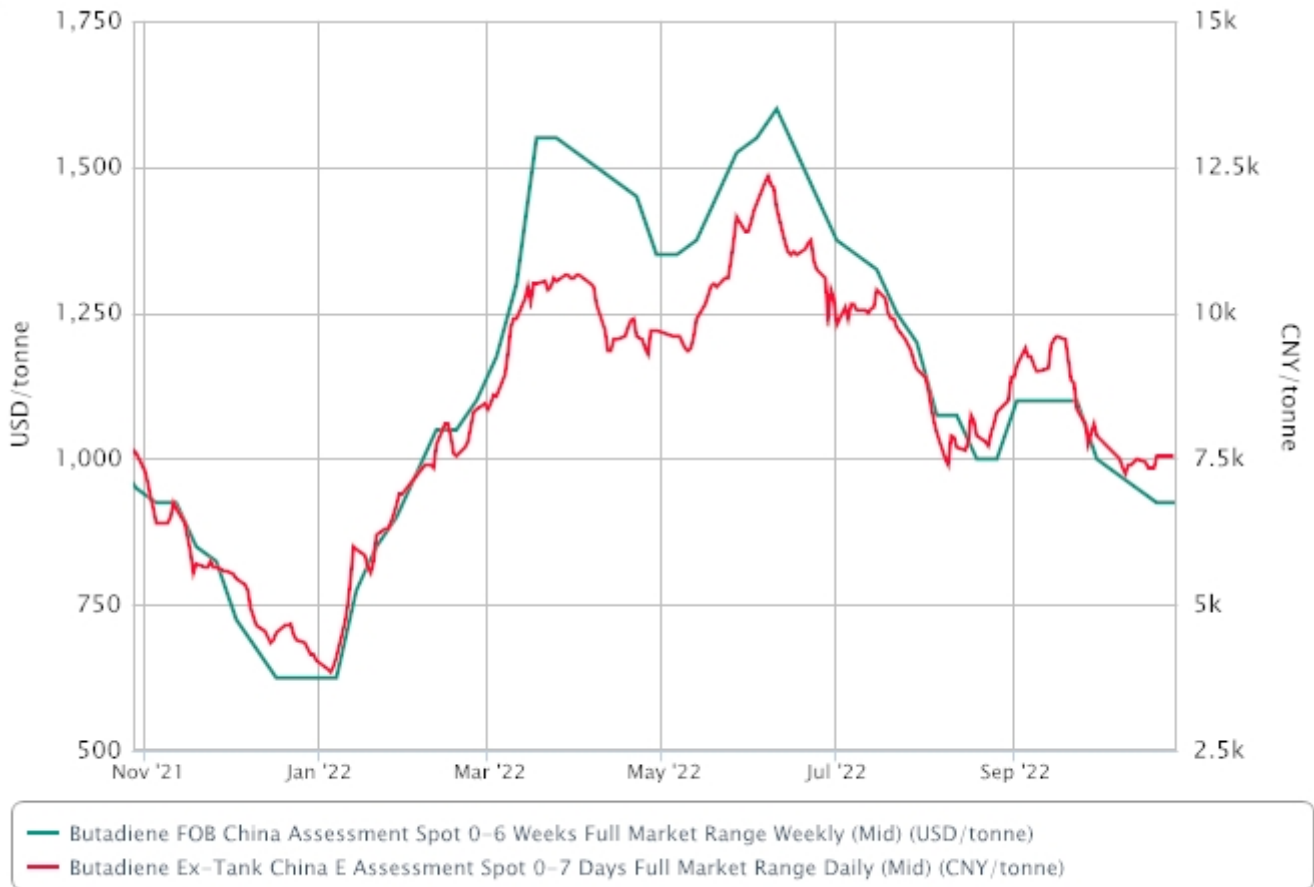
SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	n/c	900.00-950.00	n/c	950.00-1050.00	40.82-43.09
CFR NE Asia	USD/tonne	n/c	750.00-820.00	n/c	850.00-950.00	34.02-37.19
CFR Taiwan	USD/tonne	n/c	750.00-820.00	n/c	850.00-950.00	34.02-37.19
CFR SE Asia	USD/tonne	n/c	700.00-770.00	n/c	800.00-900.00	31.75-34.93

China

FOB China assessments were rolled over amid muted discussions.

Domestic ex-tank prices in east China held steady mostly in the week, but lost some ground on the last day of the trading week, as buying tempo failed to hold up sufficiently.



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Northeast Asia

CFR NE Asia prices were unchanged, tracking discussions and deals heard across different northeast Asian outlets.

The bulk of negotiations were centered on China-bound shipments, with a deep-sea origin cargo heard sold for H2 November arrival at around the high-end of the published range.

Discussions were ongoing for another NE Asia-origin November cargo at nearer the lower end of the published range, market sources said.

In wider Asia, sporadic buying indications from Taiwan were heard capped at the low-end too. But substantive discussions were minimal as buyers there continued to press for wider discounts and were in no hurry to commit, forcing potential sellers to mull on the need to moderate expectations moving forward, or when December discussions pick up pace in coming weeks, market sources said.

Spot requirements are paltry in other northeast Asian outlets like Japan and South Korea, and instead, due to projections of weak downstream demand in the coming months, end-users there are heard considering deeper output cuts themselves, which could in turn mean that some contractual volumes of feedstock BD may be displaced and diverted into the regional spot market. If this scenario materialises, it could lengthen supplies and weigh down subsequent spot import discussions, market players said.

CFR Taiwan assessments were kept unchanged with stable CFR NE Asia assessments.

Monthly Sep 22 Aug 22 Jul 22 Jun 22 May 22 Apr 22 Mar 22 Feb 22 Jan 22
 Contract

DEL, \$/t
onne

Taiwan	885	1,025	1,255	1,450	1,360	1,415	1,355	1,040	795
FPCC									
Korea	920	983	1,315	1,555	1,445	1,445	1,335	1,015	835
YNCC									

Southeast Asia

CFR SE Asian assessments were rolled over with stable CFR NE Asia assessments.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

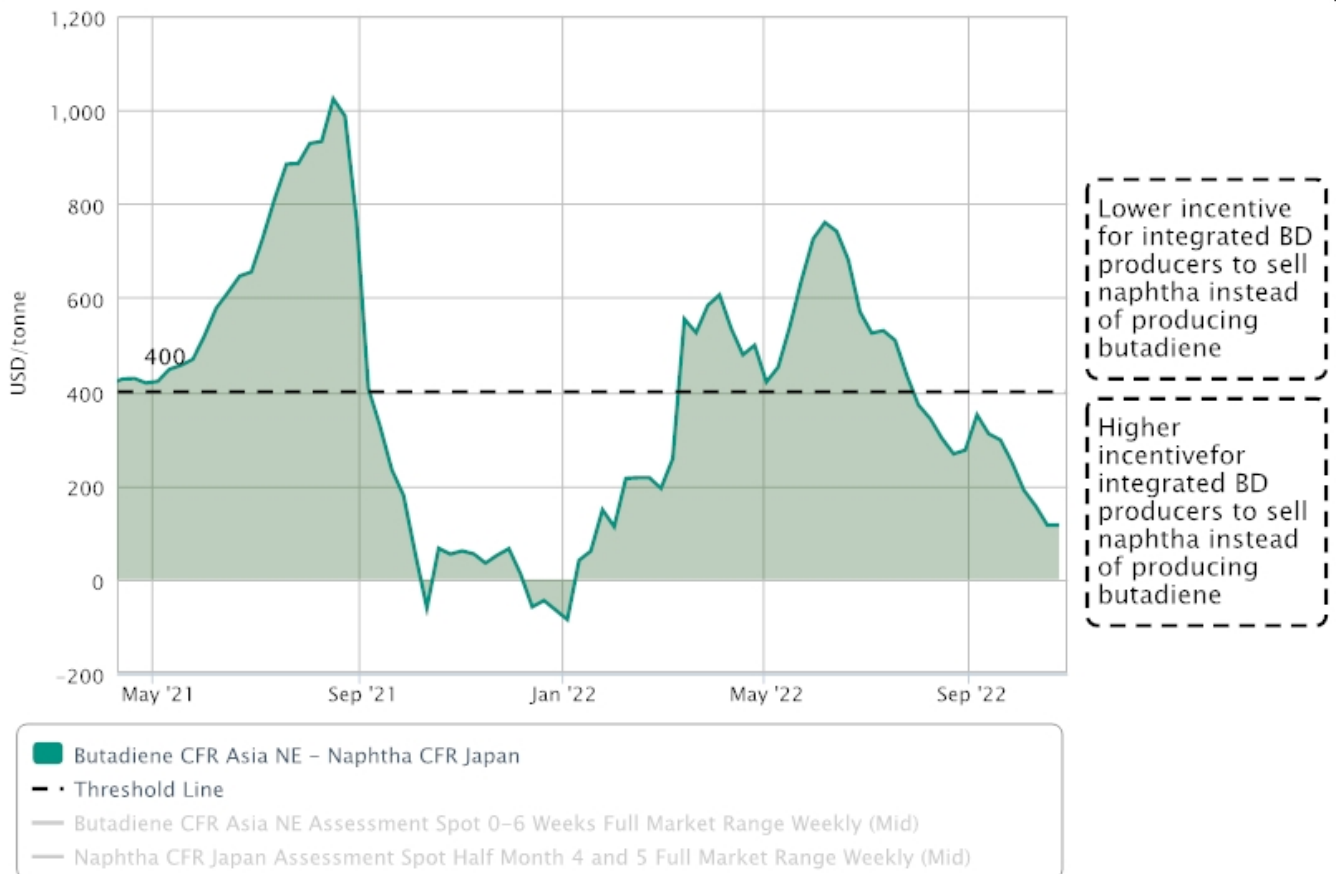
		Price Range	One Week Ago	/
Butadiene				
Ex-Tank E China	CNY/tonne	-200	7300-7400	-200
			7500-7600	-

UPSTREAM

Naphtha:

- Asia markets buoyed by firmer western sector
- Market structure holds in backwardation
- Weak downstream returns, cautious demand limits upside

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



Click [here](#) for the Asia feedstocks and petrochemicals weekly summary.

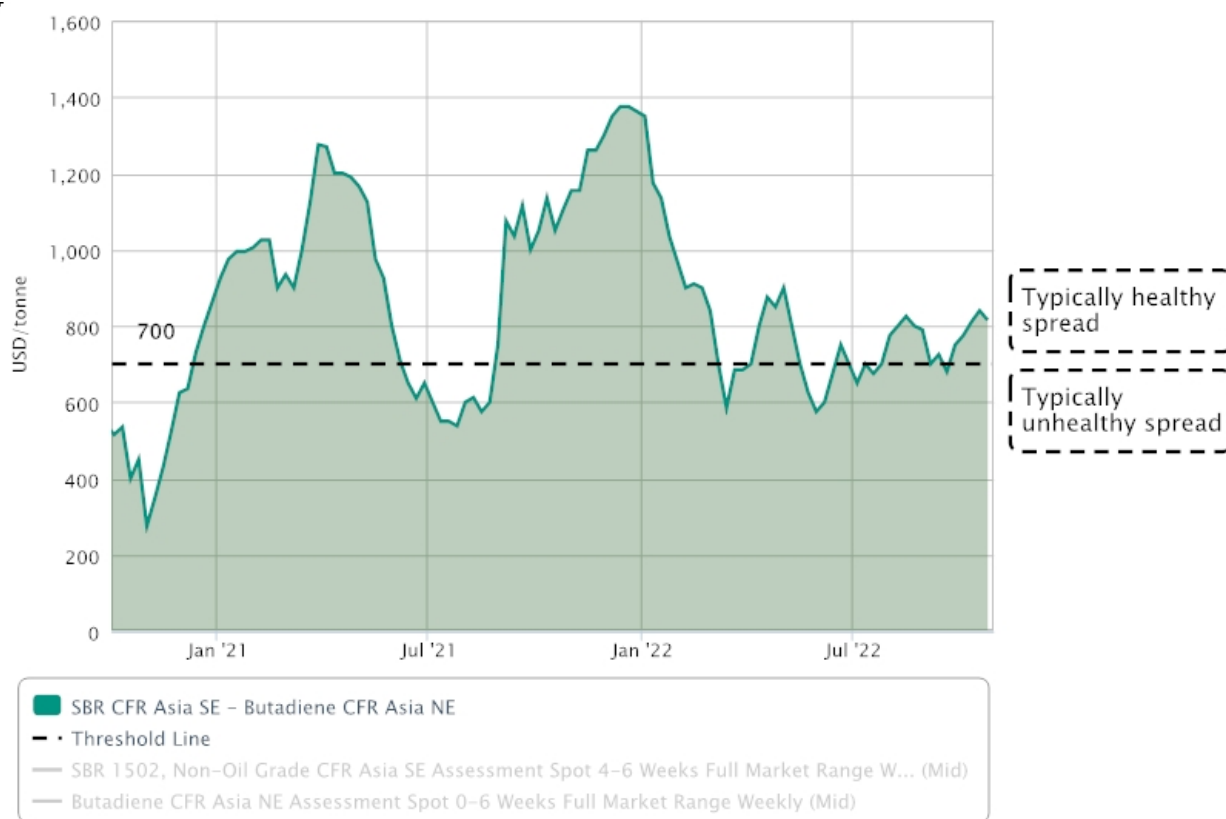
DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Sellers wait and see
- Buying interest stays low
- Weak upstream also dampens sentiment

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

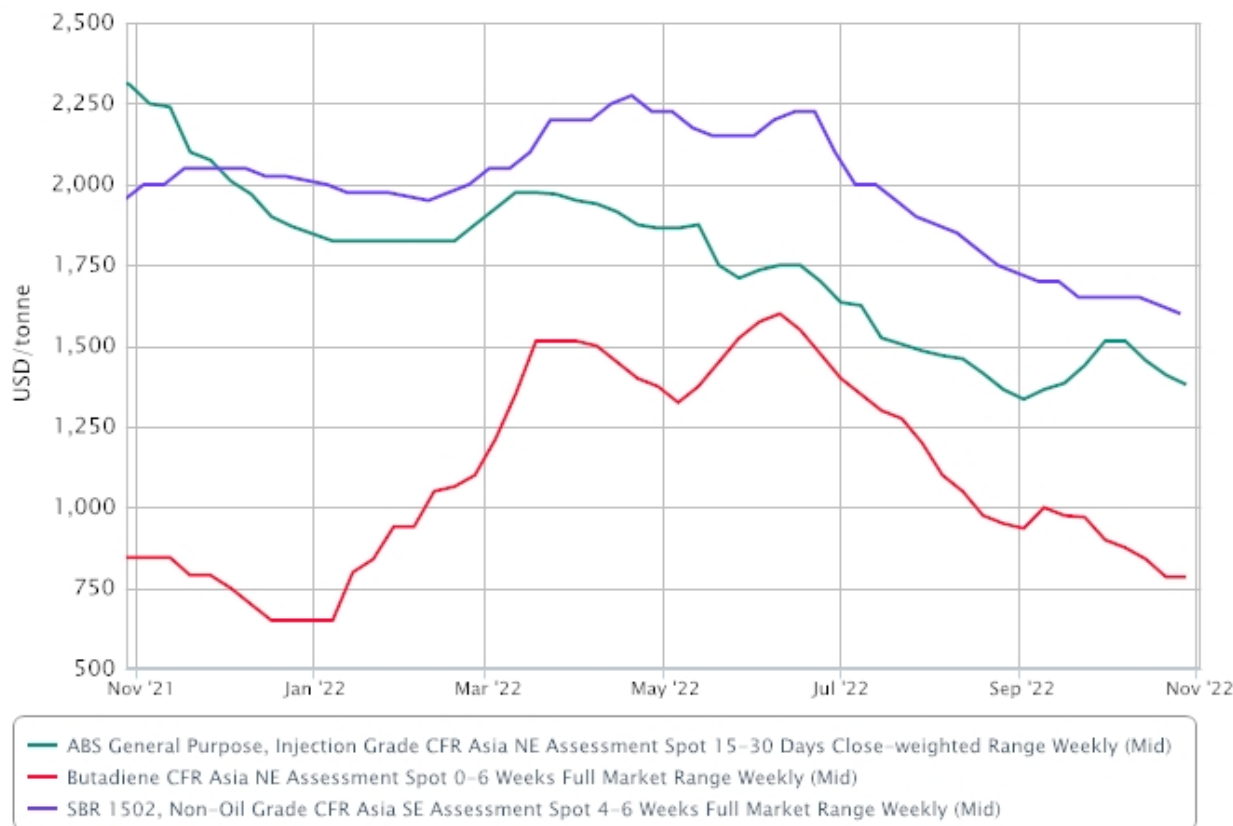
[Spread between Butadiene and Styrene Butadiene Rubber Asia](#)



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Acrylonitrile-butadiene-styrene (ABS)

- CFR NE Asia mid-point declines for third week
- End-use consumption subdued in Q4
- Offers down to offload inventories



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PRODUCTION

In wider Asia, BD output from extraction units in Korea and Japan is poised to remain capped in the near term, as weak margins continue to weigh on operating rates at many upstream crackers. There are also ongoing BD maintenances in [South Korea](#), as well as an unplanned outage in Taiwan.

But a healthy stream of spot availabilities are expected from southeast Asia, and domestic BD supplies in China may [lengthen](#) too if more new projects managed to start up in the next two months as earlier expected.

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

OTHER REGIONS

Europe

- Nov CP settles down by €150/tonne
- Demand soft
- Output cut at crackers, BD units continue in mitigation
- Steady market with low production

US

- November contract nominated at sharp decline
- CC4 output lower on cracker rate cuts
- Demand continues to soften

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