I·C·I·S
Independent Commodity Intelligence Services

Butadiene (Asia-Pacific)

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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

- **Sentiment down on weak domestic China**
- **Bearish regional demand persists**
- **Supply capped on reduced cracker operations**

Asian spot discussions for butadiene (BD) imports fell on losses seen this week in China's yuan-denominated market.

Local Chinese makers priced down to stimulate buying interest, but drew a limited response as buyers held back in anticipation of longer supply once new projects start up, possibly as soon as next month.

This also dampened sentiment for China-bound imports. In wider Asa, downstream demand was also structurally poor, and provided little, if any, support for discussions about deliveries to other Asian destinations.

Several downstream sectors including synthetic rubbers, acrylonitrile-butadiene-styrene (ABS) and acrylonitrile-butadiene (NB) latex, have cut operations to cope with tepid demand for finished product, and this squeezed their requirements for feedstock BD,.

On the supply front, regional BD output is poised to remain tight while operations at upstream crackers are not optimised.

Sellers were therefore reluctant to give wider discounts, even if they acknowledged the bearish demand.

They also explored arbitrage opportunities to compensate for the lack of demand in Asia, although logistical challenges abound and deals difficult to materialise.

OUTLOOK

- **Supply and demand misaligned in near term**
- **Wide buy-sell disparity unlikely to dissipate soon**
- **Demand outlook grim on global economic headwinds**

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	-50	1150.00-1250.00	-50	1350.00-1400.00	52.16-56.70
CFR NE Asia	USD/tonne	-50	1150.00-1250.00	-100	1350.00-1450.00	52.16-56.70
CFR Taiwan	USD/tonne	-50	1150.00-1250.00	-100	1350.00-1450.00	52.16-56.70
CFR SE Asia	USD/tonne	-50	1100.00-1200.00	-100	1300.00-1400.00	49.90-54.43

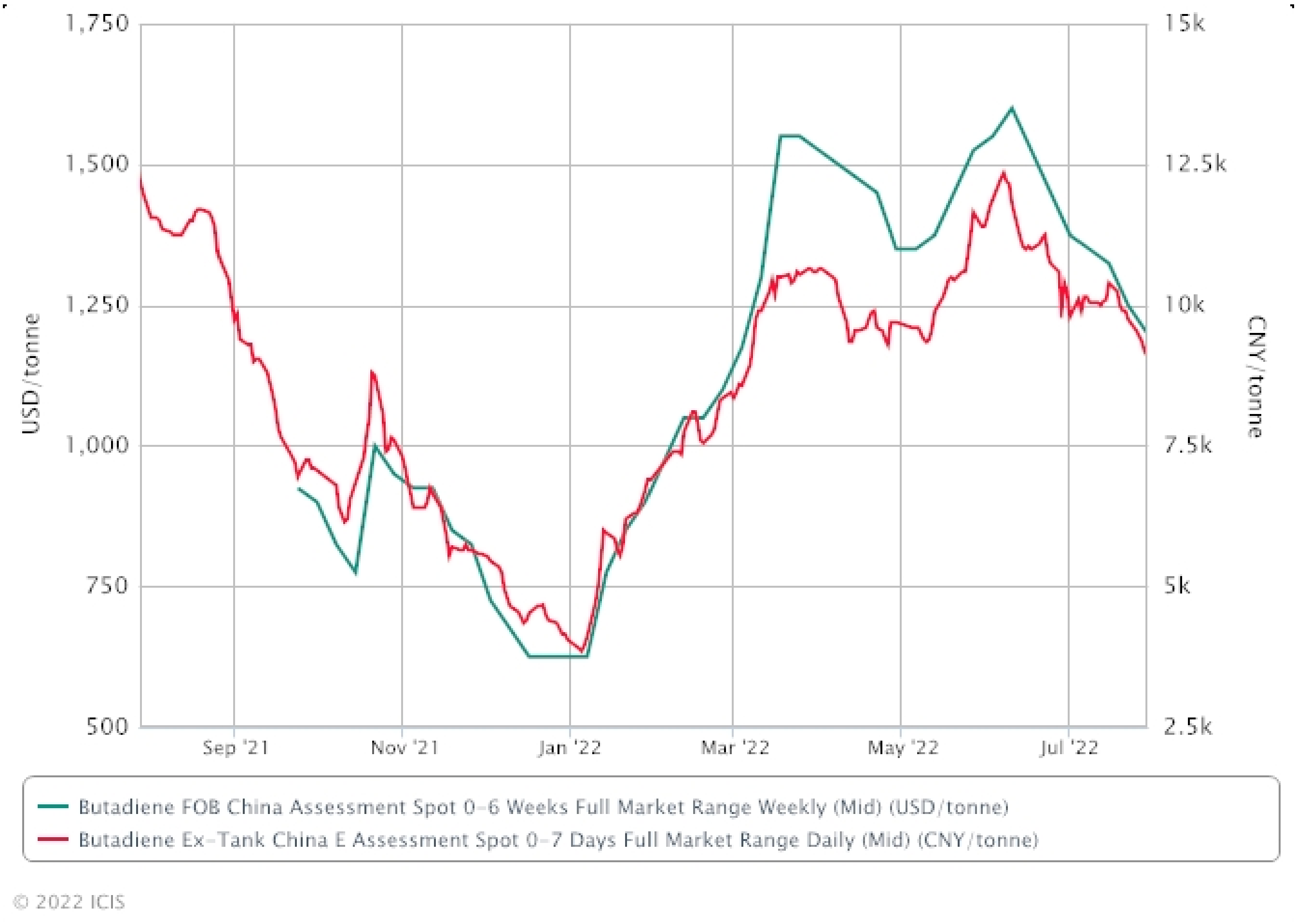
China

The high end of the FOB China assessment was adjusted down on lower selling indications.

Buying interest was limited, given lacklustre demand conditions in wider Asia.

The low end was adjusted down on a notional basis with changes on the high end, in the absence of any concrete buy-side indications.

Domestic ex-tank prices in east China also continued to trend lower with a weak buying tempo.



Northeast Asia

CFR NE Asian prices were assessed lower, with buying indications capped at the low end.

There were no concrete offers on a fixed price basis, and the high end tracked selling expectations heard on a notional basis.

More sellers leaned towards negotiating trades on a floating rather than on a fixed price basis, to side step the wide gulf in the buy-sell pricing outlook, players said.

A southeast Asia-origin cargo was heard sold this week for H1 September shipment on a floating basis.

The CFR Taiwan assessment fell in line with the lower CFR NE Asia assessment.

Monthly Contract DEL, $/tonne	Jun 22	May 22	Apr 22	Mar 22	Feb 22	Jan 22

Taiwan FPCC	1,450	1,360	1,415	1,355	1,040	795
Korea YNCC	1,555	1,445	1,445	1,335	1,015	835

Southeast Asia

The CFR SE Asia assessment was down with changes seen in the CFR NE Asia assessment.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

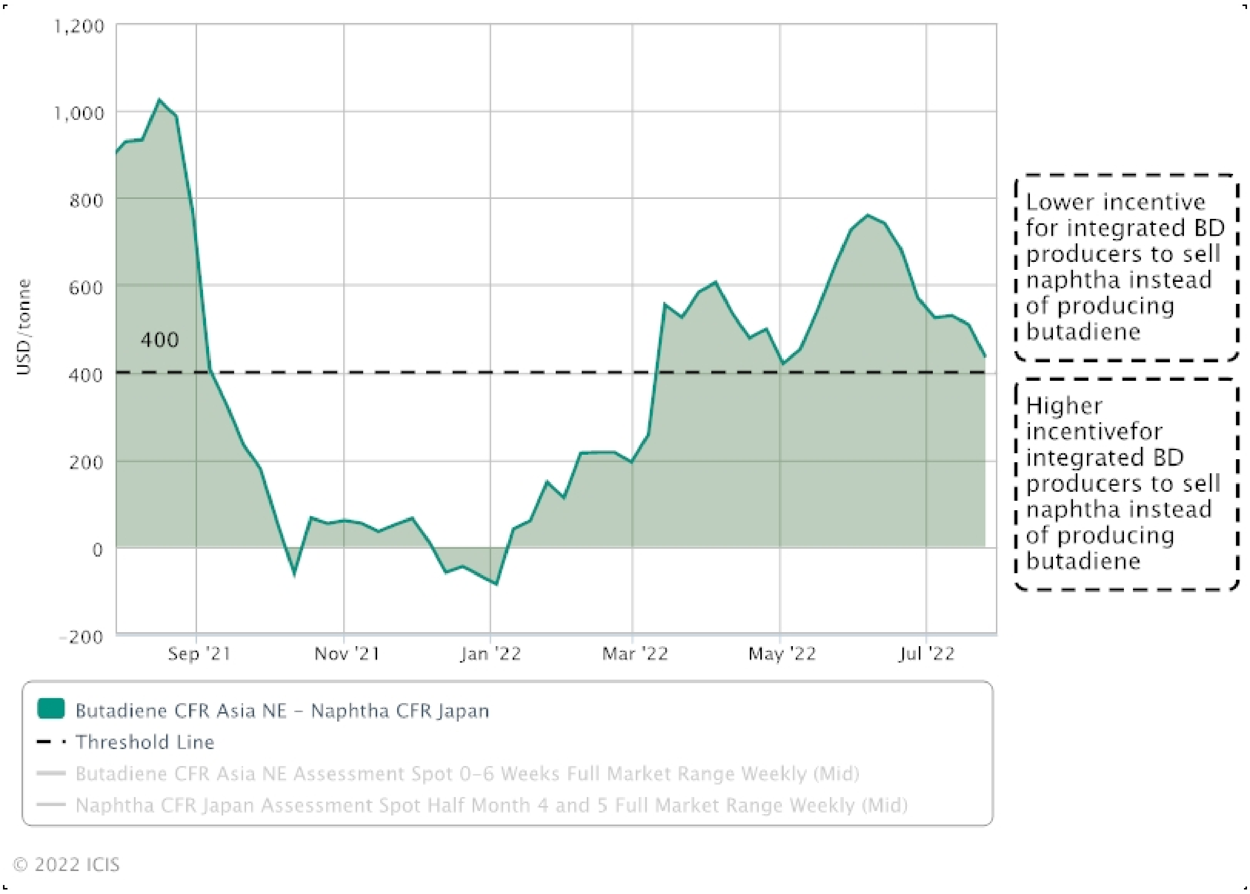
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	-150	9000-9100	-100	9700-9800	-

UPSTREAM

Naphtha:

- Naphtha cracks languish in negative territory
- Weak downstream margins crimp demand
- Limited market supporting factors

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



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

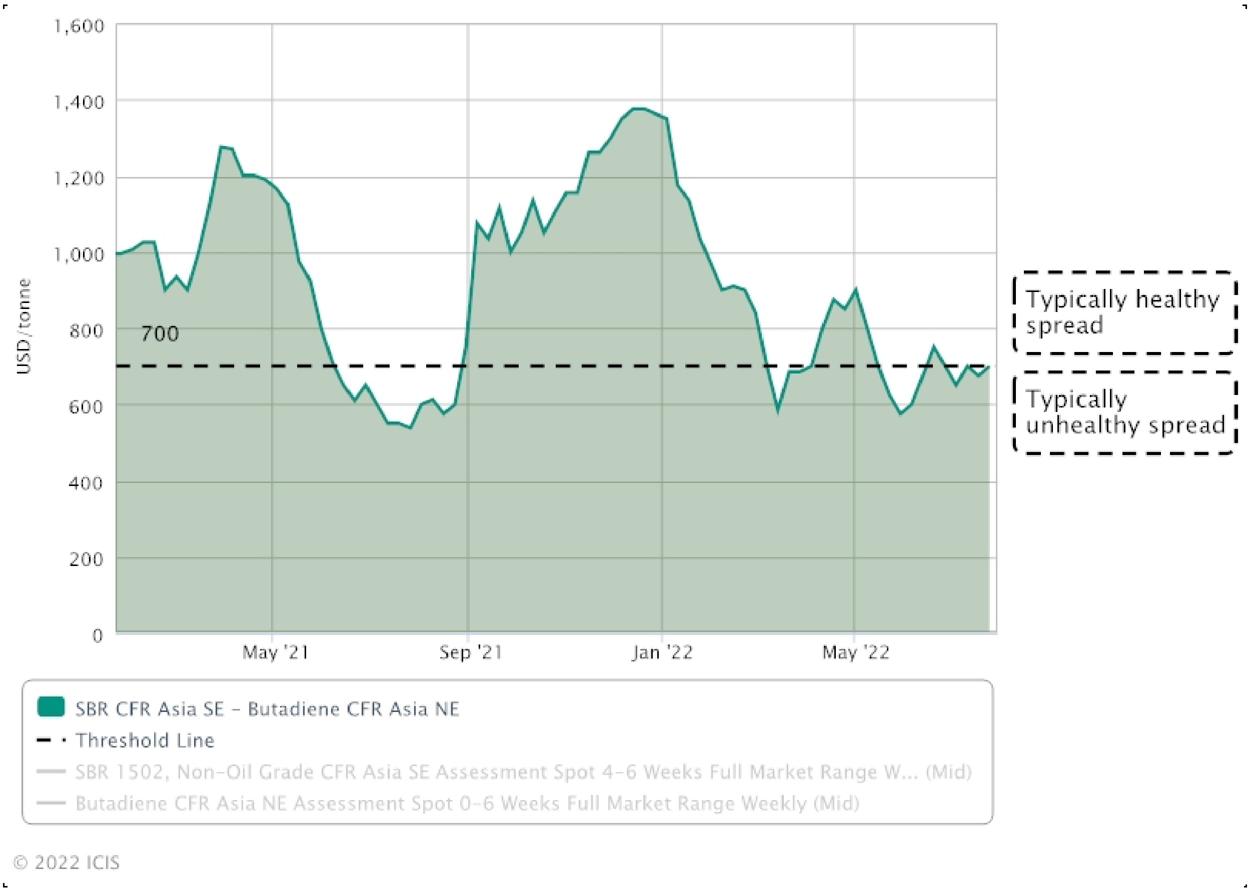
DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Offers trend lower
- Demand still lacklustre
- Bearish pricing outlook among buyers

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

Spread between Butadiene and Styrene Butadiene Rubber Asia



Acrylonitrile butadiene styrene (ABS)

- CFR NEA mid-point down for sixth week, stays at near two-year low
- Burgeoning supply causes some sellers to attempt offloading at lower offers
- Spreads with feedstock lingers around breaking point

PRODUCTION

Regional butadiene (BD) supplies are pulled at both ends.

On one hand, spot availabilities may gain once production stabilises at newly started up units.

But with many upstream crackers across Asia deepening operating rate cuts to rescue compressed margins, output from related and existing BD extraction units will remain crimped, negating the increases from the new units.

Click here for the Asian BD Live Disruption Tracker.

OTHER REGIONS

Europe

- August CP rises on natural gas costs
- Supply, demand reasonably well-balanced overall
- Demand mixed – synthetic rubber better than ABS and others
- US appetite still evident at least for August - ships fixed

US

- August contracts nominated flat
- Supply snug; allocations in place
- Import interest up; arb open