ICIS 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

- **Domestic China volatile**
- **But import offers held steady on cracker margin concerns**
- **Buying interest muted for imports**

Sentiment for Asian butadiene (BD) import prices was weighed down by early-week losses seen in the yuan-denominated domestic China market.

Most sellers held their ground on existing import offers, citing need to rescue compressed cracker margins, amid recent increases in upstream naphtha.

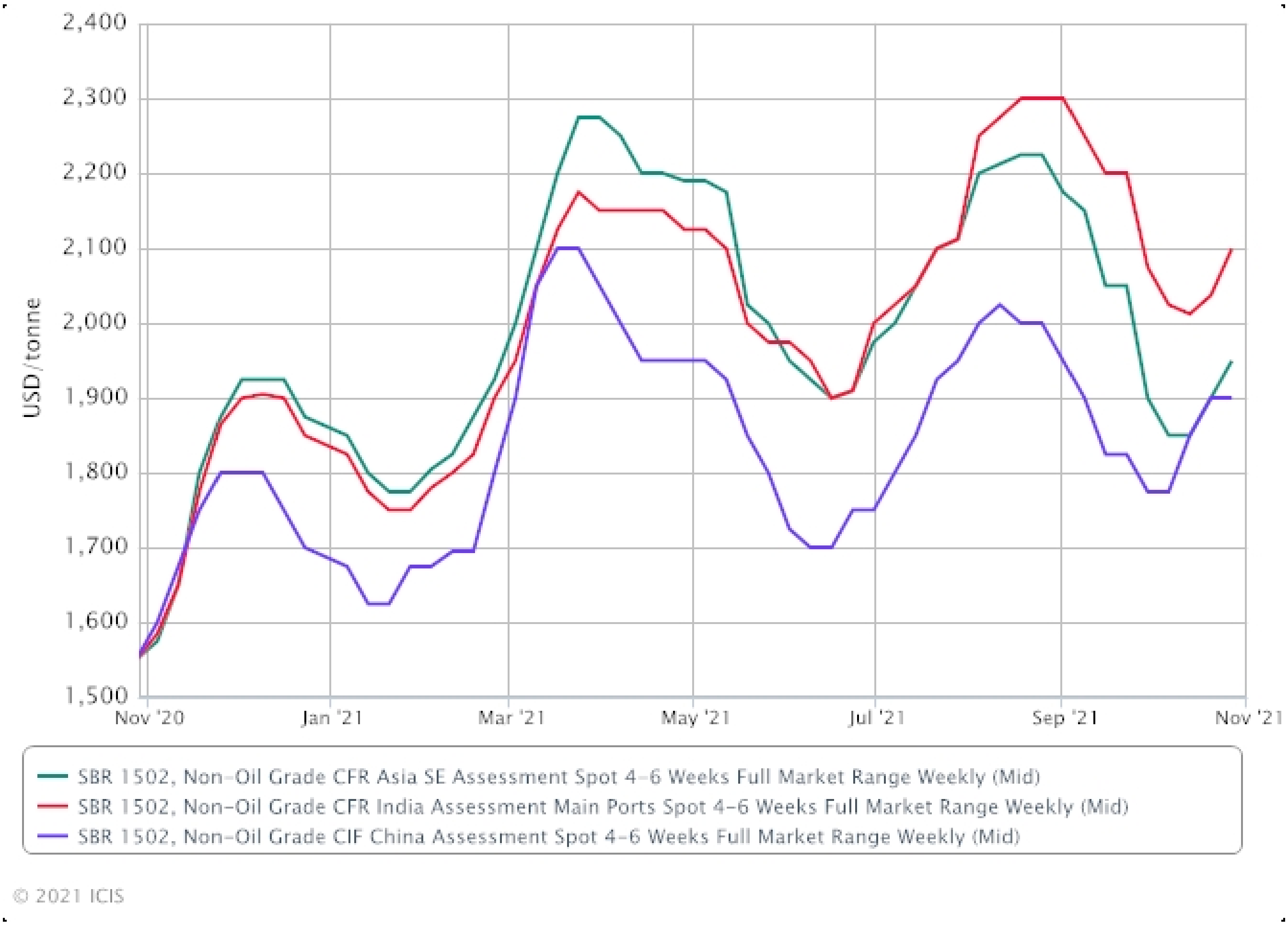
Buyers' response was generally lukewarm across Asia, although affordability sentiment varies from outlet to outlet.

In wider Asia, buyers remained more bearish in their pricing outlook, as they perceived regional supply to stay long in the foreseeable future, especially once more new BD projects come online later this year or early next year.

In China, domestic China prices slumped earlier this week, just days after registering big spikes in the week prior.

This also weighed on buying interest for US dollar-denominated imports. But with US dollar parity values of domestic cargoes still discernible higher than import prices, some China-based buyers were still open to discussing imports at levels closer to sellers' expectations, compared with their counterparts in other Asian outlets, market players said.

Nonetheless, import trade liquidity remains low, as buyers were reluctant to commit amid lingering uncertainties in near-term demand-supply fundamentals.



OUTLOOK

- **Asia to remain long in BD supplies**
- **Demand sentiment may trend differently across Asia**
- **Uncertainties prevail**

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	n/c	900.00-1000.00	-100	850.00-950.00	40.82-45.36
CFR NE Asia	USD/tonne	-10	790.00-900.00	n/c	850.00-950.00	35.83-40.82
CFR Taiwan	USD/tonne	-10	790.00-900.00	n/c	850.00-950.00	35.83-40.82
CFR SE Asia	USD/tonne	-10	740.00-850.00	n/c	800.00-900.00	33.57-38.56

China

Discussions remain muted for FOB China trades, with potential sellers fully focused on domestic sales instead, and sentiment was also weighed down by losses seen this week in the domestic yuan-denominated market.

FOB China assessments were stable-to-soft, with the high-end dropped with softer sell-side pricing indicatons heard.

East China domestic prices

Yuan-denominated prices slumped this week, after a big week-on-week surge seen last week, as buying interest dissipated.

Price (CNY/tonne)	29 October	22 October
DEL east China	7,600-7,800	8,700-9,000

Northeast Asia

CFR northeast Asian prices were assessed in a wider range to reflect the full range of trade discussions and deals across diverse outlets in northeast (NE) Asia.

For China-bound shipments, some buy-side indications still prevailed at the higher end of the published range, although no deals materialised as sellers' expectations were heard mostly substantially over the published range, taking into account cost pressure from firm naphtha.

Outside of China, buy-sell pricing indications were heard mostly more subdued, gearing more towards the lower end of the published range.

A deal was heard at the low end for early December shipment of a SE Asia origin cargo to NE Asia.

CFR Taiwan assessments were adjusted up with changes in the CFR northeast Asian assessments.

Monthly Contract	Sep 21	Aug 21	Jul 21	June 21	May 21	Apr 21	Mar 21	Feb 21

DEL, $/tonne								
Taiwan FPCC	1,175	1,545	1,380	1,205	1,010	1,050	1,135	880
Korea YNCC	1.050	1,650	1,470	1,245	1,010	987	1,102.50	827.50

Southeast Asia

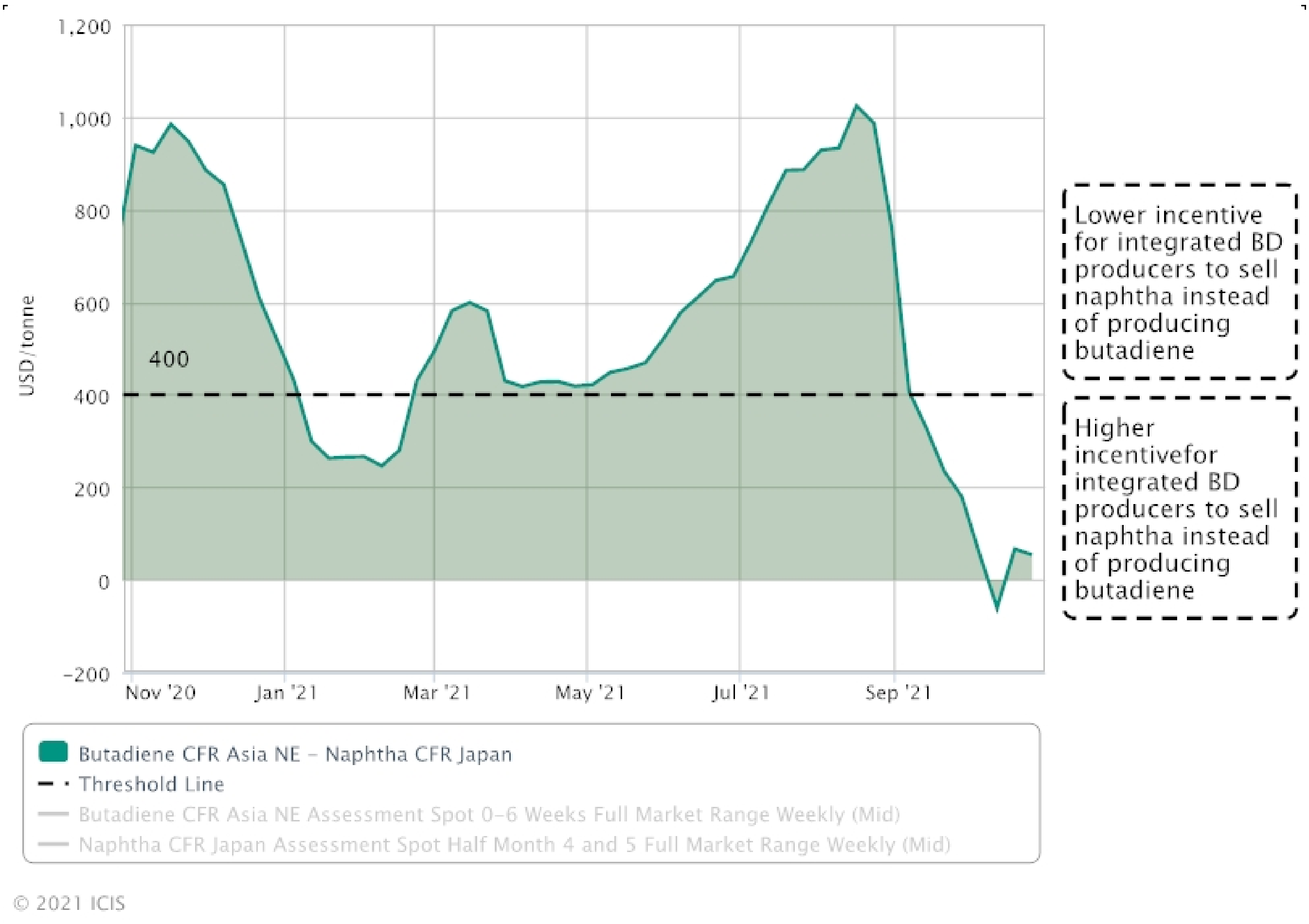
CFR SE Asian assessments were adjusted down at the low end, in line with changes in the CFR NE Asian assessments.

A SE Asia-origin cargo was heard offered via tender in the week, for November lifting sales, but there was no conclusive outcome, market sources said, given a wide gap in buy-sell expectations.

UPSTREAM

Asia-Pacific naphtha prices held at [a seven-year high] on firm petrochemical demand. Increased demand for gasoline blending provided support amid market expectations of potentially reduced surplus flows from the west. Naphtha's intermonth market structure widened in backwardation amid firm fundamentals.

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



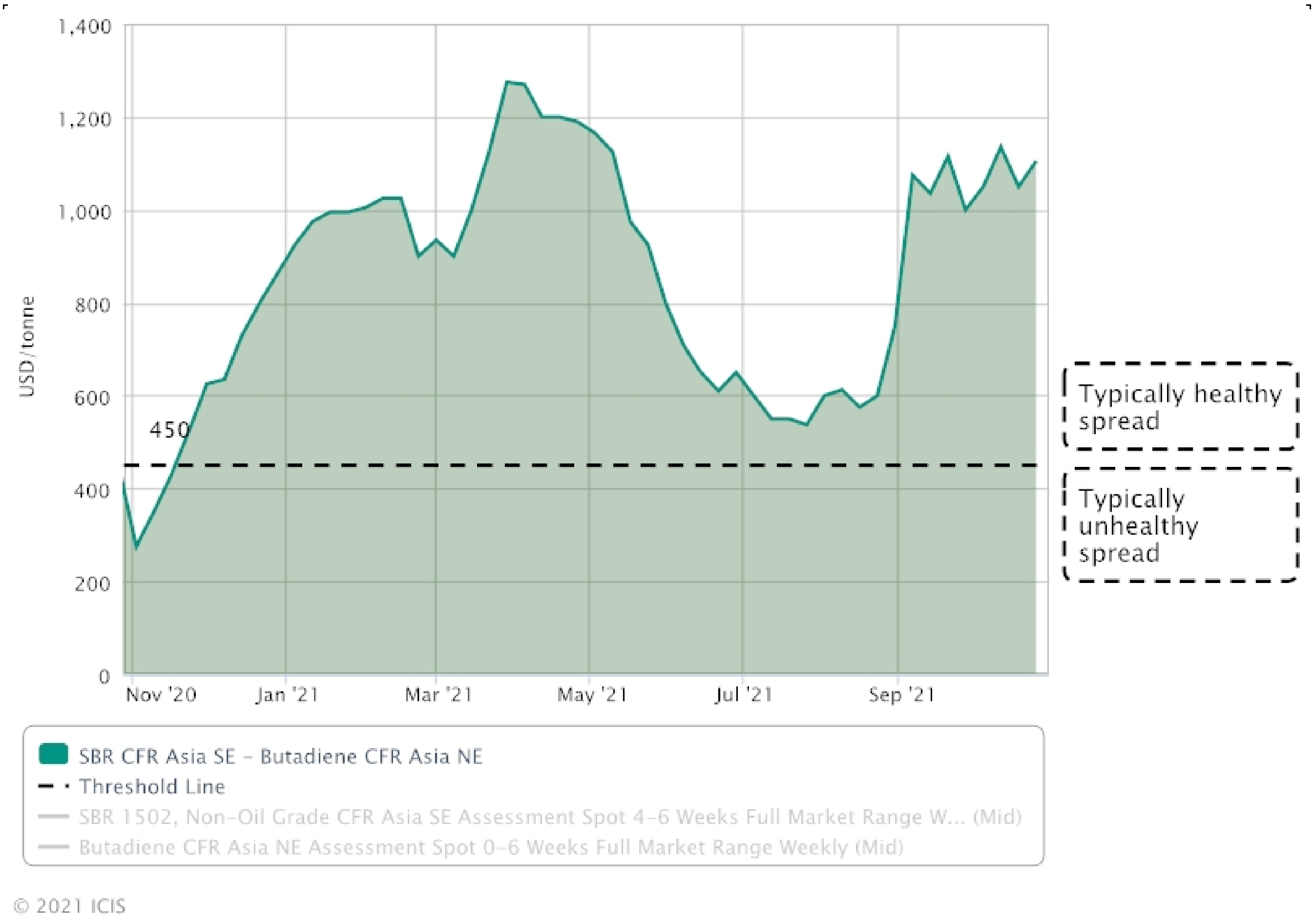
Click here for the Asia feedstocks and petrochemicals weekly summary.

DOWNSTREAM

Asian **styrene butadiene rubber (SBR)** discussions continue to trend up with snug supplies and healthy demand.

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

Spread between Butadiene and Styrene Butadiene Rubber Asia



Sentiment in northeast Asia for spot **acrylonitrile-butadiene-styrene (ABS)** trades faltered after the Chinese government announced their intentions to curb the skyrocketing coal prices.

PRODUCTION

The regional BD market is still broadly over-supplied and poised to lengthen further when production at several new and upcoming new BD projects in the region stabilise.

Click here for the Asian BD Live Disruption Tracker.

OTHER REGIONS

In the US, November butadiene (BD) contracts settled lower month on month, with improved supply.

In Europe, BD losses have also triggered decreases in Europe’s October formula contracts for downstream sytrene butadiene rubber (SBR).