



Butadiene (Asia-Pacific)

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Please click [here](#) for full details on the criteria ICIS uses in making these price assessments.

OVERVIEW

- **Sellers bullish**
- **Strong arbitrage window**
- **Buy-sell gap widens**

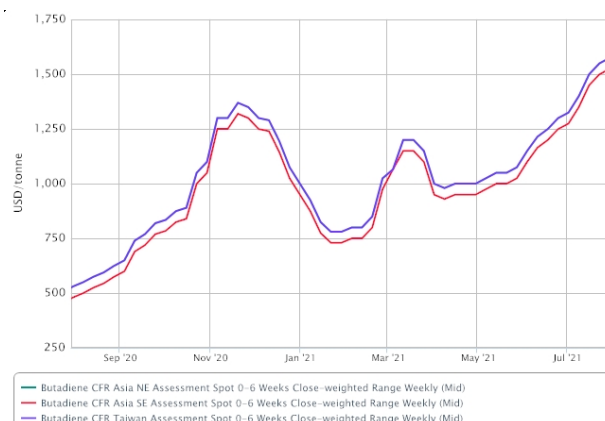
Asian import discussions for butadiene (BD) continued to see upside support from bullish offers, amid strong and persistent demand pull from the US.

With [US prices](#) now at a rare and relatively high premium over Asian prices, Asian BD makers were heard fully focussed on arbitrage sales opportunities, at the expense of regional trades.

Unlike their US counterparts, buying appetite of Asia-based BD end-users were distinctly lower, with many derivative sectors, from synthetic rubbers to acrylonitrile-butadiene-styrene (ABS), citing affordability issues.

Downstream demand conditions in the region were still broadly dampened by lingering COVID-19 restrictions, and potential BD buyers said that this will continue to crimp off-take for their own finished products, limiting in turn their requirements for feedstock BD too.

Many remain convinced too that new BD capacities will come on stream soon, and as such they wanted to wait and see further before committing on any fresh BD spot procurement.



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OUTLOOK

- **Regional supplies to stay snug on arbitrage flow**

- **Eyes on when new BD projects will materialise**
- **Demand to hinge on when economic recovery picks up**

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
CFR NE Asia	USD/tonne	n/c	1500.00- 1650.00	+50	1300.00-1350.00	68.04-74.84
CFR Taiwan	USD/tonne	n/c	1500.00- 1650.00	+50	1300.00-1350.00	68.04-74.84
CFR SE Asia	USD/tonne	n/c	1450.00- 1600.00	+50	1250.00-1300.00	65.77-72.57

Northeast Asia

CFR northeast Asian prices were assessed stable-to-firm, taking into consideration the range of buy-sell discussions heard throughout the week.

Spot trade liquidity is low, in part due to a wide buy-sell gap, but also because spot availabilities are limited to begin with, as August shipment parcels are mostly sold out, but players unwilling to discuss more actively September trade either.

With the domestic yuan-denominated pricing for butadiene still trending down - two weeks in a row - end-users in China are also cautious not to commit on fresh US dollar-denominated import deals at this point, on concerns that the latter could become more pricey, should the yuan values fall lower in coming weeks.

The end-users in China kept, as such, to lower buying indications for imports, compared to other regions, and the low-end is kept unchanged in line with this.

Some limited discussions were heard in other regional outlets, although it remains unclear if any concrete deal was indeed completed in the week for August delivery to northeast Asia.

The high-end is lifted with some Asia-origin volumes heard indicated earlier in the week for August shipment, in the mid-to-high \$1,600s/tonne CFR NE Asia range, and market sources said that this was also broadly in line with the outcome, albeit on a FOB northeast Asian basis, of another arbitrage deal for a H1 September shipment to the US.

The same August-loading cargo was heard sold late week at levels over the assessment range, but this was not taken into consideration yet as buyer and pricing details could not be fully verified.

CFR Taiwan assessments were adjusted up on the high-end, in line with changes in the CFR NE Asian assessments.

Monthly Contract DEL, \$/tonne	June 21	May 21	Apr 21	Mar 21	Feb 21	Jan '21
Taiwan FPCC	1,205	1,010	1,050	1,135	880	950

Korea YNCC	1,245	1,010	987	1,102.50	827.50	867
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East China domestic prices

Domestic prices in the yuan-denominated market continued to slide, as buying interest and appetite tapers with poor derivative margins.

Price (CNY/tonne)	30 July	23 July
DEL east China	12,200-12,250	12,800-13,000

Southeast Asia

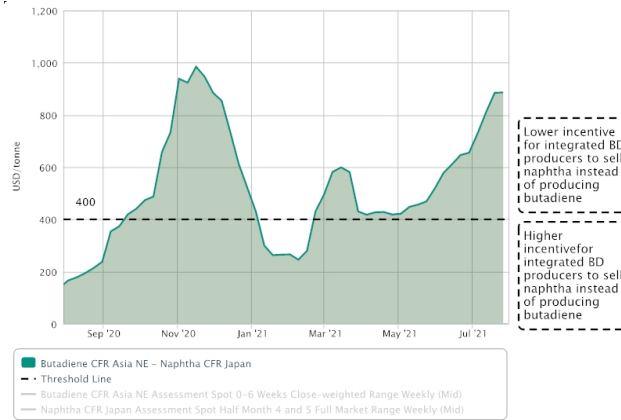
CFR SE Asian prices were also assessed stable-to-firm, tracking changes in the CFR NE Asian assessments.

A SE Asia-origin cargo was heard floated for August shipment sale during the week, but details on parties involved and pricing were unclear, and was thus not included for assessments.

UPSTREAM

Asia-Pacific naphtha markets were underpinned by supporting spot demand with cargo purchases for September arrival. The product's market structure widened in backwardation, with prompt-month prices stronger than forward months.

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



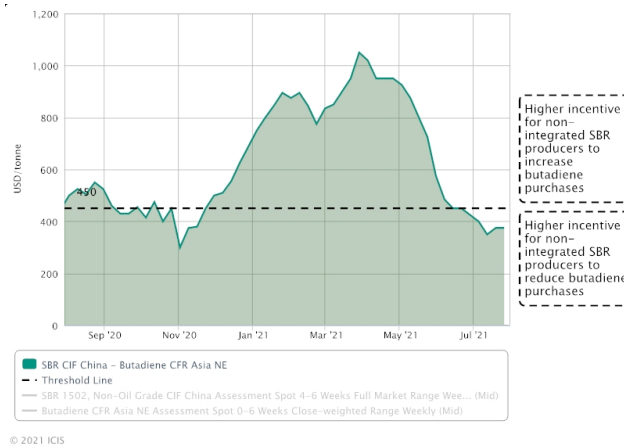
Click [here](#) for the Asia feedstocks and petrochemicals weekly summary.

DOWNSTREAM

Asian styrene-butadiene-rubber (SBR) spot talks edged up on relentless feedstock cost pressures, but liquidity is curbed by thin buying appetite.

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

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



Asian acrylonitrile-butadiene-styrene (ABS) spot prices were generally stable in the week amid thin talks, with the exception of southeast Asian spot prices, which edged up slightly on firm freight costs.

PRODUCTION

Expectations are high that BD output in Asia may [lengthen](#) in due course, once more new projects come on stream in northeast Asia within the second half of the year.

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

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