



## Butadiene (Asia-Pacific)

**By Ai Teng Lim**  
**30-Sep-2022**

[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.

The FOB China and Chinese domestic yuan (CNY) prices in the weekly analysis on 7 October will not be assessed. Please click [here](#) for the ICIS publishing schedule.

### OVERVIEW

- **Domestic China softens**
- **China's buying interest for imports dented too**
- **Wider Asian demand remains weak**

Discussions in Asia's spot butadiene (BD) import market trended down this week, tracking week-on-week [declines](#) seen in the domestic yuan-denominated market in China.

In China, domestic buying momentum tapered ahead of the extended National Day holidays from 1-7 October, and local ex-tank prices were generally softer.

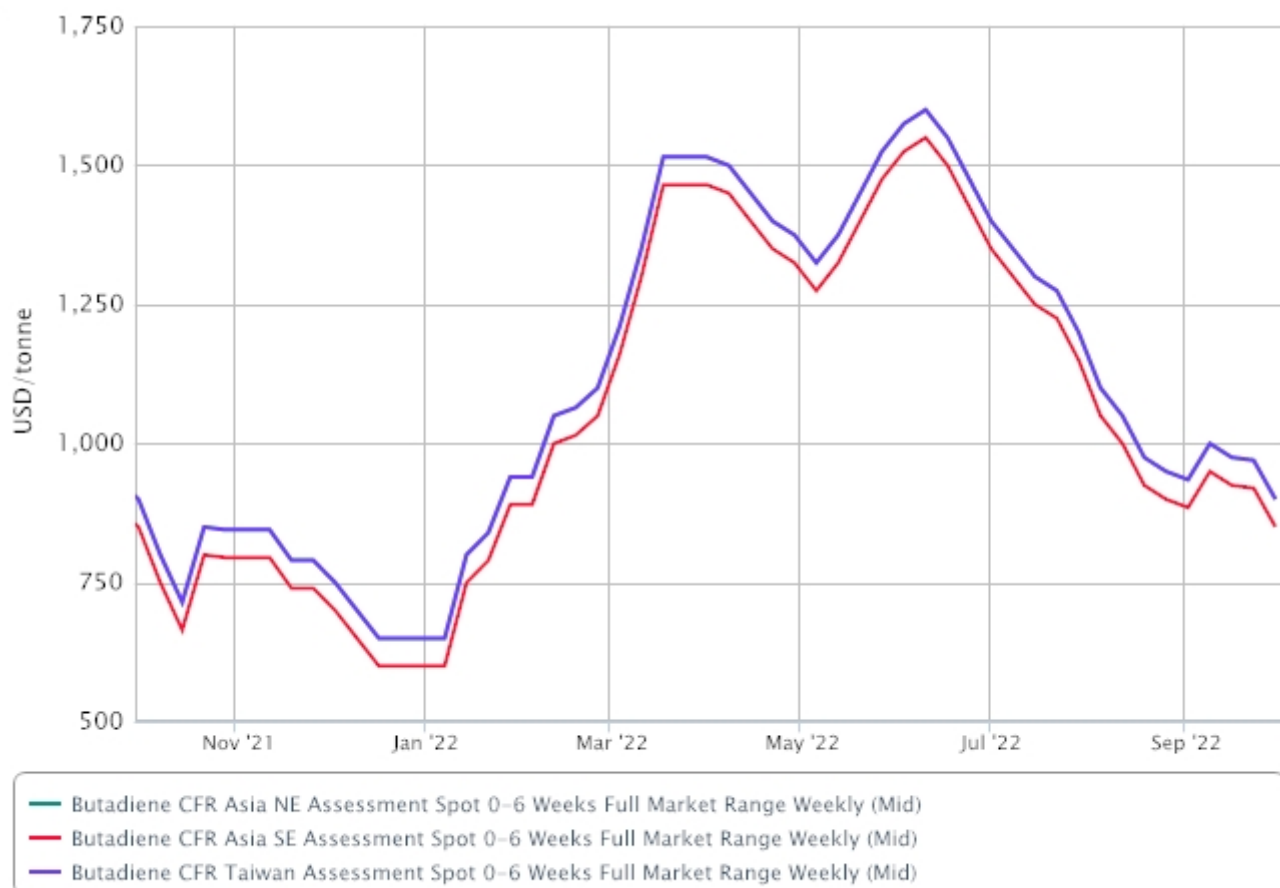
With this, the price gap has narrowed between US dollar-denominated imports and import parity values of domestic cargoes, in turn eroding China's buying interest for imports, market sources said.

Furthermore, yuan's [depreciation](#) against the US dollar has also made imports far more expensive than expected.

In wider Asia, demand for BD imports remain under pressure, in part due to a heavy wave of [downstream maintenance closures](#) in northeast Asia.

Other operating end-users were also cautious to pace procurement, as pessimism lingers on with regards to Q4 recovery prospects in their own downstream markets, amid various [bearish](#) macro-level economic growth projections.

Should concrete requirements do arise later, these potential buyers were also confident that the regional BD market is still sufficiently supplied, and that there is minimal risk that they could be caught short.



© 2022 ICIS

## OUTLOOK

- Post-holiday demand outlook for China still [hazy](#)
- Demand recovery prospects low in wider Asia too
- Supplies may [lengthen](#) into Q4

## PRICES

### SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
<b>Butadiene</b>						
<b>FOB China</b>	USD/tonne	-100	950.00-1050.00	-100	1050.00-1150.00	43.09-47.63
<b>CFR NE Asia</b>	USD/tonne	-90	850.00-950.00	-50	820.00-1050.00	38.56-43.09
<b>CFR Taiwan</b>	USD/tonne	-90	850.00-950.00	-50	820.00-1050.00	38.56-43.09
<b>CFR SE Asia</b>	USD/tonne	-90	800.00-900.00	-50	770.00-1000.00	36.29-40.82

### China

FOB China assessments were notionally adjusted down, tracking declines in the domestic yuan market, and in the absence of any concrete buy-sell indications on FOB (free on board) China terms.

Domestic ex-tank prices in east China settled lower, as trade momentum eased in the run-up to the extended National day holiday from 1-7 October.



© 2022 ICIS

**Northeast Asia**

CFR NE Asian prices were assessed down with softer indications heard for H2 October shipment cargoes in the absence of any concrete availability of prompt H1 October supplies.

In the absence of concrete offers, seller’s expectations were heard at no less than mid-to-high \$900s/tonne CFR (cost & freight) NE Asia for any October shipment, and this formed the high end of the assessment.

However, demand was tepid, with sporadic buying indications capped at the low end, and seemed to be mainly from China-based parties.

Some southeast Asia-origin cargoes may have changed hands at levels within the range for H2 October loading, but there were no verified details available on the parties involved.

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

Monthly Contract DEL, \$/tonne	Aug 22	Jul 22	Jun 22	May 22	Apr 22	Mar 22	Feb 22	Jan 22
Taiwan FPCC	1,025	1,255	1,450	1,360	1,415	1,355	1,040	795
Korea YNCC	983	1,315	1,555	1,445	1,445	1,335	1,015	835

**Southeast Asia**

CFR SE Asian assessments were adjusted in line with changes for the CFR NE Asian assessments, in the absence of any concrete trades on CFR SE Asian terms.

**SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY**

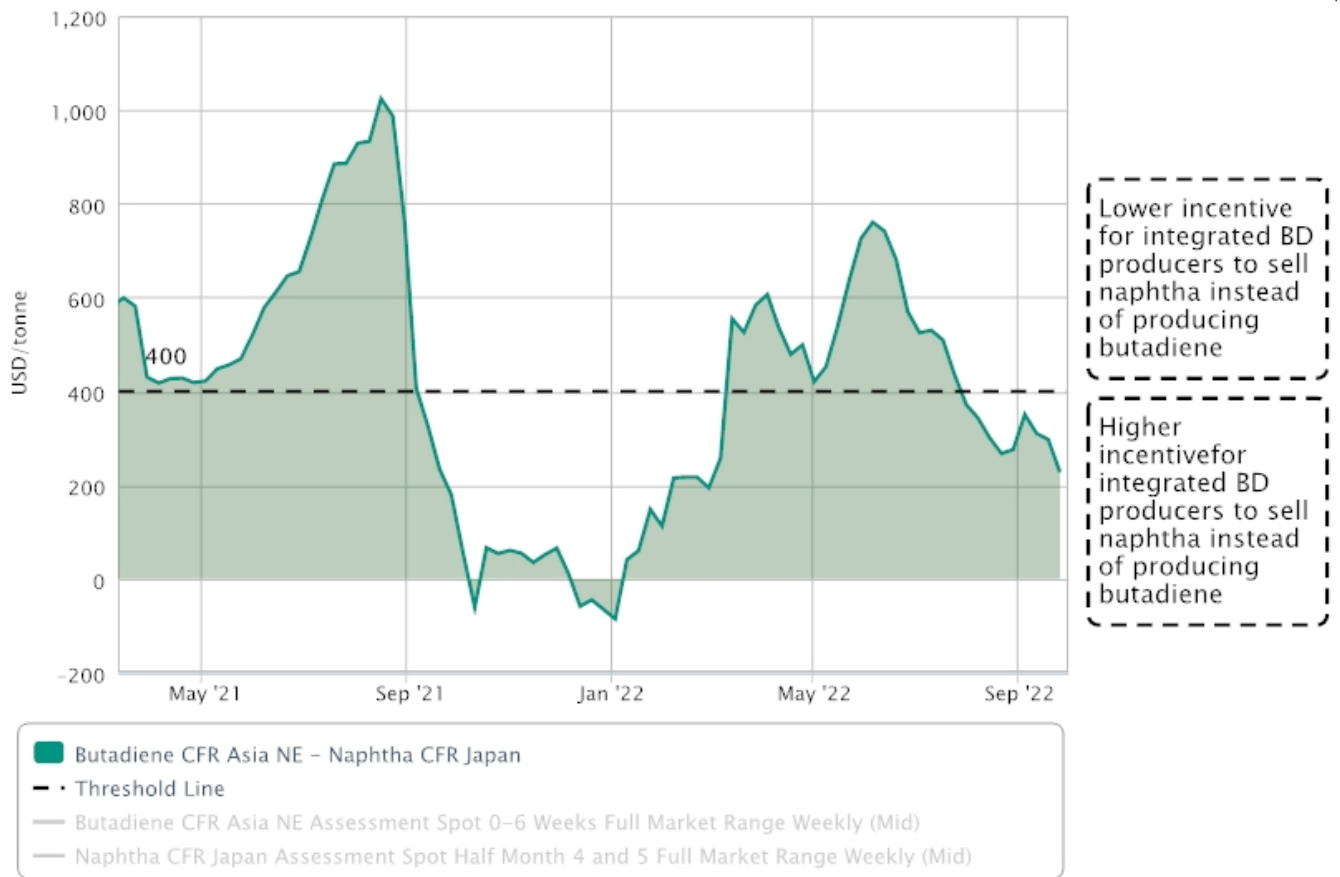
		Price Range		One Week Ago		/
<b>Butadiene</b>						
<b>Ex-Tank E China</b>	CNY/tonne	-200	7800-8000	-200	8300-8400	-

**UPSTREAM**

**Naphtha:**

- Asia-Pacific prices down on slowing economies
- End-user demand less than robust
- Ample deep-sea western cargo flows weigh

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



© 2022 ICIS

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

**DOWNSTREAM**

**Styrene-butadiene-rubber (SBR)**

- Discussions muted

- Supply tighter with turnarounds
- Demand waning

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

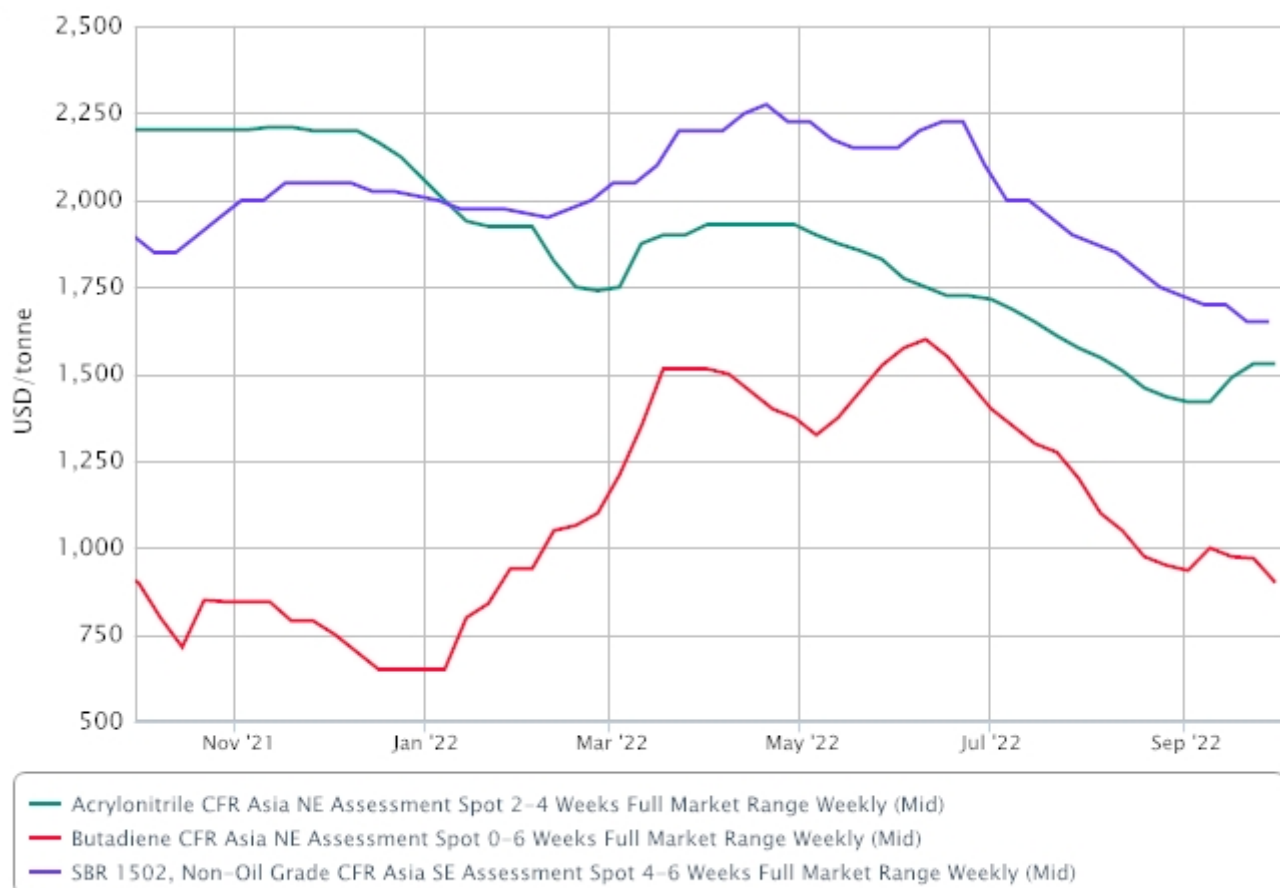
[Spread between Butadiene and Styrene Butadiene Rubber Asia](#)



© 2022 ICIS

**Acrylonitrile butadiene styrene (ABS)**

- CFR NE Asia up for fourth week after 11-week decline
- Vibrancy dwindles close to Golden Week
- Projections in India strengthens, SE Asia suffers poor demand



© 2022 ICIS

## PRODUCTION

In wider Asia, BD output from extraction units in Korea and Japan may remain capped in the near term, due to sustained operating rate cuts at many upstream crackers in northeast Asia. There are also ongoing BD maintenances in [South Korea](#) and Taiwan.

However, spot availability from southeast Asia are poised to rise after a 185,000 tonnes/year plant in Malaysia restarted in July from a prolonged outage.

Prior tightness seen in prompt availability of butadiene (BD) in the domestic China market has eased too, with several local plants [restarting](#) this week from prior maintenance closures.

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

## OTHER REGIONS

### Europe

- October CP settles down by €30/tonne
- Production cuts offset slowing demand
- Sentiment very bearish but also very uncertain for Q4
- Spot prices fall on thin activity

## US

- October nominations lower
- Spot prices decline further
- Supplies sufficient relative to weaker demand

## ANALYTICS

### ICIS Crude outlook

OPEC+ continues to be challenged in supplying the market at its allowed level due to political, technical and infrastructure constraints. Russian exports saw a marked decrease earlier in September, driven by a storm in the Pacific as well as reduced loadings from the Baltic, while greater challenges lie ahead with the upcoming EU crude embargo, which will go into effect on 5 December. Although an accompanying price cap had been discussed among G7 members, it remains to be seen when, or if such a move will take place. On the demand side, the spotlight has shifted to the state of the global economy as central banks in many major economies battle to rein in inflation at the expense of growth. Fears about a global recession and stagflation in major economies have been mounting, which would result in weaker demand for crude oil. However, the high natural gas price environment in Europe will encourage greater fuel switching this winter, providing some additional support for middle distillate volumes. The recent request for additional distillate export quotas in China, if granted, would support this demand with flows moving westward as Europe readies for the winter.

By **Ally Kirk**, senior analyst and global team lead, [alexandra.kirk@icis.com](mailto:alexandra.kirk@icis.com)

### ICIS Naphtha outlook

Naphtha cracks in Europe and Asia continue to be challenged in the high oil price environment, combined with lacklustre demand from the petrochemicals sector and use in gasoline blending, with naphtha cracks in negative territory since 2Q 2022. Resilience in middle distillate demand has encouraged stronger refinery throughputs at the expense of excess naphtha and gasoline production, particularly in Europe. Although higher Rhine levels from increased rainfall from late-September should enable some additional flows of naphtha from the ARA region moving forward, weak global demand, particularly from the Asian petrochemical sector, as well as high freight rates will limit these flows.

By **Ally Kirk**, senior analyst and global team lead, [alexandra.kirk@icis.com](mailto:alexandra.kirk@icis.com)

**Butadiene (Asia-Pacific) | 30-Sep-2022.** ICIS accepts no liability for commercial decisions based on the content of this report. Unauthorised reproduction, onward transmission or copying of the Butadiene (Asia-Pacific) Report in either its electronic or hard copy format is illegal. Should you require a licence or an additional copy of the Butadiene (Asia-Pacific) Report, please contact ICIS at [sales.uk@icis.com](mailto:sales.uk@icis.com)

ICIS, Quadrant House, The Quadrant, Sutton, Surrey, SM2 5AS. United Kingdom. ICIS accept no liability for commercial decisions based on the content of this report. Copyright violation is a serious offence. Any distribution or forwarding of information that is not expressly permitted by your subscription agreement is a copyright violation. ICIS uses software to monitor unauthorised electronic redistribution of reports.

© 2023 Reed Business Information Limited. ICIS is a member of RELX Group. [www.icis.com](http://www.icis.com)

