

2013 - Europe butadiene exports to continue to grow

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After what many sources are describing as a record year for European butadiene (BD) exports, ongoing uncertainty in the global economy means that players believe another record year for exports could be on the cards, despite some maintenance turnarounds.

Sources estimate that 260,000-275,000 tonnes of BD were exported from European shores in 2012 – the vast majority to Asia, and then next to the US. Although Europe is long, soft demand from Europe's domestic consumers freed up the additional volumes for the export market.

Unfortunately this meant that European BD producers were finding themselves more often than not in a reversal of last years' trend, and having to accept ever-weakening spot prices and an ever-widening gap between spot and contract prices – particularly in the second half of 2012.

Sources are cautious about demand levels in 2013, and many consumers are not expecting any significant improvement in demand for the first quarter, and possibly even into the second.

The automotive and construction industries will remain under pressure until the second half of 2013, as sources expect – or hope – that some stimulus plans in China have been put in place.

Some suggestion that European consumers have increased their spot exposure by reducing contract volumes highlights the fact that they expect firstly good spot availability, and secondly more attractive pricing when compared with the monthly contract price (MCP).

Given the extreme swings in spot prices over the past couple of years, not everyone is convinced that spot prices will be more favourable compared with the MCP – but only time will tell.

BD extraction units at five sites will undergo maintenance in 2013, and sources said that this should help support spot pricing. Additionally a heavy shutdown slate at crackers will also help to restrict BD feedstock, crude C4, so even if domestic consumption is not much improved in the first half of the year, the turnarounds should go some way to mitigating this.

- Shell - Moerdijk, Netherlands - March-April
- SABIC - Geleen, Netherlands - End March-April
- LyondellBasell - Wesseling, Germany - End April-June
- Evonik - Marl, Germany - May-June
- INEOS - Dormagen, Germany - September-October

Source ICIS News