



## Butadiene (Asia-Pacific)

**By Ai Teng Lim**

**01-Dec-2023**

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

ICIS plans to discontinue the CFR Taiwan spot assessment in Q1 2024, as import trade in this market would already be considered for assessment purposes in the CFR NE Asia quote. For any queries, please contact [aiteng.lim@icis.com](mailto:aiteng.lim@icis.com).

### OVERVIEW

- **Domestic China fell as buying fizzles out**
- **Import market sentiment dented too**
- **Limited regional supplies but no lack of arbitrage volumes**

Discussions in the Asian spot market for butadiene (BD) resumed the downtrend this week, both in the yuan denominated domestic China market, and for US dollar denominated imports.

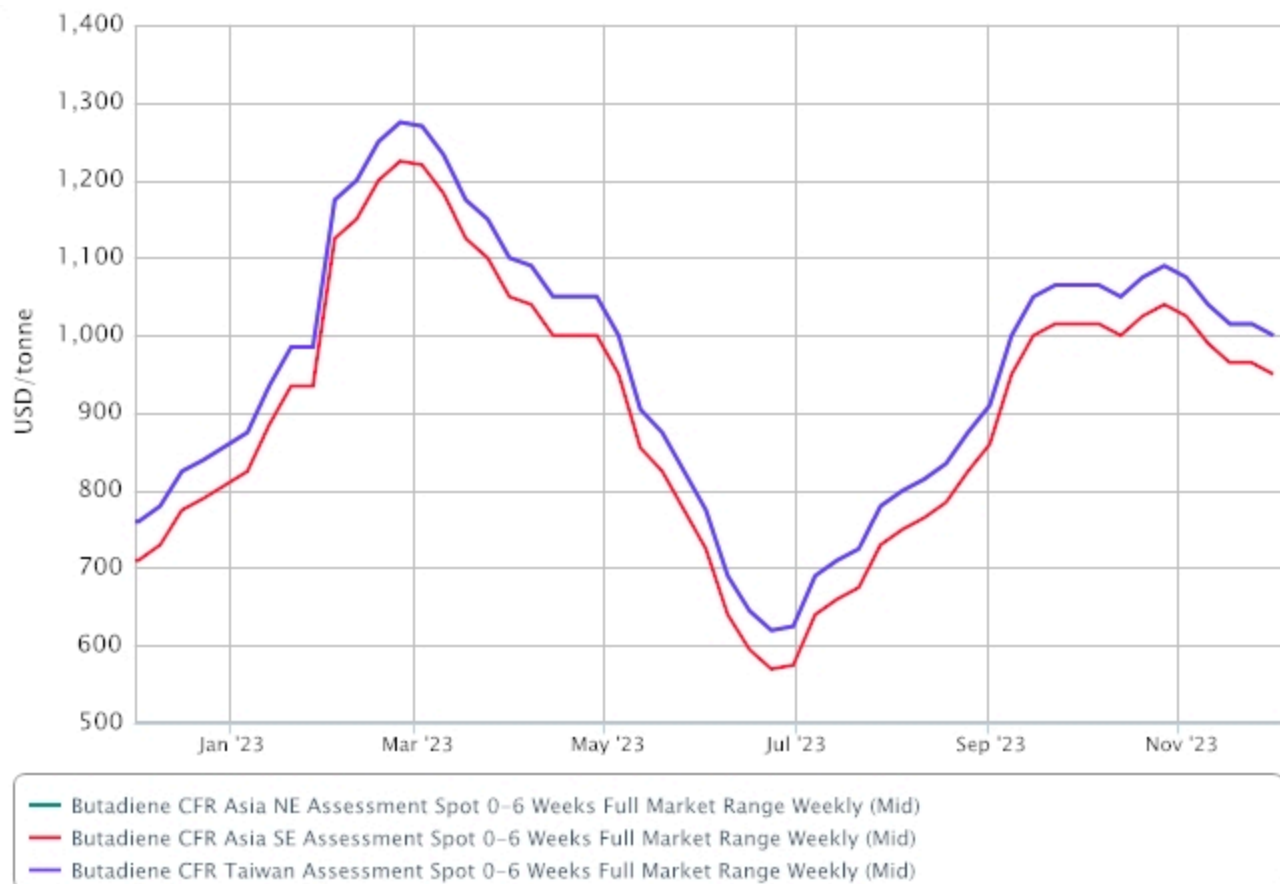
Domestic yuan denominated prices fell quite sharply this week, compared to the week prior, as buying fizzled out after more local downstream players adjusted production plans to relieve margin pressures, market sources said.

This also affected in turn buying sentiment for US dollar denominated imports, with buyers across Asia keeping to subdued bids.

The bearish pricing outlook for imports is offset to some extent as there were no near term availabilities in sight for regional BD cargoes.

Most regional producers held fast to broadly unchanged selling expectations as they have sold out on December cargoes, and are not ready to discuss January trades, given lingering uncertainties about how regional crackers may readjust their operations in the coming year to balance between upstream [crude volatility](#) and [dim derivative market conditions](#).

However, there is still a steady inflow of arbitrage materials from US and Europe, and market sources said that this will help to plug to some extent the shortfall in regional materials. This flow may continue for some time, if downstream demand in Europe fails to pick up soon, as ICIS [forecast](#) indicated.



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## OUTLOOK

- [Weak factory activity](#) in China could weigh on demand sentiment
- Spot buying may continue if 2024 term contract settlements are delayed
- Flow of deep sea materials unlikely to stop for the near term

## 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	n/c	950.00-1050.00	-50	1040.00-1100.00	43.09-47.63
<b>CFR NE Asia</b>	USD/tonne	-20	960.00-1040.00	-10	1050.00-1100.00	43.54-47.17
<b>CFR Taiwan</b>	USD/tonne	-20	960.00-1040.00	-10	1050.00-1100.00	43.54-47.17
<b>CFR SE Asia</b>	USD/tonne	-20	910.00-990.00	-10	1000.00-1050.00	41.28-44.91

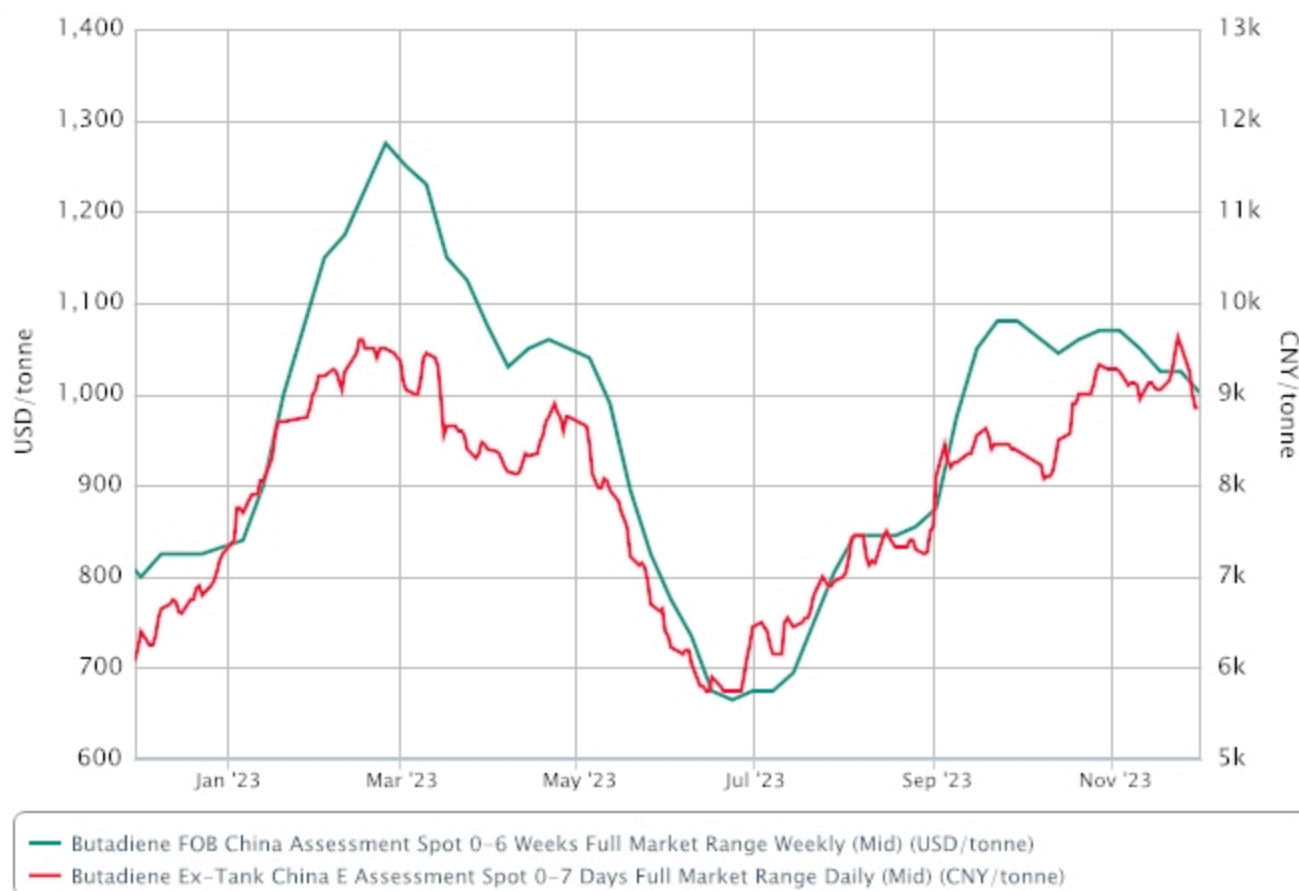
### China

Domestic ex-tank China prices failed to sustain the strong uptrend seen in the week prior, as buying tempo weakened substantially this week.

On 29 November, a major China BD producer cut its domestic list prices sharply, by yuan (CNY) 500/tonne, to CNY 9,100/tonne.

There were no substantive discussions in the FOB China market, but notional selling indications were adjusted down with the lower yuan values, and this is tracked at the high end of the FOB China assessment.

The low end was kept unchanged, in the absence of any buy-side response.



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## Northeast Asia

CFR NE Asian assessments tilt lower, based on discussions and indications heard for regional and deep sea materials.

There were no fresh spot December availabilities of Asia origin materials, but market sources said that some sporadic discussions continued at around the published high end, for December parcels that had surfaced and placed previously.

Otherwise, spot discussions this week were more active for deep sea origin materials available to lift from US or Europe in December.

First offers for these cargoes were heard this week in the \$1,000-1,040/tonne CFR NE Asia range, against buying indications at below \$950/tonne CFR NE Asia. However, discussions mostly converged subsequently in the \$960-980/tonne CFR NE Asia range, market sources said. Some trades may have also materialised within this range, although details could not be fully verified. The low end took reference from this.

CFR Taiwan assessments are adjusted with changes in CFR NE Asian assessments.

Monthly Contract DEL, \$/tonne	Nov '23	Oct '23	Sep '23	Aug '23	Jul '23	Jun '23
Taiwan FPCC	955	995	940	750	650	655
Korea YNCC	1,000	1,035	980	770	665	635

### Southeast Asia

CFR SE Asian assessments are adjusted with changes in CFR NE Asian prices.

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

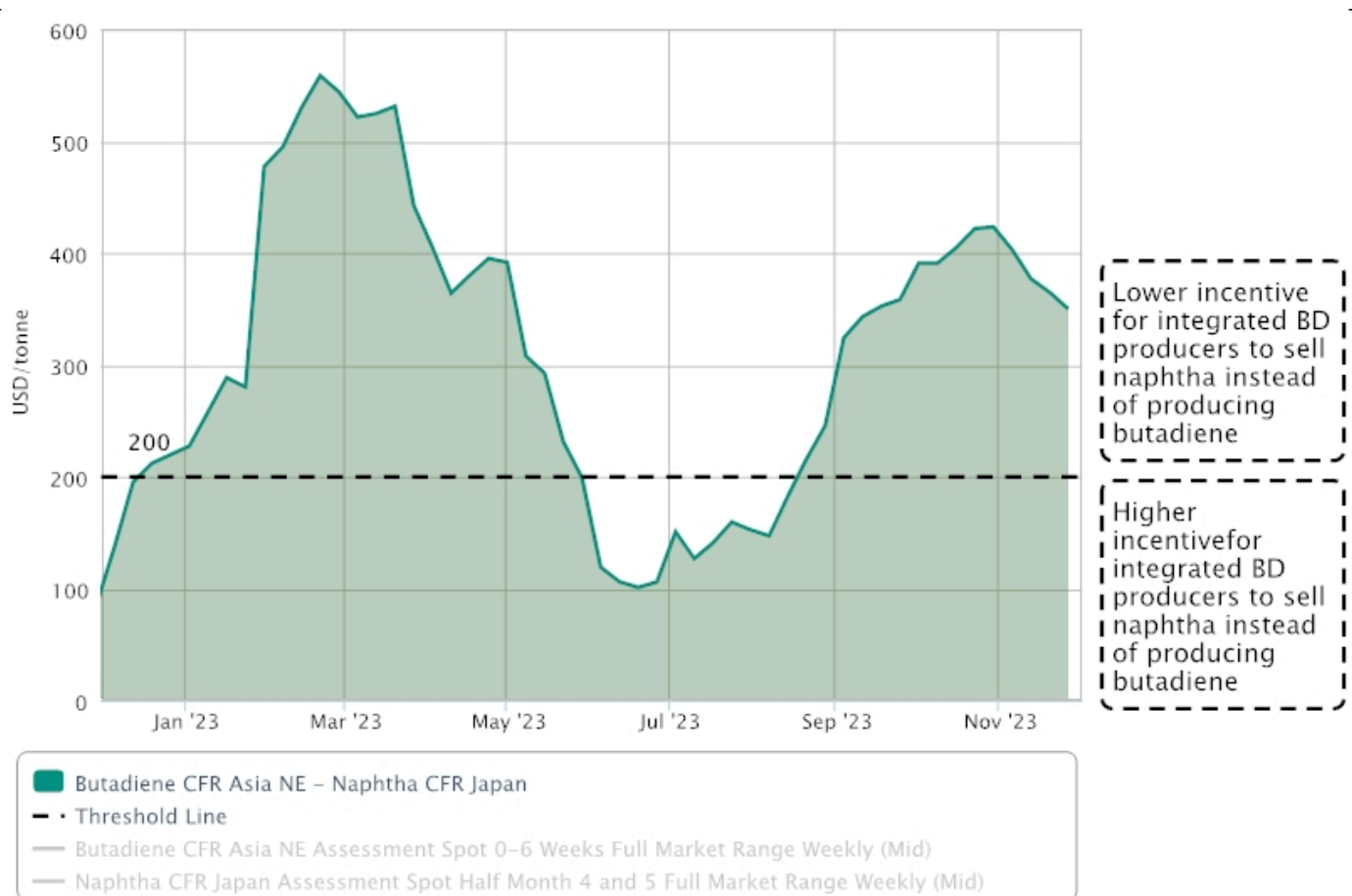
			Price Range		One Week Ago	/
<b>Butadiene</b>						
<b>Ex-Tank E China</b>	CNY/tonne	+50	8850-8900	n/c	9500-9575	-

## UPSTREAM

### Naphtha:

- Intermonth spread nears 8-month high on 27 Nov before easing
- Delays in arbitrage cargoes, caused by weather, provide support
- Spot premiums continue to rise in the week

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



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

## DOWNSTREAM

### Styrene butadiene rubber (SBR)

- Discussions still under pressure
- Demand lacklustre
- Softer offers emerge too

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

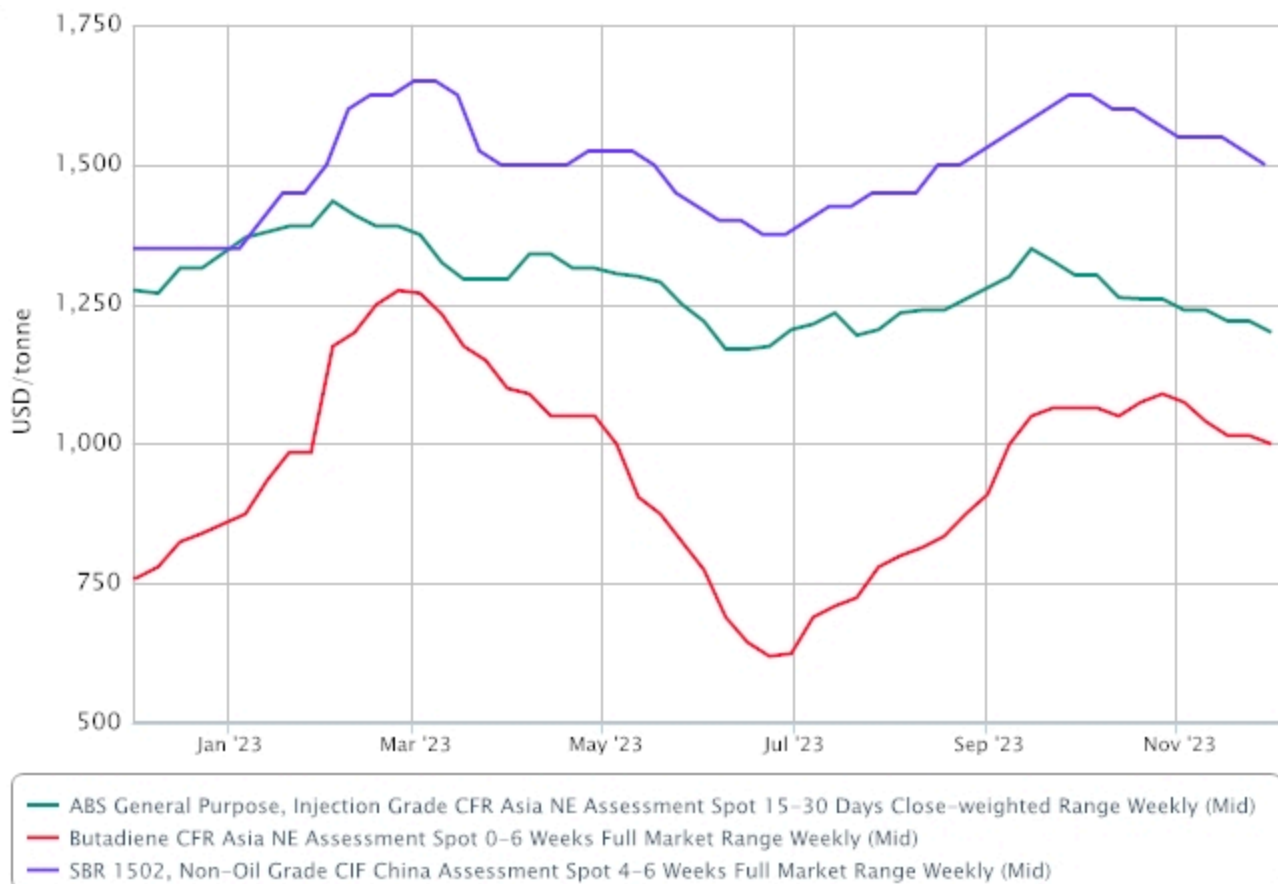
[Spread between Butadiene and Styrene Butadiene Rubber Asia](#)



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### Acrylonitrile butadiene styrene (ABS)

- CFR NE Asia down to a four-month low after last week's stalemate
- Weak sentiment further worsened by news of lower PMI in China
- Sellers lower offers despite negative margins



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## PRODUCTION

In China, a 250,000 tonnes/year unit in [Zhejiang](#) was taken offline from end November for 10-day maintenance. A 120,000 tonnes/year line in [Shanghai](#) also remains shut since early September, market sources said.

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

## OTHER REGIONS

### Europe

- Dec CP slips €10/tonne
- All eyes on Asia, pricing still shaky
- More exports being worked ex-Europe, availability limited
- Domestic sector soft but mostly stable
- Various planned, unplanned issues impact cracker output

### US

- December nominations flat to lower
- US demand weak, consumers sufficiently supplied
- Exports remain an outlet, but price, logistics a challenge

## ANALYTICS

### ICIS crude outlook

The outlook for crude oil weakened over November amid plentiful supplies and a darkening economic backdrop. The ongoing growth in non-OPEC supply remains a key driver for oil supply expansion this year, loosening the supply and demand balance. Oil prices reacted with a limited uptrend to the November 30 OPEC Ministerial Monitoring Committee (JMMC) meeting, delving into complex talks over 2024 production cuts. The group's members reached a preliminary agreement to make 1m bbl/day of additional oil supply cuts alongside Saudi Arabia's extension of voluntary reduction of the same size. A deeper collective reduction combined with the extension of Saudi voluntary cuts is anticipated to balance out the oil surplus projected for early 2024. Crude oil flows into China are anticipated to decrease for the balance of Q4 amid declining refinery operating rates, limitations on distillates export quotas and diminished export margins. Forward prices for 2024 are influenced by the combined dynamics of non-OPEC and OPEC+ supply, global and Chinese oil demand, as well as broader global economic developments and levels of geopolitical tension.

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### ICIS naphtha outlook

Fluctuations in crude prices have impacted pricing dynamics along the downstream segment of the value chain. Anticipated fluctuations in crude prices in December are expected to influence volatility in naphtha values in all regions. The flow of Russian oil products remained steady in November and is expected to edge up in December. Naphtha demand from the petrochemicals sector in December remains bearish as the propane-naphtha spread is forecast to remain wide in Europe, suggesting that naphtha will not easily find its way into the steam cracker units, which are expected to operate at reduced rates. The expectation is that Chinese gasoline and gasoil exports in December will continue to decline due to restricted export quotas and reduced export margins. However, forward-looking indicators remain positive as road mobility in China continues to increase.

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