



Butadiene (Asia-Pacific)

By Ai Teng Lim

01-Nov-2024

[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.

OVERVIEW

- **Domestic China market extends losses**
- **Buying appetite for imports slumps in line**
- **Market deemed amply supplied**

Discussions for Asian butadiene (BD) imports [slumped](#) distinctly this week, after domestic yuan-denominated prices in China deep-dived.

In China, domestic prices fell sharply, under the weight of several downside factors, from lacklustre derivative rubber futures to poor demand outlook sentiment.

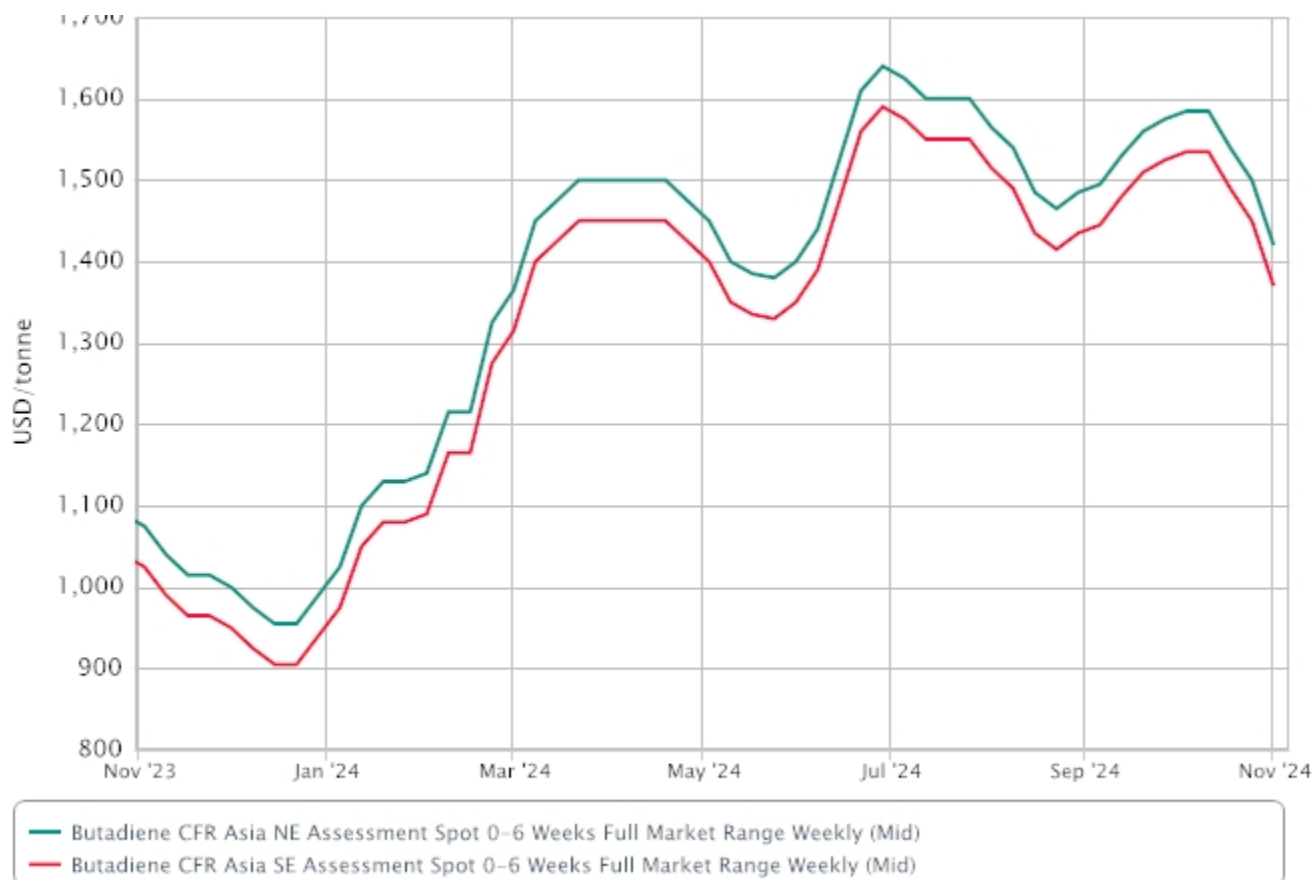
The depressed yuan values also impacted on China's buying appetite for US dollar denominated imports, and potential buyers there pressed sellers for substantial discounts on November/December shipment materials.

If sellers are unable to accede, the buyers said that they could stave off purchases to wait till offers are down to more agreeable levels. Most were already adequately covered for prevailing requirements with prior heavy purchases of deep-sea materials.

Buyers in other wider Asian outlets also shared similar considerations, with many heard prepared to stay in the sidelines until there is more clarity on how downstream demand picture may change with China's economic growth landscape.

Buy-side elements are of the view too that the market is amply supplied and there is no need to rush to buy. Besides an anticipated influx of deep-sea cargoes, some northeast Asian producers were seeking to float additional December cargoes for spot sales too, market sources said.

That said, whether this supply length will sustain remains to be seen, market players said, highlighting several risk factors to watch, such as timeliness of projected arrival of deep-sea shipment, as well as whether [anticipated capacity growth in China](#) may materialise on time.



© 2024 ICIS

OUTLOOK

- Supply expected to be long for rest of year
- Supply may tighten in the coming year, alongside NE Asian maintenance season
- Demand uncertainties to linger, pending [China’s economic growth trajectory](#)

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	-100	1400.00-1500.00	-50	1600.00-1650.00	63.50-68.04
CFR NE Asia	USD/tonne	-50	1400.00-1440.00	-110	1550.00-1620.00	63.50-65.32
CFR SE Asia	USD/tonne	-50	1350.00-1390.00	-110	1500.00-1570.00	61.24-63.05

China

FOB China assessments fell, with buying indications heard capped at the low-end, against indicative selling ideas at the high-end.

But there were no discussions, as buying interest is tepid, with potential users outside of China all already amply covered with prior purchases.

Domestic ex-tank prices in China plunged as producers moderated expectations to keep pace with recent declines in the derivative rubber futures.



© 2024 ICIS

Northeast Asia

CFR NE Asian assessments fell, with both ends dropped to encapsulate the full spectrum of trades, and buy-sell indications heard in the course of the week for November/December shipment materials.

Trade momentum only picked up towards late week, after there was more clarity on how domestic yuan-denominated prices in domestic China will trend during the trading week.

Domestic China prices were down throughout the week, and on 29 October, a major China producer shaved yuan (CNY) 500/tonne off its domestic BD list prices too.

The subdued domestic China affected discussions on US dollar denominated imports, and China-based buyers were heard looking at December cargoes at no more than the published low-end.

Some volumes, involving December shipment of northeast-Asia-origin materials, were heard sold at the low-end.

There were also discussions at the low \$1,400's/tonne range, involving several other parcels available to ship in December to different northeast Asian destinations, market source said.

Selling indications were heard at the high-end and up. But majority of sellers are targeting to trade only on formula-linked basis, and not on fixed price, market sources said.

This in turn weighed on spot trade liquidity, as buyers' preference were visibly skewed towards transacting on fixed-price basis, and some negotiations were scuttled and fizzled out due to the buy-sell differences, market source said.

Monthly Contract DEL, \$/ tonne	Oct 24	Sep 24	Aug 24	Jul 24	Jun 24	May 24	Apr 24	Mar 24
Taiwan FPCC	1,480	1,470	1,465	1,515	1,395	1,355	1,415	1,348
Korea YNCC	1,530	1,550	1,500	1,565	1,493	1,390	1,450	1,405

Southeast Asia

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

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

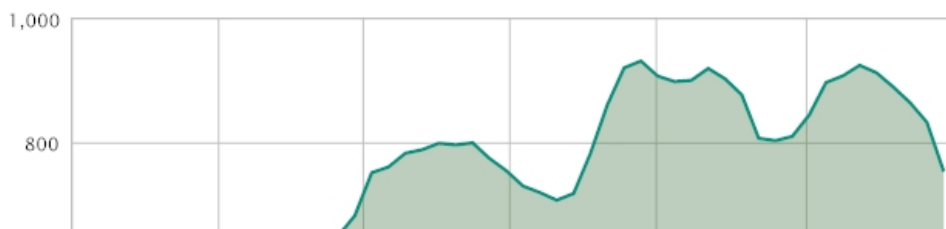
		Price Range	One Week Ago	/
Butadiene				
Ex-Tank E China	CNY/tonne	-400 11200-11400	-300 12100-12200	-

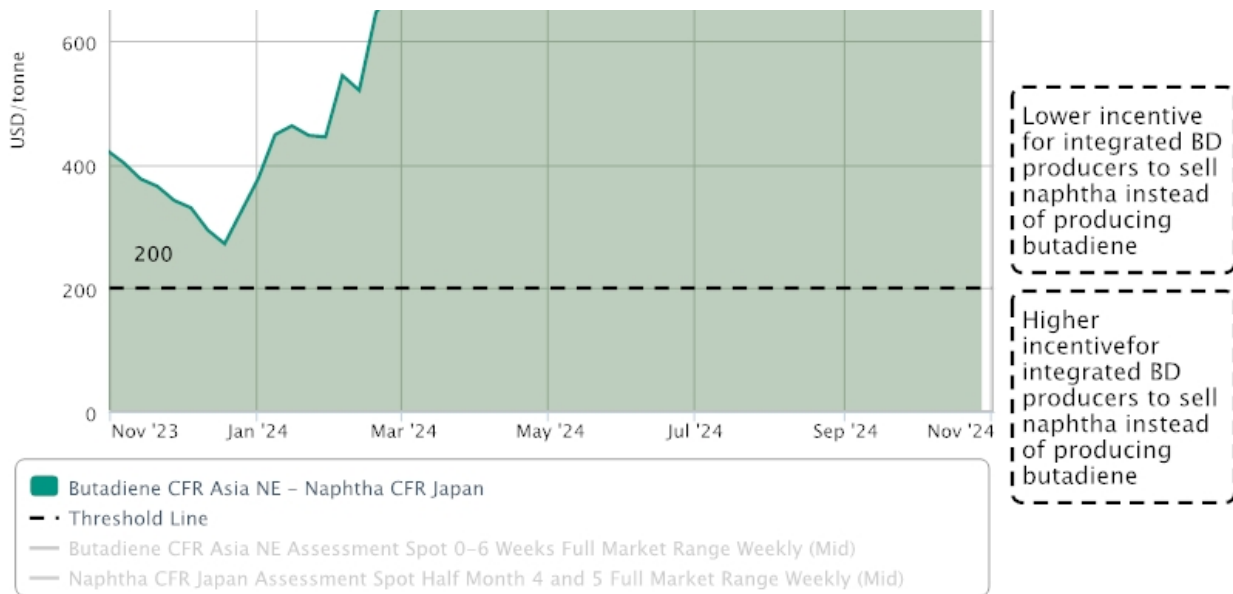
UPSTREAM

Naphtha

- Crack spread in end October neared one-month high
- At least three more buyers seen picking up Dec spot lots
- November arriving arbitrage cargoes seen below monthly average

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





© 2024 ICIS

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

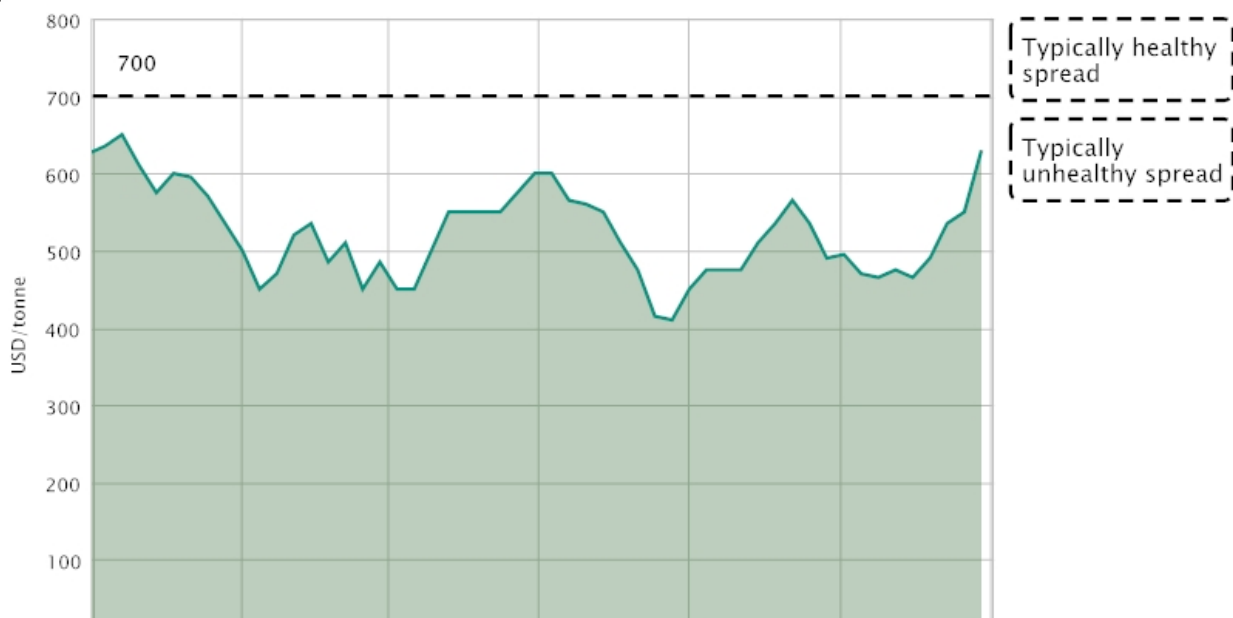
DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- China assessments lower on extended domestic losses
- Discussions muted elsewhere in Asia
- Market players in wait-and-see mode

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

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

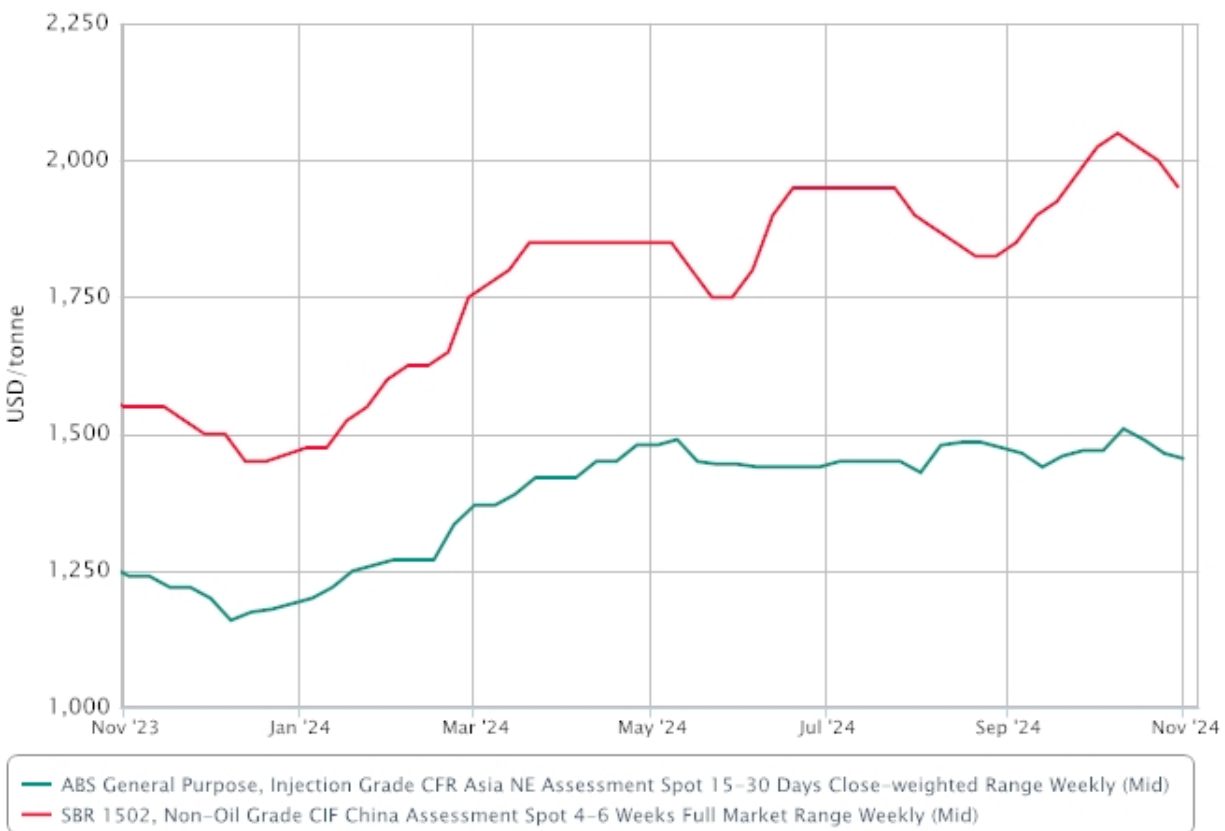




© 2024 ICIS

Acrylonitrile-butadiene-styrene (ABS)

- Asia ABS weakens for second week alongside feedstock
- Seller alert heightened upon drop in margins
- Slow, subdued market reaction to China’s improved PMI



© 2024 ICIS

PRODUCTION

There is a heavy wave of BD plant maintenance closures in Q4.

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

Company	Location	Status	Capacity (MT/year)	Start	End
---------	----------	--------	--------------------	-------	-----

Sinopec Shanghai	Shanghai, China	Maintenance/Commercial	53,000 (#1)	Sep 2023	Unknown
Zeon	Tokuyama, Japan	Maintenance	180,000	Mid-September	End November
LG Chem	Yeosu, South Korea	Maintenance	160,000	End-October	Mid-November
FPCC	Mailiao, Taiwan	Commercial	162,000 (#2)	August	Unknown
Long Son	Long Son, Vietnam	Commercial	110,000	H2 October	Unknown
ZPC	Zhoushan, China	Unplanned maintenance	250,000	5 November	H2 November
Lotte-GS	Yeosu, South Korea	Maintenance	90,000	End September	End November

OTHER REGIONS

Europe

- CP rolls over for the third time for November
- Relatively stable supply and demand fundamentals, though production constraints persist
- Inventory targets a clear focus through to year-end
- ENI announces transformation plan, closure of crackers, no detail with regard to BD yet

US

- [US BD nominations at a decrease as improved feedstock availability boost op rates](#)
- BD producer turnarounds wrap up, improving supply
- Asia demand still strong, supporting US exports to the region

ANALYTICS

ICIS outlook on downstream automotive sector

Volatile trade relations and policy continue to be major headwinds for the automotive sector this year. The industry is preparing for structural change. However, there is a degree of skepticism among manufacturers regarding mandatory targets for ramping up the charging and refueling infrastructure for electric vehicles.

According to the US Census Bureau, US light vehicle sales increased by 3.3% month on month in September to 15.7 million (this is still below the pre-pandemic level of 17.2 million in September 2019, down approximately 8.1%). The finished inventory to sales ratio (calculated by dividing inventory by

sales) decreased month on month from 1.601 to 1.359 in August 2024. For context, the ratio was 0.672 and 0.601 respectively in September 2021 and 2022.

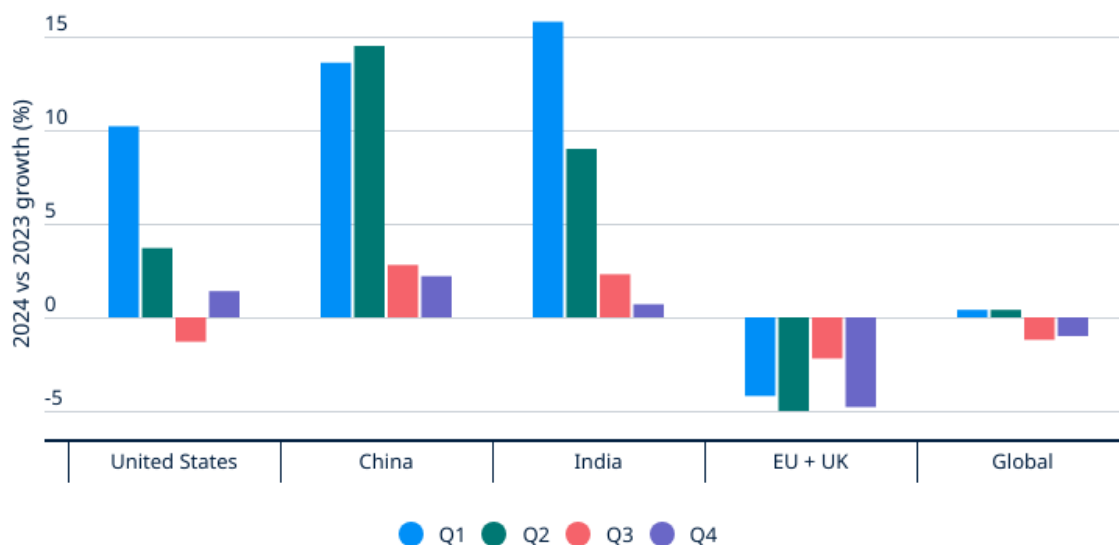
According to the European Automobile Manufacturers' Association (ACEA), EU passenger car registration decreased by 6.1% in September compared with same month last year. The association reported double-digit losses in France (-11.1%) and Italy (-10.7%). The German market contracted by 7.0%. On the positive side, Spain and Italy reported growth of 4.7% and 2.1%, respectively.

China automotive output in 2024 is expected to grow 8.0% compared with 2023; Q4 2024 is forecast to grow by 2.2% compared with Q4 2023 (Oxford Economics). The Indian festive season is forecast to give a much-needed boost to the industry. On the negative side, dealers are struggling with higher inventory and lower profitability, as reported by the Federation of Automobile Dealers Associations (FADA). India automotive output in 2024 is expected to grow 6.6% compared with 2023; Q4 2024 is forecast to grow by 0.7% compared with Q4 2023 (Oxford Economics). FADA reported cautious optimism ahead of India's festive season, though strategic inventory management is crucial before capitalizing on it.

By **Jincy Varghese**, ICIS demand analyst, jincy.varghese@icis.com

Motor vehicle sector growth by region

2024 vs 2023



SOURCE: Oxford Economics

Butadiene (Asia-Pacific) | 01-Nov-2024. 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

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.

© 2024 Reed Business Information Limited. ICIS is a member of RELX Group. www.icis.com

