



Butadiene (Asia-Pacific)

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

The FOB China prices in the weekly analysis on 1 October are assessed based on information collated up to 30 September. The FOB China in the weekly analysis on 8 October will reflect business conducted on that day. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

- **Sentiment bearish**
- **[Thin demand](#) amid upcoming downstream turnarounds**
- **Supplies lengthening as well**

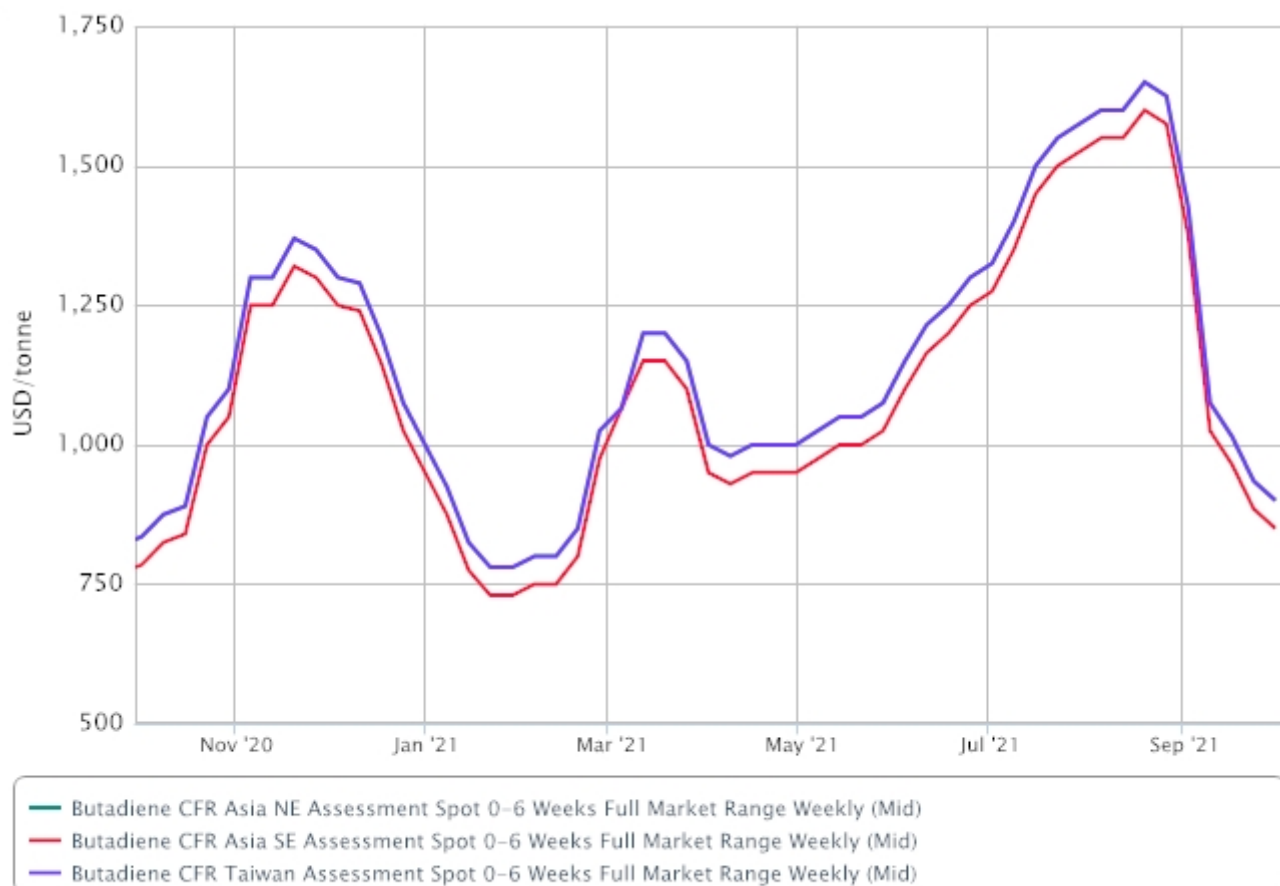
Asian butadiene discussions edged lower, weighed down by poor demand.

Sentiment was bearish, which in turn restricted concrete discussions and transactions. Furthermore, China was due to shut 1-7 October for its Golden Week holiday, and as such, market players were heard generally unwilling to deliberate and finalise on fresh procurement till after the holidays are over.

Buying interest dwindled, with most end-users already amply covered with prior purchases. Consumption was also lower than expected, not just due to a heavy wave of upcoming [plant turnarounds](#) in the downstream synthetic rubber sector, but also because of unforeseen run rate cuts in China factories, prompted by the country's latest [policy](#) to control energy consumption.

Spot supplies were also heard on the rise, including some volumes stemming from cancelled term contracts, market sources said.

In addition, there was additional deep sea origin shipment headed to Asia and looking for takers, market sources said.



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OUTLOOK

- **Supply will stay long**
- **Demand recovery prospects may be poor in the near term**
- **Supply-demand balance may shift further with China's dual control policies**

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	-50	850.00-950.00	n/c	n/a-n/a	38.56-43.09
CFR NE Asia	USD/tonne	-70	850.00-950.00	n/c	1350.00-1500.00	38.56-43.09
CFR Taiwan	USD/tonne	-70	850.00-950.00	n/c	1350.00-1500.00	38.56-43.09
CFR SE Asia	USD/tonne	-70	800.00-900.00	n/c	1300.00-1450.00	36.29-40.82

China

FOB China assessments were stable to soft, tracking muted discussions. Most players were winding down for extended holidays from 1-7 October.

Some lower selling indications were heard from traders with unsold, prompt lifting materials at hand, and this forms the low-end.

But the majority of sellers held firm to prior expectations, reflected at the high-end of the published range, citing a need to keep pace with the slightly improved pricing conditions in the domestic market.

East China domestic prices

Yuan-denominated prices recovered some lost grounds, as local output is tightened to some extent by reduced operations amid an ongoing [energy consumption control](#) policy in China.

Price (CNY/tonne)	30 September*	24 September
DEL east China	7,200-7,300	7,100-7,200

*China is shut from 1-7 October for extended national holidays.

Northeast Asia

CFR northeast Asian prices were assessed stable to soft, with the low end dropped in line with a softer bid heard earlier in the week.

The bid did not materialise into any concrete transactions, with sellers heard generally unwilling earlier in the week to price down too much, in view of recent gains in upstream naphtha values. The high-end is rolled over as such, in part also tracking broadly stable pricing conditions in the yuan-denominated market.

Some discussions were heard emerging at the end of the week, at levels substantially lower than the published range.

These were not included in the week's assessment as information was received after the assessment window had closed, and pending verification.

CFR Taiwan assessments were adjusted down at the low end, tracking changes in CFR northeast Asian assessments.

Monthly Contract DEL, \$/tonne	Sep 21	Aug 21	Jul 21	June 21	May 21	Apr 21	Mar 21	Feb 21
Taiwan FPCC	1,175	1,545	1,380	1,205	1,010	1,050	1,135	880
Korea YNCC	NA	1,650	1,470	1,245	1,010	987	1,102.50	827.50

Southeast Asia

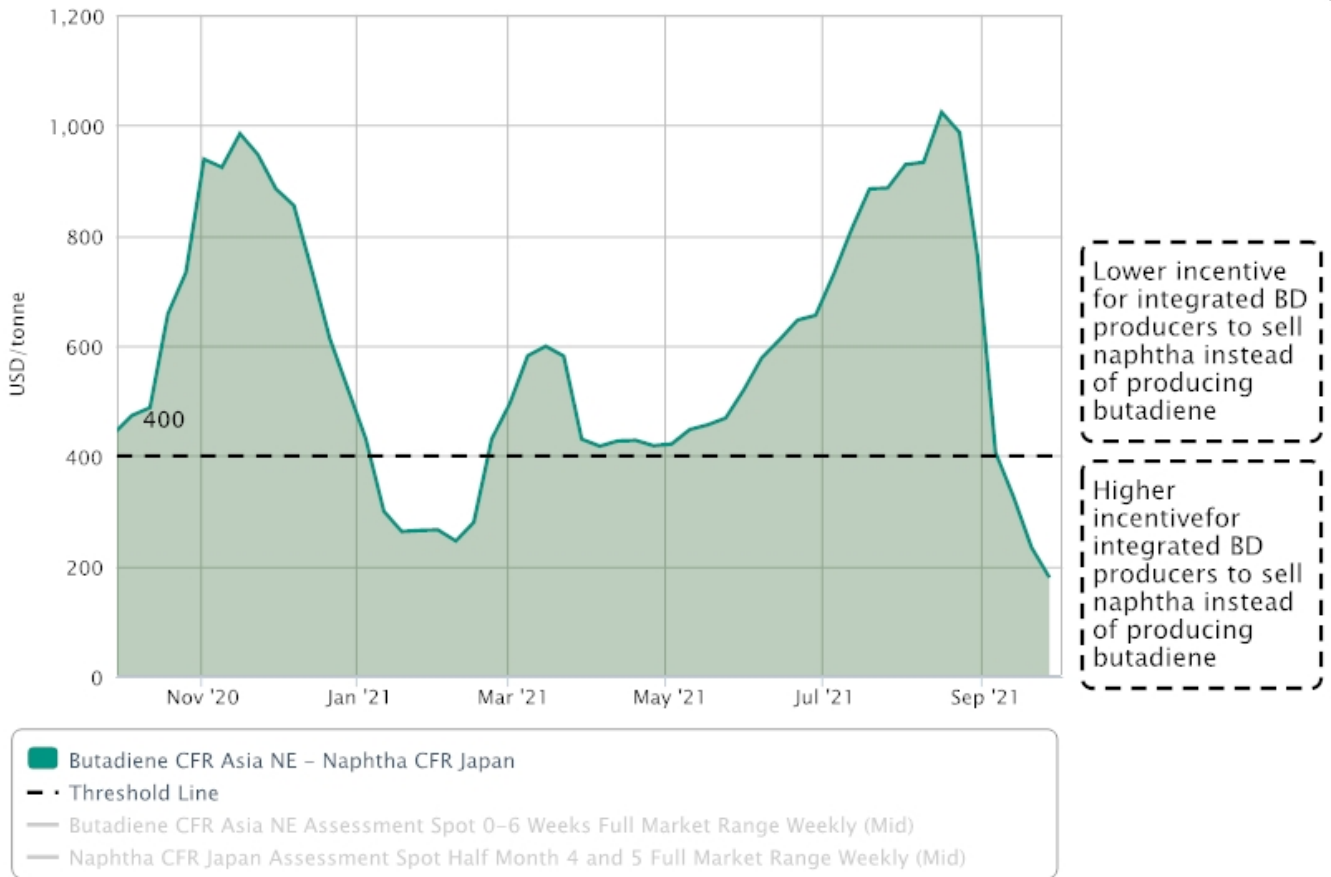
CFR SE Asian assessments were adjusted down at the low end, in line with changes in the CFR NE Asian assessments, in the absence of confirmed business on CFR SE Asian terms.

A cargo was heard surfaced for sale this week, via tender, for H1 November loading, but was again inconclusive due to lack of response, market sources said.

UPSTREAM

Asia-Pacific naphtha markets were buoyed by steady end-user demand for petrochemical production and earlier gains in global crude oil futures on supply-related concerns. Naphtha prices rose to a three-year high earlier in the week amid firm market fundamentals, keeping the market structure in backwardation.

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



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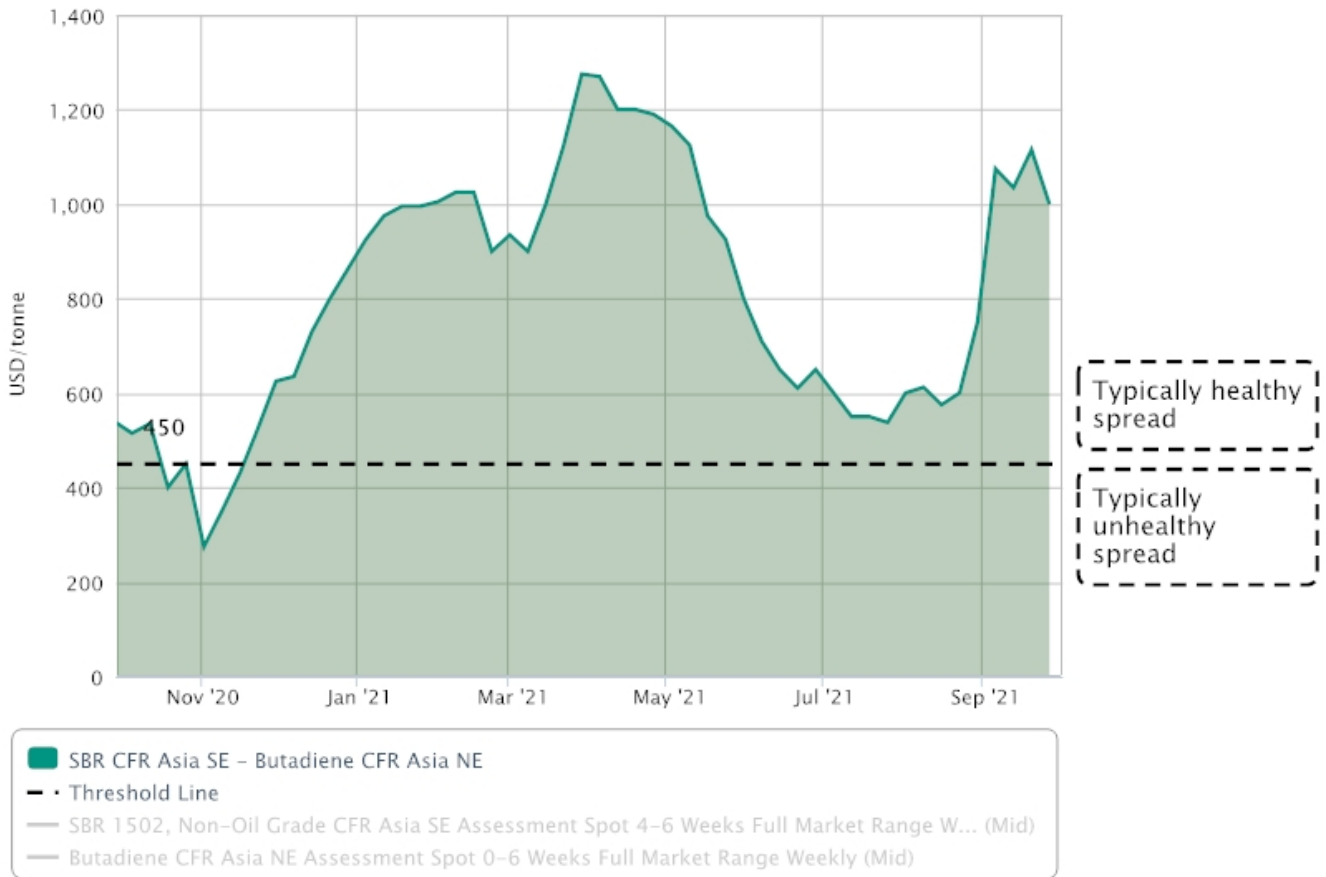
Click [here](#) for the Asia feedstocks and petrochemicals weekly summary.

DOWNSTREAM

Asian **styrene-butadiene-rubber** (SBR) spot market plummeted, as demand dissipated on shrinking car output.

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

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



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Asian spot discussions for **acrylonitrile-butadiene-styrene (ABS)** were mixed, on differing demand conditions in the region. A lower-priced deal surfaced in northeast Asia, and reduced offers were heard in southeast Asia too. However, in India, discussion levels were widened, as demand picked up on the back of stocking up before Diwali



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PRODUCTION

A supply glut is building in the regional BD market, as apart from an abundance of prompt spot availabilities from existing producers, more cargoes may hit the market when production at several new and upcoming new BD projects stabilise.

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

OTHER REGIONS

In the US, BD contract prices [fell](#) in October, reversing a six-month uptrend.

This comes despite an unplanned shutdown this week at a 546,000 tonnes/year BD plant in Houston, which culminated in a [force majeure declaration](#) from the producer TPC Group too.

ANALYTICS

ICIS Crude Outlook

The price of Brent rose in September, primarily because Hurricane Ida took a significant volume of US oil production offline, with up to 1.7m bbl/day lost at its peak. Looking ahead, OPEC+ will continue its 400,000 bbl/day per month production cut tapering programme until the end of the year. Following this, ICIS does not expect OPEC+ to continue any additional tapering until summer 2022, unless prices remain persistently high. In

the near term, the US may see further production issues if more hurricanes hit the US Gulf Coast in October and November. Indian oil demand is set to rebound strongly for the rest of the year. For example, demand for gasoline has already breached pre-coronavirus levels. Many refineries are expected to increase run rates to 100% to meet this demand, with overall refinery throughput expected to be above 5m bbl/day before the end of 2021.

By **Ajay Parmar**, ICIS senior analyst (ajay.parmar@icis.com)

ICIS Naphtha Outlook

The northwest Europe naphtha-Dated BFOE spread has strengthened by 8% month on month in September due to a tight market and exacerbated by supply disruption in the US. The spread is expected to remain strong in Q4 due to expected lower supplies and firm demand as a petchem feedstock. US naphtha supplies could face further disruption in October and November as more hurricanes are expected to hit the US Gulf Coast. This could see millions of barrels per day of refinery capacity temporarily taken offline, as seen in September, and lead to naphtha supply disruptions, particularly to Asia. The Europe propane-naphtha spread has widened significantly in recent weeks, with a high of \$49/tonne seen in September. This was primarily due to an unusual price spike in the summer caused by low supplies of propane in the US. The spread is likely to remain wide as winter approaches, leaving naphtha as the cracker feedstock of choice through to summer 2022.

By **Ajay Parmar**, ICIS senior analyst (ajay.parmar@icis.com)

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