



Butadiene (Asia-Pacific)

By Ai Teng Lim
02-Feb-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.

ICIS plans to discontinue the CFR Taiwan spot assessment from 9 February 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.

ICIS plans to bring forward the close of the assessment window to 13:00 hours Singapore/Shanghai time on 9 February. The China prices will not be assessed in the weekly analysis on 16 February. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

- [Domestic China buoyancy](#) boosts import sellers' sentiment
- Supply limitations another key upside support for import talks
- Buy-sell gap narrower but fails to bridge fully to induce trades

Sentiment for Asian spot butadiene (BD) import trades is generally more upbeat, although to varying degrees of buoyancy for different Asian outlets.

In China, domestic yuan-denominated prices spiked early week, amid a mix of factors, from snug domestic supply situation, to a flurry of pre-holiday restocking activities.

Some of the yuan gains were returned by late week, as buying waned with stocks sufficiently replenished, but overall, domestic east China prices were still substantially higher week on week.

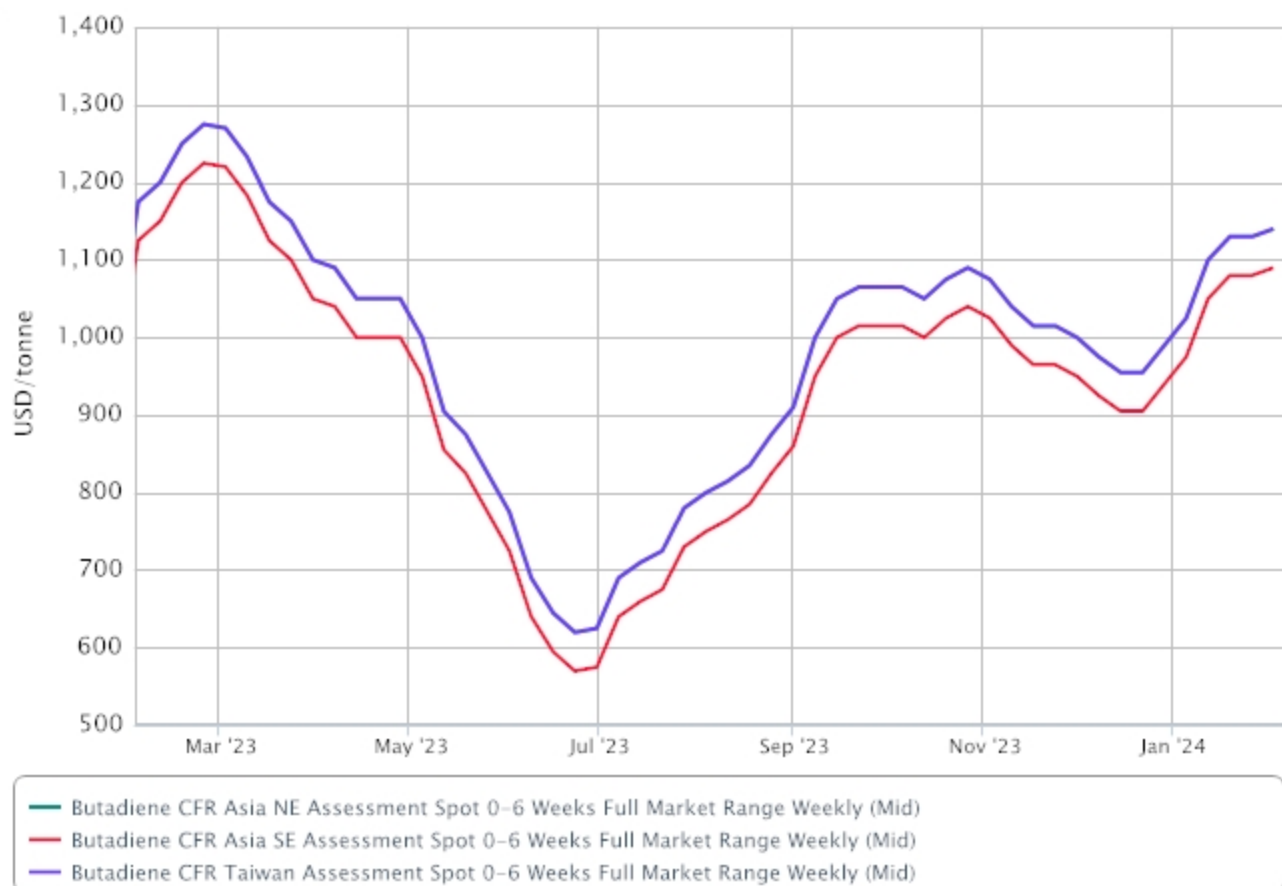
This propped up US dollar denominated export offers from China, and also boosted sell-side sentiment in wider Asia.

Potential BD suppliers in wider Asia are also confident that they will yield the upper hand in any spot negotiations as regional spot availabilities were already tight, and may be squeezed further by [fresh operating rate cuts](#) in February at some South Korean crackers.

Buy-side sentiment is comparatively more subdued, curtailing in turn meaningful and conclusive negotiations for fixed-price spot trades.

Among end-users, downstream demand worries continue to mount, and many are mindful not to over-commit on raw material procurement before it is clear how the post-holiday market in China may trend.

Even if pricing in various derivative sectors, such as [synthetic rubbers](#), have risen lately, end-users said that these were still far from lifting their compressed margins.



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OUTLOOK

- Supply expected to stay snug in the near term
- Players eye post-holiday market recovery in China to lift demand
- Buy-sell differences may persist and widen

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	+20	1100.00-1180.00	+60	980.00-1050.00	49.90-53.52
			0			

CFR NE Asia	USD/tonne	+20	1100.00-1180.00	n/c	1000.00-1050.00	49.90-53.52
			0			
CFR Taiwan	USD/tonne	+20	1100.00-1180.00	n/c	1000.00-1050.00	49.90-53.52
			0			
CFR SE Asia	USD/tonne	+20	1050.00-1130.00	n/c	950.00-1000.00	47.63-51.26
			0			

China

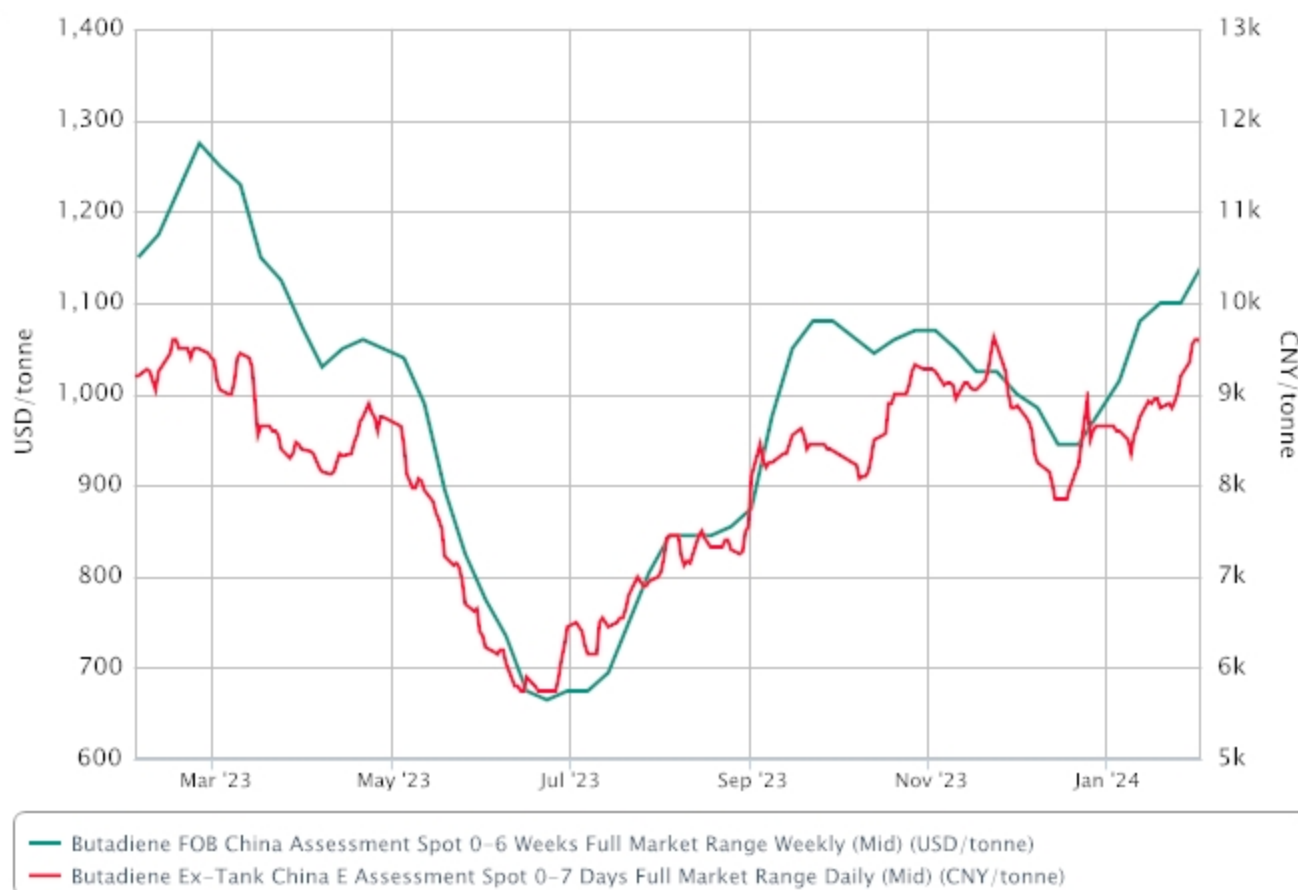
FOB China export offers rose, to the published high end and above, tracking increases in the yuan-denominated market.

There were no fixed-price basis trades, with substantive discussions mostly centered on formula basis.

The low end is thus notionally lifted in line with changes in the low end of CFR NE Asian assessments.

For the domestic ex-tank market in east China, yuan-denominated prices surged sharply early week, although some of the gains were returned by late week.

A major China producer also adjusted up its list price twice within days, to Chinese yuan (CNY) 9,900/tonne on 31 January, CNY500/tonne higher than at the end of the week prior.



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Northeast Asia

CFR NE Asian prices are assessed in a narrower range, with the low end lifted in line with firmer buy-side indications, and the high end is rolled in the absence of concrete fixed-price basis offers.

This week, spot trades were still centered on formula-linked terms, underscoring too the reality that buy-sell gap remains too wide for both sides to see eye-to-eye on a fixed price basis.

There were no concrete offers with sellers heard showing a firm preference to engage only in discussions on floating basis trades.

Several cargoes did change hands therefore in the week on a floating basis, heard at a \$30-50/tonne premium over ICIS CFR NE Asian quotes. The cargoes were heard earmarked for February and March delivery to different northeast Asian outlets, but fuller details were not available.

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

Monthly Contract	Jan 24	Dec 23	Nov 23	Oct 23	Sep 23	Aug 23	Jul 23
DEL, \$/tonne							
Taiwan FPCC	1,020	910	955	995	940	750	650
Korea YNCC	1,070	945	1,000	1,035	980	770	665

Southeast Asia

CFR SE Asian assessments are adjusted in line with changes for 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	n/c	9500-9600	-100	9150-9250	-

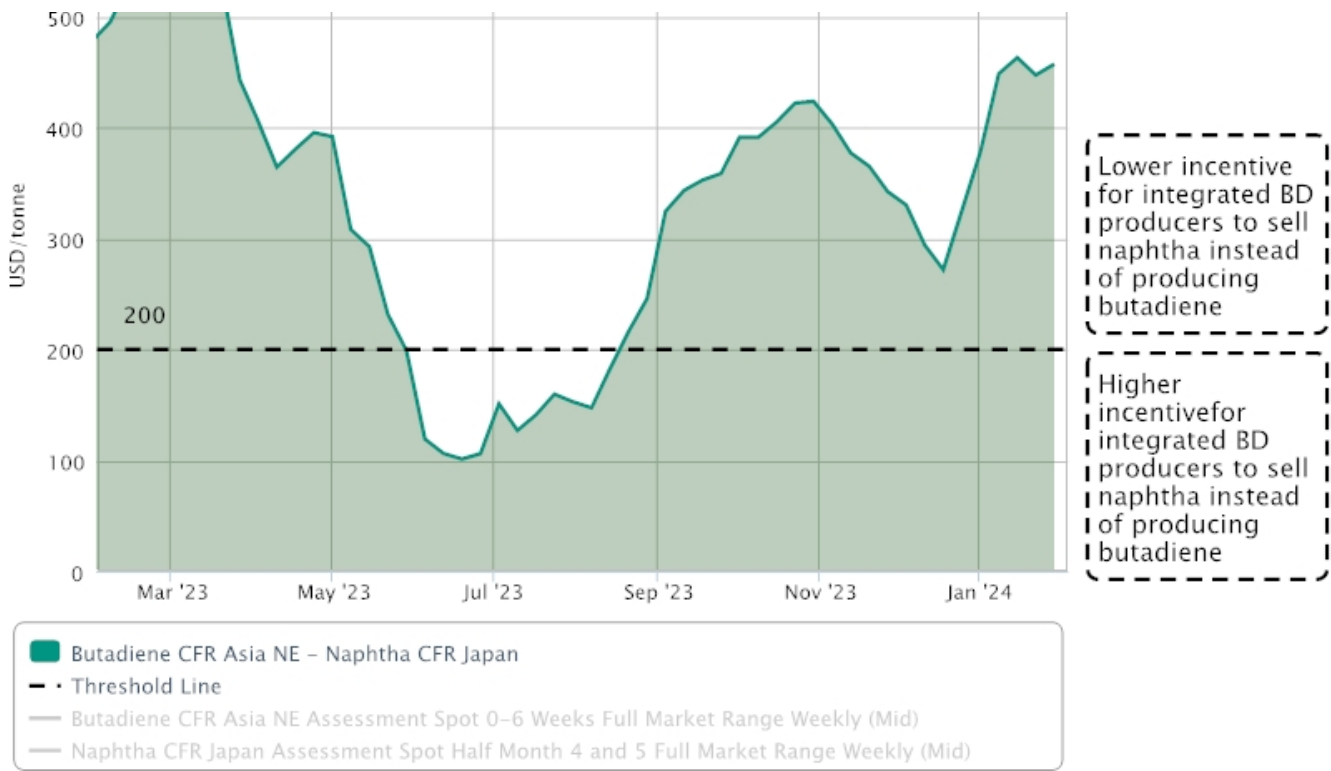
UPSTREAM

Naphtha

- Crack neared a month-low on Thursday after surging to 11-month high on Monday
- February incoming arbitrage seen lower by about 300,000 tonnes versus January
- Cracking margins remain under pressure

[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.

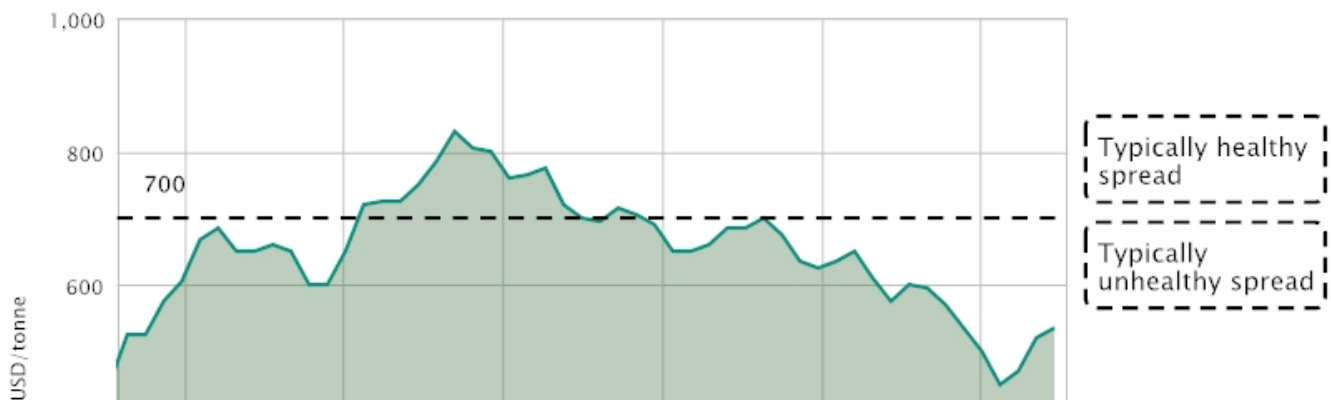
DOWNSTREAM

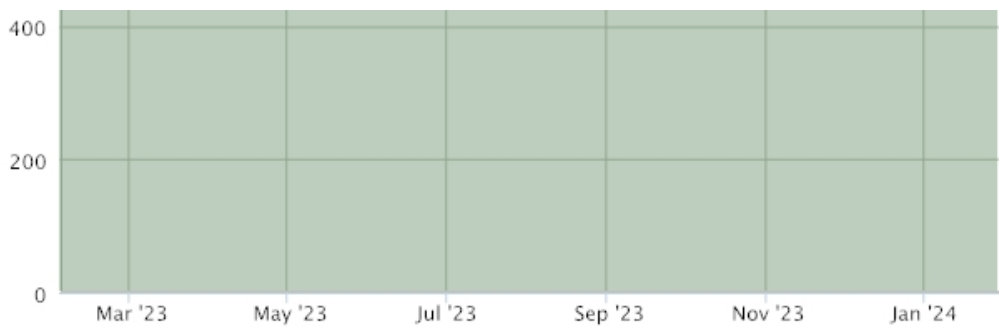
Styrene butadiene rubber (SBR)

- Discussions more buoyant
- Sellers chase higher targets to recoup costs
- Demand outlook mixed

The chart below shows the spread between BD and SBR in Asia, which continues to languish below the healthy line for SBR makers.

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

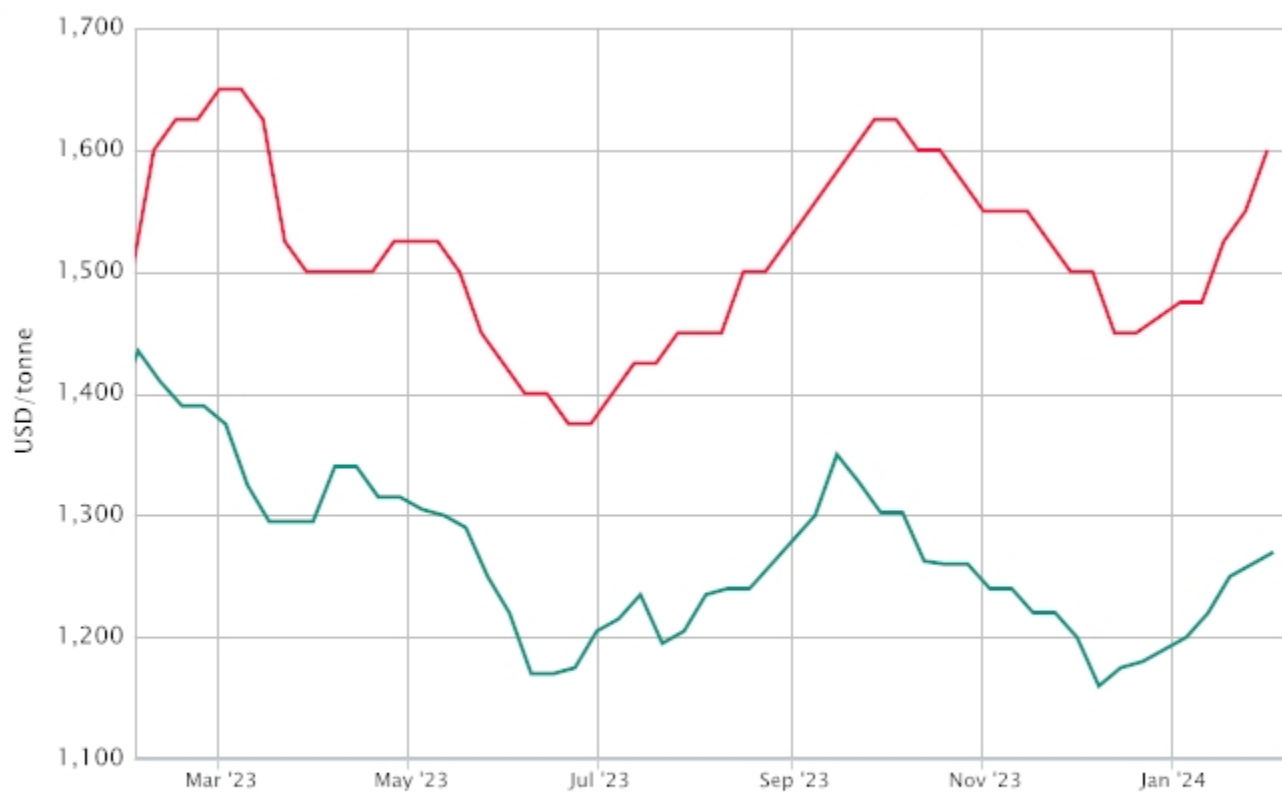




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Acrylonitrile butadiene styrene (ABS)

- CFR NE Asia uptrend continues for fifth week to four-month high
- Uptrend largely driven by feedstock cost
- Players prepare to leave for Lunar New Year



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PRODUCTION

BD supply balance remains tight amid ongoing plant closures, including a 130,000 tonne/year unit in Taiwan that

is currently [offline](#) for two months of maintenance, as well as two [units](#) in Beijing, with a total nameplate capacity of 135,000 tonnes/year, that went down since H1 January for unscheduled servicing.

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

OTHER REGIONS

Europe

- February contract price rises by €25/tonne
- Supply very limited by unexpected issues
- Demand stable on restocking, some small uplifts on Suez
- No activity seen on spot this week

US

- Tight global supplies to push February CP higher
- Spot prices remain lower than January CP settlement, but demand up slightly
- Some restocking evident; underlying demand remains weak

ANALYTICS

ICIS Crude Outlook

Geopolitical tensions in the Middle East, responsible for a significant portion of global oil trade, have intensified due to US and UK airstrikes in response to Red Sea attacks and raised concerns about oil flow disruptions. OPEC+ production cuts aim to prevent an excessive oil inventory build, especially amid worries about a sluggish global economy. The surge in supplies from non-OPEC+ sources, predominantly driven by US shale drillers, is anticipated to persist, even as consumption growth is expected to decelerate. Russia plans to increase diesel exports from major western ports by almost a fifth in February, aligning with growing refinery runs. China is expected to continue to lead oil demand growth in 2024, driven in particular by its expanding petrochemical sector. Refiners in India are looking to enhance supplies from the Middle East and neighboring countries due to concerns about longer shipping times and higher costs following attacks in the Red Sea. US Federal Reserve officials anticipate core inflation to decrease further in 2024, closer to 2% target rate.

By **David Jorbenaze**, senior analyst, david.jorbenaze@icis.com

ICIS Naphtha Outlook

The open specification naphtha market is anticipated to be a mixture of volatility and cautious optimism for early 2024. Attacks in the Red Sea have caused delays and created a market imbalance in the East. Market fundamentals are projected to remain supportive through most of Q1, buoyed by refinery maintenance in the Middle East and concerns arising from the Red Sea situation. Despite weak petrochemical margins, tight supplies are expected to overshadow these concerns. In February, refinery utilization rates are expected to marginally increase in selected Asian countries including Japan, China, India, Singapore and South Korea. The outlook for naphtha demand from the petrochemical sector remains bearish as the propane-naphtha spread is expected to

remain wide. This suggests that propane is anticipated to maintain its position as the preferred feedstock into steam cracker units, which are expected to continue to operate at a reduced rate.

By **David Jorbenaze**, senior analyst, david.jorbenaze@icis.com

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