



Butadiene (Asia-Pacific)

By Ai Teng Lim
02-Jul-2021

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

OVERVIEW

- **Sellers bullish on perceived supply tightness**
- **Buying indications also slightly firmer**
- **But trade liquidity curtails on buy-sell gap**

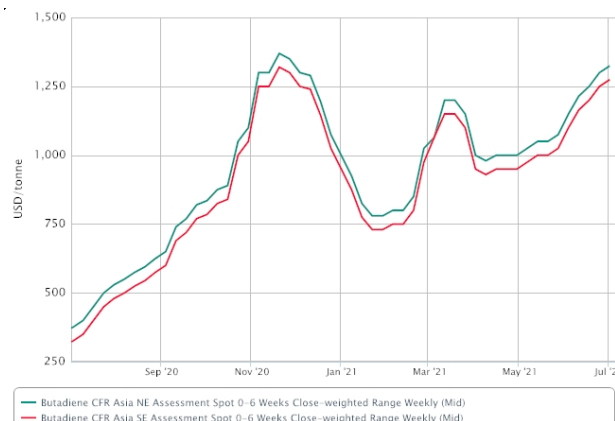
Asian butadiene (BD) import prices were assessed in a narrower range, as buying indications crept up, amid persistently firm sell-side expectations.

With prompt supplies still generally on the snug side, amid persistent competing demand from Western markets, as well as ongoing and upcoming turnarounds, sellers remained confident that Asian buyers with concrete requirements will raise bids in due course to secure volumes.

As such, most of them kept to existing asking prices, if not chasing higher targets, even if this serves to dampen substantive negotiations as some end-users retreated deeper into the sidelines, citing affordability issues and lingering uncertainties in how their respective downstream markets may trend.

For instance, in the synthetic rubber sector, although spot prices have edged up recently, market players highlighted that margins are still squeezed, which could in turn limit how much more rubber makers could pay for feedstock BD.

The buy-sell standoff may persist, unless downstream market performance picks up more pace, or when it is clearer when [anticipated new capacities](#) will materialise to provide some supply respite, market players said.



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OUTLOOK

- **Eye on when new capacities will materialise**
- **Demand to hinge on downstream market performance**
- **Buy-sell gap may widen**

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
CFR NE Asia	USD/tonne	+50	1300.00- 1350.00	n/c	1100.00-1200.00	58.97-61.24
CFR Taiwan	USD/tonne	+50	1300.00- 1350.00	n/c	1100.00-1200.00	58.97-61.24
CFR SE Asia	USD/tonne	+50	1250.00- 1300.00	n/c	1050.00-1150.00	56.70-58.97

Northeast Asia

CFR northeast Asian prices were assessed stable-to-firm, with the low end lifted in line with firmer buying indications heard.

Some end-users with concrete requirements were heard prepared to raise bids to around \$1,300/tonne CFR NE Asia to secure volumes, and this formed the low end.

Some cargoes did change hands at around this level recently, market sources said, although deal details are not fully available.

But this continued to lag sellers' expectations, which, on FOB China or Korea basis, held firm this week at minimally the equivalent of about \$1,350/tonne CFR NE Asia, market players said.

CFR Taiwan assessments were adjusted up on the low end, in line with changes in the CFR NE Asian assessments.

Monthly Contract	June 21	May 21	Apr 21	Mar 21	Feb 21	Jan '21
DEL, \$/tonne						
Taiwan FPCC	1,205	1,010	1,050	1,135	880	950
Korea YNCC	NA	1,010	987	1,102.50	827.50	867

East China domestic prices

Domestic prices in the yuan-denominated market were stable on range-bound talks.

Price (CNY/tonne)	2 Jul	25 Jun
DEL east China	9,200-9,300	9,200-9,300

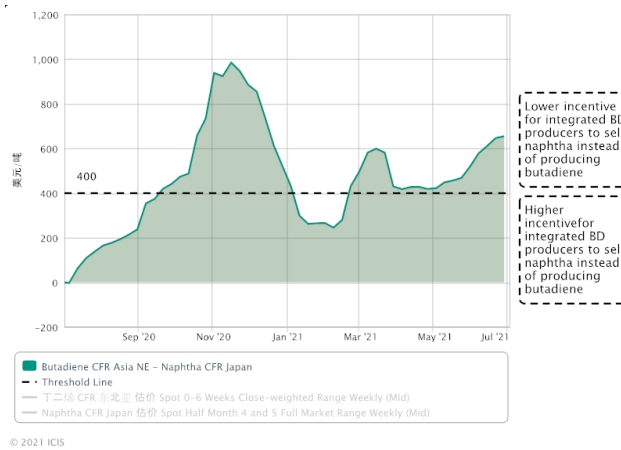
Southeast Asia

CFR SE Asian prices were assessed stable-to-firm, in line with changes in the CFR NE Asian prices, and in the absence of any concrete discussions.

UPSTREAM

Asia-Pacific **naphtha** prices rose to over two-year highs on the back of gains in crude oil futures earlier in the week. A steady bout of buying, which is anticipated to be revved up in northeast Asia, provided support. Naphtha’s crack spread rebounded to a four-month high at above \$111/tonne.

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



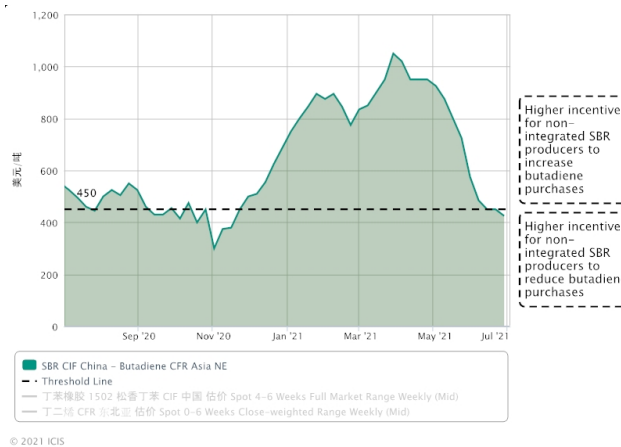
Click [here](#) for the Asia feedstocks and petrochemicals weekly summary.

DOWNSTREAM

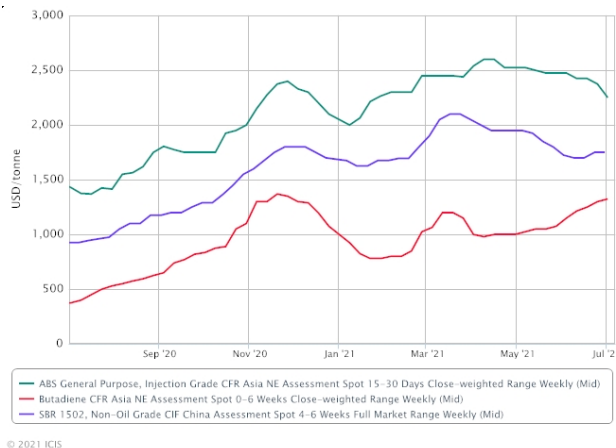
Asian **styrene-butadiene-rubber (SBR)** prices rose with upstream cost pressures.

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

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



Asian **acrylonitrile-butadiene-styrene (ABS)** prices were stable to soft on weak demand sentiment.



PRODUCTION

Asian supplies may [lengthen](#) into Q3 once more new projects come on stream in northeast Asia within the second half of the year.

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

ANALYTICS

ICIS Crude Outlook

The price of Brent rose in June, primarily due to strong positive sentiment from the continued success of the global vaccination program, as well as improved demand as governments around the world remove restrictions. Looking forward, vaccination programs are expected to be successful and many countries are likely to remove restrictions over the coming months. In the West, the overall oil demand outlook is positive for the summer as the driving season is likely to be much stronger than usual this year, helping to lift core oil products demand. President Biden's \$1.9tr stimulus package is also expected to boost the US and global economy, helping to spur oil demand for the rest of the year. On the supply side, OPEC+ will release an extra 2m bbl/day oil into the market by the end of July, with further tapering expected later in the year. The US and Iran continue discussions over a nuclear deal, and should this come to fruition, up to 1.5m bbl/day of additional oil could be supplied into the market by Iran.

By **Ajay Parmar**, ICIS senior analyst

ICIS Naphtha Outlook

The price of naphtha rose in June, in line with crude prices. The supply of naphtha from Asian refineries will rise in the coming months; China's oil refining throughput is expected to rise above 14.7m bbl/day in September following the start-up of new refining capacities in the country. Supply from the US will also increase as refinery operating rates there have already exceeded 90% for the first time since January 2020. European naphtha demand is strong in both the petrochemical and gasoline blendstock markets. This is likely to continue through the summer as the warmer weather spurs driving demand. Asian ethylene-naphtha spreads are weakening due to the start-up of new crackers in South Korea, but naphtha demand will remain strong if operating rates do not fall too low. However, if the Asian LPG-naphtha spread falls below -\$60/tonne, naphtha demand could be negatively impacted as dual-feed crackers will be more likely to switch to liquefied petroleum gas (LPG) as the preferred feedstock.

By **Ajay Parmar**, ICIS senior analyst

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