



Butadiene (Asia-Pacific)

By Ai Teng Lim
03-May-2024

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

The FOB China and CNY prices in the weekly analysis on 3 May will be based on information collated up to 30 April. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

- **Holiday trade lull**
- **Demand muted amid macro-economic uncertainties**
- **But supply still structurally tight**

Discussions in this week's Asian spot import market for butadiene (BD) have been slower and more downbeat in nature, in part due to the holiday lull and in part because [downstream buying interest](#) has tapered.

China is shut for extended May Day holidays from 1-4 May, and there are holiday closures in Japan too.

Many players are therefore unwilling to engage and commit to fresh trades until after they get more clarity on how downstream demand conditions in China may be post-holiday.

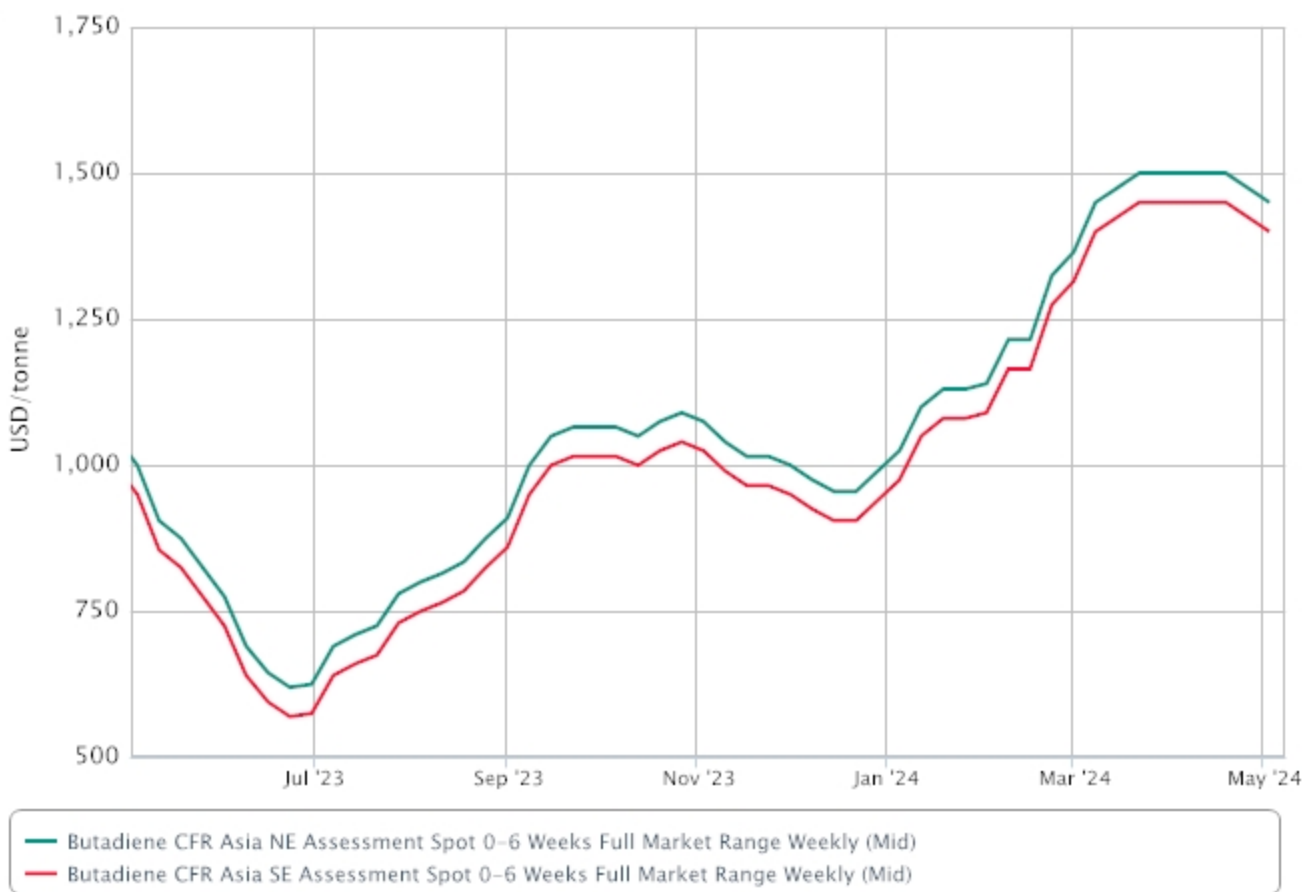
In the meantime, buyers are also retreating amid mounting apprehension about prospects of steady economic recovery, if various external headwinds, like Middle East conflicts and inflationary pressures, do not ease soon.

End-users are also mostly covered for May requirements already and deem it too early to commit on June shipment materials. Discussions for the latter could pick up pace only after China returns from holiday, market sources said.

Sellers on the other hand are confident that the structural tightness in regional BD supplies will keep upcoming spot offers supported.

Furthermore, there was no fresh deep-sea shipment in sight for June/July arrival, unlike say for the May/June window when Asia is expecting an [influx](#) of at least 20,000 tonnes of deep-sea materials.

This lack of deep-sea alternatives may also mean in turn that regional buyers with concrete requirements will then have fewer options but to engage and procure at terms closer to the sellers, market players said.



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OUTLOOK

- Buyer-seller price negotiations likely to intensify in the near term
- Supply could stay snug on balance, providing support to offers
- Mixed sentiment on how demand may shift with [broader macroeconomic developments](#)

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

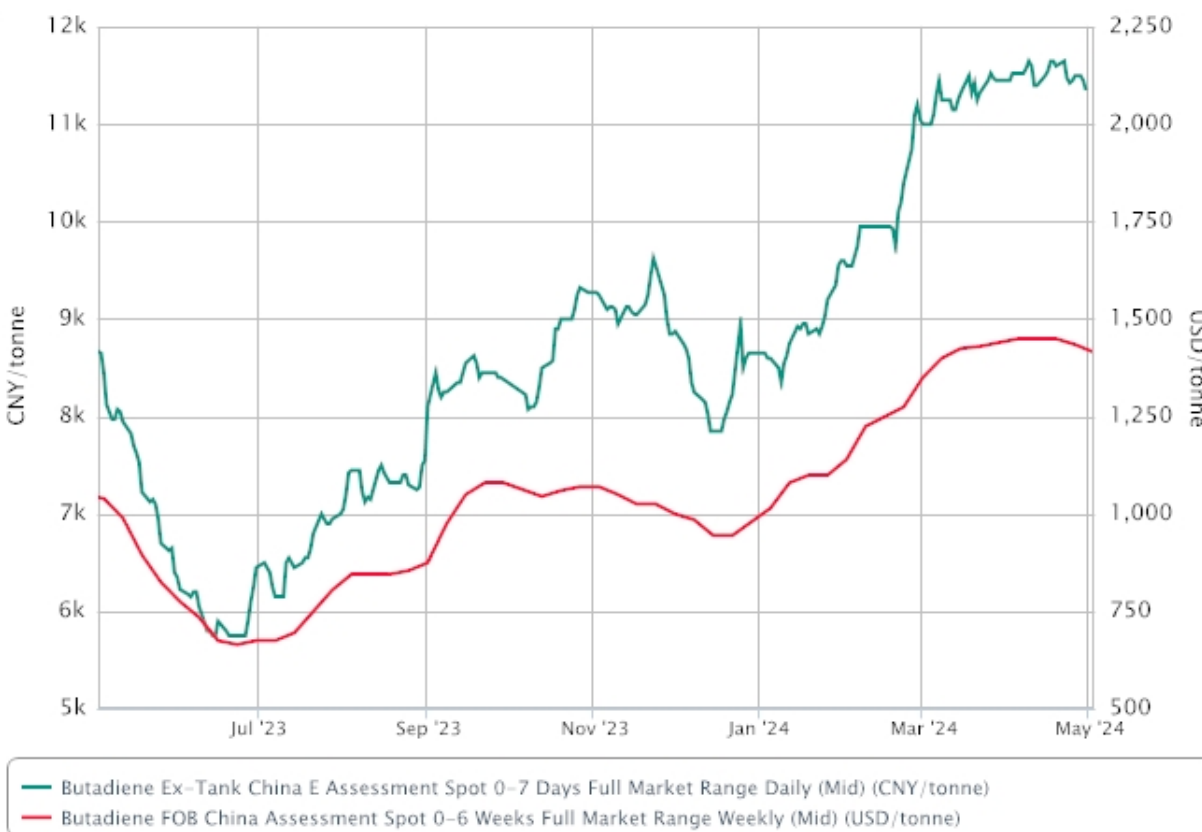
		Price Range		Four Weeks Ago	US CTS/lb	
Butadiene						
FOB China	USD/tonne	-20	1400.00-1430.00	-20	1430.00-1470.00	63.50-64.86
CFR NE Asia	USD/tonne	n/c	1400.00-1500.00	-50	1450.00-1550.00	63.50-68.04
CFR SE Asia	USD/tonne	n/c	1350.00-1450.00	-50	1400.00-1500.00	61.24-65.77

China

FOB China prices trended lower, as sellers moderated expectations to stay in pace with how yuan-denominated prices had shifted before the China market was shut for the 1-4 May extended Labor Day holidays.

Offers were at the high end, against buying indications heard capped at the low end.

In the domestic ex-tank market in east China, prices fell with slower trader tempo in a holiday-shortened trading week.



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Northeast Asia

Average CFR NE Asia prices edged down, with the high end adjusted lower with softer selling indications heard.

But there was minimal buy-side response or indications, with many players in wider Asia mindful not to commit before it is clearer how the bigger China market may pan out when post-holiday trade there resumes after 5 May.

The low end was kept unchanged as such.

There was renewed talk this week of a trade at the mid-\$1,300s/tonne level for H2 May shipment of a NE Asia-origin cargo into China.

But this was excluded from the assessment on various considerations, one being a consensus view among

market players polled that it was not reflective of mainstream discussions for the week of assessment, and that it seems unrealistically low, even in a generically downtrend market. The terms of the trade, such as cargo origin, also could not be fully ascertained.

Monthly Contract	Apr 24	Mar 24	Feb 24	Jan 24	Dec 23	Nov 23
DEL, \$/tonne						
Taiwan FPCC	1,415	1,348	1,135	1,020	910	955
Korea YNCC	1,450	1,405	1,165	1,070	945	1,000

Southeast Asia

The CFR SE Asia assessment was adjusted in line with changes for the CFR NE Asia assessment. .

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

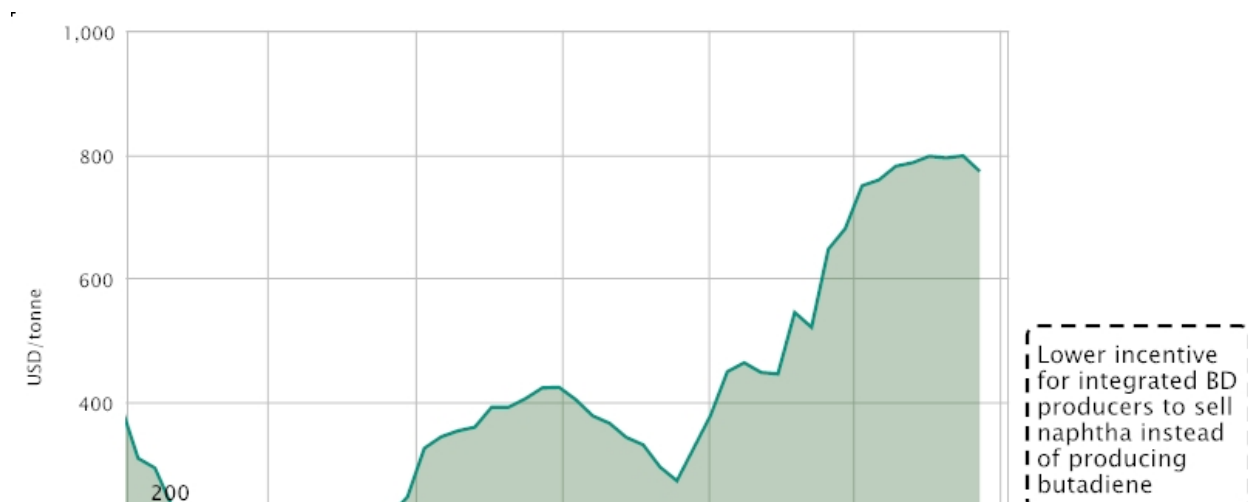
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	-100	11300-11400	-100	11450-11500	-

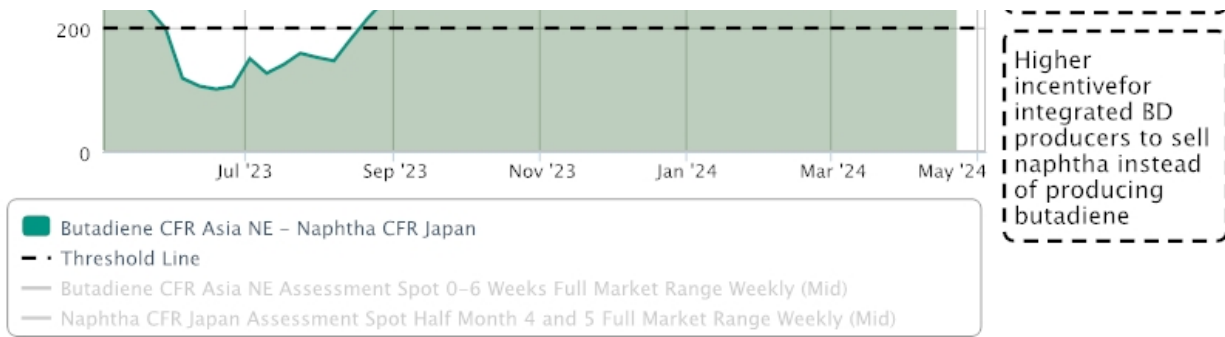
UPSTREAM

Naphtha

- Crack spread on 2 May hits its highest since late March
- Supply concerns due to political conflicts persist
- Talks of refinery run cuts in parts of Asia add to supply concerns

[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 muted on holiday trade lull
- Buyers more withdrawn
- But offers steady on cost factor

The chart below shows the spread between BD and SBR in Asia, which remained wedged in the unhealthy zone, to the disadvantage of SBR makers.

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

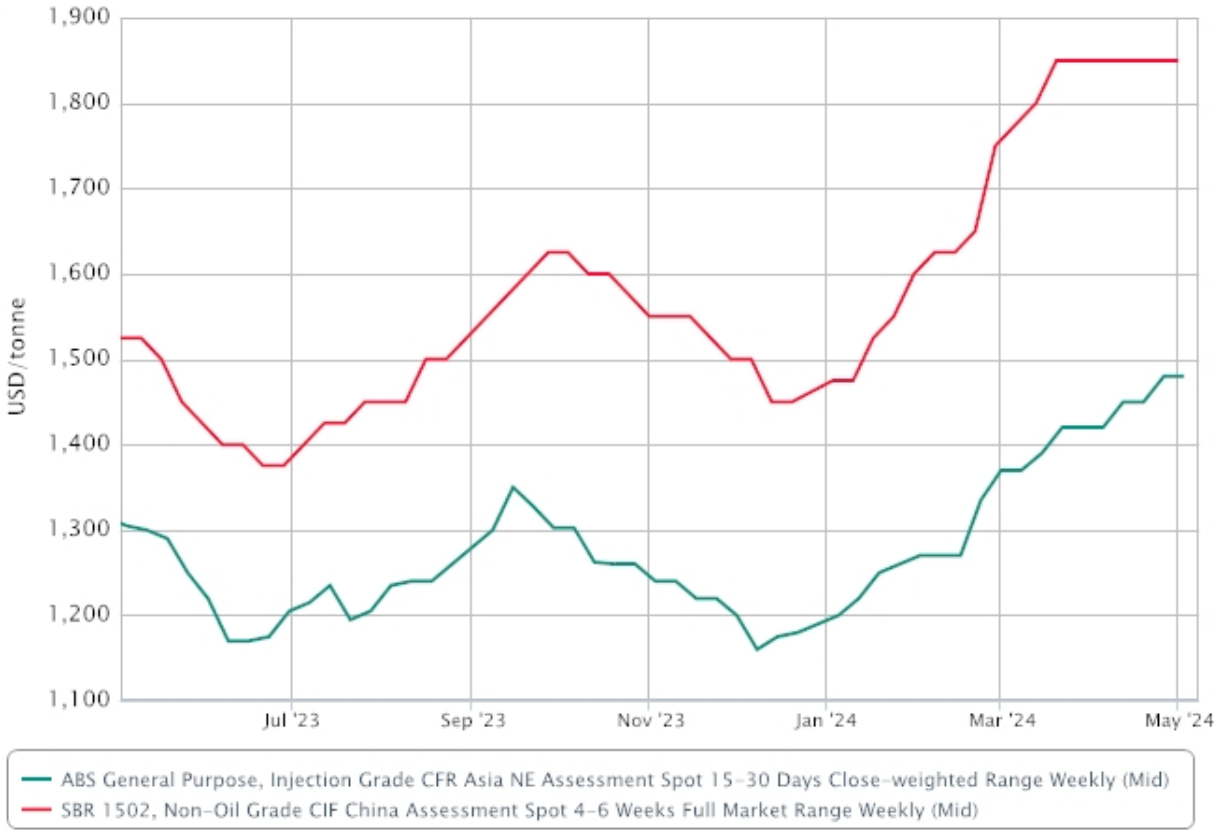


— SBR 1502, Non-Oil Grade CIF China Assessment Spot 4-6 Weeks Full Market Range Weekly (Mid)
 — Butadiene CFR Asia NE Assessment Spot 0-6 Weeks Full Market Range Weekly (Mid)

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Acrylonitrile-butadiene-styrene (ABS)

- Import prices hold steady after last week's uptrend
- Sellers continue to hike offers on snug availability; actual trades subdued
- Several players already out of market ahead of Labor Day holiday



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PRODUCTION

In northeast Asia, several plants in [Japan](#) and [China](#) are undergoing maintenance between March and May, affecting cumulatively nearly 400,000 tonnes/year worth of production capacity.

In southeast Asia, a 110,000 tonnes/year unit in [Vietnam](#) has also been shut since late February and may not restart till June. Another 137,000 tonne/year unit in [Indonesia](#) will undergo maintenance in the May-June window too.

In Malaysia, a 185,000 tonne/year unit may [restart](#) in H2 May, but another 100,000 tonnes/year are scheduled for a [month-long maintenance](#) from late April, market sources said.

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

OTHER REGIONS

Europe

- May BD contract price rises; fourth consecutive month of increases
- Supply-demand balance remains snug on production issues
- Domestic demand stable; more export potential but availability, freights challenging

US

- May contracts nominated modestly higher
- Tight supply persists in US, but expected to ease
- Global market remains snug

ANALYTICS

ICIS crude outlook

In Q3 2024, global crude oil supply-demand dynamics will be influenced by cautious supply management and geopolitical factors. OPEC+ may consider easing its production cuts in the third quarter if oil prices remain above \$90/barrel, reflecting increased geopolitical tensions and supply interruptions. Despite this, OPEC+ has continued with aggressive supply management strategies during the first half of 2024.

Demand growth is primarily being driven by non-OECD countries, buoyed by a recovering Chinese economy and an expected global economic expansion from 2.5% in 2024 to 2.7% in 2025. Meanwhile, US crude oil stocks have increased, indicating slower growth in domestic demand, even as refinery operations see a modest rise. Global demand for crude oil is expected to increase, meeting significant non-OPEC liquid production, particularly from the US, Canada, Guyana, and Brazil.

Production growth in these areas is forecast to slow down slightly in 2024 and 2025, with increases expected to be about 1 million barrels/day in 2024 and 1.25 million barrels/day in 2025. Overall, the oil market in the third quarter of 2024 will be characterized by a balance between cautious supply management by OPEC+ and a gradual increase in global demand, moderated by economic and geopolitical conditions, together with shifts in energy consumption patterns.

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

ICIS naphtha outlook

The global naphtha market in Q3 is influenced by a complex interplay of supply constraints and shifting demand dynamics across different regions. Prices have surged to multiyear highs, closely tracking fluctuations in Brent crude oil due to geopolitical tensions in the Middle East and the Russia-Ukraine conflict. Despite a reduction in physical demand from the European petrochemical sector, which is turning to cheaper alternatives like propane, naphtha prices remain elevated due to tight supplies and strong gasoline blending activity. In Europe, refinery maintenance and geopolitical events are expected to sustain tight supply conditions, while demand from the petrochemical sector remains subdued. However, the

onset of the summer driving season in the US could indirectly boost naphtha markets through increased blending requirements. In Asia, particularly in China, the naphtha market is experiencing robust demand driven by substantial petrochemical production. Although the region faces potential supply disruptions due to geopolitical tensions, the demand for naphtha remains strong, supported by petrochemical capacity utilization in northeast Asia. The market is also affected by the competitive pricing of LPG, which is becoming an attractive alternative feedstock for petrochemicals, potentially influencing naphtha's share in the feedstock mix. Overall, the naphtha market is navigating through reduced physical demand, tight supplies, and external pressures from crude oil markets and geopolitical factors, with cautious optimism in the near-term outlook.

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

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