



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.

OVERVIEW

- **Sentiment bullish among sellers**
- **Competing demand from markets further afield**
- **Domestic China prices also surge**

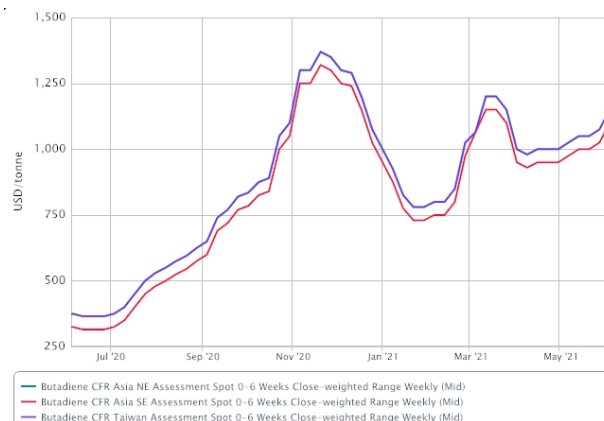
Discussions in the Asian spot butadiene (BD) market took a bullish turn this week, although no fresh, concrete, intra-regional transactions materialised in the week.

Several northeast-Asia-origin cargoes were heard sold for late June/early July shipment to the Americas, where local supplies have been protractedly [tight](#) after production was disrupted earlier this year by severe weather conditions.

These transactions also set the tone and bolstered Asian sellers' confidence to [chase higher targets](#) for deliveries within Asia.

The domestic China market also surged this week, as demand sentiment improved, now that more local synthetic rubber plants are returning from prior maintenance closures.

But on the buy-side, end-users in Asia were heard reluctant to commit as yet on fresh bookings, as they kept a wary eye on how downstream market conditions may shift moving forward, after more regional outlets, from India, Taiwan to Malaysia, tightened mobility restrictions to curb COVID-19 resurgence.



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OUTLOOK

- **Eye on how coronavirus lockdowns will impact on downstream rubber markets**
- **Spot BD supplies to stay crimped by turnarounds**
- **Arbitrage window to the US may widen**

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
CFR NE Asia	USD/tonne	+50	1100.00- 1200.00	+100	950.00-1100.00	49.90-54.43
CFR Taiwan	USD/tonne	+50	1100.00- 1200.00	+100	950.00-1100.00	49.90-54.43
CFR SE Asia	USD/tonne	+50	1050.00- 1150.00	+100	900.00-1050.00	47.63-52.16

Northeast Asia

CFR NE Asian prices were assessed up, with both ends lifted in line with firmer buy-sell pricing indications heard, in the absence of concrete transactions.

Sellers increased their CFR NE Asian offers, based on what they have achieved, albeit on a FOB basis, for June/July shipments to the Americas. This formed the high end of the assessment.

The low end captured the best buying indications heard, mirrored after the last deal struck in the week prior.

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

Monthly Contract DEL, \$/tonne	May 21	Apr 21	Mar 21	Feb 21	Jan '21	Dec '20
Taiwan FPCC	1,010	1,050	1,135	880	950	1,255
Korea YNCC	1,010	987	1,102.50	827.50	867	1,263

East China domestic prices

Domestic prices in the yuan-denominated market surged, supported by anticipations of increased off-take from several downstream rubber plants that are restarting from prior maintenance closures.

These included the 100,000 tonne/year Yangzi Petrochemical styrene-butadiene-rubber (SBR) plant in Nanjing that [resumed](#) operations in H2 May, after being shut since January following a fire at an adjoining facility.

Price (CNY/tonne)	Current week	Previous week
DEL east China	8,400-8,500	7,800-7,800

Southeast Asia

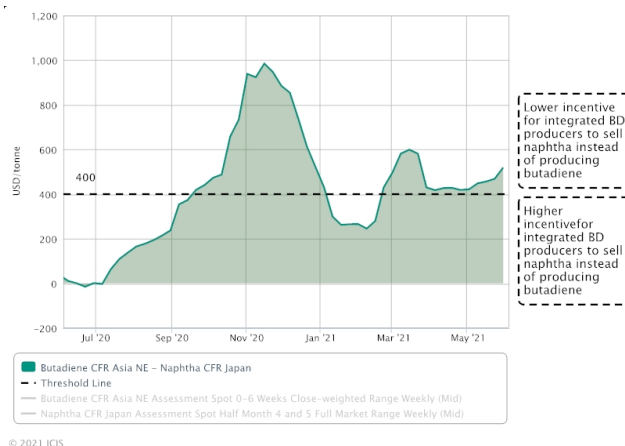
CFR SE Asian assessments were also assessed up, tracking increases in CFR NE Asian assessments.

There was no concrete discussions in the week, but the limitations in spot supplies are expected to keep offers supported, should any remnant cargoes surface for June/July shipment sales.

UPSTREAM

Asia-Pacific naphtha markets were underpinned by gains in global crude oil futures. Healthy regional demand and upcoming growing cracking capacities in South Korea fuelled market sentiment, while naphtha refining margins held firm.

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



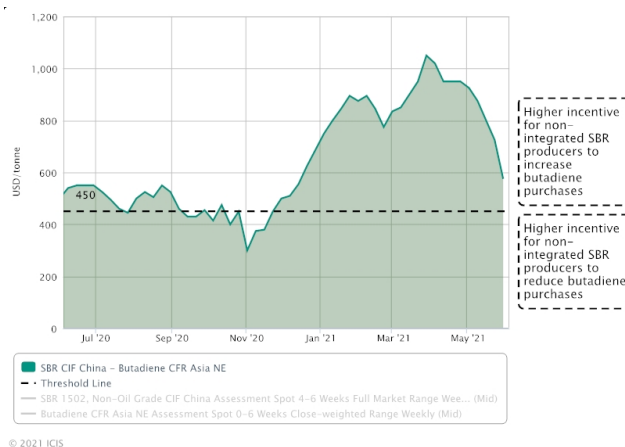
Click [here](#) for the Asia feedstocks and petrochemicals weekly summary.

DOWNSTREAM

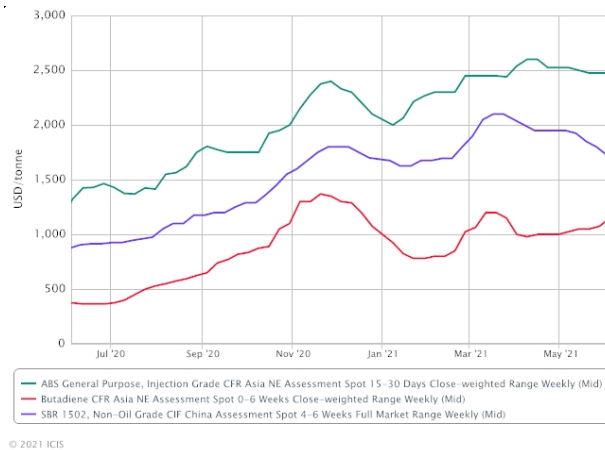
China **styrene-butadiene-rubber (SBR)** import prices came [under pressure](#) as supply grew in a low demand season..

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 remained stable, as supply constraints are off-set by slower demand amid simmering coronavirus worries.



PRODUCTION

Spot availabilities in Asia are expected to stay crimped into early Q3 2021, amid an ongoing wave of regional plant [maintenance](#). But concerns continue to linger that supply overhang may ensue later in the year, once new BD projects come on stream.

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

ANALYTICS

ICIS Crude Outlook

The price of Brent rose in May, primarily due to continued success in the vaccination programmes in many countries and regions, including the US, Europe and Middle East. ICIS expects the vaccination programmes to continue to be successful and many countries are likely to be able to remove the most severe of restrictions in June, aiding oil demand. However, some countries such as India, Malaysia, Singapore and parts of Europe have seen a spike in COVID-19 cases. This could delay the rebound in those countries. In the West, the overall oil demand outlook is positive for the summer as the driving season will likely be much stronger than usual this year, helping to lift core oil products demand. US President Biden's \$1.9tr stimulus plan and prospective \$2tr infrastructure plan are also expected to boost the US and global economies, helping to spur oil demand for most of the rest of the year. On the supply side, OPEC+ will release an extra 2m bbl/day oil into the market by July, with further increases expected later in the year.

By **Ajay Parmar**, ICIS senior analyst

ICIS Naphtha Outlook

The price of naphtha rose in May, in line with crude. Supply of naphtha from Asian refineries will begin to rise again from June, as many refineries will return from planned maintenance. China's oil refining throughput will return to above 14m bbl/day in June following a few months below that level due to maintenance. This will aid naphtha supply in the region. The European naphtha complex is particularly tight at present, due to strong European demand in both the gasoline blending and petrochemicals markets. This supply tightness in Europe likely will lead to a lower Asia-Europe naphtha spread, thereby reducing Asian naphtha imports from Europe. Asia, therefore, will likely increase its naphtha imports from the US. Finally, the European LPG-naphtha spread remains highly negative, with -\$108/tonne recorded in May. This spread likely will remain highly negative overall until the end of summer.

By **Ajay Parmar**, ICIS senior analyst



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