



Butadiene (Asia-Pacific)

By Ai Teng Lim
05-Apr-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 5 April are based on information collated up to 3 April. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

- **China keeps up export offers**
- **But discussions muted on holiday trade lull**
- **Some buyers pull back to wait and see**

Discussions were muted in the Asian spot import market for butadiene (BD) on the back of extensive holiday market closures, from southeast Asia in the week prior, to China/Taiwan this week.

Buy-sell indications were rangebound and concrete transactions were limited, in part due to a lack of availability in many outlets.

That said, there was no lack of [export offers from China](#), as producers there were visibly more keen to capitalize on the more lucrative US dollar-denominated export business, instead of yuan-denominated trades.

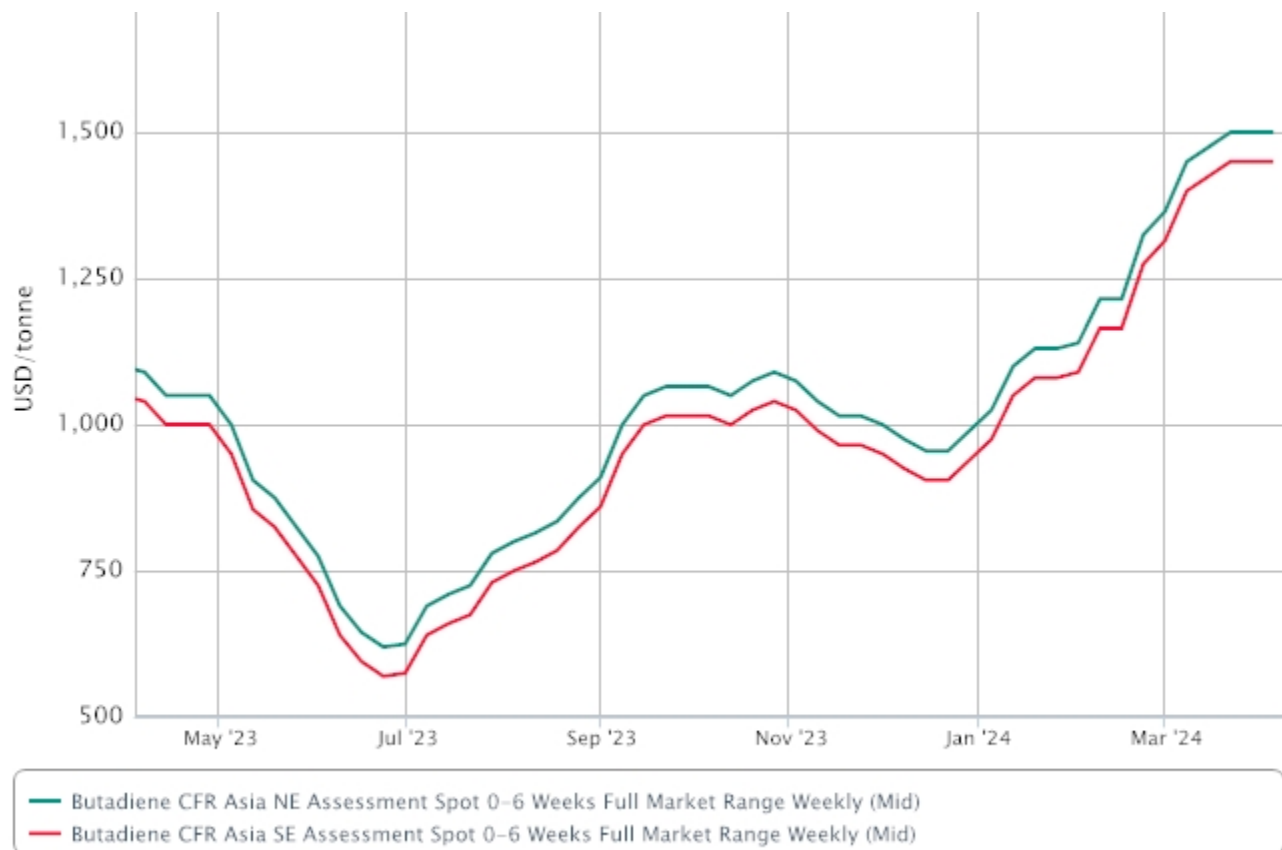
The emergence of such China-origin cargoes also served to assuage to some extent prior anxieties among regional end-users about the structural shortage of regional BD output.

Also, some end-users had filled some of their supply gaps with purchases in the week prior of deep-sea origin materials expected to ship from Europe in mid-April.

Given this, some buy-side elements seem more at ease and not inclined to bid up as aggressively as before for any cargoes that are floated for spot negotiations this week, market sources said. They wanted to wait and see how the demand-supply balance may shift in the coming weeks when more players return from holiday.

But sellers were confident that as spot availabilities are still snug in nature, amid under-utilisation of many regional crackers, this would continue to support existing, or higher, offers.

1,750



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OUTLOOK

- Supply crunch may ease slightly with some plants returning from turnarounds in May
- But production may still stay curbed on feedstock crude C4 shortage
- Demand recovery to hinge on how well China may keep up downstream operations

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	n/c	1430.00-1470.00	+20	1350.00-1450.00	64.86-66.68
CFR NE Asia	USD/tonne	n/c	1450.00-1550.00	n/c	1400.00-1500.00	65.77-70.31
CFR SE Asia	USD/tonne	n/c	1400.00-1500.00	n/c	1350.00-1450.00	63.50-68.04

China

FOB China assessments were stable to firm, with the high end lifted to capture the spectrum of buy-sell

indications heard in a short trading week.

Buying indications hovered around the low end, unchanged from the week prior.

But offers edged up to the published high end and up, supported too by a stable-to-firm trend in domestic yuan-denominated prices.

Domestic prices fluctuated, starting on a softer note in early week but recovered some lost ground towards the end of the trading week.



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Northeast Asia

CFR NE Asia assessments held steady with range-bound, albeit limited, indications.

The majority of end-users kept their buying indications on CFR NE Asia terms for May shipment cargoes broadly unchanged at the lower end of the published range.

Some buyers pulled back this week too, after having taken in, in weeks prior, some fresh lots of deep-sea origin materials that will be shipped from Europe in mid-April.

Fuller details of these prior deals surrounding the deep-sea materials were not available, but some market sources said that some volumes may have changed hands, on the equivalent of CFR NE Asia terms, at around the

midpoint of the published range.

Two southeast Asia-origin cargoes available to lift in May were floated for sale via tender this week. Some bids surfaced, albeit on an FOB southeast Asia basis, at the high \$1,400s-1,500/tonne range, but this could not be fully verified by press time.

Some buyers therefore said that they would wait for more clarity on the tender results before deliberating and finalizing their next buy positions for bona fide CFR NE Asia trades.

Meanwhile, sellers held firm to CFR NE Asia selling indications at the published high end and up, but there were no concrete follow-up negotiations or discussions on CFR NE Asia terms. Most discussions seemed to revolve around other INCO terms like FOB, or were on a formula-linked basis.

Monthly Contract	Mar 24	Feb 24	Jan 24	Dec 23	Nov 23	Oct 23	Sep 23
DEL, \$/tonne							
Taiwan FPCC	1,348	1,135	1,020	910	955	995	940
Korea YNCC	1,405	1,165	1,070	945	1,000	1,035	980

Southeast Asia

CFR SE Asia assessments were unchanged with stable CFR NE Asia assessments.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	+50	11450-11600	+100	11450-11500	-

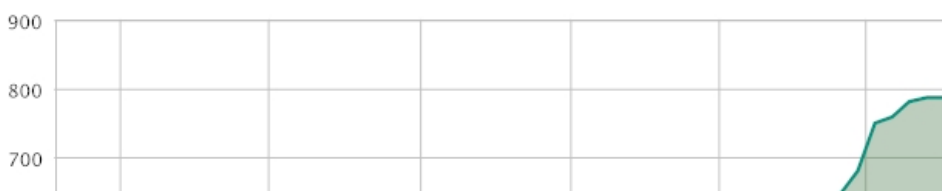
UPSTREAM

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

Naphtha

- Crack at nearly five-month low on 4 Apr as raw material costs escalate to multi-month highs
- Intermonth spread backwardation also narrows
- Weaker demand seen due to cracker maintenance, LPG substitution

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





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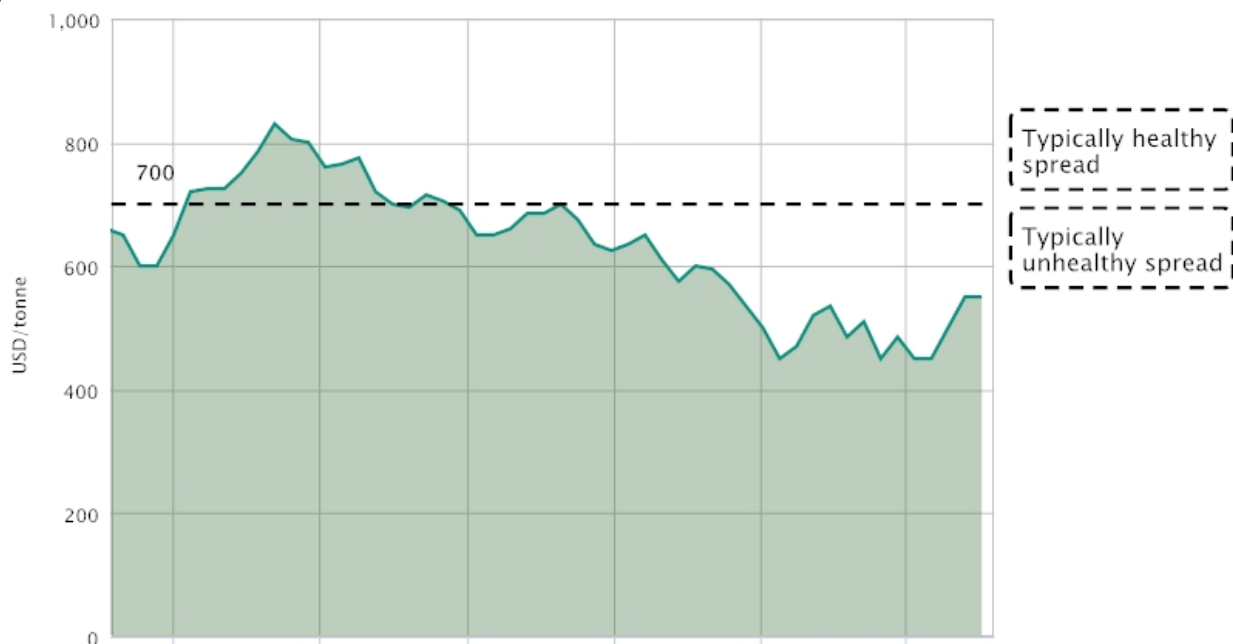
DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Holiday trade lull weighs on discussions
- Offers well supported on unwavering cost pressures
- Buyers resistant but demand outlook deemed positive

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

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





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Acrylonitrile-butadiene-styrene (ABS)

- Import prices flat for second week after two-week spike
- Discussions fewer in lead-up to Qing Ming
- Shock earthquake in Taiwan halts some discussions



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PRODUCTION

BD supply was tightened by a heavy wave of planned and unplanned plant closures across Asia.

In northeast Asia, several plants in [Japan](#) and [China](#) are undergoing maintenance, affecting cumulatively over 500,000 tonnes/year worth of production capacity.

Furthermore, there are some unplanned production losses, in the form of an extended [closure](#) in Vietnam.

But a unit in Taiwan [restarted](#) this week, nearly a month later than planned, and this may help relieve,

albeit in limited dosage, the supply crunch, market players said.

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

OTHER REGIONS

Europe

- Market fundamentals unchanged week on week
- Supply constraints persist for BD through H1 April at least
- Europe demand healthy, stable
- Quieter week overall due to Easter break

US

- [US April BD contracts rise on tight supply](#)
- Higher settlement puts US at premium to Europe for first time in a year
- Supplies tight globally

ANALYTICS

ICIS outlook on downstream automotive sector

Impending layoffs, affordability and a slower electrification process are some of the key challenges for the automotive sector this year. Medium-term fundamentals remain strong, with rising income and low car ownership. This is particularly true for electrified and other new energy vehicles (NEVs) as government incentives push this market. China automotive demand in 2024 is expected to grow by 4.3% compared with 2023; Q2 2024 is forecast to grow by 2.3% compared with Q2 2023 (Oxford Economics).

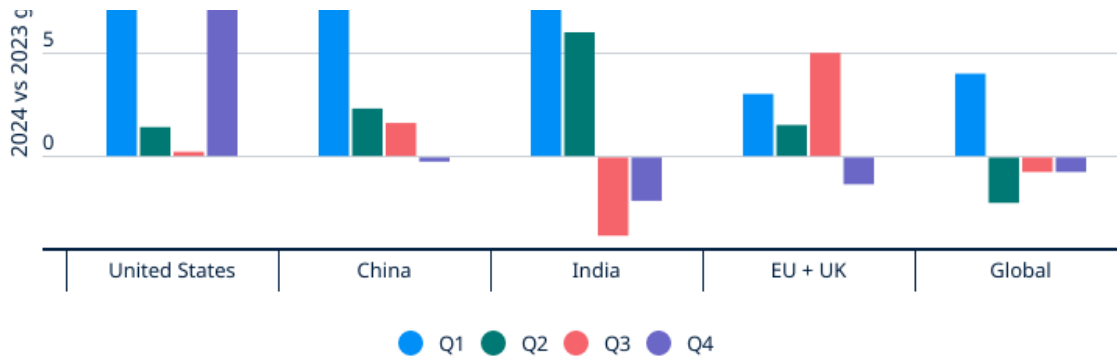
India automotive demand in 2024 is expected to grow by 3.0% compared with 2023; Q2 2024 is forecast to grow by 6.0% compared with Q2 2023 (Oxford Economics). According to the Federation of Automobile Dealers Associations (FADA), there is cautious optimism in the market, but election-related purchase deferrals could be a challenge.

By **Jincy Varghese**, ICIS demand analyst, jincy.varghese@icis.com

Motor vehicle sector growth by region

2024 vs 2023





SOURCE: Oxford Economics

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