



Butadiene (Asia-Pacific)

By Ai Teng Lim
05-Jan-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.

OVERVIEW

- **Import talks lifted with recent domestic China gains**
- **But fixed price trades crimped by persistent buy-sell differences**
- **Some hold back to wait for domestic China volatility to subside**

Discussions picked up for Asian spot butadiene (BD) imports, supported mainly by [gains](#) seen in the last two weeks in China’s domestic yuan-denominated market.

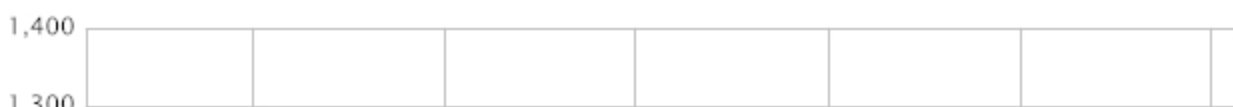
Yuan values surged sharply in the week of Christmas, after a [cracker fire](#) in Shandong triggered some BD plant outages in China.

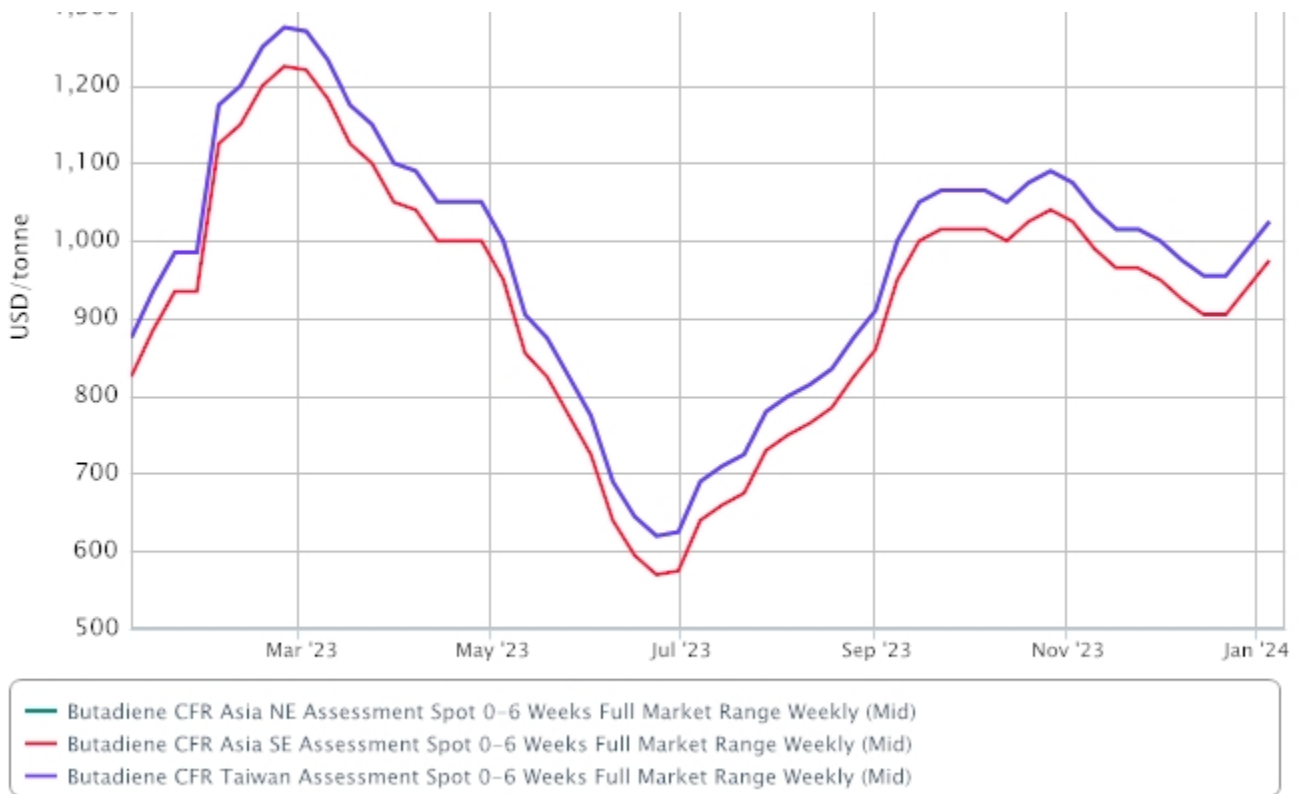
Although BD yuan prices receded slightly therefore, they remained at levels substantially firmer than pre-Christmas trades, which boosted in turn confidence among import sellers that they could now push for higher selling targets for the limited pool of January/February spot availabilities.

Regional buyers seeking some top-up parcels were also prepared to pay more, but to varying degrees, depending on shipment destination and delivery window. Some wanted to wait and see how domestic China would trend next before they engaged sellers further.

In northeast Asia, buying appetite for imports was more robust in China, especially among some local producers seeking to purchase and cover domestic production shortages. But even so, there were lingering reservations about downstream demand support strength, especially after China’s [official PMI for December](#) slid lower month on month.

Elsewhere in northeast Asia, most potential buyers hesitated to commit, as they wanted to see first how domestic China might trend. Some remained hopeful too that deep-sea cargoes may continue to flow and help to relieve to some extent the tight supply situation in Asia.





© 2024 ICIS

OUTLOOK

- Regional supplies to stay snug with sub-optimal cracker operations
- Derivative [demand outlook](#) muted though
- Players await more direction from China

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	+70	980.00-1050.00	+70	950.00-1020.00	44.45-47.63
CFR NE Asia	USD/tonne	+70	1000.00-1050.00	+70	950.00-1000.00	45.36-47.63
			0			
CFR Taiwan	USD/tonne	+70	1000.00-1050.00	+70	950.00-1000.00	45.36-47.63
			0			
CFR SE Asia	USD/tonne	+70	950.00-1000.00	+70	900.00-950.00	43.09-45.36

China

Domestic ex-tank China prices surged in late December with some local production constraints, but eased off thereafter and held broadly stable within the first trading week of January.

FOB China assessments were up at the high-end, tracking firmer selling indications in line with the increases that yuan-denominated trades have chalked up since mid-December.

But concrete offers were scant as supplies were tight to begin with within China and there was limited export availability.

The low-end was raised notionally in line with changes for the high-end, in the absence of concrete buy-side indications.



© 2024 ICIS

Northeast Asia

CFR NE Asia assessments also rose, as buy-sell indications did climb higher, supported by domestic China buoyancy seen in late December.

Some sellers said that they would be looking to achieve no less than mid to high \$1,000's/tonne CFR NE Asia for their next spot deals, if they have surplus volumes to offer.

The more bullish buying indications surfaced from among China BD producers, who were likely looking to pick up a parcel or two to short cover. But otherwise, among most end-users across Asia, most capped their buying indications at the low-end, given downstream affordability concerns.

Substantive discussions and transactions in the trading week were also centered on formula-based trades, but not on fixed price terms, which market players said underscored wide differences between buy-sell market views.

This week, a southeast Asia-origin cargo, available to lift in the end-January/early February window, was floated for spot sale via tender.

The trade was finalised on formula-based terms, but market sources said that it drew some fixed-price bids from China-based players at up to the mid-\$1,000's/tonne CFR NE Asia/China.

This formed the high-end, in the absence of any other concrete fixed-price offers.

There was also talk of a NE Asia-origin cargo potentially available for February shipment spot sales. Discussions, albeit non-conclusive eventually, were heard on FOB terms mostly, but market players pegged it to be broadly in the equivalent of the published range on a CFR NE Asia basis.

CFR Taiwan assessments were adjusted in line with changes in the NE Asia assessment.

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

Southeast Asia

CFR SE Asia assessments were adjusted in line with changes for the CFR NE Asia assessment.

There were no discussions on CFR SE Asia terms, but a southeast Asia-origin cargo was sold in the week, on FOB terms and on formula-based format, market sources said.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

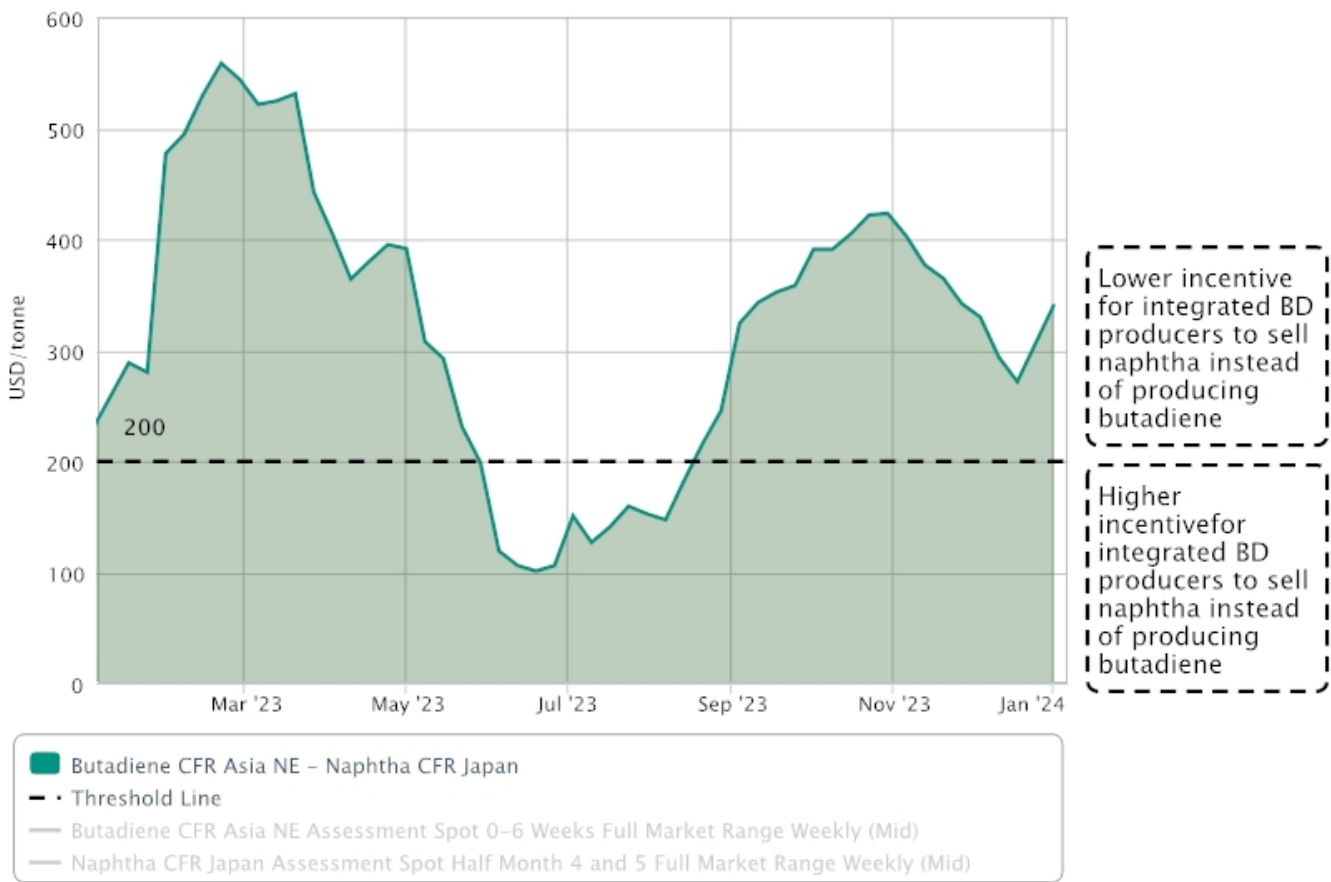
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	n/c	8600-8600	n/c	8600-8700	-

UPSTREAM

Naphtha

- Intermonth spread on 4 January surges to a near 22-month high
- Tight supply plagues market amid political tensions, Middle East refinery turnarounds
- Refining margins for naphtha down to a month-low on 4 January due to crude

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



© 2024 ICIS

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

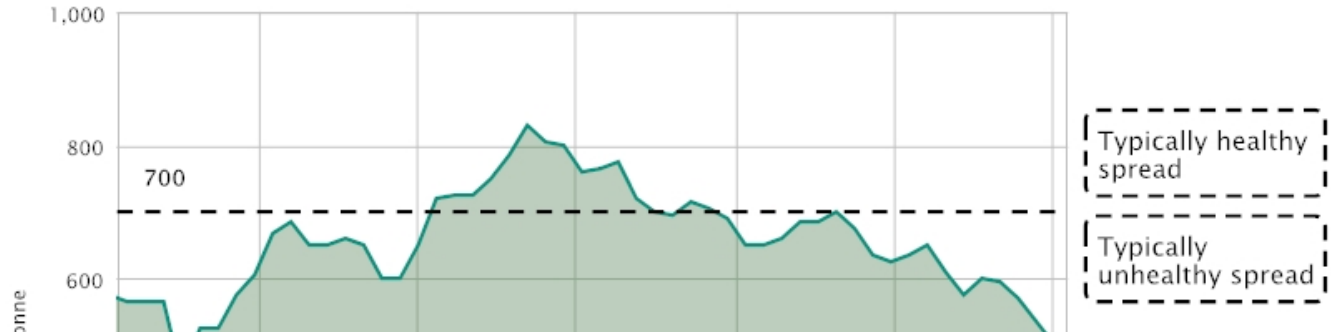
DOWNSTREAM

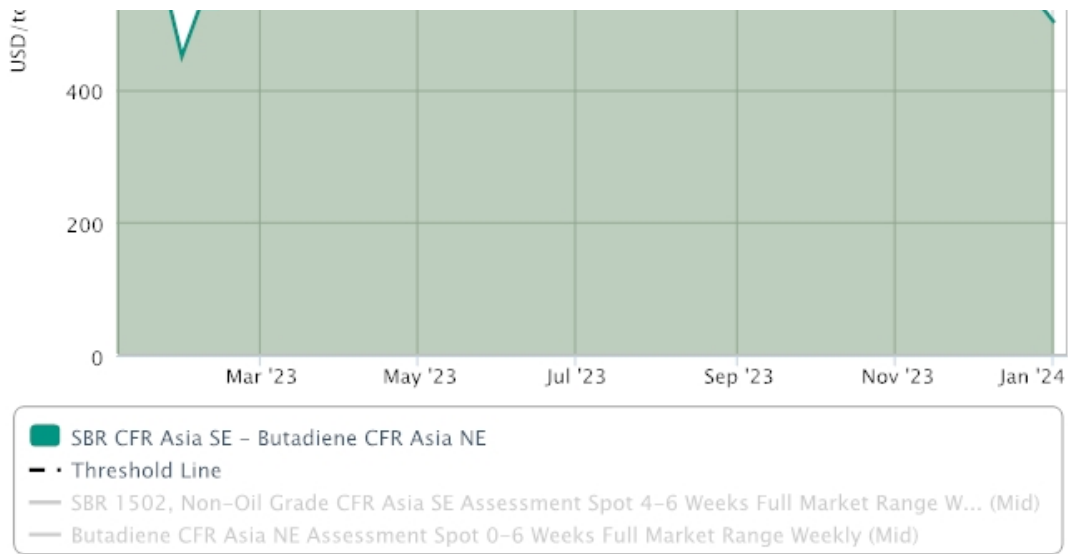
Styrene-butadiene-rubber (SBR)

- Year-end trade lull for imports
- Domestic China spikes alongside upstream gains
- Players pull back to survey situation

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

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

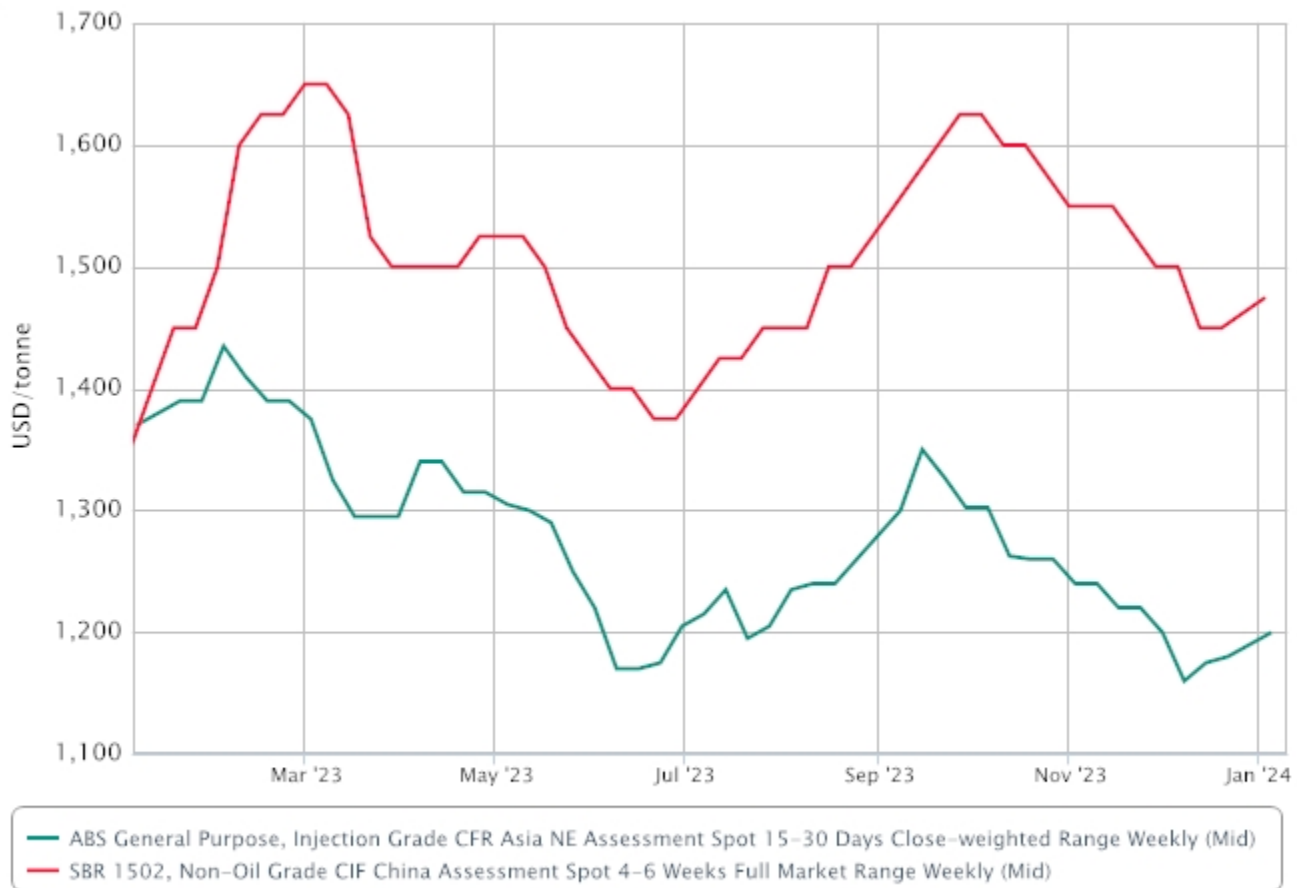




© 2024 ICIS

Acrylonitrile-butadiene-styrene (ABS)

- CFR NE Asia up in first trading week of the year
- Uptrend continues from H2 December 2023
- Support rendered from upstream, post-holiday restocking



© 2024 ICIS

PRODUCTION

Prompt supplies in China tightened with a late December outage at a 164,000 tonnes/year [unit](#) in Shandong, following a fire at the related upstream [cracker](#).

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

OTHER REGIONS

Europe

- Jan CP settles at a rollover
- Supply constraints tighten availabilities
- Quiet market now, but Q1 looks relatively healthy on stock rebuilds

US

- January contracts nominated flat to lower
- Supply sufficient to meet weak demand
- Asia import interest on pause for now

ANALYTICS

ICIS crude outlook

The OPEC+ group has maintained a cautiously optimistic stance with regards to fundamental factors affecting oil market dynamics in 2024. Saudi Arabia's decision to extend a voluntary cut of 1m bbl/day into Q1 2024 as part of the OPEC+ deal announced on November 30, further reduces Saudi output by 122 000 bbl/day to 8,818m bbl/day. Our forecast indicates that non-OPEC production increased by approximately 2m bbl/day in 2023 and is projected to grow by about 1.5m bbl/day in 2024. Year-on-year growth in crude imports into China is anticipated to decelerate significantly in 2024. The slowdown will be due to the impact of fleets of new energy vehicles on oil consumption growth and a widely expected fall in China's GDP growth to 4.5% in 2024.

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

ICIS naphtha outlook

A bearish outlook for crude oil prices is expected to keep naphtha values suppressed moving forward. In December, Saudi Arabia and Russia called for all OPEC+ members to agree on output cuts. The recent announcement by OPEC+ of a 1m bbl/day voluntary output cut has not inspired much confidence as smaller members have little incentive to abide by its terms and larger ones may not reduce exports due to seasonality. An anticipated reduction in naphtha arbitrage flows to Asia are expected as tensions escalate in the Middle East, adding another layer of uncertainty to regional market dynamics. The Asia market is poised to remain robust, buoyed by supply shortfalls that have contributed to its strength. However, petrochemicals face a subdued demand outlook as poor margins continue to exert downward pressure on consumption. Oil refinery runs in China are expected to ease in January due to slower domestic demand for gasoline and jet fuel. Forward-looking indicators remain positive as

road mobility in China continues to increase.

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

Butadiene (Asia-Pacific) | 05-Jan-2024. ICIS accepts no liability for commercial decisions based on the content of this report. Unauthorised reproduction, onward transmission or copying of the Butadiene (Asia-Pacific) Report in either its electronic or hard copy format is illegal. Should you require a licence or an additional copy of the Butadiene (Asia-Pacific) Report, please contact ICIS at sales.uk@icis.com

ICIS, Quadrant House, The Quadrant, Sutton, Surrey, SM2 5AS. United Kingdom. ICIS accept no liability for commercial decisions based on the content of this report. Copyright violation is a serious offence. Any distribution or forwarding of information that is not expressly permitted by your subscription agreement is a copyright violation. ICIS uses software to monitor unauthorised electronic redistribution of reports.

© 2024 Reed Business Information Limited. ICIS is a member of RELX Group. www.icis.com

 RELX™