



## 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

- **Domestic China stays upbeat**
- **Discussions for China-bound imports boosted in line**
- **Demand muted in wider Asia otherwise**

Discussions in this week's Asian spot import market for butadiene (BD) were centered on China-bound cargoes, while buyers in other regional outlets, like South Korea and Taiwan, mostly retreated into the sidelines on the grounds that are already amply covered for the near term and in no hurry for fresh import commitment.

Trades started this week in the yuan-denominated domestic China market on a shakier note, but recovered thereafter to finish the week in east China at a level just marginally lower than last Friday, on an ex-tank basis.

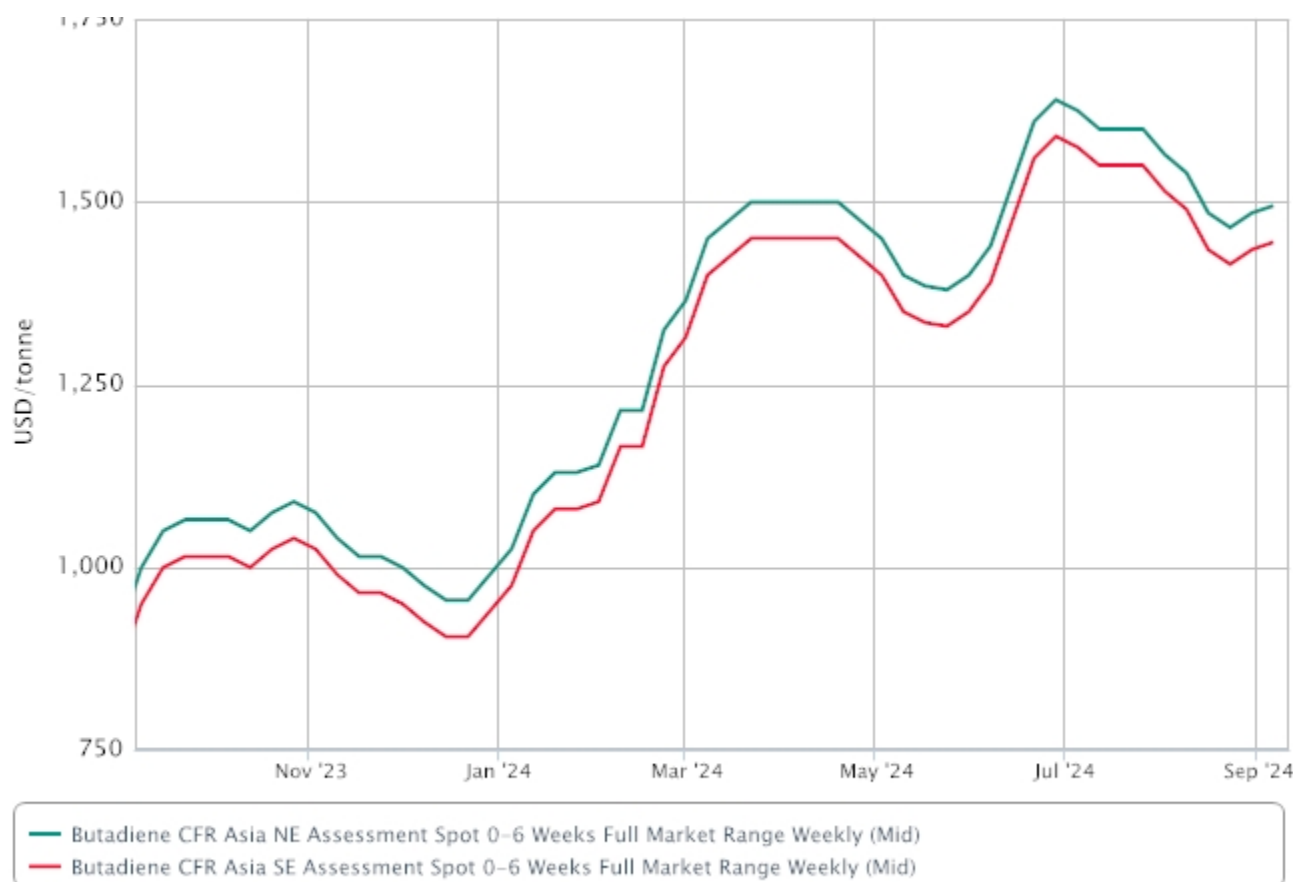
This kept sentiment broadly buoyant in the import market, as potential sellers remained confident about the paying power of China-based end-users for US dollar denominated import materials, considering that the latter remains substantially lower than the prevailing US dollar parity value of domestic products.

There is also active buying interest in China for cargoes available to ship and arrive in China within September or H1 October, in part for the purpose of replenishing stocks before the extended national holidays kick off in early October.

But in wider Asia, buying interest was scant, in part because several derivative synthetic rubber plants in South Korea and Japan are heading into [turnarounds](#) in Q4.

Also, end-users in these outlets deemed the BD market relatively well-supplied, on the back of a healthy stream of spot availabilities in southeast Asia, and as such were confident that they could wait and shop later.

They were also skeptical if the domestic China strengths may sustain, considering that derivative futures gains had been a key driver for the recent uptrend. Many market participants were concerned that the speculative fervour may fizzle out in due course.



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## OUTLOOK

- Upcoming derivative turnarounds to weigh on substantive requirements
- Supply ample too with steady operations of southeast Asian plants
- China’s import appetite to hinge on how domestic China will trend

## PRICES

### SPOT PRICES - PRICE RANGE FOR THE WEEK

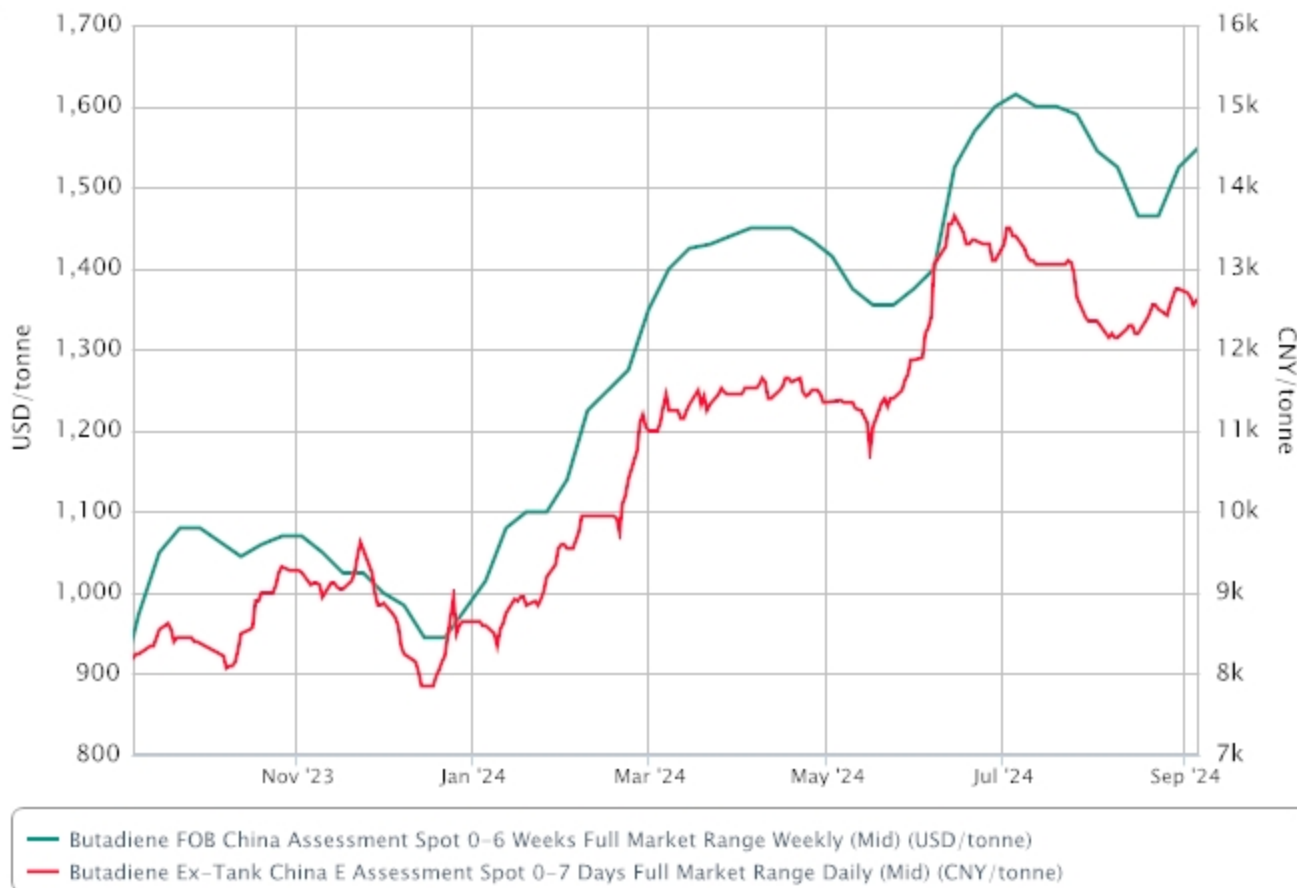
			Price Range		Four Weeks Ago	US CTS/lb
<b>Butadiene</b>						
<b>FOB China</b>	USD/tonne	n/c	1500.00-1600.00	+50	1500.00-1550.00	68.04-72.57
<b>CFR NE Asia</b>	USD/tonne	+20	1470.00-1520.00	n/c	1500.00-1580.00	66.68-68.95
<b>CFR SE Asia</b>	USD/tonne	+20	1420.00-1470.00	n/c	1450.00-1530.00	64.41-66.68

### China

FOB China assessments were stable to firm, with the high-end up on more bullish selling indications heard.

But export availabilities were scant, limiting in turn discussions on FOB China trades.

Domestic prices in east China saw late-week upside support with buoyant derivative futures, as well as depleting port inventories, market sources said.



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### Northeast Asia

CFR NE Asian trade discussions were centered on China-bound shipment, and assessments were adjusted in line with buy-sell indications heard on this front, in the absence of concrete discussions on cargoes to be shipped to other regional outlets.

Buying indications for China-bound shipment were heard from high \$1,400's/tonne CFR NE Asia, and the low-end of the CFR NE Asian assessment is lifted to reflect this.

The high-end is kept unchanged, in the absence of concrete offers.

Meanwhile, several southeast Asia-origin cargoes, available to lift within October, were floated for spot sale this week, via two tenders.

One of the tenders, involving a H1 October lifting cargo, closed on 6 September, but details of the outcome were not available by press time.

In the same week, a cargo available to lift within September from NE Asia was heard sold at around mid-

\$1,400's/tonne, albeit on FOB NE Asia basis, market sources said.

Monthly Contract	Aug 24	Jul 24	Jun 24	May 24	Apr 24	Mar 24	Feb 24
DEL, \$/tonne							
Taiwan FPCC	1,465	1,515	1,395	1,355	1,415	1,348	1,135
Korea YNCC	1,500	1,565	1,493	1,390	1,450	1,405	1,165

### Southeast Asia

CFR SE Asian prices were adjusted in line with changes for CFR NE Asian assessment.

### SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

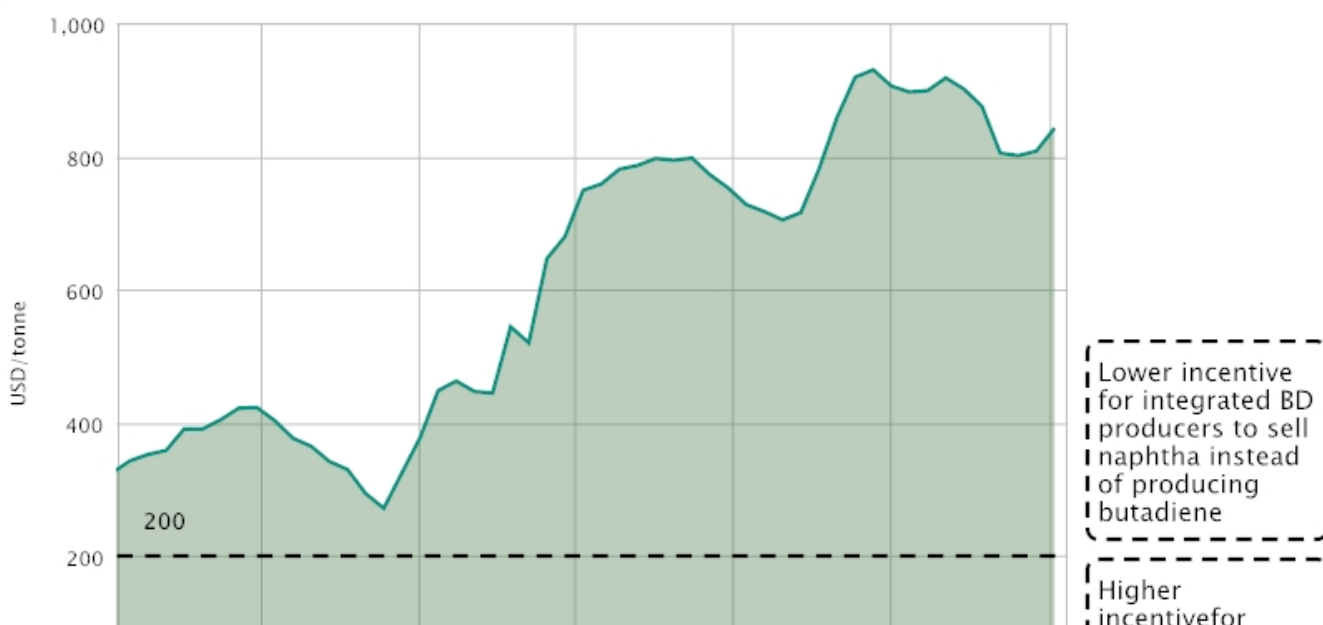
			Price Range		One Week Ago	/
<b>Butadiene</b>						
<b>Ex-Tank E China</b>	CNY/tonne	+100	12600-12700	n/c	12700-12800	-

## UPSTREAM

### Naphtha

- Crack spread on 4 Sept rose above \$100/tonne for first time in nearly six months
- Healthy demand seen
- Purchases of H2 Oct, H1 Nov cargoes from S Korea this week

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





integrated BD producers to sell naphtha instead of producing butadiene



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

## DOWNSTREAM

### Styrene-butadiene-rubber (SBR)

- Sellers' sentiment buoyed by some upstream recovery seen in the week prior
- Spot availabilities tighten too with upcoming turnarounds
- But majority of buyers continue to hold back

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

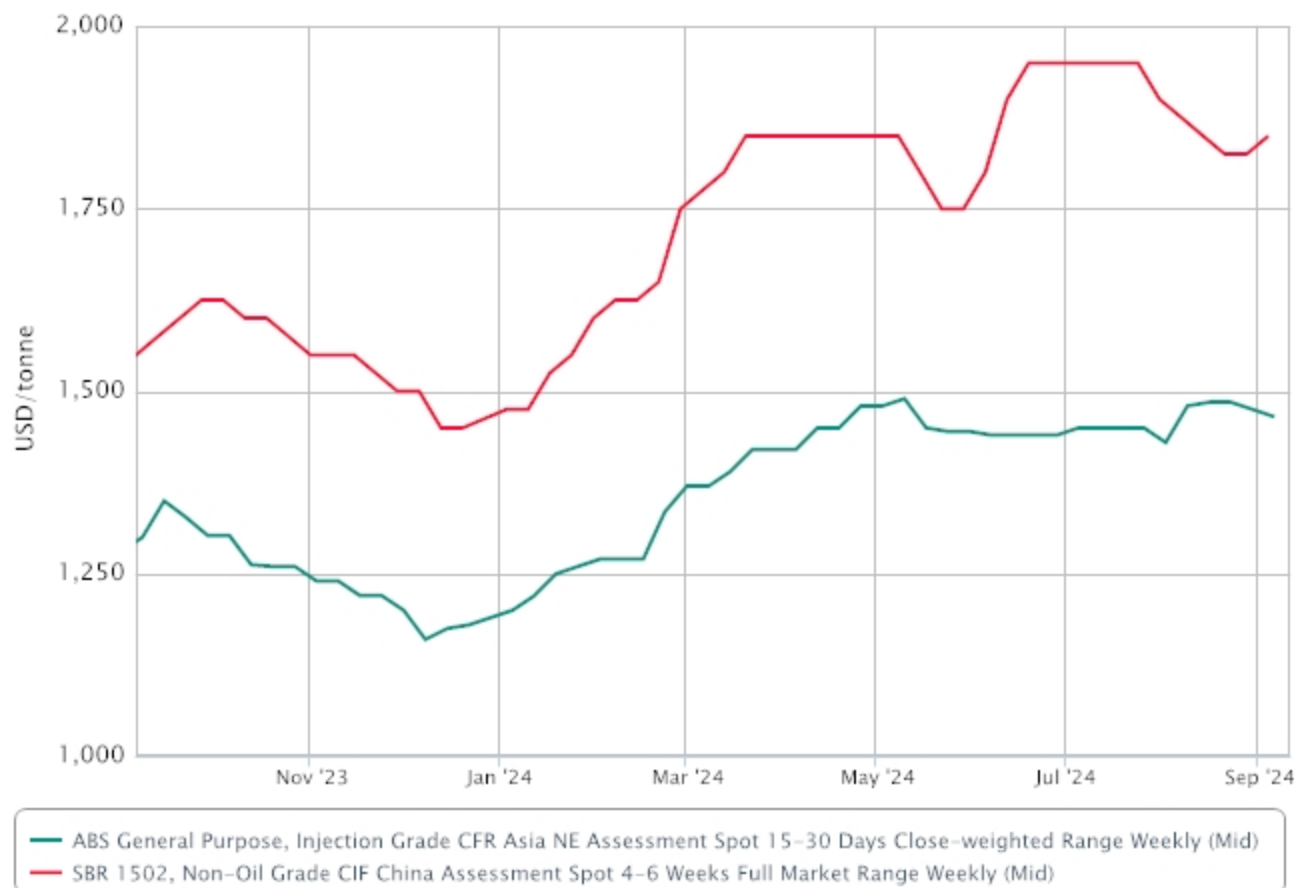
[Spread between Butadiene and Styrene Butadiene Rubber Asia](#)



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## Acrylonitrile-butadiene-styrene (ABS)

- Import markets stable to soft for third week
- CFR NEA weakens after holding steady last week
- Seller margins weakens albeit still in positive zone



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## PRODUCTION

A 109,000 tonne/year unit in Taiwan will [resume](#) operations in late September, bringing to a close an extended maintenance that started since March.

But in China, a 200,000 tonne/year unit in Zhoushan [went off-line](#) since early September for a 15-day maintenance. And another 100,000 tonne/year unit in [Panjin](#) is on a 50-day maintenance beginning from early July.

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

## OTHER REGIONS

### Europe

- Balanced-to-snug supply
- Focus on planned turnarounds - ongoing and upcoming
- Some derivative maintenance planned – will help offset
- Steady demand outlook otherwise, but uncertainties over Asia developments

## US

- [September BD contract settles higher on limited supplies](#)
- US BD supplies remain clenched on ongoing feedstock allocation issues, planned outages
- [Buyers anticipate the start up of TPC's new BD capacity in Q3 2024](#)

## ANALYTICS

### ICIS crude outlook

Global crude oil supply is projected to remain ample through 2024 and into 2025. OPEC+ members, such as Iraq, Russia, and Kazakhstan, continue to overproduce, contributing to a surplus of supply, despite pledges to cut output. OPEC's crude production averaged 41 million barrels/day in recent months, and global oil demand growth is now forecast at 1.1 million barrels/day in 2024 and 1.4 million barrels/day in 2025. However, demand growth, particularly in key regions like China, is expected to slow due to economic challenges and shifts toward cleaner energy sources. The abundance of non-OPEC supply, particularly from the US and Canada, adds to the oversupply. With continued economic headwinds and ample supply, oil prices are expected to remain under pressure, with ICIS projecting \$77/barrel for 2025. Additionally, increased refining capacity in Asia, despite boosting naphtha demand, is unlikely to offset the overall market surplus, keeping prices subdued.

By **David Jorbenaze**, senior analyst, [david.jorbenaze@icis.com](mailto:david.jorbenaze@icis.com)

### ICIS naphtha outlook

In September, the naphtha market is expected to experience significant volatility, driven by fluctuations in the upstream crude market, macroeconomic uncertainties, and geopolitical tensions. In Europe, the ample supply of gasoline is limiting naphtha's support from the gasoline blending pool, contributing to weaker gasoline prices and a declining Eurobob gasoline crack spread. High freight rates and low demand from the US and Asia further strain the market, although steady inflows from the US and Algeria help balance availability. In Asia, seasonal demand may support naphtha prices despite economic slowdowns in major economies such as China. Russian naphtha exports to Asia are expected to hit record levels, driven by increased mobility needs and shifting global trade routes as a result of sanctions. Overall, the market outlook is mixed, with challenges from weak regional demand and high freight costs, but some support from increased cracker run rates and steady feedstock demand as the maintenance season approaches.

By **David Jorbenaze**, senior analyst, [david.jorbenaze@icis.com](mailto:david.jorbenaze@icis.com)

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