Butadiene (Asia-Pacific)

By Ai Teng Lim
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Overview | Outlook | Prices | Upstream | Downstream | Production | Other Regions

Please click here for full details on the criteria ICIS uses in making these price assessments.

OVERVIEW

- **Domestic China rallies further**
- **China's buying interest in imports piqued**
- **Regional supplies still structurally tight**

Discussions in the Asian spot import market for butadiene (BD) were lifted by a dramatic increase during the week in the domestic yuan-denominated market.

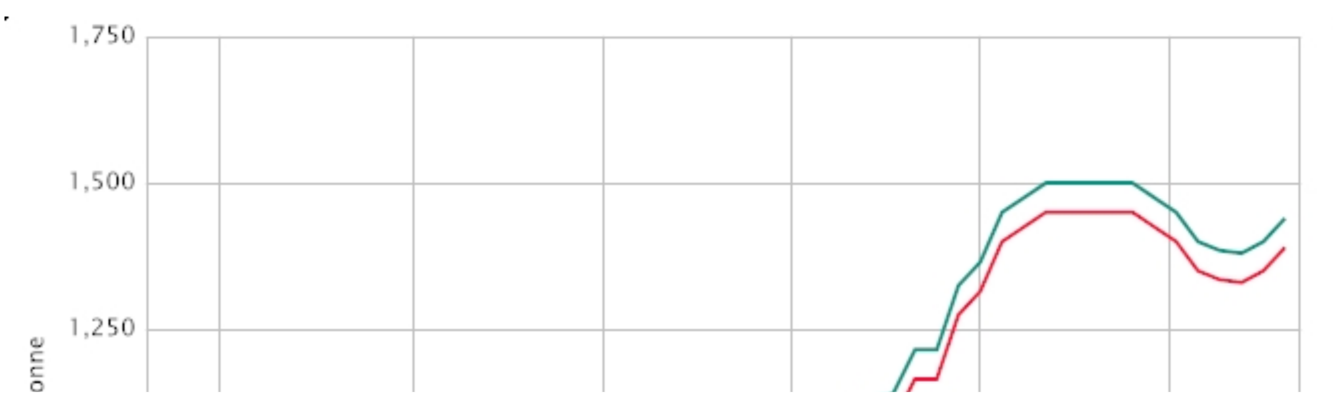
But otherwise, trade momentum for US dollar-denominated imports was not that robust, in part because spot availabilities were not abundant to begin with on the back of production issues in the region.

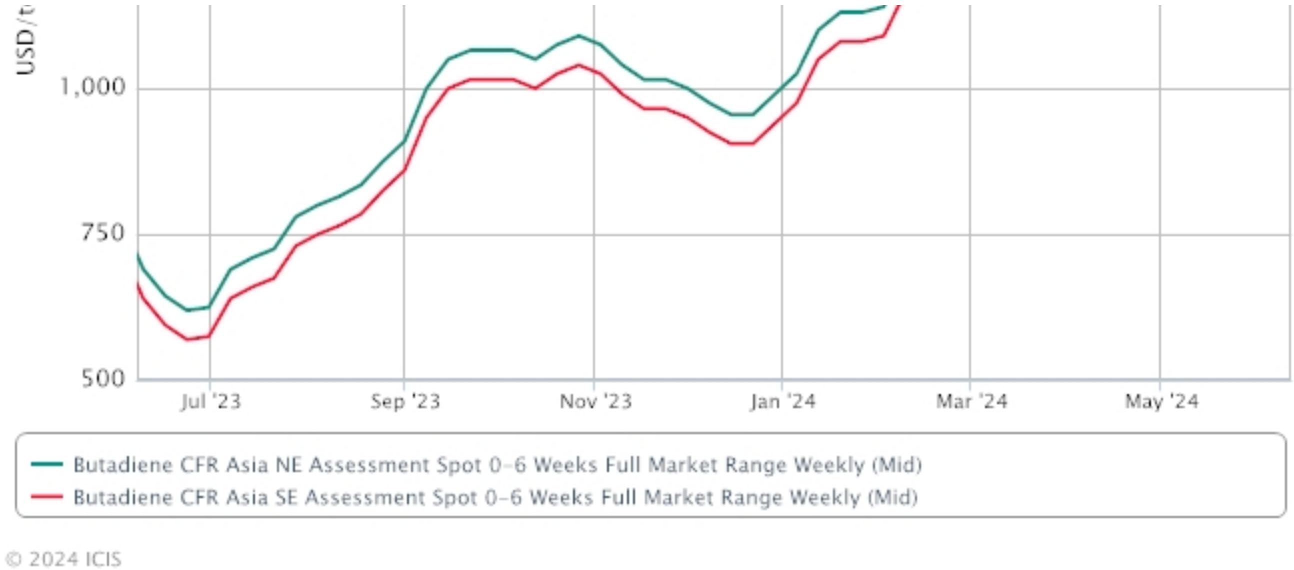
For instance, a BD plant in southeast Asia had had to stay shut for longer than expected, due to prolonged outage at the integrated cracker.

Many players also pulled back from import discussions after a fresh, late-week surge in the domestic China market, preferring to defer import talks until after the domestic China market has stabilised.

Meanwhile, this week, in China, domestic BD prices spiked anew, possibly with additional support of buoyant derivative futures, market sources said.

The sharp increase in yuan values also prompted some China players to review again the merit of buying US dollar-denominated imports. Potentially this would put an additional squeeze on the structurally tight demand-supply balance in wider Asia, market sources said.





OUTLOOK

- **Players to monitor movements in the domestic China market**
- **Demand-supply balance within China may stay tight for the near term**
- **Mixed sentiment about outlook of China's economic growth**

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	+50	1350.00-1450.00	n/c	1350.00-1400.00	61.24-65.77
CFR NE Asia	USD/tonne	+50	1400.00-1480.00	+30	1350.00-1450.00	63.50-67.13
CFR SE Asia	USD/tonne	+50	1350.00-1430.00	+30	1300.00-1400.00	61.24-64.86

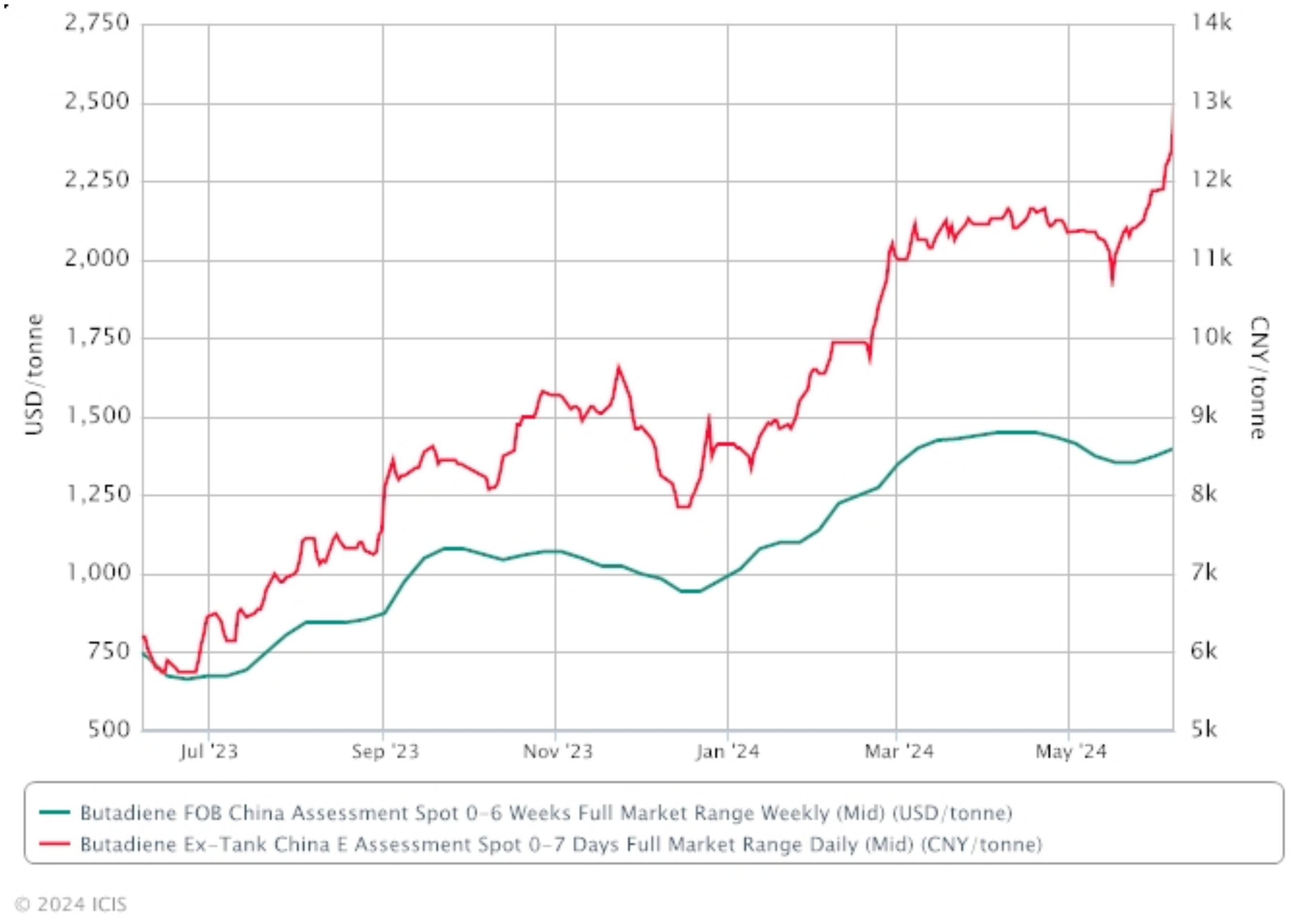
China

FOB China prices were assessed in a narrower range, reflecting firmer sentiment in the wake of sharp increases in the yuan-denominated market.

But there were minimal concrete discussions, especially towards the end of the week as sellers diverted their attention to domestic sales, rather than exports, given the strong gains registered for yuan values.

A June-lifting cargo did change hands early week at around $1,300/tonne FOB China, below the published range. But this was not included in assessment as negotiations were said to be mostly wrapped up in the week prior, and also because the trade level was widely deemed by majority of the players as too low and unrepeatable, after domestic prices spiked in the week.

Domestic ex-tank prices in east China surged under the dual stimulus of persistently tight domestic supply balance and robust polybutadiene rubber futures.



Northeast Asia

CFR NE Asia prices were assessed up, in line with firmer pricing indications heard, as well as a deal which formed the high end.

A China-origin cargo was sold at the high-end for June delivery to South Korea. But market players said that the purchase was for short-covering purposes and may be a smaller parcel lot, albeit within ICIS's methodological requirements of 1,000-3,000 tonnes for regional cargoes.

Majority end-users in outlets across the region held fast otherwise to buying indications capped at the low end, saying that there would be downstream affordability issues if they paid any higher for feedstock BD.

There were no concrete sell-side indications in the week, given that the bulk of cargoes were already sold out, and most sellers with available cargoes at hand were confident that market will only move more towards their advantage in due course if the snug supply situation prevail.

A southeast Asia-origin cargo, available to lift in H2 July, was floated for sale, but it was unclear by press time if a trade had materialized.

Monthly Contract DEL, $/tonne	May 24	Apr 24	Mar 24	Feb 24	Jan 24	Dec 23
Taiwan FPCC	1,355	1,415	1,348	1,135	1,020	910
Korea YNCC	1,390	1,450	1,405	1,165	1,070	945

Southeast Asia

CFR SE Asia assessments is adjusted with changes for the CFR NE Asia assessments in the absence of concrete discussions and transactions on CFR SE Asian terms.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

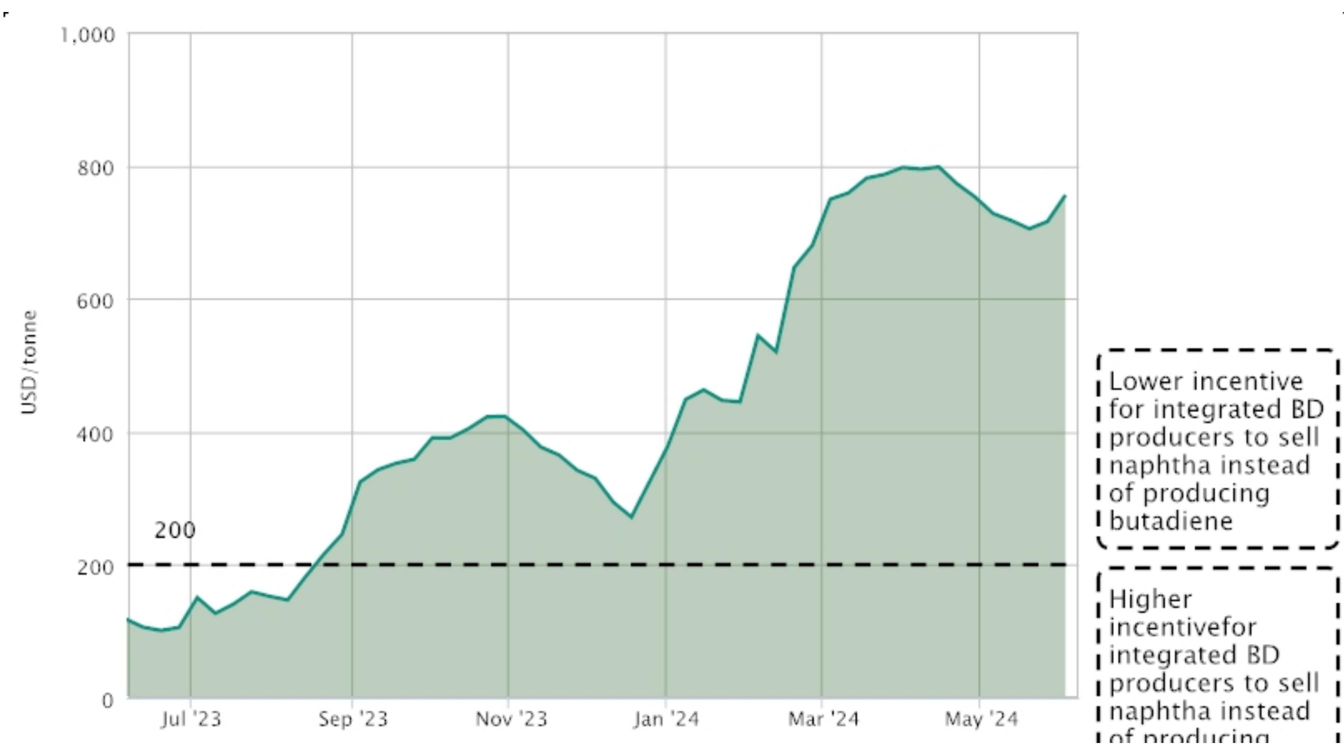
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	+700	13000-13100	+600	11800-11950	-

UPSTREAM

Naphtha

- Crack spread on 4 June surpassed $75/tonne for the first time since late March
- Limited arbitrage cargoes mitigate weak petrochemical margins impact
- Alternative feedstock LPG not as abundant as some had hoped

Feedstock spread between Naphtha CFR Japan and Butadiene CFR NE Asia



Click here for the Asia feedstocks and petrochemicals weekly summary.

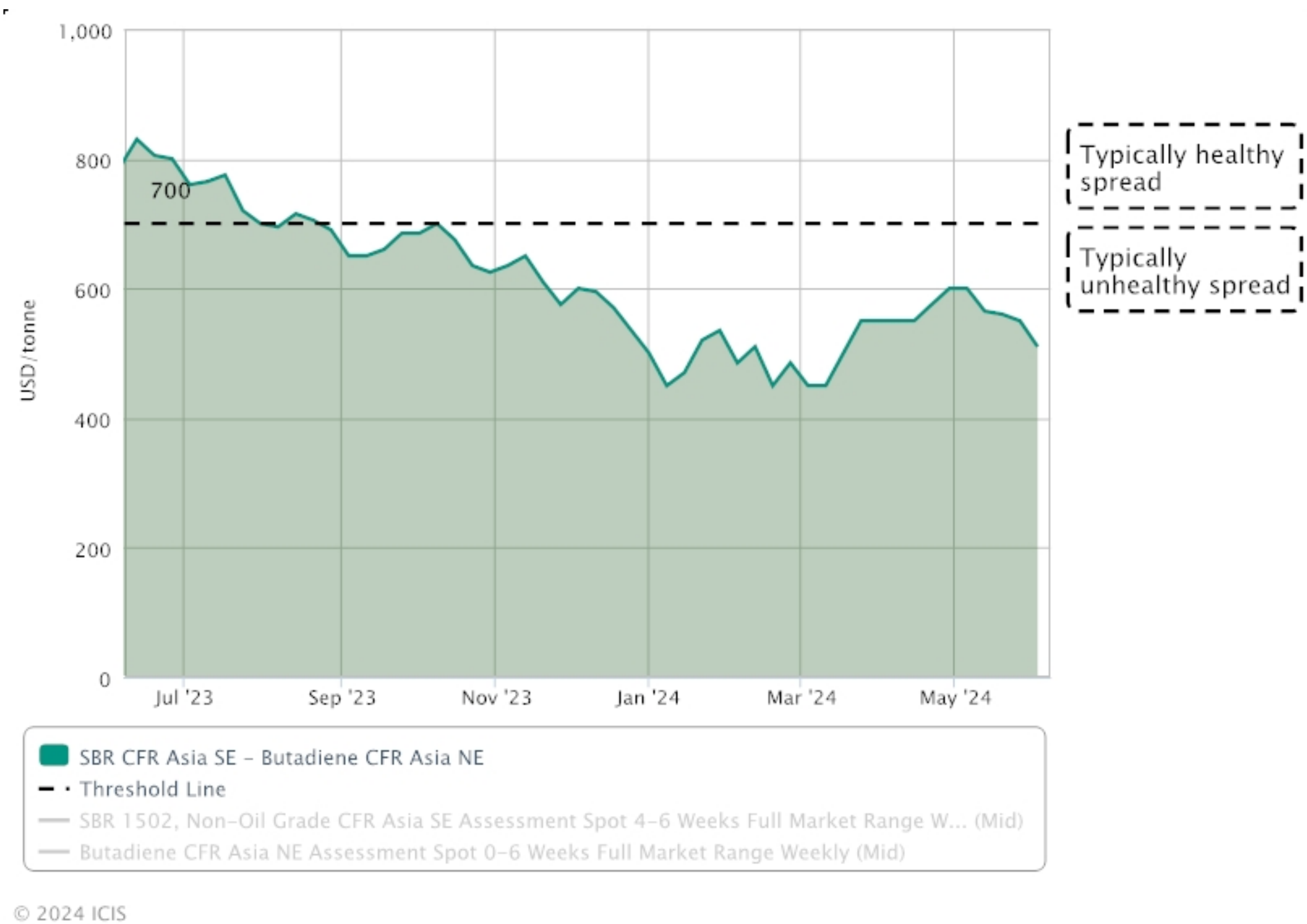
DOWNSTREAM

Styrene butadiene rubber (SBR)

- Domestic China extends gains
- Import talks into China supported as such
- But buy-sell stalemate prevails in SE Asia and India

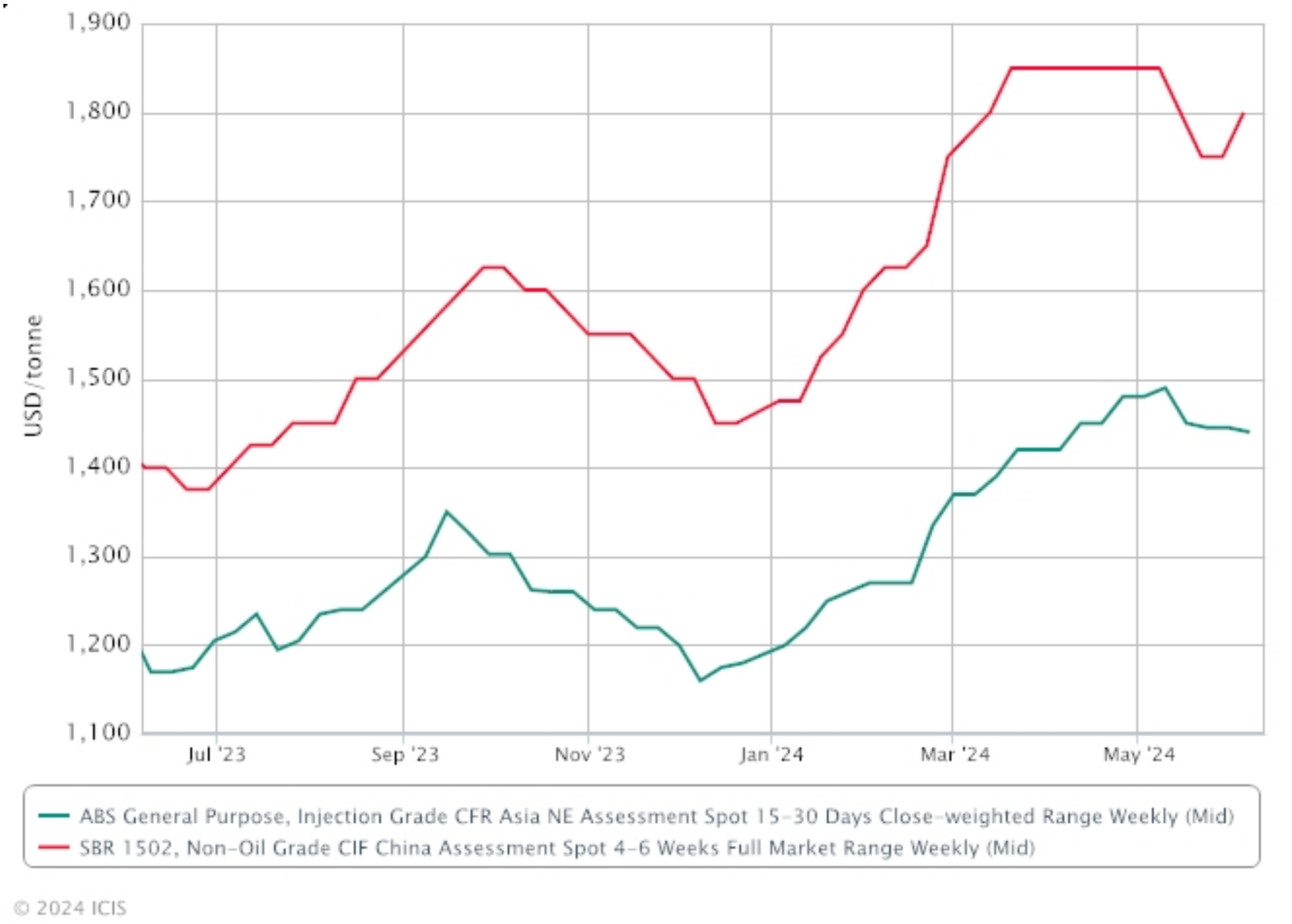
The chart below shows the spread between BD and SBR in Asia.

Spread between Butadiene and Styrene Butadiene Rubber Asia



Acrylonitrile-butadiene-styrene (ABS)

- Import prices were stable to soft on poor demand
- Seller margins fall back to negative zone
- Pending start-ups weigh on sentiment



PRODUCTION

A 105,000 tonne/year unit in Japan restarted after a near-two-month-long maintenance.

But a 70,000 tonne/year plant in southeast Asia halted operations in late May, just days after it restarted from a prior two-week outage. The current outage came after the integrated cracked shut in the wake of a power trip caused by typhoon. Operations may resume in H2 June, market sources said.

In China, a plant in Quanzhou, Fujian, with a total nameplate capacity of 180,000 tonnes/year, is slated to resume operations in H1 June, after an unplanned month-long outage at its integrated has been lifted this week.

Click here for the Live Disruption Tracker.

OTHER REGIONS

Europe

- Supply issues mostly resolved
- Domestic demand steady, export demand elevated

- US and Mexico still point of focus
- Asia a little more upbeat but still not attractive for Europe volumes

US

- US BD contracts settled up on persistently tight supply
- Diminished demand places downward pressure on spot pricing
- Brazil reconstruction is expected to be slow