



Butadiene (Asia-Pacific)

By Ai Teng Lim
08-Nov-2024

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Please click [here](#) for full details on the criteria ICIS uses in making these price assessments.

OVERVIEW

- **Floundering domestic China weighs on import sentiment**
- **Fresh spot supplies surface**
- **But most buyers already amply covered**

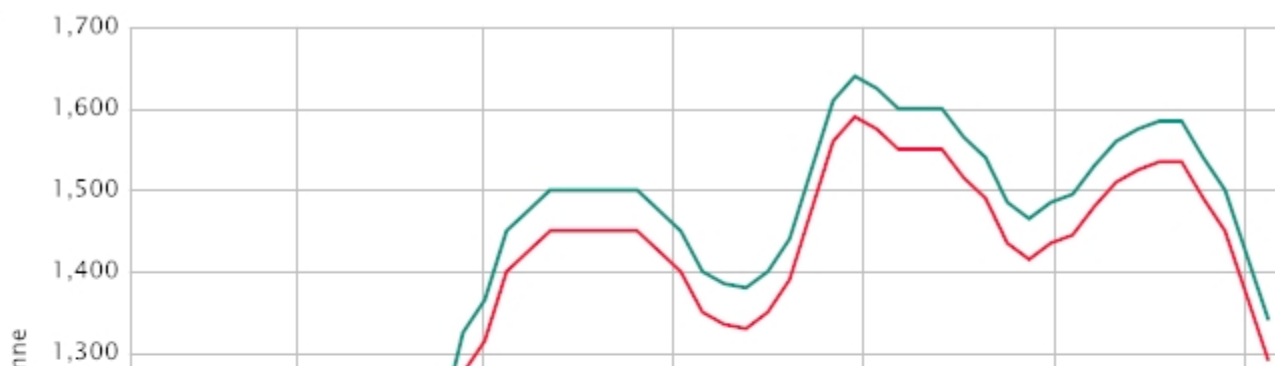
Losses widened across Asian's butadiene (BD) market, both for US dollar denominated imports and for yuan-denominated prices in domestic China.

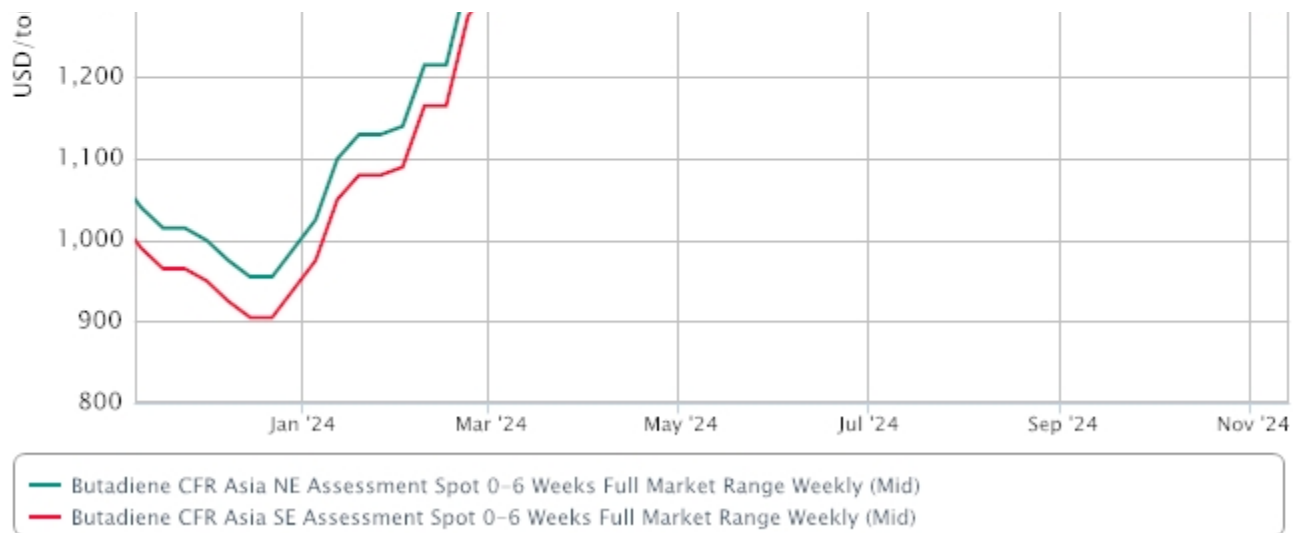
Supplies are poised to increase on news of impending [capacity growth in China](#), and this bolstered buyers' confidence to press sellers for deeper discounts, otherwise many buyers said they could delay procurement until offers softened to their advantage.

The lackluster yuan market also dented import market sentiment. In wider Asia, several spot cargoes available to lift in December were floated for sales this week, at a time when the majority of regional end-users have already covered the bulk of December requirements with prior purchases, including from the deep-sea supply pool.

Some sellers did moderate expectations in a bid to bridge gap with buyers and keep some cargoes moving.

Overall, sentiment is more bearish about the near-term demand outlook, with many end-users anxious about how macro-level developments such as how the impending administration change in the US will impact on [China's economic recovery prospects](#).





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OUTLOOK

- Spot supplies may lengthen once operations at new plants stabilize
- But demand may be stagnant for rest of the year
- Uncertainties abound on the way forward

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	-80	1320.00-1350.00	-150	1550.00-1650.00	59.87-61.24
CFR NE Asia	USD/tonne	-100	1300.00-1380.00	-60	1550.00-1620.00	58.97-62.60
CFR SE Asia	USD/tonne	-100	1250.00-1330.00	-60	1500.00-1570.00	56.70-60.33

China

FOB China assessments deep-dived, as producers separately adjusted down selling indications to keep pace with prevailing domestic yuan values.

The latter have plummeted recently, as buying interest dissipated with falling trades in derivative rubber futures.

Domestic ex-tank prices in east China continued to trend down due to subdued domestic trade momentum.



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Northeast Asia

The CFR NE Asia assessment also fell, as buy-sell indications for remnant December shipment cargoes continued to weaken week-on-week.

Several southeast Asia-origin cargoes were floated for spot sale this week via tender. These were available to lift in different durations in December and were sold on formula-linked terms, market sources said.

On a fixed-price basis, China-based end-users were heard looking to fork out no more than the published low end for cargoes available to ship in December. A deal may have been inked late in the week at that level too, although more details about the parties involved could not be ascertained at the time of publication.

The high end was adjusted down in line with a trade heard concluded earlier in the week, involving a shipment to South Korea, market sources said.

Monthly Contract	Oct 24	Sep 24	Aug 24	Jul 24	Jun 24	May 24	Apr 24	Mar 24
DEL, \$/tonne								
Taiwan	1,480	1,470	1,465	1,515	1,395	1,355	1,415	1,348
FPCC								

Korea	1,530	1,550	1,500	1,565	1,493	1,390	1,450	1,405
YNCC								

Southeast Asia

CFR SE Asia prices were down in tandem with the reduction in the CFR NE Asia assessment.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

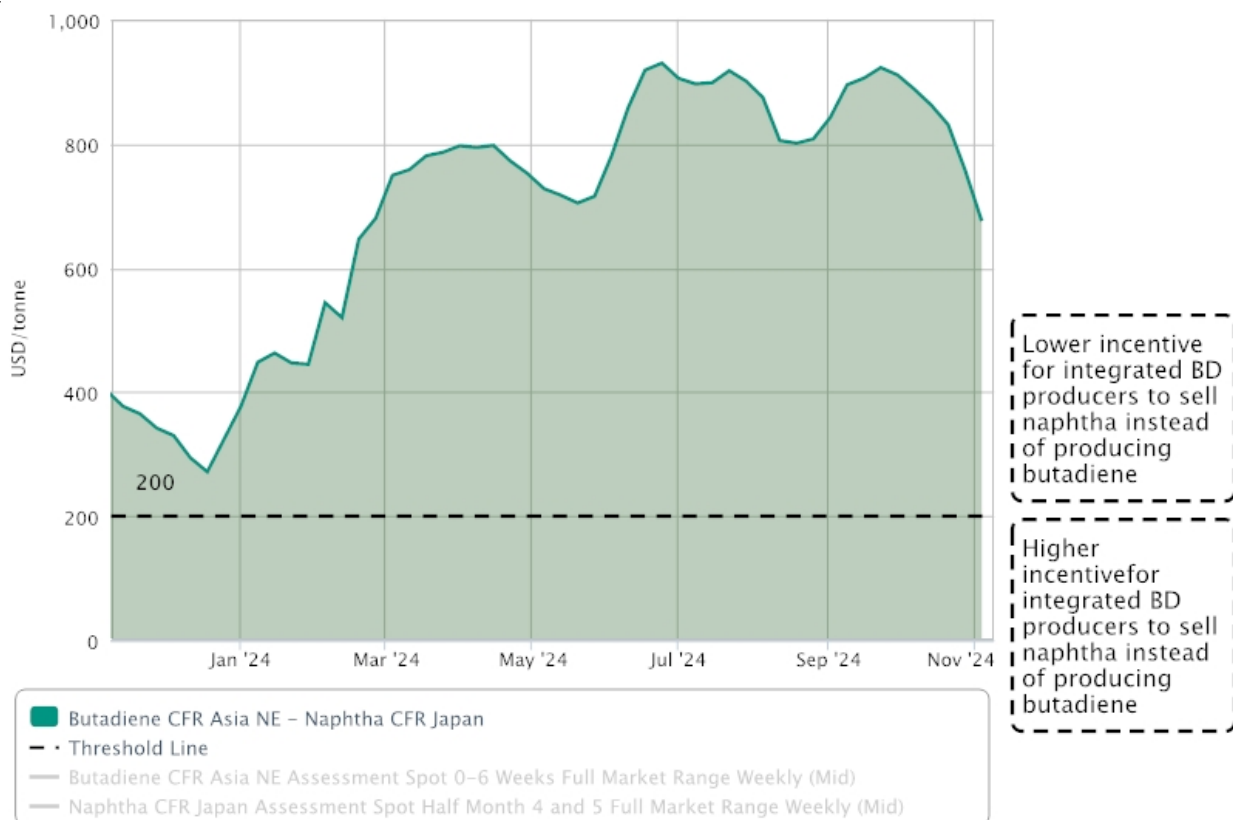
			Price Range	One Week Ago	/
Butadiene					
Ex-Tank E China	CNY/tonne	n/c	10800-10850	-50	11200-11400

UPSTREAM

Naphtha

- Crack spread on 6 Nov eases to near three-week low
- Market under some pressure as thin spot demand seen this week
- Nov-arrival arb hits Jan-Oct monthly average levels; higher than expected

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



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

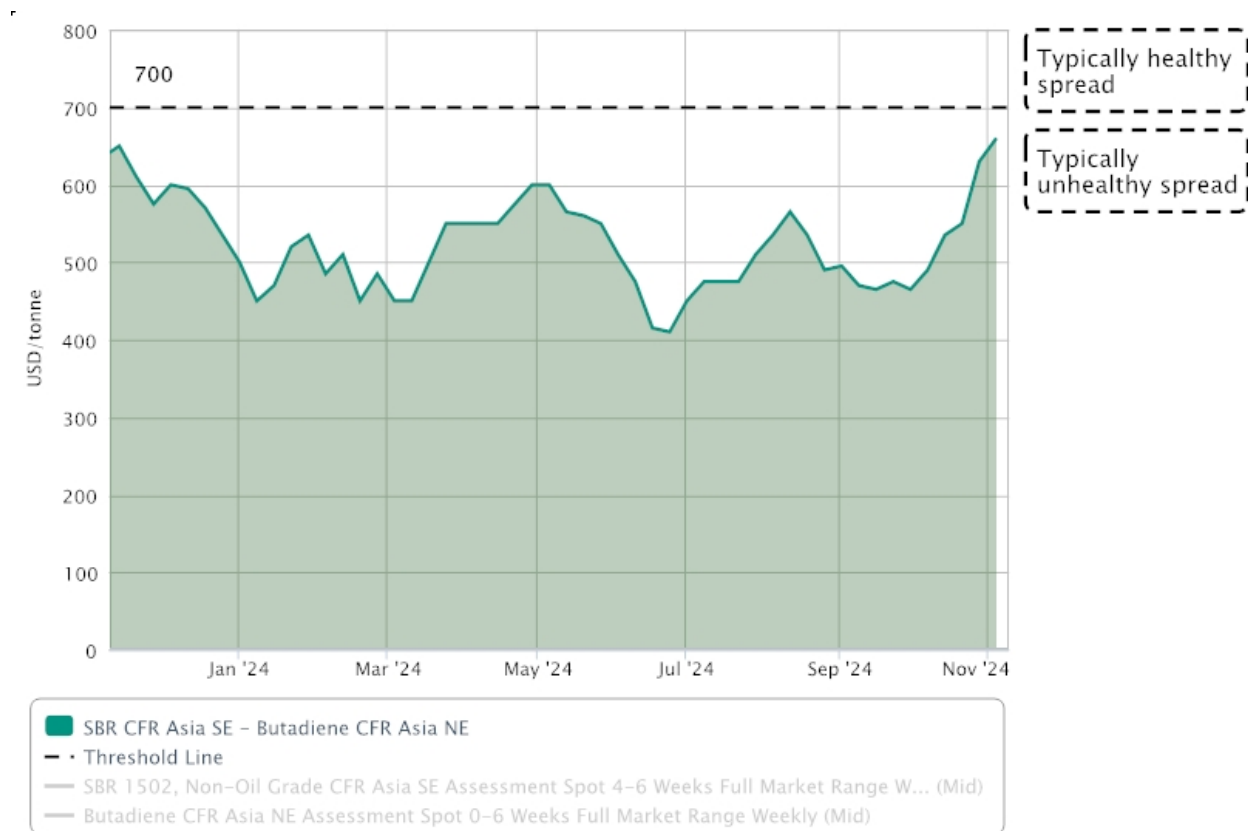
DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Offers moderated with upstream losses
- Buying interest tepid
- Demand outlook hazy

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

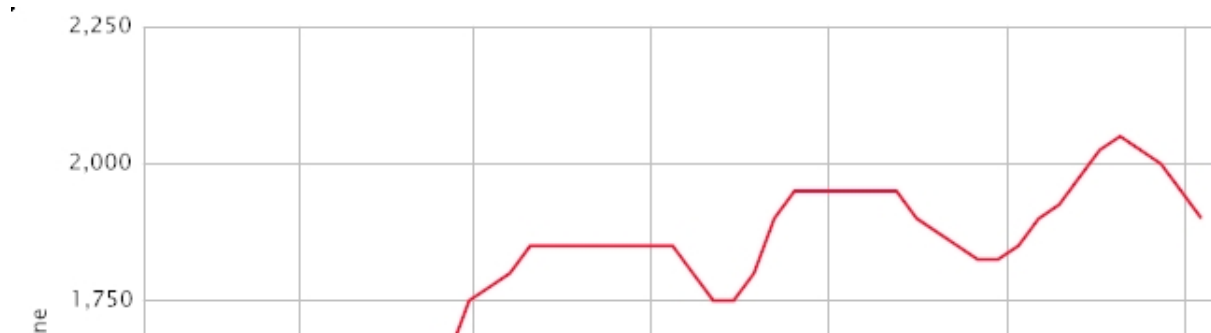
[Spread between Butadiene and Styrene Butadiene Rubber Asia](#)

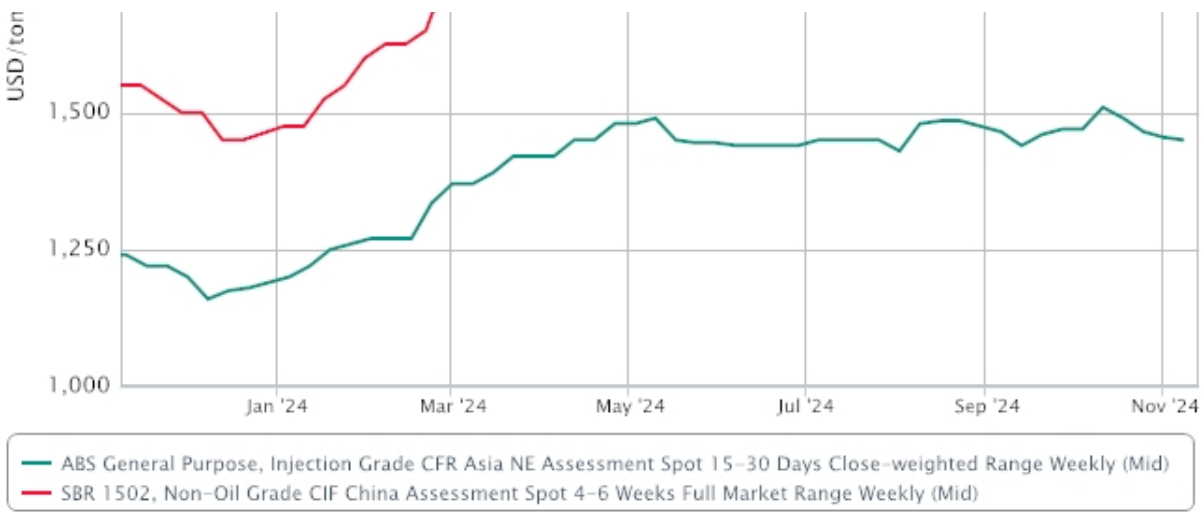


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Acrylonitrile-butadiene-styrene (ABS)

- Asia ABS largely flat after two week decline
- Seller margin erosion slows, within positive zone
- China's sharp drop in crude imports, worries about pending tariffs weigh on sentiment





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PRODUCTION

There is an extensive wave of maintenance closures in NE Asia in the late September to early November period, including a 180,000 tonne/year unit in [Tokuyama](#), Japan and two 160,000 tonne/year units in [Yeosu](#), South Korea.

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

Company	Location	Status	Capacity (MT/year)	Start	End
Sinopec Shanghai	Shanghai, China	Maintenance/Commercial	53,000 (#1)	Sep 2023	Unknown
Zeon	Tokuyama, Japan	Maintenance	180,000	Mid-September	End November
LG Chem	Yeosu, South Korea	Maintenance	160,000	End-October	Mid-November
FPCC	Mailiao, Taiwan	Commercial	162,000 (#2)	August	Unknown
Long Son	Long Son, Vietnam	Commercial	110,000	H2 October	Unknown
ZPC	Zhoushan, China	Unplanned maintenance	250,000	5 November	H2 November
Lotte-GS	Yeosu, South Korea	Maintenance	90,000	End September	End November

OTHER REGIONS

Europe

- Fundamentals largely unchanged week on week
- Unplanned issues, cracker cuts continue to constrain supply
- But demand reducing in line with seasonal plans, focus on inventory
- Planned turnaround season beginning to draw to a close

US

- [US BD settled further down than expected](#) as one producer renominated even lower
- BD spot prices falling rapidly on ramped up op rates
- Downstream BD consumer INEOS shuts its ABS facility in Addyston, Ohio

ANALYTICS

ICIS crude outlook

The crude oil market faces a cautious close to Q4, with supply and demand dynamics finely balanced through November and December. OPEC+ is holding off on production increases until December, aiming to manage oversupply risks amid steady output growth from non-OPEC producers like the US and Brazil, which continues to weigh on prices. In China, economic stimulus efforts are expected to drive modest demand growth, but structural shifts, including a rise in electric vehicle use, may keep demand subdued. Meanwhile, heightened tensions in the Middle East, particularly between Israel and Iran, present potential risks of regional supply disruptions, adding an element of volatility. A strong US dollar also exerts downward pressure on oil prices as it raises costs for global buyers. As 2025 approaches, these complex factors are likely to sustain a cautious and potentially volatile oil market environment.

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

ICIS naphtha outlook

European naphtha demand is projected to decline for the rest of the year, due mainly to ongoing headwinds in manufacturing and the petrochemical industry. The naphtha market will be characterised by ample supply, as refinery maintenance season is coming to an end and crackers run at lower operating rates amid sluggish demand. Flexible crackers will continue to favour naphtha over LPG as feedstock. The naphtha arbitrage window to Asia is likely to narrow in the months to come as Asia will see new refineries coming on stream and gasoline demand relatively subdued due to ongoing electric vehicle penetration. China's new energy vehicle sales, which include pure and hybrid electric vehicles, exceeded fuel car sales in September for the second consecutive month.

By **Paolo Scafetta**, ICIS senior analyst, paolo.scafetta@icis.com

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