



# 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

- **Offers firmly bullish**
- **Prompt supplies tight**
- **Downstream margins squeezed**

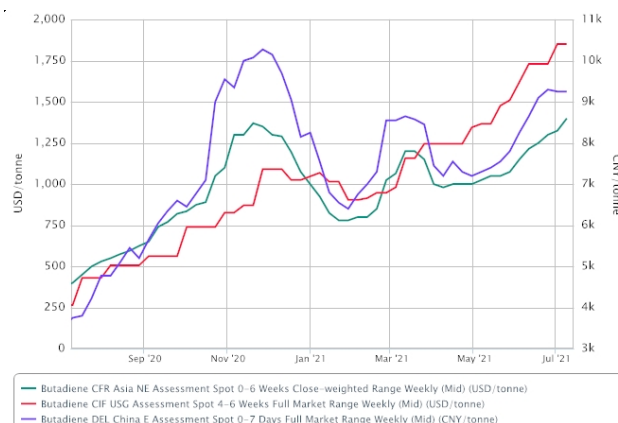
Asian butadiene (BD) import prices spiked on firmer buy-sell talks, and in part on support from sharp gains seen this week in the domestic yuan-denominated China market.

Domestic yuan prices surged as local inventories were drawn down by active export sales in the prior month. This prompted sellers to pull back on fresh domestic sales, lest they be caught short in fulfilling forward contract requirements.

The yuan increases also lifted export offers on China-origin material, which in turn boosted selling targets among suppliers in wider Asia.

On the buy-side, while most acknowledged the reality that prompt supplies are limited and that bids would have to be elevated if they needed to secure cargoes, most remained wary of committing at current sellers' asking levels due to [lacklustre downstream margins](#).

As pricing and demand conditions in various key downstream markets - from the synthetic rubber sector to the acrylonitrile-butadiene-styrene (ABS) and latex industries - are still far from rosy, end-users said that if the current BD uptrend extends further, making the feedstock even more unaffordable, they could not rule out the need to cut output to reduce costs and protect their bottom lines.



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## OUTLOOK

- **Regional supplies to tighten further on turnarounds**
- **Downstream demand may improve if COVID-19 situation stabilises**
- **No clarity on when anticipated new BD projects will materialise**

### ICIS analyst view on butadiene (BD)

BD exports to the US remain workable as short supply persists there. However, the tightness is expected to ease slightly from September.

Increasing demand and low port inventories in China is expected to support market sentiment. However, eyes are on the upcoming new plants in China. Three new BD plants are due online in August, which may bring some uncertainties. These new plants represent 370,000 tonnes/year of annual BD capacity. JG Summit's 70,000 tonne/year BD unit is also expected to come online in Q3.

Idled synthetic rubber lines in China are restarting, which might add 9,000-13,000 tonnes of BD demand per month initially. Additional demand from new acrylonitrile butadiene (NB) latex plants will be in place as well.

However, synthetic rubber producers might lower operating rates in Q4 on eroded margins, if styrene butadiene rubber (SBR) and polybutadiene rubber (PBR) prices fail to track the uptrend in feedstock prices.

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For more information about analytical content, click [here](#).

## PRICES

### SPOT PRICES

		Price Range		Four Weeks Ago	US CTS/lb	
<b>Butadiene</b>						
<b>CFR NE Asia</b>	USD/tonne	+50	1350.00-1450.00	+100	1150.00-1280.00	61.24-65.77
<b>CFR Taiwan</b>	USD/tonne	+50	1350.00-1450.00	+100	1150.00-1280.00	61.24-65.77
<b>CFR SE Asia</b>	USD/tonne	+50	1300.00-1400.00	+100	1100.00-1230.00	58.97-63.50

### Northeast Asia

CFR northeast Asian prices rose, tracking firmer buy-sell pricing indications.

Offers climbed with increases in the domestic China market. Sellers also took reference from what they believe they could fetch if they moved cargoes to the US, where a severe supply shortage has driven local prices substantially higher than Asia's.

The high end reflected lowest selling indications which market players said may still be workable for some applications like latex and ABS.

Buying indications from the major downstream synthetic rubber sector were also heard higher on-week, which formed the low end, but still lagged behind the elevated selling targets.

The CFR Taiwan assessment was adjusted up, in line with changes in the CFR NE Asian assessment.

Monthly Contract	June 21	May 21	Apr 21	Mar 21	Feb 21	Jan '21	Dec '20	Nov '20	Oct '20	Sep '20
Taiwan FPCC	1,205	1,010	1,050	1,135	880	950	1,255	1,230	940	770
Korea YNCC	1,245	1,010	987	1,102.5	827.50	867	1,263	1,325	942	723

**East China domestic prices**

Domestic prices in the yuan-denominated market spiked as supplies tightened on active export sales.

Price (CNY/tonne)	9 Jul	2 Jul
DEL east China	10,600-10,800	9,200-9,300

**Southeast Asia**

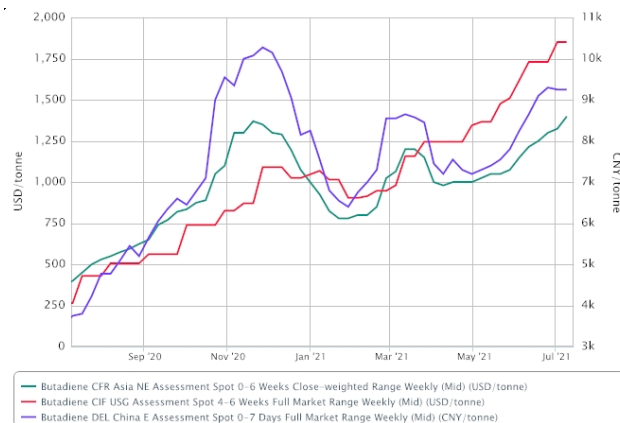
CFR SE Asian prices were also assessed up, in line with changes in the CFR NE Asian assessment in the absence of any concrete transactions on a fixed price basis.

That said, 2,000 tonnes of southeast Asia-origin material was heard sold, via tender in the week on a floating basis, market sources said.

**UPSTREAM**

The Asia-Pacific **naphtha** market drew support from steady end-user demand, following spot purchases for August shipments. The upward pressure was moderated by an anticipated surplus flow of deep-sea cargoes from the US, keeping supply in check.

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



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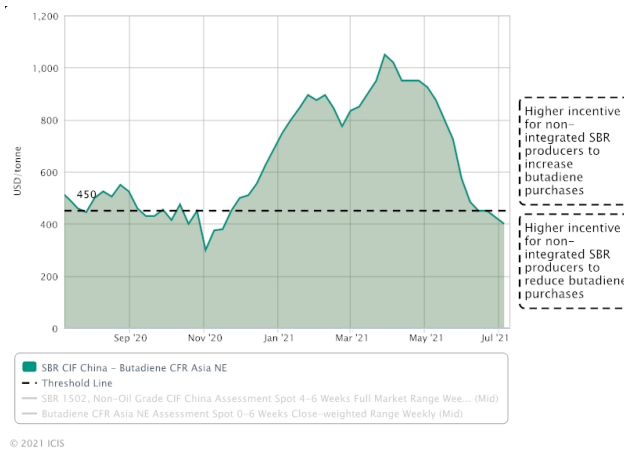
Click [here](#) for the Asia feedstocks and petrochemicals weekly summary.

## DOWNSTREAM

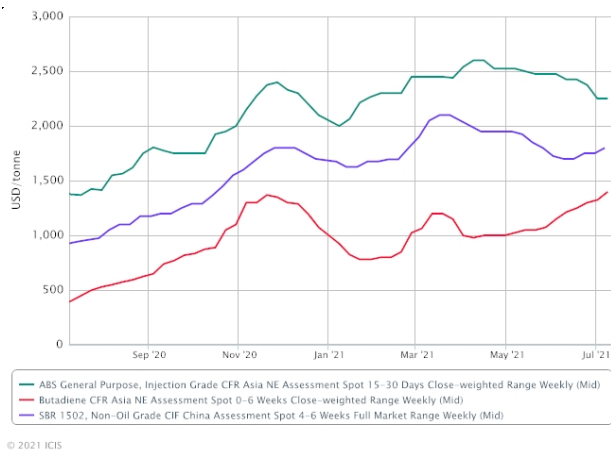
Asian **styrene-butadiene-rubber (SBR)** offers rose with upstream strengths, but spot trade liquidity is curbed with downstream operations in some regional markets still weighed down by ongoing covid-related restrictions.

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

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



Asian **acrylonitrile-butadiene-styrene (ABS)** market was stable, supported by expectations of reduced supply in northeast Asia. But demand remains relatively weak across Asia.



## PRODUCTION

While prompt supplies are limited, BD output in Asia may [lengthen](#) in late Q3 once more new projects come on stream in northeast Asia in the second half of the year.

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

## OTHER REGIONS

In the US, spot prices for BD [climbed](#), tracking firm European export values amid tight supplies.

However, June auto sales in the US [fell](#) from May on inventory constraints.

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