



Butadiene (Asia-Pacific)

By Ai Teng Lim
10-May-2024

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

OVERVIEW

- **Demand still underwhelming**
- **Discussions softer early week as sellers moderated expectations**
- **Supply anxieties reignited following [Thai tank fire](#) late week**

Discussions in this week's Asian spot import market for butadiene (BD) was mixed as [sell-side sentiment shifted](#) with developing news on the supply front.

Demand fundamentals were generally unchanged week on week, albeit lackluster and pensive in nature.

Mindful that their own downstream production margins are heavily under duress, end-users are unwilling to pay more for feedstock BD and continued to press sellers for discounts.

There were signs early week that some BD sellers were not disinclined to moderate expectations, moving closer to buyers' terms so as to keep some volumes moving.

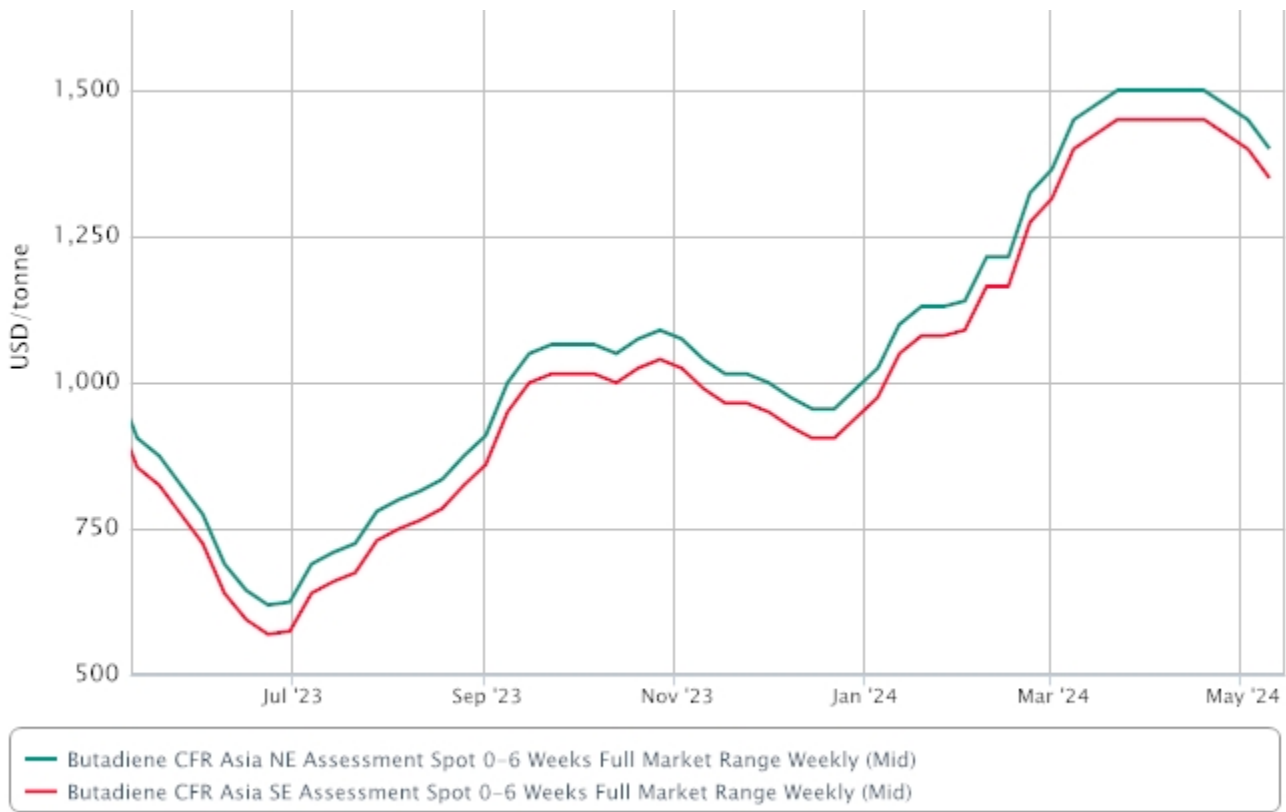
This was especially in the wake of news that there would be a new deluge of June shipment spot availabilities from diverse origins such as the Middle East, south Asia and southeast Asia.

But some of these anxieties among sellers fizzled late week, in the wake of a Thai tank fire incident which crippled operations at some port and petchem plants in the vicinity.

The fuller impact of this incident, if any, on overall BD demand and supply balance is as yet unclear as investigations and recovery is still underway at the site, but market players said that at least two southeast Asia-origin BD cargoes floated for sale early week have been withdrawn.

Sellers expectations rebounded in line, and many saying they would also monitor the situation first before finalizing their next selling positions.

1,750



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OUTLOOK

- Regional production may [remain structurally constrained](#)
- Demand per ICIS [forecast](#) could continue to soften
- Buy-sell tussle likely to stretch

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

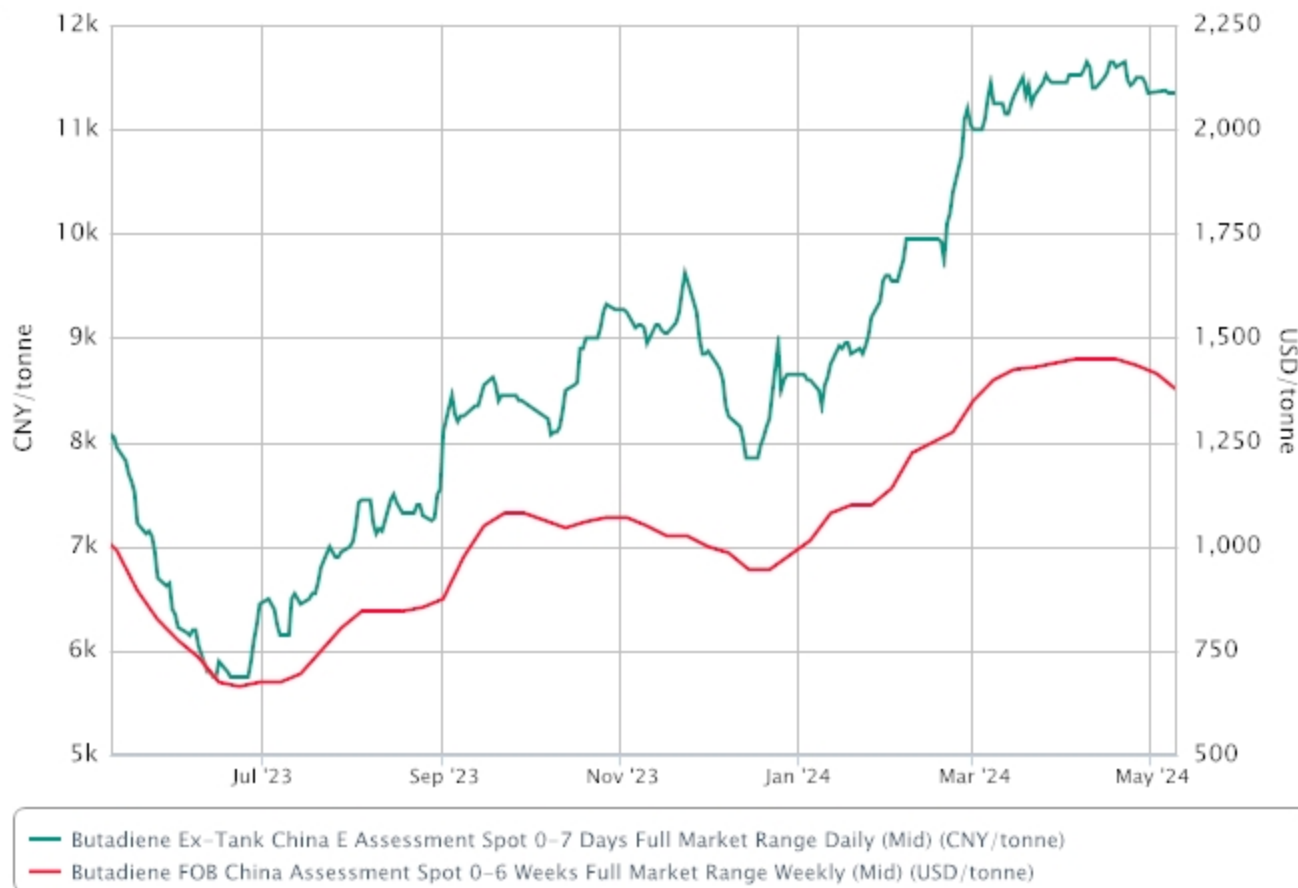
			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	-50	1350.00-1400.00	-30	1430.00-1470.00	61.24-63.50
CFR NE Asia	USD/tonne	-50	1350.00-1450.00	-50	1450.00-1550.00	61.24-65.77
CFR SE Asia	USD/tonne	-50	1300.00-1400.00	-50	1400.00-1500.00	58.97-63.50

China

FOB China prices are assessed down, with the high end tracking indicative offers heard.

There is no concrete buy-side response, and buying indications were heard capped at the low end.

In the domestic ex-tank market in east China, prices were broadly stable in a slow start to post-holiday trade. The China market resumed operations on 6 May after a 5-day extended Labour Day holiday.



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Northeast Asia

CFR NE Asia discussions were softer, dragged down by weak downstream requirements.

The assessments were adjusted lower on both sides to reflect and capture the full spectrum of discussions and deals throughout the course of the trading week.

Earlier in the trading week, several spot cargoes were floated for sales, including up to 10,000 tonnes worth of Middle East-origin volume available to lift promptly.

Some of these volumes may have been sold for June arrival into Asia, although the trades were closed on formula-linked terms and not fixed price basis, market sources said.

Another three southeast Asia-origin cargoes, available to lift in H2 June, were also put up for sale, via tender, earlier in the week.

This surge in spot availabilities then dented sell-side sentiment, prompting some sellers to moderate expectations and undertake spot discussions in the \$1,350-1,400/tonne CFR NE Asia range. Some volumes of June shipment

supplies have changed hands in the high \$1,300s to \$1,400/tonne CFR NE Asia too, market sources said.

But sell-side indications shifted late week, after spot supplies seem poised to tighten in the wake of a tank fire incident in Thailand.

For instance, two of the southeast Asia-origin cargoes up for tender sales earlier in the week were heard withdrawn, market sources said.

Sellers adjusted up their expectations, to around the published high end, in anticipation of support from tighter spot availabilities if production constraints stretch in Thailand.

Monthly Contract DEL, \$/tonne	Apr 24	Mar 24	Feb 24	Jan 24	Dec 23	Nov 23
Taiwan FPCC	1,415	1,348	1,135	1,020	910	955
Korea YNCC	1,450	1,405	1,165	1,070	945	1,000

Southeast Asia

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

There were no discussions on CFR SE Asia terms, with the market more focused on sales for shipment to northeast Asia.

One southeast Asia-origin cargo was available to lift in H2 June is up for tender sale in the week and the outcome was not available yet at press time.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

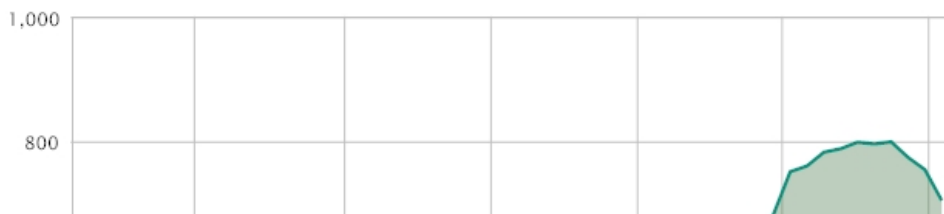
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	n/c	11300-11400	n/c	11300-11400	-

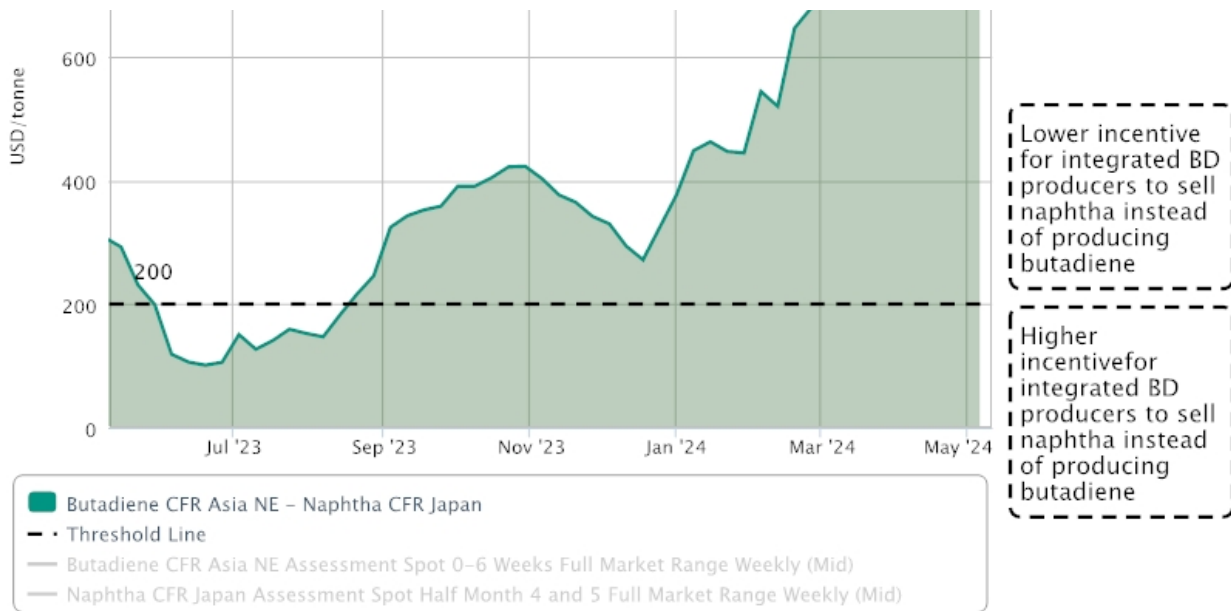
UPSTREAM

Naphtha

- Crack spread on 9 May lowest in slightly over a week due to firm crude
- In contrast, intermonth spread persisted at firm levels
- East-bound May naphtha volumes seen below Jan-Apr monthly average

[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.

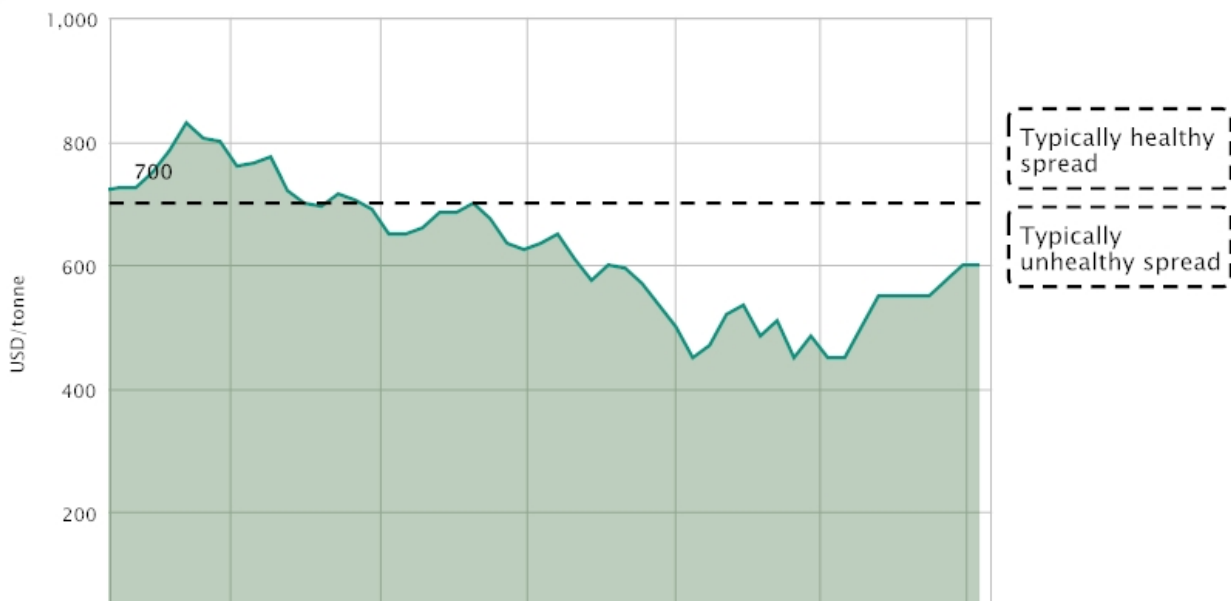
DOWNSTREAM

Styrene butadiene rubber (SBR)

- Offers soften with feedstock declines
- Some buyers pull back as well
- But spot supply limitations may provide some support

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

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

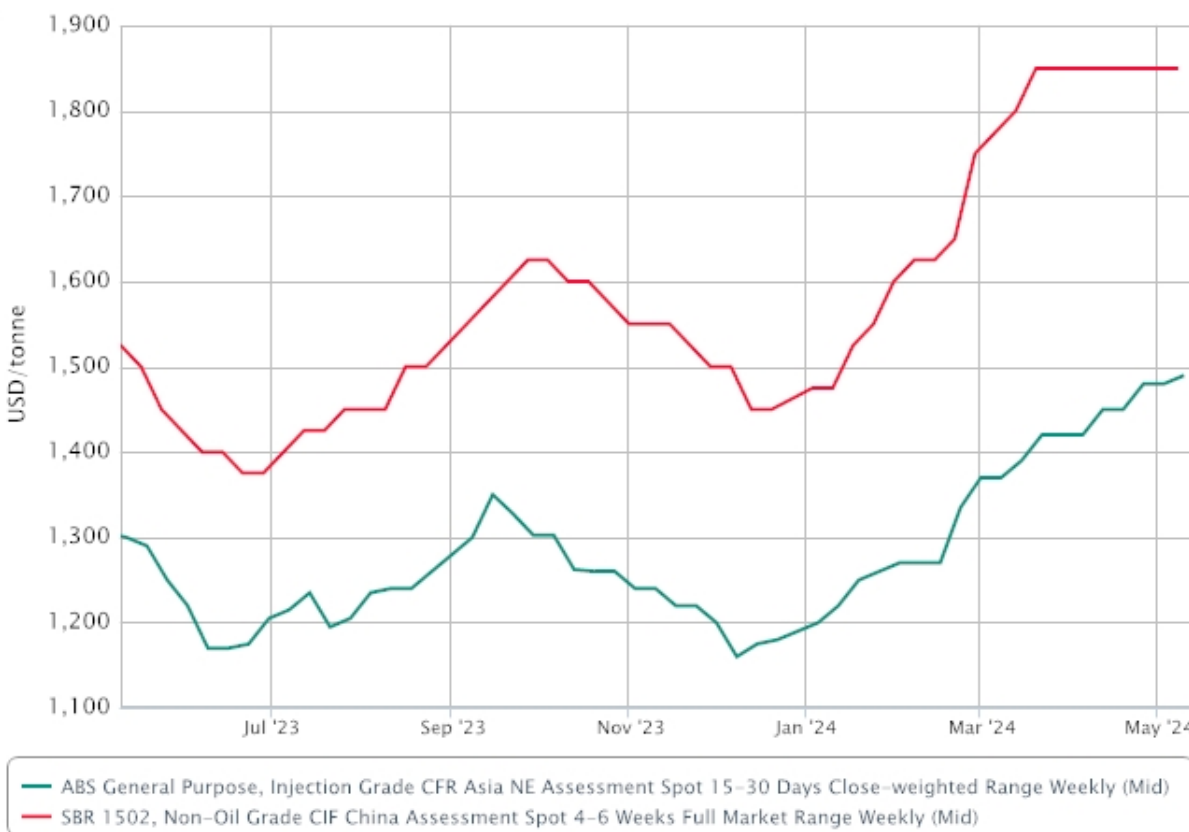




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Acrylonitrile butadiene styrene (ABS)

- Import prices up post-Labour Day to 19-month high
- Feedstock cost increase, post-holiday restocking bolster market
- Buyers attempt to minimize procurement



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PRODUCTION

In northeast Asia, about cumulatively nearly 400,000 tonnes/year worth of production capacity in [Japan](#) and [China](#) are out of action in the March-May window for maintenance.

But a 162,000 tonne/year unit in Taiwan is set to [resume](#) in mid-May after a four-month-long closure.

In southeast Asia, a 110,000 tonne/year unit in [Vietnam](#) is also shut and may not restart until H2 2024. A 137,000 tonne/year unit in [Indonesia](#) will also undergo maintenance in the May-June window too, while another 100,000 tonne/year unit in Malaysia has a [month-long maintenance](#) from late April.

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

OTHER REGIONS

Europe

- Supply tight on numerous production disruptions
- Structural domestic demand holding stable, some spot demand on unexpected issues
- But idled production plant restarting should provide some relief
- Export interest persists – Asian demand expected at least until July

US

- May contracts rise on tight supplies
- [Q1 production strong but inventory remains critically tight](#)
- Global markets are easing on improved supply

ANALYTICS

ICIS downstream sector outlook for automotive

Sustainability is important, but so is being competitive. That was the sentiment expressed in a recent interview with Harald Seidel, director general of the European Automobile Manufacturers' Association (ACEA) and CEO of DAF Trucks. The automotive outlook for 2024 remains concerning as uncertainty remains at unprecedented levels, presenting challenges for both decision-making and risk management, especially in the context of the transition to electric vehicles.

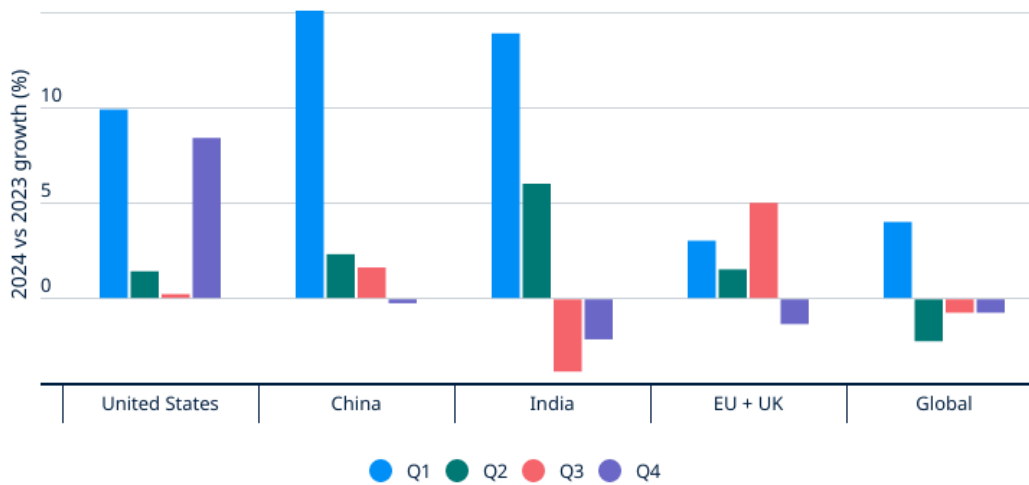
In an automotive round table discussion held earlier in April, 13 original equipment manufacturer CEOs met EU commissioner for climate action Wopke Hoekstra to discuss the future of the sector in the region. Car manufacturers are committed to decarbonization and are making appropriate investments. The group urged support from the government in the form of charging and hydrogen refilling infrastructure, a sufficient supply of critical raw materials, better access to finance, and market incentives. According to ACEA, EU passenger car registrations decreased by 5.2% year on year in March. The fall is primarily attributed to reduced activity because of Easter holidays. The association further reports that Germany posted the biggest decline, with -6.2%, followed by Spain (-4.7%), Italy (-3.7%), and France (-1.5%).

China is doubling down on its investments in electric vehicles. According to the Rhodium Group's China Cross-Border Monitor, Chinese outbound foreign direct investment (OFDI) is booming. Although investment in both mergers and acquisitions (M&A) and greenfield projects were down 5% in 2023 year on year (2022 did exceptionally well), the independent research group further reports that approximately 80% of the total investments were battery manufacturing related.

By **Jincy Varghese**, ICIS demand analyst, jincy.varghese@icis.com

Motor vehicle sector growth by region

2024 vs 2023



SOURCE: Oxford Economics

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