



Butadiene (Asia-Pacific)

By Ai Teng Lim
11-Oct-2024

[Overview](#) | [Outlook](#) | [Prices](#) | [Upstream](#) | [Downstream](#) | [Production](#) | [Other Regions](#) | [Analytics](#)

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

OVERVIEW

- **Domestic China was bullish early week but faltered towards end-week**
- **Players defer import talks to await clarity on domestic China**
- **Discussions for deep-sea materials pick up pace**

Discussions for Asian spot imports of butadiene (BD) were muted this week, as many players retreated to the sidelines to wait and see, amid [volatility](#) in the domestic China futures market.

The China market resumed this week after a week-long holiday, and derivative natural and synthetic rubber futures were buoyant initially but plummeted towards end of the week.

This weighed on domestic yuan-denominated prices of BD and a major China BD producer trimmed its BD list prices this week, following nearly a month of stability.

The decline in yuan values also dented China's buying appetite for US dollar-denominated imports, and concrete discussions were limited also because it was a holiday-shortened week.

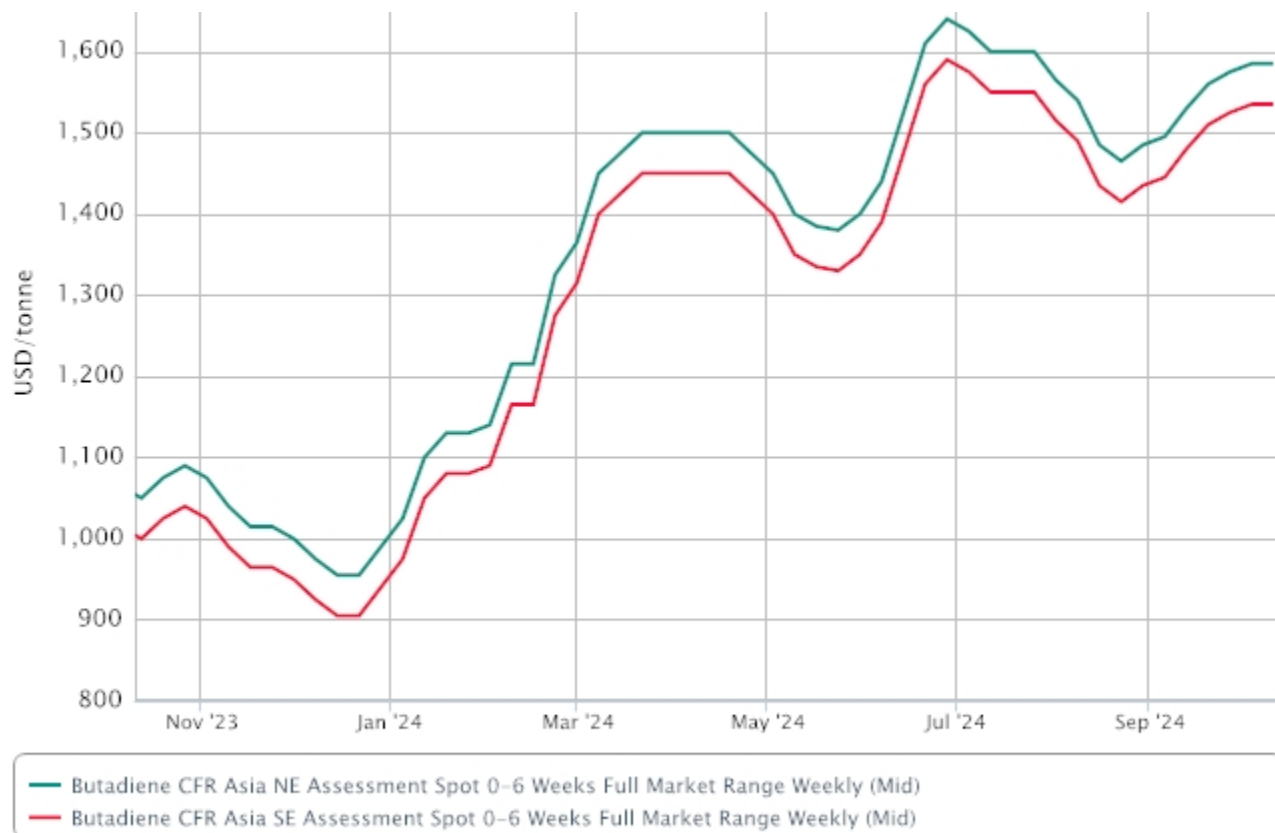
Players across Asia therefore mostly deferred their next procurement decisions until later, when there is more clarity on how the market situation in China will pan out.

Although many were disappointed that the China government did not roll out more impactful [stimulus](#) packages earlier this week, they were hopeful that there may be positive news in store as another major economic briefing is said to be scheduled in the coming weekend.

Meanwhile, on the supply front, even though regional spot availabilities remained tight amid various ongoing and upcoming regional plant [closures](#), market players said that there is a stream of deep-sea materials possibly awaiting shipment to Asia.

If such trades materialize, the deep-sea arrivals will fill regional supply gaps, and as such regional end-users wanted to wait and monitor developments on this front.

1,700



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OUTLOOK

- Deep-sea arrivals may serve to lengthen region’s supplies
- Demand outlook to hinge on economic growth trajectory in China
- Players likely to keep to a cautious stance

PRICES

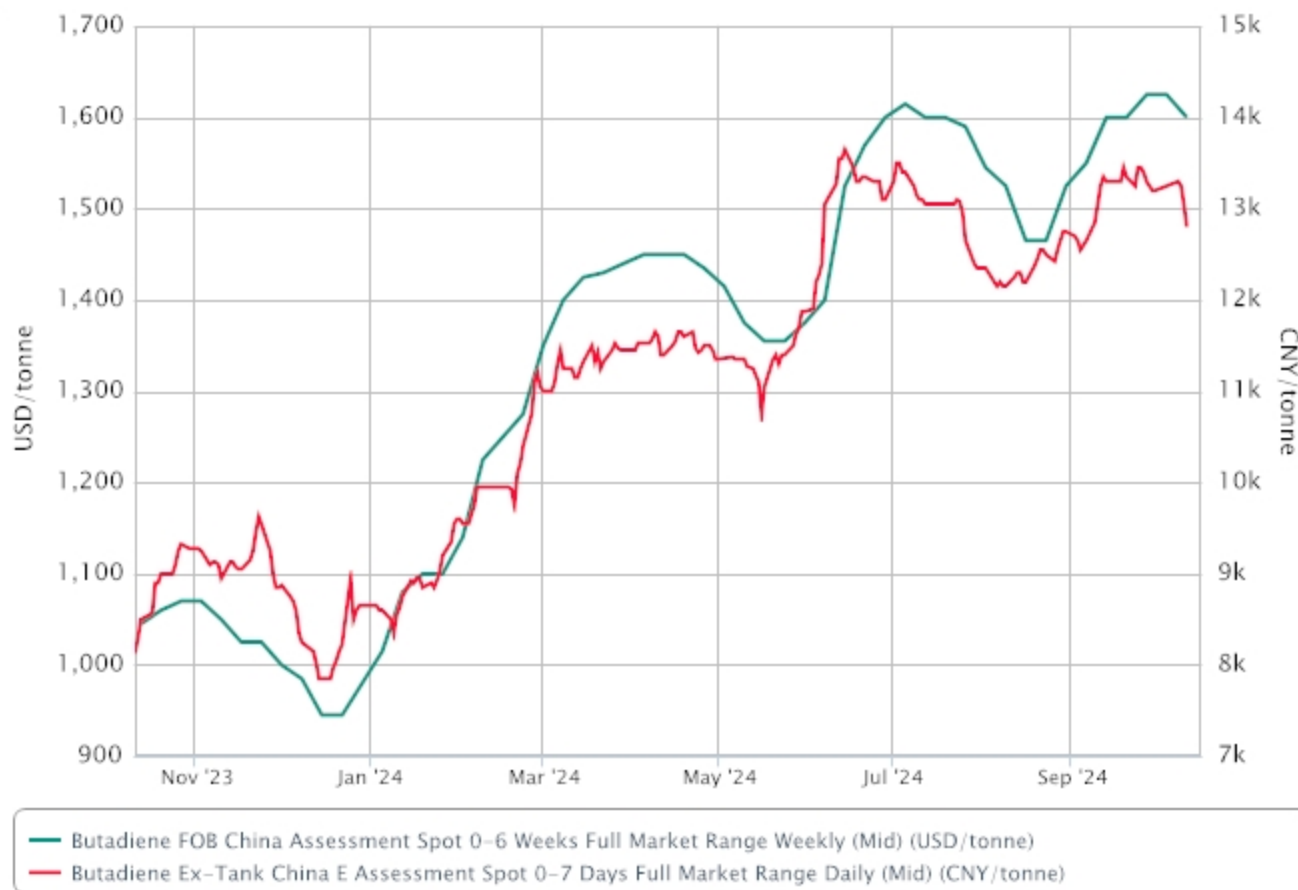
SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	-50	1550.00-1650.00	n/c	1550.00-1650.00	70.31-74.84
			0			
CFR NE Asia	USD/tonne	n/c	1550.00-1620.00	n/c	1490.00-1570.00	70.31-73.48
			0			
CFR SE Asia	USD/tonne	n/c	1500.00-1570.00	n/c	1440.00-1520.00	68.04-71.21
			0			

China

FOB China assessments widened, with the low end dropped amid more muted buying indications.

Domestic ex-tank prices in east China fell progressively in the week, tracking declines seen in the derivative natural and synthetic rubber futures.



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Northeast Asia

CFR NE Asian prices were kept unchanged, taking into account broadly range-bound indications and discussions.

Some regional cargoes were heard sold for November shipment at the low end of the assessment, but market sources said that the lot-size for these trades may be larger than usual.

Deep-sea cargoes available to lift from the US for H2 October shipment to Asia were heard indicated at the low end too.

There was no other concrete offers of regional cargoes, but selling indications were heard broadly in the low-to-mid \$1,600s/tonne range, on a CFR NE Asian basis. The high end is kept unchanged as such.

Two southeast Asia-origin cargoes available to lift in H2 November were put up for spot sales, via tender which will close only in the coming week. Many market players said that they would await directions from the outcome of the tender on how BD market may trend in the near term.

Monthly Aug 24 Jul 24 Jun 24 May 24 Apr 24 Mar 24 Feb 24 Jan 24 Dec 23
 Contract
 DEL, \$/

tonne									
Taiwan FPCC	1,465	1,515	1,395	1,355	1,415	1,348	1,135	1,020	910
Korea YNCC	1,500	1,565	1,493	1,390	1,450	1,405	1,165	1,070	945

Southeast Asia

CFR SE Asian prices held steady with stable CFR NE Asian assessments.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

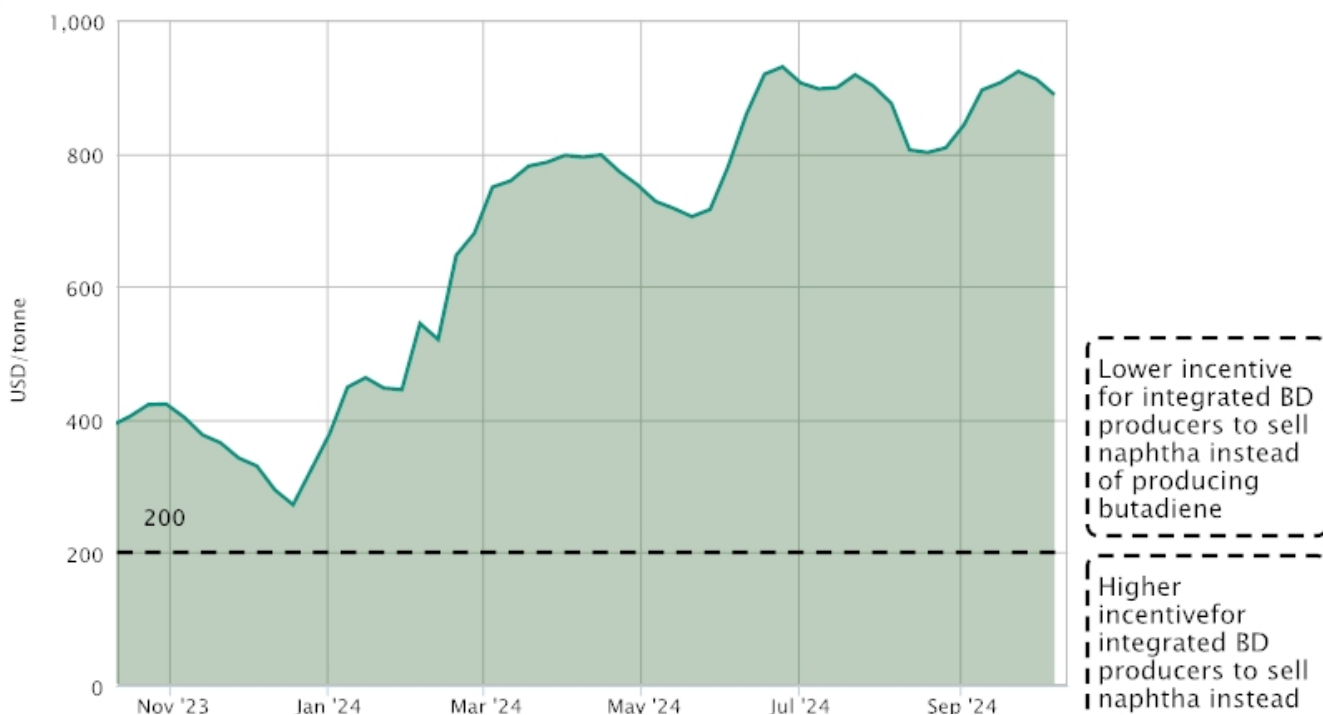
		Price Range		One Week Ago		/
Butadiene						
Ex-Tank E China	CNY/tonne	-200	12700-12900	-300	13100-13300	-

UPSTREAM

Naphtha

- S Korea buyers out to pick up H2 Nov cargoes
- Average crack spreads lower this week vs previous week on higher crude
- Market fundamentals see limited changes compared with last week

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



of producing butadiene



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

DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Offers up with feedstock strengths
- But sentiment mixed about post-holiday China outlook
- Buyers mostly still cautious in approach

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

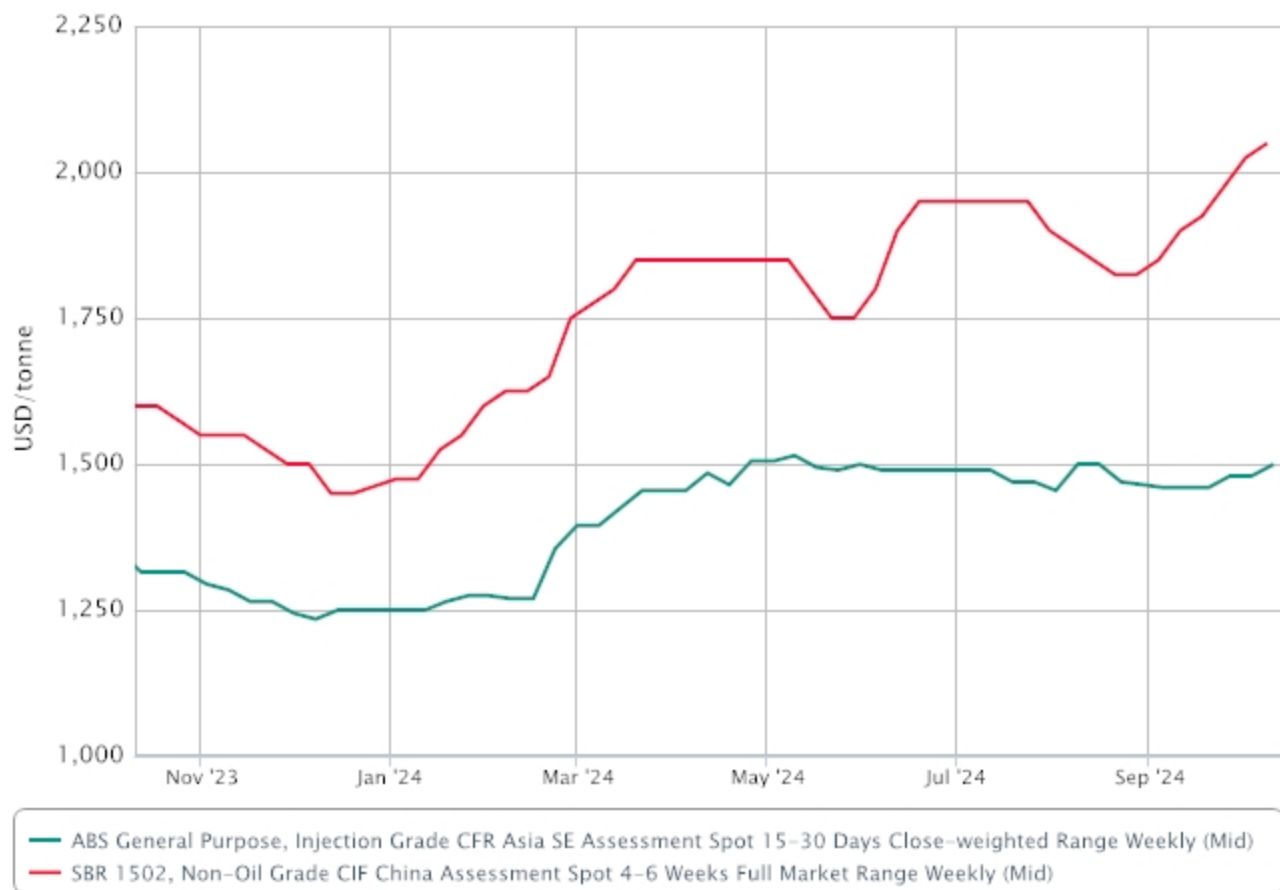
[Spread between Butadiene and Styrene Butadiene Rubber Asia](#)



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Acrylonitrile-butadiene-styrene (ABS)

- Asia ABS strengthens from feedstock bolster
- Actual trades limited by pessimism from China’s lack of further economic stimulus
- Sellers relieved by climbing margins



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PRODUCTION

There is an extensive wave of maintenance closures in NE Asia in the late September to early November period.

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

Company	Location	Status	Capacity (MT/ year)	Start	End
Sinopec Shanghai	Shanghai, China	Maintenance/ Commercial	53,000 (#1)	September 2023	Unknown
PetroChina Jinlin	Jilin, China	Maintenance	189,000	H2 August	Mid-October
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
CPC	Lin Yuan, Taiwan	Cracker maintenance	130,000 (#3)	3 October	Mid-October

OTHER REGIONS

Europe

- Supply balanced to tight
- Planned production constraints in place, but improved spot availability
- Domestic demand heard cooling in some areas due to focus on Q4 inventory levels
- Export market paused as Asia subdued due to Golden Week holiday in China

US

- Feedstock allocation improves, supporting BD production
- US BD spot prices fell in line with contract amid improving availability
- [Longshoreman strike paused but not likely to affect BD market](#)

ANALYTICS

ICIS crude outlook

Crude prices are forecast to remain under pressure until the end of 2024, largely due to weak demand from China and other key regions. Though interest rate cuts in the US and stimulus in China may boost demand, supply-demand imbalances will persist. OPEC+ has extended its 2.2 million barrels/day in cuts until December 2024, with current production at just under 41 million barrels/day. Saudi Arabia and Russia produce around 9 million barrels/day each, while the US maintains steady output at 13.3 million barrels/day. Geopolitical risks and potential disruptions from hurricanes also threaten supply stability. OPEC-12 crude oil production averaged 26.6 million barrels/day for September, with non-OPEC (Decree of Cooperation) output just over 14 million barrels/day.

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

ICIS naphtha outlook

Naphtha prices globally remain highly volatile, reflecting fluctuations in crude oil values and shifting gasoline demand. European open-spec naphtha (OSN) spot prices continue to rally, supported by improved blending activity and restocking by petrochemical units ahead of the autumn refinery maintenance season. The Eurobob gasoline crack spread has strengthened to around \$9.50/bbl, driven by export opportunities, while premiums for lighter naphtha grades have risen to the mid-\$20s/tonne. However, bearish demand from Asia and weaker

margins for heavier naphtha grades are limiting the upside. Arbitrage opportunities to Asia from Europe remain limited, and high freight rates continue to dampen export flows. Despite this, domestic European demand for naphtha from steam crackers and a narrowing propane-naphtha spread, now at -\$60/tonne, are expected to support consumption. Reduced refinery runs in Europe and Asia and inflows from the US and Algeria are helping to balance availability, though market volatility will likely persist as the crude market continues to fluctuate.

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