



Butadiene (Asia-Pacific)

By Ai Teng Lim
12-Apr-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

- **Discussions slower with holiday market closures**
- **Sellers hold firm to expectations**
- **Buy-side sentiment uneven**

Trade momentum tapered in this week’s Asian spot import market for butadiene (BD), not just due to extensive regional holidays, but also because disparity in buying appetite and pricing tolerance widened across different outlets in Asia.

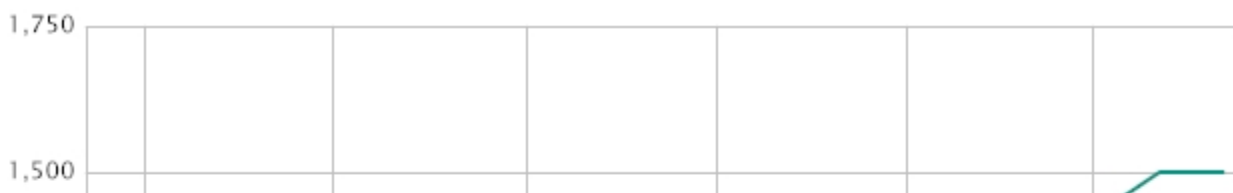
Sell-side expectations were firmly supported by structurally tight supply situation, even as many sellers do acknowledge that buy-side resistance to these offers have indeed intensified with lingering uncertainties about downstream affordability.

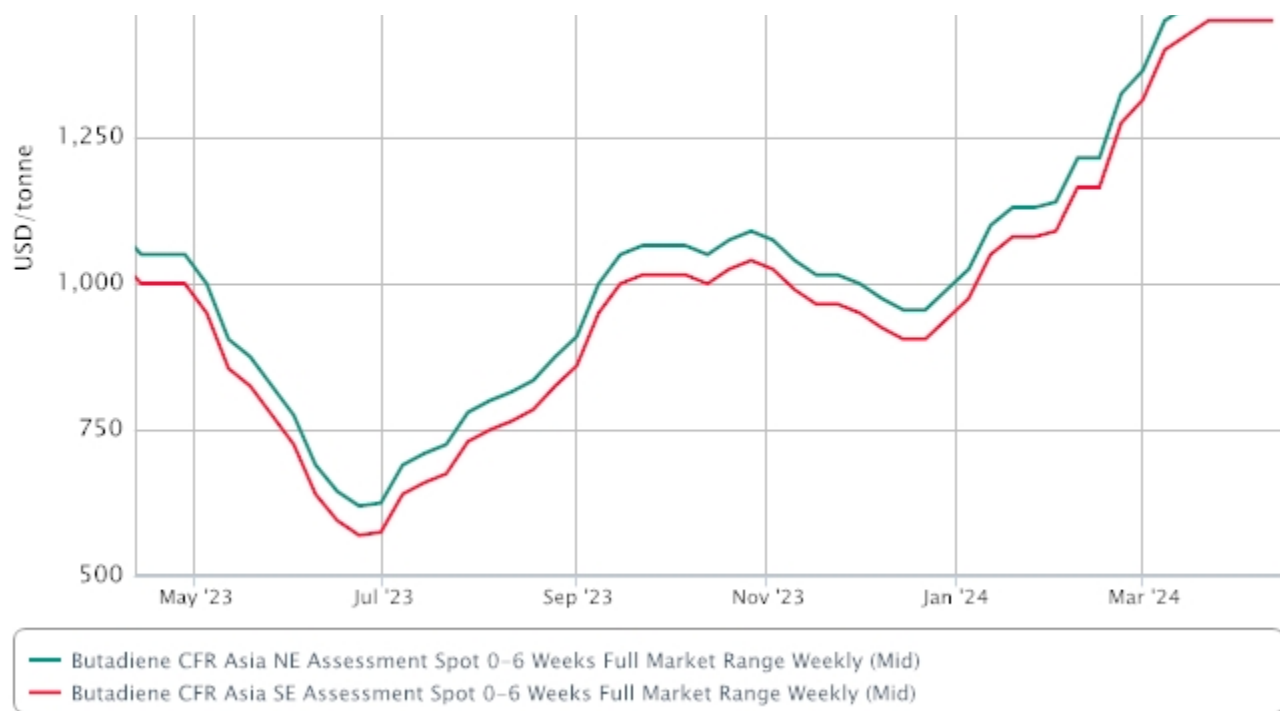
Buying appetite differed across Asia, and were visibly more subdued in China, than other NE Asian outlets like Taiwan and South Korea.

Downstream off-take in China have been weighed down by planned turnarounds and/or operating rate cuts in key derivative sectors like synthetic rubbers and acrylonitrile-butadiene-styrene ([ABS](#)).

In other regional outlets, market players said that pockets of demand persisted even if buyers hesitated to commit anew at current discussions levels.

Some may have indeed plugged their supply gaps with purchases of arbitrage deep-sea cargoes, but market players said that it remains to be seen if these shipment could arrive on time, given unstable situation in the [Suez Canal area](#). This, in turn, continued to fuel regional sellers’ confidence that there will be latent requirements for their cargoes.





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OUTLOOK

- Security and political [risks](#) will weigh down on demand sentiment
- Downstream market performance will shape buying appetite
- Regional supplies expected to stay snug for H1 2024

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	n/c	1430.00-1470.00	n/c	1400.00-1450.00	64.86-66.68
			0			
CFR NE Asia	USD/tonne	n/c	1450.00-1550.00	n/c	1450.00-1500.00	65.77-70.31
			0			
CFR SE Asia	USD/tonne	n/c	1400.00-1500.00	n/c	1400.00-1450.00	63.50-68.04
			0			

China

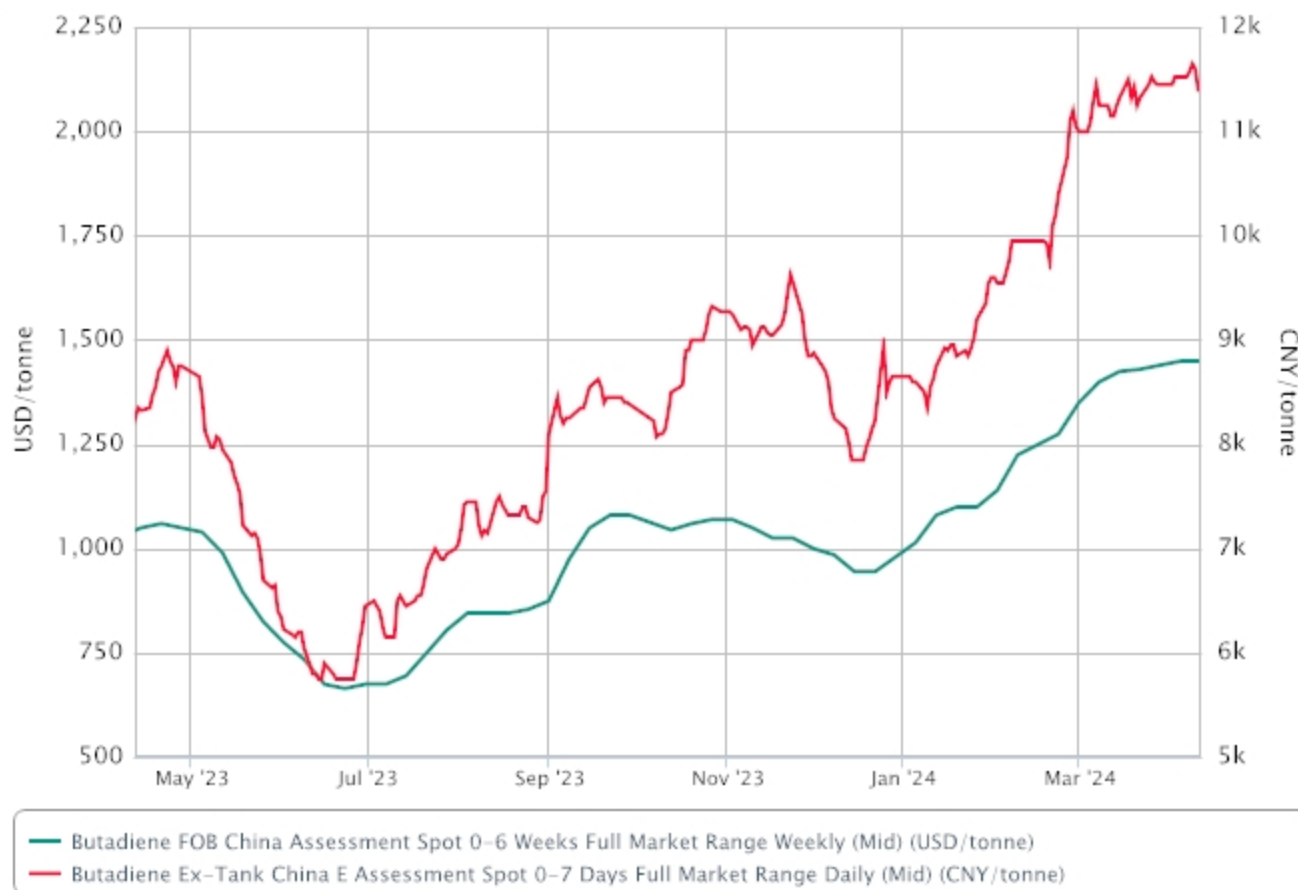
FOB China assessment was kept unchanged, taking into account stable buy-sell indications heard.

Offers for May-lifting materials were heard at the high end of the range, broadly unchanged from the week prior.

Buying interest was not active and were capped at the low-end.

There was an uptick mid-week in domestic ex-tank prices in China, which saw a major China producer also raising its domestic list price by yuan (CNY) 200/tonne to CNY 11,800/tonne.

However, yuan values softened towards the end of the week with slower buying tempo.



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Northeast Asia

CFR NE Asia assessment was unchanged, taking into account the full spectrum of discussions heard within rangebound levels.

Selling indications were heard at the high end of the range for late April/May shipment cargoes.

A cargo may have changed hands late week at low-to-mid \$1,500's/tonne CFR NE Asia for May shipment to South Korea, market sources said, but details of players involved could not be fully verified by press time.

Yet, some discussions on other China-origin materials were heard at levels pegged at around the low end of the range, and the low held steady with range-bound indications.

Monthly Contract DEL, \$/tonne	Mar 24	Feb 24	Jan 24	Dec 23	Nov 23	Oct 23
Taiwan FPCC	1,348	1,135	1,020	910	955	995

Korea YNCC	1,405	1,165	1,070	945	1,000	1,035
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Southeast Asia

CFR SE Asia assessment was unchanged in line with stable CFR NE Asia assessment.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

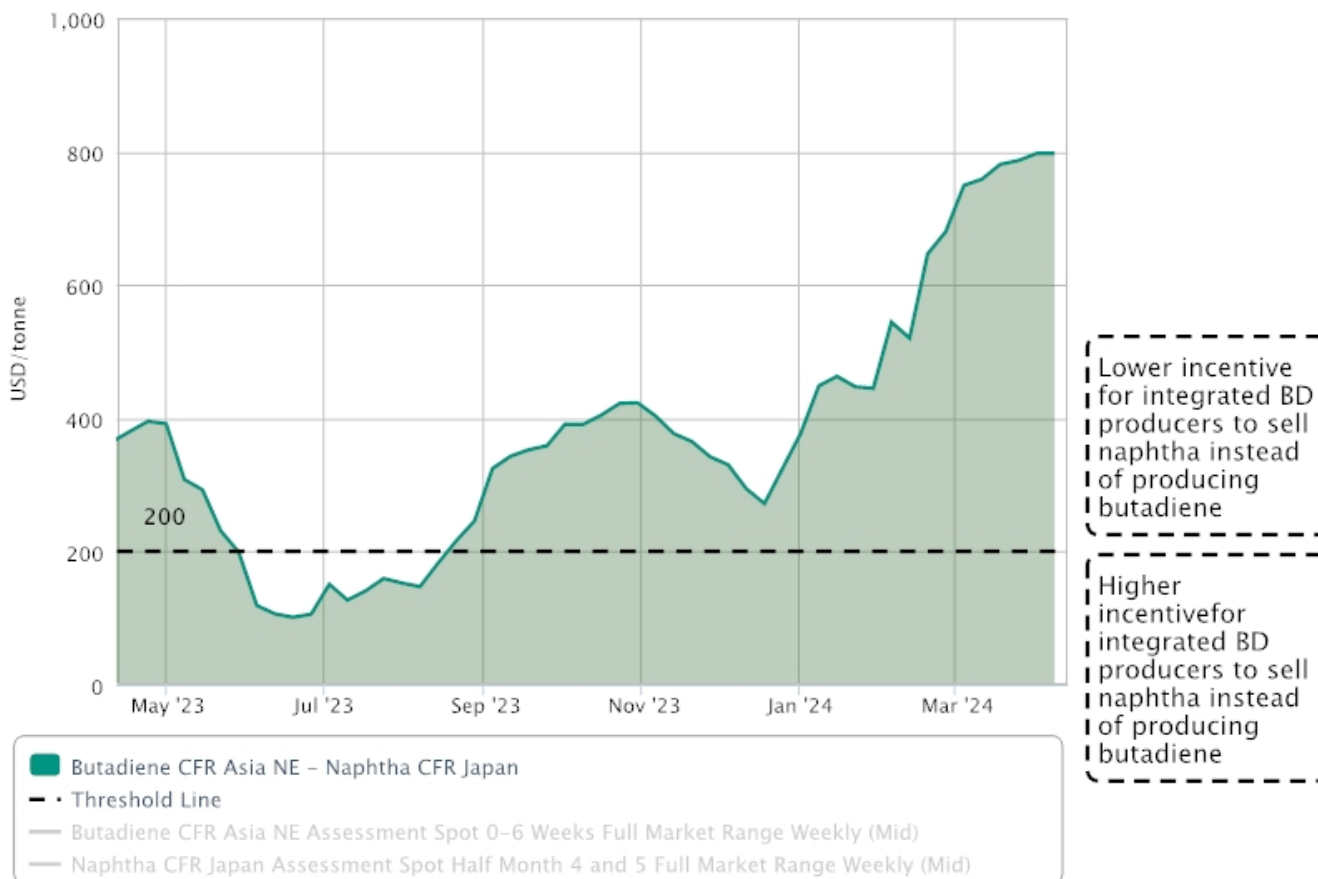
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	n/c	11400-11400	n/c	11450-11600	-

UPSTREAM

Naphtha

- Crack hits fresh five-month low on 11 Apr
- Intermonth spread loses 65% of value on 11 Apr vs start of week
- Crack to stay under pressure on ample supply, firm oil prices

[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)

- Trade stymied by extensive holiday market closures
- Sellers still looking to recoup feedstock costs
- Buyers resistant to existing offers

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

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

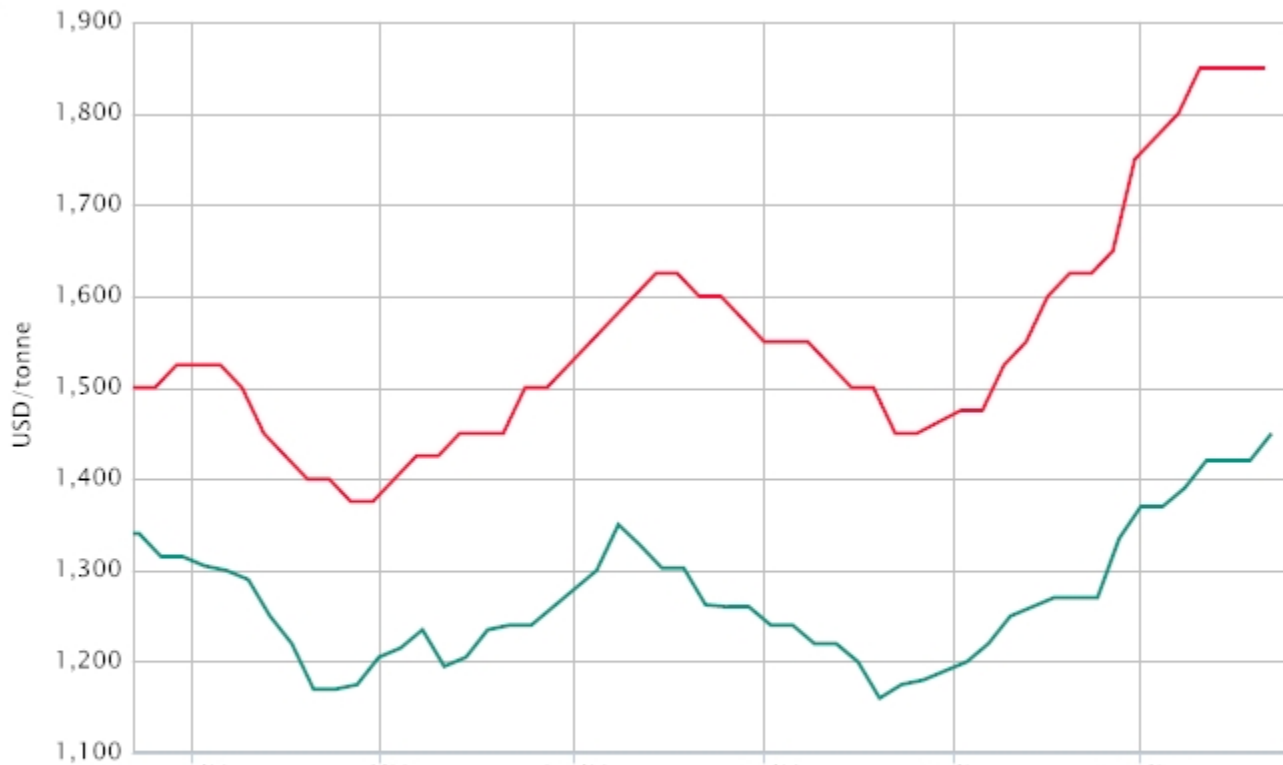




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ABS

- Import prices up after two-week stalemate
- Feedstock uptrend exerts pressure on ABS
- End-users struggle with constant sharp surges amid volatile demand



May '23

Jul '23

Sep '23

Nov '23

Jan '24

Mar '24



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PRODUCTION

BD supply is snug amid a heavy wave of planned and unplanned plant closures across Asia.

In northeast Asia, several plants in [Japan](#) and [China](#) are undergoing maintenance, affecting cumulatively over 500,000 tonnes/year worth of production capacity.

There is an unplanned production loss in southeast Asia, in the form of extended [closure](#) in Vietnam.

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

OTHER REGIONS

Europe

- Tight supply persists
- Europe demand still healthy versus 2023 but stable
- Spot price premiums stable week on week
- Additional upward support from tight Asia, US markets

US

- Spot prices firm on limited availability
- Firm global pricing remains supply driven
- Demand healthy

ANALYTICS

ICIS butadiene outlook

US BD is currently the most affordable product worldwide, but an increase in prices is forecast in April due mainly to an imbalance between supply and demand. Market fundamentals are expected to improve going forward. TPC Group, a leading BD producer in the US, is on track to expand its capacity in Houston from 426,000 tonnes/year to 508,000 tonnes/year in Q3 2024.

Although the BD price spread between the US and Europe is likely to remain in negative territory in 2024, relatively higher prices in Asia, driven by planned turnarounds over the next two months, could support additional trade flows from Europe on paper. The issue is that BD availability in Europe remains limited. European cracker operators typically move to maximum LPG cracking at the expense of naphtha between Q2 and Q3 to benefit from more favourable cracking economics. The use of propane compared with naphtha results in lower BD production per tonne of ethylene. In addition, Aramco lowered its April OSPs for propane by \$15/tonne to \$615/tonne and for butane by \$20/tonne to \$620/tonne, and these adjustments have implications for the global LPG prices.

The BD industry in northern Asian countries remains under pressure from significant competition with Chinese players and low profitability. Korean producers are likely to run BD plants at around 70% throughout 2024, far lower than 90% posted in 2021, according to the ICIS Supply and Demand Database. Likewise, a bleak scenario is likely to characterise the BD market in Japan with operating rates expected to average about 65% this year, that is well below 79% in 2021.

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

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