



Butadiene (Asia-Pacific)

By Ai Teng Lim
14-Jun-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

- **Supply constraints persist in China**
- **Domestic China market well supported as such**
- **Sentiment buoyant therefore among import sellers**

Sentiment in the Asian spot import market remains well [supported](#) by sustained gains in yuan-denominated values in domestic China.

This week, a major China producer raised its domestic list prices further by another yuan (CNY) 500/tonne week on week.

This came after news in the week of fresh closures of local BD plants, including that at a 90,000 tonne/year unit in [Shanghai](#).

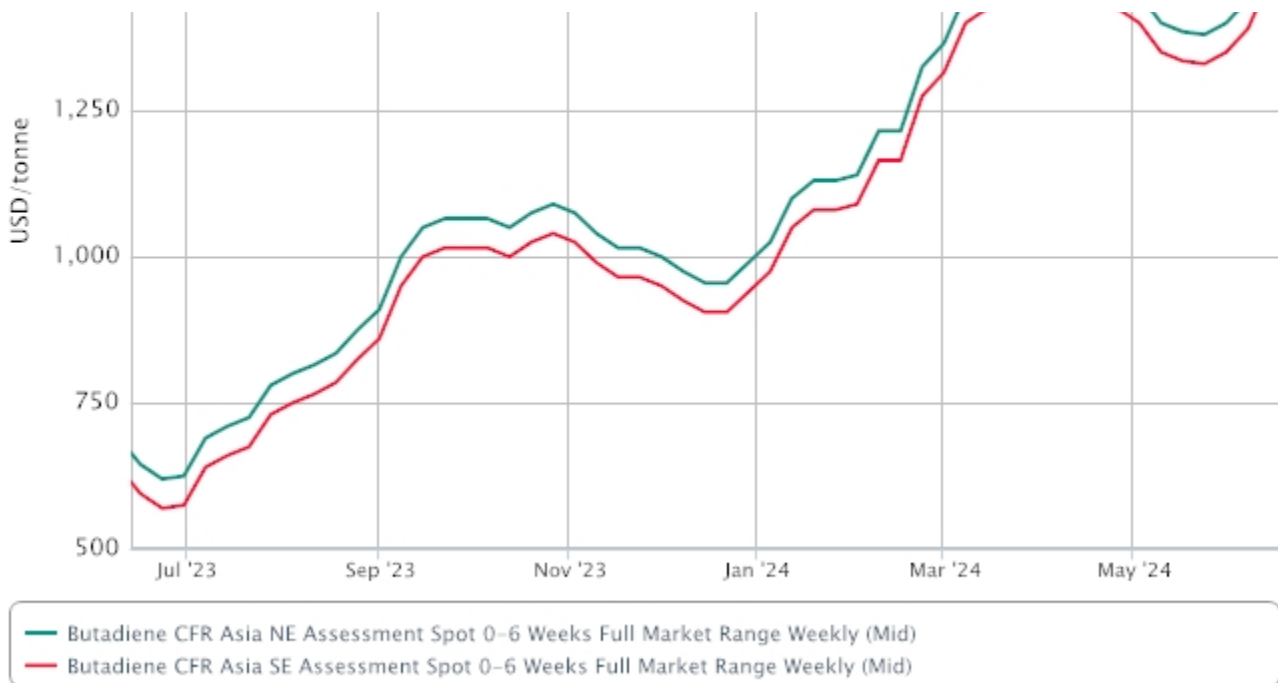
The tighter domestic supply situation prompted more China buyers to look into the import pool for supplement, bolstering in turn confidence of potential BD sellers in wider Asia.

That said, BD spot availabilities in wider Asia are limited to begin with, amid a heavy wave of regional plant closures, both on planned and unplanned grounds, in Q2 2024.

Those with any cargoes at hand to market for spot July shipment sales elevated their targets as such, and some buyers, particularly traders, market sources said, did bid up to secure volumes to short-cover.

But for majority end-users, many remained cautious about over-paying for cargoes, especially in the wake of growing concerns on how fresh [trade barriers](#) may impact on the fragile global economic recovery progress.





© 2024 ICIS

OUTLOOK

- **Spot supplies in China may stay snug for the near term**
- **Downstream off-take to hinge on recovery and growth of auto sector**
- **Slower [GDP growth projections](#) may weigh on demand sentiment**

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	+100	1450.00-1600.00	+150	1320.00-1390.00	65.77-72.57
CFR NE Asia	USD/tonne	+50	1450.00-1600.00	+120	1320.00-1450.00	65.77-72.57
CFR SE Asia	USD/tonne	+50	1400.00-1550.00	+120	1270.00-1400.00	63.50-70.31

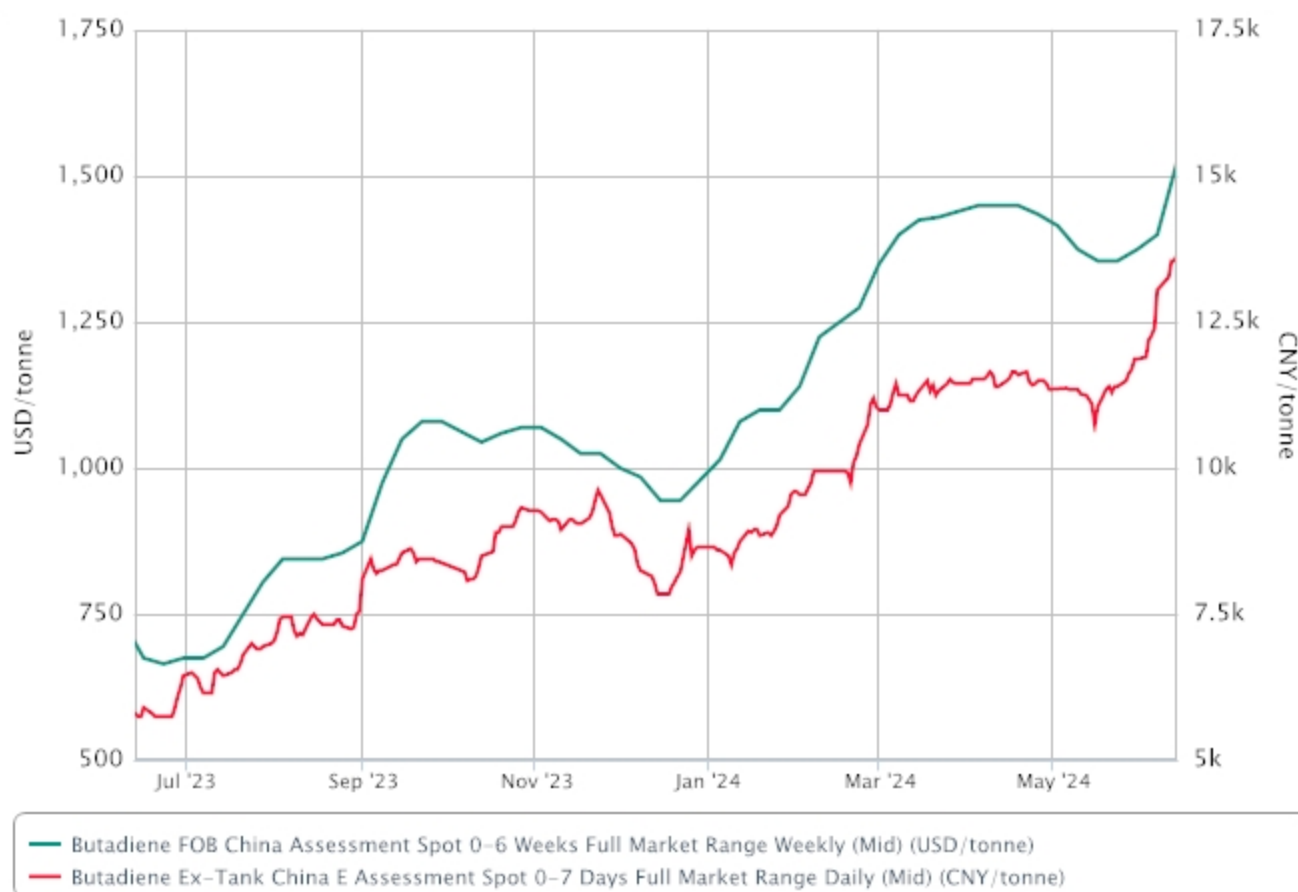
China

FOB China assessments spiked, tracking bullish selling indications.

China producers elevated selling expectations for export offers to keep pace with massive gains chalked up in the domestic market in the last few weeks.

But there were no concrete discussions as no cargoes were available.

Domestic ex-tank prices in east China continued to trend up, supported by supply constraints as well as buoyancy in synthetic rubber market futures.



© 2024 ICIS

Northeast Asia

CFR NE Asian assessments widened, as buy-sell disparity deepened.

Spot availabilities were limited, and some buyers, particularly traders who may need to cover short and fulfil contracts, bided up to secure the scant few regional cargoes that were floated for spot sales in the week.

Two northeast Asia-origin cargoes available to lift in July were put up for sale, via tender, and they changed hands at mid-to-high \$1,500s/tonne, albeit on FOB NE Asia basis, market sources said.

These were not taken into consideration for CFR NE Asian assessments as they were concluded on different incoterms, and the majority of market players polled were also of the consensus view that these were unduly high, perhaps due to unique buy-side circumstances and considerations.

That said, it did bolster expectations among other potential sellers that this could help consolidate their sell-side positions, albeit on bona fide CFR NE Asian terms, for any other regional cargoes that may become available for spot sales.

Although there were no concrete transactions or negotiations in the week for regional cargoes, sporadic selling indications, on CFR NE Asian terms, were heard hovering at \$1,600/tonne and up, market sources said. The

high-end took reference from this.

Buying indications, capped at the low-end, were higher than the week prior, but not sufficiently firm to bridge the gap with sellers.

But meanwhile, some discussions are budding for possible sales of deep-sea origin materials to Asia, market sources said.

About 10,000-15,000 tonnes may be available to ship, ex Europe or the US, in July, sources added, and buy-sell indications for these materials were heard at high-\$1,400s to low-\$1,500s/tonne, on delivered basis.

Monthly Contract DEL, \$/ tonne	May 24	Apr 24	Mar 24	Feb 24	Jan 24	Dec 23	Nov 23	Oct 23
Taiwan FPCC	1,355	1,415	1,348	1,135	1,020	910	955	995
Korea YNCC	1,390	1,450	1,405	1,165	1,070	945	1,000	1,035

Southeast Asia

CFR SE Asia assessments is adjusted with changes for the CFR NE Asian assessments, in the absence of concrete discussions and transactions on CFR SE Asian terms.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

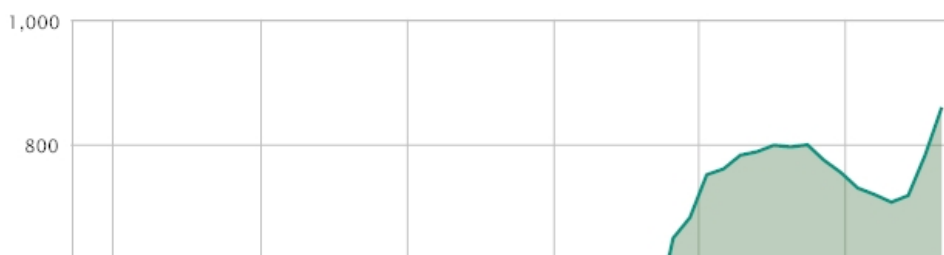
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	+100	13600-13700	+100	13000-13100	-

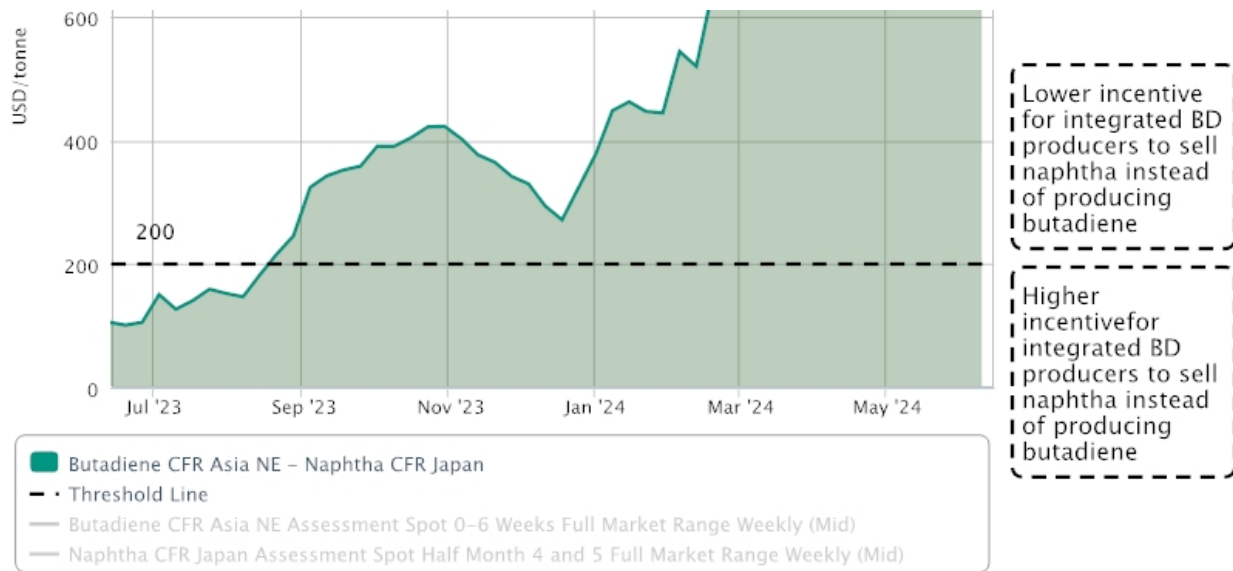
UPSTREAM

Naphtha

- Intermont spread ends week at lowest since 3 Jun
- Crack on 14 Jun down vs 13 Jun despite weaker crude, reflecting weaker sentiment
- Lack of naphtha demand in Europe weighs on Asia's naphtha market

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





© 2024 ICIS

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

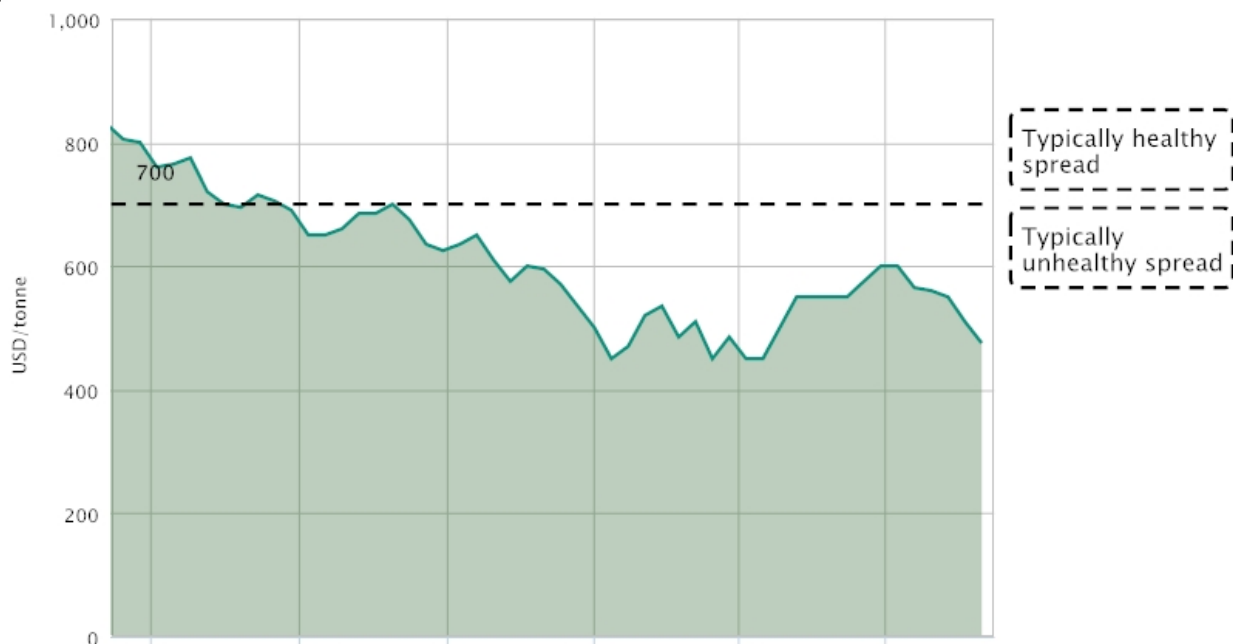
DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Domestic China prices surge
- Discussions upbeat on China-bound shipment
- Sentiment also up in wider Asia

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

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

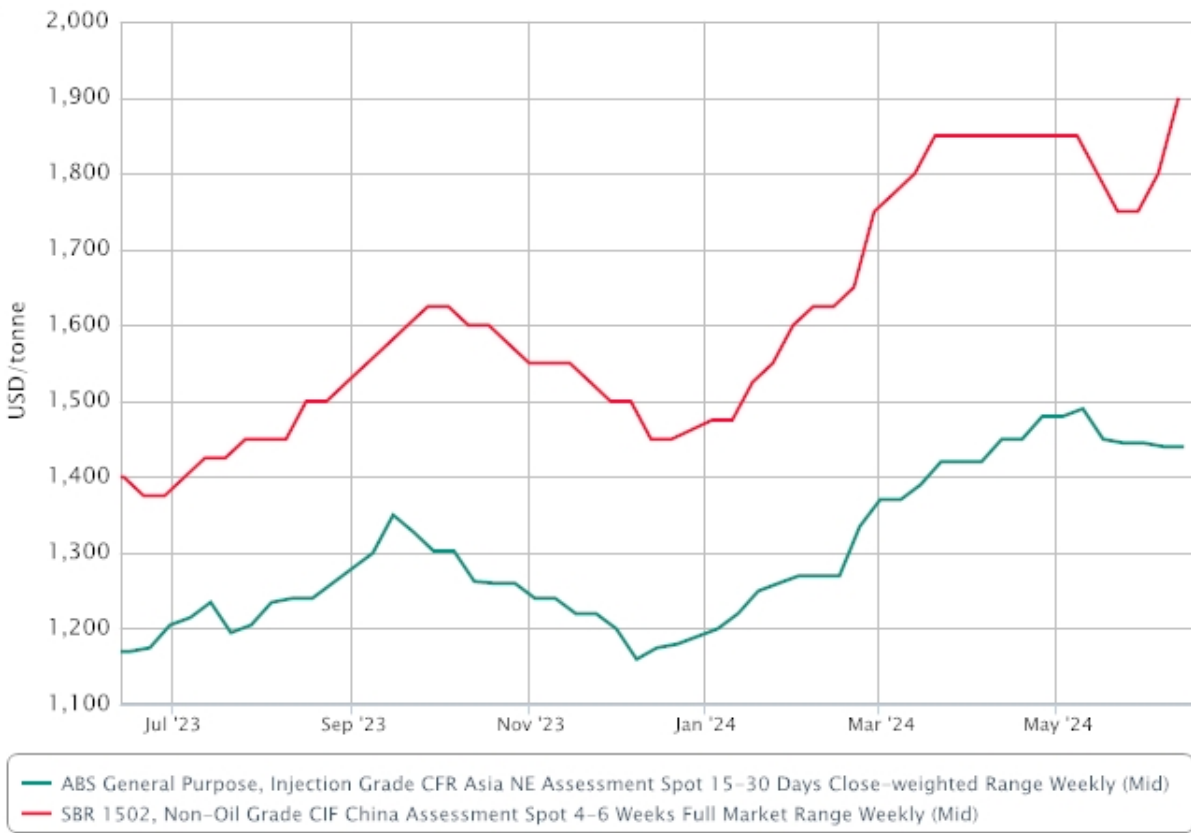




© 2024 ICIS

Acrylonitrile-butadiene-styrene (ABS)

- Import prices at standstill
- Sluggish spot import demand meets tightened supply
- Seller margins rebound in week ended 7 June



© 2024 ICIS

PRODUCTION

In China, a plant in Quanzhou, Fujian, with a total nameplate capacity of 180,000 tonnes/year, is slated to [resume](#) operations within H1 June, after an unplanned month-long outage at its integrated facility has been lifted this week.

But a few other China plants, involving more than 250,000 tonnes/year of production capacity, [have](#), or are [slated](#) to, shut in June for planned and unplanned servicing work.

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

OTHER REGIONS

Europe

- Supply still snug even with resolution of some earlier production issues
- Domestic demand healthy and steady - some additional spot needs due to outages
- Limited availability for spot export, but traders consider H1 July possibilities
- Price uptrend in Asia but not yet workable, some uncertainty on US appetite

US

- Diminished demand pulls spot prices down
- Supply tightness eases as production units run, albeit at reduced rates
- [Braskem expected to normalize in coming days](#)

ANALYTICS

ICIS butadiene outlook

ICIS forecasts a slightly worse outlook for US butadiene (BD) consumption in 2024 compared with November 2023 projections. Downstream demand is now expected to fall 4.3% year on year against a forecasted 3.9% dip in the previous outlook, remaining below pre-pandemic levels when consumption amounted to above 1.8 million tonnes. Across the board, this less favourable outlook for the BD industry is likely to be dictated by a strict monetary policy. On the production front, TPC Group aims to expand its Houston BD plant's 517,000 tonne/year capacity by 20% in 2024.

ICIS has revised down the 2024 European BD demand forecast by about 4.7% compared with the November 2023 outlook which showed a decline of 3.9% year on year. European BD derivative consumption is likely to hit almost 1.9 million tonnes, far lower than pre-Covid levels. That said, the European Central Bank (ECB) in June cut interest rates for the first time since September 2019 even though inflation in the eurozone edged higher in May. This could prove beneficial to private consumption growth going forward. ExxonMobil' steam cracking plant along with its BD extraction unit in Port Jerome, France, is in the process of decommissioning. Total regional capacity will decrease to 3.02 million tonnes/year in 2025 from 3.11million tonnes/year. Europe may see a contraction in BD trade flows to deep-sea as a result.

Based on a spring update of the ICIS Supply and Demand Database, Asian BD demand this year is set to grow by 3.7%, lower than the 6.2% projection made in November 2023. Slowing demand is likely to be due to a worse-than-expected global economic growth and trade

disruptions. Congestion at ports and a lack of containers and ships, which are largely triggered by ongoing tensions in the Red Sea created higher container prices and disrupted the export of tires and goods. For 2024, Chinese polybutadiene rubber demand growth rate has been cut by half to 1.5% from a previous forecast. BD production in southeast Asia will increase, largely because of Long Son Petrochemical's plant at Long Son in Vietnam running at full capacity. The petrochemical complex includes a 110,000 tonne/year BD plant and does not have a derivative unit, which means all BD output will be sold in the spot market.

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

Butadiene (Asia-Pacific) | 14-Jun-2024. ICIS accepts no liability for commercial decisions based on the content of this report. Unauthorised reproduction, onward transmission or copying of the Butadiene (Asia-Pacific) Report in either its electronic or hard copy format is illegal. Should you require a licence or an additional copy of the Butadiene (Asia-Pacific) Report, please contact ICIS at sales.uk@icis.com

ICIS, Quadrant House, The Quadrant, Sutton, Surrey, SM2 5AS. United Kingdom. ICIS accept no liability for commercial decisions based on the content of this report. Copyright violation is a serious offence. Any distribution or forwarding of information that is not expressly permitted by your subscription agreement is a copyright violation. ICIS uses software to monitor unauthorised electronic redistribution of reports.

© 2024 Reed Business Information Limited. ICIS is a member of RELX Group. www.icis.com

