



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

- **Market sentiment mixed across the region**
- **China market lacklustre**
- **Rest of Asia more upbeat**

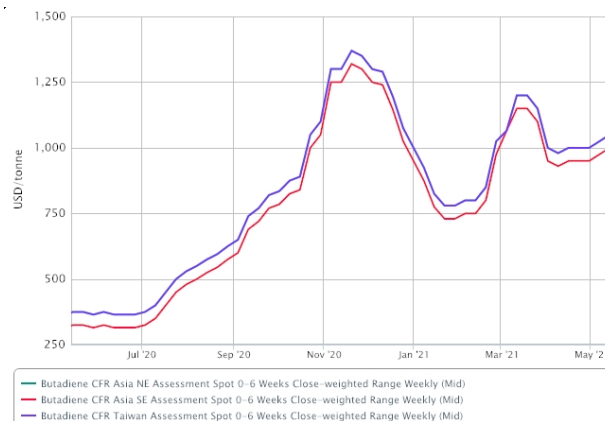
Discussions were mixed in Asia's butadiene (BD) import trade, with talks for China-bound deliveries stalling, while those on June deliveries to other Asian destinations registering a slight uptick.

Buying interest is tepid in China for US dollar denominated imports, with end-users there amply supplied by domestic product pool. Shore tank [inventories](#) remain high and local BD output is also poised to grow, with some China BD plants [restarting](#) from maintenance.

However, elsewhere in Asia, import discussions saw more support from tight spot availabilities in the rest of Asia, amid a heavy wave of regional plant turnarounds in the May to July window.

Those who have pressing and concrete supply gap to fill raised bids as such to secure volumes from the limited supply pool.

The pricing disparity between China-bound cargoes and those bound for other Asian outlets, like South Korea, Taiwan and Japan, may widen if the supply conditions remain uneven across the region, market players said.



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OUTLOOK

- [Uneven supply conditions](#) to prevail between China and the rest of Asia
- Pricing gap may widen as such between different NE Asian outlets
- [Uncertainties abound](#) in near-term demand-supply balance

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
CFR NE Asia	USD/tonne	+50	1000.00-1100.00	n/c	950.00-1050.00	45.36-49.90
CFR Taiwan	USD/tonne	+50	1000.00-1100.00	n/c	950.00-1050.00	45.36-49.90
CFR SE Asia	USD/tonne	+50	950.00-1050.00	n/c	900.00-1000.00	43.09-47.63

Northeast Asia

CFR northeast Asian prices were assessed as stable-to-firm.

Sellers with cargoes at hand to ship in June, including makers based in China, held fast to their prior offers – and some also chased higher targets - citing support from turnaround-induced supply constraints. The high-end of the assessment range was kept unchanged as such.

Sellers' confidence was also bolstered by what they deemed as positive outcomes for two recent sell tenders, involving southeast Asia-origin materials available to ship in late May and early June.

Some China-origin cargoes were also heard sold at levels pegged within the published range, market sources said, even if the deals done were heard sealed on floating basis.

Buyers in Asia, except those in China, were also heard of the consensus view that the likelihood of securing fresh June shipment supplies at below \$1,000/tonne CFR NE Asia may be low in the current climate, and the low-end of the CFR NE Asian assessment was raised as such to reflect this.

However, the mood is different in China, with buyers there keeping to bearish indications for imports – substantially below the current published range – in part due to poor buying interest.

Domestic China prices were stable-to-firm, but even so, users in China said this was still considerably more competitive than the US dollar denominated imports, and as such they preferred to procure from the yuan-denominated market.

CFR Taiwan assessments were adjusted up at the low-end of the range, in line with the changes in the CFR NE Asian assessments.

Monthly Contract DEL, \$/tonne	Apr 21	Mar 21	Feb 21	Jan '21	Dec '20	Nov '20
Taiwan FPCC	1,050	1,135	880	950	1,255	1,230
Korea YNCC	987	1,102.50	827.50	867	1,263	1,325

East China domestic prices DEL (CNY/tonne)

14 May	7 May	30 Apr	23 Apr	16 Apr	9 Apr	1 Apr
7,400-7,400	7,300-7,400	7,200-7,300	7,100-7,200	7,400-7,600	7,500-7,700	7,100-7,300

Clarification: In the 7 May analysis, the East China domestic price should have been CNY7,200-7,300/tonne for 30 April and at CNY7,300-7,400/tonne for 7 May.

Southeast Asia

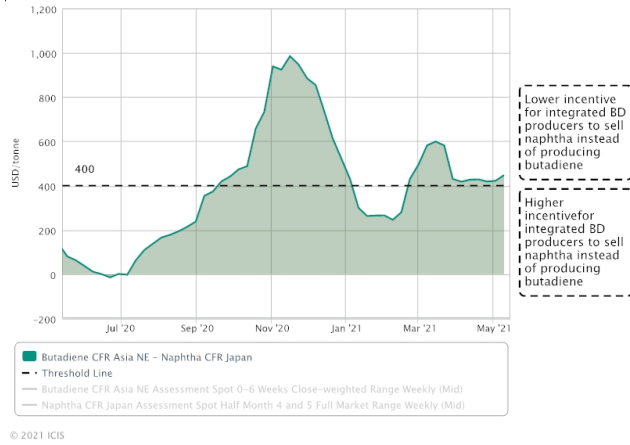
CFR SE Asia assessment was adjusted in line with movements in the CFR NE Asia assessment, in the absence of any concrete CFR SE Asia business on a fixed price basis.

A 2,000-tonne parcel of southeast Asia-origin materials was sold in the week, via tender, for early June loading, on a formula basis and on FOB terms, market sources said.

UPSTREAM

Asia-Pacific naphtha markets were undermined by the availability of cheaper alternative feedstock liquefied petroleum gas and expectations of an increase in western arbitrage inflows. Stable northeast Asian demand served to cushion the downward market pressure.

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



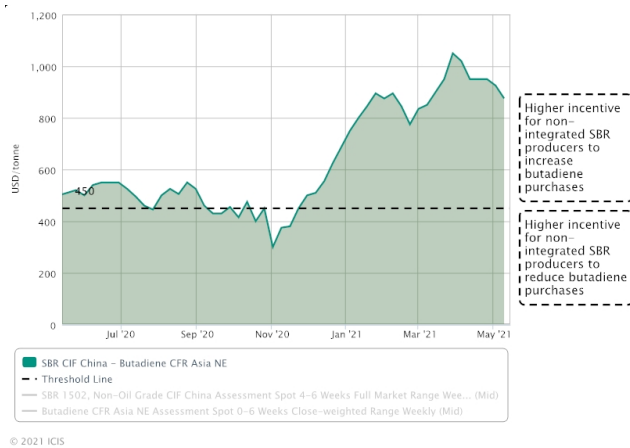
Click [here](#) for the Asia feedstocks and petrochemicals weekly summary.

DOWNSTREAM

Asian **styrene-butadiene-rubber (SBR)** prices were stable-to soft, as demand in India [stalled](#) amid coronavirus surge there.

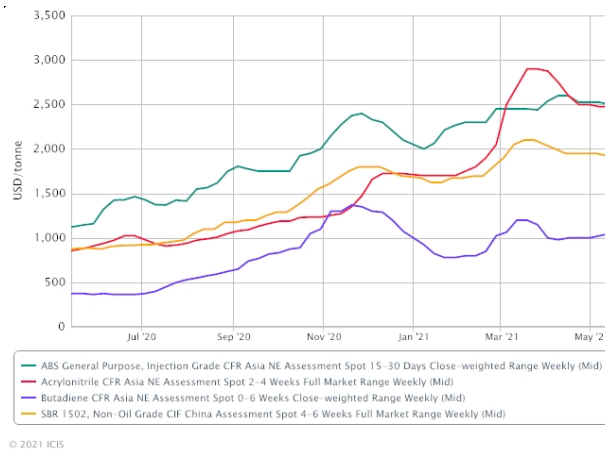
The chart below shows the spread between BD and SBR in Asia

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



Asian **acrylonitrile-butadiene-styrene (ABS)** prices softened on [weaker demand](#) sentiment.

Asian **acrylonitrile (ACN)** market was stable as market players took a wait-and-see stance, with [turnarounds](#) in the region lending support.



PRODUCTION

Q2 2021 output in Asia is poised to stay weighed down by a seasonally heavy wave of plant [maintenance](#), but supply may lengthen in H2 2021 once an [existing outage](#) eases.

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

OTHER REGIONS

In the US, the current tight BD [supply](#) may not see relief until July, as north American production problems are expected to linger.

ANALYTICS

ICIS analyst view on BD

BD supply is expected to remain long in China, which might offset the impact of regional plant turnarounds in northeast Asia.

Although three new BD plants (China's Zhejiang Petrochemical, South Korea's LG Chem and the Philippines' JG Summit) are expected to be online in June at the earliest, increasing crude C4 supply following start-ups of crackers and one ethane cracker in China should add to BD output.

China's idled on-purpose BD units might restart on increasing availability of crude C4. Operators can simply run the BD extraction unit, rather than the full dehydrogenation process. One unit in east China is expected to restart in mid-May.

Sinopec Yangzi is expected to restart its SBR unit on 17 May. Restarts of idled synthetic rubber units in China might ease BD supply. However, there are uncertainties amid safety concerns ahead of the centenary celebrations of the Chinese Communist Party Founding Day on 1 July.

By **Ann Sun** (ann.sun@icis.com)

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

ICIS Crude Outlook

The price of Brent fell in April, primarily due to a more bearish demand outlook after several major European countries such as Italy, Germany and France, as well as India, announced fresh lockdown measures. Looking forward, at least some European lockdowns are expected to remain in May, which will somewhat delay the

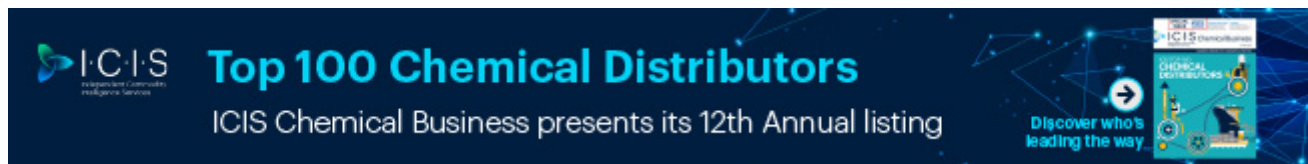
recovery in demand. In India, a major importer of oil, coronavirus cases are rising rapidly, which is likely to cause regional demand for oil to decrease. ICIS expects oil demand to recover at a higher rate in June, when it is expected that most countries will aim to remove major restrictions. On the supply side, OPEC+ will begin tapering its oil production cuts in May, with a total of 650,000 bbl/day of tapering expected in May and June respectively, and 850,000 bbl/day in July, equating to 2m bbl/day extra oil in the market by July. While this is a significant rise in oil supply, this additional production will arrive during a period where demand is also expected to increase significantly, and therefore the market should remain in balance.

By **Ajay Parmar**, ICIS senior analyst; ajay.parmar@icis.com

ICIS Naphtha Outlook

The price of naphtha fell in April, in line with crude. Supply of naphtha from Asian refineries will be lower in the coming months, as the region enters its refinery maintenance season. China, for example, will see refinery throughput drop by over 1m bbl/day by May, compared with February. This will prompt additional imports from the West to maintain supply to the region. After the Suez Canal blockage reduced West-East naphtha transfers in April, ICIS expects them to exceed 2 million mt in May. The European LPG-naphtha spread has reached its lowest point since mid-2020, with -\$112/tonne recorded in mid-April. This is primarily due to warmer weather in Europe reducing the demand for LPG heating. ICIS expects that the spread will narrow slightly over the coming months; however, the overall spread will remain strongly negative until the end of the summer season.

By **Ajay Parmar**, ICIS senior analyst; ajay.parmar@icis.com



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