



Butadiene (Asia-Pacific)

By Ai Teng Lim
15-Dec-2023

[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.

The weekly pricing analysis will not be published on 29 December 2023. Please click [here](#) for the ICIS publishing schedule.

ICIS plans to discontinue the CFR Taiwan spot assessment in Q1 2024, as import trade in this market would already be considered for assessment purposes in the CFR NE Asia quote. For any queries, please contact aiteng.lim@icis.com.

OVERVIEW

- **Bearish sentiment prevails**
- **Downtrend continues in the domestic China market**
- **Buying appetite for spot imports wanes in line**

Discussions for Asian spot imports of butadiene (BD) remains under pressure, as buying appetite continues to wane with plummeting yuan values.

Domestic ex-tank prices in east China fell lower this week, and cumulatively, this market has chalked up over 18% losses since late November, according to ICIS data.

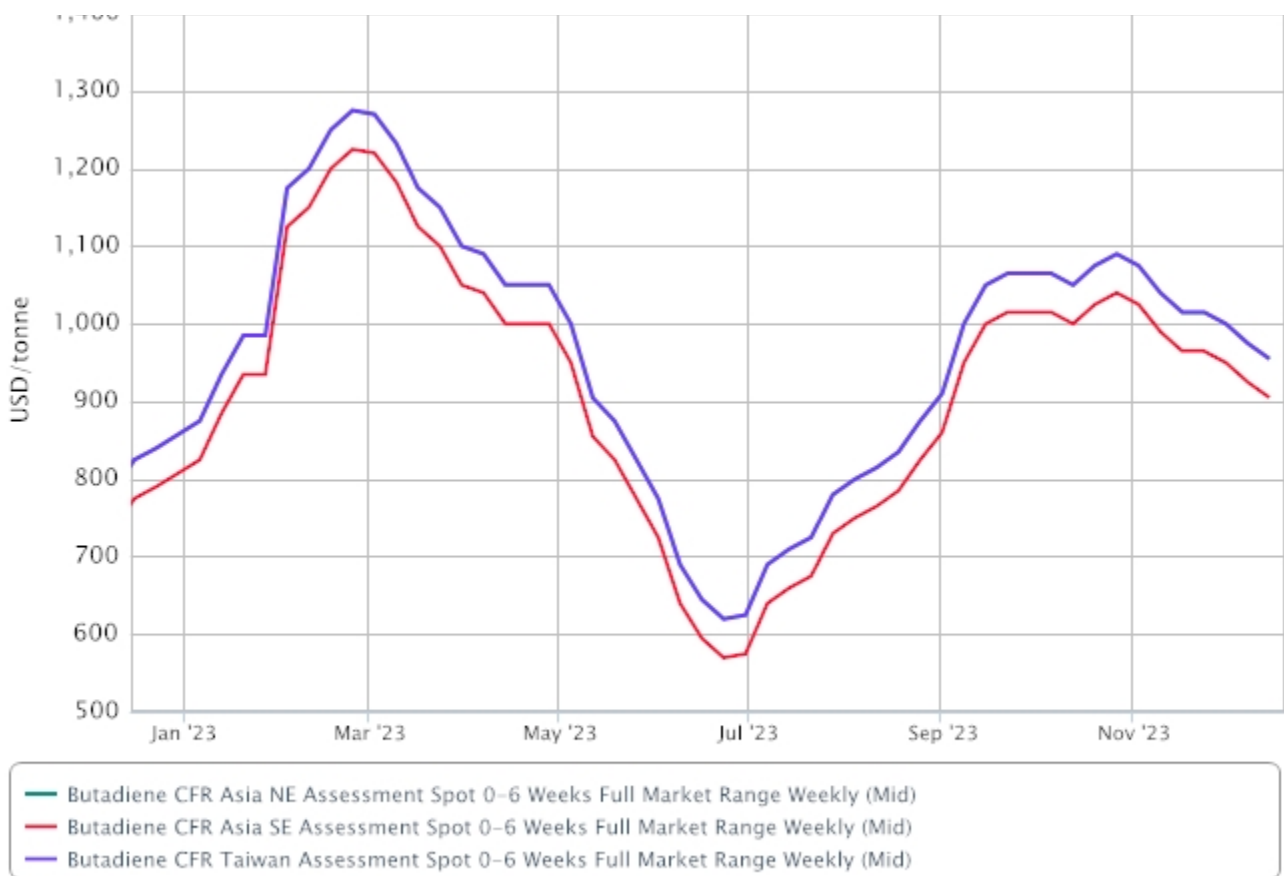
And near-term recovery seems remote since downstream requirements may weaker further once factories start to wind down for the extended Lunar New Year break beginning early February, market source said.

The bearish yuan market outlook dented discussions for imports, as the limited few potential buyers in China pressed sellers for deeper discounts, failing which they said they were prepared to forego procurement.

Demand in other NE Asian outlets is equally lacklustre, with many end-users there already well-covered for January with prior spot purchases of deep-sea materials and anticipated contractual deliveries.

That said, because 2024 term negotiations are still not fully completed, and should the process get delayed, market players said that this may disrupt anticipated contractual deliveries, giving rise then to some potential gap-covering spot requirements.

But even so, potential buyers may not rush to commit, as they believe that the market is amply supplied, market sources said, especially amid anticipations that operations at a new BD plant in SE Asia could begin in early 2024, now that the [cracker](#) at the same site has successfully started up in the week prior.



© 2023 ICIS

OUTLOOK

- Players to monitor how domestic China may trend from here
- Sentiment for imports will likely sway in tandem
- Downstream requirements expected to taper on year-end lull

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	-40	910.00-980.00	-40	950.00-1100.00	41.28-44.45
CFR NE Asia	USD/tonne	-20	930.00-980.00	-20	980.00-1050.00	42.18-44.45
CFR Taiwan	USD/tonne	-20	930.00-980.00	-20	980.00-1050.00	42.18-44.45
CFR SE Asia	USD/tonne	-20	880.00-930.00	-20	930.00-1000.00	39.92-42.18

China

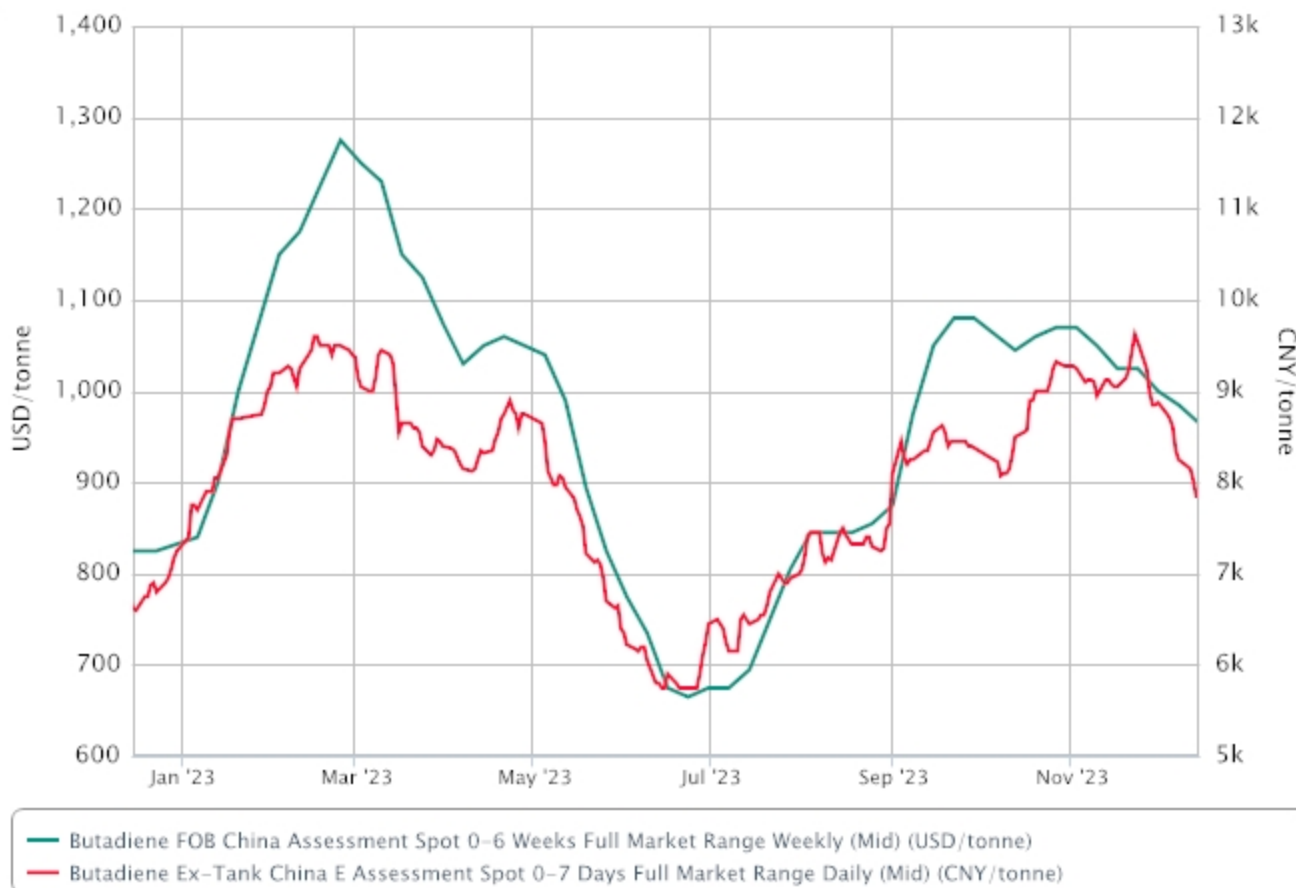
Domestic ex-tank China prices continued to trend down, as requirements waned with reduced downstream

operations, such as in the acrylonitrile-butadiene-styrene ([ABS](#)) sector.

A major China BD producer made fresh cuts this week to its domestic list price, reducing it to yuan (CNY) 8,100/tonne on 14 December, another CNY300/tonne lower than the last revision on 8 December.

This leads also to additional downward adjustment of selling indications for export cargoes, reflected at the high-end of FOB China assessments.

The low-end of FOB China assessment was notionally adjusted to reflect the bearish demand sentiment across Asia, and in the absence of any concrete buy-side indications.



© 2023 ICIS

Northeast Asia

CFR NE Asian assessments fell with lower buy-sell talks for January shipment parcels.

Two southeast-Asia-origin cargoes available to lift in H2 January was floated for sale, via tender, this week.

Market sources said that it could have drawn some fixed-price CFR NE Asian bids - which forms the low-end - but outcome of the tender is not available by press time.

An offer was also heard earlier in the week and this is reflected at the high-end, although this offer did not draw much buy-side response, market sources said.

A number of market players were still preoccupied with 2024 term negotiations, and said that they will review

their spot requirements for January only after that.

The likelihood remains therefore that these players may need to procure additional spot cargoes to fill January gaps should term talks stretch longer than desired, market sources said.

CFR Taiwan assessments are adjusted with changes in CFR NE Asian assessments.

Monthly Contract DEL, \$/tonne	Nov 23	Oct 23	Sep 23	Aug 23	Jul 23	Jun 23
Taiwan FPCC	955	995	940	750	650	655
Korea YNCC	1,000	1,035	980	770	665	635

Southeast Asia

CFR SE Asian assessments are adjusted with changes in CFR NE Asian prices.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

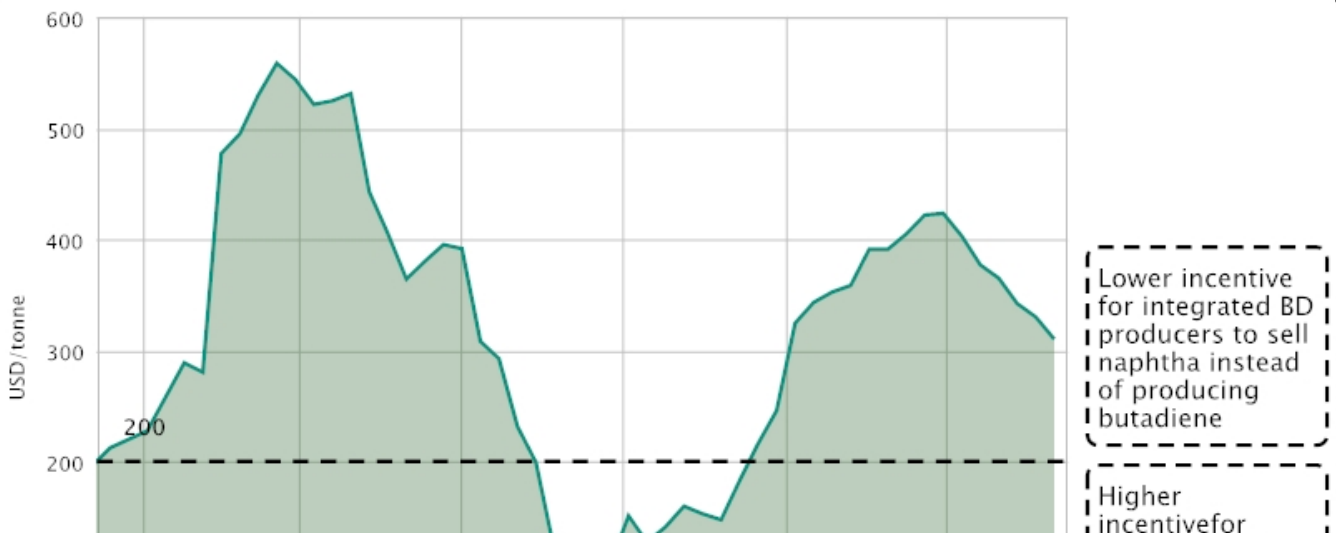
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	n/c	7800-7900	n/c	8200-8300	-

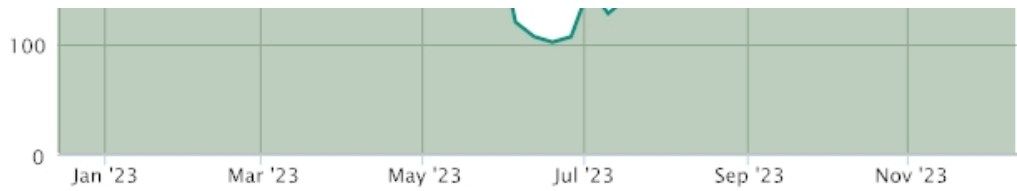
UPSTREAM

Naphtha:

- Crack on 14 December soars to over nine-month high
- Backwardation widens; tight supply strengthens support
- Spot deal premiums rising

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





© 2023 ICIS

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

DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Buying interest tepid for spot cargoes
- No lack of supplies too
- Spot discussions eclipsed by term talks

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

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



© 2023 ICIS

Acrylonitrile-butadiene-styrene (ABS)

- CFR NE Asia picks up slightly on bargain-hunting
- Actual trades capped by smaller pool of active buyers during traditional lull
- Seller margins plunge to worst performance in 2023 thus far



© 2023 ICIS

PRODUCTION

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

OTHER REGIONS

Europe

- Domestic spot prices rise by double-digits following trade
- Suppliers less inclined to fix export deals as domestic prices attractive
- Spot constraints continue for BD and CC4

US

- Prices steady as supplies readily available to meet soft demand
- Weak consumption persists in US domestic market

- USTMA year-end tire forecast more optimistic than mid-year

ANALYTICS

ICIS butadiene outlook

There are few signs that the BD industry will improve in 2024. Global BD prices are unlikely to reach values seen in 2023 due to an expected decline in energy and feedstocks prices, weaker US appetite and increased global capacity. Dark clouds will continue to threaten Germany's BD industry in the years to come. Several tyre makers are rethinking the future of their production assets in the country. Michelin is due to close three sites in Karlsruhe, Trier and Homburg by the end of 2025. Goodyear is mulling the closure of its tyre plants in Fulda and Furstenwalde. The elastomer and BD markets will be affected as a result. Tyre imports for passenger and light commercial vehicles could rise from an annual average of 24m units seen over the last few years to sustain German demand. In theory, the BD arbitrage window between the US and Europe should remain closed, which will cause an excess of product in the latter. The US BD market is expected to become more self-sufficient next year following a scheduled expansion of BD capacity in Houston, Texas, and the closure of an ADN unit in Orange, Texas, in early October 2023. In 2024, all BD greenfield facilities will be built in Asia, with two new units completed in China. In China, total derivative capacity expressed as a BD equivalent will exceed total BD capacity by about 1.3m tonnes. Seven new ABS trains, which will add 2.46m tonnes/year at full capacity, should start production in China in H1 2024. Two will be installed at existing petrochemical complexes operated by Hengli Petrochemical and Zhejiang Petroleum & Chemical. As a result, the two will cut spot and term BD supply to the market.

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

Butadiene (Asia-Pacific) | 15-Dec-2023. 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.

© 2023 Reed Business Information Limited. ICIS is a member of RELX Group. www.icis.com

 RELX™