



Butadiene (Asia-Pacific)

By Ai Teng Lim
15-Mar-2024

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

All prices in the weekly analysis on 29 March will be assessed based on information collated up to 28 March, with the exception of Chinese domestic yuan (CNY) quotes. The FOB China and CNY prices in the weekly analysis on 5 April will be based on information collated up to 3 April. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

- **Offers supported on supply constraints**
- **Downstream margin woes erode buying interest**
- **End-users confine themselves to only need-based procurement**

Discussions remain uptrend this week for Asian spot imports of butadiene (BD), as [supply losses](#) look poised to widen.

Some regional crackers may lean more on LPG feed in the coming weeks, rather than naphtha, which could cut down crude C4 output from the cracker, denting in turn feedstock availabilities to BD plants, market players said.

Furthermore, a number of BD plant turnarounds are kicking in this month in [China](#) and [Japan](#).

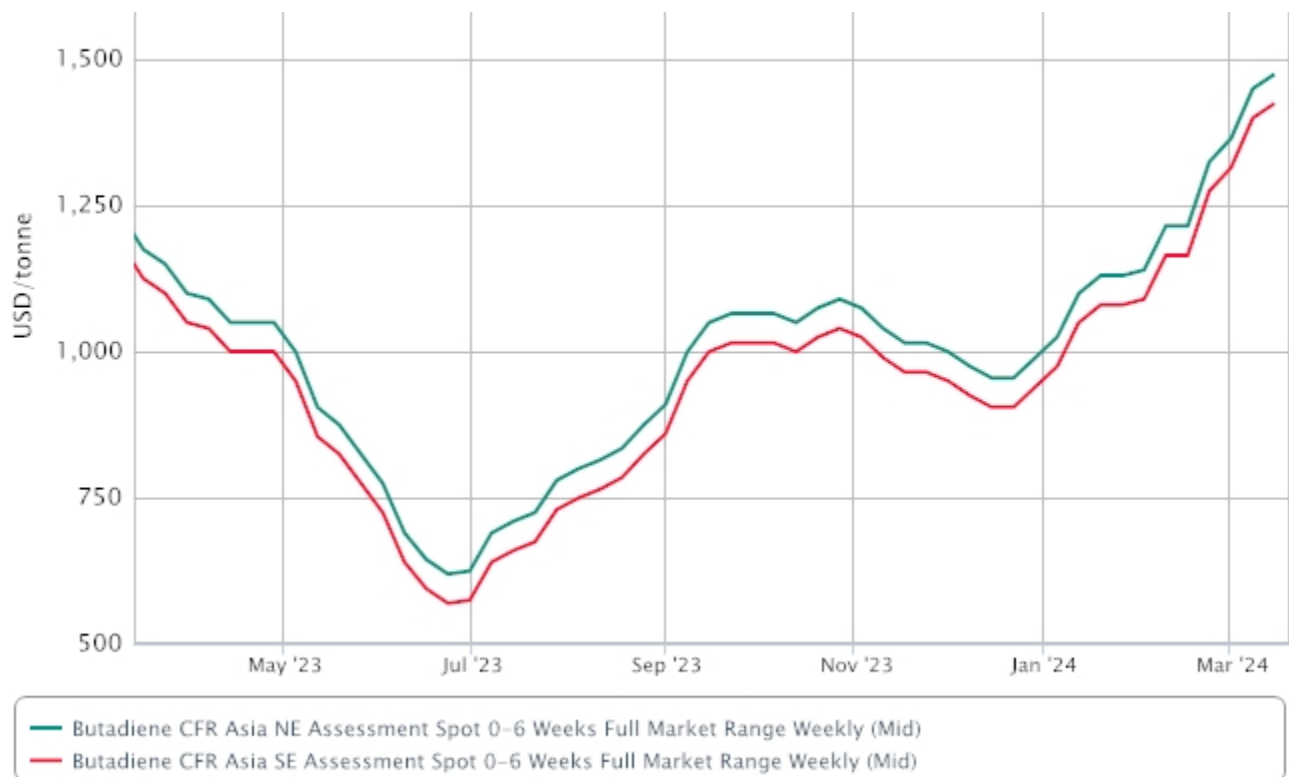
As such, sellers either held firm to existing offers or chased higher targets.

On the buy-side, while there were some sporadic need-based procurement activities, most end-users pulled back, saying that recent increases in BD prices have already eroded their margins, and that they could not afford to pay more for feedstock BD if derivative sector prices do not improve commensurately.

Some were mulling operating rate cuts to rein in costs. For instance, average operating rates for acrylonitrile-butadiene-styrene ([ABS](#)) plants in China have dipped 2% week-on-week, market sources said.

Some buyers were also hopeful that deep-sea shipments may resume soon to help relieve the supply tightness in Asia, although others highlighted that there were still uncertainties, from logistical difficulties to production constraints within Europe and the US, that may derail the actual conclusion of such arbitrage trades.

1,750



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OUTLOOK

- Supply could remain snug throughout Q2
- Downstream margin worries may deepen
- Derivative plants may trim operations to rein in costs

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	+50	1400.00-1450.00	n/c	1200.00-1250.00	63.50-65.77
CFR NE Asia	USD/tonne	+50	1450.00-1500.00	n/c	1180.00-1250.00	65.77-68.04
CFR SE Asia	USD/tonne	+50	1400.00-1450.00	n/c	1130.00-1200.00	63.50-65.77

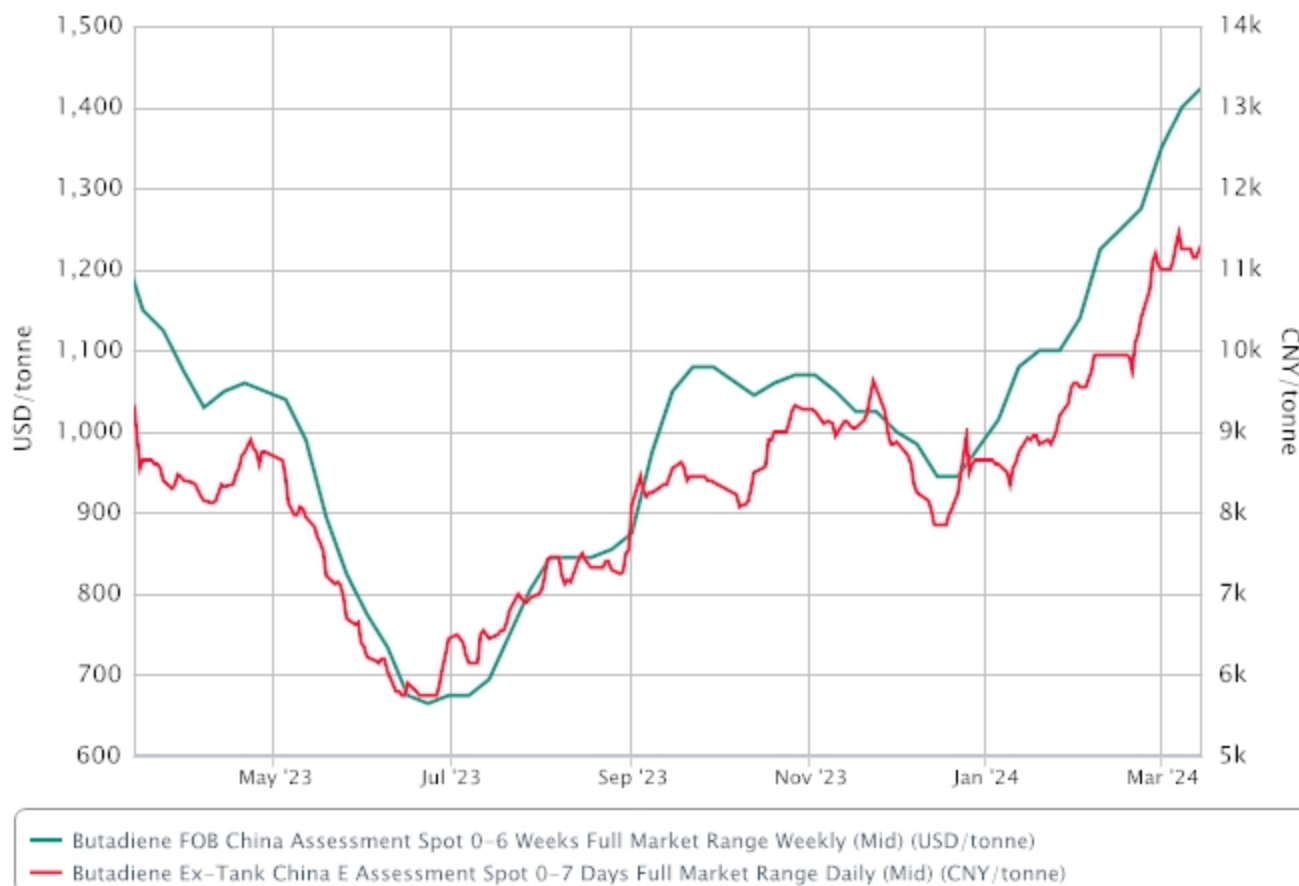
China

FOB China assessments were stable-to-firm, with the low-end up to capture the full spectrum of deals and discussions.

Some cargoes changed hands early week at the low \$1,400s/tonne FOB China for lifting in April, market sources said.

Offers were heard at the high-end and up.

Domestic ex-tank trades in east China started on a softer note in early week, but recovered lost ground towards the end of the trading week.



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Northeast Asia

CFR NE Asia assessments were also narrower, reflecting buying indications capped at the low-end.

A China-origin cargo may have been sold at the high-\$1,400s/tonne CFR NE Asia for April shipment to Korea, market sources said, but details of the parties involved could not be verified.

Otherwise, the majority of sellers said that they are in no hurry and would not want to moderate expectations below the published high-end for their next spot trades.

On the buy-side, buying appetite tapered visibly from the week prior, with many end-users heard taking a pause to review their production plans vis-à-vis the latest cost picture.

Nonetheless, market players highlighted that as end-users would also need to fulfil prior contractual obligations to their own customers, they may need some time more to make requisite arrangements before they can actually execute any operating rate cut decisions concretely.

Until then, as feedstock BD inventories are structurally low among regional end-users, market players said that the latter would have to keep up with some degree of need-based spot procurement to ensure that their production plans are not unduly disrupted.

Monthly Contract DEL, \$/ tonne	Feb 24	Jan 24	Dec 23	Nov 23	Oct 23	Sep 23	Aug 23	Jul 23
Taiwan FPCC	1,135	1,020	910	955	995	940	750	650
Korea YNCC	TBC	1,070	945	1,000	1,035	980	770	665

Southeast Asia

CFR SE Asia assessments were adjusted in line with changes for CFR NE Asia assessments.

A southeast Asia-origin cargo available to lift in late April was put up for sale via tender. However, the tender outcome was not available at press time.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

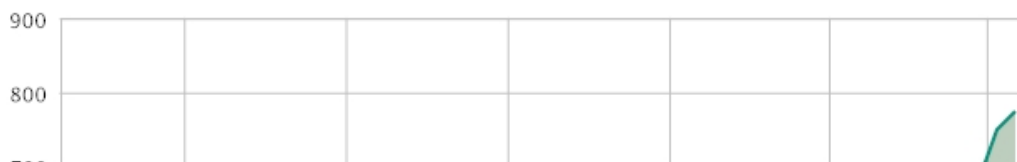
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	+100	11300-11350	+50	11200-11300	-

UPSTREAM

Naphtha

- 14 Mar intermonth spread highest since 8 Feb
- Crack rises above \$100/tonne; highest on 13 Mar since end-Jan
- Active spot demand this week for Apr, May cargoes

[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.

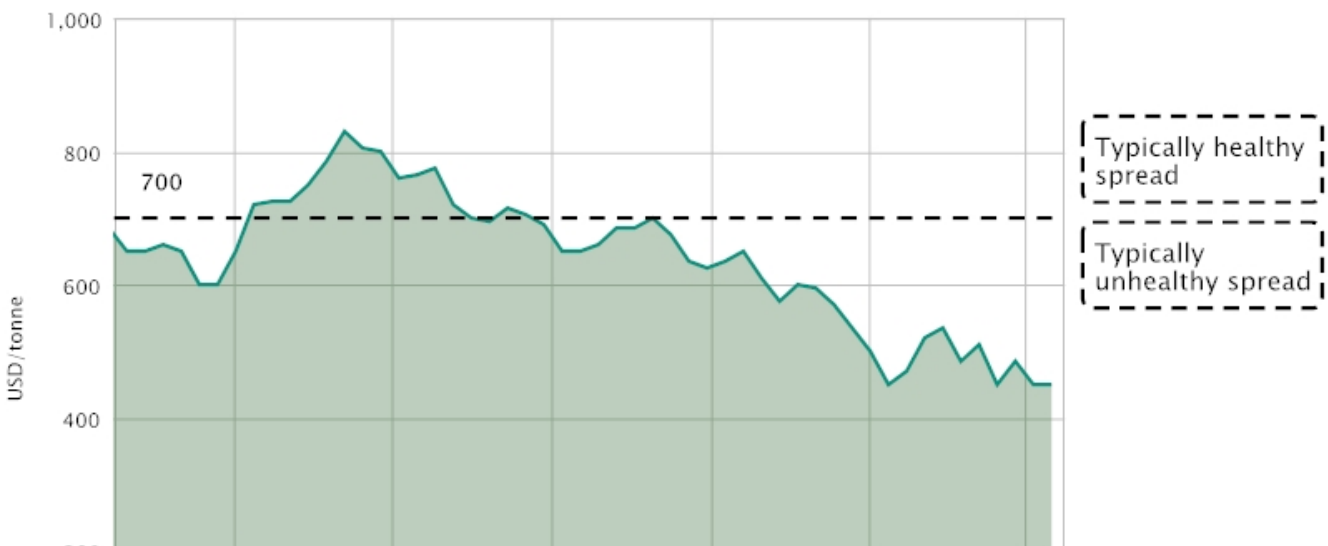
DOWNSTREAM

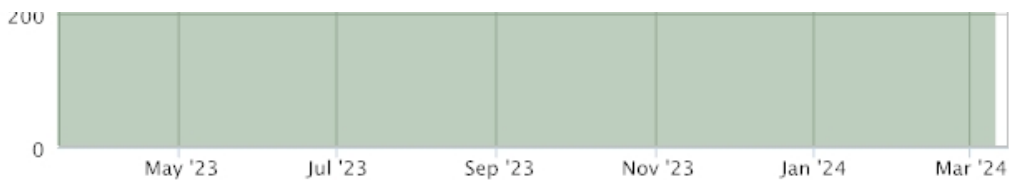
Styrene-butadiene-rubber (SBR)

- Sellers raise offers amid stiffer cost pressure
- Some higher deals done but buy-side resistance lingers
- Buyers concerned about transferring costs downstream

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

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

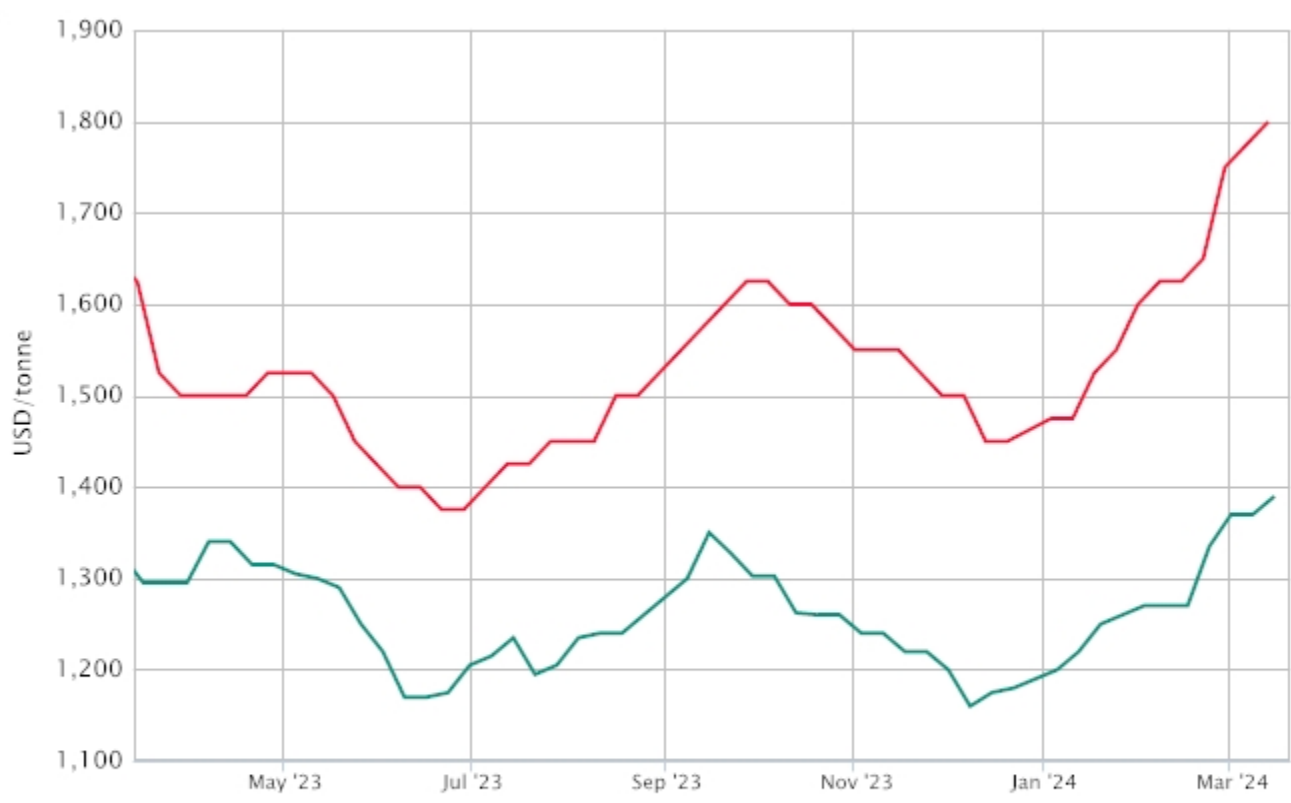




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Acrylonitrile-butadiene-styrene (ABS)

- Import prices up after last week's stalemate
- Promising Chinese economic data improves consumer confidence
- Support further rendered from feedstock cost increases



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PRODUCTION

The BD supply balance remains tight amid ongoing and upcoming plant closures in Asia.

In China, two [units](#) in Beijing, with a total nameplate capacity of 135,000 tonnes/year, are out of action since H1

January for unscheduled servicing. Another 110,000 tonnes/year [unit](#) in Vietnam is also shut since late February, alongside cracker outage.

There are several plant turnarounds due to begin across Asia from March. These include a 105,000 tonnes/year [unit](#) in Japan, and three units in [China](#), with a cumulative production capacity of over 300,000 tonnes/year.

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

OTHER REGIONS

Europe

- Supply balanced to tight
- Some supply disruptions ongoing
- Demand relatively healthy
- Sellers cautiously optimistic in medium term, consumers more uncertain

US

- Supplies remain tight regionally
- Price pressure stems from global supply constraints
- USTMA projects record tire shipments in 2024

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