



Butadiene (Asia-Pacific)

By Ai Teng Lim
15-Nov-2024

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

OVERVIEW

- **Domestic China tumbled lower**
- **Import discussions plummeted further in tandem**
- **Buying interest tepid as more spot cargoes surface**

Discussions on butadiene (BD) nose-dived this week in both the US dollar-denominated import market, as well as in domestic yuan-denominated market in China.

In China, domestic ex-tank trades opened on a very bearish note, losing over yuan (CNY) 1,200/tonne within the first few days of the trading week, compared to the week prior.

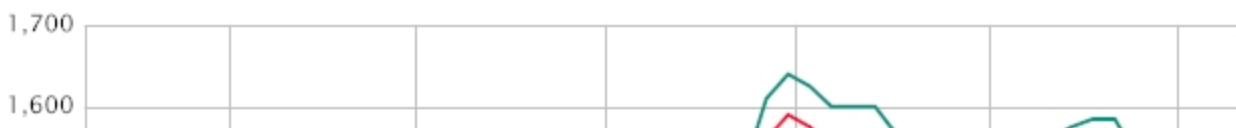
A major China BD producer also made hefty discounts to its domestic list prices, just days after the last downward revision in the week prior.

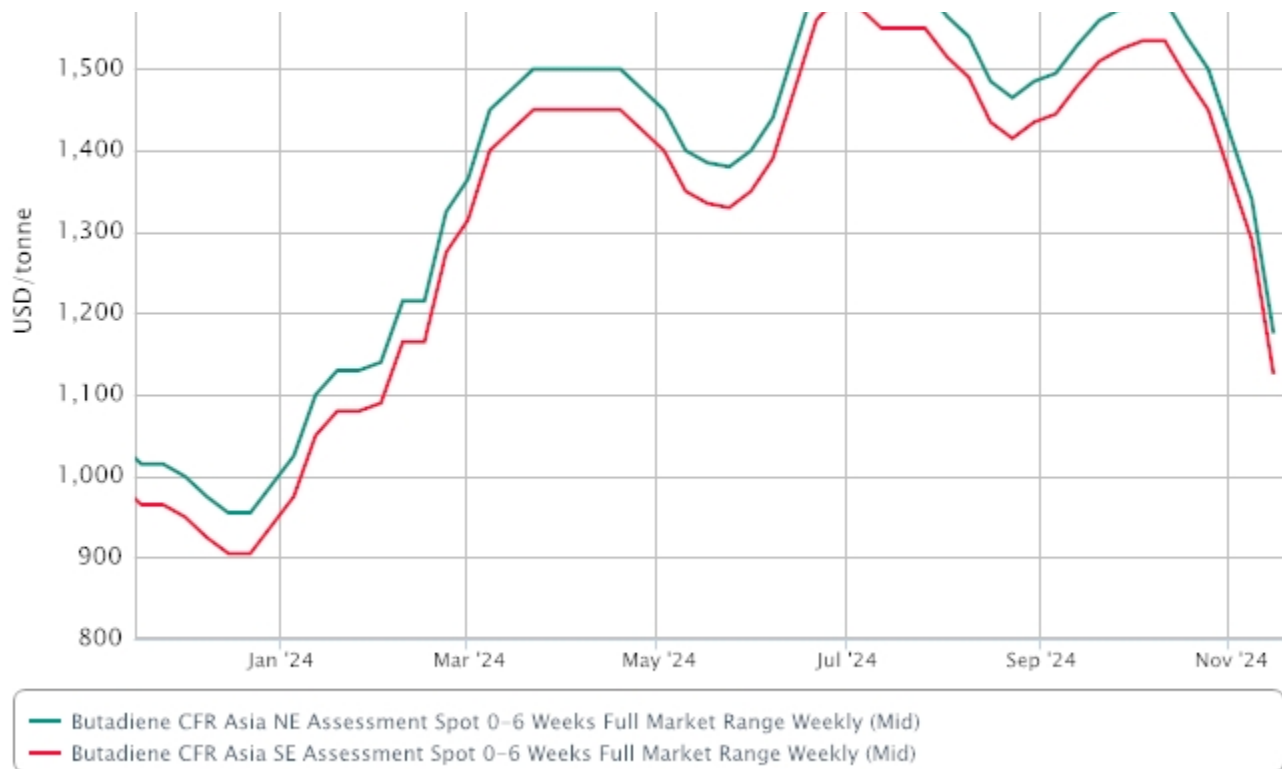
Buying momentum in domestic China fizzled out as end-users perceived the local supply pool to be [lengthening](#), amid talk of new BD plants, such as the 150,000 tonnes/year unit in Tianjin, starting up.

The sharp decreases in yuan values triggered fresh anxieties in the import market, firstly with very aggressively reduced bids from China-based buyers, and then some sellers also conceded to wide discounts to bridge the buy-sell gap and keep cargoes moving.

But demand sentiment in the import market is also very soft, with regional end-users mostly unwilling to commit at this juncture, not just because they expected import pricing to soften further should yuan values trend lower in coming weeks, but also they perceived the regional market to be amply supplied.

Several fresh December shipment cargoes were floated for spot sale this week indeed. But market players also highlighted that spot availability may tighten in the coming year, if more regional plants suspend operations on economics considerations.





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OUTLOOK

- Spot availabilities deemed ample going into the year-end
- But impending plant closures in the new year may serve to tighten supply in due course
- [Macro-level uncertainties](#) may dent demand outlook

PRICES

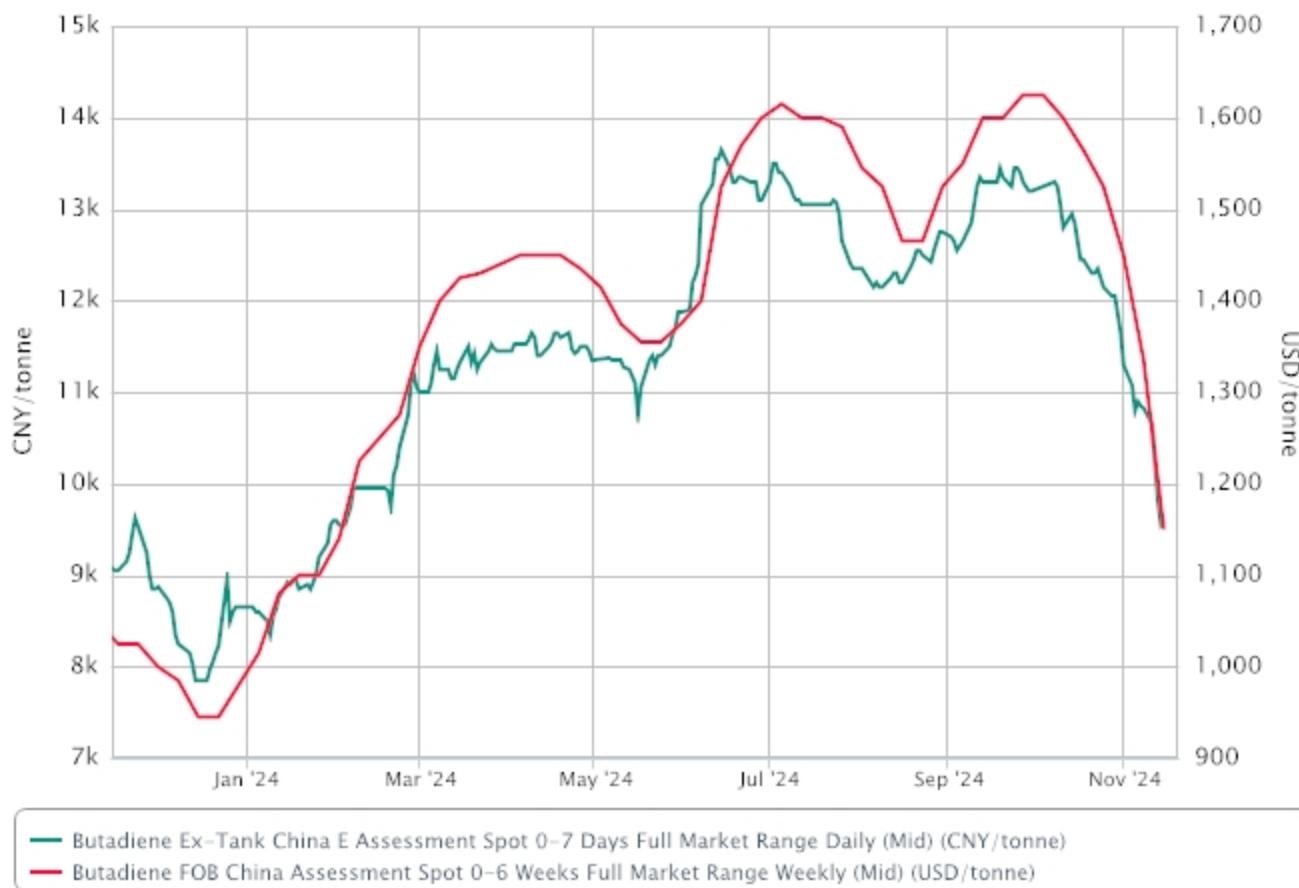
SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	-220	1100.00-1200.00	-150	1550.00-1580.00	49.90-54.43
			0			
CFR NE Asia	USD/tonne	-200	1100.00-1250.00	-130	1500.00-1580.00	49.90-56.70
			0			
CFR SE Asia	USD/tonne	-200	1050.00-1200.00	-130	1450.00-1530.00	47.63-54.43
			0			

China

FOB China assessments fell in line with plummeting domestic yuan-denominated values.

Domestic ex-tank prices in China plunged early week, with poor buying interest, although it recovered some lost grounds at late week's trade.



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Northeast Asia

CFR NE Asian assessments were revised down, with lower deals and discussions heard in the week.

A northeast Asia-origin cargo available to ship in December to China changed hands between traders midweek, and this formed the low-end.

But several potential buyers who sought to purchase at the same level late week failed to make headway, market sources said, signalling too that the majority of sell-side elements were as yet not prepared to deepen discounts, even if they acknowledged that the bearish domestic market situation has dampened import sentiment.

Selling indications, including for potential deep-sea materials, mostly hovered at the high-end.

Monthly Oct 24 Sep 24 Aug 24 Jul 24 Jun 24 May 24 Apr 24 Mar 24
 Contract
 DEL, \$/
 tonne

Taiwan FPCC	1,480	1,470	1,465	1,515	1,395	1,355	1,415	1,348
Korea YNCC	1,530	1,550	1,500	1,565	1,493	1,390	1,450	1,405

Southeast Asia

CFR SE Asian prices are down, in tandem with reduction in the CFR NE Asian assessments.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

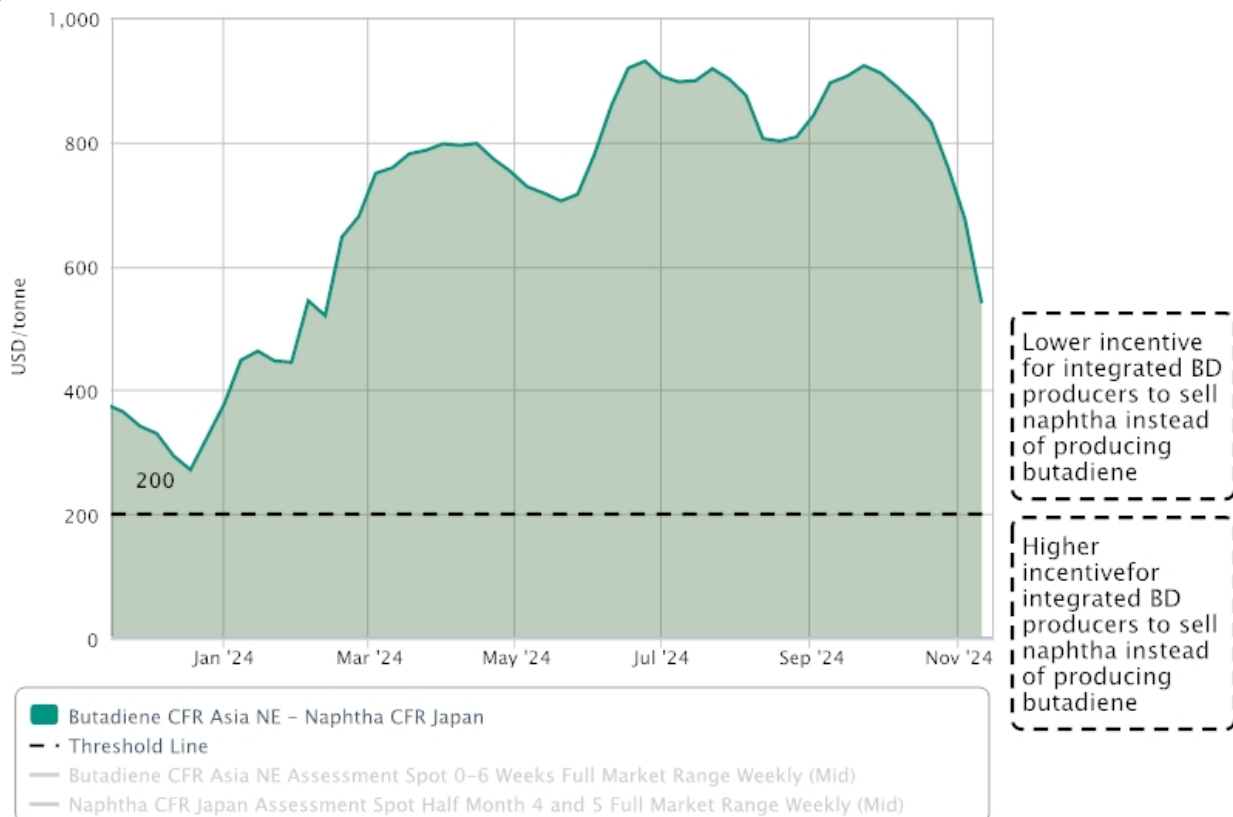
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	+100	9600-9600	n/c	10800-10850	-

UPSTREAM

Naphtha

- Crack spread on 14 Nov hits 10-week low
- Weak gasoline prices, offline crackers in SE Asia, China weigh on sentiment
- Start-up of Tianjin cracker overshadowed by bearish factors

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



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

DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Softer feedstock prices weigh on SBR offers
- Buy-side response patchy
- Most hold back to wait and see

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

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

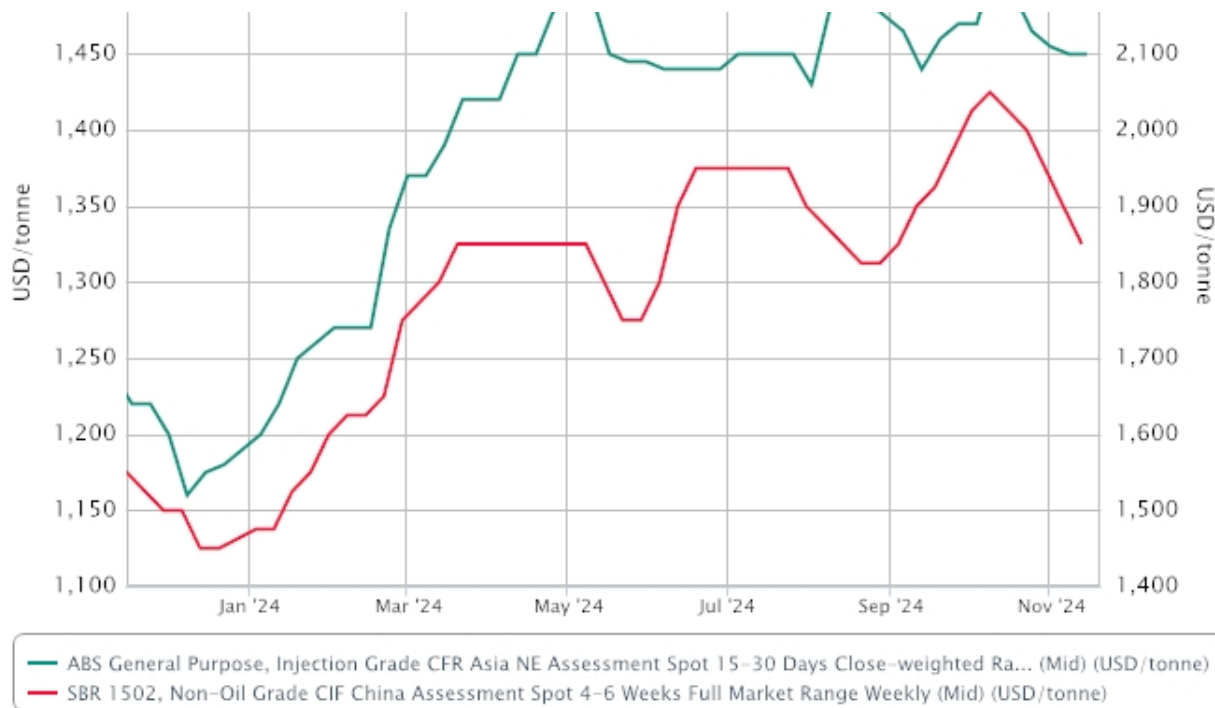


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Acrylonitrile-butadiene-styrene (ABS)

- Asia ABS stays largely flat
- Offers fail to capture widespread buying interest
- Muted momentum, tracking year-end lull





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PRODUCTION

There was a wave of plant maintenance outages in northeast Asia in Q3/Q4, but the majority are expected to restart within November.

That said, two plants in southeast Asia, involving a total of 180,000 tonnes/year of production capacity, will shut on economics considerations.

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

Company	Location	Status	Capacity (MT/year)	Start	End
Sinopec Shanghai	Shanghai, China	Maintenance/Commercial	53,000 (#1)	Sep 2023	Unknown
Zeon	Tokuyama, Japan	Maintenance	180,000	Mid-September	End November
LG Chem	Yeosu, South Korea	Maintenance	160,000	End-October	Mid-November
FPCC	Mailiao, Taiwan	Commercial	162,000 (#2)	August	Unknown
Long Son	Long Son, Vietnam	Commercial	110,000	H2 October	Unknown

ZPC	Zhoushan, China	Unplanned maintenance	250,000	5 November	H2 November
Lotte-GS	Yeosu, South Korea	Maintenance	90,000	End September	End November
JG Summit	Batangas, Philippines	Cracker closure	70,000	Early 2025	Unknown

OTHER REGIONS

Europe

- Market described as well-balanced overall
- Unplanned constraints resolving, planned maintenance completing but increasing reports of cracker reductions
- Demand lower for year-end but largely expected to hold to previously communicated plans
- Export activities now limited with Asian prices tumbling, growing US volumes too

US

- BD demand remains stable to stronger primarily on paving and asphalt
- BD spot prices continue to fall on improved supply
- [Little threat to US chems expected from Hurricane Rafael](#)

ANALYTICS

ICIS outlook on butadiene

There may be some interest from Asian buyers in European prompt volumes over the next couple of months. At the time of writing, at least three cargoes have been booked from Europe to Asia from the end of October onwards.

On the prompt market, ICIS forecasts that European spot prices are moving closer to those in the US, at least until the end of the year. This scenario will reduce trade opportunities for European producers to the US. Scheduled plant maintenance should be completed by the end of October and H1 November.

According to the [ICIS Live Disruptions Tracker](#), unplanned issues are still present in the market but with SABIC's facility at Geleen in the Netherlands expected to resume service soon, these should ease. Additionally, many of the scheduled plant turnarounds that have been taking place have either been completed or are expected to finish shortly.

The European economy continues to grow, but at a slower pace than expected. Based on the European Central Bank's macroeconomic outlook published in September, annual average GDP

growth in the euro area is forecast to hit 0.8% in 2024. Overall GDP is expected to grow by 0.2% in the third and fourth quarters, in both cases below its June projections. This could point to a more protracted recovery in 2025.

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