



Butadiene (Asia-Pacific)

By Ai Teng Lim
16-Aug-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

- **Sellers moderate targets to induce sales**
- **Spot supplies ample**
- **Demand dull on upcoming derivative turnarounds**

Discussions in the Asian spot import market for butadiene (BD) continued to [trend down](#), amid softer offers, and thin demand.

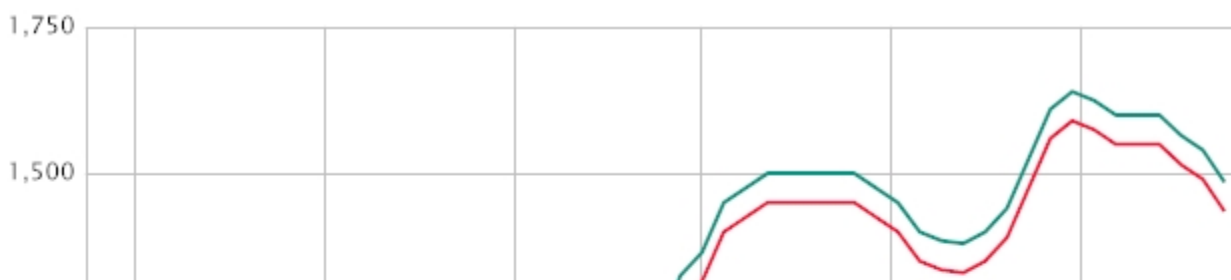
Substantive requirements are tapering, market players highlighted, as several derivative plants in northeast Asia, including cumulatively, over 250,000 tonnes/year worth of synthetic rubber production capacity in [Japan](#), will be heading into extended turnarounds in late Q3 and Q4.

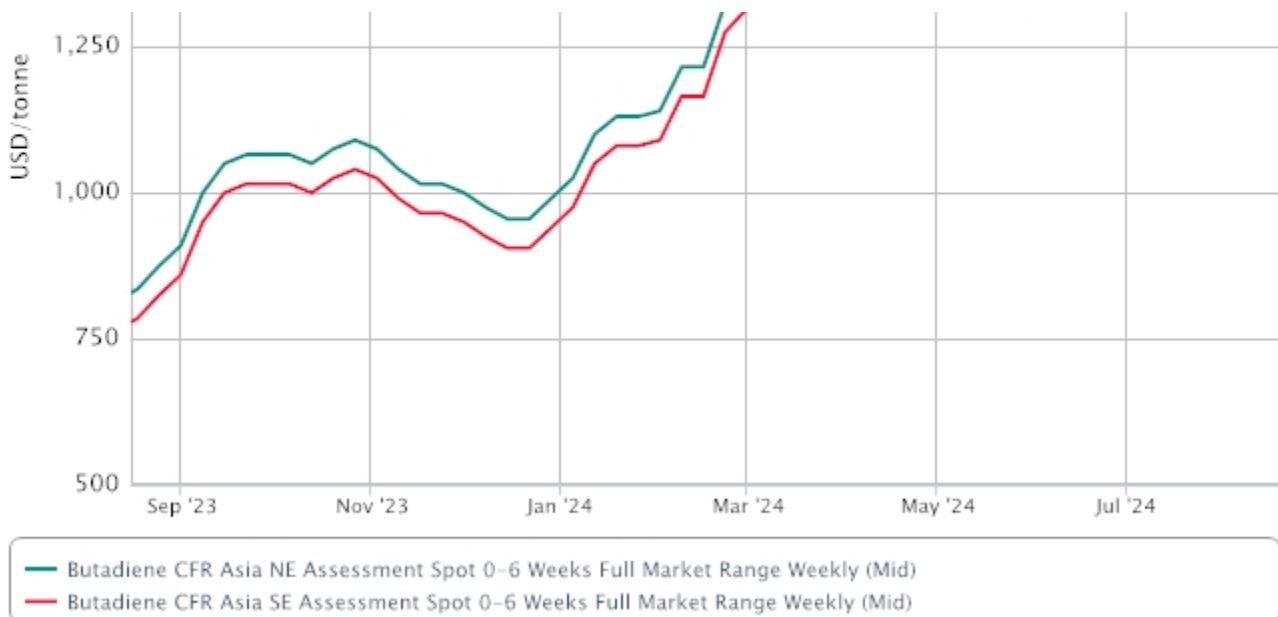
This came at a time that regional BR spot availabilities are expected to grow, now that several southeast Asian BD units have restarted of-late, from prior closures.

Some traders eager to liquidate as soon as possible spot cargoes still held at hand moderated their selling expectations to induce sales.

But other sell-side elements, including major BD producers in China and other NE Asian outlets, were more sanguine in outlook, preferring to wait and see more before they finalise their next offers.

This sector of sell-side players were confident that notwithstanding the recent spurt of spot cargoes, overall regional output of BD would stay structurally squeezed, especially on the back of some [extended cracker closure](#) in southeast Asia, and once a wave of Q4 cracker maintenance kicks in in China, market sources said.





© 2024 ICIS

OUTLOOK

- **Upcoming derivate plant turnarounds to weigh on demand**
- **But supply may tighten anew going into Q4**
- **Buy-sell gap unlikely to bridge soon**

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	-70	1430.00-1500.00	-50	1590.00-1610.00	64.86-68.04
			0			
CFR NE Asia	USD/tonne	-30	1470.00-1500.00	-80	1550.00-1650.00	66.68-68.04
			0			
CFR SE Asia	USD/tonne	-30	1420.00-1450.00	-80	1500.00-1600.00	64.41-65.77
			0			

China

FOB China prices weakened further, taking into account softer buy-sell indications heard in a thinly discussed trading week.

China BD producers moderated targets this week, and selling indications for exports were heard at the high-end.

But buying indications dipped lower, reflected at the low-end.

Sentiment is not upbeat for such export talks, in part due to volatility in the domestic yuan-denominated market.

In east China, ex-tank prices fluctuated, edging up at the beginning of the week, but some of the gains were returned in late week's trading.



© 2024 ICIS

Northeast Asia

CFR NE Asian assessments are down, tracking lower discussions and deals heard in the week.

Spot supplies were visibly more ample than weeks prior, and two southeast Asia-origin cargoes, available to lift within September, were sold early week to traders, via tender, at around low \$1,400's/tonne FOB SE Asia.

But as buying interest turned weaker thereafter, potential sellers moderated expectations in a bid to find end-user-buyers, and about two to three cargoes, originally held in the hands of traders, were heard sold late week for late August or September shipment to NE Asia, in the \$1,470-1,480/tonne CFR NE Asia range, and this formed the low end.

Buying indications from other end-users were heard at levels lower than the assessment range, but drew little response from sellers.

Another cargo, available to lift within September from South Korea, was heard sold on FOB NE Asia terms, and on a formula basis - possibly at small single-digit discount to CFR NE Asia, market sources said

Selling indications among other potential sellers were also lower week-on-week, but hovered at minimally the high-end.

Monthly Contract	Jul 24	Jun 24	May 24	Apr 24	Mar 24	Feb 24	Jan 24
DEL, \$/tonne							
Taiwan FPCC	1,515	1,395	1,355	1,415	1,348	1,135	1,020
Korea YNCC	1,565	1,493	1,390	1,450	1,405	1,165	1,070

Southeast Asia

CFR SE Asia assessments is adjusted in line with changes for the CFR NE Asian assessments.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

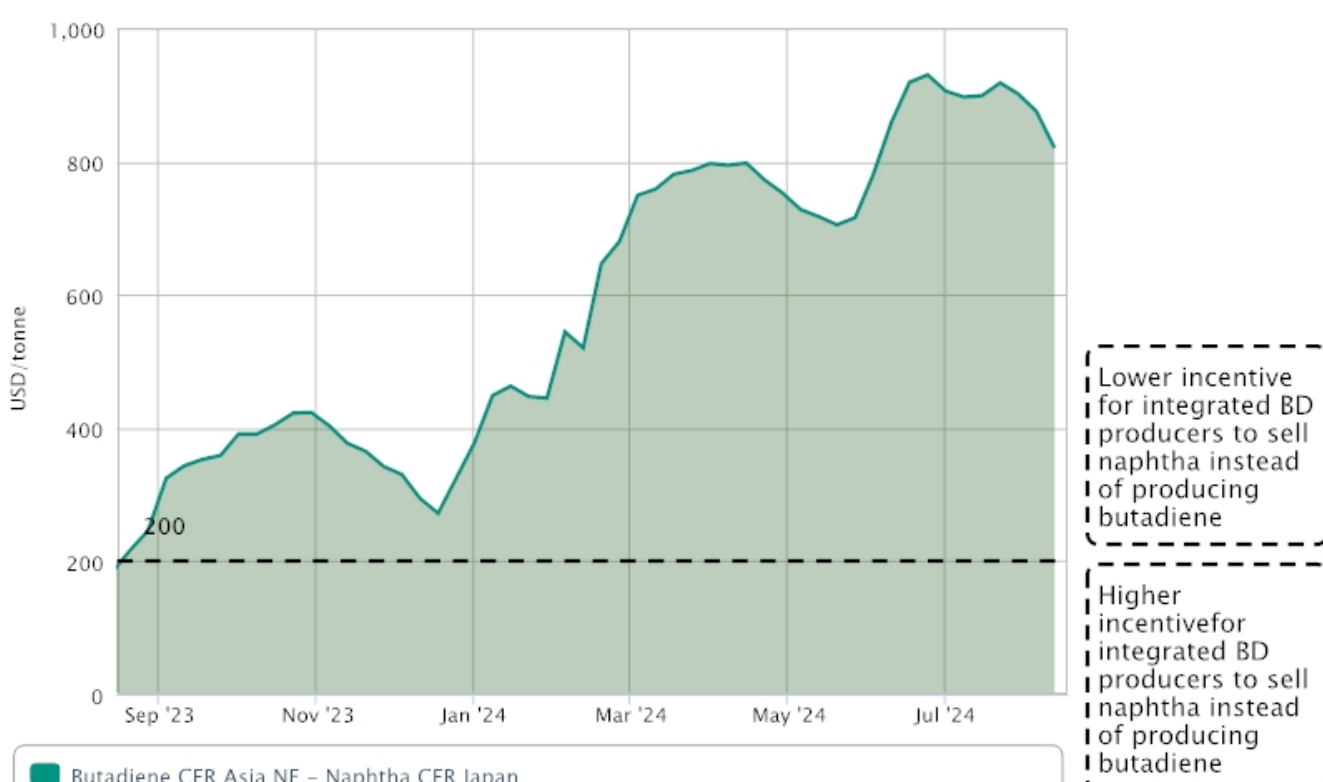
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	n/c	12100-12300	n/c	12100-12200	-

UPSTREAM

Naphtha

- Japan cracker outage leads to knee-jerk reaction from buyers
- Intermonth spread returns to backwardation after a day in the red
- Volatile sentiment seen as market lacks clear direction

[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)

- Buying interest tepid
- Softer feedstock prices weigh on sentiment
- Offers steady nonetheless on spot supply constraints

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

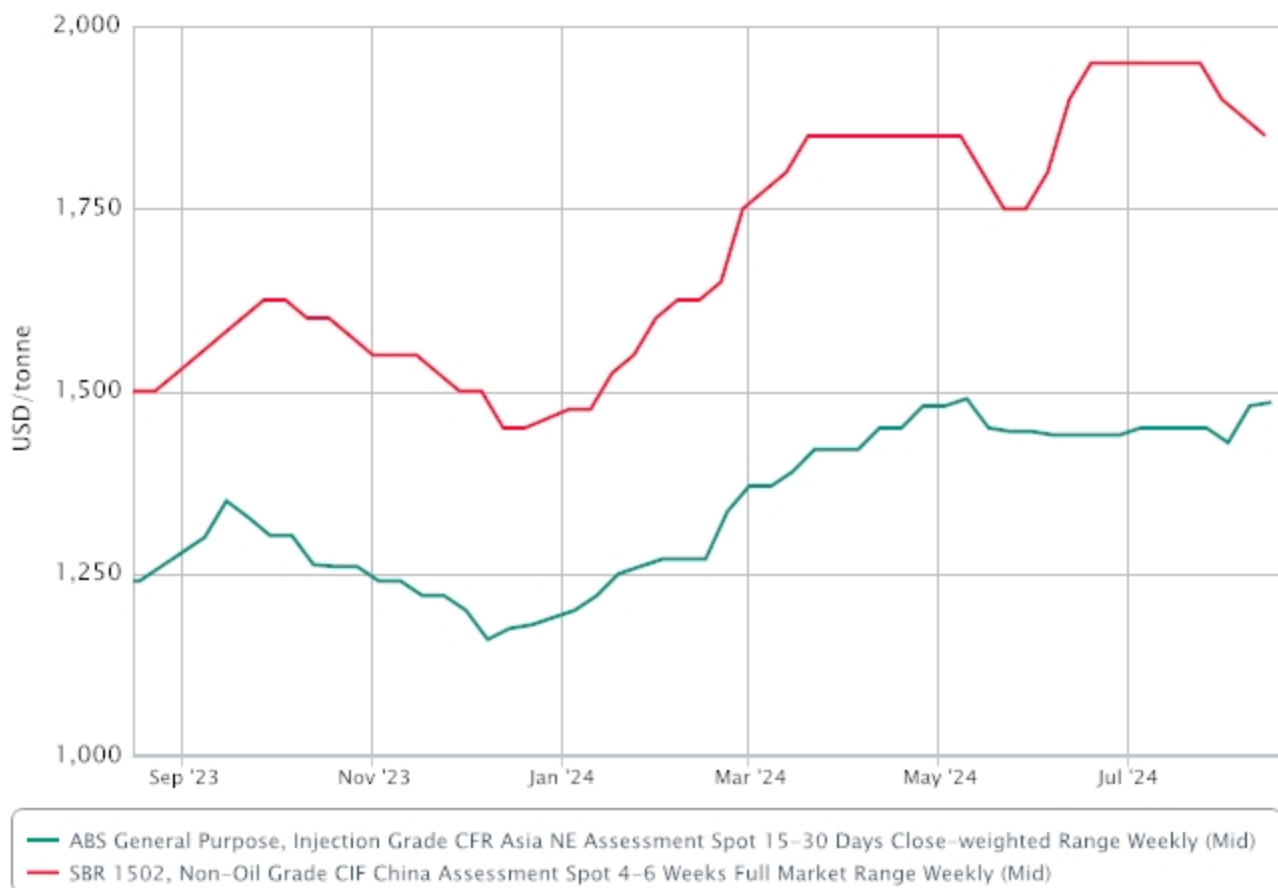
[Spread between Butadiene and Styrene Butadiene Rubber Asia](#)



© 2024 ICIS

Acrylonitrile-butadiene-styrene (ABS)

- Import stable to firm after last week's rally
- Actual increase curbed by cautious procurement
- Seller margins rally to second highest in the year



© 2024 ICIS

PRODUCTION

In wider Asia, a [162,000 tonne/year unit](#) in Taiwan will shut in August for maintenance, but another [109,000 tonne/year unit](#) at the same site, which has been shut since March, will restart in September.

In China, a 100,000 tonne/year unit in [Panjin](#) started a 50-day maintenance from early July, while a 50,000 tonne/year line in [Shandong](#) went offline for about a week in H1 July for unplanned weather-related repairs, market sources said.

In SE Asia, a 110,000 tonne/year unit in [Vietnam](#), which shut since late February, is expected to restart within August, market sources said.

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

OTHER REGIONS

Europe

- Market remains firm
- Additional unplanned issue restricts supply further
- Spot prices mostly higher week on week in an effort to find alternatives
- Demand considered steady, both domestic and export healthy

US

- [US BD market contracts settled at a rollover](#)
- US BD supply remains marginally sufficient to meet demand despite weak operating rates
- Planned maintenance expected from August to October

ANALYTICS

ICIS crude outlook

Global oil market dynamics are set to shift, influenced by a recent 12 million barrel reduction in US crude inventories and OPEC+'s tight supply controls. In the US, refining capacity is nearing 95%, while gasoline and crude inventories are declining. Meanwhile, geopolitical risks in the Middle East and Ukraine, along with the hurricane season, pose potential supply disruptions. Exports of gasoline, gasoil and jet fuel from China are expected to decrease slightly, by about 0.5% in August, as refiners focus on domestic demand. India is forecast to increase crude imports to over 6.5 million barrels/day and will likely drive future demand. Non-OPEC+ producers are expanding output, enhancing global capacity and contributing to market stability. The US inflation trend and potential interest rate adjustments will also be key to shaping market movements, with a 25 basis point cut anticipated in September.

By **David Jorbenaze**, senior analyst, david.jorbenaze@icis.com

ICIS naphtha outlook

The naphtha markets in Europe and Asia are expected to remain volatile in August due to fluctuations in crude oil prices following growing geopolitical tensions and macroeconomic developments. In Europe, strong demand for blending and reduced supply, exacerbated by a possible hurricane disruption in the US, is anticipated. Heatwaves are likely to boost Eurobob gasoline prices, while the arbitrage window to Asia remains narrow due to limited regional availability and high freight costs. In Asia, naphtha prices are poised to be supported by a seasonal increase in demand, although an increase in petrochemical demand remains uncertain. Naphtha exports from Russia to Asia are set to peak as refineries recover from drone attacks, which will further support prices amid the ongoing driving season.

By **David Jorbenaze**, senior analyst, david.jorbenaze@icis.com

Butadiene (Asia-Pacific) | 16-Aug-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

