



## 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.

The China prices are not assessed in the weekly analysis on 16 February. Please click [here](#) for the ICIS publishing schedule.

### OVERVIEW

- **Trade in hiatus amid extensive holiday closures**
- **Sell-side sentiment sees support from supply constraints**
- **Buyers await directions from post-holiday market movements**

Discussions are subdued this week in Asia's spot import market for butadiene (BD) as many key regional outlets are shut, albeit for varying durations, to observe the Lunar New Year festival.

The major China market is closed from 10-17 February and many are expecting downstream production momentum there to only resume full normalcy even later into H2 February after the 15 day festivities are completely over.

Although holidays in most other regional markets are comparatively shorter, majority of players available there held back to wait for clarity on how post-holiday market will trend in China.

Nonetheless, the sentiment is generally bullish in nature, with sellers mostly firmly confident that there is good upside support for BD spot trades, as long as dismal operating rates at regional crackers, coupled with ongoing and upcoming plant turnarounds, keep regional BD spot supplies constrained for the foreseeable future.

Buyers, on the other hand, remained helmed in by downstream affordability concerns. Lingering uncertainties in China's economic growth trajectory also weighs on their readiness to raise bids more.

That said, many buy-side elements also acknowledged that [supply factors](#) may continue to drive petrochemical prices for the near term. For BD, besides regional production constraints, supplemental supplies from deep-sea origin may not be as forthcoming in coming weeks too, some market sources said.

For instance, Europe and US producers may turn to focus more on domestic sales, rather than exports to Asia, now that local prices are rising and [arbitrage shipment hampered](#) by ongoing geopolitical tensions in the Red

Sea region.



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## OUTLOOK

- Snug spot supplies to lend support to offers
- Positive start to post-holiday trade in China may help boost buy-side sentiment
- Players to keep close monitor on derivative sector performance

## PRICES

### SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
<b>Butadiene</b>						
<b>FOB China</b>	USD/tonne	-	n/a	-	n/a	n/a
<b>CFR NE Asia</b>	USD/tonne	n/c	1180.00-1250.00	n/c	1080.00-1180.00	53.52-56.70
<b>CFR SE Asia</b>	USD/tonne	n/c	1130.00-1200.00	n/c	1030.00-1130.00	51.26-54.43

## China

Both FOB China and domestic ex-tank prices in east China are not assessed as the China market is shut from 10 to 17 February for the extended Lunar New Year holidays.

## Northeast Asia

CFR NE Asian prices are rolled as concrete spot discussions were curbed with many regional players absent during much of the trading week.

A northeast Asia-origin available for prompt February lifting may have changed hands, but on formula-based terms, market sources said. Details are not fully available about the parties involved.

Broadly, most market players noted that there are still pockets of buying demand in northeast Asia, and that this would keep the upside potential going for post-holiday BD trades.

Some traders may have to procure to cover shortfall expected to come from delayed or cancelled deliveries of contractual volumes, market sources said.

Regional end-users are also not amply stocked on BD and may need to take in a few additional spot cargoes to minimise undue disruption of existing downstream production plans, some market players added.

However, there are potential derailers. For instance, end-users may put their BD buying requirements on hold to monitor derivative market pricing movements. If the latter does not pick up sufficiently to justify them forking out more for feedstock BD, the possibility cannot be dismissed that the end-users may instead turn to trimming their own operations to reduce BD usage, market sources said.

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

## Southeast Asia

CFR SE Asian assessments are unchanged, in line with stable CFR NE Asian prices.

## SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

		Price Range	One Week Ago	/
<b>Butadiene</b>				
<b>Ex-Tank E China</b>	CNY/tonne	n/c	9900-10000	n/c
			9500-9600	-

## UPSTREAM

**Naphtha**

- March arbitrage cargoes to surpass February's volumes
- Crack on 15 February was at its lowest since 6 February
- Supply crunch remains although tightness not as severe as before

[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)**

- Discussions subdued by holiday market closures
- Procurement limited to need-to basis
- Upstream rally keeps offers firm

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

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

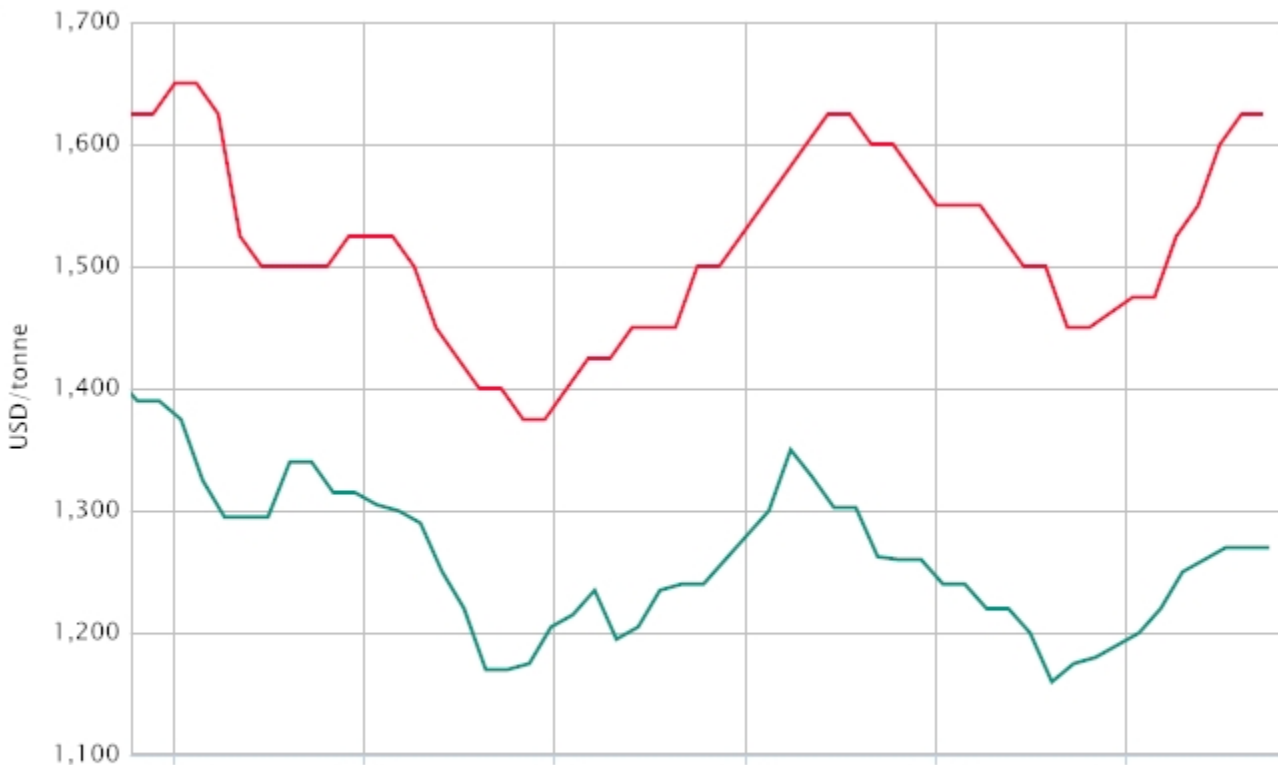




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**Acrylonitrile-butadiene-styrene (ABS)**

- CFR NE Asia flat during Lunar New Year week
- Major players remain away
- Caution heightens as crude prices dip



Mar '23

May '23

Jul '23

Sep '23

Nov '23

Jan '24

— ABS General Purpose, Injection Grade CFR Asia NE Assessment Spot 15–30 Days Close-weighted Range Weekly (Mid)  
— SBR 1502, Non-Oil Grade CIF China Assessment Spot 4–6 Weeks Full Market Range Weekly (Mid)

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## PRODUCTION

BD supply balance remains tight amid ongoing plant closures in northeast Asia.

These include in Taiwan, a two-month-long [maintenance](#) at 130,000 tonnes/year unit, and in China, two [units](#) in Beijing, with a total nameplate capacity of 135,000 tonnes/year, are also out of action since H1 January for unscheduled servicing.

Another 105,000 tonnes/year unit in Japan will also undergo [maintenance](#) in March.

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

## OTHER REGIONS

### Europe

- Spot domestic prices firm
- Supply remains tight
- Derivative demand remains at improved level

### US

- Spot prices raised in line with contracts on tight supply
- Production disruptions keep availability tight, supply allocations heard
- Tight supply prompts restocking demand

## ANALYTICS

### ICIS butadiene outlook

The US butadiene (BD) market will be characterized by limited availability and healthier demand in the weeks to come. US BD prices, which are the lowest among the main hubs, will likely slide in 2024, mainly due to a planned increase in capacity in Houston, Texas, and fewer opportunities to export volumes to Asia in the short term at least. Elevated freight rates, delivery delays, and reduced availability in vessels make exports more difficult for US players (see the [Logistics topic page](#) for more information).

ICIS expects European BD prices to rise over the next two months ahead of limited supply and better underlying demand. Crackers should continue running at reduced rates. Replacement tire business has been affected by significant destocking in 2023 due to uncertain economic conditions and surging interest rates. Michelin, the leading tire manufacturer, has recently reported that “massive destocking” has ended.

Asia's BD prices are forecast to increase until April amid subdued supply. Volatility in the BD market remains high,

as supply chain disruptions due to the drought of the Panama Canal and the ongoing Red Sea conflict are expected to increase lead time and freight costs

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