



Butadiene (Asia-Pacific)

By Ai Teng Lim
17-May-2024

[Overview](#) | [Outlook](#) | [Prices](#) | [Upstream](#) | [Downstream](#) | [Production](#) | [Other Regions](#)

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

OVERVIEW

- **Domestic China crumbles**
- **Buying interest for imports weighed down as such**
- **But patchy production picture keeps up sell-side spirits**

Discussions in this week's Asian spot import market for butadiene (BD) are mixed, pulled in different directions by the opposing forces of weak demand and supply constraints.

Yuan-denominated prices in the domestic China market fell deeply on week, and a major China producer adjusted down its domestic list price three times in the week, shaving off a total of yuan (CNY) 600/tonne from the week prior.

Lacklustre buying is the key downside pressure on the yuan market, but some local sellers seemed quite optimistic that prices could rebound in due course, once requirements are boosted by rising operating rates at downstream plants, such as in the acrylonitrile-butadiene-styrene ([ABS](#)) sector.

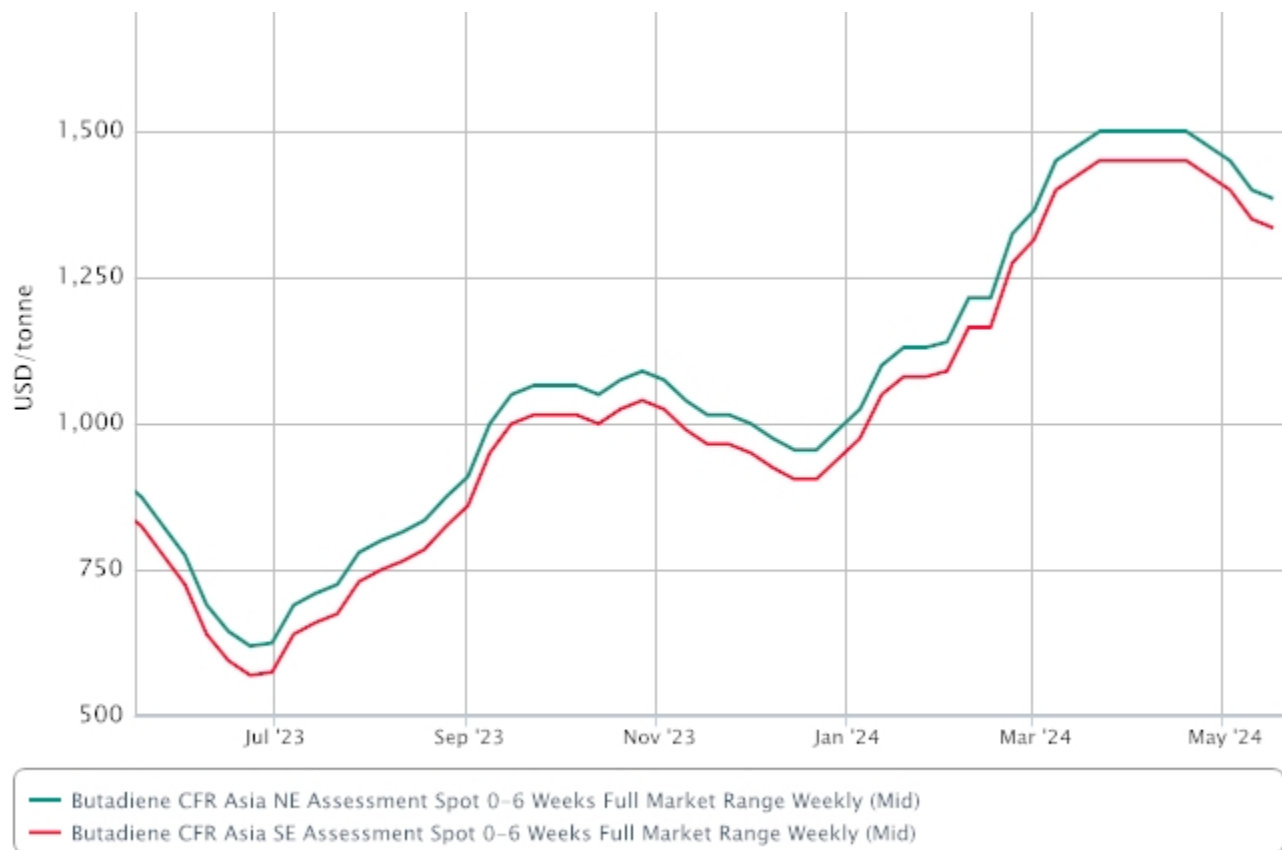
In wider Asia, buy-side sentiment was also weighed down by the domestic yuan losses. Many end-users were reluctant to commit further until there is more clarity on how the domestic China market may trend in coming weeks.

That said, supply uncertainties served to mitigate and off-set some of these demand worries. There were several production issues in the week, including an unplanned outage in [southeast Asia](#) and [delayed restart](#) of a northeast Asian plant.

These, coupled with a structural tightness of materials stemming from protracted under-utilisation of crackers, reinforced sellers' conviction that they need not rush as yet into dishing out excessive discounts just to induce buying.

The buy-sell disparity look set to widen, market sources said, and if so, this may continue to dent spot trade liquidity.

1,750



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OUTLOOK

- **Players to monitor keenly how regional supply balance may shift**
- **Demand uncertainties may deepen with trade barriers**
- **Buy-sell disparity entrenched and may not bridge anytime soon**

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	-30	1320.00-1390.00	-10	1430.00-1470.00	59.87-63.05
			0			
CFR NE Asia	USD/tonne	-30	1320.00-1450.00	n/c	1450.00-1550.00	59.87-65.77
			0			
CFR SE Asia	USD/tonne	-30	1270.00-1400.00	n/c	1400.00-1500.00	57.61-63.50
			0			

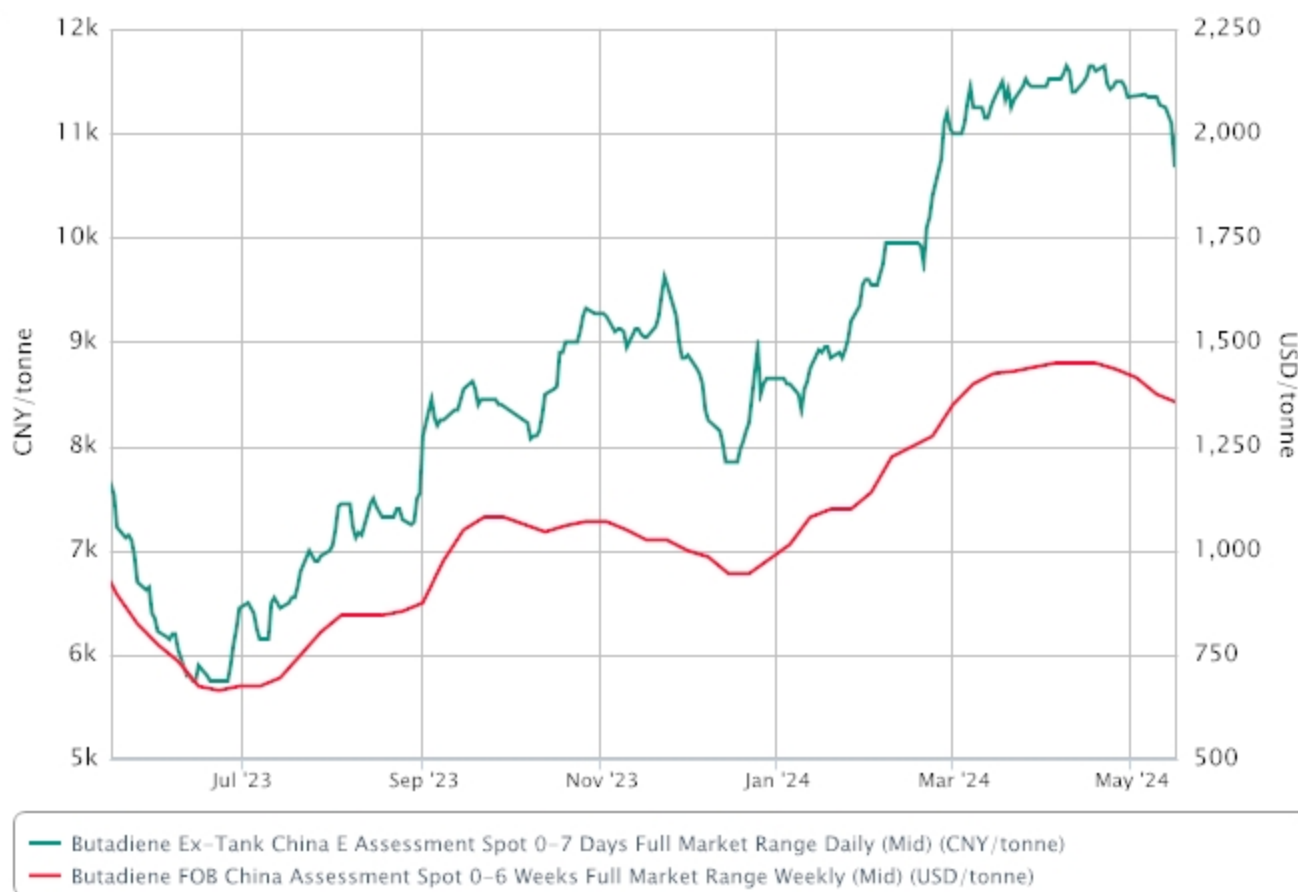
China

FOB China prices are down, tracking losses seen this week in the domestic yuan-denominated market.

Several cargoes were heard sold at respective ends of the published range, for June lifting.

Additional cargoes were heard available and indicated at around \$1,350-1,360/tonne FOB China, market sources said.

In the domestic ex-tank market in east China, prices plummeted in early week, prodding a major China producer to revise down sharply its list prices as well to boost buying. Prices recovered some lost grounds in late-week trading, but still fell short week on week.



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Northeast Asia

CFR NE Asian prices were assessed in a wider range, with the low-end adjusted down to reflect bearish buy-side sentiment stemming from a weak domestic yuan market in China.

Buying indications slipped to low-\$1,300s/tonne CFR NE Asia, which formed the low-end of the CFR NE Asian assessment.

The high-end is kept unchanged, in line with selling indications heard at the high-end and up.

A cargo ready to deliver in early June to China was heard sold at high-\$1,300s/tonne CFR NE Asia, which aligns

broadly with the mid-point of the published range.

Monthly Contract	Apr 24	Mar 24	Feb 24	Jan 24	Dec 23	Nov 23	Oct 23
DEL, \$/tonne							
Taiwan FPCC	1,415	1,348	1,135	1,020	910	955	995
Korea YNCC	1,450	1,405	1,165	1,070	945	1,000	1,035

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

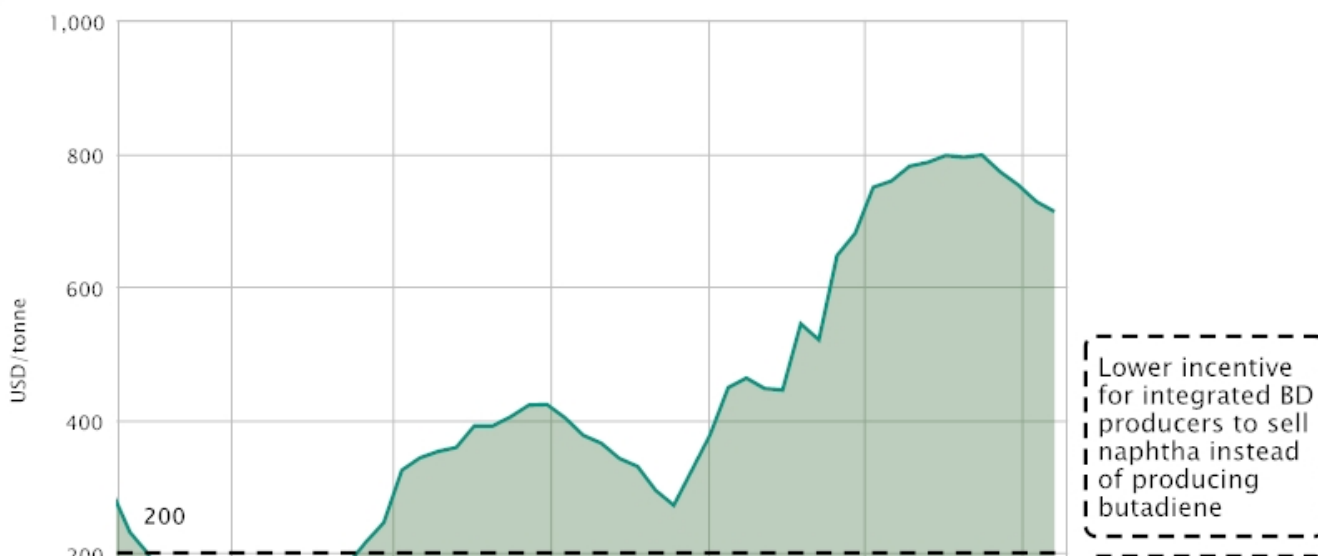
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	+300	11000-11100	+300	11300-11400	-

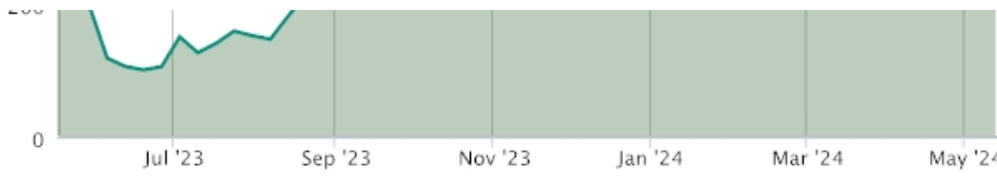
UPSTREAM

Naphtha

- Crack spread on 15 May falls to lowest in nearly a month but recovers
- News of [Thailand's recent terminal incident](#) affects naphtha sentiment
- Jun-arriving arb still below monthly average; market sentiment could fluctuate

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





Higher incentive for integrated BD producers to sell naphtha instead of producing butadiene



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

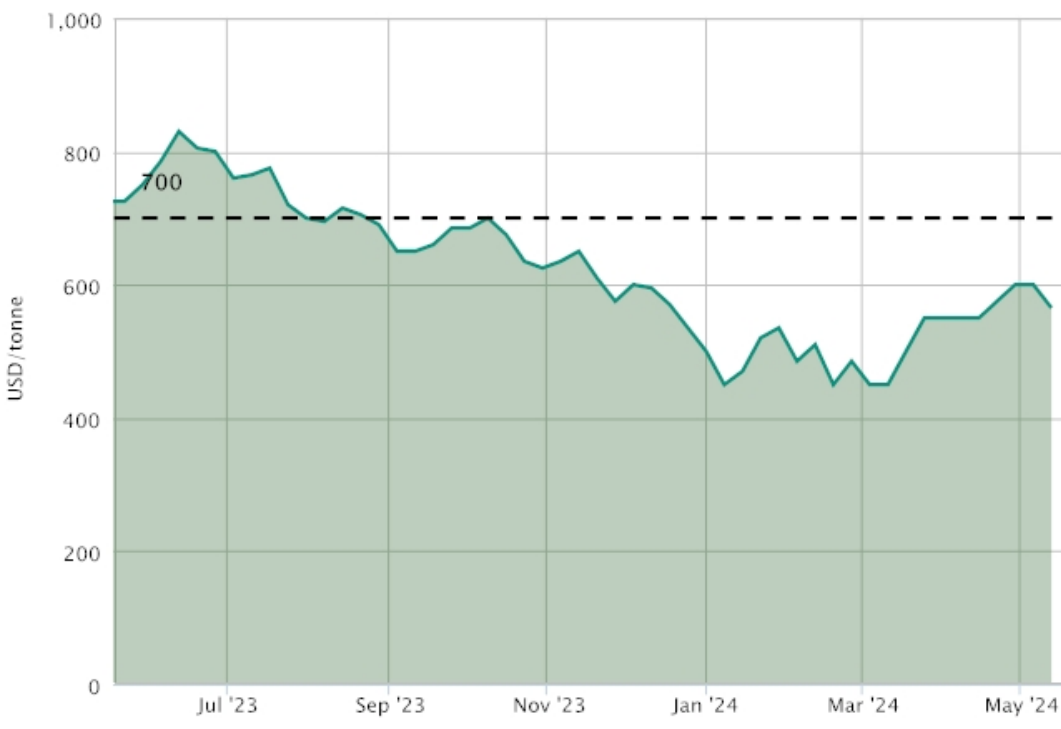
DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Sentiment down with upstream losses
- Buying interest tepid
- Discounts capped on spot supply limitations

The chart below shows the spread between BD and SBR in Asia, which remains deep in the unhealthy zone and to the disadvantage of the SBR makers.

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



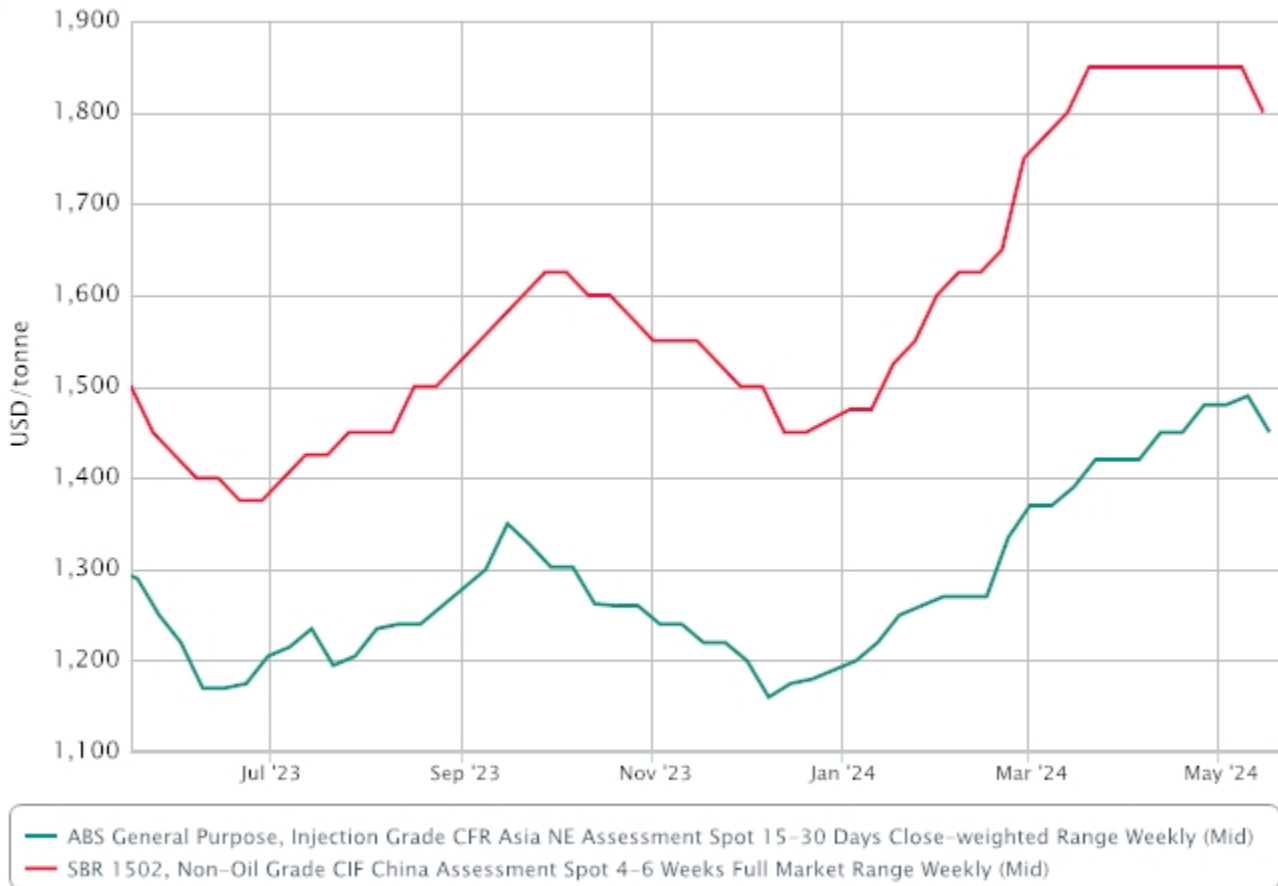
Typically healthy spread
Typically unhealthy spread



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Acrylonitrile-butadiene-styrene (ABS)

- Import prices down after last week's 19-month high
- Market loses main pillar of support as feedstock cost tumble
- Recent resumption in production further weigh on market



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PRODUCTION

There were several unplanned production losses in the region, including for instance, the closure of a 70,000 tonnes/year plant in [southeast Asia](#) due to outage of integrated cracker, as well as at a 105,000 tonnes/year unit in [Japan](#) that has to return from maintenance two weeks later than planned.

In addition, there are other ongoing and upcoming planned maintenance, such as at a 137,000 tonnes/year unit in southeast Asia, as well as at a 109,000 tonnes/year [unit](#) in Taiwan.

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

OTHER REGIONS

Europe

- Supply still tight

- Domestic and export spot prices rise
- Domestic consumption steady, export interest persists
- Players absent with Europe-wide holidays, which limits some activities

US

- Persistently tight supply pushes spot prices up
- Flood-related FMs in the US and Brazil further exacerbate supply woes
- Export availability is limited

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