



Butadiene (Asia-Pacific)

By Ai Teng Lim
18-Jun-2021

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

OVERVIEW

- **Prices continue to trend up**
- **Sellers bullish**
- **Buy-sell gap prevails**

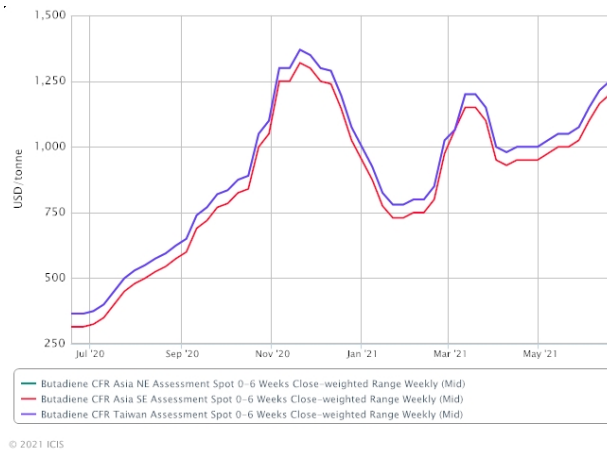
Asian import prices for butadiene (BD) extended gains, as sellers continued to raise prices, prompting some buyers to reconsider and adjust up their buying indications.

Although spot trade liquidity was capped by a persistent buy-sell gap, regional sellers were generally bullish in outlook, with confidence boosted by limited prompt spot availabilities, having been drained by sizable west-ward sales earlier.

However, with the recent [declines](#) seen in downstream synthetic rubber markets, buyers are still cautious. Those with no concrete requirements held back, adding that they would wait until new BD capacities come on stream before they review their buying positions.

Although a new 140,000 tonnes/year project did [start up](#) this week in South Korea, market players said that it may take some time more before this supply stream will stabilise sufficiently to make a more discernible impact on the regional demand-supply balance.

This may leave buyers with pressing procurement needs with few options but to raise bids to secure volumes from a dwindling supply pool, market sources said.



OUTLOOK

- [Demand pull](#) from the US to persist
- Asian supplies may lengthen with new projects
- Downstream market performance may impact demand

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
CFR NE Asia	USD/tonne	+50	1200.00-1300.00	+20	1000.00-1100.00	54.43-58.97
CFR Taiwan	USD/tonne	+50	1200.00-1300.00	+20	1000.00-1100.00	54.43-58.97
CFR SE Asia	USD/tonne	+50	1150.00-1250.00	+20	950.00-1050.00	52.16-56.70

Northeast Asia

CFR northeast Asia assessment rose, tracking firmer buy-sell pricing indications.

Most regional suppliers are already sold out of July supplies, and some China-origin materials were heard indicated at the equivalent of \$1,300/tonne and up, on a CFR NE Asia basis. This formed the high-end of the assessment.

The low-end was also lifted with firmer buying indications heard and discussions were heard within the published range.

CFR Taiwan assessments were adjusted up, in line with changes in the CFR NE Asian assessments.

Monthly Contract DEL, \$/tonne	May 21	Apr 21	Mar 21	Feb 21	Jan '21	Dec '20
Taiwan FPCC	1,010	1,050	1,135	880	950	1,255

Korea YNCC	1,010	987	1,102.50	827.50	867	1,263
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East China domestic prices

Domestic prices in the yuan-denominated market rose as inventories are drawn down, and sellers turned more bullish on rosy export opportunities.

Price (CNY/tonne)	Current week	Previous week
DEL east China	9,100-9,200	8,700-8,800

Southeast Asia

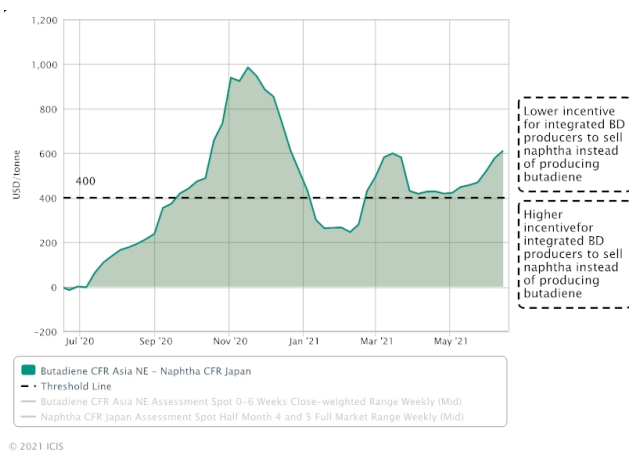
CFR SE Asia assessment was raised in tandem with changes in the CFR NE Asia prices.

A parcel was heard sold, via tender, for late July loading from Thailand, on a floating basis. Another parcel was heard sold on a fixed priced basis, at levels over the published range, but was not included in the assessment as details are not fully available.

UPSTREAM

Asia-Pacific **naphtha** prices rose in early week on the back of spot buying from South Korea and Taiwan for second-half July arrival cargoes. However, the upward pressure was in part countered by retreating global crude oil futures, along with the prospect of a build-up in west-east arbitrage flows further out.

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



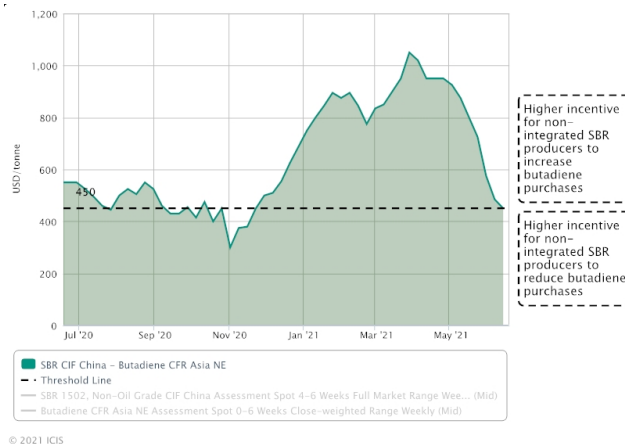
Click [here](#) for the Asia feedstocks and petrochemicals weekly summary.

DOWNSTREAM

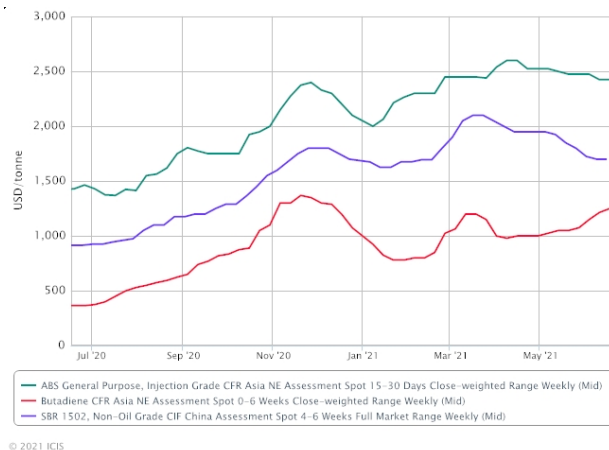
Slow buying tempo continued to dampen spot trades in Asia’s **styrene-butadiene-rubber (SBR)** market.

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

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



Asian **acrylonitrile-butadiene-styrene (ABS)** markets held steady on relatively unchanged demand-supply fundamentals.



PRODUCTION

Asian supplies may [lengthen](#) into Q3, once more new projects come on stream in northeast Asia within the second half of the year.

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

OTHER REGIONS

In the US, spot prices [rose](#) as demand continued to outpace domestic availability.

In Europe, domestic BD prices also [jumped](#) with export surge.

ANALYTICS

ICIS analyst view on styrene butadiene rubber (SBR)

Lower tyre output in Asia is expected in the summer due to slow demand, eroded margins and a regional resurgence of the coronavirus outbreak. However, SBR prices in China are expected to fall below NR prices from summer, which might make tyre producers use more SBR in place of NR due to the cost advantage.

The restart of idled plants in China is approaching. However, ICIS expects that the added production volumes will come online alongside run cuts on existing units, as firm feedstock prices and weaker demand cut into SBR margins. Variable margins have fallen below \$500/tonne, the typical threshold for producers.

Although SBR prices in the west performed better than in Asia, the unrelenting increase in container freight rates has made the arbitrage from Asia impossible. However, BD exports to North America were seen, which resulted in rising BD prices in Asia. This might underpin the SBR market in July and August.

By **Ann Sun** (ann.sun@icis.com)

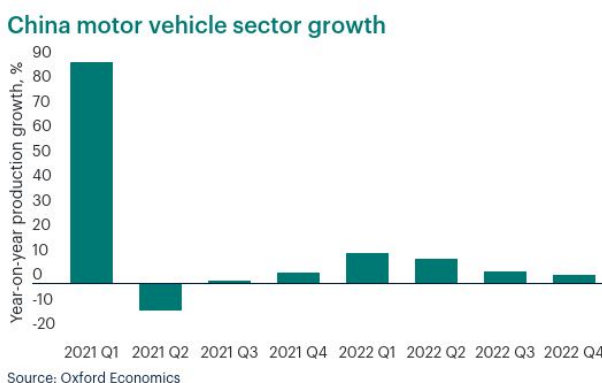
For more information about analytical content, click [here](#).

ICIS Downstream Automotive Demand Outlook

Global automotive demand remains very strong, with a shortage of used vehicles boosting demand for new vehicles. High levels of household savings, increased domestic tourism, and fear of public transport globally have also pushed up vehicle demand. However, low availability is starting to bite, with global sales slightly down month-on-month in April. Supply shocks continue to impact production of autos, affecting demand for chemicals and polymers into this market. In particular, the shortage of microchips has led to production cutbacks of over one million vehicles, record low inventories and high prices. Car producers are focusing only on most in-demand models, and juggling supply chains. Hopes of a speedy resolution to the problem now seem short-sighted. U.S. Commerce Secretary Gina Raimondo said the global shortage would be a "daily challenge" for the "next year or so."

Chinese vehicle sales in May were down month-on-month for the first time in 13 months. According to a report by CAAM (China Associate of Automobile Manufacturers) this is due to the global chip shortage and rising raw material prices. One positive sector was the strong increase in sales of new energy vehicles (NEVs), which was up 160% month-on-month. In addition, market analysts believe the country will recover from chip shortages earlier than other regions, with improved production in H2 2021. Medium-term fundamentals also remain strong, with rising income and low car ownership. This is particularly true for electrified and other NEVs as governments incentives push this market. India is suffering from renewed lockdowns, including closing plants and dealerships. Production this year is now forecast to be 9% below 2019 levels, and some 22% below 2018's record levels. Recovery in India is forecast to be slow with 2022 still below 2019 levels.

By **Jincy Varghese**, ICIS demand analyst and **Rhian O'Connor**, ICIS senior analyst



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