



Butadiene (Asia-Pacific)

By Ai Teng Lim
19-Apr-2024

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

The FOB China and CNY prices in the weekly analysis on 3 May will be based on information collated up to 30 April. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

- **Discussions stall amid inter-month trade vacuum**
- **Sellers see support from perennially tight supply**
- **But buyers resistant on nagging downstream margin concerns**

Discussions were muted in this week's Asian spot import market for butadiene (BD), in part because May trade has been mostly wrapped up, and the majority of market players are as yet reluctant to embark on June discussions.

Broadly, supply fundamentals were not much changed week on week, in that regional spot availabilities are still tight in nature. Apart from production constraints caused by protracted shortage of feedstock, regional BD output is also squeezed recently by unplanned outages and various scheduled maintenance closures in northeast Asia.

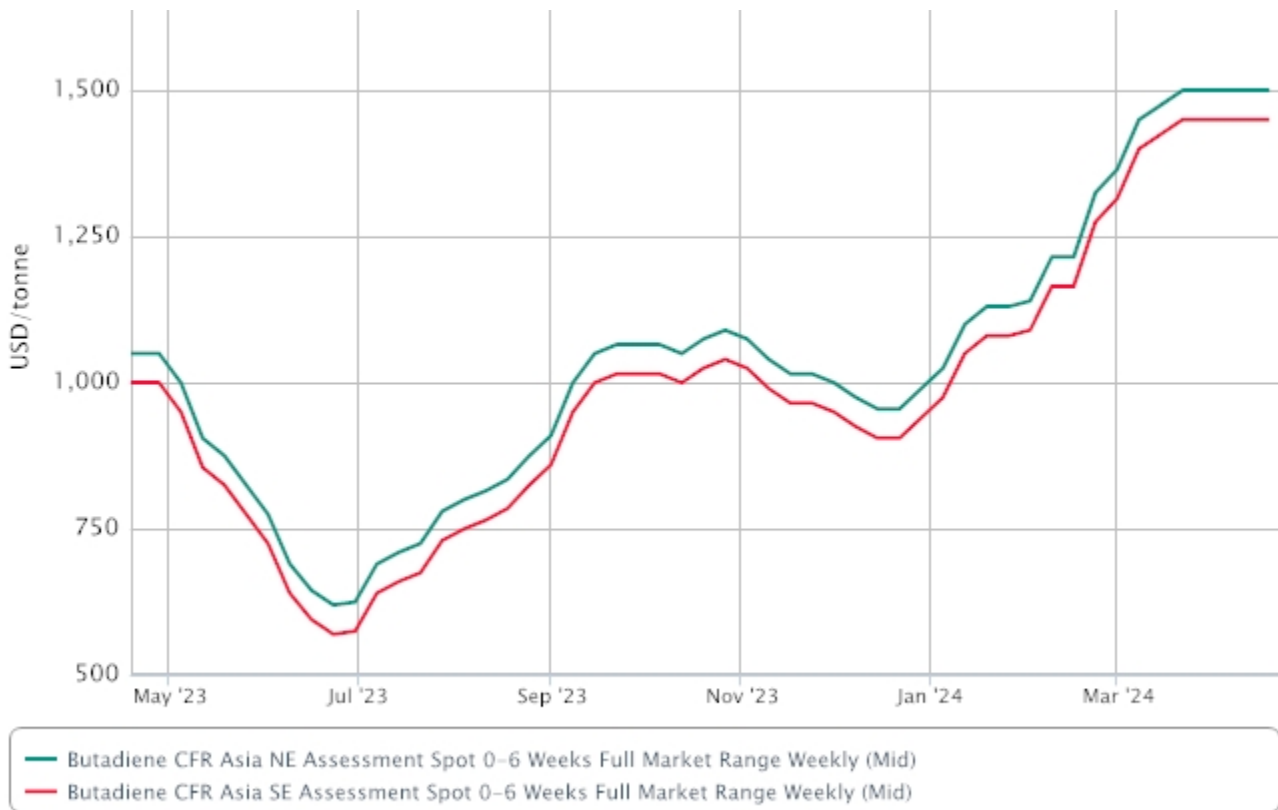
Sellers expected this snug supply balance to continue to provide pricing support, and as such held firm to their existing selling targets, even if buyers' response to these were muted this week.

From the buy-side, downstream margin concerns continue to weigh on pricing appetite, with many end-users resistant to forking out more for feedstock BD cargoes.

Many were also concerned that the near-term outlook for macroeconomic wellbeing is clouded by a mixed bag of positive and negative indicators. For instance, in China, the country's [PMI](#) rose in March, signalling potentially vibrant downstream operations, but its [ratings outlook](#) was downgraded as debts piled up and this dented consumer sentiment.

As such, buyers said that they would rather not rush into fresh procurement decisions until they have more clarity.

1,750



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OUTLOOK

- Fresh [Mideast concerns](#) to weigh on sentiment
- Uncertainty to deepen with [volatility](#) in the crude market
- Players likely to remain cautious and buy-sell gap may widen

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	n/c	1430.00-1470.00	n/c	1410.00-1450.00	64.86-66.68
CFR NE Asia	USD/tonne	n/c	1450.00-1550.00	n/c	1450.00-1550.00	65.77-70.31
CFR SE Asia	USD/tonne	n/c	1400.00-1500.00	n/c	1400.00-1500.00	63.50-68.04

China

FOB China assessments are rolled with range-bound discussions.

Several parcels were heard changing hands at levels around the midpoint of the published range, purportedly for early May lifting and shipment to South Korea, market sources said.

Domestic ex-tank prices in east China fluctuated in the week, but ended firmer than the close of business in the week prior.



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Northeast Asia

CFR NE Asian assessments held steady, taking into account rangebound buy-sell indications and in the absence of fresh transactions.

Most end-users have covered their May requirements, and there was also no fresh spot availability surfaced in the week, except for several China-origin cargoes. But the latter were mostly traded on FOB basis, and not on CFR NE Asian terms.

Discussions for June shipment materials are expected to pick up more pace in the coming weeks.

Monthly Mar 24 Feb 24 Jan 24 Dec 23 Nov 23 Oct 23
 Contract
 DEL, \$/tonne

Taiwan FPCC	1,348	1,135	1,020	910	955	995
Korea YNCC	1,405	1,165	1,070	945	1,000	1,035

Southeast Asia

CFR SE Asia assessments are unchanged with stable CFR NE Asian assessments.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

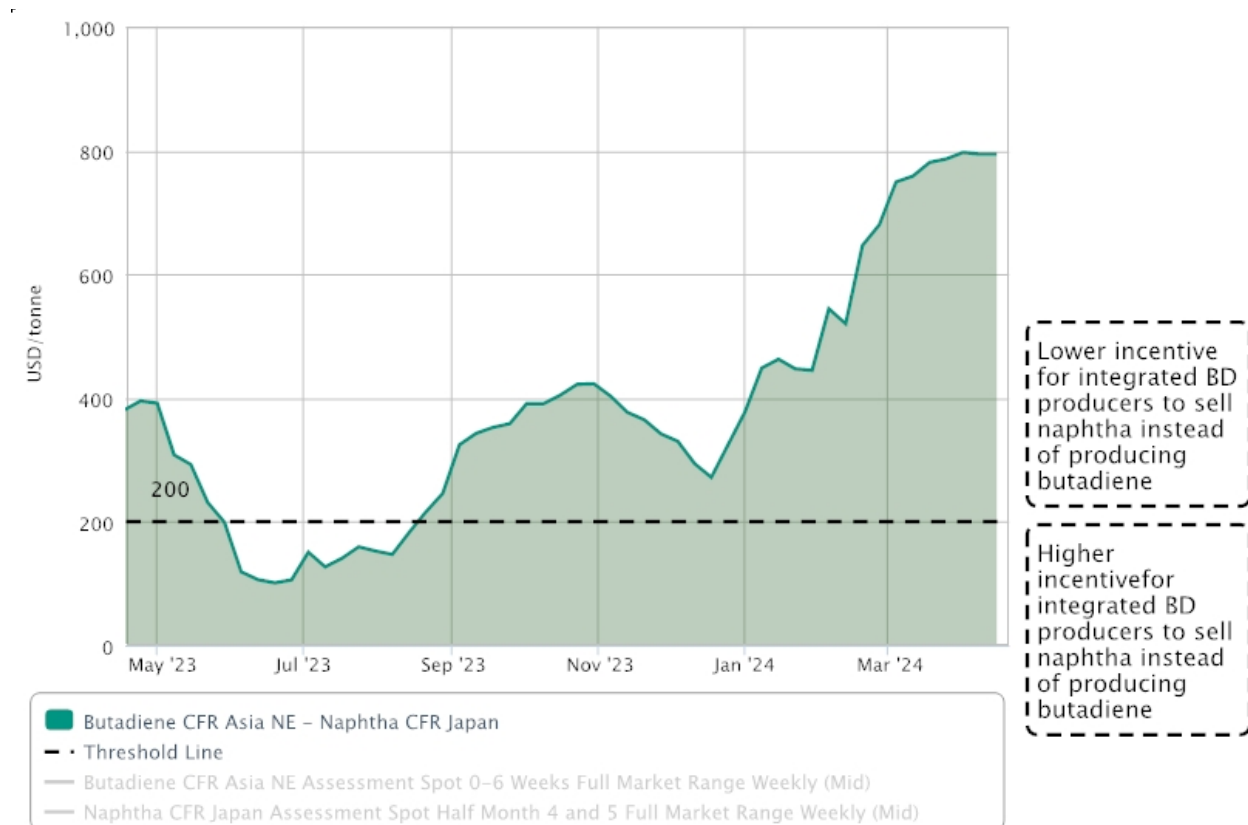
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	-100	11500-11700	n/c	11400-11400	-

UPSTREAM

Naphtha

- Crack spread on 18 Apr at two-week high as crude eased below \$90/barrel
- Escalating Mideast tensions give buyers jitters
- Buyers concerned that May-arrival arb cargoes may be affected

[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.

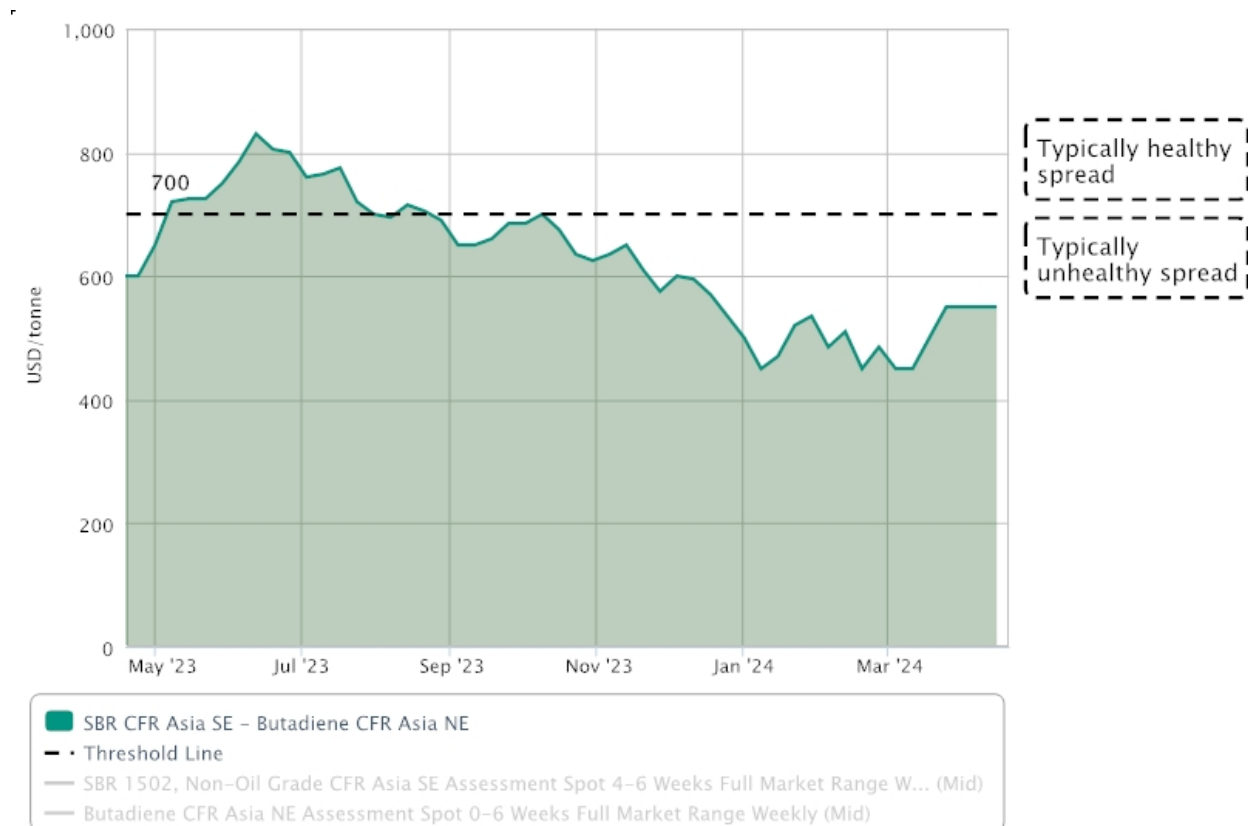
DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Buy-sell tussle intensifies gulf
- Demand picture murky
- But offers steady on cost push factor

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

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

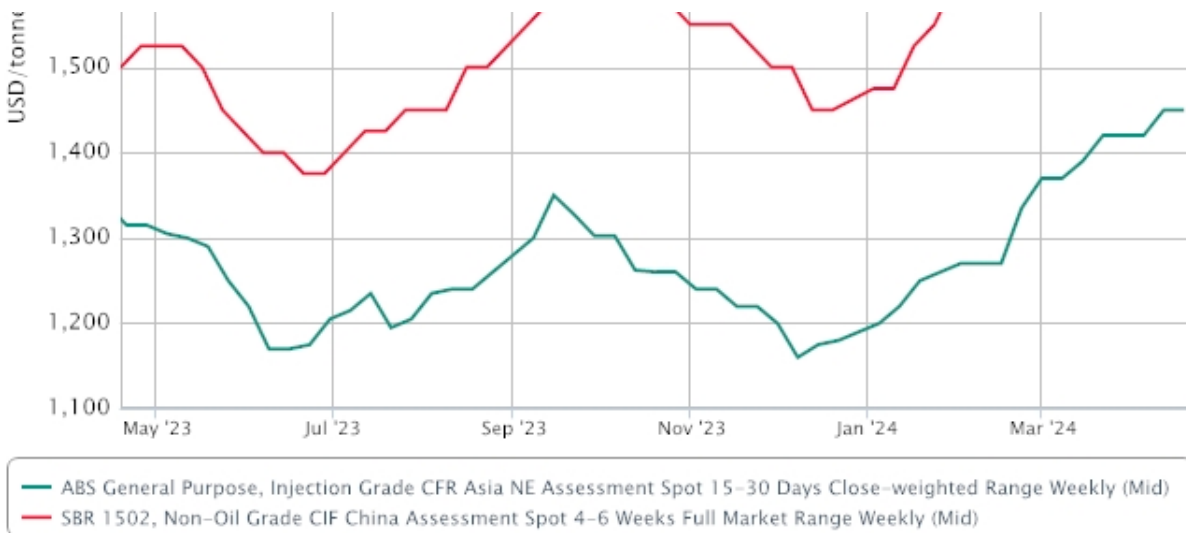


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Acrylonitrile-butadiene-styrene (ABS)

- Import prices stable in NE Asia, India
- SE Asia prices fall as demand struggles to keep up with recent cost surge
- Sellers focus on offloading volumes amid recent improved margins





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PRODUCTION

BD supply is tightened by a heavy wave of planned and unplanned plant closures across Asia.

In northeast Asia, several plants in [Japan](#) and [China](#) are undergoing maintenance, affecting cumulatively over 500,000 tonnes/year worth of production capacity. In addition, there is an unplanned outage in southeast Asia, in the form of an extended [closure](#) of a 110,00 tonnes/year unit in Vietnam.

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

OTHER REGIONS

Europe

- No change week on week – tight supply, demand balance prevails
- Maintenance begins, other units remain constrained
- Domestic demand stable, some demand for export as Asia, US remain firm
- Spot volumes discussed, some wider variation on prices
- News of permanent cracker, derivatives closures

US

- Spot prices firm alongside ongoing tight supply
- Demand healthy enough to prompt spot demand
- Pressure expected into May

ANALYTICS

ICIS downstream outlook for the automotive sector

Sustainability is important, but so is being competitive. That was the sentiment expressed in a recent interview with Harald Seidel, director general of the European Automobile Manufacturers' Association (ACEA) and CEO of DAF Trucks. The automotive outlook for 2024 remains concerning as uncertainty remains at unprecedented levels, presenting challenges for both decision-making and risk management, especially in the context of the transition to electric vehicles.

According to the US Census Bureau, US light vehicle sales decreased by 1.3% month on month in April, with total sales of 15.5 million units (up by 3.7% year on year and down by 10.1% on the same period in 2019). Macroeconomic stressors continue to weigh heavy on automotive demand. Another challenge affecting the US auto industry is the impact of the Baltimore bridge disaster, which will lead to significant trade disruptions.

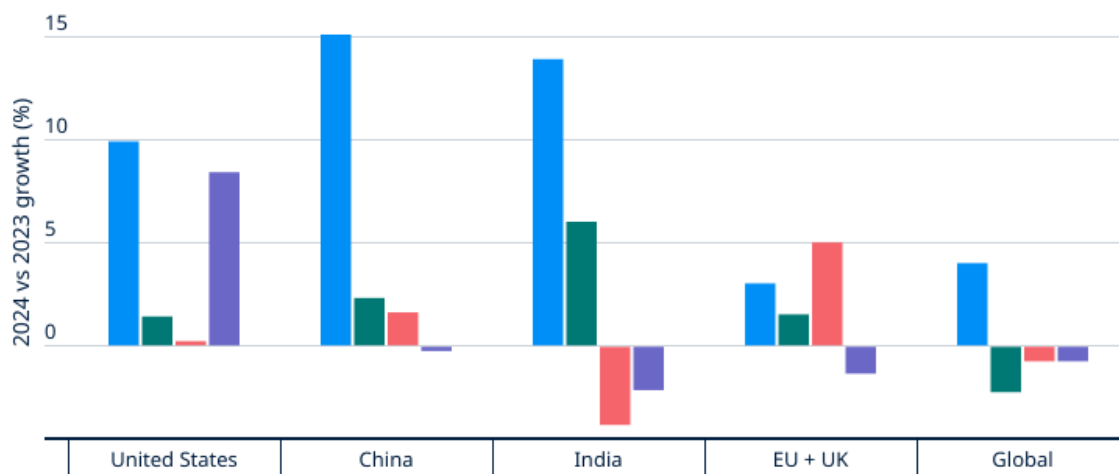
In an automotive round table discussion held earlier this month, 13 original equipment manufacturer CEOs met EU commissioner for climate action Wopke Hoekstra to discuss the future of the sector in the region. Car manufacturers are committed to decarbonization and are making appropriate investments. The group urged support from the government in the form of charging and hydrogen refilling infrastructure, a sufficient supply of critical raw materials, better access to finance, and market incentives. According to ACEA, EU passenger car registrations decreased by 5.2% year on year in March. The fall is primarily attributed to reduced activity because of Easter holidays. The association further reports that Germany posted the biggest decline, with -6.2%, followed by Spain (-4.7%), Italy (-3.7%), and France (-1.5%).

China is doubling down on its investments in electric vehicles. According to the Rhodium Group's China Cross-Border Monitor, Chinese outbound foreign direct investment (OFDI) is booming. Although investment in both mergers and acquisitions (M&A) and greenfield projects were down 5% in 2023 year on year (2022 did exceptionally well), the independent research group further reports that approximately 80% of the total investments were battery manufacturing related.

By **Jincy Varghese**, ICIS demand analyst, jincy.varghese@icis.com

Motor vehicle sector growth by region

2024 vs 2023



● Q1 ● Q2 ● Q3 ● Q4

SOURCE: Oxford Economics

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