



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.

ICIS plans to discontinue the CFR Taiwan spot assessment from 2 February 2024, as import trade in this market would already be considered for assessment purposes in the CFR NE Asia quote. For any queries, please contact aiteng.lim@icis.com.

ICIS plans to bring forward the close of the assessment window to 13:00 hours Singapore/Shanghai time on 9 February. The China prices will not be assessed in the weekly analysis on 16 February. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

- **Offers well supported amid snug supplies**
- **But buying tempo receding**
- **Demand down with compressed downstream margins**

Discussions in this week's Asian spot market for butadiene (BD) edged up further, supported by [bullish selling indications](#).

Regional BD producers chased higher targets, and their confidence was bolstered by sustained limitation of spot availabilities.

They also perceived demand support as reasonably healthy in various regional outlets, as they expected end-users there, many of whom have organically low BD inventories, would have to keep procuring spot material to avoid disruption to their downstream operations.

But in reality, buying tempo has slowed down substantially this week, compared to the week prior.

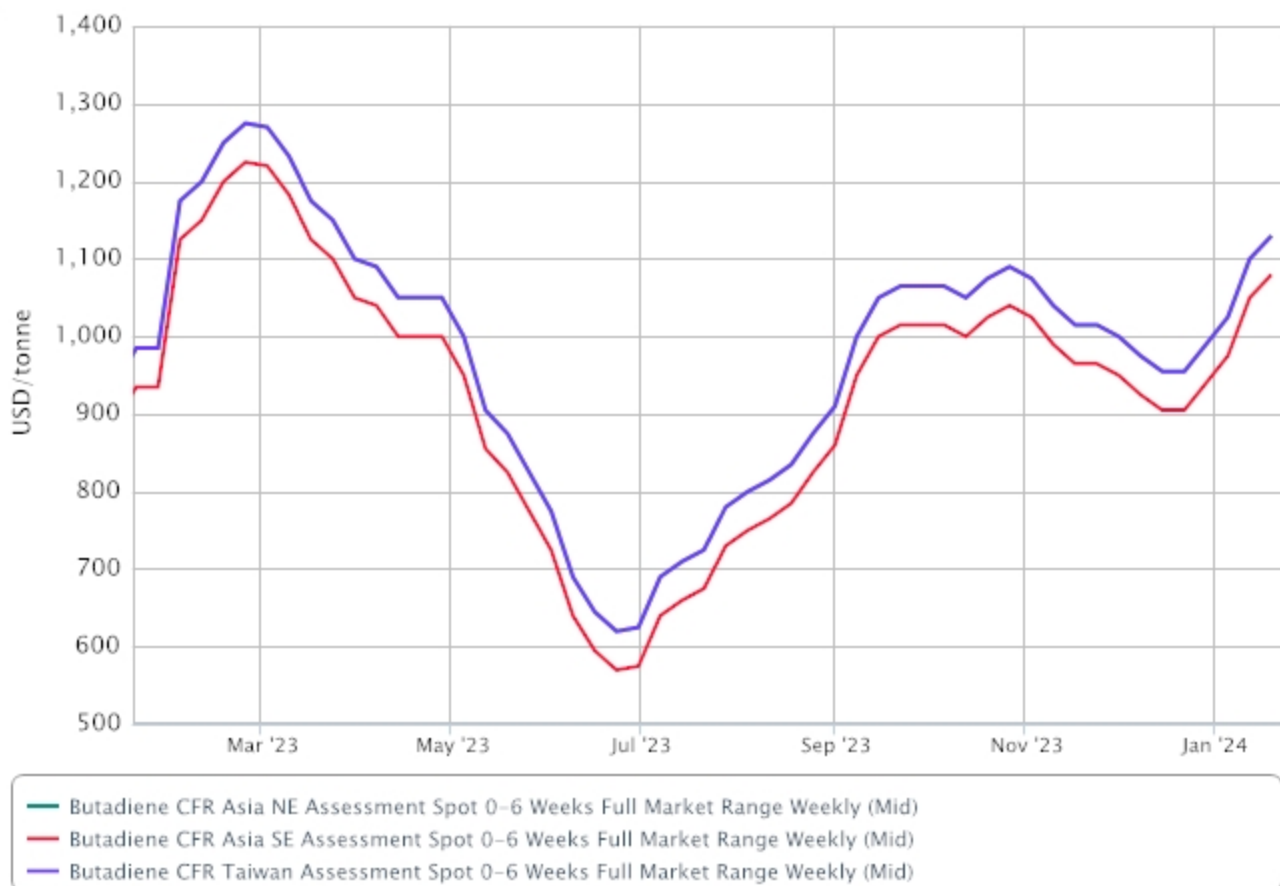
For one, a sell tender floated this week drew fewer responses than a similar one floated last week, market sources said.

Many end-users said that they will retreat and redeliberate, as BD prices have risen to levels beyond their affordability.

The end-users are instead focused on enhancing sales of their own finished products to alleviate compressed margins, but if these efforts fail to pick up sufficient momentum, they may have to cut their plant operating rates

instead to rein in overall feedstock cost outlay, market sources said.

End-users also have a different view, from BD producers, of the supply balance in Asia. Many are hopeful that deep-sea cargoes will continue to flow to Asia, notwithstanding potential freight challenges stemming from the ongoing [Red Sea tensions](#). If so, the arbitrage cargoes could plug regional supply gaps, and they need not rush to buy yet, market sources said.



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OUTLOOK

- Regional output expected to stay snug in the near term
- Deep-sea shipment, if continued, could help ease regional shortfall
- But demand will also hinge on [derivative market outlook](#)

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	+20	1080.00-1120.00 0	+20	910.00-980.00	48.99-50.80

CFR NE Asia	USD/tonne	+30	1080.00-1180.00 0	+30	930.00-980.00	48.99-53.52
CFR Taiwan	USD/tonne	+30	1080.00-1180.00 0	+30	930.00-980.00	48.99-53.52
CFR SE Asia	USD/tonne	+30	1030.00-1130.00 0	+30	880.00-930.00	46.72-51.26

China

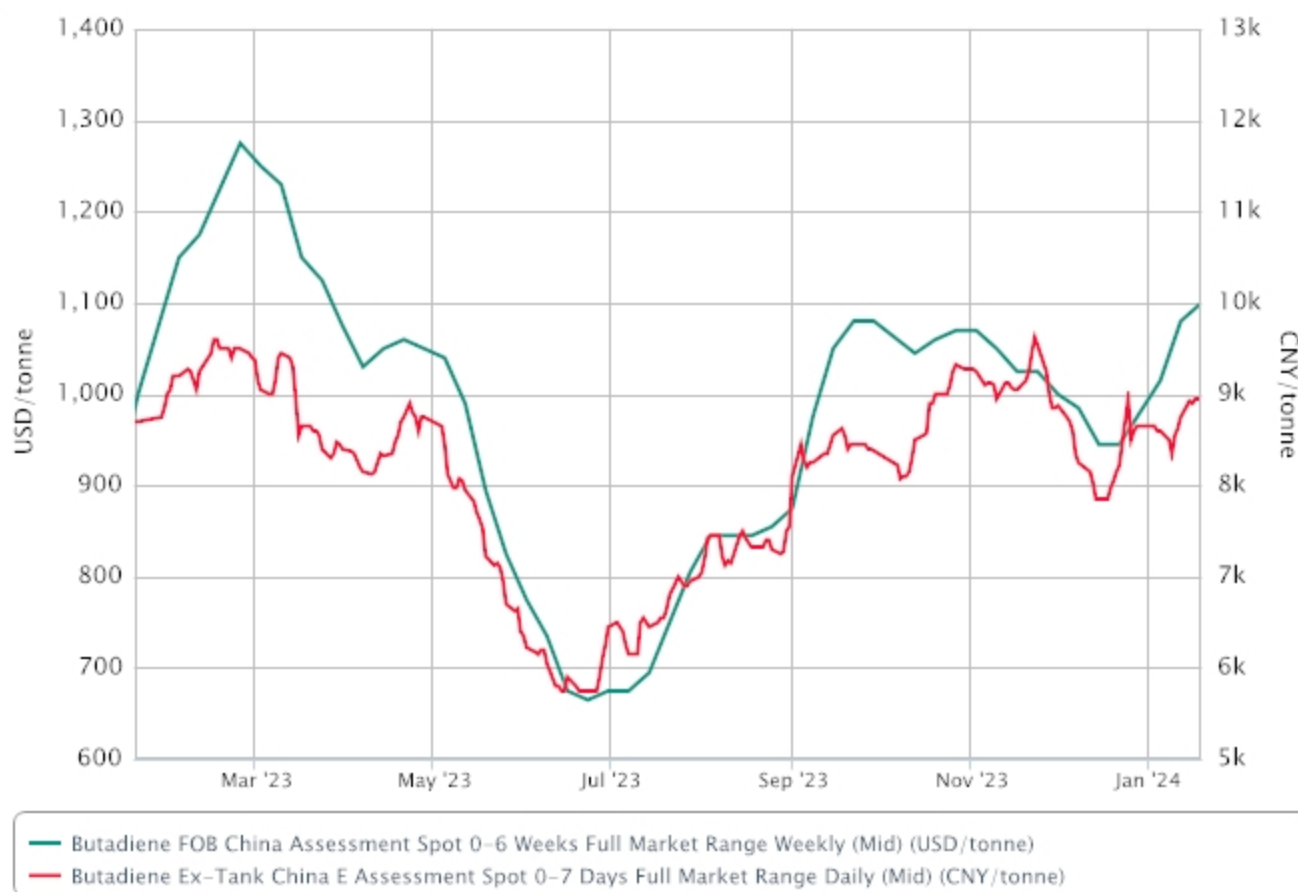
FOB China discussions were firmer, and the high end of the range tracked the lowest offer heard.

The low end reflected a bid heard.

But negotiations were non-conclusive, in view of the buy-sell gap.

In China, domestic ex-tank China prices started the trading week on a stronger note, and a major local producer raised its domestic list price by yuan (CNY) 200/tonne on 16 January, just several days after a similar revision.

Towards the end of the trading week, yuan-denominated ex-tank prices eased slightly but settled overall at levels still higher than the close of business in the week prior.



Northeast Asia

CFR NE Asian prices were up at the high end of the range tracking selling indications for several China-origin cargoes at the high \$1,000s/tonne CFR NE Asia and above.

But there were no concrete transactions on a fixed-price basis, and many players continued to revert to formula-based negotiations to sidestep differences on fixed-price trades.

A southeast Asia-origin cargo available to lift in H2 February was sold this week, via tender, on formula-based terms.

Market sources said that the deal was likely closed, on an FOB Southeast Asia basis, at a low-to-mid two-digit discount to CFR NE Asia quotes.

Otherwise, for potential buyers in the key import markets of China, Taiwan and South Korea, buying indications for February shipment, while up slightly from last week, hovered in the high \$1,000s/tonne to low \$1,100s/tonne CFR NE Asia range, for shipment to different NE Asian destinations.

The low end of the range was lifted to capture the full spectrum of buy-side indications for shipment to different NE Asian outlets.

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

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

Southeast Asia

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

There were no discussions on CFR SE Asian terms, but a February-lifting SE Asia-origin cargo was sold via tender in the week, purportedly for shipment to NE Asia.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

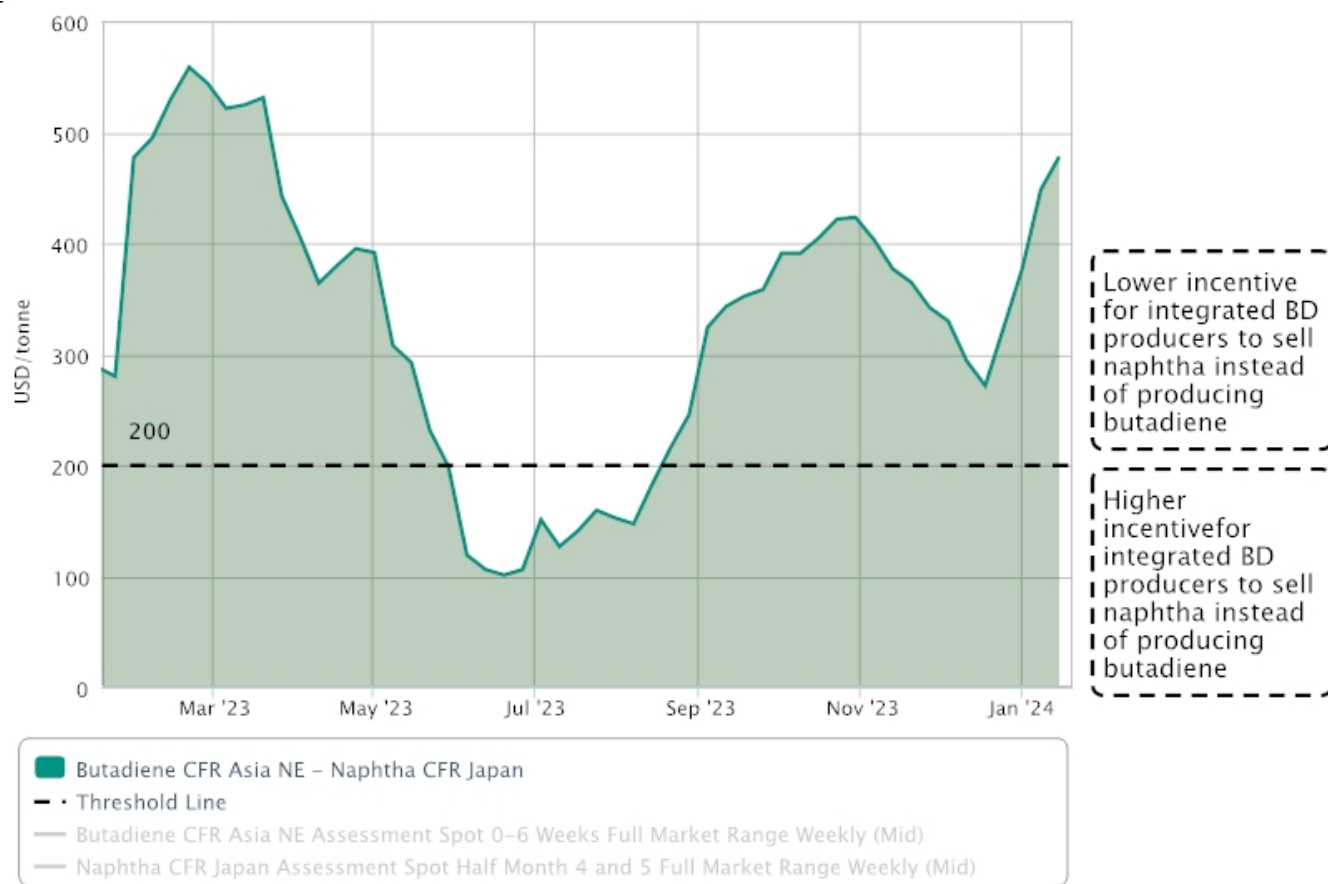
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	-100	8800-8900	-100	8700-8800	-

UPSTREAM

Naphtha

- Naphtha intermonth spread holds firm on tight supply
- Higher incoming western arb volumes in Jan to be countered by lower Mideast cargoes
- Ongoing Red Sea tensions add to supply concerns

[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)

- Offers up with upstream gains
- Limited spot availabilities provide some support
- Buyers resistant to higher asking prices

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

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

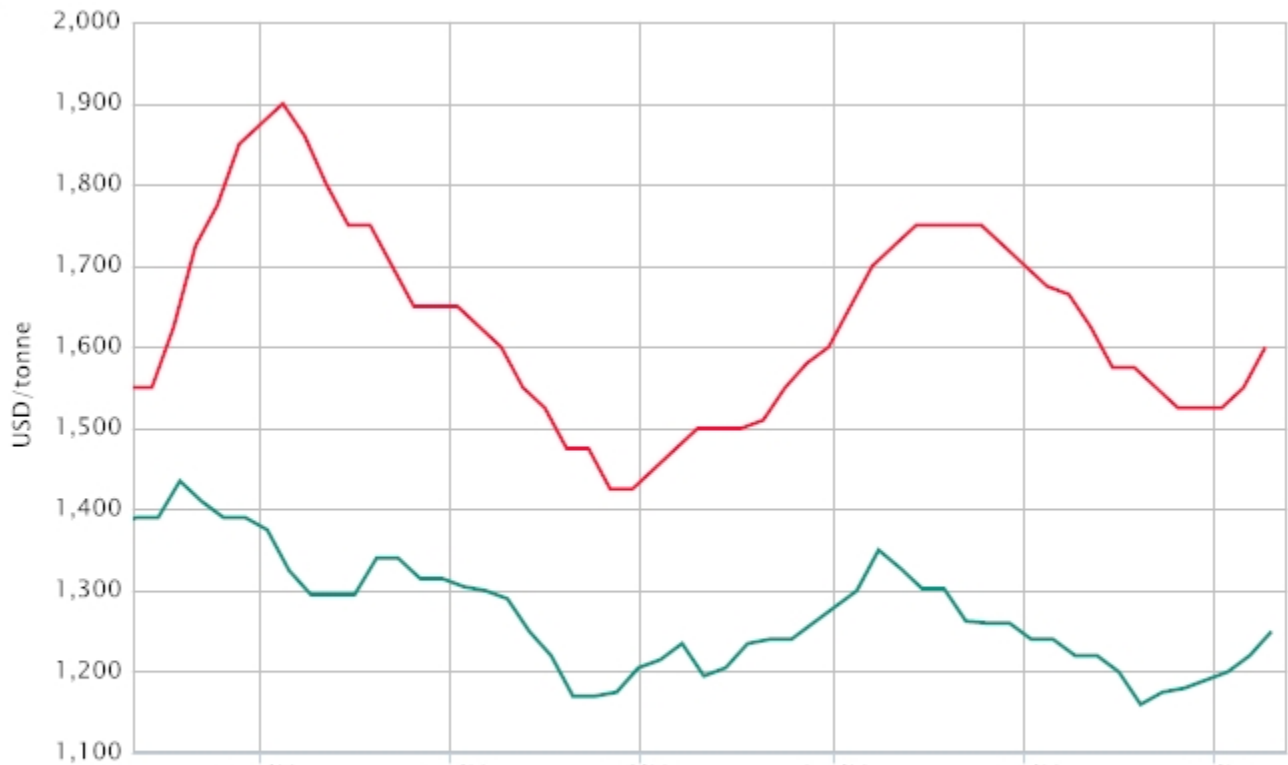




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Acrylonitrile-butadiene-styrene (ABS)

- CFR NE Asia uptrend continues for third week
- Upstream surge outweighs slow end-use
- Actual trades subdued as higher offers fail to attract buying interest



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 CFR Asia SE Assessment Spot 4–6 Weeks Full Market Range Weekly (Mid)

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PRODUCTION

BD supply balance remains tight amid ongoing plant closures, including a 130,000 tonne/year unit in Taiwan that is currently [off-line](#) for a two-month-long maintenance, as well as two [units](#) in Beijing, with a total nameplate capacity of 135,000 tonnes/year, that have been down since H1 January for unscheduled servicing.

But there is some respite after a 130,000 tonne/year unit in China's Jiangsu province was [restarted](#) around 12 January following a near-month-long unplanned outage.

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

OTHER REGIONS

Europe

- Supply constrained due to cracker, BD unit issues
- Demand up from December on restocking, no structural changes
- Little to no spot discussion due to supply limitations, no Asian arbitrage

US

- Supply sufficient despite outage in January
- US export on horizon in February
- [US Gulf expects minimal impacts from freezing weather](#)

ANALYTICS

ICIS downstream outlook for automotive

Two key things to watch out for in 2024 are smart mobility and transport-related greenhouse gas emission goals. The global automotive industry is not out of the woods yet - and is still struggling to make up for pre-pandemic losses. Factors weighing on business include supply-chain disruptions and structural changes in demand. Some of the weakness predates the COVID-19 crisis on the back of global environmental concerns. Short- to medium-term demand still looks gloomy due to an expected fall in disposable incomes.

According to the US Census Bureau, US light vehicle sales decreased by 0.8% month on month in November with total sales at 15.3m units. The finished inventory to sales ratio - calculated by dividing inventory by sales - increased to 1.312 in November from 1.134 in October. 2023 was a challenging year for the US automotive industry because the United Auto Workers (UAW) strike seriously disrupted production. Although a resolution has been reached, vehicle prices will increase given a background of chronically weak demand and high costs.

In Europe, high inflation, slumping consumer confidence and tighter monetary policy will weigh on consumer demand for vehicles. According to the European Automobile Manufacturers' Association (ACEA), EU passenger car registrations decreased by 3.3% in December 2023 compared with same month in 2022. The fall was blamed on a high baseline performance in December 2022. However, for 2023 as a whole, car registrations were up 13.9%. Italy, Spain and France were the best performing countries with growth of 18.9%, 16.7% and 16.1% respectively. Germany, on the other hand, posted growth of just 7.3%. As reported last month, one point of contention for original equipment manufacturers (OEMs) in Europe is the looming Rules of Origin (ROO) January 2024 deadline – where a 10% additional tariff on electric vehicles will be applicable on exports for vehicles with less than 40-45% non-originating components. OEMs have argued against this citing a severe impact on domestic competitiveness. As a result, the European Commission is seeking a three-year extension to current rules of origin for batteries under the EU-UK Trade and Cooperation Agreement (TCA), a move that has been widely welcomed by the industry.

The outlook for Asia's automotive industry is mixed. A primary growth driver for the sector will be the increasing penetration of car ownership. This is particularly true of electrified and other new energy vehicles after government incentive schemes. In India, inflation and tighter monetary policy will weigh on demand, but after an improvement in consumer sentiment in December, the Federation of Automobile Dealers Associations of India (FADA) said: "With this resurgence in consumer confidence, the forecast for 2024 is decidedly optimistic."

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