



Butadiene (Asia-Pacific)

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

OVERVIEW

- **China presses on with [exports](#)**
- **Some small pockets of short-covering buying boosted sell-side sentiment**
- **Longer-term demand outlook unclear**

Sentiment is mixed in this week's Asian spot import market for butadiene (BD), amid divergent buy-sell views in different regional outlets.

There is some buying interest in Japan, stemming from gaps created by upstream production hiccups, market sources said.

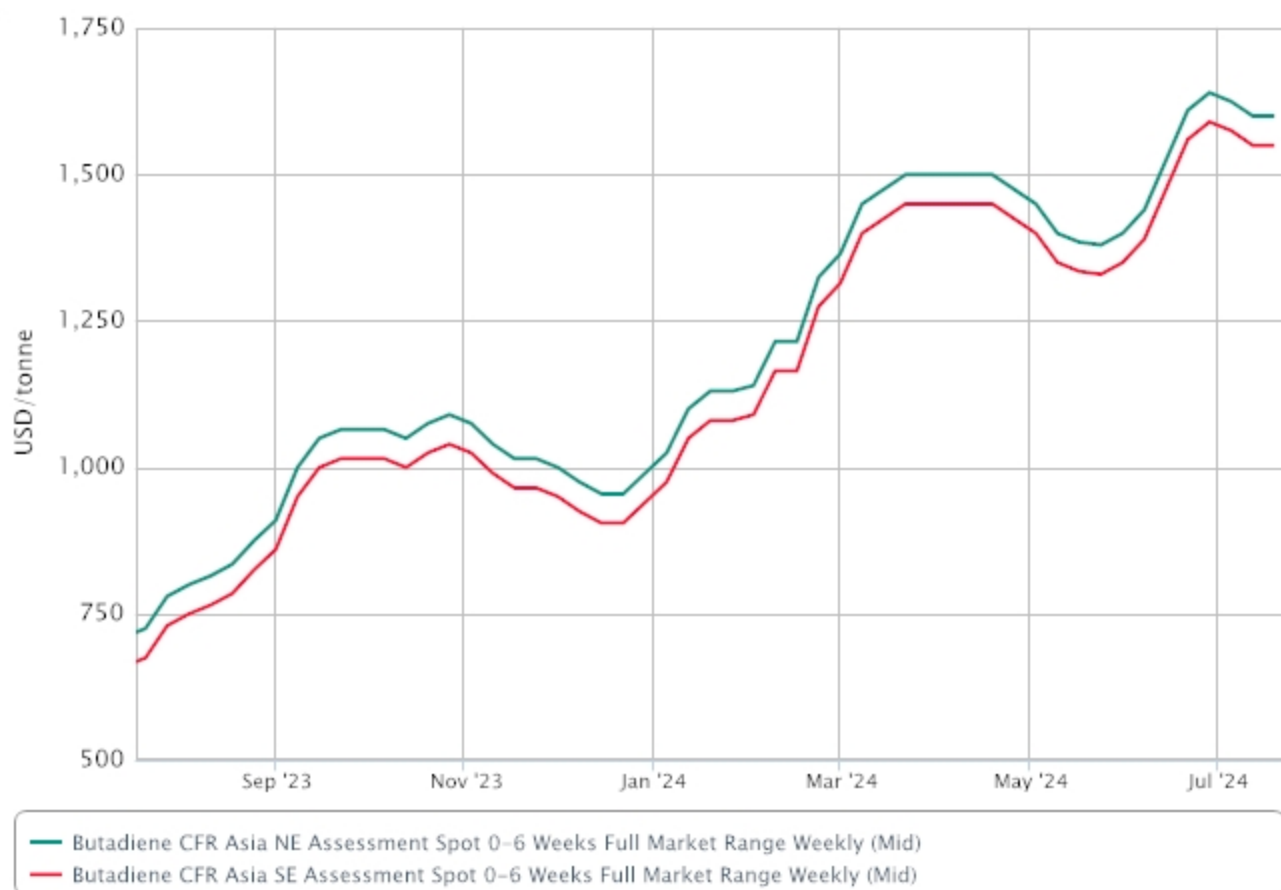
Although only select suppliers could tap on the buying opportunities in Japan, given the latter's stringent and unique requirements and conditions, potential spot BD sellers believe that this would only draw down on the limited pool of regional spot availabilities and therefore help shore up their existing offers, even if these had not drawn enthusiastic responses from buyers in other regional outlets.

Several sellers emerged to market regional cargoes for August shipment, including material from China, as well as southeast Asia-origin volumes.

The sellers held fast to firm selling targets, drawing reference from what they perceived as very bullish outcome for the Japan-bound trades.

However, buy-side response was muted and dull in many other regional outlets. The majority of end-users in South Korea and Taiwan has already covered the bulk of their August requirements from prior purchases, and were not keen to commit to fresh bookings unless prices are attractive.

Many believed that regional supplies will lengthen going forward, once some [regional outages](#) are lifted and/or if deep-sea cargoes continue to flow towards Asia. They wanted to wait and see, and downstream demand may also be weighed down once the heavy seasonal wave of annual maintenance kicks in in late Q3/early Q4 in the synthetic rubber sector, market players said.



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OUTLOOK

- [July demand outlook](#) generally shaky
- Snug supply to keep selling expectations elevated
- Buy-sell gap likely to widen

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

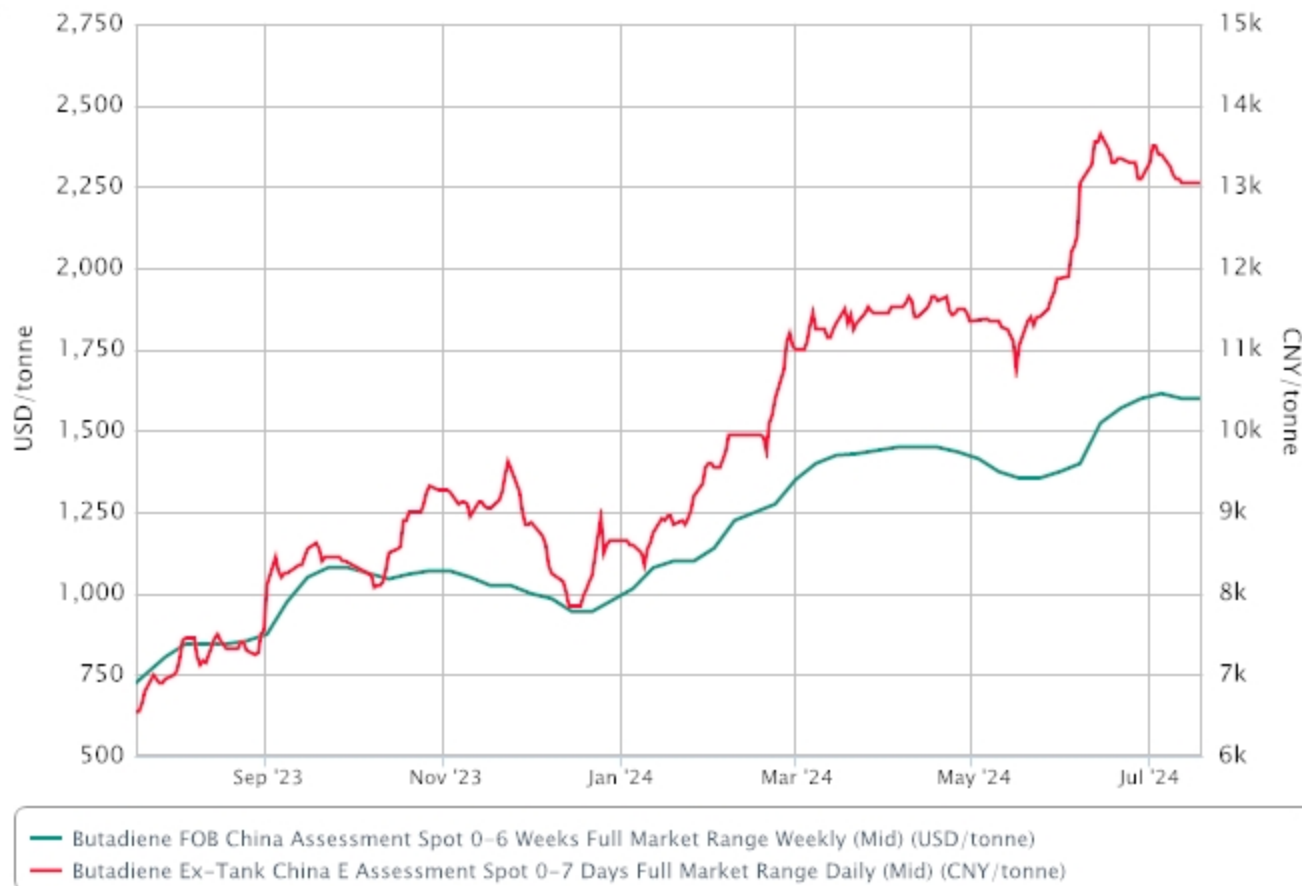
| | | | Price Range | | Four Weeks Ago | US CTS/lb |
|--------------------|-----------|-----|-----------------|-----|-----------------|-------------|
| Butadiene | | | | | | |
| FOB China | USD/tonne | n/c | 1590.00-1610.00 | n/c | 1500.00-1640.00 | 72.12-73.03 |
| CFR NE Asia | USD/tonne | n/c | 1550.00-1650.00 | n/c | 1520.00-1700.00 | 70.31-74.84 |
| CFR SE Asia | USD/tonne | n/c | 1500.00-1600.00 | n/c | 1470.00-1650.00 | 68.04-72.57 |

China

There was active discussions on FOB China trades, with at least one August-loading parcel changing hands at the mid-point of the current published range

FOB China assessments held steady as such, with selling indications heard at the high-end and above.

Domestic China prices were broadly flat for the trading week.



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Northeast Asia

Sentiment is mixed in the CFR NE Asian market, even if there was neither much concrete discussions nor transactions conducted on CFR NE Asian terms.

On account of a FOB China transaction heard closed in the week, sellers held expectations of no less than the published high-end for CFR NE Asian trades, if there were any discussions or negotiations on this front.

A southeast Asia-origin cargo available to lift late August was also floated for tender sales in the week. The outcome is not available by press time, but it drew bids of around mid-\$1,500's/tonne, on CFR NE Asia basis, market sources said. This dovetails with the published low-end of CFR NE Asian assessments.

2,000 tonnes of NE Asia-origin volumes were sold for August shipment to Japan, on an FOB South Korea basis, at over \$1,700/tonne. This was not included for CFR NE Asian assessment, as the trade was done on a different incoterm, and the consensus view among market players were also that this was not reflective of mainstream

market as the trade may entail unique conditions that only select players could meet.

| Monthly Contract DEL, \$/ tonne | Jun 24 | May 24 | Apr 24 | Mar 24 | Feb 24 | Jan 24 | Dec 23 | Nov 23 |
|---------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Taiwan FPCC | 1,395 | 1,355 | 1,415 | 1,348 | 1,135 | 1,020 | 910 | 955 |
| Korea YNCC | 1,493 | 1,390 | 1,450 | 1,405 | 1,165 | 1,070 | 945 | 1,000 |

Southeast Asia

CFR SE Asia assessments is unchanged in line with with stable CFR NE Asian assessments.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

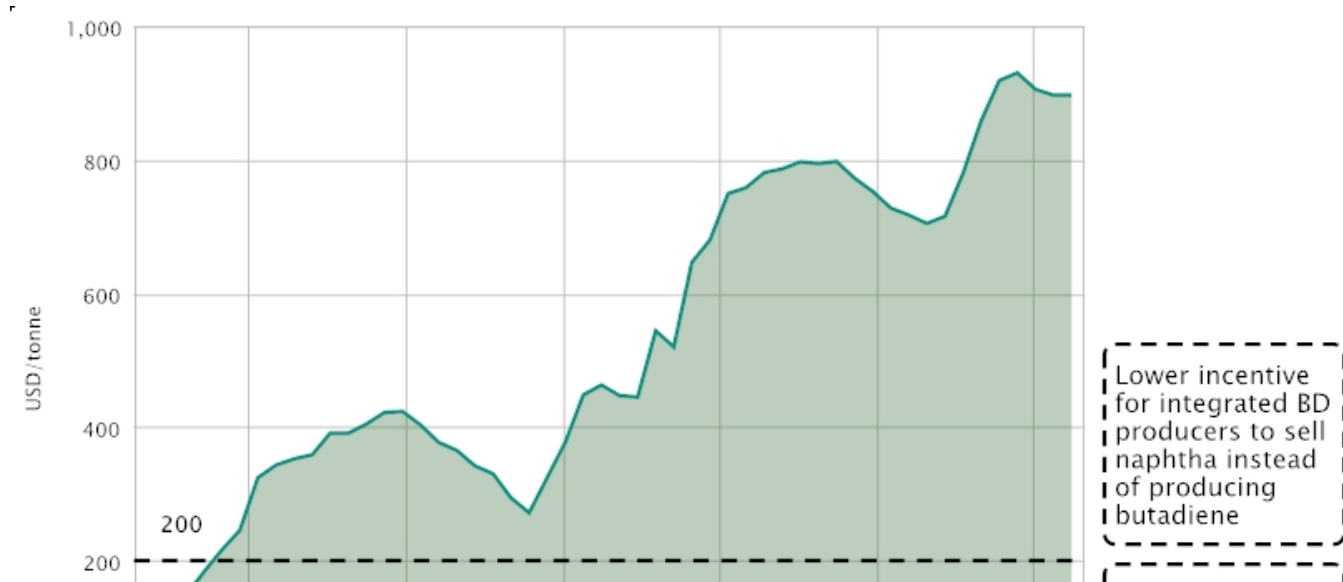
| | | | Price Range | | One Week Ago | / |
|------------------------|-----------|-----|-------------|-----|--------------|---|
| Butadiene | | | | | | |
| Ex-Tank E China | CNY/tonne | n/c | 13000-13100 | n/c | 13000-13100 | - |

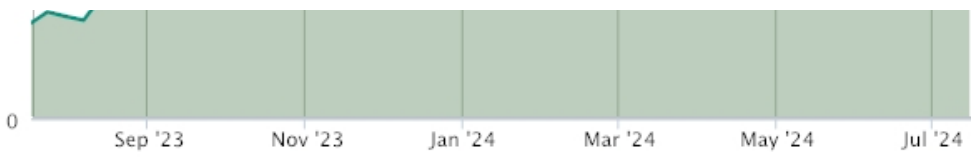
UPSTREAM

Naphtha

- Active cash deals this week with Total being the main seller
- Brisk cash trades reflect pressure to sell; not entirely demand-driven
- Intermonth spread on 18 Jul down nearly 41% vs start of month

[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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DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Discussions in stalemate
- Offers steady amid cost considerations
- But upstream losses weigh on buying appetite

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

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



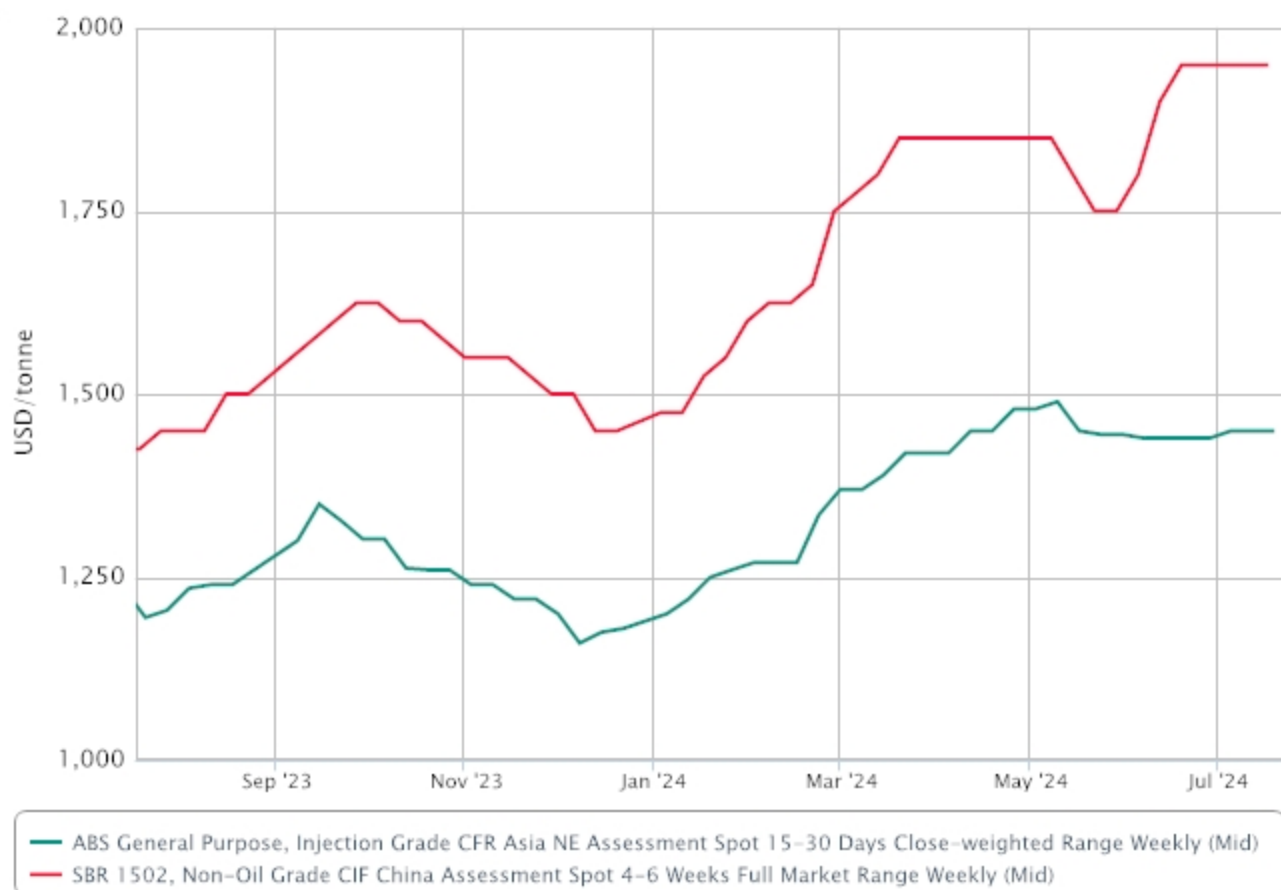
Typically healthy spread
Typically unhealthy spread



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Acrylonitrile-butadiene-styrene (ABS)

- Import prices stable-to-soft across Asia
- Sellers surprised by positive margins last week
- Overall sentiment remains sluggish from poor demand



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PRODUCTION

In wider Asia, a [162,000 tonnes/year unit](#) in Taiwan will shut in August for maintenance, but another [109,000 tonnes/year unit](#) at the same site, which has been shut since March, will restart in September.

A 110,000 tonnes/year unit in [Vietnam](#), which shut since late February, has yet to restart, market sources said.

In China, a 100,000 tonne/year unit in [Panjin](#) started a 50-day maintenance from early July, while a 50,000 tonne/year line in [Shandong](#) went offline for about a week in H1 July for unplanned weather-related repairs, market sources said.

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

OTHER REGIONS

Europe

- No change to firm fundamentals week on week
- Spot activity lacking with July volumes already committed
- Export demand still evident but Asia pricing more fragile
- Small restart delay at a Netherlands BD unit

US

- [Hurricane Beryl leaves path of destruction along the Texas Gulf Coast](#)
- US BD spot prices slightly elevated following Hurricane Beryl
- BD producers running on reduced rates on feedstock allocation struggles

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