



Butadiene (Asia-Pacific)

By Ai Teng Lim
22-Mar-2024

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

All prices in the weekly analysis on 29 March will be assessed based on information collated up to 28 March, with the exception of Chinese domestic yuan (CNY) quotes. The FOB China and CNY prices in the weekly analysis on 5 April will be based on information collated up to 3 April. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

- **Regional supply tight, supporting bullish selling expectations**
- **Some signs of fresh deep-sea import availabilities**
- **But downstream margin worries weigh on buying appetite**

Discussions for Asian spot imports of butadiene (BD) remain under upside pressures, amid an ongoing [crunch](#) in regional supplies.

There are already a number of planned Q2 turnarounds in NE Asia, and in SE Asia, a plant is also similarly expected [to shut](#) for servicing in May, in tandem with planned turnaround of its upstream cracker, market sources said.

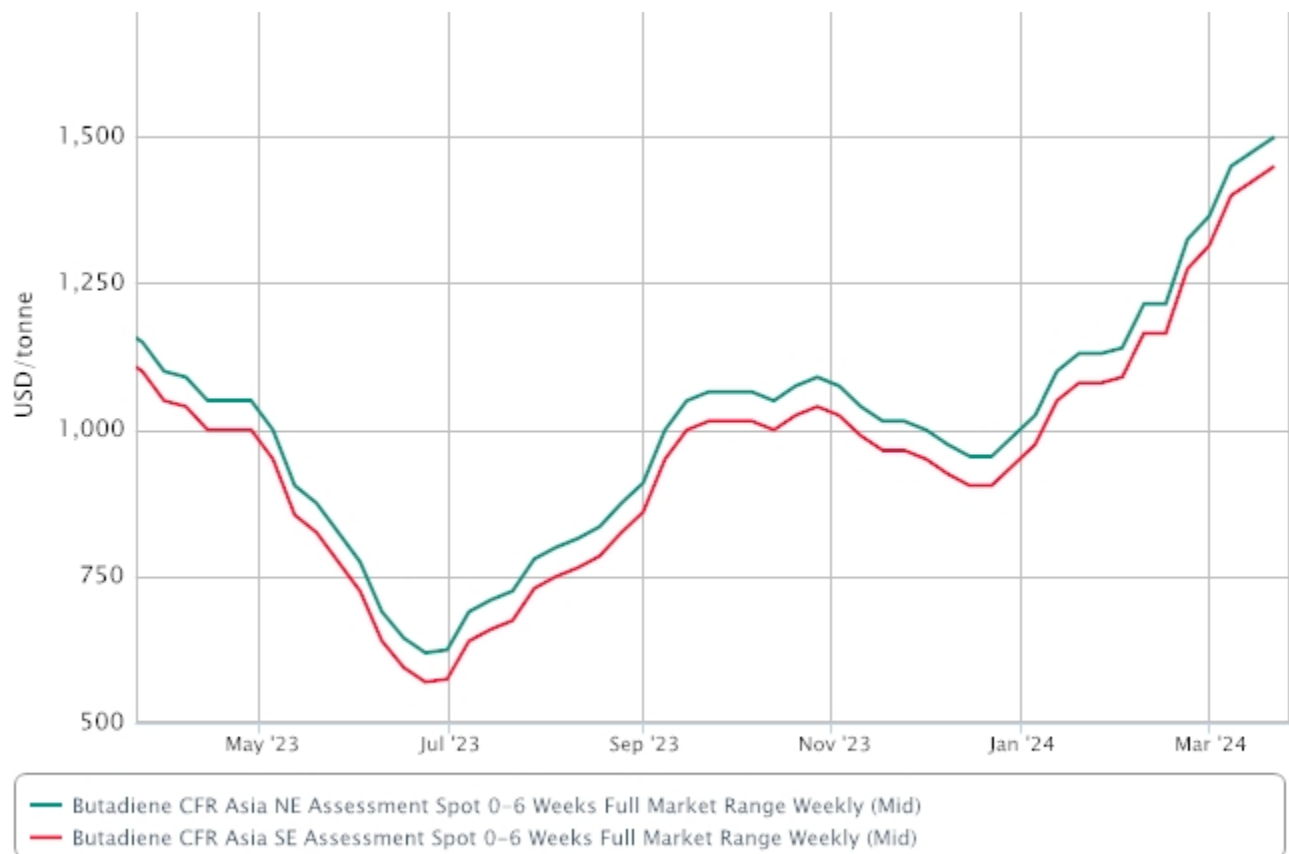
Amid this, coupled with other prior BD outages in SE Asia, even SE Asia-based end-users, many of whom usually do not procure on a spot basis as they are amply by contractual supplies, were heard also on the look-out for additional spot cargoes for May shipment and arrival, market sources added.

But because of lingering concerns about derivative market performances, end-users are generally still hesitant to bid up at will, and spot trade liquidity is dented as such.

Nonetheless, sell-side sentiment held firm, and the majority of sellers were confident that they could wait until buyers come closer to their terms, market sources said.

Meanwhile, some regional end-users did turn to exploring procurement of replacement supplies from the deep-sea pool. But market players said that the buy-sell gap is wide for such materials, and it remains to be seen if or how both sides may come to see eye-to-eye for transactions to materialize.

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OUTLOOK

- [Downstream gains](#), if sustained, will shore up BD demand support
- Regional supply crunch unlikely to lift within H1 2024
- Players to monitor feasibility of deep-sea trades

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	+10	1410.00-1450.00	n/c	1250.00-1300.00	63.96-65.77
CFR NE Asia	USD/tonne	n/c	1450.00-1550.00	+50	1300.00-1350.00	65.77-70.31
CFR SE Asia	USD/tonne	n/c	1400.00-1500.00	+50	1250.00-1300.00	63.50-68.04

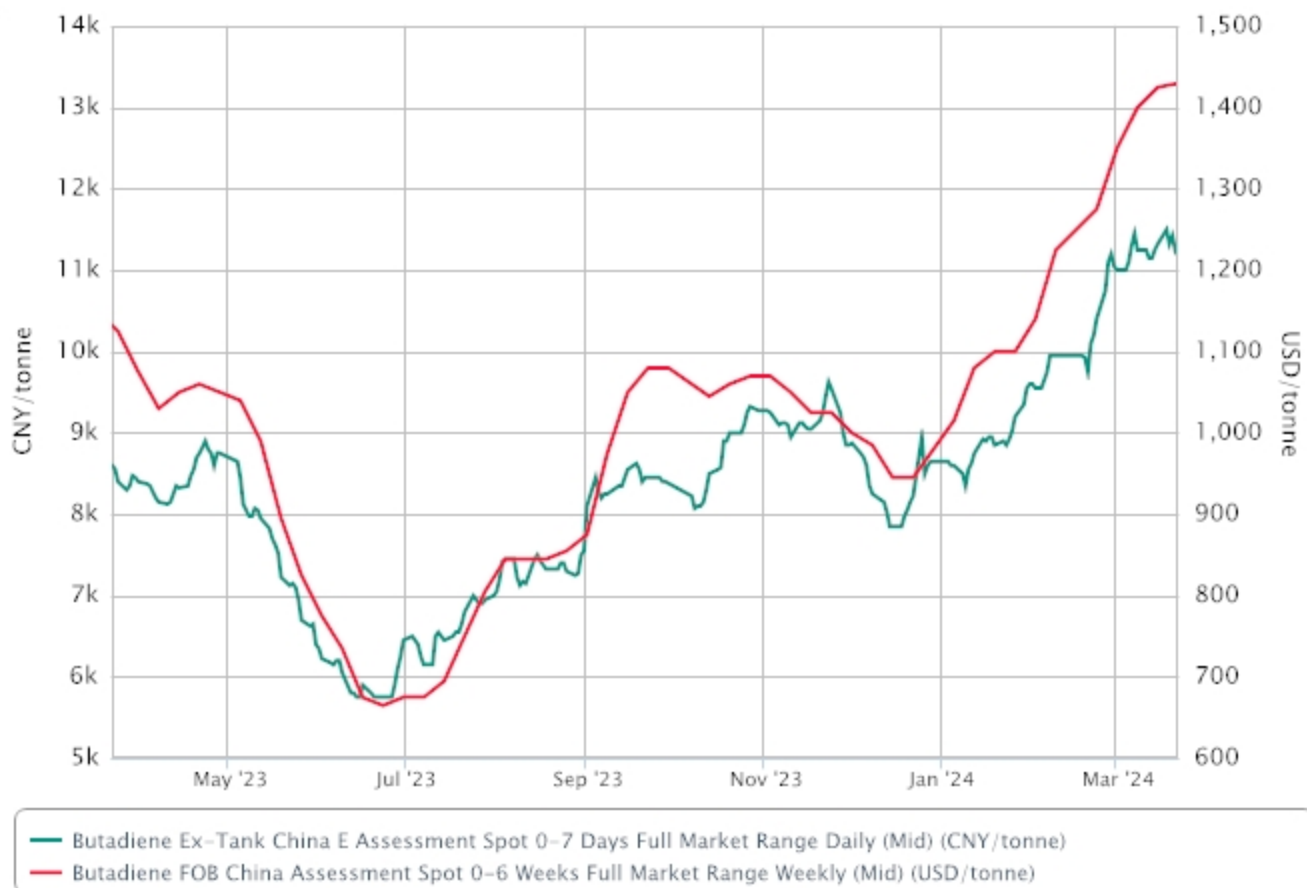
China

FOB China assessments were stable-to-firm, with the low end lifted to reflect the full spectrum of deals and discussions.

Buying indications were heard at the low end, and offers held steady at the high end and above.

A deal was heard closed at around the mid-point of the published range, although details of the players involved could not be fully verified.

Domestic ex-tank prices in east China softened in early week's trading, but recovered some lost ground towards the end of the week.



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Northeast Asia

CFR NE Asian assessments are up on the high end to reflect bullish sell-side sentiment, but the buy-sell gap widened, with buyers heard still mindful not to over-commit on higher BD pricing until downstream margins are firmer and more consolidated, market sources said.

Some deep-sea origin materials available to lift in April for shipment to NE Asia were heard indicated at the high end and above.

But buy-side elements were of the view that even if prices in downstream derivative markets have risen recently, the latter still lagged behind quantum of BD increases, weighing on their ability to fork out more for BD at this juncture.

The low end is kept unchanged as such.

Monthly Contract DEL, \$/ tonne	Feb 24	Jan 24	Dec 23	Nov 23	Oct 23	Sep 23	Aug 23	Jul 23
Taiwan FPCC	1,135	1,020	910	955	995	940	750	650
Korea YNCC	NA	1,070	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, in the absence of concrete discussions or transactions on fixed-price CFR SE Asia terms.

But as there are some anticipated production losses stemming from plant turnarounds in May, market players said that some regional end-users were on the look-out for top-up parcels from the spot market, although their discussions were heard mostly conducted on a formula-linked basis.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

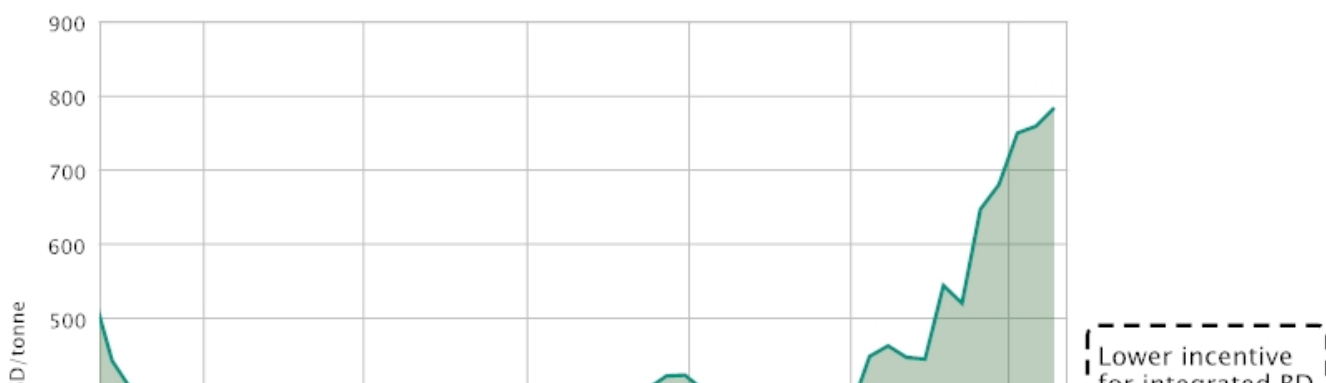
		Price Range	One Week Ago	/
Butadiene				
Ex-Tank E China	CNY/tonne	+50 11250-11400	+100 11300-11350	-

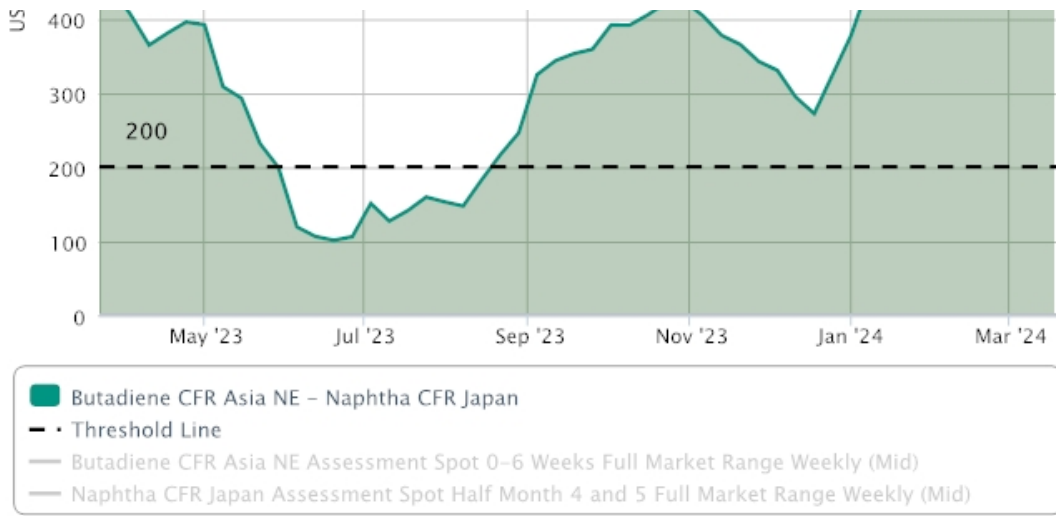
UPSTREAM

Naphtha

- 19 Mar intermonth spread highest since 8 Feb
- Buyers stay cautious, concerned over supply uncertainties
- Apr-arrival arb cargoes for now seen below Jan-Mar monthly average

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





for integrated BD producers to sell naphtha instead of producing butadiene

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.

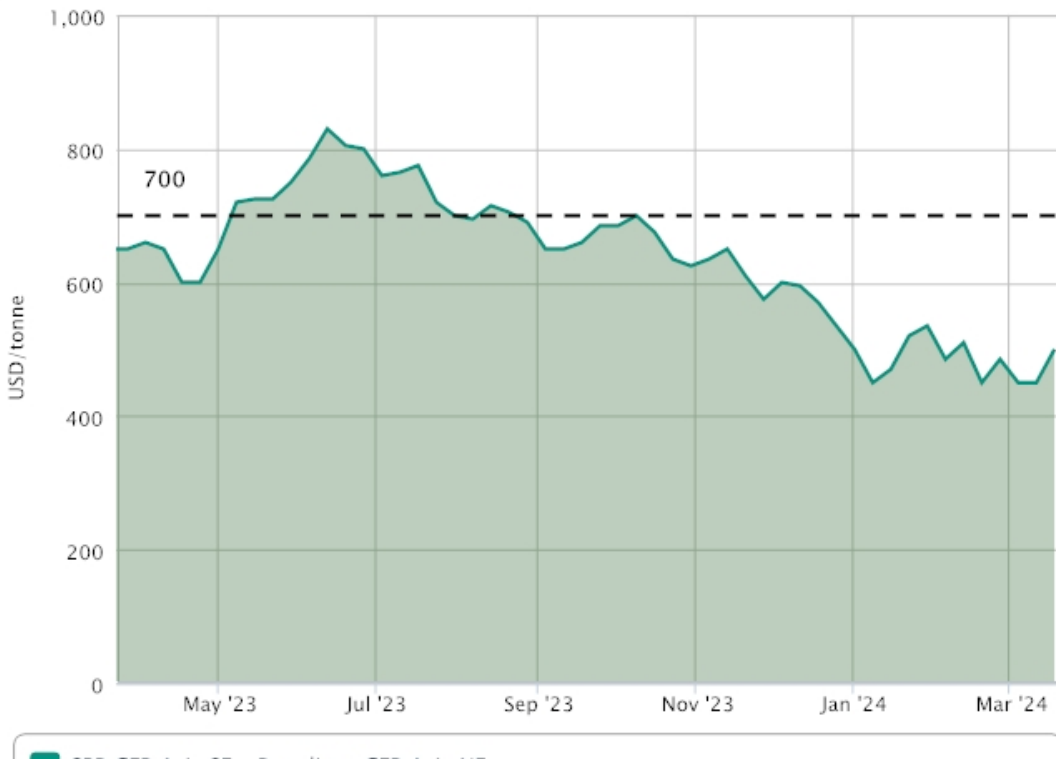
DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Offers substantially higher
- Upside support too from firmer natural rubber prices
- Buying indications higher but buy-sell gap persists

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 up for second week
- Margins stay negative despite stronger prices
- ABS struggles to catch up with feedstock cost



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PRODUCTION

BD supply balance remains tight amid ongoing and upcoming plant closures in Asia.

In northeast Asia, several plants are undergoing maintenance, including a 105,000 tonne/year [unit](#) in Japan, and three units in [China](#), with an accumulative production capacity of over 300,000 tonnes/year.

There is also an upcoming maintenance in May at a 137,000 tonne/year [unit](#) in southeast Asia. Another 110,000 tonne/year [unit](#) in Vietnam has been shut since late February, alongside cracker outage.

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

OTHER REGIONS

Europe

- Supply tight - various outages
- Domestic demand healthy
- Spot prices stay firm, above CP
- Asia, US markets firm on supply issues

US

- US supply remains tight
- Spot prices higher on scarce availability
- April contract price nominations face upward pressure on tight supply

ANALYTICS

ICIS butadiene outlook

US BD consumption is expected to improve. Demand for spot volumes is currently constrained due to plant outages and relatively high freight rates. The arbitrage window between the US and Europe is forecast to remain closed throughout the year. In contrast, opportunities to export BD to Asia could materialize once domestic supply normalizes, given that prices in Asia will remain attractive for US producers. Against this background, there was positive news from the Panama Canal Authority which recently declared that it will raise the number of transits from 24 to 27 in March in response to current and projected levels at Gatun Lake.

German industry, the main engine for European growth, will continue to face difficulties. Following the war in Ukraine, production costs in Germany are far higher than its competitors. The ifo Institute for Economic Research recently revised down the country's 2024 GDP forecast from 0.9% to 0.2%. The rubber sector has come under pressure from weak demand and cheap tire imports. Goodyear is planning to close a tire plant in Furstenwalde, Germany, by 2027, and one in Fulda. Michelin will close three sites - Karlsruhe, Trier and Homburg - by the end of 2025.

The consumer price index (CPI) in China rose by a more-than-expected 0.7% in February, the first increase since August 2023. That said, BD demand may be healthier in the months to come, especially from some sectors such as ABS and SBR. The Europe-Asia arbitrage window is expected to remain closed on paper in the weeks ahead, mainly due to higher freight rates following the Red Sea crisis. In terms of new plants, ICIS expects the start-up of two Chinese projects - Sinopec INEOS (Tianjin) Petrochemical and Shandong Yulong - in Q3/Q4 and Q4

respectively. Nameplate capacity additions in China will total 350,000 tonnes/year.

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