



## Butadiene (Asia-Pacific)

**By Ai Teng Lim**  
**22-Nov-2024**

[Overview](#) | [Outlook](#) | [Prices](#) | [Upstream](#) | [Downstream](#) | [Production](#) | [Other Regions](#) | [Analytics](#)

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

### OVERVIEW

- **Import sentiment muted amid bearish domestic China**
- **No active buying interest for December shipment materials**
- **But players not keen to engage yet on January trade talks**

Discussions for Asian butadiene (BD) imports are subdued, as players continued to stay on sidelines to wait for volatility in the domestic yuan-denominated China market to subside.

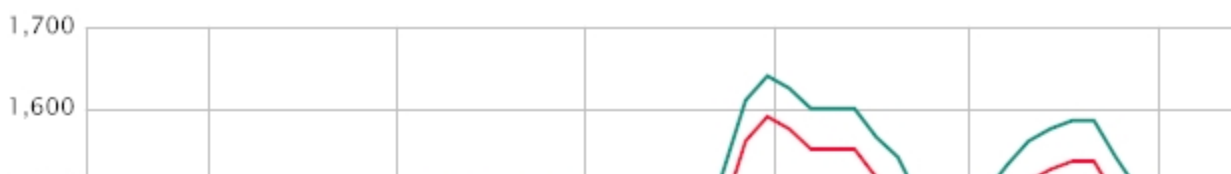
In China, contrary to prior anticipations, yuan values suffered fresh losses, albeit of a smaller magnitude than those seen in the week prior.

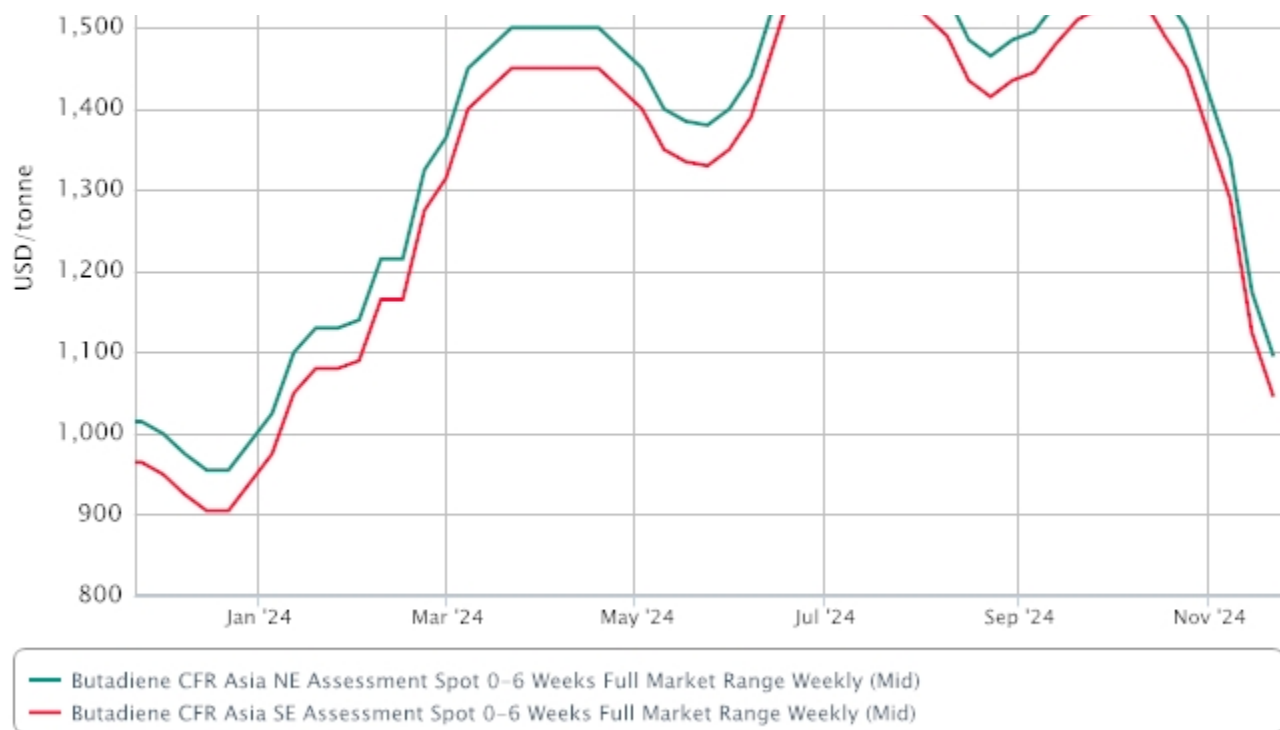
Domestic BD list prices from a major local producer was revised downwards further to yuan (CNY) 9,800/tonne on 22 November, CNY400 lower than the last price revision seen on 15 November.

The sluggish yuan market continues to weigh on import discussions, as potential buyers, both within China and in wider Asia, are unwilling to commit on forward import deliveries, until they get more clarity on when, or how, the yuan market may bottom out.

Buying interest for December shipment materials is in any case low, as most regional end-users have already amply covered with prior purchases, including with a steady stream of deep-sea deliveries during the current quarter.

There are potentially some pockets of demand for January shipment materials, but market sources said that the buyers will not rush to commit at this juncture, or not before 2025 term discussions are completed, possibly only in December at the earliest.





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## OUTLOOK

- Downstream demand to hinge on [auto sector growth prospects](#)
- [Capacity growth in China](#) may be offset by regional plant closures
- Buy-sell gap to remain wide

## PRICES

### SPOT PRICES - PRICE RANGE FOR THE WEEK

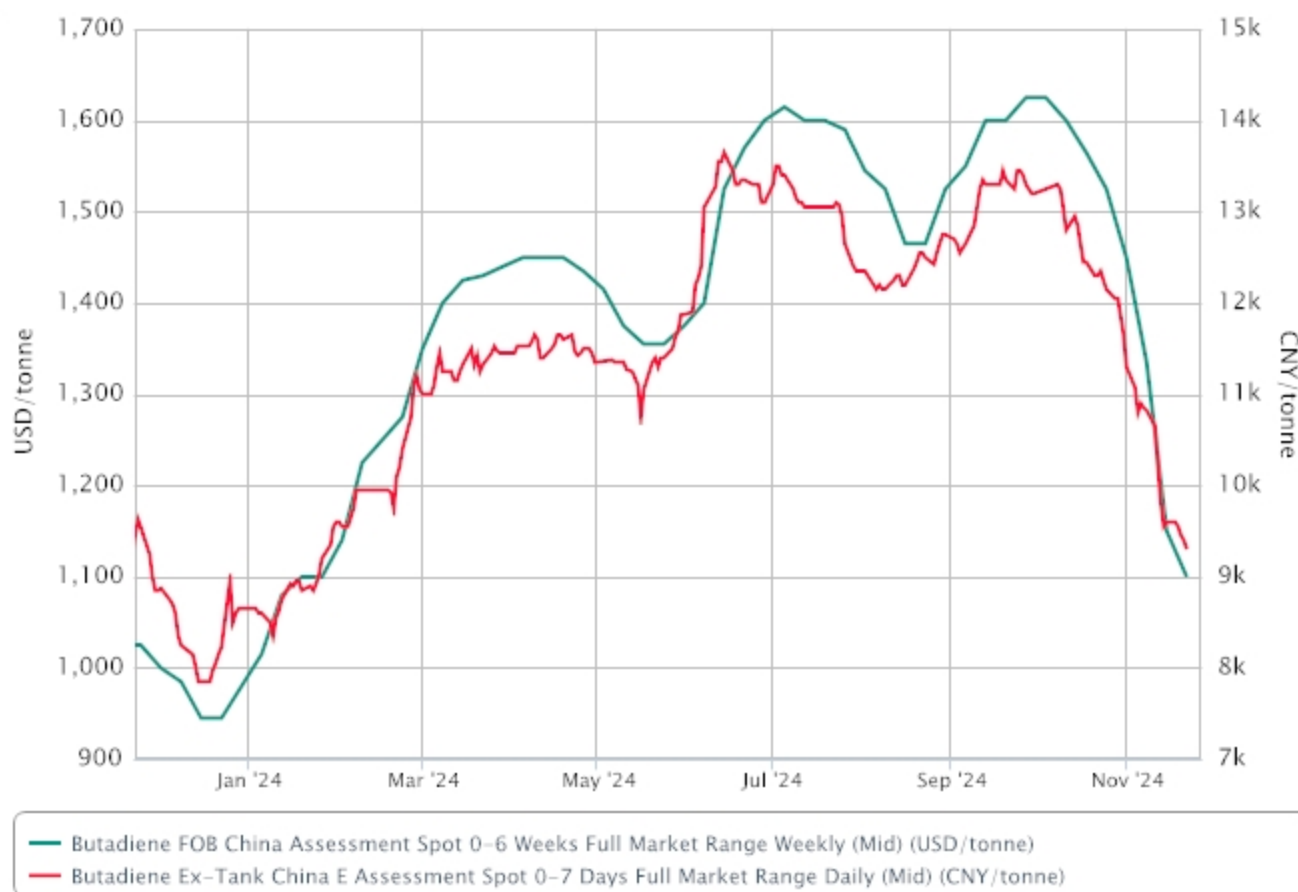
			Price Range		Four Weeks Ago	US CTS/lb
<b>Butadiene</b>						
<b>FOB China</b>	USD/tonne	-50	1050.00-1150.00	-50	1500.00-1550.00	47.63-52.16
			0			
<b>CFR NE Asia</b>	USD/tonne	-50	1050.00-1140.00	-110	1450.00-1550.00	47.63-51.71
			0			
<b>CFR SE Asia</b>	USD/tonne	-50	1000.00-1090.00	-110	1400.00-1500.00	45.36-49.44
			0			

### China

FOB China assessments tumbled lower with deeper declines in the domestic yuan-denominated market.

The high-end tracked a selling indication heard, and the low-end was adjusted notionally down in line, in the absence of any concrete buy-side interest.

Domestic ex-tank prices in China remained under pressure on poor buying interest.



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### Northeast Asia

CFR NE Asian assessments declined further, tracking more subdued buy-sell indications heard in the week.

A southeast-Asia-origin material was heard floated for spot sale early week, but it was unclear if the transaction transpired, despite drawing some fixed priced bids of around \$1,000/tonne, albeit on FOB SE Asia basis, market sources said.

There was a separate offer heard, which formed the high-end, and buyers countered at the low-end, market sources said.

Monthly Contract	Oct 24	Sep 24	Aug 24	Jul 24	Jun 24	May 24	Apr 24	Mar 24
DEL, \$/tonne								
Taiwan FPCC	1,480	1,470	1,465	1,515	1,395	1,355	1,415	1,348
Korea YNCC	1,530	1,550	1,500	1,565	1,493	1,390	1,450	1,405

### Southeast Asia

CFR SE Asian assessments are adjusted down in line with changed in the CFR NE Asian assessments.

### SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

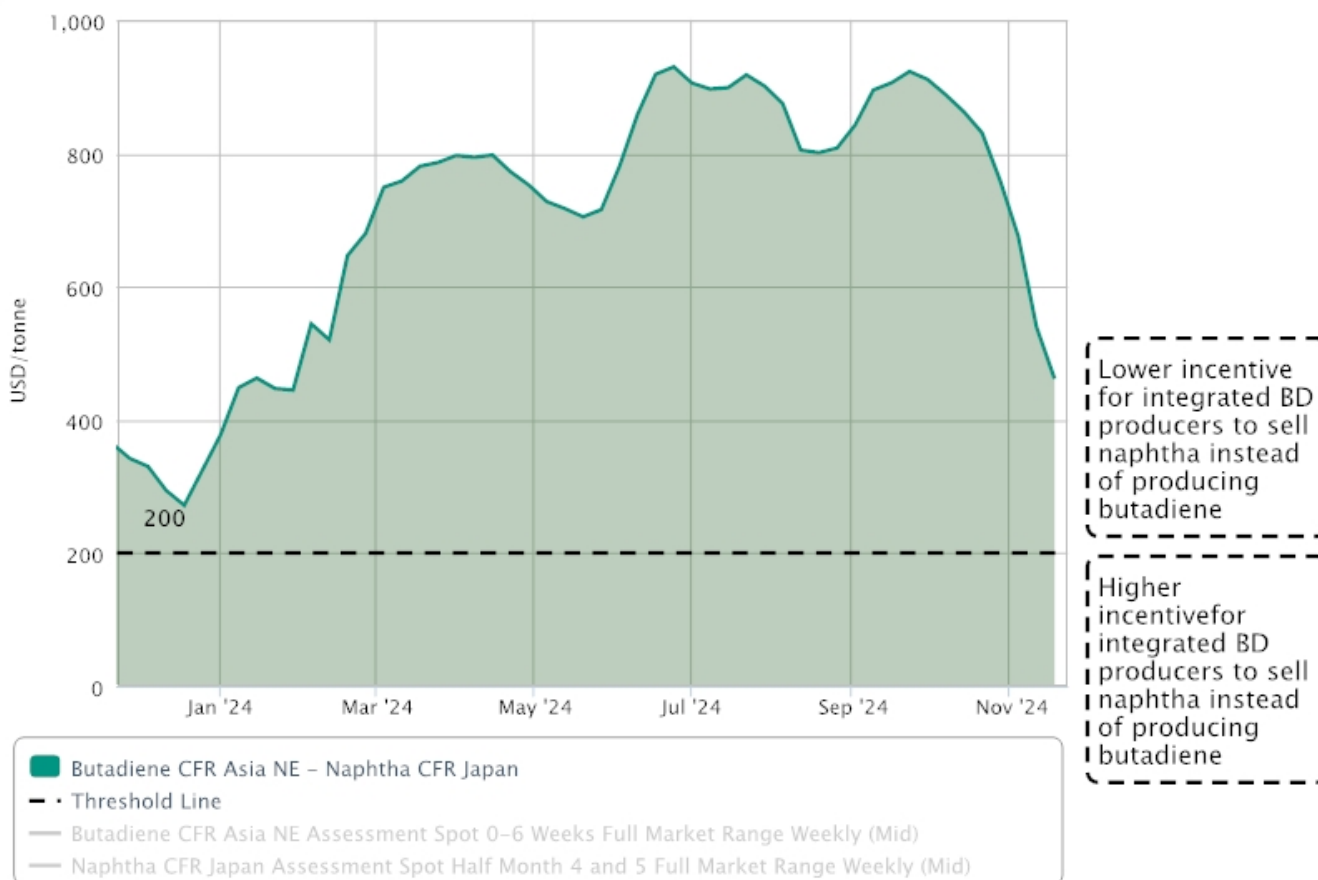
			Price Range		One Week Ago	/
<b>Butadiene</b>						
<b>Ex-Tank E China</b>	CNY/tonne	-100	9200-9400	-100	9600-9600	-

### UPSTREAM

#### Naphtha

- Intermonth spread recovered to \$2/tonne on 20 Nov versus parity last week
- Dec arbitrage seen around 1.2 million tonnes for now versus Nov's average at 1.7 million tonnes
- Spot demand thin, but buyers will need to replenish Jan stocks

[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.

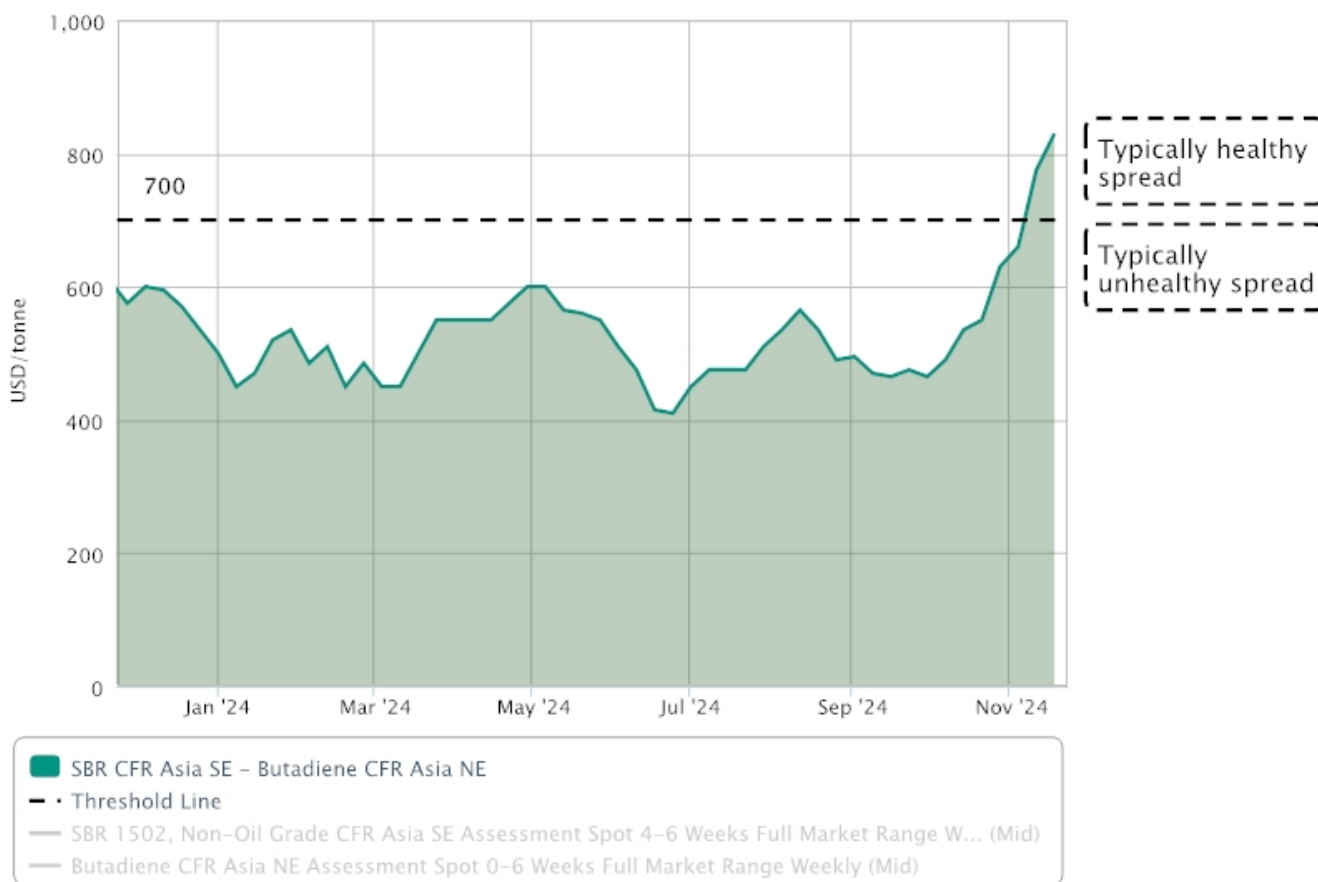
## DOWNSTREAM

### Styrene-butadiene-rubber (SBR)

- Sellers moderate offers to keep pace with feedstock price declines
- Sellers cap discounts citing spot supply limitations
- Buyers non-committal amid expectations for further market downtrend

The chart below shows the spread between BD and SBR in Asia, which has returned to the healthy zone of-late for SBR makers.

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

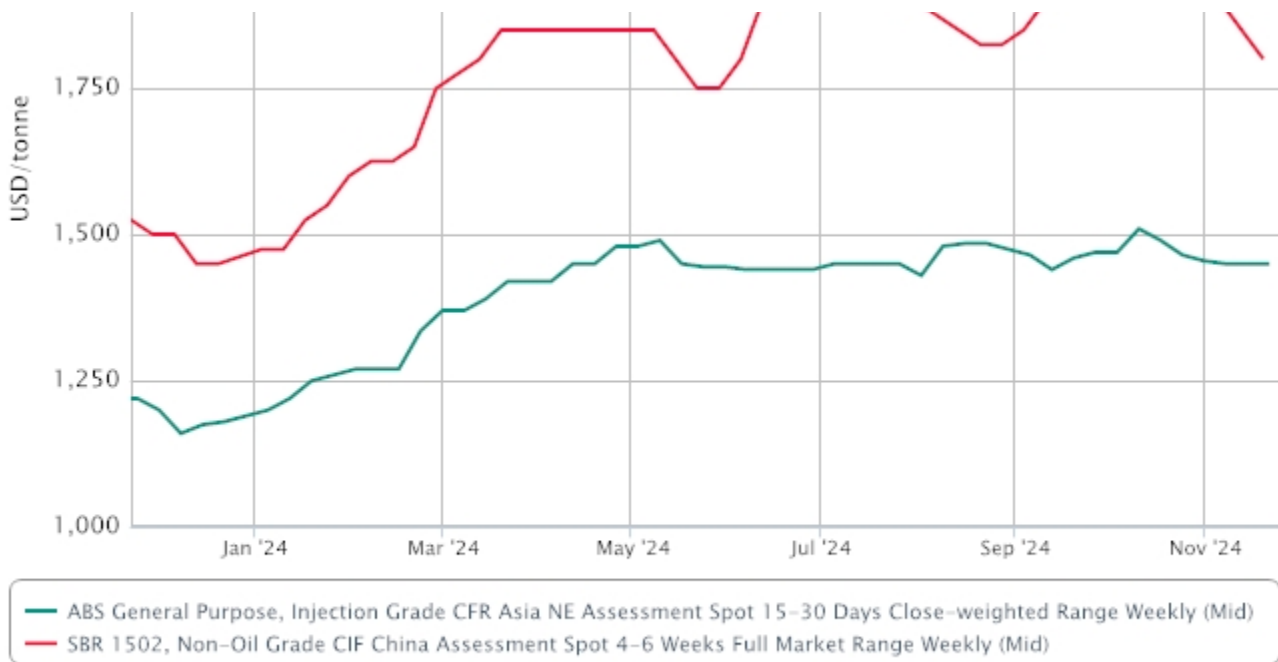


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### Acrylonitrile-butadiene-styrene (ABS)

- Asia ABS largely rebounds on feedstock cost support
- SE Asia, India see restocking demand after recent lull
- NE Asia demand-supply fundamentals balanced





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## PRODUCTION

There was a wave of plant maintenances in northeast Asia in Q3/Q4, but most will restart within November.

That said, two plants in southeast Asia, involving a total of 180,000 tonnes/year of production capacity, will shut on economics considerations.

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

Company	Location	Status	Capacity (MT/ year)	Start	End
<a href="#">Sinopec Shanghai</a>	Shanghai, China	Maintenance/ Commercial	53,000 (#1)	Sep 2023	Unknown
<a href="#">Zeon</a>	Tokuyama, Japan	Maintenance	180,000	Mid-September	End November
<a href="#">LG Chem</a>	Yeosu, South Korea	Maintenance	160,000	End-October	Mid-November
<a href="#">FPCC</a>	Mailiao, Taiwan	Commercial	162,000 (#2)	August	Unknown
<a href="#">Long Son</a>	Long Son, Vietnam	Commercial	110,000	H2 October	Unknown
<a href="#">ZPC</a>	Zhoushan, China	Unplanned maintenance	250,000	5 November	H2 November

<a href="#">Lotte-GS</a>	Yeosu, South Korea	Maintenance	90,000	End September	End November
<a href="#">JG Summit</a>	Batangas, Philippines	Cracker closure	70,000	Early 2025	Unknown

## OTHER REGIONS

### Europe

- Spot prices hold steady amid lack of deals
- Falling Asia prices deter interest for European exports
- Cracker disruptions continue, BD market balanced so far for November

### US

- [Q3 2024 BD inventory rises on fewer outages and stable demand](#)
- [ITC US rules tire market was injured by Thailand imports](#)
- [August BD production rises on stronger industry op rates](#)

## ANALYTICS

### ICIS outlook on downstream automotive sector

Skepticism over electric vehicles, looming layoffs among car manufacturers and government policy continuity, especially for green regulations, are some of the main concerns for industry stakeholders. Nissan Motors in November 2024 announced plans to reduce its global workforce by 9,000. Moreover, volatile trade relations and high borrowing costs continue to challenge property developers. Even though the US Fed and EU Central banks have started monetary easing, the pass-over benefit will take some time, with inflation in the EU and the US expected to reach the 2% target next year.

According to the US Census Bureau, US light vehicle sales increased by 2.9% month on month in September with total sales of 15.768 million units. On a year-on-year basis, there was only a marginal gain of 0.5% (from 15.692 million units to 15.768 million units). The finished inventory to sales ratio, calculated by dividing inventory by sales, decreased to 1.269 in September from 1.338 in August

The European Automobile Manufacturers' Association (ACEA) reported a second consecutive month of negative results. According to the association, EU passenger car registration decreased by 6.1% in September compared with the same month last year. The Association further reports that France posted the largest loss with a -11.1% decrease, followed by Italy (-10.7%) and Germany down 7%. By contrast, commercial vehicle registration reported positive results with an overall increase of 8.5% for the first nine months, year on year.

The European Central Bank (ECB) lowered the three key ECB interest rates by 25 basis points effective from 23 October 2024. But the governing body also stated that inflation is expected to reach the target rate next year. With the collapse of the German government coalition, market sentiments have deteriorated further. Trade

groups, such as VCI (German chemical producers' trade group) and VDA (German Association of the Automotive Industry), have expressed concerns over the latest political developments, raising questions on foreign trade policy and overall industrial competitiveness.

China's balance of risk has further deteriorated in the context of geopolitical power transition. Currently, it accounts for more than 50% of global electric vehicle production. It is aggressively incentivizing the industry. For example, China has extended the subsidy on new electric vehicles until 2027 where vehicles remain exempt from purchase taxes. China automotive output in 2024 is expected to grow 8% compared with 2023. Q4 2024 is forecast to grow by 2.2% compared with Q4 2023, according to Oxford Economics.

In India, the Federation of Automobile Dealers Associations (FADA) reported market optimism with ongoing year end festivities. It reported strong growth across all segments with October 2024 retail sales increasing by 32% year on year and 64% month on month. Though the association expressed concerns over the high level of passenger vehicle inventory and is directing original equipment manufacturers (OEMs) to rationalize supply to prevent excess stock.

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