



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.

OVERVIEW

- **Active export sales by China**
- **Buying spree to cover shortfall**
- **Regional supplies snug**

The trade tempo picked up this week in Asia's spot butadiene (BD) import market, as [China](#) embarked on active export sales after returning from the holiday market closure between 10 and 17 February.

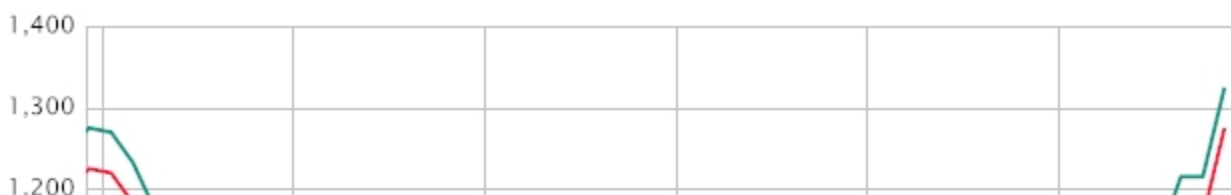
There was a buying spree too, as traders sought to secure material from the structurally tight Asian supply pool to cover any shortfall in their own term allocations. In regional outlets like South Korea and Taiwan, end-users were keen to take in top-up parcels to ensure that they have sufficient BD stocks to drive current production in key derivative sectors like synthetic rubber and acrylonitrile-butadiene-styrene (ABS), market players said.

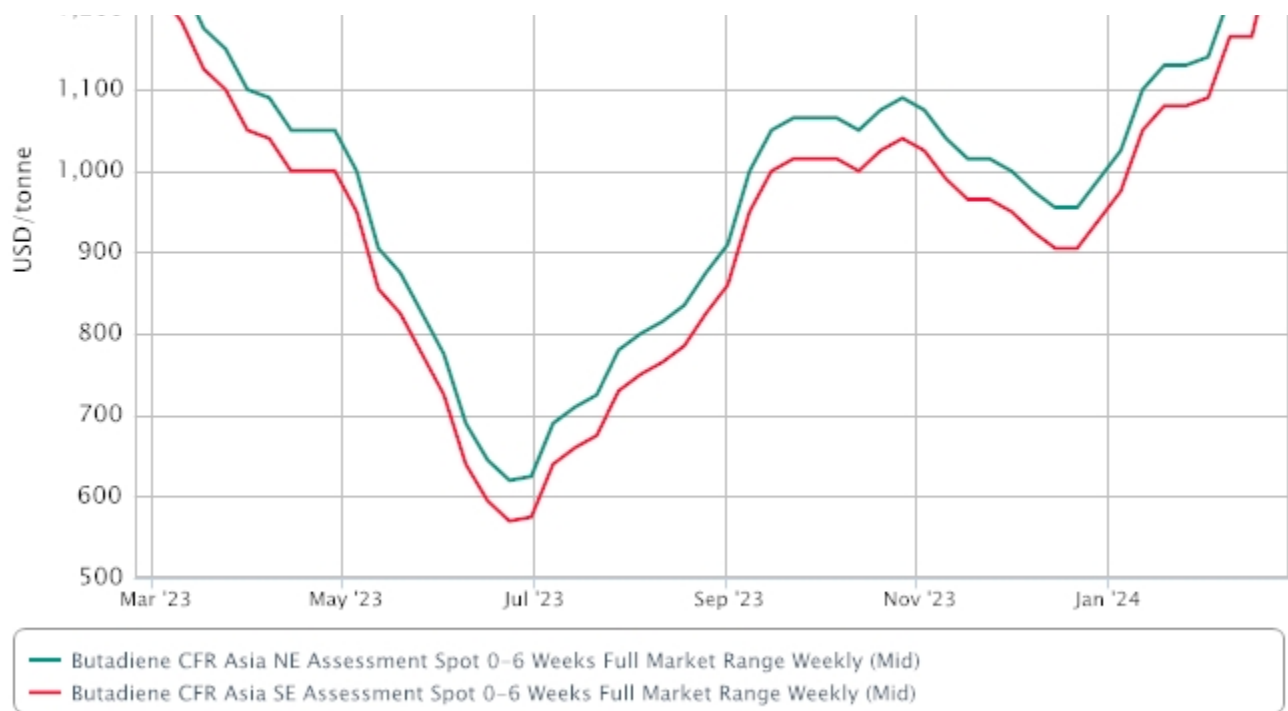
Spot availability has been curtailed by low operations at many regional crackers. Production at some operating BD units in southeast Asia was also heard not that stable, sources said, which heightened worries about a potential supply disruption and fuelled interest in procuring safety stocks.

Against this backdrop, sellers with some surplus volumes at hand, such as China-based producers, were confident that they could hold firm to higher selling expectations, and that buyers with pressing requirements will have no option but to bid up to secure cargoes.

Some buy-side elements acknowledged the uptrend, but maintained that derivative sector margins, while improving, are still not sufficiently healthy to warrant them to pay an excessive amount for feedstocks.

This buy-sell tussle may stretch and continue in the near term, market players said.





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OUTLOOK

- Supply shortage unlikely to ease in near term
- Buyers to monitor derivative sector performance
- Downstream plants may cut op rate if margins failed to improve

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	+50	1250.00-1300.00	+50	1080.00-1120.00	56.70-58.97
			0			
CFR NE Asia	USD/tonne	+120	1300.00-1350.00	+100	1080.00-1180.00	58.97-61.24
			0			
CFR SE Asia	USD/tonne	+120	1250.00-1300.00	+100	1030.00-1130.00	56.70-58.97
			0			

China

The FOB China assessment surged on firmer deals and discussions.

Several parcels changed hands this week, for March lifting, in the mid-to-high \$1,200s/tonne FOB China range.

The low end was lifted to reflect this.

Remaining offers were at the high end and above.

Domestic ex-tank prices in east China also rose, tracking robust export trades.



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Northeast Asia

CFR NE Asia discussions also spiked on buoyant discussions, although substantive transactions were limited as many players elected to conclude either on an FOB basis or on formula-linked terms, to side-step the perennial buy-sell difference.

Selling indications were heard at the high end and above, with buying indications capped at the low end.

A China-origin cargo was heard traded around the mid-point of the published range, for March shipment to Korea.

Monthly Contract	Jan 24	Dec 23	Nov 23	Oct 23	Sep 23	Aug 23	Jul 23
DEL, \$/tonne							
Taiwan	1,020	910	955	995	940	750	650
FPCC							

Korea YNCC	1,070	945	1,000	1,035	980	770	665
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Southeast Asia

The CFR SE Asia assessment was adjusted in line with the changes in the CFR NE Asia assessment.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

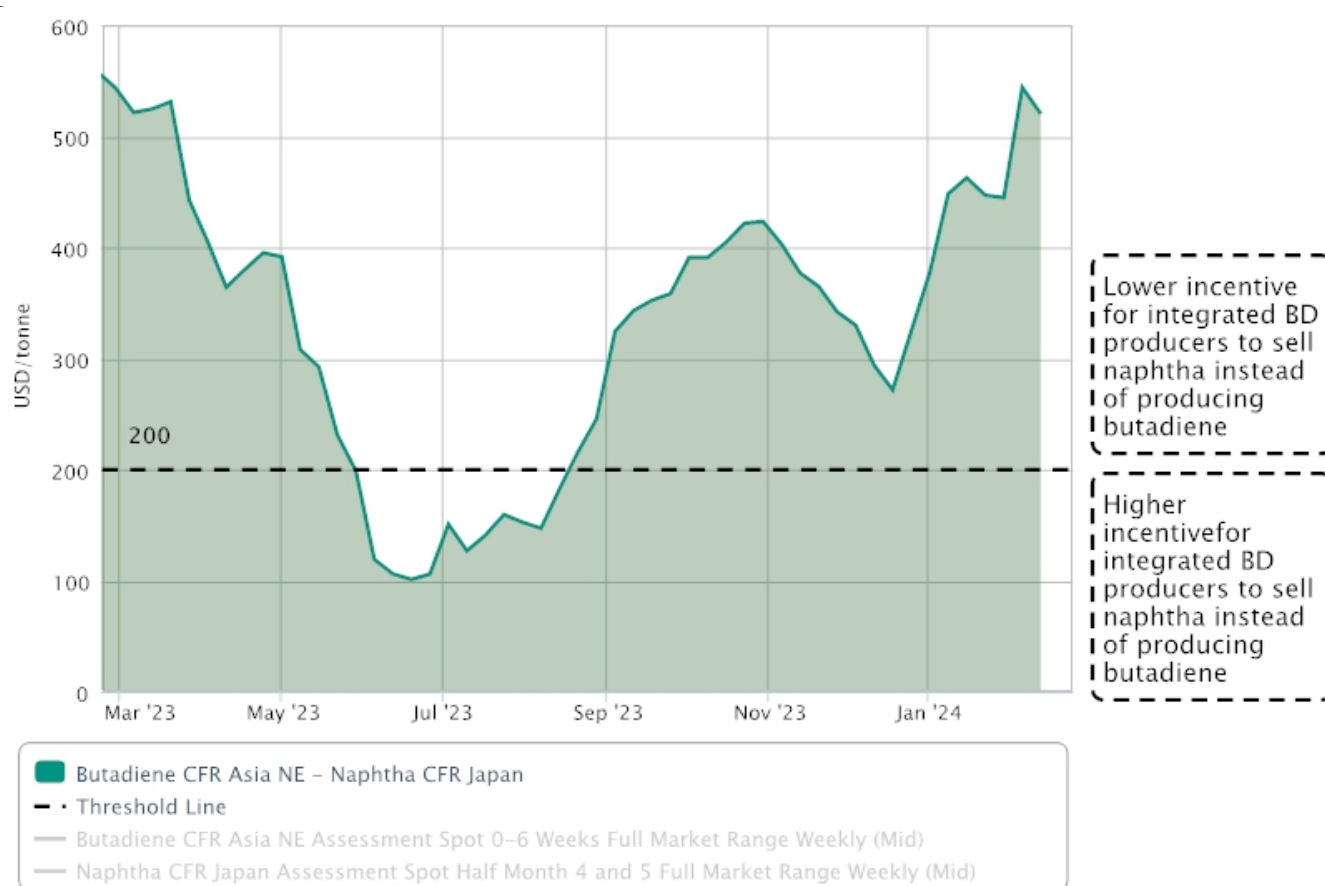
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	+100	10300-10500	+300	n/a-n/a	-

UPSTREAM

Naphtha

- Naphtha crack under pressure from volatile crude
- Tight supply seen easing with the return of Russian cargoes
- Buyers anticipate more Middle East cargoes as refinery maintenance ending soon

[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 cost push
- Need-based procurement still ongoing
- Players cautiously optimistic

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 up post-Lunar New Year holidays
- Post-festivities restocking, crude surge bolster offers
- Actual trades subdued with sellers margins still in the red





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PRODUCTION

The BD supply balance remains tight amid ongoing plant closures in northeast Asia.

This includes in Taiwan, with a two-month-long [maintenance](#) at a 130,000 tonne/year unit. In China, two [units](#) in Beijing, with a total nameplate capacity of 135,000 tonnes/year, have also been out of action since H1 January for unscheduled servicing.

A 105,000 tonne/year unit in Japan will undergo [maintenance](#) in March.

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

OTHER REGIONS

Europe

- Supply-demand balance firm, logistics also a factor
- Some supply issues resolving by early March
- Steady-to-firmer offtakes forecast for March
- Spot domestic prices remain at premium to contract price
- Bullish sentiment for Asia, US

US

- March contract nominations yet to emerge
- Supply tight amid production disruptions, allocations
- Disruptions support spot demand, though underlying demand remains weak

ANALYTICS

ICIS downstream outlook for the automotive sector

The global automotive industry was one of the first and hardest hit by the pandemic and has yet to make a full recovery. But the last year has been the most puzzling in terms of the outlook for stakeholders in the global automotive industry. The level of uncertainty has been unprecedented, challenging for both decision-making and risk management. Supply and logistics shocks continue to impact production.

According to the US Census Bureau, US light vehicle sales decreased by 6.9% month on month in November 2023 with total sales of 14.9 million units. The finished inventory to sales ratio (calculated by dividing inventory by

sales) decreased to 1.280 in December from 1.308 in November. High inflation, slumping consumer confidence and tighter monetary policy will weigh upon consumer demand for automotives.

According to the European Automobile Manufacturers' Association (ACEA), EU passenger car registration decreased by 3.3% in December 2023 compared with same month in 2022. The fall is primarily attributed to the high baseline performance in December 2022. However, for 2023, it reported an increase of 13.9%. Italy, Spain and France are the best performing countries with registering growth of 18.9%, 16.7% and 16.1% respectively. The outlook for 2024 remains challenging because of reduced industrial activity.

Asia's sector outlook for medium to long term remains strong, with rising income and low car ownership in the region. This is particularly true for electrified and other New Energy Vehicles (NEV) as governments incentives push this market.

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