



## Butadiene (Asia-Pacific)

**By Ai Teng Lim**  
**24-May-2024**

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

### OVERVIEW

- **Domestic China recovery [lifts](#) sentiment in import market**
- **Buy-sell gap for import trades narrowed somewhat**
- **Some spot availabilities emerge, but supply outlook stays mixed**

Sentiment in this week's Asian spot import market for butadiene (BD) saw some booster from recovery of yuan-denominated prices in the domestic China market.

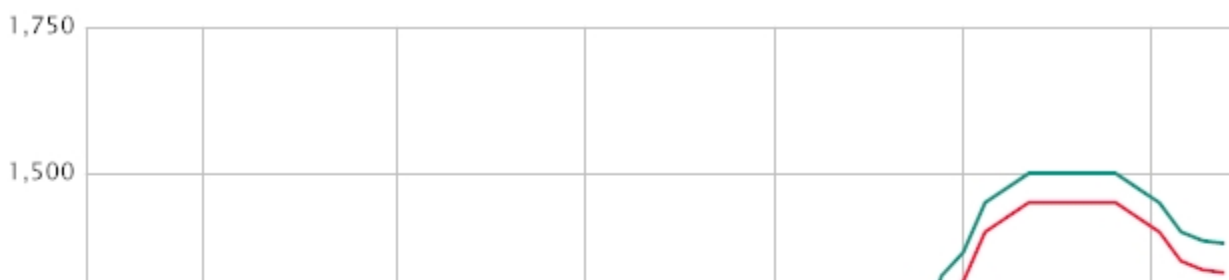
The rebound in yuan values helped to lift buy-side pricing tolerance for US dollar denominated imports, and the narrower buy-sell differences culminated into several spot deals done in the week, albeit concluded in a mix of inco terms and pricing structures.

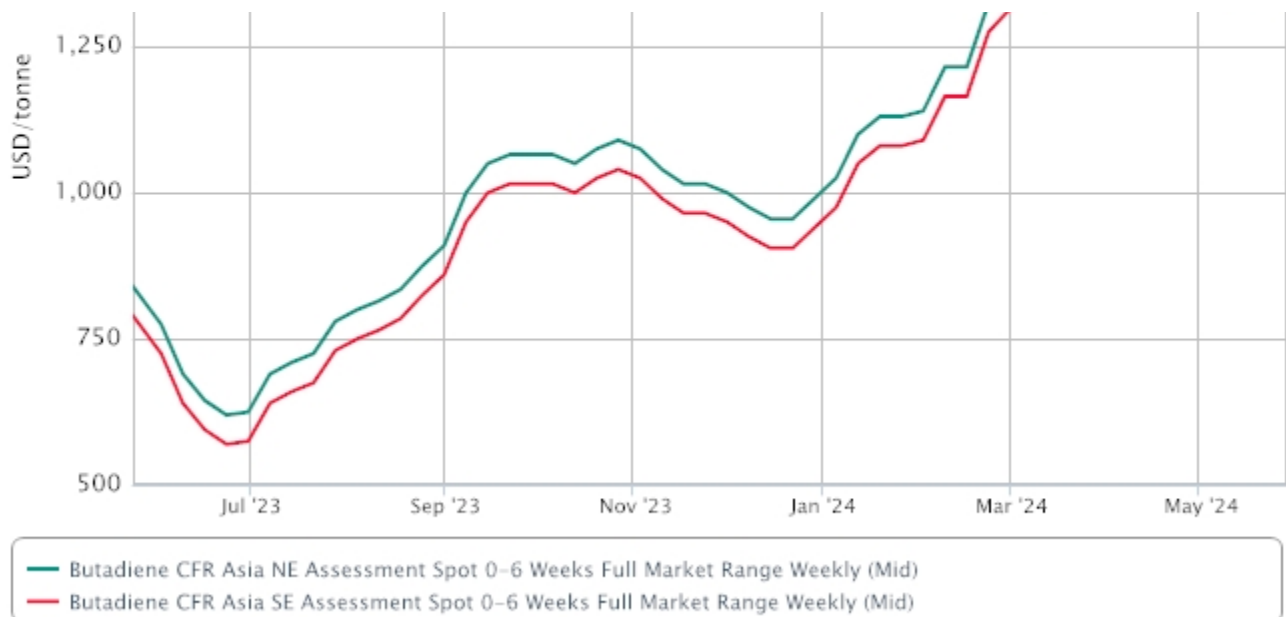
However, the market outlook forward remains murky and disparate, amid mixed signals in the supply landscape.

On one hand, some end-users believe that regional supplies will lengthen in due course, once more plants restart in June and beyond from prior maintenance closures. An unplanned outage in southeast Asia was also [lifted](#) this week, mitigating prior concerns of widening production constraints.

Other market players observed that unlike in May/June, deep-sea origin availabilities may not be forthcoming in July/August period, given that the [US](#) and Europe markets are organically tight themselves.

Furthermore, as regional crackers typically may operate on lighter feed during the warmer summer months, this could also weigh anew on crude C4 availabilities and hamper in turn BD production.





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## OUTLOOK

- Sentiment to sway with supply landscape shifts
- Downstream demand uncertainties to weigh down on buying tempo
- Need-based procurement may dominate for the near term

## 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	n/c	1320.00-1390.00		n/c	1420.00-1450.00	59.87-63.05
<b>CFR NE Asia</b>	USD/tonne	+30	1350.00-1410.00		-40	1400.00-1550.00	61.24-63.96
<b>CFR SE Asia</b>	USD/tonne	+30	1300.00-1360.00		-40	1350.00-1500.00	58.97-61.69

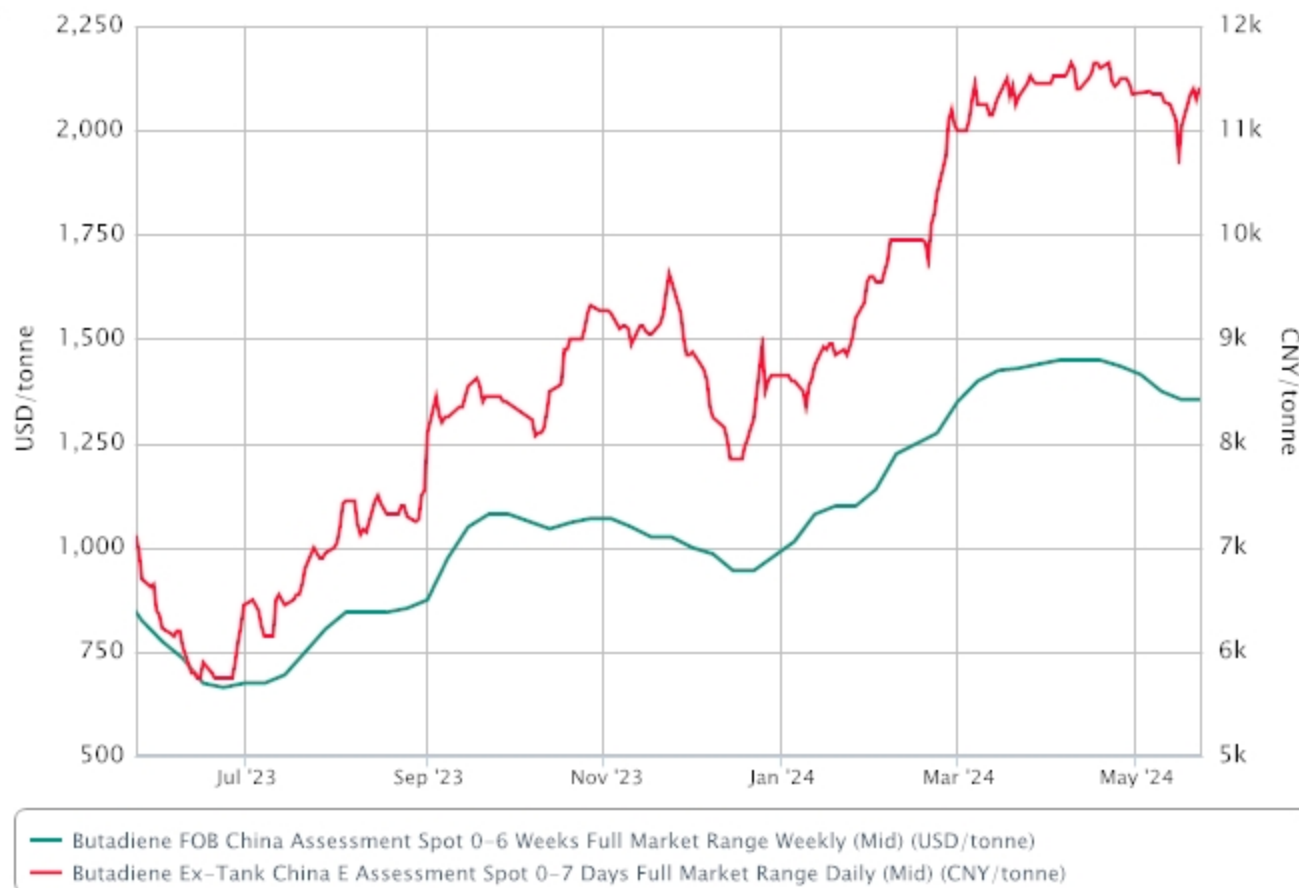
### China

FOB China assessments held steady on rangebound discussions, with sporadic buying indications heard at the low-end of the range, while selling indications hovered at the high-end.

Sellers were unwilling to finalise offers this week, preferring to wait until the volatility in domestic China market has subsided.

Majority of China producers were of the consensus view that domestic BD production could remain patchy in the near term, amid a recent [unplanned outage](#) of a cracker in Fujian. As such, they were confident this could lend support to their current selling targets for BD, notwithstanding lacklustre buy-side response this week.

In the domestic ex-tank market in east China, prices rose in early week's trading, bolstered by some restocking purchases, as well as futures gains for derivative products.



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### Northeast Asia

CFR NE Asia prices were assessed in a narrower range, with the low-end of the range lifted with firmer buying indications heard, against an offer heard at the high-end.

Several cargoes changed hands, for end June/early July shipment, in the \$1,370-1,390/tonne range, market sources said.

At least another one to two lots were sold in the week for June/July shipment, but the transactions were concluded on a formula basis, and not fixed priced terms.

A deal was heard inked late week between two traders, for a China-origin parcel available to ship in June, at \$1,300/tonne CFR NE Asia, but this was not included in the assessment as market players polled were of the consensus view that this was unrealistically low and not reflective of the mainstream discussions for the week of assessment.

Monthly Contract	Apr 24	Mar 24	Feb 24	Jan 24	Dec 23	Nov 23	Oct 23
DEL, \$/tonne							
Taiwan FPCC	1,415	1,348	1,135	1,020	910	955	995
Korea YNCC	1,450	1,405	1,165	1,070	945	1,000	1,035

**Southeast Asia**

CFR SE Asia assessment was adjusted in line with changes for the CFR NE Asia assessment, in the absence of any concrete transaction on CFR SE Asian terms.

Several southeast Asia-origin cargoes available to lift in end-June/early July were floated for spot sales this week.

A sell tender was issued for one of these, result of which remains unclear at press time, although some sources said the cargo may have been sold on a formula basis and on FOB terms.

Similarly, two other parcels were heard sold at around high \$1,200's/tonne FOB SE Asia, but this could not be fully verified.

A fourth cargo is available for sale via tender, which will only close in the coming week, market sources said.

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

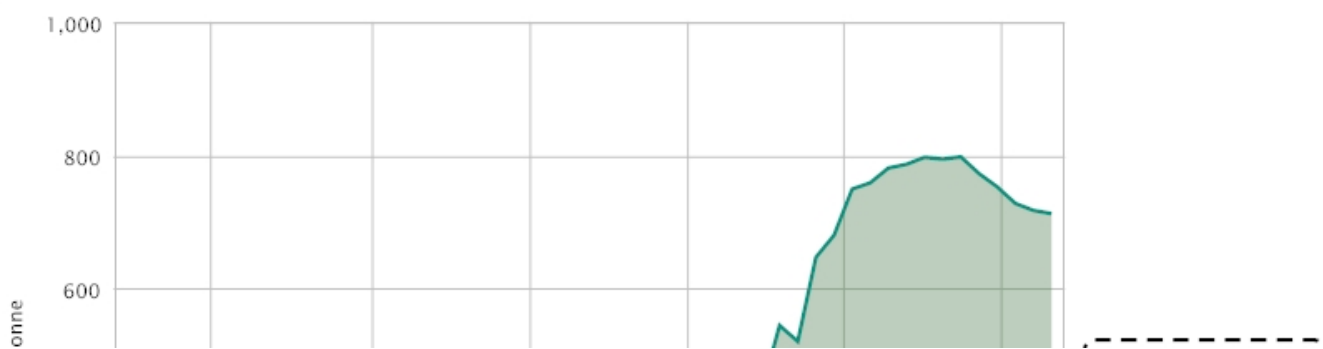
			Price Range		One Week Ago	/
<b>Butadiene</b>						
<b>Ex-Tank E China</b>	CNY/tonne	n/c	11400-11400	n/c	11000-11100	-

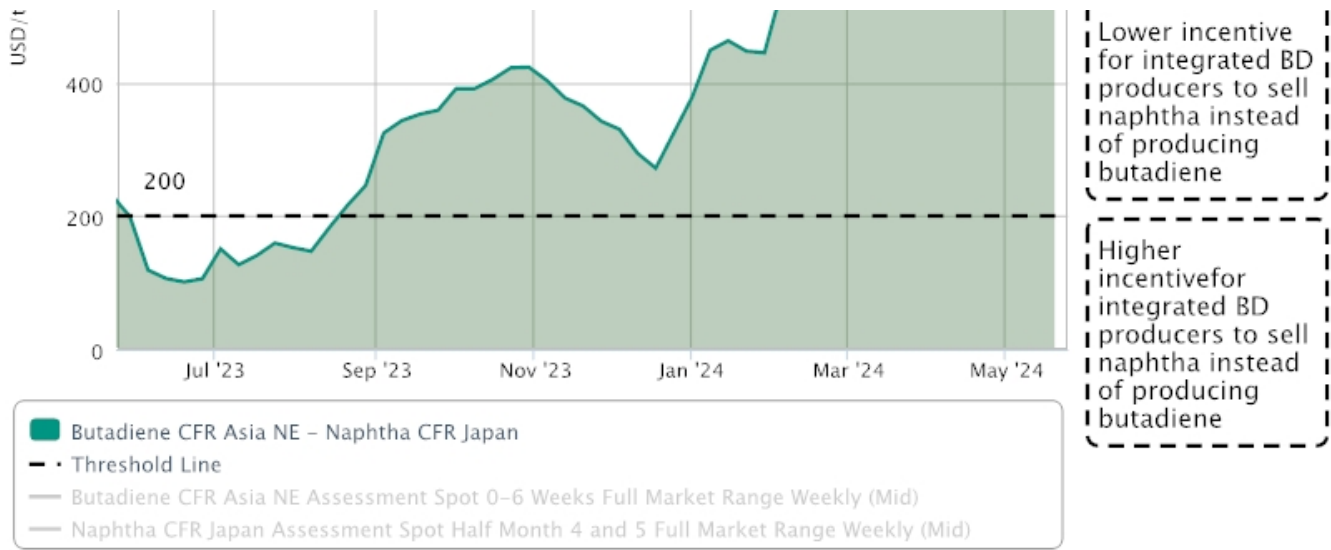
**UPSTREAM**

**Naphtha**

- S Korea buyers pick up H1 Jul naphtha cargoes
- Crack spread on 23 May highest in over two weeks
- Weak petchem margins seen mitigating impact of 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 edge down with extended upstream losses
- Buyers pull back even more awaiting deeper discounts
- Near-term [demand outlook](#) hazy

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

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

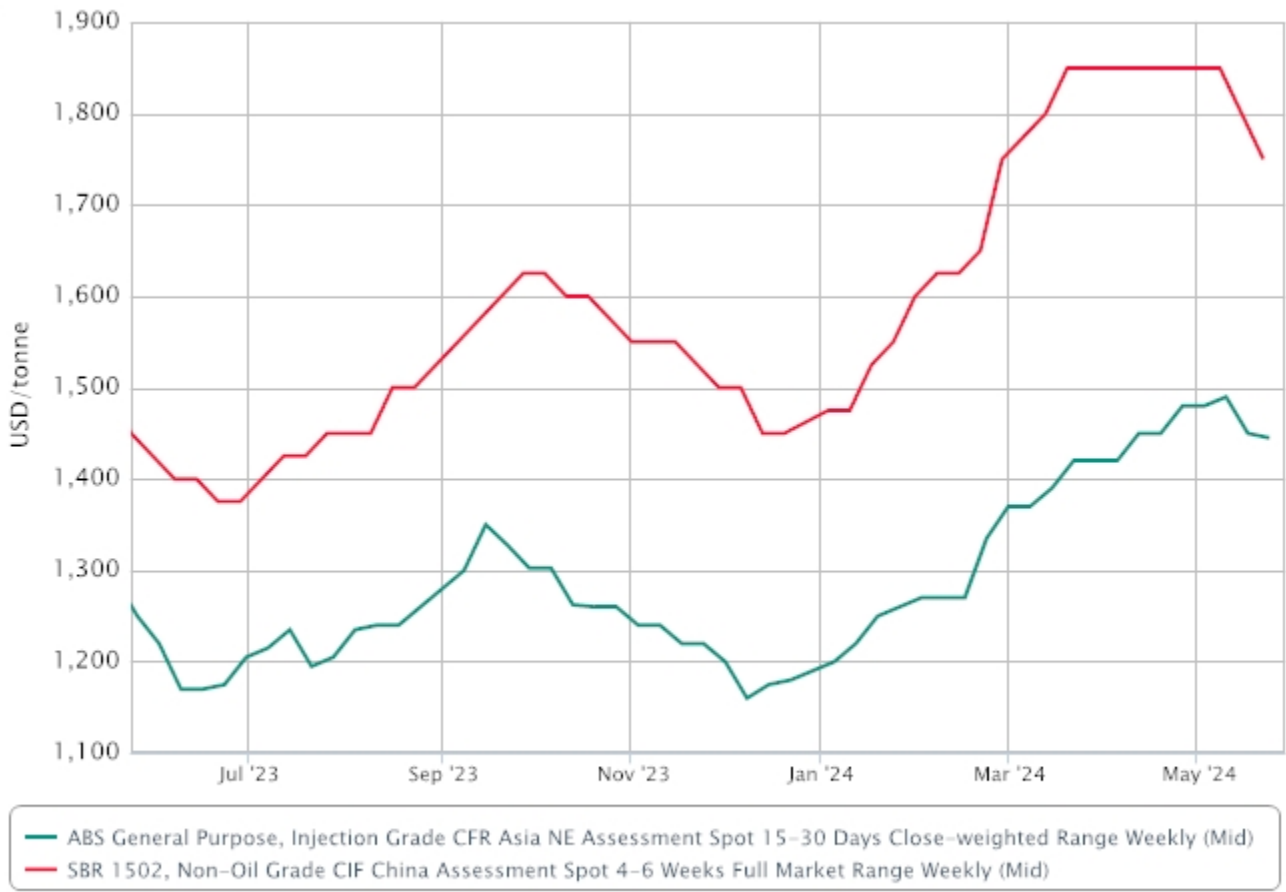




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### Acrylonitrile-butadiene-styrene (ABS)

- Import price midpoint in NE Asia down for second week after 19-month high in H1 May
- Market loses main pillar of support as feedstock cost tumble
- Recent resumption in production further weigh on market



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### PRODUCTION

A 70,000 tonne/year plant in [southeast Asia](#) has restarted after a two-week production hiatus due to a parallel outage at an integrated cracker.

There were other ongoing production losses in the region, including a two-week delay in restart of a 105,000 tonne/year unit in [Japan](#), as well as maintenance closures at a 109,000 tonne/year [unit](#) in Taiwan, and another 100,000 tonne/year [unit](#) in southeast Asia.

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

## OTHER REGIONS

### Europe

- Supply constraints ongoing in Europe
- Domestic demand levels holding steady
- Some focus on Asia's fragile market
- Focus more so on USG issues after flooding, storm related power issues

### US

- [Heavy storms causing supply outages along the Texas Gulf Coast](#)
- Tight supplies persist keeping spot prices elevated
- Trade activity remains lackluster on global outages

## ANALYTICS

### ICIS outlook on downstream automotive sector

Widespread staff reductions and companies scaling back procurement are some of the key headwinds for the automotive sector this year, while the impact of election uncertainty on consumer sentiment presents another challenge.

According to the US Census Bureau, US light vehicle sales increased by 1.1% month on month in April, with total sales of 15.7 million units (up by 0.4% year on year and 3.4% down from 2019). Macroeconomic stressors continue to weigh heavy on automotive demand.

According to the European Automobile Manufacturers' Association (ACEA), new EU vehicle registrations increased by 13.7% in April year on year after falling in March. Registrations were lifted by a strong increase in all the major markets, with Spain rising the most at 23.1%, followed by Germany (19.8%), France (10.9%) and Italy (7.7%).

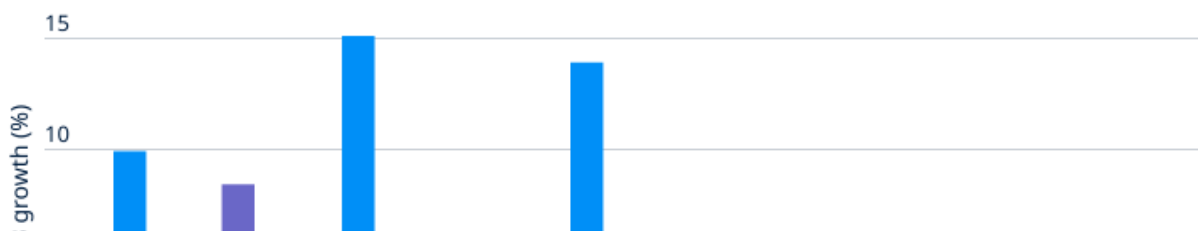
Asia's sector outlook for the medium to long term remains strong, however, with rising income and low car ownership in the region. This is particularly true for electrified and other New Energy Vehicles (NEVs) as government incentives push this market.

According to India's Federation of Automobile Dealers Associations (FADA) survey, 33% of members believe growth is going to be flat for the rest of the year, while some 16% expect the industry to contract.

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### Motor vehicle sector growth by region

2024 vs 2023





SOURCE: Oxford Economics

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