



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

- **Bullish offers**
- **Supply drained by arbitrage trade**
- **Bids capped by downstream uncertainty**

Asian import prices for butadiene (BD) continued to trend up on [bullish offers](#) heard.

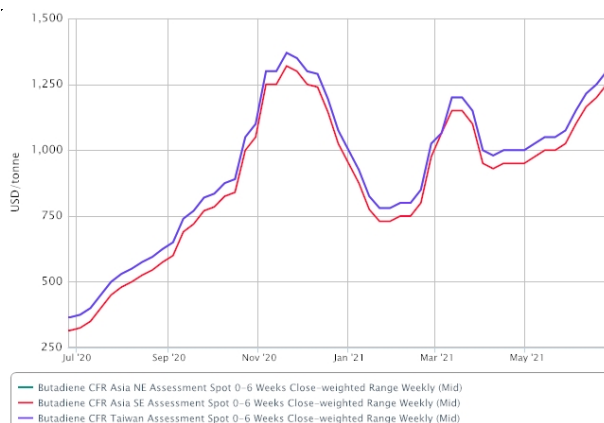
Sellers elevated targets again, citing demand support from markets further afield, like the [US](#).

Another Asia-origin cargo was heard sold this week for July shipment to the US, bringing the accumulative total of June/July US-bound deliveries to well over 15,000 tonnes, market players said.

This in turn meant that selling pressure was minimised for Asian suppliers, leaving them mostly in a more comfortable position to defend their higher expectations for regional deliveries.

However, buying indications failed to rise commensurately, as buy-side pricing outlook is still clouded by firstly, a lacklustre performance in downstream markets, and secondly, a strong anticipation that regional supplies will lengthen in due course, especially once production at various new projects are stabilised in coming months.

Even though buyers generally acknowledge that it will be challenging to negotiate with bullish sellers for discounts at this stage, most said that they are limited by squeezed downstream margins to pay more. Most said that they would try to stretch current inventories and defer fresh spot procurement for as long as it is manageable.



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OUTLOOK

- **Buyers' resistance may weigh on regional spot liquidity**
- **Regional supplies may rise with new projects and higher [exports](#) from China**
- **Demand pull from US unlikely to ease soon**

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
CFR NE Asia	USD/tonne	+50	1250.00- 1350.00	+50	1050.00-1100.00	56.70-61.24
CFR Taiwan	USD/tonne	+50	1250.00- 1350.00	+50	1050.00-1100.00	56.70-61.24
CFR SE Asia	USD/tonne	+50	1200.00- 1300.00	+50	1000.00-1050.00	54.43-58.97

Northeast Asia

CFR northeast Asian prices were assessed up, taking into account firmer buy-sell pricing indications heard, even though no concrete fixed-price transactions materialised in the week.

Sellers hiked offers, taking reference in part from what was deemed to be achievable if they were to sell to other markets like the US. This formed the high end.

The low end was also lifted with firmer buying indications heard, but as these still lagged behind sellers' expectations, a concrete follow-up to the negotiations was limited, market players said.

The CFR Taiwan assessment was adjusted up, in line with changes in the CFR NE Asian assessment.

Monthly Contract DEL, \$/tonne	May 21	Apr 21	Mar 21	Feb 21	Jan '21
Taiwan FPCC	1,010	1,050	1,135	880	950
Korea YNCC	1,010	987	1,102.50	827.50	867

East China domestic prices

Domestic prices in the yuan-denominated market were up, tracking bullish discussions in the US dollar denominated import market.

Price (CNY/tonne)	25 June	18 June
DEL east China	9,200-9,300	9,100-9,200

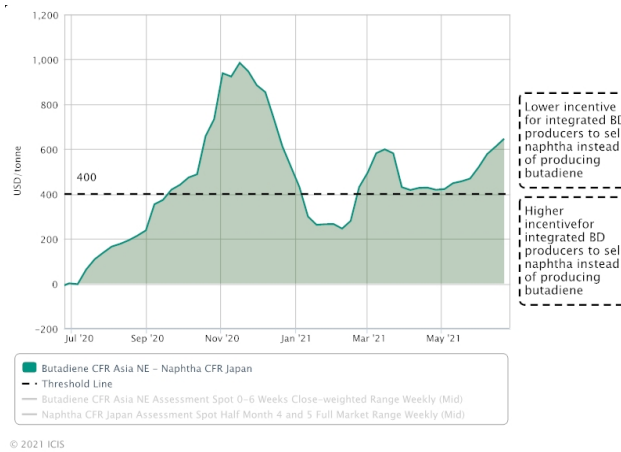
Southeast Asia

The CFR SE Asia assessment was raised in tandem with changes in CFR NE Asia prices, in the absence of any concrete discussions,

UPSTREAM

Asia-Pacific **naphtha** prices were underpinned by gains in crude oil futures. Steady demand for first-half August cargoes in northeast Asia lent support, keeping prices at over a two-year high. However, greater deep-sea cargo flows from the west is anticipated to balance out supply, while the forward market structure narrowed in backwardation.

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



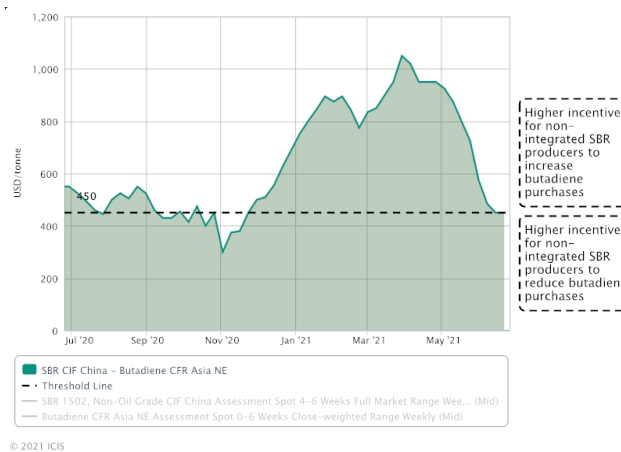
Click [here](#) for the Asia feedstocks and petrochemicals weekly summary.

DOWNSTREAM

Asia's **styrene-butadiene-rubber (SBR)** import offers rose with upstream increases.

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

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



PRODUCTION

Asian supplies may [lengthen](#) into Q3 once more new projects come on stream in northeast Asia within the second half of the year.

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

ANALYTICS

ICIS Butadiene Outlook

The North American butadiene (BD) market, including Mexico, will continue to be short in 2021, with the shortage of BD set to increase slightly year on year, reaching about 170,000 tonnes/year. While Canada's stand-alone BD extraction plant structurally supports the US' needs, outside the region Brazil and Europe will remain the main sources both for the US and Mexico. ICIS estimates new passenger car and light truck sales in the US will increase to between 16.9m and 17.5m units throughout 2021, up from about 14.5m in 2020.

In 2021, European demand is projected to rise by about 12% year on year, but production should increase by about 6% based on ICIS projections. As a result, net exports will decrease, likely dropping to around 240,000 tonnes/year, with northeast Asia reducing total imports from Europe.

Asian BD production is forecast to increase by about 10% to 7.7m tonnes in 2021, but underlying demand should rise by about 6% to 8m tonnes. Consequently, net imports will fall below 400,000 tonnes/year. Additional capacity is expected to be installed only in Asia this year, with China being the major contributor. Total Asian capacity is set to reach 9.7m tonnes/year, up about 1m tonnes/year from 2020.

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