



Butadiene (Asia-Pacific)

By Ai Teng Lim
26-Jan-2024

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

ICIS plans to discontinue the CFR Taiwan spot assessment from 2 February 2024, as import trade in this market would already be considered for assessment purposes in the CFR NE Asia quote. For any queries, please contact aiteng.lim@icis.com.

ICIS plans to bring forward the close of the assessment window to 13:00 hours Singapore/Shanghai time on 9 February. The China prices will not be assessed in the weekly analysis on 16 February. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

- **Snug spot supply situation kept sellers' sentiment bullish**
- **But buyers retreat amid heightened downstream margin concerns**
- **Spot discussions deadlocked amid entrenched buy-sell differences**

Spot discussions in this week's Asian butadiene (BD) market stalled amid contradictory buy-sell outlook on near-term market fundamentals.

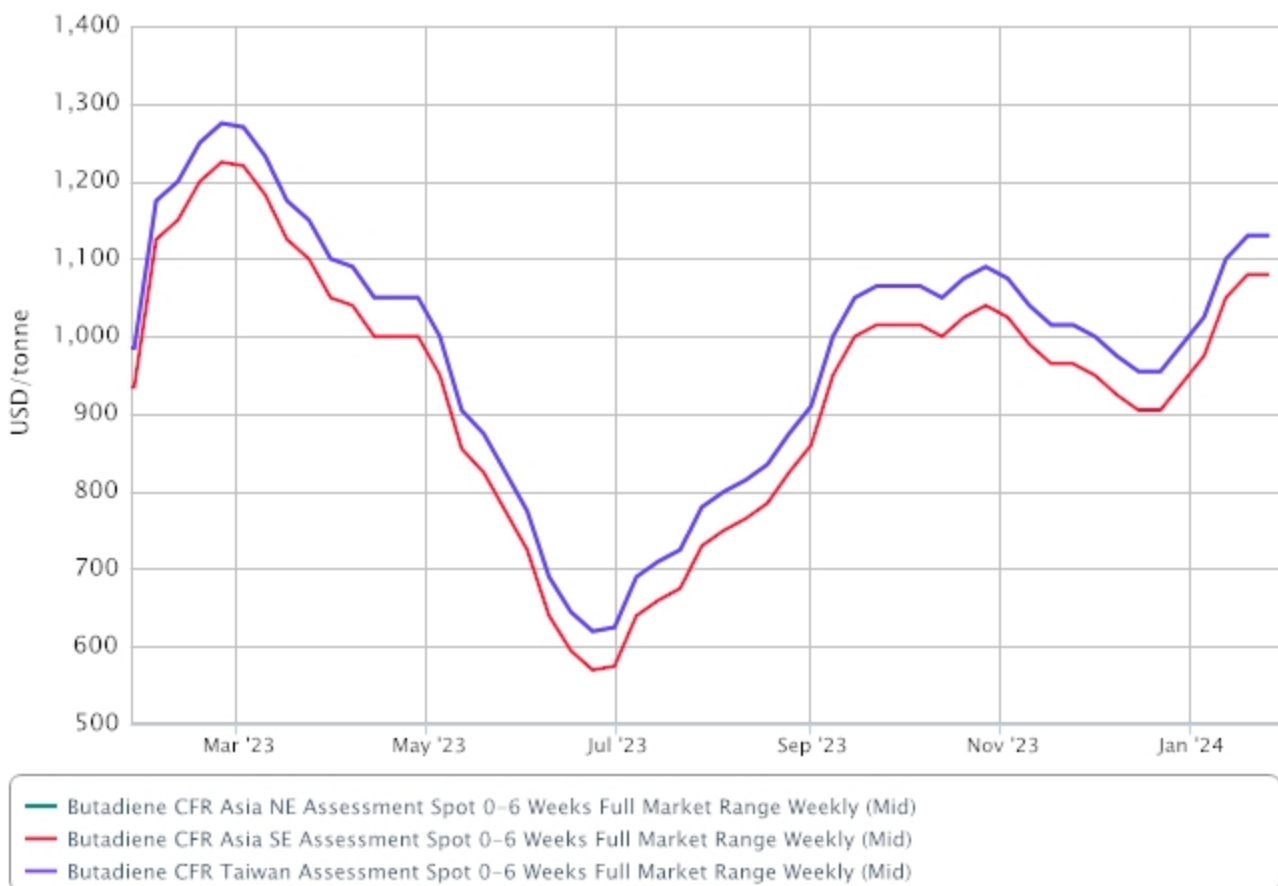
Potential sellers maintained firmly bullish targets because they believe the current tightness in regional spot supplies will not ease anytime soon, and that buyers will surely raise bids to secure volumes, once and if their requirements become sufficiently pressing.

Regional BD output is already cramped by perpetual under-utilisation of regional crackers. And fresh news this week of several unplanned outages at crackers in [China](#) and [SE Asia](#) meant that the inherently small spot supply pool may shrink even more.

But resistance is growing amongst BD buyers, amid mounting challenges they said they faced in transferring high feedstock costs to the dull derivative [synthetic rubber](#) market.

Some said too they would not rule out fresh cuts to their own operations if the feedstock rally extends without more sustained and commensurate improvements in their downstream markets.

This buy-sell gulf in pricing outlook crippled discussions for fixed-price spot trades, and some market players switched to discussing on formula-based terms instead. The latter may be the mainstay procurement pattern for the near term in the regional spot market, market sources said.



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OUTLOOK

- Deep-sea availabilities may be squeezed by [shipping difficulties](#)
- Buying may stagnate as the Lunar New Year holidays draw nearer
- [Outlook mixed](#) about how post-holiday market may trend

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	n/c	1080.00-1120.00	n/c	910.00-980.00	48.99-50.80
CFR NE Asia	USD/tonne	n/c	1080.00-1180.00	n/c	930.00-980.00	48.99-53.52
CFR Taiwan	USD/tonne	n/c	1080.00-1180.00	n/c	930.00-980.00	48.99-53.52

CFR SE Asia	USD/tonne	n/c	1030.00-1130.00	n/c	880.00-930.00	46.72-51.26
			0			

China

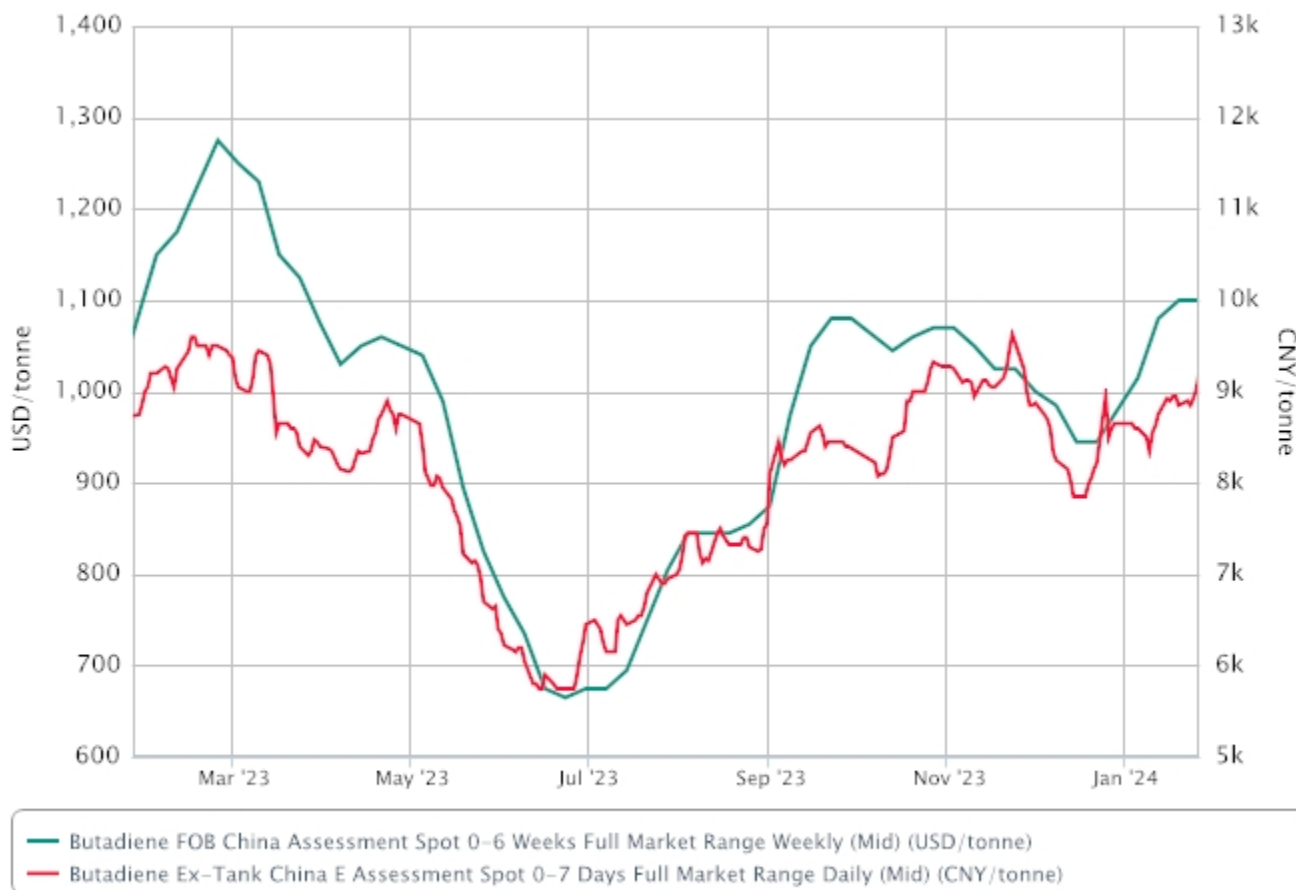
FOB China discussions were muted, as potential buyers in wider Asia retreated to the sidelines.

Selling indications were broadly at the high-end and up, and the high-end is rolled over as such. Some China BD producers turned to negotiate more actively on formula-based terms instead, market sources said.

There were no buy-side indications and the low-end is kept unchanged as such.

In the domestic China market, ex-tank prices in east China were volatile, softer at the start of the trading week amid lacklustre downstream buying interest, but spiked towards the end of the trading week, as news of an unplanned cracker outage triggered supply concerns anew.

A major BD producer in China also raised its list price, by yuan (CNY) 200/tonne, to CNY 9400/tonne on 26 January.



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Northeast Asia

CFR NE Asian assessments are kept unchanged, as concrete buy-sell indications for fixed price trades were hazy in the trading week.

Market players polled were also of the consensus view that, in the absence of transaction and/or meaningful negotiation, the published range is still broadly reflective of mainstream buy-sell views for fixed priced trades, should any materialise.

To alleviate margin pressures, majority buyers were looking to buy at or under the low-end. But majority sellers targeted to sell at no less than the high-end, citing support from limitation in regional spot availabilities.

In the meantime, to circumvent such buy-sell differences, some market players have turned to negotiating on formula-based terms instead.

CFR Taiwan assessments are unchanged with stable CFR NE Asian assessments.

Monthly Contract	Dec 23	Nov 23	Oct 23	Sep 23	Aug 23	Jul 23	Jun 23
DEL, \$/tonne							
Taiwan FPCC	910	955	995	940	750	650	655
Korea YNCC	945	1,000	1,035	980	770	665	635

Southeast Asia

CFR SE Asian assessments are stable, alongside unchanged CFR NE Asian assessments.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

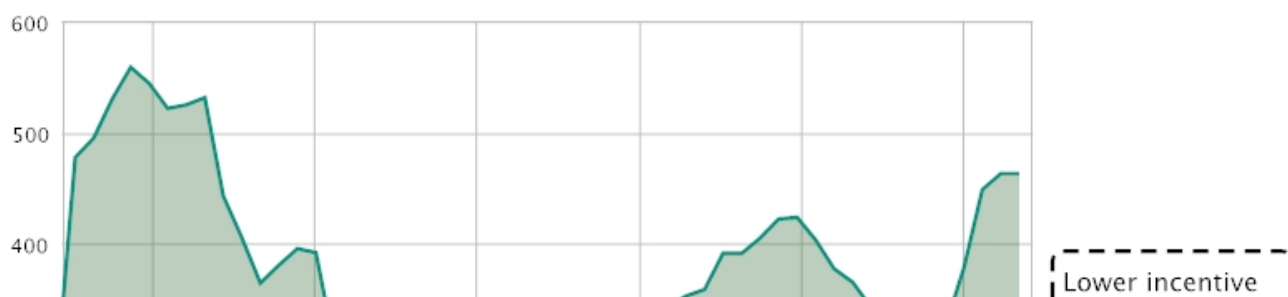
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	+150	9150-9250	+200	8800-8900	-

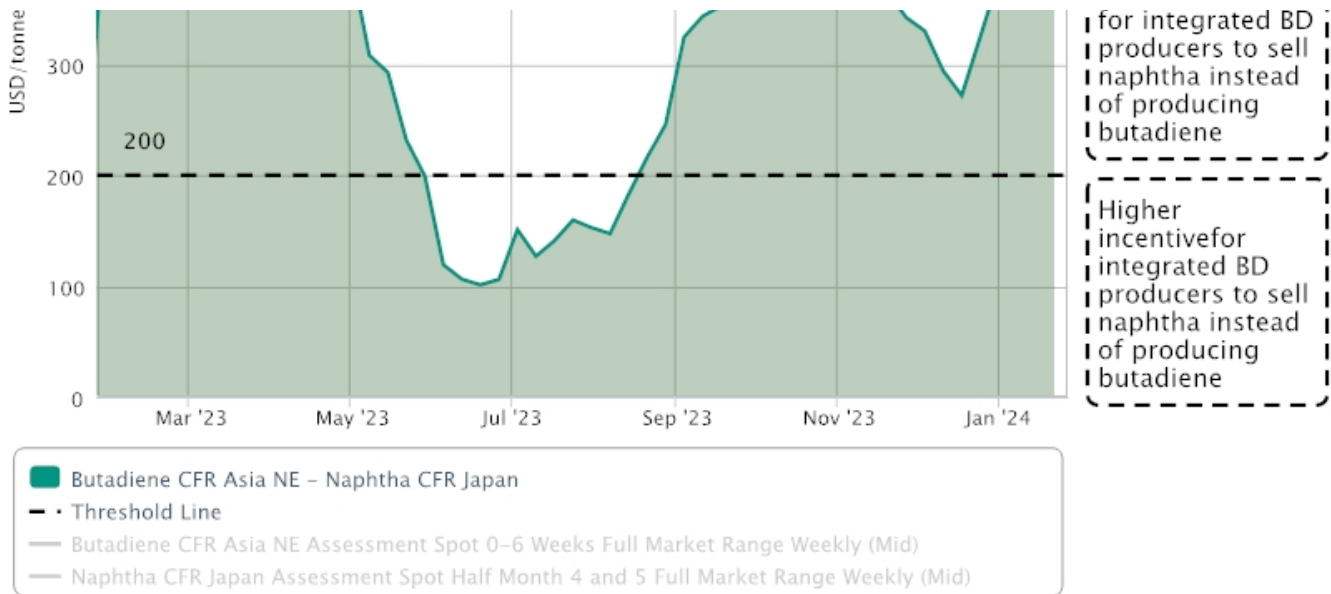
UPSTREAM

Naphtha

- Supplies to remain tight in short term
- Ongoing tensions in Black Sea, Red Sea regions continue to give support
- Prompt supply tightness overshadows cracker maintenance; unexpected shutdown

[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.

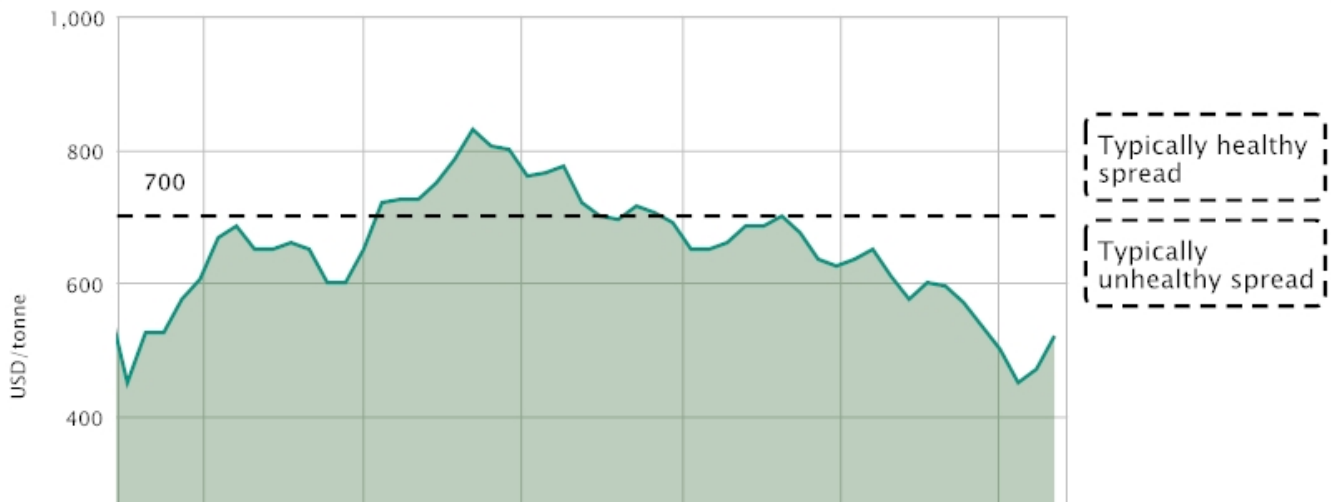
DOWNSTREAM

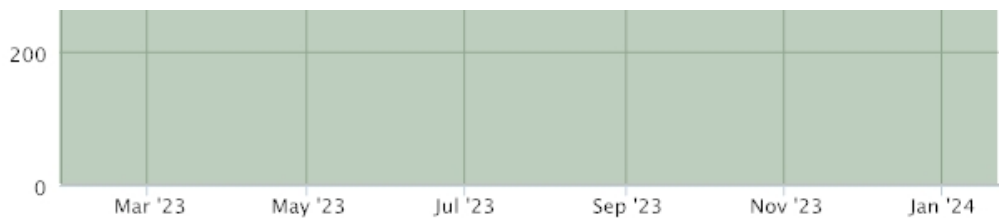
Styrene-butadiene-rubber (SBR)

- Offers climb higher with cost push
- Buying tempo picked up with restocking activities
- But buy-sell gap persist to weigh down spot trade liquidity

The chart below shows the spread between BD and SBR in Asia, which while improving lately, remains deeply wedged in the unhealthy zone.

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





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Acrylonitrile-butadiene-styrene (ABS)

- CFR NE Asia uptrend continues for fourth week
- Uptrend slows as Lunar New Year beckons
- Pre-holiday stocking wave tapers off



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PRODUCTION

BD supply balance remains tight amid ongoing plant closures, including a 130,000 tonnes/year unit in Taiwan that is currently [off-line](#) for a two-month-long maintenance, as well as two [units](#) in Beijing, with a total nameplate capacity of 135,000 tonnes/year, that went down since H1 January for unscheduled servicing.

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

OTHER REGIONS

Europe

- Domestic spot prices reach above contract - first since Q3 2022
- Supply curtailed with cracker and ongoing BD unit issues
- Fundamental demand little changed – still below norm
- Feb CP due to be set next week

US

- US February contract nominated higher; spot prices steady at low end of Jan CP range
- Global spot tightens, pushing APAC prices up 18% since late Dec, EU prices above CP
- US weather causes cracker, BD operation disruptions but no supply concern

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