



Butadiene (Asia-Pacific)

By Ai Teng Lim
26-Jul-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.

All prices in the weekly analysis on 9 August will be assessed based on information collated up to 8 August, except for the Chinese domestic yuan (CNY) prices. Please click [here](#) for the ICIS publishing schedule.

OVERVIEW

- **Buy-sell sentiment mixed**
- **Regional supplies lengthen [after plant restart](#) and renewed deep-sea flows**
- **No selling pressure for sellers who wait and see**

Discussions in the Asian spot import market for butadiene (BD) were thin and patchy, hampered by a persistent buy-sell divide in the pricing outlook.

For end-users, many did not want to pay more for BD cargoes, as they were worried that they would not be able to transfer the higher costs to their downstream customers.

Domestic China losses seen in the week also dampened buy-side sentiment, as many believed that discussions for US dollar denominated imports would invariably weaken too.

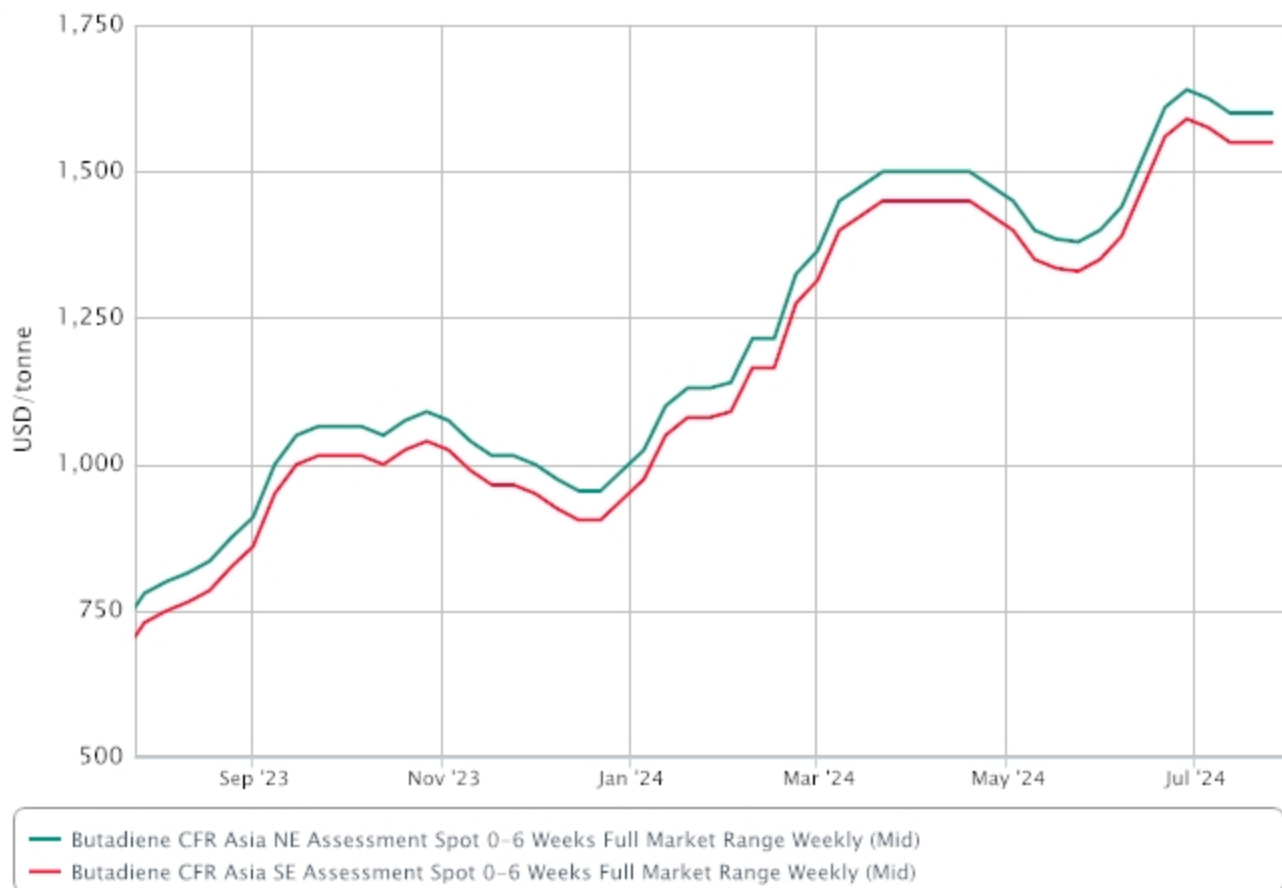
Furthermore, buyers are not optimistic that key downstream industries such as the automotive sector will recover in the wake of recent worrying developments, including upcoming tariff hikes that several western economies plan to slap on China-made electric vehicles.

BD buyers also believe that the spot [supply](#) pool could grow, once more regional plants that were previously shut resume operations, possibly within the next few weeks. Furthermore, there may be additional deep-sea cargoes available to ship to Asia, market players said.

However, sellers held fast to prior expectations and were unwilling to widen discounts as they preferred to wait. Some said although some regional BD plants have restarted after prolonged outages, they noted that there were issues brewing at other units that could lead to fresh output losses. They were therefore confident that the supply balance will remain tight and in their favor.

Furthermore, trades involving spot exports of China-origin cargoes have held up well in the last few weeks,

and this has bolstered expectations among other regional BD sellers that CFR NE Asia negotiations will also be supported.



© 2024 ICIS

OUTLOOK

- Outlook for broader chemical [demand in July](#) generally dull
- Players to keep close eye on deep-sea cargo movementss
- [Supply changes](#) to drive BD discussions moving forward

PRICES

SPOT PRICES - PRICE RANGE FOR THE WEEK

Price Range	Four Weeks Ago	US CTS/lb
-------------	----------------	-----------

Butadiene

FOB China	USD/tonne	-10	1580.00-1600.00 0	-10	1550.00-1650.00	71.67-72.57
CFR NE Asia	USD/tonne	n/c	1550.00-1650.00 0	n/c	1550.00-1730.00	70.31-74.84
CFR SE Asia	USD/tonne	n/c	1500.00-1600.00 0	n/c	1500.00-1680.00	68.04-72.57

China

FOB China discussions softened slightly following losses in the domestic market.

Both ends were adjusted down to capture the spectrum of trades and buy-sell indications heard in the week.

At least one cargo changed hands in the published range for August lifting, while offers were heard at the high end and up, market sources said.

Domestic prices in China slipped at the end of the week as off-take slowed due to [downstream plant closures](#).



© 2024 ICIS

Northeast Asia

Discussions in the CFR NE Asian market were frayed and sporadic in the week, as the majority of players

continued to hold back from making concrete transactions on a fixed price basis.

The assessment was unchanged on range-bound indications.

Buyers were adamant that pricing of forward deliveries will soften, as they expect regional supplies to lengthen once several plants that were previously shut resume operations.

They also believe that deep-sea origin cargoes will continue to flow into Asia, which in turn will expand the supply pool.

Their buying indications were capped at the low end, with some major regional end-users heard keen only to commence discussions for September shipment and beyond, at levels substantially below the published range.

However, for producers in wider Asia, albeit outside of China, there were scant spot availabilities. Some may have gaps to fill with additional spot purchases themselves, market sources said.

Traders who may be in a position to resell some regional cargoes to ship in the window of assessment therefore held fast to their prior targets - reflected at the high end - saying they would rather hold and wait, rather than dish out discounts at this point.

This week, a southeast Asia-origin cargo available to lift in H2 August was floated for tender sales. The deal was inked on a formula basis, market sources said.

There were also some discussions on a fresh tranche of deep-sea origin material available to lift at end August. However, it was unclear if the discussions were conclusive as there was a wide gap in preliminary buy-sell indications, market sources said.

Monthly Contract DEL, \$/ tonne	Jun 24	May 24	Apr 24	Mar 24	Feb 24	Jan 24	Dec 23
Taiwan FPCC	1,395	1,355	1,415	1,348	1,135	1,020	910
Korea YNCC	1,493	1,390	1,450	1,405	1,165	1,070	945

Southeast Asia

The CFR SE Asia assessment was unchanged in line with the stable CFR NE Asia assessment.

SPOT PRICES - PRICE RANGE AT CLOSE OF BUSINESS FRIDAY

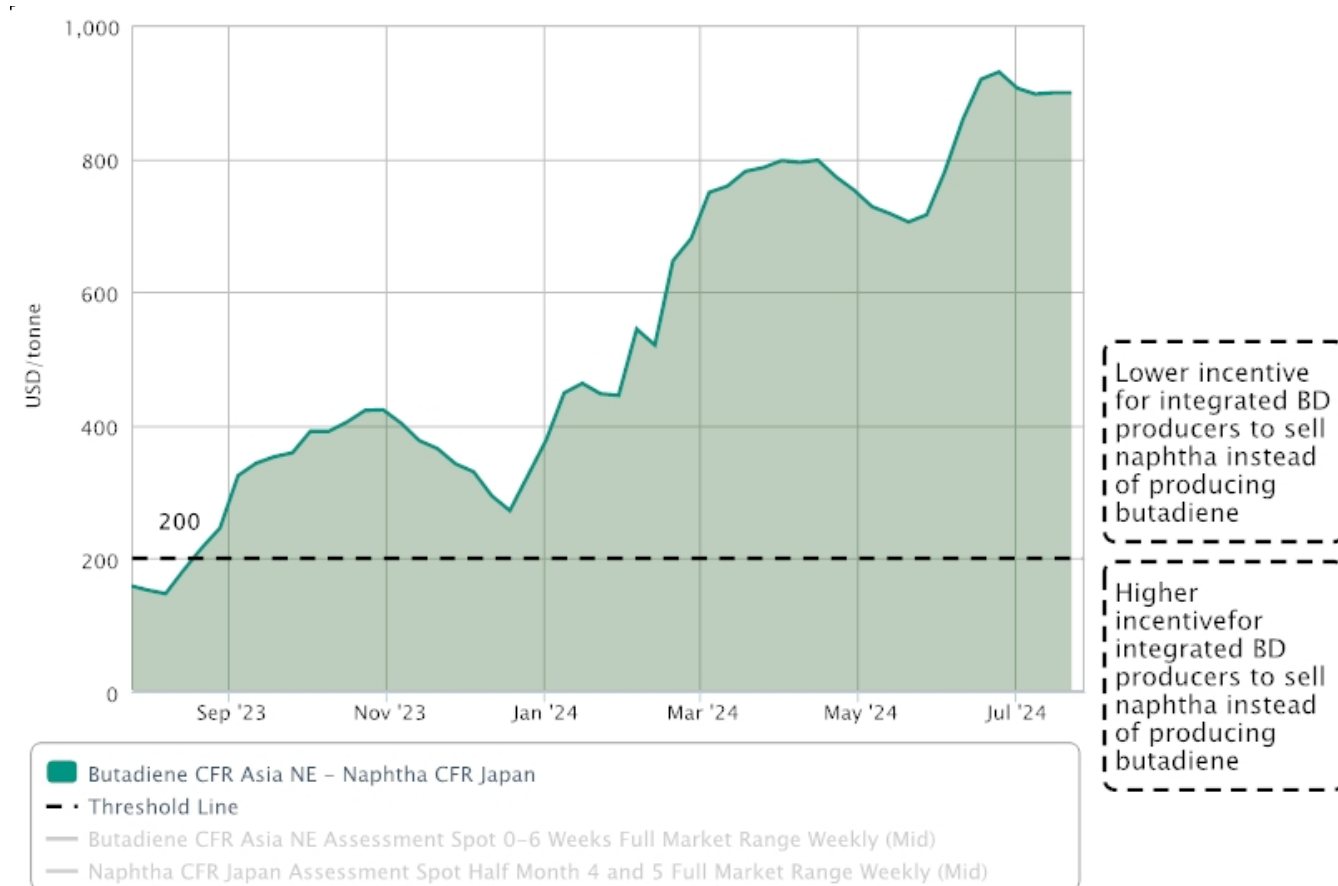
			Price Range		One Week Ago	/
Butadiene						
Ex-Tank E China	CNY/tonne	-300	12600-12700	-300	13000-13100	-

UPSTREAM

Naphtha

- Ample supplies weigh on market sentiment
- Crack on 25 Jul reaches highest since 9 Jul due to easing crude
- Formosa buys heavy naphtha at double-digit discounts this week

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



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

DOWNSTREAM

Styrene-butadiene-rubber (SBR)

- Thin buying interest
- But spot availabilities limited too
- Market players mostly in wait-and-see mode

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

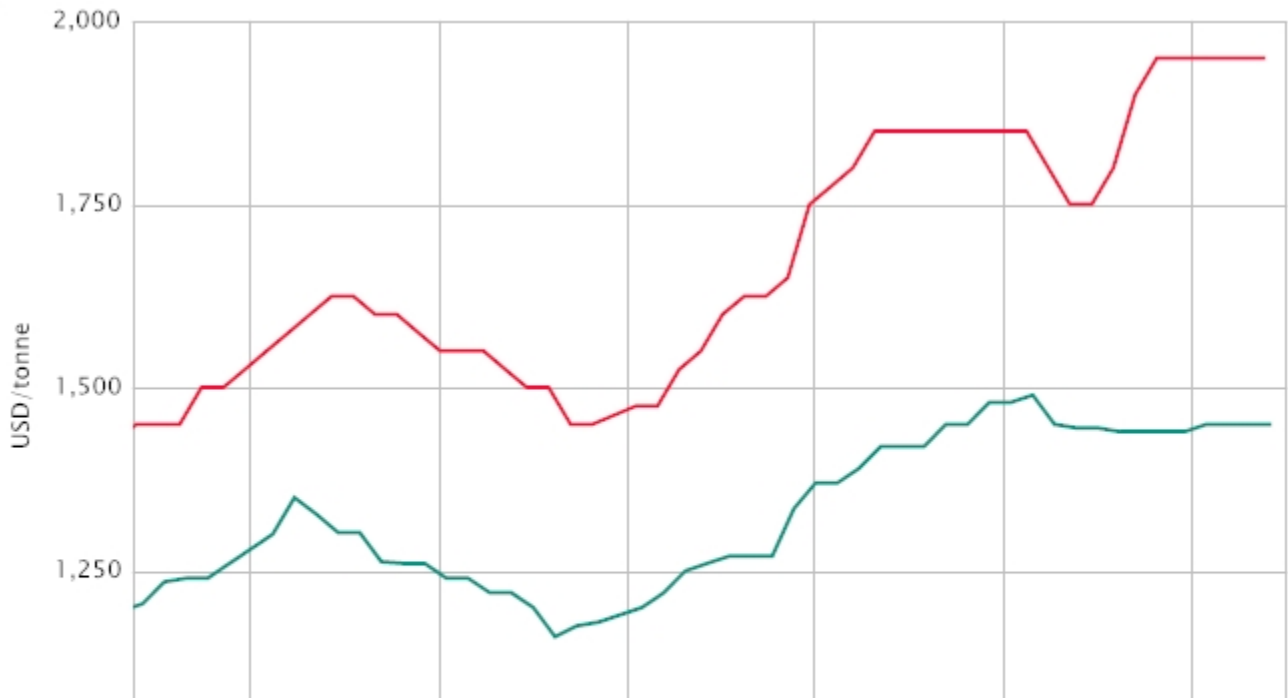
[Spread between Butadiene and Styrene Butadiene Rubber Asia](#)



© 2024 ICIS

Acrylonitrile-butadiene-styrene (ABS)

- Import prices stable across Asia
- Trades subdued by wide buy-sell gap
- Surprise stay in positive zone for second week





© 2024 ICIS

PRODUCTION

In wider Asia, a [162,000 tonnes/year unit](#) in Taiwan will shut in August for maintenance, but another [109,000 tonnes/year unit](#) at the same site, which has been shut since March, will restart in September.

A 110,000 tonnes/year unit in [Vietnam](#), which has been shut since late February, is expected to restart in August, market sources said.

In China, a 100,000 tonne/year unit in [Panjin](#) started a 50-day maintenance in early July, while a 50,000 tonne/year line in [Shandong](#) went offline for about a week in H1 July for unplanned weather-related repairs, market sources said.

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

OTHER REGIONS

Europe

- Firm supply and demand fundamentals persist
- Some spot activity possible on back of derivative issue
- Domestic spot prices in narrower range, still at premium to CP
- August CP due to be set next week

US

- US BD market activity subdued post-Hurricane Beryl
- July CDI contracts down on improved supply
- US BD spot prices soften slightly amid slack demand

ANALYTICS

ICIS outlook for the downstream automotive sector

The auto industry is preparing for a structural change. However, there is a degree of skepticism among manufacturers about mandatory targets to ramp up charging and refueling infrastructure for electric vehicles (EVs). Volatile trade relations and changes to policy will continue to be major headwinds for the industry this year.

According to the US Census Bureau, US light vehicle sales decreased by 4.0% month on month in June, with total sales at 15.3 million units. The figure was down by 4.8% year on year and 11.6% below levels seen in 2019.

Inflation, a slump in consumer confidence and tighter monetary policy will weigh on US demand in the automotive sector. The outlook for the rest of this year remains bearish.

The European Automobile Manufacturers' Association (ACEA) reported that EU passenger car registrations increased by 4.3% in June year on year. Italy posted the largest increase at 15.1%, followed by Germany at 6.1% and Spain at 2.2%. However, given the weak economy and strained trade relations, concerns about balance sheets are growing, with some producers struggling to survive in the short term. Investment in longer-term trends includes tightening emission standards, a growing push to electrify and increased shared car ownership, but this has left some firms cash strapped. As a result, OEMs and other stakeholders are looking to diversify by identifying and conducting white space analysis. For example, Volkswagen and Rivian have announced plans to form a joint venture which will see Volkswagen invest an initial \$1 billion in Rivian, ahead of a further \$4 billion in additional funds. Elsewhere, Aramco acquired a 10% stake in HORSE Powertrain, which is owned equally by Renault and Geely, for €7.4 billion. The stake will allow Aramco to help develop competitive powertrains, technologies, synthetic fuels and lubricants.

China's balance of risk lies to the downside after the EU raised tariffs on Chinese EVs and following the implementation of the US Inflation Reduction Act (IRA). Both pose a threat to China's ambition of continuing to lead the EV space. According to ACEA, China's share of the European EV market has increased from 3% to 20% in the past three years.

By **Jincy Varghese**, ICIS demand analyst, jincy.varghese@icis.com

Butadiene (Asia-Pacific) | 26-Jul-2024. ICIS accepts no liability for commercial decisions based on the content of this report. Unauthorised reproduction, onward transmission or copying of the Butadiene (Asia-Pacific) Report in either its electronic or hard copy format is illegal. Should you require a licence or an additional copy of the Butadiene (Asia-Pacific) Report, please contact ICIS at sales.uk@icis.com

ICIS, Quadrant House, The Quadrant, Sutton, Surrey, SM2 5AS. United Kingdom. ICIS accept no liability for commercial decisions based on the content of this report. Copyright violation is a serious offence. Any distribution or forwarding of information that is not expressly permitted by your subscription agreement is a copyright violation. ICIS uses software to monitor unauthorised electronic redistribution of reports.

© 2024 Reed Business Information Limited. ICIS is a member of RELX Group. www.icis.com

 RELX™