



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

- **Downtrend continues in domestic China**
- **Import discussions muted**
- **Oversupply concerns loom across the region**

Asian butadiene (BD) spot discussions were [muted](#), with trade curtailed by a persistent buy-sell gap.

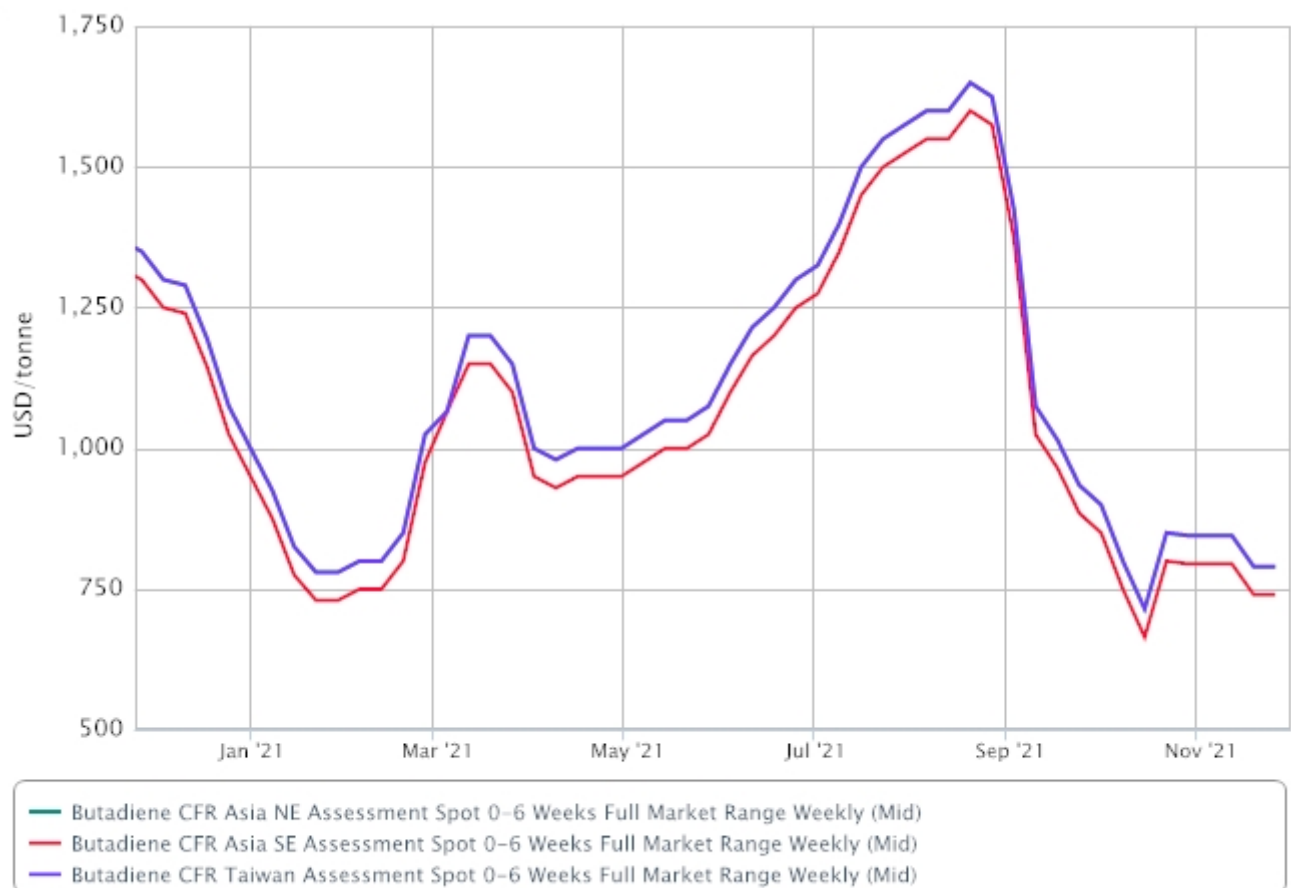
Domestic China prices continued to trend down, although the change is much smaller than that seen in the prior week.

This also weighed down import discussions, with buyers unwilling to take positions until the China market has stabilised.

Persistent oversupply concerns also weighed on buying appetite. Regional BD supplies are poised to lengthen further, as a [new cracker](#) in northeast Asia starts up, which would in turn pave the way for a new 150,000 tonne/year BD unit to come on-stream in due course, once the cracker's operations have stabilised.

However, sellers held firm to existing expectations for imports, citing suppressed cracker margins.

Many were also heard inclined to moderate cracker operation rates to reduce surplus BD output, rather than reduce import offers to make sales and move volumes.



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OUTLOOK

- **Supply glut to persist**
- **Limited upside potential for near-term demand**
- **Volatility in domestic China to impact sentiment**

PRICES

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
Butadiene						
FOB China	USD/tonne	n/c	800.00-850.00	-50	900.00-1000.00	36.29-38.56
CFR NE Asia	USD/tonne	n/c	750.00-830.00	n/c	790.00-900.00	34.02-37.65
CFR Taiwan	USD/tonne	n/c	750.00-830.00	n/c	790.00-900.00	34.02-37.65
CFR SE Asia	USD/tonne	n/c	700.00-780.00	n/c	740.00-850.00	31.75-35.38

China

FOB China assessments were stable to soft, with the high end dropped to reflect the lowest selling indication heard.

Sentiment was weighed down by retreating domestic yuan values, and substantive discussions were crimped further by weak demand conditions in various regional outlets.

East China domestic prices

Domestic China prices softened with lacklustre buying in an amply supplied market.

Price (CNY/tonne)	26 November	19 November
DEL east China	5,800-5,950	5,800-6,000



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Northeast Asia

CFR northeast Asian assessments were kept unchanged, amid muted discussions and in the absence of any concrete, fresh, buy-sell indications.

CFR Taiwan assessments were also rolled over in line with stable CFR NE Asian assessments.

Monthly Contract	Oct '21	Sep '21	Aug '21	Jul '21	June '21	May '21	Apr '21	Mar '21
DEL, \$/tonne								
Taiwan FPCC	870	1,175	1,545	1,380	1,205	1,010	1,050	1,135
Korea YNCC	790	1,050	1,650	1,470	1,245	1,010	987	1,102.50

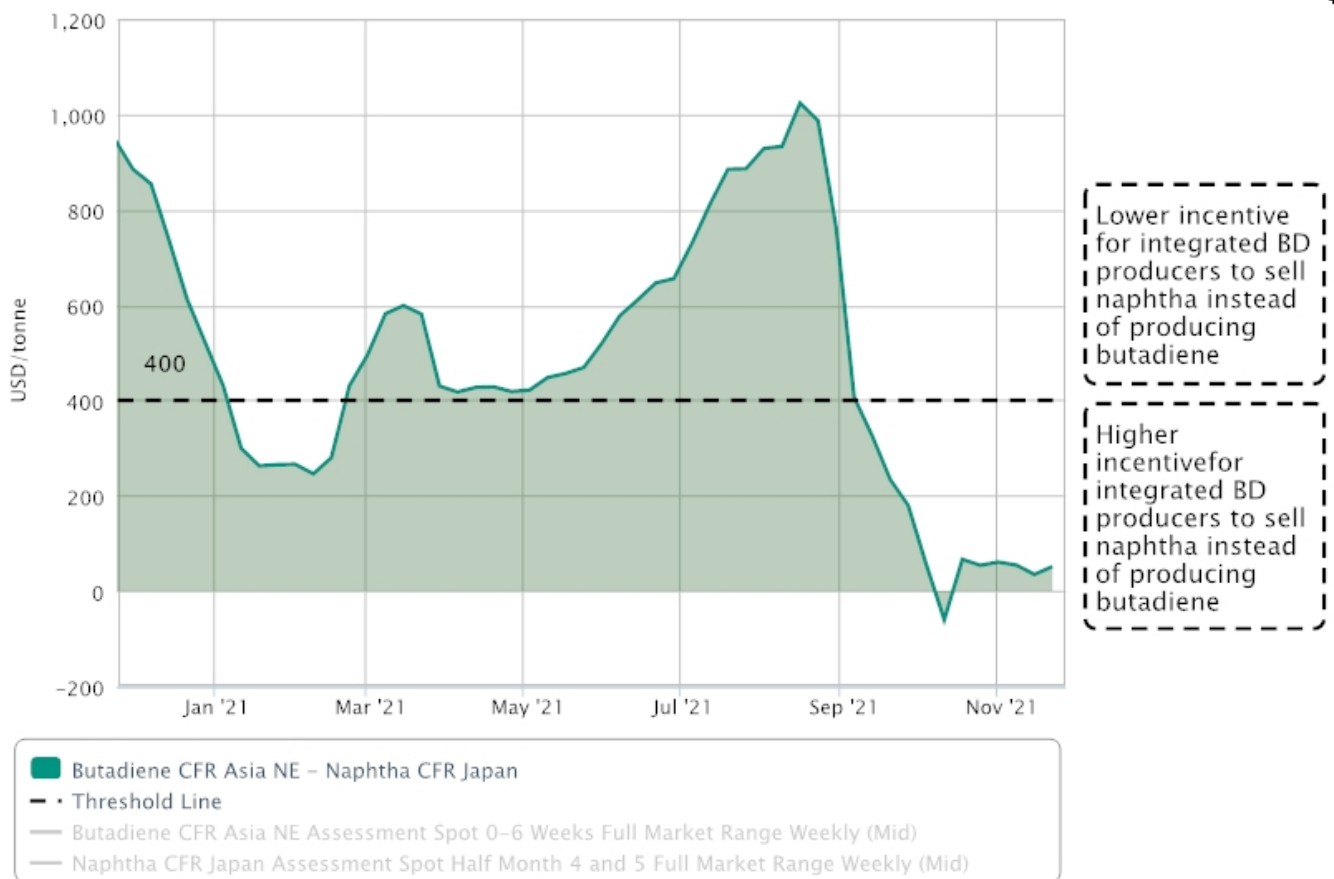
Southeast Asia

CFR SE Asian assessments held steady in line with stable CFR NE Asian assessments.

UPSTREAM

Asia-Pacific naphtha prices tracked falls in global crude oil futures. The downward pressure was moderated by supporting demand in the petrochemicals stream, mirrored in the market structure staying at a wide backwardation, with prompt-month prices firmer than forward months.

[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

Asian styrene butadiene rubber (SBR) spot discussions were stable to firm, tapping snug supplies for support.

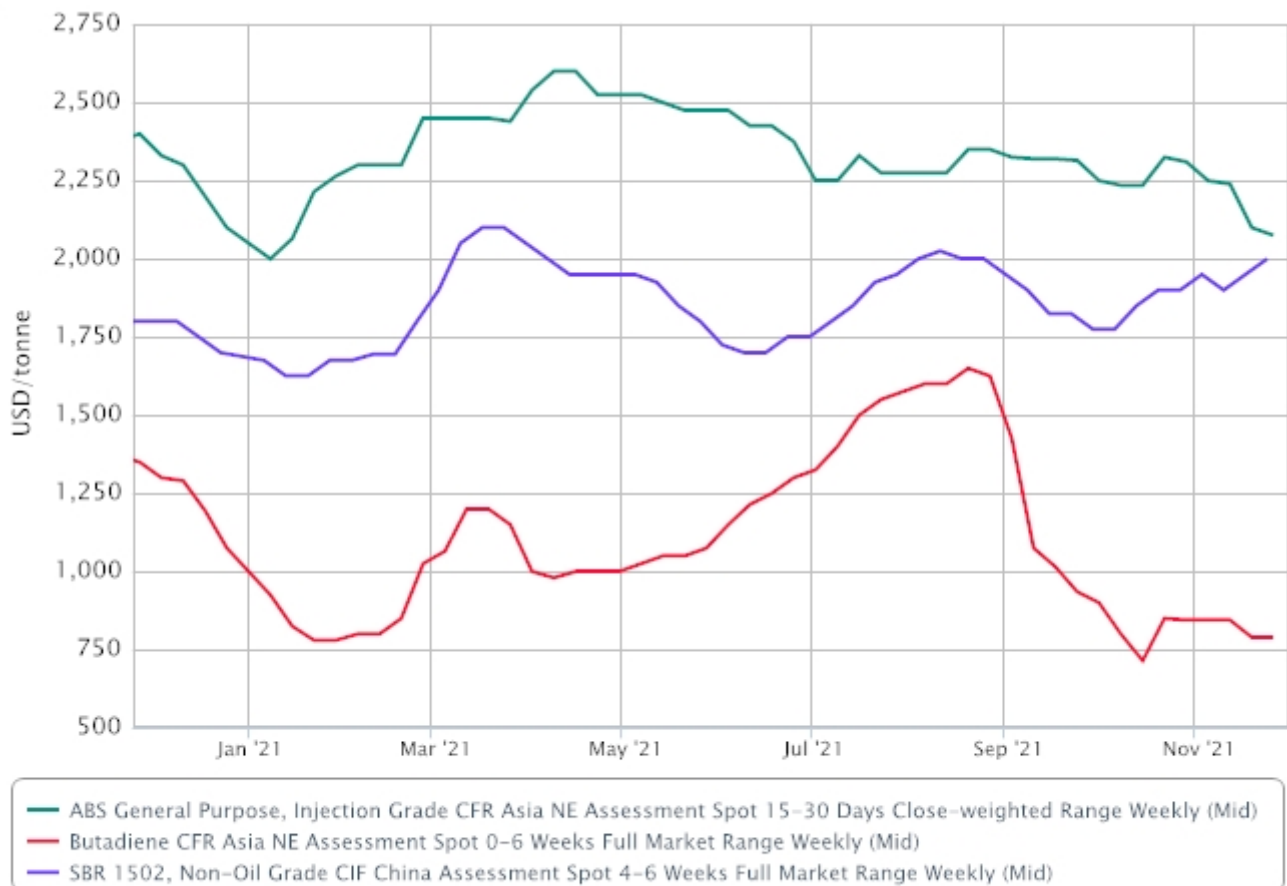
The chart below shows the spread between BD and SBR in Asia.

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



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Spot acrylonitrile butadiene styrene (ABS) import prices in northeast Asia fell for the fifth week. The seasonal lull had surfaced, with the feedstock crude plunge further weakening the sentiment.



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PRODUCTION

Within China, while several purpose-built units remained shut on economic considerations, domestic availabilities were buttressed with output from several new projects recently started up, such as the 140,000 tonnes/year Fujian Gulei plant, and the 80,000 tonne/year Shouguang Luqing plant.

The regional BD market is also structurally oversupplied, as output from several new and upcoming new projects in the region are poised to hit market in the near term.

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

ANALYTICS

ICIS Butadiene Outlook

US BD consumption is estimated to hit about 1.7m tonnes in 2022, which is below pre-pandemic levels. The automotive production crunch may last into H1 2022 at the earliest and contribute to weaker BD derivative demand. Apart from the chip shortage, a shortage of magnesium in China poses another threat to the global car industry. Magnesium is used in the production of aluminium alloys, which have a number of applications in vehicle manufacture.

There is uncertainty surrounding the BD outlook for Europe in 2022. With activity at the cracker in Porto Marghera, Italy, brought to a halt, crude C4 cargoes will no longer be shipped to Ravenna to feed Versalis' BD

extraction unit which has a capacity of 140,000 tonnes/year. Although Sabic's cracker in Wilton, UK, will see commercial production restored by the end of 2022, its BD unit may remain permanently closed. Supply chain disruptions may materialise as a result. BD demand is forecast to grow at a slower rate next year, by about 6% on 2021, but consumption this year is expected to increase by almost 11% on 2020.

ICIS analysts estimate relatively sizeable growth in BD demand in 2022, up by 12% on 2021, at around 4.3m tonnes. Next year, BD derivative capacity additions will amount to about 895,000 tonnes/year, and new BD capacity will hit about 320,000 tonnes/year. With demand outpacing production, China will remain a net BD importer. A new 70,000 tonne/year standalone BD unit in Batangas in the Philippines and owned by JG Summit may help to cover some of China's BD shortfall in 2022.

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