



# Butadiene (Asia-Pacific)

**By Ai Teng Lim**  
**31-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 prices spike**
- **[Import](#) market sentiment more upbeat as such**
- **Snug spot availabilities also an upside support factor**

Extended gains in the domestic yuan-denominated market lent upside support to discussions this week on US dollar-denominated import materials in the Asian butadiene (BD) arena.

By the end of the week, ex-tank prices in east China were 7% higher than the week prior.

The sharp yuan increases were propelled by several factors, from buoyant derivative futures to some [tightening of domestic spot BD availabilities](#), market sources said.

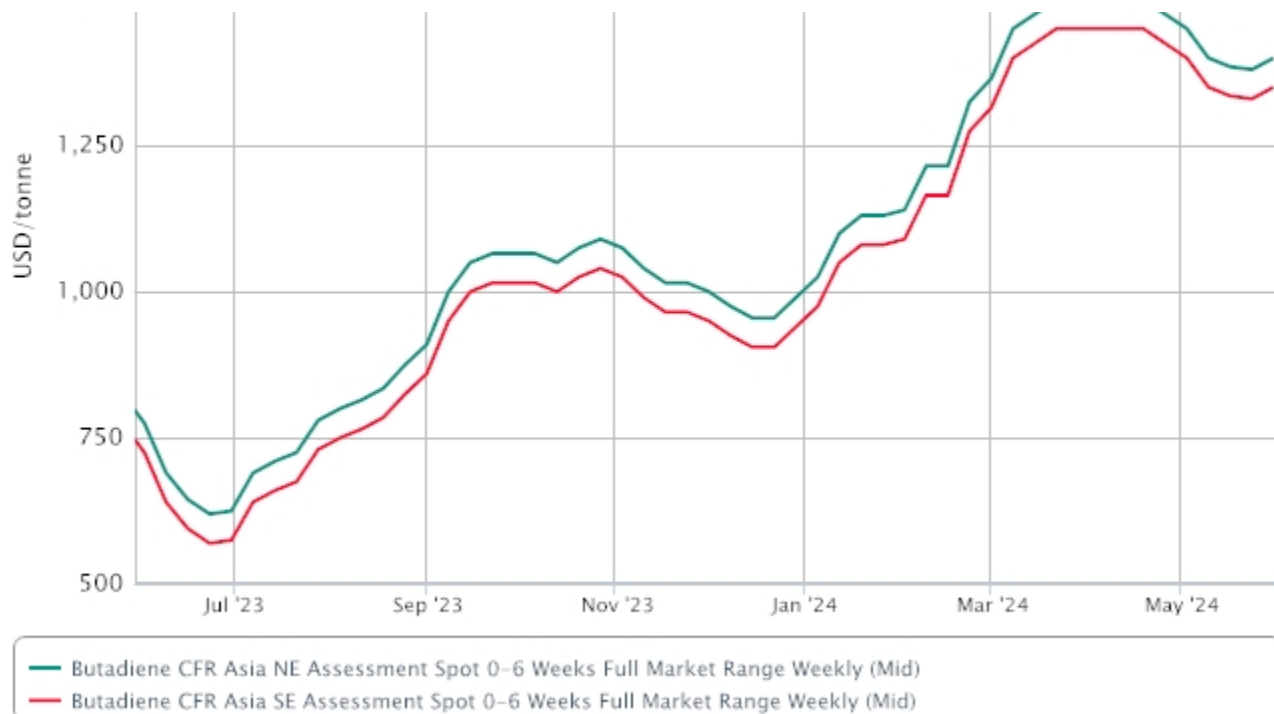
The strong yuan market performance in turn bolstered sentiment for import discussions, and potential sellers of US dollar-denominated cargoes elevated their targets to keep pace with the bullish yuan values. For instance, export offers on China-origin materials edged up to finish the week on a strong note, even if this market had a shakier start early in the week.

In wider Asia, potential sellers also raised selling indications for June/July shipment supplies, but concrete discussions and negotiations were capped because many players are out of their trading desks this week, attending an industry conference in South Korea.

Regional end-users are also mostly on the sidelines, unwilling to decide on July trades until at least after the volatility in domestic China subsides.

Most were already adequately covered for June requirements and saw no need to rush to procure anew, even if they acknowledged that regional spot supplies are, and could remain, structurally tight for the near term on the back of some [planned](#) production losses at regional BD plants and/or their integrated crackers.





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## OUTLOOK

- **Players to monitor how domestic China market will trend in coming weeks**
- **Regional spot supply shortage may persist in the near term**
- **But macroeconomic uncertainties to weigh on buying tempo**

## 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	-20	1300.00-1450.00	+60	1400.00-1430.00	58.97-65.77
<b>CFR NE Asia</b>	USD/tonne	n/c	1350.00-1450.00	+40	1400.00-1500.00	61.24-65.77
<b>CFR SE Asia</b>	USD/tonne	n/c	1300.00-1400.00	+40	1350.00-1450.00	58.97-63.50

### China

FOB China prices were assessed in a wider range to capture the full spectrum of deals and discussions throughout the course of the week.

A June-lifting cargo was heard traded early week, which forms the low end of the assessment. Although

this trade was finalized during the week of assessment, negotiations commenced in the week prior at a time when pricing sentiment was generally more downbeat in nature, market sources said.

But following the rise of domestic yuan values in the course of the current assessment week, selling indications for any freshly available export cargoes climbed, and this is tracked at the high end of the assessment.

Domestic ex-tank prices in east China were higher week on week. A major China producer revised its BD list prices thrice in the week, settling eventually at yuan (CNY) 12,000/tonne on 30 May, CNY800/tonne higher than that on 26 May.



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## Northeast Asia

CFR NE Asia prices were lifted at the high end, reflecting firmer selling indications floated late week.

But no concrete transactions were heard closed in the week, on CFR NE Asia terms and on fixed-price basis.

A southeast Asia-origin cargo available to lift in H2 June was floated for sale early week via tender. It was heard sold eventually on formula-linked terms and on FOB SE Asia basis, market sources said. But fuller pricing details and the identity of buyer could not be verified by press time.

Another cargo may have changed hands late week between traders, and possibly for July shipment, market sources said. Pricing details were not fully available, but some market sources said that it dovetailed with the mid-point of the published range.

The low end of the assessment was kept unchanged, tracking stable buy-side indications.

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 tandem with changes for the CFR NE Asia assessments, in the absence of concrete discussions and transactions on CFR SE Asia terms.

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

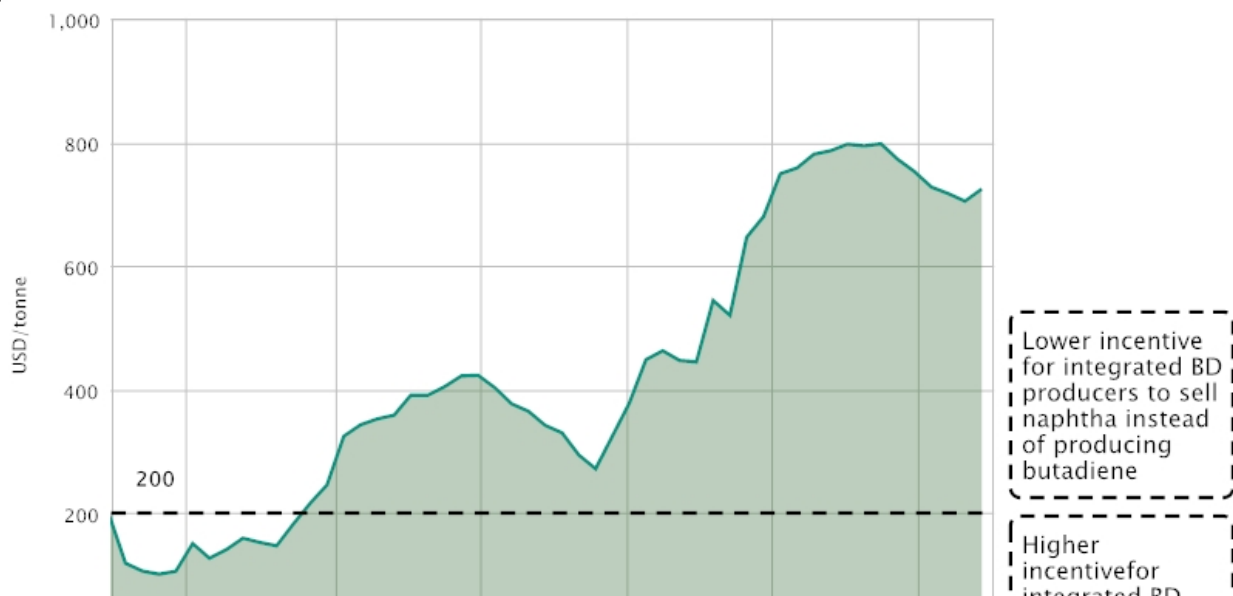
		Price Range	One Week Ago	/
<b>Butadiene</b>				
<b>Ex-Tank E China</b>	CNY/tonne	n/c 11800-11950	n/c 11400-11400	-

**UPSTREAM**

**Naphtha**

- Inter-month spread largely persisting at \$8.50/tonne vs \$10/tonne in late April
- A number of buyers seen this week purchasing July cargoes
- High freight rates could discourage arbitrage cargoes from arriving in Asia

[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.

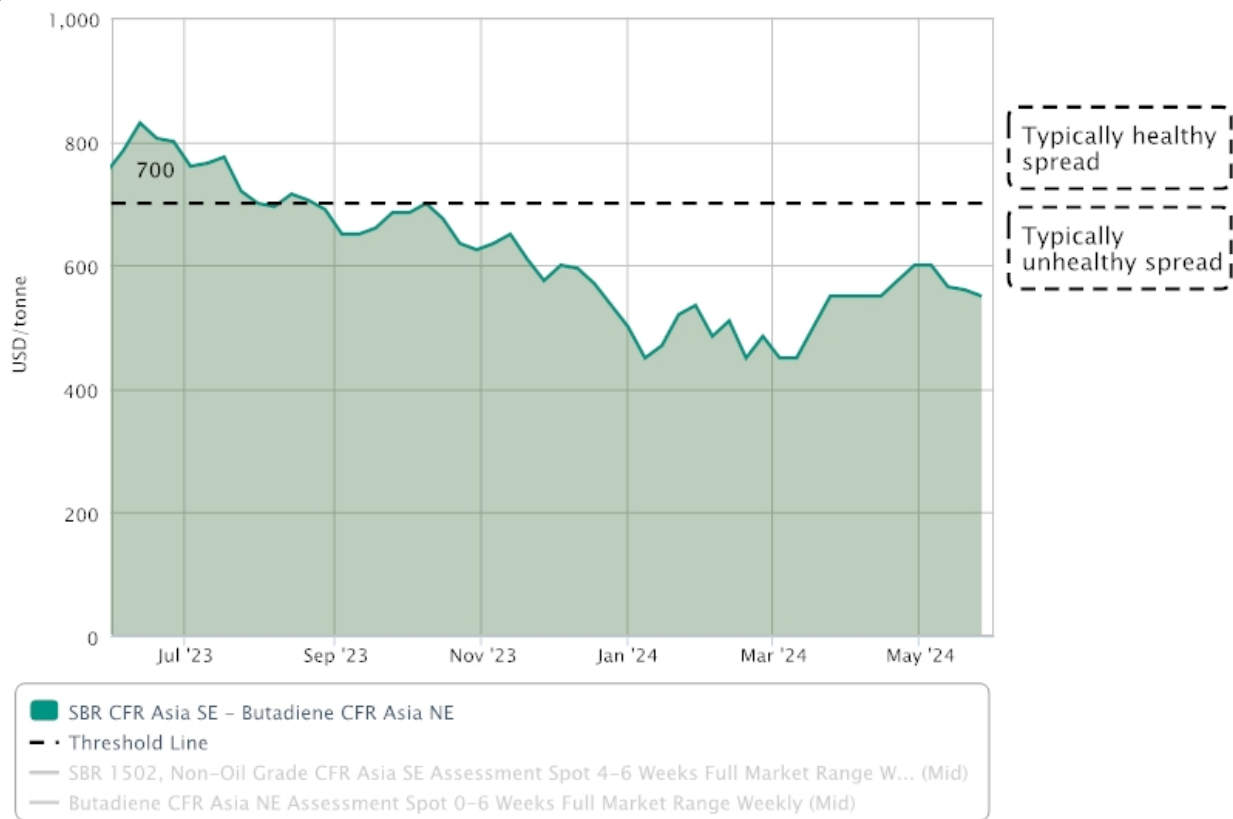
## DOWNSTREAM

### Styrene butadiene rubber (SBR)

- Some uptick in discussions in SE Asia and India
- Freight cost increases lent support to offers
- Trade liquidity capped amid downstream demand uncertainties

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

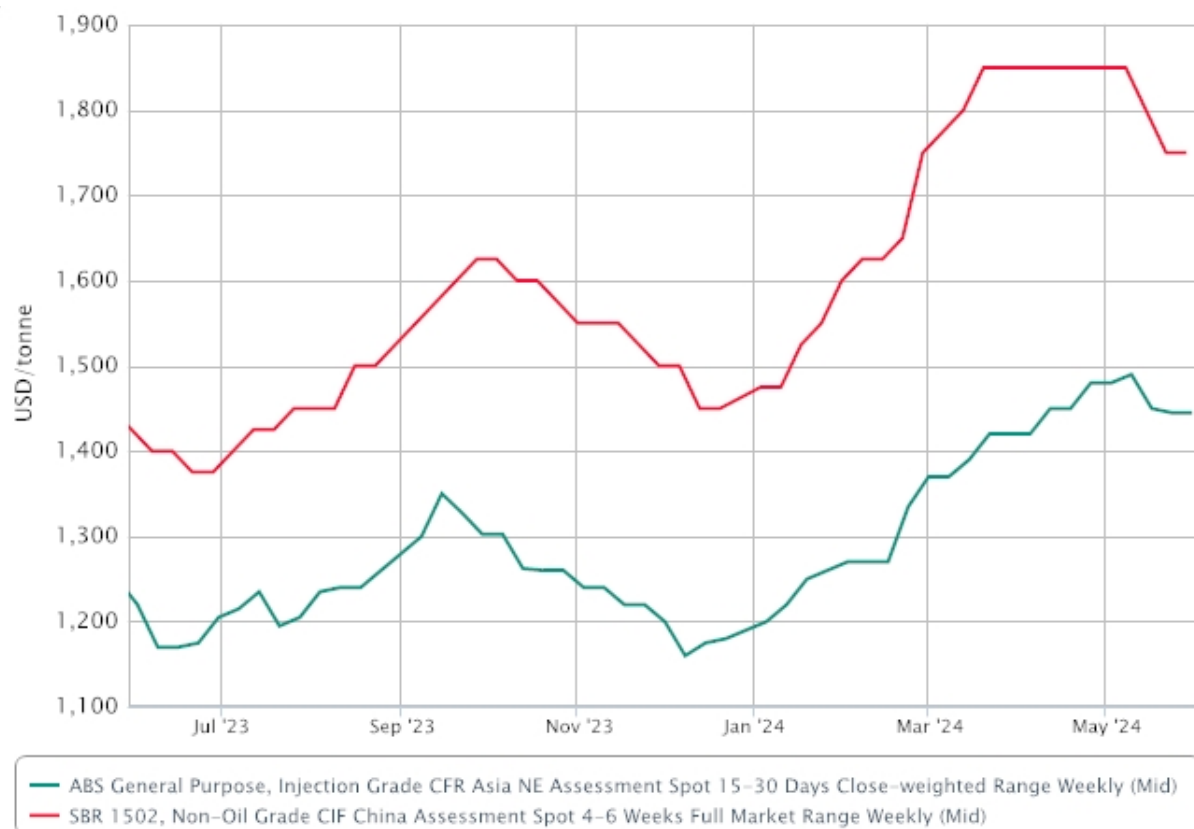
[Spread between Butadiene and Styrene Butadiene Rubber Asia](#)



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### Acrylonitrile butadiene styrene (ABS)

- Import prices were mixed on higher freight, supply
- Sellers face pressure from feedstock cost increases
- Buyers stick to cautious procurement from bearish projections



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## OTHER REGIONS

### Europe

- June contract price rises for fifth month in a row on supply constraints
- Domestic demand holding steady, spot needs only on back of supply issues
- Export focus on US as supply tighter on weather, ongoing outages, higher June contract price nominations
- Asia outlook still shaky, arbitrage unviable from Europe

### US

- June contract nominations up sharply on weather-related outages
- May CDI contracts up on persistently tight global supply
- Spot prices remain elevated on limited domestic prompt availability
- US demand is improving but still weak globally, driving sentiment

## ANALYTICS

## ICIS crude outlook

Looking forward, the physical crude oil market faces subdued demand and abundant supply, keeping prices under pressure despite ongoing geopolitical conflicts. OPEC has maintained production cuts of 2.2 million barrels/day with current output at nearly 27 million barrels/day and is expected to extend these cuts into Q3. As we move into Q3, Russian oil production is projected to remain steady, ranging between 9.55 million and 10.05 million barrels/day, with exports mirroring Q2 levels. China's crude oil imports are expected to average 11.3 million barrels/day, with refinery throughput at just under 15 million barrels/day. India's imports of Russian oil surged to 1.8 million barrels/day in May, reshaping its import market dynamics. Global oil demand is anticipated to be driven primarily by non-OECD countries and is projected to grow by about 1 million barrels/day in 2024, fuelled by resilient US consumption and India's economic expansion.

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## ICIS naphtha outlook

As June approaches, global naphtha dynamics are being shaped by fluctuating Brent crude values, regional market activities and broader economic conditions. In Europe, naphtha spot quotations are being influenced by these fluctuations and macroeconomic challenges, with the market focusing on US gasoline demand for the summer driving season and the re-establishment of exports to Asia. Although global naphtha cracks are attempting to recover, the upside has been limited by reduced steam cracker operations and extended turnarounds. In Asia, naphtha demand is expected to remain tapered, with closed arbitrage windows causing local oversupply and preventing significant price spikes. China is set to increase refinery rates to meet rising domestic gasoline and jet fuel demand, driven by stronger margins and seasonal consumption. In addition, India's high imports of Russian oil highlight naphtha's critical role in petrochemicals. These interconnected regional activities underscore the complex and evolving nature of the global naphtha market in Q3.

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