

Butadiene Industry Insights

Industry highlights:

- Crude oil prices hold steady as **US production slows**
- US contract prices for May increased by 1c/lb. US butadiene supply/demand balance is tight
- Europe's monthly contract price for butadiene increased by €40/t after **unplanned outages reduced supply**
- US light vehicle sales stay strong as buyers tastes trend back to trucks and SUV's because of lower gasoline prices

In the news:

- Spanish oil and gas firm **Repsol has declared force majeure on ethylene and butadiene supply**. The 702,000 t/yr olefins cracker at Repsol's Tarragona petrochemical complex went offline due to a technical issue.

Argus DeWitt Butadiene Annual 2015 observations:

The global butadiene market is still largely dependent on world GDP development after the economic crisis 2007-2009. Slower than expected recovery has restricted growth in both domestic demand and imports of finished and semi-finished goods.

The predominant domestic issue is that after 2-3 years of rapid expansion, there is a huge overcapacity for butadiene and synthetic rubber. It is estimated it will take another 3-4 years for demand growth to return operating rates to reinvestment levels. Uncertainty over China's economic growth rates and crude oil pricing are important issues to observe closely in 2015, and will heavily influence demand recovery.