

Argus *Butadiene Outlook*

Chemicals

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Executive Summary

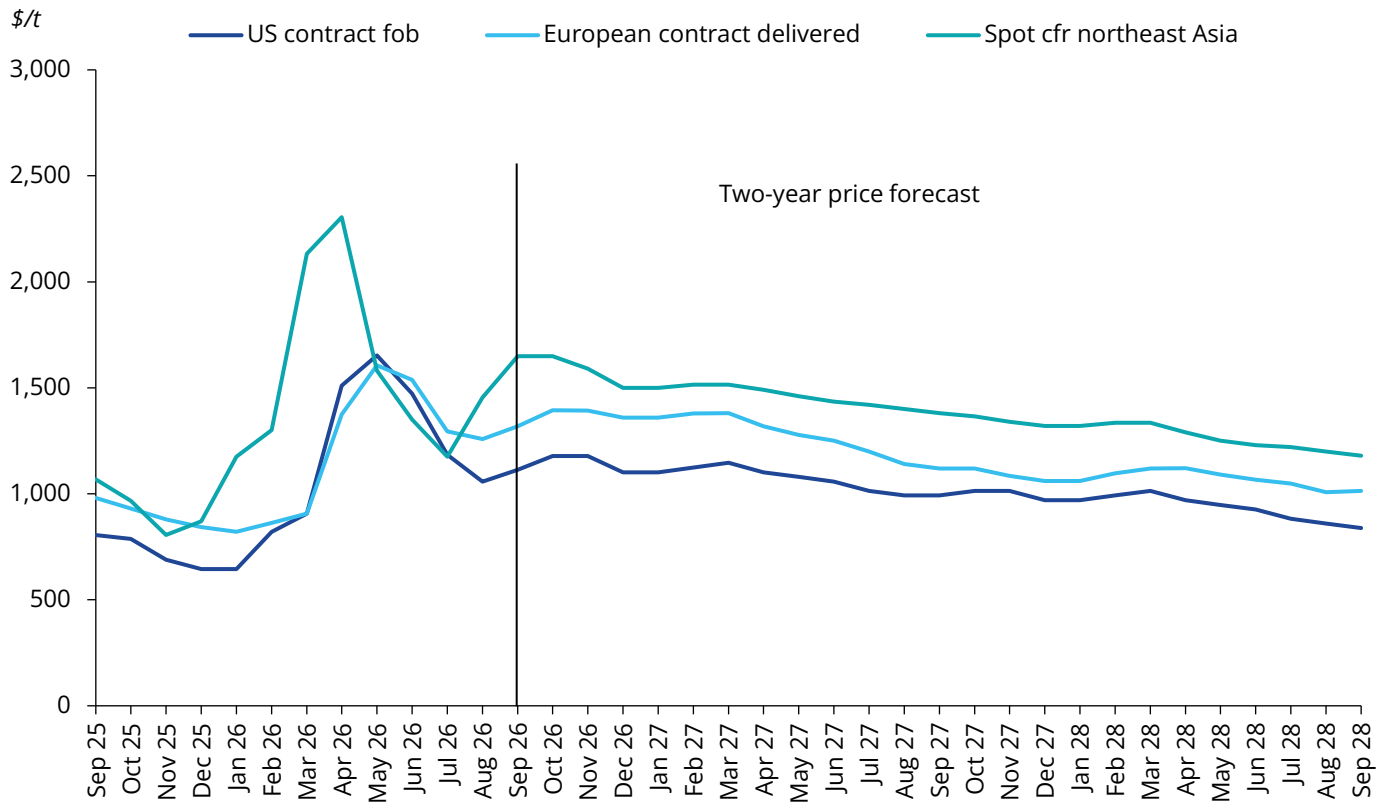
Global supply tightens, and spot prices climb.

Click here to download the price dataset in Excel

What's changed

- Heightened tensions in the Middle East have propped up energy prices again.
- Chinese BD inventory has tightened, which has supported elevated China domestic and import parity prices, respectively. Our expectation is for a downward adjustment to these Chinese prices unless the US-Iran conflict further intensifies and/or supply in the rest of the region unexpectedly shrinks.
- US supply is constrained with two new US production outages and the conclusion of export sales for September loading. However, the market remains more balanced because a third supplier delayed its planned repairs to the first quarter.

Global butadiene price forecast



US contract: Prevailing final nominated transaction contract price, fob basis
European contract: Monthly negotiated contract price, free delivered basis, undiscounted
Asia spot: cfr northeast Asia basis

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Near-term and long-term outlook

Relief for the snug supply in the short-term is expected in the coming months.

Near-term outlook

- Note: the energy forecast was set on 7 September, prior to higher energy prices during the last two weeks.
- Chinese supply has tightened with rising energy costs coupled with its exports that were sold in August. Other countries in the region have lower demand, which is why the cfr northeast Asia price is at a discount to fob China as well as China import parity.
- Initially US supply tightened at the start of the month, but conditions have eased.
- There has been a mild improvement in Rhine River levels, but northwest Europe is bracing itself for the seasonal low conditions in the fourth quarter.

Long-term outlook

- Market adjustments are anticipated in 2028 and beyond, following cracker rationalization in both northwest Europe, South Korea and Japan.
- Some derivatives in these regions will not be able to afford rising prices resulting from tighter supply. Downstream units could also permanently shut.
- The US and Brazil are likely to have additional deepsea volumes available given derivative closures in the Americas.
- The price spread between Europe and the US will narrow in second half 2027 but then rise when the former shuts down crackers.

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Price forecast – the energy view was set on 7 September.

Click here to download the price dataset in Excel

Americas

	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	Jul-27	Aug-27	Sep-27	Oct-27	Nov-27	Dec-27	Jan-28	Feb-28	Mar-28	Apr-28	May-28	Jun-28	Jul-28	Aug-28	Sep-28
WTI $/bl	88	90	87	85	85	84	85	86	87	88	88	88	87	87	84	83	79	75	75	76	76	77	78	77	76
Natural gas Henry Hub $/mmBtu	2.91	2.98	3.10	3.53	3.90	3.57	2.91	2.77	2.78	2.92	3.13	3.21	3.19	3.28	3.55	4.20	4.63	4.19	3.44	3.19	3.17	3.33	3.53	3.59	3.57
Butadiene contract fob ¢/lb (estimated avg net)	50.5		53.5	50.0	50.0	51.0	52.0	50.0	49.0	48.0	46.0	45.0	45.0	46.0	46.0	44.0	44.0	45.0	46.0	44.0	43.0	42.0	40.0	39.0	38.0
Butadiene contract fob $/t (estimated avg net)	1,113		1,179	1,102	1,102	1,124	1,146	1,102	1,080	1,058	1,014	992	992	1,014	1,014	970	970	992	1,014	970	948	926	882	860	838

Europe

	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	Jul-27	Aug-27	Sep-27	Oct-27	Nov-27	Dec-27	Jan-28	Feb-28	Mar-28	Apr-28	May-28	Jun-28	Jul-28	Aug-28	Sep-28
North Sea Dated $/bl	95	95	92	90	89	88	89	90	91	92	92	92	91	91	88	87	83	79	79	80	80	81	82	81	80
Naphtha cif Rotterdam $/t	779	786	774	770	759	740	747	740	732	741	750	748	747	738	738	722	706	661	652	655	639	648	665	654	653
Exchange rate	1.16	1.16	1.16	1.17	1.17	1.17	1.17	1.17	1.17	1.17	1.18	1.18	1.18	1.18	1.18	1.18	1.18	1.18	1.19	1.19	1.19	1.19	1.19	1.19	1.19
Butadiene contract delivered €/t	1135		1195	1165	1165	1180	1180	1125	1090	1065	1020	970	950	950	920	900	900	930	945	945	920	900	885	850	850
Butadiene contract delivered $/t	1319		1392	1359	1360	1379	1381	1318	1278	1250	1199	1141	1119	1119	1084	1060	1060	1096	1120	1121	1091	1067	1049	1008	1014
Butadiene contract vs Naphtha cif $/t	540		618	589	601	639	634	578	546	509	449	393	372	381	346	338	354	435	468	466	452	419	384	354	361

Asia-Pacific

	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	Jul-27	Aug-27	Sep-27	Oct-27	Nov-27	Dec-27	Jan-28	Feb-28	Mar-28	Apr-28	May-28	Jun-28	Jul-28	Aug-28	Sep-28
Naphtha cfr Japan $/t	830	839	829	822	815	789	785	772	763	774	783	784	782	771	769	759	741	686	671	681	670	681	694	681	671
Butadiene spot cfr northeast Asia $/t	1,650	1,650	1,590	1,500	1,500	1,515	1,515	1,490	1,460	1,435	1,420	1,400	1,380	1,365	1,340	1,320	1,320	1,335	1,335	1,290	1,250	1,230	1,220	1,200	1,180
Butadiene Asia vs naphtha cfr Japan $/t	820	811	761	678	685	726	730	718	697	661	637	616	598	594	571	561	579	649	664	609	580	549	526	519	509

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Energy and feedstocks – the energy view was set on 7 September.

Tight supply and resilient demand are expected to support crude, naphtha, and LPG markets through 2027, with longer-term upside constrained by emerging oversupply risks and weak petrochemical demand.

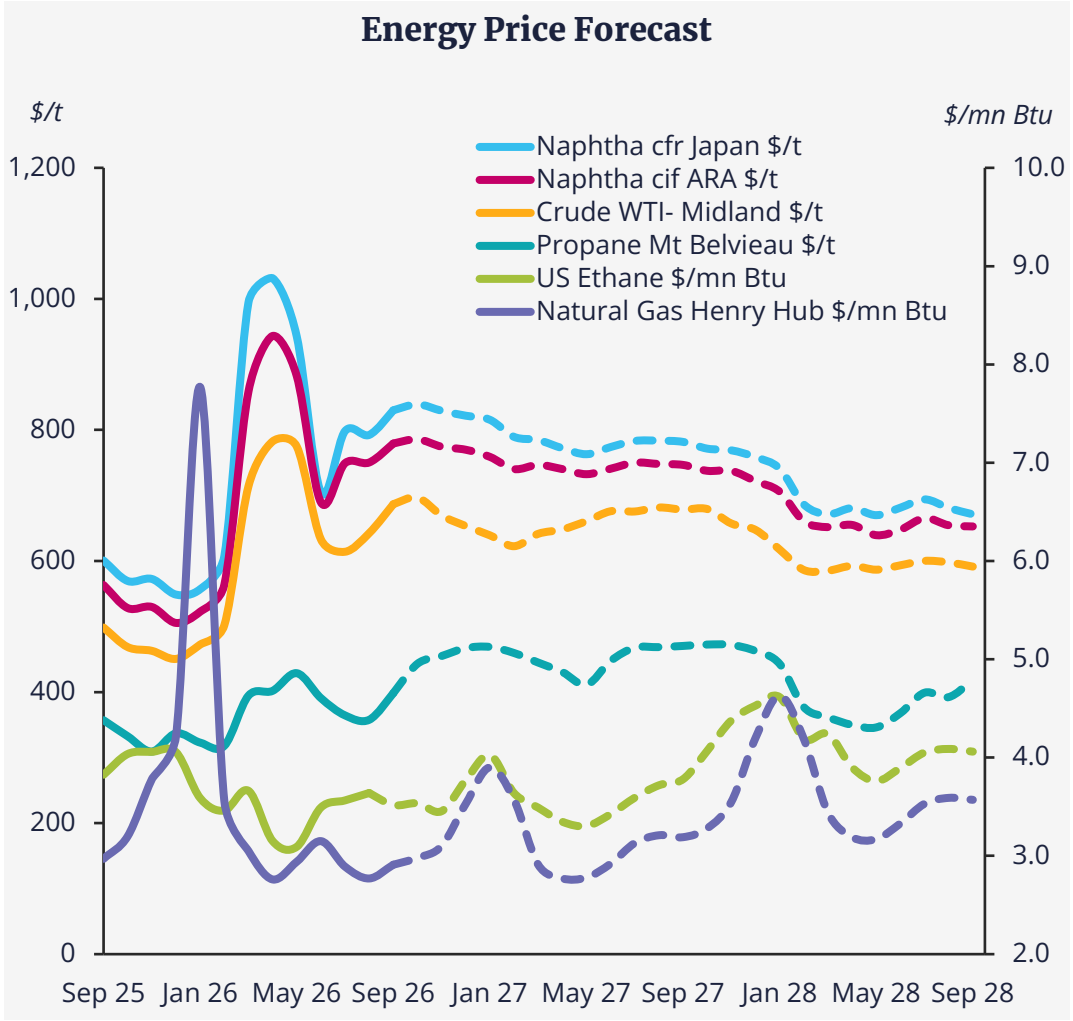
- Crude markets are expected to remain firm as the prospects for a sustained reopening of the Strait of Hormuz diminish. At the same time, persistent supply security concerns, recurring geopolitical disruptions, and strong refining margins are supporting refinery utilisation rates and demand for prompt crude grades, sustaining tight physical market conditions and underpinning North Sea Dated prices in the $90-95/bl range through 2027, before structural oversupply risks potentially re-emerge from 2028 onward.

- US ethane prices to remain globally competitive through 2028 as associated-gas-driven supply growth continues to outpace domestic demand growth. While higher natural gas prices may periodically increase ethane recovery costs, the North American market retains substantial recovery flexibility and surplus production capability. As a result, ethane prices are expected to remain well below the cost of competing naphtha-based feedstocks.

- Naphtha cracks are expected to remain supported despite recent weakness, as tight LPG availability in Asia, firm gasoline markets in Europe, strong co-product values, and seasonal restocking demand continue to offset persistently weak petrochemical fundamentals. While improving cracking economics, low olefin inventories, and refinery maintenance should provide near-term support to naphtha demand and margins, subdued downstream demand, expanding Chinese capacity, and the potential recovery of Middle Eastern exports are likely to limit any sustained recovery.

- LPG markets are expected to remain tight as ongoing disruptions to Mideast Gulf exports through the Strait of Hormuz continue to constrain supply, while rising winter heating demand supports higher prices. Although improving cargo flows should prevent inventories from reaching critically low levels, elevated freight costs, strong butane premiums, and sustained PDH operating rates in Asia are likely to keep market fundamentals firm, with supply constraints continuing to support prices through the winter season.

Note - crude prices are currently very volatile and not all short-term price fluctuations are considered in the forecast methodology.



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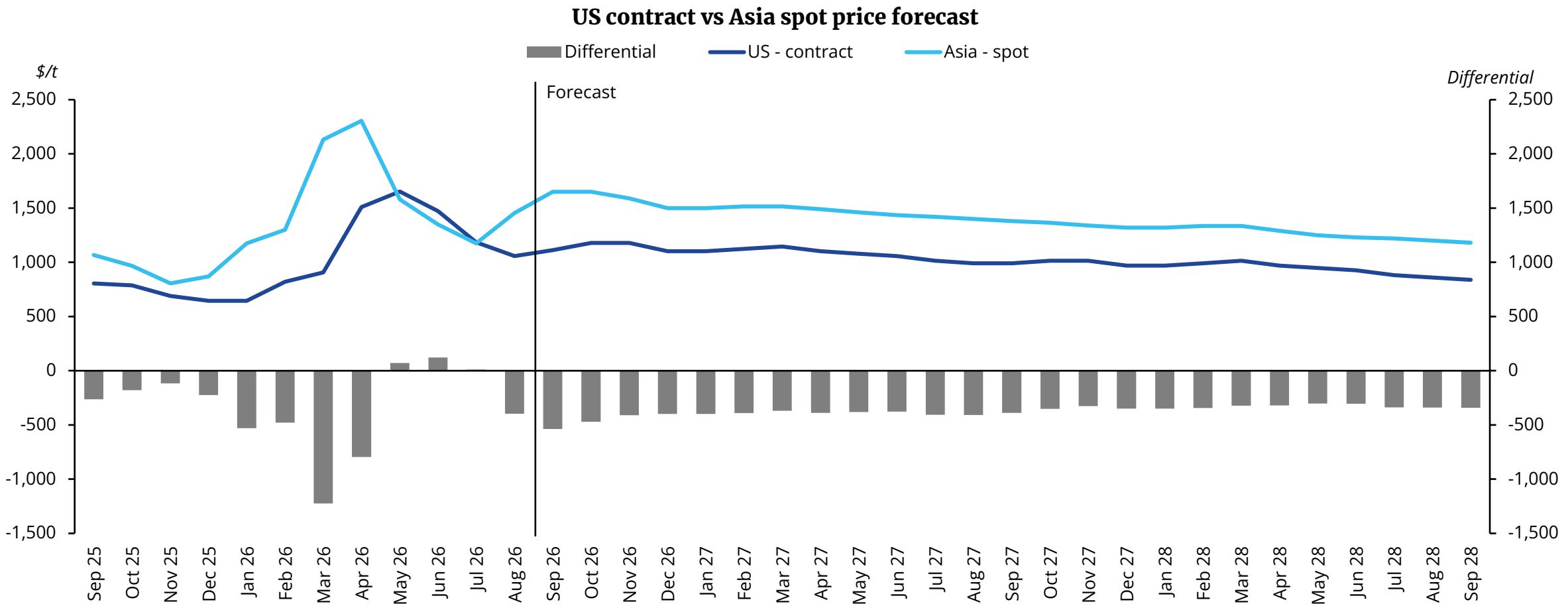
BD pricing differentials

The US and China are seeing supply limitations in the short term.



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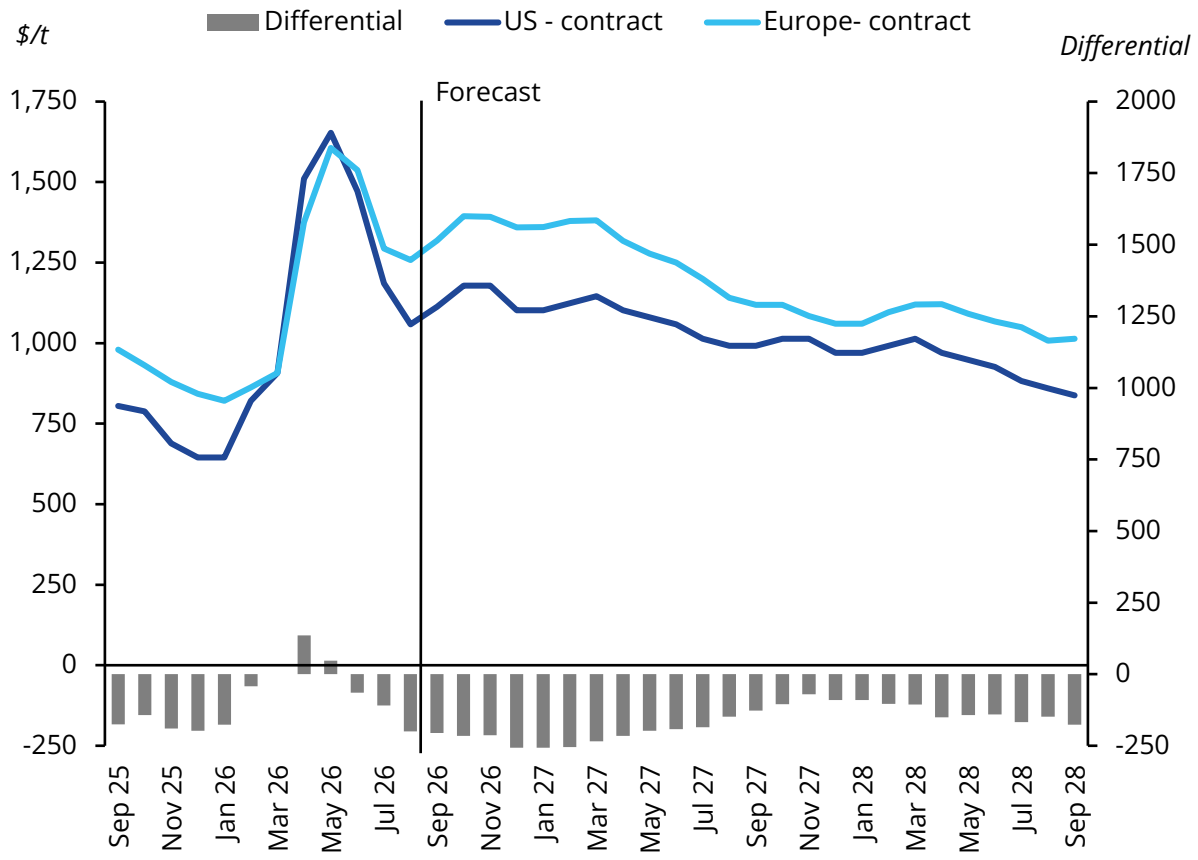
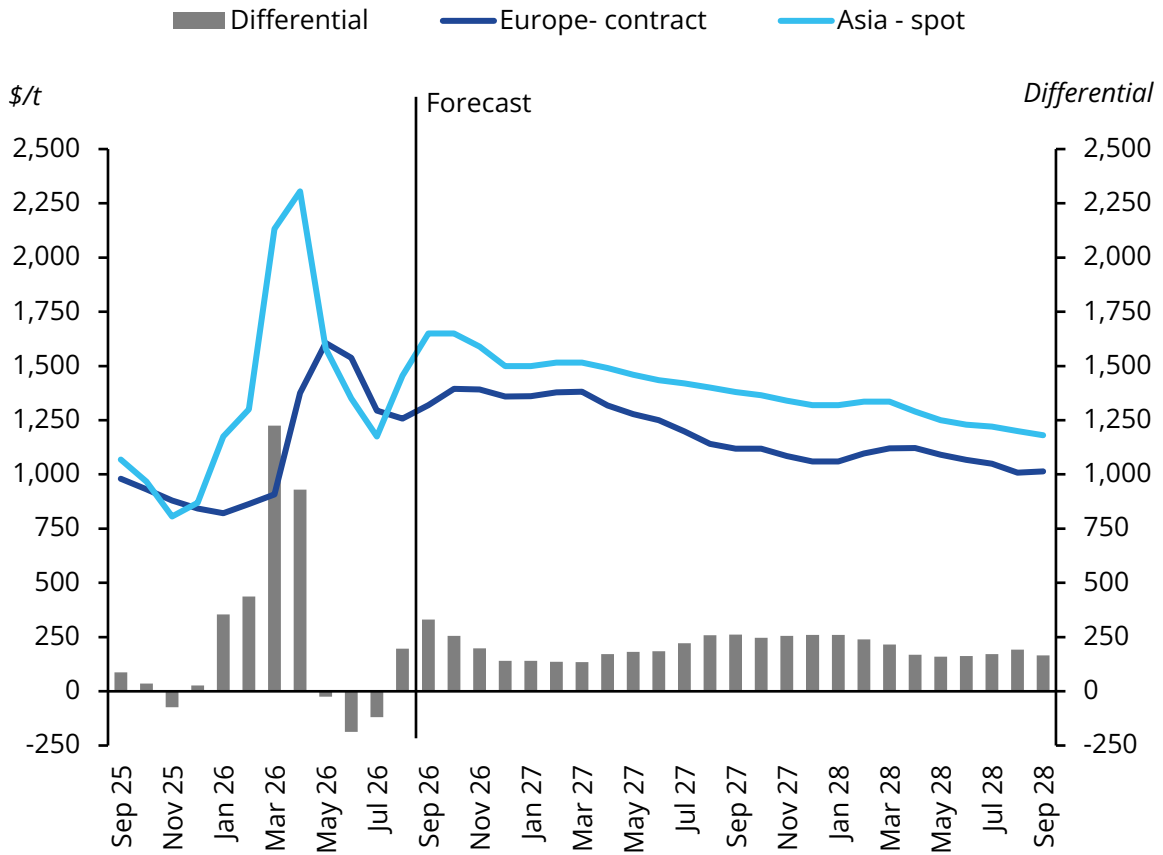
BD pricing differentials

Prompt Asian and North American supply is restricted, so near-term prices are higher.

US contract vs Europe contract price forecast



Asia spot vs Europe price contract forecast



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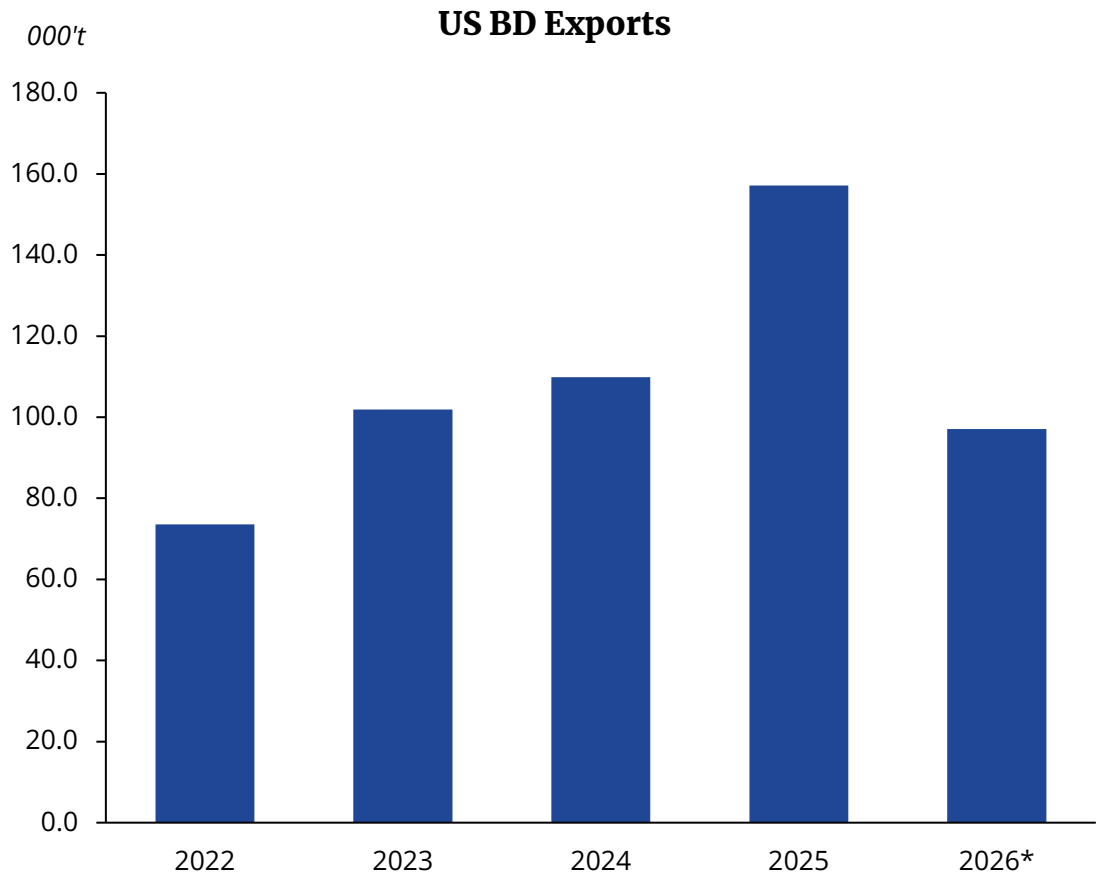
Americas: Supply

Supply is expected to ease in the coming weeks.



Note: 2026 data is year-to-date*

- Supply constraints were reported during the first week of September, but these conditions have since improved.
- One Texas producer declared a *force majeure* on equipment failure, but supply from this site should improve by October.
- A second supplier said it will allocate its customers to contract minimums during its October turnaround.
- On the other hand, a third producer, who was set to undergo planned repairs on 10 October, delayed the work to the first quarter. It is the second delay to these repairs.
- Still healthy volumes of exports will load in September, but these deals were concluded prior to the maintenance news.
- *Argus* consultants from the butadiene, C5 hydrocarbon resins and octanes services have collaborated on a complimentary white paper about Eneos' acquisition of TPC.

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Americas: Demand

Planned derivative repairs aid in maintaining a balance.



- At least two consumers have planned maintenance in the next two months, so this has helped with balances given the supply constraints.
- Little domestic spot demand has been reported in September.
- Deepsea exports will wane in the coming weeks until inventory is rebuilt.
- The trade relationship between the US and Canada recently has been deteriorating. Canada exports both feedstock crude C4 and BD to the US. So far, customers are reporting no tariffs on imported volumes.

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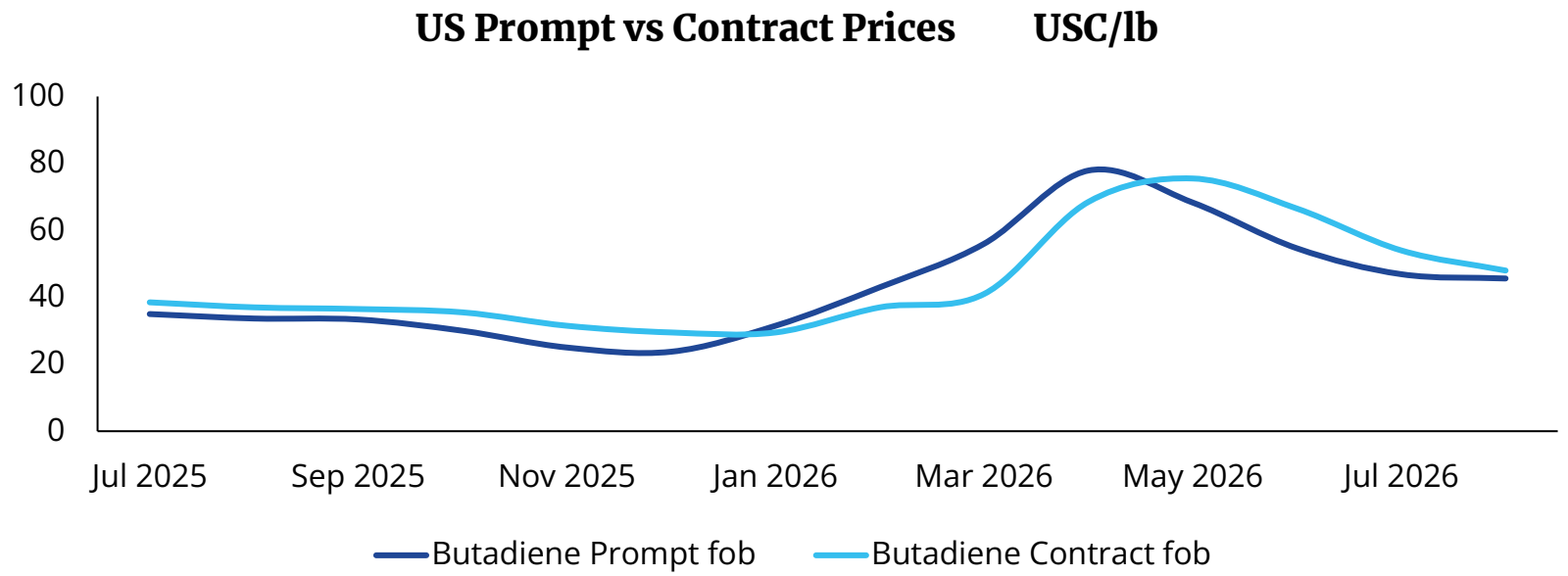
Americas: Pricing

Production limits hold prices up.

- There have been discussion about US spot levels at a small premium to the September CP. However, the timing and quantity have not been confirmed, so we cannot take these into consideration at this time.
- Overall, sentiment is more bullish than the previous month. This could be short-lived given that supply constraints should ease later in the fourth quarter. At this point or into the first quarter 2027, exports could resume.
- Prices in Asia-Pacific could fall in the coming months, and this would limit higher global prices.

	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27
Butadiene – contract fob ¢/lb (estimated avg net transaction)	50.5		53.5	50.0	50.0	51.0	52.0
Butadiene – contract fob $/t (estimated avg net transaction)	1,113		1,179	1,102	1,102	1,124	1,146



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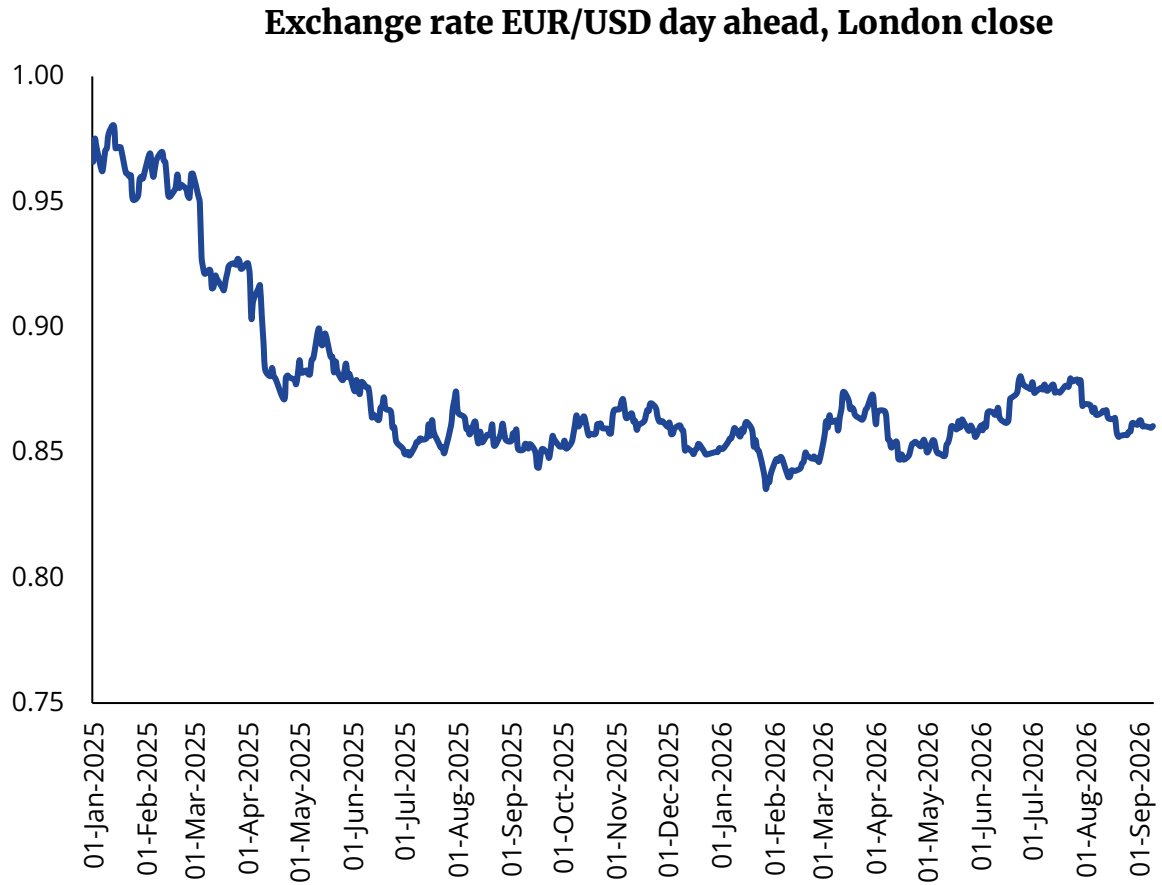
Europe: Supply

Energy prices soar, but spot feedstock crude C4 is available.

- Feedstock crude C4 supply has been ample, even for naphtha quality, likely because inland BD units are still confronting logistical constraints with low Rhine River levels.
- Natural gas TTF day ahead prices have surged almost 40pc month-over-month as of 14 September. Other energy commodities, including naphtha, are also higher.
- BD export prices have not moved up as quickly as feedstocks. We attribute this to a widening backwardation between cfr northeast Asia prompt volumes and deepsea cargoes that would arrive in the fourth quarter.
- By the end of 2027, TotalEnergies and Dow will permanently shut ethylene crackers in Antwerp, Belgium and Böhlen, Germany, respectively. There may not be a visible change in balances until 2028.



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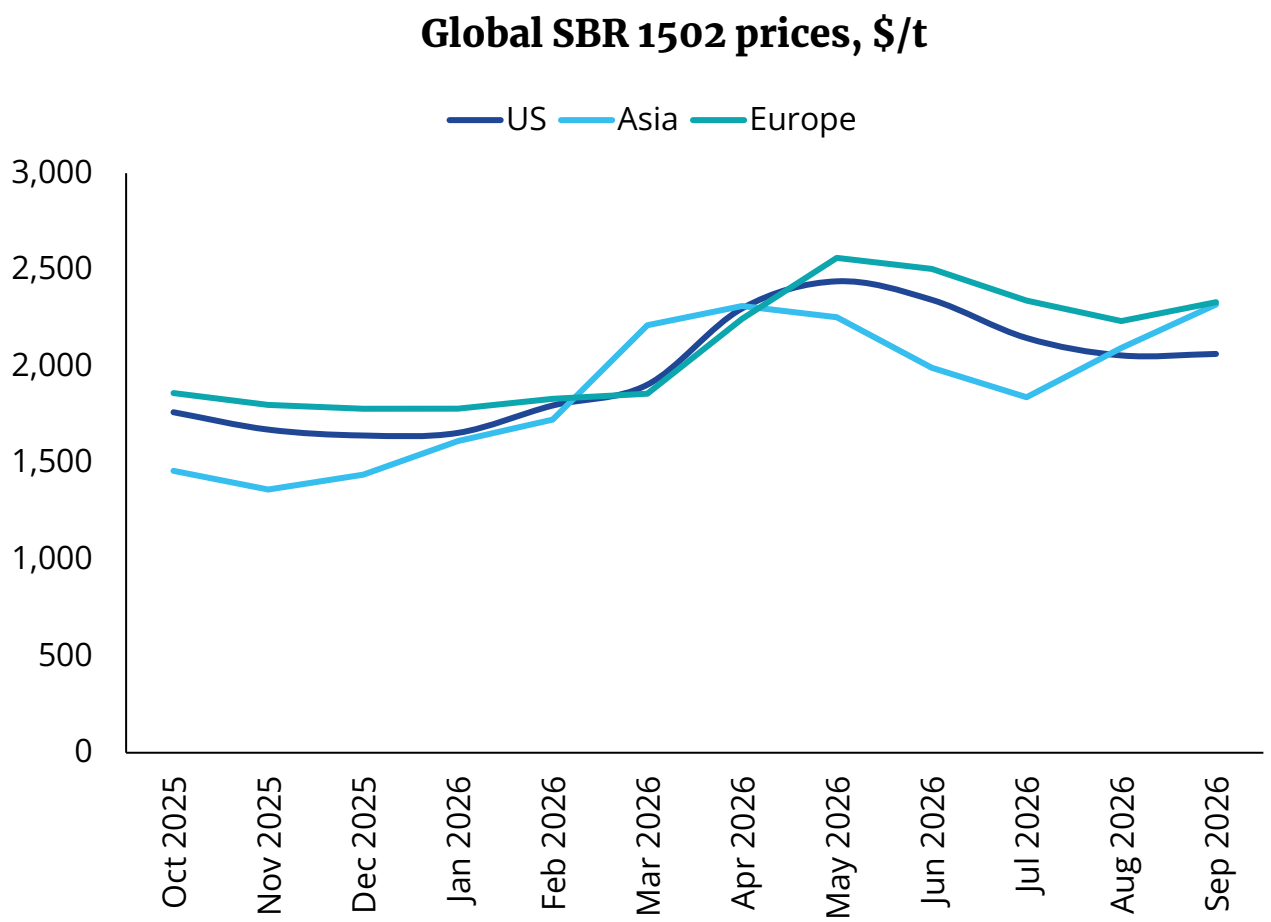
Europe: Demand

Traders show the strongest buying interest.



- The strongest buy interest has been from traders, who have been trading to take advantage of an export arbitrage to northeast Asia. The re-escalation of geopolitical tensions in the Middle East have offered further encouragement.
- Consumers in western Europe have been able to find logistical and/or swap workarounds, keeping most of them out of the spot market.
- Tatneft's Togliattikauchuk petrochemicals plant in Russia's Samara region was separately attacked on 12 September, causing a fire, Ukraine's general staff said. The site produces synthetic rubber and gasoline additives. Synthetic rubber produced at the plant is used in solid rocket fuel for tactical and ballistic missiles, according to the general staff.
- Depending on the extent of the damage, additional rubber demand from eastern Europe could see a boost.
- At the end of the forecast period, there is a risk of derivative rationalization if margins are squeezed with cracker rationalization.

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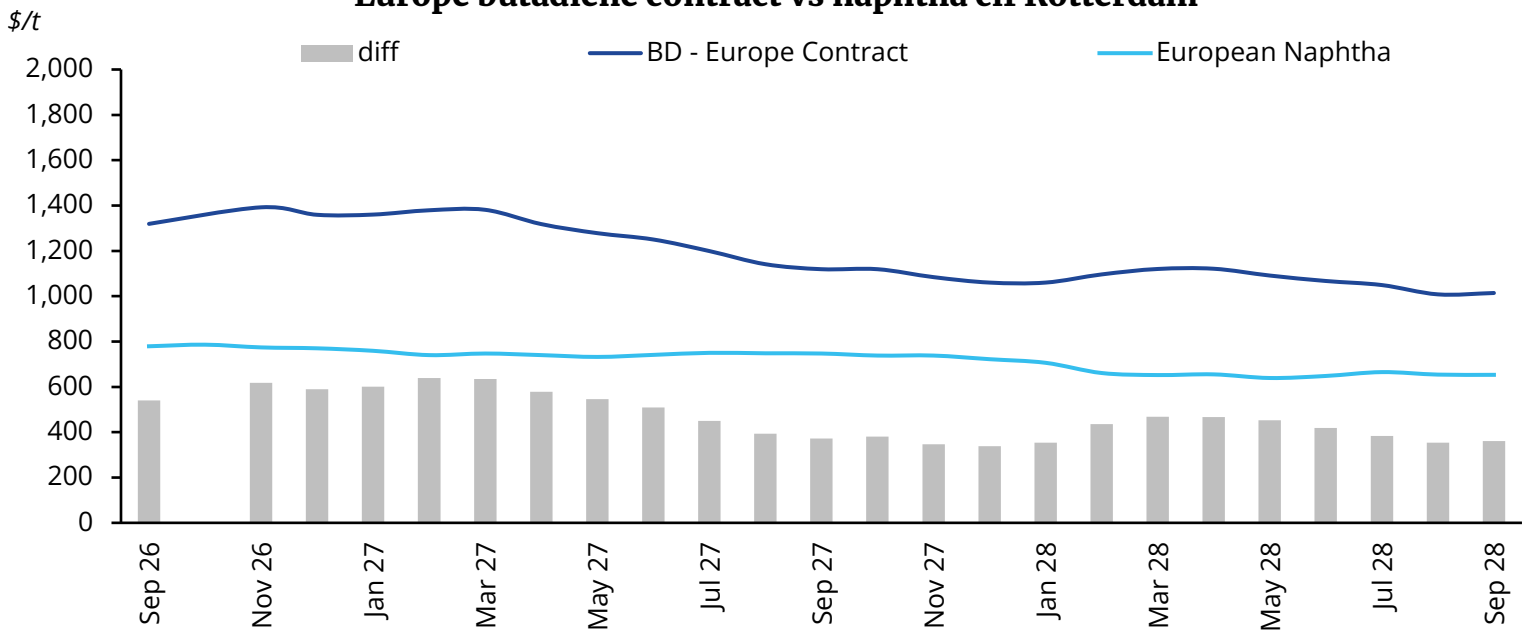
Europe: Pricing

An elevated BD to naphtha spread is forecast for the rest of 2026, but this delta will narrow in 2027-2028.

- Export prices in this region have escalated in sympathy with Asia-Pacific and energy costs.
- But, prompt spot crude C4 supply is available, and the domestic price is widely discussed at a discount or flat to the September MCP.
- Looking to 2028, we are projecting market disruption as two crackers shut and a new ethane cracker starts up. The impact may not be immediate.
- Eventually we anticipate also that derivative closures are unavoidable.
- The BD to naphtha spread for the remainder of the year is expected to average just below $600/t then it will ease to $480/t in 2027 and around $400/t in 2028.

	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27
Butadiene - contract delivered €/t	1135		1195	1165	1165	1180	1180
Butadiene - contract delivered $/t	1319		1392	1359	1360	1379	1381

Europe butadiene contract vs naphtha cif Rotterdam



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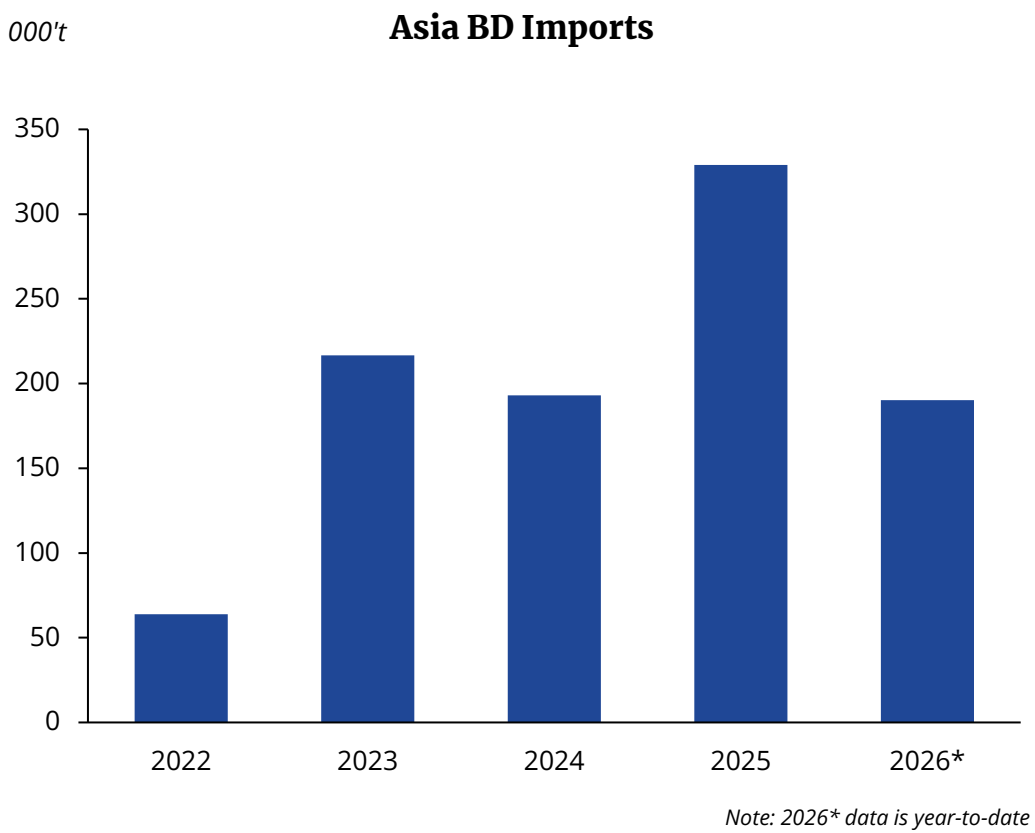
Asia-Pacific: Supply

Supply is mixed.



Note: 2026 data is year-to-date*

- Supply in this region is varied.
- Singapore energy and chemicals firm Aster restarted cracker operations on 4 September and has since offered two October-loading BD cargoes.
- Taiwan's Formosa's No.3 cracker at Mailiao, which has been shut since 24 March, resumed operations on 9 September. A 180,000 t/yr BD unit on site remains idled.
- In September, Lotte Chemical stopped its 1.05mn t/yr cracker 190,000 t/yr butadiene (BD) extraction unit in Daesan.
- KPIC will start maintenance on its 800,000 t/yr cracker and 146,000 t/yr BD plant in Onsan from 13 October-23 November.
- Producer LG Chem will begin planned repairs at its 1.15mn t/yr No.1 cracker and 155,000 t/yr BD in Yeosu from mid-October to December. Meanwhile they will restart the 800,000 t/yr No.2 cracker 140,000 t/yr BD at the same site.
- Prompt inventories in China are tight, as reflected in the domestic prices.
- In the next 18 months, Japanese cracker rationalization could start. South Korean closures could occur by end of year. This timing overlaps with western Europe also permanently idling cracker assets.

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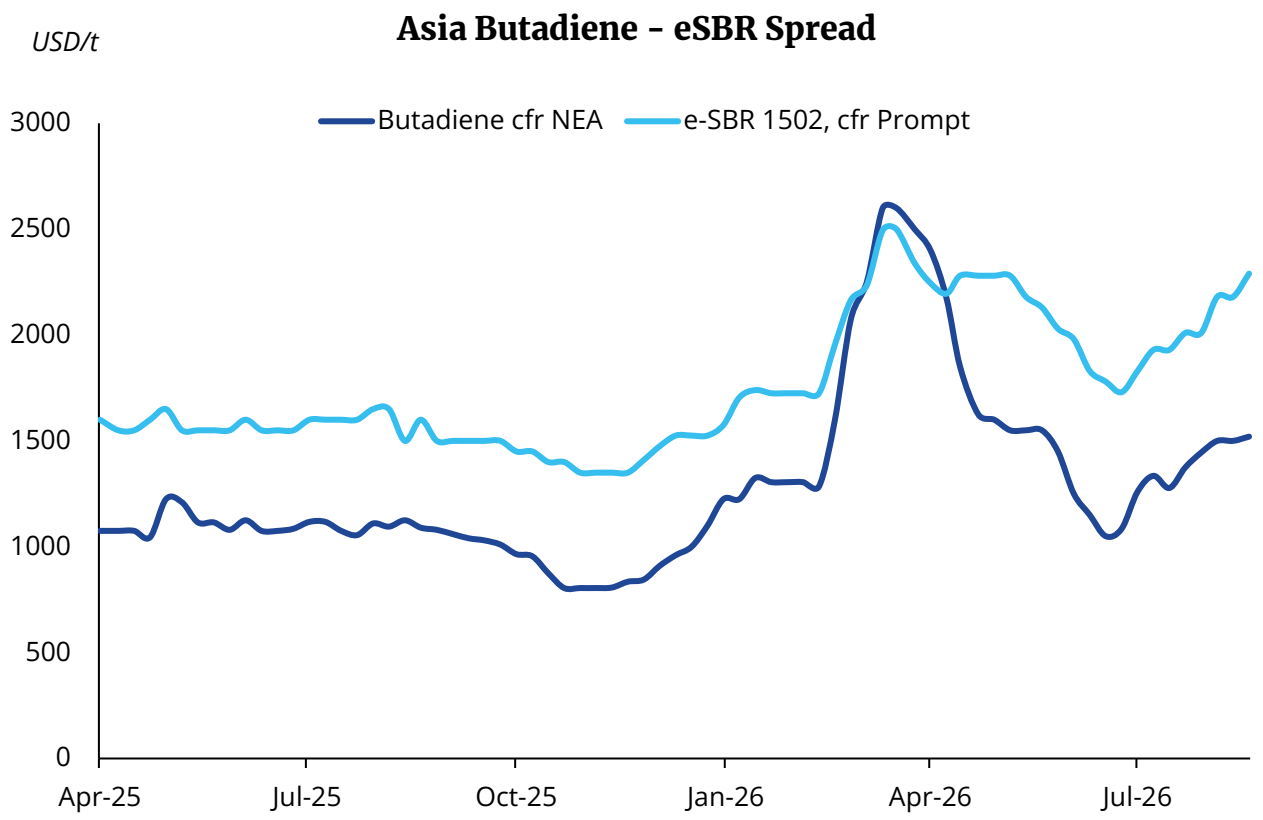
Asia-Pacific: Demand

Structural demand is the same, although higher raw material costs and prompt tightness fuel higher prices.



- Our view is unchanged – true demand is not strong. The price support comes from higher priced feedstocks and short prompt BD volumes.
- A South Korean petrochemical producer will reduce one of their downstream rubber units' operating rates in October, which is expected to lower the firm's BD consumption by approximately 2,000t that month.
- ABS prices last week rose in line with feedstocks, but margins were under pressure. A major Chinese producer was heard to have reduced operating rates month on month because of poor production economics. Regional sellers expect some needs-basis buying to persist despite high resin costs, although overall sales are expected to be reduced amid uncertainties over finished product demand.
- The attack on Tatneft's Togliattikauchuk in Russia could boost rubber demand in Asia-Pacific.
- Over the longer term, cracker rationalization will reduce supply and likely push up prices. However, if consumers are unable to pass through these higher costs, derivative production could also be at risk.
- Additionally, some countries are increasing protectionist policies to discouraged derivative imports from Asia-Pacific.

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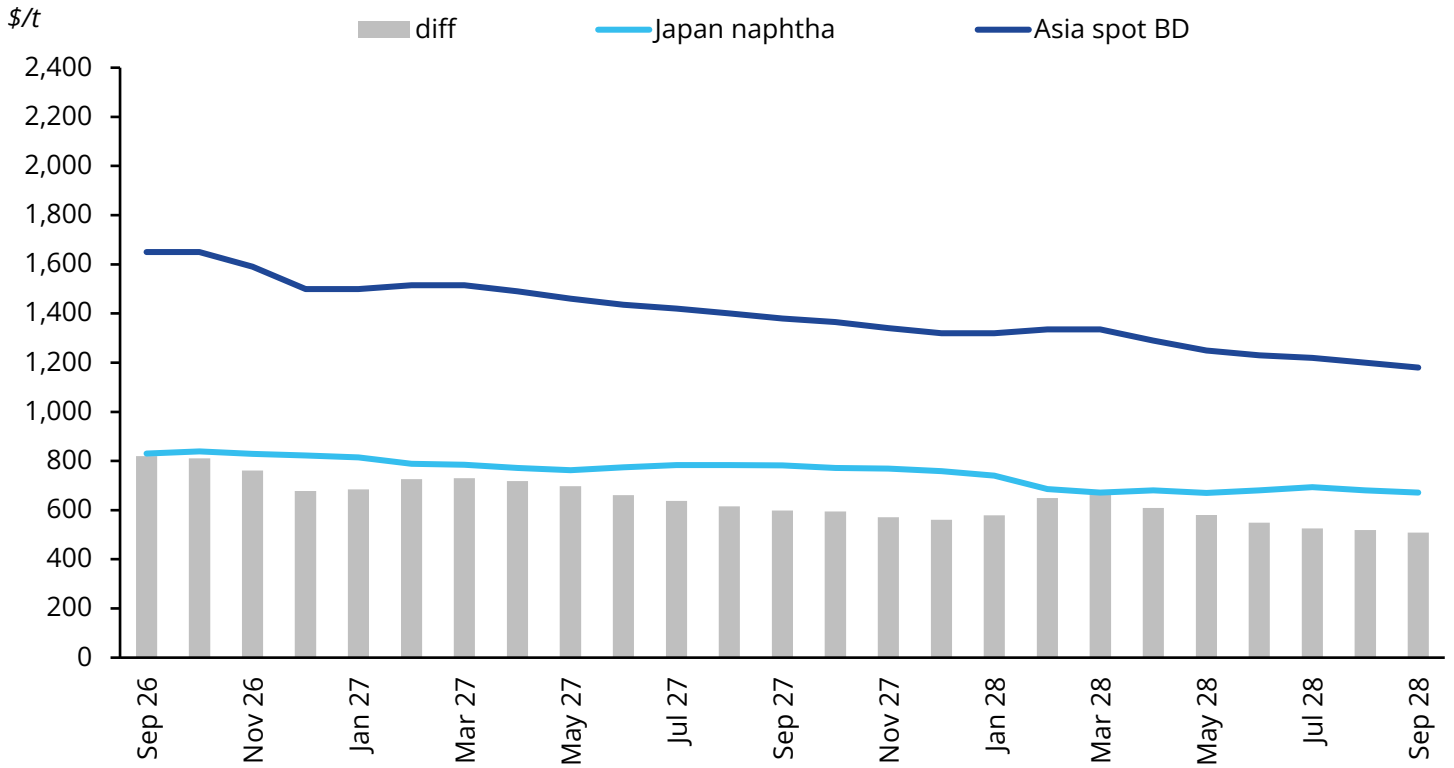
Asia-Pacific: Pricing

Domestic Chinese prices are elevated.

- The China import parity price is currently commanding a nearly $300/t premium to the cfr northeast Asia assessment, according to *Argus* data on 11 September. This reflects a tighter prompt Chinese market, given exports in August and an escalated geopolitical conflict in the Middle East.
- Our expectation is a downward adjustment to the China domestic and import parity price, unless the Middle East tensions rise even further.
- Outside of China, buying interest is subdued on planned repairs and low demand.
- Eventually, prices will ease but are dependent on the unpredictable nature of politics.
- The delta between Asian BD and naphtha is projected at a healthy $770/t for the balance of the year. As supply improves, the spread will shrink to $650/t in 2027 and $576/t in 2028.

	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27
Butadiene - spot cfr northeast Asia $/t	1,650	1,650	1,590	1,500	1,500	1,515	1,515

Asia spot butadiene vs naphtha cfr Japan



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Contact us



Angie Joe

Vice President, Global Butadiene and Derivatives

Angie leads the crude C4, butadiene and derivatives consulting practice at Argus. She spearheads the creation and production of the butadiene newsletter, monthly outlook and long-term supply and demand analytics publications. Angie has more than 15 years' experience in the petrochemical industry, including roles as an analyst and broker, and in business development and communications. She also has expertise in styrenics, aromatics, olefins and methanol. Angie enjoys tapping her experience along the entire petrochemical value chain to piece together market information in a global context.



Aditi Parikh

Analyst, Chemicals

Aditi Parikh is a Market Analyst at Argus based in Mumbai. She provides data and analytical support, covering supply-demand fundamentals, pricing trends, and trade flows, to help drive strategic decisions. In her previous role at GlobalData PLC within the healthcare domain, she specialised in market research, data analysis and collaborated with cross-functional teams to support ongoing research, analytics initiatives, and client-focused strategies.

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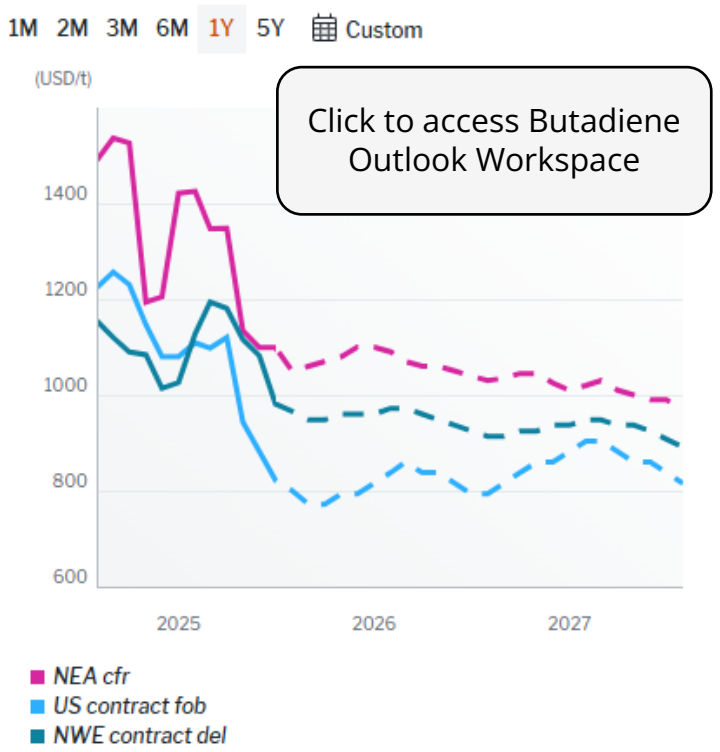
Butadiene experts



Angie Joe leads the crude C4, butadiene and derivatives consulting practice at Argus. She spearheads the creation and production of the butadiene newsletter, monthly outlook and long-term supply and demand analytics publications.

Global butadiene forecasts



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5-year price forecast (Mar 25)



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10-year forecast and five-year history covering supply-demand fundamentals, capacities and detailed expert insight for butadiene markets.

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