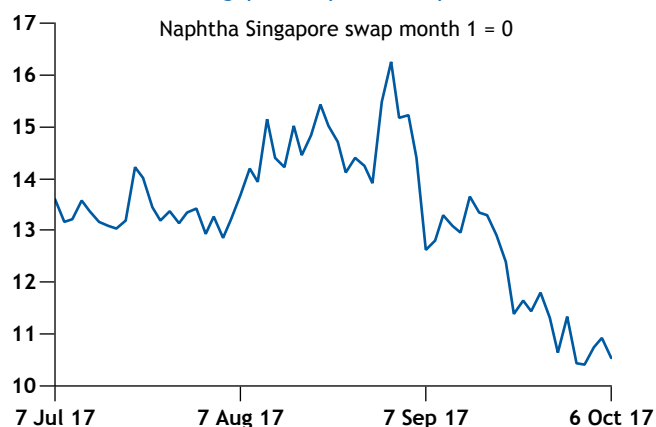


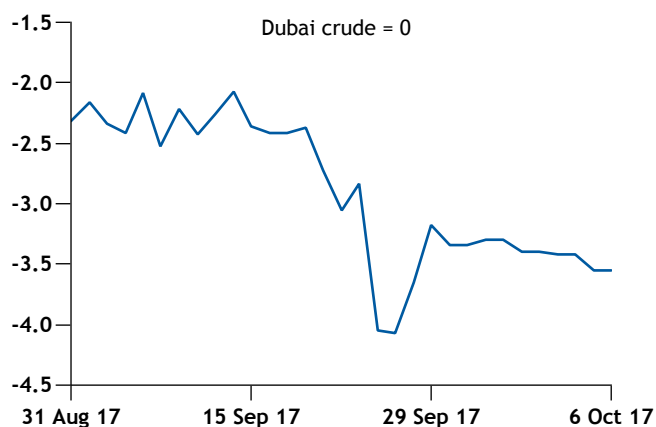
OVERVIEW

KPC sold term naphtha. Ceypetco sought more gasoline cargoes. Gasoil might head from Malaysia to the Mideast Gulf. HPCL sold fuel oil loading from Vizag. Fuel oil exports from Iran are expected to fall.

Gasoline 92R vs Singapore naphtha swaps \$/bl



Fuel oil crack spreads \$/bl



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PRICES AT GLANCE

Singapore \$/bl					
	Diff to Mops		Low	High	±
	Low	High			
97R gasoline	-	-	72.10	72.30	+0.60
95R gasoline	+0.70	+0.90	69.95	70.15	+0.60
92R gasoline	+0.70	+0.90	67.25	67.45	+0.60
Naphtha	+0.50	+0.70	57.15	57.30	+0.98
Jet-kerosine	-0.25	-0.05	68.30	68.50	+0.95
Gasoil 0.5%	-1.60	-1.40	66.90	67.10	+0.95
Gasoil 0.25%	-1.25	-1.05	67.25	67.45	+0.95
Gasoil 0.05%	+0.10	+0.30	68.60	68.80	+0.85
Gasoil 0.005%	+1.80	+2.00	70.30	70.50	+0.90
Gasoil 0.001%	+2.10	+2.30	70.60	70.80	+0.95
HSFO 180cst \$/t	-0.25	+0.75	332.50	333.50	+3.50
HSFO 380cst \$/t	+1.25	+2.25	329.25	330.25	+4.25

South Korea \$/bl					
	Diff to Mops		Low	High	±
	Low	High			
Jet-kerosine	-0.20	+0.00	68.35	68.55	+0.85
Gasoil 0.05%	-0.30	-0.10	68.20	68.40	+0.85
Gasoil 0.001% (10ppm)	+0.55	+0.75	69.05	69.25	+0.85
HSFO 180cst \$/t	-	-	343.50	344.50	+3.50

Mideast Gulf \$/bl					
	Diff to Mopag		Low	High	±
	Low	High			
95R gasoline	+2.80	+3.00	68.35	68.55	+0.60
92R gasoline	+2.55	+2.75	65.65	65.85	+0.60
Naphtha LR1 \$/t	+11.00	+13.00	502.50	505.50	+8.75
Naphtha LR2 \$/t	-	-	500.75	503.75	+8.75
Jet-kerosine	+0.90	+1.10	66.55	66.75	+0.95
Gasoil 0.2%	-1.10	-0.90	65.15	65.35	+0.85
Gasoil 0.05% (500ppm)	+0.50	+0.70	66.75	66.95	+0.85
Gasoil 0.001% (10ppm)	+1.75	+1.95	68.00	68.20	+0.85
HSFO 180cst \$/t	-	-	321.05	322.05	+3.50
HSFO 380cst \$/t	+6.25	+8.25	317.90	318.90	+4.40

Japan \$/bl					
	Diff to Mopj		Low	High	±
	Low	High			
Naphtha \$/t	+4.75	+6.75	525.25	528.25	+8.75
Jet-kerosine	-	-	70.20	70.40	+0.90
Gasoil 0.005%	-	-	71.15	71.35	+0.85
HSFO 180cst \$/t	-	-	340.50	341.50	+3.30

Indonesia \$/bl					
	Diff to Pertamina		Low	High	±
	Low	High			
LSWR V-1250	+2.45	+2.65	52.85	53.05	+0.54

GASOLINE

Singapore 92R gasoline prices rose by less than Brent crude values.

There were three 92R gasoline physical deals done during afternoon trading in Singapore. Trading firm Hin Leong sold to Total a 21-25 October loading cargo at \$67.50/bl. Hin Leong then bought from PetroChina a 26-30 October loading cargo at \$67.40/bl. Unipac sold to Shell a 24-28 October loading cargo at \$67.60/bl.

Sri Lankan importer Ceypetco sought its third November-delivery gasoline cargo. It sought 318,750 bl of 92R gasoline for 27-28 November delivery to the Dolphin tanker berth and single point mooring (SPM) facility at Muthurajawela. The gasoline must have maximum sulphur content of 300ppm. The tender closes on 19 October and remains valid for three days.

Indonesia's 100,000 b/d TPPI condensate splitter is seeking spot condensate for December after a one-month hiatus, indicating it will likely resume operations as scheduled following planned maintenance. The splitter is scheduled to start maintenance around 6 November, lasting for about 30 days. The TPPI plant has mainly been producing gasoline since it restarted output in October 2015. Pertamina's demand for gasoline is expected to remain firm for the fourth quarter as Pertamina's Plaju and Cilacap refineries are also scheduled to have maintenance in the period.

Singapore's light distillate stocks, comprising mainly gasoline, rose by 987,000 bl from a week earlier to 11.8mn bl in the week ending 4 October, a five-week high.

Gasoline exports from Singapore fell by 38pc to 4.6mn bl as shipments to neighbouring Malaysia and Indonesia declined. Exports to the two countries fell from 5.3mn bl to 3.2mn bl. Gasoline exports to Mexico for grades above 90R but below 97R rose to about 295,000 bl in the latest week. About 2.3mn bl of gasoline has been exported to Mexico from Singapore so far in 2017, with most of the exports done in the second half of the year. Only 800,000 bl of gasoline was exported from Singapore to Mexico in 2016.

Weekly gasoline imports to Singapore fell by 46pc to 2.4mn bl on a drop in shipments from major exporter China. Chinese imports were at around 840,000 bl in the latest week, down from 3.2mn bl a week earlier. More gasoline was also imported from the UK, continuing a trend of rising shipments to Singapore this year. About 2.5mn bl of gasoline has been shipped on the route so far this year, after Singapore took no imports from the UK in 2016.

Singapore					\$/bl
	Diff to Mops		Low	High	±
	Low	High			
97R gasoline	-	-	72.10	72.30	+0.60
95R gasoline	+0.70	+0.90	69.95	70.15	+0.60
92R gasoline	+0.70	+0.90	67.25	67.45	+0.60

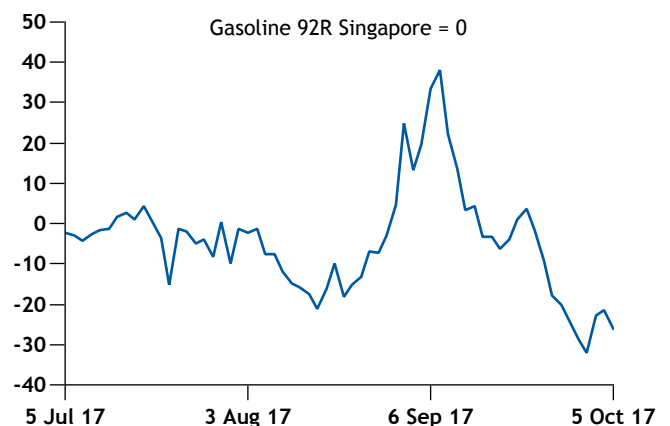
Mideast Gulf					\$/bl
	Diff to Mopag		Low	High	±
	Low	High			
95R gasoline	+2.80	+3.00	68.35	68.55	+0.60
92R gasoline	+2.55	+2.75	65.65	65.85	+0.60

Singapore reforming spread				\$/bl	
	Today		Previous		±
	Low	High	Low	High	
97R gasoline	14.98	15.35	15.35	15.35	-0.37
95R gasoline	12.83	13.20	13.20	13.20	-0.37
92R gasoline	10.12	10.50	10.50	10.50	-0.38

Singapore 92R gasoline swap				\$/bl	
	Low		High		±
	Low	High	Low	High	
Oct	67.50	67.70	67.70	67.70	+1.20
Nov	66.40	66.60	66.60	66.60	+1.10
Dec	65.60	65.80	65.80	65.80	+1.00

Gasoline 91R NWE fob vs 92R Singapore

\$/t



NAPHTHA

Japanese first-half December naphtha rose by more than Brent crude values. Kuwait's state-owned KPC concluded its term negotiations.

There were no physical deals done during afternoon trading in Singapore. Bids and offers for first-half December delivery naphtha were at \$526/t and \$531/t respectively. Bids and offers for second-half December delivery naphtha were at \$519/t and \$528/t respectively. Bids for second-half November and first-half December spreads were at \$1/t in backwardation, while bids for second-half November and second-half December spreads were at \$2/t.

Japanese refiner Idemitsu sought at least 25,000t (223,000 bl) of full-range naphtha for second-half November delivery to Chiba. It last sought a 25,000t cargo for first-half November delivery to Tokuyama.

South Korean refiner Hanwha Total bought at least two cargoes of heavy full-range naphtha for second-half November delivery to Daesan. The price was around a \$4/t premium to Japanese spot assessments for a Mideast Gulf grade and around a \$5.50/t premium to the same basis for grade A specification cargoes, said market participants. Hanwha Total last bought on 19 September naphtha with a minimum specific gravity of 0.69g/cm³ for Daesan. Hanwha Total paid around a \$3-6/t premium to the same basis. The reason for the wide range is possibly because of a difference in specifications. The lower priced cargo was of Mideast Gulf origin, while the higher price was of Russian origin, said traders, although this could not be confirmed.

Indian state-controlled refiner Hindustan Petroleum (HPCL) sold its second October-loading cargo from Mumbai. Its tender offered a 20,000-25,000t naphtha cargo for 14-15 October loading. The price cannot be confirmed but trading firm Vitol was possibly the buyer. The pricing basis will be the average of Argus and Platts' Mideast Gulf spot assessments. The naphtha will have minimum paraffin content of 64pc but typical paraffin values of 64-68pc. HPCL last offered in a tender 15,000t for 22-30 September loading and 25,000t for 1-3 October loading from Mumbai. The naphtha will have minimum paraffin content of 70pc. The price could be confirmed but a trading firm was possibly the buyer, said market participants. The tender closed on 12 September. The pricing basis was the average of Argus and Platts' Mideast Gulf spot assessments.

KPC possibly concluded its term negotiations to sell naphtha at a higher price, of around a \$9.50/t premium to Mideast Gulf spot assessments for full-range naphtha cargoes and an \$11/t premium to the same basis for light naphtha cargoes. The loading dates will be December 2017 to Novem-

Singapore					\$/bl
	Diff to Mops		Low	High	±
	Low	High			
Naphtha	+0.50	+0.70	57.15	57.30	+0.98

Japan					\$/t
	Diff to Mopj		Low	High	±
	Low	High			
Naphtha	+4.75	+6.75	525.25	528.25	+8.75

Mideast Gulf					\$/t
	Diff to Mopag		Low	High	±
	Low	High			
Naphtha LR1	+11.00	+13.00	502.50	505.50	+8.75
Naphtha LR2	-	-	500.75	503.75	+8.75

Japan open-specification naphtha forward prices				\$/t
	Low	High		±
16-30 Nov	529.75	530.75		+8.75
1-15 Dec	527.25	528.25		+8.75
16-31 Dec	525.25	526.25		+8.75

*Please refer to pg 9 for the assessment rationale

Japan naphtha swaps				\$/t
	Low	High		±
Oct	524.75	525.75		+8.25
Nov	521.25	522.25		+8.25
Dec	516.75	517.75		+8.25

Singapore naphtha swaps				\$/bl
	Low	High		±
Oct	56.70	56.90		+0.97
Nov	56.25	56.45		+1.00
Dec	55.80	56.00		+1.00

ber 2018, for loading from Kuwait. KPC possibly last concluded a term deal for cargoes loading from December 2016 to November 2017 at around a mid-single digit premium to Mideast Gulf spot assessments. The offers started at around a high single-digit premium before falling to mid-single digit premiums.

JET-KEROSINE

Singapore jet fuel swaps rose by less than Dubai crude.

There were no physical deals done during afternoon on-line trading in Singapore. The only bid was from Trafigura for a 250,000 bl cargo for 26-30 October loading at a discount of \$0.40/bl to Singapore spot assessments.

The lowest offer was from Vitol for a 100,000 bl cargo for 24-28 October loading at a discount of \$0.10/bl to Singapore spot assessments.

Singapore onshore middle distillate stocks rose to a two-week high of 10.684mn bl in the week ended 4 October, 1.9pc up on a week earlier but 15.4pc lower than in the same week last year.

Singapore imported 26,315t of jet fuel during the week, 57.2pc less than in the previous week. All of this came from Malaysia, which supplied 7.2pc less than in the previous week. Singapore exported 286,852t of jet fuel, 16.3pc more than a week earlier. The Netherlands was the biggest recipient with 93,249t, more than twice the amount it received from Singapore a week earlier.

Fob South Korea jet fuel cash differentials fell by \$0.10/bl to a discount of \$0.20/bl, as arbitrage economics to the US remained poor.

Shipping fixtures showed more vessels booked to carry jet fuel from India and the Mideast Gulf to Europe. KPC booked the BW Rhine to load 60,000t of jet fuel on 13 October from Kuwait to northwest Europe with options. BP put the STI Solace on subjects to load 90,000t of jet fuel on 17 October from New Mangalore and Yanbu to northwest Europe.

CSSA, Total's shipping arm, booked the Hafnia Europe to load 60,000t of jet fuel on 19 October from Sikka in India to northwest Europe with options. Indian private-sector refiner Reliance Industries has a refinery at Jamnagar near the port of Sikka. Saudi Aramco booked the Seaways Sifnos to load 40,000t of jet fuel on 14 October from Jubail to northwest Europe.

The arbitrage window to bring jet fuel from India and the Mideast Gulf to Europe is open, supported by a weak gasoil east-west spread. The spread between October Asian 500ppm sulphur gasoil and Ice gasoil swaps stood at a weak minus \$25/t, narrower than minus \$30/t in mid-September.

October swap values rose by \$0.85/bl to \$68.45/bl. The October-November timespread narrowed by \$0.05/bl to \$0.20/bl in contango. The crack spread against November Dubai crude fell by \$0.04/bl to \$13.63/bl. The prompt-month jet fuel swap's spread against benchmark gasoil rose by \$0.05/bl to minus \$0.17/bl.

Singapore					\$/bl
	Diff to Mops		Low	High	±
	Low	High			
Jet-kerosine	-0.25	-0.05	68.30	68.50	+0.95

South Korea					\$/bl
	Diff to Mops		Low	High	±
	Low	High			
Jet-kerosine	-0.20	+0.00	68.35	68.55	+0.85

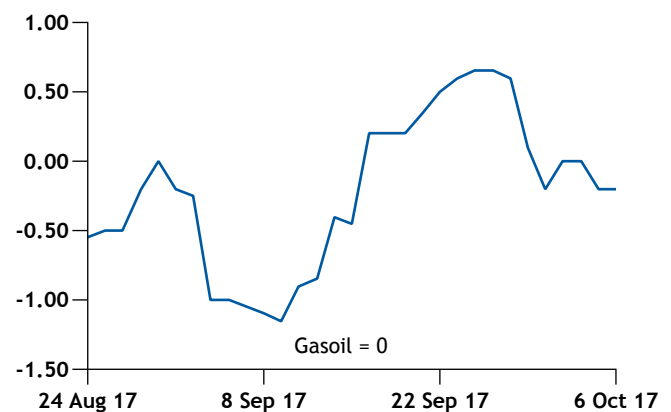
Mideast Gulf					\$/bl
	Diff to Mopag		Low	High	±
	Low	High			
Jet-kerosine	+0.90	+1.10	66.55	66.75	+0.95

Japan				\$/bl
	Low	High		±
Jet-kerosine	70.20	70.40		0.90

Durban				\$/t
	Low	High		±
Jet-kerosine	546.80	547.00		7.49

Singapore jet-kerosine swaps				\$/bl
	Low	High		±
Oct	68.35	68.55		+0.85
Nov	68.55	68.75		+0.75
Dec	68.40	68.60		+0.60
4Q17	68.40	68.60		+0.60
1Q18	68.15	68.35		+0.65
2Q18	67.50	67.70		+0.70

Singapore regrade: Jet-kerosine vs gasoil \$/bl



GASOIL

Singapore gasoil swaps rose in line with Dubai crude, as gasoil continued to head out of Asia.

There was one physical deal done during afternoon trading in Singapore. Winson Oil bought from China Aviation Oil (CAO) 150,000 bl of 500ppm sulphur gasoil loading 20-24 October at a \$0.15/bl premium to Singapore spot assessments. There were bids for the 10ppm sulphur grade at premiums of \$1.30-1.50/bl to Singapore spot assessments.

Gasoil cargoes continued to head out of Asia. A medium-range size tanker was booked to load gasoil from Malacca, Malaysia on 8-10 October to head to Fujairah, shipping fixtures showed. It is not common for gasoil to move on this route. The Mideast Gulf is an exporter of gasoil, including the ultra-low sulphur grade that Malacca typically exports.

Indian state-controlled refiner IOC offered 4,000-4,500t of light diesel oil (LDO) loading 28-30 October from Budge Budge. The pricing basis was the average of Argus and Platts' Singapore 500ppm sulphur gasoil assessments. The cargo is to have maximum sulphur content of 1pc and density of 925 kg/m³. Offers are to be submitted by today and remain valid until later the same day.

IOC cancelled for unspecified reasons an offer for 4,000-4,500t of LDO for 28-30 September loading from Budge Budge. Its tender was due to close on 11 September. IOC has been offering LDO regularly this year, although several of its offers were later withdrawn. IOC rarely offered LDO before this year, with its most recent offer in 2014.

BB Energy and Gulf Petrochem possibly submitted the lowest offers into the latest jet fuel and gasoil tender from Sri Lankan marketer Ceypetco. They each posted a premium of \$1.88/bl to Singapore 500ppm sulphur gasoil for the gasoil portion and a premium of \$1.73/bl to Singapore jet fuel spot assessments for the jet fuel portion. The tender sought 150,000 bl of 500ppm sulphur gasoil and 160,000 bl of jet fuel for dual-berth discharge at the Dolphin tanker berth and SPM Muthurajawela, Colombo, over 18-19 November. The tender closed on 4 October with offers to stay valid until tomorrow. Ceypetco considers the credit facilities offered by suppliers when awarding tenders.

Vitol on 15 September submitted the lowest offers into Ceypetco's previous tender seeking jet fuel and gasoil for October delivery to Colombo. The tender sought 150,000 bl of 500ppm sulphur gasoil for 23-24 October delivery. Vitol offered a premium of \$1.66/bl for the gasoil portion.

Galana Energy submitted the lowest offers into Kenya's latest oil product import tender seeking 50ppm sulphur gasoil for delivery to Mombasa. Galana offered a premium of \$6.78/t to Mideast Gulf spot assessments for 85,800t for 23-

Singapore					\$/bl
	Diff to Mops		Low	High	±
	Low	High			
Gasoil 0.5%	-1.60	-1.40	66.90	67.10	+0.95
Gasoil 0.25%	-1.25	-1.05	67.25	67.45	+0.95
Gasoil 0.05% (500ppm)	+0.10	+0.30	68.60	68.80	+0.85
Gasoil 0.005% (50ppm)	+1.80	+2.00	70.30	70.50	+0.90
Gasoil 0.001% (10ppm)	+2.10	+2.30	70.60	70.80	+0.95

South Korea					\$/bl
	Diff to Mops		Low	High	±
	Low	High			
Gasoil 0.05%	-0.30	-0.10	68.20	68.40	+0.85
Gasoil 0.001% (10ppm)	+0.55	+0.75	69.05	69.25	+0.85

Mideast Gulf					\$/bl
	Diff to Mopag		Low	High	±
	Low	High			
Gasoil 0.2%	-1.10	-0.90	65.15	65.35	+0.85
Gasoil 0.05% (500ppm)	+0.50	+0.70	66.75	66.95	+0.85
Gasoil 0.005% (50ppm)	+1.65	+1.85	67.90	68.10	+0.85
Gasoil 0.001% (10ppm)	+1.75	+1.95	68.00	68.20	+0.85

Japan			\$/bl
	Low	High	±
Gasoil 0.005% (50ppm)	71.15	71.35	+0.85

Singapore gasoil swaps			\$/bl
	Low	High	±
Oct	68.55	68.75	+0.85
Nov	68.10	68.30	+0.70
Dec	67.70	67.90	+0.60
4Q17	68.10	68.30	+0.65
1Q18	67.40	67.60	+0.65
2Q18	66.95	67.15	+0.70

Gasoil arbitrage		\$/t
East-west Oct spread		-25.12
East-west Nov spread		-23.98
Singapore Oct vs Ice Nov gasoil		-20.62
Singapore Oct vs Ice Dec gasoil		-13.62

25 November delivery, a premium of \$6.71/t for 85,820t for 27-29 November delivery, a premium of \$19.95/t for 11,025t for 15-18 November delivery and a premium of \$24.63/t for 9,748t for 15-18 November delivery.

FUEL OIL, BUNKERS AND LSWR

Singapore 180cst fuel oil swaps rose by less than Dubai crude.

Two deals were done during the Singapore afternoon trading session. Vitol sold to Coastal Petroleum 20,000t of the 380cst grade on a fob straits basis for 1-5 November loading at a premium of \$1.50/t to Singapore spot assessments. Mercuria bought from BP 20,000t of the 180cst grade on a fob straits basis for 23-27 October loading at a premium of \$0.50/t to Singapore spot assessments.

Singapore's onshore stocks of residual fuels fell to a near three-month low of 22.55mn bl, down by 720,000 bl from a week earlier. Stocks are 1.39pc lower than in the same period last year. Net imports fell by 58pc to 1.173mn bl in the latest week. Exports from Singapore fell to 367,851 bl from 635,575 bl a week earlier. Singapore received about 200,000t from the Netherlands, Russia and US combined, down from about 730,000t a week earlier.

Thai Oil concluded a rare tender to buy two 35,000t cargoes of straight-run fuel oil (SRFO) for 12-14 October and 25-27 October delivery to Sriracha. It was reported yesterday that the first cargo was awarded to BP at a premium of \$38-40/t to Singapore 180cst HSFO spot assessments. The second cargo might have been awarded to Vitol, traders said, although this could not be confirmed. The identity of the supplier of the second cargo was previously unclear.

Indian state-controlled refiner Hindustan Petroleum (HPCL) sold through an export tender 30,000t of 380cst HSFO loading from Vizag on 19-23 October on a fob basis. The tender was awarded at a discount of \$11/t to Singapore 380cst HSFO spot assessments, traders said, although this could not be confirmed.

HPCL possibly previously awarded a similar tender to export 30,000t of 380cst HSFO for 12-14 September loading on a fob basis from Vizag. The tender was awarded on 27 June to Gulf Petrochem at a discount of \$13/t to Singapore 380cst HSFO spot assessment.

Fuel oil loadings from Iran's Bandar Abbas continue to be disrupted, with spot cargo loadings cancelled this week. Buyers have been notified that not all term cargo deals will be fulfilled and there will be no spot cargoes to offer until the situation improves, market participants said, although this could not be confirmed. The impact has been exacerbated by a separate fall in loadings from Bandar Mahshahr as Iran prepares to use more fuel oil as a power generation fuel during the winter.

The loading disruptions started in the week of 18 September as Iranian power plants burned more fuel oil because of problems with gas supplies, cutting fuel oil export avail-

Singapore		\$/t			
	Diff to Mops		Low	High	±
	Low	High			
HSFO 180cst	-0.25	+0.75	332.50	333.50	+3.50
HSFO 380cst	+1.25	+2.25	329.25	330.25	+4.25
HSFO 180cst 2% sulphur			340.00	341.00	+3.50

Mideast Gulf		\$/t			
	Diff to Mopag		Low	High	±
	Low	High			
HSFO 180cst	-	-	321.05	322.05	+3.50
HSFO 380cst	+6.25	+8.25	317.90	318.90	+4.40

South Korea		\$/t		
	Low	High	±	
	HSFO 180cst	343.50	344.50	+3.50

Japan		\$/t		
	Low	High	±	
	HSFO 180cst	340.50	341.50	+3.30

Indonesia		\$/bl			
	Diff to Pertamina		Low	High	±
	Low	High			
LSWR V-1250	+2.45	+2.65	52.85	53.05	+0.54

Singapore		\$/t		
HSFO 180cst swaps	Low	High	±	
Oct	332.50	333.50	+3.75	
Nov	331.50	332.50	+4.25	
Dec	330.25	331.25	+4.25	
4Q17	332.00	333.00	+5.00	
1Q18	328.00	329.00	+4.50	
2Q18	325.75	326.75	+4.50	

Singapore		\$/t		
HSFO 380cst swaps	Low	High	±	
Oct	328.25	329.25	+4.25	
Nov	326.50	327.50	+4.00	
Dec	324.75	325.75	+4.25	

ability and supporting premiums in the regional bunkering hub of Fujairah. Ex-wharf premiums for the 380cst marine fuel grade have edged up to \$5.50/t to Mideast Gulf 180cst spot assessments this week, from about \$4.75-5/t last week.

CHINA FUEL OIL, BUNKERS AND MARINE FUELS

There are no China price assessments today because of a public holiday.

South China fuel oil fob			\$/t
	Low	High	±
HSFO 180cst barge ex-terminal	3,000.00	3,050.00	+0.00

South China fuel oil differentials			\$/t
	Diff to Mops		±
	Low	High	
M100 C+F east China	+40.00	+42.00	+0.00
M100 C+F south China	+42.00	+44.00	+0.00

East China fuel oil fob			\$/t
	Low	High	±
HSFO east China	373.50	374.50	+3.50

South China fuel oil c+f			\$/t
	Low	High	±
Oct	342.90	344.90	+3.45
Nov	341.90	343.90	+3.95
Dec	340.65	342.65	+3.95

Bunkers 180cst			\$/t
	Low	High	±
Singapore	363.50	368.00	+3.00
South Korea	373.00	375.00	+5.00
Fujairah	377.50	382.50	+0.00
Russian far east	320.00	330.00	+0.00

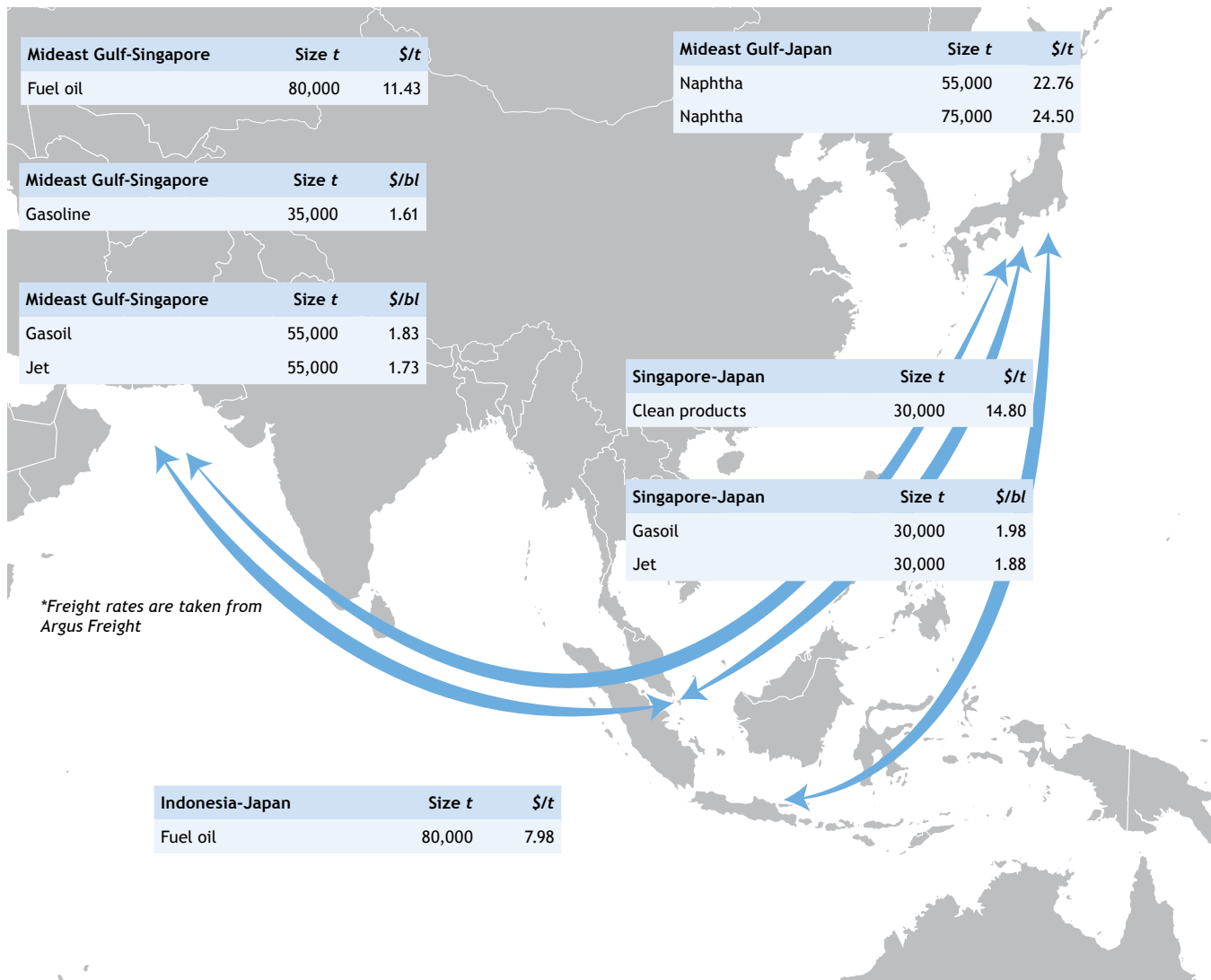
Bunkers 380cst			\$/t
	Low	High	±
Singapore	333.00	338.00	+1.50
South Korea	349.00	355.00	+5.00
Fujairah	332.50	337.50	+3.00
Hong Kong	-	-	-
Shanghai	-	-	-
Qingdao	-	-	-

Marine gasoil			\$/t
	Low	High	±
Singapore	505.00	510.00	+4.50
Singapore 0.1% sulphur	515.00	520.00	+5.50
South Korea	535.00	540.00	+5.00
Fujairah	577.50	582.50	+5.00
Russian far east	470.00	490.00	+0.00

Marine diesel			\$/t
	Low	High	±
Singapore	495.00	500.00	+4.50
South Korea	525.00	530.00	+5.00
Fujairah	567.50	572.50	+5.00

FREIGHT ROUTES

Spot freight rates



Proposed change to Japanese naphtha assessments

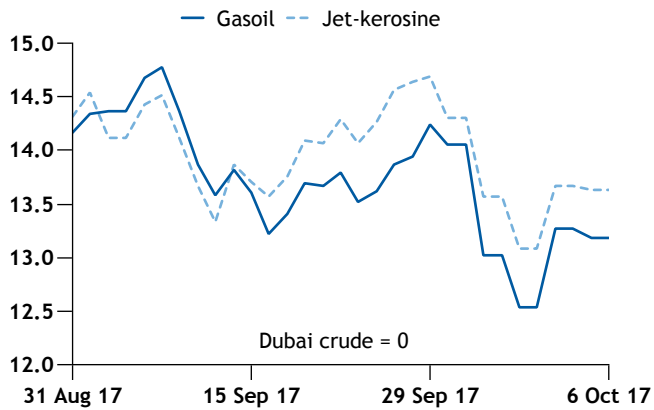
Argus plans to add a new maximum carbon disulfide (CS₂) limit of 3ppm for its cfr Japan naphtha assessments from 2 October, in line with industry changes. The standard open-specification naphtha contract widely used in the Asia-Pacific naphtha market imposed a new maximum CS₂ limit of 3ppm for cargoes delivering in the first half of November onwards.

Argus will accept comments on this change up to 29 September. To discuss comments on this proposal, please contact Ng Han Wei at hanwei.ng@argusmedia.com or on +65 6496 9947. Formal comments should be marked as such and may be submitted by email to asiapacificproducts@argusmedia.com or by post to Ng Han Wei, 50 Raffles Place, 10-01 Singapore Land Tower, Singapore 048623 and received by 29 September. Please note, formal comments will be published after the consultation period unless confidentiality is specifically requested.

REFINING MARGINS

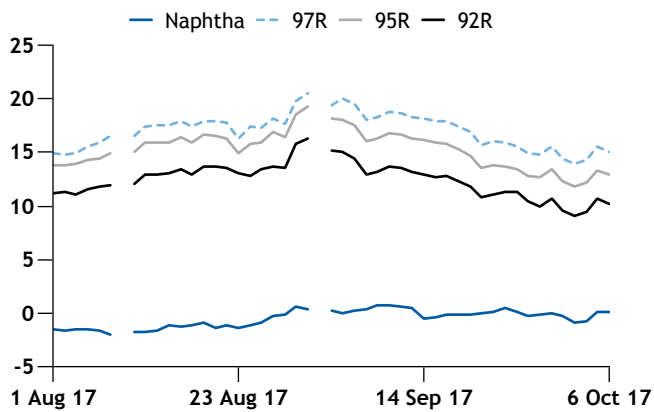
Gasoil and jet-kero refining margins

\$/bl



Naphtha and gasoline refining margins

\$/bl



Refining margins		
	Period	
Dubai swaps		\$/bl
Singapore fuel oil 180cst	Nov	-3.55
Singapore gasoil	Nov	+13.18
Singapore jet	Nov	+13.63
Ice Brent crude		\$/t
Japan naphtha c+f half month 1	16-30 Nov	-
Japan naphtha c+f half month 2	1-15 Dec	+99.05
Japan naphtha c+f half month 3	16-31 Dec	+97.05
Ice Brent crude		\$/bl
Singapore naphtha fob spot	-	+0.06
Singapore 97R gasoline	-	+15.04
Singapore 95R gasoline	-	+12.89
Singapore 92R gasoline	-	+10.19

NAPHTHA ASSESSMENT RATIONALE

Naphtha c+f Japan Timespread			\$/t
	Bid/Offer	Timespread	
2H-Nov/1H-Dec	1.00/-	2.50	
1H-Dec/2H-Dec	-	2.00	
2H-Dec/1H-Jan	-	2.00	
1H-Jan/2H-Jan	-	2.00	
2H-Jan/1H-Feb	-	2.25	

Naphtha c+f Japan half-month assessment breakdown					\$/t
	Bid/Offer	Deal	Crack spread	Argus*	
2H-Nov	-	-	-	530.25	
1H-Dec	526.00/531.00	-	99.05	527.75	
2H-Dec	519.00/528.00	-	97.05	525.75	
Ice Brent (Dec) \$/bl	57.16				

* Argus c+f Japan assessment

METHODOLOGY

Argus Asia-Pacific products price assessments represent the market over the course of the entire trading day. Argus believes that a fair and representative price will include trade throughout the day. If the market shows high intra-day volatility, Argus will weight the assessments towards trading activity at the end of the working day.

Price assessments rely on a wide variety of sources and platforms for information, including discussion with refiners, marketers, importers, traders and brokers, to reflect a daily consensus on the price of the day.

Argus works to verify all deal prices, counterparties, and volumes. Argus values transparency, so we publish as much price, volume, and specification information as we discover. This allows you to cross-check and verify the deals against the published prices.

The details of our methodology are available at: www.argusmedia.com or by calling any Argus office.

1h-December delivery naphtha was bid and offered at \$526/t and \$531/t respectively. With the 1h-December crack spread assessed at around \$99.05/t, 1h-December delivery naphtha was assessed at \$527.75/t.

With the 2h-November and 1h-December spread assessed at \$2.50/t in backwardation against a \$1/t backwardation bid for the spread. The 2h-November delivery naphtha was assessed at \$530.25/t.

With the 1h-December and 2h-December spread assessed at \$2/t in backwardation and against bids and offers on 2h-December cargoes at \$519/t and \$528/t, the 2h-December delivery naphtha was assessed at \$525.75/t

DEALS AND TENDERS

Deals done						
Seller	Buyer	Product	Volume	Diff Basis	Price \$	Timing
BP	Mercuria	Fuel oil HS 180 cst cargo Singapore	20,000t	Mops	+0.50	23 Oct-27 Oct
Vitol	Coastal petroleum	Fuel oil HS 380 cst cargo Singapore	20,000t	Mops	+1.50	01 Nov-05 Nov
China Aviation Oil	Winson Oil	Gasoil 0.05% Singapore	150,000 bl	Mops	+0.15	20 Oct-24 Oct
Unipecc	Shell	Gasoline 92R Singapore	50,000 bl		67.60	24 Oct-28 Oct
Petrochina	Hin Leong	Gasoline 92R Singapore	50,000 bl		67.40	26 Oct-30 Oct
Hin Leong	Total	Gasoline 92R Singapore	50,000 bl		67.50	21 Oct-25 Oct

Issued Tenders					
Issuer	Trade	Timing	fob/cfr location	Close	Valid
CPC	Buy 2x40,000t of 0.3-0.5pc LSFO	November	del Taiwan	03 Oct	06 Oct
Adnoc	Sell 5x80,000t of SRFO	1-3 Nov/8-10 Nov/14-16 Nov/ 20-22 Nov/ 25-27 Nov	fob Ruwais	03 Oct	10 Oct
Pertamina	Buy 200,000 bl of gasoline	30 Oct-1 Nov/3-5 Nov	fob Singapore/Malaysia or cfr Balikpapan	04 Oct	06 Oct
PetroSA	Buy 13,500t of 50ppm sulphur gasoil	9-11 November	One safe berth/port, Mossel Bay, South Africa	04 Oct	06 Oct
Ceypetco	Buy 255,000 bl of 92R and 65,000 bl of 95R	13-14 Nov	cfr Colombo	4-Oct	7-Oct
Midor	Sell 30,000t of 0.1pc sulphur gasoil	4-6 Nov	fob Alexandria	4-Oct	9-Oct
Cnooc	Buy 80,000t of naphtha	1-23 Nov	cfr Huizhou	05 Oct	05 Oct
MRPL	Sell 35,000t of naphtha	23-25 Oct	fob New Mangalore	05 Oct	06 Oct
MRPL	Sell 40,000t of jet fuel	1-3 Nov	fob New Mangalore	05 Oct	06 Oct
Santos	Sell 252,000-300,000t naphtha	1 Jan-31 Dec 18	fob Port Bonython	05 Oct	20 Oct
Essar	Sell 33,000-35,000t of naphtha	4-8 Nov	fob Vadinar	06 Oct	06 Oct
IOC	Sell 128,000t of gasoil	Oct 17-Mar 18	fob Haldia	06 Oct	06 Oct
Essar	Sell 60,000t of jet fuel	5-9 November	fob Vadinar, India	6-Oct	6-Oct
Essar	Sell 70,000t of 500ppm sulphur gasoil	3-7 November	fob Vadinar, India	6-Oct	6-Oct
Emarat	Buy 18,000t of 10ppm sulphur gasoil	27-28 October	cfr Jebel Ali (or fob basis, loadport to be within GCC)	9-Oct	11 Oct
Oryx	Sell 2x40,000t of GTL diesel	Nov, Dec	fob Ras Laffan	09 Oct	12 Oct
JG Summit	Buy 35,000t of naphtha	24-30 Nov	cfr Batangas	13 Oct	13 Oct
Ceypetco	Buy 318,750 bl of 92R gasoline	27-28 Biv	des Colombo	19 Oct	21 Oct
PSO	Buy jet fuel, LSFO, HSFO, 2 x Mogas	December	cfr Karachi (HSFO on fob basis)	08 Nov	13 Nov

ANNOUNCEMENT

Argus successfully completes annual losco assurance review

Argus has completed the fifth external assurance review of its price benchmarks covering crude, products, biofuels, thermal coal, coking coal, natural gas, biomass, fertilizers and petrochemicals benchmarks. The review was carried out by professional services firm PwC. Annual independent, external reviews of oil benchmarks are required by international regulatory group losco's Principles for Oil Price Reporting Agencies, and losco encourages extension of the reviews to non-oil benchmarks.

For more information and to download the review visit our website <http://www.argusmedia.com/About-Argus/How-We-Work/>

NEWS

Glencore buys Chevron's S Africa, Botswana downstream

Switzerland-based trading and mining firm Glencore has agreed to buy a 75pc stake in Chevron's downstream operations in South Africa and its entire interest in its downstream business in neighbouring Botswana for \$973mn.

Glencore is not buying the assets directly from Chevron. China's state-controlled Sinopec has agreed in March to buy the assets from Chevron for \$900mn. But Chevron's local partner Off The Shelf Investments Fifty Six (OTS) exercised its pre-emptive rights to acquire the assets, and Glencore is now buying them from OTS.

The assets include a 100,000 b/d refinery in Cape Town, a finished lubricants blend plant and base oil terminal in Durban, retail sites and a "broad network of coastal shipping, depots and pipelines with significant crude delivery and storage infrastructure at Saldanha Bay and Cape Town Harbour", Glencore said.

"During its acquisition process Glencore will be supporting OTS as their technical and financial partner," Glencore said today.

"The assets comprise the interests of the Chevron group in its manufacturing, retail and industrial supply business in South Africa and Botswana," it said. "Glencore believes that the assets provide an attractive downstream opportunity for its oil business."

The agreement, which is subject to approvals, is expected to close in the middle of next year.

Global trading houses such as Vitol and Gunvor have acquired downstream operations in recent years.

Orpic starts full turnaround at Mina al-Falah

Oman's state-owned refiner Orpic has begun a major planned full turnaround at its 106,000 b/d Mina al-Fahal refinery in Muscat.

The maintenance started on 3 October and will last 45 days.

Orpic said the planned turnaround is undertaken every four years to improve the efficiency and the reliability of its downstream units, and will not cause delay in supplying oil products to the market.

US gasoline exports to Mexico climb in August

US gasoline exports to Mexico climbed in August compared to 2016, though volumes fell relative to July.

US exported 393,515 b/d of conventional gasoline in August, according to the most recent US Census Bureau statistics. Export volumes fell by 11pc from the previous month but were 52pc higher than volumes exported in 2016.

Total US gasoline exports averaged 603,657 b/d, a 15pc decrease from July and a 26pc increase from total volumes exported in the same month last year.

US gasoline shipments to Mexico this year so far have consistently outperformed 2016, with only March coming in lower than prior-year deliveries. August marked the second-largest increase from monthly 2016 exports, behind January, when the US sent 64pc more gasoline than in the previous year.

Vitol's Taylor ponders price, peak demand, benchmarks

Rising US production will pressure oil prices next year, says trading firm Vitol's chief executive Ian Taylor. He also said the oil industry is likely to shrink as a result of the transition to lower carbon energy.

"[Oil] demand is really good, and there has not been much investment [in supply], capital expenditure (capex) has been pretty low on the upstream side. Having said that, the US is able to produce huge amounts more oil from shale," he said. "I think we will be lucky to hold \$55-60/bl in the short term. But I do think that in the next two to three years, after we get through next year, we will probably drift back up to \$60-65/bl... I cannot see it going very far."

Taylor estimates that most US shale plays – particularly in the Permian basin – are now economic at \$50/bl.

Taylor, whose company now trades 7mn b/d of oil, expects oil demand to peak in 2028-2030. Shell chief executive Ben van Beurden said earlier this year that only under "the most aggressive" scenario oil consumption has a chance to peak as early as the late 2020s, and his counterparts from BP and Total see demand peaking at least a decade later.

Taylor said the oil industry "is in for a period of shrink-

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age" as a result of the energy transition, which includes the impact of electric vehicles and improved energy efficiency.

"What keeps me awake a little bit at night is trying to think what is our place in it?" he said. "There are going to be a lot of countries that have got a hundred years left of gas and oil and you wonder where that is going to go."

He also said that talented people are now more likely to go work for a tech start-up or elsewhere than for the "boring, old" oil industry.

But he said there is still 1bn people without electricity in the world, and many people using dangerous fuels.

"There are still a lot of things we can do in order to help them... But I am a little bit worried we are probably looking at a shrinking business," Taylor said.

Investment in renewables has been growing, but "the trouble with it is they do not trade, they do not move", he said. "It is a totally different skill set".

But he sees a potentially positive side to this shrinkage of the oil industry: "It is much easier for physical traders to trade the market when it is actually weak than when it is strong."

Vitol has been one of the most active players in Iraq's semi-autonomous Kurdistan region. The Kurdistan Regional Government (KRG) held an independence referendum last week, which Baghdad declared unconstitutional.

"I hope they will not in any way try and go independent," Taylor said. "They always told me all they wanted to is sit down and talk to Baghdad" about the structure of their relationship, which could be about more autonomy for the region.

He also said that Atlantic basin crude benchmark North Sea Dated needs to have "a lot more physical oil" brought into it, such as some of the north African and west African grades, "to ensure that that benchmark is still a viable and proper instrument".

He does not think that Russian crude should be added, because it would be "very complex, but ultimately, maybe that is what has to happen". The complexity comes, in particular, from the crudes being of a different grade, from its several loading points and "not very organised" programmes.



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Argus Asia-Pacific Products Methodology

Argus uses a precise and transparent methodology to assess prices in all the markets it covers. The latest version of the Argus Asia-Pacific Products Methodology can be found at: www.argusmedia.com/methodology.

For a hard copy, please email info@argusmedia.com, but please note that methodologies are updated frequently and for the latest version, you should visit the internet site.

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Announcement

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