

OVERVIEW

- WTI crude futures fell today amid signs that US producers are restoring output that was shut in because of the Covid-19 pandemic. Nymex RBOB today rose by 1.6¢/USG to \$1.2001/USG and ULSD increased by 1.27¢/USG to \$1.1781/USG.
- Gasoline prices in the US Gulf coast continued to strengthen on Tuesday following the roll to a newly prompt Colonial Pipeline cycle 39. Outright prices in the region were still down when compared with the previous week, with cash values averaging 7-8¢/USG below week-ago levels.
- The Colonial pipeline tariff increase goes into effect 1 July. The new cost to ship distillates the full length of the pipeline from Houston to New York Harbor will be 5.98¢/USG, up from 5.86¢/USG.
- US refiners dialed gasoline and jet yields to record lows in April because of plummeting demand. US refiners cut gasoline yield to 40.7pc and jet yield to 4.7pc in April. Distillates yields rose to 38.1pc in April, the highest since 1993 as well.
- The Argus RVO firmed by 0.19¢/USG to 5.94¢/USG, it's highest since 17 June. Support stemmed from increased buying activity during the session as the release of 2021 blend mandates looms.
- Reports of the Calcasieu Refining refinery closing on 1 August for economic reasons continued to circulate in the VGO market, but the duration of the closure has not been verified.

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MARKET SUMMARY

Price	¢/USG			
	New York	Houston	Chicago	Los Angeles
CBOB/suboctane	116.925	110.900	119.450	124.650
RBOB	120.650	116.775	131.150	125.150
87 conv	116.650	113.650	119.450	
Ethanol	143.000	138.650	128.750	149.100
Jet fuel	103.900	101.825	118.650	112.900
ULSD	117.450	113.275	120.150	120.400
Bunker fuel \$/t	237.000	215.000		244.000

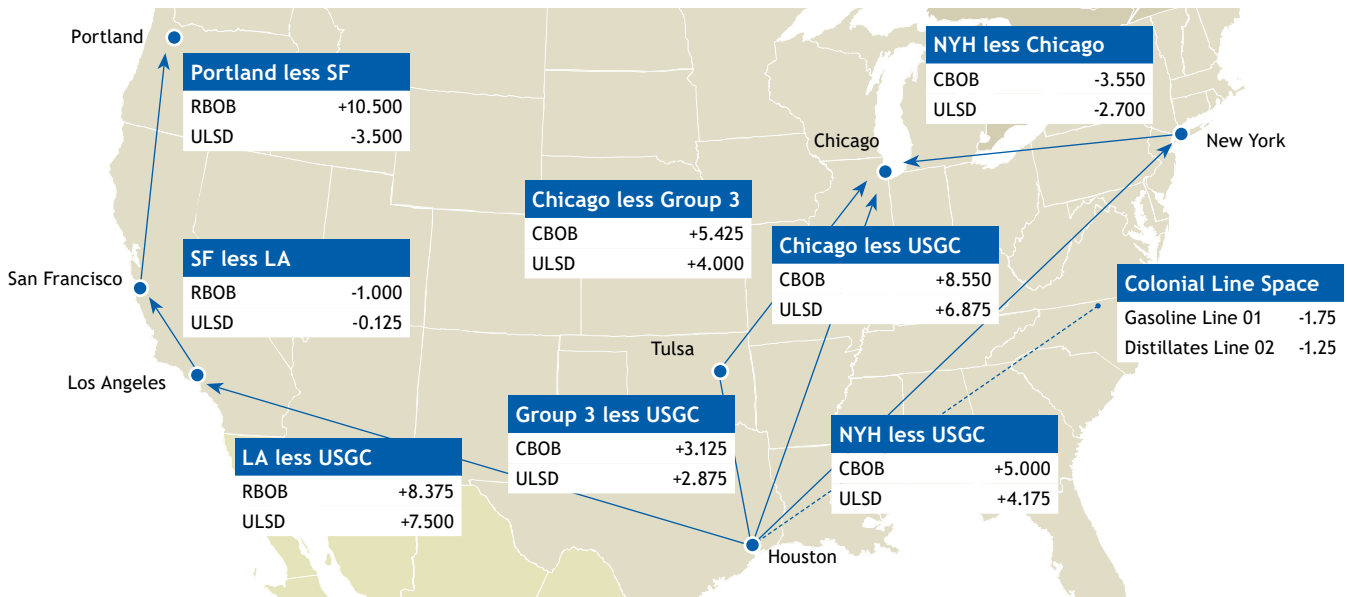
Differential to Nymex	¢/USG			
	New York	Houston	Chicago	Los Angeles
CBOB/suboctane	-3.225	-9.250	-0.700	+4.500
RBOB	+0.500	-3.375	+11.000	+5.000
87 conv	-3.500	-6.500	-0.700	
Jet fuel	-14.750	-16.825	0.000	-5.750
ULSD	-1.200	-5.375	+1.500	+1.750
Bunker fuel \$/t	-1.749	-5.232		-0.641

Change on day	¢/USG			
	New York	Houston	Chicago	Los Angeles
CBOB/suboctane	+2.140		-0.080	-0.130
RBOB	+2.490	+1.745	+1.370	-0.130
87 conv	+1.990		-0.080	
Ethanol	+3.250	+2.250	+2.250	+3.000
Jet fuel	-1.100	+0.950	-0.100	+1.775
ULSD	+0.910	+0.725	+1.400	+0.900
Bunker fuel \$/t	+2.500	+2.500		+9.000

CME Nymex futures	¢/USG		
	Month	RBOB	ULSD
Jul		120.01	117.81
Aug		120.15	118.65
Sep		118.74	120.36
Oct		110.41	122.21
Nov		108.67	123.92
Dec		107.54	125.26

ARGUS MARKET MAP

¢/USG



LATEST NEWS

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Infrastructure

- Marathon Canton FCC flared last week

Industry

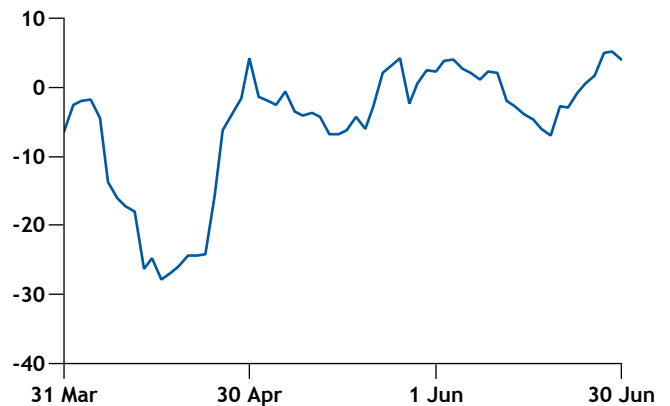
- US retail fuel prices press higher
- US clean tanker rates climb with exports
- US northeast refined products exports surge
- US gasoline demand for April hit 50-year low
- D6 RINs to rise ahead of new blend mandates

Opinion/analysis

- US gasoline, jet yields hit record low
- US oil industry raises concerns about Mexico

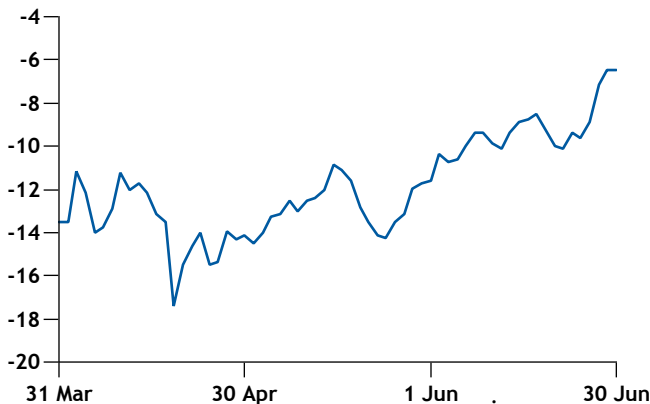
Chicago ULSD vs Group Three ULSD

¢/USG



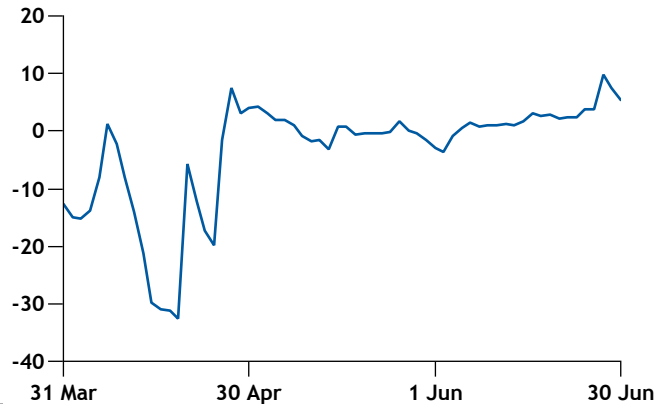
87M Colonial vs Nymex

¢/USG



Chicago vs Group Three 84 V

¢/USG



GASOLINE

Atlantic coast

US Atlantic coast gasoline differentials increased on Tuesday as buying interest emerged.

Prompt RBOB was assessed at August Nymex +0.25¢/USG to +0.75¢/USG. Bid levels rose to August Nymex +0.25¢/USG as the July/August Nymex spread flipped from contango to backwardation. Offers backed up to August Nymex +0.75¢/USG. Buckeyes and barge cash prices were at parity.

Regular 7.8 RVP CBOB was assessed at August Nymex -3.95¢/USG to -2.5¢/USG. Differentials increased during the day amid stronger demand. Buckeyes traded at July Nymex -3¢/USG when the July/August Nymex spread was +0.5¢/USG to round out the high end of the range.

Buckeye, barge, and Laurel 9.0 RVP CBOB and Colonial of-line A2 were assessed at August Nymex -4.75¢/USG to -3.75¢/USG, a 1.75¢/USG gain in cash differentials for Buckeyes and barges. Offlines traded at August Nymex -4.75¢/USG when the July/August Nymex spread was in contango. Buckeyes traded at the high end of the range after the spread moved into backwardation.

Premium RBOB differentials increased by 0.25¢/USG on average at August Nymex +14¢/USG to +14.5¢/USG to account for the prevailing July/August Nymex spread.

The arbitrage from the US Gulf coast to New York Harbor remained shut for RBOB, CBOB, and conventional 87 octane gasoline despite regional spreads widening.

Refining margins increased by \$0.5/bl to \$8.63/bl as the rise in RBOB and ULSD cash prices outweighed gains in Brent crude.

Gulf coast

Gasoline prices in the US Gulf coast continued to strengthen on Tuesday following the roll to a newly prompt Colonial Pipeline cycle 39.

Cash differentials were flat to stronger session-on-session,

CME Nymex RBOB				
Price			Crack spread	
Month	¢/USG	±	Month	\$/bl
Jul	120.01	+1.60	Aug	+11.19
Aug	120.15	+1.37	Sep	+10.53
Sep	118.74	+0.77	Oct	+6.89

Atlantic coast				¢/USG
	Basis	Differential	Price	±
New York waterborne				
87 conv inc duty 9.0	Aug	-3.75/-3.25	116.40-116.90	+1.99
87 conv ex duty 9.0	Aug	-11.28/-10.78	108.87-109.37	+1.80
Reg CBOB inc duty 7.8	Aug	-1.95/-0.50	118.20-119.65	+2.14
Reg CBOB ex duty 7.8	Aug	-9.48/-8.04	110.67-112.11	+1.95
Reg RBOB inc duty R2	Aug	+2.25/+2.75	122.40-122.90	+2.49
Reg RBOB ex duty R2	Aug	-5.29/-4.79	114.86-115.36	+2.30
89 conv inc duty 9.0			119.94-120.44	+1.99
Prem RBOB inc duty R2	Aug	+16.00/+16.50	136.15-136.65	+1.99
93 conv inc duty 9.0	Aug	+6.38/+6.88	126.53-127.03	+1.99
Boston waterborne				
Reg RBOB R2	Aug	+2.50/+3.00	122.65-123.15	+2.49
Colonial Linden				
87 conv M Cycle 34 9.0	Aug	-3.75/-3.25	116.40-116.90	na
89 conv M Cycle 34 9.0			119.90-120.49	na
93 conv V Cycle 34 9.0	Aug	+6.25/+7.00	126.40-127.15	na
Reg CBOB Cycle 35 9.0	Aug	-4.75/-3.75	115.40-116.40	na
Reg RBOB Cycle 34 9.0	Aug	+0.75/+1.25	120.90-121.40	na
New York barge				
Reg CBOB dead prompt 7.8	Aug	-3.95/-2.50	116.20-117.65	+2.14
Reg CBOB prompt 7.8	Aug	-3.95/-2.50	116.20-117.65	+2.14
Reg CBOB dead prompt 9.0	Aug	-4.75/-3.75	115.40-116.40	+3.49
Reg CBOB prompt 9.0	Aug	-4.75/-3.75	115.40-116.40	+3.49
Reg RBOB dead prompt R2	Aug	+0.25/+0.75	120.40-120.90	+2.49
Reg RBOB prompt R2	Aug	+0.25/+0.75	120.40-120.90	+2.49
Prem CBOB dead prompt 7.8	Aug	+19.65/+20.15	139.80-140.30	+2.64
Prem CBOB prompt 7.8	Aug	+19.65/+20.15	139.80-140.30	+2.64
Prem CBOB dead prompt 9.0	Aug	+11.00/+11.50	131.15-131.65	+1.99
Prem CBOB prompt 9.0	Aug	+11.00/+11.50	131.15-131.65	+1.99
Prem RBOB dead prompt R2	Aug	+14.00/+14.50	134.15-134.65	+1.99
Prem RBOB prompt R2	Aug	+14.00/+14.50	134.15-134.65	+1.99
Buckeye				
Reg CBOB dead prompt 7.8	Aug	-3.95/-2.50	116.20-117.65	+2.14
Reg CBOB prompt 7.8	Aug	-3.95/-2.50	116.20-117.65	+2.14
Reg CBOB dead prompt 9.0	Aug	-4.75/-3.75	115.40-116.40	+3.49
Reg CBOB prompt 9.0	Aug	-4.75/-3.75	115.40-116.40	+3.49
Reg RBOB dead prompt R2	Aug	+0.25/+0.75	120.40-120.90	+2.49
Reg RBOB prompt R2	Aug	+0.25/+0.75	120.40-120.90	+2.49
Prem CBOB dead prompt 7.8	Aug	+19.65/+20.15	139.80-140.30	+2.64
Prem CBOB prompt 7.8	Aug	+19.65/+20.15	139.80-140.30	+2.64
Prem CBOB dead prompt 9.0	Aug	+11.00/+11.50	131.15-131.65	+1.99
Prem CBOB prompt 9.0	Aug	+11.00/+11.50	131.15-131.65	+1.99
Prem RBOB dead prompt R2	Aug	+14.00/+14.50	134.15-134.65	+1.99
Prem RBOB prompt R2	Aug	+14.00/+14.50	134.15-134.65	+1.99
Laurel				
Reg CBOB 9.0	Aug	-4.75/-3.75	115.40-116.40	+2.09
Prem CBOB 9.0	Aug	+11.00/+11.50	131.15-131.65	+1.99
Reg RBOB R2	Aug	+0.25/+0.75	120.40-120.90	+2.49
Prem RBOB R2	Aug	+14.00/+14.50	134.15-134.65	+1.99

GASOLINE

while Nymex RBOB futures posted gains for a second consecutive session, adding to the day's gains.

Outright prices in the region were still down when compared with the previous week, with cash values averaging 7-8¢/USG below week-ago levels.

Regular CBOB (A2) deals were done from August Nymex -9¢ down to -9.5¢/USG over the course of the session, though valuations ended 0.18¢/USG above the previous session's assessed midpoint.

The forward curve for A2 continued to hold in a mild backwardation, with prompt cycle rolls done at +0.25¢/USG into the 40th cycle.

Trade for conventional 87 (M2) eluded the market on Tuesday, with bid/offer levels remaining wide throughout the session, preventing commerce. Value was discussed at a 2.75¢/USG premium over A2, in line with Monday's trade.

Conversely, VOC-controlled regular RBOB (F1) saw multiple deals done during the afternoon hours, with trades ranging between August Nymex -3.5¢ and -3.25¢/USG. This lifted cash differentials by just 0.25¢/USG over the previous day's midpoint.

Discourse surrounding high octane grades was overall muted, though premium CBOB (D2) differentials posted gains of 1.25¢/USG on the day as trades occurred at Nymex RBOB -0.5¢/USG.

Midcontinent

Chicago gasoline cash differentials declined for a second session on Tuesday as the market pressed lower late in the trading day.

West Shore/Badger pipeline 9 RVP CBOB traded from August Nymex flat to +0.75¢/USG early on Tuesday. But the market softened in the afternoon, with bids and offers emerging at August Nymex -2.75¢/USG and -1.5¢/USG, respectively, on first-cycle July. Overall differentials fell by 1.45¢/USG to a three-session low. Differentials have declined by nearly 2¢/USG so far this week.

Outright West Shore/Badger CBOB prices fell by 0.08¢/USG to \$1.19/USG, causing West Shore/Badger's premium above the US Gulf coast to shrink by 1.63¢/USG to 8.55¢/USG. Yet arbitrage economics remained viable on paper for an 11th consecutive session.

Buckeye Complex (BCX) 9 RVP CBOB was bid and offered at August Nymex -1.5¢/USG to flat, sending differential down by 2.25¢/USG in daily comparison on C1 July. A BCX CBOB deal

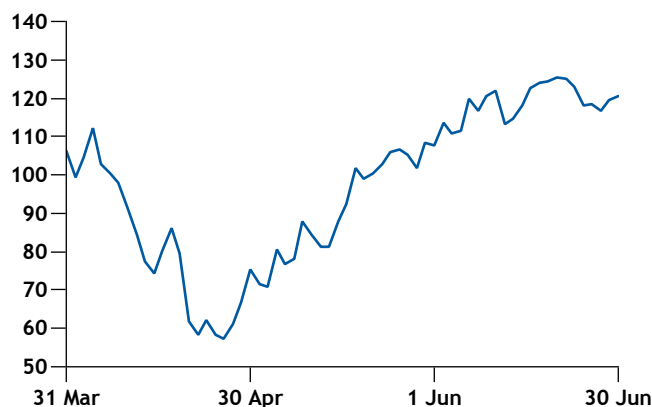
Gulf coast				¢/USG	
	Basis	Differential	Price	±	
Colonial					
87 conv M 9.0 Cycle 39	Aug	-6.75/-6.25	113.40-113.90	+1.87	
Weighted average		-6.50	113.65		
87 conv M 9.0 Cycle 40	Aug	-7.10/-6.60	113.05-113.55	+1.65	
Reg RBOB F R1 Cycle 39	Aug	-3.50/-3.25	116.65-116.90	+1.75	
Weighted average		-3.45	116.70		
Reg RBOB F R1 Cycle 40	Aug	-3.50/-3.25	116.65-116.90	na	
Reg CBOB A 9.0 Cycle 39	Aug	-9.50/-9.00	110.65-111.15	+1.72	
Weighted average		-9.32	110.83		
Reg CBOB A 9.0 Cycle 40	Aug	-9.75/-9.25	110.40-110.90	+1.57	
89 conv 9.0			117.08-117.58	+1.37	
Prem CBOB D 9.0 Cycle 39	Aug	-0.75/-0.25	119.40-119.90	na	
93 conv V 9.0 Cycle 39	Aug	+3.75/+4.25	123.90-124.40	+1.37	
93 conv V 9.0 Cycle 40	Aug	+3.75/+4.25	123.90-124.40	na	
Prem RBOB R1 Cycle 39	Aug	+7.00/+7.25	127.15-127.40	+1.50	
Prem RBOB R1 Cycle 40	Aug	+7.00/+7.25	127.15-127.40	na	
Colonial Line Space					
Gasoline Line 01 Cycle 39			-2.00/-1.50	na	
Weighted average			-1.75		
Waterborne					
Reg CBOB A 9.0	Aug	-8.25/-7.75	111.90-112.40	+1.55	
87 conv M 9.0	Aug	-5.50/-5.00	114.65-115.15	+1.37	
89 conv 9.0			118.33-118.83	+1.37	
Prem CBOB 9.0	Aug	+0.50/+1.00	120.65-121.15	+2.62	
93 conv V 9.0	Aug	+5.00/+5.50	125.15-125.65	+1.37	
Waterborne ex-RVO					
Reg CBOB A 9.0	Aug	-14.19/-13.69	105.96-106.46	+1.36	
87 conv M 9.0	Aug	-11.44/-10.94	108.71-109.21	+1.18	
89 conv 9.0			112.39-112.89	+1.18	
93 conv V 9.0	Aug	-0.94/-0.44	119.21-119.71	+1.18	
Texas CBOB					
Reg Texas CBOB 6.6			115.60	+1.60	
Prem Texas CBOB 6.6			125.75	+1.72	

see distillates section for Colonial Line 02 assessment

weighted average is volume-weighted average of deals done during the entire trading day

LA Carb ULSD cash

¢/USG



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Delivered Florida		¢/USG	
Origin	Price		±
Port Everglades, Florida			
Reg CBOB A 9.0	USGC	118.27	+1.55
Prem CBOB D 9.0	USCG	127.02	+2.62
Tampa, Florida			
Reg CBOB A 9.0	USGC	117.32	+1.55
Prem CBOB D 9.0	USCG	126.07	+2.62

Delivered South America		\$/m3	
Origin	Price		±
Montevideo, Uruguay			
87 conv ex-RVO	USGC	308.10	+4.31
Eurobob Oxy	ARA	290.40	+11.05
Buenos Aires, Argentina			
87 conv ex-RVO	USGC	308.94	+4.41
Eurobob Oxy	ARA	291.14	+11.04

with C2 July timing was struck at August Nymex -3¢/USG.

Outright BCX CBOB prices declined by 0.88¢/USG to \$1.19/USG.

Wolverine Pipeline 9 RVP CBOB traded from August Nymex -1¢/USG down to -1.25¢/USG, shedding 2¢/USG from the previous session on C1 July.

Region 2 RBOB along the West Shore/Badger system traded at August Nymex +11¢/USG, holding steady with the previous session's assessed midpoint on C1 July.

Trade for Explorer Pipeline Cycle 33 RBOB was done at August Nymex +10¢/USG.

In Group Three, prompt trade for 9 RVP V grade CBOB transacted from August Nymex -6.25¢/USG to -6¢/USG, up by 0.25¢/USG from Monday.

Prompt Group Three 9 RVP 91 conventional gasoline traded from August Nymex +7¢/USG to +10¢/USG. This lifted differentials up by 2.35¢/USG in daily comparison and sent A grade to the widest premium above V since 14 May at 14.63¢/USG.

West coast

Los Angeles gasoline prices were stable on Tuesday, while San Francisco rebounded from the previous day's decline.

Prompt July Los Angeles CARBOB saw an afternoon trade struck at August RBOB +5¢/USG, sending cash differentials up by 1.5¢/USG on the day. Outright prices were unchanged on the day, posting a marginal decrease of 0.13¢/USG to end the

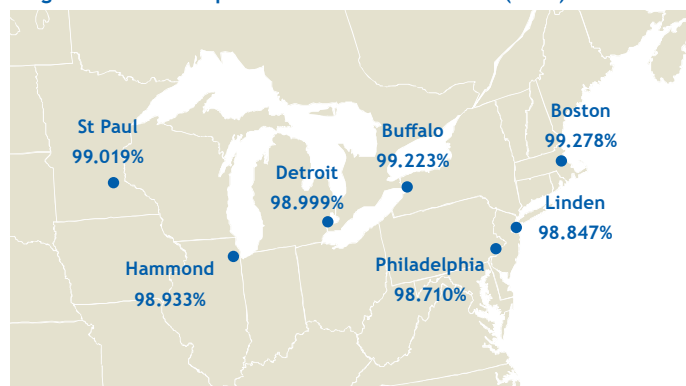
Midcontinent		¢/USG		
Basis	Differential	Price		±
Group 3				
Suboctane V 9.0 prompt	Aug	-6.25/-6.00	113.90-114.15	+1.99
Weighted average		-6.13	114.02	
Suboctane V 9.0 any Jun	Aug	-6.25/-6.00	113.90-114.15	+3.12
91 conv A 9.0 prompt	Aug	+7.00/+10.00	127.15-130.15	+4.09
West Shore/Badger				
Reg CBOB 9.0 1st Jul	Aug	-2.15/+0.75	118.00-120.90	-0.08
Reg CBOB 9.0 2nd Jul	Aug	-2.15/+0.75	118.00-120.90	-0.08
87 conv 9.0 1st Jul	Aug	-2.15/+0.75	118.00-120.90	-0.08
87 conv 9.0 2nd Jul	Aug	-2.15/+0.75	118.00-120.90	-0.08
89 conv 9.0			130.25-133.15	-0.08
91 conv 9.0 1st Jul	Aug	+32.85/+35.75	153.00-155.90	-0.08
91 conv 9.0 2nd Jul	Aug	+32.85/+35.75	153.00-155.90	-0.08
Reg RBOB R2 1st Jul	Aug	+10.75/+11.25	130.90-131.40	+1.37
Reg RBOB R2 2nd Jul	Aug	+10.75/+11.25	130.90-131.40	+1.37
Prem RBOB R2 1st Jul	Aug	+48.75/+49.25	168.90-169.40	+1.37
Chicago BCX				
Reg CBOB 9.0 1st Jul	Aug	-1.50/0.00	118.65-120.15	-0.88
91 conv 9.0 1st Jul	Aug	+32.85/+35.75	153.00-155.90	-0.08
Reg RBOB R2 1st Jul	Aug	+10.75/+11.25	130.90-131.40	+1.37
Prem RBOB R2 1st Jul	Aug	+48.75/+49.25	168.90-169.40	+1.37
Chicago Wolverine				
Reg CBOB 9.0 1st Jul	Aug	-1.25/-1.00	118.90-119.15	-0.63
91 conv 9.0 1st Jul	Aug	+32.85/+35.75	153.00-155.90	-0.08

West coast		¢/USG		
Basis	Differential	Price		±
Los Angeles				
Reg CARBOB 5.99 Jul	Aug	+4.50/+5.50	124.65-125.65	-0.13
Weighted average		+5.00	125.15	
Reg CARBOB 5.99 Aug	Sep	+3.00/+8.00	121.74-126.74	+0.27
Prem CARBOB 5.99 Jul	CARBOB	+14.50/+15.50	139.65-140.65	-0.13
Suboctane 9.0 Jul	Aug	+4.00/+5.00	124.15-125.15	-0.13
Reg AZRBOB 5.7 Jul	CARBOB	+7.50/+8.50	132.65-133.65	-0.13
Prem AZRBOB 5.7 Jul	CARBOB	+22.50/+23.50	147.65-148.65	-0.13
San Francisco				
Reg CARBOB 5.99 Jul	Aug	+3.50/+4.50	123.65-124.65	+4.37
Prem CARBOB 5.99 Jul	CARBOB	+15.50/+16.50	139.65-140.65	+4.37
San Francisco waterbone				
Reg CARBOB 6.0 Jul	Aug	+5.00/+6.00	125.15-126.15	+4.37
Reg CARBOB ex-RVO 6.0 Jul	Aug	-0.94/+0.06	119.21-120.21	+4.18
Portland				
Suboctane 7.8 Jul	Aug	+14.25/+14.75	134.40-134.90	+3.87

day at \$1.25/USG. August barrels eased lower as the bid-ask range widened. August buyers were reported a penny lower at September Nymex +3¢/USG as offers remained at +8¢/USG,

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Argus Gasoline Temperature Correction Factors (TCFs)



TCFs shown are for a specific terminal in that city. See [TCF Methodology](#) for details. For a given amount of fuel, the Argus TCF is the volume at 60° F divided by the volume at the real in-tank temperature. See [all TCFs](#).

shifting the midpoint lower by a half cent. August cash prices eased 0.27¢/USG higher, though remained in backwardation with prompt July cash prices.

Prompt July San Francisco CARBOB recovered lost territory. Bay-area CARBOB changed hands at August RBOB +5¢/USG, moving cash premiums higher by 3¢/USG higher in daily comparison. Outright prices were 4.37¢/USG higher on the day, settling at \$1.24/USG.

Portland gasoline saw active trade on Tuesday, though the bulk of barrels were for a Nustar option. Trades were confirmed at August Nymex +11¢/USG and +12.5¢/USG with additional volumes heard at +11.5¢/USG and +13¢/USG. Kinder Morgan sub-octane gasoline traded at +14.5¢/USG, lifting cash premiums 2.5¢/USG higher. Outright prices firmed 3.87¢/USG to close at \$1.35/USG.

Assessment rationale

The Argus US Atlantic coast prompt RBOB barge assessment was based on prompt RBOB bid and offer levels basis the August Nymex RBOB contract.

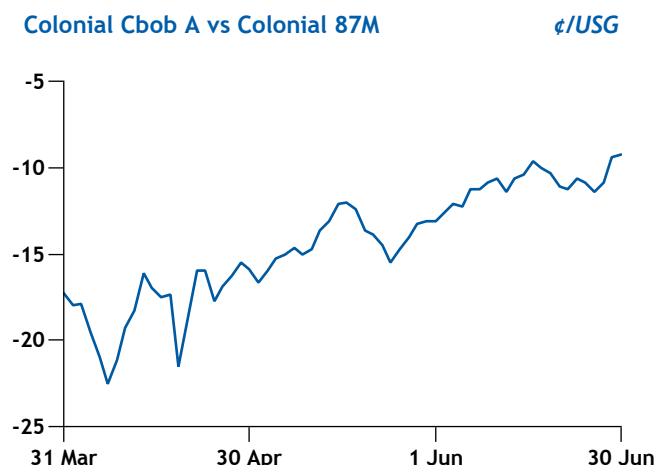
The US Gulf coast regular CBOB A 9.0 RVP market met the volume minimums needed to calculate the VWA in accordance with the methodology.

The US Gulf coast regular RBOB F market was set at the August Nymex RBOB contract -3.50¢/USG to -3.25¢/USG, even with the low and high trades for regular RBOB F.

The US Gulf coast 87 conventional M 9.0 RVP market failed

Gulf coast deals				
Grade	Timing	Price	Volume	
Colonial A2	cycle 39	-9.50	25	
	cycle 39	-9.50	25	
	cycle 39	-9.50	25	
	cycle 39	-9.50	25	
	cycle 39	-9.50	25	
	cycle 39	-9.25	25	
	cycle 39	-9.25	25	
	cycle 39	-9.25	50	
	cycle 39	-9.00	25	
	cycle 39	-9.00	25	
Colonial D2	cycle 39	-0.50	25	
	cycle 39	-0.50	25	
	Colonial F1	cycle 39	-3.50	25
		cycle 39	-3.50	25
		cycle 39	-3.50	25
		cycle 39	-3.50	25
	Colonial M2	cycle 39	cycle 42 +0.25	25
		cycle 39	cycle 40 +0.35	25

Colonial Cbob A vs Colonial 87M



to trade outright. A regrade value versus 9.0 RVP regular CBOB A2 grade at +2.75¢/USG, derived from the previous day's trade, was used to set the day's assessment.

GASOLINE

The US Gulf coast 87 conventional M 9.0 RVP market failed to trade outright. A regrade value versus 9.0 RVP regular CBOB A2 grade at +2.75¢/USG, derived from the previous day's trade, was used to set the day's assessment.

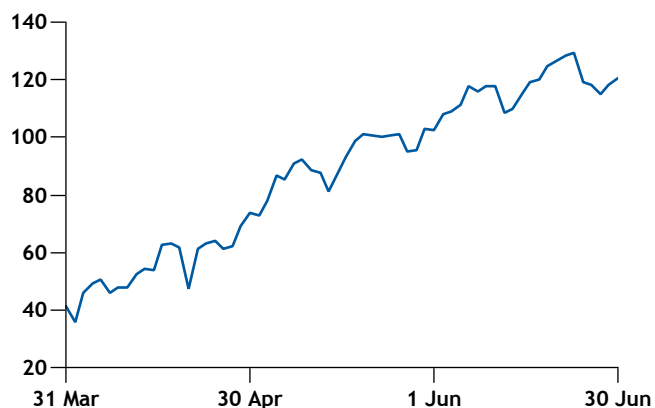
Chicago West Shore/Badger pipeline CBOB deals set the high price. The market later weakened, and the midpoint of ensuing bids and offers set the low price.

Atlantic coast deals			
Grade	Timing	Price	Volume
prem CBOB Buckeye (7.80)	193E	Jul +19.75	10
reg CBOB A CPL (9.00)	cycle 36	Aug -4.75	25
reg CBOB Buckeye (7.80)	193E	Jul -3.85	25
	193E	Jul -3.00	25
reg CBOB Buckeye (9.00)	193E	Aug -3.75	3
reg CBOB NYH barge (7.80)	7-8 Jul	Aug -3.75	50

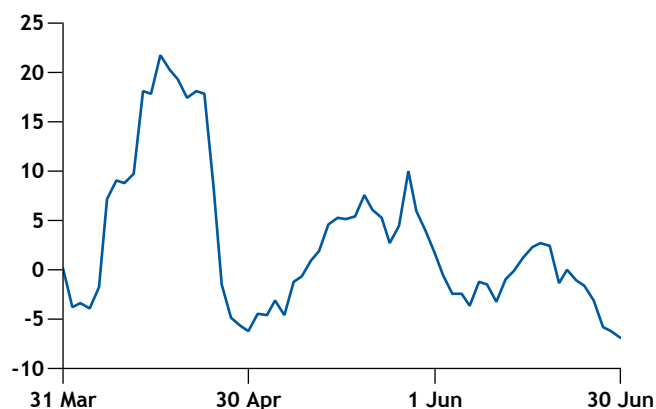
Midcontinent deals			
Grade	Timing	Price	Volume
91 conv MPL Group 3 (9.00)	prompt	Aug +7.00	10
	prompt	Aug +10.00	10
reg CBOB BCX (9.00)	C2 Jul	Aug -3.00	25
reg CBOB Badger (9.00)	C1 Jul	Aug +0.00	15
	C1 Jul	Aug +0.75	15
reg CBOB Wolverine (9.00)	C1 Jul	Aug -1.25	15
	C1 Jul	Aug -1.15	15
	C1 Jul	Aug -1.00	10
	C1 Jul	Aug -1.00	10
reg RBOB Explorer (R2)	Cycle 33	+10.00	10
reg RBOB West Shore (R2)	C1 Jul	Aug +11.00	25
suboctane V MPL Group 3 (9.00)	prompt	Aug -6.25	25

West coast deals			
Grade	Timing	Price	Volume
reg CARBOB LA (5.99)	Jul	Aug +5.00	25
reg CARBOB SF (5.99)	Jul	Aug +4.00	25
suboctane Portland (7.80)	Jul	Aug +14.50	10

NYH 83.7 Rbob barge cash ¢/USG



Colonial ULSD vs Chicago ULSD ¢/USG



DISTILLATES

Atlantic coast

US Atlantic coast jet fuel margins fell to a three-week low on Tuesday, and arbitrage opportunities into the region from the US Gulf coast remained unappealing on paper.

Barge jet fuel prices decreased to \$43.64/bl, while North Sea Dated Brent crude oil prices increased to \$41.71/bl. The price spread between the two was assessed at just \$1.93/USG, the lowest margin recorded by Argus since 8 June.

East coast jet fuel cash differentials weakened on Tuesday, with a trade at August Nymex -14.75¢/USG decreasing the mid-point value of Buckeye pipeline material by 2¢/USG on the day, offsetting gains in the underlying ULSD futures contract.

Off-line Colonial pipeline material ended the day carrying a 2.58¢/USG premium to barrels loading in Pasadena, Texas, marking the 22nd consecutive day of unfavorable arbitrage economics between the two hubs.

The pipeline tariff into New York from Houston is 5.86¢/USG, and market participants have pegged the true cost of shipping - adjusting for taxes, fees and line loss - closer to 6.25¢/USG.

ULSD margins eased \$0.02/bl lower to \$7.62/bl on Tuesday. Regional differentials were mostly stable on the day, and outright prices were supported by a stronger basis contract. Off-line Colonial pipeline barrels were assessed 4.68¢/USG above material loading in Houston, keeping the arbitrage between the two hubs closed on paper for the 43rd straight day.

Gulf coast

Colonial diesel and jet fuel prices reached one-week highs on Tuesday as the ULSD Nymex recovered for a second session.

Ultra-low sulphur diesel (ULSD) traded slightly lower on average, from August ULSD -5.5¢/USG to -5.25¢/USG. Outright ULSD prices were lifted as Nymex gains outpaced the fall in differentials, rising 0.7¢/USG to \$1.13/USG.

ULSD prompt rolls were talked closely on either side of flat, leaving the forward curve nearly stable in daily compari-

CME Nymex ultra low-sulfur diesel				
Price	¢/USG		Crack spread	
Month		±	Month	\$/bl
Jul	117.81	+1.27	Aug	+10.56
Aug	118.65	+0.90	Sep	+11.21
Sep	120.36	+0.45	Oct	+11.85

Atlantic coast		¢/USG		
	Basis	Differential	Price	±
New York waterborne				
Heating oil	Aug	-16.20/-13.20	102.45-105.45	+0.91
ULSD	Aug	-1.45/-0.95	117.20-117.70	+0.91
Jet	Aug	-16.25/-13.25	102.40-105.40	-1.10
Kerosine	Aug	-11.25/-8.25	107.40-110.40	-1.10
ULSK	Aug	+7.00/+7.50	125.65-126.15	-1.10
Boston waterborne				
ULSHO	Aug	-2.95/-2.45	115.70-116.20	+0.91
New York barge				
Heating oil prompt	Aug	-16.20/-13.20	102.45-105.45	+0.91
Heating oil any Jul	Aug	-16.20/-13.20	102.45-105.45	
ULSHO	Aug	-6.20/-5.70	112.45-112.95	+0.91
HO 500ppm	Aug	-15.55/-13.55	103.10-105.10	+2.11
ULSD prompt	Aug	-1.45/-0.95	117.20-117.70	+0.91
ULSD any Jul	Aug	-1.45/-0.95	117.20-117.70	
Jet	Aug	-15.00/-14.50	103.65-104.15	-1.10
Kerosine	Aug	-10.00/-9.50	108.65-109.15	-1.10
ULSK	Aug	+7.00/+7.50	125.65-126.15	-1.10
Buckeye				
ULSHO	Aug	-5.95/-5.45	112.70-113.20	+0.91
HO 500ppm	Aug	-15.55/-13.55	103.10-105.10	+2.11
ULSD	Aug	-0.65/-0.15	118.00-118.50	+1.46
Jet	Aug	-15.00/-14.50	103.65-104.15	-1.10
Kerosine	Aug	-10.00/-9.50	108.65-109.15	-1.10
Laurel				
HO 500ppm	Aug	-15.55/-13.55	103.10-105.10	+2.11
ULSHO	Aug	-5.45/-4.20	113.20-114.45	+0.91
ULSD	Aug	-0.30/+0.20	118.35-118.85	+0.91
Jet	Aug	-15.00/-14.50	103.65-104.15	-1.10
Colonial Linden				
ULSHO Cycle 34	Aug	-6.20/-5.70	112.45-112.95	+1.16
HO 500ppm Cycle 33	Aug	-6.20/-5.70	112.45-112.95	+1.16
HO 77 Cycle 33	Aug	-16.20/-13.20	102.45-105.45	+0.91
ULSD Cycle 34	Aug	-0.95/-0.45	117.70-118.20	+0.91
Jet 54 Cycle 34	Aug	-14.50/-14.00	104.15-104.65	-1.10

Gulf coast		¢/USG		
	Basis	Differential	Price	±
Colonial				
ULSHO 67 Cycle 38	Aug	-10.90/-10.65	107.75-108.00	+0.53
Heating oil 77 Cycle 38	Aug	-19.50/-19.25	99.15-99.40	+0.90
Weighted average		-19.38	99.27	
Heating oil 77 Cycle 39	Aug	-19.50/-19.25	99.15-99.40	+0.90
ULSD 62 Cycle 38	Aug	-5.50/-5.25	113.15-113.40	+0.73
Weighted average		-5.42	113.23	
ULSD 62 Cycle 39	Aug	-5.50/-5.25	113.15-113.40	+0.73
Jet 54 Cycle 38	Aug	-17.15/-16.50	101.50-102.15	+0.95
Weighted average		-16.95	101.70	
Jet 54 Cycle 39	Aug	-17.40/-16.65	101.25-102.00	+0.88
Kerosine 55 Cycle 38	Aug	-16.90/-16.25	101.75-102.40	+0.95
Kerosine 55 Cycle 39	Aug	-17.15/-16.40	101.50-102.25	+0.88
Colonial Line Space				
Distillates Line 02 Cycle 38			-1.50/-1.00	nc
Waterborne				
Heating oil	Aug	-18.25/-18.00	100.40-100.65	+0.90
ULSD 62	Aug	-4.25/-4.00	114.40-114.65	+0.73
ULSD 62 ex-RVO	Aug	-10.19/-9.94	108.46-108.71	+0.54
Jet 54	Aug	-15.90/-15.25	102.75-103.40	+0.95
Kerosine 55	Aug	-15.65/-15.00	103.00-103.65	+0.95

see gasoline section for Colonial Line 01 assessment; weighted average is volume-weighted average of deals done during the entire trading day

DISTILLATES

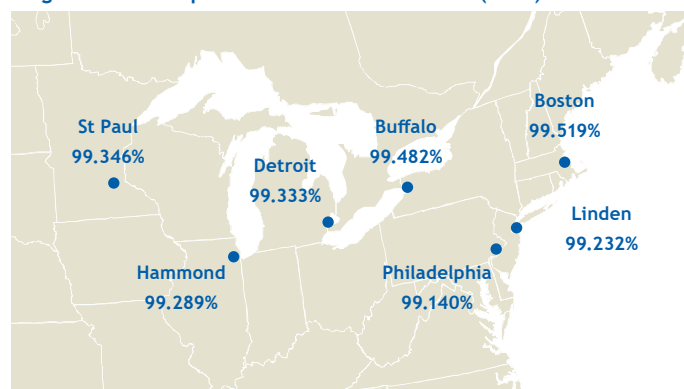
Delivered Florida		¢/USG	
	Origin	Price	±
Port Everglades, Florida			
ULSD 62	USGC	120.64	+0.72
Jet 54	USCG	109.19	+0.95
Tampa, Florida			
ULSD 62	USGC	119.69	+0.72
Jet 54	USCG	108.24	+0.95

Delivered South America		\$/m3	
	Origin	Price	±
Santos, Brazil			
ULSD ex-RVO	USGC	313.19	-3.67
Jet	USGC	296.25	+3.97
Rio de Janeiro, Brazil			
Jet	USGC	296.05	+3.96
Paranagua, Brazil			
ULSD ex-RVO	USGC	314.18	+3.05
Itaqui, Brazil			
ULSD ex-RVO	USGC	302.11	+1.54
Jet	USGC	286.42	+3.36
Suape, Brazil			
ULSD ex-RVO	USGC	304.91	+3.24
Jet	USGC	288.27	+3.48
Montevideo, Uruguay			
ULSD ex-RVO	USGC	311.15	+2.84
Buenos Aires, Argentina			
ULSD ex-RVO	USGC	312.07	+2.95

Midcontinent		¢/USG		
	Basis	Differential	Price	±
Group 3				
ULSD X prompt	Aug	-2.75/-2.25	115.90-116.40	+2.49
Weighted average		-2.38	116.27	
ULSD X any Jun	Aug	-2.75/-2.25	115.90-116.40	+2.11
Jet Q prompt	Aug	-8.00/-4.00	110.65-114.65	+2.11
West Shore/Badger				
ULSD 1st Jul	Aug	+1.25/+1.75	119.90-120.40	+1.40
ULSD 2nd Jul	Aug	+1.25/+1.75	119.90-120.40	+1.40
Jet 1st Jul	Aug	-2.00/+2.00	116.65-120.65	-0.10
Jet 2nd Jul	Aug	-2.00/+2.00	116.65-120.65	-0.10
Chicago BCX				
ULSD BCX 1st Jul	Aug	+1.25/+1.75	119.90-120.40	+0.03
Chicago Wolverine				
ULSD 1st Jul	Aug	+1.00/+1.50	119.65-120.15	-0.23

West coast		¢/USG		
	Basis	Differential	Price	±
Los Angeles				
Carb ULSD Jul	Aug	+1.25/+2.25	119.90-120.90	+0.90
Weighted average		+1.75	120.40	
EPA ULSD Jul	Aug	+1.75/+2.50	120.40-121.15	+0.90
Jet Jul	Aug	-6.00/-5.50	112.65-113.15	+1.78
Weighted average		-5.75	112.90	
LAX				
Jet Jul	Aug	-6.50/-6.00	112.15-112.65	+1.78
San Francisco				
Carb ULSD Jul	Aug	+1.00/+3.00	119.65-121.65	+0.90
EPA ULSD Jul	Aug	+1.00/+3.00	119.65-121.65	+0.90
Jet Jul	Aug	-7.50/-7.00	111.15-111.65	+1.78
San Francisco waterborne				
Carb ULSD Jul	Aug	+2.50/+4.50	121.15-123.15	+0.90
Carb ULSD ex-RVO Jul	Aug	-3.44/-1.44	115.21-117.21	+0.71
Portland				
ULSD Jul	Aug	-2.00/-1.00	116.65-117.65	-0.10

Argus Diesel Temperature Correction Factors (TCFs)



TCFs shown are for a specific terminal in that city. See [TCF Methodology](#) for details. For a given amount of fuel, the Argus TCF is the volume at 60° F divided by the volume at the real in-tank temperature. See all TCFs.

son.

Gulf coast jet fuel traded briskly on scheduling day, keeping the midpoint nearly unchanged in daily comparison. Deals

were done from August Nymex -17.15¢/USG to -16.75¢/USG. Outright prices rose nearly 1¢/USG on the back of Nymex gains, to a one-week high of \$1.02/USG.

Colonial distillates line space was stable at -1.25¢/USG as arbitrage economics remain unfavorable. Houston ULSD sold at an average discount of 4.7¢/USG to New York Harbor offline, below the level needed to cover the pipeline tariff to ship distillates.

The Colonial pipeline tariff increase goes into effect tomorrow. The new cost to ship distillates the full length of the pipeline from Houston to New York Harbor will be 5.98¢/USG, up from 5.86¢/USG.

DISTILLATES

Midcontinent

Chicago diesel cash differentials lacked direction on Tuesday, with West Shore/Badger product firming, while other locations weakened.

West Shore/Badger pipeline ultra-low sulphur diesel (ULSD) traded at August Nymex +1.5¢/USG to buoy differentials by 0.5¢/USG to the highest since 27 November on first cycle July.

Buckeye Complex (BCX) ULSD was offered at August Nymex +1.75¢/USG, sending differentials down by 0.88¢/USG to hold parity with West Shore/Badger barrels on C1 July.

Wolverine Pipeline ULSD differentials fell below West Shore/Badger levels for the first time in four sessions amid deals at August Nymex +1.25¢/USG.

Outright Chicago ULSD prices mostly pressed higher on benchmark gains. West Shore/Badger ULSD prices rose by 1.4¢/USG to \$1.20/USG. Outright BCX values lifted marginally by 0.03¢/USG to \$1.20/USG.

Arbitrage economics for shipping US Gulf coast ULSD to Chicago remained open on paper at 0.29¢/USG above the Explorer Pipeline's shipping tariff.

In Group Three, prompt trade for X grade ULSD was done from August Nymex -2.75¢/USG to -2.25¢/USG, up by 0.4¢/USG from the previous session's assessed midpoint.

Outright X prices increased by 2.49¢/USG to \$1.16/USG. Arbitrage economics between the Gulf coast and Group Three remained closed on paper.

Chicago jet fuel cash differentials softened for just the second time in 14 sessions on Tuesday. Chicago jet fuel was valued between August Nymex -2¢/USG and +2¢/USG on first cycle July, sending differentials down by 1¢/USG from the previous session.

This weighed on outright prices, which shed 0.1¢/USG in daily comparison to \$1.19/USG.

The drop in prices didn't deter arbitrage opportunity for sending US Gulf coast jet to Chicago, which remained viable on paper for a 12th-consecutive trading day at 10.78¢/USG/USG above the cost for shipping on the Explorer Pipeline from Pasadena, Texas, to Wood River, Illinois.

Group Three jet fuel cash differentials in Tulsa, Oklahoma, were unchanged at August Nymex -6¢/USG amid scant liquidity. Outright Group Three jet prices rose by 2.11¢/USG to \$1.13/USG.

Group Three prices fetched a double-digit premium above Gulf coast jet for the first time since late April at 10.83¢/USG.

Gulf coast deals			
Grade	Timing	Price	Volume
Colonial 54	cycle 38	-17.15	25
	cycle 38	-17.00	25
	cycle 38	-17.00	25
	cycle 38	-17.00	25
	cycle 38	-17.00	25
	cycle 38	-17.00	25
	cycle 38	-17.00	25
	cycle 38	-17.00	25
	cycle 38	-17.00	25
	cycle 38	-17.00	25
	cycle 38	-17.00	25
	cycle 38	-17.00	25
	cycle 38	-16.75	25
	cycle 38	-16.75	25
cycle 38	-16.50	25	
	cycle 38	cycle 39 +0.10	25
	cycle 38	cycle 39 +0.25	25
Colonial 62	cycle 38	-5.50	25
	cycle 38	-5.50	25
	cycle 38	-5.50	25
	cycle 38	-5.50	25
	cycle 38	-5.50	25
	cycle 38	-5.45	25
	cycle 38	-5.35	25
	cycle 38	-5.35	25
	cycle 38	-5.35	25
	cycle 38	-5.35	25

Arbitrage economics have been open on paper between the two regions since 19 June.

West coast

West coast distillate trades were confined to Southern California jet market on Tuesday. Prices rose amid bullish Nymex ULSD futures.

July Los Angeles jet fuel changed hands multiple times at August Nymex -5.75¢/USG, reflecting a 0.88¢/USG increase on the day. Outright prices posted a gain of 1.78¢/USG to end the session at \$1.13/USG.

The *Torm Laura* left Sakai, Japan on 30 June, carrying an estimated 313,000 bl of jet fuel, according to oil analytic firm Vorexa. The handy vessel is expected to arrive in Los Angeles on 17 July.

Portland ULSD saw fresh sellers at 1¢/USG below August Nymex ULSD, though this level failed to entice a bid. Cash dif-

DISTILLATES

ferentials fell by 1¢/USG, outpacing marginal gains within the futures market to ease cash prices lower by 0.1¢/USG to close at \$1.17/USG.

California diesel markets were subdued on Tuesday. EPA ULSD in Los Angeles maintained a 0.38¢/USG premium over domestic CARB diesel. EPA cash prices settled at \$1.21/USG with CARB diesel below at \$1.2/USG.

Assessment rationale

An offline Colonial ULSD offer was available to set the high price according to the methodology. This offer, which had a July Nymex basis, was calculated to reflect the value in relation to the August basis at the time of the offer. The day's low was set at 0.5¢/USG below this level.

A Buckeye ULSD transaction meeting the volume minimums was available to set the midpoint price according to the methodology. The day's range was set at 0.25¢/USG on either side of this level.

Absent of new information, the value of barge ULSD in relation to the August Nymex was unchanged in daily comparison.

Transactions meeting the volume minimums were available to set the low and high price for Gulf coast Colonial ULSD according to the methodology.

In the absence of new information differentials for US Gulf coast 77 grade heating oil were left unchanged from the previous session.

An offline Colonial ULSH transaction meeting the volume minimums was available to set the midpoint price according to the methodology. This deal, which was executed with a July Nymex basis, was calculated to reflect the value in relation to the August basis at the time of the trade. The day's range was set at 0.25¢/USG on either side of this level.

A Buckeye jet fuel transaction meeting the volume minimums was available to set the midpoint price according to the methodology. The day's range was set at 0.25¢/USG on either side of this level.

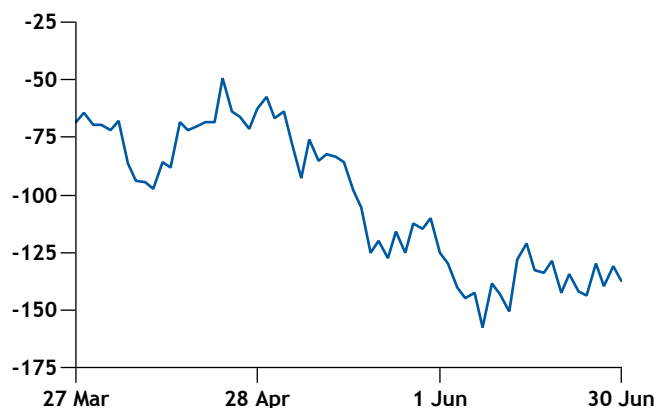
Barge jet fuel was assessed flat to Buckeye jet fuel, for which a transaction meeting the volume minimums was available to set the midpoint price according to the methodology. The day's range was set at 0.25¢/USG on either side of this level.

Atlantic coast deals			
Grade	Timing	Price	Volume
Diesel ULSD 62 CPL	cycle 36	Aug +0.00	25
Diesel ULSD Buckeye	6-7 Jul	Aug -0.40	35
Heating oil 67 CPL	cycle 34	Jul -5.00	25
Jet fuel Buckeye	3-5 Jul	Aug -14.75	25

Midcontinent deals			
Grade	Timing	Price	Volume
Diesel ULSD Badger	C1 Jul	Aug +1.50	10
Diesel ULSD MPL Group 3	prompt	Aug -2.75	10
	prompt	Aug -2.50	10
	prompt	Aug -2.50	10
	prompt	Aug -2.25	10
	prompt	Aug -2.25	10
	prompt	Aug -2.25	10
	prompt	Aug -2.25	10
	prompt	Aug -2.25	10
	prompt	Aug -2.25	10
Diesel ULSD Wolverine	C1 Jul	Aug +1.25	25

West coast deals			
Grade	Timing	Price	Volume
Jet fuel LA	Jul	Aug -5.75	25
	Jul	Aug -5.75	25

Heating oil: NYH Buckeye vs USGC Colonial ¢/USG



Transactions meeting the volume minimums were available to set the low and high price for Gulf coast Colonial jet fuel according to the methodology.

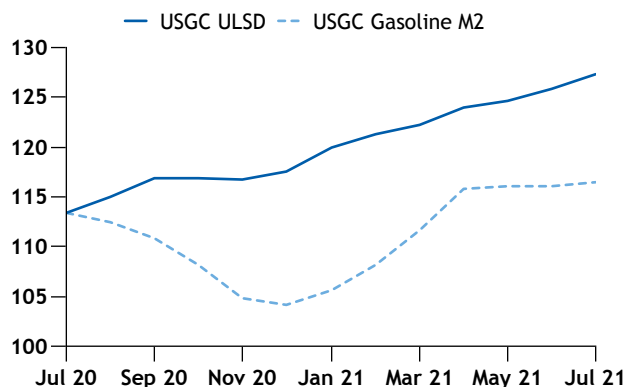
CLEAN PRODUCT FORWARD CURVES

Physical				¢/USG	
Timing	Basis	Differential	Price	±	
87 conv M Colonial Linden					
Cycle 34	Aug	-3.75/-3.25	116.40-116.90	+1.99	
Cycle 35	Aug	-3.75/-3.25	116.40-116.90	+1.99	
Cycle 36	Aug	-3.75/-3.25	116.40-116.90		
Reg CBOB A Colonial Linden					
Cycle 35	Aug	-4.75/-3.75	115.40-116.40	+2.09	
Cycle 36	Aug	-4.75/-3.75	115.40-116.40	+2.09	
Cycle 37	Aug	-4.75/-3.75	115.40-116.40		
Reg RBOB New York barge					
Prompt	Aug	+0.25/+0.75	120.40-120.90	+2.49	
10 days forward	Aug	+0.25/+0.75	120.40-120.90	+2.49	
15 days forward	Aug	+0.25/+0.75	120.40-120.90	+2.12	
20 days forward	Aug	+0.25/+0.75	120.40-120.90	+2.12	
Any Jul	Aug	+0.25/+0.75	120.40-120.90		
Prem RBOB New York barge					
Prompt	Aug	+14.00/+14.50	134.15-134.65	+1.99	
10 days forward	Aug	+14.00/+14.50	134.15-134.65	+1.99	
15 days forward	Aug	+14.00/+14.50	134.15-134.65	+1.99	
20 days forward	Aug	+14.00/+14.50	134.15-134.65	+1.99	
87 conv Colonial M					
Cycle 39	Aug	-6.75/-6.25	113.40-113.90	+1.87	
Cycle 40	Aug	-7.10/-6.60	113.05-113.55	+1.65	
Cycle 41	Aug	-7.00/-6.50	113.15-113.65	+1.75	
Cycle 42	Aug	-7.00/-6.50	113.15-113.65		
Reg CBOB Colonial A					
Cycle 39	Aug	-9.50/-9.00	110.65-111.15	+1.72	
Cycle 40	Aug	-9.75/-9.25	110.40-110.90	+1.57	
Cycle 41	Aug	-9.90/-9.40	110.25-110.75	+1.47	
Cycle 42	Aug	-10.00/-9.50	110.15-110.65		
Heating oil New York barge					
Prompt	Aug	-16.20/-13.20	102.45-105.45	+0.91	
10 days forward	Aug	-16.20/-13.20	102.45-105.45	+0.90	
15 days forward	Aug	-16.20/-13.20	102.45-105.45	+0.90	
20 days forward	Aug	-16.20/-13.20	102.45-105.45	+0.90	
Any Jul	Aug	-16.20/-13.20	102.45-105.45		
Heating oil 75 Colonial Linden					
Cycle 33	Aug	-6.20/-5.70	112.45-112.95	+1.16	
Cycle 34	Aug	-6.20/-5.70	112.45-112.95	+1.16	
Cycle 35	Aug	-6.20/-5.70	112.45-112.95		
ULSH Colonial Linden					
Cycle 34	Aug	-6.20/-5.70	112.45-112.95	+1.16	
Cycle 35	Aug	-6.20/-5.70	112.45-112.95	+1.16	
Cycle 36	Aug	-6.20/-5.70	112.45-112.95		
ULSD New York barge					
Prompt	Aug	-1.45/-0.95	117.20-117.70	+0.91	
10 days forward	Aug	-1.45/-0.95	117.20-117.70	+0.90	
15 days forward	Aug	-1.45/-0.95	117.20-117.70	+0.90	
20 days forward	Aug	-1.45/-0.95	117.20-117.70	+0.90	
Any Jul	Aug	-1.45/-0.95	117.20-117.70		
ULSD Colonial Linden					
Cycle 34	Aug	-0.95/-0.45	117.70-118.20	+0.91	
Cycle 35	Aug	-0.60/-0.10	118.05-118.55	+1.14	
Cycle 36	Aug	-0.25/+0.25	118.40-118.90		

Physical (continued)				¢/USG	
Timing	Basis	Differential	Price	±	
Jet New York barge					
Prompt	Aug	-15.00/-14.50	103.65-104.15	-1.10	
10 days forward	Aug	-15.00/-14.50	103.65-104.15	-1.10	
15 days forward	Aug	-15.00/-14.50	103.65-104.15	-1.10	
20 days forward	Aug	-15.00/-14.50	103.65-104.15	-1.10	
Jet Colonial Linden					
Cycle 34	Aug	-14.50/-14.00	104.15-104.65	-1.10	
Cycle 35	Aug	-14.50/-14.00	104.15-104.65	-1.10	
Cycle 36	Aug	-14.50/-14.00	104.15-104.65		
Kerosine New York barge					
Prompt	Aug	-10.00/-9.50	108.65-109.15	-1.10	
10 days forward	Aug	-10.00/-9.50	108.65-109.15	-1.10	
15 days forward	Aug	-10.00/-9.50	108.65-109.15	-1.10	
20 days forward	Aug	-10.00/-9.50	108.65-109.15	-1.10	
Heating oil Colonial 77					
Cycle 38	Aug	-19.50/-19.25	99.15-99.40	+0.90	
Cycle 39	Aug	-19.50/-19.25	99.15-99.40	+0.90	
Cycle 40	Aug	-19.50/-19.25	99.15-99.40	+0.90	
Cycle 41	Aug	-19.50/-19.25	99.15-99.40		
Heating oil Colonial 77 Linden					
Cycle 33	Aug	-16.20/-13.20	102.45-105.45	+0.91	
Cycle 34	Aug	-16.20/-13.20	102.45-105.45	+0.91	
Cycle 35	Aug	-16.20/-13.20	102.45-105.45		
ULSD Colonial 62					
Cycle 38	Aug	-5.50/-5.25	113.15-113.40	+0.73	
Cycle 39	Aug	-5.50/-5.25	113.15-113.40	+0.73	
Cycle 40	Aug	-5.50/-5.25	113.15-113.40	+0.73	
Cycle 41	Aug	-5.50/-5.25	113.15-113.40	+0.73	
Jet Colonial 54					
Cycle 38	Aug	-17.15/-16.50	101.50-102.15	+0.95	
Cycle 39	Aug	-17.40/-16.65	101.25-102.00	+0.88	
Cycle 40	Aug	-17.65/-16.80	101.00-101.85	+0.68	
Cycle 41	Aug	-17.90/-16.95	100.75-101.70	+0.48	

Refined products swaps

¢/USG



– Argus US Refined Products Forward Curves

BIOFUELS AND BLENDING COMPONENTS

RINs	\$/RIN		±
	Low	High	
Renewable fuel (ethanol D6)			
2019	42.75	43.25	+2.00
Weighted average		45.45	
2020	45.00	46.00	+1.75
Biomass-based diesel (D4)			
2019	57.50	58.00	+1.50
2020	56.50	57.00	+1.50
Cellulosic biofuels (D3)			
2019	160.00	160.50	nc
2020	161.75	162.25	nc
Advanced biofuels (D5)			
2019	52.75	53.25	+1.50
2020	55.75	56.25	+1.50
Renewable volume obligation (RVO) ¢/USG			
2019		5.32	+0.21
2020		5.94	+0.19

RIN spreads	¢/RIN			
	Today	±	Prior day	5-day avg
Category spreads, 2019				
Biodiesel D4-ethanol D6	14.750	-0.500	15.250	14.425
Biodiesel D4-advanced biofuel D5	4.750	nc	4.750	4.750
Advanced biofuel D5-ethanol D6	10.000	-0.500	10.500	9.675
Category spreads, 2020				
Biodiesel D4-ethanol D6	11.250	-0.250	11.500	11.125
Biodiesel D4-advanced biofuel D5	0.750	nc	0.750	0.750
Advanced biofuel D5-ethanol D6	10.500	-0.250	10.750	10.375
Vintage spreads, 2019-2020				
Biodiesel D4	1.000	nc	1.000	0.475
Advanced biofuel D5	-3.000	nc	-3.000	-3.525
Ethanol D6	-2.500	+0.250	-2.750	-2.825

Tier 3 (CCO), 30 Jun	\$/mn USG credits		
	Low	High	±
Standard	650.00	1200.00	nc

Ethanol

Spot ethanol values at New York Harbor and Chicago strengthened in tandem with corn futures.

Front-month CBOT corn futures settled 12.25¢/bushel higher at 338.5¢/bushel, while September contracts firmed by 12.75¢/bushel to 341.5¢/bushel. US Department of Agriculture (USDA) corn acreage estimates walked back previous estimates for corn by 5pc to 92mn acres planted, bolstering corn futures.

Chicago Rule 11 railcars firmed by 1.9¢/USG to 127.9¢/USG. Volumes shipping this week traded before the release of USDA estimates at 126¢/USG. After the report, volumes shipping next week exchanged hands at 128¢/USG. Subsequent bids for

Ethanol	\$/USG		±
	Low	High	
Chicago			
Argo same-day	128.60	128.90	
Argo in-tank prompt	128.60	128.90	+2.25
Weighted average		128.75	
Argo in-tank any Jun	128.60	128.90	+2.25
Rule 11 rail prompt	126.00	129.75	+1.88
New York Harbor			
Barge any Jul	140.00	146.00	+3.25
US Gulf coast/south			
Houston barge/rail	138.00	139.30	+2.25
Tampa rail	145.85	146.65	+2.25
Atlanta rail	136.85	138.65	+2.25
Dallas rail	133.00	135.30	+2.25
Nebraska			
Union Pacific rail	118.25	118.75	+3.00
BNSF rail	118.25	118.75	+3.00
Los Angeles			
Low-carbon intensity rail	148.20	150.00	+3.00
Brazil			
fob anhydrous \$/m3	391.00	420.00	+2.50
fob anhydrous BRL/m3	2,134.90	2,293.24	+16.43
del anhydrous \$/m3	400.00	413.00	+5.00
del anhydrous BRL/m3	2,184.04	2,255.02	+30.07

Biodiesel	¢/USG		
	Differential	Price	±
New York Harbor rail			
B100 SME Aug	+173.75/+175.25	292.40-293.90	+5.40
B99 SME Aug	-11.50/-10.00	107.15-108.65	+3.15
Houston rail/barge			
B100 SME Aug	+160.00/+166.00	278.65-284.65	+3.40
B99 SME Aug	-25.25/-19.25	93.40-99.40	+1.15
Chicago in-tank transfer Argo			
B100 SME Aug	+174.50/+180.50	293.15-299.15	+3.40
B99 SME Aug	-10.75/-4.75	107.90-113.90	+1.15
San Francisco fob			
B99 FAME Aug	-115.00/-110.00	3.65-8.65	+0.90
Los Angeles fob			
B99 FAME Aug	-110.00/-105.00	8.65-13.65	+0.90

Renewable diesel	¢/USG	
	Price	±
Los Angeles R99	147.90-152.90	+0.65
San Francisco R99	148.15-153.15	+0.65

50:50 split of retroactive blenders tax credit (BTC)	¢/USG
	Credit
BTC	0.00

railcars shipping this week appeared at 129.75¢/USG and set the high for the day.

Prompt in-tank transfers at Kinder Morgan's Argo terminal were bid and offered in the second half of the session at 128.6¢/USG and 128.9¢/USG, firming by 2.25¢/USG to 128.75¢/

BIOFUELS AND BLENDING COMPONENTS

USG. No trade surfaced on the day.

July barges at New York Harbor climbed by 3.25¢/USG to 143¢/USG based on bids at 140¢/USG and offers at 146¢/USG after midday.

Iowa and Nebraska fob railcars shipping this week on the Union Pacific line traded at 118.5¢/USG, gaining 3¢/USG.

Washington railcars shipping this week were bid and offered wide at 143¢/USG and 151.5¢/USG.

Brazil

Brazilian ethanol waterborne markets increased following price hikes in US markets.

Brazilian domestic anhydrous ethanol destined for export posted a gain of \$2,5/m³ at \$391-420/m³ on a fob Santos basis both US physical and futures markets strengthened in response to lower estimates for planted corn acreage.

Bullish drivers for US corn also supported imported cargoes, which increased by \$5/m³, closing at \$400-413/m³ on a cif Brazil basis.

In Sao Paulo, hydrous ethanol prices recorded a loss of R9/

Biofuel spreads		
	Differential	
Ethanol crush \$/bushel		-0.02
Heating oil-soybean oil ¢/USG		-0.92

Futures		
	Settlement	±
CBOT ethanol ¢/USG		
Jul 20	120.00	nc
Aug 20	120.50	+5.00
Sep 20	119.50	+6.00
Oct 20	119.50	+6.00
CBOT corn ¢/bushel		
Jul 20	338.50	+12.25
Sep 20	341.50	+12.75
Dec 20	350.50	+15.75
Mar 21	361.25	+15.75
CBOT soybean oil ¢/lb		
Jul 20	27.98	+0.36
Aug 20	28.14	+0.36
Sep 20	28.30	+0.35
Oct 20	28.47	+0.35
CBOT soybeans ¢/bushel		
Jul 20	884.25	+17.75
CBOT soybean meal \$/t		
Jul 20	286.30	+5.80

Ethanol forward curves			¢/USG
	Chicago	New York	
Jun	128.60-128.90	140.00-146.00	
Jul	123.60-123.90	131.25-137.25	
Aug	119.85-120.15	128.75-134.75	
Sep	118.35-118.65	126.75-132.75	

Blendstocks				¢/USG
	Basis	Differential	Price	±
Alkylate				
NY barge ex duty	Aug	+6.50/+7.00	126.65-127.15	+1.99
Houston	87 NLT 9 RVP	+18.00/+20.00	131.65-133.65	-0.63
Raffinate				
Houston	87 NLT 9 RVP	-10.00/-8.00	103.65-105.65	+1.37
Reformate				
NY barge ex duty	Aug	+21.50/+22.00	141.65-142.15	+1.99
Houston	87 NLT 9 RVP	+24.00/+26.00	137.65-139.65	+0.37

MTBE			¢/USG
	Price		±
fob USGC	126.00-127.00		+2.00

Carbon					
Vintage	Del	Bid	Ask	Price	±
California carbon allowances (CCA) \$/t					
2020	Jul 20	16.64	16.67	16.66	-0.03
2020	Dec 20	16.80	16.84	16.82	+0.01
2021	Dec 21	17.44	17.51	17.48	nc
CCA price ¢/USG					
		Winter		Summer	
Regular CARBOB		13.39	-0.02	13.43	-0.02
Month index May				13.39	
Midgrade CARBOB		13.39	-0.02	13.39	-0.03
Month index May				13.36	
Prem CARBOB		13.40	-0.02	13.37	-0.02
Month index May				13.33	
ULSD				17.05	-0.04
Month index May				17.01	
Quebec carbon price for gasoline, diesel CA¢/l					
Gasoline				5.09	-0.03
Gasoline month index May				5.20	
Diesel				6.33	-0.04
Diesel month index May				6.48	
California low-carbon fuel credits (LCFS) \$/t					
LCFS		201.00	203.00	202.00	-2.00
VWA MTD				211.20	
Number of trades MTD				2	
Volume MTD				25,000	
Oregon low-carbon fuel credits (LCFS) \$/t					
LCFS		120.00	130.00	125.00	nc
California LCFS premium per carbon intensity point ¢/USG					
Ethanol				1.65	-0.01
Biodiesel				2.55	-0.02
California LCFS cost for gasoline, diesel ¢/USG					
CARBOB				19.21	-0.19
ULSD				20.45	-0.21

BIOFUELS AND BLENDING COMPONENTS

m³ at R1,991/m³ in the producer hub of Ribeirao Preto after a local session of lower demand.

RINs

RIN credit prices mostly rose on the day, supporting the Argus Renewable Volume Obligation to its highest level in almost two weeks.

The *Argus* RVO firmed by 0.19¢/USG to 5.94¢/USG, its highest since 17 June when it was 6.05¢/USG. Support stemmed from increased buying activity during the session.

Current-year ethanol D6 credits exchanged hands between 45¢/RIN and 46¢/RIN, increasing by 1.75¢/RIN to 45.5¢/RIN. Prior-year credits gained 2¢/RIN, with volumes trading at 43¢/RIN.

2020 D4 RINs traded between 56.5¢/RIN and 57¢/RIN, firming on the day by 1.5¢/RIN to 56.75¢/RIN. Prior-year credits remained at a 1¢/RIN premium to the current year.

Advanced biofuel D5 credits with 2020 vintage tracked same year D4 RINs at a 0.75¢/RIN, while prior year D5 RINs maintained a 4.75¢/RIN discount to 2019 vintage D4 credits.

Cellulosic biofuel D3 credits remained flat across both vintage years, with no new market information surfacing.

Biodiesel

US biodiesel premiums tracked stronger biomass-based diesel D4 RIN credits and B99 differentials.

B100 biodiesel premiums rose by 4.5¢/USG in New York Harbor, and 2.5¢/USG across Houston and Chicago markets, while B99 differentials also strengthened.

In New York Harbor, B99 with July timing was bid and offered at Nymex -15¢/USG and Nymex -8¢/USG, while pegged closer to Nymex -10¢/USG, where it traded last. Value rose by 2.25¢/USG to Nymex -10.75¢/USG on the day.

In Houston, B99 with third quarter timing reflected Monday's pegged value at Nymex +66¢/USG with RINs, rising by 0.25¢/USG to Nymex -22.25¢/USG.

Chicago in-tank transfers tracked the slight strength in the Houston market.

Production margins as measured by the heating oil-soybean oil spread fell by 1¢/USG to -92¢/USG as gains in the front month CBOT soybean oil future contract outpaced those for Nymex ULSD.

Front month ULSD futures gained 3.41¢/USG to 119.95¢/USG, while soybean oil futures gained 0.36¢/lb to 27.98¢/lb.

Ethanol deals			
Grade	Timing	Price	Volume
Chicago Rule 11	30 Jun-4 Jul	126.00	4
	5-11 Jul	128.00	4
Nebraska UP	30 Jun-4 Jul	118.50	4

RINS deals				
Grade	Timing	Price	Volume	
Biodiesel	2020	56.50	1000	
	2020	56.50	1000	
	2020	56.50	2000	
	2020	56.50	3000	
	2020	57.00	1000	
	Ethanol	2019	43.00	750
		2020	45.00	500
		2020	45.00	500
		2020	45.00	1000
		2020	45.25	250
		2020	45.25	300
		2020	45.25	500
2020		45.25	500	
2020		45.50	500	
2020		45.50	500	
2020		45.50	1000	
2020		45.50	1000	
2020	46.00	225		
2020	46.00	500		
2020	46.00	1000		

Argentina

Export differentials for Argentinian soybean oil lots moved lower Tuesday amid higher demand for the feedstock in Rosario area. Demand for prompt cargoes surfaced Tuesday, while stronger CBOT futures supported SME prices.

A minimum of 2,000t were traded on the July front at CBOT +1.8¢/lb, down 0.10¢/lb from the previous session, while Chicago's paper markets rose 0.36¢/lb to 28.14¢/lb for August contracts. Another 15,000t were negotiated at CBOT +1.55¢/lb to be delivered by the end of July and early August.

Biodiesel markets were up as RED-certified product increased \$6/t to \$740/t on a FOB basis.

BIOFUELS AND BLENDING COMPONENTS

California carbon

California Low-Carbon Fuel Standard (LCFS) credits fell again today, extending the week's losses.

Spot LCFS credits closed at \$202/metric tonne, down by \$2 on the day. Bids and offers slid lower during the course of the session.

Third quarter 2020 credits dropped by \$2.50 to \$201.50/t, with trades struck at \$201/t and \$202/t, for over 15,000t in total.

Fourth quarter 2020 credits dropped by \$3/t to \$201/t, with a trade done at this level. This is the sharpest daily drop for this delivery period in over two months.

First quarter 2021 credits fell by \$1.25 to \$203.75/t, with bids at \$203/t.

US utility Pacific Gas & Electric will auction just over 81,000 California LCFS tomorrow, as the secondary market deals with the potential fallout from a round of measures to curb Covid-19 in the state.

This is the utility's fourth LCFS credit sale of the year and will offer 81,250 credits. Interested parties must submit bids to the company no later than 1pm ET tomorrow.

This sale comes at a time of a surfeit of offers on the market and diminished expectations for ramped up road fuel demand.

California LCFS credit prices have retreated this week as prospects for increased transportation fuel demand in the near future have dimmed. Traders have been eyeing news of increased Covid-19 cases in California and potential for a pause of the state's reopening and subsequent drop in transportation fuel demand. In recent days, California governor Gavin Newsom (D) directed a community near San Diego to impose stay-at-home orders, and San Francisco suspended its plans to reopen hair salons, museums and other attractions.

Newsom today suggested the state will have to pull back some of its reopening.

"Tomorrow we will be making some additional announcements on efforts to use that dimmer switch that we have referred to and begin to toggle back on our stay at home order and tighten things up. If you will not stay home and wear

masks in public, we have to enforce and we will make announcements on enforcement tomorrow," Newsom said.

Market participants also are aware of the approaching LCFS price cap which will take effect tomorrow at \$217.97/t.

California has nearly 223,000 coronavirus cases, with infections rising sharply over the last week. That has raised concerns that the state could again clamp down on travel activity as the economy reopens.

Lower fuel demand will mean fewer LCFS deficits generated from the use of gasoline and diesel in California. That in turn can lead to lower demand for the LCFS credits needed to offset the deficits.

California Carbon Allowances (CCAs) once again saw little movement during today's trading session.

CCAs for December 2020 delivery rose by one penny to \$16.82/metric tonne, after trading 12 times for roughly 340,000 t. July 2020 allowances closed at \$16.66/t, down by 3¢ on the day after trading three times for 150,000t. Prompt allowances edged just below this year's auction reserve price of \$16.68/t.

CCAs for December 2021 delivery did not trade outright but closed flat at \$17.48/t as bids and offers were steady.

A slew of spread deals between July and December 2020 allowances totaling over 100,000t were also done on the Intercontinental Exchange.

Blending components

US Gulf coast gasoline blendstock cash differentials were mostly softer on Tuesday alongside fresh basis gains.

The August RBOB contract rose over 1.25¢/USG on Tuesday, building on the previous session's gains. The blendstock market is reflecting demand uncertainty as rising Covid-19 cases have prompted states to mull renewing lockdown measures.

Alkylate gave back yesterday's gains falling 2¢ to PLM +19¢/USG.

Reformate shed a penny to PLM +25¢/USG.

Raffinate continued to be valued at either side of PLM -9¢/USG in a balanced marketplace.

FEEDSTOCKS AND RESIDUAL FUEL OIL

Vacuum gasoil

VGO selling interest outpaced demand Tuesday as offers stayed strong, while refinery buyers remained cautious of demand shifts.

Multiple offers remained on the table, but there were few firm bids. A higher-value low sulphur VGO barge deal done on Monday set the stage for continuing strong selling interest. Yet, these offers hovered at or slightly below the previous assessed range.

A major was reported on both the sell and buy side for low sulphur VGO barges, in different locations.

The major was heard looking to purchase low sulphur VGO on the Mississippi River and has volume available to sell in Texas. No related discussions were revealed.

Another major was heard to have soaked up much of the domestic VGO barge length on Monday with several purchases. This major is believed still able to buy, although there were no new deals attributed on Tuesday.

A barge of Calcasieu-quality low sulphur VGO loading 4-5 July was offered at September Brent +\$3.85/bl on a delivered Gulf coast basis. No firm bids were reported to this end. Reports of the Calcasieu Refining refinery closing on 1 August for economic reasons continued to float in the VGO market, but the duration of the closure has not been verified.

This refinery is a regular source of premium quality low sulphur VGO barges to the Gulf coast market.

Another refiner that offered and sold 0.4pc sulphur VGO Monday remained a seller as well, however, there were no specific discussions or deals attributed here on Tuesday.

An offer for 0.5pc sulphur cited at September Brent +\$3.25/bl on a fob Gulf coast basis was still on the table, with no transactions reported.

High sulphur VGO barge values were generally stable Tuesday. A barge of 1.7pc sulphur VGO with 170 aniline, 19.5 API and 1900 nitrogen was reported done Monday at September Brent +\$3/bl delivered on the Mississippi River. This was heard

CME Nymex		
	Price	±
WTI crude \$/bl		
Aug	39.27	-0.43
Sep	39.34	-0.47
Oct	39.48	-0.44
Henry Hub natural gas \$/mmBtu		
Aug	1.751	+0.04
Sep	1.789	+0.04

Vacuum gasoil Gulf coast			
	Basis	Differential	Price
Differential to WTI \$/bl			
0.5% cargo	Aug	+5.50/+6.50	44.77-45.77
0.5% barge	Aug	+5.25/+5.75	44.52-45.02
1.0% cargo	Aug	+5.50/+6.50	44.77-45.77
1.0% barge	Aug	+5.00/+5.50	44.27-44.77
2.0% cargo	Aug	+5.50/+6.50	44.77-45.77
2.0% barge	Aug	+4.75/+5.25	44.02-44.52
Differential to Ice Brent \$/bl			
0.5% cargo	Aug	+3.62/+4.62	44.77-45.77
0.5% barge	Aug	+3.37/+3.87	44.52-45.02
1.0% cargo	Aug	+3.62/+4.62	44.77-45.77
1.0% barge	Aug	+3.12/+3.62	44.27-44.77
2.0% cargo	Aug	+3.62/+4.62	44.77-45.77
2.0% barge	Aug	+2.87/+3.37	44.02-44.52
Differential to 70:30 87 conv/heating oil ¢/USG			
0.5% cargo		-3.99/-1.61	106.60-108.98
0.5% barge		-4.59/-3.40	106.00-107.19
1.0% cargo		-3.99/-1.61	106.60-108.98
1.0% barge		-5.18/-3.99	105.40-106.60
2.0% cargo		-3.99/-1.61	106.60-108.98
2.0% barge		-5.78/-4.59	104.81-106.00
Differential to 70:30 87 conv/ULSD ¢/USG			
0.5% cargo		-8.19/-5.81	106.60-108.98
0.5% barge		-8.79/-7.60	106.00-107.19
1.0% cargo		-8.19/-5.81	106.60-108.98
1.0% barge		-9.38/-8.19	105.40-106.60
2.0% cargo		-8.19/-5.81	106.60-108.98
2.0% barge		-9.98/-8.79	104.81-106.00
70:30 formulas ¢/USG			
87 conv waterborne/heating oil		+1.23	110.38-110.80
87 conv waterborne/ULSD		+1.18	114.58-115.00

Naphtha barge Gulf coast			
	Basis	Differential	Price
Heavy (40 N+A) ¢/USG	87 NLT 9 RVP	-17.50/-15.50	97.40-99.40
Heavy (40 N+A) \$/t			346.74-353.86
Full range ¢/USG	87 NLT 9 RVP	-21.75/-19.75	93.15-95.15
Full range \$/t			338.13-345.39
LSR/LV ¢/USG	C5	+52.00/+54.50	80.00-84.50
LSR/LV \$/t			318.40-336.31
Natural gasoline ¢/USG			28.00-30.00
Natural gasoline \$/t			117.60-126.00
Light cycle oil			
	Basis	Differential	Price
0.5% sulphur	HO pipe	+5.25/+5.75	104.53-105.03
2.0% sulphur	HO pipe	+5.00/+5.50	104.28-104.78

FEEDSTOCKS AND RESIDUAL FUEL OIL

offered at September Brent +\$3.75/bl and bid slightly under +\$3/bl in the prior session before getting done.

Reports that more of this quality was available Tuesday was not directly confirmed and no fresh pricing indications emerged.

VGO cargo offers continued to be reported in the front-month Brent +\$4s/bl range, but firm bids were elusive.

Meanwhile, a 60,000t cargo of 2.7pc sulphur VGO was heard sold into the US, but details and pricing could not be confirmed.

The September Brent ended \$0.12/bl above the August Brent settlement at \$41.15/bl on Tuesday. September Brent will turn prompt on Wednesday. September Nymex WTI ended just \$0.07/bl above the August Nymex WTI settlement at \$39.27/bl for the day.

The light cycle oil (LCO) trading remained thwarted by the lack of spot selling interest. Fresh pricing indications were difficult to pin down in the absence of specific, firm negotiations. Distillates pricing had been volatile as well, casting further uncertainty on LCO values.

The ultra-low sulphur diesel (ULSD) premium to heating oil narrowed slightly to 14¢/USG on Tuesday behind stronger cash values for both distillates.

The renewable volume obligation (RVO) was assessed at 5.94¢/USG, up 0.19¢/USG from the previous session.

Naphtha

Naphtha buying interest faltered for all grades amid volatile conventional gasoline and natural gasoline (C5) pricing bases and typical low end-month trading interest.

Bids and offers strayed apart following the emergence of a major as a heavy virgin naphtha (HVN) seller on Monday.

The major was heard to have sold a barge of 45.8 N+A naphtha with 212 IBP and 57 API, but pricing and other details were not confirmed.

On Tuesday, HVN selling interest for better than generic 40 N+A naphtha was cited around Gulf coast waterborne conventional (GC WB M2) gasoline -12¢/USG to -9¢/USG depending on specifications. Buying interest was heard at around 3-4¢/USG below the offers.

HVN bids were also suppressed by strengthening Gulf coast conventional gasoline values this week. Cash prices for the GC WB M2 were up by 1.37¢/USG, on par with the increase in the August Nymex RBOB for the day.

Premium quality HVN was heard offered at GC WB M2 -10¢/

Residual fuel oil		
	Price	±
Waterborne* \$/t		
NYH 0.5% fuel oil delivered	288.63-291.97	-3.12
USG 0.5% fuel oil fob	278.76-281.50	-6.64
New York waterborne \$/bl		
0.3% low pour	44.19-44.34	-0.64
0.3% high pour	44.27-44.58	-0.89
0.5%	43.15-43.65	-0.47
1.0%	36.19-36.39	-0.73
3.0%	34.03-34.23	-0.94
Gulf coast waterborne \$/bl		
0.5%	41.95-42.36	-0.43
3.0%	32.94-34.11	-0.94
RMG	33.94-34.13	-0.86

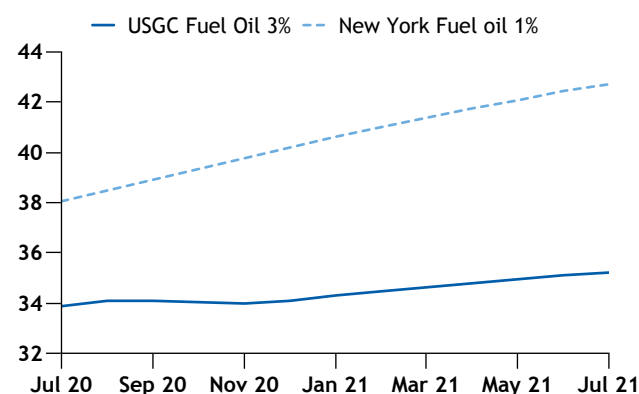
**The \$/bl and \$/t assessments for 0.5% sulphur fuel oil prices in the New York and US Gulf are assessed independent of each other. They are not directly correlated by fixed conversion factors due to density variables.*

Marine gasoil		¢/USG
	Differential	Price ±
New York 0.5%, Aug	-7.80/-5.80	110.85-112.85 +2.11

Bunker fuel				
	Price ±		Price ±	
	180cst		380cst	
New York	249.74-255.07	+2.66	234.50-239.50	+2.50
Philadelphia			257.50-260.50	+2.50
Houston	223.65-227.85	+2.63	213.00-217.00	+2.50
Los Angeles	247.00-251.00	+9.00	242.00-246.00	+9.00
Los Angeles 0.5%S			295.00-300.00	+10.00
Seattle	261.00-265.00	+10.00	237.00-241.00	+9.00

Residual fuel oil swaps

¢/USG



— Argus US Refined Products Forward Curves

FEEDSTOCKS AND RESIDUAL FUEL OIL

USG, but there were no bids reported. Demand for N+A naphtha was still reported skewed to good quality, lower sulphur barrels.

No full-range N+A naphtha negotiations were heard, leaving differentials pegged at a notional 4.25¢/USG discount to the heavy grade.

Light naphtha buying interest was intact, but firm bids were not cited with limited selling reported. The light naphtha market moved to pricing against the stronger July C5 since the last week and a half. Argus light naphtha differentials remained pegged to the front June C5 through Tuesday.

Generic light sour naphtha differentials have been assessed in the 50s¢/USG premiums to June C5, while differentials to July C5 were represented in the 20s¢/USG range. July C5 held a 30¢/USG premium to June C5 on Tuesday and will turn prompt month on Wednesday.

Fuel oil

North American fuel oil prices fell with losses in crude Tuesday as weak margins suppressed prompt trading interest.

There was no confirmed trade activity in the Gulf coast or New York Harbor amid limited bunkering demand ahead of the long weekend. Slow vessel traffic in each region further weakened interest.

High-sulphur fuel oil (HSFO) did not trade in the Gulf coast, nor was it bid or offered. Thin demand was tied to the end of the trading month.

Prompt Gulf coast 3pc sulphur fuel oil swaps in relation to third-month swaps widened from \$0.55/bl to \$0.6/bl. HSFO was assessed at 83pc of the price of front-month Brent, which settled at \$41.15/bl.

A refinery in Mississippi was heard to have bought residual fuel oil, likely for coker feedstock. Another Gulf coast refiner booked an Aframax named the *Sea Puma* to deliver approximately 488,000bl of HSFO from Vysotsk, Russia, to Baton Rouge, Louisiana, on 19 July, according to oil analytics firm Vortexa.

Prompt differentials to Brent crude for 0.5pc low-sulphur fuel oil (LSFO) barges continued to be talked at a \$1/bl premium at a 18-20 API gravity. Traders observed little reason for price changes in the US Gulf coast for LSFO barges amid thin liquidity.

Limited selling interest emerged for Gulf coast LSFO. Two offers were heard at \$281.5/t and \$285/t for a 7,000t barge of LSFO on a FOB Galveston Bay basis. The offers were designated for delivery ranging from 10-15 July at a 17 API gravity.

No bids surfaced.

A 30,000bl barge of LSFO reportedly changed hands on Monday at \$1/bl over Brent at a 19 API gravity, on a FOB Houston basis. The buyer was stocking up for mid-July bunkering demand, which may marginally return to the US Gulf should Covid-19 concerns lessen.

LSFO front-third month swaps remained unchanged in contango at \$0.35/bl. The premium of Gulf LSFO over HSFO barge prices widened from \$7.69/bl to \$8.12/bl.

New York Harbor fuel oil prices fell as fresh market activity failed to surface. New York Harbor 1pc sulphur fuel oil front-third month swaps widened in contango from \$1.35/bl to \$1.45/bl.

Market discussions pegged New York Harbor LSFO barges at \$2-2.5/bl above Brent crude at a 18-20 API gravity.

Trade sources Tuesday reported the fuel oil arbitrage from the US Gulf coast to Singapore is effectively shut on paper.

Vortexa data as of 29 June showed Singapore, the world's largest bunkering hub, currently has 165,000t of gasoil, 254,000t of HSFO, and 4.2mn t of LSFO in floating storage. These include one gasoil tanker, three HSFO tankers and 23 LSFO tankers. The LSFO floating storage volume indicated a 2.5pc increase from the previous week.

Marine fuels

North American bunker fuel prices mostly gained despite declines in crude markets. But with persistent weak demand, prices could drop during the second half of the week.

In Houston a clip for 400t of high-sulphur 380cst fuel oil sold at \$215/t ex-wharf. Very low-sulphur fuel oil (VLSFO) and marine gasoil (MGO) were indicated at \$270-285/t and \$335/t ex-wharf, respectively. In Bolivar Roads, Texas inquiry for 130t of VLSFO combined with 30t of MGO was offered at \$220/t and \$345/t ex-wharf, but it did not sell at these levels.

In Charleston, South Carolina inquiry for 21,000USG of MGO was quoted at \$1.40/USG delivered.

West coast bunker demand was steady. Inquiry for 700t of VLSFO was offered at \$350/t delivered in San Francisco. VLSFO was indicated around \$320/t delivered, basis 500-1,000t in Los Angeles. Demand from container ships was strong in Seattle. Traders noted that prices in Seattle were similar to prices in Vancouver, British Columbia. But demand in Vancouver was down with lack of cruise ship traffic this summer and supplier competition was strong. Demand was expected to be muted on Thursday in Canada because of a national holiday.

INFRASTRUCTURE NEWS

Marathon Canton FCC flared last week

A fluid catalytic cracking (FCC) unit flared last week at Marathon Petroleum's 93,000 b/d refinery in Canton, Ohio.

Flaring occurred when one of the unit's feed heaters was shut down for maintenance around 11pm ET on 23 June, ac-

ording to a city regulator. Flaring lasted for roughly an hour, according to the regulator.

Marathon Petroleum does not comment on refinery operations.

FCC's convert gas oil primarily to gasoline blendstocks.

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US retail fuel prices press higher

US retail fuel prices marched higher last week as benchmark crude price increases flattened.

US national average gasoline prices increased in the week ended 29 June by 4.5¢/USG to \$2.174/USG, according to the Energy Information Administration. Prices averaged 53.9¢/USG less than the same week of 2019.

Gulf coast average gasoline prices increased by 5.5¢/USG to \$1.87/USG, the largest weekly rise of any region but still the lowest average regional cost. West coast retail gasoline prices increased by 3.4¢/USG to \$2.754/USG, the smallest weekly increase of any region.

National average on-highway diesel prices increased by 0.5¢/USG to \$2.43/USG, 61.2¢/USG less than the same week last year. Midcontinent prices increased by 1¢/USG to \$2.299/USG, the largest weekly increase of any region. Prices there averaged 65.7¢/USG lower than the same week last year. Rocky Mountain prices fell by 1¢/USG to \$2.343/USG.

Nymex light, sweet crude futures flattened and then fell last week. The August contract settled at \$39.70/bl yesterday, or 24¢/bl lower than the previous week.

By Elliott Blackburn

US clean tanker rates climb with exports

Americas clean tanker rates are rising as resurgent US refined products exports absorb tonnage supply in the US Gulf coast.

US Gulf coast-Pozos, Colombia, rates for clean medium range (MR) tankers have pushed up by 35pc to \$425,000 lump sum or \$11.20/t and US Gulf coast-Chile MR rates are up by 22pc to \$1.185mn or \$31.19/t since 24 June.

US oil product exports reached a two-month high of 4.6mn b/d on the week ending 19 June, according to the US Energy Information Administration (EIA). Heavy fixing chartering activity in the US Gulf coast for shipments to Latin America in recent weeks suggests that the trend of rising exports is likely

to continue in the near future.

Rising US Gulf coast refinery utilization has helped to spur exports. US Gulf coast refinery utilization for the week ending 19 June is 77pc, up from the early May level of 72pc, the lowest level since 2017 when Hurricane Harvey knocked out a fifth of US refining capacity.

Another factor lending support to the Americas freight market is the higher-than-usual chartering activity as the regional market wants to finalize booking arrangements ahead of the US holiday weekend, according to shipbrokers.

Rising Americas rates have bucked the trend of falling clean tanker rates in Europe and Asia. Since 24 June, the Europe-US Atlantic coast MR rate has stayed at a multi-year low of \$12/t and the Singapore-Japan MR rate dipped by 7pc to \$13/t as tanker supply in those regions has been more than sufficient.

By Nicholas Watt

US northeast refined products exports surge

The low demand-fueled growth of US refined products stocks has prompted a rare surge of diesel and gasoline exports from the US northeast.

Approximately 93,000 b/d of diesel has loaded out of the New York Harbor and Philadelphia region so far in June to destinations in Morocco, Brazil, France and the Netherlands, according to estimate from oil analytics firm *Vortexa*. This was up from just 10,000 b/d that loaded in April and 40,000 b/d that loaded in June 2019.

June exports out of New York Harbor also included several gasoline cargoes to Europe and Canada, *Vortexa* data show. New York Harbor is structurally short on gasoline, and typically relies on Europe and Canada for imports.

Refiners have also kept run rates at around 50pc since early May in response to the lower demand from Covid-19-related restrictions, data from the Energy Information Administration

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(EIA) show. Excluding last June's shutdown of the region's largest, 330,000 b/d Philadelphia refinery, the remaining refineries have been operating at around 70pc. These cuts are deeper than on the Gulf coast, where refiners began to bring production to the high 70s percentage range this month.

East coast refiners also trimmed distillates production in favor of gasoline over the past few weeks. Atlantic coast distillates output fell to 207,000 b/d during the week ended 19 June, the lowest level since late March. Gasoline production in the region has risen steadily to 2.86mn b/d during the week ended 19 June, the highest level since 20 March.

In addition, New York Harbor buyers have cut their intake of Gulf coast products. The Colonial pipeline has been mostly operating under capacity since late March and early April.

Exports from the Gulf coast also rose this month as refiners sought to clear excess supplies. Around 820,000 b/d of diesel has loaded out of the Gulf coast so far this month, up from 540,000 b/d in May but still lagging the 1.3mn b/d that loaded in June last year, Vortexa estimates show. Similarly, gasoline loadings out of the Gulf coast rose to 390,000 b/d in June, up from 210,000 b/d in May but down from 670,000 b/d a year ago.

US distillates stocks hit 1.76mn bl earlier this month, approaching the highest level in 10 years, according to the EIA. Gasoline stocks stood at 2.55mn bl around mid June, nearly 10pc higher than year-ago levels.

By Chunzi Xu

FedEx 4Q fuel costs down by 45pc

Shipping giant FedEx spent \$517mn on fuel in its fiscal fourth quarter, as all sectors of business were affected by the Covid-19 pandemic, the company said today.

FedEx's spending on fuel in the quarter ending 31 May was down 45pc from \$944mn spent in the same quarter last year. Full fiscal year 2020 fuel

spending was \$3.16bn, a 19pc decrease from the \$3.89bn it spent during fiscal year 2019.

The company's express segment spent \$423mn on fuel in the fourth quarter, a 47pc decrease from the fourth quarter of 2019. During the 2020 fiscal year it spent \$2.664bn in the segment, a 20pc fall from the previous fiscal year.

The ground transport segment spend \$4mn on fuel in the fourth quarter on a surge in residential deliveries, a 33pc rise from the same quarter a year ago. Full-year ground transport

fuel spending was up 7pc to \$15mn.

In the freight sector FedEx spent 37pc less in the fourth quarter at \$91mn while the full-year spending was down by 4pc to \$516mn.

By Jason Metko

US gasoline demand for April hit 50-year low

April gasoline demand plummeted to a 50-year low under nationwide restrictions to limit the spread of Covid-19, according to the Energy Information Administration (EIA).

Demand averaged 5.9mn b/d for the month, the lowest April volume since 1970 and the lowest volume outright since January 1974. Monthly average consumption was 37pc lower than April 2019. Monthly federal energy data offers higher confidence but on a much slower release schedule than weekly figures.

Business and travel restrictions in April [locked down transportation](#) in communities across the country to counter the rapid spread of the coronavirus pandemic. Initial weekly EIA data during the month fell as low as 5.1mn b/d and averaged roughly 5.6mn b/d. Weekly implied demand data has since climbed to within 10pc of year-ago consumption.

Gasoline exports were slower to dip than demand, averaging 762,000 b/d in the monthly report. That export volume was 13pc higher than April 2019.

Monthly EIA data confirmed a historic drop in jet fuel consumption to 691,000 b/d – less than 40pc of April 2019 and a 50-year low for the fuel. Jet fuel demand has recovered much more slowly as continued restrictions on international trips, reduced business travel and consumer wariness of air travel continue to limit US demand.

Diesel consumption in April averaged 3.5mn b/d, which was 12pc lower than last year and the lowest April consumption since 2009.

By Elliott Blackburn

D6 RINs to rise ahead of new blend mandates

Current-year ethanol D6 RIN credits should continue to climb in anticipation of the US Environmental Protection Agency (EPA) lifting blending requirements for biofuels.

Average monthly D6 RIN values have nearly tripled since January from 16¢/RIN to 46¢/RIN. Initial support came from a [court ruling](#), which vacated multiple small refinery exemptions (SREs).

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Since then, credit prices have continued to strengthen on expectations that the EPA will propose lifting the amount of biofuels that refiners must blend into fuel next year, even as gasoline consumption is expected to remain below-average.

In its latest report, the Energy Information Administration projected 2021 gasoline consumption to average 8.7mn b/d. While that is higher than 2020's predicted average consumption of 8.1mn b/d, 2021 demand will still be 600,000 b/d less than the 9.3mn b/d average consumption from 2015 to 2019.

The EPA will propose blending requirements for 2021 biofuels and 2022 biodiesel under the Renewable Fuel Standard (RFS) possibly as soon as this week. Blending volume obligations are likely to rise as they have every year since the EPA's first finalized volumes were rolled out in 2008, according to market participants.

The disparity between lower gasoline consumption and higher blending volume obligations would increase the amount of blending required without raising the ethanol blending threshold, which rarely exceeds 10pc of implied gasoline demand.

With little incentive to blend above 10pc ethanol, more parties would likely attempt to achieve compliance through RIN credit purchases instead of generating them through blending. More demand from buyers in the credit market would translate into higher RIN prices.

RINs are part of a credit system that obligated parties such as fuel refiners or importers use to demonstrate compliance with the RFS. Credits are generated when biofuels are blended with conventional transportation fuel and can be kept by the blender or sold to other obligated parties.

By Thom Dwyer

US Democrats offer sweeping climate agenda

US House Democrats are calling for a national carbon price to support an aggressive effort to slash the country's greenhouse gas (GHG) emissions.

The Democrats today unveiled a sweeping climate plan that includes dozens of policy recommendations, including a national clean cars mandate, a low-carbon fuel standard and a clean energy mandate to achieve net-zero emissions no later than 2050. It also calls for numerous tax incentives for renewable energy and electric vehicles, as well as a moratorium on new leases for oil, gas and coal production on public lands and an end to all new offshore oil and gas leasing.

The plan, authored by the House Select Committee on the Climate Crisis, includes a broad recommendation that Congress enact a national carbon pricing system to support the net-zero emissions goal. It does not call for a specific carbon pricing approach, such as a carbon tax or cap-and-trade, but it does include a set of principles for lawmakers to consider as they design carbon pricing legislation. Among them are that any legislation should complement, and not necessarily replace,

Argus Assessment Rationale Database

For prices used in financial benchmarks, Argus publishes daily explanations of the assessment rationale with supporting data. This information is available to permissioned subscribers and other stakeholders.

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ANNOUNCEMENT

Argus successfully completes annual losco assurance review

Argus has completed the eighth external assurance review of its price benchmarks covering crude oil, products, LPG, petrochemicals, biofuels, thermal coal, coking coal, iron ore, steel, natural gas and biomass 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 <https://www.argusmedia.com/en/about-us/governance-compliance>

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existing cap-and-trade programs, such as those in California and the US northeast.

Democrats are pitching the plan as a way to rebuild the economy for a post-Covid-19 world, supporting clean energy development and heeding environmental justice concerns.

“We have a plan - and it comes at a critical time,” committee chair Kathy Castor (D-Florida). “Our plan will put people back to work and rebuild in a way that benefits all of us.

Few, if any, of the dozens of policy recommendations in the committee’s 550-page report are likely to make it into law this year. The House Democrats still need to translate many of them into legislation, with many proposals likely to run into opposition from the Republican- majority Senate.

But the plan could serve as a template for action next year, should Democrats be successful in November in winning back the White House and control of both chambers of Congress.

The Democrats are also calling for a national Clean Energy Standard to achieve net-zero emission in the electricity sector by 2040, citing a bill [introduced last year](#) by US senator Tina Smith (D-Minnesota) and representative Ben Ray Lujan (D-New Mexico), a member of the House committee, as an example of a program lawmakers could consider. That bill called for a national credit trading program to achieve net-zero emissions in the sector by 2050.

For the transportation sector, the Democrats want to enact a mandate for all new cars and light-duty trucks sold in the US to be zero-emissions (ZEV) models by 2035.

In addition, the report calls for Congress to direct the US Environmental Protection Agency (EPA) to set new tailpipe CO₂ standards that would require at least a 6pc/yr decrease in emissions starting in 2026 to help drive improvements in conventional automobiles while the ZEV mandate kicks in.

The Democrats also want national low-carbon fuel standard (LCFS) for liquid and non-liquid fuels, modeled after California’s program for on-road fuels, that would allow alternative fuels used in aviation and marine shipping to generate compliance credits.

The report does not suggest a compliance target. California’s program requires a 20pc cut in the carbon-intensity of fuels by 2030.

In a nod to potential concerns from Midwest lawmakers, the report calls for the national LCFS to take into account the ways in which farming practices can lower the carbon intensity

of transportation fuels.

Until a national LCFS is up and running, the Democrats want EPA to write new federal Renewable Fuel Standard (RFS) regulations that would allow renewable biogas used to generate electricity for charging electric vehicles to generate Renewable Indemnification Numbers (RINs) used for compliance in that program.

The Democrats are also calling for the US to follow California’s lead by adopting national sales mandate for zero-emission medium- and heavy-duty trucks. California adopts its first-in-the-nation program last week.

In the interim, EPA would be directed to require a 4pc/yr drop in emissions from medium- and heavy-duty vehicles starting with the 2028 model year.

The proposed fossil fuel lease moratorium would last for one year, giving the Department of Interior time to develop a new public lands plan that includes a finding that additional leasing “is not consistent” with a goal of achieving net-zero missions on public lands by 2040.

In addition, Democrats are calling for a ban on all new offshore oil and gas leases, along with tougher drilling safety standards for existing wells and new standards to reduce methane from existing production on public lands.

Environmental and clean energy advocates cheered the Democrats’ plan, with more than 90 organizations throwing their support behind the recommendations

“The plan released by Select Committee on the Climate Crisis bristles with bold solutions to the greatest environmental threat of our time. It would speed us away from fossil fuels and invest in a better future,” Natural Resources Defense Council president Gina McCarthy said.

But some industry groups suggested the Democrats’ plan is not realistic and could end up hurting the economy.

“Now more than ever, we need bipartisan policy solutions to reduce the risks of climate change that do not force a false choice between protecting the environment and growing the US economy,” American Petroleum Institute senior vice president of policy, economics and regulatory affairs Frank Macchiarola said.

By Michael Ball

Comments seek small RVP change revisions

Initial comments on a sweeping change to US fuel specifications sought to clarify biofuels and butane blending require-

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ments.

Comment closed yesterday on an Environmental Protection Agency (EPA) proposal to adopt a national reformulated gasoline (RFG) standard with fewer criteria and without certification by independent laboratories.

Early responses available today and in a [public hearing](#) generally supported the move but sought to limit associated burdens on biofuel and butane blending operations.

The standard would rely on a summer Reid Vapor Pressure (RVP) of 7.4psi to demonstrate compliance, as well as ongoing benzene concentration and sulfur content requirements. Rules would take effect 1 January.

Fuels meeting the lower RVP would satisfy requirements to reduce volatile organic compounds and other pollutants, making further testing unnecessary, EPA said. The change would reduce certification requirements that make it more difficult to move RFG across multiple market and limit RFG's use in winter months.

The US adopted RFG requirements in the 1990s to improve air quality. The fuel is used in 17 states and accounts for 30pc of sales.

Biofuels groups [objected](#) to the agency's definition of gasoline in a late May public hearing. Attaching standards to the definition set by the American Society for Testing and Materials (ASTM) could delay the development of new ethanol and gasoline blends because of the group's slow process for adopting specifications, ethanol trade group Renewable Fuels Association warned.

Growth Energy, another ethanol trade group, requested the agency change language that would apply gasoline specification standards to blends of more than 15pc ethanol. EPA should also simplify recertification of gasoline blendstock for 15pc ethanol blends, the group said.

Buckeye Pipeline requested that EPA remove requirements to report butane RVP, something it said producers do not provide. The agency should reduce requirements to retain samples of butane blended gasoline and adopt a more widely available benzene testing standard, the butane blender and logistics company said.

Shell requested the agency exempt in-pipeline fuel blending operations in place on 1 January from the requirements, requiring installations made afterward to meet sampling requirements. Sulphur reporting requirements should also be adjusted to account for using higher-sulphur volumes of pipeline transmix to produce gasoline, the oil major said.

Diesel changes

EPA made no changes to US diesel quality standards, but did propose dropping a prohibition against red dye in highway fuel. The dye, intended for off-road use and dyed to be easily recognized as tax free under Internal Revenue Service rules, was once an easy flag for EPA to determine whether the fuel met highway diesel sulphur and other environmental standards.

But most off-road specifications for fuels such as heating oil now meet highway quality specifications. It no longer made sense to prohibit dyed diesel on environmental grounds, the agency said.

By Elliott Blackburn

US biodiesel production fell 6pc in April

US biodiesel production decreased by 6pc in April, as weak margins on the back of efforts to contain the Covid-19 pandemic began to lower capacity, according to Energy Information Administration (EIA) data.

B100 biodiesel production for the month reached 143mn USG, down from 152mn USG a year earlier. Production in the first four months of the year fell by 1.5pc from the same period last year to 560mn USG.

Production capacity fell by 85,000, or 3pc, to 2.48bn USG, with 89 production facilities.

US midcontinent biodiesel production in April reached 98mn USG, down by 3mn USG year-over-year, accounting for about 68.5pc of the total US production.

US east coast production fell to 4mn USG, down by 5mn USG compared to the same period last year, accounting for about 3pc of total production in the month. US Gulf coast production held steady at 30mn USG, making up 21pc of all US output.

US sales of B100 biodiesel in April rose by 4mn USG, or 6pc, to 70mn USG year-over-year. Sales of B100 included in biodiesel blends rose by 2mn USG, or 2pc, to 90mn USG.

Ending stocks of B100 in April were estimated at 62mn USG, up by 3mn USG year-over-year.

The EIA said 1.05bn lb of feedstocks were used to produce biodiesel in April compared to 1.15bn lb in the same period of 2019. Soybean oil remained the largest feedstock with 672mn lb consumed, while canola oil and corn oil were the second and third largest feedstocks, at 138mn lb and 84mn lb respectively.

By Jacqueline Reigle

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PG&E holding California LCFS credit sale

US utility Pacific Gas & Electric (PG&E) will auction just over 81,000 California Low-Carbon Fuel Standard (LCFS) credits tomorrow, as the secondary market deals with the potential fallout from a round of measures to curb Covid-19 in the state.

This is the utility's fourth LCFS credit sale of the year and will offer 81,250 credits. Interested parties must submit bids to the company no later than 1pm ET tomorrow. Winners will be notified by 4pm ET tomorrow.

The auction comes as the secondary market has moved lower in recent days following an increase in Covid-19 cases in California, which led governor Gavin Newsom (D) to order bars to close in seven counties. Newsom has also warned that additional measures could be coming to slow or halt the state's re-opening.

California has over nearly 223,000 coronavirus cases, with infections rising sharply over the last week. That has raised concerns that the state could again clamp down on travel activity as the economy reopens, which would dampen transportation fuel use.

Rising gasoline and diesel demand generates more deficits in the LCFS program, increasing demand for the credits needed to offset them, and dampened road fuel demand lessens the need for the credits.

Argus assessed the California LCFS spot credits yesterday at \$204/metric tonne, down by about \$3.50 from a week ago.

In mid-March, LCFS spot credits fell as low as \$168/t as oil refiners reduced production in response to depressed demand from efforts to curb the coronavirus pandemic. The market had recovered those losses over the past several weeks, moving as high \$212.50/t at the end of May.

PG&E generates LCFS credits by dispensing electricity and compressed natural gas to power vehicles. The utility uses revenue from the credits to install charging stations and to provide a rebate to new owners of electric vehicles.

PG&E keeps the results of its sales private.

The LCFS requires a 20pc reduction in the carbon intensity of transportation fuels by 2030, with a 7.5pc mandate for this year. Fuels with carbon intensities higher than the targets generate deficits, while fuels that score lower earn credits. Deficits must be matched by an equivalent number of credits at the end of the compliance period.

By Michael Ball

Brazil diesel demand started recovery in May

Brazil is experiencing a rebound in diesel sales, with May volumes picking up after a sharp decline the previous month, according to Brazil's oil regulator ANP.

Sales reached 923,000 b/d in May, a 9pc rise from April, which followed a 15pc drop from March levels, according to the agency. Demand last month declined by 9pc from May 2019, after a 14pc annual drop in April, when the Covid-19 crisis and associated economic downturn intensified in Brazil.

The hike in diesel sales in May was sustained by the agricultural sector, especially in the country's center-west region, where the soybean crop supported a 2pc rise from May 2019. The northeast region registered the biggest fall, a 17pc decline from May 2019, followed by the southeast, with a 15pc decline in May, and the northern region, with a 4pc decline from a year earlier.

Gasoline demand reached 490.244 b/d in May, down by 20pc from a year earlier, which eased somewhat from a 28pc annual drop in April. But despite the year-on-year fall, consumption increased by 9pc in May from the prior month.

By Gabrielle Moreira

Brazil's ethanol sales fell 32pc in May

Hydrous ethanol sales in Brazil fell 32pc to 258,000 bd in May from a year earlier, according to Brazil's oil regulator ANP, as Covid-19 stay-at-home measures continued to reduce demand.

May ethanol sales rose 5pc from April, according to the agency.

The northeast of the country led the year-over-year declines, falling by 53pc, followed by the southern region where the drop was close to 40pc.

By Gabrielle Moreira

PetroPeru tenders for B5 biodiesel and ULSD

State-owned PetroPeru has tendered to buy B5 biodiesel and ultra low sulphur diesel (ULSD) cargoes for delivery in August-September.

The first lot calls for 320,000 bl of B5 biodiesel, a blend of 5pc fatty acid methyl ester (FAME) B100 biodiesel with 95pc ULSD. The B5 biodiesel is to have a minimum flash point of 52°C and kinematic viscosity of 2.1cst.

Delivery can be made to the lightering operations in Cal-

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lao, Eten, and Salaverry, or to lightering operations in Callao and Talara.

The second lots calls for 1.28mn bl of ULSD delivered in four cargoes of 320,000 bl. The ULSD in this lot will have a minimum flash point and viscosity similar to the B5 in the first lot. Bidders must deliver at least one cargo, but no more than two cargoes in August, and at least two cargoes, but no more than three cargoes in September.

Delivery can be made to Conchan and Callao, or to Conchan and Talara, or to Conchan.

The third lot calls for 960,000 bl of ULSD delivered in three cargoes of 320,000 bl. The ULSD in this lot will have a minimum flash point of 52°C and kinematic viscosity of 2.4cst. Bidders must deliver at least one cargo, but no more than two

cargoes for each month inside the August-September window.

Delivery can be made to Mollendo or Mollendo and Conchan.

Bidders must offer one differential for each lot and delivered alternative. The bids are to be placed as a differential to the *Argus* mean ULSD colonial pipeline prompt cycle less the *Argus* Renewable Volume Obligation (RVO). Pricing dates for the ULSD, RVO and B5 will be determined using the average of the mean postings by *Argus* in effect on the day of notice of readiness, two publications before the notice of readiness and two publications after the notice of readiness.

Bids received between 26 June and today will be considered. The tender closes today.

By Jacqueline Reigle and Thom Dwyer

OPINION/ANALYSIS

US gasoline, jet yields hit record low

US refiners dialed gasoline and jet yields to record lows in April because of plummeting demand for gasoline and jet fuel amid Covid-19-related lockdowns.

US refiners cut gasoline yield to 40.7pc and jet yield to 4.7pc in April, the lowest levels since the Energy Information Administration (EIA) began keeping official data in 1993. Distillates yields rose to 38.1pc in April, the highest since 1993 as well.

Refiners adjusted quickly after gasoline and jet fuel demand plummeted in the second half of March. They cut US crude unit run rates to 70.2pc, including [completely idling](#) Marathon's 166,000 b/d Martinez refinery in California by late April.

At the secondary level, refiners cut fluid catalytic cracker (FCC) throughput to 3.31mn b/d in April, the lowest level since EIA began tracking this data since 1987. Hydrocracker throughput was less severely impacted, falling to 1.4mn b/d, a nine-year low.

Refiners were able to further reduce jet fuel yield by [repurposing the finished fuel](#), possibly by hydrotreating jet fuel and blending with diesel.

The secondary level adjustments were in response to gasoline and jet fuel demand falling to [50-year lows](#) at 5.9mn b/d and 762,000 b/d day respectively in April.

Diesel demand held up relatively well amid continued

highway transportation needs as well as agricultural consumption during the crop planting season. But April's maximizing of diesel would eventually lead to a surplus in May, when diesel margins [fell below gasoline](#). Refiners

responded in May by tilting yields back to gasoline, while the overhang of diesel limited the [gasoline-driven refinery ramp up](#).

By Chunzi Xu

US oil industry raises concerns about Mexico

US oil and gas companies are using the start of the new US-Mexico-Canada free trade agreement to raise concerns about reversals in Mexico's energy overhaul that they deem detrimental to their sector.

The agreement, which goes into effect tomorrow, does not offer explicit guarantees for protecting the historic changes that opened Mexico's energy sector to foreign participation before President Andres Manuel Lopez Obrador took office in December 2018. The pact also limited the so-called investor-state dispute settlement provisions in the existing North American Free Trade Agreement, which allowed US companies to have recourse outside of the Mexican legal system.

Some of the concerns [raised](#) by US energy trade groups – alleged unfair treatment by Mexico's regulators, permitting delays and surprise inspections that could roll back permits – can be addressed by the investor-state dispute mechanism.

OPINION/ANALYSIS

US energy experts say US companies can invoke Mexico's commitments for non-discriminatory treatment by its state-owned enterprises and designated monopolies.

But appealing to the White House to intervene is seen as a shortcut to facilitate resolution of the concerns, given a close working relationship between Lopez Obrador and US president Donald Trump.

US officials have acknowledged concerns raised by the energy industry. But the issue is less prominent for the administration than implementing the auto industry and labor chapters of the deal, which Washington sees as crucial for reducing its trade deficit with Mexico. The country has emerged as the US' largest trading partner after Trump started a trade war with China.

"The administration in Mexico wants to go in the direction of nationalizing energy production," US trade representative Robert Lighthizer told lawmakers recently. "Pushing back against that is something that we have done in this agreement and expect to do," he said. "To the extent we have tools, we expect to use them to require equal treatment."

Energy dominance meets energy independence

Trump and Lopez Obrador have similar energy agendas focused on boosting domestic oil and gas production. The two strategies are now beginning to clash. Lopez Obrador's promise of energy independence means reducing imports of US natural gas and oil products, while US gas exporters and refiners have relied on Mexico as a key growth market in recent years.

US industry trade groups the American Petroleum Institute and refining group American Fuel and Petroleum Manufacturers have complained to the White House of regulatory actions by Mexico City that make it difficult for US companies to obtain permits for new fuel stations, storage terminals and LNG terminals. The complaints outlined by the groups predate economic disruptions in the wake of measures introduced to curb the spread of the Covid-19 pandemic.

Lopez Obrador has noted that while US companies have a right to complain, Mexico's government is following the rules. And Mexico is not being forced to "give away petroleum or any energy assets" as part of the trade deal.

Lopez Obrador was part of the multilateral diplomacy as Trump worked to facilitate a new Opec+ oil production cut

agreement. Trump's largely meaningless promise to cut US production by 250,000 b/d to make up for Mexico's inability to cut – the White House has no legal standing to order cuts by US producers – was accepted at face value by other major producers, helping seal the Opec+ deal. Trump said at the time that Mexico would "compensate" the US for the pledge, but US officials downplayed the statement.

Lopez Obrador is pushing to meet with Trump to celebrate the trade agreement's start date.

US secretary of state Mike Pompeo today confirmed the two countries are working on a date for the visit, but added that the trade agreement is among many other issues the two presidents plan to discuss.

"We will make some announcements about the scope and what we hope to achieve," Pompeo said. In addition to the implementation of the trade agreement, the US is keen to discuss regional issues, including Venezuela, Pompeo said.
By Haik Gugrats

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ANNOUNCEMENTS

Discontinuing USGC 7.8 RVP gasoline

Argus is discontinuing several US Gulf coast gasoline assessments for 7.8 RVP material.

Effective 1 September 2020, Argus is discontinuing "lowest RVP" and summer seasonal "9.0 supplemental" gasoline assessments for Colonial pipeline and US Gulf coast waterborne assessments. These discontinuations will apply to regular CBOB, premium CBOB, regular conventional and premium conventional gasolines. Argus is also discontinuing a number of related price assessments calculated or otherwise derived from those, including waterborne equivalents. During the summer of 2020 all of these price assessments will be for 9.0 RVP.

The prices will be last assessed and published on 31 August 2020.

Argus will continue to assess and publish other prices for 9.0 RVP gasoline in the US Gulf coast.

For a complete list of affected PA codes, please contact datahelp@argusmedia.com.

For more information regarding these changes, please contact Paul Dahlgren at paul.dahlgren@argusmedia.com or +1

713 429 6324.

Terminating USAC 500ppm heating oil

Argus is discontinuing its US Atlantic coast 500ppm sulfur low sulphur heating oil (LSHO) distillate quotes.

Effective 8 July 2020, Argus is discontinuing its US Atlantic coast 500ppm sulphur LSHO price assessments for barge (PA0015304), Buckeye pipeline (PA0018690), Laurel pipeline (PA0018691) and 75-grade off-line Colonial pipeline (PA0015303).

These prices will be last assessed and published on 7 July 2020.

Argus will continue to assess 2000ppm sulphur high sulphur heating oil (HSHO) and 15ppm sulphur ultra-low sulfur heating oil (ULSH) prices.

For a complete list of affected PA codes, please contact datahelp@argusmedia.com.

For further details, please contact Matthew Keever at mattthew.keever@argusmedia.com or +1 713 429 6353.



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