

## OVERVIEW

- August Nymex light sweet crude futures fell by \$1.48/bl to settle at \$71.65/bl, the lowest since 18 June, on clearer signs that Opec+ may be nearing a compromise over production policy and continued concerns of the Covid-19 Delta variant potential to close economies again. Nymex RBOB fell by 4.32¢/USG to \$ 2.2503/USG and Nymex ULSD also fell by 3.09¢/USG to settle at \$2.1126/USG.
- US Atlantic coast RBOB cash differentials increased while regular CBOB weakened. US Gulf coast gasoline differentials failed to find a cohesive trading direction as well.
- Outright diesel prices in New York Harbor and the US Gulf coast hit a one-week low. The diesel arbitrage from Houston to Group Three opened.
- The Argus Renewable Volume Obligation fell by 0.01¢/USG to 18.14¢/USG.
- Multi-year high gasoline and diesel prices on the US Gulf coast have not deterred exports out of the region, which are on track to match two-and-a-half year highs.
- Mexico will separate customs duties from the national tax service and deepen military involvement in customs operations in a bid to better control smuggling and tax evasion rampant in refined product imports.

## Contents

|                                  |    |
|----------------------------------|----|
| Gasoline                         | 3  |
| Distillates                      | 7  |
| Biofuels and blending components | 12 |
| Feedstocks and residual fuel oil | 16 |
| Latest news                      | 19 |

## MARKET SUMMARY

| Price            | ¢/USG    |         |         |             |
|------------------|----------|---------|---------|-------------|
|                  | New York | Houston | Chicago | Los Angeles |
| CBOB/suboctane   | 221.030  | 216.530 | 221.030 | 233.780     |
| RBOB             | 224.880  | 221.780 | 234.430 | 233.030     |
| 87 conv          | 223.780  | 218.530 | 221.030 |             |
| Ethanol          | 224.500  | 230.600 | 220.700 | 263.800     |
| Jet fuel         | 194.260  | 187.260 | 196.760 | 193.885     |
| ULSD             | 211.010  | 205.710 | 211.260 | 211.260     |
| Bunker fuel \$/t | 425.500  | 426.500 |         | 435.000     |

| Differential to Nymex | ¢/USG    |         |         |             |
|-----------------------|----------|---------|---------|-------------|
|                       | New York | Houston | Chicago | Los Angeles |
| CBOB/suboctane        | -4.000   | -8.500  | -4.000  | +8.750      |
| RBOB                  | -0.150   | -3.250  | +9.400  | +8.000      |
| 87 conv               | -1.250   | -6.500  | -4.000  |             |
| Jet fuel              | -17.000  | -24.000 | -14.500 | -17.375     |
| ULSD                  | -0.250   | -5.550  | 0.000   | 0.000       |
| Bunker fuel \$/t      | -4.287   | -4.128  |         | -2.783      |

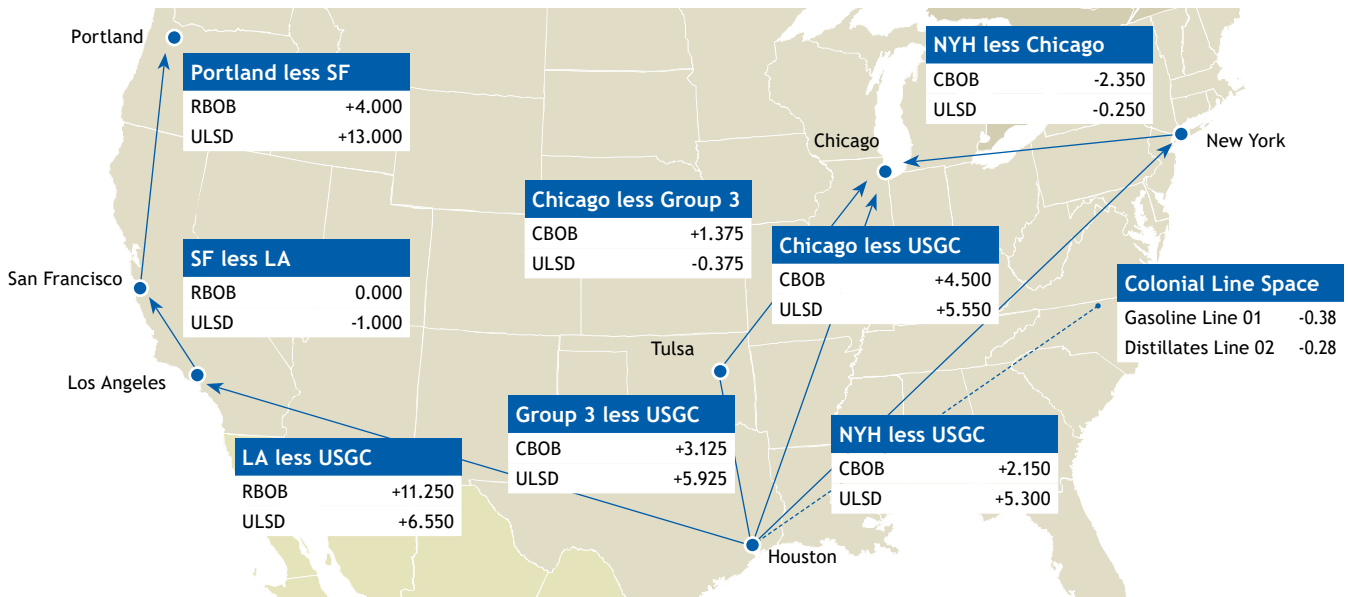
| Change on day    | ¢/USG    |         |         |             |
|------------------|----------|---------|---------|-------------|
|                  | New York | Houston | Chicago | Los Angeles |
| CBOB/suboctane   | -5.070   | -4.320  | -3.945  | -4.320      |
| RBOB             | -4.220   | -4.820  | -3.945  | -4.320      |
| 87 conv          | -4.570   | -4.195  | -3.945  |             |
| Ethanol          | -3.250   | +0.500  | +0.500  | nc          |
| Jet fuel         | -3.090   | -3.490  | -3.715  | -2.215      |
| ULSD             | -3.090   | -3.065  | -2.215  | -1.840      |
| Bunker fuel \$/t | -5.000   | +0.500  |         | nc          |

| CME Nymex futures | ¢/USG  |        |
|-------------------|--------|--------|
| Month             | RBOB   | ULSD   |
| Aug               | 225.03 | 211.26 |
| Sep               | 223.18 | 211.41 |
| Oct               | 210.27 | 211.37 |
| Nov               | 205.85 | 211.14 |
| Dec               | 202.38 | 210.86 |
| Jan               | 200.98 | 210.52 |

\*Tables include hyperlinks to those values maintained in the Argus database.

## ARGUS MARKET MAP

¢/USG



## LATEST NEWS

PAGE 19

87M vs 93V Colonial

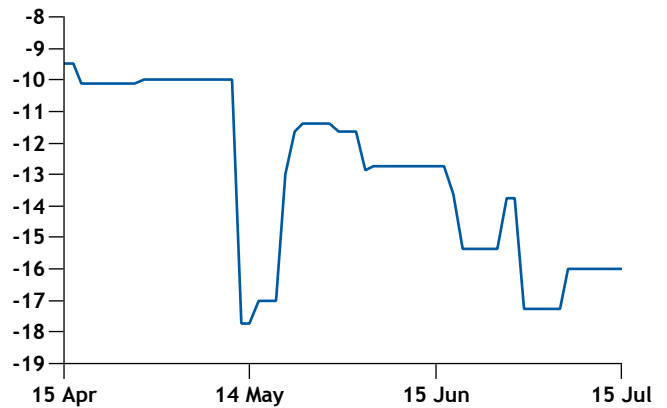
¢/USG

### Infrastructure

- Canadian inputs up with Quebec, east demand

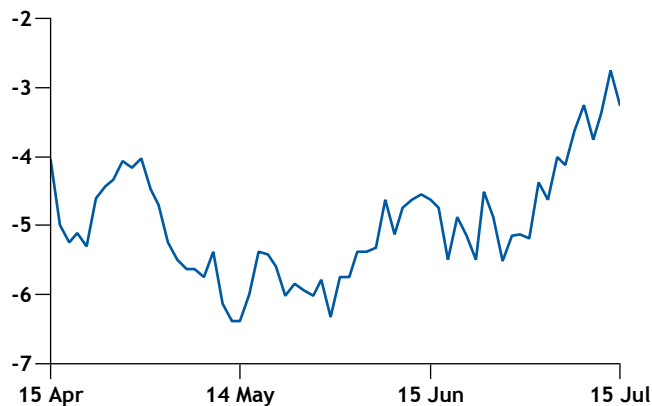
### Industry

- US Gulf coast exports up despite high prices
- Rising stocks pressure southern midcon gas
- Calif. favors diesel output over CARBOB
- Democrats seek carbon import fee in budget
- Heat pushes soybean oil futures higher
- US cattle slaughter rates decline
- Mexico forms new customs agency



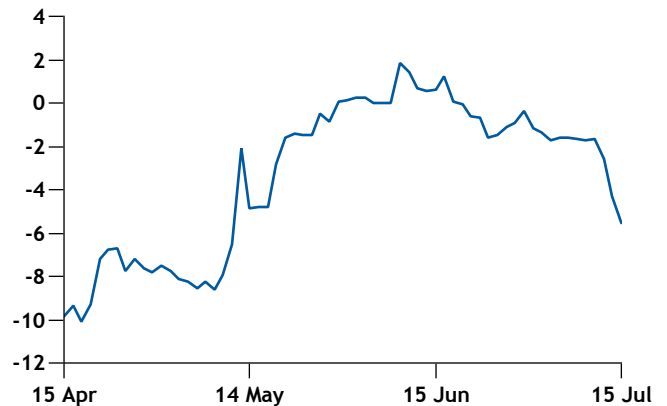
83.7 Rbob Colonial vs Nymex

¢/USG



Colonial ULSD vs LA Carb ULSD

¢/USG



## GASOLINE

## Atlantic coast

US Atlantic coast RBOB cash differentials increased on Thursday, while regular CBOB weakened.

Prompt RBOB was assessed at August Nymex -0.15¢/USG, a 0.1¢/USG gain from the last session as offers thinned out from the dead prompt through 22 July. The forward curve from the prompt into 25 July was backward by 0.35¢/USG and then flipped to contango through the end of July. Buckeyes were even to barges.

Regular 7.8 RVP CBOB differentials fell by 0.75¢/USG on average at August Nymex -4.5¢/USG to -3.5¢/USG. Bids tracked offers higher during the day after initially trading at the low end of the range.

Premium RBOB differentials rose by 0.13¢/USG to August Nymex +13¢/USG, mirroring the gains in regular RBOB.

Premium 7.8 RVP CBOB was assessed at August Nymex +14¢/USG, maintaining its regrade to premium RBOB.

Colonial line space was negative at -0.38¢/USG amid a weak arbitrage from the US Gulf coast to New York Harbor.

Refining margins decreased by \$0.12/bl to \$17.13/bl as the drop in RBOB and ULSD cash prices outweighed declines in Brent crude.

## Gulf coast

Outright gasoline prices in the US Gulf coast continued to retreat on Thursday as Nymex energy futures gave back further gains.

Prompt cash differentials were again mixed in daily comparison following the roll to a newly prompt Colonial Pipeline cycle 41.

Trade activity was notably subdued, with little trade done by day's end.

Conventional 87 finished gasoline prices fell by 4.19¢/USG on the day, drawing cash values below \$2.20/USG for the first time since 8 July. Bids and offers for the prompt cycle materialized at August Nymex -6.75¢ and -6.25¢/USG, respectively, though no trades were detected.

Regular 9.0 RVP CBOB saw trade at August Nymex -8.5¢/USG, drawing prompt valuations 0.5¢/USG below the previous session.

Forward cycle rolls for CBOB remained backwardated, with the prompt roll trading at +0.5¢/USG into the 42nd cycle.

Bids for 7.4 RVP regular RBOB materialized at Nymex -3.75¢/USG, though offers were lacking. Value continued to be

| Atlantic coast            |       |               | ¢/USG         |       |
|---------------------------|-------|---------------|---------------|-------|
|                           | Basis | Differential  | Price         | ±     |
| New York waterborne       |       |               |               |       |
| 87 conv inc duty 9.0      | Aug   | -1.50/-1.00   | 223.53-224.03 | -4.57 |
| 87 conv ex duty 9.0       | Aug   | -21.35/-20.85 | 203.68-204.18 | -4.55 |
| Reg CBOB inc duty 7.8     | Aug   | -3.25/-2.25   | 221.78-222.78 | -5.07 |
| Reg CBOB ex duty 7.8      | Aug   | -23.10/-22.10 | 201.93-202.93 | -5.05 |
| Reg RBOB inc duty 7.4     | Aug   | +1.05/+1.15   | 226.08-226.18 | -4.22 |
| Reg RBOB ex duty 7.4      | Aug   | -18.80/-18.70 | 206.23-206.33 | -4.20 |
| 89 conv inc duty 9.0      |       |               | 229.74-230.24 | -4.66 |
| Prem RBOB inc duty 7.4    | Aug   | +14.20/+14.30 | 239.23-239.33 | -4.20 |
| 93 conv inc duty 9.0      | Aug   | +16.25/+16.75 | 241.28-241.78 | -4.82 |
| Boston waterborne         |       |               |               |       |
| Reg RBOB 7.4              | Aug   | +1.85/+2.35   | 226.88-227.38 | -4.22 |
| Colonial Linden           |       |               |               |       |
| 87 conv M Cycle 36 9.0    | Aug   | -1.50/-1.00   | 223.53-224.03 | -4.57 |
| 89 conv Cycle 36 9.0      |       |               | 229.66-230.33 | -4.66 |
| 93 conv V Cycle 36 9.0    | Aug   | +16.00/+17.00 | 241.03-242.03 | -4.82 |
| Reg CBOB Cycle 37 9.0     | Aug   | -1.50/-1.00   | 223.53-224.03 | -4.07 |
| Reg RBOB Cycle 36 9.0     | Aug   | +3.25/+4.00   | 228.28-229.03 | -3.94 |
| New York barge            |       |               |               |       |
| Reg CBOB dead prompt 7.8  | Aug   | -4.50/-3.50   | 220.53-221.53 | -5.07 |
| Reg CBOB prompt 7.8       | Aug   | -4.50/-3.50   | 220.53-221.53 | -5.07 |
| Reg CBOB dead prompt 9.0  | Aug   | -6.60/-6.10   | 218.43-218.93 | -4.32 |
| Reg CBOB prompt 9.0       | Aug   | -6.60/-6.10   | 218.43-218.93 | -4.32 |
| Reg RBOB dead prompt 7.4  | Aug   | -0.20/-0.10   | 224.83-224.93 | -4.22 |
| Reg RBOB prompt 7.4       | Aug   | -0.20/-0.10   | 224.83-224.93 | -4.22 |
| Prem CBOB dead prompt 7.8 | Aug   | +13.50/+14.50 | 238.53-239.53 | -4.20 |
| Prem CBOB prompt 7.8      | Aug   | +13.50/+14.50 | 238.53-239.53 | -4.20 |
| Prem CBOB dead prompt 9.0 | Aug   | +11.00/+11.25 | 236.03-236.28 | -4.19 |
| Prem CBOB prompt 9.0      | Aug   | +11.00/+11.25 | 236.03-236.28 | -4.19 |
| Prem RBOB dead prompt 7.4 | Aug   | +12.75/+13.25 | 237.78-238.28 | -4.20 |
| Prem RBOB prompt 7.4      | Aug   | +12.75/+13.25 | 237.78-238.28 | -4.20 |
| Buckeye                   |       |               |               |       |
| Reg CBOB dead prompt 7.8  | Aug   | -4.50/-3.50   | 220.53-221.53 | -5.07 |
| Reg CBOB prompt 7.8       | Aug   | -4.50/-3.50   | 220.53-221.53 | -5.07 |
| Reg CBOB dead prompt 9.0  | Aug   | -6.60/-6.10   | 218.43-218.93 | -4.32 |
| Reg CBOB prompt 9.0       | Aug   | -6.60/-6.10   | 218.43-218.93 | -4.32 |
| Reg RBOB dead prompt 7.4  | Aug   | -0.20/-0.10   | 224.83-224.93 | -4.22 |
| Reg RBOB prompt 7.4       | Aug   | -0.20/-0.10   | 224.83-224.93 | -4.22 |
| Prem CBOB dead prompt 7.8 | Aug   | +13.50/+14.50 | 238.53-239.53 | -4.20 |
| Prem CBOB prompt 7.8      | Aug   | +13.50/+14.50 | 238.53-239.53 | -4.20 |
| Prem CBOB dead prompt 9.0 | Aug   | +11.00/+11.25 | 236.03-236.28 | -4.19 |
| Prem CBOB prompt 9.0      | Aug   | +11.00/+11.25 | 236.03-236.28 | -4.19 |
| Prem RBOB dead prompt 7.4 | Aug   | +12.75/+13.25 | 237.78-238.28 | -4.20 |
| Prem RBOB prompt 7.4      | Aug   | +12.75/+13.25 | 237.78-238.28 | -4.20 |
| Laurel                    |       |               |               |       |
| Reg CBOB 9.0              | Aug   | -6.60/-6.10   | 218.43-218.93 | -4.32 |
| Prem CBOB 9.0             | Aug   | +11.00/+11.25 | 236.03-236.28 | -4.20 |

| CME Nymex RBOB |        |       |              |        |
|----------------|--------|-------|--------------|--------|
| Price          |        |       | Crack spread |        |
| Month          | ¢/USG  | ±     | Month        | \$/bl  |
| Aug            | 225.03 | -4.32 | Aug          | +22.86 |
| Sep            | 223.18 | -4.04 | Sep          | +22.36 |
| Oct            | 210.27 | -3.77 | Oct          | +17.67 |

## GASOLINE

discussed at a 5.25¢/USG premium over CBOB, drawing RBOB differentials lower.

Premium RBOB saw further trade at August Nymex +15.25¢/USG on Thursday, holding valuations flat with the previous day's assessment.

Offers for Colonial Pipeline gasoline line space came in at -0.25¢/USG, though no bids were detected by day's end.

### Midcontinent

Group Three gasoline cash differentials fell to eight-session lows on Thursday amid word that a regional refinery returned from maintenance, potentially adding to already high inventories.

Group Three prompt 9 RVP V grade CBOB at Tulsa, Oklahoma, traded from August Nymex -5.75¢/USG to -5¢/USG, shedding 0.88¢/USG in daily comparison. This added to Nymex losses to send outright prices down by 5.19¢/USG to \$2.20/USG.

A deal for Group Three prompt 9 RVP A grade 91 conventional was done at August Nymex +19.5¢/USG, similarly pressuring differential down by 3.7¢/USG to a four-day low.

Chicago gasoline cash differentials mostly softened as the market transitioned to July's third cycle.

West Shore/Badger pipeline 9 RVP CBOB was bid and offered at August Nymex -5.75¢/USG and -2.25¢/USG, respectively, down by 0.13¢/USG. Outright prices declined by 4.45¢/USG to \$2.21/USG.

Buckeye Complex (BCX) 9 RVP CBOB traded at August Nymex -4¢/USG, a 0.25¢/USG drop from the previous session.

Wolverine Pipeline 9 RVP CBOB was in parity with BCX with bids and offers at August Nymex -4.5¢/USG and -3.5¢/USG, respectively, on C3 July.

Arbitrage economics for shipping US Gulf coast CBOB to Chicago and Tulsa remained closed on paper.

### West coast

Los Angeles CARBOB traded sideways on Thursday, though cash prices moved lower as Nymex futures sank.

July Los Angeles regular CARBOB trades were heard at August Nymex +8¢/USG, leaving the differential midpoint unchanged. Gasoline futures fell by almost 2pc, lowering CARBOB cash prices by 4.32¢/USG for \$2.33/USG at the close. August CARBOB was similarly rangebound at +7¢/USG by +10¢/USG.

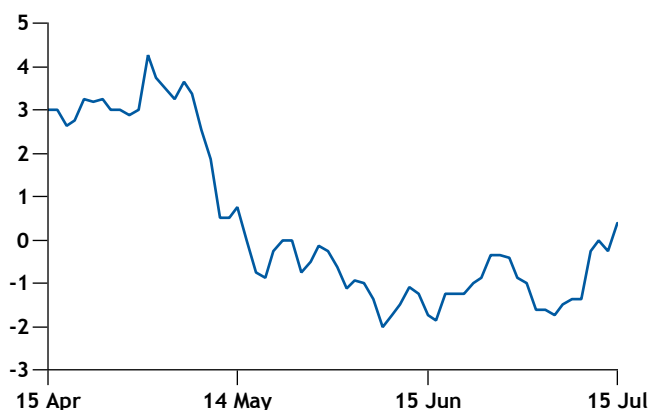
| Gulf coast                 |       |               | ¢/USG         |       |
|----------------------------|-------|---------------|---------------|-------|
|                            | Basis | Differential  | Price         | ±     |
| <b>Colonial</b>            |       |               |               |       |
| 87 conv M 9.0 Cycle 41     | Aug   | -6.75/-6.25   | 218.28-218.78 | -4.20 |
| Weighted average           |       | -6.50         | 218.53        |       |
| 87 conv M 9.0 Cycle 42     | Aug   | -6.75/-6.25   | 218.28-218.78 | -4.20 |
| Reg RBOB F 7.4 Cycle 41    | Aug   | -3.50/-3.00   | 221.53-222.03 | -4.82 |
| Weighted average           |       | -3.25         | 221.78        |       |
| Reg RBOB F 7.4 Cycle 42    | Aug   | -3.50/-3.00   | 221.53-222.03 | na    |
| Reg CBOB A 9.0 Cycle 41    | Aug   | -8.75/-8.25   | 216.28-216.78 | -4.32 |
| Weighted average           |       | -8.50         | 216.53        |       |
| Reg CBOB A 9.0 Cycle 42    | Aug   | -9.25/-8.75   | 215.78-216.28 | -4.37 |
| 89 conv 9.0                |       |               | 223.88-224.38 | -4.20 |
| Prem CBOB D 9.0 Cycle 41   | Aug   | +5.00/+5.50   | 230.03-230.53 | na    |
| 93 conv V 9.0 Cycle 41     | Aug   | +9.25/+9.75   | 234.28-234.78 | -4.20 |
| 93 conv V 9.0 Cycle 42     | Aug   | +9.25/+9.75   | 234.28-234.78 | na    |
| Prem RBOB 7.4 Cycle 41     | Aug   | +15.00/+15.50 | 240.03-240.53 | -4.32 |
| Prem RBOB 7.4 Cycle 42     | Aug   | +15.00/+15.50 | 240.03-240.53 | na    |
| <b>Colonial Line Space</b> |       |               |               |       |
| Gasoline Line 01 Cycle 41  |       |               | -0.50/-0.25   | na    |
| Weighted average           |       |               | -0.38         |       |
| <b>Waterborne</b>          |       |               |               |       |
| Reg CBOB A 9.0             | Aug   | -7.50/-7.00   | 217.53-218.03 | -4.82 |
| 87 conv M 9.0              | Aug   | -5.50/-5.00   | 219.53-220.03 | -4.20 |
| 89 conv 9.0                |       |               | 225.13-225.63 | -4.20 |
| Prem CBOB 9.0              | Aug   | +6.25/+6.75   | 231.28-231.78 | -4.82 |
| 93 conv V 9.0              | Aug   | +10.50/+11.00 | 235.53-236.03 | -4.20 |
| <b>Waterborne ex-RVO</b>   |       |               |               |       |
| Reg CBOB A 9.0             | Aug   | -25.64/-25.14 | 199.39-199.89 | -4.81 |
| 87 conv M 9.0              | Aug   | -23.64/-23.14 | 201.39-201.89 | -4.19 |
| 89 conv 9.0                |       |               | 206.99-207.49 | -4.19 |
| 93 conv V 9.0              | Aug   | -7.64/-7.14   | 217.39-217.89 | -4.19 |
| <b>Texas CBOB</b>          |       |               |               |       |
| Reg Texas CBOB 6.6         |       |               | 220.84        | -4.82 |
| Prem Texas CBOB 6.6        |       |               | 238.48        | -4.41 |

see distillates section for Colonial Line 02 assessment

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

### Group Three ULSD vs Nymex

¢/USG



## GASOLINE

| Delivered Florida        |        |        | ¢/USG  |
|--------------------------|--------|--------|--------|
|                          | Origin | Price  | ±      |
| Port Everglades, Florida |        |        |        |
| Reg CBOB A 9.0           | USGC   | 223.71 | -4.82  |
| Prem CBOB D 9.0          | USGC   | 237.46 | -4.82  |
| Tampa, Florida           |        |        |        |
| Reg CBOB A 9.0           | USGC   | 223.11 | -4.82  |
| Prem CBOB D 9.0          | USGC   | 236.86 | -4.82  |
| Delivered South America  |        |        | \$/m3  |
|                          | Origin | Price  | ±      |
| Montevideo, Uruguay      |        |        |        |
| 87 conv ex-RVO           | USGC   | 552.66 | -11.08 |
| Eurobob Oxy              | ARA    | 562.54 | -8.16  |
| Buenos Aires, Argentina  |        |        |        |
| 87 conv ex-RVO           | USGC   | 553.67 | -11.08 |
| Eurobob Oxy              | ARA    | 563.71 | -8.19  |
| Pozos, Colombia          |        |        |        |
| 87 conv                  | USGC   | 590.06 | -11.10 |
| Barranquilla, Colombia   |        |        |        |
| 87 conv                  | USGC   | 588.57 | -11.10 |
| Cartagena, Colombia      |        |        |        |
| 87 conv                  | USGC   | 588.78 | -11.11 |
| Callao, Peru             |        |        |        |
| 87 conv ex-RVO           | USGC   | 574.00 | -11.08 |

July San Francisco CARBOB was heard at +8¢/USG, matching the Los Angeles level and moving Bay area differentials lower by a penny. Outright prices shed 5.32¢/USG to end the day at \$2.33/USG.

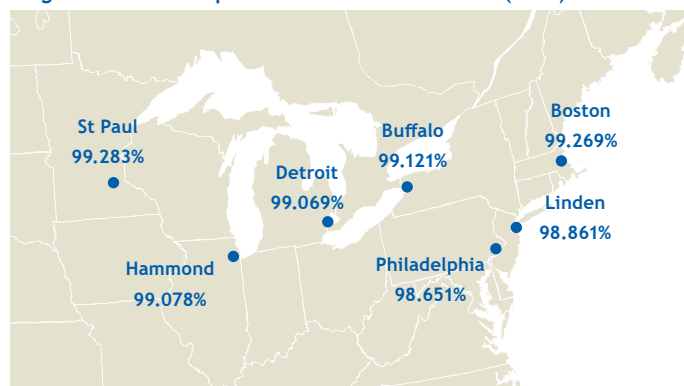
In-state CARBOB gasoline production shrank by almost 6pc to 903,000 b/d for the week ending 9 July, the California Energy Commission (CEC) report showed. Refiners prioritized non-California gasoline, raising output by around 15pc to 135,000 b/d, while total gasoline production slipped by 3.6pc to 1mn b/d.

Portland sub-octane gasoline saw a bid-ask range of +11¢/USG to +13¢/USG, raising cash premiums by a half cent. Cash prices closed at \$2.37/USG, down 3.82¢/USG.

| Midcontinent              |              | ¢/USG         |                     |
|---------------------------|--------------|---------------|---------------------|
| Basis                     | Differential | Price         | ±                   |
| Group 3                   |              |               |                     |
| Suboctane V 9.0 prompt    | Aug          | -5.75/-5.00   | 219.28-220.03 -5.20 |
| Weighted average          |              | -5.54         | 219.49              |
| Suboctane V 9.0 any Jul   | Aug          | -6.50/-5.50   | 218.53-219.53 -6.07 |
| 91 conv A 9.0 prompt      | Aug          | +19.25/+19.75 | 244.28-244.78 -7.97 |
| West Shore/Badger         |              |               |                     |
| Reg CBOB 9.0 3rd Jul      | Aug          | -5.75/-2.25   | 219.28-222.78 -3.95 |
| Reg CBOB 9.0 1st Aug      | Sep          | -3.90/-0.40   | 219.28-222.78       |
| 87 conv 9.0 3rd Jul       | Aug          | -5.75/-2.25   | 219.28-222.78 -3.95 |
| 87 conv 9.0 1st Aug       | Sep          | -3.90/-0.40   | 219.28-222.78       |
| 89 conv 9.0               |              |               | 228.82-232.32 -4.45 |
| 91 conv 9.0 3rd Jul       | Aug          | +21.50/+25.00 | 246.53-250.03 -3.95 |
| 91 conv 9.0 1st Aug       | Sep          | +23.35/+26.85 | 246.53-250.03       |
| Reg RBOB 7.4 3rd Jul      | Aug          | +7.65/+11.15  | 232.68-236.18 -3.95 |
| Reg RBOB 7.4 1st Aug      | Sep          | +9.50/+13.00  | 232.68-236.18       |
| Prem RBOB 7.4 3rd Jul     | Aug          | +30.15/+33.65 | 255.18-258.68       |
| Chicago BCX               |              |               |                     |
| Reg CBOB 9.0 3rd Jul      | Aug          | -4.25/-3.75   | 220.78-221.28 -4.07 |
| Reg CBOB 9.0 1st Aug      | Sep          | -2.40/-1.90   | 220.78-221.28       |
| 91 conv 9.0 3rd Jul       | Aug          | +21.50/+25.00 | 246.53-250.03       |
| Reg RBOB 7.4 3rd Jul      | Aug          | +7.65/+11.15  | 232.68-236.18       |
| Prem RBOB 7.4 3rd Jul     | Aug          | +30.15/+33.65 | 255.18-258.68       |
| Chicago Wolverine         |              |               |                     |
| Reg CBOB 9.0 3rd Jul      | Aug          | -4.50/-3.50   | 220.53-221.53       |
| 91 conv 9.0 3rd Jul       | Aug          | +21.50/+25.00 | 246.53-250.03       |
| West coast                |              | ¢/USG         |                     |
| Basis                     | Differential | Price         | ±                   |
| Los Angeles               |              |               |                     |
| Reg CARBOB 5.99 Jul       | Aug          | +7.50/+8.50   | 232.53-233.53 -4.32 |
| Weighted average          |              | +8.00         | 233.03              |
| Reg CARBOB 5.99 Aug       | Sep          | +7.00/+10.00  | 230.18-233.18 -4.04 |
| Prem CARBOB 5.99 Jul      | CARBOB       | +34.50/+35.50 | 267.53-268.53 -4.32 |
| Suboctane 9.0 Jul         | Aug          | +7.75/+9.75   | 232.78-234.78 -4.32 |
| Reg AZRBOB 5.7 Jul        | CARBOB       | +16.50/+17.50 | 249.53-250.53 -4.32 |
| Prem AZRBOB 5.7 Jul       | CARBOB       | +51.50/+52.50 | 284.53-285.53 -4.32 |
| San Francisco             |              |               |                     |
| Reg CARBOB 5.99 Jul       | Aug          | +7.50/+8.50   | 232.53-233.53 -5.32 |
| Prem CARBOB 5.99 Jul      | CARBOB       | +30.50/+31.50 | 263.53-264.53 -5.32 |
| San Francisco waterbone   |              |               |                     |
| Reg CARBOB 6.0 Jul        | Aug          | +9.00/+10.00  | 234.03-235.03 -5.32 |
| Reg CARBOB ex-RVO 6.0 Jul | Aug          | -9.14/-8.14   | 215.89-216.89 -5.31 |
| Portland                  |              |               |                     |
| Suboctane 7.8 Jul         | Aug          | +11.00/+13.00 | 236.03-238.03 -3.82 |

## GASOLINE

## 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](#).

| Spot crack spreads |             |         |        | \$/bl |
|--------------------|-------------|---------|--------|-------|
| Region             | Basis       | Yield   | Spread | ±     |
| USAC               | Brent       | 3-2-1   | 17.13  | -0.12 |
| USGC sweet         | WTI Houston | 3-2-1   | 18.09  | -0.17 |
| USGC sour          | Mars        | 3-2-1   | 20.11  | -0.16 |
| Chicago            | WCS         | 6-3-2-1 | 28.20  | -0.13 |
| Group Three        | WTI Cushing | 3-2-1   | 19.48  | -0.32 |
| USWC               | ANS         | 5-3-1-1 | 17.30  | -0.09 |

## Assessment rationale

The Argus US Atlantic coast prompt RBOB barge assessment was based on a prompt RBOB Buckeye trade as the delivery modes were deemed at parity.

The US Gulf coast regular CBOB A 9.0 RVP market did not meet the volume minimums needed to calculate the VWA. In accordance with the methodology, the VWA price for regular CBOB A 9.0 RVP was set at even with the midpoint of the low and high assessments.

The US Gulf coast regular RBOB F market failed to trade. A regrade value of +5.25¢/USG to 9.0 RVP regular CBOB grade, derived from the previous day's traded levels, was used to set the day's range.

The US Gulf coast 87 conventional M 9.0 RVP market did not meet the volume minimums needed to calculate the VWA. In accordance with the methodology, the VWA price for 87 conventional M 9.0 RVP was set at even with the midpoint of the low and high assessments.

Chicago West Shore/Badger pipeline CBOB bids set the low price, while offers set the high price in the absence of fresh deals.

| Gulf coast deals |          |                |        |
|------------------|----------|----------------|--------|
| Grade            | Timing   | Price          | Volume |
| Colonial A2      | Aug rate | -9.15          | 150    |
|                  | Aug rate | -9.15          | 150    |
|                  | cycle 41 | -8.50          | 25     |
|                  | cycle 41 | cycle 42 +0.50 | 50     |
| Colonial H1      | cycle 41 | +15.25         | 25     |

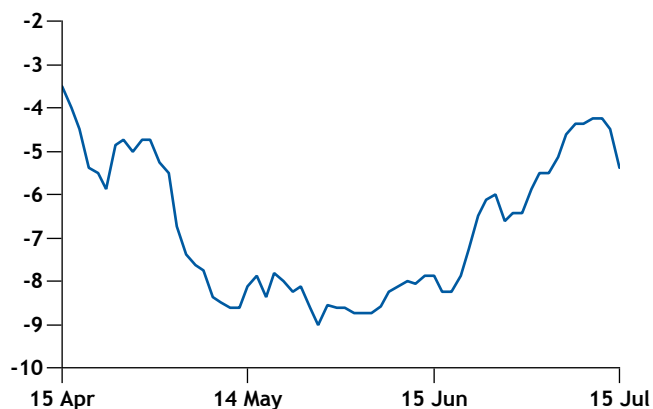
| Atlantic coast deals      |           |           |        |
|---------------------------|-----------|-----------|--------|
| Grade                     | Timing    | Price     | Volume |
| reg CBOB B/B (7.80)       | 25 Jul    | Aug -4.00 | 25     |
| reg CBOB Buckeye (7.80)   | 211E      | Aug -4.50 | 25     |
|                           | 213E      | Aug -4.50 | 25     |
|                           | 213E      | Aug -4.00 | 25     |
| reg CBOB NYH barge (7.80) | 19-21 Jul | Aug -3.50 | 100    |
| reg RBOB B/B (7.40)       | 31 Jul    | Aug -0.20 | 50     |
|                           | 31 Jul    | Aug -0.15 | 50     |
| reg RBOB Buckeye (7.40)   | 20 Jul    | Aug -0.15 | 25     |
| reg RBOB NYH barge (7.40) | 23-24 Jul | Aug -0.50 | 50     |

| Midcontinent deals             |        |            |        |
|--------------------------------|--------|------------|--------|
| Grade                          | Timing | Price      | Volume |
| 91 conv MPL Group 3 (9.00)     | prompt | Aug +19.50 | 5      |
| reg CBOB BCX (9.00)            | C3 Jul | Aug -4.00  | 25     |
| suboctane V MPL Group 3 (9.00) | prompt | Aug -5.75  | 25     |
|                                | prompt | Aug -5.00  | 10     |

| West coast deals     |        |           |        |
|----------------------|--------|-----------|--------|
| Grade                | Timing | Price     | Volume |
| reg CARBOB SF (5.99) | Jul    | Aug +8.00 | 25     |

## Group Three 87 CNV vs Nymex

¢/USG





## DISTILLATES

### Atlantic coast

US Atlantic coast distillate prices decreased for a second consecutive day as the August Nymex futures contract settled lower by more than 3.00¢/USG.

East coast jet fuel prices shed 3.09¢/USG, falling to one-week lows. Cash differentials were stable on the day, and outrights were pulled down by the front-month basis contract.

Regional losses were outpaced by a weaker US Gulf coast jet fuel market, widening the price spread between the two hubs and keeping arbitrage economics appealing on paper.

Jet fuel margins increased by \$0.19/bl to \$6.21/bl as North Sea Dated Brent crude oil prices falling by more than barge jet fuel values.

Relative to the August Nymex, regional ultra-low sulfur diesel (ULSD) values were little changed. Outright prices fell to their lowest levels since 7 July, and arbitrage economics into the northeast from Houston remained unattractive on paper.

Barge ULSD ended the day valued at a \$13.24/bl premium to North Sea Dated Brent, up \$0.19/bl on the day.

### Gulf coast

US Gulf coast diesel prices fell to their lowest level in more than a week, tracking Nymex losses.

Differentials were once again stable in active trade on scheduling day of the 40th cycle.

Ultra-low sulphur diesel (ULSD) continued to trade in a narrow range from August Nymex -5.6¢/USG to -5.5¢/USG, in line with where differentials have been over the past two weeks.

Jet fuel on the newly prompt 41st cycle traded once at August Nymex -24¢/USG. Cash prices fell, exceeding losses in the New York Harbor market and therefore widening the arbitrage further on paper.

High-sulphur heating oil was bid slightly higher today at August Nymex -35¢/USG without trade. The grade can be exported as a blendstock for diesel fuel in Latin America, but otherwise finds little direct end use in the US.

| CME Nymex ultra low-sulfur diesel |        |       |              |        |
|-----------------------------------|--------|-------|--------------|--------|
| Price                             |        |       | Crack spread |        |
| Month                             | ¢/USG  | ±     | Month        | \$/bl  |
| Aug                               | 211.26 | -3.09 | Aug          | +17.08 |
| Sep                               | 211.41 | -3.11 | Sep          | +17.41 |
| Oct                               | 211.37 | -3.13 | Oct          | +18.14 |

| Atlantic coast      |       | ¢/USG         |               |       |
|---------------------|-------|---------------|---------------|-------|
|                     | Basis | Differential  | Price         | ±     |
| New York waterborne |       |               |               |       |
| Heating oil         | Aug   | -22.50/-21.50 | 188.76-189.76 | -3.09 |
| ULSD                | Aug   | -0.50/0.00    | 210.76-211.26 | -3.09 |
| Jet                 | Aug   | -17.50/-16.50 | 193.76-194.76 | -3.09 |
| Kerosine            | Aug   | -12.50/-11.50 | 198.76-199.76 | -3.09 |
| ULSK                | Aug   | +16.50/+17.50 | 227.76-228.76 | -3.09 |
| Boston waterborne   |       |               |               |       |
| ULSHO               | Aug   | -15.15/-14.65 | 196.11-196.61 | -2.99 |
| New York barge      |       |               |               |       |
| Heating oil prompt  | Aug   | -22.50/-21.50 | 188.76-189.76 | -3.09 |
| Heating oil any Jul | Aug   | -22.50/-21.50 | 188.76-189.76 | -3.09 |
| ULSHO               | Aug   | -17.90/-17.40 | 193.36-193.86 | -2.99 |
| ULSD prompt         | Aug   | -0.50/0.00    | 210.76-211.26 | -3.09 |
| ULSD any Jul        | Aug   | -0.50/0.00    | 210.76-211.26 | -3.09 |
| Jet                 | Aug   | -17.25/-16.75 | 194.01-194.51 | -3.09 |
| Kerosine            | Aug   | -12.25/-11.75 | 199.01-199.51 | -3.09 |
| ULSK                | Aug   | +16.50/+17.50 | 227.76-228.76 | -3.09 |
| Buckeye             |       |               |               |       |
| ULSHO               | Aug   | -18.00/-17.25 | 193.26-194.01 | -3.72 |
| ULSD                | Aug   | -0.10/0.00    | 211.16-211.26 | -2.94 |
| Jet                 | Aug   | -17.25/-16.75 | 194.01-194.51 | -3.09 |
| Kerosine            | Aug   | -12.25/-11.75 | 199.01-199.51 | -3.09 |
| Laurel              |       |               |               |       |
| ULSHO               | Aug   | -16.00/-15.00 | 195.26-196.26 | -3.09 |
| ULSD                | Aug   | -0.45/-0.10   | 210.81-211.16 | -3.12 |
| Jet                 | Aug   | -17.25/-16.75 | 194.01-194.51 | -3.09 |
| Colonial Linden     |       |               |               |       |
| ULSHO Cycle 36      | Aug   | -16.00/-15.50 | 195.26-195.76 | -2.84 |
| HO 77 Cycle 35      | Aug   | -22.50/-21.50 | 188.76-189.76 | -3.09 |
| ULSD Cycle 36       | Aug   | -0.15/+0.35   | 211.11-211.61 | -2.94 |
| Jet 54 Cycle 36     | Aug   | -16.75/-16.25 | 194.51-195.01 | -3.09 |

| Gulf coast                   |       | ¢/USG         |               |       |
|------------------------------|-------|---------------|---------------|-------|
|                              | Basis | Differential  | Price         | ±     |
| Colonial                     |       |               |               |       |
| ULSHO 67 Cycle 40            | Aug   | -23.60/-23.20 | 187.66-188.06 | -3.04 |
| Heating oil 77 Cycle 40      | Aug   | -35.00/-34.50 | 176.26-176.76 | -2.59 |
| Weighted average             |       | -34.75        | 176.51        |       |
| Heating oil 77 Cycle 41      | Aug   | -35.00/-34.50 | 176.26-176.76 | -2.59 |
| ULSD 62 Cycle 40             | Aug   | -5.60/-5.50   | 205.66-205.76 | -3.07 |
| Weighted average             |       | -5.55         | 205.71        |       |
| ULSD 62 Cycle 41             | Aug   | -5.45/-5.40   | 205.81-205.86 | -3.09 |
| Jet 54 Cycle 41              | Aug   | -24.25/-23.75 | 187.01-187.51 | -3.49 |
| Weighted average             |       | -24.00        | 187.26        |       |
| Jet 54 Cycle 42              | Aug   | -24.10/-23.60 | 187.16-187.66 | -3.49 |
| Kerosine 55 Cycle 41         | Aug   | -24.00/-23.50 | 187.26-187.76 | -3.49 |
| Kerosine 55 Cycle 42         | Aug   | -23.85/-23.35 | 187.41-187.91 |       |
| Colonial Line Space          |       |               |               |       |
| Distillates Line 02 Cycle 40 |       |               | -0.30/-0.25   | -0.03 |
| Waterborne                   |       |               |               |       |
| Heating oil                  | Aug   | -33.75/-33.25 | 177.51-178.01 | -2.59 |
| ULSD 62                      | Aug   | -4.35/-4.25   | 206.91-207.01 | -3.07 |
| ULSD 62 ex-RVO               | Aug   | -22.49/-22.39 | 188.77-188.87 | -3.06 |
| Jet 54                       | Aug   | -23.00/-22.50 | 188.26-188.76 | -3.34 |
| Kerosine 55                  | Aug   | -22.75/-22.25 | 188.51-189.01 | -3.34 |

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   | 212.89 | -3.06 |
| Jet 54                   | USGC   | 194.44 | -3.34 |
| Tampa, Florida           |        |        |       |
| ULSD 62                  | USGC   | 212.29 | -3.07 |
| Jet 54                   | USGC   | 193.84 | -3.34 |
| Delivered South America  |        |        | \$/m3 |
|                          | Origin | Price  | ±     |
| Santos, Brazil           |        |        |       |
| ULSD ex-RVO              | USGC   | 524.38 | -8.08 |
| Jet                      | USGC   | 521.71 | -8.84 |
| Rio de Janeiro, Brazil   |        |        |       |
| Jet                      | USGC   | 521.28 | -8.84 |
| Paranagua, Brazil        |        |        |       |
| ULSD ex-RVO              | USGC   | 525.65 | -8.09 |
| Itaqui, Brazil           |        |        |       |
| ULSD ex-RVO              | USGC   | 516.95 | -8.09 |
| Jet                      | USGC   | 512.18 | -8.85 |
| Suape, Brazil            |        |        |       |
| ULSD ex-RVO              | USGC   | 516.36 | -8.09 |
| Jet                      | USGC   | 513.93 | -8.84 |
| Montevideo, Uruguay      |        |        |       |
| ULSD ex-RVO              | USGC   | 522.59 | -8.09 |
| Buenos Aires, Argentina  |        |        |       |
| ULSD ex-RVO              | USGC   | 523.70 | -8.10 |
| Pozos, Colombia          |        |        |       |
| ULSD                     | USGC   | 557.74 | -8.11 |
| Barranquilla, Colombia   |        |        |       |
| ULSD                     | USGC   | 555.96 | -8.11 |
| Jet                      | USGC   | 506.48 | -8.84 |
| Cartagena, Colombia      |        |        |       |
| ULSD                     | USGC   | 556.22 | -8.12 |
| Callao, Peru             |        |        |       |
| ULSD ex-RVO              | USGC   | 522.59 | -8.09 |
| Jet                      | USGC   | 519.97 | -8.84 |

Argus-calculated Renewable Volume Obligation (RVO) stabilized this week at around 18.14¢/USG. This price remains historically high and offers some offset for high outright prices for exporters.

The export market saw the *Gotland Sofia* booked to load around 300,000bl of clean fuels to Peru, loading on 18 July, according to fixture reports. The *Jo Rowan*, and LR-1 vessel, is also seen booked for Brazil, loading 26 July. The cargo could be diesel or naphtha.

| Midcontinent             |                   | ¢/USG         |       |
|--------------------------|-------------------|---------------|-------|
| Basis                    | Differential      | Price         | ±     |
| Group 3                  |                   |               |       |
| ULSD X prompt            | Aug +0.25/+0.50   | 211.51-211.76 | -2.47 |
| Weighted average         | +0.44             | 211.70        |       |
| ULSD X any Jul           | Aug +0.50/+1.00   | 211.76-212.26 | -2.34 |
| Jet Q prompt             | Aug -18.00/-16.00 | 193.26-195.26 | -2.59 |
| West Shore/Badger        |                   |               |       |
| ULSD 3rd Jul             | Aug -0.25/+0.25   | 211.01-211.51 | -2.22 |
| ULSD 1st Aug             | Sep -0.40/+0.10   | 211.01-211.51 |       |
| Jet 3rd Jul              | Aug -15.50/-13.50 | 195.76-197.76 | -3.72 |
| Jet 1st Aug              | Sep -15.65/-13.65 | 195.76-197.76 |       |
| Chicago BCX              |                   |               |       |
| ULSD BCX 3rd Jul         | Aug +0.40/+0.90   | 211.66-212.16 | -2.19 |
| ULSD BCX 1st Aug         | Sep +0.25/+0.75   | 211.66-212.16 |       |
| Chicago Wolverine        |                   |               |       |
| ULSD 3rd Jul             | Aug -1.00/-0.50   | 210.26-210.76 |       |
| West coast               |                   | ¢/USG         |       |
| Basis                    | Differential      | Price         | ±     |
| Los Angeles              |                   |               |       |
| Carb ULSD Jul            | Aug -0.25/+0.25   | 211.01-211.51 | -1.84 |
| Weighted average         | 0.00              | 211.26        |       |
| EPA ULSD Jul             | Aug +0.50/+1.50   | 211.76-212.76 | -2.09 |
| Jet Jul                  | Aug -18.00/-16.75 | 193.26-194.51 | -2.22 |
| Weighted average         | -17.38            | 193.88        |       |
| LAX                      |                   |               |       |
| Jet Jul                  | Aug -18.50/-17.25 | 192.76-194.01 | -2.22 |
| San Francisco            |                   |               |       |
| Carb ULSD Jul            | Aug -0.50/+0.50   | 210.76-211.76 | -3.09 |
| EPA ULSD Jul             | Aug -0.50/+0.50   | 210.76-211.76 | -3.09 |
| Jet Jul                  | Aug -18.00/-16.75 | 193.26-194.51 | -2.22 |
| San Francisco waterborne |                   |               |       |
| Carb ULSD Jul            | Aug +1.00/+2.00   | 212.26-213.26 | -3.09 |
| Carb ULSD ex-RVO Jul     | Aug -17.14/-16.14 | 194.12-195.12 | -3.08 |
| Portland                 |                   |               |       |
| ULSD Jul                 | Aug +12.50/+13.50 | 223.76-224.76 | -3.09 |

## Midcontinent

Group Three diesel cash differentials fetched a premium to the Nymex on Thursday for the first time in two months, reopening arbitrage economics from the US Gulf coast that had been unviable since mid-May.

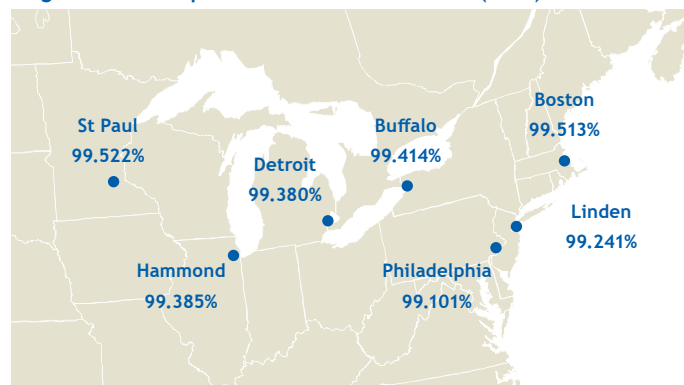
Deals for Group Three prompt X grade ultra-low sulphur diesel (ULSD) were struck at August Nymex +0.25¢/USG to +0.5¢/USG, lifting differentials up by 0.63¢/USG to the highest in eight weeks. Differentials firmed despite talk that a refinery in the southern midcontinent restarted on Thursday, potentially adding to inventories. Stockpiles in the region reached



## DISTILLATES

| DEF bulk, 09 Jul 21 |       |        | ¢/USG |
|---------------------|-------|--------|-------|
|                     | Low   | High   | ±     |
| for Atlanta         | 88.00 | 96.00  | nc    |
| for Chicago         | 88.00 | 96.00  | nc    |
| for Dallas          | 88.00 | 94.00  | nc    |
| for Denver          | 88.00 | 94.00  | nc    |
| for Los Angeles     | 96.00 | 101.00 | nc    |
| for Philadelphia    | 91.00 | 102.00 | nc    |

### 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.](#)

the highest since September 2020 last week at 32.9mn bl, per Energy Information Administration (EIA) estimates.

X grade available 20 July changed hands at August Nymex +0.5¢/USG. Outright X prices were still down by 2.47¢/USG to \$2.11/USG amid benchmark declines.

The arbitrage opportunity for sending US Gulf coast ULSD to Tulsa opened for the first time since 12 May, with Group Three widening its premium by 0.6¢/USG to 0.15¢/USG above the cost of shipping on the Magellan Pipeline.

Chicago West Shore/Badger pipeline ULSD traded at flat to the August Nymex, rising by 0.88¢/USG in daily comparison to the highest since 14 June as the market transitioned to July's third cycle. Outright West Shore/Badger ULSD prices fell by 2.22¢/USG to \$2.11/USG.

Buckeye Complex (BCX) ULSD maintained a 0.65¢/USG premium to West Shore/Badger in the absence of fresh trade. This lifted BCX differentials up by 0.9¢/USG to August Nymex +0.65¢/USG. The arbitrage opportunity for sending Gulf coast ULSD to BCX at Hammond, Indiana, remained closed on paper

[illegible]

at 0.6¢/USG below the Explorer Pipeline's shipping tariff.

Wolverine Pipeline ULSD traded from August Nymex -1¢/USG to -0.5¢/USG, up by 0.38¢/USG from the previous session's assessed midpoint.

US midcontinent jet fuel cash differentials strengthened to buoy arbitrage economics from the US Gulf coast to the widest levels in more than a week.

Chicago jet fuel was bid and offered at August Nymex -15.5¢/USG and -13.5¢/USG, respectively, to lift differentials up by 0.5¢/USG on July's third cycle. This partially offset Nymex losses, as outright prices shed 2.59¢/USG to \$1.97/USG.

The arbitrage opportunity for sending US Gulf coast jet to Chicago remained open at 2.7¢/USG above the cost of shipping along the Explorer Pipeline, marking the widest spread in seven sessions.

## DISTILLATES

Group Three prompt jet fuel at Tulsa, Oklahoma, was bid and offered at August Nymex -18¢/USG and -16¢/USG, respectively, up by 0.5¢/USG. Outright prices fell by 2.59¢/USG to \$1.94/USG.

Arbitrage economics for sending Gulf coast jet to Tulsa was the widest since 25 June at 1.2¢/USG above the cost of shipping. That held the arbitrage opportunity open on paper for a third session.

### West coast

July jet fuel and diesel markets traded higher on Thursday though cash prices retreated for the second consecutive trading day.

Prompt Los Angeles jet fuel traded from -18¢/USG to -16.75¢/USG, advancing differentials by 0.88¢/USG. Cash prices continued to weaken amid ongoing bearish futures markets, shedding 2.22¢/USG to \$1.94/USG. August volumes changed hands for LAX-only second cycles from September Nymex -19.25¢/USG to -18.75¢/USG. California jet fuel production eased higher by 1.4pc to 242,000 b/d last week, while inventories drew down by 97,000 bl, or 3.1pc, to 3.1mn bl, the California Energy Commission (CEC) report showed.

On the final day of prompt July timing, Los Angeles in-state CARB diesel traded at eight-week highs. Volumes were confirmed at even to the August Nymex, lifting differentials higher by over a penny. Nymex losses sent cash prices lower by 1.84¢/USG, closing at \$2.11/USG. CARB diesel stockpiles built by more than 6pc to 2.2mn bl while total diesel levels gained 5pc to 3.9mn bl last week, CEC data showed.

### Assessment rationale

Prompt cycle 36 off-line Colonial pipeline ULSD was assessed flat to cycle 37, for which a transaction meeting the volume minimums was available to set the midpoint price according to the methodology. The low and high prices were set at 0.25¢/USG on either side of this level.

Buckeye pipeline ULSD transactions meeting the volume minimums were available to set the low and high prices according to the methodology.

Absent new information, barge ULSD cash differentials were not changed.

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

A bid at August Nymex -5.5¢/USG set the day's low. The high was set 0.5¢/USG above the bid.

#### Atlantic coast deals

| Grade                       | Timing    | Price      | Volume |
|-----------------------------|-----------|------------|--------|
| Diesel ULSD 62 CPL          | cycle 37  | Aug +0.10  | 10     |
| Diesel ULSD Buckeye         | 22-23 Jul | Aug -0.10  | 11     |
|                             | 22-23 Jul | Aug +0.00  | 25     |
| Heating oil 15ppm NYH barge | 20-22 Jul | Aug -17.65 | 25     |
| Jet fuel Buckeye            | 20-22 Jul | Aug -17.00 | 25     |

#### Midcontinent deals

| Grade                   | Timing | Price     | Volume |
|-------------------------|--------|-----------|--------|
| Diesel ULSD MPL Group 3 | 20 Jul | Aug +0.50 | 25     |
|                         | prompt | Aug +0.25 | 25     |
|                         | prompt | Aug +0.50 | 25     |
|                         | prompt | Aug +0.50 | 50     |
| Diesel ULSD West Shore  | C3 Jul | Aug +0.00 | 25     |
| Diesel ULSD Wolverine   | C3 Jul | Aug -1.00 | 10     |
|                         | C3 Jul | Aug -0.50 | 10     |
|                         | C3 Jul | Aug -0.50 | 15     |
|                         | C3 Jul | Aug -0.50 | 15     |

#### West coast deals

| Grade                | Timing | Price      | Volume |
|----------------------|--------|------------|--------|
| Jet fuel LA LAX-only | C2 Aug | Sep -18.75 | 50     |
| Diesel CARB ULSD LA  | Jul    | Aug +0.00  | 25     |
| Jet fuel LA          | Jul    | Aug -18.00 | 25     |
|                      | Jul    | Aug -16.75 | 25     |
| Jet fuel LA LAX-only | C2 Aug | Sep -19.25 | 25     |
|                      | C2 Aug | Sep -19.25 | 25     |

Prompt cycle 36 off-line Colonial pipeline ULSD was assessed flat to cycle 35, for which an offer was available to set the high price according to the methodology. The low price was set 0.50¢/USG below this level.

A Buckeye pipeline jet fuel transaction meeting the volume minimums was available to set the midpoint price according to the methodology. The low and high prices were set at 0.25¢/USG on either side of this level.

Barge jet fuel was assessed flat to Buckeye pipeline jet fuel, for which a transaction meeting the volume minimums was available to set the midpoint price according to the methodology. The low and high prices were set at 0.25¢/USG on either side of this level.

Transactions meeting the volume minimums were available to set the midpoint for USGC jet fuel according to the methodology.

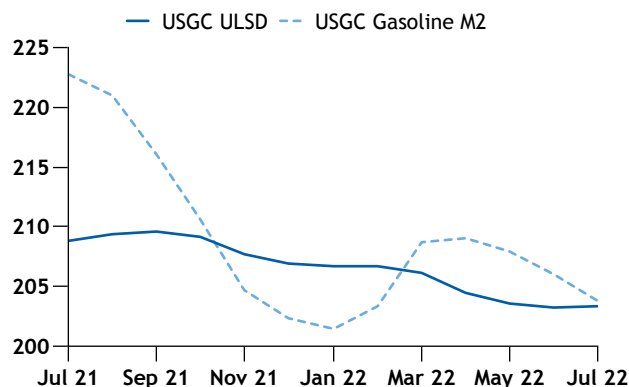
## CLEAN PRODUCT FORWARD CURVES

| Physical                   |       |               |               | ¢/USG |
|----------------------------|-------|---------------|---------------|-------|
| Timing                     | Basis | Differential  | Price         | ±     |
| 87 conv M Colonial Linden  |       |               |               |       |
| Cycle 36                   | Aug   | -1.50/-1.00   | 223.53-224.03 | -4.57 |
| Cycle 37                   | Aug   | -1.50/-1.00   | 223.53-224.03 | -4.45 |
| Cycle 38                   | Aug   | -1.50/-1.00   | 223.53-224.03 | -3.82 |
| Reg CBOB A Colonial Linden |       |               |               |       |
| Cycle 37                   | Aug   | -1.50/-1.00   | 223.53-224.03 | -4.07 |
| Cycle 38                   | Aug   | -1.50/-1.00   | 223.53-224.03 | -4.07 |
| Cycle 39                   | Aug   | -1.50/-1.00   | 223.53-224.03 | -4.07 |
| Reg RBOB New York barge    |       |               |               |       |
| Prompt                     | Aug   | -0.20/-0.10   | 224.83-224.93 | -4.22 |
| 10 days forward            | Aug   | -0.75/-0.25   | 224.28-224.78 | -4.57 |
| 15 days forward            | Aug   | -0.20/-0.15   | 224.83-224.88 | -4.25 |
| 20 days forward            | Sep   | +1.75/+1.80   | 224.93-224.98 | -4.25 |
| Any Jul                    | Aug   | -0.20/-0.15   | 224.83-224.88 | -4.25 |
| Prem RBOB New York barge   |       |               |               |       |
| Prompt                     | Aug   | +12.75/+13.25 | 237.78-238.28 | -4.20 |
| 10 days forward            | Aug   | +12.75/+13.25 | 237.78-238.28 | -4.20 |
| 15 days forward            | Aug   | +12.75/+13.25 | 237.78-238.28 | -4.20 |
| 20 days forward            | Sep   | +14.60/+15.10 | 237.78-238.28 | -4.20 |
| 87 conv Colonial M         |       |               |               |       |
| Cycle 41                   | Aug   | -6.75/-6.25   | 218.28-218.78 | -4.20 |
| Cycle 42                   | Aug   | -6.75/-6.25   | 218.28-218.78 | -4.20 |
| Cycle 43                   | Sep   | -4.90/-4.40   | 218.28-218.78 | -4.20 |
| Cycle 44                   | Sep   | -4.90/-4.40   | 218.28-218.78 |       |
| Reg CBOB Colonial A        |       |               |               |       |
| Cycle 41                   | Aug   | -8.75/-8.25   | 216.28-216.78 | -4.32 |
| Cycle 42                   | Aug   | -9.25/-8.75   | 215.78-216.28 | -4.37 |
| Cycle 43                   | Sep   | -7.80/-7.30   | 215.38-215.88 | -4.42 |
| Cycle 44                   | Sep   | -8.15/-7.65   | 215.03-215.53 |       |
| Heating oil New York barge |       |               |               |       |
| Prompt                     | Aug   | -22.50/-21.50 | 188.76-189.76 | -3.09 |
| 10 days forward            | Aug   | -22.50/-21.50 | 188.76-189.76 | -3.09 |
| 15 days forward            | Aug   | -22.50/-21.50 | 188.76-189.76 | -3.09 |
| 20 days forward            | Sep   | -22.65/-21.65 | 188.76-189.76 | -3.09 |
| Any Jul                    | Aug   | -22.50/-21.50 | 188.76-189.76 | -3.09 |
| ULSH Colonial Linden       |       |               |               |       |
| Cycle 36                   | Aug   | -16.00/-15.50 | 195.26-195.76 | -2.84 |
| Cycle 37                   | Aug   | -16.00/-15.50 | 195.26-195.76 | -2.84 |
| Cycle 38                   | Aug   | -16.00/-15.50 | 195.26-195.76 | -2.84 |
| ULSD New York barge        |       |               |               |       |
| Prompt                     | Aug   | -0.50/0.00    | 210.76-211.26 | -3.09 |
| 10 days forward            | Aug   | -0.50/0.00    | 210.76-211.26 | -3.09 |
| 15 days forward            | Aug   | -0.50/0.00    | 210.76-211.26 | -3.09 |
| 20 days forward            | Sep   | -0.65/-0.15   | 210.76-211.26 | -3.09 |
| Any Jul                    | Aug   | -0.50/0.00    | 210.76-211.26 | -3.09 |
| ULSD Colonial Linden       |       |               |               |       |
| Cycle 36                   | Aug   | -0.15/+0.35   | 211.11-211.61 | -2.94 |
| Cycle 37                   | Aug   | -0.15/+0.35   | 211.11-211.61 | -2.89 |
| Cycle 38                   | Aug   | -0.25/+0.25   | 211.01-211.51 | -2.94 |

| Physical (continued)           |       |               |               | ¢/USG |
|--------------------------------|-------|---------------|---------------|-------|
| Timing                         | Basis | Differential  | Price         | ±     |
| Jet New York barge             |       |               |               |       |
| Prompt                         | Aug   | -17.25/-16.75 | 194.01-194.51 | -3.09 |
| 10 days forward                | Aug   | -17.25/-16.75 | 194.01-194.51 | -3.09 |
| 15 days forward                | Aug   | -17.25/-16.75 | 194.01-194.51 | -3.09 |
| 20 days forward                | Sep   | -17.40/-16.90 | 194.01-194.51 | -3.09 |
| Jet Colonial Linden            |       |               |               |       |
| Cycle 36                       | Aug   | -16.75/-16.25 | 194.51-195.01 | -3.09 |
| Cycle 37                       | Aug   | -16.75/-16.25 | 194.51-195.01 | -3.09 |
| Cycle 38                       | Aug   | -16.75/-16.25 | 194.51-195.01 | -3.09 |
| Kerosine New York barge        |       |               |               |       |
| Prompt                         | Aug   | -12.25/-11.75 | 199.01-199.51 | -3.09 |
| 10 days forward                | Aug   | -12.25/-11.75 | 199.01-199.51 | -3.09 |
| 15 days forward                | Aug   | -12.25/-11.75 | 199.01-199.51 | -3.09 |
| 20 days forward                | Sep   | -12.40/-11.90 | 199.01-199.51 | -3.09 |
| Heating oil Colonial 77        |       |               |               |       |
| Cycle 40                       | Aug   | -35.00/-34.50 | 176.26-176.76 | -2.59 |
| Cycle 41                       | Aug   | -35.00/-34.50 | 176.26-176.76 | -2.59 |
| Cycle 42                       | Aug   | -35.00/-34.50 | 176.26-176.76 | -2.59 |
| Cycle 43                       | Sep   | -35.15/-34.65 | 176.26-176.76 | -2.61 |
| Heating oil Colonial 77 Linden |       |               |               |       |
| Cycle 35                       | Aug   | -22.50/-21.50 | 188.76-189.76 | -3.09 |
| Cycle 36                       | Aug   | -22.50/-21.50 | 188.76-189.76 | -3.09 |
| Cycle 37                       | Aug   | -22.50/-21.50 | 188.76-189.76 | -3.09 |
| ULSD Colonial 62               |       |               |               |       |
| Cycle 40                       | Aug   | -5.60/-5.50   | 205.66-205.76 | -3.07 |
| Cycle 41                       | Aug   | -5.45/-5.40   | 205.81-205.86 | -3.09 |
| Cycle 42                       | Aug   | -5.60/-5.00   | 205.66-206.26 | -3.12 |
| Cycle 43                       | Sep   | -5.60/-5.00   | 205.81-206.41 | -3.14 |
| Jet Colonial 54                |       |               |               |       |
| Cycle 41                       | Aug   | -24.25/-23.75 | 187.01-187.51 | -3.49 |
| Cycle 42                       | Aug   | -24.10/-23.60 | 187.16-187.66 | -3.49 |
| Cycle 43                       | Sep   | -24.10/-23.60 | 187.31-187.81 | -3.51 |
| Cycle 44                       | Sep   | -23.95/-23.45 | 187.46-187.96 |       |

## Refined products swaps

¢/USG



— Argus US Refined Products Forward Curves

## BIOFUELS AND BLENDING COMPONENTS

| RINs                                    |        | ¢/RIN             |                     |
|-----------------------------------------|--------|-------------------|---------------------|
|                                         | Low    | High              | ±                   |
| Renewable fuel (ethanol D6)             |        |                   |                     |
| Weighted average                        |        | 148.50            |                     |
| 2020                                    | 149.00 | 151.00            | nc                  |
| 2021                                    | 148.00 | 150.00            | nc                  |
| 2022                                    | 142.00 | 144.00            | nc                  |
| Biomass-based diesel (D4)               |        |                   |                     |
| 2020                                    | 166.00 | 167.50            | -0.25               |
| 2021                                    | 162.50 | 164.00            | -0.25               |
| 2022                                    | 156.50 | 158.00            | +0.75               |
| Cellulosic biofuels (D3)                |        |                   |                     |
| 2020                                    | 316.25 | 316.75            | nc                  |
| 2021                                    | 311.75 | 312.25            | nc                  |
| Advanced biofuels (D5)                  |        |                   |                     |
| 2020                                    | 164.00 | 165.50            | -0.25               |
| 2021                                    | 161.50 | 163.00            | -0.25               |
| Renewable volume obligation (RVO) ¢/USG |        |                   |                     |
| 2020                                    |        | 18.33             | -0.01               |
| 2021                                    |        | 18.14             | -0.01               |
| RIN spreads                             |        | ¢/RIN             |                     |
|                                         | Today  | ±                 | Prior day 5-day avg |
| Category spreads, 2020                  |        |                   |                     |
| Biodiesel D4-ethanol D6                 | 16.750 | -0.250            | 17.000 17.000       |
| Biodiesel D4-advanced biofuel D5        | 2.000  | nc                | 2.000 2.000         |
| Advanced biofuel D5-ethanol D6          | 14.750 | -0.250            | 15.000 15.000       |
| Category spreads, 2021                  |        |                   |                     |
| Biodiesel D4-ethanol D6                 | 14.250 | -0.250            | 14.500 14.500       |
| Biodiesel D4-advanced biofuel D5        | 1.000  | nc                | 1.000 1.400         |
| Advanced biofuel D5-ethanol D6          | 13.250 | -0.250            | 13.500 13.100       |
| Vintage spreads, 2020-2021              |        |                   |                     |
| Biodiesel D4                            | 3.500  | nc                | 3.500 3.500         |
| Advanced biofuel D5                     | 2.500  | nc                | 2.500 2.900         |
| Ethanol D6                              | 1.000  | nc                | 1.000 1.000         |
| Tier 3 (CC0)                            |        | \$/mn USG credits |                     |
|                                         | Low    | High              | ±                   |
| Standard                                | 700.00 | 800.00            | nc                  |
| Benzene credits                         |        | ¢/USG             |                     |
|                                         | Low    | High              | ±                   |
| CC0                                     | 135.00 | 140.00            | nc                  |
| Sustainable aviation fuel (SAF)         |        | ¢/USG             |                     |
|                                         | Bid    | Ask               | ±                   |
| SAF del US west coast                   | 724.73 | 729.41            | -8.30               |

## Ethanol

Physical ethanol prices were mixed amid lower corn futures on Thursday.

Front month CBOT corn futures rolled from July to September. The September contract fell by 4¢/bushel to 564.25¢/

| Ethanol                                              |                 | ¢/USG         |       |
|------------------------------------------------------|-----------------|---------------|-------|
|                                                      | Low             | High          | ±     |
| Chicago                                              |                 |               |       |
| Argo same-day                                        | 220.00          | 221.40        |       |
| Argo in-tank prompt                                  | 220.00          | 221.40        | +0.50 |
| Weighted average                                     |                 | 221.24        |       |
| Argo in-tank any Jul                                 | 220.00          | 221.40        | +1.50 |
| Rule 11 rail prompt                                  | 214.00          | 216.00        | -0.50 |
| New York Harbor                                      |                 |               |       |
| Barge any Jul                                        | 224.00          | 225.00        | -3.25 |
| US Gulf coast/south                                  |                 |               |       |
| Houston barge/rail                                   | 229.40          | 231.80        | +0.50 |
| Tampa rail                                           | 237.25          | 239.15        | +0.50 |
| Atlanta rail                                         | 228.25          | 231.15        | +0.50 |
| Dallas rail                                          | 224.40          | 227.80        | +0.50 |
| Nebraska                                             |                 |               |       |
| Union Pacific rail                                   | 197.85          | 198.35        | nc    |
| BNSF rail                                            | 196.85          | 197.35        | nc    |
| Los Angeles                                          |                 |               |       |
| Low-carbon intensity rail                            | 263.30          | 264.30        | nc    |
| Brazil                                               |                 |               |       |
| fob anhydrous \$/m3                                  | 688.00          | 714.00        | -2.00 |
| fob anhydrous BRL/m3                                 | 3,518.23        | 3,651.18      | +9.39 |
| del anhydrous \$/m3                                  | 653.00          | 666.00        | -5.00 |
| del anhydrous BRL/m3                                 | 3,339.25        | 3,405.72      | -7.03 |
| Biodiesel                                            |                 | ¢/USG         |       |
|                                                      | Differential    | Price         | ±     |
| New York Harbor rail                                 |                 |               |       |
| B100 SME Aug                                         | +333.00/+334.00 | 544.26-545.26 | -3.34 |
| B99 SME Aug                                          | -12.00/-11.00   | 199.26-200.26 | -3.09 |
| Houston rail/barge                                   |                 |               |       |
| B100 SME Aug                                         | +350.00/+352.50 | 561.26-563.76 | -3.34 |
| B99 SME Aug                                          | +5.00/+7.50     | 216.26-218.76 | -3.09 |
| Chicago in-tank transfer Argo                        |                 |               |       |
| B100 SME Aug                                         | +352.75/+357.25 | 564.01-568.51 | -3.34 |
| B99 SME Aug                                          | +7.75/+12.25    | 219.01-223.51 | -3.09 |
| San Francisco fob                                    |                 |               |       |
| B99 FAME Aug                                         | -115.00/-110.00 | 96.26-101.26  | -3.09 |
| Los Angeles fob                                      |                 |               |       |
| B99 FAME Aug                                         | -110.00/-105.00 | 101.26-106.26 | -3.09 |
| Renewable diesel                                     |                 | ¢/USG         |       |
|                                                      | Price           |               | ±     |
| Los Angeles R99                                      |                 |               |       |
|                                                      | 246.40-248.40   |               | -2.25 |
| San Francisco R99                                    |                 |               |       |
|                                                      | 246.40-248.40   |               | -3.50 |
| 50:50 split of retroactive blenders tax credit (BTC) |                 | ¢/USG         |       |
|                                                      |                 | Credit        |       |
| BTC                                                  |                 | 0.00          |       |

bushel. December corn futures fell by 2.5¢/bushel to 556.25¢/bushel.

Chicago Rule 11 railcars started the session trading as low as 214¢/USG and steadily rose to exchange hands as high as 216¢/USG. Value fell on the day by 0.5¢/USG to 215¢/USG.

Prompt in-tank transfers at Kinder Morgan's Argo terminal

## BIOFUELS AND BLENDING COMPONENTS

rose by 0.5¢/USG as trade firmed throughout the day. Trade initially surfaced at 220¢/USG before midday and then traded as high as 221.4¢/USG in the second half.

Front month barges at New York Harbor traded between 224¢/USG and 225¢/USG after midday, falling by 3.25¢/USG to 224.5¢/USG.

### Brazil

Lower corn futures pressured Brazilian anhydrous import quotes, while interest for sugarcane ethanol shipping from Santos softened, weighing on fob prices.

On the import front, anhydrous on a cif Brazil basis fell by \$5/m<sup>3</sup> to \$653-666/m<sup>3</sup>. Export quotes of the biofuel in the port of Santos settled at \$688-714/m<sup>3</sup> fob, down by \$2/m<sup>3</sup> from the previous session.

In the state of Sao Paulo, hydrous ethanol ticked down by R2/m<sup>3</sup> to R3,588/m<sup>3</sup> inc-tax.

### RINs

RIN credit prices were largely stable on Thursday, with lower D4 credits leaning slightly on the Argus Renewable Volume

| Biofuel spreads               |              |  |
|-------------------------------|--------------|--|
|                               | Differential |  |
| Ethanol crush \$/bushel       | +0.85        |  |
| Heating oil-soybean oil ¢/USG | -2.94        |  |

| Futures                |            |    |
|------------------------|------------|----|
|                        | Settlement | ±  |
| CBOT ethanol ¢/USG     |            |    |
| Aug 21                 | 232.00     | nc |
| Sep 21                 | 232.00     | nc |
| Oct 21                 | 230.70     | nc |
| Nov 21                 | 230.70     | nc |
| CBOT corn ¢/bushel     |            |    |
| Sep 21                 | 564.25     |    |
| Dec 21                 | 556.25     |    |
| Mar 22                 | 564.00     |    |
| May 22                 | 568.25     |    |
| CBOT soybean oil ¢/lb  |            |    |
| Aug 21                 | 67.31      |    |
| Sep 21                 | 65.90      |    |
| Oct 21                 | 65.04      |    |
| Dec 21                 | 64.49      |    |
| CBOT soybeans ¢/bushel |            |    |
| Aug 21                 | 1,447.50   |    |
| CBOT soybean meal \$/t |            |    |
| Aug 21                 | 362.70     |    |

| Ethanol forward curves |               |  | ¢/USG         |
|------------------------|---------------|--|---------------|
|                        | Chicago       |  | New York      |
| Jul                    | 220.00-221.40 |  | 224.00-225.00 |
| Aug                    | 215.50-216.90 |  | 224.00-225.00 |
| Sep                    | 208.50-209.90 |  | 218.50-219.50 |
| Oct                    | 201.50-202.90 |  | 209.50-210.50 |

| Blendstocks      |              |               | ¢/USG               |
|------------------|--------------|---------------|---------------------|
|                  | Basis        | Differential  | Price ±             |
| Alkylate         |              |               |                     |
| NY barge ex duty | Aug          | +1.00/+2.00   | 226.03-227.03 -4.32 |
| Houston          | 87 NLT 9 RVP | +14.50/+15.50 | 233.03-234.03 -4.20 |
| Raffinate        |              |               |                     |
| Houston          | 87 NLT 9 RVP | -32.50/-31.50 | 186.03-187.03 -4.20 |
| Reformate        |              |               |                     |
| NY barge ex duty | Aug          | +22.00/+23.00 | 247.03-248.03 -4.32 |
| Houston          | 87 NLT 9 RVP | +37.00/+37.50 | 255.53-256.03 -4.20 |

| MTBE     |               |  | ¢/USG |
|----------|---------------|--|-------|
|          | Price         |  | ±     |
| fob USGC | 226.00-226.50 |  | -4.38 |

| Carbon                                                   |        |        |        |        |       |
|----------------------------------------------------------|--------|--------|--------|--------|-------|
| Vintage                                                  | Del    | Bid    | Ask    | Price  | ±     |
| California carbon allowances (CCA) \$/t                  |        |        |        |        |       |
| 2021                                                     | Jul 21 | 22.70  | 22.78  | 22.74  | -0.34 |
| 2021                                                     | Dec 21 | 23.15  | 23.25  | 23.20  | -0.26 |
| 2022                                                     | Dec 22 | 24.23  | 24.35  | 24.29  | -0.23 |
| CCA price ¢/USG                                          |        | Winter |        | Summer |       |
| Regular CARBOB                                           |        | 18.28  | -0.27  | 18.32  | -0.28 |
| Month index Jun                                          |        |        |        | 16.79  | +1.43 |
| Midgrade CARBOB                                          |        | 18.28  | -0.27  | 18.28  | -0.27 |
| Month index Jun                                          |        |        |        | 16.75  | +1.43 |
| Prem CARBOB                                              |        | 18.29  | -0.27  | 18.25  | -0.27 |
| Month index Jun                                          |        |        |        | 16.71  | +1.42 |
| ULSD                                                     |        |        |        | 23.28  | -0.35 |
| Month index Jun                                          |        |        |        | 21.32  | +1.81 |
| Quebec carbon price for gasoline, diesel C¢/l            |        |        |        |        |       |
| Gasoline                                                 |        |        |        | 6.41   | -0.06 |
| Gasoline month index Jun                                 |        |        |        | 5.71   | +0.53 |
| Diesel                                                   |        |        |        | 7.98   | -0.07 |
| Diesel month index Jun                                   |        |        |        | 7.10   | +0.65 |
| California low-carbon fuel credits (LCFS) \$/t           |        |        |        |        |       |
| LCFS                                                     |        | 175.00 | 178.00 | 176.50 | -0.50 |
| VWA MTD                                                  |        |        |        |        | na    |
| Number of trades MTD                                     |        |        |        |        | 0     |
| Volume MTD                                               |        |        |        |        | 0     |
| Oregon low-carbon fuel credits (LCFS) \$/t               |        |        |        |        |       |
| LCFS                                                     |        | 122.00 | 128.00 | 125.00 | nc    |
| California LCFS premium per carbon intensity point ¢/USG |        |        |        |        |       |
| Ethanol                                                  |        |        |        | 1.44   | nc    |
| Biodiesel                                                |        |        |        | 2.23   | nc    |
| California LCFS cost for gasoline, diesel ¢/USG          |        |        |        |        |       |
| CARBOB                                                   |        |        |        | 19.14  | -0.05 |
| ULSD                                                     |        |        |        | 20.86  | -0.06 |
| Crude CI deficit Carbob                                  |        |        |        | 0.86   | -0.01 |
| Crude CI deficit diesel                                  |        |        |        | 0.97   | -0.01 |

## BIOFUELS AND BLENDING COMPONENTS

### Obligation (RVO).

The Argus RVO fell by 0.01¢/USG to 18.14¢/USG.

Biomass-based diesel D4 RIN credits with 2021 vintage ticked down by 0.25¢/RIN to 163.25¢/RIN. Trade at 162.5¢/RIN set the low while volumes trading at 164¢/RIN near midday set the high. Afternoon market activity was thin. The D4 credits with 2022 vintage firmed by 0.75¢/RIN to 157.25¢/RIN as market participants pegged them at a 6¢/RIN discount to 2021 D4 credits.

Current year ethanol D6 credits were unchanged on the day at 149¢/RIN. Trade surfaced between 148¢/RIN and 150¢/RIN. Small volume traded at 147.5¢/RIN earlier in the session.

Cellulosic biofuel D3 credits for the current compliance year were stable at 312¢/RIN, with at least two transactions at that level.

### Biodiesel

B100 biodiesel premiums tracked slightly lower D4 credits, while B99 differentials were flat amid thin market activity.

Current year biomass-based diesel D4 RIN credits ticked down by 0.25¢/RIN to 163.25¢/RIN.

B100 premiums in New York Harbor weakened by 0.25¢/USG to Nymex +333.5¢/USG, while B99 discounts in the area were steady at Nymex -11.5¢/USG.

Houston B100 premiums rose by the same amount as those in New York to Nymex +351.25¢/USG. B99 differentials in the same region were flat at Nymex +6.25¢/USG.

B99 differentials in Chicago were steady at Nymex +10¢/USG, while B100 premiums in the same region were assessed at Nymex +355¢/USG, a 0.25¢/USG decline from the prior session.

The front month Nymex heating oil benchmark shed 3.09¢/USG, settling at 211.26¢/USG. The August CBOT soybean oil contract firmed by 1.09¢/lb to 67.31¢/lb. Biodiesel production margins as measured by the heating oil-soybean oil (HOB0) spread weakened by 9¢/USG to -294¢/USG.

### Argentina

Differentials for Argentinian soybean oil shipments were mixed on Thursday, with prompt discounts widening and deferred months narrowing.

On the August front, bids moved lower by 0.5¢/lb to CBOT -10¢/lb and offers decreased by 0.5¢/lb to CBOT -8¢/lb, leaving differentials 0.5¢/lb lower from the previous session.

#### Ethanol deals

| Grade           | Timing    | Price  | Volume |
|-----------------|-----------|--------|--------|
| Chicago Argo    | 20-30 Jul | 221.10 | 5      |
|                 | 20-30 Jul | 221.10 | 5      |
|                 | 20-30 Jul | 221.20 | 5      |
|                 | 20-30 Jul | 221.20 | 5      |
|                 | 20-30 Jul | 221.20 | 5      |
|                 | 20-30 Jul | 221.30 | 5      |
|                 | 20-30 Jul | 221.40 | 5      |
| Chicago Rule 11 | 20-30 Jul | 221.40 | 5      |
|                 | 15-17 Jul | 214.00 | 4      |
|                 | 15-17 Jul | 215.00 | 4      |
| New York        | 15-17 Jul | 216.00 | 4      |
|                 | Jul       | 224.00 | 25     |
|                 | Jul       | 225.00 | 25     |
|                 | Jul       | 225.00 | 25     |

#### RINS deals

| Grade      | Timing | Price  | Volume |
|------------|--------|--------|--------|
| Biodiesel  | 2021   | 162.50 | 300    |
|            | 2021   | 163.00 | 500    |
|            | 2021   | 163.00 | 2000   |
|            | 2021   | 164.00 | 1000   |
|            | 2021   | 164.00 | 1000   |
| Cellulosic | 2021   | 312.00 | 500    |
|            | 2021   | 312.00 | 500    |
| Ethanol    | 2021   | 147.50 | 229    |
|            | 2021   | 148.00 | 250    |
|            | 2021   | 148.00 | 500    |
|            | 2021   | 148.00 | 1000   |
|            | 2021   | 148.00 | 1000   |
|            | 2021   | 148.50 | 350    |
|            | 2021   | 148.50 | 2000   |
|            | 2021   | 148.50 | 3000   |
|            | 2021   | 148.50 | 3000   |
|            | 2021   | 149.00 | 200    |
|            | 2021   | 150.00 | 1000   |

In Chicago, August contracts rallied by 1.09¢/lb to 67.31¢/lb.

For forward months, all differentials strengthened. Discounts for cargoes delivering in September narrowed by 0.5¢/lb to CBOT -8.25¢/lb.

Export differentials for lots in the fourth quarter rose by 2¢/lb to settle at CBOT -7.25¢/lb.

Biodiesel markets decreased, with RED product ticking down by \$2.5/t to \$1,375.20/t on a fob basis.



## BIOFUELS AND BLENDING COMPONENTS

### California carbon

California Carbon Allowances (CCAs) fell today in the steepest drop of the week.

CCAs for July 2021 closed at \$22.74/metric tonne, 34¢ lower on the day, and traded 47 times for roughly 350,000t.

December 2021 CCAs shed 26¢ to land at \$23.20/t, trading 105 times for roughly 860,000t.

December 2022 CCAs fell by 23¢ to \$24.29/t on lower bids and offers.

The spread between CCA and California Carbon Offsets (CCOs) has widened in recent months amid the recent spike in CCAs, market participants said today at *Argus Live: Carbon Markets and Regulation* conference.

The spread between *Argus*-assessed prompt CCAs and golden CCOs sits at nearly \$9/t. One year ago, that spread was just shy of \$4/t.

New investment appetite is partially driving some of the latest price upswings in the CCA market, panelists said today. Open interest on the Intercontinental Exchange has increased.

Today and yesterday's downward price moves seemed to be corrections after the recent rally, with buying interest dipping.

California Low Carbon Fuel Standard (LCFS) credits fell today in thin trade.

LCFS credits for prompt month through the first quarter 2021 deliveries all fell by 50¢ to \$176.50/metric tonne. Second quarter 2022 credits fell by 50¢ to \$173.50/t.

### Blending components

US Gulf coast gasoline blendstock cash differentials were stable on Thursday.

Traders let the declining US Gulf coast gasoline pipeline mean (PLM) trading basis carry outright prices lower.

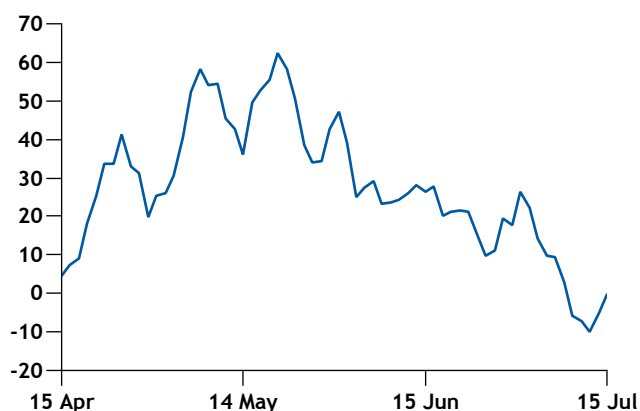
The alkylate market was at unchanged PLM +15¢/USG.

Raffinate discounts remained stable at PLM -32¢/USG.

Reformate cash differentials were steady at PLM +37.25¢/USG.

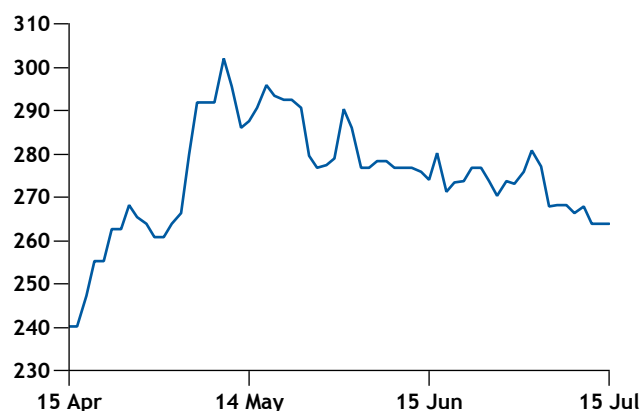
Chicago ethanol vs Chicago CBOB

¢/USG



LA ethanol

¢/USG



## FEEDSTOCKS AND RESIDUAL FUEL OIL

### Vacuum gasoil

Higher barge and cargo offers were well circulated in the VGO market Thursday, yet firm bids were difficult to pin down.

Prompt barge supplies were heard to have tightened up, with recent selling interest easing.

Specific bids and negotiations were elusive despite indications of increased demand, particularly on the barge front.

A refiner that had sold and offered 0.3pc sulphur VGO at September Brent +\$5/bl on a delivered Gulf coast basis earlier this week was not seen actively offering on Thursday, tempering the bearish pricing sentiment.

The said refiner's fluid catalytic cracker (FCC) was heard to have restarted, hence limiting prompt barge sales.

Low sulphur VGO barge trading interest remained dominant Thursday, but there were no verified deals or discussions.

Selling interest for VGO barges and cargoes were cited at front-month Brent +\$6.25/bl, delivered Gulf coast basis. Yet, the October Brent, which would be the prompt basis for August VGO deliveries, held a \$0.7/bl backwardation from the prompt September basis.

Argus VGO differentials to Nymex WTI are assessed against the September settlement starting Thursday.

While VGO barge activity was focused on the sweet grade, VGO cargo talk centered on high sulphur VGO.

Two prompt July high sulphur VGO cargoes were reportedly available. In addition, a Saudi Arabia tender to sell two 450,000 bl to 500,000 bl of mid-to-high sulphur VGO for August delivery closed on Thursday. Results of the tender were not confirmed as of late afternoon.

European VGO prices have been stable with some downward pressure from weak diesel margins but the US cargo market seemed unaffected with limited negotiations fielded in the past several sessions.

Low VGO cargo activity is typical when cheaper barges are readily available, as had been the case earlier this week.

| CME Nymex                      |       |       |
|--------------------------------|-------|-------|
|                                | Price | ±     |
| WTI crude \$/bl                |       |       |
| Aug                            | 71.65 | -1.48 |
| Sep                            | 71.38 | -1.26 |
| Oct                            | 70.64 | -1.17 |
| Henry Hub natural gas \$/mmBtu |       |       |
| Aug                            | 3.614 | -0.05 |
| Sep                            | 3.601 | -0.05 |

| Vacuum gasoil Gulf coast                        |       |               |               |
|-------------------------------------------------|-------|---------------|---------------|
|                                                 | Basis | Differential  | Price         |
| Differential to WTI \$/bl                       |       |               |               |
| 0.5% cargo                                      | Sep   | +7.50/+8.25   | 78.88-79.63   |
| 0.5% barge                                      | Sep   | +6.75/+7.50   | 78.13-78.88   |
| 1.0% cargo                                      | Sep   | +7.50/+8.25   | 78.88-79.63   |
| 1.0% barge                                      | Sep   | +7.00/+7.75   | 78.38-79.13   |
| 2.0% cargo                                      | Sep   | +7.50/+8.25   | 78.88-79.63   |
| 2.0% barge                                      | Sep   | +7.00/+7.75   | 78.38-79.13   |
| Differential to Ice Brent \$/bl                 |       |               |               |
| 0.5% cargo                                      | Sep   | +5.41/+6.16   | 78.88-79.63   |
| 0.5% barge                                      | Sep   | +4.66/+5.41   | 78.13-78.88   |
| 1.0% cargo                                      | Sep   | +5.41/+6.16   | 78.88-79.63   |
| 1.0% barge                                      | Sep   | +4.91/+5.66   | 78.38-79.13   |
| 2.0% cargo                                      | Sep   | +5.41/+6.16   | 78.88-79.63   |
| 2.0% barge                                      | Sep   | +4.91/+5.66   | 78.38-79.13   |
| Differential to 70:30 87 conv/heating oil ¢/USG |       |               |               |
| 0.5% cargo                                      |       | -19.36/-17.58 | 187.81-189.60 |
| 0.5% barge                                      |       | -21.15/-19.36 | 186.02-187.81 |
| 1.0% cargo                                      |       | -19.36/-17.58 | 187.81-189.60 |
| 1.0% barge                                      |       | -20.55/-18.77 | 186.62-188.40 |
| 2.0% cargo                                      |       | -19.36/-17.58 | 187.81-189.60 |
| 2.0% barge                                      |       | -20.55/-18.77 | 186.62-188.40 |
| Differential to 70:30 87 conv/ULSD ¢/USG        |       |               |               |
| 0.5% cargo                                      |       | -28.12/-26.34 | 187.81-189.60 |
| 0.5% barge                                      |       | -29.91/-28.12 | 186.02-187.81 |
| 1.0% cargo                                      |       | -28.12/-26.34 | 187.81-189.60 |
| 1.0% barge                                      |       | -29.31/-27.53 | 186.62-188.40 |
| 2.0% cargo                                      |       | -28.12/-26.34 | 187.81-189.60 |
| 2.0% barge                                      |       | -29.31/-27.53 | 186.62-188.40 |
| 70:30 formulas ¢/USG                            |       |               |               |
| 87 conv waterborne/heating oil                  |       | -3.72         | 206.92-207.42 |
| 87 conv waterborne/ULSD                         |       | -3.86         | 215.74-216.12 |

| Naphtha barge Gulf coast |              |               |               |
|--------------------------|--------------|---------------|---------------|
|                          | Basis        | Differential  | Price         |
| Heavy (40 N+A) ¢/USG     | 87 NLT 9 RVP | -40.75/-36.75 | 179.03-183.03 |
| Heavy (40 N+A) \$/t      |              |               | 637.35-651.59 |
| Full range ¢/USG         | 87 NLT 9 RVP | -44.75/-40.75 | 175.03-179.03 |
| Full range \$/t          |              |               | 635.36-649.88 |
| LSR/LV ¢/USG             | C5           | +2.00/+4.50   | 161.00-165.75 |
| LSR/LV \$/t              |              |               | 640.78-659.69 |
| Natural gasoline ¢/USG   |              |               | 159.00-161.25 |
| Natural gasoline \$/t    |              |               | 667.80-677.25 |

| Light cycle oil |         |              |               |
|-----------------|---------|--------------|---------------|
|                 | Basis   | Differential | Price         |
| 0.5% sulphur    | HO pipe | +5.75/+6.75  | 182.26-183.26 |
| 2.0 % sulphur   | HO pipe | +5.50/+6.50  | 182.01-183.01 |

## FEEDSTOCKS AND RESIDUAL FUEL OIL

September Brent crude settled \$1.27/bl lower at \$73.47/bl on Thursday, \$0.7/bl above the October Brent settlement and \$2.09/bl above the September Nymex WTI at \$71.38/bl.

Light cycle oil (LCO) differentials to the Gulf coast pipeline heating oil (GC PL HO) were assessed stable in the absence of fresh bids, offers and deals.

Declining distillate cash values Thursday saw the ultra-low sulphur diesel (ULSD) premium to heating oil narrow to 29.2¢/USG.

The Renewable Volume Obligation (RVO) was little changed at 18.14¢/USG Thursday, just \$0.01¢/bl below the prior day's value.

### Naphtha

Differentials for heavy and full-range N+A naphtha crept higher Thursday behind a weaker conventional gasoline pricing basis.

Cash prices for the Gulf coast waterborne conventional 9 RVP (GC WB M2) gasoline were down by 4.2¢/USG on the day with a 4.32¢/USG decrease in the August Nymex RBOB tempered by slightly higher M2 differentials.

Specific heavy virgin naphtha (HVN) trades were elusive amid depressed trading interest in the domestic barge arena. Bids and offers were still deemed far apart, with recent business seen closer to buying indications.

HVN differentials were heard between August Nymex RBOB -46¢/USG and -42¢/USG for close to generic 58 API material, without substantiation from verified deals.

Full-range N+A naphtha activity was veiled. A Calcasieu-quality full-range N+A naphtha barge available for 14-16 July loading was not seen offered Thursday. This barge was last heard offered at GC WB M2 -38¢/USG.

Selling interest for a Calcasieu-quality barge loading 16-18 July was instead on the table. No deal was confirmed to this end.

Light naphtha differentials were little changed amid an almost 3¢/USG drop in the July natural gasoline (C5) basis.

Generic light sour naphtha changed hands twice at C5 +2¢/USG for 50,000 bl each. The first lot was for a pumpover 17-19 July and the second for 25-27 July.

Business was also done twice for 83-83.5 API, 12.9 maximum RVP, 20-25ppm sulphur, 69 octane light naphtha. The first trade was sealed at C5 +2.75¢/USG, fob Houston, loading 18-20 July. The second trade for 50,000 bl was done at C5 +3¢/USG, fob Houston, loading 16-18 July for the same specifications.

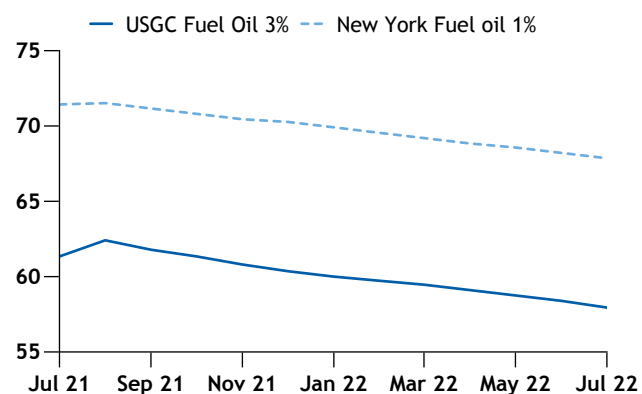
| Residual fuel oil           |               |       |
|-----------------------------|---------------|-------|
|                             | Price         | ±     |
| Waterborne* \$/t            |               |       |
| NYH 0.5% fuel oil delivered | 516.63-520.00 | -8.69 |
| USG 0.5% fuel oil fob       | 524.38-528.42 | -7.84 |
| New York waterborne \$/bl   |               |       |
| 0.3% low pour               | 81.14-81.42   | -1.29 |
| 0.3% high pour              | 81.47-82.00   | -1.28 |
| 0.5%                        | 76.72-77.22   | -1.29 |
| 1.0%                        | 70.06-70.60   | -1.10 |
| 3.0%                        | 62.82-63.02   | -1.08 |
| Gulf coast waterborne \$/bl |               |       |
| 0.5%                        | 77.87-78.47   | -1.17 |
| 3.0%                        | 60.11-60.41   | -1.08 |
| RMG                         | 61.32-61.52   | -1.08 |
| 0.5% vs Brent \$/bl         |               |       |
| NYH                         | 3.25-3.75     | 0.00  |
| USGC                        | 4.40-5.00     | +0.13 |
| 0.5% vs WTI \$/bl           |               |       |
| NYH                         | 5.07-5.57     | +0.19 |
| USGC                        | 6.22-6.82     | +0.32 |

\*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         |       |
|-------------------|---------------|---------------|-------|
| Aug               | Differential  | Price         | ±     |
| New York 0.5%     | -25.50/-24.50 | 185.76-186.76 | -3.09 |
| Bunker fuel       |               | \$/t          |       |
|                   |               | Price         | ±     |
|                   |               | 380cst        |       |
| New York          |               | 423.00-428.00 | -5.00 |
| Philadelphia      |               | 448.00-453.00 | -5.00 |
| Houston           |               | 424.00-429.00 | +0.50 |
| Los Angeles       |               | 428.00-442.00 | 0.00  |
| Los Angeles 0.5%S |               | 532.50-536.50 | -2.00 |
| Seattle           |               | 441.50-446.50 | 0.00  |

### Residual fuel oil swaps

¢/USG



— Argus US Refined Products Forward Curves

## FEEDSTOCKS AND RESIDUAL FUEL OIL

### Fuel oil

Bearish crude sentiment depressed residual fuel oil prices on Thursday despite fresh shipping demand picking up liquidity for low-sulphur fuel oil (LSFO) in the US Gulf.

At least two LSFO barge trades were confirmed by day's end on Thursday. The 7,000t lots sold at \$524/t and \$525/t for 22-24 July and 28-30 July loading, respectively, to the same counterparty on a fob Houston basis. The trades were observed for roughly an 11 API gravity minimum, with no product specifications available. Most LSFO barges in the Gulf coast trade on a 20 API gravity basis.

Additional details came to light Thursday of a prominent Texas LSFO refiner selling two 45,000bl barges of LSFO early this week at September Brent +\$4.65/bl and +\$4.75/bl. The barges were assumed on a 20 API gravity basis, but delivery specifics and loading times were veiled.

LSFO cash differentials to September Brent crude were assessed at a \$4.4-5/bl premium on a fob Houston basis considering the recently confirmed activity. Offers were available at September Brent +\$4.75/bl for a 20 API barrel in Thursday discussions.

The uptick in trades could be attributed to higher shipping demand tied to increased crude exports out of the US Gulf coast. In addition, fewer reported ship delays in Texas ports may have drawn buyers out of the sidelines as suppliers sought to sell barrels amid a \$1.4/bl backwardation in LSFO front-third month swaps Thursday.

Despite firm liquidity, domestic fuel oil prices fell with the September Brent crude basis, which dropped by \$1.29/bl on the day to \$73.47/bl.

Activity was completely subdued for high-sulphur fuel oil (HSFO) barges in the US Gulf coast Thursday amid reports of higher Russian straight-run fuel oil barrels and Mexican fuel oil coming to the Gulf as coker feedstock. There were no new bids, offers or trades on domestic HSFO in the Gulf coast by late Thursday.

The US Gulf coast LSFO premium to HSFO narrowed from \$17.2/bl the previous session to \$16.8/bl Thursday.

The New York Harbor marine fuel sector was muted of fresh market interest Thursday. Atlantic coast LSFO cash differentials to September Brent crude remained unchanged at a mid \$3s/bl premium on a delivered New York Harbor basis per market discussions earlier this week. New business was not

### Paria posted prices, Trinidad

|                    | 15 Jul | 12 Jul | 7 Jul  | 2 Jul  | 28 Jun |
|--------------------|--------|--------|--------|--------|--------|
| Gasoline 95r ¢/USG | 255.00 | 260.00 | 253.00 | 260.00 | 252.00 |
| Gasoline 92r ¢/USG | 250.00 | 255.00 | 248.00 | 255.00 | 247.00 |
| Jet/Kerosine ¢/USG | 209.00 | 214.00 | 207.00 | 216.00 | 210.00 |
| Gasoil 0.1%S¢/USG  | 202.00 | 207.00 | 200.00 | 210.00 | 204.00 |
| Fuel oil \$/bl     | 74.00  | 74.00  | 74.00  | 77.00  | 77.00  |

reported by day's end Thursday.

Market sources consistently indicated New York Harbor 3pc sulphur fuel oil pricing at a \$1.5/bl premium to Gulf coast HSFO. New York Harbor LSFO barges fell by nearly \$9/t in price for a 20 API gravity barrel.

### Marine fuels

Bunker demand was soft on Thursday as buyers withheld purchases awaiting to see if prices fall lower. Most assessments declined tracing crude.

There were two combined ex-wharf deals reported in Houston. First, 450t of very low-sulphur fuel oil (VLSFO) sold at \$507/t with 150t of marine gasoil (MGO) at \$591.5/t. The second deal was 400t of VLSFO sold at \$508/t with 100t of MGO at \$592/t. VLSFO and MGO indications were also indicated as low as \$505/t with \$590/t respectively in Houston.

In New Orleans, 600t of VLSFO went for \$535/t with 50t of MGO at \$612/t ex-wharf. A VLSFO enquiry for 600t was quoted at \$530/t ex-wharf there.

US Gulf fuel oil weekly stocks decreased by 6.4pc to 16.5mn bl for the week ending on 9 July from the previous week, according to the latest data from the US Energy Information Administration, marking the lowest stock levels since 1 January.

US east coast fuel oil stock levels for the week of 9 July increased by 2.3pc to 7.2mn bl.

West coast bunker demand was muted on Thursday. US west coast residual fuel oil stock levels for the week ending on 9 July were essentially the same at 5.55mn bl compared with 5.54mn bl the previous week, EIA data showed. Los Angeles was pegged the cheapest west coast port for VLSFO. The Los Angeles VLSFO premium over the competing port of Singapore increased to \$14/t.

## INFRASTRUCTURE NEWS

### Canadian inputs up with Quebec, east demand

Canadian refinery runs rose by less than 1pc on the week ended 6 July, as inputs in the Quebec and eastern Canada region outpaced declines in Ontario and western Canada.

Canadian inputs rose by over 9,000 b/d to 1.62mn b/d in the week ended 6 July compared with the week prior, as refinery runs in the Quebec and eastern Canada region rose by 30,000 b/d to nearly 633,000 b/d at the same time, according to the Canada Energy Regulator.

Ontario refinery runs fell by 3,000 b/d to 377,000 b/d in the seven days ended 6 July, compared with the seven days prior,

while inputs in western Canada fell by nearly 18,000 b/d to 607,000 b/d at the same time.

The latest Canadian inputs rose by 80,000 b/d, or 13pc, compared with the same week last year, when Covid-19 lockdown measures eroded demand for transportation fuels.

Canadian refinery utilization rates in the week ended 6 July rose by less than one percentage point compared with the week prior and rose by nearly 11 percentage points compared with the same period in 2020.

*By Benjamin Peyton*

## INDUSTRY NEWS

### US Gulf coast exports up despite high prices

Multi-year high gasoline and diesel prices on the US Gulf coast have not deterred exports out of the region, which are on track to match two-and-a-half year highs.

Around 1.8mn b/d of waterborne gasoline and diesel have loaded out of the US Gulf coast in the first half of July, up from around 1.6mn b/d in June and matching the highest level since December 2018, Vortexa estimates show. These do not include overland exports to Mexico, the largest foreign buyer of US fuels.

Export loadings have risen despite lengthy delays at the Panama Canal in the first half July. The Panama Canal this week completed a 10-day maintenance plan, which has caused lengthy delays for transiting vessels. US Gulf coast diesel and gasoline cargo loadings to west coast Latin America – including mainly west coast Mexico, Chile, Peru and Ecuador – fell to about 140,000 b/d so far this month, compared with June's average of 330,000 b/d.

#### LatAm demand, RVO support exports

High export levels are supported by firm demand from Latin America, as well as the still-high cost of complying with the US federal Renewable Fuel Standard (RFS) program, as measured by the renewable volume obligation (RVO). RVO, which averaged around 18¢/USG over the past week, is discounted from export prices, offering some offset from high prices on the US Gulf coast.

US Gulf coast Colonial pipeline conventional gasoline prices rose to \$2.26/USG this week, the highest level since October 2014. Ultra-low sulphur diesel (ULSD) pipeline prices also rose to \$2.13/USG this week, the highest since November 2018.

These prices are inclusive of the RVO, which accounts for some of their strength, but they also reflect bullish fundamentals.

US refiners have kept their run rates above 91pc capacity since June, compared with rates in the 65-70pc range in Europe in June, according to data from the US Energy Information Administration (EIA) and Paris-based International Energy Agency (IEA).

US implied demand, though volatile on a weekly basis, have largely recovered to pre-pandemic levels.

#### Jet demand recovering

Recovering jet fuel demand is a main piece of the puzzle that's enabling throughput recovery. Jet fuel was the dead-weight for refiners for much of last year, but this is changing with returning summer travel demand.

Weekly US jet fuel demand, adjusted on a four-week average basis, rose to a 15-month high to 1.49mn b/d last week, but remains 22pc behind 2019 levels.

US Gulf coast refiners raised jet fuel production to 722,000 b/d during the week ended 9 July, a new high since March last year. The country's implied jet fuel yield rose to 9.2pc last week, up from 8.4pc a week earlier.

Domestic US gasoline demand for the week ending 8 July declined by 8pc to 9.3mn b/d after reaching the highest level EIA records' history the prior week at 10mn b/d. The dip surfaced alongside marginal gains in gasoline stockpiles. US implied diesel demand, a volatile weekly estimate, fell to 3.2mn b/d last week, down by 14pc from a year earlier, EIA data show.

*By Chunzi Xu*

## INDUSTRY NEWS

### Rising stocks pressure southern midcon gas

Gasoline prices in the southern US midcontinent declined today amid talks that a refinery in the region returned from maintenance, potentially adding to already high gasoline stockpiles.

Magellan pipeline 9 RVP CBOB in Tulsa, Oklahoma, traded between 5¢/USG and 5.75¢/USG below August Nymex RBOB contract today, marking the largest discount to the Nymex in nearly two weeks.

This could further weigh on arbitrage economics for shipping US Gulf coast CBOB to Tulsa. Tulsa CBOB has averaged a 4.05¢/USG premium to the Gulf coast, which is 1.73¢/USG below the cost of shipping on the Magellan. The arbitrage opportunity between the two regions has been unviable since mid-June.

Similarly, Tulsa 9 RVP A grade 91 conventional gasoline traded at a 19.5¢/USG premium today, down by 3.65¢/USG from yesterday to the slimmest premium since 24 June.

Market participants said a Kansas refinery was heard to have returned from maintenance today.

US midcontinent CBOB inventories rose by 3.5pc to 32.2mn bl last week, the highest level since March and up by 3.9pc from the same week in 2020, according to the US Energy Information Administration (EIA). Total gasoline stocks in the region were also the highest since March, rising by 1.6pc from the prior week to 51.8mn bl.

*By Jared Ainsworth*

### Calif. favors diesel output over CARBOB

CARBOB gasoline production shrank last week as California refiners raised in-state diesel throughputs, in turn lifting inventories.

In-state CARBOB gasoline production shrank by almost 6pc to 903,000 b/d for the week ending 9 July, the California Energy Commission (CEC) report showed. Refiners prioritized non-California gasoline, raising output by around 15pc to 135,000 b/d, while total gasoline production slipped by 3.6pc to 1mn b/d.

CARBOB stockpiles grew by more than 8pc from the prior week to 5.8mn bl, as multiple gasoline and blendstock imports arrived during the period. Vortexa data show early July gasoline imports estimated at 117,000 b/d, the highest since May 2019. Total gasoline inventories built by about 9pc to 7.1mn bl.

Total distillate production rates increased by nearly 6pc, led by in-state CARB diesel, which rose by almost 10pc to

212,000 b/d. Out-of-state diesel throughputs shed 2.4pc to around 94,000 b/d.

CARB diesel stockpiles built by more than 6pc to 2.2mn bl while total diesel levels gained 5pc to 3.9mn bl over the week.

California jet fuel production eased higher by 1.4pc to 242,000 b/d, while inventories drew down by 97,000 bl, or 3.1pc, to 3.1mn bl.

Statewide crude processing fell by more than 3pc to 1.5mn b/d last week as supplies sank by 4.3pc to 12.7mn bl.

*By Craig Ross*

### Democrats seek carbon import fee in budget

Democrats plan to include a "polluter import fee" in their \$3.5 trillion budget plan, offering a potential mechanism to adjust product prices at the border depending on their carbon intensity.

The import fee could offer an advantage to US manufacturers with a lower carbon-intensity than foreign counterparts. Democrats believe having a carbon border adjustment will grow in importance as the US rolls out policies requiring manufacturers and energy producers to further cut their emissions.

"A polluter import fee will help American companies compete globally and will send a strong international message as we make progress toward urgent climate goals," senator Sheldon Whitehouse (D-Rhode Island) said.

The budget deal, struck on 13 July, would also account for plans to put a fee on methane emissions from oil and gas facilities. Whitehouse earlier this year co-sponsored a bill to charge operators a methane fee of \$1,800/metric tonne starting in 2023 that would align with basin-wide averages of methane emissions, unless a company could prove that its emissions were lower.

The budget resolution is unlikely to have language describing exactly how the import fee or methane fee would work. But Democrats say the budget accounts for potential revenue from those fees when deciding how to allocate the \$3.5 trillion in the bill, which seeks spending on clean energy tax credits, electric vehicle subsidies, a clean electricity standard and a variety of social programs.

President Joe Biden's administration already has expressed interest in pursuing a carbon border adjustment, an idea the EU is also actively considering to complement its emissions trading system. The US Trade Representative in March said it was exploring ways to address greenhouse gas emissions in global trade, including the "consideration of carbon border



## INDUSTRY NEWS

adjustments."

The US relies on a patchwork of policies, such as renewable energy subsidies and electric vehicles subsidies, to reduce carbon emissions. But it lacks an explicit national price on carbon, which experts say could complicate the ability of policymakers to develop a carbon border adjustment that could survive challenges.

Carbon tax supporters argue it would be more efficient to simply put a tax on carbon. But the proposed import fee could offer a "messy way" to back into a carbon price, Alliance for Market Solutions executive director Alex Flint said. Flint has warned the pending EU carbon border adjustment risks becoming a trade obstacle unless the US puts a price on carbon.

Senate Democrats next week are separately preparing an early vote on a \$1 trillion bipartisan infrastructure plan they want to move in tandem with the budget bill. Senate majority leader Chuck Schumer (D-New York) is preparing a floor vote on 21 July to cut off debate on creating a legislative vehicle for the infrastructure bill.

The bipartisan infrastructure package is expected to include elements of a wide-ranging energy bill the Senate Energy and Natural Resources Committee advanced yesterday in a 13-7 vote. The bill would include more than \$100bn to plug abandoned wells, expand the electric grid, invest in water infrastructure, build out domestic supply chains for clean energy and fund energy research.

*By Chris Knight*

### Heat pushes soybean oil futures higher

Hot weather forecasts in key soybean growing regions drove soybean oil futures to trade higher mostly through the week.

The US Department of Agriculture's World Agricultural Supply and Demand Estimates (WASDE) report released on 12

July cited unchanged crop conditions, moving futures contract prices down that morning before rebounding during the day.

The soybean oil futures rose as high as 66.22¢/lb yesterday, highest since the start of July, after falling earlier in the week.

The August CBOT soybean oil contract rose by 0.68¢/lb yesterday, from 65.54¢/lb on 13 July.

As of this morning soybean oil futures were moving upward.

Differentials for crude degummed soybean oil, a feedstock for renewable diesel and biodiesel, remained steady in the futures basis for all markets.

The premium for crude degummed soybean oil in the US Gulf coast delivered market against the August CBOT last stood at 4¢/lb.

As of 11 July, 46 pc of planted soybeans were blooming, up from 29pc from the previous week and above the five-year average of 40pc, according to the US Department of Agriculture.

Good condition soybeans made up 49pc of total crops, with fair condition at 30pc and excellent at 10pc. Poor condition soybeans were 8pc while 3pc were declared in very poor condition.

#### 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.

Subscribers to this report via Argus Direct or MyArgus may access the database [here](#).

Other subscribers may request access [here](#) or contact us by email at [sales@argusmedia.com](mailto:sales@argusmedia.com).

## ANNOUNCEMENT

### Argus successfully completes annual losco assurance review

Argus has completed the ninth 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>

## INDUSTRY NEWS

By Jamuna Gautam

### US cattle slaughter rates decline

US cattle slaughter volumes decreased for a third week, just ahead of the US Independence Day holiday, according to US Department of Agriculture data.

Total cattle harvested, including calves, dropped to 635,494 during the week ended 3 July, down by 4.8pc from the previous week. Compared to a year prior when Covid-19 lockdown measures slashed market demand, the week's volumes were up by 7.9pc.

The slaughter total was 588,303 head during the same week in 2019, which included the holiday weekend. That was the last year before Covid-19 struck.

Prices for bleached fancy tallow, derived from rendered cattle, in the delivered US Gulf coast market rose to a year-to-date high of 63¢/lb.

Hog slaughter totaled around 2.3mn head, down by 3.5pc from the week prior. The rate was up by 11.4pc compared to a year earlier and up by 10.5pc from 2019, with both years including the Independence Day holiday weekend.

Prices for choice white grease, made from pork fat, decreased by 0.25¢/lb in the fob Iowa market, to last stand at an Argus-assessed price of 55.25¢/lb.

The volume of poultry, including young chickens, hens, ducks and turkeys, slaughtered for the week ended 10 July, which included the holiday weekend, totaled 152mn head, down by 14.7pc from the week prior.

Compared to a year earlier, poultry slaughter volumes were down by 11.6pc. Slaughter total was 179mn head during the same week in 2019.

Poultry fat prices in the fob Georgia market weakened by 1.5¢/lb over the week to 46.5¢/lb.

Slaughter volumes provide insight into supplies of rendered fats, which have uses as soaps, animal feed and feedstock for renewable biofuels. Approximately 50pc of a slaughtered animal is used for human consumption while the remaining half is rendered.

By Jamuna Gautam

### Mexico forms new customs agency

Mexico will separate customs duties from the national tax service and deepen military involvement in customs operations in a bid to better control smuggling and tax evasion rampant in refined product imports.

A decree published last night created the national customs

agency of Mexico (Anam), which will have technical, operative and managerial autonomy, but be part of the finance ministry (SHCP) and oversee collection of duties. Anam will not depend directly on the tax authority (SAT) which currently manages customs, but will coordinate with it.

The army and navy will continue to be in charge of security at customs border crossing and marine ports but Anam can also employ current and retired members of the military.

Mexican president Andres Manuel Lopez Obrador characterized it as putting the military "in charge, because we continue to see problems of fuel smuggling, and the entrance of firearms, fentanyl and we need order."

By some estimates up to 120mn l/month (25,200 b/d) of gasoline and diesel could be entering Mexico labeled as a different product that pay lower taxes.

The country recently changed its customs law to only allow state-owned companies to import fuels at points other than authorized customs centers, a move it claims was needed to help reduce this illegal cut in tax revenue. But the new law excludes many private-sector storage terminals and gives state-owned Pemex an unfair and unconstitutional advantage that could put billions in private spending at risk, investors have complained.

The new agency can direct customs and inspection services, issue administrative rulings and manage the registry of authorized importers and exporters.

The agency should start operating within 180 days from yesterday. The finance ministry must also propose critical secondary laws required for the Anam to begin functioning.

By Sergio Meana

### Brazil biodiesel feedstocks up with blending

The rise in Brazil's mandatory biodiesel blending rate to 12pc caught producers and fuel distributors by surprise and supported spot prices for feedstocks soybean oil and beef tallow.

After two auctions at 10pc – the result of a weaker Brazilian real against the US dollar and high soybean prices – the best-case scenario in the sector was an increase to 11pc for the forthcoming auction targeting market supply in September and October. The mandate remains below the 13pc established in March. The auction organized by hydrocarbons regulator ANP is scheduled to start on 9 August.

A resolution from national energy policy council CNPE was sanctioned by President Jair Bolsonaro and published after the market closed on 12 July. The following morning, biodiesel feedstock prices soared, reflecting greater demand among

## INDUSTRY NEWS

mills and the chemical sector.

On 13 July, the price of soy oil reached R7,700/t cif Sao Paulo with state-level, VAT-like tax ICMS included, up by R850/t compared with the previous week, according to Argus assessments. Soy oil made up 72pc of the total inputs used to produce biodiesel in May, according to ANP.

Used less during the colder winter months, beef tallow prices increased by R80/t, with deals closed at R6,030/t cif Sao Paulo with ICMS included. Animal fat represented 7pc of the raw material used in production in May.

Concerns over the impact of higher input prices on retail diesel values prompted the federal government to abruptly cut the blending mandate to 10pc from 13pc in April. At the time, soybean oil was quoted at R7,260/t cif Sao Paulo.

Fuel distributors believe that the combination of factors such as the increase in the cost of feedstocks and the depreciation of the Brazilian currency could result in higher biodiesel prices in the next auction. Brazil's domestic currency strengthened slightly since the last auction, recently closing at R\$5.08, a less than 1pc increase, according to Central Bank data.

Pressure from the government to maintain blending levels at 10pc was overcome by warnings from producers that three consecutive auctions at the lower level could lead to operational problems in the medium term – considering many

plants are already operating below production capacity. The 12pc blending level was a compromise endorsed by the executive branch, market sources told Argus.

The auction to supply the market between March and April followed the 2021 mandate of 13pc established by the CNPE, but the escalation of biofuel prices for supply in May and June prompted the government to reduce blending levels.

Controlling inflation and avoiding a disruptive work action among independent truck drivers aggrieved by diesel prices are primary concerns for Bolsonaro ahead of October 2022 presidential elections. The National Consumer Price Index was 0.53pc in June and accumulated an increase of 3.77pc on the year, reflecting a significant increase in electricity costs.

Incensed by state-controlled Petrobras' recent diesel price hike and the company's renewed commitment to the import price parity principle that guides its market-based fuel pricing policy, independent truck drivers have scheduled a coordinated work action for 25 July.

To diffuse tensions, Bolsonaro on 13 July announced a new R0.04/l (3¢/USG) reduction of federal PIS/Cofins tax levied on the product, without mentioning effective dates or how the reduction would be financed. Petrobras increased diesel prices by 3.7pc on 6 July, the first adjustment since chief executive Joaquim Silva e Luna took over at the firm in mid-April.

*By Alexandre Melo*



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