

MARKET OVERVIEW

Fuel coke: Prices decline further on ample supply

US Gulf high-sulphur petroleum coke prices fell again this week, as refiners and traders strove to win the business of those few buyers willing to do deals in a declining market.

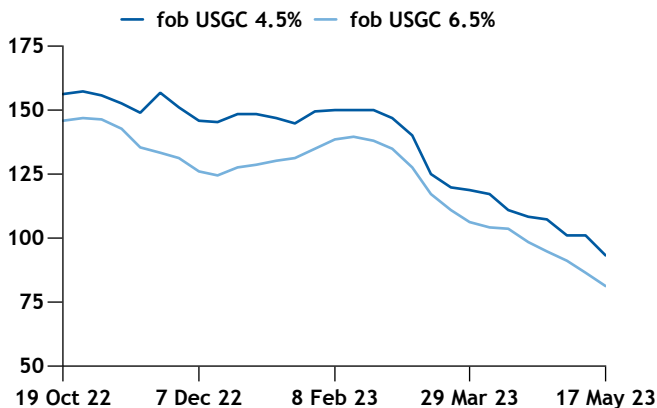
Many market participants gathered in recent days at the *Argus Mediterranean Solid Fuels Forum* in Genoa, Italy, where a bearish sentiment largely prevailed. Most buyers are hesitating to make purchases as they have watched the market fall for 13 consecutive weeks, wondering how much further prices will slip. At least one of those who did book cargoes in the past week needed especially prompt delivery for three different locations after waiting until the last minute to secure supply.

While June-loading cargoes are becoming scarce, there could be around 10 or 11 outstanding July cargoes from the US Gulf, according to one trader. One refiner was heard to have a larger number of spot cargoes available for export than normal because of an outage at a domestic buyer's plant.

Although some cargoes were sold in the low-to-mid \$80s/t on an fob basis late last week, talk of deals in the high-, mid- and even low-\$70s/t emerged during the forum, although those deals could not be confirmed.

Benchmark fob USGC prices

\$/t



Petroleum coke fuel-grade assessments							\$/t
	HGI	Weekly Price	±	Four-week avg	±	Apr month index	±
Atlantic basin							
fob US Gulf coast 4.5% sulphur	40	93.00	-8.00	100.63	-3.87	111.000	-19.20
fob US Gulf coast 6.5% sulphur	40	81.00	-5.50	88.38	-4.37	100.250	-19.05
cfr Turkey 5.5% db sulphur	50-60	120.50	-8.00	128.13	-3.62	137.375	-19.82
Sulphur adjustment							
US Gulf coast, per 0.1%		0.60	-0.13	0.62	+0.03		
Pacific basin							
fob US west coast <2.0% sulphur	45	152.00	+1.00	153.75	-2.00	161.875	-40.12
fob US west coast 3.0% sulphur	45	111.00	0.00	111.00	-1.00	120.250	-51.05
fob US west coast 4.5% sulphur	45	95.50	0.00	94.88	+0.63	103.000	-36.90
cfr China <2.0% sulphur	45	185.00	-2.00	189.33	-5.00	201.875	-35.23
cfr China 3.0% sulphur	45	151.00	0.00	151.00	-1.33	160.250	-50.15
cfr China 6.5% sulphur	40	120.00	-4.00	124.83	-3.84	131.250	-25.15
cfr China 8.5% sulphur	70	115.50	-4.00	119.50	-6.67	130.750	-24.65
cfr India 6.5% sulphur	40	125.00	-5.00	131.13	-3.25	140.500	-20.00
cfr WC India 8.5% sulphur	70	124.50	-5.50	131.00	-3.50	141.375	-19.32

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Fuel-grade coke calendar month indexes: May							\$/t
	HGI	3 May	10 May	17 May	24 May	31 May	Avg
fob US Gulf coast							
4.5% sulphur	40	101.00	101.00	93.00			
6.5% sulphur	40	91.00	86.50	81.00			
cfr Turkey							
5.5% db sulphur	50-60	129.50	128.50	120.50			
fob US west coast							
<2.0% sulphur	45	156.00	151.00	152.00			
3.0% sulphur	45	111.00	111.00	111.00			
4.5% sulphur	45	95.50	95.50	95.50			
cfr India							
6.5% sulphur	40	133.00	130.00	125.00			
8.5% sulphur, WC	70	133.00	130.00	124.50			
cfr China							
<2.0% sulphur	45		187.00	185.00			
3.0% sulphur	45		151.00	151.00			
6.5% sulphur	40		124.00	120.00			
8.5% sulphur	70		119.50	115.50			

Calculated coke indexes: May							\$/t
	HGI	3 May	10 May	17 May	24 May	31 May	Avg
Delivered NWE-ARA							
4.5% sulphur	40	121.39	120.16	112.22			
6.5% sulphur	40	111.39	105.66	100.22			
Delivered Brazil							
4.5% sulphur	40	122.38	120.92	112.96			
6.5% sulphur	40	112.38	106.42	100.96			
Delivered Turkey							
6.5% sulphur	40	115.77	109.64	104.21			
Delivered India							
4.5% sulphur	40	149.34	146.51	139.18			
Delivered China							
4.5% sulphur	40	150.65	148.86	141.75			
Delivered Japan							
3.0% sulphur	45	133.33	132.36	131.41			
4.5% sulphur	45	117.83	116.86	115.91			

Prices calculated by adding or subtracting relevant fob petroleum coke price to freight rate.

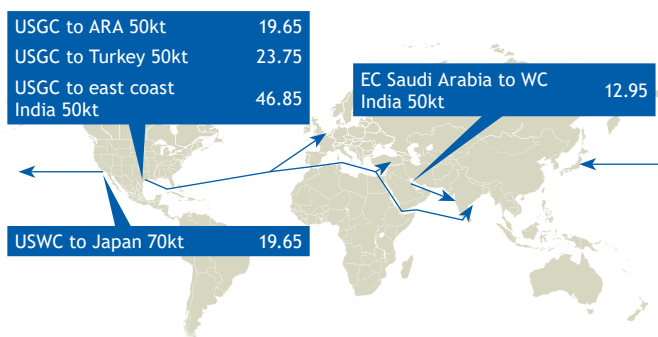
There was also a deal in the mid-\$70s/t done last week, although the cargo was heard to have been sold at a discount because of lower-than-typical HGI, which limits the number of cement makers that can purchase it.

A refinery has a tender closing today for coke with around 5.2pc sulphur on a dry basis and 48 HGI. Bidding expectations ranged from the low-\$80s/t to low-\$90s/t for this tender. There was also a mid-sulphur cargo heard sold to a Turkish cement maker in the low-\$90s/t late last week.

Petroleum coke calculated fuel-grade prices							\$/t
	HGI	Weekly Price	±	Four-week avg	±	Apr month index	±
Atlantic basin							
del ARA 4.5% sulphur	40	112.22	-7.94	120.62	-4.14	131.220	-18.15
del ARA 6.5% sulphur	40	100.22	-5.44	108.37	-4.64	120.470	-18.00
del Brazil 4.5% sulphur	40	112.96	-7.96	121.45	-3.99	131.478	-17.71
del Brazil 6.5% sulphur	40	100.96	-5.46	109.20	-4.49	120.728	-17.56
del Turkey 6.5% sulphur	40	104.21	-5.43	112.62	-4.71	124.760	-17.62
Pacific basin							
del Japan 3.0% sulphur	45	131.41	-0.95	132.81	-1.76	143.833	-51.26
del Japan 4.5% sulphur	45	115.91	-0.95	116.68	-0.14	126.583	-37.10
del China 4.5% sulphur	40	141.75	-7.11	149.82	-3.53	158.215	-17.10
del India 4.5% sulphur	40	139.18	-7.33	147.91	-3.62	155.923	-17.26

Prices calculated by adding or subtracting relevant fob petroleum coke price to freight rate.

Freight snapshot (full view in Argus Dry Freight)



The full range of dry freight assessments, including TCE rates, as well market news & analysis and exclusive perks is available in Argus Dry Freight. Please e-mail freightteam@argusmedia.com for more details.

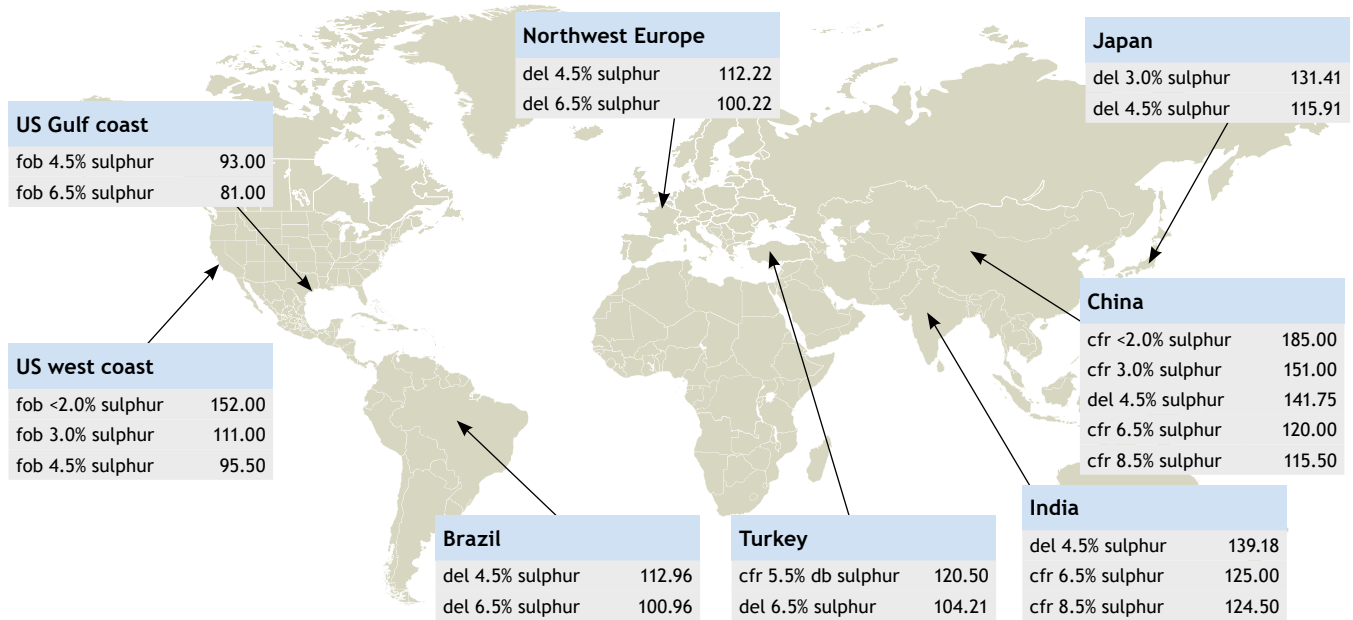
Turkey

Turkish delivered prices of 5.5pc sulphur coke softened again this week on limited demand, which is unlikely to recover until the second round of presidential elections on 28 May.

At least one cement plant was understood to have concluded a trade of high-sulphur coke last week, although the price

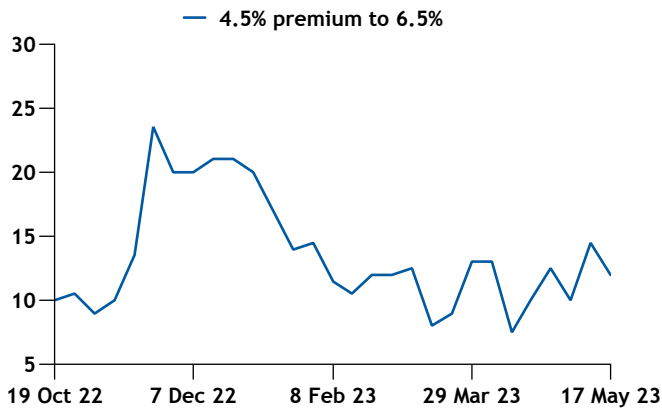
Weekly petroleum coke price snapshot

\$/t



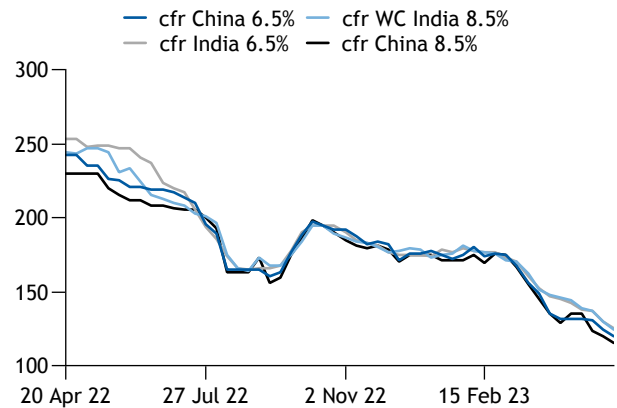
USGC coke: 4.5% premium to 6.5%

\$/t



Asia-Pacific high-sulphur prices

\$/t



was not yet disclosed. Another buyer, which regularly buys domestic coke and seaborne coke from local stockpiles, was heard to have purchased a cargo of mid-sulphur coke at around \$120/t cfr at the end of last week.

And a cargo of 5pc sulphur coke from Belarus was offered at around \$117/t cfr Turkey. Coke from this origin is usually supplied through third parties to other destinations but could be shipped from Russia’s southern ports to Turkey, according to market participants.

Russian coal prices also declined on the week with new

offers and bids settling at \$105-\$110/t cfr, after European-delivered prices dropped to \$108.12/t on 16 May. In comparison, late last week, Russian coal was traded at \$115-\$118/t cfr from a Baltic port.

India

In India, delivered prices of 6.5pc sulphur coke eased again this week to reach a 25-month low, but the fall pushed most buyers to the sidelines.

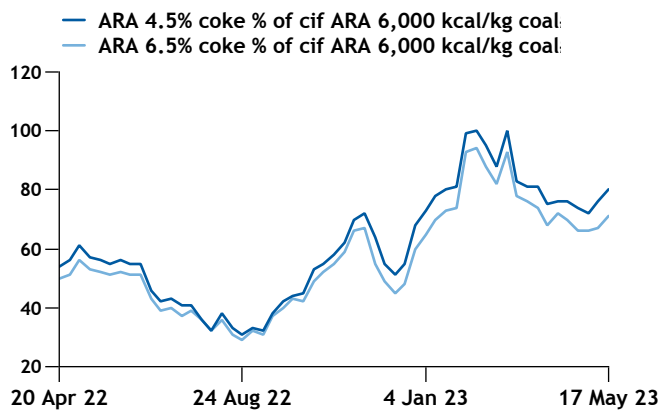
Most offers for June-loading Supramax cargoes of US 6.5pc

Coke-to-coal calorific comparisons						
		Coal	4.5% coke	5.5% db	6.5% coke	8.5% coke
del ARA	\$/mn btu	4.568	3.644	-	3.254	-
	% of coal	-	80	-	71	-
del India	\$/mn btu	4.836	-	-	4.059	4.042
	% of coal	-	-	-	84	84
del Turkey	\$/mn btu	4.852	-	3.913	3.384	-
	% of coal	-	-	81	70	-
fob USGC	\$/mn btu	3.217	3.020	-	2.630	-
	% of coal	-	94	-	82	-

Coal-implied forward curves							\$/t
3Q23	4Q23	1Q24	2Q24	2024	2025	2026	
fob USGC 4.5% petroleum coke							
93.00	93.00	93.53		92.74	92.05		
fob USGC 6.5% petroleum coke							
81.00	81.00	81.46		80.77	80.17		
del ARA 4.5% petroleum coke							
112.22	116.22	119.89	117.89	120.37	117.03	113.62	
del ARA 6.5% petroleum coke							
100.22	103.79	107.07	105.28	107.50	104.51	101.47	
cfr India 6.5% petroleum coke							
125.00	129.70	133.40	131.45	133.83	127.22	113.58	

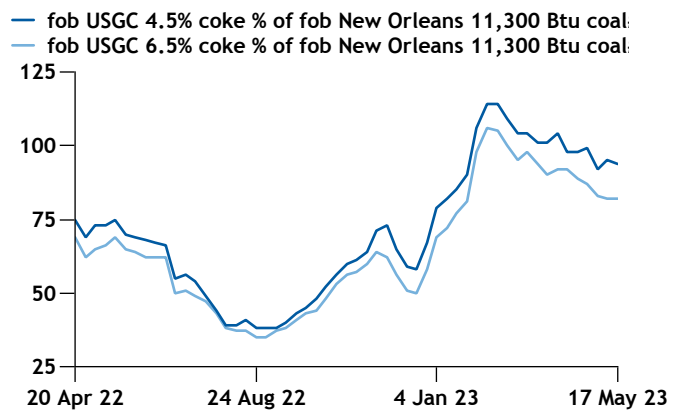
del ARA coke percent of coal

%



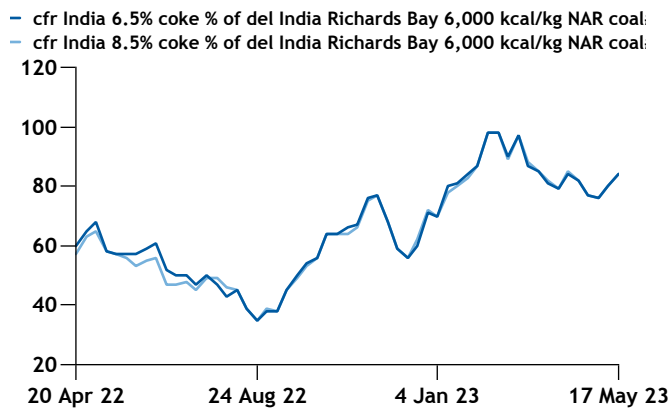
fob USGC coke percent of coal

%



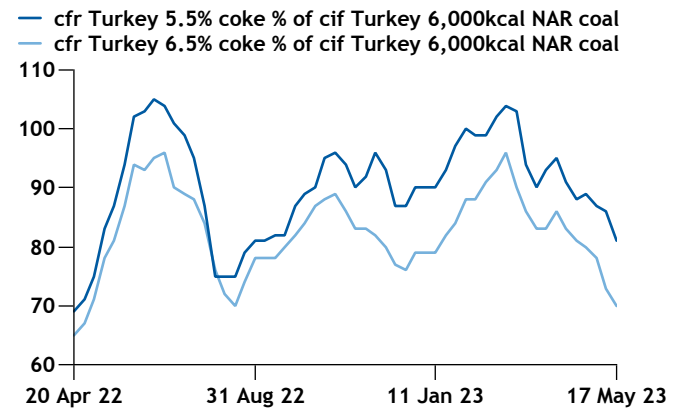
del India coke percent of coal

%



del Turkey coke percent of coal

%



sulphur coke were made to cement makers in the mid-\$120s/t cfr basis on the west coast of India, although some offers were also heard in the low-\$120s/t. Buyers were mostly bidding at \$120-\$122/t cfr. A Supramax cargo of this coke was likely sold

to India at \$122/t cfr, although details were incomplete, and this could not be immediately confirmed.

A July-arrival Supramax cargo of Saudi Arabian 8.5pc sulphur coke was sold closer to the mid-\$120s/t cfr on India's east

coast today, after being offered in the high-\$120s/t earlier in the week. Some buyers prefer this high-sulphur coke over the US fuel because of its shorter voyage time.

Indian buyers were closely watching their counterparts in China, where signs of interest in seaborne high-sulphur coke market were visible. But Chinese buyers' demand was not enough to change the market direction.

Offers of Venezuelan coke were scarce, as sellers struggled to meet buyers' price expectations in the rapidly falling market.

Some cement makers were looking to delay purchases as plants were under annual maintenance or due for maintenance in the next few weeks. Such maintenance typically lasts between 2-3 weeks. Meanwhile, domestic coal supplies for non-power consumers, including cement, from state-controlled producer Coal India were also steady against apprehensions of coal diversions to utilities in the ongoing peak summer season.

China

Chinese high-sulphur coke demand started to emerge following a continuous drop in coke prices in the seaborne market, although high coke stocks and relatively low domestic coal prices continued to outweigh demand.

Chinese buyers' interests for high-sulphur coke could be at about \$100-\$125/t cfr, according to some market participants. A cargo of high-sulphur coke from the US west coast was heard sold to China at about \$65/t fob through a tender last week, which could translate to \$100/t cfr, a trader said. Domestic high-sulphur fuel-grade coke prices were offered at Yn1,150/t, or \$125/t cfr after adjusting for handling costs and traders' profits, another trader said.

Chinese independent refineries raised their coke prices as demand gained on domestic refinery maintenance. Rising domestic coal prices helped coke inventories at ports to ease, as well. Coke stocks at Rizhao port dropped by 100,000t on the week, a market participant said, but inventories at other ports continued to grow. The total coke inventories at Chinese ports were understood at 4.8mn t as of 17 May.

High-sulphur coke demand was also limited by low domestic coal prices and high stocks at power plants. Some utilities were heard to be looking to postpone cargoes that were awarded in recent tenders, while some were seeking shipments for July-September delivery in response to the high stocks.

In the low-sulphur market, a cargo of less-than-2pc sulphur coke from the US west coast was heard to have been sold to China at \$185/t cfr China.



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A scenic view of the Istanbul skyline, featuring the Hagia Sophia and the Bosphorus Bridge, with boats on the water in the foreground.



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A panoramic view of the Seattle skyline, including the Space Needle and various skyscrapers, with a red circular callout on the right.

NEWS

COKE

First Duqm, Oman, coke cargo likely in 2023

Oman is likely to ship the first petroleum coke cargo from its upcoming 230,000 b/d Duqm refinery later this year, boosting availability for key markets including India, a market participant said.

The refinery – operated by OQ8, a 50:50 joint venture between Omani and Kuwaiti state-owned firms OQ and KPI – will use feedstock comprised of 65pc Kuwaiti crude and 35pc Omani crude. Although the sulphur levels and HGI for this coke are not yet certain, the sulphur is likely to be 6-7pc, making it a fuel-grade coke, the participant added.

India, especially its west coast, is a natural market for Omani coke because of its very short voyage of 3-4 days. OQ's Orpic refinery in Sohar, which produces 300,000-350,000t/yr of anode-grade coke, has sold off-spec coke cargoes to Indian cement makers in the past for use in kilns.

The 300,000 b/d refinery at Sohar typically produces anode-grade coke with around 5pc sulphur and low metals content that is largely consumed as a raw material by calciners in markets including India and China.

Production from Duqm is expected to be around 500,000-600,000t/yr, taking Oman's total coke output close to 1mn t/yr.

Indian cement makers, the key consumers and importers of fuel-grade coke, may be keen on buying Omani coke because of its short voyage, said another participant. The Indian cement industry imported about 7mn t of fuel-grade coke in the 2022 calendar year, up from below 3mn t in 2021, according to data from GAC Shipping. The US and Saudi Arabia were the key source markets, shipping about 3.1mn t each to cement makers in 2022.

India imported more than 1.4mn t of coke in March, the most since May 2019, as cement makers boosted volumes on lower prices. March's total volumes were nearly double February's levels and more than double those of a year earlier. Cement makers received 1.18mn t of coke in March, according to data from GAC Shipping. This was also the most since May 2019. Imports slipped in April to 1.1mn t, with just under 1mn t of this to cement makers. But this was still up by 68pc from the prior April, when cement makers imported a 594,400t.

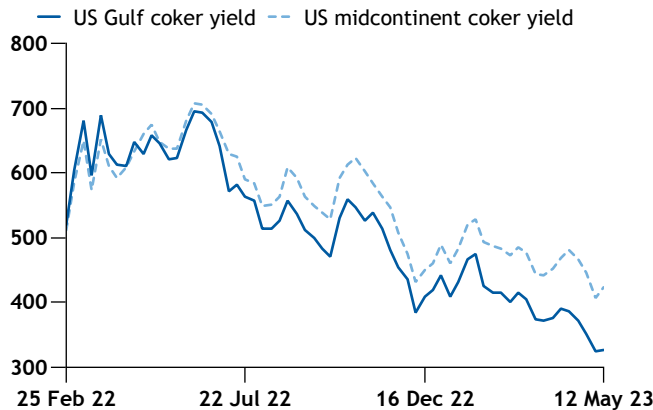
The Duqm refinery began trial operations in early April at the crude distillation unit, with commercial operations

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US Gulf and midcontinent coker yields

\$/st



planned to commence by the end of the year. The trial operations will go through several stages before the plant reaches maximum capacity, after which commercial operations will begin.

Commissioning was originally scheduled to begin in late 2021 or early 2022 but was delayed because of challenges related to the Covid-19 pandemic.

By Ajay Modi

Turkey markets idle ahead of election runoff

The unclear outcome of presidential elections in Turkey has spread uncertainty in the country, as neither of the candidates – incumbent Recep Tayyip Erdogan and his competitor Kemal Kilicdaroglu – earned the 50pc of votes needed to win the first round of elections on 14 May. Erdogan and Kilicdaroglu received 49.50pc and 44.89pc of votes, respectively, the chairman of Turkey’s supreme election board said, according to state news agency Anadolu.

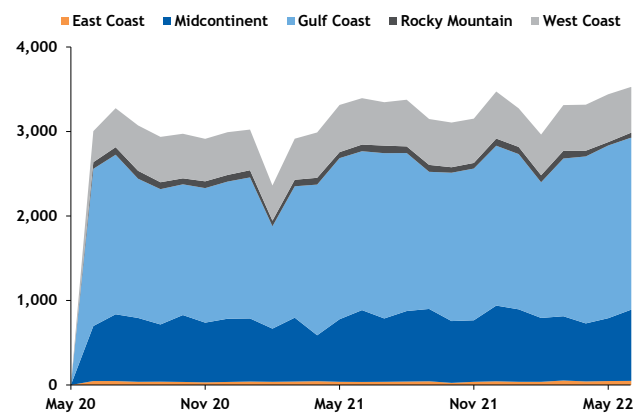
The second round will take place on 28 May and Turkish trading activity is likely to remain slow until then. Presidential elections may trigger a shift in the country’s foreign and energy policies, but [energy trading between Turkey and key gas and coal supplier Russia is likely to remain intact](#) in the short term, owing to the geopolitical and economic challenges faced by both countries.

Turkish fuels imports were dampened for weeks as buyers were unsure what the state of the economy would be after the elections. The Turkish government is understood to have taken some control over currency fluctuations in the past few months, although the lira has continued to gradually weaken

EIA weekly refined products data					
	12-May	5-May	± %	Year ago	± %
Refinery usage					
Refinery inputs '000 b/d	16,594	16,402	1.2	16,464	0.8
Refinery utilisation %	92	91	1.1	92	0.2
Products supplied '000 b/d					
Total products	19,558	20,164	-3.0	19,661	-0.5
Gasoline	8,908	9,303	-4.2	9,027	-1.3
Jet	1,377	1,917	-28.2	1,625	-15.3
Distillate fuel	3,736	4,035	-7.4	3,816	-2.1

US coke production

'000t



against the US dollar since late June 2022. But authorities will most likely have to stop influencing the national currency and lift interest rates to stabilise the economy and slow inflation, following the second round of elections. The Turkish economy has been “in a fantasy world” ahead of the elections and this cannot last, one coke buyer said.

Turkey’s hard currency reserves have been severely depleted in an attempt to shore up the lira. Concerns about the potential currency devaluation is leading buyers to hesitate to make coke purchases, as even a relatively low price in US dollars today may turn out to be expensive in lira terms by the time that it arrives.

Buyers of solid fuels started to reduce their stockpiles in March and some may postpone new purchases until June – after the election results are revealed. Cement sector fuel demand has been limited so far in May, with plants eyeing petroleum coke over coal, as the former was less expensive on a calorific basis. But no sizable purchases of seaborne coke were made this month as consumers had their needs covered

through purchases made in previous months and through tenders by local refiners.

At least two cement plants are intending to collect offers for coke from the US in late May, preferring to make their decisions in June, market participants said.

“We are facing a silent two weeks. It does not mean there will be no inquiries, but real demand will be on a pause,” a trader commented.

India imported more Saudi coke in April

India's imports of Saudi Arabian petroleum coke continued to strengthen in April, rising to the highest level since July 2022, following a price decline and stronger competition with the US origin.

Indian cement makers received seven Supramax cargoes, or 376,700t, of Saudi Arabian coke last month, according to data from GAC Shipping. This was up by 39pc from March, although it was down by 23pc from a multi-year high in April 2022. Saudi Arabian coke accounted for 38pc of Indian cement makers' coke imports in April.

Saudi Arabia typically sells 8.5pc sulphur coke to India on a prompt basis with a voyage time of about two weeks. This means cargoes were mostly contracted in February and in March when prices started dropping.

Indian imports of Venezuelan coke rose by 3pc on the month to 148,300t in April, compared with no shipments from Venezuela in April 2022. The supply increase to India came even as total Venezuela loadings fell and as Venezuelan coke suppliers faced payment issues this year. In addition, the discount for Venezuelan coke narrowed compared with US and Saudi coke, weighing on buyers' interest.

US coke deliveries to India reached 447,000t last month, down by 44pc from the previous month, but showing a significant improvement compared with 159,800t a year prior. Also, 77,000t were delivered in a Panamax vessel from Canada, according to GAC.

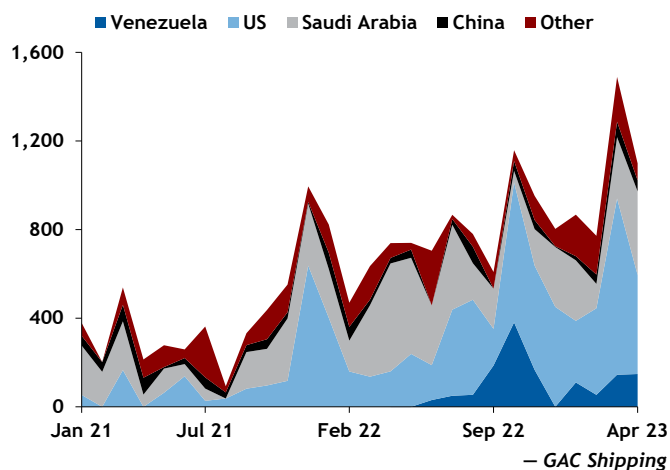
Indian cement makers took a total of 999,700t of coke in April, up by 68pc from a year earlier to the second highest since May 2020, but shipments were down by 16pc from March. Supplies to Ultratech - major Indian cement producer - were at 280,200t last month.

India also imported 49,500t of calcined coke – all from China – down by 30pc on the month but almost twice the amount in the same month last year. China was also the sole supplier of calcined coke in the month prior and in April 2022.

There were no imports of green anode-grade coke to Indian

Indian coke imports by origin

'000t



calciners last month, compared with 58,200t in March and 119,400t a year ago.

India's government in late March [allocated its annual 500,000t calcined petroleum coke \(CPC\) import quota](#) to four smelters for the 2023-24 fiscal year that began 1 April. Quotas for green anode-grade coke imports have yet to be announced.

PetroPeru again offers term coke from flexicoker

State-owned PetroPeru has again issued a three-year term tender for petroleum coke from its new flexicoking unit at its Talara refinery, after failing to [find a buyer in an earlier attempt](#) in March.

The tender issued on 9 May offers roughly 106,500t over the three-year period, consisting of approximately 62,200t of bed coke with 801 kg/m³ bulk density, 19,000t of fine coke with 481 kg/m³ bulk density and 25,300t of wet coke with 1,010 kg/m³ bulk density. The first cargo is expected to be available in July. PetroPeru is targeting a [return to full operations at the revamped Talara refinery in May or June](#) after completing a project that will increase the plant's processing capacity by 50pc to 95,000 b/d.

PetroPeru in late March offered the same quantities and specifications of petroleum coke from its Talara refinery for loading beginning in June, but the first iteration of the tender was not awarded, the company said.

The bed coke has a maximum sulphur and ash content of 1.8pc and 2pc on a dry basis, respectively, with a minimum of 7,000kcal/kg calorific value and a maximum of 3pc moisture and volatiles content. HGI is expected to range from 20-32. The fine coke has similar specifications, although with a maxi-

mum volatiles content of 7pc and an expected HGI of 39. The wet coke has a maximum ash content of 6pc, volatiles content of up to 13pc and a maximum moisture content of 60pc. PetroPeru will negotiate price adjustments with the buyer if some deliveries do not meet the listed specifications.

The coke is to be lifted by truck. Buyers must agree to lift all production, even though output may vary based on scheduled and unscheduled operational changes.

The tender gives two pricing options for bids for the bed coke. The first is a monthly index plus a price differential, using the US Gulf coast 4.5pc sulphur petroleum coke price from Platts' weekly Global Coal publication. The second option is a fixed price, dry-basis offer that will apply for 2023 and be adjusted annually based on the US consumer price index for the previous year. For the fine coke, the refinery is offering a third pricing option, in which potential buyers can submit a fixed price on a dry basis to be adjusted quarterly based on the vanadium pentoxide (V2O5) price published in Fastmarkets' *Battery Raw Materials Market Report*. The refinery gives the same US consumer price index- and vanadium pentoxide-linked pricing options for the wet coke.

Buyers may also submit other proposals and price formulas.

Bids are to be submitted to PetroPeru's tender website or by email to tenderspetroperu@petroperu.com.pe between 11:00am and 1:00pm ET on Thursday, with validity until 29 May. PetroPeru may award each type of coke independently or to a single company.

By Delaney Ramirez

CEMENT

India's Adani Cement plans fuel-led cost cutting

Indian conglomerate Adani is targeting reduced cement manufacturing costs with a greater focus on using domestic thermal coal in kilns, among other initiatives.

The country's second-largest cement business, run through listed firms Ambuja Cement and ACC, is aiming to reduce costs by 300-400 rupees/t (\$3.65-4.86/t) of cement, its management said in an investor call after announcing its results for January-March.

Ambuja, which sold 14.1mn t of cement and clinker during January-March, spent Rs4,228 to produce each tonne of cement. The initiatives could translate into a potential cost reduction of 7-9.5pc on the last quarter's costs for Ambuja. ACC's average cost was Rs3,853/t. Fuel typically accounts for a third of cement manufacturing costs.

Adani's cost reduction initiatives will be primarily directed towards energy and freight and forwarding. The group is working to raise the use of alternative fuels and raw materials from 8.8pc to 15pc in the April 2023-March 2024 fiscal year, eventually raising it to 30pc. It plans to add 200MW of renewable power capacity by March 2024 to partly replace fossil fuels, while expanding waste-heat recovery power generation to 175MW by September 2024 from the current 70MW. These initiatives are aimed to substitute 30pc of coal requirements in the cement business, Adani said.

It also plans to expand term purchases of domestic coal for the cement business. It has an operational coal mine attached to its cement business with a capacity to produce 1.2mn t/yr. It is working to bring another dedicated coal mine with a capacity of 2mn t/yr into production. These two mines can meet about 50pc of the company's existing fuel demand, especially at the kilns, the group said.

Adani last year agreed term contracts to buy 1.47mn t of coal at a port delivered price capped at \$157/t. This contract covers approximately a quarter of the coal requirements for the cement business, with supplies likely to be completed by June this year. The contract has enabled a reduction of 15-18pc on the previous quarter in fuel costs during October-December, it said earlier this year. Adani did not import any US petroleum coke during October-December, expanding its coal use in kilns. Adani Enterprises, another group company, is the country's largest coal trading firm and the management has been trying to exploit synergies post acquisition.

The second set of cost cut is aimed towards freight and forwarding by reducing the lead distance, optimising the warehouses between ACC and Ambuja and using an optimum mix of rail and road transportation. The group has reduced the number of warehouses to 670 from 943 after the [acquisition of Switzerland-based cement firm Holcim's Indian business](#) involving ACC and Ambuja and is aiming direct sales from cement plants wherever possible.

Adani has moved to running the cement business as a single entity with a single executive team, unlike during Holcim's ownership when the two companies were run separately. Work has been done on streamlining employee hierarchy and removing role redundancies between ACC and Ambuja, it said. The cement business now has common regional heads who are encouraged to push volumes, reduce costs and optimise logistics.

Doubling capacity

Adani reiterated its [plans to double cement manufacturing](#)

capacity to 140mn t/yr in the next five years, while stressing that the expansions will be done through internal accruals. Ambuja had about Rs115bn in cash on its books as of 31 March.

The doubling of capacity will require an investment of Rs460bn. The business is generating “sufficient” cash to fund these expansions, Adani said. Capacity expansion will be done through a mix of existing and new investments, while the company will also be open to acquisition opportunities. The acquired cement capacity of 67.5mn t/yr from Holcim made Adani the country's second-largest cement producer behind UltraTech.

By Ajay Modi

Cement maker Heidelberg's profits up

Softening energy costs and higher sales prices boosted cement maker Heidelberg Materials' profits in the first quarter, leading it to increase its full-year outlook even as volumes were down.

Germany-based Heidelberg's revenue rose by 11pc on the year to almost €4.9bn (\$5.3bn) in the January-March quarter. North America and Asia-Pacific remained the most promising markets for the company, while the Africa and east Mediterranean market's sales were lower than the previous year.

Higher prices for its products alongside lower costs pushed Heidelberg to update its outlook for full-year 2023 earnings before interest and tax (Ebit) to €2.50-2.65bn compared with the €2.35-2.65bn mentioned in the 2022 annual report.

“We have managed our costs very tightly,” chief executive Dominik von Achten said yesterday. “And then, obviously, also the price realization was again good.”

The company does not expect cement prices to increase at rates as high as recent levels of around 20pc or more, but it still anticipates the market to move higher this year, especially in North America.

Heidelberg struggled with significant cost increases last year of more than 50pc, but prices have declined in 2023 and still remain under the pressure of high stockpiles and lower demand globally. The benchmark 6.5pc sulphur fob US Gulf coke price had nearly halved by mid-March this year to \$117/t, down from a record high of \$225/t in mid-March 2022. Coal prices on a cif Amsterdam-Rotterdam-Antwerp basis were down to \$127.29/t this year from \$416.75/t on 9 March last year.

The company's sales volumes declined in the first quarter following an economic downturn and lower construction activity, including on the residential side, as a result of inflation and increased financing costs.

Heidelberg did not specify exact cement sales volumes,

noting a single-digit percentage decline on average across operating regions and a low two-digits percentage decline in west and south Europe in the first quarter.

The drop in sales in Europe was partially offset by a significant increase in North America, according to von Achten.

COAL

API 2 swaps trades below \$100/t on Ice

The API 2 coal June swaps contract traded below the \$100/t threshold on the Ice exchange on Tuesday, as high coal and natural gas inventories in Europe continued to put pressure on spot prices.

Argus last assessed the API 2 rolling front month below \$100/t on 4 June 2021, almost nine months before Russia invaded Ukraine.

European coal prices have been pressured in recent weeks by rising inventories in the region. Combined stocks at the main ports of northwest Europe's key Amsterdam-Rotterdam-Antwerp (ARA) hub were 6.4pc higher on the week at 6.32mn t on 14 May, their highest since 15 January and more than 1mn t above the five-year average for mid-May stocks.

Similarly, gas storage levels across Europe are above seasonal trends, adding more downward pressure to regional coal prices given that gas is ahead of coal in the European power generation merit order until the third quarter. EU natural gas inventories were 64pc full as of 13 May, significantly higher than 39pc a year earlier, according to GIE data.

Ice lowers margin rates

The Ice exchange has reduced margins for coal derivatives for a fifth time this year.

Ice's amended margin rates were scheduled to take effect from the close of business today and will be reflected in margin calls made on Thursday, according to a circular from the firm's clearing house.

Margin requirements for API 2-settled derivatives expiring from May 2023-April 2025 have been reduced by 14-16pc.

The margin requirement for the API 2 rolling front-month contract is now \$24,125 per lot, equivalent to \$24.125/t. This puts the cost of hedging a 50,000t cargo at \$1.21mn.

Margins have fallen in line with lower outright API 2 prices and reduced volatility, as this in theory lessens the risk of defaults for the clearing house.

But margins remain significantly higher than pre-2022 levels. The average margin requirement for the API 2 front-month

future during 2021 was about \$11/t, and around \$3-4/t in 2019-20, Argus analysis of Ice data shows.

Ice has likewise reduced its margin requirements for API 4 derivatives, by 13-17pc.

The exchange reduced margins for Dutch TTF gas futures by a greater extent, lowering them by 36pc on the front-month contract. Margin requirements for German base-load power contracts were also reduced, with the June contract's rate falling by 28pc.

By Jack Elliott

Weak demand weighs on Indonesia's HBA

Indonesia's May thermal coal reference price (HBA) dipped from the previous month, following a fall in coal sale prices because of weaker seaborne demand.

Indonesia's energy ministry (ESDM) has set the May HBA price at \$206.16/t, a 22pc drop from April's \$265.26/t and 25pc lower than the May 2022 HBA price of \$275.64/t. The HBA has averaged \$267.35/t over January-May, up from an average of \$222.92/t over the same period in 2022.

The HBA is based on GAR 6,322 kcal/kg coal with 12.58pc total moisture, 0.71pc total sulphur and 7.58pc ash. The ministry implemented its [new coal HBA formula from March](#), replacing the previous formula based on the average in the previous month of four coal price indexes – the Indonesian Coal Index, Newcastle Export Index, GlobalCoal Newcastle Index and Platts 5900 index.

The ESDM has set HBA 1 at \$119.64/t for May, up from \$102.53/t last month. It is based on GAR 5,200 kcal/kg coal with total moisture of 23.12pc, total sulphur of 0.69pc and ash of 6pc.

The ministry has set HBA 2 lower at \$82.23/t for this month, down from \$87.81/t in April. The price is based on GAR 4,200 kcal/kg coal with total moisture of 35.29pc, total sulphur of 0.2pc and ash of 4.21pc.

The average Argus-assessed spot price was \$174.29/t fob Kalimantan for GAR 6,500 kcal/kg coal and \$71.79/t for GAR 4,200 kcal/kg coal in April, down from \$183.76/t and \$73.46/t respectively in March. The average GAR 5,000 kcal/kg price in April edged higher to \$95.35/t from March's \$95.23/t.

By Siew Kuan Yong

Indonesia Mar coal exports hit likely record high

Indonesian coal exports rose by 12pc on the year to a probable all-time monthly high of 49.63mn t in March, bolstered by a sharp rise in deliveries to China.

Total Indonesian January-March exports increased by 41pc

COAL SPOTLIGHT

[S African coal output falls by 2pc in March](#)

[Cerrejon's coal exports fall in April](#)

[Manufacturing supports China's April industrial output](#)

[China's Shenhua halts third-party coal purchase scheme](#)

[Coal stocks rise again at key Chinese ports](#)

[ARA coal stocks jump back above 6mn t](#)

[Turkey-Russia relations in spotlight ahead of elections](#)

[EPA proposes new power plant CO2 limits](#)

[US senators propose new CO2 removal programs](#)

[US coal power plant receipts at 2-year low in February](#)

on the year to 124.9mn t. Exports in the first quarter were up sharply from a low base during the same period a year earlier, when Jakarta imposed a month-long blanket ban on coal exports in January to alleviate a domestic supply crunch.

Output and exports subsequently recovered strongly during the remainder of last year after the ban was lifted, with the country shipping 467mn t of coal in 2022, up from 434mn t in 2021, according to Indonesian customs data.

Shipments to China rise

Indonesia exported 23.8mn t of coal to China – the country's largest thermal coal export market – in March, climbing sharply from 15.3mn t a year earlier when Chinese Covid-19 lockdowns weighed on economic activity and curbed demand for raw materials such as coal.

Indonesia exported 56.1mn t of coal to China in January-March, up sharply from 29.6mn t during the year earlier period. Exports to China were also sharply higher compared with February's shipments of 16.17mn t, with the month-on-month increase supported by strong thermal power generation.

China's thermal power generation, which mainly comprises coal-fired output, rose to 514.6TWh in March, up from 468.8TWh a year earlier and from 458.6TWh in February, according to China's National Bureau of Statistics.

Chinese thermal coal imports hit their second-highest ever level in March, following a rise in thermal power generation, [Chinese customs data released last month show](#).

China's March imports of thermal coal – including non-coking bituminous coal, sub-bituminous coal and lignite – totalled 29.7mn t, surging from 11.9mn t a year earlier and from 20.6mn t in February.

In March, Indonesia exported just over 10mn t of coal to India – Indonesia’s second-largest market – customs data show. This was down from 11.6mn t a year earlier but up from around 8.44mn t in February.

Exports to continue rising

Production last year could have been even higher because high coal prices provided a strong incentive for producers to raise output. But adverse weather relating to a third consecutive La Nina weather event in the Pacific region and a shortage of heavy mining machinery in Indonesia prevented significant increases in output for some firms.

Indonesian coal exports may continue to increase in the coming months, with forecasts of an El Nino weather pattern ahead. This could result in less rainfall in coal-producing regions, supporting mine productivity. At the same time, the weather phenomenon could boost electricity consumption in coal-importing countries, dampen hydropower output and prompt utilities to raise coal-fired generation and seek more seaborne material.

Coal exports from Indonesia are expected to jump by 32pc in January-April, compared with the same period the previous year, [shipping association Bimco said last month](#).

Indonesian seaborne coal exports are due to surpass 170mn t by the end of April, as China’s economy continues to recover and the demand for energy rebounded, Bimco shipping analyst Filipe Gouveia said.

Indonesian coal output rises on the year

Indonesia produced just under 164mn t of coal in January-March, up sharply compared with 152.1mn t in the year earlier period, the data show, with the steep year-on-year increase largely because of the January 2022 export ban. Indonesian production data is revised regularly because of frequent delays in some producers reporting their production data to the authorities.

The country produced 684.4mn t in 2022, up from significantly above 610mn t a year earlier, the data show. The country exported 467mn t of coal in 2022, up from 434mn t in 2021. Indonesia’s energy ministry in January projected that the country’s coal exports will [increase to 518mn t this year](#).
By Andrew Jones

TFR aims to restart S. African coal export line 1

South African logistics operator Transnet Freight Rail (TFR) was expected today to restart operations on Line 1 of the country’s North Corridor coal export line.

A train on the route to the Richards Bay Coal Terminal (RBCT) derailed on 11 May, forcing the operator to close Lines 1 and 2 on the route.

An overhead track equipment power shut-off was reported between Mswaneni and the Mqwabe bypass line at 06:21 on the day of the incident, according to a notice seen by *Argus*.

Line 2 returned to action at 08:15 on 11 May.

“The derailed wagons have been cleared from the line and the line handed over to the rail network for formation. Poor weather conditions including heavy rains in Mqwabe [have been] causing delays,” TFR said.

Railings on the North Corridor have continued to decline this year, hit by cable theft and limited locomotive availability, among other factors.

Railings to the RBCT have averaged 959,000 t/week this year, down from 1.05mn t/week over the same period last year and significantly below historical norms of 1.5mn-1.7mn t/week.

By Jack Elliott

Mixed start to 2023 for Queensland coal ports

The four main coal ports in Australia’s Queensland are having a mixed start to 2023, with Chinese demand and increased supplies bolstering Dalrymple Bay Coal Terminal (DBCT) and Abbot Point and the other two falling behind what was a weak start to the previous year.

Hay Point, DBCT, Abbot Point and Gladstone shipped 16.46mn t of coal in April, up from [16.17mn t in March](#) and from 14.12mn t in April 2022, according to port data. DBCT’s January-April shipments are 19pc ahead of the same period last year and Abbot Point is up by 24pc, while Hay Point is down by 16pc and Gladstone down by 11pc on what was a below average start to 2022.

The above average monthly shipping was driven by firm throughput at DBCT and Abbot Point, offsetting below average exports by the BHP Mitsubishi Alliance (BMA) operated Hay Point and [the multi-user port of Gladstone](#).

There were 60 vessels queued off Hay Point and DBCT on 11 May, down from 63 on 8 May but up from 37 on 16 January and an average of around 25. There are eight off Abbot Point, which often has just of couple of ships at anchor. Gladstone was the only one of the big four Queensland ports to have a close to average queue of 21 ships on 11 May, down from 34 on 6 March.

DBCT And Abbot Point have both increased shipments to China since Beijing removed its informal ban on Australian coal imports in January, according to initial shipping data collated

by Argus. Gladstone has also raised sales to China but it was interrupted by [a derailment in late January](#).

BMA's Hay Point appears to have only loaded to ships bound for China this year, implying that the coking coal joint venture is not as keen to return as some of its rivals. Hay Point in 2020 and 2019 loaded around the same volume of coal bound for China as DBCT, according to shipping data.

DBCT and Abbot Point are also benefitting from a supply-side response. UK-South African firm [Anglo American is boosting output at its Queensland mines](#) and smaller independent firms are restarting mines, most of which ship through DBCT. Indian firm Adani is increasing production at its Carmichael coal mine, which ships through Abbot Point.

Argus assessed high-grade 6,000 kcal/kg NAR thermal coal at \$177.04/t fob Newcastle on 5 May, down from \$319.23/t on 27 January and from a peak of \$444.59/t on 9 September 2022. Argus assessed the premium hard low-volatile metallurgical coal price at \$246.40/t fob Australia on 10 May, down from \$367.55/t on 3 March.

By Jo Clarke

China's coal output rises on year again in April

China's overall coal production in April increased on the year again, supported by stronger industrial power demand.

Chinese domestic coal production – including anthracite, coking coal and thermal coal – was at 380mn t in April, up by 4.5pc from a year earlier but down from [420mn t in March](#), according to National Bureau of Statistics (NBS) data. Daily coal output was at 12.72mn t/d in April, exceeding an output target of 12.6mn t/d set by China's main economic planning agency the National Development and Reform Commission last year.

National coal production reached 1.53bn t over January-May, achieving a 4.8pc year-on-year growth.

China's National Mine Safety Administration halted operations at 32 Inner Mongolian coal mines, revoking or suspended approvals for capacity expansions because of potential safety risks. Stricter safety audits in other main coal-producing provinces will likely be implemented and weigh on the country's domestic coal production.

China imported 40.68mn t of all types of coal in April, up by 73pc from a year earlier, preliminary customs data show. Customs will release detailed data on coal imports specifying coal types and origin later this month.

The increases in the country's domestic coal output and imports were driven by higher power demand. The country's power output, which is mainly coal fired, rose by 6.1pc on the

year to 658.4TWh in April, according to the NBS. China's overall power output was 2,731TWh in the first five months of the year, up by 3.4pc compared with a year earlier.

Industrial power demand in the tertiary sector rose by 18pc on the year to 115.5TWh in April, accounting for 16.7pc of the country's power use, according to the National Energy Administration (NEA).

The NEA has forecast a potential power shortage during the summer because of warmer temperatures and weaker hydropower output in the major hydropower-producing provinces of southwest Sichuan and Yunnan.

By Siew Kuan Yong

US tries to take carbon capture mainstream

President Joe Biden is leaning on industry to embrace the use of carbon capture and storage (CCS) by offering expanded tax credits and billions of dollars in funding, alongside strict emission rules that will eventually require the technology to be added to some coal and gas-fired power plants.

The emerging carrot-and-stick approach that the White House is using to encourage carbon sequestration aligns with Biden's ambitious goal for the US to slash its greenhouse gas emissions in half by 2030, relative to 2005 levels. Achieving that emissions target and sustaining some fossil fuel use is likely to require widespread use of CCS, a technology that has yet to find large-scale commercial deployment and still faces deep scepticism from environmentalists.

Biden has already delivered the carrots. Last year's Inflation Reduction Act expanded the 45Q tax credit so it would offer a sliding scale of increasingly generous payments for CCS, from \$60/t for the tried-and-true method of using CO₂ in enhanced oil recovery to up to \$180/t for the far more difficult task of capturing carbon from ambient air. The law also established the 45V tax credit that will offer up to \$3/kg for clean hydrogen, which will require the use of CCS so long as natural gas is used as the feedstock. The separate 2021 bipartisan infrastructure law will provide \$12bn in funds to help develop CCS and another \$9.5bn to build hydrogen "hubs", with projects to be funded selected later this year.

For the stick, environmental regulator the EPA this week rolled out proposed regulations that would require most new and existing coal and gas-fired power plants to hit increasingly stringent CO₂ emission targets from 2030, achievable in part by retrofitting facilities with CCS or blending in clean hydrogen to curb the carbon-intensity of power generation. The agency projects that those standards would eliminate all coal-fired power

that does not have CCS technology by 2035.

But achieving commercial-scale CCS will require navigating novel legal and engineering issues, such as concerns about the safety of pipelines that will carry CO₂, and figuring out the long-term liability for potential CO₂ leakage from storage. Those issues will come on top of the typical headwinds for large energy projects, such as clearing environmental reviews and overcoming local opposition. Faster approval of projects could emerge as more states secure authorisation to handle permitting of “Class VI” injection wells used for carbon sequestration, a status Louisiana took significant steps to receiving last month. “If we want to be a leading energy state in 30 years, we have to embrace the transition today,” the state’s Democratic governor John Edwards says.

Caring and sharing

The largest CCS projects will be carbon transportation ‘hubs’, such as [ExxonMobil’s plan](#) to collect CO₂ from multiple facilities in Houston and store it offshore, a model that offers a way to share the massive upfront costs of building CO₂ pipelines and storage facilities. Finishing a hub will require close co-ordination between government and industry. Beyond oil majors, many of those offering financing for CCS say they are focusing on smaller, bilateral projects. “The bigger the project gets, the longer it takes, and the more moving pieces that frankly can derail projects,” bank Macquarie Group division director Michael Brownlie says.

Biden officials say they are trying to mitigate environmental issues that could arise from the growth of CCS, which critics worry will lock in years of additional fossil fuel use. But the administration says the scale of the climate challenge requires making it easier to build CCS projects and related infrastructure. “If we can’t build some new things in a few backyards, the climate crisis will destroy everybody’s backyards,” White House clean energy adviser John Podesta says.

REFINING

Croatian refinery back at full capacity

Croatia’s 90,000 b/d Rijeka refinery is running at full capacity after a lengthy shutdown for planned maintenance and upgrades, operator Ina said on 11 May. The plant’s next scheduled shutdown will be in early 2024 and will last for almost three months, the firm said.

Ina began restarting Rijeka last month after shutting the refinery in November 2022 for maintenance and work on a €630mn heavy residue upgrade project that includes a delayed

REFINING SPOTLIGHT

[Proposed India diesel ban offers limited GHG cuts](#)
[Saudi Aramco to begin bitumen exports from Yanbu](#)
[Bilbao refinery crude receipts rise](#)
[Pemex to spend \\$300mn to cut Cadereyta emissions](#)
[Kuwait restarts second CDU at Al-Zour refinery](#)

coker unit. The company upgraded and expanded the capacity of the sulphur recovery and hydrocracking units during the downtime, to align them with a new heavy residue treatment facility that is expected to be completed by the middle of 2024. Construction and the overall project are 60pc and 76pc complete, respectively, it said.

The project “will provide us with the long-term sustainability of refinery operations, eliminate our dependence on [products under sanctions](#), reduce the need to import diesel, and all of this will contribute to greater security of supply,” Ina said.

Future work related to the heavy residue upgrade project is not expected to require additional downtime, Ina said, adding that Rijeka will shut for almost three months of regular maintenance at the beginning of next year.

Rijeka did not refine any crude in the first quarter of this year and processed only 31,000t of other types of feedstocks. Ina issued a tender in April to buy two 30,000t diesel cargoes a month for May-July under a term contract, which was [awarded to Italy’s Saras](#), according to traders. The tender required the diesel to be refined from non-Russian crude.

By Bela Fincziczki

Mol’s 1Q profit up on downstream strength

A firmer downstream performance and foreign exchange (forex) gains helped Hungarian integrated oil firm Mol boost its profit in this year’s first quarter from a year earlier.

Profit rose to 166.4bn forint (\$489mn) during January-March from Ft138.4bn a year earlier, partially driven by the increase in income to Ft17.7bn from Ft1.9bn mostly because of forex gains. But Mol’s current cost of supply (CCS) earnings before interest, tax, depreciation and amortisation, or clean CCS ebitda – an indicator it considers key to measure its performance – fell to Ft258.9bn from Ft268.5bn.

Mol’s group refining margin climbed to \$9.40/bl during January-March from \$1/bl a year earlier. The Brent-Urals price

differential, or the company's discount for Russian Urals crude against the benchmark Brent grade, more than doubled to \$32.50/bl in the first quarter from \$12.20/bl a year earlier. But this differential has been subject to a [95pc special tax](#) in Hungary since late 2022. The levy hit profitability by around \$190mn in the first quarter, Mol said.

The company has been benefiting from Hungary's exemptions for Russian pipeline crude under the EU's oil ban that took effect on 5 December. It is now the main buyer of Urals delivered through the Druzhba system for its 161,000 b/d Szazhalombatta refinery in Hungary and 115,000 b/d Bratislava plant in Slovakia. It is also working to diversify supplies, with it starting to import some of its own [crude output from Azerbaijan](#) for Bratislava in April.

Combined throughput at Mol's three refineries, which also include the 90,000 b/d Rijeka plant in Croatia, fell to 3.5mn t in the first quarter from 3.7mn t a year earlier. Total oil product sales fell to 3.6mn t from 3.9mn t. Its motor fuel sales in Hungary fell by 13pc from a year earlier, after Budapest scrapped its price caps on gasoline and diesel last December.

The upstream business significantly reduced its contribution to Mol's profit, partially as the firm's average realised crude and condensate price and realised gas price fell by 21pc and 12pc respectively to \$75/bl and \$81.60/bl of oil equivalent (boe) during January-March. Total upstream output rose by 2pc from a year earlier to 95,900 boe/d in the latest quarter.

By Bela Fincziczki

Mexico still far from plan to end crude exports

State-owned Pemex's crude exports increased in the first quarter compared to the same period in 2022, far from the Mexican government's initial goal of ending such trade this year to instead feed domestic refineries.

Pemex's crude exports rose by 9pc to 967,000 b/d in the first quarter, up from 886,000 b/d in the same period of 2022.

In the fourth quarter of 2022, Pemex exported 921,000 b/d crude, averaging 953,000 b/d in the year, according to the company's results, missing its goal to reduce exports to 435,000 b/d.

The oil company produced 1.85mn b/d crude in the first quarter and exported about 50pc of it.

The Mexican government in 2021 had said it aimed to stop importing fuel by 2023, by redirecting crude exports to its six-refinery domestic system, its 340,000 b/d Deer Park refinery in Texas and the planned 340,000 b/d Olmeca refinery in Tabasco, Mexico – which is still under construction. But this

would also compromise the highly indebted Pemex, as exporting crude is the company's main revenue source.

Pemex expects to process 995,000 b/d crude in its refining system in 2023, according to Pemex's 2023-2027 business plan designed by president Andres Manuel Lopez Obrador's administration and published in December 2022.

But in the first quarter, Pemex's oil products output stood at 856,000 b/d, 14pc or 139,000 b/d below the company's expectations for the year.

Pemex's combined gasoline and diesel output of 403,000 b/d in the first quarter is just above a third of Mexico's 1.12mn b/d demand of these products.

On to 2025

Now Pemex [has said it will end fuel imports by 2025](#) – one year after Lopez Obrador's term ends.

New cokers being installed in the 315,000 b/d Tula and 330,000 b/d Salina Cruz refineries will make the country self-sufficient in gasoline and diesel by then, Pemex chief executive Octavio Romero said in March. The past administration began the construction of Tula's coker in 2014, but it has faced several delays over the years.

Lopez Obrador announced the restart of construction in May 2021, and during his visit to the Tula refinery this weekend, the president said the coker will be ready by the end of the year. The coker in Salina Cruz refinery will be ready by September 2024, Lopez Obrador said on 21 March.

While the cokers are under construction, Pemex's gasoline output decreased by 1pc to 270,000 b/d in the first quarter, down from 273,000 b/d in the same period of 2022.

In addition, diesel output declined by 11pc to 133,000 b/d from 150,000 b/d year over year.

By Antonio Gozain

Citgo grows 1Q profits and capacity

Venezuelan-owned refiner Citgo grew profits in the first quarter on wide refining margins and high product yields while increasing nameplate capacity at its largest facility.

Citgo's three US refineries generated \$937mn of profits in the first quarter, up from \$245mn in the same quarter last year, the company said on 11 May.

The refiner – owned by Venezuelan parent company PdV Holding – ran its facilities at an aggregate 96pc utilisation in the first quarter despite a significant turnaround at the 418,000 b/d Lake Charles, Louisiana, refinery.

Crude throughputs averaged 772,000 b/d in the quarter, up

from 731,000 b/d in the first quarter of 2022.

The Lake Charles refinery upped its nameplate capacity by 38,000 b/d to roughly 456,000 b/d. Argus reports refinery capacity based on annual US Energy Information Administration (EIA) barrels per calendar day data, so figures may differ from refinery reported nameplate capacity figures.

Citgo's 179,000 b/d Lemont, Illinois, refinery reported record crude throughputs of 187,000 b/d in March, running at over 100pc of nameplate capacity.

Alongside the company's 168,000 b/d Corpus Christi, Texas, refinery and additional capacity at Lemont, Citgo's overall US refining capacity has topped 800,000 b/d.

The US District Court for the District of Delaware [approved the sale](#) of Citgo parent PdV Holding (PdVH) in October 2022 to satisfy Venezuelan creditors. A court official tasked with the auction [said this month](#) that the sale should occur in September to take advantage of [historically high profits in the refining industry](#).

By Nathan Risser

US refining margins widen nationwide

US refining margins widened across the country last week as regional gasoline and diesel price gains outpaced rising crude oil values.

US Gulf coast margins, as measured by a 3-2-1 West Texas Intermediate (WTI) crack spread, rose by \$2.37/bl in weekly comparison, with the average margin rising to \$26.80/bl. Regional refining margins peaked on 10 May at \$27.93/bl, the highest since 17 April.

Gulf coast conventional 87 finished gasoline prices rose on average by 8.86¢/USG during the week to \$2.41/USG, while ultra-low sulphur diesel (ULSD) prices increased on average by 8.73¢/USG over the same period. Gulf coast WTI prices increased by \$1.33/bl in weekly comparison, averaging \$73.44/bl for the week.

The region's crack spread so far this month has averaged \$25.48/bl, a decrease of \$2.42/bl compared to the previous full month, and \$23.04/bl below full month year-ago levels.

In New York, the 3-2-1 North Sea crude crack spread increased by nearly 13pc on the week to average \$27.62/bl.

New York Harbor RBOB gasoline prices notched an 8¢/USG gain last week to \$2.52/USG, and ULSD rose by 9¢/USG to \$2.38/USG. Cash prices for North Sea Dated crude averaged \$76.14/bl, up from \$75.99/bl in the previous week.

At the US midcontinent, Group Three, which supplies

much of the Great Plains, the WTI 3-2-1 crack spread averaged \$30.73/bl, an increase of \$5.223/bl from the previous week.

Group Three ultra-low sulphur diesel (ULSD) averaged \$2.55/USG, up by 22.97¢/USG on the week, as the high demand planting season continued amid thin ULSD inventories on the US midcontinent. Group Three suboctane gasoline prices rose by 12.47¢/USG to an average of \$2.41/USG. WTI prices at Group Three averaged \$72.58/bl up by \$1.41/bl on the week.

At Chicago, the Western Canadian Select (WCS) 6-3-2-1 crack spread averaged \$36.99/bl, up by \$3.01/bl from the previous week.

Chicago CBOB gasoline prices rose on the week by 13.36¢/USG to \$2.41/USG, buoyed by high demand and thin inventories. Chicago ULSD averaged \$2.50/USG, an increase of 18.41¢/USG from the previous week. WCS prices at Chicago rose during the week by \$2.53/bl to \$58.92/bl.

The Los Angeles crack spread calculated using Alaskan North Slope (ANS) crude prices based on a 5-3-1-1 yield rose by 4.9pc since 5 May. Refining margins averaged \$24.03/bl, up from \$22.90/bl in the prior week.

Los Angeles CARBOB gasoline differentials weakened to end out the week at June Nymex +11.62¢/USG, while cash prices averaged \$2.59/USG, up by \$0.07/USG. In-state Los Angeles CARB diesel cash prices increased by 5.2pc to average \$2.44/USG. ANS crude prices on average increased to \$77.20/bl this week, up from \$75.28/bl in the prior week.

The Los Angeles jet fuel crack spread, calculated using ANS crude prices, fell to \$16.94/bl, down from \$18.78/bl the prior week.

By Craig Ross

High Asia runs hitting global product margins: IEA

Record Asia-Pacific refinery run rates have shifted global product balances in recent months, depressing margins and raising the prospect of lower throughput in the remainder of the year, the IEA said on 16 May.

In its latest monthly *Oil Market Report* (OMR), the IEA revised its estimate for global refinery runs in the second quarter to 82.3mn b/d, from 81.4mn b/d in the previous report. First-quarter runs are now put at 81.6mn b/d, up from 81.1mn b/d. In both cases the revisions mainly reflect a higher estimate for Asia-Pacific.

The IEA cut its forecast for runs in the third and fourth quarters, mainly reflecting lower expectations for Europe and the Americas.

The agency also said the availability of discounted Rus-

sian crude in the Middle East and Asia-Pacific means refining activity in those regions are likely to be disproportionately higher than in the Atlantic basin.

The IEA's indicator margins are weakening for every type of refinery in northwest Europe, the US Gulf Coast and Singapore, reflecting middle distillates specifically. The IEA attributes declining margins more to high refining runs in Asia-Pacific in the first quarter than to low demand, although it said "softer manufacturing PMI readings in Europe, the US and China all point to tepid industrial activity".

Traders tell *Argus* that diesel demand has been significantly slower in some parts of Europe since December 2022.

If margins were to drop further, European refiners might be compelled to cut runs before their counterparts east of Suez.

"European refineries barred from processing Russian crude and feedstocks are competitively disadvantaged by the EU sanctions programmes, leaving their crude demand vulnerable if additional margin pressure emerges in the near term," the IEA said.

European margins underperformed in April because they tend to have higher middle distillate yields, relatively high naphtha yields and less conversion capacity. Simple refineries in Europe only recorded an indicator margin of \$2.15/bl in April, down by two thirds on the month. The IEA suggests refineries of this type are not far from price levels that could prompt run cuts – although a lift in margins in early May has made that less likely.

Lower middle distillate margins have been partly, but by no means completely, offset by rising gasoline margins. The switch to summer-specification gasoline has lifted margins because it brings higher production costs. This has coincided with a severe tightening of US gasoline stock levels.

The IEA only expects crude runs of 12.1mn b/d in Europe in May, revised down from 12.4mn b/d previously forecast. It has revised April runs up to 11.7mn b/d, from 11.6mn b/d, so still sees the conclusion of maintenance work as lifting regional activity, but by a smaller degree.

It still forecasts European runs at 11.9mn b/d in the current quarter, and it revised lower its first-quarter figure to 11.7mn b/d from 11.8mn b/d. European runs for the whole of 2023 have been revised down to 11.9mn b/d from 12mn b/d, a slight decline from 12mn b/d in 2022.

By Benedict George

STEEL AND STEEL FEEDSTOCKS SPOTLIGHT

Turkish steel sentiment downbeat ahead of elections
EU automotive industry braces for 2H slowdown
China's Cisa steel mills raise output in early May
China's April steel output falls on weaker demand

STEEL AND STEEL FEEDSTOCKS

Thyssenkrupp's order intake down in Jan-Mar

German steelmaker Thyssenkrupp's order intake fell sharply in January-March, dropping by a quarter on the year to €10.2bn (\$11.1bn), as a result of lower steel prices.

The company faced a challenging quarter caused by inflation, high energy prices and unfavourable interest rates, posting an adjusted earnings before interest and taxes (ebit) of €203mn, down by €802mn from a year earlier.

Thyssenkrupp's Steel Europe segment increased its order intake by 9pc to €3.7bn on the back of higher order volumes, from the construction sector and automotive industry. Sales were 2pc below the previous year at €3.3bn because of lower spot market prices, which were partially offset by long-term contracts.

Lower steel prices also weighed on the materials services division, resulting in a 13.3pc decrease in order intake to €3.9bn.

The *Argus* hot-rolled coil northwest Europe index slumped in January-March, by 26.2pc on the year to an average for the period of €780.11/t ex-works. Over April, the index fell by €23.23/t to €826.50/t ex-works owing to low demand.

The full-year financial forecast for Thyssenkrupp remains uncertain, as geopolitical and macroeconomic challenges weigh on the market, the company said. The firm expects to record an adjusted figure in the "mid- to high three-digit-million-euro range" for adjusted ebit, which will enable the Germany-based company to break even.

By Carlo Da Cas

OIL

IEA hikes global oil demand on China rebound

The IEA has hiked its forecast for world oil demand growth this year by almost 200,000 b/d, with a stronger than previously expected rebound in China outweighing a deterioration in the global economic picture.

The Paris-based energy watchdog's latest *Oil Market Report* (OMR) puts world oil demand at 102.01mn b/d in 2023, an increase of 2.21mn b/d on last year and around 1.3mn b/d higher than pre-pandemic 2019. Its previous forecast had demand growing by 2.03mn b/d this year to 101.94mn b/d.

The upwards revision is underpinned by China, where the recovery in demand "continues to surpass expectations", the IEA said. Chinese demand set an all-time record of 16mn b/d in March, driven by "burgeoning personal mobility", according to the IEA. The agency now sees Chinese demand increasing by 1.29mn b/d this year, which is almost 60pc of global growth and 130,000 b/d higher than its previous forecast.

The IEA describes China's demand rebound as a "two-speed recovery", with the abrupt increase in personal activity and travel brushing up against "persistently gloomy measures of industrial activity". Globally, this is fuelling a widening gap in the trajectories of gasoil and gasoline demand, it said.

The sharp post-lockdown revival in Chinese demand is in stark contrast to the advanced economies of the OECD, where the IEA estimates cumulative oil consumption dropped by an estimated 310,000 b/d in January-March, the second quarterly decline in a row. "Economic growth in advanced economies is decelerating in the wake of much higher interest rates, with outlooks increasingly turning to hard landings and recessions," the IEA said.

The IEA expects OECD demand to return to growth in the current quarter but "its average 2023 increase of 350,000 b/d pales compared to 1.9mn b/d in non-OECD gains", it said.

On the supply side, the agency warns that global oil stocks may come under pressure as Opec+ cuts take effect this month, but it notes Russian output continues to prove resilient, with Moscow's crude and product exports hitting a post-Ukraine invasion high of 8.3mn b/d last month. Moscow will need to cut a further 300,000 b/d from its crude production this month to bring itself into line with the 500,000 b/d reduction it has pledged, according to the IEA. "By our estimates, Moscow did not deliver its announced 500,000 b/d supply cut in full. Indeed, Russia may be boosting volumes to make up for lost revenue," the IEA said.

The agency has raised its forecast for Russian oil output by 180,000 b/d this year, but this is offset by a downwards revision to supply from countries outside the Opec+ alliance. The IEA has left its global oil supply growth forecast unchanged at 1.2mn b/d for 2023, with an increase of 1.7mn b/d from non-Opec+ countries partially offset by a 560,000 b/d decline from the Opec+ group.

By James Keates

OIL SPOTLIGHT

G7 looks for ways to tighten Russia sanctions
EU, India to discuss fuel imports made from Russian oil
China appoints high-level government, energy officials
US SPR refill could hit 13mn bl this year

Alberta oil output partially restored amid fires

A decrease in wildfire activity has allowed some Albertan energy companies to resume operations after being forced to evacuate a week earlier, but another wave of hot weather could create more problems.

At least **319,000 b/d of oil equivalent (boe/d) production was shut in** in Alberta earlier this week, but cooler weather helped firefighting efforts in the hard-hit region between Edmonton and the Rocky Mountains. The number of active wildfires in the province was down to 73 on 12 May from 94 earlier that week.

There were still 20 fires considered out of control, down by nine across the same period, but officials are mindful that trend could change with unseasonably hot temperatures moving in this weekend.

The decrease in blazes has allowed site access for some crude and natural gas operators in the area and, in some cases, a partial restoration of output.

Paramount Resources and Crescent Point both brought about 75pc of the volumes they curtailed earlier this week back online. Paramount had curtailed about 50,000 boe/d while Crescent Point took 45,000 boe/d offline.

Chevron Canada has resumed operations in the area after being forced to evacuate personnel. Chevron did not disclose production impact but its 70pc interest in the East Kaybob area of the Duvernay provided about 22,000 b/d of condensate and NGLs in 2021.

Pipestone Energy's curtailed production is now 5,000 boe/d, down from 20,000 boe/d earlier in the week. Tourmaline Oil has resumed operations at seven of nine gas processing facilities impacted by the wildfires, with the remaining two offline representing 16,000 boe/d of production.

Pembina Midstream has resumed operations at all facilities affected by the wildfires, including three gas plants. Fellow midstream company TC Energy has brought three compressor stations back online. Both companies indicated no material damage to their assets have been spotted.

Midstreamer Keyera has restarted its 300mn cf/d Wapiti gas plant, the largest of six taken offline, but the remaining five are still closed. Producer Cenovus told *Argus* its estimated 85,000 boe/d of volume was still curtailed as of 11 May.

Alberta has been in a state of emergency since 6 May and continues to issue evacuation orders in parts of the province. Military assistance arrived on 11 May.

Temperatures in Grande Prairie, northwest of Edmonton, are forecast to reach 30°C (86°F) on 14 May, well above the seasonal average high of 17°C, according to Environment Canada.

By Brett Holmes

LLS crude premium falls before Zydeco restart

Light Louisiana Sweet (LLS) premiums to Nymex-quality WTI in Cushing, Oklahoma, are declining, following a US Coast Guard estimate that the Zydeco crude pipeline will restart on 26 May.

LLS' premium to WTI fell to \$2.50/bl on 12 May, down from a \$3.15/bl premium in the prior session.

LLS trades on 15 May had been reported at a \$2/bl premium.

Sweet crude premiums in Louisiana initially rose after Shell's 250,000 b/d Zydeco crude pipeline was shut due to an oil spill on 25 April. LLS peaked at a \$3.15/bl premium, up by \$1.65/bl from the first session of June trade.

LLS is comprised in part by supply of sweet crude shipped from the Houston area, which would be reduced as the Zydeco pipeline from the Houston area to Houma, Louisiana, remains off line.

But on 11 May, the US Coast Guard told *Argus* it expects the pipeline to return to service on 26 May, about one month since the pipeline shut.

By Scott Phillips

PdV outlines plan to reach 1mn b/d this year

Venezuelan state-owned oil company PdV aims to leverage new data and drilling to increase crude output by a third to 1mn b/d in August after first stabilizing production, according to a copy of its yearly plan seen by *Argus*.

The company seeks to add a total of 390,000 b/d by the end of 2023, possibly reaching as high as 1.2mn b/d by the end of the year, company president and oil minister Pedro Tellechea told company leadership, joint-venture partners and some high-level workers in a closed-door presentation this week. Venezuela produced about 750,000 b/d in April, according to *Argus* estimates.

Venezuela last produced above 1mn b/d in early 2019, and a lack of investment in infrastructure has repeatedly hobbled efforts to lift output.

The easing of US sanctions that allows for PdV's joint-venture partner Chevron to export crude has led to some initial increases, but multiple industry sources have said that recovery will take time.

The plan for this year includes three new exploration wells, new 2D data acquisition in eastern Falcon and Zulia states and reinterpretation of existing 3D data, mostly in Zulia, as well as varied exploratory work in Barinas and the Faja.

The firm also wants to restart its Petromonagas upgrading unit in Monagas state this June to process 80,000 b/d of extra-heavy Orinoco crude, boosting its output through the addition of diluent.

The exploration work would add proven reserves of 97.92mn bl of oil and 168 Bcf of natural gas, the plan says, augmenting Venezuelan's crude reserves. The country held 304bn bl of reserves in 2022, according to BP's world energy statistics.

The company believes it could bring in \$13.38bn this year in revenue, but provided no recent comparison. It had revenue of \$72.17bn and a profit of \$2.58bn in 2015, one of its last public reports.

In natural gas, PdV plans to hike production by 645mn cf/d, taking output above 4.4 Bcf/d and past the 5 Bcf/d mark, something that should feed into ambitions to generate more electricity and export natural gas by pipeline to Colombia and Trinidad and Tobago.

Back to basics

The plan also included more basic aims, such as making sure PdV workers in rural areas have electricity and air conditioning.

Tellechea focused on workers' basic needs in his previous post as president of Venezuela's state-owned petrochemical firm Pequiven, a former Pequiven executive told *Argus*. "He improved the little guy's station in life," the source said.

The promise also follows verbal and viral exchanges about working conditions with union organizers in the main producing region of Zulia earlier this year.

The plan does not include details showing how PdV will finance the projects.

By Carlos Camacho

FREIGHT

Upper Mississippi River fully reopens to traffic

All locks and dams on the upper Mississippi River were open to traffic as of 13 May for the first time in nearly a month.

Locks began closing on the river in mid-April as melting snowpack spurred flooding. Locks in the St Paul, Minnesota, area were the first to close, preventing barge transit to and from the Twin Cities.

By 4 May, locks 1-10 in the US Army Corps of Engineers' (Corps) St Paul District had reopened to commercial traffic, while a 200-mile-plus stretch of the river, from Bellevue, Iowa, to Canton, Missouri, remained closed.

But locks 12-20 in the Corps' Rock Island District started to gradually reopen shortly thereafter, and by 8 May, all but three had reopened.

The multi-week closure of the upper Mississippi River struck in tandem with rising fertilizer demand in the Northern Plains. Because the closure prevented waterborne resupply to the Twin Cities and surrounding regions, it drove premiums for prompt and rail- and truck-delivered tonnage.

By Nick Georgiou

Golden Ocean's dry bulk division swings to loss

Dry bulk shipowner Golden Ocean swung to a loss in the first quarter as the dry bulk spot market was under pressure and the company increased its spending to obtain new vessels.

The average time-charter equivalent (TCE) rate for Golden Ocean's fleet was \$14,929/d in the first quarter of 2023, down from \$24,330/d a year earlier. The Capesize vessels' average TCE rate fell to \$13,620/d from \$24,778/d over the same period. The Panamax and Ultramax TCE rates fell to \$16,630/d from \$23,693/d, respectively.

These TCEs pushed down the Norwegian company's overall revenues to a loss of \$8.8mn in the first quarter, from a profit of \$125.3mn a year earlier.

Golden Ocean expects the dry bulk market to rebound through the remainder of 2023 as the Chinese economy has been gradually recovering since the country's Covid-19 restrictions were eased. Also, the company notes that the dry bulk orderbook is now at the lowest level in 30 years, which may support freight rates further.

Golden Ocean owns 78 vessels – 51 Capesize and 27 Panamax. Additionally, eight Capesize and one Ultramax vessel are chartered on long-term contracts and nine Kamsarmaxes are on order.

FREIGHT SPOTLIGHT

Weaker coal fundamentals pressure Pacific Panamax rates

Atlantic Capesize rates up 30pc since 3 April

In February, Golden Ocean acquired six 208,000dwt Newcastlemaxes equipped with scrubbers for \$291mn, or \$48.5mn for each ship. According to the company, the vessels will be chartered back to their former owner, an unrelated third party, for approximately 36 months at an average rate of \$21,000/d. The transaction is expected to close by June.

In the coming two years, Golden Ocean plans to buy 34 more vessels, bringing down the average age of its fleet to just 6.5 years, Golden Ocean chief executive Ulrik Andersen said.

And the company sold two older Capesize vessels, the 2009 year-built 169,232dwt *Golden Feng* (which has already been re-named *Cape Astra*) and the 2009 year-built 169,333dwt *Golden Shui*, to an unrelated third party for \$43.6mn.

By Andrey Telegin

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illuminating the markets

REFINERY OPERATIONS UPDATE

US Gulf coast

■ A fatal fire at Marathon's 593,000 b/d Galveston Bay, Texas, refinery on 15 May was caused by a pump leak in a reformer unit. A splitter pump in the refinery's ultraformer unit number three developed a leak and caught fire, according to a filing with the Texas Commission on Environmental Quality (TCEQ). The pump system was isolated, the fire was extinguished and the unit depressurised, according to the TCEQ filing. The fire began at approximately 10:30am ET and killed one Marathon employee, according to the company. The fire was under control as of 12:50pm ET, according to Texas City officials. Catalytic reformer units refine naphtha into higher octane products such as isoparaffins and aromatics that are used as gasoline blending components. The company said it will conduct a full investigation into the cause of the fire. The refinery also experienced an ultracracker unit upset on 11 May. A compressor malfunction caused the unit upset, according to a filing submitted by Marathon to state regulators. The ultracracker upset began at 12pm ET and lasted until 3pm ET. Marathon's ultracracker is a type of fluid catalytic cracking unit (FCC), which converts vacuum gasoil into gasoline blendstocks.

■ A power outage at TotalEnergies' 238,000 b/d refinery in Port Arthur, Texas, disrupted facility operations on 10 May. A lightning strike caused the power outage at 6:23pm ET on 10 May, shutting down multiple units, according to a TotalEnergies filing with state regulators. Heaters for the vacuum distillation unit (VDU) and coker were affected, as well as the cogeneration unit, among other units. Power was restored at 8pm ET the same day, according to the filing.

US midcontinent

■ The FCC at Phillips 66's 149,000 b/d refinery in Borger, Texas, started planned maintenance on Tuesday. The work is scheduled to last until 30 May, Phillips 66 said in a filing with state regulators that cites a "possible shutdown" of the Unit 29 FCC. The refinery had also shut its Unit 42 hydrotreater to correct an issue, beginning on 9 May. Flaring began at 10:42am ET and lasted until 10:45am ET the next day, the US independent refiner said in a filing with state regulators. The refinery was evaluating the situation for a restart as of 11 May. Hydrotreaters remove impurities such as sulphur from refinery streams.

US west coast

■ Unplanned flaring occurred at PBF Energy's 160,000 b/d refinery in Torrance, California, on 12 May. Flaring began at 5:29pm ET, according to a filing submitted by PBF with local regulators, and was finished by 1:30am ET the next day. It is unclear what caused the unplanned flaring or what units were affected.

Announcement

All data change announcements can be viewed online at www.argusmedia.com/announcements. Alternatively, to be added to the email distribution list for all announcements, please email: datahelp@argusmedia.com.

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ANODE COKE MARKET

Anode coke: Market sags more on China weakness

Anode-grade petroleum coke prices declined further in April, as the market adjusted to a steep fall in Chinese market pricing over the past few months.

To continue reading about the anode market, [click here](#).

ANODE COKE NEWS

China Al output drops on month in April

Chinese aluminium output fell back on the month in April as power curbs in Yunnan province continued to hamper production, data from the National Bureau of Statistics (NBS) showed on Tuesday.

China produced 3.33mn t of aluminium in April, up by 0.8pc on the year but down by 1.2pc from March.

Low rainfall in Yunnan affected the supply of hydroelectric power, leading to curbs in the province that has around 12pc of China's aluminium capacity.

China's primary aluminium output rose by 4.5pc to 40.21mn t in 2022, according to the NBS.

Auto dip adds to European Al demand woes

The European aluminium market is facing an increasingly bleak demand outlook as automotive markets, a bright spot up to now thanks to a strong performance so far this year, are showing indications of falling activity in the coming months.

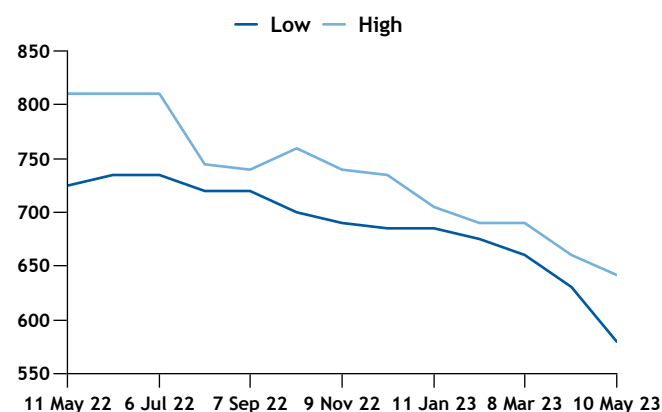
But premiums have remained robust as European supply has been cut so drastically over the past two years, leading

Monthly anode-grade coke assessments: Apr					\$/t
Assessment date: 10 May 23	Sulphur	Low	High	Mid	
Green					
cif US Gulf, dry basis	0.8%	290.00	350.00	320.00	
	3.0%	235.00	280.00	257.50	
	5.0%	127.00	147.00	137.00	
cif China, as received	0.8%	310.00	330.00	320.00	
fob China, as received	2.0%	270.00	305.00	287.50	
	3.0%	220.00	290.00	255.00	
fob Mideast Gulf, as received	4.0%	160.00	180.00	170.00	
Calcined					
fob US Gulf	3.0%	580.00	642.00	611.00	
fob China	3.0%	350.00	520.00	435.00	
cif Europe	1.5%	590.00	615.00	602.50	
cif Mideast Gulf	3.0%	580.00	680.00	630.00	

Next assessment date: 7 Jun 23

Calcined fob USGC 3% sulphur

\$/t

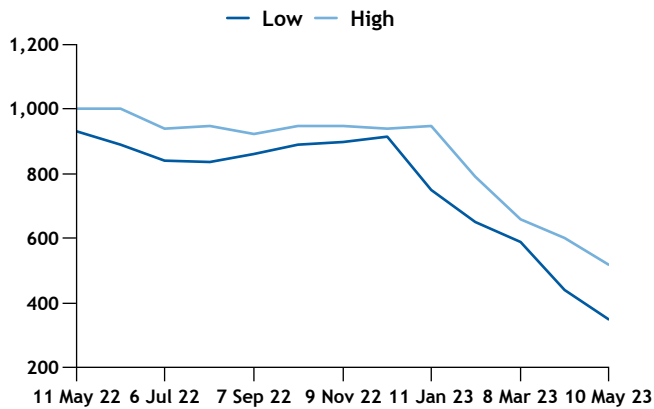


Monthly anode-grade coke assessments											\$/t
	Sulphur	Feb 23			Mar 23			Apr 23			Mid
		Low	High	Mid	Low	High	Mid	Low	High		
Green											
cif US Gulf, dry basis	0.8%	550.00	583.00	566.50	325.00	400.00	362.50	290.00	350.00	320.00	
	3.0%	300.00	328.00	314.00	270.00	328.00	299.00	235.00	280.00	257.50	
	5.0%	175.00	195.00	185.00	147.00	167.00	157.00	127.00	147.00	137.00	
cif China, as received	0.8%	540.00	600.00	570.00	300.00	400.00	350.00	310.00	330.00	320.00	
fob China, as received	2.0%	433.00	517.00	475.00	275.00	360.00	317.50	270.00	305.00	287.50	
	3.0%	330.00	440.00	385.00	220.00	320.00	270.00	220.00	290.00	255.00	
fob Mideast Gulf, as received	4.0%	285.00	345.00	315.00	220.00	280.00	250.00	160.00	180.00	170.00	
Calcined											
fob US Gulf	3.0%	660.00	690.00	675.00	630.00	660.00	645.00	580.00	642.00	611.00	
fob China	3.0%	590.00	660.00	625.00	440.00	600.00	520.00	350.00	520.00	435.00	
cif Europe	1.5%	640.00	680.00	660.00	620.00	670.00	645.00	590.00	615.00	602.50	
cif Mideast Gulf	3.0%	700.00	760.00	730.00	630.00	800.00	715.00	580.00	680.00	630.00	

ANODE COKE MARKET

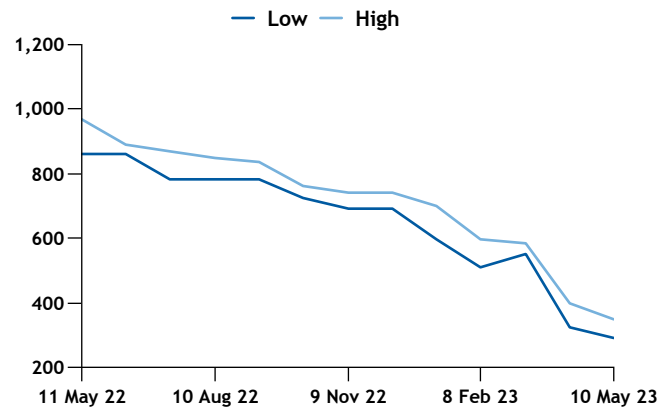
Calcined fob China 3% sulphur

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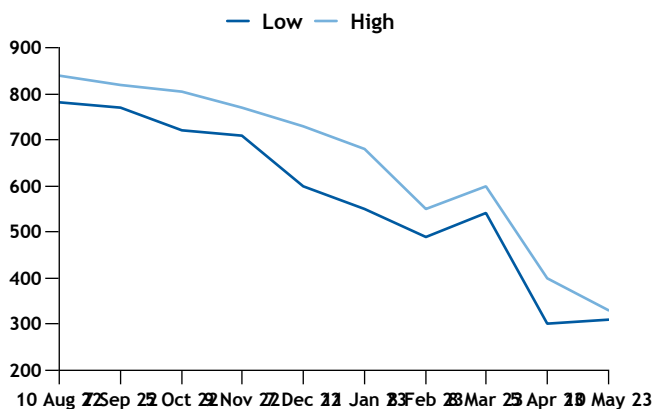
Green cif USGC 0.8% sulphur

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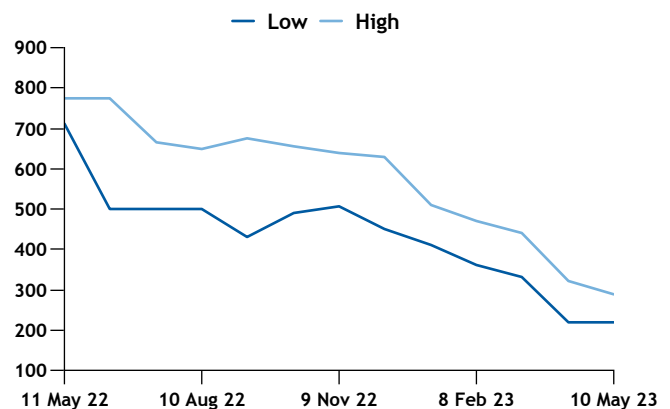
Green cif China 0.8% sulphur

\$/t



Green fob China 3% sulphur

\$/t



to a greater dependence on international markets for pricing direction.

Europe’s automotive market performed strongly in the first quarter of the year, with new car registrations rising nearly 18pc on the year to about 2.7mn units. Spain saw the largest growth among the EU’s major economies, with new registrations up 45pc in the quarter. Registrations grew by 26pc in Italy, by 15pc in France and by 6.5pc in Germany.

And that activity remained strong in April. German passenger car sales climbed 13pc on the year last month as delivery bottlenecks eased and demand for electric vehicles (EVs) rose further. German EV sales rose 34pc in April.

But this month has seen primary aluminium and aluminium

alloy suppliers reporting worrying signs from their automotive customers that things could be slowing down in this sector. Producers have received disappointing forecasts for third-quarter demand from their automotive customers, with some major automotive manufacturing firms looking to cut up to half of their alloy requirements from a year ago in the third quarter.

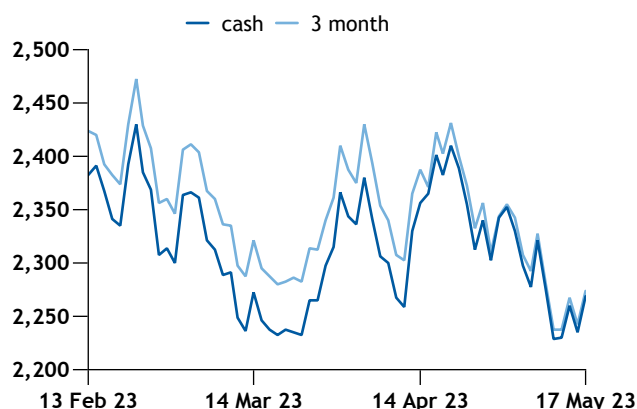
“For the first time we’re seeing the big carmakers becoming concerned about sales, so maybe things are starting to turn – it certainly feels like it,” one alloy producer said.

Reports of falling demand, particularly among corporate buyers, have followed high inflation and rising interest rates. The European Central Bank (ECB) raised its main policy rate by

ANODE COKE MARKET

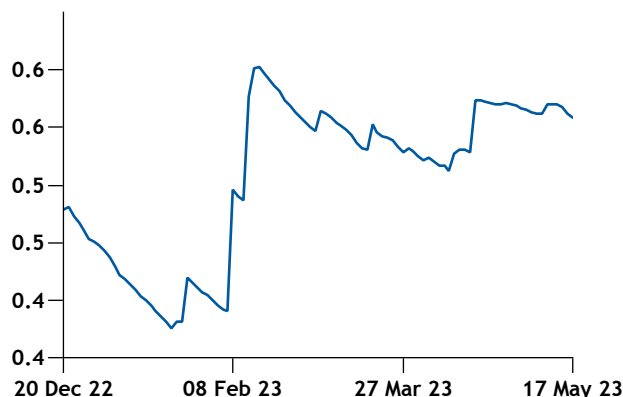
LME aluminium prices

\$/t



LME aluminium warehouse stocks

mn t



25 basis points to 3.25pc earlier this month, as inflation in the eurozone stands more than three times above the ECB’s target. The Bank of England also further raised interest rates by a quarter of a percentage point on 11 May to 4.5pc at a time of growing inflationary concerns.

“Interest rates are just killing business, especially for corporate-subsidised car purchasing, which is a big factor in Europe and especially in Germany,” a trader said. “So far, customers have taken what they’ve ordered but the second half of the year needs to be looked at very closely.”

There is a growing concern that sales numbers from earlier in the year were boosted by large backlogs of pent-up demand that built owing to a shortage of semiconductor chips for vehicles and Covid-19 lockdown restrictions. Those backlogs may now be all but depleted, and there appears to be only lacklustre demand without them.

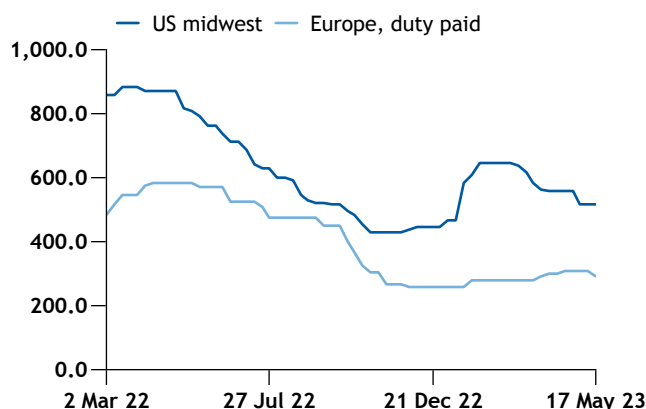
“Those active in the automotive sector are coming for lower volumes for the rest of the year. They are showing a very cautious approach in purchasing,” a second trader said.

EVs remain a strong growth area in Europe, but that is a long-term trend that is not seen as driving wider demand in the near future. A significant fall in more traditional car buying combined with a weak construction space, where demolition activity is quiet and many new projects have been delayed, is making for a poor demand picture in the near term.

But premiums have so far remained robust in Europe, rising through the first quarter and stabilising since mid-April. Aluminium smelting in Europe remains far below capacity after cutbacks over the past two years on high power prices, and demand elsewhere is sound.

Aluminium premiums

\$/t



The Argus duty-paid P1020 ingot in-warehouse Rotterdam premium assessment has stayed at \$300-\$320/t since 19 April, having started the year at \$250-\$270/t.

“The fundamentals have not changed much,” a second trader said. “European smelting capacity is down, and Asian markets are relatively strong compared with a few months ago. When clients need material, they’re still facing high premiums.”

With supply levels now more weighted towards international markets after supply cuts in Europe, consumers are having to compete for units with other markets, which has helped premiums remain strong against falling domestic demand levels.

The outlook for aluminium hinges now more than ever on Chinese activity, which has disappointed in 2023 after a

slower-than-expected recovery from its zero-Covid lockdown restrictions that were lifted earlier this year. But trading group Sucden Financial was cautiously optimistic during its latest quarterly metals report, saying that it struggled to see a sustained demand push from China in the near term, but it does expect construction activity to rise there later this year.

European premiums could, under the influence of decent Chinese activity, remain elevated despite demand levels showing every sign of falling back through the rest of the year.

By *Jethro Wookey*

Al maker Alcoa signs preliminary US labour deal

Pittsburgh-based aluminium producer Alcoa has reached a tentative, three-year labour agreement with the United Steelworkers at its Massena smelter in New York and Warrick smelter in Indiana.

The USW will schedule a vote on whether to ratify the new contract, which will supplant an agreement that was set to expire on 15 May, Alcoa said. It will cover 860 workers if ratified.

The two plants are Alcoa's last US smelters after a multi-year spate of closures, the most recent being the company's Intalco smelter in Washington state which had already laid idle for years before being officially shuttered in March 2022.

Alcoa curtailed one third of Warrick's 161,000 metric tonne (t)/yr capacity in July in response to unspecified operational issues, and the company has given no explicit timetable on a restoration to full output as of its first quarter earnings, released in April.

By *John Betz*

Romania's Midia refinery ramps up 1Q runs

Romania's 105,000 b/d Midia refinery managed a significant increase in throughput and production in the first quarter despite planned maintenance, its Kazakh-owned operator Rompetrol Rafinare said.

Midia processed 1.28mn t of feedstock in January-March, up by 31pc from a year earlier. The crude it refined was "exclusively" imported from Kazakhstan, the company said. Kazakh state-owned Kazmunaigaz owns 48.1pc of Rompetrol Rafinare, the Romanian government holds 44.7pc and other shareholders the remaining 7.2pc.

Midia ran at 86pc of its capacity in the first quarter, having partially shut for about 10 days in early February for planned maintenance. The refinery was shut down for a 20-day turnaround in March 2022.

Midia's gasoline production climbed by 32pc on the year

ANODE SPOTLIGHT

Alumetal expects dip on slowing auto sales

China's Ganfeng to build lithium-ion battery plants

Stellantis halts work on Ontario battery plant

China's Tianqi to build Li hydroxide plant in Jiangsu

Japan's Toyota eyes five times more EV sales in FY23-24

S Korea's Hyundai Motor to build EV plant in Ulsan

Linamar to build Canada casting plant for EVs

to 343,000t in January-March, while combined diesel and jet fuel output rose by 23pc to 620,000t. Midia's net cash refinery margin returned to positive territory at \$11.70/bl in the first quarter from minus \$10.80/bl a year earlier. Motor fuel sales were up by 28pc on the year at 901,000t.

Rompetrol Rafinare's polymers output fell by 7pc from a year earlier to 26,000t, while its total petrochemical sales were down by 10pc at 36,000t. First-quarter throughput at the Vega specialty products plant in Ploiesti, the only producer of bitumen and hexane in Romania, increased by 10pc on the year to 76,000t.

The company swung to a \$14.4mn profit in the first quarter from a \$132.8mn loss a year earlier. It expects to pay a [wind-fall tax, or solidarity contribution](#), of \$28.8mn to the Romanian government for the January-March period.

By *Bela Fincziczki*

Miro refinery repair running slow: Traders

Maintenance on a reformer at the 299,000 b/d Miro refinery in Karlsruhe, Germany, is running behind schedule, traders said, and the plant may have to reduce production of middle distillate as well as gasoline.

The reformer was taken out of service on 3 May, when traders said repairs would probably last 10 days. There is no timetable for a restart, and Miro's shareholders are partially restricting their spot supply.

One shareholder is no longer offering product on a spot basis, another is limiting spot purchases and is mostly offering diesel only as of 10 June. Shell owns a 32.25pc stake in the Miro refinery, ExxonMobil 25pc, Russian state-controlled Rosneft has 24pc, and US refiner Phillips 66 has 18.75pc.

Barges are backing up at the refinery's Rhine river terminal, with shipowners reporting long waiting times. The refinery

is increasing imports of gasoline to cushion the loss of production.

The reduced output is tightening supply in Germany's Southwest region, but there is yet to be any effect on prices.

By Maximilian Steinhau and Gabriele Zindel

Romania revises windfall tax on OMV Petrom

Significant modifications to Romania's law on a temporary windfall tax, or solidarity contribution on domestic energy companies, which has now been promulgated, will mostly affect Austrian-owned oil firm OMV Petrom.

Under the modifications adopted by the Romanian parliament's two chambers on 2-3 May, a solidarity contribution of 350 Lei/t for crude processed at a refinery will be payable by companies involved in both upstream crude production and crude refining. The only domestic firm involved in both of these activities is OMV Petrom.

It processed 4.24mn t of crude at its 85,000 b/d Petrobrazi refinery in 2022, which puts its solidarity tax burden at an estimated Lei1.48bn for last year.

The original bill on the solidarity contribution – which was based on a government ordinance from late December 2022 – required firms in oil and gas production, coal extraction and refining to pay a 60pc windfall tax on excessive profits that exceed average annual profits in 2018-2021 by more than 20pc. But OMV Petrom said in January it expected **not be subject to the new tax burden**, as the share of its turnover from the affected activities was lower than the 75pc threshold included in the bill.

The initial bill was adopted by the Romanian parliament in February-March, but Romania's president Klaus Iohannis refused to promulgate it in April and sent it back to lawmakers for re-examination.

Iohannis said it was necessary to clarify the calculation method of the solidarity contribution “to avoid situations in which the application of the rules would be difficult or would generate other effects than those sought by the legislator”. The regulation was then modified, and the president signed it on 12 May.

The modified law also includes a new provision to provide exemption from the solidarity contribution to those firms that did not have any production in the affected market segments in 2018-2021. Most other affected companies, except for OMV Petrom, are still expected to pay a 60pc tax.

EU member countries agreed last year to introduce the windfall tax in the crude, refining, gas and coal sectors, where companies potentially benefited disproportionately from high

energy prices. The burden drew criticism from some firms. Slovakian refiner Slovnaft asked the country's president to **veto Bratislava's 70pc windfall tax** in March, but she eventually promulgated it without changes.

By Bela Fincziczki

High crude receipts at Spain's Castellon in April

Crude deliveries to Spain's Mediterranean port of Castellon were at a six-year high in April, meaning BP's 108,000 b/d refinery there has probably been running close to capacity in the first four months of the year. *Argus* tracking show overall Spanish crude deliveries rose in the month.

Imports to Castellon rose to 165,000 b/d from 75,000 b/d in March. The sharp rise is likely to be the result of scheduling and a tanker that delivered part of its cargo in March returning to unload the remainder.

This meant receipts in the January-April period rose to 105,000 b/d, close to the refinery's capacity, from just under 100,000 b/d overall in 2022.

Deliveries in April comprised 70,000 b/d of Guyanese Liza, 45,000 b/d of Canadian Hibernia, 40,000 b/d of Caspian CPC Blend and the remainder 10,000 b/d of Brazilian Peregrino. *Argus* assessed these at a weighted average gravity of 34.9°API and 0.6pc sulphur content, compared with 33.2°API and 0.7pc sulphur in March. This gives 36.7°API and 0.6pc sulphur in January-April, close to the 37.3°API and 0.5pc sulphur in 2022.

Import momentum appears slower this month. Around 700,000 bl of CPC Blend has unloaded, and 1mn bl of Angolan Dalia and 500,000 bl of Libyan Zueitina are on route.

The import increase at Castellon boosted overall Spanish receipts to a nine-month high of 1.36mn b/d, *Argus* estimates, up from 1.15mn b/d in March. Spain has 1.49mn b/d of refining capacity that has been the most consistent and dependable in the Mediterranean region in recent years. *Argus* estimates Spain imported just under 1.22mn b/d in the January-April period, compared with 1.29mn b/d overall in 2022.

Deliveries could be supported in May as works have concluded at integrated Repsol's 120,000 b/d Coruna refinery and receipts at Cepsa's 220,000 b/d Huelva unit go closer to capacity after maintenance.

By Adam Porter

EGA to lock up large portion of Alcoa alumina

Pittsburgh-based smelter Alcoa will provide a significant amount of its third-party alumina production to Emirates Global Aluminum (EGA), starting in 2024.

The deal will last for eight years and will provide EGA with

as much as 15.6mn metric tonnes (t) of alumina from Western Australia, Alcoa said.

The contract will allow EGA access to Alcoa's low-carbon EcoSource alumina, the production of which releases half the amount of scope 1 and scope 2 CO₂ emitted by standard industry processes.

EGA operates aluminium smelters in Abu Dhabi and Dubai, an alumina refinery in Abu Dhabi, and a bauxite mine in the Republic of Guinea.

The company posted record earnings, sales and production figures its most recent results in March, but warned of deteriorating economic conditions ahead.

By John Betz

Ghana plans bauxite, iron ore export ban

Ghana will ban the export of bauxite and iron ore to aid in the development of downstream industries that will better realise the value of the nation's mineral resources, President Nana Addo Dankwa Akufo-Addo said last week at an event organised in partnership with the ministry of lands and natural resources.

Ghana has rich mineral deposits but it in many cases it has not exploited those resources. President Akufo-Addo [said in 2020](#) that the country was actively seeking joint-venture partners for the development of integrated aluminium and steel industries.

Ghana produced around 1.01mn t of bauxite in 2022, accounting for less than 0.5pc of global output, while iron ore mining is scheduled to begin in the country in 2025.

Akufo-Addo said African nations do not have a good track record of negotiating with companies in the mining sector, due to varying amounts of political instability, corruption, short-sightedness and lack of expertise.

He added that the establishment of the Ghana Integrated Aluminium Development Corporation and the Ghana Integrated Iron and Steel Development Corporation will help the country to build integrated aluminium and steel industries.

Silicon anode material makers move to lift output

Producers of silicon anode battery materials are moving from pilot-scale operations to building out commercial-scale capacity, as the adoption of alternatives to lithium-ion batteries with graphite anodes advances.

"Silane-based silicon anode material producers are starting to move forward for their next phase of expansion," from "very small bench-scale pilot type operations to not full

scale, full ambition, production but production that is significant enough that it's going to utilise a fair amount of silane", polysilicon and silicon gas producer REC Silicon chief executive Kurt Levens said.

Anode material producer activity is showing tangible progress in their next phase of development, with multiple facilities in the design phase and several breaking ground. REC Silicon is in ongoing discussions with "all of the major producers of silicon anode material via silane", Levens said.

REC has been receiving enquiries from companies that have enough funding in place to build capacity and expects to make announcements "around at least some of those opportunities" by the end of the year. The availability of silane from REC and local government incentives to build out the electric vehicle supply chain is prompting some silicon anode material producers to locate their facilities in Washington state.

Norway-based REC is the world's largest silane producer outside China, and it is taking the opportunity to prepare for the increase in demand, investing in the production of higher-end silicon gases.

REC is currently running its production facility in Butte, Montana, in the US at around 70pc of its full capacity, offering scope to ramp up output to supply silicon anode customers. And the company remains on track to restart its plant in Moses Lake, Washington, during the fourth quarter, having started construction work at the facility. It has secured contracts for raw materials including metallurgical-grade silicon and silicon tetrachloride. While REC has offtake agreements for material that will be produced at Moses Lake, it will still have 2,400t of silane available at full capacity – giving it a total of 4,500-5,000t that it can potentially supply to the burgeoning silicon anode sector.

"If there needs to be more plants built then we should be building plants. We have space in both of our facilities. We've been actively making plans for that," Levens said.

REC aims to have the additional polysilicon and silicon gas capacity from Moses Lake in place by the end of the year to coincide with the market recovery it expects in 2024. While demand has fallen given the ongoing downturn in the semiconductor industry, over the longer term, the company expects the market to rebound as the use of silicon in electronic components including advanced technology nodes and electric vehicles increases.

In the US, the CHIPS and Science Act, Inflation Reduction Act (IRA) and Infrastructure Act could result in the construction of 18 new semiconductor fabrication facilities over the

next five years, which could mean in excess of 500t of demand for REC's silicon gases used in chip production, as well as additional semiconductor-grade polysilicon demand. The legislation also aims to spur domestic battery production.

REC raised its average selling price (ASP) for semiconductor-grade polysilicon by 58.9pc in the first quarter from the fourth quarter of 2022, as it passed on higher input costs. The company expects to raise its prices further in the second half of the year.

Demand from the semiconductor market remained under pressure from excess inventory during the first quarter, but there are indications from companies such as Micron, Samsung and Intel that the market is beginning to stabilise and could turn higher towards the end of the year, Levens noted.

REC sold 95t of semiconductor-grade polysilicon during the quarter, down from 188t a year earlier. Its total polysilicon output fell to 244t, down from 395t a year earlier, in part as the company reduced production in response to high electricity prices, which it expects to resolve by the third quarter of this year with new supply agreements and mitigation activities.

In the solar-grade semiconductor market, which REC is targeting with the Moses Lake restart, solar power installations were higher than forecast during the first quarter and are now forecast to come in above 300GW, exceeding last year's record high of around 265GW. Solar-grade polysilicon prices are "holding longer with a slower decline", the company said.

Prices for Chinese polysilicon rose by around 7pc in the first quarter from the fourth quarter, but have fallen by 16pc so far in the second quarter, while prices outside China remain strong. New plant expansions in China are coming on line, which is expected to increase polysilicon production by around 65pc in 2023 from 2022, balancing demand sooner than expected as rising solar panel ingot, wafer and cell plant construction has seen demand outpace supply.

"Prices are coming down, some not as fast as you would expect, given some of the levels of overcapacity that one would expect with the announced expansions," Leven said. "The price that is in effect in China is still well within the band that we would contemplate being a profitable band for companies to operate in. And then the price for polysilicon from producers outside China is still remaining very high and it has not come down to the same degree that the price in China has come down."

REC's joint venture polysilicon producer in Yulin in China's Shaanxi province is in discussions to expand its production

capacity and expects the volume to be finalised before the end of the year.

By Nicole Willing

Japan's Nippon Steel pursues EAF projects

Japan's largest steel producer Nippon Steel will study introducing electric arc furnaces (EAFs) at its main production complexes to accelerate the company's decarbonisation.

Nippon Steel will replace one of the basic oxygen furnaces at its Kyushu steelworks in south Japan's Yawata area with an EAF after carrying out internal studies, the company announced during its 2022-23 fiscal year result announcement. The company will also introduce another EAF at its Setouchi complex in west Japan's Hirohata area, in addition to one [launched in October 2022](#).

The EAF projects aim to accelerate the company's decarbonisation drive to become carbon neutral by 2050, according to Nippon Steel. The length of the transition period was undisclosed as it awaits the study results. But the company expects to complete the projects to meet its mid-term target of reducing greenhouse gas emissions by 30pc from 2013 levels by 2030.

The EAF transition could make a drastic change to the company's steel production. "The two candidate sites for the EAF shift are Nippon Steel's representative mass production bases for high-grade steel. Both areas intend to bring together the outcomes of the technologies under development and to become quickly engaged in making carbon neutral high-grade steel", Nippon Steel said.

Nippon Steel also plans to boost its stakes in overseas mining projects, aiming to raise its offtake ratio of iron ore and coal higher than current average of around 20pc. This is to avoid profit losses that uncertain raw material markets may cause along with securing long-term material supplies, according to the company. "Business not procurement", the company stressed in its results announcement.

But the company did not disclose further details about buying stakes of Elk Valley Resources (EVR), a subsidiary of Canadian mining firm Tech Resources. The Japanese steel firm had entered into an agreement in February to [acquire up to a 10pc stake in EVR](#), which is expected to be spun off from Teck. But the Canadian firm withdrew the separation proposal before its shareholders were scheduled to vote on the plan at a meeting on 26 April, following [Switzerland-based Glencore proposed unsolicited acquisition of Teck](#).

"We understand that Teck will pursue a simpler and more

direct separation plan. Nippon Steel will consider future measures through discussions with Teck”, a company representative told Argus.

By Yusuke Maekawa

Turkey's Yildiz granted approval for new EAF

Turkish re-roller Yildiz Demir Celik has received approval from Turkey's Ministry of Environment and Urbanisation for its electric-arc furnace (EAF) steel mill in Kartepe.

The company plans to build a 4 mn t/yr EAF-based steel mill with a hot-rolling capacity of 3.5mn t/yr.

The hot-rolled coils produced at the new facility will be used as feedstock for Yildiz's re-rolling plant, with excesses sold in domestic and export markets.

The company has a pickling and cold-rolling capacity of 1.5mn t/yr, as well as two galvanising lines of 300,000 t/yr capacity.

By Lizzy Lancaster

China's graphite exports, imports fall Jan-Mar

Chinese graphite flake exports and imports decreased in January-March this year following slower growth in the electric vehicle (EV) industry in China and abroad.

China exported 20,848t of graphite flake in the first three months of the year, down by 12pc from a year earlier, according to customs data. March exports rose to 6,365t, up by 21pc from a year earlier and by 42pc from February, after export firms and logistics companies returned from the 21-27 January lunar new year holiday.

Imports fell by 4.5pc from a year earlier to 37,059t in the first quarter, as domestic consumers from the downstream anode material and lithium-ion battery industries opted to run down stocks and cut purchases in response to the slower growth of the EV industry in China.

China imported a total of 14,158t of flake in March, down by 18pc from last year, but up by 82pc from February, because of arrivals of contracted shipments.

Market participants expect that the growth of flake imports in 2023 will be slower compared with 2022 because of the slowdown in the growth of the downstream EV industry in China, and the expansions among domestic producers.

China's Association of Automobile Manufacturers (CAAM) expects domestic EV sales growth to slow to 30pc in 2023, compared with an actual year-on-year rise in sales of 93pc last year to 6.89mn units.

China to accelerate rural NEV adoption

China is aiming to accelerate infrastructure construction for new energy vehicles (NEVs) and bolster the adoption of such vehicles in rural areas.

NEV refers to battery electric vehicles, plug-in hybrids, and fuel-battery vehicles in China. The government will build more public charging facilities in rural areas to ensure there are charging stations in every county and charging piles in every village. Local authorities will prioritise building public charging facilities in rural enterprises, public institutions, commercial buildings, transportation hubs and service areas along highways, by leveraging on local governments' specialised bond instruments.

"Although China has built 5.21mn charging points for NEVs so far, which is the largest charging infrastructure in the world, a lack of charging facilities remains a major bottleneck affecting the use of NEVs, especially in the rural areas," said Meng Wei, spokesperson of the country's top planning body the National Development and Reform Commission (NDRC).

Beijing will also provide more stimulus measures to boost the operation of charging networks in rural areas, including reducing electricity tariffs at centralised battery exchanges and charging facilities before 2030, and promoting new charging models such as providing a charging pile with each purchase of a new vehicle. The government will explore building integrated solar-powered charging stations that are equipped with power storage facilities in rural regions.

China will also encourage its vehicle manufacturers to develop more economical and practical models to increase the adoption of NEVs in rural areas. The models include mini cargo vans, mini trucks and light trucks. Vehicle dealers are encouraged to sell "high quality" used NEVs to rural consumers, according to the NDRC. Other stimulus measures include rolling out NEVs in the communist party and government agencies, schools, hospitals, public sectors, as well as offering vouchers and credit aids to vehicle consumers in the countryside to boost NEV purchases.

China launched a "go to the countryside" campaign for NEVs in 2020. The country's decarbonisation targets for 2030 and 2060 have boosted its NEV sales significantly, with the country leading global growth in the past decade, but NEVs are mainly adopted in cities. NEVs accounted for 26pc of China's total new vehicle sales in 2022 and nearly 30pc in April. This means China has already achieved its 2025 target of NEVs ahead of time, which aimed for NEVs to make up around 25pc of total new car sales.

Argus forecasts global EV sales will reach around 37mn units by 2028, from 18mn in 2024, with Chinese sales growing at 25pc/yr during the same period. China had about 13.1mn NEVs on its roads as of the end of 2022, more than half of the global total, the NDRC said.

China's April EV output, sales rise on year

China's new energy vehicle (NEV) production and sales rose in April from a year earlier, when the industry was disrupted by the Covid-19 restrictions.

But output and sales declined in April compared to March because some potential buyers rode the fence in anticipation of lower vehicle prices.

China produced 640,000 NEVs in April, up by 110pc from a year earlier, with sales also rising by 110pc to 636,000 units over the same period, according to data from the China Association of Automobile Manufacturers (CAAM).

The country produced 2.29mn NEVs during January-April, up by 43pc from a year earlier, with sales up by 43pc to 2.22mn over the same period.

China's decarbonisation targets for 2030 and 2060 have boosted its EV sales significantly, with the country leading global growth in the past decade. NEVs accounted for 26pc of China's total new vehicle sales in 2022, 26pc in January this year, 27pc in February, 27pc in March and nearly 30pc in April this year. This means China has achieved in advance its 2025 target of NEVs making up around 25pc of total new car sales.

But CAAM expects NEV sales growth to slow to 30pc in 2023 after the country abolished EV subsidies, compared with a year-on-year rise of 93pc last year to 6.89mn units.

Several EV manufacturers, including Tesla, Xpeng, Huawei Aito and Nio, cut their vehicle prices following the removal of subsidies and consecutive falls in lithium feedstock prices. BYD, which hiked its vehicle prices at the start of this year, was offering time-limited discounts for several models during 10-31 March, including its Ocean and Dynasty series, according to market participants. This has made some buyers wait for even lower prices.

China's XTC to build battery CAM plants

Chinese lithium-ion battery cathode active material (CAM) manufacturer XTC New Energy Materials has signed an agreement to build joint-venture production plants in France.

XTC's subsidiary XTC New Energy Materials Europe will form two joint ventures with Orano CAM and Orano PCAM, with €20mn (\$21.7mn) of registered capital, to produce lithi-

um-ion battery CAM and precursors in France. Orano CAM and Orano PCAM are both subsidiaries of French nuclear developer Orano.

XTC will hold 51pc of the CAM joint venture and Orano CAM 49pc, while the precursor company will be 49pc held by XTC and 51pc by Orano PCAM. More details including the capacity, construction schedules and launch dates were undisclosed.

France is one of the major electric vehicle (EV) markets in Europe, having 1.2mn electric vehicles (EVs) and hybrids on its roads at the end of March, according to electric mobility association Avere France. The French government wants 2mn EVs and hybrids on the road by 2030, aiming to phase out new fossil fuel-powered vehicle sales by 2040.

More Chinese companies in the EV battery industry chain, including [Huayou Cobalt](#), [Gem](#) and [Putailai](#), have started to invest in overseas production projects to meet market entry conditions to the US required by the Inflation Reduction Act, as well as cope with restrictions on key battery materials in the EU's Critical Raw Materials Act. French President Emmanuel Macron has said that only EVs manufactured in Europe will be offered subsidies.

XTC's lithium nickel-cobalt-manganese oxide (NCM) production increased by 80pc from a year earlier to 47,718t in 2022 in response to rapidly growing demand from the EV sector. The firm's CAM capacity including NCM and lithium cobalt oxide reached 110,000 t/yr at the end of 2022, with plans to add



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another 45,000 t/yr of CAM capacity in Xiamen city of south-east China's Fujian province and 70,000 t/yr of CAM capacity in Fujian's Ningde city.

Argus forecasts combined demand for EV battery cathodes and cathode metals will reach 8mn t by 2033. Argus assessed the price for cathode active material NCM811 at \$56.95/kWh on 16 May, up from \$50.03/kWh a week earlier following a rebound in lithium salts feedstock prices.

TotalEnergies launches Belgian battery project

TotalEnergies has launched a large-scale 25MW battery storage project at a refinery site in Antwerp, the company said on 15 May.

The project will be the company's largest battery installation in Europe and is set to be operational by the end of next year. It will have a storage capacity of 75MWh and lithium-ion batteries will be supplied by TotalEnergies' French subsidiary Saft.

"This first storage project in Belgium – our largest in Europe – will help ensure the stability of the Belgian and European grids to allow for greater development of renewable energies," senior vice-president of integrated power, Olivier Jouny, said.

TotalEnergies last year [commissioned the second battery project in France](#).
By Tatiana Serova



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