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Energy Argus *Petroleum Coke*

Issue 25-27 | Wednesday 9 July 2025

MARKET OVERVIEW

High freight pressures fob prices

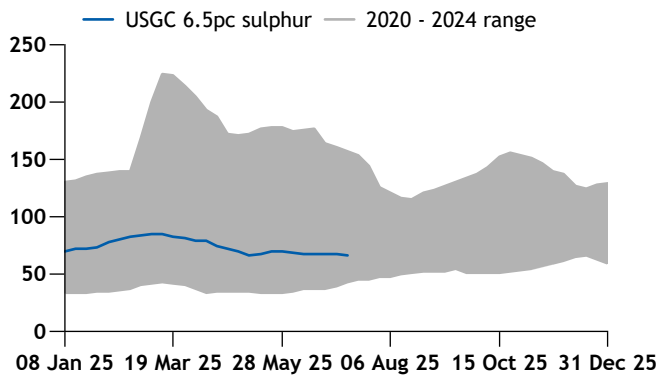
A sharp increase in freight rates started to pressure US Gulf coast mid- and high-sulphur coke prices during the week, with both assessments declining for the first time since mid-June.

Freight rates out of the US Gulf coast neared one-year highs during the assessment week, mainly because of low vessel availability caused by record Supramax-sized grain shipments out of the US in the first half of 2025. Freight had recently eased from a more than six-month high brought on by geopolitical tensions that pressured fob coke prices in June.

By Wednesday, the *Argus*-assessed US Gulf coast to west coast India Supramax freight rate had reached $42.92/t, while the US Gulf to Turkey freight assessment hit $29.15. Some market participants saw higher freight rates for these routes during the week for certain prompt vessel fixtures, and at least two traders claimed freight from the US Gulf to west coast India had surged to the high-$40s to $50/t, while a third said freight from the US Gulf to Turkey was up by around $5/t.

But while the spike in freight rates weighed on netback calculations by early this week, a few cargoes of 6.5pc sulphur coke were heard to have closed in a similar range to the past couple of weeks, with deals heard around $66-$69/t fob US Gulf. The US high-sulphur coke assessment inched down by just 50¢/t during the week.

fob USGC 6.5pc sulphur *$/t*



Petroleum coke fuel-grade assessments *$/t*

	HGI	Weekly Price	±	Four-week avg	±	Jun month index	±
Atlantic basin							
fob US Gulf coast 4.5% sulphur	40	69.50	-1.00	70.13	-0.75	71.750	-1.88
fob US Gulf coast 6.5% sulphur	40	66.50	-0.50	66.88	-0.37	67.750	-0.38
cfr Turkey 5.5% db sulphur	50-60	96.00	+1.00	95.13	+0.50	94.375	+0.88
cfr Turkey 6.5% db sulphur	40	92.50	+1.00	91.63	+0.50	91.000	+2.75
Sulphur adjustment							
US Gulf coast, per 0.1%		0.15	-0.03	0.17			-0.02
Pacific basin							
fob US west coast 2.0% db sulphur	45	120.00	0.00	119.25	+0.75	117.750	-3.00
fob US west coast 4.5% db sulphur	45	69.50	0.00	69.50	0.00	69.500	+0.50
cfr China 2.0% db sulphur	45	148.50	0.00	147.63	+0.88	145.875	-2.38
cfr China 3.0% sulphur	45	165.00	0.00	158.63	+6.88	144.875	-28.00
cfr China 6.5% sulphur	40	102.50	+3.00	98.00	+3.00	93.000	+3.38
cfr China 8.5% sulphur	70	103.50	+2.00	101.75	+1.12	100.250	-2.00
cfr India 6.5% sulphur	40	106.00	+0.50	105.38	+0.75	104.250	+2.38
cfr WC India 8.5% sulphur	70	105.50	+0.50	104.88	+0.63	104.000	+1.38

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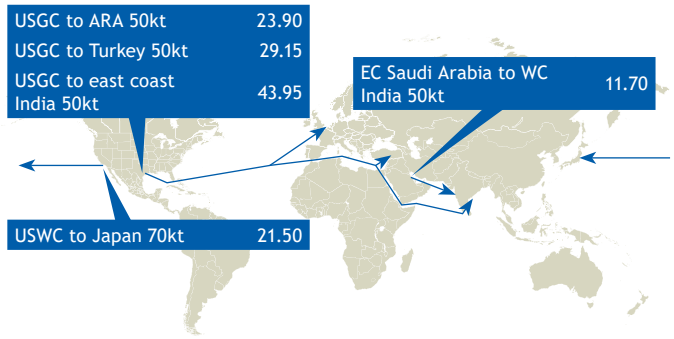
Fuel-grade coke calendar month indexes: Jul							$/t
	HGI	2 Jul	9 Jul	16 Jul	23 Jul	30 Jul	Avg
fob US Gulf coast							
4.5% sulphur	40	70.50	69.50				
6.5% sulphur	40	67.00	66.50				
cfr Turkey							
5.5% db sulphur	50-60	95.00	96.00				
6.5% db sulphur	40	91.50	92.50				
fob US west coast							
2.0% db sulphur	45	120.00	120.00				
4.5% db sulphur	45	69.50	69.50				
cfr India							
6.5% sulphur	40	105.50	106.00				
8.5% sulphur, WC	70	105.00	105.50				
cfr China							
2.0% db sulphur	45	148.50	148.50				
3.0% sulphur	45	165.00	165.00				
6.5% sulphur	40	99.50	102.50				
8.5% sulphur	70	101.50	103.50				

Calculated coke indexes: Jul							$/t
	HGI	2 Jul	9 Jul	16 Jul	23 Jul	30 Jul	Avg
Delivered NWE-ARA							
4.5% sulphur	40	91.38	91.93				
6.5% sulphur	40	87.88	88.93				
Delivered Brazil							
4.5% sulphur	40	90.36	90.01				
6.5% sulphur	40	86.86	87.01				
Delivered India							
4.5% sulphur	40	110.85	111.80				
Delivered China							
4.5% db sulphur USWC origin	40	98.53	99.96				
4.5% sulphur	45	114.16	115.41				
Delivered Japan							
4.5% db sulphur	45	90.06	90.76				

Petroleum coke calculated fuel-grade prices								$/t
	HGI	Weekly Price	±	Four-week avg	±	Jun month index	±	
Atlantic basin								
del ARA 4.5% sulphur	40	91.93	+0.55	91.78	0.00	92.310	+0.82	
del ARA 6.5% sulphur	40	88.93	+1.05	88.53	+0.38	88.310	+2.32	
del Brazil 4.5% sulphur	40	90.01	-0.35	90.41	-0.44	91.543	+0.79	
del Brazil 6.5% sulphur	40	87.01	+0.15	87.16	-0.07	87.543	+2.29	
Pacific basin								
del Japan 4.5% db sulphur	45	90.76	+0.70	90.45	+0.54	89.478	+1.22	
del China 4.5% sulphur	40	115.41	+1.25	114.81	+0.25	114.983	+2.28	
del China 4.5% db sulphur USWC origin	45	99.96	+1.43	98.62	+0.70	97.635	+0.46	
del India 4.5% sulphur	40	111.80	+0.95	111.63	+0.15	111.918	+2.69	

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.*

Fob US Gulf coast 4.5pc sulphur coke also edged down by $1/t on the week, narrowing the spread between mid- and high-sulphur back to coke to $3/t, which was recently a 16-month low.

Turkey

Higher freight rates boosted cfr Turkey mid- and high-sulphur coke prices during the week, pushing many Turkish cement makers to continue seeking cheaper coal.

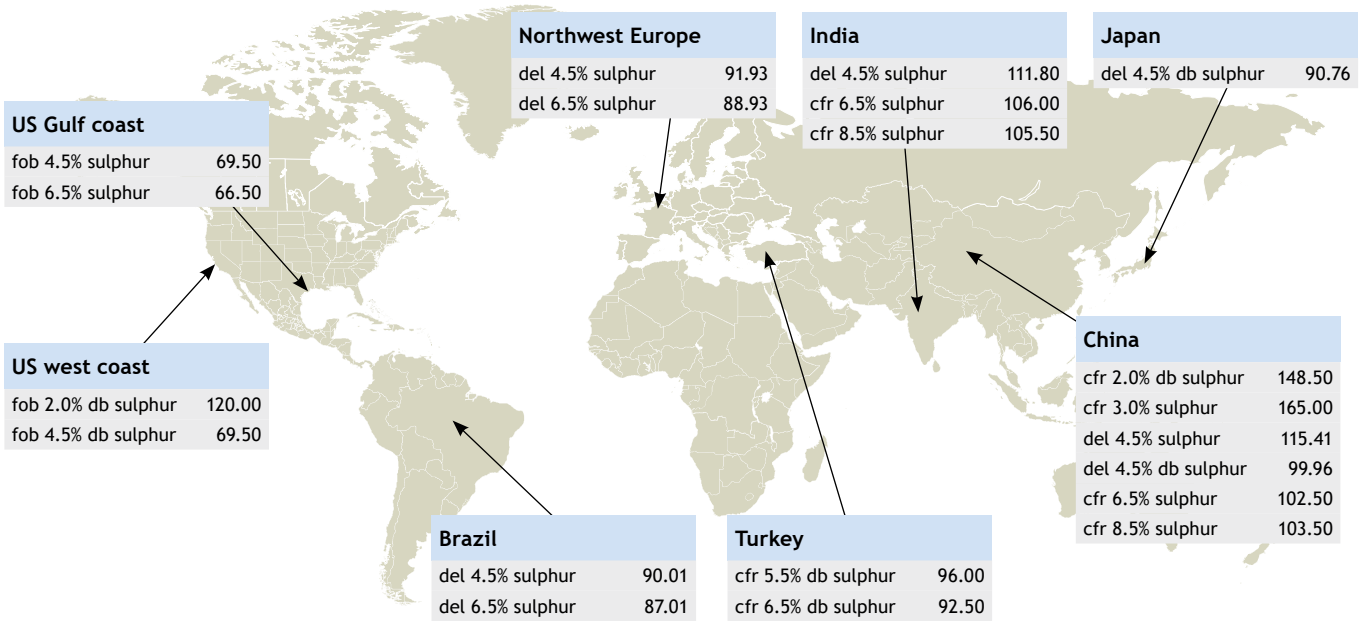
At least three cement makers received offers of 5.5-5.8pc sulphur coke in the mid-to-high $90s/t cfr, above prices some were targeting below $94/t. But one of the firms was heard to be revising its port of destination and will remain in the market for updated offers.

One buyer was also heard receiving offers of higher-quality mid-sulphur coke around $100-$110/t cfr but decided to buy coal instead. And another firm has a tender open for similar quality coke, expected to close on 10 July, but may consider buying Russian coal instead. Russian coal is currently being offered in the low-to-mid $80s/t on a cfr basis and the mid-to-high $80s/t on a free-on-truck basis.

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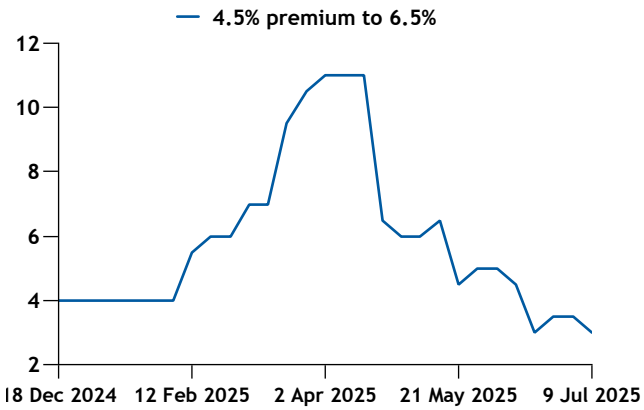
Weekly petroleum coke price snapshot

$/t



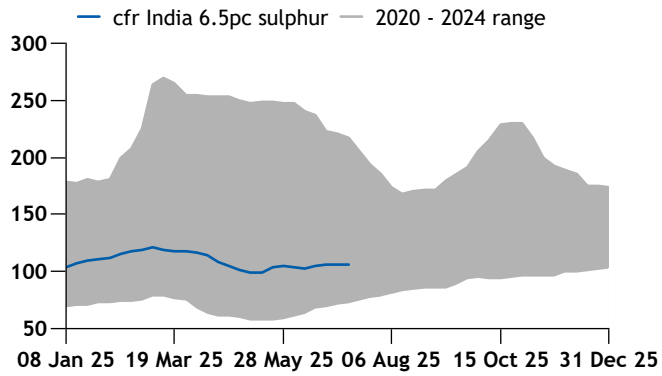
USGC coke: 4.5% premium to 6.5%

$/t



cfr India 6.5pc sulphur

$/t



India

The price for 6.5pc sulphur coke on a cfr India basis also edged higher during the assessment week following the surge in freight rates, but market activity was still largely muted because of a wide spread between bids and offers.

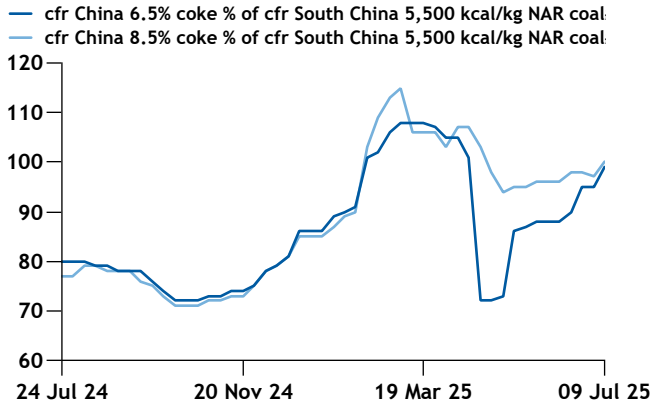
A July-loading cargo of US 6.5pc sulphur coke concluded late last week around last week's assessment on a cfr west coast India (WCI) basis. But this was before freight from the US Gulf to India started to jump significantly. Offers of this coke for end-July and early-August loading inched higher as the week progressed and were heard largely around $106-$109/t cfr WCI by Wednesday. Offers were heard around a similar range on an east coast India (ECI) basis.

Some bids were heard at higher levels around $104-$105/t cfr WCI, and one trader said they expect more buyers to raise price expectations soon. A second trader said that at least 11-12 cement makers were currently evaluating seaborne coke purchases. But some continued to hold on to price ideas in the low-$100s/t cfr and said they could wait one to two more weeks before booking any seaborne coke cargoes.

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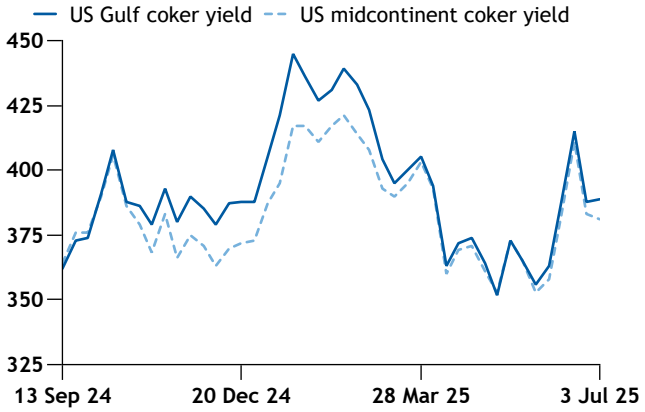
Coke-to-coal calorific comparisons						
		Coal	4.5% coke	5.5% db	6.5% coke	8.5% coke
del ARA	$/mn btu	4.277	2.985	-	2.887	-
	% of coal	-	70	-	68	-
del India	$/mn btu	3.558	-	-	3.442	3.425
	% of coal	-	-	-	97	96
del China	$/mn btu	3.376	-	-	3.328	3.361
	% of coal	-	-	-	99	100
del Turkey	$/mn btu	3.295	-	3.117	3.003	-
	% of coal	-	-	95	91	-
fob USGC	$/mn btu	2.710	2.257	-	2.159	-
	% of coal	-	83	-	80	-

del China coke percent of coal %

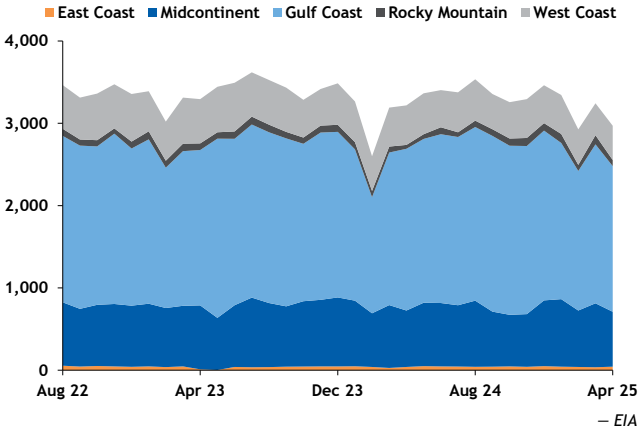


EIA weekly refined products data					
	04 Jul	27 Jun	± %	Year ago	± %
Refinery usage					
Refinery inputs *'000 b/d*	17,199	17,235	-0.2	17,487	-1.6
Refinery utilisation %	95	95	-0.2	95	-0.7
Products supplied *'000 b/d*					
Total products	20,863	20,487	1.8	20,749	0.5
Gasoline	9,159	8,640	6.0	9,398	-2.5
Jet	1,925	1,734	11.0	1,837	4.8
Distillate fuel	3,668	4,043	-9.3	3,466	5.8

US Gulf and midcontinent coker yields $/st



US coke production '000t



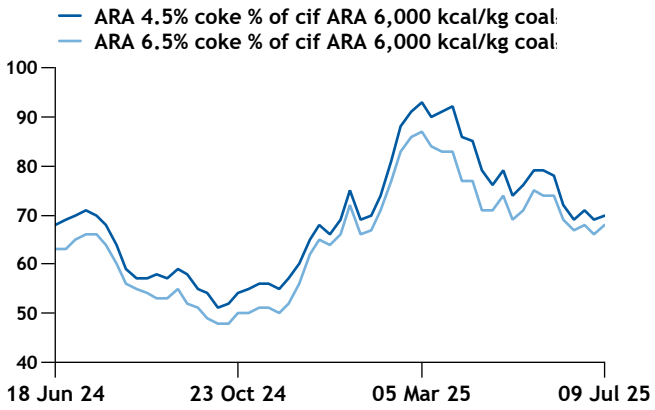
Offers of Saudi Arabian high-sulphur coke remained scarce this week, as geopolitical tensions continued to weigh on sentiment surrounding fixing cargoes in the Middle East. Meanwhile, a July or August-loading Venezuelan coke cargo was heard to be offered at $106/t cfr WCI and $108/t cfr ECI.

A state-owned refinery in India also resumed operations after seasonal maintenance recently, although about 10 days later than originally planned. But a second refiner has a planned maintenance shutdown of its coker unit coming up soon, and major Indian refiner Reliance Industries (RIL) recently halted market sales of its coke. RIL has been consuming all its coke production at its Jamnagar refinery's gasifiers instead and is likely now seeking seaborne coke cargoes to meet demand, market participants said.

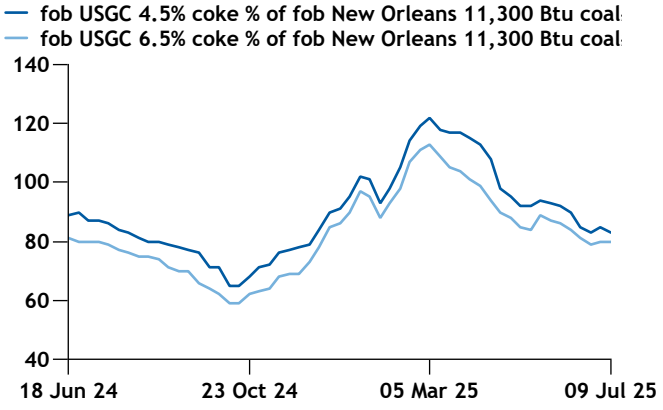
Demand for US Northern Appalachian (NAPP) coal cargoes was also limited. One buyer said they received an offer of an August-loading Panamax or Capesize cargo at $107/t cfr WCI, while indicative bids were heard around $105/t.

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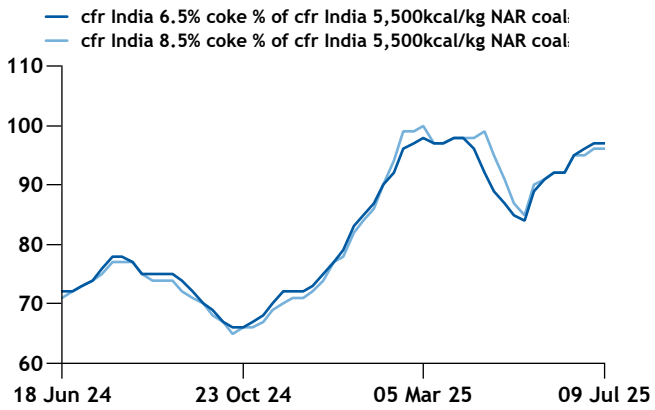
del ARA coke percent of coal %



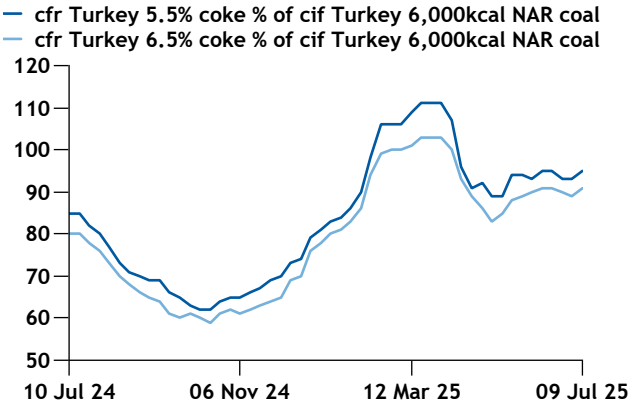
fob USGC coke percent of coal %



del India coke percent of coal %



del Turkey coke percent of coal %



China

While potential tariff changes, elevated inventories and competitive prices for coal continued to suppress seaborne coke demand in China, higher freight rates from the US Gulf coast helped to push up cfr China high-sulphur fuel-grade coke prices during the week.

Sellers have continued to resist lowering offers for high-sulphur coke, but most Chinese buyers remain cautious about US-origin coke purchases because of possible tariff increases on this material beginning in mid-August. But regardless of the tariff outcome, weak downstream demand and ample inventories will likely continue to negate any incentive for Chinese buyers to purchase US-origin coke, market participants said. Even if sellers become pressured to move cargoes and lower offers, it is unlikely that many Chinese buyers will take the risk of purchasing US material, a couple of traders added.

The low-sulphur fuel-grade coke market in China has also been lacklustre over the past week. At least one glassmaker said they have not made any coke purchases lately and currently have sufficient stocks for about three months.

Prices for stockpiled low-sulphur shot coke in the Yangtze River region fell further this week to around 1,550 yuan/t, equivalent to $180/t cfr China. And prices for other stockpiled 2pc and 3pc sulphur coke in China were heard around Yn1,650/t, equivalent to the $190s/t cfr. Some market participants expect low-sulphur coke prices in China to continue declining because of the persistent lack of downstream buying appetite.

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NEWS

COKE

US Gulf coke freight rates near 1-year highs

Petroleum coke freight rates out of the US Gulf have approached one-year highs, largely because record Supramax-sized grain shipments out of the US have limited vessel availability to carry coke cargoes.

The rate to ship coke from the US Gulf coast to Rotterdam on a Supramax has risen by nearly 16pc since 30 June to $23.90/t, while the US Gulf-Turkey rate has increased by 16pc to $29.15/t. Both rates are at their highest levels since July 2024.

The US Gulf-India rate has risen to $43.95/t, while the US-Gulf-China rate has reached 47.15/t, both up by 10pc to their highest levels since December 2024.

Grain exports out of the north Atlantic reached record levels in the first half of 2025, with US grain exports up by 9pc on the year for the period.

Grain exports out of the US are mostly carried on geared segment vessels such as 65,000t Ultramaxes or even smaller ships, with 71pc of US grain cargoes in June 2025 moving on geared vessels, according to Kpler data.

Rates for prompt loadings to India are being discussed by some at rates up to $50/t, while later loading dates in August and September are being discussed around $35/t. This suggest the rate increases are expected to be short-lived, shipping brokers said.

By Charlotte Bawol

China importers weigh US coke tariff risks

A temporary trade truce between China and the US, agreed to in early May, is winding to a close next month, leading Chinese petroleum coke importers into uncertain tariff territory again.

The preliminary deal struck in Geneva established a 10 August deadline for reaching an agreement on tariffs, with each country agreeing to reduce retaliatory tariffs for the 90-day period. This has left China with a 10pc punitive tariff on US coke in the meantime, on top of a 3pc tariff on all coke imports. If no further deal is struck, China is set to add another 24pc tariff on all US imports, which would bring the total tax on US coke to 37pc. While this is far below the 128pc level that sent US suppliers searching for new markets in April, it still presents a significant risk to trade.

Opinions vary on what will be the most likely outcome for

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China's tariffs on US coke following next month's deadline, as a comprehensive agreement between the two countries has not yet emerged. Tensions heightened Monday as US President Donald Trump announced plans to impose additional high tariffs on important trading partners like Japan and South Korea, along with 12 other mostly Asian countries, beginning on 1 August.

Neither the White House nor US trade agencies explained why Trump picked these specific countries, but some in China took the news as another shot against their economy. Since most of the countries named in the announcement are in the Asia-Pacific region, this will affect China's export trade for various commodities, one Chinese trader said.

Some companies are optimistic that Beijing and Washington will strike a deal and remove the extra 10pc tariff currently in place on US coke and other energy commodities. There are several coke shipments waiting in the bonded area of Chinese ports, as these buyers expect a deal will return the tariff to the typical 3pc next month and plan to move the coke through customs after that point, a second Chinese trader said. And an international trader said "it seems the situation between China and US is improving", and the "tariff situation seems less problematic now in China".

But this appears to be a minority view. Other companies think punitive tariffs are likely to remain steady at 10pc after the 90-day pause, or if they do rise to 37pc, that the increase will not last long. But although they may believe another round of posturing between the two nations is unlikely, the risk is significant enough to dissuade many from wanting to purchase more US coke if they can avoid it.

"Some people might choose to take a risk and import US coke, but this should not be the mainstream view," a fourth trader said.

The prevailing view among many traders seems to be that it is best to wait to purchase any US coke until the situation becomes clearer. And this is a relatively easy position to take at the moment, as demand for coke imports is weak in general.

Stockpiles up on high April, May imports, low demand

Downstream demand is so weak and stockpiles so substantial that some traders said that even if the tariffs are removed entirely, they would not buy US coke.

"Without a significant increase in domestic prices, neither traders nor producers have much motivation to take the risk," another trader said.

China imported historically high volumes of coke from the US in April and May, with May's US tonnage reaching the second highest level in more than two years. This was behind only April, which had been the highest monthly total since February 2012. Much of this coke is still sitting in stockpiles at Chinese ports, which have now ballooned back to 4.5mn t, according to one estimate, after being worked down significantly in the first quarter of this year.

This surge in shipments prior to the tariffs meant there was not much rush to buy even shortly after the US and China announced the 90-day tariff reduction. And low domestic coal and coke prices were already weighing on demand for high-sulphur fuel-grade coke, which makes up the majority of US exports.

Low-sulphur fuel-grade coke buyers have fewer alternatives, but demand for this coke is not particularly strong either. One large glassmaker estimated its stocks are sufficient to cover three months of operations.

US green coke exports to China reached a six-year low in May, with only shipments from the west coast loading that month. These would likely have been booked prior to the mid-May Geneva agreement. But June loadings are expected to be low as well.

The market is currently in "a dangerous moment", another trader said, and no one should do anything except wait. "The Chinese people no longer want to guess Trump's next move," the person said. "He is crazy and unreasonable, and it's pointless to keep guessing."

A representative from a multinational company echoed this sentiment. "Right now there's so much uncertainty," he said. "The best plan is no plan. You do business as usual."

By Lauren Masterson

US coke exports to China hit 6-year low in May

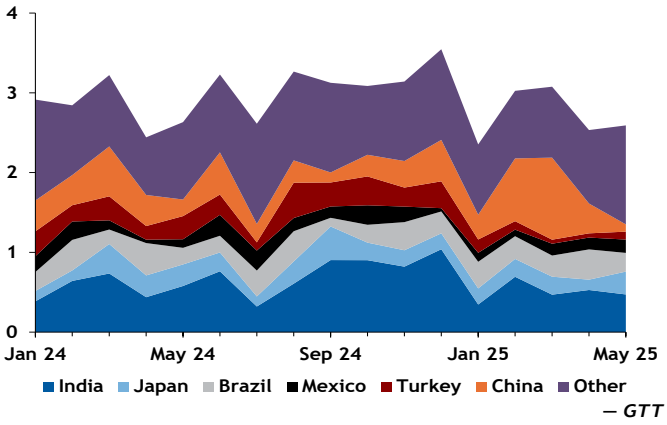
US green petroleum coke exports to China reached a six-year low in May, as sellers avoided the destination after Beijing threatened high tariffs on US supply.

US coke exports to China fell by 56pc to 91,000t in May from a year earlier, according to customs data compiled by Global Trade Tracker (GTT). The shipments came entirely from California, with 51,000t shipped from Los Angeles and 40,000t from San Francisco.

This total was also down by 76pc from April and the smallest volume of coke the US has sent to China since April 2019, during the two countries' previous trade spat. China announced steep retaliatory import tariffs on US supply in April,

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US green coke exports *mn t*



when many May-loading shipments would have been booked, which ground trade between the two countries to a near halt during the month. As a result, the US was expected to start shifting May-loading coke exports to other countries.

US west coast coke sellers tend to rely heavily on the China market, meaning the shift in trade flows was expected to be starkest from this origin. During the previous US-China trade war, US west coast exports to China remained relatively stable, with the drop in trade mainly limited to the US Gulf coast. But this time, China's tariffs were scheduled to be over 100pc, pressuring US west coast sellers to target other destinations.

Many US west coast coke sellers looked to shift business to Latin American coke buyers in May, including 50,000t to Brazil and about 33,000t each for Peru and Uruguay, none of which had taken west coast coke a year earlier. This trade flow shift contributed to total US shipments to Latin American countries surging by 26pc year on year to 708,900t.

US west coast shipments to Japan were up by 3pc on the year to 185,800t, making Japan the US' second-leading destination during the month. And a total of 88,700t of US west coast coke shipped to Oman, Vietnam and Pakistan, none of which had taken coke from the origin a year earlier

But India, which had been expected to be a major destination for stranded US west coast exports, took 42pc less west coast coke than a year earlier at 86,300t. India was still the US' top destination in May, even as total US coke exports to the country fell by 18pc to 472,900t from the previous May and off by 11pc from April.

Overall, the US loaded about 583,900t of coke from west coast ports in May, or 23pc of total exports.

Total US coke shipments had inched down on the year, possibly because of lighter crude slates in the US Gulf reducing output. The US exported about 2.6mn t of coke in May, down by 2pc from the prior year. But this was up by 2pc from a relatively high base in April.

By Hadley Medlock

Brazil's green coke imports fall in June

Brazil's green petroleum coke imports dropped by 9pc in June, as shipments from the US reached a seven-month low and offset increased imports from other Latin American countries.

Brazil's green coke imports totalled 261,000 metric tonnes (t) in June, down from 287,300t in June 2024, according to customs data compiled by Global Trade Tracker (GTT). They were down by 41pc from the prior month.

The US was Brazil's leading supplier during the month at 174,300t, even as they were down by 20pc on the year. They were down by 61pc from May, and the lowest volume of US coke Brazil has imported since November.

Brazil also received 56,000t of coke from Colombia and 30,700t of coke from Mexico in June after receiving none from either country the previous year.

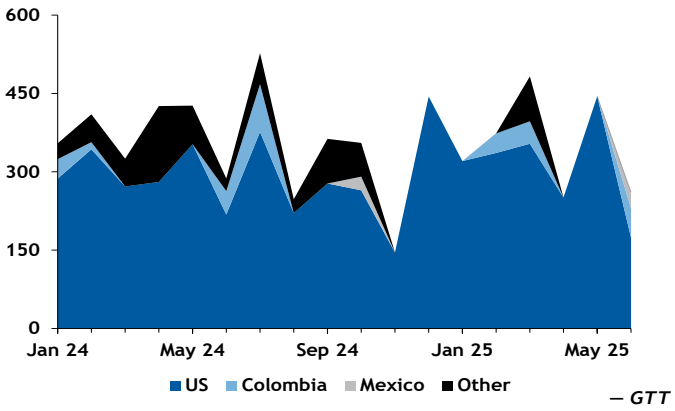
Exports increase

Brazil's green coke exports increased on the year in June, as shipments to China remained elevated, but fell from their near two-year high the month before.

Brazil exported 143,600t of coke in June, up by 14pc on the year. But exports in June were down by 13pc from May.

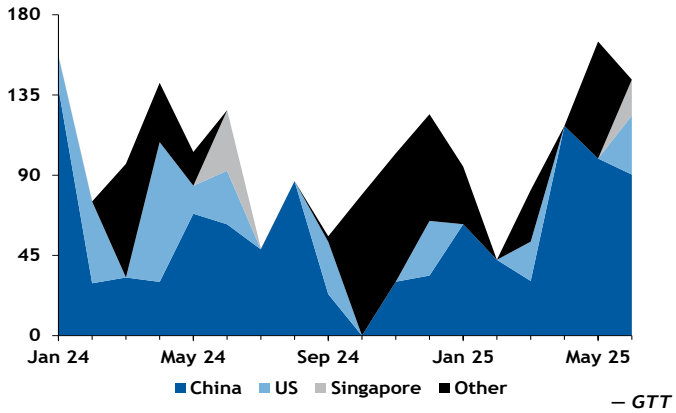
Brazil's coke exports have been especially high for the last three months, likely because of a spike in low-sulphur

Brazil green coke imports *'000t*



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Brazil green coke exports *'000t*



— *GTT*

anode-grade green coke prices in China in the first quarter. A Brazilian company was also heard to be exporting coke from its stockpiles starting in April.

China was the top destination for Brazilian coke exports at 90,300t in June, up by 45pc from a year earlier. But this was down from 99,400t in May and 117,600t in April, as Chinese prices for less than 1pc sulphur anode-grade green coke fell from their previous highs.

June's shipments to China were still well above typical levels, as Brazilian exports to China averaged just 45,200t in the first three months of the year and 48,700t over full-year 2024.

Brazil also shipped 33,100t of coke to the US during the month, compared with none in June 2024. And Brazil exported 20,100t to Singapore in June, down by 40pc year on year.
By Hadley Medlock

CEMENT

Ultratech commissions new cement facilities

Major Indian cement producer Ultratech commissioned a new grinding mill late last month as part of its plan to raise its cement production capacity to 212mn t/yr by the 2027 fiscal year.

Ultratech on 26 June commissioned a second 1.8mn t/yr cement grinding mill at its Maihar site in India's Madhya Pradesh state. This brings its global grey cement capacity to 192mn t/yr, with 187mn of this in India.

The company commissioned the first 2.7mn t/yr cement grinding unit at Maihar in March, alongside a 3.35mn t/yr clinker unit. Ultratech also commissioned a 1.2mn t/yr grinding unit at Dhule, Maharashtra, and a 600,000 t/yr grinding facility at Durgapur, West Bengal, that same month, after commissioning two 600,000 t/yr grinding units in Karur, Tamil Nadu, and Sonar Bangla, West Bengal, in February.

Ultratech has also been expanding through acquisition, reaching a total capacity of 184mn t/yr by the end of India's 2025 fiscal year on 31 March after acquiring two Indian cement makers.

Other Indian large cement producers are also expanding production to meet rising domestic demand. India's second-largest cement producer Adani expects to commission a 4mn t/yr clinker line at Bhatapara, Chhattisgarh, in the fourth quarter of this fiscal year and 6.4mn t/yr of grinding capacity across three other sites between the third and fourth quarters. Adani aims to raise its capacity to 118mn t/yr by March 2026 and is targeting 140mn t/yr by 2028.

Large cement maker Shree Cement commissioned a 3mn t/yr grinding facility at Etah, Uttar Pradesh, in April and plans to commission about 15.4mn t/yr of new capacity in April-June this year. The company has said it aims to nearly double its capacity to 80mn t/yr by 2030.
By Alexander Makhlay

EU CBAM export plan only partial solution

Industry has continued to urge a more comprehensive export adjustment under the EU carbon border adjustment mechanism (CBAM) following the European Commission's announcement of a forthcoming proposal on 2 July, with some calling for full free emissions trading system (ETS) allocations for production destined for exports. Norwegian fertilizer firm Yara said the CBAM solution is "not good enough".

The commission on 2 July announced plans to reduce the risk of carbon leakage for goods exported from the EU in CBAM sectors under proposals to be presented by the end of the year, with the aim of providing equal treatment for all goods, whether produced, sold in the EU, or imported and exported.

The commission's stated plans are "not good enough" for Monica Andres, Yara's executive vice-president for Europe. "We need a watertight and timely CBAM implementation to level the playing field with more carbon-intensive imports," Andres added, noting the commission's new proposal does not offer sufficient predictability and leads to an "incomplete" CBAM applying from 1 January 2026.

"We would have preferred a solution which maintains full free allocations for the part of the production destined for exports," said BusinessEurope director general Markus Beyrer, adding CBAM is "untested and still incomplete" in its design.

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European steel association Eurofer said the commission's announcement on CBAM exports lacks the actual legal proposal and details on its design. CBAM sectors had proposed a simple mechanism based on free allocation for exports, Eurofer said, noting a "very limited" impact in reversing industrial decarbonisation given the proposed EU greenhouse gas reduction target of 90pc by 2040 against 1990 levels.

Refinery industry association FuelsEurope has similarly called for any CBAM changes to maintain sufficient levels of free carbon allowance allocations and include measures to protect exports, if the measure's scope is extended to the refining sector.

The scope of the mechanism so far includes cement, iron and steel, aluminium, fertilisers, electricity and hydrogen. The commission is consulting until 26 August on extending CBAM's scope to some downstream products and on circumvention risks. EU states and the European Parliament recently agreed to CBAM revisions exempting some 90pc of originally covered EU companies from reporting obligations.

By Dafydd ab Iago

COAL

Indian power demand slump hits coal generation

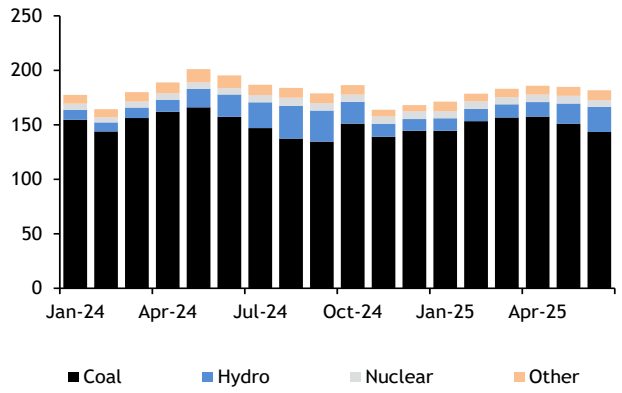
India's power generation in the second quarter of this year fell by almost 6pc on the year, following an early arrival of monsoon rains which prevented summer temperatures from soaring and capped the use of energy-intensive air conditioning.

Total power generation from April-June averaged 182GW, against 193GW recorded last year, based on central electricity authority (CEA) data. The country's energy demand fell to 204GW in tandem, recording the first drop in consumption since 2020 when the Covid-19 pandemic brought economic activity to an almost complete halt.

The impact of lower power generation and demand was most pronounced for the country's coal-fired fleet, which constitutes 80-85pc of the total Indian generation. Coal-fired generation in April-June totalled 149GW, down by 7pc on the year, raising concerns for government officials and power-generating utilities.

India's power demand typically peaks between April and June because the months are characterised by spells of dry heat and rising temperatures. Based on seasonal and historical trends, government departments and power utilities typically manage coal inventories and account for rising peak power demand during this period.

India power generation mix *GW*



But an untimely advance of monsoon rains this year, along with sluggish industrial activity, complicated Delhi's calculations and created ample stockpiles of coal and gas at utilities.

As a result, power prices at the Indian energy exchange (IEX) fell to zero on 25 May, implying electricity oversupply in the country. Additionally, coal stocks at thermal power plants in India continued to grow through the second quarter, touching an all-time high of 58.25mn t in June, according to the country's coal and mines ministry.

As an immediate measure, India's power ministry did not extended its directive requiring imported coal-fired utilities to boost generation, after its last order expired on 30 June. The directive, first issued in May 2022 to imported coal-fired plants with a combined capacity of 17.5GW and subsequently extended over the past three years, supported seaborne coal demand and power generation to meet demand.

But with a steady build-up in domestic coal stocks and a tapering coal demand, seaborne coal imports would have "only added to the coal stock glut at ports," a source noted.

Hydro and nuclear generation cushion blow

The above average rainfall during the monsoon season in India has, however, contributed to higher hydropower generation in April-June, up by around 12.5pc on the year to at 18GW. Nuclear output in the country was also 16pc higher on the year over the same period at 7GW.

India's coal fleet operated at 69.6pc capacity from April-June, compared with 76.6pc a year ago. Peak power demand in June touched 241GW, against 250GW recorded last year. The Indian government expects peak demand this year to average

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277GW. If peak power demand does not exceed 250GW this year, it would mark the first drop in power consumption in India in at least 20 years.
By Ashima Sharma

India's Adani acquires 600MW of coal capacity

India's private-sector utility Adani Power has successfully completed its acquisition of 600MW of thermal generation capacity located in Nagpur in the western Indian state of Maharashtra from Reliance Power subsidiary Vidarbha Industries Power.

The Rs40bn ($466mn) takeover from Adani consists of a 2 x 300MW power plant that takes the total operating capacity of Adani to 18.15GW, the firm said on 8 July.

The acquisition was first finalised in February after Adani received initial approval from the committee of creditors of Vidarbha Industries Power and had been pending regulatory approvals.

Adani, India's largest private-sector utility, has been expanding its fleet at a time when New Delhi is looking to boost domestic coal production in a bid to reduce reliance on imports. India — the world's second-largest coal importer — is doubling down on cost-efficient coal power to meet its growing energy demands.

Adani has begun the construction of ultra-supercritical power plants with 1.6GW capacity each at its existing sites in Singrauli-Mahan in Madhya Pradesh, Raipur, Raigarh and Korba in Chhattisgarh, Kawai in Rajasthan, and at Mirzapur, Uttar Pradesh.

It has also revived the construction of a 1.3GW supercritical power plant in Korba that it acquired in 2024.

Adani is targetting to achieve a base load power generation of 30.7GW, India's largest, by 2030.
By Haridas

China's record power load drives coal demand

Temperatures across most regions of China have increased sharply as the rainy season in the Yangtze River region ends, significantly elevating power demand and intensifying reliance on coal-fired power generation.

China's peak power load reached 1.47bn KW on 4 July, setting a new historical high, according to the National Energy Administration. This represents an approximate increase of 200mn KW compared with the end of June and a nearly 150mn KW increase compared with the same period in 2024.

Electricity consumption in several provinces within the Yangtze River Region — key consumers of imported coal — as well as certain inland provinces, has approached or surpassed historical peaks. These include Jiangsu, Zhejiang, and Anhui. This comes on the back of a sudden temperature rise after the gradual cessation of the "plum rain season" — a prolonged period of heavy rainfall typical of the east Asian monsoon climate — across the middle and lower reaches of the Yangtze River from late June to early July.

Data from the industry body CCTD indicates that coal consumption by utilities in China's eight key coastal provinces averaged 1.92mn t/d in the week ending 3 July, reflecting a slight increase from 1.86mn t/d a week earlier, although still below the 2.01mn t/d recorded in the corresponding period in 2024.

Temperatures across most parts of the country will be close to or higher than the seasonal norms this July, according to China Meteorological Administration (CMA) forecasts. Such conditions could result in a higher residential electricity consumption.

Thermal power generation is expected to function increasingly as a flexible resource within China's evolving power system, accommodating the rapid expansion of renewable energy and advancements in grid control technologies, as outlined by the National Development and Reform Commission (NDRC).

Under this strategic transformation, thermal power plants may ramp up output during periods of peak electricity demand, particularly following two consecutive months of negative hydropower output growth in April-May compared to the same period in 2024. This shift is likely to boost demand for thermal power in the short term, thereby increasing coal consumption and assisting power plants in reducing elevated coal inventories. It may also lead to more frequent coal tenders in the future.

COAL SPOTLIGHT

Workers strike at Glencore's Ulan coal mine
S Korea to reduce Russian coal take
ARA coal stocks recover on low Rhine levels
Ice thermal coal futures volumes jump in June
Ice raises thermal coal margin rates
US thermal coal exports down to Asia, Africa
EIA boosts 2025, 2026 coal generation outlook
Coal stocks rise at China's Qinhuangdao port
Pakistan coal imports set for 3-year high in Jul

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The extreme summer heat and the resulting effective drawdown of coal inventories have provided some support to coal prices.

Argus assessed NAR 5,500 kcal/kg coal at Yn621.10/t fob Qinhuangdao on 4 July, up by Yn3.81/t from a week earlier. This marks the third consecutive week of modest price increases.

Australian coal loadings rise on stronger demand

Australian coal loadings rose in the week to 21 June compared with a week earlier because of higher demand from India and South Korea.

Coal loadings in eastern Australia climbed to 9.3mn dwt in the week to 21 June, up from 8.6mn dwt a week earlier, provisional shipping data show. Dwt represents a ship's maximum capacity and typically overstates actual shipments by about 5pc.

Coal shipped from eastern Australia towards Singapore, which mostly goes to India, increased to 1.6mn dwt, from 1.3mn dwt a week earlier.

India's appetite for imported thermal coal could have grown because the prices of Australian coal fell. This prompted Indian buyers to divert their purchases to Australia from their usual source in South Africa's Richards Bay Coal Terminal.

Coal exports to South Korea edged higher to 1.2mn dwt in the week to 21 June, up from 800,000 dwt a week earlier. South Korea's thermal coal demand is expected to rise on the back of stronger power consumption because of a hot summer.

The South Korean government has extended tax cuts for thermal coal used for power generation until the end of 2025. The country is projected to experience higher average temperatures in July and August compared with last year, driven largely by warmer sea surface temperatures in the surrounding regions.

Panamax freight rates fall

Freight rates for Panamax vessels in Asia-Pacific from east coast Australia to south China slipped in the week to 7 June compared with a week earlier, despite higher coal loadings.

The rates fell because vessel supply outpaced cargo demand in the Pacific, according to market participants.

Fixtures are typically concluded two weeks before the loading date.

The weekly average freight rate from east coast Australia to south China fell to $10.99/t in the week to 7 June, from $11.16/t a week earlier, *Argus* data show.

By Lisa Cheng

EU coal burn, output fall to record lows

EU coal consumption and production fell to all-time lows last year, with coal burn nearly halving from 2018 as the solid fuel's role in EU power generation continues to fade progressively.

Coal production in the EU fell by 12pc on the year to 242mn t in 2024, while consumption declined by 13pc to 306mn t, according to Eurostat data. This followed a record year-on-year decrease between 2022 and 2023, when production dropped by 21pc and consumption by 23pc.

Although the energy crisis in Europe brought on by Russia's invasion of Ukraine in 2022 provided a brief reversal of declining coal burn and output, the EU since 2023 has returned to steadily decreasing its use of coal.

Hard coal consumption in the EU was estimated to have fallen to 107mn t in 2024, 51pc less compared with 2018. Poland and the Czech Republic were the only two hard coal producers left in the EU last year, having produced 44mn t and 1.4mn t, respectively.

Poland accounted for 43pc of total EU hard coal consumption, while Germany made up 23pc. The Netherlands, France, Italy, Spain, the Czech Republic and Belgium also consumed hard coal last year, but at a much smaller share of total EU hard coal burn of 3-6pc each.

Brown coal consumption was estimated to have declined to 198mn t last year, 47pc lower than in 2018. Germany accounted for the largest share of brown coal consumption last year at 46pc, followed by Poland at 21pc, the Czech Republic at 12pc and Bulgaria at 8pc, while Romania and Greece accounted for 4-6pc each.

Separately, fossil fuels accounted for 7.2pc of total power generation in the EU last year, while a dominant 47pc of electricity was generated by renewables last year, Eurostat data show.

By Shreyashi Sanyal

Moscow yet to decide coal industry support level

Russian state support for the country's flagging coal industry is likely to total "tens of billions of roubles", but the final amount that will be offered has yet to be determined, according to a report from Russian daily newspaper *Vedomosti*, citing deputy finance minister Alexei Sazanov.

The Russian government is prepared to offer financial support in the form of deferrals and instalments for taxes and fees, according to Sazanov. But there is so far no "concrete text of a government resolution", he said.

"A decision has been made conceptually, but who will

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fall within the scope of deferrals has not been determined yet. One must understand that the coal sector is large, many people work in it. Deferral will apply to insurance contributions and the mineral extraction tax (MET). This will involve tens of billions of roubles," Sazanov said.

All Russian coal mining firms will receive a deferment on the MET and insurance premiums until 1 December, with the possibility of an extension. Russia in May amended its 2025 federal budget to account for reduced MET revenues this year in its parliament's electronic database. The estimated MET revenue from coking coal this year was reduced by Rbs4.4bn to Rbs14.8bn, while the MET on other types of coal was lowered by Rbs200mn to Rbs4.6bn.

Moscow in May also approved other state support measures to stabilise the coal sector, including the opportunity for eligible companies with large financial burdens to restructure their debt. Individual coal firms that can show "proven losses" can apply for financial support targeted at their specific needs, such as tax deferrals, company subsidies and loan restructuring. Moscow last month named the first coal firms to receive targeted support.

Siberian coal mining firms will receive a 12.8pc subsidy on rail transport fees to northwestern and southern Russian ports, while separate subsidies will be offered to compensate for long-distance transport fees.

Russia's coal industry could extend its consolidated losses this year to 300bn-350bn roubles ($3.8bn-4.4bn), compared with overall losses of Rbs113bn last year. This was already down from a profit of Rbs375bn in 2023, Rosstat data show.
By Bryan Wu

REFINING

PdV bondholders object to Citgo auction winner

A competing bidder, a group of PdV bondholders and others are challenging a US court-backed winner in the auction to buy US refiner Citgo, adding uncertainty to the outcome of the long-standing case.

Bermuda-based Gold Reserve's $7.4bn bid was chosen last week by a US federal court-appointed official as the winner in the auction. The bid was made through Gold Reserve's US subsidiary Dalinar Energy and was supported by a consortium of creditors that includes Koch Minerals, Koch Nitrogen International and Rusoro Mining.

Citgo's three refineries, as well as its lubricant plants and its midstream and retail assets are being auctioned to satisfy debts owed by Venezuela state-owned PdV.

REFINING SPOTLIGHT

US diesel stocks fall beyond 10-year low: EIA
US cracks: Lower crude prices widen margins
EIA lowers 2026 gasoline price forecast
Pemex Deer Park exports to Mexico drop in June
Gold Reserve wins Citgo auction with $7.4bn bid
Russian refinery crude supplies edge up
Europe receives more crude in second quarter
Cartagena posts 15-month low for crude receipts
Bilbao oil receipts remain weak
Repsol cancels renewable hydrogen project
Galp boosts 2Q output, refining margin

Contrarian Capital Management, whose initial $3.7bn proposal was previously picked as the stalking horse bid in the auction said that the Gold Reserve bid does not meaningfully address a "serious risk" from a group of PdV bondholders who are seeking a claim in a separate proceeding in the US District Court for the Southern District of New York.

The PdV bondholders contractually hold a superior claim to 50.1pc of Citgo Holding — a legal entity that directly owns Citgo and, in turn, is owned by Citgo parent company PdVH, a subsidiary of PdV.

Gold Reserve's bid is proposing to enjoin the bondholders from suing Gold Reserve or its financing sources, but this would exceed the court's authority, Contrarian said in a filing to the US District Court for the District of Delaware. The court cannot intentionally take actions to interfere with or deprive the bondholders of whatever rights they have, Contrarian said. Contrarian made the bid for Citgo under its subsidiary Red Tree Investments.

A group of the PdV bondholders also filed an objection to the Gold Reserve bid saying that the proposed stock purchase agreement, the proposed sale order and related documents "purport to impermissibly restrict" the bondholders from enforcing or protecting their rights or from bringing claims against third parties arising as a result of the sale, according to a court filing.

The US last month extended protections that shield Citgo from being taken over by the PdV bondholders.

The US Department of Treasury' s Office of Foreign Assets Control (OFAC) extended the protections until 20 December. The protections have been in place for more than five years through continuous extensions.

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Gold Reserve previously asked the court to request more clarity from OFAC on whether the agency intends to continue the protections beyond the expected closing of the Citgo sale transaction. OFAC previously signaled it would not get in the way of the auction.

Another major creditor, defunct Canadian mining firm Crystallex, also filed an objection to the Gold Reserve bid citing the risk of the PdV bondholders' claims.

Crystallex also said that the Gold Reserve bid presents a potential regulatory risk if the Federal Trade Commission, Department of Justice, or other US government agency deems that Koch's proposed participation as a shareholder in Dalinar violates antitrust laws.

Lawyers representing PdVH and Citgo also filed objections to the Gold Reserve pick, but the filings were under seal.

In addition, Conoco Phillips, a creditor, filed a "notice of potential objection" citing concerns about the risks posed by the PdV bondholders' litigation.

Gold Reserve executive vice chairman Paul Rivett said last week that its bid "satisfies creditors further down the waterfall than was ever contemplated by any prior bid" since the inception of the sale process.

The deal is subject to regulatory approvals, including by the OFAC. The US District Court for the District of Delaware has scheduled an 18 August hearing on the sale.

Other bidders in the Citgo auction included investment firm Black Lion Capital Advisors, which submitted an $8bn cash bid.

Black Lion submitted the bid on behalf of a group of partners led by Quazar Investment, Anex Management and Fortress Management, according to a letter filed with the court last month.

Trading firm Vitol was also a bidder in the auction but the terms of the bid were not public.

Amber Energy, which is backed by hedge fund Elliott Investment Management, was considering rejoining the bidding, a source familiar with the matter told *Argus* last month.

Last year, Amber Energy was the top bidder in the Citgo auction with a bid of $7.3bn. But the recommendation did not receive support from the "sale process parties" or "additional judgment creditors" and the court officer pivoted to another round of bidding, according to court filings.

A federal judge this year restarted the Citgo sale with a new auction process.

Even though it is owned by PdV, Citgo since 2019 has operated under a board appointed by the Venezuelan opposition and vetted by the US government after the US rejected Venezuela's 2018 presidential election as illegitimate. PdV remains under control of President Nicolas Maduro's government.

Maduro's government has rejected the US court proceedings to sell Citgo as "theft".

By Eunice Bridges

California refining woes spill into other states

The US western states of Arizona and Nevada are bracing for a spillover effect from the planned closure of two major refineries in California.

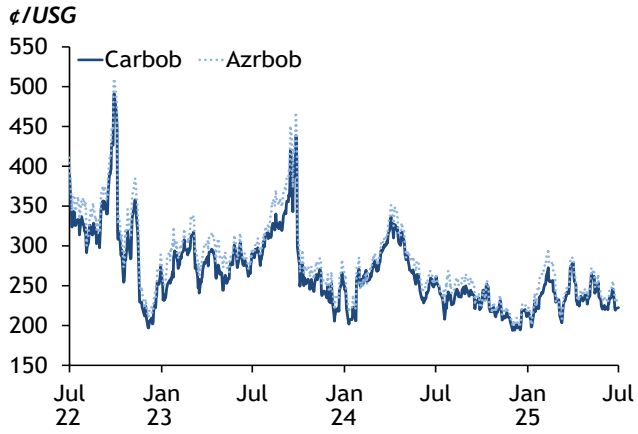
Gasoline prices in the states, both landlocked with limited supply options and incorporating the large metropolitan areas of Las Vegas and Phoenix, have spiked in tandem with Los Angeles values in recent years, raising fears that supply disruption in California could lead to fuel shortages and higher prices in the wider region.

Both states rely heavily on California for products. Nevada has only one small 2,000 b/d refinery while Arizona has none. Some estimates show that 80-90pc of gasoline in Nevada comes from California. Arizona has more options, but still relies on California for a significant portion of its road fuels.

But California is facing the loss of 17pc of its refining capacity within a year, tightening an already volatile market. Phillips 66 plans to shut its 139,000 b/d Los Angeles refinery by the fourth quarter, while Valero aims to shut or repurpose its 145,000 b/d Benicia refinery in California by April 2026.

Steep price swings are common in California and have repercussions beyond the state. Arizona Rbob gasoline has averaged $2.41/USG over the past year, 10¢/USG higher than Los

US west coast gasoline prices



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Angeles regular Carbob, *Argus* estimates. Gasoline prices rose to 40-week highs in Los Angeles and Arizona at $2.73/USG and $2.96/USG, respectively, in February after a number of California refinery outages. *Argus* does not assess the Nevada gasoline market. Given the impending loss of capacity in California, any planned or unplanned shutdowns at remaining plants could lead to even greater price fluctuations in the region.

The city of Las Vegas receives most of its gasoline and diesel from refineries in southern California through Kinder Morgan's Calnev pipeline and some from refineries in Utah through HF Sinclair's southbound UNEV pipeline. The Reno, Nevada, area is completely dependent on oil products from refineries in northern California shipped through Kinder Morgan's SFPP system. Gasoline in Arizona is supplied from southern California by Kinder Morgan's West Line, and additional supply comes from El Paso, Texas, on Kinder Morgan's East Line.

A 2,500 b/d expansion of the East Line section running from El Paso to Tucson, Arizona, went into operation on 1 July, Kinder Morgan tells *Argus*. The company is considering further expansions to bring new supplies to high demand areas through additional pump stations or adding pipeline infrastructure, products pipelines chief commercial officer Mike Garthwaite says.

Some refiners are taking steps to fill the expected shortfall in California. Phillips 66 is planning to produce Carb gasoline at its 105,000 b/d Ferndale refinery in Washington state to help supply California, the company's chief executive Mark Lashier says.

Golden rules

California has retreated on some planned regulations since Valero's April announcement that it will close Benicia. State regulators recently recommended a pause in implementing a refining margin cap with penalties for operators in the state. The California Energy Commission in April delayed a vote on new refinery resupply rules to provide time for additional feedback and consultation.

California legislators have also proposed limiting the price of state low-carbon fuel standard credits for five years to allow western US states to co-ordinate a new regional gasoline specification. California, Arizona and Nevada each mandate distinct gasoline specifications to manage smog and other air pollution. The requirements have isolated the markets from more broadly produced gasoline grades made in other US and global refining centres.

By Eunice Bridges and Craig Ross

Pemex halts Olmeca refinery for 3 months

Mexico's state-owned company Pemex acknowledged problems at its new 340,000 b/d Olmeca refinery in Dos Bocas, Tabasco, halted operations for three months in late 2024 and early 2025.

"In December 2024, the refinery halted operations because of issues with the crude's quality parameters," Pemex said in a filing with the US Securities and Exchange Commission, without detailing the specific problem. "Operations resumed by the end of February 2025. It is expected that both atmospheric distillation trains will be operational by the second quarter of 2025."

President Claudia Sheinbaum said on 7 July the issue was caused by crude "contaminated" with salt. The government acknowledged the problem in mid-February, though it did not say how long operations were halted. Pemex's chief executive said at the time that problems with salt and water in the crude began in December, but claimed the crude was nearing specification by February.

The Olmeca refinery began reporting crude processing in June 2024. In December, it processed 43,180 b/d, followed by zero in January and 6,980 b/d in February, according to Pemex data. In May, the refinery hit its highest processing level so far, at 114,960 b/d.

Sheinbaum also said the plant faced a brief power issue "a couple of days ago," but both refining trains are now operational.

Once Olmeca runs at full capacity, Pemex may need to import crude to feed its seven refineries, as national production continues to decline, market sources said. Mexico is expected to lose 680,000 b/d of output between 2024 and 2030 and could be importing around 500,000 b/d by 2030, according to a recent International Energy Agency report.

Pemex plans to invest Ps127.2bn ($6.7bn) in capital expenditure this year, up by 2.4pc from the 2025 budget approved by Congress. The company also increased the Olmeca refinery budget by Ps764mn, without disclosing the new total. The project's overall cost has more than doubled from the original estimate.

By Édgar Sígler

Pemex Minatitlan refinery runs lowest since 2023

Mexican state-owned Pemex's 285,000 b/d Minatitlan refinery in May processed its lowest crude volumes since September 2023, hindered by mismatched crude specs and aging infrastructure, according to market sources.

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The refinery, built in 1906 in Veracruz, ran below 50pc of capacity for a 10th consecutive month in May, Pemex data show. Despite a 2024 average crude throughput of 124,000 b/d — the highest since 2015 — the refinery's performance has slipped again, averaging 92,000 b/d from January-May.

One of the key reasons the refinery is underperforming is the type of crude the refinery is equipped to handle, a market source familiar with Pemex's refining infrastructure told *Argus*. Minatitlan is geared toward lighter crude specs, but Pemex's crude supply is much heavier. Added to that problem, the heavier crude itself has seen quality issues, making it even more difficult for the refinery to process, the source said.

Deteriorating infrastructure is another crucial problem. Core equipment like Minatitilan's coking plant is not functioning well. Outside of the crude issue, the refinery's age is increasingly becoming a problem, another market source said.

Minatitlan ran at 23pc of capacity in May. Most profitable refineries, for example those on the US Gulf coast, run at above 90pc of their capacity. Even though Pemex's refineries never reach those numbers, many run at above 50pc of their capacity. Much more investment would be needed to bring Minatitlan to that level, the sources said.

Pemex processed about 811,000 b/d of crude at its six domestic refineries in May, down from 842,000 b/d in May 2024 and down from 845,500 b/d in April, according to company data. The Tula, Cadereyta, Salamanca and Madero refineries managed to operate at 50pc capacity or higher.

The Minatitlan refinery largely supplies southern Mexico. The area near Veracruz is also home to several important fuel import terminals along the east coast, so any lack of production from Minatitlan could easily be offset by further fuel imports from the US Gulf coast.

Mexico's president Claudia Sheinbaum vowed to continue pursuing the policy goal of the prior administration to foster road fuel self-sufficiency through national production, continuing heavy investments in the national refining system, and scaling back crude exports to feed the refineries. Industry experts consider it unrealistic that Mexico can become fuel self-sufficient, but the country can still reduce some imports and replace them with national production.

By Cas Biekmann

Repsol 2Q oil, gas output, refining margin fall

Spanish integrated Repsol's oil and gas production was lower in the second quarter from a year earlier due to asset sales, while its benchmark refining margin fell on higher refinery maintenance and unplanned outages.

Repsol's upstream business improved in the second quarter from the first on better performance of its Libyan and UK assets, according to its trading statement, while refining was supported by wider regional crack spreads for diesel and gasoline in May and June.

Repsol's refining margin indicator, — a benchmark based on average European crack spreads weighted to the firm's product basket and output from its 890,000 b/d of Spanish refining capacity — fell to a provisional $5.90/bl in April-June from $6.30/bl a year earlier after lower utilisation of refining capacity increased unit costs.

Utilisation of the firm's distillation units fell to a provisional multi-year low of 74pc of capacity from 87.5pc a year earlier and 83.4pc in January-March, while conversion capacity utilisation was down at 85.8pc compared with 95.6pc a year earlier and 91.2pc in the first quarter.

All of Repsol's Spanish refining capacity went offline from after the blackout on 28 April and took over a week to return to normal operations.

Crude runs at the firm's 220,000 b/d Cartagena facility had already been affected by a power cut the previous week, which together with extensive maintenance on distillation units at Repsol's 220,000 Bilbao refinery and conversion units at its 180,000 b/d Tarragona facility over the quarter crimped refinery utilisation and refining margins.

Repsol's refining margin indicator improved by 11.3pc in April-June from the $5.30/bl reported in January-March, after the recovery of European crack spreads more than offset the lower utilisation.

The firm's oil and gas production fell by 5.4pc to a provisional 557,000 b/d of oil equivalent (boe/d) in the second quarter from a year earlier, largely on the sale of its entire Colombian upstream portfolio earlier in 2025 and half of its US non-conventional crude assets in the Eagle Ford region in Texas in July 2024.

Production at Repsol's Latin American division fell by 10.9pc to 238,000 boe/d in April-June from a year earlier, while at the firm's North American division was down by 7.4pc at 189,000 boe/d over the same period, reflecting the divestments.

North American production rose by 1.6pc in the second quarter from the first, underpinned by higher output at Repsol's US non-conventional gas assets at the Marcellus shale in Pennsylvania on higher gas demand.

This increase, together with a sharp recovery in output at Repsol's Africa and Europe division, where production increased by 9.2pc on the year and 16.1pc on the quarter to

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130,000 boe/d in April-June, drove a 3.1pc increase in the firm's total oil and gas output on the quarter.

The outperformance in Europe and Africa was driven by ongoing output growth in Libya from the five-year high reported in January-March — when Repsol's production sharing contract (PSC) for the El Sharara field it operates with Libya's NOC netted it 38,000 b/d.

Growth was also underpinned by the return of UK assets from extensive maintenance in the first quarter.

Further growth of about 25,000 boe/d is expected from Repsol's UK assets after the agreed joint venture with another North Sea operator Neo comes into effect at the end of the third quarter.

Repsol will report definitive second-quarter operating data with its financial results on 24 July.

By Jonathan Gleave

STEEL AND STEEL FEEDSTOCKS

CBAM could lift EU steel prices: Assofermet

EU steel import prices could increase following the implementation of the carbon border adjustment mechanism (CBAM), Italian steel and scrap association Assofermet said Wednesday.

The CBAM is set to increase the cost of imports from January 2026. Unconfirmed reports indicate that the European Commission will set the CBAM benchmark for blast furnace-based imports at 1.4t. If true, this would add about €53/t to the cost of importing hot-rolled coil with a carbon intensity of 2.1t, assuming a carbon cost of €72.07/t, *Argus* reported last month.

Higher and unsustainable production costs could also support a push for higher prices, Assofermet added.

The association highlighted that the start of July cements a backdrop of uncertainty already felt in June.

Geopolitical tensions, the slowing down of the Chinese economy and protectionist policies from the US were all cited as reasons for preventing a sustained recovery in demand and prices.

Assofermet also defined the EU's decarbonisation policies as "debatable", and harmful to steel consuming sectors.

"In this scenario, we are seeing a strong pressure on the market from [Asian] producers," Assofermet said. "European steelmakers who remain competitive and stimulate the few ongoing negotiations they have are decreasing their prices continuously in an attempt to make sales."

Steel sales volumes from Italian warehouses declined in June on the month, while profits remained steady — supported by greater purchasing activity of hot-rolled plates and tubes.

There could be a recovery in European steel as the market closely follows trade negotiations between the EU and US, Assofermet said.

By Carlo Da Cas

Japan's crude steel output to fall in Jul-Sep: Meti

Japan's crude steel output is likely to fall in July-September from a year earlier because of persistently weak demand in both domestic and export markets, the country's trade and industry ministry (Meti) said.

Meti expects output to drop by 2.3pc over the period to 20.1mn t, it said in its quarterly forecast released on 8 July. Output is likely to remain stable from April-June.

The projected year-on-year output decline is the result of persistently weak demand from key domestic steel-consuming sectors, including automobiles and construction, Meti said.

"The situation has not changed significantly from the previous quarter", a Meti official told *Argus*.

Demand for ordinary steel products from the automobile sector is forecast to increase by 1.9pc on the year to 2.4mn t in the quarter. But Meti characterised this as only a "slight increase", despite it being a higher year-on-year growth rate in comparison with other sectors.

Meti had anticipated a strong rebound in the automobile sector, and consequently steel demand, after some car producers resumed operations. The auto manufacturers had suspended operations for up to six months in 2024 following alleged false reporting of safety tests results.

Some car producers remain cautious about pushing to ramp up output, the Meti official told *Argus*, without naming

STEEL AND STEEL FEEDSTOCKS SPOTLIGHT

India's steel imports shrink on restrictions
US steel output up on Midwest, Great Lakes
No future for EU steel without trade solution
Gladstone port coal exports drop in FY25
Peabody extends Australian coal mine lock-out
US delays coke oven compliance deadlines
Liberty Steel CEO killed in plane crash
Tokyo unlikely to yield on car levy

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any companies. This is because some carmakers are prioritising quality over quantity, Meti suggested, possibly to avoid a repeat of past safety scandals.

Japan's largest domestic car producer Toyota was among those that halted production because of safety issues in mid-2024. Toyota said it has since focused on building a solid foundation for production to enhance safety and quality.

Steel demand from the construction sector remains under pressure from a labour shortage and rising material costs, according to Meti. This is likely to cap ordinary steel demand from the sector at 3.9mn t, a similar output level to the same period last year.

External markets

Japan's steel exports are also projected to decline, with shipments expected to fall by 11.5pc on the year to 6.1mn t in July-September, Meti said.

Meti attributed the drop to an influx of low-cost Chinese steel products, which continue to flood key export markets including southeast Asia. Japanese steel producers are reluctant to lower their selling prices to compete with cheaper, non-value-added items, the Meti official added.

Meanwhile, the blanket 50pc tariff imposed by the US on imports of steel is unlikely to have a significant impact on domestic crude steel output, at least until September, the Meti official said. This is largely because many of the Japanese steel products imported by US customers cannot be easily replaced with domestic products, the Meti official said.

Meti's optimism comes despite some Japanese steel producers struggling to maintain stable business with US clients following Washington's decision to double its sweeping import tariffs on steel to 50pc from 4 June.

By Yusuke Maekawa

OIL

Market needs Opec+ output hikes : UAE

The oil market needs the additional crude supply coming from Opec+'s accelerated output hikes, UAE energy minister Suhail al-Mazrouei said Wednesday, citing the absence of stockbuilds since eight core members of the group began raising production targets earlier this year.

"Even with the increases over several months, we haven't seen a major buildup in inventories, which means the market needed those barrels," al-Mazrouei said in Vienna, where he is attending the 9th Opec International Seminar. "We need to look at the fundamentals and build the narrative around them, rather than just news and speculation," he added.

Al-Mazrouei said the market is "deeper than what is perceived," referring to a decision by eight Opec+ members to raise their collective August crude production target by 548,000 b/d — a step up from the 411,000 b/d monthly hikes agreed for May, June and July.

The eight countries — Saudi Arabia, Iraq, Kuwait, Russia, the UAE, Algeria, Oman and Kazakhstan — had originally planned to unwind 2.2mn b/d of voluntary crude production cuts at a rate of 137,000 b/d each month between April 2025 and September 2026.

Asked whether Opec+ is concerned about supply outpacing demand later this year, al-Mazrouei said the group assesses the balance at each meeting. He said focusing solely on prices is short-sighted. "What we want is stability," he said. "That goal requires accepting whatever price the market accepts."

Al-Mazrouei also warned of the risks posed by underinvestment in oil and gas. "We are living in an underinvestment environment in oil and gas. The longer this period lasts, the more pain we will face in the years to come," he said.

By Bachar Halabi, Aydin Calik and Nader Itayim

TMX crude exports hit 4-month low

Oil sands maintenance and poor arbitrage economics caused exports of Canadian crude from Vancouver to fall in June to their lowest in four months.

OIL SPOTLIGHT

Trump threatens higher tariffs, delays action
BP staves off takeover, for now
BP appoints ex-Shell CFO Simon Henry to board
US' 2025 oil output forecast revised lower: EIA
Texas, Cushing crude stocks build last week
US crude stocks rise by 7.1mn bl last week
Oil futures: WTI up on lower output forecast
Opec+ eight bring forward policy meeting
China audit raises doubts over commodity demand
TMX unapportioned in July as loadings diminish
Alberta May crude stocks down 12mn bl
Urals exports down in 1H
Urals becomes lighter in Q2
EU states yet to agree on next Russia sanctions

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Exports of crude out of the 540,000 b/d Trans Mountain Expansion (TMX) averaged 402,000 b/d in June, around 11pc lower than May, according to Kpler data. Around 92pc of loadings were heavy sour crudes, while the remaining 33,000 b/d were synthetic and light Canadian crudes.

June-loading supply were tightened by maintenance in oil sands production and at upgraders during the second quarter of 2025. Additionally, market sources said in April, when most June-loading cargoes would have traded, that the June Edmonton arbitrage to Westridge terminal, in Vancouver, looked difficult to work with sellers able to make a greater profit by focusing on the US pipeline market. The reduced flows of Venezuelan heavy sour Merey at the Gulf Coast after Chevron ceased operation in May has also firmed Gulf demand for alternatives, such as heavy sour Cold Lake and Western Canadian Select.

The spread between *Argus'* WCS Hardisty assessment during the June Canadian trade cycle and *Argus'* June-loading Cold Lake fob Vancouver assessment was at approximately $5.50/bl. The cost to ship heavy crude on TMX ranged from $9.11/bl to $7.71/bl, depending on the length and size of shippers' commitments.

China was the largest destination for cargoes in June, all of which were heavy sour cargoes. But loadings fell by 28pc to 207,000 b/d from May, likely impacted by heavy maintenance at Chinese refineries during late June and July, when most June-loading cargoes will arrive. Market sources said in total 1.02mn b/d of Chinese refining capacity was off line at some point in June, while spread over July a total of 470,000 b/d will be off line due to maintenance.

Around 138,000 b/d headed for the US west coast, made up of around 105,000 b/d of heavy sour crude and all the waterborne synthetic and light crudes. Singapore and South Korea took one and two cargoes respectively, around 18,000 b/d and 38,000 b/d.

By John Cordner

Asia boosts US crude imports as tariffs loom

Major crude buyers in Asia-Pacific are increasing their imports from the US ahead of a looming deadline for the resumption of tariffs.

This could go some way towards mollifying US president Donald Trump, even if recent cargo arrivals traded long before he launched a second trade war in April, and might be driven mainly by economic, rather than political, considerations.

Japan, South Korea and India — three of Asia-Pacific's four largest crude buyers — increased their US imports by 130,000 b/d, or 17pc, to a combined 882,000 b/d since the start of April, data from customs authorities and oil analytics firm Vortexa show. Many of these cargoes would have been booked before Trump imposed, and then postponed, punishing bilateral tariffs on 2 April.

Loadings, which might better reflect the purchasing decisions made since then, show that Japan almost doubled its bookings of US crude in April-June from a year earlier, with a smaller increase for India. South Korea cut its purchases over the period, albeit from a high base a year earlier.

Another 44.5mn bl of US crude is in transit to Asia and is expected to arrive by 20 August, equivalent to about 930,000 b/d, Vortexa data show.

Trump's tariffs, set at 24pc for Japan, 25pc for South Korea and 26pc for India, were subsequently paused for 90 days. They are expected to kick in again on 9 July if trade deals are not signed before then. Oil and other commodities are an obvious focus for trade talks, given strong demand from Asia's industrialised economies, as well as Trump's transactional approach to trade deals.

Tokyo, in particular, can point to a big rise in US crude imports over recent months in its negotiations — Japan ramped up its imports of US crude to a more than six-year high of 190,000 b/d in May, government data show. Arrivals since the start of April have risen fourfold on the year to 80,000 b/d. But there are signs that US-Japan trade talks are not going smoothly. Japan is "very tough" and "I'm not sure we're going to make a deal", Trump said on 1 July, after earlier demanding that Tokyo raise its imports of US rice.

South Korea increased its imports of US crude by 48,000 b/d to 518,000 b/d in April-June, Vortexa data show. The country is the biggest regional buyer of US crude, thanks to a government freight rebate designed to encourage diversification away from the Middle East.

Indian crude imports from the US increased by 52,000 b/d on the year to 293,000 b/d in the period. Delhi has not formally asked refiners to take more US crude, but buyers have increased their intake when economics allow, an official at a state-owned refinery says. Trump has said in recent days that a trade deal with India is close.

Stuck in the middle with you

US crude exports to China have been frozen by a 23pc import tariff that is still in effect, despite a May deal to pause punitive tariffs imposed earlier this year.

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Much of the US export rise to Asia in recent months can be explained by favourable arbitrage economics. The landed northeast Asia price of WTI remained largely below Abu Dhabi's Murban, the main competing grade, for much of the first quarter, when cargoes for April-June delivery would have traded. A flatter EFS spread — Ice Brent futures' premium to Dubai swaps — also made it more profitable for Asian refiners to buy arbitrage crude from the Atlantic basin in the period. But economic factors are increasingly taking a back seat in trade talks under Trump. Even if crude flows become less viable on financial terms, Asian governments have indicated that they might be willing to sacrifice some energy profits to avoid a much bigger hit from higher tariffs.

Venezuelan production outlook dims

Venezuela's production outlook appears increasingly to be on a downward slope as US pressure squeezes heavy sour Merey crude from the market.

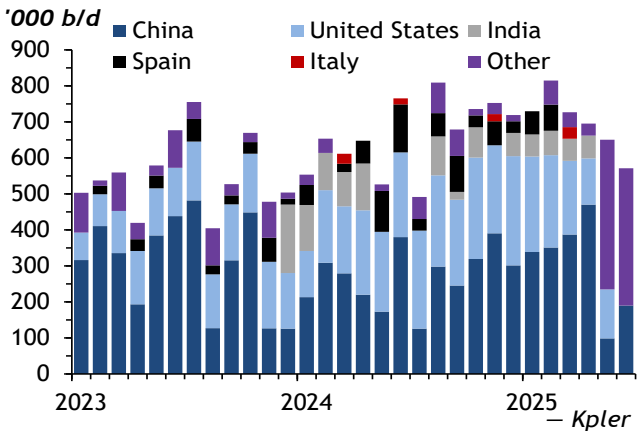
The end of a sanctions waiver on 27 May that allowed Chevron to increase its Venezuelan production and export it to the US Gulf coast — combined with the end of similar licences for Italy's Eni and Spain's Repsol — has removed at least 100,000 b/d of Venezuelan supply from global markets. Venezuela exported roughly 650,000 b/d in May — down from a February 2025 peak of 815,000 b/d — and shipments are expected to fall to 570,000 b/d in June, oil analytics firm Kpler data suggest. Venezuela says exports in May were closer to 700,000 b/d.

China's independent refiners have mostly absorbed the remainder of the 230,000 b/d on average that used to go to the US, along with the 125,000 b/d that previously flowed to India, Spain and Italy. China imported about 530,000 b/d of Venezuelan crude in June, up from 390,000 b/d in May, *Argus* estimates. But that is projected to drop back to about 390,000 b/d in July and August.

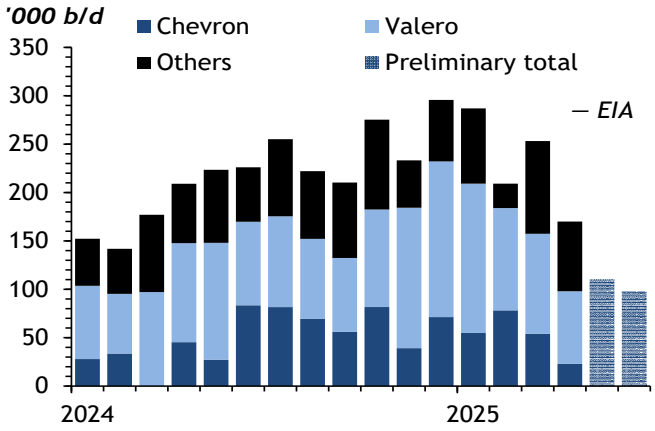
US imports by the main buyers of Venezuela's crude on the Gulf coast dipped in June on lower demand. But heavy sour grades including Mexico's Maya, Colombia's Vasconia and Castilla, Brazil's Peregrino and Guyana's medium sweet Payara Gold could fill any gaps in US heavy or medium crude supply in the coming months. US medium sour Mars is another potential alternative. Initial concerns over lower Venezuelan supplies helped support heavy sour crude prices in the US in the first half of the year.

Prices for Venezuelan crude delivered to China also drew support. Merey discounts to Ice Brent narrowed from $10/bl for January delivery to China to as little as $5/bl for April, widening to $5.70/bl for August delivery, *Argus* estimates.

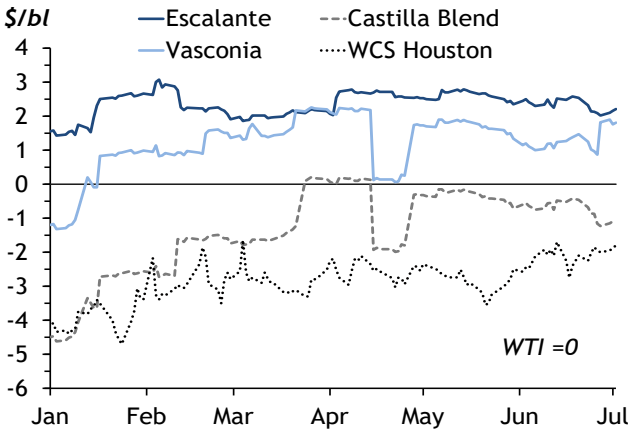
Venezuela crude exports



US importers of Venezuelan crude



Americas heavy sour crude diffs



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Demand from China's independent refiners — some of which blend Merey with typically costlier, lighter Iranian crude — has helped keep the discount narrow. But buying interest is expected to ease. The discount became so narrow that Merey's refining margin for the Chinese independent sector was becoming less profitable than that for Iranian crude, according to market sources in Asia. Uncertainty over the sanctions waiver also led to some heavier buying of Venezuelan crude early on, and some refiners now face a supply overhang that is already pressuring prices for August-arriving Merey. Some Asian buyers are trying out substitutes, including heavy sour grades from Canada.

Downward drift

While crude buyers have other options, Venezuela has few at its disposal. Officials have vowed to keep oil production high, but have not explained how they intend to do that. Years of US sanctions that tightened further under President Donald Trump have left state-owned oil firm PdV ill-equipped to fill Chevron's former role.

Venezuela's crude production is forecast to drift lower as operational problems mount, including electrical outages, arrests of refinery workers and tighter supply of the naphtha used to blend with its extra-heavy crude — much of which until recently came from the US. Russia, China and Iran have in the past stepped in with aid or supplies, but all three are heavily engaged on other fronts.

The US has so far not used another pressure tactic it has at the ready — discretionary secondary sanctions it threatened on buyers of Venezuelan crude. But if current export and oil price trends continue, Venezuela "may be losing 40pc" of its revenues, Barclays economist Alejandro Arreaza says. Despite this, there are few signs that the situation will lead to democratic elections in Venezuela. "It looks like this will have to deteriorate more before we see a political change or progress in bilateral negotiations," Arreaza says.

by Carlos Camacho and Carla Bass

Spain May crude imports at 30-month low: Cores

Spanish crude imports fell to a 30-month low in May, marking six consecutive months of falling receipts.

Imports were affected by maintenance and disruptions to loading schedules from the shutdown of over 90pc of Spain's refining system in a power cut in late April.

Crude imports fell by 4pc to 155,000 t/d (1.13mn b/d) in May from April and were down by 19pc from a year earlier, according to Spain's petroleum reserves corporation Cores.

Imports were about 360,000 b/d lower than Spain's 1.49mn b/d crude distillation capacity in May, reflecting a drop in receipts at Bilbao on maintenance at Repsol's 220,000 Petronor refinery, and at Cartagena amid disruptions.

The 150,000 b/d pipeline that takes crude from the Cartagena terminal to Repsol's 135,000 b/d Puertollano refinery was tampered with on 22 May, and significant queues of tankers formed waiting to unload at the terminal after supply on the pipeline was cut until the end of the month.

Disruptions to crude scheduling occurred over the first half of May following the blackout on 28 April, which shut down all Iberian refineries excluding BP's 108,000 b/d Castellon, cutting crude runs and affecting activity at terminals.

The power cut also affected refinery maintenance including a month's stoppage on the larger of Petronor's two crude units, which began mid-May instead of late April.

Maintenance at Moeve's 220,000 Huelva refinery lasted throughout May, pushing receipts there to a two-year low.

Imports in May continued to be dominated by Spain's five core suppliers, which accounted for 61pc of receipts and were led by Brazil, which replaced the US as the country's main crude supplier with 191,000 b/d of medium-sweet subsalt blends and heavy sour Peregrino. Repsol's Cartagena terminal received Peregrino partly as a substitute for heavy crude from Venezuela, receipts of which halted in May under the US-imposed export ban.

Among other suppliers of heavy sour crudes, receipts from Canada — largely oil-sands blends such as Cold Lake — more than doubled on the month to 96,000 b/d, partly offsetting a 34pc drop in receipts of Mexican crude to about 127,000 b/d, split between heavy Maya and lighter sour Olmeca and delivered to Cartagena.

Receipts of medium-sour crude increased as Repsol took advantage of widening discounts of heavier and sourer grades to increase margins at its more complex refineries. Saudi Arabia supplied 73,000 b/d in May, up by 5,000 b/d from April, while Iraq sent 34,000 b/d after a one-month hiatus.

African crudes returned to dominate the lighter end of Spanish slates in May after receipts from the US dropped by 43pc on the month to 126,000 b/d, while Nigerian supplies doubled to 125,000 b/d, and Libyan supplies were up by 3pc to 120,000 b/d.

By Jonathan Gleave

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FREIGHT

Workers may strike at Mumbai, Cochin ports

Operations at India's Mumbai and Cochin ports are likely to be impacted on 9 July due to a strike called by workers' unions, shipping sources said on 8 July.

Mumbai Port Trust Workers Union, Cochin Port Employees' Organisation and other central trade unions have called for a nationwide strike on 9 July.

"Negotiations are on but if the strike goes through, it will affect the operations, including unloading of crude and loading of products at ports," a ship broker said.

The port workers are protesting an increase in working hours, reduced wages and lack of social security.

Some ports had initially planned to hold the strike on 20 May, but it was postponed to 9 July.

A similar strike was called at 12 major ports on 28 August 2024 but that was called off as the government agreed to hike salaries.

There are at least nine vessels near Mumbai and two near Cochin that are scheduled to dock at the ports over the next few days, according to Vortexa data.

HPCL's 190,000 b/d and BPCL's 240,000 b/d refineries are in Mumbai, while BPCL has a 311,000 b/d refinery in Cochin.
By Roshni Devi

Houthis claim responsibility for Red Sea attack

The Yemen-based Houthi militant group on Wednesday took responsibility for an armed attack on bulk carrier *Eternity C* in the southern Red Sea, the group's second attack in as many days.

The group said the carrier was sunk in the 7 July attack, which took place because the "the company it is affiliated with, and the ship itself, resumed dealings with the [Israeli] port of Umm al-Rashrash [Eliat]". The Houthis have said any ship with ties to Israel is a target, in line with the group's alignment with the Palestinian people in Gaza.

Eternity C was sailing under the Liberian flag and owned by Greek shipowner Cosmo Shipmanagement, according to shipping trackers.

The US government said three crew died on *Eternity C*, although this was unconfirmed. The Houthis said they "rescued" a number of crew.

The Houthis had earlier taken responsibility for a 6 July attack on bulk carrier *Magic Seas*, which was also sunk.

This latest surge in the Houthi campaign resurrects risks for shipping in the southern Red Sea, near the Bab el-Mandeb strait. The group began its campaign there in November 2023, in what it said was a reaction to Israel's war with Hamas in Gaza.

The Houthis suspended hostilities against Red Sea shipping in January, with the exception of Israel-owned and Israel-flagged vessels. Israel and the US have carried out airstrikes on Houthi-controlled areas of Yemen, but these appear to have had little effect on the group's ability to launch seaborne attacks.

The latest attacks may prompt an increase in the additional war risk premium (AWRP) in the region, and could cause diversions away from the Suez Canal. Transit through the Red Sea, to and from Suez, remains below levels seen before the Houthis began their campaign of violence.
By Ben Winkley

Operational costs weigh on Suez bunker supply

High operating costs, regulatory barriers to operate in the region, challenging geopolitics and limited cargoes limit marine fuel availability at the Egyptian port of Suez, market participants said.

The difficulty to obtain a license to operate in the port and the operational costs of crossing the Suez Canal make prices uncompetitive, suppliers said. Swiss bunkering company Minerva has a license to operate in the canal but focuses its supply on Egypt's Port Said less than 100km (62 miles) away because operational costs are cheaper there.

The availability of fuel oil in Suez is limited since the import price is not competitive compared to other nearby ports. Egyptian national hydrocarbons company General Petroleum (EGPC) focuses its production on other oil products and fuel for domestic consumption, such as power plants and railways, leaving little for the bunkering sector.

FREIGHT SPOTLIGHT

India port operations normal after tanker blast
Indian ports may join strike on 9 July
Red Sea attacks hit second ship
Ultramax abandoned after Red Sea attack
Rescue mission underway after Red Sea attack
Israel strikes Houthi ports and assets in Yemen

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The only time marine gasoil (MGO) arrived in the Suez in the last 24 months was in November, when 336,00 metric tonnes (t) arrived at the port, according to trade analytics platform Vortexa, and 200t of high-sulphur fuel oil (HSFO). At the same time frame, no very-low sulphur fuel oil (VLSFO) imports were registered by Vortexa.

Traders also report that spot demand in the port has been thin for more than 10 years because of geopolitical issues, with Houthi militants' attacks on shipping from Yemen the latest to drive traffic away from the Red Sea and, therefore, the Suez Canal. On 6 July Houthis attacked a dry bulk carrier approximately 62 nautical miles west of Hodeidah, a Houthi-controlled part of Yemen.

Argus assessed average prices for HSFO, VLSFO and MGO in the Suez in January-June at $590/t, $646/t and $1,031/t, respectively, all up from $511/t, $573/t and $799/t in Port Said in the same period.

By Natalia Coelho and Gabriel Tassi Lara

REFINERY OPERATIONS UPDATE

US Gulf coast

- ExxonMobil's 564,500 b/d refinery in Baytown, Texas, experienced a minor process upset on Tuesday. An emergency block valve malfunctioned at the site's light oil treater, resulting in approximately 45 minutes of released emissions starting at 4:30pm ET (20:30 GMT), according to a filing with the Texas Commission on Environmental Quality. The event was resolved with minimal impact to production and should not interfere with any contractual commitments, ExxonMobil said in the filing.

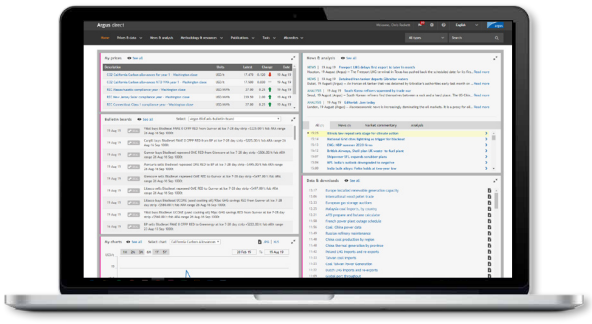
US midcontinent

- BP reported flaring on 7 July at its 435,000 b/d Whiting refinery in Indiana because of an unspecified operating condition. No further details were released, and it was unclear whether emissions were ongoing. Whiting last reported flaring on 1 July and returned to normal operations on 2 July.

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ANODE COKE MARKET

Anode coke prices continue to slip in June

Anode-grade green petroleum coke (GPC) prices largely declined in June from May levels on weaker demand from China for seaborne coke, as calcined petroleum coke (CPC) also inched lower in most regions.

Seaborne low-sulphur GPC prices in China declined for the fourth consecutive month, falling by $15/wet metric tonne cif to a midpoint of $385/wmt cif. A few cargoes of South American low-sulphur GPC were heard sold to China in June around the mid-$300s to low-$400s/wmt, down from deals done in May as high as $450/wmt on a cif China basis. A cargo of Azerbaijan low-sulphur GPC was also heard sold to China around $420/wmt cif during the month.

Other seaborne grades also slipped on weaker demand from Chinese buyers, with a July-loading cargo from Oman sold to a Chinese buyer around $270/wmt cfr, down by about $40/wmt from a deal for this coke in May. A 3pc sulphur GPC also sold to China in the low-to-mid $160s/wmt on an fob US Gulf basis in June, likely landing in the low-$200s/wmt on a cif China basis.

Domestic Chinese 0.8pc sulphur GPC prices also softened on a month-over-month basis in June. Although they were mostly rising over the month, prices did not reach the levels they had been in early May, holding below 4,000 yuan/wmt ($557.08/wmt) even for higher quality grades.

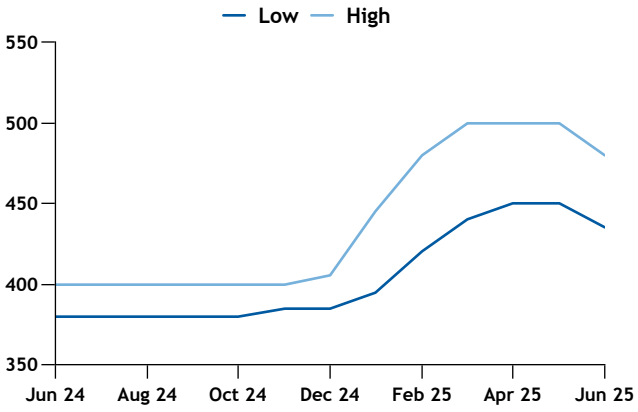
Prices began to bounce back last month after falling throughout May and into early June because of seasonal restocking in the battery and aluminium anode industries and lower production from Chinese refiners, which tightened domestic supply. But the increases were much more moderate

Monthly anode-grade coke assessments: Jun $/t

Assessment date: 9 Jul 25	Sulphur	Low	High	Mid
Green				
cif US Gulf, dry basis	0.8%	385.00	415.00	400.000
	3.0%	177.00	215.00	196.000
	5.0%	100.00	125.00	112.500
cif China, as received	0.8%	350.00	420.00	385.000
ex works China, as received *Yn/t*	0.8%	3,100.00	3,930.00	3,515.000
	3.0%	1,900.00	2,950.00	2,425.000
fob Mideast Gulf, as received	4.0%	230.00	320.00	275.000
Calcined				
fob US Gulf	3.0%	435.00	480.00	457.500
fob China	3.0%	400.00	460.00	430.000
cif Europe	1.5%	420.00	465.00	442.500
cif Mideast Gulf	3.0%	480.00	525.00	502.500

Next assessment date: 6 Aug 25

Calcined fob USGC 3% sulphur $/t



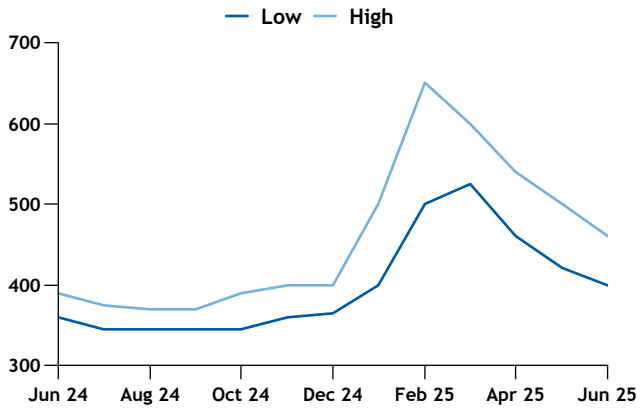
Monthly anode-grade coke assessments $/t

		Apr 25			May 25			Jun 25		
	Sulphur	Low	High	Mid	Low	High	Mid	Low	High	Mid
Green										
cif US Gulf, dry basis	0.8%	395.00	460.00	427.500	370.00	460.00	415.000	385.00	415.00	400.000
	3.0%	195.00	250.00	222.500	190.00	215.00	202.500	177.00	215.00	196.000
	5.0%	112.00	137.00	124.500	101.00	126.00	113.500	100.00	125.00	112.500
cif China, as received	0.8%	400.00	500.00	450.000	350.00	450.00	400.000	350.00	420.00	385.000
ex works China, as received *Yn/t*	0.8%	3,500.00	4,400.00	3,950.000	3,150.00	4,070.00	3,610.000	3,100.00	3,930.00	3,515.000
	3.0%	2,100.00	3,450.00	2,775.000	1,900.00	3,250.00	2,575.000	1,900.00	2,950.00	2,425.000
fob Mideast Gulf, as received	4.0%	345.00	395.00	370.000	300.00	345.00	322.500	230.00	320.00	275.000
Calcined										
fob US Gulf	3.0%	450.00	500.00	475.000	450.00	500.00	475.000	435.00	480.00	457.500
fob China	3.0%	460.00	540.00	500.000	420.00	500.00	460.000	400.00	460.00	430.000
cif Europe	1.5%	435.00	465.00	450.000	425.00	460.00	442.500	420.00	465.00	442.500
cif Mideast Gulf	3.0%	515.00	595.00	555.000	480.00	560.00	520.000	480.00	525.00	502.500

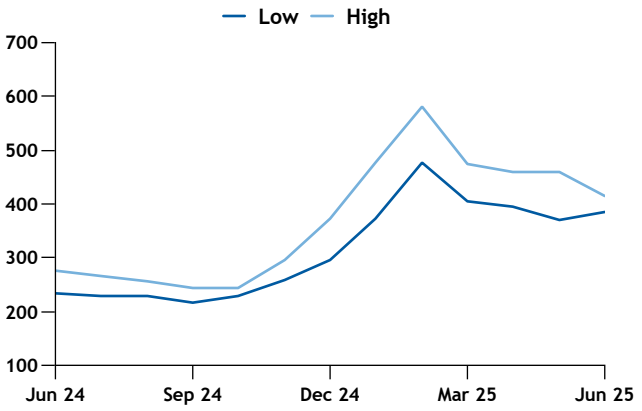
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ANODE COKE MARKET

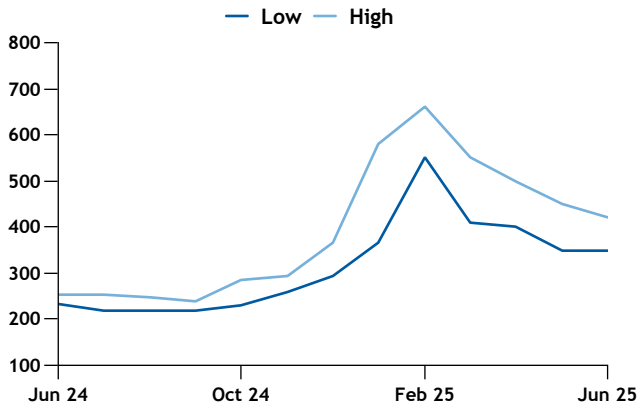
Calcined fob China 3% sulphur $/t



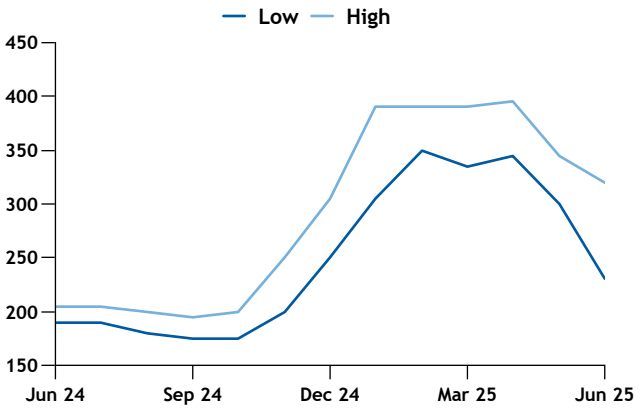
Green cif USGC 0.8% sulphur $/t



Green cif China 0.8% sulphur $/t



Green fob Mideast Gulf 4% sulphur $/t



than they had been when refiners cut runs early this year. And domestic GPC production is expected to increase soon because of potential higher tax rebates for independent refineries.

Chinese calciners also cut CPC offers into the low-to-mid $400s/dry metric tonne fob in June because of pressure from Indian smelters and lower demand from Mideast Gulf buyers. A couple of Indian buyers sought Chinese CPC at $400/dmt or below, with one deal possibly concluded during early June, although at least one was cancelled because of a lack of interest from suppliers. Once domestic GPC prices began to rise in mid-June, offers for typical 3-3.5pc sulphur, 250-350ppm vanadium CPC mostly rose into the mid-$400s/dmt.

At least one buyer concluded a trade of 2.8pc sulphur, 400ppm vanadium GPC at the end of June or early July at just below $420/dmt fob, while a higher-quality CPC cargo was heard selling to North America in June at $500/dmt fob.

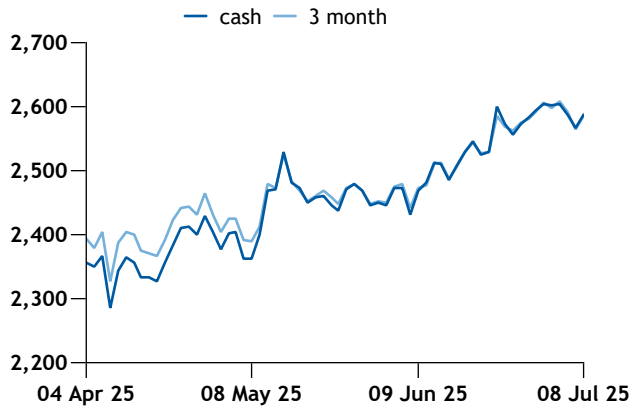
US CPC prices also softened in June, with second-quarter settlements heard ranging from $435-$480/dmt. At least one July-loading spot cargo was heard offered at $470/dmt, down from export offers around $500/dmt in May.

But prices for cif Rotterdam 1.5pc sulphur GPC remained flat on the month in June, as most European producers rolled over quarterly settlements.

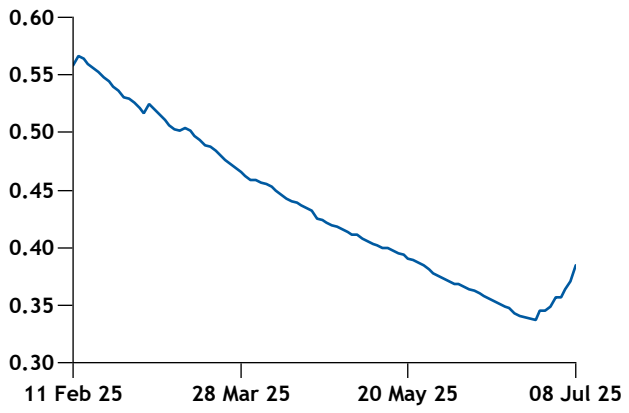
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ANODE COKE MARKET

LME aluminium prices *$/t*



LME aluminium warehouse stocks *mn t*



ANODE COKE NEWS

Chinese output cuts limit diesel margin losses

Chinese refiners are aggressively cutting diesel production, but diesel exports will still probably step up in July.

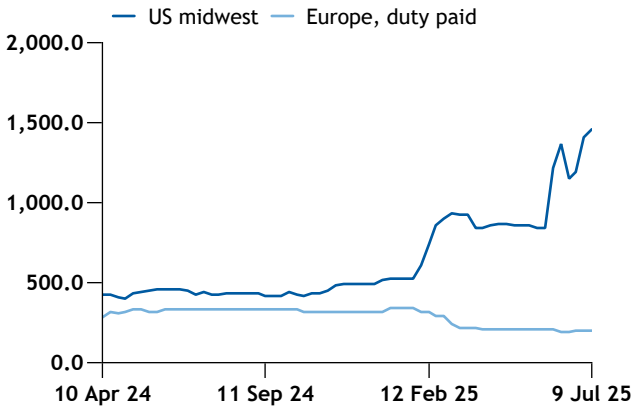
China's crude import costs soared in June, after the US joined Israel's attack on Iranian nuclear facilities and Iran vowed retaliation. This caused steep declines in Chinese products crack spreads, as an uptick in Chinese products prices could not match the rise in delivered China crude prices. Monthly average gasoline margins in the Bohai bay market weakened by $2.90/bl to $11.10/bl in June from May, while average diesel crack spreads shrank by $2.20/bl to $19.20/bl.

Chinese demand for gasoline and diesel is forecast to shrink this year, as electricity aggressively displaces gasoline in the passenger vehicle fleet and gas and electricity replace diesel in trucking. Electric vehicles substituted 180,000 b/d of gasoline in May, charging data suggest. Demand for diesel from the industrial and manufacturing sectors is also under pressure, as China's trade war with the US rumbles on — tariff waivers agreed in Geneva expire on 10 August. China's manufacturing sector purchasing managers index strengthened fractionally in May but remains below 50, indicating expectations of contraction.

But refiners have been cutting road fuel production, mitigating the impact of demand losses on margins. Shandong small-scale independent refinery runs have been eight percentage points below historical norms on average this year, *Argus* surveys show. These refineries are primarily geared to produce road fuels and their run cuts are likely to have reduced gasoline and diesel supply to the domestic market by 130,000 b/d and 200,000 b/d this year, respectively, according to *Argus* calculations. Shandong refinery run cuts are unlikely to affect jet fuel markets, as refiners in the province produce next to no jet owing to government controls on jet suppliers.

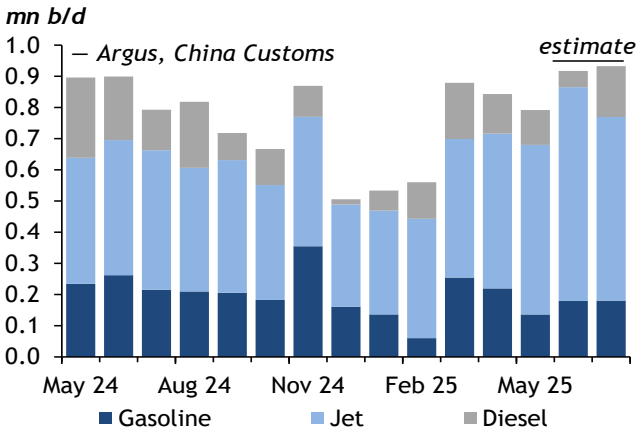
Refining giant Sinopec is also scaling back diesel output, as part of its efforts to increase naphtha production. Sinopec's diesel output fell by 160,000 b/d in the first quarter, while its "light chemical feedstock" output rose, company filings reveal. And state-controlled PetroChina cut its diesel production by 60,000 b/d in the first quarter compared with a year earlier.

Aluminium premiums *$/t*

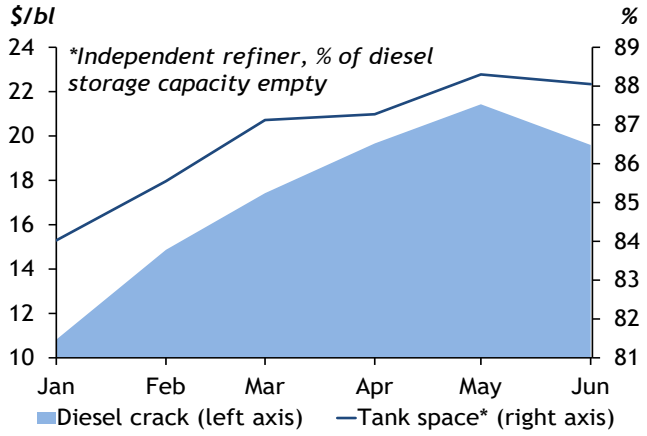


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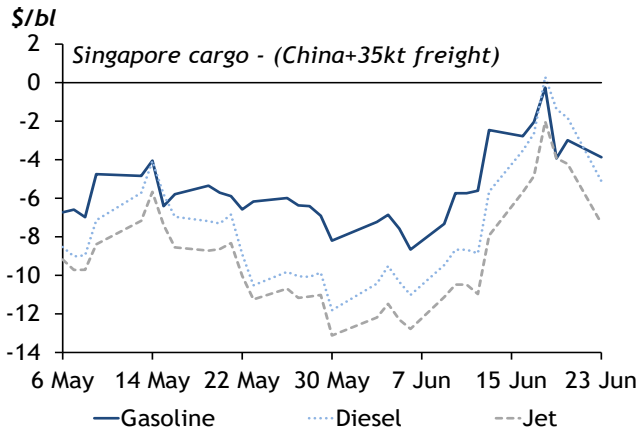
China transport fuel exports



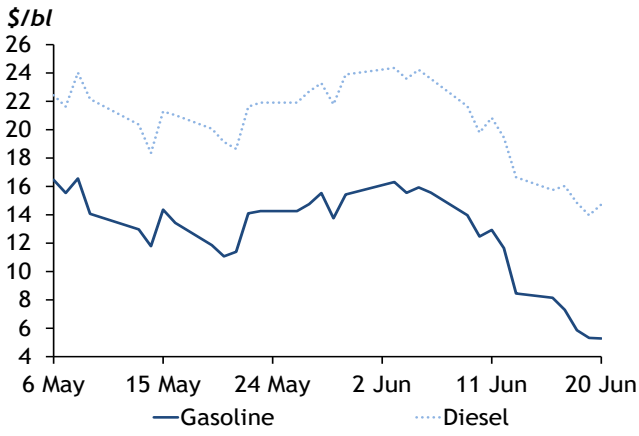
Diesel margins vs tank capacity



China-Singapore products arbitrage



Chinese products crack spreads



China's diesel stocks are now extremely low, and this is helping to support diesel margins in the face of weak demand and higher crude costs. Shandong independent refiner stocks are skeletally low, falling below 12pc of nominal capacity on 20 June, *Argus* surveys indicate. "Our inventories are low, so why not try to hold up prices?" a Shandong refinery official says. State-owned firms' diesel stocks are higher but still significantly down on where they were a year earlier, at about 55pc full.

Capacity challenge

The start-up of new refining capacity now represents a challenge to the supply cuts that appear to be required to support diesel margins. China's net operable crude unit capacity will increase significantly in the second half of this year from the first. State-controlled refineries are coming out of turnarounds, Sinopec opened a 220,000 b/d expansion at its Zhenhai refinery this month, and state-run CNOOC aims to open a 120,000 b/d expansion at its Daxie plant in July.

With no demand increase in sight, the output growth has spurred a rise in refiners' export plans. Chinese oil firms plan to export 160,000 b/d of diesel in July, as well as 180,000 b/d of gasoline and 600,000 b/d of jet. Diesel export margins remain negative but strengthened by an average of $1.20/bl in June from May. Gasoline and jet export margins widened by 50¢/bl and 30¢/bl, respectively, over the same period, trending down towards the end of the month.

China's Changyi refinery restarts after acquisition

Chinese private-sector firm Hongrun Petrochemical restarted its 120,000 b/d Changyi refinery in Shandong at the end of

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June, after the plant was shut down for over a year because of weak margins.

The Changyi crude distillation unit is now supplying blending feedstock to Hongrun.

The plant is operating at around 50pc of its nameplate capacity, running crude feedstocks from inventories that were bought before Hongrun purchased the refinery earlier this year.

Hongrun bought Changyi from state-run Sinochem in late March, for about $418mn, market participants said, although this was not confirmed by either company.

The Changyi refinery had been closed since May 2024.

The purchase also included tens of thousands of tonnes of crude in storage and a write-off of the refinery's old debts, traders said. But this could not be directly confirmed.

Changyi bought Atlantic Basin and Mideast grades regularly. But it could now pivot to the Russian and Iranian crude market, should its receipt of import quotas through the Hongrun deal be confirmed.

Sinochem owns Swiss agrichemical firm Syngenta, and has stopped buying Russian oil since US sanctions following the Russia-Ukraine conflict.

A restart could indicate that Changyi is likely to have received around 75,000-100,000 b/d of crude import quotas, some market participants said. These quotas were initially allocated to ChemChina — the oil giant merged with Sinochem in 2021.

ChemChina, which operates the Huaxing, Zhenghe and Changyi refineries in Shandong, received a quota of 342,000 b/d (17.12mn t or 125mn bl) for 2025, unchanged from 2024.

But the refiner was slow to be granted with its own crude allowances, other market participants added.

State-run Sinochem is still trying to sell its 100,000 b/d Zhenghe and 140,000 b/d Huaxing refineries. There are two interested potential buyers from Shandong independent refiners, a trader familiar with the matter said. The local government aims for Zhenghe and Huaxing to restart soon. But deals for the two are unlikely to conclude quickly until Changyi's crude import quotas are finalised, market participants said.

Changyi will function as a blending feedstock supplier for Hongrun in the future, and will not prioritise producing finished gasoline and diesel, market sources told *Argus*.

This will not add more pressure from the supply front to the market. Margins for gasoline and diesel in the Bohai area have averaged $14/bl and $23/bl, respectively, in July so far, according to *Argus* data. Both were up by $2/bl from a month earlier.

ANODE SPOTLIGHT

China's aluminium scrap imports rise in May
US battery imports up 12pc in May
Crude to Castellon flat, Spain's at 45-month low
OMV imports first bitumen cargo into Romania
Heavy rains threaten southern Brazil state again
Sinopec Shanghai's crude unit catches fire
China's Sinopec appoints new chairman
Ronbay starts building sodium-ion project
Chinese recyclers look to import black mass
Rivian EV sales down 23pc in 2Q, Lucid up 38pc

China's diesel and gasoline demand is under pressure from rainy weather and competition from new energy vehicles. Rentals of electric cars have more than doubled from a year earlier during the summer holiday season, data from online travel booking platform Ctrip data show, displacing some gasoline use.

Conflict aftershocks push China to prompt crude

Chinese crude buying for September has slumped and October buying is slow to materialise, as the Israel-Iran conflict pushed up long-haul crude import costs.

Chinese firms have so far bought just 17mn bl of Brazilian medium sweet crude, mainly Tupi, for September delivery, and have yet to buy any October cargoes. September crude purchases from the Middle East spot market appear to have halved relative to August levels, after the US-Israeli attack on Iran sparked fears for the security of vessels transiting the Strait of Hormuz in June. Purchases of west African crude are running some 8mn bl lower compared with August. Chinese firms are likely to be withholding demand to top up supplies from prompter-trading markets, such as those for Russian crude.

Delivered China spot differentials have fallen following the ceasefire agreed by Iran and Israel, but are higher than they were pre-conflict. Tupi was at $5.68/bl over Ice November Brent or $3.50/bl over August Dated. The Brent-Dubai EFS, or premium of Ice Brent futures to Dubai, remains elevated, as does the premium of physical Atlantic basin marker North Sea Dated over the Ice November Brent contract. The former indicates expectations that sweet crude supply will remain tight relative to sour crude, while the latter makes it costlier to send sweet Atlantic basin crude to China.

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Chinese oil companies often slow crude buying at the start of each month. Even so, demand in July is slower than usual. The relative strength of long-haul crude imports, both from the Atlantic basin and Mideast Gulf, is likely to push Chinese state-owned firms to keep some of their demand back for the prompt-trading Russian ESPO Blend market. ESPO Blend is trading for August delivery to China, while exports from Brazil and Oman are trading for September and October delivery, respectively. As much as two-thirds of August's ESPO Blend programme already appears to have been sold just one fifth of the way through the trade cycle. Spot differentials are up by 20¢/bl in the week to 2 July, to $2.30/bl over Ice October Brent.

Wait lifter

In China, prompt-trading Russian crude crude often prices below long-haul imports because sanctions mean it has a limited pool of buyers. This allows Chinese firms to make money by selling forward cargoes — PetroChina has sold 1mn bl of September-loading Upper Zakum in the Dubai partials market already this month — and waiting to buy crude for their own refining systems from Russia.

Saudi Arabia's state-owned Saudi Aramco usually releases formula prices for its next batch of exports around the 7-8th of each month. Waiting for these allows Chinese firms to maximise lower-cost imports from the Middle East over those from Angola and Congo if differentials appear favourable.

Saudi Aramco is expected to increase its August-loading formula prices — fixed differentials to Middle Eastern crude benchmark contracts in the month of loading — by $0.50-1/bl because the Israel-Iran conflict pushed prompt Dubai crude prices up by nearly $0.70/bl relative to forward contracts in June. This Dubai month-one-to-month-three spread is a key indicator of the strength of crude demand. Raising formula prices by $0.70/bl would still leave grades such as Arab Medium around $1/bl cheaper on a delivered China basis in September than Atlantic basin alternatives, Angolan Dalia and Tupi.

Market participants expect Aramco will raise prices even if the Opec+ producer group to announces further output increases at its 6 July meeting because Mideast Gulf term crude exports remain under-priced relative to spot market alternatives. Opec+ has announced sequential 411,000 b/d increases to output in May, June and July. Not all of these increases show up as higher exports because regional demand also increases in summer and because some are supposed to be offset by compensatory cuts. Mideast Gulf crude exports fell by 350,000 b/d in June from May, Vortexa data indicate.

Petrobras invests in downstream, petrochemicals

Brazil's state-controlled Petrobras will invest R29bn ($5.3bn) in its refining activities in Rio de Janeiro, the firm said on 3 July.

An additional investment from petrochemicals firm Braskem brings total downstream spending to R33bn.

The integration of the 239,000 b/d Duque de Caxias refinery (Reduc) and recently reopened Boaventura energy complex in Itaborai, on the outskirts of Rio de Janeiro, will receive around R26bn. This will increase production capacity for 10ppm (S10) diesel by 76,000 b/d, jet fuel by 20,000 b/d and group II oils by 12,000 b/d. That adds to a total 110,000 b/d of refined products on the market, up from Reduc's current production of around 240,000 b/d, director for refined products and processes William Franca said.

The investments also focus on developing green products such as sustainable aviation fuel (SAF) and biodiesel. A dedicated SAF plant is planned in Boaventura, with a 19,000 b/d capacity for producing hydrotreated vegetable oil and SAF.

Other projects include the development of a 30,000 m^3/month process to re-refine used oils, with tests planned for September, and two 400MW thermoelectric plants.

Additionally, the firm will spend R2.4bn on planned maintenance at Reduc through 2029 and R860m on a new thermoelectric plant there to substitute aging equipment.

Petrochemicals

Braskem will invest R4.3bn to expand its polyethylene plant in Duque de Caxias, outside of Rio de Janeiro, subject to approval by the board.

This will increase the plant's capacity by up to 230,000 t/yr, with gas supplied by Petrobras' Rota 3 processing facility. The firm did not disclose current production figures.

Petrobras holds 47pc of Braskem's voting capital.

The investments are part of Petrobras' 2025-2029 business plan, which earmarked $19.6bn for refining, transport, commercialization, petrochemicals and fertilizers. They will be formally announced by President Luiz Inacio Lula da Silva and Petrobras chief executive Magda Chambriard at Reduc on Friday.

By Constance Malleret

OMV's refining margins up on year and quarter

Austrian integrated energy company OMV's refining margins rose in the second quarter on the year and on the quarter, but the firm's upstream output fell again. Its retail and petchems margins also rose, but its commercial margins were lower, the firm said in a trading update Tuesday.

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OMV's refining indicator margin rose to $8.08/bl in the second quarter from $6.65/bl in the first quarter of 2025 and $7/bl a year ago with lower crude prices, but while its retail sales were up on the quarter and flat on the year, its retail margins rose but its commercial margins fell, the firm said, without giving details.

The firm's petrochemicals business appeared positive, with its indicator margins for ethylene, propylene and polyethylene all higher both on the quarter and on the year. Its steam cracker utilisation rate in Europe though was down to 82pc in the second quarter from 90pc in the previous quarter and 83pc a year earlier.

The firm's upstream output was down again, to 304,000 b/d of oil equivalent (boe/d) of oil and gas, from 338,000 boe/d a year earlier, following the SapuraOMV divestment in Malaysia.

The firm also warned that its second quarter operating cash flow is likely to be impacted by around €400mn ($470mn) by a higher level of taxes paid mainly because of payment schedules in Norway and Romania. OMV's second quarter results will be published on 31 July.

By Gavin Attridge

China's primary aluminium imports rise in May

China's primary aluminium imports rose by 41pc in May from a year earlier, mainly driven by higher shipments from Russia.

- Imports from Russia more than tripled in May from a year earlier, making Russia remain the largest import source. Shipments from Indonesia and India continued to fall by 60pc and 82pc in May from a year earlier, because the import arbitrage stayed closed over the month.

- Domestic aluminium output remained high on strong profit margins because of relatively low alumina feedstock prices in May. The country's aluminium output increased by 5pc to 3.83mn t in May from a year earlier, data from China's National Bureau of Statistics show.

- Domestic alumina prices rose from 2,900 yuan/t ($403/t) at the end of April to Yn3,250/t at the end of May, because Guinea's withdrawal of bauxite mining licences shored up sentiment in the Chinese alumina market. But this was still down by 44pc from a record high of Yn5,800/t in early December 2024, keeping aluminium production profit margins at a high level of around Yn3,000/t, according to industry estimates.

- Aluminium inventories, including those on the Shanghai Futures Exchange and in China's major consumption hubs, also known as China's social stocks, totalled 511,000t at the end of May. This was down by 103,000t from a month earlier, reflecting strong demand from fabricators over the month.

China's aluminium imports *t*

	May 25	m-o-m ± %	y-o-y ± %	Jan-May 25	y-o-y ± %
Primary aluminium imports					
Russia	208,313	-7.9	239.0	949,195	68.8
Indonesia	7,930	-16.5	-59.9	27,321	-72.0
India	2,435	-30.9	-81.7	28,436	-77.8
Total	223,201	-10.9	41.4	1,057,526	-3.7

— China customs

China's Al fabricated products exports fall in May

China's exports of aluminium fabricated products fell further in May, mainly because of the cancellation of a 13pc tax rebate and US tariffs on aluminium products.

Aluminium fabricated product exports fell by 8pc on the year in May, while shipments during January-May dropped by 7pc from a year earlier. The Chinese government cancelled a 13pc export tax rebate on aluminium fabricated products on 1 December 2024, making exports of aluminium fabricated products less profitable.

Mexico remained the largest destination, with shipments rising by 5pc in May on the year, although this was down by 3pc from April.

Deliveries to the US continued to fall significantly, dropping by 72pc in May from a year earlier. This is in line with market expectations that US tariffs would cut China's aluminium products exports in the short term.

Market participants expect shipments to the US to drop

China aluminium fabricated products exports *t*

	May 25	m-o-m ± %	y-o-y ± %	Jan-May 25	y-o-y ± %
Mexico	55,924	-3	5	260,261	0
Vietnam	34,143	1	-5	162,080	10
Thailand	24,671	-15	-5	136,220	-1
Korea	30,615	-1	-24	135,880	-16
Canada	16,152	10	-34	53,482	-50
India	24,408	8	-27	129,001	-7
Indonesia	19,283	-18	-11	90,771	4
US	6,872	-30	-72	50,423	-57
Total	489,152	1	-8	2,262,195	-7

— GTT

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further in June after US president Donald Trump doubled section 232 tariffs on aluminium imports to 50pc on 4 June.

Domestic aluminium fabricated products output rose by 0.4pc from a year earlier to 5.76mn t in May, data from China's National Bureau of Statistics show.

India's Vedanta raises aluminium, alumina output

India's Vedanta increased its aluminium and alumina output in the first quarter of April 2025-March 2026 financial year.

Aluminium output increased by 1pc on the year to 605,000t in the first quarter of the 2025-26 financial year, up from 596,000t in the year-ago period.

Vedanta's Lanjigarh refinery produced 587,000t of alumina in the quarter, up by 9pc from 539,000t a year earlier and up by 36pc from 431,000t in January-March 2025 as raw-material supply improved.

Zinc and lead production totalled 250,000t in the April-June quarter, down by 5pc from a year earlier because of planned plant maintenance.

By Deepika Singh

China's Guibao expands Si-C anode capacity

Chinese silicon sealant producer Chengdu Guibao Science and Technology is building the second phase of its silicon-carbon anode material plant in southwest China's Sichuan province, the company said on 2 July.

The Meishan-based plant launched its first phase with a capacity of 1,000 t/yr in April 2023. The site construction of the second phase, which has a capacity of 3,000 t/yr, started in September 2024, with production to begin by the end of December 2025.

The firm is planning a third phase with a capacity of 7,000 t/yr. But the construction date and launch time will depend on market conditions in the future.

Guibao is the largest manufacturer of high-end silicone sealing materials in Asia. It has a production capacity of 370,000 t/yr of sealant.

Silicon-carbon anode material come from a new generation of anode materials, which are used in lithium-ion batteries. It has a theoretical capacity as high as 4,200 mAh/g, which is about 10 times that of traditional graphite anode materials.

Demand for silicon anode material is expected to reach 100,000t in 2030. This is in line with greater usage from large cylindrical batteries and high-nickel square batteries in electric vehicles and power storage industries, according to research institute ICC Sino.

High-temperature material producer Beijing Lirr invested 225mn yuan ($31.5mn) in Luoyang Lianchuang Lithium Energy in February 2024 to speed up its construction of the 10,000 t/yr of silicon-carbon anode material plant in Hubei province. The plant is on track to start production by the end of 2025.

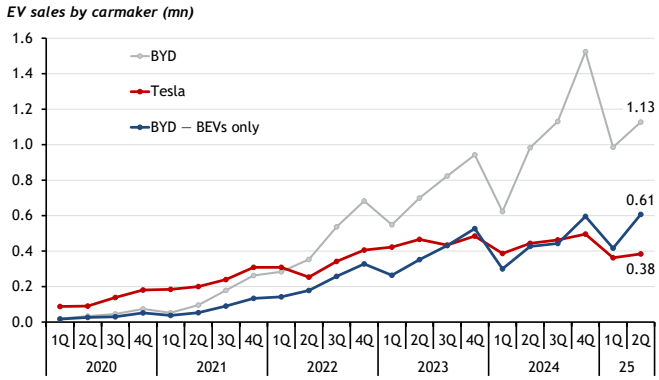
Another anode material producer Shanghai Putailai New Energy started trial production of its silicon-based anode material plant in south China's Anhui province on 26 June.

The Wuhu-based plant has a production capacity of 12,100 t/yr of silicon-based anode materials, including 10,000 t/yr of silicon-carbon anode materials and 2,100 t/yr of silicon oxide anode materials.

Tesla sales dip again as BYD extends lead

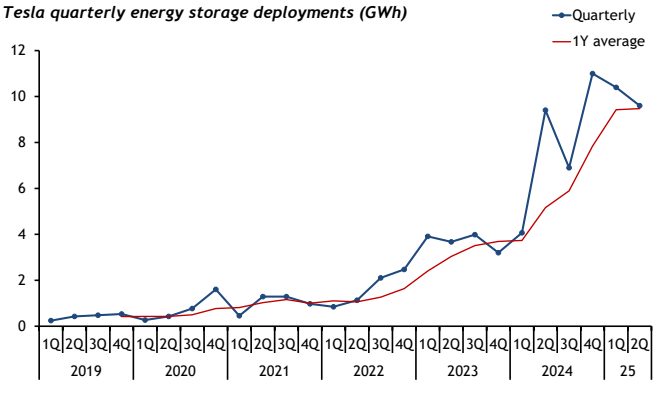
US electric vehicle (EV) maker Tesla reported a 13.5pc year-on-year drop in global deliveries in the second quarter of 2025, as the firm continues to face mounting competitive and reputational pressures.

EV sales by carmaker *mn*



— *Company reports*

Tesla quarterly energy storage deployments *GWh*



— *Company reports*

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The company delivered 384,122 battery electric vehicles (BEVs) in the recent quarter, down from 443,956 units a year earlier. Production totalled 410,244 units, slightly below the 410,831 produced on the year, suggesting a modest inventory build.

Chinese EV maker BYD reported 606,993 sales over the same period, 222,871 units higher than Tesla's. Including plug-in hybrid EVs (PHEVs), which Tesla does not make, BYD's second-quarter sales reached 1.13mn units.

Tesla did not provide a detailed explanation for the decline in sales, stating only that it will release full financial results on 23 July. Analysts point to a combination of factors, including waning consumer sentiment in Europe, intensifying competition from Chinese automakers, and the impact of new US tariffs on imported components.

Tesla's energy storage business remained a relative bright spot, with deployments totalling 9.6 GWh in the recent quarter, albeit slightly down from the previous quarter.

Comparisons with Chinese rival BYD are difficult, as BYD reports combined installed capacity for both EV batteries and energy storage systems — 27.019 GWh in June alone — rather than separating stationary storage deployments.

By Chris Welch

China's BYD starts car assembly in Brazil

Chinese automaker BYD began assembling cars at its Brazil factory on 1 July, announcing the production of semi-knocked down (SKD) kits of three of its best-selling models.

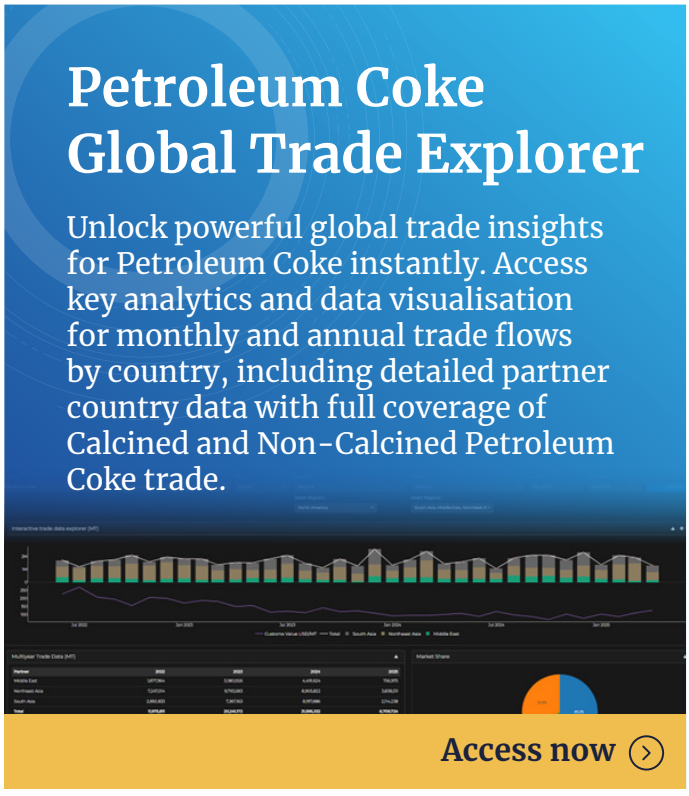
BYD began importing SKD units of three models to be assembled at its new Camacari factory, in Bahia state. The cars are brought from China in the form of part welded, painted and partly put together to be assembled and given finishing touches in Brazil.

The firm expects to produce 50,000 cars/yr, ramping up to 150,000/yr in 2026. BYD forecasts hitting its 600,000 vehicles/yr goal in the next five years, when the factory reaches full capacity. The plant was scheduled to start last March, but a labor abuse investigation delayed the opening. Camacari will be fully operational by December 2026 and gradually ramp-up to full capacity by 2031.

Camacari will eventually serve as an export hub for BYD in Latin America, supplying vehicles to other markets in the continent, such as Argentina, Chile and Colombia. Initially, it will only serve the Brazilian market.

For the next 12 months, the plant will focus exclusively on





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assembling SKD units. After that, it will begin full-scale vehicle manufacturing in Brazil, according to Alexandre Baldy, BYD Brazil's vice-president.

The company plans to nationalize its supply chain by sourcing auto parts from 106 qualified Brazil-based firms once the SKD phase ends. Only Continental Tires — which operates a neighboring plant in Bahia — will begin supplying parts to BYD immediately.

BYD also partnered with Brazilian scientists to develop a flex-fuel hybrid powertrain that combines an electric battery with a traditional internal combustion engine capable of running on both gasoline and ethanol, which is more affordable and widely used in Brazil. This innovation aims to tailor BYD's plug-in hybrid (PHEV) models to better suit the domestic market, where over 90pc of all cars are flex fuel. Brazilian flex-fuel vehicles can run on either hydrous ethanol or gasoline.

The all-electric Dolphin Mini — marketed as Dolphin Surf in Europe — was the first vehicle to be assembled at the factory. The firm will also assemble PHEVs Song Plus, an SUV that is the brand's best-selling vehicle in Brazil, and Sedan King, a direct competitor to the Toyota Corolla, at Camacari.

By Pedro Consoli

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