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# Argus Fuels and Octane

Formerly Argus DeWitt Fuels and Octane

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## HIGHLIGHTS

- Asia-Pacific:** The Asia MTBE factor rose over the week, following the emergence of prompt buying interest. Offers for April loadings are ample, but prompt cargo availability remains relatively tight.
- Europe:** The European MTBE factor firmed slightly, with some activity seen later in the week. Liquidity was generally slow overall. The factor saw some gentle support, increasing to 1.35 versus prompt spot Eurobob oxy gasoline barges on Thursday, up from recent values of 1.33. MTBE margins were said to be quite positive overall, with stable demand for methanol into this product manufacturing chain.
- Americas:** US Gulf coast spot prices for gasoline additive MTBE were lower this week, sliding for the last two weeks. The March Rbob futures index settled at a 22¢/USG discount to the April index as the US gasoline market shifts to lower RVP specifications. US MTBE prices are currently trading above reformat values due to tight MTBE supplies. MTBE normally trades at a discount to reformat despite its higher-octane value. We expect the MTBE differential to reformat to reverse in the April to May timeframe as MTBE production should increase.

## MARKET SNAPSHOT

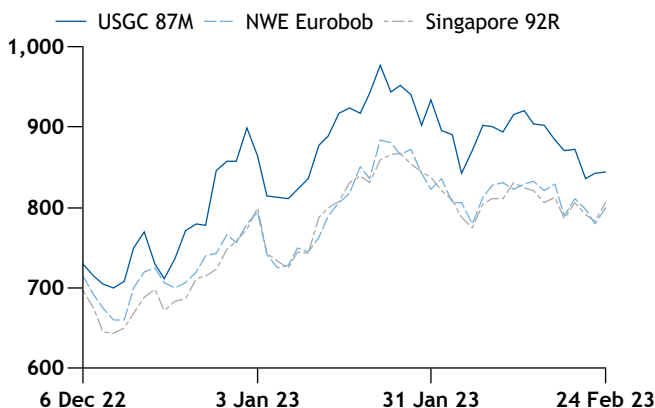
Global prices				\$/t
	Low	High	Average	±
MTBE fob USGC	1,126.63	1,155.06	1,140.85	-29.32
MTBE fob Rotterdam	1,052.00	1,087.75	1,069.88	+1.50
MTBE fob Singapore	900.00	951.00	925.50	-2.00
MTBE ex-tank east China			863.33	+12.85
MTBE ex-tank south China			863.33	+15.91

Global gasoline market		\$/t
	Price	±
<b>Americas</b>		
Gasoline 87 conv USGC	859.39	+1.03
Gasoline 93 conv USGC	940.67	-2.58
Nymex Rbob month	852.09	-27.74
<b>Europe</b>		
Gasoline 91r NWE fob	783.00	-4.00
Eurobob oxy	805.50	-6.00
<b>Asia</b>		
Gasoline 92R Singapore prompt	804.08	-30.17
Gasoline 97R Singapore prompt	847.03	-25.16

Related markets			
	Timing	Price	±
Normal Butane Mont Belvieu spot fob ¢/USG	Feb 23	130.50	+8.87
Nymex WTI month \$/bl	Apr 23	76.32	-2.17
Ice Brent \$/bl	Apr 23	82.23	-3.19
Naphtha 65 Para NWE fob barge \$/t	prompt	720.75	-4.50
Nymex natural gas \$/mmBtu	Mar 23	2.45	+0.06
Methanol fob USGC contract ¢/USG	Feb 23	175.00	nc
Methanol fob Europe contract quarter €/t	1Q23	478.00	nc

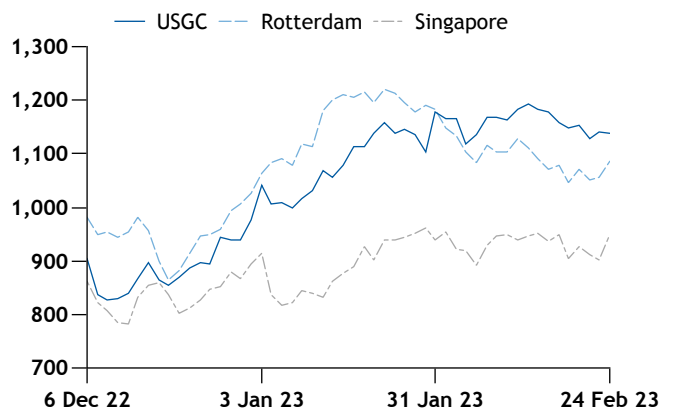
Global gasoline prices

\$/t



MTBE prices

\$/t



## ENERGY AND FEEDSTOCK

Benchmark WTI for April delivery on the Nymex closed at \$76.32/bl on Friday, up \$0.93/bl from Thursday but only down \$0.02/bl from last week's Friday settle at \$76.34/bl.

The US and its allies are marking the one-year anniversary of the Russia-Ukraine conflict with a new package of sanctions, trade tariffs and export controls designed to further weaken the Russian economy. The new measures, announced today, include targeting Russia's "future energy capabilities", as well as hiking tariffs on over 100 Russian metals, minerals and chemical products, including aluminum that is smelted or cast in Russia.

Beijing will continue to play a constructive role in mediating the Russia-Ukraine conflict, the Chinese foreign ministry said, calling for peace talks and an end to sanctions one year on from the start of the conflict. Beijing released the 12-point document today, calling for a peaceful and political settlement to the conflict. Peace talks between Ukraine and Russia ground to a halt in March 2022.

Russia may be experiencing delays in placing some of its Asia-bound crude exports, with tracking data showing some cargoes of Baltic-loaded Urals going into floating storage offshore Singapore and southern Malaysia and other cargoes travelling unusually slowly to the region.

Elsewhere, Kazakhstan's state-owned pipeline operator Kaztransoil has started accepting crude for delivery to Germany through the Druzhba pipeline system. It will move 20,000t to the Poland-Belarus border this month, for onward delivery to Germany.

In feedstocks, Vancouver-based methanol producer Meth-

Market prices			
	Timing	Price	±
<b>US</b>			
Natural gas Houston Ship Channel Index \$/mmBtu	Feb 23	2.65	-1.75
Isobutane Mont Belvieu spot fob ¢/USG		131.25	+9.25
Full-range naphtha (USGC) ¢/USG		185.14	+2.59
Light naphtha (USGC) ¢/USG		168.00	-0.88
Methanol USGC fob spot ¢/USG		110.00	-2.00
<b>Europe</b>			
Propane large cargo fob ARA \$/t		654.00	+14.00
Butane large cargo fob ARA-UK \$/t		700.50	-10.75
Methanol Rotterdam fob spot T-2 \$/t		356.00	nc
<b>Asia-Pacific Rim</b>			
Methanol South Korea cfr spot \$/t		365.00	nc
Dubai front month \$/bl	Apr 23	82.57	-1.58
Naphtha Singapore fob \$/bl		77.95	-0.85
Butane Argus Far East Index \$/t		679.00	-88.00

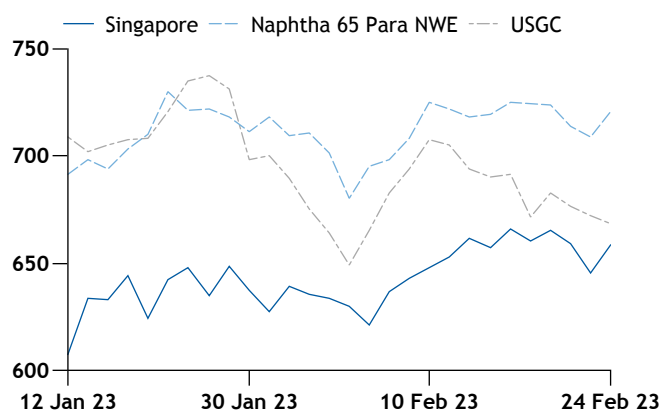
Global spreads			\$/t
	Price		±
MTBE USGC premium to Rbob	286.98		9.97
MTBE Rotterdam premium to Eurobob oxy	281.88		14.00
Europe gasoline premium to Europe naphtha	84.75		-1.50
MTBE Singapore premium to gasoline	145.92		32.17

anex posted its March methanol non-discounted contract price at 179¢/USG, up 6¢/USG from February, while Southern Chemical nominated its March contract price at 177¢/USG, a rollover from February.

The raise breaks three straight months of rollovers by Methanex and reflects consistently stronger spot pricing in the US region.

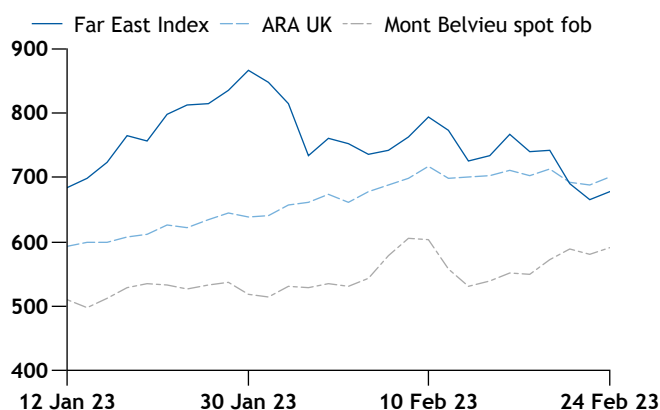
Global naphtha prices

\$/t



Global butane prices

\$/t



## ENERGY AND FEEDSTOCK

Argus assessed front-month for the US Gulf coast at 110¢/USG on Wednesday 22 February, up from 95¢/USG in mid-January and 86.5¢/USG in mid-December.

US gasoline stockpiles fell last week and broke an eleven-month high while diesel inventories rose. Gasoline inventories in the week ended 17 February decreased by 0.74pc to 240.1mn bl, breaking last week's eleven-month high, according to the Energy Information Administration (EIA). Inventories were 2.6pc lower than the same time last year.

Gulf coast inventories declined by 1.6pc to 86.8mn bl and are up 2.2pc compared to the same time last year.

US finished gasoline product supplied – a proxy for demand – increased by 7.7pc to 8.9mn b/d after two weeks of decline. Gasoline demand was up 2.9pc from a year earlier.

Average gasoline prices nationwide declined for a third consecutive week, falling by 1.1¢/USG to \$3.379/USG in the week ended 20 February.

Week over week, US gasoline imports declined by 19pc to 476,000 b/d, but are up 14pc from a year earlier. Imports decreased in all regions except the US west coast.

Gasoline exports declined by 2.3pc to 768,000 b/d and are up 12pc from the same time last year.

## NORTH AMERICA

US Gulf coast spot prices for gasoline additive MTBE were lower this week, sliding for the last two weeks. Argus assessed MTBE at 320.50¢/USG fob USGC, down from 322.75¢/USG last week.

No new spot trades were reported in the open market, as liquidity remained thin. The premium was assessed at 62.5¢/USG fob USGC over the April Rbob futures contract. This was down from 82.5¢/USG fob against the March Rbob contract last week. Prompt-loading material was heard bid on Friday at 84¢/USG delivered, duty paid (DAP) over March Rbob with offers over 100¢/USG DAP against March Rbob. Today's March Rbob futures index settled at a 22¢/USG discount to the April index as the US gasoline market shifts to lower RVP specifications.

The US gasoline versus full range naphtha differential stood at 46¢/USG, down from 58¢/USG last week. Reformate spot prices were mostly steady at 302¢/USG (86¢/USG over gasoline). Alkylate prices stood at 268¢/USG (52¢/USG over gasoline), down from 270¢/USG last week. The regrade for conventional gasoline was unchanged at 23.5¢/USG, and the Rbob regrade was also down about 1¢/USG to 20¢/USG.

US MTBE prices are currently trading above reformate values due to tight MTBE supplies. MTBE normally trades at a discount to reformate despite its higher-octane value. We expect the MTBE differential to reformate to reverse in the April to May timeframe as MTBE production should increase.

Neat MTBE shipments to Latin America increased in February, mainly due to a large shipment to Chile. So far in February, 60,000t of MTBE has been shipped according to oil data firm Vortexa, up from 35,000t in January. The MTBE exports does not include MTBE blended in the US before shipment.

North American pricing				
	Low	High	Average	±
MTBE fob USGC \$/t	1,126.63	1,155.06	1,140.85	-29.32
MTBE fob USGC ¢/USG	317.00	325.00	321.00	-8.25
Americas daily ranges				
	\$/t		¢/USG	
	Low	High	Low	High
20 Feb	na	na	na	na
21 Feb	1,153.29	1,155.06	324.50	325.00
22 Feb	1,126.63	1,130.18	317.00	318.00
23 Feb	1,139.07	1,142.62	320.50	321.50
24 Feb	1,137.29	1,140.85	320.00	321.00
Weekly averages				
	Average			±
MTBE fob USGC \$/t	1,140.62			-30.96
MTBE fob USGC ¢/USG	320.94			-8.71
Blend value			¢/USG	
	Blend value	Market price		
Alkylate	280.82	267.64		
Reformate	322.48	301.14		
Toluene	332.77	330.78		
MTBE	334.84	320.50		
Ethanol	371.01	215.00		
ETBE	350.81	na		
Heavy naphtha	172.48	188.64		

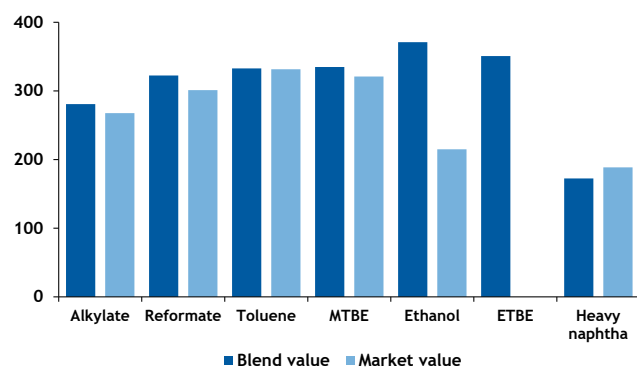
In Mexico news, two fires broke out today at installations operated by Mexico's state-owned Pemex, both in the state of Veracruz.

State-owned Pemex's 285,000 b/d Minatitlan refinery in

## NORTH AMERICA

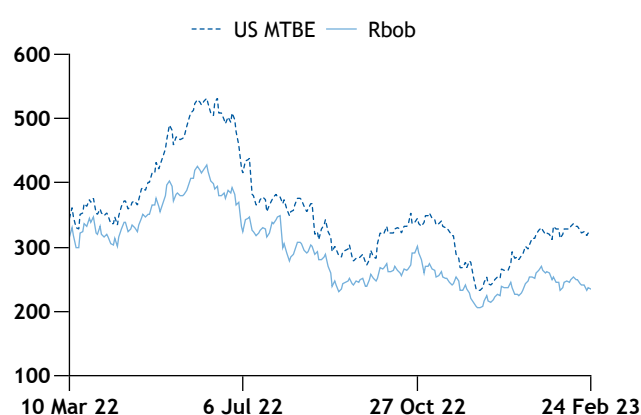
Octane blending value vs market price

¢/USG



US MTBE vs Rbob

¢/USG



Veracruz, Mexico continued normal operations after a fire early this week. Pemex presumes the fire started after refined products spilled on a hot surface in the Combined Maya crude processing plant.

Five employees were injured in the incident, and were be-

ing treated in Pemex's hospitals as of late 23 February.

The second fire occurred on a pipeline that runs to Pemex's Tuzandepetl fuel storage hub, according to the same source. The second fire occurred approximately 30km (19 miles) away from the refinery.

## EUROPE

The European MTBE factor firmed slightly, with some activity seen later in the week. Liquidity was generally slow overall.

Market activity was thin from 20-22 February, with no liquidity seen. Bids for MTBE barges emerged within the range of about \$1,049-1,053/t on Thursday, while offers were in the range of about \$1,058-1,067/t.

The factor saw some gentle support, increasing to 1.35 versus prompt spot Eurobob oxy gasoline barges on Thursday, up from recent values of 1.33.

MTBE margins were said to be quite positive overall, with stable demand for methanol into this product manufacturing chain. In feedstocks, methanol prices were largely stable on 20-23 February, with spot barges trading in the €330s. The market is relatively balanced, with stable supply and demand for this week.

Isobutylene was assessed at a midpoint of €1,102.5/t (month one, delivered NWE basis) on 17 February, firming from the previous month but still down from the €1,400s seen in

June. Availability of C4s has improved in Europe, following a tight market during the second half of 2022.

The ETBE market was illiquid this week, with no activity seen.

Gasoline Eurobob oxy barge prices eased through this week, from about \$810/t on 20 February, then slipping to about \$780/t by Thursday.

The gasoline-naphtha spread has continued to hold below \$100/t in the second half of February but this has so far done little to significantly weigh on premiums for high-octane components. Blending demand has been supported by the upcoming switch to higher-priced summer-grade gasoline specifications at the end of March and ahead of the peak summer driving season.

Blending demand for toluene and MX was at a \$200-220/t premium to March gasoline swaps, broadly in line with the previous week, with prompt availability thin.

Export interest in reformate has continued this quarter,

## EUROPE

with a 30,000t Spanish cargo loaded late last week to the US Atlantic coast. Transatlantic reformat exports increased in the fourth quarter of last year, with more than 113,000t exported from the EU 15 in November-December compared with close to nothing in the previous four months. Exports in recent months have added to a tightening of prompt material in Europe, with 99 Ron material discussed at premiums to March gasoline in the low \$100s/t.

### Russia

MTBE spot prices were unchanged this week. Trading activity was limited owing to the short trading period before a holiday in Russia. Moreover, producers continue to sell the main volume of MTBE under long-term contracts to refineries and part of these volumes are exported.

Market participants said that the higher gasoline prices on the St Petersburg International Mercantile Exchange (Spimex) did not attract more buying activity from blenders. But the situation may change when the driving season starts in spring.

Tatneft offered MTBE produced by Togliattikauchuk for Rbs47,500/t (\$635.80/t) fca/fot Khimicheskaya for the fourth week in a row.

European pricing				
	Low	High	Average	±
MTBE fob Rotterdam \$/t	1,052.00	1,087.75	1,069.88	+1.50
MTBE fob Rotterdam €/USG	296.00	306.06	301.03	+0.42
Alkylate fob NWE \$/t			1,062.25	-6.25
99 Ron Reformat cif NWE \$/t			910.75	-19.75
103 Ron Reformat cif NWE \$/t			925.75	-24.75

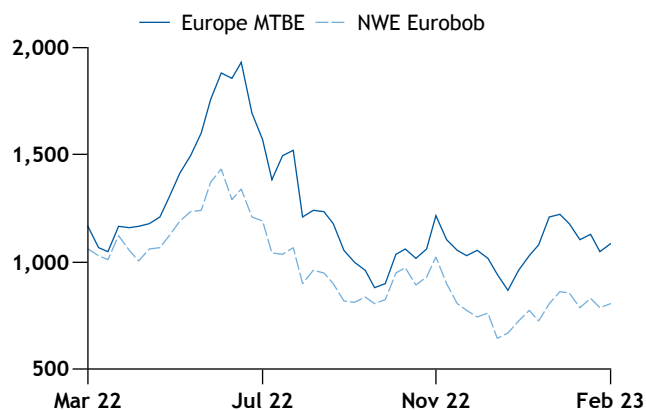
Europe daily ranges					
	MTBE	\$/t		€/USG	
	factor	Low	High	Low	High
20 Feb	1.33	1,076.25	1,077.00	302.83	303.04
21 Feb	1.33	1,071.75	1,072.25	301.56	301.70
22 Feb	1.33	1,052.00	1,052.75	296.00	296.22
23 Feb	1.35	1,054.75	1,055.25	296.78	296.92
24 Feb	1.35	1,087.00	1,087.75	305.85	306.06

Weekly averages			
	Average		±
MTBE fob Rotterdam			
\$/t	1,068.68		-3.20
€/USG	300.70		-0.90
ETBE fob Rotterdam			
\$/t	1,098.68		-11.17
€/USG	307.47		-3.13
diff to MTBE \$/t	+30.00		nc
diff to MTBE €/USG	+8.40		nc

Blend value		
	Price	±
Europe MTBE	945.71	+50.64

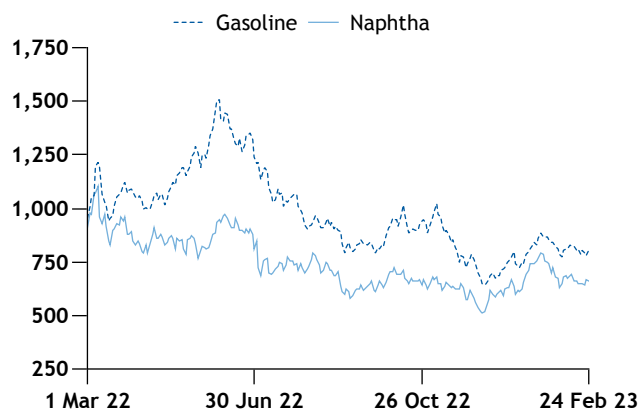
Europe MTBE vs Eurobob

\$/t



Europe gasoline vs full-range naphtha

\$/t



## ASIA

The Asia MTBE factor ended the week higher, as buying interest for prompt fob Singapore cargoes emerged. Prompt cargoes are in short supply, with few fresh offers in the market.

Domestic prices in China rose early in the week, but subsequently retreated on losses in gasoline values. Offers in the domestic market were raised as inventory pressures eased, with several coastal suppliers having off-loaded some volumes to the export market. But the elevated prices put buyers off purchasing more prompt cargoes, and domestic MTBE prices fell after early-week gains.

Production output in China held steady, with Shandong Chengtai Chemical's 200,000 t/yr MTBE unit shut since late December for a maintenance turnaround. Ex-tank MTBE cargoes in both east and south China were traded over a wider range, with discussions at 7,000-7,200 yuan/t ex-tank or equivalent to around \$866/t on an import parity basis. Export selling interest from China dried up this week, in the wake of mid-week losses in Singapore MTBE prices and firmer domestic values.

In the fob Singapore market, China's Unipac emerged on 23 February to bid for a 3,000t, mid-March loading cargo at \$900/t. The MTBE factor rose from 1.143 early in the week to 1.156 following the bid. Unipac placed another bid the following day for a mid-March loading cargo at \$949/t, but was met with no selling interest.

Fewer export offers from China kept cfr Singapore premiums supported, although trading liquidity for imports to Singapore dipped. Buying and selling indications for cfr Singapore cargoes remain in the range of \$25-30/t. Prompt availability

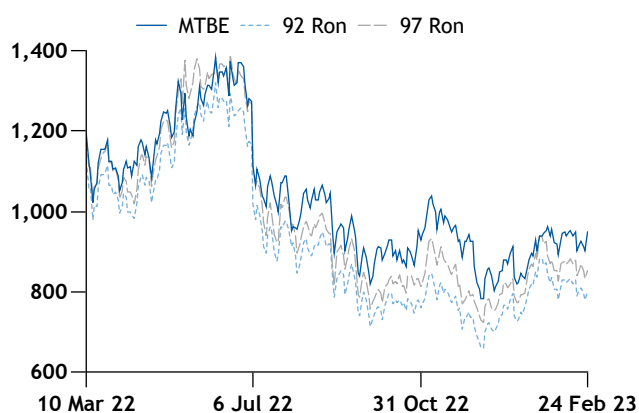
Asia pricing				
	Low	High	Average	±
MTBE fob Singapore \$/t	900.00	951.00	925.50	-2.00
MTBE fob Singapore €/USG	253.24	267.59	253.24	-0.56
MTBE ex-tank east China \$/t			863.33	+12.85
MTBE ex-tank east China Yn/t			7,100.00	+150.00
MTBE ex-tank south China \$/t			863.33	+15.91
MTBE ex-tank south China Yn/t			7,100.00	+175.00

MTBE fob Singapore daily ranges				
	\$/t		€/USG	
	Low	High	Low	High
20 Feb	919.00	921.00	258.58	259.14
21 Feb	925.00	927.00	260.27	260.83
22 Feb	910.00	912.00	256.05	256.61
23 Feb	900.00	902.00	253.24	253.80
24 Feb	949.00	951.00	267.02	267.59

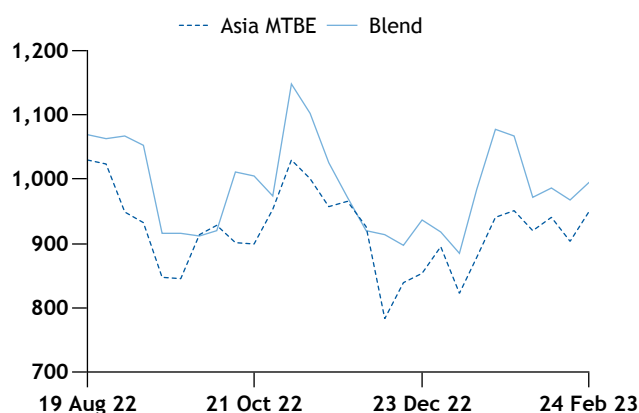
Weekly averages				
	Low	High	Average	±
MTBE fob Singapore \$/t			921.60	-15.80
MTBE fob Singapore €/USG			259.31	-4.45
Differential to fob Singapore \$/t	+25.00	+30.00	+27.50	nc
Differential to fob Singapore €/USG	+7.03	+8.44	+7.74	nc

Blend value			\$/t
	Value		±
Gasoline 97R Singapore	847.03		-25.16
Gasoline 92R Singapore	804.08		-30.17
Gasoline 97R Singapore premium to 92R	42.95		+5.01
Asia-Pacific MTBE blend value	994.06		+25.61
Asia-Pacific MTBE blend premium to MTBE	68.56		+27.61

Asia MTBE vs 92 Ron, 97 Ron gasoline \$/t

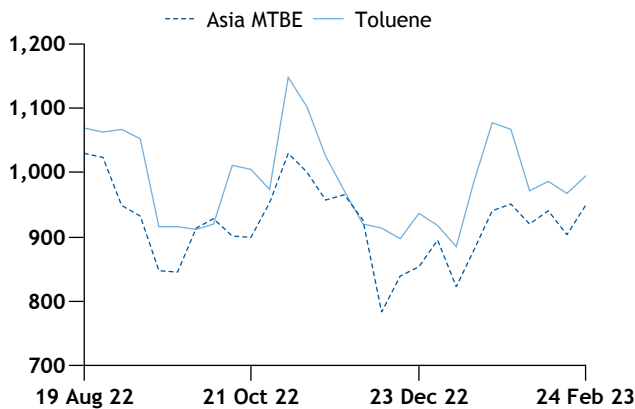


Asia MTBE vs blend value \$/t

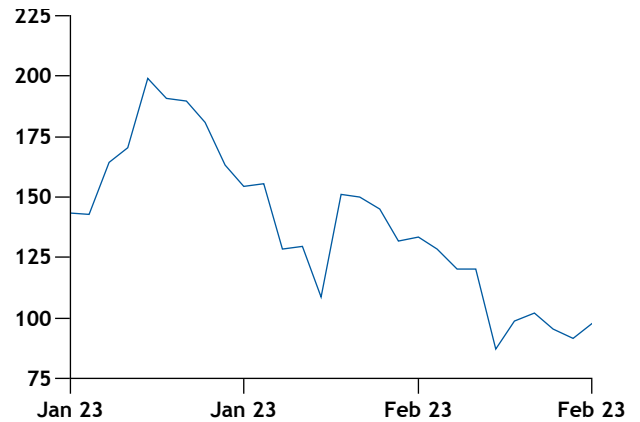


ASIA

Asia MTBE vs toluene \$/t



Reforming spread chart \$/t

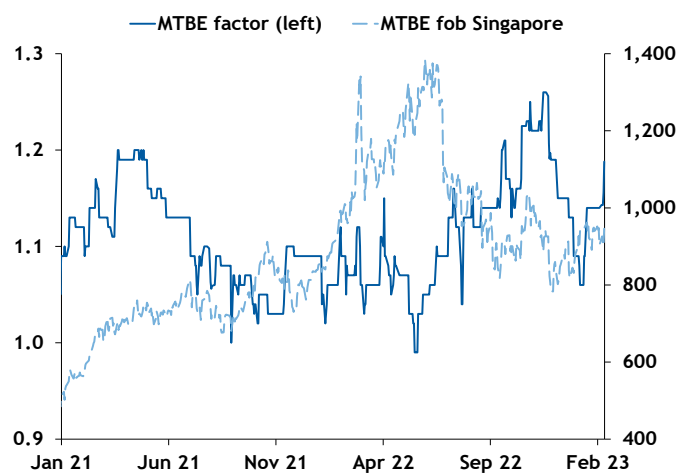


remains tight, with no sell tenders emerging from southeast Asia and India in recent weeks. But offers for April loadings are ample in comparison.

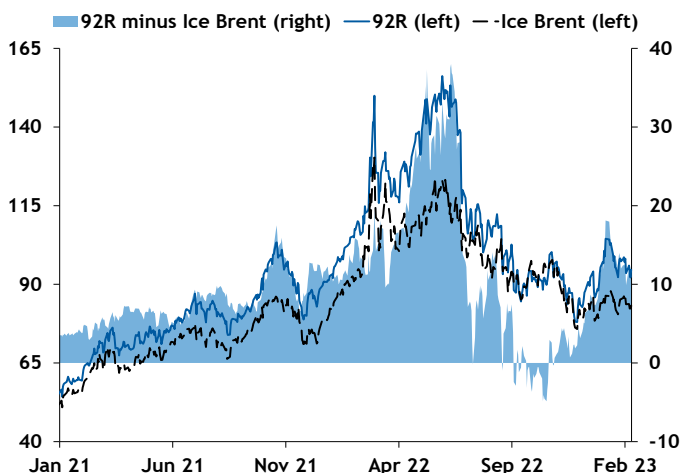
Blending economics remain generally profitable, with the 95-92R inter-Ron spread well-supported at around \$3.85/bl on 23 February. Blenders have begun stocking up in preparation for the Eid al-Fitr holiday, which will take place in late April this year. An uptick in buying interest has already been observed in Malaysia, where driving activity has been robust. Demand momentum in Indonesia has been relatively slower to build, although a more noticeable increase in buying appetite could emerge in March.

Spot availability in the wider northeast Asian market is expected to tighten in the coming month, with outages scheduled to take place in Taiwan and South Korea. In Taiwan,

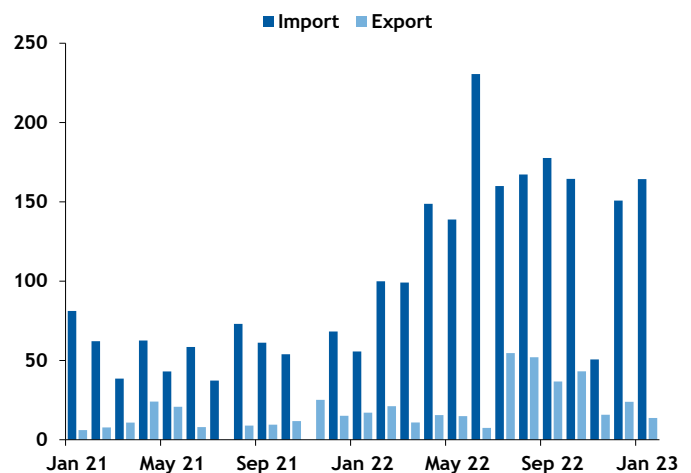
MTBE fob Singapore vs MTBE factor \$/t



Gasoline refining margin \$/bl



Singapore import and export data '000t





## ASIA

Formosa is expected to shut its MTBE unit in Mailiao from early March to early April, although it remains unclear which unit will be shut.

In South Korea, S-Oil expects to shut its 370,000 t/yr No.2 MTBE in late March. This is in line with a planned maintenance at its 76,000 b/d No.2 residual fluid catalytic cracker (RFCC) that is scheduled to last for around 45-50 days. GS Caltex is also expected to shut its 100,000 t/yr MTBE unit in Yeosu for a maintenance turnaround in the coming month, in line with an outage at its RFCC unit from March to May.

In the downstream derivative sector, LG MMA expects to shut its downstream No. 2 methyl methacrylate (MMA) unit for a three-week maintenance turnaround in March.

Singapore's MTBE exports fell to a seven-month low in January 2023, with trade focused on imports following strong blending demand. The country exported around 13,700t of MTBE in January 2023, down by over 42pc from the previous

month. Most of these volumes, around 80pc, were headed to Malaysia, where domestic supplies remain insufficient to cover demand requirements. In contrast, MTBE imports in January rose to around 164,300t, up by 9pc on the month. China accounted for close to 50pc of the imports.

Gasoline margins, the Argus 92R gasoline spot price against Ice Brent crude, fell to \$11.11/bl on 23 February following the emergence of ample offers from a Mideast Gulf trading firm. Record volumes of gasoline from the Mideast Gulf are finding outlets in Singapore in February because of increased refinery runs and reduced Pakistani import demand in this year's first quarter. The slowdown in Pakistani demand started in 2022, and the country continues to seek to rein in its spending to avoid an economic collapse.



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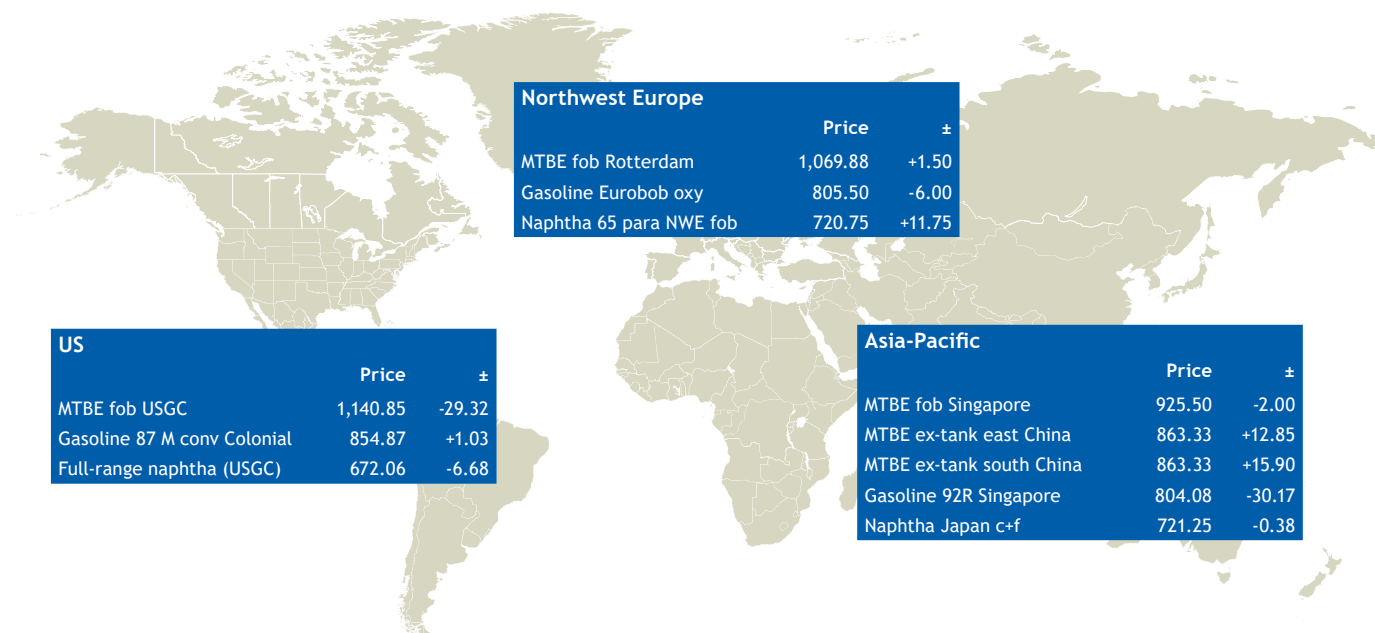
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## GLOBAL PRICES

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## Chemicals

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