argusmedia.com

Argus *Americas Asphalt*

Incorporating **Argus** *Asphalt Report*

Issue 25-7 | Friday 14 February 2025

SUMMARY

Wholesale asphalt prices were mixed across the US this week on muted demand and ample South American supply.

Atlantic coast waterborne prices were flat-to-higher on higher offers for Venezuelan supply, while Gulf prices slid on lower crude prices and as inclement weather pressured demand.

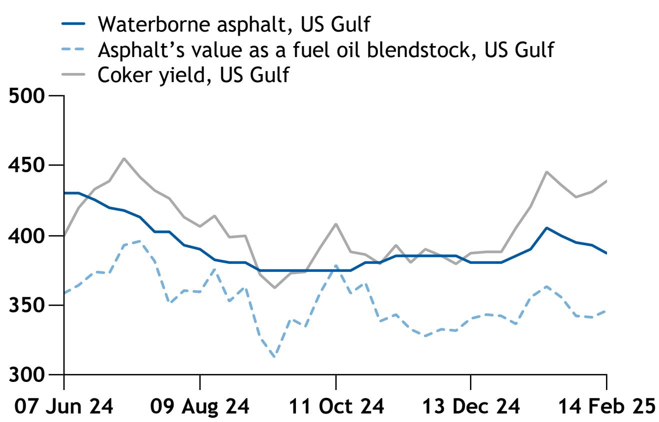
Midcontinent and Rockies rail prices for February were steady. The upcoming winter storm could result in refinery upsets that may put pressure on asphalt prices going into March, according to some market participants.

Both WTI and WCS crude values declined week-over-week as the market weighed various moves of the US administration including the threat of more tariffs and promises to end to the war in Ukraine. The light-heavy spread spiked up late in the week but was still lower week-over-week at $13.94/bl on 14 February.

Uncertainty over potential tariffs on US imports from Canada and Mexico have roiled North American energy trade, as companies continue to struggle to understand how tariffs would be assessed.

Weekly asphalt stocks rose by 2pc to 28.9mn bl for the week ended 7 February, according to the US Energy Information Administration. This is largely in line with year-prior levels and 3pc above the five-year average.

Monetizing vacuum residue



KEY PRICES

Asphalt, 8-14 Feb	Timing	Low	High	Mid'	± $/st
Rail, fob					
Rockies	Feb	300	320	310	nc
US midcontinent	Feb	315	350	333	nc
Waterborne, fob					
US Gulf		380	395	388	-5
US midcontinent		325	370	348	nc
New Jersey		400	405	403	nc
Waterborne, cif					
New York		400	420	410	nc
Rack					
New York City		480	510	495	+7.50
Chicago		425	440	433	nc
Los Angeles		490	510	500	nc
Atlanta		535	585	560	+10
Baltimore		450	515	483	nc

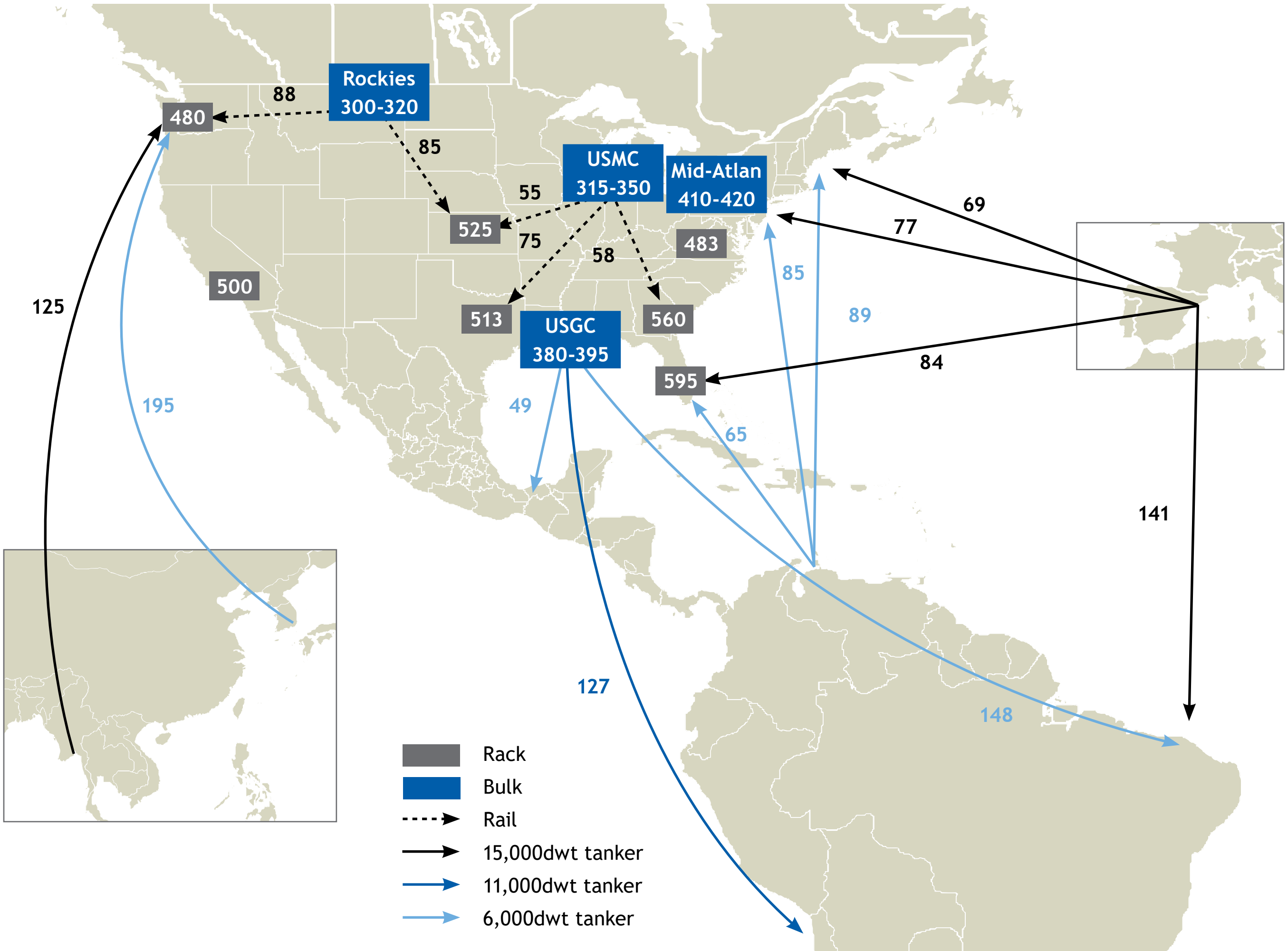
Economics, 8-14 Feb	Mid	± $/st
Asphalt's value as a fuel oil blendstock		
US Gulf	345.50	+3.90
New York	361.10	-5.49
Coker yield		
US Gulf	439	+8
US midcontinent	421	+4

Crude and refined products, 8-14 Feb	Low	High	±
Crude *$/bl*			
Maya	64.77	67.22	+0.37
WCS month 1	56.65	60.02	+1.09
WCS-WTI, Cushing	-3.85	-3.50	-0.78
WCS-MSW, Alberta	-8.10	-7.53	+0.87
Fuel oil No 6, 3pc S fob *$/bl*			
US Gulf	66.90	71.55	+1.03
New York	70.00	73.65	-0.28

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

Contents

ASPHALT PRICES AND TRANSPORTATION COSTS *$/st*



Transportation costs				$/st
Origin	**Destination**	**Low**	**High**	**±**
Rail				
Billings	Kansas City	80	90	nc
Billings	Portland OR	80	95	nc
Chicago	Atlanta	55	60	nc
Chicago	Dallas	70	80	nc
Chicago	Kansas City	50	60	nc
Twin Cities	Dallas	70	80	nc
Railcar lease rates, full-serve tank, term (years)		<1	1-5	>5
Coiled and insulated (asphalt), Mar $/car/month		975.00	950.00	950.00
Ocean			Mid	
Amuay Bay	Baltimore		85	+7
Amuay Bay	Portland ME		89	+8
Amuay Bay	Portland OR		138	+15
Amuay Bay	Santo Domingo		41	+3
Amuay Bay	West Palm Beach		65	+5
New Orleans	Coatzacoalcos		49	+3
New Orleans	Fortaleza		148	+11

Transportation costs			$/st
Origin	**Destination**	**Mid**	**±**
Ocean			
New Orleans	Puerto Ventanas	127	+12
New Orleans	Santo Domingo	72	+6
Rayong	Portland OR	125	+5
Saint John NB	Baltimore	35	+4
Saint John NB	Providence	19	+1
Saint John NB	Puerto Ventanas	112	+5
Saint John NB	West Palm Beach	35	+2
Tarragona	Baltimore	77	+3
Tarragona	Fortaleza	141	+11
Tarragona	Portland ME	69	+3
Tarragona	Providence	71	+4
Tarragona	Santo Domingo	61	+7
Tarragona	West Palm Beach	84	+4
Ulsan	Portland OR	195	+15

Ocean freight rates reflect the cost of loading, transporting, and discharging asphalt, and then repositioning the empty vessel at its next port of call. As such, they represent the vessel operator's breakeven voyage cost. For further details, see Argus Americas Asphalt methodology at www.argusmedia.com/methodology.

US ATLANTIC COAST

Wholesale asphalt prices were flat-to-higher this week as offers for Venezuelan supply continued to roll in.

Cif Mid-Atlantic waterborne values rose slightly to $410-$420/st this week with an offer for Venezuelan supply heard at the low end of the range.

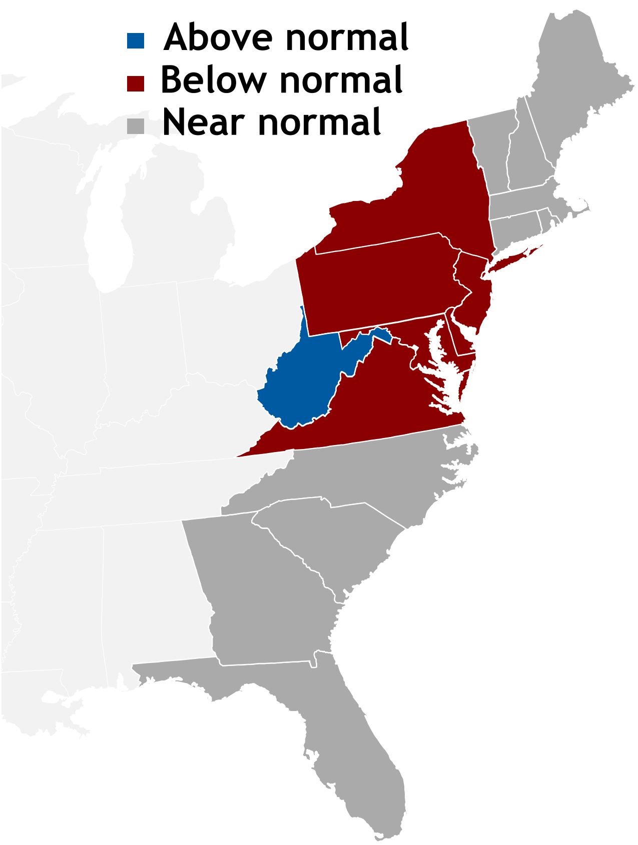
Cif New York prices were also flat at $400-$420/st, and fob New Jersey prices were stable at $400-$405/st.

Some market participants do not see much downside to prices going forward. Others noted softer crude prices alongside rising inventories could continue to pressure wholesale values lower.

Brent crude values reached $74.74/bl on Friday, nearly 5pc below the average price over January.

Atlantic coast imports have totaled about 133,500st so far this month with roughly 24pc of flows originating in Venezuela, according to Kpler data. The recent boost in Venezuelan flows is likely because of infrastructure upgrades in the country.

NWS six to 10-day forecast: Precipitation



Refined products, 8-14 Feb	Low	High	±
Fuel oil No 6 3% NYH *$/bl*	70.00	73.65	-0.28
Heating Oil 2,000ppm NYH del *¢/USG*	227.81	236.59	+5.22

Economics, 8-14 Feb $/st	Mid	±
Asphalt's value as a fuel oil blendstock, NYH	361.10	-5.49

Asphalt, 8-14 Feb $/st	Low	High	Mid	±
Waterborne, fob				
New Jersey	400	405	403	nc
Waterborne, cif				
New York	400	420	410	nc
New England	410	425	418	nc
Mid-Atlantic	410	420	415	+2.50
Rack				
Southwest Maine	500	590	545	+7.50
Greater Boston	500	590	545	+7.50
Connecticut	500	575	538	nc
Albany	450	525	488	nc
Western NY/Western PA	460	480	470	nc
New York City	480	510	495	+7.50
Philadelphia	480	510	495	nc
Baltimore	450	515	483	nc
Southeast Virginia	455	505	480	nc
Coastal Carolinas	480	500	490	nc
Inland North Carolina	495	515	505	nc
Atlanta	535	585	560	+10
Savannah	580	600	590	nc
Jacksonville	595	620	608	nc
Miami	590	600	595	nc
DoT index	**Effective**		**Mid**	**±**
Vermont	Feb		598	nc
New York	Feb		598	nc
Pennsylvania zone 1	Feb		626	nc
zone 2	Feb		590	nc
zone 3	Feb		554	nc
New Jersey North	Feb		567	nc
New Jersey South	Feb		567	nc
Delaware	Jan		588.33	nc
Maryland	Feb		640	nc
West Virginia	Feb		578	nc
Virginia PG 64-22	Feb		593.13	nc
Virginia PG 76-22	Feb		729	nc
North Carolina	from 1 Feb		559.38	nc
South Carolina	from 1 Feb		581.42	nc
Georgia	Feb		575	nc
Florida unmodified binders *$/USG*	Jan		2.59	nc
Florida modified binders *$/USG*	Jan		3.17	nc

US ATLANTIC COAST

Despite muted demand at the rack, retail prices were flat-to-higher as market participants factored in rising heating costs.

New York City retail values increased to $480-$510/st on Friday, and Albany racks were steady at $450-$525/st. Some participants expect rack prices in New England to be around $600/st for PG 64-28 once the paving season begins.

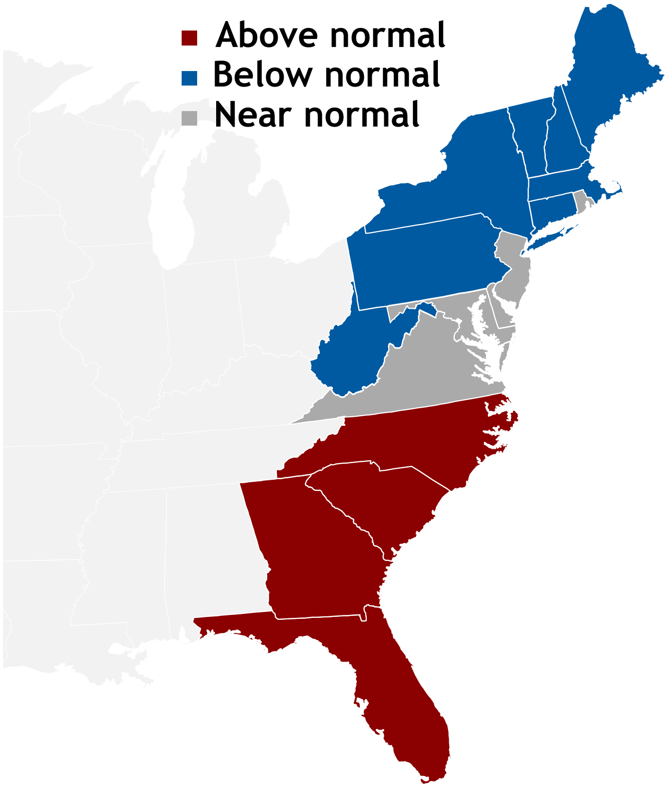
Rack prices are likely to rise further if US tariffs on Canadian goods become a reality. US president Donald Trump planned a 25pc tariff on imports from Canada with energy commodity imports taxed at a lower 10pc rate, but he postponed implementation until 4 March.

It is still unclear if asphalt is considered an energy product or construction material. Some market participants expect retail prices in the northeast to see a $70-$100/st increase if a 25pc tariff on asphalt is implemented.

Assessment rationale

Cif New England asphalt (PA0000665) was assessed as per the *Argus* methodology. The methodology can be viewed here.

NWS six to 10-day forecast: Temperature



US MIDCONTINENT

Asphalt prices held steady in the midcontinent this week as some market participants noted rising inventories.

Midcontinent barge prices were flat at $325-$370/st, nearly 100pc the cost of Western Canadian Select (WCS) crude prices on a per short ton basis.

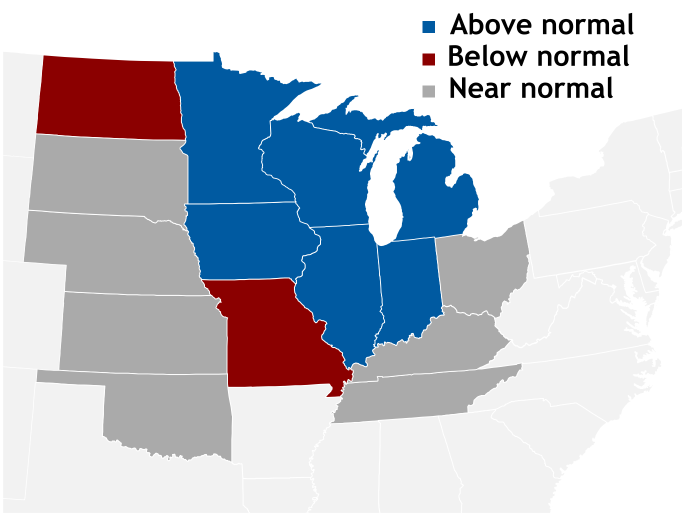
WCS crude values reached $56.80/bl on Friday, and the light-heavy crude spread was steady over the week at $13.94/bl

February rail prices were also flat at $315-$350/st on Friday. The outlook for March wholesale values was mixed with some expecting flat prices and others mentioning higher inventories and frigid temperatures.

The National Weather Service expected well below-normal temperatures next week, which could spell trouble for some refiners in the region.

US weekly asphalt stocks rose by 2pc to 28.9mn bl the

NWS six to 10-day forecast: Precipitation



US MIDCONTINENT

week ended 7 February, according to the US Energy Information Administration. This is 3pc above the five-year average for the week.

Refinery utilization in the midcontinent also increased to 94.6pc the week ended 7 February, its highest level since early January.

Higher inventories likely stem from below-average temperatures across the southern US last month and record low prices late last year.

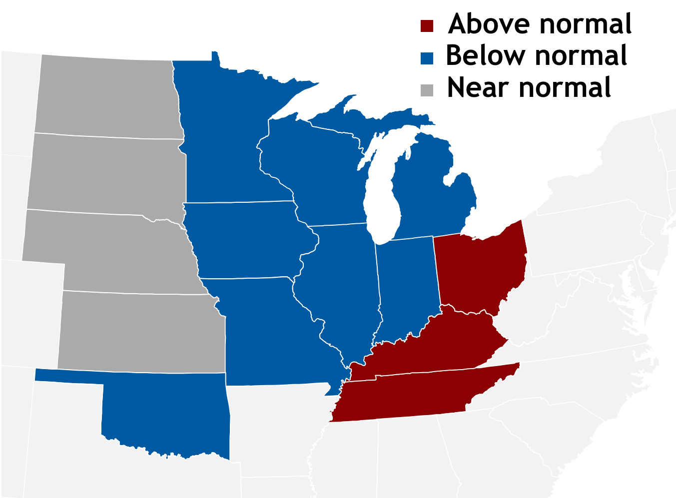
The US also saw the coldest January since 1988, according to the National Oceanic and Atmospheric Administration.

Railed asphalt prices in the midcontinent reached a bottom of $295/st in October 2024, which likely prompted an earlier start to the winterfill season. Since then, prices have risen by $37.50/st as some refiners exited turnarounds and crude prices rose.

Rack prices in the region also held steady with Chicago retail values at $425-$440/st and Tulsa at $500-$540/st. Some forward block prices in the northern midcontinent for PG 58-28 were heard around $450/st.

Rack liftings in the northern part of the region will likely begin in late April, according to some market participants.

NWS six to 10-day forecast: Temperature



Assessment rationale

Railed US midcontinent asphalt (PA0019322) was assessed as per the *Argus* methodology. The methodology can be viewed here.

Crude, 8-14 Feb	Low	High	±
$/bl			
WTI month	70.72	73.34	+0.15
WCS (Cushing) month	67.06	69.47	-0.04
WCS-WTI, Cushing	-3.85	-3.50	-0.78
WCS-MSW, Alberta	-8.10	-7.53	+0.87

Economics, 8-14 Feb ($/st)	Mid	±
Coker yield	421	+4

Argus' USMC coker yield reflects the value of a single short ton of asphalt after it has been upgraded in a delayed coker. For further details, see Argus Americas Asphalt methodology at www.argusmedia.com/methodology

Asphalt, 8-14 Feb ($/st)	Timing	Low	High	Mid	±
Rail, fob					
Asphalt	Feb	315	350	333	nc
Roofing flux	Feb	410	505	458	nc
Waterborne, fob					
Asphalt		325	370	348	nc
Rack					
Chicago metropolitan area		425	440	433	nc
Twin Cities		510	550	530	nc
Wisconsin		460	480	470	nc
Michigan southeast		555	585	570	nc
Indianapolis		520	570	545	nc
Northern Ohio		555	585	570	nc
Mid-Ohio River		530	585	558	nc
Kansas City		510	540	525	nc
Tulsa		500	540	520	nc
St Louis		465	510	488	nc
Kentucky south/Tennessee		570	620	595	nc
Omaha		505	525	515	nc
DoT index	**Effective**			**Mid**	**±**
Illinois	from 1 Feb			523.46	nc
Kentucky Kapi	Feb			590.71	nc
Tennessee PG 64-22	Feb			593.85	nc
Tennessee PG 70-22	Feb			667.50	nc
Tennessee PG 76-22	Feb			726.25	nc
Tennessee PG 82-22	Feb			820	nc

US GULF COAST

Wholesale asphalt prices continued to slide in the Gulf coast this week on muted domestic demand and weaker crude prices.

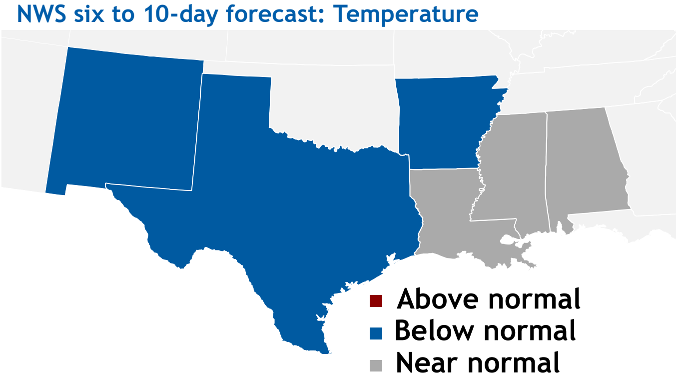
Waterborne asphalt was heard available ranging from $385-395/st this week with several market participants no longer offering $400/st figures.

The US Gulf coast waterborne asphalt index slipped by $5/st to $380-395/st. Retail prices were unchanged across the region.

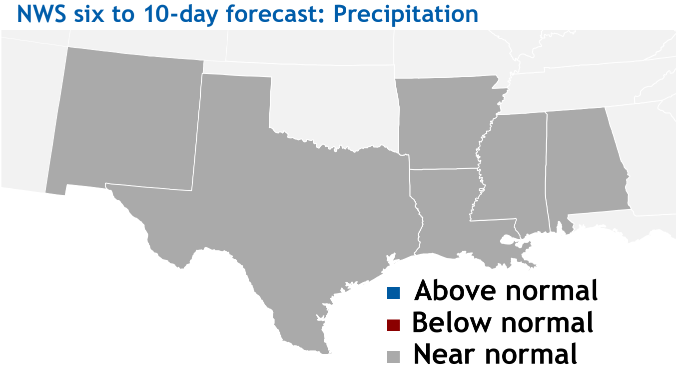
Increased precipitation and cooler weather in the Gulf coast have kept a lid on paving activities, which has pressured retail and wholesale resupply demand. The National Weather Service recorded precipitation well-above normal across much of the Gulf over the past week, with wetter, colder weather expected next week as well.

Retailers have noted the subdued demand and rising inventories over the past two weeks as well. Nationwide, inventory levels continued to rise and reached 28.9mn bl the week ended 7 February, according to the latest US Energy Information Administration data. This is above the five-year average.

NWS six to 10-day forecast: Temperature



NWS six to 10-day forecast: Precipitation



Crude and refined products, 8-14 Feb	Low	High	±
Crude *$/bl*			
Maya	64.77	67.22	+0.37
WTS	71.39	74.22	+0.22
Maya-LLS	-9.87	-9.35	-0.19
Refined products			
Fuel oil No 6 3pc S fob *$/bl*	66.90	71.55	+1.03
Diesel 1,200ppm barge *¢/USG*	222.65	232.48	+5.19

Economics, 8-14 Feb *$/st*	Mid	±
Asphalt's value as a fuel oil blendstock	345.50	+3.90
Coker yield	439	+8

Argus' USGC coker yield reflects the value of a single short ton of asphalt after it has been upgraded in a delayed coker. For further details, see Argus Americas Asphalt methodology at www.argusmedia.com/methodology.

Asphalt, 8-14 Feb *$/st*	Low	High	Mid	±
Waterborne, fob				
Asphalt	380	395	388	-5
Rail, fob				
Roofing flux, Feb	430	515	473	nc
Rack				
Tampa	535	570	553	nc
Alabama - North	560	600	580	nc
Mobile	550	570	560	nc
Louisiana - Southeast	500	565	533	nc
Mississippi	570	575	573	nc
Houston	500	525	513	nc
Texas - Northeast	500	525	513	nc
DoT index	Effective		Mid	±
Mississippi AC-5	Feb		595	nc
Mississippi AC-10	Feb		605	nc
Mississippi AC-20	Feb		571.67	nc
Mississippi AC-30	Feb		572	nc
Mississippi PG 64-22	Feb		582	nc
Mississippi PG 67-22	Feb		581.11	-2.53
Mississippi PG 76-22	Feb		729.44	nc
Mississippi PG 82-22	Feb		802.50	nc
Louisiana PG 64-22	from 1 Feb		577	-2
Louisiana PG 70-22M	from 1 Feb		685	-7
Louisiana PG 76-22M	from 1 Feb		720	-11
Alabama PG *$/USG*	Feb		2.58	nc
Alabama PG with polymer *$/USG*	Feb		3.30	nc
Alabama emulsified *$/USG*	Feb		2.98	nc
Alabama emulsified with polymer *$/USG*	Feb		3.46	nc
New Mexico	Feb		685	nc

US GULF COAST

Lower-trending crude prices have also weighed on the asphalt market. Front-month WTI settled lower week-over-week at $70.74/bl on Friday, as the market weighed various moves by the US administration including the threat of more tariffs.

A variety of export demand was also heard this week, but it was not enough to offset weaker domestic demand and support wholesale prices. Tenders were heard for delivery to Panama and Argentina this week, and a Uruguayan tender was also awarded but details were not yet known.

As wholesale prices drift lower, some refiners may consider using asphalt as a coker feedstock. The *Argus*-calculated coker yield rose by $8/st to $439/st on Friday.

Assessment rationale

US Gulf fob asphalt (PA0015105) was assessed as per the *Argus* methodology. The methodology can be viewed here.

LATIN AMERICA

Market activity varied during the week in Latin America.

Uruguay, Argentina and Panama were heard looking for supply. Chile was set to receive imports, and Brazil demand continued to be muted.

Argentina launched a tender looking for 8,000 metric tonnes (t) of AC-30 asphalt to be delivered in March. The country is already set to receive some imports by the start of next month.

The 12,972dwt *Da Hua Shan* is bringing a load from Garyville, Louisiana, to Campana, Argentina, on 4 March, according to vessel tracker Vortexa. The 13,265dwt *Jin Zhou Wan* is doing the same trip and should also arrive on 4 March.

Panama also launched a tender looking for five loads of 44,000 bbls of asphalt to be delivered from March to December. Meanwhile, Uruguay's tender for 6,300 t of AC-30 asphalt was heard closed, but the final price was not yet known.

Chile is set to receive some vessels in the next week as demand remains firm in the country. The 14,634dwt *The Amigo* will deliver asphalt from New Orleans, Louisiana, to Quintero Bay on 21 February. And the 12,980dwt *Da Ming Shan* will also deliver material from Saint Rose, Louisiana, to the same location on 23 February.

Brazilian demand has been muted as rains all over the country have stalled paving projects and budgetary funds for public works remained stagnant.

Market participants believe that demand could recover by the end of March as tendered road projects awarded at the end of last year begin construction.

Elsewhere, several ships were seen delivering asphalt to Mexico this past week. the 8,125dwt *Da Wei Shan* delivered US material to Tuxpan, Mexico, on 12 February, and the 9,230dwt *Asphalt Carrier* also brought material to Progreso, Mexico, on 14 February. The 15,000dwt *The Sheriff* will also deliver a cargo to Progreso on 15 February.

Refined products, 8-14 Feb			$/t
	Low	High	±
Fuel oil bunker HS 380 cst Cartagena Colombia	476.00	497.00	+3.25
Fuel oil bunker HS 380 cst El Callao	656.00	679.00	+10
Fuel oil bunker HS 380 cst Venezuelan ports posted	436.60	436.60	nc

Asphalt					
	Grades	local currency/ unit		$/st	
		Mid	±	Mid	±
Acelen, effective 1 Feb *BRL/t*					
Mataripe fca	CAP 50/70	3,801.85	nc	597.64	+2.48
Petrobras, effective 1 Feb *BRL/t*					
Lubnor fca	CAP 50/70	3,667.05	nc	576.45	+2.39
Regap fca	CAP 50/70	3,604.39	nc	566.60	+2.35
	CAP 30/45	3,637.50	nc	571.80	+2.36
Revap ex-works	CAP 50/70	3,511.37	nc	551.98	+2.29
Repar ex-works	CAP 50/70	3,677.27	nc	578.06	+2.40
Reduc fca	CAP 50/70	3,502.64	nc	550.61	+2.29
	CAP 30/45	3,533.60	nc	555.47	+2.30
Refap fca	CAP 50/70	3,686.50	nc	579.51	+2.40
Replan fca	CAP 30/45	3,653.96	nc	574.39	+2.38
Ream, effective 1 Feb *BRL/t*					
Reman ex-works	CAP 50/70	4,372.08	nc	687.28	+2.85
Reman fob	CAP 50/70	4,217.90	nc	663.04	+2.74
Recope, effective 6 Feb CRC/kg					
Costa Rica	AC-30	366.83	+0.35	653	+1
	CRS-1 emulsion	236.22	-0.13	421	+1

On the export front, Venezuela is still offering material to the US Atlantic coast around $410/st, according to participants. The 7,904dwt *White Star* brought material from Venezuela to Tampa, Florida, on 11 February, and the 37,087dwt *Asphalt Splendor* is delivering asphalt to San Juan, Puerto Rico, on 15 February.

US WEST COAST AND ROCKY MOUNTAINS

Asphalt prices were largely unchanged in the Rockies during the mid-month week.

Rockies rail was stable at $300-$320/st for February, while retail prices in the western US were mixed. Portland racks rose over the week by $12.50/st while Salt Lake City slipped by $17.50/st. Los Angeles was flat at $490-510/st.

Retail demand remained muted this week with the paving season yet to start and as a winter storm blanketed much of the Rockies.

Market participants reported frigid weather affecting rail service in Padd 4 this week. And some participants expect potential refinery upsets next week following additional cold weather.

Additionally, the National Weather Service (NWS) has forecasted hazardous cold from 17-20 February in parts of the northern Rockies.

In California, heavy precipitation likely pressured paving activity this week. The southern part of the state has received precipitation more than 300pc above normal over the past week, according to NWS.

Looking farther out, some market participants have noted slightly weaker demand in the front range Colorado area as high interest rates persist and developers slow down construction. But overall, state funding is expected to be healthy across most of the region.

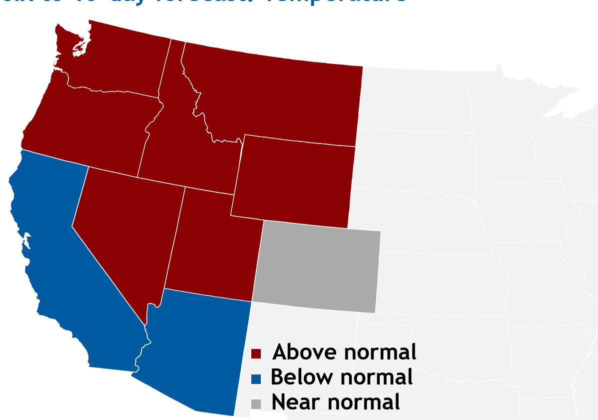
The market has not yet started March rail negotiations, but everyone is keeping a close eye on potential tariffs. The uncertainty over the timing and details of implementation of tariffs have forced market participants to guess who will carry the burden of new taxes. And market participants who scrambled to account for tariffs at the start of February may find themselves rolling out those plans again come March.

Crude and refined products, 8-14 Feb	Low	High	±
Crude *$/bl*			
ANS USWC month 1	76.94	79.10	+0.67
Refined products			
Fuel oil bunker 3.5%S 380cst Los Angeles *$/t*	534	557.50	+13.75
Diesel EPA 10ppm Los Angeles pipeline *¢/USG*	247.34	254.21	+5.91

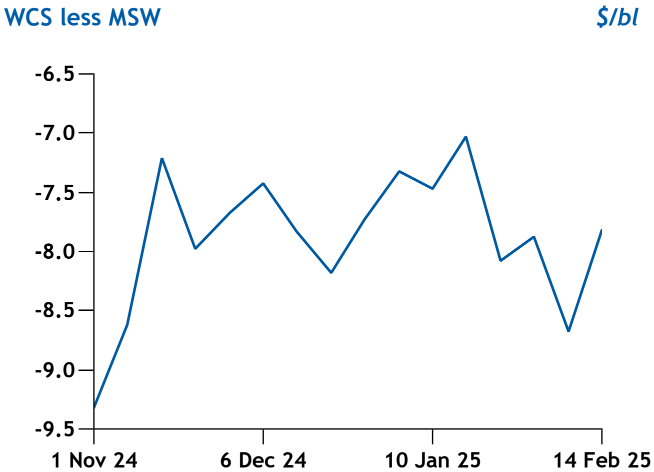
Economics, 8-14 Feb *$/st*	Mid	±
Asphalt's value as a fuel oil blendstock, Los Angeles	455.19	+11.74

Asphalt, 8-14 Feb *$/st*	Timing	Low	High	Mid	±
Rail, fob					
Rockies	Feb	300	320	310	nc
Rack					
Montana		500	530	515	nc
Wyoming		525	545	535	+25
Denver		450	500	475	nc
Salt Lake City		500	555	528	-17.50
Phoenix		470	500	485	nc
Seattle		500	550	525	nc
Portland		460	500	480	+12.50
Las Vegas		650	680	665	nc
Bay Area		490	520	505	nc
Bakersfield		435	490	463	nc
Los Angeles		490	510	500	nc
DoT index		Effective		Mid	±
Colorado		Jan		527.21	nc
California		Feb		425.10	nc
Alaska		from 7 Feb		637	nc
Utah		Jan		566	nc

NWS six to 10-day forecast: Temperature



CANADA



Crude, 8-14 Feb	Low	High	±
$/bl			
WCS month 1	56.65	60.02	+1.09
WCS-MSW, Alberta	-8.10	-7.53	+0.87

Asphalt, 8-14 Feb	C$/t				$/st			
	Low	High	Mid	±	Low	High	Mid	±
Rack								
Montreal	680	825	753	nc	432	524	478	+4
Toronto	680	775	728	nc	432	492	462	+3
Manitoba	-	-	-	-	-	-	-	-
Saskatchewan	-	-	-	-	-	-	-	-
Edmonton	-	-	-	-	-	-	-	-
			Mid	±			Mid	±
Bitumar*								
Montreal: PG 58S-28†, 31 Jan			1,000	nc			635	+5
Montreal: PG 58H-34‡, 31 Jan			1,165	nc			740	+6
Montreal: PG 52V-40, 31 Jan			1,220	nc			775	+6
Montreal: PG 58E-34, 31 Jan			1,220	nc			775	+6
Montreal: PG 64H-28, 31 Jan			1,165	nc			740	+6
Montreal: PG 64E28, 31 Jan			1,220	nc			775	+6
Montreal: PG 64U-28, 31 Jan			1,265	nc			803	+6
Toronto: PG 58-28, 10 Oct			850	nc			540	+4

**posted in C$/t; †formerly PG 58-28; ‡formerly PG 58-34*

Asphalt retail prices were unchanged in Canada this week with some market participants expecting higher prices next month ahead of the paving season.

Montreal retail values were flat at C$680-C$825/metric tonne (t), and Toronto racks were unchanged at C$680-C$775/t.

On the wholesale front, some market participants were heard aiming for flat March rail prices following weaker crude values. And some barge supply was heard offered $30/st below February values.

Western Canadian Select (WCS) crude values reached $56.80/bl on Friday, 7pc below the average price over January. The spread between WTI and WCS was flat over the week $13.94/bl.

Potential US tariffs continued to be a topic of discussion this week with some suppliers heard eyeing other export outlets.

Waterborne exports totaled roughly 58,000t so far this month with 100pc of trade landing in the US, according to Kpler data.

Canadian refinery runs fell by 0.2pc in the week ended 4 February as declines in western Canada and Ontario outweighed gains in Quebec and eastern Canada.

Nationwide refinery throughputs decreased from the prior week by 3,800 b/d to 1.67mn b/d, according to the Canada Energy Regulator data, but throughputs were up by 2.9pc from the same week last year.

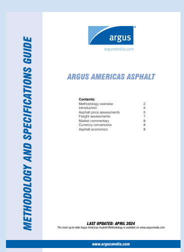
Nationwide, refinery utilization dropped by 0.3 points from the previous week to 92.1pc, while utilization rates were up by 2 percentage points on the year.

FREIGHT

Asphalt freight movements							— *Vortexa*
Vessel name	**Owner**	**Tonnage dwt**	**Loading port**	**Discharge port**	**Current position**	**ETA**	
Iver Bright	HB Tankship V BV	6,265	Sarnia, Canada	Detroit, MI	Great Lakes	9 Feb	
Palanca Cadiz	Minsheng Zhi Zhou Shipping Leasing Co Ltd	14,879	Saint John, Canada	Wilmington, NC	Atlantic	11 Feb	
The Judge	Executive Ship Management Pte Ltd	36,681	Aliaga, Turkey	Philadelphia, PA	Atlantic	11 Feb	
White Pearl	Southern Pacific Holding Corporation	36,800	Tarragona, Spain	Barbers Point, HI	Pacific	11 Feb	
White Star	Southern Pacific Holding Corp	7,904	Amuay Bay, Venezuela	Tampa, Florida	Gulf	11 Feb	
Da Wei Shan	Sunrise Marine Ltd	8,125	Corpus Christi, TX	Tuxpan, Mexico	Gulf	12 Feb	
Atlantic Asphalt	Nave Shipping	17,763	Montreal, Canada	Providence, RI	Atlantic	13 Feb	
Asphalt Carrier	Interorient Marine Services Ltd	9,230	Corpus Christi, TX	Progreso, Mexico	Gulf	14 Feb	
The Judge	Executive Ship Management Pte Ltd	36,681	Aliaga, Turkey	New York, NY	Atlantic	14 Feb	
Palanca Rio	Wisby Shipmanagement AB	15,000	Saint John, Canada	Portsmouth, NH	Atlantic	14 Feb	
Iver Bright	HB Tankship V BV	6,265	Sarnia, Canada	Detroit, MI	Great Lakes	15 Feb	
Asphalt Splendor	Chronos Shipping Co Ltd	37,087	Amuay Bay, Venezuela	San Juan, Puerto Rico	Caribbean	15 Feb	
The Sheriff	DTB Shipping III LLC	15,000	New Orleans, LA	Progreso, Mexico	Gulf	15 Feb	
The Amigo	White Flag Ventures II LLC	14,634	New Orleans, LA	Quintero Bay, Chile	Pacific	21 Feb	
Da Ming Shan	Tianjin Southwest Maritime Ltd	12,980	Saint Rose, LA	Quintero Bay, Chile	Pacific	23 Feb	
Da Hua Shan	Fortune Haizhu Shipping Ltd	12,972	Garyville, LA	Campana, Argentina	Caribbean	4 Mar	
Jin Zhou Wan	COSCO Southern Asphalt (Hainan) Co	13,265	Garyville, LA	Campana, Argentina	Caribbean	4 Mar	

Argus Americas Asphalt Methodology

Argus uses a precise and transparent methodology to assess prices in all the markets it covers.



The latest version of the *Argus Americas Asphalt* Methodology can be found at: www.argusmedia.com/methodology.

For a hard copy, please email info@argusmedia.com, but please note that methodogies are updated frequently and for the latest version, you should visit the internet site.

Argus Assessment Rationale Database

For prices used in financial benchmarks, *Argus* publishes daily explanations of the assessment rationale with supporting data.

This information is available to permissioned subscribers and other stakeholders.

Subscribers to this report via Argus Direct or MyArgus may access the database here.

Other subscribers may request access here or contact us by email at sales@argusmedia.com.

NEWS

CPI expects US road spending to rise

US civil infrastructure company Construction Partners (CPI) expects federal and local spending on roads to rise this year, supporting the company's record backlog.

Only 40pc of funds from the US bipartisan infrastructure law have been spent, while Florida plans to spend an additional $4bn on infrastructure through its "Moving Florida Forward" program, CPI chief executive Jule Smith said Friday on the company's fiscal first-quarter earnings call.

The company also expects President Donald Trump's administration to direct more of available federal funds toward "hard infrastructure" such as roads as he seeks to halt clean energy funding.

“Voters do not want to sit in congestion anymore,” CPI founder and executive chairman Ned Fleming said. “And so not just the federal government - the states, the municipalities, the cities, the counties continue to find more and more capital to be able to put into roads.”

CPI's project backlog rose to a record $2.66bn as of 31 December, a 36pc increase from 30 September — the end of the company's fiscal year — which broke down into 58pc public and 42pc private construction. However, the company expects the public construction share to rise to 63pc by the end of this fiscal year, in line with a similar change across the course of fiscal 2024.

The company projects construction inflation will be around 4-5pc this year but expects pricing to be stable for input costs such as materials, aggregates, labor and energy.

Abundant acquisition opportunities

CPI has already made three acquisitions in fiscal 2025, adding Lone Star Paving to its portfolio in October before purchasing Overland in January and Mobile Asphalt last week.

The first two acquisitions expanded CPI into Texas and Oklahoma, respectively, while the latter expanded the company’s footprint in Alabama. The Lone Star Paving purchase also added another liquid asphalt terminal and is expected to increase CPI’s internal sourcing of this product. The company is also considering more vertical integration into the liquid asphalt space as its footprint grows and is considering acquisitions in the eight states where it operates, as well as in new states.

Even after buying 10 companies across the last six quarters, CPI is continuing to evaluate a “highly fragmented market”, Fleming said.

“There is more acquisition opportunity today than we’ve ever seen,” the company chairman said. “The patriarchs and matriarchs and families are getting older and they want to sell.”

CPI reported first-quarter revenue of $561.6mn, a 42pc increase from a year earlier.

By Joseph Crosby

Martin Marietta maintains strong outlook for 2025

North American building materials supplier Martin Marietta expects strong public demand to persist into 2026 despite ongoing weakness in residential construction and uncertainty around potential tariffs.

An unallocated chunk of Infrastructure Investment and Job Act (IIJA) funding is expected to drive public demand over 2025 and into 2026, chief executive Howard Nye said on an earnings call today.

Eight of the top 10 states Martin Marietta operates in have rising Department of Transportation budgets, including North Carolina and Georgia, according to Nye.

Nye also expects the Trump administration to reauthorize the bill at the end of 2026 and to focus on highways, bridges, roads and airports.

On the other hand, the company expects weakness in residential construction to continue as a higher interest rate environment impedes recovery. The CME FedWatch tool on Wednesday showed a 97.5pc probability that the Federal Reserve will keep its target rate steady at its 19 March meeting as US consumer inflation accelerated in January.

Martin Marietta was relatively agnostic towards tariffs, noting that they could enhance or lower the company’s profitability. The majority of its aggregate supply is domestically sourced and shipped via rail, though they do have one quarry in Nova Scotia, Canada.

A small step back

The company’s asphalt and paving revenue slipped to $869mn in 2024, 2pc below levels in 2023. Fourth quarter revenue also declined by 2pc from the same quarter in 2023, and gross profit for the sector eased by 7pc over the same period. The decline in profit stemmed from lower revenue and higher aggregates input costs, which was partially negated by reduced liquid asphalt prices, according to the company’s earnings report.

Midcontinent railed asphalt prices in the fourth quarter of

NEWS

2024 averaged about $306/st, 8pc less than the year prior. The lower prices stemmed from turnaround work, weak demand and flush supply.

Martin Marietta shipped 6.4pc less asphalt mix in 2024 compared with 2023 and 3.9pc less aggregates over the same period because of softer demand. Lower demand stemmed from "persistent inclement weather," according to Nye, and the National Oceanic and Atmospheric Administration ranked 2024 as one of the 43 wettest years in the 130-year record.

Overall, Martin Marietta reported a gross profit of $1.9bn on revenue of $6.5bn in 2024. This is compared with a profit of $2bn on revenue of $6.8bn in 2023.

By Joseph Crosby

Owens Corning plans new US shingle plant

Roofing shingle producer Owens Corning plans to build a new plant in the southeastern US, the company said today.

The facility is expected to produce 6mn squares/yr starting in 2027 at a location to be announced later in 2025, the company said. This will be the company's 18th roofing shingle plant in the US and 20th worldwide.

With this announcement, Owens Corning joins IKO, Malarkey and GAF as shingle manufacturers with new facilities set to open in the next three years.

Shingle makers shipped almost 37.5mn squares in the fourth quarter, little changed from the same quarter of 2023, according to Asphalt Roofing Manufacturers Association data.

Across 2024, shingle shipments rose by 2pc to 172.2mn squares.

The outlook for US shingle demand remains murky, however, as the effect of President Donald Trump's economic policies, particularly as they influence interest rates, is yet to be seen.

The CME FedWatch tool on Tuesday showed a 95.5pc probability that the Federal Reserve will keep its target rate steady at its next meeting on 19 March.

While private housing starts climbed month-over-month in December, they still lagged behind a year earlier by 4.4pc, according to the US Census Bureau. Similarly, housing permits — an indicator of future construction — fell by 3.1pc in December from a year earlier.

Builder confidence in the single-family home market rose by one point in January to 47, according to the National Association of Home Builder/Wells Fargo Housing Market Index. Despite the uptick, readings below 50 indicate a bearish sentiment.

By Joseph Crosby

Granite eyes acquisitions, construction growth

Granite Construction maintained a positive demand outlook for 2025 alongside expectations of future growth.

The California-based construction and materials company aims to complete two or three acquisitions per year, focusing on purchases in the western and southeastern US, according to chief executive Kyle Larkin on Thursday's earnings call. Granite bought Mississippi-based highway construction company Dickerson & Bowen in 2024.

Larkin added that the company expects unspent Infrastructure Investment and Jobs Act (IIJA) funds and elevated state transportation budgets — headlined by a proposed budget increase in California, Granite's largest revenue state — to drive demand.

Granite's committed and awarded projects (CAP) declined to $5.3bn in the fourth quarter of 2024, down by 5.8pc from the prior quarter and off by 4.5pc from the same quarter the prior year. Larkin said he expects CAP to rebound in the first quarter of 2025 as formal awards are made for several projects.

Regarding the 2025 outlook, Larkin said the company anticipates an increase in the high single digits for aggregate prices and low single digits for asphalt demand.

Materials revenue in the fourth quarter of 2024 rose by 11.4pc to $156mn from the same quarter a year earlier. Full-year materials revenue rose by 14.6pc to $592mn from the year prior on acquisitions, and higher asphalt and aggregate prices, according to Granite's earnings release.

Granite reported a profit of $140mn on revenue of $4bn in 2024, compared with a profit of $29.6mn on revenue of $3.5bn the year prior.

By Joseph Crosby

US tariffs would cut midcon refinery runs: PBF

US president Donald Trump's impending tariffs on Canadian crude would cause US midcontinent refineries to cut throughputs, even if they find alternative crudes, US independent refiner PBF Energy said today.

The tariffs would cause a sizable disruption and "have some impact on throughput," chief executive Matthew Lucey

NEWS

said on an earnings call.

Switching to alternative crudes would lead to lower yields of gasoline, diesel and other fuels because refineries are optimized around a certain type of crude, he said.

Lucey described the US-Canada tariff situation as a "standoff" because US refiners need Canadian crude to maintain throughput while Canada needs the US market to avoid production cuts.

“If they don't sell it to the US, it's going to stay in the ground,” he said.

PBF operates a 173,000 b/d refinery in Toledo, Ohio, which runs a significant slate of synthetic crude out of Canada.

The US will impose a 10pc tariff on energy from Canada and a 25pc tariff on all imports from Mexico starting on 4 March, after Trump delayed the tariff by a month.

US refiners' runs of Canadian crude averaged about 4mn b/d over the past year, or about 22pc of total US throughputs, according to US investment bank Tudor Pickering. Most of that crude feeds large midcontinent facilities. The region as a whole consumes about 70pc of US crude imports from Canada, with the balance going to the US Gulf coast.

US refiners who rely on Canadian crude imports are seeking alternative sources. US refiner Marathon Petroleum said last week it could run some domestic crudes in its midcontinent refineries, including crude from the Bakken shale in North Dakota and Montana, to replace Canadian imports.
By Eunice Bridges

US crude tariffs make margins unpredictable: BP

US president Donald Trump's impending tariffs on Canada make it difficult to predict refinery profit margins in the US midcontinent, oil producer and processor BP said today.

It is a dynamic scenario and “very difficult to predict what will happen to margins on the northern tier,” BP chief executive Murray Auchincloss said Tuesday on the company's fourth-quarter earnings call.

BP's 435,000 b/d Whiting refinery in Indiana processes Canadian crude and is the largest refinery in the US midcontinent.

Responding to a question about the Whiting refinery, BP said it has “the ability to flow south to north” in the US if needed, signaling that it could source crude from locations south of the refinery.

The situation is "not straightforward" because so many flows would be impacted if tariffs on Canada and Mexico are implemented, BP said.

The US will impose a 10pc tariff on energy from Canada and a 25pc tariff on all imports from Mexico starting on 4 March, after Trump delayed the tariffs by a month.

Many US refiners depend on Canadian crude and may not easily find alternative heavy sour crude supplies.

US refiners have run about 4mn b/d of Canadian crude over the past year, or about 22pc of total US throughputs, according to US investment bank Tudor Pickering. Most of that crude feeds large midcontinent facilities such as Whiting, and the region as a whole consumes about 70pc of US crude imports from Canada, with the balance going to the US Gulf coast.

Other US refiners who rely on Canadian crude imports are also seeking alternative sources. US refiner Marathon Petroleum said last week it could run some domestic crudes in its midcontinent refineries, including crude from the Bakken shale in North Dakota and Montana, to replace Canadian imports.
By Eunice Bridges

Trump announces plan for 'reciprocal' tariffs

President Donald Trump said today he would impose "reciprocal tariffs" on imports from an undisclosed number of countries sometime in the future, a move that could affect imports of ethanol and likely many other energy commodities.

The idea behind the next major wave of tariffs Trump plans to unveil is to raise the US import tariffs to the same level foreign countries charge on exports from the US.

A fact sheet circulated by the White House singled out Brazil's tariffs on US-sourced ethanol and EU's higher tariffs on imported cars as examples of the allegedly discriminatory treatment that Trump would attempt to address.

"They charge us a tax or tariff, and we charge them the exact same tax, very simple," Trump told reporters at the White House.

As with his first tariffs against Canada and Mexico — paused until 4 March — and against China, which went into effect on 4 February, there is a great deal of regulatory uncertainty on how or when the tariffs will be implemented.

"Nobody knows what that number is, unless you go by the individual country, and you can see what it is," Trump said.

So far, the pending actions do not yet appear to be as severe or hastily implemented as Trump's recent comments led many to believe. His directive does not set a specific dead-

NEWS

line for when the reciprocal tariffs will be imposed. It merely directs US government agencies to review if US exporters face higher taxes and other trade barriers compared with their foreign competitors, and to propose countermeasures.

The review preceding the potential imposition of 'reciprocal tariffs' will be complete by 1 April, Trump's commerce secretary nominee, Howard Lutnick, said. "We'll be ready to go on 1 April and and we'll hand it to the president, and he'll make a decision," Lutnick said.

The intent of the directive is to force foreign countries to lower their tariffs against the US. But that outcome is not guaranteed. Trump's 10pc tariff on imports from China, and Beijing's more limited counter-tariffs, went into effect this month despite his claim that he would quickly negotiate with Beijing to avert a trade war.

In what is becoming a norm with the tariff announcements, Trump is alternatively downplaying inflationary effects of such tariffs, or casting any negative effects as justified.

The tariffs are going to result in "tremendous amounts of jobs, and ultimately prices will stay the same, or go down, but we're going to have a very dynamic country," Trump said.

Prompted by the reporters to say if voters would hold him responsible for any resulting spike in inflation, Trump said, "prices could go up somewhat short-term, but prices will also go down."

The White House, at least, no longer rejects descriptions of tariffs as a tax, even though it continues to insist that only foreign exporters — not US consumers — will be paying it.

Trump has imposed a 25pc tariff on imported steel and aluminum that will become effective on 12 March.

The 1 April date referenced in today's announcement is also a deadline set in an earlier Trump executive order for all US government agencies to investigate the causes of "our country's large and persistent annual trade deficits in goods". That review is the first step in planned imposition of tariffs on national security and other grounds against imports from the EU, UK, India, Vietnam and other major economies.

The large deficit the US runs in trade in goods with India will be a subject of Trump's meeting later today with Indian prime minister Narendra Modi. The US expects India to step up purchases of crude and other energy commodities to better balance bilateral trade.

Trump likewise told Japan's prime minister Shigeru Ishiba last week that Tokyo should ensure that Japanese energy companies source more US oil, LNG and ethanol to "get rid of" the US' trade deficit with Japan.
By Haik Gugarats

US must immediately end funding pause: Court

A federal judge has ordered President Donald Trump's administration to "immediately" comply with a court order lifting a funding "pause" that has threatened spending on clean energy, transportation infrastructure, air pollution abatement and emergency response.

US district court judge John McConnell, in an order issued today, said the administration's decision to continue halting funding violated the "plain text" of a temporary restraining order he issued on 31 January. McConnell ordered the administration to immediately restore frozen funds and take "every step" to comply with his order, including restoring withheld funding issued under the Inflation Reduction Act (IRA) and the 2021 infrastructure law.

The White House did not immediately respond to a request for comment. California and other states that were challenging the pause said the order meant the administration will have to release funding for clean energy projects, medical research, transportation infrastructure and other projects that were caught up in the funding freeze.

"The court’s decision today is unequivocal: The Trump administration must fully comply with the court’s order and immediately restore all federal funding while our litigation continues," California attorney general Rob Bonta said.

The White House Office of Management and Budget issued a blanket pause on disbursing up to $3 trillion in funding through a memo issued two weeks ago, creating confusion over what spending was authorized and cutting off billions of dollars in funding to states, nonprofits and contractors. The administration then withdrew the memo — in response to court rulings — but said the "federal funding freeze" would remain in place, partly because Trump signed other executive orders that also attempted to halt spending.

California, New York and other states said they were unable to access funds a full week after McConnell's 31 January order, blocking funds for clean water infrastructure, solar projects, abandoned oil well cleanup and emergency response. The freeze was causing "irreparable harm" and creating a risk they would have to cancel or modify contracts with state vendors, the states said in a legal filing on 7 February.

In the court order today, McConnell rejected the administration's argument it was able to continue halting funding to

NEWS

"root out fraud". The administration can only suspend funding with the court's permission after providing a specific reason, and the restraining order will remain in effect until the state litigation has been resolved.

Top officials in the Trump administration have started to question the legitimacy of rulings by federal courts. US vice president JD Vance, in a post on social media site X on Sunday, said judges "aren't allowed" to control the executive branch's "legitimate power". Another federal judge, in a ruling on 8 February, limited the ability of some staff to access a key US Treasury Department payment system.

By Chris Knight

Republicans start work on tax, energy package

Republicans in the US Congress are starting debate on filibuster-proof budget plans that could allow them to expand oil and gas leasing, eliminate clean energy spending, reduce taxes and carry out other parts of President Donald Trump's agenda.

The budget plans, released over the last week, will serve as a blueprint for further negotiations over what could be Trump's main legislative achievement in his second term. But Republicans remain starkly divided on how to navigate the budget reconciliation process, with The Senate planning to break their budget into two bills, while the House wants a single budget bill.

The Senate today started committee markup of its version of the bill, which would focus on border security, immigration, requiring additional offshore oil and gas lease sales and other energy policy changes. Senate Budget Committee chairman Lindsey Graham (R-South Carolina) said his bill would "make America strong and more energy independent" and pay for itself, offsetting an estimated $85bn cost with cuts to spending.

The bill would also repeal a $900/t fee on excess methane leaks created by the Inflation Reduction Act that took effect last year, but that oil and gas producers do not have to pay until 31 August. Oil industry officials have prioritized repealing the fee, but Democrats have pushed to retain it to encourage operators to install pollution controls.

"This is basic clean-up your own mess principles," senator Sheldon Whitehouse (D-Rhode Island) said. "There are better ways to do whatever you want to do in this reconciliation than letting it be free for these companies to leak."

The House Budget Committee will start markup tomorrow on a broader budget resolution that Republicans say would align with Trump's request for "one big, beautiful bill." The bill would likely include similar energy and immigration provisions, along with other Trump campaign promises such as the extension of $4 trillion in expiring tax cuts, further tax reductions and cuts to domestic spending. The House and Senate bills are both expected to repeal some of the Inflation Reduction Act, but lawmakers have yet to identify which tax credits and grants for clean energy they would target.

The markup of the two budget resolutions come as Tesla chief executive Elon Musk leads a cost-cutting initiative in the Trump administration. Musk has sought to overhaul the government by unilaterally freezing spending, shuttering agencies and encouraging workers to resign, based partly on unsubstantiated reports of widespread "fraud".

"If we don't do something about this deficit, the country's going bankrupt," Musk said on Tuesday during a meeting with Trump in the White House.

But spending on salaries for federal workers, foreign aid and other programs that Musk has targeted only represent a tiny fraction of government spending. Budget experts say the existing budget plan from House Republicans, which includes expanded tax cuts and smaller spending cuts, would likely add more than $4 trillion to the deficit over the next decade.

"This reconciliation plan would damage the fiscal health of the country and present risks we should not be willing to take," Committee for a Responsible Federal Budget president Maya MacGuineas said.

By Chris Knight

Lack of tariff details worry US energy markets

Uncertainty over potential tariffs on US imports from Canada and Mexico is already roiling North American energy trade, as trading desks struggle to understand how tariffs would be assessed and some buyers are unwilling to commit to taking March cargoes without more details.

US president Donald Trump's planned 10pc tariff on energy commodity imports from Canada and a 25pc import tax on Mexican energy was originally set for 4 February but he postponed implementation until 4 March. The three governments are negotiating to avert a full-blown trade war, and many market participants are hoping that Trump would again delay their implementation after winning some concessions, as he did earlier this month.

But even without tariffs in place, vast segments of the

NEWS

energy industry — oil and gas producers, refiners, pipeline operators, traders — are bracing for them.

Energy trade across North America has been tariff-free for decades. Trump during his first term terminated the 1994 North America Free Trade Agreement, but replaced it with the US-Mexico-Canada trade agreement in 2020 that kept the energy trade terms unchanged.

The sudden imposition of tariffs after decades of free trade could create legal uncertainty in contractual obligations related to the payment of tariffs and reporting requirements, law firm Vinson & Elkins partner Jason Fleischer told *Argus*. "It's been a long time since oil and gas pipelines have really had to deal with anything quite like this."

At least one large Canadian refiner attempted to pass along the tariff to gasoline cargo buyers in the US ahead of the original 4 February start date, leading a few buyers to threaten to pull out of their contracts, market sources told *Argus*.

Complicating the matter is the approach taken by the Trump administration to impose import taxes differs greatly from current trade terms. The regular US customs duties on crude, for example, are currently set in volumetric terms, at 5.25¢/bl and 10.5¢/bl depending on crude quality. In practice, nearly every source of US crude imports is exempt from tariffs at present.

But the import tax set out in Trump's executive orders is to be imposed on the value of the commodity — without specifying how that will be calculated and at what specific point during the transportation process. Likewise, guidance on the new tariffs from the US Customs and Border Patrol (CBP), given just before the original 4 February deadline, did not address the specific issues relating to the energy commodities.

CBP and the Treasury Department will have to issue regulations spelling out specific details on how tariffs are to be assessed and collected, Vinson & Elkins partner Jeff Jakubiak said.

"The advice we're giving to companies is to collect information and get ready to provide it to the government at some point in the future," Jakubiak said. If tariffs go into effect, "there is likely to be a combination of reporting obligations by the transporter as well as the owner of the commodity. And in both cases, my advice is, figure out how you can accurately count and assign volumes that are moving across the border and figure out how you would price those."

Market effects also uncertain

The uncertainty over the timing and details of implementation of tariffs have left the affected market participants having to guess who will carry the burden of new taxes.

The discount for Western Canadian Select (WCS) crude at Hardisty, Alberta, to the CMA Nymex WTI contract widened on the eve of the initial 4 February deadline of tariffs, suggesting that market participants expected Canadian producers to bear the brunt of tariffs.

But over time, that burden likely will shift depending on individual market power of buyers and sellers. This could hit refiners in the US midcontinent that currently rely on WCS and have few alternatives to taking Canadian crude. They could, in turn, pass on the additional costs to consumers at the pump.

US independent refiner PBF Energy said this week that tariffs would likely cut US midcon refinery runs, even if those refiners could find alternatives to Canadian crudes.

Most Mexico-sourced crude markets are seaborne, giving producers in that country an alternative to US markets. "For this scenario, we anticipate [US Gulf coast] refiners will reduce consumption to the lower limit of their contractual obligations but will continue to purchase Mexican crude and pay the tariff via reduced refining margins," investment bank Macquarie said in a recent note to clients.

Canadian producers also expressed concern about the uncertain impact of tariffs on crude volumes trans-shipped through the US, either for exports to third country destinations from Gulf coast ports or transported on US pipelines to destinations in eastern Canada. Without guidance from the US customs authorities, it is not clear if such flows would be subject to new US tariffs.

Integrated oil sands producer Suncor's refineries on the Canadian east coast rely on crude flows from Enbridge's 540,000 b/d Line 5 or 500,000 b/d Line 78 that cross into the US in Michigan before crossing back into Canada.

"I would say that I don't know that anyone on the planet knows exactly what's going to happen on tariffs," chief executive Rich Kruger said.

By Haik Gugarats

ExxonMobil Joliet refinery reports issue

ExxonMobil is working to resolve an operational issue at its 252,000 b/d Joliet refinery in Channahon, Illinois, the company said today.

NEWS

It added that it expects to meet customer commitments.

The Joliet refinery is about 40 miles southwest of Chicago, Illinois.

By Eunice Bridges

Mexico aims to boost Pemex refining capacity

Mexico's state-owned Pemex plans to fully utilize refining capacity at the 340,000 b/d Olmeca refinery and increase crude throughput at the 312,500 b/d Deer Park, Texas, refinery by year-end, while also bringing the Tula coking unit fully on line, the company said.

A second coking plant at the 330,000 b/d Salina Cruz refinery, aimed at reducing Pemex's output of less-desirable fuel oil and increase its yields of gasoline and diesel, will be completed in 2026, Pemex chief executive said. Both cokers have faced multiple delays over the past years, extending the company's struggles to increase gasoline and diesel output.

The two coking plants will cost Pemex Ps52bn ($2.53bn) in total, added Rodriguez. To refurbish Mexico's six domestic refineries, a project that started in 2018 during the previous Andres Manuel Lopez Obrador administration, the company will spend a total of Ps105bn from 2025-2030. Lopez Obrador's administration increased refinery maintenance investment by 68pc to a yearly average of Ps12.4bn from 2019-2024, up from Ps7.4bn on average each year from 2013-2018, according to Pemex data.

The Olmeca refinery was symbolically inaugurated in July 2022 but has faced multiple delays and cost overruns since then. The country's government has spent more than twice the initial $8bn budget committed for Olmeca's construction. Its crude distillation unit has faced interruptions since the start of the testing phase, and Pemex is still working on the electricity and natural gas infrastructure for the refinery, according to market sources.

Olmeca processed 43,180 b/d of crude in December 2024, 58,500 b/d in November, zero crude in October, 18,100 b/d in September and 84,100 b/d in August, according to Pemex data.

More recently, the high salt content in the crude sent to Olmeca threatened to corrode the refinery's infrastructure, said president Claudia Sheinbaum, emphasizing that these issues are not unique to Pemex and will be resolved within the next two weeks. Olmeca's two refining trains will be fully operational by the end of February, she added.

By Cas Biekmann

Pemex admits crude quality issues

Mexico's state-owned Pemex acknowledged issues with salt and water levels in its crude but denied that international buyers have rejected shipments because of these concerns.

During a press conference on 12 February with President Claudia Sheinbaum, Pemex chief executive Victor Rodriguez said despite the quality concerns, Pemex has not faced cargo rejections.

"Lately, there have been some complaints about salt and water content," Rodriguez said. "This started in late December, but we are already controlling it. The levels have dropped significantly and are now close to specifications."

The high salt and water content in some Pemex crude is likely linked to the company's delayed payments to most of its suppliers, multiple market sources told *Argus*. Feeding a refinery with off-spec crude can damage equipment, as salt and water can turn into hydrochloric acid, one source familiar with the matter explained.

Pemex crude has exceeded standard salt and water levels multiple times, relying on chemical treatments primarily from international company Honeywell UOP and Mexico's Quimica Apollo, the source said. Honeywell UOP and Quimica Apollo did not immediately respond to requests for comment.

Another possible cause is a malfunction in the desalination process at Pemex's Dos Bocas crude terminal in Tabasco state, attached to the 340,000 b/d Olmeca refinery, the same source said.

Sheinbaum also acknowledged problems at the Olmeca refinery.

"Some production platforms, particularly those supplying the Olmeca refinery, had this issue," Sheinbaum said today. "Yesterday, Pemex showed me the data, and they are set to resolve it within 10 days."

While the Olmeca refinery may be affected, it has mostly processed distillate feedstock from other refineries rather than crude. Still, high salt and water levels in Pemex's crude could also be damaging equipment at other refineries.

By Édgar Sígler

Mexico inflation slows to 4-year low in January

Mexico's consumer price index (CPI) eased to an annual 3.59pc January, the lowest in four years, as deceleration in agriculture prices offset faster inflation in energy and consumer goods prices.

NEWS

This marks the lowest annual inflation since January 2021 and a significant slowdown from July's annual peak of 5.57pc, which was driven by weather-impacted food prices.

The result, reported by statistics agency Inegi on 7 January, was slightly below than the 3.63pc median estimate from 35 analysts polled in Citi Research's 5 February survey.

It compares with the 4.21pc headline inflation in December, marking five months of declines in the past six months.

Mexican core inflation, which excluded volatile energy and food, sped slightly to 3.66pc in January from 3.65pc in December, while non-core inflation decelerated to 3.34pc from 5.95pc the previous month.

Movement, in the non-core, said Banorte, was mostly explained by a positive basis of comparison, and “will reverse as soon as the second half of February to push the headline metric above 4pc,” said Banorte.

Core inflation accelerated slightly to 3.66pc in January from 3.65pc in December, marking the second uptick after 22 consecutive months of deceleration. Services inflation slowed to 4.69pc from 4.94pc, while consumer goods inflation ticked up to 2.74 from 2.4pc.

Non-core inflation slowed sharply to 3.34pc from 6.57pc in December. This was largely due to base effects, Banorte said, adding these base effects are likely to fade this month to speed headline annual inflation back above 4pc.

The base effects most clearly impacted fruit and vegetable price inflation, contracting 7.73pc in January from 6.65pc annual inflation the previous month.

Moving forward, agriculture prices are highly exposed to the coming hot, dry season in Mexico, with the La Nina climate phenomenon, adding a layer of uncertainty.

Meanwhile, energy inflation accelerated to 6.34pc in January from 5.73pc the previous month, driven by higher LPG prices.

Electricity inflation, meanwhile, sped to 4.32pc in January from 2.65pc in December, while inflation slowed to 0.02pc in January for domestic natural gas prices from 5.67pc in December.

Monetary policy

The January inflation report followed the central bank’s decision Thursday to reduce its target interest rate to 9.50pc from 10pc. This was the bank’s sixth rate cut since March 2024, winding down from 11.25pc.

The 4-1 decision marked an acceleration in the current rate cycle, opting for a half-point reduction rather than the previous five 25-basis-point cuts.

In board comments with the announcement, the bank cited “significant progress in resolving the inflationary episode derived from the global shocks” in 2021 and 2022. These triggered rate hikes from 4pc in June 2021 to 11.25pc in April 2022, the target rate’s historic high.

Taking into account the “country’s weak economic activity” and this progress in reducing inflation, the board said it would “consider adjusting [the target] by similar magnitudes” at upcoming meetings.

By James Young

US inflation quickens to 3pc in January

US consumer inflation accelerated in January to the fastest pace in half a year, supporting the Federal Reserve’s recent decision to pause in its course of rate cuts.

The consumer price index (CPI) rose by 3pc in January from a year before, accelerating from 2.9pc in December, the Bureau of Labor Statistics reported today. That marked a fourth month of annual gains from a low of 2.4pc in September.

Core inflation, which strips out volatile food and energy, rose by an annual 3.3pc in January from 3.2pc in December.

The acceleration in inflation reinforces the Fed’s decision last month to hold its target rate steady after three prior rate cuts. The Fed has said it does "not need to be in a hurry" to change its stance while it weighs the impacts of President Donald Trump’s tariff policies and other "incoming information". Trump won the November election partly on a pledge to bring down inflation.

The energy index rose by 1pc in January following a 0.5pc contraction through December. Gasoline fell by 0.2pc in January after a 3.5pc contraction through December. Piped gas rose by 4.9pc for a second month.

Food rose by an annual 2.5pc, matching the prior month’s annual gain. Eggs surged by an annual 53pc, as avian flu has slashed supply.

Shelter rose by 4.4pc, accounting for 30pc of the overall monthly gain in CPI, slowing from 4.6pc in December.

Services less energy services rose by 4.3pc in January following a 4.4pc gain

New vehicles fell by 0.3pc after a 0.4pc contraction.

Transportation services rose by an annual 8pc in January after a 7.3pc gain in December. Car insurance was up by an

NEWS

annual 11.8pc and airline fares were up by 7.1pc.

CPI accelerated to 0.5pc in January from the prior month, the most since August 2023. That followed a monthly gain of 0.4pc in December, 0.3pc in November and three prior months of 0.2pc gains.

By Bob Willis

Output policy trumps Trump

A key meeting of Opec+ ministers last week effectively backed the alliance's current output policy, which would not see any production returned to market until April. Opec+ has not, for now at least, heeded US president Donald Trump's call for the producer group to "bring down the cost of oil", something it could potentially do by raising output.

As things stand, Opec+ members are due to start unwinding 2.2mn b/d of voluntary crude production cuts from April, and it intends to do this over an 18-month period rather than a previously scheduled 12 months. When the group took that decision in December, the Opec secretariat said this was "to support market stability" — an implicit nod to the uncertain demand picture and projections of a looming supply surplus in 2025.

There appears to be little chance of this being expedited by Trump's call, which he made within days of taking office in January. The producer group's Joint Ministerial Monitoring Committee (JMMC) gave no indication that the alliance intends to change its output policy.

But if anything, Trump's call could marginally increase the chances that the alliance finally pushes ahead with its plan to increase output in April — something it has delayed three times. This would have to fit with global supply and demand realities and the interests of the producer group. Opec+ continues to insist that it will only go ahead with the plan if market conditions allow.

It is still far from clear whether there will be sufficient room in the market for added Opec+ output this year. One key uncertainty relates to Trump himself and the impact his tariff policies will have on the global economy. For now, the demand picture remains uncertain. Trump's threat to tighten sanctions on Iran and Russia could have a more direct impact on supply, but his plans remain vague. Opec+ delegates continue to monitor market conditions. A decision on whether to proceed with planned increases from April is due in early March.

"We do not believe that Opec has the ability to bring back any barrels to the market through the whole of this year," data analytics firm Kpler head analyst Matt Smith said at the *Argus* Americas Crude Summit in Texas this week. "Anything that Saudi Arabia wants to bring back is only going to increase that surplus above what we saw in 2020, and we all know what happened to prices back then." He is not the only one who doubts there is sufficient room in the market for more Opec+ output. Energy watchdog the IEA continues to project a sizeable supply surplus this year, even in the absence of additional Opec+ production.

Output reduction

Opec+ members subject to targets reduced their collective crude output by 20,000 b/d to 33.51mn b/d in January, *Argus* estimates. This fall means Opec+ has slashed its production by 4.01mn b/d since October 2022, when it announced the first of its current round of cuts. Compliance has improved in recent months, with output 340,000 b/d below the collective target of 33.85mn b/d in January.

There is still room for improvement. Iraq has slipped back into the red, exceeding its target by 20,000 b/d last month. Gabon was 80,000 b/d above its target. Kazakhstan's compliance has picked up recently, but the start of a new production phase at the Tengiz oil field has raised questions over its willingness to stick to its quota this year. But the group is keeping the pressure on. The statement following the JMMC meeting once again put a large emphasis on the importance of member conformity with production targets. It stressed the need for members that have exceeded their targets to fully deliver on their pledges to compensate for past overproduction. These must be delivered by the end of September.

By Aydin Calik and Nader Itayim

WTI crude prices to stay near $70/bl in 2025: EIA

The US' light sweet crude benchmark will be slightly above $70/bl across 2025 before falling by more than $8/bl in 2026, the Energy Information Administration (EIA) said this week.

WTI at Cushing, Oklahoma, is expected to average $70.62/bl in 2025, the agency said this week in its latest *Short-Term Energy Outlook* (STEO), higher by 31¢/bl from its January forecast.

This was EIA's second-consecutive increase for WTI prices in 2025, but the latest projection remains well below the $80/bl forecasts made as recent as August 2024.

The forecast for WTI in 2026 was unchanged from the prior

NEWS

forecast at $62.46/bl.

EIA similarly adjusted its 2025 Brent crude price forecast higher to $74.50/bl while keeping its 2026 figure steady at $66.46/bl.

Supply growth outside of Opec+ and the unwinding of the cartel's production cuts will contribute to growing global production of 1.9mn b/d in 2025 and 1.6mn b/d in 2026, the EIA said.

Weighing on prices is an increasing supply of global oil and liquid fuels, which the EIA now projects will average 104.56mn b/d in 2025, higher by about 200,000 b/d from the previous month's estimate. Output will then rise to 106.16mn b/d in 2026.

Of this, the US will contribute 13.59mn b/d of oil and lease condensate in 2025, up by 40,000 b/d the prior forecast, EIA said. Output is then expected to reach a record 13.73mn b/d across 2026.

Global consumption is forecast to reach 104.14mn b/d in 2025, higher by 40,000 b/d compared with January's outlook. Demand is to grow by 1.04mn b/d to 105.18mn b/d in 2026.

The US will demand about 20.55mn b/d in crude in 2025, before rising by 30,000 b/d in 2026, according to the EIA.

The EIA meanwhile lifted its outlook for benchmark natural gas prices in the US which would have a bearing on both coal generation and propane production.

By Brett Holmes

Upper Mississippi River ice tops 5-year average

Ice measurements taken Wednesday to gauge when barges can transit the upper Mississippi River exceeded the five-year average, according to the US Army Corps of Engineers (Corps).

The annual Lake Pepin ice reports — taken by the Corps in February and March at Lake Pepin south of Minneapolis — are a bellwether for when barge transit can resume on the upper Mississippi River.

This year's first report found ice at the lake was 19in thick on 12 February, 8in thicker than last year's measurement and 3in above the five-year average.

The Corps' initial report last year found only 11in of ice at the lake, thin enough for waterborne traffic to break through. Subsequent reports were cancelled after the Corps said it would be too hazardous for crews and equipment to take additional measurements.

Locks along the upper Mississippi River are anticipated to remain closed through 3 March, the Rock Island Corps district in Illinois said on 5 February.

By Meghan Yoyotte

ACBL sets release dates for Illinois River lock

Major barge carrier American Commercial Barge Line (ACBL) has issued its earliest release dates for Illinois River barges planning to transit the Lockport Lock, which closed for maintenance last month.

Release dates will be from 23 February through 19 March for barges expecting to pass through the Lockport Lock over the spring season, ACBL said Wednesday.

The US Army Corps of Engineers (Corps) expects to reopen the Lockport Lock on 25 March, the Corps said when it announced the closure. The Corps closed the lock on 28 January to install new vertical lift gates and make repairs. The closure has cut off major trade hubs such as Chicago, Illinois, and Burns Harbor, Indiana, from Illinois River barge transportation.

Lock 27 and the Mel Price Lock above St Louis will remain partially closed through 1 April, as they are also undergoing maintenance by the Corps, ACBL said.

The barge line acknowledged higher demurrage rates were likely for those who loaded barges prior to the released dates. Initial transit on the Illinois River is also anticipated to have a significant backlog in the spring months.

By Meghan Yoyotte

Fog halts ship traffic on Texas-Louisiana border

Pilot service for ships using the Sabine-Neches Waterway on the Texas-Louisiana border was suspended early Wednesday due to dense fog, a ship agent said.

The Sabine Pilots, who service vessels entering or departing the Sabine-Neches Waterway, suspended vessel traffic at 5:30am ET Wednesday, the eighth consecutive day with a fog disruption at the waterway.

Pilots there have suspended boardings in the overnight hours every day since 8 February before resuming service the following day.

Weather forecasts indicate a high chance of fog in the area through Wednesday night, with potential fog again on Saturday.

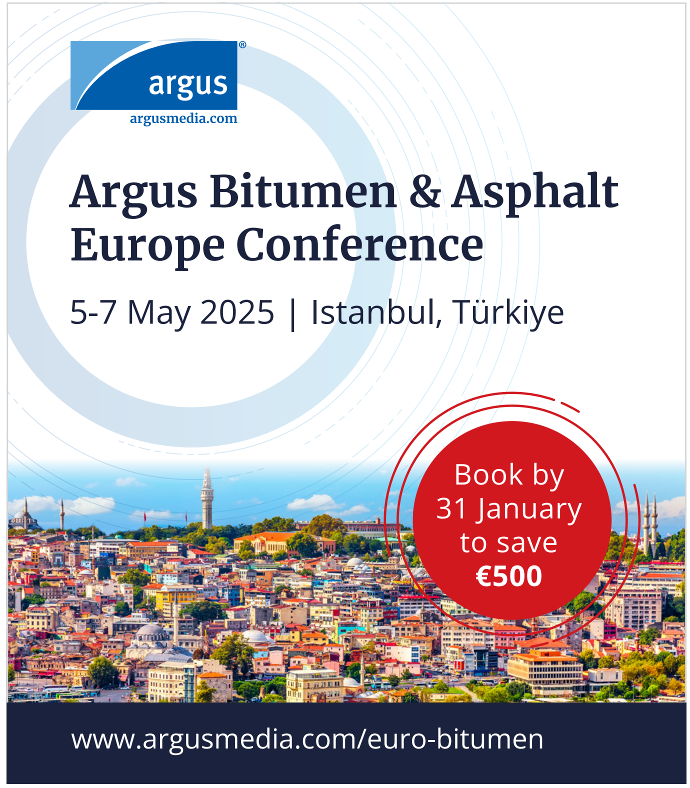
The Sabine-Neches Waterway offers access to terminals and refineries in Port Arthur and Beaumont, Texas, as well as Cheniere's Sabine Pass liquefied natural gas terminal in

NEWS

Louisiana.

The October-March period that brings cooler weather to the US Gulf coast also brings periods of dense fog that can disrupt area ports, as warmer humid air collides with colder onshore air masses. Port closures can persist for several days, leading to delays and vessel congestion.

By Tray Swanson



Argus *Americas Asphalt* is published by Argus Media group

Registered office
Lacon House, 84 Theobald's Road, London, WC1X 8NL
Tel: +44 20 7780 4200

ISSN: **2057-6757**

Editor Sarah Tucker
Tel: +1 346 339 5496
asphalt@argusmedia.com

Customer support and sales:
support@argusmedia.com
sales@argusmedia.com

London, Tel: +44 20 7780 4200
Houston, Tel: +1 713 968 0000
Singapore, Tel: +65 6496 9966

INVESTORS IN PEOPLE