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Argus Base Oils

Base oil market prices, news and analysis

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PRICES AT A GLANCE

Asia-Pacific				$/t
	Low	Mid	High	±
Group I				
SN 150 ex-tank Singapore	860	880.00	900	-10.00
SN 500 ex-tank Singapore	1,180	1,200.00	1,220	-80.00
Bright stock ex-tank Singapore	1,650	1,670.00	1,690	-30.00
SN 150 fob Asia	720	740.00	760	-20.00
SN 500 fob Asia	1,030	1,050.00	1,070	-100.00
Bright stock fob Asia	1,480	1,500.00	1,520	-50.00
Group II				
N150 ex-tank Singapore	870	890.00	910	-10.00
N500 ex-tank Singapore	1,370	1,390.00	1,410	-20.00
N150 fob Asia	720	740.00	760	-20.00
N500 fob Asia	1,160	1,180.00	1,200	-40.00

Northeast Asia				$/t
	Low	Mid	High	±
Group I				
SN 150 cfr	680	700.00	720	-10.00
SN 500 cfr	930	950.00	970	-20.00
Bright stock cfr	1,610	1,630.00	1,650	-20.00
Group II				
N150 cfr	750	770.00	790	-20.00
N500 cfr	1,150	1,170.00	1,190	-50.00

India and UAE				$/t
	Low	Mid	High	±
Group I				
SN 150 (LVI) cfr India	795	815.00	835	nc
SN 500 (LVI) cfr India	1,000	1,020.00	1,040	nc
Bright stock cfr India	1,600	1,620.00	1,640	-50.00
SN 150 (LVI) cfr UAE	895	915.00	935	nc
SN 500 (LVI) cfr UAE	970	990.00	1,010	nc
Group II				
N70 cfr India	730	750.00	770	nc
N150 cfr India	790	810.00	830	nc
N500 cfr India	1,280	1,300.00	1,320	-10.00
Group III				
4cst ex-tank UAE	1,320	1,340.00	1,360	nc

Russia and FSU				$/t
	Low	Mid	High	±
Group I				
SN 150 fob Baltic Sea	870	890.00	910	-30.00
SN 500 fob Baltic Sea	1,090	1,110.00	1,130	-30.00
SN 150 fob Black Sea	850	870.00	890	-30.00
SN 500 fob Black Sea	1,070	1,090.00	1,110	-30.00

Europe		€/t					$/t
	Low	Mid	High	±	Low	Mid	High	±
Group I								
SN 150 fob domestic NWE					1,145	1,167.50	1,190	-10.00
SN 500 fob domestic NWE					1,520	1,540.00	1,560	-5.00
Bright stock fob domestic NWE					1,980	2,000.00	2,020	-5.00
SN 150 fob European export					950	970.00	990	-50.00
SN 500 fob European export					1,280	1,300.00	1,320	-60.00
Bright stock fob European export					1,715	1,735.00	1,755	-40.00
Group II								
N100 fca ARA	1,265	1,282.50	1,300	-5.00	1,488	1,508.50	1,529	+4.00
N150 fca ARA	1,260	1,277.50	1,295	-5.00	1,482	1,502.50	1,523	+4.00
N220 fca ARA	1,360	1,380.00	1,400	nc	1,599	1,622.50	1,646	+10.00
N600 fca ARA	1,570	1,592.50	1,615	nc	1,846	1,872.50	1,899	+11.50
Group III								
4cst fca NWE	1,415	1,450.00	1,485	+5.00	1,664	1,705.00	1,746	+16.00
6cst fca NWE	1,510	1,542.50	1,575	+5.00	1,776	1,814.00	1,852	+17.00
8cst fca NWE	1,480	1,515.00	1,550	+5.00	1,741	1,782.00	1,823	+17.00
Group III (a)								
4cst fca NWE	1,465	1,500.00	1,535	+10.00	1,723	1,764.00	1,805	+23.00
6cst fca NWE	1,590	1,625.00	1,660	+10.00	1,870	1,911.00	1,952	+24.00
8cst fca NWE	1,520	1,555.00	1,590	+10.00	1,788	1,829.00	1,870	+23.50

** Group III (a) refers to base oils which have Volkswagen Oil Quality Standard VW 504 00/507 00 certification*

	Low	Mid	High	±	Low	Mid	High	±
Group III (b)								
4cst fca NWE	1,390	1,415.00	1,440	+5.00	1,635	1,664.50	1,694	+16.50
6cst fca NWE	1,465	1,490.00	1,515	+5.00	1,723	1,752.50	1,782	+17.00
8cst fca NWE	1,455	1,480.00	1,505	+5.00	1,711	1,740.50	1,770	+16.50

** Group III (b) refers to base oils which do not have Volkswagen Oil Quality Standard VW 504 00/507 00 certification*

US				$/t
	Low	Mid	High	±
Group I				
SN 150 fob	1,197	1,221.00	1,245	nc
SN 500 fob	1,645	1,669.00	1,693	nc
Bright stock fob	2,234	2,257.50	2,281	nc
Group II				
N100 fob	1,221	1,246.00	1,271	-37.50
N220 fob	1,534	1,558.50	1,583	nc
N600 fob	1,743	1,767.00	1,791	nc
Group III (domestic)				
4cst	2,000	2,025.50	2,051	nc
6cst	1,922	1,947.00	1,972	-31.00
8cst	1,925	1,950.00	1,975	-31.50
Naphthenic base oils				
Pale oil 60 fob	1,007	1,031.00	1,055	nc
Pale oil 100 fob	1,084	1,107.50	1,131	nc
Pale oil 500 fob	1,138	1,161.00	1,184	nc
Pale oil 2000 fob	1,161	1,184.00	1,207	nc

OVERVIEW

Global base oil prices are mixed. Prices are mostly steady in the US market because of still firm supply-demand fundamentals, while a major storm headed towards the US Gulf coast region. Prices fell in most other markets because of rising surplus supplies as sellers seek to cut their surplus.

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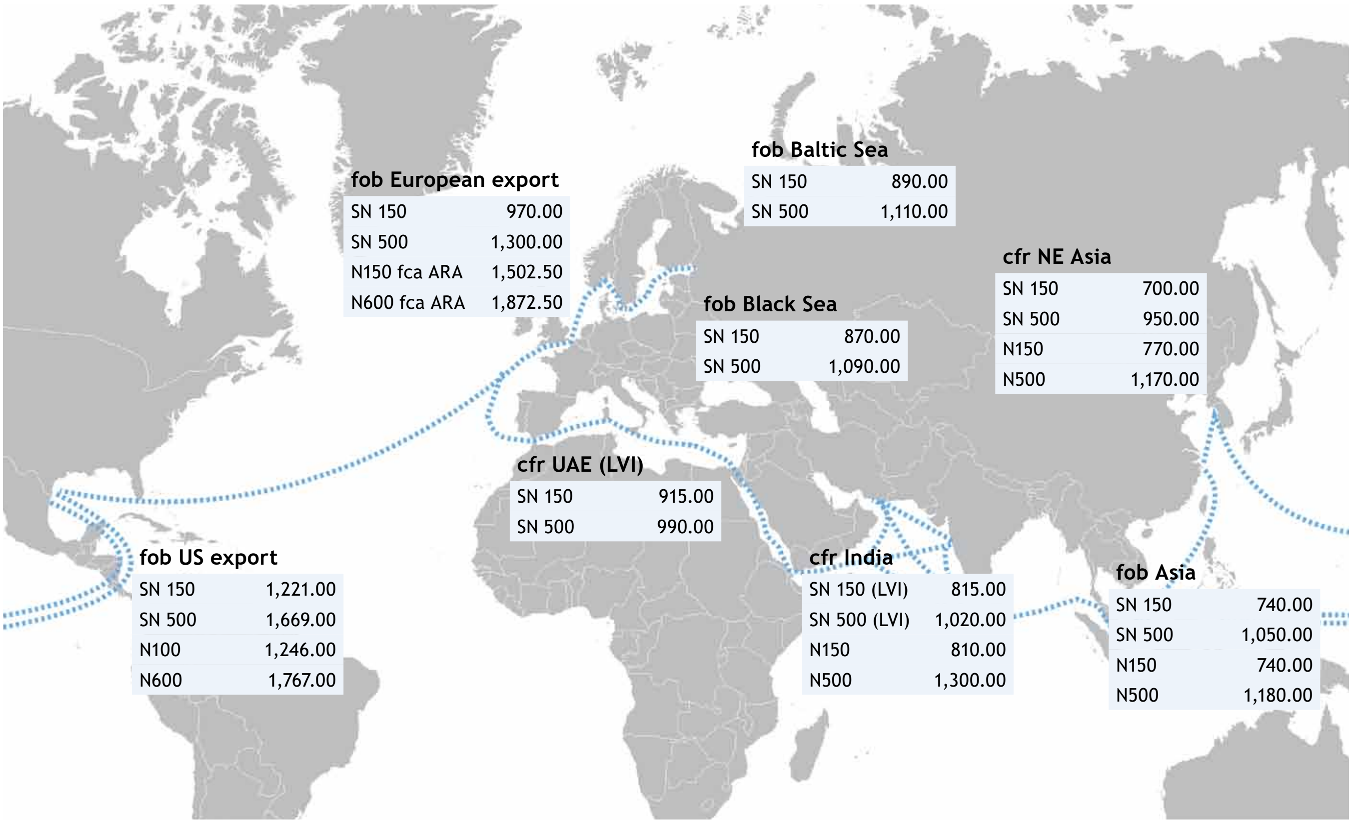
ARGUS MARKET MAP



Freight rates (US) *				$/t
Route	***1,000t***	***3,000t***	***5,000t***	***10,000t***
US Gulf coast-Rotterdam	95-100	58-62	45-48	43-45
US Gulf coast-Brazil	90-91	63-68	56-58	40-42
US Gulf coast-Far East	95-100	70-73	57	52
US Gulf coast-India	105	80	70	56

** rates for August 2021, provided by SPI Marine (www.spimarineusa.com)*

Freight rates (Asia-Pacific) *		$/t
Route	***3,000t***	***5,000t***
Singapore-WC India	51.00	48.00
Singapore-Indonesia	30.50	27.00
Singapore-Thailand	32.00	28.50
Singapore-central China	42.00	39.00
Singapore-Japan	61.00	54.50
S.Korea-WC India	64.00	58.50
S.Korea-Singapore	39.00	34.00
S.Korea-Japan	27.00	20.00
S.Korea-central China	29.00	26.00
S.Korea-Taiwan	30.00	25.00
Japan-central China	50.00	39.00
S.Korea-US Gulf coast	103.00	84.00
S.Korea-Europe	130.00	107.00
Mideast Gulf-WC India	44.50	39.50
Mideast Gulf-central China	67.50	62.50

** rates based on one port loading/one port discharge*

** rates provided at market close on 19 August by SPI Marine (www.spimarineasia.com)*

Arbitrage opportunities - Group I *				$/t
	SN 150		SN 500	
Destination minus Origin **Origin | Destination**	**This week**	**Prior week**	**This week**	**Prior week**
Fob Europe export - ex-tank Singapore	-90.00	-130.00	-100.00	-80.00
Fob Baltic - ex-tank Singapore	-10.00	-30.00	+90.00	+140.00
Fob Europe export - cfr UAE (LVI)	-55.00	-105.00	-310.00	-370.00
Fob Asia - domestic US	+426.50	+406.50	+517.50	+417.50
Fob Europe export - domestic US	+196.50	+146.50	+267.50	+207.50
Fob Black Sea - cfr India (LVI)	-55.00	-85.00	-70.00	-100.00
Fob Asia - cfr India (LVI)	+75.00	+55.00	-30.00	-130.00
Fob Baltic - domestic US	+276.50	+246.50	+457.50	+427.50
Fob Baltic - domestic NWE	+277.50	+257.50	+430.00	+405.00
Fob US export - ex-tank Singapore	-341.00	-331.00	-469.00	-389.00

Arbitrage opportunities - Group II *				$/t
	N100/N150		N500/N600	
Destination minus Origin **Origin | Destination**	**This week**	**Prior week**	**This week**	**Prior week**
Fob Asia - fca ARA	+762.50	+738.50	+692.50	+641.00
Fob Asia - domestic US	+506.00	+486.00	+479.00	+439.00
Fob Asia - cfr India	+70.00	+50.00	+120.00	+90.00
Fob US export - FCA ARA	+256.50	+215.00	+105.50	+94.00
Fob US export - cfr India	-436.00	-473.50	-467.00	-457.00
Fob US export - ex-tank Singapore	-356.00	-383.50	-377.00	-357.00

**The price-spread reflects the difference between the fob export (Origin) price and the domestic/cfr (Destination) price*

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FEEDSTOCK FUNDAMENTALS

Global base oil prices were mostly weaker relative to feedstock and competing fuel prices given an uptick in supply.

Domestic European SN 150 base oil price premiums to 30-day average Ice gasoil futures have fallen to $585/t, from $189/t this time last year. The SN 500 premium to Ice gasoil was at $958/t, versus year-earlier levels of $216/t. The SN 150 premium to four-week average vacuum gasoil (VGO) prices has fallen to $668/t.

The Group II N150 premium to Ice gasoil rose to $916/t, from $366/t this time a year ago. The Group III 4cst premium to Ice gasoil has climbed to $1,115/t. It was $500/t this time last year.

US domestic N100 base oil price premiums to 30-day average US heating oil futures have risen to $1.94/USG, versus $0.34/USG the same time last year. The N600 premium to heating oil has risen to $3.45/USG. It was $0.46/USG this time a year ago. The N100 premium to VGO has risen to $2.16/USG.

The Group III 4cst premium to heating oil has risen to $4.35/USG, versus year-earlier levels of $1.43/USG.

In Asia-Pacific, the premium of ex-tank Singapore Group I SN 150 over Ice gasoil has fallen to $298/t, from $136/t this time last year. The SN 500 premium has fallen to $618/t, from $236/t the same time a year ago. The SN 150 premium to four-week average high-sulphur fuel oil has dropped to $482/t.

The ex-tank Singapore Group II N150 premium to Ice gasoil has dropped to $310/t, from $146/t this time last year. The N500 premium has fallen to $808/t. It was $291/t this time a year ago.

Base oil prices have weakened relative to crude and diesel in most markets in recent months. Base oil values have fallen from record highs in response to easing supply tightness.

The US market remained the exception. Base oil values there have extended their gains relative to crude and diesel during the third quarter of the year. Base oil prices have received support from still-firm supply-demand fundamentals.

Concern about US supply disruptions during the Atlantic hurricane season has been one factor sustaining those firm fundamentals. The hurricane season is heading into its peak period, and a major storm is heading towards the US Gulf coast.

A year of unexpected supply disruptions in the US market began around this time last year. Some base oil production capacity in the US Gulf coast faced protracted disruptions because of storm damage caused by several hurricanes that struck the region from late August 2020.

The unexpected supply tightness was a factor that supported firmer prices in the US throughout the rest of the year.

Base oil producers and buyers have sought to build larger contingency stocks ahead of the peak hurricane season this summer. Tight supply has curbed their ability to build those stocks.

Concern about supply disruption in the US contrasted with the prospect of demand destruction in Asia-Pacific.

Shipments to China have faced increasing logistical difficulties and delays in recent weeks because of restrictions at Chinese ports in order to prevent the spread of the Covid-19 virus in the country.

Sellers in the region have sought to redirect more shipments to other markets, and this has added to downward price pressure in the region.

Taiwan has avoided this issue because of the planned shutdown of its Group II unit from the start of July for maintenance work. China is the largest outlet for supplies from the Group II unit. Its exports to China averaged more than 30,000 t/month in the first half of this year.

The shutdown has cut that export volume to less than 10,000 t/month in July and August.

The base oil unit suffered a small fire this week while it was restarting following completion of maintenance. It is still expected to resume operations in September.

Even with the delayed restart of the plant, the restrictions on shipments to China have prompted sellers and term buyers in China to seek to redirect a large volume of supplies from Taiwan to other markets.

The last time that the global base oil market faced unexpected demand destruction was in the second quarter of 2020, when many countries implemented strict nationwide lockdowns. Many refiners cut their output in response in order to curb a large supply-build.

Prices slumped in the second quarter of last year in response to the fall in demand. They then rebounded from the end of the second quarter in response to the fall in supply and a recovery in demand.

This time round, the lower base oil demand from China is coinciding with a rise in output in the region.

Unexpected supply destruction over the past year has continued to have a major impact on US market fundamentals and prices by squeezing availability. Unexpected demand destruction has the opposite effect. The Asia-Pacific market faces a greater prospect of that over the coming weeks.

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ASIA-PACIFIC

- Regional sellers target more distant markets
- Taiwan's Group II unit suffers small fire
- More Chinese supplies move to southeast Asia

Asia-Pacific base oil prices have fallen further as sellers in the region focus on clearing their surplus supplies.

The lower prices have made feasible the arbitrage to a growing number of more distant outlets. The logistical requirements to line up such shipments are complicated. Higher freight costs and difficulty with securing vessels or containers have limited such activity.

Tighter availability of vessels partly reflects the bottleneck caused by China's strict quarantine requirements for vessels moving to Chinese ports. It has implemented these requirements to prevent any further outbreak of Covid-19 in the country.

Sellers redirect cargoes

The additional freight and demurrage costs for shipments to this market have prompted sellers to target other markets instead. Some term buyers in China have also sought to redirect shipments bound for the country to other outlets instead.

Producers in the region outside China have sought to cut the size of their inventories to limit their exposure to lower prices. Blenders have similarly sought to reoffer rather than hold surplus term volumes that they are not consuming.

A steady flow of Group I cargoes from China has also continued to move to southeast Asia.

Taiwan's Group II base oil unit had been scheduled to resume operations this week. It has been off line for maintenance since early July. Issues with the subsequent rise in supplies had added to pressure on prices. A small fire broke out at the base oil plant while it was being restarted. The unit was taken off line again. The refiner has yet to specify when it will resume operations.

Any delay is expected to be short. Sellers with cargoes of Taiwanese origin have continued to offer these supplies even after the unexpected extension of the plant shutdown.

The combined moves have exacerbated the surplus supplies within the region and the competition for outlets.

There remains steady demand in some of these outlets. But the subsequent drop in prices has deterred some buyers in these markets from committing to supplies until they are comfortable that prices have bottomed out.

Thailand's Group I producers continue to offer heavy-grade supplies for loading in September. Some of the supplies have been sold. The cargoes are expected to move to more distant markets outside Asia-Pacific. Price levels are likely lower than for the producers' August-loading supplies.

Group I	Low	Mid	High	± $/t
SN 150 ex-tank Singapore	860	880.00	900	-10.00
SN 500 ex-tank Singapore	1,180	1,200.00	1,220	-80.00
Bright stock ex-tank Singapore	1,650	1,670.00	1,690	-30.00
SN 150 fob Asia	720	740.00	760	-20.00
SN 500 fob Asia	1,030	1,050.00	1,070	-100.00
Bright stock fob Asia	1,480	1,500.00	1,520	-50.00

Group II	Low	Mid	High	± $/t
N150 ex-tank Singapore	870	890.00	910	-10.00
N500 ex-tank Singapore	1,370	1,390.00	1,410	-20.00
N150 fob Asia	720	740.00	760	-20.00
N500 fob Asia	1,160	1,180.00	1,200	-40.00

Group III	Low	Mid	High	± $/t
4cst ex-tank Singapore	1,430	1,460.00	1,490	nc
6cst ex-tank Singapore	1,425	1,455.00	1,485	nc
4cst fob Asia	1,430	1,450.00	1,470	nc
6cst fob Asia	1,440	1,460.00	1,480	nc
8cst fob Asia	1,370	1,390.00	1,410	nc

Ex-tank Singapore reference prices $/t				
Group I			Group II	
SN 150	SN 600	Bright stock	N150	N500
1,110.00	1,685.00	2,020.00	1,155.00	1,540.00

Asia SN 500 forward prices	Low	High	± $/t
Sep 2021	1,040.00	1,060.00	-100.00
Oct 2021	1,040.85	1,060.85	-99.95
Nov 2021	1,038.90	1,058.90	-99.95
4Q 2021	1,038.40	1,058.40	-99.95
1Q 2022	1,032.30	1,052.30	-99.80

The price shows the implied forward-curve base oil price required to maintain its existing profit margin relative to Ice gasoil futures.
Refer to www.argusmedia.com for methodology

Asia SN 500 forward premium to gasoil	Midpoint	± $/t
Sep 2021	468.55	-95.30
Oct 2021	467.75	-95.30
Nov 2021	469.65	-95.40
4Q 2021	470.15	-95.40
1Q 2022	476.30	-95.50

The premium shows the implied forward-curve profitability of fob Asia SN 500 relative to Ice gasoil futures. Refer to www.argusmedia.com for methodology

Oil products		± $/bl
Singapore 0.05% gasoil	74.05	+5.00
Gasoil premium to Dubai crude	4.18	+0.34
SN 500 premium to gasoil	73.94	-19.09

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ASIA-PACIFIC

Bright stock supplies linger

Another producer in southeast Asia has yet to sell at least 8,000t of Group I bright stock. There is steady interest in the supplies, especially because of still high prices for bright stock in other markets like Europe and the US. China is also a regular buyer of these supplies. Spot availability in this market also remains tight and domestic prices at elevated levels.

But there remains a wide price gap between the prices that buyers are targeting and the kind of price levels that the producer will accept. No deals have been done.

More supplies of Group I heavy neutrals of Chinese origin continue to move to southeast Asia. The supplies have been offered in Singapore's ex-tank market. The prices are competitive.

The regular shipment of these supplies in recent months has given blenders the opportunity to familiarise themselves with the grade. The quality is deemed good, with the product a useful alternative to Group I heavy neutrals from other producers in southeast Asia.

Crude		$/bl
		±
Dubai crude front month	69.83	+5.15
SN 500 premium to Dubai crude	78.16	-19.24

Vessel enquiries: Asia-Pacific			t
Loading port	Next port	B/L Date	Volume
Ulsan	USGC	26-31 Aug	Up to 3,500
Pyeongtaek	USGC	10-15 Oct	4,000
Ulsan	Brazil	Sep	Up to 4,000
South Korea	South China	01-05 Sep	4,550
Rayong	Hamriyah	01-07 Sep	Up to 3,000
Ulsan	Mumbai	10-20 Oct	1,300
Ulsan	Jebel Ali	25 Aug-05 Sep	2,400
Singapore	Hong Kong	10-17 Sep	23,090
Singapore	WCI/Mideast Gulf	22-28 Sep	8,200
Gunsan	Karachi	20-25 Sep	2,000
South Korea	Caribs	1H Sep	9,000
Onsan	Antwerp	10-15 Sep	Up to 5,000
Pyeongtaek	Chennai	Sep	2,000
Daesan	WCI	20-25 Sep	10,000
Daesan	Karachi	20-25 Sep	5,000

Source: shipping agents, brokers

Sellers redirect Taiwanese supplies

Group II base oil prices face more pressure from ample availability and limited demand. Lower Group I prices added to the downwards pressure.

Some producers prefer to hold off offering any supplies because of the weaker buying interest.

Supplies of Taiwanese origin have been lined up to move to a growing number of different markets. The shipments have been lined up despite the delayed start-up of Taiwan's Group II base oil unit because of a small fire earlier this week. The fire was extinguished within an hour.

The plentiful availability reflects more the difficulty with moving these shipments to China than the rise in supplies following the expected start-up of the base oil unit in early September.

Supplies of Group II heavy grades in China remain sufficient even with the diversion of these shipments to other markets. Some buyers in that market have been offered spot volumes of Taiwanese origin at unusually competitive prices. They turned down the offers. They are comfortable covering requirements with supplies at even more competitive prices from China's domestic market.

A South Korean producer has sold more than 30,000t of Group II spot supplies for loading in September. The producer prior to June had mostly been selling over the previous year spot volumes of very-light grade base oils to India each month.

More than half of the September volume consists of light and heavy neutrals. The supplies are lined up to move to several other markets, as well as to India.

Higher global Group III prices have opened the arbitrage to offer premium-grade supplies of Chinese origin to other markets. The size of the gap between domestic Chinese prices and overseas Group III prices has been sufficient to cover the cost of domestic taxes that exporters had to pay if they lack an export permit.

Producer cuts prices

Ex-tank prices in Singapore have fallen further. Demand remains weak.

A major regional producer cut its Group I prices by $40-50/t with effect from 24 August. It cut its Group II light-grade prices by a similar amount and heavy grades by slightly less. The last time the producer cut its prices was in early August. The last time it cut its Group II heavy-grade prices was more than a year ago.

Price levels for SN 400 of Chinese origin are at $1,120-1,140/t ex-tank. There is also available some supplies of heavy neutrals originating from a different source. A cargo of bright stock of Japanese origin remains available on a cfr Singapore basis. The price is deemed to be too high.

Group II prices are in a wider range. Prices for light grades are steadier around $910-920/t ex-tank. Prices for heavy grades have fallen below $1,400/t. Prices for flexibag supplies on a cfr southeast Asia basis are similar for light grades and at a higher level for heavy grades.

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NORTHEAST ASIA

- Buyers hold back as cargo prices fall
- Distributors receive more cargo offers
- Distributors start to cut heavy-grade prices

Northeast Asia base oil prices have slipped further as buyers continued to hold off replenishing stocks.

Rising surplus supply throughout Asia-Pacific and falling regional cargo prices raised expectations that domestic prices in China would face more downward pressure. These prices have remained unusually firm relative to prices in other markets.

Buyers preferred to hold back until any such price correction materialise.

Demand for base oils and lubricants in China has already eased in recent months from a slowdown in economic and industrial activity. Recent measures in the country to curb the spread of the latest Covid-19 variant have added to the drop in consumption.

Domestic prices in China have held at elevated levels despite this slowdown in consumption. Prices have received support from tighter supply fundamentals.

That tightness could last longer than expected.

Shutdowns, logistics keep supply tight

Several refineries in China underwent maintenance during the summer. They faced problems resuming normal operations because of a shortage of feedstock supplies. Some of them have delayed the restart of their units in response.

Taiwan's Group II base oil unit had been scheduled to restart this week following a shutdown that began in early July. The restart was delayed after a small fire occurred on the unit during a restart.

Shipments to China have also continued to face logistical difficulties because of Covid port restrictions.

Demand is expected to return in the coming weeks as buyers replenish stocks. China has also begun to unwind restrictions that it had implemented to thwart the latest outbreak of Covid-19 infections.

Even so, there is growing resistance from buyers to domestic prices at current levels. Prices for some products remained at or close to the same level as in the second quarter of the year. Global supply was unusually tight at that time. Supply is now less tight.

Prices have begun to correct lower for cargo supplies targeted at China, including for bright stock. Domestic prices had lagged that trend because distributors' existing supply remained tight.

Group I				$/t
	Low	Mid	High	±
SN 150 cfr	680	700.00	720	-10.00
SN 500 cfr	930	950.00	970	-20.00
Bright stock cfr	1,610	1,630.00	1,650	-20.00

Group II				$/t
	Low	Mid	High	±
N150 cfr	750	770.00	790	-20.00
N500 cfr	1,150	1,170.00	1,190	-50.00

Group III				$/t
	Low	Mid	High	±
4cst cfr	1,115	1,140.00	1,165	nc
6cst cfr	1,125	1,150.00	1,175	nc
8cst cfr	1,005	1,030.00	1,055	nc

Ex-tank East China	Yn/t				$/t			
	Low	Mid	High	±	Low	Mid	High	±
Group I								
Bright stock	15,900	16,000.00	16,100	-150.00	2,453	2,468.50	2,484	-18.00
Group II								
N150	7,850	7,950.00	8,050	-100.00	1,211	1,226.50	1,242	-13.00
N500	10,850	10,950.00	11,050	-150.00	1,674	1,689.50	1,705	-20.00
Group III								
4cst	11,300	11,450.00	11,600	nc	1,743	1,766.50	1,790	+3.50
6cst	11,300	11,450.00	11,600	nc	1,743	1,766.50	1,790	+3.50
8cst	10,300	10,450.00	10,600	nc	1,589	1,612.00	1,635	+3.00

China domestic prices	Yn/t			$/t		
	Low	High	±	Low	High	±
Group I, SN 150						
Northeast						
Daqing	6,800	6,900	nc	1,049.00	1,064.00	+2.00
Dalian	6,800	6,900	nc	1,049.00	1,064.00	+2.00
North						
Yanshan	6,900	7,000	nc	1,064.00	1,080.00	+2.00
South						
Maoming	6,800	6,900	nc	1,049.00	1,064.00	+2.00
Group I, SN 400						
Northeast						
Fushun	7,150	7,250	nc	1,103.00	1,118.00	+2.00
Dalian	7,150	7,250	nc	1,103.00	1,118.00	+2.00
South						
Maoming	7,150	7,250	nc	1,103.00	1,118.00	+2.00
Group II, N150						
East						
Gaoqiao	7,150	7,250	-100	1,103.00	1,118.00	-13.50
South						
Huizhou	7,050	7,150	-100	1,088.00	1,103.00	-13.00

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NORTHEAST ASIA

Distributors cut bright stock price

Availability of bright stock cargoes has picked up. The supplies originate from northeast and southeast Asia. More importers and distributors have received offers of these supplies.

They have started to cut their price offers in the domestic ex-tank market.

Offers for bright stock of Thai origin have eased to around 16,050-16,250 yuan/t ($2,475-2,506/t) ex-tank in east China, from Yn16,300-16,500/t. Some distributors are cutting their offers to, or even below, the Yn16,000/t level.

Some price offers remained at higher levels, reflecting the higher cost of shipments that were delivered earlier.

Prices for naphthenic bright stock originating from Karamay held at Yn13,000/t ex-tank in south China. The supplies were categorised as white oils. Offers have slipped below Yn13,000/t for supplies on an ex-terminal basis in south and east China.

Group I heavy-grade supplies of Russian origin have remained limited but available. Notional offers have eased on an ex-tank Beijing basis.

Producer trims prices

PetroChina cut again its offers for SN 150 and SN 400 from its Dalian unit, by another Yn50/t.

Its offer for SN 150 fell to Yn6,800/t ex-refinery, and to Yn7,000/t for SN 400. It withdrew its offer for SN 650 because of a lack of supplies.

Distributors adjusted their offers accordingly for supplies on an ex-tank east China basis. They offered SN 150 at Yn7,500/t and SN 400 at Yn7,600/t. They raised their offers for SN 650 by Yn100/t to Yn8,200/t.

Prices for SN 150 from Sinopec's Gaoqiao plant were at similar levels, at Yn7,600/t ex-tank in east China. Prices for SN 500 remained much higher at Yn8,800/t.

Group II heavy grades face pressure

Group II base oil prices faced more downward pressure, especially for heavy grades. Prices for these supplies had held at unusually steep premiums to light-grade supplies throughout most of this year.

Expectations of rising availability is putting more pressure on those heavy-grade prices.

Distributors responded by cutting their price offers for heavy-grade supplies of Taiwan origin.

Offers for N500 were cut to under Yn11,000/t. Offers for N150 were maintained at around Yn8,000-8,100/t.

Supplies remained tight. The restart of Taiwan's Group II plant is expected to be delayed after a small fire at the unit this week.

Domestic Group II supplies from Chinese producers have remained more readily available.

Producers cut their prices further because of expectations of a pick-up in supply following the completion of maintenance. New production capacity is also expected to start up in the coming weeks.

Prices held at much lower levels than prices for imported supplies.

China import price calculator *

	Yn/t			$/t		
	Low	High	±	Low	High	±
Group I (imported prices)						
SN 150	7,214	7,524	-88	1,113.00	1,161.00	-11.00
SN 500	9,155	9,465	-170	1,412.00	1,460.00	-24.00
Bright stock	14,434	14,745	-180	2,227.00	2,275.00	-23.00
Group II (imported prices)						
N150	7,757	8,068	-167	1,197.00	1,245.00	-23.00
N500	10,863	11,173	-406	1,676.00	1,724.00	-59.00

** inc. 6% customs duty, 13% VAT and 1,711.52 Yuan/t consumption tax.*

Producer recategorizes supplies

Panjin Northern Asphalt has re-categorised its supplies as base oils instead of white oils. It resumed offering supplies this week following a shutdown for maintenance. It had to delay a resumption of normal operations because of a lack of feedstocks from Norinco's Huajin refinery.

Its new offers have gained about Yn800-1,200/t from levels before its shutdown. The higher prices reflected the recategorisation of the supplies. It is offering N100 at Yn7,556/t ex-refinery, N150 at Yn8,006/t and N500 at Yn9,606/t.

Shandong Jincheng has also yet to resume normal operations. It kept steady its offer for N150 at Yn6,000/t. The supplies were categorised as industrial white oils. It has halted offering supplies of N500, after last week cutting their prices sharply.

Shandong Huanghe New Materials maintained its price offers that remained at wider discounts to prices for imported supplies.

Its offer for N150 held at Yn6,900/t, at Yn7,300/t for N350, and at Yn8,700/t for N500. The supplies have been re-categorised as base oils.

The refiner plans to take its unit off line for a month's maintenance from end-August.

CNOOC further cut its prices for supplies from its Huizhou unit. It cut by another Yn150/t its price for N150 to Yn5,850/t. It cut by another Yn100/t its price for N60 to Yn5,600/t. The supplies were categorised as heat transfer fluids and transformer oils.

Group III prices hold steady

Group III base oil prices have held steady. Demand remained slow.

Offers for Group III supplies of Mideast Gulf origin with some OEM approvals held at Yn11,450/t ex-tank for 4cst and 6cst base oils. Price offers for 8cst were steady at Yn10,450/t.

Wholesale diesel prices in east China rose by Yn71/t to Yn6,263/t.

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INDIA

- Demand remains firm for very light grades
- Producer sells large volume of September supplies
- Demand steady amid growing supply options

India's base oil prices have remained under pressure as easing supply tightness curbed buyers' urgency to lock in volumes.

Demand typically rises around this time of the year as blenders seek to replenish stocks in preparation for a seasonal pick-up in lube consumption. Lube demand typically rises following the end of the monsoon in September and during a wave of festivals in the fourth quarter of the year.

Any such rise in buying interest has been cautious. Buyers have secured some spot shipments. But they have usually procured the supplies after price offers were cut to the levels that they were targeting.

Buyers have had less urgency to lock in some grades amid signs of more plentiful term and spot supply. Falling prices in recent weeks have added to a preference to hold back or to secure volumes that covered their requirements.

Buyers seek domestic supplies

The drop in prices has also boosted the attraction of securing smaller volumes for more prompt delivery. Some buyers have sought to cover more of their requirements with supplies from domestic producers.

Those producers' volumes were also more readily available.

India's domestic base oil production rose in July by more than 40pc from June to its highest since March. The drop in output in the intervening months coincided with plant maintenance.

Some producers had some difficulty offering supplies at competitive prices because of their link with published regional base oil prices.

Light-grade demand stays strong

Buyers have remained more willing to take more supplies of very-light grade base oils, even as availability picked up. Overseas supplies of very-light grade base oils accounted for more than 40pc of India's base oil imports in each of the three months to July. They usually account for about a third of the total.

Prices for imported supplies of very-light grades maintained an unusually steep discount to India's retail diesel prices. The discount has grown to more than $650/t since July to its widest in a year. The discount averaged around $550/t in 2020 and around $460/t the year before that.

Group I				$/t
	Low	Mid	High	±
SN 150 cfr	830	850.00	870	nc
SN 500 cfr	1,180	1,200.00	1,220	-50.00
SN 150 (LVI) cfr	795	815.00	835	nc
SN 500 (LVI) cfr	1,000	1,020.00	1,040	nc
Bright stock cfr	1,600	1,620.00	1,640	-50.00

Group II				$/t
	Low	Mid	High	±
N70 cfr	730	750.00	770	nc
N150 cfr	790	810.00	830	nc
N500 cfr	1,280	1,300.00	1,320	-10.00

Group III				$/t
	Low	Mid	High	±
4cst cfr	1,195	1,215.00	1,235	nc
6cst cfr	1,195	1,215.00	1,235	nc
8cst cfr	1,180	1,200.00	1,220	nc

Domestic refinery prices				
	*Rs/l **	±	$/t	±
Group I				
IOC prices, Chennai				
SN 70	78.60	nc	1,300.00	+3.00
SN 150	73.10	nc	1,136.00	+3.00
SN 500	107.85	nc	1,649.00	+4.00
Bright stock	148.80	nc	2,229.00	+6.00
IOC prices, Mumbai				
SN 70	76.60	nc	1,267.00	+3.00
SN 150	71.10	nc	1,105.00	+3.00
SN 500	103.35	nc	1,580.00	+4.00
Bright stock	146.80	nc	2,199.00	+6.00
Group II				
IOC prices, Chennai				
N70	107.64	nc	1,736.00	+5.00
N150	73.90	nc	1,175.00	+3.00
N500	108.61	nc	1,705.00	+5.00
IOC prices, Mumbai				
N70	79.30	nc	1,279.00	+4.00
N150	71.90	nc	1,143.00	+3.00
N500	104.55	nc	1,641.00	+4.00

** prices in Rs/l effective from 01 Aug*

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INDIA

Several cargoes of very light and light grades of US origin have been lined up to move to India in August. The shipments were the first in several months. The arbitrage had been shut from the US, where supply has been unusually tight and prices have held at elevated levels.

There were signs of more availability of very-light grade supplies of US origin.

These supplies have supplemented a large volume of very-light-grade shipments from South Korea. The shipments included some supplies whose quality was lower than typical levels for this grade.

Deals for recent shipments of these supplies from that country and from the US were mostly done in a $740-760/t cfr range.

Some buyers targeted prices below $700/t cfr for September-loading shipments but offers have remained closer to August price levels.

Price offers had faced pressure after regional gasoil prices slumped in mid-August. Prices for some supplies were sold at a differential to those gasoil prices. Gasoil prices fell below $520/t around mid-August, from an average of more than $580/t in July. But gasoil prices have rebounded strongly over the past week.

Producer sells September supplies

A South Korean producer sold more than 30,000t of Group II base oils for loading in September, with most of the volume was bound for India. Some 15,000t consisted of very-light grade base oils while the rest consisted of light and heavy grades.

The very-light grade supplies were sold at levels similar to the August price range. All of the supplies were sold on a fixed-price basis. The very-light grades had been sold at a differential to regional gasoil prices while light grades had been sold at a differential to published Asia-Pacific Group II prices.

A cargo of very-light grade base oils of Spanish origin had been expected to load in late August. The shipment is now expected to load in September. Negotiations were continuing over these supplies.

There had been a dearth of shipments from Spain in recent months. A producer has covered the slowdown with more shipments from South Korea, including a cargo that set sail for India earlier this month.

Demand pauses as prices fall

There remained steady demand for heavy-grade base oils. Availability of these supplies had been tight throughout this year. Imports of Group II heavy grades have held in a narrow range at lower levels during each of the first seven months of the year. Imports of Group I heavy neutrals have also been tight.

Availability of heavy grades picked up in recent weeks from suppliers in several different overseas markets and from domestic producers.

A drop in prices accompanied the rise in supply. The fall in prices prompted some buyers to hold back until they were comfortable that prices had bottomed out.

Other buyers locked in some of these supplies, especially of Group I base oils. The prices were at a steep discount to levels even in July. The supplies included SN 500 and bright stock.

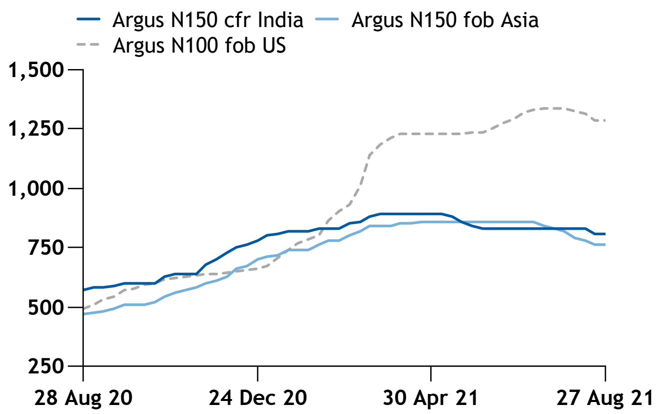
Some buyers have continued to procure Iranian-origin heavy-grade supplies. More supplies from that market reached India over the past week. Prices for these supplies remained at a steep discount to prices for heavy neutrals from other regions.

Some buyers have continued to seek more supplies of Group II heavy grades. Spot availability has remained more limited for now.

A domestic producer issued another tender at the end of last week to offer several cargoes of Group SN 500 and bright stock for loading in September. It had offered a week earlier through a tender some supplies of SN 500 and bright stock but that earlier tender attracted little interest.

Vessel enquiries: India			*t*
Loading port	**Next port**	**B/L Date**	**Volume**
Singapore	WCI/Mideast Gulf	22-28 Sep	8,200
Pyeongtaek	Chennai	Sep	2,000
Ulsan	Mumbai	10-20 Oct	1,300
Daesan	WCI	20-25 Sep	10,000
		Source: shipping agents, brokers	

Global Group II base oil prices $/t



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MIDEAST GULF

- Arbitrage supplies attracted from Asia-Pacific
- Iranian Group I prices hold steady

Mideast Gulf base oil prices remain under pressure as buyers hold back in response to signs of increasing availability.

More sellers in other markets are starting to eye the Mideast Gulf region as an outlet for surplus supplies. The move reflects more muted buying interest in other markets like southeast Asia, as well as continuing logistical complications with shipments to China.

The move to target the Mideast Gulf market also reflects the region's firmer prices compared with other markets, especially for Group II base oils.

Sellers had been seeking to move more supplies from Taiwan to other markets because of the difficulty with shipments to China. There was an enquiry for a vessel to move a cargo from Taiwan to the Mideast Gulf in September.

The Mideast Gulf market had been a growing outlet for Group II supplies from Taiwan during the second quarter of this year before its Group II unit's shutdown in early July for maintenance.

The base oil plant had been scheduled to restart this week. The restart has been delayed following a small fire at the unit while it was resuming operations.

Group I				$/t
	Low	Mid	High	±
Bright stock ex-tank UAE	1,680	1,700.00	1,720	nc
SN 150 cfr UAE	920	940.00	960	-10.00
SN 500 cfr UAE	1,230	1,250.00	1,270	-50.00
Bright stock cfr UAE	1,630	1,650.00	1,670	nc
SN 150 (LVI) cfr UAE	895	915.00	935	nc
SN 500 (LVI) cfr UAE	970	990.00	1,010	nc

Group II				$/t
	Low	Mid	High	±
N150 ex-tank UAE	990	1,010.00	1,030	-10.00
N500 ex-tank UAE	1,490	1,510.00	1,530	-20.00

Group III				$/t
	Low	Mid	High	±
4cst ex-tank UAE	1,320	1,340.00	1,360	nc
6cst ex-tank UAE	1,330	1,350.00	1,370	nc
8cst ex-tank UAE	1,350	1,370.00	1,390	nc

Vessel enquiries:	UAE		t
Loading port	Next port	B/L Date	Volume
Rayong	Hamriyah	01-07 Sep	Up to 3,000
Singapore	WCI/Mideast Gulf	22-28 Sep	8,200
Mideast Gulf	USGC	End Aug	1,500
Ulsan	Jebel Ali	25 Aug-05 Sep	2,400
		Source: shipping	agents, brokers

Arbitrage supplies lined up

A South Korean producer sold more than 30,000t of Group II base oils for loading in September. More than half the volume consists of light and heavy-grade base oils. These have been lined up to move to several different markets, including the Mideast Gulf.

There is also interest in lining up Group I shipments from Asia-Pacific to the Mideast Gulf. There was an enquiry for a vessel to load as much as 3,000t of supplies from Thailand in early September before moving to the Mideast Gulf. A steady flow of supplies has already been moving from China to the Mideast Gulf in recent months.

There are also signs of increasing supply availability within the Mideast Gulf. A large volume has moved to the UAE's Jebel Ali.

Group I supplies of Iranian origin also remain available. Prices remain competitive compared with prices for supplies from other regions. But some buyers have begun to hold back in anticipation of a drop in prices because of their narrowing discount to prices for supplies from other regions.

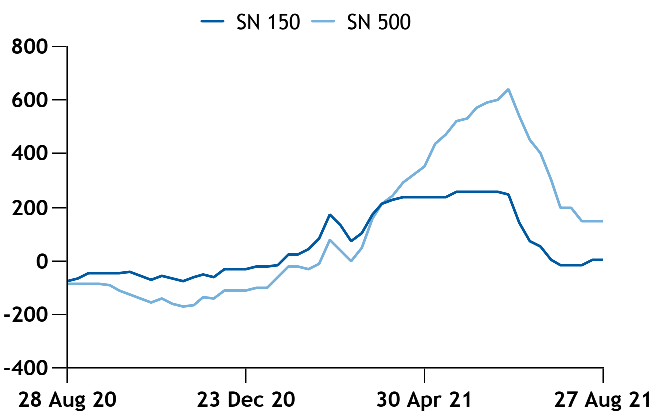
Ex-tank Group I base oil prices have held steady at around $1,010-1,020/t ex-tank for SN 500 of Iranian origin. Prices for light grades remain about $70-80/t lower than this.

Supplies of light and heavy grades are expected to be available from other sources in the coming weeks.

Group II prices remain in a wider range. Ex-tank prices for supplies of Asia-Pacific origin are slightly above $1,000/t ex-tank. Other offers are below this level.

Group III prices are steadier as buyers face more supply options. The offer levels are in a wide range.

Black Sea vs UAE (LVI) $/t



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EUROPE

- Group I export prices fall faster than domestic prices
- Group II light-grade prices weaken
- Grp III gets support from limited supply, overseas cargoes

European Group I export prices have continued to fall faster than domestic prices as refiners seek to clear surplus volumes in overseas markets. Group II light grade prices have edged lower with increased spot supplies. Group III prices are holding firm. Availability has remained tight, with exports to the US soaking up rising supplies following the completion of plant maintenance.

Fundamentals stay weak

Regional Group I prices have slipped. Supplies have continued to increase after a heavy round of plant maintenance in the first half of the year. Demand has ebbed during the summer.

But prices have fallen more slowly than export cargo prices. The trend has increased further the spread between domestic and export prices to unusually wide levels.

The trend reflects refiners' focus on seeking to maintain firmer regional prices by keeping supplies more balanced. A way to achieve this is by prioritising the sale of export cargoes over the price of those cargoes to remove the surplus.

Sellers also expect a seasonal boost to demand when the summer holiday season ends next week. Many blenders had reduced operating rates and cut their feedstock requirements in advance of and during the holiday season. The moves affected demand in August. Sellers expect buyers will now need to replenish their stocks following the summer lull.

Feedstock supplies have also been lower than usual for some refiners. This has curbed their ability to return to full production. Refinery run rates have remained lower than pre-pandemic levels because of still weak jet fuel and road fuel demand and prices. The lower run rates affect base oil feedstock supplies.

But lower output and rising exports have failed to curb a rise in regional supplies.

Several refiners have boosted output and resolved lingering production issues following recent maintenance. The issues had prevented a more rapid recovery in supplies to domestic customers.

A refinery in eastern Europe has had difficulty supplying its customers because of production issues caused by high ambient temperatures during the summer months. It is anticipating increased production and supplies in September as temperatures begin to fall.

Group I	Low	Mid	High	± $/t
SN 150 fob domestic NWE	1,145	1,167.50	1,190	-10.00
SN 500 fob domestic NWE	1,520	1,540.00	1,560	-5.00
Bright stock fob domestic NWE	1,980	2,000.00	2,020	-5.00
SN 150 fob European export	950	970.00	990	-50.00
SN 500 fob European export	1,280	1,300.00	1,320	-60.00
Bright stock fob European export	1,715	1,735.00	1,755	-40.00

Group II	€/t				$/t			
	Low	Mid	High	±	Low	Mid	High	±
N100 fca ARA	1,265	1,282.50	1,300	-5.00	1,488	1,508.50	1,529	+4.00
N150 fca ARA	1,260	1,277.50	1,295	-5.00	1,482	1,502.50	1,523	+4.00
N220 fca ARA	1,360	1,380.00	1,400	nc	1,599	1,622.50	1,646	+10.00
N600 fca ARA	1,570	1,592.50	1,615	nc	1,846	1,872.50	1,899	+11.50

Group III	€/t				$/t			
	Low	Mid	High	±	Low	Mid	High	±
4cst fca NWE	1,415	1,450.00	1,485	+5.00	1,664	1,705.00	1,746	+16.00
6cst fca NWE	1,510	1,542.50	1,575	+5.00	1,776	1,814.00	1,852	+17.00
8cst fca NWE	1,480	1,515.00	1,550	+5.00	1,741	1,782.00	1,823	+17.00

Group III (a) *	€/t				$/t			
	Low	Mid	High	±	Low	Mid	High	±
4cst fca NWE	1,465	1,500.00	1,535	+10.00	1,723	1,764.00	1,805	+23.00
6cst fca NWE	1,590	1,625.00	1,660	+10.00	1,870	1,911.00	1,952	+24.00
8cst fca NWE	1,520	1,555.00	1,590	+10.00	1,788	1,829.00	1,870	+23.50

** Group III (a) refers to base oils which have Volkswagen Oil Quality Standard VW 504 00/507 00 certification*

Group III (b) *	€/t				$/t			
	Low	Mid	High	±	Low	Mid	High	±
4cst fca NWE	1,390	1,415.00	1,440	+5.00	1,635	1,664.50	1,694	+16.50
6cst fca NWE	1,465	1,490.00	1,515	+5.00	1,723	1,752.50	1,782	+17.00
8cst fca NWE	1,455	1,480.00	1,505	+5.00	1,711	1,740.50	1,770	+16.50

** Group III (b) refers to base oils which do not have Volkswagen Oil Quality Standard VW 504 00/507 00 certification*

Turkey Group I	Low	Mid	High	± $/t
SN 150 cfr Gebze	905	925.00	945	-20.00
SN 500 cfr Gebze	1,200	1,220.00	1,240	-40.00

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EUROPE

A Mediterranean refinery has had quality issues since its restart after a maintenance turnaround in June. The issues have affected mid-viscosity grades especially.

Lower price offers for export cargoes have helped to clear some surplus volumes. But high regional prices have opened the arbitrage to move supplies to Europe from a growing number of overseas sources.

Exporters with surplus Group I supplies in Russia, Mideast Gulf and Asia are targeting the European market with cargoes at increasingly competitive prices.

Light-grade supplies increase

European Group II prices are mixed. Prices for light grades have eased. Prices for mid- and heavy-grade base oils are holding steady.

There are offers of growing volumes of light grades of US and Asia-Pacific origin. Supplies of heavy grades remain tighter. Demand is steady.

Prices have continued to get some support from uncertainty about the flow of supplies from the US over the coming weeks. The country is heading into the peak of the hurricane season during this period. A major storm is forecast to head towards the US Gulf coast region over the coming days.

Blenders in the US have sought to build higher inventories in anticipation of possible supply disruptions. The moves follow a year of major weather-related disruptions. This is limiting the availability of exports from some refiners for the European market.

Refiners in Asia-Pacific are offering light and heavy grades to trading firms and blenders in Europe. A continuing container shortage and higher freight rates are complicating shipments and preventing more volumes from working this arbitrage. The large size of some cargoes being offered has also deterred buying interest because of issues with placing the supplies.

Group III stays tight

Group III prices have edged higher. Supplies remain restricted even after the completion in July of a heavy round of plant maintenance.

Some sellers are increasing their price levels for September spot supplies. Others are keeping prices steady.

Spot availability remains limited, with buyers still on allocation. Many term buyers have been on allocation since the second half of last year. Sellers are prioritising these buyers' latent demand ahead of customers seeking spot supplies.

Firmer demand and higher prices in the US market are attracting a larger than usual volume of Group III supplies from Europe. The trend is adding to the current supply tightness.

Crude		$/bl
		±
Ice Brent front month ($/bl)	71.07	+4.62
North Sea Dated	70.81	+4.79
SN 500 premium to North Sea Dated	112.41	-13.25

Oil products		
		±
Ice gasoil front month ($/t)	588.75	+45.50
Heating oil 0.1% barge ($/t)	575.25	+45.50
Vacuum gasoil 0.5% barge ($/t)	517.00	+36.00
Vacuum gasoil 2.0% barge ($/t)	504.50	+35.50
Fuel oil 3.5% barge ($/t)	388.75	+34.75
Straight run M-100 fuel oil cargo ($/t)	417.75	+34.75
Oil products premiums		
Heating oil premium to crude ($/bl)	6.47	+1.32
Heating oil premium to VGO 2.0% ($/bl)	3.24	+0.90
SN 500 premium to heating oil ($/bl)	105.94	-14.57
SN 500 premium to VGO 2.0% ($/bl)	109.18	-13.67

European forward prices						$/t
	SN 150			SN 500		
	Low	High	+/-	Low	High	±
Sep 2021	960.00	980.00	-50.00	1,290.00	1,310.00	-60.00
Oct 2021	960.85	980.85	-49.95	1,290.85	1,310.85	-59.95
Nov 2021	958.90	978.90	-49.95	1,288.90	1,308.90	-59.95
4Q 2021	958.40	978.40	-49.95	1,288.40	1,308.40	-59.95
1Q 2022	952.30	972.30	-49.80	1,282.30	1,302.30	-59.80

The price shows the implied forward-curve base oil price required to maintain its existing profit margin relative to Ice gasoil futures.
Refer to www.argusmedia.com for methodology

European forward premium to gasoil				$/t
	SN 150		SN 500	
	Midpoint	±	Midpoint	±
Sep 2021	388.55	-45.30	718.55	-55.30
Oct 2021	387.75	-45.30	717.75	-55.30
Nov 2021	389.65	-45.40	719.65	-55.40
4Q 2021	390.15	-45.40	720.15	-55.40
1Q 2022	396.30	-45.50	726.30	-55.50

The premium shows the implied forward-curve profitability of fob Europe SN 150 and SN 500 relative to Ice gasoil futures.
Refer to www.argusmedia.com for methodology

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EUROPE

The rise in these exports is also slowing a recovery in regional supplies and limiting spot availability for European buyers.

Sellers are receiving strong demand from buyers to lock in term contracts for 2022. The requests follow the extreme supply tightness that the market faced since June 2020. This experience is prompting buyers to put even more priority on security of supply over price.

Export supplies rise

European Group I export prices have extended their fall. Cargo availability for September has continued to rise. Refiners have offered increasingly steep discounts to clear these supplies.

Some refiners are seeking to clear their surplus supplies to boost their leverage to maintain firm domestic prices.

Some of them are seeking to move their surplus volumes to lock in prices at current levels. They are concerned that prices will fall even further over the coming months. Base oil margins for these supplies remain unusually high even at discounted prices.

Several producers are offering bulk volumes of Group I grades at lower prices than August levels. These shipments are mainly targeting markets like Turkey and west Africa.

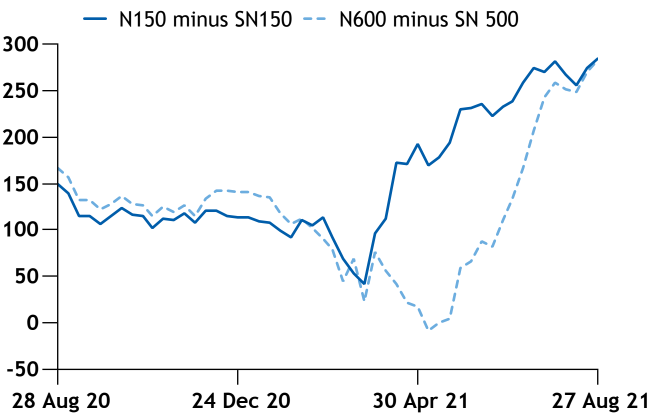
These cargoes face competition from supplies of Russian and Mideast Gulf origin for the same overseas markets. This competition has increased in recent weeks.

There remains firm demand from the US for Group I, Group II and Group III base oils. Firm or rising prices in that market are attracting cargoes from all regions around the world, including Europe.

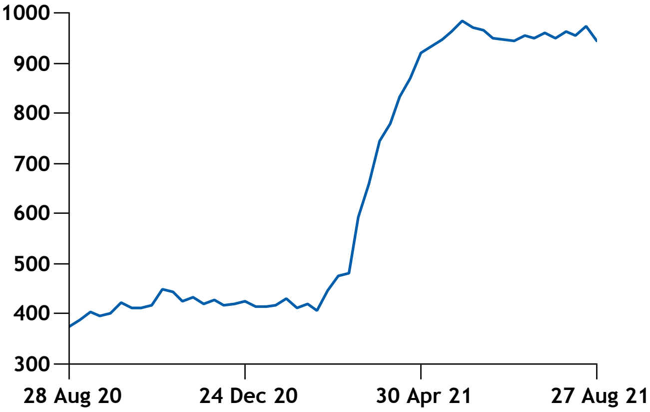
The unusually strong demand from the region is soaking up some surplus volumes from Russia. These supplies usually compete with offers from European refiners for outlets like west Africa. The shipments to the US are easing slightly the competition from Russian supplies.

Vessel enquiries:	Europe		t
Loading port	Next port	B/L Date	Volume
Mississauga	Marmara	10-15 Sep	5,000
Augusta	Valencia+ARA	29-31 Aug	8,100
Baltic	Gebze	End Aug	2,000
Onsan	Antwerp	10-15 Sep	Up to 5,000
Rotterdam	Gebze	End Aug	600
Rdam+Fawley	Durban/Mombasa	18-20 Sep	21,000
		Source: shipping	agents, brokers

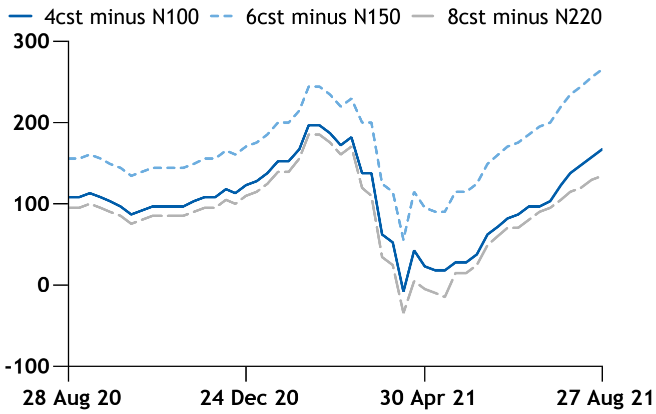
European Group II vs Group I €/t



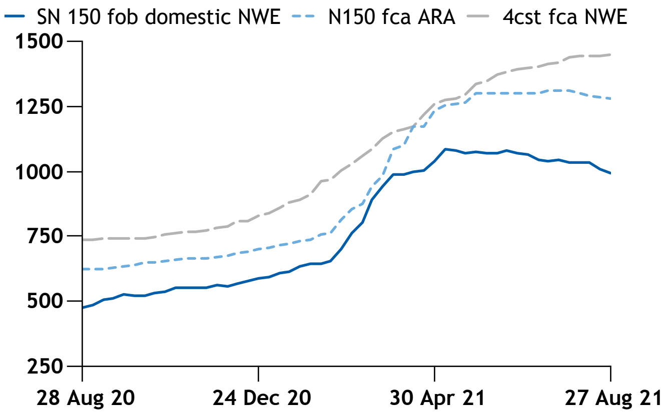
European N220 premium to VGO 2% €/t



European Group III vs Group II €/t



European Group I/II/III comparison, light grades €/t



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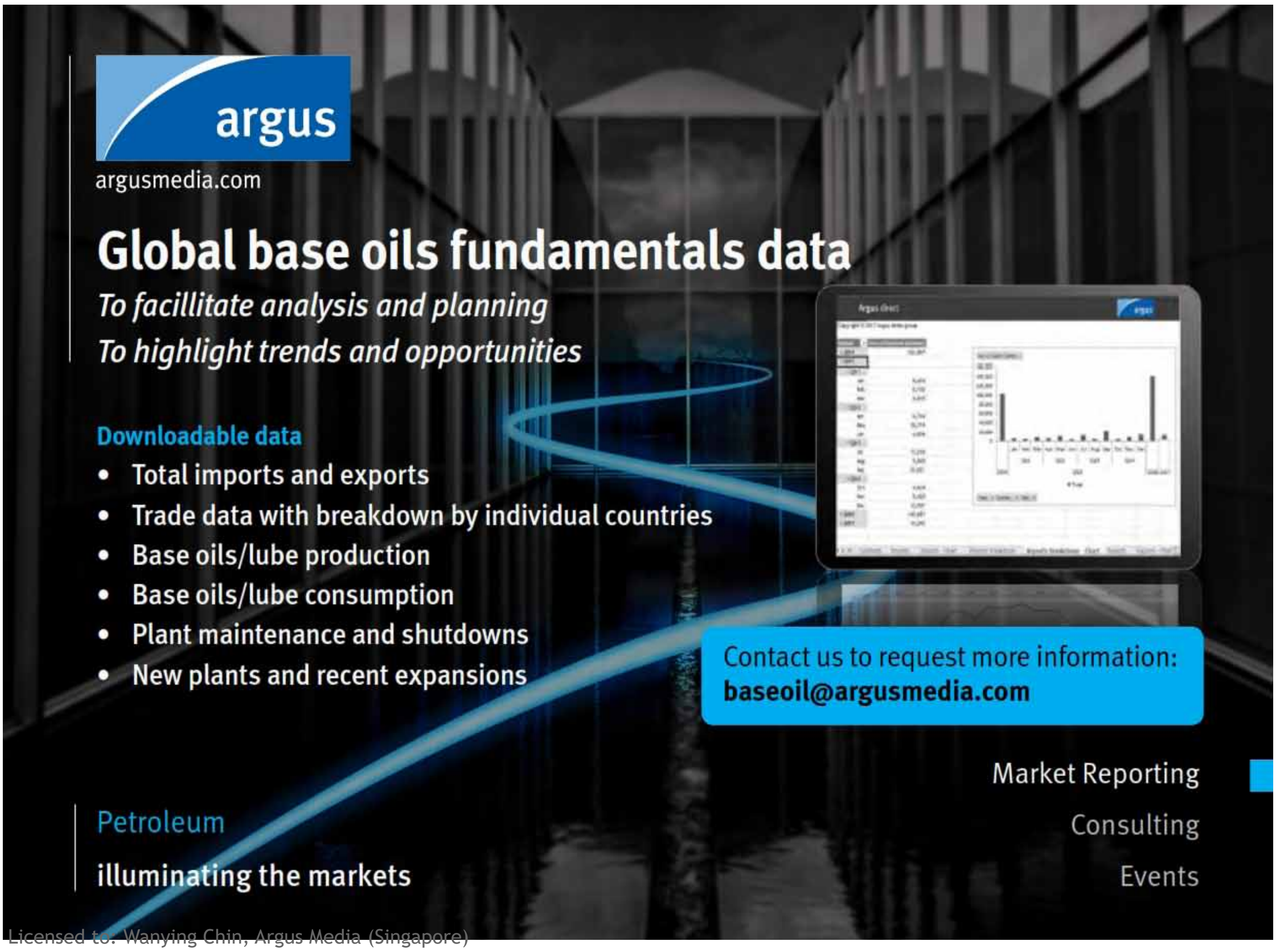

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EUROPE

TURKEY

- Domestic refiner cuts prices again
- Blenders trim bids even as demand rises

Turkey's delivered Group I base oil prices have extended their declined on signs of increasingly plentiful availability and lower offers for supplies of European and Russian origin.

Demand from domestic blenders in Turkey is picking up following the recent drop in prices. The shutdown of the country's sole domestic base oil unit has added to interest in demand for overseas supplies. High prices for base oils from the domestic producer have further boosted buyers' incentive to use more imported supplies.

The producer temporarily shut the base oil unit at the end of July, citing operational reasons. The plant is expected to remain off line in September. The producer is supplying its customers with supplies from its inventories in the meantime.

Its prices have remained unusually high relative to imported cargo prices, even after a sharp price cut this week. The high prices partly reflected their link with published regional export prices.

The producer slashed its ex-tank prices this week by 850-1,275 Turkish lira/t ($100-150/t). The move followed a price cut last week and reduced their premium to prices for imported cargoes of European and Russian origin. But the premium remained much higher than usual.

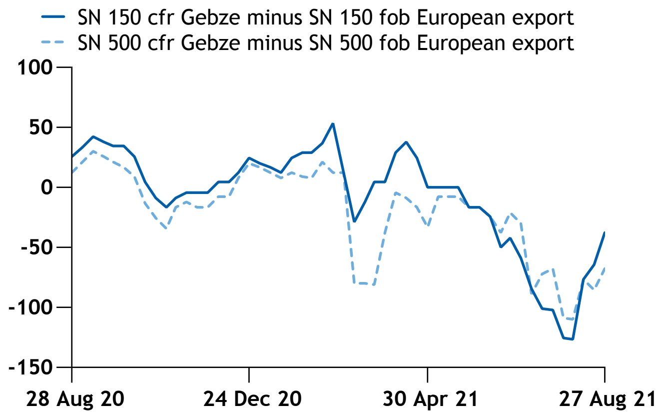
Freight rates to Gebze, Turkey					$/t
Route	***3,000t***	***5,000t***	**Route**	***3,000t***	***5,000t***
Black Sea	30-32	25-27	Antwerp	40-45	35-38
Augusta	25-27	20-22	Baltic	80-87	70-73
UAE	85-90	78-82			

** provided at market close on 27 August by Borachart (www.borachart.com)*

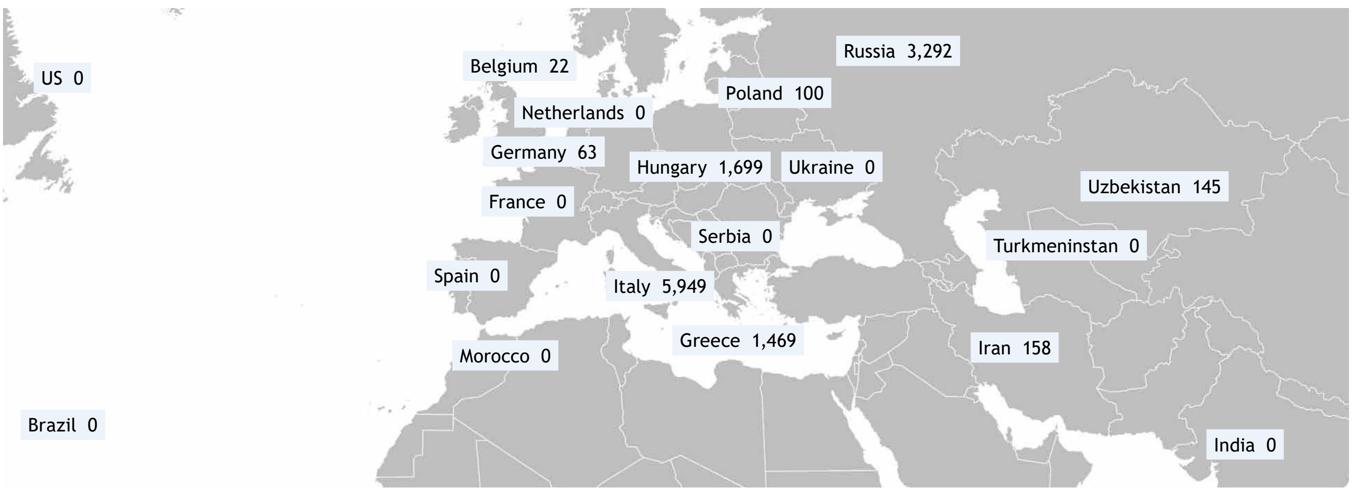
Its SN 150 price fell to TL10,654/t ($1,271/t). Its price for SN 500 fell to TL13,409/t ($1,600/t). It offered bright stock at TL15,919/t ($1,900/t). Its SN 100 price fell to TL10,844/t ($1,294/t). The prices do not include an additional loading fee of TL115/t ($13/t) for all grades.

Even with the cut, the refiner's ex-tank SN 150 price remained at a premium of more than $300/t to fob Black Sea and fob Europe export prices.

Turkey minus European export €/t



TURKEY'S KEY BASE OIL SUPPLIERS - JUN 2021



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RUSSIA AND FSU

- Bids in wide range for September supplies
- Buyers remain wary of exposure to price volatility
- Arbitrage to US widens even more

Base oil prices have extended their declines in the Baltic and Black Sea markets as ample product availability outweighed moderate demand. Prices in the Naushki market were steady at lower levels.

Some buyers in the Baltic market held off bidding for September-loading supplies from Russian producers because of ongoing concern about exposure to even lower prices.

Buyers stay cautious

Some trading firms and blenders bid for these supplies. They knew that their bids were at levels that were unlikely to secure any volumes.

Some buyers bid at higher prices than those levels. But the bids were still lower than prices for August-loading supplies. They succeeded in securing some supplies.

Some of the buyers that secured supplies already had buyers lined up to take the shipments. Some of them were eyeing the still-widening gap between fob Baltic and fob US Group I prices. That gap has widened to more than $650/t for heavy grades.

Some buyers have seen a pick-up in demand from west Africa. But they held back from seeking supplies. Bids from buyers in that region were at levels that made the arbitrage hard to work.

Buyers also faced growing competition from surplus supplies from other markets like Europe and Mideast Gulf. The discount of fob Baltic SN 150 prices to fob Europe export prices has narrowed to less than $100/t, from more than $200/t at the beginning of August.

Buyers had been even more reluctant to secure supplies for loading this and last month because of concern about a drop in prices. That fall in prices subsequently materialised. The slower demand left many of them with depleted stocks at Baltic terminals. The lower volume of supplies curbed cargo loading activity from Baltic ports in recent weeks.

Baltic exports stay lower

Total cargo loadings have reached around 20,000t so far in August. The volume compared with 35,000t in July.

More than 8,600t of that volume consisted of a combination of Group II+ and Group III base oils. The shipments were loaded on the vessel *Duzgit Endeavour* at several Baltic ports in recent weeks.

Baltic Sea Group I				$/t
	Low	Mid	High	±
SN 150 fob	870	890.00	910	-30.00
SN 500 fob	1,090	1,110.00	1,130	-30.00

Black Sea Group I				$/t
	Low	Mid	High	±
SN 150 fob	850	870.00	890	-30.00
SN 500 fob	1,070	1,090.00	1,110	-30.00

Naushki Group I				$/t
	Low	Mid	High	±
SN 150 cpt	680	700.00	720	nc
SN 500 cpt	800	820.00	840	nc

Posin Group III				$/t
	Low	Mid	High	±
4cst cpt	1,450	1,470.00	1,490	-60.00

Russian base oils, lubes rail/river exports							'000t
	Jul	Jun	±		Jul	Jun	±
Rail							
Overland	26.05	24.59	+1.46	Baltic	32.81	42.32	-9.52
Afganistan	0.00	0.00	nc	Kaliningrad	16.43	16.25	+0.18
Armenia	0.00	0.00	nc	Liepaja	7.58	1.91	+5.66
Azerbaijan	0.37	1.06	-0.68	Riga	8.07	22.88	-14.81
Belarus	3.19	4.84	-1.65	Ventspils	0.00	0.00	nc
China	0.10	0.09	+0.02	St.Petersburg	0.73	1.28	-0.55
Hungary	0.29	0.00	+0.29				
North Korea	0.00	0.00	nc	Black Sea	7.78	6.56	+1.22
Finland	1.02	2.00	-0.98	Taganrog	0.00	0.00	nc
Kazakhstan	3.75	2.71	+1.04	Yeisk	0.00	0.00	nc
Kyrgyzstan	0.54	0.89	-0.35	Kavkaz	0.76	0.41	+0.35
Latvia	0.35	0.64	-0.29	Novorossiysk	7.02	6.15	+0.87
Lithuania	6.11	4.22	+1.89	Reny	0.00	0.00	nc
Moldova	0.00	0.00	nc	Odessa	0.00	0.00	nc
Mongolia	0.70	0.53	+0.17	Temryuk	0.00	0.00	nc
Romania	0.17	0.37	-0.20				
Poland	0.86	1.36	-0.49	River			
Georgia	0.00	0.00	nc	Volgograd	4.30	14.09	-9.79
Tajikistan	0.76	0.54	+0.23				
Turkmenistan	0.15	0.18	-0.02	Far East			
Ukraine	7.04	4.24	+2.79	Nakhodka	1.84	0.39	+1.46
Uzbekistan	0.64	0.95	-0.31				
Total Russia rail, river exports					**78.13**	**91.28**	**-13.15**

Russian base oil, lubes rail/river exports by supplier							'000t
	Jul	Jun	±		Jul	Jun	±
Volgograd	13.20	26.54	-13.34	Yaroslavl	5.40	3.89	+1.51
by rail	8.90	12.45	-3.55	Ufa	2.77	3.59	-0.83
by river	4.30	14.09	-9.79	Orgkhim	2.02	1.33	+0.69
N.Novgorod	0.00	0.00	nc	Obninsk	0.67	0.63	+0.04
Perm	22.63	18.44	+4.19	Sofrino	0.36	0.15	+0.22
Novokuibyshevsk	8.04	12.06	-4.01	Orenburg	0.00	0.00	nc
Angarsk	12.89	8.71	+4.19	Omsk	4.34	4.48	-0.14
Nizhnekamsk	1.60	5.39	-3.79	Other	4.20	6.08	-1.88
Total					**78.13**	**91.28**	**-13.15**

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RUSSIA AND FSU

The vessel picked up an additional 1,750t of base oils from Svetly in Kaliningrad at the end of last week before heading for the US.

A 1,600t cargo was loaded on the vessel *Stolt Redshank* on 21 August at the port of St Petersburg. The vessel was bound for Rotterdam. A 1,250t cargo of Group II+ base oils was loaded on the vessel *Foyle* on 22 August from Svetly terminal, bound for Riga.

Buying interest was mixed for supplies of September-loading base oils from Russian refineries. There were some expectations that blenders would need to replenish stocks. There were also market concerns that producers still had large volumes to clear.

Producers sell September supplies

Rosneft offered last week through a tender a total of 34,400t of supplies from the Yaroslavl, Novokuibyshevsk and Ufa refineries. It offered 7,400t from the Yaroslavl plant. It offered 14,000t from Novokuibyshevsk refinery, and 13,000t from Ufa refinery.

Prices for light-grade products offered in the tender were at around $800-850/t cpt Posin. Prices for medium-neutral grades were at around $950/t cpt. The supplier likely sold limited volumes at these levels, with many bids at even lower prices.

There was a pick-up in interest from buyers in Ukraine. But they were seeking only small volumes, reluctant to secure larger volumes because of expectations of a further drop in prices.

They bid for Rosneft's SN 150 at around $800/t cpt Solovey on the Russia-Ukraine border. Prices for SN 350 were at around $900/t cpt Solovey. Prices for heavy-grade products like bright stock and SN 900 were at around $1,250/t cpt Solovey.

Gazpromneft offered this week some 2,000t of bright stock from its Omsk refinery for loading in September. The producer also offered from the Yaroslavl plant some 1,000t of bright stock, around 600t of SN 400 and some SN 150. The company is collecting bids from buyers and is set to award the volumes next week.

Belorussian Oil kept steady its price offers for its unsold August-loading supplies from Naftan's Belarus refinery. The price for SN 150 held at €611/t ($719/t) fca refinery and €751/t ($884/t) fca for SN 500. Buyers' interest remained muted because of US sanctions imposed on the refiner.

Tatneft sold this week a total of 3,000t of Group III 4cst base oils from its Nizhnekamsk refinery. Demand was firm. But bids fell to below $1,500/t cpt Posin.

Russian and Belarusian base oil export duty * *$/t*

Sep 2021	Aug 2021	Jul 2021	Jun 2021	May 2021	Apr 2021
19.30	20.30	18.40	17.60	16.40	17.20
Mar 2021	**Feb 2021**	**Jan 2021**	**Dec 2020**	**Nov 2020**	**Oct 2020**
14.80	13.10	11.60	12.60	12.60	13.60

** tax paid by producer for base oils export outside of Russia, Belarus, Kazakhstan, Tajikistan and Kyrgyzstan*

Naftan base oil offers and trades, 20-26 Aug *

Grade	Volume offered (t)	Price, fca (€/t)	Price, fca ($/t)	Volume sold (t)
SN 150	1,020	611	719	-
SN 500	1,020	751	884	-
SN 1,200	-	-	-	-
4cst	500	820	965	-

** for imports into EU, Turkey, USA import tax of 3.7% will be charged*

— BNTD, traders

Prices in the Black Sea market also fell. Buying interest in Turkey showed signs of rising. But buyers have continued to target lower prices and continued to see offers of supplies from a growing number of different sources.

Chinese buyers secure supplies

Prices were steady in the cpt Naushki market, partly reflecting their already-low level compared with prices in other regions. But the price stability has also cut their discount to fob Baltic prices to their narrowest since February.

Rosneft offered last week through a tender its September-loading supplies from its Angarsk refinery. The total volume amounted to 4,600t. The volume included 2,000t of SN 450 and 2,600t of SN 1200. The producer also offered in total some 6,700t of off-specification SN 150 and SN 350.

The actual volume available from the plant is likely to be lower because of plant maintenance this month. The work started this week. The partial maintenance is expected to trim base oils output by around 30pc in September and to impact mostly heavy-grade volumes.

Buyers in China remained interested mostly in the heavy-grade supplies. They secured some SN 1200 at around $1,000-1,050/t cpt Naushki.

Baltic importers were bidding for the medium-neutral grade at around $950/t on a cpt Posin basis. Chinese buyers' bids remained uncompetitive compared with that price level.

The *Argus* Russian diesel index rose to 54,025 roubles/t ($733/t). Prices were supported by the higher profitability of product exports and expectations of tighter fuel availability in Russia's domestic market.

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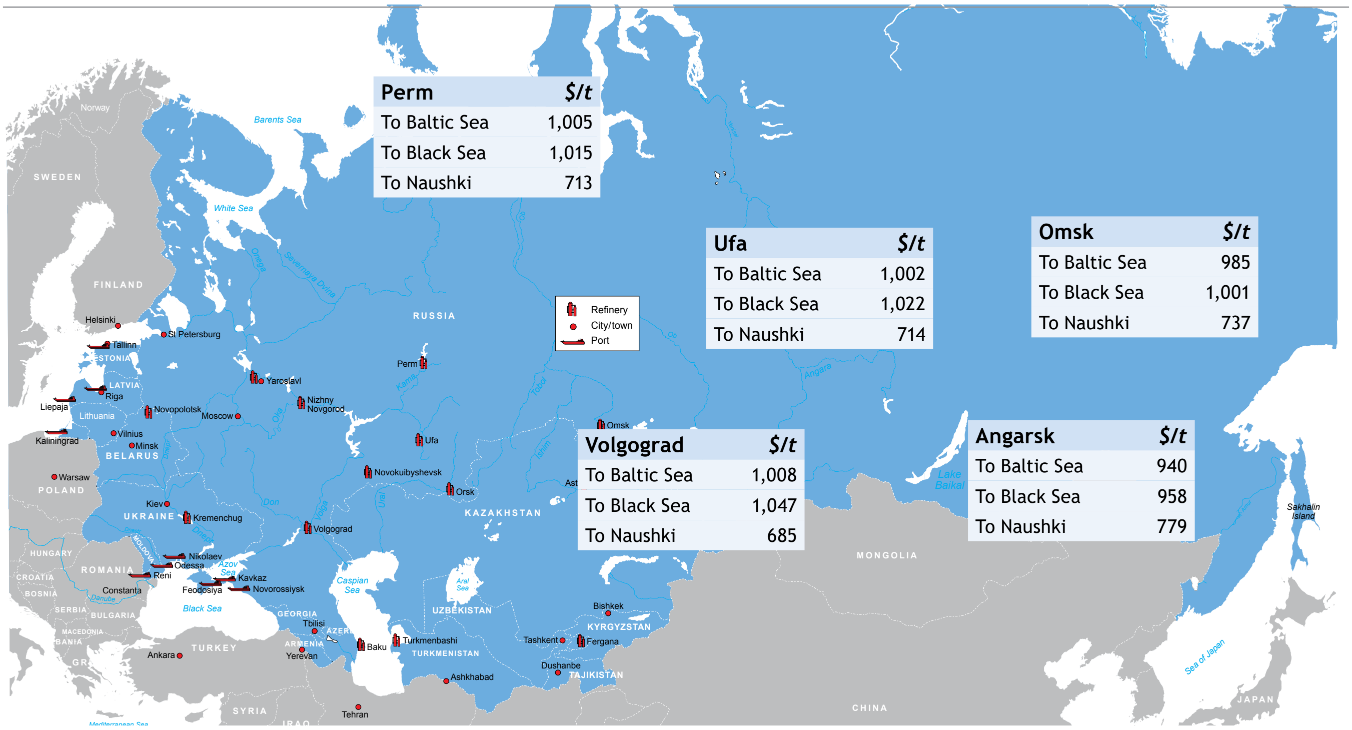
RUSSIA AND FSU

FSU KEY PRODUCERS' SN 500 PRICE (NETBACK) * $/t



Perm	$/t
To Baltic Sea	1,005
To Black Sea	1,015
To Naushki	713

Ufa	$/t
To Baltic Sea	1,002
To Black Sea	1,022
To Naushki	714

Omsk	$/t
To Baltic Sea	985
To Black Sea	1,001
To Naushki	737

Volgograd	$/t
To Baltic Sea	1,008
To Black Sea	1,047
To Naushki	685

Angarsk	$/t
To Baltic Sea	940
To Black Sea	958
To Naushki	779

** price calculated by subtracting transport costs and taxes between the producer and the fob Baltic, fob Black Sea and cpt Naushki pricing point.*

Baltic Sea Group III netback $/t

	Low	Mid	High	±
4cst	1,529	1,557.50	1,586	+14.50

Price calculated by subtracting freight costs and import tax from fca NWE Group III 4cst (b) price.

Vessel enquiries: FSU t

Loading port	Next port	B/L Date	Volume
Baltic	Gebze	End Aug	2,000
Kaliningrad	USGC	20-25 Aug	1,700

Source: shipping agents, brokers

Baltic loadings t

Port/terminal	Vessel	Next port	Volume	B/L Date
Svetly	Foyle	Riga	1,250	22 Aug
St.Petersburg	Stolt Redshank	Rotterdam	1,600	21 Aug
Riga/Svetly/St.P	Duzgit Endeavour	Tampa	10,300	5-21 Aug
Svetly	Pacific	Rotterdam	7,000	6 Aug
Riga	Amuleth	Dordrecht	3,700	29 Jul
Riga/Liepaja	Med Arctic	ARA	3,800	26-28 Jul
Liepaja/Riga	Autumn	WAF	10,000	20 July
Svetly	Atlantik Miracle	Izmit	7,400	16 July
Riga	Amonith	Rotterdam	3,900	11 July
Riga	Cavalli	Dordrecht	3,100	8 July
Riga/Vyborg	Boyne	Amsterdam	5,500	8 July
Riga/Svetly	RF Alice	WAF	9,700	24-27 Jun
Riga	Agath	Eastham	1,700	19 June
Riga/Svetly	Rubino	Rotterdam	7,300	11-13 Jun
Riga	Feo Swan	Hull	4,250	10 June
Svetly	Eske	Gothenburg	1,050	10 June
Riga	Cimil	Dordrecht	4,200	8 June

Russian domestic lube/base oil supplies '000t

Supplier	Jul 21	± Jun 21
Lukoil Volgograd	7.26	1.49
Rosneft Novokuibyshevsk	14.61	-1.14
Bashneft Ufa	8.37	1.35
Lukoil Perm	11.74	5.03
Rosneft Angarsk	4.18	-5.14
Gazpromneft Omsk	9.85	-0.57
Gazpromneft/Rosneft Yaroslavl	11.22	-0.16
Orgkhim	2.33	0.30
Tatneft Nizhnekamsk	0.39	-4.18
Rosa-1	0.12	0.01
Lukoil Tyumen	0.06	0.06
Shaumyan lube plant	0.36	0.00
Devon Group	0.31	0.06
Sofrino lube plant	0.04	0.04
Rosneft Ryazan	0.00	-0.12
Experimental plant Neftekhim	0.12	0.06
Obninskorgsintez	0.62	0.03
Others	48.05	6.50
TOTAL	119.60	3.61

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US

- Storm forecast to hit Louisiana Gulf coast in coming days
- Motiva raises Group III posted prices
- Grp II N100, Grp III 6cst, 8cst supplies remain available

US base oil prices are mixed. Group II N100 and Group III 6cst and 8cst prices have continued to fall as surplus spot supplies are more readily available. Prices for Group I and Group II mid- and heavy-viscosity grades and Group III 4cst have held firm, supported by tighter supplies.

US base oils producers' inventories remain unusually low ahead of the peak hurricane season in the Atlantic basin.

Storm heads for USGC

A tropical depression has developed in the Atlantic north of South America. It is forecast to strengthen into a tropical storm as it passes over Cuba and then into a powerful hurricane as it moves towards the Louisiana Gulf coast late on 29 August or the day after.

Three hurricanes struck the Louisiana Gulf coast last year. The storms had a significant impact on US Gulf coast (USGC) Group II production and disrupted the arrival of imports to USGC ports.

Some producers are prioritising inventory building as supplies of mostly light grades build. A recent round of spot shipments to India and Europe has cleared out several Group II producers' surplus inventories of extra-light and light-viscosity supplies.

All producers continue to prioritise filling their term contracts. Several producers continue to work through backlogs that extend into September and October. New orders placed now are unlikely to be filled until the fourth quarter for these producers.

Some producers expect to have no spot availability for the rest of the year of some products like Group I and Group II heavy grades.

Producer raises Group III postings

Motiva notified its customers on 25 August of a price increase for its Group III 4cst and 6cst grades. The producer increased its 4cst posting by $0.55/USG to $6.05/USG and its 6cst posting by $0.50/USG to $5.90/USG. The increase took effect from 26 August.

The price changes are reflected in the *Argus Posted Prices* table.

The move comes even as spot prices for Group III 6cst and 8cst have faced downwards pressure because of a rise in surplus supplies. None of the other Group III producers have announced posted prices increases. It remains unclear if this

Argus USGC domestic prices

	$/USG				$/t			
	Low	Mid	High	±	Low	Mid	High	±
Group I								
SN 150	3.77	3.85	3.93	nc	1,142	1,166.50	1,191	nc
SN 500	5.18	5.26	5.34	nc	1,544	1,567.50	1,591	nc
Bright stock	7.60	7.68	7.76	nc	2,234	2,257.50	2,281	nc
Group II								
N100	3.94	4.02	4.10	nc	1,221	1,246.00	1,271	nc
N220	4.80	4.88	4.96	nc	1,464	1,488.50	1,513	nc
N600	5.45	5.53	5.61	nc	1,635	1,659.00	1,683	nc
Group III								
4cst	6.35	6.43	6.51	nc	2,000	2,025.50	2,051	nc
6cst	6.10	6.18	6.26	-0.10	1,922	1,947.00	1,972	-31.00
8cst	6.11	6.19	6.27	-0.10	1,925	1,950.00	1,975	-31.50

Volume: 50t minimum

Argus USGC Group I bulk export prices

	$/USG				$/t			
	Low	Mid	High	±	Low	Mid	High	±
SN 150 fob	3.95	4.03	4.11	nc	1,197	1,221.00	1,245	nc
SN 500 fob	5.52	5.60	5.68	nc	1,645	1,669.00	1,693	nc
Bright stock fob	7.60	7.68	7.76	nc	2,234	2,257.50	2,281	nc

Volume: 1,000t minimum

Argus USGC Group II bulk export prices

	$/USG				$/t			
	Low	Mid	High	±	Low	Mid	High	±
N100 fob	3.94	4.02	4.10	-0.12	1,221	1,246.00	1,271	-37.50
N220 fob	5.03	5.11	5.19	nc	1,534	1,558.50	1,583	nc
N600 fob	5.81	5.89	5.97	nc	1,743	1,767.00	1,791	nc

Volume: 1,000t minimum

Argus USGC naphthenic domestic prices

	$/USG				$/t			
	Low	Mid	High	±	Low	Mid	High	±
Pale oil 60	3.40	3.48	3.56	nc	1,007	1,031.00	1,055	nc
Pale oil 100	3.74	3.82	3.90	+0.02	1,096	1,119.50	1,143	+6.00
Pale oil 500	4.10	4.18	4.26	nc	1,178	1,201.00	1,224	nc
Pale oil 2000	4.14	4.22	4.30	nc	1,181	1,204.00	1,227	nc

Volume: 20t minimum

Argus USGC naphthenic bulk export prices

	$/USG				$/t			
	Low	Mid	High	±	Low	Mid	High	±
Pale oil 60 fob	3.40	3.48	3.56	nc	1,007	1,031.00	1,055	nc
Pale oil 100 fob	3.70	3.78	3.86	nc	1,084	1,107.50	1,131	nc
Pale oil 500 fob	3.96	4.04	4.12	nc	1,138	1,161.00	1,184	nc
Pale oil 2000 fob	4.07	4.15	4.23	nc	1,161	1,184.00	1,207	nc

Volume: 1,000t minimum

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US

move will spur another round of Group III producer posted prices increases.

Some market participants deemed the posting increases to be a catch-up because Motiva's postings are significantly lower than the other US Gulf coast Group III posted prices for supplies that have the dexos1-Gen2 approvals. Others expect the other producers to raise their postings because most term pricing is at a discount to producers' posted prices.

The posting increases come as global Group III supply availability is increasing after an extensive round of Group III refinery maintenance in Europe, Russia and Asia-Pacific since the fourth quarter of 2020. Some surplus supplies of 6cst and 8cst have materialised in recent weeks. But supplies of 4cst remain especially tight.

Supplies of lubricants additives remain tight. The lack of availability is disrupting finished lubricants production. Some blenders continue to curb production of various finished lubricants. Others have needed to place their customers on allocation and are closely managing their supplies.

Blenders raise prices

Some more independent lubricants manufacturers raised their finished lubricants prices this week. Most of them raised their synthetic lubricants prices by 5-10pc with effect from second-half September. Some blenders have also raised pricing for their non-synthetic finished products.

Blenders have cited increased base oils and additive prices for their latest finished products prices increases as well as higher costs for packaging, transportation and labour.

Some blenders had already raised their prices on a case-by-case basis for some products. Finished lubricants demand remains mostly steady at firm levels.

Group II supplies remain mixed. Light and extra-light viscosity grades are more readily available. These grades continue to be offered into the domestic and export spot markets. N100 supplies have been offered within *Argus* domestic spot US Group II N100 price ranges.

Re-refined light grade supplies remain limited. A re-refinery located in the US midcontinent had an unplanned week-long shutdown last week. The re-refinery restarted this week.

Heavier grades stay tight

Group II N220 and N600 supplies remain tight. Demand remains firm for both grades even as some domestic blenders have reduced their intake of these grades because of the additive supply tightness.

Surplus supplies of N70 from the US continue to move into the Mexican market for diesel extender use. A large

Pemex Salamanca prices

	MXN/t *		$/t		$/USG	
	Price	±	Price	±	Price	±
Group I						
SN 100	11,906.58	nc	585.04	-5.87	1.90	-0.02
SN 150	12,027.98	nc	591.00	-5.93	1.93	-0.01
SN 250	12,644.23	nc	621.28	-6.23	2.04	-0.02
SN 500	13,777.69	nc	676.98	-6.79	2.24	-0.02
SN 650	15,040.27	nc	739.01	-7.42	2.48	-0.02
Bright stock	18,696.02	nc	918.64	-9.22	3.09	-0.03

** prices in Mexican peso/t effective from 01 Aug 20*

Feedstocks

	$/USG		$/bl	
	Price	±	Price	±
Nymex WTI crude front month	1.61	+0.09	67.42	+3.73
Argus Sour Crude Index (ASCI™)	1.57	+0.11	65.74	+4.36
USGC low sulphur VGO 0.5% cargo	1.82	+0.08	76.42	+3.17
USGC high sulphur VGO 2% cargo	1.83	+0.08	76.67	+3.17

Feedstocks premiums

	$/USG		$/bl	
	Price	±	Price	±
SN 500 premium to WTI	3.99	-0.09	167.81	-3.73
SN 500 premium to ASCI™	4.03	-0.11	169.49	-4.36
SN 500 premium to VGO 2%	3.77	-0.08	158.56	-3.17

Oil products

	$/USG		$/bl	
	Price	±	Price	±
NYH heating oil barge	1.79	+0.11	75.31	+4.79
USGC 10ppm diesel 62 cargo	2.05	+0.12	85.92	+5.07

Oil products premiums

	$/USG		$/bl	
	Price	±	Price	±
Heating oil premium to WTI	0.19	+0.03	7.89	+1.06
Heating oil premium to VGO 2%	-0.04	+0.03	-1.36	+1.62
SN 500 premium to heating oil	3.81	-0.11	159.91	-4.80

US SN 500 forward prices

	$/USG			$/t		
	Low	High	±	Low	High	±
Sep 2021	5.58	5.63	nc	1,661.35	1,676.25	nc
Oct 2021	5.58	5.63	nc	1,661.95	1,676.85	+0.10
Nov 2021	5.58	5.63	nc	1,661.85	1,676.75	+0.15
4Q 2021	5.58	5.63	nc	1,661.65	1,676.55	+0.15
1Q 2022	5.56	5.61	nc	1,657.85	1,672.75	+0.25

The price shows the implied forward-curve base oil price required to maintain its existing profit margin relative to Nymex heating oil futures.
Refer to www.argusmedia.com for methodology

US SN 500 forward premium to heating oil

	$/USG		$/t	
	Midpoint	±	Midpoint	±
Sep 2021	3.52	+0.02	1,049.25	+6.45
Oct 2021	3.52	+0.02	1,048.65	+6.30
Nov 2021	3.52	+0.02	1,048.80	+6.30
4Q 2021	3.52	+0.02	1,048.95	+5.95
1Q 2022	3.53	+0.02	1,051.95	+5.95

The premium shows the implied forward-curve profitability of fob US export SN 500 relative to Nymex heating oil futures.
Refer to www.argusmedia.com for methodology

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US

volume of N70 from South Korea will arrive at Brownsville, Texas. This follows previous volumes that arrived in August. Recent prices for N70 for the diesel extender market has been reported at or below $2.40/USG at Brownsville.

There was an enquiry for a vessel to move 3,000t of premium-grade base oils from South Korea to the USGC at the end of August.

South American demand stays strong

South American demand remains firm for Group II mid- and heavy-viscosity grades. Buyers in the region remain unable to secure additional volumes from the US above their term contract limits.

Group I supplies remain tight for all grades, particularly for heavy neutrals and bright stock.

Demand for bright stock and heavy neutrals remains firm. Producers continue to struggle to build sufficient inventories of the heavy-grade base stocks. Supplies of viable alternatives for bright stock are also limited.

A recent offer of an export cargo of Group I heavy grades was withdrawn. The supplies were kept in tanks ahead of maintenance in the fourth quarter.

Supplies of light neutrals also remain tight, while demand is firm. Increased availability of Group II light grades has done little to free up supplies of Group I light neutrals. It has also done little to soften demand for Group I light neutrals.

South American demand remains firm for Group I products. Supply availability is increasing from Europe. But it remains difficult to work the open arbitrage. High freight rates and logistics challenges are limiting the flow of flexibag containers to South America.

Group III 4cst supplies remain especially tight. The tightness continues to support elevated price levels and curb the production of synthetic lubricants. This is prompting blenders to raise their prices for these premium-grade lubricants.

At least one supplier has and expects to have surplus supplies of 3cst, 6cst and 8cst on a spot basis. These supplies are available at or just below $6/USG.

The persistent supply tightness and firm demand for these premium-grade base oils has prompted more overseas producers to prioritise shipping additional supplies to the US. More supplies from the Baltic region and South Korea are targeting the US market.

NAPHTHENIC BASE OILS

US naphthenic base oil prices are steady to firm with persistent supply tightness for all grades and firm domestic and export demand.

The recent drop in crude prices has halted for now some producers' plans to raise their prices. But this week's rebound in crude prices and a round of maintenance in September and October will help provide some more upwards price support. Inventories are limited ahead of these turnarounds. Firm demand is limiting any stockbuild ahead of the maintenance.

Demand remains firm for all naphthenic grades. Some domestic and overseas buyers continue to use naphthenic base oils to substitute for tighter paraffinic supplies.

Supplies of all pale oil grades remain tight. Heavy naphthenic grades are especially tight. There is no spot availability of supplies of pale 500 and heavier. Some producers are loading supplies as soon as they are produced. This is keeping especially low their inventories of heavy grade pale oils.

Supplies of light-grade naphthenics are also tight, particularly of pale 60 and pale 100. Some spot supplies are available for pale 40. The increase in supplies of Group II N100 has done little to ease demand or put pressure on prices for pale 60 or pale 100.

Naphthenic base oil margins continued to climb following the recent drop in crude prices. The pale oil 60 premium to four-week average WTI crude rose to $78.64/bl. The pale oil 60 premiums to four-week average Light Louisiana Sweet and Brent crudes rose to $77.88/bl and $76.01/bl respectively. These are near their highest levels since *Argus* began assessing these prices in 2011.

Vessel enquiries: Americas			*t*
Loading port	**Next port**	**B/L Date**	**Volume**
Ulsan	USGC	26-31 Aug	Up to 3,500
Pyeongtaek	USGC	10-15 Oct	4,000
Ulsan	Brazil	Sep	Up to 4,000
Mississauga	Marmara	10-15 Sep	5,000
Kaliningrad	USGC	20-25 Aug	1,700
Mideast Gulf	USGC	End Aug	1,500
South Korea	Caribs	1H Sep	9,000
USGC	2 Ports Brazil	10-20 Sep	7,200

Vessel fixtures: Americas					
Vessel	**Loading port**	**Next port**	**B/L Date**	**Volume, *t***	**Freight, *$/t***
MOL TBN	Mailiao	USGC	End Aug-Ey Sep	2,000	---
Med Arctic	USGC	Guayaquil	End Aug-Ely Sep	4,000-6,000	---

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AMERICAS POSTED PRICES $/USG

Group I *

	ExxonMobil Gulf coast			HollyFrontier			Paulsboro Refining east coast			Calumet Shreveport		
	Effective	$/USG	±	Effective	$/USG	±	Effective	$/USG	±	Effective	$/USG	±
70/75				23 Jun 21	4.63	+0.15						
100	18 Jun 21	4.64	+0.15	23 Jun 21	4.63	+0.15	23 Jun 21	4.89	+0.15			
150	18 Jun 21	4.69	+0.15	23 Jun 21	4.81	+0.15	23 Jun 21	4.84	+0.15			
250				23 Jun 21	4.92	+0.25						
300/350	18 Jun 21	4.81	+0.30									
500				23 Jun 21	6.27	+0.30	23 Jun 21	6.13	+0.30			
600/650	18 Jun 21	5.99	+0.30							22 Jun 21	6.05	+0.30
700							23 Jun 21	6.16	+0.30			
Bright stock	18 Jun 21	7.61	+0.30	23 Jun 21	7.49	+0.45	23 Jun 21	7.76	+0.30	22 Jun 21	7.54	+0.30

Group II *

	Excel Paralubes Gulf coast			Chevron Gulf coast			Motiva Gulf coast		
	Effective	$/USG	±	Effective	$/USG	±	Effective	$/USG	±
70	18 Jun 21	5.22	+0.30						
100/110	18 Jun 21	5.13	+0.30	15 Jun 21	5.19	+0.40	17 Jun 21	4.27	+0.40
220/225	18 Jun 21	5.24	+0.30	15 Jun 21	5.19	+0.30	17 Jun 21	4.69	+0.45
600	18 Jun 21	5.45	+0.30	15 Jun 21	5.34	+0.30	17 Jun 21	4.77	+0.45

Group II *

	ExxonMobil Gulf coast			Calumet Shreveport			Petro-Canada Mississauga		
	Effective	$/USG	±	Effective	$/USG	±	Effective	$/USG	±
70							25 Jun 21	5.10	+0.30
80				22 Jun 21	5.09	+0.30			
100				22 Jun 21	4.96	+0.30	25 Jun 21	5.04	+0.30
150				22 Jun 21	5.49	+0.30			
200/220	18 Jun 21	5.56	+0.35				25 Jun 21	5.20	+0.30
325				22 Jun 21	5.95	+0.30			
350							25 Jun 21	5.48	+0.30
650							25 Jun 21	5.75	+0.30

Group II+ *

	SK Lubricants Gulf coast			Phillips 66 Gulf coast			ExxonMobil Gulf coast			Petro-Canada Mississauga		
	Effective	$/USG	±	Effective	$/USG	±	Effective	$/USG	±	Effective	$/USG	±
50/60				18 Jun 21	7.30	+0.45						
65										25 Jun 21	7.13	+0.30
70/80	01 Jul 21	7.03	+0.35	18 Jun 21	7.31	+0.45						
100										25 Jun 21	6.24	+0.30
110/130							18 Jun 21	6.24	+0.30			

Group III *

	SK Lubricants Gulf coast			Phillips 66 Gulf coast			Motiva Gulf coast			Petro-Canada Mississauga		
	Effective	$/USG	±	Effective	$/USG	±	Effective	$/USG	±	Effective	$/USG	±
4cst	01 Jul 21	7.35	+0.35	18 Jun 21	7.51	+0.45	26 Aug 21	6.05	+0.55	25 Jun 21	7.87	+0.55
6cst	01 Jul 21	7.60	+0.35				26 Aug 21	5.90	+0.50	25 Jun 21	7.87	+0.55
8cst	01 Jul 21	7.68	+0.35	18 Jun 21	7.69	+0.45				25 Jun 21	7.97	+0.55

Group II+ * Safety-Kleen

	midcontinent and Canada			northeast and eastern Canada			west coast		
	Effective	$/USG	±	Effective	$/USG	±	Effective	$/USG	±
110/130	18 Jun 21	6.16	+0.30	18 Jun 21	6.21	+0.30	18 Jun 21	6.31	+0.30
240	18 Jun 21	6.61	+0.40	18 Jun 21	6.66	+0.40	18 Jun 21	6.76	+0.40

Avista Oil midwest/east coast *

	Effective	$/USG	±
Group II N150	21 Jun 21	6.20	+0.30
Group III 4cst	21 Jun 21	6.52	+0.30

** the ± column shows the price difference between the current and previous posted price.*

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AMERICAS POSTED PRICES $/T

Group I *

	ExxonMobil Gulf coast			HollyFrontier			Paulsboro Refining east coast			Calumet Shreveport		
	Effective	$/t	±	Effective	$/t	±	Effective	$/t	±	Effective	$/t	±
70/75				23 Jun 21	1,435.30	+46.50						
100	18 Jun 21	1,429.12	+46.20	23 Jun 21	1,426.04	+46.20	23 Jun 21	1,501.23	+46.05			
150	18 Jun 21	1,439.83	+46.05	23 Jun 21	1,476.67	+46.05	23 Jun 21	1,461.68	+45.30			
250				23 Jun 21	1,495.68	+76.00						
300/350	18 Jun 21	1,457.43	+90.90									
500				23 Jun 21	1,893.54	+90.60	23 Jun 21	1,839.00	+90.00			
600/650	18 Jun 21	1,785.02	+89.40							22 Jun 21	1,802.90	+89.40
700							23 Jun 21	1,823.36	+88.80			
Bright stock	18 Jun 21	2,260.17	+89.10	23 Jun 21	2,224.53	+133.65	23 Jun 21	2,296.96	+88.80	22 Jun 21	2,237.80	+89.04

Group II *

	Excel Paralubes Gulf coast			Chevron Gulf coast			Motiva Gulf coast		
	Effective	$/t	±	Effective	$/t	±	Effective	$/t	±
70	18 Jun 21	1,618.20	+93.00						
100/110	18 Jun 21	1,600.56	+93.60	15 Jun 21	1,603.71	+123.60	17 Jun 21	1,323.70	+124.00
220/225	18 Jun 21	1,608.68	+92.10	15 Jun 21	1,582.95	+91.50	17 Jun 21	1,430.45	+137.25
600	18 Jun 21	1,645.90	+90.60	15 Jun 21	1,610.01	+90.45	17 Jun 21	1,440.54	+135.90

Group II *

	ExxonMobil Gulf coast			Calumet Shreveport			Petro-Canada Mississauga		
	Effective	$/t	±	Effective	$/t	±	Effective	$/t	±
70							25 Jun 21	1,581.00	+93.00
80				22 Jun 21	1,570.77	+92.58			
100				22 Jun 21	1,524.01	+92.18	25 Jun 21	1,551.61	+92.36
150				22 Jun 21	1,681.92	+91.91			
200/220	18 Jun 21	1,695.80	+106.75				25 Jun 21	1,588.08	+91.62
325				22 Jun 21	1,812.79	+91.40			
350							25 Jun 21	1,662.03	+90.99
650							25 Jun 21	1,745.99	+91.09

Group II+ *

	SK Lubricants Gulf coast			Phillips 66 Gulf coast			ExxonMobil Gulf coast			Petro-Canada Mississauga		
	Effective	$/t	±	Effective	$/t	±	Effective	$/t	±	Effective	$/t	±
50/60				18 Jun 21	2,354.25	+145.13						
65										25 Jun 21	2,260.21	+95.10
70/80	01 Jul 21	2,214.45	+110.25	18 Jun 21	2,339.20	+144.00						
100										25 Jun 21	1,962.42	+94.35
110/130							18 Jun 21	1,953.12	+93.90			

Group III *

	SK Lubricants Gulf coast			Phillips 66 Gulf coast			Motiva Gulf coast			Petro-Canada Mississauga		
	Effective	$/t	±	Effective	$/t	±	Effective	$/t	±	Effective	$/t	±
4cst	01 Jul 21	2,315.25	+110.25	18 Jun 21	2,384.42	+142.88	26 Aug 21	1,917.49	+174.32	25 Jun 21	2,472.05	+172.76
6cst	01 Jul 21	2,394.00	+110.25				26 Aug 21	1,846.70	+156.50	25 Jun 21	2,477.95	+173.17
8cst	01 Jul 21	2,419.20	+110.25	18 Jun 21	2,406.97	+140.85				25 Jun 21	2,485.76	+171.54

Group II+ * Safety-Kleen

	midcontinent and Canada			northeast and eastern Canada			west coast		
	Effective	$/t	±	Effective	$/t	±	Effective	$/t	±
110/130	18 Jun 21	1,920.07	+93.51	18 Jun 21	1,935.66	+93.51	18 Jun 21	1,966.83	+93.51
240	18 Jun 21	2,048.44	+123.96	18 Jun 21	2,063.93	+123.96	18 Jun 21	2,094.92	+123.96

Avista Oil midwest/east coast *

	Effective	$/t	±
Group II N150	21 Jun 21	1,929.32	+93.35
Group III 4cst	21 Jun 21	2,050.34	+94.34

** the ± column shows the price difference between the current and previous posted price.*
The $/t price is converted from the $/USG price. Refer to www.argusmedia.com for methodology with the gallons-to-tonnes conversion factors.

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MARKET NEWS AND ANALYSIS

China's July base oil imports fall

China's base oil imports fell in July to a two-year-low with weaker domestic demand and logistical complications with shipments to the country.

Base oil imports of 144,640t in July fell from 190,310t the previous month to the lowest level since July 2019. Imports of 1.43mn t during January-July fell by 6pc from 1.52mn t during the same period last year.

China's base oil imports typically fall in the third quarter of the year from the previous three months with a seasonal slowdown in lube consumption during the summer. But its imports unusually rose in the third quarter of 2020 from the second quarter as lockdown measures at the start of that year delayed a seasonal spring rise in demand. The surge in imports last summer coincided with and exacerbated increasingly tight supplies in Asia-Pacific.

The fall in imports in July this year reflected more a reversion to typical behaviour. But the earlier than usual slowdown in imports from May this year shifted from usual trends.

Imports of 499,060t in the three months to July fell from 749,840t during the same three-month period last year. The lower volume this year partly reflected the delayed rise in demand in 2020. But imports also slowed from more than 615,000t during the same three-month period in each of the previous five years to 2019.

The steeper and earlier drop in shipments this year partly reflected the impact of tighter supplies in Asia-Pacific in the first half of 2021. It also reflected unusually high cargo prices during this period. The higher prices prompted Chinese importers to defer some deliveries and to divert shipments to other markets. The high prices also reflected firm competition from southeast Asia in particular. The region attracted a larger than usual share of spot shipments, especially of heavy grades.

Importers and consumers in China also sought to hold off replenishing their stocks because of expectations that prices would fall in response to a recovery in supplies. Regional cargo prices have duly dropped sharply in recent weeks. Domestic prices in China lagged the fall in cargo prices because of tighter supplies in the country's domestic market.

S Korea's July exports to Europe, US hold firm

South Korea's base oil exports to Belgium rose to a two-year high in July, tapping unusually tight supply-demand fundamentals for Group III base oils in the European market.

Shipments to the US also held firm.

Exports of 24,070t to Belgium in July rose from less than 500t the previous month to their highest since July 2019. Exports of 103,130t to the country in the first seven months of the year rose from 87,710t during the same period last year.

But the rise in supplies struggled to cover the sustained surge in demand for premium-grade base oils in the European market.

The rise in demand coincided with a drop in supplies from other key sources because of a heavy round of Group III plant maintenance in Europe and Russia in the second quarter of the year.

A recent rise in South Korean base oil shipments to the Netherlands helped to partially cover for some of the drop in Group III supplies caused by the maintenance work. Exports to that country surged to more than 34,000t in the second quarter from less than 5,000t during the first three months of the year.

But exports to the Netherlands fell back to 2,600t in July. The slowdown coincided with the completion of maintenance work at the Group III plants in Europe in June and July.

South Korea's base oil exports to the US fell back to 60,610t in July, from 69,340t the previous month. But the volume held above the 60,000t level for just the third time in the past 10 months.

Exports to the US from the South Korean ports of Ulsan and Onsan combined edged down to 56,600t in July, from 59,210t the previous month.

Supplies fell more steeply from the ports of Daesan and Pyeongtaek. Combined exports of 4,010t from these two ports fell from almost 10,000t in June, when more arbitrage supplies were lined up to move to the US.

The more sustained pick-up in shipments to the US has coincided with unusually tight supplies and strong demand for Group III base oils in that market. The strong fundamentals have triggered a surge in US Group III base oil prices relative to crude and to other markets.

US Group III prices rose to a premium of more than \$300/t to Group III prices in Europe throughout most of July. The premium was up from less than \$70/t in the first half of the year, and an average \$20/t discount to European prices in 2020.

Japan's June base oil, lube demand rises

Japan's base oil and lube consumption rose in June to a three-month high amid a pick-up in domestic and overseas demand.

Domestic demand rose by 22pc in June from a year earlier to 141,900 kilolitres (125,700t). Consumption of 401,040 kl in the second quarter of the year rebounded by 25pc from 320,691 kl during the same period last year and by 4pc from 387,170 kl in the second quarter of 2019.

The sustained pick-up in demand has coincided with a strong rise in Japan's industrial production since the end of the first quarter, although it remained below June 2019 levels. Automobile sales have risen since the fourth quarter of last year, although these were also still below 2019 levels.

Persistent demand from overseas markets added to the rise in consumption. Overseas demand was unusually strong in the first

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MARKET NEWS AND ANALYSIS

half of the year as plant maintenance and run cuts in Asia-Pacific left base oil supplies lagging demand.

Base oil and lube exports recovered in June to a three-month high of 66,470 kl. Exports had slumped to less than 40,000 kl in May because of a heavy round of scheduled and unexpected plant maintenance work in Japan.

The pick-up in exports triggered a rebound in shipments to Singapore to their highest since March. Exports to the island-state had slumped in May to their lowest in at least nine years.

GS Caltex's 2Q 2021 lube profit rises

South Korean refiner GS Caltex's profit from its base oil and lube unit rose in this year's second quarter to its highest level in more than a decade as margins increased.

The unit's operating profit of 159.2bn South Korean won ($136.5mn) during April-June rose by 188pc from W55.3bn during the same period last year. Profit of W284.3bn in the first half exceeded total profit for all of 2020.

The rise in profit mirrored a similar performance among all of South Korea's other base oil producers as tight supply-demand fundamentals triggered a surge in global base oil prices. These prices outpaced the recovery in crude prices.

Supplies were tight because of a combination of refinery run cuts and scheduled and unplanned plant shutdowns for maintenance in all the key markets. The maintenance included the 40-day shutdown of GS Caltex's 23,000 b/d Group II base oil unit at Yeosu during March and April.

Base oil exports of 122,300t from Yeosu in the second quarter slipped from 137,890t during the first quarter and from 188,700t during the same period a year earlier.

The shutdown of the base oil unit cut the refiner's base oil run rate to 83pc in the first quarter and to 75pc in the second quarter. Operating rates were down from at least 100pc during the first half of 2020.

The base oil and lube unit's sales still rose in the second quarter to a seven-year high of W405.8bn. But the 53pc rise in sales lagged the pace of the rise in profit. The trend boosted the unit's profit margin to 39.2pc. The margin was up from 34.9pc in the first quarter and from an average of around 17pc during the previous five years.

Mexico produces almost no base oils in June

Mexico produced barely any base oils in June as output fell for a fourth straight month. The protracted lack of domestic supply forced buyers to rely almost completely on imports to cover their requirements.

Base oils output fell to just 2 b/d in June, down from 5 b/d in May and year-earlier levels of 530 b/d. Production has exceeded 10 b/d just three times in the past 11 months.

Mexico's state-owned Pemex had halted base oils production at the 6,000 b/d Group I unit at its 220,000 b/d Salamanca refinery from August 2020 through January. The country's monthly average production in 2020 fell to a record low of 220 b/d.

The almost complete cessation of base oils output in recent months coincided with unusually low production of all refined products from the refinery. Its total refined product output of 75,028 b/d in June rose by 17pc from 64,087 b/d the previous month. But the June output was down 34pc from year-earlier levels of 113,247 b/d.

The sustained dearth of Mexican base oils production has forced blenders to continue to import almost all of the base oil stocks required to produce finished lubricants. Most of these imported supplies continue to originate from the US.

But high prices and tight supply in the US have incentivized buyers to target volumes from other markets instead in recent months.

More than 10,000t of Group I heavy-viscosity grades were fixed to load from the Baltic region in June and July before moving to Brownsville, Texas. Some of these supplies were expected to then move to the Mexican finished lubes market.

Mexico has also remained an outlet for light-viscosity base oils as a blending stock in the country's diesel extender market.

At least 13,000t of Group II N70 from South Korea was loaded onto vessels in June and first-half July for shipment to the US Gulf coast. That product was set to reach Brownsville, Texas, in August before moving into the Mexican diesel extender market.

That arbitrage remains open. But South Korean producers have been securing more competitive prices for cargoes bound for India.

Mol increases Group I production again

Hungarian refiner Mol is ramping up Group I base oil production at its 160,000 b/d Szazhalombatta facility, following weather related issues.

High temperatures in the region slowed down the cooling process required to produce wax and base oils from feedstock and limited availability of these speciality products since the plant returned from maintenance in June.

The refinery is expecting to offer some September loading spot supplies after up to 5-months of limited supply for term customers and no spot availability.

The month-long maintenance that ran from May to June followed technical problems in April, including an electrical fault and a steam pipeline failure. These technical problems impacted the producer's ability to stockpile ahead of maintenance, adding to supply tightness.

Mol is anticipating strong demand from customers for its September offers, especially for light and mid-viscosity grades after months of tight supplies.

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MAINTENANCE AND SHUTDOWNS

Upcoming / recent base oil plant maintenance / shutdowns / closures						
Refiner	**Location**	**Timing**	**Capacity**	**Capacity affected**	**Cause**	
Eneos	Negishi, Japan	By Oct 2022	210,000 *t/yr*	All	Closure	
Shell	Bukom, Singapore	July 2022	380,000 *t/yr*	All	Closure	
Petronas	Melaka, Malaysia	Q1 2022	300,000 *t/yr*	NA	Maintenance	
Chevron	Pascagoula, Mississippi, US	End-4Q 2021 or Ely-1Q 2022	23,000 *b/d*	All	Catalyst change	
Tupras	Izmir, Turkey	4Q 2021 for 6 weeks	400,000 *t/yr*	All	Maintenance	
Vertex Energy	Columbus, Ohio, US	4Q 2021 for 7 days	1,500 *b/d*	All, Group II	Maintenance	
Sinopec	Gaoqiao, China	Oct to Nov 2021	600,000 *t/yr*	All, Group I/II	Maintenance	
Cross Oil	Smackover, Arkansas, US	13 Sep 2021 for 12 days	4,000 *b/d*	All	Catalyst change	
Rosneft	Angarsk, Russia	From Sep 2021	250,000 *t/yr*	Partial, 30pc	Maintenance	
HuangHe New Materials	Shandong, Zibo, China	End-Aug 2021 for 30 days	180,000 *t/yr*	All, Group II	Maintenance	
Formosa	Mailiao, Taiwan	From 25 Aug 2021	600,000 *t/yr*	All, Group II	Small fire	#
Tupras	Izmir, Turkey	From Aug 2021	400,000 *t/yr*	All	Ops issues	
Sapref	Durban, South Africa	Mid-Jul to Ely-Aug 2021	175,000 *t/yr*	All	Refinery maintenance	
Panjin Northern Asphalt	Liaoning, China	Mid-Jul to Mid-Aug 2021	400,000 *t/yr*	All, Paraffinic	Maintenance	
Shandong Jincheng/	Shandong, Zibo, China	Mid-Jul 2021 for 2 weeks	600,000 *t/yr*	All	Maintenance	
Formosa	Mailiao, Taiwan	Ely-Jul to 25 Aug 2021	600,000 *t/yr*	All, Group II	Maintenance	
Panjin Haoye	Liaoning, China	From Ely-Jul 2021	200,000 *t/yr*	All	Maintenance	
Tatneft	Nizhnekamsk, Russia	2H Jun to 20 Jul 2021	186,000 *t/yr*	All	Maintenance	
Valero	Three Rivers, Texas, US	06 Jun to ely-Jul 2021	2,400 *b/d*	All, Naphthenic	Fire	
Ilboc	Cartagena, Spain	Ely-Jun to Jul 2021	650,000 *t/yr*	All, Group II/III	Halt for expansion	
Hyundai-Shell	Daesan, South Korea	Jun to Jul 2021	800,000 *t/yr*	Partial	Run-cut	
Ergon	Newell, West Virginia, US	29 May to 15 Jun 2021	4,800 *b/d*	All, Group I/II	Refinery fire	
Rosneft	Ufa, Russia	2H May 2021 for 1 month	240,000 *t/yr*	All	Maintenance	
Ningbo Bohui	Ningbo, China	2H May 2021 for 2 weeks	300,000 *t/yr*	All, Group II	Maintenance	
Eneos	Kainan, Japan	10 May 2021 for 45 days	200,000 *t/yr*	NA	Maintenance	
Sinopec	Maoming, China	May to Jun 2021	700,000 *t/yr*	57%, Grp II/III	Maintenance	
Sapref	Durban, South Africa	May to mid-Jun 2021	175,000 *t/yr*	NA	Refinery maintenance	
ENI	Livorno, Italy	Mid-May 2021 for 1 month	600,000 *t/yr*	All	Maintenance	
MOL	Szazhalombatta, Hungary	May to Jun 2021	195,000 *t/yr*	All	Maintenance	
Norinco Bora	Liaoning, Panjin, China	May 2021 for 1 month	300,000 *t/yr*	All, Group I	Maintenance	
Vertex Energy	Columbus, Ohio, US	2Q or 3Q 2021 for 10 days	1,500 *b/d*	All, Group II	Maintenance	
Jin Cheng	Shandong, Zibo, China	2H Apr 2021 for 2 weeks	500,000 *t/yr*	All, Group II	Maintenance	
Jun Heng	Henan, Puyang, China	2H Apr 2021 for 2 weeks	200,000 *t/yr*	All, Group II	Maintenance	
HuangHe New Materials	Shandong, Zibo, China	2H Apr 2021 for 2 weeks	180,000 *t/yr*	All, Group II	Maintenance	
Lotos	Gdansk, Poland	07 Apr to mid-May 2021	245,000 *t/yr*	All	Maintenance	
PKN Orlen	Plock, Poland	Ely-Apr to 1H May 2021	160,000 *t/yr*	All	Maintenance	
Naftan	Novopolotsk, Belarus	Apr 2021 for 1 month	200,000 *t/yr*	All	Maintenance	
Total	Gonfreville, France	Apr 2021	240,000 *t/yr*	All	Closure after 2019 fire	
Galp	Porto, Portugal	Apr 2021	180,000 *t/yr*	All	Closure	
Ergon	Newell, West Virginia, US	09 Apr 2021 for 1 month	4,800 *b/d*	All, Group I/II	Maintenance	
Neste	Porvoo, Finland	05 Apr to 2H Jun 2021	250,000 *t/yr*	All, Group III	Maintenance	
Lukoil	Perm, Russia	2Q 2021	460,000 *t/yr*	All	Maintenance	
Eneos	Wakayama, Japan	29 Mar to 2H May 2021	360,000 *t/yr*	All	Refinery fire	
SK Lubricants	Ulsan, South Korea	2H Mar to end-Jun 2021	26,000 *b/d*	Partial, Grp III	Maintenance	
GS Caltex	Yeosu, South Korea	Mid-Mar 2021 for 35-40 days	23,000 *b/d*	NA	Refinery maintenance	
Avista Oil	Peachtree City, Georgia, US	07-12 Mar 2021	1,250 *b/d*	All, Group II	Maintenance	
HPCL	Mumbai, India	Ely-Mar to 30 May 2021	480,000 *t/yr*	Partial	Refinery maintenance	
IRPC	Rayong, Thailand	Ely-Mar to 09 Apr 2021	320,000 *t/yr*	Partial	Maintenance	

Every effort has been made to verify information directly with appropriate company sources. Some information has been obtained from usually reliable sources, but cannot be officially confirmed with the refinery concerned. The list will be updated when new information becomes available. #Additional/updated plant data over the past week

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MARKET FUNDAMENTALS

Upcoming / recent expansions / conversions / new plants					
Refiner	**Location**	**Timing**	**New capacity**	**Grade**	**Expansion / New**
IOC	Haldia, India	NA	270,000 *t/yr*	Group III	New
IOC	Koyali, Gujarat, India	NA	235,000 *t/yr*	NA	New
Modrica refinery	Modrica, Bosnia	NA	200,000 *t/yr*	Group III	Expansion
NA	Southeast Asia	NA	Up to 300,000 *t/yr*	Group II N150, N500	New
Saudi Aramco/Sabic	Yanbu, Saudi Arabia	2025	NA	NA	New
IOC	Panipat, Delhi, India	2024	NA	Group III	New
ExxonMobil	Jurong, Singapore	2023	1mn *t/yr*	Group II N150, N600, high-vis base oils	New
Avista Green	Dollbergen, Germany	After 2022	10-15pc higher	Group I+ re-refinery	New
EGEO Oil	Portugal	2022	14,000 *t/yr*	Group I re-refined SN 80/150/200/350	New
Hainan Handi	Hainan, China	2022	300,000 *t/yr*	Group II re-refinery	New
Gazpromneft	Omsk, Russia	2021-2022	220,000 *t/yr*	Group II/III 2cst, 4cst, 6cst and 8cst	Expansion
Avista Green	Kalundborg, Denmark	End-2021	10-15pc higher	Group I+ re-refinery	Expansion
CNOOC/Bora Petchem	Liaoning, China	End-2021	1.2mn *t/yr*	Naphthenic	Expansion
BPCL	Mumbai, India	Oct 2021	450,000 *t/yr*	Group II N65, N150, N500, Group III 8cst	Expansion
Hainan Handi Sunshine	Hainan, Yangpu, China	3Q 2021	Up to 800,000 *t/yr*	Group II+/III	New
Ilboc (Sk-Repsol)	Cartagena, Spain	2H 2021	Up to 50pc higher	Group II/III	Expansion
Sinopec	Yanshan, China	Jun-Jul 2021	250,000 *t/yr*	Group II	Expansion
Tayras	Selimiye, Turkey	Mid-2021	40,000 *t/yr*	Group II+ re-refinery, N70, N110, N220	New
Panjin Haoye	Liaoning, China	Apr 2021	200,000 *t/yr*	Group II N100, N150 and N350	New
Lukoil	Volgograd, Russia	Feb 2021	NA	Group II	New
Shenghong Petrochemical	Lianyungang, China	2021	620,000 *t/yr*	Group II/III	Cancelled
Sasol	Louisiana, US	After 2020	NA	GTL	Cancelled
Qinghe Petrochemical	Shandong, China	Jun 2020	600,000 *t/yr*	Group III/II	New
Ningbo Bohui	Zhejiang, China	2Q 2020	300,000 *t/yr*	Group II	New
Gen III Oil Corporation	Bowden, Canada	2Q 2020	2,240 *b/d*	700 *b/d* Group II, 1,540 *b/d* Group III	New
HILL	Chimkent, Kazakhstan	2020	250,000 *t/yr*	Group I/II/III	New
Liaohe Petrochemical	Liaoning, China	4Q 2019	400,000 *t/yr*	Naphthenic base oils	New
Sinopec	Jingmen, China	End-Oct 2019	550,000 *t/yr*	Group II heavy and white oils	New
Petrochina	Karamay, China	Oct 2019	30,000 *t/yr* each	Naphthenic bright stock, rubber oil	Expansion
Neste	California, US	3Q 2019	NA	Group III	Conversion
ExxonMobil	Jurong, Singapore	2Q 2019	100,000 *t/yr*	Group II	Expansion
Hengli Petrochemical	Dalian, China	Apr 2019	600,000 *t/yr*	Group II and III	New
ExxonMobil	Rotterdam, Netherlands	1Q 2019	900,000 *t/yr*	Group II	New
Puraglobe	Tampa, US	1Q 2019	50,000 *t/yr*	Group III	New
Henan Junheng	Henan, China	1Q 2019	400,000 *t/yr*	Group II	New
Lub-rref Bangladesh Ltd	Chittagong, Bangladesh	1Q 2019	50,000 *t/yr*	Group II N70, N150, N500/600 re-refinery	New
Shandong Qingyuan	Shandong, China	1Q 2019	800,000 *t/yr*	Group II+/III	New
Shandong Huanghe	Shandong, China	1Q 2019	180,000 *t/yr*	White oils and base oils, Group II	New
Shanxi Lu'an Taihang	Shanxi, China	1Q 2019	Up to 600,000 *t/yr*	Group III+ CTL, 2/3/4/8cst	New
Shida Changsheng	Shandong, China	Jan 2019	300,000 *t/yr*	Group II	New
VN Oil	Hiep Phuoc, Vietnam	After 2018	50,000 *t/yr*	Group II re-refinery	Cancelled
Liaoning Haihua	Liaoning, China	Dec 2018	300,000 *t/yr*	Naphthenic/paraffinic base oils, Group II	New
Luberef	Yanbu, Saudi Arabia	End-Dec 2018	170,000 *t/yr*	Group I bright stock	Expansion
Hyundai-Shell	Daesan, South Korea	3Q 2018	200,000 *t/yr*	Group II	Expansion
Pemex	Salamanca, Mexico	2018	3,300 *b/d*	Group II	Delayed
Holly Frontier	Wood Cross, US	2018	10,000-12,000 *b/d*	Group III	Delayed
Luberef	Yanbu, Saudi Arabia	4Q 2017	715,000 *t/yr*	Group II	New
Panjin Northern Asphalt	Liaoning, China	2H Nov 2017	300,000 *t/yr*	Naphthenic base oils	New

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#Additional/updated plant data over the past week

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Argus Base Oils forward premium methodology

Argus assesses the forward base oil premium to gasoil or heating oil by comparing the physical fob Asia / European export / US SN 500 base oils price published in *Argus* Base Oils each week with the 30-day average of each forward month for gasoil or heating oil futures. Further details are available at www.argusmedia.com.

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