

OVERVIEW

- WTI Nymex August crude futures eased by 16¢/bl to \$40.59/bl amid signs that fresh Covid-19 lockdown restrictions could weigh on the longer-term global demand outlook. Nymex RBOB fell by 0.94¢/USG to \$1.2245/USG and ULSD eased by 0.88¢/USG to \$1.2191/USG.
- Gasoline prices in the US Gulf coast continued to decline along with the Atlantic coast market.
- US Gulf coast distillate prices finished with the market moving more than 2¢/USG lower in weekly comparison. The arbitrage for jet and diesel into New York Harbor from Houston remains closed.
- US Gulf coast refining margins declined steadily this week as the price of clean petroleum products declined and crude oil posted small gains. The Atlantic coast, midcontinent and US west coast crack spreads also declined.
- Venezuela's state-owned PdV is down to its last drops of gasoline and blendstock, but it has more breathing room on diesel.
- Advancing the sale of Venezuela's US refining subsidiary Citgo could damage US foreign policy goals and that country's struggling opposition beyond repair, President Donald Trump's administration wrote in a filing ahead of today's oral argu-

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MARKET SUMMARY

Price	¢/USG			
	New York	Houston	Chicago	Los Angeles
CBOB/suboctane	120.700	108.950	106.950	121.950
RBOB	124.200	116.950	122.350	122.450
87 conv	117.575	112.200	106.950	
Ethanol	132.500	134.900	125.000	142.150
Jet fuel	110.660	106.160	115.410	118.660
ULSD	121.910	117.035	110.285	123.140
Bunker fuel \$/t	270.500	255.000		264.000

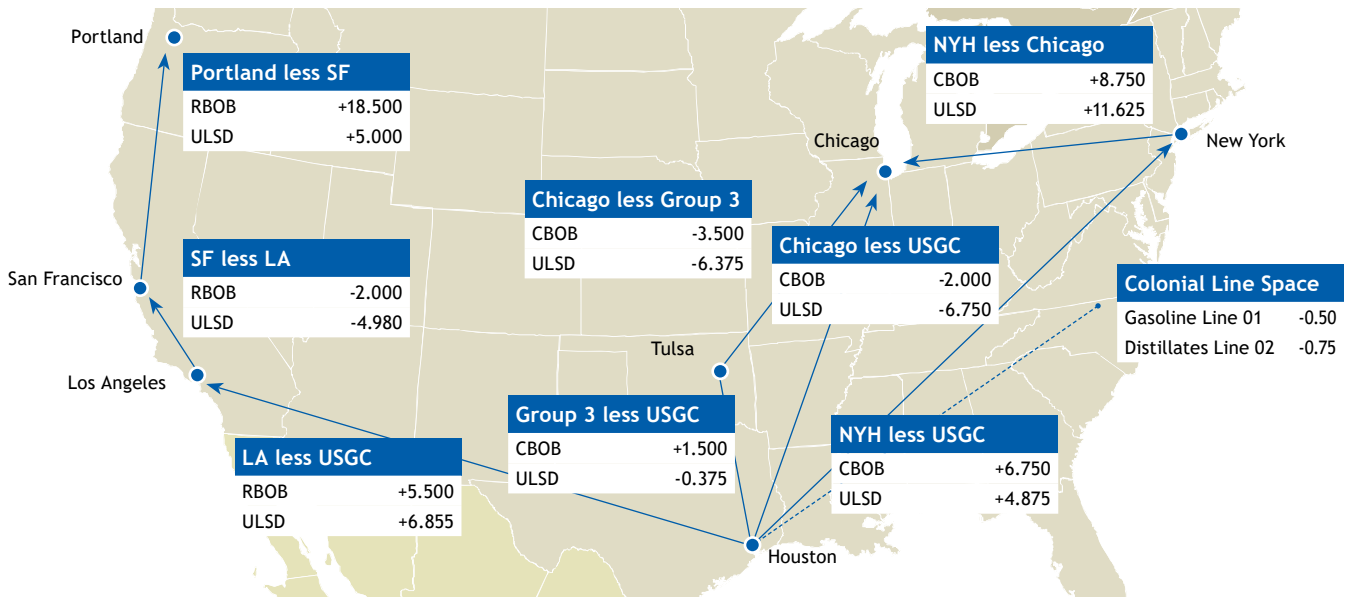
Differential to Nymex	¢/USG			
	New York	Houston	Chicago	Los Angeles
CBOB/suboctane	-1.750	-13.500	-15.500	-0.500
RBOB	+1.750	-5.500	-0.100	0.000
87 conv	-4.875	-10.250	-15.500	
Jet fuel	-11.250	-15.750	-6.500	-3.250
ULSD	0.000	-4.875	-11.625	0.000
Bunker fuel \$/t	+2.234	-0.220		+1.205

Change on day	¢/USG			
	New York	Houston	Chicago	Los Angeles
CBOB/suboctane	-0.940	-1.390	-1.440	-0.940
RBOB	-1.065	-0.565	-1.415	-0.940
87 conv	-0.940	-0.940	-1.440	
Ethanol	-1.750	-9.500	-9.500	-8.250
Jet fuel	-1.505	-0.630	-0.130	-0.630
ULSD	-0.880	-0.755	-1.130	
Bunker fuel \$/t	-3.500	+18.000		+2.500

CME Nymex futures	¢/USG		
	Month	RBOB	ULSD
Aug		122.45	121.91
Sep		120.62	123.14
Oct		112.65	124.65
Nov		110.94	126.23
Dec		109.92	127.63
Jan		110.43	129.08

ARGUS MARKET MAP

¢/USG



LATEST NEWS

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Infrastructure

- Phillips 66 Sweeny reports electrical fault

Industry

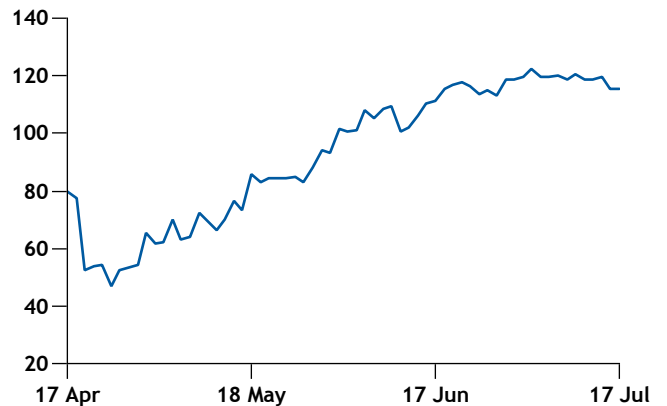
- California fuel production slows
- US cracks: Margins fall across all regions
- Blending demand weakens for US toluene, MX
- KCS Mexico-bound products volumes rebound
- US argues against Citgo sale
- Venezuela exhausts gasoline; diesel en route

Opinion/analysis

- Brazil closer to net gasoline export status

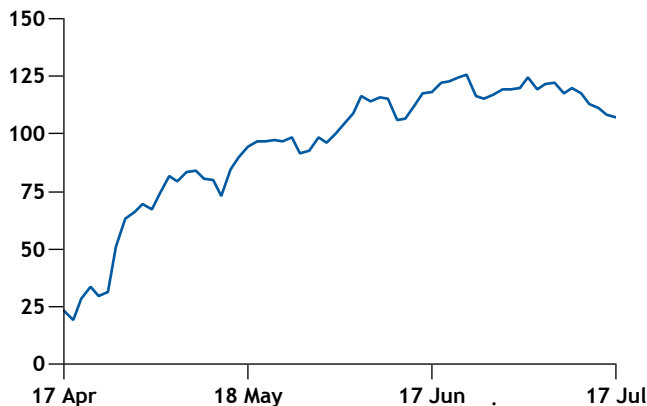
Chicago jet fuel cash

¢/USG



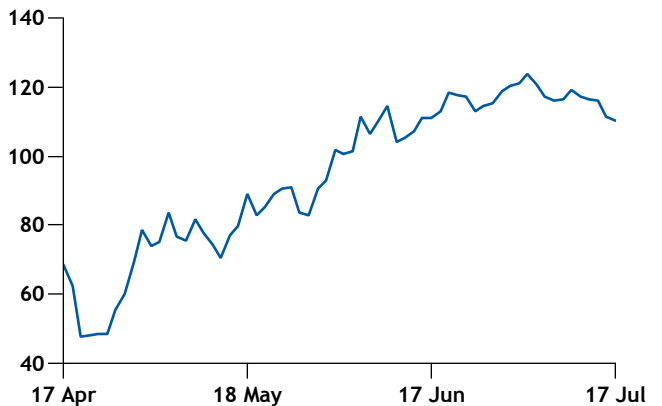
Chicago 87 CNV cash

¢/USG



Chicago ULSD cash

¢/USG



GASOLINE

Atlantic coast

US Atlantic coast gasoline differentials weakened on Friday amid thin bidding interest.

Prompt RBOB was assessed at August Nymex +1.75¢/USG, a 0.13¢/USG decline from the previous day. Buckeyes were even to barges. The forward curve was backward by 0.75¢/USG from the prompt through the end of July.

Buckeye 9.0 RVP CBOB was offered at August Nymex -6.75¢/USG, a 1¢/USG decline from the previous day. Barges were even to Buckeyes.

Colonial offline A2 was offered at August Nymex -6.25¢/USG, 0.5¢/USG weaker than the last session. Laurel CBOB was assessed flat to offline A2.

The arbitrage from the US Gulf coast to New York Harbor weakened slightly for RBOB and CBOB but remained profitable on paper. The arbitrage remained shut for conventional 87 octane gasoline.

Refining margins increased by \$0.31/bl to \$8.2/bl as the decline in Brent crude outweighed losses in refined products prices.

Gulf coast

Gasoline prices in the US Gulf coast posted further declines on Friday as Nymex RBOB futures weakened for a second consecutive session.

CME Nymex RBOB				
Price			Crack spread	
Month	¢/USG	±	Month	\$/bl
Aug	122.45	-0.94	Aug	+10.84
Sep	120.62	-0.95	Sep	+9.91
Oct	112.65	-1.03	Oct	+6.37

Atlantic coast				¢/USG
	Basis	Differential	Price	±
New York waterborne				
87 conv inc duty 9.0	Aug	-5.25/-4.50	117.20-117.95	-0.94
87 conv ex duty 9.0	Aug	-12.99/-12.24	109.46-110.21	-0.95
Reg CBOB inc duty 7.8	Aug	0.00/+0.50	122.45-122.95	-0.94
Reg CBOB ex duty 7.8	Aug	-7.75/-7.25	114.70-115.20	-0.95
Reg RBOB inc duty R2	Aug	+3.50/+4.00	125.95-126.45	-1.07
Reg RBOB ex duty R2	Aug	-4.25/-3.75	118.20-118.70	-1.07
89 conv inc duty 9.0			121.23-121.98	-0.94
Prem RBOB inc duty R2	Aug	+12.75/+13.25	135.20-135.70	-0.95
93 conv inc duty 9.0	Aug	+6.25/+7.00	128.70-129.45	-0.94
Boston waterborne				
Reg RBOB R2	Aug	+3.75/+4.25	126.20-126.70	-1.07
Colonial Linden				
87 conv M Cycle 38 9.0	Aug	-5.25/-4.50	117.20-117.95	na
89 conv Cycle 38 9.0			121.23-121.98	na
93 conv V Cycle 38 9.0	Aug	+6.25/+7.00	128.70-129.45	na
Reg CBOB Cycle 38 9.0	Aug	-6.50/-6.00	115.95-116.45	-1.44
Reg RBOB Cycle 38 9.0	Aug	+2.00/+2.50	124.45-124.95	na
New York barge				
Reg CBOB dead prompt 7.8	Aug	-2.00/-1.50	120.45-120.95	-0.94
Reg CBOB prompt 7.8	Aug	-2.00/-1.50	120.45-120.95	-0.94
Reg CBOB dead prompt 9.0	Aug	-7.00/-6.50	115.45-115.95	-1.94
Reg CBOB prompt 9.0	Aug	-7.00/-6.50	115.45-115.95	-1.94
Reg RBOB dead prompt R2	Aug	+1.75/+2.00	124.20-124.45	-1.07
Reg RBOB prompt R2	Aug	+1.50/+2.00	123.95-124.45	-1.07
Prem CBOB dead prompt 7.8	Aug	+19.65/+20.15	142.10-142.60	-0.94
Prem CBOB prompt 7.8	Aug	+19.65/+20.15	142.10-142.60	-0.94
Prem CBOB dead prompt 9.0	Aug	+9.75/+10.25	132.20-132.70	-0.94
Prem CBOB prompt 9.0	Aug	+9.75/+10.25	132.20-132.70	-0.94
Prem RBOB dead prompt R2	Aug	+10.75/+11.25	133.20-133.70	-0.94
Prem RBOB prompt R2	Aug	+10.75/+11.25	133.20-133.70	-0.94
Buckeye				
Reg CBOB dead prompt 7.8	Aug	-2.00/-1.50	120.45-120.95	-0.94
Reg CBOB prompt 7.8	Aug	-2.00/-1.50	120.45-120.95	-0.94
Reg CBOB dead prompt 9.0	Aug	-7.00/-6.50	115.45-115.95	-1.94
Reg CBOB prompt 9.0	Aug	-7.00/-6.50	115.45-115.95	-1.94
Reg RBOB dead prompt R2	Aug	+1.75/+2.00	124.20-124.45	-1.07
Reg RBOB prompt R2	Aug	+1.50/+2.00	123.95-124.45	-1.07
Prem CBOB dead prompt 7.8	Aug	+19.65/+20.15	142.10-142.60	-0.94
Prem CBOB prompt 7.8	Aug	+19.65/+20.15	142.10-142.60	-0.94
Prem CBOB dead prompt 9.0	Aug	+9.75/+10.25	132.20-132.70	-0.94
Prem CBOB prompt 9.0	Aug	+9.75/+10.25	132.20-132.70	-0.94
Prem RBOB dead prompt R2	Aug	+10.75/+11.25	133.20-133.70	-0.94
Prem RBOB prompt R2	Aug	+10.75/+11.25	133.20-133.70	-0.94
Laurel				
Reg CBOB 9.0	Aug	-6.50/-6.00	115.95-116.45	-1.44
Prem CBOB 9.0	Aug	+9.75/+10.25	132.20-132.70	-0.94
Reg RBOB R2	Aug	+1.50/+2.00	123.95-124.45	-1.07
Prem RBOB R2	Aug	+10.75/+11.25	133.20-133.70	-0.94

GASOLINE

Outright prices fell to their lowest levels since 26 June as a result, with 87 conventional (M2) reaching \$1.12/USG.

Cash differentials versus the August Nymex basis were directionally mixed amid scheduling of Colonial Pipeline's 42nd cycle.

Valuations for prompt M2 held unchanged in daily comparison, with trade continuing to occur at August Nymex -10.25¢/USG for a second day.

Regular CBOB (A2) differentials weakened for a ninth consecutive session, with trades being done between August Nymex -13.75¢ and -13.25¢/USG. This drew values lower by a further 0.45¢/USG on the day, and 2.25¢/USG below week-ago levels.

Differentials for premium CBOB (D2) declined as well, with deals occurring between Nymex RBOB -5¢ and -4.5¢/USG.

On the flip side, VOC-controlled regular RBOB (F1) and premium RBOB (H1), both gained slightly in daily comparison. Trade for F1 was done from August Nymex -6¢ up to -5¢/USG, lifting values by 0.38¢/USG session-on-session.

The value of Colonial Pipeline gasoline line space backtracked slightly on Friday as inter-regional spreads for RBOB and CBOB narrowed. These spreads continued to hold above the 5.98¢/USG cost of shipping on paper, though line space remained valued below flat.

Trade for prompt cycle 42 gasoline line space was done at -0.5¢/USG, down from Thursday's midpoint assessed value of -0.38¢/USG.

Midcontinent

Chicago West Shore/Badger pipeline gasoline cash differentials reached the lowest in more than 11 weeks on Friday.

West Shore/Badger 9 RVP CBOB saw bids and offers both emerge at August Nymex -15.5¢/USG on July's third cycle. This sent differentials down by 0.5¢/USG to the lowest since 28 April, and it pressured outright prices down by 1.44¢/USG to \$1.07/USG.

Wolverine Pipeline 9 RVP CBOB traded 2¢/USG below Buckeye Complex (BCX) barrels on a regrade. Wolverine CBOB was valued at August Nymex -13¢/USG on the deal, which sent differentials down by 0.5¢/USG in daily comparison on C3 July.

BCX CBOB differentials rose by 1.25¢/USG to August Nymex -11¢/USG. BCX's premium above West Shore/Badger increased by nearly 2¢/USG to 4.5¢/USG.

Outright BCX CBOB prices increased by 0.31¢/USG to \$1.11/

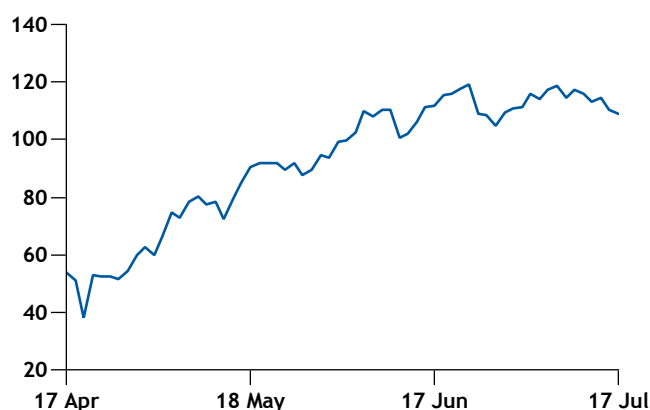
Gulf coast				¢/USG	
	Basis	Differential	Price	±	
Colonial					
87 conv M 9.0 Cycle 42	Aug	-10.50/-10.00	111.95-112.45	-0.94	
Weighted average		-10.25	112.20		
87 conv M 9.0 Cycle 43	Sep	-8.82/-8.17	111.80-112.45	-1.02	
Reg RBOB F R1 Cycle 42	Aug	-6.00/-5.00	116.45-117.45	-0.57	
Weighted average		-5.77	116.68		
Reg RBOB F R1 Cycle 43	Sep	-4.17/-3.17	116.45-117.45	-0.57	
Reg CBOB A 9.0 Cycle 42	Aug	-13.75/-13.25	108.70-109.20	-1.39	
Weighted average		-13.44	109.01		
Reg CBOB A 9.0 Cycle 43	Sep	-11.67/-11.02	108.95-109.60	-1.19	
89 conv 9.0			115.45-115.95	-0.94	
Prem CBOB D 9.0 Cycle 42	Aug	-5.00/-4.50	117.45-117.95	-1.07	
93 conv V 9.0 Cycle 42	Aug	-0.50/0.00	121.95-122.45	-0.94	
93 conv V 9.0 Cycle 43	Sep	+1.33/+1.83	121.95-122.45	-0.94	
Prem RBOB R1 Cycle 42	Aug	+2.75/+3.40	125.20-125.85	-0.74	
Prem RBOB R1 Cycle 43	Sep	+4.58/+5.23	125.20-125.85	-0.74	
Colonial Line Space					
Gasoline Line 01 Cycle 42			-0.75/-0.25	-0.13	
Weighted average			-0.50		
Waterborne					
Reg CBOB A 9.0	Aug	-12.50/-12.00	109.95-110.45	-1.39	
87 conv M 9.0	Aug	-9.25/-8.75	113.20-113.70	-0.94	
89 conv 9.0			116.70-117.20	-0.94	
Prem CBOB 9.0	Aug	-3.75/-3.25	118.70-119.20	-1.07	
93 conv V 9.0	Aug	+0.75/+1.25	123.20-123.70	-0.94	
Waterborne ex-RVO					
Reg CBOB A 9.0	Aug	-18.65/-18.15	103.80-104.30	-1.40	
87 conv M 9.0	Aug	-15.40/-14.90	107.05-107.55	-0.95	
89 conv 9.0			110.55-111.05	-0.95	
93 conv V 9.0	Aug	-5.40/-4.90	117.05-117.55	-0.95	
Texas CBOB					
Reg Texas CBOB 6.6			115.35	-0.73	
Prem Texas CBOB 6.6			123.96	-0.81	

see distillates section for Colonial Line 02 assessment

weighted average is volume-weighted average of deals done during the entire trading day

Colonial Cbob A cash

¢/USG



GASOLINE

Delivered Florida		¢/USG	
Origin	Price		±
Port Everglades, Florida			
Reg CBOB A 9.0	USGC	116.32	-1.39
Prem CBOB D 9.0	USCG	125.07	-1.06
Tampa, Florida			
Reg CBOB A 9.0	USGC	115.37	-1.39
Prem CBOB D 9.0	USCG	124.12	-1.06

Delivered South America		\$/m3	
Origin	Price		±
Montevideo, Uruguay			
87 conv ex-RVO	USGC	314.90	-2.07
Eurobob Oxy	ARA	303.96	-3.23
Buenos Aires, Argentina			
87 conv ex-RVO	USGC	316.48	-2.03
Eurobob Oxy	ARA	304.53	-3.26

USG.

The arbitrage opportunity for shipping US Gulf coast CBOB to Chicago remained unviable on paper, with BCX CBOB holding a narrow 2¢/USG premium.

Group Three prompt 9 RVP V Grade CBOB traded at August Nymex -12¢/USG, down by 1.5¢/USG from the previous session. V grade differentials have declined by a combined 4.13¢/USG the past five trading days.

V grade available 20 July traded at August Nymex -10¢/USG.

Outright V prices softened by 2.44¢/USG to \$1.10/USG.

West coast

Los Angeles gasoline cash differentials managed to halt the previous day's slide, while San Francisco gasoline continued lower on Friday.

Prompt July Los Angeles CARBOB differentials was stable on Friday as trade volumes slowed to a halt. Buyers remained at 2¢/USG below the August RBOB contract against sellers held at Nymex +2¢/USG, leaving differentials unchanged. RBOB futures declined, pressuring cash prices lower by 0.94¢/USG to end the week at \$1.23/USG. August gasoline saw buyers reported at even to the September Nymex, though no offers emerged.

July San Francisco CARBOB changed hands at August RBOB -2¢/USG, moving cash differentials lower by 2¢/USG. This

Midcontinent		¢/USG		
Basis	Differential	Price		±
Group 3				
Suboctane V 9.0 prompt	Aug	-12.25/-11.75	110.20-110.70	-2.44
Weighted average		-12.00	110.45	
Suboctane V 9.0 any Jul	Aug	-12.25/-11.75	110.20-110.70	-2.94
91 conv A 9.0 prompt	Aug	+5.50/+6.00	127.95-128.45	-2.44
West Shore/Badger				
Reg CBOB 9.0 3rd Jul	Aug	-15.75/-15.25	106.70-107.20	-1.44
Reg CBOB 9.0 1st Aug	Sep	-13.90/-13.40	106.72-107.22	-1.42
87 conv 9.0 3rd Jul	Aug	-15.75/-15.25	106.70-107.20	-1.44
87 conv 9.0 1st Aug	Sep	-13.90/-13.40	106.72-107.22	-1.42
89 conv 9.0			118.95-119.45	-1.44
91 conv 9.0 3rd Jul	Aug	+19.25/+19.75	141.70-142.20	-1.44
91 conv 9.0 1st Aug	Sep	+21.10/+21.60	141.72-142.22	-1.42
Reg RBOB R2 3rd Jul	Aug	-0.35/+0.15	122.10-122.60	-1.42
Reg RBOB R2 1st Aug	Sep	+1.50/+2.00	122.12-122.62	-1.40
Prem RBOB R2 3rd Jul	Aug	+29.65/+38.15	152.10-160.60	-1.42
Chicago BCX				
Reg CBOB 9.0 3rd Jul	Aug	-11.25/-10.75	111.20-111.70	+0.31
91 conv 9.0 3rd Jul	Aug	+19.25/+19.75	141.70-142.20	-1.44
Reg RBOB R2 3rd Jul	Aug	-0.35/+0.15	122.10-122.60	-1.42
Prem RBOB R2 3rd Jul	Aug	+29.65/+38.15	152.10-160.60	-1.42
Chicago Wolverine				
Reg CBOB 9.0 3rd Jul	Aug	-13.25/-12.75	109.20-109.70	-1.44
91 conv 9.0 3rd Jul	Aug	+19.25/+19.75	141.70-142.20	-1.44

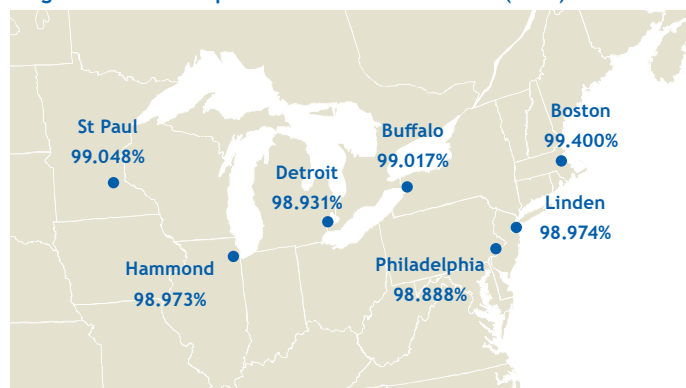
West coast		¢/USG		
Basis	Differential	Price		±
Los Angeles				
Reg CARBOB 5.99 Jul	Aug	-2.00/+2.00	120.45-124.45	-0.94
Weighted average		0.00	122.45	
Reg CARBOB 5.99 Aug	Sep	0.00/+5.00	120.62-125.62	-1.45
Prem CARBOB 5.99 Jul	CARBOB	+16.50/+17.50	138.95-139.95	-0.94
Suboctane 9.0 Jul	Aug	-1.50/+0.50	120.95-122.95	-0.94
Reg AZRBOB 5.7 Jul	CARBOB	+7.50/+8.50	129.95-130.95	-0.94
Prem AZRBOB 5.7 Jul	CARBOB	+24.50/+25.50	146.95-147.95	-0.94
San Francisco				
Reg CARBOB 5.99 Jul	Aug	-2.50/-1.50	119.95-120.95	-2.94
Prem CARBOB 5.99 Jul	CARBOB	+11.50/+12.50	131.95-132.95	-2.94
San Francisco waterbone				
Reg CARBOB 6.0 Jul	Aug	-1.00/0.00	121.45-122.45	-2.94
Reg CARBOB ex-RVO 6.0 Jul	Aug	-7.15/-6.15	115.30-116.30	-2.95
Portland				
Suboctane 7.8 Jul	Aug	+16.25/+16.75	138.70-139.20	-0.94

marked the lowest Bay area differentials have been in over 12-weeks. Outright prices shed 2.94¢/USG to reach \$1.21/USG.

Portland sub-octane gasoline traded at August Nymex

GASOLINE

Argus Gasoline Temperature Correction Factors (TCFs)



TCFs shown are for a specific terminal in that city. See [TCF Methodology](#) for details. For a given amount of fuel, the Argus TCF is the volume at 60° F divided by the volume at the real in-tank temperature. See [all TCFs](#).

Spot crack spreads				\$/bl
Region	Basis	Yield	Spread	±
USAC	Brent	3-2-1	8.20	+0.31
USGC sweet	WTI Houston	3-2-1	6.37	-0.03
USGC sour	Mars	3-2-1	6.29	+0.02
Chicago	WCS	6-3-2-1	12.49	+2.35
Group Three	WTI Cushing	3-2-1	6.67	-0.64
USWC	ANS	5-3-1-1	6.23	+0.33

+16.5¢/USG, marking the second consecutive day of unchanged cash premiums. Cash prices were at \$1.39/USG on the close, down 0.94¢/USG.

Assessment rationale

The Argus US Atlantic coast prompt RBOB barge assessment was based on a prompt RBOB Buckeye trade as the delivery modes were deemed at parity.

The US Gulf coast regular CBOB A 9.0 RVP market met the volume minimums needed to calculate the VWA in accordance with the methodology.

The US Gulf coast regular RBOB F market met the volume minimums needed to set the low and high in accordance with the methodology.

The US Gulf coast 87 conventional M 9.0 RVP market did not meet the volume minimums needed to calculate the VWA. In accordance with the methodology, the VWA price for 87 con-

Gulf coast deals			
Grade	Timing	Price	Volume
Colonial A2	cycle 42	-13.75	25
	cycle 42	-13.75	25
	cycle 42	-13.75	25
	cycle 42	-13.75	25
	cycle 42	-13.75	25
	cycle 42	-13.75	25
	cycle 42	-13.65	25
	cycle 42	-13.50	25
	cycle 42	-13.50	25
	cycle 42	-13.50	50
	cycle 42	-13.25	25
	cycle 42	-13.25	25
	cycle 42	-13.25	25
	cycle 42	-13.25	25
	cycle 42	-13.25	25
	cycle 42	-13.25	25
	cycle 42	-13.25	25
	cycle 42	-13.25	75
	cycle 42	cycle 43 -0.40	25
	cycle 42	cycle 43 -0.25	25
cycle 42	cycle 43 -0.25	25	
cycle 42	cycle 43 -0.25	25	
cycle 42	cycle 43 -0.25	50	
cycle 42	cycle 43 -0.25	50	
cycle 42	cycle 43 -0.25	50	
cycle 42	cycle 43 -0.25	75	
cycle 42	cycle 43 -0.25	25	
cycle 43	cycle 43 -0.25	25	
cycle 44	cycle 43 -0.25	25	
cycle 44	cycle 48 -0.50	150	
cycle 45	cycle 43 -0.25	25	
cycle 45	cycle 43 -0.25	25	
cycle 45	cycle 43 -0.25	25	
Colonial D2	cycle 42	-5.00	25
	cycle 42	-4.50	25
	cycle 42	-4.50	25
Colonial F1	cycle 42	-6.00	25
	cycle 42	-6.00	25
	cycle 42	-6.00	25
	cycle 42	-5.85	25
	cycle 42	-5.00	25
Colonial M2	cycle 42	-10.25	25
	cycle 42	cycle 43 +0.00	25
	cycle 42	cycle 43 +0.15	25
	cycle 42	cycle 43 +0.15	25
Colonial line01	cycle 42	-0.50	25
	cycle 42	-0.50	25

GASOLINE

ventional M 9.0 RVP was set at even with the midpoint of the low and high assessments.

The low and high prices for US Gulf coast 87 conventional M 9.0 RVP were set at either side of trade reported at August Nymex RBOB contract -10.25¢/USG

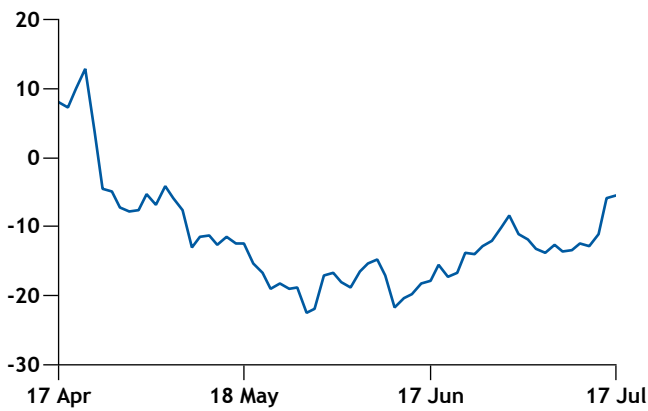
Chicago West Shore/Badger pipeline CBOB was offered at August Nymex -15.5¢/USG and later bid at that same level. The bid/offer level was the midpoint price in the absence of deals.

Atlantic coast deals			
Grade	Timing	Price	Volume
reg RBOB Buckeye (R2)	20 Jul	Aug +1.75	25
	25 Jul	Aug +1.50	25

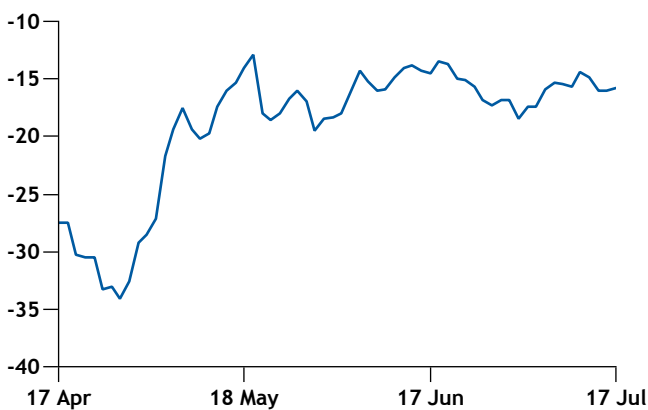
Midcontinent deals			
Grade	Timing	Price	Volume
reg CBOB Wolverine (9.00)	C3 Jul	CBOB BCX -2.00	30
suboctane V MPL Group 3 (9.00)	20 Jul	Aug -10.00	25
	prompt	Aug -12.00	10

West coast deals			
Grade	Timing	Price	Volume
reg CARBOB SF (5.99)	Jul	Aug -2.00	25
suboctane Portland (7.80)	Jul	Aug +16.50	10

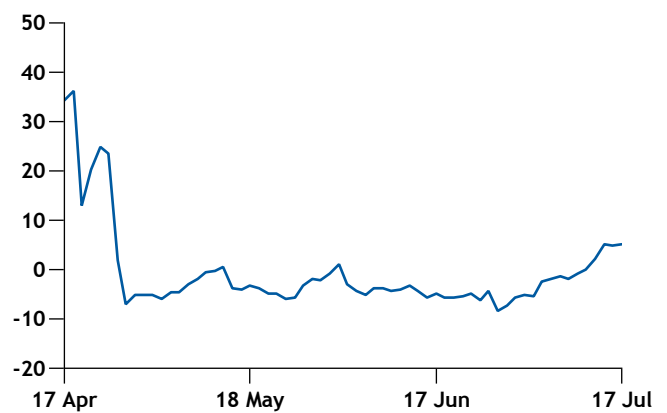
Colonial 83.7 Rbob vs LA 84 Carbob ¢/USG



Jet fuel Colonial vs Nymex ¢/USG



Colonial 87M vs Chicago 87 CNV ¢/USG



DISTILLATES

Atlantic coast

US Atlantic coast jet fuel prices decreased on Friday, with lower cash differentials amplifying a weaker August Nymex ULSK futures contract.

Regional margins nonetheless improved as these losses were outpaced by a downturn in the North Sea Dated Brent crude oil market.

Buckeye pipeline jet fuel was closest bid and offered at August Nymex -12.5¢/USG and -10¢/USG, decreasing its midpoint differential by 0.63¢/USG on the day. Coupled with a weaker basis, outright prices were assessed 1.51¢/USG lower on Friday.

Jet fuel barges ended the day valued 2.84¢/USG above North Sea Dated Brent, improving by \$0.10/bl in daily comparison but coming in below the weekly average. Between 13 and 17 July, regional jet fuel margins averaged \$3.20/bl.

Off-line Colonial pipeline material was held at a 0.5¢/USG premium to Buckeye pipeline jet fuel. Barrels delivering into Linden, New Jersey, ended the day valued 5¢/USG above jet fuel loading in Pasadena, Texas, keeping the arbitrage opportunity between the two hubs closed on paper for the fifth consecutive trading session.

The spread between ultra-low sulfur kerosene (ULSK) and jet fuel narrowed by 1.5¢/USG to 20.25¢/USG on Friday, with a trade for Buckeye pipeline ULSK confirmed at August Nymex +9¢/USG. ULSK barges were assessed flat to this level.

Kerosene's value was held at a 5¢/USG premium to jet fuel.

East coast ultra-low sulfur diesel (ULSD) markets were mixed on Friday. Laurel pipeline differentials inched 0.1¢/USG higher in daily comparison, while off-line Colonial pipeline differentials eased 0.1¢/USG lower. Barge and Buckeye pipeline differentials held stable on the day.

Margins improved by \$0.36/bl to \$7.56/bl. Over the past five trading sessions, barge ULSD has carried an average premium of \$7.65/bl to North Sea Dated Brent.

Shipping diesel into the US Atlantic coast from the US Gulf coast remained unappealing on paper for the 55th straight

CME Nymex ultra low-sulfur diesel				
Price	Crack spread			
Month	¢/USG	±	Month	\$/bl
Aug	121.91	-0.88	Aug	+10.61
Sep	123.14	-1.00	Sep	+10.97
Oct	124.65	-0.98	Oct	+11.41

Atlantic coast				¢/USG
	Basis	Differential	Price	±
New York waterborne				
Heating oil	Aug	-11.00/-9.00	110.91-112.91	-0.88
ULSD	Aug	-0.25/+0.25	121.66-122.16	-0.88
Jet	Aug	-12.25/-10.25	109.66-111.66	-1.51
Kerosine	Aug	-7.25/-5.25	114.66-116.66	-1.51
ULSK	Aug	+8.75/+9.25	130.66-131.16	-3.01
Boston waterborne				
ULSHO	Aug	-2.38/-1.88	119.54-120.04	-0.88
New York barge				
Heating oil prompt	Aug	-11.00/-9.00	110.91-112.91	-0.88
Heating oil any Jul	Aug	-11.00/-9.00	110.91-112.91	-0.88
ULSHO	Aug	-5.50/-5.25	116.41-116.66	-0.88
ULSD prompt	Aug	-0.25/+0.25	121.66-122.16	-0.88
ULSD any Jul	Aug	-0.25/+0.25	121.66-122.16	-0.88
Jet	Aug	-12.50/-10.00	109.41-111.91	-1.51
Kerosine	Aug	-7.50/-5.00	114.41-116.91	-1.51
ULSK	Aug	+8.75/+9.25	130.66-131.16	-3.01
Buckeye				
ULSHO	Aug	-5.00/-4.50	116.91-117.41	-0.88
ULSD	Aug	0.00/+0.50	121.91-122.41	-0.88
Jet	Aug	-12.50/-10.00	109.41-111.91	-1.51
Kerosine	Aug	-7.50/-5.00	114.41-116.91	-1.51
Laurel				
ULSHO	Aug	-4.50/-4.00	117.41-117.91	-0.88
ULSD	Aug	+0.35/+0.85	122.26-122.76	-0.78
Jet	Aug	-12.50/-10.00	109.41-111.91	-1.51
Colonial Linden				
ULSHO Cycle 37	Aug	-5.25/-4.75	116.66-117.16	-0.88
HO 77 Cycle 36	Aug	-11.00/-9.00	110.91-112.91	-0.88
ULSD Cycle 37	Aug	-0.10/+0.40	121.81-122.31	-0.98
Jet 54 Cycle 38	Aug	-12.00/-9.50	109.91-112.41	-1.51

Gulf coast				¢/USG
	Basis	Differential	Price	±
Colonial				
ULSHO 67 Cycle 42	Aug	-10.80/-10.55	111.11-111.36	-0.71
Heating oil 77 Cycle 42	Aug	-19.50/-19.25	102.41-102.66	-0.88
Weighted average		-19.38	102.53	
Heating oil 77 Cycle 43	Sep	-20.75/-20.50	102.39-102.64	-0.90
ULSD 62 Cycle 42	Aug	-5.00/-4.75	116.91-117.16	-0.76
Weighted average		-4.88	117.03	
ULSD 62 Cycle 43	Sep	-6.05/-5.80	117.09-117.34	-0.68
Jet 54 Cycle 42	Aug	-16.00/-15.50	105.91-106.41	-0.63
Weighted average		-15.66	106.25	
Jet 54 Cycle 43	Sep	-16.85/-16.35	106.29-106.79	+0.15
Kerosine 55 Cycle 42	Aug	-15.75/-15.25	106.16-106.66	-0.63
Kerosine 55 Cycle 43	Sep	-16.60/-16.10	106.54-107.04	+0.15
Colonial Line Space				
Distillates Line 02 Cycle 42			-1.00/-0.50	nc
Waterborne				
Heating oil	Aug	-18.25/-18.00	103.66-103.91	-0.88
ULSD 62	Aug	-3.75/-3.50	118.16-118.41	-0.76
ULSD 62 ex-RVO	Aug	-9.90/-9.65	112.01-112.26	-0.77
Jet 54	Aug	-14.75/-14.25	107.16-107.66	-0.63
Kerosine 55	Aug	-14.50/-14.00	107.41-107.91	-0.63

see gasoline section for Colonial Line 01 assessment; weighted average is volume-weighted average of deals done during the entire trading day

DISTILLATES

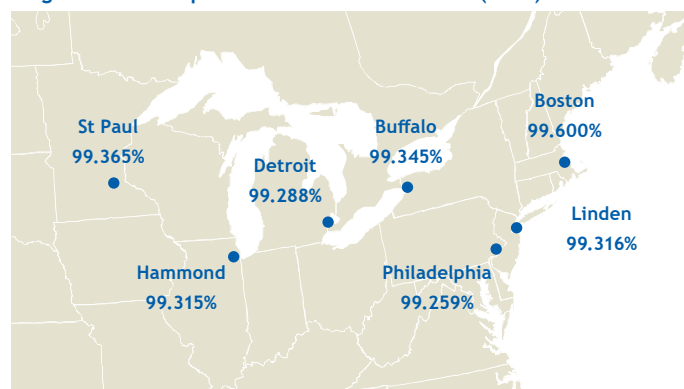
Delivered Florida		¢/USG	
	Origin	Price	±
Port Everglades, Florida			
ULSD 62	USGC	124.40	-0.76
Jet 54	USCG	113.53	-0.63
Tampa, Florida			
ULSD 62	USGC	123.45	-0.76
Jet 54	USCG	112.58	-0.63

Delivered South America		\$/m3	
	Origin	Price	±
Santos, Brazil			
ULSD ex-RVO	USGC	336.99	-1.42
Jet	USGC	321.38	-1.11
Rio de Janeiro, Brazil			
Jet	USGC	321.07	-1.11
Paranagua, Brazil			
ULSD ex-RVO	USGC	339.05	-1.40
Itaqui, Brazil			
ULSD ex-RVO	USGC	320.52	-1.67
Jet	USGC	305.78	-1.35
Suape, Brazil			
ULSD ex-RVO	USGC	323.23	-1.63
Jet	USGC	308.71	-1.31
Montevideo, Uruguay			
ULSD ex-RVO	USGC	334.09	-1.48
Buenos Aires, Argentina			
ULSD ex-RVO	USGC	335.84	-1.44

Midcontinent		¢/USG		
	Basis	Differential	Price	±
Group 3				
ULSD X prompt	Aug	-5.50/-5.00	116.41-116.91	-0.88
Weighted average		-5.25	116.66	
ULSD X any Jul	Aug	-5.75/-4.75	116.16-117.16	-1.88
Jet Q prompt	Aug	-9.50/-8.00	112.41-113.91	-1.63
West Shore/Badger				
ULSD 3rd Jul	Aug	-12.50/-10.75	109.41-111.16	-1.13
ULSD 1st Aug	Sep	-13.75/-12.00	109.39-111.14	-1.15
Jet 3rd Jul	Aug	-8.00/-5.00	113.91-116.91	-0.13
Jet 1st Aug	Sep	-9.25/-6.25	113.89-116.89	-0.15
Chicago BCX				
ULSD BCX 3rd Jul	Aug	-10.00/-7.00	111.91-114.91	-2.63
Chicago Wolverine				
ULSD 3rd Jul	Aug	-11.50/-11.00	110.41-110.91	-2.13

West coast		¢/USG		
	Basis	Differential	Price	±
Los Angeles				
Carb ULSD Aug	Sep	-1.00/+1.00	122.14-124.14	
Weighted average		0.00	123.14	
EPA ULSD Aug	Sep	0.00/+1.50	123.14-124.64	
Jet Jul	Aug	-3.50/-3.00	118.41-118.91	-0.63
Weighted average		-3.25	118.66	
LAX				
Jet Jul	Aug	-4.00/-3.50	117.91-118.41	-0.63
San Francisco				
Carb ULSD Jul	Aug	-3.50/-2.50	118.41-119.41	-0.88
EPA ULSD Jul	Aug	-3.50/-2.50	118.41-119.41	-0.88
Jet Jul	Aug	-5.00/-4.50	116.91-117.41	-0.63
San Francisco waterborne				
Carb ULSD Jul	Aug	-2.00/-1.00	119.91-120.91	-0.88
Carb ULSD ex-RVO Jul	Aug	-8.15/-7.15	113.76-114.76	-0.89
Portland				
ULSD Jul	Aug	0.00/+4.00	121.91-125.91	+0.62

Argus Diesel Temperature Correction Factors (TCFs)



TCFs shown are for a specific terminal in that city. See [TCF Methodology](#) for details. For a given amount of fuel, the Argus TCF is the volume at 60° F divided by the volume at the real in-tank temperature. See all TCFs.

trading session on Friday, with the price spread between the two hubs assessed at +5.03¢/USG.

The pipeline tariff into New York from Houston is 5.86¢/

USG, and market participants have pegged the true cost of shipping - adjusting for taxes, fees and line loss - closer to 6.25¢/USG. ULSD arbitrage economics were last feasible on 29 April.

August Nymex ULSD futures settled lower by 0.88¢/USG at \$1.2191/USG.

Gulf coast

US Gulf coast distillate prices finished on Friday with the market moving more than 2¢/USG lower in weekly comparison.

Ultra-low sulphur diesel (ULSD) traded slightly higher from August ULSD -5¢/USG to -4.75¢/USG. Outright prices fell 0.8¢/USG with weaker Nymex futures to \$1.17/USG, a total fall of

DISTILLATES

2.6¢/USG over the past week.

The ULSD forward curve moved into slightly stronger contango in daily comparison, with a prompt roll done at -0.2¢/USG contango.

Gulf coast jet fuel traded 0.25¢/USG higher from August ULSD -16¢/USG to -15.5¢/USG. Outright prices fell 0.6¢/USG with Nymex futures to \$1.06/USG, leaving jet fuel 2.3¢/USG in weekly comparison.

Colonial distillates line space was stable in daily comparison with trades reported at -0.75¢/USG. The price spread between Houston and New York Harbor narrowed for both diesel and jet fuel, keeping arbitrage closed on paper for ULSD and closing it again for jet fuel. Both fuels sold at an average discount of 5¢/USG in Houston compared to New York Harbor.

Midcontinent

Chicago diesel cash differentials persisted lower on Friday and sent outright prices to multi-week lows.

Buckeye Complex (BCX) ultra-low sulphur diesel (ULSD) experienced the sharpest declines with deals from August Nymex -10¢/USG to -7¢/USG shedding 1.75¢/USG on third cycle July. This cut BCX's premium above West Shore/Badger pipeline ULSD by 1.5¢/USG to the narrowest in three sessions at 3.13¢/USG.

Outright BCX ULSD prices fell by 2.63¢/USG to \$1.13/USG, the lowest since 25 June. Arbitrage economics for shipping US Gulf coast ULSD to BCX remained closed on paper, with BCX fetching a discount below the Gulf coast for a second trading day.

West Shore/Badger ULSD differentials fell by 0.25¢/USG with offers for West Shore product at August Nymex -12¢/USG and offers for Badger ULSD at -10.75¢/USG. Outright West Shore/Badger ULSD prices declined by 1.13¢/USG to \$1.10/USG, the lowest in four weeks.

Wolverine Pipeline ULSD traded from August Nymex -11.5¢/USG to -11¢/USG on C3 July, down by 1.25¢/USG from the previous session.

Prompt Group Three ULSD differentials at the Magellan Pipeline in Tulsa, Oklahoma, were unchanged at August Nymex -5.25¢/USG amid scant liquidity. Group Three ULSD available 20 July traded from August Nymex -5.5¢/USG to -5.25¢/USG.

Outright Group Three ULSD prices fell by 0.88¢/USG to \$1.17/USG. The arbitrage opportunity for shipping Gulf coast ULSD to Tulsa remained closed on paper, with Gulf coast prices

Gulf coast deals				
Grade	Timing	Price	Volume	
Colonial 54	cycle 42	-16.00	25	
	cycle 42	-15.75	25	
	cycle 42	-15.75	25	
	cycle 42	-15.75	25	
	cycle 42	-15.75	25	
	cycle 42	-15.75	25	
	cycle 42	-15.50	25	
	cycle 42	-15.50	25	
	cycle 42	-15.50	25	
	cycle 42	-15.50	25	
	cycle 42	-15.50	25	
	cycle 42	-15.50	25	
	Colonial 62	cycle 42	-5.00	25
		cycle 42	-5.00	25
cycle 42		-5.00	25	
cycle 42		-5.00	50	
cycle 42		-4.95	25	
cycle 42		-4.90	25	
cycle 42		-4.90	25	
cycle 42		-4.90	75	
cycle 42		-4.85	25	
cycle 42		-4.85	25	
cycle 42		-4.85	25	
cycle 42		-4.85	25	
cycle 42		-4.85	25	
cycle 42		-4.85	25	
Colonial line02	cycle 42	-4.85	25	
	cycle 42	-4.85	25	
	cycle 42	-4.85	25	
	cycle 42	-4.85	25	
	cycle 42	-4.85	25	
	cycle 42	-4.75	25	
	cycle 42	-4.75	25	
	cycle 42	-4.75	50	
	cycle 42	cycle 43 -0.20	25	
	cycle 42	-0.75	25	

holding a 0.38¢/USG premium.

US midcontinent jet fuel cash differentials were mixed to end the week.

Prompt bids and offers for Group Three jet emerged at August Nymex -9.5¢/USG and -8¢/USG, respectively, to send differentials down by 0.8¢/USG to the lowest since 19 June. Outright Group Three jet fuel prices fell by 1.63¢/USG to a 12-session low of \$1.13/USG. Yet despite the declines, Group Three jet continued to hold open arbitrage from the US Gulf

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coast at 1.34¢/USG above the cost for shipping on the Magellan Pipeline.

Chicago jet fuel cash differentials strengthened by 0.75¢/USG with bids and offers at August Nymex -8¢/USG and -5¢/USG, respectively, on third cycle July. This pulled outright Chicago jet fuel prices up by 0.13¢/USG to \$1.15/USG.

Arbitrage economics for sending Gulf coast jet to Chicago remained viable on paper at 2.59¢/USG above the Explorer Pipeline's shipping tariff between Pasadena, Texas, and Hammond, Indiana.

West coast

Prompt Los Angeles diesel grades rolled to August timing with a September basis Friday.

Newly prompt August bids were reported at September ULSD -1¢/USG and offered at Nymex +1¢/USG. EPA ULSD is held at a 0.75¢/USG premium to CARB diesel based on the previous day's assessment. CARB diesel cash prices settled at \$1.23/USG, down 0.65¢/USG.

Portland ULSD moved higher, though liquidity equally subdued. Buyers were shown at flat to the underlying August Nymex as offers pulled back to +4¢/USG. Cash premiums rose 1.5¢/USG, in turn moving cash prices 0.62¢/USG higher to settle at \$1.24/USG.

West coast jet fuel differentials traded higher on Friday, though retreating ULSD futures left cash prices lower. Prompt July Los Angeles jet fuel changed hands at August ULSD -3.25¢/USG, advancing differentials by 0.25¢/USG on the day. Additional volumes changed hands for a second-cycle, LAX-only barrel at Nymex -3.75 as well as a July/August roll at +0.50¢/USG. July jet prices dipped 0.63¢/USG to end the day at \$1.19/USG.

Assessment rationale

An off-line Colonial ULSD transaction meeting the volume minimums was available to set the midpoint price according to the methodology. The day's range was set at 0.25¢/USG on either side of this level.

A Buckeye ULSD offer was available to set the high price according to the methodology. The day's low was set 0.5¢/USG below this level.

Absent of new information, the value of barge ULSD was not changed.

Atlantic coast deals

Grade	Timing	Price	Volume
Diesel ULSD 62 CPL	cycle 37	Aug +0.15	25
	cycle 39	Aug +0.50	25
	cycle 39	Aug +0.50	25
	cycle 40	Aug +0.80	25
Heating oil 67 CPL	cycle 38	Aug -5.00	25
Kerosine 15ppm Buckeye	27 Jul	Aug +9.00	25

Midcontinent deals

Grade	Timing	Price	Volume
Diesel ULSD BCX	C3 Jul	Aug -10.00	10
	C3 Jul	Aug -7.00	10
Diesel ULSD Wolverine	C3 Jul	Aug -11.50	25
	C3 Jul	Aug -11.00	25
	C3 Jul	Aug -11.00	25

West coast deals

Grade	Timing	Price	Volume
Jet fuel LA	Jul	Aug -3.25	25
Jet fuel LA LAX-only	C2 Jul	Aug -3.75	25

Transactions meeting the volume minimums were available to set the low and high price for Gulf coast Colonial ULSD according to the methodology.

In the absence of new information the price for Gulf coast Colonial heating oil is assessed unchanged from the previous session.

The value of prompt cycle 37 off-line Colonial ULSD was assessed flat to cycle 38 material, for which a transaction meeting the volume minimums was available to set the midpoint price according to the methodology. The day's range was set at 0.25¢/USG on either side of this level.

Buckeye jet fuel bids and offers were available to set the low and high price according to the methodology.

Barge jet fuel was assessed flat to Buckeye jet fuel, for which bids and offers were available to set the low and high price according to the methodology.

Transactions meeting the volume minimums were available to set the low and high price for Gulf coast Colonial jet fuel according to the methodology.

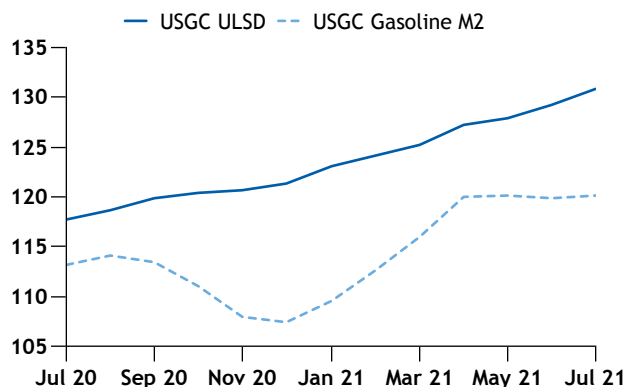
CLEAN PRODUCT FORWARD CURVES

Physical				¢/USG	
Timing	Basis	Differential	Price	±	
87 conv M Colonial Linden					
Cycle 38	Aug	-5.25/-4.50	117.20-117.95	-0.94	
Cycle 39	Aug	-5.25/-4.50	117.20-117.95	-0.94	
Cycle 40	Aug	-5.25/-4.50	117.20-117.95		
Reg CBOB A Colonial Linden					
Cycle 38	Aug	-6.50/-6.00	115.95-116.45	-1.44	
Cycle 39	Aug	-6.50/-6.00	115.95-116.45	-1.44	
Cycle 40	Aug	-6.50/-6.00	115.95-116.45	-1.44	
Reg RBOB New York barge					
Prompt	Aug	+1.50/+2.00	123.95-124.45	-1.07	
10 days forward	Aug	+1.25/+1.50	123.70-123.95	-1.07	
15 days forward	Sep	+2.33/+3.08	122.95-123.70	-1.07	
20 days forward	Sep	+1.83/+2.33	122.45-122.95	-1.07	
Any Jul	Aug	+0.75/+1.25	123.20-123.70	-0.94	
Prem RBOB New York barge					
Prompt	Aug	+10.75/+11.25	133.20-133.70	-0.94	
10 days forward	Aug	+10.75/+11.25	133.20-133.70	-0.94	
15 days forward	Sep	+12.58/+13.08	133.20-133.70	-0.94	
20 days forward	Sep	+12.58/+13.08	133.20-133.70	-0.94	
87 conv Colonial M					
Cycle 42	Aug	-10.50/-10.00	111.95-112.45	-0.94	
Cycle 43	Sep	-8.82/-8.17	111.80-112.45	-1.02	
Cycle 44	Sep	-8.82/-8.17	111.80-112.45	-1.02	
Cycle 45	Sep	-8.82/-8.17	111.80-112.45	-1.02	
Reg CBOB Colonial A					
Cycle 42	Aug	-13.75/-13.25	108.70-109.20	-1.39	
Cycle 43	Sep	-11.67/-11.02	108.95-109.60	-1.19	
Cycle 44	Sep	-11.57/-10.92	109.05-109.70	-1.19	
Cycle 45	Sep	-11.47/-10.92	109.15-109.70	-1.14	
Heating oil New York barge					
Prompt	Aug	-11.00/-9.00	110.91-112.91	-0.88	
10 days forward	Aug	-11.00/-9.00	110.91-112.91	-0.88	
15 days forward	Sep	-12.25/-10.25	110.89-112.89	-0.90	
20 days forward	Sep	-12.25/-10.25	110.89-112.89	-0.90	
Any Jul	Aug	-11.00/-9.00	110.91-112.91	-0.88	
ULSH Colonial Linden					
Cycle 37	Aug	-5.25/-4.75	116.66-117.16	-0.88	
Cycle 38	Aug	-5.25/-4.75	116.66-117.16	-0.88	
Cycle 39	Aug	-5.25/-4.75	116.66-117.16	-0.88	
ULSD New York barge					
Prompt	Aug	-0.25/+0.25	121.66-122.16	-0.88	
10 days forward	Aug	-0.25/+0.25	121.66-122.16	-0.88	
15 days forward	Sep	-1.50/-1.00	121.64-122.14	-0.90	
20 days forward	Sep	-1.50/-1.00	121.64-122.14	-0.90	
Any Jul	Aug	-0.25/+0.25	121.66-122.16	-0.88	
ULSD Colonial Linden					
Cycle 37	Aug	-0.10/+0.40	121.81-122.31	-0.98	
Cycle 38	Aug	+0.08/+0.58	121.99-122.49	-1.05	
Cycle 39	Aug	+0.25/+0.75	122.16-122.66	-0.88	

Physical (continued)				¢/USG	
Timing	Basis	Differential	Price	±	
Jet New York barge					
Prompt	Aug	-12.50/-10.00	109.41-111.91	-1.51	
10 days forward	Aug	-12.50/-10.00	109.41-111.91	-1.51	
15 days forward	Sep	-13.75/-11.25	109.39-111.89	-1.53	
20 days forward	Sep	-13.75/-11.25	109.39-111.89	-1.53	
Jet Colonial Linden					
Cycle 38	Aug	-12.00/-9.50	109.91-112.41	-1.51	
Cycle 39	Aug	-12.00/-9.50	109.91-112.41	-1.51	
Cycle 40	Aug	-12.00/-9.50	109.91-112.41		
Kerosine New York barge					
Prompt	Aug	-7.50/-5.00	114.41-116.91	-1.51	
10 days forward	Aug	-7.50/-5.00	114.41-116.91	-1.51	
15 days forward	Sep	-8.75/-6.25	114.39-116.89	-1.53	
20 days forward	Sep	-8.75/-6.25	114.39-116.89	-1.53	
Heating oil Colonial 77					
Cycle 42	Aug	-19.50/-19.25	102.41-102.66	-0.88	
Cycle 43	Sep	-20.75/-20.50	102.39-102.64	-0.90	
Cycle 44	Sep	-20.75/-20.50	102.39-102.64	-0.90	
Cycle 45	Sep	-20.75/-20.50	102.39-102.64		
Heating oil Colonial 77 Linden					
Cycle 36	Aug	-11.00/-9.00	110.91-112.91	-0.88	
Cycle 37	Aug	-11.00/-9.00	110.91-112.91	-0.88	
Cycle 38	Aug	-11.00/-9.00	110.91-112.91	-0.88	
ULSD Colonial 62					
Cycle 42	Aug	-5.00/-4.75	116.91-117.16	-0.76	
Cycle 43	Sep	-6.05/-5.80	117.09-117.34	-0.68	
Cycle 44	Sep	-5.85/-5.60	117.29-117.54	-0.58	
Cycle 45	Sep	-5.65/-5.40	117.49-117.74	-0.48	
Jet Colonial 54					
Cycle 42	Aug	-16.00/-15.50	105.91-106.41	-0.63	
Cycle 43	Sep	-16.85/-16.35	106.29-106.79	+0.15	
Cycle 44	Sep	-16.55/-16.05	106.59-107.09	+0.85	
Cycle 45	Sep	-16.35/-15.85	106.79-107.29	+1.45	

Refined products swaps

¢/USG



– Argus US Refined Products Forward Curves

BIOFUELS AND BLENDING COMPONENTS

RINs	¢/RIN		±
	Low	High	
Renewable fuel (ethanol D6)			
2019	44.75	45.25	nc
Weighted average		47.07	
2020	47.00	47.25	nc
Biomass-based diesel (D4)			
2019	60.50	61.50	+0.50
2020	59.50	60.50	+0.50
Cellulosic biofuels (D3)			
2019	155.00	155.50	-1.00
2020	156.75	157.25	-1.00
Advanced biofuels (D5)			
2019	58.50	59.50	+0.50
2020	59.25	60.00	+0.50
Renewable volume obligation (RVO) ¢/USG			
2019		5.57	+0.01
2020		6.15	+0.01

RIN spreads	¢/RIN			
	Today	±	Prior day	5-day avg
Category spreads, 2019				
Biodiesel D4-ethanol D6	16.000	+0.500	15.500	14.975
Biodiesel D4-advanced biofuel D5	2.000	nc	2.000	1.800
Advanced biofuel D5-ethanol D6	14.000	+0.500	13.500	13.175
Category spreads, 2020				
Biodiesel D4-ethanol D6	12.875	+0.500	12.375	12.025
Biodiesel D4-advanced biofuel D5	0.375	nc	0.375	0.525
Advanced biofuel D5-ethanol D6	12.500	+0.500	12.000	11.500
Vintage spreads, 2019-2020				
Biodiesel D4	1.000	nc	1.000	1.000
Advanced biofuel D5	-0.625	nc	-0.625	-0.275
Ethanol D6	-2.125	nc	-2.125	-1.950

Tier 3 (CC0), 17 Jul	\$/mn USG credits		
	Low	High	±
Standard	650.00	1100.00	-50.00

Ethanol

US ethanol prices continued to weaken as sellers dropped offers to meet lower bids, overlooking firming corn futures.

Front-month CBOT corn futures settled 2.75¢/bushel higher at 333¢/bushel, while December contracts rose by 2.25¢/bushel to 339.75¢/bushel.

Chicago Rule 11 railcars fell by 8.25¢/USG, with railcars shipping this week trading at 125¢/USG and railcars shipping next week exchanging hands at 122¢/USG.

Prompt in-tank transfers at Kinder Morgan's Argo terminal traded at 125¢/USG, retreating by 9.5¢/USG. July anys fell by 2¢/USG to 117.5¢/USG based on a discount to prompt barrels

Ethanol	¢/USG		±
	Low	High	
Chicago			
Argo same-day	125.00	125.50	
Argo in-tank prompt	124.75	125.25	-9.50
Weighted average		125.00	
Argo in-tank any Jul	117.25	117.75	-2.00
Rule 11 rail prompt	122.00	125.00	-8.25
New York Harbor			
Barge any Jul	131.00	134.00	-1.75
US Gulf coast/south			
Houston barge/rail	134.15	135.65	-9.50
Tampa rail	142.00	143.00	-9.50
Atlanta rail	133.00	135.00	-9.50
Dallas rail	129.15	131.65	-9.50
Nebraska			
Union Pacific rail	110.00	110.50	-8.25
BNSF rail	110.00	110.50	-8.25
Los Angeles			
Low-carbon intensity rail	141.90	142.40	-8.25
Brazil			
fob anhydrous \$/m3	399.00	404.00	-8.00
fob anhydrous BRL/m3	2,139.96	2,166.77	-30.01
del anhydrous \$/m3	379.00	392.00	-8.00
del anhydrous BRL/m3	2,032.69	2,102.41	-30.51

Biodiesel	¢/USG		
	Differential	Price	±
New York Harbor rail			
B100 SME Aug	+178.50/+180.00	300.41-301.91	-0.13
B99 SME Aug	-11.50/-10.00	110.41-111.91	-0.88
Houston rail/barge			
B100 SME Aug	+165.00/+170.00	286.91-291.91	-0.13
B99 SME Aug	-25.00/-20.00	96.91-101.91	-0.88
Chicago in-tank transfer Argo			
B100 SME Aug	+179.50/+182.50	301.41-304.41	-0.13
B99 SME Aug	-10.50/-7.50	111.41-114.41	-0.88
San Francisco fob			
B99 FAME Aug	-105.00/-100.00	16.91-21.91	-0.88
Los Angeles fob			
B99 FAME Aug	-105.00/-100.00	16.91-21.91	-0.88

Renewable diesel	¢/USG	
	Price	±
Los Angeles R99	149.98-154.98	-0.58
San Francisco R99	145.75-150.75	-0.81

50:50 split of retroactive blenders tax credit (BTC)	¢/USG
	Credit
BTC	0.00

valued between 5¢/USG and 10¢/USG.

Front-month barges at New York Harbor fell by 1.75¢/USG to 132.5¢/USG with a 4¢/USG premium to August barges. August barges fell by 2.75¢/USG to 128.5¢/USG, with the barge/paper spread bid at +12¢/USG and offered at +14¢/USG.

BIOFUELS AND BLENDING COMPONENTS

Brazil

Waterborne markets posted losses on both the export and import fronts, following US spot markets.

Brazilian sugarcane ethanol for export reported a \$8/m³ fall to \$399-404/m³ on a fob Santos basis, following a price drop in the California physical market. The fall was softened by anhydrous ethanol gains in the Brazilian domestic market.

Imported ethanol quotes were also impacted by lower US ethanol prices, closing at \$379-392/m³, down by \$8/m³ on the day.

In the Brazilian domestic market, ethanol prices ended the session marginally lower as buyers managed to negotiate cheaper volumes further away from the Ribeirao Preto production hub. Prices settled at R1,994/m³, down by R4/m³.

RINs

The Argus Renewable Volume Obligation (RVO) rose slightly on Friday as higher D4 RIN credits outweighed lower D3 credits.

The Argus RVO rose by 0.01¢/USG to 6.15¢/USG.

Current-year ethanol D6 credits traded between 47¢/RIN

Biofuel spreads		
		Differential
Ethanol crush \$/bushel		-0.05
Heating oil-soybean oil ¢/USG		-1.02

Futures		
	Settlement	±
CBOT ethanol ¢/USG		
Aug 20	117.00	-3.50
Sep 20	113.50	-3.50
Oct 20	113.50	-3.50
Nov 20	113.60	-3.50
CBOT corn ¢/bushel		
Sep 20	333.00	+2.75
Dec 20	339.75	+2.25
Mar 21	349.75	+2.00
May 21	356.00	+1.75
CBOT soybean oil ¢/lb		
Aug 20	29.92	+0.65
Sep 20	30.08	+0.66
Oct 20	30.23	+0.69
Dec 20	30.54	+0.70
CBOT soybeans ¢/bushel		
Aug 20	898.00	+4.50
CBOT soybean meal \$/t		
Aug 20	286.50	-0.50

Ethanol forward curves			¢/USG
		Chicago	New York
Jul		117.25-117.75	131.00-134.00
Aug		101.75-102.25	127.00-130.00
Sep		98.75-99.25	124.00-127.00
Oct		97.50-98.00	121.25-124.25

Blendstocks					¢/USG
	Basis	Differential	Price		±
Alkylate					
NY barge ex duty	Aug	+4.50/+5.00	126.95-127.45		-0.94
Houston	87 NLT 9 RVP	+14.00/+14.50	126.20-126.70		-2.69
Raffinate					
Houston	87 NLT 9 RVP	-12.50/-11.50	99.70-100.70		-0.94
Reformate					
NY barge ex duty	Aug	+19.50/+20.00	141.95-142.45		-0.94
Houston	87 NLT 9 RVP	+22.00/+23.00	134.20-135.20		-1.44

MTBE			¢/USG
		Price	±
fob USGC		114.00-116.00	nc

Carbon					
Vintage	Del	Bid	Ask	Price	±
California carbon allowances (CCA) \$/t					
2020	Jul 20	16.88	16.91	16.90	+0.02
2020	Dec 20	17.06	17.09	17.08	+0.01
2021	Dec 21	17.70	17.74	17.72	+0.01
CCA price ¢/USG					
		Winter	Summer		
Regular CARBOB		13.58	+0.01	13.62	+0.02
Month index Jun				13.46	+0.07
Midgrade CARBOB		13.58	+0.01	13.59	+0.02
Month index Jun				13.43	+0.07
Prem CARBOB		13.59	+0.01	13.56	+0.02
Month index Jun				13.41	+0.08
ULSD				17.30	+0.02
Month index Jun				17.10	+0.09
Quebec carbon price for gasoline, diesel CA¢/l					
Gasoline				5.15	+0.02
Gasoline month index Jun				5.08	-0.12
Diesel				6.40	+0.02
Diesel month index Jun				6.31	-0.17
California low-carbon fuel credits (LCFS) \$/t					
LCFS		192.00	194.00	193.00	+0.50
VWA MTD				197.75	
Number of trades MTD				3	
Volume MTD				20,000	
Oregon low-carbon fuel credits (LCFS) \$/t					
LCFS		110.00	130.00	120.00	nc
California LCFS premium per carbon intensity point ¢/USG					
Ethanol				1.57	nc
Biodiesel				2.43	nc
California LCFS cost for gasoline, diesel ¢/USG					
CARBOB				18.35	+0.04
ULSD				19.54	+0.05

BIOFUELS AND BLENDING COMPONENTS

and 47.25¢/RIN, remaining unchanged at 47.15¢/RIN. Prior-year D6 credits also remained steady, with volumes trading consistently at 45¢/RIN for a second consecutive session.

Biomass-based diesel D4 credits with 2020 vintage rose by 0.5¢/RIN to 60¢/RIN after trading between 59.5¢/RIN and 60.5¢/RIN. Prior-year D4 credits tracked current year credit at a 1¢/RIN premium.

Advanced biofuel D5 RINs remained at their respective discounts to D4 RINs of the same vintage year.

The 2020 cellulosic biofuel D3 RINs fell by 1¢/RIN to 157¢/RIN, with trade surfacing at that level. Prior-year credits continued to track current year credits at a 1.75¢/RIN discount.

Biodiesel

US biodiesel premiums tracked stronger D4 RIN credits, while B99 differentials held steady despite a tumbling heating oil-soybean oil (HOBO) spread.

B100 biodiesel premiums rose by 0.5¢/USG across New York Harbor, Houston and Chicago markets, while B99 differentials held steady.

In New York Harbor, B99 was unchanged between Nymex -11.5¢/USG and Nymex -10¢/USG, while that in Houston remained assessed between Nymex -25¢/USG and Nymex -20¢/USG. Chicago in-tank transfers remained valued between Nymex -10.5¢/USG and Nymex -7.5¢/USG.

Production margins as measured by the heating oil-soybean oil spread have plummeted in recent days, falling by 10¢/USG, or 11pc, to -102¢/USG since Wednesday, as losses in the front month Nymex ULSD have been met with higher CBOT soybean oil futures.

Front month ULSD futures have lost 2.6¢/USG to 121.91¢/USG since Wednesday, while soybean oil futures have gained 1.12¢/lb to 29.92¢/lb over the same time period.

Argentina

Premiums for Argentinian soybean oil cargoes moved lower Friday, while Chicago's paper markets posted gains throughout the session.

On the August front, export differentials dropped by 0.45¢/lb to CBOT +2.55¢/lb. Premiums for cargoes delivering in September settled at CBOT +2.37¢/lb, while differentials for deliveries between October-December fell by 0.23¢/lb to CBOT +1.42¢/lb. In Chicago, paper markets rose by 0.65¢/lb to 29.92¢/lb for August contracts.

Ethanol deals			
Grade	Timing	Price	Volume
Chicago Argo	22 Jul-1 Aug	125.00	5
	22 Jul-1 Aug	125.00	5
Chicago Rule 11	17-18 Jul	125.00	4
	17-18 Jul	125.00	4
	17-18 Jul	125.00	8
	19-25 Jul	122.00	4

RINS deals			
Grade	Timing	Price	Volume
Biodiesel	2020	59.50	250
	2020	59.50	1000
	2020	59.50	2000
	2020	59.75	500
	2020	60.00	350
	2020	60.00	500
	2020	60.00	500
	2020	60.00	1000
	2020	60.00	1000
	2020	60.00	1150
Cellulosic	2020	60.00	1500
	2020	60.50	500
Ethanol	2020	157.00	500
	2020	157.00	1000
	2019	45.00	500
	2019	45.00	500
	2020	47.00	500
	2020	47.00	500
	2020	47.00	500
	2020	47.00	500
	2020	47.00	1000
	2020	47.00	1000
	2020	47.00	2200
	2020	47.25	500
2020	47.25	500	
2020	47.25	500	
2020	47.25	1000	

LCFS deals			
Grade	Timing	Price	Volume
LCFS	Forward (3Q 20)	193.00	3,000.00

Biodiesel markets were up as RED-certified product rose by \$4/t to \$796/t for

BIOFUELS AND BLENDING COMPONENTS

California carbon

California Carbon Allowances (CCAs) closed higher week over week, extending the market's recent gains as trade remained robust.

CCAs for December 2020 delivery rose by 9¢ to \$117.08/metric tonne, after trading 46 times in the week for 4.4 mn t. July 2020 allowances closed 7¢ higher at \$16.90/t and traded seven times for roughly 375,000t.

CCAs for December 2021 delivery moved 5¢ higher over the week to \$17.72/t and traded once for 300,000t.

A slew of spread deals between a variety of delivery periods and vintages were also done during the week on the Intercontinental Exchange.

California Carbon Offsets (CCOs) firmed this week on stronger bids and offers, reversing last week's losses. The seller-guaranteed CCOs rose by 5¢ to \$13.45/t. CCOs that carry a three-year invalidation closed at \$13.10/t, 2¢ higher on the week. The CCOs that carry an eight-year invalidation closed at \$12.90/t, rising by 5¢.

A US federal court today upheld the carbon market link between California and Quebec, rejecting the US government's arguments that the state is in effect conducting its own illegal foreign policy and thereby removing a threat to the program's longevity.

US district court judge William Shubb said President Donald Trump's administration failed to demonstrate any clear conflict between the California-Quebec cap-and-trade partnership and the foreign policy powers of the federal government, in particular Trump's decision to withdraw the US from the Paris Climate agreement.

Without such a conflict, "California's program mirrors the many thousands of agreements individual states have entered into with foreign jurisdictions, including those addressing climate change," Shubb, an appointee of the late former president George Bush, wrote in his opinion.

Shubb's ruling gives California a complete victory in the case. In March, he ruled in favor of California on two other issues, finding that the cap-and-trade link does not violate the US Constitution's prohibitions on states entering into treaties or compacts with foreign governments.

Some market supporters hope the legal certainty provided by the ruling will lead to other linkages.

One of the potential new partners could be Colorado. A new report this week encourages policymakers there to con-

sider the idea as way to reduce compliance costs for meeting the state's new mandate to cut greenhouse gas emissions in half by 2030.

While a Colorado-only program could be a good tool for the state, linking up with the WCI market would open the door to a more cost-effective way to meet the goals, think tank Resources for the Future (RFF) said in a report released on 14 July.

By linking with WCI, the cost of reducing emissions in Colorado would fall significantly, according to RFF. The report projects an allowance price of \$27/t in 2030, in 2020 dollars, under a link with WCI thanks to the flexibility offered by the availability of lower-cost allowances from outside the state. Allowances in a Colorado-only program would cost \$75/t.

California LCFS

California Low-Carbon Fuel Standard (LCFS) credits dropped again this week to hit a 10-week low, as concerns persist over how restrictions in response to the Covid-19 pandemic will affect transportation fuel demand.

Spot LCFS credits closed at \$193/metric tonne today, down by \$5/t on the week. The credits this week hit their lowest price since 5 May.

Third quarter 2020 credits finished at \$193/t, also a decline of \$5/t. The credits traded at that level in today's session.

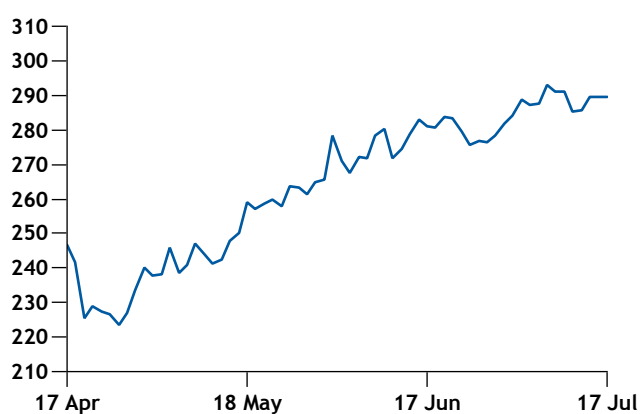
Fourth quarter credits moved lower by \$6/t to \$193/t.

First quarter 2021 credits ended today at \$194/t.

California prompt LCFS credits have been on a steady

SME Houston fob B100

¢/USG



BIOFUELS AND BLENDING COMPONENTS

descent since the beginning of June and have fallen by \$5 over the week, or 2.5pc. LCFS credits traded in the week for more than 40,000t in total across the prompt and forward markets, with additional deals heard but not confirmed. Third quarter 2020 credits were the most actively traded contract in the week.

The declines come amid the potential for lower near-term gasoline and diesel demand.

Governor Gavin Newsom (D) this week ordered some indoor activities to shut across the state and added more counties to the state's "watch list." The state's pull-back on reopening will likely mean reduced transportation fuel demand, which will translate into fewer LCFS deficits generated from the use of gasoline and diesel in California. Two large school districts in the state, Los Angeles and San Diego, also announced that instruction will solely be virtual in the fall.

California has roughly 360,000 coronavirus cases, with infections having risen sharply over the last few weeks.

LCFS program activity picked up in June as the market continued to grapple with the fallout from the Covid-19 pandemic.

California LCFS credits transferred 129 times in June for a total volume of just over 1mn metric tonnes, with an average price of \$202/t, according to the latest from the California Air Resources Board (ARB). That compares with 90 transfers in May for 470,000t and an average price of \$195/t, as market activity declined following the 2019 compliance deadline.

Oregon LCFS credits were steady over the week. Spot

credits for the state's Clean Fuels Program program remained at \$120/t, after edging lower last week.

Meanwhile, British Columbia this week finalized a 10-year extension of its LCFS and related renewable fuel regulations, with a new mandate for a 20pc reduction in the carbon intensity of transportation fuels by 2030. The rule also sets an average 5pc renewable content in gasoline and 4pc in diesel fuels.

The LCFS extension includes an easing of this year's compliance target, originally set at 10pc, to account for the pandemic's contribution to an historic decline in global crude oil prices and lower demand for transportation fuels. The new 2020 mandate is set at a 9.1pc reduction, equivalent to about 86.15g CO2 equivalent per megajoule for diesel and 80.13g/MJ for gasoline. After this year, the targets increase by about 1.09pc/yr.

Blending components

Alkylate cash differentials tumbled lower on Friday in the US Gulf coast market.

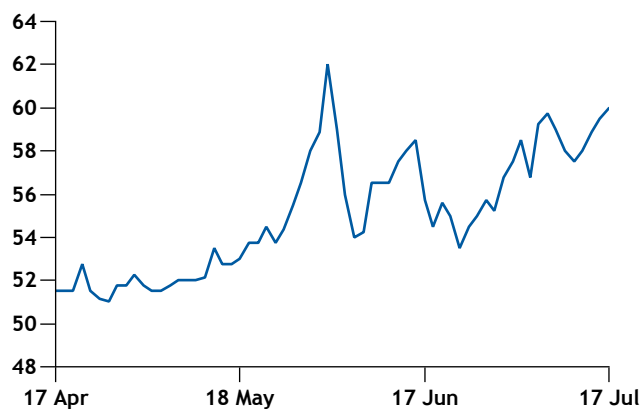
Weakening gasoline demand is hitting the blendstocks. Declining differentials are being joined by a falling US Gulf coast gasoline pipeline mean (PLM) trading basis.

Alkylate differentials dipped 1.75¢/USG to PLM +14.25¢/USG.

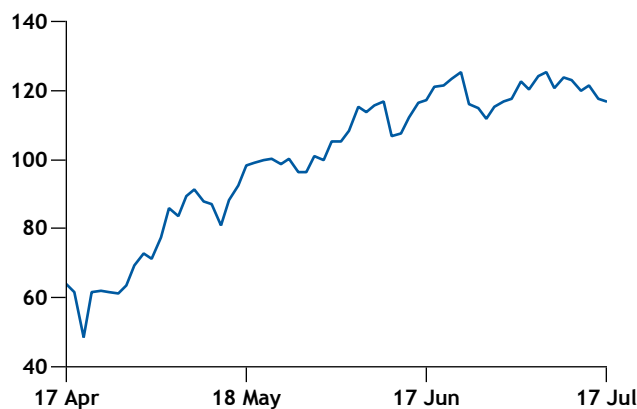
Reformat was also assessed lower at PLM +22.5¢/USG, a 0.50¢/USG decline.

Raffinate was still pegged at PLM -12¢/USG.

Biodiesel RINs ¢/USG



Colonial RBOB ¢/USG



FEEDSTOCKS AND RESIDUAL FUEL OIL

Vacuum gasoil

VGO prices remained tiered based on location, with value pegged higher on the Mississippi River compared to the Houston area.

High sulphur VGO differentials to September Brent ventured above the sweet grade in business done Thursday for a good quality generic barge. Much of the high sulphur VGO offered over the past weeks had been of less than generic specifications, with coker gas-oil in the mix.

Regular availability of Calcasieu-quality low sulphur VGO barges in the Houston area tended to suppress prices there as well. Last-done business for Calcasieu-quality sweet VGO barges was at September Brent +\$3.25/bl on a delivered Houston basis over the previous two trading sessions.

Yet another Calcasieu barge loading 24-25 July was offered at a publication-related price. This was bid at September Brent +\$3.25/bl delivered Houston, but the seller did not engage as of Friday afternoon.

Meanwhile, other low sulphur VGO offers were cited from September Brent +\$3.5/bl fob Houston for 0.5pc sulphur VGO up to September Brent +\$4/bl FOB Gulf coast. Market fragmentation was evident, with buying interest for 0.4pc sulphur, 23 API material expressed at September Brent +\$3.5/bl FOB Houston as well.

On the Mississippi River, where VGO remained in scarce supply, low sulphur VGO offers were well circulated at September Nymex +\$4/bl on a FOB basis, or beyond. Buying interest was heard in the low-to-mid \$3s/bl FOB River, but no business was verified done.

Low sulphur VGO was last bid Thursday on the Mississippi River at September Brent +\$3.85/bl delivered, reinforcing a location premium of roughly \$0.6/bl, with the Calcasieu barge trading at September Brent +\$3.25/bl on the same day.

Conflicting fundamentals persisted, with prevailing low crude runs limiting VGO supply while weaker cracks countered

CME Nymex		
	Price	±
WTI crude \$/bl		
Aug	40.59	-0.16
Sep	40.75	-0.18
Oct	40.94	-0.16
Henry Hub natural gas \$/mmBtu		
Aug	1.718	-0.01
Sep	1.765	-0.01

Vacuum gasoil Gulf coast			
	Basis	Differential	Price
Differential to WTI \$/bl			
0.5% cargo	Aug	+6.25/+7.25	46.84-47.84
0.5% barge	Aug	+5.75/+6.75	46.34-47.34
1.0% cargo	Aug	+6.25/+7.25	46.84-47.84
1.0% barge	Aug	+6.25/+6.75	46.84-47.34
2.0% cargo	Aug	+6.50/+7.25	47.09-47.84
2.0% barge	Aug	+6.25/+7.00	46.84-47.59
Differential to Ice Brent \$/bl			
0.5% cargo	Sep	+3.70/+4.70	46.84-47.84
0.5% barge	Sep	+3.20/+4.20	46.34-47.34
1.0% cargo	Sep	+3.70/+4.70	46.84-47.84
1.0% barge	Sep	+3.70/+4.20	46.84-47.34
2.0% cargo	Sep	+3.95/+4.70	47.09-47.84
2.0% barge	Sep	+3.70/+4.45	46.84-47.59
Differential to 70:30 87 conv/heating oil ¢/USG			
0.5% cargo		+0.97/+3.35	111.52-113.90
0.5% barge		-0.22/+2.16	110.33-112.71
1.0% cargo		+0.97/+3.35	111.52-113.90
1.0% barge		+0.97/+2.16	111.52-112.71
2.0% cargo		+1.57/+3.35	112.12-113.90
2.0% barge		+0.97/+2.76	111.52-113.31
Differential to 70:30 87 conv/ULSD ¢/USG			
0.5% cargo		-3.38/-1.00	111.52-113.90
0.5% barge		-4.57/-2.19	110.33-112.71
1.0% cargo		-3.38/-1.00	111.52-113.90
1.0% barge		-3.38/-2.19	111.52-112.71
2.0% cargo		-2.78/-1.00	112.12-113.90
2.0% barge		-3.38/-1.59	111.52-113.31
70:30 formulas ¢/USG			
87 conv waterborne/heating oil		-0.93	110.34-110.76
87 conv waterborne/ULSD		-0.89	114.69-115.11

Naphtha barge Gulf coast			
	Basis	Differential	Price
Heavy (40 N+A) ¢/USG	87 NLT 9 RVP	-16.00/-13.00	97.45-100.45
Heavy (40 N+A) \$/t			346.92-357.60
Full range ¢/USG	87 NLT 9 RVP	-19.00/-17.00	94.45-96.45
Full range \$/t			342.85-350.11
LSR/LV ¢/USG	C5	+23.00/+25.00	83.00-88.00
LSR/LV \$/t			330.34-350.24
Natural gasoline ¢/USG			60.00-63.00
Natural gasoline \$/t			252.00-264.60
Light cycle oil			¢/USG
	Basis	Differential	Price
0.5% sulphur	HO pipe	+5.25/+5.75	107.79-108.29
2.0% sulphur	HO pipe	+5.00/+5.50	107.54-108.04

FEEDSTOCKS AND RESIDUAL FUEL OIL

bullish pricing sentiment. Demand for oil products remained uncertain as rising Covid-19 cases posed the possibility of lockdowns.

VGO cargo discussions had been depressed as arbitrage from Europe to the US was squeezed by high freight and limited production in Europe as well. VGO cargo offers had long extended into the \$4s/bl premiums to front-month Brent crude, however, there had been no specific discussions this week, which left cargo prices poorly defined.

September Brent settled at \$43.14/bl on Friday, \$2.55/bl above the August Nymex WTI settlement of \$40.59/bl and \$0.16/bl under October Brent.

Light cycle oil (LCO) buying interest went unheeded in the absence of spot offers. Despite the short market, LCO differentials to the Gulf coast pipeline heating oil (GC PL HO) were pressured lower by a narrowed distillate sulphur spread and a robust Renewable Volume Obligation (RVO) value this week.

The ultra-low sulphur diesel (ULSD) premium to heating oil was pegged at 14.5¢/USG and the RVO was assessed at 6.15¢/USG on Friday.

Naphtha

US Gulf coast naphtha cash differentials were stable to stronger for all grades Friday amid a weakened conventional gasoline and a lower natural gasoline (C5) prices.

Cash prices for the Gulf coast waterborne conventional (GC WB M2) gasoline were down by 0.94¢/USG alongside the same decline in the August Nymex RBOB on the day, giving N+A naphtha differentials room to move higher.

However, bids and offers remained far apart in scattered N+A discussions Friday. A barge of 41.75 N+A naphtha with 161 IBP, 194 t10, +30 color, 266ppm sulphur and 62.6 API was heard concluded Thursday at GC WB M2 -16¢/USG for prompt delivery at the Gulf coast.

A similar specification barge from the same producer, possibly with lower sulphur, was heard offered Friday, but no deal was confirmed to this end.

A premium quality heavy virgin naphtha (HVN) barge with 50 N+A, 151 IBP, 58.2 API, 58ppm sulphur and 55 octane was offered at GC WB M2 -10¢/USG for 18-20 July delivery to Houston/Beaumont. This barge was reported bid at GC WB M2 -16¢/USG.

Full-range N+A naphtha negotiations were elusive to end the week. The status of a 31 N+A naphtha barge with 68.6 API,

Residual fuel oil		
	Price	±
Waterborne* \$/t		
NYH 0.5% fuel oil delivered	308.63-310.17	-2.17
USG 0.5% fuel oil fob	297.24-300.61	-1.55
New York waterborne \$/bl		
0.3% low pour	49.29-49.44	-0.42
0.3% high pour	49.78-50.15	-0.43
0.5%	46.14-46.37	-0.32
1.0%	40.72-40.92	-0.35
3.0%	36.99-37.19	-0.35
Gulf coast waterborne \$/bl		
0.5%	44.14-44.64	-0.23
3.0%	35.90-37.07	-0.35
RMG	36.85-36.95	-0.35

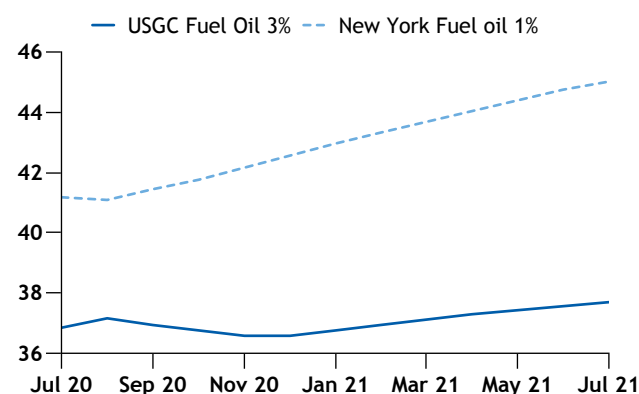
*The \$/bl and \$/t assessments for 0.5% sulphur fuel oil prices in the New York and US Gulf are assessed independent of each other. They are not directly correlated by fixed conversion factors due to density variables.

Marine gasoil		¢/USG	
	Differential	Price	±
New York 0.5%, Aug	-7.80/-5.80	114.11-116.11	-0.88

Bunker fuel		\$/t		
	Price	±	Price	±
	180cst		380cst	
New York	285.42-290.75	-3.72	268.00-273.00	-3.50
Philadelphia			289.00-292.00	-3.50
Houston	258.06-262.14	+18.36	253.00-257.00	+18.00
Los Angeles	267.00-271.00	+2.00	262.00-266.00	+2.50
Los Angeles 0.5%S			317.50-321.50	-2.00
Seattle	290.00-295.00	+2.50	264.00-268.00	+2.50

Residual fuel oil swaps

¢/USG



— Argus US Refined Products Forward Curves

FEEDSTOCKS AND RESIDUAL FUEL OIL

104 IBP and 75ppm sulphur that was offered at GC WB M2 -17¢/USG Thursday was unknown. There had been no bids reported against this offer.

Full-range N+A continued to be assessed at a 4¢/USG discount to HVN.

Light naphtha talk was thin Friday as the July C5 pricing basis maintained a downtrend. A barge of 71 octane, 12.85 RVP light naphtha with 40-50ppm sulphur was heard offered at July C5 +25¢/USG for 25-31 July delivery to Houston. The bid was reported at C5 +23¢/USG, without a confirmed deal.

Fuel oil

North American residual fuel oil prices declined with losses in crude Friday amid diminished trading interest and sluggish liquidity.

High-sulphur fuel oil (HSFO) still managed to continue trading interest from the previous trading day, as traders observed strong demand for the product as a coker feedstock in Gulf coast refineries. Three 45,000bl barges of HSFO sold at \$36.85/bl, \$36.9/bl and \$36.95/bl. Bids were heard \$36.5/bl and \$36.95/bl, with one offer reported at \$37.1/bl, before the barges changed hands.

HSFO was assessed at 86pc of the price of front-month Brent, which settled at \$43.14/bl. US Gulf HSFO front-third month swaps narrowed in backwardation from \$0.35/bl to \$0.3/bl.

Heavy M100 fuel oil was heard pricing at a \$3/bl discount to Brent crude in the US Gulf coast. M100 is traditionally used as a coker feedstock.

There were no fresh trades on 0.5pc low-sulphur fuel oil (LSFO) barges in the US Gulf coast amid subdued marine fuel demand. One bid was heard at \$292.5/t, with two offers countering at \$306.5/t and \$307.5/t, on a 7,000t barge of LSFO, on a FOB Houston basis. There were no barges of the 7,000t volume sold.

Prompt LSFO differentials to Brent crude in the US Gulf coast continued to be talked at a \$1-1.5/bl premium to crude for a 20 API gravity. No indicated business came to light to verify this indication.

LSFO front-third month swaps narrowed in contango from

\$0.06/bl to \$0.05/bl, the closest spread to backwardation since 19 June. Bearish market sentiment could be tied to weakening demand for LSFO amid slowed vessel traffic in the US Gulf coast bunkering sector. The premium of Gulf LSFO over HSFO barge prices widened from \$7.37/bl to \$7.49/bl.

Limited market participation brought weak interest in the New York Harbor fuel oil market. New York Harbor 1pc sulphur fuel oil was discussed in thin market talks pricing close to \$41/bl. New York Harbor 1pc sulphur fuel oil front-third month swaps narrowed in contango from \$0.35/bl to \$0.3/bl.

New York Harbor LSFO continued to be talked pricing at a \$3/bl premium to Brent for a 18-20 API gravity. No confirmed business was heard to support this indication.

Marine fuels

North American bunker demand was steady in the Gulf, picked up on the east coast and was weak on the west coast.

There were two very low-sulphur fuel oil (VLSFO) clips reported sold ex-wharf in Houston: 700t at \$280/t and 200t at \$275/t. A lot for 700t of high-sulphur 380cst sold at \$255/t ex-wharf. Marine gasoil (MGO) was indicated at \$360/t ex-wharf in Houston. In Port Arthur, Texas 500t of VLSFO went for \$305/t ex-wharf. VLSFO was also indicated as low as \$300/t ex-wharf in Port Arthur and at \$305/t in Corpus Christi, Texas. A lot for 860t of VLSFO combined with 350t of MGO sold at \$316/t and \$409/t ex-wharf respectively in Pascagoula, Mississippi.

In New York inquiry for around 200t of MGO was quoted at \$370-380/t for MGO with 1,000ppm (0.1pc) sulphur content and at \$395/t for MGO with 15ppm (0.0015pc) sulphur content. In Montreal inquiries for 300t and 500t of MGO were offered at \$415/t and \$410/t delivered via truck respectively. Barge MGO deliveries were quoted as high as \$445/t in Montreal.

West coast bunker assessments traced crude and heating oil values down. In Los Angeles inquiry for over 350t of MGO was quoted at \$385/t delivered. The VLSFO Los Angeles - Singapore premium was pegged at \$5/t. A shipment of 80,000t of fuel oil was booked to discharge on the US west coast from the tanker *Libra Sun*, chartered by BP. The cargo will load on 24 July in Nakhodka, in the Russian far east and is likely going to be used as refinery feedstock.

INFRASTRUCTURE NEWS

Phillips 66 Sweeny reports electrical fault

An electrical fault resulted in increased emissions yesterday at Phillips 66's 247,000 b/d refinery in Sweeny, Texas.

Increased emissions were reported at 3:54am ET on 16 July, caused by a fault in a high voltage line creating a voltage

dip across the plant, according to a filing to state environmental regulators.

Flaring lasted for just over eight hours, according to the filing.

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California fuel production slows

California fuel production slowed last week and gasoline stockpiles rose as the state reimposed measures limiting travel to contain rising new cases of Covid-19.

Total gasoline stockpiles increased in the week ended 10 July by 7pc to 7.1mn bl, their highest level since mid-May, according to the California Energy Commission. Stockpiles of gasoline blending components increased by 2pc to 5.6mn bl, the highest volume since late April. Total gasoline production was flat to the previous week at about 942,000 b/d, or 13pc lower than the same week last year.

A 17pc increase to about 182,000 b/d in CARB diesel production lifted total diesel output in the state by 7pc to about 281,000 b/d. That production was lower by almost a third compared to the same week of 2019. Total diesel inventories fell by 9pc from the previous week to 3.7mn bl, including a draw on CARB diesel stockpiles by 10pc to 2.4mn bl.

California jet fuel production fell by 7pc to about 111,000 b/d, just a third of year-ago output. Inventories fell by 4pc from the previous week to 2.8mn bl.

Crude throughputs at California refineries fell by 4pc to about 1.3mn b/d, 29pc lower than the same week last year. State crude stockpiles fell by 2pc to 17.7mn bl.

The petroleum data, which is based on a survey of California companies, was delayed this week waiting for a submission from one respondent, the commission said.

Vehicle Miles Traveled as measured by the state's Department of Transportation were 16pc lower than the same week of last year. Daily miles trended lower during the period and in the preceding week.

New confirmed cases of Covid-19 climbed in California during the period, prompting the state to reintroduce restrictions on indoor business and gatherings. Los Angeles's school district, the second largest in the US, said its schools would not reopen for in-person classes in the fall. New cases flattened in

Arizona and were steady in Nevada.

By Elliott Blackburn

US cracks: Margins fall across all regions

US Gulf coast margins, as measured by a 3-2-1 West Texas Intermediate (WTI) crack spread, declined steadily this week as the price of clean petroleum products declined and crude oil posted small gains.

Regional stockpiles of both gasoline and diesel drew down last week, according to the latest data from the US Energy Information Administration (EIA). Even so, prices trended lower as fears of renewed quarantine measures amid increasing US infection rates of Covid-19 gave the market pause.

On average, Gulf cracks fell by \$0.97/bl to \$7.12/bl in weekly comparison, bottoming out yesterday at \$6.4/bl, the lowest level in three weeks.

Month to date, margins have averaged \$7.7/bl, up by \$1.01/bl from June levels but down by \$5.56/bl from year-earlier levels.

US midcontinent refining margins weakened this week amid lower gasoline prices and an uptick in crude values.

The Chicago 6-3-2-1 Western Canadian Select (WCS) crack spread averaged \$12/bl this week, down by \$3.45/bl to the lowest since early June. Margins were pressured by lower West Shore/Badger CBOB prices, which fell by 7.58¢/USG to \$1.12/USG on the back of a recent build in regional gasoline inventories. Diesel prices along the West Shore/Badger system fell by 2.67¢/USG to \$1.15/USG, while WCS crude prices rose by 14¢/bl to \$38.47/bl.

The West Texas Intermediate (WTI) 3-2-1 crack spread at Group Three in Tulsa, Oklahoma, fell to a six-week low on higher crude prices. The WTI crack spread averaged \$8.46/bl this week, down by \$1.42/bl, as WTI crude prices increased by 12¢/bl to \$40.59/bl.

Tulsa CBOB prices shed 3.94¢/USG to \$1.16/USG, while

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diesel prices declined by 1.42¢/USG to \$1.19/USG.

The Los Angeles crack spread, calculated using Alaskan North Slope crude prices based on a 5-3-1-1 yield, was lower since last week, swinging over \$3.50/bl during a volatile session. Levels initially were stronger even as gasoline prices plunged late in the week amid growing concerns over the rise in Covid infections and the resulting drop in demand. The average crack spread price shed \$0.42/bl to \$8.22/bl over the period, including both a 16-week high of \$9.72/bl and a two-week low of \$5.90/bl. Southern California CARBOB prices averaged \$1.32/USG over the week, down 4¢/USG including a six-week low of \$1.24/USG on 16 July. Los Angeles CARB diesel averaged lower as both differentials and futures weakened late in the week. Prices showed \$1.25/USG, down a penny including a two-week low of \$1.24/USG. ANS crude prices eased lower, shedding \$0.47/bl week over week, to \$43.90/bl.

US Atlantic coast refining margins on a Brent basis decreased by \$1.11/bl on average this week to \$8.94/bl amid gains in crude and a slight decline in refined products prices. Brent crude increased by 92¢/bl to average \$43.96/bl. Prompt Buckeye RBOB fell marginally to \$1.27/USG as rising cash differentials mostly offset declines in the futures market. Regional supplies remained tight following an outage at Phillips 66's 250,000 b/d Bayway refinery in Linden, New Jersey, last week. Buckeye ULSD decreased by 0.69¢/USG during the week to average \$1.23/USG.

By Stephanie Crawford

Blending demand weakens for US toluene, MX

Gasoline blending demand for US toluene and mixed xylenes (MX) is weakening, which could push spot prices for the blendstocks lower relative to feedstock reformate.

Gasoline blenders are bidding for toluene and MX at Nymex RBOB +17-20¢/USG, compared with Nymex RBOB +25¢/USG a week ago.

This is because gasoline consumption is declining as Covid-19 outbreaks intensify across parts of the US. Implied gasoline demand fell by 1.3pc for the week ended 10 July, according to the US Energy Information Administration (EIA). Gasoline blenders need less octane-boosting blendstock, particularly toluene and MX, as consumption drops.

Blenders also are looking toward lower-cost blendstocks, such as alkylate and reformate, because of narrower regrade margins. Regrade closed yesterday at 10¢/USG, compared with 19.25¢/USG a year ago.

Ample supply of octanes in the US Gulf is also weighing down toluene and MX prices, and destocking efforts are being slowed by weak demand.

Blenders also are facing squeezed margins

because of high naphtha prices relative to gasoline. Gasoline blenders use naphtha and blendstocks to make finished gasoline. Full-range naphtha closed yesterday at discounts of 17-20.5¢/USG to August Nymex RBOB, compared with discounts of 48-52¢/USG a year ago.

By John Dietrich

KCS Mexico-bound products volumes rebound

North American railroad Kansas City Southern (KCS) said its shipments of refined products to Mexico have recovered from Covid-19-related lows set in April, even as its total rail volumes fell by 21pc in the second quarter from a year earlier.

KCS' overall rail volumes have nearly recovered from a "precipitous" drop in April and early May, with current shipments down only about 6pc from February levels.

KCS, which ships substantial volumes of gasoline and other refined products from US Gulf coast refineries to Mexico, said that Mexico-related energy traffic at the end of June was up by 12pc from a year earlier, and it expects the trend to continue in July. Quarterly Mexico-bound energy volumes were still 15pc below year-earlier levels at 19,200 carloads, KCS said.

KCS said that importers of refined products to Mexico have taken market share from Mexican state-owned Pemex.

"Their marketshare continues to decline, and their overall production of gas[oline] and diesel is flat to down," KCS chief marketing officer Mike Naatz said on an earnings call today. Imports from sources other than Pemex are increasing "and we absolutely should be a beneficiary of that," he said. Non-Pemex imports of refined products increased by 57pc in May from a year earlier, Naatz said.

The railroad's energy unit volumes - which include crude, fracturing sand and coal - fell by 27pc from a year earlier. Crude volumes fell by 49pc to 4,900 units, and fracturing sand volumes fell by 75pc to 1,700 units. Utility coal volumes dropped by 16pc to 23,200 units. "We are not expecting crude shipments to return in the near term," Naatz said.

KCS reported profit of \$110.3mn in the second quarter, down by 15pc from \$129.1mn a year earlier. Quarterly revenues fell by 23pc to \$547.9mn.

By Chris Baltimore

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CDC extends cruise ship no-sail order

The US Centers for Disease Control and Prevention (CDC) extended its no-sail order for all cruise ships in US territorial waters by more than two months to 30 September.

Cruise ship operators are banned from disembarking and embarking passengers or crew, except if directed by the US Coast Guard in consultation with CDC, under the existing order enacted on 14 March and extended once. The extension was set to end on 24 July.

CDC said that as of 10 July it has recorded 958 confirmed cases of Covid-19, including 34 deaths, on board 123 ships within US jurisdiction.

In mid-June the Cruise Lines International Association (CLIA) voluntarily extended the suspension of cruise operations from US ports until 15 September. CDC supports the decision by CLIA "however, because not all cruise ship operators are members of CLIA or have similar commitments, CDC is extending its no sail order to ensure that passenger operations do not resume prematurely," the government agency said.

Other countries have also extended their no sail order for cruise ships. Canada banned cruise ships carrying more than 100 people with overnight accommodations in Canadian waters until 31 October. Cruise ships are banned from entering Australian ports until 17 September.

But operations have restarted in Europe. Carnival Cruise Line's subsidiary Aida Cruises will restart three vessels which are scheduled to sail from Germany between 5-16 August. Royal Caribbean has suspended most sailings through 15 September, excluding sailings from China which are suspended to the end of July, and sailings to Bermuda, suspended through 31 October.

By *Stefka Wechsler*

US argues against Citgo sale

Advancing the sale of Venezuela's US refining subsidiary Citgo could damage US foreign policy goals and that country's struggling opposition beyond repair, President Donald Trump's administration wrote in an 11th-hour filing ahead of today's oral arguments on the refiner's future.

Letters from the US Treasury's Office of Foreign Assets Control (OFAC) and US Special Representative for Venezuela Elliott Abrams argued that establishing a process to satisfy an international arbitration award with shares of the roughly 770,000 b/d refining business would only complicate US strategy there.

Moving forward with efforts by defunct Canadian mining firm and arbitration winner Crystallex would instead damage Venezuelan support for the US-recognized opposition working to remove President Nicolas Maduro from power, Abrams wrote.

"Every Venezuelan knows of this company and it is viewed, as are Venezuela's oil reserves, as a central piece of the national patrimony," Abrams wrote. "The impact on [US-recognized interim president Juan] Guaido, the interim government

Argus Assessment Rationale Database

For prices used in financial benchmarks, Argus publishes daily explanations of the assessment rationale with supporting data. This information is available to permissioned subscribers and other stakeholders.

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ANNOUNCEMENT

Argus successfully completes annual losco assurance review

Argus has completed the eighth external assurance review of its price benchmarks covering crude oil, products, LPG, petrochemicals, biofuels, thermal coal, coking coal, iron ore, steel, natural gas and biomass benchmarks. The review was carried out by professional services firm PwC. Annual independent, external reviews of oil benchmarks are required by international regulatory group losco's Principles for Oil Price Reporting Agencies, and losco encourages extension of the reviews to non-oil benchmarks.

For more information and to download the review visit our website <https://www.argusmedia.com/en/about-us/governance-compliance>

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and US foreign policy goals in Venezuela would be greatly damaging and perhaps beyond recuperation."

Abrams supported Guaido's arguments that his US-recognized leadership should dissolve a 2018 ruling exposing Citgo to the billions of dollars sought by Venezuela's creditors. And OFAC denied Crystallex arguments that determining how to proceed with a sale would help the office decide whether to grant the company a license to execute it.

Opposition leaders have long hoped for executive branch assistance in the US District of Delaware case that has come perilously close to ending Venezuelan control of one of its most valuable overseas assets. Yesterday's late filing arrived more than seven months after an initial invitation from the court to respond, two months after another solicitation of executive interest and less than 15 hours before today's teleconference on whether to develop sale proceedings on shares of Citgo to help satisfy a \$1.4bn arbitration award.

"The US sincerely apologizes to the court and the parties for any inconvenience caused by filing so close to the hearing date," the Justice Department said.

US attorneys participated in the hearing but did not expand on letters filed last night.

US support of Guaido is not news to the court, which accepted the opposition leader's representatives on behalf of Venezuela soon after the executive branch recognized him as interim president in January 2019. Guaido's appointed ad hoc boards represent Citgo and Venezuelan national oil firm PdV in US courts.

His representatives argued unsuccessfully against a sale in [appeals last summer](#) before the US 3rd Circuit Court of Appeals, and [failed to attract](#) consideration from the US Supreme Court this year.

But the opposition government can still persuade the US District Court of Delaware that [circumstances have changed enough](#) to remove a [ruling argued in 2018](#) by Maduro representatives.

The court at that time determined that Maduro's government had so closely controlled Citgo that it functioned as an alter ego of the state. The decision pierced the corporate legal structure that normally protects such companies in the US from that exposure. Crystallex, now controlled by New York hedge fund Tenor Management, could seek shares of Citgo's holding company to satisfy an international award for mining interests expropriated under former president Hugo Chavez in

2011.

[Has Venezuela changed?](#)

The case proceeded on two tracks this summer.

The first considers whether circumstances have changed enough, as Guaido argues, to throw out the 2018 ruling. Though Venezuela has lost appeals of that decision, the judge could determine that enough has changed in Citgo's circumstances, as argued by Abrams, to render the original, proper decision now moot. US judge Leonard Stark asked why the case should go forward given the consequences that the government warned.

"It is not a malefactor cleaning up its act — it is a new sheriff in town," Venezuelan counsel Donald Virrelli said. "It is a new sovereign government asserting authority at considerable risk to its leaders in order to rescue the country from disaster and restore the rule of law."

Crystallex has pointed to the Guaido government's lack of control over any Venezuelan institutions outside the US. The opposition has no access to Citgo's revenue and cannot ship its gasoline to Venezuela because of US sanctions. The court must follow Trump's recognition of the Guaido government as the accepted representatives of Venezuela. But the court did not need to also ignore the reality of the opposition control, or further delay Crystallex's certified award to hope for conditions to change, Crystallex attorney Miguel Estrada said.

"Mr. Abrams may care intensely for the new, fledgling regime in Venezuela," Estrada said. "That is not a legal argument."

US judge Leonard Stark questioned arguments by Citgo and Venezuelan national oil company PdV that the companies were not in possession of the shares Crystallex sought and that arguments should shift to state law considerations. The attorney agreed with Stark that the parties had previously made the court aware that the "illegal Maduro regime" could have the shares in their possession, because they had not received any clear answers until Guaido appointed a new board.

"Why should Crystallex and the court have any confidence, based on the arguments you are making, that these shares are not really attached and are going to be transacted?" Stark asked.

[How to sell](#)

The second track would determine the appropriate way to sell shares of Citgo to satisfy the roughly \$1bn remaining to be paid on the award. The court will address this at a future

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hearing after major disruptions from uncontrolled hold music halted the nearly three-hour proceeding twice.

Crystallex has sought a straightforward auction under Delaware law. Venezuela, Citgo and other creditors, including ConocoPhillips, have said such a proceeding could undervalue the refiner – leaving nothing left after satisfying the Crystallex debt. ConocoPhillips proposed a receivership, similar to US bankruptcy. Venezuela argues that if a sale must proceed, it should be carried out by PdV to ensure the highest possible value.

"Crystallex has no incentive to minimize the number of shares sold or respect the due process rights of others, including PdV," the national oil company said.

Such a sale would leave the legitimacy of the opposition government "severely eroded" if it took place with Maduro still in power, Abrams warned.

"Should these assets be advertised for public auction at this time, the Venezuelan people would seriously question the interim government ability to protect the nation's assets, thereby weakening it and US policy in Venezuela today," Abrams said.

Maduro has meanwhile [moved to clip](#) Guaido's remaining influence in Venezuela. Guaido's claim as interim president, recognized by dozens of western governments, relies on his leadership of the National Assembly. Venezuela's supreme court ratified a rival leadership in May, and a new Maduro-aligned electoral board was appointed last month. Opposition leaders have not decided whether to recognize or participate in elections under those circumstances later this year.

By Elliott Blackburn

Venezuela exhausts gasoline; diesel en route

Venezuela's state-owned PdV is down to its last drops of gasoline and blendstock, but it has more breathing room on diesel thanks to a loophole in US sanctions and the lopsided structure of the local fuel market.

Wholesale stocks of gasoline, Venezuela's main motor fuel, have been mostly depleted at the 305,000 b/d Cardon refinery, which has emerged as a de facto fuel hub at a time of chronic scarcity. According to a confidential 15 July fuel report seen by *Argus*, Cardon had stocks of just 15,140 bl of 91-octane gasoline and 1,890 bl of 95-octane grade.

The gasoline stocks have returned to critically low levels after PdV exhausted Iranian shipments that arrived with

fanfare in late May and early June, flying in the face of US sanctions that are designed to choke off supply as a part of a "maximum pressure" campaign to force out President Nicolas Maduro.

PdV is producing only around 25,000 b/d of gasoline at Cardon, where repairs aided by Iran and China have had limited results so far. But the blendstock alkylate that was also provided by Iran has also run out, and the report shows that VGO blendstock is low. A separate PdV report obtained by *Argus* indicates that the company's MTBE production at its Super Octanos plant in the Jose petrochemical complex has been down since February mainly because of a lack of isobutane.

Before the US imposed oil sanctions in January 2019, PdV used to import gasoline and components from the US to supplement domestic production from its refineries, most of which are now out of service.

Venezuela's fresh gasoline shortage is evidenced by the return of lengthy vehicle lines at the dwindling number of service stations that remain open, including stations selling subsidized fuel and others featuring dollarized prices under a new pricing and rationing system unveiled by the government in late May.

In the case of diesel, the fuel report shows Cardon stocks at 217,060 bl, including 20,730 bl with 0.1pc sulphur content and 83,050 bl with 0.7pc sulphur.

PdV is receiving ultra-low diesel imports through crude and [debt swaps](#) with Spain's Repsol and Italy's Eni under an unwritten exception to the US oil sanctions. The loophole, which is drawing increasing scrutiny from the US administration, is intended to meet the needs of food distribution, agricultural activity and power generation. Another cargo of diesel is expected to arrive from Spain later this month, according to shipping sources.

Unlike gasoline, diesel is still sold at giveaway prices at the pump, but its road use remains limited, even among distribution companies which often use small gasoline-operated trucks or cars. One beleaguered distributor who has been forced to buy costly black market gasoline told *Argus* that diesel trucks would be ideal under the circumstances, but only used ones are available for sale at exorbitant prices.

Vital supply

Particularly in the context of the Covid-19 pandemic, diesel is considered vital for small power-generating units, including those that ensure supply to hospitals during frequent blackouts

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on the grid.

That humanitarian application is the grounds for [Indian Reliance's return](#) to lifting Venezuelan crude early this month in exchange for diesel after successfully petitioning the US Treasury's Office of Foreign Assets Control (Ofac), the agency that administers sanctions. Several shipping companies, wary of US sanctions, have also claimed the humanitarian exemption.

Before Venezuela's economy collapsed, gasoline demand hovered around 350,000 b/d, while diesel stood at 200,000 b/d, including power generation.

Chicago, NYH ethanol values drop amid selloff

Ethanol values in Chicago and New York Harbor have sharply fallen as the market developed bearish sentiment toward little-changed ethanol stockpiles and continuously increasing production levels.

Domestic ethanol stockpiles for the week ended 10 July were essentially flat at 20.6mn bl, down by just 12,000 bl from the prior week, according to the Energy Information Administration (EIA). US ethanol production continued to climb, averaging 931,000 b/d, a 1.9pc increase from the prior week.

The participants eyed the data as a signal that production could soon overtake demand and begin contributing to stocks, which would translate into depressed values. In an effort to get out in front of it, producers have been aggressively selling ethanol before prices deteriorate further.

Chicago Rule 11 railcars last traded at 122¢/USG in the current session, touching their lowest level since 3 June when it was 121.5¢/USG. Since 13 July, values has fallen by 21.2 pc amid the selloff.

Prompt in-tank transfers at Kinder Morgan's Argo terminal reached their lowest mark since 29 June when in-tank transfers were 126.5¢/USG. The value was last 127.75¢/SUG during the current session, falling since 13 July by 16.9pc.

Front-month barges at New York Harbor have fallen to 134.25¢/USG, their lowest since 5 June at 133.4¢/USG.

By Thom Dwyer

California LCFS activity rose in June

California Low-Carbon Fuel Standard (LCFS) program activity picked up in June as the market continued to grapple with the fallout from the Covid-19 pandemic.

California LCFS credits transferred 129 times in June for a total volume of just over 1mn metric tonnes, with an average

price of \$202/t, according to the [latest data](#) from the California Air Resources Board (ARB). That compares with 90 transfers in May for 470,000t and an average price of \$195/t, as market activity declined following the 2019 compliance deadline.

The Argus volume-weighted average for spot trades last month was \$211.20/t, a roughly \$8.25 increase from May, as the market experienced a shift in sentiment over the course of June, moving from a slightly bullish outlook that fuel demand would soon rebound to a more bearish vibe as California experienced a surge of new Covid-19 cases late in the month. The spot market opened June at \$212/t and ended the month \$10 lower at \$202/t.

ARB data include transfers still pending confirmation from buyers, as well as trades with future delivery dates, which can result in differences between the report's average price and the spot market price.

Argus assessed the spot credits at \$192.50/t yesterday, the lowest price since early May, in the wake of governor Gavin Newsom's (D) recent decision to renew restrictions on some indoor activities in a bid to slow the spread of the coronavirus.

The LCFS requires a 20pc reduction in the carbon intensity of transportation fuels by 2030, with this year's target at 7.5pc. Fuels with carbon intensities higher than the targets generate deficits, while fuels that score lower earn credits. Deficits must be matched by an equivalent number of credits at the end of the compliance period.

By Michael Ball

British Columbia extends LFCS to 2030

British Columbia is setting more aggressive targets for its low-carbon fuel standard in a bid to grow its market for alternatives to conventional gasoline and diesel fuel and reduce greenhouse gas (GHG) emissions from the transportation sector.

The provincial government this week finalized a 10-year extension of its LCFS and related renewable fuel regulations, with a new mandate for a 20pc reduction in the carbon intensity of transportation fuels by 2030. The rule also sets an average 5pc renewable content in gasoline and 4pc in diesel fuels.

The LCFS extension includes an easing of this year's compliance target, originally set at 10pc, to account for the Covid-19 pandemic's contribution to an historic decline in global crude oil prices and lower demand for transportation fuels. The new 2020 mandate is set at a 9.1pc reduction, equivalent

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to about 86.15g CO₂ equivalent per megajoule for diesel and 80.13g/MJ for gasoline. After this year, the targets increase by about 1.09pc/yr.

The province is also expanding the coverage of its LCFS and renewable fuel regulation. This year, [the regulation](#) allows companies supplying less than 75mn liters of fuel to apply for exemption from the fuel requirements. That threshold will be reduced to 25mn liters next year and 200,000 liters in 2022.

The British Columbia LCFS measures compliance with a system of credits and debits. Fuels with carbon intensity scores lower than targeted levels generate credits; fuels with higher scores generate debits. Credits can be banked for future transactions or traded between suppliers. At the end of each compliance period, suppliers must have zero or more credits to avoid penalties.

The extension of British Columbia's LCFS is an indication that policymakers and fuel industry participants intend to stay the course on emissions reduction targets even in the midst of a dramatic downturn in energy markets.

British Columbia's new LCFS rules align closely with Oregon's and California's LCFS programs, but do not link with the US programs.

The province ended up not adding alternative jet fuel as an eligible credit generation, a step the two US programs took last year and that British Columbia had considered following.

Aviation and marine transportation account for 28pc of global transportation emissions, but the cost of producing renewable jet fuel is prohibitively high for many producers. British Columbia's omission of sustainable aviation fuel reflects the nascent nature of the fuel market and the lack of policy consensus around the issue in Canada's energy and aviation industries.

As renewable aviation fuel is a relatively small, discrete market, policy incentives like those created by California's program are vital for market viability. Aviation fuel is not subject to California's LCFS mandate but does generate credits that regulated refiners and fuel suppliers may use for compliance. California requires sustainable aviation fuel to beat certain carbon intensity benchmarks in order to generate credits.

Last year, alternative jet fuel generated only 11,100 California LCFS credits, out of nearly 14.8mn from all fuels in the program, from roughly 1.9mn USG of the fuel used in the state. Sustainable aviation fuels generated no credits for Oregon's program, which targets a 10pc cut in the carbon-intensity of

fuels by 2025.

By Solomon Moore

US railroads expand coast-to-coast services

Three major US railroads have launched new intermodal routes, including coast-to-coast service between southern California and the southeast.

Western railroad BNSF and eastern carrier Norfolk Southern (NS) next month will launch a new intermodal service between San Bernardino, California, and four cities: Atlanta and Austell, Georgia; Charlotte, North Carolina; and Jacksonville, Florida. The railroads will provide container-on-flatcar (COFC) service which allows containers to be double stacked on trains. Service will begin on 3 August.

These services will replace existing movements between BNSF's Los Angeles location and NS' intermodal facilities in Austell and Charlotte. Westbound intermodal shipments from Austell and Charlotte will increase to five days a week from three days weekly.

NS and western railroad Union Pacific also have added an intermodal route, shipping containers between Los Angeles and Birmingham, Alabama. Service will begin on 20 July.

By Abby Caplan

Mexican navy, army to take over port security

Mexico's army and navy will take charge of security at the country's border crossings and all marine ports, President Andres Manuel Lopez Obrador said today.

"I just briefed the security cabinet of this decision," he said at the port of Manzanillo, Colima, on the central Pacific coast. "All land and maritime customs will be now in charge of the ministry of defense and the navy – the same for all of the country's ports."

The move is directed at controlling drug trafficking, given the "poor management, poor administration of ports, and the flagrant corruption," the president said.

Mexico's general customs agency, part of the tax authority (SAT) within the finance ministry, manages border-control issues now. This group will continue to handle commercial and tax responsibilities on the borders and at the ports, but will turn the security aspects over to the military, customs agency head Horacio Duarte said.

Duarte is the third person named by the president to this position since he took office in December 2018, after the

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past two were fired for failing to control corruption. Mexico imported \$131bn of goods and services in the first four months of this year.

Mexico's intelligence finance unit – part of the finance ministry – filed three cases alleging corruption and money laundering against the customs divisions in Progreso, Yucatan; Tuxpan, Veracruz; and Mexicali, Baja California, in the last three months.

Roughly 30pc of the gasoline and 10pc of the diesel imported into Mexico entered through the Tuxpan port in 2019. Yet, [overall waterborne imports into Mexico have decreased](#) this year.

The new presidential order will affect all refined products imported into Mexico, which totaled nearly 630,000 b/d in May, valued at \$380mn compared with \$1.5bn in the first quarter before the Covid-19 pandemic curbed demand, according to energy ministry (Sener) data.

The move could help control fuel smuggling – a welcome development for private-sector importers – said Cesar Cadena Cadena, chairman of the board of directors of Grupo Energeticos and president of the Energy Cluster industry group in Nuevo Leon.

Scams include passing gasoline and diesel off as almost any other product taxed at a lower rate, such as ethanol, or circumventing taxes entirely through false declarations, Cadena Cadena said.

“It is not that these importers are so smart that they have the ability to deceive authorities,” he said. “But that authorities are fully part of the scam.”

Evasion of both the excise (IEPS) and value-added taxes (VAT) can shave Ps6-8/l off of the price. Regular gasoline

brought in this way, for example, would be 35-50pc less expensive than state-owned Pemex's posted wholesale prices based on today's rate of Ps17.21/l, according to *Argus* calculations.

The president last year [turned over security](#) at refineries and fuel pipelines to the military as well, as part of efforts to drive down widespread fuel theft.

The administration has increasingly turned to the military for domestic security issues, to the opposition of some human rights groups. Besides overseeing security at fuel pipelines, refineries, and strategic energy locations, they are helping with security in hospitals during the pandemic, in building a new airport for Mexico City, and have formed a new national guard that has taken on some responsibilities traditionally reserved for the police.

By Sergio Meana

Mexico's fuel tax deductions remain at zero

Mexico's finance ministry will keep deductions from the fuel excise taxes (IEPS) for gasoline and diesel at zero for one more week.

The lack of deductions will be in effect from 18-24 July.

The government last set a deduction for the excise tax was when state-owned Pemex's wholesale price for regular gasoline was Ps18.23/l (\$2.78/USG) at its terminals in late February. Regular gasoline rack prices at Pemex terminals were only 5.5pc below that level today, at Ps17.21/l for regular gasoline, a higher gap than 3.7pc last week.

Offering no deduction increases tax collections for the government, which is facing [increased fiscal pressure](#) this year.

By Sergio Meana

OPINION/ANALYSIS

Brazil closer to net gasoline export status

Exports of Brazilian gasoline surpassed imports in May and June as the country continued to grapple with a persistent slump in domestic demand and rising production rates.

The trade surplus over the last two months gives weight to projections from Brazilian energy research agency EPE that foresees Brazil becoming a net gasoline exporter within two years.

Gasoline exports reached 839.3mn l (86,200 b/d) between

May-June, exceeding the volume imported by 49pc, according to data from Brazil's trade ministry MDIC. Outflows during the period were almost double volumes exported in the same period of 2019.

Brazil last achieved net exporter status for gasoline for a two month period in October-November 2018, when foreign sales reached 628.8mn l (64,600 b/d) compared with imports of 282.4mn l (29,000 b/d). The increase in Brazilian exports occurred amid seasonally-high supplies of E100 hydrous ethanol,

OPINION/ANALYSIS

which competes with gasoline in Brazilian fuel stations.

The recent increase in exported volumes is the result of depressed domestic consumption related to mobility restrictions imposed to curb the spread of the Covid-19 pandemic. Domestic gasoline sales in June were 7.6pc lower than the same month of 2019, according to ministry data. An increase in fuel production at state-controlled Petrobras' domestic refineries also supported supply levels.

Utilization rates at Petrobras' Brazilian refineries reached 75pc in the first two weeks of July, bouncing back from a mid-April low of 52pc, according to Brazil's mines and energy ministry MME.

EPE projects external surplus until 2022

Recent EPE studies on the impact of the coronavirus pandemic on domestic fuel supply and demand point to Brazil becoming a net gasoline exporter as early as next year.

The country is projected to face a gasoline surplus of 100mn l (1,700 b/d) in 2021 and 1.4bn l (24,000 b/d) in 2022 if social distancing measures last seven months. Even if social distancing measures are limited to four months, Brazil could export as much as 300mn l (5,100 b/d) in 2022. The country could maintain an internal supply deficit of around 500mn l (8,600 b/d) in 2022 if social distancing measures only last for three months, according to EPE data.

Brazil registered an external gasoline deficit of 1bn (17,200 b/d) in the first half of the year, according to the MDIC data.

EPE's director of oil, gas and biofuels studies, Heloisa Esteves Borges, tells *Argus* that projections for an increase in gasoline exports posits the growth of gasoline supply to meet growing domestic demand for LPG, since production of the two products are linked in Petrobras' refining process. The increase in gasoline consumption tends to be limited by changes in behavior in a post-pandemic context and by a projected increase in the supply of E100 hydrous ethanol in Brazil in the

coming years, which should gain motor fuel market share at the expense of gasoline.

By Amance Boutin

Argus IMO 2020 News and Insights



Argus helps you prepare for IMO 2020 through various daily, weekly and monthly price reporting services.

As shipowners, traders, and refiners around the world prepare for the upcoming marine fuel sulphur cap, Argus is tracking supply and demand developments at key locations. From Singapore and Rotterdam to New York and the US Gulf coast, we deliver daily insight on deals done, trade volumes, and other market activity.

Find IMO 2020 market reporting, announcements, news and more at:

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ANNOUNCEMENTS

Discontinuing USGC 7.8 RVP gasoline

Argus is discontinuing several US Gulf coast gasoline assessments for 7.8 RVP material.

Effective 1 September 2020, Argus is discontinuing "lowest RVP" and summer seasonal "9.0 supplemental" gasoline assessments for Colonial pipeline and US Gulf coast waterborne assessments. These discontinuations will apply to regular CBOB, premium CBOB, regular conventional and premium conventional gasolines. Argus is also discontinuing a number of related price assessments calculated or otherwise derived from those, including waterborne equivalents. During the summer of 2020 all of these price assessments will be for 9.0 RVP.

The prices will be last assessed and published on 31 August 2020.

Argus will continue to assess and publish other prices for 9.0 RVP gasoline in the US Gulf coast.

For a complete list of affected PA codes, please contact datahelp@argusmedia.com.

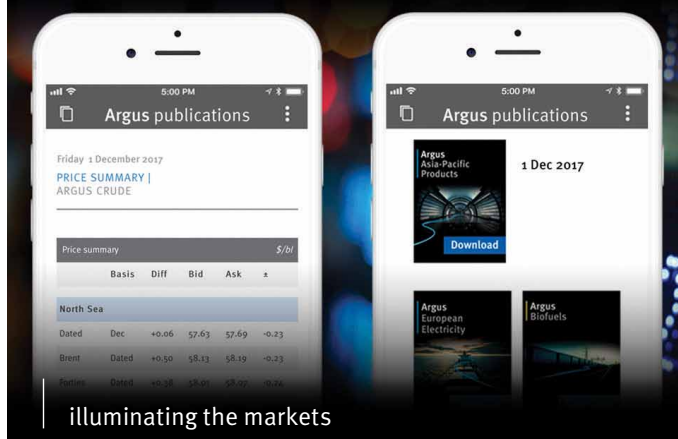
For more information regarding these changes, please contact Paul Dahlgren at paul.dahlgren@argusmedia.com or +1 713 429 6324.

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