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Argus *Asia-Pacific Products*

Prices and analysis

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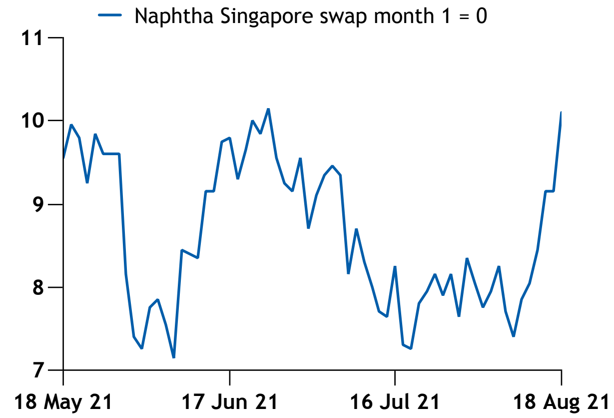
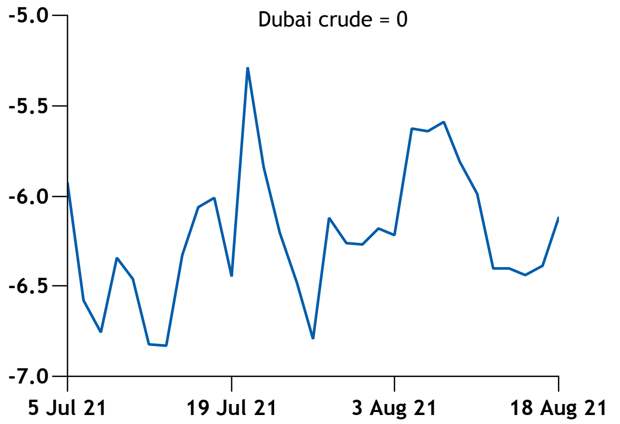
OVERVIEW

IOC sold a naphtha cargo at lower premiums. Petron Malaysia sought term gasoil and concluded a spot gasoline tender. Wepec offered September-loading jet fuel. PSO bought HSFO and LSFO for first-half September delivery.

Gasoline 92R vs Singapore naphtha swaps $/bl



HSFO 180cst crack spreads $/bl



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PRICES AT GLANCE

Singapore	Diff to Mops Low	Diff to Mops High	Low	High	±
$/bl					
97R gasoline	-	-	82.25	82.45	+0.85
95R gasoline	0.40	0.60	80.60	80.80	+0.85
92R gasoline	0.55	0.75	78.15	78.35	+0.85
Naphtha	0.15	0.35	68.70	68.85	-0.23
Jet-kerosine	0.00	0.20	72.55	72.75	+0.20
Gasoil 0.5%	-4.10	-3.90	71.05	71.25	+0.20
Gasoil 0.25%	-3.55	-3.35	71.60	71.80	+0.30
Gasoil 0.05%	-3.35	-3.15	71.80	72.00	+0.20
Gasoil 0.005%	-0.25	-0.05	74.90	75.10	+0.40
Gasoil 0.001%	0.05	0.25	75.20	75.40	+0.40
HSFO 180cst $/t	4.00	5.00	399.00	400.00	+5.25
HSFO 380cst $/t	3.75	4.75	389.75	390.75	+4.00
Marine fuel 0.5%S $/t	1.75	2.75	500.00	501.00	+1.50

South Korea	Diff to Mops Low	Diff to Mops High	Low	High	±
$/bl					
Jet-kerosine	0.00	0.20	72.55	72.75	+0.20
Gasoil 0.05%	-2.35	-2.15	72.80	73.00	+0.30
Gasoil 0.001% (10ppm)	-0.65	-0.45	74.50	74.70	+0.30
HSFO 180cst $/t	-	-	410.00	411.00	+5.25

Mideast Gulf	Diff to Mopag Low	Diff to Mopag High	Low	High	±
$/bl					
95R gasoline	4.50	4.70	78.15	78.35	+0.85
92R gasoline	3.70	3.90	75.70	75.90	+0.85
Naphtha LR1 $/t	17.75	19.75	601.00	603.75	-0.63
Naphtha LR2 $/t	-	-	609.85	612.60	-0.63
Jet-kerosine	1.00	1.20	70.00	70.20	+0.20
Gasoil 0.2%	-0.95	-0.75	70.60	70.80	+0.60
Gasoil 0.05% (500ppm)	-0.30	-0.10	71.25	71.45	+0.60
Gasoil 0.001% (10ppm)	0.95	1.15	72.50	72.70	+0.40
HSFO 180cst $/t	-	-	385.80	386.80	+5.55
HSFO 380cst $/t	11.25	13.25	376.60	377.60	+4.45

Japan	Diff to Mopj Low	Diff to Mopj High	Low	High	±
$/bl					
Naphtha $/t	0.50	2.50	634.75	637.50	-0.63
Jet-kerosine	-	-	75.00	75.20	+0.30
Gasoil 0.005%	-	-	73.75	73.95	+0.25
HSFO 180cst $/t	-	-	409.50	410.50	+5.25

Indonesia	Diff to Mops Low	Diff to Mops High	Low	High	±
$/t					
0.45%S fuel oil V-1250	-1.35	-1.15	497.02	497.22	+0.93

GASOLINE

Singapore 92R gasoline prices rose more than Ice Brent crude values as margins rose after falling for five consecutive sessions. Petron Malaysia bought spot cargoes for September.

The September 92R swap traded higher at around $76.65/bl, while the September-October spread was discussed slightly wider at $1.35/bl. The September east-west spread, or the Singapore 92R swap against the European gasoline swap, was discussed higher at -$340/bl today. The 92R cash value, or the 92R physical price against September 92R swaps, was discussed with five trading firms submitting to *Argus* cash values higher but in a wide range of $1.30-1.70/bl. Eight deals were done during afternoon online trading. Two 2-6 September loading 92R cargoes traded at $78.70/bl. Two 10-14 September loading 92R cargoes traded at $78.40/bl. A single 12-16 September loading 92R cargo traded at $78.48/bl. Three 13-17 September loading cargoes traded at $78-78.40/bl.

Philippine refiner Petron's Malaysian affiliate concluded a spot tender to buy gasoline and gasoil cargoes for September delivery against scheduled maintenance at its 88,000 b/d Port Dickson refinery. The exact quantity cannot be confirmed but the price was around a slight premium to Singapore spot assessments on a fob basis, said traders. Petron Malaysia was seeking to import 1.3mn bl of high-octane Euro 4M gasoline and about 500,000-600,000 bl of Euro 5M gasoil for delivery across September with two gasoline cargoes to be delivered at the end of September to early October. The discharge ports were indicated as the Port Dickson, Sabah, Bagan Luar, Kuantan and Pasir Gudang terminals. The spot requirement came after its term contract expired and it has now emerged to seek term cargoes for October-December 2021 delivery.

Indian state-controlled refiner Hindustan Petroleum (HPCL) cancelled its spot tender seeking a prompt non-oxygenated gasoline cargo. The reason for the cancellation cannot be confirmed but high offers was cited as a possible reason. It sought a cargo for delivery less than a week from the tender's closing date, with only a gasoline cargo that is already on water able to deliver so promptly, which would lead to a higher offer, said a trader. The company also sought vacuum gasoil, a feedstock for the refinery's secondary unit, prompting expectations that there was an issue at the fluid catalytic cracker at HPCL's 150,000 b/d Visakhapatnam refinery.

Singapore	Diff to Mops				$/bl
	Low	High	Low	High	±
97R gasoline	-	-	82.25	82.45	+0.85
95R gasoline	0.40	0.60	80.60	80.80	+0.85
92R gasoline	0.55	0.75	78.15	78.35	+0.85
Non-oxy gasoline	2.30	2.50	79.15	79.35	+0.85

Mideast Gulf	Diff to Mopag				$/bl
	Low	High	Low	High	±
95R gasoline	4.50	4.70	78.15	78.35	+0.85
92R gasoline	3.70	3.90	75.70	75.90	+0.85

Fujairah	Diff to Mopag				$/bl
	Low	High	Low	High	±
95R gasoline	4.55	4.75	80.95	81.15	+0.25
92R gasoline	3.60	3.80	77.70	77.90	+0.35

Durban			$/t
	Low	High	±
95R gasoline	680.52	680.72	+7.35

Singapore reforming spread			$/bl
	Today	Previous	±
97R gasoline	13.58	12.50	+1.08
95R gasoline	11.93	10.85	+1.08
92R gasoline	9.47	8.40	+1.07

Singapore 95R gasoline swap			$/bl
	Low	High	±
Sep	78.85	79.05	+0.30
Oct	77.40	77.60	+0.35
Nov	76.15	76.35	+0.15

Singapore 92R gasoline swap			$/bl
	Low	High	±
Sep	76.55	76.75	+0.40
Oct	75.20	75.40	+0.30
Nov	74.05	74.25	+0.15

Gasoline East-West Spread	$/bl
East-west Sep spread	-3.40
East-west Oct spread	-0.60

NAPHTHA

Japanese second-half October-delivery naphtha prices fell despite higher Ice Brent crude values, as margins continued their fall for the sixth consecutive trading session.

The September swap was discussed higher at around $637/t with higher crude prices, while the September-October spread was discussed stable at $5-5.25/t. The September east-west spread was discussed weaker at $13.50/t. First-half October open-specification naphtha (OSN) was offered at $638/t, lower than physical values derived from a firmer paper value. Second-half October OSN was bid and offered at $629/t and $641/t respectively. First-half November OSN was bid and offered at $627/t and $639/t respectively. The first-half October and second-half October spread was offered lower at $1/t in backwardation, while the second-half October and first-half November spread was offered lower at $2/t in backwardation.

Sri Lanka's state-controlled refiner Ceypetco has issued an amendment to its tender to sell. Ceypetco initially offered 128,000 bl of light naphtha for 2-3 November loading but issued a notice to revise the loading dates to 4-5 October instead. The notice states that all other terms and conditions will remain the same. The pricing basis will be on Singapore spot assessments and the cargo will have a minimum paraffin content of 70pc. The tender will still close on 24 August and remain valid until 26 August. Ceypetco last offered a 110,000 bl cargo for 2-3 September loading from Colombo. The pricing basis will be on Singapore spot assessments. The naphtha will have a minimum paraffin content of 80pc, higher than its usual offerings of a minimum 70pc. The tender closed on 27 July but the price could not be confirmed.

Indian state-controlled refiner IOC concluded its tender to sell September-loading naphtha at a lower premium, reflecting the weaker market structure. It sold a 35,000t (312,000 bl) cargo for 9-11 September loading from Chennai. The price was around a $12/t premium to the average of *Argus* and Platts' Mideast Gulf spot assessments. The tender closed on 16 August and remained valid until the same day. BP was possibly the buyer of the cargo. Azeri state-controlled trading firm Socar bought the last known IOC Chennai cargo at around a $28/t premium to the same basis. The 35,000t cargo was for 21-23 August loading and the tender closed on 27 July.

Singapore					$/bl
	Diff to Mops				
	Low	High	Low	High	±
Naphtha	0.15	0.35	68.70	68.85	-0.23

Japan					$/t
	Diff to Mopj				
	Low	High	Low	High	±
Naphtha	0.50	2.50	634.75	637.50	-0.63

Mideast Gulf					$/t
	Diff to Mopag				
	Low	High	Low	High	±
Naphtha LR1	17.75	19.75	601.00	603.75	-0.63
Naphtha LR2	-	-	609.85	612.60	-0.63

Fujairah					$/t
	Diff to Mopag				
	Low	High	Low	High	±
Naphtha	17.75	19.75	621.10	622.10	+1.35

Japan open-specification naphtha forward prices			$/t
	Low	High	±
1-15 May	637.25	638.25	-1.00
16-31 May	636.50	637.50	-0.75
1-15 Jun	634.75	635.75	-0.50

Japan naphtha swaps			$/t
	Low	High	±
Sep	636.50	637.50	+2.00
Oct	631.50	632.50	+2.00
Nov	625.50	626.50	+1.25

Singapore naphtha swaps			$/bl
	Low	High	±
Sep	68.05	68.25	-0.10
Oct	67.55	67.75	-0.10
Nov	67.00	67.20	-0.10

NWE naphtha swaps			$/t
	Low	High	±
Sep	623.40	623.60	+2.25
Oct	616.65	616.85	+2.25
Nov	609.65	609.85	+1.75

Naphtha arbitrage	$/t
East-west Sep spread	13.500
East-west Oct spread	15.250
Japan Oct vs NWE Sep	8.500
Japan Nov vs NWE Sep	2.500

JET-KEROSINE

Singapore's jet fuel swaps rose by less than Dubai crude values, weakening margins again. Chinese state-controlled refiner Wepec offered a jet fuel cargo for mid-September loading.

There were no trades during the afternoon trading session today. But there were two bids for September-loading cargoes, ranging from a $0.20/bl discount to parity to Singapore spot assessments. There were eight offers for September-loading cargoes at $0.05-0.40/bl premiums to Singapore spot assessments. There was also an offer for a September-loading cargo for loading from Indonesia at a $0.15/bl premium to Singapore spot assessments.

Wepec is offering another jet fuel cargo for loading in mid-September through a rare spot tender. It is looking to sell 40,000t (298,400 bl) of A-1 jet fuel for loading during 15-17 September from Dalian. The spot tender will close on 19 August and bids will remain valid until the same day. This is the refiner's second spot tender since the second batch of Chinese export quotas was released last week, according to *Argus*' records. The new batch of quotas should give Wepec more leeway to export jet fuel as it typically ships the product using state-controlled PetroChina's quotas. And PetroChina had run out of quotas before the second batch was released, according to market participants.

The refiner last sold a similar-size cargo of A-1 jet fuel for end-August loading through a spot tender at around a $1.45/bl discount to Singapore spot assessments. The cargo is to load from Dalian during 27-29 August. The spot tender closed on 12 August. The price was at a discount to other jet fuel cargoes from the north Asia region, which were sold at slight premiums to Singapore spot assessments. This could have been because Chinese jet fuel is not preferred by US buyers as a result of specification issues, market participants said, so the cargoes might not be able to head to the US, unlike other jet fuel cargoes from South Korean refiners.

Singapore	Diff to Mops				*$/bl*
	Low	High	Low	High	±
Jet-kerosine	0.00	0.20	72.55	72.75	+0.20

South Korea	Diff to Mops				*$/bl*
	Low	High	Low	High	±
Jet-kerosine	0.00	0.20	72.55	72.75	+0.20

Mideast Gulf	Diff to Mopag				*$/bl*
	Low	High	Low	High	±
Jet-kerosine	1.00	1.20	70.00	70.20	+0.20

Fujairah	Diff to Mopag				*$/bl*
	Low	High	Low	High	±
Jet-kerosine	1.00	1.20	71.00	71.20	+0.20

Japan	Low	High	± *$/bl*
Jet-kerosine	75.00	75.20	+0.30

Durban	Low	High	± *$/t*
Jet-kerosine	571.56	571.76	+1.75

Singapore jet-kerosine swaps	Low	High	± *$/bl*
Sep	72.45	72.65	+0.20
Oct	72.50	72.70	+0.20
Nov	72.60	72.80	+0.25
4Q21	72.55	72.75	+0.25
1Q22	72.60	72.80	+0.20
2Q22	72.35	72.55	+0.25

GASOIL

Singapore's gasoil swaps rose by more than Dubai crude values, strengthening margins after consecutive sessions of falls. Petron Malaysia sought term supplies of ultra-low sulphur diesel (ULSD).

There were five deals done during afternoon online trading today. Vitol bought from Unipec a 150,000 bl cargo of 500ppm (0.05pc) sulphur gasoil loading from the Singapore straits region between 2-6 September at a $3.70/bl discount to Singapore spot assessments. Total also bought from Unipec a 150,000 bl cargo of 500ppm sulphur gasoil, loading between 2-6 September, at a $3.60/bl discount to Singapore spot assessments. Trafigura sold two cargoes of 500ppm sulphur gasoil loading from the Mideast Gulf to Vitol and to Glencore at a $0.10/bl discount to Mideast Gulf spot assessments. The Vitol cargo will load between 12-16 September, while the Glencore cargo will load from the Mideast Gulf between 7-11 September. BP also sold to Unipec a 10ppm sulphur gasoil cargo, loading from the Singapore straits region between 5-9 September at a premium of $0.10/bl to Singpaore spot assessments.

Philippine refiner Petron's Malaysian arm has issued a mini term tender seeking cargoes of 10ppm sulphur gasoil for loading from the Singapore straits region between 1 October and 31 December. The refiner, which is having turnaround at its 88,000 Port Dickson refinery in September, issued a term tender to seek combinations of gasoline and 10ppm sulphur gasoil. Sellers in one option can offer to supply 50,000-250,000 bl cargoes of 10ppm sulphur gasoil each month, along with gasoline. Another option states that sellers can opt to supply 100,000 bl cargoes each month. Sellers can opt to offer either option, or all options. The tender closes on 23 August and remains valid until 8 September.

Petron Malaysia is seeking about 500,000-600,000 bl of Euro 5M gasoil cargoes of gasoil for September delivery. But details could not be confirmed with the refiner.

Gasoil exports from Japan rose to 197,000 b/d in the week to 14 August, data from the Petroleum Association of Japan show, up from just 42,000 b/d the previous week. This was despite a fall in gasoil production by 11pc from a week earlier to 613,000 b/d. But production might increase, with Japanese refinery run rates inching up to a six-month high of 74.7pc in the latest week, as operational capacity also increased by 1.5pc to 3.3mn b/d. This increase in capacity reflects the restart of Eneos' 136,000 b/d Oita refinery on 14 August and the return to full operational capacity of Taiyo Oil's two crude distillation units at its 138,000 b/d Kikuma refinery. All of Japan's 3.46mn b/d refining capacity is now back on line.

Singapore	Diff to Mops				$/bl
	Low	High	Low	High	±
Gasoil 0.5%	-4.10	-3.90	71.05	71.25	+0.20
Gasoil 0.25%	-3.55	-3.35	71.60	71.80	+0.30
Gasoil 0.05% (500ppm)	-3.35	-3.15	71.80	72.00	+0.20
Gasoil 0.005% (50ppm)	-0.25	-0.05	74.90	75.10	+0.40
Gasoil 0.001% (10ppm)	0.05	0.25	75.20	75.40	+0.40

South Korea	Diff to Mops				$/bl
	Low	High	Low	High	±
Gasoil 0.05%	-2.35	-2.15	72.80	73.00	+0.30
Gasoil 0.001% (10ppm)	-0.65	-0.45	74.50	74.70	+0.30

Mideast Gulf	Diff to Mopag				$/bl
	Low	High	Low	High	±
Gasoil 0.2%	-0.95	-0.75	70.60	70.80	+0.60
Gasoil 0.05% (500ppm)	-0.30	-0.10	71.25	71.45	+0.60
Gasoil 0.005% (50ppm)	0.85	1.05	72.40	72.60	+0.40
Gasoil 0.001% (10ppm)	0.95	1.15	72.50	72.70	+0.40

Fujairah	Diff to Mopag				$/bl
	Low	High	Low	High	±
Gasoil 0.001% (10ppm)	0.95	1.15	73.40	73.60	+0.35

Japan			$/bl
	Low	High	±
Gasoil 0.005% (50ppm)	73.75	73.95	+0.25

Durban			$/t
	Low	High	±
Gasoil 0.05% (500ppm)	551.58	551.78	+4.64
Gasoil 0.005% (50ppm)	560.16	560.36	+3.15
Gasoil 0.001% (10ppm)	560.91	561.11	+3.16

Singapore gasoil swaps			$/bl
	Low	High	±
Sep	75.05	75.25	+0.35
Oct	74.90	75.10	+0.30
Nov	74.65	74.85	+0.30
4Q21	74.55	74.75	+0.25
1Q22	73.95	74.15	+0.20
2Q22	73.60	73.80	+0.25

Gasoil arbitrage	$/t
East-west Sep spread	-9.880
East-west Oct spread	-11.750
Singapore Oct vs ICE Oct gasoil	-10.630
Singapore Nov vs ICE Nov gasoil	-9.130

FUEL OIL, BUNKERS AND LSWR

The Singapore September 0.5pc sulphur marine fuel swap rose by less than Dubai crude values, narrowing refining margins slightly. Pakistan's state-owned marketer PSO bought low-sulphur fuel oil (LSFO) and high-sulphur fuel oil (HSFO) for first-half September delivery.

The September 0.5pc sulphur marine fuel swap was discussed around $498/t today. BP sold to Gunvor a 40,000t (258,000 bl) cargo of the 0.5pc sulphur marine fuel grade at $501/t for 12-16 September loading. Bids for cargoes of the 0.5pc sulphur marine fuel grade ranged from a $2/t discount to a $1.75/t premium to Singapore spot assessments, while offers were at a $2.25-3/t premium to the same pricing basis.

PSO bought fuel oil cargoes for 1-15 September delivery for summer power generation. It bought one 50,000t 170cst LSFO cargo. Trading firm BB Energy placed the lowest offer at a $118.71/t premium to 180cst HSFO Mideast Gulf spot assessments on a cfr basis, with the cargo to be loaded from Singapore, Malaysia or Indonesia. PSO also bought a 65,000t 180cst HSFO cargo. The tender had sought two cargoes and Vitol placed the lowest offers for each at a $69.88/t and $76.88/t premium to the same pricing basis for loading from Tanjung Pelepas, Malaysia, although PSO only bought one.

The tenders for HSFO and LSFO closed on 12 August and offers will remain valid until tomorrow but both cargoes have been purchased, according to a source close to the company.

Indian state-controlled refiner IOC has bought a 40,000t (274,000 bl) vacuum gasoil (VGO) cargo for delivery to Paradip in the first week of September, according to a source familiar with refinery operations, although the price could not be confirmed. The unusual import resulted from a delay to the restart of its vacuum distillation unit (VDU) following a full shutdown at its 300,000 b/d Paradip refinery last month. The VDU typically separates VGO from vacuum residue, which is then fed into the fluid catalytic cracker or hydrocracker to be upgraded into lighter products such as gasoil and gasoline.

This is the third time IOC has sought VGO in recent months, after not having sought the product for several years, according to market participants and *Argus*' tender records. The refiner sought 38,000-40,000t of VGO for 6-15 August and 27 June-1 July delivery to Paradip through tenders. The results for the August-delivery cargo could not be confirmed, while the other cargo was cancelled.

Singapore					$/t
	Diff to Mops				
	Low	High	Low	High	±
HSFO 180cst	4.00	5.00	399.00	400.00	+5.25
HSFO 380cst	3.75	4.75	389.75	390.75	+4.00
HSFO 180cst 2% sulphur	-	-	408.00	409.00	+5.50
Marine Fuel 0.5%S	1.75	2.75	500.00	501.00	+1.50
Marine Fuel 0.5%S (Diff to 380cst)	114.00	115.00	-	-	-

Mideast Gulf					$/t
	Diff to Mopag				
	Low	High	Low	High	±
HSFO 180cst	-	-	385.80	386.80	+5.55
HSFO 380cst	11.25	13.25	376.60	377.60	+4.45

South Korea			$/t
	Low	High	±
HSFO 180cst	410.00	411.00	+5.25

Japan			$/t
	Low	High	±
HSFO 180cst	409.50	410.50	+5.25

Indonesia					$/t
	Diff to Mops				
	Low	High	Low	High	±
0.45%S fuel oil V-1250	-1.35	-1.15	497.02	497.22	+0.93

Singapore			$/t
HSFO 180cst swaps	Low	High	±
Sep	393.75	394.75	+3.25
Oct	388.50	389.50	+3.25
Nov	384.75	385.75	+3.00
4Q21	384.75	385.75	+3.00
1Q22	378.75	379.75	+3.00
2Q22	376.00	377.00	+2.75

Singapore			$/t
HSFO 380cst swaps	Low	High	±
Sep	384.75	385.75	+3.75
Oct	379.75	380.75	+3.25
Nov	376.00	377.00	+3.00
4Q21	376.25	377.25	+3.00
1Q22	370.50	371.50	+3.00
2Q22	367.00	368.00	+2.75

Singapore			$/t
Marine Fuel 0.5%S Swaps	Low	High	±
Sep	497.50	498.50	+1.00
Oct	495.25	496.25	+1.00
Nov	493.00	494.00	+1.00

CHINA FUEL OIL, BUNKERS AND MARINE FUELS

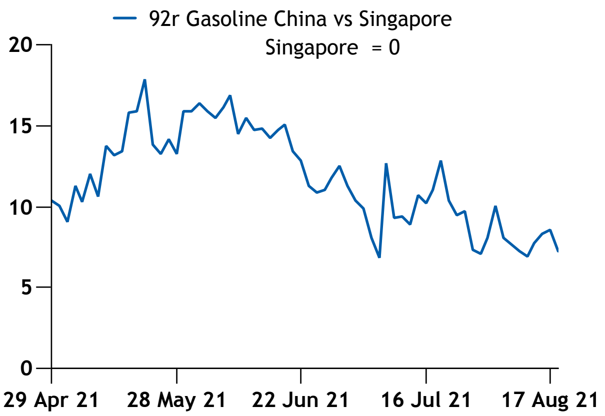
Bunker demand fell in Zhoushan today as prompt requirements were mostly met in previous days. Higher prices also dampened buying interest as buyers seemed confident of securing lower prices at another time.

Zhoushan very low-sulphur fuel oil (VLSFO) traded at about $508-513/t compared with around $505/t yesterday. But Shanghai VLSFO prices fell, with it trading at about $515-518/t compared with $520/t yesterday. Spot trades rose as a result of the lower prices in Shanghai.

Ex-wharf Zhoushan VLSFO held steady on Wednesday amid a relatively tight trading range for crude, which is struggling for clear direction amid uncertainty resulting from a gradual increase in supplies from the Opec+ group of countries despite an unclear outlook for demand recovery. This trickled down to domestic fuel oil futures in Shanghai, with the VLSFO and HSFO contracts for September holding at a steady discount to August Singapore paper values at $13/t and $8/t respectively.

The stable discount to Singapore is mainly because the market has no idea if crude will rise or fall and how the fuel oil market will be affected, traders said. Marine fuel demand in China continues to be undermined by port congestion, while supplies remain ample. Any sharp movements in crude prices could have direct pressure on the fuel oil market now, said a trader.

92R gasoline prompt: China vs Singapore *$/bl*



South China fuel oil fob	Low	High	± *yuan/t*
HSFO 180cst barge ex-terminal	4,990	5,010	+15.00

South China fuel oil differentials	Diff to Mops Low	Diff to Mops High	± *$/t*
M100 C+F east China	35.00	37.00	nc
M100 C+F south China	36.00	38.00	nc

East China fuel oil cfr	Low	High	± *$/t*
HSFO east China	35.00	37.00	nc

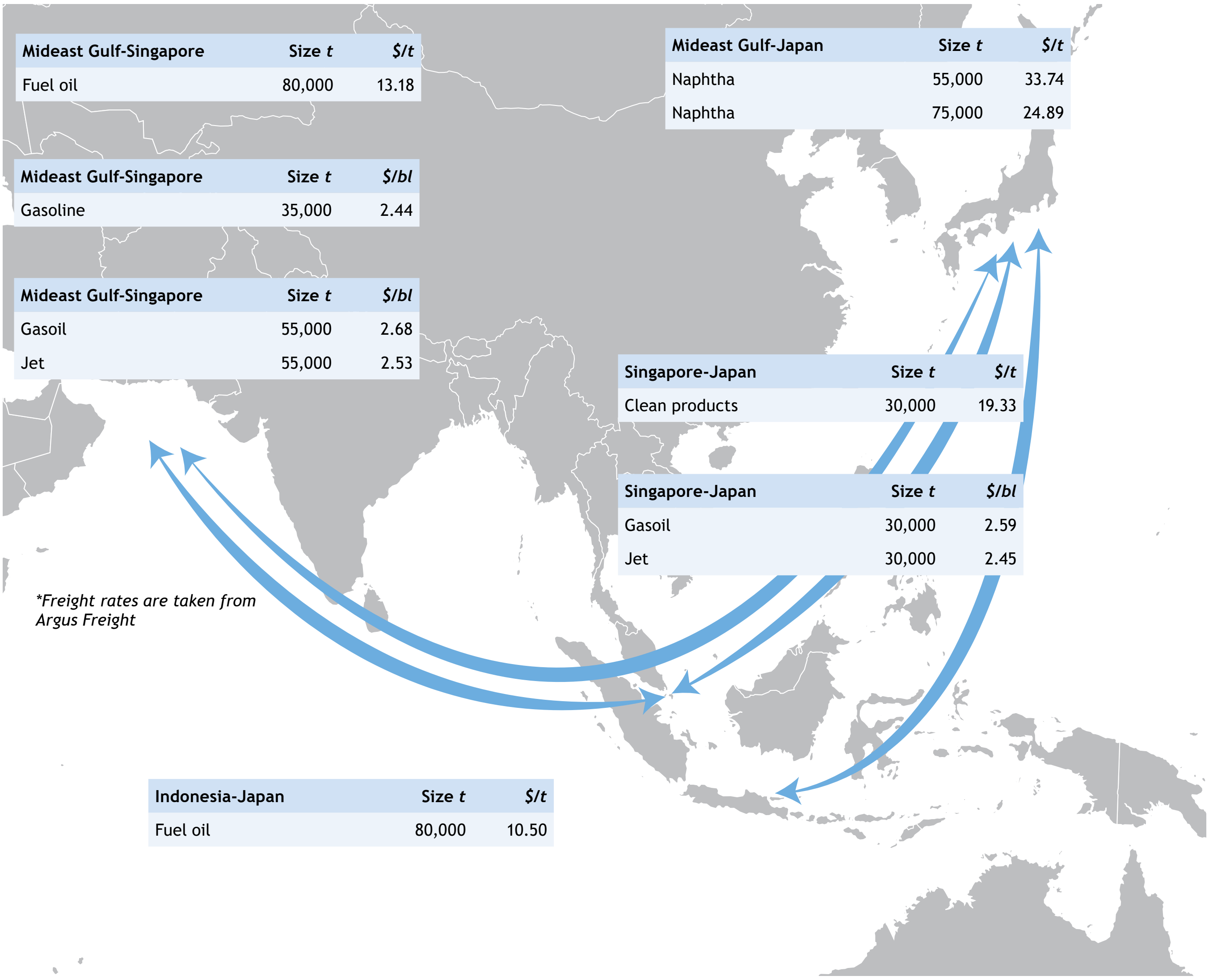
South China fuel oil c+f	Low	High	± *$/t*
Sep	409.60	411.60	+5.30
Oct	404.35	406.35	+5.30
Nov	400.60	402.60	+5.05

Bunkers 380cst	Low	High	Mid	± *$/t*
Singapore	-	-	398.000	+5.00
Singapore 0.5%	-	-	507.340	+1.55
South Korea	410.50	415.50	413.000	-27.25
Fujairah	-	-	425.00	+5.00
Hong Kong	409.18	419.18	414.180	+9.42
Shanghai	415.02	425.02	420.020	-4.99
Qingdao	416.00	426.00	421.000	-5.00

Bunkers 500cst	Mid	± *$/t*
Singapore	397.500	+5.00

FREIGHT ROUTES

Spot freight rates



Mideast Gulf-Singapore	Size *t*	*$/t*
Fuel oil	80,000	13.18

Mideast Gulf-Singapore	Size *t*	*$/bl*
Gasoline	35,000	2.44

Mideast Gulf-Singapore	Size *t*	*$/bl*
Gasoil	55,000	2.68
Jet	55,000	2.53

Mideast Gulf-Japan	Size *t*	*$/t*
Naphtha	55,000	33.74
Naphtha	75,000	24.89

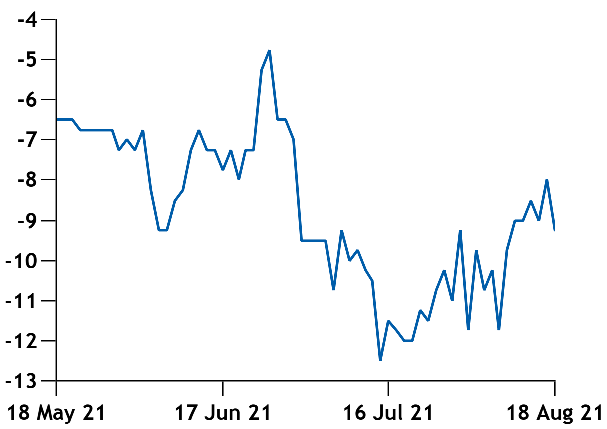
Singapore-Japan	Size *t*	*$/t*
Clean products	30,000	19.33

Singapore-Japan	Size *t*	*$/bl*
Gasoil	30,000	2.59
Jet	30,000	2.45

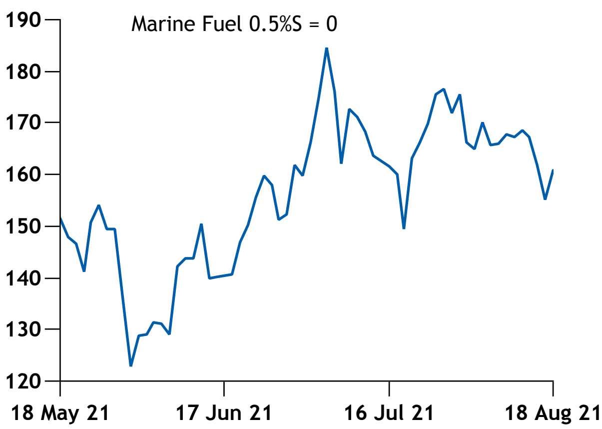
Indonesia-Japan	Size *t*	*$/t*
Fuel oil	80,000	10.50

**Freight rates are taken from Argus Freight*

Singapore HSFO 380cst vs 180cst $/t

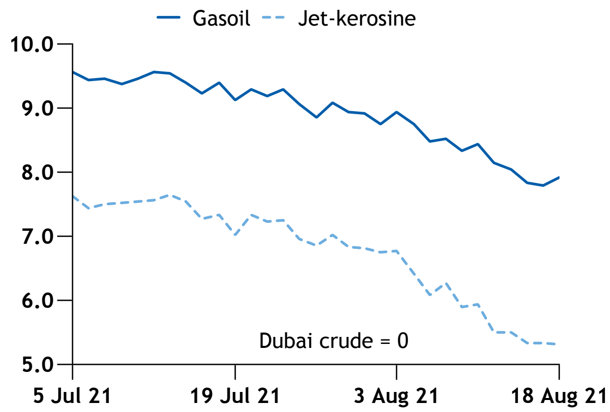


Singapore 92R gasoline vs Singapore Marine fuel 0.5%S $/t

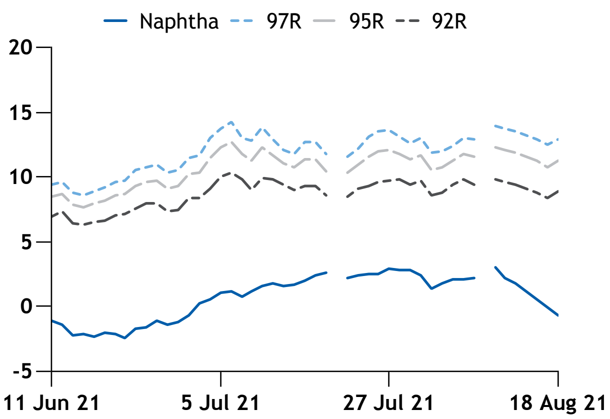


REFINING MARGINS

Gasoil and jet-kero refining margins $/bl



Naphtha and gasoline refining margins $/bl



Refining margins		
	Period	
Dubai swaps		$/bl
Singapore fuel oil 180cst	Sep	-6.120
Singapore gasoil	Sep	7.910
Singapore jet	Sep	5.310
Ice Brent crude		$/t
Japan naphtha c+f half month 1	1-15 Oct	117.175
Japan naphtha c+f half month 2	16-31 Oct	116.425
Japan naphtha c+f half month 3	1-15 Nov	118.275
Ice Brent crude		$/bl
Singapore naphtha fob spot	-	-0.635
Singapore 97R gasoline	-	12.94
Singapore 95R gasoline	-	11.29
Singapore 92R gasoline	-	8.84

METHODOLOGY

Argus Asia-Pacific products price assessments represent the market over the course of the entire trading day. Argus believes that a fair and representative price will include trade throughout the day. If the market shows high intra-day volatility, Argus will weight the assessments towards trading activity at the end of the working day.

Price assessments rely on a wide variety of sources and platforms for information, including discussion with refiners, marketers, importers, traders and brokers, to reflect a daily consensus on the price of the day.

Argus works to verify all deal prices, counterparties, and volumes. Argus values transparency, so we publish as much price, volume, and specification information as we discover. This allows you to cross-check and verify the deals against the published prices.

The details of our methodology are available at: www.argusmedia.com or by calling any Argus office.

DEALS AND TENDERS

Deals done

Seller	Buyer	Product	Volume	Diff Basis	Price $	Timing
BP	Unipec	Gasoil 0.001% Singapore	150,000 bl	Mops	+0.10	05 Sep-09 Sep
Trafigura	Vitol	Gasoil 0.05% Singapore	200,000 bl	Mopag	-0.10	12 Sep-16 Sep
Unipec	TotalEnergies	Gasoil 0.05% Singapore	150,000 bl	Mops	-3.60	02 Sep-06 Sep
Unipec	Vitol	Gasoil 0.05% Singapore	150,000 bl	Mops	-3.70	02 Sep-06 Sep
Trafigura	Glencore	Gasoil 0.05% Singapore	200,000 bl	Mopag	-0.10	07 Sep-11 Sep
ExxonMobil	BP	Gasoline 92R Singapore	50,000 bl		78.40	13 Sep-17 Sep
Vitol	BP	Gasoline 92R Singapore	50,000 bl		78.00	13 Sep-17 Sep
Vitol	BP	Gasoline 92R Singapore	50,000 bl		78.40	13 Sep-17 Sep
Trafigura	Unipec	Gasoline 92R Singapore	50,000 bl		78.40	10 Sep-14 Sep
Vitol	Unipec	Gasoline 92R Singapore	50,000 bl		78.40	10 Sep-14 Sep
Petrochina	ENOC	Gasoline 92R Singapore	50,000 bl		78.70	02 Sep-06 Sep
Sinopec	ENOC	Gasoline 92R Singapore	50,000 bl		78.70	02 Sep-06 Sep
Trafigura	Unipec	Gasoline 92R Singapore	50,000 bl		78.48	12 Sep-16 Sep
Vitol	Pakistan State Oil	HS Fuel-Oil	65,000t	Mopag	+69.88	01 Sep-15 Sep
BB Energy	Pakistan State Oil	LS Fuel-Oil	50,000t	Mopag	+118.71	01 Sep-15 Sep
Nayara Energy	Vitol	LS Fuel-Oil	40,000t	Mops	+23.00	08 Sep-12 Sep
BP	Gunvor	Low-sulphur (0.5%S) marine fuel	40,000t		501.00	12 Sep-16 Sep

Issued tenders

Issuer	Trade	Timing	fob/cfr location	Close	Valid
KPC	Sell 25,000t of full-range naphtha	9-10 Sep	fob Kuwait	19 Aug	19 Aug
Somo	Buy 7 x 45,000t of 95R Oxy gasoline	Sep-Dec 21	cfr Khor Al-Zubair	20 Aug	10 Sep
HTC	Buy 25,000t of heavy full-range naphtha	1H-Oct	cfr Daesan	17 Aug	17 Aug
KPC	Buy 30,000t of 91R gasoline	12-13 Sep	des Kuwait	18 Aug	18 Aug
HPCL	Sell 25,000t of vacuum gasoil	21-31 Aug	fob Vizag	18 Aug	19 Aug
Petron Malaysia	Buy 100,000-450,000 bl of 95R a month	Oct-Nov 21	fob Straits	23 Aug	8 Sep
Petron Malaysia	Buy 0-100,000 bl of 97R a month	Oct-Nov 21	fob Straits	23 Aug	8 Sep
Ceypetco	Buy 240x200l of aviation gasoline	30 November	cfr Colombo	24 Aug	31 Aug
PSO	Buy combination gasoline grade	26-30 Sep	cfr Karachi	25 Aug	25 Aug

NEWS

Japanese refinery runs at six-month high

Japanese refinery runs averaged 74.7pc in the week to 14 August, up by 0.6 percentage points from a week earlier and the highest since the week to 13 February.

Crude throughput for the latest week inched up by 0.8pc to 2.6mn b/d, while operational capacity increased by 1.5pc to 3.3mn b/d, according to the Petroleum Association of Japan.

The higher operational capacity reflected the restart of Eneos' 136,000 b/d Oita refinery on 14 August following a lengthy shutdown from May last year because of a fire.

Refiner Taiyo Oil also returned to full operational capacity on 8 August after turnarounds at two distillation units — the 106,000 b/d No.1 and 32,000 b/d No.2 — at its 138,000 b/d Kikuma plant.

All of Japan's 3.46mn b/d refining capacity is now on line.

Japanese oil product output fell by 4.2pc to 2.3mn b/d. Gasoil and high-sulphur fuel oil production dropped by 11pc to 613,000 b/d and by 24.3pc to 145,000 b/d respectively in the latest week.

Exports of refined products rose by 33.3pc to 463,000 b/d, with gasoil shipments surging to 197,000 b/d from 42,000 b/d the previous week. Kerosine exports also rose to 19,000 b/d after Japan shipped just 7 b/d a week earlier.

Stocks of oil products edged up by 0.1pc to 66.6mn bl. Inventories of jet fuel and low-sulphur fuel oil rose by 9.3pc to 5mn bl and by 6.8pc to 4.4mn bl respectively in the latest week.

Stocks of unfinished products climbed by 0.4pc to 44.3mn bl, while crude stocks dropped by 2.2pc to 62.9mn bl.

By Maiko Nakashima

Sasol mulls Natref refinery's future

South African integrated Sasol and its joint venture partner Total are considering selling or closing their 107,000 b/d Natref refinery at Sasolburg, in the Free State province.

The firms have concluded that making the refinery compliant with South Africa's pending Clean Fuel 2 regulations is not financially viable, because current margins make the investment needed to make Natref's product slate compliant "sub-economical," Sasol's chief financial officer Paul Viktor told *Argus*.

It will cost 6bn rand ($400mn) to make Sasol's 160,000 b/d coal-to-liquids (CTL) Secunda refinery meet clean fuel standards, and converting Natref will cost much more, Viktor said.

"That is not going to happen. We are not going to put that money in at that quantum, only to not make a return on it," he said.

An option is to turn Natref into a storage and blending facility that could meet the firms' future needs, he said. The multi-product pipeline that serves the refinery could be used to import products to the inland depot.

Natref may be needed to blend products to certain specifications to supply Secunda, which Sasol will position to achieve its green hydrogen ambitions. Beyond 2030, the firm plans to use green hydrogen and its proprietary Fischer-Tropsch technologies to produce sustainable aviation fuel (SAF) and chemicals, among other things.

If it turns out that using Natref as a storage and blending plant also is not financially viable, then selling it is the next option, Viktor said.

If no buyer can be found then the plant would be closed.

Sasol expects to make a decision on Natref in the next couple of months.

The South African government first mooted a plan to meet Euro 5 emissions standards, which require sulphur levels in gasoline and gasoil be cut to 10ppm, in 2012. Local specifications currently match Euro 2 standards. The shift has been held up by industry demands for compensation to cover the cost of the expensive refinery upgrades that will be necessary to produce these cleaner fuels.

Sasol owns 63pc of the Natref refinery, and Total owns 27pc. South Africa's other refineries are Astron Energy's 110,000 b/d Cape Town plant, the 180,000 b/d Durban facility operated by the BP-Shell joint venture Sapref, and Engen's 105,000 b/d Durban refinery. The latter will be converted into an import terminal by 2023.

By Elaine Mills

European naphtha at rare discount to propane

European naphtha prices have moved to counter-seasonal discounts to propane in the past week, as propane prices draw support from waning US supplies.

Northwest European delivered naphtha cargoes closed the previous session at discounts of $15/t to large ARA-delivered propane cargoes, according to *Argus* assessments. Naphtha first moved to slim discounts of just 75¢/t to propane cargoes on 12 August, since which the spread has continued to widen. But naphtha cargoes were pricing at premiums of as much as $58/t to large propane cargoes as recently as 27 July, averaged $44/t across the full month, and almost $75/t in June. Before the most recent period, *Argus* last assessed naphtha at a discount to propane in mid-January.

The inversion of the typical pricing relationship marks the first time that naphtha has been assessed at a discount to propane by *Argus* in August since 2017, although just 75¢/t and for just one day. Naphtha has not been assessed at discounts to propane for consecutive sessions in August since 2012. Typically naphtha commands a sizeable premium to propane during the northern hemisphere summer months, as firm demand from the gasoline blending sector during the peak summer driving period usually lends support to naphtha values, while a lack of heating demand pressures propane pricing. European delivered naphtha cargoes averaged premiums of $56.50/t to propane cargoes in August 2020, $165/t in August 2019 and $81/t in August 2018.

The move comes despite strong support for naphtha prices in recent weeks amid firm demand from the gasoline blending and petrochemical sectors. A recovery in European road transport demand has helped boost gasoline margins on the continent, with industry benchmark *Argus* Eurobob oxy barge premiums to North Sea Dated crude hitting highs of over $16/bl in recent sessions and averaging $14.50/bl in August to date. That compares with average premiums of just $11.25/bl in July and $9/bl in June. Naphtha has also drawn support from firm demand from the petrochemical sector, given the rebound in economic and industrial activity over recent months as European economies emerge from Covid-related lockdowns and restrictions — stimulating demand for naphtha as a petrochemical feedstock, particularly given relatively high prices of rival feedstocks, including propane and the heavier LPG grade, butane.

But naphtha's widening discount to propane is not likely to stimulate much more marginal demand from the petrochemical sector, according to market participants. Typically, steam cracker operators with the flexibility in their cracker configurations and in their downstream commitments will look to tweak their feedstock slates to accommodate more naphtha where possible when naphtha's premium to propane narrows to around the $50/t mark. That is because of the more profitable by-products created by using naphtha in the cracking process. For that reason, crackers in Europe and further afield will have already taken steps to maximise their naphtha intake in recent weeks where possible.

The inversion of the typical summer pricing relationship between naphtha and LPG has been stimulated by a sharp tightening of LPG supplies globally. The US is a key swing supplier of LPG to northwest Europe, but firm demand from petrochemical buyers in Asia-Pacific and an unexpected fall in propane inventories reported by the EIA last week is limiting the availability of propane to send transatlantic to Europe.

The trend looks likely to continue in the coming months as the summer draws to a close, which ordinarily brings about a rise in heating demand and a slowdown in transport fuel demand. Recently, trading firm Gunvor and Dutch LPG distributor SHV have bid 20,500t cif ARA propane large cargoes and met scant supply, driving prices higher. The pair respectively operate key ARA LPG storage sites the 65,000t Vopak Terminal in Flushing and 75,000t Oiltanking-owned Antwerp Gas Terminal (AGT), which serve downstream heating demand across much of northwest Europe. And the price inversion was on display in the forward market at the close of the previous session. The forward curve for both markets shows northwest European propane prices commanding premiums to naphtha from September until March, with that premium peaking in January at just shy of $37/t. The forward curve shows naphtha regaining its premium to propane in April, although just marginally at 25c/t, before widening out to $24.25/t in May and $37.75/t in June.

By Elliot Radley and Peter Wilton

Gasoil down, margin broadly steady

The Ice September gasoil contract edged lower during today's early trading, while its margin to crude futures was little changed.

Ice September gasoil fell by $1/t from yesterday's close to $573.25/t at 12:00 BST (11:00 GMT), broadly in line with an 8¢/bl fall in Ice October Brent crude futures over the same timeframe.

At around $7.10/bl, gasoil's premium to crude is in line with the August average to date of $6.90/bl.

Demand across Europe continues to climb, surpassing or approaching pre-Covid levels in many countries. But ample stock levels are dampening import requirements and are helping to keep a lid on margins to crude.

Gasoil's margin to crude futures averaged $15/bl in 2019 and never dropped below $11/bl that year.

Trading volume on the September gasoil contract was 15,227 lots, while that on the October contract was 9,447 lots. The September contract priced at a 75¢/t discount to October but a $1.25/t premium to November.

In contrast, US products prices were higher this morning. The July Rbob gasoline contract gained 0.99¢/USG to land at 217.55¢/USG by 12:00 BST, while July heating oil rose by 0.174¢/USG to 205.35¢/USG.

By Harry Riley-Gould

IOC buys rare VGO on VDU shutdown

Indian state-controlled refiner IOC has bought a rare cargo of vacuum gasoil (VGO) for delivery to Paradip in early September.

IOC bought the 40,000t (274,000 bl) VGO cargo for delivery in the first week of September. The unusual import is the result of a delay to the restart of its vacuum distillation unit (VDU) following a full shutdown at its 300,000 b/d Paradip refinery last month, according to a source familiar with refinery operations.

The VDU typically separates VGO from vacuum residue, which is then fed into the fluid catalytic cracker or hydrocracker to be upgraded into lighter products such as gasoil and gasoline.

This is the third time IOC has sought VGO in recent months, after not having sought the product for several years, according to market participants and *Argus*' tender records. The refiner sought 38,000-40,000t of VGO for 6-15 August and 27 June to 1 July delivery to Paradip via tenders. The results for the August-delivery cargo could not be confirmed, while the other cargo was cancelled.

India's gasoline demand surpassed pre-Covid 19 levels in July. Demand in the first half of August fell from a month earlier but was still higher than pre-pandemic August 2019 as Covid-19 encouraged more people to opt for personal vehicles.

By Sarah Giam

Air cargo adds to Japan's jet fuel demand

Japanese airlines are consuming more jet fuel for cargo flights compared with a year earlier, supported by firmer air cargo demand.

Current Japanese jet fuel consumption is largely supported by air cargo flights, especially for semiconductors, electronic components, car parts and drugs/medicine, according to All Nippon Airways (ANA) and Japan Air Lines (JAL).

Japan's Narita international airport handled record-high air cargo volumes in the first half of 2021.

ANA's revenue from its international air cargo business during April-June rose by 59.5pc from the same period last year to ¥66bn ($602mn), while JAL earned ¥38.9bn that was up by 3.8pc, according to the companies' quarterly results.

ANA and JAL's international flight passengers during 6-15 August more than doubled compared with the same period last year to 26,988 and more than trebled to 25,862 respectively, while domestic passengers rose by 40.7pc to 645,879 and by 29.8pc to 449,578 respectively. But their international passenger numbers during 6-15 August were less than 10pc compared with the same period in 2019 prior to the impact of the Covid-19 pandemic, with domestic passengers at 42-43pc of 2019 levels.

The numbers of passengers carried during the first half of August increased compared with a year earlier, partially because of the impact of the Tokyo Summer Olympics. But the impact on jet fuel demand was limited, with consumption still less than double the previous year's levels, the airlines said.

Japanese weekly jet fuel output averaged 225,000 b/d during 1-14 August, up from 117,000 b/d a year earlier, Petroleum Association of Japan data shows.

Maiko Nakashima

Bunker spread at 17-month high

Tight high-sulphur fuel oil (HSFO) supplies in the Middle East's main bunker centre Fujairah, the UAE, have pushed delivered bunker prices to a 17-month high against competing Singapore values.

The Fujairah–Singapore HSFO bunker spread widened to $27/t yesterday, the highest since March 2020 when supply was crimped by refinery maintenance in the Middle East and as a majority of Fujairah bunker suppliers abandoned HSFO in favour of IMO-compliant low sulphur fuels.

Fujairah delivered HSFO prices moved to a premium over equivalent Singapore prices in mid-July, after being at a discount since early June.

The current tightness in the HSFO bunker market is linked to a fall in imports of HSFO to Fujairah. Vortexa data show these were just 64,000 b/d in the 1-15 August period, compared with 150,000 b/d in July. Exports were steady at 136,000 b/d in the first half of this month, compared with 138,000 b/d in July.

Another factor is the lack of suppliers that sell HSFO to scrubber-equipped vessels calling at Fujairah. B

unker supplier Lotus' exit from the market earlier this summer left just three suppliers of which one, Al Arabia Bunkering, has only one barge dedicated to high-sulphur residuals, restricting its ability to meet demand. A new supplier, Montfort Trading, will join the Fujairah bunker market withing weeks, offering HSFO and low-sulphur gasoil, according to several market sources, which may help ease the supply crunch.

By Elshan Aliyev

India's July air passenger traffic up

India's domestic air passenger traffic rose in July, as the easing of Covid-19 lockdowns encouraged passengers to travel despite still strict air travel regulations.

Passenger traffic totalled 5.01mn last month, up by 61pc from June and by 138pc from the same time last year, according to data from the Directorate General of Civil Aviation. Traffic fell by 58pc compared with July 2019 prior to the pandemic.

India's July jet fuel consumption rose by 19pc from a month earlier in July and by 36pc against the previous year to 80,600 b/d. But it was down by 52pc from July 2019 with demand yet to reach pre-pandemic levels.

India remains the second-most infected country with 32.3mn Covid-19 infections as of today, according to Johns Hopkins University data, although daily cases have fallen to around 25,000 from a record high of over 400,000 in early May.

Jet fuel is the most affected transport fuel from the impact of the pandemic with travellers facing strict testing and screening to move between Indian states and cities. Most of these rules have continued to further curb the spread of the coronavirus.

State-controlled refiner IOC forecast last month that jet fuel use will reach pre-pandemic levels by the end of the current 2021-22 fiscal year ending 31 March.

By Sumita Layek

Mexican non-state gasoline imports hit record

Mexico's private-sector gasoline imports rose by 81pc in June from a year earlier to reach the highest monthly volume since state-owned Pemex lost its monopoly in 2017.

Private sector gasoline imports in June were up by 22pc from the prior month and by 215pc from June 2019 — before Covid-19 lockdowns slashed demand — to 205,000 b/d, according to data from the energy ministry (Sener).

Private-sector import levels are published a few weeks after initial data from state-owned Pemex.

The private sector's share of total gasoline imports was 35pc, the second highest after a 40pc share in March.

Mexico's total gasoline imports in June also rose by 64pc year on year to 586,000 b/d, and by 8.6pc from the prior month, but remained 5.6pc below 2019's pre-pandemic level.

Diesel imports through the private-sector also rose in June by 17pc to 109,000 b/d, but fell by 10pc from the prior month.

Total diesel imports to Mexico also rose by 39pc from a year earlier to 236,000 b/d, but fell by 8.1pc from the prior month and still stood 10.5pc below the pre-pandemic level in June 2019.

Mexico's government has passed laws that make importing harder for non-Pemex companies, and cancelled permits needed to import fuels. But

fuel imports by private-sector companies have grown almost steadily by double-digits since they were allowed after the 2014 energy reform.

The number of Pemex-branded retail fuel stations in the country was down by 10pc at the end of the second quarter from a year earlier, falling to 7,136 stations out of the roughly 12,500 in the country.

By Sergio Meana

ANNOUNCEMENT

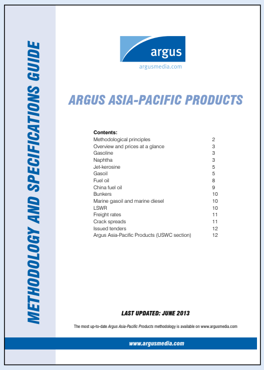
All data change announcements can be viewed online at www.argusmedia.com/announcements.
Alternatively, to be added to the email distribution list for all announcements, please email: datahelp@argusmedia.com.

Argus successfully completes annual Iosco assurance review

Argus has completed the ninth 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 Iosco's Principles for Oil Price Reporting Agencies, and Iosco 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

Argus Asia-Pacific Products Methodology

Argus uses a precise and transparent methodology to assess prices in all the markets it covers. The latest version of the Argus Asia-Pacific Products Methodology can be found at: www.argusmedia.com/methodology.



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

ANNOUNCEMENT

The holiday calendar showing which Argus reports are not published on which days is now available online https://www.argusmedia.com/en/methodology/publishing-schedule

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Petroleum

illuminating the markets