

European Marketscan

Volume 43 / Issue 130 / July 11, 2011

European products

\$/mt

Mediterranean cargoes

	Data code		FOB Med (Italy)		Data code	CIF Med (Genova/Lavera)		
Prem Unl 10ppm	AAWZA00	-11.00	1043.50 - 1044.00	-11.00	AAWZB00	-11.25	1052.75 - 1053.25	-11.25
Naphtha (1)	PAAAI00	-12.00	940.75 - 941.25	-12.00	PAAAH00	-12.25	956.25 - 956.75	-12.25
Jet	AAIDL00	-3.75	1032.00 - 1032.50	-3.75				
10ppm ULSD	AAWYU00	-5.75	991.25 - 991.75	-5.75	AAWYZ00	-6.00	1002.50 - 1003.00	-6.00
Gasoil 0.1%	AAVJ000	-5.00	959.75 - 960.25	-5.00	AAVJ000	-5.00	973.25 - 973.75	-5.00
Fuel oil 1.0%	PUAAK00	-3.25	686.25 - 686.75	-3.25	PUAAJ00	-3.25	698.75 - 699.25	-3.25
Fuel oil 3.5%	PUAAZ00	-3.25	634.75 - 635.25	-3.25	PUAAY00	-3.25	647.25 - 647.75	-3.25
Jet FOB Med premium	AAIDN00		14.00 - 14.50					

Northwest Europe cargoes

			FOB NWE			CIF NWE/Basis ARA		
Premium gasoline Non Oxy	AAVJE00	-10.00	1048.25 - 1048.75	-10.00				
Gasoline 10ppm					AAXFQ00	-11.00	1053.50 - 1054.00	-11.00
Fuel Grade Ethanol CIF T1 (2)					AAYS000		810.50 - 811.50	
Reg Unl Non Oxy	AAOVN00	-12.00	1041.25 - 1041.75	-12.00				
Naphtha (Aug)					PAAAJ00	-13.25	960.25 - 960.75	-13.25
Naphtha					PAAAL00	-12.50	962.50 - 963.00	-12.50
Jet	PJAAV00	-3.75	1040.00 - 1040.50	-3.75	PJAAU00	-4.00	1050.50 - 1051.00	-4.00
ULSD 10 ppm	AAVBF00	-5.50	980.00 - 980.50	-5.50	AAVBG00	-6.00	993.25 - 993.75	-6.00
Diesel 10ppm NWE	AAWZD00	-5.75	981.75 - 982.25	-5.75	AAWZC00	-6.25	995.75 - 996.25	-6.25
Diesel 10 ppm UK					AAVBH00	-6.00	996.75 - 997.25	-6.00
Gasoil 0.1%	AAVWR00	-5.00	951.25 - 951.75	-5.00	AAVWS00	-5.25	966.25 - 966.75	-5.25
Fuel oil 1.0%	PUAAM00	-3.25	679.00 - 679.50	-3.25	PUAAL00	-3.25	690.25 - 690.75	-3.25
Fuel oil 3.5%	PUABB00	-2.25	616.00 - 616.50	-2.25	PUABA00	-2.25	629.50 - 630.00	-2.25
Straight run 0.5-0.7%	PKABA00	-8.00	787.00 - 788.00	-8.00				
VGO 0.5-0.6%	AAHMX00	-8.00	837.00 - 838.00	-8.00	AAHMZ00	-8.00	843.00 - 844.00	-8.00
VGO 2% max	AAHNB00	-8.50	813.50 - 814.50	-8.50	AAHND00	-8.50	819.50 - 820.50	-8.50

Northwest Europe barges

			FOB Rotterdam	
Eurobob	AAQZV00	-11.00	1034.25 - 1034.75	-11.00
98 RON gasoline 10 ppm	AAKOD00	-6.00	1064.75 - 1065.25	-6.00
Premium gasoline 10 ppm	PGABM00	-6.00	1044.75 - 1045.25	-6.00
Fuel grade ethanol T1 (4)	AAWUQ00		817.50 - 818.50	
Fuel grade ethanol T2 (3)	AAVDT00	+10.00	627.50 - 628.50	+10.00
Fuel grade ethanol T2 German Spec	AAVLD00	+3.00	637.50 - 638.50	+3.00
MTBE (5)	PHALA00	+0.25	1249.75 - 1250.25	+0.25
Naphtha	PAAAM00	-12.50	958.50 - 959.00	-12.50
Jet	PJABA00	-4.50	1049.75 - 1050.25	-4.50
Diesel 10 ppm	AAJUS00	-6.50	987.50 - 988.00	-6.50
Gasoil 50 ppm	AAUQC00	-2.50	988.00 - 988.50	-2.50
Gasoil 0.1%	AAVWT00	-4.75	959.25 - 959.75	-4.75
Biodiesel FAME -10 (6)	AAWGY00	-6.75	1477.00 - 1482.00	-6.75
FAME 0	AAXL000	+0.75	1423.75 - 1428.75	+0.75
Soy Methyl Ester (SME)	AAUCB00	+3.50	1440.25 - 1445.25	+3.50
Rapeseed Methyl Ester (RME)	AAUCA00	-8.00	1486.50 - 1491.50	-8.00
Fuel oil 1.0%	PUAAP00	-3.50	683.75 - 684.25	-3.50
Fuel oil 3.5%	PUABC00	-2.25	633.00 - 633.50	-2.25
Rotterdam bunker 380 CST	PUAYW00	-1.00	644.00 - 645.00	-1.00
VGO 0.5-0.6%	AAHNF00	-8.00	837.00 - 838.00	-8.00
VGO 2% max	AAHNI00	-8.00	797.00 - 798.00	-8.00

ICE futures

Platts ICE gasoil assessments*

(16:30 London time)

Jul	AARIN00	959.00
Aug	AARIQ00	961.25
Sep	AARIPO0	963.25

ICE gasoil settlements

Jul	AAQSG00	958.75	Oct	AAQSJ00	964.75
Aug	AAQSH00	960.75	Nov	AAQSK00	966.00
Sep	AAQSI00	962.75	Dec	AAQSL00	967.75
NA	AAQSM00	NA**			

ICE gasoil GWAVE (Previous day s values)

Jul	PXAAJ00	967.25
Aug	PXAAK00	970.75

ICE Brent

Aug	AAYES00	116.33
Sep	AAJET00	115.56

* Platts ICE gasoil assessments reflect the closing value of the ICE gasoil contracts at precisely 16.30 London time. **Value at 12:00 London time will only appear on day of expiry

1) Naphtha FOB MED is basis East Med. 2) Cargoes CIF NWE Fuel Grade Ethanol T1 in \$/CM 3) Barges FOB Rotterdam Fuel Grade Ethanol T2 in Eur/CM. 4) Barges FOB Rotterdam Fuel Grade Ethanol T1 in \$/CM. 5) MTBE FOB Amsterdam-Rotterdam-Antwerp 6) Biodiesel FAME -10 is Biodiesel FAME minus 10

Prevailing NYMEX futures (16:30 London time)**\$/bbl**

Front month WTI crude	AASCR00	94.68
Second month WTI crude	AASCS00	95.17

cents/gal

Front month heating oil	AASCT00	306.18
Second month heating oil	AASCU00	307.32
Front month unleaded gasoline	AASCV00	305.08
Second month unleaded gasoline	AASCW00	300.68

European clean product barge freight rates (\$/mt)**ARA**

Rotterdam - Rotterdam	TCAEIO0	2.00
Rotterdam - Flushing	TCAEJO0	2.75
Rotterdam - Ghent	TCAEK00	2.75
Rotterdam - Antwerp	TCAELO0	2.75

Germany

Rotterdam - Duisburg	TCAEM00	8.00
Rotterdam - Cologne	TCAEN00	13.75
Rotterdam - Karlsruhe	TCAEO00	24.50
Antwerp - Duisberg	TCAEP00	8.50

Switzerland

Rotterdam - Basel	TCAEQ00	28.00
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Euro-denominated assessments Euro/mt**Cargoes CIF NWE/Basis ARA**

Naphtha	AAQCE00	686.08 - 686.44
Jet	AAQCF00	748.81 - 749.16

Barges FOB Rotterdam

Premium gasoline	AAQCH00	744.71 - 745.06
Diesel 10 PPM	AAQCI00	703.90 - 704.26
Gasoil 0.1%	AAYWY00	683.76 - 684.12
Fuel oil 3.5%	AAQCK00	451.21 - 451.56

Cargoes FOB NWE

Fuel oil 1.0%	AAQCG00	484.00 - 484.35
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Conventional cargoes NY harbor (Euro/gallon)

Unleaded 87	AAPYV00	211.80 - 211.83
Unleaded 89	AAPYW00	215.44 - 215.48
Unleaded 93	AAPYX00	220.90 - 220.94
No. 2	AAPYY00	216.79 - 216.86

Euro/US\$ forex rate: 1.4029. Platts Euro denominated European & US product assessments are based on market values and a Euro/US\$ forex rate at 4:30 PM local London time.

Foreign exchange rates: Jul 11

Dollar/Swiss franc	BCADC00	0.8358
GB pound/dollar	BCADB00	1.5916
Dollar/yen	BCACW00	80.39
Euro/dollar	BCADD00	1.4029
Dollar/Ruble	AAUJ000	28.2550

Source: Comstock

Trader notes

RYTTSA has announced that Javier Lopez Rodriguez has left RYTTSA and is no longer authorized to close deals on behalf of this company.

Market Update

Crude futures were down midday Monday in the US as a confluence of macroeconomic factors worked to send the oil complex lower along with the rest of the commodities complex. NYMEX August crude futures were \$1.54/barrel lower at \$94.65/b, while ICE August Brent was \$1.16 down at \$117.17/b, after losing more than \$3/b to a session low of \$115.22/b. In products, August heating oil was 77 points lower at \$3.0887/gal and August RBOB was 2.09 cents lower at \$3.0717/gal. ICE July gasoil was \$3.50 higher at \$96.25/mt. "Policymakers failure to reach an accord over America's onrushing debt limit deadline, bond vigilantes now putting Italy in their sights and acceleration in inflation and moderation in growth in China, raise skepticism over the sustainability of recovery," said analyst Mike Fitzpatrick of Kilduff Group. These factors have led to a US dollar rise at the expense of the euro, which has weighed on the oil complex. The US Dollar Index was more than 89 points higher at 75.973, although off a session high of 76.156, while the euro was 2.29 cents lower at \$1.4035 against the greenback. The euro fell as the debt crisis in Europe threatens to hit Italy and Spain, said analysts. Eurozone finance ministers met for critical talks Monday on a new rescue for Greece, along with the severe debt crisis contagion in Italy and Spain, according to an AFP report.

Gasoline

The price spread between Northwest European gasoline CIF cargoes and FOB barges remained firm Monday, due to a lack of prompt availability for 10,000 mt volumes. Gasoline CIF NWE cargoes were pricing some \$20/mt above FOB Rotterdam barges, up from last week when cargoes were \$13/mt above barges. Exports out of Amsterdam-Rotterdam-Antwerp to the US took volumes out of the gasoline pool which otherwise would have supplied the 10 ppm cargo market. "A lot of product moved out to the US, which has taken gasoline out of NWE," a London-based source said Monday. Barges were trading stronger Monday, with premiums to the front-month swap ranging in between \$6.5-13/mt during the day. The gain in physical premiums supported Eurobob flatprices against falls made in upstream futures values. Premium unleaded barges were trading in large volumes Monday, with some 19,000 mt traded during the

Gasoline transactions

Gasoline MOC barges 10 ppm deals: Trafi-Gunvor MW 1039; Trafi-Gunvor FE 1040; Trafi-Gunvor MW 1039; Trafi-Gunvor FE 1041; Trafi-Totsa MW 1042; Trafi-Gunvor MW 1042; Trafi-Gunvor FE 1043; MW 1042 Trafi-Gunvor; Trafi-Gunvor MW 1043; Trafi-Totsa 1046 FE; Trafi-Gunvor MW 1044; Trafi-Gunvor FE 1046; MW 1044 Trafi-Gunvor ; 1043 MW Trafi-Gunvor.

Platts Market on Close assessment process, within the range of \$1,039-1,046/mt. In the Mediterranean, supplies of EN228 gasoline remain limited, and the “Med is holding onto its strength”, a trader said. The paper market was seen within a wide spread Monday, with the balance of July Med/NWE spread bid at plus \$10/mt and offered at plus \$18/mt. The August Med/NWE spread was bid at minus \$2/mt and offered at plus \$8/mt. Sources said the spreads were “wide” and liquidity was down Monday.

Naphtha

There was little overall change in the structure of the European naphtha market Monday, with poor petrochemical cracking margins continuing to limit end-user buying while there was no obvious oversupply of material in the prompt market. Platts assessed CIF NWE cargoes at \$962.75/mt Monday, \$12.50/mt lower on the day. However, spreads were slightly stronger with July/August pegged at \$2.50/mt backward. Physical cargoes were assessed at a discount of just \$0.25/mt to July CIF NWE swaps. The gasoline blending pool continued to offer a degree of support to the wider naphtha complex, with a fairly wide gas/nap spread offering fairly good blending opportunities to gasoline blenders. Traders said that West African and US gasoline export grades were the key gasoline blends pulling naphtha into the gasoline pool. The balance of July naphtha swap was trading around \$2/mt above August during the morning, indicating prompt values were still being supported. However, further out along the curve, naphtha values remained in a contango structure, with more barrels expected to be entering the market in coming weeks. “I think the naphtha market is reasonably balanced at the moment, but the consensus is that it will become longer into August,” a market source said.

Naphtha transactions

No deals reported.

Jet

Decent international supply kept the Northwest European jet cargo premium in check despite the seasonal rise in demand, sources said Monday. “Plenty of material is coming on arbitrage, and buyers are taking the arbitrage barrels, which seems to keep a lid on it,” a European cargo trader said. The CIF NWE jet cargo premium averaged at \$91.75/mt to the front-month ICE gasoil futures contract since the open of July including Monday, Platts data showed. Over June, the premium averaged \$91.22/mt, while during May the differential averaged nearly \$10/mt higher at \$99.24/mt. The CIF NWE cargo premium was assessed up \$0.25/mt Monday from Friday. Cargoes arriving from the Persian Gulf were feeding much of the increased scheduled demand of the summer flying season and keeping a relative cap on differentials, sources said. Traders said that around 1.3 million mt came to Europe over June, and they expected arrivals this month to total around 1.6 million mt. “The fact we have very large arrivals July, but people aren’t really building much stock, says a lot about the strength of the demand,” another trader said of the current market.

Jet Index, effective date: Jul 8

		Index		\$/mt
Europe & CIS	PJECIO0	360.59	PJECIO9	1054.63
Mid East & Africa	PJMEA00	387.55	PJMEA09	1023.92
Global	PJGLO00	362.36	PJGLO09	1044.71

Jet transactions

Jet MOC barge trades: BP-Vitol 2) bid 2kt ARAG 22-26 July 1.9kt @ 1047 \$/mt bal FBH+ 2.50 \$/mt 1 day after BL (BL=0) (16:24:13); BP-Vitol 2) bid 2kt ARAG 22-26 July 1.9kt @ 1047 \$/mt bal FBH+ 2.50 \$/mt 1 day after BL (BL=0) (16:26:18)

Gasoil

The lack of availability of 50 ppm gasoil was highlighted Monday with 50 ppm assessed above 10 ppm ultra low sulfur diesel for the first time since the 50 ppm assessment was launched at the start of 2011. In the Platts Market on Close assessment process for 50 ppm barges, BP bought off Shell, Totsa at August futures plus \$27/mt and also from AIC at plus \$26.50/mt, resulting in 50 ppm barges being assessed at \$29.25/mt above front-month ICE futures, \$0.50/mt higher than for 10 ppm ULSD barges. “It is not easy to get anything as there is no product,” one Germany-based trader said, adding: “I don’t see much 50 ppm supply, there is some in ARA but [50 ppm] cargoes are tough to find.” “There is good demand for 50 ppm and I can see 10 ppm going into the 50 ppm pool,” another trader said. On high sulfur gasoil, 0.1% barges remained at a premium with the lack of availability for prompt barges moving the market into backwardation. In the Mediterranean, the market remains constructive despite there being no bids or offers in the MOC process. “There is not that much oil around, it’s looking tight,” one Med cargo trader said. The structure was further tightened by Sonatrach’s refineries in Arzew and Skikda going into turnaround for at least two weeks. Algeria typically imports up to three cargoes a month of high sulfur gasoil, however, with the country’s refineries in turnaround market sources expected the country to pull in more product to cover the shortfall, sources said. “Obviously, any refinery being down is another bullish factor,” the trader said.

Gasoil transactions

Gasoil 50 ppm MOC barge deals: STR-BP at Aug plus 27 for 2kt FOB ARA mid window; Totsa-BP at Aug plus 27 for 2kt FOB ARA front window; AIC-BP at Aug plus 26.5 for 2kt FOB ARA front window.

Diesel

The week began with premiums for ultra low sulfur diesel in both the Mediterranean and Northwest Europe markets easing downwards Monday. Despite the easing in premiums, a tight picture for smaller NWE cargoes persisted, sources said. The recent strength in NWE cargo premiums had attracted some US Gulf Coast cargoes into the Atlantic coasts of Spain and France, however these

Asia products

\$/bbl

Singapore

	FOB Singapore	Aug Paper	Sep Paper
Gasoline 97 unleaded	-130.11 - 130.15-		
Gasoline 95 unleaded	-127.61 - 127.65-		
Gasoline 92 unleaded	-124.34 - 124.38-	-121.68 - 121.72-	-120.38 - 120.42-
Naphtha	-104.66 - 104.70-	-104.98 - 105.02-	-105.38 - 105.42-
Reforming Spread		+16.68 - 16.72	+14.98 - 15.02
Naphtha Japan		967.25 - 967.75	970.75 - 971.25
Kerosene	-129.43 - 129.47-	-130.36 - 130.40-	-130.81 - 130.85-
Gasoil 0.05% sulfur	-130.42 - 130.46-		
Gasoil 0.25% sulfur	-129.62 - 129.66-		
Gasoil Reg 0.5% sulfur	-129.05 - 129.09-	-129.37 - 129.41-	-129.50 - 129.54-
MTBE (\$/mt)	-1184.00 - 1186.00-		
Fuel oil 180 CST 2% (\$/mt)	-688.92 - 688.96-		
HSFO 180 CST (\$/mt)	-663.92 - 663.96-	-662.53 - 662.57-	-660.08 - 660.12-
HSFO 380 CST (\$/mt)	-659.66 - 659.70-		
LSWR Mixed/Cracked *	-115.03 - 115.07-		

* FOB Indonesia

Arab Gulf / Japan

	FOB Arab Gulf	C+F Japan	Premium/Discount
Gasoline unleaded		-126.63 - 126.67-	
Naphtha LR2 (\$/mt)	-932.40 - 933.40-		
Naphtha (\$/mt)	-930.72 - 931.72-	-962.25 - 963.25-	
Naphtha MOPJ Strip		970.75 - 971.25	-8.50 - -8.00
Naphtha 2nd 1/2 Aug (\$/mt)		-961.75 - 962.25-	
Naphtha 1st 1/2 Sep (\$/mt)		-962.25 - 962.75-	
Naphtha 2nd 1/2 Sep (\$/mt)		-962.75 - 963.25-	
Kerosene	-127.16 - 127.20-	-130.77 - 130.81-	
Gasoil 0.005% sulfur	-130.09 - 130.13-		
Gasoil 0.05% sulfur	-129.19 - 129.23-		
Gasoil 0.25% sulfur	-127.54 - 127.58-		
Gasoil	-126.64 - 126.68-	-132.39 - 132.43-	
HSFO 180 CST (\$/mt)	-648.04 - 648.08-	-676.60 - 676.64-	

US products effective July 08

cts/gal

New York spot CIF cargoes

Unleaded-87 0.3% 9.0 RVP	-301.58 - 301.63-
Unleaded-89 0.3% 9.0 RVP	-306.69 - 306.74-
Unleaded-93 0.3% 9.0 RVP	-314.35 - 314.40-
Jet	-314.80 - 314.90-
Low sulfur jet	+323.05 - 323.15+
ULS Kero	+330.80 - 330.90+
No. 2	-307.30 - 307.40-

		1S strip	Diff vs 1s strip
No. 6 0.3% HP (\$/bbl)	+118.90 - 119.00+	11.92	-12.02
No. 6 0.3% LP (\$/bbl)	+120.90 - 121.00+	13.92	-14.02
No. 6 0.7% (\$/bbl)	-109.10 - 109.20-	2.12	-2.22
No. 6 1.0%** (\$/bbl)	-106.60 - 106.70-	106.97	-106.99 -0.38 —0.28
No. 6 2.2% (\$/bbl)	-101.90 - 102.00-		
No. 6 3.0% (\$/bbl)	-101.85 - 101.95-	-5.13	-5.03
No. 6 1.0% paper Bal M	-107.14 - 107.16-		
No. 6 1.0% paper 1st month (\$/bbl)	-106.19 - 106.21-		
No. 6 1.0% paper 2nd month (\$/bbl)	-105.39 - 105.41-		
No. 6 1.0% paper next quarter (\$/bbl)	-104.24 - 104.26-		

Boston cargoes

Low sulfur jet	+325.05 - 325.15+
ULS Kero	+332.80 - 332.90+
No. 2	-309.30 - 309.90-
No. 6 2.2% (\$/bbl)	-102.05 - 102.15-

NY/Boston numbers include duty. **This assessment reflects 150 max al+si.

cargoes were not impacting the overall availabilities of smaller cargoes, sources added. The indeed limited availabilities of smaller cargoes was leading traders to cover requirements further in advance, a trader said. “[I am] not seeing a lot of offers, oil is being lifted quite quickly,” a trader added. Steady demand in the Eastern Mediterranean was continuing, sources said. The continued lower rate of arrivals of arbitrage cargoes from the US Gulf Coast was still a factor helping lead to lower cargo availabilities in the Med region, sources added. “We are expecting the August requirements, I guess if the arb does not open it is going to be difficult to find tonnes,” a trader said.

Diesel transactions

No deals reported.

Biodiesel

The premiums for biodiesel summer grades moved up Monday, making up for the decrease in the underlying gasoil values, while premiums for winter grades edged down, reflecting weak demand. Concerns over the potential expansion of the debt crisis in southern Europe, a stronger US dollar and weaker-than-expected Chinese oil import figures were all weighing on the crude oil complex during the day. As a result, by 1630 London time ICE August gasoil futures were on a downward trend and had lost \$5.75/mt compared with Friday. Upstream, all feedstock vegetable oils were lower Friday's levels, apart from Dutch ex-mill rapeseed oil, which saw an increase of Eur8/mt, which still represented a more than \$8/mt fall in the US dollar equivalent. The trading activity in the physical market remained subdued throughout Monday, with the bid-ask gaps for most positions being too wide for any deals to go through. Discussions of the physical product were concentrated at the front-end, with non-sustainable material being widely offered in the market. A 1kt parcel of non-sustainable FAME 0 for July loading was offered at \$470/mt, with the offer subsequently lowered to \$460/mt by the end of the day. The buying interest for FAME 0 produced of virgin vegetable oil (BP clause+audit) continued to be shown at \$465/mt with no offers heard against it. “VVO FAME 0 seems to be very difficult to find,” a bidding trader said. August material was heard offered at \$460/mt by at least two traders, however, a bid for July/August was placed far below that level, at \$435/mt. The same trader bid for SME parcel for July/August delivery at the same level as for FAME 0, failing to attract any offers. A \$470/mt offer of

US products

cts/gal

FOB Gulf Coast

			3S strip	Diff vs 3s strip
Unleaded 87 7.8 RVP	-306.09 - 306.19-			
Unleaded 89 7.8 RVP	-316.63 - 316.73-	Slurry Oil	-102.95 - 103.05-	2.40 -2.50
Unleaded 93 7.8 RVP	-332.44 - 332.54-	No. 6 1.0% 6°API (\$/bbl)	-104.15 - 104.25-	3.60 -3.70
MTBE	+355.95 - 356.05+	No. 6 3.0% (\$/bbl)	-100.75 - 100.85-100.54	-100.56 0.20 -0.30
Alkylate *	+34.95 - 35.05+	RMG 380	-102.55—102.55	2.00 -2.10
Naphtha	-280.59 - 280.69-	No. 6 3.0% paper 1st month (\$/bbl)	-99.74 - 99.76-	
Jet 54	-313.85 - 313.95-	No. 6 3.0% paper 2nd month (\$/bbl)	-99.24 - 99.26-	
Jet 55	-314.60 - 314.70-	No. 6 3.0% paper next quarter (\$/bbl)	-98.74 - 98.76-	
ULS Kero	-316.10 - 316.20-			
No. 2	-306.15 - 306.25-			
Low sulfur No. 2	-307.55 - 307.65-			

*Premium to US Gulf Coast pipeline gasoline.

SME was heard for loading in the second half of August, with no bids reported against it. "Most of SME is going into the Med, with only some making it to ARA," a trader said, suggesting that the tight availability of the product was supporting the premiums. "The promptness/tightness [of summer grades] still remains, [and will stay] till end of August, possibly running into September, until the buying shifts to RME or FAME minus 10." In the certified market, a trader reported buying a parcel of certified FAME O for prompt loading at around \$500/mt on FOB ARA basis, admitting that the level represented a \$50/mt discount to the current market value. Another trade was heard going through on certified FAME O at \$500/mt for August delivery, with sources agreeing that the level was representative. On the winter grades side, July RME was heard discussed at \$510-540/mt, with non-sustainable material offered at a \$10/mt discount. Paper premiums down the curve were heard sliding off Friday's levels, with fourth-quarter discussed at \$495-520/mt. Trading in the swaps market was reduced to trading spreads, a broker said, with an RME/FAME O spread changing hands at \$140/mt for Q4.

Biodiesel transactions

No deals reported.

Fuel oil

An explosion of a weapons cache at a Greek Cypriot naval base next to Electricity Authority of Cyprus's Vassiliko power station was not expected to have a strong effect on the 1% low sulfur fuel oil market, sources said Monday. The running of the two other power stations, Dhekalia and Monis, were expected to increase however to compensate for the loss of Vassiliko's electricity generation. At least one LSFO cargo was diverted to the other power plants, sources said. Demand for utility LSFO in the Mediterranean was stable, sources said, with no seasonal rise in demand seen. However, supply in the Med remained low. "Refinery production is less than 100%," a trader said, adding that refinery margins were poorer than last week. In the Northwest European 1% cargo market, Westport Petroleum Inc. was looking to bring in a parcel from the US Atlantic Coast next week, sources said. A trade source at WPI declined to comment. The LSFO Rotterdam barge market strengthened Monday on good demand, to be assessed \$8/mt over the equivalent front-month swap, from \$6/mt over last Friday.

The arbitrage for transporting high sulfur bunker fuel from Rotterdam to Singapore was described as breakeven-to-open Monday, on a weaker NWE market, though no vessels had yet been fixed, a fuel oil trader said. "Usually, when you're breakeven, you see oil float," the trader said, adding: "We'll soon see another VLCC." Nonetheless, the market continued to weaken from the highs seen earlier in the month, with FOB Rotterdam 3.5% sulfur barges assessed at a \$3.75/mt premium to front-month swaps Monday, down from the plus \$10/mt see on July 1, Platts data showed. Meanwhile, the Mediterranean high sulfur fuel oil market was described as balanced Monday. Although bidding interest from LiaOil, Galaxy and Cepsa was shown during the Platts Market on Close assessment process, the physical Med/NWE spread was

Fuel Oil transactions

HSFO barge MOC deals: 3.5% Brg PNED-GUNVOR \$633 2kt MW;3.5% Brg TOTSA-GUNVOR \$633.5 2kt FE;3.5% Brg LITASCO-GUNVOR \$633.5 2kt MW;3.5% Brg TOTSA-GUNVOR \$633.25 2kt FE;3.5% Brg PNED-GUNVOR \$633 2kt MW;3.5% Brg TOTSA-LITASCO \$633.5 2kt FE;3.5% Brg TOTSA-LITASCO \$633.75 2kt FE;3.5% Brg SKEELTD-LITASCO \$633 2kt MW;3.5% Brg PNED-LITASCO \$633 2kt MW;3.5% Brg LITASCO-MERCURIA \$634 2kt MW;3.5% Brg PNED-OWNV \$633.5 2kt MW;3.5% Brg LITASCO-MERCURIA \$634 2kt MW;3.5% Brg PNED-MERCURIA \$633.5 2kt MW;3.5% Brg TOTSA-STR \$634.5 2kt FE;3.5% Brg LITASCO-GUNVOR \$634.5 2kt FE;3.5% Brg PNED-CHEMOIL \$633.5 2kt MW;3.5% Brg PNED-KOCH \$633.5 2kt MW;3.5% Brg PNED-CHEMOIL \$633.5 2kt MW;3.5% Brg SKEELTD-LITASCO \$633 2kt BE;3.5% Brg PNED-CHEMOIL \$633.5 2kt MW;3.5% Brg PNED-KOCH \$633.5 2kt BE;3.5% Brg PNED-CHEMOIL \$633.5 2kt MW;3.5% Brg TOTSA-LITASCO \$634 2kt FE;3.5% Brg LITASCO-KOCH \$634 2kt MW;3.5% Brg LITASCO-MERCURIA \$634 2kt MW;3.5% Brg TOTSA-OWNV \$634 2kt FE;3.5% Brg PNED-KOCH \$633.5 2kt BE;3.5% Brg PNED-OWNV \$633.5 2kt MW;3.5% Brg PNED-KOCH \$633.5 2kt BE;3.5% Brg PNED-OWNV \$633.5 2kt MW;

LSFO swap MOC deals:1% NWE FOB Cargo swap MERCURIA-TOTSA \$676 5kt Bal Month;1% NWE FOB Cargo swap MERCURIA-WPI \$677 5kt Bal Month;1% NWE FOB Cargo Fuel Oil Swap vs 3.5% Rdam FOB Barges Fuel Oil Swap (High/Low) GLENCORE-OWBUNKER \$44.5 5kt Bal Month;1% NWE FOB Cargo Fuel Oil Swap vs 3.5% Rdam FOB Barges Fuel Oil Swap (High/Low) BP-OWBUNKER \$44.5 5kt Bal Month;1% NWE FOB Cargo Fuel Oil Swap vs 3.5% Rdam FOB Barges Fuel Oil Swap (High/Low) HETCO-TOTSA \$40 5kt Aug11;

assessed Monday as weaker relative to Friday's level. LiaOil, who had bid aggressively Friday, did not show the same aggressive interest Monday, only bidding to CIF Med 3.5% sulfur cargoes plus \$4.25/mt, while a weaker front-end HSFO barge swap structure saw the pricing of all the bids as less aggressive than previous sessions. One trader noted that four cargoes of finished bunker fuel were offered into the Med from NWE, which would ultimately pressurize the Med, however, at the close of business Monday no deals were heard concluded.

VGO

VGO: The Northwest European low sulfur vacuum gasoil market continued to be impacted by the volatility in the ICE Brent/NYMEX WTI futures spread, sources said Monday. This volatility was impacting trans-Atlantic movements, with the arbitrage from NWE to the US Gulf Coast on paper appearing to be closed, sources said. "With VGO, the problem is US values. The volatility in Brent/WTI is ridiculous," a trader said. Despite the volatility seen through the day, on the close the front-month NYMEX WTI contract was assessed at a \$21.65/barrel discount to the respective ICE Brent contract, compared with Friday's discount of \$21.62/b. The high sulfur vacuum gasoil market was less affected by the volatility in the two spreads, with localized demand supporting cracks, sources said. Value for FOB HSVGO material in NWE was around front-month Brent futures plus \$2-3/b, sources said.

VGO transactions

No deals reported.

North Sea crude

The North Sea crude market was likely to remain well supported until next week, traders said Monday, when the impact of the Forties pipeline shutdown would begin to wane. The Forties pipeline system would be closed August 1-5 to remove an unexploded mine from World War Two, curbing output of the grade to zero in that week. There were eight cargoes tradeable in the Platts Market on Close assessment window Monday, down from 10 last Friday. The number of tradeable cargoes would fall further over the next few

days, sources said, with parcel F0714 the only Forties shipment expected to load in the first week of August. "The [North Sea] grades have cleared well, margins are OK and Urals is strong," said a trader, adding: "I guess in the short term Forties can become incredibly strong." A second trader said: "I'd imagine [refining] margins this Monday don't look as good as last Monday...Forties could continue to rise in the short-term, but the higher it goes, the bigger the fall next week." Western African crude was the most likely replacement for Forties and Ekofisk crude, sources said, as both would see lower production in next month, according to the loading programs released Friday. Straight-run refining margins were back in negative territory, a source said, while complex margins were looking more stable. In the Platts Market on Close assessment process, Vitol sold Forties parcel F0718 loading July 24-26 at Dated Brent plus \$0.70/barrel, but Mercuria bid both July 23-26 and July 26-29 at Dated Brent plus \$0.75/b, suggesting higher value than the trade. Morgan Stanley also bid the July 29-August 1 laycan at Dated Brent plus \$0.60/b. The Forties differential was assessed at Dated Brent plus \$0.78/b, up \$0.28/b from Friday and at its highest level since August 5, 2010, Platts data showed. Brent Ninian Blend was assessed at parity with Forties, down from a small premium on Friday, as it was judged that the Brent oil field would not face the same logistical constraints than Forties during August. Other grades were also assessed higher, with Oseberg at Dated plus \$2.00/b, up \$0.10/b from Friday, and Ekofisk at Dated plus \$1.90/b, also up \$0.10/b from Friday.

LSSR

The Northwest European low sulfur straight run continued to be characterized by a lack of available spot product, sources said Monday. The lack of Libyan material in an already tight market gave overall support to cracks for LSSR, sources said. In turn, current values for LSSR were close to parity with ICE Brent futures, impacting refiners margins and leading to material being produced largely to meet internal requirements, sources added.

LSSR transactions

No deals reported.

Subscriber notes

SUBSCRIBER NOTE: Effective January 2, 2012, across all its refined products assessment processes, Platts proposes to reflect material loading 5-15 days forward on every publication day. This differs from the current process whereby on Monday and Tuesday Platts reflects material loading 3-15 days forward and on Wednesday through Friday Platts reflect material loading 5-15 days forwards. Comments please to europe_products@platts.com with a CC to pricegroup@platts.com

SUBSCRIBER NOTE: Effective September 1, 2011, and further to a previous announcement, Platts proposes to change the basis grade of the 0.1% sulfur CIF NWE gasoil cargo assessment to French FOD from the current grade of German D.IN. Other grades, including German D.IN and Spanish B&C grades will continue to be taken in to account but normalized back to the French grade. Comments please to europe_products@platts.com with a CC to pricegroup@platts.com

SUBSCRIBER NOTE: Platts has become aware that a number of oil companies are currently unable to trade Syrian origin oil. As a result, any company wishing to offer, or nominate in to a buyer, oil originating from Syria should make the origin of the oil explicit in their

Subscriber notes (continued)

offer. Additionally, any CIF buyer wishing to receive product for delivery in to Syria must explicitly mention it at the time of bidding. Platts will publish such bids and offers but they may be subject to normalisation for the assessment process. Comments please to europa_products@platts.com with a CC to pricegroup@platts.com.

SUBSCRIBER NOTE: Effective May 1, 2011, Platts is only publishing fuel oil FOB cargo bids that limit a counterparty's price exposure to operational tolerance. Platts will accept FOB cargo bids that relate the operational tolerance element of the pricing formula to after the loading dates. For example; Alpha Trading bids for 25-30 kt LSFO loading 1-5 April basis Milazzo, pricing 25 kt at \$1000/mt with balance priced at average of Platts FOB MED LSFO pricing five days after B/L. Comments please to europa_products@platts.com with a Cc to pricegroup@platts.com

SUBSCRIBER NOTE: Effective May 1, 2011, Platts is only publishing gasoline FOB cargo bids that limit a counterparty's price exposure to operational tolerance. Platts will accept FOB cargo bids that relate the operational tolerance element of the pricing formula to after the loading dates. For example; Alpha Trading bids for 25-30 kt loading 1-5 April basis Santa Panagia Bay, pricing 25 kt at \$1000/mt with balance priced at average of Platts FOB MED gasoline pricing five days after B/L. Comments please to europa_products@platts.com with a Cc to pricegroup@platts.com

SUBSCRIBER NOTE: Please note that Platts has clarified the layout of the table showing assessments for the Asia refined oil products markets in the European Marketscan. The revised table, which took effect from March 28, 2011, correctly aligns first month and second month swaps assessments for the Singapore gasoline market along the same line as the spot physical assessment, consistent with how physical and swaps assessments are displayed for gasoil, jet kerosene and 180 CST fuel oil. The revised table also aligns the physical assessment for Singapore 0.25% S gasoil cargoes under the "FOB Singapore" column used for all physical assessments. Previously the assessment had erroneously been displayed under front month swaps. Finally, the revised table removes all reference to an "FOB Singapore" reforming spread assessment. Previously, a balance month swaps assessment had erroneously appeared under this heading during the first half of each month. Please send all questions and comments to europa_products@platts.com and PGA@platts.com.

CLARIFICATION NOTE: Platts editorial processes require full clarity when communicating bids/offers and intentions to trade. When expressing an intention to hit a bid or lift an offer in the European market on close assessment processes any message must include the specific price of the trade and the name of the counterparty. For example: "Buyer 1 wants Seller 1 Med gasoil cargo offer at April plus \$40/mt", would be best practice. Additionally, when lifting an offer that has a volume range, the volume must be declared at the time of execution. When lifting an offer, or hitting a bid where the seller or the buyer has given the date range option to the other counterparty, that option must be declared at the time of execution. Platts will only consider an indication to trade as complete when the above conditions have been met. Comments please to europa_products@platts.com with a CC to pricegroup@platts.com