

# OPIS Asia Jet Fuel & Gasoil Report

A Daily Report on Asia Middle Distillate Pricing and News

### Today's Outright Full-Day Spot Jet Fuel Prices

Market (\$/bbl)	Low	High	Mean	Change
FOB SINGAPORE	136.91	137.01	136.96	-0.60
FOB ARAB GULF LR 1	134.64	134.74	134.69	-0.60
FOB ARAB GULF LR 2	135.51	135.61	135.56	-0.60
FOB TAIWAN	137.15	137.25	137.20	-0.62
FOB KOREA	136.65	136.75	136.70	-0.62

### Today's Outright Close Spot Jet Fuel Prices (4:30 PM Singapore )

Market (\$/bbl)	Low	High	Mean	Change
FOB SINGAPORE	136.86	136.96	136.91	-0.31
FOB ARAB GULF LR 1	134.59	134.69	134.64	-0.31
FOB ARAB GULF LR 2	135.46	135.56	135.51	-0.31
FOB TAIWAN	136.60	136.70	136.65	-0.33
FOB KOREA	137.10	137.20	137.15	-0.33

### Today's Outright Full-Day Spot Gas Oil Prices

Market (\$/bbl)	Low	High	Mean	Change
FOB SINGAPORE	136.52	136.62	136.57	-0.57
FOB ARAB GULF LR 1	134.11	134.21	134.16	-0.57
FOB ARAB GULF LR 2	134.62	134.72	134.67	-0.57
FOB TAIWAN	136.23	136.33	136.28	-0.59
FOB KOREA	135.83	135.93	135.88	-0.59

### Today's Outright Close Spot Gas Oil Prices (4:30 PM Singapore )

Market (\$/bbl)	Low	High	Mean	Change
FOB SINGAPORE	136.47	136.57	136.52	-0.25
FOB ARAB GULF LR 1	134.06	134.16	134.11	-0.25
FOB ARAB GULF LR 2	134.57	134.67	134.62	-0.25
FOB TAIWAN	135.78	135.88	135.83	-0.27
FOB KOREA	136.18	136.28	136.23	-0.27

### Today's Physical Spot Differential for Jet Fuel and Gas Oil

Market (\$/bbl)	Jet Fuel	Change	Gas Oil	Change
FOB SINGAPORE	-0.13	0.02	-0.06	0.02
FOB ARAB GULF LR 1	2.27	0.00	2.41	0.00
FOB ARAB GULF LR 2	1.40	0.00	1.90	0.00
FOB TAIWAN	0.10	0.00	-0.35	0.00
FOB KOREA	-0.40	0.00	-0.75	0.00

### OPIS Asia Methodology

OPIS Singapore covers various refined oil products as well as accurate and up-to-date price assessments based on CFR and FOB benchmarks that include those out of Singapore, Japan, South Korea and the Middle East which are summarized in our daily market reports.

OPIS uses an average of daily forward paper/swaps value as a basis of our Asian daily assessments. We assign 50 percent for the mid-day swaps and 50 percent for the numbers at the close to calculate OPIS final signature values as well as close values for 4:30 pm Singapore Time.

Jet Fuel and Gasoil assessments generally reflect pricing of products loading 15 to 30 days from the date of publication. In other words, a report for March 1 will reflect reflection of forward prices from March 16-31.

In our assessments, we use a variety of inputs which include outright, floating as well as a combination of both in terms of daily bids, offers and strike prices in the respective oil product market on both the physical and swaps trading.

We calculate the mid-value of 15-30 days forward trading window by using the weighted average calculation that use the curve of 1st and 2nd cycle of swaps value. Then we add a discount or premium to calculate FOB Singapore quotes.

For discount/premium assessments for FOB Singapore quotes, we take transactions with a size of 50,000 barrels for gasoline, 100,000 barrels for jet fuel, 150,000 barrels of gasoil (0.5% sulfur)

FOB AG jet fuel and gas oil assessments are a simple freight netback from FOB Singapore quotes.

The calculations for FOB Korea and FOB Taiwan are as follows: (FOB Singapore quotes minus FOB Singapore discount/premium) + discount/premium for each market. Editors confirm and record deals done with a size of 30,000-60,000 tonnes for FOB Korea and FOB Taiwan discount/premium assessments.

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Today's Paper Crack Assessments (\$/bbl)

Laycan	Jet Fuel	Change	Gas Oil	Change
MAY	16.18	-0.31	15.68	-0.21
JUN	17.03	-0.34	16.36	-0.22
JUL	17.70	-0.26	16.82	-0.19

Jet Fuel Swaps Mid-Day (\$/bbl)

Laycan	Low	High	Mean	Change
APR	137.06	137.16	137.11	-0.92
MAY	137.18	137.28	137.23	-0.90
JUN	137.23	137.33	137.28	-0.88

Jet Fuel Swaps Close (\$/bbl)

Laycan	Low	High	Mean	Change
APR	136.98	137.08	137.03	-0.32
MAY	137.03	137.13	137.08	-0.37
JUN	137.15	137.25	137.20	-0.34

Jet Fuel Swaps Full-Day (\$/bbl)

Laycan	Low	High	Mean	Change
APR	137.02	137.12	137.07	-0.62
MAY	137.11	137.21	137.16	-0.63
JUN	137.19	137.29	137.24	-0.61

Gas Oil Swaps Mid-Day (\$/bbl)

Laycan	Low	High	Mean	Change
APR	136.63	136.73	136.68	-0.90
MAY	136.63	136.73	136.68	-0.90
JUN	136.53	136.63	136.58	-0.82

Gas Oil Swaps Close (\$/bbl)

Laycan	Low	High	Mean	Change
APR	136.53	136.63	136.58	-0.27
MAY	136.53	136.63	136.58	-0.27
JUN	136.48	136.58	136.53	-0.22

Gas Oil Swaps Full-Day (\$/bbl)

Laycan	Low	High	Mean	Change
APR	136.58	136.68	136.63	-0.59
MAY	136.58	136.68	136.63	-0.59
JUN	136.51	136.61	136.56	-0.52

Regrade Close (\$/bbl)

Laycan	Low	High	Mean	Change
MAY	0.45	0.55	0.50	-0.10
JUN	0.62	0.72	0.67	-0.12
JUL	0.83	0.93	0.88	-0.07

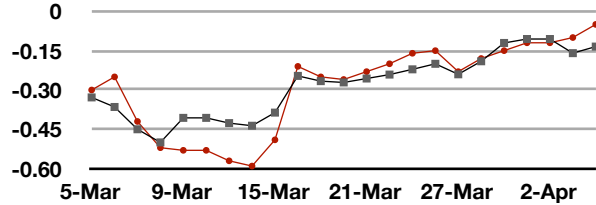
West-East Spread Close (\$/mt)

Laycan	ICE	Change	EFS	Change
APR	1024.50	-3.00	-5.61	0.99
MAY	1025.50	-2.00	-6.61	-0.01
JUN	1025.00	-1.25	-6.49	-0.39

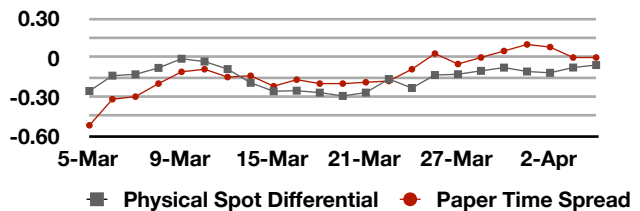
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- \* Regrade stays at month-high
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- \* Reliance turnaround will cap low sulfur gasoil supply

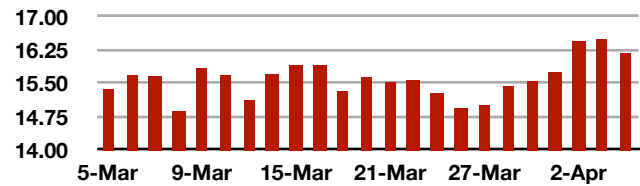
Jet Fuel Notional vs Physical



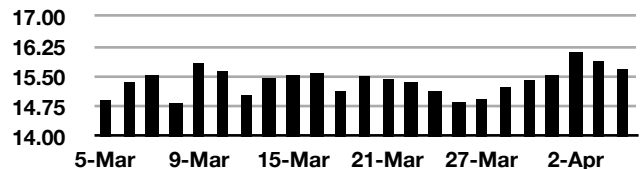
Gas Oil Notional vs Physical



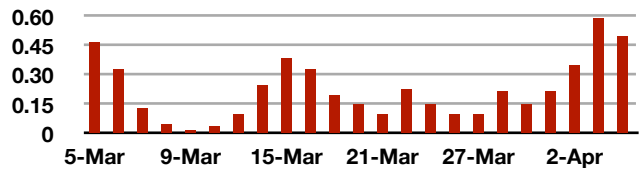
Jet Fuel Crack



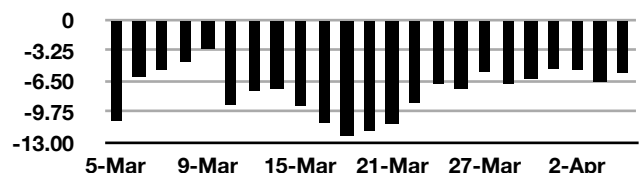
Gas Oil Crack



Regrade



Gas Oil EFS



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## JET FUEL

### Regrade stays at Month-High

The relative strength of the jet fuel continued to lifted the regrade to a one-month high on Tuesday despite a marginal drop while the market differential rose on the back of a narrower contango.

The jet premium to gasoil declined marginally by 10 cents to 50 cents/bbl, remaining at its highest since Mar 2 due to the relative strength of the jet fuel, despite the crack retreated 31 cents to \$16.18/bbl.

Bids and offers stayed 80 cents apart, while the front-month timespread narrowed by 5 cents to 5-cents/bbl contango. The market differential rose 3 cents as a result to a discount of 13 cents/bbl to Singapore quotes.

Japanese refiners produced 1.95 million bbls of jet fuel over Mar 25-31, up 51.8% from the previous week's output, its highest level in more than 6 months since the week ended Sept 24, according to the Petroleum Association of Japan (PAJ).

Jet fuel stocks were up by 11% to 4.09 million bbls to its highest level in six weeks even though exports surged by 173.1% to 997,000 bbls, according to PAJ's data.

Kerosene output from the nation's refiners dipped again, by 16.9% to 2.55 million bbls, hitting its lowest level in six weeks. The yield for kerosene fell to 10%.

Stocks remained above 10 million bbls at 10.2 million, down 1.4%, as the winter demand has largely receded.

The overall refinery utilization rate declined by 3 percentage point to 85.2%, its lowest in almost four months since Nov 26, while the yield for jet fuel rose to a percentage point to 8%, its highest in five months since Nov 5.

## GASOIL

- MRPL issues VGO tender for May loading
- Reliance turnaround will cap low sulfur gasoil supply

### Timespread stays at Parity

The front-month timespread continued to stay at parity for a fifth session while the crack continued to stay below \$16/bbl as cash trades continued to help prop up the spot differential.

The gasoil premium to Dubai crude tumbled 21 cents again to \$15.68/bbl, after briefly rising above the \$16/bbl mark on Monday.

Three deals were recorded over Apr 20-24 delivery with Unipecc selling 165,000 bbls and 150,000 bbls to Gunvor and Trafigura respectively at parity to the Singapore quotes.

Trafigura also bought from Shell 150,000 bbls at a discount of 10 cents while Total also bought at parity to Singapore quotes a 170,000-bbl parcel from Glencore for Apr 18-24 delivery.

The deals lifted the spot differential by 2 cents to 6 cents/bbl discount to Singapore quotes.

Indian refiner Mangalore Refinery and Petrochemicals (MRPL) had issued a spot sell tender for a 40,000-mt vacuum gasoil (VGO) cargo for May 19-21 loading from New Mangalore. The tender will close on Apr 10 with bids valid till the next day.

The Indian refiner does not usually offer vacuum gasoil but has offered its third cargo this year so far, due to the shutdown of its hydrocracker for maintenance for one month.

Its CDU will also be shut down for one month from mid Apr for maintenance, attributing to the fact that its VGO has to be exported.

The Indian company last offloaded a 40,000-mt vacuum gasoil (VGO) cargo for loading over May 5-7 to Japanese trader Mitsui at a premium of around \$10-\$14/mt to Singapore quotes.

Fellow subcontinent refiner, Reliance Industries had shut down a diesel hydrotreating unit at its Jamnagar refinery in the State of Gujarat two days ago for three weeks of routine maintenance.

Traders said that the shutdown was expected to curb supplies of low sulphur diesel. The unit will be upgraded to boost the quality of diesel. Some traders said that the upgrade may lead to lower supplies of high sulphur gasoil leading to higher prices.

The remaining units including its crude processing units will continue to be operated at full rates during this period of maintenance. One trader estimated its exports this month to hover around 1.2 million mt.

Swiss trader Augusta Energy had bought 40,000 mt of 500ppm sulphur gasoil for H2 Apr loading at a premium of around \$4.20/bbl to Middle East quotes. The price is lower than that of Bapco's purchase of 25,000 mt of gasoil for loading in mid-April, which is at a premium of \$4.50/bbl to Middle East quotes, a trading source said.

"Supply is not as tight as it was in March, so the 4.50 premiums that producers are asking are too high," the source added.

Iran is said to be concluding six new oil and gas deals by H2 May, according to the managing director of the National Iranian Oil Company Ahmad Qalebani. He added that Iran plans to export 23.3 million mt of gasoline and diesel through these six deals.

Fellow Gulf supplier, Saudi Aramco was heard to be seeking spot diesel cargoes, a trader said.

Japanese refiners produced around 5.1 million bbls of gasoil over Mar 25-31, up 16.6% from the previous week's output of 4.4 million bbls, its highest level since the week ended Jan 10, according to the PAJ.

Exports fell by 48.6% to 625,000 bbls while the stocks rose 6.9% to 10.6 million bbls from the previous week. The exports reached the lowest point in more than a month since the week ended Feb 25.

The yield rose by 1 percentage point to 20%, according to PAJ.

## REFINERY NEWS

The wholly owned Japanese refining arm of Brazil's state-run Petrobras, Nansei Sekiyu KK said it had achieved 92,000 barrels/day (b/d) output at its 100,000 b/d Nishihara refinery from March 30 to April 1 ahead of a shutdown for planned maintenance from April 2.

That marked the highest level since the refiner, based in the southern Japanese island of Okinawa became part of the Petrobras group in 2008, a company spokesman said. The refinery maintenance is slated to last until April 28.

Over in the Middle East, Abu Dhabi Oil Refining Co (Takreer) is on track to complete the expansion of its Ruwais refinery by the first quarter of 2014.

"It is progressing on schedule with a 60% completion rate," said Jasem Ali Al Sayegh, the head of the refining unit of the Abu Dhabi National Oil Co (ADNOC) who is also Takreer's CEO.

The Ruwais refinery is the largest in the United Arab Emirates (UAE). The expansion work underway will more than double the existing refining capacity of 415,000 barrels/day (b/d).

Meanwhile, Kuwait National Petroleum Co (KNPC) will be taking offline a 58,000 b/d hydrocracker unit and associated facilities at its Mina Abdulla refinery for servicing work starting May 17, said a company official.

"The hydrocracker block shutdown will last 35 days or so for planned maintenance," said the

spokesman but added that The maintenance will not cause the refinery's total output to decline.

Mina Abdulla is the second biggest of Kuwait's three refineries, with a capacity of 270,000 b/d.

## GENERAL NEWS

### Shell's China venture to build Tianjin fuel storage

Shell's China units and Tianjin State Farms Agribusiness Group have agreed to jointly build a 200,000 cubic metre oil products storage facility in the northern city of Tianjin, said a local development agency said.

Tianjin Nangang Industrial Zone, a government-run industrial projects developer, said the 3 million-tonnes/year facility would cost 550 million yuan (\$87.17 million) with scheduled completion in June 2013.

The facility will add to Shell's exposure in the world's second-largest fuel market, in which foreign participation is tightly regulated by the central government. The joint venture has already built and is operating fuel stations in Tianjin.

Tianjin Nangang Industrial Zone, which also houses PetroChina's 100,000 b/d Dagang refinery and a 1 million-cu-metre crude oil storage facility has earmarked space for a 3.2 million-cu-metre state crude reserve base and a similar-size commercial storage, expected to be built by Sinopec.

It has also allotted land for a proposed 260,000-b/d China National Petroleum Corp -Rosneft joint refinery.

### **IATA: Strong Feb performance, outlook fragile for global aviation**

Global air passenger traffic rose by 8.6% in February while cargo demand was up 5.2%, according to figures from the International Air Transport Association (IATA).

IATA however noted that several factors had inflated the month's results compared to February 2011 which saw weaker traffic in the Middle East during the Arab Spring uprisings and Carnival in Rio had happened a month earlier in 2012 compared to the previous year.

It also said that Chinese New Year affected cargo demand in January which pushed some deliveries into February.

Compared to the January 2012 figures the picture changes significantly with passenger demand only growing by 0.4% and cargo declining by 1.2%.

"The outlook is fragile. Improvements in business confidence slowed in February. This will limit the potential for business class travel growth and it implies that an uptick for cargo is not imminent," said IATA's director general, Tony Tyler.

"At the same time, airlines trying to recoup rising fuel costs could risk reduced volumes on price sensitive market segments. Weak economic conditions and rising fuel costs are a

double-whammy that an industry anticipating a 0.5% margin can ill-afford," he added.

### **San Miguel seals PAL stake**

The parent of flag carrier Philippine Airlines said on Wednesday that its major shareholder has forged a deal that will give a minority stake to a unit of San Miguel Corp.

San Miguel would sign an agreement with tobacco tycoon Lucio Tan's Trustmark Holdings in a deal valued at about \$500 million, acquiring 49% of PAL and management control.

Under the deal, San Miguel will receive shares from Trustmark Holdings Corp and Zuma Holdings, the holding firms of Philippine Airlines and Air Phil, said PAL Holdings in a statement.

"The new investment will allow the two airlines to strengthen operations and stay competitive with the implementation of PAL and Air Phil's fleet modernization program," San Miguel and Trust Mark said in a joint statement.

PAL, which has also suffered from rising fuel costs and labor problems, posted a net loss of \$33.5 million in the three months ending December 31 compared with a net profit of \$15.1 million a year earlier.

### **Etihad Q1 revenue rises 28%**

Etihad Airways has posted a first-quarter revenue of \$989 million, up 28 % from \$770 million a year earlier on the back of increased passenger numbers and the expansion of its global network.

The airline carried 2.36 million passengers during the period with an average seat factor of 76.5%.

"We met all our revenue targets and budget estimates in the first quarter, despite challenging economic conditions confronting the international community," said its CEO James Hogan.

The airline acquired 30% of Germany's Air Berlin last year and took a 40 % stake in Air Seychelles in February.

"Our equity investments in Air Berlin and Air Seychelles are already bearing fruit and we are starting to see both revenue and cost benefits from synergies with each carrier," Hogan said.

The Gulf airline posted its first annual profit in 2011 since it was created nine years ago, notching a small \$14 million profit.