

OPIS Asia Naphtha & LPG Report

A Daily Report on Asia Naphtha, LPG and Gasoline Spot Prices, plus News and Commentary



10 January 2020

Today's Outright Spot Naphtha Prices

Market	Low	High	Mean	Change	(\$/mt)
CFR JAPAN	559.250	560.250	559.750	0.375	
CFR KOREA (Daesan-basis)	558.342	559.342	558.842	0.374	
FOB SINGAPORE (\$/bbl)	60.787	61.787	61.287	0.250	
FOB ARAB GULF LR 1	518.856	519.856	519.356	0.959	
FOB ARAB GULF LR 2	521.324	522.324	521.824	1.285	

Spread/Differential

Price	Low	High	Mean	Change	(\$/mt)
NAP-BRENT CRACK	84.275	85.275	84.775	5.100	
INTER-MONTH SPREAD	19.500	20.500	20.000	1.750	
CFR KR SPOT DIFFERENTIAL	22.750	23.750	23.250	1.750	
FOB AG SPOT DIFFERENTIAL	32.000	33.000	32.500	1.750	

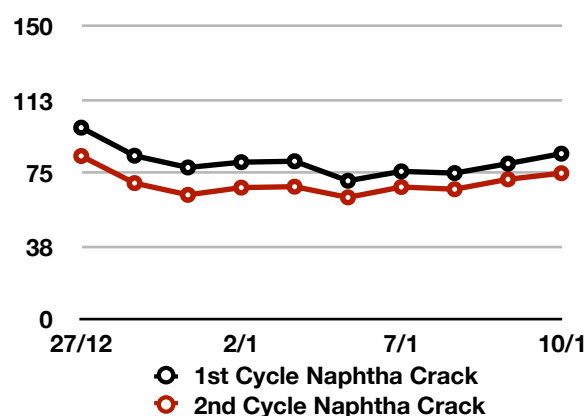
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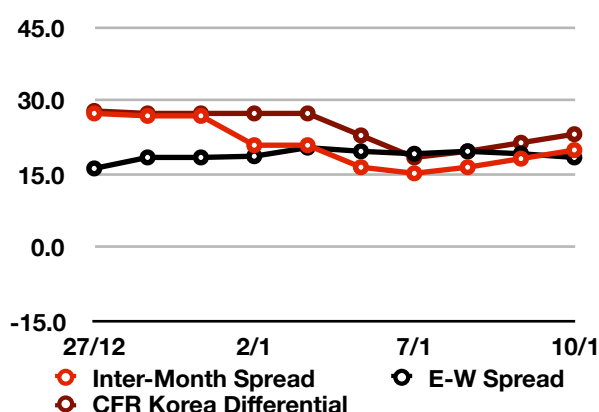
Naphtha Freight

Route	Value
SINGAPORE-JAPAN (\$/bbl)	2.52
KOREA-JAPAN (\$'000)	370.00
AG-JAPAN LR 1 (\$/mt)	40.39
AG-JAPAN LR 2 (\$/mt)	37.93
AG-JAPAN LR 1 (WS)	145.83
AG-JAPAN LR 2 (WS)	143.44

Naphtha Cracks



Naphtha Spreads



NAPHTHA

- Spot assessment and cracks edge higher, backwardation widens

Asia's naphtha prices and cracks edged higher on Friday, with the CFR Japan spot assessment inching up from a three-week low set the previous day.

The CFR Japan price was assessed at \$559.750/mt, rising \$0.375/mt on the day. That was up from Thursday's level of \$559.375/mt, which was the lowest since Dec. 19.

The OSN H2 Feb. to H2 March inter-month spread showed a backwardation of \$20.000/mt, widening by \$1.750/mt from the previous day.

(Continued on page 7)

Open Spec Naphtha Mid-Day Paper (\$/mt)

Laycan	Low	High	Mean	Change
H2 Feb	568.750	569.750	569.250	-1.000
H1 Mar	560.750	561.750	561.250	-1.000
H2 Mar	552.250	553.250	552.750	-1.000

Open Spec Naphtha Close Paper (\$/mt)

Laycan	Low	High	Mean	Change
H2 Feb	574.250	575.250	574.750	2.250
H1 Mar	564.250	565.250	564.750	0.250
H2 Mar	554.250	555.250	554.750	0.500

Northwest Europe Mid-Day Naphtha Swap: (\$/mt)

Laycan	Low	High	Mean	Change
Feb	519.500	520.500	520.000	-1.250
Mar	508.750	509.750	509.250	-2.500
Apr	498.750	499.750	499.250	-3.000

Northwest Europe Close Naphtha Swap (\$/mt)

Laycan	Low	High	Mean	Change
Feb	522.000	523.000	522.500	1.750
Mar	511.000	512.000	511.500	0.500
Apr	501.000	502.000	501.500	0.000

Naphtha East-West Spreads (\$/mt)

Laycan	Low	High	E-W	Change
Feb	18.000	19.000	18.500	-0.750
Mar	17.750	18.750	18.250	-0.500
Apr	16.750	17.750	17.250	-1.250

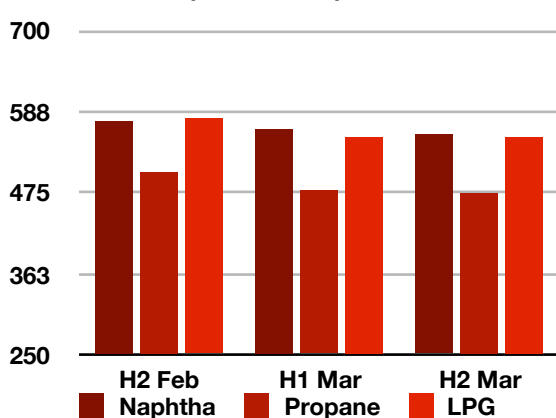
FOB Singapore Mid-Day Naphtha Swap (\$/bbl)

Laycan	Low	High	Mean	Change
Jan	60.200	60.300	60.250	-0.150
Feb	58.400	58.500	58.450	-0.150
Mar	57.050	57.150	57.100	-0.150

FOB Singapore Close Naphtha Swap (\$/bbl)

Laycan	Low	High	Mean	Change
Jan	59.600	59.700	59.650	0.000
Feb	57.800	57.900	57.850	-0.200
Mar	56.550	56.650	56.600	-0.250

Naphtha vs Propane vs LPG



OPIS Asia Naphtha Methodology

OPIS Asia assesses the naphtha market in Asia, providing accurate and up-to-date price assessments based on CFR and FOB assessments seen in different markets in the world..

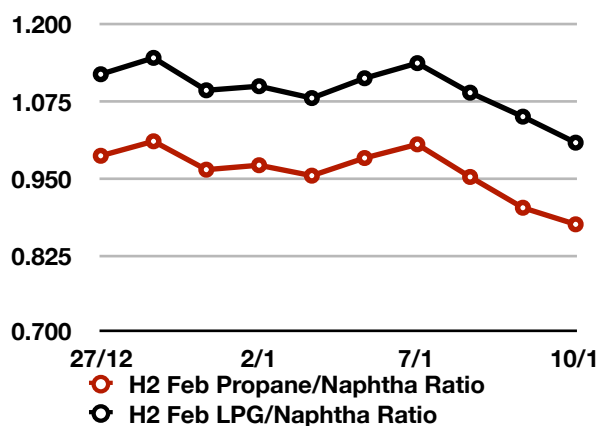
The Asian naphtha assessments reflect spot prices based primarily on deals, bids, and offers done typically on a fixed-price basis, reflecting values prevailing at the close of the market, with priority given to deals done in the markets.

OPIS naphtha methodology builds on the basis of the latest CFR FAR EAST OPEN SPEC NAPHTHA CONTRACT agreed upon in the industry.

OPIS uses daily forward paper/swaps value as a basis of our Asian daily assessments. While mid-day values are used as a reference, we use the numbers at market close (at 16:30 Singapore time) to calculate OPIS final signature values.

In markets where number of trades, bids and offers are limited due to low liquidity, price assessment may be assessed relative to other locations, for example, through direct freight netback.

CFR JP Prop/Nap, LPG/Nap Ratio



For subscription information, please call 888.301.2645 (U.S. only) or +1 301.284.2000 or email energycs@opisnet.com.

Today's Outright CFR Spot Propane Prices (\$/mt)

Market	Low	High	Mean	Change
CFR JAPAN	503.000	504.000	503.500	-20.000
CFR SOUTH CHINA	494.000	495.000	494.500	-20.000

Today's Outright CFR Spot LPG (11:11) Prices (\$/mt)

Market	Low	High	Mean	Change
CFR JAPAN	579.500	580.500	580.000	-23.000
CFR SOUTH CHINA	570.500	571.500	571.000	-23.000

Today's Outright FOB Arab Gulf Spot Prices (\$/mt)

Market	Low	High	Mean	Change
PROPANE	525.500	526.500	526.000	-1.500
BUTANE	553.500	554.500	554.000	-1.500

Today's FOB Arab Gulf Spot Differential (\$/mt)

Market	Low	High	Mean	Change
PROPANE	24.500	25.500	25.000	5.000
BUTANE	52.500	53.500	53.000	5.000

Far East Propane Paper (\$/mt)

Laycan	Low	High	Mean	Change
H1 Feb	503.500	504.500	504.000	-26.500
H2 Feb	502.500	503.500	503.000	-13.500
H1 Mar	476.500	477.500	477.000	-23.500
H2 Mar	474.500	475.500	475.000	-23.500

Far East LPG (11:11) Paper (\$/mt)

Laycan	Low	High	Mean	Change
H1 Feb	580.000	581.000	580.500	-24.000
H2 Feb	579.000	580.000	579.500	-22.000
H1 Mar	553.000	554.000	553.500	-21.000
H2 Mar	551.000	552.000	551.500	-21.000

LPG CP Propane Swaps (\$/mt)

Laycan	Low	High	Mean	Change
Feb	500.500	501.500	501.000	-6.500
Mar	446.500	447.500	447.000	-8.500
Apr	411.500	412.500	412.000	-5.500

DES Japan/Korea LNG Forward (\$/MMBtu)

Laycan	Low	High	Mean	Change
H2 Feb	5.071	5.081	5.076	-0.032
H1 Mar	4.745	4.755	4.750	-0.007
H2 Mar	4.482	4.492	4.487	-0.001

Saudi Aramco LPG Contract Prices

Date	Propane	Change	Butane	Change
Jan-20	565	125	590	135
Dec-19	440	10	455	10

Sonatrach LPG Contract Prices

Date	Propane	Change	Butane	Change
Jan-20	467	62	470	20
Dec-19	405	45	450	10

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LPG

- European trader sells 22:22 at Feb. CP + \$25/mt for 1H Feb. AG loading
- HPCL issues buy tender for two 22.5:22.5
- Ningbo PDH operator issues buy tender for 23kt or 46kt for Feb. delivery

Asian LPG prices dropped for a third consecutive day amid weaker overnight crude and lower paper values even as supplies in the Middle East tightened.

CFR Japan spot propane was assessed at \$503.50/mt, down \$20.00/mt from the previous session.

In the paper market, the Feb. propane CP swap dropped \$6.50/mt to \$501.00/mt, while the Feb.-March time-spread widened by \$2.00/mt to \$54.00/mt in backwardation.

(Continued on page 7)

Today's Spot Gasoline Prices (\$/bbl)

Market	Low	High	Mean	Change
97-RON	73.776	73.876	73.826	1.205
95-RON	72.803	72.903	72.853	1.205
92-RON	70.593	70.693	70.643	0.991

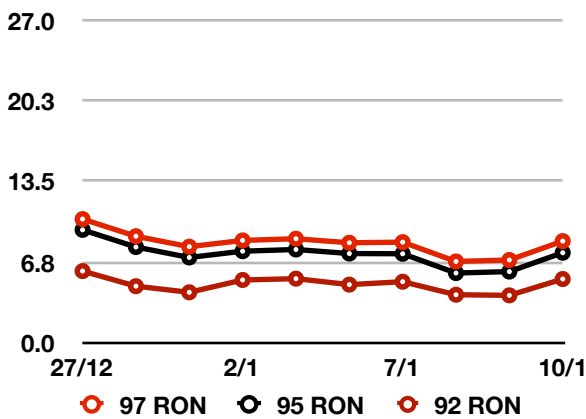
Today's Spot Gasoline Differential (\$/bbl)

Market	Low	High	Mean	Change
97-RON	14.986	15.086	15.036	1.345
95-RON	14.013	14.113	14.063	1.345
92-RON	11.803	11.903	11.853	1.131

Today's Spot Gasoline Cracks (\$/bbl)

Market	Low	High	Mean	Change
97-RON	8.446	8.546	8.496	1.585
95-RON	7.473	7.573	7.523	1.585
92-RON	5.263	5.363	5.313	1.371

Gasoline Cracks



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FOB Singapore Spot Diff. Calculation (92 RON)

Date	Bid	Offer	Deal	Diff
25-Jan	10.92			10.97
26-Jan	10.92			10.97
27-Jan	10.92			10.97
28-Jan	11.73			11.78
29-Jan	11.73			11.78
30-Jan	11.98			12.03
31-Jan	11.98			12.03
1-Feb	11.98			12.03
2-Feb	11.98			12.03
3-Feb	11.98			12.03
4-Feb	12.44			12.49
5-Feb	12.44		12.11	12.11
6-Feb	12.44		12.11	12.11
7-Feb	12.44		12.11	12.11
8-Feb	12.44		12.11	12.11
9-Feb			12.11	12.11
Notional Diff		10.88	Diff	11.85

OPIS Asia Gasoline Methodology

FOB Singapore 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 16-30.

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 the 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 the FOB Singapore quotes.

For discount/premium assessments for FOB Singapore quotes, we take transactions with a minimum size of 50,000 barrels for gasoline.

Gasoline

- Cracks, spot assessments advance
- Gunvor to ship 120kt from Europe to Saudi Arabia ahead of refinery works
- China's Nov gasoline demand down 4.9% y/y

Asia's gasoline markets on Friday strengthened as Gunvor has provisionally chartered two long range 1 (LR 1) tankers ship cargoes to Saudi Arabia ahead of refinery turnarounds in the kingdom.

Singapore 92, 95 and 97 RON cracks gained \$1.371-1.585/bbl to plus \$5.313/bbl, plus \$7.523/bbl and plus \$8.496/bbl, respectively.

Singapore 92, 95 and 97 RON spot gasoline were also assessed higher by \$0.991-1.205/bbl to \$70.643/bbl, \$72.853/bbl and \$73.826/bbl, respectively.

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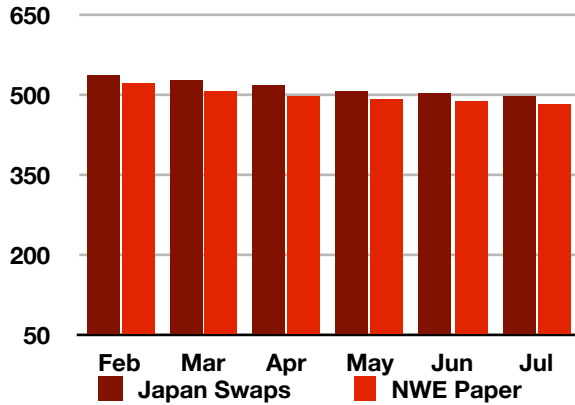
CFR Japan Close Naphtha Swap (\$/mt)

Laycan	Low	High	Mean	Change
Feb	540.500	541.500	541.000	1.000
Mar	529.250	530.250	529.750	0.000
Apr	518.250	519.250	518.750	-1.250

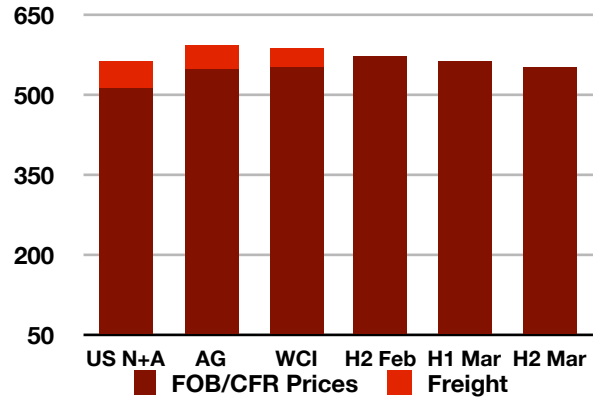
CFR Propane, LPG/CFR Naphtha Ratio

Laycan	Pro/Nap	Change	LPG/Nap	Change
H2 Feb	0.875	-0.027	1.008	-0.042
H1 Mar	0.845	-0.042	0.980	-0.038
H2 Mar	0.856	-0.043	0.994	-0.039

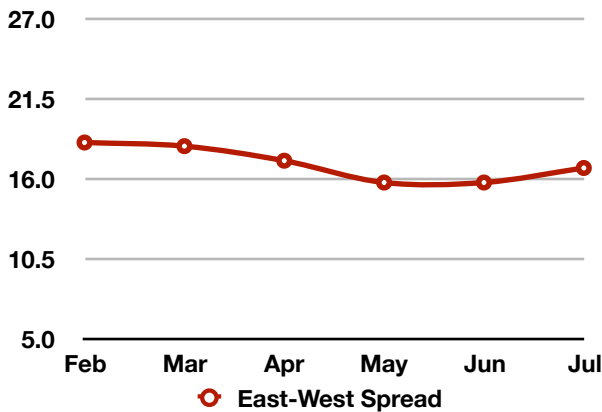
Japan Swaps vs. Naphtha NWE



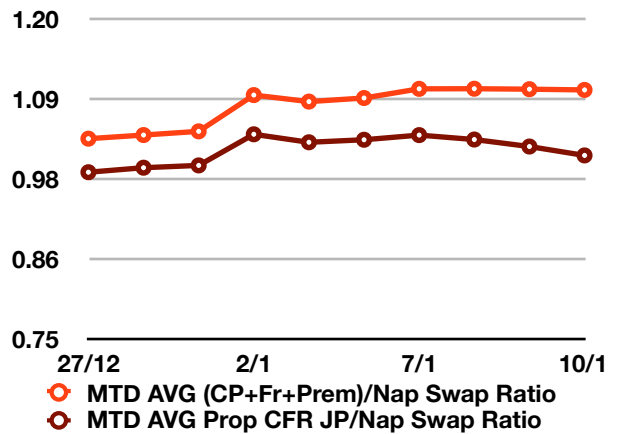
Naphtha Spot Cargo Flow Economics



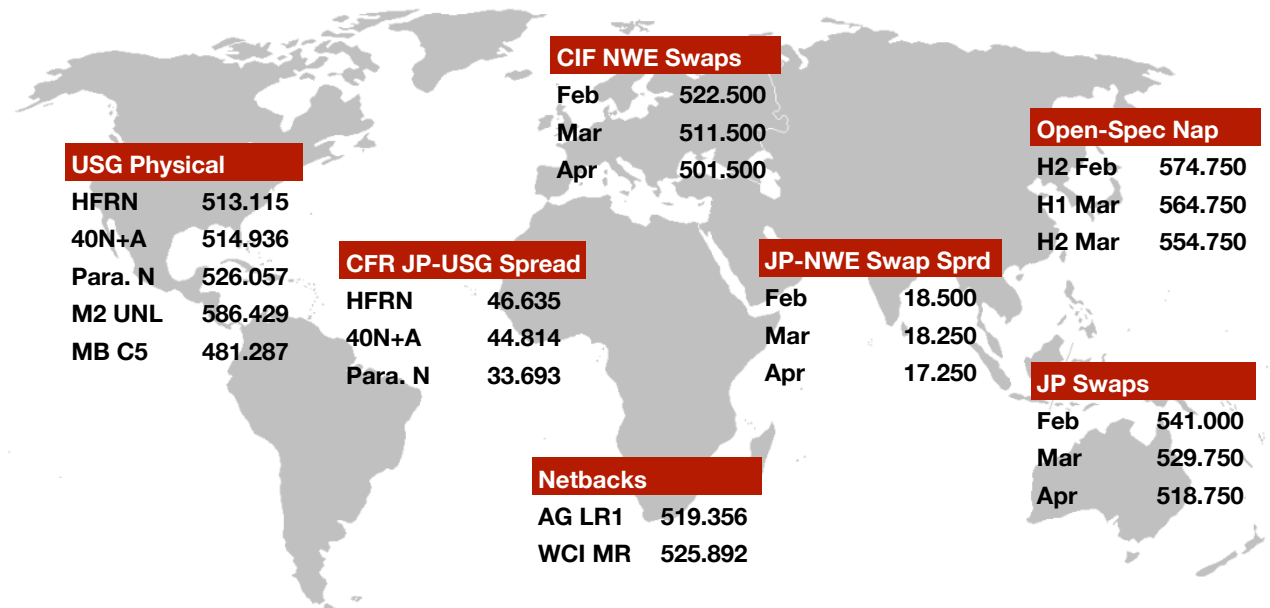
Naphtha East-West Spread



Month-to-Date Avg Propane/Naphtha Ratio



Naphtha Spot Cargo Flow Economics*



* Projected values

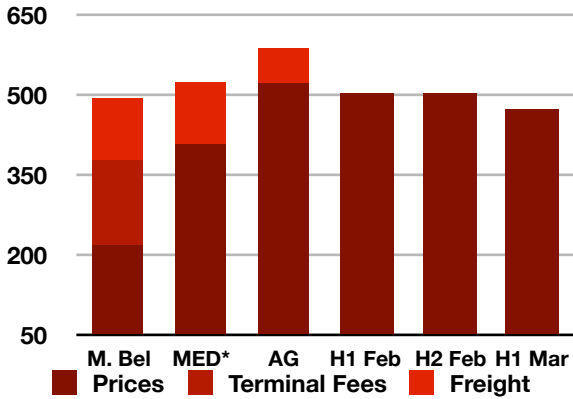
Est'd Spot Prices with Freight to Japan (\$/mt)

Loading	Low	High	Mean	Change
Mt. Bel	487.750	497.750	492.750	-11.250
MED	517.500	527.500	522.500	-22.000
A. Gulf	586.250	596.250	591.250	-1.500

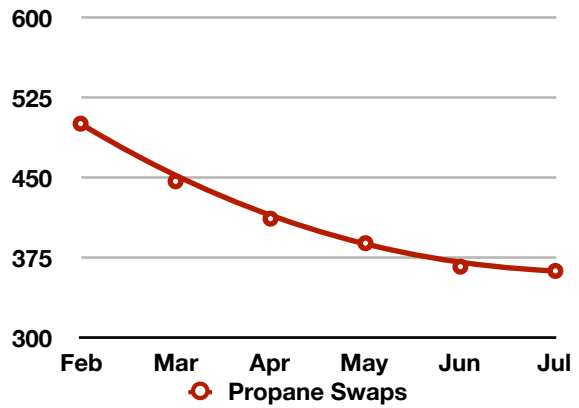
LPG Mont Belvieu Forward (\$/mt)

Laycan	Low	High	Mean	Change
Jan	220.981	221.981	221.481	-7.223
Feb	226.981	227.981	227.481	-6.223
Mar	225.981	226.981	226.481	-6.223

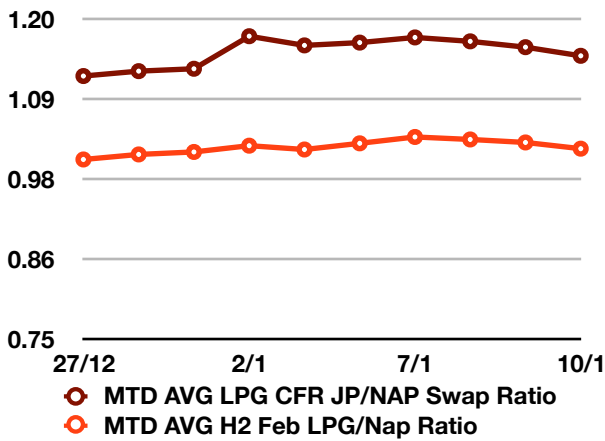
Propane Spot Cargo Flow Economics



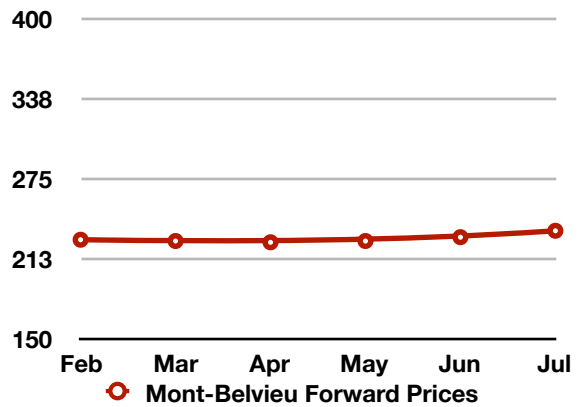
CP Swaps Values



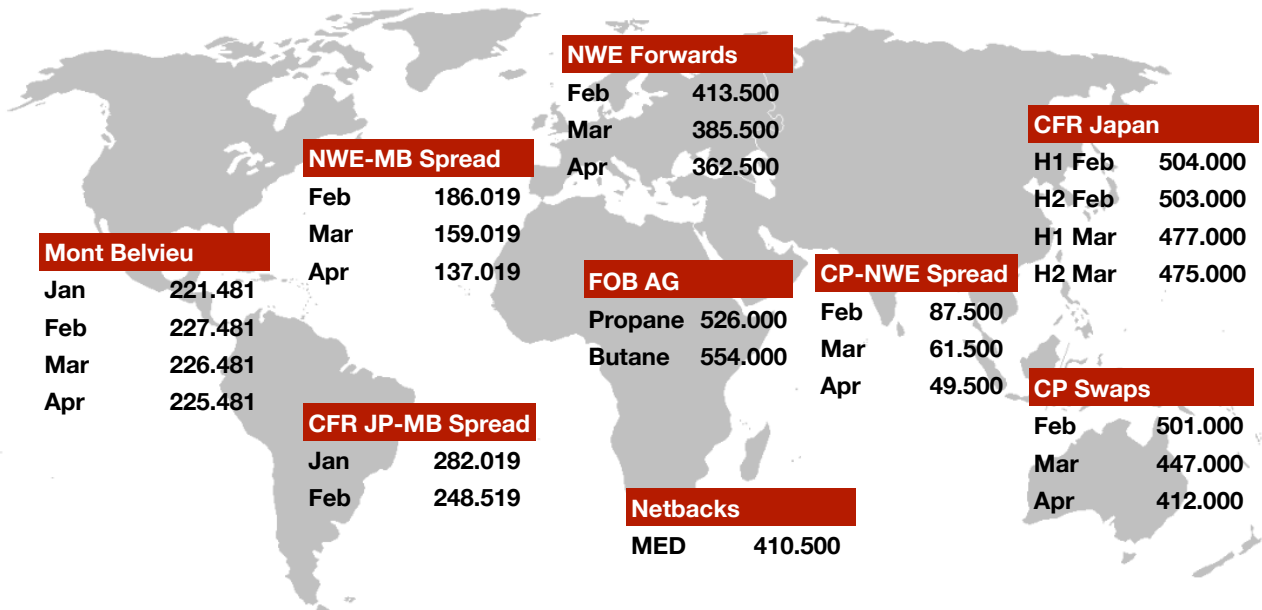
Month-to-Date Avg LPG/Naphtha Ratio



Mont Belvieu Forward Prices



Propane Spot Cargo Flow Economics*



* Projected values

NAPHTHA

The OSN crack to Brent rose by \$5.100/mt to \$84.775/mt.

There were no deals in the afternoon online trading session.

Market sentiment has weakened over the past few weeks as some cracker operators trimmed runs due to poor petrochemical margins and there is the possibility of more cuts.

“We aren’t taking an optimistic view,” a Japanese producer said, referring to petrochemical margins.

The firm is still “considering the possibility” of cutting rates, the contact added.

At the same time, the recent pull-back in naphtha prices has helped stir demand for spot cargoes this week.

As reported earlier, end-users including LG Chem and YNCC purchased spot cargoes earlier this week, according to market sources. Such demand emerged as the CFR Japan naphtha retreated from an eight-month high of \$588.50/mt set on Dec. 27.

LPG

No bids or offers were heard for Feb delivery cycles.

As a result, H1 Feb., H2 Feb. and H1 Mar. delivery propane were assessed at \$504.00/mt, \$503.00/mt and \$477.00/mt, respectively, while evenly split LPG (11:11) was at \$580.50/mt, \$579.50/mt and \$553.50/mt.

In the AG FOB market, one bid was placed at 50% of outright price of \$525/mt and 50% of Feb. CP, which was equivalent to \$513/mt or a \$12/mt premium to the Feb. CP, per OPIS assessment, for 46,000 mt propane cargoes excludes Iran/Iraq/Yanbu loading on Feb. 1-5.

The bid was \$0.75/mt lower than that made on Thursday, due to a lower paper value.

A European trader sold at a hefty premium of \$25/mt to the Feb. CP for a 44,000mt evenly split cargo for 1H Feb loading, said market sources.

The cargo should be Kuwait origin, they said.

Recent supply tightness from the Middle East drove premiums for AG FOB cargoes higher, the sources added.

A Ningbo-based PDH operator may not award its buy tender due to a lack of offers, according to sources. However, this could not be confirmed.

It sought a 23,000 mt or 46,000 mt propane cargo for Feb. delivery, they said, adding that the tender closed on Friday with same day validity.

The landed price could be in the mid-to-high \$80s/mt premium to the Feb. CP, sources said.

Hindustan Petroleum Corp. Ltd. (HPCL) issued a spot buy tender for two 45,000 mt evenly split cargoes for delivery on Feb. 8-March 8 and Feb. 1-29, said market contacts.

The tender will close on Jan. 12 and is valid until next day, they added.

The spot chartering rate for Houston to Japan via the Panama Canal steadied at \$119.00/mt. The rate for Middle East to Asia moved up

slightly for a second consecutive day on Thursday to \$65.71/mt.

GASOLINE

One 92 RON gasoline cargo and two 95 RON parcels were traded during the afternoon online trading in Singapore.

BP sold a Feb. 5-9 92 RON lot to Gunvor at \$70.50/bbl.

On the 95 RON front, Exxon sold a Jan. 28-Feb. 1 cargo to Unipet at \$73.40/bbl, while PetroChina sold a Jan. 29-Feb. 2 parcel to Shell at \$73.30/bbl.

As a result, the spot differentials across all three grades, 92 RON, 95 RON and 97 RON gained \$1.131-1.345/bbl to \$11.853/bbl, \$14.063/bbl and \$15.036/bbl respectively.

Gunvor booked two tankers to load 60,000 mt each from Northwest Europe to Jeddah on Jan. 18 and Jan. 26, a shipping fixture showed.

The Saudi scheduled turnarounds from later this month are expected to increase gasoline imports, as reported earlier.

These maintenance works include the 400,000 b/d Yasref from end-Jan. and 220,000 b/d Satorp from mid-Jan.

Increased demand from Saudi Arabia during this period may provide some relief to the gasoline market in East Asia as barrels may also be sourced from the region to meet the additional requirements, market sources said.

China is expected to crank up gasoline exports given its growing refining capacity and weaker domestic demand.

Gasoline consumption in November dropped 4.9% from a year ago, data from the National Development and Reform Commission (NDRC) showed. In the first 11 months of 2019, demand grew 2.8% on-year.

The economic planner did not reveal the absolute volume.

Demand in China is likely to stay under pressure due to the economic slowdown this year, a Singapore-based analyst said.

“We are not very optimistic about gasoline demand. We will see only marginal growth,” said the analyst, predicting that the consumption may increase 1-2%.

China’s refiners will focus more on overseas sales, the analyst said.

CONDENSATE

- **QP offers March-loading LSC via tender closing Jan. 14**

Asia’s condensate markets were steady to slightly weaker on Friday, with the near-term focus on pricing discussions for March-loading Qatari condensate.

The spot differentials for Qatari deodorised field condensate (DFC) were assessed at premiums of \$2.70-\$2.80/bbl to Dubai, down \$0.05/bbl from the prior session.

The spot differentials for Qatari low sulfur condensate (LSC) were assessed at premiums of \$1.70-

\$1.80/bbl to Dubai, also down \$0.05/bbl on the day.

The spot differentials for Australian North West Shelf condensate (NWSC) were assessed at premiums of \$0.75-\$0.85/bbl to Dated Brent, steady from the previous day.

Qatar Petroleum (QP) issued a spot sell tender for March-loading condensate, according to market sources. The tender will close on Jan. 14, one contact said.

QP is only offering LSC in this tender, the sources said.

As reported earlier, QP did not offer any Feb.-loading LSC in its spot tender last month. It sold Feb. DFC at premium of \$2.5-\$3.0/bbl to Dubai on FOB basis, down from plus \$3.50/bbl for Jan., market sources said earlier.

Sentiment has eased over the past few weeks, dampened by a pull-back in naphtha cracks. The open-specification naphtha (OSN) crack to Brent was assessed at \$84.775/mt on Friday, down from \$122.175/mt a month ago.

REFINING NEWS

Binh Son Refining and Petrochemical Co (BSR) will shut its Dung Quat refinery in June for about two months to carry out planned maintenance works that's likely to increase Vietnamese oil product imports during this period.

The 148,000 barrel per day (b/d) refinery will be taken off-line from June 12 to Aug. 1, BSR said in a statement on Thursday.

The refinery can produce as much as 2.5 million mt/year of gasoline including 1.2 million mt of 92 RON, 2.6 million mt/year of gasoil, 420,000 mt/year of liquefied petroleum gas (LPG) and 300,000 mt/year of jet fuel, according to BSR.

Vietnam is expected to increase its reliance on imports to cover domestic consumption of these fuels including gasoline, diesel and jet fuel during the turnaround, industry sources said.

"That could lift gasoline demand during the first half in Asia where supply is increasing," said a gasoline

trader in Seoul.

Fuel imports rose sharply last year, when Nghi Son Refinery and Petrochemical (NSRP) carried out maintenance works at its 200,000-b/d refinery that lasted from Oct. 22 to Dec. 3.

Vietnam imported a total of 2.101 million mt of oil products such as gasoline, gasoil, jet fuel and fuel oil in October and November, up 54.5% from the same period a year earlier, according to IHS Markit OPIS calculations based on the customs data.

In recent years, Vietnam has managed to expand its refining capacity, including the startup of NSRP in 2018 to reduce fuel imports.

The country imported a total 8.862 million mt of oil products in the first 11 months of last year, down 17.2% on-year, customs data showed.

The Dung Quat refinery is also undertaking an upgrade and expansion project that will increase production capacity to 192,000 b/d in the near future, BSR said, without providing a specific time frame.

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OPIS Naphtha Assessment Explanatory Sheet (ONAES)

Summary

10 Jan 2020

Cycle	OPIS Assessment	Using Japan Swaps Value	Using EW Spread	Using NWE Change	Using Brent Change
H2 Feb	574.75	574.75	574.75	575.75	574.25
spread	10.00	10.00	10.00	10.00	10.00
H1 Mar	564.75	564.75	564.75	565.75	564.25
spread	10.00	10.00	10.00	10.00	10.00
H2 Mar	554.75	554.75	554.75	555.75	554.25
Ref. Value	540.875	540.875	540.875	541.625	537.025

OSN Assessment Explanations:

- 1) There is no outright deal traded in the OSN window today.
- 2) Since there is no outright deal done in the market, there is a need to use secondary reference values for assessment.
- 3) The secondary reference values are calculated using Japan Swaps (shown in detail below), EV Spread, NWE-Change and Brent-Change values.
- 4) Reference points are taken as they were at 4:30pm Singapore time.