



RIM PRODUCTS INTELLIGENCE DAILY

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Notice:

Introduction of RIM Petrochemicals Report

RIM Petrochemicals Daily Report publishes price assessments for ethylene, propylene, butadiene - for monomers - and polyethylene (LDPE, LLDPE, HDPE, etc. of various grades) and polypropylene (Yarn, Injection and BOPP grades, etc.) - for polymers -. Further, the assessments cover aromatics hydrocarbons such as benzene, toluene and mixed xylenes, etc. as well as some intermediates such as pure terephthalic acid (PTA) and ethylene glycol (EG), acrylonitrile (AN), phenol, bisphenol A (BPA) and polyethylene terephthalate (PET), etc. RIM Petrochemicals Daily Report also elaborates on trading conditions and market fundamentals in Northeast and Southeast Asia such as China, Taiwan, Japan and South Korea, and Singapore, Malaysia, Indonesia, Thailand, etc. In addition, the report features market information of regions such as the Middle East and India, which affects Asian markets. The report also contains tender information for petrochemicals. A sample of RIM Petrochemicals Daily Report is available at the following URL.

<https://eng.rim-intelligence.co.jp/uploaded/report/sample/PCE110617.pdf>

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JAPAN DOMESTIC WATERBORNE SPOT MARKET (Barges FOB Refinery/Primary Storage, in Yen/kl)

	Tokyo Bay (Keihin/Chiba)		West Japan (Hanshin/Setouchi)	
	Fixed Price	Floating	Fixed Price	Floating
Gasoline	60,500- 61,000	-300/0	- 60,300- 60,700-	-300/-100
Kerosene	+ 57,600- 57,900+	0/+200	+ 57,200- 57,500+	-100/+100
Gasoil-0.001%S	- 60,500- 61,200-	-300/-100	- 60,000- 60,500-	-500/-300
AFO-1.0%S	60,800- 61,000	-200/0	60,800- 61,500+	-200/0
AFO-0.1%S	60,800- 61,000-	-300/-100	60,800- 61,200	-200/0
LSCFO-0.3%S	58,800- 59,800	0/+200	58,800- 59,800	0/+200
HSCFO-3.0%S	+ 49,700- 50,300	+400/+700	+ 47,700- 48,200+	0/+500

Floating price assessments in premiums or discounts against RIM monthly average

-Tokyo Bay Refinery Rack Index-

Gasoline	60,300	unch.
Kerosene	58,850	unch.
Gasoil-0.001%S	60,000	unch.
AFO-1.0%S	61,425	unch.
LSAFO-0.1%S	61,925	unch.

-Japan Crude Cocktail or JCC (MOF CIF Japan Crude Prices, in Yen/kl)-

Apr 01-30	65,787r	May 01-31	63,004	Jun 01-30	due out on Jul 25
Apr 01-10	65,338	May 01-10	63,655	Jun 01-10	59,379
Apr 11-20	66,230	May 11-20	62,858	Jun 11-20	due out on Jul 06
Apr 21-30	65,498	May 21-31	62,697	Jun 21-30	due out on Jul 25

JAPAN PRODUCT PAPER SWAP ASSESSMENTS (FOB Tokyo Bay in Yen/kl)

	Jul	Aug	Sep
Gasoline	- 60,800- 61,200	+ 61,300- 61,700+	+ 60,400- 60,800+
Kerosene	+ 57,600- 57,900+	+ 58,100- 58,500+	+ 58,400- 58,800+
Gasoil	- 61,000- 61,500-	+ 60,000- 60,600+	+ 60,000- 60,600+
AFO-1.0%S	60,500- 61,500	+ 58,900- 59,800+	+ 58,900- 59,500+
AFO-0.1%S	60,700- 61,700	+ 59,400- 60,000+	+ 59,400- 60,000+
LSCFO	59,000- 60,000	59,000- 60,000	59,000- 60,000


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HSCFO 49,500- 50,500 49,500- 50,500 49,500- 50,500

TOCOM ENERGY FUTURES (FOB Tokyo Bay Refinery/Primary Storage in Yen/kl)

	Open	High	Low	Settle	Change	Volume
Gasoline						
Aug	60,640	61,270	60,550	60,950	+350	225
Sep	59,520	60,250	59,520	60,100	+640	118
Oct	58,110	58,950	58,110	58,730	+650	283
Nov	57,110	58,000	57,050	57,760	+750	326
Dec	56,470	57,550	56,470	57,280	+750	1,639
Jan	56,260	57,340	56,190	57,040	+740	5,013
Total						7,604
Kerosene						
Aug	57,250	58,070	57,250	57,820	+570	266
Sep	57,680	58,330	57,630	58,080	+620	186
Oct	58,540	59,350	58,270	59,130	+660	382
Nov	59,300	60,240	59,180	60,020	+680	252
Dec	59,770	60,740	59,680	60,470	+640	767
Jan	59,780	60,810	59,750	60,490	+630	1,450
Total						3,303
Gasoil						
Aug	-	-	-	61,000	+1,200	-
Sep	-	-	-	60,100	0	-
Oct	-	-	-	61,000	-500	-
Nov	-	-	-	60,500	0	-
Dec	-	-	-	60,700	0	-
Jan	60,700	60,700	60,700	60,700	0	2
Total						2
Crude oil						
Jul	47,440	48,080	47,440	48,010	+460	10
Aug	47,090	47,840	47,090	47,740	+560	257
Sep	47,090	47,750	47,090	47,680	+540	192
Oct	47,040	47,630	46,840	47,530	+540	270
Nov	46,960	47,600	46,830	47,470	+480	1,554
Dec	46,890	47,530	46,800	47,400	+430	3,354
Total						5,637
In contracts of 50 kiloliters						
Open interest(07/03): Gasoline 20,421 Kerosene 18,121 Gasoil 210						
Crude oil 23,611						

CFR JAPAN MR CARGOES (Naphtha and HSFO in \$/mt, Others in \$/bbl)

				-Yen/kl-	-Premium-
Naphtha	+ 789.50-	791.50 +		44,561	3.00/ 4.00
Aug 2nd-half	+ 793.00-	793.50 +			
Sep 1st-half	+ 791.00-	791.50 +			
Sep 2nd-half	+ 789.50-	790.00 +			
Jet/Kerosene	+ 114.35-	114.55 +	57,973		1.35/ 1.55
Gasoil 0.001%S	+ 116.20-	116.30 +	58,885		4.10/ 4.20
LSWR 0.2%S	+ 111.50-	111.60 +	56,504		9.75/ 10.75*
FO 180cst 3.5%S	+ 613.00-	614.00 +	47,429		14.00/ 15.00
LSFO 0.3%S	- 739.00-	749.00 -	55,720		140.00/150.00
--Exchange rate (TTS Yen/\$ as of Jul 03)				80.53	
*Premium to Pertamina Formula					

FOB JAPAN MR CARGOES (HSFO in \$/mt, Others in \$/bbl)

				-Yen/kl-*	-Premium-
Jet/Kerosene	+ 112.55-	112.65 +	56,327		-0.45/ -0.35
Gasoil CARB DIESEL	+ 114.60-	114.70 +	57,353		2.50/ 2.60
Gasoil 0.001%S	+ 114.30-	114.40 +	57,203		2.20/ 2.30
FO 380cst 3.5%S	+ 588.25-	591.25 +	45,730		-3.00/ 0.00
--Exchange rate (TTM Yen/\$ as of Jul 03)				79.53	
*Yen/kl prices exclude Yen 2,040/kl refund.					

FOB SINGAPORE CARGOES (FO in \$/mt, Others in \$/bbl)


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	-Physical-	-Premium-
Mogas 97RON	+ 107.85-107.95 +	21.90/ 22.00*
95RON	+ 106.35-106.45 +	20.40/ 20.50*
92RON	+ 103.05-103.15 +	17.10/ 17.20*
Naphtha	+ 85.90- 86.00 +	-0.05/ 0.05
Jet/Kerosene	+ 113.00-113.10 +	0.00/ 0.10
Gasoil 0.001%S	+ 115.80-115.90 +	3.70/ 3.80
Gasoil 0.05%S	+ 114.50-114.60 +	2.40/ 2.50
Gasoil 0.5%S	+ 112.10-112.20 +	0.00/ 0.10
FO 180cst 3.5%S	+ 601.25-602.25 +	2.25/ 3.25
FO 380cst 3.5%S	+ 593.75-594.75 +	2.50/ 3.50

*Premium to Naphtha

FOB INDONESIA MIXED/CRACKED LSWR CARGOES (in \$/bbl)

	-Physical-	-Premium-
LSWR 0.35%S	+107.75-107.85 +	6.00/ 7.00*
Expected PPF	+101.25-101.35 +	

*Premium to Pertamina Price Formula

SINGAPORE PAPER SWAPS (FO in \$/mt, Others in \$/bbl)

	Jul	Aug	Sep
Naphtha	+ 85.90- 86.00 +	+ 85.60- 85.70 +	+ 85.45- 85.55 +
Jet	+ 112.95-113.05 +	+ 112.95-113.05 +	+ 113.10-113.20 +
Regrade	+ 0.85/ 0.95 +	+ 0.85/ 0.95 +	+ 1.10/ 1.20 +
Gasoil 0.5%S	+ 112.05-112.15 +	+ 112.05-112.15 +	+ 111.95-112.05 +
FO 180cst 3.5%S	+ 598.75-599.25 +	+ 593.75-594.25 +	+ 590.25-590.75 +
FO 380cst 3.5%S	+ 591.00-591.50 +	+ 586.25-586.75 +	+ 583.00-583.50 +

SINGAPORE CRACK MARGINS (Against Dubai Crude Oil, in \$/bbl)

	Jul	Aug	Sep
Naphtha	-10.20	-10.10	-10.03
Jet	16.85	17.25	17.62
Gasoil	15.95	16.35	16.47
FO 180cst	-4.00	-4.37	-4.68
FO 380cst	-5.19	-5.52	-5.80

FOB SOUTH KOREA CARGOES (FO in \$/mt, Others in \$/bbl)

MR Cargoes	-Premium-
Mogas 92RON	+ 103.10- 103.60 + 0.00/ 0.50*
Jet/Kerosene	+ 112.65- 112.75 + -0.35/ -0.25
Gasoil 0.001%S	+ 114.30- 114.40 + 2.20/ 2.30
Gasoil 0.05%S	+ 113.20- 113.30 + 1.10/ 1.20
Gasoil 0.2%S	+ 112.30- 112.40 + 0.20/ 0.30
Gasoil 0.5%S	+ 111.30- 111.40 + -0.80/ -0.70
FO 380cst 3.5%S	+ 593.25- 594.25 + 2.00/ 3.00
LSFO 0.3%S	+ 719.00- 729.00 + 120.00/130.00

SR Cargoes	-Premium-	CFR Japan Parity#
Mogas 91RON	+ 105.60- 106.10 + 2.50/ 3.00*	57,857
Kerosene	+ 113.75- 114.25 + 0.75/ 1.25	61,397
Gasoil 0.001%S	+ 114.80- 114.90 + 2.70/ 2.80	62,232
AFO	+ 112.80- 113.00 + 0.70/ 0.90**	58,454
LSAFO	+ 113.40- 113.60 + 1.30/ 1.50**	58,758
LSFO 0.3%S	+ 719.00- 729.00 + 120.00/130.00	

*Premium to FOB Singapore Mogas 92RON

**Premium to FOB Singapore Gasoil 0.5%S

in Yen/kl, Basis Nagoya

SR Clean Tanker Freight Rates (\$/bbl)

Korea to Tomakomai	3.00-3.20	Korea to Keihin	2.70- 2.90
Korea to Nagoya	2.40-2.60	Korea to Kanmon	2.00- 2.20

FOB TAIWAN CARGOES (in \$/bbl)

MR Cargoes	-Premium-
Jet/Kerosene	+ 112.95- 113.05 + -0.05/ 0.05


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Gasoil 0.001%S	+ 114.45-	114.55 +	2.35/	2.45
Gasoil 0.05%S	+ 113.70-	113.80 +	1.60/	1.70
Gasoil 0.2%S	+ 112.90-	113.00 +	0.80/	0.90
Gasoil 0.5%S	+ 111.70-	111.80 +	-0.40/	-0.30

CFR CHINA CARGOES

Crude Basket Price for China Products (\$/bbl)

Dubai	Cinta	DTD Brt	Average price	Volatility
95.73 +	103.25+	97.96 +	97.31 -	-9.36%

*The average price of Dubai, DTD Brent, Cinta, to which the Chinese government refers when adjusting domestic retail prices for refined products. The government could adjust products prices when volatility of weighted-average price for the last 22 days fluctuates more than 4%.

	(FO in \$/mt, Others in \$/bbl)	(Yuan/mt)	(Yuan/mt)
		-Premium-	-Import Cost-
			-Domestic-
EAST CHINA			
Mogas 93RON***	+ 104.90-105.00 +	1.80/ 1.90	8,284
Gasoil 0.05%S*	+ 114.90-115.00 +	2.80/ 2.90	7,473
			8,800-8,850
			7,350-7,400

SOUTH CHINA			
Mogas 93RON***	+ 105.40-105.50 +	2.30/ 2.40	8,316
Gasoil 0.05%S*	+ 115.40-115.50 +	3.30/ 3.40	7,501
FO 380cst 3.5%S**	+ 604.25-605.25 +	13.00/14.00	5,465
			+ 4,500-4,550 +

--Exchange rate (MIDDLE Yuan/\$ as of Jul 03) 6.3178

***Yuan/mt prices for Mogas include 1% duty, 17% value added tax and Yuan 1,388/mt consumption tax.

*Yuan/mt prices for Gasoil include 0% duty, 17% value added tax and Yuan 940.8/mt consumption tax.

**Yuan/mt prices for FO include 1% duty, 17% value added tax and Yuan 812/mt consumption tax.

China gasoil Domestic prices are of 0.035%S grade.

China FO Domestic prices are of bunker use grade.

FOB ARABIAN GULF CARGOES (Naphtha and HSFO in \$/mt, Others in \$/bbl)

			-Premium-
Naphtha	+ 759.75-	760.75 +	12.00/ 17.00
Kerosene	+ 109.70-	109.80 +	1.30/ 1.50
Gasoil 0.5%S	+ 108.80-	108.90 +	1.80/ 2.00
FO 180cst 3.5%S	+ 590.75-	591.75 +	

ASIA BUNKER PRICES (\$/mt)

	180cst	280cst	380cst	MDO
Japan*				
Tokyo Bay*	638.00-641.00	635.00-638.00	628.00-631.00	835.00- 845.00
West Japan*	642.00-645.00	639.00-642.00	632.00-635.00	835.00- 845.00
Ise Bay*	640.00-643.00	637.00-640.00	630.00-633.00	835.00- 845.00
#Rim Average-Jul	639.50	636.50	629.50	850.00
S. Korea*				
	+632.00-637.00+	+628.00-633.00+	+617.00-620.00+	871.00- 881.00
Taiwan*				
	-646.00-646.00-		-634.00-646.00+	878.00- 878.00+
China				
Dalian***	+645.00-648.00+	-	-	+1,030.00-1,040.00+
Shanghai***	+635.00-638.00+	-	+605.00-608.00+	+1,030.00-1,040.00+
Qingdao***	+657.00-659.00+	-	+627.00-630.00+	+1,030.00-1,040.00+
Hong Kong*	+605.00-607.00+	+602.00-603.00+	+595.00-597.00+	730.00- 740.00-
Singapore*	+602.00-604.00+	+598.00-599.00+	+588.00-590.00+	825.00- 835.00+
Bangkok*	+633.00-635.00+	-	+608.00-610.00+	905.00- 915.00

--Note: *Delivered, ***LDO,

#Rim Tokyo Bay average

ASIA PRODUCTS MARKET COMMENTARY
GASOLINE:

On Jul 2, CPC Co. in Taiwan issued a sell tender of 30,000mt 92RON gasoline for Aug 1-31 loading. It will decide which grade to sell based on buyer's demand or



market prices. It will be closed on Jul 4 with bids valid till Jul 6. Last time, CPC had sold 30,000mt for Jul loading at a premium of \$1.00-1.10/bbl to Singapore quotations to BP. A sense of tightness is emerging in Asia as exports from China are decreasing. Exports from China in Jun were likely at less than 150,000mt. Chinese state-owned companies are said to sell gasoline at home unless exports prices would recover.

FOB Singapore prices for 92RON gasoline surged \$2.80/bbl to \$103.05-103.15/bbl on Tuesday. Along with the growing naphtha paper values, the widening gasoline premiums against naphtha pushed up the market further. The Jul naphtha swaps contract was valued at \$85.95/bbl, up \$2.20//bbl from the previous day. Buying and selling ideas were indicated at premiums in the range of \$17.10-17.20/bbl to the spot quotations, up 60cts/bbl from a day before.

NAPHTHA:

The open-spec naphtha prices in Asia extended gains by \$18.25/mt from a day before to \$789.5-791.5/mt on a rise crude oil prices and an increase in naphtha cracker operation rate in Asia. All naphtha crackers of Taiwan's Formosa Petrochemical Corporation (FPCC) were temporary shutdown in Jun and the company moved on to purchase ethylene in the spot market. This led an increase in operation rate of naphtha crackers in South Korea and South East Asia. In late-Jun, major South Korean petrochemical companies except for Yeochun NCC Co, (YNCC) raised the operation rate of their naphtha crackers to 100%. Moreover, it was said that Malaysia's Titan Chemicals Co raised the operation rate of their naphtha crackers (the total ethylene production of two crackers 730,000 mt/year) in Pasir Gudang from 90% to 100%.

The benchmark Sep crude contract on the Inter-continental Exchange (ICE) extended gains by \$1.40/bbl from the previous day to \$97.59/bbl in Asian evening time. Open-spec naphtha prices for H2 Aug arrival were at \$793-793.5/mt, H1 Sep arrival at \$791-791.5/mt and H2 Sep arrival at \$789.5-790/mt. In outright trades in open-spec naphtha forward market, there were several bids were made, unlike the previous day, but no offers could be seen. H1 Sep arrival was made a bid at \$782/mt and H2 Sep arrival was made a bid at \$780/mt, relatively lower prices.

On the timing spreads, the H1 Aug/H1 Sep inter-month spread was in backwardation of \$3.5/mt, widening by \$2/mt. The Sep Brent/H1 Sep naphtha widened by \$8.5/mt to \$59.5/mt.

In physical spot trades, South Korea's LG Chem purchased a MR-size cargo of open-spec grade naphtha (paraffin content 70%) for H1 Aug arrival. The price for the cargo delivery to Daesan was at a premium of \$3.25-3.5/mt to Japan spot quotations to be assessed 30 days before cargo delivery. In Monday market, Honam Petrochemical purchased a cargo for H1 Aug arrival in Yeosu at a premium of \$2/mt. In the same condition, the cargo for arrival in Daesan is usually 50cts-\$1/mt higher than that for arrival in Yeosu.

Malaysia's Titan Chemicals Co purchased 50,000 mt of full-range naphtha for Aug 11-12 arrival in Pasir Gudang in the spot market. The price was said to have been flat to Japan spot quotations. Titan Chemicals last week, purchased 50,000 mt of full-range naphtha for Aug 5-10 arrival at a discount of \$1-1.5/mt.

The operation rate of FPCC's No.2 naphtha cracker (1.03-mil mt/year), which was restarted on Jun 30, recovered to 80%. The No.2 and No.3 cracker (1.2-mil mt/year) were urgently shutdown on Jun 20 because of an electricity supply failure due to a typhoon. Its No.1 naphtha cracker (700,000 mt/year) was halted for the planned maintenance from Jun 19 and will be restarted on Aug 5. The No.3 naphtha cracker will be restarted on Jul 10. However, the No.2 naphtha cracker will be halted again for inspection from mid-Aug for about three weeks. The average operation rate of FPCC's three naphtha crackers were at 90% in Feb and Mar, 95% in Apr, 80% in May and 35% in Jun. FPCC have not purchased naphtha in the spot market since Jun arrival and will not purchase for a while.

India's Bharat Petroleum Corporation Limited (BPCL) issued a sell tender for 35,000 mt of naphtha for Aug 10-12 ex Mumbai. The tender closes on Jul 5 with validity until Jul 6. BPCL previously awarded its sell tender for Jul 25-27



loading cargo to Unipecc at a premium of about \$17/mt to Middle East spot quotations.

As of Tuesday evening time in Asia, North West Europe (NWE) Jul swaps prices extended gains by \$19.5/mt to \$780-782/mt in Asian trading time. Prices for Aug and Sep were at \$771.5-773.5/mt and at \$772.5-774.5/mt, respectively. The H1 Sep Asia/Aug NWE spread widened by \$6/mt from a day before to \$18.75/mt in favour of Asia.

JET/KEROSENE:

FOB Taiwan MR-size cargoes of jet fuel were assessed down 5cts/bbl on Tuesday in the range at a discount of 10cts/bbl to a premium of 10cts/bbl to Singapore quotations. On Jul 3, Formosa Petrochemical Co. or FPCC sold 300,000 bbl jet fuel for Aug 1-5 loading through a tender. A Chinese oil company was awarded at a premium of less than 5cts/bbl to the quotations. Market players are still in a wait-and-see mode for Aug cargoes. End-users are less likely to pay higher premiums as of now. As has been reported, FPCC is supposed to sell two MR-size cargoes for Aug loading including the one this time.

FOB Singapore prices for jet fuel strengthened 80cts/bbl to \$113.00-113.10/bbl. The rising paper swaps values pushed up the market. The Jul swaps contract was valued at \$113.00/bbl, up 80cts/bbl from the previous day. Buying and selling ideas were indicated in the range at flat to a premium of 10cts/bbl to the spot quotations, flat from a previous day.

GASOIL:

FOB South Korea MR-size cargoes of 0.001% sulfur gasoil were assessed flat on Tuesday at premiums in the range of \$2.20-2.30/bbl to Singapore quotations (0.5%S). Refineries in South Korea are in a wait-and-see mode as talks are shifting to Aug cargoes. According to market sources, S-Oil is likely to sell two or three MR-size cargoes of 0.001% sulfur gasoil for Aug. In Asia, Oil Majors such as BP and Shell keep buying 0.001% sulfur gasoil for Australia markets. For the time being, a sense of tightness cannot be dissolved because of refinery turnaround in Singapore. In the meantime, Japan's Cosmo Oil will possibly import a gasoil cargo for Aug delivery. Its 220,000b/d Chiba refinery has completely been halted for regular maintenance and a glitch.

CFR East China MR-size cargoes of 0.05% sulfur gasoil were assessed unchanged at premiums in the range of \$2.80-2.90/bbl over FOB Singapore quotations (0.5%S). In East China, domestic prices for 0.035% sulfur gasoil on an ex-primary storage basis were in the range of Yuan 7,350-7,400/mt, unchanged from a day before.

FOB Singapore prices for 0.5% inched up 70cts/bbl to \$112.10-112.20/bbl on Tuesday. The rising paper swaps values pushed up the market. The Jul swaps contract was valued at \$112.10/bbl, up 70cts/bbl from a day earlier. Buying and selling ideas were indicated in the range at flat to a premium of 10cts/bbl to the spot quotations, unchanged from Monday.

LSWR:

The fixed prices of cracked LSWR extended gains by 65cts/bbl from a day before on a rise in Singapore fuel oil prices. 180cst sentiment did not increase due to Japan's sluggish imports. Some Japanese importers started to seek H2 Aug arrival cargoes, slightly earlier than usual. This was because trading prices for Japan did not go up even before the demand season and the buyers had a sense of low prices. However, spot imports were limited and ample prompt supply was not eased. It was said that V1,250, Indonesian LSWR, was offered at a premium of below \$140/mt to 180cst Singapore quotations. Importers need to blend the cargoes to use them in Japan, but the offer prices were below the cost for blend.

Formula or PPF, which market players to be applied for loading on Jul 30 to Aug 10 would be at \$101.30/bbl, up by 65cts/bbl. Spot premiums to PPF were flat from a day before at \$6-7/bbl. As of Tuesday, the differentials expressed in bids and offers would translate into a fixed price of \$107.75-107.85/bbl.

**FUEL OIL:**

CFR Japan MR-size cargoes of 0.3% sulfur fuel oil were assessed down \$5.00/mt on Tuesday at premiums in the range of \$140.00-150.00/mt to Singapore quotations. Prices kept falling because of weak demand. A refinery in Japan bought an MR-size cargo for H1 Aug delivery in Tokyo Bay area at a premium of \$140/mt CFR in terms of 0.95 in density. Some market sources said the premium could be less than \$140/mt. Meanwhile, on Jul 3, Essar Oil in India issued a sell tender of 42,000mt 0.3% sulfur fuel oil for Jul 29 to Aug 2 loading. It will be closed on Jul 5 with bids valid on another day. Last time, the company sold 40,000-45,000mt 0.3% sulfur fuel oil for Jul 11-15 loading at a premium of \$75-80/mt FOB. The buyer was Trafigura. Also, Malaysia state-owned Petronas is selling 120,000 bbl 0.3% sulfur straight run fuel oil (0.91 in density and 0.3% in sulfur content) for H2 Jul loading.

CFR South China LR-size cargoes of 3.5% sulfur fuel off Singapore were assessed flat on Tuesday at premiums in the range of \$13.00-14.00/mt over FOB Singapore quotations. In Guangdong Province, Huangpu waterborne prices for high-sulfur fuel oil were in the range of Yuan X,XXX-X,XXX/mt on Tuesday, unchanged from a day before. The price was below the import cost by Yuan 940/mt, or \$148.78/bbl. The Aug fuel oil contract prices on the Shanghai futures exchange ended at Yuan 4,525/mt.

FOB Singapore prices for 180cst fuel oil rose by \$3.00/mt to \$601.25-602.25/mt. The rising paper swaps values led the market higher. The Jul swaps contract was valued at \$599.00/mt, up \$4.75/mt from a day before. Buying and selling ideas for 180cst fuel oil were indicated at premiums in the range of \$2.25-3.25/mt, down \$1.75/mt from the previous day. On Jul 3, offers for 180cst fuel oil ex Singapore were heard at a premium of \$4.50/mt to the spot quotations. Bids were heard at a premium of \$1.00/mt.

In the paper swaps market in Singapore, the Jul balance 180cst outright rose further by \$4.75/mt to \$599/mt. The 380cst Jul balance paper swaps rose by \$9/mt to \$591.25/mt. On the 180cst timing spread, the Jul balance/Aug spread was at \$5/mt and the Aug/Sep spread at \$3.5/mt, both narrowing by 75cts/mt from a day before. The cracked spread for Jul balance 180cst was at minus \$4/mt, down by \$1.41/mt.

ASIA BUNKER MARKET COMMENTARY**JAPAN:**

The price for 380cst was flat from a day before at \$628-631/mt in Tokyo Bay and at \$632-635/mt in Western Japan. Prices did not go up in Japan due to the sluggish demand. Offers for 380cst over 500 mt were heard at \$628-640/mt in Tokyo Bay and at \$634-650/mt in Western Japan. In Tokyo Bay 800 mt of 380cst was traded at \$628/mt. Moreover, in Matsuura, there was an inquiry for 400-500 mt of 380cst. In Monday trades, 300 mt of 380cst Tokyo Bay delivery was traded at \$627/mt and 300 mt of 380cst Western Japan delivery was traded at \$640/mt. RIM's Jul monthly average price for 380cst in Tokyo Bay was estimated at \$629.5/mt, up \$1.62/mt from the previous month, as of Tuesday.

SOUTH KOREA:

The price for 380cst in South Korea rose by \$9/mt from a day before to \$617-620/mt on a rise in crude oil prices and an increase in demand. As of 17:00 local time, Hyundai offered 380cst at \$617/mt, SK Energy at \$619/mt and GS Caltex at \$620/mt, all up by \$6-10/mt from a day before. However, S-Oil was said to have offered at around \$610/mt, up by \$3/mt for inquiries of large volumes.

SINGAPORE:

The price for 380cst in Singapore extended gains by \$5/mt from the previous day to \$588-590/mt on an increase in fuel oil cargo prices. As of 17:00 local time, offers for 380cst were heard at \$589-595/mt on a delivered basis. However, it was also said that 380cst was offered at competitive prices of around \$585/mt. The ex-wharf 380cst values increased further by \$6/mt to \$597-599/mt. Most traders were offering for loading on Jul 6 onward.

ASIA PRODUCATS TRANSACTIONS:



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Date	Product	Quantity	Seller	Buyer	Price(\$)	Basis	Timing
--JET							
07/03	JET	300kb	FPCC	Chinese company	Spr+5cts	FOB	8/1-5

MARKET NEWS:

-- S Korea crude throughput at 2.55-mil b/d, down 1.0% on week

Combined crude oil throughput in South Korea was at 2.55-mil b/d as of Jul 3, down 1.0% on week, according to a RIM survey of refiners' operating rates on Tuesday. South Korea has a total actual refining capacity of 2.83-mil b/d. Utilization of refining capacity was at 89.9%, down 0.9 percentage point from the previous week (SEE TABLE BELOW). According to market sources, GS Caltex reduce the crude run rate at its 750,000b/d Yoesu refinery to 710,000b/d, down 2.7% on week. Likewise, Hyundai Oilbank lowered the crude throughput at its 390,000b/d Daesan refinery to 315,000b/d, down 1.6% from the previous week.

	SK ENERGY	GS CALTEX	S-OIL	HYUNDAI	
	1,115	750	575	390	(1,000b/d)
07/03/12	89.7	94.7	90.4	80.8	89.9
06/26/12	89.7	97.3	90.4	82.1	90.8
06/19/12	89.7	97.3	90.4	82.1	90.8
06/12/12	89.7	97.3	90.4	82.1	90.8

--China= crude 3 refineries operation rate up to 81.1%

A RIM survey showed that the early-Jul average crude throughput for Sinopec Corp, China National Offshore Oil Corporation (CNOOC) and PetroChina was at 6.03-mil b/d, up 5.1% from late-Jun (5.74-mil b/d). Three refineries were restarted in the end of Jun. However, their operation rate was low on a weakened oil products quotation. SINOPEC requested for its group companies to cut their operation rate further. Moreover, it was expected that the government would decrease controlled prices for oil products in Jul on a further decrease in international crude oil prices. The official total throughput of three companies' crude distillation units was 7.44-mil b/d. Refineries' average operation rate was up by Refineries' average operation rate was up by 3.9 percentage points from the previous week to 81.1% of the official throughput.

Refinery	Capacity (b/d)	Regular maintenances and operation conditions
SINOPEC		
Shanghai	280,000	CDU (120,000 b/d) restarted in late Jun
Wuhan	170,000	Total halt for the maintenance from Jun 5-Jul 20
Qilu	250,000	maintenance in Oct
Qingdao Petchem	100,000	Total halt for maintenance from Jul 30 for 45 days
Maoming	270,000	cut operation rate

PETROCHINA		
JiLin Petchem	200,000	restarted from maintenance in the end of Jun
Dagang	110,000	restarted from maintenance in the end of Jun

Refinery	Location	Capacity (b/d)	Run Rate (%)	
			early-Jul-12	late-Jun-12
SINOPEC				
Zhenhai	Ningbo, Zhejiang	460,000	95.0	95.0
Shanghai	Shanghai	280,000	81.0	46.0
Jinling	Nanjing, Jiangsu	360,000	73.0	73.0
Gaoqiao	Shanghai	226,000	97.0	97.0
Yangzi	Nanjing, Jiangsu	180,000	94.0	94.0
Fujian	Quanzhou, Fujian	240,000	76.0	76.0
Wuhan	Wuhan, Hebei	170,000	0.0	0.0
Jiujiang	Jiujiang, Jiangxi	130,000	69.0	76.0
Changling	Yueyang, Hunan	160,000	88.0	94.0
Yanshan	Beijing	320,000	71.0	71.0
Qingdao	Qingdao, Shandong	200,000	104.0	100.0
Luoyang	Luoyang, Henan	200,000	73.0	73.0
Tianjin	Tianjin	310,000	81.0	81.0
Jinan	Jinan, Shandong	100,000	82.0	85.0

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Shijiazhuang	Shijiazhuang, Hebei	100,000	80.0	80.0
Qilu	Zibo, Shandong	250,000	82.0	86.0
Qingdao Petchem	Qingdao, Shandong	100,000	77.0	77.0
Guangzhou	Guangzhou, Guangdong	310,000	78.0	78.0
Maoming	Maoming, Guangdong	270,000	87.0	95.0
Hainan	Hainan	160,000	110.0	110.0
Dongxing	Zhanjiang, Guangdong	100,000	98.0	98.0
CNOOC				
Huizhou	Huizhou, Guangdong	240,000	101.0	101.0
PETROCHINA				
GuangXi Petchem	GuangXi, QinZhou	200,000	94.0	94.0
Dalian	Dalian, Liaoning	410,000	86.0	89.0
Fushun	Fushun, Liaoning	230,000	63.0	63.0
Dailan Wepec	Dalian, Liaoning	200,000	79.0	80.0
Jinzhou	Jinzhou, Liaoning	150,000	83.0	90.0
Jinxi	Huludao, Liaoning	140,000	81.0	81.0
JiLin Petchem	JiLin	200,000	88.0	0.0
Daqing Petchem	Daqing, Heilongjian	140,000	63.0	63.0
Daqing	Daqing, Heilongjian	140,000	65.0	65.0
Lanzhou	Lanzhou, Gansu	220,000	103.0	103.0
Dagang	Tianjin	110,000	80.0	0.0
Dushanzi	Xinjiang	320,000	62.0	62.0
Urumqi	Xinjiang	110,000	80.0	80.0
Total		7,436,000	81.1	77.2

--Kansai Electric's 6 thermal power units suspended as of Tuesday

Thermal power generation facilities Japanese utility Kansai Electric Power Co. took offline for safety checkups and other work as of Tuesday were six units amounting to 2,860 MW in output capacity, comprising five oil-fired thermal power generation units with a combined output capacity of 2,410 MW and one LNG-fired thermal power generation unit with capacity of 450 MW, up two units or 820 MW from four units or 2,030 MW on Monday.

Meanwhile, output capacity of the utility's thermal power generation facilities was not curbed as of Tuesday for a second day in a row.

-- Indonesia cuts June Minas crude term price by \$14.30/bbl to \$103.37/bbl

Indonesia's state-run BPMigas Monday set the term contract price (ICP), or Indonesia Crude Oil Price (OSP), for June-loading Minas at \$103.37/bbl, down \$14.30/bbl from the previous month. The Minas crude ICP fell by double-digit rates for two straight months, as the benchmark Brent crude prices fell further in June. Other June ICPs also declined by double-digit rates from the previous month across the grades. Especially, the price of Senipah condensate was reduced sharply by nearly \$17.00/bbl, undermined by the deteriorating crack spreads for naphtha.

--7 CDUs halted in Japan as of Monday

A survey by RIM on the number of suspended crude distillation units (CDUs) in Japan found seven units or a combined 783,000 barrels per day (b/d) were halted as of Monday, up one unit or 83,000 b/d from a week earlier. This reflects the shutdown of the 83,000 b/d No. 3 CDU at TonenGeneral Sekiyu K.K.'s Kawasaki refinery for a glitch on June 28. As a result, the shutdown rate rose from 15.6% to 17.5% of the nation's total refining capacity of 4,479,424 b/d at 39 CDUs of 27 refineries.

By area, the shutdown rate as of Monday stood at 19.5% for Kashima and northward; 38.9% for Keihin; zero for Chukyo in central Japan; zero for Hanshin (Osaka-Kobe); and 7.1% for Seto Inland Sea area and westward. By refiner group, the rate stood at zero for JX Nippon Oil & Energy Corp.; 21.9% for Idemitsu Kosan Co; 34.6% for Cosmo Oil Co.; 40.1% for TonenGeneral Sekiyu group; and zero for Showa Shell Sekiyu K.K.

Toa Oil Co. completed regular maintenance on the mainline 65,000 b/d CDU at its Keihin refinery on June 20, while Cosmo Oil was known to have shut down the 100,000 b/d No. 1 CDU at its Chiba refinery for safety checkups in mid-June.

The completion of maintenance on the mainstay 185,000 b/d No. 2 CDU of TonenGeneral Sekiyu's Kawasaki refinery has been delayed due in part to a glitch



in the No. 3 CDU. As the 67,000 b/d No. 1 CDU at the refinery is idle for production adjustment, The Kawasaki refinery has now come to a complete halt. The routine maintenance on the No. 2 CDU was originally due to end by the end of June. Cosmo Oil was forced to shut down the No. 1 CDU at its Chiba refinery. With the No. 1 CDU already shut down, the Chiba refinery is now completely offline. At the refinery, asphalt was leaked into sea from a tank on June 28. As a result, the 1,000 m3 asphalt tank is now out of use. Shipment of oil products from the refinery, however, has been ongoing normally.

A fire broke out at an LPG tank at Taiyo Oil Co.'s Shikoku refinery on June 27 amid maintenance work on the 88,000 b/d No. 1 CDU and the 25,000 b/d residual fluid catalytic cracker (RFCC). The fire, however, did not affect production or shipments of oil products from the refinery. The 32,000 b/d No. 2 CDU, due for shutdown for planned maintenance on July 15, is running normally, along with other refining units. The shutdown of the No. 2 unit is slated to last until Aug. 5. The ongoing maintenance work on the No. 1 CDU is due to end on July 10.

At Idemitsu's Hokkaido refinery, where large-scale quadrennial maintenance work is currently under way, the 140,000 b/d CDU is expected to restart as early as July 11. The unit had been shut down June 3. Secondary units are slated to restart one after another from mid- to late July.

On secondary units, Toa Oil restarted the 27,000 b/d flexicoker at its Keihin refinery by the end of June. The glitch in the flexicoker caused a longer-than-expected shutdown of its CDU. Meanwhile, Showa Yokkaichi Sekiyu Co. is expected to restart the 45,000 b/d residual desulfurization (RDS) unit at its Yokkaichi refinery on July 17. The unit had been shut down for regular maintenance on May 15. JX is going to restart secondary units at its Sendai refinery in succession. The units had been shut down for regular maintenance on June 4. The 145,000 b/d CDU as well had been shut down temporarily.

--NYMEX crude retreats on slowdown in global manufacturing sector

NYMEX crude oil futures slipped back sharply on Monday as growing concerns over a slowdown in the global manufacturing industries spurred profit-taking. The Aug contract was down \$1.21/bbl at \$83.75/bbl.

The market was weighed down by active profit-taking in response to a 9.4% or \$7.27 surge late last week. Worries over fading demand reflecting a slowdown in the global manufacturing sector undermined market sentiment. Data from the US Institute Supply Management (ISM) manufacturing index in June slipped sharply from the previous month at 49.7, falling below 50 for the first time in about three years and indicating the shrinking activity.

Separate economic indicators released on Monday also showed a slowdown in manufacturing industries in Europe and China.

Meanwhile, in the foreign exchange market, the euro slipped against the dollar, making dollar-based commodities expensive. The dollar's gain also lured profit-taking.

Brent crude futures retreated. The August Brent contract fell 46cts/bbl to \$97.34/bbl. The August WTI's discount against Brent was at \$13.59/bbl, widening 75cts/bbl or 5.8% from the previous day. August RBOB was down 0.79cts/gallon at 262.39cts/gallon. August heating oil was down 3.40cts/gallon at 267.59cts/gallon. The August WTI contract was traded at \$83.47/bbl as of 8:45 Tokyo time on Tuesday, down 28cts/bbl from the previous day.

--NYMEX Aug gas unchanged to settle at \$2.824 Monday

NYMEX August natural gas contracts showed no change to settle at \$2.824 million British thermal units on Monday. Both bullish and bearish factors were seen in the market. Market sources expect gas demand for air condition to lower in U.S. Northeast and Midwest, the prime gas consuming regions, this week end as the weather reports call for milder weather. Meanwhile, market sources estimate to see a lower stockbuild than last year and the past-five-year rolling average for the week. For the inventory data to be released on Thursday, market sources expect a roughly 52 billion cubic feet (bcf) build versus a 84 bcf build for the same week of last year and a 85 bcf build for the past five-year rolling average. Physical gas prices at Henry Hub, the NYMEX delivery point, slid 0.35cts to finish at \$2.7341.

ICE August gas contracts rose 1.3cts to settle at \$8.735, buoyed by tight British market. Gas import from the Netherlands declined while export demand to Belgium is higher than expected. The spread between NYMEX and ICE August gas futures widened 1.3cts from last Friday to result in \$5.910 (ICE is higher). According to the



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latest data of National Grid, within-day delivery physical average gas prices in the U.S. dollar term ended at \$8.733 on Sunday, down 5.6cts from a day before. In the Access electronics trade, NYMEX front-month August natural gas is traded at \$2.829/mmBtu at 9:20am Tuesday Tokyo hours, up 0.5cts from Monday's close.

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