

RIM PRODUCTS INTELLIGENCE DAILY

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--Tokyo, 20:00 JST 01 Jul 2013

Information

Notice of Assessment Change

Starting on Aug 1 2013, RIM will change 3.5%S Fuel Oil spec in CFR JAPAN MR CARGOES from current 180cst to 380cst.

*CFR JAPAN MR CARGOES

FO 180cst 3.5%S → FO 380cst 3.5%S

Notice of Rim Data File Renewal

We at Rim Intelligence will revamp the Rim Data File from June. Besides the existing crude and petroleum products data, we plan to make the data file more comprehensive by adding LPG, LNG and petrochemical data as well. We will also include tables and graphs for easy reference. We believe that with more items added, the revamped Data File will find a wider scope of use. For inquiries, please contact the Rim Data File team.

Notice of Publication of Polyolefins Report

The petrochemical team at Rim Intelligence issued a new polyolefins report focusing on olefins and polyolefins in May. Through our information network developed in publishing the petrochemicals report, which covers a wide range of petroleum and petrochemical products from crude and naphtha to aromatics and synthetic fiber feedstocks, we aim to provide services with more specific contents. The subscription fee is US\$2,400 a year. For a trial subscription, inquiries or comments, please free feel to contact us.

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[RIM Reports] *Please click on the following links to see samples of each type of report. **Samples are not today's issue:**

[Crude/Condensate](#) [Bunker](#) [LPG](#) [LNG](#) [Petrochemical](#)

[RIM Data File](#) [Petrochemical Data](#) [RIM Website \(Chinese Ver.\)](#)



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	73,900- 74,400	-300/-100	+ 75,400- 76,000+	0/+200
Kerosene	+ 72,800- 73,400-	-100/+100	72,000- 73,000	-100/+100
Gasoil-0.001%S	- 74,600- 75,000-	0/+100	- 75,500- 76,000-	0/+100
AFO-1.0%S	72,800- 73,400+	-200/+100	72,800- 73,500+	0/+200
AFO-0.1%S	+ 71,900- 72,900+	0/+200	- 72,200- 72,900-	0/+200
LSCFO-0.3%S	68,100- 69,100	0/+200	68,100- 69,100	0/+200
HSCFO-3.0%S	62,700- 63,700	+400/+700	60,800- 61,800	+400/+700

Floating price assessments in premiums or discounts against RIM monthly average

-Tokyo Bay Refinery Rack Index-

Gasoline	73,600	unch.
Kerosene	73,750	unch.
Gasoil-0.001%S	71,900	unch.
AFO-1.0%S	71,700	unch.
LSAFO-0.1%S	72,000	unch.

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

Apr 01-30	67,134r	May 01-31	66,550	Jun 01-30	due out on Jul 24
Apr 01-10	67,453	May 01-10	67,180	Jun 01-10	67,863
Apr 11-20	65,574	May 11-20	65,309	Jun 11-20	due out on Jul 05
Apr 21-30	68,424	May 21-31	67,022	Jun 21-30	due out on Jul 24

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

	Jul	Aug	Sep
Gasoline	74,200- 74,500	74,400- 74,900	73,700- 74,200
Kerosene	+ 73,600- 73,900	- 73,500- 73,900-	+ 73,600- 74,000+
Gasoil	74,700- 75,700	74,100- 74,700	74,000- 74,600
AFO-1.0%S	72,800- 73,400	72,500- 73,100	72,500- 73,100
AFO-0.1%S	73,000- 73,600	72,700- 73,300	72,700- 73,300
LSCFO	67,000- 68,000	67,000- 68,000	67,000- 68,000
HSCFO	61,500- 62,500	61,500- 62,500	61,500- 62,500

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

	Open	High	Low	Settle	Change	Volume
Gasoline						
Aug	73,380	73,900	73,330	73,810	-50	206
Sep	73,030	73,200	72,490	73,160	-20	145
Oct	72,680	72,840	72,110	72,830	0	117
Nov	72,260	72,500	71,750	72,480	-40	172
Dec	71,970	72,170	71,290	72,140	-50	1,282
Jan	71,920	72,040	71,130	72,000	-130	3,122
Total						5,044
Kerosene						
Aug	72,980	73,600	72,900	73,490	-60	44
Sep	73,170	73,590	72,820	73,570	+90	39
Oct	73,500	73,830	73,200	73,830	-110	21
Nov	74,280	74,520	73,830	74,520	-30	72
Dec	74,760	75,100	74,340	75,100	-30	312
Jan	74,900	75,220	74,420	75,190	-40	729
Total						1,217
Gasoil						
Aug	74,700	74,700	74,700	74,400	+300	10
Sep	-	-	-	74,760	0	-
Oct	-	-	-	72,300	0	-
Nov	-	-	-	69,080	0	-


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Dec	-	-	-	72,060	0	-
Jan	-	-	-	72,060	0	-
Total						10
Crude oil						
Jul	61,640	61,940	61,500	61,940	-60	31
Aug	61,440	61,620	61,250	61,620	-80	21
Sep	61,340	61,380	60,880	61,380	-100	32
Oct	61,060	61,210	60,640	61,180	-60	90
Nov	60,820	61,000	60,410	60,980	-60	1,288
Dec	60,580	60,780	60,210	60,760	-	1,044
Total						2,506

In contracts of 50 kiloliters

Open interest (07/01): Gasoline	20,699	Kerosene	13,492	Gasoil	10
		Crude oil	18,583		

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

				-Yen/kl-	-Premium-
Naphtha	-	845.25-	848.25 -	59,516	4.00/ 5.00
Aug 2nd-half	-	850.25-	850.75 -		
Sep 1st-half	-	847.75-	848.25 -		
Sep 2nd-half	-	845.25-	845.75 -		
Jet/Kerosene	-	118.20-	118.40 -	74,716	2.10/ 2.30
Gasoil 0.001%S	-	120.85-	120.95 -	76,358	2.50/ 2.60
LSWR 0.2%S		102.80-	102.90	64,958	3.75/ 4.25*
FO 180cst 3.5%S	+	613.00-	614.00 +	59,137	14.00/ 15.00
LSFO 0.3%S	+	694.00-	704.00 +	65,975	95.00/105.00
--Exchange rate (TTS Yen/\$ as of Jul 01)				100.41	

*Premium to Pertamina Formula

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

				-Yen/kl-*	-Premium-
Jet/Kerosene	-	116.10-	116.20 -	72,627	0.00/ 0.10
Gasoil CARB DIESEL	-	118.65-	118.75 -	74,222	0.30/ 0.40
Gasoil 0.001%S	-	118.35-	118.45 -	74,034	0.00/ 0.10
FO 380cst 3.5%S	-	582.00-	585.00 -	56,556	-3.00/ 0.00
--Exchange rate (TTM Yen/\$ as of Jul 01)				99.41	

*Yen/kl prices exclude Yen 2,290/kl refund.

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

				-Physical-	-Premium-
Mogas 97RON	+	120.20-	120.30 +	28.30/	28.40*
95RON	+	116.90-	117.00 +	25.00/	25.10*
92RON	-	112.90-	113.00 -	21.00/	21.10*
Naphtha	-	92.15-	92.25 -	0.05/	0.15
Jet/Kerosene	-	116.60-	116.70 -	0.50/	0.60
Gasoil 0.001%S	-	120.75-	120.85 -	2.40/	2.50
Gasoil 0.05%S	-	120.35-	120.45 -	2.00/	2.10
Gasoil 0.5%S	-	118.65-	118.75 -	0.30/	0.40
FO 180cst 3.5%S	-	606.00-	607.00 -	7.00/	8.00
FO 380cst 3.5%S	-	584.00-	585.00 -	-1.00/	0.00

*Premium to Naphtha

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

				-Physical-	-Premium-
LSWR 0.35%S		99.05-	99.15	0.00/	0.50*
Expected PPF		98.80-	98.90		

*Premium to Pertamina Price Formula

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

		Jul		Aug		Sep
Naphtha	-	91.85-	91.95 -	91.30-	91.40 -	90.80-
						90.90 -



Jet	- 116.05-116.15	-	- 115.75-115.85	-	- 115.70-115.80	-
Regrade	- 2.30/ -2.20	-	- 0.90/ -0.80	-	- 0.30/ -0.20	-
Gasoil 0.05%S	- 118.30-118.40	-	- 116.60-116.70	-	- 115.95-116.05	-
FO 180cst 3.5%S	+ 598.75-599.25	+	- 593.50-594.00	-	- 593.50-594.00	-
FO 380cst 3.5%S	- 584.75-585.25	-	- 586.50-587.00	-	- 586.50-587.00	-

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

	Jul	Aug	Sep
Naphtha	-7.86	-7.98	-8.05
Jet	16.34	16.47	16.85
Gasoil	18.59	17.32	17.10
FO 180cst	-7.61	-7.98	-7.55
FO 380cst	-9.76	-9.06	-8.63

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

MR Cargoes	-Premium-	
Mogas 92RON	- 113.05- 113.55	- 0.10/ 0.60*
Jet/Kerosene	- 116.10- 116.20	- 0.00/ 0.10
Gasoil 0.001%S	- 118.55- 118.65	- 0.20/ 0.30
Gasoil 0.05%S	- 117.95- 118.05	- -0.40/ -0.30
Gasoil 0.2%S	- 117.15- 117.25	- -1.20/ -1.10
Gasoil 0.5%S	- 115.75- 115.85	- -2.60/ -2.50
FO 380cst 3.5%S	- 587.00- 588.00	- 2.00/ 3.00
LSFO 0.3%S	+ 679.00- 689.00	+ 80.00/ 90.00

SR Cargoes	-Premium-	CFR Japan Parity#
Mogas 91RON	- 114.45- 114.95	- 1.50/ 2.00* 77,750
Kerosene	- 117.10- 117.60	- 1.00/ 1.50 78,836
Gasoil 0.001%S	- 119.05- 119.15	- 0.70/ 0.80 80,345
AFO	- 117.25- 117.45	- -1.10/ -0.90** 76,200
LSAFO	- 117.85- 118.05	- -0.50/ -0.30** 76,579
LSFO 0.3%S	+ 689.00- 699.00	+ 90.00/100.00

*Premium to FOB Singapore Mogas 92RON
 **Premium to FOB Singapore Gasoil 0.05%S
 # in Yen/kl, Basis Nagoya

SR Clean Tanker Freight Rates (\$/bbl)

Korea to Tomakomai	3.80-4.00	Korea to Keihin	3.50- 3.70
Korea to Nagoya	3.20-3.40	Korea to Kanmon	2.80- 3.00

FOB TAIWAN CARGOES (in \$/bbl)

MR Cargoes	-Premium-	
Jet/Kerosene	- 116.50- 116.60	- 0.40/ 0.50
Gasoil 0.001%S	- 118.70- 118.80	- 0.35/ 0.45
Gasoil 0.05%S	- 118.35- 118.45	- 0.00/ 0.10
Gasoil 0.2%S	- 117.55- 117.65	- -0.80/ -0.70
Gasoil 0.5%S	- 116.15- 116.25	- -2.20/ -2.10

CFR CHINA CARGOES

	(FO in \$/mt, Others in \$/bbl)	(Yuan/mt)	(Yuan/mt)
	-Premium-	-Import Cost-	-Domestic-
NORTH CHINA			
FO M100 (RUSSIA)	+ 681.00-682.00	+ 82.00/83.00	5,927 - 5,750-5,800
EAST CHINA			
Mogas 93RON***	- 114.95-115.05	- 2.00/ 2.10	8,763 8,550-8,600
Gasoil 0.05%S*	- 120.25-120.35	- 1.90/ 2.00	7,625 7,550-7,600
SOUTH CHINA			
Mogas 93RON***	- 115.35-115.45	- 2.40/ 2.50	8,788 8,600-8,650
Gasoil 0.05%S*	- 120.65-120.75	- 2.30/ 2.40	7,647 7,700-7,750



FO 380cst 3.5%S** - 598.00-599.00 - 13.00/14.00 5,321 - 4,580-4,630 -
 --Exchange rate (MIDDLE Yuan/\$ as of Jul 01) 6.1805
 ***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	-	823.75-	824.25 -	20.00/ 30.00
Kerosene	-	113.60-	113.70 -	1.90/ 2.10
Gasoil 0.05%S	-	115.65-	115.75 -	2.80/ 3.00
FO 180cst 3.5%S	-	595.50-	596.50 -	

ASIA BUNKER PRICES (\$/mt)

	180cst	280cst	380cst	MDO
Japan*				
Tokyo Bay*	-638.00-641.00	--636.00-639.00	--628.00-631.00-	910.00- 920.00
West Japan*	-645.00-648.00	--643.00-646.00	--635.00-638.00-	910.00- 920.00
Ise Bay*	-641.00-644.00	--639.00-642.00	--631.00-634.00-	910.00- 920.00
#Rim Average-Jul	639.50	637.50	629.50	915.00
S. Korea*	+635.00-638.00	++632.00-635.00+	605.00-608.00	900.00- 910.00
Taiwan*	+657.00-657.00		617.00-657.00+	965.00- 965.00
China*				
Dalian	662.00-665.00	-	-	1,055.00-1,070.00 **
Shanghai	652.00-655.00	-	610.00-613.00	1,045.00-1,060.00 **
Qingdao	662.00-665.00	-	620.00-623.00	1,055.00-1,070.00 **
Hong Kong*	-	-	-	-
Singapore*	+613.00-615.00	++609.00-610.00+	-587.00-589.00-	895.00- 905.00
Bangkok*	639.00-641.00	-	621.00-623.00	990.00-1,000.00

--Note: *Delivered, **LDO,
 #Rim Tokyo Bay average

**ASIA PRODUCTS MARKET COMMENTARY
GASOLINE:**

The differentials of MR-size cargoes of 92RON gasoline from Northeast Asia were unchanged. Talks on Jul cargoes are almost over, and are shifting to Aug ones. Markets are, however, quiet as it is still early for market players to start talks in a full swing. Sources say ample supplies could weigh on markets. As has already been reported, spot availability of Aug cargoes is increasing as several refineries are supposed to be back online in Jul. On the other hand, demands of gasoline in Southeast Asia are likely to retreat. Indonesia, the largest gasoline importer in the region, is likely to reduce the amount of imports as Muslim Ramadan is getting over in the month. Procurement by Vietnam is also lacking the steam these days.

FOB Singapore prices for 92RON gasoline fell by 90cts/bbl to \$112.90-113.00/bbl on Monday. Along with the declining naphtha paper values, the narrower premiums pushed down the market further. The Jul naphtha swaps contract was valued at \$91.90/bbl, down 80cts/bbl from Friday. Buying and selling ideas were indicated at premiums in the range of \$21.00-21.10/bbl to the naphtha paper values, down 10cts/bbl from Friday. On Jul 1, Trafigura sold 50,000bbl of 92RON gasoline for Jul 27-31 at \$113.00/bbl. The buyer was Arcadia.

NAPHTHA:

Asia open-spec naphtha prices fell by \$10/mt from a day before to \$845.25-848.25/mt on a fall in North Sea Brent crude oil prices during Asia trading



time. Naphtha sentiment in Asia, however, was firmer as Asian end-users were active to buy in the spot market.

On Monday, South Korean LG Chem bought a cargo for H1 Aug arrival and Taiwan Formosa Petrochemical Corporation (FPCC) was trying to buy cargoes of heavy full-range naphtha for H1 Aug arrival.

In the physical spot market, LG Chem bought an MR-size cargo of open-spec naphtha with paraffin content over 70% for H1 Aug arrival at Daesan. The price was at a premium of around \$1.5/mt to Japan spot quotations. As for the recent deal-done for naphtha cargoes arriving in South Korea, on Jun 26 Lotte Chemicals bought a MR-size cargo of open-spec naphtha for H1 Aug arrival at a premium near \$2/mt. The differentials for cargoes arriving in South Korea have not shown a big change in the last two weeks leading the market to believe that the prices have bottomed out. LG Chem previously bought a cargo for H2 Jul arrival at a premium of about \$50/mt to Japan spot quotations to be assessed 30 days before cargo delivery.

FPCC was heard to be moving on to buy a cargo for heavy full-range naphtha for H1 Aug arrival. FPCC will split the heavy full-range naphtha to light and heavy naphtha. They will use the light naphtha as feed for naphtha splitter and the heavy naphtha to produce gasoline. FPCC on Jun 25 bought a total of 150,000mt of full-range naphtha for Jul 16-Aug 15 arrival at Mailiao for petrochemical feed. The price was at a premium of around \$1/mt to Japan spot quotations. On Jun 13, the company bought 60,000-90,000mt of full-rangenaphtha for Jul 1-31 arrival. FPCC raised the average operation rate of its naphtha crackers to 90% in mid-June. FPCC has three crackers with a combined ethylene production of 2.93-mil mt/year. Following the rise, naphtha consumption by FPCC has been gradually increasing. Naphtha consumption at FPCC has also been in increasing because prices for Liquefied Petroleum Gas (LPG) were no longer significantly lower than naphtha.

The Aug Brent futures contract price fell by \$1.08/bbl to \$101.73/bbl in Asia evening time. Open-spec naphtha prices for H2 Aug arrival were at \$850.25-850.75/mt, H1 Sep arrival at \$847.75-848.25/mt and H2 Sep arrival at \$845.25-845.75/mt. In out-right trades in the open-spec naphtha forward market, Glencore sold a cargo for H1 Sep arrival to Marubeni at \$848/mt.

On the timing spread, the H2 Aug/H2 Sep spread was in backwardation of \$5/mt, the same level from the previous day. The Sep Brent/H1 Sep naphtha spread was at \$85/mt in favor of naphtha, down about \$2/mt.

Oil & Gas Corporation Ltd (ONGC) issued a sell tender for 35,000mt of naphtha for Jul 30-31 loading at Hazira, Indian East coast. The tender closes at 9:30 local time on Jul 3 with price validity until 18:30 local time on Jun 4.

India's Mangalore Refinery and Petrochemicals Ltd (MRPL) issued a sell tender for 35,000mt for Aug 6-8 loading at New Mangalore. The tender closes at 9:30 local time on Jul 3 with price validity until 14:30 local time on Jul 4. MRPL previously awarded its sell tender for 35,000mt of naphtha for Jul 28-30 loading to Marubeni at a premium of \$26/mt to Middle East spot quotations.

As of Monday evening time in Asia, Jul NWE naphtha fell by \$6.5/mt from a day before to \$822.0-824.0/mt. Prices for Aug and Sep were at \$817.0-819.0/mt and \$812.5-814.5/mt, respectively. The H1 Sep Asia/Aug NWE spread was at \$30/mt in favor of Asia.

JET/KEROSENE :

The differentials of MR-size cargoes of jet fuel were unchanged on Monday. Talks on Aug cargoes are getting in a full swing. Market sentiments are strengthening as a sense of tightness is emerging. Some pointed out that cargoes for Aug could be traded at a higher differential than that for Jul. Sources said China Aviation Oil may have bought cargoes at a slight discount FOB to Singapore quotations



through a tender, but details were unknown. CAO had previously paid a discount of 30cts/bbl to the quotations. Meanwhile, on Jul 1, Formosa Petrochemicals Co in Taiwan issued a tender to sell 300,000bbl of jet fuel to be loaded during Aug 10-16. It will be closed on Jul 2. It is not clear if the refiner would issue additional sell tender for Aug.

FOB Singapore prices for jet fuel dropped by \$1.30/bbl to \$116.60-116.70/bbl. The falling paper swaps values pushed down the market. The Jul swaps contract was valued at \$116.10/bbl, down \$1.30/bbl from the previous day. Buying and selling ideas were indicated at premiums in the range of 50-60cts/bbl to the paper swaps values, unchanged from Friday. On Jul 1, Vitol moved to sell 100,000bbl of jet fuel to be loaded during Jul 22-26 at a premium of 55cts/bbl to the paper values (Jul bal). No buyers were interested in it.

Mangalore Refinery and Petrochemicals Ltd (MRPL) in India issued a tender to sell 40,000mt of jet fuel to be loaded at New Mangalore during Aug 11-13. It will be closed on Jul 3 with prices valid until Jul 4.

GASOIL:

Talks on MR-size cargoes of 0.05% sulfur gasoil from Northeast Asia are shifting to Aug loading ones. Prices are likely to have hit the peak as a sense of tightness could get eased. The amount of spot cargoes of 0.05%S for Aug is increasing from those for Jul. On Jul 1, Formosa Petrochemicals Co (FPCC) issued a tender to sell 480,000bbl of 0.05%S to be loaded during Aug 26-30. It will be closed on Jul 2. CPC Co is also said to have spot availability for Aug cargoes. The refiner, however, has not yet decided production schedule. Meanwhile, a refiner in South Korea is likely scheduled to sell an MR-size cargo for H2 Aug. As has already been reported, Brazil state-owned Petrobras is supposed to sell an MR-size cargo for H2 Aug from Nansei Oil in Okinawa, Japan. On the demand side, it is likely to decrease. Sources are concerned that those for the Middle East or some other regions could get lower. In the Middle East, demands for power generation are likely to decrease in Aug as the full demand season is getting over in the month.

CFR South China MR-size cargoes of 0.05% sulfur gasoil were assessed unchanged at premiums in the range of \$2.30-2.40/bbl over Singapore quotations (0.05%S). In South China, domestic prices for 0.035% sulfur gasoil on an ex-primary storage basis were in the range of Yuan 7,700-7,750/mt, unchanged from Friday.

FOB Singapore prices for 0.05% sulfur gasoil dipped \$1.15/bbl to \$120.35-120.45/bbl on Monday. Along with the falling paper swaps values, the narrower premiums pushed down the market. The Jul swaps contract was valued at \$118.35/bbl, down 75cts/bbl from a day earlier. Buying and selling ideas were indicated at premiums in the range of \$2.00-2.10/bbl to the paper swaps values, down 40cts/bbl from Monday. On Jul 1, Vitol moved to sell 150,000bbl of 0.05% sulfur gasoil to be loaded during Jul 26-30 at a premium of \$1.50/bbl to the paper values (Jul bal). Glencore looked for 250,000bbl of 0.05%S to be loaded during Jul 19-23 at a premium of \$1.90/bbl.

Mangalore Refinery and Petrochemicals Ltd (MRPL) in India issued a tender to sell 40,000mt of either 0.25% or 0.05% sulfur gasoil to be loaded at New Mangalore during Jul 26-28. It will be closed on Jul 3 with prices valid until Jul 4.

LSWR:

Prices for Indonesian cracked LSWR for loading during the period of Jul 28-Aug 8 remained unchanged from the previous trading day at \$99.05-99.15/bbl as the Pertamina Pricing Formula (PPF) stayed at \$98.85/bbl due to sluggish demand, despite a rise in crude oil prices. The differential to PPF remained flat to a premium of 50cts/bbl. Spot markets have been calm as imports by South Korea and Japan have been low as both countries cut low sulfur fuel oil use as priced were comparatively higher than other fuels. In Japan, consumption of low sulfur fuel oil did not increase ahead of the summer demand season due to an increase coal-fired power generation and an increase in the use of liquefied natural gas (LNG) as a



part of power-saving measures. Tokyo Electronic Power Company (TEPCO), the biggest electronic power company in Japan, expected to use around 6-mil kl of low sulfur fuel oil from Apr 2013-Mar 2014 with plans to consume 60% out of the 6-mil kl during the winter season from Dec to Feb. A source at a major Japanese trading company said that consumption during Jul-Aug was not planned to be large amount from the beginning, a statement that was supported by a low amount of spot imports of low sulfur fuel cargoes for arrival after Jul.

FUEL OIL:

CFR Japan MR-size cargoes of 0.3% sulfur fuel oil were assessed unchanged at premiums in the range of \$95.00-105.00/mt to Singapore quotations (180cst). A refiner in Japan is likely to move to procure a cargo for the end of Jul to early Aug delivery. As of now, no information on the deal has been reported. Although summer demand season sets in, demands for spot cargoes are not likely to increase sharply. On the other hand, supplies are said to be ample. Meanwhile, sellers seem to hesitate to sell at a lower premium. As such, the differentials of Aug cargoes are not likely to be lower than those of Jul, which were at a premium of around \$100/mt CFR. Formosa Petrochemicals Co (FPCC) in Taiwan is looking for 10,000mt of 0.15% sulfur bottomed oil (1.04 in density) at an ethylene plant to be loaded during Jul 18-20 through a tender. It will be closed on Jul 3.

CFR South China LR-size cargoes of 3.5% sulfur fuel off Singapore were assessed flat on Monday at premiums in the range of \$13.00-14.00/mt over Singapore quotations. In Guangdong Province, Huangpu waterborne prices for high-sulfur fuel oil were in the range of Yuan 4,580-4,630/mt on Monday, down Yuan 70/mt from Friday. The price was below the import cost by Yuan 716/mt, or \$115.88/bbl. The Aug fuel oil contract prices on the Shanghai futures exchange ended at Yuan 4,986/mt, flat from Friday.

FOB Singapore prices for 180cst fuel oil retreated \$9.00/mt to \$606.00-607.00/mt. Although the paper swaps values went up, the narrower premiums dragged the market down. The Jul swaps contract was valued at \$599.00/mt, up \$1.00/mt from Friday. Buying and selling ideas for 180cst fuel oil were indicated at premiums in the range of \$7.00-8.00/mt to the paper swaps values, down \$10.00/mt from Friday. A sense of ease emerged and pushed down the differentials sharply.

ASIA BUNKER MARKET COMMENTARY**JAPAN:**

Prices for 380cst in Tokyo Bay fell by \$5/mt from the previous trading day to \$628-631/mt and in Western Japan to \$635-638/mt, down \$3/mt, mirroring a weakened Singapore fuel oil quotation. Offers for 380cst in Tokyo Bay were heard at \$628-636/mt and in Western Japan at \$635-642/mt. Demand was low with most inquiries for 200-300mt of 380cst both in Tokyo Bay and in Western Japan. Some sellers were said to have been able to decrease their offer prices further depending on inquiries, however, others raised their offer prices as crude oil prices went up during trading time. Jul monthly average prices for 380cst in Tokyo Bay were estimated at \$629.5/mt, as of Monday, down \$15.1/mt from a month before. According to the Petroleum Association of Japan (PAJ), May combined sales for bonded bunker fuel oil (B & C) fell to 332,549kl, down 12.2% on year and down 2.4% from the previous month.

SOUTH KOREA:

Prices for 380cst in South Korea remained unchanged at \$605-608/mt from the previous trading day. GS Caltex offered 380cst at \$605/mt, down \$2/mt, reflecting a decrease in Singapore fuel oil quotations. Meanwhile, S-Oil raised its offer prices by \$1/mt to \$606/mt. Both companies were active to sell with relatively lower prices. On the other hand, Hyundai Oilbank offered 380cst at \$610/mt and SK Energy at \$612/mt, up \$2/mt on an increase in crude oil prices. GS Caltex offered 1.0%S at around \$710/mt.

SINGAPORE:



Prices for 380cst in Singapore fell by \$2/mt from the previous trading day to \$587-589/mt on a fall in 380cst fuel oil cargo quotations. As of 17:00 local time, offers for 380cst were heard at \$587-592/mt. Most traders offered for loading on Jul 5 and onwards. The ex-wharf 380cst prices fell by \$4/mt to \$588-590/mt, down to levels seen on Jun 27.

ASIA PRODUCATS TRANSACTIONS:

Date	Product	Quantity	Seller	Buyer	Price(\$)	Basis	Timing
--GASOLINE							
07/01	92RON	50kb	Trafigura	Arcadia	113.00	FOB	7/27-31
--NAPHTHA							
07/01	O/S	MR	Glencore	Itochu	848.00	CFR FE	9/1-15
07/01	O/S	1H	Aug/1H Sep spread: Idemitsu/Itochu , \$4.5				
07/01	O/S	MR	Trader	LG Chem	JPN+\$1.50(30days)	CFR Daesan	8/1-15

MARKET NEWS:**--Japan issues 1.89-mil bbl buy tender for Middle Eastern crude**

Japan Oil, Gas and Metals National Corp (JOGMEC) issued a crude oil buy tender for 300,000kl or roughly 1.89-mil bbl of Middle Eastern medium-grade crude oil, the state-run organization announced Monday. JOGMEC will hold the tender and accept offers on Jul 12 until 14:00 hours with bids to be reviewed the same day. Requested delivery time frame for the tender is between Oct 1 and Nov 20 in lots not to exceed 100,000kl at the Shirashima national oil reserve base in Fukuoka Prefecture. Meanwhile, on Apr 17 JOGMEC sold 100,000kl of Indonesian Attaka grade crude oil and two 300,000kl lots of Middle Eastern Khafji grade oil in open sell tenders.

--US July benzene contract price cut 8.6% on month

The July manufacturer contract price for benzene in the US market was set at \$4.07 per gallon, down 8.6% or down by 35cts gallon from the previous month, industry sources said Monday. The price, which is on an FOB US Gulf Coast basis, marks the second month in a row the US benzene contract prices have fallen as well as the lowest level thus far in 2013.

--World Bank chips in on Egypt gas-fired power plant project

The World Bank extended a \$585-mil loan to Egypt to assist in the costs for building a new gas-fired power plant facility to be built in Helwan, Egypt on the banks of the Nile River. The World Bank board of directors approved on Jun 27 the loan for the Helwan South Power Plant Project that has a total startup cost of \$2.4-bil. The project, which will be comprised of three 650-MW gas-fired units and will supply up 10% of Egypt's power demand, is expected to be complete and online during 2018. Primary fuel for the three plants will be natural gas although all three units will also be designed to consume heavy fuel oil as a backup. Gas supply for the Helwan Project has been put at 12.5-mil cubic meters of gas per day and will come through two pipelines connected to the pipeline network at the compressor station in Dashour, Egypt.

Meanwhile, in a separate announcement the World Bank plans to limit financing it provides to coal-fired power plants to "rare circumstance" as a part of the global financial body's efforts to address the impact of climate change. The announcement came a day after US President Barack Obama said that the US would stop investing in coal projects overseas and called on multilateral banks to do the same, as part of a sweeping package of climate measures. "The World Bank Group will help clients identify alternatives to coal power as they make transitions toward sustainable energy," it said.

--Japan May LPG imports total 480,089mt

Japan's imports of liquefied petroleum gas (LPG) in May totaled 480,089mt with the largest discharged volume of propane being 95,117mt at Kawasaki and the largest volume for butane being 82,932mt of butane at Yokkaichi, according statistics released Thursday by the Ministry of Finance. In terms of CIF value on imports, the lowest import price for propane was JPY 80,630/mt at Kawasaki while the lowest



import price for butane was JPY 83,292/mt at Yokkaichi. Meanwhile, the highest CIF values reported were at Sakai for propane at JPY 83,586/mt and at Oita for butane at JPY 87,005/mt. CIF Value at most terminals decreased from the previous month.

--NYMEX crude retreats on profit-taking

NYMEX crude oil futures retreated on Friday for the first time in five business days, weighed down by profit-taking ahead of the weekend and an end of the second quarter. A fall in US equities and a strong dollar undermined sentiment. The August contract was down 49cts/bbl at \$96.56/bbl.

The market succumbed to profit-taking after the market rose for a fourth straight day. During the period, the front-month WTI contract rose by a total of \$3.36/bbl. A speech by an official at Federal Reserve raised a possibility that US would scale down its quantitative easing in September. The Dow Jones Industrial Average on the US equity market retreated for the first time in four business days, chilling investor confidence. In the foreign exchange market, the euro slipped below 1.30 per dollar. The dollar's advance against the euro reduced the appeal of dollar-based commodities, prompting market players to lock into profits.

On the ICE futures, the August Brent contract was down 66cts/bbl at \$102.16/bbl. The Brent's premiums over WTI narrowed 17cts/bbl to \$5.60/bbl on the settlement basis. The WTI/Brent spread continued to shrink on expectations that demand for WTI-based North American crude grades such as US and Canadian grades would grow in the wake of a recovery in the US economy.

On NYMEX, July RBOB ended up 0.94cts/gallon at 275.20cts/gallon. July heating oil was down 0.96cts/gallon to 287.98cts/gallon. The August contract was traded at \$96.27/bbl at 9:00 Tokyo on Monday, down 29cts/bbl from the previous day.

--NYMEX Aug gas slides with mild weather forecast Friday

NYMEX August natural gas contracts added a 1.7cts loss to settle at \$3.565 million British thermal units on Friday. The downslide came with weather reports forecasting mild weather in eastern U.S. this week, which will result in low demand for air conditioning. Baker Hughes said that natural gas rigs being operated in U.S. as of June 28 were 353, up 4 from a week ago. Physical gas prices at Henry Hub, the NYMEX delivery point, slid -15.65cts to finish at \$3.5733.

ICE August gas contracts slipped 4.7cts to settle at \$9.881. The contracts showed little change with no bullish and bearish factors as temperatures would be the seasonal average this week in the U.K. The spread between NYMEX and ICE August gas futures widened 23.4cts from a day before to result in \$6.316 (ICE is higher). According to the latest data of National Grid, within-day delivery physical average gas prices in the U.S. dollar term ended at \$9.494, down 4.6cts from a day before.

In the Access electronics trade, NYMEX front-month August natural gas is traded at \$3.596/mmBtu at 9:15 am Monday Tokyo hours, up 3.1cts from Friday's close.

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