

Bunkerwire

Volume 35 / Issue 134 / Monday, July 11, 2011

Daily price assessments (\$/mt)

	IFO 380 CST	IFO 180 CST	Marine diesel oil	Marine gasoil
Arab Gulf				
Kuwait	664.00-665.00	670.50-671.50	1037.50-1038.50	
Fujairah	664.50-665.50	671.00-672.00	1038.00-1039.00	1043.00-1044.00
Khor Fakkan	664.50-665.50	671.00-672.00	1038.00-1039.00	1043.00-1044.00
Mumbai	670.50-671.50	677.00-678.00		1048.00-1049.00
East Asia				
Singapore	668.00-669.00	672.50-673.50	964.50-965.50	969.50-970.50
Singapore (ex)	666.00-667.00	670.50-671.50		
Japan	705.00-706.00	712.00-713.00	1010.00-1011.00	
West Japan	709.50-710.50	716.50-717.50	1012.00-1013.00	
South Korea	678.00-679.00	687.00-688.00	1002.00-1003.00	1012.00-1013.00
Hong Kong	679.50-680.50	686.00-687.00	982.50-983.50	986.00-987.00
Shanghai	672.00-673.00	684.00-685.00		1082.00-1083.00
Sydney		743.00-744.00	990.00-991.00	995.00-996.00
Melbourne	729.50-730.50		998.00-999.00	1003.00-1004.00
Northern Europe				
Rotterdam	644.00-645.00	672.00-673.00	922.00-923.00	969.00-970.00
Rotterdam LS 1%	695.00-696.00	728.00-729.00		
Antwerp	644.00-645.00	677.00-678.00	920.00-921.00	961.00-962.00
Antwerp LS 1%	696.00-697.00	733.00-734.00		
Hamburg	660.00-661.00	679.00-680.00	948.00-949.00	988.00-989.00
Hamburg LS 1%	715.00-716.00	735.00-736.00		
Great Belt	662.00-663.00	697.00-698.00	966.00-967.00	1007.00-1008.00
Great Belt LS 1%	731.00-732.00	756.00-757.00		
Gdansk	666.00-667.00	696.00-697.00	999.00-1000.00	1048.00-1049.00
Gdansk LS 1%	798.00-799.00	816.00-817.00		
St Petersburg	559.00-560.00	569.00-570.00	760.00-761.00	889.00-890.00
St Petersburg LS 1%	624.00-625.00	639.00-640.00		
Falmouth (ex)	675.00-676.00	719.00-720.00		1015.00-1016.00
Falmouth LS 1% (ex)	736.00-737.00	764.00-765.00		
Dunkirk (ex)	655.00-656.00	684.00-685.00		995.00-996.00
Dunkirk LS 1% (ex)	718.00-719.00	743.00-744.00		
<i>(ex)=Ex-wharf; LS=low sulfur</i>				
Med, Black Sea and Africa				
Gibraltar	665.00-666.00	704.00-705.00	992.00-993.00	1013.00-1014.00
Gibraltar LS	730.00-731.00	760.00-761.00		
Algeciras	666.00-667.00	705.00-706.00	992.00-993.00	1013.00-1014.00
Ceuta	670.00-671.00	704.00-705.00	992.00-993.00	1013.00-1014.00
Las Palmas/Tenerife	679.00-680.00	704.00-705.00	999.00-1000.00	1015.00-1016.00
Fos (ex)	670.00-671.00	700.00-701.00		1010.00-1011.00
Augusta (ex)	678.00-679.00	708.00-709.00		1017.00-1018.00
Genoa (ex)	679.00-680.00	711.00-712.00		1027.00-1028.00
Genoa LS (ex)	730.00-731.00	760.00-761.00		
Trieste (ex)	689.00-690.00	719.00-720.00		1037.00-1038.00
Malta	670.00-671.00	692.00-693.00		989.00-990.00
Malta LS	738.00-739.00	759.00-760.00		
Novorossiisk	624.00-625.00	654.00-655.00		969.00-970.00
Istanbul	678.00-679.00	703.00-704.00		1018.00-1019.00
Suez	693.00-694.00	731.00-732.00		1089.00-1090.00
Piraeus	662.00-663.00	694.00-695.00		991.00-992.00
Piraeus LS	742.00-743.00	773.00-774.00		
Dakar (ex)				1150.00-1151.00
Durban (ex)		695.00-696.00	1039.00-1040.00	
<i>(ex)=Ex-wharf; LS=low sulfur</i>				
US and Canada – Ex-wharf				
New York	663.00-665.00	693.00-695.00	1015.00-1017.00	
Philadelphia	674.00-676.00	704.00-706.00	1024.00-1026.00	
Montreal	683.00-685.00	713.00-715.00	1024.00-1026.00	
Charleston	667.00-672.00	695.00-699.00	1014.00-1016.00	
Savannah	667.00-672.00	695.00-699.00	1014.00-1016.00	
Norfolk	672.00-674.00	702.00-704.00	1002.00-1004.00	
Houston	654.00-656.00	689.00-691.00	975.00-977.00	

Spot market commentaries

Asia, Middle East

Singapore bunker fuel prices fell \$7/mt Monday, in line with the drop in high sulfur fuel oil cargo values and the lower crude. During the Platts Market on Close assessment period, Sinopec Fuel Oil (Singapore) offered a 5,000-mt 380 CST ex-wharf cargo for delivery July 14-18 at \$668/mt. The offer was later revised, for a 2,000-mt cargo, same grade and laycan, at \$667/mt. But it was left standing. It was the only on screen offer for the 380 CST ex-wharf for the day. Outside MOC, offers for the ex-wharf 380 CST grade were heard between \$668/mt and \$670/mt. Two deals were heard to be done off-screen. One deal was heard to be done at \$664/mt for a 5,000-mt 380 CST ex-wharf cargo loading July 14-18, while another deal was heard to be done at \$668/mt for a 5,000-mt 380 CST ex-wharf cargo, loading July 12. The Singapore ex-wharf 380 CST grade was assessed at \$666.50/mt Monday, down \$7/mt from the previous close. Marine gasoil moved down \$21/mt to \$970/mt, in line with the fall in Singapore gasoil cargo prices. In Fujairah, supply

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Daily price assessments (\$/mt)

	IFO 380 CST	IFO 180 CST	Marine diesel oil	Marine gasoil
New Orleans	663.00-665.00	698.00-700.00	1001.00-1003.00	
Los Angeles	690.00-692.00	720.00-722.00	1000.00-1002.00	
San Francisco	680.00-682.00	710.00-712.00	1010.00-1012.00	
Seattle	658.00-660.00	688.00-690.00	1048.00-1050.00	
Portland	698.00-700.00	728.00-730.00	1045.00-1047.00	
Vancouver	668.00-670.00	698.00-700.00	1058.00-1060.00	

US and Canada – Delivered

New York	670.00-673.00	700.00-703.00	1022.00-1025.00	
Philadelphia	683.00-684.00	713.00-714.00	1033.00-1034.00	
Montreal	688.95-689.05	718.95-719.05	1029.95-1030.05	
Charleston	675.50-679.50	703.00-707.00	1021.00-1025.00	
Norfolk	681.00-682.00	711.00-712.00	1011.00-1012.00	
Houston	667.50-669.50	702.50-704.50	988.50-990.50	
New Orleans	677.50-679.50	712.50-714.50	1015.50-1017.50	
Los Angeles	699.00-700.00	729.00-730.00	1009.00-1010.00	
San Francisco	691.00-692.00	721.00-722.00	1021.00-1022.00	
Seattle	667.00-669.00	697.00-699.00	1057.00-1059.00	
Portland	707.00-714.50	737.00-744.50	1054.00-1061.50	
Vancouver	674.00-676.00	704.00-706.00	1064.00-1066.00	

US and Canada – Barging Rates

New York	6.00-9.00	New Orleans	9.50-11.50
Philadelphia	8.00-9.00	Los Angeles	8.00-9.00
Montreal	4.95-5.05	San Francisco	10.00-11.00
Charleston	6.00-10.00	Seattle	8.00-10.00
Norfolk	8.00-9.00	Portland	8.00-15.50
Houston	9.50-11.50	Vancouver	5.00-7.00

South America

Cristobal (ex)	666.00-668.00	706.00-708.00	1036.00-1038.00
Buenos Aires	665.00-667.00 [^]	685.00-687.00	1101.00-1105.00
El Callao	697.00-699.00	733.00-735.00	1310.00-1320.00
Valparaiso	743.00-748.00	786.00-791.00	1190.00-1195.00
Guayaquil	671.00-673.00	717.00-719.00	1422.00-1424.00
Libertad	670.00-672.00	716.00-718.00	1421.00-1423.00
Balboa (ex-wharf)	666.00-668.00	706.00-708.00	1036.00-1038.00
Cartagena	711.00-715.00	743.00-747.00	996.00-1000.00
Montevideo	786.00-791.00 [^]	801.00-806.00 [^]	1092.00-1097.00

(ex)=Ex-Wharf; [^] Not always available due to force majeure.

Posted prices (\$/mt)

South America (Effective date: July 11, 2011)

	IFO-380 CST	IFO-180 CST	Marine gasoil
Paranagua	677.00-678.00	695.50-696.50	1044.00-1046.00
Santos	717.00-718.00	738.50-739.50	1034.00-1036.00
Rio de Janeiro	678.00-679.00	701.50-702.50	1034.00-1036.00
Salvador	752.00-753.00	773.50-774.50	1064.00-1066.00

Chinese Petroleum Corp (Effective date: July 11, 2011)

	MGO	MDO	IFO-30	IFO-80	IFO-180	IFO-380
Hualien, Suao	1030.00	1015.00	836.00	758.00	703.00	703.00
Kaohsiung, Keelung, Taichung	1030.00	1015.00	836.00	758.00	703.00	695.00

Saudi Aramco (Effective date: Jul 7, 2011)

	IFO-380 CST	IFO-180 CST	Distillates
Jeddah, Yanbu, Rabigh	720.00	740.00	1120.00
Dammam, Ras Tanura	665.00	675.00	1045.00

Cargo prices – July 11, 2011 (\$/mt)

Product	FOB Med	CIF NWE	FOB Rdam Barges
3.5 PCT HSFO	634.75-635.25	629.50-630.00	633.00-633.50
Gasoil 0.1%	959.75-960.25	966.25-966.75	959.25-959.75

(continued on page 3)

was still tight. Offers ranged from \$663-674/mt. Deals were heard done off screen between \$665/mt and \$674/mt, however, they could not be verified. The deal done at \$674/mt was for a 400-mt 380 CST bunker cargo loading on July 14, and was done earlier in the day before MOC. There were two other deals heard done after MOC at \$665/mt and \$666/mt for a 1,200-mt parcel loading July 15-17 and a 950-mt lot loading July 12-14, respectively. The 380 CST grade was valued at \$665.50/mt, down \$6.50/mt from the previous close. MGO was heard offered at around \$1,045/mt but no deals were heard done. MGO was assessed down \$21/mt to \$1,043.50/mt Monday. In Mumbai, supply was healthy while demand was low with few inquiries heard. The 380 CST grade was assessed at \$671/mt, down \$6.50/mt from the previous close.

Japan's bunker prices were barely affected by the drop in crude, with the 380 CST price edging 50 cents/mt down to \$705.50/mt Monday. Supply was steady, amid firming demand this month, industry sources said. The rise in demand from June, though, was not too significant, and demand and supply will be balanced in July, sources added. In the Market on Close assessment process, Itochu bought two cargoes of 380 CST at \$702.50/mt and \$705.50/mt, from Mitsui. Meanwhile, sellers were concerned that barge supply would tighten later this month because power companies would need the boats to transport fuel oil. In Shanghai, the 380 CST bunker did not fall as much as Singapore high sulfur fuel oil, which led to the Shanghai bunker price moving above Singapore, after it fell below the city state's bunker price on Friday. Supply was ample, but local refiners kept their offers unchanged from Friday despite weaker crude prices. Outside the Platts Market on Close assessment process, 380 CST delivered prices were heard at \$670-685/mt. In Hong Kong, the 380 CST price did not fall as much as Singapore HSFO, amid strong buying interest from Chimbusco Pan Nation during MOC. The bunker supplier bought two 500-mt parcels of 380 CST bunker fuel at \$677/mt and \$680/mt, from Feoso. Demand was good outside the MOC, said a supplier. Meanwhile, imported cargoes have been arriving on schedule, and there was ample supply, industry sources said. The Hong Kong 380 CST

price climbed above South Korea's for the first time since April 21, as a result of strong demand in Hong Kong. In South Korea, SK Energy was still out of the spot market, but stocks at the other refiners were enough to meet demand. Outside the MOC, the 380 CST was offered at \$672-685/mt.

Northwest Europe

The Northwest European market saw more trading activity Monday, despite oil prices shaving down, sources said. Front-month Brent crude recovered about \$1/barrel late in the afternoon, having slid by \$2.8/b over the day and prompting some buying interest, sources said. "Demand is good," a supplier in Rotterdam said, adding that he saw 35,000 mt's worth of inquiries. Another supplier in Antwerp saw 27,000 mt of inquiries compared with 17,000 mt Friday. Despite bullish sentiments in Amsterdam-Rotterdam-Antwerp, suppliers were still experiencing supply constraints, sources said. "The product availability is still tight in ARA," a broker in Rotterdam said, adding that suppliers were still experiencing operational delays due to congestion at Rotterdam-loading installations. The German port of Hamburg reported mixed sentiments over the day as some suppliers were hesitant on current oil price volatility, sources said. "Customers kept offer prices in mind and did not fix as the stock market is weak today," a trader in Hamburg said, with another supplier reporting "thin" demand over the day.

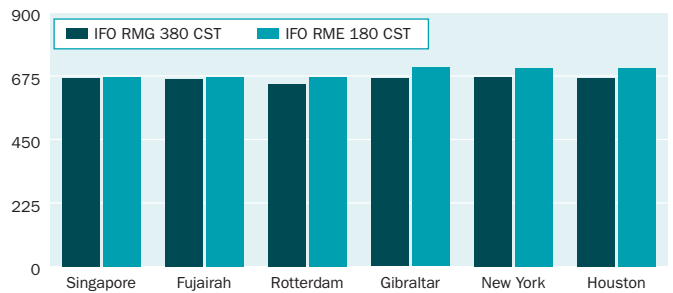
Med, Africa

Despite overall softer crude prices Monday, some ports in the Mediterranean market saw active trading activity, sources said. "Today has been quite busy with quite a few inquiries," a supplier in the west Med said. "Demand is high...I am working on about 13,000 mt of inquiries," another supplier in the east Med added. Some supplier in Gibraltar, Las Palmas, Ceuta, Piraeus and Istanbul reported increased number of trades in the afternoon as buyers anticipated oil prices to recover, sources said. Gibraltar had "very good demand, despite weaker crude," a supplier there said, with another one in Istanbul reporting healthy demand over the day. Gibraltar had "very small" congestion, as a source said, with only three ships waiting outside the port, sources said. A strike at South African refineries Monday was likely to cause some bunker fuel oil supply disruptions in the port of Durban, sources said. "[The strike would] most definitely affect supplies [in Durban] if it continues," a bunker trader in Durban said. "We have no idea how long the strike will last," a bunker supplier said. The strike at South African refineries has already caused fuel oil supply disruptions in Cape Town, according to sources. "It has so far only impacted Cape Town...Durban and Richards Bay are running normally for now," a bunker supplier in Cape Town said. Workers at South African oil refineries went on strike over demands for a salary increase, their union said, prompting fears of a fuel shortage.

US Atlantic Coast

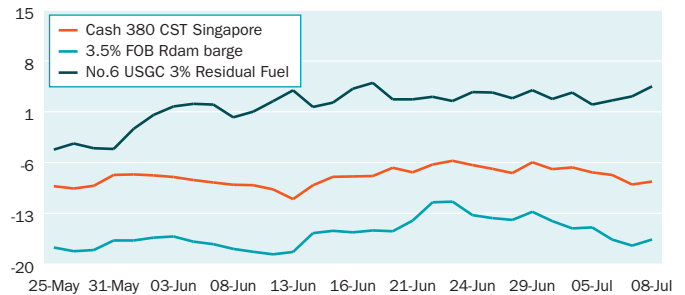
The US Atlantic Coast spot bunker market was down Monday, attributed to stiff competition for the available business and not to any material changes in resupply costs, which were essentially unchanged. New York Harbor saw one firm stem reported by Hess, which closed 380 CST at \$664/mtw, down \$4. Resupply component 3% sulfur fuel oil was slightly weaker

Key global IFO RMG 380 CST & RME 180 CST (\$/mt)



Source: Platts

Global fuel oil cracks (\$/barrel)



Source: Platts

for an assessment at \$101.85/b, 5 cents/b lower.

US Gulf Coast

No deals were reported from the US Gulf Coast which was assessed in relation to confirmed stems in Panama and changes in the resupply value. Houston was assessed down \$3 on the day to \$655/mtw, following the direction of Panama which was assessed down \$4 at \$667/mtw. In resupply, RMG cargoes were assessed \$1.17/b weaker at \$101.43/b, or down \$6-8/mtw.

US West Coast

Los Angeles weakened moderately on Monday tracking the moves of NYMEX crude futures, while the ports on the upper West Coast were markedly stronger. In Los Angeles a confirmed deal for 380 CST was done mid-morning local time for \$688/mtw by Conoco, which was \$7/mtw off the bunker values Friday and in line with crude, which opened about \$1.50/barrel lower, or the equivalent of \$6-9/mtw softer. Later in the day, as crude stabilized, Conoco stemmed higher for \$690/mtw and Chemoil for \$692/mtw. In Vancouver, MPB stemmed \$669/mtw, or \$31/mtw higher than Friday. In Portland offers were \$10-15/mtw higher and were assessed \$11 higher at \$699/mtw. San Francisco was only slightly changed, up \$1/mt to \$681/mtw based on offers in the market. NYMEX August crude was assessed \$1.35/b lower at \$94.95/b.

Latin America

Latin America bunkers Monday were softer for 380 CST. Panama saw one firm stem reported by Chemoil, which closed 380 CST at \$667/mtw, down \$4 on the day. In Valparaiso, Chile, Terpel reported the port down \$5 to \$743/mtw. In Brazil, state oil

Petrobras posted 380 CST prices lower in three of four ports with Paranagua down \$2 to \$675/mtw, Santos down \$17/mt to \$700/mt, Rio de Janeiro down \$3/mt to \$675/mt. Petrobras said Salvador was unchanged at \$752/mtw.

News

Shanghai Jun bunker premium over Singapore at record low

Shanghai's 380 CST bunker premium averaged \$15.53/mt over Singapore bunker prices in June, the lowest since Platts started Shanghai bunker assessments in November 2009, Platts data showed. Shanghai bunker prices averaged at \$664.02/mt in the month while the Singapore 380 CST average was \$648.49/mt. Shanghai prices were lower compared with neighboring countries because of fierce competition, industry sources said Monday. There are five bunker suppliers in Shanghai — Chimbusco, Sinopec Zhoushan, Sinobunker, China Changjiang Bunker Co and Brightoil. The newest supplier Sinopec Zhoushan joined the market in June 2010, and after Sinopec Zhoushan joined the market, competition had become fiercer, industry sources said. Meanwhile, Sinopec Zhoushan is expanding aggressively. The company's May sales hit a new high of 200,000 mt in China, a sharp increase from 50,000-60,000 mt a year earlier, Platts reported earlier. So, the race by the other companies to achieve their sales targets resulted in lower prices in Shanghai, industry sources said. Bunker demand in Shanghai is about 150,000 mt/month, and Chimbusco remains the largest supplier there, having about 60% of the market share, followed by Sinopec Zhoushan which sells 40,000 mt/month in the port. SHANGHAI 380 CST PRICE LOWER THAN SINGAPORE The Shanghai 380 CST bunker price was lower than the Singapore value Friday, for the first time since June 16 due to fierce competition and weak demand, industry sources said Monday. While Shanghai 380 CST bunker fuel was assessed at \$674.50/mt Friday, up \$5/mt from the previous day, the Singapore delivered 380 CST price jumped

\$11/mt to \$675.50/mt on the back of strong crude prices. The Shanghai prices were slow to rise with local suppliers offering the 380 CST grade at \$675-695/mt amid plenty of supply. The last time the Shanghai 380 CST price was lower than Singapore was June 16. Shanghai prices are normally higher than Singapore because the busiest port in China imports bunker fuel from Singapore with freight costs of over \$10/mt. "The suppliers' selling prices might be lower than their buying prices," said a bunker trader. The Shanghai price was slow to rise because of fierce competition and relatively weak demand Friday, industry sources said. Demand on Friday was weaker than earlier in the week because crude oil prices jumped. Shipping companies typically do not buy bunker fuel when crude prices are rising rapidly, but often take a wait-and-see stance.

South Africa strike may hit bunker market in Durban Port

A strike at South African refineries Monday might cause some bunker fuel oil supply disruptions in the port of Durban, sources said. "[The strike would] most definitely affect supplies [in Durban] if it continues," a bunker trader in Durban said. "We have no idea how long the strike will last," a bunker supplier said. The strike at South African refineries has already caused fuel oil supply disruptions in Cape Town, according to sources. "It has so far only impacted Cape Town...Durban and Richards Bay are running normally for now," a bunker supplier in Cape Town said. "No deliveries are taking place in Cape Town," the trader added. Some 70,000 workers at South African oil refineries went on strike over demands for a salary increase, their union said, prompting fears of a fuel shortage. (see story at 1339 GMT) Oil refiner and marketer Engen has contingency plans in place to make sure customers are not affected by the strike. "We have put contingency plans in place to mitigate against supply disruptions as far as possible," spokeswoman Tania Landsberg said. Engen operates the 135,000 b/d refinery in Durban and operates 1,200 retail service stations across South Africa.