

LPGaswire

Volume 33 / Issue 134 / July 11, 2011

Daily assessments

\$/mt

Northwest Europe

	Propane		Butane	
FOB seagoing	-43	792 - 797	-43	-20 835 - 840 -20
FOB ARA	-8	907 - 912	-8	-15 880 - 885 -15
FCA ARA	-8	907 - 912	-8	-15 890 - 895 -15
CIF 1-3000mt	-38	857 - 862	-38	-15 895 - 900 -15
CIF 3000+mt				-15 895 - 900 -15
FOB 3000+mt				-15 870 - 875 -15
CIF 7000+mt	-18	872 - 877	-18	
FOB 7000+mt	-18	856 - 861	-18	
Freight rates (\$/mt)		16.00		25.00

Propane swaps (basis CIF NWE)

1st month	-21	873.00 - 877.00	-21
2nd month	-20	889.00 - 893.00	-20
3rd month	-19	905.00 - 909.00	-19
Quarter	-19	910.00 - 914.00	-19

Naphtha

CIF ARA Cargoes	962.50 - 963.00
CIF Med Cargoes	956.25 - 956.75

West Mediterranean

FOB Ex-refinery/storage	-18	887 - 892	-18	-25	865 - 870 -25
FCA Ex-refinery/storage	-18	887 - 892	-18		
CIF 7000+mt	-18	867 - 872	-18		

Daily assessments – Asia

\$/mt

Asia: Refrigerated

	11:11 Cargoes
CFR Singapore-Japan (H1 Aug)	906.50
CFR Singapore-Japan (H2 Aug)	909.50
CFR Singapore-Japan (H1 Sep)	913.00
CFR Singapore-Japan Cargoes	908.00

	Propane		Butane	
CFR Japan Cargoes (H1 Aug)	855	857	910	912
CFR Japan Cargoes (H2 Aug)	858	860	913	915
CFR Japan Cargoes (H1 Sep)	862	863	917	918
CFR Japan Cargoes	-8	857 - 858	-8	912 - 913 -8
CFR South China Cargoes	-8	849 - 851	-8	904 - 906 -8
CFR Taiwan Cargoes	-8	850 - 852	-8	905 - 907 -8
CFR North Asia Zone	-8	853 - 855	-8	908 - 910 -8

Asia: Pressurized

	Mixed	
CFR Shenzhen	-8	948 - 949 -8
CFR Shanghai	-8	943 - 944 -8

Saudi CP Proxy Value For cargoes delivering into Asia:

CFR Japan/Korea Refrigerated	829 - 831	884 - 886
CFR S China/Taiwan Refrigerated	814 - 816	854 - 856
CFR Shenzhen/Shanghai Pressurized	842 - 844	

Asia Premiums over Saudi CP Proxy Values:

	Propane		Butane	
CFR Japan Refrigerated	-4	27 - 28	-4	-6 27 - 28 -6
CFR Korea Refrigerated	-4	24 - 25	-4	-6 24 - 25 -6
CFR S China Refrigerated	-8	34 - 36	-8	-8 49 - 51 -8
CFR Taiwan Refrigerated	-8	35 - 37	-8	-8 50 - 52 -8

Northwest Europe

Propane

CARGOES: Spot prices decreased Monday in response to weaker crude and swaps. Sentiment was also a bit more bearish with more imports reported to be arriving into Northwest Europe during July. Vitol was said to have sold to Glencore 20.6 kt CIF July 21-31 at \$867/mt and balance July quotes plus \$2/mt. Buying interest for 20.6 kt cargoes was seen from Stasco at \$874/mt and balance July quotes plus \$2/mt, Gunvor at \$877/mt and balance July quotes flat/mt and Vilma at \$875/mt and August quotes minus \$5/mt.

COASTERS: The market started the new working week with FOB product on offer, but not many signs of any FOB demand. Stasco was a seller of 1,600 mt FOB Stanlow July 17-19 at 50% \$790/mt and 50% Platts FOB quotes related/mt. Totsa was a seller of 2,500 mt FOB Tees July 17-19 at 50% \$800/mt and 50% Platts FOB quotes related/mt. There were no reported trades.

ARA: The market made a fairly slow start Monday. Although spot availability from Antwerp refineries remained tight there did not appear to be any significant increase in demand for terminal product. "There is not so much product in Antwerp," said one trader.

Butane

CARGOES: Spot prices moved downwards Monday tracking the fall in naphtha values. According to sources there was potential buying interest from both the gasoline related and petchem sectors, but North Sea availability was reported to be sparse prior to the last decade of July.

COASTERS: The market remained subdued Monday with few refinery tonnes cur-

Daily assessments – Asia (cont.)

\$/mt

	Propane		Butane	
Asia Premiums over Saudi CP Proxy Values:				
CFR Shenzhen Pressurized	-1	105 - 106	-1	
CFR Shanghai Pressurized	-1	100 - 101	-1	
AG: Refrigerated				
Spot FOB AG Cargoes		807 - 809		862 - 864
Spot FOB AG Monthly Average to Date		805.86 - 807.29		853.00 - 854.43
Saudi Aramco Contract Price		815.00		855.00
Spot FOB AG Saudi CP Proxy Value		829 - 831		884 - 886
FOB AG Spot Premiums over Saudi CP:				
FOB AG Spot Premium	-5	-23 - -21	-5	-7 -23 - -21 -7
FOB AG Premium(Aug)	-1	-24 - -22	-1	-1 -24 - -22 -1
FOB AG Premium(Sep)		-1 -1		-1 -1

Daily assessments US

¢/gal

US	Non-LST Mt Belvieu	LST Mt Belvieu	Conway
E/P Mix	-76.950 - 77.050-		+55.950 - 56.050+
Ethane Purity	-80.700 - 80.800-		
Propane	-151.850 - 151.950-	-152.100 - 152.200-	-142.900 - 143.000-
\$/mt	791.14 - 791.66		
Normal Butane	-186.800 - 186.900-	-176.800 - 176.900-	-171.700 - 171.800-
\$/mt	846.20 - 846.66		
Iso-Butane	-199.650 - 199.750-	-199.650 - 199.750-	-189.700 - 189.800-
Natural Gasoline		-247.000 - 247.100-	-228.400 - 228.500-
Non-Targa	-244.000 - 244.100-		
Targa	-247.000 - 247.100-		

US LPG alternate hub prices

	Bushton	Hattiesburg	River
Propane	-143.000 - 143.100-	-152.350 - 152.450*	
Natural gasoline			-247.000 - 247.100**

NYMEX

Natural gas AUG (\$/MMBtu)	4.29
Light sweet crude AUG (\$/bbl)	95.15

NYMEX light sweet crude*

Aug	94.95
Sep	95.42
Oct	95.88

Note:*Platts assessments of crude oil futures values prevailing exactly at 3:15 pm Eastern Time follow:

US propane swaps

Q4 2011	154.95 - 155.05	AUG	152.20 - 152.30	OCT	152.95 - 153.05
Q1 2012	156.20 - 156.30	SEP	152.45 - 152.55		

* Hattiesburg product is for in pipe. ** River means on barges in various points of Mississippi River in Louisiana

Note: Spot prices exclude terminaling

Monthly rolling averages

\$/mt

	Propane	Butane
Europe FOB Seagoing	804.57 - 809.57	
Europe CIF 7000+MT	860.86 - 865.86	
Arab Gulf	805.86 - 807.29	853.00 - 854.43

Postings/contracts

\$/mt

	Propane	Butane
FOB N Sea:PPAP*/PBAP** (eff JUL 1)	848.36	844.41
FOB Algeria (eff JUL 1)	820.00/820.00***	848.00
FOB Saudi Arabia**** (eff JUL 1)	815.00	855.00

*Platts propane average price. **Platts butane average price. ***Propane at Bethiouna and Skikda respectively.

**** Kuwait, Abu Dhabi and Qatar posted the same prices as Saudi Arabia.

rently available. "[There is] nothing too much happening today," commented one player. Sources said that there was still potential demand from both petchems and the gasoline related sector and workable CIF levels were seen to be at around 93% of naphtha. There were no public trades reported.

ARA: According to industry sources Monday market activity was fairly thin. There appeared to be only limited quantities of mixed refinery butane on offer, although there were said to be indications that some iso-rich product might be available.

West Mediterranean

Propane

There were few signs Monday of any increase in market activity. The only current propane export from Lavera was reported to be a 3,000 mt cargo due to load in the next couple of days.

Butane

Industry sources said that the market was not too busy Monday. Although buying interest remained sparse there did not appear large quantities of FOB product available either. BP was a seller in the Platts Market on Close assessment process of 2,500-4,000 mt FOB Lavera July 16-20 and offered down to 50% \$855/mt and 50% Platts FOB quotes related/mt, but no deal was concluded. An export of about 3,800 mt was said to be currently loading at Lavera. An import of 20 kt chemical grade butane was reported to be arriving at Lavera Tuesday with another 12 kt of the same grade due next weekend.

Arab Gulf

Even as close to 750,000 mt of spot refrigerated LPG has so far already reportedly been placed for July loading, a Middle East-based source said Monday that there is probably at least another two more full cargoes that are looking for homes. Both

cargoes, each 44,000 mt of LPG in a 3:1 propane butane mix, are for loading from Iran, said the source. One of the cargoes belongs to National Iranian Oil Company, and is for loading end July from Assaluyeh, while the other is from Iran Petrochemical Commercial Co, which is for loading from Assaluyeh or Bandar Imam Khomeini over the second or the third decade of this month. PCC has so far sold four full cargoes for July loading, while state-owned NIOC has so far sold one 44,000-mt evenly split cargo.

Asia

REFRIGERATED: The first day of the trading week saw Asian LPG values drift lower, led by a drop in front-month crude futures. Prices of propane and butane cargoes for first-half August delivery lagged the over \$11/mt fall in August ICE Brent futures from their Asian close Friday, to settle \$8/mt lower at \$856/mt and \$911/mt, respectively. Gunvor was the only participant in the spot physical market Monday, bidding for 22,000 mt of first-half August delivery propane cargo at \$830/mt, while also offering a similar parcel, for H1 August delivery at \$855/mt for 50% of the cargo and at a discount of \$1/mt to Argus August FEI.

Americas

US NGL prices receded on weaker crude and gasoline futures Monday. NYMEX August crude oil was assessed at \$94.95/barrel, down \$1.35 on pressure from macroeconomic concerns and the weight of a lofty US dollar. August RBOB was assessed at 306.69 cents/gal, down 2.45 cents. With a gasoline crack spread around \$35/barrel, traders noted the widening gap between crude oil and refined products, most notably natural gasoline. "I see it as crude is weak and products are strong," a gasoline trader said. Platts assessed non-Targa natural gasoline at 244.05 cents/gal, down 1.60 cents. During the Platts Market on Close assessment process, Glencore sold 50,000 barrels of July non-Targa natural gasoline to Trafigura at 244.10 cents/gal,

and Louis Dreyfus sold 25,000 barrels of natural gasoline to Trafigura at the same price. Lukoil left its offer at 244.10 cents/gal. In other news, the American Petroleum Institute released its monthly NGL inventory statistics for May with total US propane stocks down about 12% to 38 million barrels from May 2010.

News

UK's JKX Oil and Gas starts LPG sales from Ukraine fields

UK-listed JKX Oil and Gas has started production and sales of LPG at its Novo-Nikolaevskoye group of fields in Poltava, Ukraine, the company said Monday. An LPG processing plant was moved to Ukraine during the second quarter of this year, while the storage and loading facilities were installed in June. JKX said its LPG production is expected to reach around 80 mt/day in a market that it said has grown by over 50% in the last five years. "The added value of this product stream will enhance the economic performance of our Ukraine operation and effectively increase gas realizations by approximately 10%," JKX CEO Paul Davies said in a statement.

Iowa seeks E15 volatility waiver in deficit compromise

It was not the possible elimination of an ethanol blender's tax or import tariff that producers in the state with the highest ethanol output focused on this week, but rather a key technical issue that was left out of a Senate compromise to reduce the US deficit. The Senate agreement should have included a volatility waiver for E15 (15% ethanol-gasoline blend), according to Monte Shaw, a spokesman for the Iowa Renewable Fuels Association. The waiver "which doesn't cost a dime, would ease the transition to E15 in the summer months, make it a much more attractive fuel to get out there, would give consumers and retailers that choice ... and would reduce emissions," he said in an interview Friday. The Environmental Protection Agency is in the process of certifying sales of E15 for non-flex-fuel cars and light trucks of

model year 2001 and newer. Those vehicles currently run on an E10 blend. A fuel's volatility is measured by Reid Vapor Pressure, a level that can rise when gasoline is mixed with ethanol. The federal government caps RVP at 9 pounds per square inch during the summer months of June 1 through September 15. When E10 was introduced, it was granted a 1 psi waiver so it could be legally sold despite hitting about 10 psi when mixed with gasoline. Now E15 has been approved, but the lack of an RVP waiver means it will be tough to create and sell it, said Shaw. When ethanol is blended with gasoline there is an initial spike in volatility, but as you add more the RVP drops, he said. When E10 is blended, a 9 psi gasoline blendstock becomes a 10 psi fuel. When 15% ethanol is mixed in the volatility actually dips, but remains above 9 psi. Shaw said it will be easier to blend E15 in so-called RFG areas where lower volatility gasoline blendstock is normally sold. "Ironically ... it'll be easier to blend E15 in those RFG areas than it will be in places like Iowa where we want to blend it, because the big oil companies are not going to send up the pipeline a blendstock for E15," he said. With an E15 RVP waiver, E10 and E15 could both be mixed with the same gasoline blendstock. "The other thing they could do, is they could simply eliminate the 1 [psi] waiver for E10. Then we'd be on the same footing. I don't think the oil companies would like that though because they like putting all their high-volatility products in the gasoline" like pentanes and butane, said Shaw. "If we continue to have these two different requirements then you have two different blendstocks and big oil can use that to their advantage because they control what goes in the pipeline ... to keep E15 out of the marketplace," he said. The official refiner stance has been that they are concerned that E15 will cause engine damage and other liabilities. "We have no intention of selling E15," due to the logistics of selling to only certain model cars and a lack of liability protection, said Bill Day, a spokesman for US refiner-retailer Valero Energy, in an interview Friday. Meanwhile, while some say the RVP change would have to be part of a rulemaking by the EPA, Shaw disagrees. "The EPA has said definitively ... they have said that whereas the 1 [psi] waiver for E10 was speci-

fied in the Clean Air Act amendments of 1990, they feel that they do not have the authority to simply extend that to E15 as a regulatory agency. That it would in fact take action from Congress," he said, adding "whether or not ... that's true, that's their position." In June, when EPA announced its rule for E15 retail pump labels, it issued a "final determination" of the Clean Air Act that only E10, not E15, would get an RVP waiver. It said while some cars may exceed emissions rules when running E15, the overall effect would be lower emissions compared with running all E10. The Renewable Fuels Association in 2010 asked EPA Administrator Lisa Jackson for either a 1 psi waiver for E15 or a rulemaking that would mandate that all gasoline blendstock be limited in RVP to allow for 15% ethanol blends. Neither appears to have been granted. "The RFA is working to address all the fuel regulations, both federal and state, that may unnecessarily inhibit the sale of E15," spokesman Matt Hartwig said in an email response to questions Friday. He said the Senate tax package is "not the appropriate vehicle for such a discussion." "Right now in Iowa, we have retailers who want to sell E15," said Shaw. "In fact some of them already sell E15 even though they can only sell it currently to flex-fuel vehicles. ... But in the summer, the big

oil companies will not supply another blendstock into the terminals here in Iowa, so they cannot sell a legal product with 15% ethanol." He said "we have people looking into" the feasibility of trucking lower RVP gasoline from RFG areas in Chicago or Kansas City, but it may be cost prohibitive. "You could pull that fuel and truck it up to Iowa, but think of how much more expensive it is to truck from Kansas City or Chicago than it is to have it in your local terminal," he said. Plus "you'd have to be working with a jobber who has a tank to store it so you can blend it, so after you do all that, does E15 then instead of being cheaper than E10, does it become more expensive than E10?" he added. Then you "lose the biggest motivating factor to buy E15," said Shaw. "If you're a refiner, why would you want to make another product just so somebody else can take another 5% of your market share? I get that," he said. "We're just saying that because of the way these rules are set up, it completely tilts the playing field in the favor of petroleum."

Petchems absorb most surplus Laveria butane as export demand remains thin

Petrochemicals producers continue to absorb most surplus butane at the French

Mediterranean port of Laveria as export demand remains thin, according to industry sources Monday. During the summer surplus butane from refineries at Laveria is either used by petrochemicals as an alternative feedstock to naphtha or is exported to North African destinations such as Tunisia and Egypt where it is used in the traditional cooking and heating market. Current export demand, however, is said by sources to be quite limited resulting in most excess refinery butane being absorbed by the petchems sector. Based on Platts data, spot FOB prices were in the low \$960s/mt in the middle of last month, but then fell to the low \$870s/mt at the beginning of July before reaching a last published level of \$892.50/mt. But over the same time period FOB butane prices, when expressed as a percentage of the naphtha price, have steadily decreased from being above naphtha parity in the middle of June down to a last assessed level 92.2%, again based on Platts data. Despite the weak demand for exports, spot availability at Laveria was reported by sources to be fairly tight over the next one or two weeks with refineries making forward supply commitments into petrochemicals. "[There is] not a lot of product available," said one industry source.

platts LPGaswire

Volume 33 / Issue 134 / July 11, 2011

ISSN: 1931-2229

Editorial contacts:

Singapore: Rajesh Nair,
Tel: +65 6530 6550

London: Derek Hardy,
Tel: +44 (0) 207 176 6672

Houston: Steven McGinn,
Tel: (1) 713 658 3208

Editorial Director, Oil
Dave Ernsberger

Vice President, Editorial
Dan Tanz

Platts President
Larry Neal

LPGaswire is published daily by Platts, a division of the McGraw-Hill Companies. Registered office: Two Penn Plaza, 25th Floor, New York, NY 1012102298

Officers of the Corporation: Harold McGraw III, Chairman, President and Chief Executive Officer; Kenneth Vittor, Executive Vice President and General Counsel; Jack F. Callahan, Jr., Executive Vice President and Chief Financial Officer; John Weisenseel, Senior Vice President, Treasury Operations.

Prices indexes and assessments and other price information in tables published [herein] are based on price information collected from actual buyers and sellers. Platts makes no warranties, express or implied, as to the accuracy, adequacy or completeness of the data and other information set forth in this publication ("data") or as to the merchantability or fitness for a particular use with respect to the data. Platts assumes no liability in connection with any party's use of the data. Corporate policy prohibits editorial personnel from holding any financial interest in companies they cover and from disclosing information prior to the publication date of an issue.

Copyright © 2011 by Platts, The McGraw-Hill Companies, Inc.

Permission is granted for those registered with the Copyright Clearance Center (CCC) to photocopy material herein for internal reference or personal use only, provided that appropriate payment is made to the CCC, 222 Rosewood Drive, Danvers, MA 01923, phone (978) 750-8400. Reproduction in any other form, or for any other purpose, is forbidden without express permission of The McGraw-Hill Companies, Inc.

For article reprints contact: The YGS Group, phone +1-717-505-9701 x105

Text-only archives available on Dialog File 624, Data Star, Factiva, LexisNexis, and Westlaw.

Platts is a trademark of the McGraw-Hill Companies, Inc.

To reach Platts

E-mail: support@platts.com

North America

Tel: 800-PLATTS-8 (toll-free)
+1-212-904-3070 (direct)

Latin America

Tel: + 54-11-4804-1890

Europe & Middle East

Tel: +44-20-7176-6111

Asia Pacific

Tel: +65-6530-6430



PLATTS FREE OIL TRAINING - HOUSTON

Everything you need to know about oil benchmarks
and Platts price discovery process

As a valued Platts subscriber ...



We are pleased to offer you the opportunity to attend one of our complimentary in-house monthly oil training sessions.

When: Tuesday, July 12, 2011

Time: 9:00 a.m. – 10:30 a.m. CT

Where: Platts Houston Office
Three Allen Center
333 Clay Street, Suite 3800
Houston, TX

Cost: Free

[Register Now](#)

Don't delay - Limited seats available!

There are a number of reasons why you or your staff would benefit from attending this training session. Find out more about:

- the importance of benchmarks for setting prices, monitoring risk vs. performance
- the importance of the Market-on-Close, principle in the Platts oil price discovery process
- why and how Platts prices affect the oil value chain
- the diverse ways benchmark prices are applied across the supply chain

For more information or to register, [click here](#).

These sessions will have limited space to ensure that each attendee gets the opportunity to talk in-depth with our editors.

Upcoming session dates are:

- Tuesday, August 9
- Tuesday, September 30
- Tuesday, October 11
- Tuesday, November 8
- Tuesday, December 13