
 O P I S I N T E R N A T I O N A L F E E D S T O C K S I N T E L L I G E N C E

Daily Products and Feedstocks Wire

Daily report on spot price assessment and cargo movements of refinery feedstocks and finished prices

 To align the following data, change the font size to 9 in Courier New
 August 27, 2010

LATEST MARKET ASSESSMENTS (CENTS PER GALLON EXCEPT WHERE NOTED)

	U. S. GULF	U. S. W. C. (Los Angeles)	U. S. E. C.
70/30 SPLIT*	201.0260	206.8360	- - -
UNLEADED REGULAR	200.480	203.230	- - -
NO. 2 OIL	202.300	215.250	- - -
WTI (OCT)	75.17	75.17	
WTI (NOV)	76.21		
ANS		73.77	

* 70/30 Split is based on Gulf Coast Waterborne products.
 (WTI and ANS prices shown in dollars per bbl)

VGO ASSESSMENTS

VGO (LOW SULFUR) CARGO*	193.85-195.05	- - -	- - -
LOW SUL. DIFF. TO SPLIT	(-7.15/ -6.00)	- - -	- - -
LOW SUL. DIFF. TO WTI	(6.25/ 6.75)	- - -	- - -
VGO (MED SULFUR) CARGO	189.10-191.50	- - -	- - -
MED SUL. DIFF. TO SPLIT	(-11.95/ -9.55)	- - -	- - -
MED SUL. DIFF. TO WTI	(4.25/ 5.25)	- - -	- - -
VGO (HIGH SULFUR) CARGO	186.70-187.90	- - -	- - -
HIGH SUL. DIFF. TO SPLIT	(-14.30/-13.10)	- - -	- - -
HIGH SUL. DIFF. TO WTI	(3.25/ 3.75)	- - -	- - -

*all cargo prices are on a delivered, ex-duty basis
 (All VGO differentials to WTI or ANS shown in dollars per bbl)

VGO (LOW SULFUR) BARGE	193.85-195.05	198.85-199.85	- - -
LOW SUL. DIFF. TO SPLIT	(-7.15/ -6.00)	(-8.00/ -7.00)	- - -
LOW SUL. DIFF. TO WTI	(6.25/ 6.75)	(8.35/ 8.75)	- - -
LOW SUL. DIFF. TO ANS	- - -	(9.75/ 10.15)	- - -
VGO (MED SULFUR) BARGE	189.10-191.50	- - -	- - -
MED SUL. DIFF. TO SPLIT	(-11.95/ -9.55)	- - -	- - -
MED SUL. DIFF. TO WTI	(4.25/ 5.25)	- - -	- - -
VGO (HIGH SULFUR) BARGE	186.70-187.90	194.35-195.35	- - -
HIGH SUL. DIFF. TO SPLIT	(-14.30/-13.10)	(-12.50/-11.50)	- - -
HIGH SUL. DIFF. TO WTI	(3.25/ 3.75)	(6.45/ 6.85)	- - -
HIGH SUL. DIFF. TO ANS	- - -	(7.85/ 8.25)	- - -

FORWARD VGO ASSESSMENTS

VGO (LOW SULFUR) CARGO*	193.95-195.15	- - -	- - -
LOW SUL. DIFF. TO WTI	(5.25/ 5.75)	- - -	- - -
VGO (MED SULFUR) CARGO	189.20-191.55	- - -	- - -
MED SUL. DIFF. TO WTI	(3.25/ 4.25)	- - -	- - -
VGO (HIGH SULFUR) CARGO	186.80-188.00	- - -	- - -
HIGH SUL. DIFF. TO WTI	(2.25/ 2.75)	- - -	- - -

*all cargo prices are on a delivered, ex-duty basis
 (All VGO differentials to WTI or ANS shown in dollars per bbl)

VGO (LOW SULFUR) BARGE	193.95-195.15	- - -	- - -
LOW SUL. DIFF. TO WTI	(5.25/ 5.75)	- - -	- - -
VGO (MED SULFUR) BARGE	189.20-191.55	- - -	- - -
MED SUL. DIFF. TO WTI	(3.25/ 4.25)	- - -	- - -

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VGO (HIGH SULFUR) BARGE	186.80-188.00	- - -	- - -
HIGH SUL. DIFF. TO WTI	(2.25/ 2.75)	- - -	- - -

OTHER FEEDSTOCK ASSESSMENTS

LT. CYCLE OIL	196.05-196.55	192.75-194.75	- - -
LT. CYCLE DIFF TO NO. 2	(-6.25/ -5.75)	(-22.50/-20.50)	- - -
LS LT. CYCLE OIL	199.30-200.30	- - -	- - -
LS LT. CYCLE DIFF TO NO. 2	(-3.00/ -2.00)	- - -	- - -
NAPHTHA (OFFSHORE 40N+A)	189.50-190.00	- - -	- - -
NAPHTHA DIFF. TO UNLEAD	(-11.00/-10.50)	- - -	- - -
NAPHTHA (DOMESTIC 40N+A)	190.00-190.50	- - -	- - -
NAPHTHA DIFF. TO UNLEAD	(-10.50/-10.00)	- - -	- - -
PARAFFINIC NAPHTHA (\$/MT)	699.25-699.75	- - -	- - -
N. GASOLINE (\$/MT)	666.65-683.55	- - -	- - -
ALKYLATE	213.98-214.48	- - -	- - -

ST. RUN RESID (LO SUL)	76.90- 77.40	- - -	- - -
LOW SUL. DIFF. TO WTI	(+1.75/ +2.25)	- - -	- - -
ST. RUN RESID (HI SUL)	68.15- 69.15	- - -	- - -
HIGH SUL. DIFF. TO WTI	(-7.00/ -6.00)	- - -	- - -

(All St. Run prices and differentials shown in dollars per bbl)

NO. 6 OIL .3% HIGH POUR	- - -	- - -	76.70- 76.80
NO. 6 OIL 1.0%	- - -	- - -	71.20- 71.30
NO. 6 OIL 3%	66.70- 66.90	- - -	68.60- 68.80

(All heavy fuels prices shown in dollar per bbl)

PROMPT REFINED SPOT PRICES

UNLEADED REGULAR	200.23-200.73	202.48-203.98	192.29-193.29
NO. 2 OIL	202.05-202.55	214.75-215.75	202.93-203.93
JET 54	208.75-209.00	- - -	209.68-212.93

FORWARD REFINED SPOT PRICES

UNLEADED REGULAR	- - -	- - -	192.29-193.29
NO. 2 OIL	202.65-203.65	- - -	202.93-203.93

ANY CURRENT MONTH NGL ASSESSMENTS*

N. GASOLINE (RIVER) ANY	167.500-171.750	- - -	- - -
N. GASOLINE (RIVER) OUT	169.500-173.750	- - -	- - -
PROPANE TET	105.750-108.625	- - -	- - -
NORMAL BUTANE TET	129.000-131.000	- - -	- - -
ISOBUTANE TET	135.250-135.500	- - -	- - -

* Except where noted as out month

MARKET OVERVIEW:

8/27/2010 - Oil futures posted across-the-board gains going into the weekend, with WTI crude prices hurdling back over \$75/bbl.

Crude prices hit their peak earlier this month at \$82.97/bbl on August 4. And, although prices have strengthened over the last few trading session, they have also sunk some \$5-\$10/bbl since the beginning of August on account of high inventories, weak demand and generally bearish market sentiment.

Some are puzzled as to why refiners have continued to operate at high rates given that refining margins have been somewhat weak and U.S. oil inventories have built to their highest levels since 1983.

Part of the reason is the growing importance of the U.S. export market. Throughout the recession exports have continued to grow, helping refiners offset weak demand here in the U.S.

Latin America has typically been the biggest market for U.S. diesel fuel exports, but demand has grown even stronger in recent months thanks to refinery and storage issues in the region, and to a cold winter in South America. According to the most recent Department of Energy data for May, U.S.

middle distillate exports were up 87% year-on-year at 491,000 b/d.

Another reason U.S. refiners have maintained run rates is to take advantage of the contango in heating oil's forward pricing curve. Because the heating oil contract is more expensive for outer-months, there is incentive to store diesel fuel now and make more of a profit on it later on. So demand for diesel is not always based in consumption, but rather in storage, as well.

FEEDSTOCKS:

Sweet VGO differentials to WTI continued to hold their ground today and even firmed a bit.

A trader-to-refiner deal involved 350,000 bbl of sweet VGO (0.5% maximum sulfur, 188 aniline, 900 nitrogen, 0.30 MCR, metals <1) trading at October WTI plus \$6.45/bbl delivered Houston-area basis in a September 14-16 window.

The same refiner that purchased the sweet VGO also purchased some borderline medium/high sulfur VGO. Word of that transaction surfaced Thursday, and the refiner confirmed it today. That deal involved 80,000 bbl of 1.27% sulfur, 181 aniline, 1606 nitrogen, 0.79 MCR material trading at October WTI +\$4.00/bbl delivered Mt. Aires basis in a September 6-8 window.

High sulfur VGO traded as well.

A refiner sold two barge volumes of 1.9% sulfur, 175 aniline, 1918 nitrogen VGO from its Louisiana refining operations at October WTI +\$3.25/bbl delivered into Texas, with delivery slated for next week.

In naphtha: A major that earlier in the week was seen offering 42 N+A, 58.5 API, 3 psi, 120 ppm sulfur material at pipeline unleaded minus 8.00cts/gal delivered basis pulled off a barge sale today to another major at pipeline unleaded minus 9.00cts/gal delivered Houston basis in an August 28-30 window.

OPIS shows naphtha differentials to waterborne unleaded as opposed to pipeline unleaded, and today's deal translates to 10.25cts/gal under waterborne unleaded given waterborne gasoline's 1.25ct/gal premium to pipeline unleaded as assessed by OPIS.

REFINED PRODUCTS:

IN GASOLINE

U.S. GULF COAST 9.0-lb. RVP conventional gasoline prices rebounded more than 12.5cts from Tuesday night, a recent low, to Friday's close. The volatility this summer has not been more pronounced than in August, as market players start to focus on the autumn market shift.

The arb window for Gulf shippers to send 9.0-lb. M2 into Midwest markets is still open, and this week has seen plenty of movement that way - especially since barrels are so tight in certain regions. However, as RVP "blend up" season kicks into gear, transitional blending gets messy.

Meeting government specs by blending different variations of gasoline might discourage shipments to the north, but if the up-down equation promises enough profits then the arb is always attractive no matter the season.

NEW YORK HARBOR conventional 9.0-lb. gasoline prices topped \$1.90/gal for the first time in over a week, closing Friday's session nearly 4cts higher at just under \$1.93/gal. Increases were on the back of paper gains as cash differentials were 25cts lower at 2cts below September futures.

RBOB traded at 1.75cts under futures for late-August delivery. Outright prices closed just over \$1.93/gal, just slightly higher than regular gasoline.

Over the last few weeks, RBOB cargos have poured into the Northeast, and the need to blend the imported cargos with ethanol has sent New York ethanol prices soaring some 15cts/gal since the beginning of August.

Northeastern spot ethanol prices were assessed at last night's close at \$2.02/gal, a number that is a full 12cts/gal over New York RBOB spot prices.

GROUP 3 and CHICAGO gasoline strengthened further today, with gains in basis compounded multi-cent Merc moves.

Group gasoline ended the day at 5.25cts over the Merc, with a trade heard there. That's 40pts above yesterday's diff and marks the first nickel-plus premium in over a year. Cash prices jumped 4.34/gal to \$2.0004/gal.

Windy City gasoline roared higher by almost a nickel to \$1.9923/gal. There was an early trade at 7.25cts, but basis levels were talked higher by day's end.

The gains over the last week are mostly due to very low inventories. One source noted that at least one supplier in the northern Midwest was completely out of product in the Magellan Pipeline system and was buying material. Another market watcher noted that gasoline inventories are tighter than they have been in a while.

IN DISTILLATES

U.S. GULF COAST ultra-low-sulfur diesel flirted with the \$2.10/gal mark today after gaining more than 12cts since Tuesday - finishing at the highest perch in three and a half weeks.

The buttressing variables in domestic distillates that are starting to influence the Gulf increasingly include:

- Heating oil contracts remain in contango, a built-in incentive to store barrels for sale at higher prices in the future;
- United States agricultural demand is kicking in and jet fuel consumption has been on the rise;
- Demand in Central and South American countries like Chile and Mexico has been extra robust this year, unlike in the U.S.

NEW YORK HARBOR distillate prices ended some 3.5cts stronger going into the weekend. ULSD closed just under \$2.13/gal and heating oil cash values ended just under \$2.0350/gal.

Cash basis levels for key products saw little movement. ULSD premiums were stable at 8.5cts over September futures. Heating oil closed at a penny discount.

Barge jet fuel traded 5.25cts over futures this afternoon, but players valued prompt barrels at 8.5cts over at close.

Midwest ULSD prices heated up as well, following the Merc higher.

GROUP 3 ULSD was heard done from 8.9cts to 9.25cts, ending the day around 9cts over futures. Cash prices jumped 3.5cts to \$2.1343/gal.

CHICAGO September Cycle 1 ULSD was last pegged around 6.5cts over futures, fetching \$2.1225/gal going into the weekend. That's a gain of 3.9cts.

GAS LIQUIDS:

The day's crude oil rally sparked advances in gas liquids prices with most of the gains notched at the day's end.

In spot action, Mt. Belvieu non-TET propane anys saw deals from \$1.0625-\$1.09125/gal. The TET (LDH) propane market was running 0.5cts/gal under the non-TET market. Hattiesburg propane anys were done at \$1.09/gal, a level about 3cts/gal over Belvieu, at the time. Conway propane anys were worked from \$1.025-\$1.045/gal.

In Belvieu heavies action, non-TET normal butane anys traded from \$1.33-\$1.35/gal. Non-TET isobutane anys held to a tight \$1.3525-\$1.355/gal range of deals. Non-TET natural gasoline anys posted trades from \$1.675-\$1.7175/gal.

Conway normal butane anys trades were seen from \$1.315-\$1.32/gal. Isobutane anys printed a trade at \$1.41/gal. Natural gasoline anys were confirmed at \$1.62/gal.

In the light products, Belvieu ethane deals ranged from 47.75-48.75cts/gal. The EP mix market was quiet and appeared to be holding a 7cts/gal discount to the ethane market. Conway EP mix anys recorded a trade at 34cts/gal.

RESIDUAL FUEL:

NYMEX October WTI firmed by \$1.81/bbl today to \$75.15/bbl, and gains in spot residual fuel values ranged from \$1.50/bbl to \$2.00/bbl in most cases.

On the Gulf Coast, 3% sulfur resid traded at \$66.80/bbl fob the Houston Fuel Oil Terminal with September 7-9 loading dates.

On the East Coast, 1% sulfur resid was bid at \$71.20/bbl and offered at \$71.30/bbl delivered New York Harbor basis in a September 17-21 window.

Also on the East Coast, 3% sulfur resid was bid at \$68.60/bbl delivered NYH

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basis in a September 6-10 window, and 0.3% sulfur high pour resid was bid at \$5.50/bbl over 1% sulfur resid, with the bidder seeking 120,000 bbl delivered NYH basis in a September 6-10 window.

NEWS:

***VALERO REPORTS UPSET AT SRU AT THREE RIVERS; REPAIRING BENICIA HDK

Valero informed Texas State regulators of an upset involving a sulfur recovery unit at the Three Rivers, Texas, refinery. Valero was making unit adjustments to line out the unit, according to the notice filed with Texas Commission on Environmental Quality (TCEQ).

Valero could possibly repair a leaking valve in a 36,000-b/d hydrocracker at the Benicia, Calif., refinery today, according to a TCEQ notice that said that the refinery was waiting on parts to make repairs. Valero said yesterday that it expected the outage at the unit to be short-term, with little impact to production.

--Mary Welge, mwelge@opsnet.com

PRODUCT SPECIFICATIONS:

The 70/30 Split and the Refined Spot prices for the U.S. Gulf Coast are based on the Gulf Coast Waterborne Unleaded Regular 7.8PSI Full Day Average Prompt and Gulf Coast Waterborne High Sulfur No2 Full Day Average Prompt prices. The differentials for Naphtha and Light Cycle Oil prices are always against the Gulf Coast Waterborne Prompt Unleaded and No2 spot prices respectively. The 70/30 Split and the Refined Spot prices for the U.S. West Coast are based on the Los Angeles Unleaded Regular Full Day Average Prompt and Los Angeles Ultra Low Sulfur No 2 Full Day Average Prompt prices. The Refined Spot prices for the U.S. East Coast are based on the NY Harbor Barge Unleaded Regular Full Day Average Prompt and NY Harbor Barge High Sulfur No2 Full Day Average Prompt prices. The midgrade and premium prices, where applicable, also refer to the same gasoline Spot products.

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