

FAQ:

Argus pricing solutions for non-Russian diesel cargoes coming into Europe



The European diesel market is going through one of the largest changes seen in recent years, with market participants seeking to avoid and diversify away from Russian-origin oil.

To reflect this change, *Argus* has launched price assessments for restricted-origin (non-Russian) diesel, to bring transparency to the price of long-range distillate flows into Europe and enable you to navigate the market, manage risks and make well-informed decisions.

With *Argus* launching pricing for 30 000 – 60 000 tonnes restricted origin diesel cargoes in March 2022 followed by pricing of full Long Range 2 diesel cargoes in September 2022, this makes us the first price reporting agency to offer a complete view of the price for diesel imported into Europe of non-Russian origin.

How is the market changing?

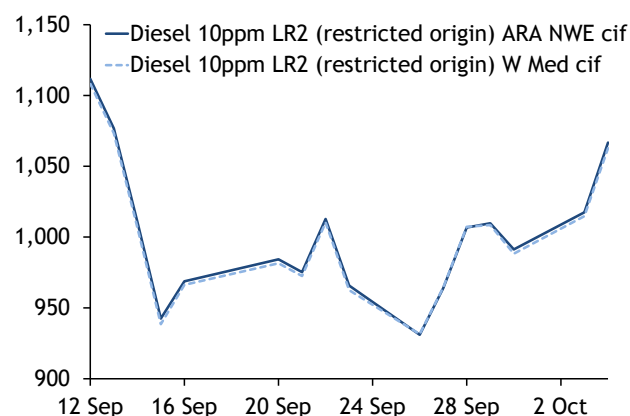
Market volatility following the Russian invasion of Ukraine has led to the opening of a two-tiered diesel market, with many European companies voluntarily refusing to buy Russian-origin diesel in the wholesale spot market. This is mainly for reputational reasons and has been termed “self-sanctioning”.

But bans on Russian products will be enforced in the EU in 2023, which means that a truly structural change is now taking place. With such little willingness to buy Russian-origin products on a spot basis, “restricted-origin diesel” — or non-Russian diesel — is now in high demand and at a premium.

Traditionally, 50-60pc of Europe’s diesel imports came from Russia as part of term supply contracts, but this will no longer be an option as an EU regulatory ban enters into effect in February.

Historical price trends

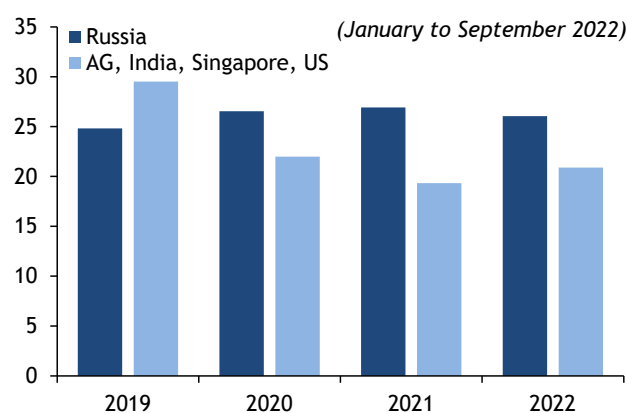
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Alternative flows of diesel imports will grow in importance in order to address the shortage of diesel in the European market. These alternative flows will primarily come from east of Suez and the US.

Diesel 10ppm exporters into Europe

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The *Argus* restricted-origin cif ARA and cif Mediterranean cargo assessments are published daily and provide transparency to the price of these growing flows of large diesel cargoes into Europe — helping you make effective and informed decisions for your business.

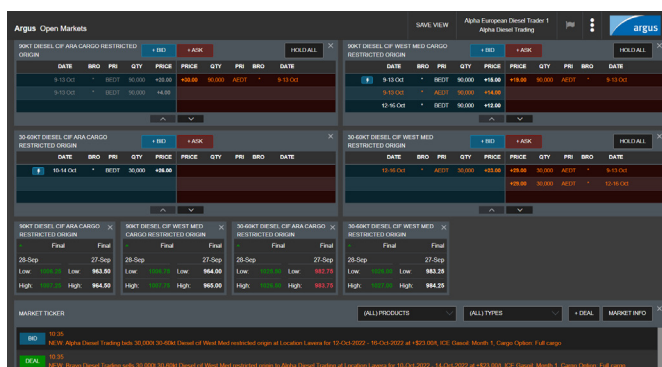
How does Argus identify the premium of restricted-origin diesel?

We are getting market information from a wide range of sources — buyers, sellers, producers, traders and brokers from across Europe, as well as importers of diesel into the region. We then consider all deals, bids and offers, validate them against *Argus* diesel 10ppm cargo methodologies and make the assessment.

Argus Open Markets for diesel

To enable market participants to see diesel market developments unfold in real time while also providing transparent price information for the spot value of these European diesel imports, on 6 October, *Argus* launched “*Argus* Open Markets” platform for diesel.

On the platform, companies can in real time place bids, offers and initiate trades for physical diesel cargoes which in turn underpin the *Argus* pricing for full Long Range 2 diesel cargoes as well as for 30-60 000 tonnes cargoes.



The screenshot displays the Argus Open Markets interface. It features several panels for different diesel cargo types, including '30-DKRT DIESEL OF ARA CARGO RESTRICTED ORIGIN', '30-DKRT DIESEL OF WEST MED CARGO RESTRICTED ORIGIN', and '30-DKRT DIESEL OF WEST MED CARGO'. Each panel shows a table with columns for DATE, BRO, PRI, QTY, PRICE, and DATE. Below these panels is a 'MARKET TICKER' section with a table showing 'Final' and 'Final' values for various cargo types. The interface is dark-themed and includes navigation buttons like '+ BID', '+ ASK', and '+ DEAL'.

How is Argus covering the impact across Europe?

Both northwest European (NWE) and Mediterranean markets receive Russian diesel — from the Baltics and Black Sea respectively — but the Mediterranean market is more self-sufficient than the NWE market as it is able to source product from across the Mediterranean as well as long-range cargoes.

As *Argus* has launched restricted-origin prices for both markets (cif ARA and cif west Mediterranean), and has maintained open-origin assessments, we can offer prices that are relevant across all of Europe and cover both Russian and non-Russian diesel. In the case of restricted-origin assessments, *Argus* publishes a price for full cargo LR2 transactions — 90,000-100,000 mt — as well as a price assessing 30,000-60,000 mt full or part cargoes.

Who should be looking at Argus restricted-origin diesel pricing solutions?

- Traders — connecting diesel suppliers with buyers across and within regions.
- Refineries — needing a value of non-Russian diesel to understand how to maximise value for their refinery and the economics to underpin their production decisions.
- Analysts — in need of a pricing tool for this “new pricing structure”.
- Risk managers — To limit or remove financial risk in case of further sanctions on non-Russian diesel and diesel of any origin.
- Procurement managers — buying diesel for their business.
- Sales and pricing managers — needing fair and reflective prices to set in supply contracts when selling diesel downstream.

What is the Argus methodology?

The latest version of the official methodology can be found on this link, argus-european-products.ashx. French diesel is the most common cargo grade for diesel in Europe. The name “restricted origin” allows us to add more banned origins over time, should that be needed. The actual mention of non-Russian origin is found further down in the text.

- Diesel 10ppm LR2 (restricted origin) ARA NWE cif - London close - PA0037627
- Diesel 10ppm LR2 (restricted origin) W Med cif - London close PA0037628
- Diesel 10ppm (restricted origin) ARA NWE cif - London close PA0035655
- Diesel 10ppm (restricted origin) W Med cif - London close - PA0036419

To learn more about *Argus* non-Russian diesel pricing solutions and the *Argus* European products report visit www.argusmedia.com/EPR

To learn more about our coverage of the German market, visit <https://www.omr.de>

Try it out — Explore *Argus* European products in more detail. You’ll experience the benefits of:

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