

Argus White Paper: Argus publishes Russia-origin products discounts in AMGIO report



The European sanctions, introduced in 2022, forced Russian oil producers to look for new markets for their products. The Middle East has become one of the markets to which Russian volumes have been redirected.

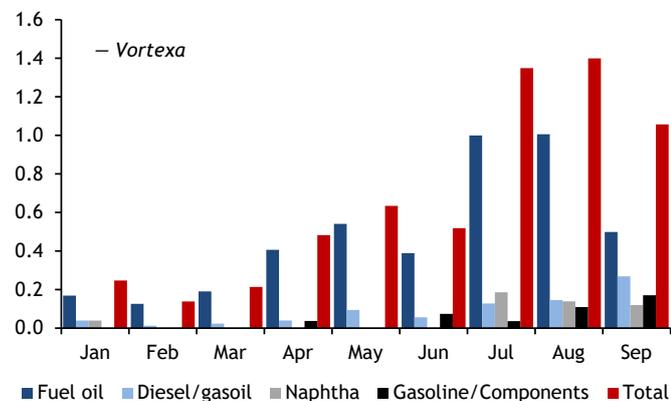
The change in the structure of deliveries aroused interest in the pricing of petroleum products under the new conditions. In response to changing market conditions, Argus starts publishing discounts for Russian-origin products in Argus Mideast Gulf and Indian Ocean Products report that exclusively covers the regional oil products market.

Trading flows have been changing substantially as a result of the Russia-Ukraine conflict, with imports of Russian products to the Middle East, India and other east of Suez demand and storage centres rising.

The Middle East has fast become a major outlet for Russian oil products, with cargo arrivals rising to record highs in three of the past four months from June to August.

The total volume of product cargoes including gasoline, naphtha, gasoil and fuel oil, reached 1.40mn t in August, up from the previous record high of 1.35mn t in July.

Imports of Russia-origin products by the ME mn t



Reorientation of supplies is rapidly gaining momentum

Before the armed conflict with Ukraine started in February, imports of oil products from Russia held in the 250,000-450,000t range, and did not rise substantially before May 2022, according to oil analytics firm Vortexa. But as international sanctions and restrictions on Russia started to squeeze deliveries to Europe and the US, Moscow had to seek alternative destinations for the quickly-formed surplus of its output, selling cargoes at significant discounts to benchmark prices.

The flows are expected to continue and rise in the months leading to the EU's ban on Russian oil products at the start of 2023.

Russian-origin discounts		
Russian-origin product	Baltic Sea ports reference	Black Sea ports reference
Diesel	Diesel French 10ppm cif ARA cargo	Diesel French 10ppm cif west Mediterranean
High-sulphur	Heating oil French 0.1%S cif	Heating oil French 0.1%S
gasoil	northwest Europe	fob west Mediterranean
Gasoline	Gasoline Eurobob oxy NWE barge	N/A
Naphtha	Naphtha 65 para cif north-west Europe cargo	Naphtha 65 para fob west Mediterranean
Jet	Jet cif northwest Europe cargo	N/A
Fuel Oil	Average of: fuel oil 3.5%S cif northwest Europe cargo and fuel oil 3.5%S RMG fob northwest Europe barge	Fuel oil 3.5%S fob west Mediterranean
VGO	VGO 2%S cif northwest Europe cargo	VGO 2%S cif northwest Europe cargo

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Trading flows from Baltic and Black sea



Middle East market needs more pricing transparency

Following consultations with regional importers, *Argus* decided to publish price discounts of Russian-origin oil products to reflect the changing trading flows and provide efficient price discovery mechanisms for buyers of Russian cargoes.

Argus will publish weekly assessments of the discount to key European prices for Russian-origin oil products, sold on fob Baltic Sea and fob Black Sea bases in the English-language *Argus* Mideast Gulf and Indian Ocean Products report as of 25 October. The weekly discounts for gasoline, naphtha, gasoil and fuel oil cargoes against prices in Northwest Europe and the Mediterranean will be printed in the report every Tuesday.

Request Argus Russian-origin discounts

Please reach out to us for more information and to further discuss *Argus Russian-origin discounts* by contacting amgio@argusmedia.com or +97144336364.

The Argus Russian-origin discounts are available via Argus Mideast Gulf and Indian Ocean Products and Argus Russian Products export

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