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# Argus Latin Energy Markets

Weekly market news, analysis and prices

Incorporating Argus Latin Markets and Argus Latin America Energy

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## OVERVIEW

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Argentina's light sweet Medanito crude widened by 80¢/bl on market indications that the grade's value is trending lower.

### Refined products Page 4

US Gulf coast refined product exports to Latin America continued to decline this week as inventories of both gasoline and diesel drew down for a second straight week.

### LPG Page 6

Vessel tracking data showed that roughly 140,000t of US LPG shipped out of the Gulf coast to destinations in Latin America and the Caribbean in the week ended 1 February.

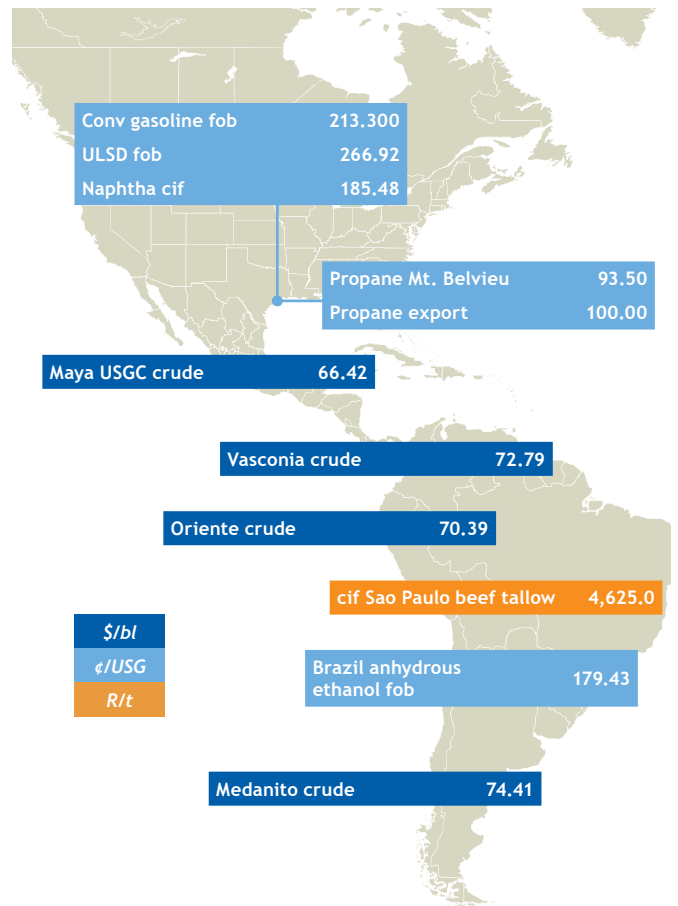
### Biofuels Page 7

Spot US ethanol values firmed in most markets on stronger buyer interest, despite weaker corn futures.

### Energy transition Page 9

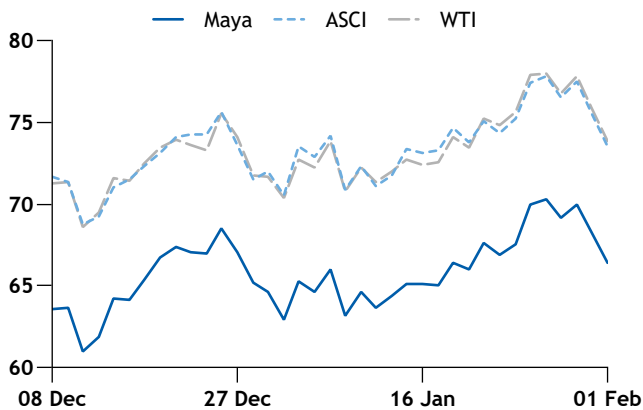
Increased availability of lower-cost electric vehicle (EV) models in Brazil is expected to boost this still nascent market in the country, the Brazilian electric vehicle association (ABVE) says.

## KEY PRICES



Maya USGC vs ASCI and WTI

\$/bl



Benchmarks	\$/bl	
	1 Feb	Change
<b>Americas</b>		
Nymex WTI M1	75.325	-1.490
Nymex WTI M2	75.215	-1.430
<b>Europe</b>		
Ice Brent M1	79.03	-1.25
Ice Brent M2	78.69	-1.33
<b>Middle East</b>		
Dubai	81.180	+0.640

## CRUDE

## Medanito value weakens

Argentina's light sweet Medanito crude widened by 80¢/bl on market indications that the grade's value is trending lower.

Medanito for March loading was pegged near a \$4/bl discount, pushing the Argus range of possible trade at discounts of \$4.20-\$3.80/bl to May Ice Brent. Elevated freight rates to the US west coast and turnaround activity are likely weighing on Medanito values.

Marathon – a habitual buyer of the light sweet grade – is planning first-quarter maintenance at its 363,000 b/d Los Angeles refinery, California, likely curbing demand for Medanito cargoes. Meanwhile, the rate to haul Medanito remains higher at \$11.17/bl for a Panamax vessel making the journey from Puerto Rosales, Argentina, to the US west coast.

Heavy sweet Escalante for March-loading was steady at discounts between \$5.75-\$4.75/bl to May Ice Brent, creating a \$1.25/bl spread between the two Argentinian sweets.

And approximately 6mn bl of March-loading Guyanese crudes were heard offered with levels ranging between a 30¢/bl premium and a 60¢/bl discount. Guyanese crude typically trades against Dated Brent and the 1mn bl cargoes are shipped on Suezmax tankers. Guyana's sweet crude stream is comprised of Liza, Unity Gold and Payara Gold.

Trade activity for Guyanese crude is expected to pick up soon as European buying interest surfaces. European demand is also expected to support Guyanese crude prices as sweet crude supplies in the region appear to be tightening amid emerging Nigerian demand for sweet crude and as ongoing tensions in the Red Sea have led to global supply disruptions.

Yemen's Iran-backed Houthi rebels said they had attacked a US destroyer in the Red Sea on 30 January and have vowed to continue targeting US and UK warships in the Red Sea and Arabian Sea. The latter, in the northern Indian Ocean, is new and indicates an expansion of the target area for the militant group.

Emerging demand from Nigeria's 650,000 b/d Dangote refinery is further tightening sweet crude supply in the Atlantic basin. It has bought a range of Nigerian crude grades for February-March arrival as well as 2mn bl of US light sweet WTI for late-February arrival.

The recent uptick in Colombian and Ecuadorean heavy sour crude differentials could be due to supply disruptions in Venezuela. Lower Venezuelan crude production is leading to a back-up in tankers – specifically very large crude carriers – waiting to load crude from the Jose terminal, according to sources.

Venezuelan, Colombian and Ecuadorean sours all share

South America				\$/bl
	Timing/ base	22-26 Jan	29 Jan-1 Feb	Change
<b>Colombia</b>				
Vasconia	Prompt	74.25-74.85	72.41-75.32	+1.42
	na Ice	-6.09/-5.49	-6.00/-5.25	
Castilla	Prompt	69.86-70.62	68.41-71.57	+1.85
	na Ice	-10.48/-9.72	-10.00/-9.00	
<b>Argentina</b>				
Escalante	Prompt	75.27-76.19	72.66-75.82	+0.61
	na Ice	-5.07/-4.15	-5.75/-4.75	
Medanito	Prompt	76.74-77.54	74.21-76.99	+0.83
	na Ice	-3.60/-2.80	-4.20/-3.58	
<b>Ecuador</b>				
Oriente	Prompt	71.99-72.55	70.19-72.76	+1.30
	na Ice	-8.66/-8.10	-8.51/-8.14	
Napo	Prompt	62.87-63.49	58.89-62.06	-0.61
	na Ice	-17.78/-17.16	-19.81/-18.84	

Crude markets				\$/bl
	Timing	22-26 Jan	29 Jan-1 Feb	Change
<b>US</b>				
WTI Houston	Mar Nymex	78.19	78.83	+0.64
Mars	Mar Nymex	76.01	76.87	+0.86
WCS Houston	CMA	69.51	70.82	+1.31
ANS USWC	Nymex	80.84	82.09	+1.25
<b>Delivered China</b>				
Tupi des Shandong	Brent	82.58	84.77	+2.19

key destination markets in Asia-Pacific. Arrivals of Venezuelan and Colombian crude at the US Gulf coast and in Europe are also common.

Colombian heavy sour Castilla for March-loading was assessed at a \$9.50/bl discount against May Ice Brent. Ecuadorean heavy sour Napo for February-loading was assessed at a \$10.28/bl discount against Nymex WTI following a recent sale for 2.52mn bl of the grade.

The Colombian and Ecuadorean grades could also continue to find support from buyers in core markets looking to substitute Venezuelan crude if the US reimposes sanctions.

The US administration reimposed sanctions against Venezuela's gold exports and warned Caracas that its crude exports would face similar restrictions after April unless it honors its pledge to hold free presidential elections later this year.

Venezuelan president Nicolas Maduro has reneged on his pledge to allow key members of the political opposition to run for office and to stop arbitrary arrests of opposition members, the US State Department said.

## CRUDE

### Maya rises

Mexico's state-owned Pemex's February adjustment factors (K) went into effect 1 February, with heavy sour Maya gaining ground from January for US arrivals.

The February K-factors for Maya cargoes destined to the coastal US narrowed by \$0.55-1.05/bl. The K-factor for the US Gulf and Atlantic coasts was set at a \$10.20/bl discount, while the K-factor to the west coast was set at a \$7.35/bl discount.

The K-factors for all grades bound for Europe and the Mideast Gulf were adjusted lower by \$0.50-0.95/bl, likely to offset the recent rally in transport costs for transatlantic voyages.

The adjustment factors for Mexican crude cargoes destined to India and Asia-Pacific were mixed, with discounts for some grades widening by \$0.15-1.50/bl and others narrowing by \$0.05-0.40/bl.

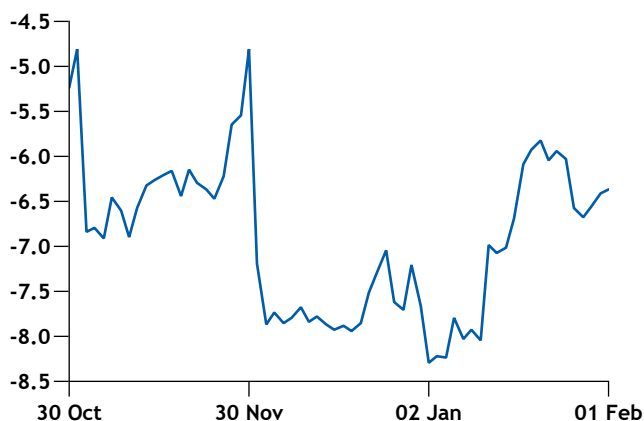
State-owned Petroperu issued a fresh tender to sell one cargo of Bayovar Blend crude to load between 21 February and 10 March from the Bayovar terminal in Peru. The tender document indicates the Bayovar Blend will be comprised of 223,782 bl of Bretaña crude and 129,773 bl of "Straight Run," totaling 353,555 bl. Bayovar Blend is 63pc Bretaña and 37pc "Straight Run," with the latter at least partially made up of virgin naptha.

Interested participants must submit bids by 7 February on an fob basis relative to Ice Brent with validity until 8 February.

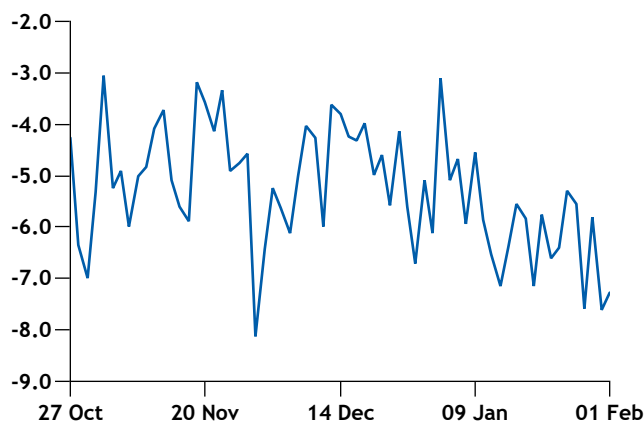
In shipping, fixture reports indicate a trading firm placed the Suezmax *Marlin Santorini* on subjects to load crude by 18 February for a route from Argentina to Asia-Pacific.

Mexico				\$/bl		
	Timing	Base	Diff	Price		
<b>Maya</b>						
Excluding USWC	Feb	Mar Nymex	+0.21	66.42		
USWC	Feb	Mar Nymex	+0.71	69.27		
Europe	Feb	Apr Dated Brent	-4.62	67.75		
India	Feb	Apr Dated Brent	-3.57	67.20		
Asia-Pacific	Feb	Apr Dubai	+0.51	70.97		
<b>Isthmus</b>						
Excluding USWC	Feb	Mar Nymex	-0.09	72.87		
USWC	Feb	Mar Nymex	-2.14	67.87		
Europe	Feb	Apr Dated Brent	-4.92	68.10		
India	Feb	Apr Dated Brent	-5.27	69.35		
Asia-Pacific	Feb	Apr Dubai	+0.66	72.37		
<b>Olmeca</b>						
Excluding USWC	Feb	Mar Nymex	-0.04	73.82		
USWC	Feb	Mar Nymex	-1.89	69.02		
Europe	Feb	Apr Dated Brent	-4.92	72.90		
India	Feb	Apr Dated Brent	-4.57	72.75		
Asia-Pacific	Feb	Apr Nymex	-1.04	75.07		
<b>Zapoteco</b>						
Excluding USWC	Feb	Mar Nymex	-0.29	71.42		
USWC	Feb	Mar Nymex	+0.11	71.12		
Europe	Feb	Apr Nymex	-4.47	68.05		
India	Feb	Apr Nymex	-3.97	68.10		
Asia-Pacific	Feb	Apr Nymex	+0.31	72.17		
<b>Mexico K-factors</b>				\$/bl		
	Timing	USGC	USWC	Europe	India	Asia
Maya	Feb	-10.20	-7.35	-10.95	-11.50	-9.15
Isthmus	Feb	-3.75	-8.75	-10.60	-9.35	-7.75
Olmeca	Feb	-2.80	-7.60	-5.80	-5.95	-5.05
Zapoteco	Feb	-5.20	-5.50	-10.65	-10.60	-7.95

Maya vs Vasconia



Vasconia diff to Ice Brent



## REFINED PRODUCTS

### Exports slow for second week

US Gulf coast refined product exports to Latin America continued to decline this week as regional inventories of both gasoline and diesel drew down for a second straight week.

Export loadings of gasoline out of the US Gulf coast bound for Latin America were down by roughly 11pc from 26 January-2 February, according to data from oil analytics firm Vortexa.

Diesel loadings were down as well, with a fewer 68,000 b/d being loaded, bringing overall export volumes down by 20pc week-on-week.

A steady stream of tonnage back into the US Gulf coast helped to pressure rates for Medium Range (MR) tankers loading in the region at mid-week, reversing some of the increases in rates seen at the end of January.

At the start of the trading session on 31 January, 18 MR tankers were available to load in the US Gulf coast within the five-day window, up by five from the 13 MRs available during prior session within the same window, according to a shipbroker.

US gasoline stocks rose for a fifth-straight week and diesel fell last week amid a heavier-than-normal refinery turnaround season, according to the US Energy Information Administration (EIA) data.

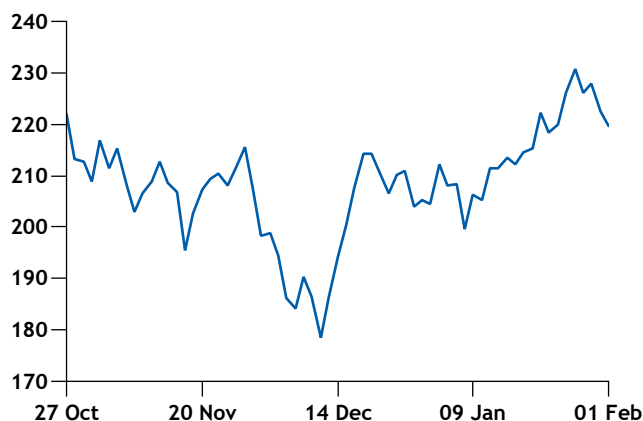
National gasoline stocks in the week ended 26 January increased by 0.43pc from the prior week to 254.1mn bl, the fifth week of increases and the highest level since February 2021, according to EIA data released earlier this week.

Stock builds on the Atlantic coast, west coast and in the US midcontinent outweighed inventory declines on the Gulf coast and in the Rocky Mountains regions.

US finished gasoline product supplied – a proxy for demand – rose on the week by 3.4pc to 8.14mn b/d. Demand

### USGC 87M

¢/USG

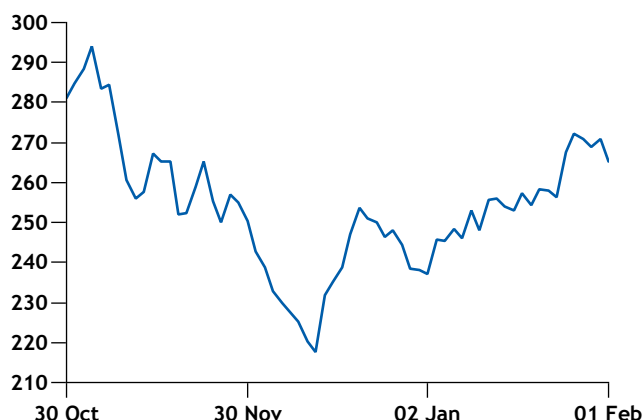


Delivered				
	Timing/ base	22-26 Jan	29 Jan-1 Feb	Change on week
<b>Mexico ¢/USG</b>				
Gasoline 87 conv USGC-east coast		219.135	224.079	+4.944
Jet fuel USGC-east coast		269.578	280.210	+10.632
Diesel ULSD 62 fob USGC-east coast		258.336	268.456	+10.120
<b>Colombia \$/m<sup>3</sup></b>				
Diesel ULSD 62 fob USGC-Barranquilla		715.00	737.42	+22.42
Diesel ULSD 62 fob USGC-Cartagena		714.89	737.32	+22.43
Diesel ULSD 62 fob USGC-Pozos		717.39	739.78	+22.39
Gasoline 87 conv USGC-Barranquilla		609.36	618.61	+9.25
Gasoline 87 conv USGC-Cartagena		609.26	618.52	+9.26
Gasoline 87 conv USGC-Pozos		611.35	620.58	+9.23
Jet fuel USGC-Barranquilla		717.38	745.53	+28.15
<b>Peru \$/m<sup>3</sup></b>				
Diesel ULSD 62 fob USGC-Callao		727.47	753.09	+25.62
Gasoline 87 conv USGC-Callao		654.76	666.11	+11.35
Jet fuel USGC-Callao		752.67	780.23	+27.56
<b>Argentina \$/t</b>				
Diesel ULSD 62 fob USGC-Buenos Aires		827.45	860.42	+32.97
Gasoline 87 conv USGC-Buenos Aires		838.65	859.52	+20.87
<b>Uruguay \$/t</b>				
Diesel ULSD 62 fob USGC-Montevideo		824.41	857.03	+32.62
Gasoline 87 conv USGC-Montevideo		835.42	855.93	+20.51
<b>Brazil</b>				
<b>Diesel \$/t</b>				
ULSD 62 fob USGC-Itaqui		812.09	841.78	+29.69
ULSD 62 fob USGC-Paranagua		823.48	858.36	+34.88
ULSD 62 fob USGC-Santos		821.60	853.81	+32.21
ULSD 62 fob USGC-Suape		813.07	845.09	+32.02
<b>Jet \$/m<sup>3</sup></b>				
USGC-Itaqui		733.60	763.15	+29.55
USGC-Rio de Janeiro		744.36	774.57	+30.21
USGC-Santos		745.04	775.29	+30.25
USGC-Suape		738.02	767.84	+29.82

## REFINED PRODUCTS

## USGC ULSD

¢/USG



was down by 4.1pc from a year earlier.

US diesel inventories declined by 1.9pc on the week to a four-week low of 130.8mn bl. Diesel stocks were up by 11pc from a year earlier.

Demand for US diesel decreased on the week by 0.7pc to 3.76mn b/d, but demand was up by 1.8pc from a year earlier.

## Naphtha

Naphtha markets faced export challenges, which kept a lid on prices moving higher within this week.

Heavy N+A naphtha differentials to Nymex RBOB have gained approximately 20¢/USG since the beginning of the year with refinery turnarounds and exports limiting barge offers.

Differentials were well supported by strong demand from the gasoline blenders, which highlighted the stronger values for premium, low sulphur product.

Winter-specification gasoline that incorporates butane also elevates gasoline blender requirements for heavy naphtha to blend down the octanes.

The General License 44, which temporarily lifted US sanctions on trades to Venezuela, will not be renewed on 18 April. This cast a pall on the domestic US naphtha market, which had been looking towards Venezuelan demand for heavy diluent naphtha to relieve the existing naphtha length.

US naphtha exporters have been regularly shipping naphtha to Venezuela each month since the relaxation of the sanctions late last year.

Export opportunities for naphtha out of the Gulf coast have been bogged down by ongoing logistical issues, heightened transport costs and risks and generally closed arbitrage on paper.

## Export markets

	Timing/ base	22-26 Jan	29 Jan-1 Feb	Change on week
<b>US</b>				
<b>Motor fuels ¢/USG</b>				
Gasoline 87 conv Colonial M pipe fob		223.52	226.87	+3.35
Gasoline 87 conv USGC fob		225.27	228.62	+3.35
Gasoline 87 conv USGC waterborne ex-RVO fob		215.51	220.30	+4.79
Gasoline 87 conv Colonial M pipe export cargo USGC fob		228.75	229.71	+0.96
Gasoline 93 conv USGC waterborne fob		254.92	257.37	+2.45
Gasoline export cargo strip		222.86	225.41	+2.55
Diesel ULSD Colonial 62 pipe fob cycle		262.45	270.75	+8.30
Diesel ULSD 62 fob USGC waterborne		264.20	272.50	+8.30
Diesel ULSD 62 fob USGC waterborne ex-RVO		254.44	264.18	+9.74
Diesel ULSD 45 cetane export cargo USGC fob		263.25	271.57	+8.32
Diesel EN 590 export cargo USGC fob		264.50	273.07	+8.57
Diesel S10 export cargo USGC fob		263.65	272.07	+8.42
<b>Jet ¢/USG</b>				
Colonial 54 pipe fob cycle		263.82	274.29	+10.47
USGC waterborne fob		265.57	276.04	+10.47
54 export cargo USGC fob		265.20	274.85	+9.65
<b>Blending ¢/USG</b>				
Naphtha full-range USGC waterborne del		188.50	190.84	+2.34
Naphtha 70 min paraffin USGC		153.43	157.00	+3.57
Naphtha USGC 40 N+A		192.50	194.96	+2.46
MTBE fob USGC		285.50	290.81	+5.31
<b>Fuel oil \$/bl</b>				
0.5%S 380cst barge USGC fob		89.11	91.08	+1.97
0.5%S 380cst barge NYH dob		89.28	90.56	+1.28
3.5%S 380cst RMG barge USGC fob		65.22	67.41	+2.19
<b>Bunker \$/t</b>				
0.5%S 380cst Panama ex-wharf		599.40	633.63	+34.23
0.5%S 380cst Buenos Aires dob		619.30	639.25	+19.95
0.5%S Santos Petrobras posted dob		-	-	na
0.5%S 380cst El Callao dob		733.80	741.00	+7.20
0.5%S Guayaquil dob		707.50	707.50	nc
0.5%S 180cst Quintero / Valparaiso dob		903.30	903.75	+0.45
3.5%S 380cst Quintero / Valparaiso dob		674.50	670.50	-4.00
<b>Europe \$/t</b>				
French diesel 10ppm north-west Europe		799.80	827.06	+27.26
MTBE Rotterdam fob		994.83	1,014.44	+19.61
<b>Asia-Pacific \$/t</b>				
HSFO 380cst		424.10	437.00	+12.90
380cst bunker Singapore		440.06	456.50	+16.44

## LPG

## Mexico, Chile postings rise

Vessel tracking data showed that roughly 140,000t of US LPG shipped out of the Gulf coast to destinations in Latin America and the Caribbean in the week ended 1 February.

Two very large gas cargoes (VLGCs) loaded out of Freeport and Houston, Texas, bound for the Bahamas and Ecuador, respectively. A 20,000t LPG cargo loaded from Freeport for the east coast of Mexico, along with a 9,000t cargo of ethane from Houston and a 12,000t cargo of PGP. Two shipments of less than 7,000t loaded from Houston for delivery to Costa Rica and a 6,000t cargo loaded from Louisiana for delivery to the Virgin Islands. A 3,000t cargo of PGP loaded from Houston for delivery to Colombia.

Pemex's posted prices to distributors rose by more than Ps0.3/kg at certain locations for the week of 29 January-4 February. Posted prices at the Cactus system rose by Ps0.37/kg to Ps12.40695/kg. Prices at Juarez rose by Ps0.35/kg to Ps12.06741/kg. Postings at Pajaritos rose by Ps0.37/kg to Ps12.55331/kg and prices at Topolobampo rose by Ps0.39/kg to Ps15.40888/kg.

The increases followed earlier gains in prices at Mont Belvieu, Texas. Prompt-month LST propane rose from 85.375¢/USG to 91.75¢/USG from 26 January-1 February following larger than expected draws reported in US inventories for the last two weeks of January. Prompt-month EPC butane rose from 103.6875¢/USG to 104.875¢/USG during the same period.

The US Energy Information Administration (EIA) reported a larger-than-expected 5.3mn bl draw in propane inventories in the week ended 26 January, leaving US stocks at 62.6mn bl, down by 14.5pc versus last year. The draw followed a 404,000 b/d uptick in estimated domestic demand, as exports fell to 1.4mn b/d that week owing to fog delays at Houston.

Spot discussions for end-February and early March propane cargoes out of the US rose to 10¢/USG or higher this week as steep declines in VLGC bolstered netbacks to Asia on paper despite a narrower arbitrage. LPG shippers paid as much as \$433,000 at auction for Panama transits this week, although levels weakened to \$100,000 by 1 February.

The Dominican Republic's ministry of industry and commerce held LPG prices steady at RD\$132.60/USG, (233¢/USG), for the week of 27 January-2 February.

Petrojam's posted ex-refinery prices for propane fell by 0.36pc to \$75.3537/l; butane fell by 1.55pc to \$83.3244/l on 1 February.

Chile's Enap posted import parity prices for LPG rose to \$573.85/t on 1 February, up from \$551.43/t the prior week.

LPG/NGL markets		¢/USG		
	Timing/ base	22-26 Jan	29 Jan-1 Feb	Change on week
<b>US</b>				
Propane non-LST Mt Belvieu (VWA)	Feb	86.85	88.66	+1.81
Propane fob US Gulf coast cargo		94.28	96.44	+2.16
Butane non-LST Mont Belvieu (VWA)	Feb	107.09	103.97	-3.12
Butane fob US Gulf coast cargo		109.51	108.26	-1.25
Natural gasoline Mont Belvieu (VWA)	Feb	149.33	152.18	+2.85
Ethane non-LST Mt Belvieu (VWA)	Feb	18.87	19.69	+0.82
Propane non-LST Mt Belvieu (midpoint)	Feb	87.38	89.22	+1.84
Butane non-LST Mont Belvieu (midpoint)	Feb	107.03	104.02	-3.01
Ethane non-LST Mt Belvieu (midpoint)	Feb	18.86	19.61	+0.75
Natural gasoline non-LST Mt Belvieu (midpoint)	Feb	149.43	152.38	+2.95
<b>Brazil</b>				
Propane Santos del		107.50	110.32	+2.82
Propane-butane mix 90:10 Santos del		109.06	111.55	+2.49
Propane-butane mix 70:30 Santos del		112.31	114.10	+1.79
Propane-butane mix 50:50 Santos del		115.73	116.79	+1.06
Propane Suape del		104.13	107.22	+3.10
Propane-butane mix 90:10 Suape del		105.64	108.41	+2.77
Propane-butane mix 70:30 Suape del		108.79	110.87	+2.08
Propane-butane mix 50:50 Suape del		112.11	113.47	+1.36
<b>Mexico</b>				
Propane USGC del east coast Mexico		94.30	96.45	+2.15

Dirty tanker routes	Size '000t	Rate \$/t
Caribbean-USGC	70	24.89
Caribbean-Europe	150	18.63
Brazil-China	260	23.44

Clean tanker routes	Size '000t	Rate \$/t
USGC-EC Mexico	38	13.65
USGC-N Brazil	38	38.86
USGC-Chile	38	71.38
USWC-Rosarito	38	21.63

The full range of tanker freight rates, including Jones Act assessments is available in [Argus Tanker Freight](#).

BIOFUELS

US spot ethanol rises

Spot US ethanol values firmed in most markets on stronger buyer interest, despite weaker corn futures.

Front-month CBOT corn futures this week fell by 2.63¢/bushel from the previous week to 445.88¢/bushel, as values fell by 12¢/USG between 24-29 January but were largely offset by gains later in the week.

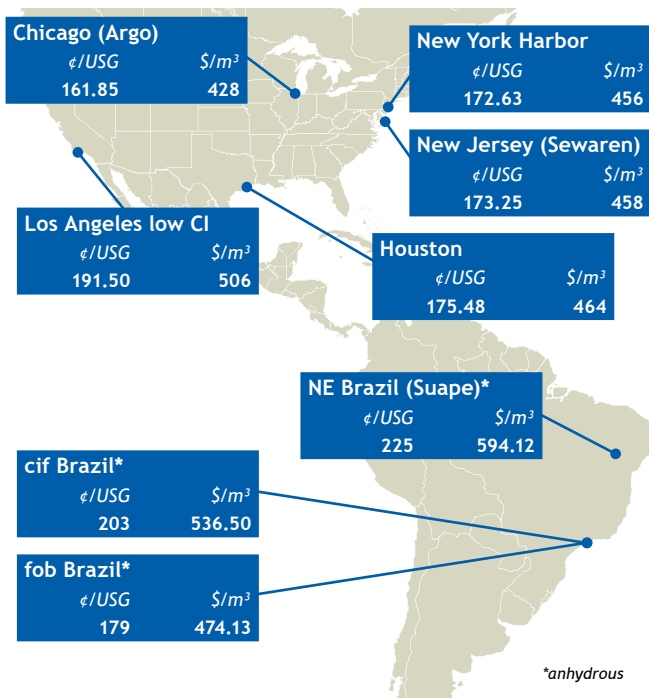
Values in Chicago rose for most of the week, on higher demand, as Rule 11 railcars ticked higher by 2.23¢/USG to 159.13¢/USG. Prompt in-tank transfers at Kinder Morgan’s Argo terminal near Chicago rose similarly by 3.24¢/USG to 162.26¢/USG.

Front-month barges at New York Harbor weakened by 0.95¢/USG to 171.75¢/USG, as northeast values tighten their premium to Chicago markets.

B100 cash prices at Houston, Chicago and New York Harbor fell between 12¢/USG and 18¢/USG, on lower D4 RIN values, which tracked a narrowing bean oil-heating oil (BOHO) spread. B99 values strengthened, while trade was limited during the week.

BOHO narrowed by 17.5¢/USG to 64.1¢/USG on lower soybean oil (SBO) and firmer heating oil values. BOHO on 29 January fell to 58¢/USG, 34¢/USG lower than a week earlier and its lowest since January 2020. Front-month SBO weakened by 1.64¢/lb from the previous week to 45.79¢/lb, while heating oil rose by 5.23¢/USG to 279.34¢/USG.

Americas ethanol prices



Biofuels	22-26 Jan	29 Jan-1 Feb	Change on week
<b>Argentina</b>			
Biodiesel SME fob upriver \$/t	1,070.64	1,068.41	-2.23
Biofuels soybean oil vs CBOT waterborne fob San Lorenzo ¢/lb	-9.02	-8.40	+0.62
<b>Brazil</b>			
Biodiesel Araucaria prompt weighted average BRL/m3	3,990.25	4,031.50	+41.25
Biofuels beef tallow truck del Sao Paulo 12% ICMS BRL/t	4,625.00	4,650.00	+25.00
Ethanol fob anhydrous \$/t	461.13	474.13	+13.00
Ethanol fob anhydrous BRL/m3	2,279.65	2,341.50	+61.85
Ethanol cif anhydrous \$/m3	531.75	536.50	+4.75
Ethanol cif anhydrous BRL/m3	2,629.08	2,649.60	+20.52
Soybean oil fob Paranagua \$/t	843.50	853.00	+9.50

The Argus Renewable Volume Obligation (RVO) fell to 8.22¢/USG this week, down by 1.54¢/USG from the previous week.

Ethanol D6 RIN credits with 2023 and 2024 vintage remained at parity over the course of the week, as they lost 11.9¢/RIN to 53.75¢/RIN.

Biomass-based diesel D4 credits with 2024 vintage fell by 12.05¢/RIN, falling from 66.8¢/RIN to 54.75¢/RIN. Prior-year D4 credits remained at parity with concurrent D6 credits.

Current year advanced biofuel D5 RINs maintained a 0.5¢/RIN discount to D4 credits with the same vintage year, averaging 54.25¢/RIN this week.

2024 cellulosic biofuel D3 RINs fell from 307.3¢/RIN to 287.4¢/RIN. 2023 credits fell by 18.45¢/RIN and averaged 289.25¢/RIN this week.

The spread between ethanol pipeline deliveries in Paulinia and ex-mill spot prices widened to an eight-month high in Brazil as fuel retailers continued to prioritize prompt volumes.

The differential between both markets reached R145/m³ (\$29.5/m³), more than twice the value of truck freight rates between the two locations, which currently hovers at R64/m³. In the Paulinia terminal, volumes exchanged hands at R2,750/m³, while ex-mill price fell by R30/m³ to R2,605/m³ in Ribeirao Preto.

Waterborne markets were very little changed amid unworkable export economics. Cif Brazil cargoes remained in the \$532-544/m³ range. On the export front, fob Santos cargoes ticked up by \$0.50/m³ to \$428-520/m³.

Discounts for soybean oil cargoes dropped throughout this week. Buyers decided to stay away from the prompt market and focused on the deal for the upcoming months.

At least 2,000t of product exchanged hands for May, June and July.

## NEWS

**Brazil 2024-28 oil, gas spending to top \$100bn**

Investments in oil and natural gas production in Brazil will hit approximately \$104bn between 2024 and 2028, oil regulator ANP said.

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**Ibama strike may delay Brazil's oil, gas activities**

A potential full strike by workers at Brazil's environmental agency Ibama would delay necessary environmental licenses to begin drilling and operating oil and natural gas fields in the country, the Brazilian institute of oil and gas IBP said.

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**Petrobras receives \$381mn in pre-salt earnout**

Brazil's state-controlled Petrobras received \$381mn in an earnout related to the transfer of rights to produce oil from the pre-salt Atapu and Sepia fields, in the Santos basin, off the country's southeastern coast.

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**Brazil's PPSA to sell 500,000 bl of pre-salt oil**

Brazil's state-owned marketing firm PPSA has opened an auction to sell 500,000 bl of crude from the Sepia field in the Santos basin off the country's southeastern coast.

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**Mexico clears Eni's offshore exploration well**

Italian operator Eni can move ahead with its Saasil exploration well in its shallow water block 10 close to Talos Energy's giant Zama discovery, oil regulator CNH said.

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**US snaps back Venezuela gold ban, warns on oil**

The US administration reimposed sanctions against Venezuela's gold exports and warned Caracas that its crude exports would face similar restrictions after April unless it honors its pledge to hold free presidential elections later this year.

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**Rising Guyanese crude production attracts VLCCs**

Rising oil production in Guyana has enticed charterers to opt for more very large crude carriers (VLCCs) to haul the country's crude to Europe, drawing competition among vessel sizes in a Suezmax-dominated trade.

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**Ecuador's Jan crude production remains flat**

Ecuador's oil output remained almost flat in January from a year earlier, according to energy regulator ARC.

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**Ecuador to cut gasoline subsidies by 2Q**

Ecuador will partially remove subsidies on 85-octane gasoline (Extra) and 85-grade blended with 5pc ethanol (Ecopais) by the second quarter in a bid to reduce government spending.

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**Mexico's LPG prices jump for 4th week**

Mexico's average LPG retail price cap increased for a fourth straight week, reaching its highest level since March, tracking a rise in delivered US fob propane prices.

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**Argentina's diesel imports drop in 2023**

Argentina imported less diesel in 2023 than in 2022, according to the energy ministry's official data.

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**Brazil tallow tanking potential tops 232,000t**

Brazil's estimated tanking capacity suitable for storing beef tallow has reached 232,000 metric tonnes (t) (1.96mn bl), according to a recent Argus survey, reflecting the growing demand among renewable diesel producers in the US.

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**Brazil firms tap biomethane tax break**

Brazil's mines and energy ministry granted tax breaks to three projects to build biomethane plants since the start of the year, as demand for the renewable fuel continues to rise.

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**Brazil center-south ethanol stocks down**

Ethanol inventories in Brazil's center-south sugarcane belt fell by 10pc in the first half of January as crushing activities draw to an end across the main producing states.

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## ENERGY TRANSITION

### Low-cost EV models to boost Brazilian market

Increased availability of lower-cost electric vehicle (EV) models in Brazil is expected to boost this still nascent market in the country, the Brazilian electric vehicle association (ABVE) says.

A total of 93,927 EVs were sold in 2023, marking a new record, according to ABVE, which forecasts EV sales will reach 150,000 units this year.

With Chinese EV manufacturers BYD and GWM now targeting the Brazilian market, more affordable models will be available for domestic consumers. Brazilian electric mobility company Tupinamba has dubbed the improved outlook in EV sales the “Dolphin effect,” after the BYD Dolphin, an EV car model that is sold in Brazil for R150,000 (\$30,517). Other vehicles in this price range – or even lower – are being sold in Brazil.

“With more competitive prices [EVs] can compete with high-selling, combustion-engine models,” Tupinamba said.

The increased availability in lower-cost models is expected to offset any decline in sales owing to the [import tariff](#) imposed by the government at the start of the year. These tariffs have also helped create incentives for domestic production of EVs.

BYD will begin producing EVs at its new plant in Bahia state later this year, while automaker GM recently announced R7bn in investments in Brazil, a share of which will be directed to EVs.

The expansion of the EV market is also being aided by the expansion of charging stations, which has been a bottleneck for the sale of these vehicles. Tupinamba estimates that the number of charging stations in Brazil will double this year.

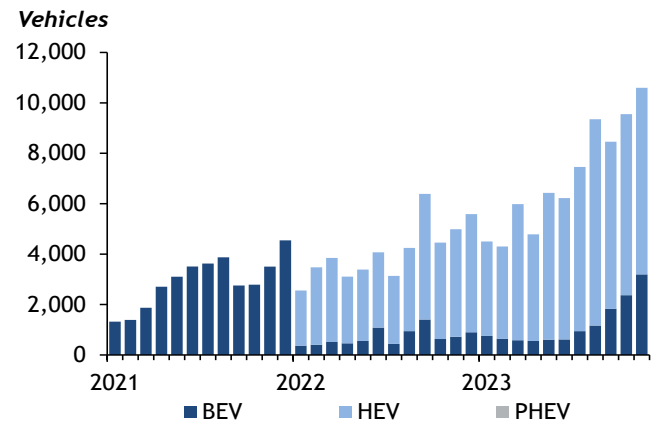
The industry is also expected to be aided by the Green Mobility and Innovation programme (Mover), launched at the end of 2023, that creates a series of tax breaks for automakers that invest in decarbonization. Together with other legislation presented by the government, the goal is to expand investments in EVs.

### Caribbean makes strides

While the EV market is slowly gaining pace in the larger economies in Latin America, the Caribbean is also making some progress with the recent implementation of incentives.

Jamaica reduced import duties by 10-30pc for EVs in July 2022 and removed all license fees for operating EVs until 2027. The island imported 6,606 electric vehicles in the year to June 2023, doubling the volume of imports in the previ-

### Brazil



ous 12 months, according to government figures.

Guyana has removed a 14pc tax on EV purchases and is encouraging the installation of charging stations to drive EV imports, prime minister Mark Phillips said. The incentive supports the government’s low-carbon development strategy, he said.

EV sales in Puerto Rico reached 3,674 in 2023, more than twice the sales in 2022, according to the island’s vehicle importers group GUIA.

But legislators in the US territory this month asked the US Congress to extend to the island the eligibility for a \$7,500 federal tax credit for purchasing electric vehicles. This could see EV sales reach 10,000 units by the end of this year, legislators said.

In central America, the sales of EVs in Panama reached 371 last year, 50pc up on 2022, bringing to about 600 the number of EVs in the country, according to the energy secretariat. The government attributes the increase to legislation implemented in August 2022 that requires that by 2025, 10pc of vehicles sold must be electric. This should reach 100pc by 2050, it said.

Back in South America, Chile sold 5,859 EVs last year, up 35pc on the year, supported by a [road-tax incentive](#) for EVs implemented last year. Santiago has the second largest electric bus fleet for any city in the world, outside China.

And the sales of EVs in Ecuador rose by 75pc year-on-year in 2023, but the share in the total vehicles sales remained less than 1pc. Its national assembly approved a bill that [delays the shift](#) of buses and taxis from combustion engines to EV by nine years, which drags down the country’s goals to decarbonize its transport sector.

**ENERGY TRANSITION**

**Drought hits AMLO’s hydropower reboot plan**

Extended droughts caused by El Nino weather phenomenon hit Mexican President Andres Manuel Lopez Obrador’s plan to reboot hydropower generation.

Hydropower output fell by 42pc to 20.6TWh last year compared with 2022, according to grid operator Cenace. Hydroelectric power accounted for 5.3pc of the total 346.3TWh of electricity produced by state-owned CFE and private sector power producers last year, compared to 10.6pc in 2022, according to the latest statistics published by Cenace.

Lopez Obrador pledged to increase hydropower production during his administration, committing \$1.5bn to the modernization of 16 hydro plants, three dams and construction of the Chicoasen II hydroelectric plant in Chiapas, long delayed by indigenous opposition. The electricity dispatch merit order was also changed, with hydropower given priority over all other power sources.

But despite the investment and regulatory changes, hydropower generation has continued to decline amid a long-running drought that has affected a vast swath of the country since 2019.

As of 15 January, 62pc of Mexican territory was experiencing drought, ranging from moderate to exceptional across states that house the country’s 12,163MW in installed hydro-power capacity, according to the national water commission, Conagua.

That drought is expected to continue this year as the El Nino phenomenon is forecast to cause reduced rains in the center and south of Mexico, the heart of the country’s hydropower capacity, according to research from Mexico’s national autonomous university.

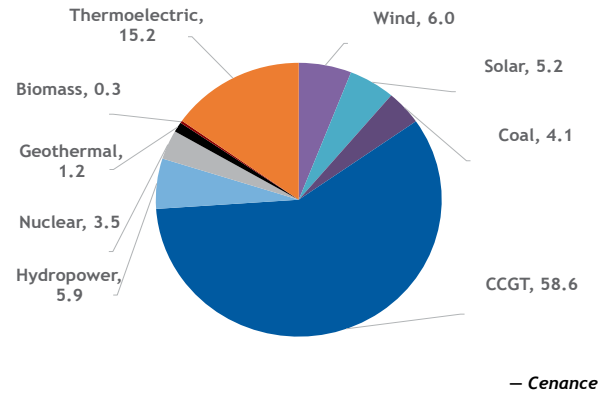
Non-conventional renewable generation rose marginally. Wind and solar power generation totaled 38.9TWh last year and accounted for 11.2pc of total power generation, up from 11pc in 2022.

Solar power accounted for most of that increase - up year-over-year by 11.8pc to 18.2TWh in 2023 - outperforming all other clean energy sources. Solar’s share in the power mix rose to 5.3pc in 2023 from 4.9pc in 2022, reversing a downwards generation trend amid Lopez Obrador’s policies to curtail private sector renewable development.

Part of that uptick is attributed to the launch of the first, 120MW phase of CFE’s Puerto Penasco solar plant in February last year, a project that will be built out to 1GW in coming years, but development of new private sector solar

**Mexico generation mix, 2023**

%



capacity remains stagnant amid the government’s energy sovereignty policies.

Gas-fired combined cycle remained the largest source of electricity generation representing 59pc of the power mix and totaling 203.6TWh.

**High hopes**

Mexico is expected to fall short of its Paris Agreement pledge to generate 35pc of electricity from renewable sources by the end of this year and would need to add 20,000MW of wind and solar capacity by 2030 to reach its emissions reductions targets agreed at the UN’s Cop 27 climate talks, according to the Mexican wind energy association Amdee.

This is an enormous task given that CFE has only built 120MW in solar capacity in the last five years.

But while Lopez Obrador’s energy sovereignty policy has dramatically slowed the build out of new renewable power capacity, the industry is hopeful that either candidate who wins the presidential election on 2 June will allow renewable energy development to move forward.

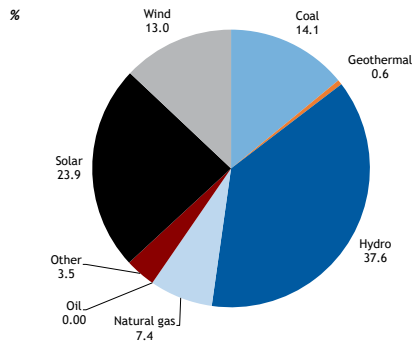
Presidential front-runner Claudia Sheinbaum from the governing Morena party has repeatedly spoken in favor of renewable energy and developed a handful of clean energy projects during her tenure as Mexico City mayor. But she has also committed to cap private sector power dispatch at 46pc, a situation that could still curtail new private sector generation projects.

*By Rebecca Conan*

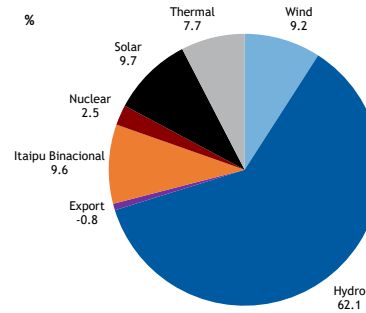
ENERGY TRANSITION

POWER GENERATION MIX

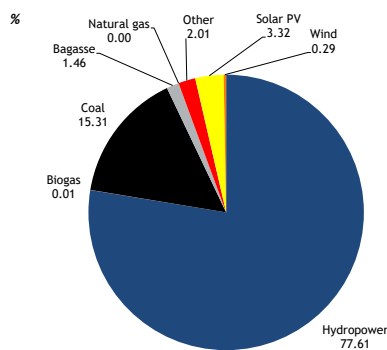
Chile, Dec 23



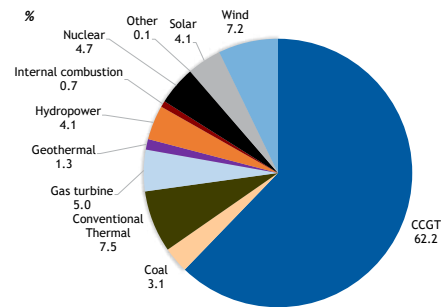
Brazil, Jan 24



Colombia, Dec 23



Mexico, Dec 23



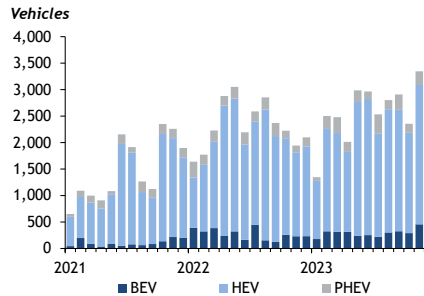
PROJECT WATCH: GREEN HYDROGEN

Green hydrogen projects							
Country	Company	Project name	Technology	Capacity MW	Production t/yr	Commissioning date	Status
Argentina	Fortescue Metals Group	Rio Negro phase I	Electrolysis	600	35,000	2024	Feasibility study
Brazil	Qair	Maritimo Dragao	Electrolysis	5	296,000	2024	Feasibility study
Brazil	Unigel	Phase 1	Electrolysis	60	10,000	2024	Construction
Chile	Engie/Walmart	Walmart Quilicura forklifts	PEM	0.60	56	2023	Operational
Chile	HIF	HIF 1	Electrolysis	240		2024	Waiting for approval
Chile	Linde	HyPro Aconcagua	Electrolysis	24		2024	Feasibility study
Chile	Cummins	San Pedro de Atacama	Electrolysis	2		2024	Feasibility study
Chile	Walmart	Gruas Horquilla FC	Electrolysis	0.60		2024	Construction
Colombia	Promigas	Pilot (expansion project)	Electrolysis		3	2024	Planned
Mexico	HDF Energy	Energía Los Cabos	Electrolysis	25		2024	Construction
Paraguay	Atome	Yguazu/Itaiou	Alkaline/Pem	300	49,000		Planned
Paraguay	Atome	Villeta	Alkaline	120	19,600		Planned
French Guiana	HDF Energy	Ceog	Electrolysis	16		2024	Construction
Barbados	HDF Energy/Rubis	Renewstable	Electrolysis	16		2024	Approved
Uruguay	Ancap, HIF	Paysandu e-fuel project	Electrolysis	1,000	100,000		Feasibility study

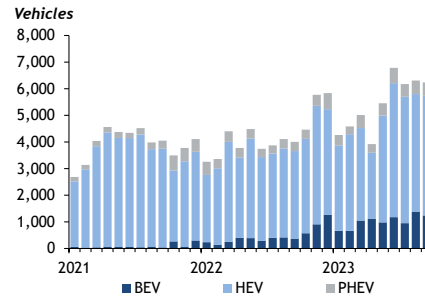
**ENERGY TRANSITION**

**ELECTRIC VEHICLE SALES**

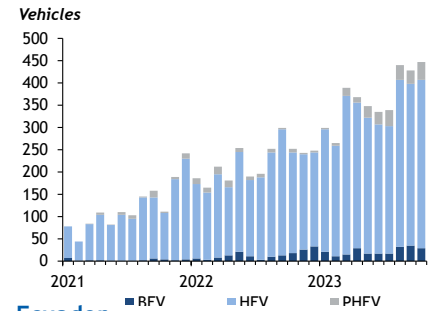
**Colombia**



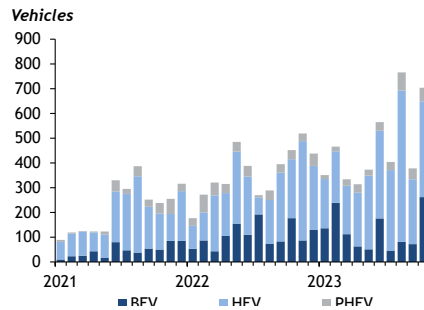
**Mexico**



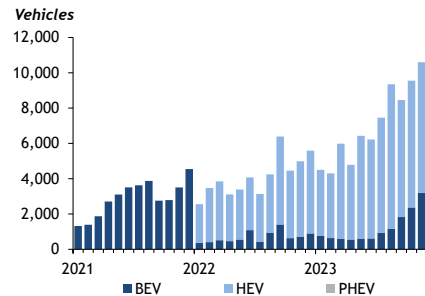
**Peru**



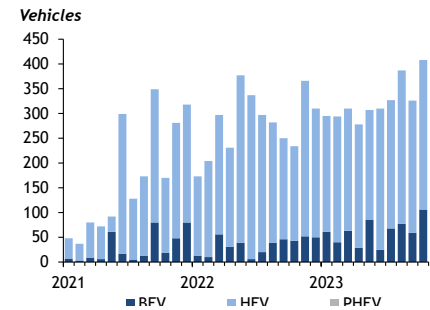
**Chile**



**Brazil**



**Ecuador**



**ENERGY TRANSITION NEWS**

**Latin America faces crucial year for hydrogen**

Will 2024 be the year when renewable and low-carbon hydrogen makes concrete progress in Latin America? Some industry participants and observers are cautiously optimistic. [Continue reading >>](#)

**EDF eyes 2.5GW Chilean electrolyser capacity**

French energy company EDF is betting heavily on Chile for its renewable hydrogen and ammonia ambition, targeting 2.5GW of combined electrolyser capacity across two large-scale projects in the country's southernmost region of Magallanes. [Continue reading >>](#)

**Mexican court throws out pro-CFE power law**

Mexico's supreme court ruled today that a 2021 electricity law favoring state power company CFE was unconstitutional. [Continue reading >>](#)

**Colombia added 1.1GW power capacity in 2023**

Colombia added 1,142MW of new power capacity to the national grid in 2023, up from the 643MW added in 2022, the country's electricity regulator XM said. [Continue reading >>](#)

**Lightsource BP cuts size of Trinidad solar project**

UK solar power developer Lightsource BP has reduced the size of a 112MW solar project in Trinidad and Tobago to 92MW. [Continue reading >>](#)

**Brazil's Para orders 40 electric buses for Cop 30**

Brazil's northern Para state has ordered 40 electric buses from electric automaker Eletra as part of its efforts to decarbonize its fleet. [Continue reading >>](#)

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