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Argus Petroleum Transportation North America

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West coast draws more railed crude

US west coast refiners pulled 58pc more crude via rail from the midcontinent in October compared with a year earlier in what has been a growing trend.

The US midcontinent, specifically North Dakota, continues to supply west coast refiners with much of its railed crude as production grows and pipelines fill. About 111,000 b/d of crude was moved via railcar from the midcontinent to the west coast in October, up from 70,000 b/d in the same month of 2022, according to the Energy Information Administration (EIA).

Much of the crude-by-rail increase has coincided with growing output from North Dakota's Bakken fields, which trended higher across 2023 until October, when a winter storm curtailed output. Washington state is the primary destination for Bakken crude via rail, having taken 114,000 b/d in third quarter 2023, according to the state's Department of Ecology.

Crude-by-rail from the midcontinent to the west coast rose to an average 113,000 b/d in January-October, up by 42pc compared to the same period in 2022. This has helped Bakken producers offset declining shipments to the US east coast, which were nearly halved to 18,000 b/d across the same period.

About 9,000 b/d of crude was shipped via rail from the midcontinent to the east coast in October, the third-lowest level since 2012 and a trickle compared to the 458,000 b/d record set in November 2014. The Dakota Access pipeline (DAPL), placed into service in 2017, has cut the need for rail by providing the basin with significant takeaway capacity. DAPL can now move up to 750,000 b/d from North Dakota to Illinois, but it remains at risk of a shutdown after the US Army Corps of Engineers was ordered to redo an environmental assessment.

Total US crude-by-rail demand is down considerably through the first 10 months of 2023 compared to a year earlier, mostly because of a large drop in receipts from Canada. Imports from the northern country averaged 83,000 b/d in January-October, a 35pc drop from the same period in 2022, according to EIA data.

Rising Canadian crude production and subsequent pipeline congestion has more recently led to a moderate uptick in crude-by-rail movements, according to the Canadian Energy Regulator.

KEY MARKET INDICATORS

Transportation prices

Commodity	Modality	Route	Unit	Rate	Change
Bakken crude	Unit train	North Dakota to Philadelphia	*$/bl*	10.28	-0.18
Eagle Ford crude	Waterborne	Corpus Christi to Delaware Bay	*$/bl*	4.74	-0.06
Canadian heavy crude	Unit train	Alberta to US Gulf coast	*$/bl*	15.83	-0.24
Ethanol	Unit train	Omaha to Bakersfield, CA	*¢/USG*	25.67	-0.27
Tankcar lease rate, CPC-1232	Rail	Non-pressurized, full serve, 1-5 years	*$/car /month*	675	+25.00

See full transportation price tables at the back of the report.

Commodity prices

Commodity	Modality	Location	Unit	Price	Change on week
Bakken crude	Pipeline	Clearbrook, MN	*$/bl*	70.76	+1.89
LLS crude	Pipeline	St James, LA	*$/bl*	76.11	+1.86
WCS crude	Pipeline	Hardisty	*$/bl*	54.61	+2.31
WTI crude	Pipeline	Houston	*$/bl*	75.67	-0.13
Ethanol	Rail	Chicago	*¢/USG*	158.88	-0.13
Gasoline ≥ 9RVP	Waterborne	fob USGC	*¢/USG*	210.18	+3.05
ULSD	Waterborne	fob USGC	*¢/USG*	250.10	+10.21
Propane	Waterborne	fob USGC	*¢/USG*	76.625	-0.75

Tables include hyperlinks to those values maintained in the Argus database.

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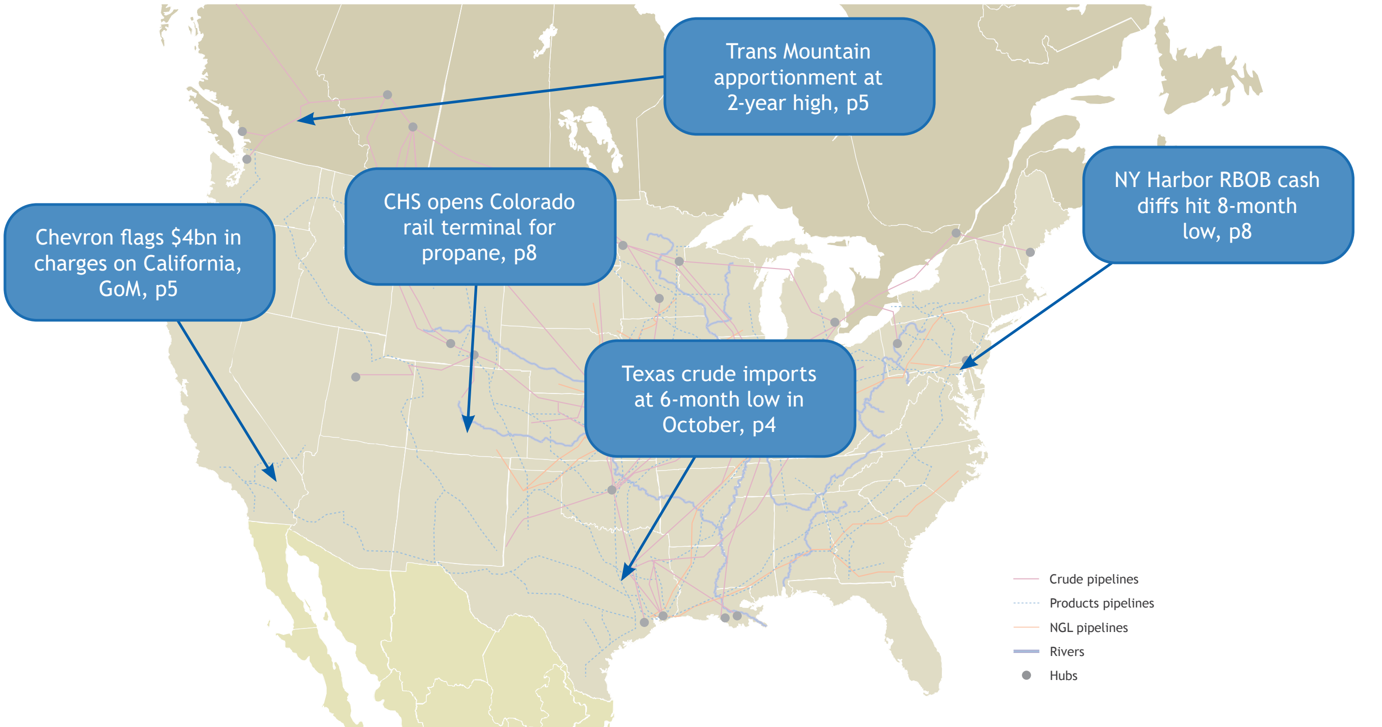
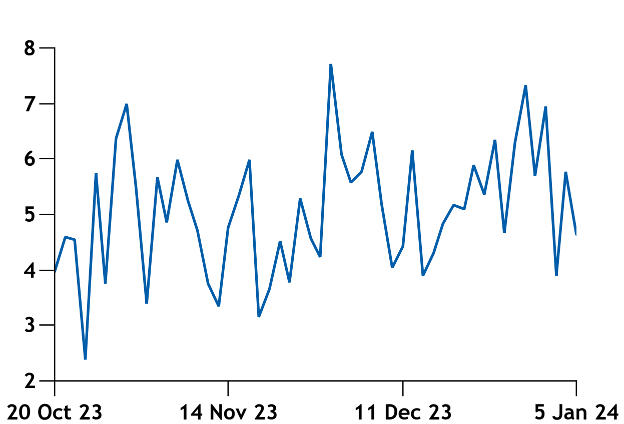
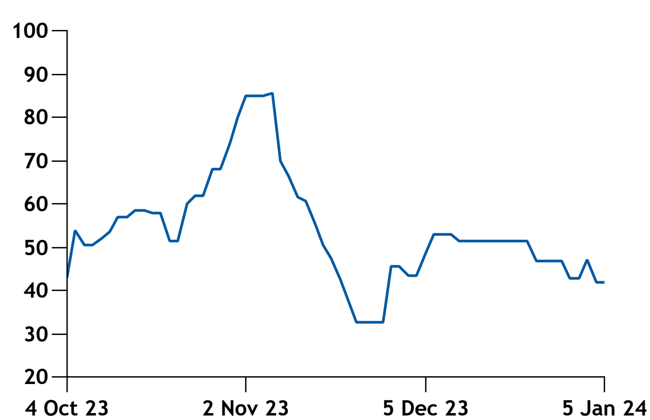
ARGUS MARKET MAP



Brent less WTI $/bl



Ethanol delivered California vs fob Nebraska ¢/USG



■ The gasoline arbitrage to ship from Houston to New York Harbor remained wide open but is down more than 11.5¢/USG from its most recent peak in early December. Shipping diesel from the US Gulf coast into New York Harbor remains profitable with Atlantic coast values carrying a 14.5¢/USG premium to the Houston market, but the arbitrage narrowed by more than 26¢/USG over the last two weeks.

■ Naphtha export interest from the Gulf coast was strong. At least five naphtha cargoes headed to destinations in Europe, the Asia Pacific and Latin America last week with one cargo slated for Asia this week and another booked with Europe/Brazil options.

SURVEY

Denver gasoline specification shift looms

A recent change in gasoline specifications for the Denver, Colorado, area will likely usher in higher fuel prices for the more than 3mn residents of the region this summer.

Conventional gasoline sales have been banned in the Denver metropolitan area since 7 November, with the US Environmental Protection Agency (EPA) now requiring reformulated gasoline. The shift in specifications follows an EPA ruling in November 2022 that said the region was not meeting federal ozone standards. Reformulated gasoline burns cleaner than its conventional counterpart, making it a more expensive fuel to refine.

For the winter months, Denver gasoline prices will likely change little from years past. Reid Vapor Pressure (RVP) levels for reformulated gasoline will likely closely mimic those seen in nearby Group Three conventional gasoline prices at the southern US midcontinent.

But come summer, Denver area retailers and wholesalers will be required to sell 7.4 RVP reformulated gasoline, as opposed to a prior requirement of 7.8 RVP conventional fuel. This will likely widen Denver's premium to conventional prices in nearby regions.

Price dynamics could mimic US Gulf coast

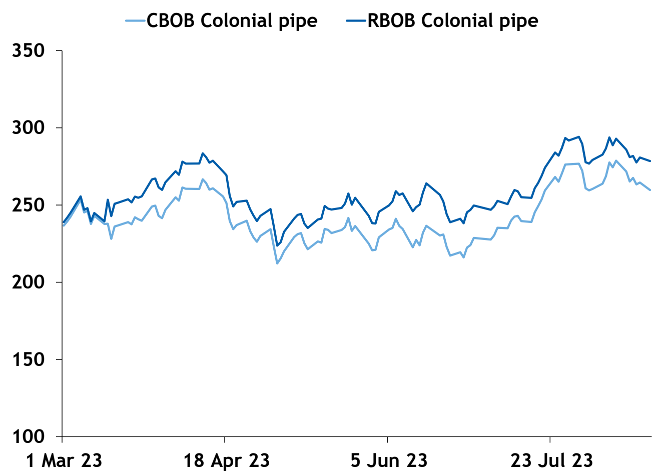
The price dynamic in Denver could resemble spreads seen at the US Gulf coast.

Gulf coast 7.4 RVP RBOB, a reformulated blendstock, averaged a 16.76¢/USG premium to 9.0 CBOB from 14 March through 21 August last year, widening from a tighter range of 2.34¢/USG from January through mid-March, *Argus* assessments show.

Denver reformulated gasoline's premium to sub-octane gasoline prices in adjacent states such as Oklahoma and Kansas could be similar to spreads between Gulf coast CBOB and Gulf coast RBOB. The price of sub-octane conventional gasoline at Group Three, which encompasses the Magellan pipeline and storage system from Oklahoma through North Dakota and Minnesota, averaged a 12.992¢/USG premium to Gulf coast CBOB from 14 March through 21 August last year. Denver reformulated gasoline would likely push above Group Three sub-octane prices amid the switch to stricter specifications.

Denver's reformulated gasoline supply could come from a combination of shipments from the midcontinent and Gulf coast, as well as from Suncor's 103,000 b/d refinery in nearby Commerce City, Colorado.

Key US Gulf coast gasoline prices *¢/USG*



Finished gasoline consumption in the Rocky Mountain region — which includes the Denver area — averaged 344,600 b/d from May through September of 2023, US Energy Information Administration (EIA) estimates show. About 76,500 b/d of gasoline blending components and finished gasoline were shipped from the midcontinent during that stretch, some of which likely originated at the Gulf coast. The amount of fuel shipped from the midcontinent and Gulf coast will likely increase amid the shift to reformulated fuel.

Other gasoline changes also loom across the nearby midcontinent region, which faces a potential shift in the RVP specifications for CBOB that may affect refiners' abilities to supply RBOB to Denver.

Eight midcontinent states — Illinois, Iowa, Minnesota, Missouri, Nebraska, Ohio, South Dakota and Wisconsin — filed a petition to rescind the longstanding RVP waiver for 10pc ethanol in gasoline, which would lead to the reformulation of the blendstocks used to produce both 10pc and 15pc ethanol gasoline.

The EPA last year proposed approving the request from the eight states with an effective date of 28 April, but the US administration has yet to make an official ruling.

Refiners may have difficulty supplying both Denver RBOB and low RVP CBOB to Nebraska, Iowa and other states in the northern midcontinent, with potential shifts in formulation possibly cutting crude runs, according to an independent study by energy consultant Baker and O'Brien.

Segments of the Magellan products pipeline system that run into Colorado are persistently allocated with little room for more product, according to market participants.

By Jared Ainsworth and Zach Appel

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CRUDE

Texas crude imports at 6-month low in October

Texas' imports of crude fell to their lowest in six months in October on seasonally low flows from Saudi Arabia and reduced deliveries from South America.

Texan refiners brought in 1.1mn b/d of foreign crude in October, down by 154,000 b/d from its year-to-date peak in September and its lowest since April, according to data released by the Energy Information Administration (EIA) last week. This is 82,000 b/d higher than October 2022.

Lower volumes from Saudi Arabia accounted for most of the recent decline, falling to 101,000 b/d in October from 192,000 b/d in September. Motiva was the sole importer from the middle eastern country in October while ExxonMobil and LyondellBasell each went from about 13,000 b/d to zero across the same span.

Crude imports into Texas from Saudi Arabia typically dip in October before rebounding in November.

Texan refiners also dialed back on Latin American grades from Brazilian and Colombian producers in October after leaning into them in the months prior. No Brazilian crude came into the state in October, down from 38,000 b/d in September while Colombian crude fell by about the same amount to 100,000 b/d, which also marks the lowest since February 2022.

Mexico remains the largest single source of foreign crude for Texan refiners at 435,000 b/d in October, a gain of 27,000 b/d from September as it claws back market share on the US Gulf coast held by Canadian producers in recent years. Imports from Mexico have grown from 327,000 b/d in October 2022.

Canadian crude still accounted for one-third of all foreign crude in Texas during October at 374,000 b/d. This is up by 4,000 b/d from September but down by 21,000 b/d from October 2022.

Eighteen separate entities imported crude into Texas in October with over 54pc of the volume concentrated among three companies. Valero, a large taker of Mexican and Venezuelan crude, was Texas' largest importer in October at 305,000 b/d. Canada and Colombia-focused LyondellBasell was next at 175,000 b/d while Canadian oil sands producer MEG Energy brought in 107,000 b/d.

The US imported 6.13mn b/d of foreign crude in October, down from both 6.6mn b/d in September and 6.24mn b/d in October 2022.

By Brett Holmes

Aframax rates surge on firm European demand

Heightened demand in Europe for US crude in the wake of protests in Libya that have hampered exports from that country has boosted Aframax freight rates in the Atlantic by more than 50pc since this week.

Since 29 December, the rate for an Aframax carrying 90,000t of WTI on the US Gulf coast Europe route has leapt by \$1.99/bl to \$5.97/bl as surging demand cleared tonnage from the region.

The rate for an Aframax east coast Mexico-US Gulf coast voyage has risen by 34pc since 29 December to \$1.99/bl.

Protests in Libya have shut down the largest oil field in the country this week, likely bolstering demand for US-loading crude instead from European buyers.

Libya exported 20.24mn bl of crude to Europe in January 2023, but is projected to export almost half as much at 10.41mn b in January 2024, with only 3.93mn bl having shipped as of 5 January, according to Vortexa data. The remaining 6.47mn b could be difficult to deliver if Libya's El Sharara oil field, responsible for a maximum of 300,000 b/d, remains off line.

European buyers purchased 54.59mn bl of US Gulf coast-loading crude in January 2023 and are on track to pull 61.82mn bl from the region in January 2024, according to Vortexa. The US is the main exporter of crude to the European market, and will likely continue to pull market share from fifth-largest exporter Libya in the coming days.

By Ross Griffith

US Gulf pipeline remains down following spill

About 61,000 b/d of oil output in the US Gulf of Mexico remains offline as an investigation continues into the cause of an offshore oil spill discovered in mid-November, federal officials said.

Both the source and cause of the spill from Third Coast Midstream Partners' 18-inch Main Pass Oil Gathering system "remain under investigation," the US Coast Guard told *Argus* today. "The Unified Command is continuing sustained response efforts to locate the source of the spill."

The shuttered crude volume is roughly 3pc of October's US Gulf oil production.

Third Coast Midstream shut the system on 16 November after reporting a "pressure differential drop" indicating the possibility of leak. Crews surveyed the entire 67-mile pipeline segment that was suspected as a source of the leak, as well as

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about 22 miles of surrounding pipelines, but did not discover a source.

"Production will not resume until we can verify that the location of the release is secure and appropriate repairs have been made," the Coast Guard said.

Third Coast did not respond to a request for more information.

A sample of the spilled oil was identified as Light Louisiana Sweet (LLS), but the MPOG system delivers crude to Empire, Louisiana, the trading hub for Heavy Louisiana Sweet (HLS).

To date for the February trade month beginning on 26 December, HLS is averaging around $2.50/bl over the Cushing, Oklahoma, light sweet crude benchmark, with LLS at roughly parity to HLS.

During the September trade month last year, which was completed ahead of the spill, HLS averaged roughly 30¢/bl under LLS at about $2.30/bl over the Cushing benchmark. February HLS trade last year averaged $3/bl under LLS, at a discount to Cushing of about 85¢/bl.

The US Coast Guard confirmed that the main pipeline and several surrounding lines are still down.

Operators with impacted facilities include W&T Energy VI, Occidental Petroleum, Walter Oil and Gas, Cantium, Arena Offshore and Talos Energy.

By Amanda Smith

Trans Mountain apportionment at 2-year high

The Canadian government's 300,000 b/d Trans Mountain pipeline has rejected 24pc of crude nominations in January, the highest level of apportionment in two years.

Apportionment in January was up by four percentage points from December and was the highest since January 2022, when apportionment was 30pc. January 2024 marks the eighth consecutive month of apportionment on the pipeline.

Trans Mountain's mainline has been apportioned since the second quarter of 2023 on rising Canadian oil sands production and persistent pipeline constraints out of Alberta. Trans Mountain links Edmonton, Alberta, crude producers with west coast refiners in Washington and British Columbia.

The 590,000 b/d Trans-Mountain Expansion (TMX) is expected to become operational in the second quarter of 2024, creating a total capacity of 890,000 b/d when combined with the mainline. However, construction concerns have increased doubts about whether the expansion will be ready by its target date.

By Kyle Tsang

APA boosts Permian footprint with Callon deal

US independent producer APA agreed to buy Callon Petroleum for $4.5bn in stock to expand its Permian basin footprint.

The deal continues a wave of recent consolidation in the shale sector, which saw ExxonMobil snap up Pioneer Natural Resources for $59.5bn late last year, followed by Chevron's acquisition of Hess for $53bn.

APA will take over Callon's almost 120,000 acres in the Delaware section of the Permian as part of the latest transaction, which is expected to close in the second quarter. The combined company will be able to produce over 500,000 b/d of oil equivalent.

"Callon has built a strong portfolio in the Permian basin that is complementary to our existing Permian assets and rounds out our opportunity set in the Delaware," said APA's chief executive officer John Christmann.

APA shareholders will own about 81pc of the joint company, while Callon will own the remaining 19pc.

As a result of the transaction, about 64pc of APA's overall production mix will come from the US. The company also operates in Egypt, the UK and Suriname.

Under the terms of the deal, each share of Callon will be exchanged for a fixed ratio of 1.0425 shares of APA common stock. The deal value includes debt.

By Stephen Cunningham

Chevron flags $4bn charges on California, GoM

US oil major Chevron expects to book as much as $4bn in fourth quarter non-cash charges related to regulatory challenges in California and decommissioning obligations in the Gulf of Mexico.

The after-tax charges are estimated to be in the range of $3.5bn-$4bn, according to a regulatory filing on Tuesday.

The company will impair some of its US upstream assets, mainly in California, given regulatory issues in the state that have resulted in lower levels of anticipated future investment. Chevron plans to continue operating the affected assets for "many years to come."

Last month, Chevron said it had cut spending in California by over $200mn since 2022 due to what it sees as the state's "inadequate returns and adversarial business climate." In September, Chevron was one of five top producers sued by California for allegedly covering up the truth over climate change for decades.

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The Gulf of Mexico impairment refers to abandonment and decommissioning obligations from previously sold oil and gas production assets, whose new owners have since filed for Chapter 11 bankruptcy protection. Chevron says it is "now probable" that some of those obligations will fall back on the company. It expects to undertake the decommissioning of those assets over the next decade.

By Stephen Cunningham

ExxonMobil flags $2.6bn in Calif writedowns

ExxonMobil said it will write down as much as $2.6bn from upstream assets in California in the fourth quarter.

The top US oil major flagged $2.4bn-$2.6bn in impairments resulting from its idled Santa Ynez offshore oil production assets and associated facilities in the state.

"While the corporation is progressing efforts to enable a restart of production, continuing challenges in the state regulatory environment have impeded progress in restoring operations," ExxonMobil said in a preview of fourth quarter results.

Santa Ynez has been off line since a 2,900 bl crude spill in May 2015 shut Plains All American Pipeline's Line 901 and the adjacent Line 903. ExxonMobil had pitched a plan to truck crude to refineries, but that was rejected by Santa Barbara County, effectively keeping Santa Ynez closed.

Separately, ExxonMobil expects lower oil prices to weigh on profits by as much as $800mn, while higher natural gas prices could bolster results by the same amount.

Earlier this week, rival US producer Chevron said it expects to book as much as $4bn in fourth quarter non-cash charges related to regulatory challenges in California, as well as decommissioning obligations in the Gulf of Mexico. Chevron cited regulatory issues in California that have resulted in lower levels of anticipated future investment.

Chevron and ExxonMobil will report fourth-quarter profit on 2 February.

By Stephen Cunningham

US Congress to return with packed agenda

Preventing a government shutdown after 19 January and considering defense aid for Ukraine and Israel will top a long to-do list for the US Congress when it returns from holiday break next week.

Congress allowed unfinished work to pile up last year as a result of leadership fights in the Republican-led US House of Representatives. But lawmakers will now have just two weeks to prevent a staggered government shutdown, while at the same time they consider a $106bn supplemental spending bill that would pair defense aid with border security policies.

US Senate majority leader Chuck Schumer (D-New York) said negotiators have made progress on a deal to fund the government and send aid to Ukraine and Israel, but he did not offer a timeline for holding a vote. Demands from House Republicans to attach strict immigration policies to the military aid package would block a deal from passing, he said.

"The only way we're going to get any of this done is in a bipartisan way," Schumer told reporters on Wednesday.

But Republicans have offered no signs they plan to back down from the immigration fight. House speaker Mike Johnson (R-Louisiana), on a trip this week to the US-Mexico border, said further aid for Ukraine would be contingent on including policies similar to those in HR 2, a bill Democrats have vowed to block because of what they say are hardline immigration policies.

"If it looks like HR 2, we'll talk about it," Johnson said.

The White House has criticized the recent border trip as a "political stunt" and urged Republicans to focus on a bipartisan agreement that can pass. President Joe Biden has said failure to pass a supplemental spending bill soon will threaten the ability of the US to provide key defense equipment to Ukraine.

"Unless Congress takes urgent action in the new year, we will not be able to continue sending the weapons and vital air defense systems Ukraine needs to protect its people," Biden said on 29 December.

The upcoming funding deadline means federal agencies will have to partly close after 19 January and 2 February unless Congress reaches a spending deal soon, although Schumer said he was "hopeful" they can prevent a shutdown. Congress avoided a shutdown last year through a short-term spending bill that required a "laddered" closure of the government.

The 19 January funding deadline will apply to the US Energy Department, the US Transportation Department and the US Agriculture Department. The 2 February deadline would apply to the US Interior Department, the US Environmental Protection Agency, the US Defense Department and the US State Department.

Other items on the to-do list for Congress this year are reauthorizing the US Federal Aviation Administration, a bipartisan pipeline safety bill, domestic disaster relief and a possible long-shot permitting agreement.

By Chris Knight

TRANSPORTATION NEWS

NATURAL GAS LIQUIDS

US ethane supply poised for further growth

US ethane supply is expected to rise in 2023 following high levels of ethane recovery from gas processing and reduced petrochemical demand for the feedstock in 2022.

Ethane recovery levels in the Permian basin in Texas and New Mexico reached maximum levels starting in the fourth quarter of 2022 after natural gas prices at the Waha hub in West Texas fell due to constrained takeaway capacity. Waha prices fell as low as -$0.565/mn Btu in October and averaged $3.09/mn Btu in the fourth quarter, creating an incentive for increased ethane recovery.

Mont Belvieu, Texas, EPC ethane prices have averaged 39.75¢/USG in the fourth quarter through mid-December. Ethane's premium to its fuel value relative to natural gas at the Waha hub averaged 19.39¢/USG in that time and rose as high as 43.79¢/USG when Waha prices were at their lowest.

Permian basin ethane rejection levels stand at 50,000-75,000 b/d according to estimates from midstream company Enterprise Products, a sharp decline from the 200,000-250,000 b/d of rejection the company estimated in August, when natural gas prices were higher.

Waha is projected to have continued takeaway constraints in 2023, maintaining a favorable spread for ethane recovery throughout the year and causing ethane supplies at Mont Belvieu to build. The US Energy Information Administration (EIA) forecasts that ethane production will average 2.61mn b/d in 2023, up by 7.85pc from 2022 levels, as natural gas production grows.

The EIA initially estimated that ethane production would grow to meet increased demand from three new steam crackers that came online in 2022, but petrochemical demand for the feedstock was lackluster in the second half of the year and shows no sign of improving going into 2023. Petrochemical demand for ethane has abated as ongoing downstream supply chain issues have created a backlog of ethylene.

EPC ethane's spread to its fuel value at the Henry Hub has averaged a discount of 1.20¢/USG in the fourth quarter, as declines in ethane prices outpace losses in Nymex natural gas prices.

Most US ethylene crackers are configured to use ethane because it is the most cost-effective option compared to propane, butane, and naphtha, which can rise with higher crude prices. But cracking margins for US ethane narrowed in

Average crude rail metrics, 4 Nov 23 to 29 Dec 23

		Speed mph	Dwell time hours	Trains held short	Loaded cars not moved >48 hrs	Empty cars not moved >48 hrs
BNSF	Last 4 weeks	23.7	22.0	1.0	93.9	30.2
	Prior 4 weeks	23.7	9.7	0.9	61.4	58.6
	±%	nc	+126.8%	+11.1%	+52.9%	-48.5%
CN	Last 4 weeks	26.5	0.0	0.1	0.0	0.0
	Prior 4 weeks	26.3	0.0	0.0	0.0	0.0
	±%	+0.8%	nc	na	nc	nc
CP	Last 4 weeks	21.7	0.0	0.0	2.8	2.5
	Prior 4 weeks	20.1	0.0	0.0	3.5	28.3
	±%	+8.0%	nc	nc	-20.0%	-91.2%
CSX	Last 4 weeks	na	na	0.0	4.7	3.2
	Prior 4 weeks	23.8	na	0.0	2.8	5.0
	±%	na	nc	nc	+67.9%	-36.0%
NS	Last 4 weeks	24.1	0.0	1.0	59.6	28.7
	Prior 4 weeks	21.5	0.0	0.8	49.2	39.8
	±%	+12.1%	nc	+25.0%	+21.1%	-27.9%
UP	Last 4 weeks	23.7	8.6	0.0	36.3	37.3
	Prior 4 weeks	21.8	8.7	0.8	33.8	31.5
	±%	+8.7%	-1.1%	-100.0%	+7.4%	+18.4%

Average ethanol rail metrics, 4 Nov 23 to 29 Dec 23

		Speed mph	Dwell time hours	Trains held short	Loaded cars not moved >48 hrs	Empty cars not moved >48 hrs
BNSF	Last 4 weeks	24.4	12.4	1.8	176.0	235.7
	Prior 4 weeks	23.8	19.6	0.9	191.1	184.5
	±%	+2.5%	-36.7%	+100.0%	-7.9%	+27.8%
CN	Last 4 weeks	24.2	3.7	0.1	3.2	4.0
	Prior 4 weeks	24.4	3.6	0.0	3.2	3.6
	±%	-0.8%	+2.8%	na	nc	+11.1%
CP	Last 4 weeks	23.6	16.9	0.8	21.8	11.0
	Prior 4 weeks	23.5	20.3	0.8	10.0	33.0
	±%	+0.4%	-16.7%	nc	+118.0%	-66.7%
CSX	Last 4 weeks	27.1	35.7	0.0	16.3	47.2
	Prior 4 weeks	26.3	81.3	0.0	13.8	13.1
	±%	+3.0%	-56.1%	nc	+18.1%	+260.3%
NS	Last 4 weeks	19.9	20.9	2.8	269.2	121.7
	Prior 4 weeks	19.8	21.7	3.0	210.6	65.5
	±%	+0.5%	-3.7%	-6.7%	+27.8%	+85.8%
UP	Last 4 weeks	21.4	16.0	0.5	24.3	36.3
	Prior 4 weeks	21.4	13.4	0.0	29.3	51.5
	±%	nc	+19.4%	na	-17.1%	-29.5%

Current and prior 4-week average tank cars on line

Starting on:	2 Dec 23	4 Nov 23	±%
BNSF	61,553	60,698	+1.4%
CN	10,507	10,533	-0.2%
CP	6,784	7,221	-6.1%
CSX	43,943	42,465	+3.5%
KCS	9,773	10,181	-4.0%
NS	37,664	38,240	-1.5%
UP	81,509	81,473	+0.0
Total	251,733	250,811	+0.4%

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the second half of 2022 and even fell into negative territory, according to *Argus* modeling, as ethylene stocks grew. In the fourth quarter, ethylene cracker margins for ethane averaged \$52.78/t, up from an average of \$17.66/t in the third quarter, but still well below year-earlier margins of \$397.74/t.

US ethylene producers have cut run rates to under 80pc of utilization since the third quarter because of the narrower margins, and they expect to continue operating at reduced rates going into 2023. Because of elevated ethylene inventories and narrow cash margins, there is no incentive for steam crackers to increase operating rates. The increase in supply has made ethane prices less volatile and the outlook for cracker margins relatively stable. Should ethylene demand increase or ethane prices decrease, causing margins to widen, producers will begin to ramp up ethylene production again in 2023.

Internationally, petrochemical demand for ethane is expected to grow in 2023. The EIA projects 460,000 b/d in US exports in the coming year as international petrochemical producers seek a cheaper alternative to heavier feedstocks, allowing exporters like Enterprise and Energy Transfer to expand term contracts.

By Abby Downing-Beaver

Canadian propane exports fell in October: CER

Canadian propane exports in October fell by 3.4pc from a year earlier as shipments to an oversupplied US market waned.

Total Canadian exports of propane dropped to 5.46mn bl, or 176,143 b/d, down from 5.65mn bl in October 2022, according to the Canada Energy Regulator (CER). Declines were led by Ontario, where exports fell by 24pc on the year to 723,164 bl, or 23,328 b/d. Alberta propane exports fell to 1.47mn bl, or 47,460 b/d, down by 18pc from October 2022.

Canadian propane exports from British Columbia rose in October to 2.7mn bl, or 87,870 b/d, up by 14pc from the prior-year period. The province is home two waterborne terminals at Ridley Island — AltaGas' roughly 50,000 b/d terminal and Pembina's 25,000 b/d terminal.

Overall Canadian propane exports to the US market fell to 3.165mn bl, or 102,117 b/d, down by nearly 20pc from October 2022, as an oversupplied US market led to less buying interest even as Edmonton prices held steady against US prices. US propane inventories stood at 98mn bl in October, up by 13pc from a year earlier, according to the US Energy Information Administration (EIA). Edmonton spot propane averaged a 14.2¢/USG discount to US prices at Conway, Kansas, in October, little changed from a 14¢/USG discount to the US midcontinent in October 2022.

Canadian butane exports to the US fell in October to 1.6mn bl, or 53,010 b/d, down by 6.2pc from a year earlier.

By Amy Strahan

CHS opens Colorado rail terminal for propane

Agricultural logistics firm and propane wholesale marketer CHS opened a new propane rail terminal in Yuma, Colorado, this month to serve areas west of the Conway, Kansas, storage hub.

The Yuma loading facility will be able to accommodate 12 railcars and has two loading stations with 24-hour access. CHS said the recent conversion of a nearby refinery to renewable diesel, coupled with gas plant closures, tightened propane supplies in areas including eastern Colorado, western Nebraska, and western Kansas.

"Before this terminal came online, some of our customers were having to make eight or 10-hour trips to fill transport loads of propane," said Scott Pearson, vice president of CHS's propane division. CHS has access to 140 terminals in the US midcontinent and in Canada.

Supplies of purity propane and other natural gas liquids (NGLs) tightened in the US midcontinent after Oneok's 210,000 b/d Medford, Oklahoma fractionator was shuttered following a fire in July 2022, forcing more unfractionated liquids south to the Mont Belvieu, Texas, storage and fractionation hub.

By Amy Strahan

PRODUCTS

NY Harbor RBOB cash diffs hit 8-month low

New York Harbor RBOB cash differentials hit an eight-month low on Friday as a supply overhang formed amid growing production, imports, and steady Gulf coast shipments.

Prompt barge RBOB cash differentials have been falling since mid-December and dropped to Nymex -2¢/USG on Friday, the lowest since mid-April 2023, and 1.63¢/USG below a year earlier as offers continued tracking bids lower. Outright prices fell by 0.66¢/USG to \$2.09/USG on Friday, while futures also weakened.

The drop in cash differentials followed Atlantic coast gasoline stocks reaching a three-month high at 58.4mn bl last

TRANSPORTATION NEWS

week, according to US Energy Information Administration (EIA) data. US total gasoline stocks rose to a nine-month high at 237mn bl last week.

Growing local production played a role in higher regional supplies. Refinery runs rose to a four-week high at 92.4pc last week, according to EIA data. Runs averaged 92pc last month, the highest since early September. Refinery utilization declined amid turnarounds during the October/November period.

Atlantic coast imports grew to a three-week high at 606,000 b/d last week, according to EIA data, despite ongoing poor transatlantic arbitrage economics this season. Gasoline and gasoline components from Brazil and Argentina comprised at least 20pc of cargo arrival volume last week, according to Vortexa.

Shipments from the Gulf coast on Colonial Pipeline have been an ongoing source of New York Harbor resupply this season and likely contributed to growing stocks last week.

Gulf coast/New York Harbor regional spreads have fallen below total shipping costs so far this month, effectively shutting the arbitrage to New York Harbor. Regional spreads for RBOB, CBOB, and 87 octane conventional gasoline dropped to their narrowest point since mid-October at 10.6¢/USG on Friday, while the Colonial Pipeline tariff, line loss, and lines 1 and 3 space values totaled approximately 15.75¢/USG.

Colonial Line 1 space also fell into negative territory for the first time since October at -1.5¢/USG this week, indicating weakening shipping demand to at least some portions of the Atlantic coast. Prompt Line 3 space settled at +9.25¢/USG on Friday. Line 3 scheduling issues have continued impacting flows from Greensboro, North Carolina, to New York Harbor, according to market participants, and could lead to periodic prompt spot shortages this month.

The National Weather Service has issued winter storm warnings and advisories for New York and Pennsylvania for this weekend. This brings the potential for snow and wind to impact regional refineries and supply output.

Nationally, US product supplied of finished motor gasoline — an indicator for demand — fell to nearly a one-year low at 7.95mn b/d last week and was 1mn b/d lower than pre-pandemic levels at the end of 2019, according to EIA data.
By Stephanie Crawford

US east coast diesel shows signs of recovery

US Atlantic coast diesel inventories remained far below seasonal norms in 2023 for the second consecutive year, although restrictions in the Panama Canal appear to have started a rebound in stockpiles.

Since the Russian invasion of the Ukraine in late February 2022, US Atlantic Coast ending stockpiles of distillate fuel oil including diesel and heating oil have averaged just over 28mn bl, according to Energy Information administration (EIA) data, down by over 36pc from the 2021 full year average of over 44mn bl.

But recent drought-related restrictions on Panama Canal crossings have begun to bolster waterborne supplies on the east coast.

The Panama Canal Authority (ACP) in November began to restrict vessel crossings due to severe drought conditions in the country. ACP on 3 November reduced daily booking slots to 25 on 3 November, down from an earlier reduction to 31 slots.

ACP had planned to drop transits further to 18 bookings/d in February, but because of increased rainfall in November the authority now plans to increase daily transits to 24 bookings/d on 16 January.

Those restrictions, coupled with rising demand in the northeast US, have prompted Gulf coast producers to send diesel to New York via the Colonial pipeline.

Restrictions on the canal have limited potential destinations for US Gulf coast refiners and producers, who must weigh the costs of loading cargoes for the west coast of Latin America with the longer voyage and associated shipping fees. While MR tankers are still able to make it through the canal relatively unimpeded, the daily restrictions that are expected to continue through the first quarter of 2024 could further hamper cargo options.

The influx of supplies to the US Atlantic coast has begun to show up in inventory data.

Atlantic coast distillate fuel oil inventories averaged more than 28mn bl over the four weeks ended 22 December, surpassing the previous four-week average by over 9pc, according to the EIA. In the the most recent week of December, ending stockpiles reached nearly nine-month highs at around 30.2mn bl. Ending stockpiles in central Atlantic markets, including New York, in December 1-22 averaged 13.3mn bl, surpassing the combined October and November average of 12.4mn bl by over 7pc. Northeast diesel imports have increased in every month since July.
By Craig Ross

TRANSPORTATION NEWS

USGC MR rates dive on wave of holiday tonnage

Rates for medium range (MR) tanker refined oil product shipments from the US Gulf coast fell by as much as 41pc this week after traders returned to their desks from Christmas holidays to find a glut of tonnage streaming into the region.

In the US Gulf coast, 37 MR tankers will be available to load in the next 10 days, up by nine from the 29 MRs available at the end of last week, according to a shipbroker. A second shipbroker put the number as high as 55 MR tankers available through 7 January. The disparity suggests that shipowners may be keeping their positions quiet to keep from putting additional downward pressure on rates.

"Hidden vessels are likely to impact the next set of January dates when we return from the [New Year] holiday," a shipbroker said.

The increase in MR supply comes despite congestion at the drought-stricken Panama Canal continuing to tie up vessels.

The rate for a US Gulf coast-Caribbean voyage was at $750,000 lump sum this week, down by 41pc since 26 December when it was at $1.275mn, and the rate for a US Gulf coast-Brazil voyage was at WS214, down by 27.5pc from WS295 over the same period.

The *Argus* time charter equivalent (TCE) rate on the US Gulf coast-Caribbean voyage, which represents the earnings or loss for a shipowner, hit near-parity with the *Argus* TCE rate on the Rotterdam-New York voyage, at $18,182/d and $18,194/d, respectively, on 28 December after holding a significant premium earlier in the month. A US Gulf coast-Caribbean voyage could net a shipowner $27,127/d more than a Rotterdam-New York voyage on 22 December, incentivizing shipowners to reposition into the US Gulf coast instead of Europe.

Higher refinery runs compared with late 2022 could keep rates from falling after the end-of-year holidays as they did a year ago.

US refinery utilization dropped from 92pc on 23 December 2022 to 79.6pc on 30 December 2022 because of severe winter weather and did not climb back to 92pc until 12 May 2023, according to US Energy Administration (EIA) data.

Rates for MR shipments from the US Gulf coast followed a steady downtrend after the Christmas holiday in 2022, culminating in some rates hitting their lowest levels in early February 2023 since global economies began to emerge from pandemic lows in December 2021.

But US refinery utilization was at 93.3pc on 22 December 2023, according to the EIA.

Additionally, ongoing delays and uncertainty around the Panama Canal are likely to keep vessel replenishment into the US Gulf coast slower than in previous years, allowing the potential for bursts in demand to meet gaps in vessel availability and pressure rates higher.

By Ross Griffith

US west coast jet fuel imports fall by 57pc

US west coast jet fuel imports fell by 57pc in the first week of January but the full month is on track to surpass December's total volumes, according to oil analytics firm Vortexa.

US west coast jet fuel imports in the week ended 5 January fell to 39,800 b/d, down from 92,600 b/d in the prior week, according to Vortexa's adjusted numbers.

One vessel arrived on the US west coast in the latest week. *Magnolia Express* discharged 278,500 bl in Los Angeles, California, on 2 January. The vessel had originated from Qingdao, China, and left for California on 9 December.

For the week ended 12 January, Vortexa expects two vessels will arrive at the US west coast, bringing 624,500 bl to the region. *Redwood Mariner* left Ulsan, South Korea, on 18 December with 318,100 bl and should dock in Port of Anchorage in Alaska on 6 January. *Turmoil* departed from Yeosu, South Korea, on 28 December and was heading to Barber's Point in Honolulu, Hawaii, where the vessel was expected to discharge 306,400 bl on 12 January.

For the week ended 19 January, six vessels were scheduled to arrive in the region carrying 1.37mn bl, and the remainder of January was anticipated to have three vessels arrive bringing 886,700 bl.

This would lift the total for January to 3.16mn bl of jet fuel, or 105,000 b/d. That would surpass December totals by 12pc and top January 2022 volumes by 8.5pc.

Total volumes are subject to change as more cargoes are scheduled for the US west coast, or as previously listed vessels are rerouted or identified as carrying a different product.

US west coast jet fuel production in the week ended 29 December rose to 471,000 b/d, up from 458,000 b/d in the prior week, according to US Energy Information Administration data. Jet fuel imports in the region increased during the week to 78,000 b/d from 46,000 b/d, and west coast jet fuel stockpiles increased by 10pc to 9.9mn bl.

By Carrie Carter

TRANSPORTATION NEWS

Norfolk Southern to raise biofuels blending

US rail operator Norfolk Southern (NS) will increase its biofuels blending to 20pc and raise renewable energy use to meet sustainability goals.

NS plans to lift its blending of fuels like biodiesel and renewable diesel in locomotive fuels to 7pc by 2027 and 20pc by 2034, according to the company's Climate Transition Plan. Along with more biofuels blending, NS is looking to improve its fuel efficiency by 13pc by 2027, compared to a 2023 baseline, to help reach the company's goal of reducing its Scope 1 and 2 greenhouse gas (GHG) emissions intensity by 42pc by 2034.

Locomotive fuel accounts for 90pc of NS' Scope 1 and 2 emissions, which apply to the company's operational and electricity-based emissions.

Through solar and energy power purchase agreements, NS is seeking to increase its renewable energy usage to 30pc by 2030 from its current 4.2pc, the company said. NS has clean and solar energy purchase agreements in Pennsylvania and New York.

The rail operator is exploring emissions reducing technologies like carbon dioxide removal in addition to two current forest projects, which could generate carbon credits for sale.
By Payne Williams

Private sector loses ground in Mexican market

Private-sector companies lost ground in Mexico's fuel market in 2023, as their share of fuel sales and retail fuel stations contracted amid energy policies favoring state-owned Pemex.

Pemex closed 2023 with an 82.1pc market share in gasoline, diesel and jet fuel sales in Mexico, Pemex chief executive Octavio Romero said, up from 81.9pc in 2022 and a 76pc share recorded in 2021, which was the lowest in its history. The company had a monopoly on the market before the 2014 energy reform.

In December, Pemex sold 1.06mn b/d of motor fuel in Mexico, while private-sector companies sold roughly 232,000 b/d, according to *Argus* calculations based on Pemex data.

The uptick in Pemex's share of fuel sales was supported by a rebound in the company's share of retail fuel stations and an aggressive discount strategy in the gasoline and diesel markets.

The number of stations under the Pemex flag increased by 3.3pc to 7,222 in December, up from 6,987 stations in the same month of 2022.

Pemex also sells gasoline and diesel to over 3,700 private sector-branded stations, supplying roughly 11,000 stations, or 81pc, of the 13,600 stations in Mexico, according to *Argus* calculations based on Pemex data.

Since 2018, Pemex provides nine different levels of volume-based discounts to its customers, aiming to capture a larger market share.

Domestic sales of gasoline, diesel and jet fuel accounted to about 71pc of Pemex's income in 2023, up from 65.8pc the prior year, according to Pemex data.

Private-sector companies have gradually lost ground in Mexico's fuel market during President Andres Manuel Lopez Obrador's administration, which has invested billions of dollars in strengthening Pemex's refining capacity and its presence in the fuel markets.

Although the 2014 reform remains in force by law, in practice the energy ministry (Sener) and autonomous regulators such as the CRE have aligned with Lopez Obrador's statist energy policies, canceling or not granting permits for private-sector companies at all levels of the fuel value chain.

Sener cancelled or allowed to expire dozens of fuel import permits during Lopez Obrador's tenure, leaving only five companies — Valero, Shell, Marathon, ExxonMobil and Koch — with valid gasoline and diesel import permits.

In the midstream segment, the CRE has halted several private-sector fuel storage projects in Mexico, denying 15 permits for fuel storage terminals since 2020 and suspending operations at other terminals for months.

The CRE also slowed down the growth of private-sector investment in Mexico's fuel market from 2021-2022, with a delay the CRE blamed on the pandemic and bureaucratic issues. This resulted in a backlog of about 1,000 applications, most of which have already been addressed, according to the regulator.

In the retail sector, the CRE has favored Pemex-branded stations over private sector-branded stations, according to market sources. Of the 441 new retail fuel stations approved by the CRE in 2023, over 90pc were granted to Pemex-branded stations, CRE data tracked by *Argus* showed.

This year, private-sector companies could lose even more presence in Mexico's fuel markets, as Pemex expects to have an 84pc share in Mexico's motor fuel market by adding more stations under its brand.
By Antonio Gozain

TANK TIGER FEATURE

Tank Tiger available crude storage listings

Bid/Ask	Price *$/bl*	Product	Region	Start Date	State	Term months	Volume '000 bl
Ask	NA	Light Crude, Sour Crude, Heavy Crude	PADD 3	16-Nov-23	TX	12	484
Ask	NA	Sour Crude, Light Crude, Heavy Crude	PADD 3	17-Jul-23	LA	12	600
Ask	NA	Light Crude	PADD 2	3-May-23	ND	12	140
Ask	0.55	Heavy Crude, Light Crude	PADD 3	27-Apr-23	LA	12	800
Ask	1.00	Heavy Crude, Light Crude	PADD 3	27-Apr-23	LA	36	400
Ask	0.45	Light Crude	PADD 2	1-Feb-23	Undisclosed	12	140
Ask	0.50	Light Crude	PADD 3	1-Feb-23	TX	12	120
Bid	0.25	WTI	PADD 3	1-Jun-22	TX	6	150
Ask	NA	Light Crude	PADD 1B	27-Apr-22	NY	12	400
Ask	NA	Light Crude	PADD 1B	27-Apr-22	NY	12	560
Ask	NA	Light Crude	PADD 1B	27-Apr-22	NY	12	290
Ask	NA	Light Crude	PADD 1B	22-Apr-22	NY	12	290
Ask	NA	Heavy Crude	PADD 1B	21-Apr-22	NY	12	300
Ask	0.60	Light Crude, Heavy Crude	PADD 3	12-Apr-22	TX	12	850
Bid	0.70	WTL	PADD 3	1-Apr-22	TX	12	90
Bid	0.90	WTI	PADD 3	16-Mar-22	TX	2	100
Bid	0.55	WTI	PADD 3	16-Mar-22	TX	6	25
Ask	0.25	Light Crude	PADD 2	10-Mar-22	ND	12	105
Ask	0.15	Heavy Crude, Light Crude	PADD 2	22-Feb-22	OK	12	350
Bid	0.40	WTI	PADD 3	16-Feb-22	TX	6	40
Bid	0.15	WTI	PADD 2	1-Jan-22	OK	12	250
Bid	0.85	WTL	PADD 3	15-Dec-21	TX	6	60
Bid	0.50	WTL	PADD 3	8-Dec-21	TX	6	25
Ask	0.40	Light Crude	PADD 2	11-Nov-21	ND	12	280

Data courtesy of The Tank Tiger

CRUDE TRANSPORTATION RATES

Rail, US and Canada, Feb				$/bl
Origin	**Destination**	**Typical crude**	**Manifest rate**	**Unit rate**
North Dakota	Chicago	Bakken	7.50	6.75
North Dakota	Philadelphia	Bakken	10.88	10.28
North Dakota	NYH	Bakken	10.90	10.30
North Dakota	St James, LA	Bakken	10.45	9.99
North Dakota	Houston	Bakken	10.47	10.02
North Dakota	Bakersfield, CA	Bakken	12.62	11.56
North Dakota	Seattle	Bakken	9.26	8.16
Cheyenne	Stockton	Niobrara	7.61	6.97
Alberta	US Gulf coast	Canadian Heavy	16.75	15.83
Alberta	Seattle	dilbit	6.95	6.19
Alberta	Stockton	Canadian Heavy	10.91	9.99

Barge, US inland waterway, Jan		$/bl
Origin	**Destination**	**Spot rate**
Corpus Christi	Texas City	2.09
Corpus Christi	Houston	2.13
Corpus Christi	Beaumont/Port Arthur	2.26
Corpus Christi	Houma, LA	3.36
Corpus Christi	Baton Rouge	4.78
Brownsville	Houston	3.14
Houston	Beaumont/Port Arthur	1.06
Wood River	St James, LA	5.20

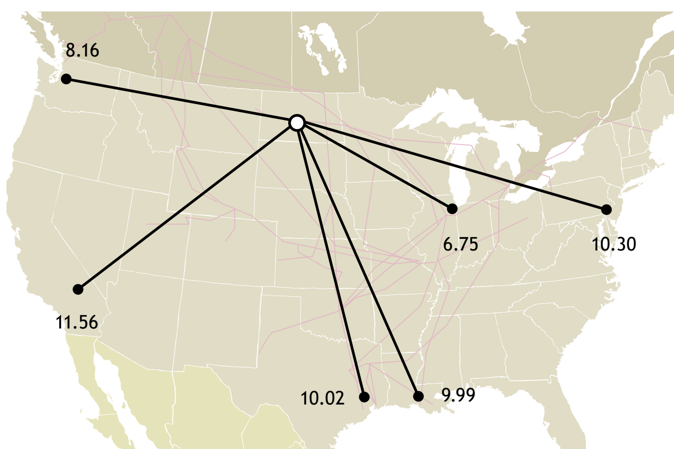
Freight snapshot (full view in *Argus Tanker Freight*)

Waterborne freight, 5 Jan				
Origin	**Destination**	**Size '000**	***$/bl***	***$/t***
Corpus Christi	Delaware Bay	260-330 *bl*	4.74	-
US Gulf	EC Canada	70*t*	5.23	44.17
US Gulf	China	130*t*	7.24	53.08
NW Europe	US Atlantic	80*t*	2.44	18.14
Mideast Gulf	US Gulf	280*t*	2.07	15.18
Mediterranean	US Gulf	135*t*	2.71	21.37
Carribean	US Gulf	70*t*	3.74	26.87

The full range of tanker freight rates, including Jones Act assessments is available in **Argus Tanker Freight**.

Pipeline, US and Canada, Jan				$/bl
Pipeline	**Origin**	**Destination**	**Crude**	**Tariff**
Enbridge	Hardisty	Cushing	Light	6.15
Enbridge	Hardisty	Sarnia	Light	3.45
Enbridge	Hardisty	Sarnia	Medium	3.65
Enbridge	Hardisty	Houston	Heavy	10.58
Enbridge	Hardisty	Sarnia	Heavy	4.00
Enbridge	N. Dakota	Clearbrook	Light	1.52
ETP	N. Dakota	Patoka	Light	8.10
ETP	N. Dakota	Nederland	Light	10.29
Longhorn	W. Texas	Houston	Light	6.15
Cactus II	W. Texas	Corpus Christi	Light	5.49
Seaway	Cushing	Houston/ Nederland	Light	3.26
Seaway	Cushing	Houston/ Nederland	Heavy	3.80
			Not committed	**>10 kbd**
Spearhead	Chicago	Cushing	3.24	1.70
			Not committed	**>30 kbd**
Pony Express	Wyoming	Cushing	5.70	2.99

BAKKEN RAIL RATES *$/bl*



REFINED PRODUCT TRANSPORTATION RATES

Barge, US inland waterway, Jan		$/bl
Origin	**Destination**	**Spot rate**
Corpus Christi	Houston	2.09
Houston	Corpus Christi	2.09
Houston	Cross-channel	0.41
Beaumont/Port Arthur	Houston	1.06
Beaumont/Port Arthur	Corpus Christi	2.26

Freight snapshot (full view in *Argus Tanker Freight*)

Waterborne freight, 5 Jan				
Origin	**Destination**	**Size '000**	**$/bl**	**$/t**
Houston	Port Everglades	310-330 *bl*	3.10	-
USGC	EC Mexico	38*t*	1.56	13.16
USGC	Pozos	38*t*	2.18	18.42
USGC	Chile	38*t*	9.88	73.68
USGC	Argentina/Brazil	38*t*		
USGC	EC Canada	38*t*	3.58	30.83
USWC	Rosarito	38*t*	2.18	18.75
EC Canada	USAC	38*t*	2.49	21.38
Mediterranean	US Atlantic coast	37*t*	3.00	25.38

The full range of tanker freight rates, including Jones Act assessments is available in Argus Tanker Freight.

Pipeline, US, Jan				¢/USG
Pipeline	**Origin**	**Destination**	**Tariff**	**Volume discount**
Colonial	Houston	Atlanta	3.37	
Colonial	Houston	No Virginia	4.32	
Colonial	Houston	Linden, NJ	6.58	
Explorer	Houston	Tulsa	7.14	7.07
Explorer	Houston	Wood River, IL	7.72	7.62
Explorer	Houston	Chicago	8.40	8.28
Magellan	Tulsa	Lincoln, NE	8.30	
Magellan	Tulsa	Albany, IL	10.95	

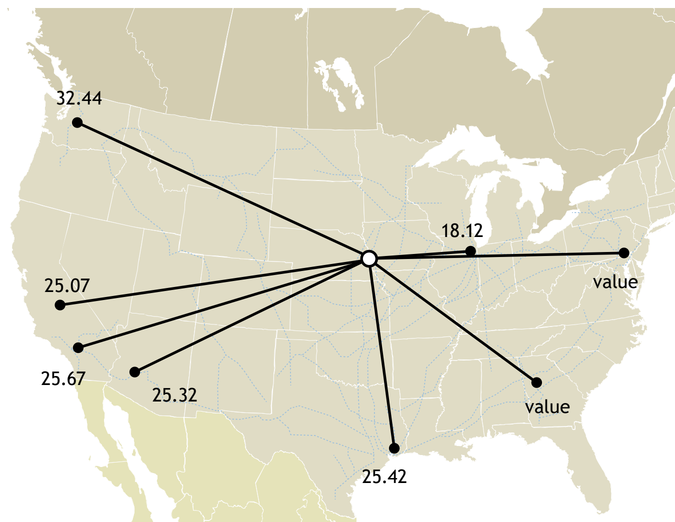
Rail, Jan			¢/USG
Origin	**Destination**	**Manifest rate**	**Unit rate**
Houston	San Luis Potosi	18.05	16.31
Houston	Monterrey	13.68	12.29
Corpus Christi	San Luis Potosi	14.55	12.47

Crude transportation commentary

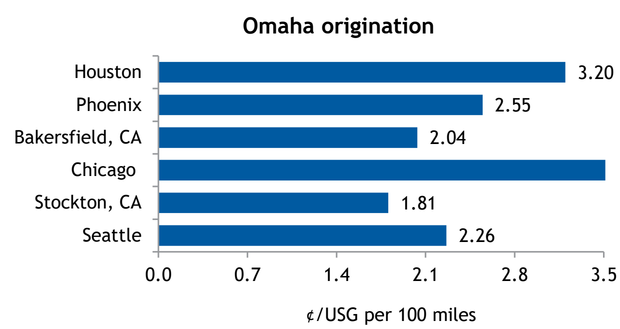
■ The Biden administration's efforts to refill the Strategic Petroleum Reserve (SPR) helped Texas-delivered deepwater US Gulf sour Southern Green Canyon (SGC) firm by 43¢/bl against the February Nymex benchmark to parity. The SPR is due to receive 2.1mn bl of sour crude at the Big Hill site in Texas in February, of a total of 9mn bl planned in the first quarter.

■ Rising freight rates and a narrower arbitrage pressured Midland-quality WTI at the US Gulf coast. February WTI Houston fell by 5¢/bl to a $2/bl premium to Nymex amid an outage in Libya that could create European demand for alternative grades. The trans-Atlantic freight rate for 700,000 bl cargoes rose by $2.22/bl to a two-month high at $5.97/bl.

ETHANOL RAIL RATES ¢/USG



Ethanol by rail: Cost by distance and volume



ETHANOL TRANSPORTATION RATES

Rail, US, Feb			¢/USG
Origin	**Destination**	**Manifest rate**	**Unit rate**
Omaha	Chicago	23.48	18.12
Omaha	Houston	30.44	25.42
Omaha	Phoenix	33.55	25.32
Omaha	Bakersfield, CA	29.00	25.67
Omaha	Stockton, CA	27.40	25.07
Omaha	Seattle	37.18	32.44
Chicago	Houston	32.96	27.56
Chicago	New York	17.16	11.10

NGL TRANSPORTATION RATES

Rail, Feb			¢/USG
Origin	**Destination**	**Manifest rate**	**Unit rate**
Y-grade (unfractionated NGLs)			
Edmonton	Conway	27.60	23.16
West Texas	Mont Belvieu	13.74	9.90
North Dakota	Conway	17.14	13.20
LPG			
Western Pennsylvania	Chicago	15.71	12.71
Western Pennsylvania	New York	16.89	14.01
Houston	New York	30.96	25.82
Houston	San Luis Potosi	20.07	16.69
Western Pennsylvania	San Luis Potosi	27.64	22.90
Edmonton	San Luis Potosi	39.96	32.94

Pipeline, Jan			¢/USG
Pipeline	**Origin**	**Destination**	**Tariff**
Atex	Western PA		30.89
Dixie	Mont Belvieu		5.49
Sand Hills	West Texas		13.41
Southern Hills	Conway		5.49

LPG waterborne freight, 5 Jan		
Origin	**Destination**	**$/t**
Houston	Chiba	219.00
Houston	Flushing	119.50

Fuels transportation commentary

■ US motor fuel stocks ended 2023 with a 21mn bl build, driven by a drop in demand over the Christmas holiday period and steady refinery runs.

■ US gasoline stocks in the week ended 29 December increased by 4.8pc from the prior week to 237mn bl, the highest level since March 2023, according to Energy Information Administration (EIA) data.

■ Inventories rose across all US regions, including a 3mn bl build on the Atlantic coast and 4mn bl build on the Gulf coast. Compared with a year earlier, total US gasoline inventories were up by 6.4pc.

■ The 11mn build in US gasoline stocks was the second largest weekly build since EIA data began in 1990.

■ US finished gasoline product supplied — a proxy for demand — fell on the week by 13pc to 7.95mn b/d. Demand was up by 6pc from a year earlier.

■ The four-week average of implied gasoline demand and exports was 9.77mn b/d, down by 1.4pc from the prior four-week average and up by 3.3pc from the average a year earlier.

■ US gasoline prices in the week ended 1 January declined to an average $3.09/USG nationwide, down by 2.7¢/USG from a week earlier.

RAILCAR LEASE RATES

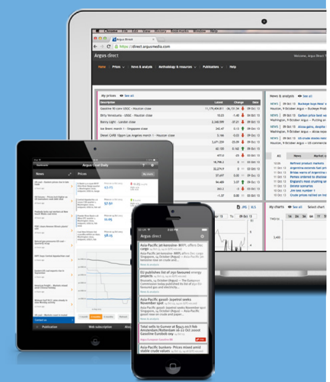
Full-serve tank, Feb			$/car/month
Term (years)	**<1**	**1-5**	**>5**
CPC-1232 (non-pressurized)	725	675	625
DOT-111 (non-pressurized)	400	350	300
DOT-117 (non-pressurized)	950	900	875
Pressurized	1100	950	900
Coiled and insulated	650	600	600

Workspaces:

Below Workspaces combine content from **Argus Crude** and **Argus Tanker Freight** and may require additional subscriptions full functionality. Please contact support@argusmedia.com for access support.

- Crude Imports + Freight - China
- Crude + Freight - Atlantic Basin
- Crude Exports + Freight - US
- Crude Imports + Freight - India
- WTI Arbitrages + Freight - Global

These Workspaces are curated by the Freight editorial team.
For general information about Workspaces and Markets, please visit this link.



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