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# Argus Americas Asphalt

Incorporating **Argus Asphalt Report**

Issue 23-1 | Friday 6 January 2023

## SUMMARY

Asphalt prices strengthened on the US east coast this week despite falling crude values and a US government report showing record-high asphalt inventories.

The price of waterborne asphalt on the US east coast rose this week as buyer appetites began to outstrip local supplies. Elsewhere wholesale prices were flat.

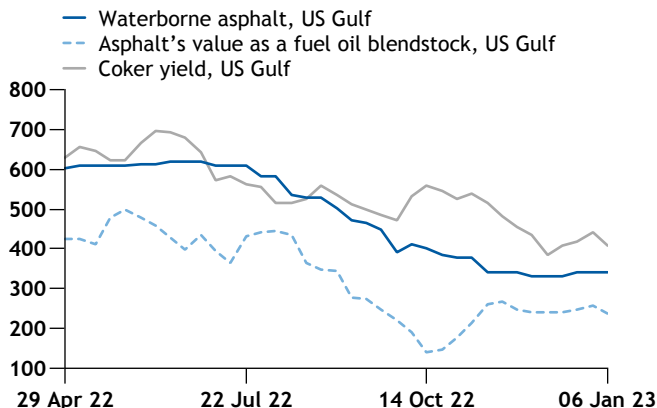
US asphalt inventories reached a record level the last week of the year, rising by 1.1mn bl or 4.5pc to 25.5mn bl from the week prior, according to US Energy Information Administration data. This was 13pc above the five-year average.

Meanwhile, refinery runs in the US fell to 80pc last week from 92pc the week prior following the winter storm that swept the US prior to the Christmas holiday.

Crude values weakened after the International Monetary Fund said it expected a third of the global economy to enter a recession and as China continues to combat rising Covid-19 infections. WTI light sweet crude futures declined by about \$6.50/bl since 30 December, settling at \$73.67/bl on Friday.

Western Canadian Select declined by about \$5.50/bl over the week to \$47.60/bl on Friday, narrowing its discount to WTI to about \$26/bl.

### Monetizing vacuum residue



## KEY PRICES

Asphalt, 31 Dec-6 Jan				\$/st
	Timing	Low	High	±
Rail, fob				
Rockies	Jan	290	330	nc
US midcontinent	Jan	275	310	nc
Waterborne, fob				
US Gulf		335	345	nc
US midcontinent		285	330	nc
Waterborne, fob				
New Jersey		355	370	+12.50
Rack				
New York City		510	575	-32.50
Chicago		485	510	nc
Los Angeles		530	550	-12.50
Atlanta		640	740	-15
Baltimore		530	600	nc
Mexico City (Tula) PG 64-22		432	432	nc

Economics, 31 Dec-6 Jan			\$/st
		Mid	±
Asphalt's value as a fuel oil blendstock			
US Gulf		235.88	-20.72
New York		250.91	-24.40
Coker yield			
US Gulf		409	-32
US midcontinent		461	-28

Crude and refined products, 31 Dec-6 Jan			
	Low	High	±
Crude \$/bl			
Maya	58.38	62.48	-4.63
WCS month 1	46.41	50.11	-3.83
WCS-WTI, Cushing	-19.00	-17.30	-1.80
WCS-MSW, Alberta	-25.13	-24.33	+0.86
Fuel oil No 6, 3pc S fob \$/bl			
US Gulf	49.54	54.28	-5.49
New York	55.49	60.30	-5.78

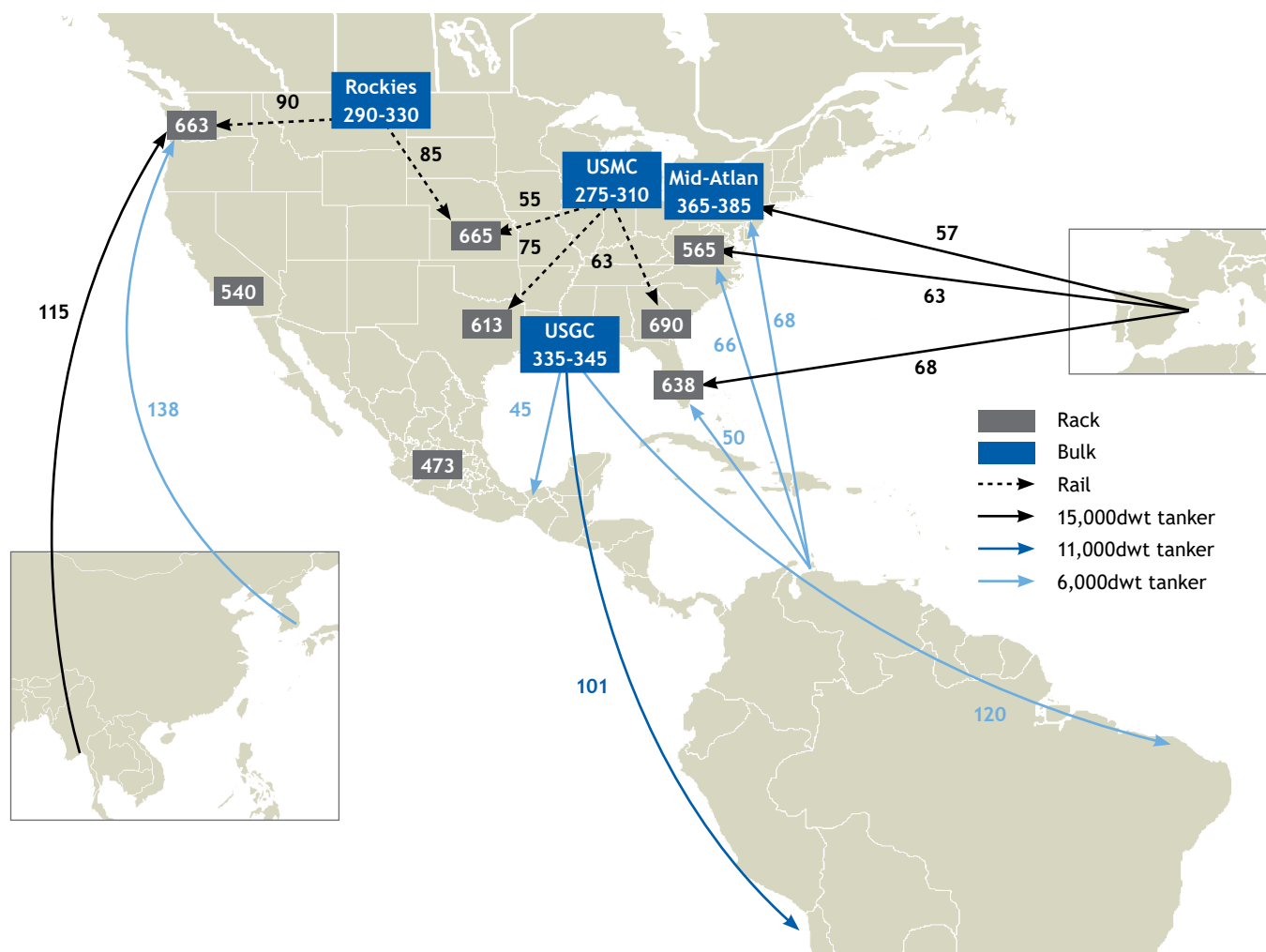
\*Tables include hyperlinks to those values maintained in the Argus database.

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## ASPHALT PRICES AND TRANSPORTATION COSTS

\$/st



Transportation costs				\$/st
Origin	Destination	Low	High	±
<b>Rail</b>				
Billings	Kansas City	80	90	nc
Billings	Portland OR	85	95	nc
Chicago	Atlanta	60	65	nc
Chicago	Dallas	70	80	nc
Chicago	Kansas City	50	60	nc
Twin Cities	Dallas	70	80	nc
Railcar lease rates, full-serve tank, term (years)		<1	1-5	>5
Coiled and insulated, Feb \$/car/month		500.00	450.00	450.00
<b>Ocean</b>				Mid
Amuay Bay	Baltimore		66	nc
Amuay Bay	Portland ME		68	-1
Amuay Bay	Portland OR		102	-1
Amuay Bay	Santo Domingo		32	nc
Amuay Bay	West Palm Beach		50	nc
New Orleans	Coatzacoalcos		45	nc
New Orleans	Fortaleza		120	nc

Transportation costs				\$/st
Origin	Destination	Mid	±	
<b>Ocean</b>				
New Orleans	Puerto Ventanas	101	-1	
New Orleans	Santo Domingo	56	nc	
Rayong	Portland OR	115	nc	
Saint John NB	Baltimore	31	-1	
Saint John NB	Providence	16	nc	
Saint John NB	Puerto Ventanas	89	-1	
Saint John NB	West Palm Beach	28	-1	
Tarragona	Baltimore	63	-2	
Tarragona	Portland ME	57	-1	
Tarragona	Providence	57	-1	
Tarragona	Santo Domingo	48	-1	
Tarragona	West Palm Beach	68	-1	
Ulsan	Portland OR	138	-2	

Ocean freight rates reflect the cost of loading, transporting, and discharging asphalt, and then repositioning the empty vessel at its next port of call. As such, they represent the vessel operator's breakeven voyage cost. For further details, see Argus Americas Asphalt methodology at [www.argusmedia.com/methodology](http://www.argusmedia.com/methodology).

## US ATLANTIC COAST

Prices for waterborne asphalt on the US east coast rose this week amid strong demand and tighter supply.

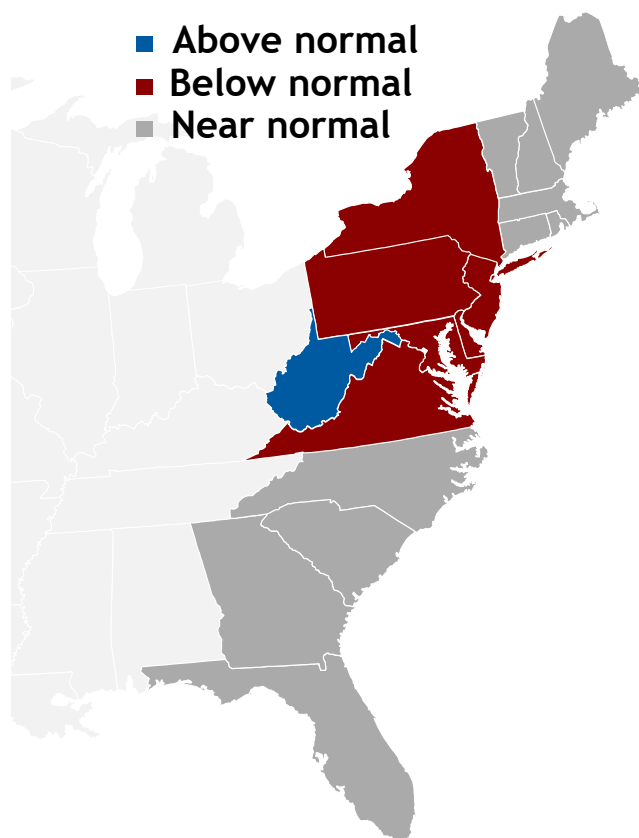
Multiple cargoes totaling approximately 30,000t of asphalt sold in a range of \$365-385/st cif this week for January loading. The deals lifted the New York and Mid-Atlantic ranges by \$12.50/st on the week to \$365-385/st cif.

Another 11,000t cargo was also sold around \$370/st fob New Jersey. The fob New Jersey range rose by \$12.50/st on the week to \$355-370/st fob.

Market participants have reported increased demand with several resellers refilling tanks. Supply from Irving's 300,000 b/d refinery in Saint John, New Brunswick, is also tight as the refiner focuses on supplying roofing flux and refilling their own storage, according to market participants.

And with the river and lakes system closed for the winter, buyers have had to go farther afield to get asphalt. The

## NWS six to 10-day forecast: Precipitation



Refined products, 31 Dec-6 Jan			
	Low	High	±
Fuel oil No 6 3% NYH \$/bl	55.49	60.30	-5.78
Heating Oil 2,000ppm NYH del €/USG	240.69	253.15	-25.62
Economics, 31 Dec-6 Jan			\$/st
	Mid		±
Asphalt's value as a fuel oil blendstock, NYH	250.91		-24.40
Asphalt, 31 Dec-6 Jan			\$/st
	Low	High	±
Waterborne, fob			
New Jersey	355	370	+12.50
Waterborne, cif			
New York	365	385	+12.50
New England	375	400	+12.50
Mid-Atlantic	365	385	+12.50
Rack			
Southwest Maine	610	650	nc
Greater Boston	610	650	nc
Connecticut	585	650	nc
Albany	460	610	-5
Western NY/Western PA	460	500	nc
New York City	510	575	-32.50
Philadelphia	485	515	nc
Baltimore	530	600	nc
Southeast Virginia	570	625	nc
Coastal Carolinas	550	565	nc
Inland North Carolina	520	540	nc
Atlanta	640	740	-15
Savannah	620	680	nc
Jacksonville	640	670	nc
Miami	625	650	nc
DoT index	Effective	Mid	±
Vermont	Jan	626	-14
New York	Jan	626	-14
Pennsylvania zone 1	Jan	594	-16
zone 2	Jan	605.50	-14
zone 3	Jan	617	-12
New Jersey North	Jan	515	-27
New Jersey South	Jan	515	-27
Delaware	Jan	571.67	nc
Maryland	Jan	617.50	-20.83
West Virginia	Jan	633	-21
Virginia PG 64-22	Jan	600	-23.13
Virginia PG 76-22	Jan	752	-31
North Carolina	from 1 Jan	640	-11
South Carolina	from 1 Jan	645	-10
Florida unmodified binders \$/USG	Dec	2.76	nc
Florida modified binders \$/USG	Dec	3.34	nc

## US ATLANTIC COAST

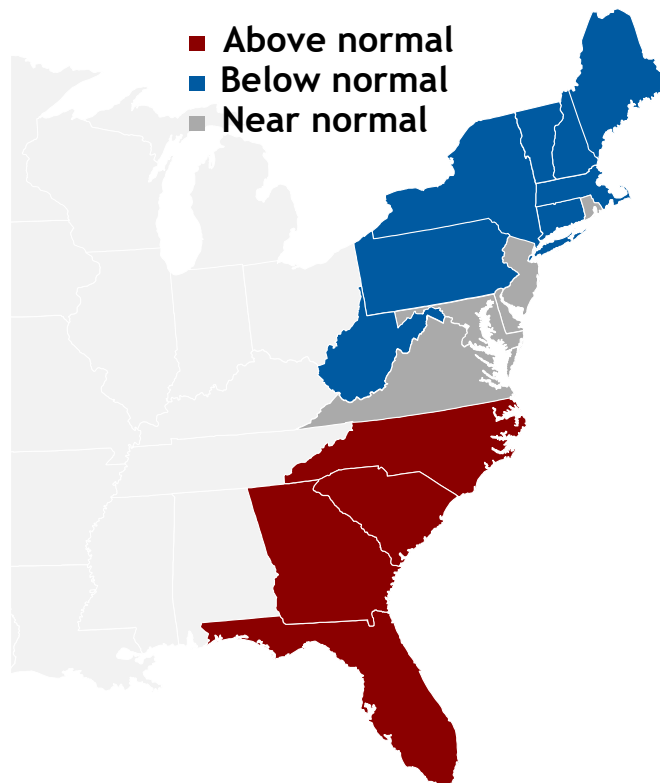
12,972dwt *Da Hua Shan* loaded asphalt in Colombia on 29 December and is expected to deliver to Bridgeport, Connecticut, this weekend.

The strong demand and tight supply could potentially open the transatlantic arbitrage before the summer paving season, and offers were heard around \$385/st cif from the Mediterranean this week. Asphalt from the Mediterranean is currently pricing at \$297/st fob, a \$78/st discount to asphalt delivered to the east coast.

Retail demand was also muted amid cold winter weather, and a handful of rack prices declined following weaker wholesale values in recent months.

Temperatures and precipitation are expected to be above-normal next week, according to the National Weather Service.

NWS six to 10-day forecast: Temperature



## US MIDCONTINENT

Midwest asphalt was off to a slow start in the new year with little activity reported in both the wholesale and retail markets.

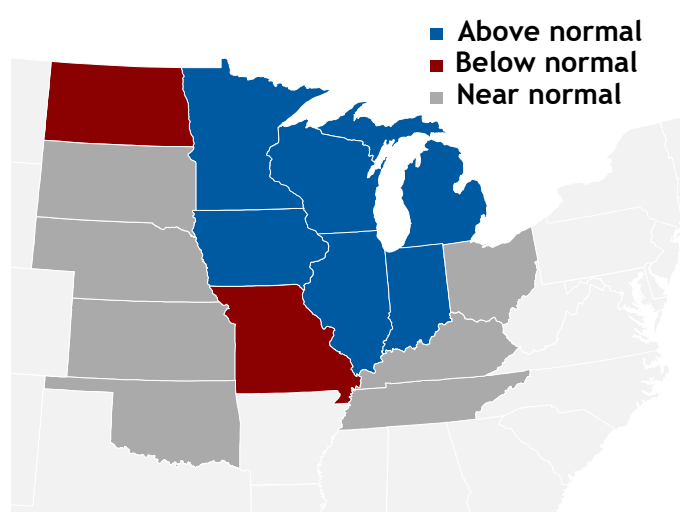
A few barges were sold for \$285/st fob and offers were heard in the \$300s/st fob. Waterborne asphalt in the midcontinent held at \$285-330/st fob.

January rail prices were also steady over the week with deals done at both ends of last week's range at \$275/st fob and \$310/st fob.

Despite minimal transactions, suppliers reported solid demand as market participants hurry to complete their winterfill purchases before asphalt prices rise. Suppliers expect February to have strong winterfill demand as well. Some market participants also mentioned equipment shortages that are hampering some deliveries.

Inventories rose to record-highs in the last week of the

NWS six to 10-day forecast: Precipitation



## US MIDCONTINENT

year, rising by 1.1mn bl or 4.5pc to 25.5mn bl from the week prior, according to Energy Information Administration data. Higher inventories could help keep Midwest prices stable, despite higher demand and equipment shortages.

The Argus-calculated coker yield for the midcontinent slipped over the week by \$28/st to approximately \$461/st. This was still more than \$150/st higher than waterborne asphalt in the region. Despite the decline in coker yields, crack spreads have remained strong, further incentivizing refiners to focus on lighter products.

The retail market was also quiet this week, and all assessed prices were flat on the week.

Weather has been cold and snowy throughout the Midwest, and precipitation has dampened any potential paving activity. Temperatures and precipitation are expected to be above-normal next week, according to the National Weather Service

Crude, 31 Dec-6 Jan			\$/bl
	Low	High	±
WTI month	72.82	76.95	-4.45
WCS (Cushing) month	54.16	59.86	-6.01
WCS-WTI, Cushing	-19.00	-17.30	-1.80
WCS-MSW, Alberta	-25.13	-24.33	+0.86

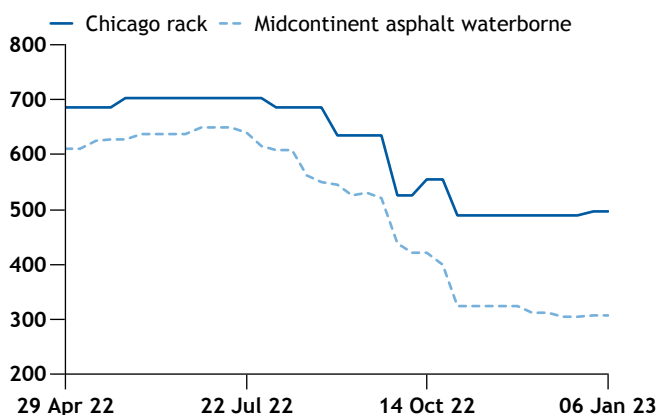
Economics, 31 Dec-6 Jan			\$/st
	Mid		±
Coker yield	461		-28

Argus' USMC coker yield reflects the value of a single short ton of asphalt after it has been upgraded in a delayed coker. For further details, see Argus Americas Asphalt methodology at [www.argusmedia.com/methodology](http://www.argusmedia.com/methodology)

Asphalt, 31 Dec-6 Jan				\$/st
	Timing	Low	High	±
Rail, fob				
Asphalt	Jan	275	310	nc
Roofing flux	Jan	390	475	nc
Waterborne, fob				
Asphalt		285	330	nc
Rack				
Chicago metropolitan area		485	510	nc
Twin Cities		685	715	nc
Wisconsin		515	535	nc
Michigan southeast		665	695	nc
Indianapolis		535	685	nc
Northern Ohio		655	685	nc
Mid-Ohio River		640	715	nc
Kansas City		630	700	nc
Tulsa		600	650	nc
St Louis		590	620	nc
Kentucky south/Tennessee		650	690	nc
Omaha		700	800	nc
DoT index	Effective	Mid		±
Illinois	from 1 Jan	600.91		-2.27
Kentucky Kapi	Jan	678.33		nc
Tennessee PG 64-22	Jan	671.36		nc
Tennessee PG 70-22	Jan	755.63		nc
Tennessee PG 76-22	Jan	810.71		nc
Tennessee PG 82-22	Jan	870		nc

Chicago rack vs midcontinent barges

\$/st



## US GULF COAST

The waterborne asphalt price range in the US Gulf coast narrowed this week as crude prices declined.

Asphalt loading out of the US Gulf coast changed hands at \$340-\$345/st fob this week. Offers for other waterborne cargoes held in the same range. The waterborne price range in the Gulf narrowed to \$335-\$345/st fob.

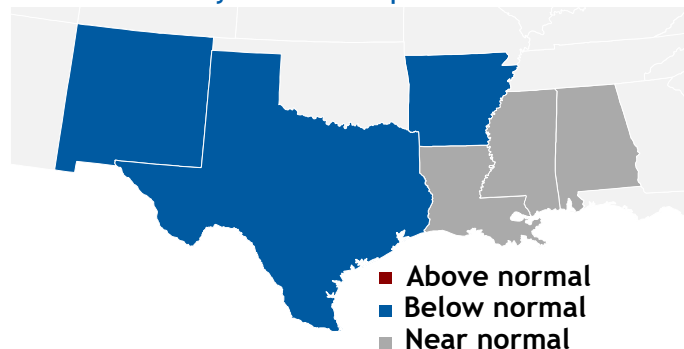
The price of WTI light sweet crude futures fell by about \$6.50/bl from 30 December, settling at \$73.67/bl on Friday. Other crude grades near the Gulf followed suit.

But some tightness in the refining sector may be restricting supply. One refiner said they were unable to meet requested volumes this week. Refinery utilization in the region fell to 78pc last week from 94pc the week prior, according to US Energy Information Administration data, following the winter storm ahead of the Christmas holiday.

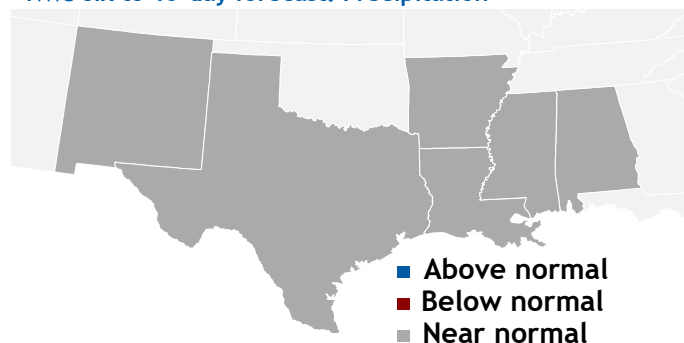
Refiners still have incentive to coke what they can of their residual bottoms production. The Argus-calculated Gulf coast coker yield declined by approximately \$32/st to \$409/st this week, holding an \$69/st premium to asphalt pricing.

Market participants have also reported an uptick in export

### NWS six to 10-day forecast: Temperature



### NWS six to 10-day forecast: Precipitation



Crude and refined products, 31 Dec-6 Jan			
	Low	High	±
Crude \$/bl			
Maya	58.38	62.48	-4.63
WTS	69.94	74.53	-5.16
Maya-LLS	-16.15	-15.90	-0.25
Refined products			
Fuel oil No 6 3pc S fob \$/bl	49.54	54.28	-5.49
Heating oil 2,000ppm fob €/USG	198.44	211.90	-27.93

Economics, 31 Dec-6 Jan		\$/st
	Mid	±
Asphalt's value as a fuel oil blendstock	235.88	-20.72
Coker yield	409	-32

Argus' USGC coker yield reflects the value of a single short ton of asphalt after it has been upgraded in a delayed coker. For further details, see Argus Americas Asphalt methodology at [www.argusmedia.com/methodology](http://www.argusmedia.com/methodology).

Asphalt, 31 Dec-6 Jan			\$/st
	Low	High	±
Waterborne, fob			
Asphalt	335	345	nc
Rail, fob			
Roofing flux, Jan	425	565	nc
Rack			
Tampa	590	625	nc
Alabama - North	650	670	-42.50
Mobile	650	670	-42.50
Louisiana - Southeast	560	630	-12.50
Mississippi	650	665	-32.50
Houston	550	570	nc
Texas - Northeast	575	650	-10
DoT index	Effective	Mid	±
Mississippi AC-5	Dec	670	nc
Mississippi AC-10	Dec	700	nc
Mississippi AC-20	Dec	653.33	nc
Mississippi AC-30	Dec	660	nc
Mississippi PG 64-22	Dec	653.33	nc
Mississippi PG 67-22	Dec	671.82	nc
Mississippi PG 76-22	Dec	824.17	nc
Mississippi PG 82-22	Dec	940	nc
Louisiana PG 64-22	from 1 Dec	650	nc
Louisiana PG 70-22M	from 1 Dec	754	nc
Louisiana PG 76-22M	from 1 Dec	780	nc
Alabama PG \$/USG	Jan	2.83	-0.11
Alabama PG with polymer \$/USG	Jan	3.51	-0.13
Alabama emulsified \$/USG	Jan	3.16	-0.06
Alabama emulsified with polymer \$/USG	Jan	3.49	-0.06
New Mexico	Dec	770	nc

## US GULF COAST

demand in recent weeks, with Panama issuing a tender for 42,000t over the course of the year this week. The 37,000dwt *Asphalt Synergy* also loaded 34,900t in Garyville, Louisiana, and is expected to discharge on 25 January in Tauranga, New Zealand.

Retail values fell in Northeast Texas, Alabama, and Mis-

issippi by \$10-\$42.50/st as retailers lowered their prices this week. Rack pricing in the US Gulf still held a differential of \$200 to more than \$300/st over wholesale pricing as many retailers continue to work through higher priced inventories acquired in the fall of 2022.

## LATIN AMERICA

Chevron in Panama issued a tender this week as Brazilian president Luiz Inacio Lula da Silva laid out plans that could alter the future asphalt market in the country.

Silva announced on 2 January a halt to the divestment program of state-controlled companies like Petrobras.

It is unclear how this announcement will affect the sale of Petrobras' 208,000 b/d Presidente Getulio Vargas refinery (Repar), 166,000 b/d Gabriel Passos (Regap) refinery and its 8,000 b/d Lubnor refinery, which produced a combined 37pc of the country's asphalt in 2021. Petrobras has already signed a sales and purchase agreement for Lubnor, but the transaction may still need additional approval.

Prior to this announcement, Petrobras completed the sale of three refineries as part of the divestment program. Had the divestment program gone through, Petrobras' asphalt market share would have decreased from nearly 100pc to 33pc.

Silva later announced that he would not detach ex-refinery oil product prices from international market prices, which could impact incentives to import asphalt into the country.

Elsewhere, Chevron issued an import tender for Panama this week for six 7,000t shipments of PG 67-22, with the first cargo delivering in February and the last in December. This followed two tenders issued last week from Honduras and the Dominican Republic seeking a combined 27,500t.

Recent ship departures include the 13,625dwt *Jin Zhou Wan*, which loaded in Corpus Christi and is on its way to Panama.

Two ships carried Colombian asphalt this week. The 12,972dwt *Da Hua Shan* was expected to deliver to Bridgeport, Connecticut, this weekend, and the 9,230dwt *Asphalt Carrier* completed a delivery to the Dominican Republic on 4 January.

Meanwhile, the 12,799dwt *Amber Bay* was still on its way to Belem, Brazil, after loading in Philadelphia last week.

Refined products, 31 Dec-6 Jan				\$/t	
			Low	High	±
Fuel oil bunker HS 380 cst Cartagena Colombia			405.00	469.50	-13
Fuel oil bunker HS 380 cst El Callao			810.00	830.00	-7.50
Fuel oil bunker HS 380 cst Venezuelan ports posted			436.60	436.60	nc
Asphalt					
	Grades	local currency/ unit		\$/st	
		Mid	±	Mid	±
Ecopetrol, Barrancabermeja, effective 1 Dec COP/t					
	pen 60/70	2,444,357.79	nc	453	-12
Petrobras, effective 1 Jan BRL/t					
Lubnor fca	CAP 50/70	3,047.17	nc	513.72	-14.33
Regap fca	CAP 50/70	3,013.66	nc	508.07	-14.17
	CAP 30/45	3,030.63	nc	510.94	-14.24
Revap ex-works	CAP 50/70	2,963.89	nc	499.68	-13.94
Repar ex-works	CAP 50/70	3,051.18	nc	514.40	-14.35
Reduc fca	CAP 50/70	2,843.25	nc	479.34	-13.37
	CAP 30/45	2,793.59	nc	470.97	-13.14
Refap fca	CAP 50/70	2,998.60	nc	505.54	-14.09
Replan fca	CAP 30/45	3,079.65	nc	519.20	-14.48
Pemex, effective 1 Sep MXN/t*					
Cadereyta	AC-20	9,652.32	nc	451	nc
	PG 64-22	10,532.82	nc	492	nc
Tula	AC-20	9,239.93	nc	432	nc
	PG 64-22	10,120.42	nc	473	nc
Salamanca	AC-20	9,239.93	nc	432	nc
	PG 64-22	10,120.42	nc	473	nc
Salina Cruz	AC-20	9,165.99	nc	428	nc
	PG 64-22	10,046.48	nc	469	-1
Madero	AC-20	9,000.07	nc	420	-1
	PG 64-22	9,880.57	nc	462	nc
Recope, effective 9 Dec CRC/l					
Costa Rica	AC-30	443.26	nc	660	-12
	CRS-1 emulsion	294.67	nc	439	-7

\*includes a value added tax of 16%

## US WEST COAST AND ROCKY MOUNTAINS

Rocky Mountain wholesale asphalt prices held steady this week following news of the outage of Suncor's Colorado refinery last week.

The price of Rocky Mountains railed asphalt for January was flat this week at \$290-\$330/st fob. Additional purchases were reported in the \$300-\$330/st fob range this week for both PG 64-22 and PG 58-28 grades.

Market participants in the western US expect the absence of Suncor's 103,000 b/d refinery in Commerce City, Colorado, to tighten supply in the coming months. Suncor last said it expects the facility to resume operations close to the end of the first quarter. That could put upward pressure on prices and slow some retail terminals' winterfill plans, including Suncor's own retail network in Colorado and Utah.

But the wider US asphalt market remains well supplied moving into the first quarter, so the impact of any supply disruption will be dampened by already ample inventory levels.

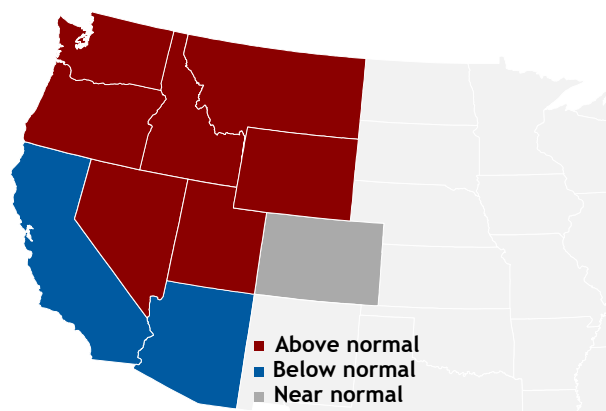
The fallout of Suncor's disruption may also be offset by the return of Cenovus's 46,000 b/d refinery in Superior, Wisconsin, which is poised to supply PG 58-28 to the western US whenever it begins loading rail cars with asphalt.

Retail prices inched down in Las Vegas, Bay Area and Los Angeles this week, otherwise retail prices were flat following declines across several markets last week.

Paving activity was minimal in most western asphalt markets amid cold and rainy weather. California was particularly inundated with rain this week, according to the National Weather Service. This has halted paving in the southern part of the state, which still paves this time of year.

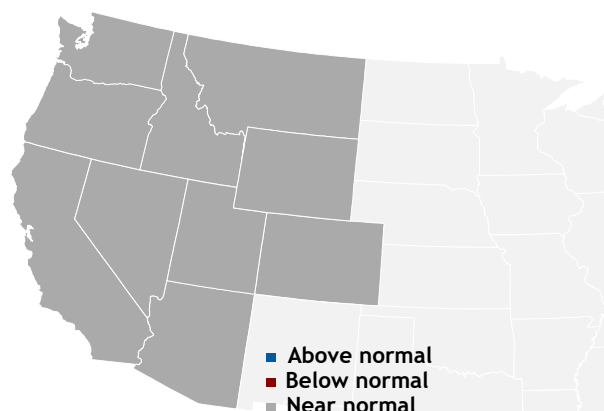
Retailers continued to report a pullback in asphalt demand for private and commercial jobs as high interest rates and inflation weigh on the economy.

### NWS six to 10-day forecast: Temperature



Crude and refined products, 31 Dec-6 Jan				
		Low	High	±
Crude \$/bl				
ANS USWC month 1		74.76	79.15	-4.53
Refined products				
Fuel oil bunker 380cst Los Angeles \$/t		365.50	430	-13
Diesel EPA 10ppm LA pipeline €/USG		281.98	308.65	-39.81
Economics, 31 Dec-6 Jan				\$/st
			Mid	±
Asphalt's value as a fuel oil blendstock, Los Angeles			256.12	+11.89
Asphalt, 31 Dec-6 Jan				\$/st
	Timing	Low	High	±
Rail, fob				
Rockies	Jan	290	330	nc
Rack				
Montana		600	650	nc
Wyoming		600	650	nc
Denver		550	575	nc
Salt Lake City		525	575	nc
Phoenix		610	640	nc
Seattle		525	550	nc
Portland		650	675	nc
Las Vegas		695	730	-2.50
Bay Area		565	575	-10
Bakersfield		520	540	nc
Los Angeles		530	550	-12.50
DoT index	Effective		Mid	±
Colorado	Sep		727.71	nc
California	Jan		437.90	-62.40
Alaska	from 16 Dec		683	nc

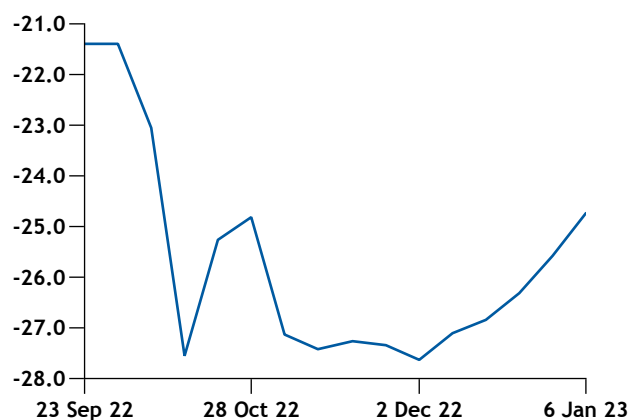
### NWS six to 10-day forecast: Precipitation



## CANADA

WCS less MSW

\$/bl



Canadian retail prices continued to hold steady amid a quiet market this week.

Montreal rack remained at C\$845-C\$925/st, as did Toronto at C\$830-C\$900/st.

Canadian refiners continued to focus on roofing flux production, which they typically do over the winter when paving demand is minimal.

Canadian refinery throughputs declined the week ended 27 December, according to data from the Canada Energy Regulator (CER).

Total Canadian refinery throughputs fell by 2.6pc over the week to 1.66mn b/d, a seven-week low.

Nationwide utilization slipped by 1.4pc to a six-week low of 93.4pc. This compares to nationwide utilization of 90.5pc in the same week a year prior.

Crude, 31 Dec-6 Jan						\$/bl
	Low			High		±
WCS month 1	46.41			50.11		-3.83
WCS-MSW, Alberta	-25.13			-24.33		+0.86
Asphalt, 31 Dec-6 Jan						
	C\$/t			\$/st		
	Low	High	±	Low	High	±
Rack						
Montreal	845	925	nc	565	618	-1
Toronto	830	900	nc	555	602	nc
Manitoba	-	-	-	-	-	-
Saskatchewan	-	-	-	-	-	-
Edmonton	-	-	-	-	-	-
		Mid	±		Mid	±
Bitumar*						
Montreal: PG 58S-28†, 9 Dec	915		nc	612		nc
Montreal: PG 58H-34‡, 9 Dec	1,125		nc	752		-1
Montreal: PG 52V-40, 9 Dec	1,180		nc	789		nc
Montreal: PG 58E-34, 9 Dec	1,190		nc	796		nc
Montreal: PG 58H-28, 9 Dec	1,140		nc	762		-1
Montreal: PG 58V-28, 9 Dec	1,180		nc	789		nc
Montreal: PG 64H-28, 9 Dec	1,125		nc	752		-1
Montreal: PG 64E28, 9 Dec	1,190		nc	796		nc
Montreal: PG 64EEE28, 9 Dec	1,275		nc	852		-1
Toronto: PG 58-28, 9 Dec	950		nc	635		-1
Sorel-Tracy: PG 58S-28†, 9 Dec	915		nc	612		nc
Sorel-Tracy: PG 58H-34‡, 9 Dec	1,125		nc	752		-1
Sorel-Tracy: PG 52V-40, 9 Dec	1,180		nc	789		nc
Sorel-Tracy: PG 58E-34, 9 Dec	1,190		nc	796		nc
Sorel-Tracy: PG 58H-28, 9 Dec	1,140		nc	762		-1
Sorel-Tracy: PG 58V-28, 9 Dec	1,180		nc	789		nc
Sorel-Tracy: PG 64H-28, 9 Dec	1,125		nc	752		-1
Sorel-Tracy: PG 64E28, 9 Dec	1,190		nc	796		nc
Sorel-Tracy: PG 64EEE28, 9 Dec	1,275		nc	852		-1
Suncor, Montreal, effective 18 Nov*						
PG 58S-28†	865		nc	578		-1
PG 58H-34‡	1,045		nc	699		nc
*posted in C\$/t; †formerly PG 58-28; ‡formerly PG 58-34						

\*posted in C\$/t; †formerly PG 58-28; ‡formerly PG 58-34

## Announcement

All data change announcements can be viewed online at [www.argusmedia.com/announcements](http://www.argusmedia.com/announcements). Alternatively, to be added to the email distribution list for all announcements, please email: [datahelp@argusmedia.com](mailto:datahelp@argusmedia.com).

Asphalt freight movements						—FleetMon.com	
Vessel name	Owner	Tonnage dwt	Loading port	Discharge port	Current position	ETA	
Palanca Rio	Ocean Tianyu Shipping Ltd	15,000	Saint John, Canada	Portsmouth, NH	Atlantic	2 Jan	
Asphalt Carrier	Asphalt Carrier Shipping Co	9,230	Cartagena, Colombia	Rio Haina, Dominican Republic	Gulf	4 Jan	
Palanca Cadiz	Ocean Tianyu Shipping Ltd	14,911	Saint John, Canada	Philadelphia, PA	Atlantic	5 Jan	
Palanca Rio	Ocean Tianyu Shipping Ltd	15,000	Saint John, Canada	New York, NY	Atlantic	7 Jan	
Da Hua Shan	Fortune Haizhu Shipping Ltd	12,972	Barrangquilla, Colombia	Bridgeport, CT	Atlantic	7 Jan	
Amber Bay	Ocean Generous Shipping Corp	12,799	Philadelphia, PA	Belem, Brazil	Atlantic	8 Jan	
Jin Zhou Wan	Cosco Southern Asphalt Shpg	13,265	Corpus Christi, TX	Balboa, Panama	Gulf	10 Jan	
Asphalt Synergy	Asphalt Yellow Sea Corp	37,000	Garyville, LA	Tauranga, New Zealand	Pacific	25 Jan	

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### US housing slump weighs on asphalt demand

Private home construction spending slipped by 0.5pc in November from the month prior, weighing on demand for asphalt, shingles and other construction materials, as the fastest pace of Federal Reserve rate hikes in four decades burst the latest housing boom.

Private residential spending reached a seasonally adjusted annual rate of \$868bn in November, down from October's revised rate of \$872.4bn but 5.3pc above the November 2021 rate of \$824bn, the Census Bureau said.

Residential construction spending has been on the decline for several months, as the Fed in the past year has hiked its target rate seven times to 4.5pc from near zero. This doubled mortgages rates and soured home purchases and home construction.

New single-family spending was at an annual rate of \$394.9bn in November, a 2.9pc decrease from the October rate and a 10.2pc decrease from the November 2021 rate, according to the Census Bureau. New multi-family spending rose to a rate of \$110.2bn in November, up by 2.4pc from October and by 10.7pc from November 2021.

Weaker housing demand has also kept pressure on roofing flux prices. US Gulf flux prices at the end of November fell by nearly 15pc to \$497.50/st from the month prior and was off by 2.9pc from a year earlier.

Meanwhile, waterborne wholesale asphalt prices for the Gulf Coast at November's end declined by 12.6pc to \$330/st fob from the month prior and was off 17.5pc from a year earlier.

#### Total spending holds up

Total construction spending rose by 0.2pc on the month to a seasonally adjusted annual rate of \$1.8 trillion. Total spending was up by 8.5pc from November 2021.

Total private construction rose to a seasonally adjusted annual rate of \$1.426 trillion, according to data from the Census Bureau. That's 0.3pc above the October rate and 8.1pc above November 2021. The increase was driven by nonresidential spending.

Private nonresidential spending rose to a rate of \$558.3bn in November, a 1.7pc increase from October and a 12.6pc increase from November 2021. This annual growth was driven largely by the two major investment segments: commercial and manufacturing spending.

Commercial spending was virtually flat in November from the prior month but remained 20.4pc above the November 2021 rate. Manufacturing spending grew by 6.5pc from October and by 43pc from November 2021.

Public construction spending was at a rate of \$381.1bn, a 0.1pc decrease from October, but a 10.4pc increase from the November 2021 rate.

Spending on highways and streets fell by 1pc from October but remained 14.5pc above November 2021 on increased government spending.

Sewage and waste disposal spending grew by 0.3pc from October to November and by 18.5pc from November 2021.

Spending on water supply maintenance fell by 2pc  
By Aaron May and Kendrick Dante

### Winter storms shut 2.6mn b/d refining capacity

Late-December winter storms and sub-zero temperatures led to 2.6mn b/d of US refining capacity being taken off line and a subsequent drop in refinery utilization in the last week of 2022.

Severe winter storms and sub-zero temperatures caused refiners to halt operations in late December, leading to a peak 2.6mn b/d of capacity being off line, according to a report by

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research consultancy Energy Aspects.

Over 20pc of the US Gulf coast's crude distillation units were shut at one point in late December because of unplanned outages that drove most of the decline in capacity, says Energy Aspects. The remainder of off-line capacity was in the midcontinent and the Rocky Mountain regions where [Suncor shut its 103,000 b/d Commerce City, Colorado, refinery](#) after severe weather damaged equipment.

Most refineries had at least partially restarted operations by early January, Energy Aspects said. But Suncor's Colorado refinery will not resume operations until the end of the first quarter, the company said this week, while Energy Aspects expects Pemex's 313,000 b/d Deer Park, Texas, refinery to come back on line next week.

US refinery utilization for the week ended 30 December declined by 13.5pc to an average 79.6pc, according to Energy Information Administration data. It was the [lowest utilization rate since March 2021](#) with refiners processing 13.8mn b/d of crude, down 2.3mn b/d from the prior week.

While 2022 ended with refiners running lower utilization rates caused by weather-related shutdowns, overall fourth quarter refining utilization was higher than in the last five years. US refiners ran at an average utilization rate of 91pc in the fourth quarter of 2022, 4 percentage points higher than the average fourth quarter utilization since 2018.

With the war in Ukraine and subsequent Russian crude sanctions driving European demand for distillates – and as much as a [1mn b/d decline in US crude distillation capacity from January 2020 to July 2022](#) – refining margins rose in 2022. To take advantage of higher margins, refiners ran at high utilization rates into the winter season, a period when refining output typically declines after the summer driving season ends.

"The strength in cracks across all [regions] has resulted in margins that encourage continued strong utilization as refineries come back online," Energy Aspects said in this week's report, expecting refiners to seek to rebuild stocks before the spring turnaround season.

By Nathan Risser

### Petrobras CEO resigns, clearing way for Prates

Brazil's state-controlled Petrobras' president Caio Mario Paes de Andrade has resigned to take a role in state government and the ministry of mines and energy has nominated senator

Jean Paul Prates to fill the position.

Caio Mario Paes de Andrade will [join the administration of Sao Paulo state](#). Newly elected governor Tarcisio de Freitas named him to head the state's digital management and government secretary.

President [Luiz Inacio Lula da Silva](#) named Jean Paul Prates as his choice for Petrobras' presidency on 30 December.

The state-controlled company's board of directors must approve Prates' nomination. In the meantime, Petrobras' production development executive director and 35-year veteran Joao Henrique Rittershausen will act as the company's interim president.

The decision also depends on clearance based on Brazil's 2016 *Lei das Estatais* law regulating state-owned companies, which aims to bar political appointees with insufficient technical background. Recently, a change to law decreased the minimum delay for a politician to shuttle between public offices and state-controlled companies' boards from three years to 30 days.

By Laura Guedes

### More tankers arrive for Venezuela crude exports

The second ship in 72 hours slated to carry 250,000 bl of Boscan heavy crude for Chevron to the US entered Venezuela's Lake Maracaibo this morning, the first ones to do so since the US eased sanctions in late November.

The *Kerala* Panamax tanker arrived at the port of Bajo Grande, Zulia state, after leaving Honduras on 11 December, ship tracking information confirmed. The tanker will carry crude to a US refinery in the Gulf of Mexico, mostly likely Chevron's 369,000 b/d Pascagoula refinery which is suited for Boscan-type heavy crude grades, a Chevron source and another in Maracaibo said.

It follows the *Beauty One* Handymax which arrived at Lake Maracaibo on 29 December. It is expected to complete loading 250,000 bl of Boscan crude and leave soon, sources have said.

The port is the closest to Chevron's Petroboscan asphaltic crude project with state-owned PdV, which is now producing some 10,000 b/d since 21 December after being mothballed since June. The *Caribbean Voyager* Aframax was also expected to load upgraded Merey 16 or similar crude in eastern Venezuela's Jose terminal starting this weekend for Chevron, sources and ship tracking data confirmed.

The *UACC Eagle* chartered by Chevron is also in transit to

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arrive on 5 January at Venezuela's Jose terminal, laden with 620,400 bl of naphtha according to Vortexa data.

Oil operations have intensified even as the US state department said on Tuesday it does not consider Nicolas Maduro to be the legitimate president of Venezuela.

The US government will work with the Venezuelan opposition to uphold its claim to US refiner Citgo and the country's other overseas assets despite the recent ouster of Juan Guaido, whom Washington viewed as Venezuela's legitimate leader, the department said.

*By Carlos Camacho*

### Eni restarts bitumen cargo loadings at Livorno

Italian integrated energy firm Eni has exported its first bitumen cargo from its 88,400 b/d Livorno refinery in Italy after a 14-month halt to such loadings.

Several units at the refinery were shut in November 2021 following a fire in the lubricants plant area.

Eni has been mulling whether to close the Livorno refinery since the end of 2020. Speculation over the future of the refinery was fuelled in October 2022 when the firm said it was "investigating the opportunity" of constructing a hydrotreated vegetable oil (HVO) plant at its Livorno site. The company has two HVO plants in Venice and Gela on Sicily, both of which were converted from traditional refineries.

Market participants reacted with surprise to Livorno bitumen cargo loading that followed several months of delays after the refinery's bitumen, base oils and paraffin wax units began a gradual restart process in July last year.

So far Eni's bitumen sales from Livorno have been restricted to domestic truck flows in Italy. The 6,180 dwt *Iver Balance* – under time charter with the Italian refiner – shipped the cargo this week to Arzew, Algeria, with the volumes expected by local market participants to be transferred into a private importer's storage terminal at nearby Oran.

It is unclear if the export cargo will be followed by sustained bitumen flows by sea from Livorno, but it adds to Italian export volumes currently being made from Eni's Taranto refinery in southern Italy, Alma Petroli's Ravenna plant on the Adriatic coast and Sonatrach's Augusta, Sicily refinery and export terminal. The volumes are adding to Mediterranean bitumen oversupply during the low demand season for the product.

Italian fob cargo discounts to fob Mediterranean high-sulphur fuel oil cargoes were last assessed at \$8-12/t, with

some deals indicated in the minus \$20s/t fob with one cargo exported as far as Latin America, a growing trend for Mediterranean exporters.

Eni also loaded an 11,000t shipment of a mixture of Group I base oil grades out of Livorno to Nigeria at the end of December. Falling domestic demand has left European refineries with significant overhang in 2023 and looking to the export market to draw down those volumes.

Eni also delayed negotiations of contract volumes of base oils to early 2023, relying on the spot market for sales as prices fall there.

Argus-assessed Group I export and domestic SN 150 prices fell by 41.4pc and by 34.9pc to average \$962.50 and \$1,111.25 in December from their peak in June.

*By Tom Woodlock, Keyvan Hedvat and Gabriella Twining*

### US readies new focus on energy regulations

US president Joe Biden will focus on climate regulations and doling out billions of dollars in new spending on clean energy this year, as the US Congress faces paralysis from internal divisions among Republicans.

The White House spent the last two years treading lightly on the regulatory front, given the risk that moving aggressively could cost Biden votes when Democrats held a razor-thin margin in Congress. But Democrats last year enacted their signature climate bill – the Inflation Reduction Act (IRA) – and see slim chances of advancing substantive legislation with Republicans now in control of the House of Representatives. Those political dynamics offer the Biden administration more leeway to advance regulations targeting climate change and energy, with a particular focus on completing work this year to offer enough time to fend off legal challenges before the 2024 elections.

The regulatory agenda includes a goal this year to complete inaugural methane emission limits for oil and gas facilities and to propose new climate regulations for power plants. The administration also intends to limit flaring by oil producers on federal land, propose new fuel economy standards and to more clearly consider climate change across the federal government.

The White House could have even more influence over meeting its climate goals as it decides how the government will spend the \$369bn in clean energy funding included in the IRA. The Environmental Protection Agency (EPA) under that

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law will decide how to award nearly \$42bn on projects to reduce greenhouse gas emissions and conventional air pollution. The Treasury Department will write rules that will dictate which renewable energy projects, manufacturing investments, low-carbon fuels and electric vehicles should receive an estimated \$271bn in tax credits over the next decade. And the Energy Department is set to award more than \$16bn in new spending on clean hydrogen and carbon capture from an infrastructure law enacted in 2021.

Democrats have had their prior scepticism about the chances of negotiating major bipartisan legislation in the new Congress confirmed this week, as the new Republican majority in the House has been unable to unite to elect a speaker. This marks the first time in a century that a House speaker has not been elected on the first ballot, and could spell trouble for the Republicans' ability to pass legislation later this year to fund the government or raise an existing limit on US debt.

Biden says the speaker election stalemate is "a little embarrassing" and "not a good look" because it could raise questions about Washington's ability to get things done. While the impasse continues, Republicans cannot begin promised oversight work on issues such as climate policy and clean energy spending.

### Regulators, mount up!

The EPA will be responsible for many of the climate-related regulations. It intends to roll out a plan in March to limit greenhouse gas emissions and conventional air pollutants from cars and trucks sold starting in model year 2027, according to a regulatory agenda the White House released this week. The following month, the EPA plans to release a proposed regulation to reduce CO<sub>2</sub> emissions from power plants, marking the first attempt to address the issue since the US Supreme Court [weighed in on the agency's power plant climate authority](#) last year.

In August, the EPA plans to finalise a rule that will require oil and gas facilities to cut methane emissions. And it is scheduled to begin to review – and potentially tighten – the stringency of national ambient air quality standards for ground-level ozone and particulate matter.

At the Interior Department, the administration aims to finish by September new requirements for oil and gas facilities on federal land to reduce natural gas flaring. The White House is separately preparing to propose new standards for reviews

under the National Environmental Policy Act, with a goal to incorporate a more exhaustive analysis of climate change in decisions such as whether to open more federal areas to oil and gas leasing.

Climate change is also set to be a focus at independent agencies led by Biden appointees. US financial regulator the SEC in April intends to finish requirements for publicly traded companies to disclose more information on climate-related risks. US energy regulator Ferc is trying to scrutinise climate change implications in the permitting of natural gas pipelines, although the agency's 2:2 split between Democrats and Republicans is likely to delay any changes.

Even regulations without an explicit climate focus are expected to have an effect on climate. The EPA is preparing concurrent work on regulations to require coal-fired power plants to reduce conventional air emissions, water pollution and combustion ash. Aligning those rules will require plant owners to decide whether to make all required upgrades at the same time.

### Being strategic

The Biden White House also intends to pursue a more flexible use of the Strategic Petroleum Reserve (SPR) to buy crude to refill the reserve when prices are near \$70/bl, or potentially sell crude again if prices rise sharply, as it attempts to keep gasoline prices in check. The new policy, laid out by the administration, will kick off soon with a "pilot" purchase in February of up to 3mn bl of US produced crude that will be injected into the SPR's Big Hill storage site in Texas. The administration plans to buy more crude in the coming years to partly refill the SPR, which at 372mn bl is at over half capacity ([see graph](#)).

The plan to purchase crude to refill the SPR marks a shift from around a year ago, when Congress had committed through prior laws to sell more than 300mn bl of the 600mn bl of crude in the SPR at the time. That plan changed after Biden ordered the [unprecedented emergency sale of 180mn bl of crude](#) in response to the war in Ukraine. This proved a "good deal" for US taxpayers by bringing down fuel prices and selling crude at an average of \$96/bl, administration officials say.

The White House's new plan aims to use the \$17bn it earned from last year's sales to partially refill the SPR, while retaining the possibility of restarting emergency sales if required. A spending law passed at the end of 2022, while Democrats still held a majority in Congress, will support the policy. The law will

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divert some revenue from last year's emergency sales to [cancel previous mandates to sell 140mn bl from the SPR](#) in fiscal years 2024-27. It would have made "no sense" to sell crude from the SPR at the same time it was being refilled, an energy department official told legislators last year. But a mandate requiring the US to sell an additional 26mn bl of SPR crude by 30 September is not affected by the law.

The pilot purchase of 3mn bl marks the first time the US will buy crude at a fixed price, rather than benchmark-based prices, an approach the administration says will give producers "assurances to make investments today". The White House plans to buy US produced crude when WTI prices are at or below \$67-72/bl, either through immediate purchase or for future deliveries in 2024 and 2025.

Republicans criticised Biden's emergency crude sales as a political ploy to lower fuel prices before last year's mid-term elections. They plan to use their new majority in the House to pass a bill to block further drawdowns from the SPR, unless the White House offers a plan to increase oil and gas production on federal lands.

### Energy policy crucial in Argentina's election

Sky-high inflation could thwart the re-election chances of current Argentinian president Alberto Fernandez and his Frente de Todos party when the country goes to the polls in October. But the coalition is pinning its hopes on its energy policy to turn things around for the party.

Argentina's GDP growth was 6.4pc in the first three quarters of 2022, but this was overshadowed by a 30-year-high inflation rate of 85.3pc in January-November, pushing Fernandez's party behind in the election polls. But with oil and gas production increasing and money flowing to lithium mining projects in the north of the country, the coalition hopes to improve its outlook.

Crude and natural gas production were up by 13.8pc and 3.7pc, respectively, in the first three quarters of 2022, from output a year earlier, according to Argentina's energy secretariat. And close to 40 lithium projects are under way, with two already producing.

Argentina has the world's second-largest identified lithium resources, with 18mn t, according to the US Geological Survey. The country is part of the "lithium triangle" with Bolivia and Chile, which are ranked first and third, respectively, for lithium resources. Projected investment is well into the

billions of dollars, with South Korean battery manufacturer Posco alone working on a \$4bn lithium mine.

"[The lithium market] is growing strongly and investment will continue as demand increases because of the energy transition," Argentina programme director at think tank the Woodrow Wilson Centre, Benjamin Gedan, says.

But the big change that could save Fernandez's fate ahead of the elections is the Nestor Kirchner gas pipeline (GPNK) that will transport natural gas from the Vaca Muerta non-conventional reserves in the south to the capital, Buenos Aires. The project should be ready in June.

The first phase of the pipeline will run 573km from Vaca Muerta to Buenos Aires. It will have the capacity to transport 11mn m<sup>3</sup>/d of natural gas. A second phase would extend the pipeline by 521km and allow for exports to Brazil.

#### Game changer

The completion of GPNK will allow the government to save scarce hard currency by reducing LNG imports, and it would generate revenue through exports, Rice University's fellow in energy studies, Mark Jones, says. Energy policy and the pipeline are central to turning Argentina's economy around, he adds.

"The pipeline could be a game changer for Argentina," US-based BCP Securities chief economist and expert on Argentina, Walter Molano, says. "The timeline is incredibly ambitious, but if [the government] manages it, they could show that they have the capacity to deliver."

The crux of Argentina's problem is its fiscal deficit, which is about 2.8pc, Molano says. The deficit is the root cause of inflation but can be resolved by reducing the amount of money the country spends on importing gas.

Argentina imported an average of 22.6mn m<sup>3</sup>/d of natural gas in 2021, with 12.9mn m<sup>3</sup>/d through pipeline imports from Bolivia and 9.7mn m<sup>3</sup>/d in LNG. "The real key to unlocking the riches of Argentina's oil and gas resources is exporting. The future of energy in Argentina is to export and that means infrastructure to liquefy natural gas and export it to the world," Gedan says.

The ruling Frente de Todos party faces a daunting task of convincing Argentinians to give it a second chance, but failing to get Vaca Muerta gas to the capital through the new pipeline would mean no chance at all, Jones says. "They need to get the pipeline built," he says. "The June date is crucial because meeting it would mean avoiding the need to import LNG dur-

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ing the winter.”

### Questions pending

The final poll of 2022, held by consulting firm Management and Fit, asked voters which party they thought would win. The results were a three-way tie, with the opposition Juntos por el Cambio party at 29.1pc, the ruling Frente de Todos at 24.7pc, and the far-right Libertario party at 24pc. The remaining voters favoured other parties – 5.4pc – or were undecided – 16.8pc.

Fernandez, who was elected in 2021, has not formally announced if he will run for re-election. Frente de Todos has several people that could step in, from provincial governors to Sergio Massa, a powerful finance minister who would certainly benefit if inflation were to recede.

The question mark for the ruling group is former president and current vice-president Cristina Fernandez de Kirchner. She has been a central figure in Argentina's political life for two decades. She was president from 2007-2015, taking over from her husband, Nestor Kirchner, who ruled from 2003-2007. Support for Fernandez de Kirchner increased in September after she survived an assassination attempt. Her endorsement could make or break a candidacy in Frente de Todos's primary election.

Fernandez de Kirchner was convicted in a corruption case in early December and, even though she is appealing, she says that she will not run for any office in 2023. But the conviction may help her and her claims that the opposition is using “lawfare” against her.

Undecided about a comeback is former president Mauricio Macri, who lost his re-election bid in 2021 to Fernandez. The government would like to see Macri run, according to Molano, as it considers him the easiest candidate to beat in the opposition.

### Battlefield

The two central figures in the opposition coalition are Patricia Bullrich, president of PRO party and considered Macri's heir, and Horacio Rodriguez Larreta, mayor of Buenos Aires since 2015. Rodriguez Larreta is currently involved in a pitched battle with the Fernandez administration over the way revenue is distributed from the federal government to Buenos Aires. The supreme court ordered the Fernandez government to resume funding, but the president said he would not comply. He backed down after the threat of an impeachment hearing by the opposition in congress.

Argentinian voters have not – as in many countries in the region – opted for an outsider in past elections. But that could change in 2023, with the head of the Libertario party, congressman Javier Milei.

Milei is running as much against other candidates as he is against the political system. Only a radical overhaul will break the boom-bust cycle that has long defined Argentina's economy, according to Milei. He is compared with US former president Donald Trump and Brazil's former president Jair Bolsonaro. Milei could help the ruling coalition by pulling enough votes away from the mainstream opposition to give the Frente de Todos candidate a path to victory.

### US, Mexico to start summit with bilateral talks

US and Mexico will meet bilaterally first ahead of a trilateral North American summit in Mexico City on 9-11 January that comes as the partners are locked in an energy policy dispute.

While the official agenda did not mention a discussion on energy, the US-Mexico-Canada (USMCA) trade agreement dispute over Mexico's restrictive energy policies is a looming issue.

US president Joe Biden is expected to arrive Mexico on 9 January around 2pm ET for a private talk with Mexican president Andres Manuel Lopez Obrador at 3:30pm ET. The full US-Mexico bilateral meeting will begin following this with US secretary of state Anthony Blinken, secretary of homeland security Alejandro Mayorkas, and US ambassador to Mexico Ken Salazar.

Mexico's foreign minister Marcelo Ebrard, secretary of state Adan Augusto Lopez, secretary of public safety Rosa Icela Rodriguez and finance minister Rogelio Ramirez de la O will also join.

Canadian prime minister Justin Trudeau will arrive for a dinner that evening. Leaders of the three countries will meet on 10 January, ahead of bilateral meetings between Mexico and Canada on 11 January.

Topics listed on the agenda including diversity, equity and inclusion in North America, climate change, environment, competitiveness, development of the region, health, and security issues.

Regarding security issues, Mexico's armed forces today captured Ovidio Guzman Lopez, head of the Sinaloa drug cartel, and son of drug trafficker Joaquin Guzman Loera, also known as “El Chapo,” just days before the summit.

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Although energy is not listed, signs of change in Mexico's policy for the fuels sector came already in August shortly after the US and Canada sent a formal complaint under the USMCA for alleged discriminatory treatment of private-sector companies in the Mexican fuel market.

Since then, the energy regulatory commission (CRE) approved 150 new retail fuel station permits in one session – a record high. Additionally, the government allowed shuttered fuel storage terminals to reopen.

Yet, the complaint focused as well on the electricity sector, but permits for private-sector companies in the power sector remain highly limited.

*By Sergio Meana*

### Canadian throughputs down in all regions: CER

Canadian refinery throughputs decreased in the week ended 27 December, with losses in all regions, according to data from the Canada Energy Regulator (CER).

Total Canadian refinery throughputs fell by 2.6pc week-over-week to 1.66mn b/d, a seven-week low. In the same week a year prior, throughputs totalled 1.62mn b/d.

Throughputs in Quebec and eastern Canada slipped by 0.8pc to 658,000 b/d. Utilization in the region fell by 0.8 percentage points to 93.8pc.

In Ontario, throughputs decreased by 4.6pc to 379,000 b/d, the lowest level since the week ended 26 July. Ontario's refinery utilization declined by 4.5 percentage points to 92.1pc.

Refiners in western Canada decreased throughputs by 3.2pc to 625,000 b/d on the week. Utilization in western Canada fell by 0.1 percentage points to 93.8pc.

Nationwide utilization slipped by 1.4pc to a six-week low of 93.4pc. This compares to nationwide utilization of 90.5pc in the same week a year prior.

*By Sam Duffy*

### Shut refinery spurs Colorado emergency plan

Colorado's governor activated an emergency plan on Sunday to mitigate the fuel supply risk posed by the temporary closure of the state's sole oil refinery.

The State Emergency Operations Plan will provide temporary regulatory relief, including eased limits on truck driving times and weights as well as eased pipeline transportation restrictions. Colorado Governor Jared Polis authorized the emergency plan on 1 January, his office said in a statement.

The 103,000 b/d Suncor facility in Commerce City, Colorado, started shutting down on 24 December after [severe winter weather damaged equipment](#). A fire then broke out at the refinery on 27 December and was extinguished by emergency response teams.

Suncor expects its Commerce City refinery to return to full operations late in the first quarter.

The refinery is split into East and West facilities with capacities of 36,000 b/d and 67,000 b/d, respectively.

*By Nathan Risser*

### Petrobras Refap to undergo longest workover

Brazil's state-controlled Petrobras scheduled a three-month maintenance shutdown for its 208,000 b/d Alberto Pasqualini refinery (Refap) – the longest in the site's history – beginning in the second half of January.

The firm does not expect the maintenance period to cause a supply shortage, as Refap accumulated stocks in advance.

Petrobras will repair, inspect and replace equipment in the refinery's catalytic cracking, distillation, hydrogen generation and gasoline and diesel treatment units.

The maintenance will cost R450mn (\$85mn) and will improve Refap's energy efficiency, according to managing director Gerson Cesar Souza. The state-controlled company will also expand the refinery's storage capacity.

Refap posted [record 510 diesel output](#) throughout 2022, when it surpassed 2021 total production by 14pc.

*By Nathalia Giannetti*

### Opec+ staying vigilant as uncertainty persists

The myriad uncertainties that made 2022 an extremely challenging year for oil markets look likely to continue to complicate the outlook for Opec+ in 2023.

The Opec+ producer group opted at its last ministerial meeting in December to roll over the nominal 2mn b/d cut to production targets that ministers agreed at the previous meeting in October. Delegates argued it was more prudent to take a [‘wait-and-see’ approach](#) to production policy until there was better visibility about the months ahead, given that the market was facing a host of uncertainties, not least around the EU's then-looming Russian crude import embargo.

Going into this year, the situation is no clearer, with geopolitical and economic uncertainties continuing to complicate any attempts by the producer group to plan for the coming

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months. On the supply side of the equation, there is no more important issue than Russia, and the impact that the EU embargo on the import of Russian seaborne crude – and another on products due to come into effect on 5 February – will ultimately have on supplies.

That Russian supplies will be impacted appears almost a foregone conclusion among market watchers, but they differ over the extent to which they think supplies could be disrupted. For its part, Moscow [has said](#) it may have to cut output by 500,000-700,000 b/d in “some moments” in early 2023 because of the embargoes and the G7-led price cap. But the projections of disruption grow from there, with Opec saying last month it expects Russian oil output to drop by 850,000 b/d to 10.1mn b/d in 2023, while the IEA sees a more dramatic 1.4mn b/d fall.

In December, the month in which the EU embargo on Russian crude began, crude exports from Russian ports, not including CPC Blend or Urals crude supplied by Kazakh firms, fell by 520,000 b/d to 2.61mn b/d, according to Vortexa.

This figure could feasibly rise in the first quarter of this year, particularly if Russian president Vladimir Putin makes good on [his repeated threats](#) to cut off any companies or traders that abide by the price cap. Such a move would not necessarily make economic sense, but some Opec+ delegates have warned that Moscow could retaliate by cutting supplies.

### Ground-zero-Covid

What impact these losses ultimately have on markets will depend in no small part on China and the speed at which its economy, and in turn oil demand, recovers after Beijing abruptly removed its zero-Covid policy last month. The lifting of lockdowns will no doubt drive a recovery in Chinese demand, but delegates highlight that the surge in infection rates that the country is now experiencing will almost certainly keep a lid on growth in the short term, possibly until the second half of 2023.

And beyond China, oil markets are still contending with the looming threat of recession in much of the western world, as inflationary concerns and continued tight monetary policies curb demand. “Advanced economies are heading into a recession, led by the euro area and the UK,” British bank Barclays says in its first-quarter outlook, noting that the US economy “will also likely contract”.

The producer group argues that the decision to cut production targets late last year has helped balance oil markets. Opec+ aims to be proactive and pre-emptive, as Saudi energy

minister Prince Abdulaziz bin Salman says, but not reckless. In theory, the group’s decision to keep production targets unchanged will hold until it next meets – which it is not due to do at a ministerial level until 4 June. But, with Saudi Arabia and Opec+ having already shown a willingness to meet and take decisions at short notice, there should be no doubt that the group will step in to adjust production should the need arise.

### Flaring at Marathon Los Angeles refinery

Marathon Petroleum reported a flaring event associated with start-up and/or shutdown operations today at its 363,500 b/d refinery in Los Angeles, California.

Flaring in the Carson end of the refinery occurred at 3:45am ET on 4 January, according to a filing with regional air quality monitors.

Marathon Petroleum does not comment on refinery operations.

### Process unit fire at Lyondell Houston refinery

LyondellBasell reported a fire within a process unit today at its 268,000 b/d refinery in Houston, Texas.

The fire occurred at 8:56am ET, with an all-clear for the incident declared approximately a half hour later, according to a community alert system.

The refiner did not immediately respond to comment regarding the unit involved with the fire.

### Planned work starts at PBF Energy Martinez refinery

Planned maintenance and associated flaring started Monday at PBF Energy’s 157,000 b/d refinery in Martinez, California.

Work activities and continuous flaring started on 2 January, with potential intermittent flaring throughout the rest of the month, according to a filing to regional hazardous materials monitors.

The refiner did not comment on units affected during the planned event.

### Planned flaring at Marathon Los Angeles refinery

Marathon Petroleum has scheduled a planned flaring event to start on Friday at its 363,500 b/d refinery in Los Angeles, California.

Flaring associated with shutdown/start-up operations in the Carson end of the refinery is scheduled to start at 1pm ET

## NEWS

on Friday, and conclude at around 3am ET on 10 January, according to a filing with regional air quality monitors.

Marathon Petroleum does not comment on refinery operations.

### Brazil's Acelen pauses Mataripe refinery output

Brazilian refiner Acelen temporarily suspended operations at its 330,000 b/d Mataripe refinery after issues in the unit's compressed air system caused unplanned flaring at the Bahia state plant.

There is no risk to employees or to the refinery's surroundings, the company said. Acelen did not specify when operations will resume or whether the interruption will affect production.

The event has not affected supplies of refined products to its buyers, Acelen said.

The company is prioritizing previously contracted volumes over additional spot market purchases, according to market participants.

By Gabrielle Moreira

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## NEWS

## Weekly Ethylene Report

Argus Ethylene and Derivatives provides global coverage of contract and spot market prices for ethylene, polyethylene and major derivatives. The report also includes a selection of global feedstock prices, detailed coverage of ethylene production economics, operational issues affecting the market, and analysis of feedstock and relevant polymers markets.

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## ANNOUNCEMENTS

## Proposal to rename Los Angeles HSFO weekly range

Argus proposes to rename the residual fuel oil bunker assessments used on *Argus Direct* and other electronic delivery mechanisms to provide more detailed information about the sulphur content and mode of delivery.

Fuel oil bunker 380cst Los Angeles week range; code: PA0015112 would be renamed Fuel oil bunker 3.5%S 380cst Los Angeles ex-wharf week range.

Argus will accept comments on this proposal until 19 January. To discuss comments on this proposal, please contact Stefka Wechsler at [stefka.wechsler@argusmedia.com](mailto:stefka.wechsler@argusmedia.com) or +1 347 322 7952. Formal comments should be marked as such and may be submitted to [marinefuels@argusmedia.com](mailto:marinefuels@argusmedia.com) and received by 19 January. Please note, formal comments will be published after the consultation period unless confidentiality is specifically requested.

## Removal of Pemex posted prices

Effective on 20 January, Argus will remove Pemex posted prices because they are no longer available.

To discuss the change, please contact Sarah Tucker at [sarah.tucker@argusmedia.com](mailto:sarah.tucker@argusmedia.com) or +1 713 429 6305.



Argus Americas Asphalt is published by Argus Media group

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ISSN: 2057-6757  
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