



argusmedia.com

Argus Americas Base Oils

Base oil market prices, news and analysis

Issue 23-1 Friday 6 January 2023

MARKET COMMENTARY

- Producers cut Group II postings by \$0.20-0.55/USG
- Group II, III supplies remain plentiful
- Demand receives boost from restocking

US base oil prices have decreased on ample supply, weak demand and falling feedstock and competing fuel values.

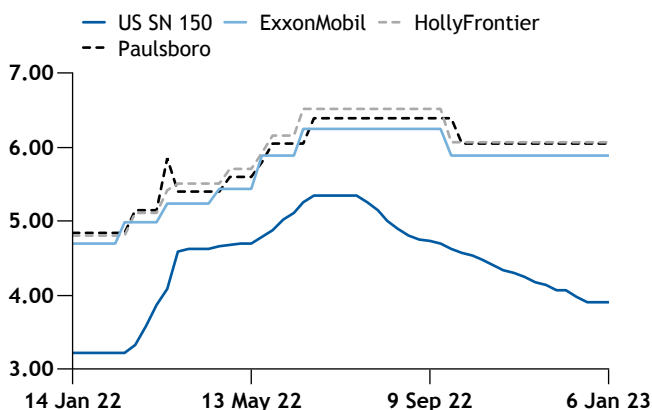
Several key US Gulf coast (USGC) Group II refiners have responded to weakening market fundamentals by lowering their posted prices.

Motiva, Chevron cut prices

Motiva notified its customers on 5 January of price decreases effective from 1 January. It has lowered its Group II light- and mid-viscosity grades by \$0.50/USG and cut its heavy grade by \$0.20/USG. It reduced all its Group III grades by \$0.20/USG. It also lowered its Group II+ postings by \$1.30/USG and \$1.35/USG. The new prices are reflected in the *Argus Posted Prices* table.

Chevron also notified its customers on 5 January of posted price decreases. It will lower its N100 by \$0.50/USG, N220 by \$0.55/USG and N600 by \$0.25/USG. The new prices will take effect from 10 January. These new prices will be reflected in next week's *Argus Posted Prices* table after they have taken effect.

Argus spot US SN 150 vs posted prices \$/USG



ARGUS US SPOT PRICES

Argus USGC domestic prices								
	\$/USG				\$/t			
	Low	Mid	High	±	Low	Mid	High	±
Group I								
SN 150	3.74	3.82	3.90	-0.08	1,133	1,157.50	1,182	-24.00
SN 500	4.99	5.07	5.15	-0.06	1,487	1,511.00	1,535	-18.00
Bright stock	6.05	6.13	6.21	-0.05	1,779	1,802.50	1,826	-14.00
Group II								
N100	3.64	3.72	3.80	-0.08	1,128	1,153.00	1,178	-25.00
N220	3.69	3.77	3.85	-0.08	1,125	1,149.50	1,174	-25.00
N600	5.61	5.69	5.77	-0.20	1,683	1,707.00	1,731	-60.00
Group III								
4cst	6.25	6.33	6.41	-0.07	1,969	1,994.00	2,019	-22.00
6cst	5.23	5.31	5.39	-0.07	1,647	1,672.50	1,698	-22.50
8cst	5.18	5.26	5.34	-0.07	1,632	1,657.00	1,682	-22.00

Volume: 50t minimum

Argus USGC Group I bulk export prices								
	\$/USG				\$/t			
	Low	Mid	High	±	Low	Mid	High	±
SN 150 fob	2.74	2.82	2.90	nc	830	854.50	879	nc
SN 500 fob	3.69	3.77	3.85	nc	1,100	1,123.50	1,147	nc
Bright stock fob	5.05	5.13	5.21	nc	1,485	1,508.50	1,532	nc

Volume: 1,000t minimum

Argus USGC Group II bulk export prices								
	\$/USG				\$/t			
	Low	Mid	High	±	Low	Mid	High	±
N100 fob	2.64	2.72	2.80	nc	818	843.00	868	nc
N220 fob	2.69	2.77	2.85	nc	820	844.50	869	nc
N600 fob	4.25	4.33	4.41	-0.25	1,275	1,299.00	1,323	-75.00

Volume: 1,000t minimum

Argus USGC naphthenic domestic prices								
	\$/USG				\$/t			
	Low	Mid	High	±	Low	Mid	High	±
Pale oil 60	4.46	4.54	4.62	-0.02	1,321	1,345.00	1,369	-6.00
Pale oil 100	4.71	4.79	4.87	-0.02	1,381	1,404.00	1,427	-5.50
Pale oil 500	4.88	4.96	5.04	-0.04	1,402	1,425.00	1,448	-11.50
Pale oil 2000	4.92	5.00	5.08	-0.04	1,404	1,426.50	1,449	-11.50

Volume: 20t minimum

Argus USGC naphthenic bulk export prices								
	\$/USG				\$/t			
	Low	Mid	High	±	Low	Mid	High	±
Pale oil 60 fob	4.35	4.43	4.51	-0.02	1,289	1,312.50	1,336	-6.00
Pale oil 100 fob	4.61	4.69	4.77	-0.02	1,351	1,374.50	1,398	-6.00
Pale oil 500 fob	4.77	4.85	4.93	-0.03	1,370	1,393.00	1,416	-9.00
Pale oil 2000 fob	4.83	4.91	4.99	-0.03	1,378	1,401.00	1,424	-8.50

Volume: 1,000t minimum

AMERICAS POSTED PRICES

Group I *												
	ExxonMobil Gulf coast			HollyFrontier			Paulsboro Refining east coast			Calumet Shreveport		
	Effective	\$/USG	±	Effective	\$/USG	±	Effective	\$/USG	±	Effective	\$/USG	±
70/75				23 Sep 22	5.88	-0.45						
100	22 Sep 22	5.99	-0.35	23 Sep 22	5.88	-0.45	27 Sep 22	6.24	-0.35			
150	22 Sep 22	5.89	-0.35	23 Sep 22	6.06	-0.45	27 Sep 22	6.04	-0.35			
250				23 Sep 22	6.07	-0.45						
300/350	22 Sep 22	6.06	-0.35									
500				23 Sep 22	7.47	-0.35	27 Sep 22	7.28	-0.35			
600/650	22 Sep 22	7.14	-0.35							26 Sep 22	7.30	-0.35
700							27 Sep 22	7.31	-0.35			
Bright stock	22 Sep 22	8.56	-0.35	23 Sep 22	8.44	-0.40	27 Sep 22	8.71	-0.35	26 Sep 22	8.54	-0.35

Group II *												
	Excel Paralubes Gulf coast			Chevron Gulf coast			Motiva Gulf coast					
	Effective	\$/USG	±	Effective	\$/USG	±	Effective	\$/USG	±	Effective	\$/USG	±
70	20 Sep 22	6.54	-0.50									
100/110	20 Sep 22	6.45	-0.50	20 Sep 22	6.69	-0.45	01 Jan 23	4.97	-0.50			
220/225	20 Sep 22	6.60	-0.50	20 Sep 22	6.71	-0.50	01 Jan 23	5.54	-0.50			
600	20 Sep 22	7.30	-0.20	20 Sep 22	7.24	-0.30	01 Jan 23	6.47	-0.20			

Group II *												
	ExxonMobil Gulf coast			Calumet Shreveport			Petro-Canada Mississauga					
	Effective	\$/USG	±	Effective	\$/USG	±	Effective	\$/USG	±	Effective	\$/USG	±
70										21 Sep 22	6.50	-0.50
80				26 Sep 22	6.34	-0.50						
100				26 Sep 22	6.21	-0.50	21 Sep 22	6.34	-0.50			
150				26 Sep 22	6.74	-0.50						
200/220	22 Sep 22	7.21	-0.35				21 Sep 22	6.60	-0.50			
325				26 Sep 22	7.35	-0.50						
350							21 Sep 22	6.88	-0.50			
650							21 Sep 22	7.45	-0.25			

Group II+ *												
	SK Lubricants Gulf coast			Motiva Gulf coast			ExxonMobil Gulf coast			Petro-Canada Mississauga		
	Effective	\$/USG	±	Effective	\$/USG	±	Effective	\$/USG	±	Effective	\$/USG	±
50/60				01 Jan 23	6.25	-1.30						
65										23 Sep 22	8.48	-0.20
70/80	01 Jan 23	7.98	-0.40	01 Jan 23	6.85	-1.35						
100										23 Sep 22	7.99	-0.20
110/130							22 Sep 22	7.79	-0.35			

Group III *												
	SK Lubricants Gulf coast			Motiva Gulf coast			Petro-Canada Mississauga					
	Effective	\$/USG	±	Effective	\$/USG	±	Effective	\$/USG	±	Effective	\$/USG	±
4cst	01 Jan 23	8.70	-0.15	01 Jan 23	7.45	-0.20	22 Jun 22	10.02	+0.30			
6cst	01 Jan 23	8.85	-0.25	01 Jan 23	7.15	-0.20	22 Jun 22	9.87	+0.30			
8cst	01 Jan 23	8.93	-0.25	01 Jan 23	7.35	-0.20	22 Jun 22	9.97	+0.30			

Group II+ * Safety-Kleen												
	midcontinent and Canada			west coast								
	Effective	\$/USG	±	Effective	\$/USG	±	Effective	\$/USG	±	Effective	\$/USG	±
110/130	01 Oct 22	7.92	-0.50	01 Oct 22	8.07	-0.50						
240	01 Oct 22	8.57	-0.50	01 Oct 22	8.72	-0.50						

Avista Oil midwest/east coast *												
	Effective			\$/USG			±					
	Effective	\$/USG	±	Effective	\$/USG	±	Effective	\$/USG	±	Effective	\$/USG	±
Group II N150	26 Sep 22	7.65	-0.50									
Group III 4cst	17 Jun 22	8.12	+0.35									

MARKET COMMENTARY

SK Lubricants announced in late December price decreases of \$0.15-0.40/USG to its Group II+ and Group III base oil. These new prices took effect from 1 January.

Several other refiners are evaluating their positions. More refiners are expected to lower their postings in the coming weeks.

Those refiners that lowered their postings and had given their term customers discounts or temporary value adjustments (TVAs) at the end of 2022 have now removed them. Several refiners had TVAs in place ranging between \$0.15-0.50/USG for Group I, Group II and Group III base oils.

Maintenance to curb surplus Group II

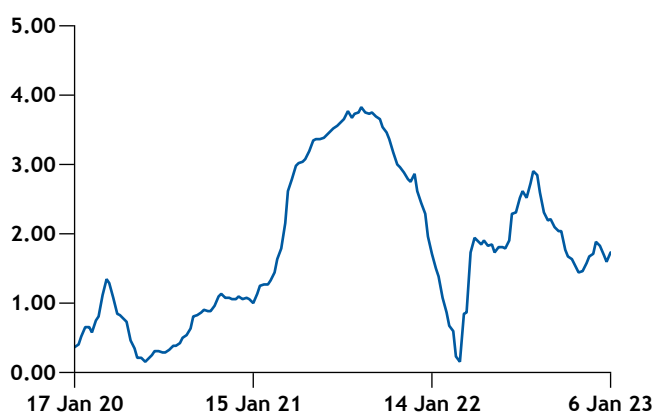
Supplies of premium-grade base oil are plentiful amid persistently weak demand. Surplus overhangs persist despite unplanned weather-related production disruptions at several Group I and Group II refineries in Texas in late December. The refinery outages lasted a few days.

Surplus Group II supplies are likely to decrease in the second half of January when a key USGC refiner shuts for a planned turnaround that is expected to last 55 days.

Domestic demand has started to pick up among those blenders that depleted their inventories before the end of the year. Some blenders reduced their base oil orders in November and December to limit their inventory tax liabilities at the end of the year. Orders among those buyers seeking to restock are near or slightly below expectations for January.

Domestic US demand outlook remains uncertain for the second half of January. Some participants remain concerned that lower crude oil values will incentivise blenders to limit orders until the market stabilises.

Argus SN 500 premium to vacuum gasoil 2% \$/USG



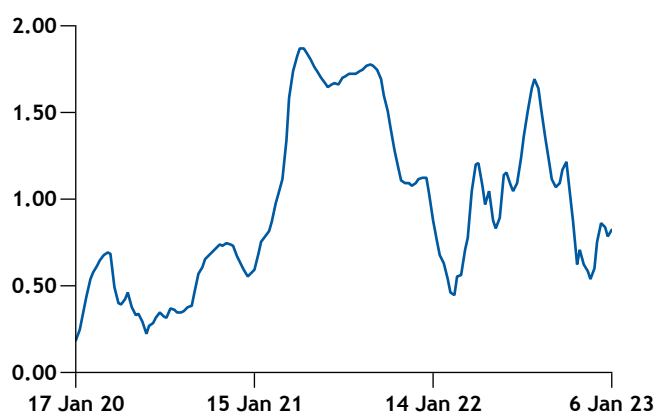
Feedstocks				
	\$/USG		\$/bl	
	Price	±	Price	±
Nymex WTI crude front month	1.75	-0.12	73.67	-4.73
USGC low sulphur VGO 0.5% cargo	2.02	-0.10	84.67	-4.36
USGC high sulphur VGO 2% cargo	2.02	-0.14	84.67	-5.86
Feedstocks premiums				
	\$/USG		\$/bl	
	Price	±	Price	±
SN 500 premium to WTI	2.02	+0.12	84.68	+4.73
SN 500 premium to VGO 2%	1.75	+0.14	73.68	+5.86
Oil products				
	\$/USG		\$/bl	
	Price	±	Price	±
NYH heating oil barge	2.41	-0.28	101.32	-11.79
USGC 10ppm diesel 62 cargo	2.94	-0.32	123.37	-13.64
Oil products premiums				
	\$/USG		\$/bl	
	Price	±	Price	±
Heating oil premium to WTI	0.66	-0.17	27.65	-7.06
Heating oil premium to VGO 2%	0.39	-0.14	16.65	-5.93
SN 500 premium to heating oil	1.36	+0.28	57.03	+11.79

ANNOUNCEMENT

Pemex discontinues Group I postings

Argus will discontinue publishing posted prices for Pemex's Group I SN 100, SN 150, SN 250, SN 500 and SN 650 grades from 6 January 2023. The producer is no longer issuing postings for its base oil. For further details, please contact Eva Molina at eva.molina@argusmedia.com or +1 713 360 7560.

Argus spot US SN 150 premium to NY heating oil \$/USG



MARKET COMMENTARY

Lube prices under downwards pressure

Lower base oil posted prices will place downwards pressure on finished lubricants prices. Several blenders offered discounts to select customers in the fourth quarter to incentivise steady orders. Buyers are expected to request more discounts or outright price decreases because of lower base oil prices and feedstocks values.

Lubricants additives are readily available as prices remain steady. Some blenders have requested lower additive prices because of weak lubricants demand.

Group I bright stock prices continue to receive support from balanced inventories and expectations for firmer demand from Mexico. Domestic demand remains seasonally weak. Supplies of heavy grade base stock are balanced as several key producers continue to run at reduced rates. Some of these run cuts began in October.

Demand remains weaker

Group I and Group II heavy grades prices have also fallen on weaker domestic and export demand. But inventories for these grades remain more manageable compared with surpluses for light- and mid-viscosity grades.

Prices for light- and mid-viscosity grades continue to fall on weak demand and ample supply. Some refiners continue to limit pouring light grades back into the distillates stream. These refiners are managing the build-up of excess diesel while demand for the alternative fuel remains weaker than expected.

Group III prices have also decreased on more supply availability and steady-to-softer demand to start the year. Several key sellers will bring more import volumes in the coming weeks after these shipments were delayed in December because of weakening demand from stock-clearing.

Group III demand has been reported to be weaker than expected. Some sellers are offering bulk spot volumes of Group III 6cst and 8cst below *Argus* domestic spot US Group III 6cst and 8cst lows. Offers for railcar volumes are within *Argus* price ranges for these grades.

A key Mideast Gulf refiner will have a week-long turnaround in the first quarter. The refiner is expected to have sufficient inventories to cover its obligations during the turnaround.

Naphthenic base oils

US naphthenic base oil prices have fallen on lower crude oil values and weaker seasonal demand. Producers are facing increased pressure to lower their term prices because of declining crude oil values.

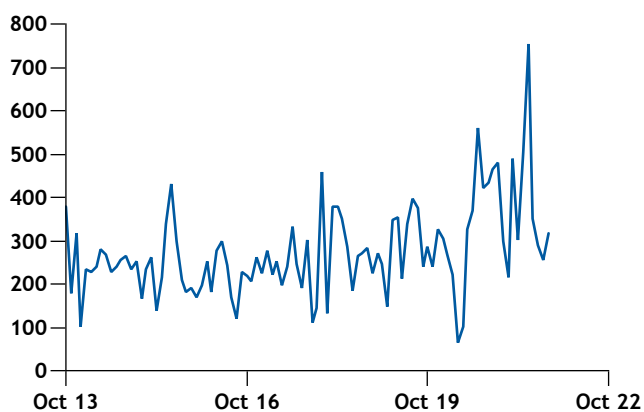
Discounts or temporary value adjustments continue to be offered on heavier naphthenic grades, including pale oil 2000. Demand for heavy grades remains seasonally weak from the tire and rubber and asphalt sectors.

Demand for lighter pale oils is firm because of supply-tightness for transformer oils. Some refiners also remain concerned that firmer demand for diesel in the first quarter is expected to put upward pressure on lighter grades.

Naphthenic base oil supplies remain balanced to tight. A

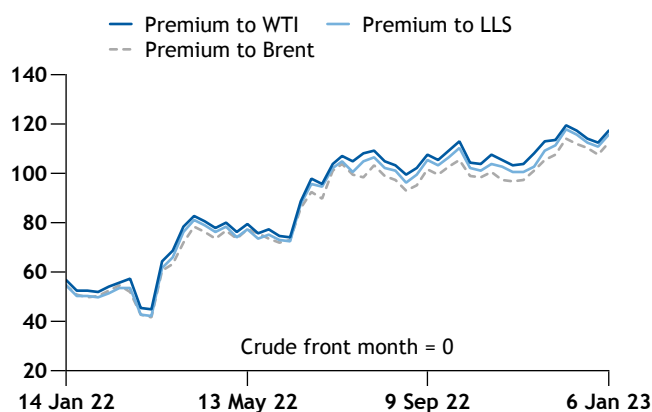
US base oil exports to Brazil

'000 bl



Argus spot US Pale oil 60 premium to crude

\$/bl



MARKET COMMENTARY

key refiner is working to rebuild its inventories following several unplanned outages in the third quarter.

Naphthenic base oil from Cross Oil's 5,000 b/d refinery in Smackover, Arkansas is now being marketed by Ergon-owned Process Oils. The marketing change is expected to increase export volumes from the US.

Latin America base oils

Latin American base oil demand remains seasonally weak as key markets in the region continue to have ample inventories.

In Brazil, buyers continue to prioritise securing domestic volumes as import offers have increased. Some supplies from the US Gulf coast are being offered at higher prices than in December. Fewer buyers are interested in securing volumes from South Korea because of long delivery times.

But demand remains firm for lower-priced South Korean supplies among buyers in west coast South America.

Some re-refined light grades were sold from Europe to Brazil in late December. There are also more offers surfacing from India.

In Mexico, base oil supplies are plentiful. But there is interest to move surplus supplies from the US, Europe and Asia into that market.

But offers of Group I and Group II have decreased into the Brownsville, Texas market. Prices may face downward pressure as US producers have lowered their postings. Those with inventories will face increased pressure to lower prices to clear those stocks.

A shipment of Group I bright stock from overseas is expected to arrive in Mexico in the first quarter. This has prompted some buyers to reject spot offers of the heavy grade from the US.

Mexican demand is expected to increase for light-viscosity grades after subsidies for diesel are removed and inventories are drawn down.

MAINTENANCE AND SHUTDOWNS

Upcoming / recent base oil plant maintenance / shutdowns / closures

Refiner	Location	Timing	Capacity	Capacity affected	Cause
Chevron	Pascagoula, Mississippi, US	2Q 2023	23,000 b/d	All	Catalyst change
Excel Paralubes	Westlake, Louisiana	2H Jan 2023 for 45 days	22,200 b/d	All, Group II	Catalyst change
Calumet	Princeton, Louisiana, US	2H Oct 2022 for 2-3 weeks	6,900 b/d	All, Naphthenics	Maintenance
Motiva	Port Arthur, Texas	Oct 2022 for 45 days	40,000 b/d	All, Group II/III	Catalyst change
Cross Oil	Smackover, Arkansas	2H Aug to epy-Sep 2022	5,000 b/d	All, Naphthenics	Unplanned outage
Cross Oil	Smackover, Arkansas	1H Jul 2022 for 1 week	5,000 b/d	All, Naphthenics	Unplanned outage

Every effort has been made to verify information directly with appropriate company sources. Some information has been obtained from usually reliable sources, but cannot be officially confirmed with the refinery concerned. The list will be updated when new information becomes available.

AMERICAS FREIGHT RATES AND ARBITRAGE SPREADS

Arbitrage opportunities - Group I					\$/t
Destination minus Origin Origin Destination		SN 150		SN 500	
		This week	Prior week	This week	Prior week
Fob Asia - domestic US		+337.50	+361.50	+681.00	+699.00
Fob Europe export - domestic US		+272.50	+256.50	+546.00	+509.00
Fob Baltic - domestic US		+297.50	+321.50	+611.00	+629.00
Fob US export - ex-tank Singapore		+105.50	+105.50	-63.50	-63.50

Arbitrage opportunities - Group II					\$/t
Destination minus Origin Origin Destination		N100/N150		N500/N600	
		This week	Prior week	This week	Prior week
Fob Asia - domestic US		+333.00	+358.00	+847.00	+907.00
Fob US export - FCA ARA		+473.00	+545.00	+264.00	+236.50
Fob US export - cfr India		+87.00	+87.00	-339.00	-414.00
Fob US export - ex-tank Singapore		+157.00	+187.00	-249.00	-284.00

Vessel enquiries: Americas				t
Loading port	Next port	B/L Date	Volume	
South Korea	Ecuador	Mar	7,000	
Hazira/Mumbai	Rio de Janeiro	20-30 Jan	Up to 8,000	
Riga	Rio de Janeiro	16-25 Jan	5,000	
South Korea	Cuba	2J Jan-1H Feb	Up to 11,000	

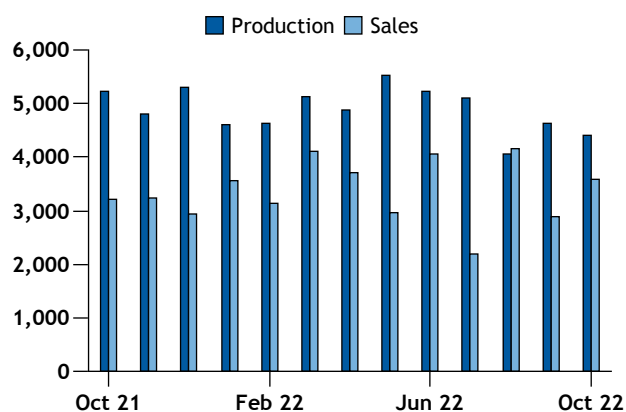
Freight rates (US) *					\$/t
Route	1,000t	3,000t	5,000t	10,000t	
US Gulf coast-Rotterdam	180	140	110	100	
US Gulf coast-Brazil	165	145	120	110	
US Gulf coast-Far East	188	128	108	97	
US Gulf coast-India	195	160	130	110	

* rates for December 2022, provided by SPI Marine (www.spimarine.com)

MARKET FUNDAMENTALS

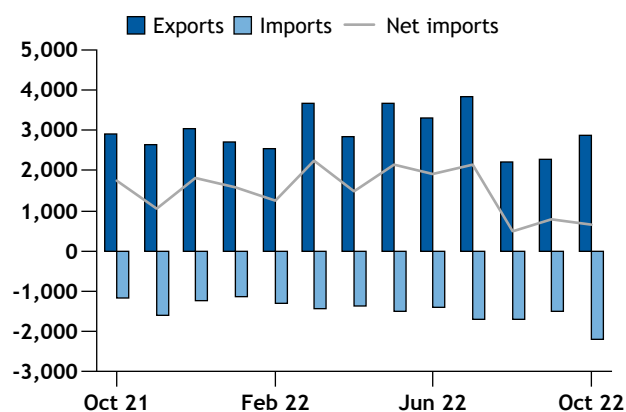
US base oil production, sales

'000 bl



US base oil exports, imports

'000 bl



NEWS

US base oil production declines in Oct

US base oil and lubricant production in October fell as refiners worked to destock inventories amid weak demand domestically and globally.

[Continue reading >>](#)

Supply length key question for US base oils

The US base oil market is expected to start 2023 with ample surplus supplies, particularly for Group II grades, before a major turnaround at a base oils refiner begins in late January.

[Continue reading >>](#)

Brazil to boost South America base oil demand

Brazil will boost demand for base oils in South America in 2023 and is also expected to attract more supply from Europe and the US.

[Continue reading >>](#)

Storms shut 2.6mn b/d US 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.

[Continue reading >>](#)

N America transborder freight up 14pc in Oct

Total freight movements among the US, Canada and Mexico rose in October by 14pc from a year earlier, the US Bureau of Transportation (BTS) said today.

[Continue reading >>](#)

Flight cancellations trim US airline travel

US passenger airline travel fell last week as airlines grappled with winter storms and thousands of cancelled flights.

[Continue reading >>](#)

Mexico raises subsidy for gasoline, not diesel

Mexico's finance ministry in the second week of the year will increase the tax deductions for regular and premium gasoline, but reduced the discount for diesel.

[Continue reading >>](#)



Argus Global Base Oils Conference
20-22 February 2023
Central London

Book by 20 Jan to save **£300**

www.argusmedia.com/global-base-oils-conference



Argus Americas Base Oils is published by Argus Media group

Registered office

Lacon House, 84 Theobald's Road, London, WC1X 8NL
Tel: +44 20 7780 4200

ISSN: 2399-1615**Copyright notice**

Copyright © 2023 Argus Media group.

All rights reserved.

All intellectual property rights in this publication and the information published herein are the exclusive property of Argus, and/or its licensors (including exchanges) and may only be used under licence from Argus. Without limiting the foregoing, by accessing this publication you agree that you will not copy or reproduce or use any part of its contents (including, but not limited to, single prices or any other individual items of data) in any form or for any purpose whatsoever except under valid licence from Argus. Further, your access to and use of data from exchanges may be subject to additional fees and/or execution of a separate agreement, whether directly with the exchanges or via Argus.

Trademark notice

ARGUS, ARGUS MEDIA, the ARGUS logo, INTEGER, ARGUS AMERICAS BASE OILS, other ARGUS publication titles and ARGUS index names are trademarks of Argus Media Limited. Visit www.argusmedia.com/trademarks for more information.

Disclaimer

The data and other information published herein (the "Data") are provided on an "as is" basis. Argus and its licensors (including exchanges) make no warranties, express or implied, as to the accuracy, adequacy, timeliness, or completeness of the Data or fitness for any particular purpose. Argus and its licensors (including exchanges) shall not be liable for any loss, claims or damage arising from any party's reliance on the Data and disclaim any and all liability related to or arising out of use of the Data to the full extent permissible by law.

All personal contact information is held and used in accordance with Argus Media's Privacy Policy <https://www.argusmedia.com/en/privacy-policy>

Publisher
Adrian Binks

Chief operating officer
Matthew Burkley

Global compliance officer
Jeffrey Amos

Chief commercial officer
Jo Loudiadis

President, Oil
Euan Craik

SVP, North America
Matthew Oatway

Global SVP editorial
Neil Fleming

Editor in chief
Jim Washer

Managing editor, Americas
Jim Kennett

Editor: Eva Molina
Tel: +1 713 360 7560
baseoil@argusmedia.com

Customer support and sales:

support@argusmedia.com
sales@argusmedia.com

London, Tel: +44 20 7780 4200

Beijing, Tel: +86 10 6598 2000

Dubai, Tel: +971 4434 5112

Hamburg, Tel: +49 40 8090 3717

Houston, Tel: +1 713 968 0000

Kyiv, Tel: +38 (044) 298 18 08

Moscow, Tel: +7 495 933 7571

Mumbai, Tel: +91 22 4174 9900

New York, Tel: +1 646 376 6130

Paris, Tel: +33 (0)1 53 05 96 70

Riga, Tel: +371 6739 2220

San Francisco, Tel: +1 415 829 4591

Sao Paulo, Tel: +55 11 3235 2700

Shanghai, Tel: +86 21 6377 0159

Singapore, Tel: +65 6496 9966

Tokyo, Tel: +81 3 3561 1805

Washington, DC, Tel: +1 202 775 0240

Petroleum

illuminating the markets®

