

LP Gaswire

Volume 32 / Issue 52 / March 16, 2010

Daily assessments

\$/mt

Northwest Europe

		Propane			Butane	
FOB seagoing	+15	770 - 775	+15		670 - 675	
FOB ARA	-10	790 - 795	-10	+5	700 - 705 +5	
FCA ARA	-5	795 - 800	-5	+5	715 - 720 +5	
CIF 1-3000mt	+15	805 - 810	+15		705 - 710	
CIF 3000+mt					720 - 725	
FOB 3000+mt					688 - 693	
CIF 7000+mt	-8	715 - 720	-8			
FOB 7000+mt	-8	698 - 703	-8			
Freight rates (\$/mt)		17.00		32.00		

Propane swaps (basis CIF NWE)

1st month	+7	639.00 - 643.00	+7
2nd month	+9	618.00 - 622.00	+9
3rd month	+10	617.00 - 621.00	+10
Quarter	+9	624.75 - 628.75	+9

Naphtha

CIF ARA Cargoes	746.75 - 747.25
CIF Med Cargoes	740.00 - 740.50

West Mediterranean

FOB Ex-refinery/storage	-8	740 - 745	-8		660 - 665
FCA Ex-refinery/storage	-8	740 - 745	-8		
CIF 7000+mt	-8	715 - 720	-8		

Daily assessments – Asia

\$/mt

Asia: Refrigerated

	11:11 Cargoes	
CFR Singapore-Japan (H2 Apr)	715.00	
CFR Singapore-Japan (H1 May)	697.50	
CFR Singapore-Japan (H2 May)	691.50	
CFR Singapore-Japan Cargoes	706.25	

		Propane			Butane	
CFR Japan Cargoes (H2 Apr)		724 - 726			704 - 706	
CFR Japan Cargoes (H1 May)		704 - 706			689 - 691	
CFR Japan Cargoes (H2 May)		698 - 700			683 - 685	
CFR Japan Cargoes	-30	714 - 716	-29	-32	697 - 698 -32	
CFR South China Cargoes	-10	719 - 721	-10	-15	699 - 701 -15	
CFR Taiwan Cargoes	-10	720 - 722	-10	-15	700 - 702 -15	
CFR North Asia Zone	-20	717 - 719	-19	-24	698 - 700 -23	

Asia: Pressurized

		Mixed	
CFR Shenzhen	-14	715 - 717	-13
CFR Shanghai	-12	724 - 726	-11

Saudi CP Proxy Value For cargoes delivering into Asia:

CFR Japan/Korea Refrigerated	704 - 706	684 - 686
CFR S China/Taiwan Refrigerated	721 - 723	705 - 707
CFR Shenzhen/Shanghai Pressurized	719 - 721	

Asia Premiums over Saudi CP Proxy Values:

		Propane			Butane	
CFR Japan Refrigerated	-32	9 - 11	-31	-29	12 - 13	-29
CFR Korea Refrigerated	-32	6 - 8	-31	-29	9 - 10	-29
CFR S China Refrigerated	-9	-3 - -1	-9	-13	-7 - -5	-13
CFR Taiwan Refrigerated	-9	-2 - 0		-13	-6 - -4	-13

Northwest Europe

Propane

CARGOES: Spot prices were at slightly lower levels Tuesday despite the increase in crude values. Statoil confirmed selling 8.6 kt to Stasco basis CIF Flushing March 25-28 at \$720/mt. The market was now expected to focus more on April with buying interest reported from the petchems sector at around 90% of naphtha. "The general [price] trend is downwards," commented one source.

COASTERS: Although there were no confirmed public deals Tuesday spot prices were judged to be at higher levels. Sources reported more potential buying interest for FOB product, but spot tonnes were still seen to be relatively tight prior to the end of the month.

ARA: Spot activity remained fairly thin Tuesday with no confirmed deals for FCA product. Although prompt tonnes ex-terminal were still said to be limited, sources said that spot availability should improve next week. Buying interest for FCA product, however, was said to be quite weak. "I do not see much new demand," commented one German trader. A 600mt barge loading ex-refinery this weekend was reported concluded at \$795/mt.

Butane

CARGOES: Spot prices were judged to be unchanged Tuesday. Market activity over the balance of March appeared to be rather lackluster with few North Sea tonnes on offer. According to sources market attention was starting to switch to the first decade of April where a Grangemouth and at least one handy sized cargo should be available to meet firm demand from both the gasoline and petchem sectors.

become operational in 2011. At the time of the signing of the financing deal last August, CNPC said the N'Djamena refinery will have an overall 2.5 million mt/year (50,000 b/d) of crude processing capacity upon completion. It is expected to start operations in 2011. Output of the refinery, located 40 km north of the Chadian capital, will include gasoline, diesel, kerosene, fuel oil, LPG, and polypropylene. CNPC controls 60% of the joint venture refinery, with Chad's state oil company Societe Des Hydrocarbures Du Tchad, or SHT, holding the remainder. Energy-hungry China has boosted its presence in Africa in recent years, primarily in a bid to guarantee oil supplies for its rapidly growing economy. CNPC first invested in Chad in 2003, three years before Beijing re-established diplomatic relations with N'Djamena. Chad, which only began to produce oil in 2003, pumped around 127,000 b/d of crude in 2008, according to figures released by the US Energy Information Administration.

Indian auto LPG sales rise 36% to over 300,000 mt for Apr-Feb 2010

India's auto LPG sales rose 36.3% to 305,463 mt for the 11 months ended February 2010 compared with the corresponding period of the previous financial year, data compiled by the Indian Auto LPG Coalition last week and provided to Platts Monday showed. Sales during this 11-month period were also up by over 23% as compared with demand of 248,000 mt for the whole of 2009. Meanwhile, the number of auto LPG dispensing outlets have risen to 860 in the 11 months to February, an increase of almost 17% as compared with 738 in the last financial year. "Spread over 325 cities, this reach makes [auto LPG] probably the most widely available cleaner alternate auto fuel in the country," said Suyash Gupta, general secretary of Indian Auto LPG Coalition, the industry body representing auto gas distributors. Indian Oil Corporation leads the pack of auto LPG sellers with sales of 106,000 mt in the 11 months to February, a growth of almost 38% compared with 77,000 mt for the 11 months ended February 2009. The

state-owned refiner accounts for over a third of all auto LPG sold in the country and a market share of almost 52% amongst the three state-owned oil marketing companies, which also includes Bharat Petroleum Corporation and Hindustan Petroleum Corporation. BPCL reported a 9% growth in sales to 52,000 mt during the review period, while HPCL reported a 32% growth to 47,500 mt. IOC has so far added 34 auto LPG stations in the current financial year to take its total to 257; BPCL added 5 to 78; HPCL added 22 to 172. In the private sector, Reliance Industries leads with close to 136 stations and a market share of about 11%, followed by Aegis Logistics with a share of about 5% with 64 stations. While increasing their distribution reach has apparently had a direct influence on improving sales for the state-owned refiners as the data reveal, industry sources observe there has been more factors at play to lift demand. A new pricing mechanism implemented in end 2008 by the three public sector oil companies to price auto LPG up to 40% cheaper than gasoline, has apparently helped fuel demand. While retail prices of gasoline and diesel are government-controlled, auto LPG prices are not, and oil companies link it directly to international price trends. So a rise in international crude prices would

lead auto LPG prices to inch up at a faster rate than that of government-controlled gasoline, squeezing price difference between the two. The new pricing mechanism was formulated to maintain a minimum — 35-40% — price spread so as to stimulate demand. Indian auto LPG is non-subsidized and follows international price trends, while domestic LPG, which is priced based on the monthly contract price set by Aramco, is heavily subsidized — current government subsidy is about Rs 200 for a standard 14.2 kg cylinder. The government also imposes a value added tax rate of 12.5% on auto LPG, while domestic LPG enjoys a lower VAT of 4%. When crude prices were soaring in 2008, there was little flexibility that the oil marketing companies, or OMCs, could exercise in terms of pricing auto LPG so as to attract users away from the subsidized transportation fuels. Indian auto LPG sales in 2009 remained flat as compared to 2008. With the dip in crude values, as compared to the highs in 2008, the OMCs have had better luck with pricing auto LPG more attractively this year, said a source at IOC. As compared with the previous financial year, crude prices are down by over 19% so far this year, Platts data showed. Initiatives put in place by the government to check the illegal diversion of subsidized LPG for trans-

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portation needs has also help push demand, added the source. Spot checks by authorities and refill audits conducted by the OMCs — to ensure that the domestic LPG tanks are not being misused — are some of the measures that the government has put in place. An amendment to the Gas Control Order 2000 in end 2009, which mandates that a household cannot have more than one LPG connection and that households with a piped natural gas connection cannot have, or will have to surrender their LPG connection, is also expected to curb diversion. "[The] Kirit Parikh committee report on price de-control will be a shot in the arm for the [auto LPG] industry," observed Gupta. The report, which has recommended that the price subsidies on petrol and diesel be de-controlled and subsidies be done away with, is expected to make auto LPG more

attractive as a transportation fuel. "We are also recommending to the government that auto LPG be taxed at the same rate (4%) as domestic LPG," said Gupta. This will reduce the price difference between domestic LPG and auto LPG, the incentive for diversion will disappear, and the loss to the exchequer will reduce," he added. "We are in for good growth for auto LPG ... looking at about 30% [growth] next year."

Lavera steam crackers gear up to use butane as feedstock

Two steam crackers in the Lavera region of the French Mediterranean are preparing to use butane as a petrochemical feedstock, according to sources Monday. Surplus butane from Lavera refineries is exported for use as a heating and cooking fuel in North Africa and the East

Mediterranean during the winter period. But when heating demand starts to fall, this butane can then be used as an alternative petrochemical feedstock to naphtha providing the price is at a discount to the naphtha price. Based on Platts data, spot refinery butane prices FOB Lavera hit a year to-date high of the low \$830's/mt in mid-January, but have since steadily fallen to reach a last published level of \$662.5/mt. This was equivalent to just under 90% of the corresponding naphtha price. Industry sources said that the 740,000 mt/year Naphtachemie cracker at Lavera was expected to start cracking butane very soon. The 470,000 mt/year LyondellBasell cracker at nearby Berre was expected to start using butane in early April when the plant returns from a period of maintenance. "The petchem season will start soon," commented one source.

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