VORTEXA

Americas Market Spotlight

USGC summer diesel exports to remain robust on Med demand

Key Takeaway

Expiry of sanctions waiver leads to slowdown of Venezuela crude exports; China remains the only major outlet

PADD 3 crude, diesel exports to Europe a beneficiary of near-term Mediterranean demand (read Market Insights highlight here)

TA MRs stand to benefit from growing European demand for US Gulf Coast diesel; momentum could last through summer

Onshore inventories: Cushing continues to draw on robust refinery run rates, Western Canada builds after strong draws

South America naphtha imports fall as US chases better margins in Asia, Europe; improved Med arb to redirect US cargoes

Brazil likely to ramp up diesel/gasoil imports in July with higher PADD 3 volumes as domestic surplus dries up; ag demand rises

US ethane licenses should relieve USGC terminal congestion; lack of unloading authorisation shifts issue to Chinese waters

Middle East LPG exports to China dip amid tensions; US, Canada offtakes rise as end of tariff pause looms amid volatile arbs

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where we present our key views in 15min

(every Tuesday SGT 15:45 for EoS markets & ET 12:00 / GMT 17:00 for Atlantic Basin)

This presentation has been compiled under the guidance of

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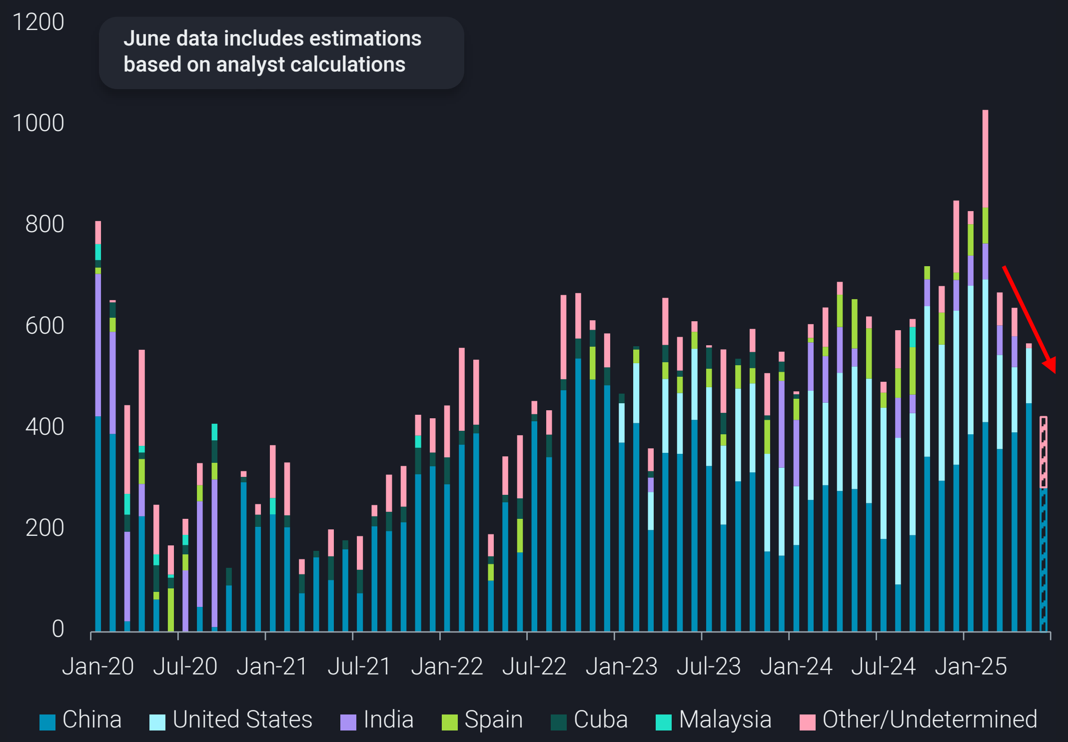
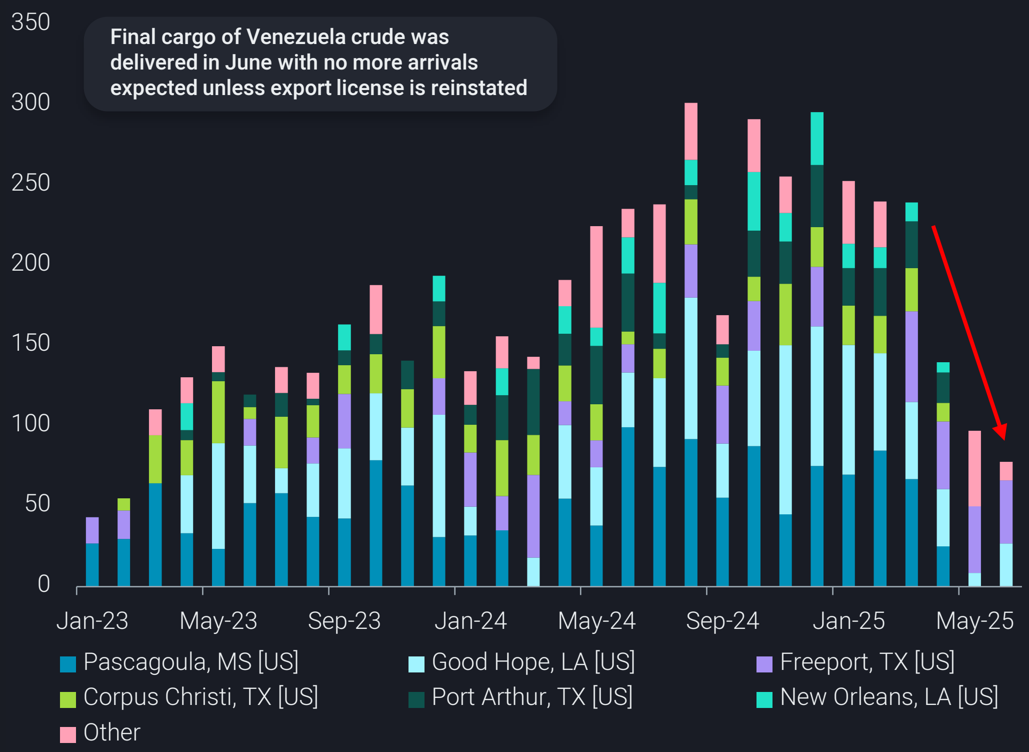
Head of Market Analysis, Americas

Expiry of sanctions waiver leads to slowdown of Venezuela crude exports; China remains the only major outlet

Venezuelan seaborne crude exports by destination (kbd)

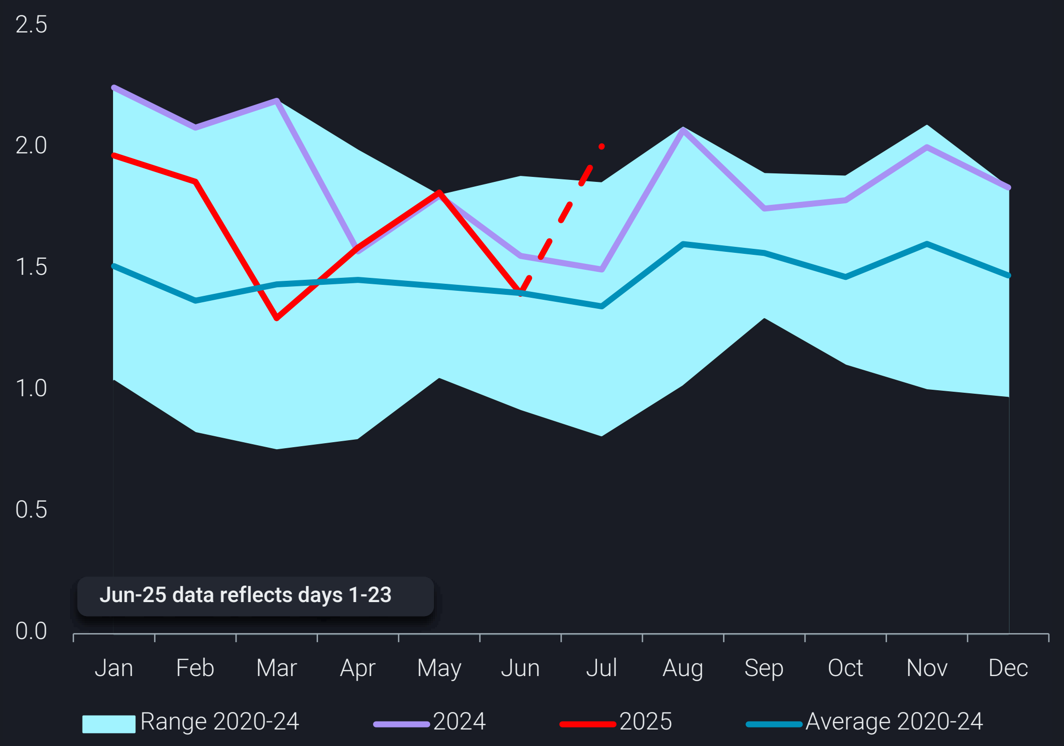


USGC imports of Venezuelan crude by destination port (kbd)



PADD 3 crude, diesel exports to Europe a beneficiary of near-term Mediterranean demand (read Market Insights highlight here)

PADD 3 crude/condensates exports to Europe (mbd)



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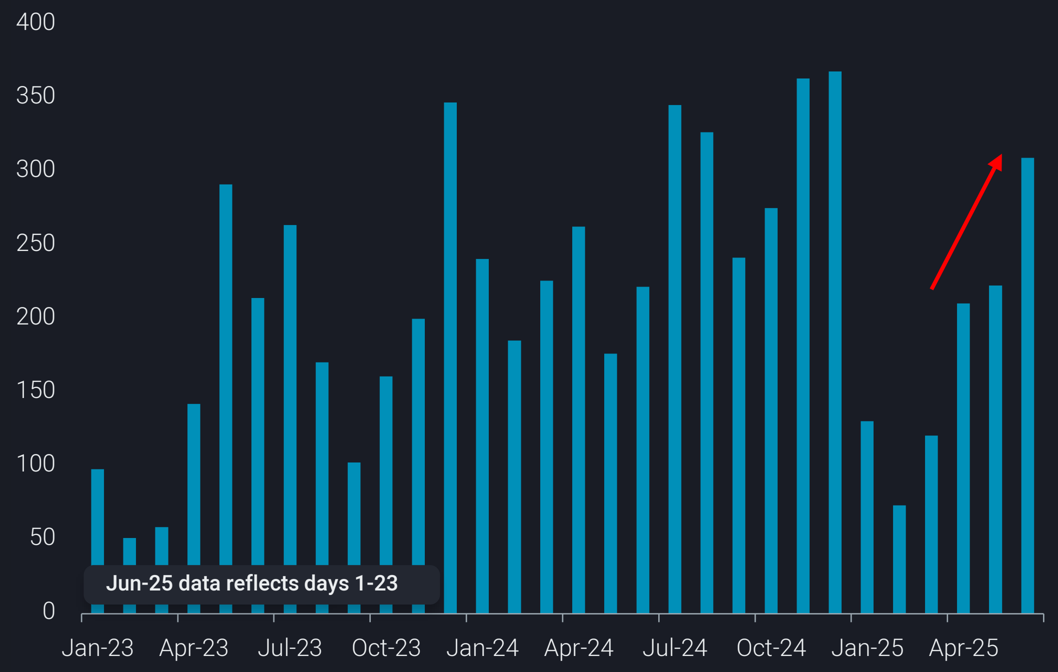
PADD 3 diesel/gasoil exports to Europe (kbd)



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TA MRs stand to benefit from growing European demand for US Gulf Coast diesel; momentum could last through summer

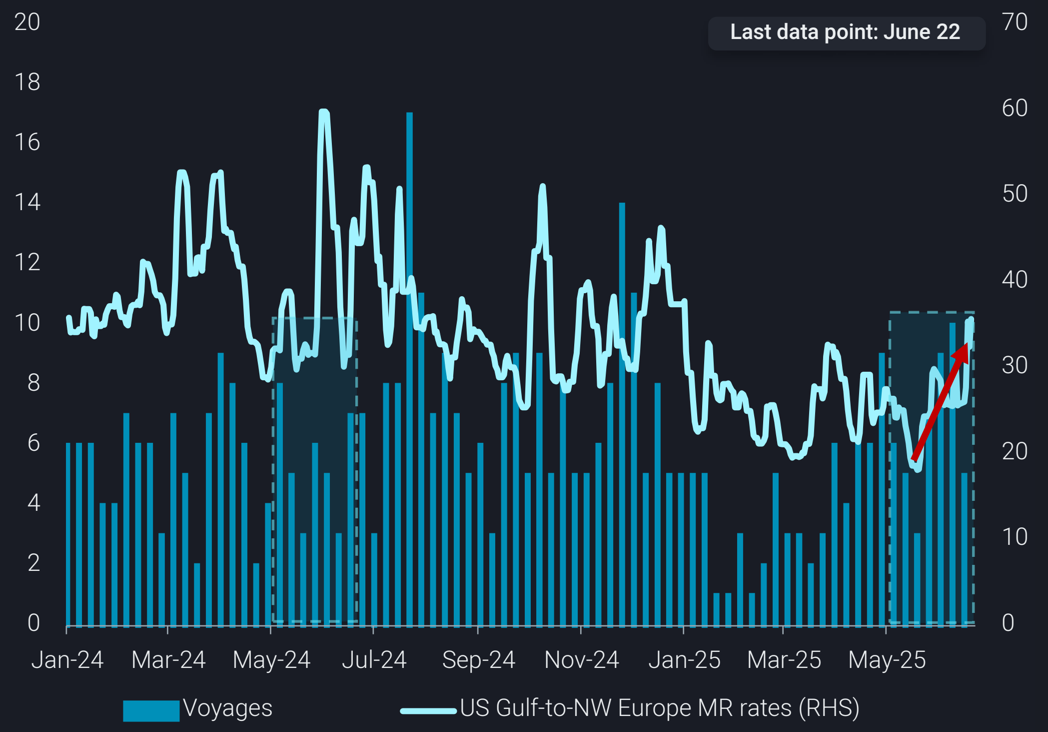
Rates for transatlantic MRs jumped by nearly 40% w-o-w at the close of last week (w/c 16-Jun)

This was due to a supply-side push, given the 25% w-o-w increase in PADD 3 diesel/gasoil exports headed to Northwest Europe last week

Momentum for TA MRs is expected to continue, given sharp upward movement in freight rates and reports of continued strong fixing activity out of the US Gulf Coast (Argus)

- ➔ ARA gasoil stocks in June are lower y-o-y (Argus), despite soft diesel demand forecasts in Western Europe
- ➔ Record import demand in the Mediterranean could increase Europe's overall need for additional external barrels
  - ➔ Diesel and fuel oil import demand could increase in the Mediterranean due to higher power generation demand
- ➔ In addition, East of Suez diesel/gasoil exports to NWE are looking particularly weak, down 22% y-o-y in June, indicating that increased levels of alternative PADD 3 sourcing could continue

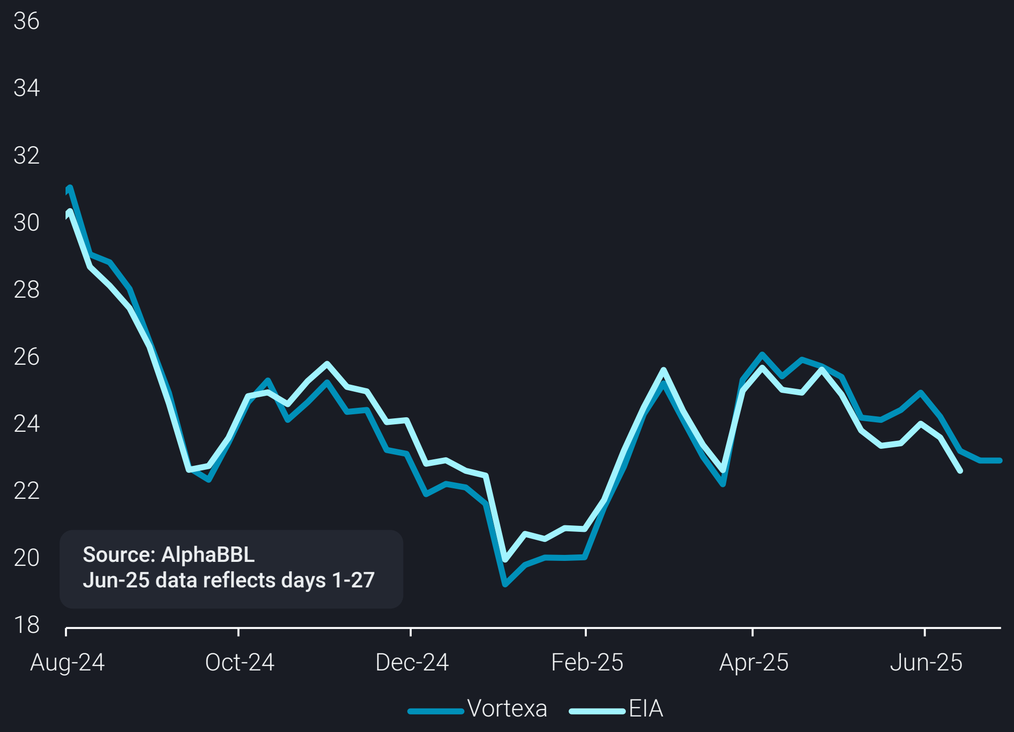
Weekly diesel/gasoil MR voyages from US Gulf-to-Europe (no. of voyages, LHS) vs US Gulf-to-NW Europe freight rates ($/t, RHS)



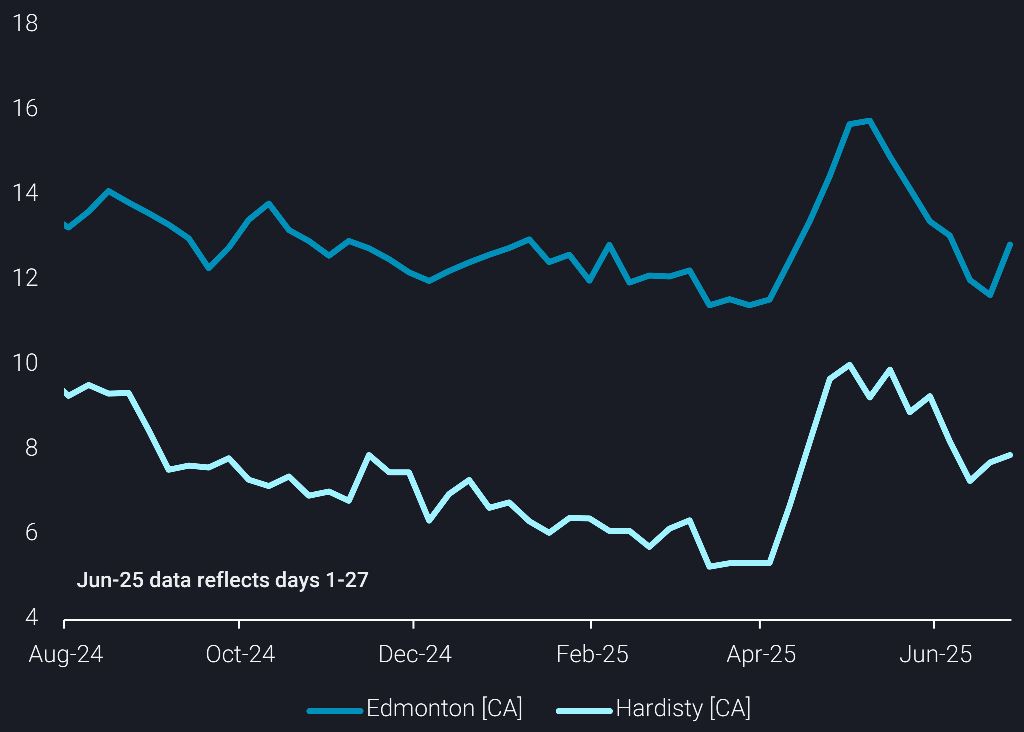
Get live data from platform (Voyages, Rates)

Onshore inventories: Cushing continues to draw on robust refinery run rates, Western Canada builds after strong draws

Cushing* onshore Inventories (mb)



Western Canada onshore crude inventories (mb)



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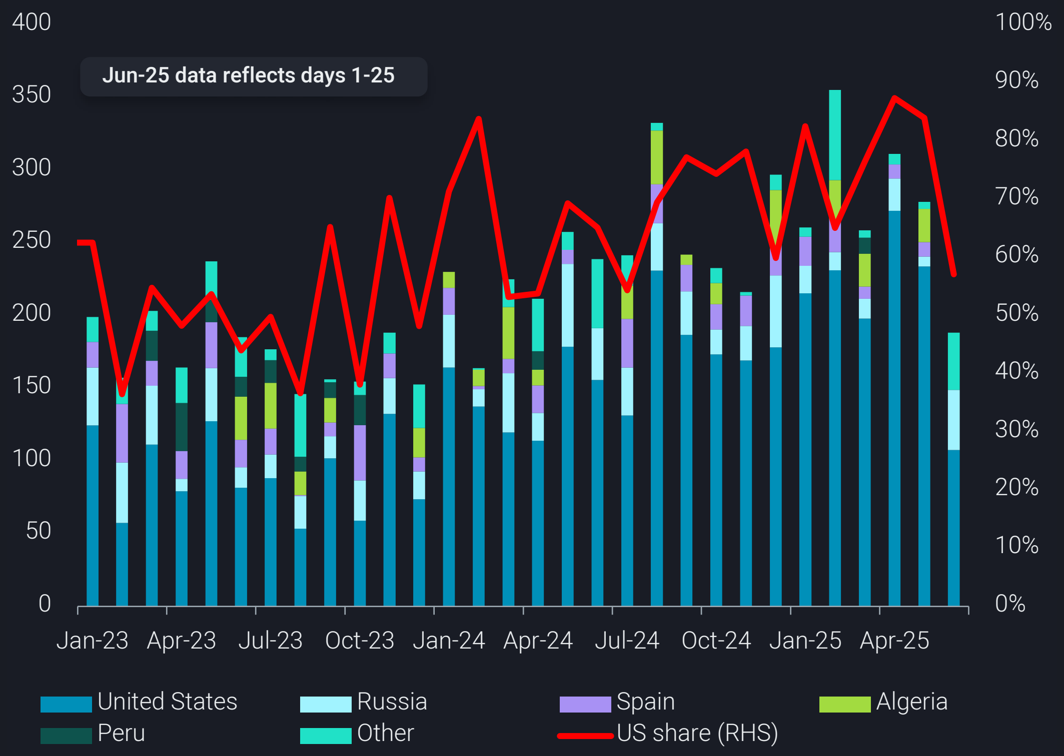
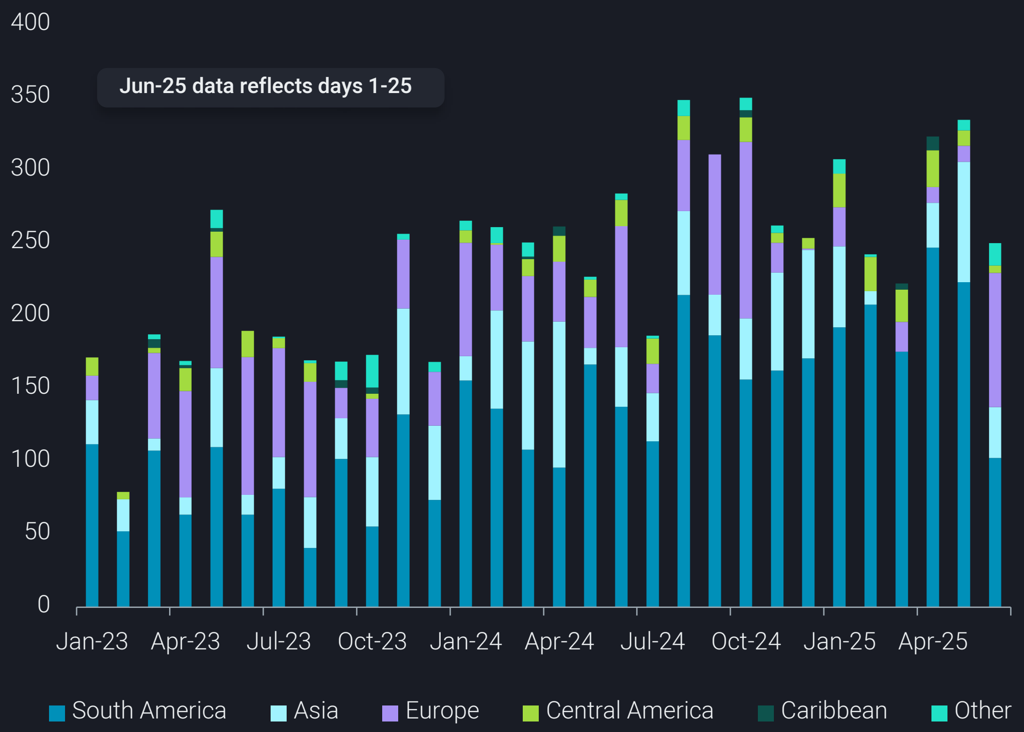
South America naphtha imports fall as US chases better margins in Asia, Europe; improved Med arb to redirect US cargoes

South America naphtha imports by origin country (kbd, LHS) and US' share (%, RHS)



US naphtha exports by destination region (kbd)



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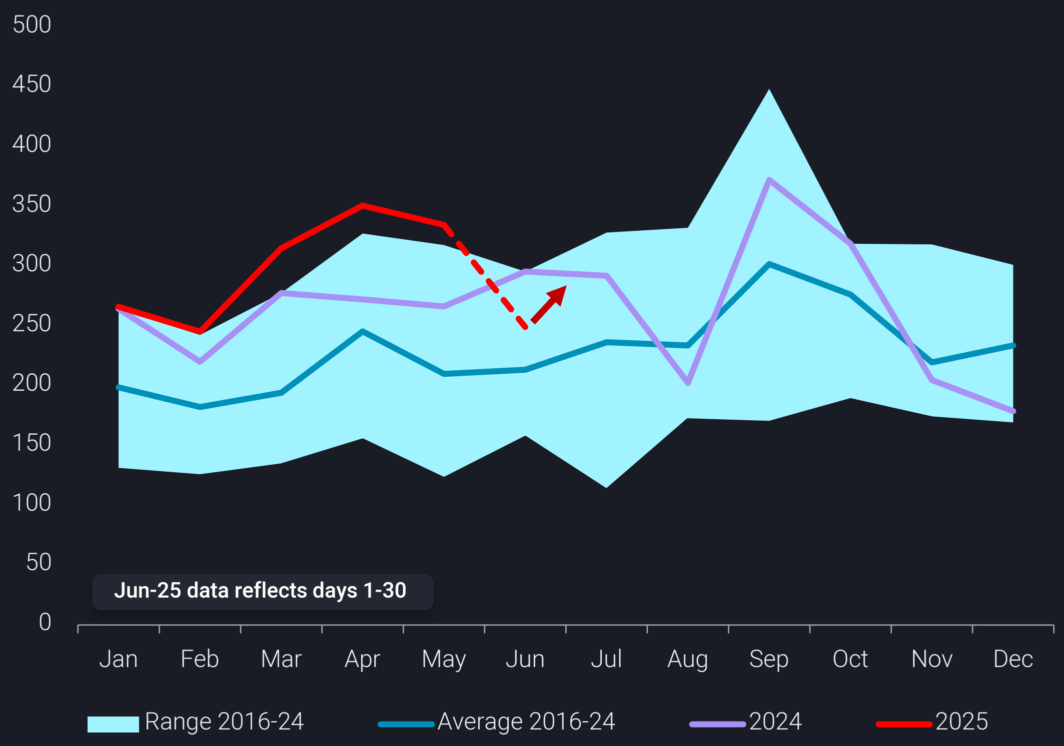
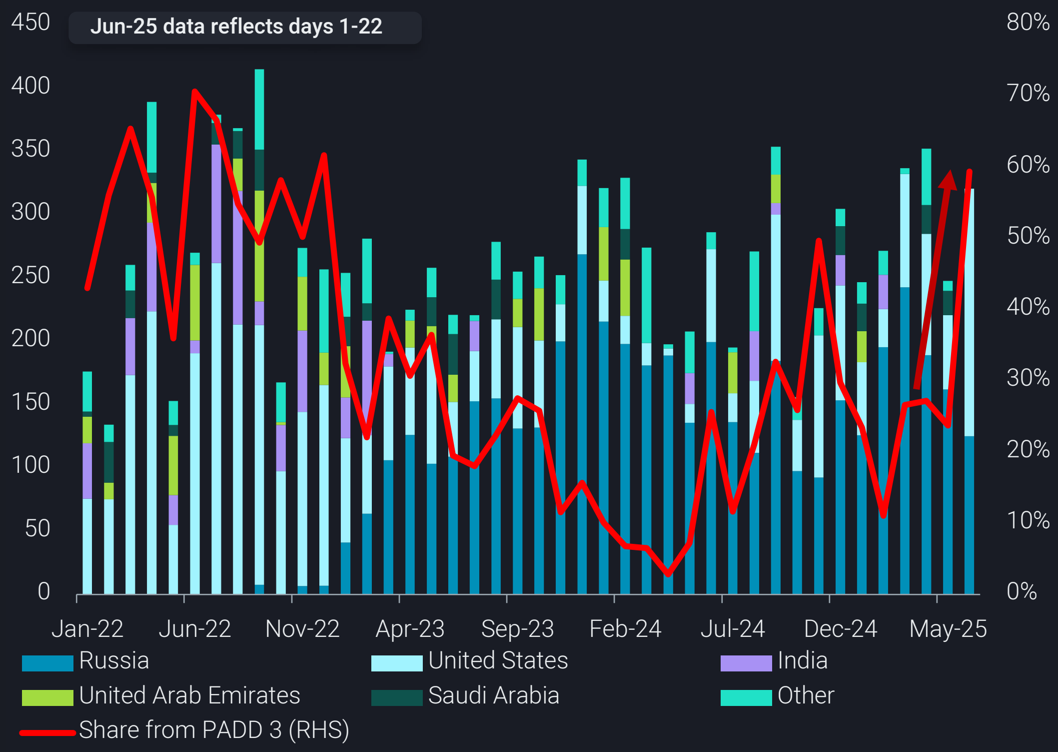
Brazil likely to ramp up diesel/gasoil imports in July with higher PADD 3 volumes as domestic surplus dries up; ag demand rises

Brazil diesel/gasoil imports (kbd)



Diesel/gasoil exports pointed to Brazil by origin country (kbd, LHS) vs share from PADD 3 (%, RHS)



US ethane licenses should relieve USGC terminal congestion; lack of unloading authorisation shifts issue to Chinese waters

The US Department of Commerce has given the US' two ethane exporters, Enterprise Product Partners and Energy Transfer, the authorisation to load ethane cargoes bound for China

- ➔ However, these companies will still require licenses to unload their ethane cargoes at Chinese import terminals; they had expected to receive licenses by end-June

These loading licenses only alleviates current USGC terminal congestion, allowing ships that have been idled at berth or along the Texas Gulf Coast to move off, and for other buyers to load, minimising demurrage at point of origin

Ostensibly, the 30-45 day sailing period could be sufficient time for the companies to sort out with the Commerce Department the ability to unload their cargoes at the destination

- ➔ The VLEC *Seri Erlang* has left Energy Transfer Nederland's terminal seemingly en route to China

US ethane exports to China have plummeted to their lowest levels ever this month (57kbd)

Ethane vessels (ballast and laden)

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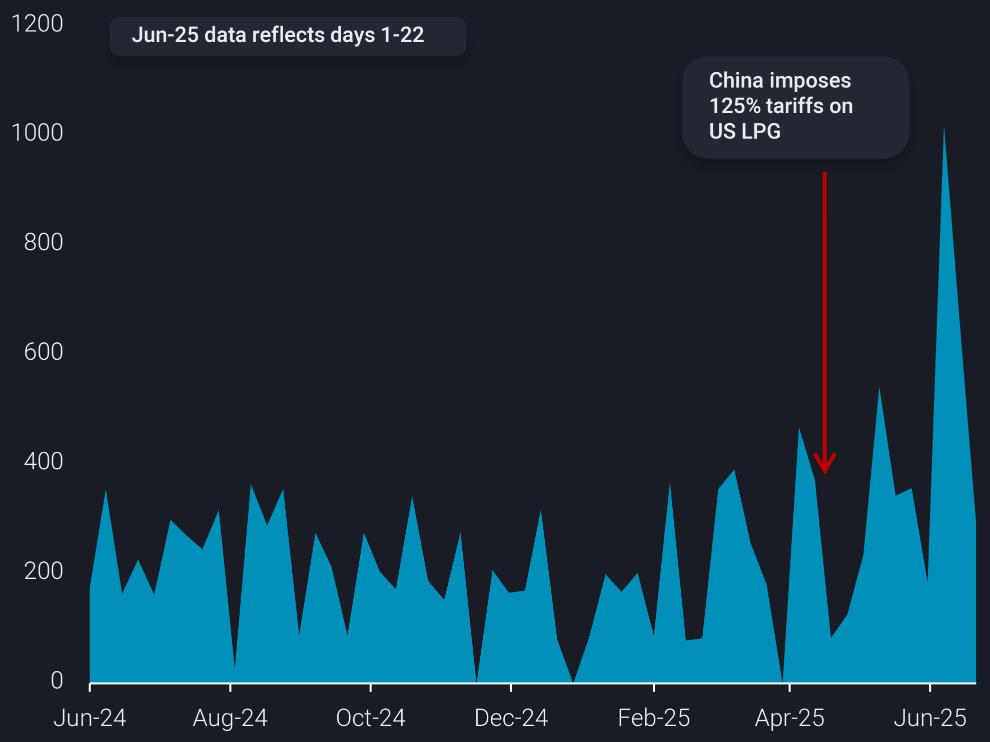
Middle East LPG exports to China dip amid tensions; US, Canada offtakes rise as end of tariff pause looms amid volatile arbs

Weekly Middle East (excluding Iran) LPG exports to China (kbd)



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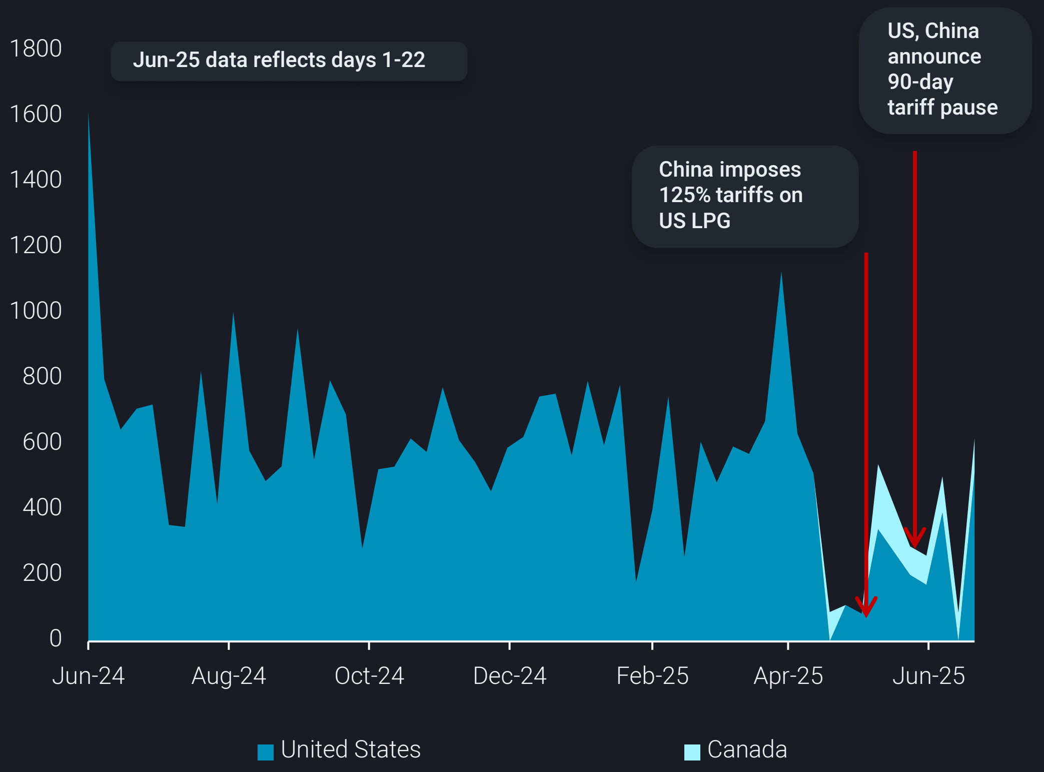
Weekly US and Canada LPG exports to China (kbd)



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The 90-day tariff pause is set to end in mid-August

See our recent content published about the impact to the markets as a result of the Israel-Iran conflict

Latest Insight:

→ Strait of Hormuz: Risk perception drives up freight rates, but transits continue

Highlights:

→ Is Strait of Hormuz transit impacted by Israeli strike?

→ Oil in supply chain explains muted price reaction to shocks

→ 3 scenarios on Israel/Iran escalation

→ Ample storage in China covers teapots' near-term needs

→ Potential lower Middle East LPG exports concerning for China

→ Signs of LPG, naphtha activity pullback in Strait of Hormuz

→ Hormuz Strait tensions impact 27%, 37% of LPG, naphtha flows

Useful links for tracking developments on the Vortexa UI:

→ All vessels that are in polygons associated with the Middle East Gulf inside the Strait of Hormuz LINK

→ All vessels outside the Middle East Gulf/Strait of Hormuz we currently project to move inside LINK

→ Voyages over the last seven days that started outside the MEG/Strait of Hormuz and are projected to end inside LINK

→ Volume of cargo entering the waypoint Strait of Hormuz LINK

→ Vessels passing the Strait of Hormuz (clicking each day's bar on the chart provides a daily voyage list) LINK

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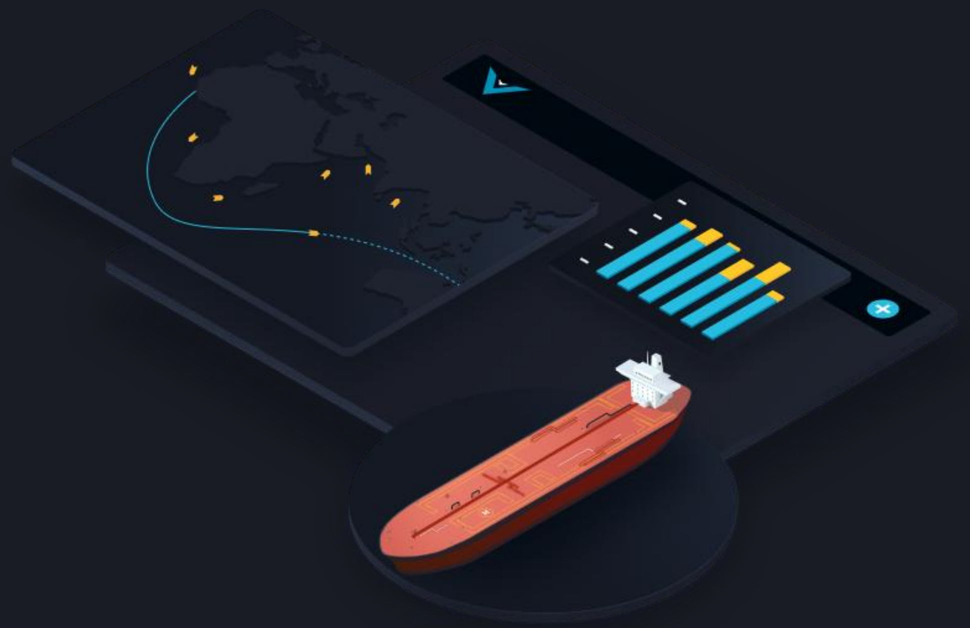
Thank you!



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- Weekly Global Crude Onshore Inventory Report
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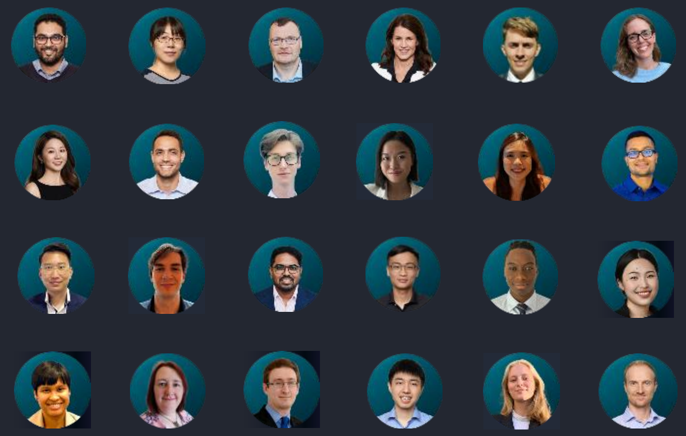

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Based in London, Singapore, New York, Dubai, Houston, Abu Dhabi and Geneva, our analysts work with our clients to extract value from our analytics.

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