

# Argus International LPG

Daily international LPG prices and market commentary

Issue -12-11

Monday 17 January 2011

Date is date of assessment

Europe									
Propane					Butane			\$/t	
cif ARA (large cargoes)	+22	907	911	+21	-2	867	871	-2	
fob northwest Europe (small)	-15	895	905	-15		810	815		
cif ARA (small)	-15	945	955	-15		870	875		
fob ARA (barge)	-20	960	970	-15	+15	830	840	+15	
fca ARA (rail)	-10	970	980	-5	+15	835	845	+15	
cif Mediterranean (large)	+22	907	911	+21		834	838		
fob Mediterranean (small)	-15	895	905	-15		850	860		
fca Mediterranean (rail)	-15	900	910	-15		-	-		

FSU									
\$/t					€/t				
fob Black Sea propane-butane mix		700	755			-	-		
daf Brest propane-butane mix	-4	812	840	-2	+1	611	632	+3	
daf Brest propane	-10	980	1020		-3	737	767	+5	
daf Brest differential to cif ARA (large)		91							
fca Ukraine propane-butane mix (VWA)		501				377		+3	
fot Ukraine propane-butane mix (VWA)		445				335		+2	
Argus RBS propane-butane mix index		800	845			-	-		

**Overview**

European prices were mixed.

Asian spot prices eased.

There are no US assessments or commentary owing to a public holiday.

Asia-Pacific										
Refrigerated cargoes	CP basis	fob/cfr period		Propane				Butane		\$/t
Gulf CP fob	February	February		-1	-3	4	-1		0	6
Japan CP cfr	February	2 half February		-2	12	16	-2	-2	12	16
Japan cfr				-2	883	887	-2	-14	856	860
Taiwan CP cfr	February	2 half February		-2	12	16	-2	-2	12	16
East China CP cfr	January	1 half February		-2	-52	-48	-2	-14	-64	-60
East China cfr				-2	883	887	-2	-14	856	860
South China CP cfr	January	1 half February		-2	-52	-48	-2	-14	-64	-60
South China cfr				-2	883	887	-2	-14	856	860
West coast India CP cfr	January	January			-	-		-25	-21	
Argus Far East Index™ (AFEI™)						885	-2.00		858	-14.00

11+11 propane/butane mix										
Japan cfr				-10.00	868	872	-10.00			
South China cfr				-10.00	868	872	-10.00			
Argus Mixed Index					870		-10.00			

Pressurized cargoes	CP basis	fob/cfr period		Propane				Butane		\$/t
South China CP cfr	January	January		-1	-2	7	-1	-1	-2	7
South China cfr			January	-1	933	942	-1	-1	918	927
Vietnam CP cfr			January	-1	2	12	-1	-1	2	12

China wholesale prices									
				Propane/butane mix				yuan/t	
<b>East China</b>									
Ningbo ex terminal				-100	6800	6900	-100		
Zhenhai ex refinery				-150	6400	6600	-150		
<b>South China</b>									
Shenzhen ex terminal					7100	7200			
Guangzhou ex refinery				-110	6750	6800	-110		
<b>Northeast China</b>									
Dalian ex refinery					5650	5750			
<b>Northwest China</b>									
Urumqi ex refinery					5095	5145			
<b>Inland China</b>									
Yan-An ex refinery				-150	5700	5800	-150		

Americas: Mont Belvieu pipeline fob									
Propane					Butane			¢/USG	
Non-LDH									
LDH									
LDH \$/t equivalent									
USGC import values \$/t									

Non-LDH Feedstocks									
Purity ethane									
Purity ethane \$/t equivalent									
Ethane-propane mix									
Isobutane									
Natural gasoline									

For the latest Argus International LPG methodology go to [www.argusmedia.com/methodology](http://www.argusmedia.com/methodology)

**International comparisons**

Argus North Sea Index™ (ANSI™)				
January	Propane	994	Butane	839

January				\$/t
		Propane	Butane	
Sonatrach fob Bethioua		975	860	
Saudi Aramco		935	920	
KPC (Kuwait)		935	920	
Argus Middle East netback		848.00	821.00	

Naphtha					\$/t
cif northwest Europe	-2	864	866	-2	
cif Mediterranean	-1.75	856.25	858.25	-1.75	
cfr Japan	+15.25	884.75	888.25	+15.25	
fob Mideast Gulf	+15.00	853.70	857.20	+15.00	

LPG freight assessments		\$/t
VLGC ME Gulf-Japan – 40,000t-44,000t		37
3,800t Tees-Lisbon		81
1,800t Tees-ARA		62

Argus arbitrage				\$/t
Propane	Mt Belvieu	NW Europe	AFEI	
Physical Spot	-	909.00	885.00	
February	-	897.00	880.00	
March	-	849.00	872.00	
April	-	796.00	832.00	

Regional assessments				\$/t
Propane	Mt Bel Prem to NWE	Mt Bel Prem to AFEI	NWE Prem to AFEI	
Physical Spot	-	-	+24.00	
February	-	-	+17.00	
March	-	-	-23.00	
April	-	-	-36.00	

**Northwest Europe**

Averages, \$/t	Propane	Butane
cif ARA large cargo (January)	916.80	863.80
fob ARA barge (January)	986.55	827.00

Crude price			\$/bl
Argus North Sea Dated	97.49	-0.68	

Ice Brent futures settlement			\$/bl
Mar	97.43	-0.95	
Apr	97.39	-0.95	
May	97.53	na	

**Propane v naphtha, cif ARA**



**NORTHWEST EUROPE:**

European large cargo propane levels were buoyed by lack of limited spot supply in January. Butane levels fell back with prices assessed slightly lower with naphtha.

Large cargo propane levels recovered with levels assessed higher following lack of January selling interest. Spot demand resurfaced from a North Sea producer which bid for a 20,500t cargo for delivery over 24-26 January with disport options to include Stenungsund and Le Havre on a maximum vessel of 39,000m³.

The producer bid on a 25:75 basis which consisted of a 25pc fixed price of \$917/t and 75pc floating price split evenly between balance January cif ARA and cif northwest European price quotations. No offers were reported against this bid. The market for the full 7-20 delivery dates which stretch to 6 February was assessed lower than this bid to reflect the market's backwardation.

Butane levels eased following price falls on naphtha markets. Small cargo propane prices dropped below large cargo levels with weak demand in a quiet market. News emerged that a coaster size requirement from a North Sea producer was covered internally, due to the lack of selling interest. No deals were reported.

Small cargo butane prices were range bound, with a p+c deal heard in the cif assessment range. The fob market was quiet with sellers staying out of the market with shipping still very tight. Seasonal butane demand from gasoline blenders continued and was expected to last a few more weeks, while petrochemical crackers waited for prices to fall below naphtha levels.

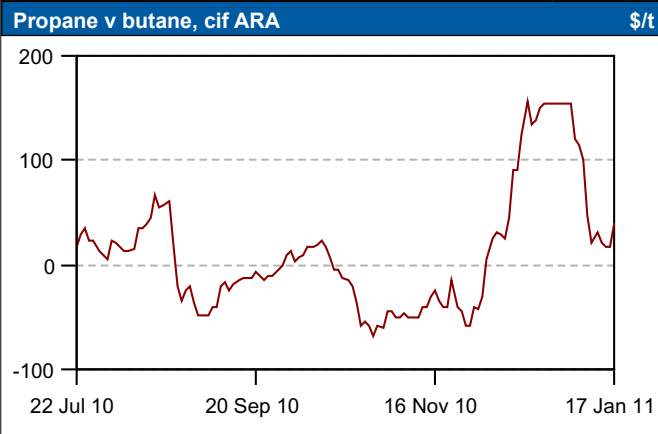
ARA propane prices dropped as mild weather tempered end user demand. Selling indications out of terminals were heard at \$980/t fca, while a regional trader sold a 135t railcar parcel and a 200t truck lot at \$980/fca/fot for loading this week. But many German buyers preferred to wait for prices to drop lower, with stock levels said to be comfortable with cold weather yet to fully arrive. In the barge market, a prompt loading parcel was heard struggling to find any buying interest at the current prices. Furthermore, barge flows in the south Rhine continue to be disrupted following the chemical accident last week.

ARA butane barge prices moved higher towards cif ARA coaster prices, with buying interest still strong from blenders. Other potential buyers were heard indicating at around \$845/t cif ARA for January tonnes, but prompt requirements were said to be mostly covered. Other notional price discussions were heard in the \$840s-850/t cif range.

**REPORTED DONE (\$/T):**

- 980 fca AGT (propane railcars, 135t, ldg this week)
- 980 fot AGT (propane trucks, 200t, ldg this week)

**Northwest Europe cont**



**INTERNATIONAL SWAPS:**

Trade on the European cif ARA swaps market got off to a strong start with levels shrugging off crude and naphtha falls following the recovery on physical markets. Propane prices also rose in value relative to naphtha for the remaining winter months.

The balance January swap rose by \$13/t and was assessed at \$911/t while the February swap settled out at \$897/t. The market retained its steep backwardation in structure with the January/February cif ARA spread assessed at \$14/t and the February/March spread widening to settle out at \$48/t.

Propane/naphtha spreads were assessed sharply higher with the balance January spread widening to +\$50/t. The February propane/naphtha similarly rose to +\$31/t while the March discount narrowed in to -\$14/t.

European swaps continued to trade about the Asian market for the January and February months with AFEI/cif ARA spreads settling out at -\$16/t and -\$5/t.

**REPORTED DONE:**

- 911 January cif ARA (propane swap)
- +15, +18 January/February cif ARA (propane spreads)
- +28, +30, +35 February (propane/naphtha spreads)
- +75 Q2 (propane/naphtha spread)
- 877 February FEI (propane swap)

**International swaps**

Propane swaps northwest Europe \$/t				
February	+12	895	899	+12
March	+8	847	851	+8
April	+4	794	798	+4
May	+4	774	776	+2
June	+4	769	773	+4
July	na	769	773	na
1Q	+10	883	887	+10
2Q	+10	784	788	+10
3Q	+10	781	885	+110

Naphtha swaps northwest Europe \$/t				
February		865.00	867.00	
March		862.00	864.00	
April	na	859.00	861.00	na

Propane CP swaps Middle East \$/t				
February	+10	873	877	+10
March	+8	850	854	+8
April	+14	821	825	+14

Argus Far East Index™ propane swaps \$/t				
February	+8	878	882	+8
March	+25	870	874	+25
April	na	830	834	na

**MEDITERRANEAN:**

Large cargo propane prices were assessed higher and reflected price gains in northwest Europe. Butane prices were assessed unchanged.

Small cargo propane prices fell with the northwest European coaster market. Small cargo butane prices were steady in a quiet market.

**FSU:**

Propane-butane mix prices at the Belarus-Poland border eased due to limited buying interest and amid increased cargo availability. But no new deals were heard concluded.

The propane daf Brest market was quiet, but railcar prices were assessed lower due to weak demand and unseasonably warm weather in Poland.

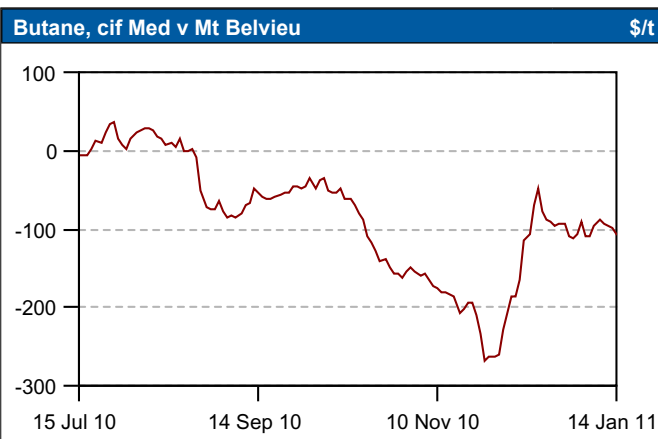
Activity in the Ukrainian Black Sea ports was extremely quiet, and no propane-butane mix spot cargoes were reported sold.

**MIDDLE EAST:**

Propane spot differentials edged lower.

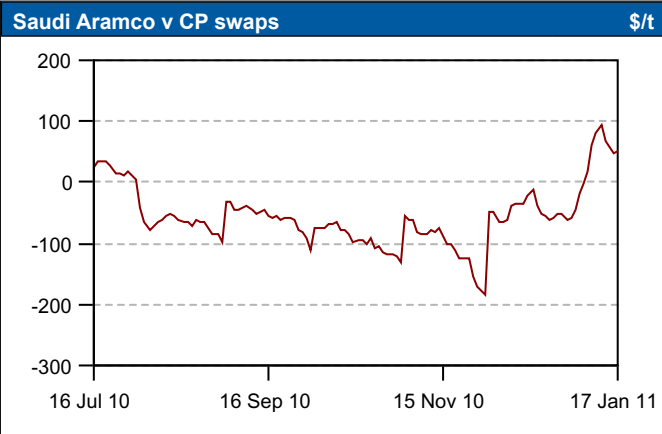
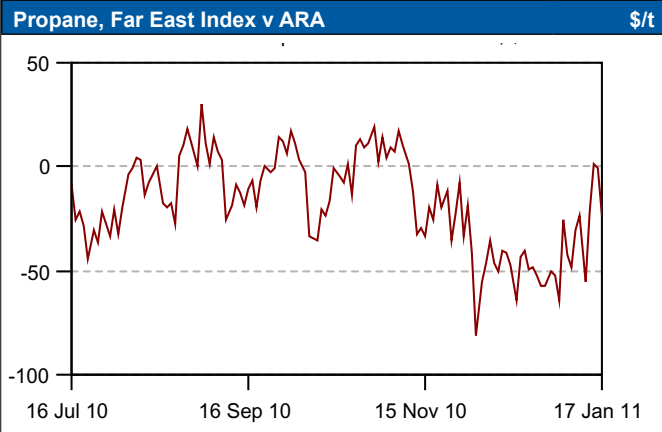
Market sentiment was mostly bearish on propane, with a build-up of supply expected from some Middle East producers.

**Mediterranean**



**Middle East**

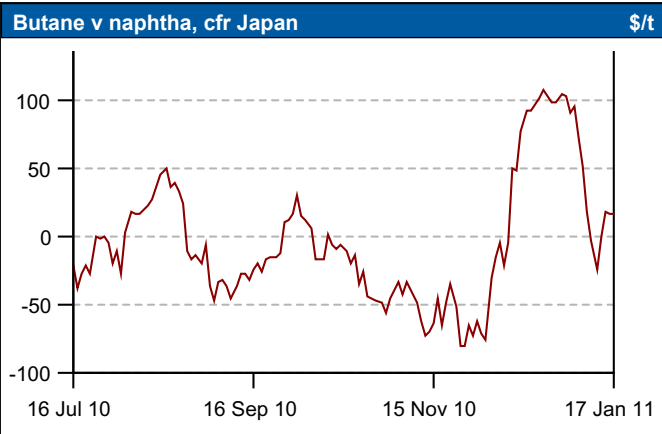
fob averages				\$/t
February	Propane	0.833	Butane	1.5



**Asia-Pacific**

Argus Far East Index™ averages				\$/t
January	Propane	889.85	Butane	873.35

11+11 propane/butane mix averages				\$/t
January	Argus Mixed Index	881.5		



Outlook for February CP was weaker than January, with February propane CP swaps reported to have changed hands between \$867/t - \$871/t before the close of Asian trade.

Butane supply continued to be tight, with butane fob differentials being discussed at higher levels than propane.

**ASIA-PACIFIC:**

**REFRIGERATED:**

Spot prices moved lower.

The largest price fall was noted for 22,000t butane cargoes, amid a complete lack of buying interest in the market from Japan, Korea or China.

Some notional buying interest was noted at February naphtha quotes -\$30/t, for second-half February arrival into Japan. Argus assessed values for 22,000t butane cargoes at February naphtha -\$25/t, or at \$858/t, basis Japan and south China during 11-26 February arrival.

The butane assessment placed the propane-butane differential at \$27/t, which was in line with market consensus of a spread between \$25-\$30/t.

Argus assessed prices for 22,000t propane cargoes at \$885/t, basis Japan and south China, for 11-26 February arrival.

The assessment was on the back of a deal concluded between two European traders at the February CP +\$14/t which was calculated at \$885/t.

The same buyer was expected to bid again soon for a 22,000t propane cargo.

But some market observers were cautious about making a bullish stance, citing ample supply from the Middle East with backwarrantation in the market assessed at \$10/t between second-half February and first-half March arrival cargoes on the physical market.

Meanwhile, prices for 11,000 + 11,000t cargoes eased, with a trader offering a split cargo at \$875/t, for delivery during second-half February.

Argus assessed prices for 11,000 + 11,000t cargoes at \$870/t basis Japan and south China for 11-26 February arrival - \$1.50/t lower than the midpoint value between propane and butane cargoes.

Some Chinese buying interest was reported at \$810/t for mixed ratio cargoes during February arrival, but the price level was thought to be too low to generate firm offers.

**PRESSURISED:**

Prices eased in line with lower refrigerated values and falling

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China wholesale prices					yuan/t
<b>East China terminal prices</b>					
Ningbo ex terminal	-100	6800	6900	-100	
Wenzhou ex terminal		6800	6900		
Taicang ex terminal	-100	7000	7100	-100	
Shanghai ex terminal	-100	6900	7000	-100	
Zhangjiagang ex terminal	-100	7000	7100	-100	
Fujian ex terminal		7000	7100		
<b>East China refinery prices</b>					
Shanghai ex refinery		6400	6500		
Zhenhai ex refinery	-150	6400	6600	-150	
Yangzi ex refinery	-200	6240	6260	-200	
Fujian ex refinery	-150	6750	6800	-150	
Gaoqiao ex refinery		6400	6500		
Qingdao ex refinery	-100	6050	6150	-100	
<b>South China terminal prices</b>					
Zhuhai ex terminal	-50	6900	7000		
Shenzhen ex terminal		7100	7200		
Raoping ex terminal		6900	6950		
Nansha ex terminal		7100	7200		
Shantou ex terminal	-150	6550	6650	-150	
Yangjiang ex terminal	-230	6630	6680	-230	
<b>South China refinery prices</b>					
Maoming ex refinery	-230	6600	6650	-230	
Guangzhou ex refinery	-110	6750	6800	-110	
<b>Northeast China refinery prices</b>					
Daqing ex refinery	+100	5400	5500	+100	
Dalian ex refinery		5650	5750		
<b>Northwest China refinery prices</b>					
Urumqi ex refinery		5095	5145		
<b>Inland China refinery prices</b>					
Lanzhou ex refinery		5900	5950		
Yan-An ex refinery	-150	5700	5800	-150	

**US****US non-LDH averages**

¢/USG

	Propane	Assessed	Butane	
	not assessed			-

**Mont Belvieu propane forward market**

¢/USG

	Propane	Assessed	Butane	
	not assessed			

February CP swaps.

Importers in south China are looking to import cargoes for end-January delivery in the \$850s/t cfr, although such levels have remained too low to entice any selling interest.

Selling ideas from Chinese terminal operators were heard at the February AFEI +\$20/t, or at around \$895/t fob for prompt cargoes. But no demand surfaced.

A Vietnamese importer bought around 1,000t for February arrival at the February CP + high-\$60s/t cfr. Fresh offers were heard at around the February CP + \$70/t cfr Vietnam.

Chinese domestic prices edged lower on the back of market bearish sentiment.

In south China, ex-terminal prices were largely steady on the back of tight supply. Prices at Zhuhai dropped by 50yuan/t to Yn6,900-7,000/t in an effort to boost sales.

Prices at Shenzhen and Nansha were left unchanged at Yn7,200/t, supported by limited production. Prices at Shantou fell by Yn150/t to Yn6,650/t in sluggish demand.

Maoming refinery cut prices by Yn230/t to Yn6.650/t owing to growing inventories, and Guangzhou refinery lowered prices by Yn110/t to Yn6,800/t after the higher prices were met with some resistance from buyers. A few arbitrage cargoes arrived from south China, and were priced at Yn6,600/t.

Ex-terminal prices in east China moved lower. Prices at Ningbo, Taicang, Zhangjiagang and Shanghai fell by Yn100/t to Yn6,900-7,100/t on the back of thin market discussion.

Leading refinery Zhenhai in east China lowered prices by Yn150/t to Yn6,600/t due to thin buying interest, and Yangzi refinery cut prices sharply by Yn200/t to Yn6,260/t with poor local sales. Fujian refinery reduced prices by Yn150/t to Yn6,800/t on the back of growing inventories.

Qingdao refinery in Shandong lowered prices by Yn100/t to Yn6,150/t in thin local buying interest.

In north China, prices at Daqing increased by Yn100/t to Yn5,500/t on brisk sales and low stocks.

In inland China, Yan'an refinery cut prices by Yn150/t to Yn5,800/t, mirroring the price drop in south and central China.

**US:**

There are no US assessments or commentary owing to a public holiday.



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#### Methodology

Argus price assessments for the International LPG market reflect a consensus of informed market perspectives on a daily basis for quoted grades in Europe, Asia-Pacific, the Middle East and the US. The Argus methodology is inclusive, diverse and integrated and it covers many aspects of regional trade, including deals done, bids, offers, forward curves, refinery economics, arbitrage opportunities, and the weather. In the absence of liquidity, Argus uses its knowledge combined with a market consensus to establish a reliable buy-sell range.

Argus' time stamp is 4:30pm London time for northwest Europe, the Mediterranean and the Mideast quotations; 5:30pm Singapore time for Far East quotations. US prices reflect the low and high of deals done between 8:00 am and 4:00 pm central time. US forward curve prices represent a time stamp at 1:30 pm central time.

NWE large propane cargoes are 7,000-20,500t and field grade on a cif ARA/UK basis, and NWE large butane cargoes are 7,000-12,000t. NWE coasters are up to 2,000t, pressurised vessels and up to 20pc olefins. ARA barges are 1,000t. Mediterranean large cargoes are 5,000t and chemical grade. Mediterranean small coasters are 2,000t and commercial grade. Mediterranean FCA includes rail and truck and is commercial grade for 600t. Prices are US dollars/t. FSU coasters are 1,800-4,000t fob Ukrainian Black Sea ports (Odessa, Ilyichevsk and Kerch) Railcars are 100t to 1,500t daf Brest (Belarus-Polish border). Argus RBS (Romania, Bulgaria, Serbia) propane-butane mix prices are in US dollars/tonne. Railcars are 100-500t. Basis is daf D'yakovo/Halmeu and Reni/Giurgiulești/Galați on the Ukraine-Romania border. The timing is for railcars lifting 5-30 days forward. Time stamp is 5:30pm Moscow time. Mideast Gulf cargoes are 5,000-10,000t refrigerated and field grade. Asia cargoes for Japan, Taiwan, south China, east China and Australia are 20,000t, refrigerated and field grade; and for China are 2,000t, pressurised and mixed 30:70 propane:butane. Indian cargoes are 10-15,000t refrigerated and field-grade. Prices are US dollars/t. Gulf, east China and south China quotations are premium or discounts to Saudi Aramco's contract price (CP).

The US Mont Belvieu low and high prices represent a minimum of 10,000 bl minimum for all grades, fob Mont Belvieu, Texas storage. US prices are cents/USG. The conversion factors for the Mont Belvieu prices are 12.42bls/t (propane) and 10.76 bls/t (n-butane). Mont Belvieu prices are quoted on an "Any Month" basis and roll at the end of the calendar month. Propane swaps basis Mont Belvieu LDH storage are quoted for first three months forward and next quarter. Swaps for forward months roll at the end of the calendar month. Quarter assessments will roll at the end of the previous calendar quarter; i.e., on 1 April, 2Q assessments will end and 3Q assessments will begin.

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