

## Americas Flow Highlights

**US crude flows surge and Asia  
attracts gasoline flows**

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This presentation has been compiled  
under the guidance of



**Pamela Munger**

Senior Market Analyst

# Crude: US reverts to seaborne net exporter in October

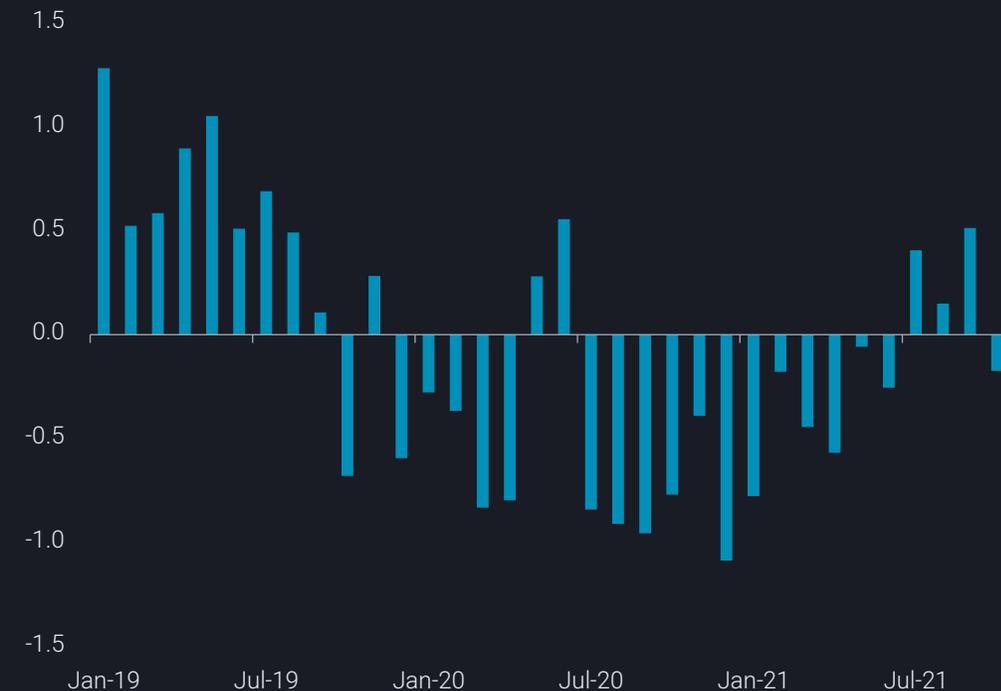
Rising global demand for light sweet crudes amid seasonal refinery maintenance on the US Gulf Coast has pushed the US into a seaborne net exporter for crude/condensates for the first time since June (see chart)

- Total seaborne crude/condensate exports from US ports rose to a 3-month high of 2.8mbd in October
- US seaborne crude imports dropped to 2.6mbd in October, down 0.5mbd m-o-m and marking the lowest level seen since April

US crude, especially light sweet, has become increasingly attractive with strong refining margins globally and soaring desulphurisation costs in LNG-priced natural gas and hydrogen markets

- US crude exports to Europe reached 1.25mbd in October, matching the 12-month high set in August
- However US crude exports could be challenging in the coming weeks as PADD 3 runs pick up post maintenance, and the call on US refining could rise to unseasonably high levels
- It will be interesting to see whether soaring WTI differentials are rather alienating domestic or foreign buyers of US crude

US seaborne crude/condensate net imports (kbd)



[Get live data on platform](#)

# Are rising OPEC+ exports a threat for US producers?

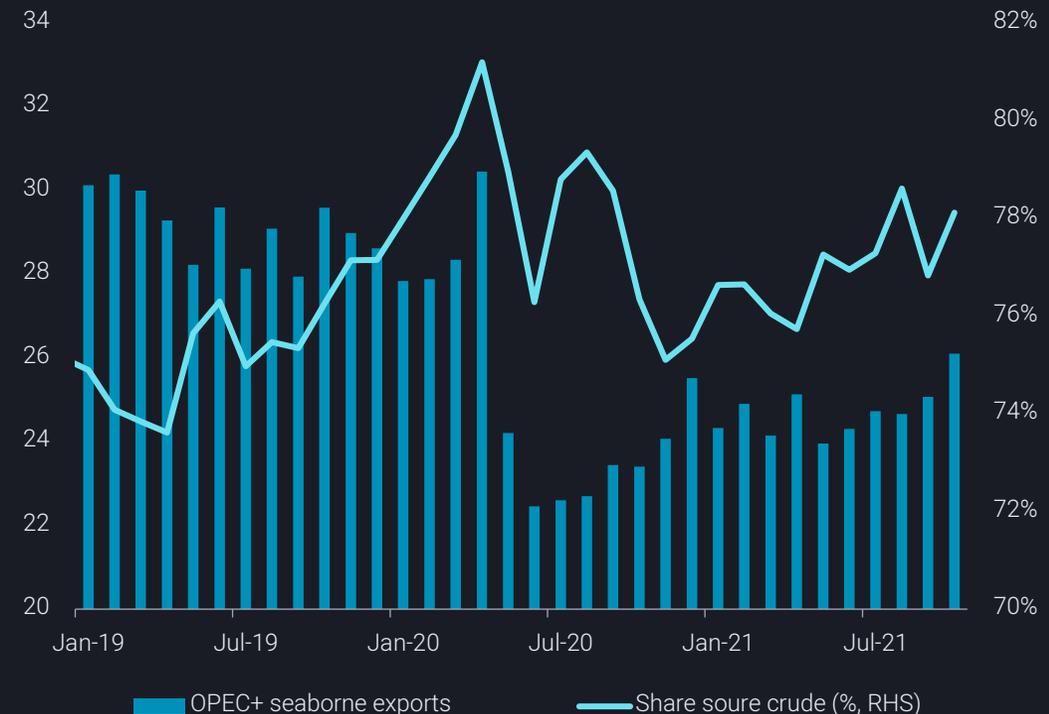
Usually US oil producers will have a close eye on [OPEC+ output increases](#), fearing a loss in market share and pressure on outright prices

- The situation may be different now, as most market participants agree that the overall supply picture will remain tight ([listen in to Clay Seigle's interview on CNBC](#))

Crude quality aspects could even incentivise higher US crude exports

- US refiners will be relatively well positioned to digest more sour crudes and more [Russian dirty feedstocks/fuel oil](#)
- This is thanks to more complex refinery set-ups and much cheaper natural gas and hydrogen costs
- Albeit doubling, US natural gas prices are about five to six times lower than those in Europe or Asia
- In importing more sour and heavier barrels, US light sweet crudes would be freed up for export especially to Europe, but potentially also Asia
- Refiners in these markets are faced with the challenge of producing more of all clean products, but with a strong eye on low processing costs and hydrogen needs

**OPEC+ crude/condensate exports (mbd) and share of sour crude (% , RHS)**



[Get live data on platform](#)

# Aframax tonne-miles declined but higher US crude interest could trigger a rebound

Tonne-mile demand for Aframaxes declined, [reaching their lowest value since early June](#).

- This is likely due to the widening freight rate spread between Suezmaxes and Aframaxes which was assessed at more than \$10/t on 20th October

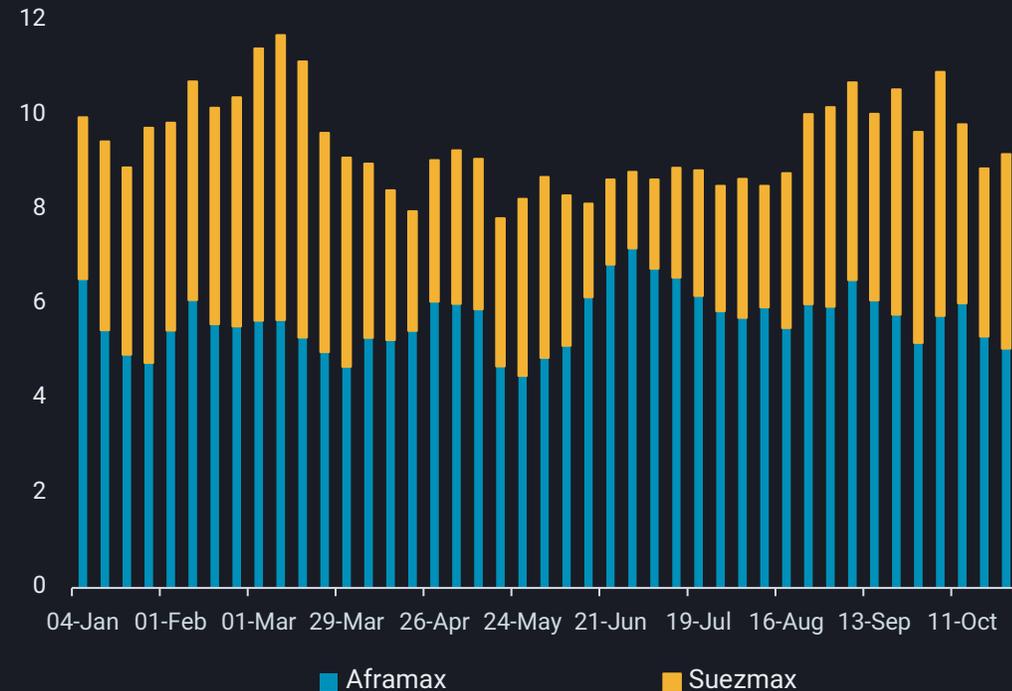
This development driven charterers to load their cargoes on [inbounding Suezmax ballasters](#)

- .This was reflected in the drop of USG - Europe Aframax rates, around 20% over the last 10 days
- However, with the current spread narrowing \$6/t, a prospective rebound of Aframax employment could be on the table, but [prompt tonnage availability](#) could dampen an increase in rates

Strong European interest for light-sweet crude could also underpin an increase in Aframax utilisation

- The [final week of October](#) had the highest crude volume loaded for Europe from USGC since April

USGC origin tonne-miles (bt) by week



[Get live data on platform](#)

# VGO imports at historic lows as PADD 3 plagued by shutdowns

The US is struggling to meet domestic refined product demand while product stocks especially for gasoline and diesel fall to the low end of the five-year range

Margins have been signalling refiners to run, however several unplanned shutdowns in the Gulf Coast have dampened supply

- [Dirty feedstock \(excl. fuel oil\) imports into the USGC](#) ended October at 93kbd, their lowest level in 8 months.
- [Russian dirty feedstock exports](#), the key supplier to the US and Europe, fell over 100kbd from August to September and remain at historical low export levels for October likely due to heavy turnaround season

The rising cost of desulphurisation has apparently led to reduced runs of hydrocrackers in Europe, [although dirty feedstock imports look to be at seasonal norms](#)

The IEA sees hydrogen adding up to \$5/b to the cost of processing a barrel of crude, while other energy inputs also soar

Dirty refinery feedstock discharged into the US by month (kbd)



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# Fuel oil: Americas exports hit 13-month high

Driven by higher HSFO supplies from Mexico, fuel oil exports from the Americas hit an annual high of 800kbd in October

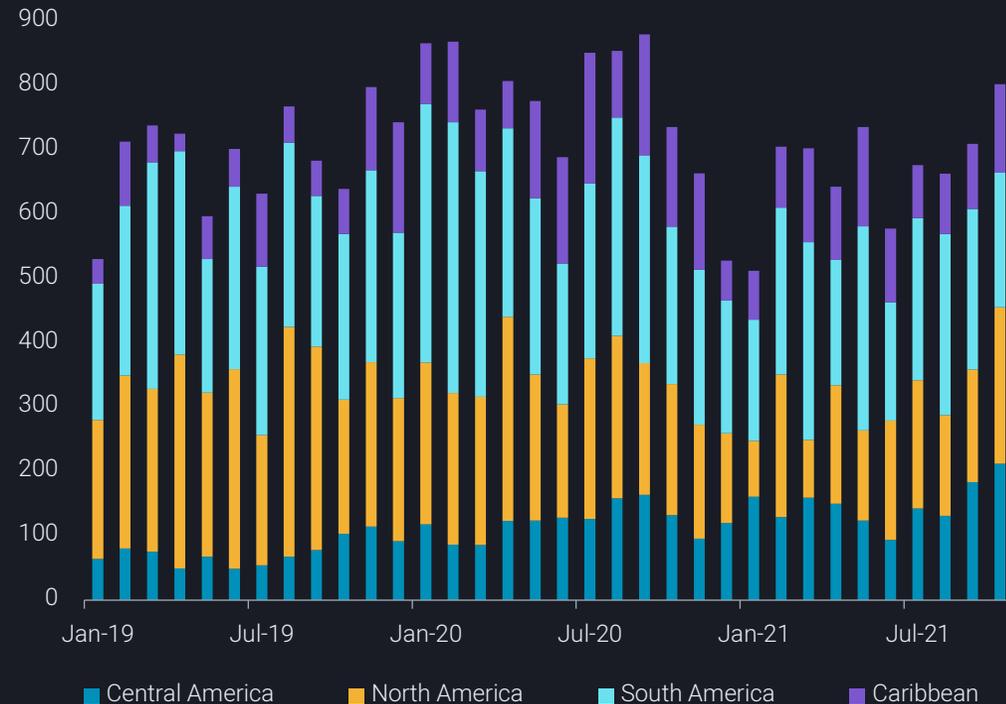
Mexican exports are benefitting from higher domestic refinery runs, flowing in a refinery- complexity arbitrage predominantly to the US where they feed secondary refinery units

→ [October levels hit 215kbd](#), a data-set high (starting 2016) and more than twice the average 2019 level

Exports from other American origins have been generally lower during the past 12 months, compared to the previous period

→ Higher outflows in October have been dominated by high-sulphur barrels and could have been triggered by strong price increases over late August and September

Americas fuel oil exports (kbd)



# Gasoline: Asian demand pulls barrels away from WAF

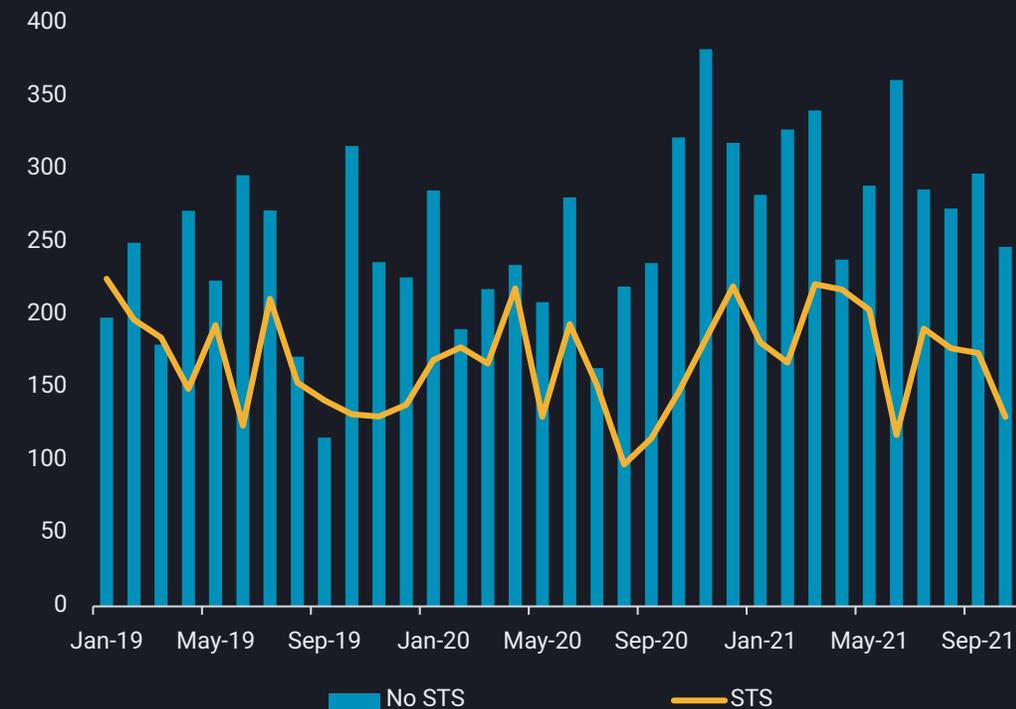
The strong Asian demand pull is weighing on supplies to other destinations, including the West African market

- [Nigerian imports fell sharply from September to October](#) and look to continue the trend in November
- Even with the total decrease in gasoline imports into WAF, [gasoline arrivals from vessels loading in the Middle East and performing STS operations](#) have increased for the third consecutive month from August to October
- [Vortexa is tracking 3 US-origin vessels](#); 2 from Port Arthur and 1 from Houston heading toward Nigeria and Ghana for discharge mid-late November
- Nigerian gasoline demand surpassed 2019 levels according to JODI data

Gasoline barrels are moving into Asia from as far away as PADD 3, with [Japan as primary destination](#)

- [Some cargoes are also moving from Europe to Asia](#)
- [We expect PADD 1 gasoline imports to fall for third consecutive month in November](#)

Gasoline imports into West Africa including and excluding STS operations (kbd)



Get live data on platform ([only STS](#), [excluding STS](#))

# TC2: MR rates spike – but for how long?

Over October MRs leaving Europe towards both Africa and PADD 1 increased:

- Average monthly [utilisation](#) for MRs carrying gasoline from Europe to Africa surged by around 40% in October
- At the same time, limited PADD 1 diesel supply led to a yearly high for the diesel-carrying [MR utilisation and tonne-miles](#) for the traditionally gasoline-dominated Europe – North America route.

As a result, potential [MR tonnage availability](#) in the UKC saw a sudden drop throughout the mid of October, which in turn resulted to a 30% spike on the UKC – North America (TC2) route for the week ending 24 October, according to Argus Media assessments

- Due to this rise in rates, however, owners are looking to employ their vessels in Europe and as a result MR tanker availability for a 6 - 14 day forward window is on an upward trajectory since 12th of October

TC2 freight rates (\$/t) vs MR potential availability in UKC (RHS -no. of vessels)



Source: Argus Media

UK - US freight rates

Availability

# Diesel: Asia & Middle East step in to supply South America

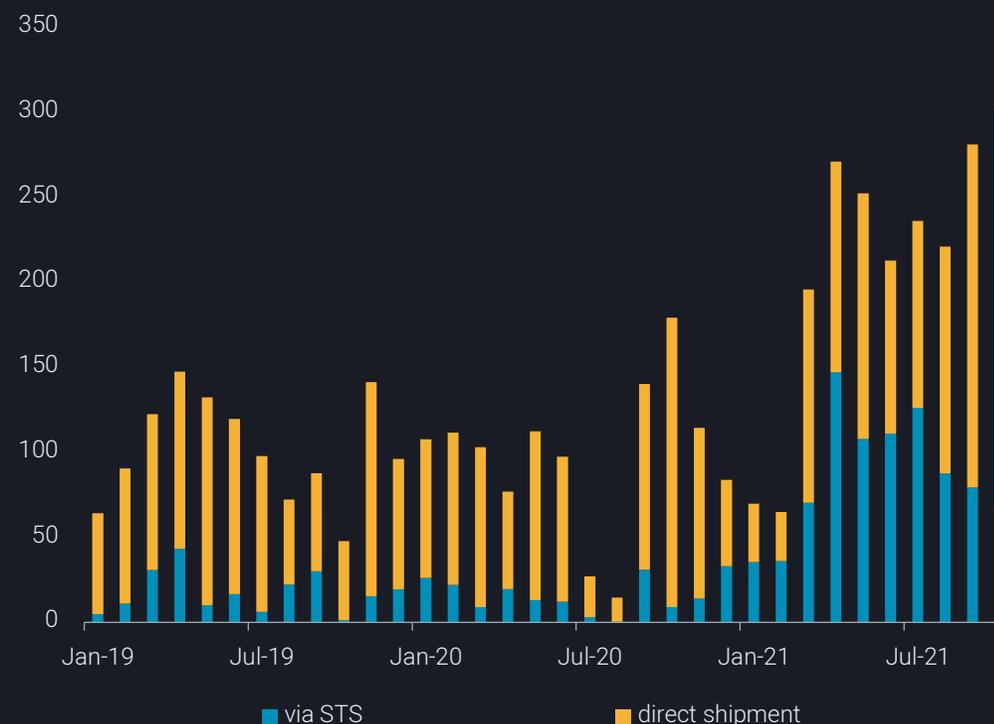
[South American diesel imports](#) fell slightly in October to 715kbd, down 60kbd from September, but still clearly above historical levels

Asian and Middle Eastern supplies continue to gain market share, having supplied 300kbd of October imports

- 42% of external supplies have therefore come from Asia and the Middle East in October, vs the 2019-2020 average of 18%
- Most of the gain in market share comes at [the cost of the US](#)
- In contrast to last spring's flows, most shipments are now directly moving to South America, skipping STS transfers typically taking place off West Africa

This pattern is unlikely to be sustained much longer, given seasonal demand declines in South America and likely rising exports from the US

### South American diesel imports from Asia & Middle East (kbd)



Get live data on platform ([only STS](#), [excluding STS](#))

# Despite firm LPG prices, rising freight flows remain steady

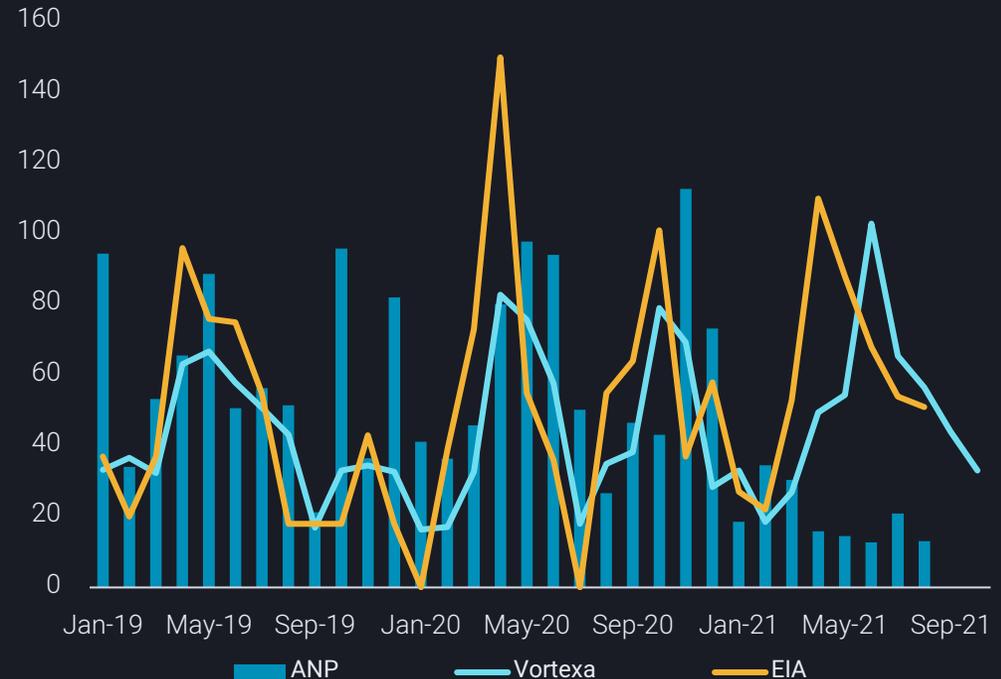
LPG contract prices have reached a multi-year high while flows remain steady, supporting healthy freight rates

- Overall VLGC employment remains [high](#), global departures averaged [3.47mbd](#)
- VLGC demand in the [Middle East](#) has increased activity [East of Suez](#)
- VLGC availability in the [USGC](#) has decreased owing to increased delays at the Panama Canal

ANP (Brazil) statistics understate LPG imports into the country as the number of private terminals has increased

- Vortexa data correlates strongly with EIA and provides a much more complete account of US LPG flows to Brazil than ANP

US LPG exports to Brazil (kbd)



[Get live data on platform](#)

# Thank you

## London

Vortexa Ltd.  
Portsoken House  
155 Minories  
London – EC3N 1LJ

## Singapore

Vortexa Asia Pte Ltd  
60 Anson Road  
17-01 Mapletree Anson  
048424 Singapore

## Houston

Vortexa Inc.  
2200 Post Oak Blvd, Suite 1000  
Houston, TX 77056  
USA



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[www.vortexa.com](http://www.vortexa.com)