



Asia Market Spotlight

Refining runs play catch-up on demand

Key Takeaway

China's independent refiners continue to offload their crude floating storage cargoes this month, after receiving more import quotas in October. Refiners in the Shandong province are also bringing in more crude supplies from other parts of China, resulting in a record high intra-flows to Shandong.

A sharp hike in Saudi crude's December OSPs to Asia amidst firm oil prices will see refiners paying more for their crude purchases next month. Despite such unwelcome news, tight clean product supplies regionally will bolster refining margins, giving refiners the incentive to keep their crude runs high.

Robust diesel demand and lower exports from China and South Korea, has seen Singapore's net diesel exports growing strongly and inventories drawing to a one-year low. Combined with increased gasoline trade within the region, MR tanker employment has seen a surge in the last two weeks, supporting tanker rates.

This presentation has been compiled under the guidance of



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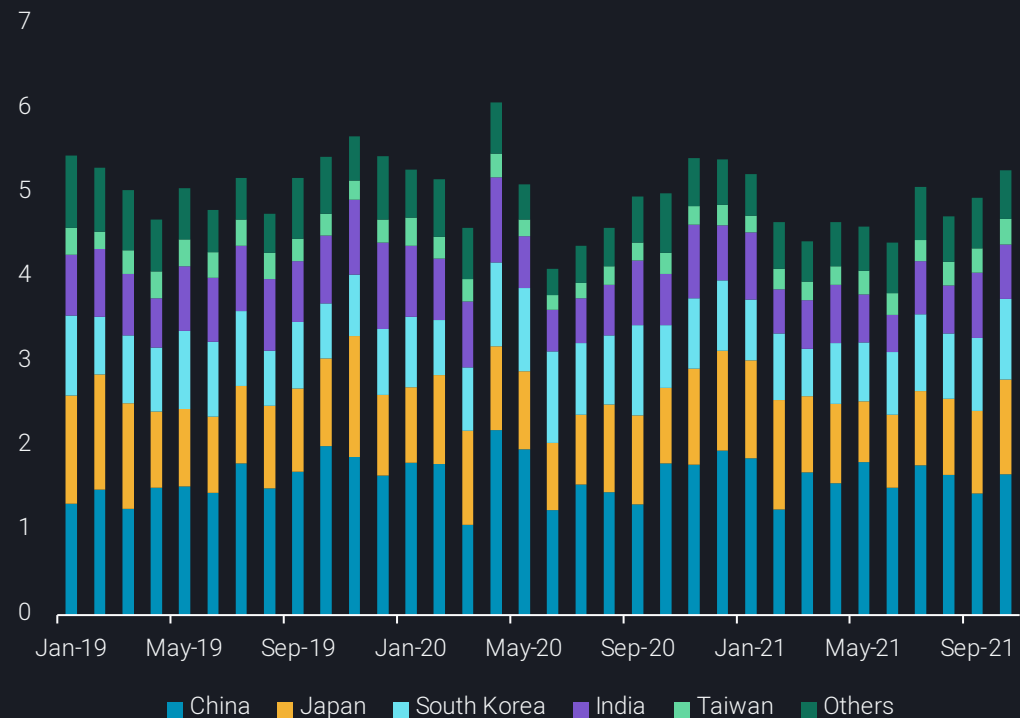
Asian refiners pay higher prices for crude

Oil prices are climbing again after a brief respite last week. OPEC+ has re-affirmed its stance to stick to its production plan, keeping the oil market tight as the upside from non-OPEC producers remains limited

In a second blow to Asian refiners, Saudi Aramco has announced a sharp hike in its December crude OSPs to Asia

- Saudi crude exports to Asia have risen in recent months driven by wide Brent-Dubai differentials
- Around 5.3mbd of Saudi crude were loaded for Asia last month, rising for the third consecutive month, with the bulk of the increase heading to China, Japan and South Korea
- Saudi Aramco has kept its crude prices competitive to Brent-linked Waf and Atlantic Basin crudes even after the OSPs hike
- Despite the OSPs hike, Asian refiners are likely to maintain strong purchases of Saudi crude amidst tight regional supplies of clean products

Saudi crude exports to Asia (mbd)

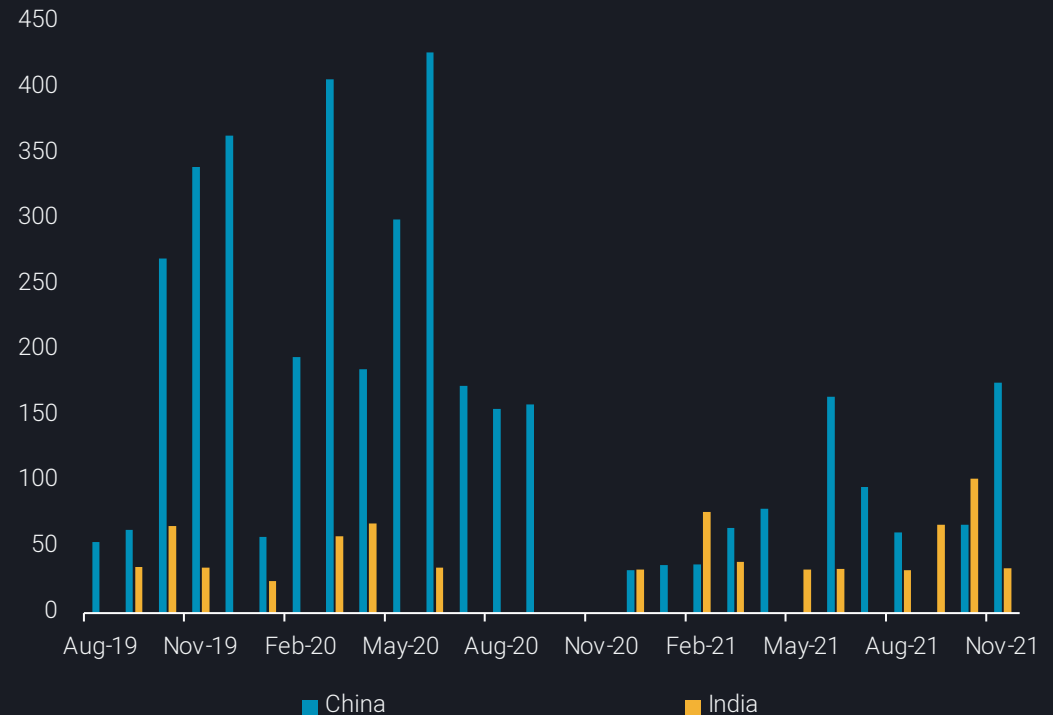


More Russian Urals headed to China and India

Russian Urals crude has regained popularity among Chinese and Indian refiners, with arrivals in November projected to reach 210kbd, the highest seen since June 2020

- Chinese refiners have looked for the middle distillate-rich crude to [meet the country's soaring domestic diesel demand](#), while Indian refiners complemented their slate amid rising crude runs
- Urals was offered at attractive discounts between H2 Sep and H1 Oct due to higher supplies available for exports during Russia's autumn refinery maintenance
- Seaborne exports of the crude reached a four-month high of 1.8mbd in October, with the largest mom increase in loadings seen at Primorsk
- With the return of Russian refineries post maintenance, Urals' export availabilities have tightened this month, reflecting in the narrowing of its differentials to Brent which makes it less attractive for Asian refiners

Urals crude arrivals in China and India (kbd)



[Get live data on platform](#)

Shandong refiners draw crude stock from other provinces

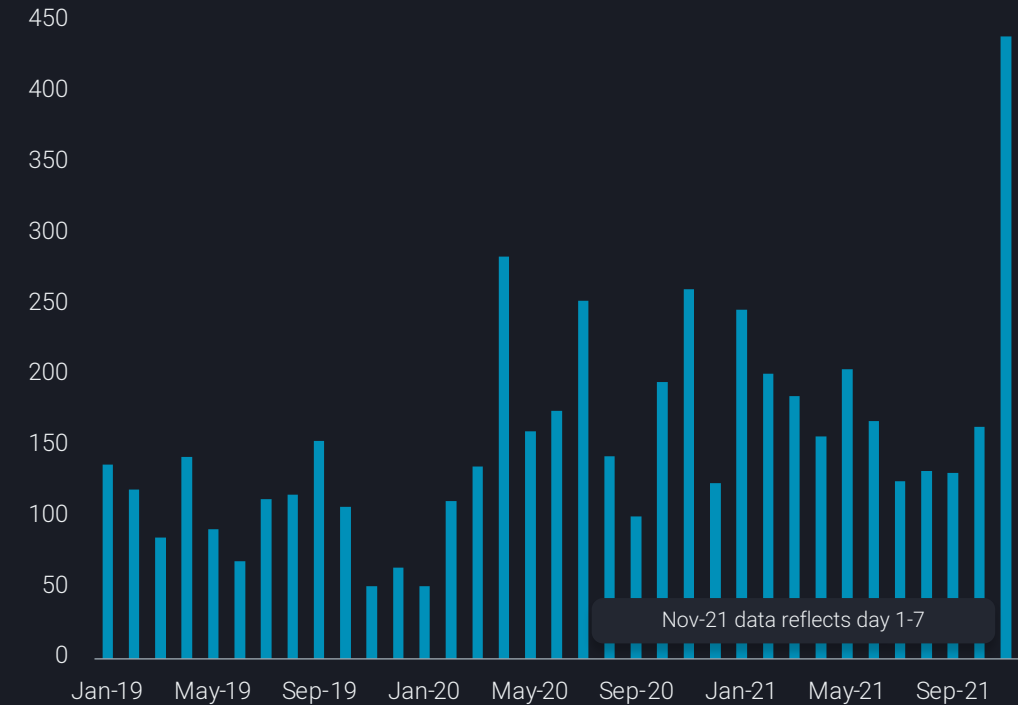
[Shandong crude imports are recorded at 1.5mbd in the first week of November](#), down from October's 2.8mbd, as independent refiners accelerated offloading floating cargos after they received the long-awaited 4th batch of crude import quotas on Oct 15

- Brazilian imports jump to 450kbd in Nov 1-7, compared to 155kbd a month ago, as refiners expected to receive new quotas before Oct 1 and booked these middle-distillate-rich grades in advance

While [Shandong commercial crude inventory has been drawn down to an 18-months low at 148mb](#) as of Nov 4, Shandong refiners are drawing crude stock from other provinces, instead of booking fresh expensive spot barrels

- Intra-flows to Shandong surge to 440kbd in Nov 1-7, compared to 130kbd recorded in Q3
- Cargos were mainly drawn from commercial storages in Dalian, Zhoushan and Zhanjiang
- Near 50% of the cargos were received via port of Rizhao

Shandong crude inflows from other provinces of China (kbd)



[Get live data on platform](#)

China cut naphtha imports as domestic production pick up

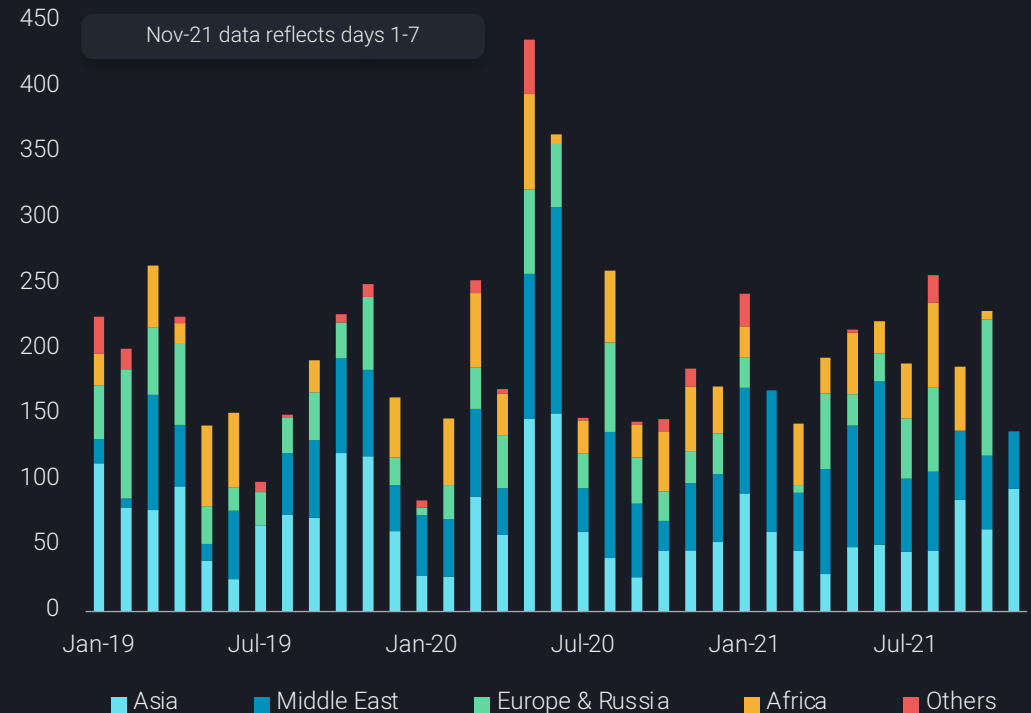
China's naphtha imports are set to ease in November, with inflows recorded at 140kbd in Nov 1-7, mainly from nearby South Korea

- China received more arbitrage barrels from Europe in October, as wide propane-naphtha spreads propelled petrochemical producers to turn to naphtha as ethylene cracker feedstock
- No Western arbitrage arrivals are recorded so far in November amid very high Atlantic Basin pricing in recent weeks
- A rare cargo from Papua New Guinea is scheduled to arrive at Ningbo on Nov 9, delivered by [CSC RISINGSUN](#)

Chinese state-run refiners PetroChina and Sinopec are raising diesel supply to meet demand by increasing refinery throughput this month

- This could also boost light distillate production and reduce seaborne naphtha demand
- In addition, ongoing maintenance at CNOOC and Shell's joint venture ethylene cracker in Huizhou could further ease some domestic supply tightness, with the 1mta unit taken offline for a 50-day turnaround in late October

China naphtha imports by region (kbd)



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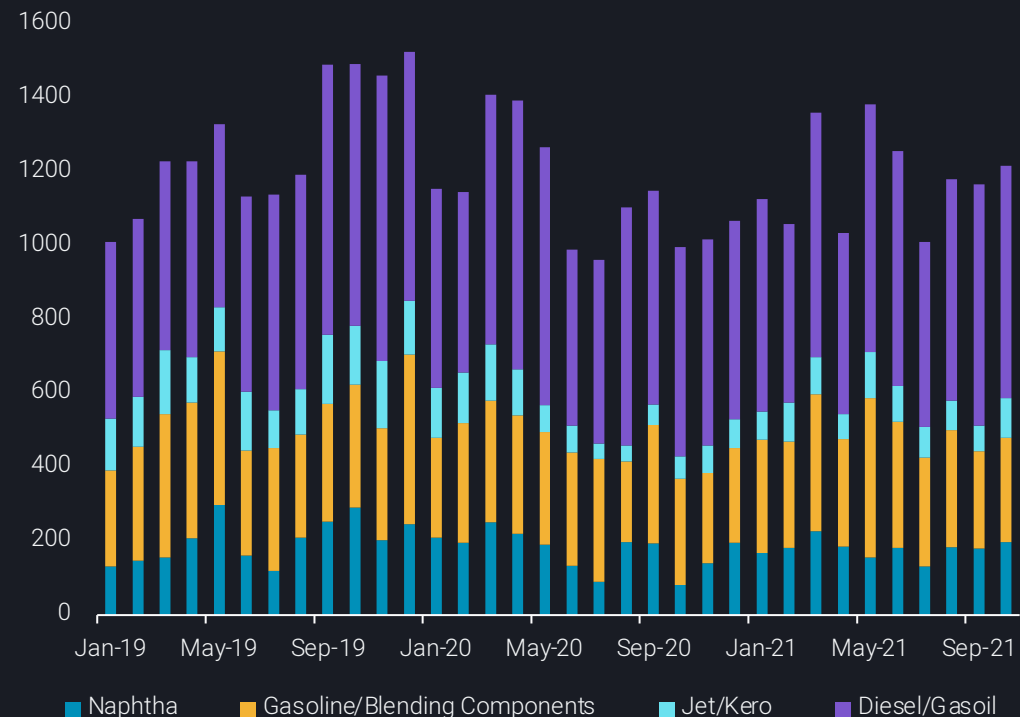
India's clean product exports rise despite growing domestic demand

India's clean product exports climbed marginally in October, despite higher domestic demand

- Increased travel and industrial activities during the festive season have boosted domestic demand across the barrel
- But strong refinery runs and healthy export margins amidst global supply tightness have spurred clean product exports except for diesel
- October's naphtha exports were at a 7-month high of 200kbd, providing much-needed supply for North Asian refiners

A robust domestic demand and prevailing clean products tightness in Asia is expected to sustain strong refinery runs and export momentum in the coming weeks

India clean product exports (kbd)



[Get live data on platform](#)

Gasoline spurs MR demand, pulling vessels to the East

Demand for MRs loading gasoline in the East of Suez indicate two interesting diverging metrics:

- [Utilisation](#) has surged by 24 MR tankers in the last two weeks
- Tonne-miles however have not risen proportionally, indicating that the product is retained regionally

Zooming in, employment of MRs out of Singapore and towards Malaysia, Australia and Indonesia reached a 2021-high throughout October

- Employment was mainly supported by gasoline volumes as MR [tonne-days](#) peaked

The higher gasoline trade demand in Asia is underpinned by the rising activity of MRs heading from West towards the East of Suez (see chart)

- However, increasing supply has kept Singapore – Far East MR rates flat

MR tankers located in the West vs the East of Suez (number of vessels)



Get live data on platform ([East of Suez](#), [West of Suez](#))

Singapore's diesel net exports surge to 5-month high

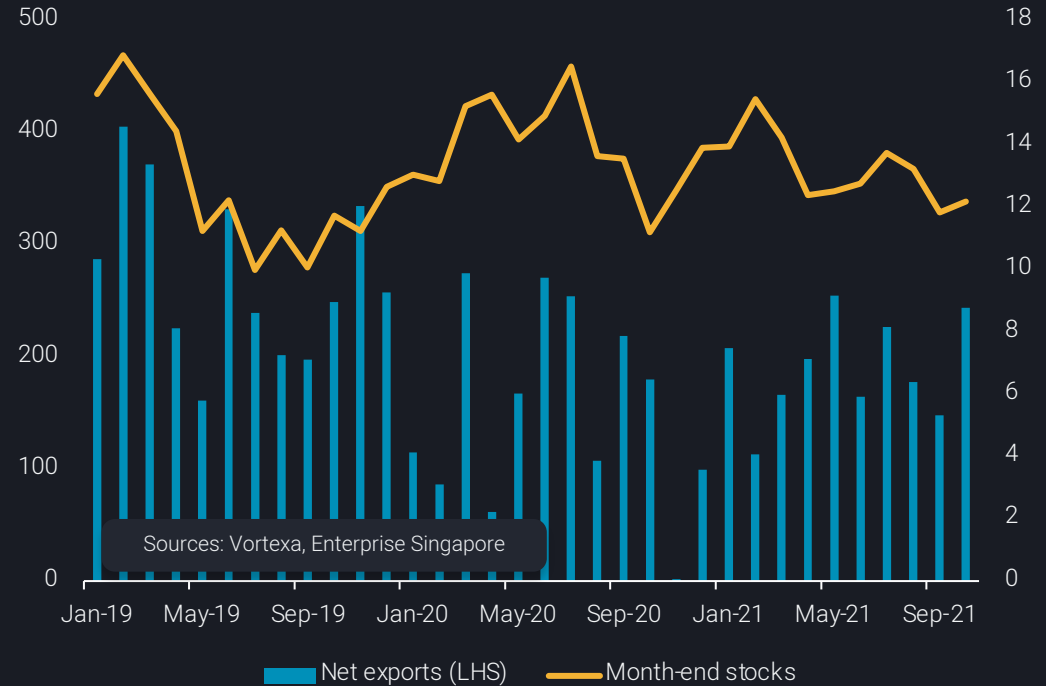
A sharp decline in diesel arrivals into Singapore amidst robust exports, has seen the country's net diesel exports soaring to a 5-month high of 240kbd in October

- Imports from South Korea saw the sharpest decline of 85kbd mom, as refiners diverted more barrels to Australia, China and Taiwan
- Total diesel exports from South Korea also dipped mom, as refiners optimized yields to produce higher-margin gasoline

Strong net diesel exports led to a draw of Singapore's middle distillates inventories to a one-year low of 9.6mb as of 2 Nov, according to Enterprise Singapore's data

The regional diesel tightness is expected to continue, in light of a further pullback in China's diesel exports this month, keeping cracks robust

Singapore diesel net exports and middle distillate month-end stocks (kbd, mb)



[Get live data on platform](#)

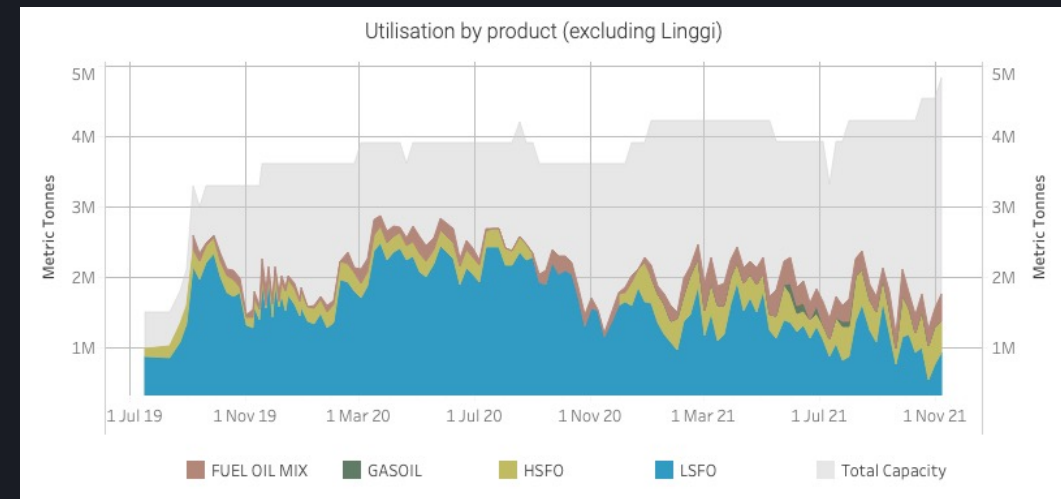
Singapore fuel oil floating storage highlights

Overall fuel oil inventory stands at 1.77mt (million tonnes), indicating a 156kt decrease wow

Inventory changes are mixed:

- LSFO inventory is 933kt, down by 196kt wow, a 17.4% decrease
- HSFO inventory is 452kt, down by 85kt wow, a 15.8% decrease
- Fuel oil mix inventory is 388kt, up by 125kt wow, a 47.5% increase
- Gasoil inventory is unchanged at nil

Utilisation by product (excluding Linggi)



Singapore floating storage inventory (excluding Linggi)

Vessel	Product	Charterer	Capacity (kt)	Fill (kt)	last week (kt)	Change (kt)	Fill %
AQUARIUS STAR	LSFO	Mitsui	299	208	184	24	70%
BRILLIANT JEWEL	LSFO	Vitol	305	148	190	-42	48%
CRYSTAL STAR	LSFO	Repsol	299	0	0	0	0%
CS BRILLIANCE	HSFO	Gunvor	300	100	115	-15	33%
CS DEVELOPMENT	HSFO		301	286	286	0	95%
CS INNOVATION	Fuel oil mix	PetroChina	300	49	26	23	16%
CS PROSPERITY	LSFO	Mercuria	311	32	0	32	10%
EAGLE VERONA	LSFO		320	0	304	-304	0%
EM LONGEVITY	GASOIL	Vitol	306	0	0	0	0%
EM SPLENDOUR	LSFO	Phillips 66	282	93	125	-32	33%
GRACE STAR	LSFO	BP/ Sinopec	313	177	87	90	57%
MY WAY	LSFO		314	0	0	0	0%
NAVE CONSTELLATION	LSFO		297	0	65	-65	0%
NEW GLOBAL	Fuel oil mix	New Ocean/ Alvari	306	0	0	0	0%
	HSFO	New Ocean/ Alvari	306	66	136	-70	22%
PHOENIX STAR	Fuel oil mix		307	111	0	111	36%
PIS PIONEER	LSFO		300	0	0	0	0%
SA EQUATORIAL	LSFO	Shell	300	0	0	0	0%
	Fuel oil mix	Shell	300	228	237	-9	76%
SEA HORIZON	LSFO	Mitsui	298	275	174	101	92%
Total:			6063	1773	1929	-156	37%

Inbound cargo movements

Receiving FSO	From Vessel	Origin Country	Origin Port	Date	Grade	Quantity (kt)
CS PROSPERITY	OCEAN PRIDE 1	Venezuela		02 Nov	Merey	100
GRACE STAR	PORTINARI	Brazil	Rio De Janeiro, RJ [BR]	03 Nov		14
PHOENIX STAR	ASAHI PRINCESS	Singapore	Singapore [SG]	16 Oct		19
	KIRANA QUINTYA	Malaysia	Port Dickson [MY]	28 Oct		18
SEA HORIZON	ACE SYNERGY	Brazil	Atlanta Field [BR]	06 Nov	Atlanta	103
			Parque das Conchas (BC-10) [BR]	01 Nov	Ostra	127

Thank you

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