



CPP Outlook for the Summer

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Andon Pavlov

Director of Oil & Tanker Research

Ines Goncalves

Lead Research Analyst, Gasoline

Zameer Yusof

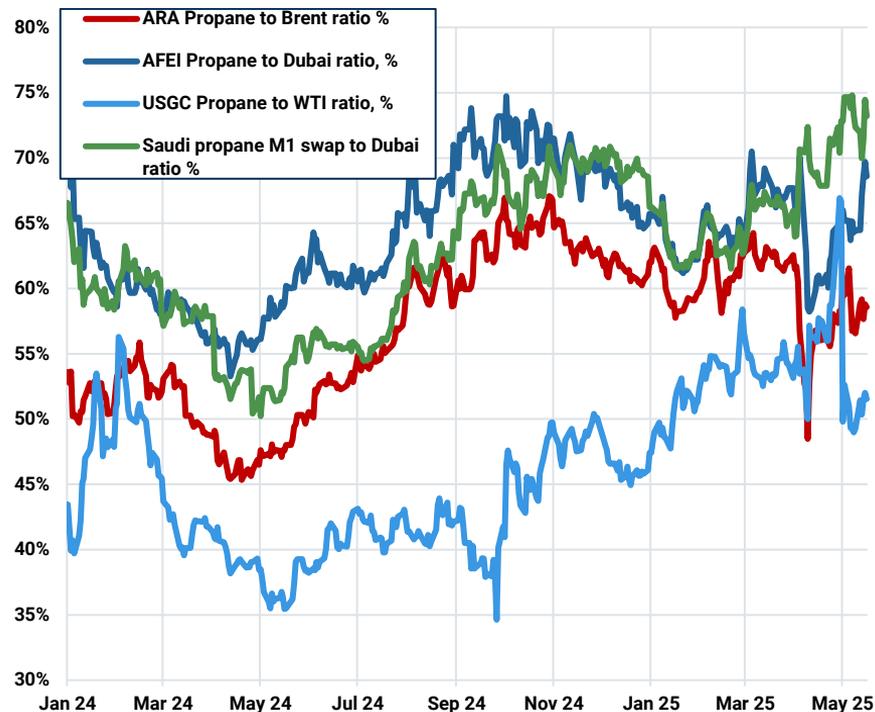
Senior Lead Research Analyst, Middle Distillates



US-China 90-day tariff truce: China's tariffs on US NGLs now 11%

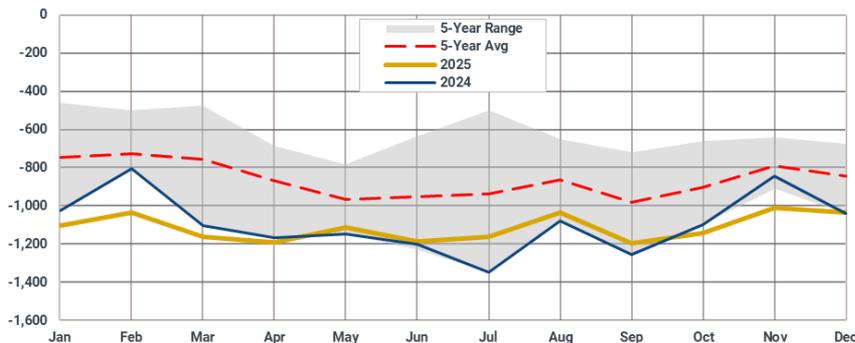
Pause means US ethane, LPG, ethylene derivatives can flow into China again, but olefins demand growth to remain weak

Global propane to crude price ratios (%)

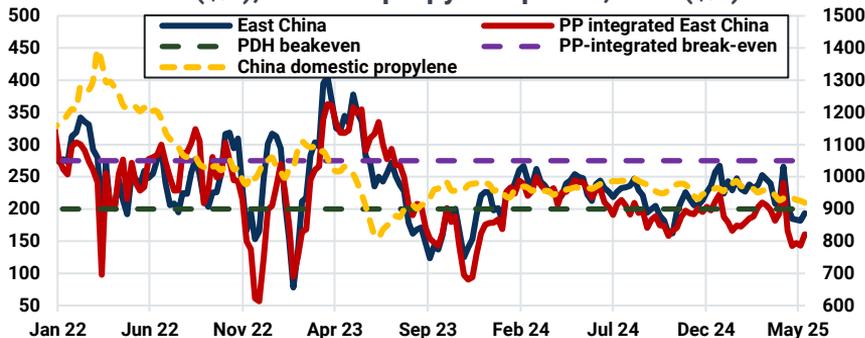


Source: Kpler based on Argus Media

China LPG balance (kbd)



China gross PDH margins per ton of propylene, polypropylene, LHS (\$/t), Chinese propylene prices, RHS (\$/t)

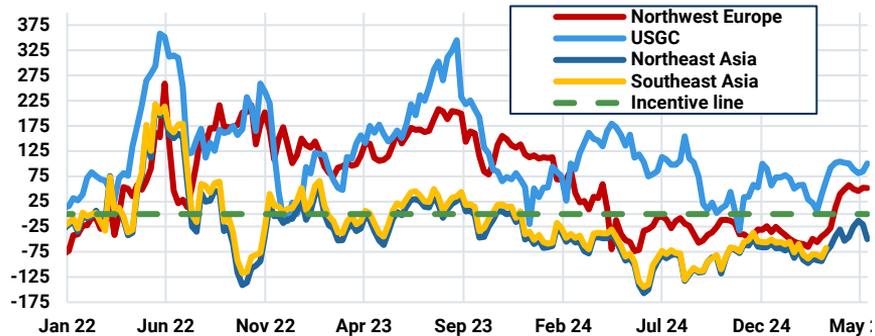


Kpler calculations using Argus Media data

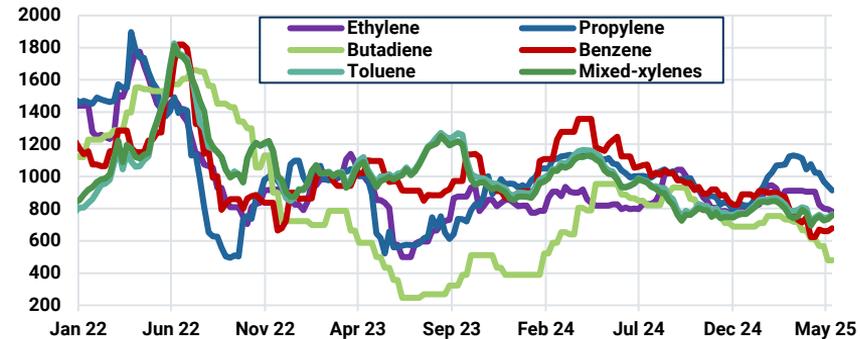
Weak base chem fundamentals, firming blending incentives in NWE

BTX-integrated refiners are now being incentivized to maximize reformat output as summer gasoline tightens

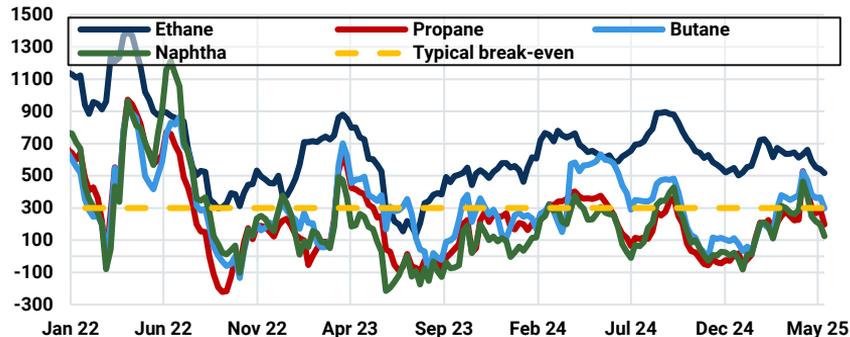
Reformat vs BTX extraction, NWE (\$/t)



NWE base chemical prices, weekly avg. (\$/t)

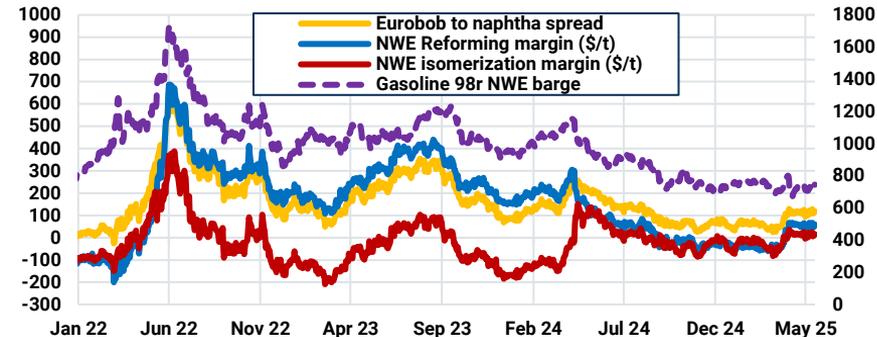


NWE steam cracking margins, weekly avg. (\$/t)



Source: Kpler based on Argus Media

NWE blending margins (LHS) and reformat price (RHS), \$/t

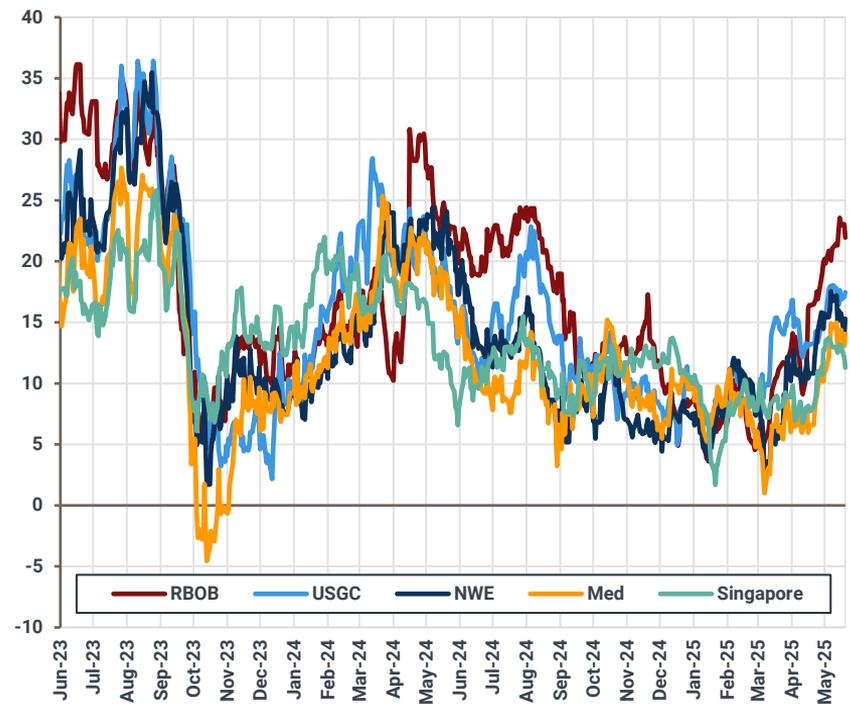


Source: Kpler based on Argus Media

Seasonal momentum starting to run out of steam

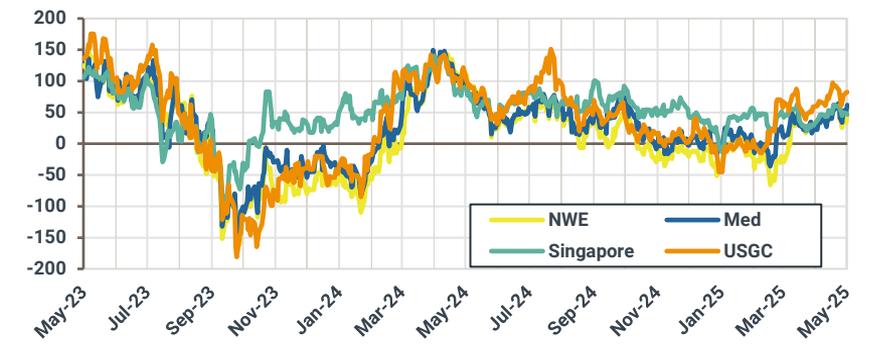
Fundamentals remain broadly constructive, but upside resistance is on the cards

Global benchmark cracks (\$/bbl)

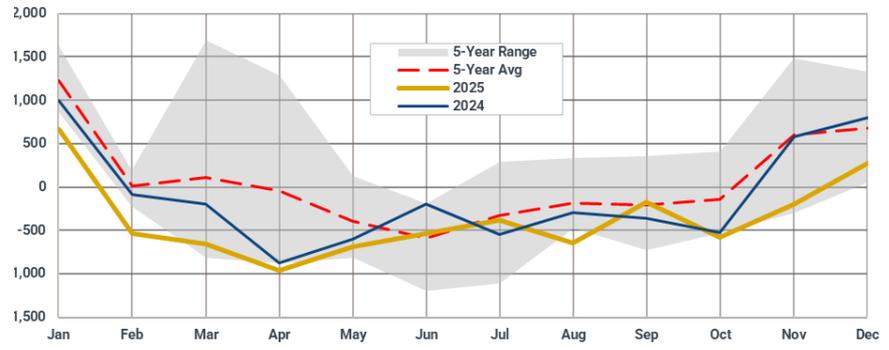


Source: Kpler based on Argus Media

Regional mogas/ULSD spreads (\$/bbl)



World gasoline balance (kbd)

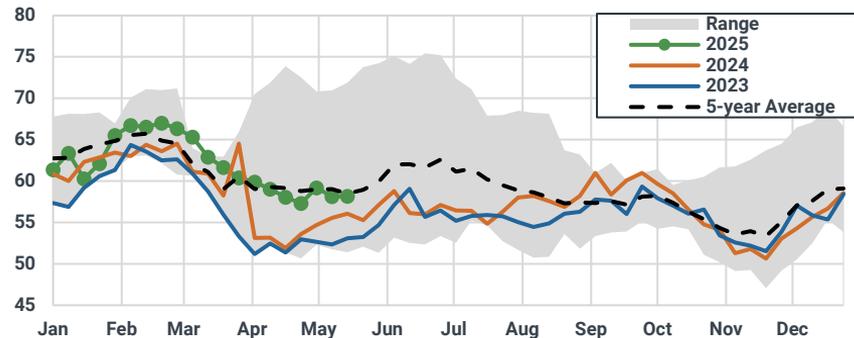


Source: Kpler, Argus Media

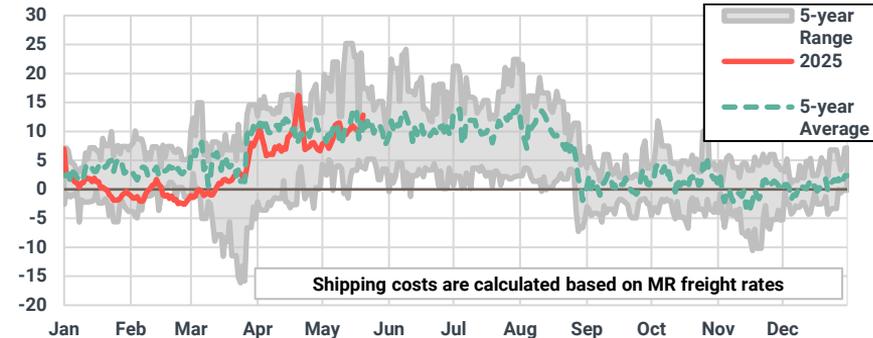
WoS destocking stalling as refineries come back from maintenance

Still, transatlantic arb conditions remain favourable and WAF-bound volumes are also rising, with a caveat...

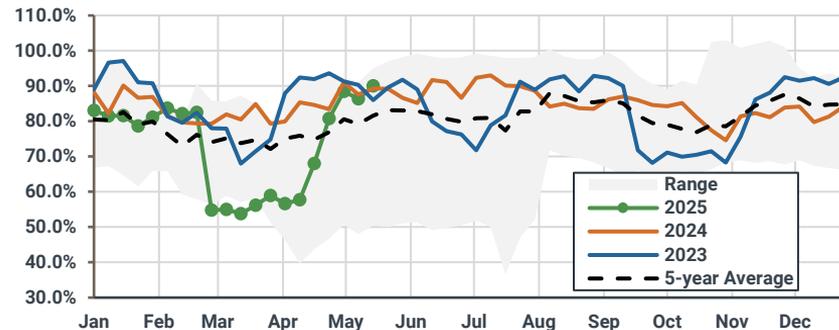
US: Weekly PADD-1 gasoline inventories (Mbbbls)



Freight Adjusted Arb from NWE to US Atlantic Coast (\$/bbl)

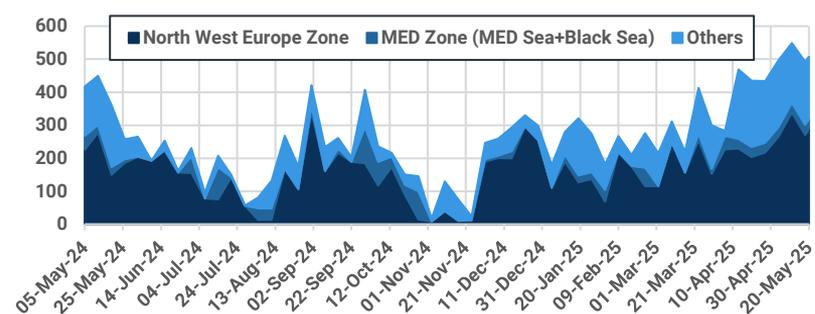


US: Weekly PADD-1 refinery utilisation (% vol)



Source: EIA, Insights Global

WAF weekly floating storage by origin trading region (kt)

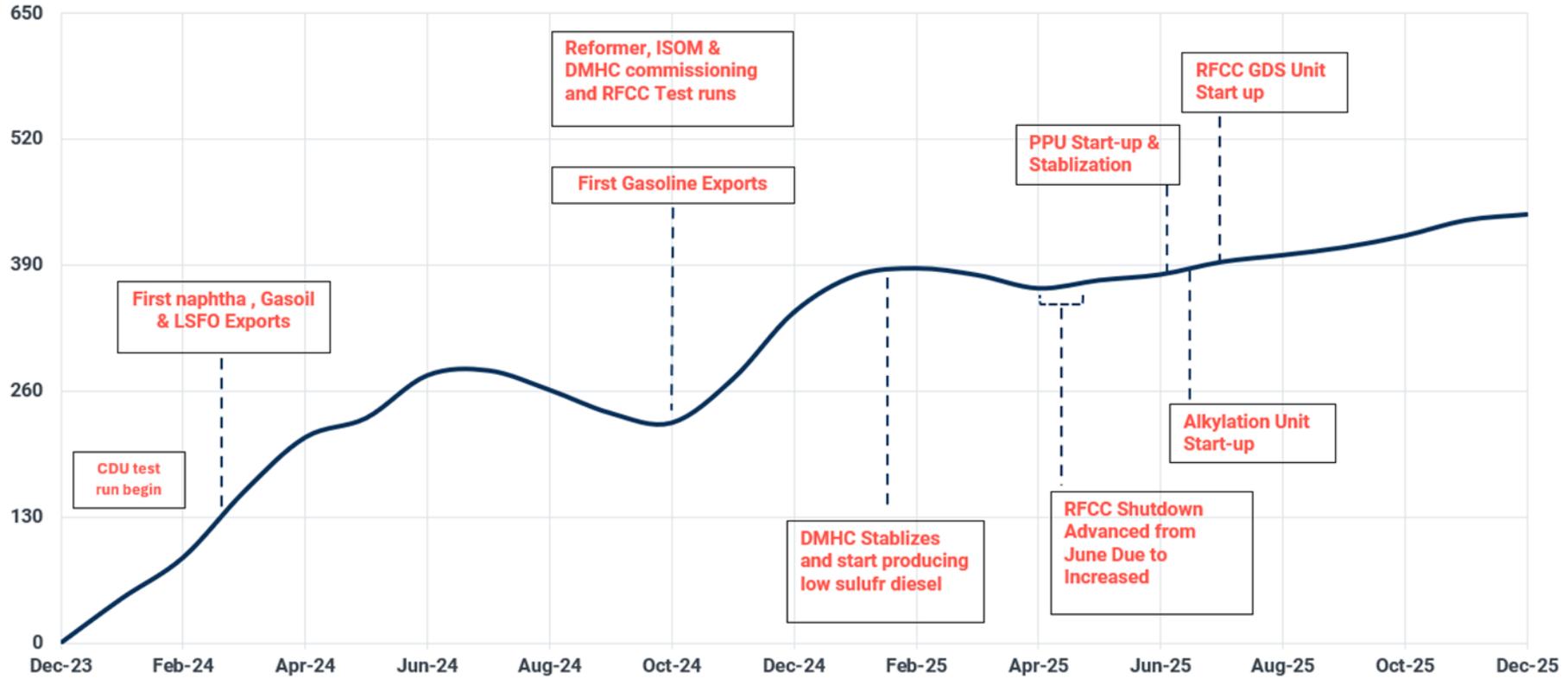


Source: Kpler, Argus Media pricing, McQuillan freight rates

Dangote shows solid progress

Euro VI fuel production is imminent, with low-sulfur gasoil flowing and gasoline quality upgrades set to come in Q3

Dangote Refinery and crude runs forecast (kbd)

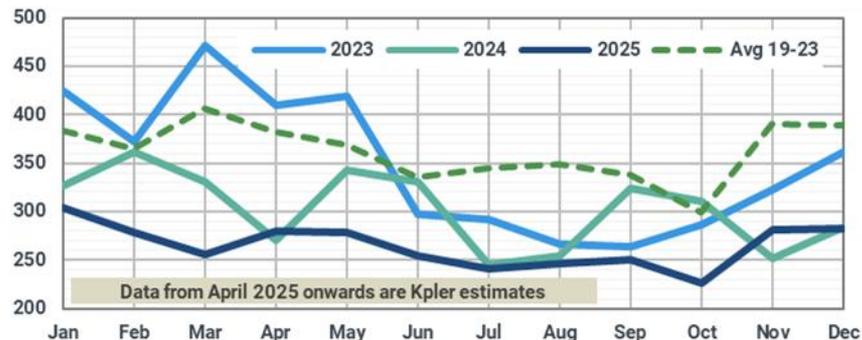


Source: Kpler

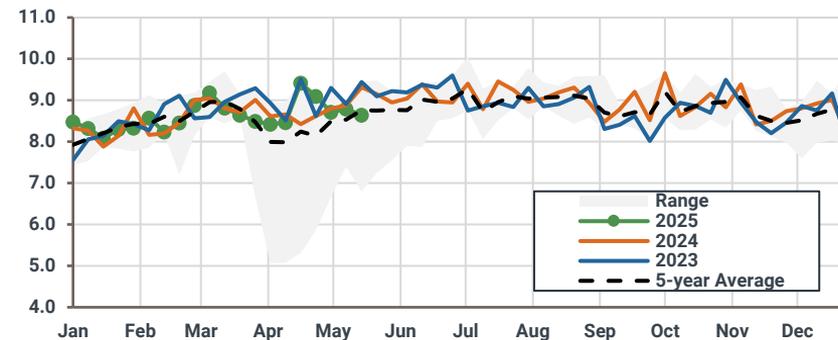
Long term structural erosion of regional demand pressures AB market

Struggling Nigerian demand and ethanol competitiveness in Brazil weigh but US demand could surprise to the upside

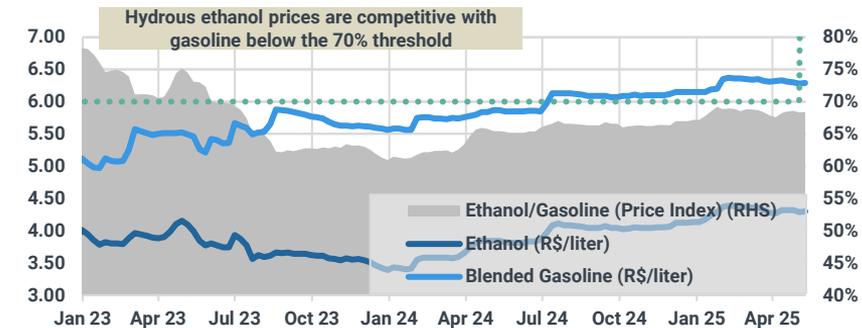
Nigeria: gasoline demand (kbd)



US: Weekly gasoline supplied (Mbd)

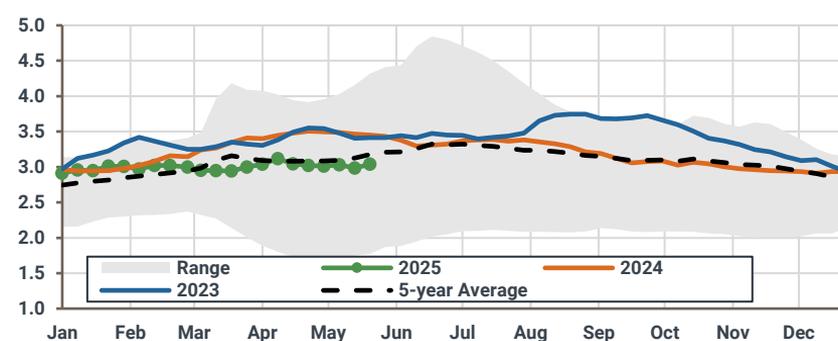


Brazil: gasoline and ethanol prices (\$R/l)



Source: JODI, ANP, Kpler calculations

Weekly US Reg Conv Retail Gasoline Prices (USD/gal)

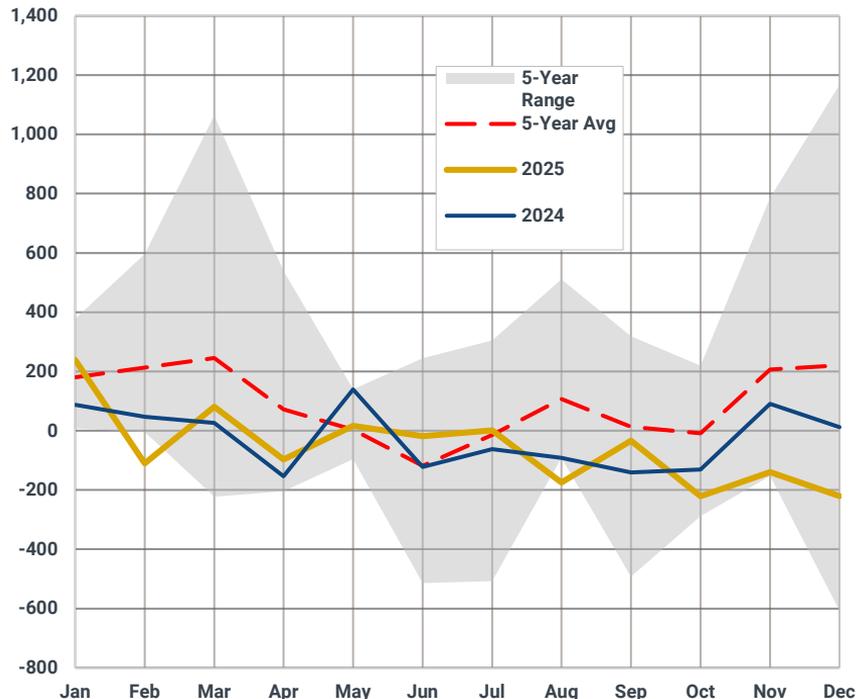


Source: EIA

Asian gasoline balanced into Q3 as dwindling TAs meet improving demand

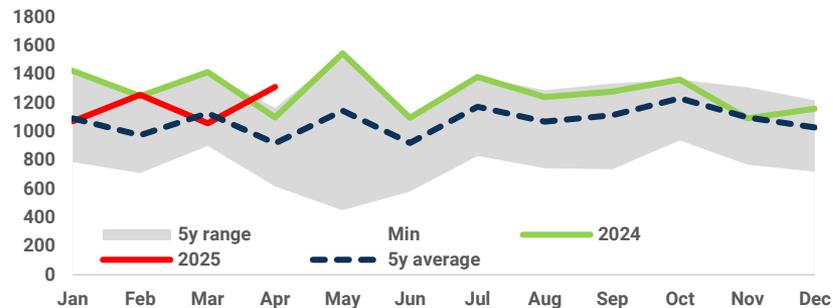
Market to remain in check, as despite some demand disappointment the prompt market has remained tight

Asian gasoline balance (kbd)

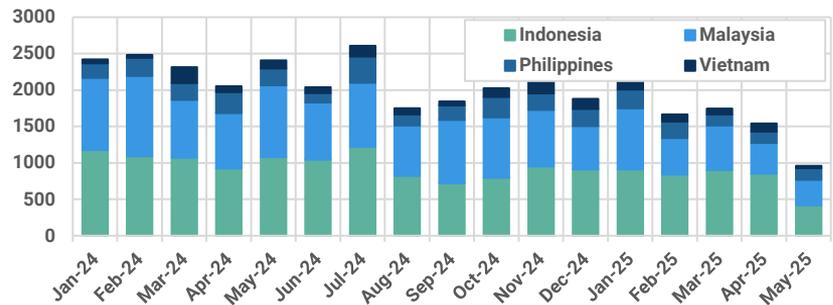


Source: Kpler

South Korea monthly exports (Kt)



Gasoline exports to select East Asian countries (Kt)

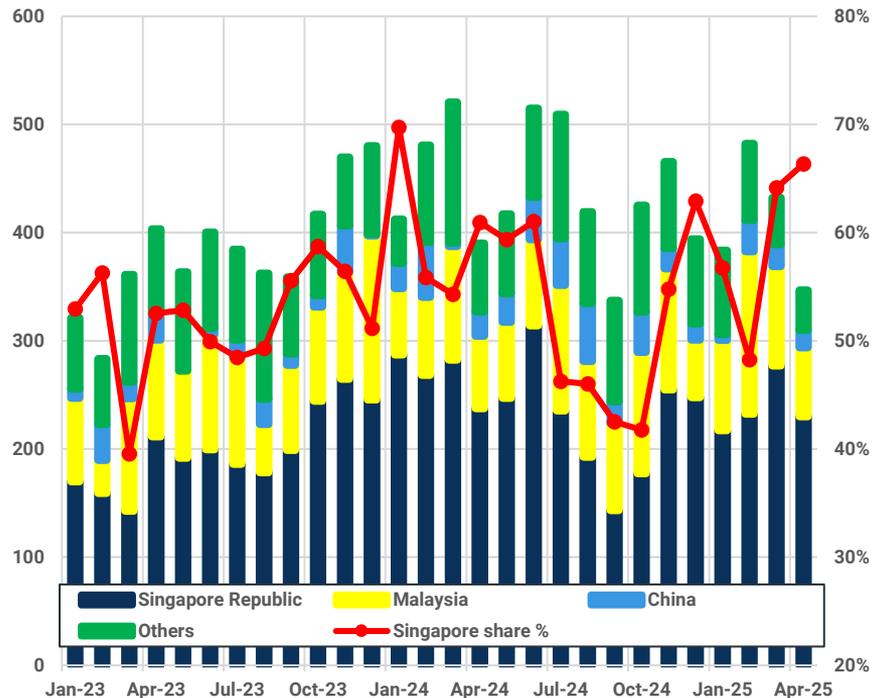


Source: Kpler (flows data as of May 21st, 2025)

Indonesia to face longer waits and higher costs to source CPP ex-SG

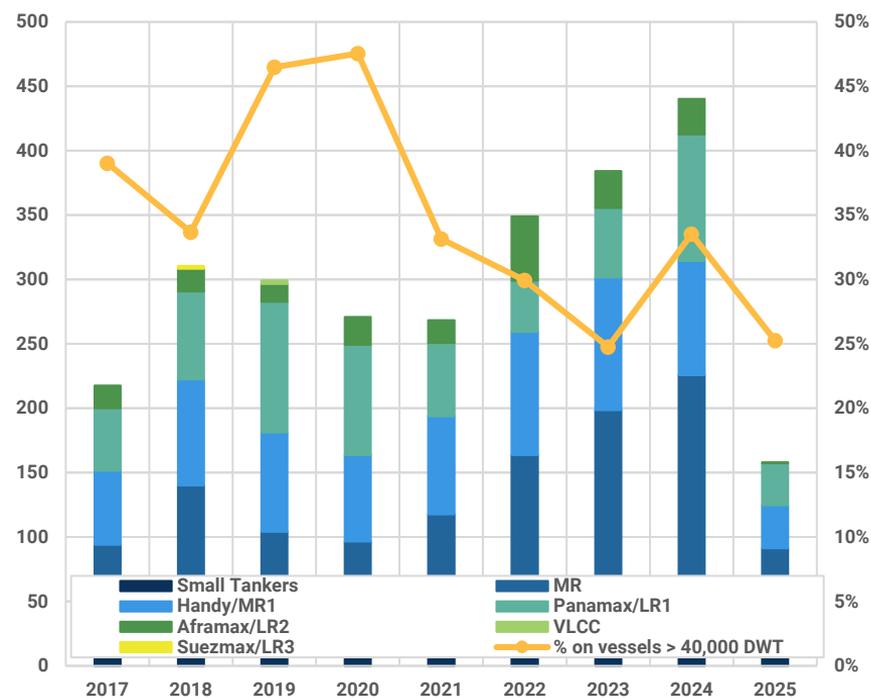
We do not foresee major changes in trade patterns as latest tenders leave room for a perpetuation of status quo

Indonesia monthly CPP imports by origin country (kbd) vs Singapore market share % (RHS)



Source: Kpler

Indonesian monthly CPP imports by vessel type (kbd) vs large tanker share % (RHS)

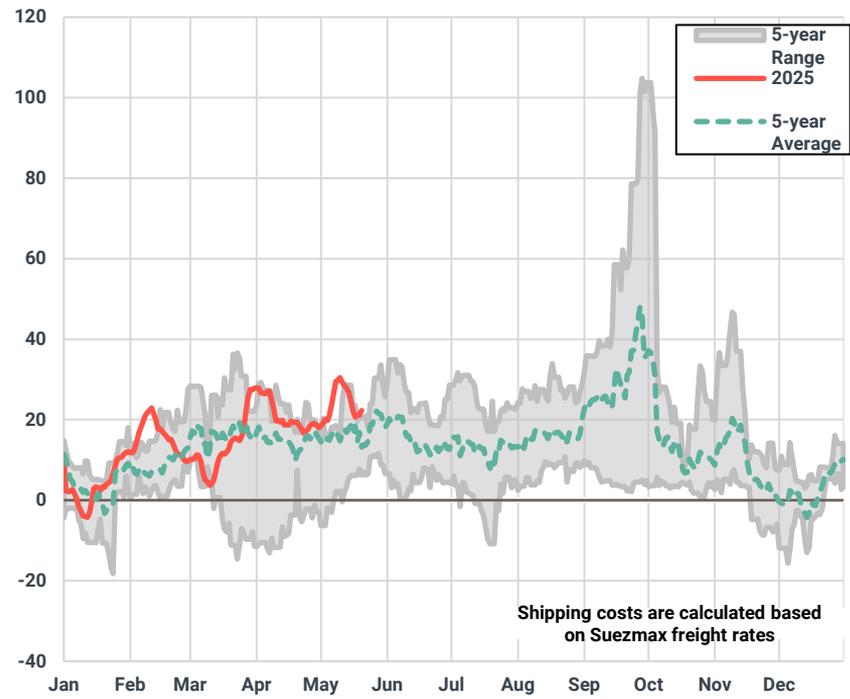


Source: Kpler

Transpacific arb provides support by pulling in Asian barrels

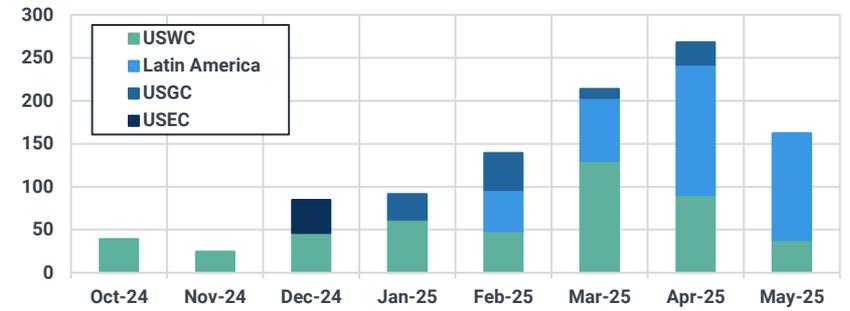
South Korean refiners biggest winners, Chinese exporters also benefit

Freight Adjusted Arb from SG to US West Coast (\$/bbl)

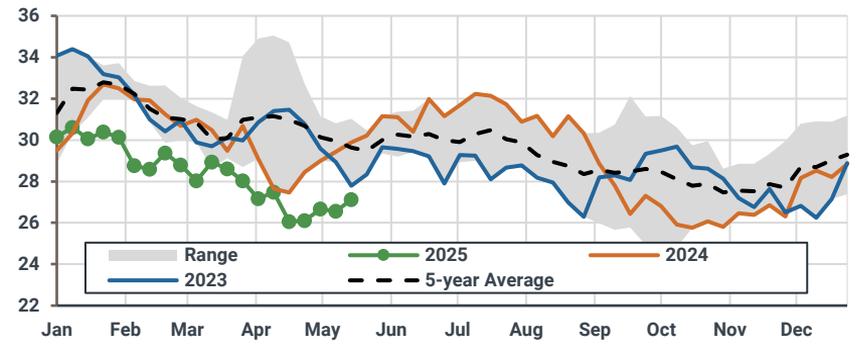


Source: Kpler calculations using Argus Media pricing, McQuilling freight data

Eastern Asia monthly gasoline exports to Americas (Kt)



US: Weekly PADD-5 gasoline inventories (Mbbbls)

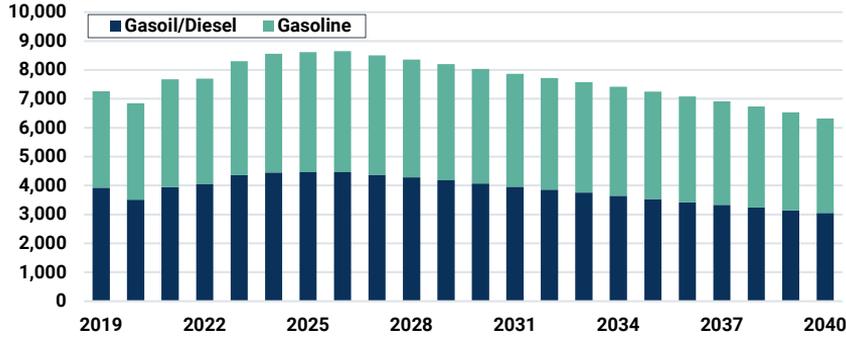


Source: Kpler (flows data as of May 21st, 2025), EIA

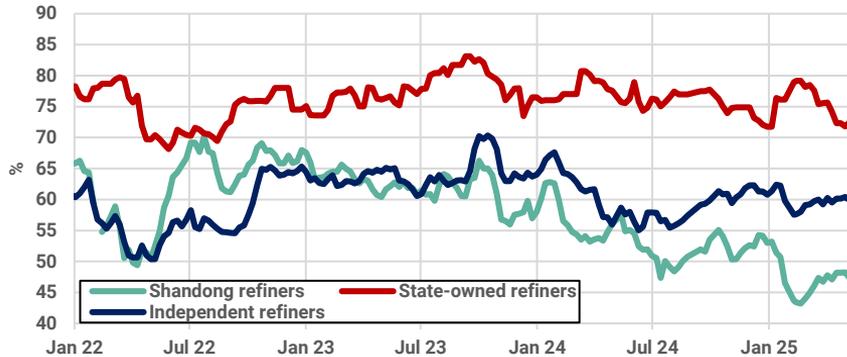
Asia: China has turned inward

Demand displacement, tax hurdles, and sanctions are curbing CPP exports

Chinese gasoil/diesel, gasoline demand (kbd)

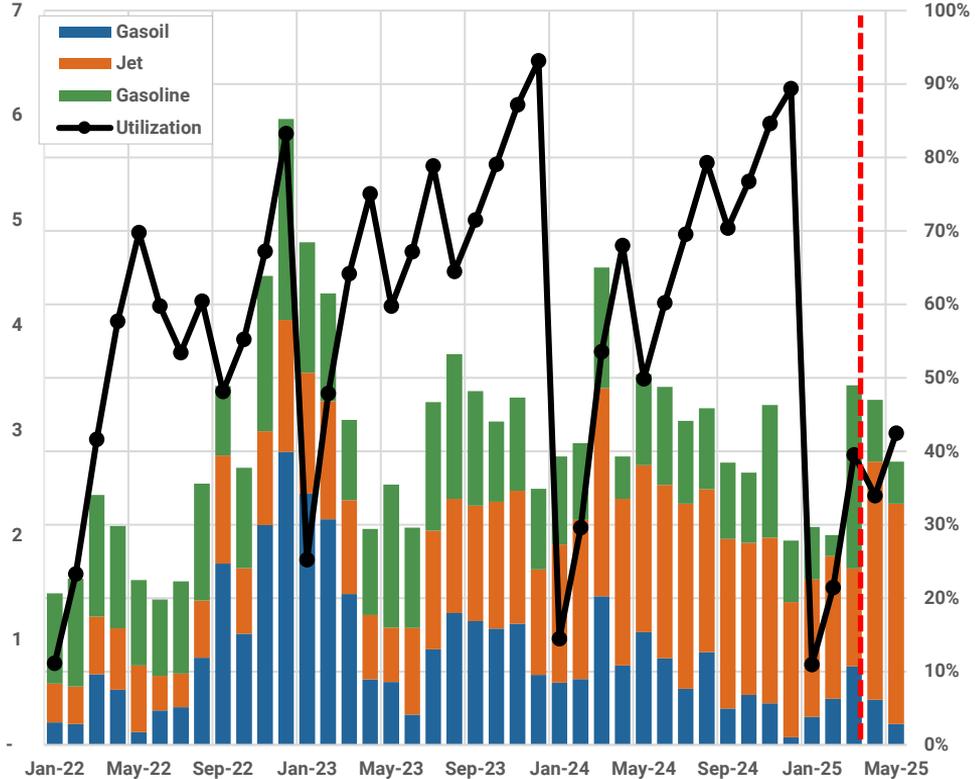


Chinese refiner run rate (% capacity)



Source: Kpler, Mysteel OilChem

China CPP exports and quota utilization % (Mt/month)

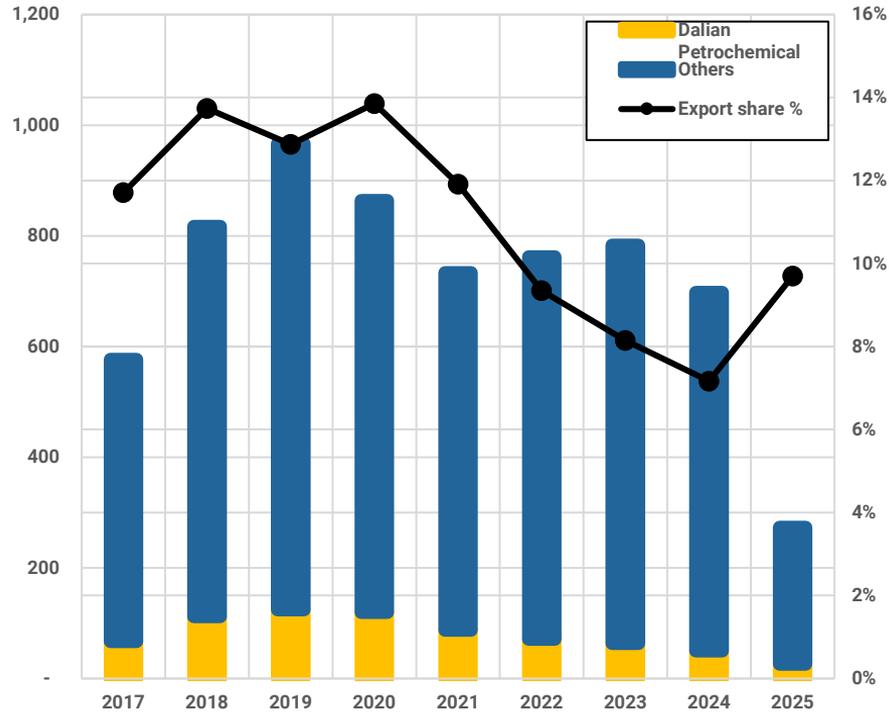


Source: Kpler, China Customs

Asia: No summer wave of CPP exports

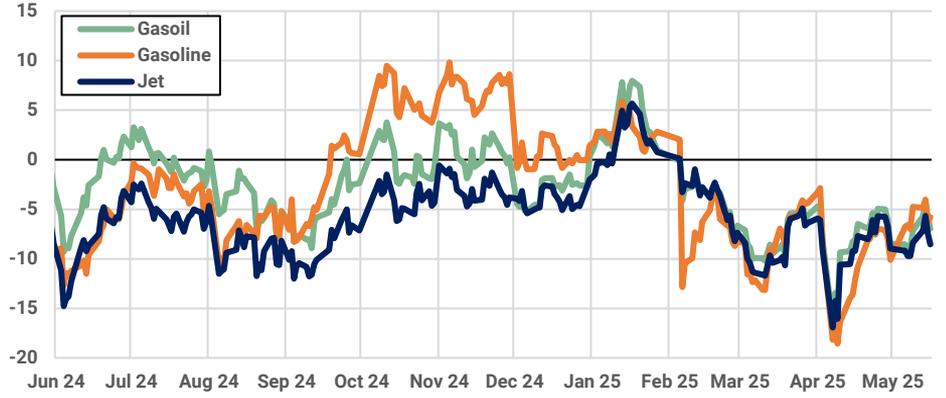
Low domestic stocks, poor margins, and Dalian downtime limit upside

Chinese CPP exports (kbd) vs Dalian Petrochemical share (RHS)



Source: Kpler

China-Singapore arbitrage incentive (\$/bbl)



Chinese gasoline and diesel commercial inventories (Mbbbls)

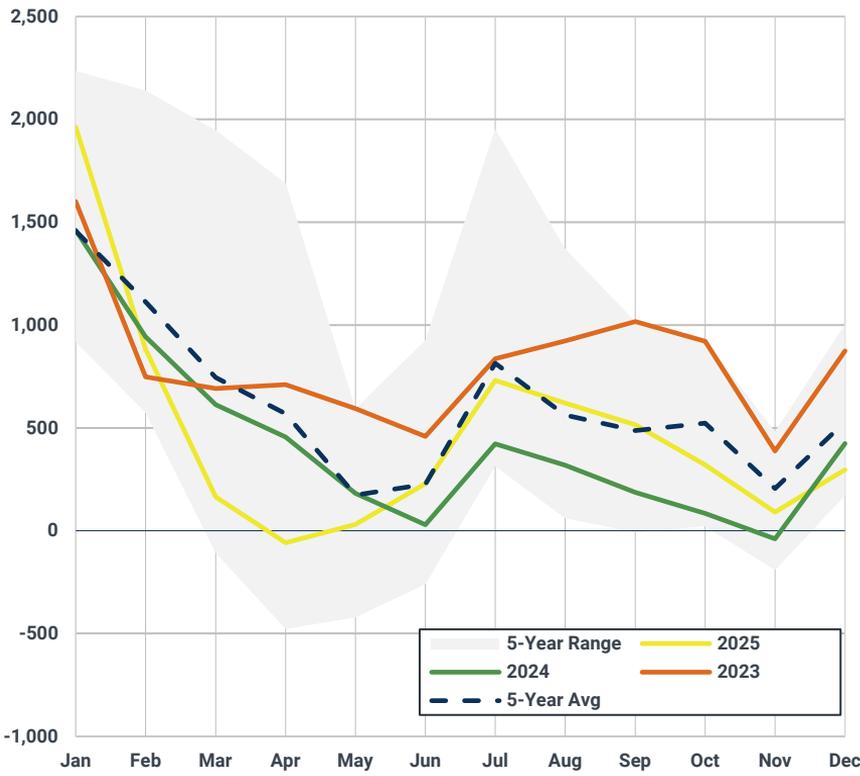


Source: Argus, Mysteel OilChem

EoS gasoil: tight for now, but pressure is building

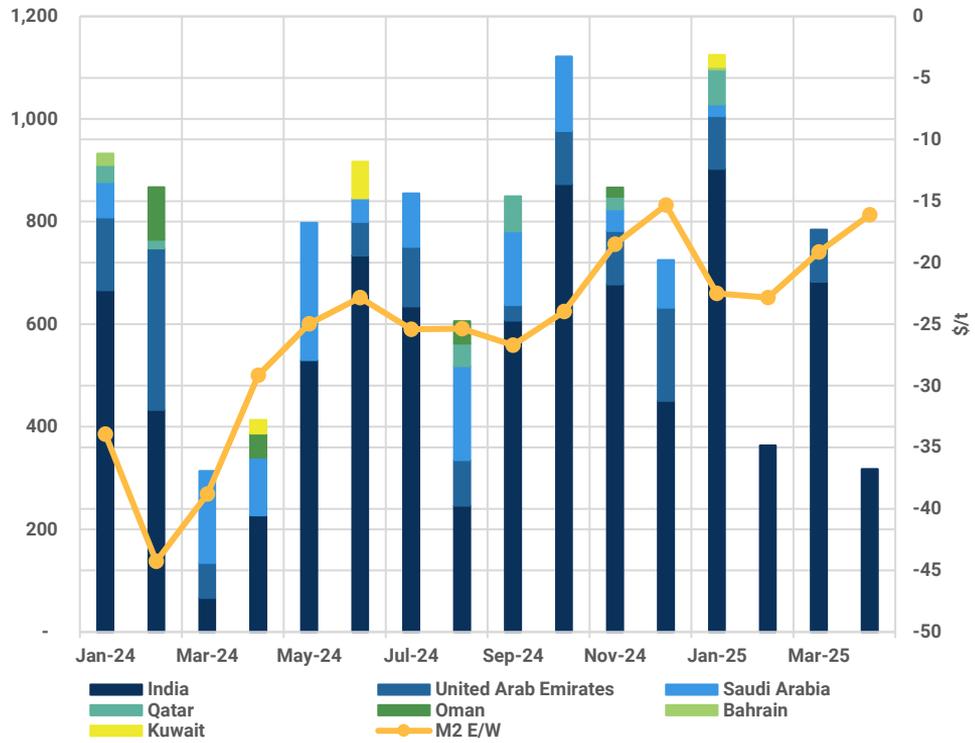
Low Chinese exports help, but Indian and Middle East barrels are incoming

Asia gasoil balance (kbd)



Source: Kpler

India, Middle East gasoil exports to Asia-Pacific (Kt)

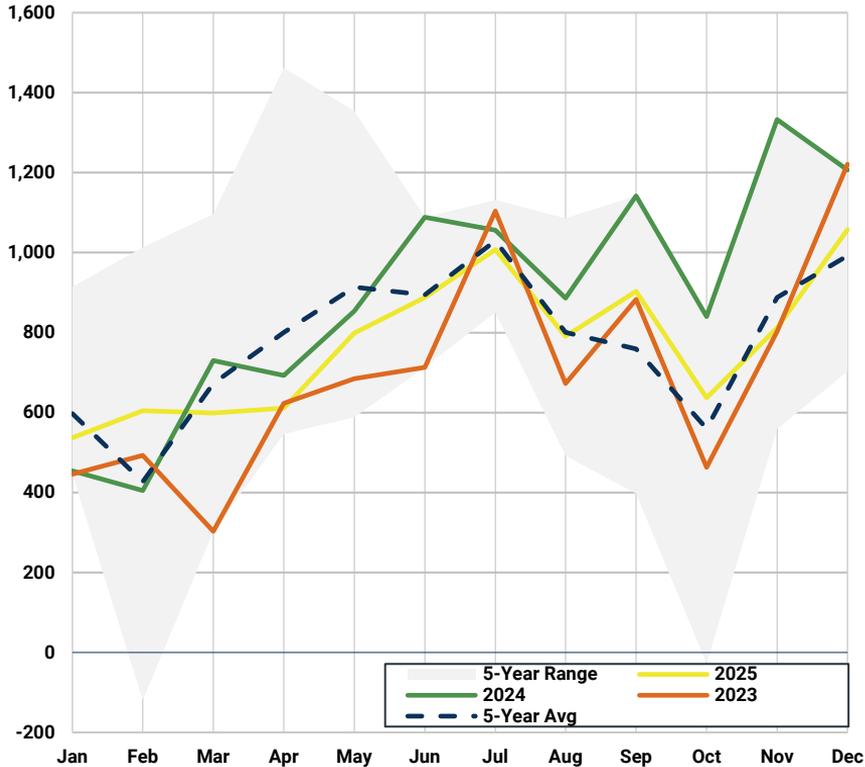


Source: Kpler

WoS gasoil: cracks to ease as US supply builds

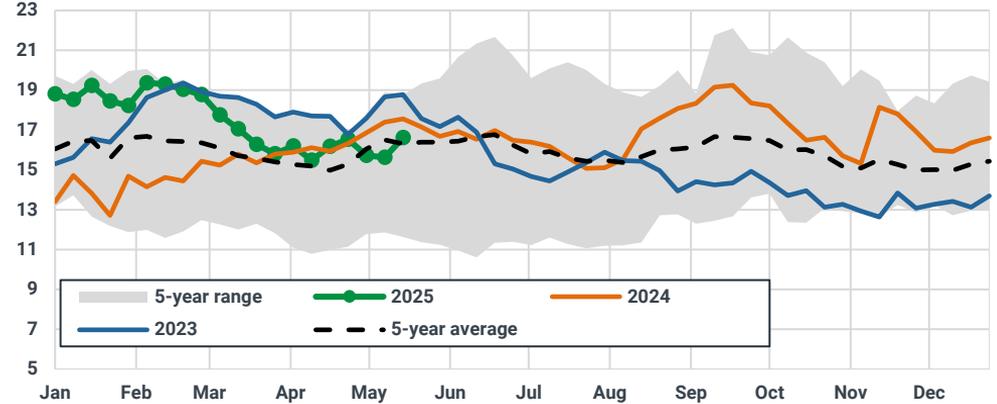
USGC flows more than enough to plug NWE gaps

US gasoil balance (kbd)

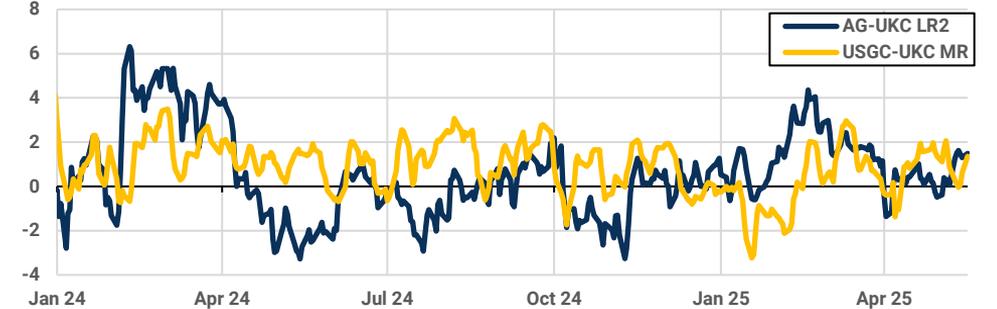


Source: Kpler

ARA: gasoil/diesel stocks in independent storages (Mbbbls)



Arbitrage to NWE gasoil incentives 3 day moving average (\$/bbl)

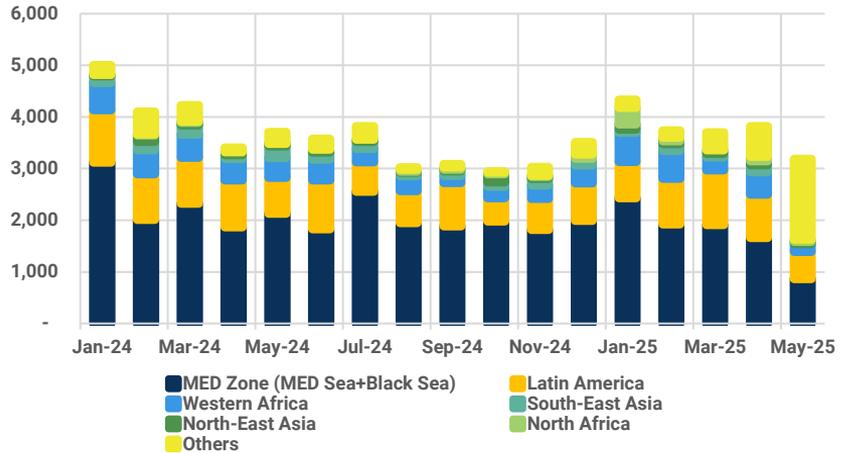


Source: Insights Global, Kpler using Argus

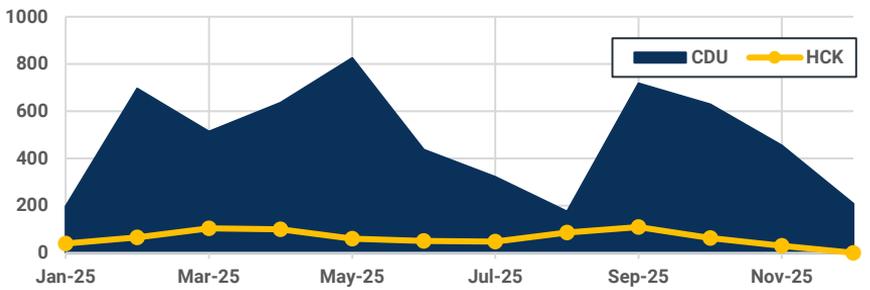
WoS gasoil: Russian and Nigerian flows are reshaping global trade

Russian exports to LatAm will free up USGC barrels, Dangote is already producing ULSD

Russian gasoil exports (Kt)

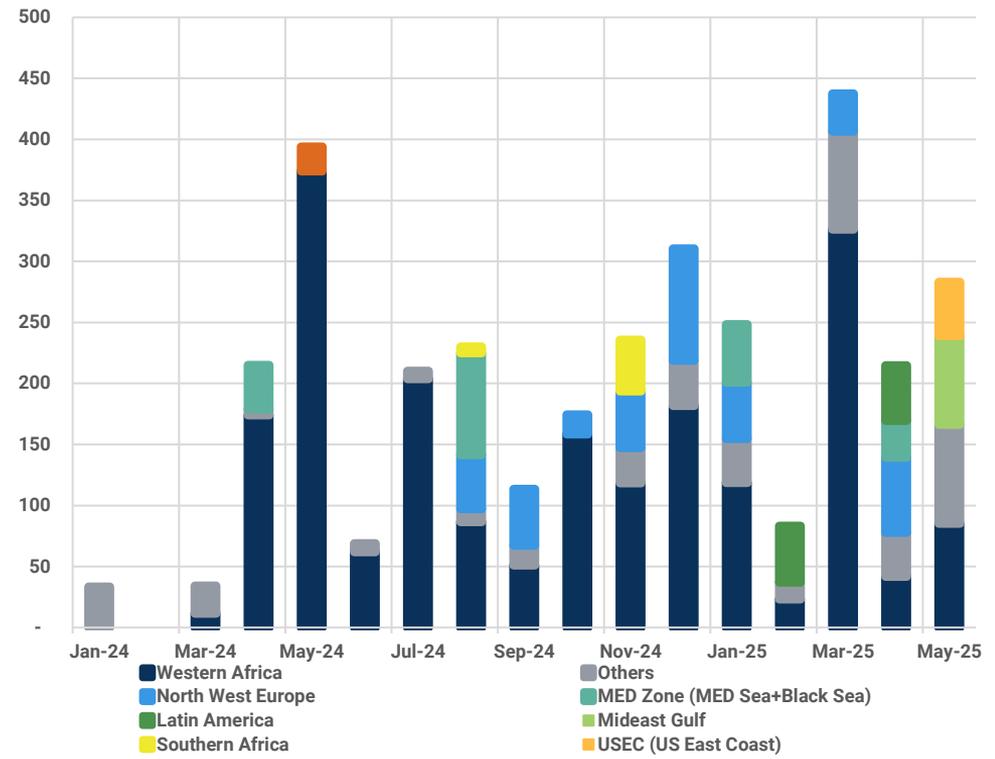


Russia offline CDU, HCK capacity (kbd)



Source: Kpler, IIR Energy

Nigeria gasoil exports (Kt)

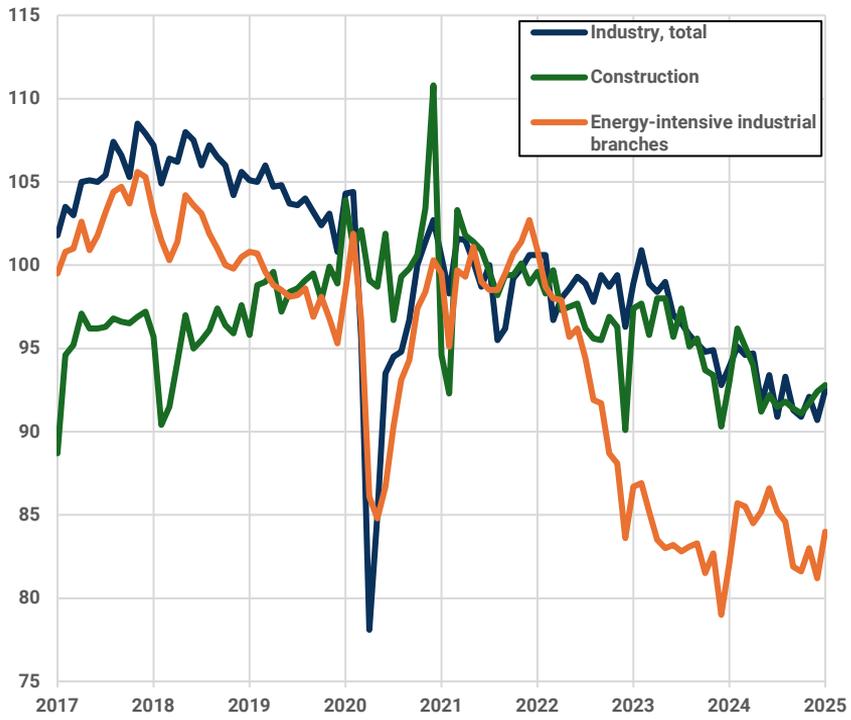


Source: Kpler

WoS gasoil: demand is quietly becoming a problem

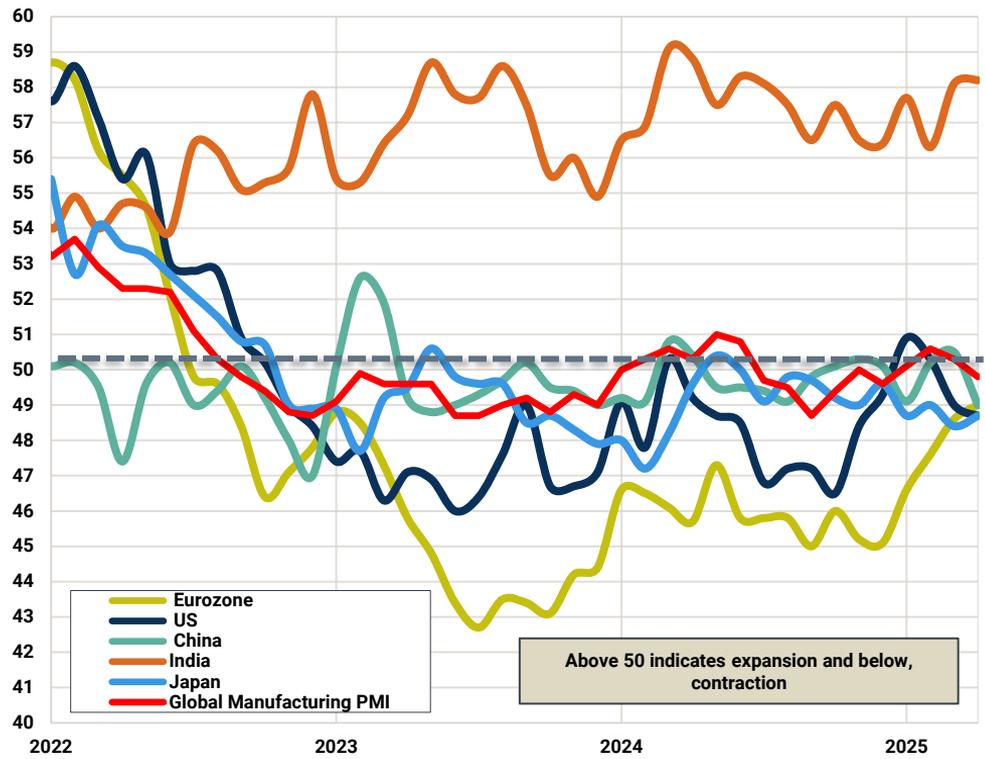
NWE still soft, and reduced US tariffs may not be enough

Germany industrial production (index base 2021=100, seasonally and calendar adjusted)



Source: Federal Statistical Office of Germany

Manufacturing Purchasing Managers' Index (PMI)

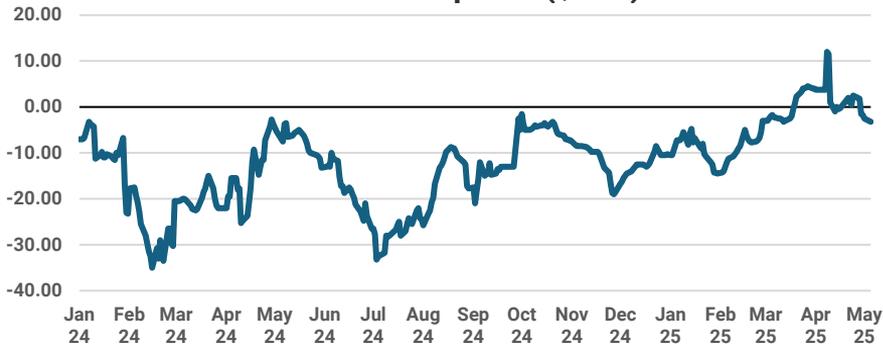


Source: Various industry sources

WoS gasoil: ECA boost to 500/1000 ppm, but not for long

New regs offer support, but a reversion to the mean is likely

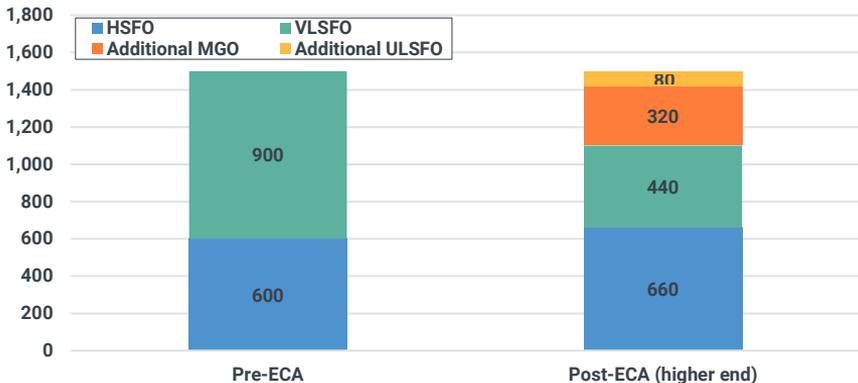
CIF Med 0.1% sulfur/ULSD spread (\$/bbl)



Med bunker port gasoil imports (kt)



Impact to FO bunkering demand in the Med from ECA (kt)



Source: Argus, Kpler

Med bunker port VLSFO, LSFO imports (kt)

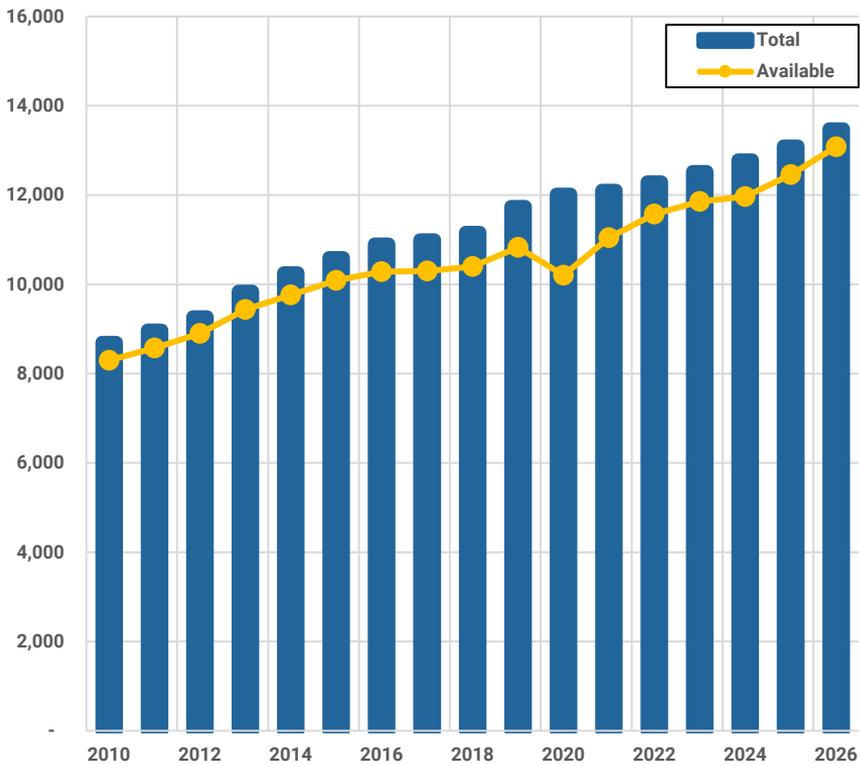


Source: Kpler

Jet/kero: yields are too high for jet bulls to win

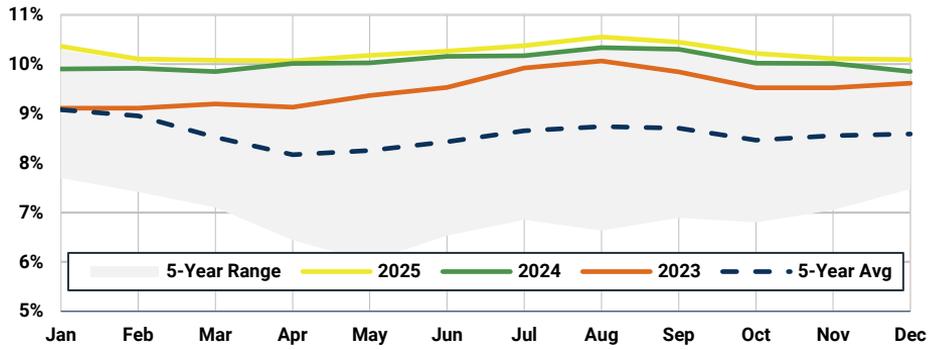
Recent capacity adds have pushed global supply past comfort

World, total and available hydrocracker capacity (kbd)

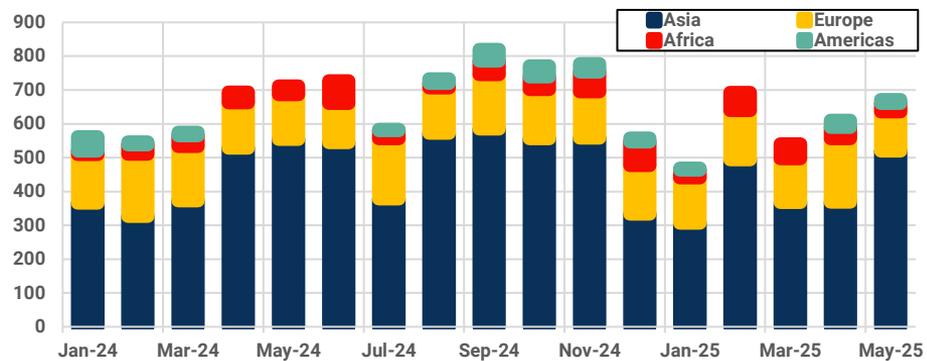


Source: IIR Energy

Global refinery jet yields (%)



NWE jet/kero imports by origin continent (kbd)

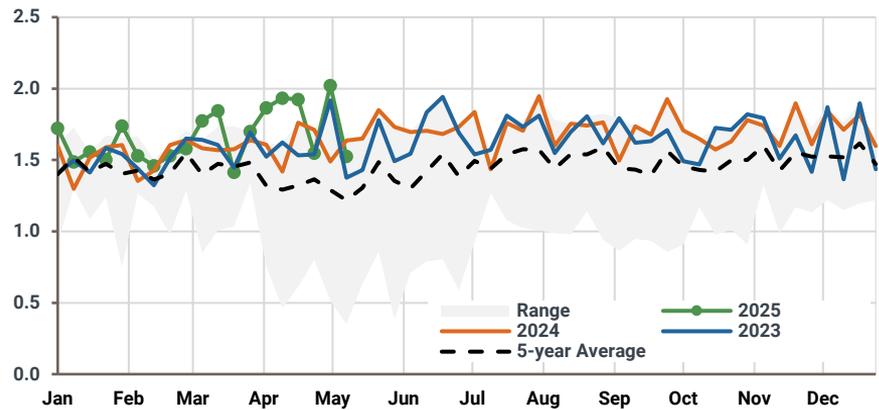


Source: Kpler

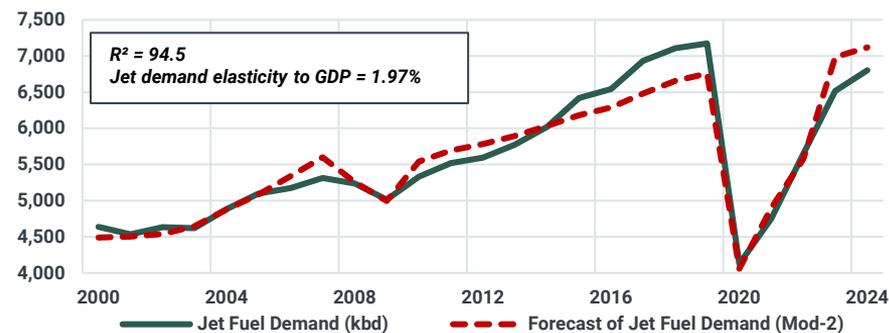
WoS jet/kero: demand may not be strong enough

US travel holds up, but macro exposure remains high

US: Weekly jet supplied (Mbd)

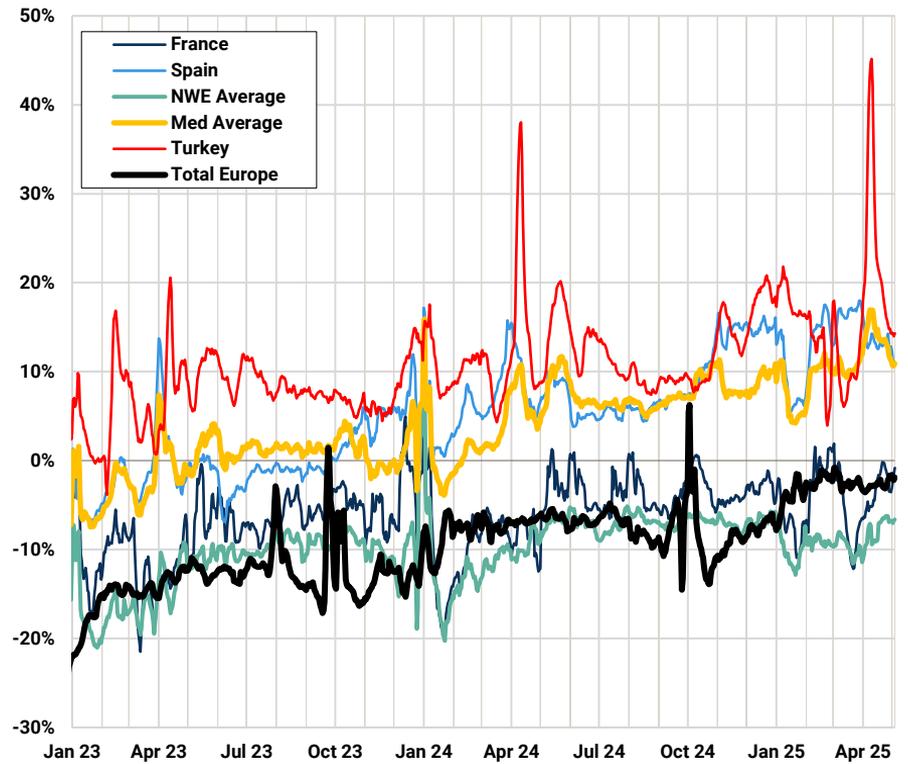


Global jet demand vs model fit (kbd)



Source: US EIA, Kpler

Europe: Flight volumes vs 2019 for selected countries (% 7DMA)

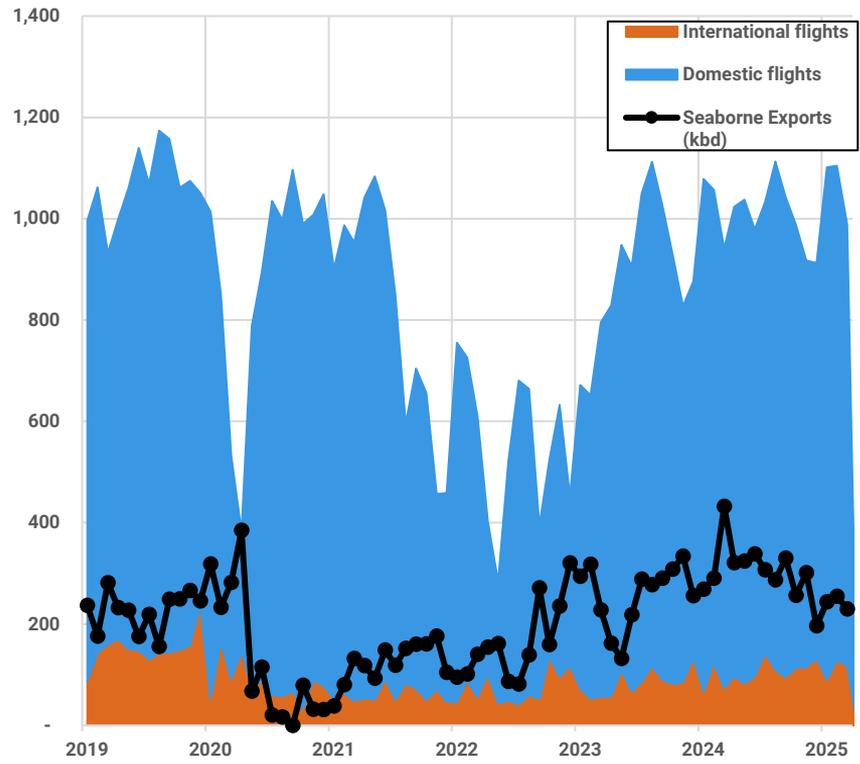


Source: Kpler, Eurocontrol

EoS jet/kero: high Chinese exports cap upside

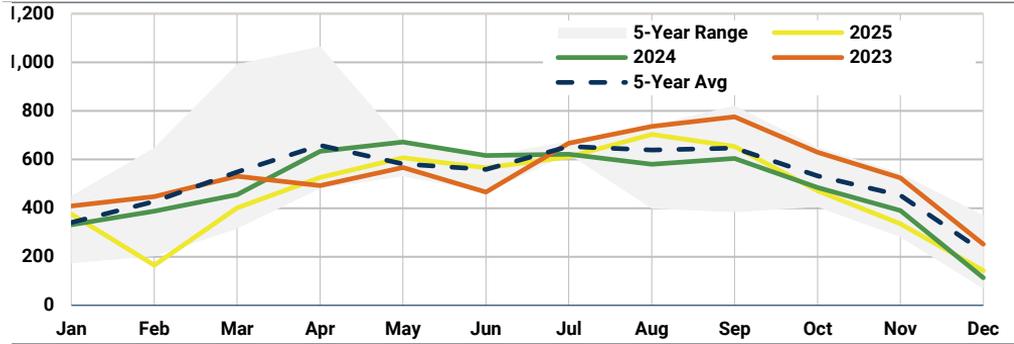
Some seasonal tightness, but rare transpac flows are not enough

Chinese jet fuel demand vs exports (kbd)

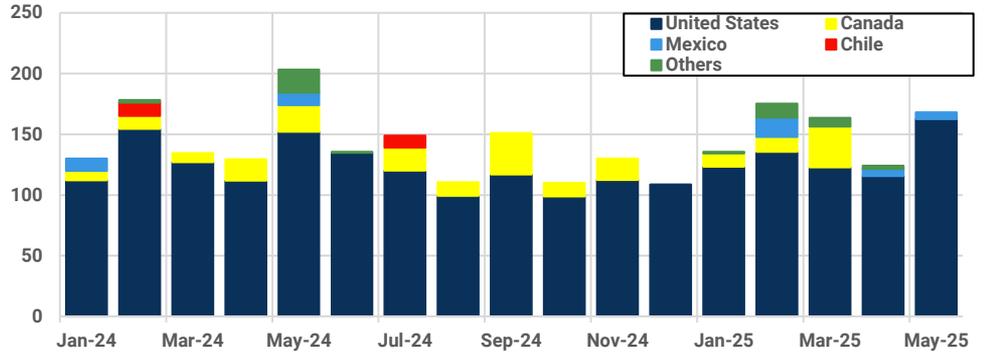


Source: Kpler, China Customs

Asia: jet/kero balance (kbd)



Asia-Pacific jet/kero exports to Americas (kbd)



Source: Kpler

Thank you!

