

## SUB-SAHARAN AFRICA MARKET COMMENTARY

only be served by international shipping lines moving moves in directly via UAE ports, principally Jebel Ali.

Iranian bulk cargo exports were assessed \$10-11/t up at \$290-305/t fob Bandar Abbas, while Bahraini state-owned refiner Bapco announced it would raise its listed cargo export price by \$15/t to \$440/t fob Sitra with effect from 2 October in the wake of two sets of hikes over the past month.

### Kenya/Uganda/South Sudan

Regional suppliers pointed to more busy rates of construction activity and bitumen requirements in Kenya, Uganda and South Sudan.

While supply of Iranian drummed bitumen remains tight amid container shipping and container shortages as well as regular delays in such shipping movements, especially on Iranian state-owned IRISL vessels, bulk cargo supply movements have helped to alleviate some of the availability issues in east African markets.

The 3,764 dwt *R Ocean* was set to deliver its bulk cargo into the Skytrade Global terminal in Mombasa after its scheduled 10 October arrival with its cargo loaded in the Mideast Gulf, following the previous 30 August delivery on the same tanker. While nearly all the volumes in the previous shipment have already been delivered to local and regional buyers, around half of the new shipment's volume was understood to have already been pre-sold by the week ending 1 October.

Domestic drummed and bulk truck prices were expected to face upward pressure because of the spike in delivered values into Mombasa, Kenya. Bulk truck volumes were indicated at Kenyan Shillings 71-73/kg (\$642-660/t) ex-works Mombasa, while drummed sales were at KES73-74/kg (\$660-669/t) and expected to rise in early October to as high as KES75/kg (\$679/t).

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### Southern Africa

South African domestic and truck export prices jumped, with some of the export flows now indicated at around Rand 8,300/t (\$550-560/t) ex-works.

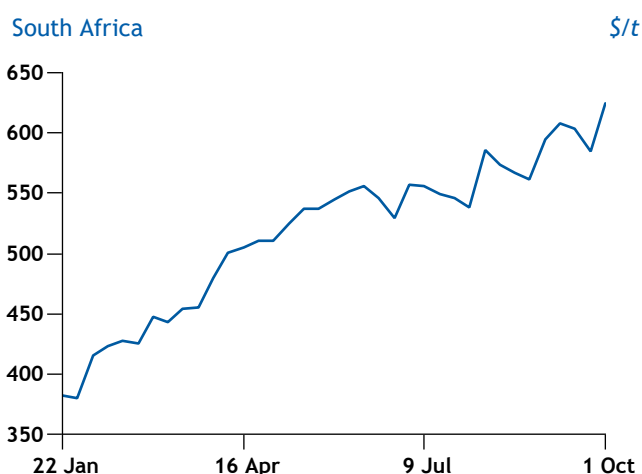
A steady stream of requirements was reported into Zambia, Malawi and Botswana, with drummed flows also heading into Zimbabwe from neighbouring South Africa.

### South Africa

Domestic truck prices shot up as South African refiners dramatically raised their prices to reflect large gains in crude and other feedstock costs during September as well as a weakening Rand against the US dollar.

Gains of R700-800/t from some suppliers were reported by market participants to have already taken effect from 1 October, with assessments rising R750/t to the R9,200-9,600/t ex-works range.

Rates of construction activity have been rising during the current peak season period that began on 1 September, with buoyant rates of project work reported in KwaZulu-Natal and Eastern Cape provinces. Some of that work is connected with construction of the multi-billion Rand Msikaba and Mtentu bridges that will form part of the N2 Wild Coast mega road project. Funding allocations for the next round of South African National Roads Authority (Sanral) backed projects was awaited, with those projects most likely to start sometime in 2022.



## ASIA-PACIFIC AND MIDDLE EAST MARKET COMMENTARY

## Singapore

Singapore bitumen prices edged up another \$5/t this week, supported by stronger deals and discussions among local sellers and regional buyers.

On a fob Singapore basis, a key trader sold about 15,000t in total to Indonesian buyers at \$410/t for November-loading. Several deals for October loading were also concluded at about \$405-410/t levels. Two more deals to be loaded in end-October were also concluded into Vietnam on a cfr basis, with fob values at \$405-410/t.

Offers from refiners and local traders ranged at \$415-425/t for late-October/early-November loading cargoes that met bids or buying indications in the \$405-410/t range.

Supply from Singapore is expected to be more balanced in October on the back of production loss from 2-3 key refiners. The persistent negative spread between bitumen and high-sulphur fuel oil (HSFO) could be pushing refiners to incentivise production of HSFO versus bitumen.

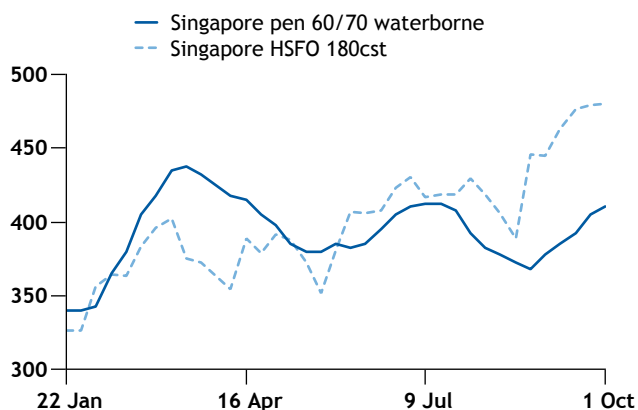
Tank truck prices from Singapore have continued to rise and were at \$406-415/t ex-refinery. Demand in Malaysia has been slowing again from the central region of Peninsular Malaysia, following the recent pick-up.

Prices of tank trucks from Singapore jumped to around \$415-430/t ex-refinery. Regional players have also noted that tighter bitumen supply across Singapore and Malaysia has resulted in higher prices for tank trucks. An offer into Johore was at around 1920 ringgit/t (\$456/t) on a delivered basis.

Domestic prices in Singapore were raised by \$20.50/t to \$420-445/t ex-tank for October on the back of higher crude values in the past month. Domestic demand is expected to however remain flat against September, with manpower limitations and expected wet weather to hamper works.

Singapore pen 60/70 and HSFO cargoes

\$/t



## Asia bitumen prices, 25 Sep-1 Oct

	Local currency/t			\$/t		
	Low	High	±	Low	High	±
Domestic prices, ex-works						
South Korea	605,268	628,958	+61,432.00	511	531	+51.00
Mumbai, India	40,270	43,970	+1,411.00	544	594	+17.00
Mumbai, India (drums)	37,070	39,870	+3,631.00	500	538	+46.50
Thailand	16,494	18,514	+484.50	490	550	+10.00
Indonesia	6,340,000	6,340,000	nc	444	444	-1.00
Singapore	570	604	+31.00	420	445	+20.50
Singapore-Malaysia ex-ref	570	584	+23.00	420	430	+14.50
Japan	63,513	71,619	+1,000.00	571	644	+0.50
Waterborne, fob						
Iran				290	305	+10.50
Iran (drums)				365	380	+16.00
Bahrain	160	160	nc	425	425	nc
Singapore	550	563	+9.50	405	415	+5.00
Singapore (drums)	699	712	+10.00	515	525	+5.00
Thailand	13,296	13,633	+283.00	395	405	+5.00
South Korea	467,869	479,714	+871.00	395	405	nc
Taiwan	11,120	11,259	+75.50	400	405	+2.50
Waterborne, cfr						
North China coast	2,714	2,811	-1.00	420	435	nc
East China coast	2,747	3,070	+16.00	425	475	+2.50
South China coast	2,908	3,005	+32.00	450	465	+5.00
Northern Vietnam (drums)				428	548	+13.00
Southern Vietnam (drums)				423	538	+8.00
Economics				Mid	±	
Bitumen's value as fuel oil blendstock, Singapore				459.317	+2.23	

## Asian Bitumen Price Index

	Index	±
ABX 1 fob Singapore	410.00	+5.00
ABX 2 fob South Korea	400.00	nc

## Monthly Average (contract)

Contract	Sep 21	Aug 21
ABX 1	390.00	375
ABX 2	383.13	370

## Fob Mideast Gulf Price

	Low	High	±
Mideast Gulf fob (\$/t)	298	425	+5.50

## Crude and refined products, 25 Sep-1 Oct

	Low	High	±
Dubai fob Dubai \$/bl	75.33	77.46	+2.94
Basrah Light fob Basrah \$/bl	74.99	77.70	+2.73
Banoco Arab Medium \$/bl	75.96	77.92	+2.79
Fuel oil HS 180cst fob Singapore \$/t	479.75	486.75	+8.00
Fuel oil HS 380cst fob Singapore \$/t	463.25	468.50	+14.25
Gasoil 0.5% fob Singapore \$/bl	83.95	85.55	+4.45

## ASIA-PACIFIC AND MIDDLE EAST MARKET COMMENTARY

Prices at China main refineries, 25 Sep-1 Oct									
Area	Province	Refinery	Grade	Contract price Yn/t	±	Posted price Yn/t	±	Contract price \$/t	Posted price \$/t
Northwest	Xinjiang	Petrochina Karamay	AH-70, AH-90, AH-110, AH-130	3,900	nc	4,300	nc	603	665
			AH-100, AH-140, AH-180	3,750	nc	4,050	nc	580	627
		Sinopec Tahe	90-A	3,075	nc	3,255	nc	476	504
			90-B	2,925	nc	3,205	nc	453	496
Northeast	Liaoning	Petrochina Liaohe	AH-70, AH-90, AH-110, AH-100, AH-140	1,475	nc	1,875	nc	228	290
		Panjin Northern	AH-90, AH-110, AH-100, AH-140	2,500	nc	3,150	nc	387	487
North	Hebei	Petrochina Qinhuangdao	AH-70, AH-90	3,250	nc	3,750	nc	503	580
Central	Henan	Sinopec Luoyang	AH-90	2,935	nc	2,995	nc	454	463
East	Shandong	CNOOC asphalt	AH-70, AH-90	2,680	nc	3,000	nc	415	464
		Sinopec Qilu	70 -A	3,725	nc	3,955	nc	576	612
			90 -A, 70-B	3,725	nc	3,955	nc	576	612
			90-B	3,525	nc	3,905	nc	545	604
	Zhejiang	Sinopec Zhenhai	70-A, 90-A	3,445	+70	3,515	+70	533	544
			70-B, 90-B	3,445	+70	3,515	+70	533	544
		Petrochina Wenzhou	AH-70, AH-90	3,190	nc	3,580	nc	494	554
		Sinopec Shanghai	AH-70	3,795	+70	3,935	+70	587	609
	Jiangsu	CNOOC Taizhou	AH-70, AH-90	3,150	nc	3,300	nc	487	511
		Sinopec Jinling	70-A, 90-A	3,565	+20	3,645	+20	552	564
			70-A, 90-A	3,570	nc	3,940	nc	552	610
			Jangyin Alpha	3,530	nc	3,850	nc	546	596
South	Guangdong	Sinopec Maoming	70-A, 90-A	3,195	+50	3,265	+50	494	505
		Sinopec Guangzhou	70-A, 90A	3,335	+50	3,395	+50	516	525
		Petrochina Gaofu	AH-70, AH-90	4,040	nc	4,610	nc	625	713
West	Sichuan	CNOOC Luzhou	AH-70, AH-90	3,530	+230	3,530	+230	546	546

Bitumen freight, 25 Sep-1 Oct			\$/t
Singapore-east Australia	130	145	nc
Singapore-west Australia	75	90	nc
Singapore-Gresik, Indonesia	32	38	-0.50
Singapore-north Vietnam	45	50	nc
Singapore-south Vietnam	33	37	-1.00
Singapore-south China	45	50	nc
Singapore-east China	50	60	nc
Thailand-south China	45	50	nc
Thailand-east China	50	55	nc
Thailand-east Australia	125	140	+5.00
Thailand-west Australia	90	110	nc
Taiwan-Ho Chi Minh, Vietnam	40	45	nc
Taiwan-Haiphong, Vietnam	35	40	nc
South Korea-east China	30	35	nc
South China-Haiphong, Vietnam	30	35	nc

## Malaysia

Bitumen demand in Malaysia was stable-to-firm as most construction projects across the country continued to operate at a steady pace.

Demand from the Klang Valley continued to occupy a large share of total volumes lifted, with bitumen demand from ongoing projects and premix plants remaining firm over the past three weeks.

The state-owned refiner increased its tank truck prices to around 1,830-1,880 ringgit/t ex-Malacca (\$437-449/t). Prices from Port Klang rose similarly to around 1,870-1,900/t ex-Klang (\$447-454/t). Delivered prices in the north have also edged up to around 1,870-1,960 ringgit/t (\$447-466/t) in response to an increase in listed prices from the state-owned refiner's Prai facility.

Several players have expressed that erratic rainfall over several construction sites has affected the progress of projects, but demand across Peninsula Malaysia in the coming months is expected to remain firm as most construction projects continue to edge towards completion by end November.

## Thailand

Prices on a fob basis were assessed at \$395-405/t in line with the trend seen in Singapore.

## ASIA-PACIFIC AND MIDDLE EAST MARKET COMMENTARY

A deal for a 2,000-3,000t cargo bound for central Vietnam, with a laycan period set in the first week of November, was at around \$395-400/t fob.

Regional traders have noted firmer buying indications from Vietnamese buyers for end October and first half November-loading cargoes. Demand from Vietnam is expected to pick up in November, as the seasonal monsoon ends.

Domestic demand for bitumen was mostly muted. Floods across several regions in Thailand after tropical storm Dianmu has hit operations in multiple construction sites in Bangkok and other parts of central Thailand.

Domestic prices rose to around \$490-550/t ex-refinery in response to higher crude prices. The higher cost of production has necessitated an increase in its listed prices.

### Indonesia

Bitumen demand in Indonesia continued to strengthen as the country approached its annual peak season for the bitumen market. Demand from the islands of Sumatra, Kalimantan and Sulawesi continued to be relatively firm on the back of ongoing projects.

A deal for a 1,500t Singapore origin cargo bound for Kalimantan with a loading period set in first half October was at above \$430/t cfr Kalimantan. A 3,000t 1H October loading cargo bound for North Sulawesi was concluded at around \$440/t cfr. Another deal for a 3,000t lot for first half October loading to South Sumatra was concluded at around \$440/t cfr. A deal by a Singapore-based trader totalling up to 15,000t to be loaded across November and first half December was also done this week.

Buying ideas were in the \$395-410/t fob range for end October and early November loading cargoes. Most regional players have continued to indicate their preference for

Australia import cargo prices, 25 Sep-1 Oct			\$/t
	Low	High	±
Thailand fob (Class 170)	417	427	+5.00
Thailand fob (Class 320)	422	432	+5.00
Singapore fob (Class 170)	420	430	+5.00
Singapore fob (Class 320)	425	435	+5.00

Mideast Gulf to India freight rates			\$/t
	Low	High	±
Bandar Abbas/ Nhava Sheva (drums)	27	31	nc
Bandar Abbas/ Mundra (drums)	27	30	nc
Bandar Abbas/ Haldia (drums)	65	66	nc
Bandar Abbas/ Mundra (bulk)	80	85	+2.50
Bandar Abbas/ Karwar (bulk)	85	90	+2.50
Bandar Abbas/ Kakinada (bulk)	110	120	nc
Bandar Abbas/ Haldia (bulk)	120	130	+5.00

lifting from the state-owned refiner's terminals in Cilacap and Gresik as an alternative compared with higher-priced cargoes from regional markets.

### Vietnam

More deals and discussions surfaced in Vietnam as demand firmed with the easing of lockdown. Some roadworks were also hampered this week by the ongoing wet weather.

An importer concluded two October loading cargoes from north Asia at \$440-445/t cfr, with one small volume loading for south Vietnam from Thailand and another 5,000t cargo to north Vietnam.

Two 3,000t cargoes from Singapore were concluded at \$440/t cfr south Vietnam and \$455/t cfr north Vietnam. This could not be confirmed with the buyer. Freight costs were estimated at \$30-35/t to south Vietnam and \$45-50/t to north Vietnam.

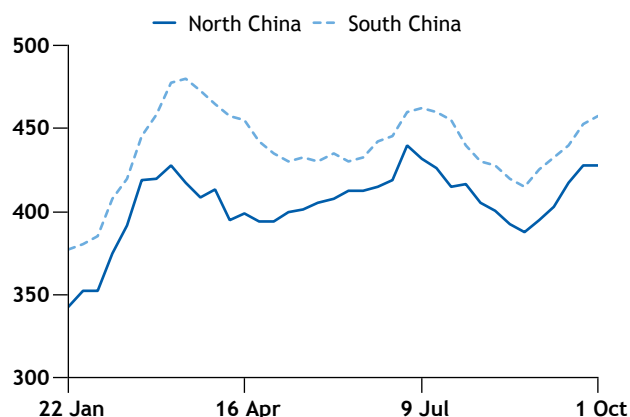
An offer for an end-October loading cargo at \$440/t cfr was seen from a Singapore-based refiner, with the volume and discharge ports yet to be fixed. The cargo was understood to be part of a larger shipment heading towards the north in end-October. Other offers into Vietnam for second-half October volumes were ranging between \$445-455/t cfr for cargoes of both southeast Asian and northeast Asia origins, with most buying ideas at \$440-445/t cfr. Discussions for November volumes had yet to commence.

### South Korea

Prices in South Korea were unchanged on the back of limited discussions or trades concluded.

Delivered cargoes: North and South China

\$/t



## ASIA-PACIFIC AND MIDDLE EAST MARKET COMMENTARY

Iranian export sales through the IME, 25-30 Sep					
Grade	Seller	Price Rials/kg	Packing	Volume t	Destination
Pen 60/70	Jey Oil	80,266-97,666	Bulk & Drum	17,000	Export by truck ex-Esfahan
Pen 60/70	Jey Oil	86,206	Bulk	8,000	Export by ship ex-Bandar Abbas
Pen 60/70	Kasra Bitumen Refining	95,486	Drum	4,200	Export by ship ex-Bandar Abbas
Pen 60/70	Ace Oil	76,289	Bulk	8,000	Export by ship ex-Bandar Abbas
Pen 60/70	Petro Kala Hegmatan	88,276	Bulk	5,000	Export by ship ex-Bandar Abbas
Pen 60/70	RK Refining	76,950	Bulk	600	Export by truck ex-Tabriz
Pen 40/50	Hormozan Oil	76,289	Bulk	1,500	Export by ship ex-Bandar Abbas
Pen 60/70	Black Gold	76,950-85,000	Bulk & Drum	3,000	Export by ship fob Bandar Abbas
Pen 60/70	White Gold	86,279-90,033	Bulk & Drum	2,000	Export by ship fob Bandar Abbas
AC40	Bitumen Hormoz Pars	81,685	Bulk	7,000	Export by ship ex-Bandar Abbas
Pen 60/70	Pasargad Oil	76,971	Bulk	2,000	Export by ship fob Bandar Lengeh
Pen 60/70	Pasargad Oil	76,950	Bulk	10,000	Export by ship ex-Bandar Imam Khomeini
Pen 60/70	Pasargad Oil	81,700	Bulk	5,000	Export by ship ex-Bandar Abbas
Pen 60/70 & 85/100	Petro Pasargad Hormozgan	86,279	Bulk	1,200	Export by ship fob Bandar Abbas
Pen 60/70	Petro Ayegh Spadana	76,950	Bulk	500	Export by truck ex-Esfahan
Pen 60/70, Ac40	Siahfam	80,871-90,033	Bulk	14,300	Export by ship fob Bandar Abbas

On a fob South Korea basis, no sell tenders were awarded. But a key refiner is expected to open a sell tender for its November loading cargoes in the coming weeks. Demand from China remains weak and is anticipated to remain a bearish factor for the Korean sellers.

Meanwhile, some key refineries are continuing to produce less bitumen on the back of strong HSFO economics. The reduced physical volumes of bitumen has helped to balance the overall supply availability for October.

Domestic prices in South Korea were raised by \$51/t for October, as recent firmness in crude values lent to higher domestic selling prices. Demand outlook for October remains slightly mixed, with local players wary of the recent spike in Covid-19 cases following the Thanksgiving festival holiday recently.

In Japan, domestic prices were raised by ¥1,000/t to ¥63,513-71,619/t ex-tank. Demand in September has been mostly stable against the previous month. More roadworks are expected to commence in October, though some projects might slow down with the upcoming general elections in November. Some sellers were anticipating slightly tighter supply in October, with one refiner's terminal in Yokohama undergoing maintenance. This could not be confirmed.

## Taiwan

In line with regional price movements, export prices from Taiwan were assessed \$2.50/t higher to \$400-405/t fob Taiwan.

Volumes from the private refiner remain limited, with no indications given on production levels for November and December.

Reduced volumes have also prompted buyers to seek alternative cargoes of other origins.

Domestic prices from the state-owned refiner were unchanged at NT17,000/t ex-tank.

## China

Limited negotiations were seen in China with the country heading into the week-long break for Golden Week celebrations from 1-7 October.

A key state-owned refiner raised its domestic listed prices by 20-70 yuan/t for key refineries in east China and by 50 yuan/t for refineries in the south. The upward revisions were seen as mostly in line with the firmness in global crude prices, with domestic demand expected to improve post-Golden Week. Another smaller state-owned refiner also raised listed prices by 230 yuan/t at its terminal in the southwest.

Ongoing power shortages in parts of China had limited impact on production. Some refineries in areas affected by power shortages may have slowed the rate of production, but supply levels were mostly unaffected.

A state-owned refinery in Shandong also resumed operations on 25 September after a planned turnaround. Two refineries in the east and in the south are due to undergo a month-long maintenance from October. Overall supply levels are expected to remain ample with the refiner planning to raise overall bitumen production by about 50,000-100,000t in October. The planned increment comes on the back of reduced petroleum coke production which has been curtailed due to carbon emission reduction plans.

Few discussions for imported cargoes were seen with



## ASIA-PACIFIC AND MIDDLE EAST MARKET COMMENTARY

most buyers preferring to delay negotiations until after 8 October. In east China, an offer for an October-loading South Korean cargo was at 3,250 yuan/t. About 7,000t of October-loading cargo from South Korea were also concluded at 3,300-3,350 yuan/t to east China. This could not be confirmed. Another importer concluded a very prompt 5,000 South Korean cargo which loaded this week at \$424/t cfr east China.

In south China, no firm discussions for imports were seen amid scant buying interest. An offer for November and December-loading cargoes from a Singapore-based refiner was made at \$460/t cfr south China.

Higher freight rates were quoted for cargoes from South Korea to east China, with ship owners having to contend with higher demurrage fees due to ongoing port congestion, particularly along the Yangtze River. Freight rates were at \$38-45/t for 5,000t cargoes, though few to no buyers were willing to take the higher offers.

### Australia & New Zealand

In the state of Victoria, the ongoing construction sector shutdown in Melbourne and other areas will be lifted from 5 October, with stringent Covid-19 measures in place. One seller estimated a reduction of around 50pc of sales this week due to the shutdown, with some slowdown also attributed to the wet weather. Overall demand is expected to pick up gradually in October and firm further in November.

Discussions were ongoing for November-loading cargoes, with indicative offers at higher than current fob Singapore levels. One importer also concluded a 7,000t cargo from southeast Asia for loading mid-November on a formula basis.

In New Zealand, demand from Auckland is expected to reach similar levels to the rest of the country gradually, with roadworks picking up despite the city remaining under the stricter "level 3" Covid-19 measures. Ullage levels remain manageable with importers citing no need to delay or divert incoming cargoes.

### India

In the Indian market, demand is slowly returning as the monsoon is nearing its end. Roadworks are picking up slowly in parts of the country with the monsoon expected to end in another 10 days time.

Buying of bulk and drummed parcels from Iran picked up this week but port inventories remain on the high side, thus deterring a firm upturn. Local refiners also raised prices for bulk by 1,600 Indian rupees/t and for drummed cargoes by 2,600 Indian rupees/t from 1 October.

Iranian Vacuum Bottom prices from NIOC\*, 25-30 Sep

Refinery	Volume t	Rials/kg		\$/t	
		Low	High	Low	High
Bandar Abbas	20,000	78,699	78,999	289	290
Esfahan	10,000	74,878	75,044	275	275
Shiraz	10,000	75,244	75,244	276	276
Tehran	20,000	75,119	76,890	276	282
Tabriz	8,000	71,661	71,661	263	263
Abadan	20,000	71,661	74,999	263	275
Arak	15,000	74,007	74,958	272	275

\* Exclusive of the 9pc tax for domestic sales and 14pc duty for export sales

Iranian domestic sales through the IME, 25-30 Sep

Grade	Volume t	Price rials/kg
60/70	2,798	78,000-83,500
85/100	55	79,858
Emulsion	25	74,000
40/50	0	
PG6416-PG5816-PG5822	1,405	79,858
MC250	25	110,000

### Bahrain

Bahrain's state-owned refiner will be increasing its bitumen listed prices by \$15/t with effect from 2 October on the back of the recent hikes in crude and fuel oil prices. This price hike will see listed prices increase to \$440/t fob Sitra.

This is the third time in a month where the refiner has announced a price increase.

### Iran

The Iranian market firmed supported by higher VB feed prices and improved demand. The exchange rate fluctuated in the 233,000-273,000 rials range on the local platforms. Bulk prices were assessed at \$290-305/t fob Bandar Abbas. Bulk cargoes from Bandar Imam Khomeini port were offered at \$285-290/t fob.

A 5,000t VG40 bulk lot was sold at \$292/t fob Bandar Abbas to India for prompt delivery. A 4,000t bulk cargo was sold at \$287/t to India. A 6,000t vessel size cargo was sold at \$290/t to India for prompt delivery. A total 9,000t of bulk cargoes were loaded based on previous contracts at \$285/t fob.

Demand remained firm for bulk to Pakistan with at least 10,000t sold at 81,000-82,000 rials/kg (about \$300/t) ex-Esfahan, up 3,000 rials/kg week-on-week. Demand from Afghanistan remained subdued.

Demand for drums was boosted in the past week and prices were assessed at \$365-375/t on different payment terms. Buying interest for drums from India increased as

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demand is slowly firming, amid thin supply of Iraqi drums. A producer sold 10,000t in drums at \$365-367/t to Sri Lanka and India. A total 10,000t of pen 60/70 in drums traded at \$365-367/t to Bangladesh, Sri Lanka and India on cash payment basis.

Total 2,000t were sold at \$375/t for October laycan to east Africa. A 5,000t Jey-embossed cargo sold at \$373-376/t fob, while several small cargoes were sold at \$365-370/t to Tanzania, Sri Lanka, India, Bangladesh and the UAE. A total 5,000t in drums sold at \$415-420/t cfr Turkmenistan for prompt delivery, with freight and logistic charges estimated at \$65/t.

Private shipping companies imposed a new General Rate Increase (GRI) for transshipment cargoes from Jebel Ali at an average \$100/container (\$5/t) from 26 September. In addition to this, direct shipments from Iran to Kenya rose from \$1,550/container to \$1,850/container from this week, while no container was available by IRISL for exporters.

Jumbo bag prices remained stable at \$350-360/t, but demand was thin due to the low gap with drum cargoes. Iraqi bitumen supply has weakened over the past month and a major producer was offered drum cargoes at \$355-360/t, while a 10,000t drum cargo was sold at \$335-340/t early this week to Myanmar and India. Market players said Iraqi vacuum residue (VR) feed price rose sharply and availability of VR in north Iraq fell sharply and several bitumen producers in Kurdistan region has halted production.

On the IME, prices moved up as competition rose between buyers. Jey Oil sold 8,000t of pen 60/70 in bulk at 86,206 rials/kg (\$316/t) ex-Bandar Abbas, up by \$10/t. Jey Oil also sold 7,000t at 80,350 rials/kg (\$294/t) ex-Esfahan, up around 3,900 rials/kg week-on-week and 10,000t in drums were sold at 93,009-97,666 rials/kg (\$341-358/t) ex-Esfahan.

Pasargad Oil increased prices to around 4,050 rials/kg (\$14/t) and sold 5,000t bulk on 81,700 rials/kg (\$300/t) ex-Bandar Abbas. Another 2,000t in bulk was sold at 76,961 rials/kg ex-Arak refinery, while 10,000t bulk of pen 60/70 sold at 76,950 rials/kg (\$283/t) ex-Abadan.

### Iran local market

VB feed prices continued on an upward trend as the Oil Refining Industry Association (Orica) revised VB feed prices on 25 September. VB feed prices from Bandar Abbas and Shiraz Refineries were announced at 75,244 rials/kg, up by 4,970 rials/kg (\$18/t) and from other refineries at 71,661 rials/kg, up by 4,733 rials/kg (\$17.5/t).

But buying interest was healthy due to lowered VB sup-

ply by refineries and expectations of further rise in prices in the coming revision, led by hikes in crude and HSFO prices. About 202,000t demand registered for VB feed, while 103,000t was sold by refineries on IME this week.

Bandar Abbas refinery announced a planned maintenance for a month from mid-October. VB feed supply from Bandar Abbas refinery is likely to drop by 50pc from this week until the end of November. Bandar Abbas Refinery offered 20,000t of VB feed at 75,244 rials/kg and 71,000t demand was registered. They finally sold 20,000t at an average of 78,919 rials/kg.

Tehran Refinery may also undergo maintenance from mid-October and likely will reduce VB feed supply too. Tehran Refinery sold 20,000t of VB feed at 75,421 rial/kg, up by 4,000 rials/kg (\$14.50/t). Esfahan Refinery sold 10,000t at 75,004 rials/kg, up by 4,000 rials/kg (\$14.50/t). Tabriz Refinery sold 8,000t at 71,616 rials/kg, up by 3,100 rials/kg. Abadan Refinery sold 20,000t at 71,661-74,999 rials/kg. Arak Refinery sold 25,000t at 74,570 rials/kg, up by about 6,000 rials/kg. Shiraz Refinery sold 10,000t at 75,244 rials/kg, up by about 3,000 rials/kg.

Bitumen prices rose in the domestic market, following a surge in VB feed prices and producers sold 4,308t of different products at 74,000-110,000 rials/kg on IME.

### Proposal to change waterborne fob Singapore assessment

Argus proposes to change the laycan timing of its waterborne fob Singapore assessment from the current 30-40 days forward to 15-40 days forward from the date of publication. Argus also proposes to change the current cargo sizes in the fobB Singapore assessment from 3,000-5,000t to 3,000-7,000t.

Argus will accept comments on this proposed change until 20 October 2021. To discuss this proposal, please contact the Asia Bitumen editor, Mahua Chakravarty, at mahua.chakravarty@argusmedia.com or by phone on +65 6496 9935. Formal comments should be marked as such and may be submitted by email to mahua.chakravarty@argusmedia.com or by post to Mahua Chakravarty, Argus Media, 50 Raffles Place, #10-01 Singapore Land Tower, Singapore 048623, and received by 20 October 2021. Please note that formal comments will be published after the consultation period unless confidentiality is specifically requested.

## VESSEL TRACKING INDICATIONS

Bitumen freight movements						
Vessel name	Owner	Tonnage	Loading port	Discharge port	Current position	ETA
San Biagio	ABC Maritime	4,900	Abidjan	Douala, Cameroon	WAF	29-Sep
Bitonia	Frederi Beta	4,972	Hamburg	Akureyri, Iceland	Northwest Europe	29-Sep
Iver Ability	HB Tankship	12,497	Hamburg	Thames, UK	Northwest Europe	27-Sep
Ning Hai Wan	Ninghaiwan Maritime Co Ltd	6,118	Huelva	Donges, France	Northwest Europe	29-Sep
San Bacco	ABC Maritime	4,995	Brunsbuettel	Sodertalje, Sweden	Northwest Europe	28-Sep
Iver Brilliant	HB Tankship	6,239	Liepaja	Newport, Wales	Northwest Europe	3-Sep
Iver Agile	Petrolmar SPA	5,765	Mersin	Alexandria, Egypt	Med	2-Oct
Iver Action	HB Tankship	5,897	Augusta	Lavera, France	Med	2-Oct
Sunpower	Queensway Navigation	4,999	Aspropyrgos	Mangalia, Romania	Black Sea	3-Oct
Xing Hai Wan	COSCO SCS	6,123	Rotterdam	Bayonne, France	Northwest Europe	2-Oct
Acacia Rubra	White Flag Ventures	6,065	Lomonosov	Pori, Finland	Baltic Sea	30-Sep
Bitflower	Tarbit Shipping	6,314	Rotterdam	Nantes, France	Northwest Europe	1-Oct
Iver Bitumen	WS Tankship	6,586	Huelva	Tenerife, Spain	Med	1-Oct
Iver Accord	HB Tankship	5,897	La Coruna	Blaye, France	Northwest Europe	1-Oct
R Ocean	R ROSE TRADING COMPANY	3,764	Basrah	Mombasa, Kenya	Arabian Sea	10-Oct
Herbania	DMG	7,066	Huelva	Ghazaouet, Algeria	Med	29-Sep
Poestella	Bilsea	8,021	Augusta	Algiers, Algeria	Med	2-Oct
Seapower	Nanjing Petroleum T'ptn	4,999	St Petersburg	Tallinn, Estonia	Baltic Sea	1-Oct
An Hai Wan	COSCO SCS	6,165	Tarragona	Naples, Italy	Med	2-Oct
Iver Balance	HB Tankship	6,180	Cadiz	Oran, Algeria	Med	30-Sep
LG Asphalt 1	LG Asphalt	2,107	Singapore	Semarang, Indonesia	Java Sea	2-Oct
Lilstella	Bilsea	7,944	Singapore	Qinzhou, China	Java Sea	4-Oct
Da Kun Shan	UNITED BRIGHT MARITIME LTD	6,186	Singapore	Qinzhou, China	Java Sea	3-Oct
Peng Hu Wan	COSCO SCS	6,327	Yeosu	Nanjing, China	Nanjing	1-Oct
VP Asphalt 1	VP Petrochemical	3,102	Rayong	Cam Ranh, Vietnam	Vietnam	2-Oct
Bitumen Shouri	Kallex	3,638	Singapore	Tan Hiep, Vietnam	Malacca Strait	2-Oct
Black Dragon	Itochu	2,500	Ulsan	Mutsure, Japan	Japan	28-Sep
Black Jade	National Bitumen Corporation	5,500	Ulsan	Lanshan, China	East China Sea	30-Sep
Tai Hua Wan	Cosco Shipping	7,652	Singapore	Qinzhou, China	Vietnam	2-Oct
Kang Hua Wan	Cosco	7,651	Yeosu	Ningbo, China	Zhejiang	28-Sep



## NEWS

**Narrow margins pressure Iran's bitumen**

Iranian bitumen production fell by an estimated 22pc during March-August, faced by the double whammy of higher costs of production and weak demand from key markets.

Iran's VB feed sales volume fell by about 22pc from 2.962mn t to 2.314mn t between 22 March and 22 August 2021 compared with the same period last year. As a result, bitumen production also fell by at least about 22pc during the same period.

Meanwhile, bitumen sellers have seen weak demand in domestic as well as regional markets. Producers have also seen an increasing squeeze on margins on the rising cost of VB feed prices. This, coupled with stronger high-sulphur fuel oil (HSFO) economics, has resulted in higher production of fuel oil and has reduced export volumes.

"We reduced trading activities for bitumen as there is no profit margin, and have switched to other products," said several local traders.

"As a producer, we have faced losses over the past months and were forced to sell our cargoes only to pay our debts from purchasing VB feed that was bought earlier," said several producers.

As a result, the number of companies trading or selling bitumen within Iran has fallen over the past few months.

A gap was seen in buy-sell expectations as higher offers based on higher costs of production were rejected by buyers from key markets. This was further underpinned by the impact of Covid-19, which resulted in issues with government funds and slowed paving activities in recent months.

"We purchased VB feed at 70,274 rials/kg [\$285/t] and produced bitumen at \$315/t fob, including storage and VAT costs, but we have sold without any profit," said industry participants. The government did not give a tax rebate to

many exporters in the past two years and imposed a bitumen export tax from March 2021 onwards.

VB feed supply fell by 21pc from 3.24mn t to 2.56mn t between 22 March and 22 August this year. This was supported by a possible move by Iranian refineries to increase fuel oil production because of higher demand, in contrast to weak demand from bitumen producers.

On the other hand, Iran's bitumen exports in August slid by 32pc compared with a month earlier and was 48pc lower year-on-year amid low demand from Asian markets. Exports fell to about 221,730t in August, down from 326,000t sold in July. Meanwhile Iran's export sales stood at 431,000t in August 2020, according to data from the Iran Mercantile Exchange.

**Vietnam's bitumen demand to rise**

Bitumen demand from Vietnam looks set to increase in the next few years, supported by an ambitious road development plan that seeks to construct over 5,000km of expressways between 2021-2030.

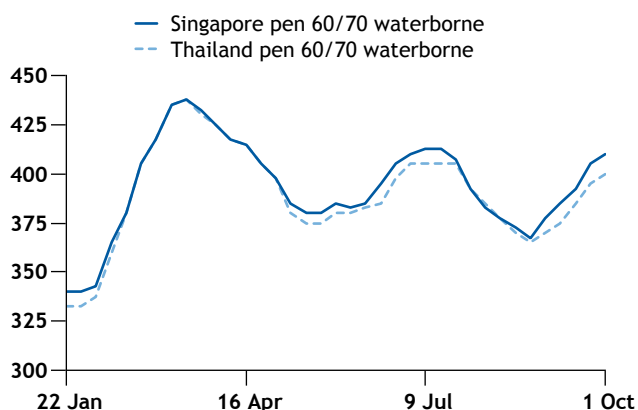
The Road Network Development Plan which was unveiled this month seeks to develop over 5,000km of expressways in the country by 2030, up from 3,841km in 2021.

Key areas for expressway development include extensions to the ongoing North-South Expressway project, as well as the 14 expressways in the north, which alone would total about 2,305km. It also includes 10 expressways making up around 1,431km in the central and central highlands region, and another 10 expressways totalling around 1,290km in the south.

On top of the new additions to the expressways, there are also plans for 172 national highway routes totalling

Singapore and Rayong waterborne

\$/t

**Argus successfully completes annual losco assurance review**

Argus has completed the ninth external assurance review of its price benchmarks covering crude oil, products, LPG, petrochemicals, biofuels, thermal coal, coking coal, iron ore, steel, natural gas and biomass benchmarks. The review was carried out by professional services firm PwC. Annual independent, external reviews of oil benchmarks are required by international regulatory group Iosco's Principles for Oil Price Reporting Agencies, and Iosco encourages extension of the reviews to non-oil benchmarks. For more information and to download the review visit our website <https://www.argusmedia.com/en/about-us/governance-compliance>

## NEWS

29,795km by 2030, and 3,034km of coastal roads spanning 28 cities and provinces.

The road development plan is one of the five master blueprints for the country's transport sector, which include plans for high-speed rail routes, sea ports and new international airports to be constructed between this year and 2030. The investment capital for the plan is estimated to be about 900,000bn dong (\$39.6bn), according to a draft issued by Vietnam's Ministry of Transport. The bulk of the project funding is expected to come from public-private partnership (PPP) investment.

The Vietnamese government had in January this year

unveiled a new PPP framework to support the country's development plans, where investors of projects in transportation, healthcare, education, power transmission and water sectors can receive benefits such as tax reductions or credit support, among others.

Vietnam does not produce bitumen, which is used in road construction. The country imported close to 890,000t of bitumen in 2020, the highest in the last five years. New road construction projects are expected to continue as the government pushes for infrastructure development in tandem with economic goals, and has positioned Vietnam as an attractive business hub.

The road development plan is also aligned with Vietnam's 11th Socio-Economic Development Plan (SEDP), which covers the period of 2021-2025 and includes the goal of achieving an average Gross Domestic Product (GDP) of 6.5-7pc in the next five years.

### Ghana's new bitumen terminal delayed

Ghanaian state-owned oil and gas marketing firm Goil has pushed back the completion date for a new \$35mn bitumen terminal and conversion project at the port of Tema to the end of this year.

The 6,000t terminal – which will supply imported AC-10 and AC-20 bitumen performance grades to newly built polymer-modified bitumen (PMB) and bitumen emulsions plants – had been slated for completion by the end of this month. Covid-related issues are understood to be partly responsible for the delay.

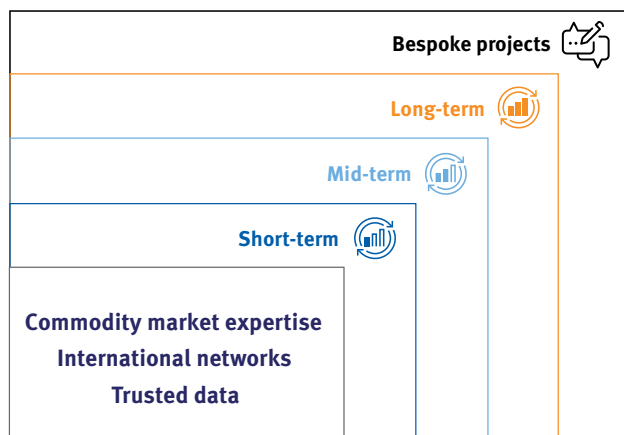
Goil's joint venture partner in the project is Ivory Coast bitumen producer and exporter SMB, which has 300,000 t/yr of bitumen production capacity at its Abidjan refinery. The project was announced in 2017 and construction work began two years later. It is now 94pc complete.

Once operations start, bitumen imports into Tema will be fed to the terminal by a 3km pipeline, which will be electrically heated to keep the road paving product liquid before it is discharged into Goil's newly built storage tanks.

The imported bitumen will then feed into the styrene-butadiene-styrene PMB plant, which will have the capacity to produce 30 t/hour. Some local market participants expect increased use of PMB in major road and highway projects in Ghana over the coming years.

One domestic construction sector player said its use had yet to be pursued aggressively by the country's highways authorities. The bitumen emulsions plant will have a capacity of 60 t/hr. Bitumen emulsions are already in much wider use in Ghana than PMB.

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