



ARGUS LATIN MARKETS

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The most up-to-date Argus Latin Markets Methodology is available on www.argusmedia.com

Introduction

Latin America is a crucial source of short-haul oil to the key US market. Argus Latin Markets (ALM) recognises this region's importance with a weekly report that focuses on the crudes and products that matter most to traders active in Central and South America.

Argus specialists have a global view that draws on the knowledge of all the Argus offices. This allows our editors to provide insight on the Latin American markets that puts regional numbers into a wider context. Our specialists maintain contact with every segment of the spot crude markets in North and South America in order to take account of the views held by producers looking to sell their oil, refiners who need to buy it, and trading houses seeking to capture arbitrages. National oil companies in the Caribbean and South America are canvassed frequently for their views.

Arbitrages into and out of the hemisphere are closely watched, and clean and dirty freight rates between ports within the region are provided as are calculations for products values at specific locations. Products prices fob and delivered to locations in Latin America are derived from Argus-assessed prices in more liquid hubs, in combination with freight rates. Deals reported for products primarily reflect not just cargoes ranging from 200,000 bl and higher, but also part-cargoes and barge deals concluded throughout local markets.

Mexican pricing formulas for Maya, Isthmus and Olmeca sold within the Americas are fully calculated out using Argus data collected elsewhere in the crude and products markets. Assessments for US domestic crudes like LLS, Mars and ANS appear alongside those for eleven other major Latin American varieties for easy comparison. Ecuador's Oriente crude is assessed both fob at its loading port and on a delivered US west coast basis.

Argus understands that spot crude trade in the Americas centres around differentials discussed against benchmark WTI, more than around outright prices. Differentials are published along with outright values for every crude, a feature designed to reflect the way traders themselves do business. ALM also features valuable extras like propane and butane prices at the main Mont Belvieu trading hub on the US Gulf coast, and a listing of any purchase or sales tenders open at the time of publication.

Crude Markets

All prices listed in this section are excerpted from the Argus Americas Crude (see *Americas Crude Methodology*) except:

Mexican Crudes

Mexican crudes, which are derived through the Pemex formula for sales to the US Gulf coast as follows:

Maya: 40pc WTS Midland plus 40pc Fuel Oil No 6 (3pc sulphur) US Gulf coast cargoes plus 10pc LLS St. James plus 10pc Dated Brent (London 18:30hrs) plus K Factor adjusted by Pemex monthly.

Olmeca: 33.33pc WTS Midland plus 33.33pc LLS St. James plus

33.33pc Dated Brent (London 18:30hrs)

Isthmus: 40pc WTS Midland plus 40pc LLS St. James plus 20pc Dated Brent (London 18:30hrs)

Refined Products

Includes daily assessments of products prices appearing in the Argus European Products, US Products and the Argus Asia Pacific Products relevant to trade into or out of Latin America. It also includes daily price assessments based on the import or export parity price for that day calculated as follows:

Import Parity Price (delivered prices): the lowest price of product sourced from different markets, plus the freight rate on the most common size vessel used for the route from the port of loading to the port of destination, plus/minus quality adjustments.

Export Parity Price (fob prices): the highest price of possible export markets, minus the freight rate in the most common size vessel used for the route from the port of loading to the port of destination, minus US duty charges.

Gasoil

Fob US Gulf coast No 2 cargoes (see *US Products Methodology*).

Fob Argus west Mediterranean French heating (see *European Products Methodology*).

Delivered Peru: No 2 fob US Gulf coast cargoes plus freight on a 30,000t vessel (see *Argus US Products Methodology*).

Delivered Brazil: the lowest of: No 2 fob US Gulf coast cargoes plus freight on a 30,000t vessel; west Mediterranean French heating fob plus freight on a 45,000t vessel; Russian gasoil fob Ventspils plus freight on a 60,000t vessel; and Singapore gasoil, low pour fob cargoes plus freight on a 45,000t vessel plus quality adjustments (see *Argus US Products, Argus European Products, and Argus Asia Pacific Product methodologies*).

Fob Venezuela: No 2 del New York Harbor cargoes minus freight on a 30,000t vessel minus US duty of 0.25¢/USG (see *Argus US Products Methodology*)

Delivered Argentina: the lowest of: No. 2 fob US Gulf coast cargoes plus freight on a 30,000t vessel; west Mediterranean French heating fob plus freight on a 45,000t vessel; and Singapore gasoil, low pour fob cargoes plus freight on a 45,000t vessel plus quality adjustments (see *Argus US Products, Argus European Products, and Argus Asia Pacific Product methodologies*).

Gasoline

Delivered east coast Mexico: the lower of: regular unleaded gasoline fob Rotterdam cargoes plus freight on a 60,000t vessel; and 87 conventional unleaded gasoline fob US Gulf coast cargoes plus freight on a 30,000t vessel (see *Argus US Products and Argus Euro-*

pean Products methodologies).

Fob Venezuela: 87 unleaded reformulated gasoline del New York Harbor cargoes minus freight on a 30,000t vessel minus US duty of 1.25¢/USG (see *Argus US Products Methodology*)

Fuel oil

Fob Caribbean (1.0pc sulphur): the higher of 1.0pc sulphur fuel oil del New York Harbor waterborne minus freight on a 50,000t vessel minus US duty of \$0.125/bl; and 1.0pc sulphur west Mediterranean cif cargoes minus freight on a 50,000t vessel (see *Argus US Products and Argus European Products methodologies*).

Fob Colombia (1.5pc sulphur): 1.0pc sulphur fuel oil delivered New York Harbor waterborne minus differential to 2.2pc sulphur fuel oil minus freight on a 50,000t vessel (see *Argus US Products and Argus European Products methodologies*).

Fob Venezuela (3pc sulphur): the highest of 3.0pc sulphur fuel oil del New York Harbor waterborne minus freight on a 50,000t vessel minus US duty of \$0.125/bl; 380 centistokes Los Angeles bunker fuel oil minus freight on a 50,000t vessel minus US duty of \$0.125/bl minus quality adjustment of \$0.156/bl; 3.5pc sulphur fuel oil cif Rotterdam cargoes minus freight on a 70,000t vessel; and high-sulphur 380 centistokes fuel oil fob Singapore cargoes minus freight on a 70,000t vessel (see *Argus US Products, Argus European Products, and Argus Asia Pacific Product methodologies*).

Delivered east coast Mexico (3pc sulphur): 3.0pc sulphur fuel oil fob US Gulf coast waterborne plus freight on a 50,000t vessel (see *Argus US Products Methodology*).

Feedstocks/Blendstocks

Paraffinic naphtha delivered Brazil: the lowest of: fob Arab Gulf cargoes plus freight on a 70,000t vessel; fob west Mediterranean naphtha cargoes (70pc paraffins) plus freight on a 45,000t vessel; and delivered US Gulf coast naphtha barges (70pc min paraffins) plus freight on a 30,000t vessel (see *Argus US Products, Argus European Products, and Argus Asia Pacific Product methodologies*).

Reformer grade naphtha delivered US Gulf coast: 87 conventional gasoline fob US Gulf coast cargoes minus differential for US Gulf coast 40 N+A naphtha (see *Argus US Products Methodology*).

MTBE fob Venezuela: the higher of New York Harbor inside-duty fob barges minus freight on a 30,000t vessel minus US duty of 5.6pc of MTBE value; and fob US Gulf coast spot MTBE minus freight on a 30,000t vessel minus US duty of 5.6pc of MTBE value (see *Argus US Products Methodology*).

LPG Markets

Includes daily assessments of LPG prices appearing in the Argus NGL Americas report for Propane and Normal Butane at Mont Bel-

vieu, Texas (see *Argus International LPG Methodology*)

Key Regional Freight Rates

Regional freight rates are assessed weekly.

Tenders

A list of tenders issued or awarded by Latin American oil companies during the week that the report is published.

Deals reported

A list of reported import or export deals from Latin America, including crude and products. The list includes information about buyer, seller, crude or product traded, price and/or destination, and timing of the trade.