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ARGUS RUSSIAN FUEL OIL

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The most up-to-date Argus Russian Fuel Oil methodology is available on www.argusmedia.com

Introduction

Russian refineries sell about 30-40% of produced fuel oil on domestic market, while remaining volume gets exported. Most of the product is sold to power generation companies, utilities, industrial end-users and bunker traders. In winter months fuel oil domestic consumption increases twofold compared to summer period.

Russian fuel oil is transported to consumers and seaports by rail cars and river barges (May to November). The product is sold through arms-length deals at over-the-counter market or at electronic exchange platforms.

Methodology

Argus assesses fuel oil prices in Russia using a process of intelligent interpretation of market information, taking into account numerous trade signals, including comparative prices, during the course of a trading day with cut off at 17.30hrs Moscow time.

The market information on deals done, bids and offers levels are collected daily by personal contacts, telephone, electronic mail and messengers. A cross-section of buyers and sellers are consulted and the market information cross-referenced with active market participants. A consensus value of bid and offer levels is then determined and used to generate prices for fuel oil.

The values are presented in Russian roubles per metric tonne with conversion into US dollars per tonne using the official rate of the Central Bank of Russian Federation for a date of publication.

All domestic price assessments are published in the Russian-language daily «Argus Российский мазут» (Argus Russian Fuel Oil) and are available online at www.argusmedia.com. The Argus Russian Fuel Oil is a daily Russian-language report covering domestic fuel oil market. Each issue of the report includes fuel oil price assessments at Russian refineries, sea ports and European markets as well as netback values, detailed market commentary and charts.

Spot assessments (fca refinery)

Argus produces a daily series of spot price assessments for Russian domestic fuel oil. The prices are published in the Argus Russian Fuel Oil for refineries, located in the following Federal districts of Russian Federation: Central, Northwestern, Volga, Southern, Siberian and Far Eastern.

The prices are published in Roubles per tonne basis fca (free carriage at) refinery for M-100 grade. The minimum cargo size is 180t, timing – 10-20 days ahead, basis – fca refinery with 100pc pre-payment. The quality of the product meets Russian standard – GOST 10585-99 for VII class of M-100 fuel oil with maximum sulphur content of 3.5pc, flash point – over 110°C and pour point – over 25°C.

The sulphur content at various refineries is described in the table:

Export alternative (netback)

The Argus Russian Fuel Oil also publishes export alternative values: European assessments netted back to major refineries with

RUSSIAN FUEL OIL SULPHUR CONTENT (pc)	
Refinery	Sulphur content
Central District	
Moscow	2.2
Ryazan	2.7-2.8
Yaroslavl	2.67
Northwestern district	
Ukhta	1.12
Kirishi	2.0
Volga District	
Nizhniy Novgorod	2.3-2.7
Saratov	2.0-2.2
Samara	2.4-2.8
Orsk	1.7-2.0
Nizhnekamsk	2.5-2.8
Perm	2.3
Salavat	2.5
Ufa	3.5
Southern District	
Astrakhan	2.8
Volgograd	1.0-1.5
Siberian District	
Omsk	1.3-1.7
Achinsk	1.1-1.5
Angarsk	1.3-1.5
Far Eastern District	
Khabarovsk	1.5-1.8
Komsomolsk	1.3

addition of the Russian value added tax (18pc). These quotations are compared with spot market prices to demonstrate relative attractiveness of export and domestic sales (see table on p3).

Bunker fuel assessments

Argus produces a daily series of spot price assessments for Russian bunker fuels – high and low sulphur fuel oil and marine diesel basis dob (delivered on board) at St. Petersburg, Novorossiysk, Murmansk, the ports of Primorskiy Krai (Vladivostok, Nakhodka, Vostochniy, Slavyanka, Kozmino). The prices are assessed during the course of a trading day with cut off at 17.30hrs Moscow time (14.30 London time).

The minimum cargo size is 50t, timing – 1-20 days ahead, payment terms – maximum 15 days after.

The quality of the fuel meets international standard ISO 8217:2005 (E). In St. Petersburg two standards of fuel with high and low sulphur (HSFO and LSFO) were introduced with tightening specifications in the Baltic Sea (see table on p3).

Russian bunker fuel oil market is two-tier: the product is sold at rouble prices to operators of Russian-flagged vessels, while ships sailing under foreign flags buy fuel for US dollars. In St. Petersburg about 90pc of the fuel is sold for dollars. Argus assesses the dollar price and converts it into roubles using the current Central Bank currency rate and 18pc VAT. In Russian Far East rouble and dollar market are separate, and Argus publishes both assessments.

Argus also calculates value of fuel oil delivered to St. Petersburg, Novorossiysk, Murmansk, Archangelsk and Vladivostok from major refineries, supplying these ports, by adding transportation tariffs to refinery gate prices (fca). The prices are published at cpt (carriage paid to) port in Roubles per metric tonne.

Russian paving bitumen

Russia produces some 5mn t of bitumen with 4.5mnt consumed domestically. Argus publishes prices for paving grade bitumen delivered to Russian domestic market by rail and truck. Prices are in Roubles/tonne for prepaid rail cargoes of 60-400t and trucks of 10-30t all basis fca refinery. The timing is 1-20 days forward. The product quality is according to Russian standard GOST 22245-90. Refineries produce various grades of bitumen. If a refinery sells two or more grades simultaneously at different prices, Argus includes all grades into buy/sell range of assessments.

Typical Russian bitumen grades	
Refinery	Grade
Moscow	BND 60/90
Ryazan	BND 90/130
Yaroslavl (TNK-BP)	BND 90/130; BND 60/90
Yaroslavl (Gazprom Neft)	BND 90/130; BND 60/90
Ukhta	BND 90/130; BND 60/90
Kirishi	BDUS 70/100
Nizhniy Novgorod	BND 90/130
Saratov	BND 90/130
Samara	BND 90/130; BND 60/90
Orsk	BND-M 80/120
Nizhnekamsk	BND 90/130; BND 60/90
Perm	BND 130/200
Salavat	BND 90/130
Ufa	BND 90/130; 60/90
Volgograd	BND 60/90
Orsk	BND 90/130
Achinsk	BND 60/90
Angarsk	BND 130/200; BND 90/130
Khabarovsk	BND 90/130

Russian bitumen quality (GOST 22245-90)		
Grade	BND 90/130	BND 60/90
Penetration, 0.1 mm		
at 25°C	91-130	61-90
at 0°C, no less than	28	20
Softening point, °C	43	47
Ductility, sm		
at 25°C	65	55
at 0°C	4.0	3.5
Penetration index	-1.0 to +1.0	
Brittle point, °C	-17	-15

QUALITY STANDARDS FOR RUSSIAN BUNKER FUEL						
Name	Units	LSFO-180	LSFO-380	HSFO-180	HSFO-380	MGO
Sulphur content (max)	%	1	1	3.5	3.5	1
Flash point (min)	°C	60	60	60	60	60
Gravity at 15°C (max)	kg/m ³	991	991	991	991	890
Viscosity (max)	cst	180 (50°C)	380 (50°C)	180 (50°C)	380 (50°C)	6 (40°C)

International market price assessments

International fuel oil and marine fuels price assessments, published Argus Russian Fuel Oil, are taken from Argus daily market reports, namely Argus European Products, Argus Asia Pacific Products and Argus US Products. Methodologies for these quotations are available at www.argusmedia.com.

Russian-language methodology is available at www.argusmedia.com and www.argus.ru.