

IRAN REFINERY OUTLOOK

February 2021



International View

Naphtha

- In Asia, combination of crackers returning from maintenance and high LPG prices amid the colder-than-usual winter will keep demand high through 1Q21, but regional production will largely move sideways through to April amid a limited increase in refinery runs.

Gasoline

- It is expected the regional gasoline demand to reach close to 2019 levels of 1.9 mmb/d by August 2021. Overall, 2021 demand will only be 90 kb/d below 2019 levels.

Middle Distillate

- The March EFS spread was pegged at plus \$1.25/mt. The recent declines in voyage rates are helping the arbitrage to remain open, making viable to send cargoes from west to the east.
- Based on data from ICAO, in the most optimistic scenario, it is expected the passenger numbers to recover to 71% of 2019 levels by June of 2021. A more pessimistic scenario would see a recovery to just 49%.

Fuel Oil

- HSFO supply is likely to remain tight due to lower refinery runs during the Spring turnaround season and also because of lower availability of HS barrels as Saudi Aramco reduces supply of its medium/heavy HS crudes.

International View

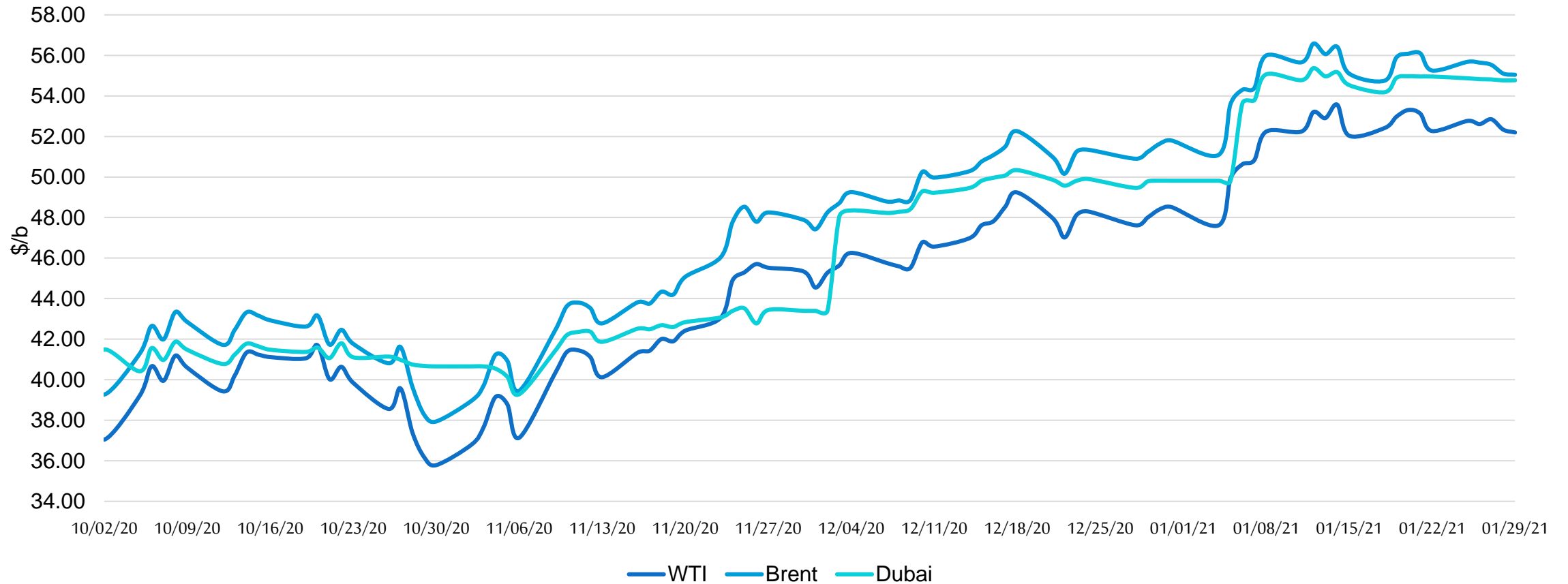
- Runs are expected to remain flat during the Spring turnaround season as the ramp-up of new and idled capacity should offset the loss of any capacity going offline for maintenance.
- Margins are also likely to remain flat over the next few months as the ongoing weakness in jet demand will offset the recovery in other product cracks.
- There is currently much talk about demand recovering and the total hydrocarbon balance tightening, leading to crude and product stock draws and higher crude oil prices. With prices currently in the high \$50s/bbl, it seems a lot of non-OPEC (especially the USA and Canada) production will be viable and OPEC (particularly Saudi Arabia) will have to think hard about how they manage their production levels.
- Given the length in middle distillate this year, refiners will still have to be creative and maximise the amount of middle distillate effectively the lighter part of jet/kero going into naphtha and gasoline.
- As global oil demand recovers further through 2021, the Call on OPEC+ is seen moving well beyond OPEC+'s current planned production target levels. During this time, we see a lot of upside potential to oil prices, especially if OPEC+ fails to respond quickly enough.

Historical Prices



Crude Oil

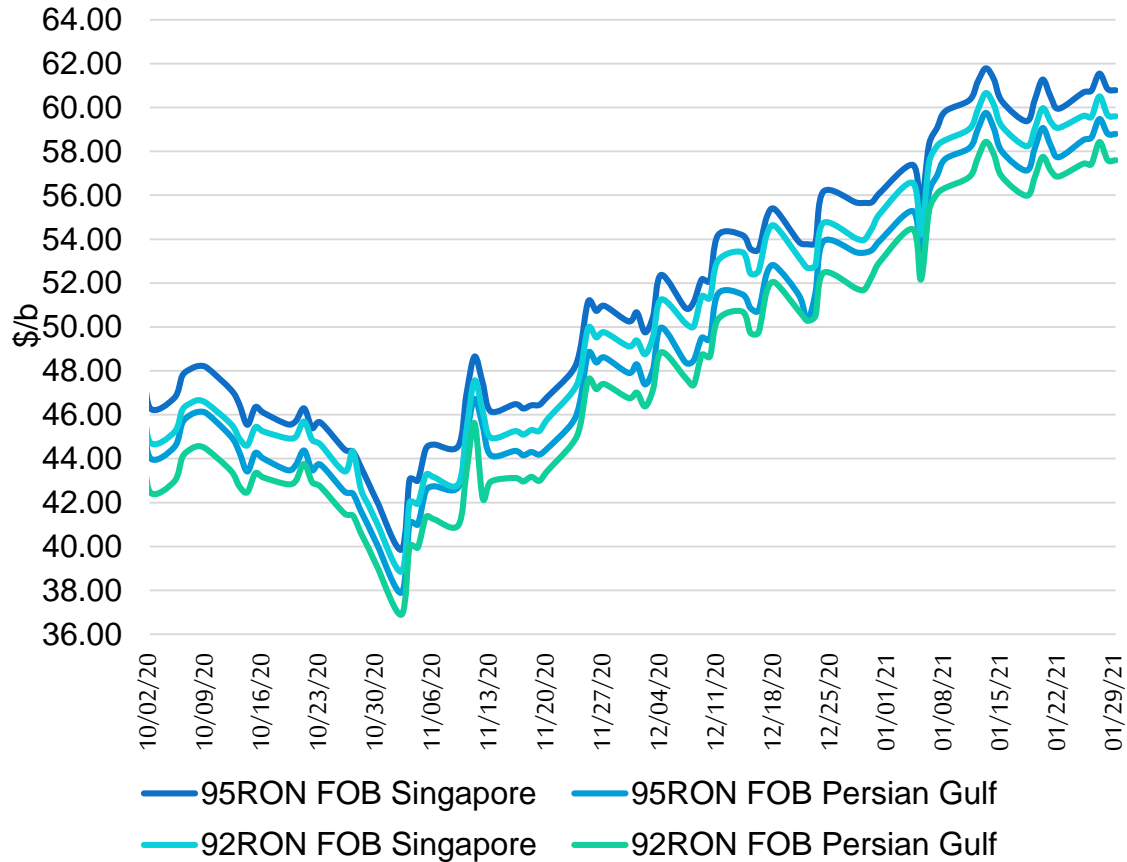
Crude Oil Prices



Source: Platts

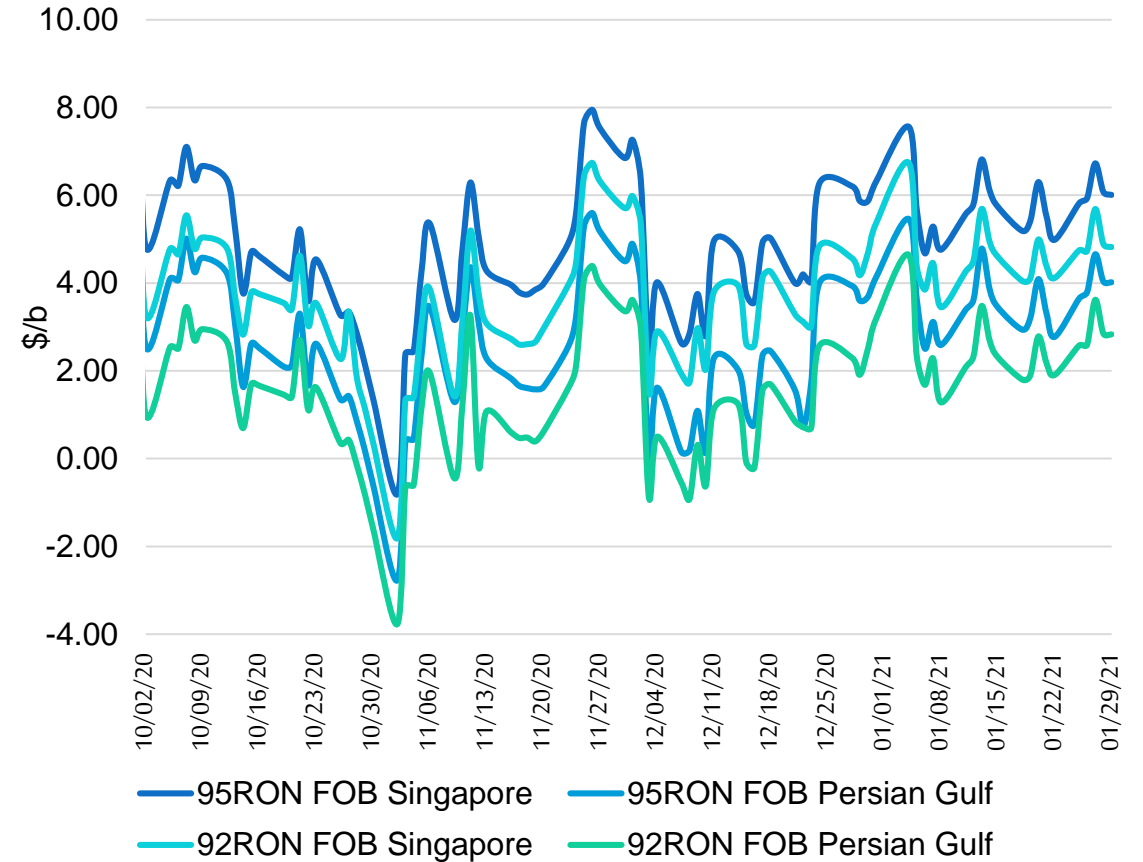
Gasoline

Gasoline Historical Prices



Source: Platts

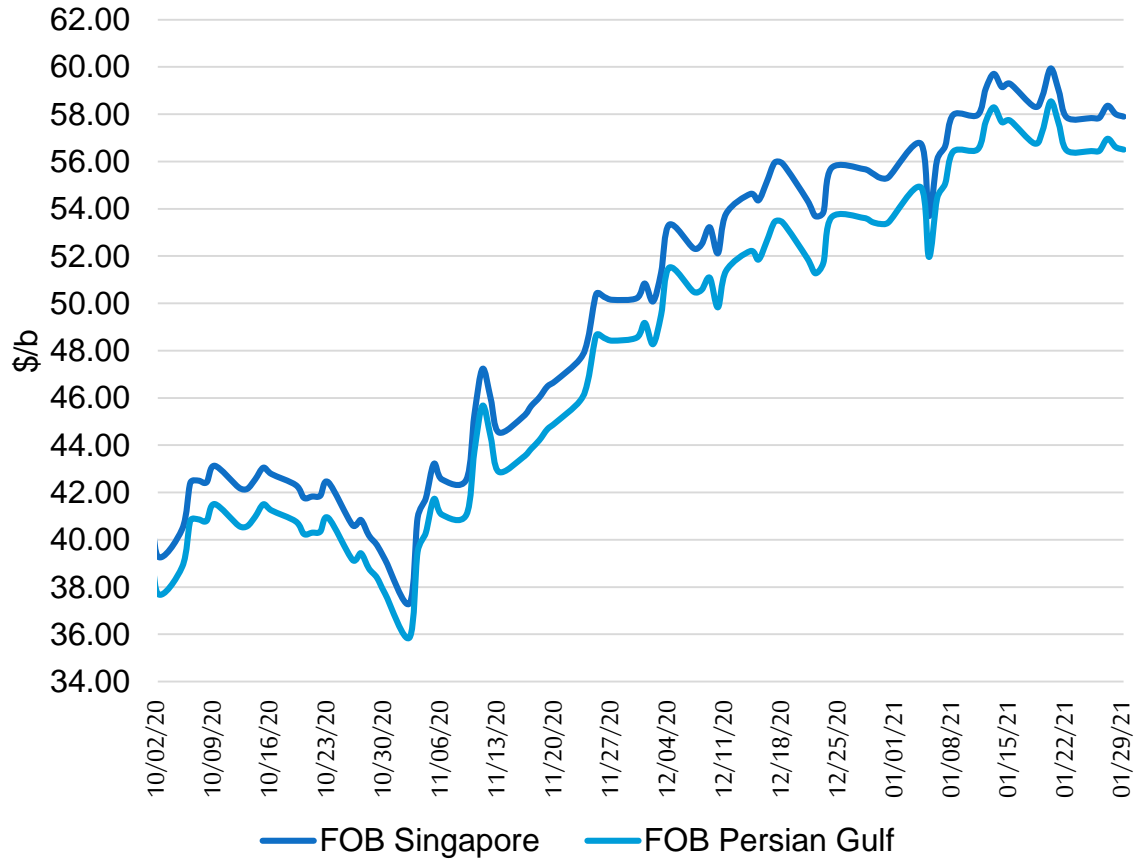
Gasoline Historical Cracks



Source: Platts

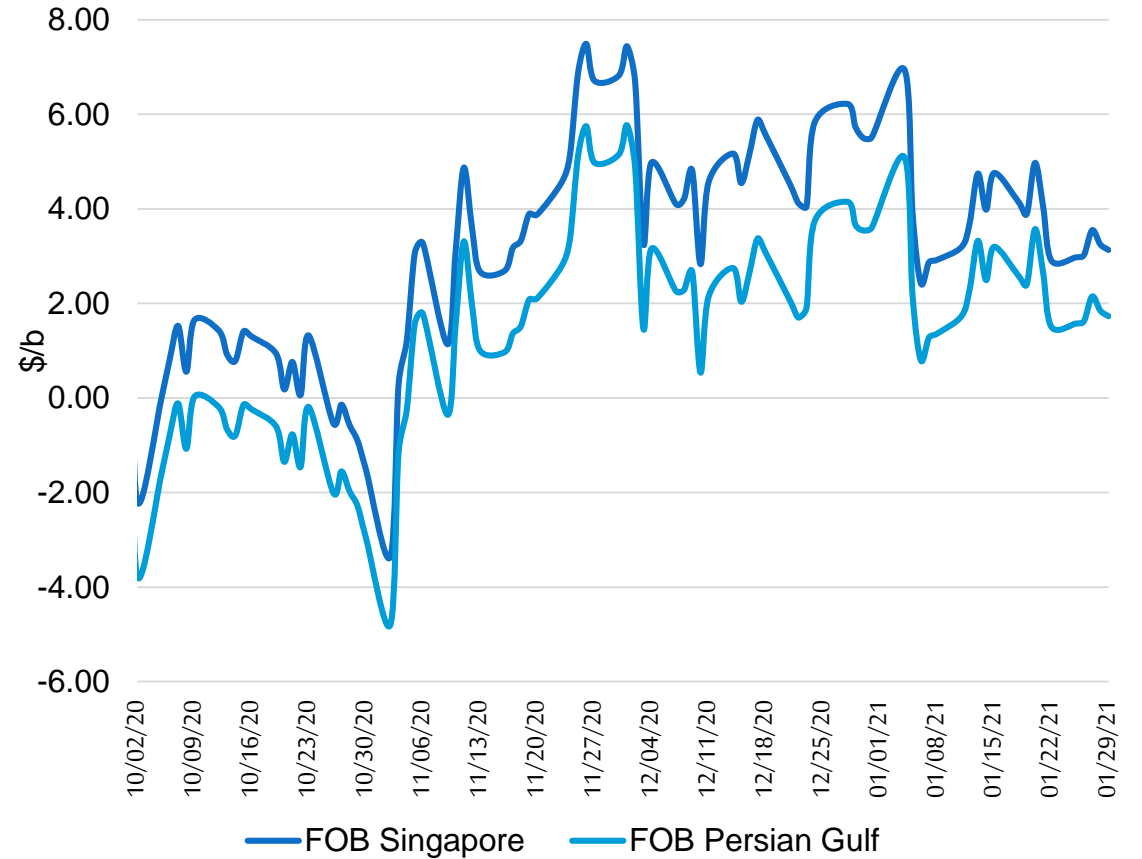
Kerosene

Kerosene Historical Prices



Source: Platts

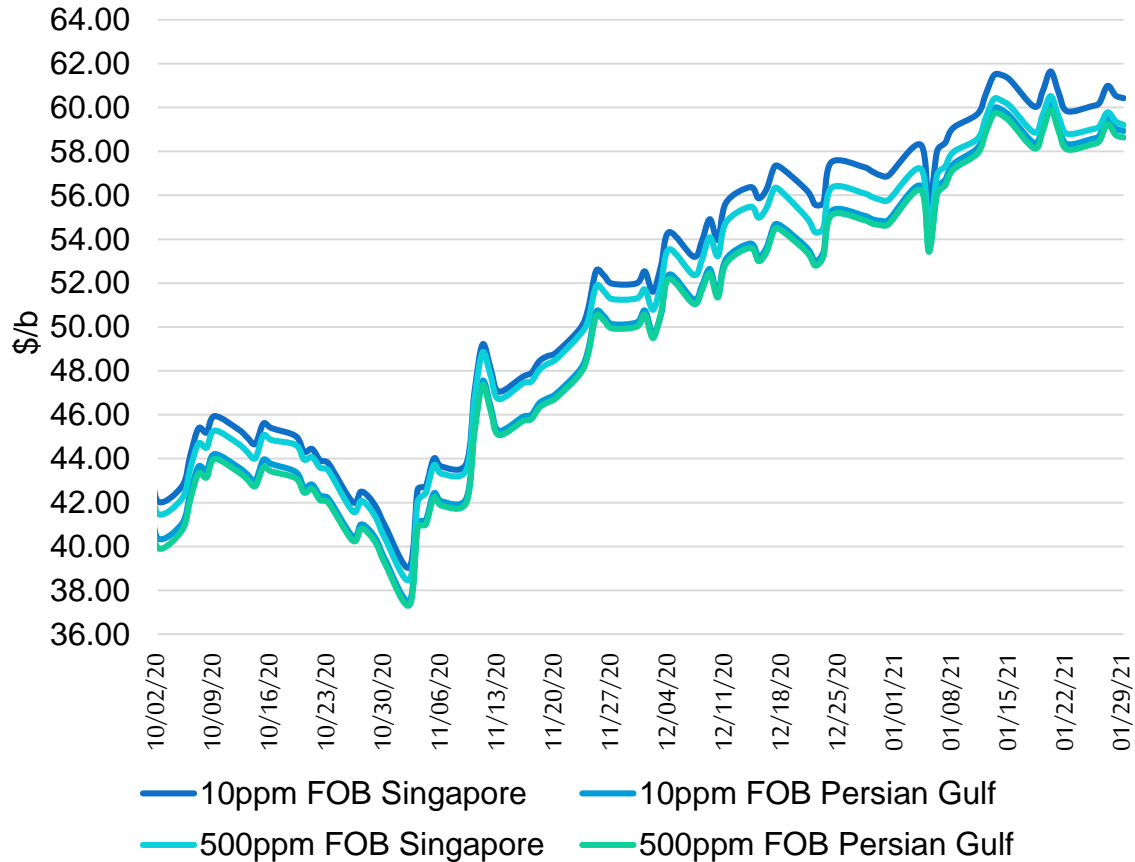
Kerosene Historical Cracks



Source: Platts

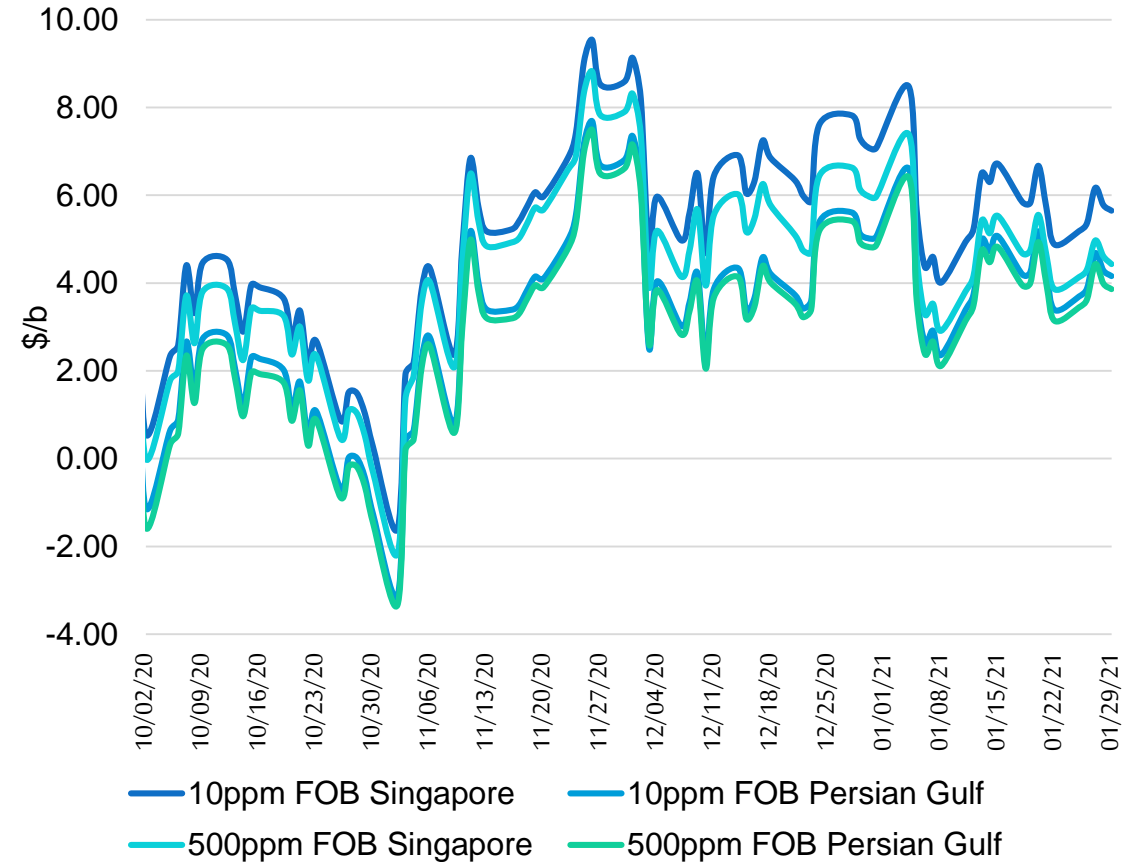
Gasoil

Gasoil Historical Prices



Source: Platts

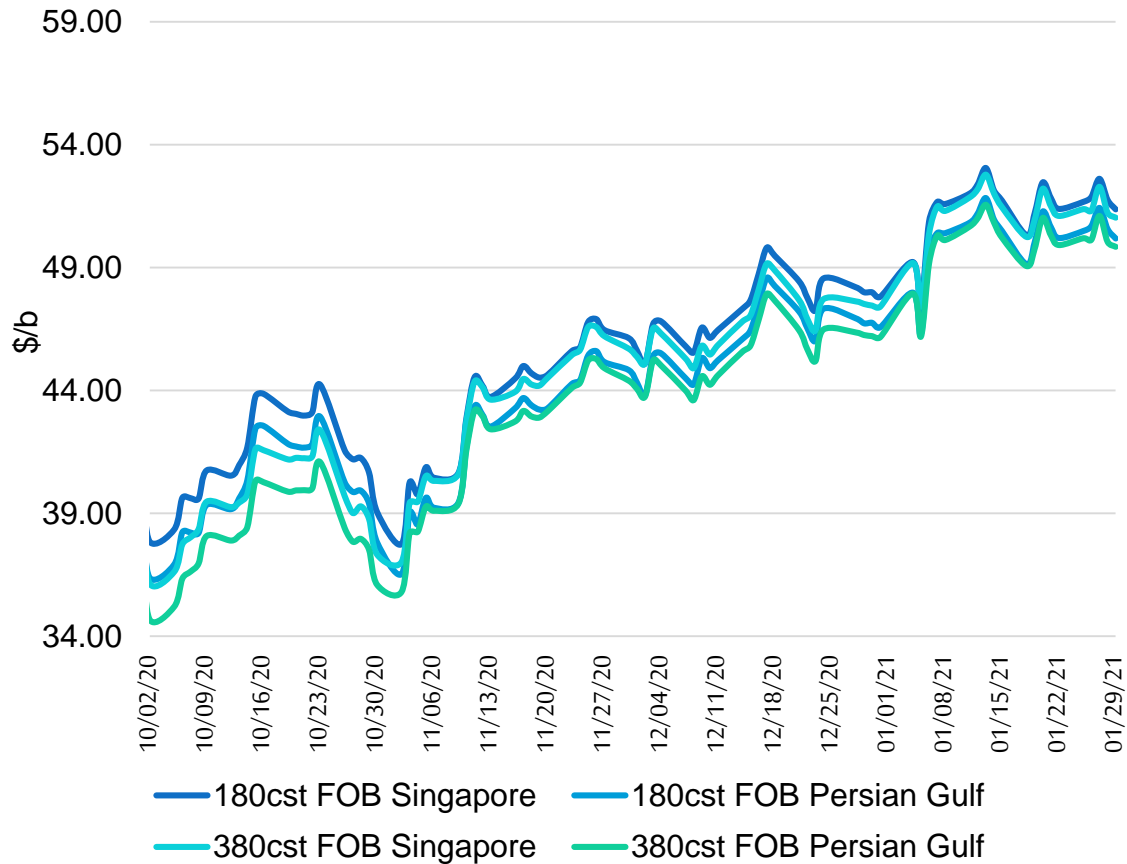
Gasoil Historical Cracks



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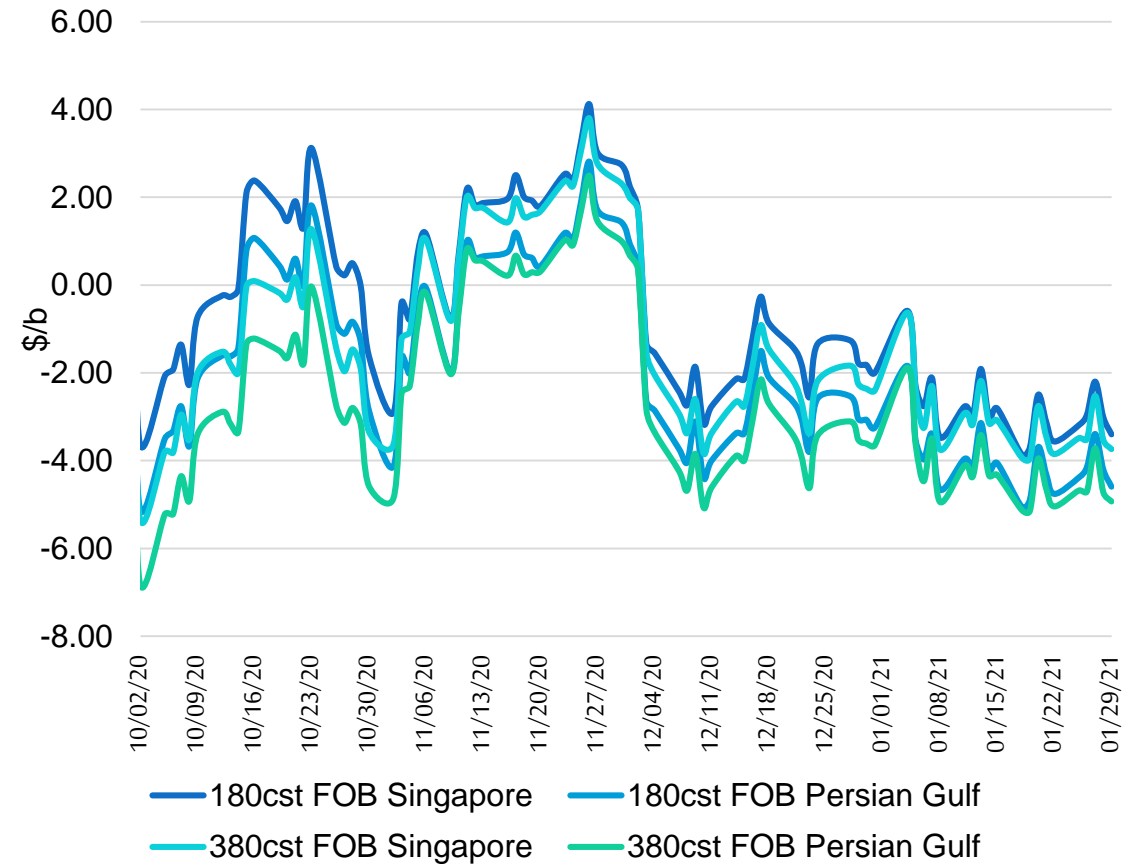
Fuel Oil

Fuel Oil Historical Prices



Source: Platts

Fuel Oil Historical Cracks

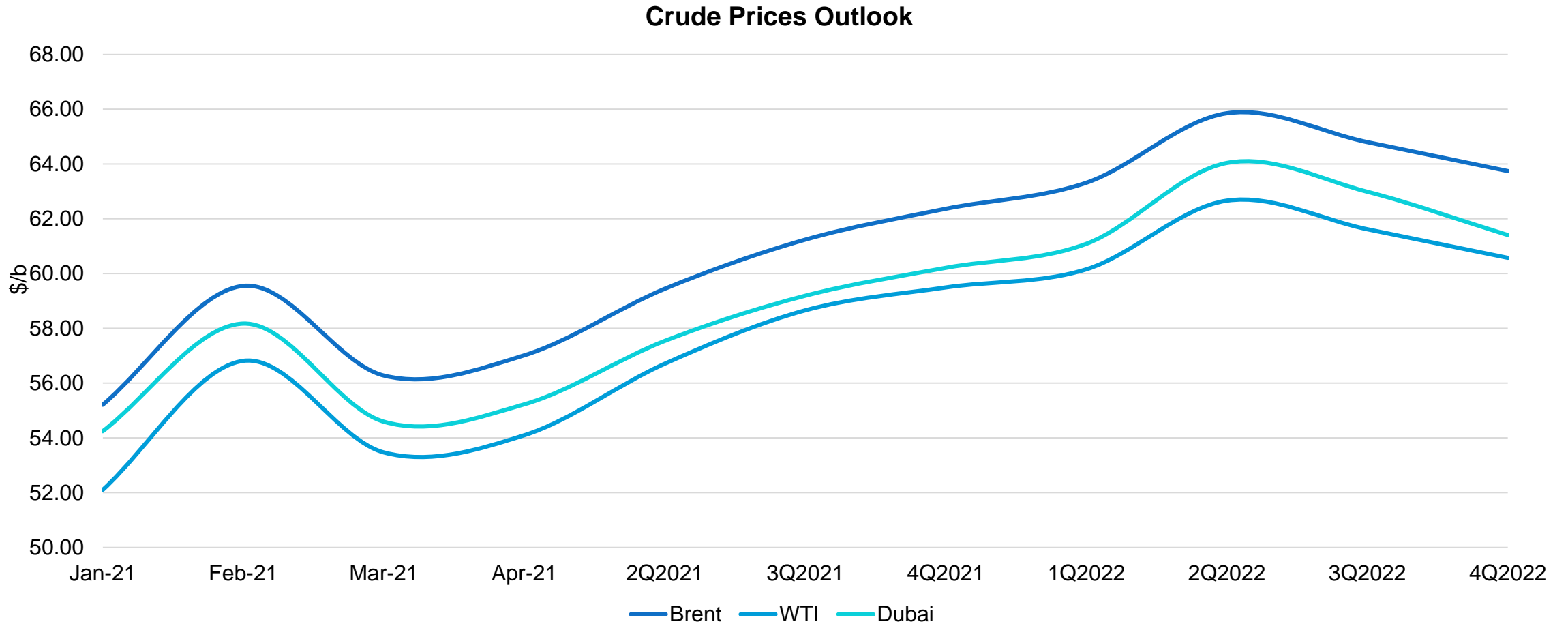


Source: Platts

Price Forecast



Crude Oil

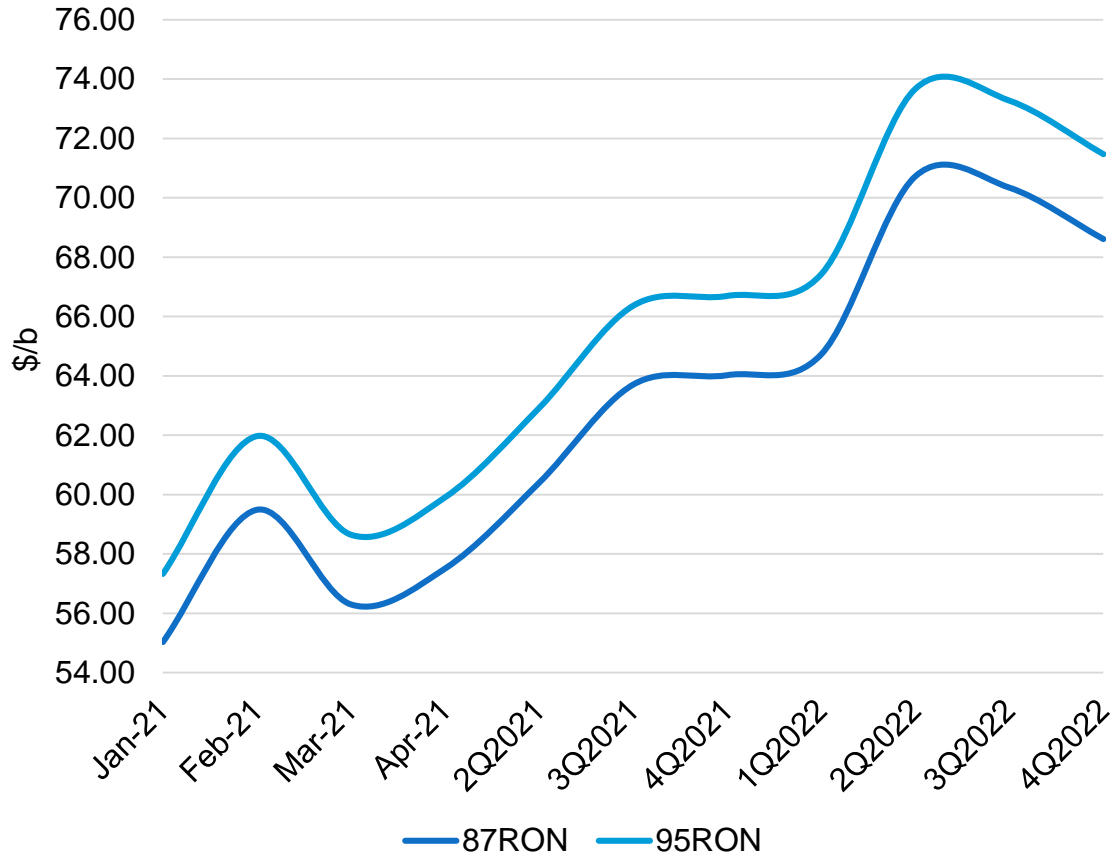


Source: ESPM based on Argus data*

*ESPM: East of Suez Products Model. The model used by PetroView to forecast the oil products prices for the East of Suez markets.

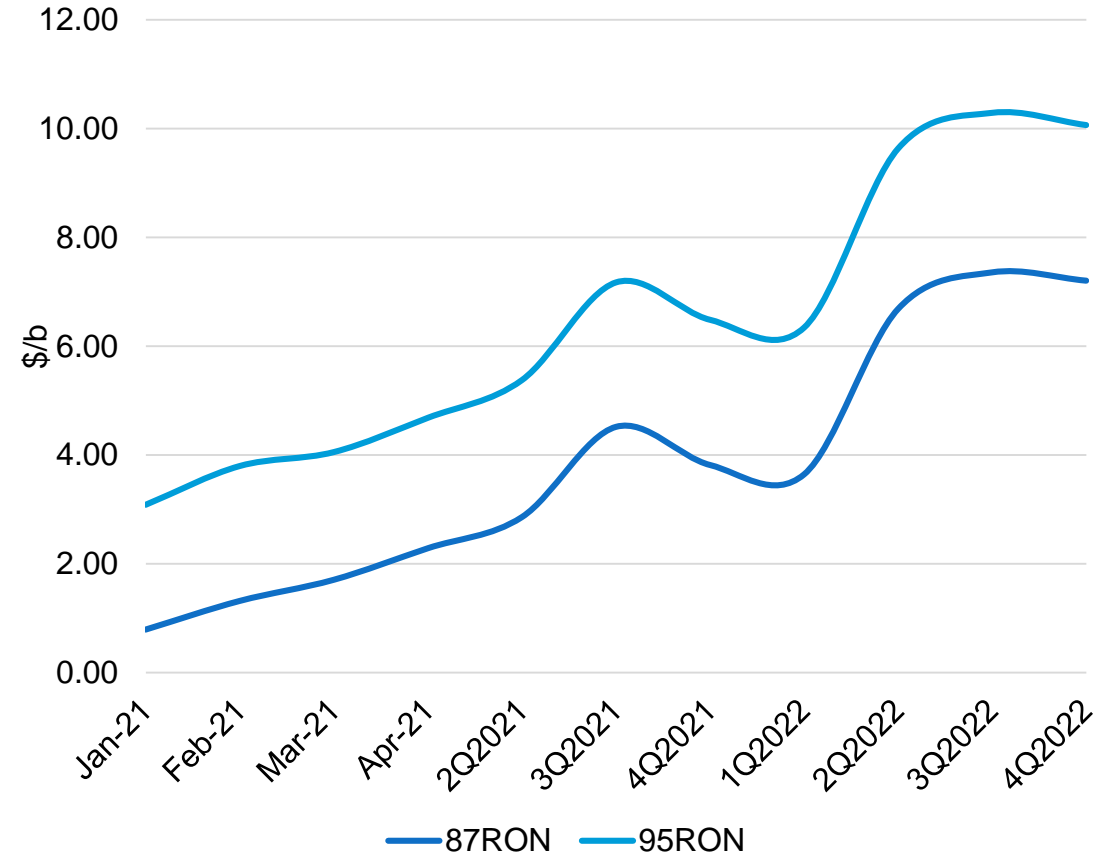
Gasoline

Gasoline Prices Outlook FOB PG



Source: ESPM based on Argus data*

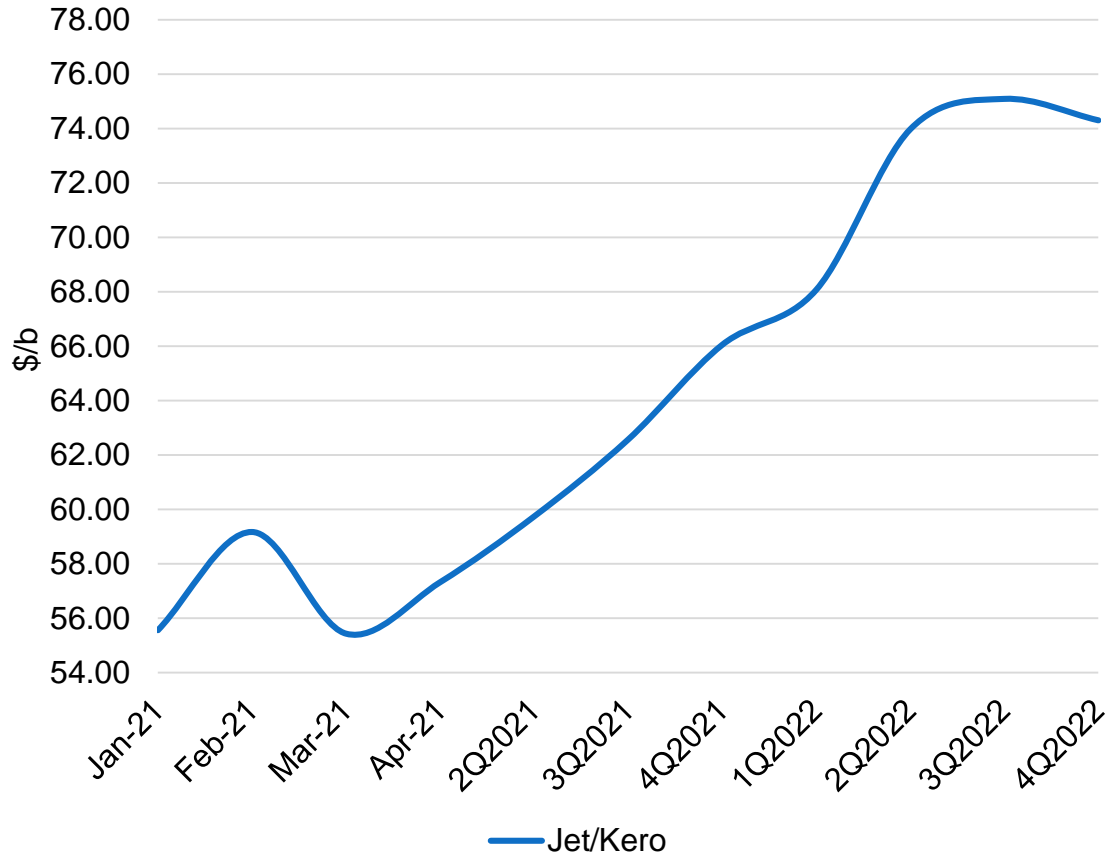
Gasoline Cracks Outlook FOB PG



Source: ESPM based on Argus data*

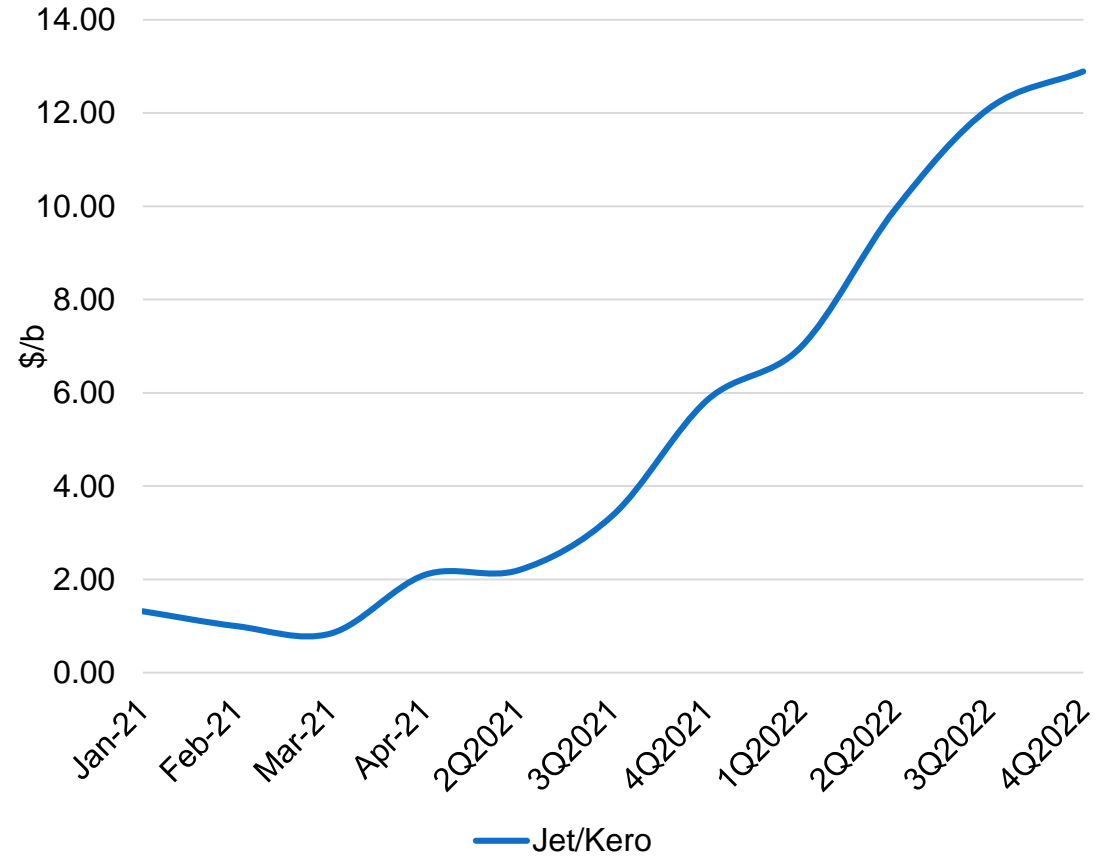
Kerosene

Kerosene Prices Outlook FOB PG



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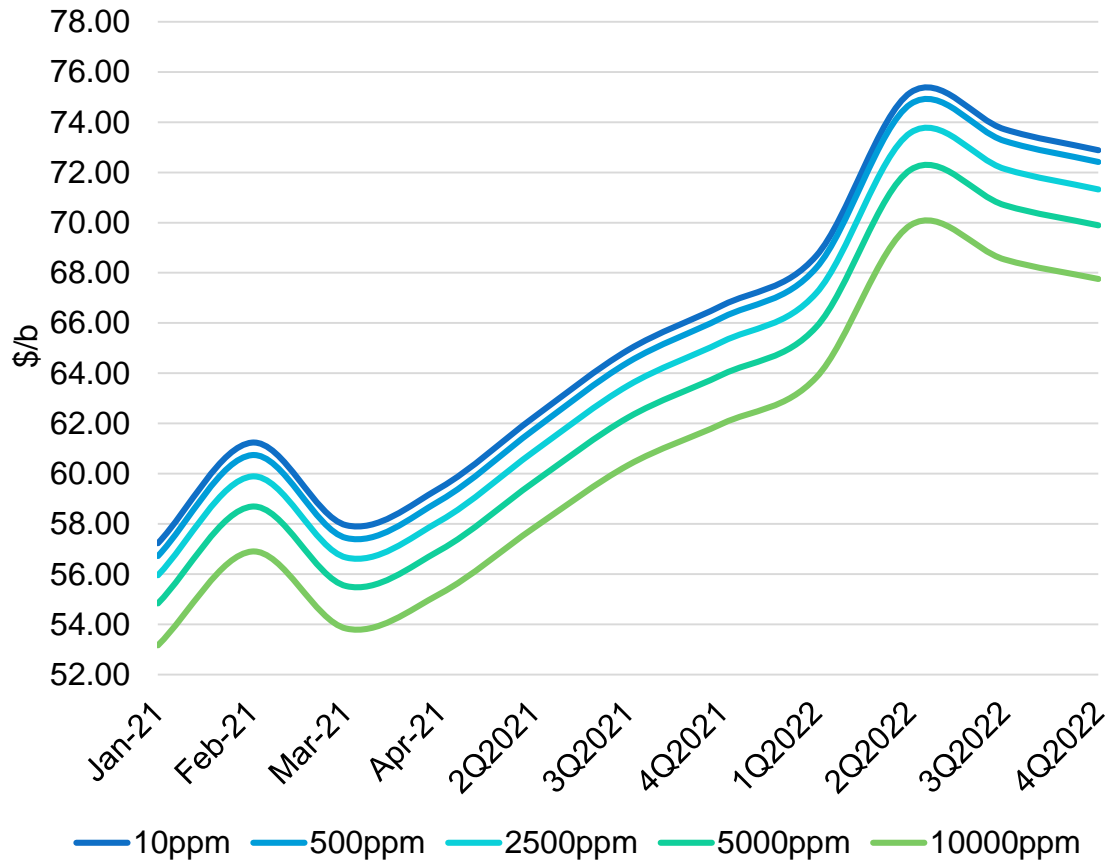
Kerosene Cracks Outlook FOB PG



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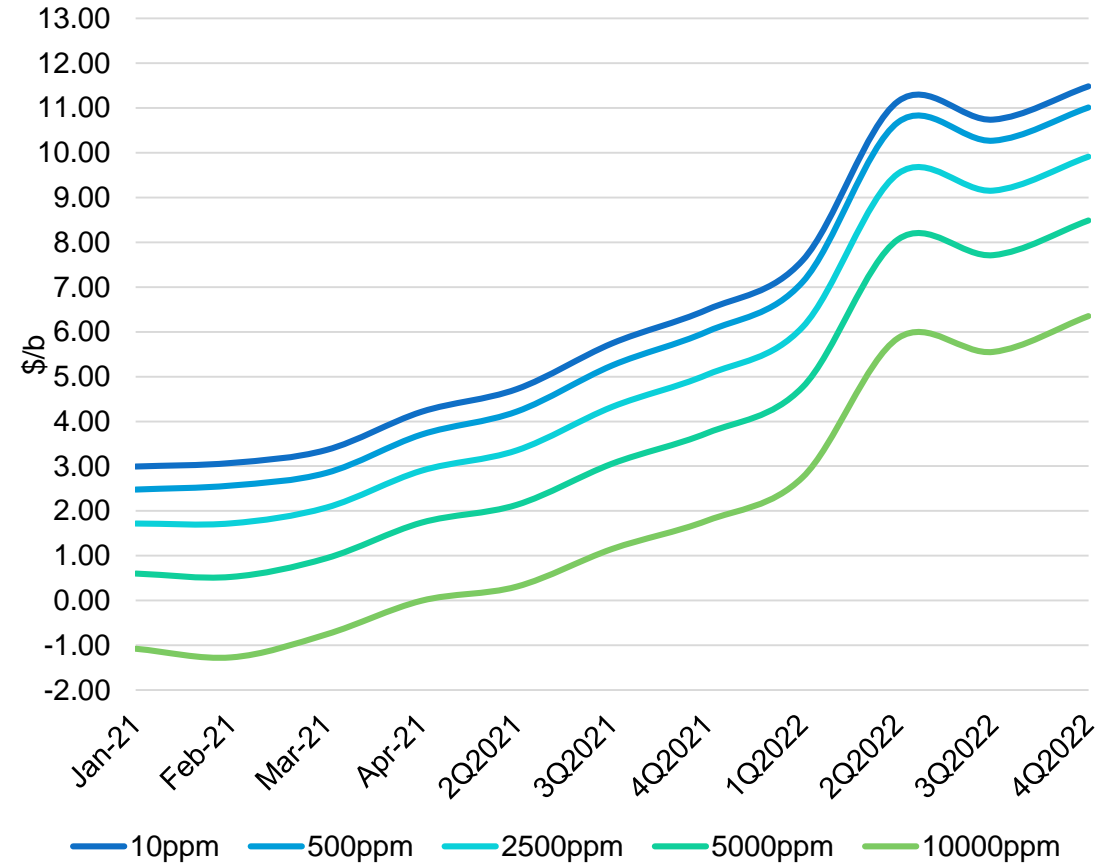
Gasoil

Gasoil Prices Outlook FOB PG



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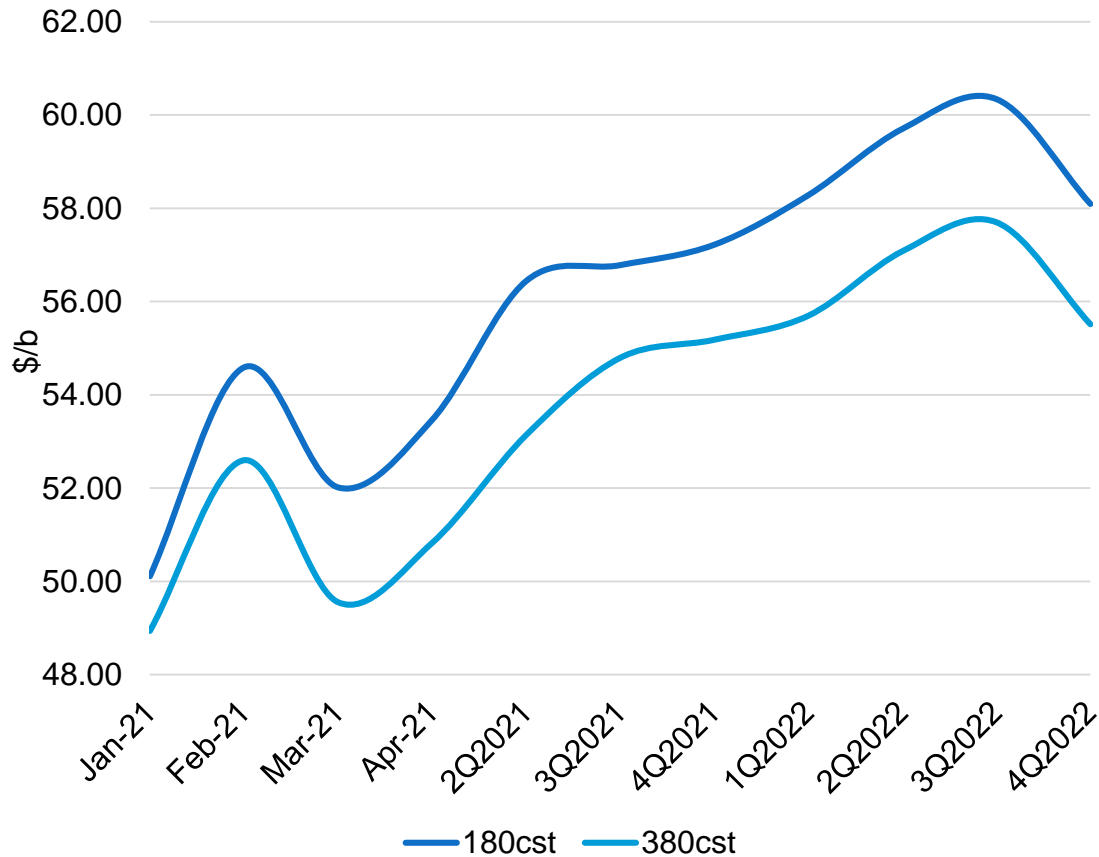
Gasoil Cracks Outlook FOB PG



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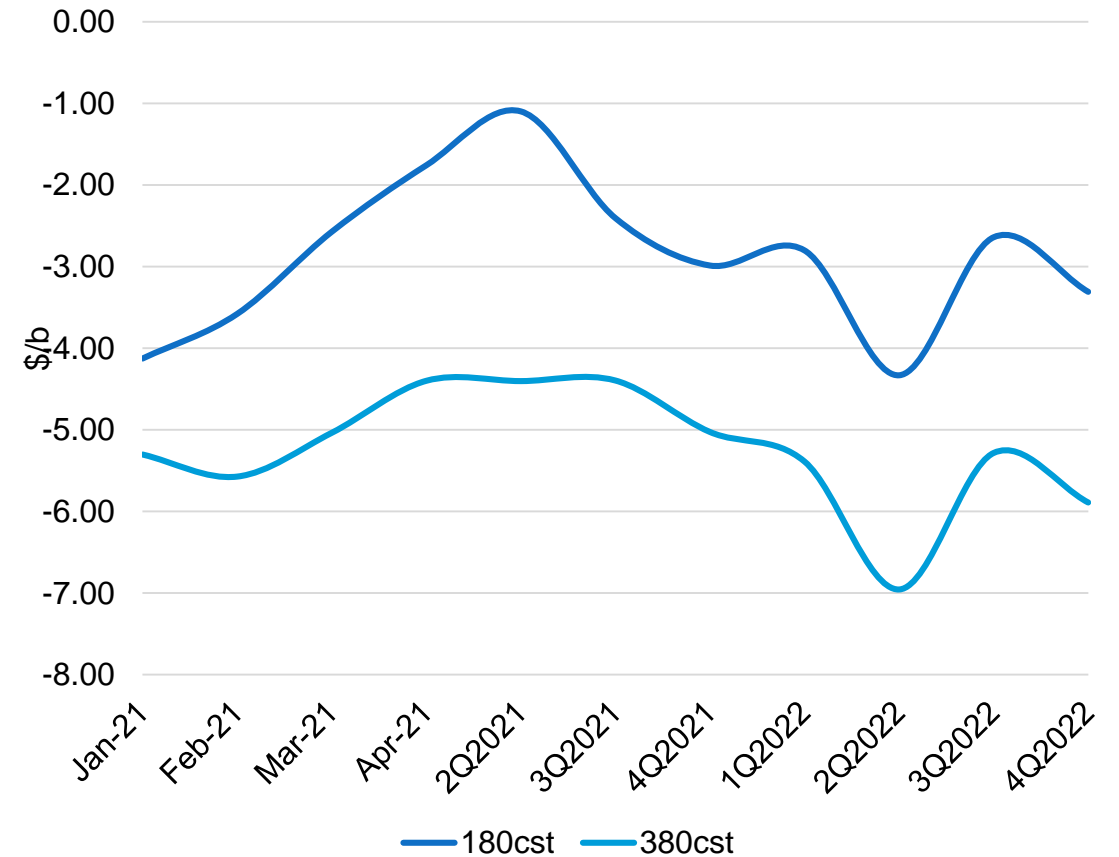
Fuel Oil

Fuel Oil Prices Outlook FOB PG



Source: ESPM based on Argus data*

Fuel Oil Cracks Outlook FOB PG



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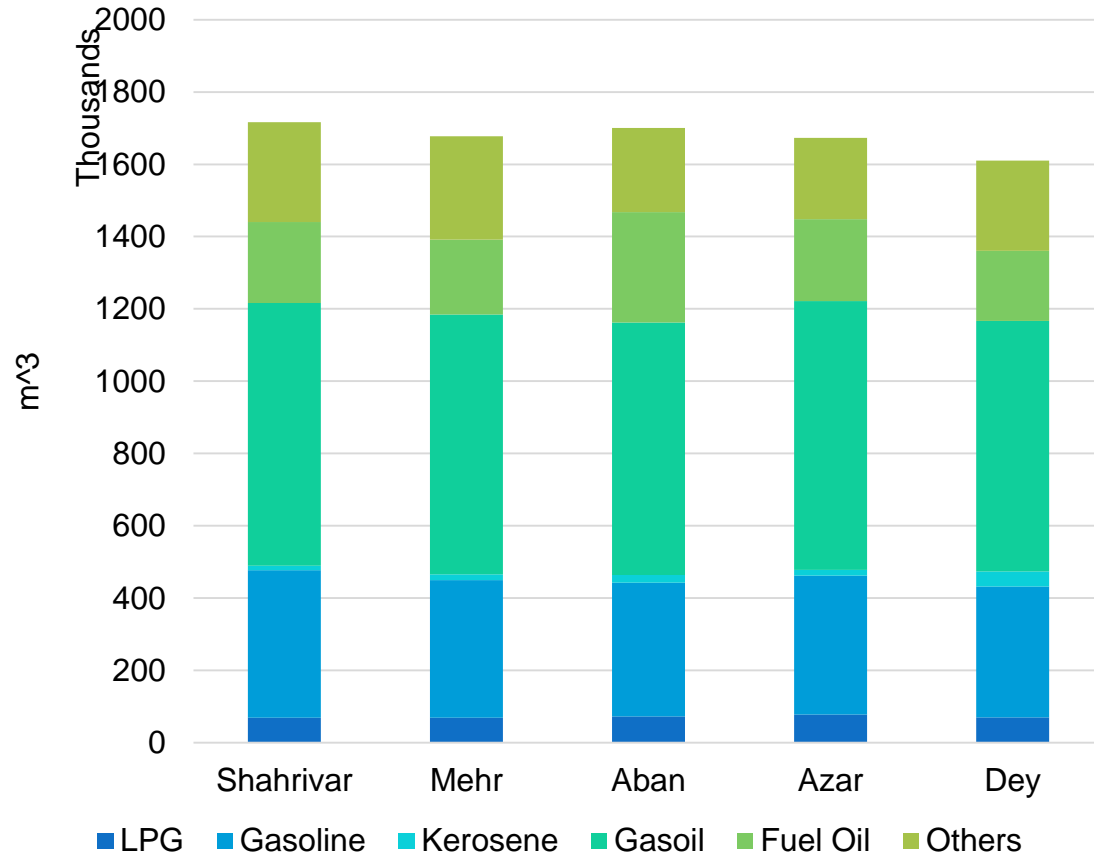
Iranian Refineries

Refineries can produce large-range products. However, the five key products including LPG, gasoline, kerosene, gasoil, and fuel oil conclude approximately 90 percent of Iran's refineries. Accordingly, the cracks are calculated base on these products.

Iran's Refinery Margin Index (IRMI) is a benchmark provided by PetroView to assess the Iranian publicly-listed refineries' profitability and represent an overview of the refining industry.

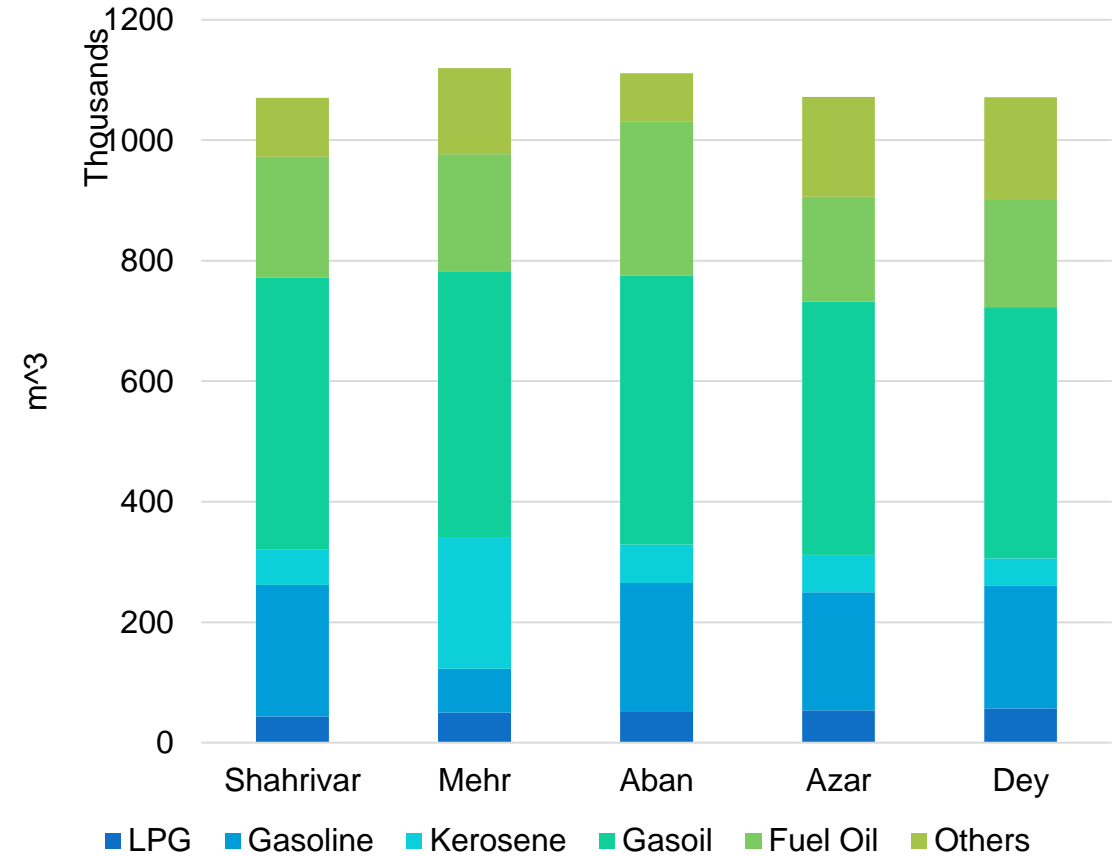
Output

Isfahan



Source: Codal.ir

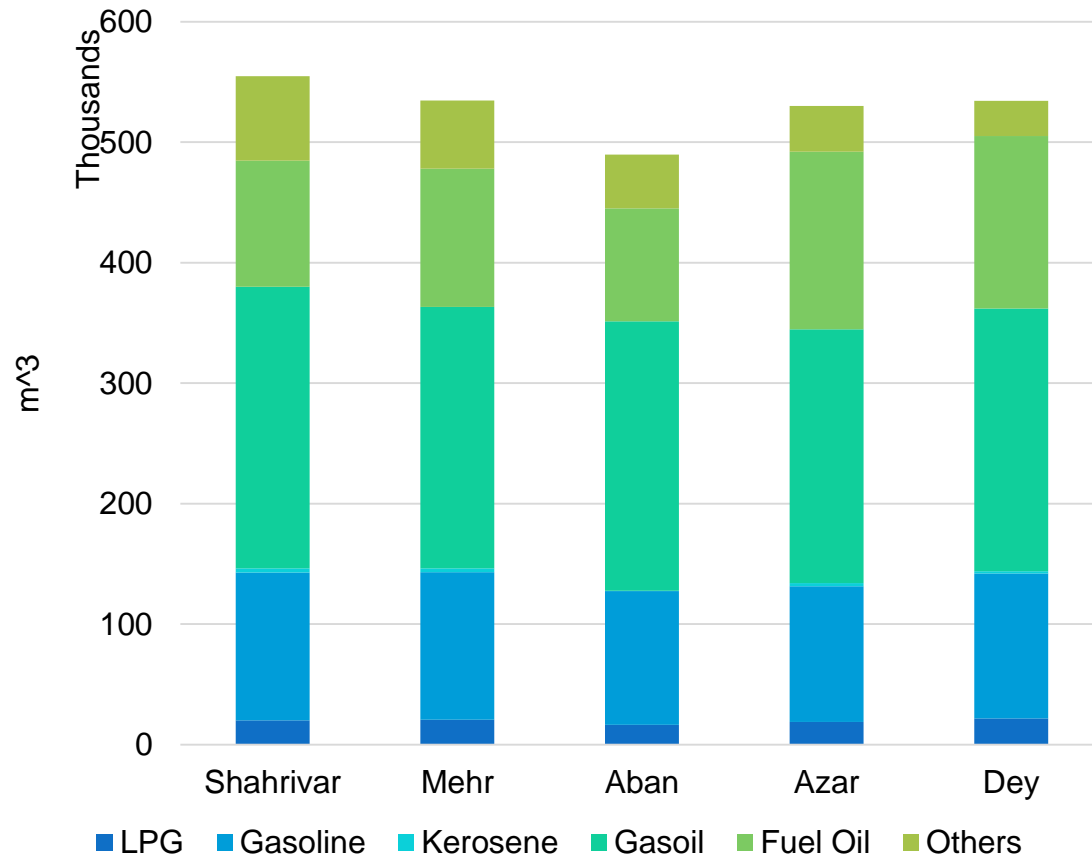
Tehran



Source: Codal.ir

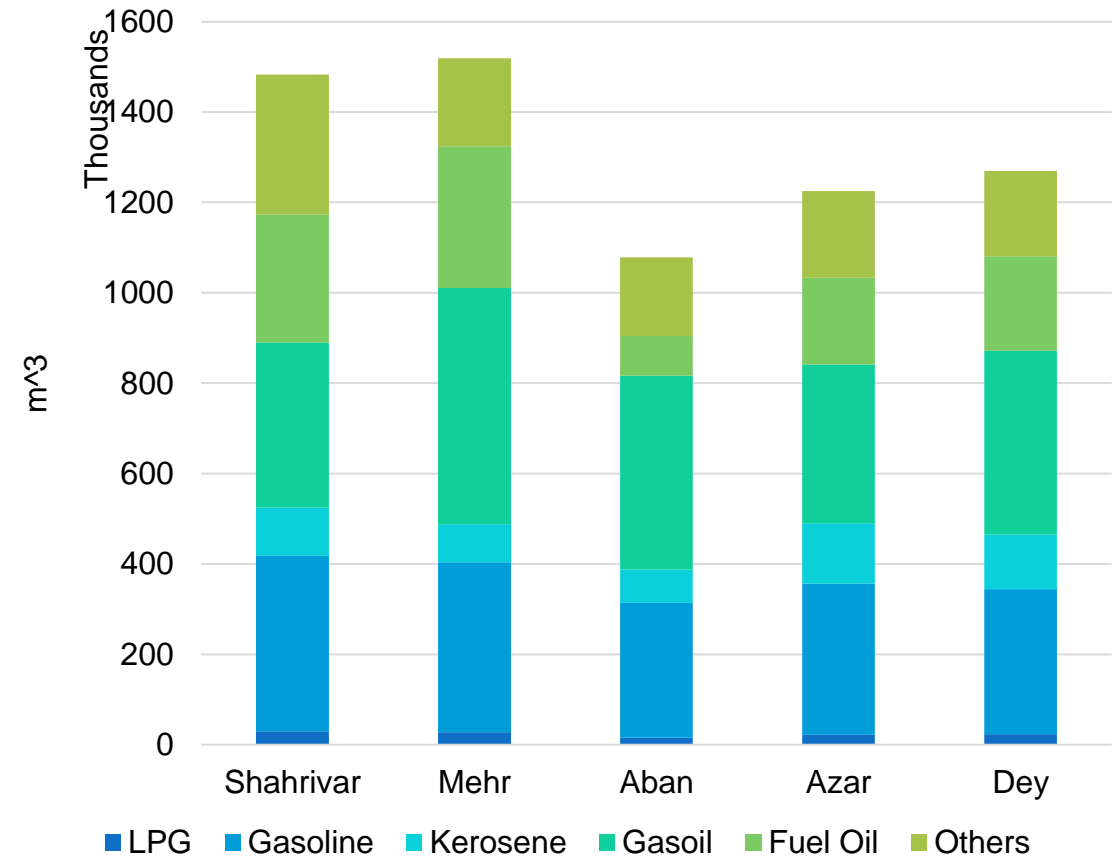
Output

Tabriz



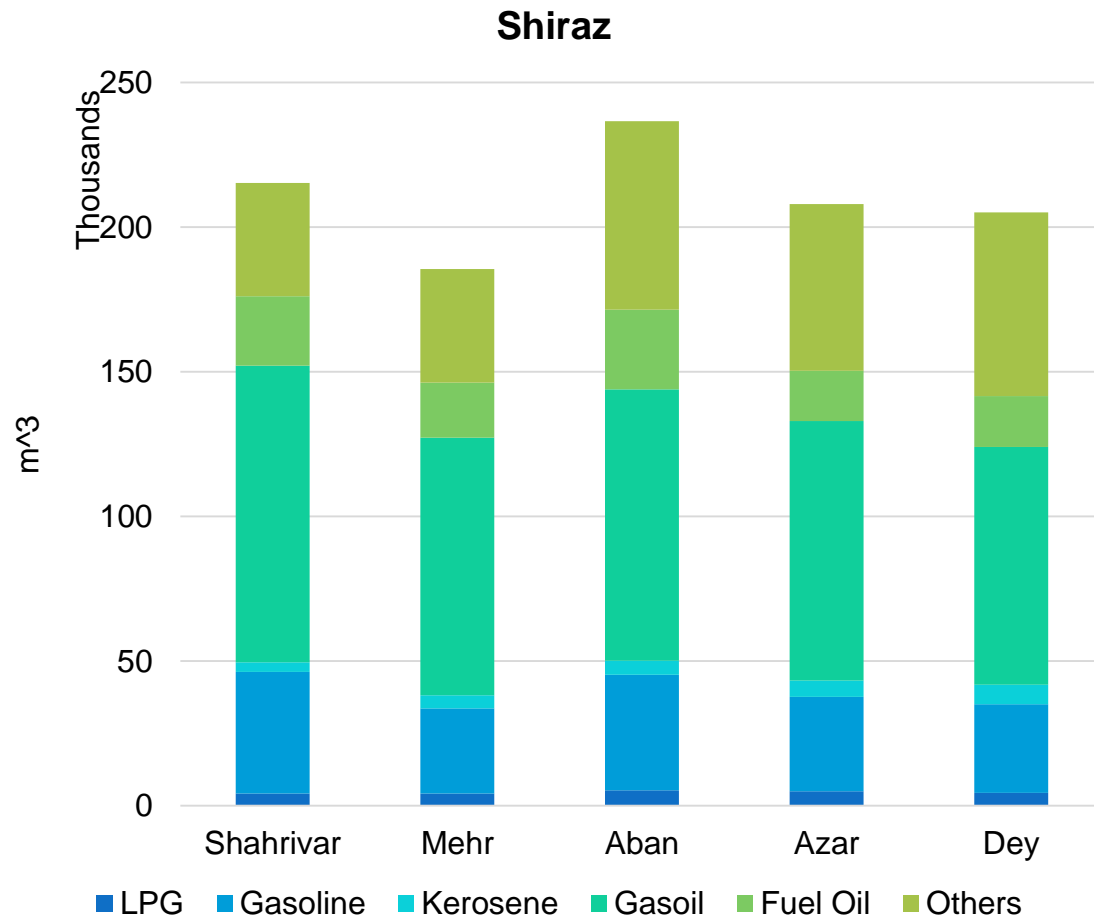
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Bandar Abbas

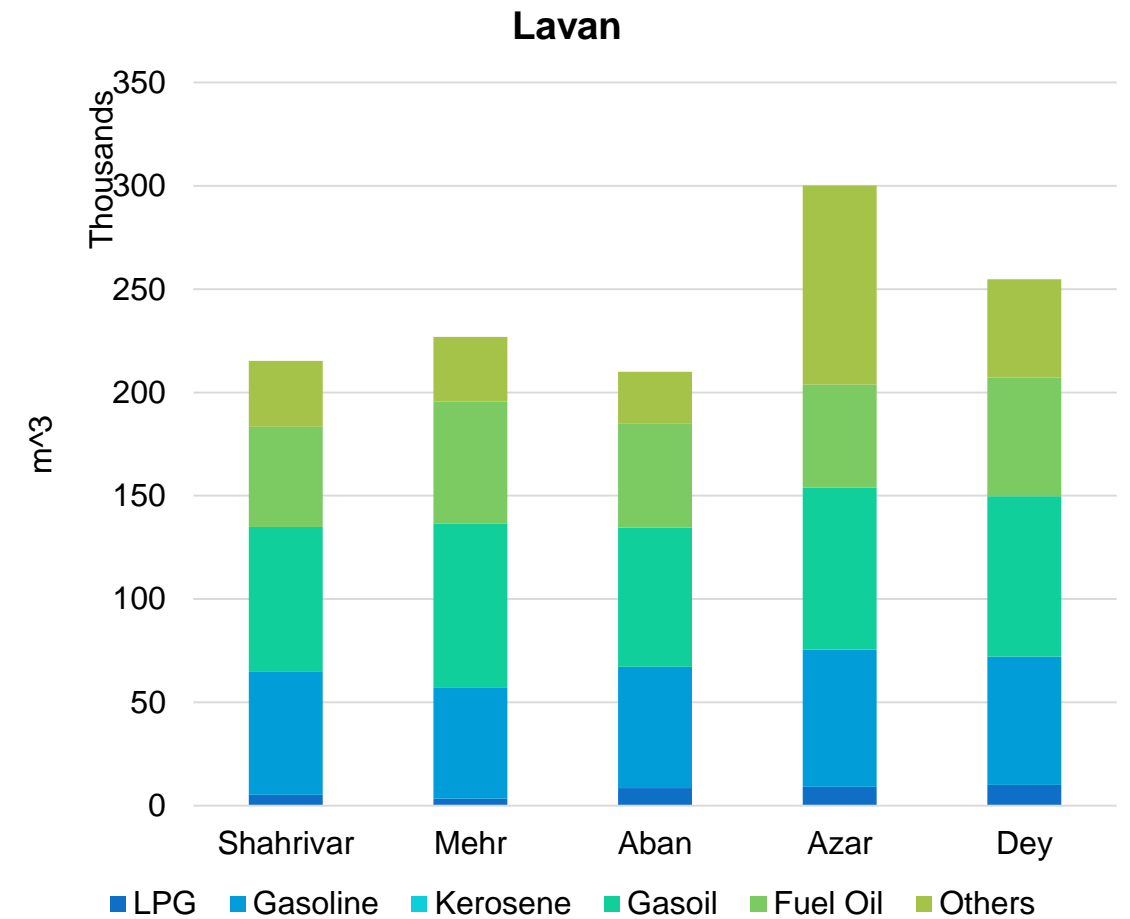


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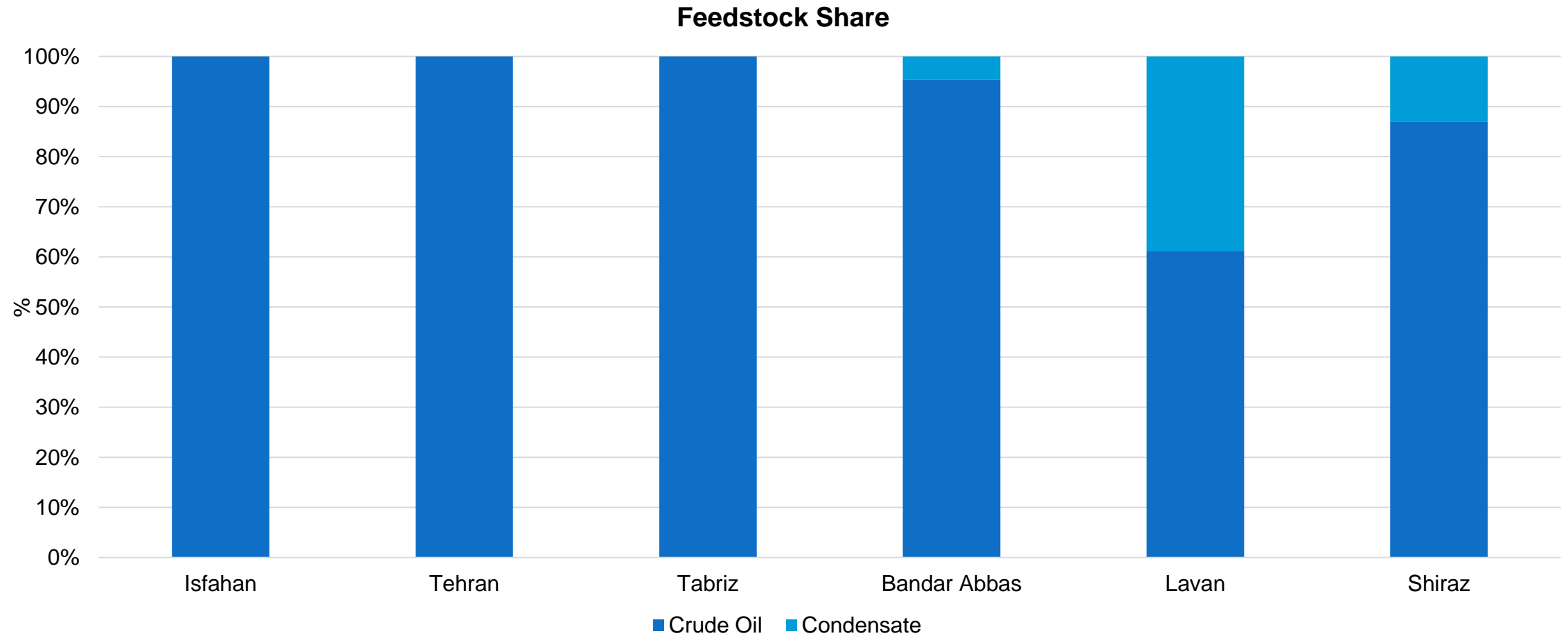


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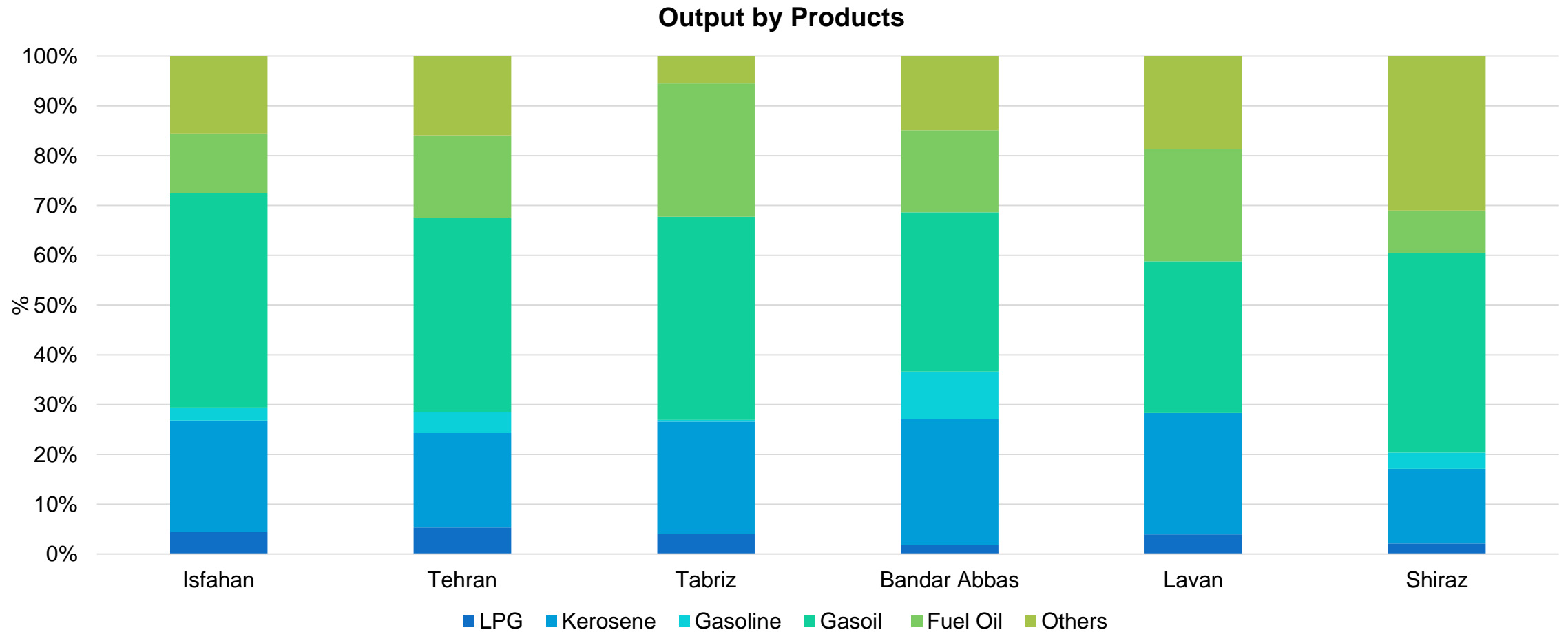
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Feedstock



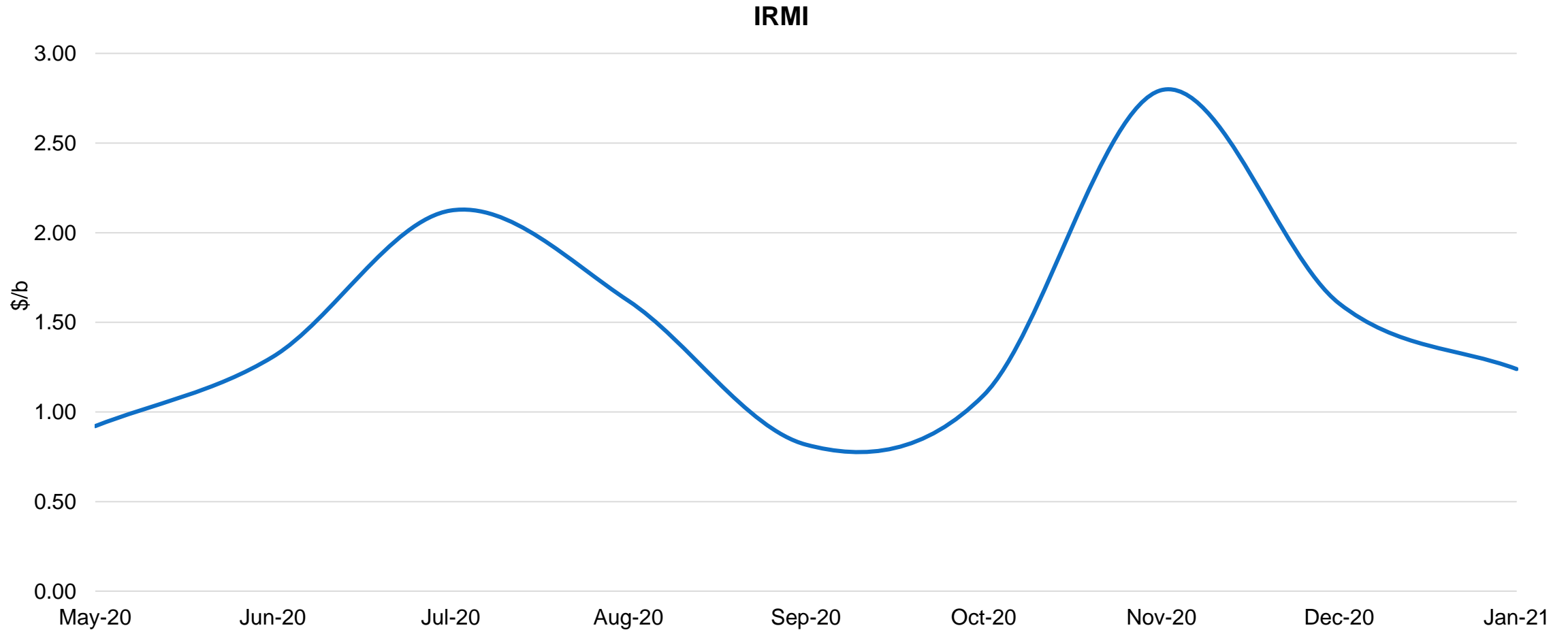
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Output Share



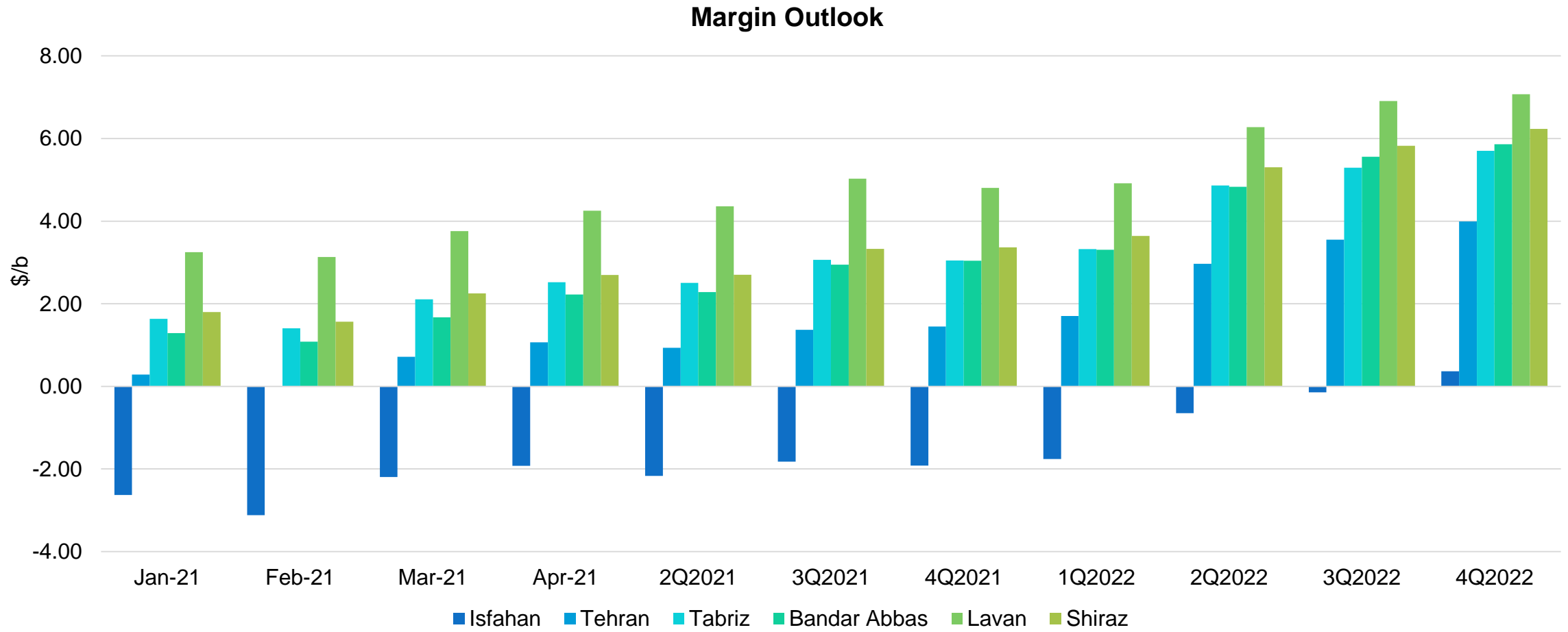
Source: Codal.ir

Iran's Refinery Margin Index



Source: PetroView

Margin Outlook



Source: PetroView



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PetroView is an Iranian oil & gas research and consultancy platform, providing market intelligence and business insight through connecting data, markets and clients to create a trusted comprehensive view of the oil industry, enabling the decision-makers to develop their strategies, mitigate risks, improve productivity and pursue new opportunities. From a primary focus on Iran's upstream industry, PetroView publishes an extensive range of analytical reports covering exploration & production, oilfield services, and crude oil & petroleum products trading.