

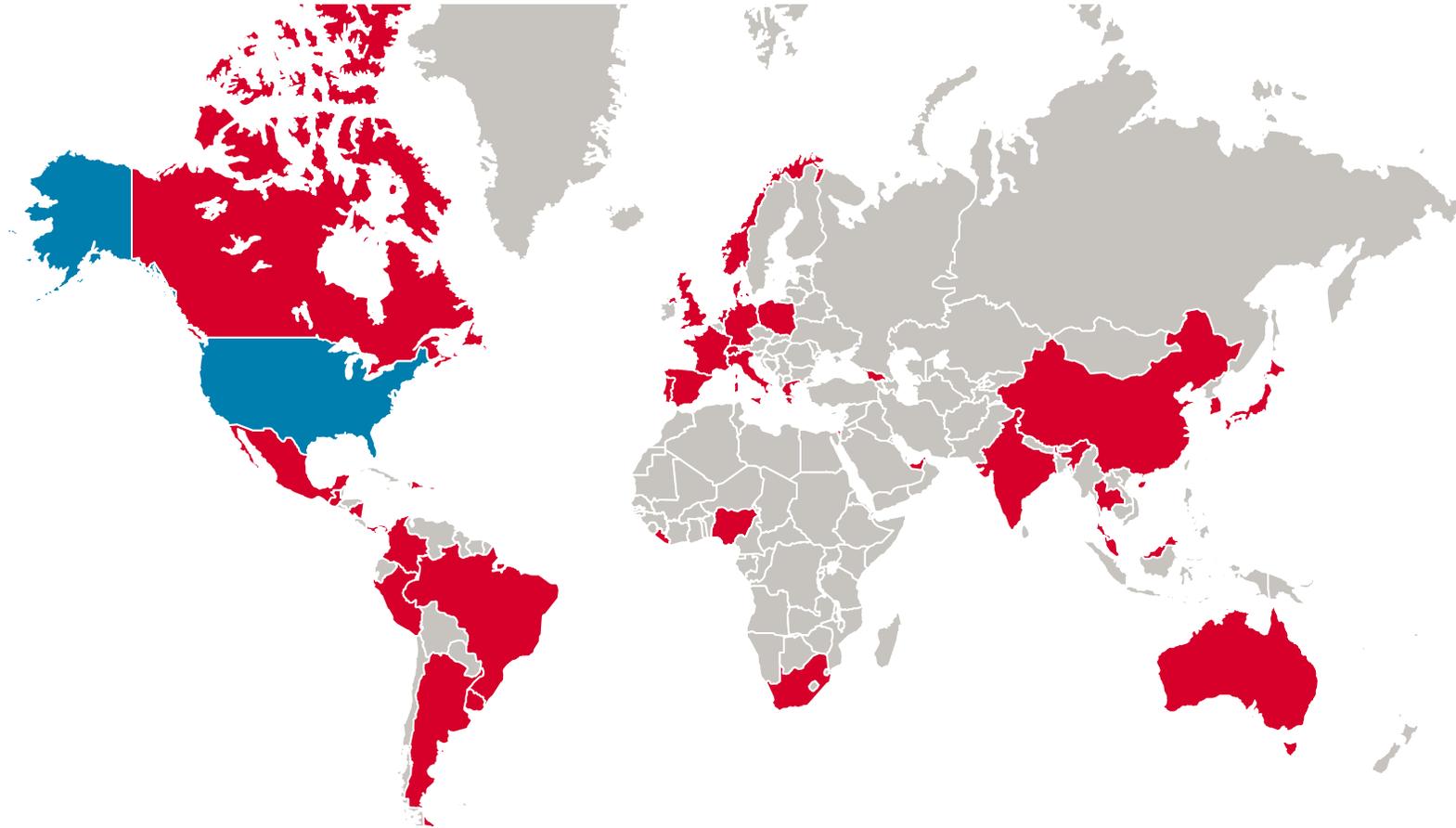
North American Crude Market Update

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Americas Crude & Fuel Oil, S&P Global Platts



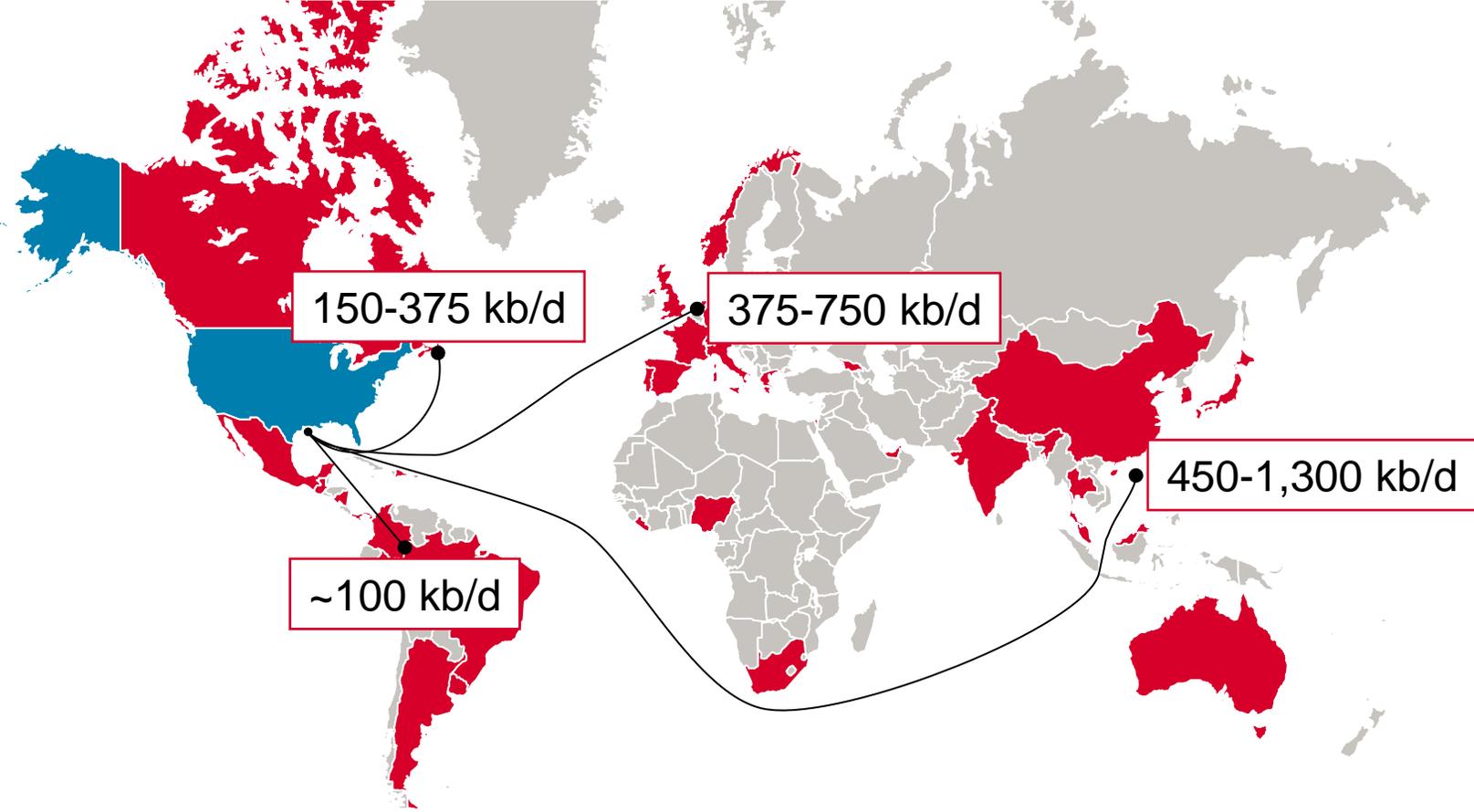
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All eyes on the US Gulf Coast



Source: US Census Bureau, US Energy Information Administration

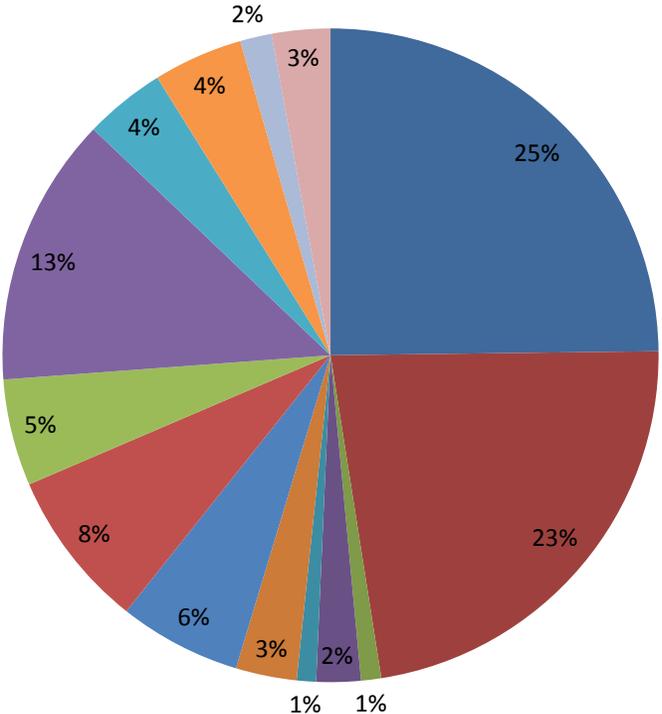
US waterborne crude exports average almost 1 VLCC/day lately



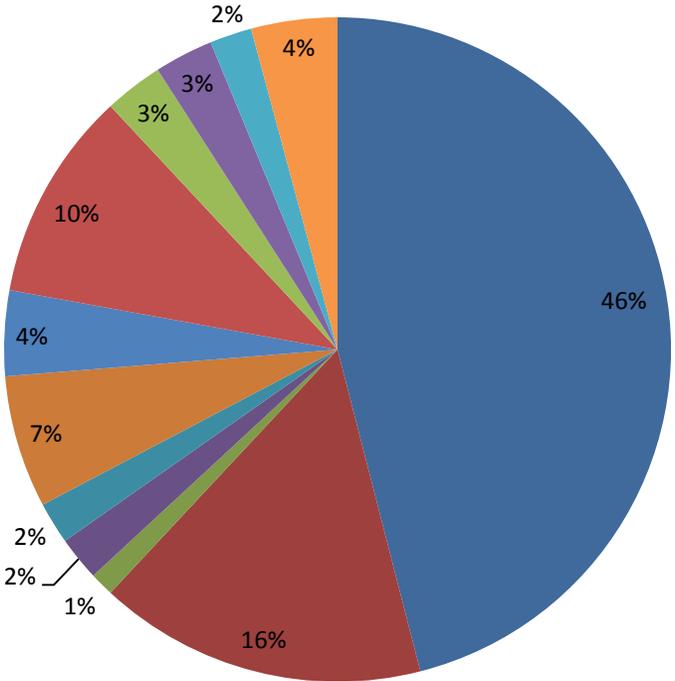
Source: S&P Global Platts Analytics

As export volumes grow, so has number of destinations

US Exports, July 2018



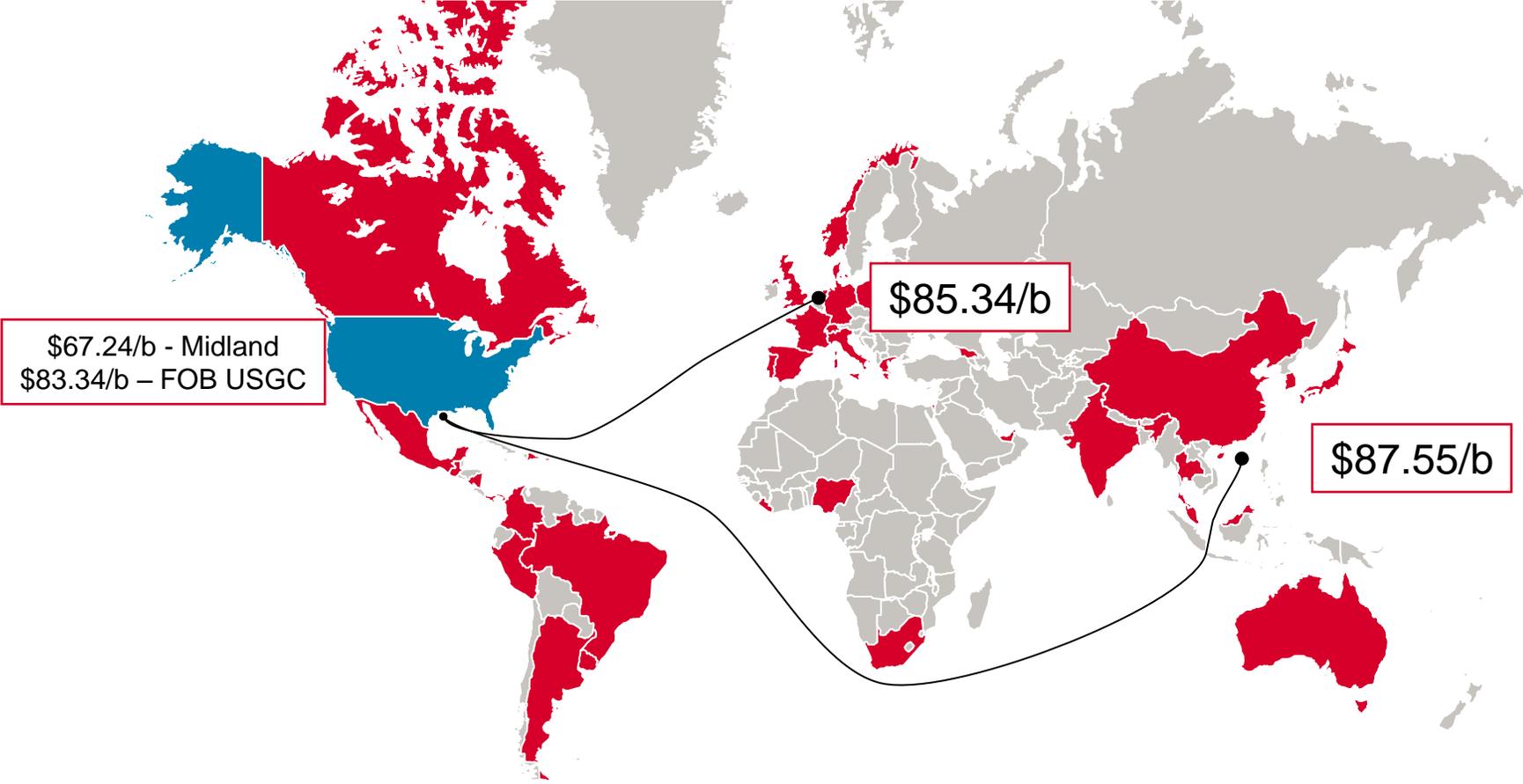
US Exports, July 2017



- Canada
- China
- Colombia
- Denmark
- Dominican Republic
- France
- India
- Italy
- Japan
- Korea, South
- Malaysia
- Netherlands
- Peru
- Spain

- Canada
- China
- Argentina
- Bahamas
- Colombia
- Japan
- Korea, South
- Malaysia
- Netherlands
- Panama
- South Africa
- Spain

US waterborne crude exports average almost 1 VLCC/day lately



Source: S&P Global Platts Analytics

Valuing US crude exports using Platts assessments

- S&P Global Platts FOB USGC assessments reflect value of export cargoes
- Separate assessments for WTI, Bakken and Eagle Ford crude and condensate
- FOB prices reflect loadings from ports along the Gulf Coast, including Corpus Christi, Houston, Beaumont, Nederland, Port Arthur
- Methodology based on typical Aframax-sized cargo, reflecting most common export volume, loading 15-45 days forward



Source: S&P Global Platts

Platts FOB USGC values complement CFR North Asia, delivered NWE

CFR North Asia at Singapore close

WTI MEH PCAQH00

LOOP Sour PCAQI00

Assessed values include freight and other associated costs.

Launched March 2018.

Source: S&P Global Platts

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Northwest Europe Delivered at London close

WTI Midland (Basis R'dam) AWTIC00

WTI Midland (Basis Augusta) AWTIA00

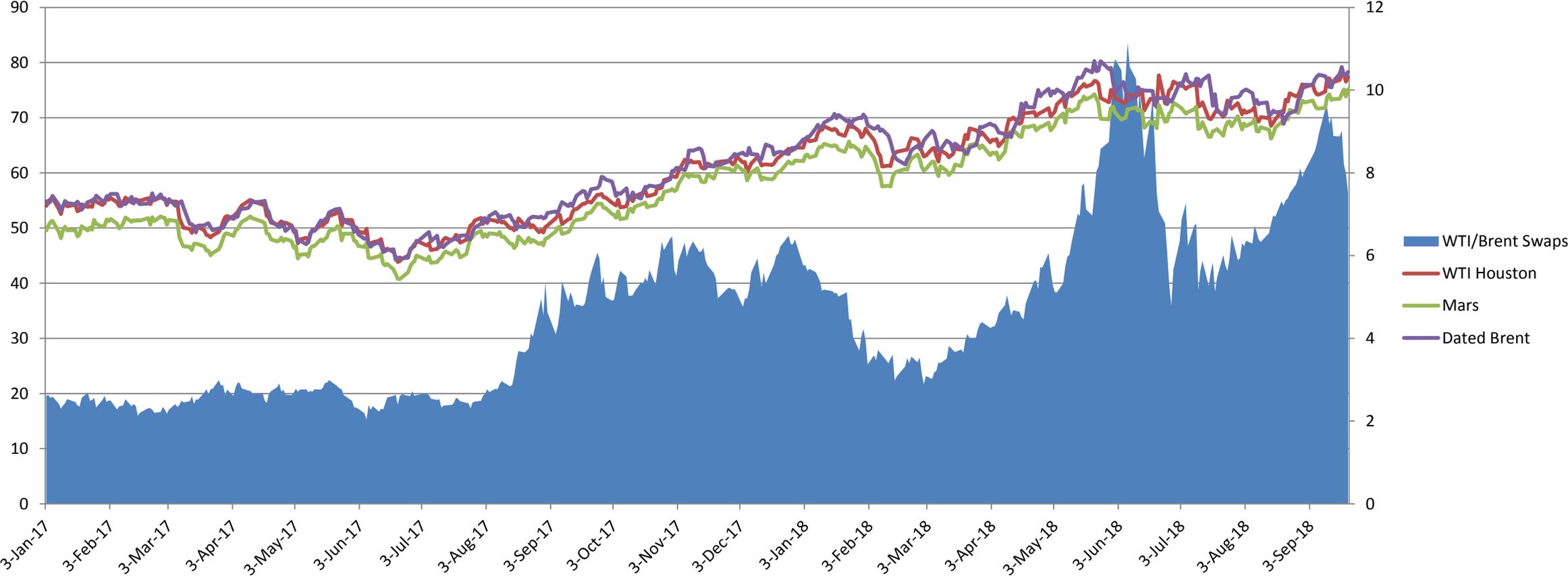
Eagle Ford 45 (Basis R'dam) AEFAC00

Eagle Ford 45 (Basis Augusta) AEFAA00

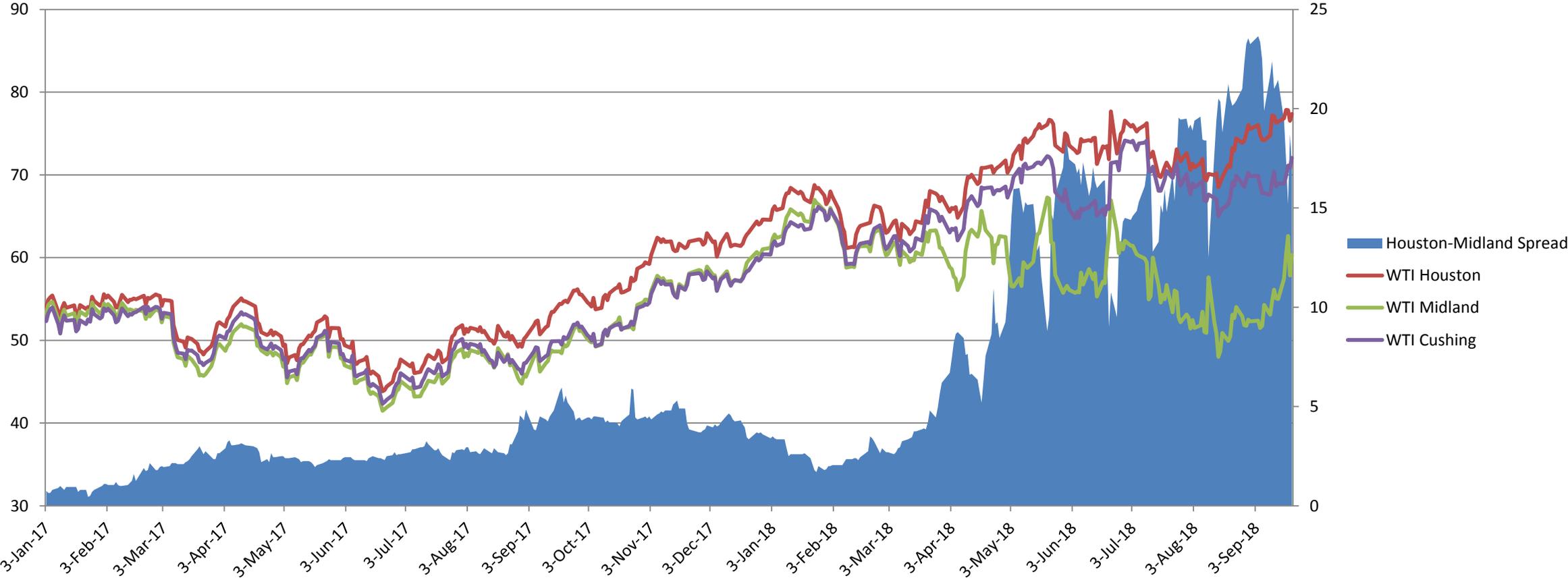
Priced on DAP basis as differential to 20-60 day forward Dated Brent strip.

Launched September 2018.

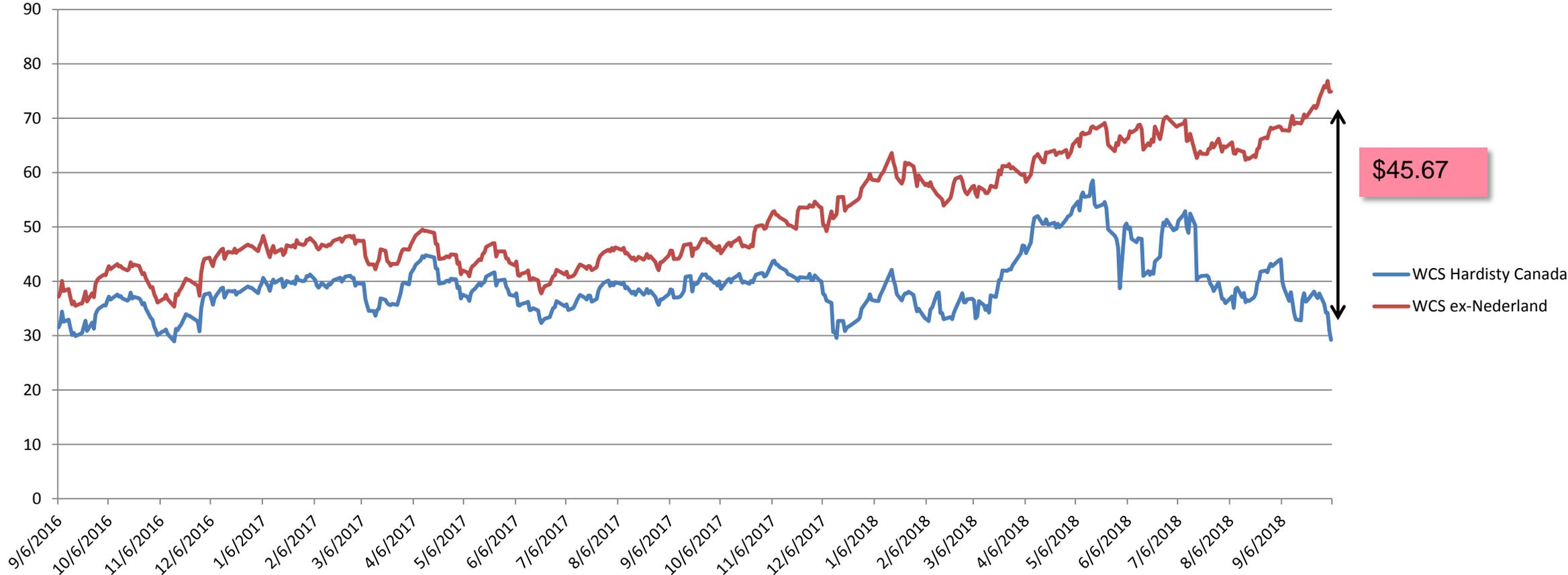
Gulf Coast pricing driven by Brent as opposed to Cushing



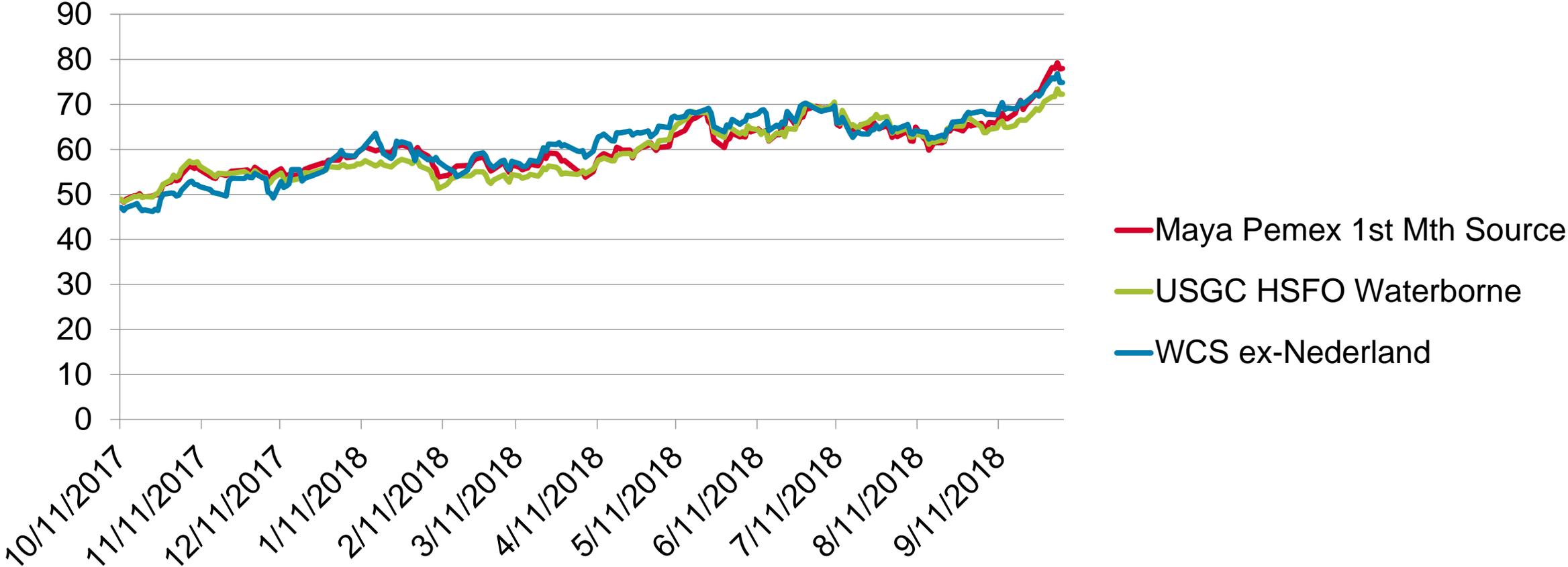
Exports, logistics create WTI pricing disparity



Logistics weighs heavily on Canadian crude

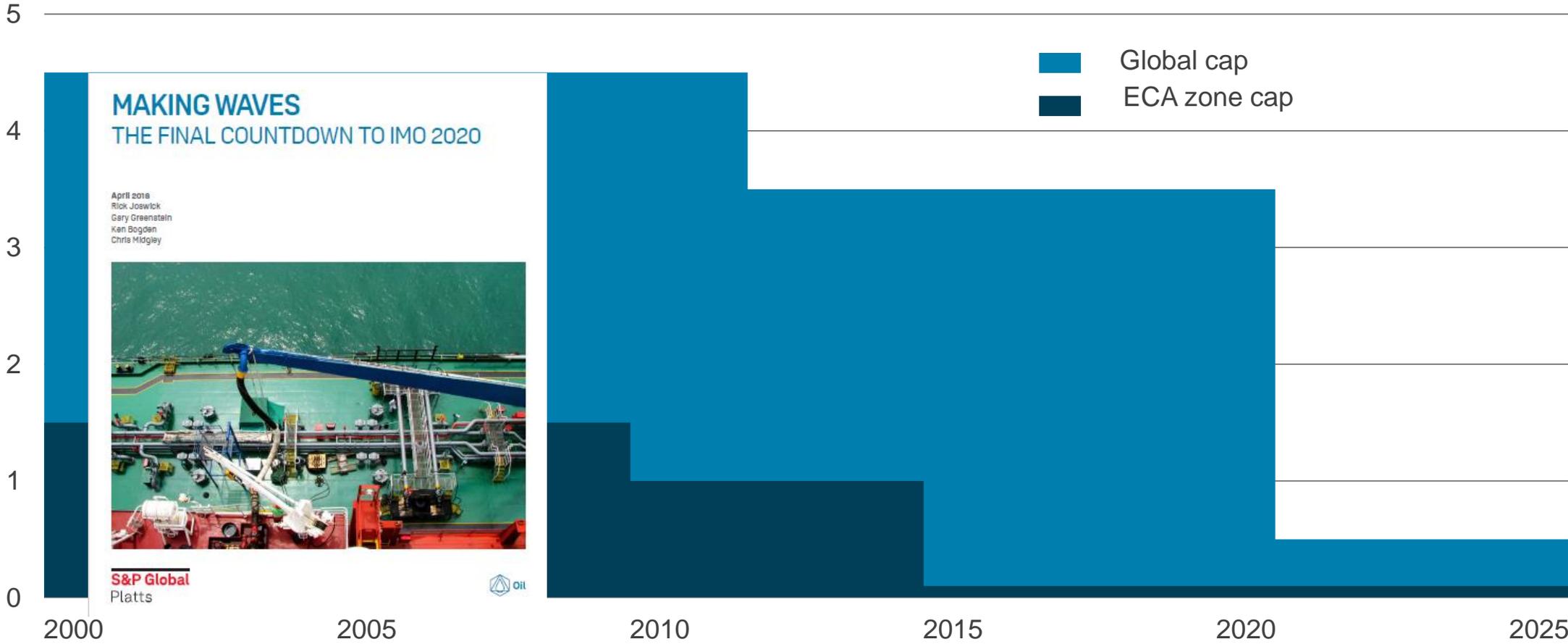


Strong correlation between fuel oil and USGC sour crude



IMO MARPOL 2020- Cutting sulfur at sea

IMO Sulfur Limit (%S)



MAKING WAVES
THE FINAL COUNTDOWN TO IMO 2020

April 2018
Rick Joswick
Gary Greenstein
Ken Bogden
Chris Midgley

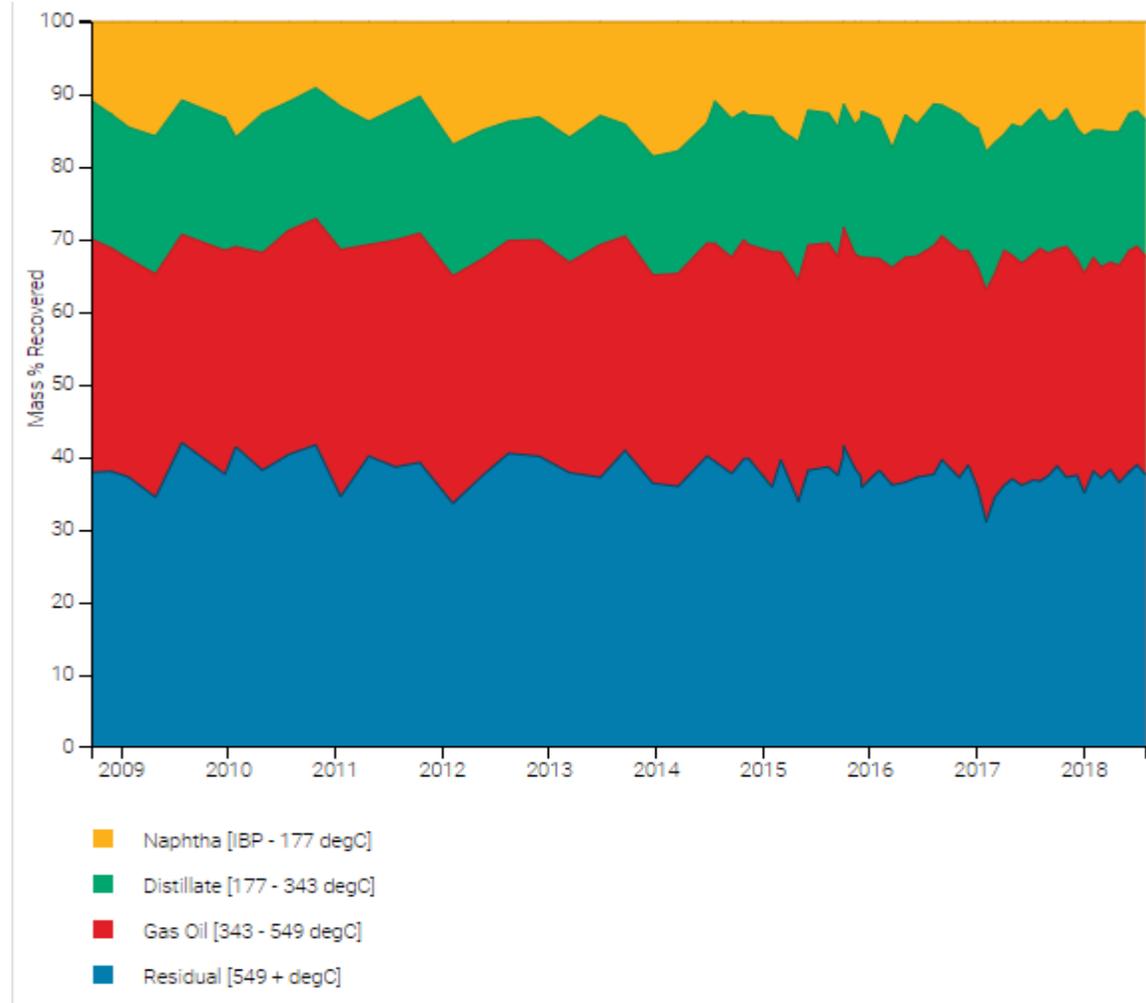


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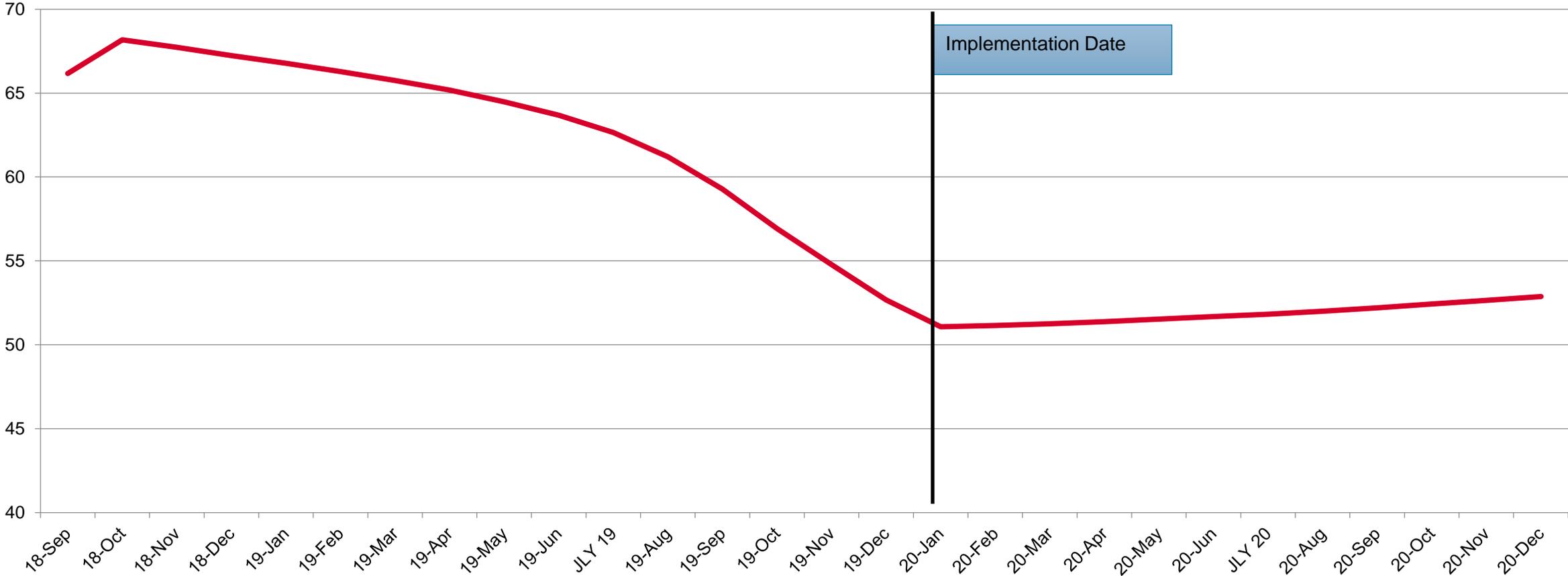
Fuel oil versus heavy sour crude

- Fuel oil accounts for approximately 40% of WCS yield
- Pricing for WCS Nederland tracks USGC fuel oil
- Maya crude formula priced 40% USCH HSFO
- USGC WCS competitively priced against Maya



kjSource: CrudeMonitor.CA

HSFO forward curve highlights dramatic shift



Thank you

