

# *BAIINFO*

## *Bitumen Weekly*

*Nov. 21, 2019 / Issue 19-45*



### *Highlights:*

- *Bitumen Prices Registered Drops in Several Regions*
- *Imported Bitumen Prices Expected to See Some Declines*
- *Coking Material Prices Were Supported by Healthy Demand*

**百川盈孚**  
**BAIINFO**

*BAIINFO Research Center*  
<http://www.baiinfo.com.cn/en>

*Fax: +86-10-5894 6899;*

*Cell: +86 139 1021 1072;*

*Email: [bxj@baiinfo.com](mailto:bxj@baiinfo.com)*

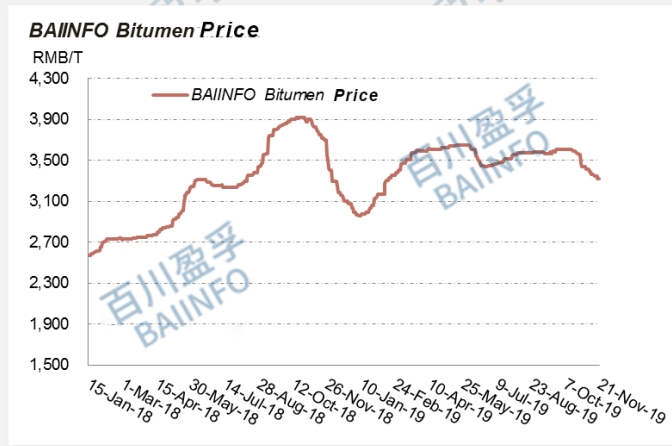
**Bitumen Market**

**Domestic Bitumen**

➤ **Market Analysis**

Bitumen prices registered price drops by RMB 25-75/T in Northeast China, Shandong, the Yangtze River delta and Southwest China areas. On Nov. 19, Refineries in East China lowered price by RMB 50/T. Later prices in Yangtze River delta areas, Sichuan and Chongqing followed the downtrend. Major refineries in Northeast China cut prices in order to expand sales, which pulled mainstream trading prices even lower. In North China and Shandong areas, local refineries' bitumen prices moved down. In addition, local refineries issued policies. Market participants are waiting for policies.

Major refineries' bitumen prices are anticipated to see down drop-backs given the widening gap between their prices and distributors'. In Northwest China, refineries are about to cut quotations to ease inventory pressure. Winter storage is going to start in Northwest China and Northeast China.



➤ **Price Assessment**

Up to Nov. 21, mainstream trading price of domestic heavy traffic paving bitumen stayed at RMB 3,700-3,800/T, RMB 3,200-3,250/T, RMB 3,400-3,450/T and RMB 4,130-4,280/T in Northwest, North, South and Southwest China (Yunnan and Guizhou) respectively. Mainstream trading price was at RMB 3,050-3,150/T, RMB 3,100-3,220/T, RMB 3,320-3,400/T and RMB 3,870-3,970/T in Northeast China, Shandong, along Yangtze River Delta and Southwest China (Sichuan and Chongqing) respectively, down RMB 75/T, RMB 25/T, RMB 50/T and RMB 50/T week-on-week respectively.

➤ **Regional Markets**

**Northwest China:** Mainstream trading price of heavy traffic paving bitumen remained at RMB 3,700-3,800/T. Rigid demand came to an end. Individual local refineries halted production for a short time. Major refineries held mid-to-high inventories with low production and shipped cargoes on discounts. Besides, since the policy was released in China, insiders were preparing for the winter storage.

**Northeast China:** Mainstream trading price of heavy traffic paving bitumen fell by RMB 75/T to RMB 3,050-3,150/T and mainstream price of high-grade bitumen dropped by RMB 150/T to RMB 3,110/T, with price of some low-priced resources at RMB 3,000-3,050/T. Demand from coking

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and ship fuel markets was ordinary. Some major refineries reduced price for sales, leading to decreasing trading price. Currently, refineries kept inventories at a mid-to-high level overall. Thus, individual refineries might cut bitumen price to relieve inventory pressure.

**North China and Shandong:** Mainstream trading price of heavy traffic paving bitumen stabilized at RMB 3,200-3,250/T in North China, with trading price as low as RMB 2,900/T around individually. In Shandong, mainstream trading price decreased by RMB 25/T to RMB 3,100-3,220/T and delivery price declined by RMB 70/T to RMB 2,880-2,920/T at some local refineries and traders. In Hebei, Shandong and Henan, inventories remained largely stable because individual projects were still going on. Traders still focused on destocking and individual social inventories were empty. At present, overall inventories were at a mid-to-low level and some refineries shut down for a short time. In addition, short-term bitumen prices might keep settled on the back of cost support. However, bitumen prices were possible to be adjusted down, as deliver price at major refineries were significantly higher than that at local refineries and traders.

**Along Yangtze River Delta Areas:** The trading price of heavy traffic paving bitumen moved down by RMB 50/T to RMB 3,320-3,400/T. Delivery prices from traders were stabilized at RMB 3,200-3,250/T. In East China, regional demand was flat, terminal clients and traders purchased on demand and inventory at refineries was increasing. However, supported by export market, some refineries kept inventory at low level. According to BAIINFO, this week, the inventory level along Yangtze river delta areas went up. In Jiangsu, social inventory level continued to be stabilized. In Zhejiang, it declined over last week. Currently, prices for traders were lower than that in major refineries. Plus, some refineries resumed production, with ample supply, which made major refineries pull the price down.

**South & Southwest China:** In South China, mainstream trading prices of heavy traffic paving bitumen were firm at RMB 3,400-3,450/T, while part of local refineries lowered it to RMB 3,200-3,250/T. In Sichuan and Chongqing, mainstream trading prices were pulled down by RMB 50/T to RMB 3,870-3,970/T. In Yunnan and Guizhou, it was offered at RMB 4,130-4,280/T. In South China, demand was dim and the price in some refineries was lower. Plus, shipment for major refineries was unsmooth. Total inventory and export quantity had no change compared with last week. Moreover, imported resources were sufficient and in Guangdong, social inventory climbed up. According to BAIINFO, in South China, the inventory level edged up, including social inventory in Guangdong and Guangxi. At the surrounding areas, the price went down and the price gap between major refineries and local refineries was enlarged, trying to pull the price down in the future.

In Southwest China, total demand turned weak and the speed of social consumption was slow. According to BAIINFO, in Chongqing, social inventory level increased. At Chongqing port, the price continued to slump by RMB 100/T to RMB 3,450/T, driving mainstream trading prices in Sichuan and Chongqing down. As the price keeping decline outside the region, at Chongqing port, it will continue to fall later.

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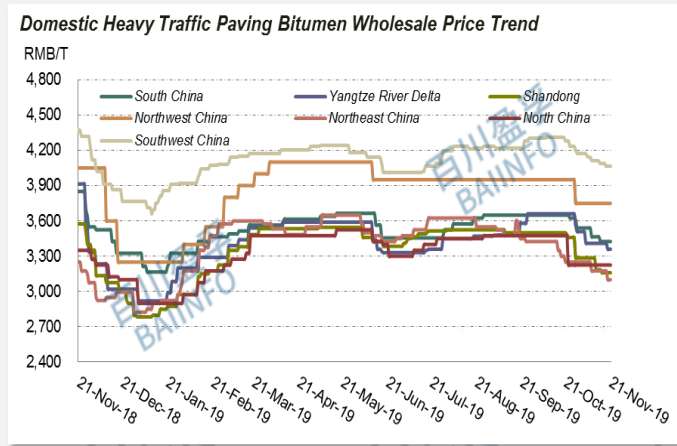
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### Imported Bitumen

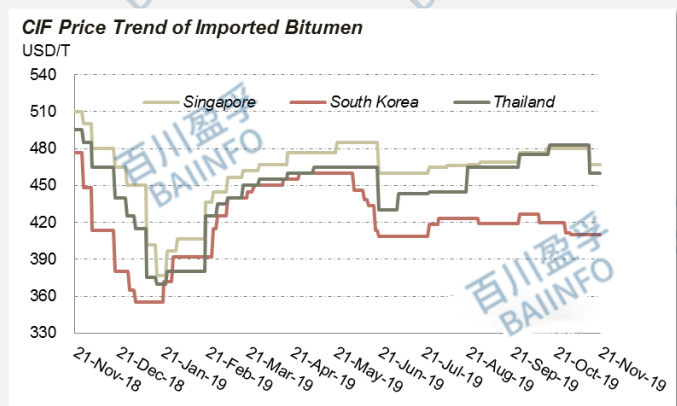
**South Korea:** South Korea bitumen price was at USD 400-415/T (dutiabale RMB 3,360-3,440/T), CIF, in East China. Low-end price at USD 390-395/T was also heard.

**Singapore:** Cargo in December was priced at USD 455-465/T, CIF, in South China. USD 430-440/T was also heard. As of Nov. 21, 110,000 tonnes of Singapore cargoes arrived at domestic ports. Most of them went to Dongguan, Qinzhou and the North Sea.

**Malaysia:** KBC bitumen December cargo was priced at USD 450-460/T (dutiabale RMB 3,630/T), CIF, in South China.

**Thailand:** IRPC bitumen December cargo was priced at USD 455-465/T (dutiabale RMB 3,670/T), CIF, in South China.

Imported bitumen prices are expected to see lagged-behind declines since demand decreased and domestic cargoes had already met price drops.



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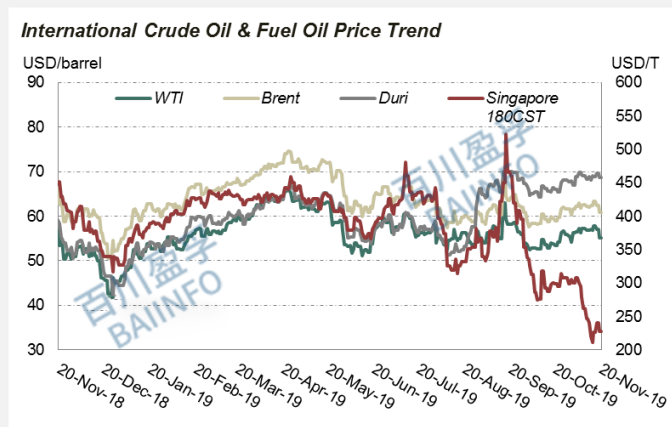
**Bitumen & Crude Oil**

**BAIINFO Refined Oil Price Change Rate: Up to Nov. 21, crude oil change rate was at -0.19%.**

**International Crude Oil Market:**

This week (Nov. 14-Nov. 21), international crude oil market showed mixed trend due to optimistic outlook for Sino-US trade and sharp rise in US crude oil inventory. Early this week, international crude oil prices rose after falling. Data from EIA showed that the increase in the US crude oil stocks exceeded expectations. Meanwhile, the output of the US crude oil hit the record highs. However, the optimistic expectations about Sino-US trade had eased risk sentiment in the market. Later, investors were so cautious that pessimism hanged over the prospects for trade talks. In Russia, the rebound in crude oil output failed to meet OPEC’s production cut requirement and insiders did not support expanding production cuts, which undermined players’ confidence. WTI futures average price was at USD 56.77/barrel, down 0.46% over last week and up 5.12% over last month, while Brent futures price ran at USD 62.27/barrel, down 0.03% over last week and up 4.42% over last month.

**Forecast:** Currently, EIA inventory climbs up, but the growth falls far less than expectations. Utilization rate of refineries rising predicts the beginning of winter oil in the United States. However, in Russia, the rebound in crude oil output failed to meet OPEC’s requirement for reducing production, worrying the market players. With the US crude oil production remaining at high level, there is limited support by the production cuts of OPEC countries led by Saudi Arabia. Overall, international crude oil futures prices are anticipated to be range bound as good support keeps unstable. The average prices for WTI futures and Brent futures expectedly each to stand at around USD 55-59/barrel and USD 61-65/barrel in short term.



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**Bitumen & Fuel Oil**

**Refined oil price adjustment window was opened at 24 in Nov., 18. It was predicted that gasoline and diesel oil prices would fall by RMB 7/T accordingly.**

This week, the ratio of Singapore bitumen price to mid-sulfur 180CST fuel oil price was 1.879, up

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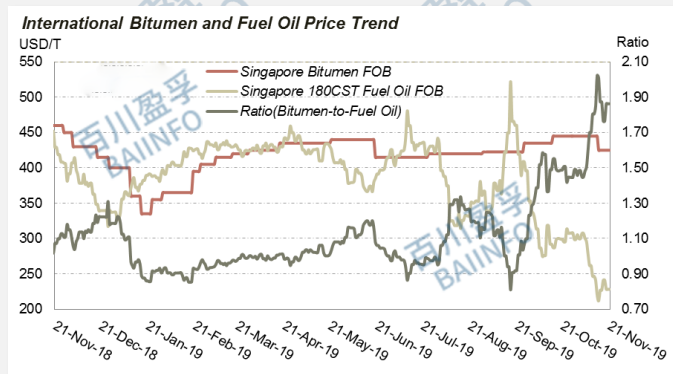
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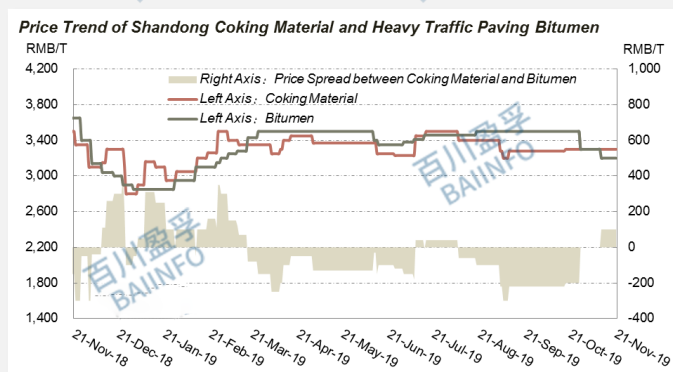
0.175 week-on-week. Singapore bitumen price kept flat, while fuel oil price extended downtrend, leading to higher ratio of bitumen-to-fuel oil. As such, refineries could gain more profits when they produced bitumen. Closing to 2020, the new regulation issued by IMO will be implemented soon. Recently, demand for low-sulfur fuel oil continued increasing. Supply of high-sulfur fuel oil was decreasing, but the demand declined faster. The price gap between low-sulfur and high-sulfur fuel oils got wider. Suppliers had stockpiled ample low-sulfur fuel oils. About 7 million tonnes of low-sulfur fuel oil was estimated to be stored at the supertankers off the coast of Singapore. Meanwhile, near 2 million tonnes of cargos were stored at the shore terminals. Low-sulfur fuel oil got popular gradually, but there was some problem with logistics and price.



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### Heavy Traffic Paving Bitumen & Coking Material

Up to Nov. 21, 2019, price of coking material stabilized at RMB 3,300/T in Shandong. Major refineries in that region cut deal price of heavy traffic paving bitumen by RMB 25/T to RMB 3,100-3,220/T, while local refineries and traders declined deal prices by RMB 70/T to RMB 2,880-2,920/T. Coking material prices were supported by healthy demand. Prices of heavy traffic paving bitumen sustained downtrend amid softer buying interest. Therefore, some refineries in Shandong stopped producing bitumen to produce residual oil. Some refineries in Northeast China also mainly produced coking materials, supporting bitumen prices to some extent. However, bitumen prices would keep dropping due to weakening demand.



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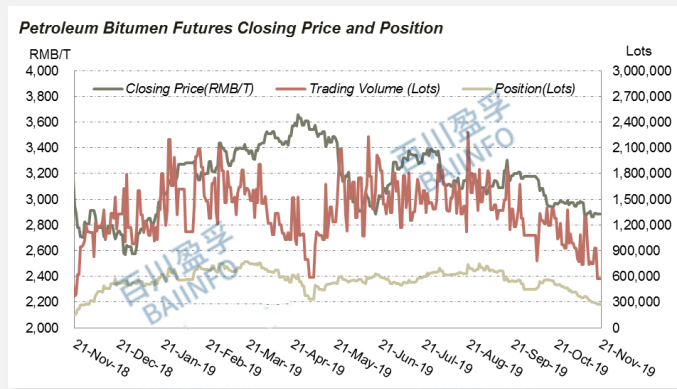
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➤ **Price Indicators**

**Crude Oil and Fuel Oil Prices**

Crude Oil and Fuel Oil Prices	Weekly Avg		Change	Unit
	Nov. 7-Nov. 13, 2019	Nov. 14-Nov. 20, 2019		
WTI	57.03	56.77	-0.26	USD/Bbl
Brent	62.28	62.27	-0.01	USD/Bbl
Duri	68.73	68.66	-0.07	USD/Bbl
Singapore 180CST	249.44	226.16	-23.28	USD/T
Singapore 380CST	248.75	219.16	-29.59	USD/T
Singapore, Low-sulphur Marine Fuel Oil	484.79	491.41	6.62	USD/T
SC	455.26	452.26	-3.00	RMB/Bbl

**Domestic Bitumen Wholesale Prices (Unit: RMB/T)**

Domestic Bitumen Wholesale Price	Nov. 14, 2019	Nov. 21, 2019	Change	Unit
Imported Heavy Traffic Paving Bitumen-South China	3,700-3,900	3,600-3,800	-100	RMB/T
Imported Heavy Traffic Paving Bitumen-East China	3,400-3,800	3,350-3,750	-50	RMB/T
Imported Heavy Traffic Paving Bitumen-North China	3,400-3,700	3,350-3,650	-50	RMB/T
Domestic Heavy Traffic Paving Bitumen-South China	3,400-3,450	3,400-3,450	0	RMB/T
Domestic Heavy Traffic Paving Bitumen-Yangtze River Delta	3,370-3,450	3,320-3,400	-50	RMB/T
Domestic Heavy Traffic Paving Bitumen-Shandong	3,150-3,220	3,100-3,220	-25	RMB/T
Domestic Heavy Traffic Paving Bitumen-Northwest China	3,700-3,800	3,700-3,800	0	RMB/T
Domestic Heavy Traffic Paving Bitumen- Northeast China	3,100-3,250	3,050-3,150	-75	RMB/T
Domestic Heavy Traffic Paving Bitumen-North China	3,200-3,250	3,200-3,250	0	RMB/T

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<b>Domestic Heavy Traffic Paving</b>				
Bitumen-Southwest China (Sichuan & Chongqing)	3,920-4,020	3,870-3,970	-50	RMB/T
<b>Domestic Heavy Traffic Paving</b>				
Bitumen-Southwest China (Yunnan & Guizhou)	4,130-4,280	4,130-4,280	0	RMB/T
Building Bitumen-Shandong	3,200-3,300	3,200-3,300	0	RMB/T
Ordinary Bitumen-North China	2,930-3,040	2,830-2,940	-100	RMB/T
Modified Bitumen-South China	4,600-4,650	4,600-4,650	0	RMB/T
Modified Bitumen-East China	4,550-4,670	4,520-4,600	-50	RMB/T
Modified Bitumen-North China	4,350-4,450	4,300-4,400	-50	RMB/T

**Imported Bitumen Spot Prices (Unit: USD/T)**

Imported Bitumen Spot Price (CIF)	Nov. 14, 2019	Nov. 21, 2019	Change	Unit
Singapore-South China	465-495	465-495	0	USD/T
Singapore-East China	475-485	475-485	0	USD/T
Singapore-North China	475-485	475-485	0	USD/T
South Korea-South China	410-420	410-420	0	USD/T
South Korea-East China	400-430	400-420	-5	USD/T
South Korea-North China	400-430	400-420	-5	USD/T
Thailand-South China	465-480	465-480	0	USD/T
Thailand-East China	465-475	465-475	0	USD/T
Thailand-North China	465-475	465-475	0	USD/T
Malaysia-South China	450-460	450-460	0	USD/T

**Imported Bitumen Long-term Prices (Unit: USD/T)**

Imported Bitumen Long-term Price	Nov. 14, 2019	Nov. 21, 2019	Change	Shipping Date
Singapore-CIF South China	455-465	455-465	0	Dec.
Singapore-CIF East China	465-475	465-475	0	Dec.
Singapore-CIF North China	465-475	465-475	0	Dec.
South Korea-CIF South China	410-420	410-420	0	Nov.
South Korea-CIF East China	400-415	400-415	0	Nov.
South Korea-CIF North China	400-415	400-415	0	Nov.
Thailand-CIF South China	455-465	455-465	0	Dec.
Thailand-CIF East China	465-475	465-475	0	Dec.
Thailand-CIF North China	465-475	465-475	0	Dec.
Malaysia-CIF South China	450-460	450-460	0	Dec.
Singapore-FOB	420-430	420-430	0	Dec.
South Korea-FOB	375-395	375-395	0	Nov.
Thailand-FOB	420-430	420-430	0	Dec.
Malaysia-FOB	415-425	415-425	0	Dec.

**Imported Bitumen Freight (Unit: USD/T)**

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Imported Bitumen Freight	Nov. 14, 2019	Nov. 21, 2019	Change	Unit
South Korea-South China	35.0-38.0	35.0-38.0	0	USD/T
South Korea-East China	20.0-26.0	20.0-26.0	0	USD/T
Singapore-South China	32.0-38.0	32.0-38.0	0	USD/T
Singapore-East China	43.0-48.0	43.0-48.0	0	USD/T

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### Market Data Analysis

#### ➤ Profit & Loss

According to BAIINFO statistics, the theoretical gross profit of domestic bitumen refineries on Nov. 19 was pulled down over that on Nov. 12(week-on-week).

Average price for Brent crude oil this week was moved up. Product cost in refineries was kept largely stable, but sales prices of bitumen and other products moved down recently, the profitability in bitumen refineries thus declined compared to last week.

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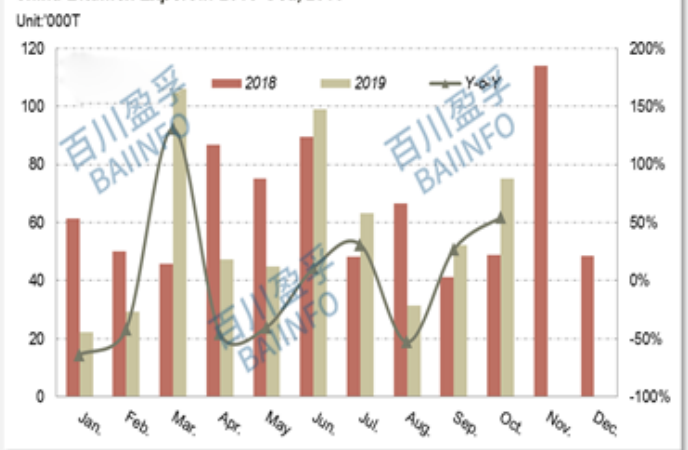
➤ Import & Export

Import Country	Import Quantity (T)						Export Quantity (T)						
	Jan.-Sept. 2019	Structure Ratio %	Jan.-Sept. 2018	Structure Ratio%	YoY (T)	YoY %	Sept. 2019	Sept. 2018	YoY (T)	YoY %	Aug. 2019	MoM (T)	MoM %
South Korea	1,820,400	57	2,505,900	67	-562,200	-27	222,200	249,100	-26,900	-11	182,400	39,800	22
Singapore	815,000	25	859,300	23	29,200	-5	58,400	112,800	-54,400	-48	96,800	-38,400	-40
Malaysia	361,900	11	231,800	6	85,100	56	35,900	32,600	3,300	10	57,600	-21,700	-38
Thailand	161,300	5	86,000	2	36,700	88	23,000	9,300	13,700	148	38,300	-15,300	-40
Japan	24,000	1	39,000	1	2,900	-39	3,000	15,000	-12,000	-80	0	3,000	-
Others	28,600	1	27,000	1	-5,900	6	5,900	800	5,100	638	5,200	700	13
<b>Total</b>	<b>3,211,200</b>	<b>100</b>	<b>3,749,000</b>	<b>100</b>	<b>-414,200</b>	<b>-14</b>	<b>348,400</b>	<b>419,600</b>	<b>-71,200</b>	<b>-17</b>	<b>380,300</b>	<b>-31,900</b>	<b>-8</b>

China Bitumen Import in 2018-Oct., 2019



China Bitumen Export in 2018-Oct., 2019



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Registered office

501A, 5th Floor, Air Service Bld., Building 2, No. 39, Dongzhimenwai Street, Dongcheng District, Beijing, P.R. China

Fax: +86-10-5894 6899; Cell: +86 139 1021 1072; Email: bxj@baiinfo.com

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