

FOR IMMEDIATE RELEASE

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### ESAI Press Release: Atlantic Basin Refining Recovery Heralded by Distillate

**BOSTON**—June 18, 2010— Distillate demand has sprung to life in the U.S. and in other Atlantic Basin markets. According to ESAI's latest *Atlantic Basin Stockwatch Marketview*, improved distillate spreads will boost profitability for U.S. refiners despite sluggish gasoline demand.

U.S. distillate demand surged in May. As ESAI principal Andrew Reed pointed out, "U.S. Gulf Coast refiners are well positioned to profit from improved fundamentals. In addition to strong domestic demand, U.S. refiners are exporting robust volumes to markets in Latin America."

The development marks a breakthrough for the recovery of distillate fundamentals throughout the Atlantic Basin market. There are signs diesel and heating oil demand are gaining momentum in Europe. U.S. demand is undermining its exports to Europe, adding to tightness across the Atlantic. "The lack of U.S. exports to Europe creates an opening for India and other Asian suppliers of 10ppm diesel," noted Reed.

ESAI forecasts USGC-Mars refining margins to average nearly \$9 per barrel in the coming six months, nearly \$2 per barrel higher year-on-year. With improved refining margins here to stay for awhile, U.S. throughput will average just under 14.9 million b/d, or 425,000 b/d higher than this time last year. Gulf Coast refiners will account for almost all of the growth. European throughput will also grow in the next six months, though more modestly.

For a copy of ESAI's Atlantic Basin Stockwatch Marketview, contact Soner Kanlier at [skanlier@esai.com](mailto:skanlier@esai.com)

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**About ESAI:** ESAI, founded in 1984, provides market research and strategic advisory services to [energy](#) and [power](#) markets. ESAI provides a framework for interpreting and prioritizing empirical market data and industry information. ESAI provides detailed analysis of energy and power markets and explains future market trends.