

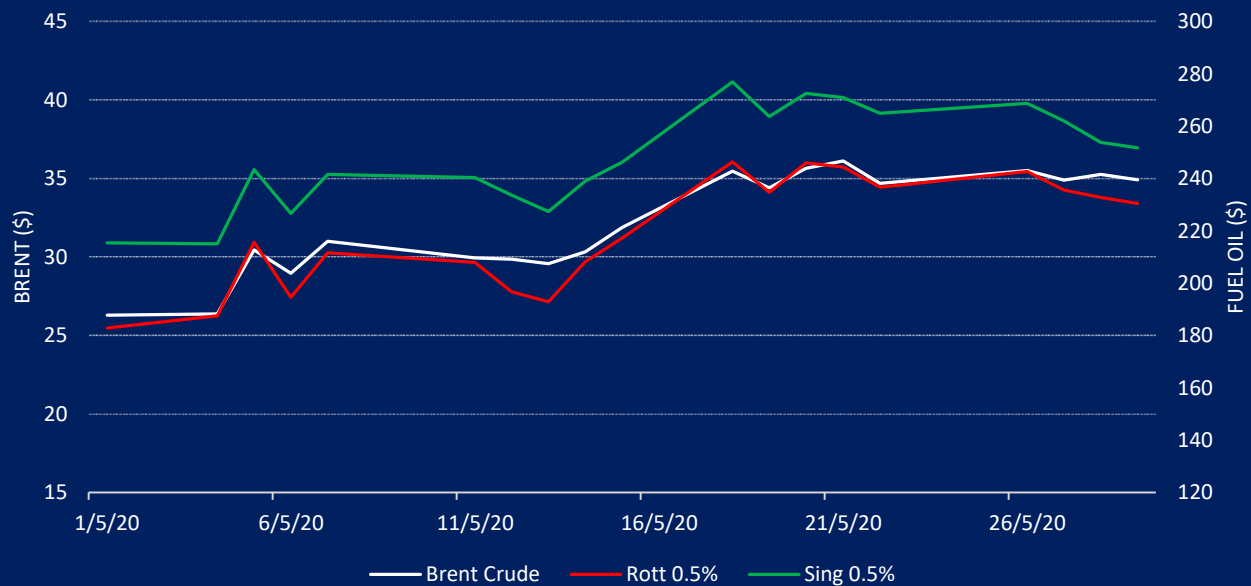
May-2020

Month Overview

After a disastrous month for oil in April, stability has returned and we have seen a steady recovery of prices. This has had a knock on effect for all related products, pushing up values across the board. Towards the end of last month we had Rotterdam 3.5% below \$100 and Rotterdam 0.5% below \$200, but these have now recovered to almost \$200 on the HSFO (high sulphur fuel oil) and \$250 for the VLSFO (very low sulphur fuel oil).

With Chinese demand increasing, lockdown measures around the globe relaxing and OPEC floating the latest extension to their cut agreement, it seems that the slow recovery of crude is a trend that will persist. OPEC+ is set to discuss a short extension of its current output cuts, according to a delegate, as the cartel considers bringing forward its next meeting a few days to June 4. The coalition is considering extending the current curbs for one to three months.

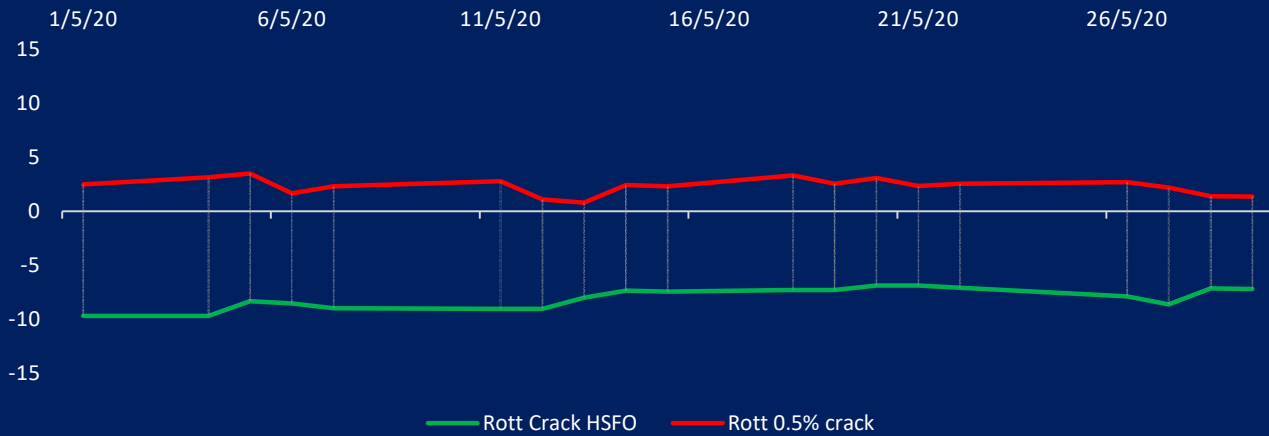
Brent Crude (Jul) And 0.5% Fuel (Jun)



Crack Market

Crack markets have not been the most exciting element of the oil product market of late, with levels very slowly moving higher on the HSFO crack, and levels on the implied 0.5% crack continuing on their year long trend of tending towards negative levels. With more calm movements in Brent continuing, this trend on the HSFO will probably stall at these levels or move on slightly. For the 0.5% implied crack, much will depend on the movement of the FOGO spreads, and where the market prices the 0.5% fuel relative to gasoil, and therefore to a greater extent crude.

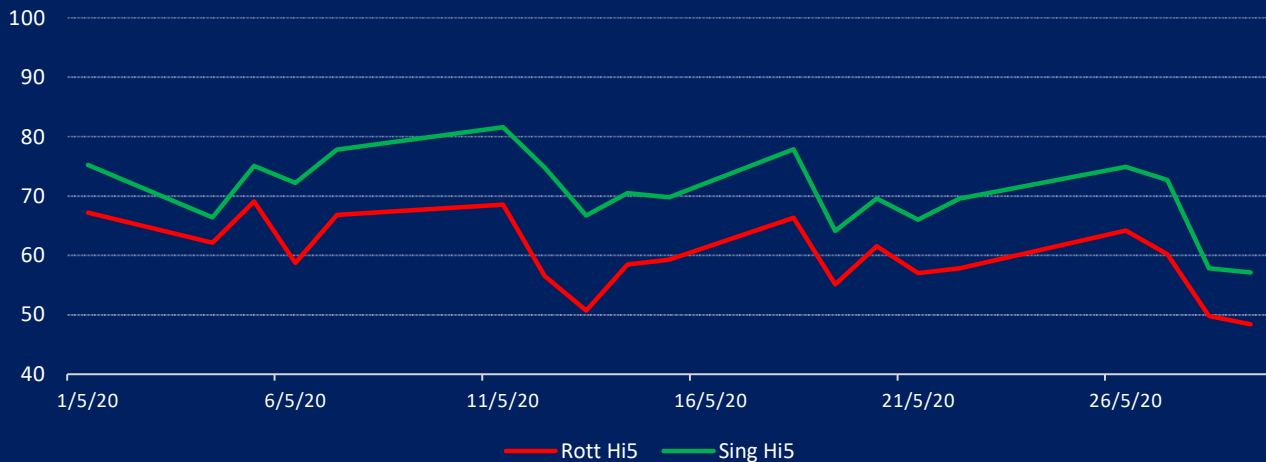
Rott Crack (Jun)



Hi5 Spread (VLSFO v HSFO)

The Hi5 spread has been relatively stable compared to previous months. The Sing FOGO traded around the \$70-\$80 band for much of this month, while its European equivalent was in a lower range between \$60-70. Troughs in levels correlate roughly to spikes in gasoil prices (shown further below) as the market kept the price of the 0.5% in line with the more general movements of the Brent market (shown further above). A further trend of diminishing value has begun at the end of this month as crude and gasoil prices continued their rise and the GO EW moved into positive territory.

Hi5 Diffs (May)

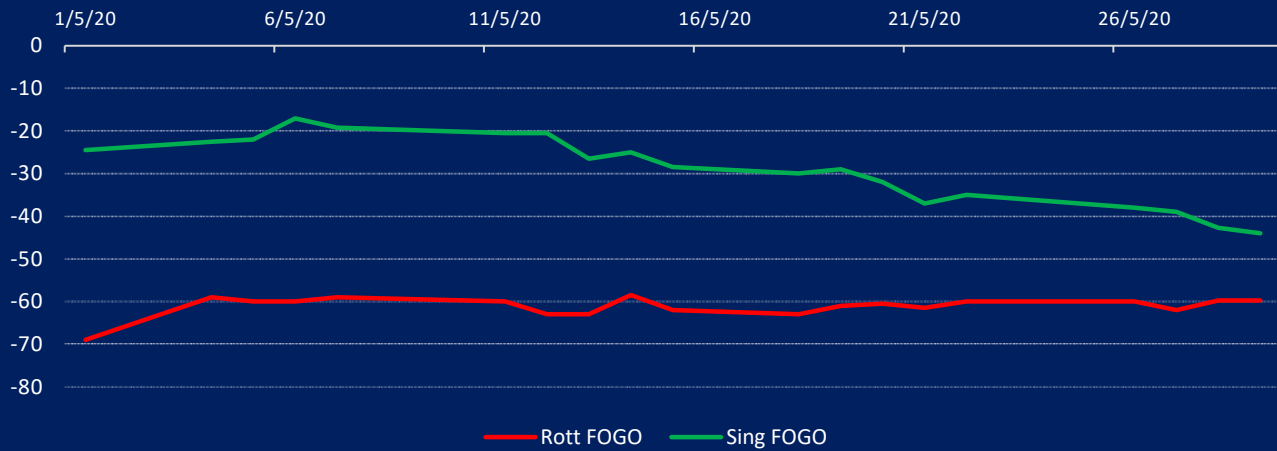


VLSFO v Gasoil and Gasoil Movements

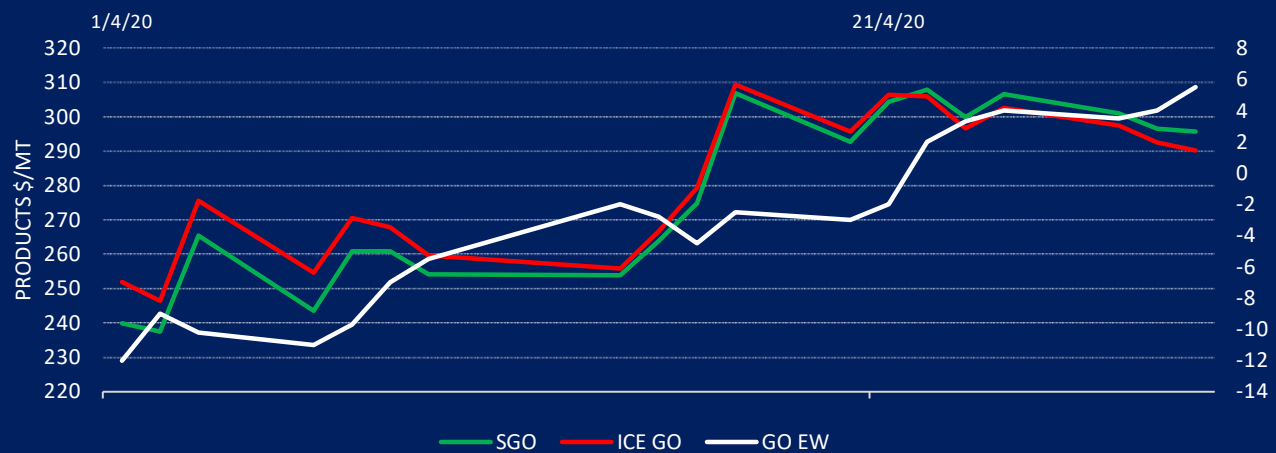
The FOGO spread (VLSFO v Gasoil) has been a tale of two different halves between Rotterdam and Singapore. The Rotterdam index have remained static at around \$61, but the Singapore equivalent has slowly dropped from a high of -20 down to -44. The supply constraints on availability of Sing 0.5% have eased due to there generally being a reduction in shipping activity due to the virus outbreak, and also offset by increasing supplies of the new grade of fuel, especially from Chinese refiners.

Gasoil has had an inversion of the usual structure of its EW spread. Usually the GO EW trades negative, putting the ICE Gasoil Swap higher than the Singapore 10ppm. However, towards the end of the month this switched, as the gasoil EW moved into positive territory, pushing up prices of the Singapore gasoil.

FO/GO Spreads (May)

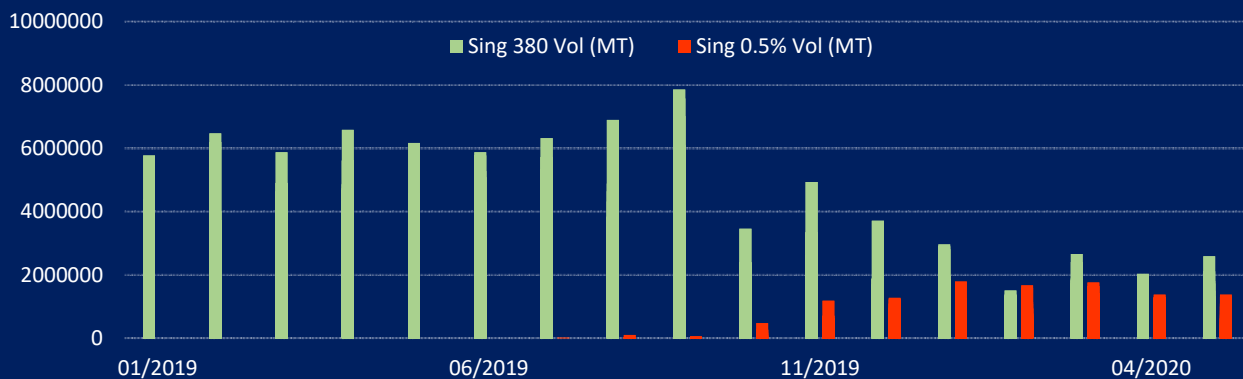


Gas oils (Jun)



Sing 380 vs Sing 0.5% Volumes

Sing 380 vs Sing 0.5% Volume (MT)



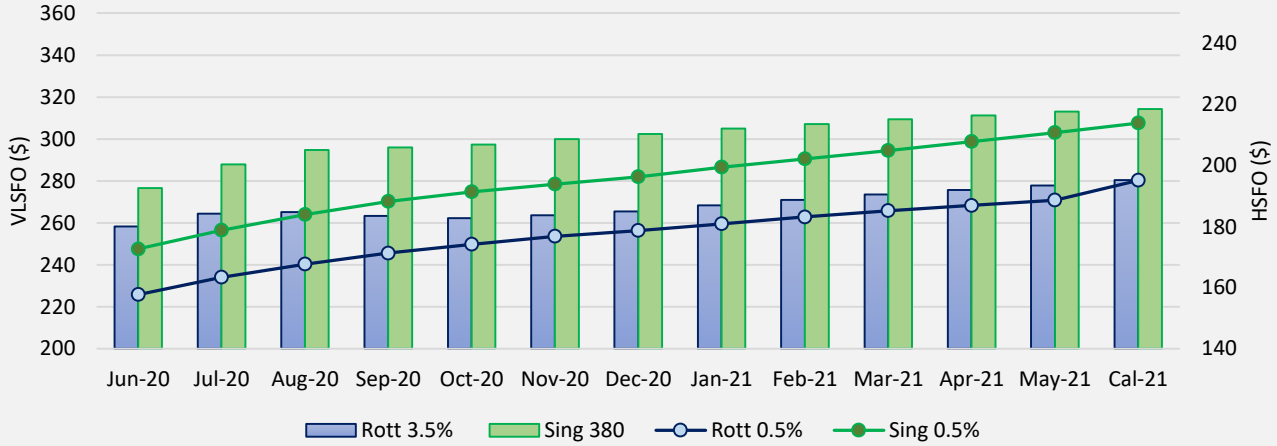
Index Settlements Averages

	Rott 3.5%	Sing 380	Rott 0.5%	Sing 0.5%	Rott Hi5	Sing Hi5
Settled	147.03	160.47	205.2	238.86	55.26	78.39
Previous	113.76	143.24	190.61	214.84	76.85	71.6
% m2m	29.2%	12.0%	7.7%	11.2%	-28.1%	9.5%
YTD	189.21	282.21	319.53	361.73	153.5	160.35

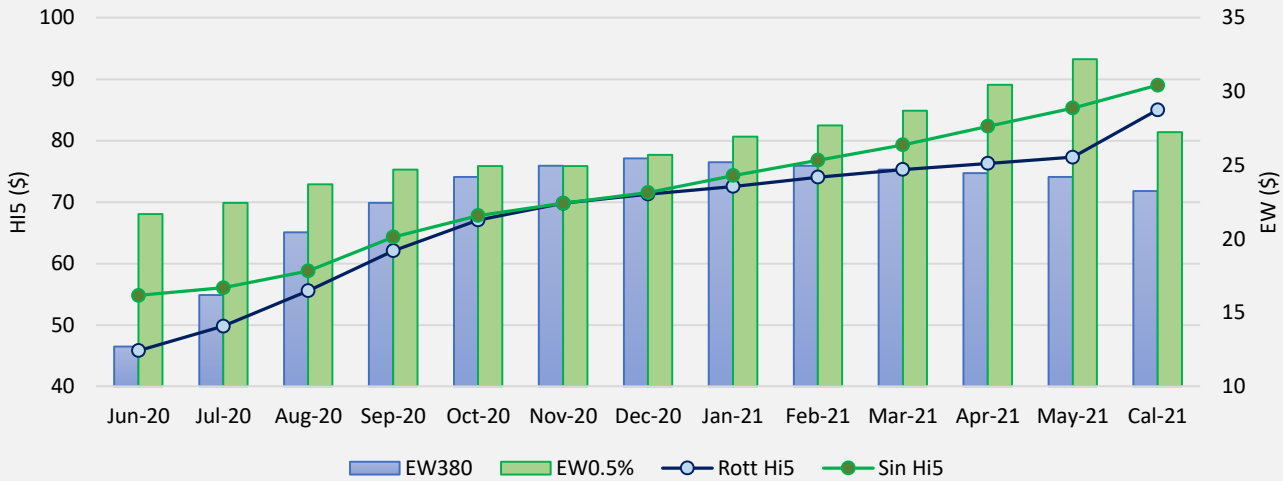
*Please note that these are not official figures from which to calculate margining or settlements

Charts and Figures

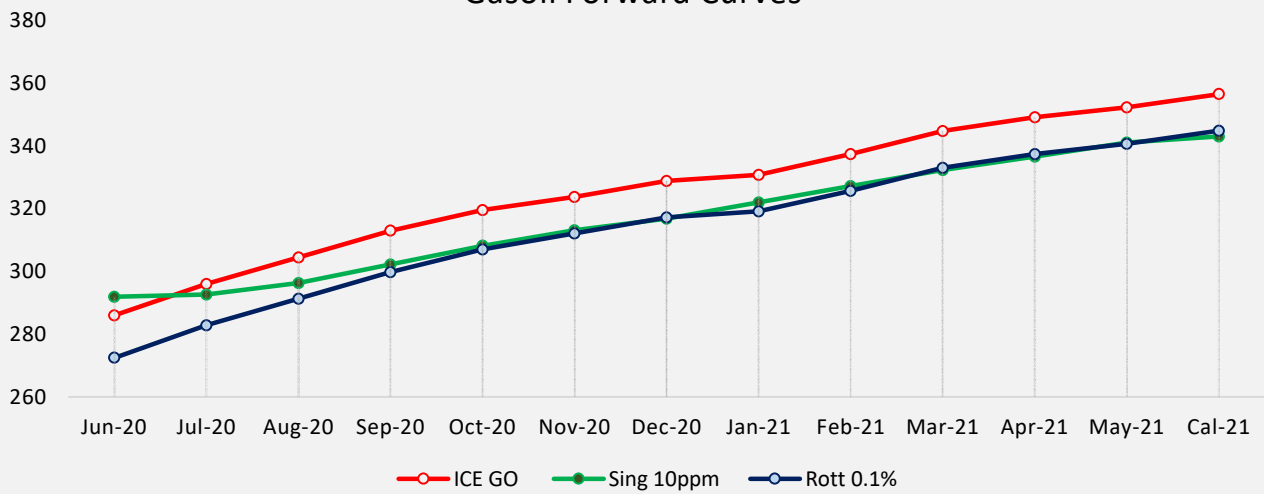
HSFO and VLSFO Forward Curves



Rott and Sing EW and Hi5 Forwards Curves



Gasoil Forward Curves



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