



Monthly Fuel Oil Report

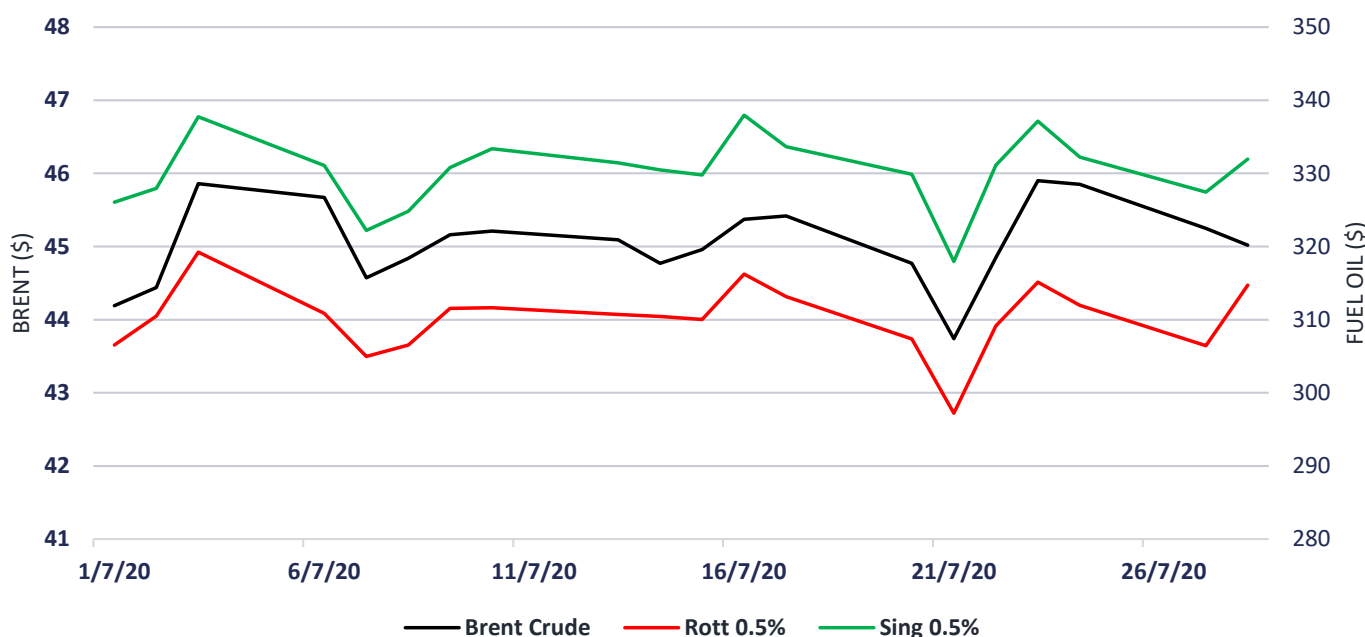
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August-2020

Month Overview

August brought with it an unusually stable environment when comparing to the volatility of the first half of 2020. With Brent hovering around the \$44-\$46 range, the fuel oil products have very closely correlated to its peaks and troughs with a notable movement towards the end of the month as we reluctantly welcomed Hurricane Laura to the gulf of Mexico, bringing with it a destructive trail that forced the closure of the majority of platforms in the region, as well as many refineries across the gulf coast. Thankfully, operations are slowly resuming, and refineries are firing back to almost full cylinders, bar the few that require repairs as a result of the gale force winds. In more positive news, Russia and Iraq are two nations that have been complying with the agreed output quotas for the month of August, with calls that this month may be the most compliant Russia have been in terms of crude output. This disruption in supply has led to the much-needed reduction in global crude stocks that were teetering on ludicrously high levels that meant the storage facilities were bordering on overflowing. This is on top of the news that US has exported record levels of crude to Asia, which has become the third largest exporter to China, up two places from the start of the year in a bid to from China to reassert its commitment to the US-China trade deal that looked to be hanging in the balance in the first half of 2020

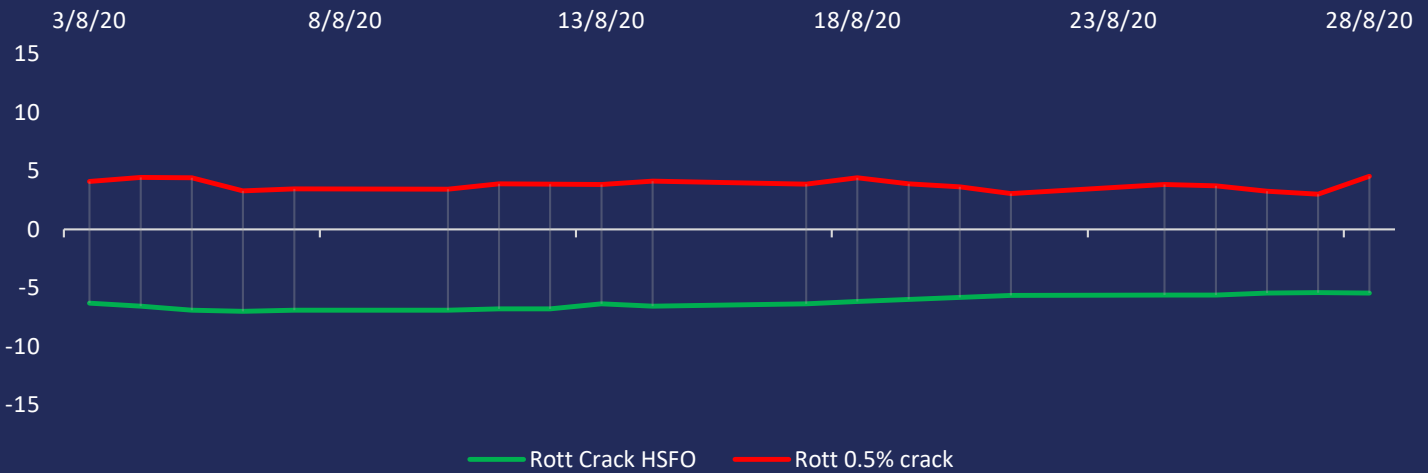
Brent Crude (Oct) And 0.5% Fuel (Sep)



Crack Market

With a rangebound Brent market, the cracks would not be winning any awards for excitement or any biggest mover awards in August. Refiners have been struggling to balance the drop in demand with a plan for exiting towards some normality fairly effectively from the shape of the graph below. The market would, however, be of significant interest at a flat earther convention, having hardly moved across the month. The HSFO crack opened at the -7.00 mark, before making slow progress up to -5.35 by the end of August.

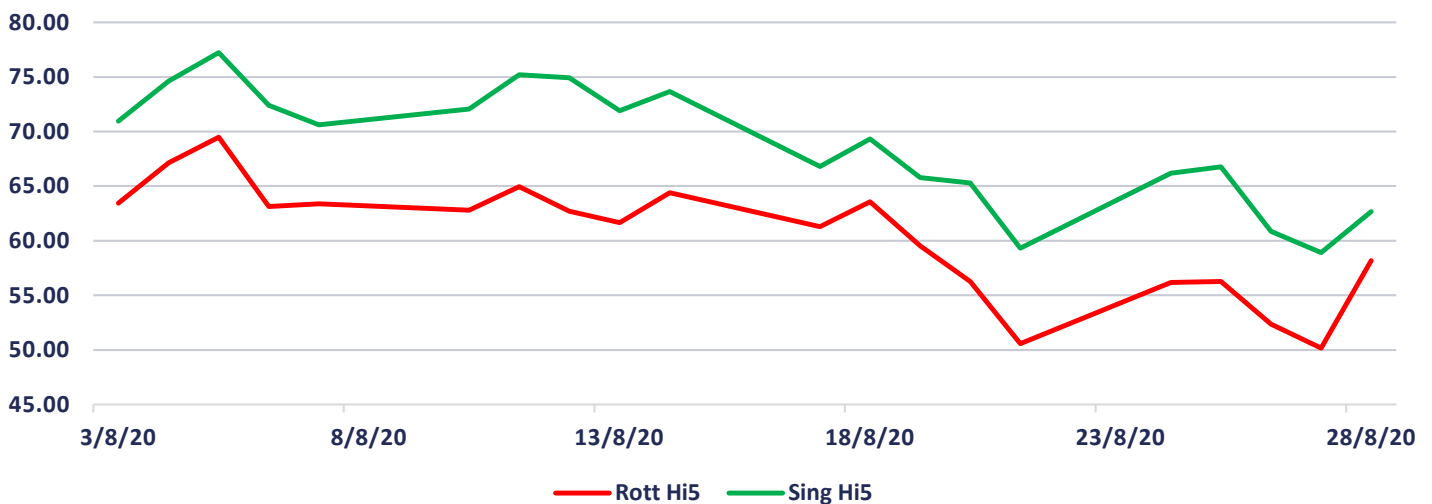
Rott Crack (Sep)



Hi5 Spread (VLSFO v HSFO)

The Hi5 spreads (spread between the HSFO and VLSFO) resumed their fall, with the Rott Hi5 reaching the \$50 mark on two occasions. This does not bode well for the operators that installed scrubbers, as the difference between their cheaper HSFO fuel is getting increasingly close to VLSFO prices, negating their commercial advantage.

Hi5 Diffs (Sep)

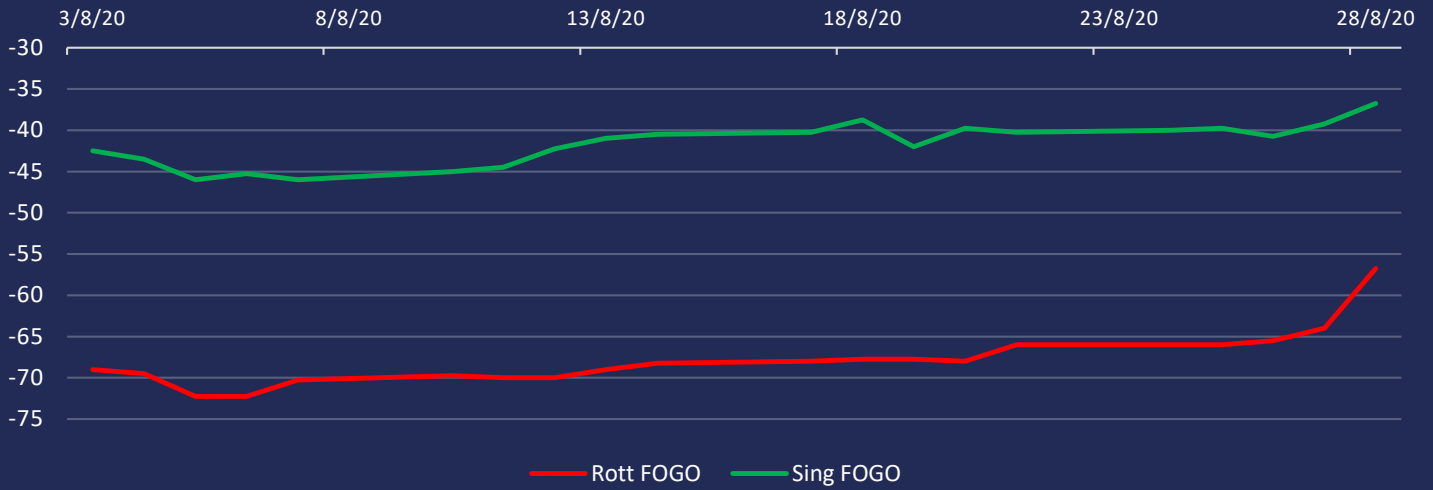


VLSFO v Gasoil, Gasoil Movements and Rising EWs

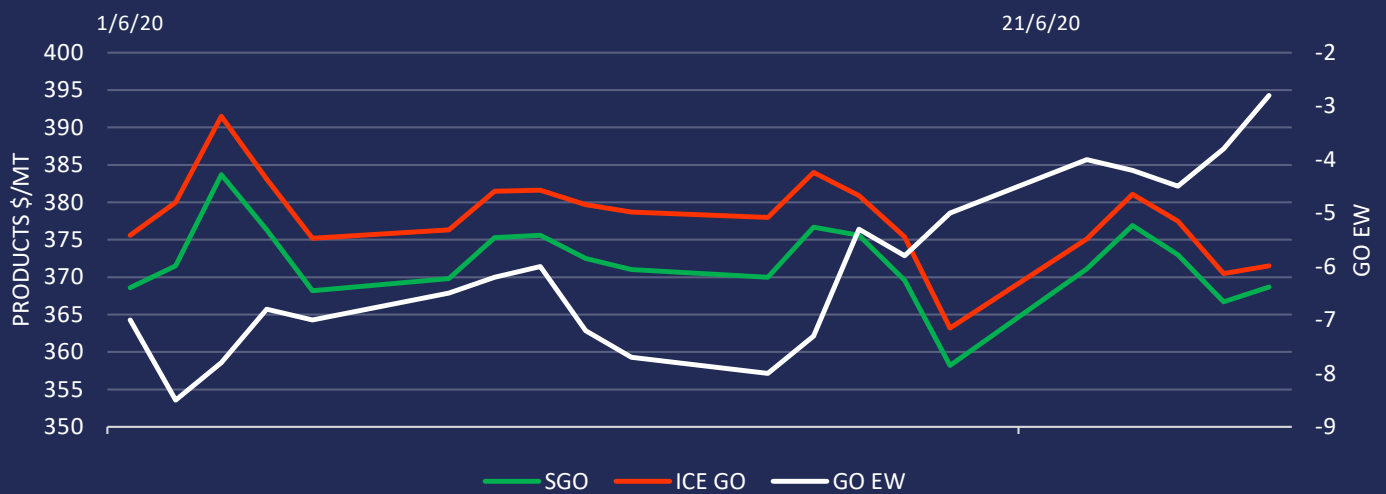
The FOGO spreads (fuel oil vs gasoil) had little action across the month, with the Singapore FOGO ranging between -45 and -40, and Rotterdam FOGO between -70 and -65 for much of August. There was a late rally as the fuel market rallied up despite flat gasoil prices.

Gasoil markets has been more volatile than their fuel counterparts, ranging over \$40 across the month. The Gasoil EW has again made significant progress towards 0, moving up from at low at the start of August at -8.50 to -2.80 at its highest. After a brief hietus, it looks as though the two gasoils - ICE gasoil swap and Singapore 10ppm - are going to be closer in price for the near term.

FO/GO Spreads (Sep)

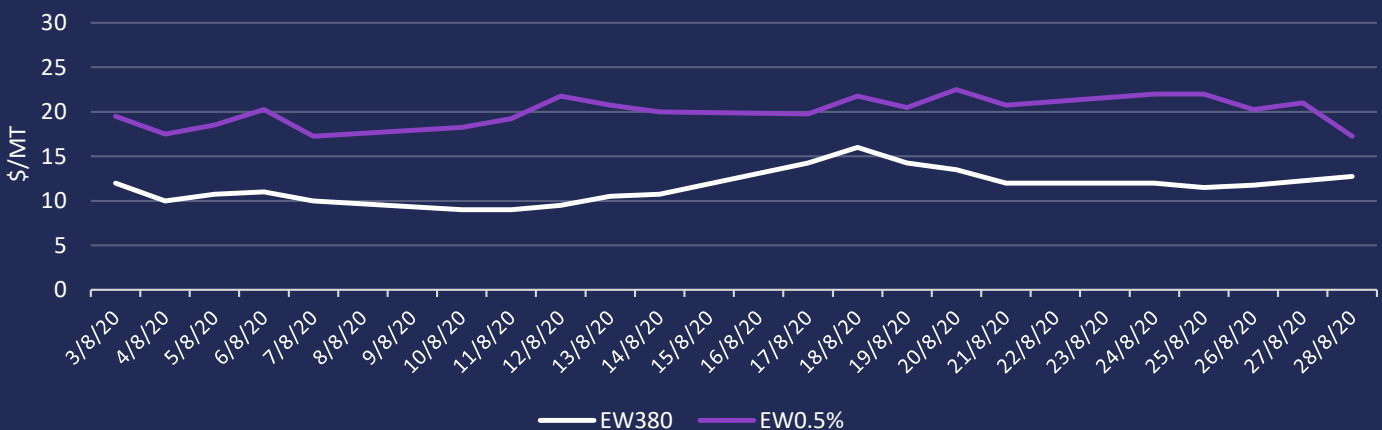


Gas oils (Sep)



Dropping EW for HSFO and 0.5%

EWs (Front Month)



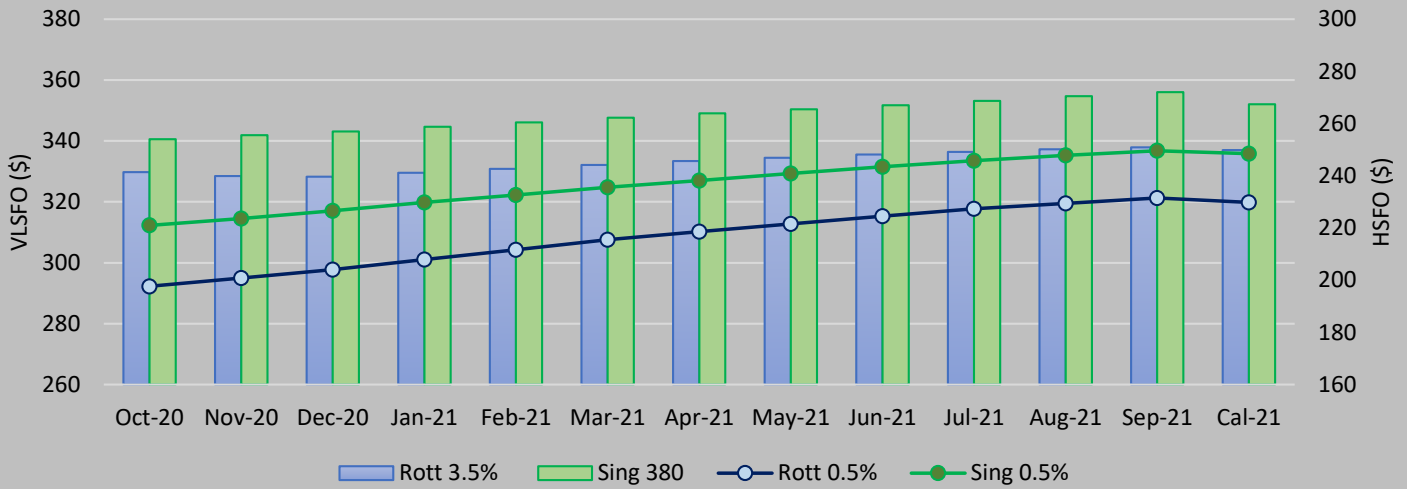
Index Settlements Averages

	Rott 3.5%	Sing 380	Rott 0.5%	Sing 0.5%	Rott Hi5	Sing Hi5
Settled	252.53	261.65	305.26	327.29	52.74	65.64
Previous	238.62	247.51	296.85	319.3	58.23	71.79
% m2m	5.8%	5.7%	2.8%	2.5%	-9.4%	-8.6%
YTD	207.48	230.33	308.44	342.52	100.36	112.19

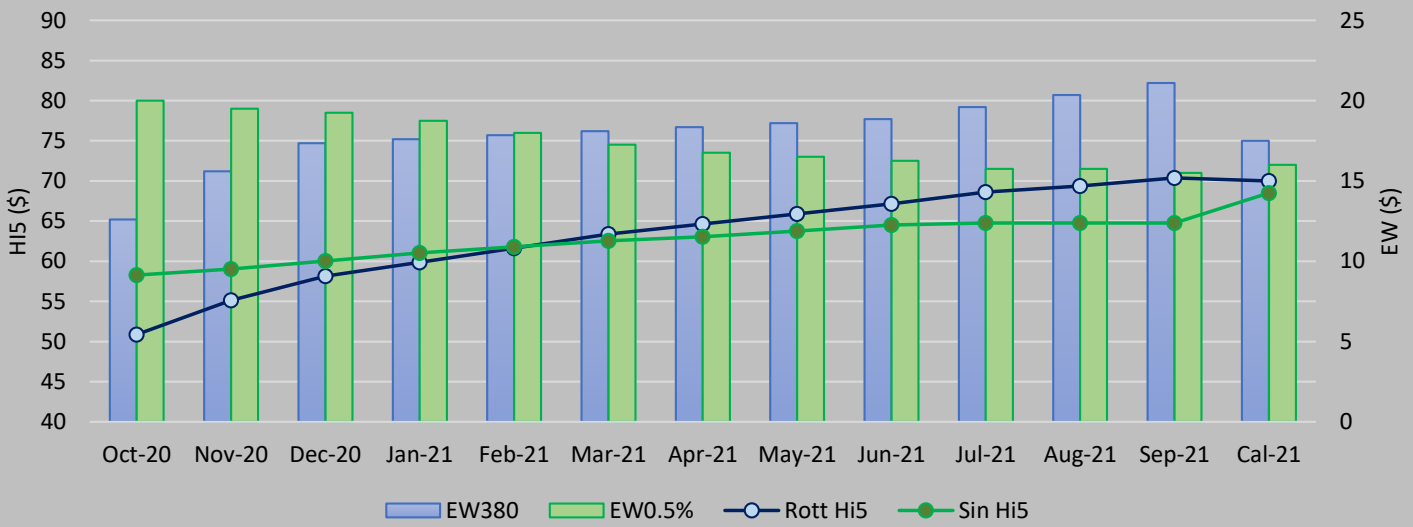
*Please note that these are not official figures from which to calculate margining or settlements

Current Forward Curves

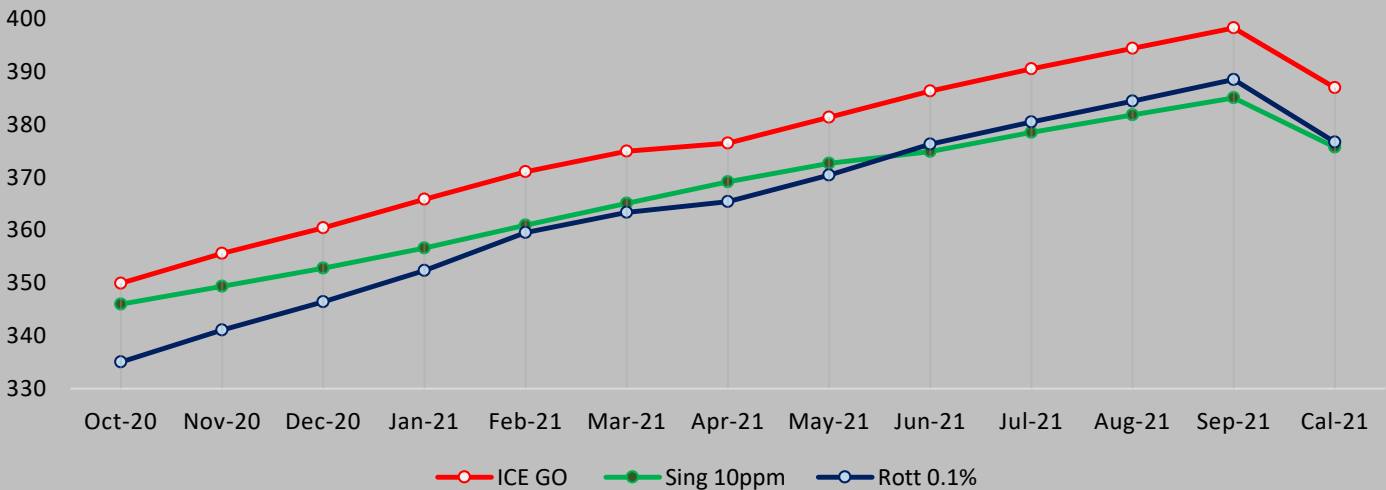
HSFO and VLSFO Forward Curves



Rott and Sing EW and Hi5 Forwards Curves



Gasoil Forward Curves



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