



Monthly Fuel Oil Report

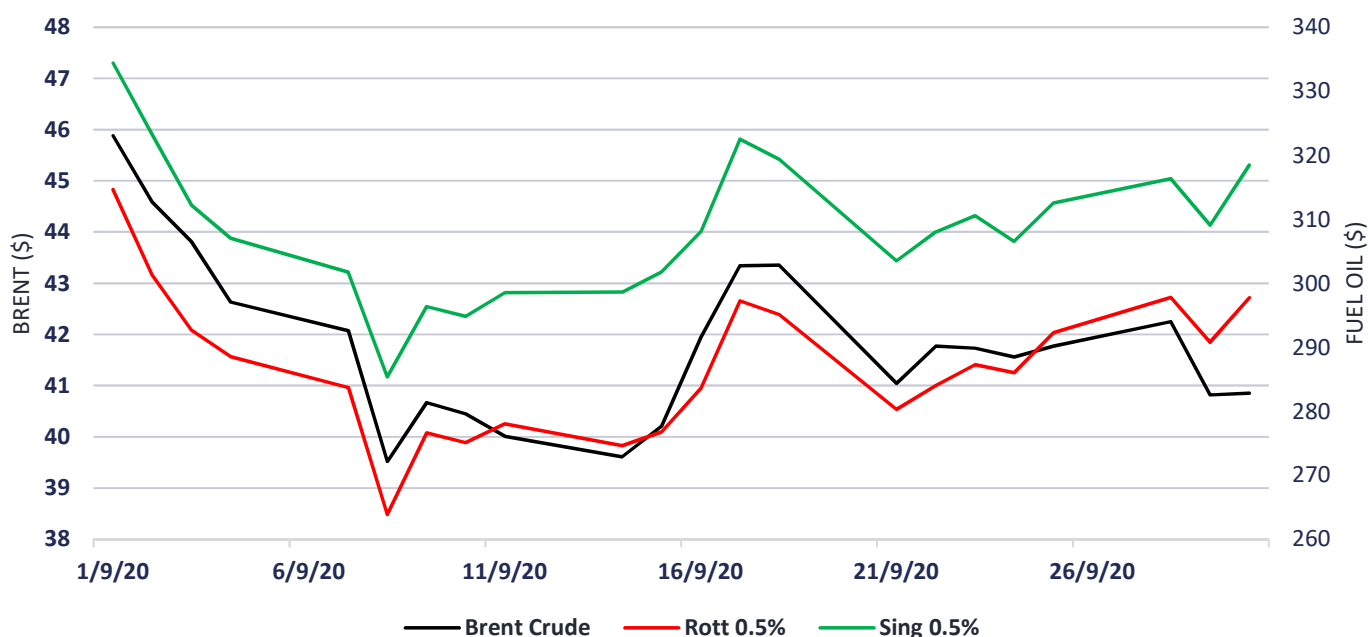
London +44 20 7090 1134 - Chris Hudson - chrish@freightinvestor.com

September-2020

Month Overview

September was a pivotal month as it marked the end of a depressed Q3 for oil prices as we welcomed in the extended Chinese holiday of Golden Week. The beginning of September was awash with storms that battered the refiner rich region of the Gulf Coast, that sparked evacuation after evacuation of oil platforms that halted around 20% of total US output in the first quarter of the month. The lack of supply underpinned the oil price for that time, being \$44.88 per barrel, with OPEC+ struggling to keep under control the compliance with output quotas after a third quarter of oversupply lead the committee to impose compensatory cuts for certain members who did not respect imposed output levels. The month also started with a fire onboard the tanker New Diamond carrying 1.9 billion barrels of crude, though prices were mixed throughout the course of the month thanks to various different supply and demand stimuli, most notably on the supply-side being the Libyan Commander’s decision to lift an 8-month blockade from key Libyan ports in a bid to revive finances through oil revenue. September also brought with it a notable shift from oil companies to look at investment into renewables in a bid to reduce carbon emissions with BP turning investment away from oil and gas production, to projects such as wind and solar power research as trading houses released news that peak oil demand may have already been reached in 2019,

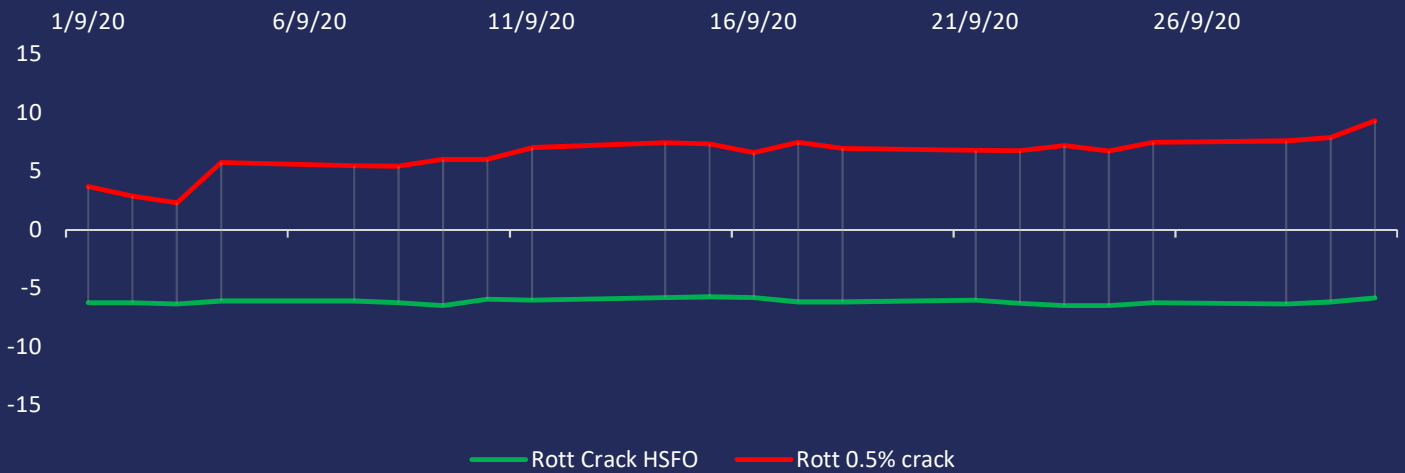
Brent Crude (Nov) And 0.5% Fuel (Oct)



Crack Market

As world shipping tries to get things back to normal after the outbreak of the coronavirus, one of the enduring problems that seems to be changing is the high availability of 0.5% fuel. The VLSFO crack has made good gains across September \$3.66 at the beginning of the month to over \$9. Lower refinery runs, coupled with an increase in world economic activity post lockdowns, seem to be stoking demand and increasing margins. This is in contrast to the HSFO crack which has been flatter than a month old opened bottle of Coca Cola. With such a flat HSFO crack it has made VLSFO look like the big gainer of the month, as relative to everything else it has risen nicely across September.

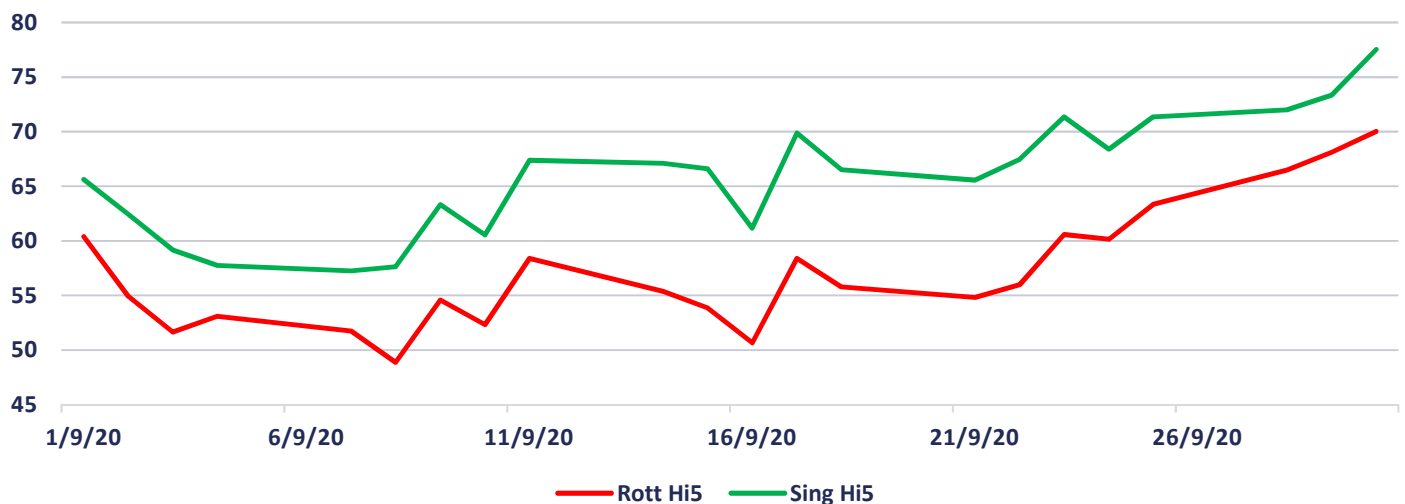
Rott Crack (Oct)



Hi5 Spread (VLSFO v HSFO)

Last month's low levels of the Hi5 spread (VLSFO vs HSFO) reversed its trajectory in September, with both Sing and Rott spreads making good moves to higher levels. Languishing in the the 50s (and even lower for Rott) in the first quarter of the month, prices recovered and broke the \$70 mark by the month's close. With higher FOGOs and the HSFO crack remaining flat compared to VLSFO, this gave the Hi5 market all the impetus to move to higher levels.

Hi5 Diffs (Oct)



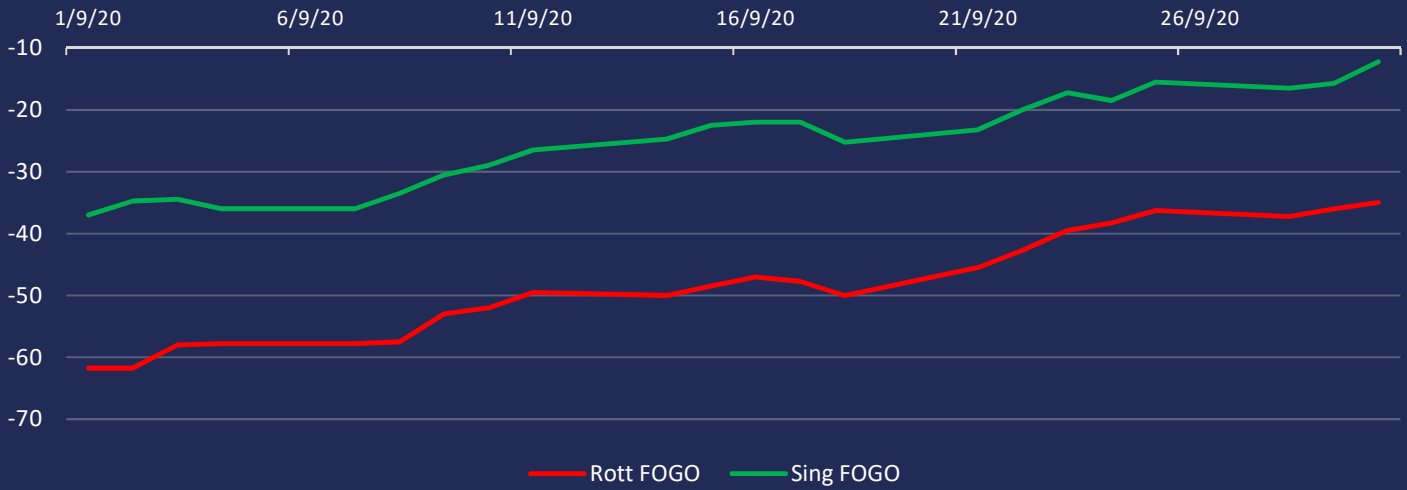
VLSFO v Gasoil, Gasoil Movements and Rising EWs

The FOGO markets (VLSFO vs Gasoil) in September were one way traffic. With the Sing FOGO starting the month at -37 and the Rott FOGO at -61.75, both rocketed up to -12.25 and -35 respectively. Collapsing gasoil prices and resolute fuel oil prices meant that this spread narrowed considerably, as margins for gasoil failed to keep up with that of the 0.5% fuel.

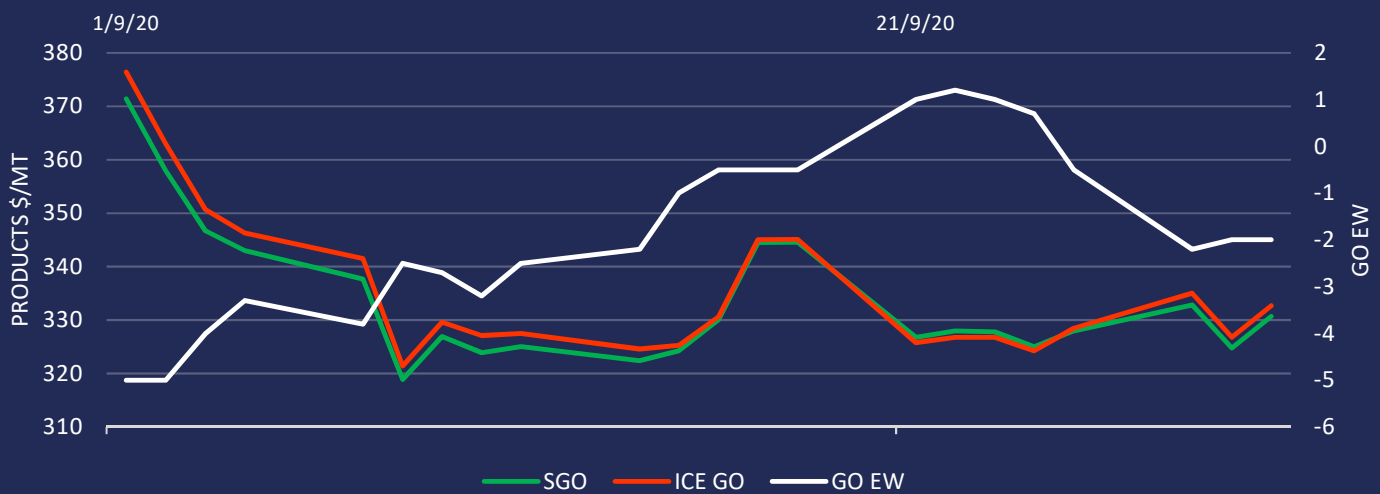
Gasoils were impacted considerably by the drop in crude prices. Prices dropped over \$50 from the month high to low. The Gasoil EW made another attempt to push above the 0 mark, but was short lived as it decended back into negative territory after a bried period as positive.

EW wise, there was a bit of movement in the 0.5% EW as demand for Sing 0.5% fuel increase slightly relative to Rotterdam. However, in HSFO the spread was flat across September mirroring that of the HSFO crack.

FO/GO Spreads (Oct)

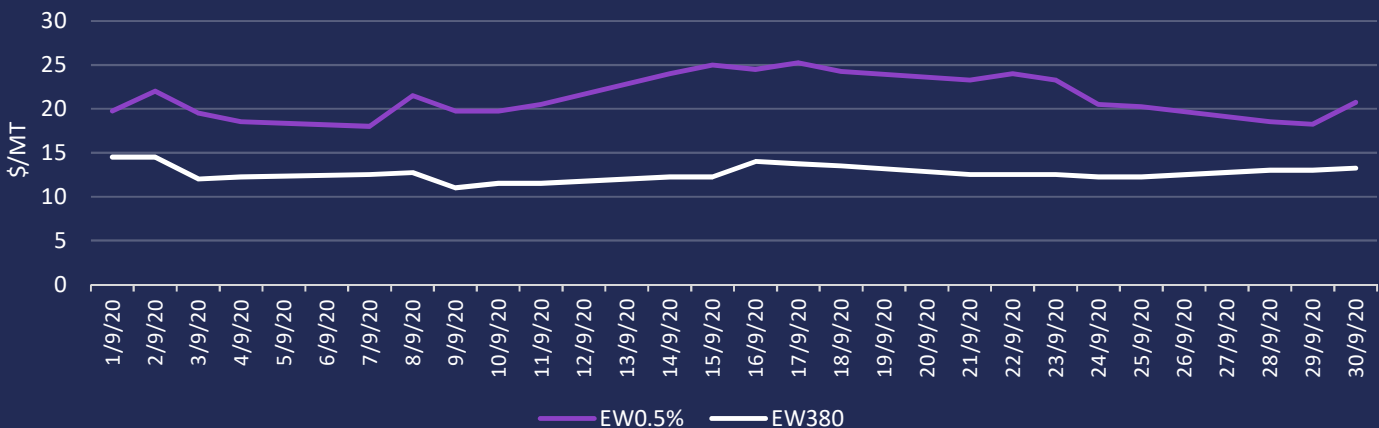


Gas oils (Oct)



Dropping EW for HSFO and 0.5%

EWs (Front Month)



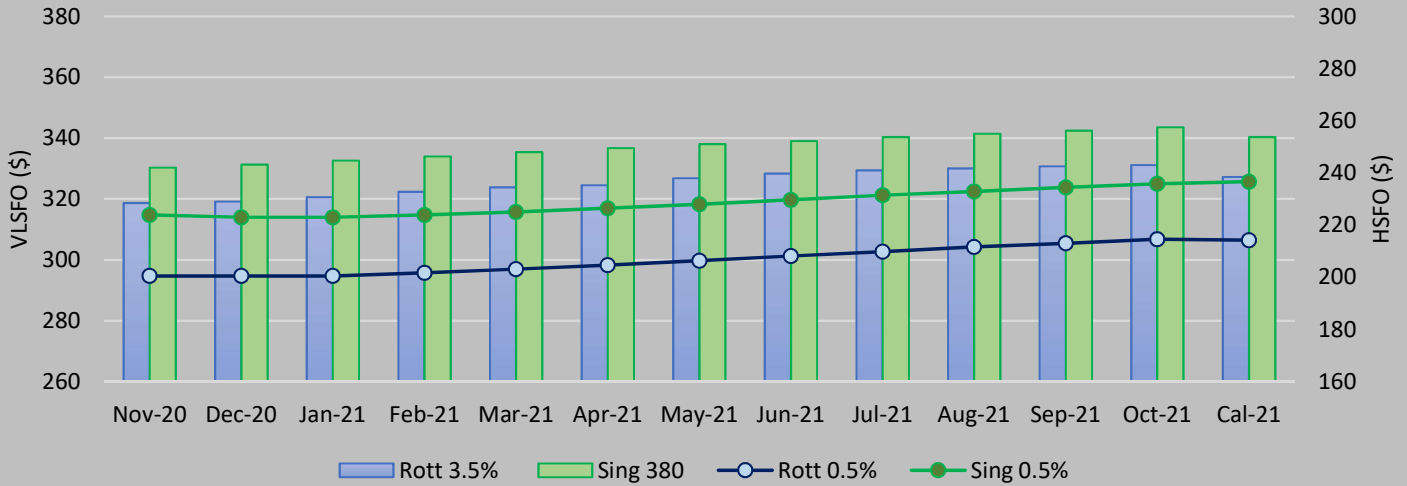
Index Settlements Averages

	Rott 3.5%	Sing 380	Rott 0.5%	Sing 0.5%	Rott Hi5	Sing Hi5
Settled	238.75	245.4	288.28	307.61	57.41	62.22
Previous	252.53	261.65	305.26	327.29	52.74	65.64
% m2m	-5.5%	-6.2%	-5.6%	-6.0%	8.9%	-5.2%
YTD	210.20	232.09	306.10	338.43	95.39	106.34

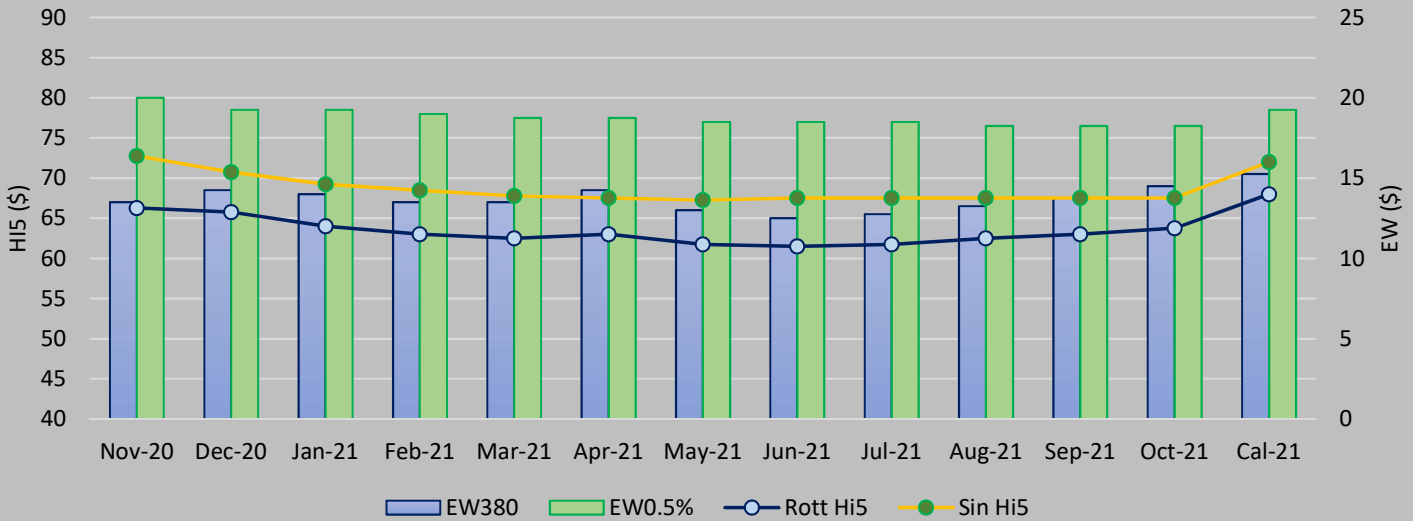
*Please note that these are not official figures from which to calculate margining or settlements

Current Forward Curves

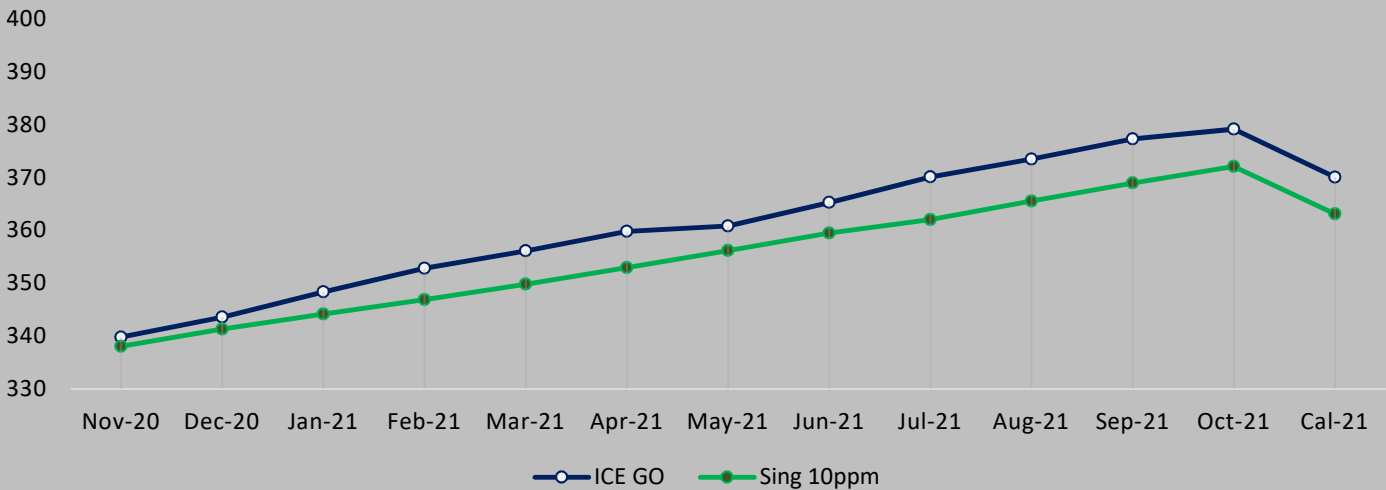
HSFO and VLSFO Forward Curves



Rott and Sing EW and Hi5 Forwards Curves



Gasoil Forward Curves



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