



Monthly Fuel Oil Report

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October-2020

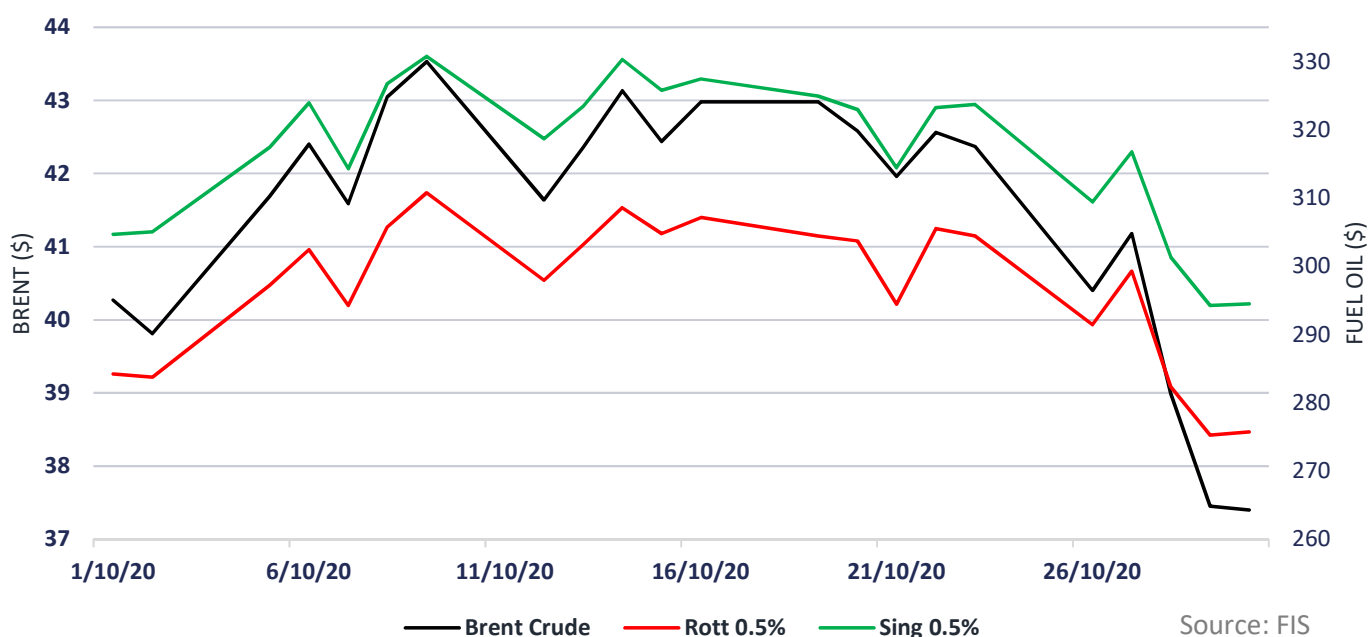
Month Overview

October proved to be a pivotal month for more reasons than one. The US election campaigns heated up, oil mergers in the US also increased as companies looked to consolidate supply-chains and take advantage of economies of scale, but these came at a cost. Oil and gas jobs continue to be under threat as the oil price continues to drop, with 10% losses in the final week of October alone.

The oil prices were the main topic of discussion over the month, with OPEC+ nations - namely Saudi Arabia - looking at reviewing the relaxation of cuts to output in January in a bid to protect levels that seem to be slipping. Russia have also expressed concern at the current situation of output levels, with Putin not opposed to the revision of the OPEC roadmap going into 2021 as lockdowns increase.

Libya have been on a steep upwards trajectory for production as their eight-month blockage came to an end. Production has quickly been ramping up and is expected to reach levels of 1 million barrels per day during mid-November.

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

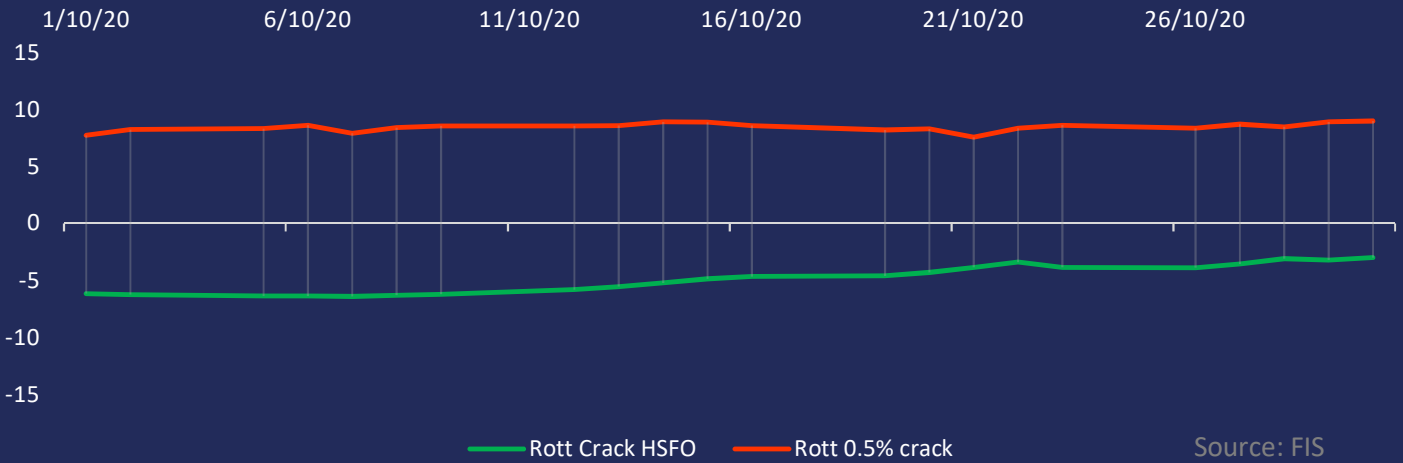


Crack Market

We have seen record levels on the HSFO crack for this year the past week. Levels pushed over the -3.00 level and kept the fuel prices up relative to other products. The implied 0.5% crack value has also increased marginally over the month, but nothing compared to the movements we have seen on the HSFO.

With strong buying from countries like Pakistan and Saudi Arabia for power production purposes, the HSFO is still defying the market predictions of last year that had foretold of the market's collapse on its march into obscurity post IMO 2020.

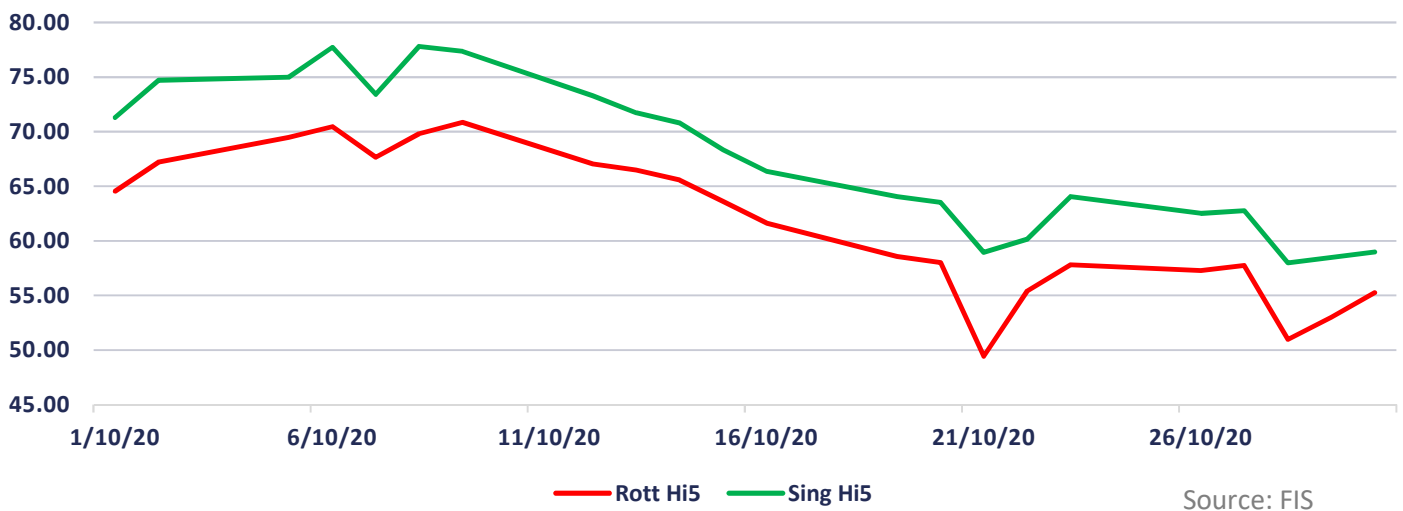
Rott Crack (Oct)



Hi5 Spread (VLSFO v HSFO)

Throughout the month of October, the Hi5 spread began to increase at the beginning of the month. This increase then began to taper off through the middle of the month, from where it fell gradually. Both the Sing and Rott Hi5 followed a much similar pattern throughout the month, with the spread narrowing between the VLSFO and HSFO, but one reason for this shift could be explained by the strengthening of the front crack to highs of -2.5 in the tail end of October.

Hi5 Diffs (Oct)



VLSFO v Gasoil, Gasoil Movements and Rising EWs

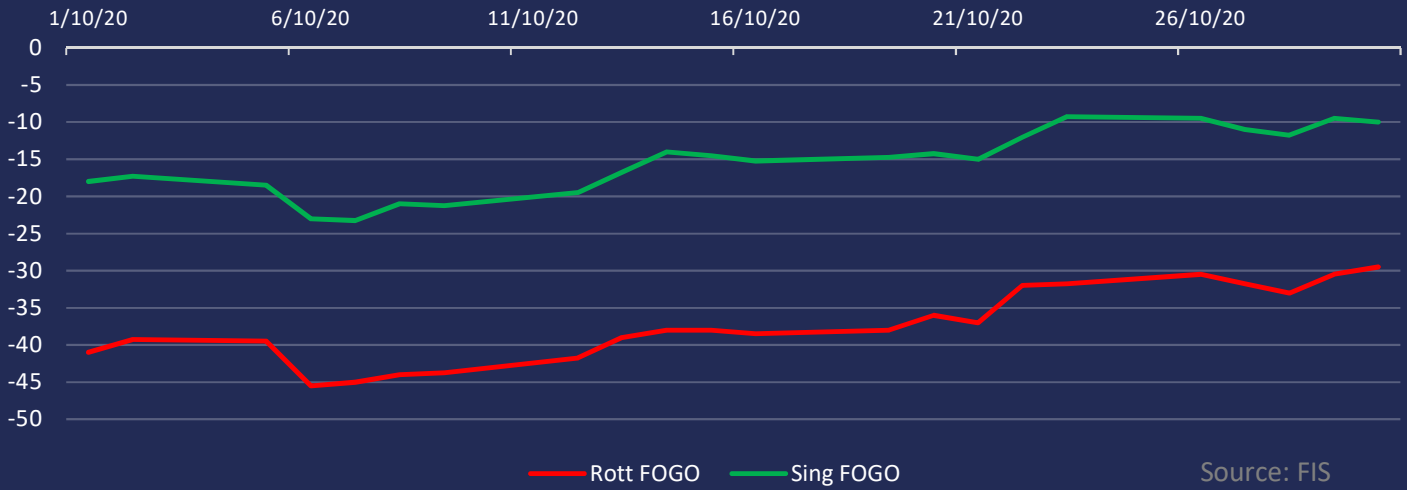
With strengthening demand for VLSFO outpacing that of gasoil we have seen a continued narrowing of the FOGO spreads. This is especially true for Singapore, where it has been driven by increased exports from the region to deal with shortfalls.

Gasoil prices have followed the general trend of Brent across the month, but as explained by the FOGO movements have fallen relative to fuel, despite the pick up in prices generally in the middle of October.

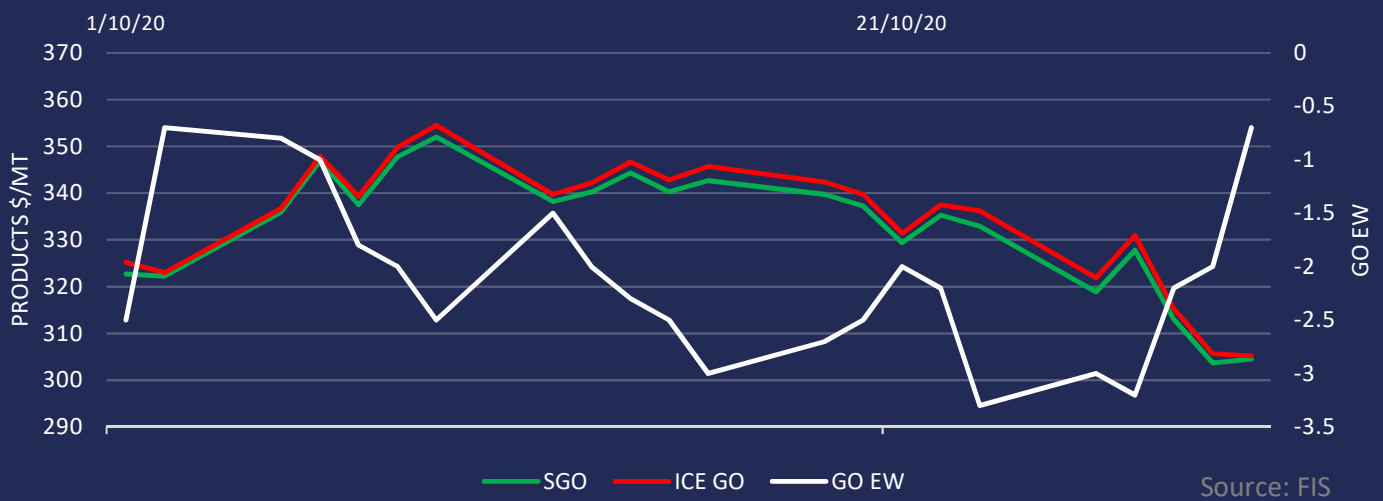
Gasoil EW kept below positive territory for the entirety of October, despite a late charge at the end of the month. Prices were fairly stable mid month, bouncing around the -2 to -3 levels, gapping up towards flat in a late rally for the Singapore grade.

The EWs on fuel conversely were fairly flat, sticking in a \$2-3 dollar range.

FO/GO Spreads (Oct)

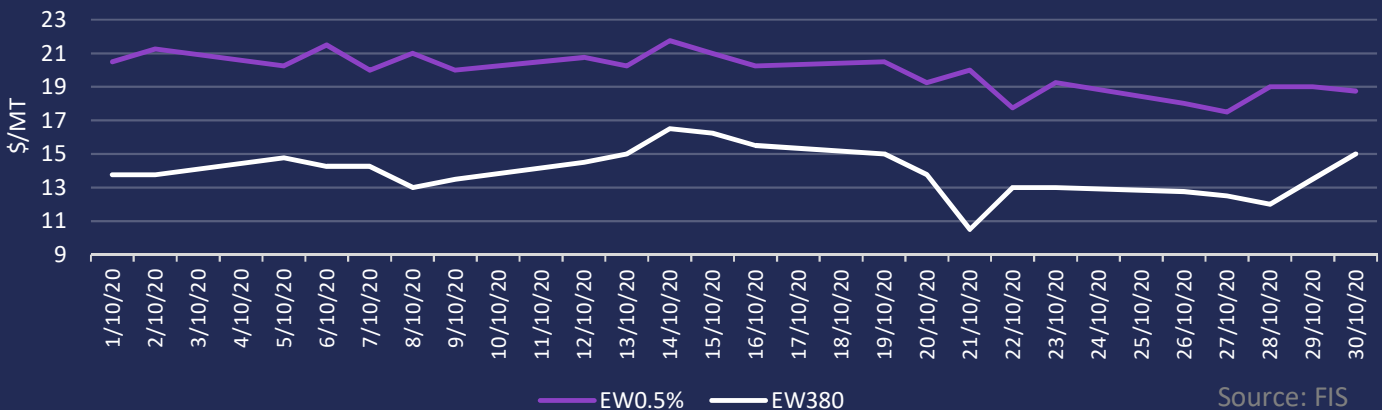


Gas oils (Oct)



Dropping EW for HSFO and 0.5%

EWs (Front Month)



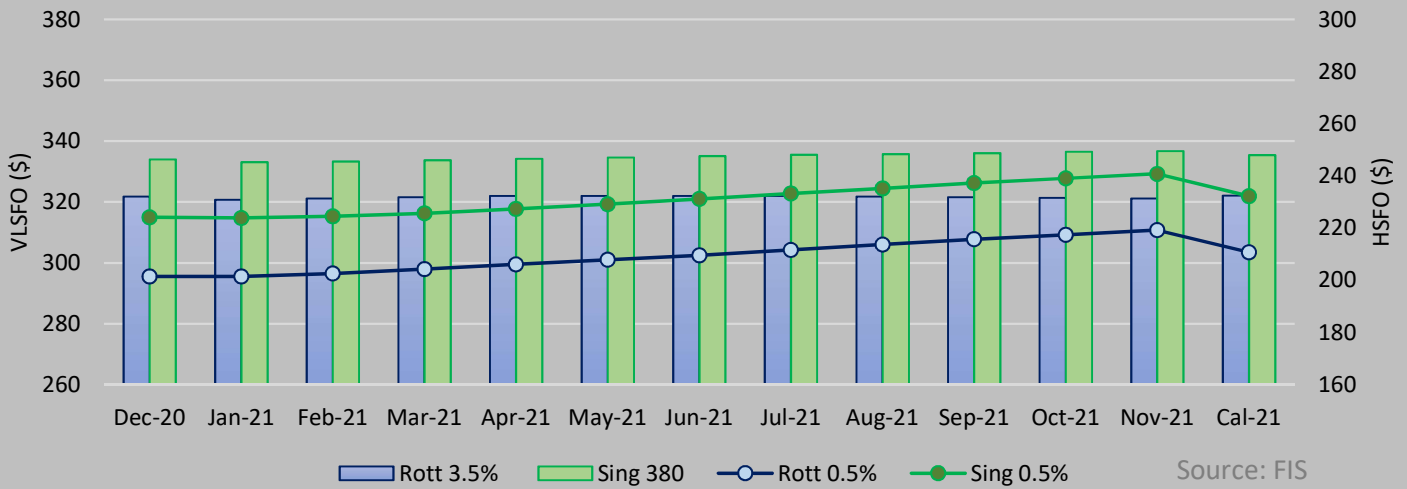
Index Settlements Averages

	Rott 3.5%	Sing 380	Rott 0.5%	Sing 0.5%	Rott Hi5	Sing Hi5
Settled	235.83	250.62	299.33	318.48	63.50	67.9
Previous	238.75	245.40	288.28	307.61	57.41	62.22
% m2m	-1.2%	2.1%	3.8%	3.5%	10.6%	9.1%
YTD	212.87	234.03	309.35	336.35	92.08	102.31

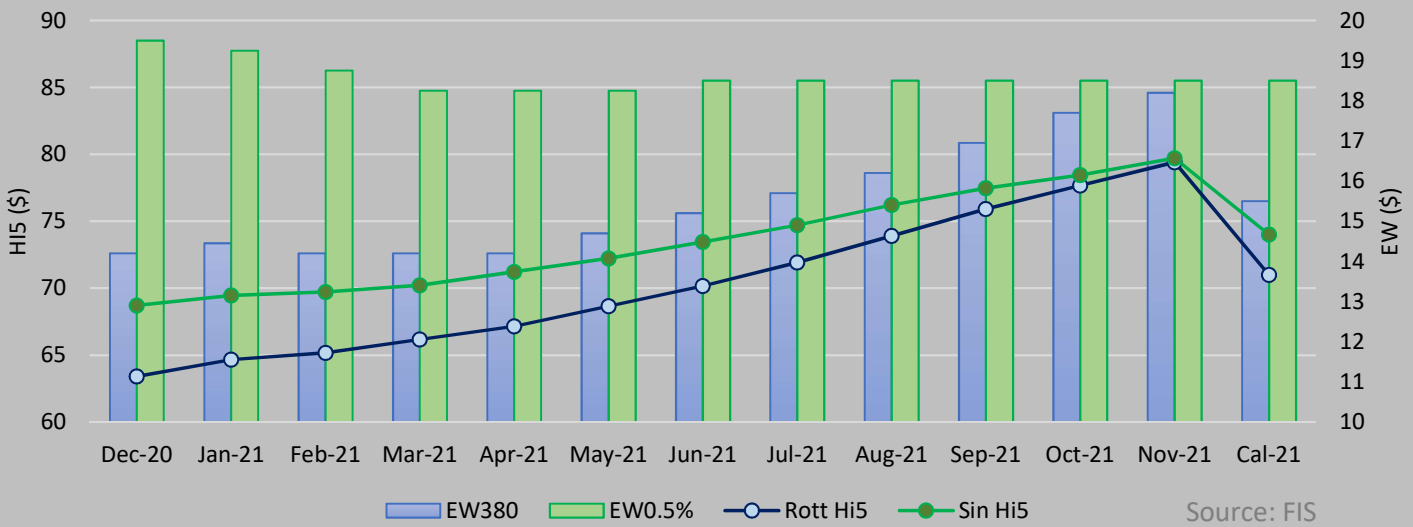
*Please note that these are not official figures from which to calculate margining or settlements

Current Forward Curves

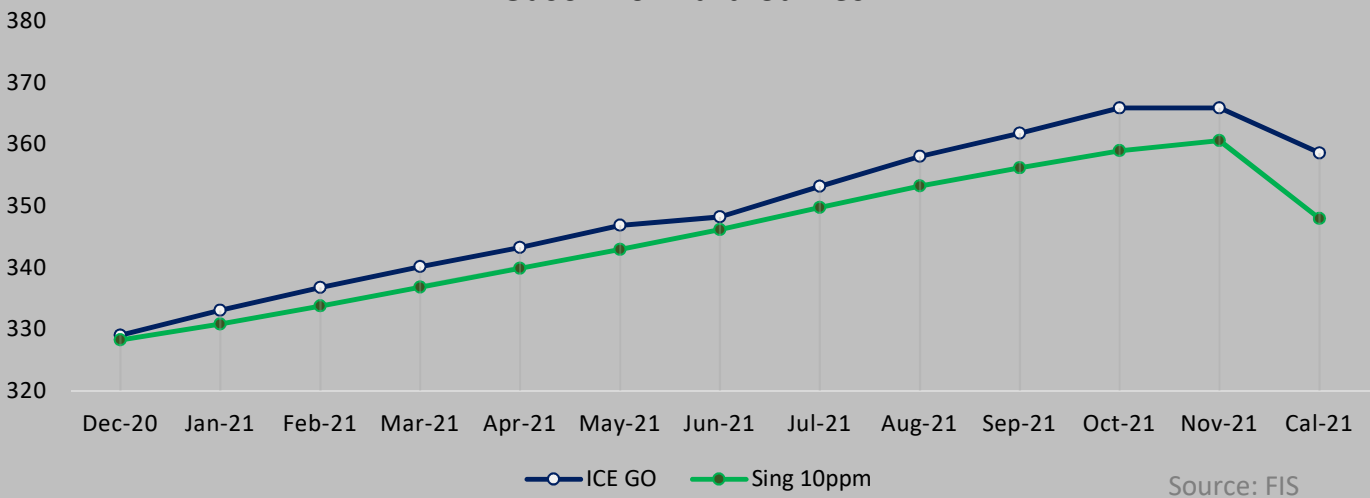
HSFO and VLSFO Forward Curves



Rott and Sing EW and Hi5 Forwards Curves



Gasoil Forward Curves



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