



Monthly Fuel Oil Report

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May-2021

Month Overview

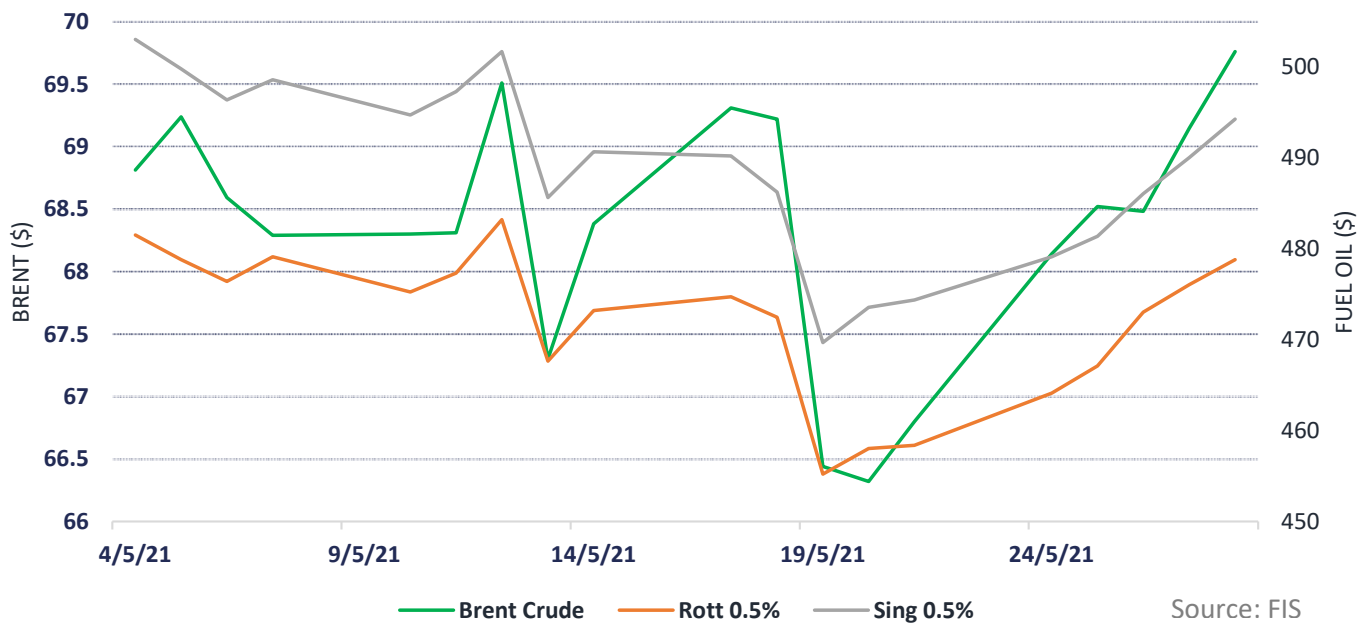
Although May was one of the wettest on record for the UK, this did not dampen the spirits of the oil market as fuel demand in the US and Europe began to ramp up as driving season approaches, this will have even greater significance this year as renewed lockdowns may ensure that domestic travel will play an even greater role in summer holidays. US Gasoline demand has already posted positive figures compared to last year, with demand hitting levels not seen since 2019 as traffic levels reach pre-pandemic levels.

The Colonial pipeline that connects oil products in the oil-rich south of the US to the East Coast was hacked and supplies were totally blocked as a hacktivist group were demanding ransom to release the system. The weeklong outage caused prices at the pump to hit highs not seen since 2014 as panic buying left many gas stations running empty.

Towards the latter of the month, the market received the news that the sanctions on Iranian oil may be lifted as a nuclear deal may have been reached. The deal would potentially see Iranian oil come back onto the market, with some predicting up to 6 million barrels per day, but this is expected to come online in August, if any agreement is reached in the meantime.

Ahead of the meeting that took place on the 1st June, the Joint Technical Committee of OPEC, OPEC itself said in its Monthly Oil Market Report in May that it was optimistic that accelerating vaccination programs and rising fuel demand would raise global oil demand by 5.95 million bpd this year despite the COVID

Brent Crude (JUL) and 0.5% Fuel (JUN)

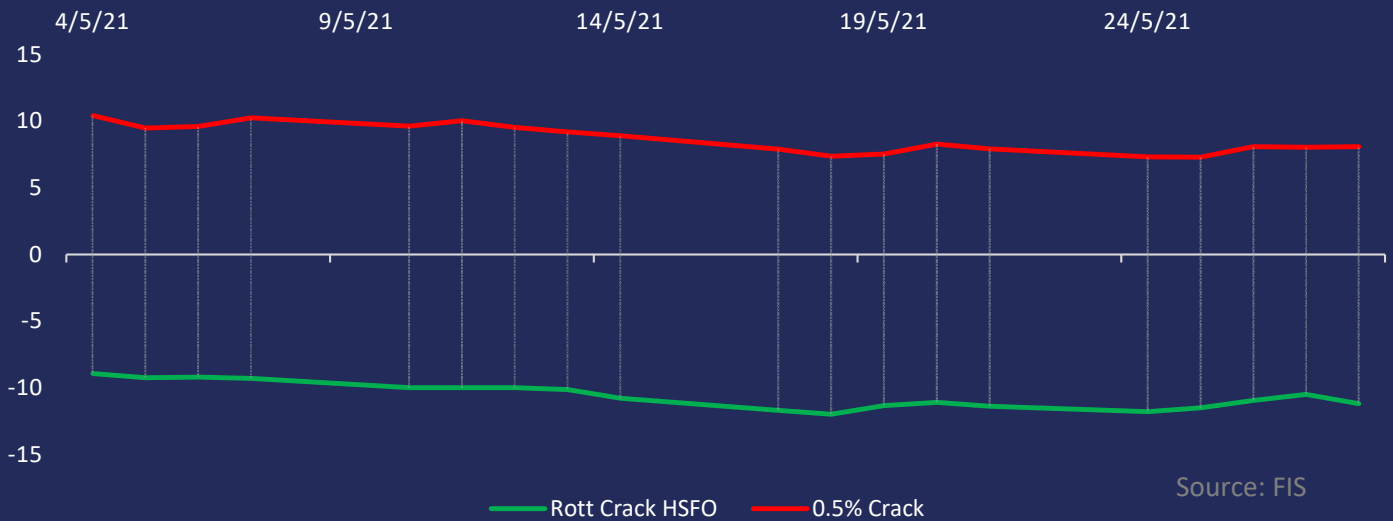


Crack Market

The HSFO crack market was volatile throughout the month, with it trading comparatively stronger at the start of May but started to trade gradually weaker, touching lows of -12 at the middle of the month. From there, a slight recovery was made, with the average crack value from the month printing at -10.5. The uncertainty surrounding the Indian COVID-19 situation and the ability for the nation to get the crisis under control meant that supply of both the HSFO and VLSFO was plentiful, pushing down prices, this sentiment was also echoed from other Asian countries as the variant spread around the continent.

The same cannot be said for the 0.5% implied crack, where the inverse of the HSFO Rott crack was noted, with it seeing some strength in the middle of the month before plateauing into June with an average of 8.66 throughout May.

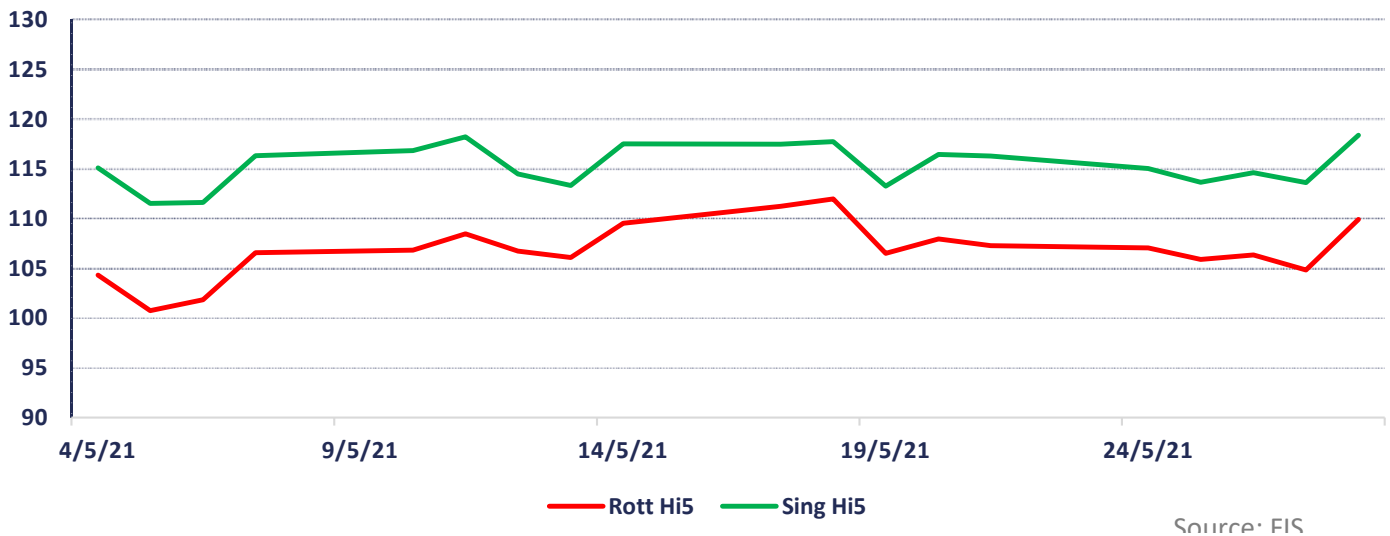
Rotterdam Crack (JUN)



Hi5 Spread (VLSFO v HSFO)

The Hi5 spread on the front months in May corroborates what we have seen in the market in May with the lacklustre HSFO demand leading to the increasing Hi5 differential on both the Rott and the Sing Contracts with the Rott Hi5 starting the month printing at 104.25 and ending at 110 and the Sing Hi5 commencing May at 115 and ending at 118.25 at the closes.

Hi5 Diffs (JUN)



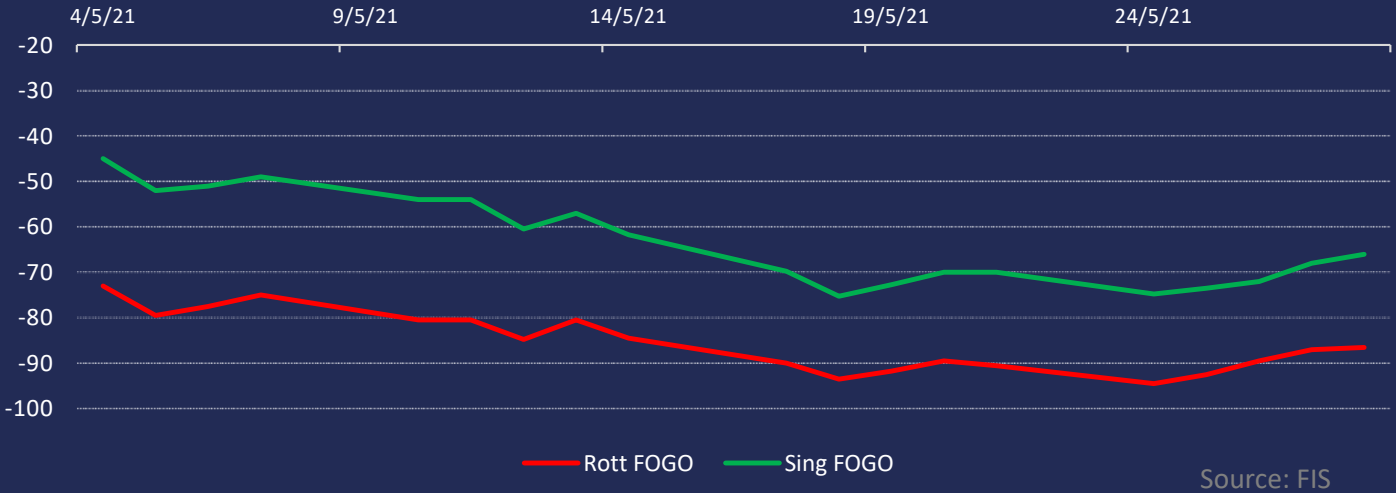
VLSFO v Gasoil, Gasoil Movements and EWs

The Fogo spreads in May on the front months pushed lower as the month ran on, with the situation in India looking increasingly precarious with the expectation that fuel demand would be impacted, the Sing Fogo especially weakened over \$20 from the start of the month, closing on the first day at -45 and closing at -66, but reaching lows of -74.75. The Euro Fogo followed a similar pattern albeit not as volatile, closing the month out at -86.5 after reaching lows of -93.5.

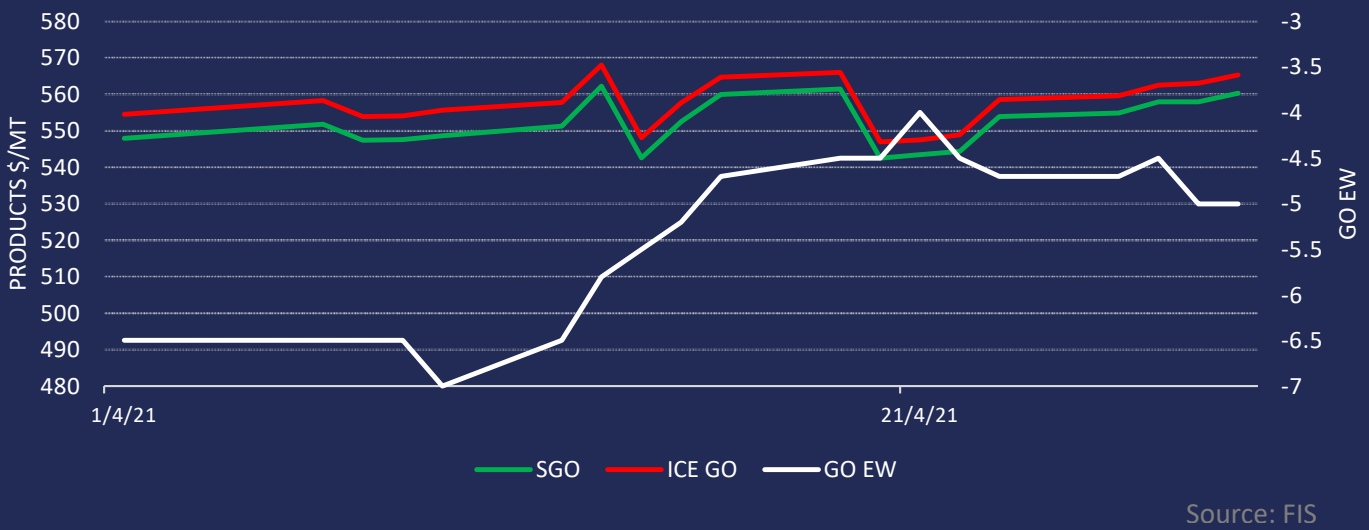
The Gasoil EW was stable at -6.5 for the primary stages of the month until narrowing from mid-month up to highs of -4 before softening into the month close after averaging around -5.37.

The EW380 and the 0.5% EW both narrowed in May on the front month with both opening at 10.75 and 21.5 respectively. The EW380 averages much lower over the month at 8.5, closing at 7. Similarly on the 0.5% EW averaged

FO/GO Spreads (JUN)

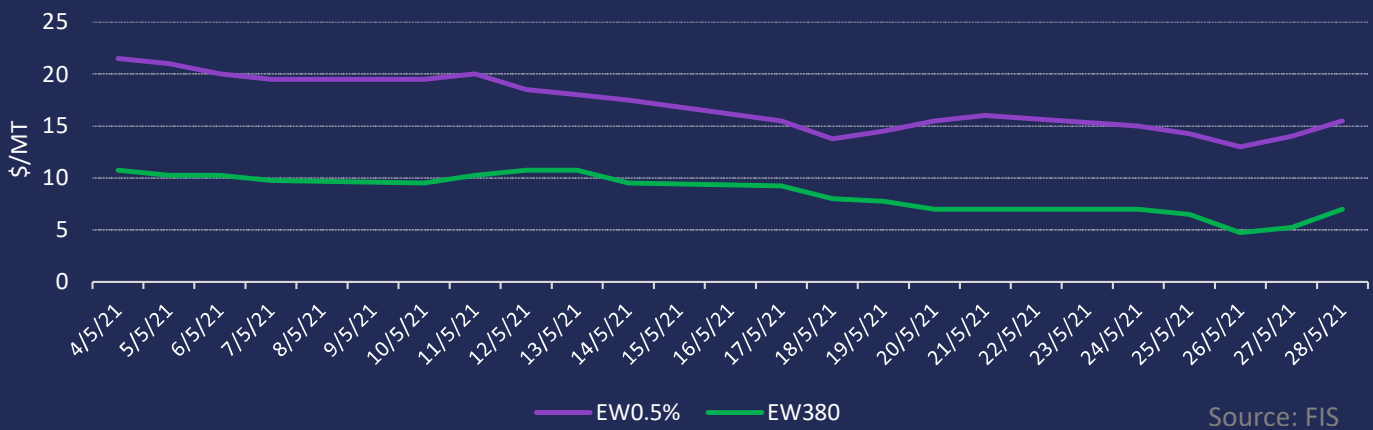


Gas oils (JUN)



Slight softening of the EW HSFO and 0.5%

EWs (Front Month)



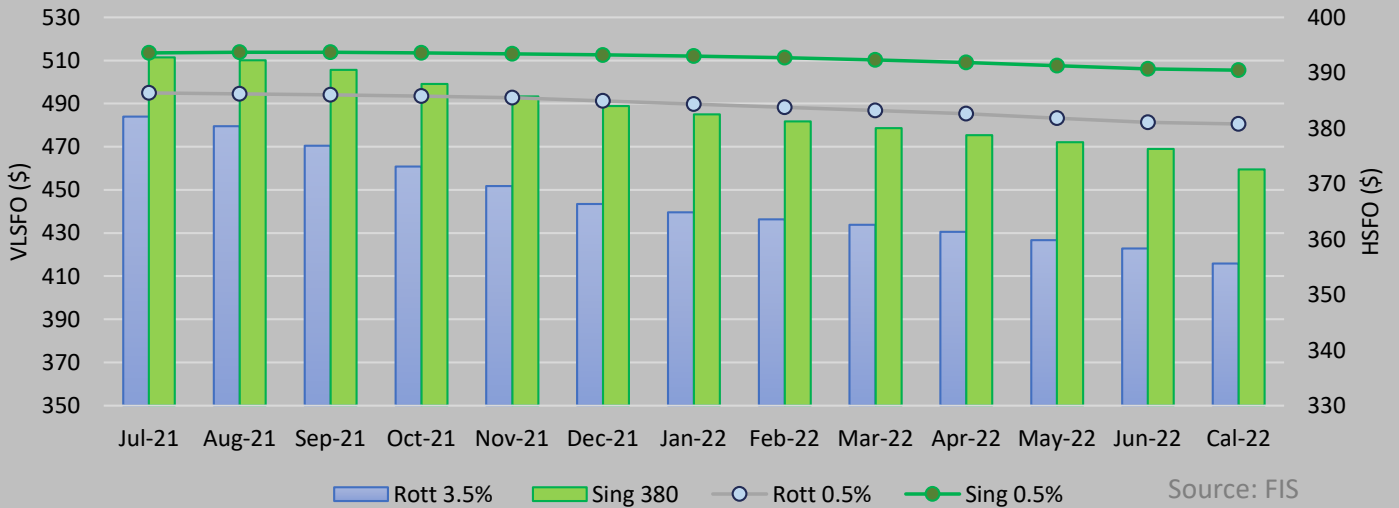
Index Settlements Averages

	Rott 3.5%	Sing 380	Rott 0.5%	Sing 0.5%	Rott Hi5	Sing Hi5
Settled	364.5	372.24	474.06	486.21	109.56	113.97
Previous	356.53	368.59	458.76	480.26	102.23	111.67
% m2m	2.2%	1.0%	3.2%	1.2%	6.7%	2.0%
YTD	349.26	361.21	451.83	472.74	101.56	106.12

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

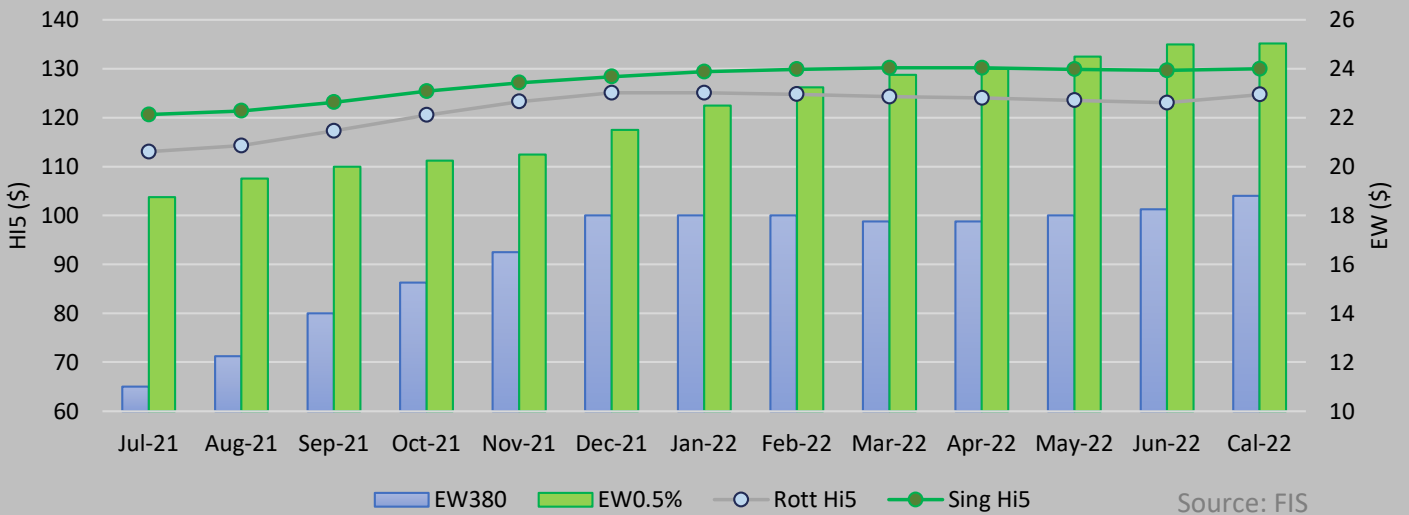
Current Forward Curves

HSFO and VLSFO Forward Curves



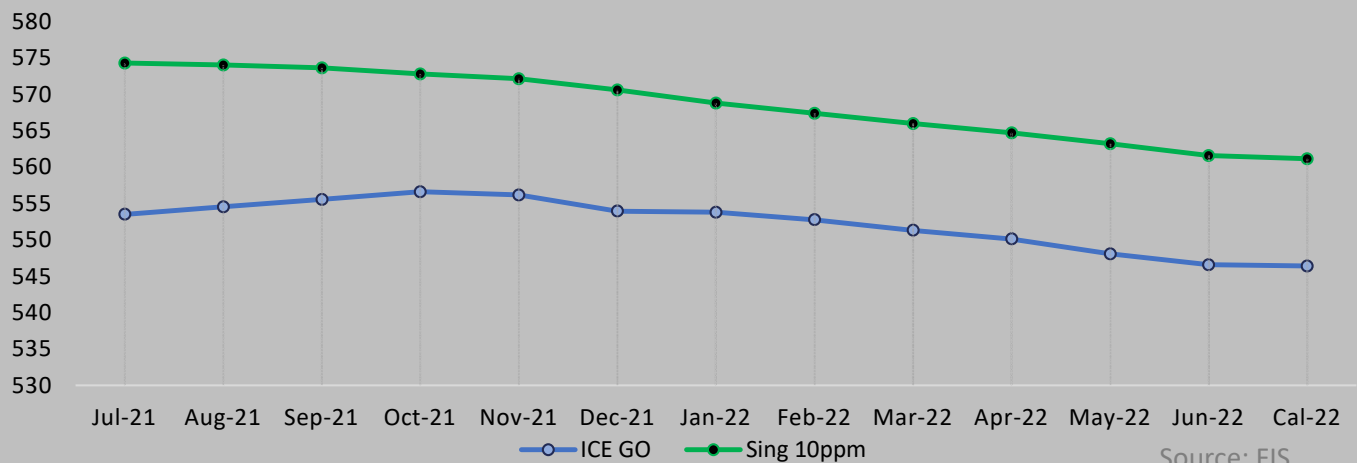
Source: FIS

Rott and Sing EW and Hi5 Forwards Curves



Source: FIS

Gasoil Forward Curves



Source: FIS

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