

# FIS Weekly Oil Report

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## Market Review:

**Crude oil market**—Short term neutral to bearish with Brent crude to range \$70-75 per barrel, due to market uncertainty over Omicron variants that resulted in more lockdowns.

**Bunker market**— Short term bearish despite supply tightness with Singapore VLSFO to range \$590-600/mt.

Prices movement	13-Dec	10-Dec	Changes %		
Brent Crude	71.52	73.52	<b>-2.72%</b>	Neutral/Bearish	↘
WTI Crude	68.23	70.86	<b>-3.71%</b>	Neutral/Bearish	↘
VLSO (Singapore)	594.50	608	<b>-2.22%</b>	Bearish	↓

## Crude Oil Market :

### More lockdowns from Omicron variant

Market sentiment was bearish as Omicron variant was spreading fast among the EU nations, resulting in more EU countries cancelling of mass celebrations for the Christmas and New Year holidays with stringent social restriction measures.

This will inevitably affect oil demand as the Netherlands has issued for a full lockdown over the holidays season till early next year. Other countries may follow suit or introduce tougher measures to contain the pandemic.

No lockdown had been suggested in the US, though things might change with rising daily cases of Omicron variants across states. In Asia, South Korea had seen a surge of infection and tightened rules for travellers along stricter borders control check in the Philippines, Vietnam and India.

### Tight US inventory to support prices

Despite the escalating Omicron panic, the oil market may draw some support from tighter US inventory with significant draw on gasoline inventory. ...*(continued on page 2)*

## Brent Crude Price



## WTI Crude Price



Sources from Nasdaq

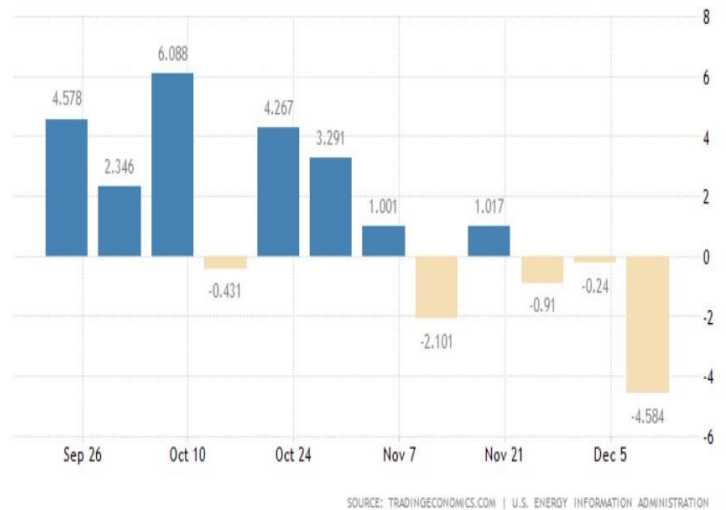
# Crude Oil and Bunker Prices

	Last	Previous	Change
Brent Crude	71.52	73.52	-2.72%
WTI Crude	68.23	70.86	-3.71%
VLSO (Singapore)	594.50	608.00	-2.22%
MGO (Singapore)	636.50	646.50	-1.55%
IFO380 (Singapore)	420.00	429.50	-2.21%
VLSO (Rotterdam)	529.00	547.00	-3.29%
MGO (Rotterdam)	605.00	621.00	-2.58%
IFO380 (Rotterdam)	408.00	421.00	-3.09%
VLSO (Fujairah)	587.50	600.00	-2.08%
MGO (Fujairah)	746.50	763.00	-2.16%
IFO380 (Fujairah)	587.50	600.00	-2.08%
Americas Average VLSO	652.00	664.50	-1.88%
APAC Average VLSO	637.50	644.50	-1.09%
EMEA Average VLSO	576.00	588.50	-2.12%
Global Average Bunker VLSO Price	621.00	631.50	-1.66%

## Crude Oil Market (cont)

According to the Energy Information Administration (EIA), there was a crude inventory draw of 4.6 million barrels for the week ended on Dec 10, despite growing Omicron concerns that spooked the international travels and reduced jet fuel demand.

However, some trade participants still expected crude oil prices to become firmer in early 2022, in view of the strong US gasoline demand and lower product inventories below seasonal norms.



**Further US crude inventory draw recorded, due to robust gasoline demand.**

## More price supports from falling outputs

Oil prices may also draw more supports from falling Libyan production that was slated to drop more than 300,000 barrels per day (bpd) to shut-down of a pipeline from political tensions.

Despite the outage, Libya planned to boost its crude oil production to 1.4 million bpd from the current 1.25-1.3 million bpd by the middle of next year, via promoting a reward-and-penalties system for oil companies to meet production targets

Meanwhile, the lack of investment in oil exploration might also affect supplies into the new year, as Saudi Arabia predicted that worldwide oil production to fall by 30 million bpd by the end of the decade.



**US oil rigs count jumped at fast rate by mid-Dec to meet winter heating demand, amid Omicron concerns.**

## Bunker Market :

### Singapore bunker prices outpace other hubs on supply tightness

Singapore's supply tightness continued to push prices higher ahead of other bunkering hubs, despite a series of price corrections due to weakening crude market.

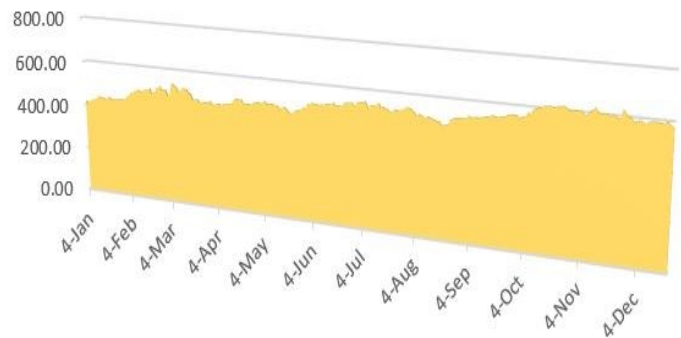
There were also some congestions at the port of Singapore that need around 9-11 days of lead time required for VLSFO stems, as compared to other bunkering hub like Fujairah, with the lead time of around 7 days.

In the meantime, trade participants were concerned over recent wet season in Asia that might affect shipping activities off Australia and southern China due to heavy rains.

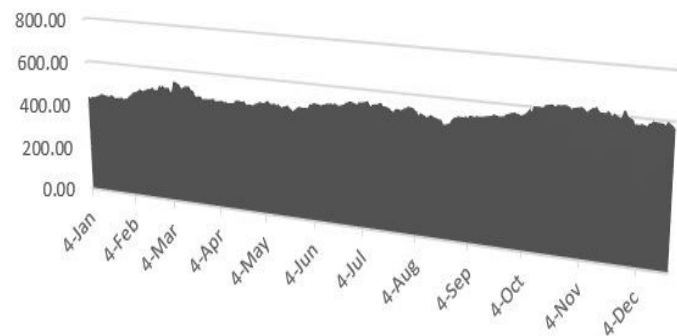
Meanwhile, the bunker sales of Panama jumped to almost a two year high to reach 465,380 mt in November, up 12.3% monthly and a yearly rise of 27.9%.

The sales volume beat other regional bunkering hubs like Singapore, which saw bunker sales dipped slightly to 4.2 million mt in November, down 1% on-month, due to cooling off demand.

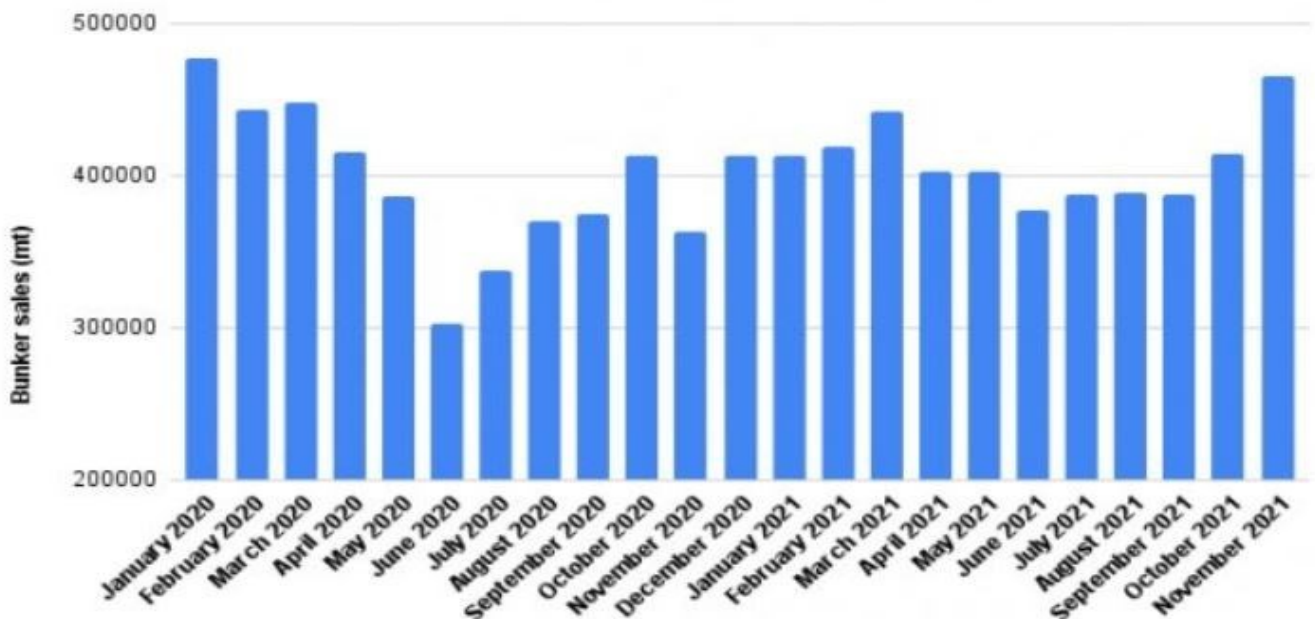
0.5% Ex-wharf Singapore



0.5% Delivered Zhoushan



Sources: ENGINE, FIS



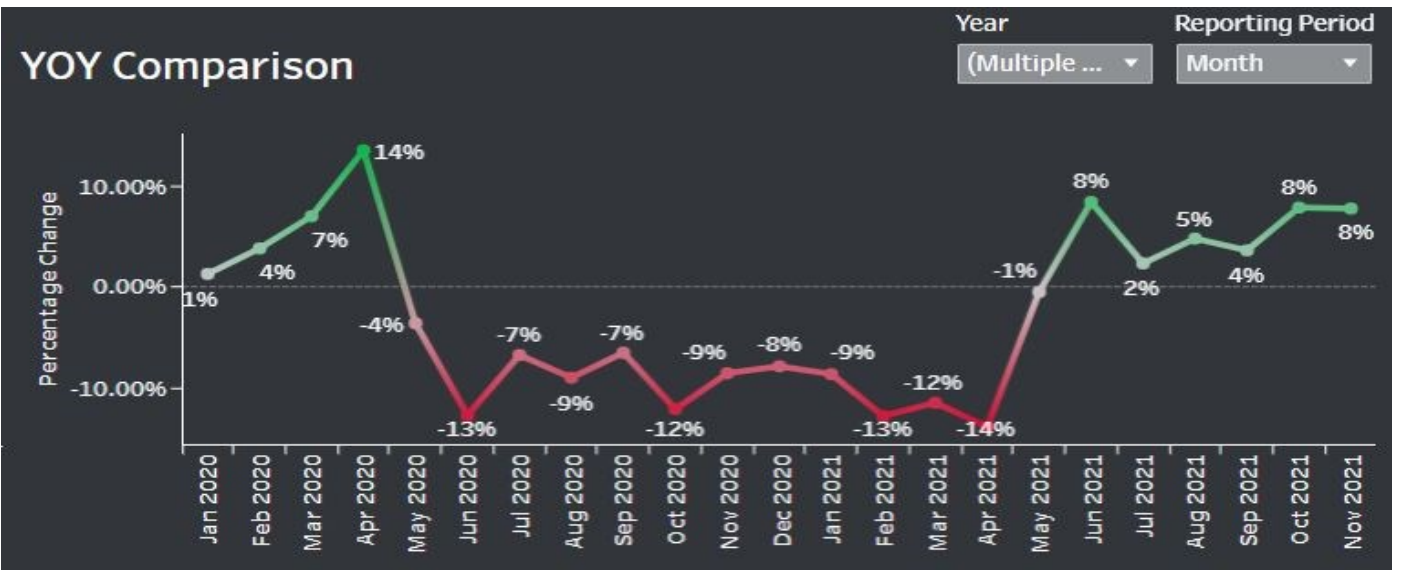
Sources: Panama Maritime Authority

Panama's bunker sales reached record high since 2020, with significant gains from VLSFO sales that rose by 23.2% month-on-month in November.

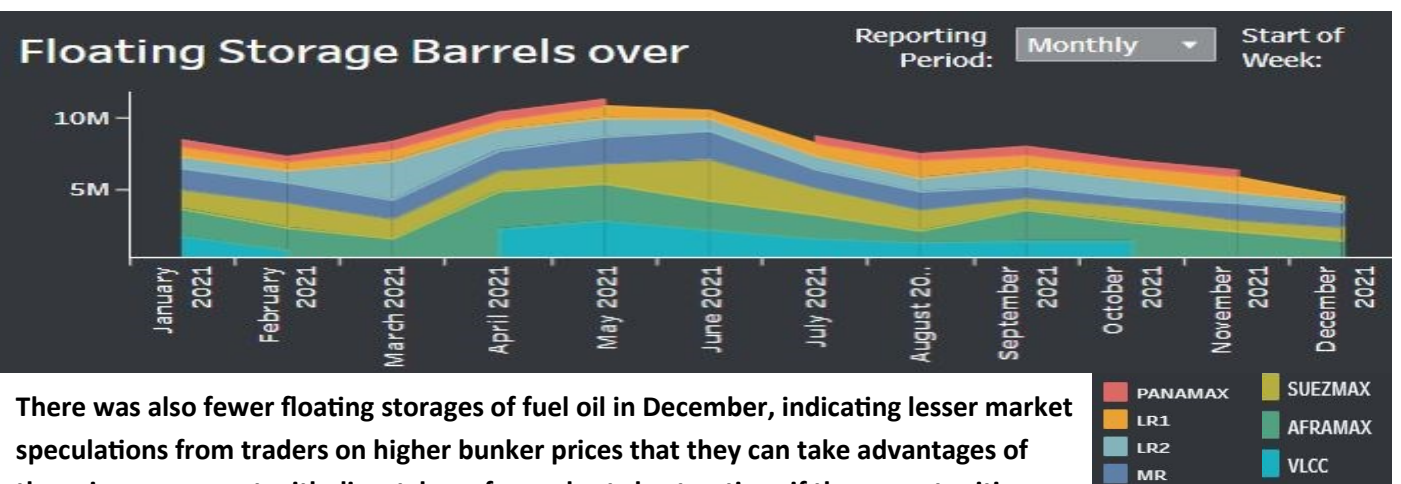
# Market Analysis:



Crude oil volumes had almost caught up with the previous month's volume, though the wet season and port congestion may affect unloading of shipments, while ports might implement stricter covid checks to contain the spread of Omicron, as indicated by IHS Markit data.



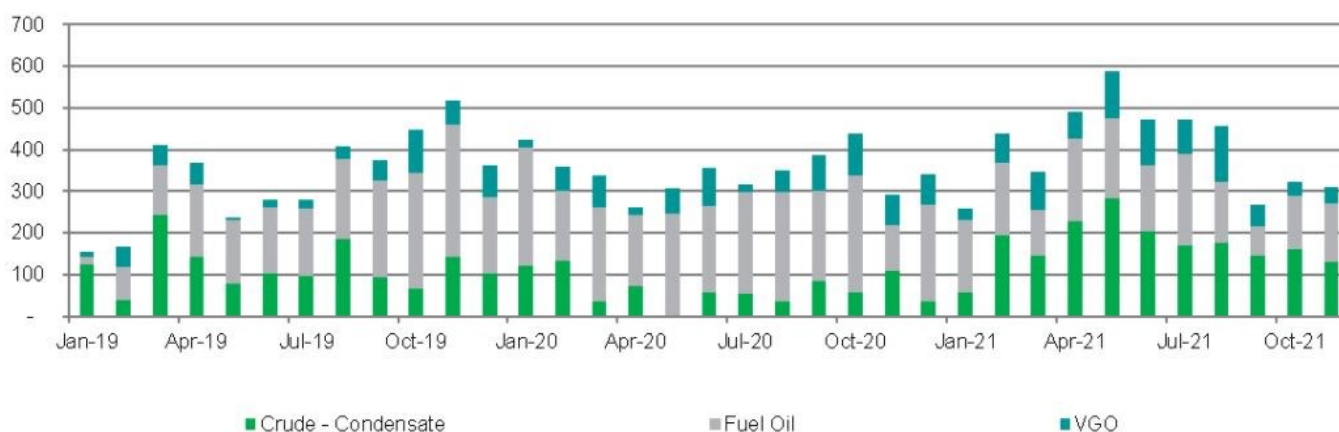
Due to these factors, the December crude volume may move flatish as with November figures, with static monthly growth and possible dip, due to market uncertainty over Omicron pandemic. However, it was still expected to be higher than previous year volume.



There was also fewer floating storages of fuel oil in December, indicating lesser market speculations from traders on higher bunker prices that they can take advantages of the price movement with dispatches of vessels at short notice, if the opportunities arise.

# Russian crude to fill in US import gap

Russian Exports of Crude, Fuel Oil, and VGO to the USA, in kb/d



Source: IHS Markit Commodities at Sea

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**More Russian crude headed for the US to fill in output gap of lagging US productions, though Russian oil shipments had slowed down toward year-end.**

Russian Crude, Fuel Oil, and VGO Exports to USA									
	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2020 H2	2021 H1	2019	2020	2021
<b>Crude - Condensate</b>	57	66	131	238	62	185	119	66	172
<b>Fuel Oil</b>	241	209	151	184	225	168	172	221	156
<b>VGO</b>	52	82	62	96	67	79	44	61	75
<b>Total</b>	351	357	344	519	354	432	334	348	402

Sources: IHS Markit

**Despite the slowdown, the volume of Russian crude reaching US soils had increased significantly this year, with more than doubling of Russian crude exports to the US.**

**However, there was less fuel oil volume exported to the US, while Russian VGO exports increased by 23% yearly, according to IHS Markit data.**

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