FIS

Weekly Oil Report

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Market Review:

Crude oil market—Short term bullish with Brent crude to range $90-92 per barrel, due to geo-political risk and falling inventories.

Bunker market— Short term bullish due to supply tightness of Singapore VLSFO to range $690-695/mt.

Prices movement	31-Jan	28-Jan	Changes %	Sentiment	
Brent Crude	91.21	90.03	1.31%	Bullish	↑
WTI Crude	88.15	86.82	1.53%	Bullish	↑
VLSFO (Singapore)	692.00	686.00	0.87%	Bullish	↑

Crude Oil Market :

Crude oil prices expected to hit triple digits soon

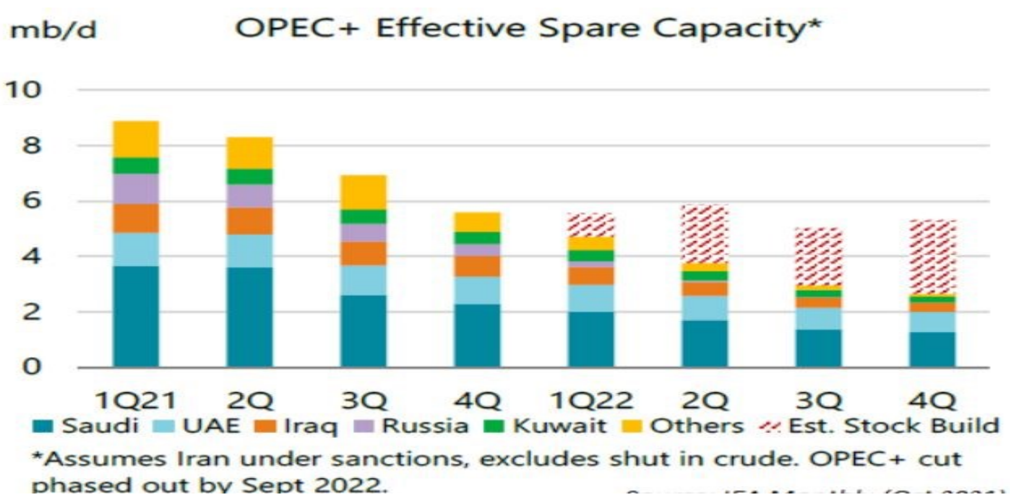
Oil prices extended its bullish run amid rising geopolitical risk, low oil inventories and low capex that ensured capacity remained limited for the year.

Besides these factors, there had been some outages that raised market concerns regarding supply woes, while the snowstorm in eastern US coast had increased heating oil demand.

US banks like Morgan Stanley expected crude oil prices to hit $100 per barrel during summer period, while JP Morgan predicted even higher crude oil prices at $125/bbls by Q4 this year.

Apparently, the banks supported their bullish market view with relation to the recent International Energy Agency's (IEA) report which estimated that OPEC's spare capacity would fall further, halving to 2.6 million bpd during the second half of the year.

This was due to low levels of oil stocks, with the IEA revising its oil demand forecasts up by 200,000 bpd for 2022, as oil demand returned to pre-pandemic levels and estimated to reach 99.7 million bpd by the end of the year.



Source: IEA

OPEC spare capacity is estimated to reduce by half to 2.6 million bpd during H2 2022.

Crude Oil Market (cont)

OPEC+ crude oil exports fall in January

OPEC+ crude shipments had dropped at the start of the year, despite recording higher shipments for the past five months, according to IHS Markit Commodities at Sea Service.

Based on IHS Markit data, OPEC+ seaborne loadings have averaged 29.03 million bpd in January 2022, down 3.08% monthly as compared 29.96 million bpd shipped during December 2021.

This was due to reduction of crude oil shipments from Iraq and Libya due to production complications, while there was a significant drop in loadings from sanctioned oil producing countries such as Iran and Venezuela with a decline of 34% and 29% respectively.

However, Russia posted one of its strongest months in term of seaborne exports, which grew by 5% to 3.2 million bpd, the country's highest shipping volumes since October 2021.

In the meantime, all eyes were on OPEC+ this week, on whether the cartel will carry their plan to increase output by 400,000 bpd, amid outages and rising geo-political tensions.

OPEC Crude Oil Exports by Origin (kb/d)	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 H1	2021 H2	Nov-21	Dec-21	Jan-22	2021 Q4
Saudi Arabia	6,343	5,888	5,699	6,433	5,793	6,678	6,869	6,913	7,286	6,923
Iraq	3,172	3,241	3,230	3,337	3,235	3,422	3,563	3,539	3,518	3,507
United Arab Emirates	2,298	2,331	2,544	2,643	2,438	2,805	3,024	2,959	3,014	2,968
Nigeria	1,667	1,584	1,617	1,504	1,601	1,468	1,535	1,338	1,587	1,432
Kuwait	1,694	1,742	1,737	1,785	1,739	1,791	1,967	1,764	1,715	1,796
Angola	1,220	1,197	1,099	1,139	1,148	1,153	1,003	1,280	995	1,168
Libya	892	1,089	1,101	1,096	1,095	1,090	1,044	1,034	946	1,085
Iran	661	1,052	1,074	907	1,063	964	1,001	1,057	697	1,020
Algeria	406	296	366	379	332	420	300	469	427	461
Congo (Republic)	263	262	255	238	259	265	187	350	232	291
Gabon	203	180	184	189	182	183	199	231	126	177
Neutral Zone	179	169	194	179	182	198	201	255	236	217
Equatorial Guinea	136	109	128	115	119	111	82	139	108	108
Venezuela	369	520	491	434	506	503	517	689	492	572
Total OPEC	19,501	19,661	19,720	20,379	19,691	21,052	21,492	22,018	21,379	21,726

Source: IHS Markit Commodities at Sea Service

OPEC members had slowed their crude oil shipments during January as some of them faced some outages in productions.

OPEC+ Crude Oil Exports by Origin (kb/d)	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 H1	2021 H2	Nov-21	Dec-21	Jan-22	2021 Q4
Russia	2,553	2,705	3,047	2,821	2,877	2,995	3,129	3,052	3,200	3,169
Kazakhstan	1,256	1,320	1,328	1,165	1,324	1,309	1,265	1,640	1,467	1,454
Mexico	1,121	961	1,039	1,103	1,000	1,047	974	1,042	952	990
Oman	869	870	875	893	873	917	910	1,074	1,077	941
Azerbaijan	614	653	612	624	632	632	632	703	632	640
Sudan/South Sudan	138	158	146	126	152	124	125	127	100	121
Malaysia	226	175	218	185	197	174	151	175	131	163
Brunei	69	47	71	62	59	73	39	119	62	84
Bahrain	5	2	9	23	6	13	-	7	34	2
Total OPEC+	6,852	6,891	7,345	7,002	7,119	7,283	7,225	7,940	7,655	7,564

Source: IHS Markit Commodities at Sea Service

However, other OPEC + members like Russia had increased their exports for the month with a monthly jump of 38% for their shipments to Northwest Europe.

Bunker Market :

Festive moods in Asia amid supply tightness

Singapore's supplies of LSFO were tight that pushed prices further upwards, though some trade sources believed some price easing ahead due to the Lunar New Year holidays.

It was estimated that the lead time for LSMGO and VLSFO in Singapore were recommended at around 7-10 days and 10-13 days respectively, while the suggested lead time for HSFO380 is expected around 10 days.

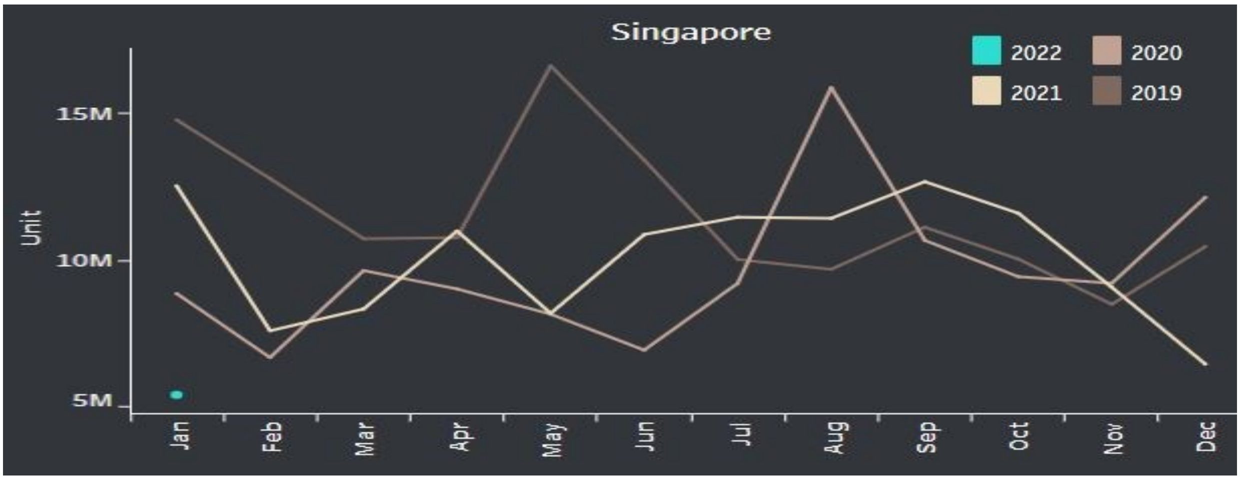
Its rival regional bunkering destination, the port of Zhoushan seemed to fare better in LSFO supplies, though the HSFO380 availability remains tight, but the bunkering hub is expected to receive some resupply during the first week of February to lessen the supply tightness.

In the meantime, the festive seasonal moods are expected to limit bunkering activities in the region, as bunkering ports like South Korea are set to offer fuel again after 2 February and start supplying stems from 3 February onwards.

Meanwhile, the bunkering supplies were also tight in Tokyo, Japan with suggested lead times of 12-14 days for HSFO380 and VLSFO.

Source: IHS Markit Commodities at Sea Service

Declining fuel oil shipment had worsened the supply tightness of bunkers, as fuel oil shipment dipped by 26% month-on-month during January 2022.



Sources: IHS Markit Commodities at Sea Service

Hence, the amount of fuel oil discharge to Singapore had reached a new low at the start of the year.

Bunker Market (cont)

Hi5 and FOGOs

Singapore Hi5 spread had dropped towards the $170/mt region, after reaching previous weeks' high of around $190/mt.

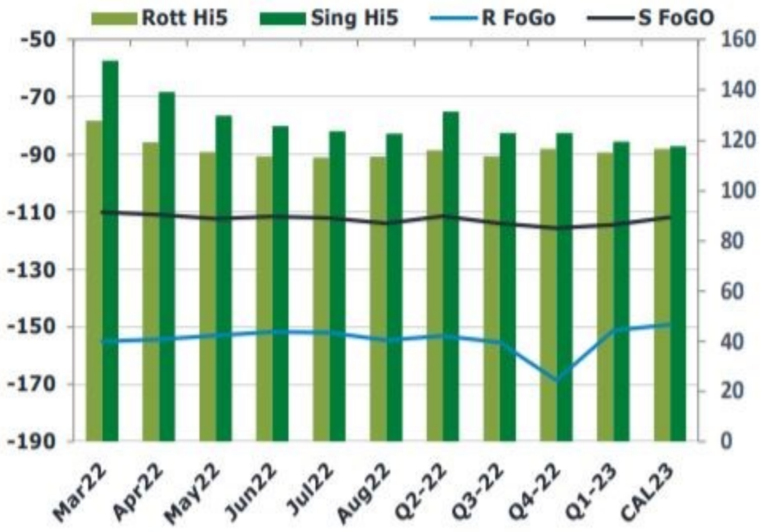
Going forward, some market sources expected more easing of the supply tightness with more resupply and arrival of fuel oils in the regions after the winter heating season.

So far, the high bunkers prices were caused by the tight supply that continued to deter buyers as they expected some easing later in the month, though those end-users who were in need of replenishment then had to absorb the high bunkering costs.

Meanwhile, the FOGO spreads are expected to ease later in the Q2, though there was growing market concerns over falling crude inventories especially for US crude which, despite recent builds, is expected to record more drawdowns in view of harsh winter in its eastern coast.

Some easing of tight supplies may come from the OPEC+ producers as they met this week to commerce on whether to keep their commitment in raising output by 400,000 bpd.

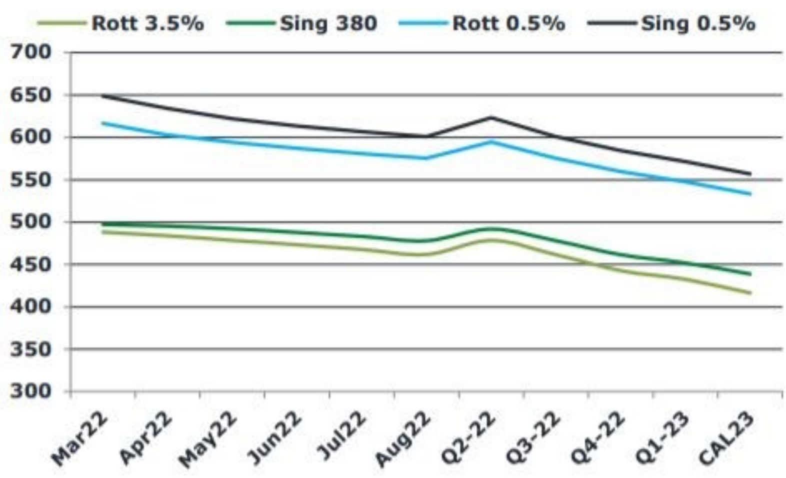
Rotterdam and Singapore Hi5 and FOGOs



Sources: FIS

Prompt Hi5 prices are expected to ease toward Q2 in anticipation of more shipments being delivery.

Rotterdam and Singapore FO Futures



Sources: FIS

Bunker prices followed the downward slope, as supply tightness is expected to ease after Q1.

Hi5 Forward Curve Values

	Rott Hi5	Sing Hi5
Mar-22	128	152
Apr-22	119	139
May-22	116	130
Jun-22	114	126
Jul-22	113	124
Aug-22	114	123
Q2-22	116	132
Q3-22	114	123
Q4-22	117	123
Q1-23	115	120
CAL23	117	118

Sources: FIS

Tanker Market :

Asia to receive fewer Russian gasoil exports

More Russian gasoil and diesel is heading toward the Americas instead of emerging markets in Asia, according to IHS Markit Commodities at Sea Service data.

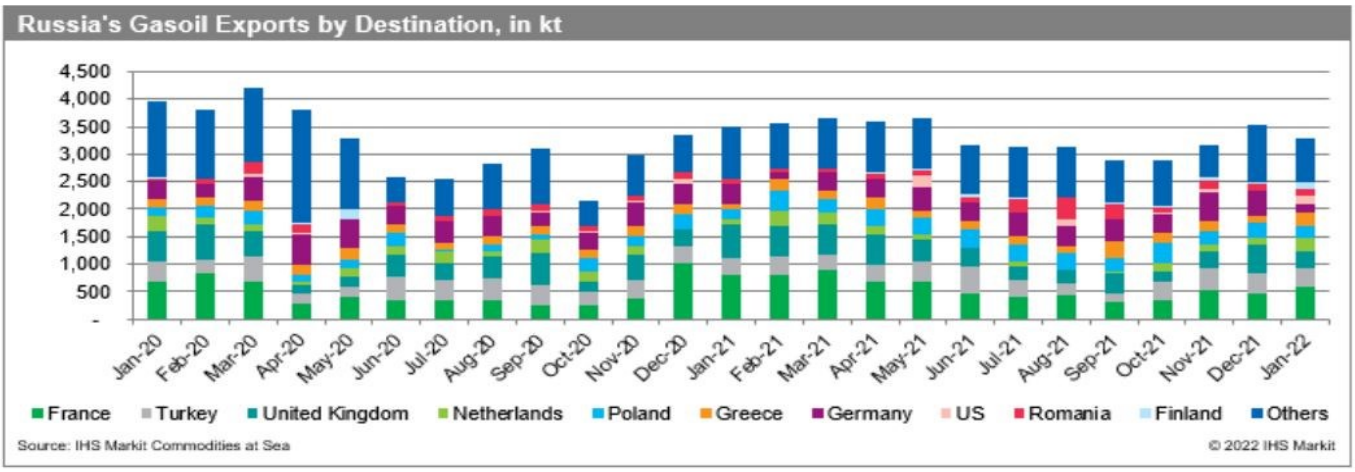
The country exported a total of 3.3 million mt of gasoil and diesels in January 2022, lesser than 3.5 million mt recorded in December 2021, which was a seven-month high.

In December 2021, the Russian gasoil exports to Asia hit a two-year high at 248,000 mt, with around 170,000 mt shipped to Southeast Asia, as compared to 164,000 mt or three cargoes heading toward Malaysia, Singapore, and South Korea respectively during January 2022.

Meanwhile, IHS Markit tracked at least three Russian cargoes being shipped to the US East Coast, totaling 144,000 mt in January 2022, which was the highest shipment volume since May 2021.

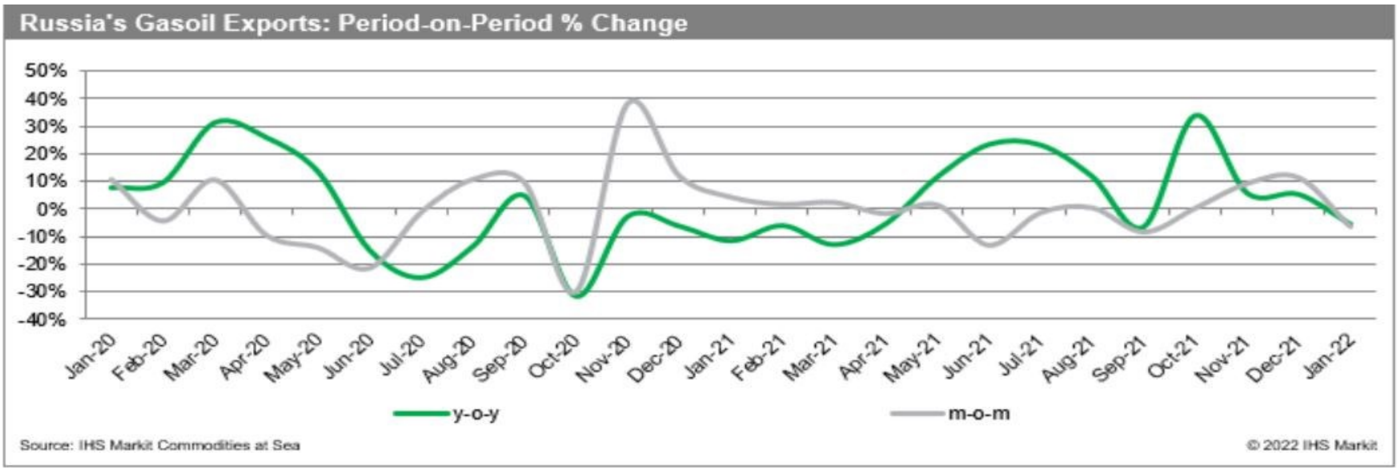
The increased shipment was attributed to falling US oil inventories, due to lower output levels from US refiners.

So far, Russian gasoil and diesel shipped a total of 39.8 million mt in 2021, up 3.1% yearly, while its refinery throughput increased nearly by 4% with diesel output went up 3.2% year-on-year to over 80.5 million mt.



Sources: IHS Commodities at Sea Service

Russian gasoil shipments had increased deliveries to the US during January 2022, to fill up the production gap there.



Sources: IHS Commodities at Sea Service

However, the January Gasoil exports were still lowered as compared to shipping volumes in December 2021.

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