



# Monthly Fuel Oil Report

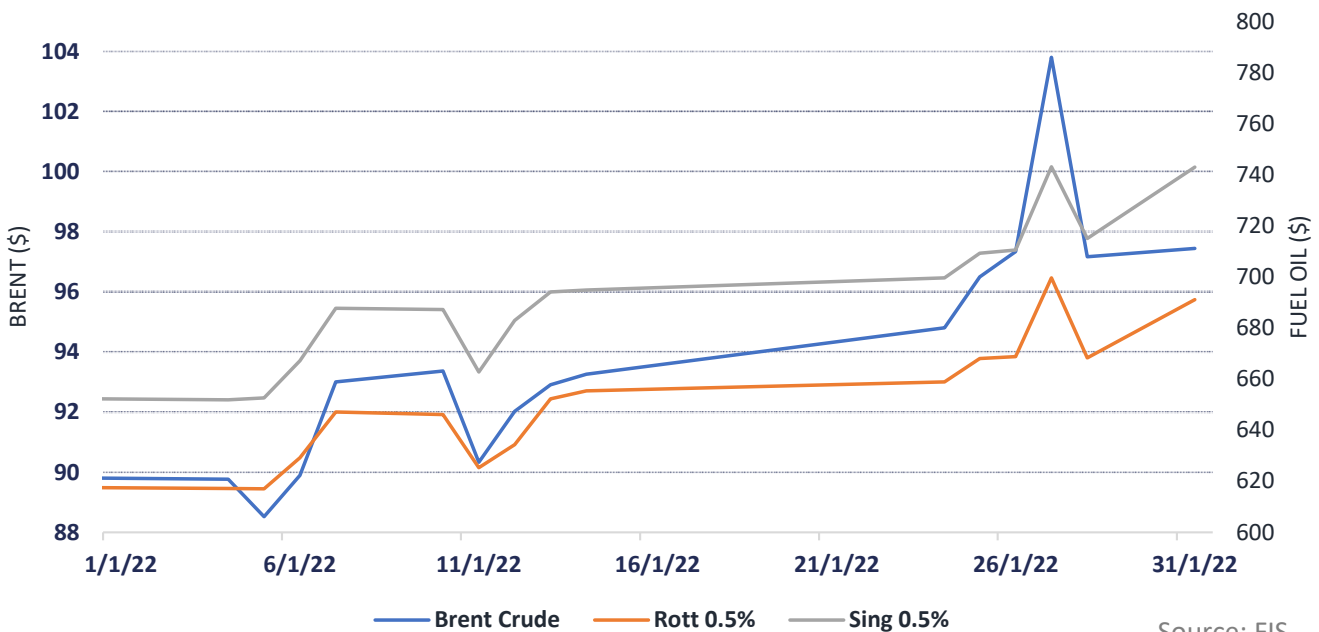
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## February-2022

### Month Overview

Crude oil markets took a drastic turn after the Russian invasion of Ukraine, which rattled prices and market fundamentals. International condemnation for the Russian military action was swift as the US and EU are likely to implement some of their 'toughest sanctions' on Russian exports like natural gas and oil, though most of the announced Western sanctions were mostly focused on Russian banks and elites. Moreover, the West also blocked Russian banks from international payment system, SWIFT, which make buying and selling of Russian oil and gas harder in the global market. Though, the Russia has developed similar system or the System for Transfer of Financial Messages (SPFS) since 2014, with its first transaction undertaken in Dec 2017. By the end of 2020, the Russian SWIFT equivalent system was linked to 23 foreign banks in countries like Armenia, Belarus, Germany, Kazakhstan, Kyrgyzstan and Switzerland. However, most market participants were hesitant in dealing with Russian exports for fear of retaliatory measures from the global business community, though Russian crude oil grades accounted for nearly 10% of global oil supplies. Thus, the possible sanction on Russian energy exports will inevitably result in higher crude oil prices, as OPEC stuck to their output hike of 400,000 bpd per month in February 2022 as planned.

**Brent Crude (APR) and 0.5% Fuel (MAR)**

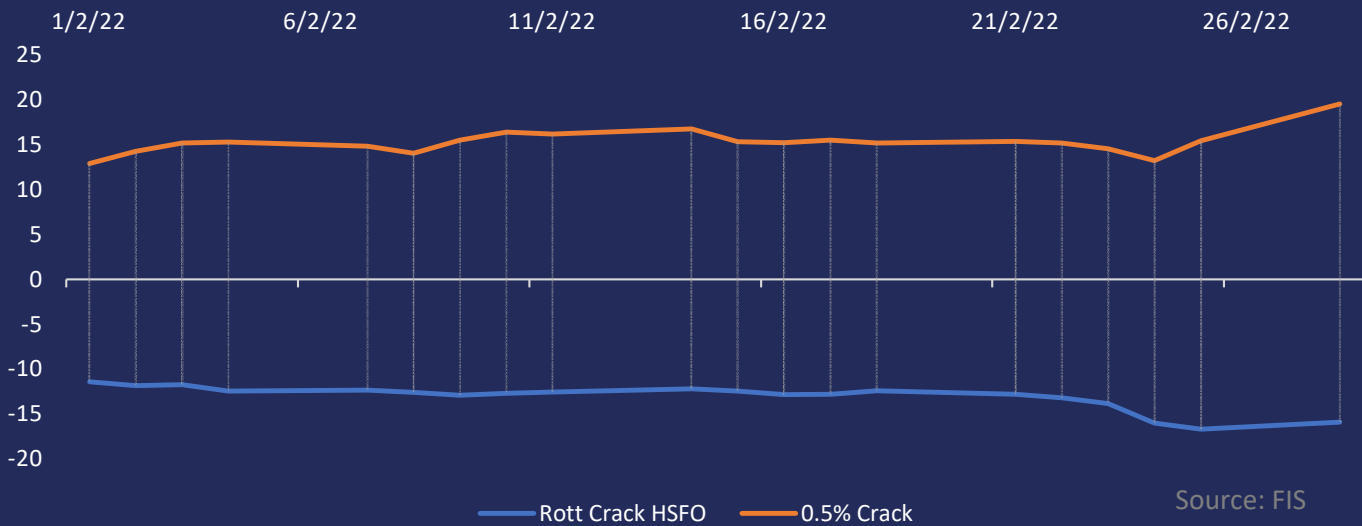


Source: FIS

### Oil Market Continued

If the ban on Russian oil is made official by global governing bodies, then oil prices could spike further towards \$200 per barrel, with estimate of shortfall of 5 million barrel per day (bpd), according to Bank of America. As Russia is the world's second biggest producer of crude oil after Saudi Arabia, and supplies about a third of Europe's needs, a ban could have a significant impact on world energy markets. Without Russian oil production, much of the global oil output will fall on OPEC's shoulders, but the Secretary General of the cartel, Mohammad Barkindo highlighted that there was global insufficient oil production capacity to replace Russian oil contributions. Moreover, Germany seemed unlikely to ban Russian gas, due to the country, like many of the European countries, relying heavily on Russian energy products for heat generation, mobility, electricity supply and industry.

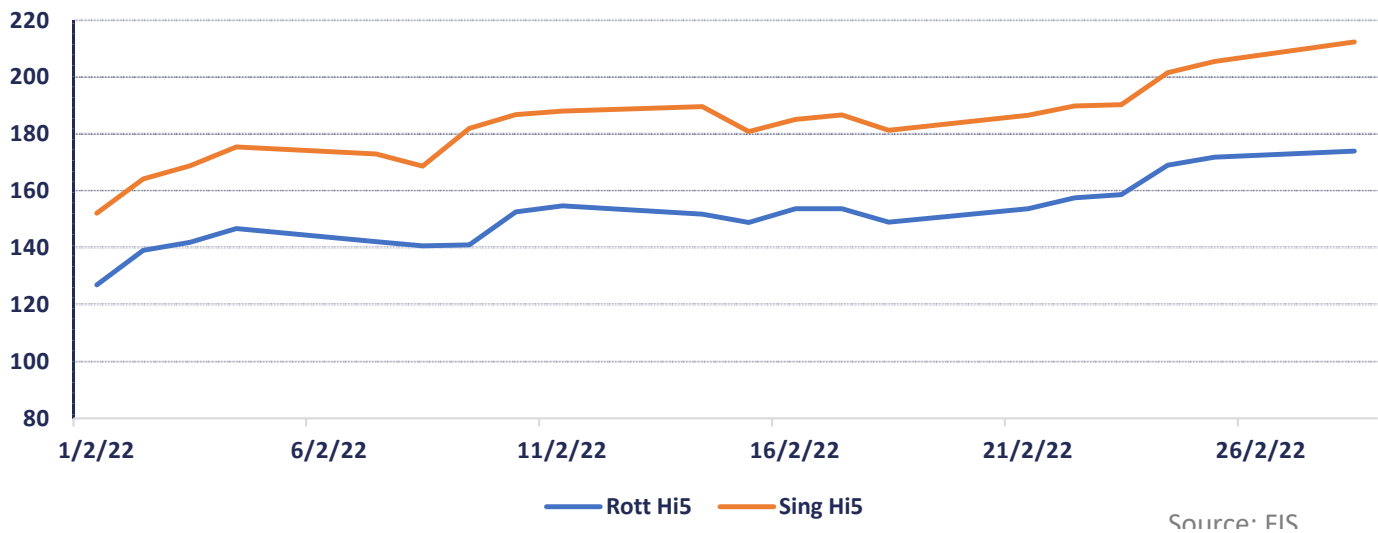
## Rotterdam Crack (MAR)



## Hi5 Spread (VLSFO v HSFO)

The Singapore Hi5 spread continued to widen over \$200/mt range by end-February, benefitting the scrubber fleet on cost savings with their reliance on high sulfur fuel oil products. However, the recent development of the Russian invasion of Ukraine risked possible trade sanctions on Russia energy exports, like fuel oils, and disruption of trade and bunkering activities in the Black Seas due to naval engagements. Bunkers supplies were heard to be stacked full among ports of Black Sea and some in the Mediterranean region amid market uncertainty over the sanctions on Russian oil products, while shipping activities were reduced due to Russian

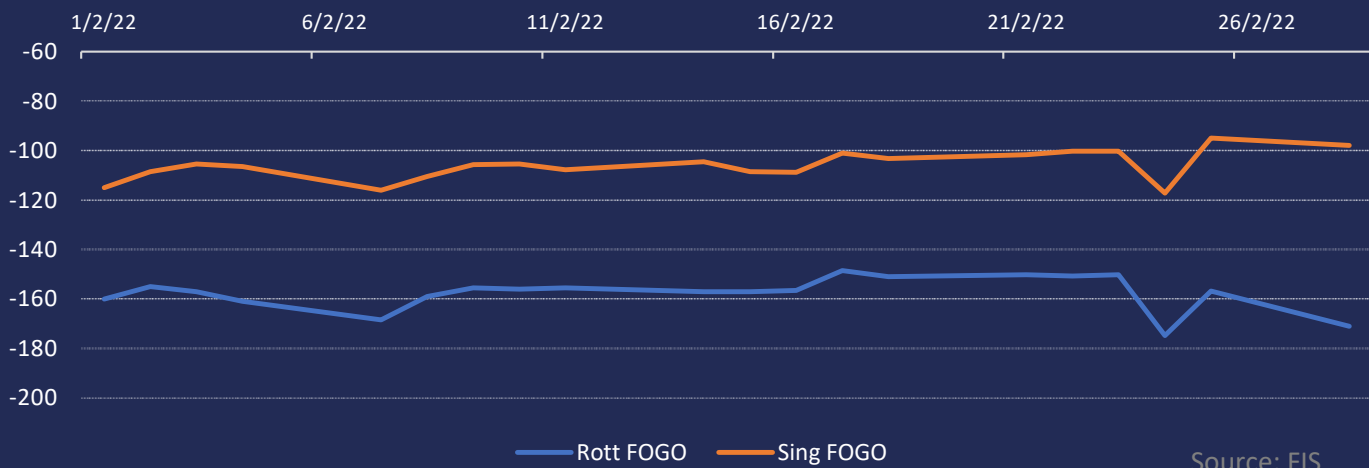
## Hi5 Diffs (MAR)



## VLSFO v Gasoil, Gasoil Movements and EWs

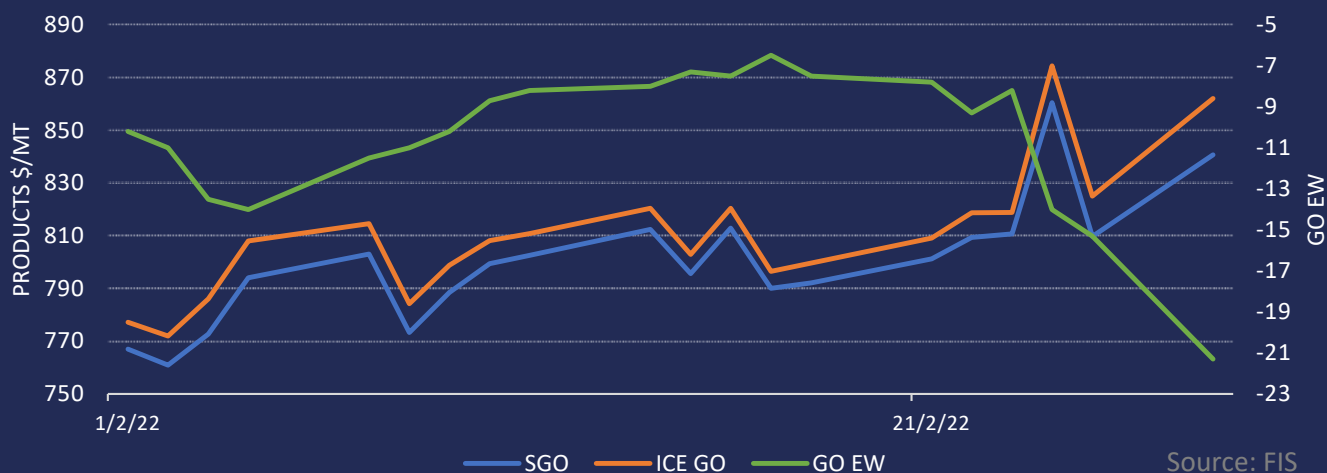
The market uncertainty extended to the FOGO spreads as well, as some upticks might occur in Q2, affecting by the reduction of Russian supplies, and OPEC's adamant attitude in following their plan of adding 400,000 bpd in combined production per month. In the meantime, Iranian talks have yet to yield any positive result that might allow the entering of Iranian crude to the international market that might ease supply and prices

## FO/GO Spreads (MAR)



Source: FIS

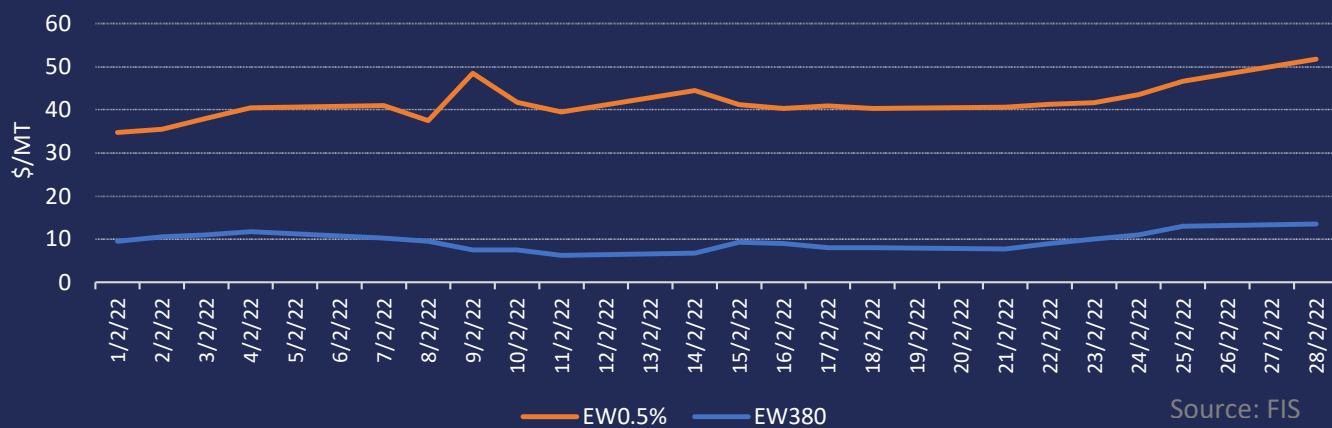
## Gasoil (MAR)



Source: FIS

## Slight softening of the EW HSFO and 0.5%

### EWs (Front Month)



Source: FIS

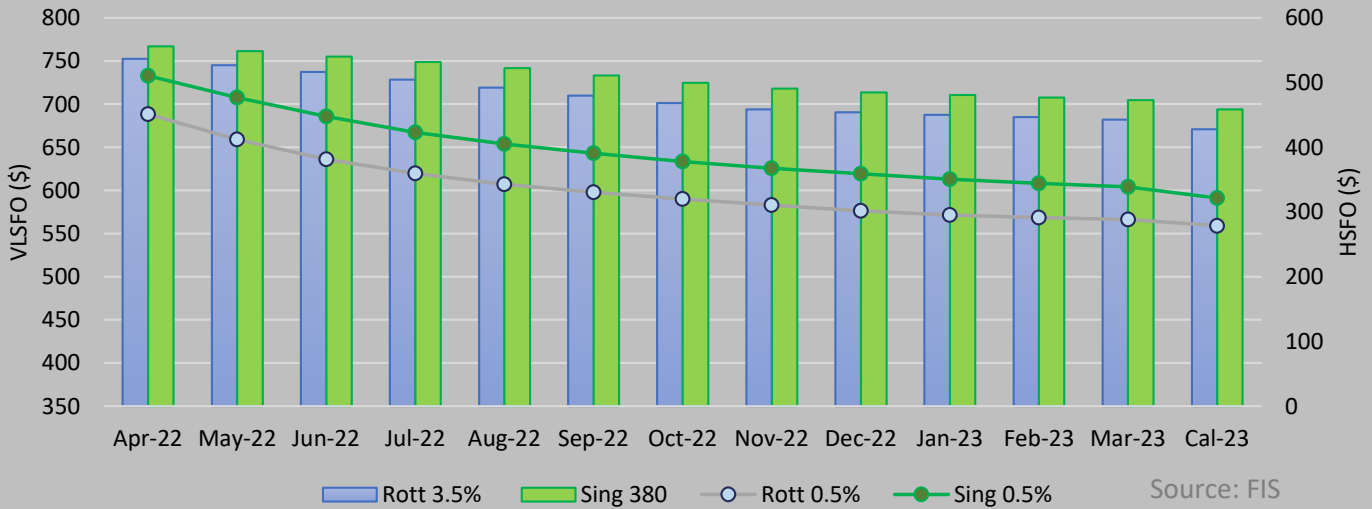
## Index Settlements Averages

	Rott 3.5%	Sing 380	Rott 0.5%	Sing 0.5%	Rott Hi5	Sing Hi5
<b>Settled</b>	<b>501.05</b>	<b>516.33</b>	<b>672.3</b>	<b>718.08</b>	<b>171.25</b>	<b>181.58</b>
<b>Previous</b>	<b>467.86</b>	<b>470.37</b>	<b>608.43</b>	<b>639.31</b>	<b>133.87</b>	<b>168.94</b>
<b>% m2m</b>	<b>6.6%</b>	<b>8.9%</b>	<b>9.5%</b>	<b>11.0%</b>	<b>21.8%</b>	<b>7.0%</b>
<b>YTD</b>	<b>484.46</b>	<b>491.58</b>	<b>640.36</b>	<b>675.67</b>	<b>152.1</b>	<b>175.1</b>

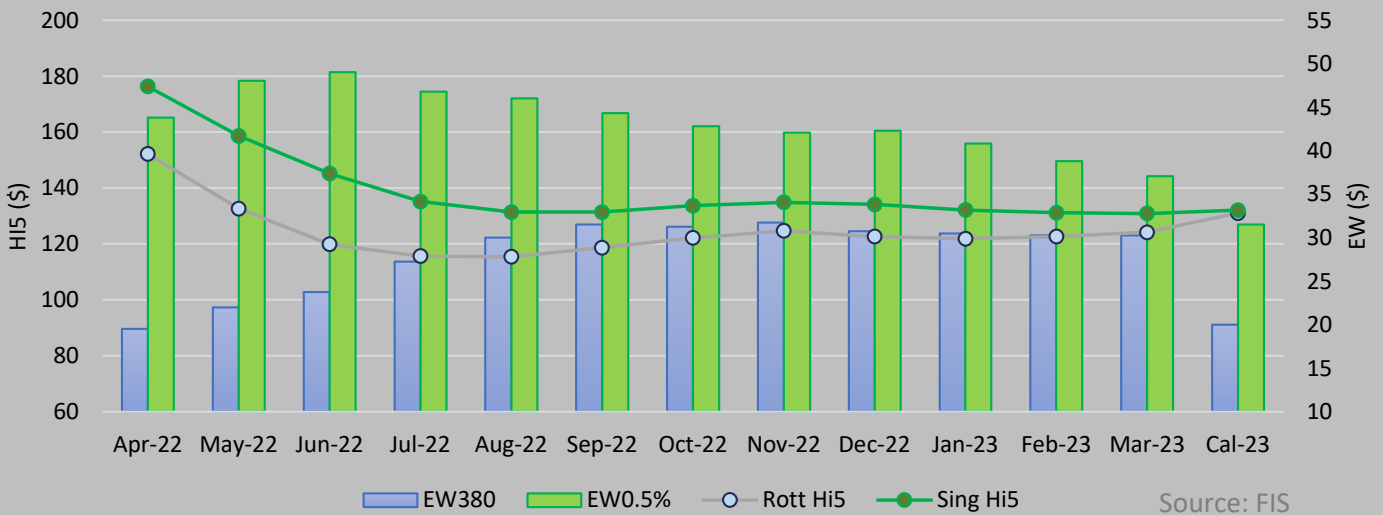
\*Please note that these are not official figures from which to calculate margining or settlements

# Current Forward Curves

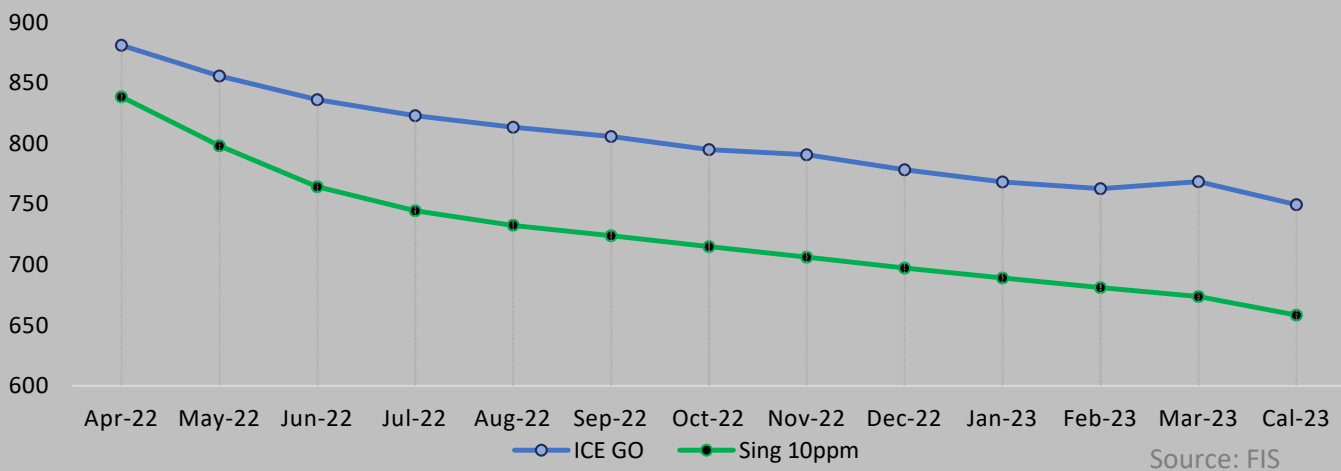
## HSFO and VLSFO Forward Curves



## Rott and Sing EW and Hi5 Forwards Curves



## Gasoil Forward Curves



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