FIS

Weekly Oil Report

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Market Review：

Crude oil market—Short term bullish with Brent crude to range $115-125 per barrel, with possible sanctions on Russian oil by the EU.

Bunker market— Short term bullish, ranging $880 -$910/mt, following the rally in crude market.

Prices movement	21-Mar	18-Mar	Changes %	Sentiment	
Brent Crude	115.62	107.93	**7.12%**	**Bullish**	↑
WTI Crude	112.12	104.70	**7.09%**	**Bullish**	↑
VLSFO (Singapore)	880.50	842.50	**4.10%**	**Bullish**	↑

Crude Oil Market :

EU to step up sanctions against Russian oil

Crude oil prices rallied again as the European Union (EU) seemed set to step up sanctions against Russian energy products for its attack of Ukraine.

The ongoing conflict had resulted high numbers of casualties with estimated of around 6.5 million people displaced in Ukraine since the start of the invasion in late February.

Although peace talks had been held between the two countries, no ceasefire has been agreed, thus the EU are looking at possible tougher sanctions on Russian exports like oil and gas, as Russian military forces inched closer to capture Kyiv, the capital of Ukraine.

However, EU's largest economy, Germany seemed reluctant to impose sanction on Russian energy exports, though the country had recently sealed gas deal with Qatar to reduce their dependency on Russian gas.

OPEC+	4-Mar-22	11-Mar-22	18-Mar-22	w-o-w %	y-o-y %
Azerbaijan	651	261	631	↑ 141.5%	↑ 65.4%
Bahrain	46	-	118	-	-
Brunei	-	88	-	↓ -100.0%	↓ -100.0%
Kazakhstan	1,226	1,358	1,907	↑ 40.5%	↑ 31.5%
Malaysia	364	-	148	-	↑ 24.1%
Mexico	954	1,113	610	↓ -45.2%	↓ -30.5%
Oman	917	920	1,460	↑ 58.8%	↑ 134.6%
Russia	3,127	3,545	2,887	↓ -18.6%	↑ 35.2%
Sudan/South Sudan	86	86	229	↑ 166.7%	-
Total OPEC+	**7,372**	**7,371**	**7,990**	↑ **8.4%**	↑ **40.6%**

Source: IHS Markit Commodities at Sea Service

Russian crude contribution to the OPEC + had reduced significant week-on-week since the Russia-Ukraine conflict began in late February, though it still achieved a yearly surplus.

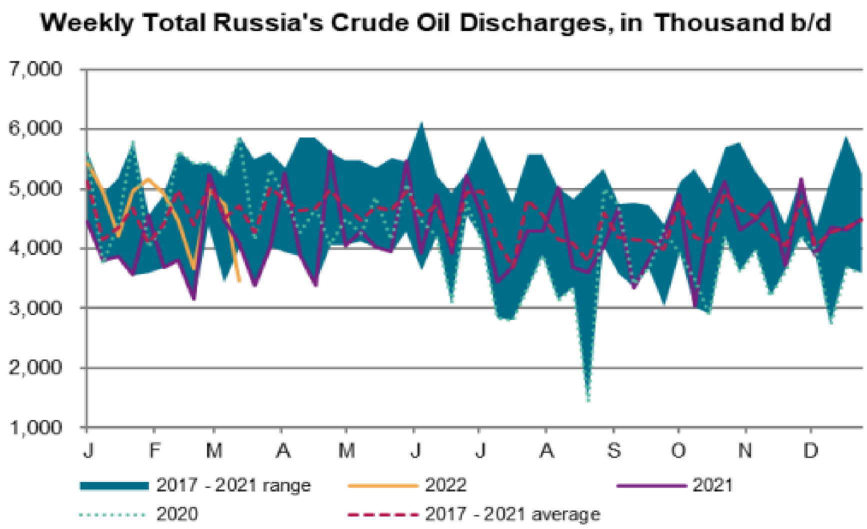
Crude Oil Market (cont)

On the global market, the informal boycott of Russian energy products has continued, though Chinese and Indian oil firms had no qualms to snap up the underpriced Russian products, while Turkey had no plans to suspend their procurement of Russian oil either.

Besides the tougher sanctions on Russian oil, Saudi Arabia's oil facilities were attacked by Houthi militia that resulted in the temporary reduction of refinery's production by the Yanbu Aramco Sinopec Refining Company (Yasref) facility.

However, the refiner will fill the supply gap by drawing down from its inventory while repairing its damaged facilities at the same time.

With crude prices above the $100/bbl again, the US shale oil producers may be on the move again to restart their operations, as most producers are expected to generate significant profits with oil price at more than $80/ bbl.



Source: IHS Markit Commodities at Sea Service

Despite the high Russian oil yearly production, the discharge rate has been poor in Mar 2022, as most EU countries shunned Russian energy products in protest of its invasion of Ukraine.

OPEC	4-Mar-22	11-Mar-22	18-Mar-22	w-o-w %	y-o-y %
Algeria	252	465	88	-81.0%	-72.9%
Angola	1,379	1,093	1,100	0.7%	14.8%
Congo (Republic)	263	131	217	65.2%	-15.6%
Equatorial Guinea	229	143	143	0.0%	-
Gabon	269	-	343	-	220.0%
Iran	1,616	1,268	505	-60.2%	-64.5%
Iraq	3,317	3,932	3,468	-11.8%	3.7%
Kuwait	1,767	2,064	1,679	-18.7%	-12.7%
Libya	1,099	743	1,456	95.9%	20.3%
Neutral Zone	257	114	100	-12.5%	-66.9%
Nigeria	1,289	1,043	1,740	66.8%	-26.4%
Saudi Arabia	8,471	6,324	8,096	28.0%	38.2%
United Arab Emirates	3,827	3,111	2,496	-19.8%	37.0%
Venezuela	264	607	543	-10.5%	-6.2%
Total OPEC	**24,297**	**21,040**	**21,974**	**4.4%**	**7.3%**

Source: IHS Markit Commodities at Sea Service

Saudi Arabia's oil producers continued to do the heavy lifting for the OPEC production after achieving a weekly growth of 28% and yearly gain of 38.2% by Mar 18.

Technical view of the Crude Oil Market:

May Futures – Last week we highlighted that the futures have potential to trade a little lower with a near-term target of USD 100.60, if this level held then we had the potential for a bullish Gartley pattern, price did trade below this level (low USD 96.93).

However, we still had the correction as a wave 5 of a wave C, meaning the futures were not considered a technical sell as we were nearing phase/cycle completion suggesting market buyers would be on the sidelines waiting for buy signals.

The futures are now at USD 115.00 having rallied USD 18.00; the upside move above the USD 113.91 means the technical is back in bullish territory, we now target the USD 118.36 and USD 133.15 resistance levels.

Technically bullish, downside moves that hold at or above USD 103.07 will support a bull argument, below this level the futures will have a neutral bias.

FIS senior analyst, Edward Hutton

Chart source: Bloomberg

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Bunker Market :

Bunker prices rally on recent crude resurgence

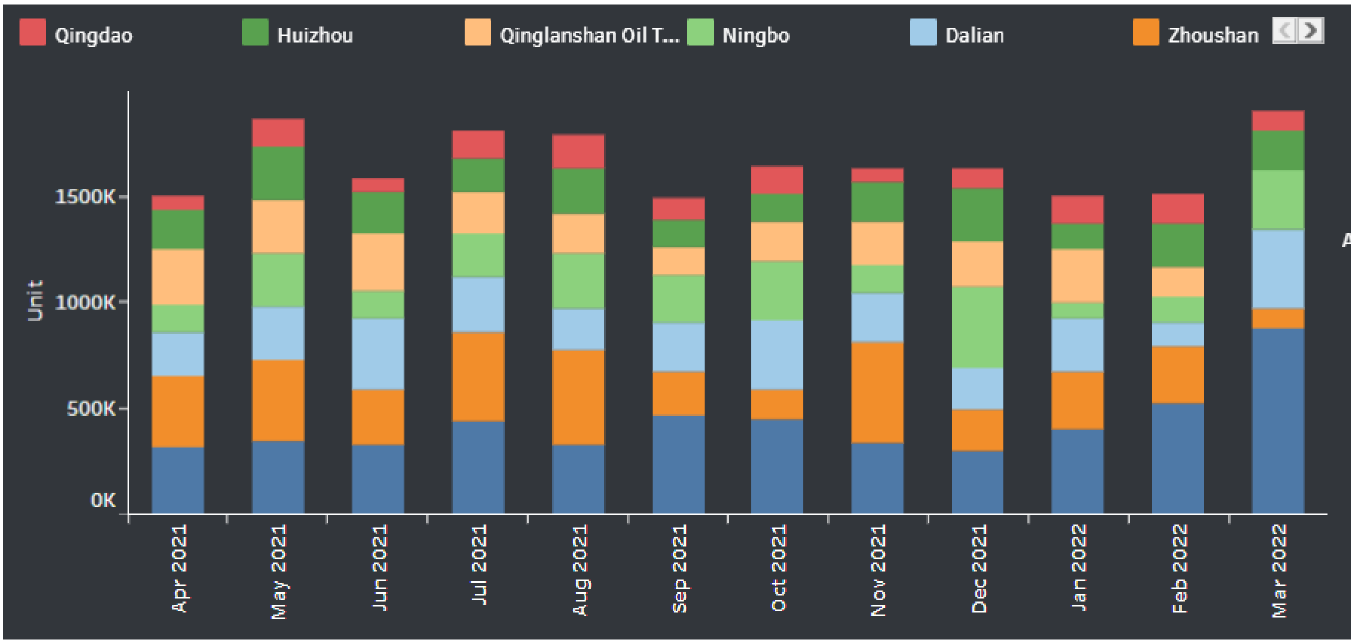
The bunker market followed a recent uptick in crude prices and limited availability of VLSFO among major bunkering hubs.

In the meantime, the bad weather off China had disrupted shipping activities and bunker services among Chinese ports like Zhoushan. However, the weather conditions had improved at the start of the week, which reduced the recommended lead time of VLSFO bunkering in Zhoushan to around five days.

Meanwhile, the supply tightness of VLSFO continued to persist in the port of Singapore and Fujairah with recommended lead time of 9 days and 7 days respectively.

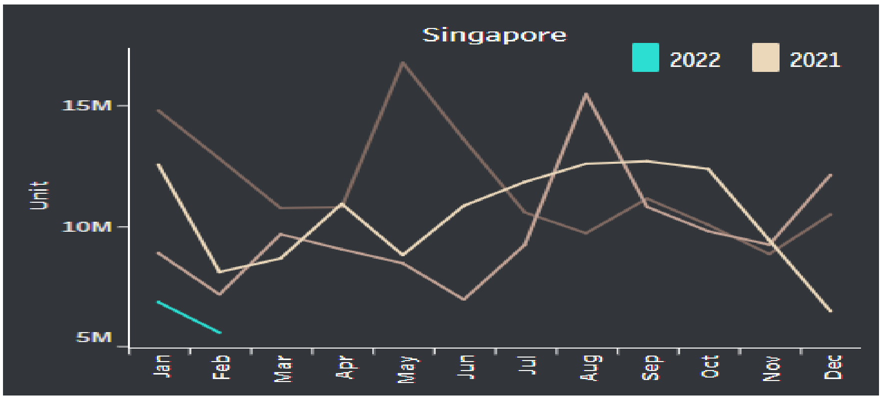
In Europe, most of the bunkering ports refrained from using Russian oils and thus struggled with tighter fuel oil and gasoil supply. As oil major like Shell was committed to end its dependency on Russian oil and stop using its as feedstocks for its refineries.

There was also bad weather in the Mediterranean, which caused a backlog in Gibraltar with a queue of around 33 vessels, while 15 vessels were heard to waiting to enter Algeciras' inner anchorage amid heavy swells.



Sources: IHS Markit Commodities at Sea Service, ENGINE

Residues fuel discharges were reduced in the port of Zhoushan, affected by bad weather that disrupted logistics and stricter pandemic checks on the port premises.



Source: IHS Markit Commodities at Sea Service

Singapore's fuel oil discharge also dipped by late February 2022, lower than previous year amid market volatility.

Bunker Market (cont)

Hi5 and FOGOs

Singapore Hi5 spread maintained above the $200/mt amid the crude market volatility, which rebounded after recent corrections.

The market expects a further uptick in crude prices as the EU seemed poised to extend their sanctions on Russian oil products and these might lead to further shortages of fuel oils among bunkering ports in Europe.

The supply of HSFO is expected to tighten further as Russian fuel oil exports contributed to most of the HSFO supplies to ARA and Istanbul ports.

In the meantime, ExxonMobil's Antwerp refinery is slated to undergo one month of maintenance period with capacity of 320,000 bpd.

Meanwhile, the FOGO spreads are slated to ease over medium term, as more Iranian oil barrels seemed likely to enter the market again, after Russia backs down on demands in Iran nuclear deal talks.

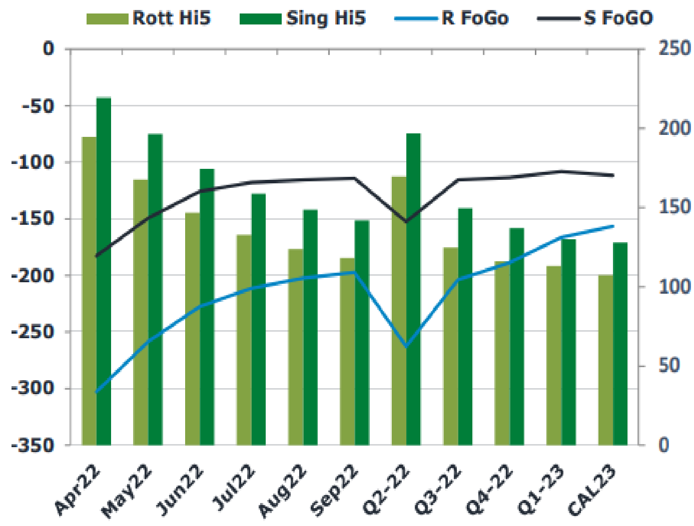
Upon a successful outcome, the S&P Global Platts estimated that an additional 500,000 barrels of oil per day from Iran will return to markets from April to May 2022, with that volume reaching an additional 1.3 million barrels per day by the end of this year.

Hi5 Forward Curve Values

	Rott Hi5	Sing Hi5
Apr-22	195	219
May-22	168	196
Jun-22	147	175
Jul-22	133	159
Aug-22	124	149
Sep-22	118	142
Q2-22	170	197
Q3-22	125	150
Q4-22	116	137
Q1-23	113	130
CAL23	107	128

Sources: FIS

Rotterdam and Singapore Hi5 and FOGOs



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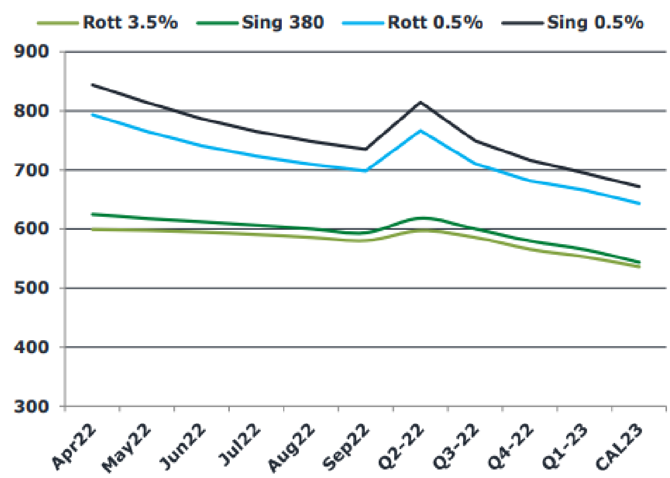
Prompt Hi5 prices stayed above the $200/mt mark, as the crude rally rebounded with tougher trade sanctions on Russian energy exports.

Rotterdam and Singapore FO Futures



Sources: FIS

Bunker prices followed the crude rally and supply tightness in ports, which may ease over time with more productions from OPEC and lifting of Iran sanctions.

Tanker Market :

More Russian tankers idle amid the ongoing conflict

Russian tankers were found to idle since late February as more trade participants shunned business with Russian energy firms and related industry.

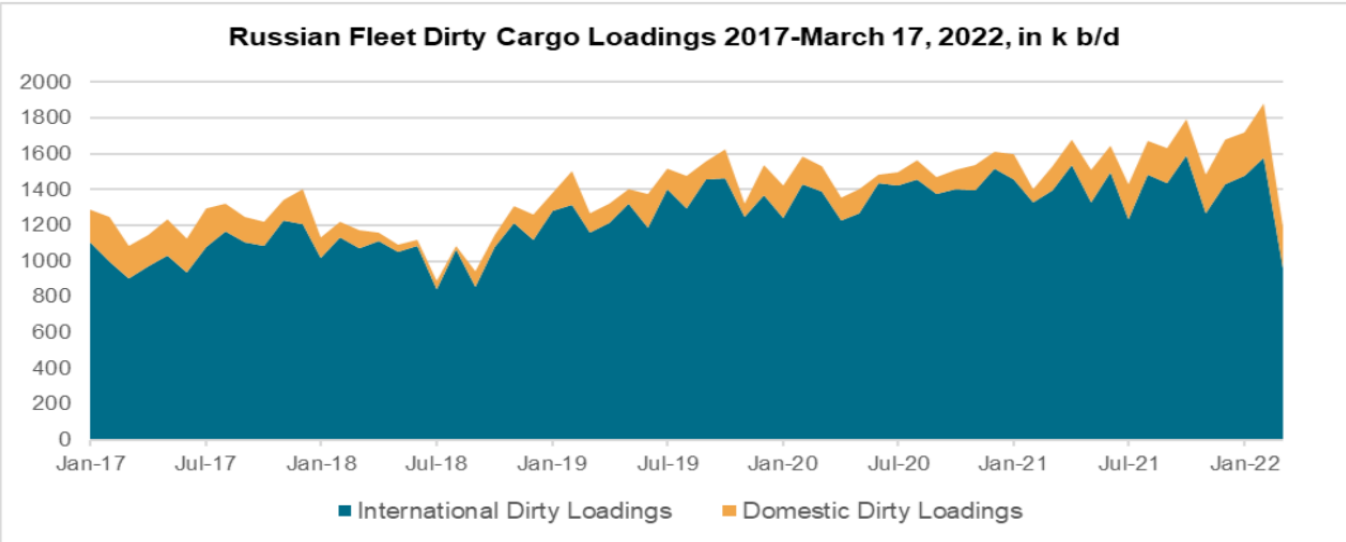
Sovcomflot, (SCF) one of the global leaders in moving crude oil across the ocean and Russia's largest shipping company were not spared the boycott with an estimated one-third of its dirty tankers laid idle, according to IHS Commodities at Sea Service.

The state-owned shipping company's fleet of clean products fared more worst with almost half or 46% of the clean tankers laid idled without any cargo held over the last 15 days.

As of March 18, 26 of SCF tankers are laden with crude oil with 16 of them being loaded in Russia between December and mid-March, with the breakdown of 11 Aframaxes, 3 MRs and 2 Panamaxes, based on data from IHS Commodities at Sea Service.

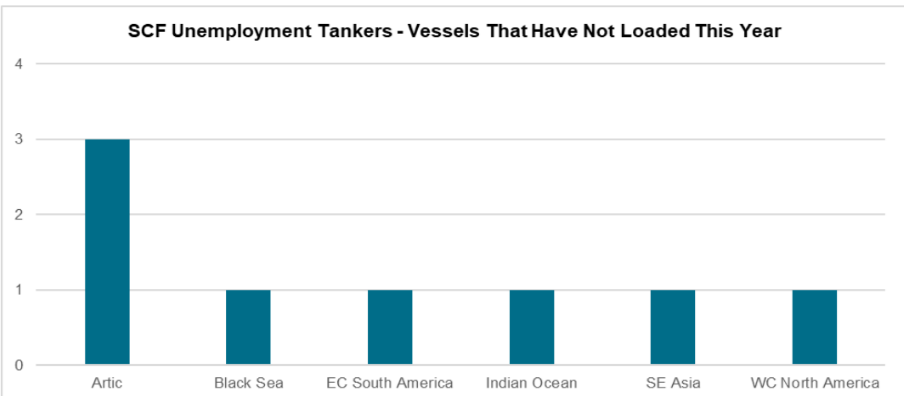
Some of these fixtures were believed to cater toward its Asian client bases like India as the country did not join the West to refrain from buying Russian crude products as well as some of the Asian buyers.

So far, only the UK, Canada and the US have banned Russian oil imports, though more EU countries are likely to follow their lead as well as non-Western nations like Japan who might avoid Russian energy products like natural gas from the Sakhalin-2 LNG project.



Russian dirty cargo fleet loading suffered a dip since late-February, as more trade participants shunned doing businesses with them following the invasion of Ukraine.

Sources: IHS Markit Commodities at Sea Service



Sources: IHS Markit Commodities at Sea

Sovcomflot, (SCF) had around one -third of its dirty tankers and almost half of its clean tankers laid idle over the past 15 days.

Technical view of the Tanker Market:

TD3C:

April Futures – Technically bearish last week, momentum had warned that we had the potential to test the upside resistance zone between USD 9.3615 – USD 9.8633.

The RSI failed to hold above the support level resulting in further downside moves in the futures below our support levels, price is below the 8-21 period EMA's supported by the RSI below 50.

Upside moves that fail at or below USD 9.4601 will remain vulnerable to further tests to the upside, above this level the futures will have a neutral bias with a potential upside target at the USD 10.4770 high.

Downisde moves below USD 7.4860 will target the USD 6.9520 low. The technical is bearish but the stochastic is now in oversold territory suggesting the downisde move could be overextended.

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