FIS

Weekly Oil Report

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Market Review:

Crude oil market—Short term bullish with Brent crude to range $120-130 per barrel, as most buyers avoid Russian oil purchases in condemnation on the invasion of Ukraine.

Bunker market— Short term bullish, ranging $980 -$1,000/mt, due to strong support from the crude market.

Prices movement	7-Mar	4-Mar	Changes %	Sentiment	
Brent Crude	123.21	118.11	**4.32%**	**Bullish**	↑
WTI Crude	119.40	115.68	**3.22%**	**Bullish**	↑
VLSFO (Singapore)	981.00	892.50	**9.91%**	**Bullish**	↑

Crude Oil Market :

No end in sight for a Russia-Ukraine conflict

Crude oil prices extended bullish run to record-breaking levels, rising on one day by 10% rising towards the $140 per barrel level, before cooling down to the $120 per barrel, a 14-year high in response to market rumours of an embargo on Russian crude oils.

Meanwhile, the Russian invasion of Ukraine seemed to crawl to a slow pace, as compared to the rapid or limited military conflict that many expected previously.

The market was concerned that the Russia-Ukraine conflict might pull the EU and the US into a wider war, as Russia attempted to surround Ukraine's major cities in advance of an escalation of the conflict.

This aggression provoked some Western countries to impose sanctions on the Russian banking system, ban technology transfers and exports, leading to speculation of an embargo on Russian energy exports like gas and oil.

Recently, oil major Shell purchased Russian crude oil at heavily discounted price of $28.50 per barrel in early March, which was way below the below Dated Brent benchmark price of above $100.

Actual Volumes

Select by: Load Country / Territory

	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22
Saudi Arabia	162.4	186.7	169.6	201.2	195.9	194.7	216.5	206.1	214.3	212.0	196.8	58.0
Russia	126.9	134.1	137.1	126.6	119.9	120.3	148.1	133.7	142.4	139.3	135.5	34.0
Iraq	83.7	91.7	80.4	88.0	92.1	91.1	94.3	95.0	97.5	100.3	90.6	18.9
USA	99.0	91.9	101.2	84.2	87.5	82.4	84.2	106.7	109.9	107.8	91.3	15.9
UAE	80.3	71.1	83.6	81.8	82.8	81.8	91.5	90.3	92.0	93.7	87.3	19.1
Kuwait	48.0	58.6	51.4	58.9	53.9	51.5	51.7	59.0	55.0	56.0	54.4	15.9
Nigeria	51.1	48.5	46.7	48.4	39.6	50.3	44.2	46.1	41.7	48.0	42.0	9.6
Norway	41.1	42.6	38.8	45.0	52.5	42.8	47.3	45.9	46.1	43.7	38.9	13.3
Brazil	46.3	42.4	33.1	41.5	48.4	38.9	31.1	40.7	39.2	44.7	38.5	8.5
Angola	33.8	33.3	31.8	34.3	31.9	35.6	33.9	30.1	37.7	30.8	32.7	7.8
Mexico	28.5	31.2	34.8	36.1	33.3	32.5	30.0	29.2	32.2	26.1	26.1	8.3
Malaysia	35.8	34.4	30.1	25.6	27.1	27.3	28.8	41.1	39.6	35.1	44.6	9.0

Source: IHS Markit Commodities at Sea Service

Russian crude shipments ranked in second as compared to global leader Saudi Arabia, amid the military conflict with Ukraine since late February 2022.

Crude Oil Market (cont)

This purchase, however, drew criticism from industry players and media alike, as they feared the trade will feed the Russian war effort, which contrasted with other oil majors' voluntary abstinence and shun of Russian firms and energy products.

For instance, France's TotalEnergies stated publicly that it will not trade in Russian crude oil, following other majors like ExxonMobil who exited 4 billion worth of investments in Russia, and BP abandoned its $25 billion stake in Russia's Rosneft.

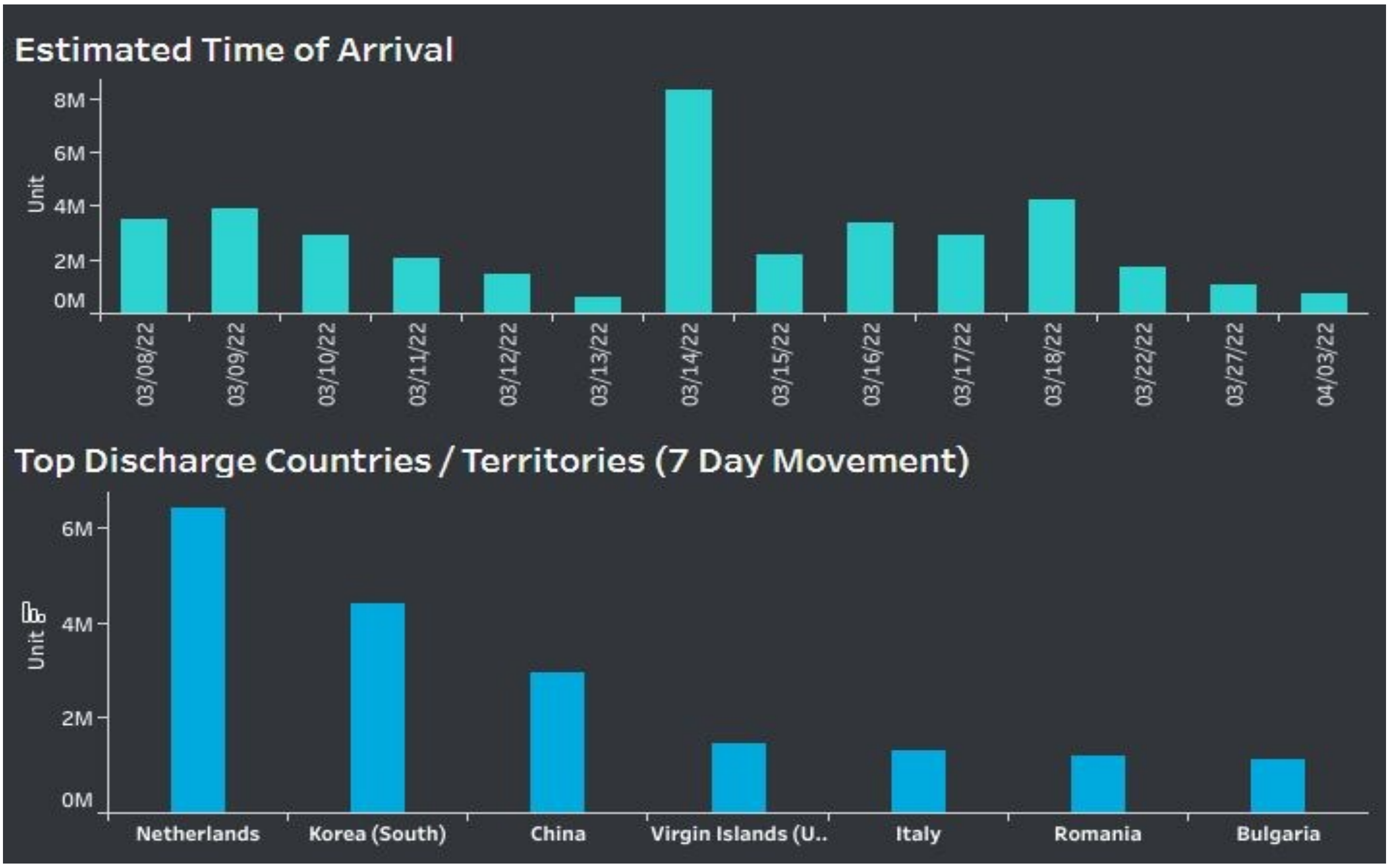
If the ban on Russian oil is made official by global governing bodies, then oil prices could spike further towards $200 per barrel, with estimate of shortfall of 5 million barrel per day (bpd), according to Bank of America.

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.

However, there had been notions to remove their dependence on Russian hydrocarbons but at a slower step by step processes over the long term.



Source: IHS Markit Commodities at Sea Service

According to IHS Markit Commodities at Sea Service, there is estimated of 49 vessels loading with Russian crude since the start of the month and most of them are expected for arrivals by mid-March with most discharges in the Netherlands then followed by Asia.

Technical view of the Crude Oil Market:

May futures - As noted last week the futures had entered a corrective phase but remained bullish based on the technical and the Russian invasion of the Ukraine.

Price held above all key support levels with the futures trading through our near-term target of USD 107.11, if you follow the morning technical and our close reports you will have seen that we targeted the USD 117 and USD 125 levels also.

Price moved higher this morning on the back of US comments regarding sanctions on Russian oil and gas exports resulting in the futures trading up to USD 139.13 in the Asian session. Price has since entered a corrective phase with the futures trading down do USD 119.04, meaning the intraday technical now has a neutral bias.

Below USD 109.04 the intraday technical will be considered as bearish. Intraday Elliott wave analysis would suggest that corrective moves lower should in theory be countertrend, indicating there is further bull waves to come.

Technically bullish, we remain conscious that there is a war in Europe with the threat of sanctions, an Iran agreement, and the release of strategic oil reserves all on the table, these could affect the psychological footprint on the market; however, based on the information to hand, we have an expectancy of further tests to the upside.

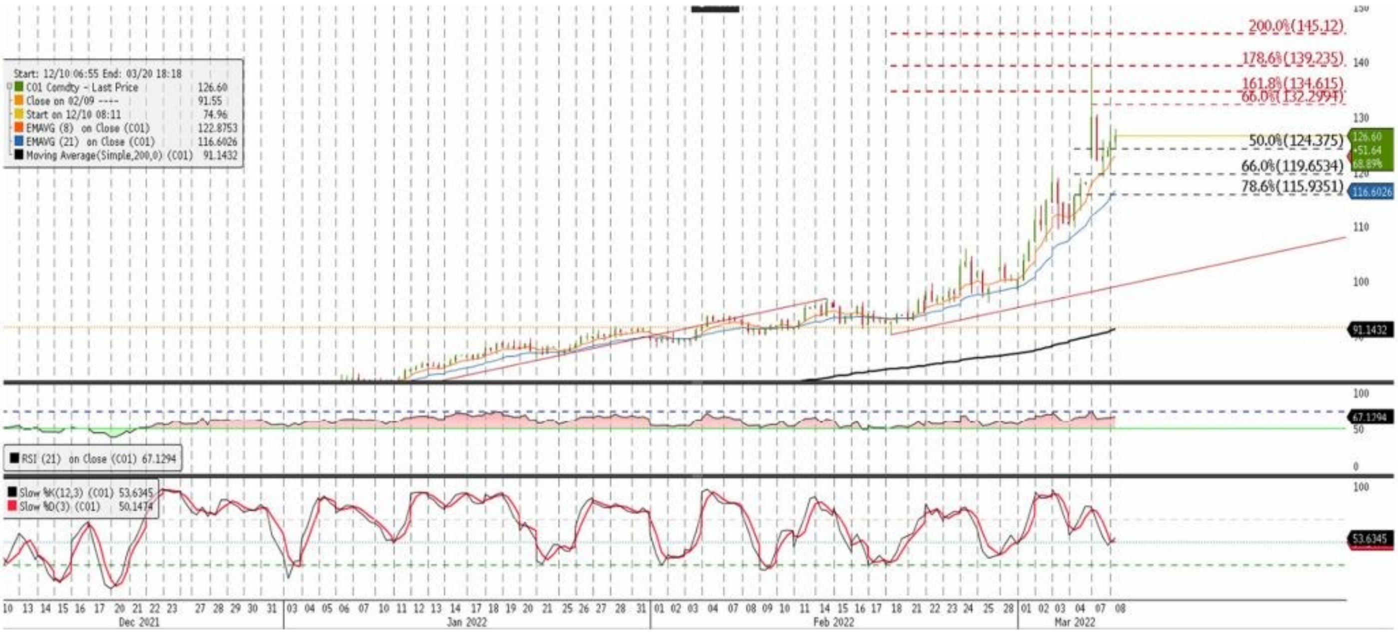


Chart source: Bloomberg

Daily technical reports are available from FIS. You can sign up for these on our website.

Bunker Market :

Gunning for the $1,000/mt mark

Bunker markets saw multi digit daily gains with support from a strong crude market, as trade participants shunned business with Russian ships, ports, suppliers, and banks.

Major bunkering firms like World Fuel Services had suspended business operations with Russian vessels in response to Russia's invasion of Ukraine, and many bunkering service providers are expected to follow suit.

Hence, these factors pushed VLSFO prices at major bunkering hubs like Singapore, Fujairah and Zhoushan to the $1,000/mt mark.

Despite the price rally, bunker demand was described as normal, while the port of Zhoushan offered some price discounts for some grades like VLSFO to remain competitive compared to bunkering ports of Singapore and Fujairah, where VLSFO supplies were tight.

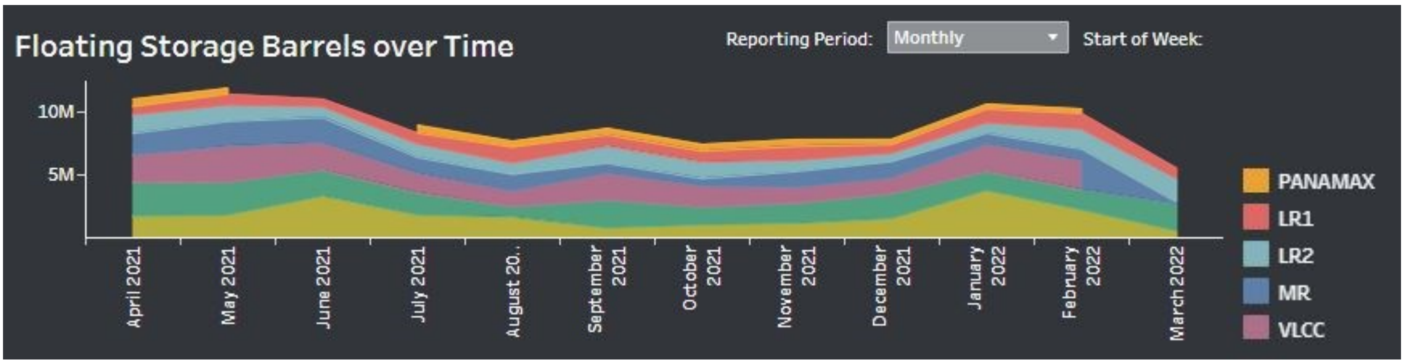
The price surge was also due to supply gap left by Russian bunkering firms as most market players shunned business activities with them also.

For instance, Russia's bunker suppliers typically sell around 100,000 mt per month of 0.5% sulfur bunker fuel at Far East Russian ports like Nakhodka and Vladivostok.

But after the invasion, monthly sale volumes are unlikely to continue, leaving the North Asian bunker traders to take up the slack, which is not considered a big volume but still provided some price support beyond other market factors.

Source: IHS Markit Commodities at Sea Service

The month of March is expected to see further dips in fuel oil cargoes, as market participants shunned to have any business activities with Russian energy firms.



Source: IHS Markit Commodities at Sea Service

According to IHS Markit Commodities at Sea Service, there was around 11 tankers in floating storage, holding an estimated fuel oil volume of 5.9 million bbls.

Bunker Market (cont)

Hi5 and FOGOs

Singapore Hi5 spread continued to widen toward the $250/mt range, due to the crude oil volatility that pushed crude prices to record-high levels, which caused the VLSFO outright prices to spike above the $1,000/mt mark in early March.

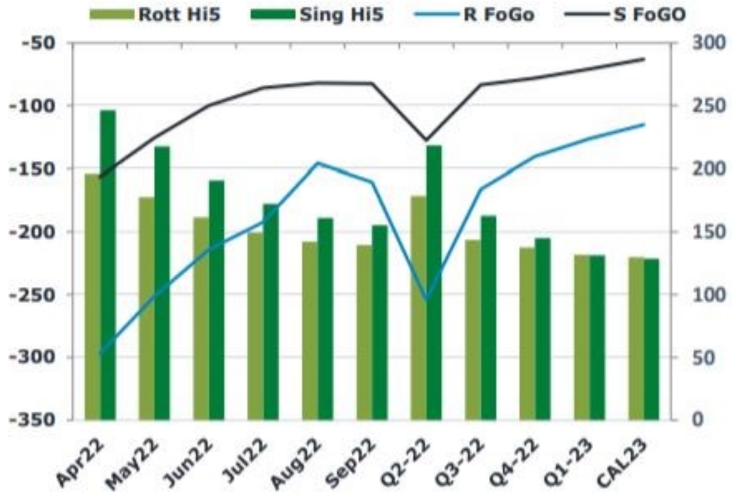
Hence, the scrubber fleet offered significant savings, though the strong crude prices had supported the rise of HSFO as well.

Supply tightness is expected to last for a while, as bunkering and shipping activities had shunned the Black Sea due to the conflict and placed more pressure on the Mediterranean ports for supply and services.

Meanwhile, there was no likely easing of supplies from the Iranian nuclear talks in the near term as the outcome seemed to be hanging in the balance as Russia asked for US guarantee that the sanctions it faces over the Ukraine conflict will not hurt its trade with Tehran.

Moreover, OPEC seemed to struggle in its monthly production target of additional 400,000 bpd with member Libya suspending oil output at El Feel and El Sharara oilfields, with the shortfall estimated at 330,000 bpd.

Rotterdam and Singapore Hi5 and FOGOs



Sources: FIS

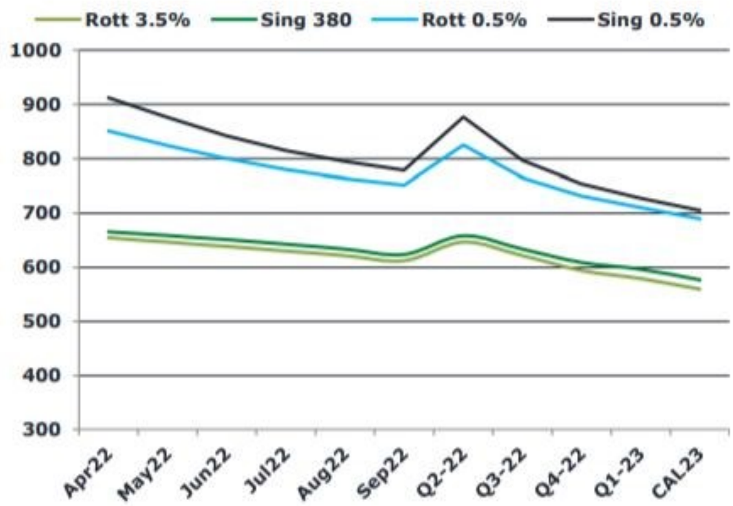
Prompt Hi5 prices widen toward the $250/mt, amid the high crude prices spike since the Russia-Ukraine conflict.

Hi5 Forward Curve Values

	Rott Hi5	Sing Hi5
Apr-22	196	247
May-22	178	218
Jun-22	162	191
Jul-22	149	172
Aug-22	142	161
Sep-22	140	155
Q2-22	179	218
Q3-22	144	163
Q4-22	138	145
Q1-23	132	131
CAL23	130	129

Sources: FIS

Rotterdam and Singapore FO Futures



Sources: FIS

Bunker prices rallied with support of strong crude prices, though bunkering demand was considered normal at some major bunkering port like Zhoushan.

Tanker Market :

Tanker rates rally further as Russia-Ukraine conflict intensifies

Tanker rates continued to rally amid market fears of a widening of the Ukraine conflict expanding beyond the Ukraine and possible trade sanctions on Russian gas/crude exports.

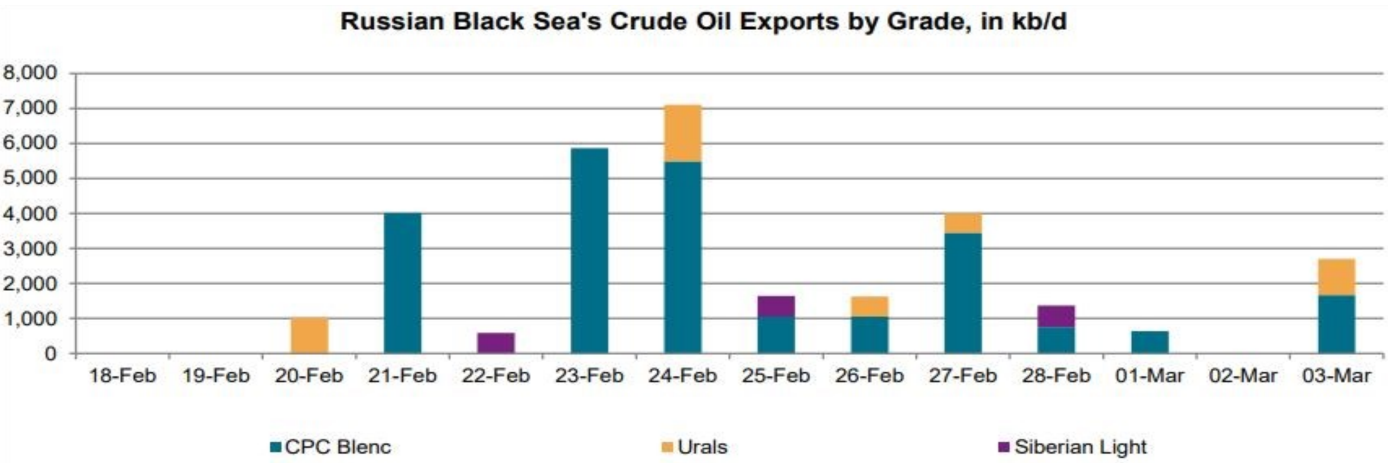
The rates of VLCCs had improved gradually, especially in the Middle East Gulf, despite little fresh demand negotiated last week, according to IHS Markit Commodities at Sea Service.

However, VLCC shipowners still incurred some losses with rates of -$700 per day on TCE, while there was little demand for the large vessels in the Atlantic basin.

Smaller vessels like the Suezmax continued to thrive, as European countries tried to divert their supplies from Russia or diversify their energy dependence.

Meanwhile, shipowners refused to take their vessels to the Black Sea for fear of being attacked, though the passage at the Turkish straits remained open for all ships, including vessels carrying the Russian flag.

So far, tanker rates may benefit from the resultant affects of the conflict in short term, but in the long term, escalating fighting might lead to global oil flow disruption and shipping operations, as Russian and Ukrainian seafarers accounted nearly 15% of the world shipping workforce.



Sources: IHS Commodities at Sea Service

The Russian crude exports from the Black Sea is likely to drop further as the Russia-Ukraine conflict intensifies with shipowners avoiding the regions altogether.

	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22
Italy	376	331	439	303	472
Turkey	222	254	168	239	257
Romania	97	78	170	122	200
France	58	154	155	92	216
Netherlands	169	112	114	160	152
China	167	67	100	68	148
Spain	93	67	170	83	104
Greece	186	82	112	82	86
Bulgaria		38	33	56	84
South Korea	104	69	169	135	76
Egypt					74
Croatia	33	22	42	25	63

Sources: IHS Commodities at Sea Service

Russian crude oil shipments from the Black Sea by destination (,000 bpd) is slated to fall in March, perhaps with the exception of China and some of its Asian clients.

Technical view of the Tanker Market:

TD3C:

April Futures – we noted last week that the futures had pushed higher due to the Russian invasion of the Ukraine, technically bullish, downside moves should be countertrend.

The futures have entered a corrective phase but continue to hold above the USD 9.53 support, below this level will mean the technical has a neutral bias.

Upside moves above USD 10.4770 will target the USD 10.7745 and USD 11.2435 resistance levels. Corrective moves below USD 9.04 will be bearish. Technically bullish with price currently holding above the USD 9.53 level, supporting a bull argument.

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