

FIS Weekly Oil Report

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Market Review:

Crude oil market — Short-term neutral to bearish around \$110-\$115/bbl, waiting to see the impact of demand destruction in China with growing virus cases again, refinery demand in the U.S. will help support WTI.

Bunker market — Short-term neutral to bearish, Singapore VLSFO ranging from \$900-\$950/mt, as oil price falls outweigh supply tightness issues.

Prices movement	13-Jun	20-Jun	Changes %	Sentiment	
Brent Crude	122.27	111.36	-8.92%	Neutral to bearish	↘
WTI Crude	120.93	107.99	-10.68%	Neutral	-
VLSFO (Singapore)	1019.27	957.00	-6.11%	Neutral to bearish	↘

Crude Oil Market :

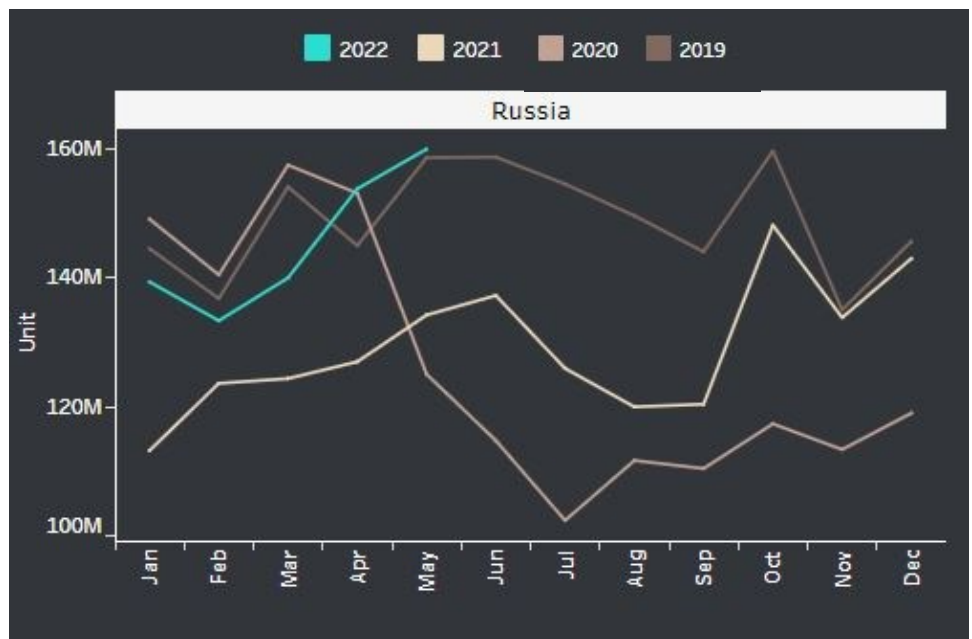
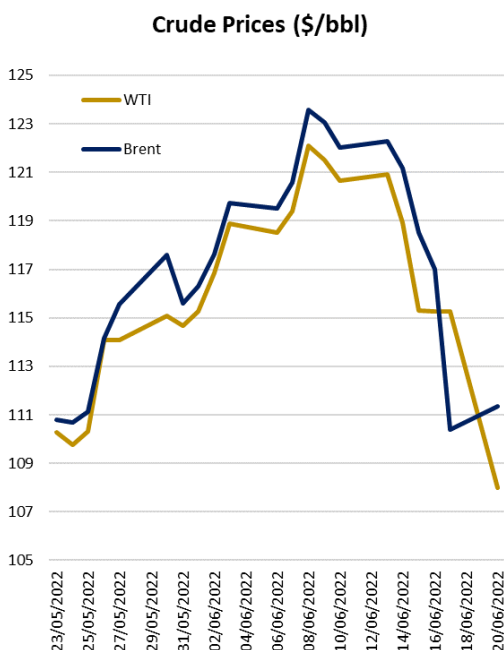
Russia becomes largest oil exporter to China

Chinese imports of Russian oil reached 8.42 million tonnes according to data from the Chinese General Administration of Customs showed. This put Russia as the top exporter into China in May, knocking Saudi Arabia from the top spot despite their own export volumes being up 9% year-on-year at 7.82 million tonnes.

There was a similar story in Chinese imports of Russian LNG, which was nearly 400,000 tonnes last month, up 56% from the same time last year.

The main loser for exports into China was the United States, whose export volumes to China were down 52% year-on-year at around 0.5 million tonnes and Brazil which was down 19% at 2.2 million.

Russian seaborne exports are at record levels in the past 4 years at nearly 160 million barrels.



Source: FIS, IHS Markit Commodities at Sea Service

Russian seaborne exports in May were above the seasonal averages of the past 3 years at 159.9 million barrels in May 2022 compared to 134.1 last year, or 124.9 in 2020.

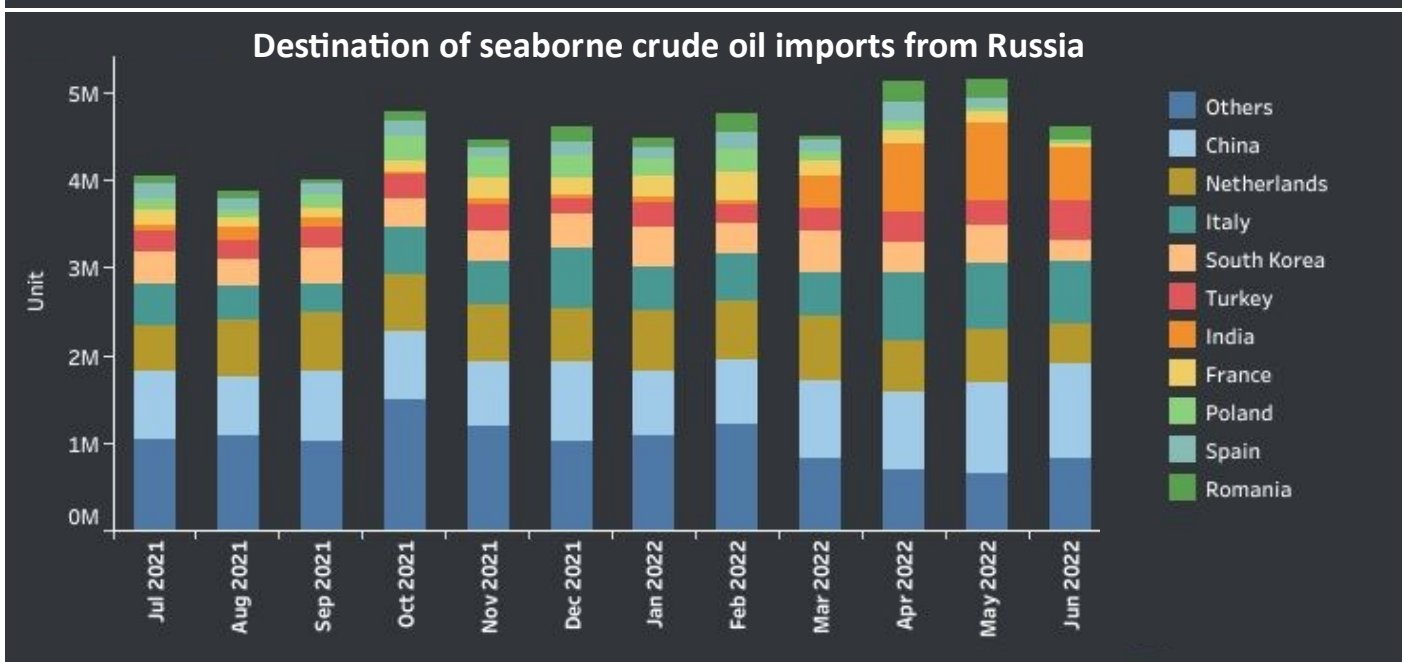
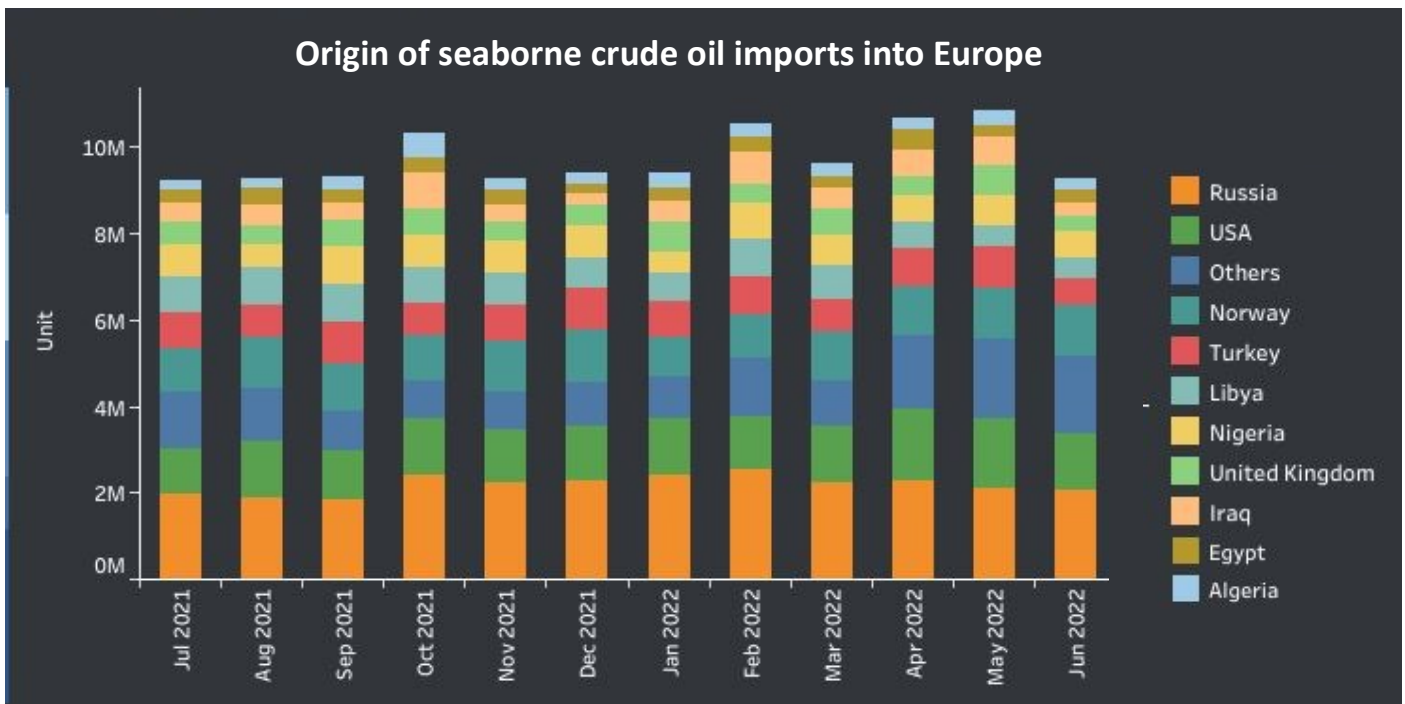
Crude Oil Market (cont)

OPEC oil production figures for May showed a drop in month-on-month production of 176,000 barrels per day (bpd). OPEC's total production last month was an average of 28.508 million bpd with lower production in Equatorial Guinea, Venezuela, Iran, Iraq, Gabon, Nigeria, and most significantly in Libya which was down -86,000 bpd. Although Saudi Arabia did increase production, this was not enough to offset losses by other members of the oil group.

The increasing concern about high oil prices in Europe is forcing them to look further afield for their oil supplies. The first European imports in 2 years from US-sanctioned Venezuela are resuming.

Despite fears of a shutdown of Libyan ports and oil-producing areas from protests, the country is currently maintaining oil output at about 700,000 barrels a day, according to western diplomats and analysts. The United States has renewed efforts to bring the different sides of the Libyan civil war to an agreement to increase the country's oil output which has been disrupted by civil strife since 2011.

The IEA predicts that world oil demand will outpace supply in 2023, with Russian oil output falling by 3 million bpd. Despite a predicted significant increase in U.S. domestic oil production, the think tank expects demand next year to grow by 2.2mn barrels a day to 101.6mn bpd, driven by developing countries, outpacing supply with a predicted 520,000 bpd drop in OPEC+ output.



Russian Crude flows: Despite the sanctions on Russia it has managed to increase seaborne exports, with the slack in exports being mainly taken up by India and China, as exports to European countries dwindle.

Source: IHS Markit Commodities at Sea Service, Financial Times, Reuters, FIS Freight Investor Services 2022.

Bunker Market :

Bunker prices fall with crude

The U.S. interest rate increase and Russian supply problems dominated the news as we saw crude oil Brent values come down. Global bunker prices fell with Brent values although persisting supply tightness and new sanctions on Iran limited the downside.

In the East of Suez market, bunker demand remained normal in Singapore throughout the week. It was reported that Singapore's total bunker sales in May had increased by 10% on the month, supported by rising bunker demand for both fuel oil and gasoil grades, including a 33% surge in LSMGO sales.

Tight VLSFO availability dragged down bunker demand in Zhoushan in the past weeks, forcing some buyers to look for bunkers in Taiwanese and South Korean ports instead, sources say. Going forward, demand is expected to improve in the Chinese hub as availability improves with the arrival of replenishment cargoes from Singapore and other places.

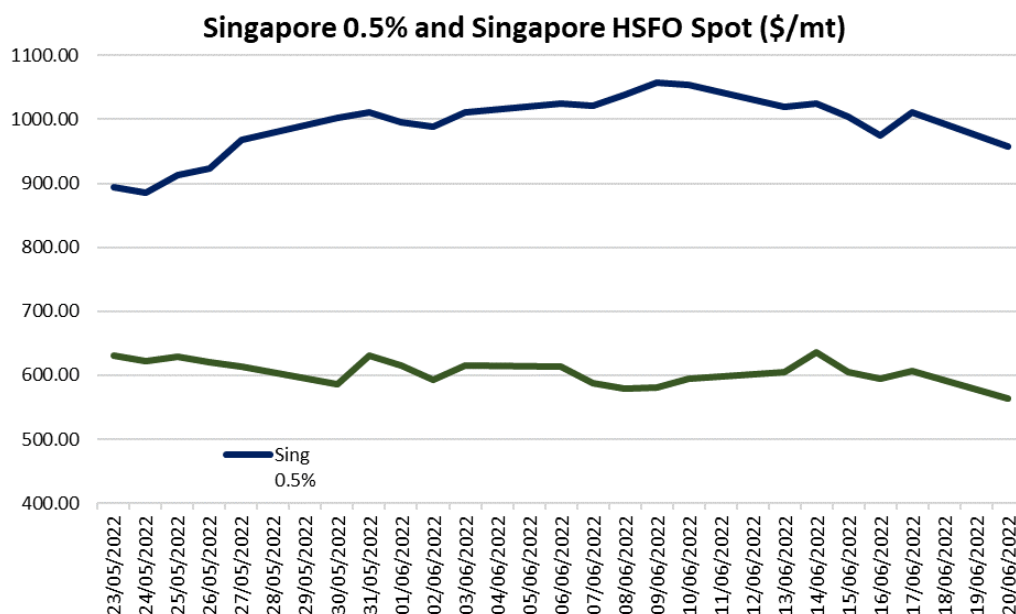
In the European market, independently held fuel oil stocks in the ARA grew by another 460,000 bbls last week with continuous inflows from Russia, and totalled 8.02 million bbls on 16 June, according to Insights Global data. The data also showed an increase of 340,000 bbl in gasoil stocks in the ARA.

Gibraltar received 17% fewer bunker calls in May than a year earlier, according to data released by the Gibraltar Port Authority. But there were still 16% more bunker calls in May than in April. South African ports continued to have a mixed week with further weather disruptions in Algoa Bay and a tight supply of VLSFO in Durban.

The Americas market started by approaching quadruple digits for Houston's VLSFO price, right before falling sharply with Brent and along with most other bunker prices in the Americas.

West Coast refiners have produced 72,000 b/d of fuel oil on average so far in June, a 7% drop from May and a 23% drop from last year's June, Energy Information Administration (EIA) figures show.

While the market has been reacting to the US interest rate change, Russia plans to increase its oil production next month as exports are being redirected to avoid sanctions, Reuters reports citing Russian energy officials. "We are close to the February levels when oil production hit 10.2 million b/d, and we plan to increase it further in July depending on companies' plans," Russia's Deputy Prime Minister Alexander Novak said. Production is being restored as oil companies redirect exports, he added. China and India are currently the main importers of Russian supply. This doesn't change the fact that the world remains short of crude supply from OPEC+ and global refining capacity.



Sources: FIS, Lloyds List, ENGINE, Reuters, IHS Markit Commodities at Sea Service

The gap in Singapore 0.5% and HSFO prices flattened, before dropping as crude lost value as concerns about the global economy and especially Chinese demand weighed on the market.

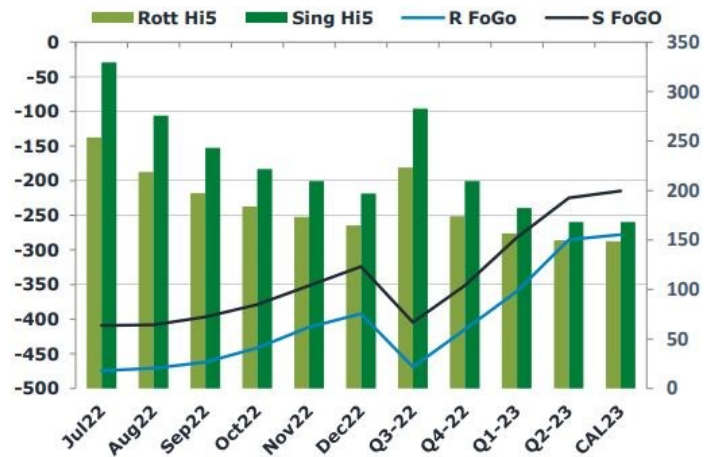
Bunker Market (cont)

Hi5 Spread

The Hi5 markets continued their strength, with the story continuing as the weak HSFO has widened the spread between that of its cleaner counterpart, with highs on the Sing based on settlements over last week at 413.52 on the Singapore Hi5 and 289.25 on the Rotterdam Hi5.

The FoGo also widened through the course of the past week with the volatility on the gasoil being the main driver of this. On to the VLSFO crack markets, we have seen some significant strength in both East and West with cutter stocks being diverted to Gasoil as refiners look to profit, with demand for the VLSFO pushing also as availability tightens. Currently marking the Euro Crack at 17.20 and Singapore at 31.05 1500BST.

Rotterdam and Singapore Hi5 and FOGO



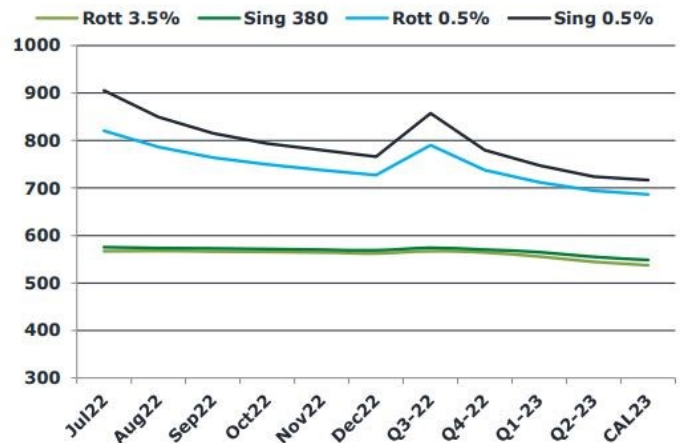
Source: FIS

Prompt Hi5 prices widened further amid supply tightness in the port of Singapore.



Source: Ship & Bunker

Rotterdam and Singapore FO Futures



Source: FIS

Bunker prices remained volatile, with a slight widening of the Hi5 spread to last week's values

Hi5 Forward Curve Values

	Rott Hi5	Sing Hi5
Jul-22	254	332
Aug-22	215	275
Sep-22	191	240
Oct-22	176	215
Nov-22	164	202
Dec-22	154	188
Q3-22	220	282
Q4-22	165	202
Q1-23	143	172
Q2-23	134	158
CAL23	133	157

Table Sources: FIS

HSFO and 0.5% East-West Spread

	EW380	EW0.5%
Jul-22	10.25	87.95
Aug-22	5.50	65.20
Sep-22	2.75	20.20
Oct-22	2.50	42.95
Nov-22	2.25	40.70
Dec-22	1.50	37.45
Q3-22	6.15	68.45
Q4-22	2.08	40.37
Q1-23	3.00	32.70
Q2-23	3.92	28.20
CAL23	8.00	29.64

EW values have significantly increased after having been pegged at 0 in last week's report.

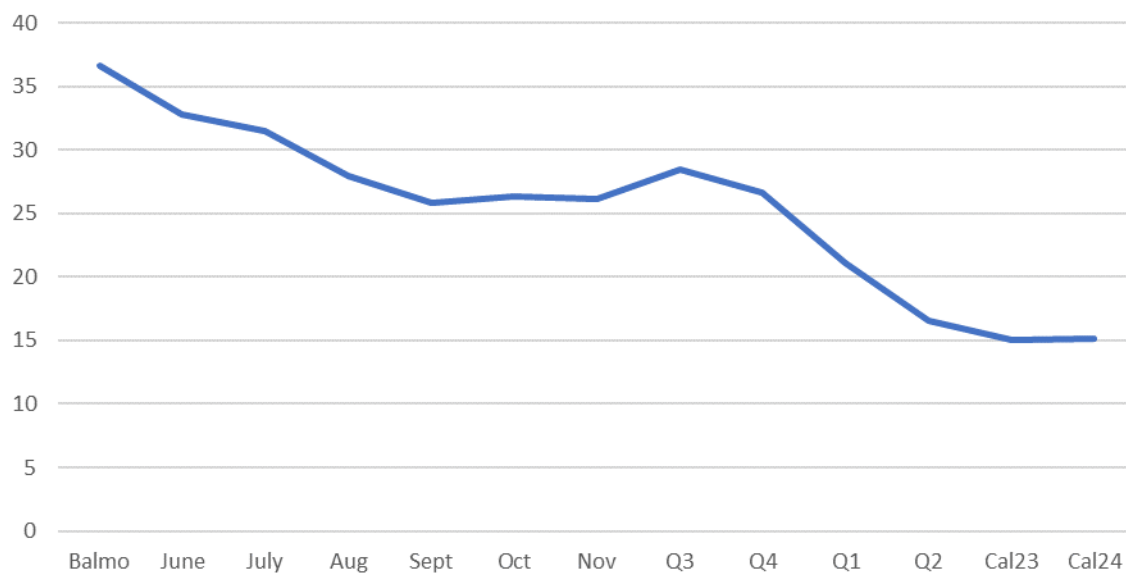
Tanker Market:

Buoyant tanker rates in Mediterranean

TC6 has had a positive couple of weeks, with the spot market breaking the ws500 mark for the first time this year. Earnings are still considerably elevated for those owners willing to venture into the Black Sea (whether that be to load in Russian or Non-Russian ports), restricting the list of available tonnage – continuing to push rates higher. As Bloomberg reports ‘Europe’s resolve to stop buying Russian crude may be starting to ebb. The continent’s refineries took 1.84 million barrels a day of oil from Russia last week’, according to tanker tracking data compiled by Bloomberg – likely only to exacerbate the increase in rates, in turn supporting earnings for owners.

It is not only TC6 seeing these inflated rates, with TC12 & TC17 spot markets both above ws400 and TC & TC5 both north of ws350 in the spot market. The volatility on these routes continues to support trading on the FFAs across the CPP Tankers. The Baltic Exchange currently evaluate MR owners TCE via the MR Atlantic basket at \$45k per day, in contrast to TD3C which remains in the doldrums with Baltic marks at -\$20,000 per day at the front.

TC6 Tanker Forward Curve (\$/mt)



Product tanker rates have enjoyed much improved returns after a long period of stagnation. The short squeeze on demand for product has shifted from Russian exports to new areas as countries diversify their supply lines.

Product Tanker Future Rates (\$/mt)

	June	July	Aug	Sept	Oct	Nov	Q3	Q4	Q1(23)	Q2(23)	Cal23	Cal24
TC6	32.832	31.464	27.941	25.855	26.3	26.111	28.420	26.656	21.15	16.55	15.05	15.15

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