FIS

Weekly Oil Report

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Market Review:

Crude oil market — Short-term **neutral bearish** with Brent ranging from $92 - $98/bbl, as COVID-19 outbreaks cases in China continued to raise fears of lower fuel demand from the world's top crude importer.

Bunker market — Short-term **neutral bearish** Singapore VLSFO ranges from $626 - $675/mt with decreasing crude levels.

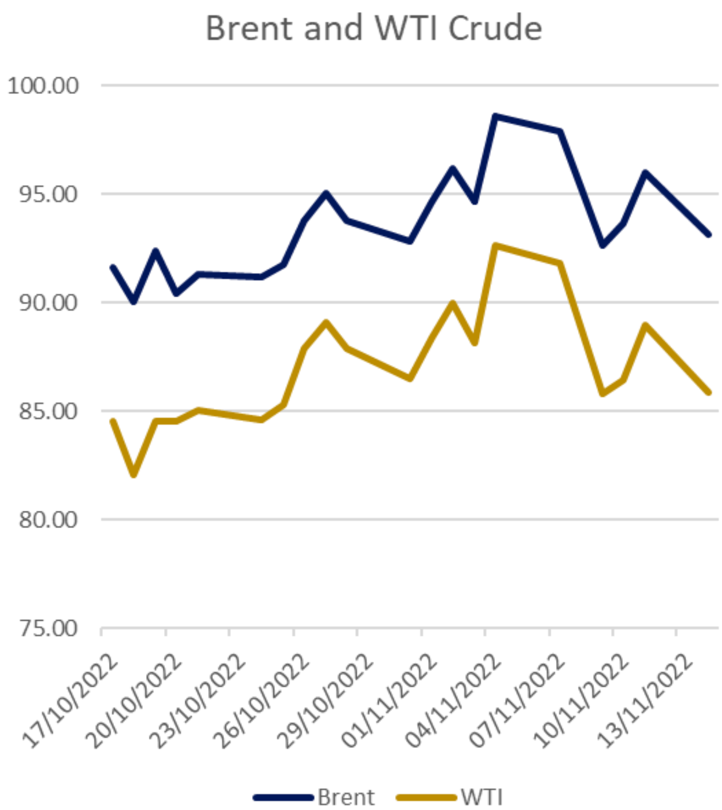
Prices movement	7-Nov	14-Nov	Changes %	Sentiment	
Brent Crude	97.92	93.14	**4.88**	**Neutral bearish**	↘
WTI Crude	91.79	85.87	**6.45**	**Neutral bearish**	↘
VLSFO (Singapore)	671.5	642.25	**4.36**	**Neutral bearish**	↘

Crude Oil Market :

Crude falls amid China COVID concerns

Brent Crude dipped by $4.78 or 4.88% to $93.14 17.00 GMT week-on-week (w-o-w) on Monday, 14th November. U.S. West Texas Intermediate crude (WTI) slumped by $5.92, or 6.45%, to $85.87, Oil Price reported. Prices have gradually decreased, providing a short-term neutral bearish sentiment in the market.

Investors expressed optimism last week after China's announcement that it could put ease to its zero-COVID policy to spur economic activity and energy demand. The market feels that the lockdowns and cases have been the main downside risk. Others think that the ease of the zero-COVID policy would only increase cases and local restrictions. Sun Sijia, an analyst with S&P Global Commodity Insights, said, "China's oil demand is more likely to weaken further as the relaxation would cause the number of COVID cases to surge in winter, a peak season for COVID-19 to spread, leading to more scattered lockdowns or movement controls within the zero-COVID policy." The people of China seem to be showing fatigue towards the zero-COVID policy as crowds of people in the southern Chinese city of Guangzhou crashed through the COVID barriers and marched down streets in chaotic scenes on Monday night. Videos were posted online, including on Twitter. However, Twitter in China has been blocked along with several hashtags related to "riots". Neither the Guangzhou city government nor the Guangdong provincial police has responded to requests for comment.



Source: FIS, ENGINE Online, OilPrice.com, Reuters, Oil Price, S&P Global

Crude Oil Market (cont)

While the central government has urged a more flexible approach to control outbreaks, local authorities are still locking down buildings they assess as high risk. The story of China and decreased fuel demand seems to continue on the same path with a different-looking vehicle.

Due to China's zero-COVID policy, geopolitical uncertainty, and weaker global economic activity, the Organisation of the Petroleum Exporting Countries (OPEC) cut its 2022 global oil demand growth forecast for the fifth time since April. OPEC expects oil demand to rise by 2.24 million bpd, 100,000 bpd lower than previously forecasted. According to its monthly oil market report, OPEC also said that its output fell by 210,000 bpd to 29.49 million bpd. OPEC responded, "While risks are skewed to the downside, there exists some upside potential for the global economic growth forecast. This may come from a variety of sources. Predominantly, inflation could be positively impacted by any resolution of the geopolitical situation in Eastern Europe, allowing for less hawkish monetary policies."

It makes sense that OPEC is reducing its forecast as it's also been reported that Russian oil output is set to fall 1.4 million barrels per day (bpd) next year after the European Union ban on seaborne exports of Russian crude comes into effect, the International Energy Agency said on Tuesday. It is advised to look at the numbers with caution, especially when you have a G7 plan add-on to the EU embargo allowing shipping service providers to help export Russian oil at an enforced low price. Regardless the EU will need to replace at least 1 million bpd of crude and 1.1 million bpd of oil products which could fuel global inflation.

A weak Chinese economy, an energy crunch in Europe, and a strong dollar weigh-in on consumption, International Energy Agency (IEA) summarised.

Technical view of the Crude Oil Market:

January 23 Futures - Technically bullish on the last report, the downside move below USD 94.53 meant the technical had a neutral bias, resulting in the USD 92.33 fractal support being tested and broken. The technical is now bearish, with the futures trading to new lows on the open on the back of the weak close yesterday. Upside moves that fail at or below USD 96.89 will leave the futures vulnerable to further tests to the downside; above this level, and the technical will have a neutral bias. We are technically bearish, but flat moving averages would suggest we are not in a trending environment; the new low today has created a minor positive divergence with the RSI, not a buy signal; it will need to be monitored. Price action is weakening, but the trend is not defined at this point; downside moves below USD 88.77 or a close below USD 90.64 will warn that the USD 83.65 low is vulnerable .

FIS Senior Analyst, Edward Hutton

Source: FIS, ENGINE Online, OilPrice.com, Reuters, Oil Price, Hellenic Shipping News

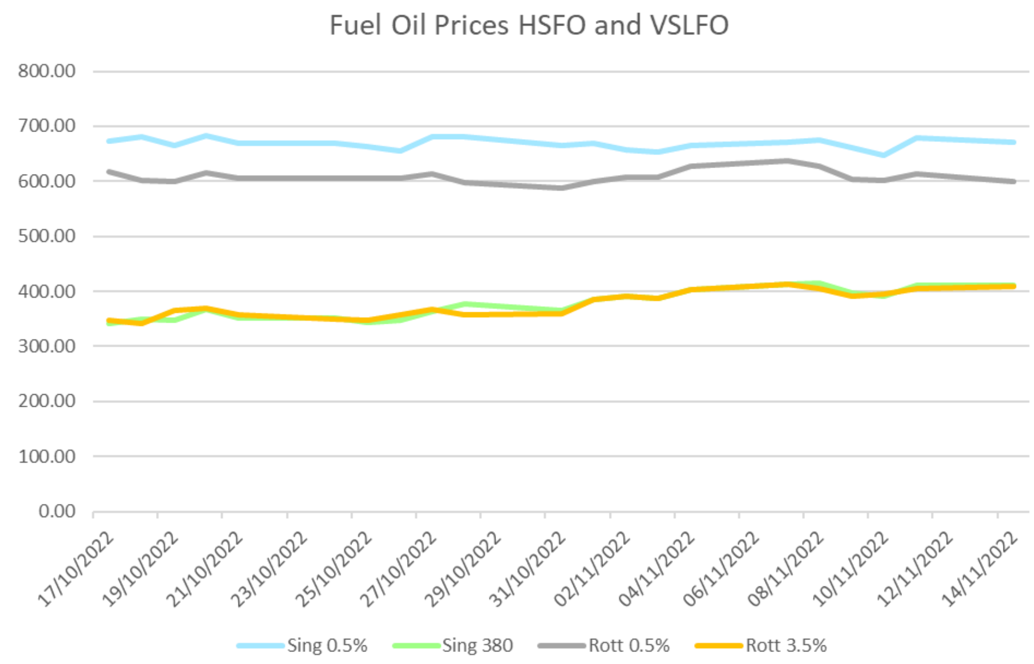
Bunker Market:

Singapore’s VLSFO front-month future dipped by $29.25 or 4.36% to $642.25/mt from Monday, 7th November, to Monday, 14th November, reported on the FIS Live app. Rotterdam’s VLSFO front-month future increased by $39.75 or 6.42% to $579/mt. The front-month futures are lower than Singapore and Rotterdam spot prices by $23- $56 in HSFO and VLSFO, a more extensive range than last week. There is a backwardation on the futures curve for VSLFO futures and a flat curve for HSFO futures. Fuel oil prices decreased with crude prices across the board, as expected. Sing HSFO slumped by $11.28 or 2.76%, and Rott HSFO by $12.50 or 3.02% w-o-w.

The world’s largest marine fuels hub Singapore experienced the highest levels of bunker demand in nearly a year last month as HSFO sales surged. Total demand reached 4.3 million mt in October, according to data from the Maritime and Port Authority. VSLFO sales are still higher despite experiencing a smaller growth of 4.6% to 2.6 million mt in October compared to 17.6% to 1.3 million mt for HSFO, Ship and Bunker reported. It is said that LNG and Biofuel sales are also growing but are not included in the official data. Despite China’s COVID cases putting concerns on demand, fuel demand has not yet been affected.

The higher demand for high-sulphur bunker fuel could have also been influenced by the inflows of cheap Russian fuel oil going to Asian markets, which accelerated in October. According to S&P Global Market Intelligence, half of fuel oil seaborne exports from Russia went to Asia last month, compared to around 14% in the first half of 2022. We could see a further increase at the start of 2023 after December’s ban takes effect.

Text pricing data: *FIS and ENGINE Online,* ***Chart data:*** *FIS*



Sources: *FIS, ENGINE Online, S&P Global Commodity Insights / IHS Markit Commodities at Sea Service, Ship & Bunker*

Bunker Market (cont)

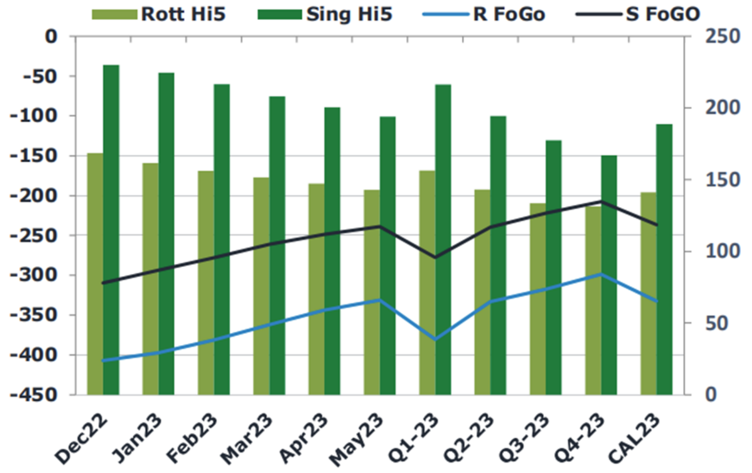
Hi5 and EW Spreads

Brent crude futures have slipped to the lowest levels the market has seen in three weeks after a weak global demand outlook has taken the spotlight in the oil markets. Jan23 Brent is trading around $92.27/bbl from last week's high of $98.30/bbl on Tuesday.

The Sing Hi5 for Dec22 has tightened dramatically since last week. The differential is currently valued at around $227.50/mt, having fallen from $266/mt this time last week. Such a tightening of the spread comes solely from a drop of over $30/mt in the Sing 0.5% grade as crude has come off, and regional supplies at ARA and Fujairah are high.

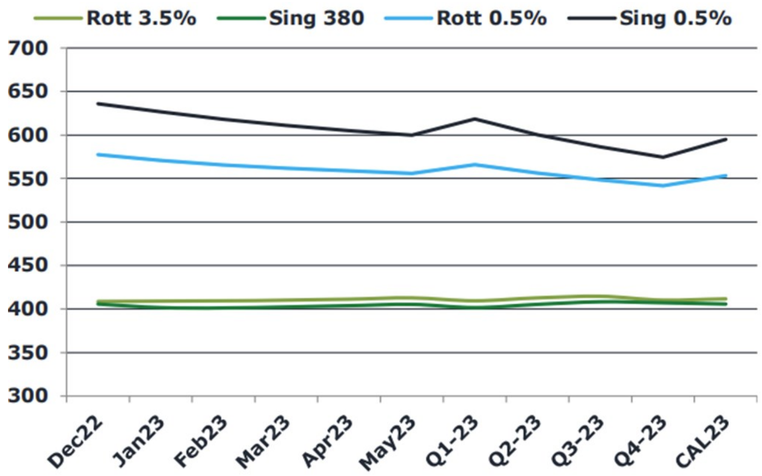
High sulphur EW has remained steady, seemingly leaving the $10 intraday swings behind in the meantime. Low sulphur EW for Dec22 progressively widened over the course of last week to $63.50/mt but has fallen this week to print $57.75/mt currently.

Rotterdam and Singapore Hi5 and FOGOs



Source: FIS

Rotterdam and Singapore FO Futures



Source: FIS

Hi5 Forward Curve Values

	Rott Hi5	Sing Hi5
Dec-22	169	230
Jan-23	162	225
Feb-23	156	217
Mar-23	152	208
Apr-23	147	201
May-23	143	194
Q1-23	156	216
Q2-23	143	194
Q3-23	134	178
Q4-23	131	167
CAL23	141	189

HSFO and 0.5% East-West Spread

	EW380	EW0.5%
Dec-22	-3.00	58.40
Jan-23	-7.50	55.40
Feb-23	-8.25	52.15
Mar-23	-7.75	48.65
Apr-23	-7.50	45.65
May-23	-7.50	43.65
Q1-23	-7.80	52.05
Q2-23	-7.42	43.73
Q3-23	-6.25	37.57
Q4-23	-3.00	32.65
CAL23	-6.00	41.50

Table Sources: FIS

Tanker Market 07/11/22 - 11/11/2022

On the UK-Continent, MR freight levels began a rush upwards from a burst of activity early in the week - only to halt just as quickly. TC2 rapidly climbed up to ws315 though recorrected down to ws309.89. This was evidenced in the paper market. BALMO traded a high of ws325 Monday before slipping, with the last done at ws300 on Thursday. Other than a noteworthy clip of Cal23 on Monday at $32/mt, the back of the curve remained relatively quiet.

Meanwhile, on the LR1s, TC5 has held in the ws212.5 - ws215 range all week, and a voyage west has been pegged at the $3,500,000 - $3,550,000 mark. In the FFA market, TC5 gained at the front of the curve with Dec trading in the ws260 - ws295 range and seeing last done at ws285. Further out, Cal23 also gained from $51.5/mt on Monday, with a print on Thursday at $53.5/mt. In the US, Gulf MRs have been inactive, and there has been plenty of available tonnages. Subsequently, TC14 lost just over 10 points to ws157.08. AG MR freight levels have also been stationary, seeing the TC17 index only losing an incremental 5.72 points to WS372.14. Cross-med TC6 spot saw a substantial climb over the week after opening at ws238.13, gaining to ws358.13, as the list of available tonnage became tighter. It was evidenced in the paper market with Dec starting the week trading at ws345 - ws350 levels but closing out the week with last done at ws390. Q1(23) also traded higher, with the last done at $23.65/mt.

Technical view of the Tanker Market:

Tankers TD3

December Futures – Technically bullish last week, with the RSI also making new highs, suggesting downside moves should be considered countertrend. The Futures have traded back above the USD 22.1510 high to USD 22.2150. However, the RSI has held resistance with price moving lower; downside moves below USD 21.6600 will indicate the futures are entering a correcting phase. Key near-term support is at USD 20.3228; corrective moves lower that hold at or above this level will support a near-term bull argument; below this level will warn we could be entering a larger corrective wave 4. If this is the case, key support will move to USD 17.7497, as this is the 66% retracement of wave 3 (USD 15.4930 – USD 22.2150). Based on Elliott wave analysis, we maintain that downside moves should still be considered a countertrend; however, with the RSI now holding resistance for the third time, it is a warning that we could soon see a technical pullback, implying near-term support levels could be vulnerable .

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Chart Source: Bloomberg