FIS

Weekly Oil Report

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

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Market Review:

Crude oil market — Short-term **bearish** with Brent ranging from $87 - $94/bbl, after mixed messages about OPEC oil production, along with growing concerns about weaker fuel demand in China outweighing Russian supply fears for next month.

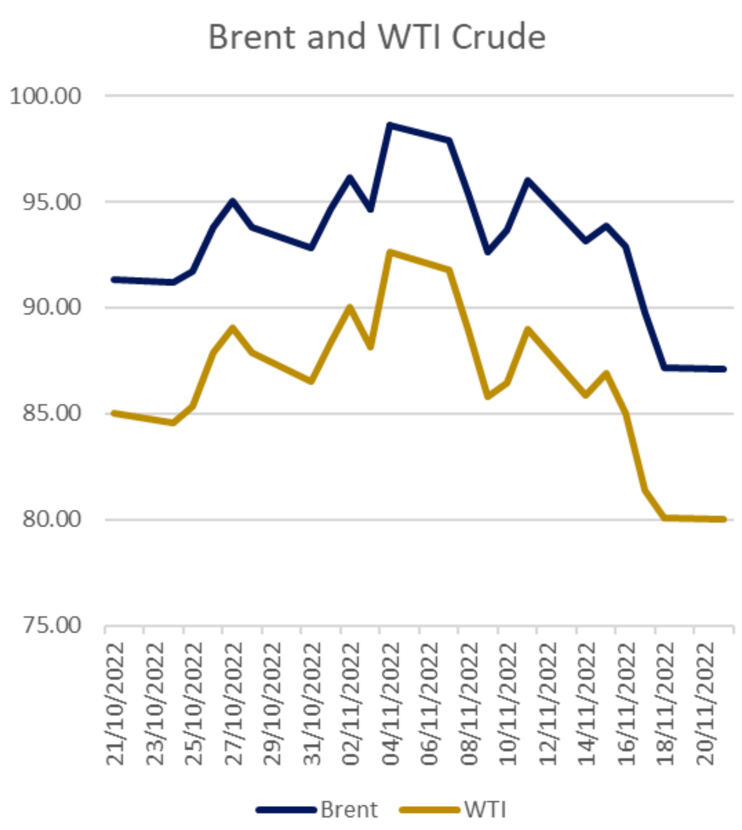
Bunker market — Short-term **bearish** Singapore VLSFO ranges from $563 - $668/mt with decreasing crude levels.

Prices movement	14-Nov	21-Nov	Changes %	Sentiment	
Brent Crude	93.14	87.09	**6.50**	**Bearish**	↓
WTI Crude	85.87	80.04	**6.79**	**Bearish**	↓
VLSFO (Singapore)	642.255	594	**7.51**	**Bearish**	↓

Crude Oil Market :

Crude plummets with mixed OPEC messages

Brent Crude fell by $6.05 or 6.50% to $87.09 17.00 GMT week-on-week (w-o-w) on Monday, 21st November. U.S. West Texas Intermediate crude (WTI) decreased by $5.83, or 6.79%, to $80.04, Oil Price reported. Prices plummeted and pulled down ranges after mixed messages regarding OPEC oil production, providing a short-term bearish sentiment in the market. Brent saw a high of $95.77 on 15th November and a low yesterday of $82.31, a $5 price crash after rumours that OPEC would increase production by 500,000 bpd. This was quite a surprise, given their preference for cutting throughout the year. Saudi Arabia, United Arab Emirates, and Kuwait denied that these conversations took place, causing a massive buy-up of around 15 million barrels of Brent crude futures in three minutes, Freight Investor Services Broker reported. Oil prices then rose back to settle at the $87 mark. These still have been the most significant weekly lows since March.



Easing the zero-COVID policy in China now seems like a dream as cases spiral towards record highs again. There are 28,000 new Covid cases, with outbreaks in Beijing and Chongqing growing, Financial Times reported. Since then, multiple bodies, such as the International Energy Agency (IEA), have reduced the fuel demand outlook. Goldman Sachs cut their oil price forecasts and claimed that the EU embargo on Russian oil next month was a contributing factor. It will be interesting to see what happens to Russian oil if Chinese demand continues to reduce. Bloomberg reported that Russia has already lost over 90% of its top European market.

Source: *FIS, ENGINE Online, OilPrice.com, Reuters, Oil Price, Financial Times, Bloomberg*

Crude Oil Market (cont)

Shipments have reduced to below 100,000 barrels per day (bpd) compared to 1.2 million bpd before the war. 75% is heading to Asia, mainly China and India. As the sanctions in December draw nearer, it has already been reported that Indian refiners are scrambling to stock up on Russian oil before December 5th. The Chinese lockdown may excite Biden's administration and European powers against Putin. However, it brings even more indirect uncertainty to crude oil, product prices, and economic impact.

Oil has long been connected to economic recessions and expansions. The price decline usually suggests investors worry about the global economy, such as a recession in 2023. One of the contributors to a price reduction is an increase in supply, such as the release of oil reserves. The U.S. has been doing this multiple times in the year to balance OPEC's tight supply and refusal to increase their production. Last week the Biden Administration asked Congress to approve a $500 million investment into four sites of America's Strategic Petroleum Reserve for "modernisation", suggesting the risk of a shortfall, Reuters reported.

There are a lot of geopolitical moments that could bring about another dramatic price change, like Monday 21st late afternoon. OPEC+ meet on December 4th, and on December 5th, the European ban on Russian crude is set to start as well as the G7 plan that will allow shipping service providers to help export Russian oil at reduced prices, according to Reuters. After yesterday's warning, this would be a crucial period to review protection against price changes.

Brent - Generic front month on a Logarithmic

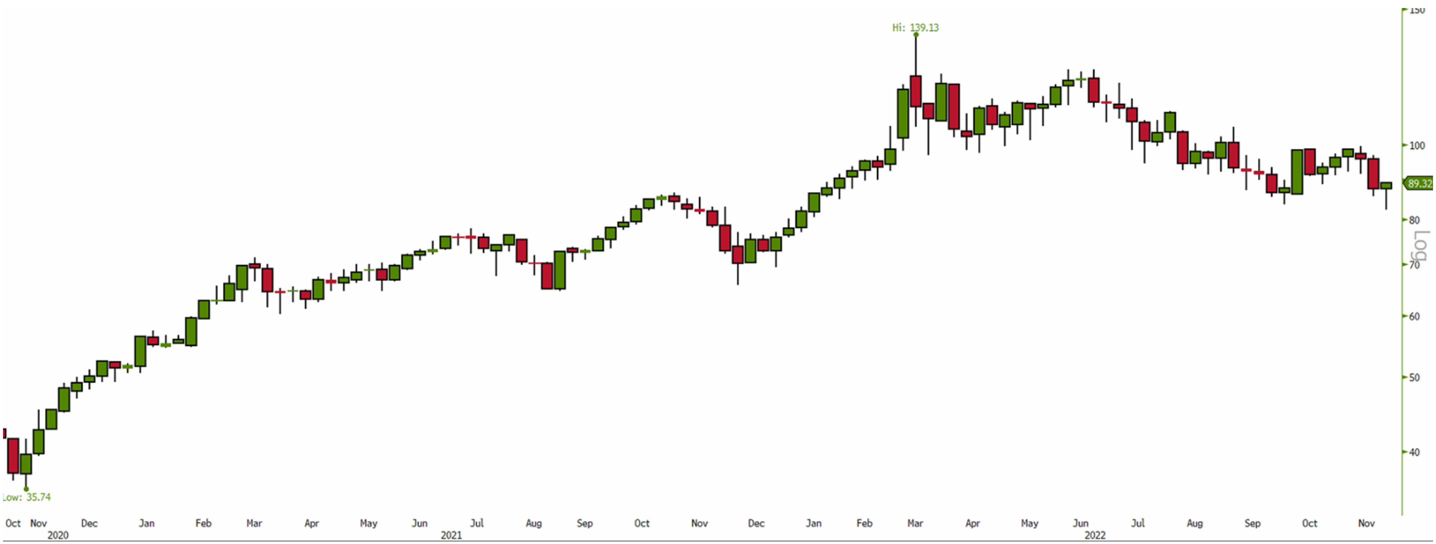


Chart data: *Bloomberg*

Source: *FIS, ENGINE Online, OilPrice.com, Reuters, Oil Price, Financial Times, Bloomberg*

Technical view of the Crude Oil Market:

January 23 futures - Technically bearish last week but in divergence with the RSI, the flat moving averages indicated a lack of trend in the market, a close below USD 90.64 would leave the USD 83.65 support vulnerable. The futures have moved lower with the divergence failing; the close below USD 90.64 has resulted in the futures trading to a low of USD 85.80. The 8-21 period EMA's are now pointing to the downside, warning we could be in the early stages of a bearish trending environment; likewise, the weekly candle closed below the previous five weekly lows, suggesting the USD 83.65 support could be tested and broken. Upside moves that fail at or below USD 94.88 will leave the futures vulnerable to further tests to the downside; above this level; the technical will have a neutral bias. Technically bearish, the weekly close would suggest further downside in this trend.

FIS Senior Analyst, Edward Hutton

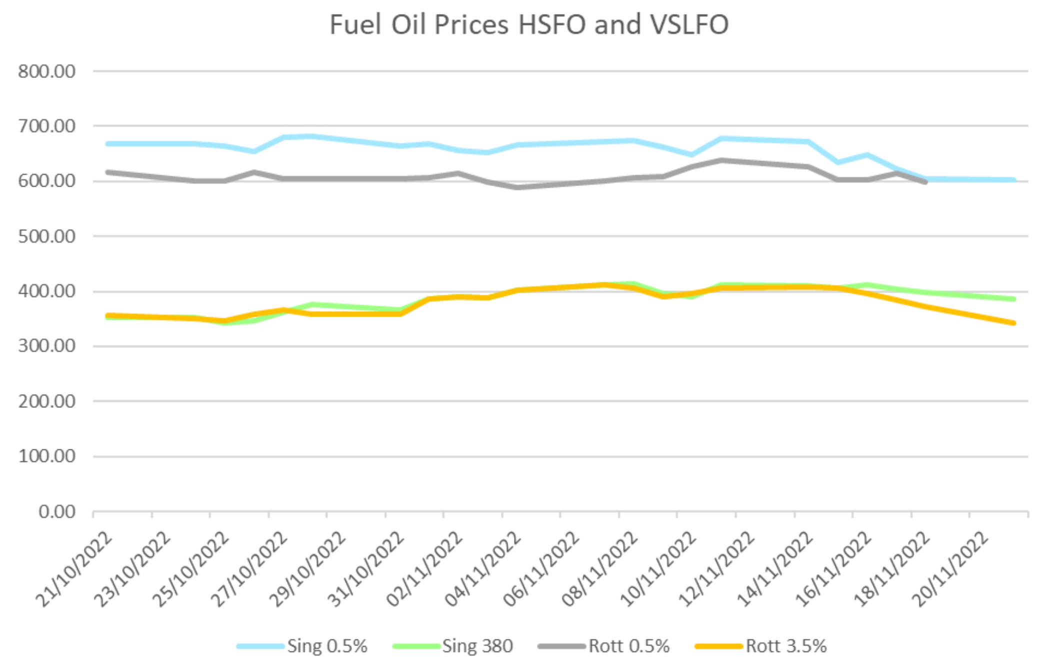
Source: *FIS, ENGINE Online, OilPrice.com, Reuters, Oil Price, Financial Times, Bloomberg*

Bunker Market:

Singapore's VLSFO front-month future plummeted by $48.25 or 7.51% to $594/mt from Monday, 14th November, to Monday, 21st November, reported on the FIS Live app. It experienced highs of $668.25 on Monday 14th, and lows of $563.5 on Monday 21st, after the rumours of OPEC considering raising the production. Rotterdam's VLSFO front-month future also fell by $48.25 or 8.33% to $530.75/mt. With highs of $604 and lows of $499.75 on the same day as Sing 0.5%. The front-month futures are lower than Singapore and Rotterdam spot prices by $18 - $34 in HSFO and VLSFO, a reduction in difference compared to 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 declined by a smaller $12.75 or 3.21%, and Rott HSFO by $24.25 or 6.04% w-o-w.

Whilst the front month premium over the spot prices, the VLSFO prices in Singapore reduced to the lowest level since early 2022, Ship and Bunker reported. The worry of a global recession has contributed to this, as well as more Russian crude and oil products arriving at the world's largest bunkering hub. Usually, this would shift ships away to other ports in the Asia-Pacific area. However, it's the same across the board. Singapore's prices are lower than Chinese and South Korean ports. Rotterdam's VSLFO has a substantial discount compared to other VLSFO ports worldwide. Depending on the percentage proportion of fuel on shipping costs, some ships could choose fuel in other regions. Overall, after geopolitical events increased bunker prices this year due to uncertainty of Russian supply, it has been forecasted that 2023 will be a gloomy year for the bunker industry.

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



Source: *FIS, ENGINE Online, OilPrice.com, Reuters, Oil Price, Financial Times, Bloomberg*

Bunker Market (cont)

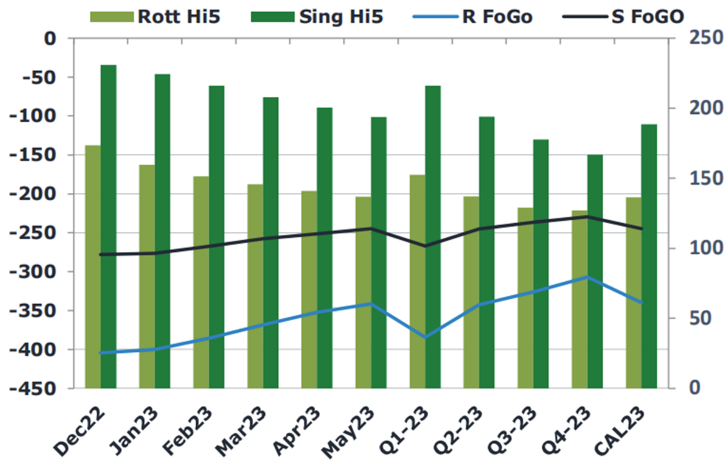
Hi5 and EW Spreads

Brent Crude futures have seen some extreme volatility over the week, with a whopping intraweek high-to-low range of over $13. The high on the week was last Tuesday at $95.77/bbl, and the low was on Monday afternoon at $82.31/bbl when news surfaced of a potential OPEC+ production increase which was swiftly denied by Saudi Arabia, causing a $5 swing that evening, itself.

High sulphur EW traded steadily from last Tuesday to Friday around the -$3/mt mark. From yesterday, the differential has spiked $11 to $8/mt, where it's currently trading. Both grades have come off with the lower crude; however, Dec 22 Sing 380cst is now trading above Rotterdam 3.5% barges as the 3.5% barges crack slipped over the past couple of trading days. Low sulphur EW for Dec 22 has progressively widened from $58.40/mt near close last Tuesday to currently print $66.35/mt.

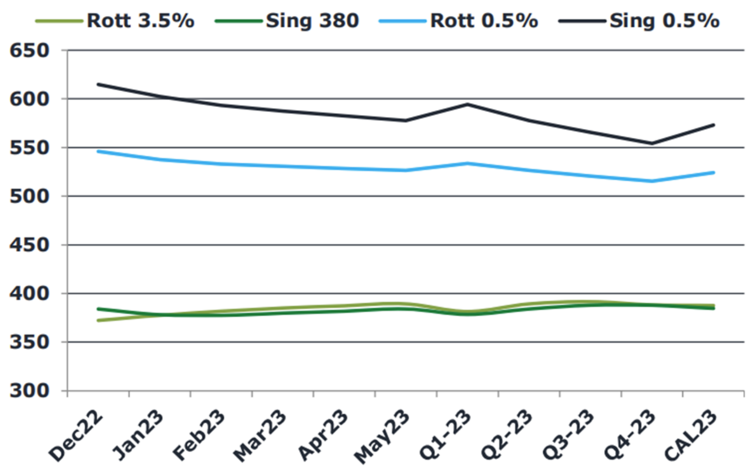
The Sing Hi5 for Dec 22 tightened dramatically by $22 from Wednesday to Thursday last week, where it kept steady around the $208 level into yesterday evening. Today, the low sulphur Sing crack has strengthened against the high sulphur Sing crack, thus widening the Sing Hi5 again to where it's currently pegged around $227/mt.

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	174	231
Jan-23	160	224
Feb-23	151	216
Mar-23	146	208
Apr-23	141	200
May-23	137	194
Q1-23	152	216
Q2-23	137	194
Q3-23	129	177
Q4-23	127	166
CAL23	136	188

Table Sources: FIS

HSFO and 0.5% East-West Spread

	EW380	EW0.5%
Dec-22	12.00	68.90
Jan-23	0.50	64.90
Feb-23	-4.00	60.40
Mar-23	-5.25	56.65
Apr-23	-5.50	53.90
May-23	-5.25	51.40
Q1-23	-2.90	60.65
Q2-23	-5.25	51.48
Q3-23	-3.58	44.90
Q4-23	-0.58	38.90
CAL23	-3.00	48.98

Tanker Market 14/11/22 - 18/11/2022

On the UK-Continent, MR freight levels saw continued momentum upward with strong demand from the UK-Continent and Baltic alike. TC2 rapidly climbed up to ws363.06, up 50 points from Monday. The TC2 paper market saw a significant move upwards, with BALMO trading at ws370 last Thursday, up from ws325 seen Tuesday. Dec FFA also finished the week much stronger at ws415, seen on Friday up 55 points from its first print on Monday. On the LR1s, TC5 has been resolute with a spot in the ws212.5 region all week. However, TC5 climbed in the short term in the paper market, with Dec going from ws282 on Tuesday to finish the week with prints at ws320 on Friday. The back of the curve also went higher, with prints on Cal23 seen at $58/mt and $58.5/mt on Friday, up from $53.5/mt on Wednesday. AG MRs have struggled with less activity this week, and freight rates have thus been chipped away. TC17 lost 25.71 points to end at ws337.86. This was evidenced in the paper market with no prints on TC17 Mon-Wed. However, it did experience some upward pressure on the front of the curve through Thursday and Friday, with Dec moving from ws440 to ws475 and Q1(23) moving from $44.5/mt up to $48.5/mt. In the US Gulf, MRs have been driven substantially higher this week; the TC14 spot jumped 124.17 points to ws324.17. This was mainly fuelled by the sentiment that there are still CPP volumes to be moved in November. TC14 Dec FFA did climb but not to the same degree as the physical market; it finished the week at ws315, up from ws290 on Monday. On the Handymax, in the Mediterranean, TC6 peaked at ws367.81 midweek and resettled down to ws360.63. Unlike the physical market, TC6 FFA held on to its midweek gains and finished the week higher across the curve; Cal23 traded at $17.5/mt last up from the $16.5/mt level seen Thursday. Dec also rounded out the week higher at ws435 last.

The VLCC market continued the firmer trend this week, with rates improving significantly. TD3C spot climbed 17.04 points (around 15%) to ws129.59. This gain was also experienced in the paper market, with Dec starting the week with prints at ws108, then seeing highs on Thursday at ws130. It retreated slightly on Friday, with the last done at ws124. Further out, the Cal23 FFA saw new highs with good volume trading at $15.25/mt on Thursday. It similarly gave up some value on Friday to finish the week at $15/mt last done. Cal24 also climbed from $13.1/mt to $13.5/mt last. TD22 US Gulf/China shot up over $1.83 million but saw little activity in the paper market. TD20 rose steadily throughout the week in a similar fashion to the prior week. This increase was demonstrated in the TD20 paper market, with Dec FFA on an upward trend throughout the week, trading initially at ws192.5 on Tuesday before finishing with a print at ws230 on Friday. Q1(23) also gained $1.95/mt to trade at $27.15/mt Thursday; it fell Friday to finish the week printing at $26/mt, however. Finally, in the Aframax market, the longer-haul 70,000mt US Gulf/Rotterdam voyage, owners were able to apply pressure, and the rate rocketed 130 points to ws430.71. The TD25 paper market saw gains, especially on the short-term, with Dec FFA rounding at the week with prints at ws350 up from ws316 seen Monday, and a high of ws360 was seen Thursday. The back end of the curve also saw prints edging higher as the week continued.

Sources: *FIS*

Technical view of the Tanker Market:

Tankers TD3

December futures – Technically bullish last week, we maintained that downside moves should be considered countertrend. However, we did note that the RSI was holding at resistance for the third time, warning that we had the potential to see a technical pullback soon. The futures moved higher (there was no pullback), with price trading above the 161.8% Fibonacci extension at USD 25.5861, meaning we remain on an extended wave 3 of this phase of the cycle. Downside moves that hold at or above USD 21.6831 will support a bull argument; the technical will have a neutral bias below this level. Technically bullish, we maintain that downside moves should be considered countertrends at this point. Upside moves above USD 26.2160 will have further resistance at USD 27.9774 and USD 29.4548.

FIS Senior Analyst, Edward Hutton

Written by **Mopani Mkandawire**, **Archie Smith**, **and Jack Shilling**

Edited by **Mopani Mkandawire FIS Content Manager**

News@freightinvestor.com, +44 207 090 1120

Chart Source: Bloomberg