FIS

Weekly Oil Report

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Market Review：

Crude oil market — Short-term **neutral** with Brent ranging from $77 - $86/bbl, as the market awaits the Federal Reserve’s plans for rate hikes.

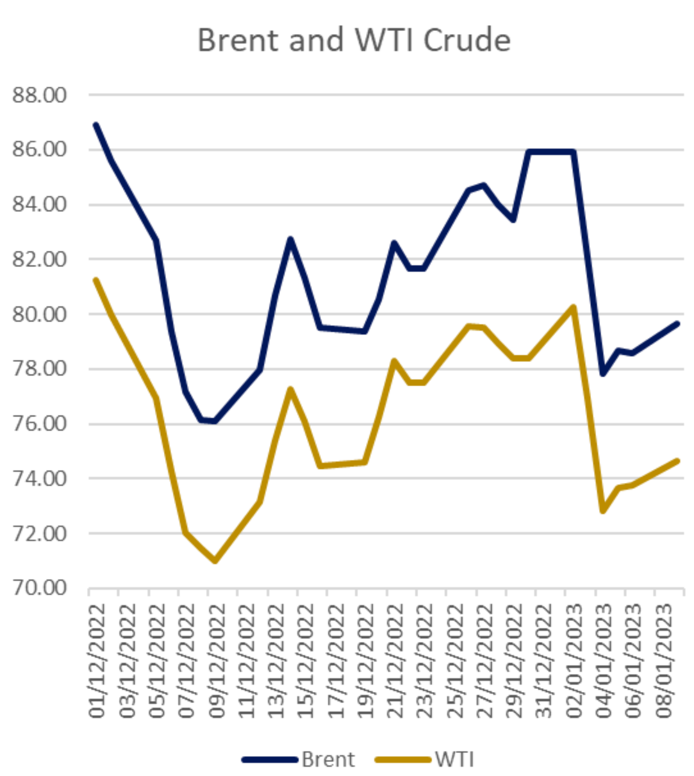
Bunker market — Short-term **neutral** Singapore VLSFO front month future ranges were $513 - $573/mt with rebound from crude.

Prices movement	2-Jan	9-Jan	Changes %	Sentiment	
Brent Crude	85.91	79.65	**7.29**	**Neutral bearish**	↘
WTI Crude	80.26	74.63	**7.01**	**Neutral bearish**	↘
VLSFO (Singapore)	546.5 (3-Jan)	535.25	**2.06**	**Neutral bearish**	↘

Crude Oil Market :

Crude falls despite Chinese Demand Outlook

Brent Crude fell by $6.26 or 7.29% to $79.65 17.00 GMT week-on-week (w-o-w) on Monday, 2nd January. U.S. West Texas Intermediate crude (WTI) decreased by $5.63, or 7.01%, to $74.63, Oil Price reported. Prices rose since the middle of December with neutral bullish sentiment before the fall starting last week, hitting similar levels to mid-December. Since the start of December, Brent has fallen by 8.32% and WTI by 8.11%. Brent saw a high of $85 - $86 at the end of 2022 and a low of $76 on the 8th and 9th of December.



Although the year started with the optimism of post-pandemic relief, the Russian invasion of Ukraine quickly shifted the tone. High inflation, a cost-of-living squeeze, and a looming recession followed. While recession, rising prices and interest rates remain key themes on their minds

Oil prices started the New Year by sliding on Tuesday from their highest levels in a month after Chinese economic data dampened market sentiment and the head of the International Monetary Fund warned of a more challenging 2023. Weaker factory data from China, the world's largest crude importer and second -largest oil consumer, weighed prices. The Caixin/ Markit manufacturing purchasing managers’ index fell to 49.0 in December from 49.4 in November. The index has stayed below the 50-point mark, separating growth from contraction for five straight months.

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

Crude Oil Market (cont)

Yet there was a return to regular activity in China on Monday, as some people in key cities braved the cold and a rise in COVID-19 infections, raising the prospect of a boost to the economy and oil demand as more were to recover from infection, Reuters reported. The Chinese government also raised export quotas for refined petroleum products in the first batch for 2023, showing an expectation of weak domestic demand.

But despite China's reopening, the energy markets and commodities complex continued to be under significant pressure. This may have been due to a stronger dollar and some saying the milder weather across the Northern Hemisphere. ICE Brent experienced its largest daily decline since September last Wednesday at 4.4%. So even though China's reopening looks like a positive sign for demand in the long term, short term, this may be affected by rising covid infections.

Meanwhile, preliminary OPEC production numbers and a Bloomberg survey estimated their output in December to average 29.14 MMbbls/d, up 150Mbbls/d MoM. It is said the increase was primarily due to a recovery in output from Nigeria, where production increased by 150Mbbls/d to 1.35 MMbbls/d ING reported. This came despite an agreement by the broader OPEC+ alliance to cut production targets to support the market.

After starting with a stronger dollar, the dollar then weakened mid-week. A weaker dollar typically boosts demand for oil because dollar-denominated commodities become cheaper for buyers holding other currencies. The market continued to fall later in the week by experiencing a 5% loss, the sharpest loss in the first two trading days of any year for over 30 years. The shutting down of a large fuel pipeline in the US supported prices from the supply side.

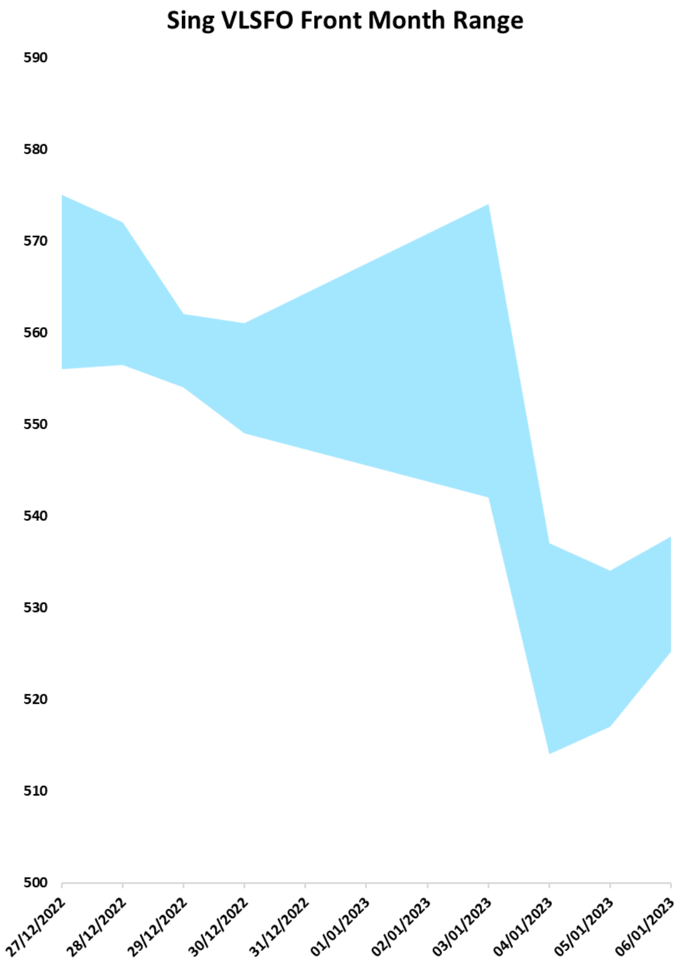
Another familiar story continued to grow from last year as Russia's Arctic crude grades sold in European markets before the EU embargo continued to be heavily bought at a discount by India and China – the two biggest buyers of Russian oil since the invasion of Ukraine. In contrast, the Taliban struck an international oil deal with China set to last 25 years and encompass the exploration of a 4500km squared area under the name of 'The Amu Darya oil project'. The deal will see hundreds of millions of dollars worth of investment from the Chinese into Afghanistan.

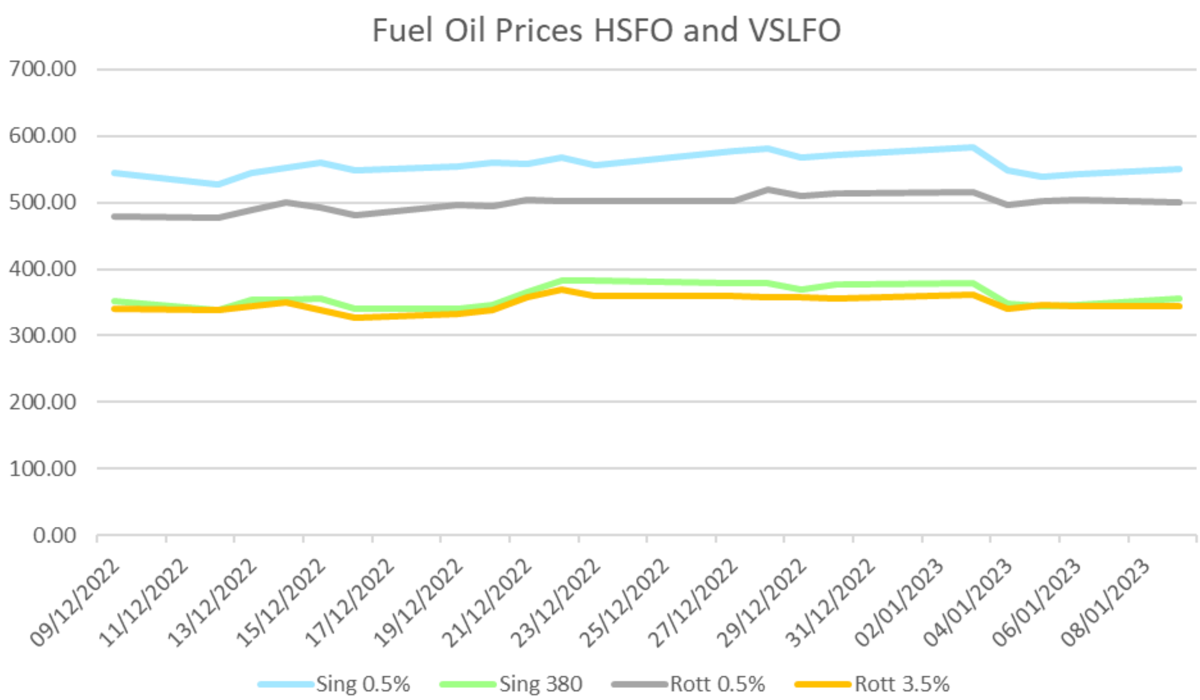
2022 was one of the most volatile years for oil since records began. Brent crude futures traded explicitly across a dramatic $64 range, hitting the year high of $139/bbl in March and the low of $75/bbl in December. Although Russia's invasion of Ukraine significantly impacted shift prices, our brokers and analysts expect this volatility to resume to some extent into 2023 as the market plays tug of war between a low demand outlook from the economic slowdown and anticipation of when China will recover from its surging COVID cases.

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

Bunker Market:

Singapore's VLSFO front-month decreased by $11.25 or 2.06% to $536.5/mt from Monday, 2nd January, to Monday, 9th January, reported on the FIS Live app. It experienced highs of $573.5 on Tuesday 3rd and lows of $513.5 on Wednesday 4th of January. Rotterdam's VLSFO front-month future fell by $10 or 1.99% to $492.5/mt. With highs of $526.5 on Tuesday, Thursday, 3rd Jan, and lows of $469.75 on Wednesday, 4th Jan. The front-month futures are lower than Singapore and Rotterdam spot prices by $21 - $61 in HSFO and VLSFO, moving the range up. VSLFO futures curves are relatively flat, with a bump pushed up on Q2-23. HSFO future curves are also relatively flat. VLSFO Fuel oil prices showed a neutral bearish sentiment with crude prices across the board.





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

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

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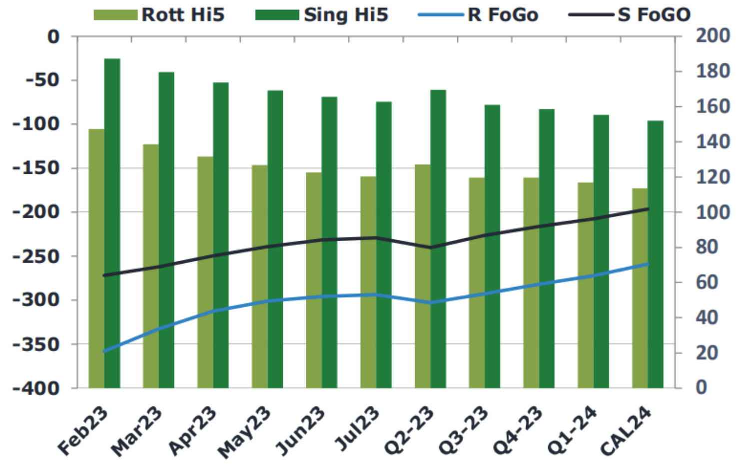
Bunker Market (cont)

Hi5 and EW Spreads

The Sing Hi5 has kept relatively consistent from the beginning of January, currently valued at around the $185/mt level, exactly where it was last Tuesday. Still, slightly lower than the final level of 2022, which was sitting around $188/mt on 29th Dec. Levels remained steady over that period due to a lack of liquidity and market activity during the Christmas season. However, liquidity in the market is high again as user-end firms begin to fill their 2023 order book.

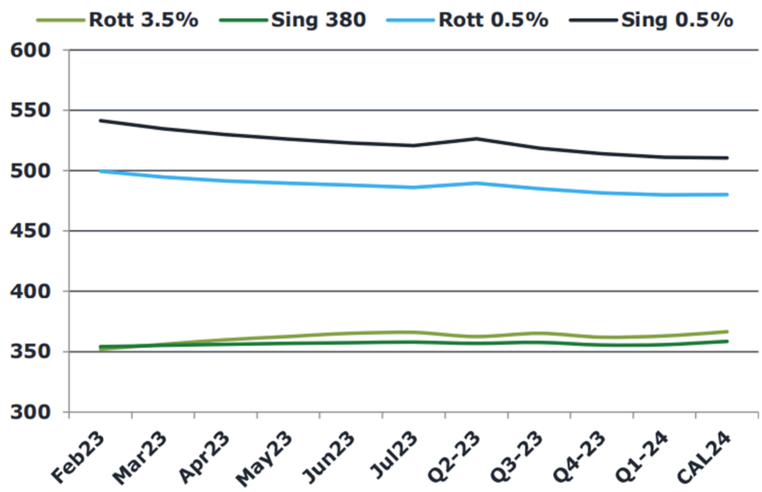
High sulphur EW has clawed back into positive territory since last week, trading last on-screen at $1.75/mt for Feb 23. At close last Tuesday, this differential was valued at -$2.00/mt. Despite the positive EW, arbitrage opportunities remain thin due to high freight rates.

Rotterdam and Singapore Hi5 and FOGOs



Source: FIS

Rotterdam and Singapore FO Futures



Source: FIS

Hi5 Forward Curve Values

	Rott Hi5	Sing Hi5
Feb-23	147	187
Mar-23	139	180
Apr-23	132	174
May-23	127	169
Jun-23	123	166
Jul-23	120	163
Q2-23	127	170
Q3-23	120	161
Q4-23	120	159
Q1-24	117	155
CAL24	114	152

HSFO and 0.5% East-West Spread

	EW380	EW0.5%
Feb-23	2.00	41.90
Mar-23	-1.00	39.90
Apr-23	-3.75	38.40
May-23	-5.75	36.65
Jun-23	-7.75	35.15
Jul-23	-8.00	34.40
Q2-23	-5.70	36.70
Q3-23	-7.50	33.75
Q4-23	-6.50	32.25
Q1-24	-7.25	31.00
CAL24	-7.00	30.25

Table Sources: FIS

Tanker Market 3/1/23 - 6/1/2023

The UK-Continent MRs have had just enough activity to keep the rates stable. TC2 held its ground just a point or two below ws200 for most of the week before slipping to ws194.44 on Friday. Short-term FFAs for Jan and Feb in the paper market moved lower across the week. Jan traded at ws195 on Thursday, down from ws218 at the start of the week, and Feb traded at ws219 on Friday, down from ws238 seen on Wednesday. The Cal23 also depreciated, moving from ws196.5 to ws190. The US Gulf MR markets suffered this week. TC14 lost 16 points to close the week at ws108.75. On the TC14 paper, the Jan FFA suffered a noticeable decline on Thursday, dropping from ws155 to ws130 in less than an hour; it recovered slightly after trading in decent volume at ws135. The Middle East Gulf has been tested hard this week, with fixing being conducted off the market and fixing levels on 2023 flat rates yet to be seen on the LRs. TC5 spot fell from ws314.64 down to ws283.71. Subsequently, TC5 Paper declined across the week, with Jan FFA trading around the ws272 level on Tuesday but finishing the week at ws247. Feb also suffered a sharp drop losing 48.5 points from Tuesday-Friday with the last done at ws202.5 in small. Q2(23) fell aggressively on Friday, trading at ws176 last, down from ws184 seen earlier that day. On the MRs, ws355 has been reported on subjects for a TC17 run at the end of the week on 2022 flat rates - converting to approximately ws275 on 2023 flats. TC17 spot closed the week out at ws250.67. The Handymax market in the Mediterranean has been in freefall this week; very little enquiry has led the TC6 index to fall by 78.13 points to ws213.75. Jan and Feb contracts moved lower in the paper market, losing approximately ws20 and ws30 points, respectively, across the week.

The VLCC market has been on a downward trend this week, and the 270,000mt Middle East Gulf to China has fallen three and a half points to ws52.91. TD3C Paper also lost value across the curve. Jan FFA lost 2.5 points to trade at ws49.5 last Wednesday, and Feb FFA lost nearly 8 points to trade at ws41.25 last Friday in small. Q2(23) also declined, moving from ws39.75 seen Thursday down to ws37.5 on Friday; it traded in good volume at ws38.5 in between. Q1(23) also saw decent volume on Thursday as it dropped trading at ws43.75, ws42 and ws41 last, trading over 100kt at each level. The Suezmax market fell in all regions this week. For the 130,000mt Nigeria/ Rotterdam voyage, rates plunged 16.75 points to ws92.05. On TD20 paper Jan FFA fell from ws102.1 at the start of the week down to ws87, seen on Friday evening. Q2(23) also moved lower, dropping nearly 4 points to trade at ws68 in good size on Thursday. For the longer-haul Aframax 70,000mt US Gulf/Rotterdam voyage, rates have fallen over 40 points this year to ws161.43. On the paper, USGC/AFRA Jan lost over 20 points to trade at ws150 last Friday in decent size. Feb FFA also traded in good volume on Friday at ws150; this was also over 20 points lower than the levels seen earlier in the week. Further out, Q2(23) similarly lost over 20 points going from ws151 down to ws130 on Friday.

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Chart Source: Bloomberg