FIS Weekly Oil Report

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Market Review:

Crude oil market — Short-term **neutral bullish** with Brent ranging from $79 - $85/bbl, as China's economy grows to its slowest rates in decades.

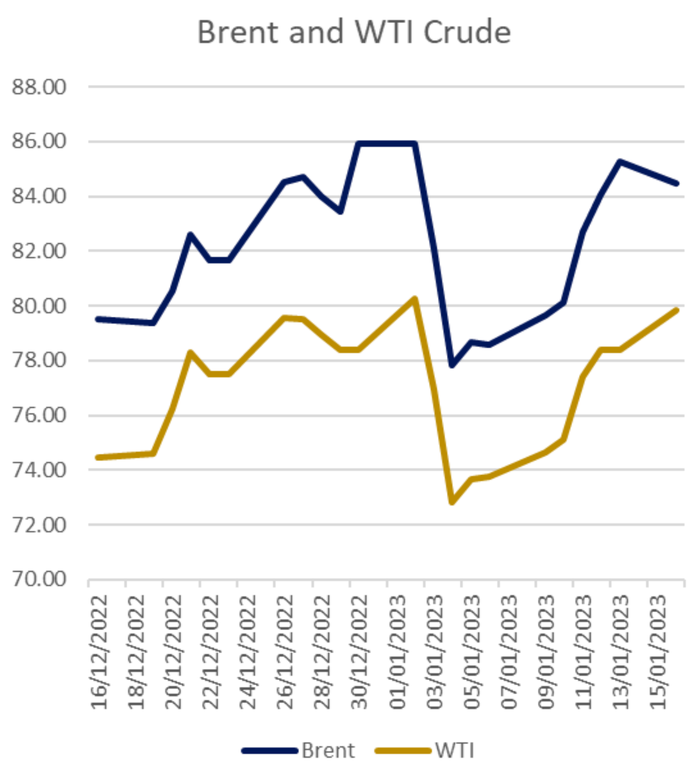
Bunker market — Short-term **neutral bullish** Singapore VLSFO front month future ranges were $529 - $597/mt, as bunker sales in Singapore fall.

Prices movement	9-Jan	16-Jan	Changes %	Sentiment	
Brent Crude	79.65	84.46	**6.04**	**Neutral bullish**	↗
WTI Crude	74.63	79.86	**7.01**	**Neutral bullish**	↗
VLSFO (Singapore)	535.25	593.5	**10.88**	**Neutral bullish**	↗

Crude Oil Market :

Crude rises against Chinese economic growth

Brent Crude advanced by $4.81 or 6.04% to $84.46 17.00 GMT week-on-week (w-o-w) on Monday, 16th January. U.S. West Texas Intermediate crude (WTI) increased by $5.23, or 7.01%, to $79.86, Oil Price reported. Prices have risen by 6 - 7% with neutral bullish sentiment despite the fall at the start of January. Brent saw a weekly high of $85 - $86 Friday 13th of January, and a low of $79 - $80 on the 9th of January.



According to the National Bureau of Statistics, China's economy grew at one of its slowest rates in decades last year, expanding by just 3% in 2022. The COVID restrictions and the property market challenges caused this. It also experienced its first annual oil refinery output decline since 2001. However, the recent changes in its mindset towards restrictions give the market hope of a revival, with an anticipated demand boost when the Lunar New Year begins. Separately the bureau reported that the Chinese population shrank last year, marking the first decline since the early 1960s when the country was devasted by famine. In the long run, this can significantly impact the economy. China has been amending its one-child policy since 2016, when it allowed married couples to have a second child, and in 2021 when it allowed couples to have three children. It also includes several step changes, such as reducing childcare costs and increasing allowances for families. These step changes do not need to motivate OPEC as they believe China will rebound based on their latest forecast.

Source: *FIS, Reuters, Oil Price, Bloomberg,*

Crude Oil Market (cont)

In a monthly report, they stated that world demand in 2023 would rise by 2.22 million barrels per day (bpd), or 2.2%. Despite decisions in September to majorly cut oil output, the report also showed OPEC+ crude oil production rise.

Meanwhile, Russian crude-grade Urals has been trading at around half the international benchmark price. The low price and a limited pool of buyers will hurt the Kremlin budget, giving the West something to smile about. On Monday, 16 January, the Urals Crude oil for Feb 23 fell to $46.82. Price includes freight costs and insurance. But it doesn't stop there. The West is also discussing prices to cap the sale of Russian refined oil products such as diesel and fuel oil next month. Sanctions are expected to start on the 5th of February following the sanctions placed on Russian crude in December. It was reported that some buyers are rushing to fill European oil storage tanks with Russian diesel, with this story sounding like déjà vu from the previous situation before December. However, the EU's energy chief did say that European and G7 countries secured alternative fuel supplies to mitigate the impacts of the upcoming price cap.

Whilst last year was a rollercoaster year with significant swings in oil prices, many expect this year to be calmer. However, I doubt most believed there would be a war in Ukraine at the start of 2022. With the Ukraine war continuing to impact the world with Russian supply challenges, I am sure Chinese demand, US supply, the European energy crisis, and a recession will be amongst the most influential factors.

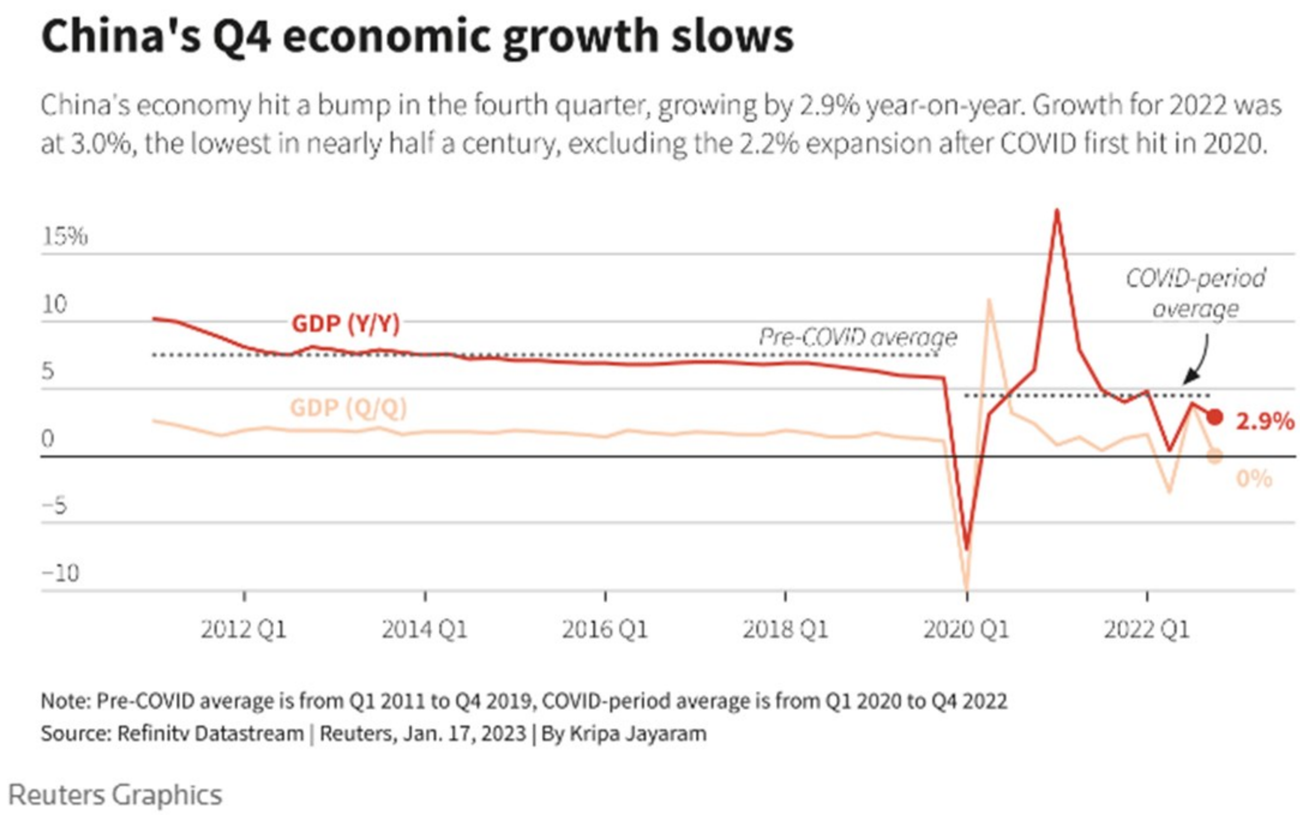


Table Sources: *Refinitiv Datastream, Reuters*

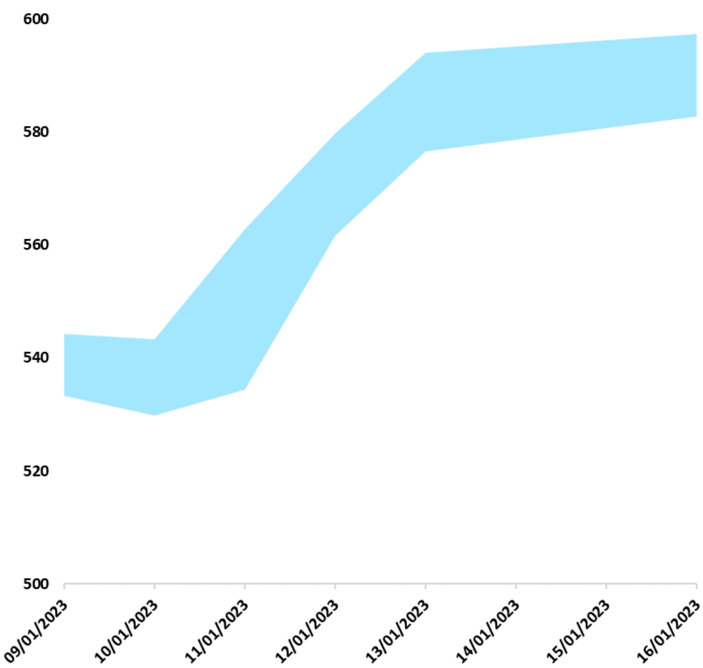
Source: *FIS, Reuters, Oil Price, Bloomberg,*

Bunker Market:

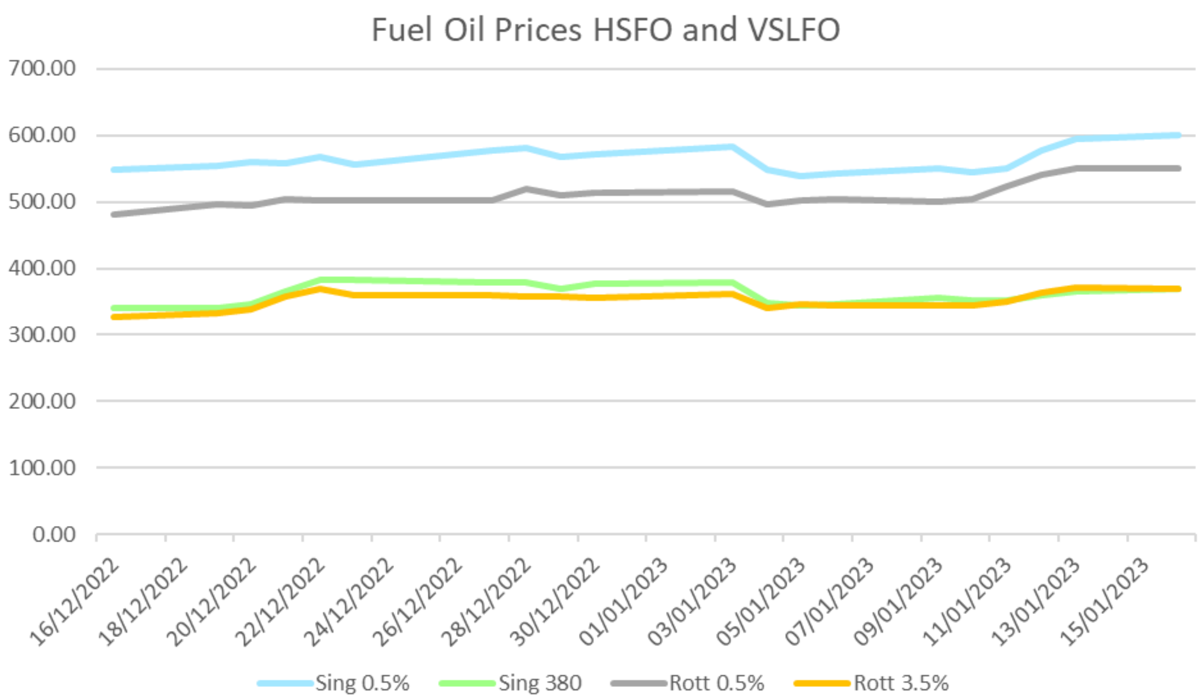
Singapore Bunker Sales Fall

Singapore's VLSFO front-month advanced by $58.25 or 10.88% to $593.5/mt from Monday, 9th January, to Monday, 17th January, reported on the FIS Live app. It experienced highs of $597.25 on Monday 16th and lows of $529.75 on Tuesday 10th of January. Rotterdam's VLSFO front-month future increased by $50 or 10.15% to $542.5/mt. With highs of $546.75 on Monday, 16th Jan, and lows of $487 on Tuesday, 10th Jan. The front-month futures are lower than Singapore and Rotterdam spot prices by $14 - $47 in HSFO and VLSFO, moving the range down. VSLFO futures curves are in backwardation with a bump pushed up on Q2-23. HSFO future curves are flat. VLSFO Fuel oil prices showed a neutral bullish sentiment with crude prices across the board.

Sing VLSFO Front Month Range



Reuters reported that bunker fuel sales in Singapore fell 4.3% year on year to 47.9 million tonnes in 2022. This doesn't come as a surprise, with demand from China limited due to covid restrictions, most likely one of many macroeconomic factors. It is also worth noting that the market share for LSFO reduced while HSFO increased. This is likely due to the difference in LSFO vs HSFO price rise. This would mean that running scrubber-installed vessels may have proved cheaper than getting LSFO. Many believe this trend will continue. However, this will depend on VSLFO and alternative fuel prices.



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

Source: *FIS, ENGINE Online, Reuters, Oil Price, Ship & Bunker, Bloomberg,*

Bunker Market (cont)

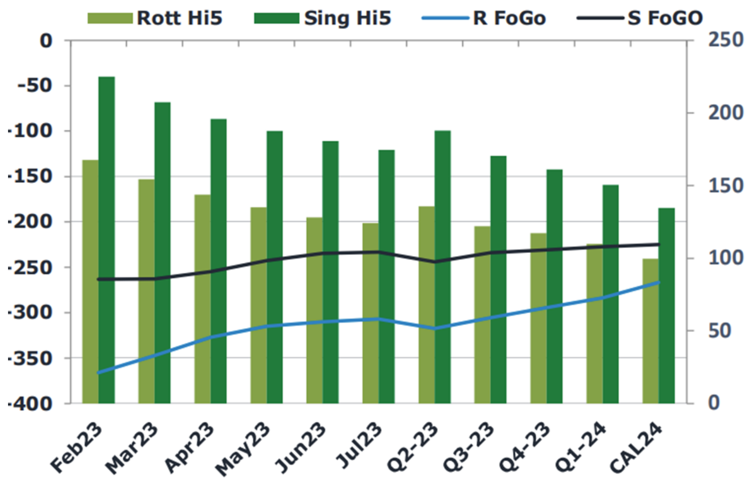
Hi5 and EW Spreads

The low sulphur EW differential has increased over $15 since last Tuesday after a large push in the Sing 0.5% crack, despite higher crude, as bunker demand returns to the region. Euro 0.5% crack also pushed to get back into positive territory last week after two months of being negative in a historic demand slump.

On another note, Sing 0.5% marine fuel spreads have widened dramatically since last week as volatility and liquidity returned to the market. The Feb23/Mar23 contract was pegged at $6.75/mt this time last week and traded last today at $17.50/mt after a strong push in the previous two trading days.

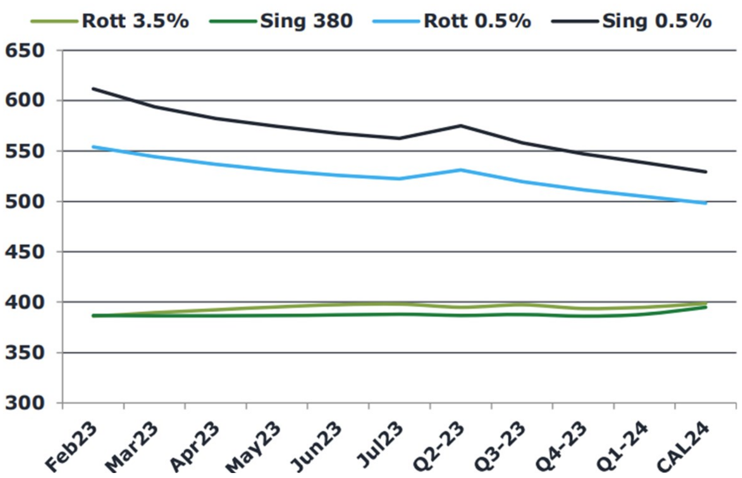
The Sing Hi5 spread has increased daily from last Tuesday at $187/mt to the current value at $228/mt from a soaring price from the low sulphur grade.

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	168	225
Mar-23	154	208
Apr-23	144	196
May-23	135	188
Jun-23	128	181
Jul-23	124	175
Q2-23	136	188
Q3-23	122	171
Q4-23	117	161
Q1-24	110	151
CAL24	100	135

Table Sources: FIS

HSFO and 0.5% East-West Spread

	EW380	EW0.5%
Feb-23	0.75	58.10
Mar-23	-3.00	50.10
Apr-23	-6.00	45.85
May-23	-8.50	44.10
Jun-23	-10.25	42.10
Jul-23	-10.00	40.35
Q2-23	-8.15	44.05
Q3-23	-9.50	39.00
Q4-23	-7.75	36.00
Q1-24	-7.00	33.75
CAL24	0.00	31.25

Tanker Market 9/1/23 - 13/1/2023

The Baltic Clean Tanker Index continued its 10-day slide, falling 13 points to 857 on Friday; routes from Europe to US East Coast and the Middle East to East Africa saw an improvement to close out the week, however. In Northwest Europe, MRs have seen decent activity. However, the excess tonnage overshadowed this. Rates have slipped again, with TC2 losing over 10 points to ws184.72; it did see a week's low at ws178.89. In the paper market, things were pretty stable in the short term; Feb FFA traded in the ws215-ws220 range all week. Q2(23) saw some more severe moves dropping from ws188 to ws184 on Monday before rebounding to trade good volume higher on Friday at ws200. Q3(23) also traded in decent size on Friday at ws160 and climbed further with a last done at ws170. Much like Europe, the US Gulf MRs have come down significantly again, with TC14 dropping below the ws100 level for the first time since February 2022; it closed the week out at ws91.04. TC14 BALMO followed suit declining from ws140 to ws130, last done with a low of the week seen at ws125.

In comparison, MRs in the Middle East Gulf looked to be improving. This came after a significant injection of enquiry, TC17 bottoming out in the mid-ws220s mid-week went back up to around the ws240 level by Friday. This move was reflected well in the paper market, with Cal23 gaining 13.5 points on Wednesday to print at ws256.5; it also traded at the same level on Friday. In the region, the LR1s have been continually marked down this week, with TC5 losing 72.28 points to ws211.43. The TC5 route for an LR1 sailing from the Middle East to Japan fell from $60,200 per day to $51,600 per day on Wednesday, according to the Baltic Exchange. Howe Robinson noted on Tuesday that minuscule cargoes were being made available for the ships. In the paper market, TC5 Feb FFA saw a decline closing out the week with the last done at ws188.5, 21.5 points lower than Tuesday's high.

Further out, Q2(23) saw gains starting the week, with prints at ws173 to trade up at ws200 last Friday. Handymax vessels have been subject to downward pressure, with TC6 forfeiting 34.37 points and a widely reported Cross Mediterranean run at ws180. It's no surprise that this is where the index currently sits. Similarly, on the paper market, TC6 Feb lost value to trade at ws225 last, down from ws240 seen on Monday.

The VLCC market continued to trend downward this week. TD3C 270,000mt Middle East Gulf to China has dropped another eight points to ws44.45. However, a floor was reached on Monday in the paper market, and much of the curve has seen gains as the week progressed. Feb FFA climbed from ws38.5 to ws50 last, with decent activity throughout the week. Good volume was seen printing on Thursday and Friday, particularly between the ws47-ws50 range. Q2(23) also traded in good size across the week, moving from ws36 up to ws45.5 on Friday with over 200kt trading on Wednesday at ws42. Cal23 and Cal24 were very active on Tuesday. Cal23 rose from ws42.5 to ws45 by the end of the day and traded over 100kt. Cal24 initially traded at $11.7/mt before trading in nearly 150kt at $12/mt in the afternoon. In the Atlantic markets, the 270,000mt US Gulf/China route fell by a modest $59,722 to around the $8.39 million mark. Friday saw a noteworthy print on the TD22 Feb contract trading at $8,500,005 in 245kt. The Suezmax market bounced back this week across all regions.

On the 130,000mt Nigeria/Rotterdam voyage, rates rose just over 40 points to ws132.5. TD20 Paper also saw significant gains. Feb FFA saw over 200kt total trade at ws105 and ws108 on Friday, up from the ws85 level seen at the start of the week. Cal23 also gained over 15 points, trading at ws89 last Wednesday, up from ws73.5 on Monday. For the longer-haul Aframax US Gulf/Rotterdam voyage, rates increased close to 10 points to about ws171. Feb FFA climbed 20 points across the week to trade at ws190 last, but further out the curve, trading activity was subdued.

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Chart Source: Bloomberg