FIS

Weekly Oil Report

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Market Review:

Crude oil market — Short-term **neutral bullish** with Brent ranging from $84 - $89/bbl, as China demand outlook offsets USA supply outlook.

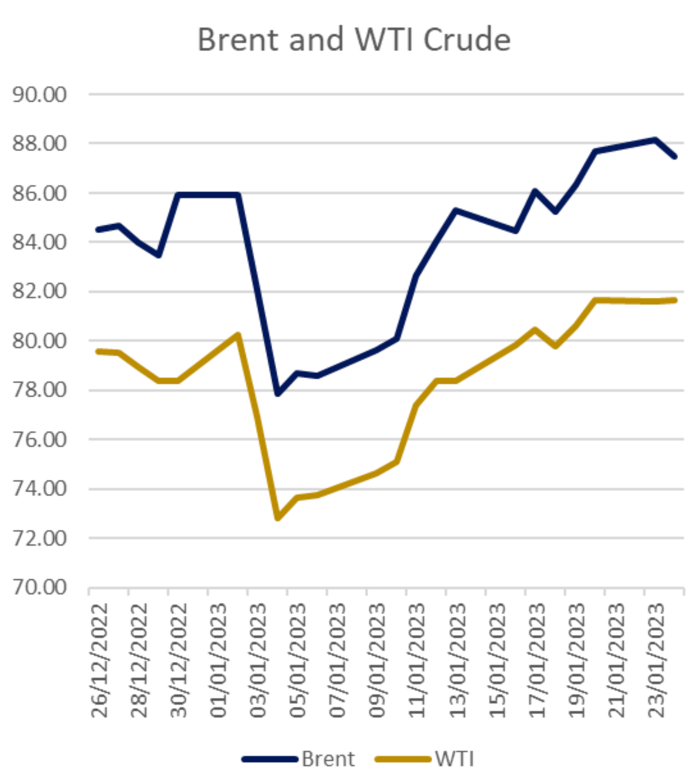
Bunker market — Short-term **neutral bullish** Singapore VLSFO front month future ranges were $585 - $637/mt, as bunker sales in Singapore fall.

Prices movement	16-Jan	24-Jan	Changes %	Sentiment	
Brent Crude	84.46	87.50	**3.60**	**Neutral bullish**	↗
WTI Crude	79.86	81.68	**2.28**	**Neutral bullish**	↗
VLSFO (Singapore)	593.5	634.75	**6.95**	**Neutral bullish**	↗

Crude Oil Market :

Steady Crude Oil Prices; China vs USA Outlook

Brent Crude increased by $3.04 or 3.60% to $87.50 17.00 GMT week-on-week (w-o-w) on Monday, 24th January. U.S. West Texas Intermediate crude (WTI) rose by $1.82, or 2.28%, to $81.68, Oil Price reported. Since the start of January, Brent has only increased by 1.85%, with mixed prices and a dip at the beginning. This is a neutral bullish sentiment on the week and month. Brent saw a weekly high of $88 - $89 Monday 23rd of January, and a low of $84 - $85 on the 16th of January.



Crude oil prices started falling in November and have tested and rebounded support and resistance levels over the last two months. Since mid-November, it has oscillated around $77 - $89. This may have been influenced by China's decision to remove restrictions. This has further increased the expectation of higher demand. However, this has also had news to offset it with US oil inventories, surprise OPEC+ oil production increases, inflation, recession, and perhaps the fear initially that the removal of restrictions wouldn't last long with cases rising. These have influenced and steadied the market.

However, a lot in the market feel demand will surge this year. According to the International Energy Agency, it will be at an all-time high in the year's second half. Saudi Aramco CEO Amin has warned of possible supply shortages. "For crude oil, we are in a situation where there is a spare capacity that is helping to mitigate interruptions," Nasser told CNBC's, Hadley Gamble.

***Source:** FIS, Reuters, Oil Price, Bloomberg, Financial Times, Energy Information Administration*

Crude Oil Market (cont)

“However, I am not so sure about the mid-to-long term because as the spare capacity erodes, we will not be having the capability to mitigate any short or long term interruptions like what happened with Russia-Ukraine crisis. In its monthly report, OPEC forecasts global oil demand to rise by 2.2mn b/d to 101.8mn b/d in 2023. Usually, one could not predict the Chinese movement, but their move to abandon its zero-Covid strategy could be the difference.

US oil inventory and production have influenced the market differently to offset the direction of prices compared to China. Supply and increase in shale growth have helped keep prices low as well as helping how voters in the US feel. JP Morgan also expects supply to be higher than demand as Reuters reported that the Bank raised its forecast for Chinese crude demand but feels that the price average will still be around $90 a barrel. Meanwhile, the dollar has also hit a nine-month low against the euro. Meaning the currency will be cheaper for buyers using other currencies. This has been seen mainly in European markets, which have increased buying power. This could be due to markets bracing for a tough February for supply. An EU embargo on Russian oil products comes into play on 5th February. The inventory of middle distillates is low in the US, as shown by EIA data, and maintenance season is approaching for refineries.

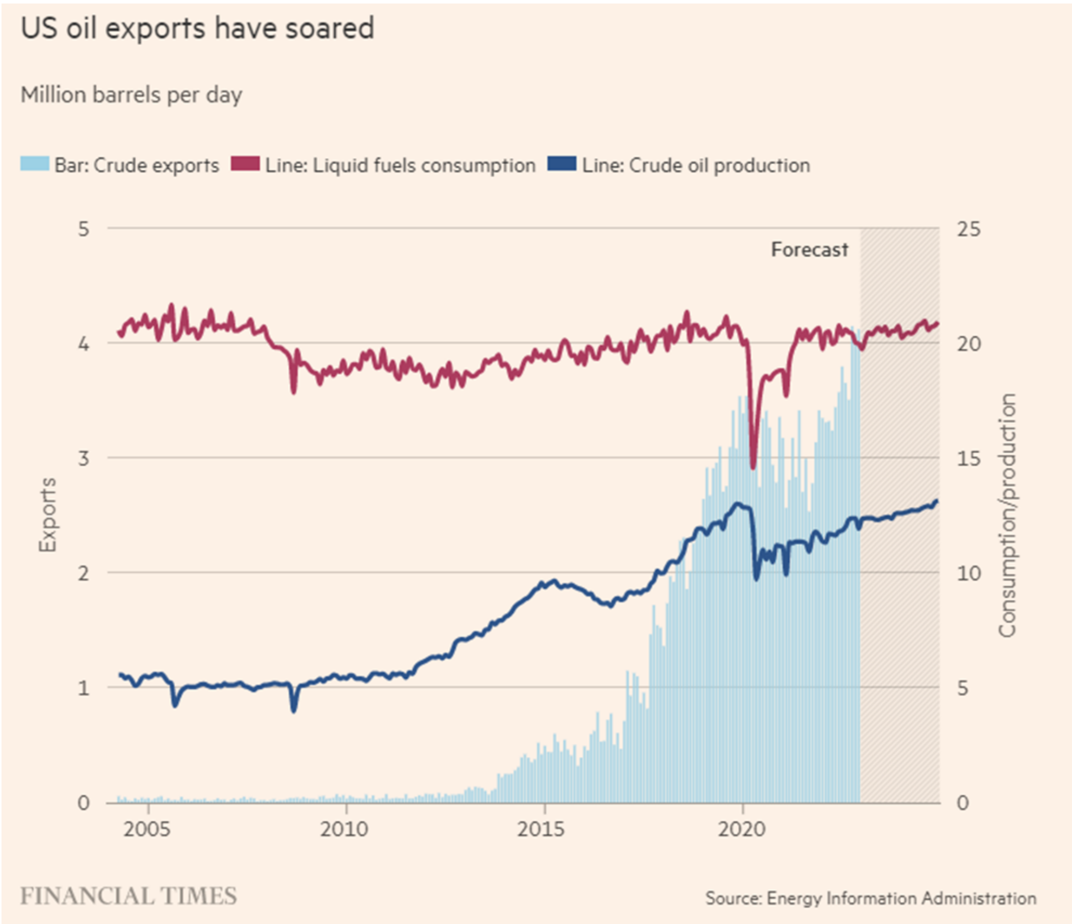


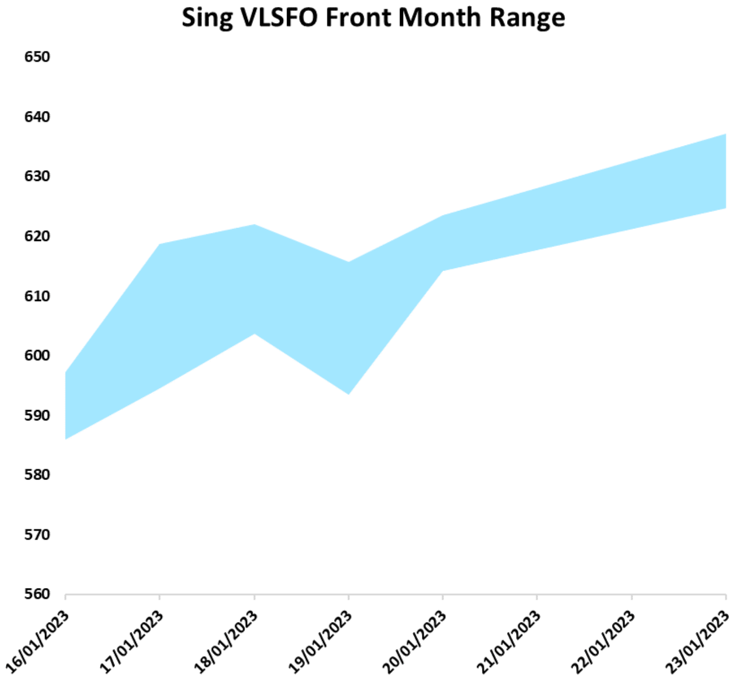
Table Sources: *Energy Information Administration, Financial Times*

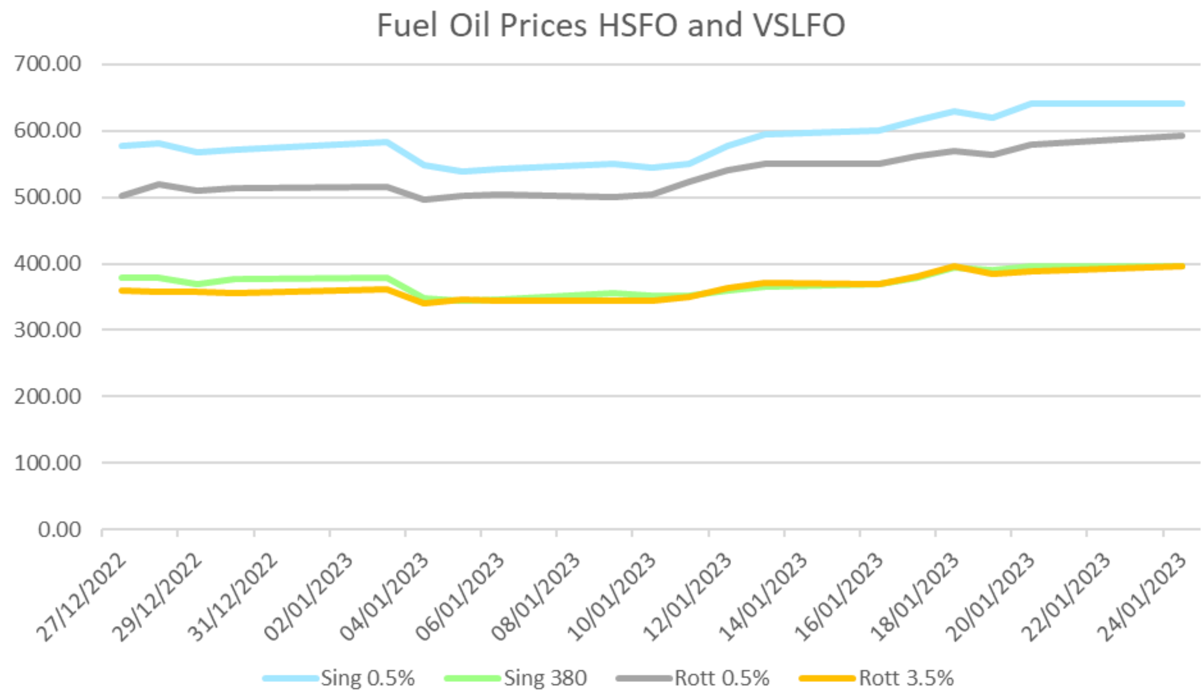
Source: *FIS, Reuters, Oil Price, Bloomberg, Financial Times, Energy Information Administration*

Bunker Market:

Bunker Prices Rise Faster than Crude

Singapore's VLSFO front-month rose by $41.25 or 6.95% to $634.75/mt from Monday, 16th January, to Monday, 24th January, reported on the FIS Live app. It experienced highs of $637.25 on Monday 23rd, and lows of $585.75 on Monday 16th of January. Rotterdam's VLSFO front-month future increased by $35.50 or 6.54% to $578/mt. With highs of $580.5 on Monday, 23rd Jan, and lows of $538.75 on Monday, 16th Jan. The front-month futures are lower than Singapore and Rotterdam spot prices by $21 - $78 in HSFO and VLSFO, moving the rangebound up. 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. First-time prices have reached these levels since November 16th but are still below pre-June for front-month contracts.





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

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

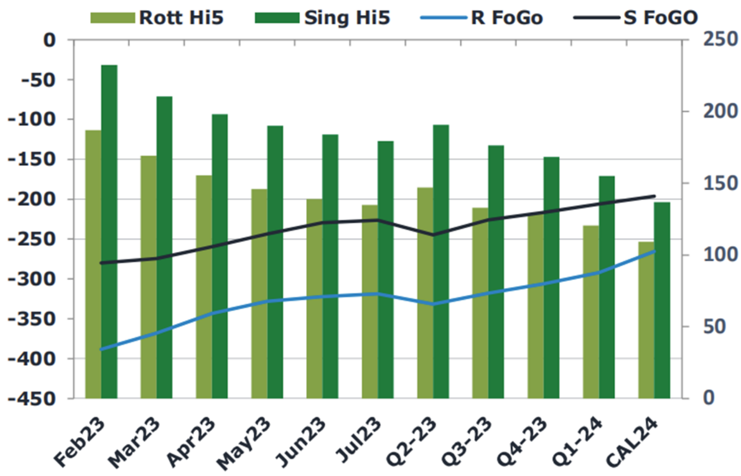
Bunker Market (cont)

Hi5 and EW Spreads

Inflows of products into China are expected to be high due to a drastic widening of the high sulphur EW spread this week. Monday saw an intraday high of $14.00/mt, compared with $0.75/mt midweek last week. The current market is 11.25/13.00.

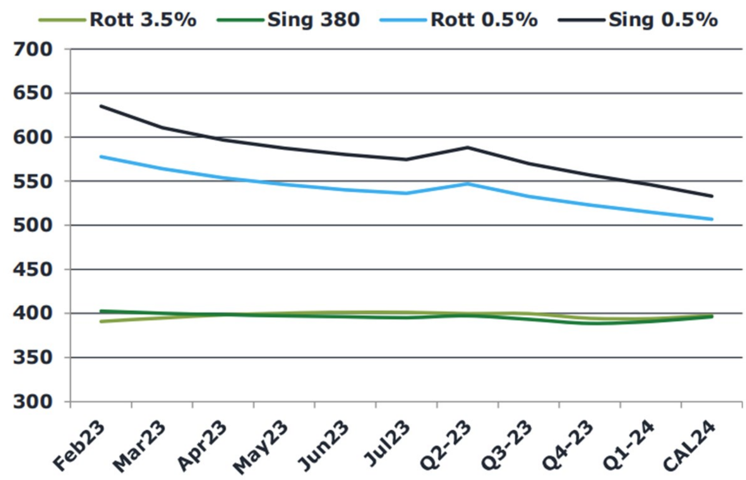
The HI5 spreads are currently trading above the 20-day moving average with the front month Feb23 Sing Hi5 around $236.00/mt value vs the moving average of $200.00/mt. This is due to the recent surge in VLSFO cracks; 10 days ago, the Singapore VLSFO crack was trading at $6.90/bbl to where it now trades at $13.40/bbl. It would seem that the recent strength in the cracks is down to supply uncertainty amid issues at Kuwait's Al-Zour refinery after it was rumoured that a jet fuel tender was cancelled.

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	187	232
Mar-23	169	210
Apr-23	156	198
May-23	146	190
Jun-23	139	184
Jul-23	135	179
Q2-23	147	191
Q3-23	133	176
Q4-23	129	168
Q1-24	121	155
CAL24	109	137

Table Sources: FIS

HSFO and 0.5% East-West Spread

	EW380	EW0.5%
Feb-23	12.00	57.45
Mar-23	5.25	46.45
Apr-23	0.25	42.70
May-23	-3.00	40.95
Jun-23	-5.00	39.95
Jul-23	-5.75	38.70
Q2-23	-2.55	41.20
Q3-23	-6.25	37.25
Q4-23	-5.75	34.00
Q1-24	-3.25	31.25
CAL24	0.00	26.00

Tanker Market 16/01/23 - 23/01/2023

The CPP tanker market has, for the most part, continued to drop this week. As with last week, there are a couple of sectors that have managed to see minor improvements. UK-Continent MRs saw a flurry of activity early in the week, and TC2 quickly climbed to peak at ws218.61 on Wednesday; it then returned to ws191.67 by yesterday, however. On paper TC2 Feb followed a similar pattern peaking at ws236 on Wednesday morning before falling sharply the same day, printing ws205 last in the afternoon. It continued to decline and closed the week out at ws198 on Friday. March FFA also saw a drop of 27 points between Wednesday and Friday, with the last done at ws208. Q2(23) also declined over the course of the week, moving from ws208 down to ws200, last seen on Friday. In the Americas, the downward pressure has continued this week, most notably on a vessel needing a dry dock reported on subjects at ws75 for a Transatlantic run. The TC14 index has come down to ws80 at the time of writing, down 10.83 points. For TC14 paper, Feb FFA saw a sharp drop between Tuesday and Thursday, losing 30 points to trade at ws124.5. It has recovered slightly since, with the last done at ws128 yesterday afternoon.

In comparison, MRs in the Middle East Gulf continued upward this week. The TC17 index rose 7.5 points from last Friday to close at ws247.14 yesterday. It did see highs of ws253.57 mid-week. On the paper market, Cal23 climbed for TC17 with a last done at ws263, up from ws258.5 seen the previous Monday. LRs in the Middle East Gulf have continued to freefall, and TC5 has dropped 77.26 points to ws134.17. On the paper market, TC5 was active in the short term, with Feb trading at multiple levels across the week on a downward trajectory. Feb FFA started the week printing at ws187 and then hit lows of ws165. March FFA held its ground, however, and climbed by the end of the week with a last done of ws200, up from ws190 last Monday. Q2(23) was also fairly stable printing in the ws197-202 range, with most volume seen at ws200. Handymax have made an improvement in the Mediterranean, and we have seen TC6 climb 16.62 points to ws196. This was largely a result of increased requirements. In the paper market, Feb FFA for the route climbed from ws232 to ws239, seen yesterday with good volume trading at ws238 on Wednesday.

The VLCC market rose marginally this week; 270,000mt Middle East Gulf to China recovered just over two points to ws46.75, which translates into a round voyage TCE of around $18,100 basis the Baltic Exchange's vessel description. In the paper market, TD3C saw some decent activity. Tuesday would be a day to highlight the large volume traded on Feb FFA with nearly 650kt printing at ws50. On the same day, Q3(23) traded at ws51 in over 250kt, and Q4(23) traded at ws59 in nearly 200kt. Lastly, the 2H(23) traded at ws55 in, just shy of 150kt. Values were fairly consistent across the week but saw an uptick yesterday, with much of the curve trading 1 or 2 points higher than the bulk of prints last week—Feb and Mar trading at ws52 and ws52.5, respectively, for example, up from ws50 and ws51.

Q2(23) also traded at ws52 yesterday, up from ws49.75, last seen on Thursday. In the Atlantic markets, the 270,000mt US Gulf/ China route fell slightly under $267,000 to just above $8.11 million. Trading of TD22 was pretty sparse except for the notable print seen yesterday, with Q3(23) trading at $7.9 million in 200kt. In West Africa, sentiment is lower due mainly to news that the first half of February is reported to have fewer chartering opportunities compared to recent weeks. For the 130,000mt Nigeria/Rotterdam voyage, rates dropped to ws128.18. This decline was reflected in the paper market, with Feb FFA moving lower. Feb has last seen printing at ws105, down from ws110 at the start of the week; it traded in good volume at ws108.5 on Wednesday on its way down. For the longer-haul Aframax US Gulf/Rotterdam voyage, rates climbed during the week and plateaued at ws177.14 before falling to ws172.86 yesterday. In the paper market, BALMO did move lower with a last done at ws180, 12.5 points lower than the start of the week. Feb FFA was more stable, trading in the ws187-ws191 range all week.

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Chart Source: Bloomberg