FIS

Weekly Oil Report

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Market Review:

Crude oil market — Short-term **neutral bearish** with Brent ranging from $84 - $89/bbl, ahead of expected interest rate hikes and further EU sanctions on Russian refined oil.

Bunker market — Short-term **neutral bearish** Singapore VLSFO front month future ranges were $585 - $637/mt.

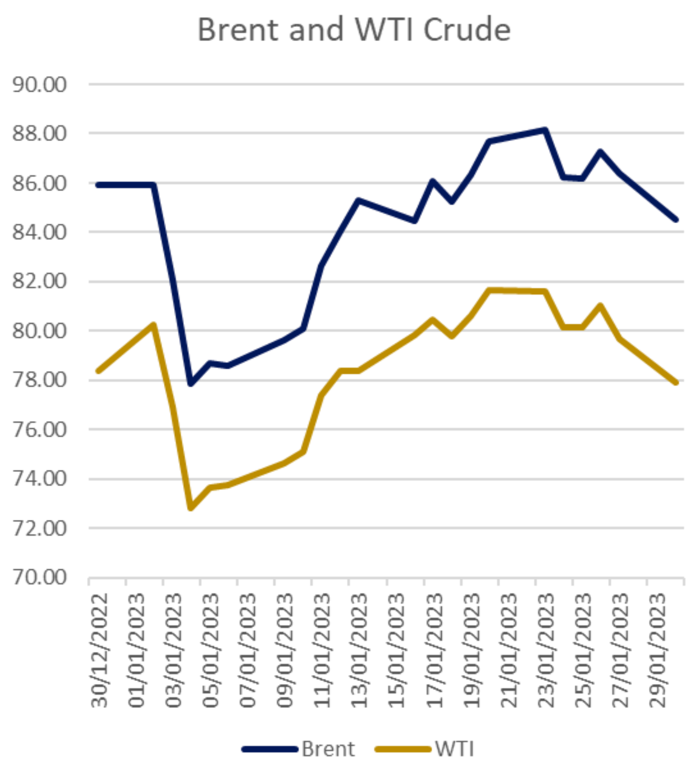
Prices movement	23-Jan	30-Jan	Changes %	Sentiment	
Brent Crude	88.16	84.50	**4.15**	**Neutral Bearish**	-
WTI Crude	81.62	77.90	**4.56**	**Neutral Bearish**	-
VLSFO (Singapore)	634.75	626.75	**1.26**	**Neutral Bearish**	-

Crude Oil Market :

Crude Falls ahead of Interest Rate Hikes

Brent Crude fell by $3.66 or 4.15% to $84.50 17.00 GMT week-on-week (w-o-w) on Monday, 31st January. U.S. West Texas Intermediate crude (WTI) decreased by $3.72, or 4.56%, to $77.90, Oil Price reported. Since the start of January, Brent has slightly increased by 1.64%. This is a neutral 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 31st of January.

The U.S. Federal Reserve is expected to increase interest rates, making that an eighth consecutive rate hike. The Bank of England is expected to do the same for the tenth time in succession. The U.S. Federal Reserve expects a hike increase of 25 basis points, and a half-point increase from the Bank of England and European Central Bank shortly after, which could influence a bearish sentiment as this could weaken the global economy and oil demand, putting pressure on prices to fall. The aim is to drive inflation out of the system.



Meanwhile, OPEC is expected to keep the output policy ahead of their meeting. Rumours are that Saudi Crown Prince Mohammed Bin Salma and Russian President Vladimir Putin had a conversation about OPEC+ cooperation with a focus on maintaining the stability of oil prices. OPEC+ have been cutting output and disagreed with President Biden on output targets. The Saudi Foreign Minister, Prince Faisal bin Farhan even went as far as saying that the current oil price stability in the market showed that the Kingdom made the right decision.

Source: *FIS, Reuters, Oil Price, Bloomberg, Financial Times, The Economist*

Crude Oil Market (cont)

However, uncertainty does remain on supply as we wait for the sanctions on Russia's oil on 5th February.

There are indications of Russian solid supply despite the upcoming EU sanctions. Oil loadings from Russia's Baltic ports are expected to increase by 50% from December as sellers meet strong demand from Asia, traders said, and Reuters calculations showed. "Russian supply to the market remains as high as at any point all year," said Florian Thaler, head of OilX, which tracks global oil movements. Any drop would only be visible later in the first quarter of 2023, he added, reported by Financial Times. Some ask whether the sanctions have done more harm than good as they haven't crippled Russia's economy or forced Putin to withdraw from the war. Instead, it has pushed up energy prices, contributed to global inflation, and give discounts to economies such as China and India, which is not in the best interest of the West's largest geopolitical and economic rival to benefit from. Others continue to argue that there need to be more sanctions on Russia. By lowering the price cap further and banning all remaining refined oil products.

On the other hand, the West's largest geopolitical and economic rival, China, has seen healthy demand cushioning the fall in prices. The stronger performance by official purchasing managers' index (PMI) data supports this. In addition, China also saw an increase in domestic trips during the holidays compared to last year.

While International Monetary Fund (IMF) raised their expectations of growth because they have seen resilient demand from the US and Europe, a reduction in energy costs, and China's economy opening, hedge funds and investors were reported to have bought 232 million barrels of petroleum futures and options in the last six weeks. This suggests that investors expect to see major supply tightness in Chinees growth. The EU sanctions and their effect on Russian supply on 5th February may be the defining factor to give us a clearer picture.

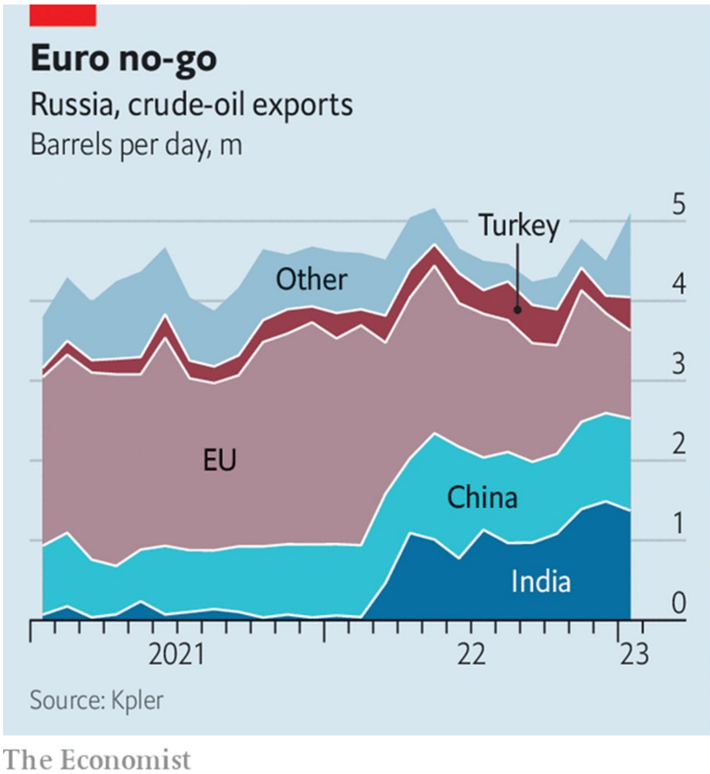


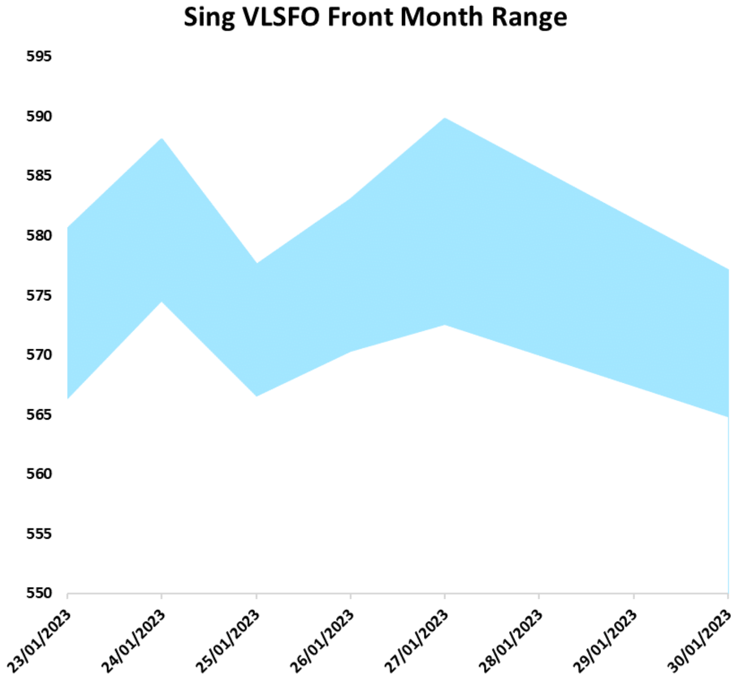
Table Sources: *Kpler, The Economist*

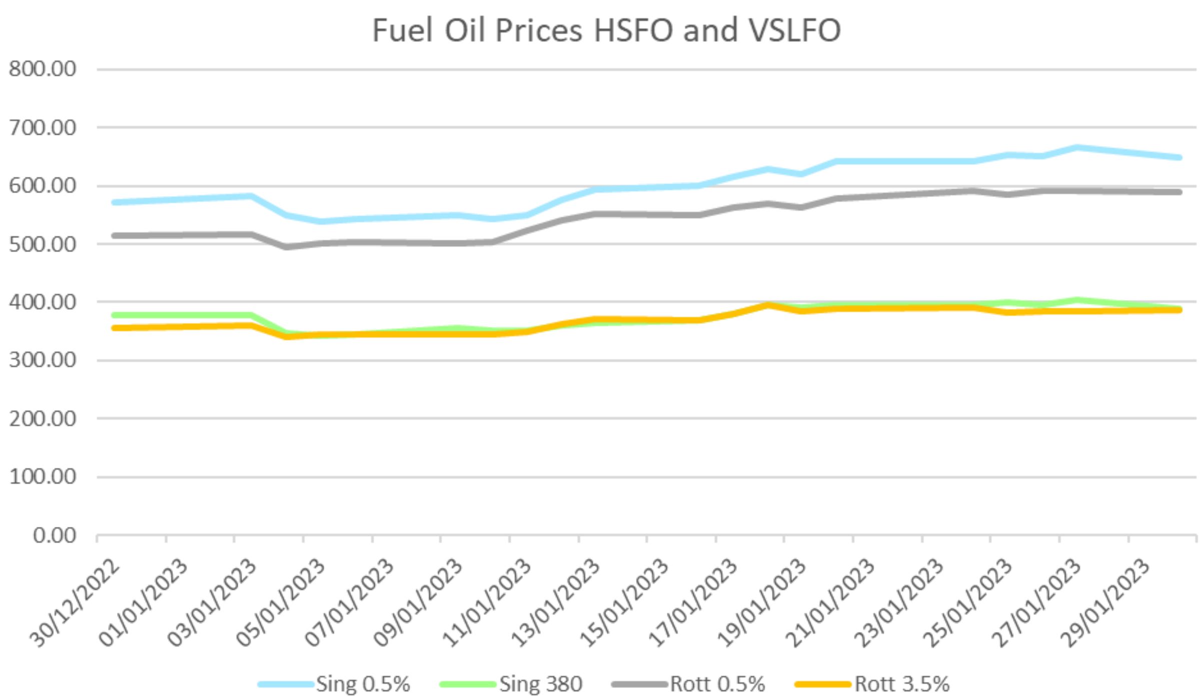
Source: *FIS, Reuters, Oil Price, Bloomberg, Financial Times, The Economist*

Bunker Market:

Bunker Prices fall with Crude

Singapore's VLSFO front-month fell by $8 or 1.26% to $626.75/mt from Monday, 23rd January, to Monday, 30th January, reported on the FIS Live app. It experienced highs of $652.5 on Friday 27th, and lows of $624.75 on Monday, the 23rd of January. Rotterdam's VLSFO front-month future decreased by $10.75 or 1.86% to $567.25/mt. With highs of $589.75 on Friday, 27th Jan, and lows of $564.75 on Monday, 30th Jan. The front-month futures are lower than Singapore and Rotterdam spot prices by $21 - $62 in HSFO and VLSFO, moving the rangebound up. Sing 0.5% front month price has the most extensive spread by around $61.49. Rott 3.5%, the lowest at $21.37 on Monday 30th. VSLFO futures curves are in backwardation with a bump pushed up on Q2-23 as some expect Russian oil to be affected by the EU sanction on 5th February. HSFO future curves are relatively flat, with a gentle bump between Q2 -23 and Q3-23. 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, Reuters, Oil Price, Ship & Bunker, Bloomberg*

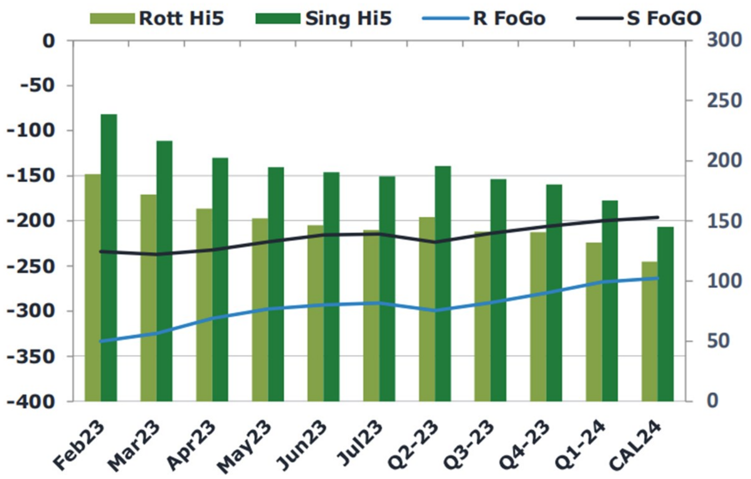
Bunker Market (cont)

Hi5 and EW Spreads

High Sulphur EW has been extremely volatile today, trading across a $7 range and gapping $3 at a time. It's currently sitting at $7.00/mt. The differential was at prevailing levels, touching $14.25/mt on Friday. However, West to East arbitrage is expected to be about 200,000-300,000mt lower in February compared with January due to high freight rates. In addition, historically low bunkering demand in the month of February will have some influence on this also.

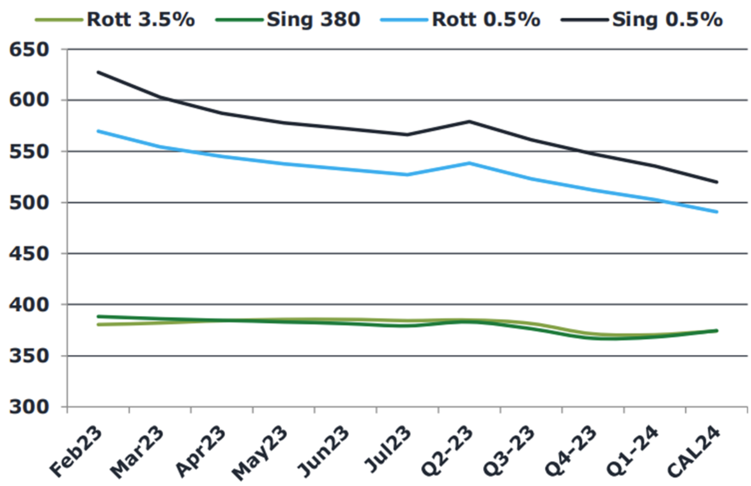
The Sing Hi5 has tightened over yesterday and today by $10, from a weakening low sulphur crack vs a strengthening high sulphur crack. However, the imminent approach of EU sanctions on Russian oil products from 5th Feb could see heaps of Russian HSFO being diverted to the East, thus keeping pressure off the high sulphur Sing crack.

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	189	239
Mar-23	172	216
Apr-23	160	202
May-23	152	195
Jun-23	146	190
Jul-23	142	187
Q2-23	153	196
Q3-23	141	185
Q4-23	141	180
Q1-24	132	167
CAL24	116	145

Table Sources: FIS

HSFO and 0.5% East-West Spread

	EW380	EW0.5%
Feb-23	8.00	57.75
Mar-23	4.00	48.50
Apr-23	0.25	42.50
May-23	-2.25	40.25
Jun-23	-4.25	39.75
Jul-23	-5.25	39.25
Q2-23	-2.00	40.85
Q3-23	-5.25	38.25
Q4-23	-4.25	35.50
Q1-24	-2.25	32.75
CAL24	-1.25	29.25

Tanker Market 23/01/23 - 30/01/2023

Product tankers continued their 2023 slide this week as tonnage lists continued to build. The Baltic Clean Tanker Index dropped 58 points, from 706 to 648, with MR assessments in both the Atlantic and Pacific declining alongside key LR routes. MRs on the UK-Continent have been continually tested down this week, and vessel supply has heavily outweighed demand - including vessels ballasting away from the USA. TC2 dropped 55 points to ws136.67 last. This decline was reflected in the paper market, with Feb FFA slipping from ws199 at the start of the week down to ws175 seen yesterday. The TC14 index has come down to ws74.58 (-5.42); unfortunately, a round-trip TCE for this run is currently in negative figures. Feb FFA has also fallen sharply for the TC14 index, trading at ws105 last, down 27 points from the start of the week. MRs in the Middle East Gulf couldn't hold on any longer and suffered a sharp decline, with the TC17 index losing 58.57 points to close at ws188.57 yesterday. Paper was quiet for the route, with just a few Feb FFA prints early in the week being of note. TC5 Index has held relatively firm this week, losing just 2.03 points; it has stayed above the ws130 mark and closed yesterday at ws132.14, holding its value even while the Lunar New Year holiday in the Far East was occurring. TC5 Feb was active and quite volatile in the paper market, trading numerous levels across the week; it saw lows of ws146 on Thursday, down from ws176 earlier in the week; it closed the week out at ws160 yesterday. Mediterranean Handymax vessels climbed throughout the week to over the ws200 mark but have since surrendered those gains closing out yesterday at ws194.69. TC6 Feb FFA has been active over the course of the week and has fallen from ws239 seen last Monday down to ws215 yesterday.

The Baltic Dirty Tanker Index dropped 109 points, from 1411 to 1302. The VLCC market remained relatively stable this week, mainly due to the Lunar New Year holiday neutralising any enquiry and fixture volume. 270,000mt Middle East Gulf to China saw a gain of about 2 points from ws46.75 to ws48.64. In the paper market, TD3C saw some decent activity despite the holiday. Feb and Mar FFA's were particularly active, with over 3000kt trading across the week on the two maturities. Both maturities were pretty stable, with Feb trading in the ws49-53 range and Mar trading in the ws51-54 range. Tuesday was also a day to highlight as we saw decent volume trading on the Q2(23) and Q3(23) trading around 150kt and 250kt, respectively. In the Atlantic markets, the 270,000mt US Gulf/ China route fell by just over $716,000 to $7.39 million. In West Africa, the sentiment was lower for the 130,000mt Nigeria/Rotterdam voyage; the TD20 index closed at ws118.41, down from ws128.18 at the same time last week. In the paper market, TD20 Feb was mixed trading in the ws105-111 range, with the last done at ws105. Q2(23) saw good volume trade on Tuesday, going through over 150kt at ws91.75. For the longer-haul Aframax, US Gulf/ Rotterdam voyage rates fell by 22.86 points to ws150, mainly due to tonnage availability building up. In the paper market, Feb FFA saw decent activity trading in over 150kt every day except Friday. It followed the spot's trajectory downwards, losing 19 points across the week with a last done seen at ws172 yesterday.

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Chart Source: Bloomberg