

FIS Weekly Oil Report

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Market Review:

Crude oil market — Short-term **neutral bullish** with Brent ranging from \$80 - \$87/bbl, as the U.S. government plan on releasing more crude from its Strategic Petroleum Reserve.

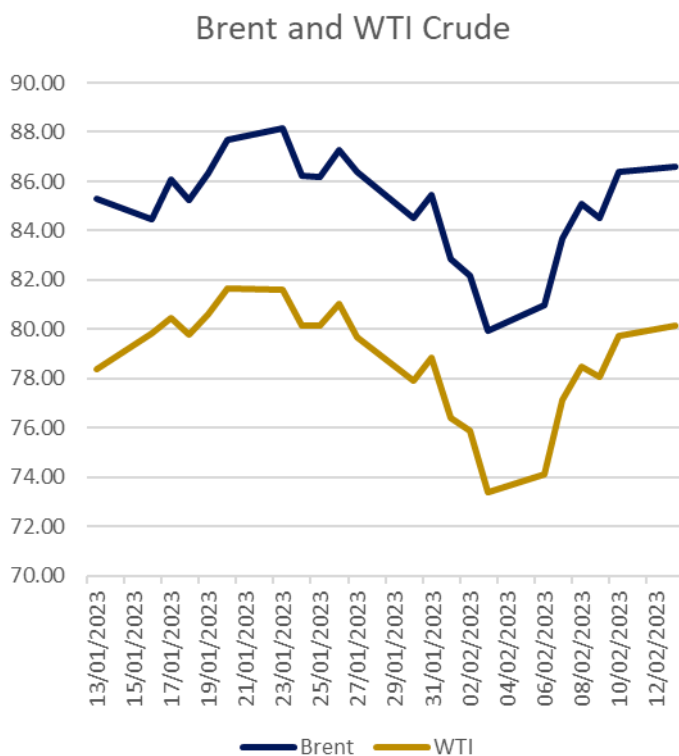
Bunker market — Short-term **neutral bullish** Singapore VLSFO front month future ranges were \$559 - \$613.75/mt.

Prices movement	6-Feb	13-Feb	Changes %	Sentiment	
Brent Crude	80.99	86.61	6.94	Neutral Bullish	↗
WTI Crude	74.11	80.14	8.14	Neutral Bullish	↗
VLSFO (Singapore)	567	611.25	7.80	Neutral Bullish	↗

Crude Oil Market :

Crude rises on the Week

Brent Crude increased by \$5.62 or 6.94% to \$86.61 17.00 GMT week-on-week (w-o-w) on Monday, 13th February. U.S. West Texas Intermediate crude (WTI) rose by \$6.03, or 8.14%, to \$80.14, Oil Price reported. In the last month, Brent has slightly increased by 1.56%. This supports a neutral sentiment on the month. Brent saw a weekly high of \$86 - \$87 Monday, 13th February, and a low of \$80 - \$81 on Monday, 13th February.



The U.S. gov't announced that it would be selling 26 million barrels of oil from its Strategic Petroleum Reserve, a release that would likely push the reserve to its lowest level since 1983. The market expected an SPR refill after the aggressive draining over 2022. In its monthly Drilling Productivity Report, EIA said that concerns about supply have also eased after the Energy Information Administration forecasted that the US refinery would remain similar to 2022 at above 90% over the next two years.

China National Petroleum Corporation (CNPC), the largest gas importer in the country, is in the late stages of finalising a huge long-term LNG import deal with Qatar.

The 615,000 barrels per day refinery in Kuwait operates only one of its three crude distillation units. However, the second one is expected to start up shortly.

Source: FIS, Reuters, Oil Price, Bloomberg, Financial Times, The Economist, BBC News, US Energy Information Administration

Crude Oil Market (cont)

Meanwhile, the refinery has started offering and selling products across the barrel, such as jet fuel, low-sulphur fuel oil and naphtha.

United States gasoline demand rose by 1.7% last week. It was also 6.7% higher than the four-week moving average – usually a sign of a recovering US economy, especially as demand seems to be on the rise while prices are on the rise, too.

Russia's first response to sanctions has announced that they will cut oil production next month by 500,000 barrels a day, 5% output. "As of today, we are fully selling the entire volume of oil produced, however, as stated earlier, we will not sell oil to those who directly or indirectly adhere to the principles of the 'price cap'," Novak said in a statement reported by Reuters.

Goldman Sachs still expects Brent crude prices to hit \$100/bbl this year. However, they have pushed back on their prediction of when this will happen from mid-2023 to December. This change in forecast came on the same note in which the bank cut its average 2023 Brent price prediction from \$98/bbl to \$92/bbl.

Last week we also saw that Kazakhstan is banning exports of fuels across all modes of transport for four months to ensure stable domestic supply. The ban commences on 18th February and will hurt European imports at a time when the EU bloc has turned to alternate suppliers of fuels after embargos on Russia.

In a sign of hope from some market participants, the responsible investment group, ShareAction, has sent letters to Credit Agricole, Barclays, BNP Paribas, Société Générale and Deutsche Bank in which it urged the major banks to stop funding oil and gas projects. The consensus is that such projects jeopardise the transition to cleaner energy.

Other signs of positive crude exports resumed at a key Turkish port after a devastating earthquake rocked the region.

Source: FIS, Reuters, Oil Price, Bloomberg, Financial Times, The Economist, BBC, US Energy Information Administration

Bunker Market:

Singapore's VLSFO front-month increased by \$44.25 or 7.80% to \$611/mt from Monday, 6th February, to Monday, 13th February, reported on the FIS Live app. It experienced highs of \$613.75 on Friday 10th, February, and lows of \$559 on Monday, the 6th of February. Rotterdam's VLSFO front-month future rose by \$43.50 or 8.31% to \$567.25/mt. With highs of \$569.25 on Friday, 10th Feb, and lows of \$523.75 on Monday, 6th Feb. The front-month futures are lower than Singapore and Rotterdam spot prices by \$17 - \$54 in HSFO and VLSFO, moving the range narrower. Sing 0.5% front month price has the most extensive spread between spot and paper by around \$53.18. Sing 380 the lowest at \$16.90. VLSFO futures curves are in backwardation with a bump pushed up on Q2-23. HSFO future curves are relatively flat, with a gentle bump between Q2-23 and a dip between Q4-23, Q1-24, and Cal24. VLSFO Fuel oil prices showed a neutral bullish sentiment, with crude prices across the board.

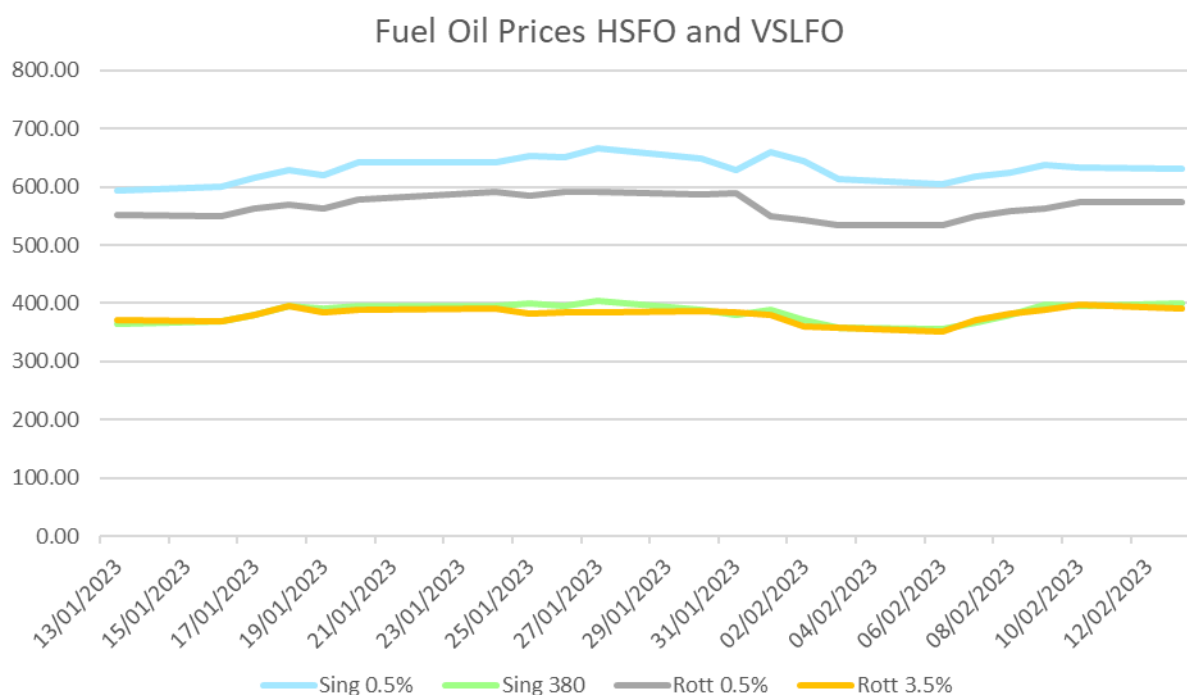
On Monday 13th, there was some unusual illiquidity in the low sulphur cacks, possibly due to the upcoming refinery maintenance season in Asia and the US.

The Chinese were sellers of both the high and low sulphur Sing grades during the arbitrage, particularly in Apr23 and May23 contracts.

On Tuesday 14th, the Asian low-sulfur fuel oil market structure and refining margin were inching lower amid expectations for higher arbitrage arrivals in the coming weeks.

Two data releases to focus on; first, OPEC's monthly oil market report will provide the group's latest outlook on the market. Secondly, US CPI data. The consensus is for a MoM increase of 0.5% and a YoY increase of 6.2%. Anything too far away from these numbers could lead to some market volatility by adding further uncertainty over the path the US Fed takes in the months ahead.

PetroChina has recently been one of the most active participants in the Singapore MOC so far this month. The energy giant bought 220,000 mt of 380cst HSFO in the MOC.



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

Source: FIS, Reuters, Oil Price, Bloomberg, Financial Times, The Economist, BBC News, US Energy Information Administration

Bunker Market (cont)

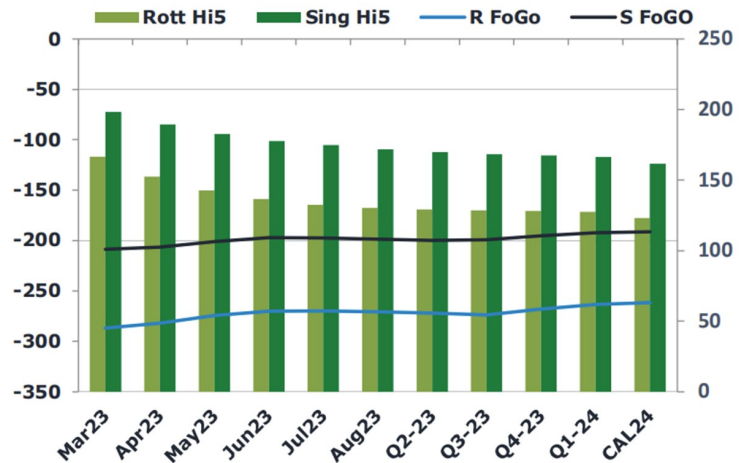
Hi5 and EW Spreads

The Sing 380cst spreads have been trading actively in size today, with some Chinese selling interest. The Nov23/Dec23 contract notably printed in a whopping 330kt at \$3.25/mt, 09:29 GMT.

High sulphur EW is stretching today in a volatile market. The prompt Mar23 contract traded last at \$11.50/mt – the day’s high – up by \$6.25 from Monday’s settlement. There are expectations for higher arbitrage arrivals into Asia in the coming weeks. For perspective, this EW diff was printing at \$4.00/mt at this time last week.

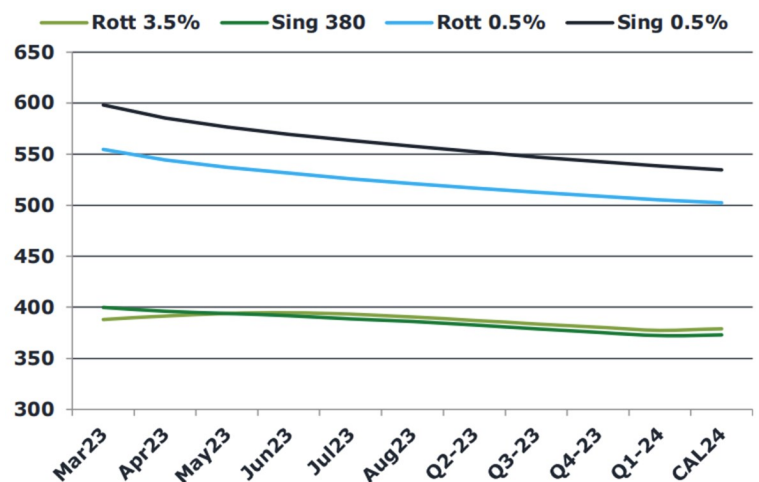
The Mar23 Sing Hi5 has tightened over the course of last week and is currently valued at around \$198.50, down \$8 from yesterday’s closing due to weaker Sing 0.5% crack. Low sulphur cracks have been relatively illiquid ahead of the refinery maintenance season in the US and Asia.

Rotterdam and Singapore Hi5 and FOGO



Source: FIS

Rotterdam and Singapore FO Futures



Source: FIS

Hi5 Forward Curve Values

	Rott Hi5	Sing Hi5
Mar-23	166	198
Apr-23	152	189
May-23	143	183
Jun-23	136	178
Jul-23	132	175
Aug-23	130	172
Q2-23	129	170
Q3-23	129	168
Q4-23	128	167
Q1-24	127	166
CAL24	123	162

HSFO and 0.5% East-West Spread

	EW380	EW0.5%
Mar-23	12.00	43.80
Apr-23	4.75	41.80
May-23	0.00	40.05
Jun-23	-3.00	38.30
Jul-23	-4.50	37.80
Aug-23	-4.50	37.05
Q2-23	-4.50	36.05
Q3-23	-4.75	35.05
Q4-23	-5.00	34.30
Q1-24	-5.25	33.55
CAL24	-6.00	32.55

Table Sources: FIS

Tanker Market 06/02/23 - 13/02/2023

The Clean Product tanker market has seen improvements in all sectors and sizes this week, evidenced by the BCTI Index climbing from 629 to 822. On the UK-Continent, MRs freight levels have boomed, with the TC2 index doubling. The tonnage list is exceptionally tight, and as such, it has climbed from ws140 to ws285.83.

In the paper market, Mar FFA saw considerable gains going from ws200 to ws270 across the week. The rest of the curve was also firmed with the Apr-Dec strip adding 10 points from Tuesday to Thursday. US Gulf MR's strong sentiment caused another surge in rates, with TC14 gaining 117.5 points to close out at ws194.17 yesterday. To put things into perspective, the route went from a TCE of around \$13,000 daily on Monday to about \$50,500 by Friday. On the paper market, TC14 Mar climbed from ws145 on Monday to ws184 by Thursday. Apr-Dec strip also paid up, trading at ws180 last, an increase of 16.5 points from earlier in the week. MRs in the Middle East Gulf continued its momentum upwards, with TC17 jumping from ws243.93 to ws365.71. Similarly to the other MRs, TC17 paper rose, with Mar FFA gaining 45 points between Monday and Wednesday to trade at ws305 last. Q2(23) also gained 6 points early in the week to trade at ws294 last.

In the Middle East Gulf, available tonnage hasn't lasted long, and owners' sentiment has been firming as such TC5 spot increased by 14.28 points to ws146.07. In the paper market, Mar was particularly active on the TC5 route Mon-Wed with over 100kt trading each day. It climbed from ws197 to ws230. Mediterranean Handymax vessels continued to firm with TC6 spot adding over 80 points to close at ws276.25. TC6 Mar FFA saw a substantial move across the week, climbing from ws213 to ws280; it also saw 100kt go through at ws270 on Thursday.

The Baltic Dirty Tanker Index was relatively stable, declining slightly from 1224 to 1204. For VLCC, however, rates rose for all routes; the 270,000mt Middle East Gulf to China voyage saw a gain of just over 10 points, closing at ws60.14, the highest level seen this year. In the paper market, Q2(23) was active last week, trading every day and climbing from ws55.5 to ws60. In the short term, Mar FFA was also active and saw a gain of 5.5 points across the week, with a last done at ws61.5 yesterday. Cal24 firmed early in the week, gaining 35 cents to trade at \$12.85/mt last. In the Atlantic markets, the 270,000mt US Gulf/China route climbed \$850,000 up to \$8.4 million.

The Suezmax market was mixed, but the TD20 Nigeria/Rotterdam voyage managed to secure gains in the latter part of the week, closing up at ws116.59, up from a low of ws105.91 seen on Tuesday. Wednesday was a particularly active day on paper for the route, with Mar FFA trading in 155kt at ws108 and Q2(23) trading in 70kt at ws93; the Cal24 also traded in 45kt at \$15.65/mt. Mar FFA closed out the week higher at ws111. For the longer-haul Aframax, US Gulf/Rotterdam voyage rates followed a similar pattern closing out the week stronger, up 10.72 points at ws184.29. For USGC/AFRA paper Mar FFA peaked midweek at ws187.5 but surrendered its gains to trade at ws182.5 yesterday in good size. Again, Wednesday was a particularly active day, with Q2(23) trading at ws166 in 85kt and Q4(23) trading at ws167 in 90kt.

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