

FIS Weekly Oil Report

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

21/02/2023

Market Review:

Crude oil market — Short-term **neutral** with Brent ranging from \$83 - \$87/bbl, as growth fears offset China demand hopes.

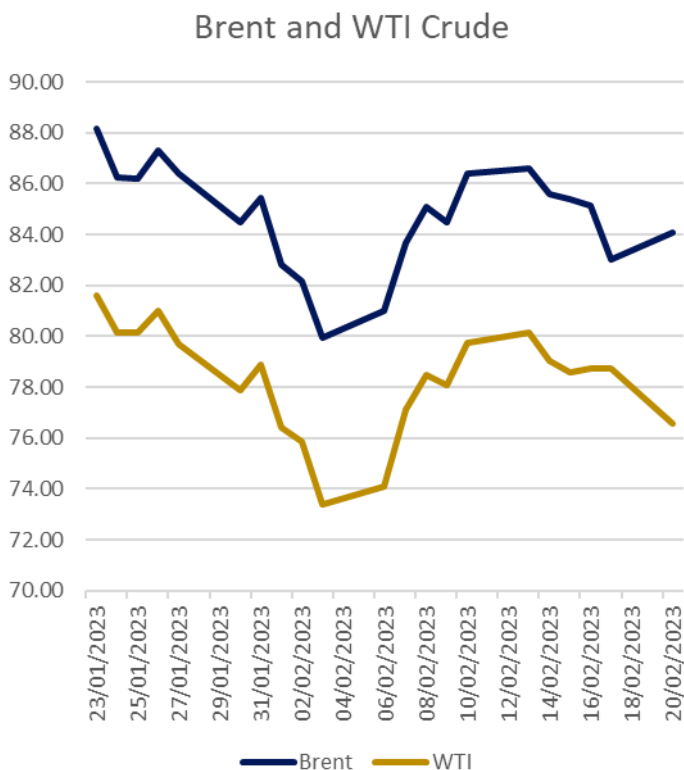
Bunker market — Short-term **neutral** Singapore VLSFO front month future ranges were \$560 - \$612/mt.

Prices movement	13-Feb	20-Feb	Changes %	Sentiment	
Brent Crude	86.61	84.07	2.93	Neutral	-
WTI Crude	80.14	76.55	3.59	Neutral	-
VLSFO (Singapore)	611.25	579	5.28	Neutral	-

Crude Oil Market :

As China relaxes its zero-covid policy, optimism from OPEC concerning its oil demand saw Brent Crude rise by 1.3% yesterday settling at \$84.07/bbl. China’s oil imports are expected to reach an all-time high this year as the country’s relaxing of covid restrictions will mean increased demand for transportation fuel. Despite this, markets are very choppy, and Brent is currently sitting at \$83.53/bbl after a decline this morning.

Perhaps in an attempt to capitalise on this projected bullish crude market, Iran will raise the official selling price of its crude oil for Asian buyers. According to Reuters, an unnamed source has reported that Iran Light will sell for \$2 per barrel above the Dubai/Oman average in March - a \$0.20/bbl increase from February.



Following Putin’s claim that the West is to blame for the current war in Ukraine in his speech earlier today, tensions remain high between Russia and the West. China and India are now the highest consumers of discounted Russian crude exports following the G7’s oil price cap and the EU’s sanctions on Russian oil products. Despite Deputy Prime Minister Alexander Novak’s claim that Russia will cut its oil output by 500,000, or 5%, next month in response to the G7’s price cap, its seaborne crude exports surged by 26% last week – the highest level in more than a month.

Source: FIS, Reuters, Oil Price, Bloomberg, BBC News, Morningstar

Crude Oil Market (cont)

On Sunday, Israeli president Benjamin Netanyahu accused Iran of attacking an oil tanker earlier this month. Eletson, a Greek company that manages the vessel, reported that it was “hit by an air-borne object while in the Arabian Sea”. The company is thought to be linked to a British-based shipping company founded and chaired by Israeli Eyal Ofer. Iran “strongly rejects” the claim; Iran’s foreign minister Nasser Kanaani told reporters that “the Zionist regime has gotten used to levelling allegations against the Islamic Republic of Iran, like its main ally, the United States government.”

Turkey was hit by another violent earthquake last night – the third in two weeks. Following the initial earthquakes, BOTAS initially reported that there had been no damage to its oil pipelines, but subsequently closed its Ceyhan port on the BTC pipeline later in the day. This caused crude oil to trade higher amidst growing concern about oil supply. The morning following the initial earthquake saw April Brent oil futures climb 0.95% to \$81.76. BOTAS reported it was focused on working closely with distribution companies to provide safe gas and oil flows to its citizens. The impact of this latest earthquake on its oil pipelines is yet to be discovered.

Brent Crude Oil



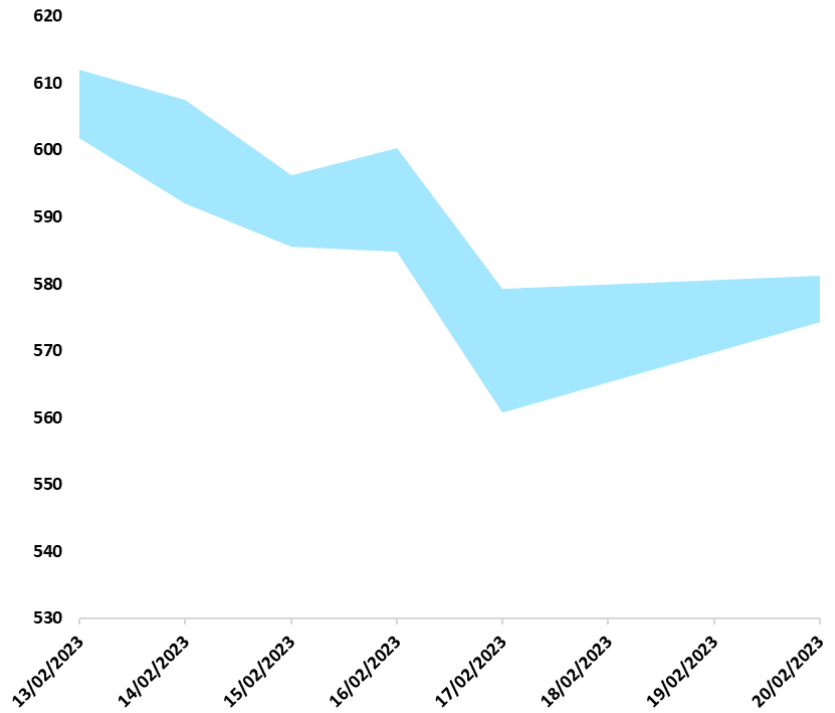
Chart data: Morningstar, BBC News

Source: FIS, Reuters, Oil Price, Bloomberg, BBC News, Morningstar

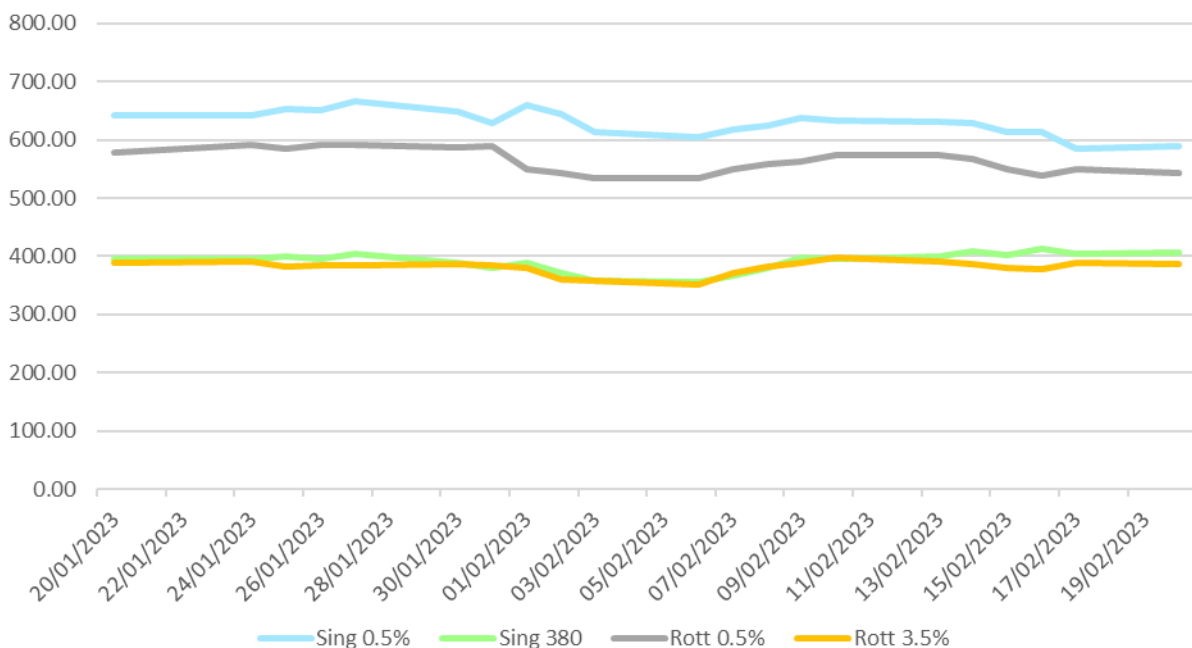
Bunker Market:

Singapore's VLSFO front-month fell by \$32.25 or 5.28% to \$579/mt from Monday, 13th February, to Monday, 20th February, reported on the FIS Live app. It experienced highs of \$612 on Monday 13th, February, and lows of \$560.75 on Friday, 17th of February. Rotterdam's VLSFO front-month future decreased by \$31.25 or 5.51% to \$536/mt, with highs of \$568 on Monday, 13th Feb, and lows of \$519 on Friday, 17th Feb. The front-month futures are lower than Singapore and Rotterdam spot prices by \$14 - \$40 in HSFO and VLSFO, moving the range slightly narrower. Sing 0.5% front month price has the most extensive spread between spot and paper by around \$39.68. Rott 3.5%, the lowest at \$14.65. VLSFO futures curves are in backwardation, and HSFO future curves are in a gentle backwardation. VLSFO's most fuel oil prices showed a neutral sentiment, with crude prices.

Sing VLSFO Front Month Range



Fuel Oil Prices HSFO and VLSFO



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

Source: FIS, Reuters, Oil Price, Bloomberg, BBC News, Morningstar

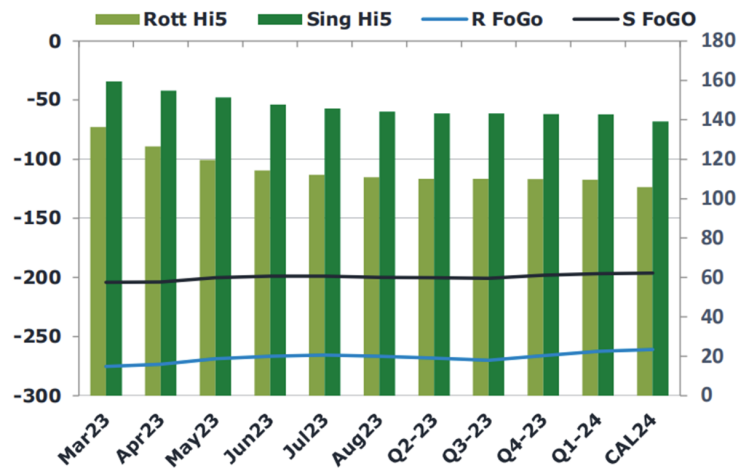
Bunker Market (cont)

Hi5 and EW Spreads

The Mar23 Sing Hi5 has tightened over the course of last week. It is currently valued at around the \$163/mt mark, down \$8/mt from yesterday's closing and down a dramatic \$35/mt from this time last week due to not only the Sing 0.5% crack being weaker by almost three bucks but the Sing 380cst crack being much stronger on the week.

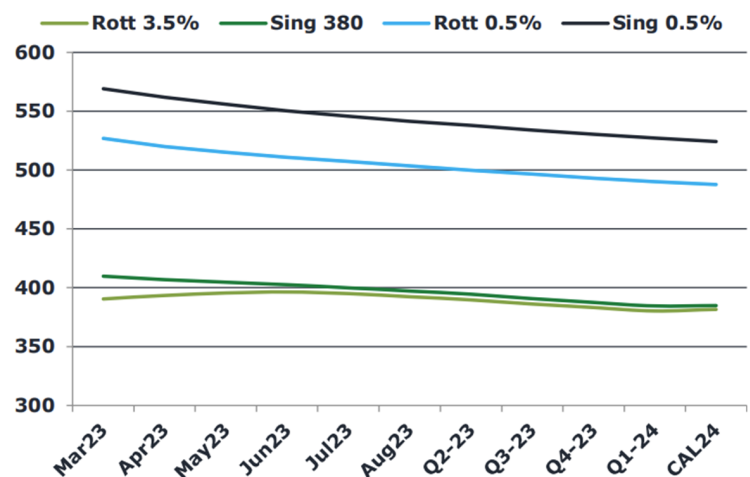
The high sulphur EW continues to widen today, trading as high as \$19.25/mt in the prompt Mar23 contract and now showing positive values into the final months of 2023, encouraging arbitrage from Europe to Asia not only in the front months but into the back end. There are expectations for higher arbitrage arrivals into Asia in the coming weeks. The prompt EW contract is over \$7.00/mt from last week and up \$15.00/mt from the prior week.

Rotterdam and Singapore Hi5 and FOGOs



Source: FIS

Rotterdam and Singapore FO Futures



Source: FIS

Hi5 Forward Curve Values

	Rott Hi5	Sing Hi5
Mar-23	136	160
Apr-23	126	155
May-23	119	151
Jun-23	114	148
Jul-23	112	146
Aug-23	111	144
Q2-23	110	143
Q3-23	110	143
Q4-23	110	143
Q1-24	109	143
CAL24	106	139

HSFO and 0.5% East-West Spread

	EW380	EW0.5%
Mar-23	19.25	42.55
Apr-23	13.50	42.05
May-23	9.25	41.05
Jun-23	6.00	39.55
Jul-23	5.00	38.80
Aug-23	4.75	38.30
Q2-23	4.75	38.05
Q3-23	4.50	37.80
Q4-23	4.25	37.55
Q1-24	4.25	37.55
CAL24	3.25	36.80

Table Sources: FIS

Tanker Market 13/02/23 - 20/02/2023

Product tankers climbed for another week with the BCTI Index rising from 944 to 1059. For MRs on the UK continent, however, activity levels dropped off this week. TC2 has fallen 43.05 points down to ws242.78. As such, TC2 paper also contracted in the near term, with Mar FFA dropping 30 points between Monday and Wednesday (ws270 down to ws240). However, it remained stable for the rest of the week around the ws240 mark. The rest of the curve was fairly subdued. In America, TC14 climbed through midweek but then surrendered those gains to close 15 points lower at ws179.17. TC17 followed a similar pattern peaking midweek at ws387.86; it then closed the week out exactly where it started at ws365.71.

In the Middle East, Gulf LR1s have followed their larger peers; TC5 gained 72.5 points, closing up at ws218.57 by the end of the week. In the paper market, TC5 Mar FFA climbed from ws222 up to ws240 by Wednesday; it traded in 170kt at the same level Thursday and 155kt, a touch lower at ws235 on Friday. However, it surrendered its gains over the weekend to trade at ws220 yesterday. Q2(23) also climbed over the week, moving from ws223 up to a high of ws239 on Thursday. In the Mediterranean, TC6 was stable at the ws265 level for much of the week from a balance of enquiry and available tonnage but fell to the ws251.88 level yesterday. TC6 Mar FFA was quite active and fell from the ws280 high seen last week to trade at ws246.5 in 100kt on Thursday; it continued to slip, trading in 75kt at ws235 yesterday.

This week, the Baltic Dirty Tanker Index gained from 1204 to 1278. The VLCC market continued its positive trajectory this week, with some freight climbing back to levels not seen since December. The 270,000mt Middle East Gulf to China voyage saw a gain of 9.18 points to close at ws69.32. On TD3C Paper, the curve edged higher as a whole; Mar FFA saw solid gains moving from ws61 up to ws68.5 across the week. Apr also gained 5 points across the week with a last done at ws63. Further out the curve, Q2(23) gained 4 points closing at ws60.25 yesterday. Wednesday would also be a day to highlight with Q2(23) trading at ws56 in 190kt and Q3(23) trading at ws52 in 140kt. In the Atlantic markets, and the 270,000mt US Gulf/China route climbed \$756,944 to \$9.16 million, the highest it's been this year.

On the Suezmax market, the TD20 Nigeria/Rotterdam voyage was active this week, with the index climbing from ws116.59 up to ws129.15. The paper market was also active for the route with some decent clips seen printing such as Q2(23) trading at ws92 in 185kt, Mar trading at ws113.5 in 100kt and higher at ws120 in 125kt and finally Apr trading at ws105 in 110kt, for the longer-haul Aframax US Gulf/Rotterdam voyage rates gained 43.21 points to close at ws227.5. On USGC/AFRA paper market Mar FFA moved higher, with the index gaining just shy of 20 points across the week to trade at ws203 last on Friday.

Written by **Hana Kelly, Mopani Mkandawire, Archie Smith, and Christian Pannell**

Edited by **Mopani Mkandawire FIS Content Manager**

News@freightinvestor.com, +44 207 090 1120