

FIS Weekly Oil Report

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Market Review:

Crude oil market — Short-term **neutral bearish** with Brent ranging from \$79 - \$86/bbl, as Turkey halts oil flows to Mediterranean port after the earthquake.

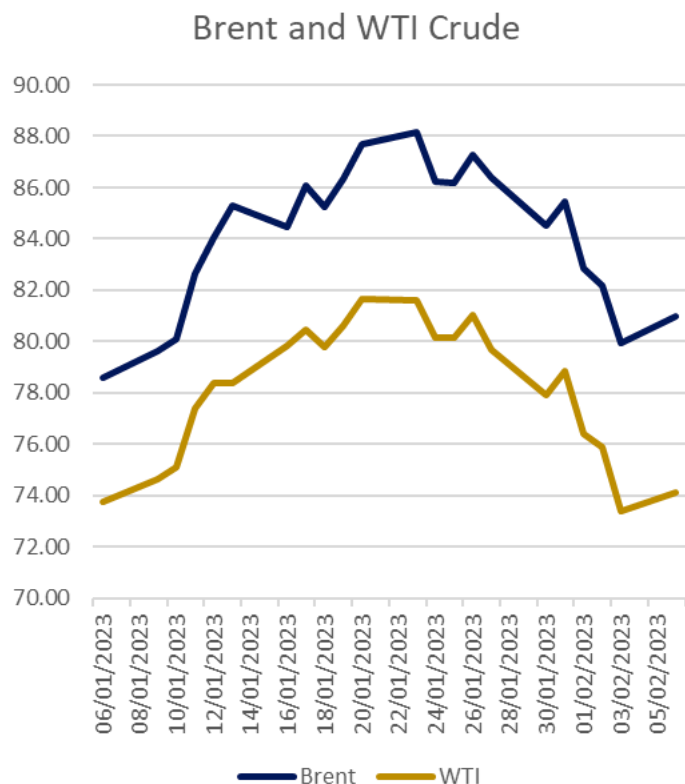
Bunker market — Short-term **neutral bearish** Singapore VLSFO front month future ranges were \$585 - \$637/mt.

Prices movement	30-Jan	7-Feb	Changes %	Sentiment	
Brent Crude	84.50	80.99	4.15	Neutral Bearish	↘
WTI Crude	77.90	74.11	4.87	Neutral Bearish	↘
VLSFO (Singapore)	626.75	567	9.53	Neutral Bearish	↘

Crude Oil Market :

Crude Falls amid Windfall Tax War

Brent Crude fell by \$3.51 or 4.15% to \$80.99 17.00 GMT week-on-week (w-o-w) on Monday, 6th February. U.S. West Texas Intermediate crude (WTI) decreased by \$3.79, or 4.87%, to \$74.11, Oil Price reported. Since the start of 6th January, Brent has slightly increased by 3.08%. This supports a neutral sentiment on the month. Brent saw a weekly high of \$85 - \$86 Tuesday, 31st January, and a low of \$79 - \$80 on 3rd February.



A devastating earthquake in Turkey has caused an international aid effort after more than 5000 people have died. This has also caused significant oil export disruption from the Mediterranean port of Ceyhan. As a precaution, operations have been suspended. Inspections for possible damage have put terminals on hold, with no reported pipeline damage so far.

Chinese oil demand remains the most significant uncertainty in global oil and gas markets. Investors expect a recovery of the world’s largest crude importer after its tight COVID restrictions were lifted in December. According to Reuters, jet fuel demand in the nation is “exploding”.

The EU imposed a ban on Russian refined oil products yesterday in another flurry of sanctions as punishment for invading Ukraine. The new sanctions create uncertainty about prices as the bloc has found new supplies from the US and the Middle East that take longer to arrive than previous Russian deliveries, stretching tanker availability.

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

Crude Oil Market (cont)

As a result, no Russian oil products can be imported into the EU. This is combined with a price cap agreed by G7. Price caps are \$100 per barrel of diesel and \$45 per barrel of fuel oil and other products that trade at a discount to crude oil, Oil Price reported.

India is building its presence in the global oil market by purchasing more discounted Russian crude oil and refining it into fuels for the US and Europe. New Delhi has received minimal public backlash because they are helping ease a potential supply shock in Europe.

Analysts from BP have suggested that Russia's oil output is likely to take an enormous hit in the long run, predicting a production decrease of between 25% and 42% by 2035.

BP posted record profits of £23 billion for 2022 amid last year's spike in oil and gas prices – over double that of the previous year. BBC reported that it has then decided to scale back on its climate change targets by saying it needed to keep investing in oil and gas to meet demands. Some say they have had pressure from investors and governments, and others have called for energy firms to pay more tax as people's bills soar. This has caused a windfall war of whether the tax on energy companies should be raised.

Oil prices soared in 2022

Price of Europe Brent Crude oil in dollars per barrel



Source: US Energy Information Administration. Last update: 30 Jan 2023



Table Sources: US Energy Information Administration, BBC

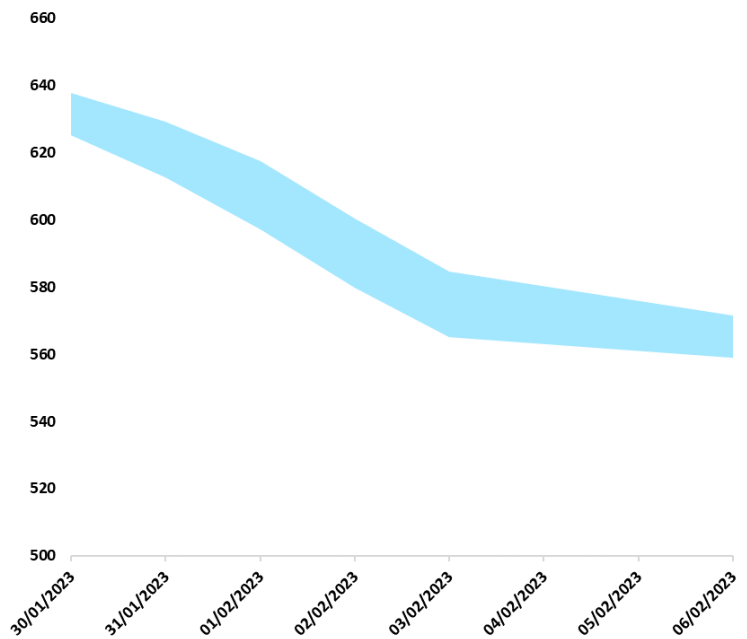
Source: FIS, Reuters, Oil Price, Bloomberg, Financial Times, The Economist, BBC, US Energy Information Administration

Bunker Market:

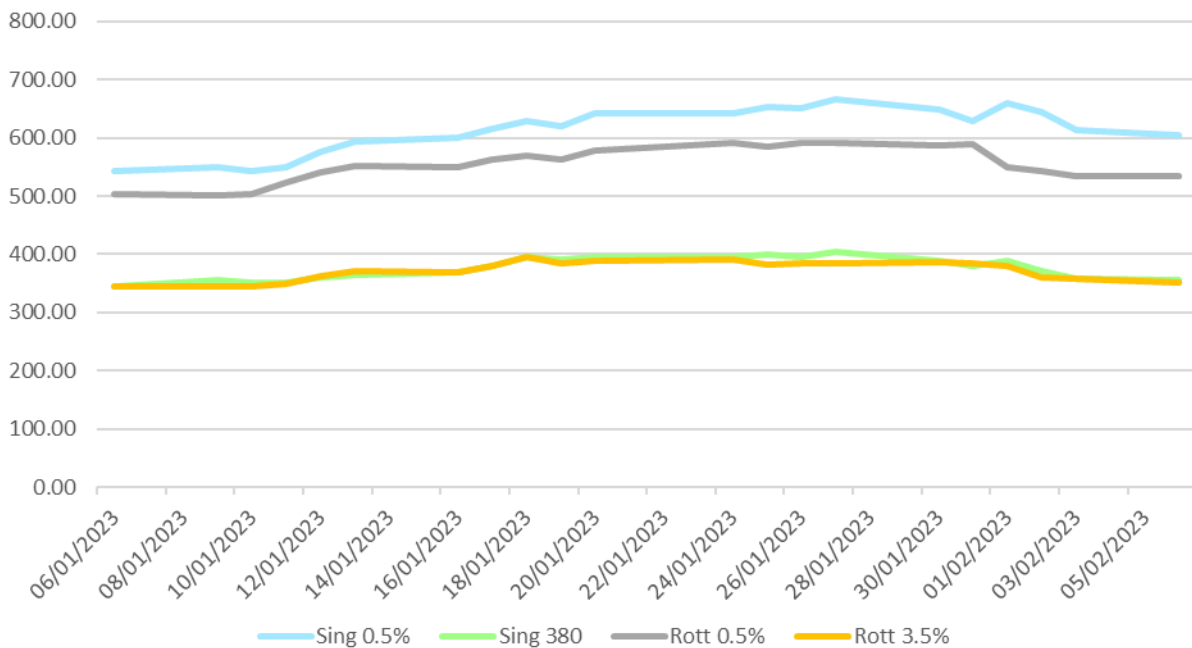
Bunker Prices Fall faster than Crude

Singapore's VLSFO front-month fell by \$59.75 or 9.53% to \$567/mt from Monday, 30th January, to Monday, 6th February, reported on the FIS Live app. It experienced highs of \$637.75 on Monday 30th, and lows of \$565.25 on Friday, 3rd February. Rotterdam's VLSFO front-month future decreased by \$43.50 or 7.67% to \$523.75/mt. With highs of \$577 on Friday, 30th January, and lows of \$523.75 on Monday, 6th February. The front-month futures are lower than Singapore and Rotterdam spot prices by \$16 - \$76 in HSFO and VLSFO, moving the range wider. Sing 0.5% front month price has the most extensive spread by around \$75.57. Sing 380 is the lowest at \$16.91. VLSFO futures curves are in backwardation with a bump pushed up on Q2-23. HSFO future curves are relatively flat, with gentle bumps between Q2-23 and Q4-23. VLSFO Fuel oil prices showed a neutral bearish sentiment, with crude prices across the board with fuel prices falling faster.

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, Financial Times, The Economist, BBC News, US Energy Information Administration

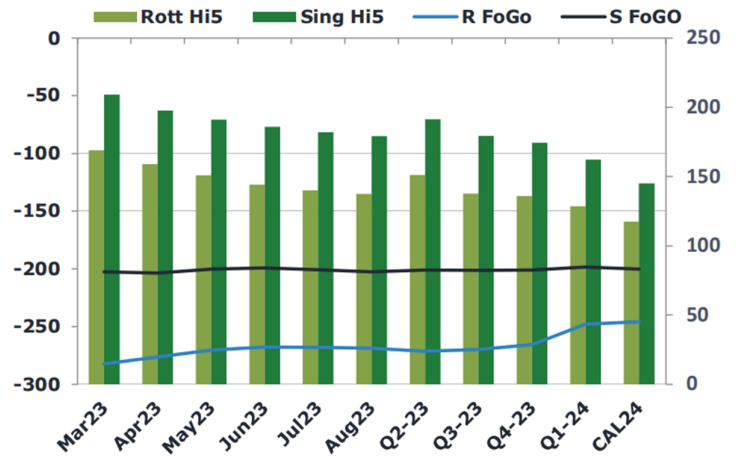
Bunker Market (cont)

Hi5 and EW Spreads

The Mar23 Sing Hi5 was relatively flat yesterday around the \$210/mt level, although this has tightened from \$227/mt last week as the Sing 0.5% crack has come off by almost \$3/bbl in the same period, thus reducing the spread. The crack began to weaken days before the EU sanctions hit on Russian oil products, perhaps as investors anticipated higher supplies of the low sulphur marine fuel in the Singapore region from last-minute diverted Russian cargoes. Outside of this thought, the embargo on Russian oil products has had a minimal immediate effect on the futures market.

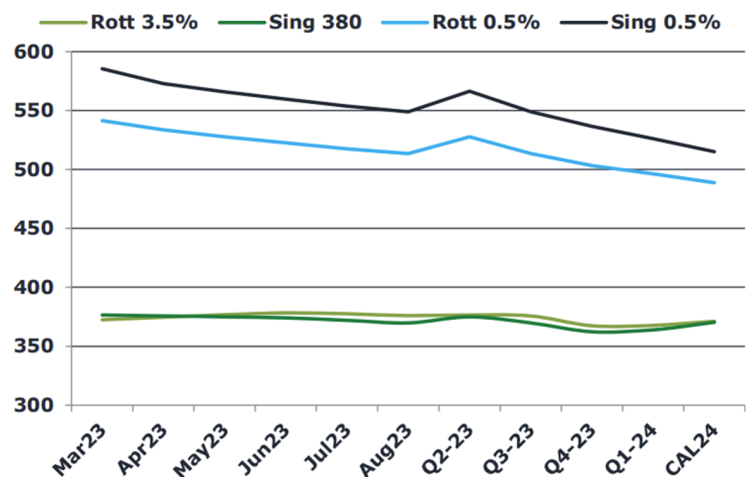
High sulphur EW is trading at \$4.25/mt in the market, 75 cents up from yesterday's settlement price and over a dollar more elevated than the price at this time last week. Low sulphur EW for Mar23 is currently trading around the \$44.50/mt level, having weakened from the \$50 mark at the turn of the month – from a comparatively smaller drop in the Euro 0.5% crack to the Sing 0.5% crack.

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	169	209
Apr-23	159	197
May-23	151	191
Jun-23	144	186
Jul-23	140	182
Aug-23	137	179
Q2-23	151	191
Q3-23	138	179
Q4-23	136	174
Q1-24	129	162
CAL24	118	145

HSFO and 0.5% East-West Spread

	EW380	EW0.5%
Mar-23	4.00	44.10
Apr-23	1.25	39.60
May-23	-1.75	38.10
Jun-23	-4.25	37.10
Jul-23	-5.50	36.35
Aug-23	-6.25	35.35
Q2-23	-1.50	38.50
Q3-23	-6.00	35.50
Q4-23	-5.00	33.25
Q1-24	-3.75	29.75
CAL24	-2.75	26.25

Table Sources: FIS

Tanker Market 30/01/23 - 06/02/2023

Product tankers declined for another week though not as sharply. The Baltic Clean Tanker Index lost 10 points sliding from 648 to 638. On the UK-Continent, MRs freight levels have evened out. TC2 UK-Continent to US Atlantic Coast finished the week at ws140, up 3.33 points from the same time last week. In the paper market, TC2 Feb was fairly active early in the week, with 136kt being seen at ws175 on Monday. It traded in the ws175-ws182 range all week but saw a drop on Friday, with the last done at ws169. The rate of decline for US Gulf MRs also seemed to halt with gains in the back end of the week; the TC14 Index closed at ws76.67 yesterday, up from ws70 seen midweek. On the paper market, TC14 Mar climbed across the week, with the contract gaining 9 points on Wednesday alone from ws136 to ws145; it continued to firm yesterday, with the last done at ws153. TC14 Feb FFA also traded considerably on Tuesday, trading 105kt at ws111. MRs in the Middle East Gulf showed some excellent signs of recovery, with the TC17 Index moving from ws188.57 to ws243.93 (+55.36). In the paper market, Feb FFA maintained its level from the previous week at ws250 and traded in 75kt there on Wednesday; it then gained 10 points with a last done at ws260 yesterday.

In the Middle East Gulf, freight levels have fallen, with cargos not covering available tonnage. Most routes have consequently registered continued decreases from where they were this time last week. The TC5 Index was no exception, though it recovered from its midweek low of ws125.71 to close out the week at ws131.79, just 0.35 points lower than the same time last week. On paper, the March FFA followed a similar pattern to the Index, seeing lows of ws181 on Wednesday but later recovering to trade at ws197 yesterday. Q2(23) also firmed in the latter part of the week, trading at ws210 last, up 14 points from the low seen on Thursday. Mediterranean Handymax vessels were stable around the ws194/ws195 mark all week, and the TC6 Index closed at ws195.63 yesterday. On TC6 paper, Feb and Mar were the only contracts to trade; Feb had an active week trading over 100kt on Tuesday and Wednesday. Across the week, Feb fell from ws216 to ws205 seen yesterday.

The Baltic Dirty Tanker Index dropped again this week, from 1302 to 1224. In the VLCC market, however, the 270,000mt Middle East Gulf to China voyage saw a gain of around 1.5 points, climbing from ws48.64 to ws50.05 as usual TD3C paper was active across the curve and moved higher across all maturities. Feb FFA saw decent activity, trading over 350kt at ws52 across Monday and Tuesday. It edged higher as the week progressed, with ws54 being seen on Friday. Mar FFA followed a similar trend climbing from ws54 to ws56 seen yesterday.

Further out, Q2(23) gained 3 points by the end of the week; it was particularly active on Thursday, trading at ws54 in 70kt and ws54.5 in 235kt. On the same day, Q3(23) and Q4(23) saw over 100kt trade on each maturity at ws50 and ws62, respectively. In the Atlantic markets, the 270,000mt US Gulf/China route climbed for the first time in weeks. It gained \$161,000 to close the week out at \$7.55 million. On the TD22 Paper market, Tuesday saw a noteworthy print with Feb FFA trading in 150kt at \$7.8 million.

The Suezmax market was weaker this week. The 130,000mt Nigeria/Rotterdam voyage in West Africa dropped by 9.32 points to ws109.09. On TD20 paper, Feb FFA held its ground with the most volume across the week, seen at ws106, over 300kt traded at the level, for the longer-haul Aframax US Gulf/Rotterdam voyage rates climbed from ws150 to ws173.57. In the paper market, USGC/AFRA Feb FFA peaked midweek at ws185, trading 150kt there, but has since declined with a last done being seen at ws177.5. Q2(23) also followed a similar pattern, with a high seen on Wednesday at ws168 before slipping in the back end of the week to trade at ws163 last.

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