

# FIS Weekly Oil Report

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**07/03/2023**

## Market Review:

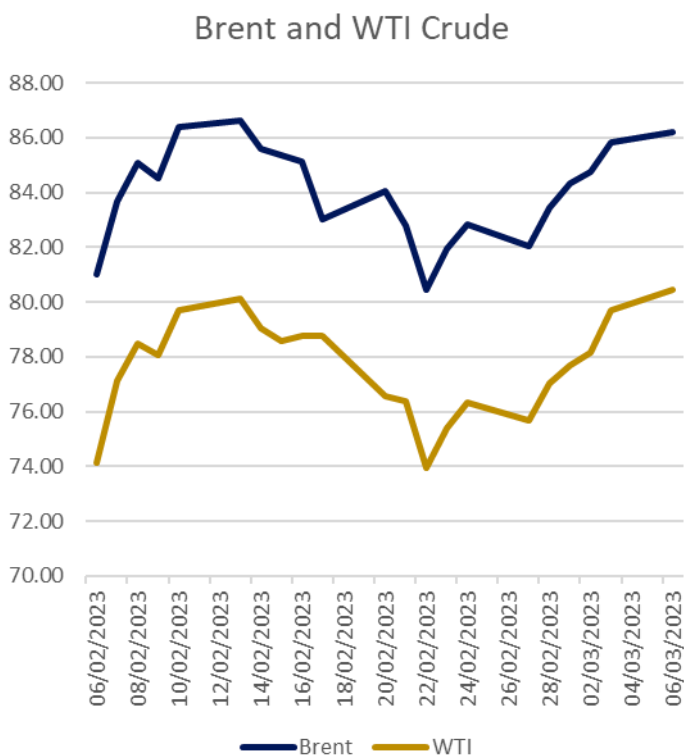
**Crude oil market** — Short-term **neutral bullish** with Brent ranging from \$82 - \$87/bbl, as it edges higher on supply tightness and China’s demand hopes.

**Bunker market** — Short-term **neutral bullish** Singapore VLSFO front month future ranges were \$562 - \$592/mt.

Prices movement	27-Feb	07-Mar	Changes %	Sentiment	
<b>Brent Crude</b>	82.04	86.18	<b>5.05</b>	<b>Neutral Bullish</b>	<b>↗</b>
<b>WTI Crude</b>	75.68	80.46	<b>6.32</b>	<b>Neutral Bullish</b>	<b>↗</b>
<b>VLSFO (Singapore)</b>	562.25	590.25	<b>4.98</b>	<b>Neutral Bullish</b>	<b>↗</b>

## Crude Oil Market :

Tuesday saw a slight decline in oil prices as the U.S. currency strengthened and China, the world's largest crude importer reported disappointing energy data. However, on the week, Brent Crude increased by \$4.14 or 5.05% to \$86.18 17.00 GMT week-on-week (w-o-w) on Monday, 6th March. U.S. West Texas Intermediate crude (WTI) rose by \$4.78, or 6.32%, to \$80.46, Oil Price reported. This supports a short-term neutral bullish sentiment this week. Brent saw a weekly high of \$86 - \$87 Monday, 6th March, and a low of \$82 - \$83 on Monday, 27th February.



On the day, prices may have declined before Federal Reserve Chair Jeremy Powell's testimony to Congress on Tuesday at 1500 GMT; prices fell as the US currency strengthened. The primary question will be whether he still believes that the Fed is headed in the correct direction to keep inflation declining steadily towards its 2% objective. Buyers purchasing with other currencies often have less demand for oil priced in dollars when the dollar is stronger.

A decrease in China's exports and imports, notably its crude oil imports, in January and February added to the pressure. The reduction occurred despite the COVID-19 restrictions being lifted, indicating a lacklustre overseas demand.

Reuters reported that ING's chief economist for Greater China, Iris Pang said, "Given the high inflation in the U.S. and Europe, demand from there should keep weakening, which also dampens processing demand in China".

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

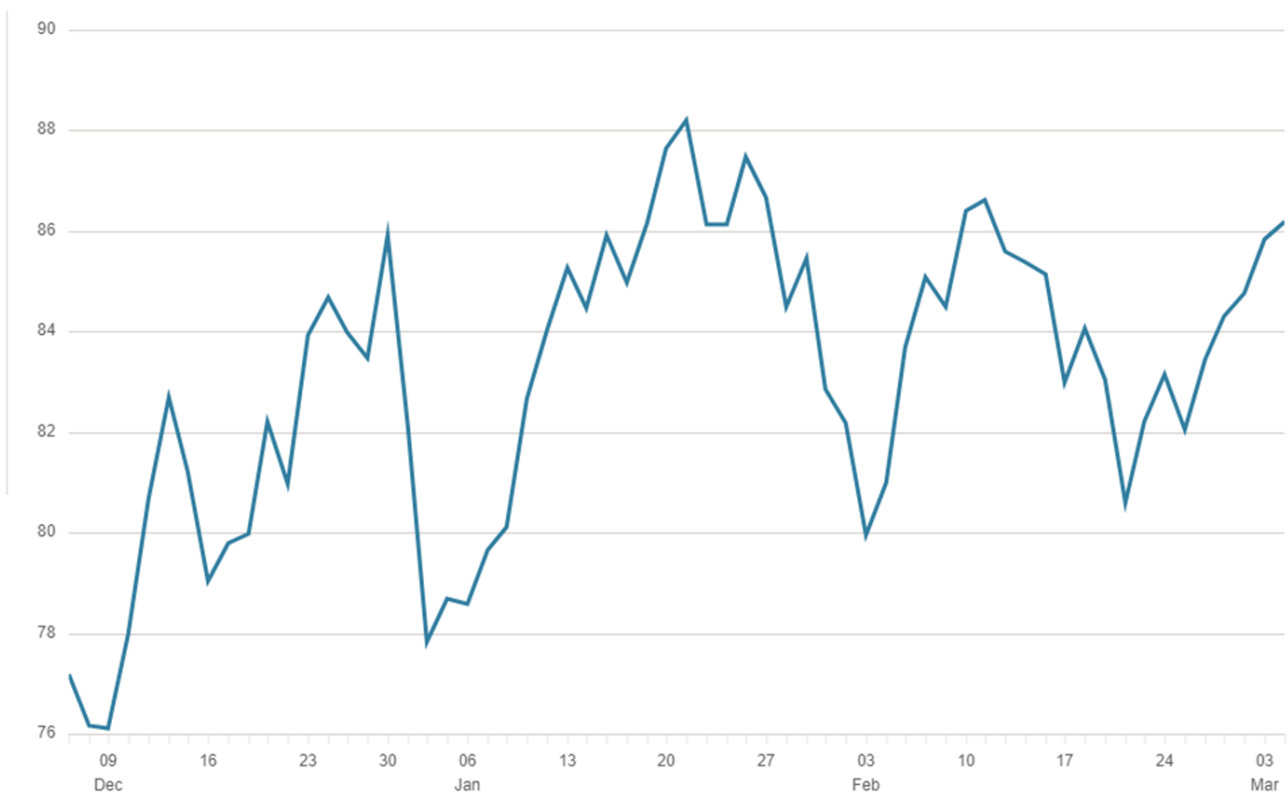
## Crude Oil Market (cont)

However, in the past week, prices have increased, and that could've been due to supply concerns. According to oil major Chevron Corp (CVX.N) Chief Executive Mike Wirth, the oil market and logistics are constrained and vulnerable to any unanticipated supply disruption because Russian oil is still reaching the market, but at a different cost. Wirth made this statement at the CERAWEEK energy conference.

Interestingly though, according to ship monitoring data and trading sources, the United Arab Emirates has started accepting more shipments of Russian crude oil, illustrating how Western sanctions against Russia have changed the usual energy trade flows. This development also shows how Russia and major Gulf oil producers like Saudi Arabia and the UAE are increasingly working together. As Russia was put under Western sanctions, the Gulf Arab states were pressured by the United States to help isolate it and pump more oil to help replace the Russian supply. Although the date that the UAE started buying Russian petroleum is unknown, tanker monitoring data suggests that volumes have increased due to Russia's invasion of Ukraine in February 2022 and the accompanying Western sanctions against Moscow. According to ship monitoring data, the UAE, one of the world's largest oil producers in its own right, has received around 1.5 million barrels of Russian crude since November 2022, with amounts either starting or increasing since early 2022. The UAE and Russian energy ministries did not immediately respond to requests for comment on the data.

In other news, it is worth noting that Tuesday at 2130 GMT is when the American Petroleum Institute's weekly report is due, and Wednesday at 1530 GMT is when the Energy Information Administration releases its data.

### ***Brent Crude Oil Futures - 3 Month View***



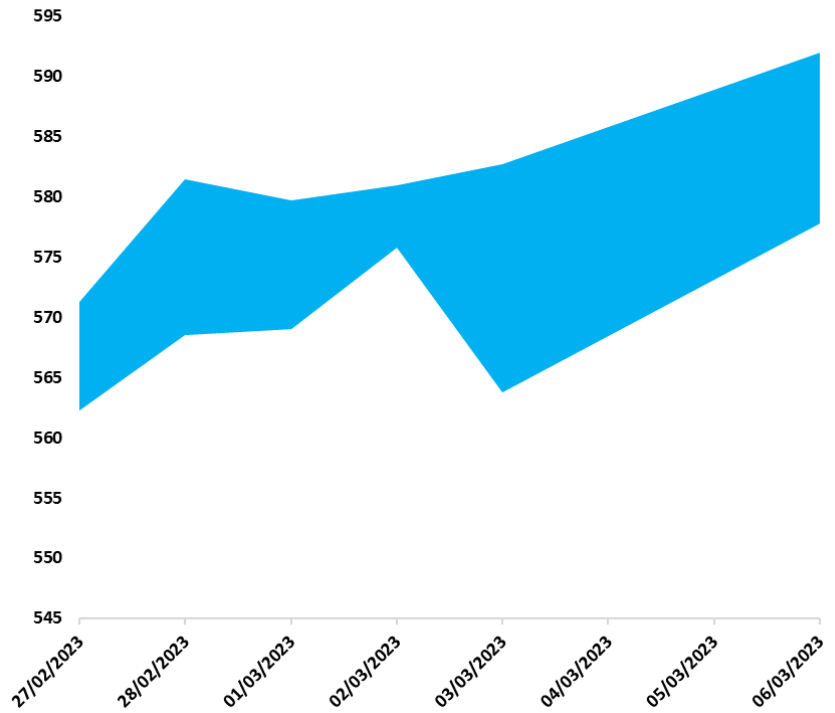
**Chart data:** Morningstar, BBC News

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

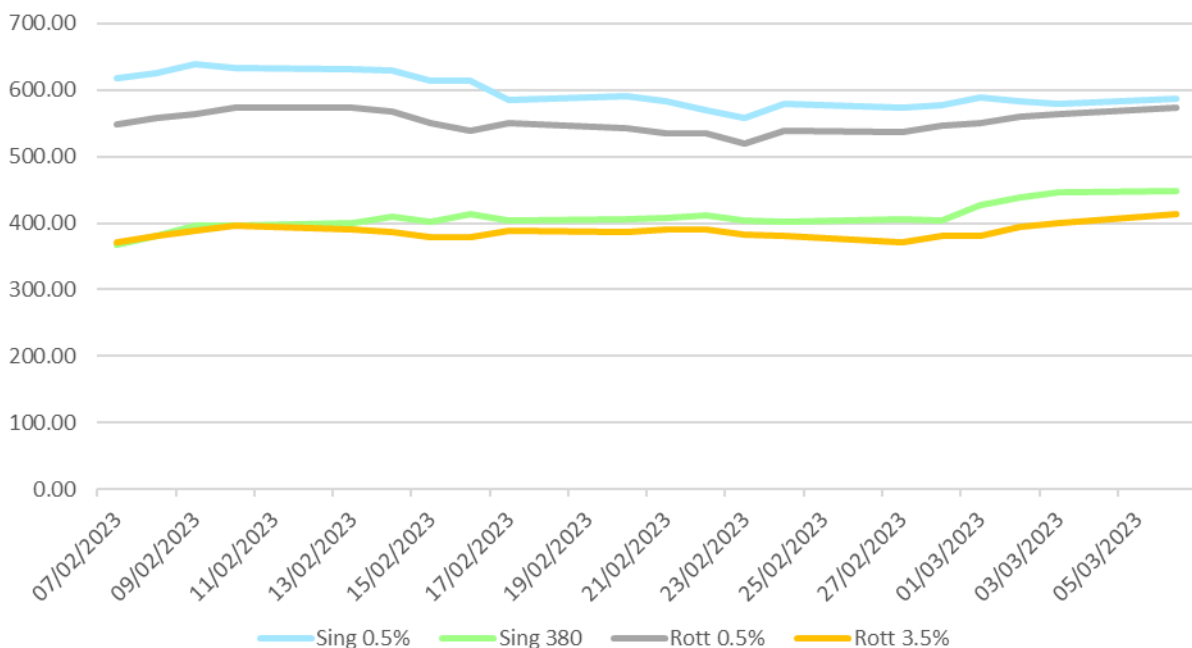
## Bunker Market:

Singapore's VLSFO front-month increased by \$28 or 4.98% to \$590.25/mt from Monday, 27<sup>th</sup> February, to Monday, 6<sup>th</sup> March, reported on the FIS Live app. It experienced highs of \$592 on Monday 6<sup>th</sup>, March, and lows of \$562.25 on Monday, 27<sup>th</sup> of February. Rotterdam's VLSFO front-month future rose by \$25 or 4.77% to \$549.5/mt, with highs of \$551.25 on Monday, 6<sup>th</sup> Mar, and lows of \$523.75 on Friday, 3<sup>rd</sup> Mar. The front-month futures are lower than Singapore and Rotterdam spot prices by \$7 - \$37 in HSFO and VLSFO, increasing the range wider. Rott 0.5% front month price has the most extensive spread between spot and paper by around \$36.26. Rott 3.5%, the lowest at \$7.38. VLSFO futures curves are in backwardation with a bump up over Q2-23, and HSFO future curves are in a gentle backwardation with a bump for Q2-23. Fuel oil prices showed a neutral bullish sentiment, with crude prices.

Sing VLSFO Front Month Range



Fuel Oil Prices HSFO and VSLFO



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

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

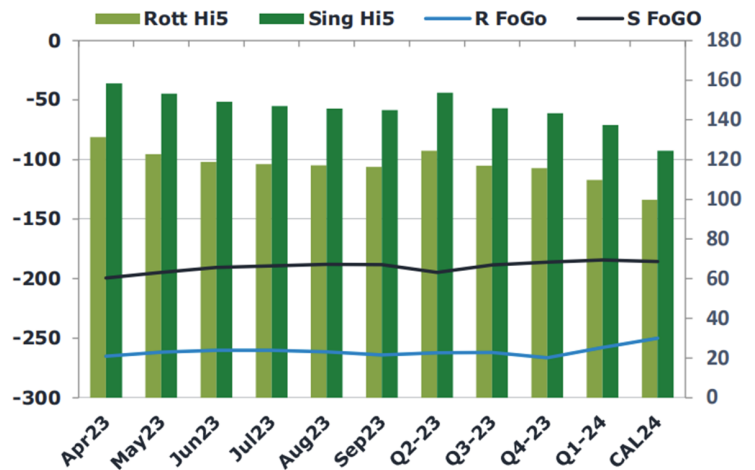
## Bunker Market (cont)

### Hi5 and EW Spreads

Rotterdam 3.5% barges crack has been on a strengthening trend since the beginning of Feb23. Even today, we traded as high as -\$18.86/mt from yesterday's settlement of -\$19.35/mt for the front month Apr23. The Sing 380cst crack has also been on the rise but has not competed with the rally of its European counterpart over the end of last week and today, currently up only 15 cents from Monday's settlement. Thus, the high sulphur EW which had been aggressively pushing the past few weeks, tightened yesterday by over \$7.00/mt and today by a further dollar, printing an intraday low of \$15.00/mt. Front month low sulphur EW has been trading steadily over the week above the \$40/mt level with no notable movements.

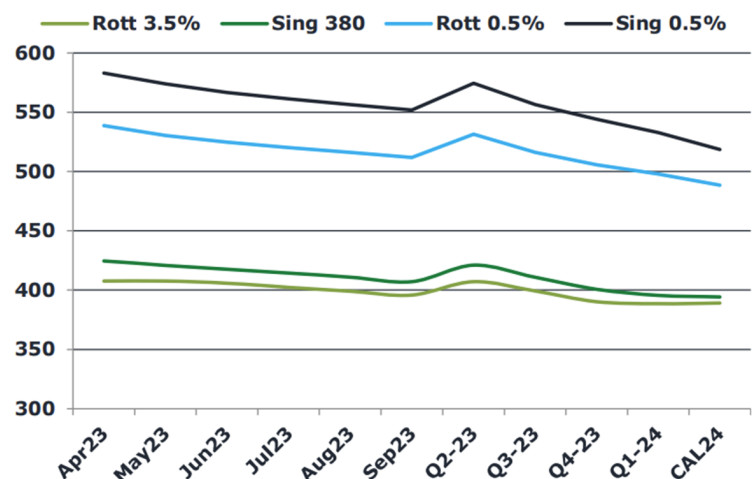
Low sulphur cracks in Sing and Euro have been bullish today, more so than their high sulphur competitors, thus widening the Hi5 spreads again, particularly the Apr23 Sing Hi5 contract, currently valued around the \$160/mt mark from yesterday's \$150/mt closing price.

### Rotterdam and Singapore Hi5 and FOGOs



Source: FIS

### Rotterdam and Singapore FO Futures



Source: FIS

### Hi5 Forward Curve Values

	Rott Hi5	Sing Hi5
Apr-23	131	158
May-23	123	153
Jun-23	119	149
Jul-23	118	147
Aug-23	117	146
Sep-23	116	145
Q2-23	124	154
Q3-23	117	146
Q4-23	116	143
Q1-24	110	137
CAL24	100	124

### HSFO and 0.5% East-West Spread

	EW380	EW0.5%
Apr-23	17.00	44.15
May-23	13.25	43.65
Jun-23	11.75	42.15
Jul-23	12.00	41.15
Aug-23	11.75	40.40
Sep-23	11.25	39.90
Q2-23	14.00	43.25
Q3-23	11.50	40.50
Q4-23	10.50	38.25
Q1-24	7.00	34.75
CAL24	4.25	30.00

Table Sources: FIS

## Tanker Market 27/02/23 - 06/03/2023

Product tankers fell again this week, with the BCTI Index dropping from 888 to 782. For MRs on the UK continent, there was subdued activity potentially because of International Energy week in London grabbing people's attention. The TC2 index fell marginally from ws159.44 to ws156.11. In the paper market, TC2 was also relatively quiet; March FFA gained, however, over the week, from ws180 to ws195 seen last. In America, MRs continued their volatile streak climbing to ws190.83 on Tuesday, up from ws145 just the day before, only to surrender the gains as the week continued to close lower at ws143.67 yesterday. TC14 Paper followed a similar trend to the spot, with March trading up at ws165 and ws170 late Monday night, only to drop back to the ws150-ws160 range for the remainder of the week. Finally, TC17 MRs suffered another significant drop, with freight levels being retested continuously across the week; it lost 85 points to close at ws202.14.

In the Middle East, Gulf LR1s fell more sharply than their larger counterparts closing the week out almost 20 points lower at ws181.79. In the TC5 paper market, rates firmed at the front of the curve, with March FFA trading at ws190, last up from a low of ws175 on Tuesday. Handymax vessels have suffered a lack of enquiry, and as such, the TC6 index fell from ws218.13 to ws180. As for TC6, paper activity was fairly subdued compared to the previous week, but levels remained firm at the front, with April FFA printing at ws240 yesterday, up from ws225 on Wednesday. There was a pattern this week of a strengthening disparity between the spot level and current month paper level for most of the clean routes, as the market expects rates to push again.

The Baltic Dirty Tanker Index climbed again this week, from 1363 to 1485. The VLCC market has had a strong week, with rates improving for all routes; the 270,000mt Middle East Gulf to China voyage saw rates recover by nearly 6 points to close at ws71.82 yesterday. On TD3C, paper rates were pretty stable at the start of the week but firmed as we approached the weekend; Mar FFA saw decent activity on Wednesday, finding its level at ws70 and trading 450kt there; since then, it has traded up at ws74 and ws73 last. April was also active at the end of the week, trading 310kt at ws70 across Friday and Monday, up from ws65.5 seen the previous Monday. Friday was also a day of note with good volume trading at the back of the curve, 2H(23) traded at ws61.25 in 225kt, and the Cal24 traded at \$12.9mt in a substantial 295kt. In the Atlantic markets, the 270,000mt US Gulf/China route closed the week just above the \$10 million mark but around \$200,000 lower than the weekly high on Wednesday.

On the Suezmax market, the TD20 Nigeria/Rotterdam voyage climbed into midweek but later surrendered some gains to close just 2.39 points higher at ws141.25. TD20 paper saw a noteworthy print on April FFA on Friday up at ws122, trading 225kt there. It has since declined, however, trading ws118, ws115 and ws112 yesterday, with over 100kt seen at the last two levels. Lastly, on the longer-haul Aframax, US Gulf/Rotterdam voyage rates have followed a similar pattern, closing higher across the week but lower than its ws281.43 high seen on Wednesday. This is still in a round-trip TCE of above \$80,000 per day, which might encourage some owners to ballast from Europe. March FFA was pretty active on the USGC/AFRA paper market and saw highs of ws239 before retreating to print at ws233.5 last.

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