

# FIS Weekly Oil Report

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**14/03/2023**

## Market Review:

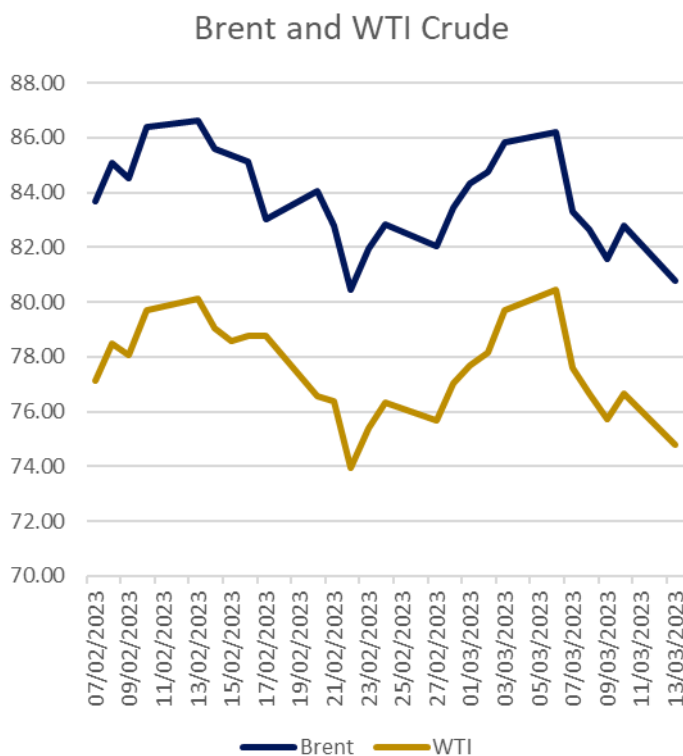
**Crude oil market** — Short-term **neutral bearish** with Brent ranging from \$80 - \$87/bbl, as the collapse of Silicon Valley Bank, a U.S. bank, sparked fears of a fresh financial crisis that could reduce future oil demand.

**Bunker market** — Short-term **neutral bearish** Singapore VLSFO front month future ranges were \$542 - \$597/mt.

Prices movement	6-Feb	13-Mar	Changes %	Sentiment	
Brent Crude	86.18	80.77	<b>6.28</b>	<b>Neutral Bearish</b>	↘
WTI Crude	80.46	74.80	<b>7.03</b>	<b>Neutral Bearish</b>	↘
VLSFO (Singapore)	590.25	556.5	<b>5.72</b>	<b>Neutral Bearish</b>	↘

## Crude Oil Market :

Tuesday saw a 1% decline in oil prices, reaching a five-week low as worries about the possibility of a new financial crisis that would lower oil demand were raised by the failure of the U.S. bank Silicon Valley Bank (SVB). On the week, Brent Crude fell by \$5.41 or 6.28% to \$80.77 17.00 GMT week-on-week (w-o-w) on Monday, 13th March. U.S. West Texas Intermediate crude (WTI) decreased by \$5.66, or 7.03%, to \$74.80, Oil Price reported. This supports a short-term neutral bearish sentiment in the last week. Brent saw a weekly high of \$86 - \$87 Monday, 6th March, and a low of \$80 - \$81 on Monday, 13th March.



Despite assurances from U.S. President Joe Biden and other top global leaders, investors were concerned about some lenders' financial stability on Tuesday due to the shockwaves from Silicon Valley Bank's failure. Oil prices dropped as market repercussions from Silicon Valley Bank's failure, the worst since the 2008 financial crisis, spread around the globe.

US authorities are working feverishly to restore trust in the banking system and stop the spread of the crisis. Goldman Sachs Group Inc. has abandoned its call for a Federal Reserve interest-rate increase next week in response to the upheaval. The drop in the value of the dollar helped commodities. Aversion to risk was evident as European equities fell and US equity futures reversed gains. The turmoil has increased oil volatility, which has already been erratic this year due to worries about America's tightening monetary policy and hope for China's economic revival.

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

## Crude Oil Market (cont)

Nevertheless, several market observers are still optimistic about the longer-term prognosis, and Saudi Aramco predicts that by the end of 2023, demand will likely reach a record of 102 million barrels per day.

American rent and food prices continued to rise in February, which presented a challenge for the Federal Reserve (Fed), whose battle against inflation has been exacerbated by the failure of two regional banks. As a result, The Fed is now anticipated to increase its key interest rate by just a quarter of a percentage point next week, as opposed to the 50 basis points previously anticipated, and to deliver another increase of the same magnitude in May. The next two-day Fed meeting will begin Tuesday, March 21, 2023. The American central bank uses higher interest rates to lower inflation. But because of the rising rates, borrowing becomes more expensive for consumers, which might slow the economy and lower oil demand.

After falling on Monday due to Silicon Valley Bank's failure, the U.S. dollar increased in calmer trade on Tuesday. This is because a higher dollar can decrease the demand for oil by increasing the cost of petroleum for holders of other currencies.

The drop in crude prices on Tuesday occurred ahead of American data that was anticipated to reveal that energy companies increased crude stockpiles by roughly 0.6 million barrels over the week ending March 10.

An industry association called the American Petroleum Institute (API) will release its inventory statistics on Tuesday at 4:30 p.m. EDT and the U.S. Energy Information Administration on Wednesday at 10:30 a.m.

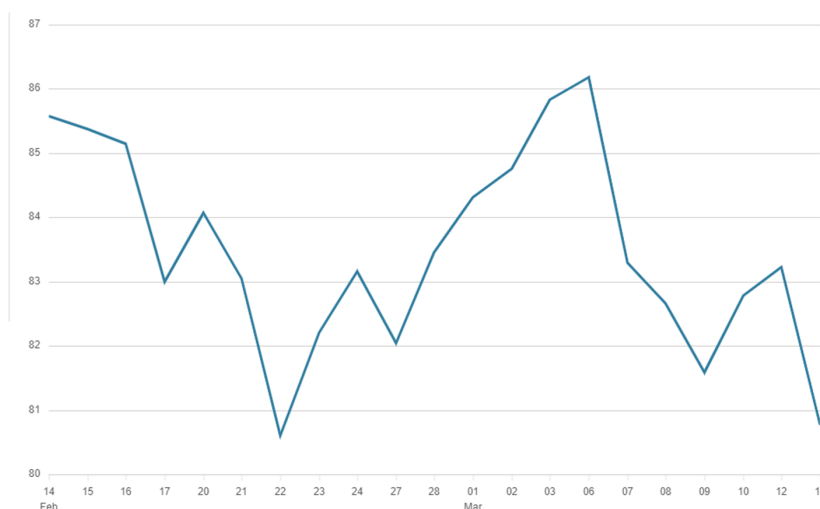
A monthly report from the Organization of the Petroleum Exporting Countries (OPEC) forecasting increased oil demand in China, the world's largest oil importer, in 2023 restrained the decrease in crude prices.

Unrestricted by COVID-19, Chinese customers are returning to hotels, restaurants, and some shops, but they are selective in their purchases, disappointing expectations for an immediate post-pandemic splurge.

However, OPEC maintained its prediction that the global demand for oil will rise by 2.32 million barrels per day, or 2.3%, in 2023.

On Wednesday, the International Energy Agency (IEA) will release its monthly report. IEA/S.

### Brent Crude Oil 1 month View



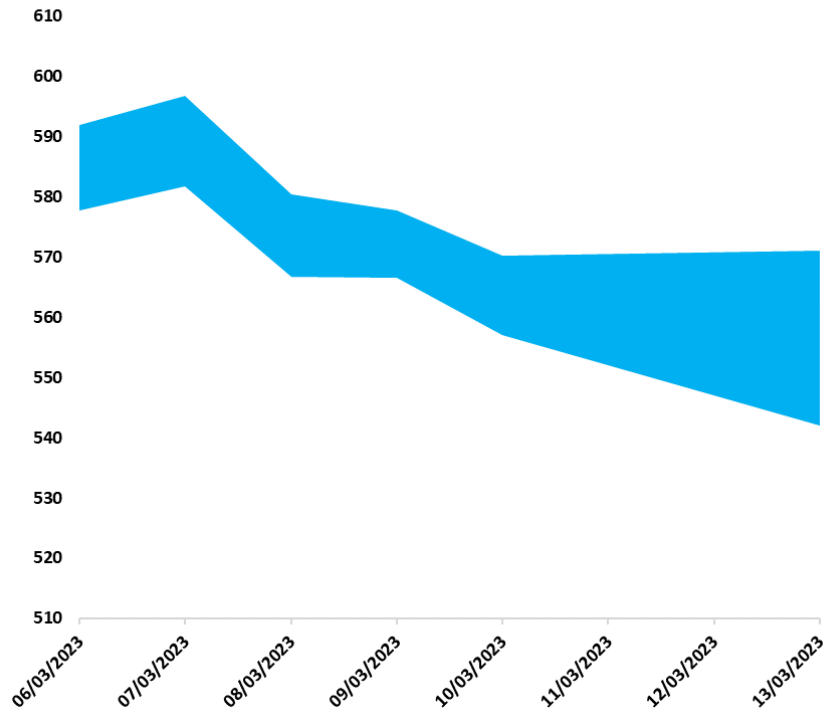
**Chart data:** Morningstar, BBC News

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

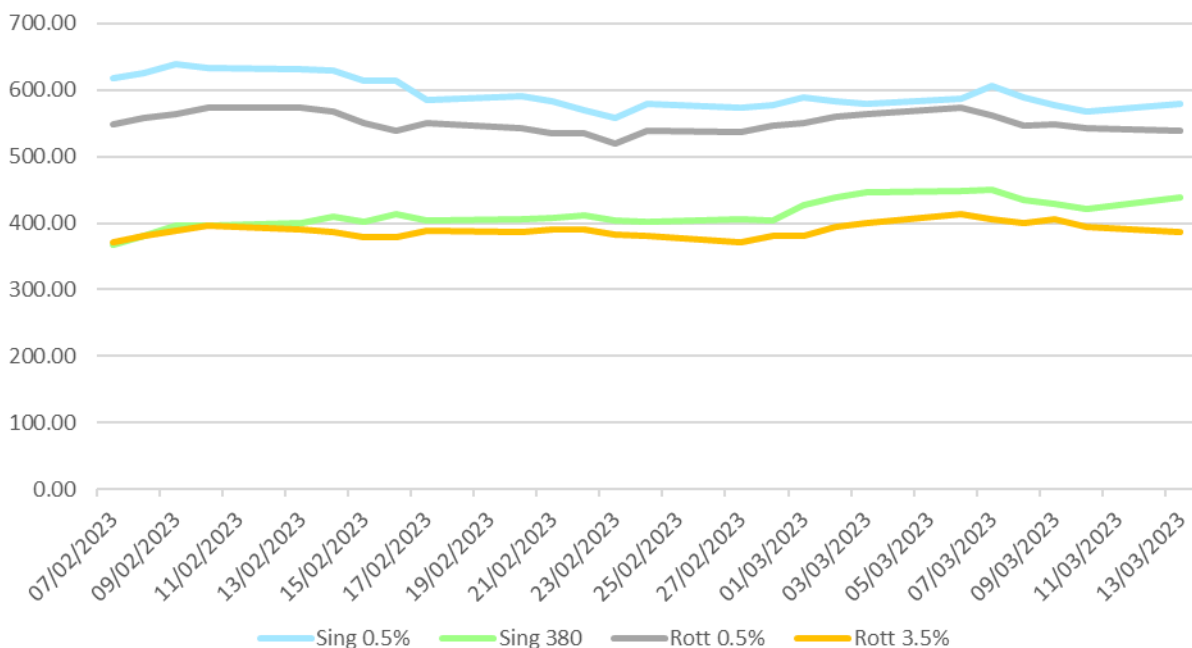
## Bunker Market:

Singapore's VLSFO front-month fell by \$33.75 or 5.72% to \$556.5/mt from Monday, 6th March, to Monday, 13th March, reported on the FIS Live app. It experienced highs of \$596.75 on Monday 7th, March, and lows of \$542 on Monday, 13th of March. Rotterdam's VLSFO front-month future decreased by \$35.50 or 6.46% to \$514/mt, with highs of \$553.25 on Tuesday, 7th Mar, and lows of \$500.75 on Monday, 13th Mar. The front-month futures are lower than Singapore and Rotterdam spot prices by \$24 - \$48 in HSFO and VLSFO, slightly reducing the range. Rott 0.5% front month price has the most extensive spread between spot and paper by around \$47.30. Rott 3.5%, the lowest at \$24.36. 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 bearish 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)

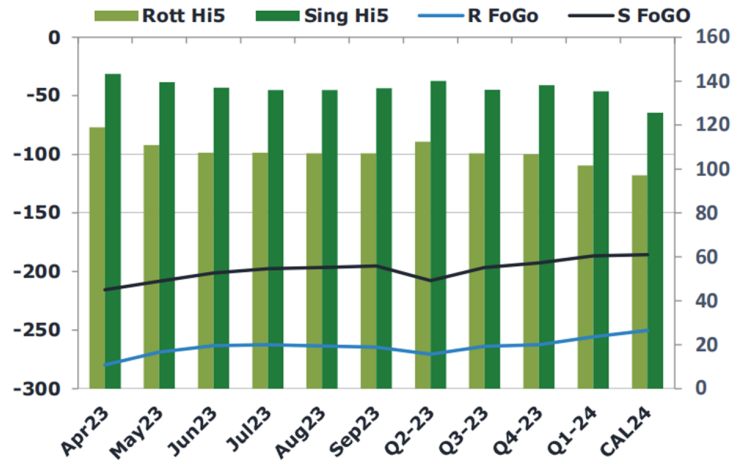
### Hi5 and EW Spreads

The outstanding factor in the oil markets has been the bearish crude prices, which plummeted yesterday by almost \$5 to touch the lowest levels the market has seen since the turn of the year. The crash comes as the aftermath of the collapse of Silicon Valley Bank (SVB), which spiked fears of a financial crisis.

Sing Hi5 differentials have tightened gradually since last Tuesday, as weaker crude prices and strong demand for refinery feedstock in China have strengthened the high sulphur cracks. We are pegging Apr23 Sing Hi5 at around the \$145/mt levels, down \$13 from this time last week.

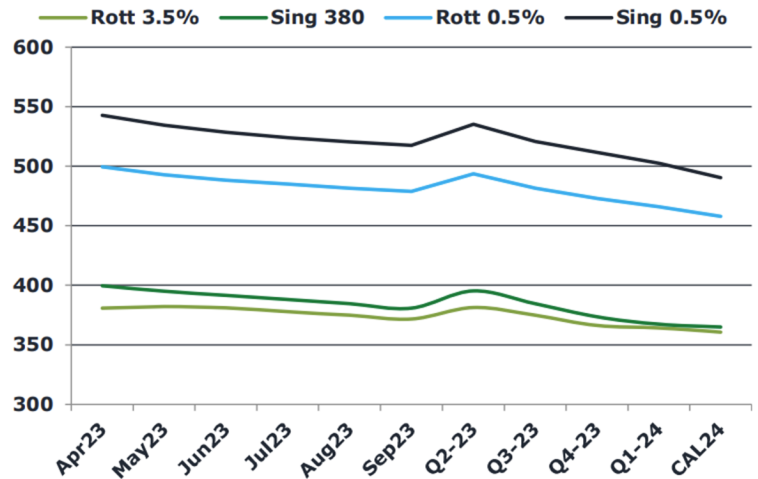
Low sulphur EW is flat on the week, floating around the \$44.00/mt levels on illiquid VLSFO cracks, possibly down to refinery maintenance season and heavy striking across major French refineries.

### 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	119	143
May-23	111	139
Jun-23	107	137
Jul-23	107	136
Aug-23	107	136
Sep-23	107	137
Q2-23	112	140
Q3-23	107	136
Q4-23	107	138
Q1-24	102	135
CAL24	97	126

### HSFO and 0.5% East-West Spread

	EW380	EW0.5%
Apr-23	18.75	43.15
May-23	13.00	41.65
Jun-23	10.50	40.15
Jul-23	10.25	38.90
Aug-23	9.75	38.65
Sep-23	9.00	38.65
Q2-23	14.00	41.75
Q3-23	9.75	38.75
Q4-23	7.25	38.75
Q1-24	3.00	36.75
CAL24	6.25	32.75

Table Sources: FIS

## Tanker Market 07/03/23 - 14/03/2023

Product tankers regained some ground this week, with the BCTI Index climbing from 782 to 972. MRs saw improvements on all major routes; on the UK continent rates dramatically improved from last week, and TC2 gained about 42 points to WS197.78, a round-trip TCE of around \$24,000 per day. The TC2 Paper curve firmed through to midweek with highs being seen on most maturities on Wednesday and Thursday; it then retreated slightly into the weekend. Q2(23) for example peaked at ws234 before trading yesterday down at ws219. Similarly, April traded ws215 at the start of the week before peaking at ws250, only to return to its ws215 level Friday. In America MRs also climbed with the TC14 Index gaining over 21 points to ws165. In the paper market TC14 Mar FFA traded up at ws185 on Friday, a gain of 27.5 points across the week. Q2(23) was more stable trading in the ws175-ws182.5 range all week. Finally, TC17 MEG/East Africa MRs went from ws202.14 to ws232.86.

In the Middle East Gulf LR1s on the 55kt MEG/Japan run (TC5) have risen by almost 19 points to just above the ws200 mark. In the paper market TC5 was quieter than usual and actually saw a bit of a sell off into the weekend, Q2(23) for instance traded ws216, ws215 and ws214 in the space of 30 minutes on Friday as it moved lower. Q3(23) also slipped from its ws213 level seen on Wednesday down to ws205 last yesterday. Handymax vessels saw a considerable gain of nearly 150 points to close yesterday up at ws329.69. This substantial gain in the spot didn't translate equally into the paper market with April FFA gaining a meagre 10 points from the start of the week to trade ws250 last.

The Baltic Dirty Tanker Index was fairly stable this week falling just marginally from 1485 to 1478. The VLCC market strengthened dramatically this week however with rates and earnings sharply improving on all routes. The 270,000mt Middle East Gulf to China voyage surged by over 25 points to ws97.55. It has since retreated after a turbulent day in oil markets with Brent crude futures plummeting by almost \$5 to touch lows not seen since the 6th January. As usual TD3C paper market was active and it climbed in sync with the index. April FFA climbed to ws73.5 over the week, up 3.5 points, and continued to trade at that level yesterday despite Brents selloff. Thursday saw a staggering 690kt trade on the May FFA at ws71. In the Atlantic markets, the 270,000mt US Gulf/China route increased by \$1,239m to around \$11.3 million.

On the Suezmax market voyage the fundamentals were unable to support the sentiment and rates tumbled nearly 27 points for the TD20 Nigeria/Rotterdam to ws114.32. On TD20 Paper April FFA held firm across the week however, trading in the ws112-ws120 range, 290kt was seen printing at ws118 and 280kt seen at ws115 over the week. Q2(23) also saw good volume trade on Wednesday with 220kt seen printing at ws106. Lastly on the longer-haul Aframax US Gulf/Rotterdam voyage rates slipped by 43.21 points down to ws230.

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