FIS

Weekly Oil Report

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13/06/2023

Prices movement (front month)	05-Jun	12-Jun	Change % (settlement prices)
Brent Crude	76.71	71.84	**-6.35%**
WTI Crude	72.15	67.12	**-6.97%**
VLSFO (Singapore)	556.47	538.99	**-3.14%**

Crude Oil Market :

Recently, the oil market's attention has shifted away from Saudi Arabia oil cuts onto the U.S' upcoming Fed meeting. Today alone, crude is trading back near to levels from the start of the week with support from a tighter market view in the latest monthly OPEC report, a weaker US dollar and a potential broad package of stimulus measures under consideration in China after recent weaker data. The Fed meeting will likely take influence from the CPI data that was released today. Historically, Fed hikes have created a strong value in the dollar, making oil and commodities more expensive. However, analysts predict an announcement in the following days regarding a pause on rate hikes. US CPI data was released as follows:

US CPI (Y/Y) May: 4.0% (est 4.1%; prev 4.9%)
US CPI Core (Y/Y) May: 5.3% (est 5.2%; prev 5.5%)
US CPI (M/M) May: 0.1% (est 0.1%; prev 0.4%)
US CPI Core (M/M) May: 0.4% (est 0.4%; prev 0.4%)

Regarding Brent Crude, Jeff Currie, the Global Head of Commodities Research at Goldman Sachs' has released the latest forecasts. Goldman predicts "$86 a barrel for Brent, down from $95, and at $81 a barrel for WTI, down from $89" (Reuters). Currie's bearishness is sparked from increased supply from sanctioned countries such as Russia and Venezuela, high interest rates, and a growing fear of an approaching recession. It is evident that the OPEC+ cuts have been well and truly overshadowed by general recessionary headwinds.

Throughout the past week, U.S. sour crude refining hit the highest level since August 2019 due to a bullish sentiment around summer demand. Similarly, U.S. sour crude prices have reached a one-year high following the government's purchase of 3 million barrels of crude last week. The U.S. government plans to buy another 3 million barrels later in the year, signalling early ambition to refill its strategic petroleum reserve. The affect of these SPR purchases is seeping into the fuel market as I will talk about on the next page.

In the below candle chart of the Aug23 Brent crude future from last Tuesday to date, you can see how the market came off at the end of last week and yesterday but has somewhat reversed those losses today off the back of the CPI data.

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

Bunker Market:

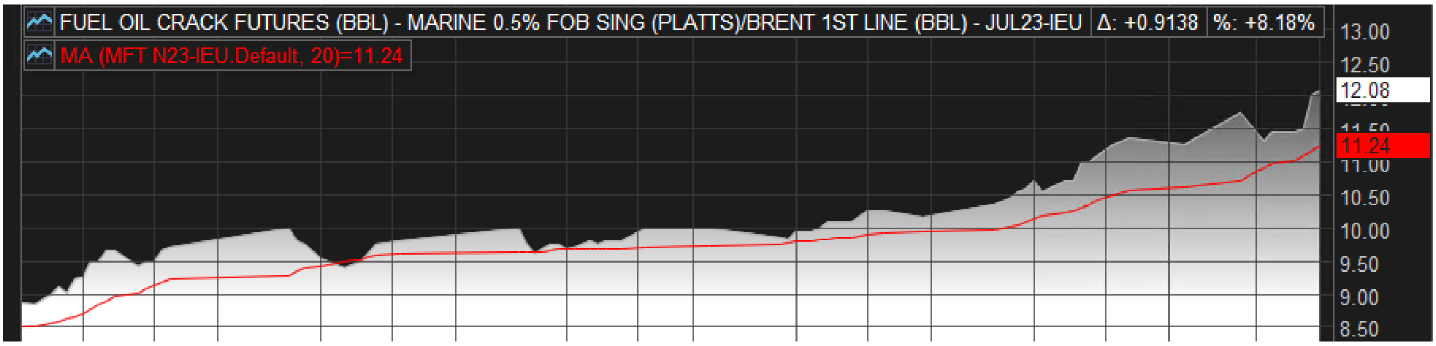
Over the past few trading days, we have seen a dramatic rally in fuel cracks, with Rotterdam 3.5% barges crack printing last here in the market at --$9.00/mt from yesterday's -$9.30/mt settlement and up by almost two dollars from Friday's closing price. VLSFO cracks have also made generous gains, up on the day by a dollar in the Sing – at $12.10/bbl. For perspective, this was printing around $9.50/bbl at this time last week. Euro 0.5% crack has followed suit with a 40 cents upside, just on the day. We're seeing a lot of strength in the fuel cracks possibly due to the refilling of America's Strategic Petroleum Reserve, which, along with OPEC cuts, has created some tightness in the market.

Whilst HSFO spreads have been fairly flat on the week, it's a different story for VLSFO spreads which have rallied the past couple of days. Jun23/Jul23 Sing 0.5% has climbed by a dollar from yesterday and almost 4 dollars from last week, touching an intraday high today of $14.75/mt meaning those who are long the front month can roll their position at a greater premium.

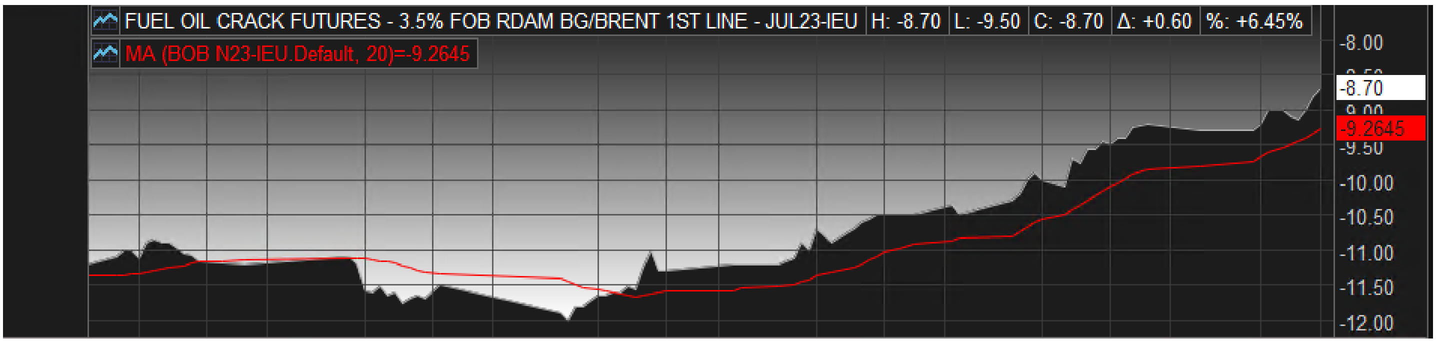
The HSFO EW differential has been sold off and remains extremely well offered in the market today. Its crashed down into negative territory, meaning that the Euro HSFO is trading for higher levels than the Sing HSFO. Jul23 HSFO EW traded last here at -$3.00/mt which is off almost five dollars on the day and nine dollars on the week. On the contrary, the VLSFO EW has widened to 50 dollars in the front month, having been around the $44/mt mark last week.

To the pleasure of scrubber fitted vessel operators, the strength in the VLSFO Sing crack has widened the front Hi5 spread by nine dollars from yesterday where it settled at $128.50/mt. HSFO cracks have, as aforementioned, rallied as well, but just not at the same rate as the VLSFO cracks.

Sing 0.5% Crack From Tuesday 06/06/23 to Date



Rotterdam 3.5% Barges Crack From Tuesday 06/06/23 to Date



Text pricing data: *FIS* ***Chart data:*** *FIS*

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Tanker Weekly Report 05Jun23 – 12Jun23

The Baltic Dirty Tanker Index gained this week with owners managing to turn rates around slightly, it climbed from 1041 to 1086. In the VLCC market rates for TD3C were already edging slowly higher early in the week before surging yesterday off the back of an influx of cargoes with a lack of available tonnage. Spot climbed from ws45.77 to ws67.95 with 14.36 points of the move occurring yesterday. In the paper market TD3C has firmed across the curve with BALMO trading at ws67 last yesterday evening, a considerable 22 points higher than the previous Monday. Q3(23) also gained 14 points across the week settling at ws53 on yesterday's close, Friday saw decent volume trade on the Q3 as it printed at ws46 in 445kt and ws48 in 250kt later in the day. Q4 also saw similar gains and had its moment on Thursday where it traded at ws56 in 385kt, it has traded up at ws60 since then.

On the Suezmax market rates for the TD20 Nigeria/Rotterdam voyage were slipping at the start of the week but manged to recover somewhat and climb yesterday with spot closing at ws93.5, a gain of just 0.75 on the week. On TD20 Paper July FFA dropped briefly to ws85 but has followed the spot back higher and seen a last done at ws95 yesterday, trading was relatively thin on the rest of the curve however. On the longer-haul Aframax US Gulf/Rotterdam voyage rates firmed significantly from ws143.13 up to ws181.25 due to a flurry of stateside activity. The USGC/AFRA paper market saw more modest gains across the curve with BALMO and July FFA's each gaining about 10 points across the week.

Product tankers slipped again this week with the BCTI Index dropping from 657 to 597. For MRs on the UK continent, freight levels have taken a significant hit with spot tumbling from ws194.44 down to ws150.56 at the time of writing, supply has heavily outweighed demand and it would seem there is still room for further decline. TC2 Paper also suffered a sharp drop with July being worst hit yesterday where it traded down at ws152 in the afternoon after seeing ws167 trade in the morning. In America MR's trended lower as well closing back below the ws100 mark for the first time in a couple of weeks. On TC14 paper things were more steady with Q3 holding its ground at the ws120 mark. July did come off a touch though following the spot move. Finally, MEG/MRs edged lower over the week slipping from ws240 down to ws235.

In the Middle East Gulf LR1s on the 55kt MEG/Japan run (TC5) have dropped again this week losing 10 points to close down at ws130.71. It suffered a lack of enquiry throughout the week but came back slightly from its low of ws127.14. As such TC5 Paper also continued to decline with July FFA retreating from ws152 down to ws137 across the week. Mediterranean Handymax's once again continued to hold at the ws135 mark for the third week in a row. TC6 paper saw July trading in the ws145-ws155 range all week which was around 20 points lower than the previous week.

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Chart Source: Bloomberg