

28/06/2023

Prices movement (front month)	12-Jun	27-Jun	Change % (settlement prices)
<b>Brent Crude</b>	71.84	72.26	<b>+0.58%</b>
<b>WTI Crude</b>	67.12	67.60	<b>+0.86%</b>
<b>VLSFO (Singapore)</b>	538.99	566.98	<b>+5.19%</b>

## Crude Oil Market :

The oil market seems to have breathed a collective sigh of relief as a military insurrection spearheaded by Wagner leader Yevgeny Prigozhin was aborted on Saturday, avoiding a clash which could potentially jeopardize Russian supply of oil to the market. This, along with broadly negative economic outlook, has eased oil prices from last week. At the time of writing, the intraday low for the Aug23 Brent crude futures is \$72.24/bbl.

The G7 price cap on Russian fuels implemented last year has been met with differing responses from the commodity trading heavyweights. Whereas BP and Shell were among those who stopped trading Russian crude and fuels entirely, it is apparent from the financial times analysis of Russian export data that commodity majors Guvnor and Vitol have neglected commitments to halt trade, instead electing only to exit crude oil. The analysis stated that Swiss Guvnor bought 1 million tons of Russian fuels (worth some \$540 million) with Vitol purchasing 600,000 tons (worth \$400 million) in the first four months of this year. These figures place Guvnor and Vital as the eighth and tenth largest buyers of Russian products in 2023, respectively.

To mitigate against the softening price of oil, Saudi Arabia announced on June 5<sup>th</sup> a unilateral cut of 1 million barrels per day (BPD) from its crude oil production in July. It is evident from historic precedent that this could serve to affect transparent markets, which report oil and products data on a weekly basis, to a much greater extent than the primary market for Saudi oil: Asia (In which China and India rarely- if ever- report strategic or commercial oil stockpiles). Saudi Arabia may elect to prioritize supply to north Asian refineries, to force a tightening of supply in the US market which will be evidenced in inventory reports.

Following tumultuous recent years for oil, marked by a pandemic and the Russian invasion of Ukraine, Armaco has provided a vision of oil market stability that is likely to remain for the rest of the year. Despite potential recession concerns developing, countries, specifically China and India, continue to be the drivers of healthy oil demands to the tune of 2 million bpd. However, the recent 10% slash in Goldman Sachs oil forecast provides an insight into a contrasting perspective. This can largely be attributed to the increased supply of oil from sanctioned countries as well as the effect of Chinas stagnating recovery on global demand.

### Aug23 Brent Crude Futures from 19th June to Date



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

**Bunker Market:**

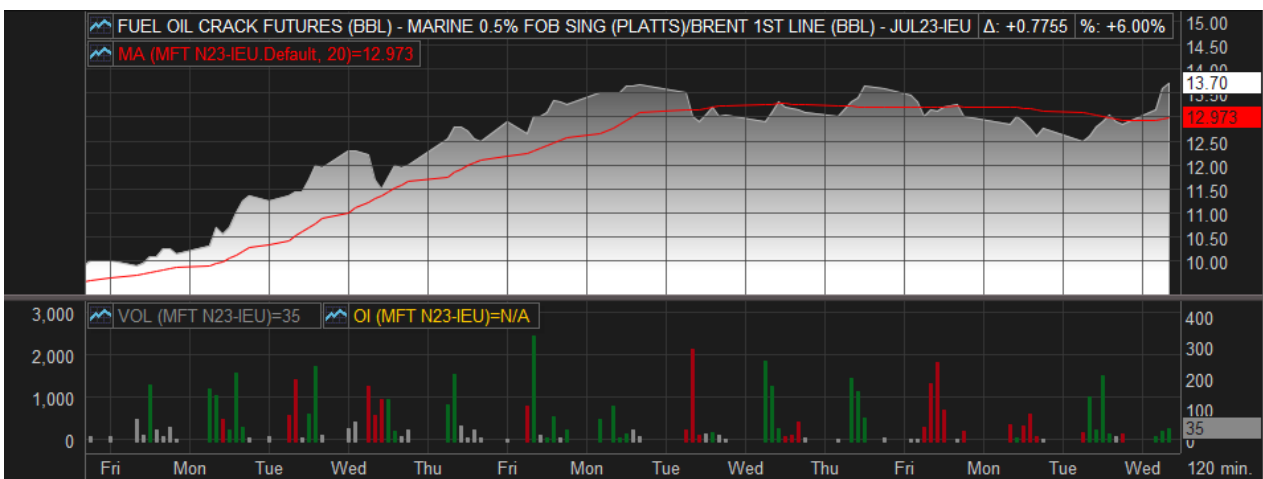
HSFO EW has been sold off in dramatic fashion since the weekly highs of \$5.75/mt on 22<sup>nd</sup> June. The Jul23 contract traded last in the market at -\$4.00/mt – such a drop might’ve been caused by the potent US and Chinese selling of Sing 380cst cracks.

The Euro Hi5 has tightened by twelve dollars on the week, valued at around the \$74.00/mt mark here in the front month. This weakness has been spurred by a very strong high sulphur crack, which is up almost three dollars on the week and 50c on the day, trading last at -\$6.20/mt in the front month.

VLSFO cracks are prevailing possibly spearheaded by tightness in supply of products after voluntary OPEC+ cuts. The Sing 0.5% crack traded last at \$13.70/bbl , up 80 cents on the day and up 20 cents on the week. This has offered support to Singapore 0.5% marine fuel flat price amid falling crude prices.

VLSFO spreads are slightly softer on the week, although have rallied today after weakening on Friday of last week. Jul23/Aug23 Sing 0.5% spread traded last at \$17.50/mt, 25c weaker than last Tuesday’s closing but over a dollar stronger on the day. A higher spread favours those who are looking to roll their front month position before the Jul23 contract expires, offering a greater premium.

**Sing 0.5% Crack From Tuesday 08/06/23 to Date**



**Rotterdam 3.5% Barges Crack From Tuesday 08/06/23 to Date**



Text pricing data: FIS Chart data: FIS

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