FIS Weekly Oil Report

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Prices movement (front month)	03-Jul	10-Jul	Change % (settlement prices)
Brent Crude	74.65	77.69	**+4.07%**
WTI Crude	69.79	72.99	**+4.59%**
VLSFO (Singapore)	561.11	556.41	**-0.84%**

Crude Oil Market :

It would seem as though supply cuts from Saudi Arabia and Russia have somewhat stabilised the oil market, after initially seeming futile upon their announcement at the beginning of the month. The two largest OPEC+ producers pledged further voluntary reductions to their oil output – 500,000 barrels per day from Russia and another 1 million barrels per day from Saudi Arabia. Immediately, the market was unphased, but yesterday Brent crude front month futures touched their highest level in more than two months at $78.77/bbl. It is worth noting that this two month high is only around two dollars stronger than the level the market was at, at the time of the OPEC+ announcement. Any potential major gains have been capped, of course, by the persistently sluggish global oil demand outlook, thus, the market remains very much in limbo between supply tightness and lacklustre demand. It is more expected rate hikes in the US as well as suppressed Chinese demand recovery that are weighing in on the market. For today, Brent crude has traded within yesterday's range but is up by a dollar on the day, at the time of writing.

Past pledges and OPEC+ meetings, the numbers are evidence of a decline in Russian crude exports with seaborne crude flows falling over 1mbpd on the week, this week, to 2.86mbpd according to Bloomberg data. A substantial chunk of the decline was from ports in western Russia with volumes below the average February level. The export cuts could be complicated for Russia, amid high levels of refinery idleness. Some large Russian refineries have extended their respective periods of maintenance into July, which has resulted in higher than anticipated idle refining capacity this month. This has the potential to deter Russia from upkeeping their pledge of export cuts for August as low levels of refining incentivises the exporting of crude barrels. To add to Russia's troubles; for Jan23 through to Jun23, The Kremlin budget's oil and gas revenues fell by 47% to 3.38 trillion roubles ($37.4 billion), due to lesser tax revenues because of price caps and Western sanctions.

Sep23 Brent Crude Futures from 03th Jul to Date

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

Bunker Market:

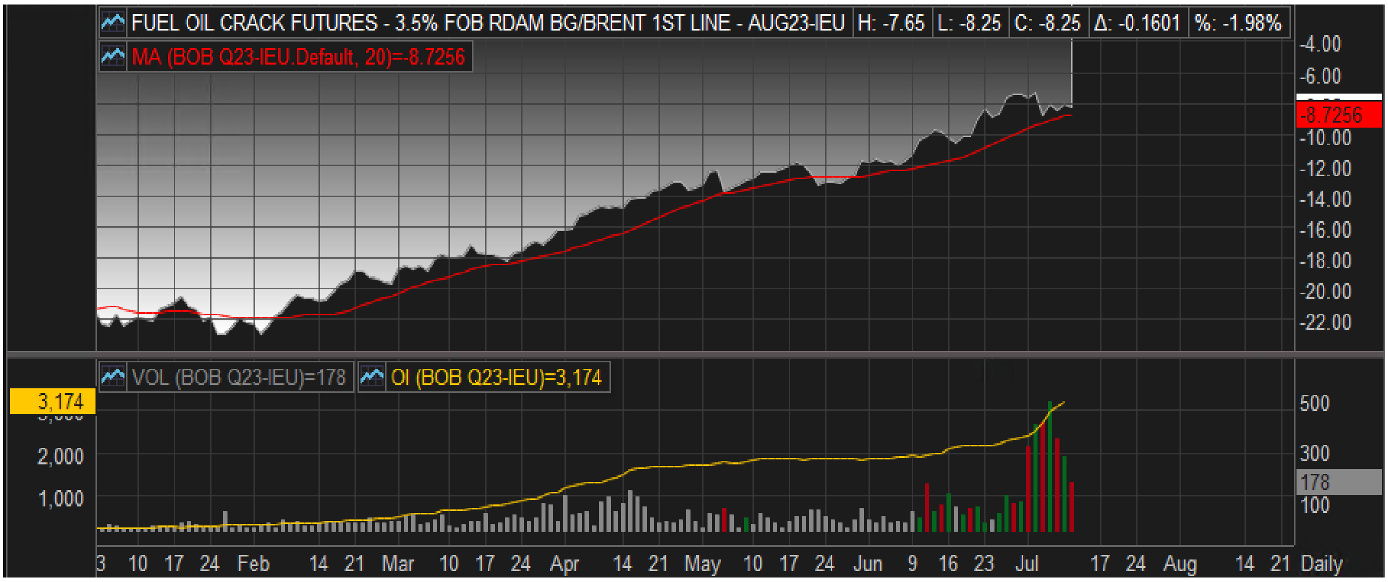
HSFO cracks remain fairly flat on the week - at high levels amid a lack of Russian high sulphur molecules entering the market. Not only have Russia have pledged to further cut oil exports, but also a lot of their major refineries have extended maintenance into this month – resulting in tighter supplies of the heavier fuel oil which is produced as a by-product of refining. On top of this, China has enforced more crude import quotas which, in turn, increases their demand for refinery feedstock. The front month Euro HSFO crack is pegged at -$7.60/bbl, whilst the Sing equivalent is around -$6.80/bbl.

With the HSFO cracks at prevailing levels, paired with weakness in the VLSFO cracks, the Hi5 spreads have tightened. Weak VLSFO cracks are also the reason that the flat price settlements are lower on the week, despite the higher Brent. The front month Euro Hi5 has fallen to sub $60/mt levels, from an intraweek high of around $70/mt last week and having fallen four dollars on the day. The Singapore equivalent is off ten bucks from this point last week, at around $93/mt at the time of writing. For scrubber fitted vessels, it is optimum for the Hi5 spread to be as wide as possible so that the scrubber grants more value added.

VLSFO spreads have softened over the trading week, particularly in the front Sing contracts, with the Aug23/Sep23 trading last at $6.75/mt from a closing price of $10.25/mt this time last week. The Euro spreads have dropped also, but far less aggressively, with the same spread down a dollar on the week and 50 cents on the day—at $6.75/mt last printed.

In other news, VPS have detected a rather serious fuel oil contamination issue in Houston that may have affected vessels with fuel deliveries from there during March to May, this year. Eleven vessels using this fuel have reported loss of power in the propellers due to the presence of high levels of DCPD in the fuel.

Aug23 Rotterdam 3.5% barges Crack From Turn of 2023 to Date



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

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