

18/07/2023

Prices movement (front month)	10-Jul	17-Jul	Change % (settlement prices)
Brent Crude	77.69	78.50	+1.04%
WTI Crude	72.99	74.15	+1.59%
VLSFO (Singapore)	556.41	543.53	-2.31%

### Crude Oil Market :

As is evident from the table above, the weekly move in Brent crude has been minimal. The market is sideways at the moment due to the unstoppable force of supply tightness meeting the immovable object of dreary global oil demand outlook.

Russia have set plans to cut oil exports from its western ports by 100,000-200,000 barrels per day next month from July levels – a good sign that they are making an effort to stick to their pledge of new supply cuts along with Saudi Arabia. Russia promised a further 500,000 bpd export cut last month, after Saudi Arabia announced their 1,000,000 bpd slash for the next month. To add to worries from the supply side, the market awaits US oil stockpile data that is expected to show a drawback in crude and products.

Countering any major gains from supply tightness is Chinese economic data showing a lacklustre post pandemic recovery. Economic forecasts predicted a 7.3% Chinese GDP growth year--on--year for Q2, however the actual figure fell a full percentile short amid a lack of momentum.

The only major moves that we have seen in the crude market this week were yesterday, when there was notable panic after a top financial reporting body published a headline that read “SAUDI ARABIA WILL EXTEND ITS VOLUNTARY CUT UNTIL THE END OF DECEMBER 2024”. In reaction to such news, the Sep23 Brent crude future rallied by two dollars almost instantly. After touching the highs at \$80.64/bbl, the published news was withdrawn, and it was confirmed that an extended cut to 2024 was not the case. Crude immediately shed the gains and remained fairly rangebound for the rest of the trading day. The “fake news” impact can be seen on the 1 hour candle graph below at 1000 BST Monday.

Sep23 Brent Crude Futures from 10th Jul to Date



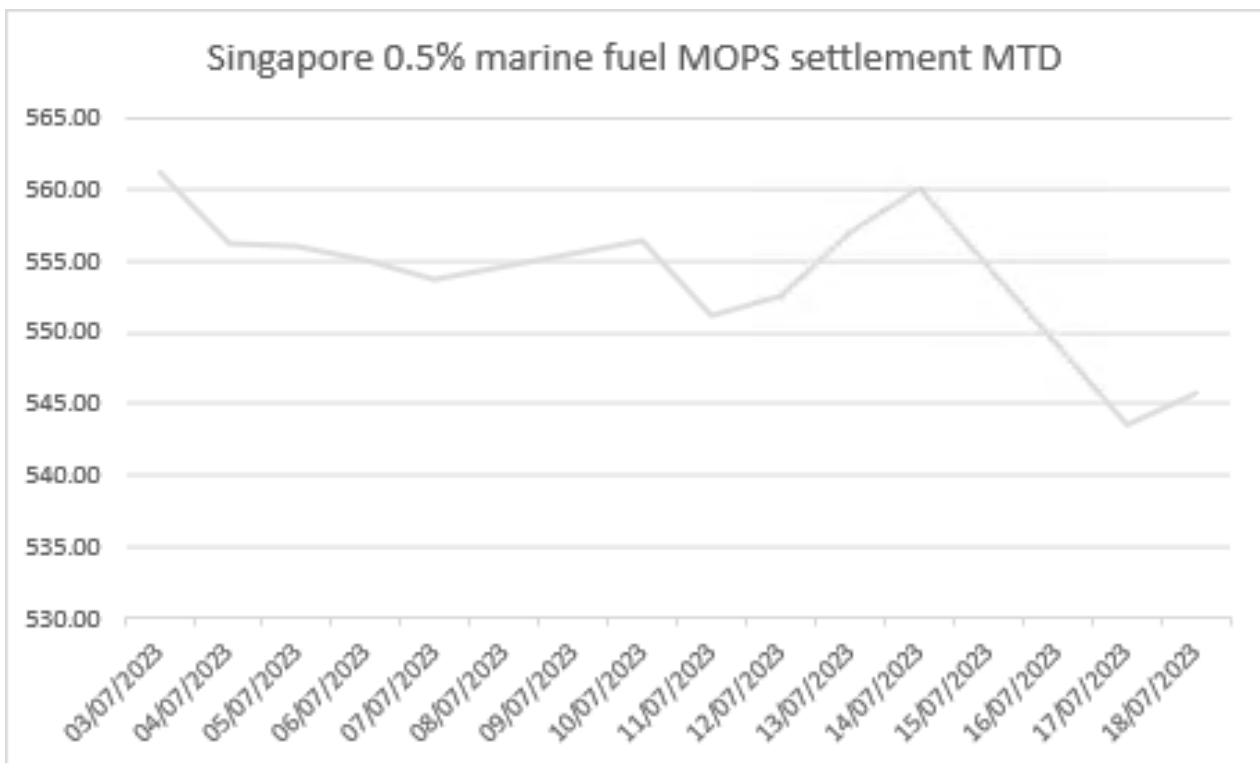
Source: FIS, Reuters, Oil Price, Bloomberg, BBC News, Morningstar

## Bunker Market:

The Hi5 spreads have remained fairly stable since last week, trading about a 5 dollar range in the front month for Sing and Euro. The lows of last week for each were \$95.00/mt and \$62.00/mt, respectively. With the Euro Hi5 being so low recently, we have noticed end user shipping interest is picking up, with hedgers looking at buying both the front month and cal24 contacts, in particular.

VLSFO spreads have come off aggressively over the trading week, particularly in the front Sing contracts, with the Aug23/Sep23 trading last at \$3.25/mt from a closing price of \$6.75/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—at \$6.00/mt last printed. The Euro spreads have been highly illiquid the last few days, in comparison to the Sing spreads that are being sold off very actively in the market.

VLSFO flat price settlement yesterday saw quite a significant drop from Friday on much weaker cracks. The Sing 0.5% marine fuel settled at \$560.11/mt on Friday, compared with a \$543.53/mt settlement on Monday after the crack hit weekly lows of \$6.55/bbl. This has recovered by about a dollar from this level, today.



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

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

## Tanker Weekly Report 10Jul23 – 17Jul23

The Baltic Dirty Tanker Index climbed this week, going from 925 to 970. In the VLCC market rates for TD3C fell early in the week bottoming out on Wednesday as it dipped below ws50, it then began a steady recovery to close at ws54 yesterday. In the paper market TD3C Aug FFA followed the physical, reaching a low on Wednesday at ws48 and then trading up at ws52.5 last. Similarly on Tuesday a noteworthy 450kt traded on Q4(23) at ws57 before surging higher to trade at ws62 last yesterday evening.

Last week on the Suezmax market rates for the TD20 Nigeria/Rotterdam voyage hit the lowest level seen this year at ws84.09. This week it has seen a relative return to strength gaining 17.61 points from ws85.57 to ws103.18. On the TD20 paper market gains have been more conservative with Aug FFA still trading around the ws90-92 range for much of the week, it did see a considerable 465kt trade at ws90 on Wednesday. Q4(23) fared slightly better gaining 4 points over the week to trade at ws103 last.

For the longer-haul Aframax US Gulf/Rotterdam, voyage rates surged at the tail end of the week jumping 20 points from Thursday to Friday, it closed at ws180.94 yesterday, 34.38 points higher than the previous Monday. USGC/AFRA paper saw BALMO climb from ws159 to ws175 last over the course of the week. The rest of the paper curve was less reactive to the jump in spot with Aug trading in the ws157-159 range all week, similarly Q4(23) hovered around the ws169 level.

Product tankers suffered a decline this week with the BCTI Index dropping from 608 to 565. For MRs on the UK continent freight rates have been tested down once again with TC2 softening from ws134.75 to ws112.25. As such TC2 paper also retreated with July and August contracts heading lower by around 10 points each. In America MR's trended lower for most of the week with the TC14 index touching ws107.08 before recovering to close at ws112.92 last, just 1.25 points lower than the previous Monday. This was largely due to the limited number of cargoes being worked in the Gulf. TC14 paper showed signs of recovery yesterday late in the day with BALMO trading ws119, ws126 and ws128 last in quick succession. Finally MEG MR's have edged lower this week, seeing the TC17 index slip from ws200 down to ws193.21, an abundance of LR1's has been mentioned as a factor pushing the index lower.

In the Middle East Gulf LR1s on the 55kt MEG/Japan run (TC5) declined for a 3<sup>rd</sup> week in a row with plenty of available tonnage and a limited amount of enquiry. The index slipped from ws 123.13 down to ws106.88. The drop was also felt on TC5 paper with Aug FFA losing 20 points over the week to trade at ws127 last yesterday. Similarly Sep fell from ws154 to ws138 and Q4 (23) fell from ws157 to ws150. Lastly Mediterranean Handymax's couldn't maintain their recent rally and dropped from the ws185 level to ws167.5.

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