FIS

Weekly Oil Report

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Prices movement (front month)	17-Jul	24-Jul	Change % (settlement prices)
Brent Crude	78.50	82.74	**+5.40%**
WTI Crude	74.15	78.74	**+6.19%**
VLSFO (Singapore)	543.53	571.87	**+5.21%**

Crude Oil Market :

Crude has found support from supply side tightness this week, up over 5% from last Monday to yesterday and hitting highs not seen since mid-April. Even today the Sep23 Brent crude future has traded above $83.50/bbl levels. After settling above $82/bbl on Monday, Brent front month futures broke above the 200-day moving average.

The main driving force behind the rising crude has been the Russia and Saudi Arabia voluntary output cuts, which are finally becoming more evident in the market with Russia's seaborne crude exports from Baltic and Black Sea ports slumping to the lowest levels in seven months, according to Bloomberg vessel tracking- evidence. To add to the supply side issues, whilst remote for now, worries are festering as Russia escalates its bombing of Ukrainian ports along the Danube River. Whilst this is not a direct threat to energy markets, the risk that this could spill over into other markets is very real, particularly after last week when Ukraine said that any ships heading to Russian Black Sea ports could be treated as potential military targets.

As a result of all the supply problems going on, Goldman Sachs are expecting the front month Brent crude futures to continue to move higher towards a forecast of $86/bbl for Dec23 as the oil market pivots into supply deficit for 2H23. Even though oil production in the US had ramped up significantly this year to 12.7 million barrels per day, the investment bank believe that this will slow throughout the remainder of the year and will not act as a sufficient counter to OPEC+ cuts.

Current stronger refinery margins might be adding to some optimism over demand, although this strength in refinery margins appears to be more supply-driven than demand-driven at the moment. We are seeing strength predominantly in gasoline and middle distillate cracks, while fuel oil cracks are also holding relatively firm.

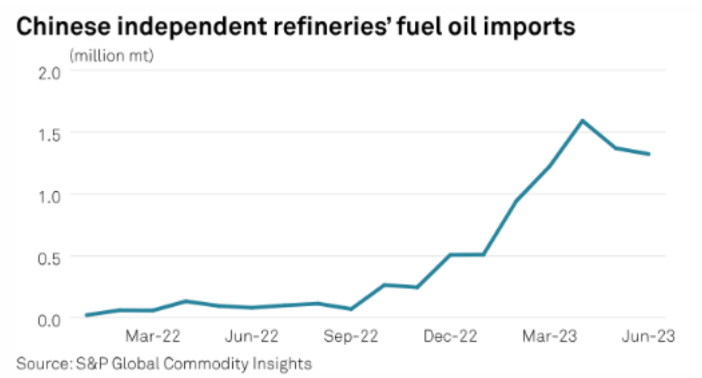
Sep23 Brent Crude Futures from 17th Jul to Date

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

Bunker Market:

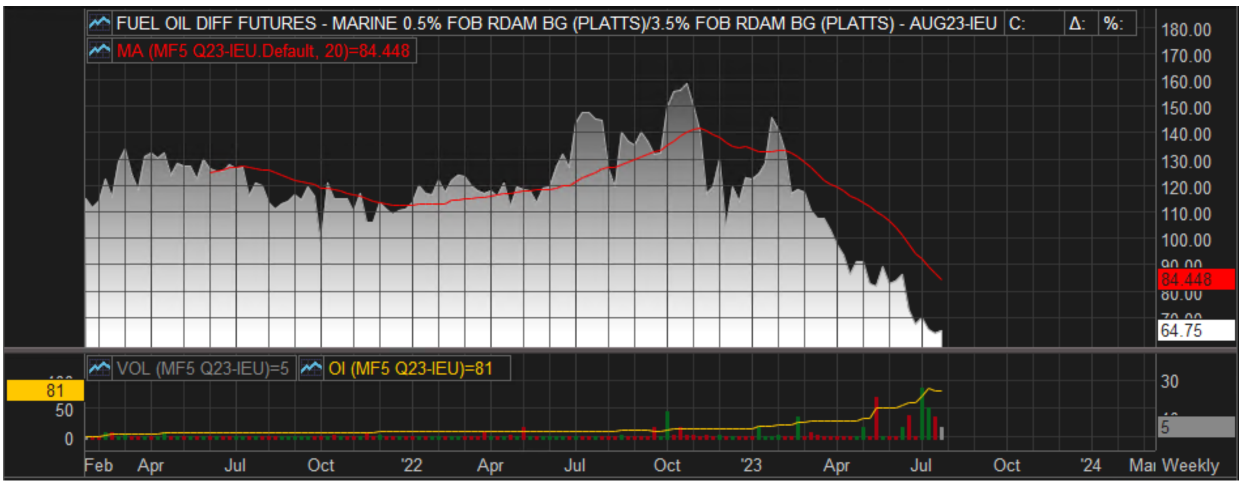
The Singapore VLSFO market structure weakened further today, with the Aug23/Sep23 spread seeming to find a bottom at $1.25/mt, having tumbled week on week from $6.75mt on the 11th July to $3.75/mt on the 18th July. Some explanation as to why the front spread is so narrow could be that the market sentiment is being weighed down by expectations for a large regional stock build of the 0.5% marine fuel in August amid higher cargo imports. On top of this, there is not expected to be a significant tick up for downstream low sulphur bunker demand in the near term.

As mentioned, we are seeing strong imports of fuel oil into China and this is expected to remain strong for the remainder of 2023 as Chinese refineries are likely to keep importing fuel oil for use as a feedstock. In June, imports of fuel oil by independent Chinese refineries were at least 1.32 million mt – an astronomical jump from only 80,000 mt in June22 and direct evidence of China's import and refining quotas.



The Euro Hi5 spreads have remained fairly flat since last week, trading about a 5 dollar range in the front month. The lows of last week for each were $61.00/mt. The Sing Hi5 has been more volatile, trading up to $97/mt from $86/mt in the front month over the course of the week. 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. The Hi5s are still hovering around particularly low levels amid higher arbitrage supplies and a stronger HSFO market amid tighter supplies and relatively stable bunker demand.

Euro Hi5 spread From Feb 2021 to date



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

***Source:** FIS, Reuters, Oil Price, Bloomberg, S&P Global*

Tanker Weekly Report 17Jul23 – 24Jul23

The Baltic Dirty Tanker Index dropped this week, going from 970 to 929. In the VLCC market rates for TD3C weakened from ws54 down to ws51.21. In the Middle East, while the market has been quieter on the face of it, there have been fixings under the radar, adding to the cargo count. The feeling is that early August stems are almost covered, which provides for a softer sentiment. On the TD3C paper market the curve has been relatively stable despite seeing reduced volumes. August FFA has traded in the ws52-53 range all week and September did not deviate more than half a point from ws55.

On the Suezmax, market rates for the TD20 Nigeria/Rotterdam voyage have had a dreadful week dropping sharply from ws103.18 down to ws81.82. TD20 paper also experienced a relatively quiet week but did follow the spot lower with BALMO losing 20 points across the week to trade at ws83 last and August falling from ws93 to ws88.

For the longer-haul Aframax US Gulf/Rotterdam voyage rates were showing promise at the start of the week reaching a high for the month at ws184.38 on Tuesday but quickly took a downturn and plummeted to ws147.19 by yesterday. On the USGC/AFRA paper market BALMO mimicked spot closely dropping from ws177 down to ws147 by the time of writing. August lost 12 points and Sep lost 6 points to trade at ws147 and ws152 last respectively.

Conversely Product tankers had a positive week, the BCTI Index climbed from 565 to 626. For MRs on the UK continent freight rates had an extremely positive week seeing the TC2 Index gain nearly 60 points to close at ws171 yesterday. This was fuelled by a consistent influx of cargoes that helped to drive sentiment higher. TC2 paper felt the influence of this spike in rates with August trading daily and consistently climbing with a last done at ws155, up from ws135 the same time last week. In America MR's took flight on Tuesday with the TC14 Index gaining 48.75 points in a single day to reach ws161.67, the highest level we've seen since March earlier this year. These gains initially stemmed from a busy day for chartering MRs in continental Europe, the spike was short lived however and rates have fallen back to ws136.67 by yesterdays close. TC14 Paper saw BALMO climb from ws119 to a high of ws142 on Tuesday afternoon before surrendering the gains to trade at ws135 last on Thursday. Finally MEG MR's recovered for the second week-on-week. The TC17 index ticked up 29.65 points to ws222.86. This also takes the TCE back over the $20,000/day Baltic TCE round trip.

In the Middle East Gulf LR1s on the 55kt MEG/Japan run (TC5) edged lower again this week seeing a year low at ws101.25 mid-week before bouncing back just slightly to close at ws103.75 yesterday. The paper market showed some resistance though and the curve strengthened over the course of the week. August and September FFA's gained 12 and 5 points respectively trading multiple levels across the week. Q4(23) climbed from a low of ws147.5 on Wednesday to ws155 yesterday and traded a total volume of 322kt/m over the week. Lastly Mediterranean Handymax's held their ground with TC6 staying around the ws170 mark.

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Chart Source: Bloomberg