FIS

Weekly Oil Report

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Prices movement (front month)	24-Jul	31-Jul	Change % (settlement prices)
Brent Crude	82.74	85.43	**+3.25%**
WTI Crude	78.74	81.80	**+3.89%**
VLSFO (Singapore)	571.87	596.31	**+4.27%**

Crude Oil Market :

Support in the crude oil market endures this week, still buoyed from supply side tightness. As per the table above, Front month Brent crude futures are 3% stronger on the week, with the WTI benchmark almost 4% stronger.

This has primarily been driven by the Saudi Arabian and Russian voluntary production cuts which finally had a more significant impact on the market, especially in the second half of July, following a sustained period of limited price growth. The IEA expects to see this trend continue, with upward pressure on prices being driven by cuts to continue into Q4. In Russia, Kpler observed that according to their shipment tracking data, July seaborne crude exports dropped to the country's lowest level this year.

Adding to the upside pressure on prices, OPEC and the IEA expect demand for oil to exceed supply in 2023. A Reuters poll has estimated that U.S. crude inventories fell by 900,000 barrels last week, reflecting the spike in fuel demand to 20.78 million bpd in May (the highest since August 2019). Weekly fuel stocks are currently below their 5-year average in northern Europe, Japan, Singapore, the U.S and Fujairah.

In Asia however, weak Chinese industrial activity and imports of cheaper crude from Russia, Iran and Venezuela have shown that there is no evidence yet of an overall crude inventory drawdown. In the U.S., the Fed's rate hike could slow economic growth and reduce oil demand, demonstrating the clash of tightening global supply and fears of slowing demand due to economic slowdown.

The impact of production cuts and lower U.S., north Europe and MENA crude inventories have been somewhat offset by production growth outside of OPEC in Brazil, the U.S and Guyana. Similarly, despite global demand for oil expected to reach a record high of 102 million bpd in 2023, the IEA has forecasted that the pace of this growth in 2024 will halve, partly due to the growth of the EV sector.

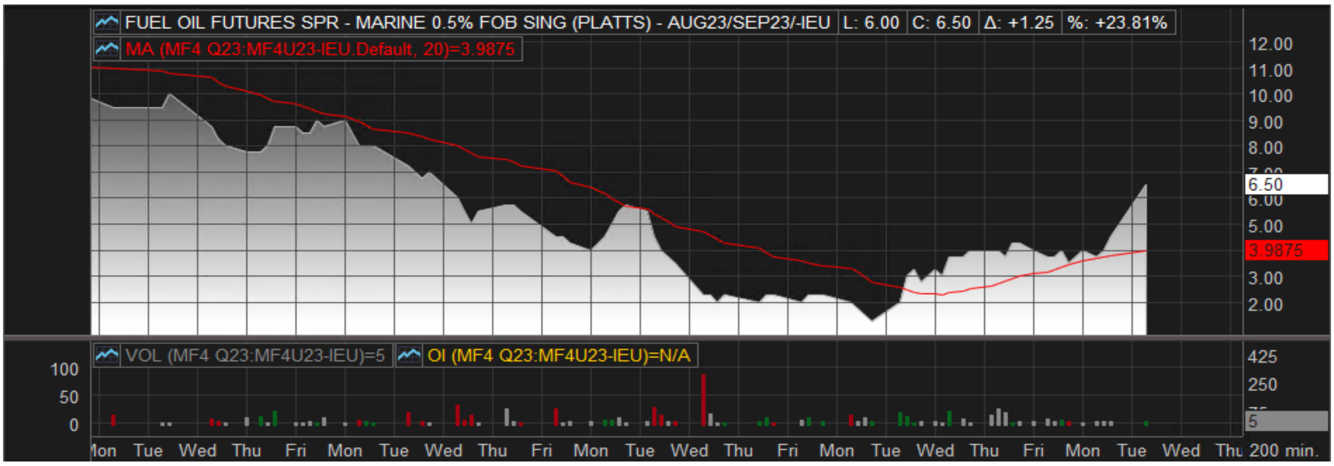
Oct23 Brent Crude Futures from 25th Jul to Date

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

Bunker Market:

VLSFO market structure has strengthened in the last few days. VLSFO spreads went very well bid this morning, having shown signs of recovery from extreme lows in the second half of July. The full Aug23/Sep23 spread is up over a dollar on the day at $6.50/mt and over five dollars stronger than 24th July's dramatic low of $1.25/mt. The Sep23/Oct23 contrast is also up $1.25 on the day at $8.50/mt last traded. After expectations of a large regional stock build of the 0.5% marine fuel in August caused the front Sing spreads to tighten, Typhoon Khanun in China has caused the postponement or cancellation of some early-August delivery deals. This has been reflected in the recovery of the spreads and the Sing 0.5% crack in the near term.

Aug23/Sep23 Sing 0.5% Marine Fuel Spread From The Beginning of July to Date



The HSFO market remains strong amid healthy demand for Summer power generation in the East. On top of this, we are seeing high 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.

Today, the HSFO EW slipped into negative territory in the front Sep23 contract, having settled at around $1.00/mt yesterday evening. It traded last at -$1.00/mt – six dollars softer on the week as Rotterdam HSFO crack supports the European market against the Singaporean equivalent.

Sep23 Rotterdam 3.5% Barges Crack from 13th Jul to Date

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

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

Tanker Weekly Report 24Jul23 – 31Jul23

The Baltic Dirty Tanker Index suffered again this week dropping from 929 to 851. In the VLCC market rates for TD3C fluctuated throughout the week around the ws51 level but finally closed lower at ws50.5, a drop of 0.71 points week-on-week. On the TD3C paper market volumes were relatively thin, August FFA edged slightly higher over the week from ws52 to ws54 last. Similarly, Q4(23) saw a climb of two points over the week from ws62 to ws64.

On the Suezmax market rates for the TD20 Nigeria/Rotterdam voyage continued to freefall, dropping from ws81.82 to ws67.95, the lowest level seen this year. TD20 paper followed suit and trended lower at the front of the curve, August FFA slipped from ws88 to ws82.5 last on Thursday but is currently being marked as low as ws75 per the Baltic forward assessments. Sep FFA saw good volume on Friday and Monday with over 570kt trading as it continued to edge lower from ws89.5 to ws88.

For the longer-haul Aframax US Gulf/Rotterdam voyage rates were slashed by another 22.5 points to close at ws124.69. On the USGC/AFRA paper market August FFA mimicked the spot dropping from ws147 to ws138 over the week trading actively as it trended down. Q4(23) was more stable trading in the ws164-ws165 range all week and even saw a small print slightly firmer at ws166 on Friday.

Product tankers on the other hand had another strong week, the BCTI Index climbed from 626 to 704. For MRs on the UK continent, freight rates started strong reaching ws180 but have given up those gains since to close a fair chunk lower at ws162.75. On TC2 paper August FFA was sold aggressively on Wednesday seeing prints as low as ws151. It has recovered since then to trade at ws157.5 last, 2.5 points higher week-on-week. Q4(23) held firm and traded consistently at ws170 over the week. In America MR's continued to experience the kind of volatility they've seen since the start of the year with the TC14 Index spiking nearly 20 points to a high of ws154.17 mid-week before settling at ws147.5. On the TC14 paper market Aug and Sep contracts were both active and like the spot, reached their highest levels on Wednesday and Thursday. They are trading lower since then at ws131 and ws127 respectively – each still 4 points higher than the same time last Monday. In the Middle East the TC17 index continued to firm adding another 34.28 points to close at ws257.14 last.

In the Middle East Gulf LR1s on the 55kt MEG/Japan run (TC5) bounced back aggressively this week climbing from ws103.75 to ws164.38 after two weeks of steady decline and a year low of ws101.25 being seen. The paper market saw a very active week for TC5 August with over a million tonnes being traded as it climbed from ws135 to ws158.5 over the week trading almost every level on its way. TC5 Q4(23) also firmed from ws152 to ws160. Lastly Mediterranean Handymax's have been tested back down with TC6 losing 14 points from ws172.06 to ws158.06.

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Chart Source: Bloomberg