

08/08/2023

Prices movement (front month)	31-Jul	07-Aug	Change % (settlement prices)
Brent Crude	85.43	85.34	-0.11%
WTI Crude	81.80	81.37	-0.53%
VLSFO (Singapore)	596.31	622.31	+4.36%

## Crude Oil Market :

Whilst oil found support in the second half of July and into August from compounded Russian and Saudi voluntary production cuts, the market seems to have hit some resistance around the \$86.60/bbl mark, with this being the highest traded level since mid-April. Worries of supply tightness certainly took over during last months rally however the pendulum still swings to weary demand signals to act as a counterbalance.

Evidence of such is yesterday, when oil prices settled down 1%, with the Oct23 Brent crude future settling at \$85.34/bbl. It has continued to drop throughout today's trading amid worries of demand in China and the US – the world's two biggest economies. Early September is the end of the US summer driving season, which historically impacts oil demand in the nation. On top of this, China's July crude imports dropped almost 20% on the month and hit the lowest levels since Jan23, pointing to weaker demand in the globe's second largest consumer of oil.

Caution is rising with regards to Ukrainian drone strikes on Russian infrastructure after a recent hit on Russia's naval base at Novorossiysk which handles 2% of the world's oil supply. This attack did not cause any serious damage, but it does raise tensions which could be reflected in the market should there be further attacks to oil infrastructure from either side.

## Oct23 Brent Crude Futures from 19th Jul to Date



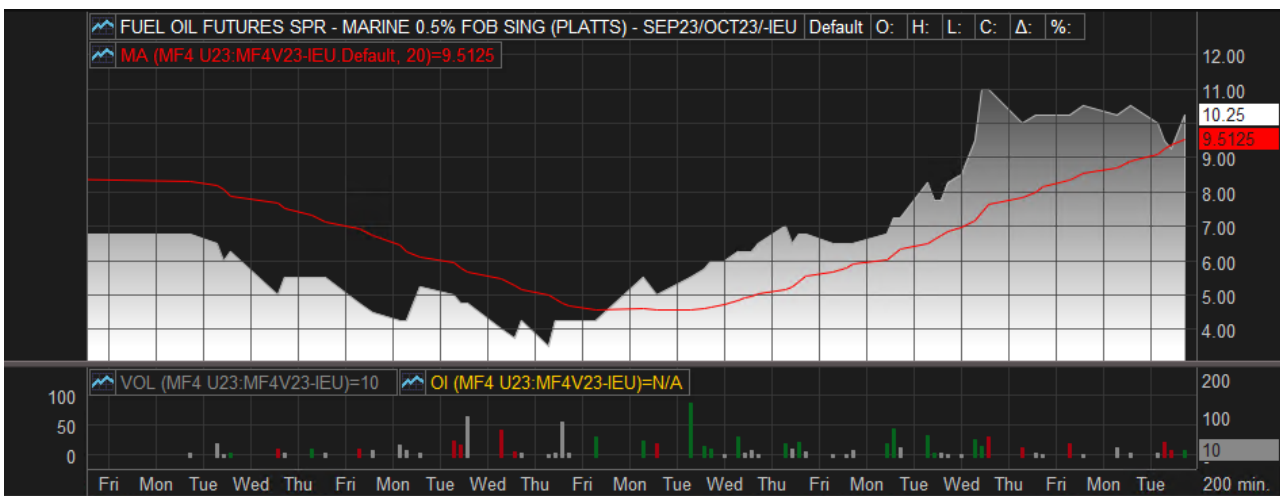
Source: FIS, Reuters, Oil Price, Bloomberg, BBC News, Morningstar

## Bunker Market:

The Asian fuel oil market may be mostly rangebound this week amid thinner liquidity ahead of a mid-week holiday in Singapore, though cash differentials for the HSFO are nonetheless expected to remain strong.

The VLSFO market structure has cooled slightly since last week's rally, where on 2<sup>nd</sup> August the Sep23/Oct23 Sing 0.5% spread roofed by over five dollars, trading an intraday high of \$13.50/mt, before softening into the close down to \$11.25/mt. This spread traded last in the market at \$9.25/mt - a dollar weaker on the day. On the crack front, the Sing VLSFO traded a whopping \$2.20 stronger on the same day to a high of \$12.50/bbl. This has since weakened to trade last in the market at \$10.50/bbl, at the time of writing.

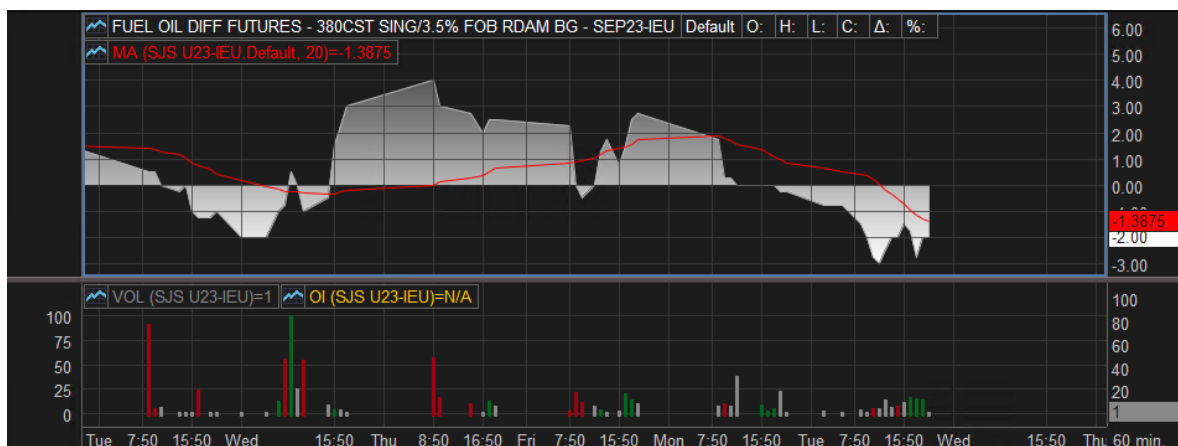
**Sep23/Oct23 Sing 0.5% Spread from 07/06/23 to Date**



At the beginning of this week, the HSFO EW slipped into the negative territory where it has remained since – approaching UK market close at -\$2.00/mt in the front Sep23 contract. The Sing 380cst is trading at a discount to the European equivalent amid imports of fuel oil to China having an astronomical jump in June23 to 1.32 million mt – from only 80,000 mt in June22.

The front month Sing Hi5 is 13 dollars higher on the week, trading around the \$112/mt mark as the VLSFO crack pulled away from a weaker HSFO crack over the course of last week.

**Sep23 HSFO EW from 01/08/23 to Date**



Text pricing data: FIS Chart data: FIS

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

## **Tanker Weekly Report 31Jul23 – 7Aug23**

The Baltic Dirty Tanker Index suffered its third successive week of losses dropping from 851 to 798 – a year to date low. In the VLCC market rates for TD3C eased again this week dropping from ws50.5 to ws48.65. On the TD3C paper market August FFA followed the spot lower from ws54 down to ws52 by Friday. The rest of the curve was more resilient however with Sep and Q4(23) holding their ground around ws58 and ws64 respectively. Some noteworthy size was seen at ws63.5 on the Q4(23) however with 175kt trading there on Wednesday. Cal24 also gained 35 cents by Friday despite the drop in spot.

On the Suezmax market rates for the TD20 Nigeria/Rotterdam voyage continued to slip hitting another low for the year on Thursday. However it may have finally found a floor, recovering to ws67.73 at the time of writing. On TD20 paper August traded lower at ws76.5 in a considerable 465kt on Tuesday and then printed lower again at ws72 on Thursday. Sep held its ground though in the ws88-90 range and Q4(23) traded several times at ws99 across the week.

In the Stateside Aframax market, rates continued to tumble with owners fighting for the shorter voyages that maintain their eligibility for trans-Atlantic trips later in August. The longer-haul Aframax US Gulf/Rotterdam voyage saw rates drop by another 5.63 points to close at ws119.06. USGC/AFRA paper fell sharply at the front of the curve with August slipping from ws142 to ws135 by Wednesday and is currently being marked at ws127.5 per the Baltic forward assessments. Sep FFA also fell across the week from ws149 to ws143 and saw some good volume printing with 420kt seen at ws146 and 260kt seen at ws148 over the week.

The BCTI Index began stronger this week climbing from 704 to a peak of 720 but later gave up gains to close lower at 689. For MRs on the UK continent freight rates have had a turbulent week with short bursts of MR enquiry – TC2 fluctuated in the ws158.5-164.75 range before settling at ws163.5 yesterday. Only the front tenors traded on TC2 paper and they mimicked the spot with a volatile week. August FFA had a large range of ws156-174 before settling at ws168.5 yesterday. In America MR's felt the pressure from too much available tonnage which resulted in TC14 rates weakening from ws147.5 to ws131.67. In the Middle East the TC17 index couldn't hold on to its recent gains and was re-tested lower dropping from ws257.14 to ws238.21.

In the Middle East Gulf LR1s on the 55kt MEG/Japan run (TC5) built on last weeks momentum at the start of the week adding another 12.5 points to reach ws176.88 by Thursday. It has since suffered from a lack of enquiry however and with a sufficient amount of available tonnage around it has dropped down to ws160 on Monday's close and even being pegged closer to ws150 now. TC5 paper had a volatile week too at the front of the curve and experienced a lot of trading activity with Aug and Sep trading multiple levels throughout the week, they eventually settled little changed at ws164 and ws156 respectively. Lastly Mediterranean Handymax's have had a poor week with TC6 dropping from ws158.06 to ws139.72.

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