

22/08/2023

Prices movement (front month)	14-Aug	21-Aug	Change % (settlement prices)
Brent Crude	86.21	84.46	-2.03%
WTI Crude	82.51	80.12	-2.90%
VLSFO (Singapore)	629.18	626.11	-0.49%

Crude Oil Market :

Crude ended its longest weekly rally of 2023 last week – a result of reduced optimism surrounding global economic recovery and demand concerns. ANZ analysts noted that crude is also struggling on the back of indications that supply tightness is easing.

The outlook for China remains challenging, despite a moderate 1-year lending rate cut (10bps) from the PBoC that marginally improved investor sentiment. Beijing also seems unwilling to commit to large-scale fiscal stimulus. Continued gloom around economic slowdown in the world's largest oil importer could see oil purchases subdue leading to oversupply. Reduced demand may be exacerbated by China's record stockpiling in the first half of 2023. Eurasia Group views Chinese economic weakness as a ceiling for crude prices this year. J.P Morgan analysts estimate that global mobility fuel demand growth has decelerated to 0.6 million bpd YOY.

Iraq's oil minister travelled to Ankara to discuss the resumption of oil exports through the Ceyhan terminal. Increased Iraqi crude on the market could reduce the impacts of OPEC+'s prolonged supply crunch. Voluntary cuts have continued to prop-up crude prices over the last week. U.S. rig count decline, falling U.S. inventories and dollar support are also putting a floor under crude prices. August U.S. PMI data and the Jackson Hole economic symposium are due later this week, with analysts expecting rates to remain higher for longer. Separately, Shell is investigating a leak in the 180,000 bpd Trans-Niger pipeline.

Oct23 Brent Crude Futures from 14th Aug to Date

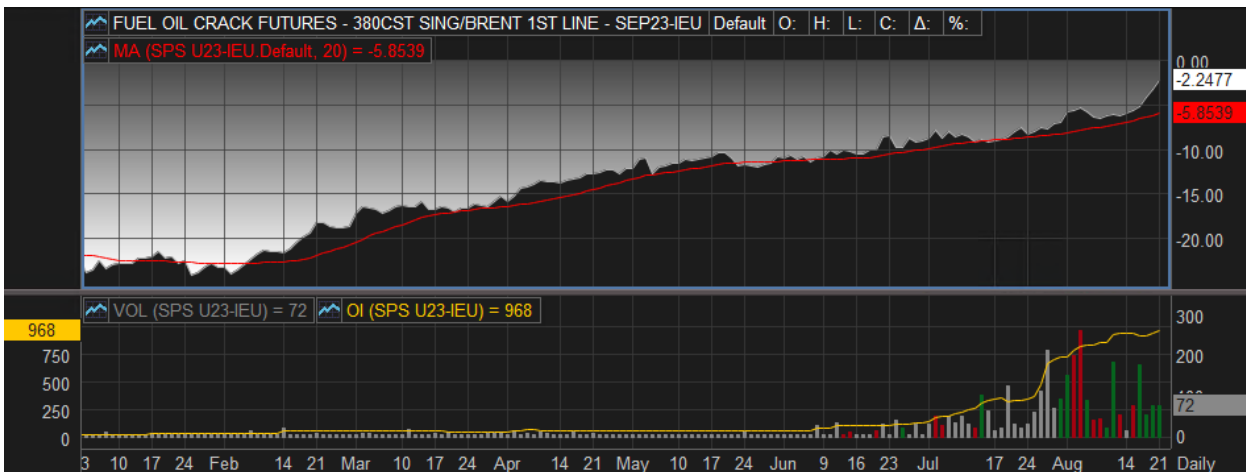


Source: FIS, Reuters, Oil Price, Bloomberg, BBC News, Morningstar

Bunker Market:

The HSFO complex remains historically strong at the moment, with the cracks trading last -\$3.45/bbl and -\$2.25/bbl in the Euro and Sing, respectively – both flat on the day but more than two dollars higher on the week for each. There’s a multitude of reasons as to why HSFO has been so strong recently, led by OPEC and Saudi output cuts. Crude oil from these producers is generally a sourer grade ie higher sulphur content but with less of these molecules in the market, some of the gaps are being filled with much sweeter US crude oil, thus lower sulphur molecules in circulation and therefore less high sulphur residual fuel oil. As well as the supply side issues, demand for HSFO remains fairly healthy as its used for power production in the Middle East over summer. China also uses HSFO as a refinery feedstock.

Front Sing 380cst Crack From the Turn of 2023 to Date



We’re seeing evidence of the above in the near-term spreads for HSFO which remain strong amid prompt supply tightness and healthy demand. Sep23/Oct23 Sing 380cst is trading last in the market at \$21.50/mt, whilst the Euro equivalent is at \$19.50/mt.

Such strength in the HSFO complex has put new downward pressure on the Hi5 spreads (the prices differential between VLSFO and HSFO). The Sep23 Euro Hi5 is down 14 dollars on the week, valued here at \$53/mt. The cal24 contract is hovering around the \$74/mt mark and we’ve seen a recent pick up in shipping client interest in some of these back end Hi5 contracts.

Sep23/Oct23 Sing 380cst Spread From 02/08/23



Text pricing data: FIS Chart data: FIS

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

Tanker Weekly Report 14Aug23 – 21Aug23

The Baltic Dirty Tanker Index was basically unchanged for a second week, gaining just 1 point from 801 to 802. In the VLCC market rates for TD3C edged lower over the course of the week losing 1.75 points to close at ws45.25. TD3C paper suffered a sharper drop with Sep FFA slipping from ws57 to ws51 week-on-week. Q4(23) also lost 2.5 points to trade at ws63 last, good volume was also seen at ws62.5 earlier in the week with 235kt trading there across Wednesday and Thursday. Jan24 FFA also traded at \$14.9/mt in a noteworthy 280kt on Thursday.

On the Suezmax market rates for the TD20 Nigeria/Rotterdam voyage finally saw some signs of improvement off the back of better demand. The TD20 rate climbed from ws65 to ws70.68. On TD20 paper Sep FFA hit a low for the week on Wednesday at ws81.5 but has since recovered to trade at ws87 last.

For the Stateside Aframax market, rates on the trans-Atlantic USGC/AFRA route have improved slightly from ws115 to ws119.69. USGC/AFRA paper saw a volatile week with Sep FFA fluctuating in the ws142.5-150 range before settling at ws148 last yesterday. Q4(23) was also mixed trading in the ws165-168 range all week and printing at ws167 last.

The BCTI Index surged higher this week from 670 to 779, the highest it's been since late April. For MRs on the UK continent freight rates had a great week with strong fixture momentum spurring the climb, TC2 gained more than 30 points to close at ws201.75 on Monday. As expected with TC2 spot reaching levels not seen since early June, TC2 paper has strengthened across the curve. Sep FFA has climbed from ws180 to a high of ws207 on Monday and Q4 (23) has also printed at ws200 when it was trading in the mid 180's for much of last week. In America MR rates strengthened into midweek, with Panama Canal delays still heavily impacting the region, hitting highs of ws166.67 before retreating to ws156.67.

In the Middle East Gulf LR1s on the 55kt MEG/Japan run (TC5) rebounded, gaining 18.44 points to close at ws154.69 on Monday. TC5 paper strengthened across the curve with Q4(23) being a good metric, climbing from ws162 to ws176 week-on-week with a 5 point gain yesterday alone. Cal24 was also active and is now being marked at \$40.34/mt per the Baltic forward assessments, after trading as low as \$38.25 in the previous week. Lastly, Mediterranean Handymax's, like much of the CPP routes, had a productive week. TC6 surged from ws145.56 to ws222.22, levels not seen since late April. As expected TC6 paper followed suit with September FFA gaining 50 points between Thursday and Monday to print at ws250 last.

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