FIS

Weekly Oil Report

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12/09/2023

Prices movement (front month)	21-Aug	11-Sep	Change % (settlement prices)
Brent Crude	84.46	90.64	**+7.32%**
VLSFO (Singapore)	626.11	632.67	**+1.05%**

Crude Oil Market :

Crude markets surged some two dollars in a matter of minutes after OPEC+ giants Saudi Arabia and Russia announced that they would be extending the existing production cuts into the end of the year. Analysts expected cuts to continue into October, yet the combined 1.3 million bpd reduction for the rest of 2023 was unexpected, hence lifting the market to highs not seen since November 2022. It is believed that the Saudis and Russians extended the cuts to ensure a big price buffer for when the cuts end. After the news, the front month Nov23 Brent crude futures touched a high of $91.15/bbl. It has kept climbing since, trading at new highs today around the $91.70/bbl mark as supply fears really set in.

A weaker dollar of late has also added price support to oil as the market considers the potential for the US Fed to pause the recent rate hike cycle. When the USD softens against other currencies, holders of those currencies are granted more buying power of oil, hence can squeeze the price up from the buy side. Also aiding prices today is OPEC's upbeat oil demand forecast, which expects oil demand in 2023 to rise by 2.4 million barrels a day, dropping to 2.2 million barrels a day in 2024. It's worth noting that OPEC have a vested interest in demand for oil being strong.

Any possible downward pressure stems from the ongoing uncertainty that surrounds demand in China.

Nov23 Brent Crude Futures from 05/09 To Date

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

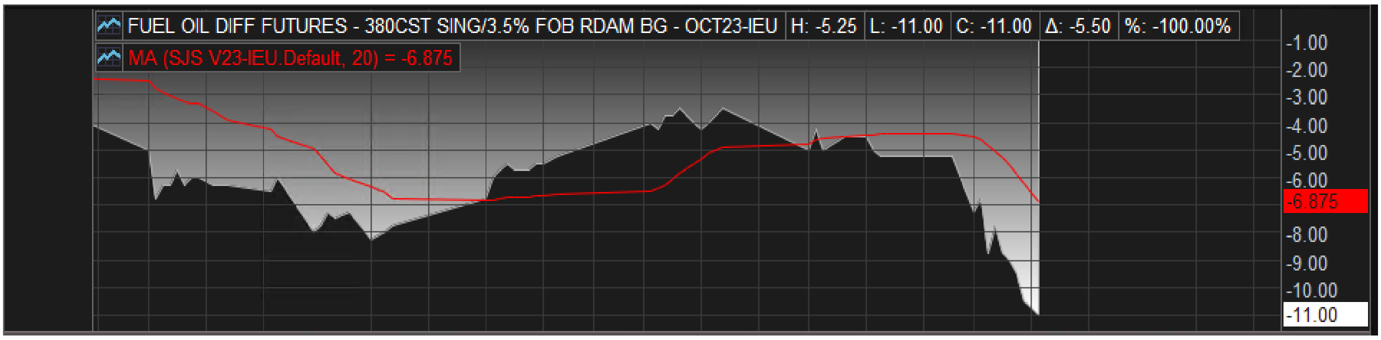
Bunker Market:

The Singapore VLSFO market is currently holding at high levels on strong Brent but there are some concerns from traders that increasing near term supplies as a result of sluggish downstream demand would weigh on fundamentals in coming weeks.

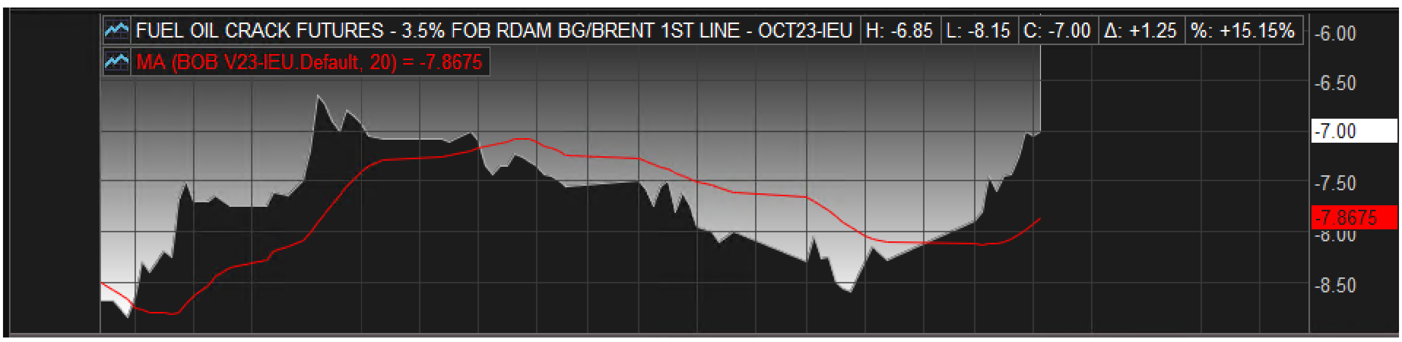
The VLSFO EW is completely flat on the week, hovering around the $40/bbl mark every day as we have seen the Sing and Euro cracks moving fairly in tandem lately, trading last at $9.20/bbl and $3.00/bbl in teh front month, respectively.

The HSFO EW has been sold off 5 dollars today down past the -$10/mt mark as traders continue to use the differential to adjust for the volatility in the HSFO Rotterdam crack which has rallied by a dollar today to print last at -$7.20/bbl in the front month. The Rotterdam 3.5% barges are trading at a premium to Sing 380cst most of the way down the curve into late 2024 due to general strength in the Euro HSFO complex across the board. Not only are high sulphur Euro products being supported by the prevailing crack, but also the Rotterdam 3.5% barges spreads, with the front Oct23/Nov23 contract rallying by over 4 dollars from yesterday's settlement of $12/mt. This stems from low stockpile levels in the ARA region and continued strain form the lack of Russian supply.

Oct23 HSFO EW From 05/09 To Date



Oct23 Rotterdam 3.5% Barges Crack from 05/09 To Date



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

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

Tanker Weekly Report 4Sep23 – 11Sep23

The Baltic Dirty Tanker Index continued to decline this week pushing the YTD low even further, it fell from 732 to 714. In the VLCC market rates for TD3C remained flat to soft with a small drop from ws36.95 to ws36.46 across the week. Reports of hidden activity helped prevent rates from completely tumbling but there was still a lack of market activity overall. TD3C paper was turbulent at the front of the curve but trending lower overall over the week with October FFA slipping from ws52.5 to ws47 last. Q4(23) was also particularly active dropping from ws58 to ws54 by Friday with Wednesday seeing nearly 300kt trade across multiple levels on its way down.

On the Suezmax market rates for the TD20 Nigeria/Rotterdam looked promising gaining 4 points by Wednesday. An uptick in activity combined with ships failing subs and replacements being required has helped to drive sentiment, however TD20 couldn't maintain its gains and has retreated to close at ws71.93 since then. TD20 paper was more stable with September FFA fixed at the ws76 level for much of the week trading 600kt there between Mon-Thur. Q4(23) also traded noteworthy size at ws92 with 300kt printing there over Thursday and Friday, it has traded a fair bit lower since at ws85.5 after the weekend.

For the Stateside Aframax market, rates on the trans-Atlantic USGC/AFRA route fell for a second week in a row. After a US holiday on Monday rates then slipped from ws112.81 down to ws103.75. USGC/AFRA paper suffered a sharp drop with September and October FFA's losing 19 and 20 points respectively over the week to print at ws108 and ws122 last.

The BCTI Index softened again this week, slipping from 803 to 763, though still fairing better than their crude carrying counterparts. High refinery margins while inventories remain low is helping to support the product tanker market, particularly in Europe according to analysts Frode Morkedal and Even Kolsgaard on TradeWinds. Regardless MRs on the UK continent have suffered a sharp correction down this week with freight rates taking a plunge from ws211.25 down to ws171.5. In America MR rates also fell despite being active – Rates have dropped from ws138.33 to ws122.5.

In the Middle East Gulf LR1s on the 55kt MEG/Japan run (TC5) were relatively unchanged again this week with rates hovering around the ws145 level. TC5 paper was more turbulent with October FFA fluctuating in the ws153-163 range. Lastly Mediterranean Handymax's continued to be put under pressure dropping over 20 points to close at ws200, this is nearly 80 points lower than where it stood on the 29th August. TC6 paper seemed to have found a floor with Sep FFA trading just over the 200 mark.

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Chart Source: Bloomberg