

10/10/2023

Prices movement (front month)	02-Oct	09-Oct	Change % (settlement prices)
Brent Crude	90.71	88.15	-2.82%
VLSFO (Singapore)	667.06	625.6	-6.23%

## Crude Oil Market :

Crude prices have been on quite the rollercoaster since our last weekly report with prices getting pulled in all directions over the two weeks by persistent OPEC+ cuts, dreary global fuel demand outlook and now a new spout of conflict between Israel and Hamas.

Last week, crude was tumbling aggressively, with the intraweek low touching around \$83.44/bbl on Friday in the Dec23 Brent future. For perspective, the same contract opened last week on Monday at around the \$92.50/bbl mark. Even a larger than expected draw in US crude stockpiles, as well as the decision by OPEC+ to maintain its current production cuts were not enough to support the market last week. The heavy downside pressure was coming from economic concerns regarding the potential impact on demand of interest rates that could remain higher for longer. Most major central banks in the West are sticking to a hawkish stance.

This week, the Brent crude futures opened trading much higher than Friday, where they settled at \$84.58/bbl as the market digested the devastating attacks on Israel over the weekend and the retaliatory actions taken by Israel in Gaza. Although Brent saw a 4% rally yesterday, its trading fairly flat today. Perhaps, now, the direction of the market pivots on the fallout from this conflict as Israel is a very small producer of oil in the grand scheme so the recent events will have little impact on supply fundamentals – the market is purely reflecting an increased risk premium until there is clear de-escalation - the main concern is if any other nations get involved.

## Dec23 Brent Crude Futures from 2nd Oct to Date



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

## Bunker Market:

On the whole, fuel market activity was fairly muted for the entirety of last week due to the absence of most Asian participants for Golden Week. Although, there were some shifts in the Hi5 spreads.

The scrubber spreads or Hi5 spreads as they are known in the paper market (difference in price between the VLSFO and HSFO in a particular hub) have narrowed significantly on the week, currently down 15 dollars in the front month Euro from \$96/mt last Tuesday. The Sing equivalent is trading around the \$142/mt level today, down from \$154/mt last Tuesday. We have seen the VLSFO cracks getting weaker vs the HSFO cracks getting slightly stronger on the week, which are the main movers in the scrubber spreads.

The fuel oil market structure has softened as a whole today, with cracks and spreads weaker across the board. VLSFO spreads for Sing and Euro are off 25-50 cents in the prompt contracts, whilst HSFO Sing spreads dropped more aggressively, weaker by up to a dollar, such as in the Dec23/Jan24 contract. All fuel cracks have come off today as well, by 25 cents each in the low sulphur, printing last at \$8.95/bbl and \$1.25/bbl in the Sing and Euro, respectively. Perhaps the fuel market has suffered slightly as participants remain cautious about any possible escalation of the Israel-Hamas conflict which could affect shipping routes and marine fuel demand.

### Nov23 Rotterdam 3.5% barges crack from 21/09/23 to Date



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

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

## **Tanker Weekly Report 2Oct23 – 9Oct23**

The Baltic Dirty Tanker Index had another strong week climbing from 839 to 881. In the VLCC market rates for TD3C suffered heavily this week dropping from ws49.46 down to ws36.46 by Friday. This was largely due to the Asian holidays but sentiment was also affected and the list of available tonnage increased as the natural fixing window shifted into the back end of October. TD3C paper declined across the curve, most notably Q1(24) fell from \$13.3/mt down to \$12.6/mt by Friday and saw a massive 545kt trade at \$12.7/mt on Thursday. Things did recover a touch on Monday after the weekends events prompted uncertainty in the markets, Q1(24) traded back up in the \$13-13.2/mt range.

On the Suezmax market rates for the TD20 Nigeria/Rotterdam had a much more promising week gaining 6.59 points to close at ws74.32 this Monday. TD20 paper remained relatively flat however with Nov and Dec FFA's holding their ground around ws87 and ws99 respectively, BALMO did push up to ws88 yesterday however after the weekends events.

For the Stateside Aframax market, rates on the trans-Atlantic USGC/AFRA route continued upwards gaining just shy of 21 points across the week to close at ws122.19. USGC/AFRA paper didn't respond in kind though ending the week little changed. Nov FFA was active and traded in the ws138-ws142 range while Dec continued to trade in the low 150's.

The BCTI Index softened again this week, slipping from 811 to 735. For MRs on the UK continent freight rates declined over the week from ws190.5 to ws180 last as a healthier amount of available tonnage was able to satisfy the current demand. TC2 paper was relatively quiet but saw a focus on the Cal24 which hopped around the \$27/mt level trading across several days. In America MR rates returned to strength after a woeful end to last week, rates for TC14 jumped from ws112.5 to ws137.08 over the week and saw highs just above ws140 before the weekend. TC14 paper saw modest gains with Oct FFA gaining 4 points to print at ws133 last. In the Middle East the TC17 index was in strong demand and gained a huge 66.43 points to close at ws278.57. On paper Oct FFA followed in unison gaining from ws225 to ws270.

In the Middle East Gulf LR1s on the 55kt MEG/Japan run held resolute with the LR1 market being kept busy from a mixture of different enquiry formats. TC5 Rates remained stable in the mid ws150's closing at ws155.31 yesterday. On the paper TC5 Nov was the most active contract and climbed from ws160 to ws170 last but traded numerous levels over the week. Lastly Mediterranean Handymax's suffered another correction down and lost a sizable 51.66 points to close at ws146.67 last on Monday.

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