FIS Weekly Oil Report

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Prices movement (front month)	09-Oct	16-Oct	Change % (settlement prices)
Brent Crude	88.15	89.65	**+1.70%**
VLSFO (Singapore)	625.6	659.33	**+5.39%**

Crude Oil Market :

The prominent backdrop of conflict in the Middle East has left crude markets trading choppily intraday over the end of last week and into this week. It seems that involvement from Iran is the main risk to oil markets from any reduction in output, or, if it retaliates to a tightening of sanctions by blocking the Strait of Hormuz.

Dec23 Brent crude futures opened this week lower, having spiked on Friday to settle at $90.89/bbl as market participants weighed on the chance of other world powers getting drawn into the Israel-Hamas conflict. The tensions over this caused both of the crude benchmarks to climb nearly 6% on Friday, posting their highest daily percentage gains since April. For the week, Brent was up 7.5% and WTI was up 5.9%.

Markets softened on Tuesday, particularly after the US market opened and news hit the market regarding the possibility that the nation may near a deal to loosen the sanctions on Venezuelan oil. Upon the announcement, front month Brent crude futures dropped sharply to touch the intraday low of $89.50/bbl. Venezuela will resume talks with US officials today in Barbados.

After settling yesterday evening at $89.65/bbl, front month Brent crude futures have been very rangebound today, with the intraday low, at the time of writing, being $89.22/bbl – the high at $90.28/bbl. It seems that the market may be at a pivot point, waiting for a move from Israel to indicate the direction of prices.

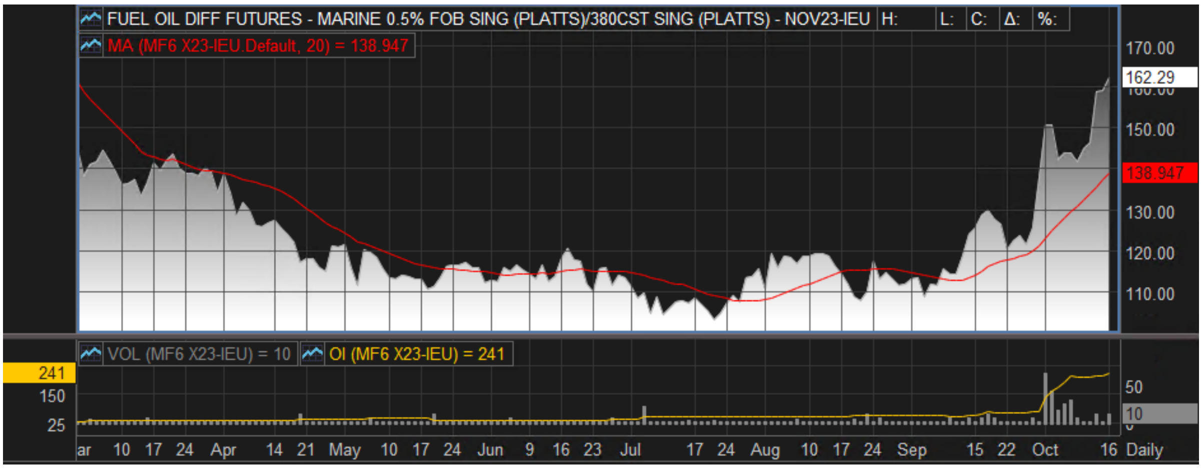
Dec23 Brent Crude Futures from 8th Oct to Date

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

Bunker Market:

The scrubber spreads, or Hi5 spreads as they are known in the paper market (the difference in price between the VLSFO and the HSFO) have begun to widen further, with the front months up $15 and $8 on the week, in the Sing and Euro, respectively. This has stemmed from a softening HSFO crack versus stronger VLSFO cracks in both hubs. Looking at the Sing specifically, the HSFO crack is over a dollar lower on the week, trading last at -$14.20/bbl in the Nov23. Meanwhile, the VLSFO equivalent is stronger on the week by about two dollars, printing here at $11.00/bbl. The cracks moving away from each other strengthens the Hi5s – a positive for vessels fitted with scrubbers.

Front Month Singapore Hi5 from Mar23 to Date



The HSFO EW continued through a passage of volatility last week, trading over a 14 dollar range with the intraweek low touching -$14.50/mt, last Tuesday. The same contract traded flat just two days after and is now printing around the -$8.50/mt level as traders continue to use the differential as a tool to manage volatility in the HSFO cracks. From a fundamental standpoint, the Sing HSFO is in ample supply, with greater inflows from Russia and the Middle East to the Singapore Strait. This could be partly the reason as to why the Sing 380cst is trading at such a discount to the Rotterdam 3.5% barges.

Front month HSFO EW from 10th October to Date

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

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

Tanker Weekly Report 9Oct23 – 16Oct23

The Baltic Dirty Tanker Index surged higher this week climbing from 881 to 1221, the highest we've seen the BDTI since mid-May. Israeli conflict certainly fuelled rising rates this week, higher vessel earnings were also supported by improving supply/demand fundamentals. Around eleven days ago, Afra demand broke through a long-established resistance level and at the end of last week, VLCC vessel demand followed suit, when it finally pierced a three-year-old resistance level. This was triggered by greater volumes from the MEG as well as the West; encouraging signs for stakeholders as China at least for now is increasing its oil imports.

In the VLCC market rates for TD3C are now significantly higher than in recent weeks. A culmination of Asian charterers returning after a recent holiday period, activity level dramatically increasing and uncertainty of how the recent conflict in the Middle East could affect markets have all resulted in this surge in price. TD3C spot jumped from ws37.21 to ws62 week-on-week. This gain has also been reflected in the paper market throughout the curve. BALMO has traded up at ws65 on Monday evening, a gain of 18 points from last Tuesday. Further out Q1(24) is now trading at $14/mt, a dollar up from the same time last week and Cal24 is now trading 75 cents higher at $13.85/mt last.

On the Suezmax market rates for the TD20 Nigeria/Rotterdam had a very strong week too climbing from ws74.32 to ws118.64. There has been a lack in available tonnage and a continuous flow of cargoes contributing to this rally in the spot and owners have remained bullish. TD20 paper followed the spot higher with BALMO climbing from ws80 to ws115 last with a high of ws120 seen. Nov FFA has also gained 21 points over the week to print ws109 last.

For the Stateside Aframax market, rates on the trans-Atlantic USGC/AFRA route have almost doubled, jumping from ws122.19 to ws214.06 last. USGC/AFRA paper firmed as would be expected, BALMO gained a considerable 52.5 points to print at ws184 last. Nov and Dec FFA's also jumped and Q1(24) has seen its value go up by $1.75/mt to trade $34.5/mt last.

The BCTI Index started the week strong climbing from 735 to 832 but couldn't hang on to its gains and settled at 748. For MRs on the UK continent freight rates fell as fresh enquiry subsided. TC2 has fallen from ws180 to ws152.5 at the time of writing. TC2 paper trading was relatively thin but Nov FFA held around the high ws190's for most of the week before finally softening to print ws190 last on Friday. In America MR rates were no better and the TC14 index has lost 20.29 points to close at ws116.79. On TC14 paper Oct FFA softened slightly to ws129 while Nov was more resolute holding ground in the ws145-150 region. In the Middle East the TC17 index readjusted down this week despite ongoing demand, it settled at ws241.07.

In the Middle East Gulf LR1s on the 55kt MEG/Japan run pushed higher following the larger LR2's after a busy week in the MEG. TC5 rates steadily rose from ws155.31 to ws171.56 at the time of writing. On TC5 paper Nov FFA saw a lot of activity trading daily and edging higher from ws170 to 178, it did see highs of ws181.5 before the weekend but subsided since. Lastly Mediterranean Handymax's had a chaotic week with market uncertainty from the geopolitical situation in the Eastern Mediterranean driving rates from ws146.67 to more than double that figure seeing it close at ws296.67 on Wednesday, only to fall off a cliff and close back down at ws188.89 yesterday.

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Chart Source: Bloomberg