

31/10/2023

Prices movement (front month)	24-Oct	30-Oct	Change % (settlement prices)
Brent Crude	88.07	87.45	-0.70%
VLSFO (Singapore)	646.28	649.16	+0.45%

Crude Oil Market :

At the beginning of October, oil prices were being supported by fears of a spillover in the Israel-Hamas conflict after militants made an attack on Israel, causing a retaliation from the IDF that is still ongoing. Front month Brent crude futures touched highs of \$93.79/bbl when tensions in the Middle East were at their most strained. More recently, however, investors are dubious of holding riskier assets as global macroeconomic demand looks sluggish. Dec23 Brent crude futures are trading around \$87.80/bbl levels at the time of writing.

Last week, downward pressure was applied to oil prices by a flurry of bearish economic data from Germany and the Euro Zone. On top of this, the latest Chinese Manufacturing October PMI data showed a downside surprise - back to mid-year levels at 49.5, thus adding to uncertainty over the strength of the Chinese economy towards year end. With U.S. Treasury yields headed back toward 5% at the end of last week, shares around the world were dragged to multi-month lows and there was an evident effect, also, on the major commodity markets. Fundamentals will be key in driving oil prices, as the effect of the Israel-Hamas war on crude is starting to wane, especially if other powers such as Iran remain directly uninvolved.

In other news, activity has picked up in Russia, with their crude oil flows climbing for the third consecutive week - above the targets in their agreement with Saudi Arabia. According to Bloomberg, Russia's crude shipments averaged 3.64m b/d in the week to Oct. 29, up 3% on the previous week.

Dec23 Brent Crude Futures from 24th October to Date



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

Tanker Weekly Report 23Oct23 – 30Oct23

The Baltic Dirty Tanker Index showed no signs of slowing down this week climbing from 1316 to 1453, the highest it's been since March this year. In the VLCC market rates for TD3C were steady around the ws54 level early in the week before making another push upwards to close yesterday at ws66.21. TD3C paper bounced back from last weeks drop and saw a sharp increase in the front months with Nov and Dec gaining 14 and 13 points respectively to print at ws71 and ws71.5 yesterday. Q1(24) also firmed rapidly from Thursday and over the weekend printing around 70 cents higher at \$14.6/mt last – good volume was seen with a total of 525kt trading across the week on the Q1 outright.

Europe-bound suezmax rates from West Africa, the Middle East and the US have more than doubled over the past month, the spike being accredited to winter demand according to Argus Media. Rates for the TD20 Nigeria/Rotterdam voyage saw an increase of nearly 43 points to close at ws163.64 yesterday. As would be expected TD20 paper followed the spot higher with Nov FFA now printing in the low ws130's now, up from ws110 the previous Monday. Dec FFA has been active trading 330kt at ws118.5 on Friday and another 155kt seen at ws118 yesterday, around 6-7 points higher than last week.

The Stateside Aframax has still been the star of the show this week rocketing from ws200.31 to ws271.88 at the time of writing. USGC/AFRA paper also firmed but did show some signs of cooling towards the back of the week perhaps signalling that the peak has been reached. Nov FFA climbed from ws194 to ws234 but saw a high of ws240 a couple of days earlier. Similarly, Dec printed at ws210 last after peaking at ws214 on Thursday.

The BCTI Index edged higher from 779 to 793 this week. MRs on the UK continent saw a consistent amount of fixing activity and with the help of some added enquiry from the Mediterranean rates managed to jump from ws141.25 to ws166.25, a touch lower than the ws169.75 close seen before the weekend. In America MR rates for TC14 saw a small gain early in the week then held firm around the ws115 level. TC14 paper was also relatively stable with Nov trading around the ws145 level and Dec around ws160, both a chunk higher than where spot currently sits. In the Middle East the TC17 index didn't have enough activity to prop up rates and they are now marked just over 12 points lower at ws228.57.

In the Middle East Gulf LR1s on the 55kt MEG/Japan run lost momentum this week and have softened from ws173.13 to ws165. The correction down was also felt on the paper with both Nov and Dec FFA's moving lower to print at ws165 and ws179 last respectively – a drop of 14 and 9 points. Lastly Mediterranean Handymax's experienced a small uptick to close nearly 6 points higher at ws195 with reports of ws200 on subjects for the TC6 route.

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