FIS

Weekly Oil Report

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Prices movement (front month)	31-Oct	06-Nov	Change % (settlement prices)
Brent Crude	85.02	85.18	**+0.12%**
VLSFO (Singapore)	655.00	662.84	**+1.20%**

Crude Oil Market :

Crude prices have been softening recently, particularly in today's trading as the Gaza conflict seems contained and market focus shifts back to poor global demand outlook.

Although Israeli PM Benjamin Netanyahu has, on multiple occasions, confirmed that Israel will not agree to any ceasefire with Hamas, it's a safe bet that direct involvement in the conflict will not spill out into other Middle Eastern territories – which was the worry of oil market participants, initially. Reinforcing such bets was news on Friday of the Hezbollah leader saying, "this battle is completely Palestinian, for Palestinian people, has no relation to any regional issue." The announcement saw front month Brent crude futures plummet to intraday lows of \$85.26/bbl, at the time. The contract fell around 4% from the beginning of last week to Friday and continues to slip this week. At the time of writing, Jan24 Brent crude futures are trading at \$82.90/bbl – the lowest levels since 6th October, a day before Hamas attacked Israel. A key Brent Jan24 contract support level is at the intraday low of 6th October, at \$82.20/bbl.

We are seeing downward pressure applied to oil prices by uncertainty about the global macroeconomic future as market participants divided on global oil demand growth for 2024. ING expects global oil demand growth is slowing next year to around 1mbpd, whereas OPEC's Secretary-General Haitham Al-Ghais said today that global oil consumption is forecast to grow by more than 2mbpd next year.

Jan24 Brent crude futures from 6th October (Day before Hamas attack on Israel) to Date

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

Bunker Market:

The VLSFO market has held resilient amid the falling crude prices. The Sing front crack is trading at intraweek highs here of $12.65/bbl – up 40 cents on the day. The Euro equivalent printed last at $2.50/bbl – 25 cents stronger on the day, although not as high as on the 1st of the month when it traded as high as $3.00/bbl. These cracks may have been impacted by the Kuwait Petroleum Corporation quota squeeze on the availability of 0.5% sulphur content marine fuel oil. Front spreads have been rallying also, with the Dec23/Jan24 up a dollar today at $19.50/mt - four dollars stronger on the week. Strength in the front spreads is beneficial for those looking to roll front month exposure as they can do so at a greater premium.

Dec23/Jan24 Sing0.5% spread from 09/29 to Date

On the HSFO complex, the EW has rallied a dramatic 18 dollars on the week as Sing 380cst now trades at a substantial premium to Rotterdam 3.5% barges, down the curve. This is spurred by continuing weakness in the Rotterdam 3.5% crack, which was weaker by one dollar yesterday and a further 20 cents in today's session, trading last at - -$16.70/bbl in the front month.

Front Sing Hi5 has been fairly rangebound this week, but the Euro equivalent is around 10 dollars stronger, again, from weakness is the Rotterdam HSFO complex. Dec23 Euro Hi5 is currently valued around $122/mt, having closed around $111/mt last Tuesday. The front of the curve for the Rotterdam 3.5% barges has even gone into contango this week.

Dec23 HSFO EW from 19/10 to Date

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

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