

05/12/2023

Prices movement (front month)	27-Nov	04-Dec	Change % (settlement prices)
Brent Crude	79.98	78.03	-2.44%
VLSFO (Singapore)	594.16	584.51	-1.62%

Crude Oil Market :

Oil prices have been riding a downward rollercoaster over the course of last week, despite decisions by OPEC+ to further cut oil production into 2024.

Turbulence was initially caused last Tuesday by the prospect of yet another reshuffle of the OPEC meeting day, having already been delayed from the original Sunday 26th November. Crude prices saw a sharp decline of about a dollar in the minutes after news dropped from Reuters that a further delay in the OPEC meeting that was rescheduled for Thursday was possible. The headline said OPEC+ talks on oil policy are difficult. Jan24 Brent future intraday low touched \$79.80/bbl.

The meeting did eventually go ahead as planned on Thursday 30th November—a day on which oil markets traded with extreme volatility, with front month Brent futures trading a range of well over four dollars. Despite the outcome of the OPEC+ talk, Brent fell drastically in the afternoon, erasing any earlier gains that followed the meeting. The group is planning to cut output by 2mbpd during 1Q24 according to delegates and this saw the Feb24 future hit an intraday high of \$84.61/bbl, before tumbling to a low of \$80.02/bbl. A strong US dollar and the resumption of loadings from Black Sea ports offered downward pressure on Thursday afternoon.

Prices have continued to slip this week and the trading level has remained under the \$80/bbl mark. Market participants seem not to be certain that OPEC+ member states will cut output as they pledged, due to the voluntary nature of the cuts. In addition, OPEC not announcing the cuts as part of their press release at first but individually by member states seemed confusing and different to the policy in spring, when the group was announcing each member states' cuts—certainly lacking that unanimous feel.

Feb24 Brent Crude Futures from 28/11/23



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

Tanker Weekly Report 27thNov23 – 4thDec23

The Baltic Dirty Tanker Index fell for the fourth week in a row dropping from 1222 to 1171. In the VLCC market rates for TD3C finished the week little changed just 0.08 points lower at ws66.88. This comes despite OPEC+ oil producers on Thursday agreeing to voluntary output cuts totalling about 2.2 million barrels per day (bpd) for early next year led by Saudi Arabia rolling over its current voluntary cut (Reuters). The TD3C paper market also had a fairly muted reaction to the news with Jan FFA suffering some temporary selling pressure to reach as low as \$13.8/mt but recovering over the weekend to trade at \$14.1/mt last on Monday evening. Q1(24) has remained in the \$13-13.25/mt range over the week too and Cal24 trading 5 cents around \$13/mt.

On the Suezmax market rates for the TD20 Nigeria/Rotterdam voyage also closed with little change yesterday evening just 0.23 points higher at ws98.64. TD20 paper saw decent volume trade on the Dec FFA early in the week with 570kt seen at ws106 and 275kt seen at ws104 Tuesday to Thursday.

For the Stateside Aframax market, rates on the trans-Atlantic USGC/UKC route fell from ws181.25 to ws174.38 by Wednesday but has recovered since to close at ws179.69 last. USGC/UKC paper saw flurries of activity on the front months with Dec FFA trading in the high ws180's for most of the week before settling lower at ws183 on Monday evening. Jan on the other hand is now trading \$1.90/mt higher than the same time last week with the last print at \$42.4/mt.

The BCTI Index performed marginally better this week climbing from 822 to 830. MRs on the UK continent jumped higher at the start of the week seeing TC2 climb from ws188.75 to ws218.2 only to later give up gains and close at ws195.75 last. TC2 paper followed a similar trajectory with Dec FFA surging to as high as ws257 on Wednesday only to plummet rapidly through the tail end of the week to trade at ws220 last on Monday. In America MR rates for TC14 seemed to have reached the peak of their most recent upturn seeing a high of ws280.71 on Wednesday. Rates have fallen since to finish the week at ws256.43, still more than double the value from the start of November. TC14 paper saw Dec FFA follow a similar pattern peaking on Wednesday at ws229 before losing 20 points to trade at ws209 last on Monday – over 700kt has traded on the Dec outright over the week. The Jan contract also saw a peak at \$43/mt before drifting back down to \$41.5/mt last. Finally MR's in the MEG lost momentum early in the week hitting a low for November on its final day at ws170, it has since recovered though and has ended the week at ws197.86 (10.72 points higher week-on-week).

In the Middle East Gulf LR1s on the 55kt MEG/Japan run (TC5) drifted lower from ws124.38 to ws118.75. TC5 paper didn't see quite as much activity as last week but still saw Dec FFA trade daily in the ws140-148 range, it did trend lower over the week with a last done seen on Monday at ws141.

Lastly Mediterranean Handymax's have been flat after their drop at the end of last week, TC6 has hovered around the ws263/264 mark. TC6 paper was also resolute with Dec holding its ground above ws300 for most of the week but finally showed signs of weakness on Monday printing at ws290.

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