

12/12/2023

Prices movement (front month)	04-Dec	11-Dec	Change % (settlement prices)
Brent Crude	78.03	76.03	-2.56%
VLSFO (Singapore)	584.51	560	-4.19%

## Crude Oil Market :

Russia and Saudia Arabia called on OPEC+ countries to voluntarily cut oil production during Q1(2024). Their effectiveness is in question due to non compliance by members such as Angola and Nigeria and from the time taken to properly implement cuts being around 1-2 months. Doubt around the OPEC+ output cuts has been reflected in the price of the Brent futures, which have fallen over four dollars on the week, having traded around the \$78.00/bbl mark at this point on last Tuesday. It would appear that a three-month cut is not long enough to make a meaningful difference in terms of physical supply and that’s even if everyone stuck to it. There is in fact an expected 2024 oversupply due to boosted flow from non-OPEC producers such as the USA. This has led to Feb24 Brent crude futures reaching over a six-month low today of almost \$73.50 per barrel, at the time of writing.

Despite the current slip in oil prices, losses are limited by war related unrest in the oil shipping sector which has offered some floor to prices. A day after Houthis announced every Israel destined ship was a justified target, a Norwegian tanker was attacked. US. West Texas Intermediate crude futures for January increased by 27 cents, or 0.4%, to \$71.59 per barrel and Brent Crude futures rose 21 cents, or 0.3% to \$76.24 per barrel by 0915 on Tuesday, after news of the attack. Although, prices did slip back after Yahya Sare’e, A Yemeni military spokesperson reaffirmed a commitment to safe passage of all other non-Israeli bound shipments.

In other news, The current COP28 agreement draft has dropped the commitment to ‘phase out’ fossil fuels from the previous weeks draft. It emphasised rapid reduction in coal and limiting permitting new coal power generation. Further deals included phasing out inefficient fossil fuel subsidies and tripling renewable energy capacity by 2030. The strong opposition to the term “phase out” is from OPEC and the support is from the EU,US and island nations. Due to the long dated nature of such policies, there was no real immediate impact seen in the prompt futures market on the back of such decisions.

## Feb24 Brent crude futures from 05/12/23 to Date



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

## **Tanker Weekly Report 4thDec23 – 11thDec23**

The Baltic Dirty Tanker Index fell again this week from 1171 to 1118. In the VLCC market rates have been relatively flat. TD3C rates were sideways for much of the week but took a downturn on Monday and closed at ws62.92, down from ws66.88 the previous Monday. The paper market has been on a downward trajectory for most of the week seeing decent movement on the Cal24 which traded 165kt/m across the week and lost 35 cents to trade at \$12.6/mt last on Monday evening. Q2(24) has also slipped from \$12.4/mt to \$11.85/mt over the week.

On the Suezmax market rates for the TD20 Nigeria/Rotterdam voyage climbed from ws98.64 to ws102.95 then gave up the gains to settle at ws100.45 Monday afternoon. TD20 paper saw the attention focused on the Jan FFA which traded actively across the week and fell from \$18.5/mt to \$16.7/mt at the time of writing.

For the Stateside Aframax market, rates on the trans-Atlantic USGC/UKC route have suffered this week dropping over 30 points from ws179.69 to ws149.06. As a result USGC/AFRA paper has responded in kind dropping sharply at the front of the curve. Dec FFA has fallen from ws191 to ws159.5 and Jan has lost \$4.6/mt to trade at \$38/mt last.

The BCTI Index edged higher again this week from 830 to 860. MRs on the UK continent took a downturn this week seeing rates slip from ws195.75 to ws189.5 with a lack of activity. The paper market was also subdued with little action across the curve except for BALMO which traded in the ws205-212 range. In America MR rates for TC14 jumped, after a continued stream of enquiry, from ws256.43 to ws270 but have fallen back since to ws262.14. On TC14 paper BALMO followed the spot trading as high as ws245 on Thursday but has traded back at ws233 since. Q1 (24) is also up approximately 80 cents on the week per the Baltic assessments. Finally MR's in the MEG saw a huge jump with TC17 gaining from ws184.29 to ws240 at the time of writing.

In the Middle East Gulf LR1s on the 55kt MEG/Japan run (TC5) ticked up this week much like their larger siblings, climbing from ws118.75 to ws130. TC5 paper saw some volatility especially on Q1(24) which climbed \$3.5/mt between Tuesday and Wednesday alone reaching a high of \$47/mt, it has corrected itself back down to \$45/mt last on Monday. The Cal24 also jumped from \$41/mt to \$42.5/mt by midweek though it is now marked around the \$42/mt level per the Baltic assessments.

Lastly Mediterranean Handymax's have been relatively stable again this week with the TC6 Index hovering just marginally higher in the ws264-265 range. TC6 paper trading has been thin but BALMO has been holding its ground around ws290.

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