FIS

Weekly Oil Report

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Prices movement (front month)	09-Jan	15-Jan	% Change (Settlement Prices)
Brent Crude	77.59	78.15	**+0.72%**
VLSFO (Singapore)	557.74	563.12	**+0.96%**

Crude Oil Market :

Crude markets have tussled, this week, between attacks on maritime supply routes through the Middle East and global economic demand concerns along with a prevailing US dollar. There's been no constant sense of short-term direction since the turn of the new year, as the change between Brent settlements on an inter-day basis has chopped from red to green and vice versa.

On Friday, front month Brent crude futures briefly exceeded the $80/bbl mark for the first time since Dec 27th and touched the weekly high of $80.75/bbl, after US and UK military carried out initial strikes on Yemen's Houthi rebels that have been firing missiles at ships travelling through the Red Sea. Attacks from both sides have exacerbated the Middle East tensions and have offered support to oil prices.

On the other hand, downward pressure on prices has come from last Wednesday's unexpected build in crude stockpiles of 1.3 million barrels. This has helped to offset supply disruptions coming from ongoing protests at Libya's largest oil field, as well as the aforementioned Red Sea shipping attacks. Inventory builds paired with US dollar strength, persistent global demand woes and a lack of material effects on physical supply due to diversions around the Cape of Good Hope have put a ceiling over further gains from Red Sea attacks.

That being said, crude is ticking higher today after yesterday's missile attack on the US-owned Gibraltar Eagle container ship from Houthi, as well as today's news that dry bulk vessel Zografia had hit by missile in Red Sea area, sustaining minor damage.

Mar24 Brent Crude Futures From 09/01/24 to Date

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

Bunker Market:

There is likely further upside to fuel oil as the market has yet to fully price in the expected elevated tonnage arrivals and higher fuel requirements amid vessel diversions from the Red Sea and the higher speeds required to meet delivery deadlines due to longer sailing times. Although, front VLSFO cracks are marginally softer on the week due to the rising supplies that are expected from Kuwait's Al-Zour refinery. After a 3-month absence through Q4, the major marine fuel producer has offered its first VLSFO spot cargo this year, totalling 130,000 mt for January 20-21 lifting, which was heard to have been awarded to a Chinese major. Feb24 Sing 0.5% crack traded last at $10.55/bbl – 35 cents stronger on the day but about 20 cents off from this time last week.

The Hi5s or "scrubber spreads" have widened slightly in the prompt contracts, this week, on softer HSFO cracks, which are off over a dollar on the week for both the Sing and Euro. This favours those who are operating vessels with scrubbers, as the HSFO becomes cheaper against its VLSFO counterpart.

China has announced a first batch of low sulphur fuel oil export quotas for 2024 at 8 million mt, steady versus the same tranche in 2023. PetroChina and Sinopec are the biggest exporters at 3.4 million mt and 3.8 million mt, respectively, signalling that the nation's oil majors are expecting robust bunker demand in 2024.

Feb24 Sing0.5% crack from 09/01/24 To Date

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

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