FIS

Weekly Oil Report

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Prices movement (front month)	29-Jan	05-Feb	% Change (Settlement Prices)
Brent Crude	82.40	77.99	**-5.35%**
VLSFO (Singapore)	629.45	580.74	**-7.73%**

Crude Oil Market :

Oil prices have slipped well into the red of the week, coming off the yearly highs of $84.17/bbl (front month Brent future) from 28th January. Prior to this, the market had been rangebound for the entirety of 2024, with front month Brent crude futures bouncing between a $74.79/bbl floor and $80.75/bbl ceiling, until when a larger than expected drawback of US crude inventories, amongst other things, triggered a rally that saw the price break out of that range. Although, a clear sense of short-term direction still seems to be out of sight, as market participants remain in a tussle between Middle East conflict escalations and global economic demand concerns.

Markets are up about 0.7% today, having settled last night at $77.99/bbl, supported by Yemen’s Houthi rebels claiming two separate vessel attacks in the Red Sea. On top of this, news that the US intends to undertake further strikes in retaliation for the personnel killed by an Iranian backed militia has added support to prices. The market is watching for signs of any progress in ceasefire talks between Hamas and Israel after optimism added downside pressure to prices last week.

On the supply side of things, non-OPEC supply is robust following US production recovery after cold weather disruptions in January and OPEC members are producing above their quotas. As well as this, Russia’s seaborne crude exports rebounded strongly following two weeks of disruptions.

Apr24 Brent Crude Futures From 31/01/24

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

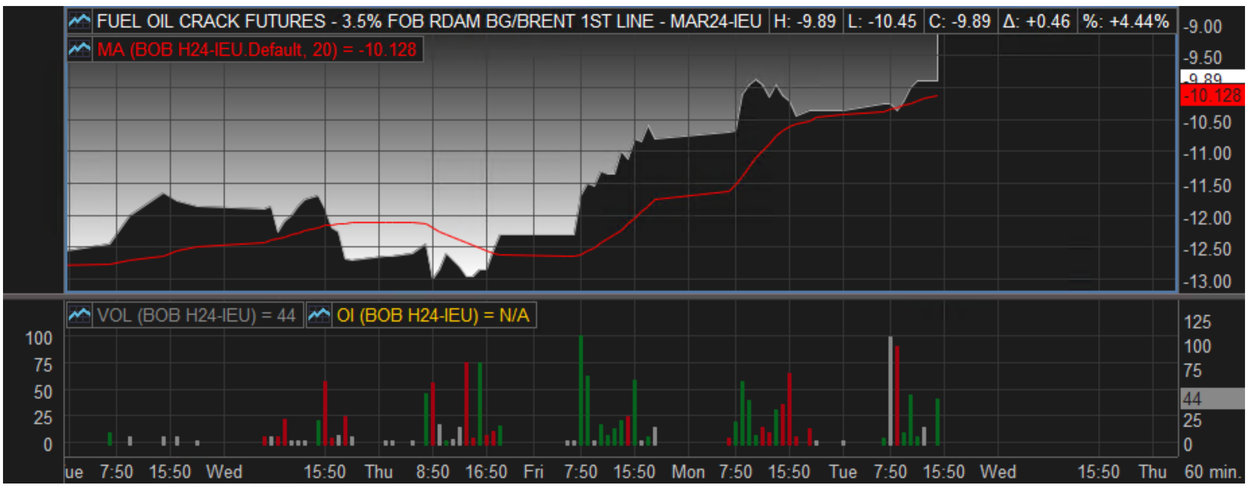
Bunker Market:

The HSFO EW contract (the difference in price between Singapore 380cst and Rotterdam 3.5% barges) has collapsed in the front of the curve over the course of this week. The Mar24 tenor traded last in the market at -$9.00/mt, down by over 7 dollars on the day and by about 12 dollars on the week as the Sing 380cst goes from trading at a premium to its Rotterdam 3.5% counterpart, to trading at quite a substantial discount. This could be down to a lack of interest in the Sing HSFO from East Asian counterparties ahead of Chinese New Year at the end of this week. We have also noticed that Shanghai have been net sellers during the past few arbitrage windows, adding downward pressure to the front Sing 380cst prices.

Staying on the HSFO market complex, and aiding the fall in the EW, is the recent strength in the Rotterdam 3.5% barges crack, which traded last here at -$9.90/bbl in the front month – 50 cents stronger than yesterday's settlement and about 3 dollars up on the week. Such strength in the barges has shrunk the Euro Hi5 differential (difference in price between Rotterdam 0.5% and 3.5% contracts). The Mar24 Hi5 is valued around the $94.00/mt mark currently but was valued last week at around $115/mt. The Singapore equivalent has seen a similar 20 dollar drop in the same time frame.

Mar24 HSFO EW From 30/01/24 to Date

Mar24 Rotterdam 3.5% crack From 30/01/24 to Date



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

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

Tanker Weekly Report 29thJan24 – 5thFeb24

Dirty Petroleum Products

The Baltic Dirty Tanker Index declined this week dropping from 1346 to 1274. In the VLCC market rates were fairly static hovering around the ws58 level which equates to a daily round-trip TCE of about $33,500 basis the Baltic Exchange's vessel description. There is some expectation that things could trend a little higher this coming week as charterers are expected to move early to cover before the Lunar New year celebrations begin. In the paper market TD3C saw some good volume printing on Feb across the week with 1870kt trading outright on it between Tuesday and Thursday in the ws59.5-63 range. Wednesday also saw noteworthy size trade on the calendars with the Cal25 trading at $13.4/mt in 100kt and Cal26 trading at $12.8/mt in 85kt. Overall the paper curve closed the week out little changed.

On the Suezmax market rates for the TD20 Nigeria/Rotterdam voyage drifted lower from ws108.75 to ws104.41 but expect some resistance from owners. TD20 paper has come off sharply from the previous Monday with Feb FFA trading 16 points down and March 8 points lower. Q2 has also traded nearly 6 points lower at ws100.75 last.

For the Stateside Aframax market, rates on the trans-Atlantic USGC/UKC route have continued to decline this week, a lack of export demand due to refinery maintenance being underway has been an underlying factor. TD25 spot is now marked at ws185.94 down from ws203.44. USGC/UKC paper followed suit and fell across the curve. Feb is now trading at ws188, a drop of 32 points from the previous Monday. Similarly March has fallen from ws212 to ws193 week-on-week.

Clean Petroleum Products

The BCTI Index dropped sharply this week from 1311 to 1141. MRs on the UK continent took a severe downturn this week dropping from ws214.78 to ws150.28 Mon-Fri, they have rebounded slightly yesterday to close at ws160.5 last. A very slow week with minimal enquiry has been the source of owners pain this week and rates have dropped steadily till yesterday. Unsurprisingly TC2 paper followed the spot lower with the Feb FFA falling from ws240 to a low of ws193 on Friday morning before recovering to trade at ws203 last on Monday. In America MR rates for TC14 climbed into midweek gaining 10 points to peak at ws176.07 only to give up gains and close the week out lower at ws161.43 last. Finally MR's in the MEG may have finally ran out of steam as the TC17 index peaked at ws463.57 on Tuesday, a high for the year, before losing nearly 50 points to close the week out at ws416.43.

In the Middle East Gulf LR1s on the 55kt MEG/Japan run (TC5) have seen rates soften dropping from ws373.13 to ws346.25 over the week. Red Sea issues continue to be a dominant factor dictating rates for the route but some talk of ceasefires, though maybe a little optimistic for now, have managed to quell things slightly. TC5 paper has been active and volatile with Feb FFA trading over a million tonnes at multiple levels in a wide range of ws280-330 across the week, with last done at ws289 on Monday evening. Q2 was also active and saw some big swings across the week seeing a low and high of ws185 and ws240 respectively, with last done at ws206.

Lastly Mediterranean Handymax's have softened this week with a lack of enquiry, the TC6 Index fell from ws277.83 to ws245.89. TC6 paper followed the spot down and saw Feb lose 26 points to trade at ws239 last on Thursday.

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Chart Source: Bloomberg