

19/03/2024

Prices movement (front month)	04-Mar	18-Mar	% Change (Settlement Prices)
Brent Crude	82.80	86.89	+4.94%
VLSFO (Singapore)	627.16	630.47	+0.53%

## Crude Oil Market :

Over the past week, Brent crude futures have experienced notable fluctuations influenced by a combination of geopolitical tensions, supply concerns, and market sentiment. On Thursday, finally, the price broke the upper side of this year's range, poking its head above the \$85.00/bbl mark to the highest levels seen since early November 2023. Support was found in the previous day's surprise US crude inventory draw of 1.5 million barrels – the first draw after seven weeks of builds.

Geopolitical tensions in key oil-producing regions, particularly in the Middle East, as well as drone strikes on Russian oil infrastructure have helped oil to hold onto price gains and to rally further. Like in today's trading, crude has regained after drifting lower earlier in the session as the USD Index has been nearing March highs ahead of the US Fed rate decision tomorrow. The escalation in attacks on Russian energy infrastructure has raised concerns for oil product supplies and pushed May24 futures to new highs of \$87.57/bbl.

After what has been a directionless period for crude oil markets, it seems as though macro fundamentals are pointing in the upwards direction. On top of the aforementioned, adding support to markets is overall improved global demand forecasts and stronger than expected China data yesterday that showed a record amount of crude refined at the start of 2024.

## May24 Brent Crude Futures From 04/03/24 to Date



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

## Bunker Market:

The HSFO EW has been trading under some volatility this week, as is custom with this differential. The Apr24 traded last at \$2.25/mt, down \$2.50 on the day, and meaning that the Sing 380cst fuel oil is trading at a premium to the Rotterdam 3.5% counterpart. This differential is off the highs of over \$9.00/mt last week, after what was almost a 20 dollar rally earlier in the month.

We have also seen some major movements in the gasoil EW, which is a differential between the price of Singapore 10ppm gasoil and the ICE gasoil swap. The differential has come off massively, due to support for the European side of the product. Unplanned refinery outages in Europe are combining with seasonal maintenance to boost these product prices such as gasoil and diesel. Compounding this are the drone attacks on Russian refineries, which are also raising diesel and gasoil prices, thus encouraging supplies from Middle East and Asian refiners to Europe.

The volatility in both of the geographical arbitrage contracts can be seen in the charts below

### Apr24 HSFO EW From 01/03/24 to Date



### Apr24 Gasoil EW From 01/03/24 to Date



Text pricing data: FIS Chart data: FIS

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