

16/07/2024

Prices movement (front month)	8 Jul	15 Jul	% Change (Settlement Prices)
Brent Crude	85.75	84.85	-1.05%
VLSFO (Singapore)	618.67	608.25	-1.68%

Crude Oil Market :

Front month Brent crude futures have continued to pull back from the 12th July high of \$86.35/bbl as demand concern in China and a stronger US dollar weighs on prices. Today, the benchmark is down by 1.23%, despite Fed Chair Powell saying that the FOMC has “greater confidence that inflation was moving sustainably” towards target.

Demand concern in the world’s second largest economy, China, comes from recent crude oil import data showing an annual fall of 11% at 46.45m mt in June. This extends the weakness after falling 8.7% on the year in May, OilChem said citing GACC data. That being said, China saw a small jump in imports of discounted crude from Iran, rising 148kb/d month on month to a record of 1.5mb/d in June, according to Kpler. This week’s Third Plenum of China’s Communist Party is likely to be closely watched for stimulus announcements to boost growth after disappointing Q2 GDP data on Monday.

Looking down the curve, crude remains in relatively strong backwardation reflecting sentiment for a tighter market this quarter amid OPEC+ cuts and potential increased member compliance as well as higher summer fuel demand. On that, Diesel and gasoline cracks have held firm today and U.S. gasoline demand rose by 1.6% w/w.

Sep24 Brent Crude Futures From 25/06/24 to Date



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

Dirty Petroleum Products

The VLCC market experienced another week of marginally softer rates, spot moved from ws47.18 down to ws46.1 over the course of the week. On the paper side of things, TD3c Bal month softened from ws50 to a week low of ws47, where good size traded today at the time of writing. The back end witnessed activity with the Cal25 going through around flat on marks at \$14/mt this afternoon, yesterday saw Q2-25 trade at \$13.7/mt. The current spot gives a Baltic TCE of approximately \$22,500/day. The quarters have seen Q4-24 remain around the ws70 level over the course of the week, with ws69.75 the current last done.

As with the VL's, Suezmax sentiment is also somewhat lower, spot has hovered around ws99 levels, with the current rate ws98.44. In TCE terms, the current rate sits at roughly \$37k/day based on Baltic parameters. Looking at the paper side of things, August moved from ws92, peaking at ws94, with ws91 the last done where size traded on Monday. July saw 820kt trade last Wednesday at ws98.5, current value softer at ws96.5 for full month & ws93 for Bal month.

In contrast, the USGC/UK Cont Afra route has witnessed signs of recovery, following uncertainty caused by Hurricane Beryl. TD25 spot gained around 4.5ws points to ws187.5, Bal month last done at the time of writing was ws180. The back end of the curve saw Cal activity this time last week, Cal 25 and Cal 26 trading at \$34.65 and \$32.2 respectively, with value currently 25 cents higher on the Cal25.

Clean Petroleum Products

Starting with the MR's, TC2 looks to have started to make up for losses suffered over the last week, ws182.5 is the current rate, after dropping down to a low of ws178.44 from ws190.94 at the start of the week. The paper side of TC2 has been a little less eventful activity wise, as August and Sep traded ws193 and ws183.5 respectively at last done, with no trades to report at the time of writing on Tuesday. Moving down the curve, Q4 traded ws190 last Thursday, with value currently pegged at ws187.5 today.

Moving stateside, TC14 has made strong gains over the week, spot moved from ws149.29 to ws212.14 today. The FFA side saw Bal month TC14 trade up to a high of ws210 on Monday, Q4 trading at ws180, Cal25 activity saw a big pay up to \$33.45, \$0.75 cents higher on the overnight marks.

The TC5 index trickled down gradually from ws220.31 to ws214.69 at the current spot rate. TC5 paper hasn't been shy of activity over the course of the last week, 185kt of August traded today from ws194, down to ws190.5 at current last done, Q4 at ws193. TC5 Bal month hasn't traded since last Wednesday, where ws202.5 went through at last done, current value on that is being market at a level of ws200.5.

In the Mediterranean, TC6 rates improved dramatically over 30 points, with spot currently marked at ws231.11, the TCE moved up around 66% on Thursday, which is currently being valued around \$35k/day on Baltic parameters. TC6 paper mirrored these gains, August trading up from ws193 to ws205 at current last done over the week, Bal month last done is ws235 after trading on Monday.

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