

13/08/2024

Prices movement (front month)	05 Aug	12 Aug	% Change (Settlement Prices)
Brent Crude	76.30	82.30	+7.86%
VLSFO (Singapore)	553.79	578.23	+4.41%

## Crude Oil Market :

Crude markets have bounced back from the lows at the beginning of August, with Oct24 Brent futures now back comfortably above the \$80/bbl mark after recent lows of \$75.05/bbl seen on the 5<sup>th</sup> August. Despite crude softening a little today, the overall market support appears to be coming from the heightened tensions in the Middle East posing threats to supply, as well as a recovery in the equity markets from shock drops last week.

Panic appears to have faded following last week's outbreak of volatility in US stocks, with the VIX trading at 4 year high. Wall Street's most closely watched gauge of investor anxiety, the Cboe Volatility Index (VIX), has rapidly eased after closing at a four-year high last week and stocks came screaming back following the year's worst tumble. The S&P 500 (SPX) is up 3% from last week's lows, while the VIX hovers around 20, far below the Aug. 5 close of 38.57. The scale of these equity moves had a "knock-on" effect within the oil markets as last week investors were risk off with assets.

As for the situation in the Middle East, Axios' Barak Ravid reported overnight that the Israeli intelligence community now expects an Iranian attack on Israel to come "within days". The US have increased their military presence in the region in anticipation of attacks. Whilst Israel itself has no real impact on the price of oil, market participants worry of the surrounding, larger oil producing nations such as Iran, Iraq, UAE, Oman being dragged into the conflict and affecting the supply to the market.

### Oct24 Brent Crude Futures From 01/08/24 to Date



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

## **Dirty Petroleum Products**

TD3C appears to be very much in the doldrums over the course of the last week. Spot rates have moved from WS 45.6 to WS 46.15 as of Monday's print, with the balance month contract softening from WS 53 to WS 49 in size last Friday. TD3C September traded off a point today to WS 51. Down the curve, Q4-24 remains relatively flat, trading at WS 64. A good day of Cal activity on Monday saw \$13.6 trade on the Cal25 in just shy of 100 KT, and Cal26 traded at \$12.9 in 40 KT, both trading at marks. Cal25 softened to \$13.55 at the time of writing, with Cal26 trading at \$12.85. The physical sentiment appears to be that the market has bottomed out at these levels. Current spot rates give an approximate TCE of \$22.5k/day.

Suezmaxes remained pretty flat over the last week, with spot rates softening slightly from WS 76.94 to WS 74.86. The balance month TD20 is currently trading at WS 78 and has remained around this level since a sizable full-month trade at WS 81 this time last week. Cal25 activity saw \$16 trade last Thursday, with further deferred action this morning seeing Q3-25 go through at \$14.3.

USGC Aframax rates have continued to slide, with WS 121.39 being the current spot rate, yielding a TCE of around \$23k/day. On the paper side, the balance month contract traded at WS 128 in decent size, followed by WS 129 shortly after, the current last done at the time of writing and down almost 10 points on the week. August full month came into play at WS 126.5 yesterday, as did September at WS 141 and October at WS 166.

## **Clean Petroleum Products**

A dramatic drop in rates for TC2 has seen a decline of almost 60 points to WS 125 over the course of the last week, with WS 125 being the current rate. Paper activity saw the balance month trade off to WS 140.5, 19.5 points lower than the same time last week. The TC2 quarters came into play with Q4 trading at WS 173 on Monday, 3 points lower on the week.

TC14 saw rates around the WS 150 level over the last week, with the current rate as of Monday being WS 150.71. On the prompt side of things, the balance month traded at WS 156.5 on Monday, with September trading at WS 156 and WS 153. TC14 September remained at WS 153 on Tuesday, alongside Cal25 action at \$31.8, down 20 cents on the close.

In the East, TC5 spot dropped almost 16 points, down to WS 134.39, with a lack of stems and a building tonnage list partly to blame. On the paper side of things, TC5 September witnessed a big drop from WS 180 this time last week to WS 149 this morning. Q4 is currently trading at WS 177. The more deferred TC5 periods have seen Cal25 trade up in contrast, with \$38.8 being the level last week and gains witnessed up to \$39.1 and \$39.2 on Monday.

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