

03/09/2024

Prices movement (front month)	27 Aug	02 Sep	% Change (Settlement Prices)
Brent Crude	78.66	77.52	-1.45%
VLSFO (Singapore)	606.08	585.33	-3.42%

Crude Oil Market :

Crude markets continue to feel bearish into September under the risk of a market surplus as OPEC look to stand firm on their return output policy for Q4, as well as soft demand concern out of China. Any support to prices was coming from the situation in Libya where oil exports at major ports were halted and production was curtailed across the country, however just at the time of writing, it has been announced that Libya are ready to return to the market.

The fresh Libya news is causing Nov24 Brent futures to crash through recent levels and touch an intraday low, here, of \$74.38/bbl. The Libyan central banker in the middle of the current power struggle says there are "strong" indications that political factions are nearing an agreement to overcome the current deadlock, according to Bloomberg reports.

Weak data out of the world's two largest economies, China and the USA, puts further downward pressure on prices. Earlier this week it was announced that China's manufacturing PMI fell to a six-month low in August and US fuel demand during the first half of the summer was also softer than weekly data showed.

The Brent crude price outlook remains bearish and is set to average \$72.50/bbl next year amid soft demand, even before considering looming oversupply dynamics in 2025, according to RBC.

Nov24 Brent Crude Futures From 27/08/24 to Date



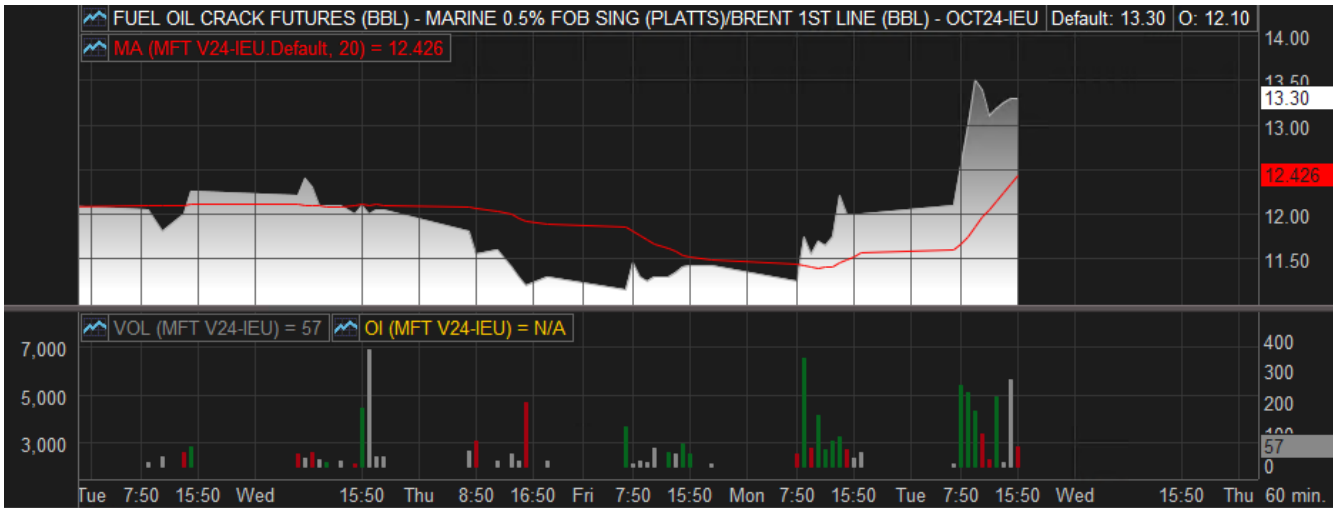
Source: FIS, Reuters, Oil Price, Bloomberg, BBC News, Morningstar

Bunker Market:

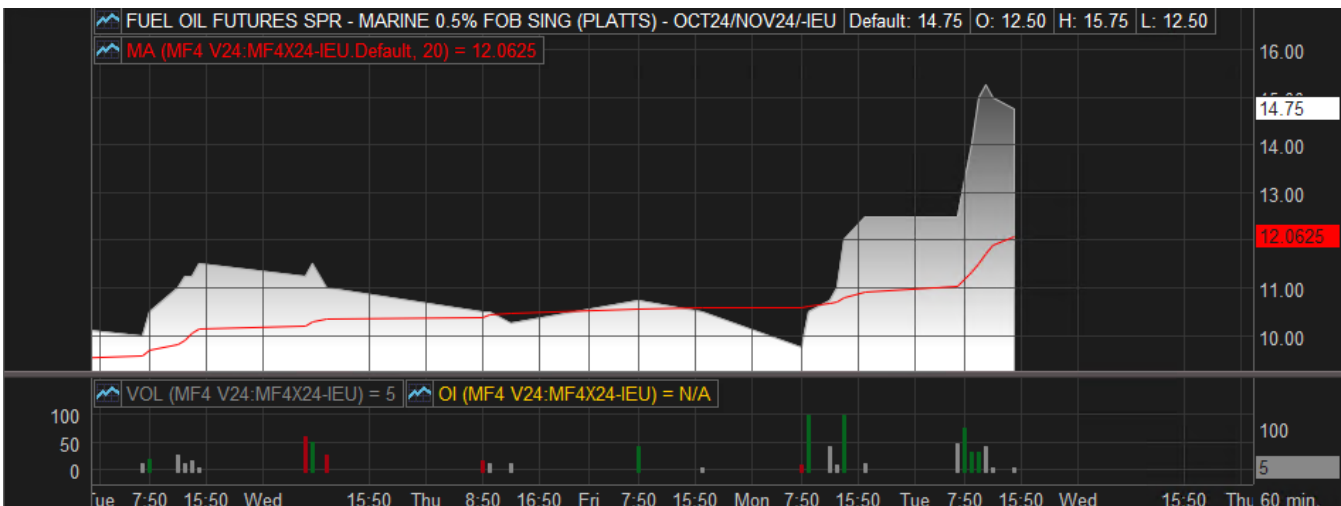
With crude coming off so drastically today, VLSFO prices have slipped too, however some support has been offered by persistent strength in the front cracks. Front month Oct Sing 0.5% crack rallied by \$1.65/bbl this morning, before cooling very slightly this afternoon. The crack is over a dollar stronger than where it was at this point last week, with most of the gains from Monday and today, to trade last in the market at \$13.30/bbl, at the time of writing. News from some market participants this morning was that a delayed cargo of VLSFO from a major commodity trading house sparked the rally. As well as this, VLSFO market structure has been buoyed by major physical players buying in the window, particularly some Asian based firms that have not been buying physical for a while.

VLSFO spreads continue their upward surge, with the front Oct24/Nov24 Sing 0.5% contract up \$2.00/mt on the day and by almost \$5.00/mt week on week, to trade \$14.75/mt today. The Rotterdam equivalent is up \$2 on the day at \$10.25/mt. These front spread movements almost mirror the rally seen in the week prior. The higher premiums favour those with front month exposure that are looking to roll positions forward.

Oct24 Sing 0.5% Crack From 27/08/24 to Date



Oct24/Nov24 Sing 0.5% Spread From 27/08/24 to Date



Text pricing data: FIS Chart data: FIS

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