

24/09/2024

Prices movement (front month)	16 Sep	23 Sep	% Change (Settlement Prices)
Brent Crude	72.75	73.90	+1.58%
VLSFO (Singapore)	547.49	577.57	+5.49%

Crude Oil Market :

Crude markets have found support recently, after hitting lows of \$68.68/bbl earlier this month off the back of demand outlook woes and supply surplus worries. Front month Brent futures are up over 2% on the day alone, as the market rallies through first technical resistance on Middle Eastern tensions, some near term supply disruptions and possible attempts by the Chinese government to boost their economy.

A week ago today, Israel carried out new attacks on Hezbollah in Lebanon causing pagers to explode. As strikes and attacks upon either side increase, the worry of a greater scale war seeps back into the market, with the involvement from greater Western powers or Middle Eastern powers likely to result in higher oil prices. IDF Admiral Daniel Hagari has said "We must not give Hezbollah a break, attacks will be accelerated today".

The Chinese government has introduced broad monetary stimulus and property market support measures to boost China's economy amid concern that it would not meet its 5% growth target. The PBoC announced a 20bp cut in the 7-day repo to 1.5% and 25bp for mortgage rates, as well as a 25bp reduction in the RRR with possibly another 25-50bp before year end depending on conditions. There are also measures to support China's equity market and stabilise bonds.

Adding further support are some short-term supply factors like major oil producers BP, Chevron, Equinor and Shell evacuating staff from some Gulf of Mexico facilities. Several have also paused some production before the arrival of another tropical storm through the region.

Nov24 Brent Crude Futures From 17/09/24 to Date



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

Bunker Market:

The fuel market has endured some aggressive volatility over the course of last week and into the start of this week.

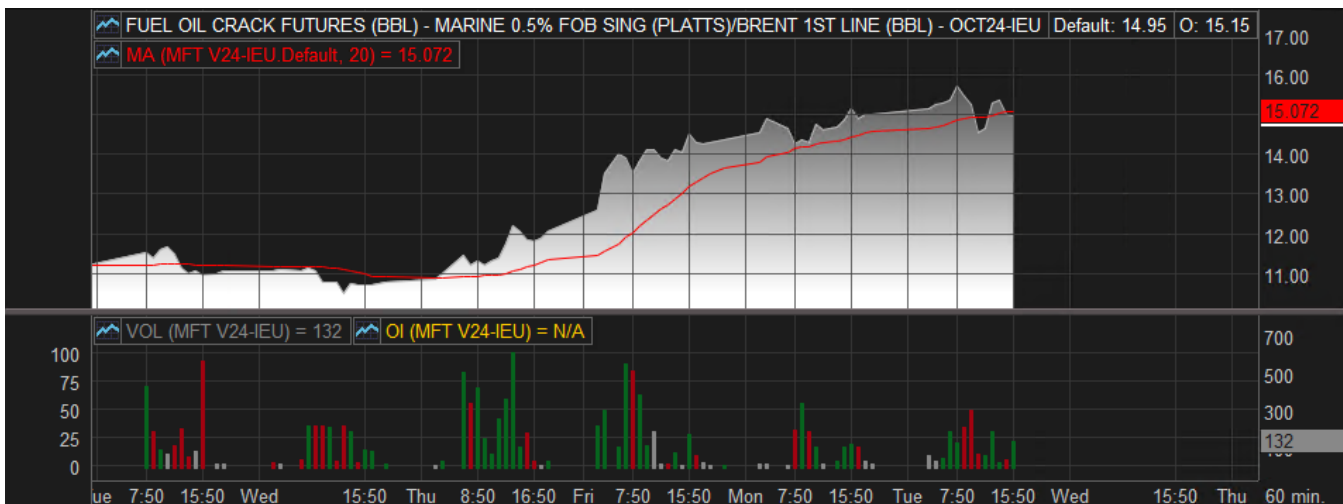
Looking at the HSFO complex, the Oct24 EW is now trading deep into the negative territory, down by 8 dollars on the day and a whopping 16 dollars since this time last week, trading last at -\$6.50/mt. A negative EW means that the Rotterdam 3.5% fuel oil is trading at a premium to the Sing 380cst counterpart. Weakness in the EW seems also to have dragged the Sing 380cst spreads down with it in today's session, with prompt contracts down as much as two dollars from yesterday's settlements and the Oct24/Nov24 weaker by 6 dollars from the end of last week where it was trading at around \$13.00/mt. Rotterdam HSFO has actually held firm against a lot weaker Sing HSFO, potentially due to an apparent drop in vessel arrivals in the northern Europe and dropping stocks. Outside of this, there seems to be a bit of lack of any fundamental driver for the crash in the EW so I think that stop outs on the way down have had a part to play.

For VLSFO, the Oct24 Sing 0.5% crack is up over four dollars since Tuesday last week, trading last at \$15.00/bbl. It's been a similar story for the Rotterdam equivalent, which is up over two dollars on the week, trading last at \$6.20/bbl. With the strength also in the front spreads and the crude, the front end VLSFO fuel flat price has been very much on the rise. MOPS Sing 0.5% is up 30 dollars on the week.

Oct24 HSFO EW From 17/09/24 to Date



Oct24 Sing 0.5% Crack From 17/09/24 to Date



Text pricing data: FIS Chart data: FIS

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