

PJK Tank Terminal Week Report

Date 16-11-2018 Week 46

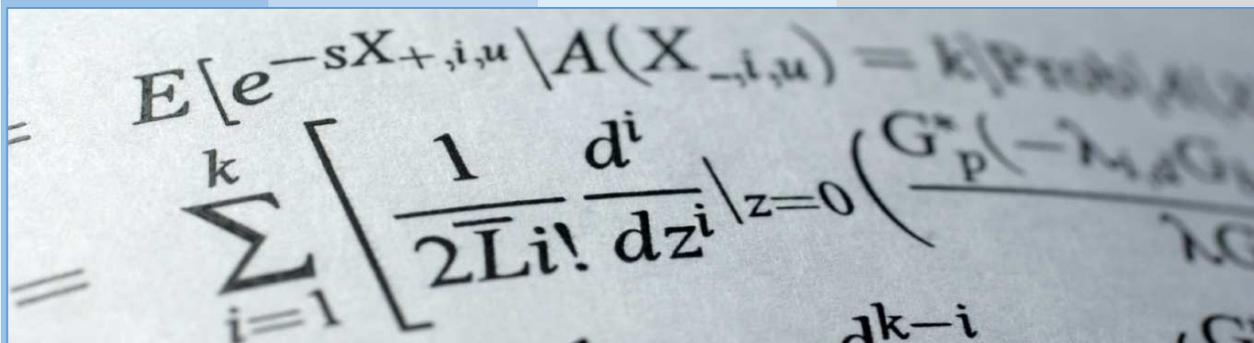


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Market snapshot

Instrument	Settlement	Term structure	Contracts
ICE Brent C1	\$ 66.62	↓ \$ -0.27 contango	C1-C2
ICE Gasoil C1	\$ 637.75	↑ \$ 6.75 backwardation	C1-C2
CME RBOB C1	\$ 1.56	↑ \$ 0.01 backwardation	C1-C2

Instrument	Settlement	Weekly change
Brent Volatility	0.69	↑
Brent-LSGO	\$ 17.08	↓ \$ -0.22

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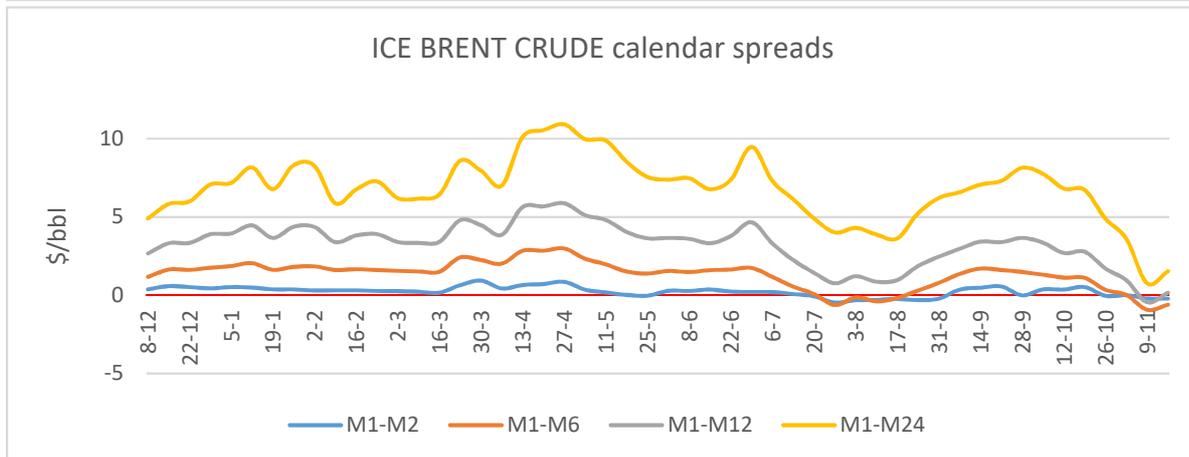
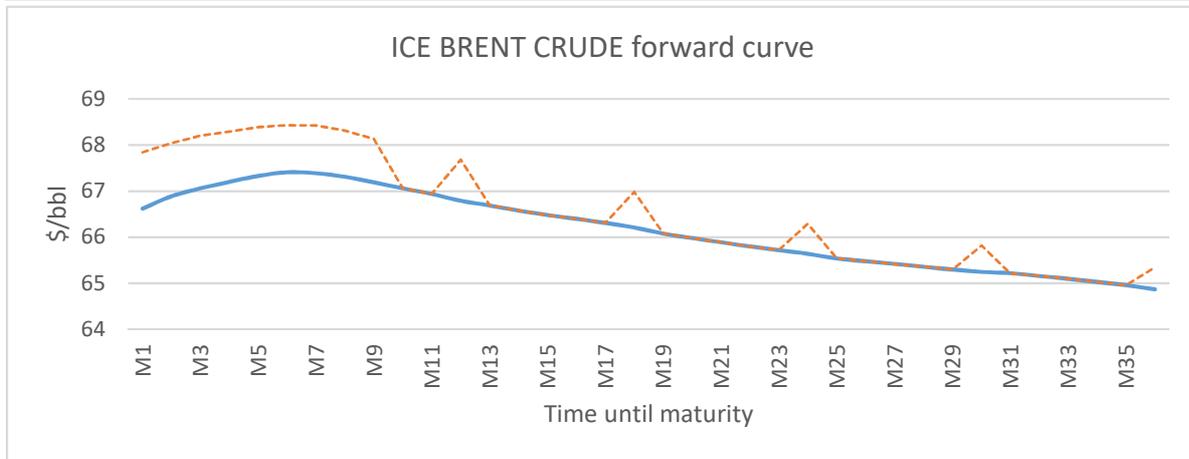
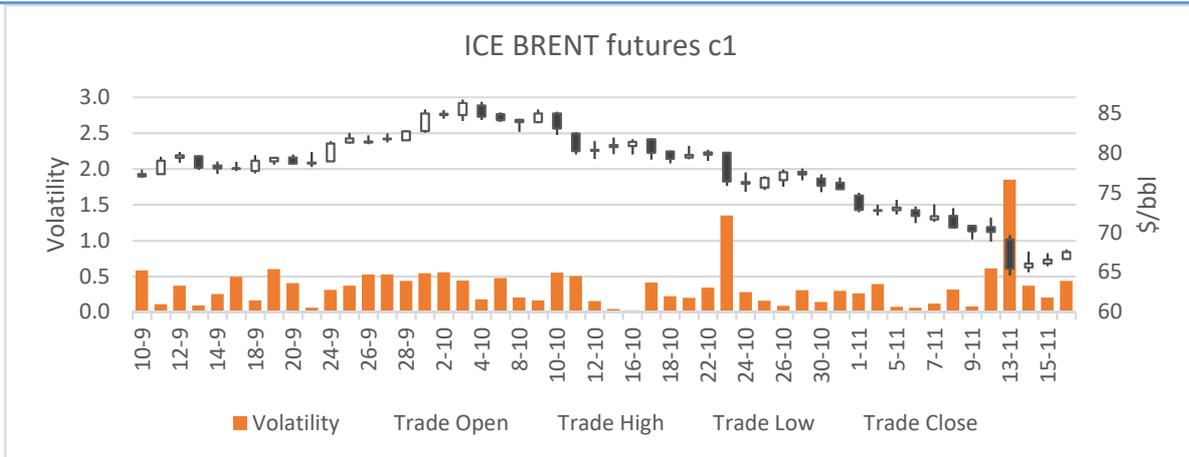
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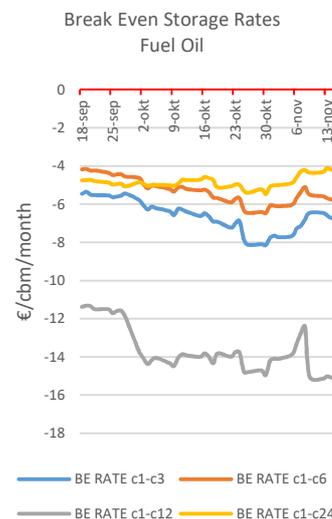
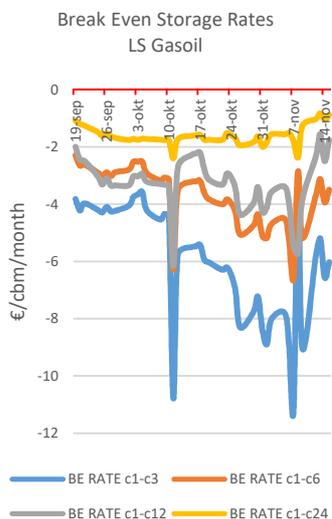
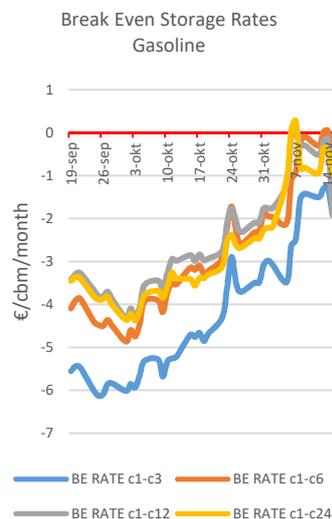
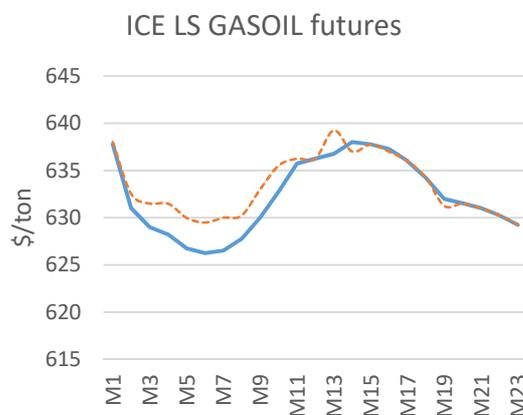
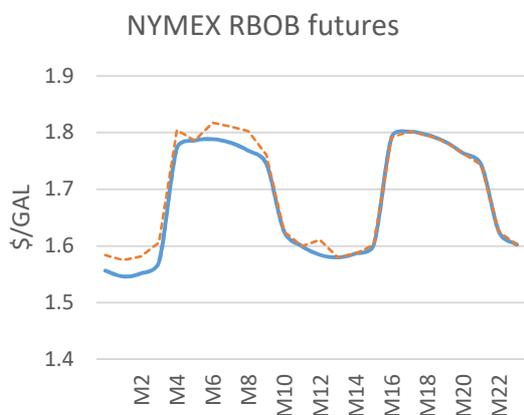
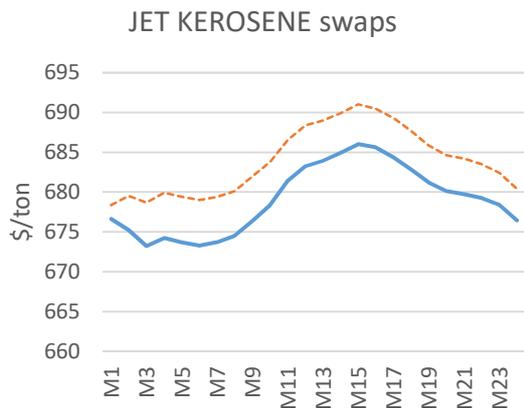
Prices and volatility



ICE	last settlement	weekly change %	current	NYMEX	last settlement	weekly change %	current
Brent	\$ 67.59	↓ -3.7%	\$ 67.59	RBOB	\$ 1.578	↓ -2.7%	\$ 1.578
LS GO	\$ 636.50	↓ -4.9%	\$ 636.50	Heating oil	\$ 2.084	↓ -4.1%	\$ 2.084

Commentary
 Brent crude declined for a sixth week in a row following growing concerns of global oversupply, while demand for crude is expected to weaken in the near future tracking lower economic growth. On Tuesday, prices made their largest daily decline in multiple months, shifting the front end of the Brent curve into a contango while volatility spiked. Some support to the prices came from OPEC hinting on supply cuts for 2019.

Forward curves

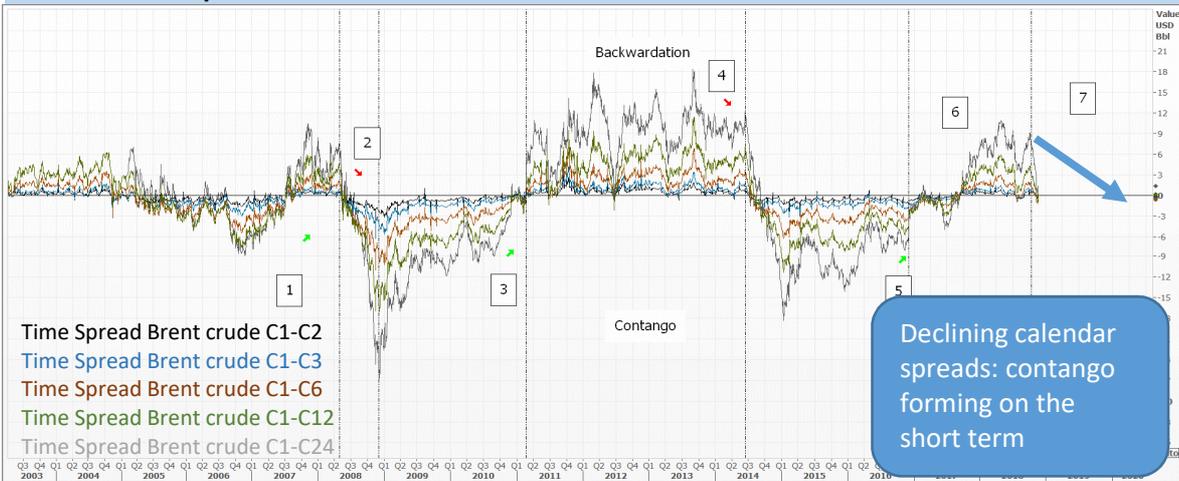


Commentary

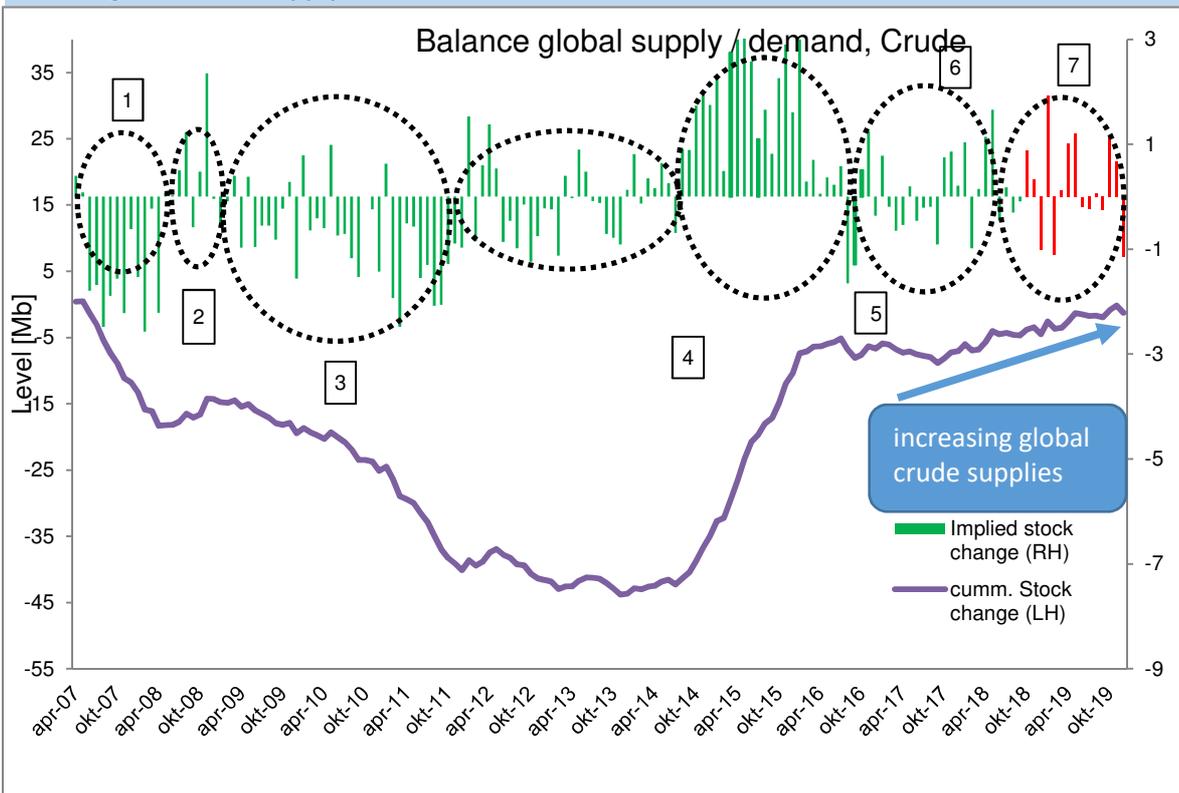
The backwardation at the frontend of the ICE gasoil forward curve weakened to +\$6.75 as spot prices fell. Short term trading opportunities remained difficult to find, with the curve still very steep in the beginning. The DEC/JAN NYMEX RBOB stayed in a small backwardation of \$0.01. Eurobob's spot future contango decreased with \$10,50pmt on to \$126.25pmt on, making short-term gasoline trades somewhat less profitable but still practicable.

Outlook forward curves

Brent calendar spreads



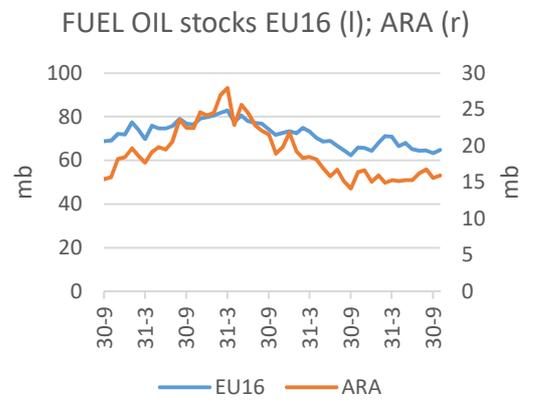
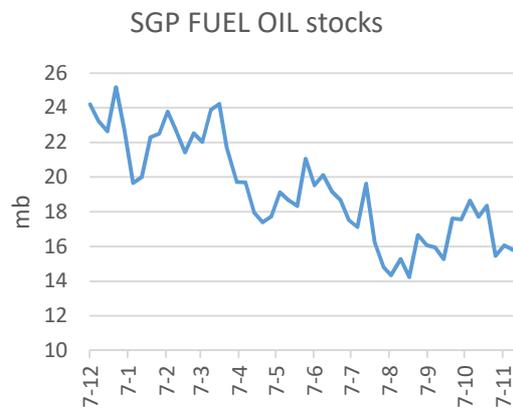
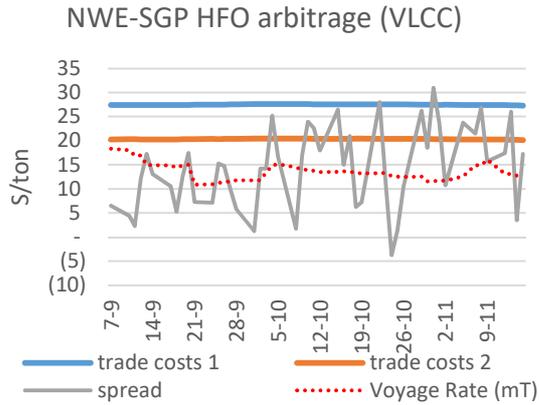
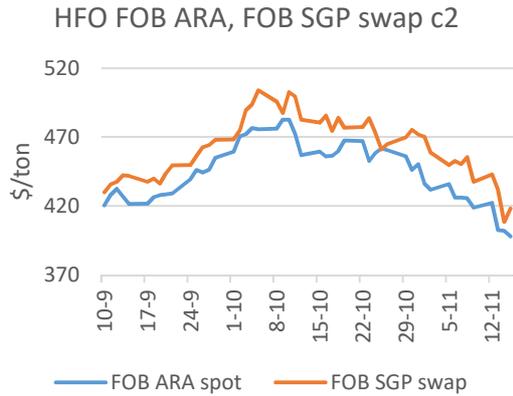
Balance global crude supply and demand



Commentary

The structure of crude markets weakened further with both the short and medium-term (24 months) in contango this week. U.S. crude inventory levels rose for the eighth consecutive week while U.S. production reached another record, which weighed down on prices. Lower global economic growth expectations provided downforce. EIA figures showed that U.S. crude stocks rose by 10.3mb while analysts expected +3.2mb. Output grew to 11.7mb.

HFO Transport flow dynamics



Region	FOB price	weekly average	weekly change	trade costs consists of	
ARA	\$ 399.50	\$ 408.80	↓ \$ -27.6	FR 6M LS \$ 21.4	trade costs 1 \$ 27.3
SGP	\$ 419.75	\$ 427.80	↓ \$ -37.3	FR 4M LS \$ 14.3	trade costs 2 \$ 20.2
Spread	\$ 17.25	\$ 16.00	↓ \$ -9.6	Outturn loss \$ 1.2	

Arbs open if $(spread \geq trade\ costs)$

ARA	[Red Box]	SGP	closed
ARA	[Red Box]	SGP	closed

Sum

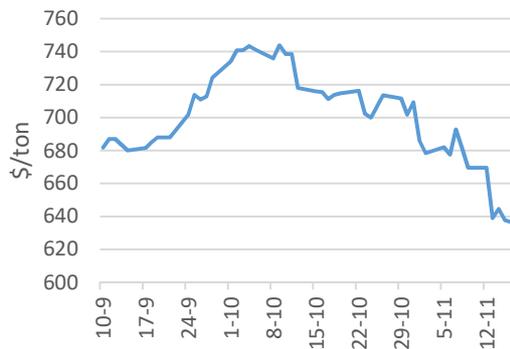
Finance	\$ 1.5
Port costs	\$ 0.8
Inspection	\$ 0.4
Demurrage	\$ 2.0

Commentary

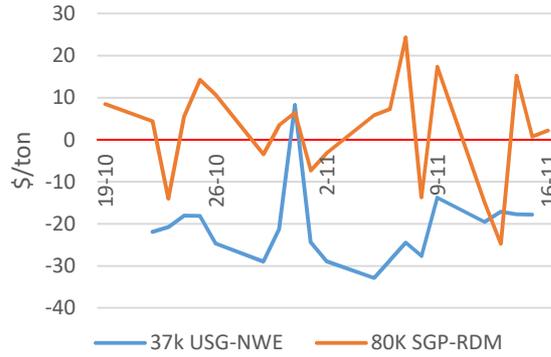
In the ARA region HFO stocks decreased substantially as large cargoes were loaded to export fuel oil, after last week's stockbuilding. Product was imported from LATAM, Spain and Russia, with exports seen to Singapore and the Med. The NWE-SGP arbitrage spread decreased substantially and almost evaporated towards the end of this week on far lower Singapore fuel oil prices. This might result in less export activity at Rotterdam terminals the upcoming weeks. Volumes of barges coming into the region carrying fuel oil almost halved and were close to zero. Low water levels continued to hamper barge transports. Singapore fuel oil stocks showed a downtick to 15.8mb. In the UAE, heavy distillates stocks recovered from a six-week low. Bunker demand was said to be improving and may see a boost from the continued decline in crude prices. On November 12, currently and on the short term there was 55kcbm of fuel oil storage capacity available in ARA through commercial brokerage (+0.0%).

GO & DSL Transport flow dynamics

ICE LS GASOIL c1 futures price



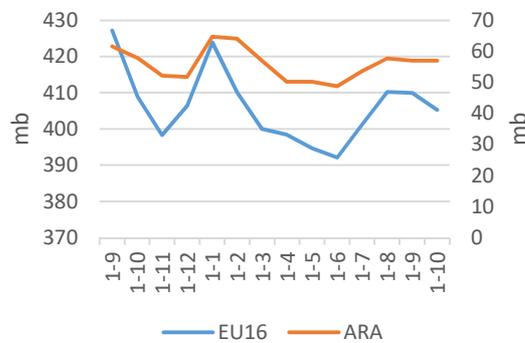
ARA DISTILLATES arbitrage



US DISTILLATES stocks



DIST. stocks EU16 (l); ARA (r)

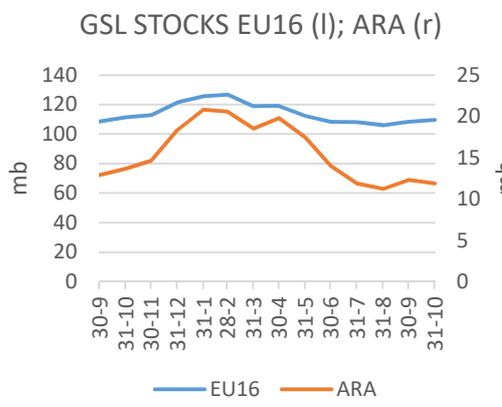
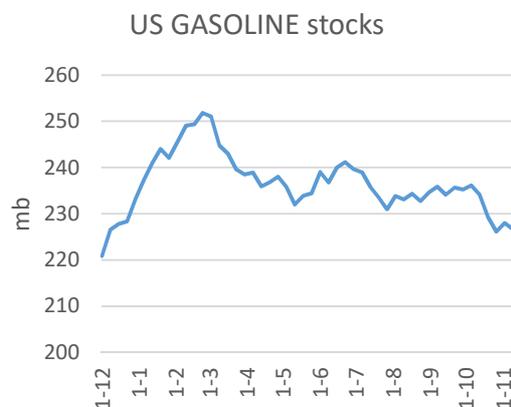
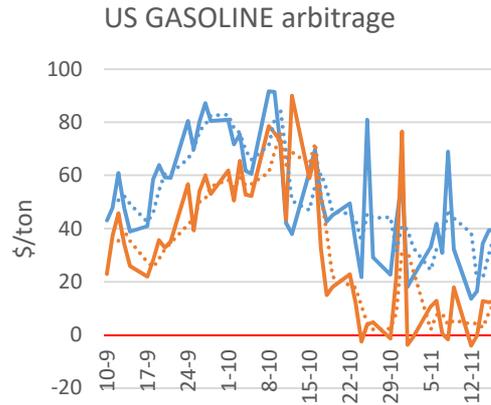
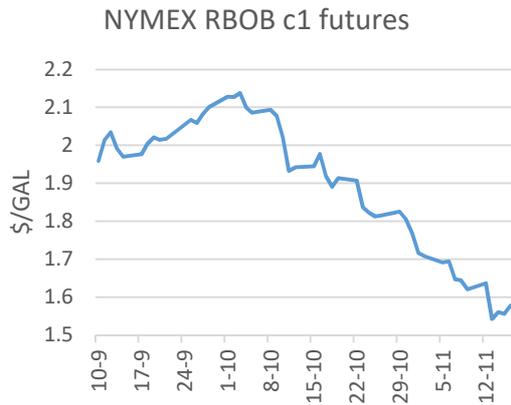


Products	Route	arbs	open or closed	weekly average	weekly change	Products	Prices	weekly change
Diesel 37k	USG-NWE	\$ -16.2	closed	\$ -17.7	↓ \$ -2.46	ICE LS GO	\$ 637.75	↓ \$ -33.0
Gasoil 30k	RDM-MED	\$ -13.5	closed	\$ -12.9	↑ \$ 15.54	NYMEX HO	\$ 2.0741	↓ \$ -0.1
Gasoil 80k	SGP-RDM	\$ 2.2	open	\$ -4.3	↓ \$ -15.19	ULSD-B-ARA	\$ 654.00	↓ \$ -18.8
Jet-kero 75k	AG-NWE	\$ 0.1	open	\$ -6.5	↓ \$ -23.95	ULSD-USG	\$ 624.09	↓ \$ -52.5
Jet-kero 75k	SGP-NWE	\$ -4.7	closed	\$ -12.7	↓ \$ -21.50	ULSD-NYH	\$ 653.70	↓ \$ -44.8

Commentary

Gasoil futures and spot prices were rather volatile during the week and continued to lose market value, tracking lower crude prices and thin trading dynamics. Falling distillates stocks both locally and in the U.S. provided some support to the gasoil prices. In the ARA region, gasoil stocks drew as imports were down and traders sought other outlets beyond hinterland markets. The current market structure offered traders no incentive to store product. Gasoil was imported from Russia and the UK while exports were heading to WAF and Argentina. Barge volumes to hinterland markets increased roughly 20% on the week. Arbs for gasoil and jet-kerosene from the Far-East to Rotterdam weakened on the week, but gasoil's arb remained open. In the UAE, distillate stocks plunged to a three-month low as traders took advantage of the open arb towards the West. On November 12, currently and on the short term, there was 647.1kcbm of middle distillates storage capacity available in ARA through commercial brokerage (+0.0%).

GSL Transport flow dynamics

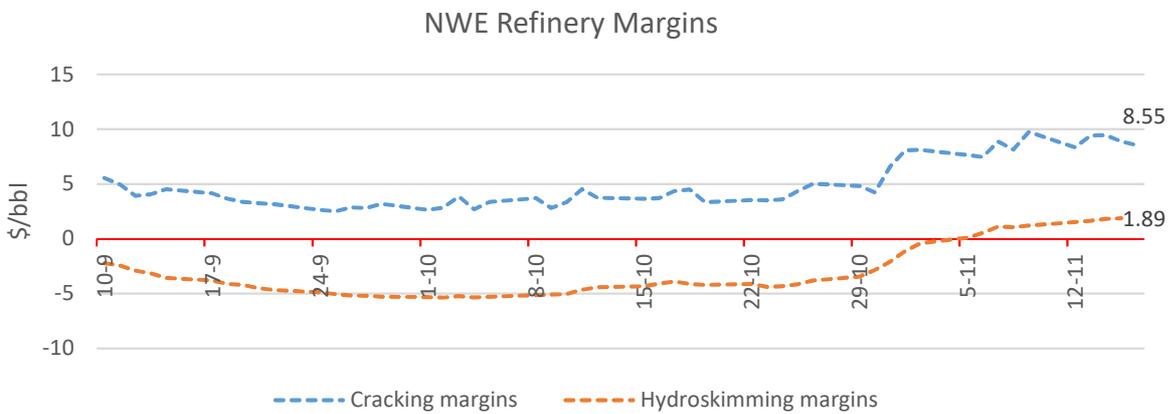
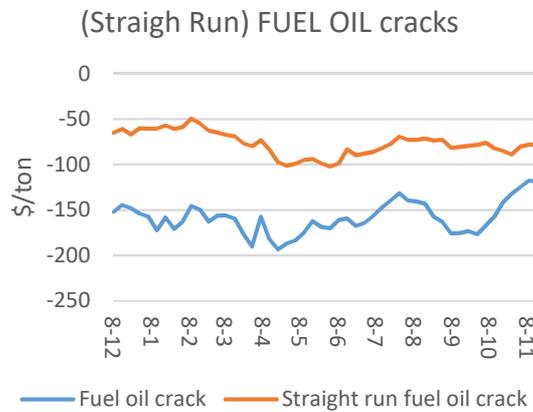
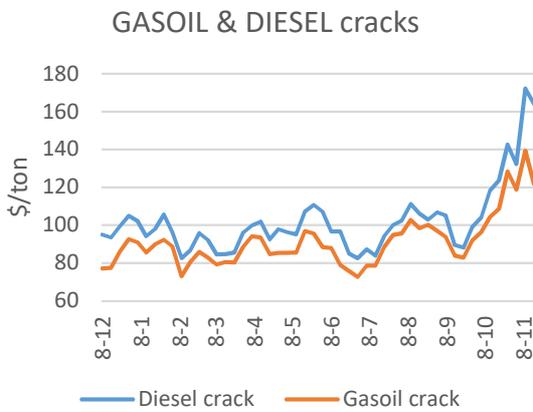
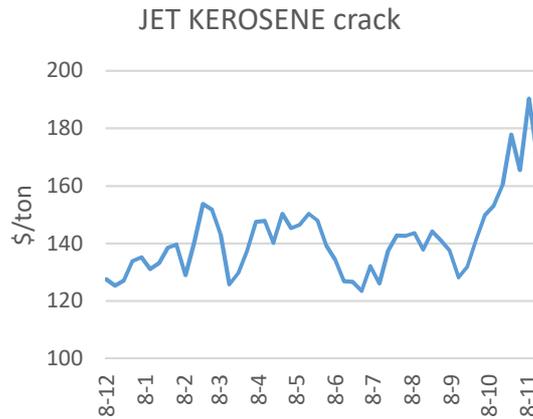
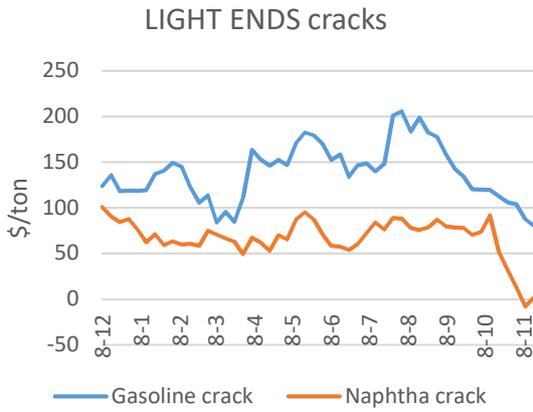


Products	Route	arbs	open or closed	weekly average	weekly change	Products	Prices	weekly change
Gasoline 37k	RDM-USAC	\$ 39.6	open	\$ 28.7	↑ \$ 2.1	N'MEX RBOB	\$ 1.5446	↓ \$ -0.04
Gasoline 37k	RDM-USGC	\$ 12.6	open	\$ 6.6	↓ \$ -5.3	PU ARA	\$ 597.50	↓ \$ -17.0
Naphtha 80k	MED-SGP	\$ -1.4	closed	\$ -17.1	↑ \$ 14.3	PU USG	\$ 610.07	↓ \$ -21.7
Naphtha 30k	MED-RDM	\$ 3.4	open	\$ 3.4	↓ \$ -0.3	PU NYH	\$ 623.48	↓ \$ -32.4

Commentary

Gasoline spot and futures prices in NWE decreased this week following lower crude futures, despite stock draws on both sides of the Atlantic. Gasoline stocks in ARA fell further on larger cargoes leaving and higher demand up the Rhine. Imports came from Russia, the UK and France, with exports to Nigeria, Mexico, the Arab Gulf and the U.S. Volumes of barges to the hinterland increased roughly 25% on the week and more than doubled the downflow. Arbitrage opportunities from Rotterdam to the U.S. became more attractive. In the UAE, light end stocks fell from last week's record high and recorded their second highest level ever. Weakness in global gasoline markets led to negative cracks towards Singapore and Europe. Naphtha stocks in the ARA region decreased despite higher imports and reduced hinterland demand. Incoming cargoes came from North Africa. On November 12, currently and on the short term there was 426.4kcbm of light end storage capacity through commercial brokerage (+0.0%).

Product crack spreads



Products	Close	weekly change %	Products	Close	weekly change %	Products	Close	weekly change %
Gasoline	\$ 80.18	↓ -8.2%	Jet-kero	\$ 169.18	↓ -11.1%	Diesel	\$ 163.93	↓ -4.8%
Naphtha	\$ 1.68	↓ -121.3%	Gasoil	\$ 121.68	↓ -12.7%	Fuel oil	\$ -119.07	↓ -1.2%

Commentary

Refinery cracking margins weakened all over the barrel despite lower crude prices. Light end margins fell despite lower ARA inventories. Diesel and gasoil margins were flat to lower on a strong decrease in the gasoil prices, although lower inventories gave support to refinery margins. The fuel oil margins rose but remained firmly negative. Complex NWE refinery cracks fell towards \$8.5/bbl while skimming cracks rose to \$1.9/bbl.