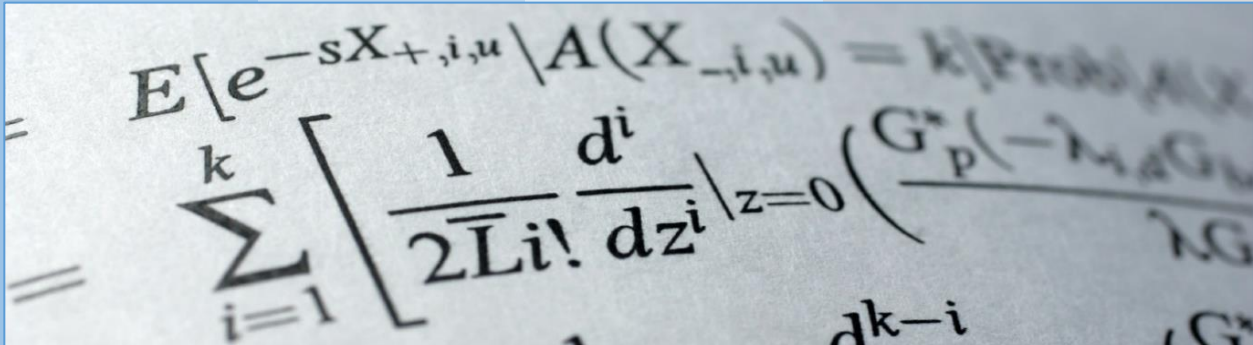


# Insights Global Tank Terminal Week Report

**Date** 21/02/20 **Week** 8



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## Market snapshot

Instrument	Settlement	Term structure	Contracts
ICE Brent C1	\$ 59.31	↑ \$ 1.45 backwardation	M1-M7
ICE Gasoil C1	\$ 519.00	↓ \$ -0.50 backwardation	M1-M7
CME RBOB C1	\$ 1.67	↑ \$ 0.24 contango	M1-M7

Instrument	Settlement	Weekly change
Brent Volatility	0.22	↑
Brent-LSGO	\$ 9.26	↓ \$ -2.25

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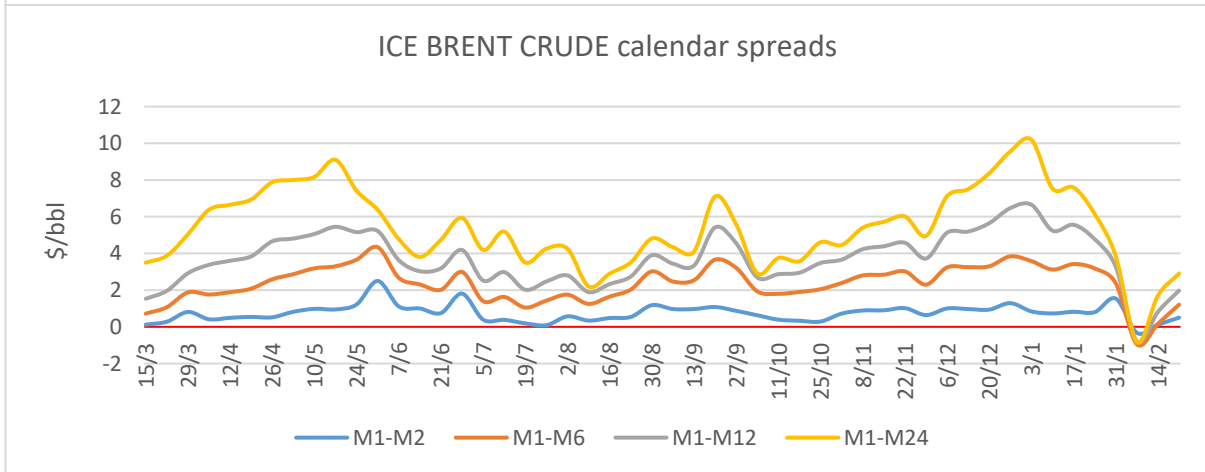
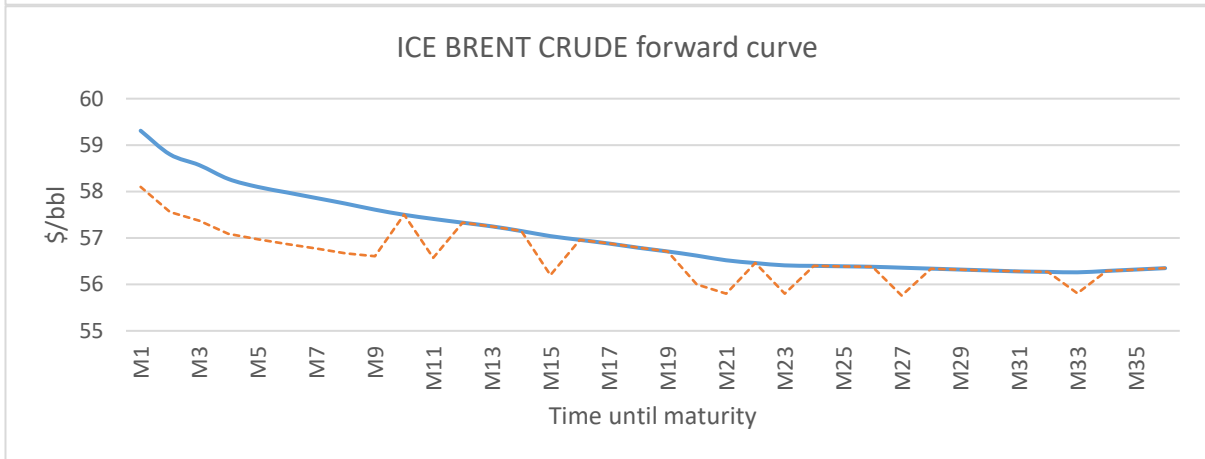
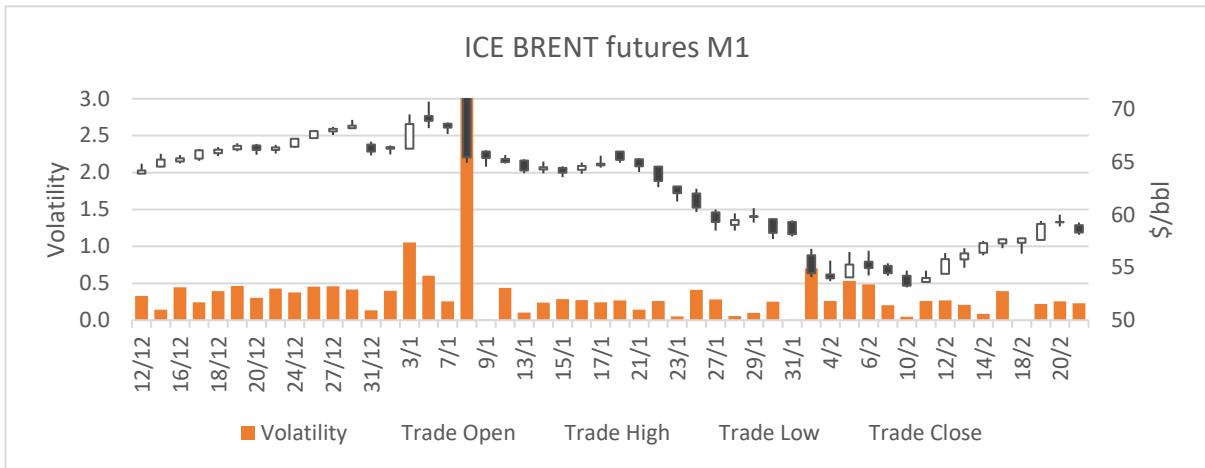
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# Prices and volatility

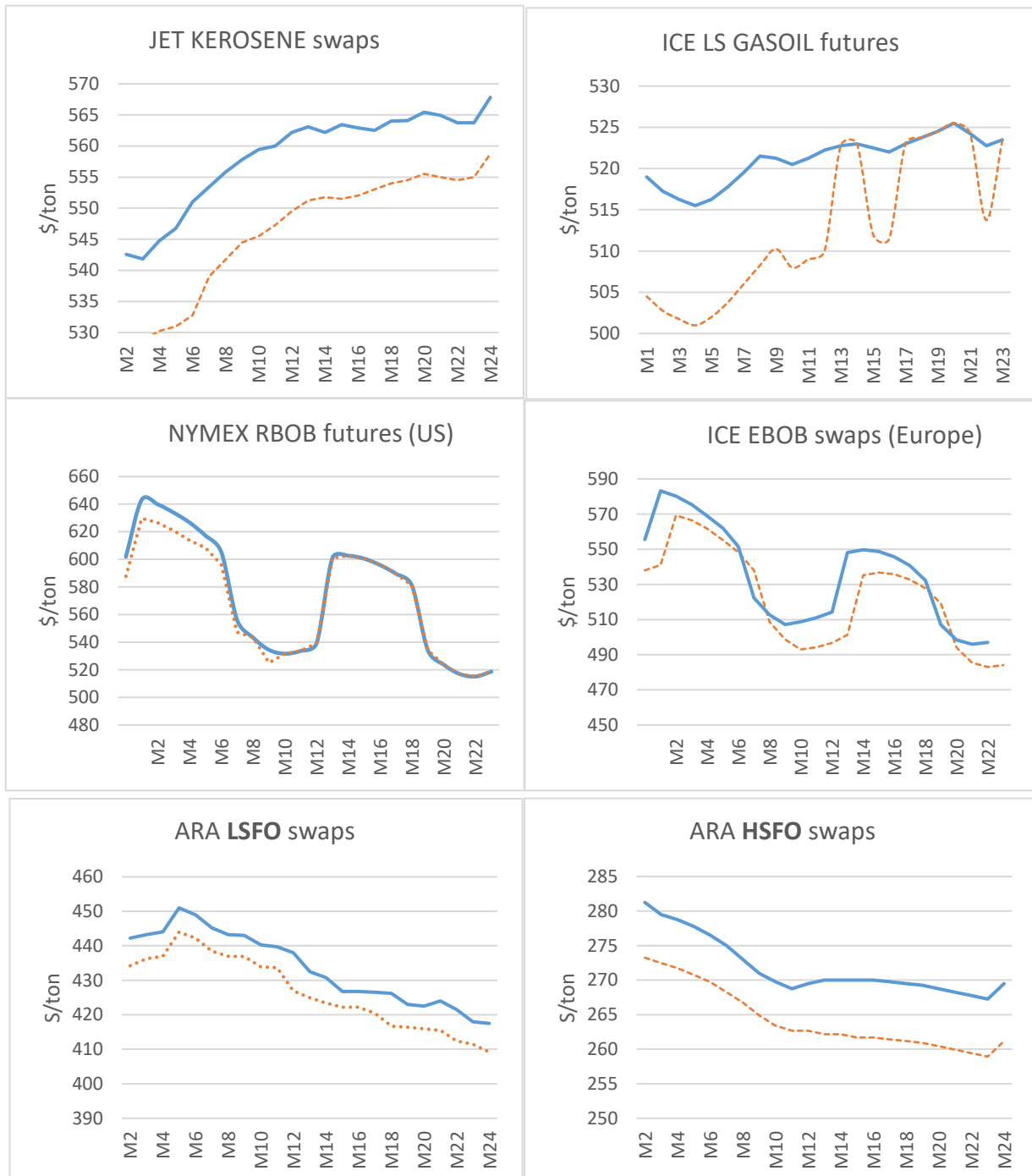


ICE	last settlement	weekly change %	current	NYMEX	last settlement	weekly change %	current
Brent	\$ 58.30	↑ 1.7%	\$ 58.30	RBOB	\$ 1.634	↑ 3.4%	\$ 1.634
LS GO	\$ 505.50	↓ -1.7%	\$ 505.50	Heating oil	\$ 1.662	↓ -1.1%	\$ 1.662

**Commentary**

Another rise in crude prices was seen over the last week and the losses that incurred in the beginning of this year have partially been offset now. Support to the prices came from further easing of corona virus concerns combined with hampered oil production in Libya and Venezuela. The more expensive US dollar versus other currencies capped some gains. The currency has been on a winning streak over the last weeks and is at its highest level versus the Euro in three years time, mainly due to slower economic activity in Europe.

# Forward curves (1)

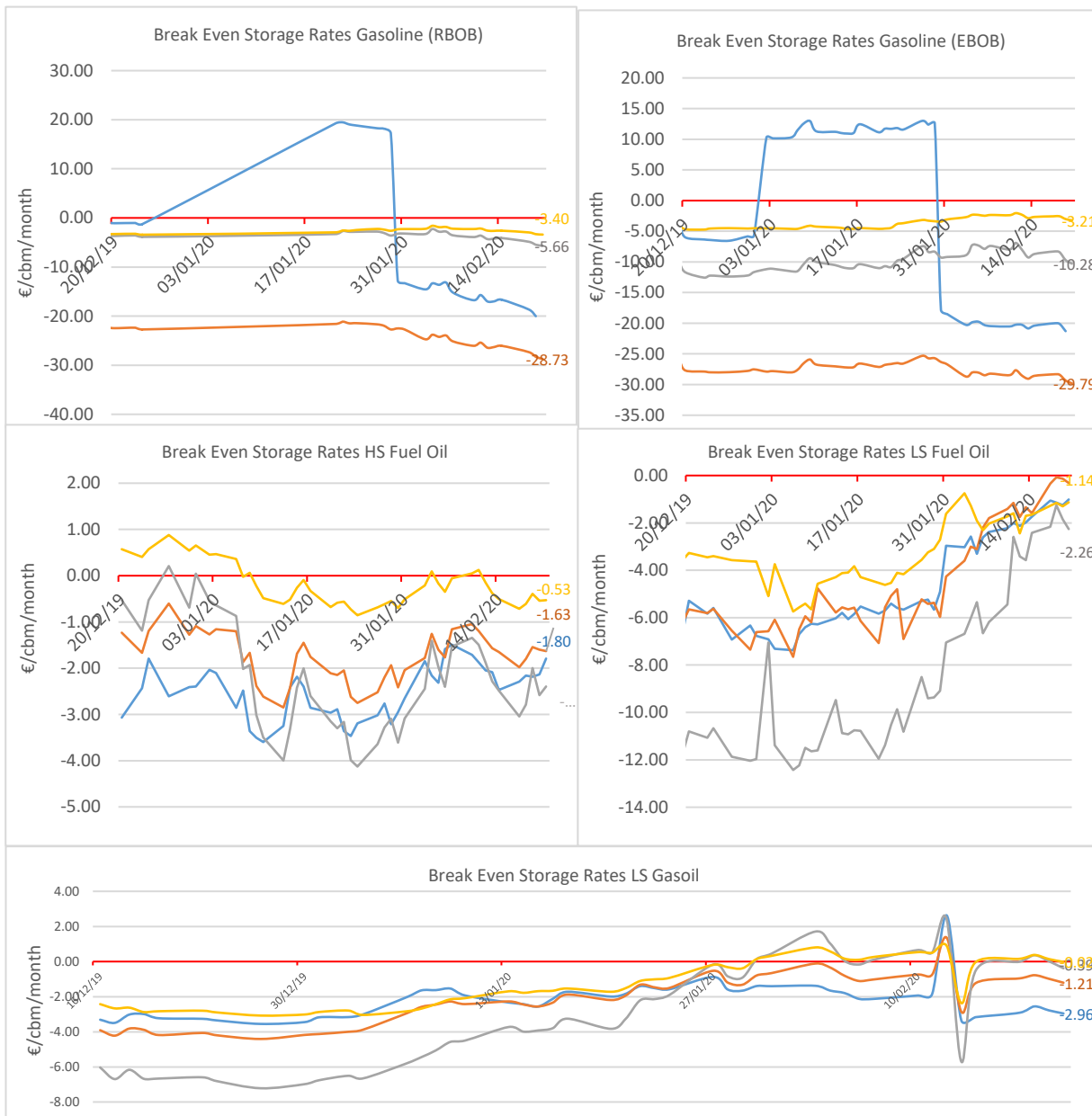


**Commentary**

A small contango can be seen at the beginning of the LSFO swap curve with spot prices somewhat falling over the last days, contrary to the bullish sentiment seen in the oil markets this week. HSFO spot prices have been increasing however and this could signal lower demand for LSFO now more scrubbers have become active on maritime vessels. Jet-kero swaps rose since less product is available due to lack of import from the Middle and Far East. The gasoil futures retained their short-term backwardation at the beginning of the curve while gasoline spot prices have been on the rise due to seasonal demand as well as the nearing switch to summer grade product.

# Forward curves (2)

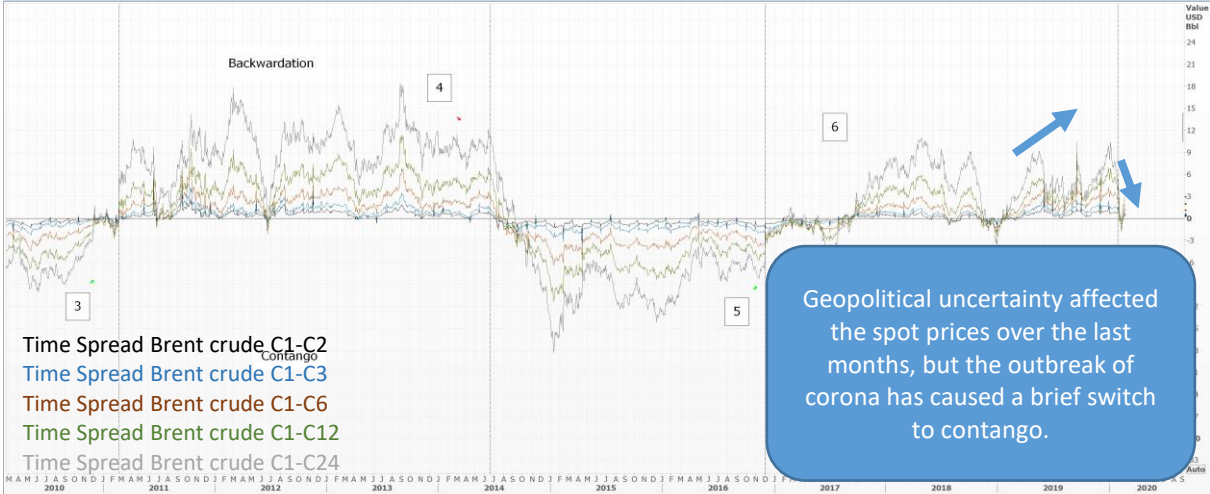
BE RATE c1-c3 BE RATE c1-c6 BE RATE c1-c12 BE RATE c1-c24



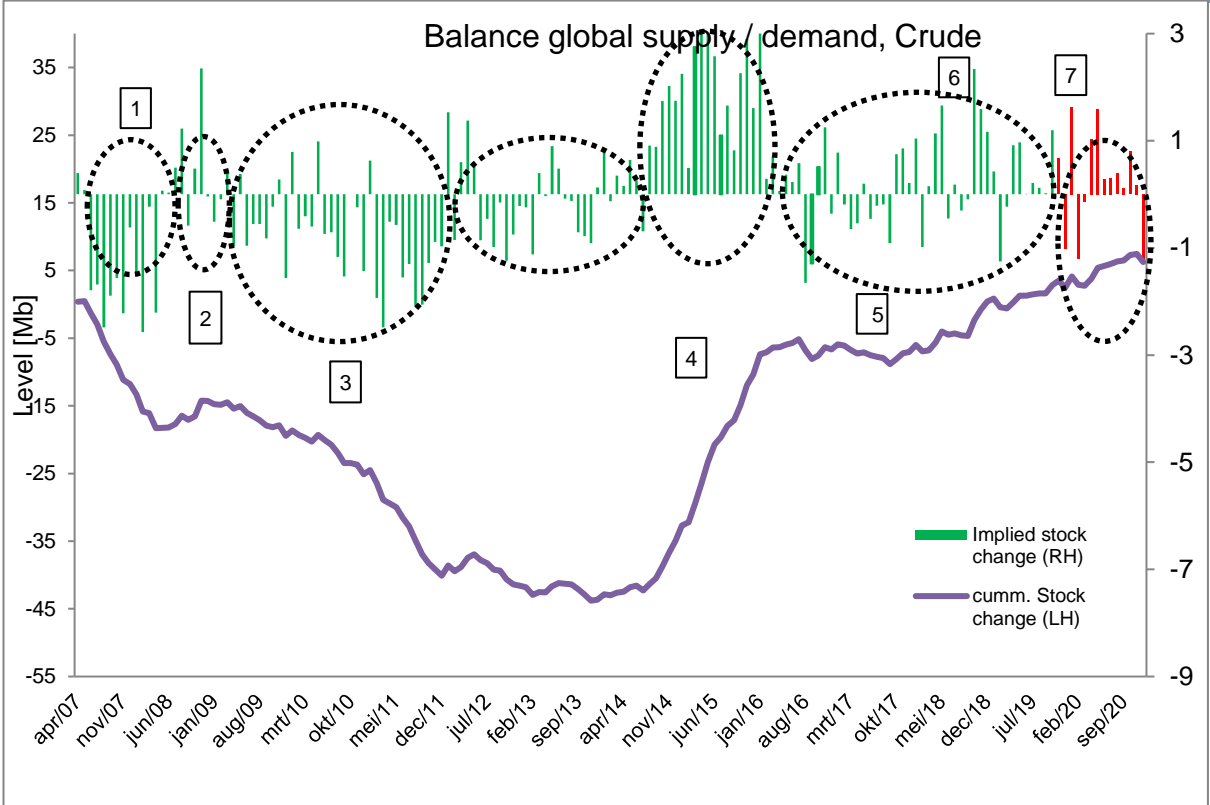
date	product	BE rate	date	product	BE rate	date	product	BE rate
20/02/20	RBOB M1-M3	▶ -€ 20.02	21/02/20	HFO M1-M3	▶ -€ 1.80	20/02/20	GO M1-M3	▶ -€ 2.96
20/02/20	RBOB M1-M6	▶ -€ 28.73	21/02/20	HFO M1-M6	▶ -€ 1.63	20/02/20	GO M1-M6	▶ -€ 1.21
20/02/20	RBOB M1-M12	▶ -€ 5.66	21/02/20	HFO M1-M12	▶ -€ 2.40	20/02/20	GO M1-M12	▶ -€ 0.39
20/02/20	RBOB M1-M24	▶ -€ 3.40	21/02/20	HFO M1-M24	▶ -€ 0.53	20/02/20	GO M1-M24	▶ -€ 0.02
date	product	BE rate	date	product	BE rate			
20/02/20	EBOB M1-M3	▶ -€ 21.29	21/02/20	LSFO M1-M3	▶ -€ 1.01			
20/02/20	EBOB M1-M6	▶ -€ 29.79	21/02/20	LSFO M1-M6	▶ -€ 0.32			
20/02/20	EBOB M1-M12	▶ -€ 10.28	21/02/20	LSFO M1-M12	▶ -€ 2.26			
20/02/20	EBOB M1-M24	▶ -€ 3.21	21/02/20	LSFO M1-M24	▶ -€ 1.14			

# Outlook forward curves

## Brent calendar spreads



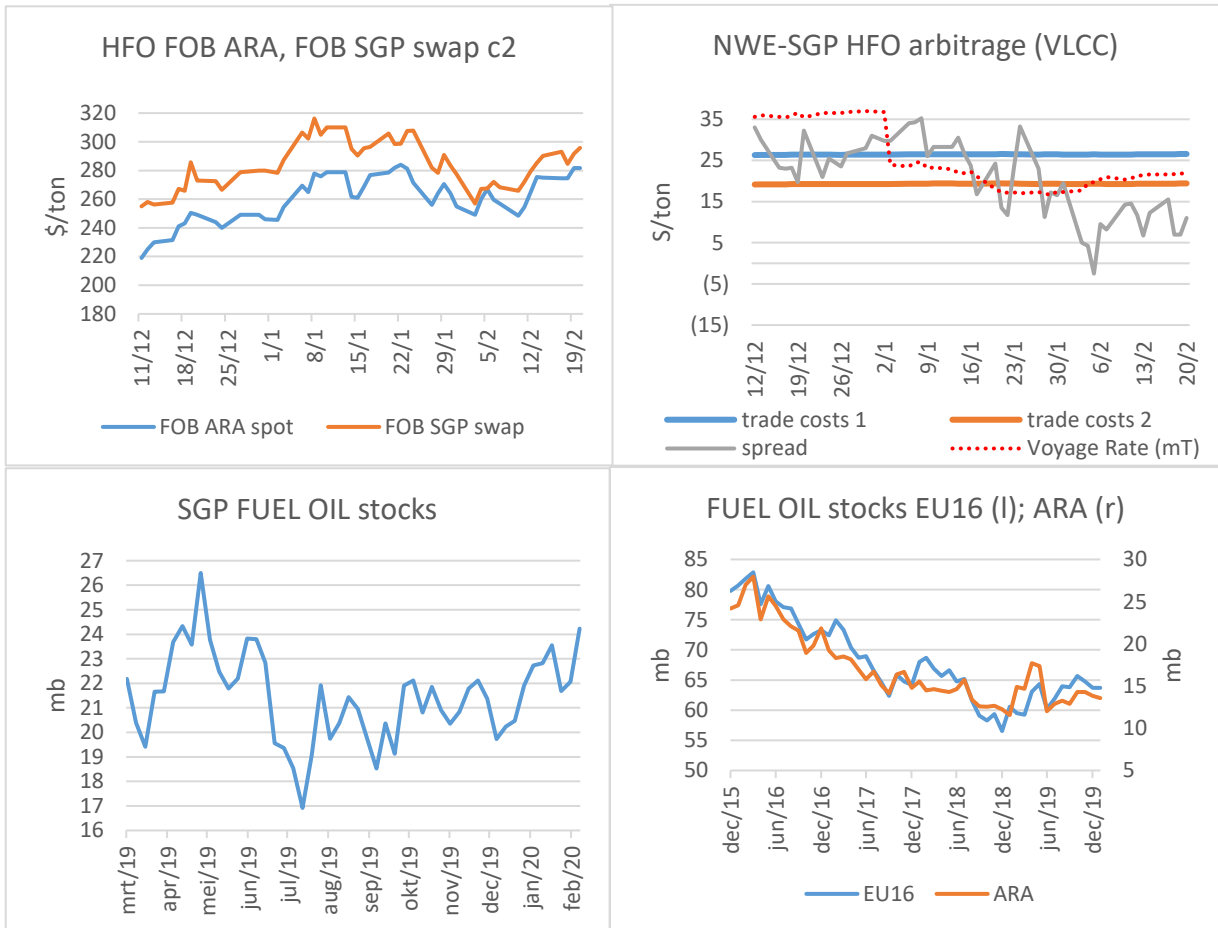
## Balance global crude supply and demand



## Commentary

A backwardated situation has returned to the crude prices with spot prices on the rise over the last days. On the longer term however prices remain under pressure from concerns over global oil demand, with signs more and more pointing towards an economic slowdown. In the meantime US production continues to soar at 13 million barrels per day in President Trump's attempt to keep the markets well supplied, and hence to keep the prices low.

# HFO Transport flow dynamics

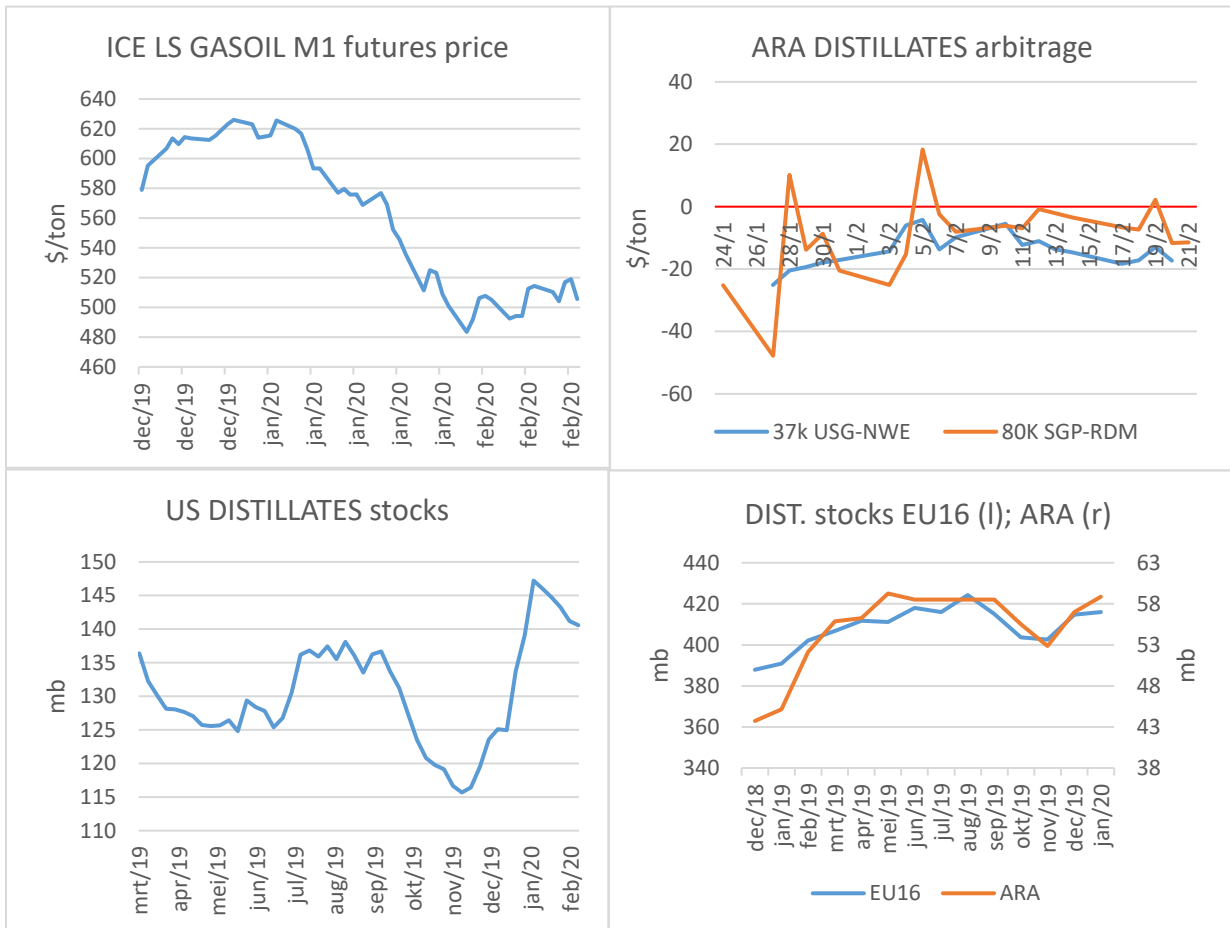


Region	FOB price	weekly average	weekly change	trade costs consists of			
ARA	\$ 283.25	\$ 277.50	↑ \$ 6.3	FR 6M LS	\$ 21.4	trade costs 1	\$ 26.5
SGP	\$ 297.25	\$ 291.05	↑ \$ 10.5	FR 4M LS	\$ 14.3	trade costs 2	\$ 19.4
Spread	\$ 11.00	\$ 10.55	↑ \$ 4.3	Outturn loss	\$ 0.8		
<b>Arbs open if (spread ≥ trade costs)</b>				<b>Sum</b>	Finance	\$ 1.1	
ARA		SGP	closed		Port costs	\$ 0.8	
ARA		SGP	closed		Inspection	\$ 0.4	
				Demurrage	\$ 2.0		

**Commentary**

Fuel oil prices in the ARA region rose further over the last days as they were primarily tracking the recovering crude markets. ARA fuel oil stocks decreased by 6% as a result of higher exports while only some imports were seen. Incoming product came from a variety of sources however, among which we find Denmark, France, Poland, Russia ( 1 Aframax) and the UK. Outbound product headed for the Med and West Africa. Fuel oil stocks in the UAE rose while prices of low and high sulphur products were declining. Stock levels in Singapore made a steep increase to the highest level in nine months while the SGP market was notably affected by the coronavirus outbreak. The prices in that region nevertheless rose more than the ARA prices, somewhat improving the still closed arb to carry fuel oil to the East.

# GO & DSL Transport flow dynamics

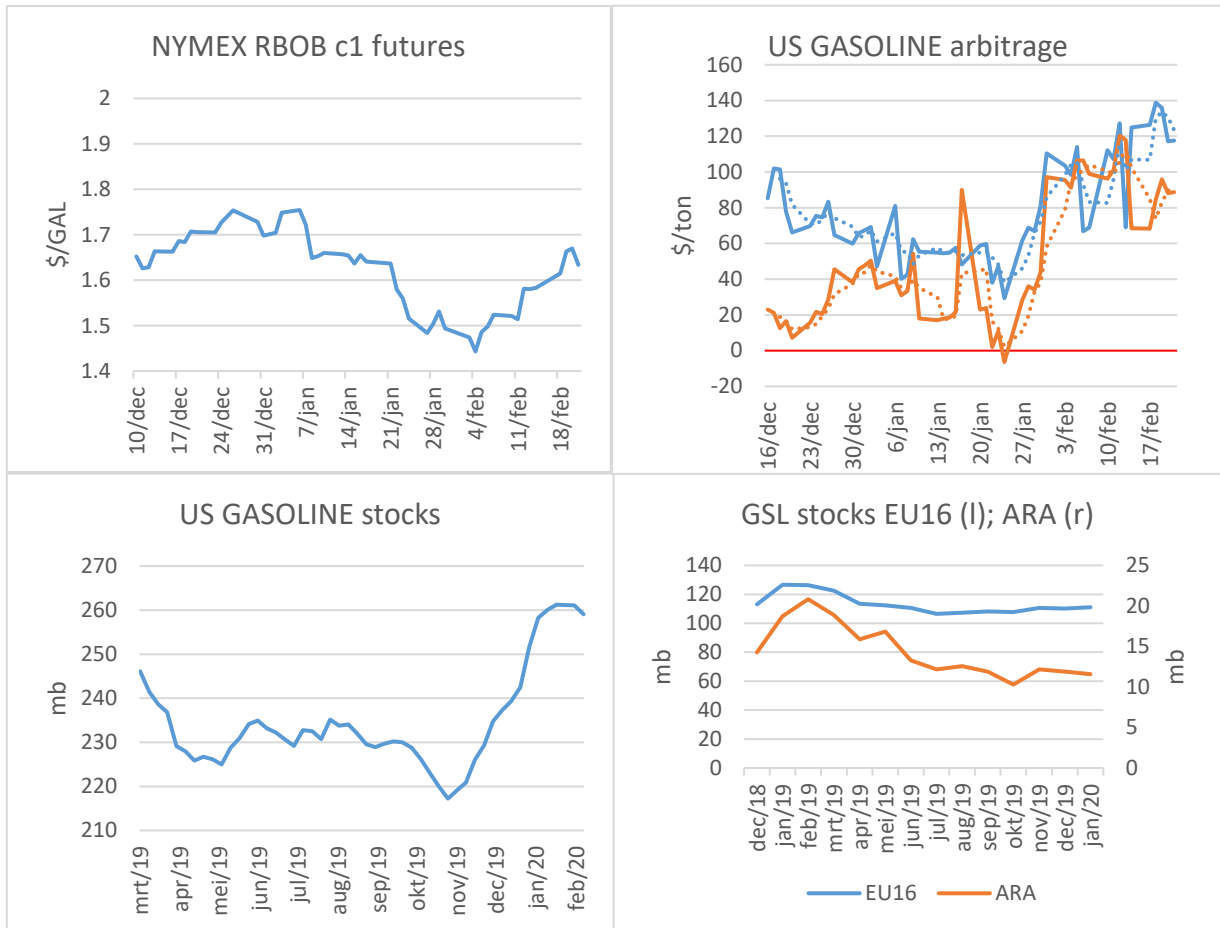


Products	Route	arbs	open or closed	weekly average	weekly change	Products	Prices	weekly change
Diesel 37k	USG-NWE	\$ -24.8	closed	\$ -18.1	↓ \$ -10.23	ICE LS GO	\$ 519.00	↓ \$ -9.0
Gasoil 30k	RDM-MED	\$ -18.3	closed	\$ -19.7	↑ \$ 5.72	NYMEX HO	\$ 1.6976	↓ \$ -0.0
Gasoil 80k	SGP-RDM	\$ -11.4	closed	\$ -7.0	↓ \$ -7.99	ULSD-B-ARA	\$ 512.25	↑ \$ 0.5
Jet-kero 75k	AG-NWE	\$ -6.7	closed	\$ 3.3	↓ \$ -15.14	ULSD-USG	\$ 508.28	↑ \$ 24.1
Jet-kero 75k	SGP-NWE	\$ -6.7	closed	\$ -1.1	↓ \$ -16.06	ULSD-NYH	\$ 531.32	↑ \$ 24.4

**Commentary**

Gasoil prices experienced mixed sentiment this week as rising crude prices were balanced by the approaching end of the winter, reinforcing bearish sentiment in the heating oil/gasoil markets. Support to the prices came from stock declines on both sides of the Atlantic, with the ARA gasoil stocks decreasing a little due to increased hinterland demand. A total of 190kt was sent towards Germany setting a new high for this year. This could be related to the favorable product price combined with fortunate circumstances regarding the water levels, which still allow high intake volumes and lead to discounts being granted on large parcels. Cargo imports of the product came from Latvia, Russia and Saudi Arabia, while outgoing flows headed for France. UAE stocks of middle distillates fell with 10% while the region was finding support from ongoing refinery turnarounds in the Arab Gulf. In the ARA region a total of 482,000m3 was available for independent middle distillates storage.

# GSL Transport flow dynamics



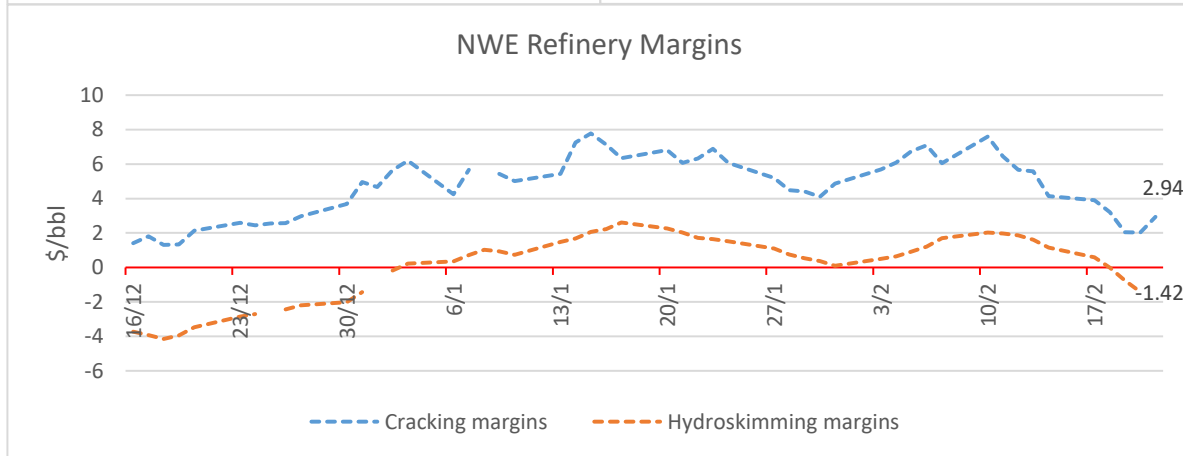
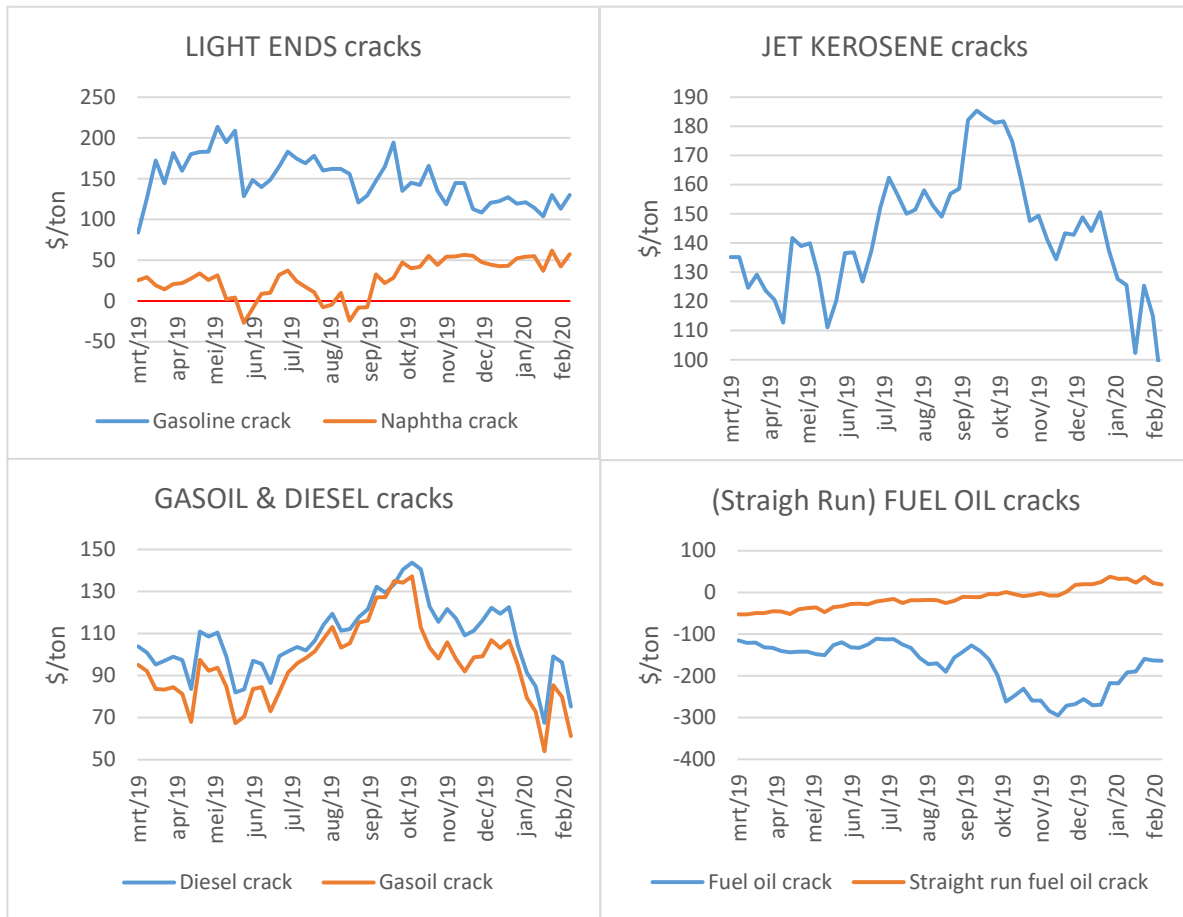
Products	Route	arbs	open or closed	weekly average	weekly change	Products	Prices	weekly change
Gasoline 37k	RDM-USAC	\$ 117.5	open	\$ 127.1	↓ \$ -2.1	N'MEX RBOB	\$ 1.6544	↑ \$ 0.1
Gasoline 37k	RDM-USGC	\$ 88.7	open	\$ 85.2	↑ \$ 20.3	PU ARA	\$ 565.00	↑ \$ 21.5
Naphtha 80k	MED-SGP	\$ -18.1	closed	\$ -12.7	↓ \$ -19.1	PU USG	\$ 602.24	↑ \$ 23.0
Naphtha 30k	MED-RDM	\$ 0.3	open	\$ -0.2	↓ \$ -0.9	PU NYH	\$ 648.72	↑ \$ 52.5

**Commentary**

Gasoline prices continued to rise as demand for the product picked up and stocks in major hubs had declined slightly. US stocks fell despite higher production and stocks of gasoline in the ARA fell a few percent following more exports to West Africa and the US, taking advantage of the open arb. The other destination of the product was Mexico, while ARA's imports came in from France, Russia, Sweden and the UK. More import of gasoline components down the Rhine was registered as well. Gasoline stocks in the UAE fell from their highest level from August last year while increasing regional spot supplies weighed on the prices. Outflows of the product from China seem to be increasing again. In the ARA region a total of 220,000m3 was available for independent light ends storage.



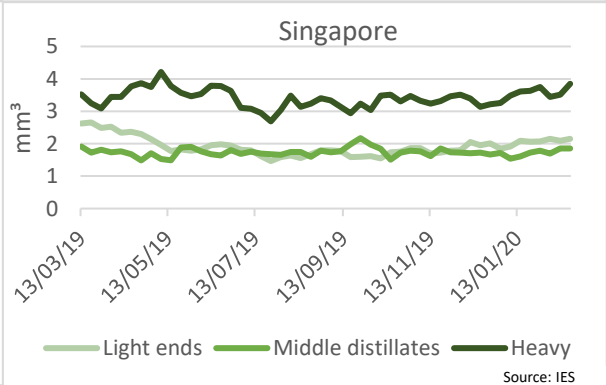
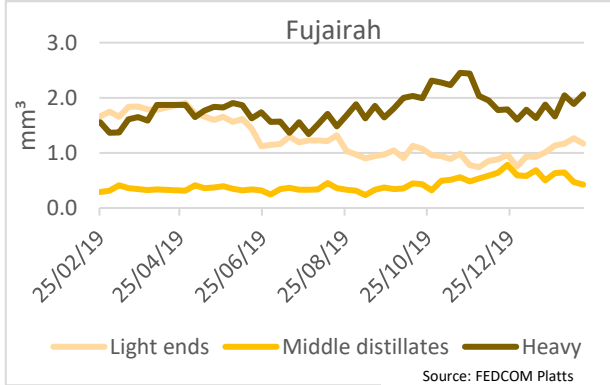
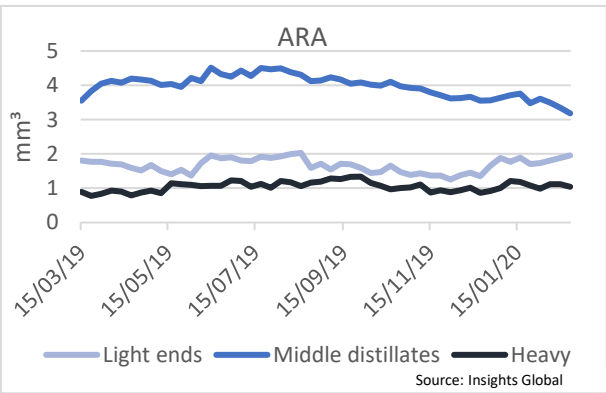
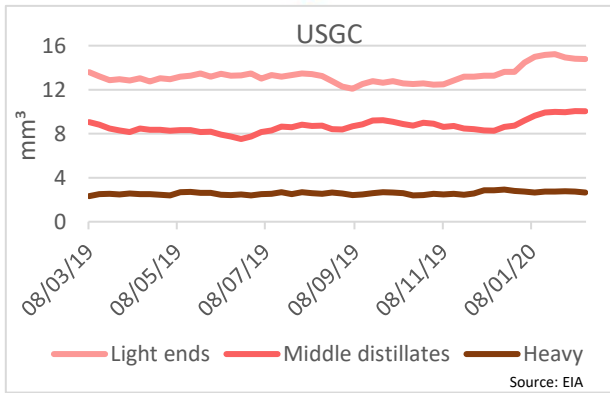
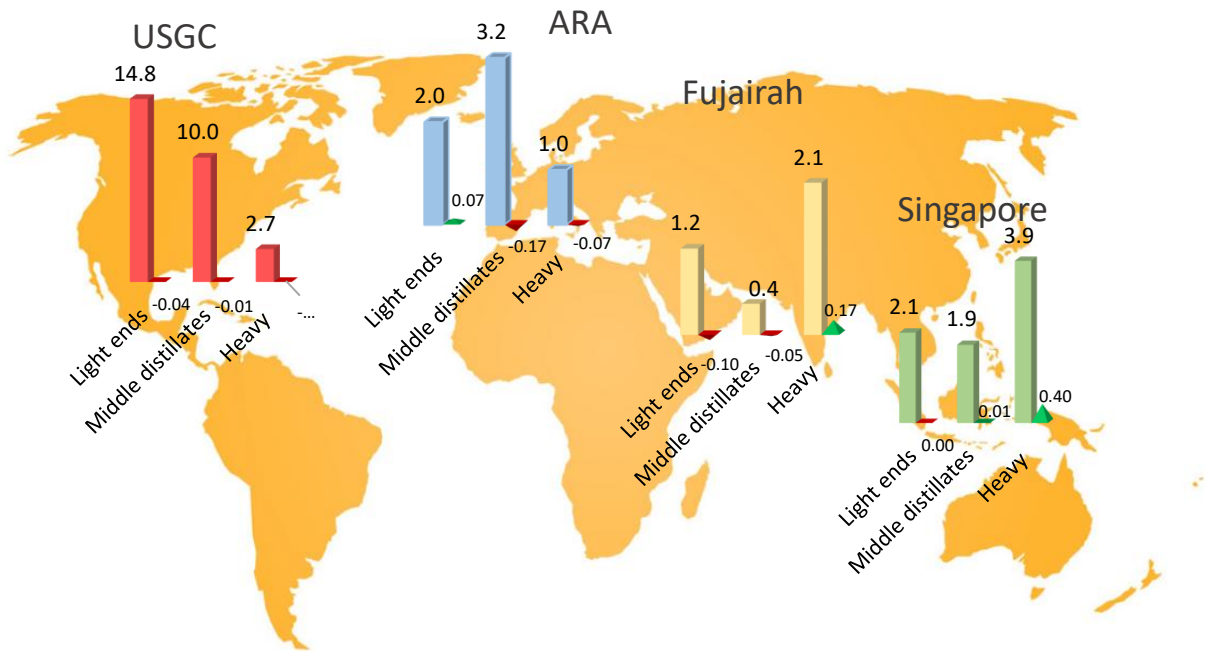
# Product crack spreads



Products	Close	weekly change %	Products	Close	weekly change %	Products	Close	weekly change %
Gasoline	\$ 130.26	↑ 14.9%	Jet-kero	\$ 89.46	↓ -22.3%	Diesel	\$ 75.21	↓ -21.9%
Naphtha	\$ 57.46	↑ 35.6%	Gasoil	\$ 61.21	↓ -23.4%	Fuel oil	\$ -163.54	↓ -0.4%

**Commentary**  
 Product cracks saw a mixed development this week. A surge in naphtha stocks (+56%) couldn't prevent rising margins for the product, in part due to healthy German petchem demand. However, in the region propane and butane are becoming more competitive, which could lead to lower demand for naphtha as feedstock. Middle distillates margins receded on the other hand, partially due to lower global demand. Gasoline margins were supported by seasonal demand strengthening. NWE cracking margins increased to \$2.94/bbl, while the hydroskimming margins dove into the negative at -\$1.42/bbl.

# Global Oil Stocks



USGC					ARA			
MM³	12M min.	12M max.	12M avg.	3m trend	12M min.	12M max.	12M avg.	3m trend
Light ends	12.1	15.2	13.3	↑ 0.66	1.25	2.03	1.67	↑ 0.14
Middle dist.	7.5	10.1	8.7	↑ 0.75	3.18	4.51	3.98	↓ -0.14
Heavy	2.3	2.9	2.6	↓ -0.02	0.78	1.34	1.05	↑ 0.03
Fujairah					Singapore			
MM³	12M min.	12M max.	12M avg.	3m trend	12M min.	12M max.	12M avg.	3m trend
Light ends	0.7	1.9	1.2	↑ 0.20	1.5	2.7	1.9	↑ 0.10
Middle dist.	0.2	0.8	0.4	↓ -0.05	1.5	2.2	1.7	↑ 0.08
Heavy	1.3	2.5	1.8	↑ 0.07	2.7	4.2	3.4	↑ 0.15