

Insights Global Tank Terminal Week Report

Date 26-May-23 **Week** 21

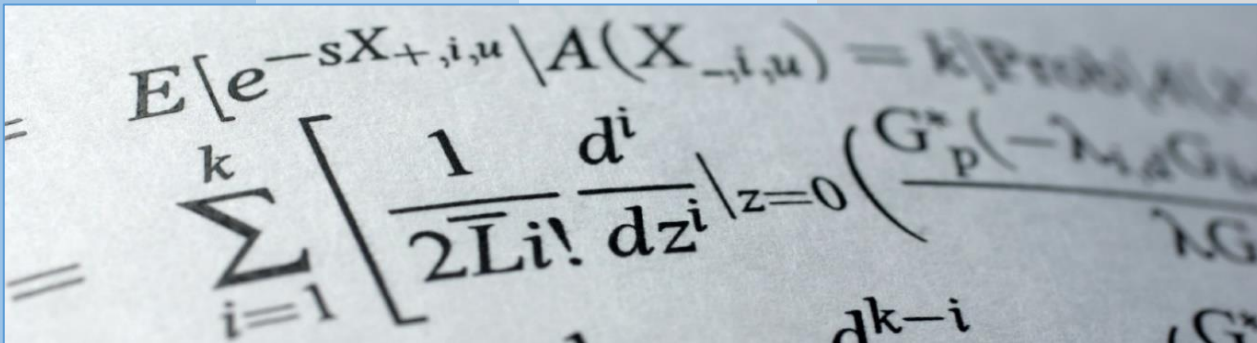


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Market snapshot

Instrument	Settlement		Term structure	Contract
ICE Brent C1	\$ 76.26	● \$	1.90 backwardation	M1-M7
ICE Gasoil C1	\$ 679.25	● \$	4.25 backwardation	M1-M7
CME RBOB C1	\$ 2.67	● \$	0.47 backwardation	M1-M7

Instrument	Settlement	Weekly change
Brent Volatility	0.49	
Brent-LSGO	\$ 14.50	↓ \$ -1.77

Key developments

- Crude prices stabilize but on track for small weekly gain
- ICE gasoil prices hovering under \$700, wider swings seen
- Fuel oil arbs ARA-SGP open, but no vessels seen leaving the port into the East
- Motor fuel cracks remain under pressure in NWE region

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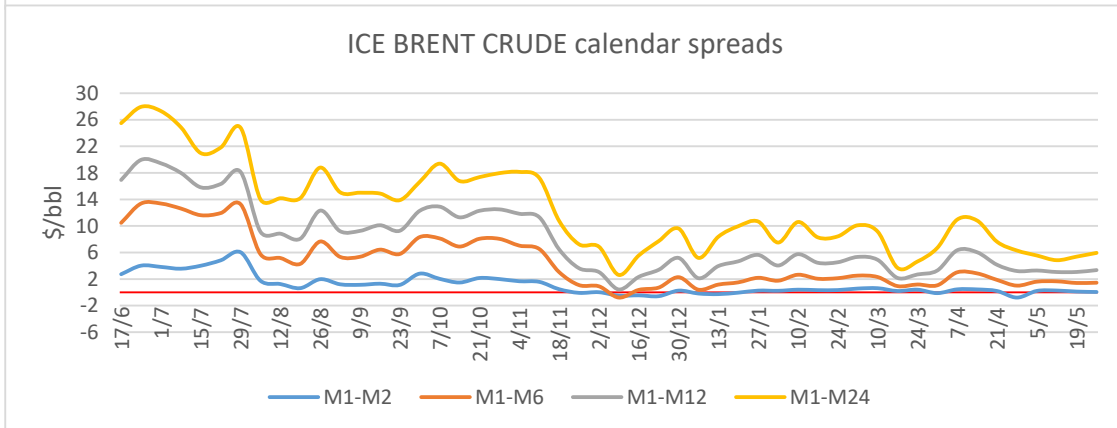
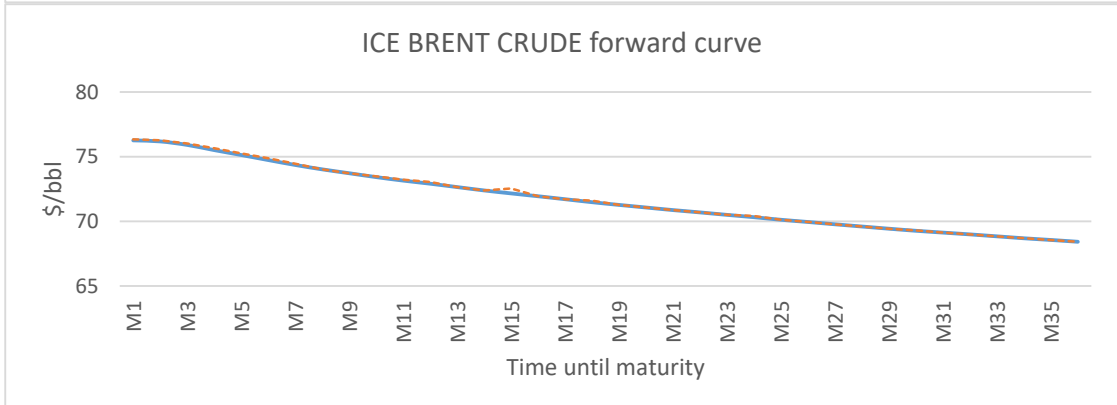
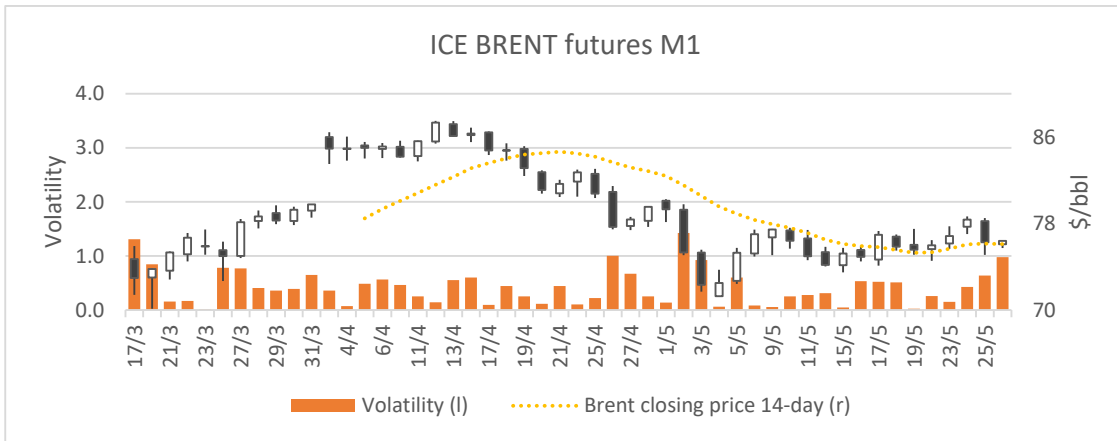
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Prices and volatility

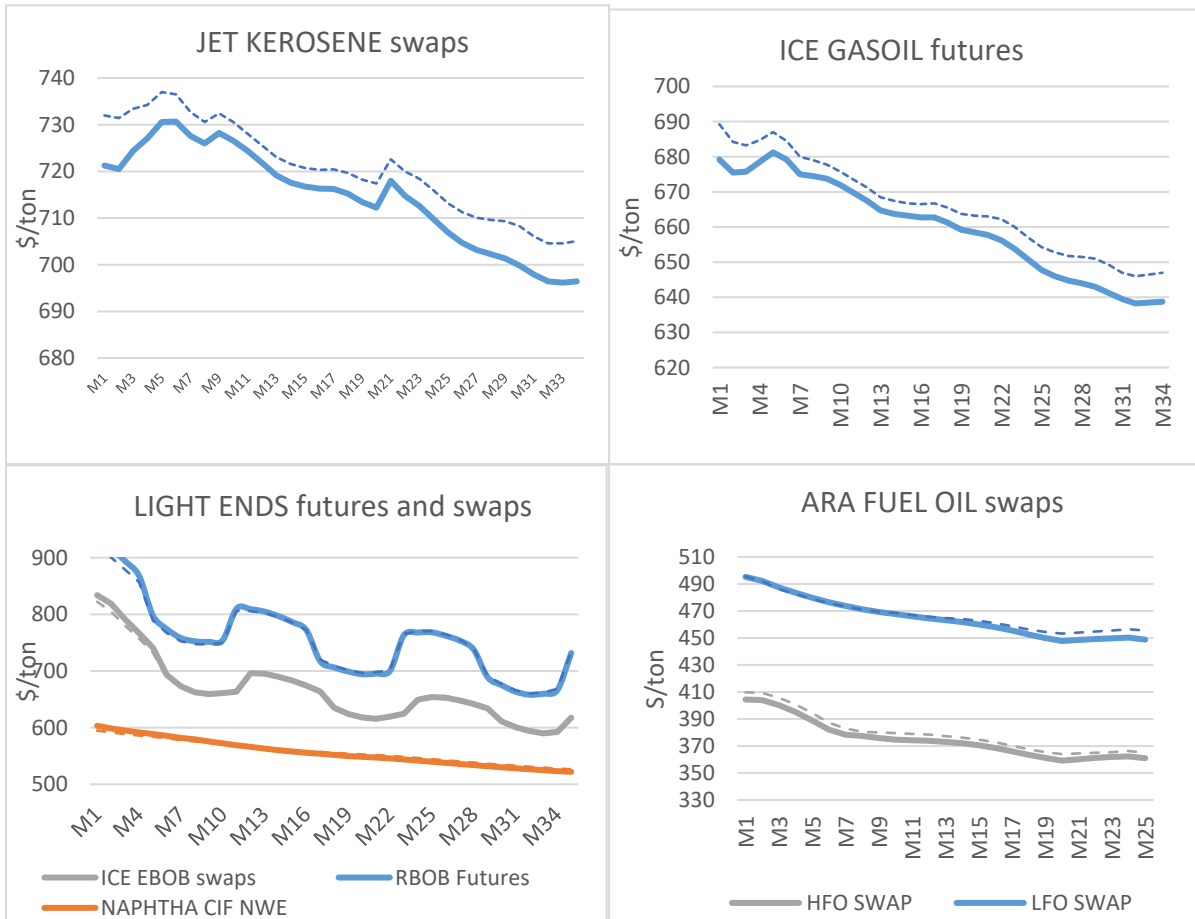


ICE	last settlement	weekly change %	current	NYMEX	last settlement	weekly change %	current
Brent	\$ 76.26	↑ 1.1%	\$ 76.39	RBOB	\$ 2.674	↑ 3.9%	\$ 2.677
LS GO	\$ 679.25	↓ -1.1%	\$ 681.75	Heating oil	\$ 2.346	↓ -0.7%	\$ 2.345

Commentary

A 2% recovery was seen in the oil prices throughout the week, as a positive outlook for crude demand in the second half of the year dominated amongst investors and reduced supplies from OPEC+ going into effect this month will soon start to be felt in the market. Moving the prices even further was the U.S. gasoline futures RBC1, that added to the bullish sentiment, since the Memorial Day (federal holiday) will likely trigger a rise in fuel demand. Trying to keep up with domestic demand, refineries are running at high capacity. Both benchmarks (Brent, WTI) extended gains throughout the week, following the news that a major drawdown in US crude inventories took place as a result of weakening imports. Meanwhile, the latest warning from Saudi Arabia about potential production cuts fueled supply concerns and caused the oil prices to trade higher. A stronger dollar, however, along with uncertainty over U.S. debt, put a cap on any further gains in oil prices.

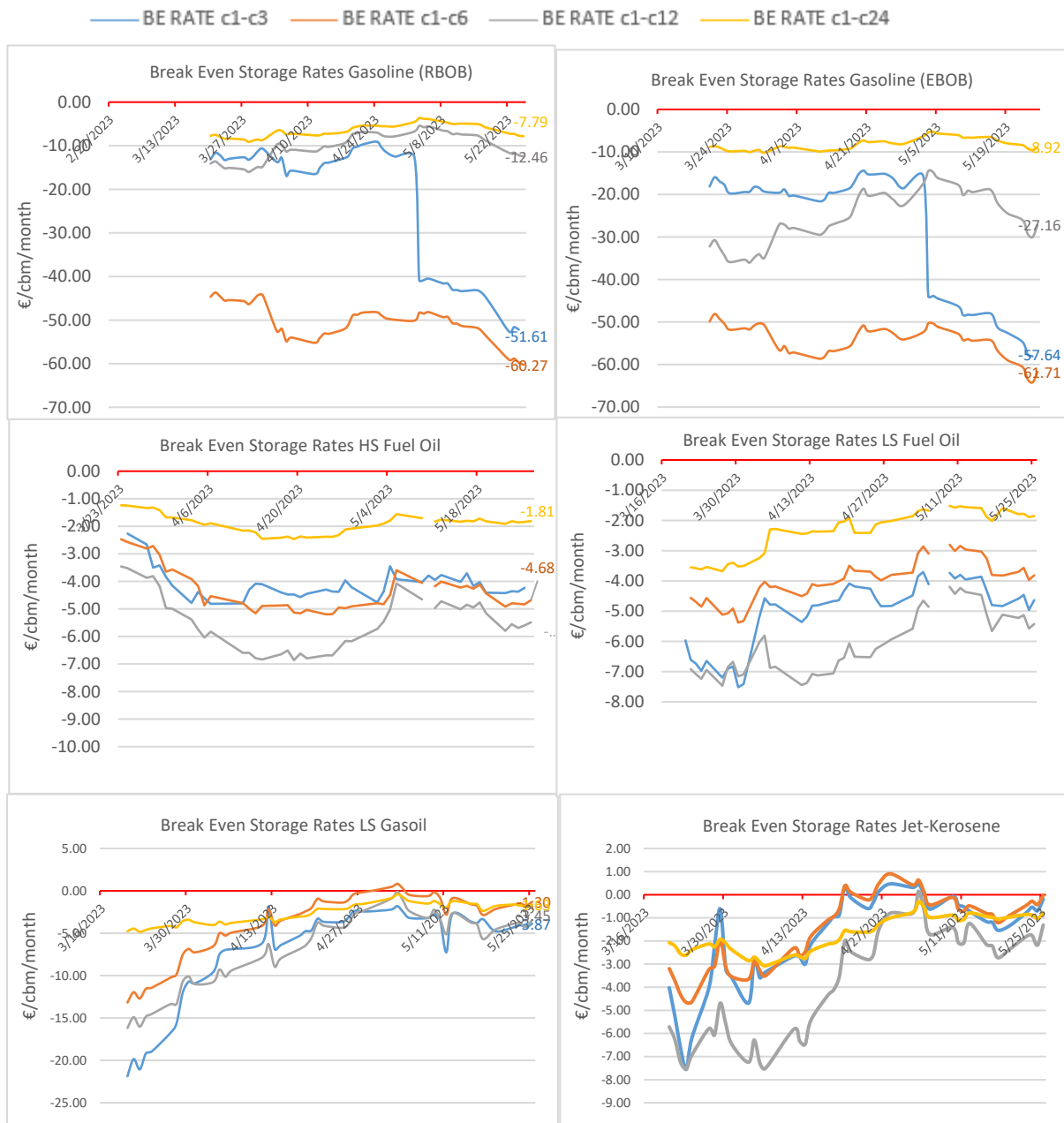
Forward curves (1)



Commentary

Declines were seen in spot prices this week (except for light ends) and that has reduced the backwardation for the products displayed above. The contango in the jet-kero markets is caused mainly by the upcoming summer season and increased demand for aviation fuel. Traders are taking advantage of this opportunity and there is some stock-building seen and increased upstream flows along the Rhine, for instance. Gasoil is still in a contango, which has strengthened over the past week. As for the gasoline markets, we are heading into a seasonal backwardation, which limits any interest in blending activities.

Forward curves (2)



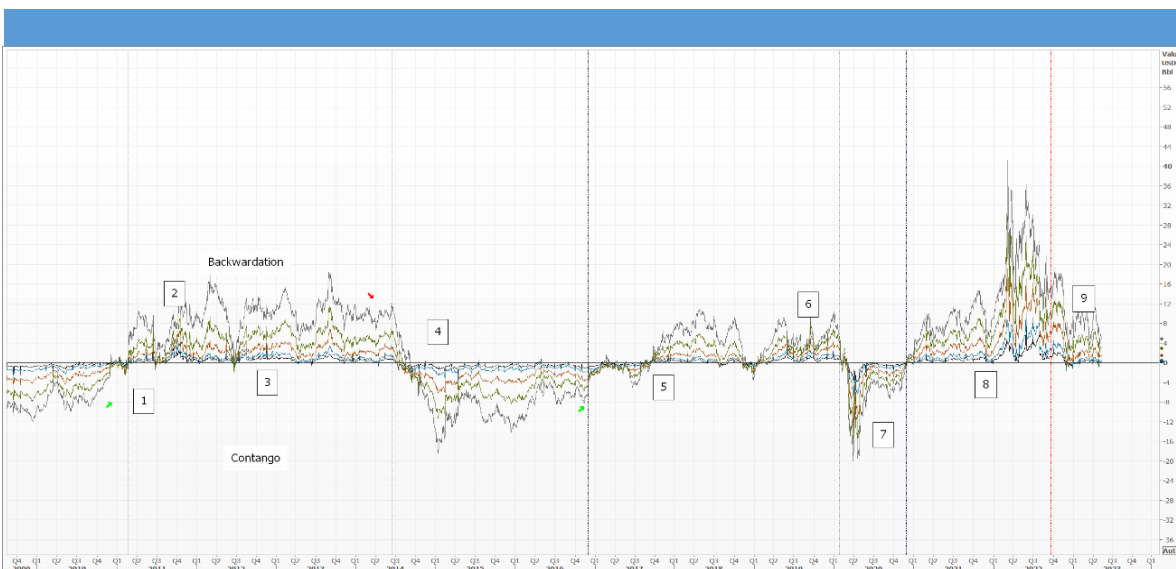
date	product	BE rate	date	product	BE rate	date	product	BE rate
5/25/2023	RBOB M1-M3	▶ -€ 52.18	5/26/2023	HFO M1-M3	▶ -€ 4.52	5/25/2023	GO M1-M3	▶ -€ 3.87
5/25/2023	RBOB M1-M6	▶ -€ 60.27	5/26/2023	HFO M1-M6	▶ -€ 4.68	5/25/2023	GO M1-M6	▶ -€ 1.30
5/25/2023	RBOB M1-M12	▶ -€ 12.46	5/26/2023	HFO M1-M12	▶ -€ 5.49	5/25/2023	GO M1-M12	▶ -€ 3.45
5/25/2023	RBOB M1-M24	▶ -€ 7.79	5/26/2023	HFO M1-M24	▶ -€ 1.81	5/25/2023	GO M1-M24	▶ -€ 1.63
date	product	BE rate	date	product	BE rate	date	product	BE rate
5/25/2023	EBOB M1-M3	▶ -€ 58.05	5/26/2023	LSFO M1-M3	▶ -€ 4.64	5/25/2023	KERO M1-M3	▶ -€ 0.20
5/25/2023	EBOB M1-M6	▶ -€ 61.71	5/26/2023	LSFO M1-M6	▶ -€ 3.81	5/25/2023	KERO M1-M6	▶ -€ 0.02
5/25/2023	EBOB M1-M12	▶ -€ 27.16	5/26/2023	LSFO M1-M12	▶ -€ 5.42	5/25/2023	KERO M1-M12	▶ -€ 1.31
5/25/2023	EBOB M1-M24	▶ -€ 8.92	5/26/2023	LSFO M1-M24	▶ -€ 1.85	5/25/2023	KERO M1-M24	▶ -€ 0.80

A Break Even (BE) rate is the storage price per cbm per month at which the product owner will break even on his contango trade.

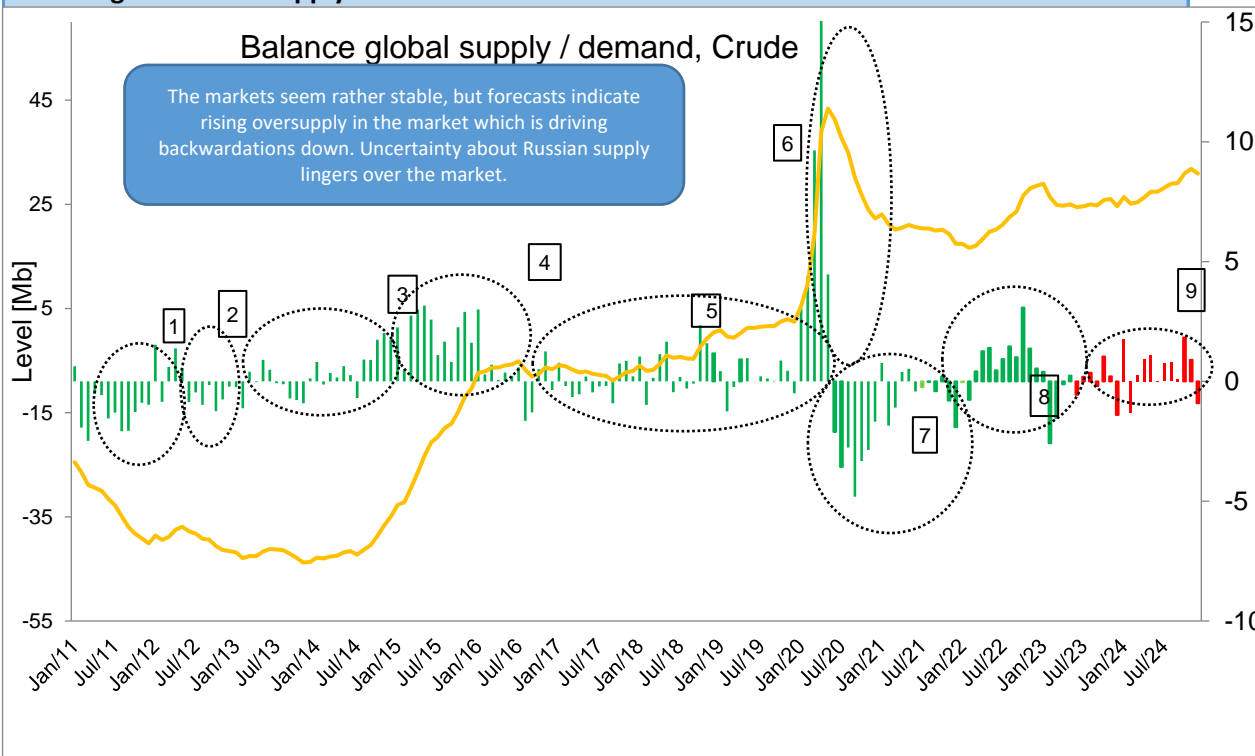
A negative Break Even rate means that future prices currently do not allow for profitable storage opportunities.

This can even happen when a small contango exists in the markets due to the existence of shipping and financing costs.

Outlook forward curves



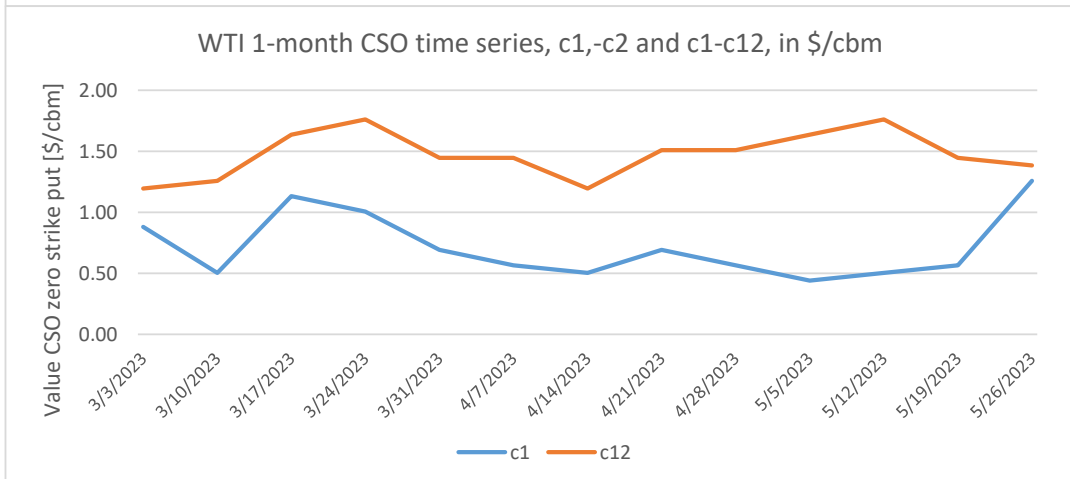
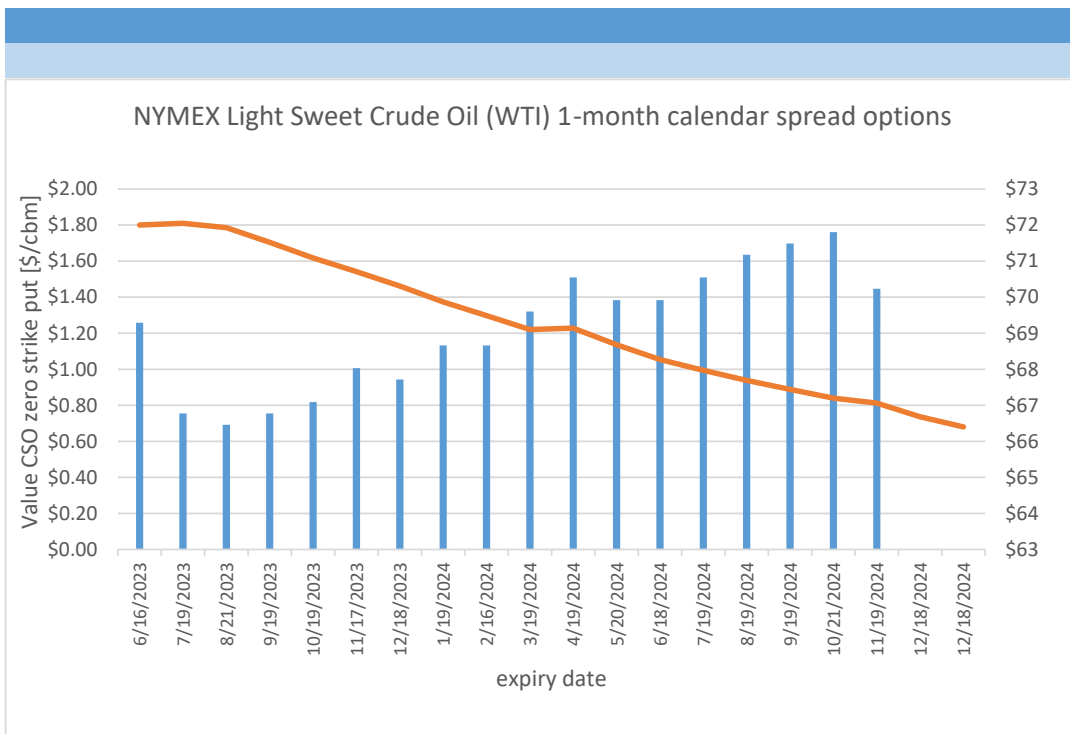
Balance global crude supply and demand



Commentary

Some upward swings for crude prices and forward curves were seen on the week, driven by OPEC+ output cut potential and steady rising demand from China. The draw in US stocks helped the markets as well. However, much is still uncertain with Russia less likely to cut production and while markets are currently well supplied, the uncertainty about future demand in e.g. OECD countries put a limit to any movements in either deeper backwardation or in contango.

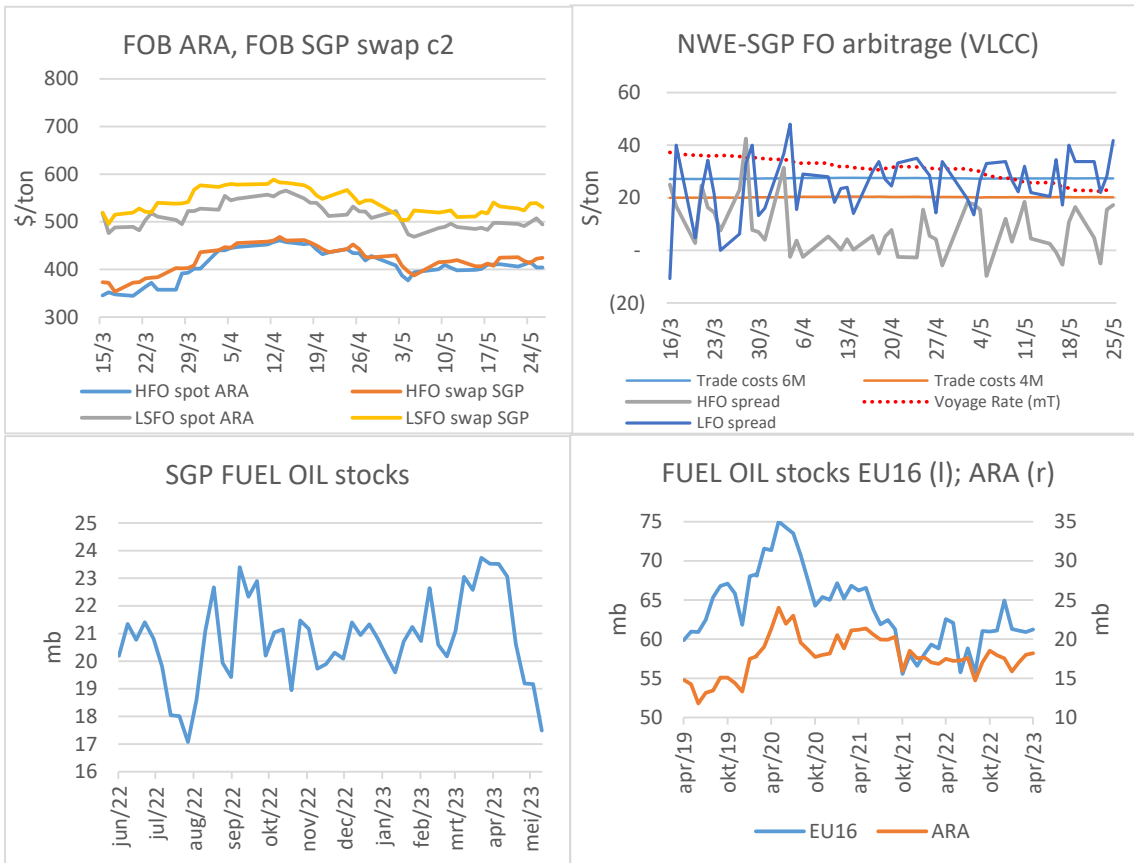
Calendar Spread Options



Commentary

A huge increase in c1-c2 spreads was seen on the week, partly due to expiry of the previous contract, which could implicate rise potential for contango in the WTI markets. The spread in prices of WTI front month contracts is 0, but more players seem to anticipate on recession in the country, which could increase chances for a contango. However, this is mainly the case for the first month contract since the rest of the forward curve is steady in backwardation till 2Q24. From there on, CSO prices become elevated as well for the remainder of the year. The US crude oil production was up 100kbpd on the week, but the drawdown in crude oil stocks could give more bearish signals for CSO pricing.

FO Transport flow dynamics

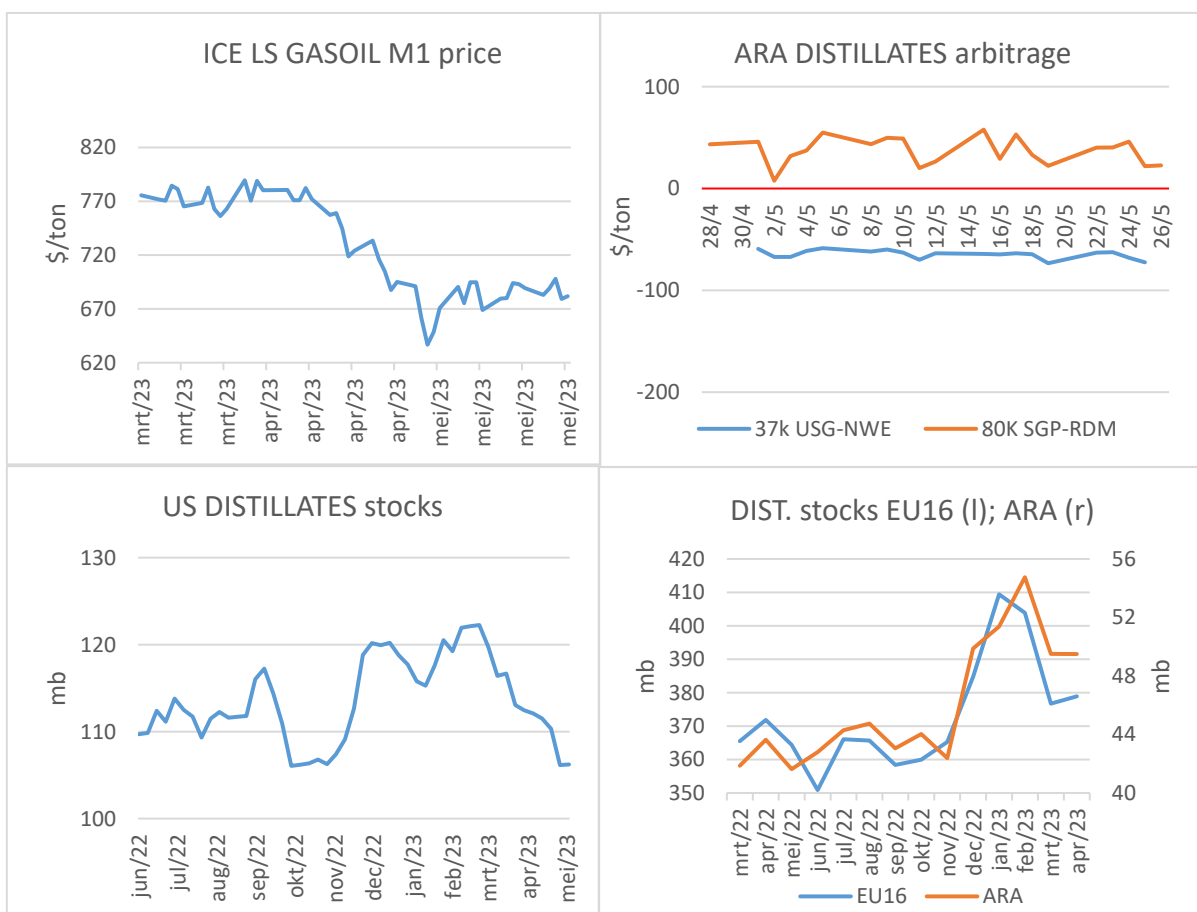


Region	FOB price		weekly average	weekly change	FOB price		weekly average	trade costs consists of		weekly change
	HFO	LFO			HFO	LFO		HFO	LFO	
ARA	\$ 405.50	\$ 496.00	\$ 407.90	↓ \$ -7.0	\$ 496.00	\$ 497.45	FR 6M LS	\$ 21.4	\$ 21.4	↓ \$ -3.0
SGP	\$ 425.75	\$ 540.75	\$ 420.70	↓ \$ -13.7	\$ 540.75	\$ 532.35	FR 4M LS	\$ 14.3	\$ 14.3	↓ \$ -1.6
Spread	\$ 20.25	\$ 44.75	\$ 9.80	↑ \$ 6.5	\$ 44.75	\$ 31.90	Outturn loss	\$ 1.2	\$ 1.5	\$ 31.90
Arb open if (spread ≥ trade costs)										
HSFO	ARA				SGP	4M, open	Finance	\$ 1.5	\$ 1.9	
	ARA				SGP	6M, closed	Port costs	\$ 0.8	\$ 0.8	
LSFO	ARA				SGP	4M, open	Inspection	\$ 0.4	\$ 0.4	
	ARA				SGP	6M, open	Demurrage	\$ 2.0	\$ 2.0	
								trade costs 6M	\$ 27.4	\$ 28.0
								trade costs 4M	\$ 20.2	\$ 20.9
Dirty WAF-RDM rate (mT)			\$ 19.28	↓ \$ -2.3						

Commentary

Despite fuel oil stocks in ARA seeing yet another decline (minimal though), prices dropped marginally. HSFO arb to Singapore is therefore opening up, while the LSFO spread seems to be widening. However, no cargo was seen departing this week in that direction as the export destinations were Denmark, France, Italy, UK. Incoming product was registered from Brazil, Finland, France, Ireland, Italy, Mexico, Poland, UK. In Singapore, the decline in stocks of heavy residues was even larger, dropping almost to the levels seen in August 2022. On the same note, stocks in Fujairah were down 17%, caused by supply disruptions. Hardly any imports, due to bad weather conditions, limited vessel refueling operations, but still moderate spot trading activity have led to a drop of 2302 million barrels.

GO & DSL Transport flow dynamics

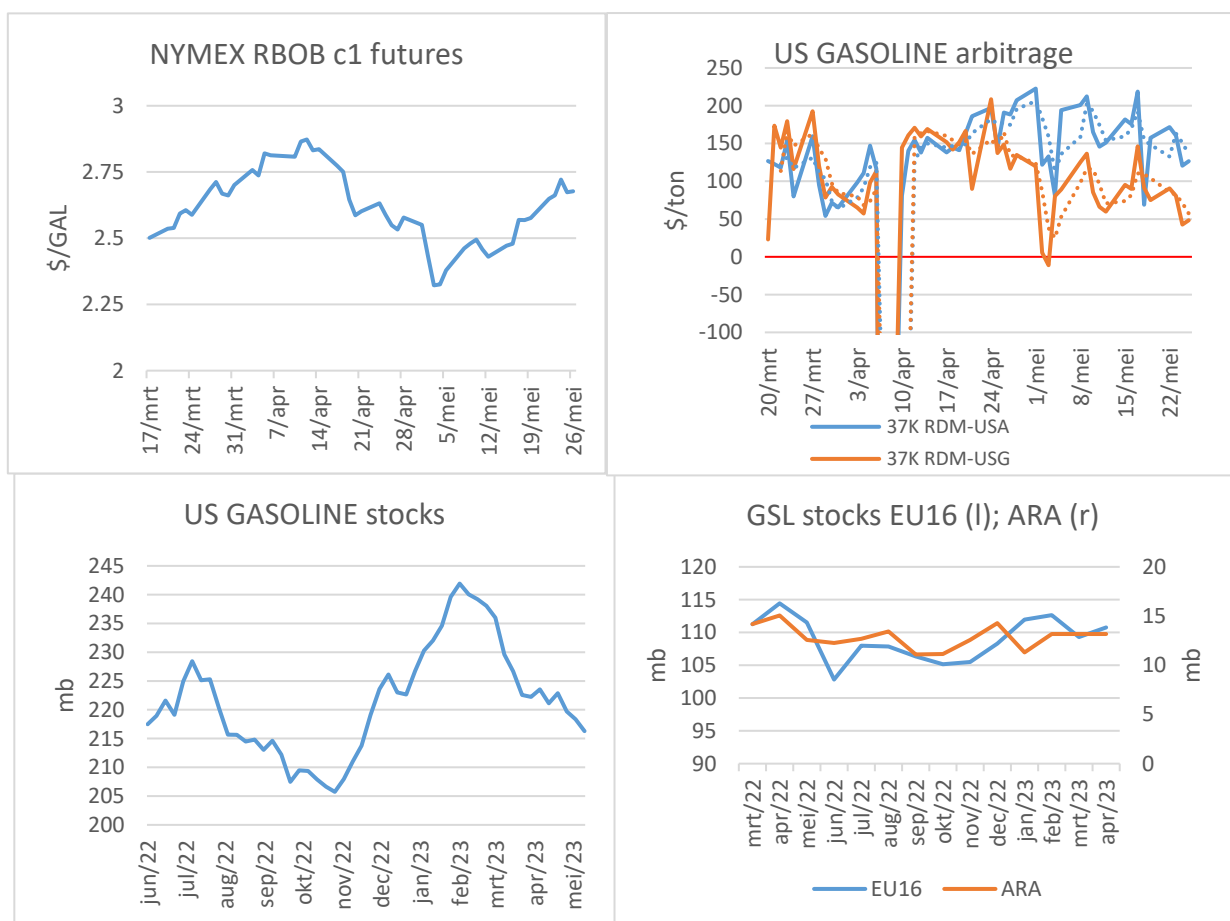


Products	Route	arbs	open or closed	weekly average	weekly change	Products	Prices	weekly change
Diesel 37k	USG-NWE	\$ -71.51	closed	\$ -67.50	↑ \$ 1.88	ICE LS GO	\$ 679.25	↓ \$ -7.5
Gasoil 30k	RDM-MED	\$ -49.01	closed	\$ -46.62	↓ \$ -2.17	NYMEX HO	\$ 2.3462	↓ \$ -0.0
Gasoil 80k	SGP-RDM	\$ 22.79	open	\$ 34.22	↑ \$ 0.57	ULSD-B-ARA	\$ 686.00	↓ \$ -16.8
Jet-kero 75k	AG-NWE	\$ -30.28	closed	\$ -16.22	↓ \$ -10.91	ULSD-USG	\$ 734.35	↓ \$ -6.8
Jet-kero 75k	SGP-NWE	\$ -27.54	closed	\$ -13.63	↓ \$ -9.23	ULSD-NYH	\$ 749.46	↓ \$ -4.9

Commentary

Gasoil markets were able to stabilize although prices were rather volatile during the week. A rapid decline at the beginning of the week was offset during the following sessions and overall markets tend to turn stable. In the ARA hub, gasoil inventories saw a 6% drop, since diesel arrivals into Europe are slowing down and demand up the Rhine was still strong. Demand for barges picked up in the past couple of weeks, as refinery outages and a small contango at the front-end of the forward curve have prompted traders to move more product towards all Rhine-based destinations, to serve local markets. On a similar note, US distillate stockpiles fell last week to their lowest levels since May 2022. In ARA international cargoes carrying gasoil were seen from Saudi Arabia, Turkey, UK, US, while outgoing product headed for France, Ireland, Med, Norway, Sweden, UK. Fujairah stocks of middle distillates rose by 3.7%, in anticipation of increasing demand in NE Asia amid scheduled refinery turnarounds.

GSL Transport flow dynamics

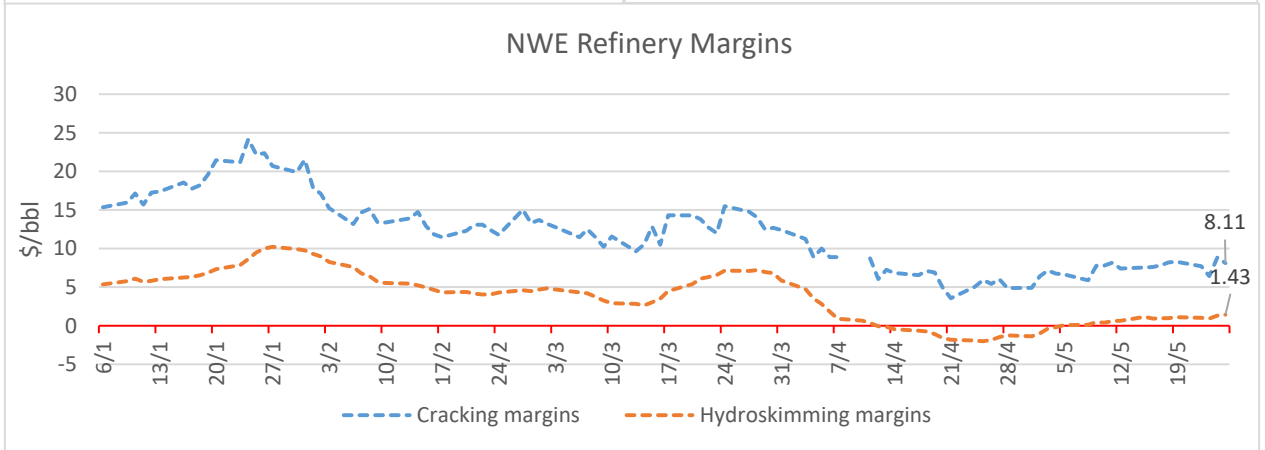
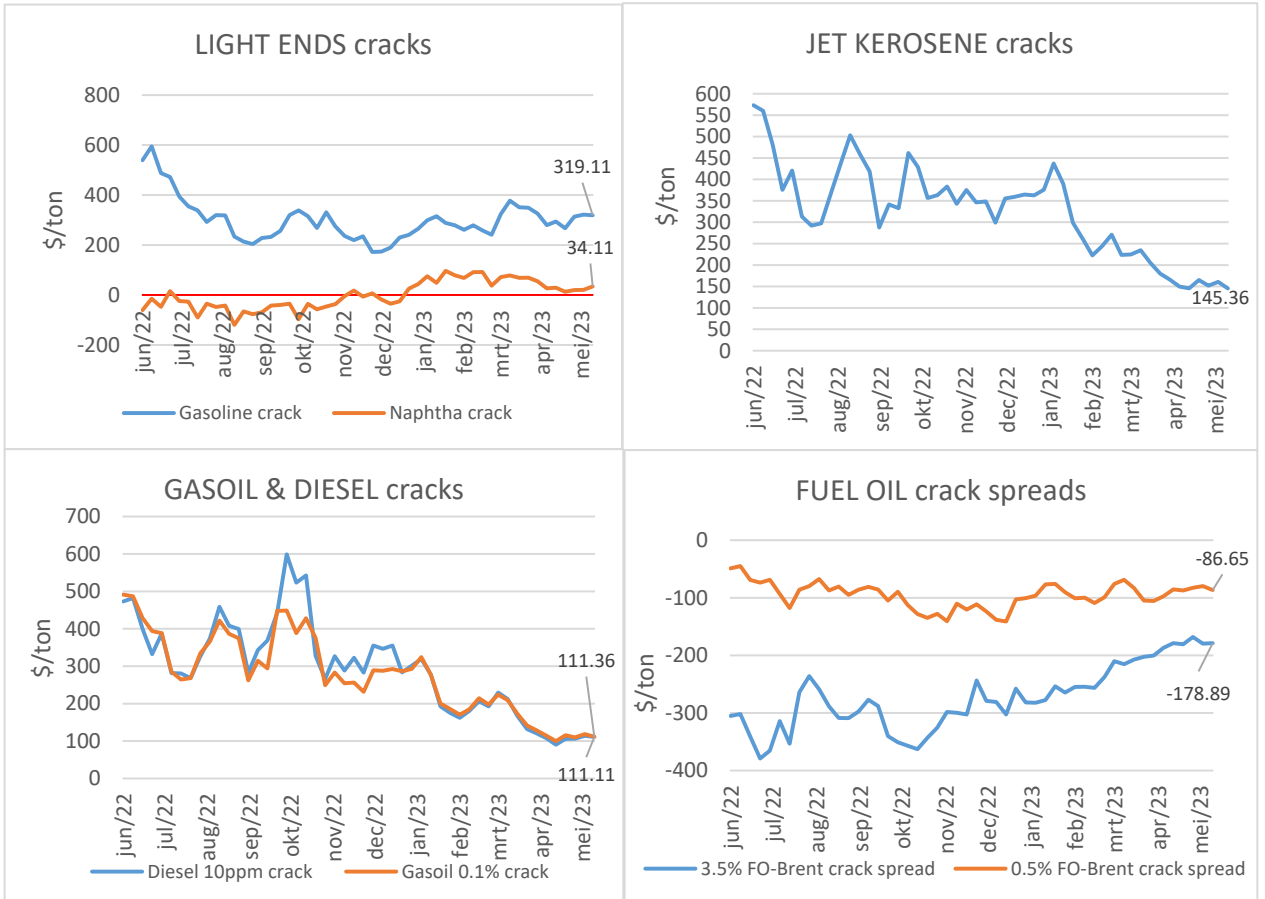


Products	Route	arbs	open or closed	weekly average	weekly change	Products	Prices	weekly change
Gasoline 37k	RDM-USAC	\$ 126.6	open	\$ -64.2	↓ \$ -10.9	N'MEX RBOB	\$ 2.6191	↑ \$ 0.1
Gasoline 37k	RDM-USGC	\$ 48.5	open	\$ -132.7	↓ \$ -42.9	PU ARA	\$ 846.00	↑ \$ 13.0
Naphtha 80k	MED-SGP	\$ -	open	#DIV/0!	#N/A	PU USG	\$ 1,036.68	↑ \$ 37.6
Naphtha 30k	MED-RDM	\$ -3.6	closed	\$ -2.3	↓ \$ -2.5	PU NYH	\$ 1,092.09	↑ \$ 33.1
						NAF NWE	\$ 612.00	↑ \$ 19.7

Commentary

Gasoline markets continued the trend seen previously and prices rose further on the week, on higher demand in the US and falling inventory levels in that region. With a larger than expected draw in stocks, as the peak demand is approaching, and slowing imports from Europe, prices found support and gasoline refining margins went past \$350/ton. Although the arb is viable, transatlantic exports from NWE have seen a slow-down since April, with West Africa behaving similarly. Other outlets were, however, seen in Colombia, Faroe Islands, France, Turkey. Imported volumes into NWE were from Denmark, France, as well as Germany, Italy, Sweden, UK. Upstream flows along the Rhine reached the highest weekly numbers since September 2021, as a large portion of the gasoline shipments were scheduled for the Lower Rhine to serve the domestic markets. Since local production has been severely affected due to planned maintenance at several refineries, an increasing number of vessels have been chartered this month. Stock levels in Fujairah rose slightly by 1.2% on the week, while in our region they shrunk 4% .

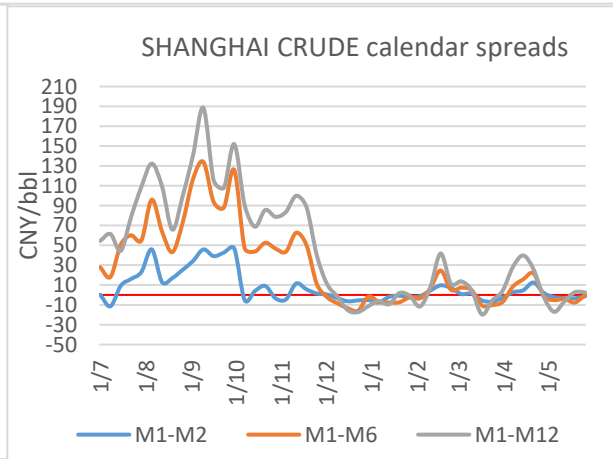
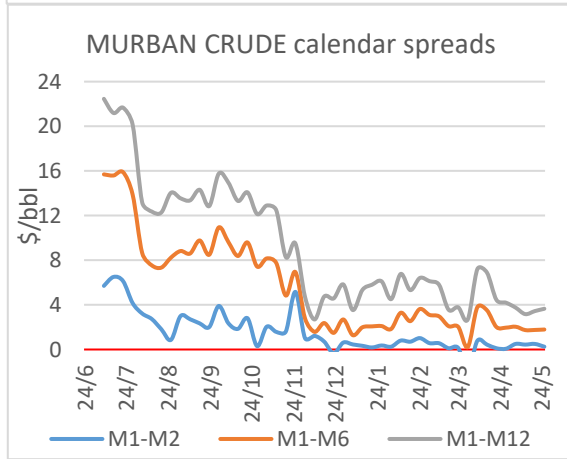
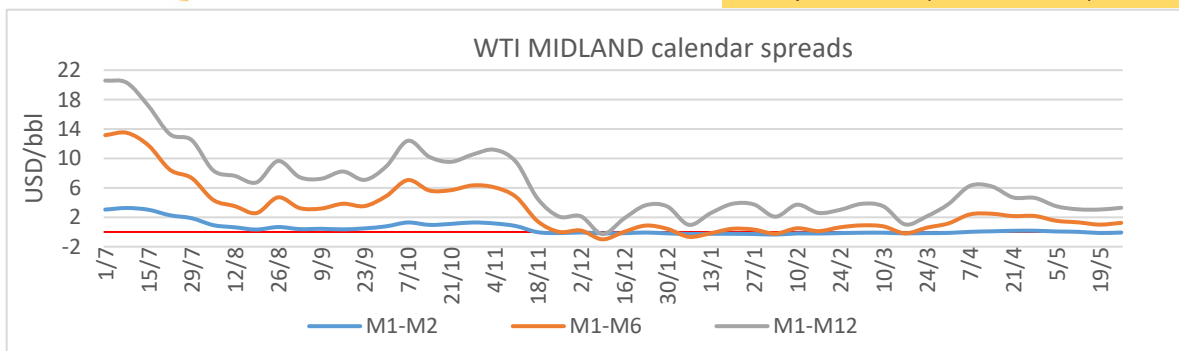
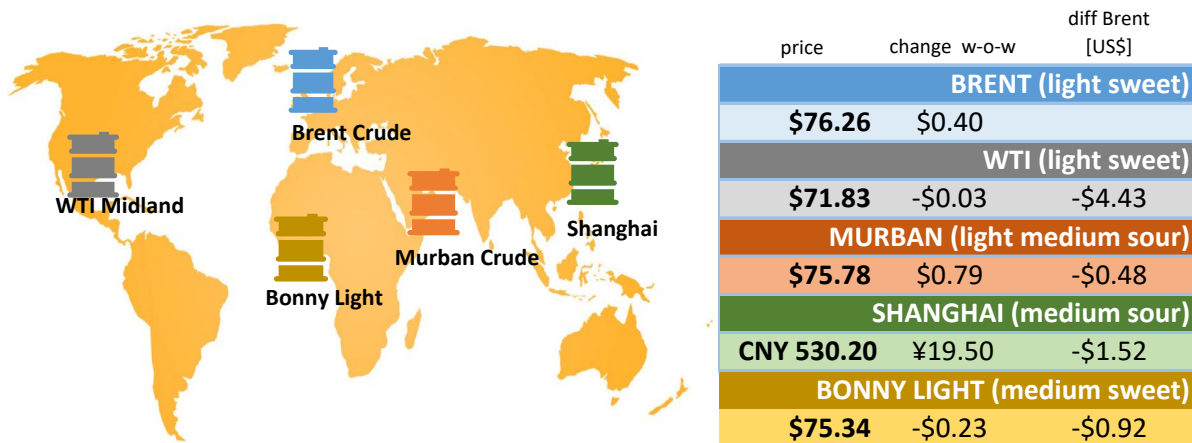
Product crack spreads



Products	Close	weekly change %	Products	Close	weekly change %	Products	Close	weekly change %
Gasoline	\$ 319.11	↓ -0.8%	Jet-kero	\$ 145.36	↓ -9.6%	Diesel	\$ 111.11	↓ -2.5%
Naptha	\$ 34.11	↑ 66.1%	Gasoil	\$ 111.36	↓ -6.2%	3.5% Fuel oil	\$ -178.89	↓ -0.5%

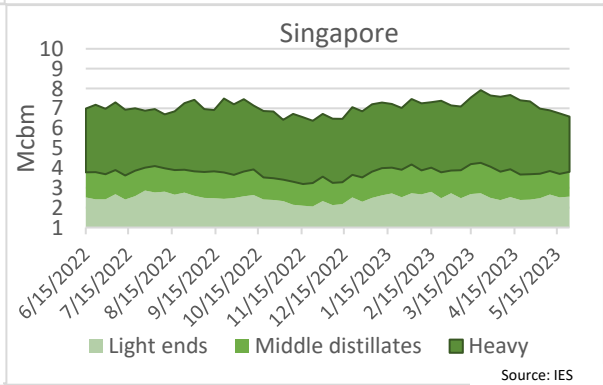
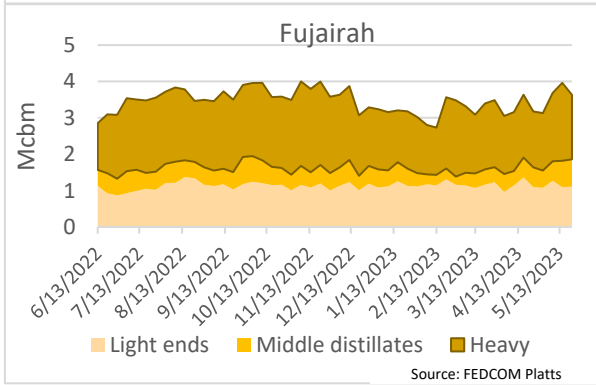
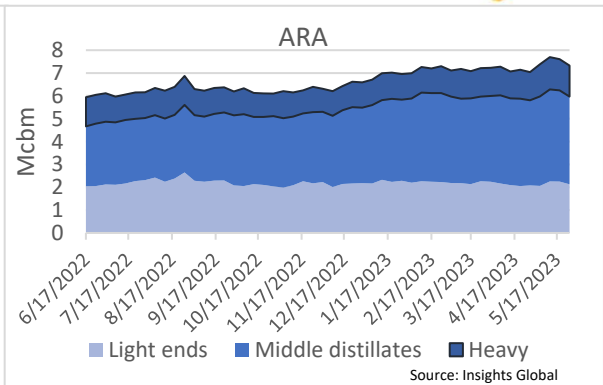
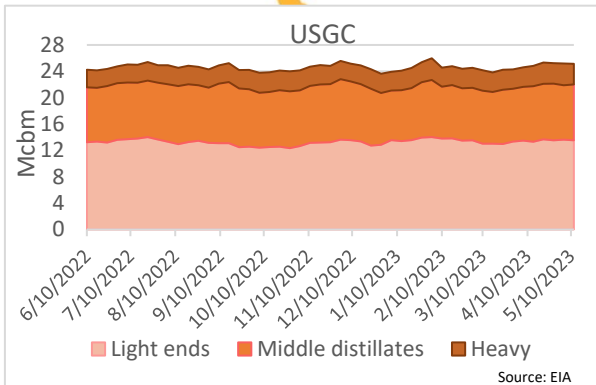
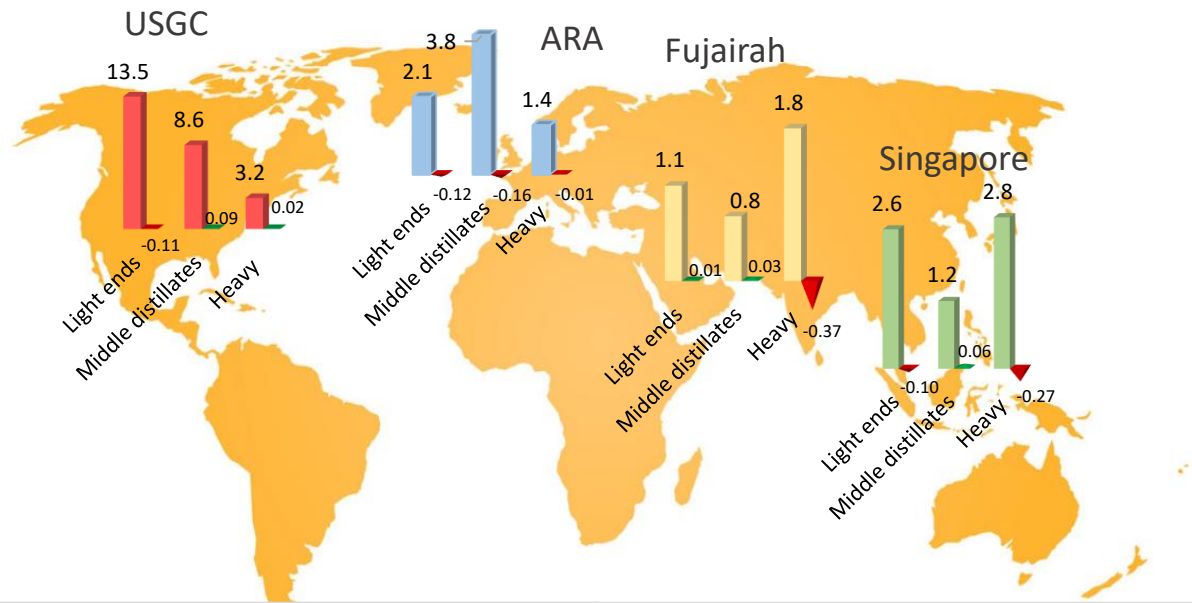
Commentary
 Middle distillate margins came down this week and the same can be said about gasoline, despite a 4% drop in ARA stocks. Naptha, on the other hand, made a small recovery and therefore the spread with gasoline cracks has decreased slightly. Overall we can say that refining margins have been stable, as the oil prices saw no major fluctuations over the past week.

Global crude benchmarks



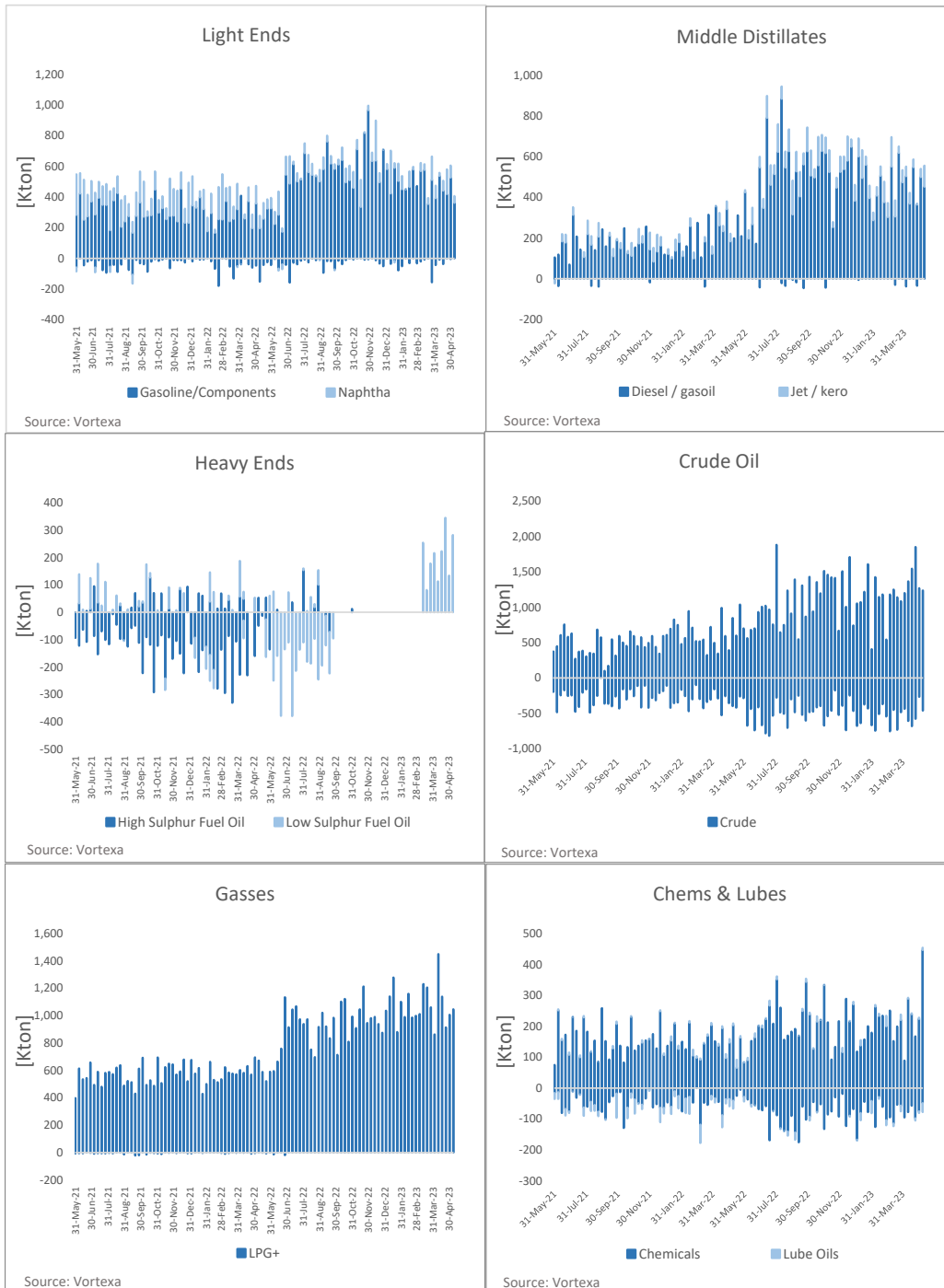
	spread	change w-o-w		spread	change w-o-w
BRENT M1-M2	\$ 0.05	\$ -0.06	WTI M1-M2	\$ -0.08	\$ 0.06
BRENT M1-M6	\$ 1.45	\$ 0.04	WTI M1-M6	\$ 1.24	\$ 0.24
BRENT M1-M12	\$ 3.35	\$ 0.28	WTI M1-M12	\$ 3.29	\$ 0.24
MURBAN M1-M2	\$ 0.25	\$ -0.25	SHANGHAI M1-M2	CNY -1.40	CNY 2.00
MURBAN M1-M6	\$ 1.79	\$ 0.04	SHANGHAI M1-M6	CNY -0.10	CNY 7.60
MURBAN M1-M12	\$ 3.65	\$ 0.21	SHANGHAI M1-M12	CNY 2.50	CNY -0.20

Global Oil Stocks



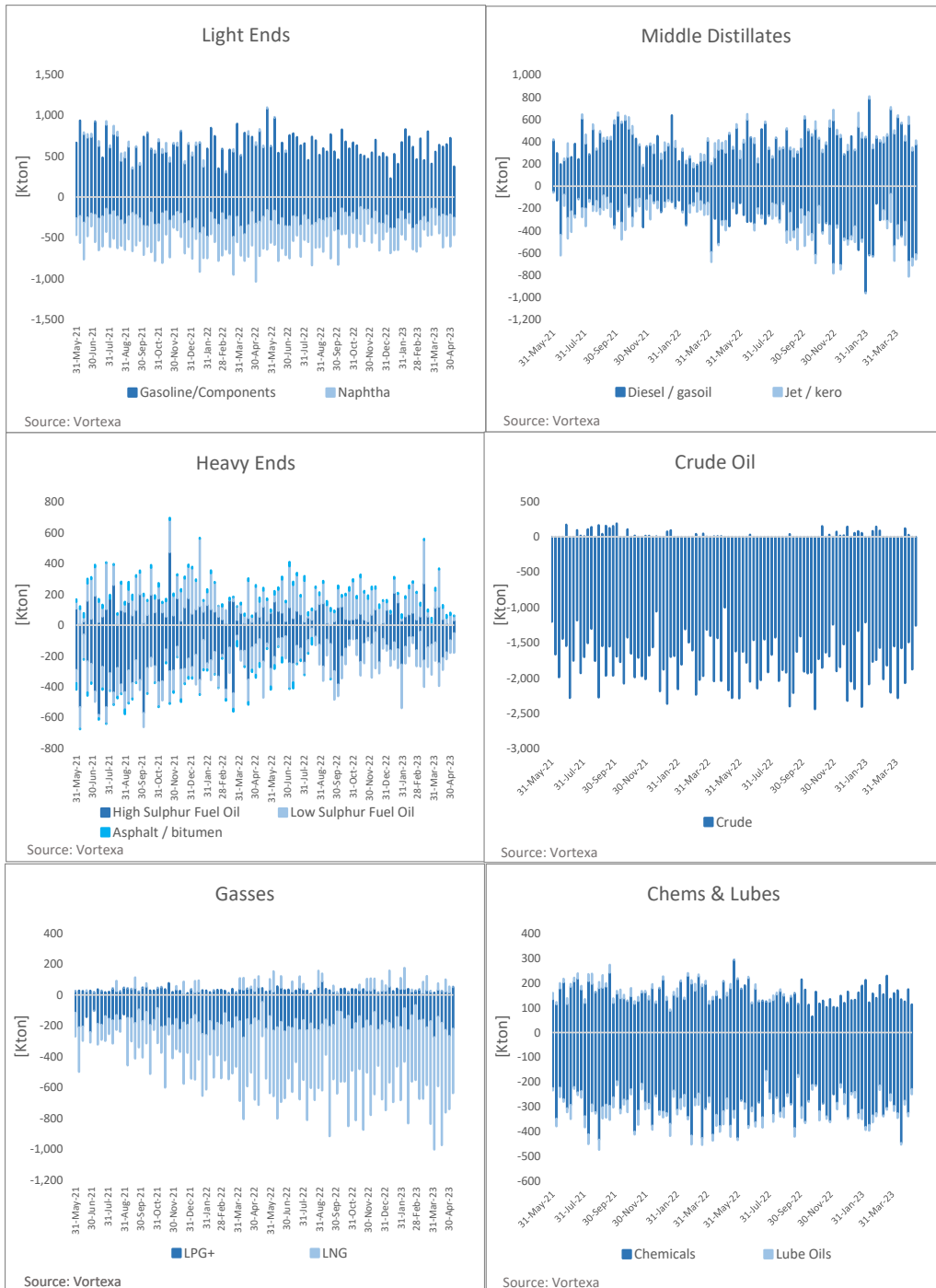
USGC					ARA			
Mcbm	12m min.	12m max.	12m avg.	3m trend	12m min.	12m max.	12m avg.	3m trend
Light ends	12.3	14.0	13.3	↑ 0.21	1.99	2.65	2.19	↑ 0.01
Middle dist.	7.5	9.3	8.4	↑ 0.22	2.62	4.03	3.29	↑ 0.12
Heavy	2.6	3.3	2.9	↑ 0.09	0.99	1.42	1.17	↑ 0.10
Fujairah					Singapore			
Mcbm	12m min.	12m max.	12m avg.	3m trend	12m min.	12m max.	12m avg.	3m trend
Light ends	0.9	1.4	1.1	↓ -0.01	2.1	2.9	2.5	↑ 0.03
Middle dist.	0.2	0.8	0.5	↑ 0.12	1.1	1.6	1.3	↓ -0.14
Heavy	1.3	2.3	1.8	↑ 0.10	2.7	3.8	3.3	↓ -0.37

Houston Gross Trade



Positive candle bars represent loaded tonnages. Negative candle bars indicate discharged tonnages. One bar/week

ARA Gross Trade



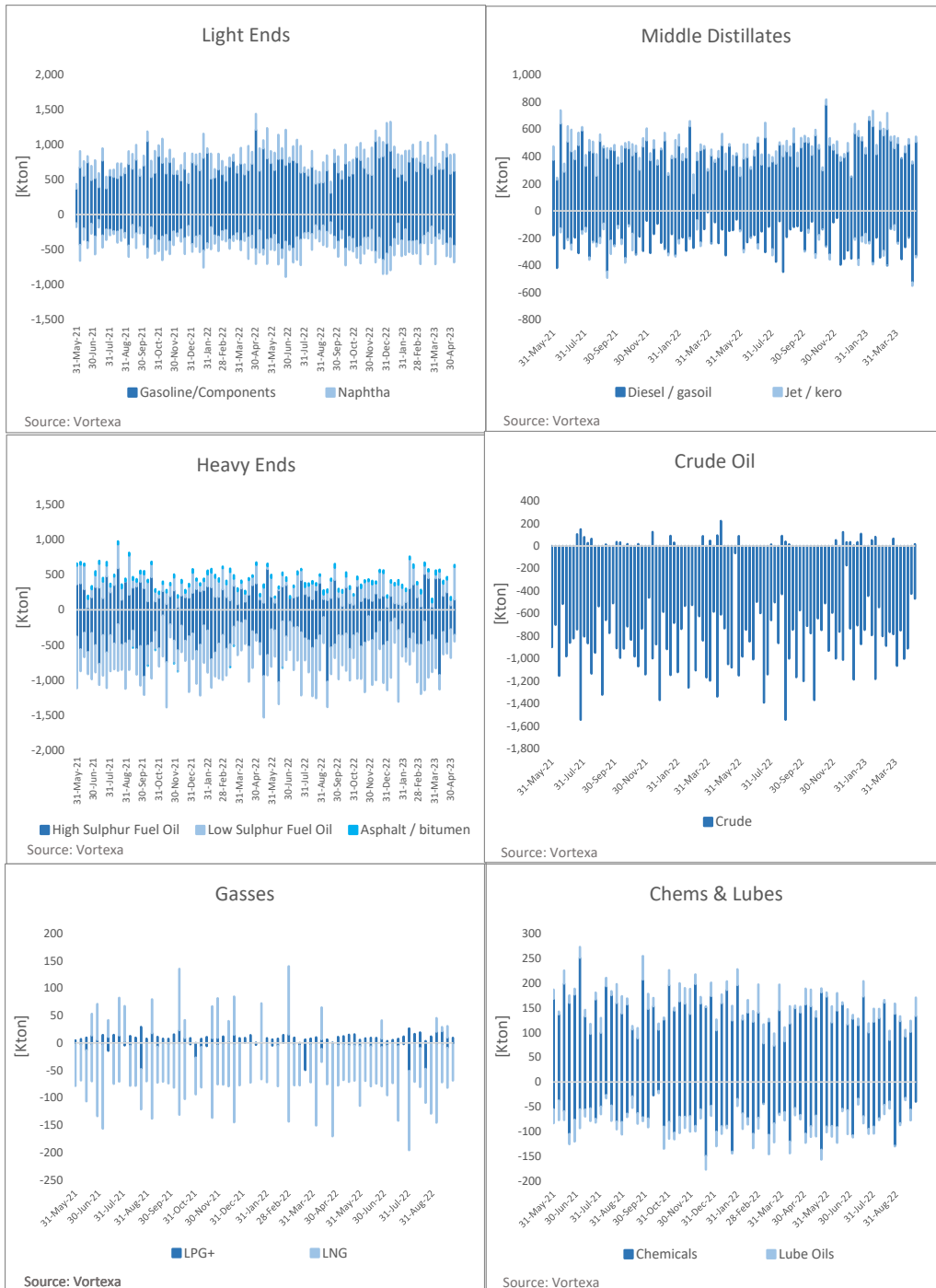
Positive candle bars represent loaded tonnages. Negative candle bars indicate discharged tonnages. One bar/week

Fujairah Gross Trade



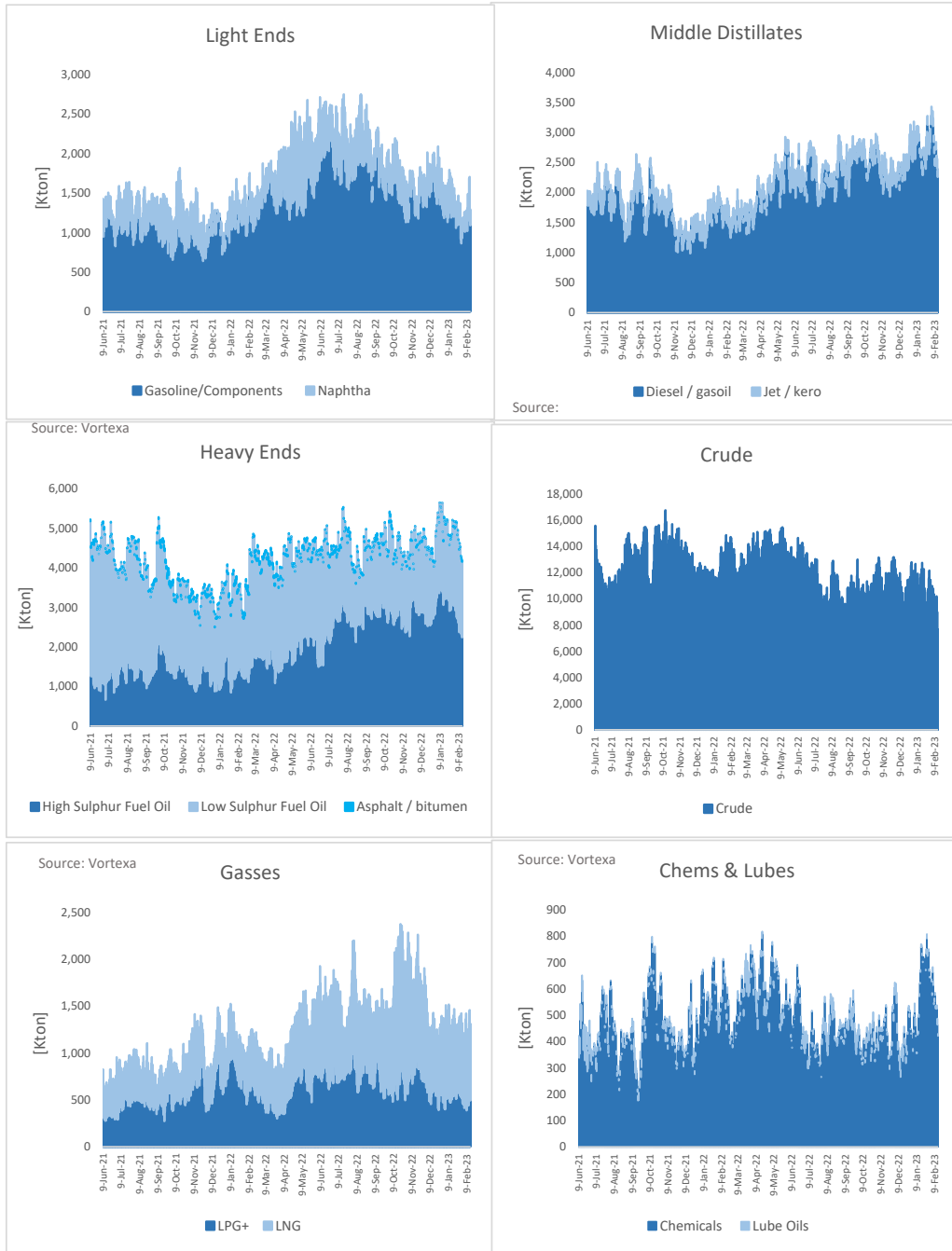
Positive candle bars represent loaded tonnages. Negative candle bars indicate discharged tonnages. One bar/week

Singapore Gross Trade



Positive candle bars represent loaded tonnages. Negative candle bars indicate discharged tonnages. One bar/week

Global Floating Storage Levels



Source: Vortexa

Source: Vortexa

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