

Oil Products Report

02/16/22 Morning

Brent

Today's Opening		Change
Brent	93.22	(1.67)
Gasoline M01	105.54	(3.41)
Gasoil M01	107.32	(1.63)

Today's Opening		Change
Naphtha M01	824.25	(16.75)
Low Sulfur Fuel Oil M01	684.00	(16.50)
High Sulfur Fuel Oil M01	514.25	(15.70)

Futures	2/15/22	2/14/22
Brent (Singapore Close)	94.89	94.56
Brent (New York Close)	93.28	96.48

Swaps	2/15/22	2/14/22
Swap Brent	92.82	92.64
Swap Calendar Spread (M1-M2)	(1.80)	(1.66)

Latest Important News:

Oil prices hold steady as Russia-Ukraine tensions cool - Reuters
Oil retreats from 7-year high as Russia says it withdraws some troops - Reuters
Oil Inventories Fall by Less-Than-Expected 1.1M Barrels Last Week: API
Experiencing stronger shipping markets
Asia Fuel Oil's HSFO cash bonuses of 380 cst hit multi-week high
Ardmore Shipping Corporation Reports 2021 Net Loss of \$38.1 Million
US shale oil volumes to spike by another 109,000 b/d in March: EIA
U.S. demand for residual fuel oil rose late in 2021

Today Economic Calendar:

Time UAE	Cur.	Event	Actual	Forecast	Previous
17:30	USD	Retail Sales (MoM) (Jan)		2.00%	-1.90%
19:30	USD	Crude Oil Inventories		-1.572M	-4.756M
19:30	USD	Gasoline Inventories		0.550M	-1.644M
0:00	USD	FOMC Meeting Minutes			

Platts Market Watch:

Demand for various Russian crude oil grades from Asian buyers remained cautious Feb. 15 amid fears of sanctions due to the ongoing Russia-Ukraine tensions. Uncertainty over the Ukraine crisis continued to rule sentiment in oil markets, and possible sanctions on Russia could aggravate the situation, traders said.

In the event of sanctions, Asian refiners were less likely to seek Russian crude grades, though China may be an exception, a trader in Singapore said. "I think the Chinese won't be too concerned," the trader added.

Amid robust demand cues and tighter supplies, spot differentials for the grade could trade at higher levels than for the previous month, sources said.

Meanwhile, grades such as Urals could still be competitively priced despite the arbitrage window remaining shut, traders said.

Technical Analysis

Long Run: Next resistance is 97\$-100\$. And Support is 86-87\$. Fundamentally, Ukraine invasion is on focus. Markets are terrified. So, volatility has increased meaningfully. Notice that fundamental news are more important now.



Technical Analysis

Short Run: Technically speaking, There are RSI divergence completed in daily and H4 time frame. So I expect Brent to slide to 87\$. However fundamental news are much more important and markets are volatile. I strongly recommend everyone to be **fully hedged**.

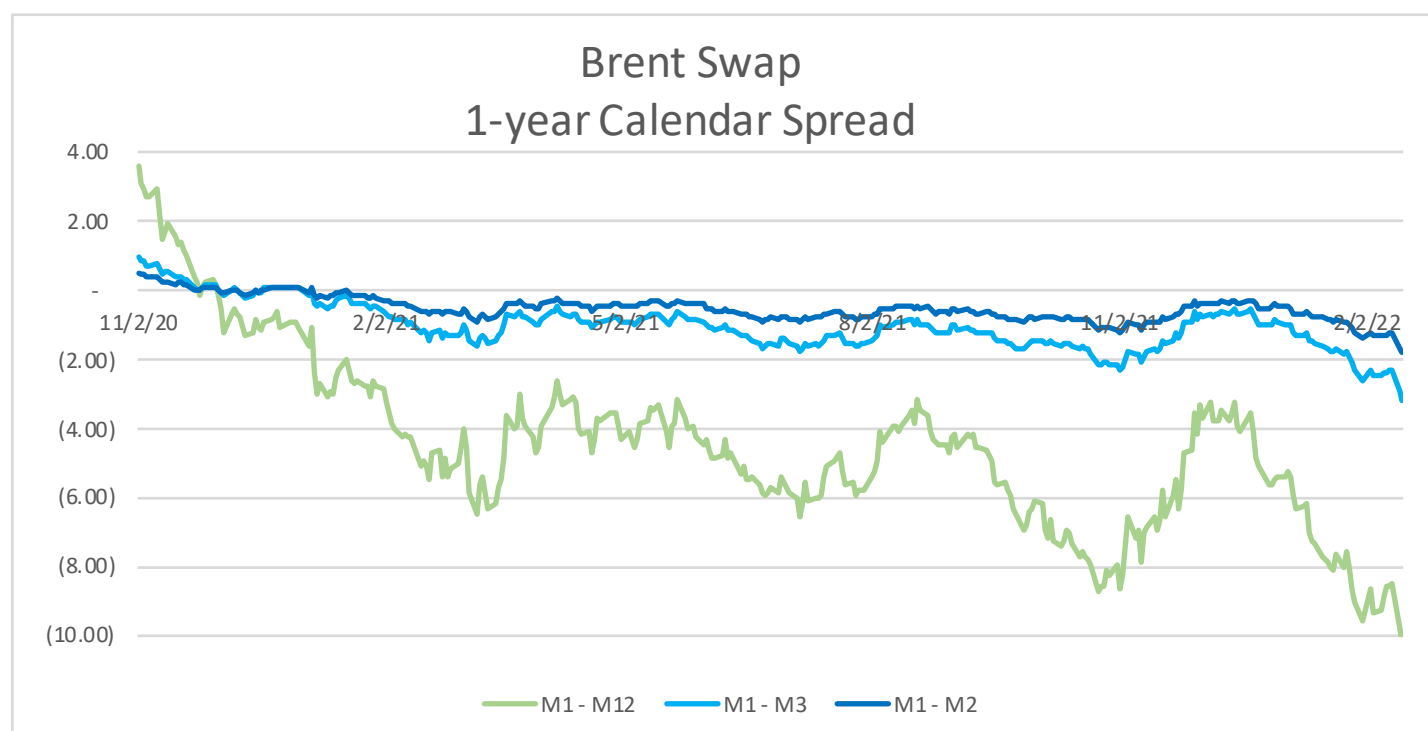
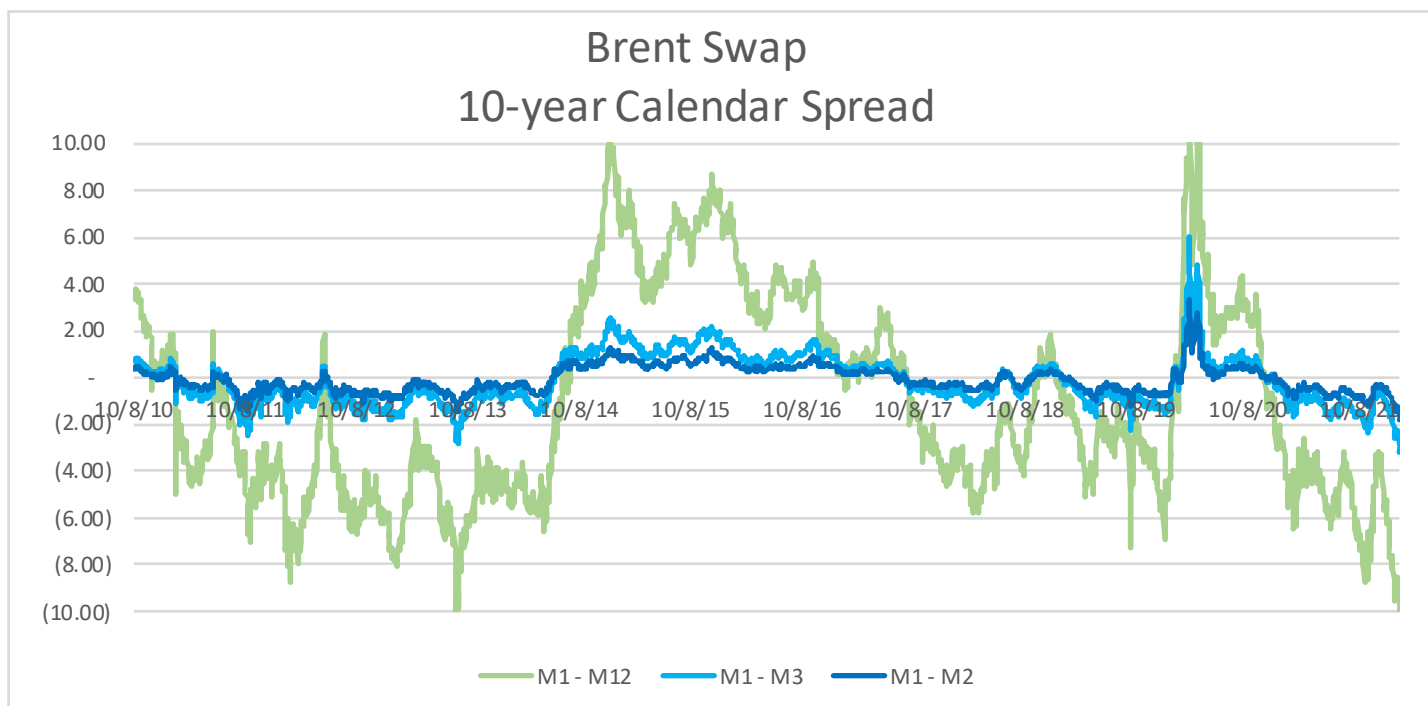


Brent Calendar Spread Distribution (SWAP M1 - M2)

	Interval		
	99%	95%	90%
Upper Limit	2.22	1.05	0.83
Lower Limit	(1.23)	(0.93)	(0.83)

Yesterday Calendar Spread (SWAP M1 - M2)	-1.8
=>	Backward

Interpretation: Normal backward. For **long-time long positions**, far months are recommended. For **long-time short positions**, it is recommended to open a calendar spread position beside the original position.



Fuel Oil

	2/15/22	2/14/22
MOPAG 180	516.96	515.04
MOPS 180	531.41	529.63
MOPAG 380	508.33	507.79
Bunker Fujairah 380	530.00	537.00
Crack 180	(9.36)	(9.37)

	2/15/22	2/14/22
SWAP M 01 180	529.95	528.75
SWAP M 01 380	519.45	518.75
Visco Spread	8.63	7.25
Bunker Spread	13.04	21.96
Visco Spread M 01	10.50	10.00

Fujairah Weekly Oil Product Stocks:

	2/7/22	1/31/22	Change	Change %
Heavy Distillates& residues	10905	11379	-474	-4.17%

Singapore Weekly Oil Product Stocks:

	2/9/22	2/2/22	Change	Change %
Heavy Distillates& residues	22156	23085	-929	-4.02%

Platts Market Watch:

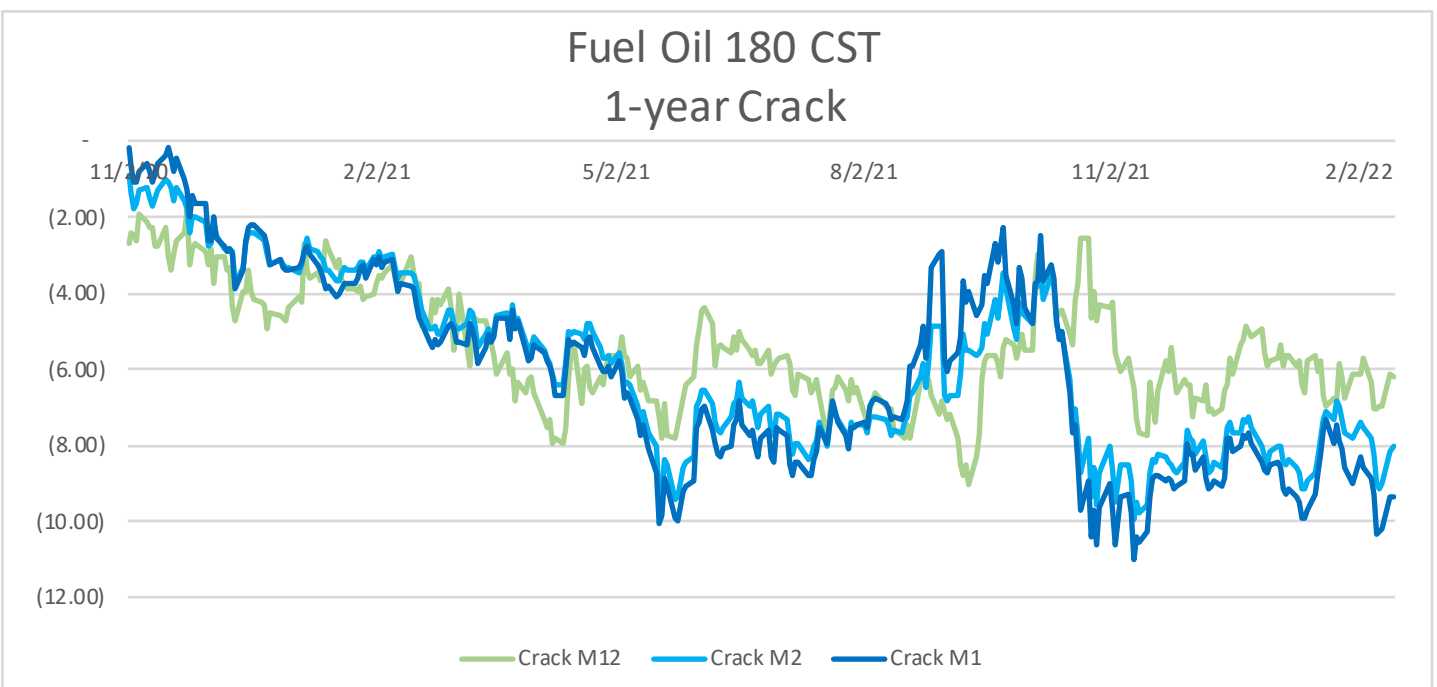
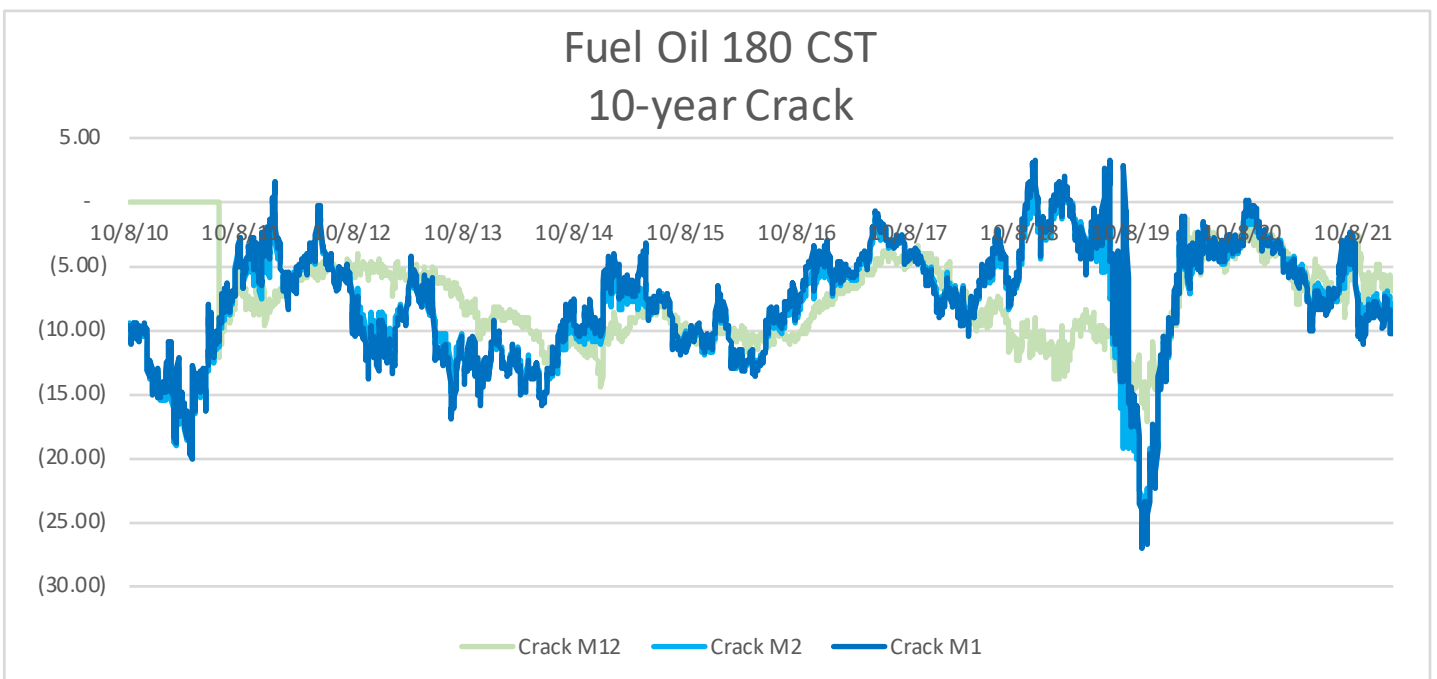
No Comment

Fuel Oil Crack Distribution

	Interval		
	99%	95%	90%
Upper Limit	1.65	0.11	(1.01)
Lower Limit	(23.93)	(17.03)	(15.02)

Yesterday Crack	-9.363
=>	Normal

Interpretation: Normal

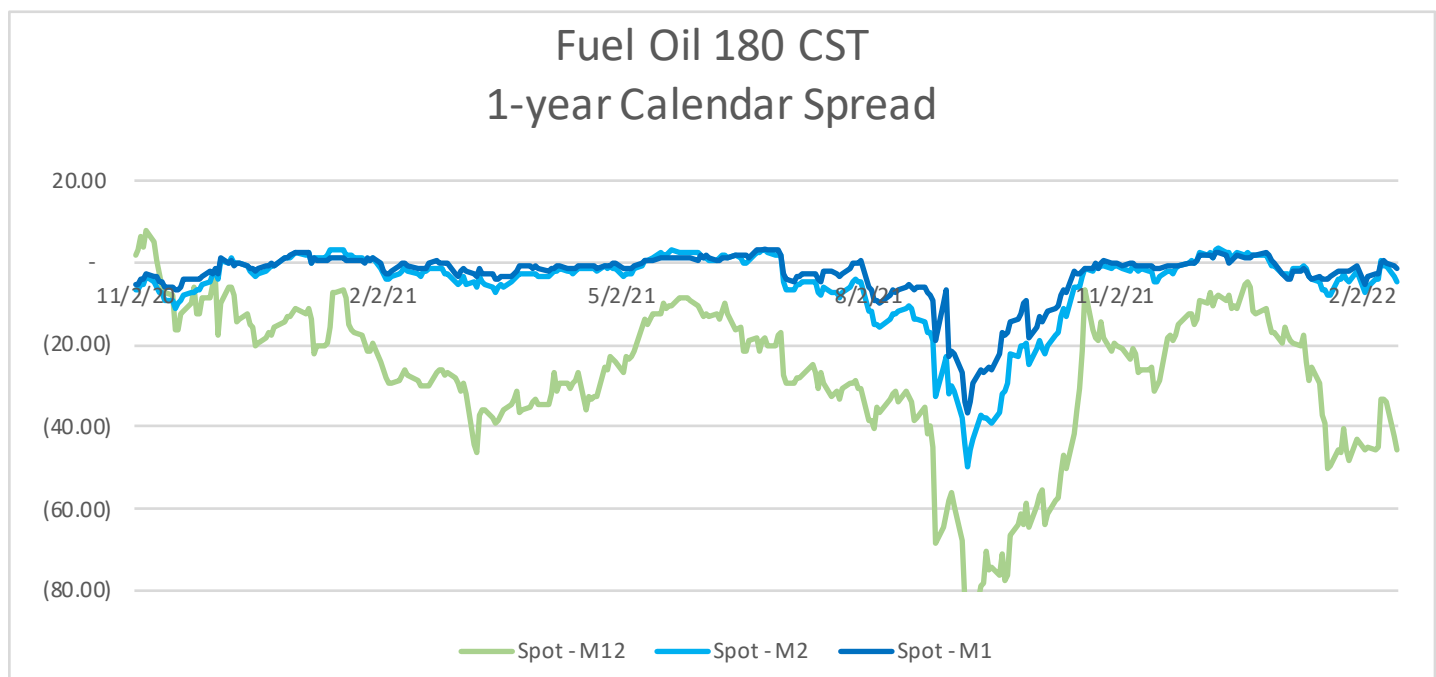
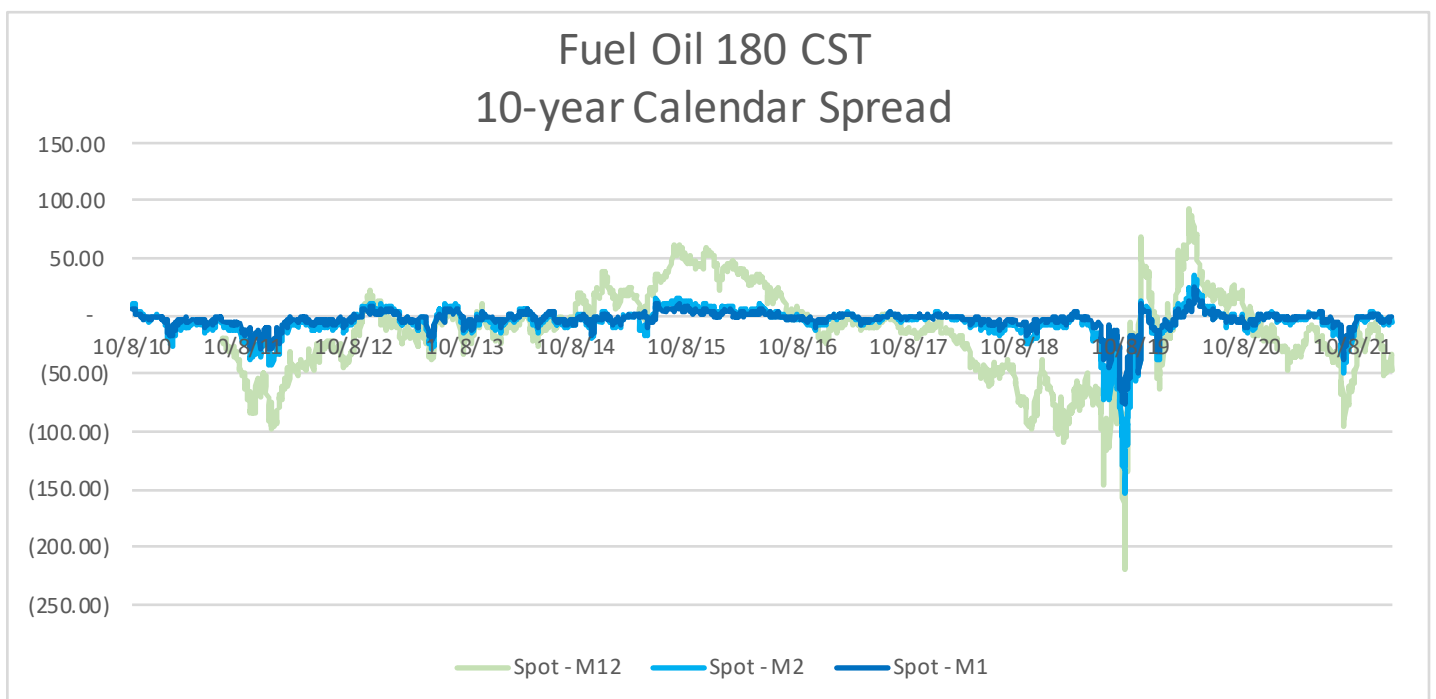


Fuel Oil 180 Calendar Spread Distribution

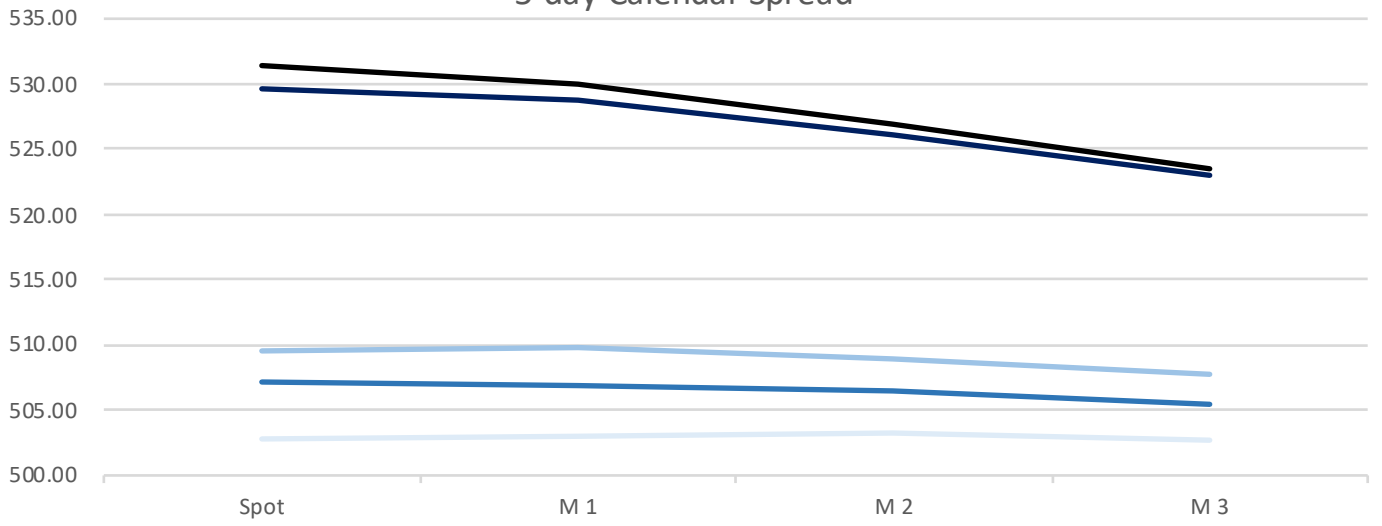
	Interval		
	99%	95%	90%
Upper Limit	12.73	7.06	5.64
Lower Limit	(55.56)	(26.09)	(17.96)

Yesterday Calendar Spread	-1.46
=>	Flat

Interpretation: Normal Flat



Fuel Oil 180 CST
5-day Calendar Spread



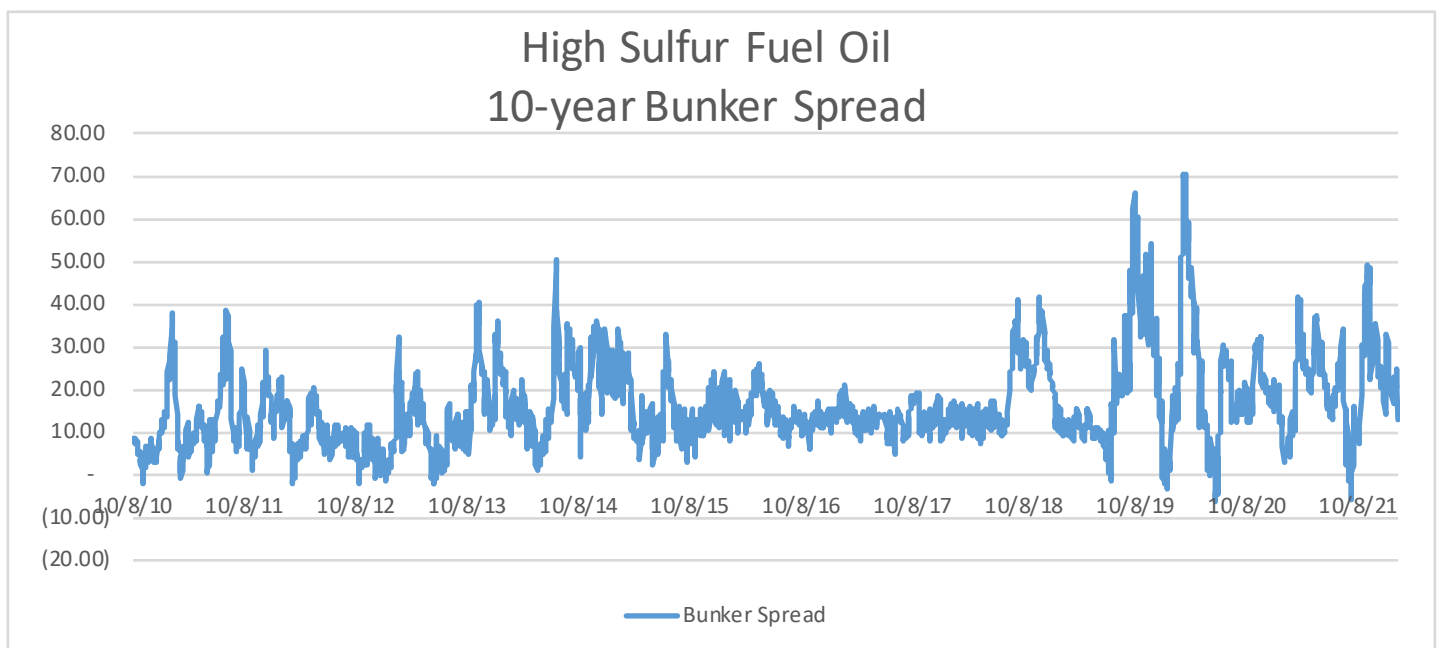
2/9/22 2/10/22 2/11/22 2/14/22 2/15/22

HSFO Bunker Spread Distribution

	Interval		
	99%	95%	90%
Upper Limit	59.37	40.66	35.11
Lower Limit	(1.33)	1.46	3.44

Yesterday Bunker Spread =>	13.04
	Normal

Interpretation:



Low Sulfur Fuel Oil

	2/15/22	2/14/22
MOPAG Low Sulfur Fuel Oil	730.78	736.91
MOPS Low Sulfur Fuel Oil	719.41	727.23
Bunker Fujeireh	744.00	750.00

	2/15/22	2/14/22
SWAP M 01 Low Sulfur Fuel Oil	700.50	706.50
Crack Low Sulfur Fuel Oil	17.49	18.62

Fujairah Weekly Oil Product Stocks:

	2/7/22	1/31/22	Change	Change %
Heavy Distillates& residues	10905	11379	-474	-4.17%

Singapore Weekly Oil Product Stocks:

	2/9/22	2/2/22	Change	Change %
Heavy Distillates& residues	22156	23085	-929	-4.02%

Platts Market Watch:

Traders surveyed by S&P Global Platts on initial estimates of incoming arbitrage low sulfur fuel oil volumes into Singapore in March pegged levels at 1.7 million mt, with the possibility of increasing to 1.8 million mt.

In contrast, thus far, LSFO arbitrage volumes arriving in Singapore in February are estimated at 1.9 million-2 million mt, lower than January's 2.2 million mt.

"The situation is fairly similar in Europe as well, but you can't afford for your vessel's arrival [carrying LSFO] to spill over into the next month and run the risk of losing nearly \$20/mt for your cargo," said a Singapore-based trader.

FOB Singapore marine fuel 0.5% crack spread hits two-year high. The March/April Singapore marine fuel 0.5% spread narrowed in afternoon trades Feb. 15 to \$20/mt, compared to the previous assessment of \$21/mt, according to the Intercontinental Exchange data.

The rising crack spread comes in an environment where downstream demand for bunker fuel has been softening, with average February delivered Singapore marine fuel 0.5% premiums falling to \$20.55/mt, compared to January's \$25.24/mt, Platts data showed.

Despite the bullish crack spread however, most refineries have not sought to raise production with middle distillate demand and margins yielding far better returns.

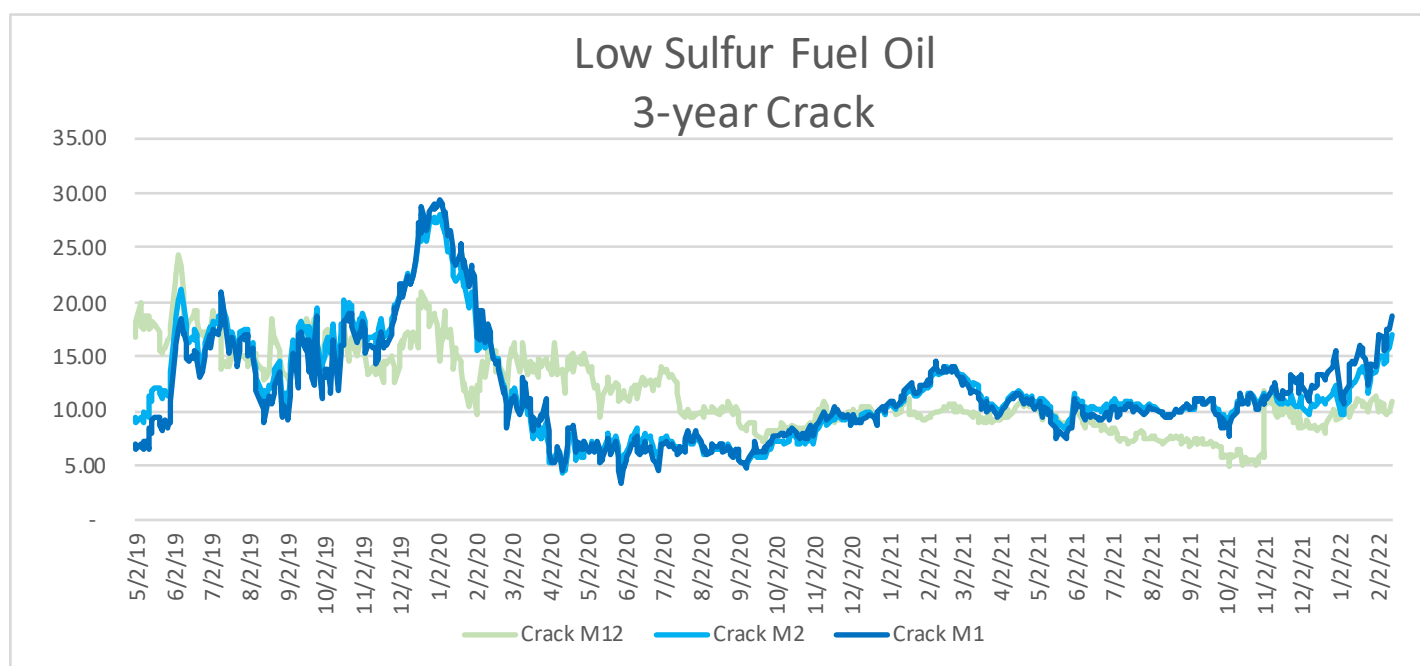
Low Sulfur Fuel Oil Crack Distribution

	Interval		
	99%	95%	90%
Upper Limit	14.13	13.67	12.68
Lower Limit	4.55	5.28	5.74

Yesterday Crack	17.49
=>	Very High

* Intervals are calculated from 2020/5/1 in order to connivance first year illiquidity.

Interpretation: For long positions, it is better to long Brent instead of LSFO.



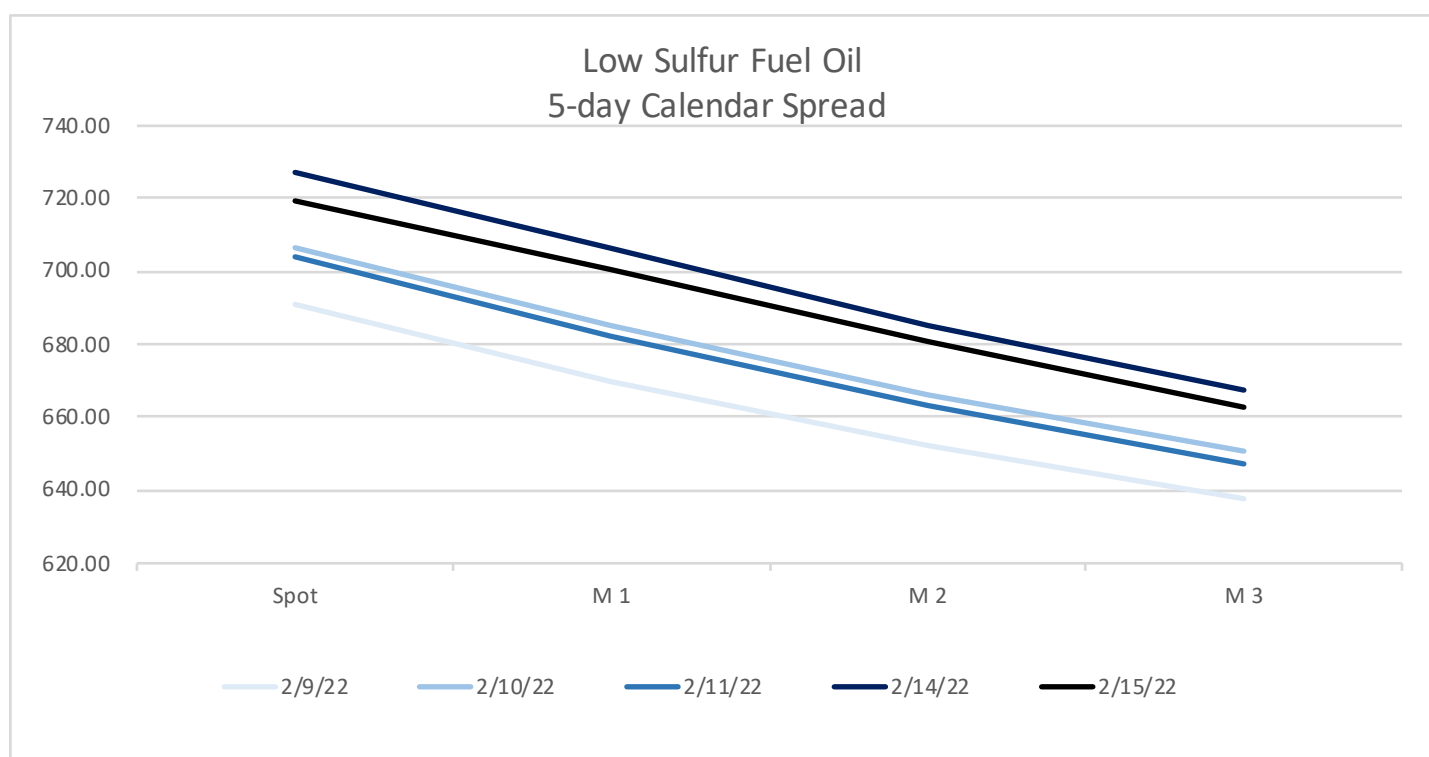
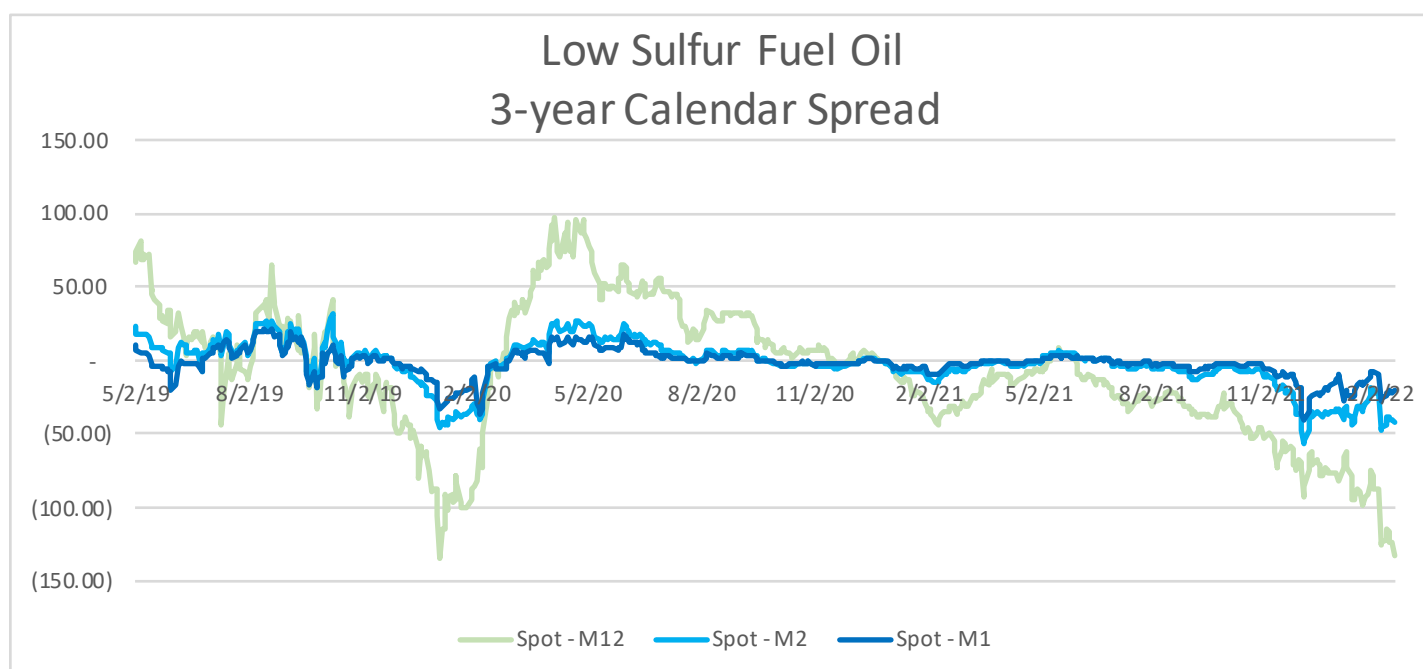
Low Sulfur Fuel Oil Calendar Spread Distribution

	Interval		
	99%	95%	90%
Upper Limit	16.20	11.72	8.78
Lower Limit	(9.42)	(7.63)	(5.55)

Yesterday Calendar Spread	-18.91
=>	Strong Backward

* Intervals are calculated from 2020/5/1 in order to connivance first year illiquidity.

Interpretation: For **long-time long positions**, far months are recommended. For **long-time short positions**, it is recommended to open a calendar spread position beside the original position.



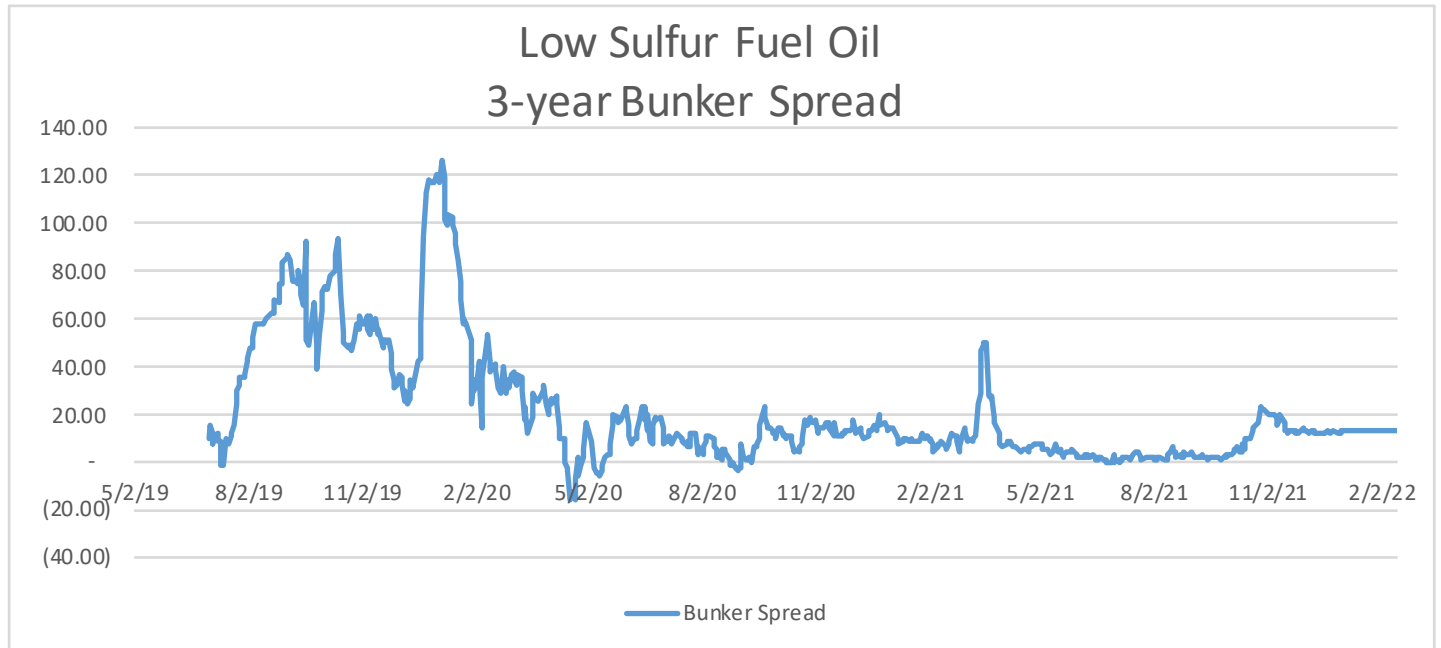
LSFO Bunker Spread Distribution

	Interval		
	99%	95%	90%
Upper Limit	48.56	23.53	19.90
Lower Limit	(4.90)	(1.36)	0.29

Yesterday Sulphor Spread =>	13.22
	Normal

* Intervals are calculated from 2020/5/1 in order to connivance first year illiquidity.

Interpretation:



Gasoil

	2/15/22	2/14/22
MOPAG Gasoil	108.75	109.58
MOPS Gasoil	111.71	112.43
Bunker Fujeireh	900.00	900.00

	2/15/22	2/14/22
SWAP M 01 Gasoil	108.95	109.40
Crack Gasoil	16.13	16.76

Fujairah Weekly Oil Product Stocks:

	2/7/22	1/31/22	Change	Change %
Middle Distillates	2529	1860	669	35.97%

Singapore Weekly Oil Product Stocks:

	2/9/22	2/2/22	Change	Change %
Middle Distillates	7436	8210	-774	-9.43%

Platts Market Watch:

Rising gasoil prices could deter demand, with several buyers preferring to retreat to the sidelines, market sources in Asia said Feb. 15.

South Korea's oil refining and petrochemical industry was not overly concerned about the escalating geopolitical tensions between Washington and Moscow as the country depends very little on Russian crude oil. However, the market was actively calling the government to take action to help tackle surging oil prices and revive consumer confidence.

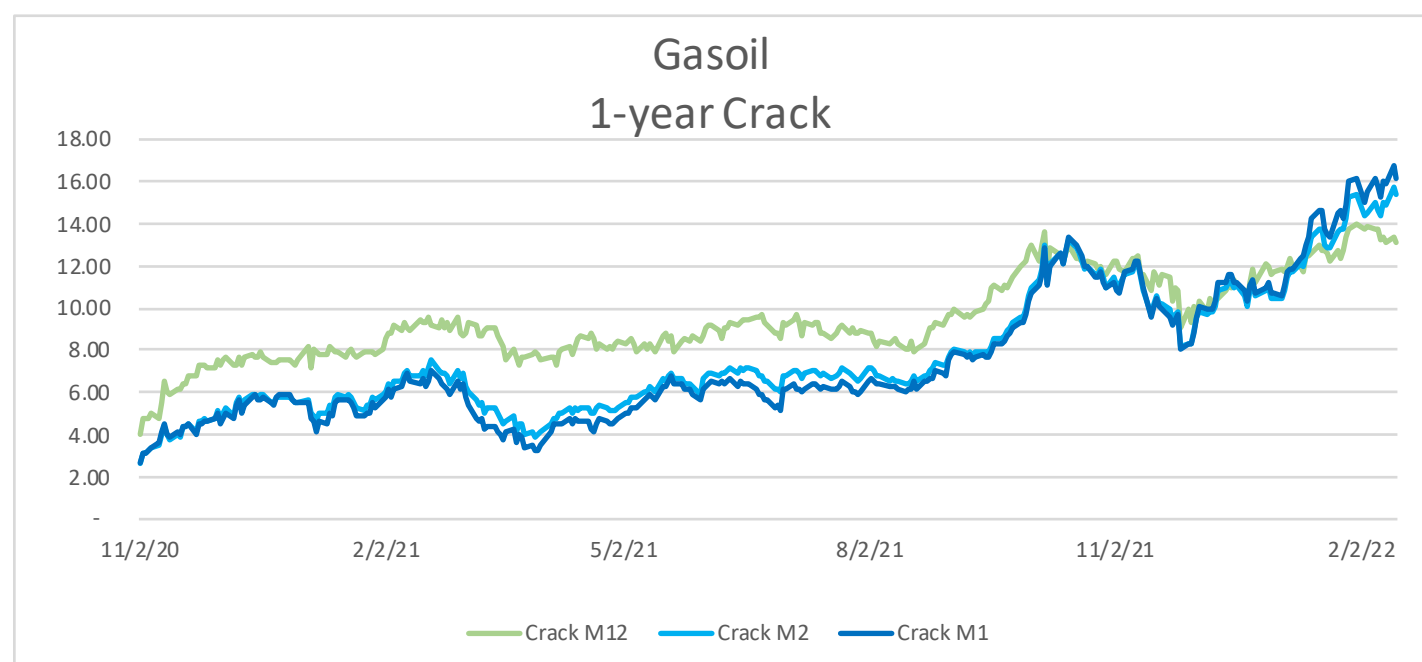
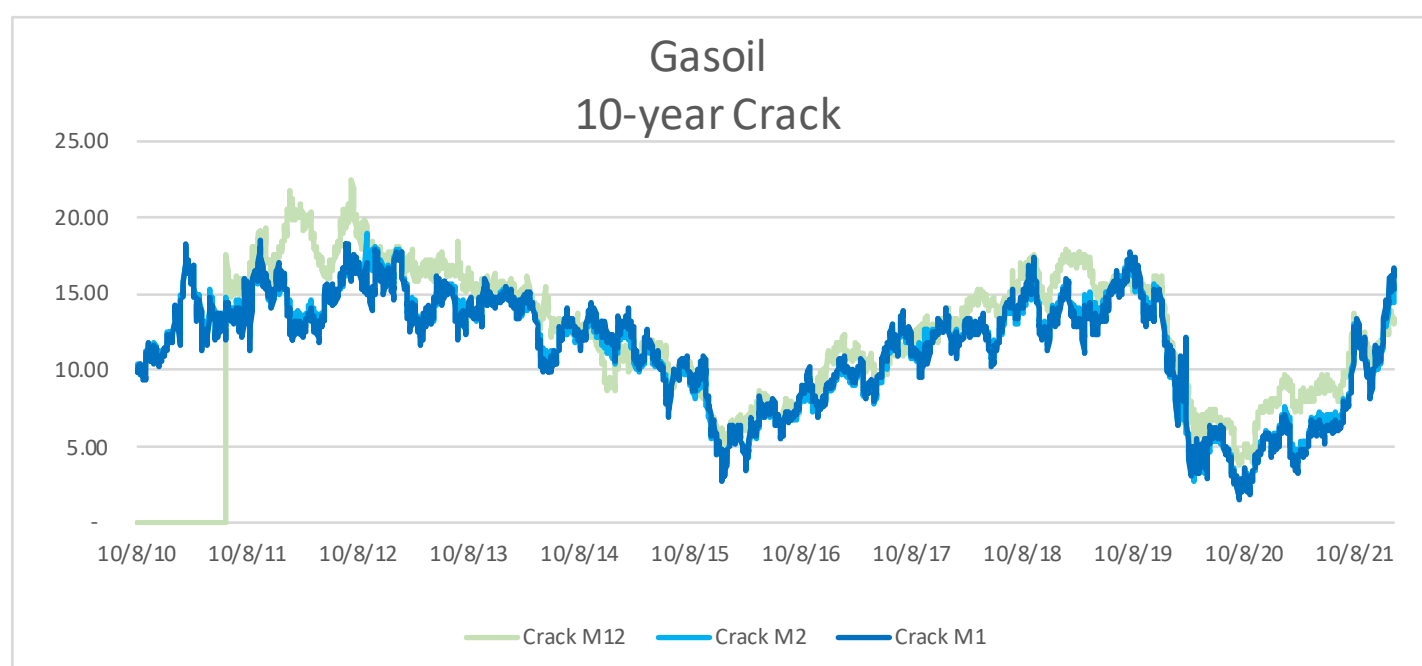
Despite price-induced demand concerns, the overall Asian gasoil market continued to remain resilient, driven by supply tightness and still-steady requirements in the region.

Gasoil Crack Distribution

	Interval		
	99%	95%	90%
Upper Limit	17.73	16.85	16.37
Lower Limit	2.16	3.47	4.48

Yesterday Crack	16.13
=>	High

Interpretation: For **long-time long positions**, it is recommended to long Brent instead of Gasoline.

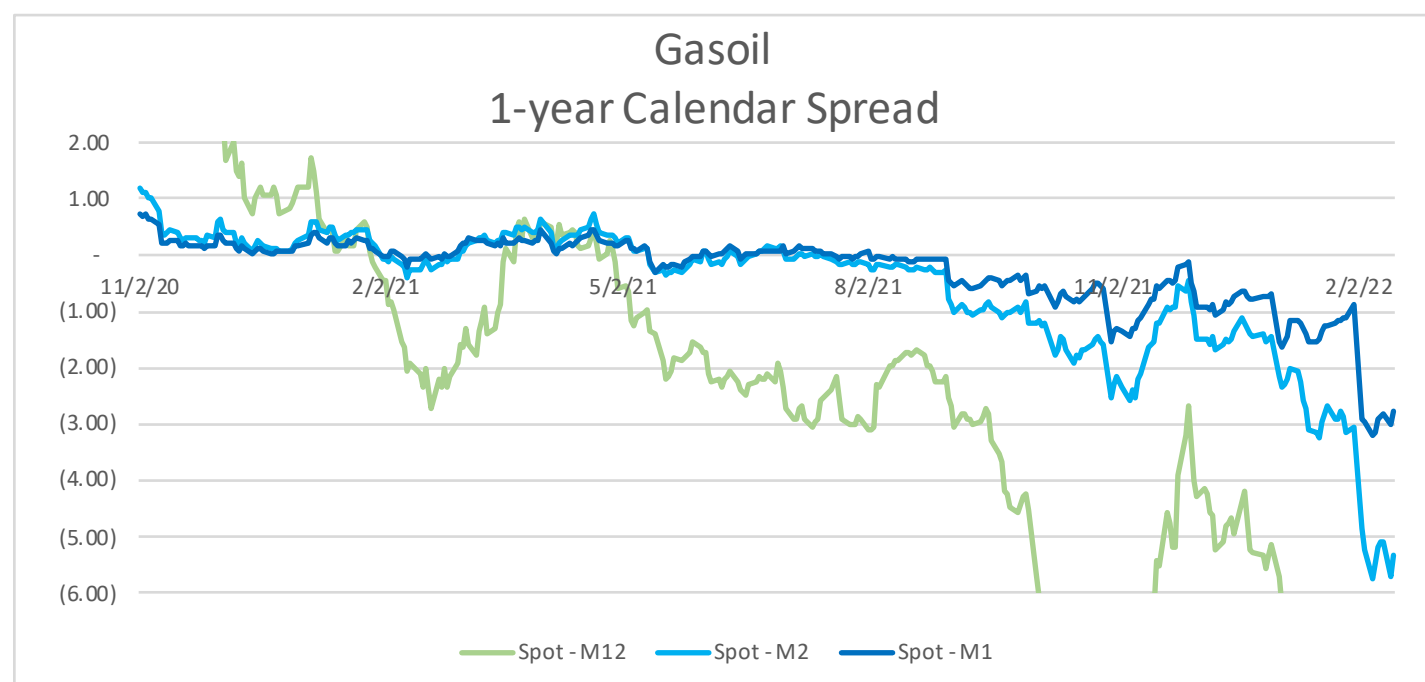
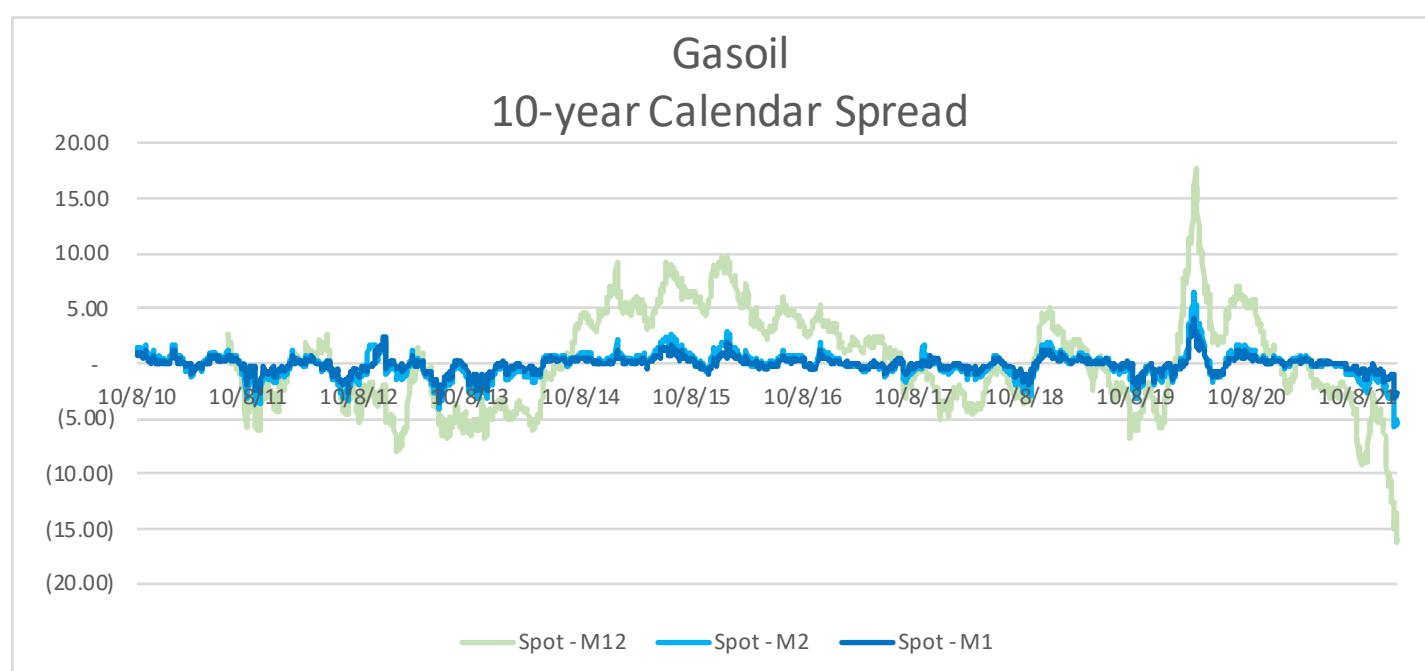


Gasoil Calendar Spread Distribution

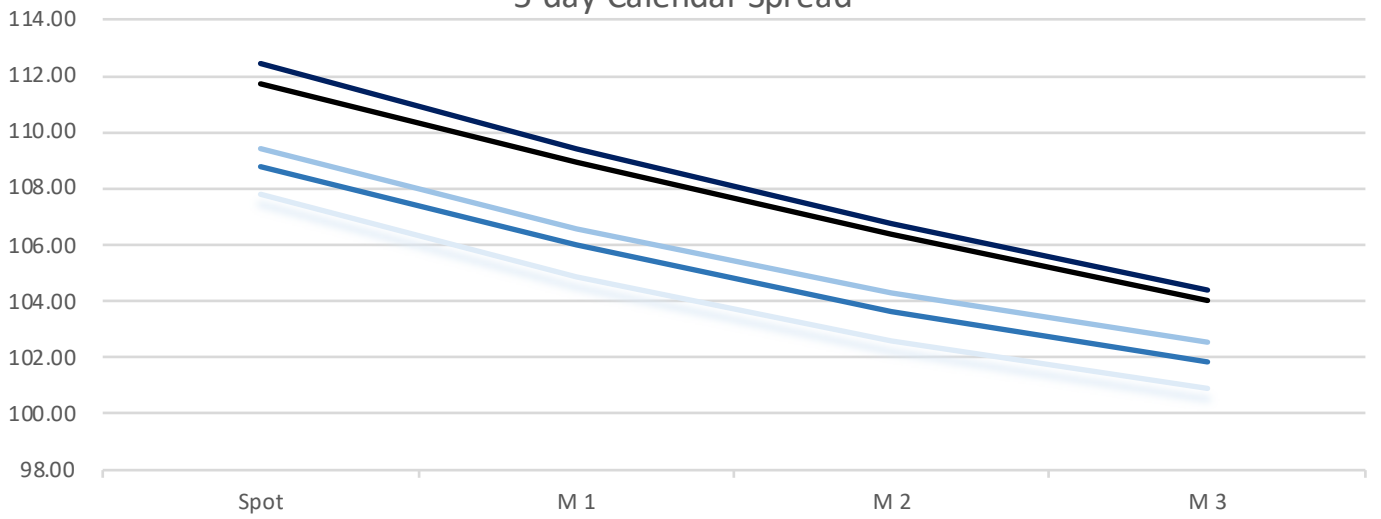
	Interval		
	99%	95%	90%
Upper Limit	2.37	1.18	0.86
Lower Limit	(2.38)	(1.79)	(1.32)

Yesterday Calendar Spread	-2.76
=>	Strong Backward

Interpretation: For **long-time long positions**, far months are recommended. For **long-time short positions**, it is recommended to open a calendar spread position beside the original position.



Gasoil 5-day Calendar Spread



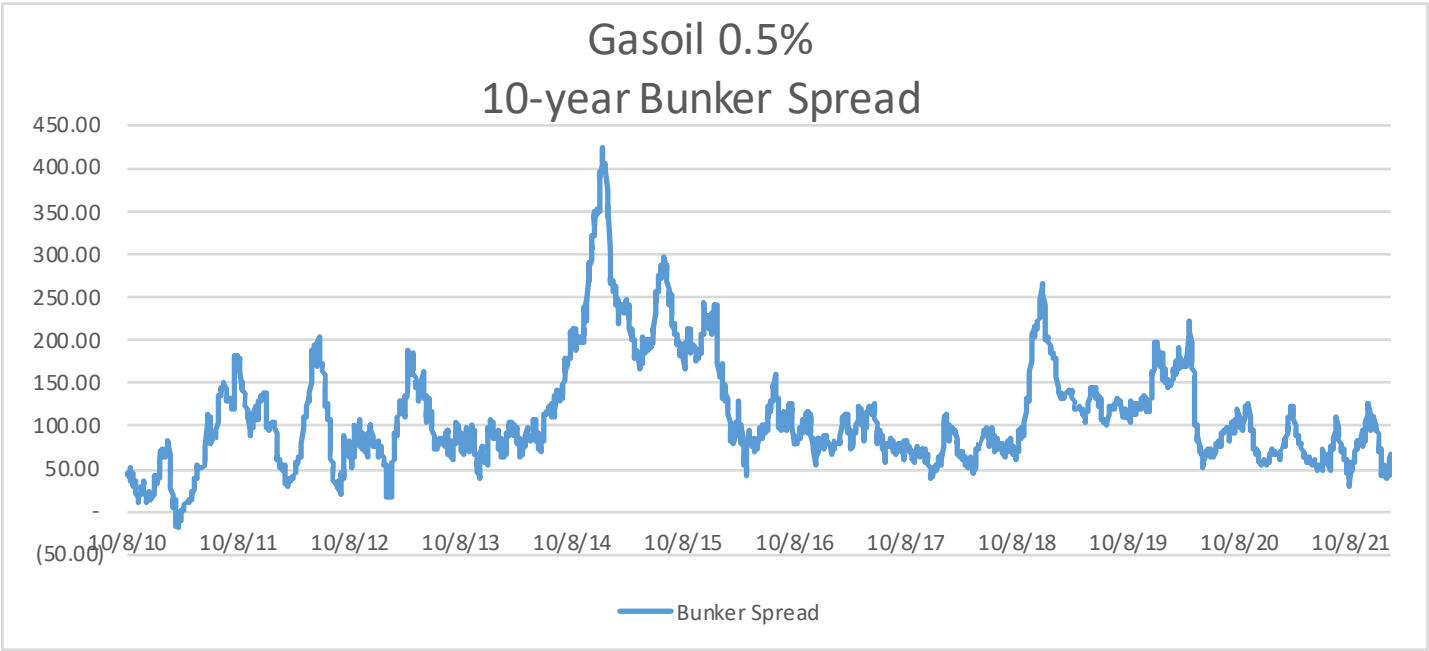
2/9/22 2/10/22 2/11/22 2/14/22 2/15/22

Gasoil Bunker Spread Distribution

	Interval		
	99%	95%	90%
Upper Limit	390.64	270.13	236.34
Lower Limit	1.22	20.23	36.84

Yesterday Sulphor Spread =>	67.76
	Normal

Interpretation:



Naphtha

	2/15/22	2/14/22
MOPAG Naphtha	840.77	839.90
MOPS Naphtha	866.25	865.25

	2/15/22	2/14/22
SWAP M 01 Naphtha	841.00	844.00
Crack Naphtha	0.62	1.14

Fujairah Weekly Oil Product Stocks:

	2/7/22	1/31/22	Change	Change %
Light Distillates	6499	6362	137	2.15%

Singapore Weekly Oil Product Stocks:

	2/9/22	2/2/22	Change	Change %
Light Distillates	14302	15730	-1428	-9.08%

Platts Market Watch:

Asian naphtha supported by tight arbitrage supply from West. The Asian naphtha market remained boosted Feb. 15 by thin Western arbitrage supply, while demand fundamentals were mixed on improving olefin margins and relatively cheaper LPG prices.

Asian end-users were tracking olefin margins closely as they gained traction over the week, potentially contributing to naphtha demand. The key CFR Northeast Asia ethylene to C+F Japan naphtha spread widened \$87.25/mt week on week to \$344.75/mt at the Asian market close Feb. 14, Platts data showed. The spread sat within the typical breakeven range of \$300-\$350/mt for non-integrated producers and could encourage steam crackers to operate at full or near full capacity, market sources said.

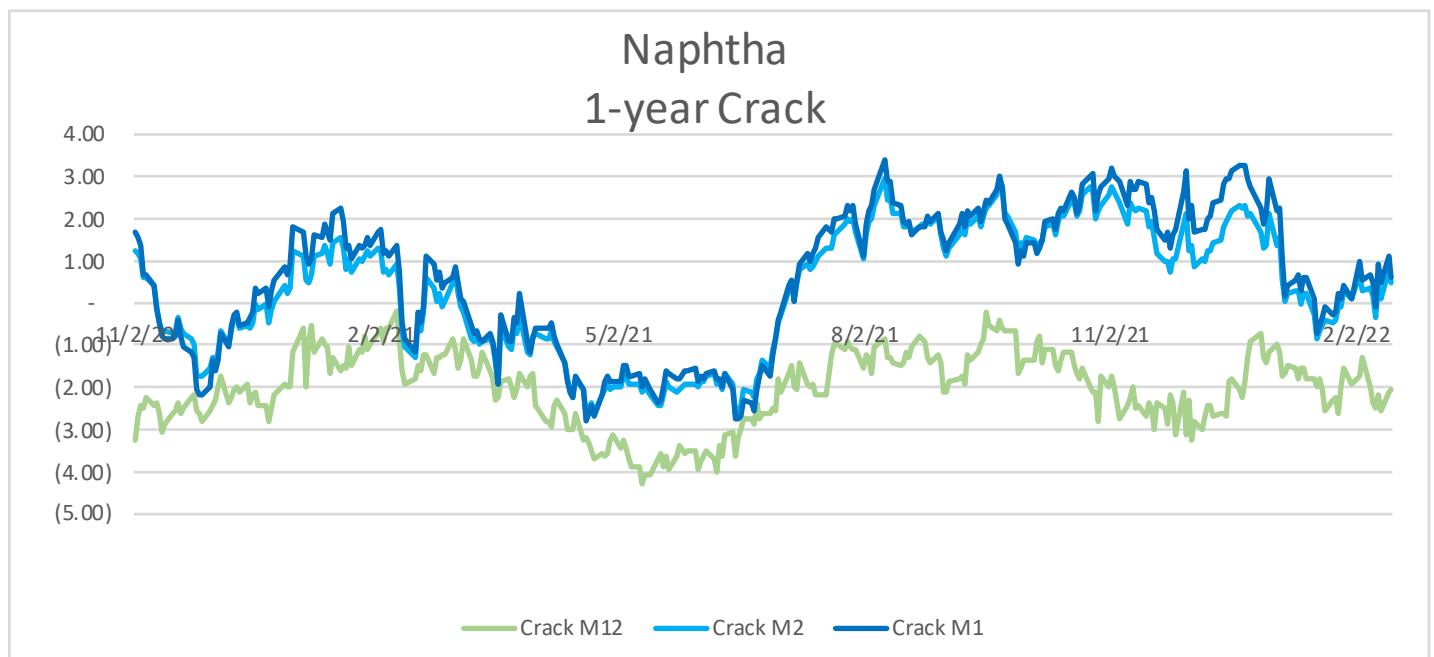
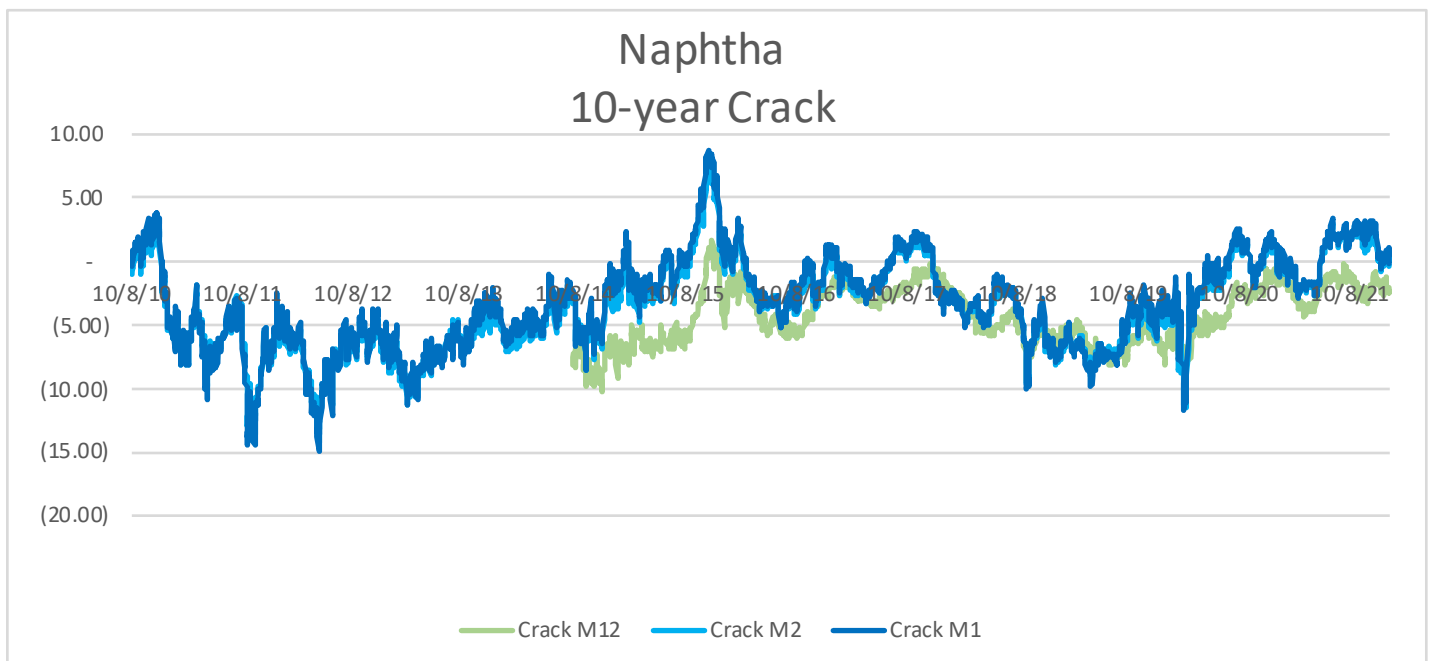
Naphtha is used mainly for gasoline blending in India, with some cargoes channeled into the petrochemical sector as feedstock for steam crackers.

Naphtha Crack Distribution

	Interval		
	99%	95%	90%
Upper Limit	7.48	2.94	2.12
Lower Limit	(13.05)	(10.46)	(8.80)

Yesterday Crack	0.62
=>	Normal

Interpretation: Normal

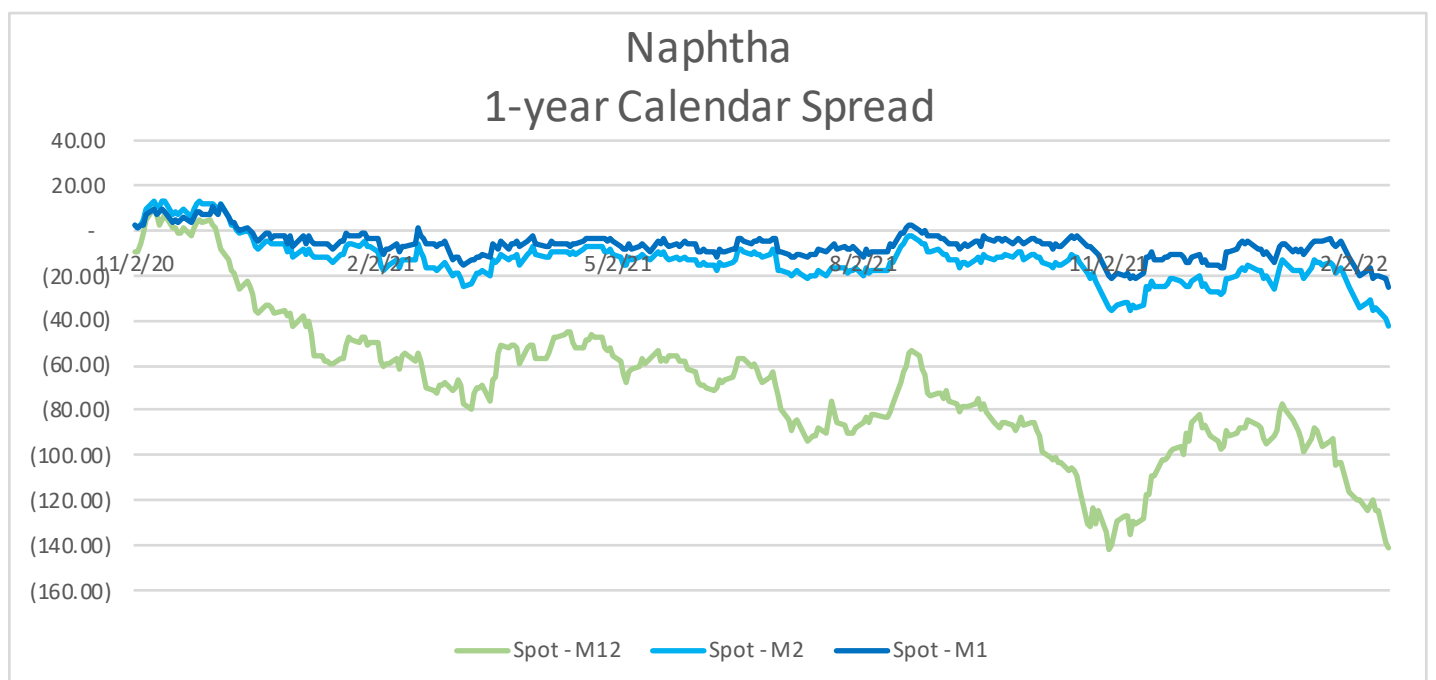
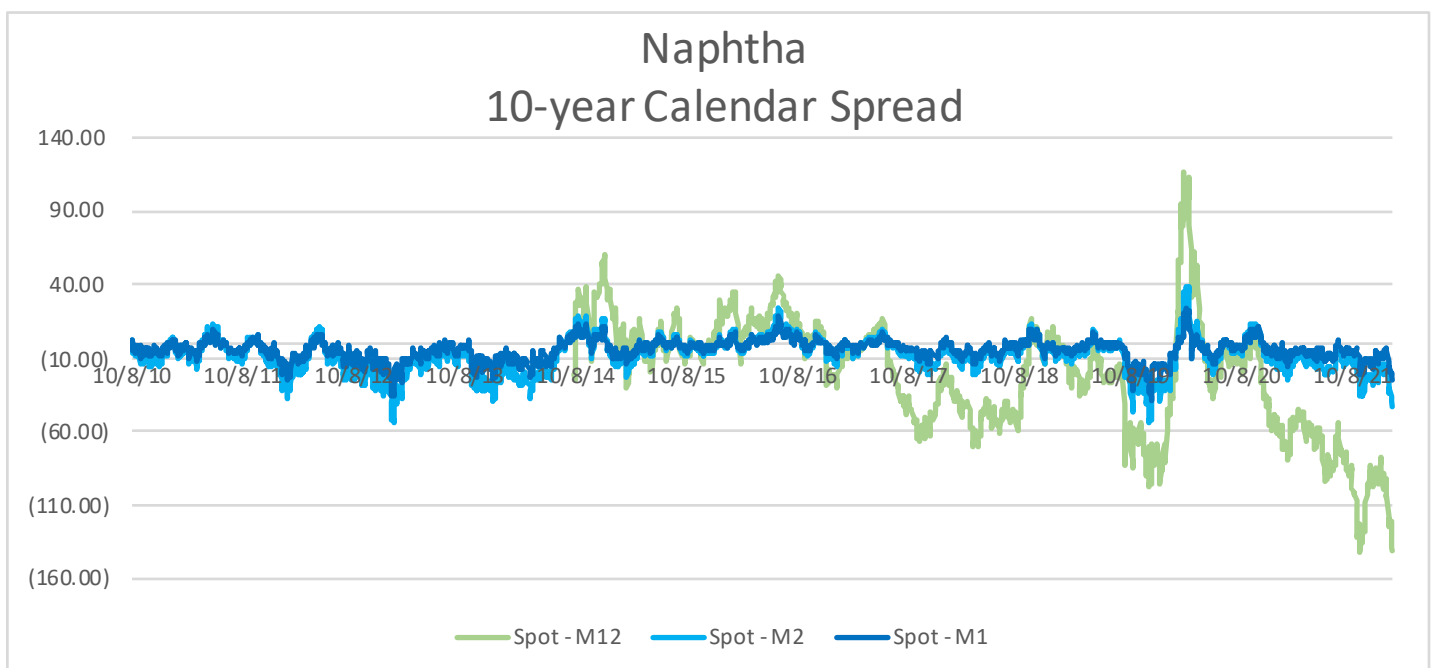


Naphtha Calendar Spread Distribution

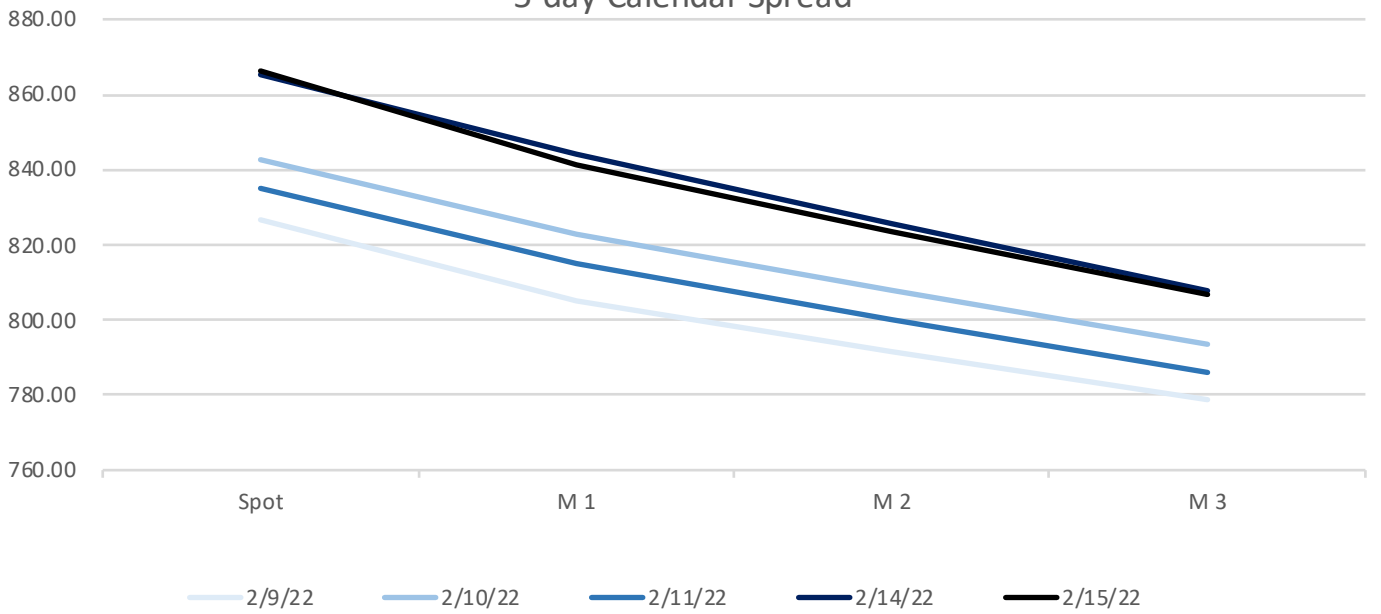
	Interval		
	99%	95%	90%
Upper Limit	13.68	7.84	6.00
Lower Limit	(27.41)	(19.97)	(17.50)

Yesterday Calendar Spread	-25.25
=>	Backward

Interpretation: For **long-time long positions**, far months are recommended. For **long-time short positions**, it is recommended to open a calendar spread position beside the original position.



Naphtha 5-day Calendar Spread



Gasoline

	2/15/22	2/14/22
MOPAG Gasoline	107.21	107.61
MOPS Gasoline	109.89	110.29

	2/15/22	2/14/22
SWAP M 01 Gasoline	107.90	108.40
Crack Gasoline	15.08	15.76

Fujairah Weekly Oil Product Stocks:

	2/7/22	1/31/22	Change	Change %
Light Distillates	6499	6362	137	2.15%

Singapore Weekly Oil Product Stocks:

	2/9/22	2/2/22	Change	Change %
Light Distillates	14302	15730	-1428	-9.08%

Platts Market Watch:

The Asian gasoline market is expected to strengthen due to bullish sentiment ahead of the Muslim holy month of Ramadan and easing pandemic-related restrictions in regional economies.

The physical FOB Singapore 92 RON gasoline crack against the front month ICE Brent crude futures was pegged notionally between \$14.90/b and \$14.95/b, down from \$15.73/b Feb. 14, but still above the Feb. 3-14 average of \$14.33/b, Platts data showed.

The Asian gasoline swap crack spread reached a six-year high Feb. 14 as a recovery in regional demand and a continuing drawdown in global oil inventories injected renewed strength into the gasoline market.

Market sources said gasoline demand was expected to be buoyed through the second half of February by further recovery in regional demand as activities ramp up after the Lunar New Year holiday in anticipation of an earlier Ramadan period this year.

Healthy demand was also seen in India as COVID-19 restrictions eased, sources said.

Indonesia has also loosened its mandatory quarantine requirements for inbound travelers, who have received three vaccination doses, to three months days from the previously enforced five-day quarantine, local media reported.

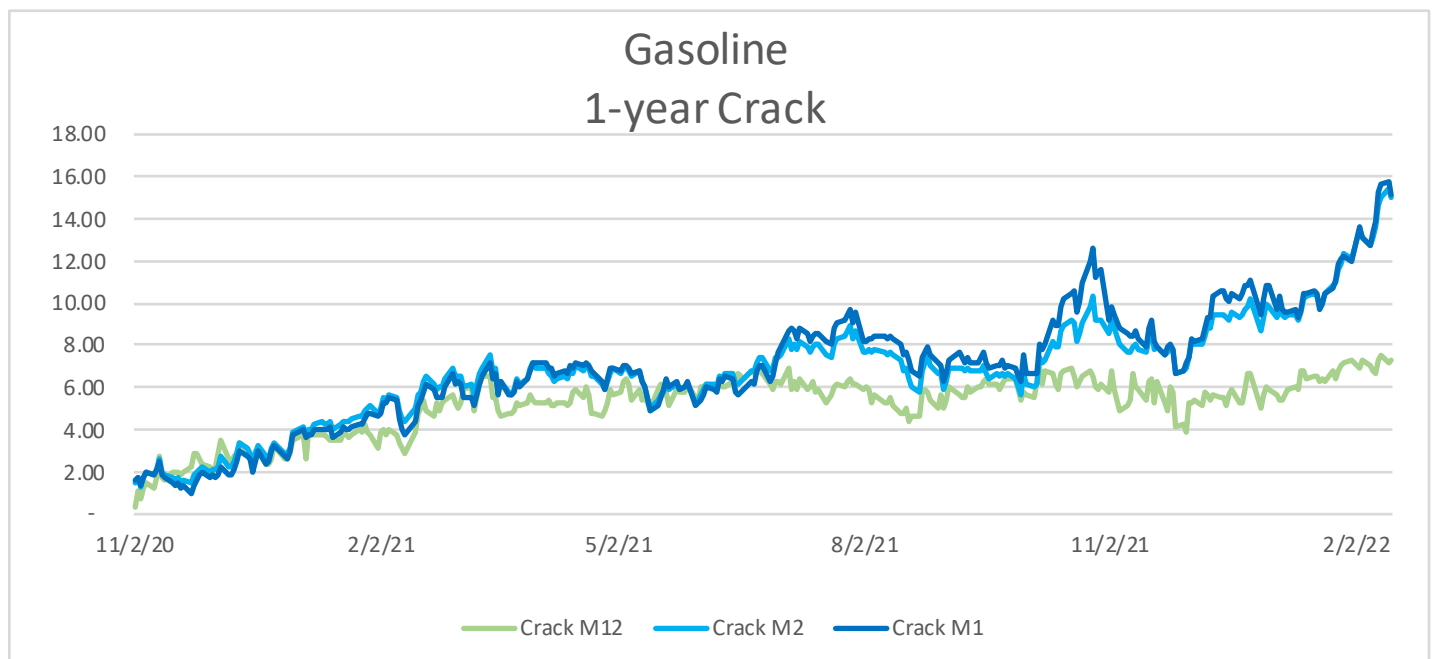
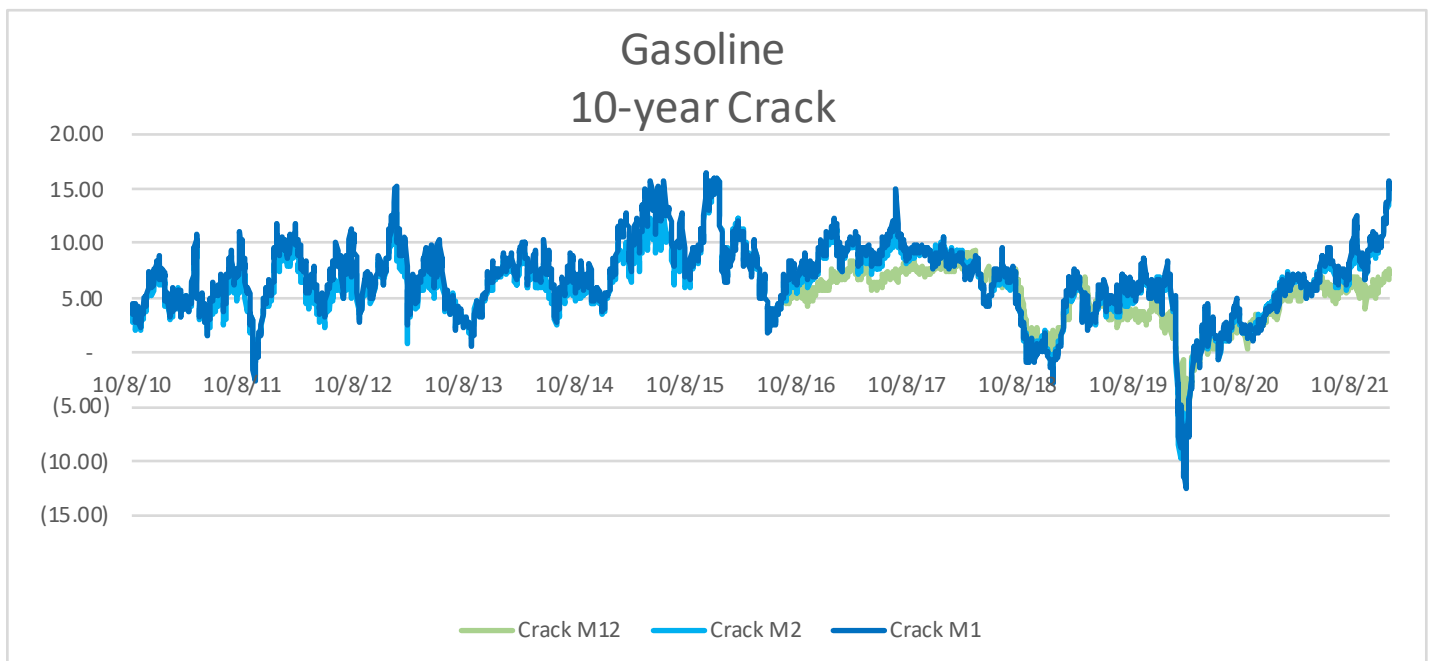
The move comes as Indonesian COVID-19 fatality rates remain under control, despite a rise in infections, as per media reports.

Gasoline Crack Distribution

	Interval		
	99%	95%	90%
Upper Limit	15.56	13.38	11.74
Lower Limit	(6.90)	(0.45)	0.74

Yesterday Crack	15.08
=>	Very High

Interpretation: For **long-time long positions**, it is recommended to long Brent instead of Gasoline.

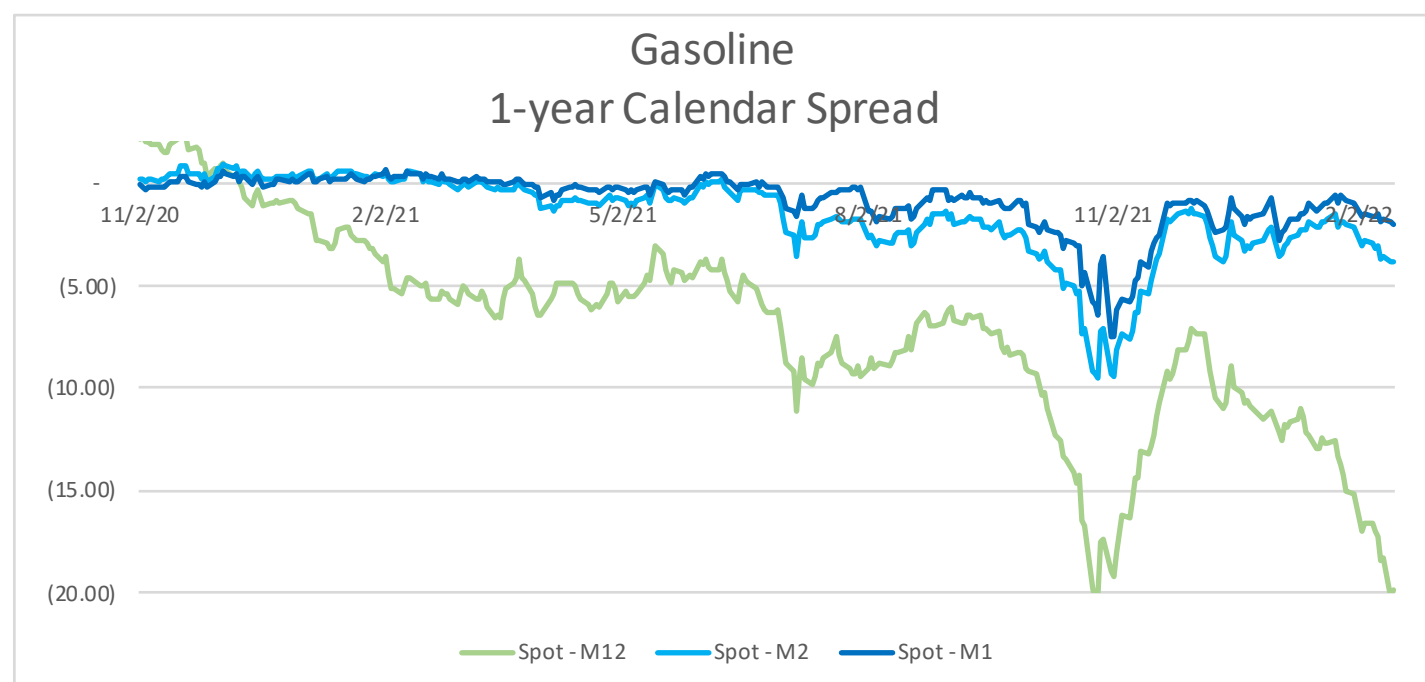
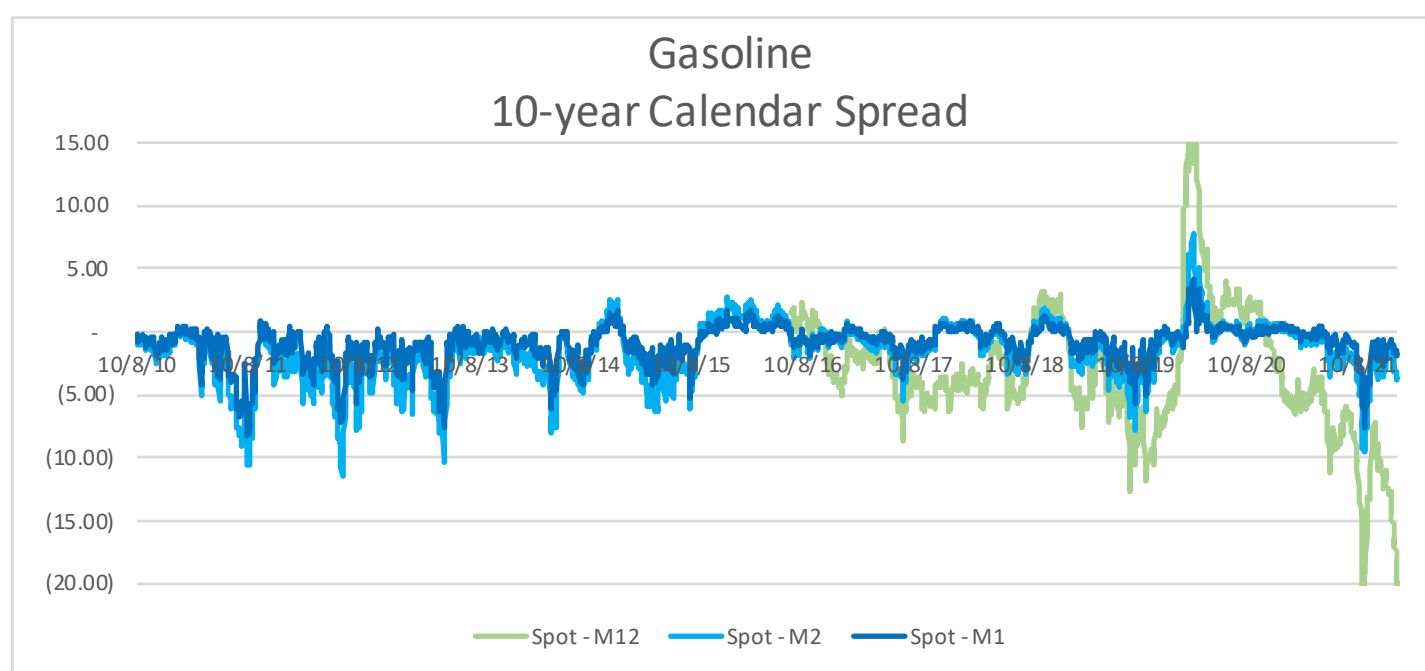


Gasoline Calendar Spread Distribution

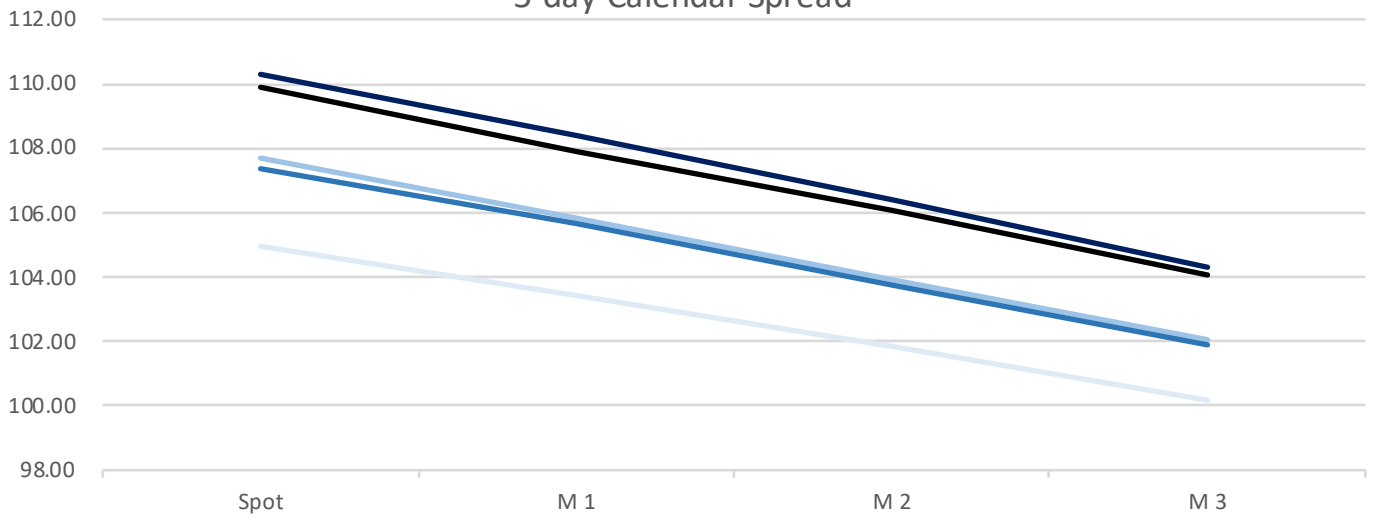
	Interval		
	99%	95%	90%
Upper Limit	2.80	1.07	0.75
Lower Limit	(6.78)	(5.09)	(3.81)

Yesterday Calendar Spread	-1.99
=>	Backward

Interpretation: Normal Backward



Gasoline 5-day Calendar Spread



2/9/22 2/10/22 2/11/22 2/14/22 2/15/22