

OPIS Europe Jet, Diesel & Gasoil Report

Essential Intelligence on Europe's Cargo-Driven Distillates Market

Friday, 7 April, 2017

Jet Fuel Prices (\$/mt)

Location	Spot Diff (LS Gasoil)	Change	Outright	Change	Low	High	Current Cal Month Avg	Prior Cal Month Avg
Barge Fob	29.00	2.75	516.750	7.25	516.25	517.25	507.400	489.638
NWE Cargo Fob	22.00	0.25	509.750	4.75	509.25	510.25	502.150	483.326
NWE Cargo Cif	33.00	0.25	520.750	4.75	520.25	521.25	513.150	494.326
Med Cargo Fob	18.00	0.25	505.750	4.75	505.25	506.25	498.150	480.177

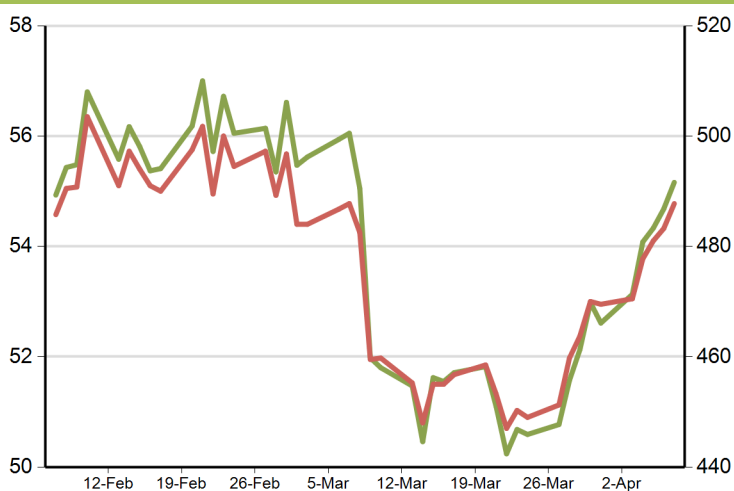
Diesel (ULSD) Prices (\$/mt)

Location	Spot Diff (LS Gasoil)	Change	Outright	Change	Low	High	Current Cal Month Avg	Prior Cal Month Avg
Barge Fob	-1.15	-0.07	486.600	4.43	486.10	487.10	479.185	462.908
NWE Cargo Fob	-7.37	0.14	480.385	4.63	479.89	480.89	472.377	456.451
NWE Cargo Cif	5.14	0.14	492.885	4.63	492.38	493.38	484.877	468.951
Baltic Cargo Fob	-11.82	0.20	475.925	4.70	475.43	476.43	467.887	452.960
Med Cargo Fob	-6.75	-1.00	481.000	3.50	480.50	481.50	473.450	456.733
Med Cargo Cif	6.75	-1.00	494.500	3.50	494.00	495.00	486.950	470.233

Gasoil Prices (\$/mt)

Location	Spot Diff (LS Gasoil)	Change	Outright	Change	Low	High	Current Cal Month Avg	Prior Cal Month Avg
Barge Fob 0.1%	-10.25	0.75	477.500	5.25	477.00	478.00	469.800	455.358
NWE Cargo Fob	-21.00	-0.50	466.750	4.00	466.25	467.25	459.550	447.707
NWE Cargo Cif	-8.50	-0.50	479.250	4.00	478.75	479.75	472.050	460.207
Med Cargo Fob	-17.00	0.00	470.750	4.50	470.25	471.25	462.200	448.859
Med Cargo Cif	-3.50	0.00	484.250	4.50	483.75	484.75	475.700	462.359
50ppm Barge Fob	-1.75	0.00	486.000	4.50	485.50	486.50	477.650	461.766

ICE Brent and LS Gasoil Futures at 16:30 London



Brent (\$/bbl)	55.16
LS Gasoil (\$/mt)	487.75

Jet FOB Barge Diffs Jump on Friday Trades

Jet fuel FOB barge differentials jumped almost \$3/metric ton to \$29/ton Friday, after three barge cargoes were traded on the electronic screen Friday afternoon, according to brokers.

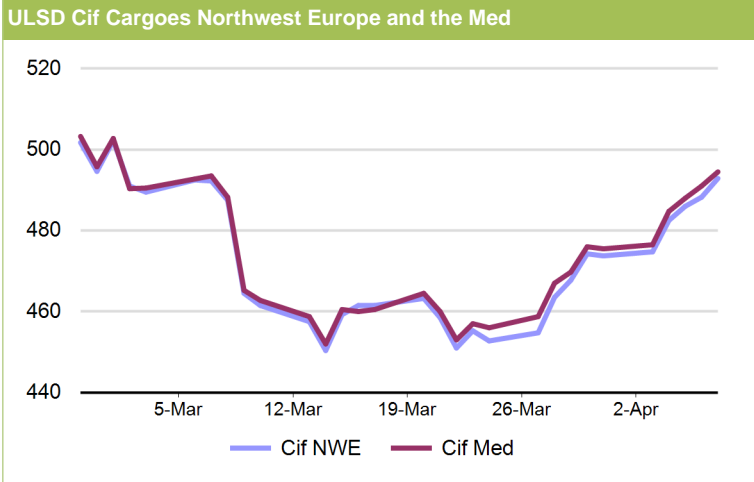
That's the most number of trades on the screen in a single session since March 24, broker data show.

The trades occurred despite jet stocks held in independent storage in the Amsterdam-Rotterdam-Antwerp area rising by nearly 12% in the week to April 6, according to Dutch consultancy PJK International (see story below).

Brent front month futures were moving in a \$0.50/bbl range this afternoon, although they were up by around 48 cents from yesterday by the 4:30 p.m. marker, lifting outright distillate prices higher also.

No trades in the jet CIF market were disclosed, but there was plenty of buy-side interest from STR with three bids, and one from BP also. Noble showed two offers, and CIF diffs edged up 25 cents on the day to \$33/ton over April low sulfur

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gasoil futures.

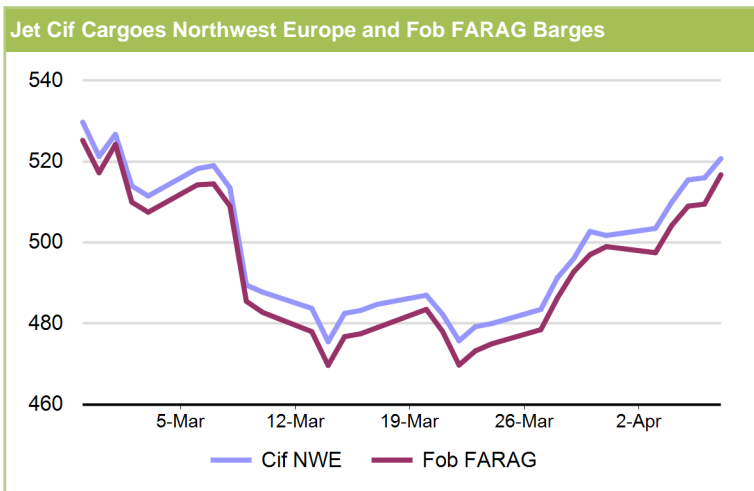
Fresh fixtures from Friday shipbroker reports brought news of another 180,000 tons of aviation fuel that could swell the influx coming into Europe over the next four weeks.

Shell was heard chartering the Alpine Legend to load 40,000 tons at New Mangalore around April 16 for discharge to an unspecified West of Suez port. The Alpine Legend was said to have been chartered for \$875,000.

The Eagle Express was also said to be chartered by Shell, again with a 40,000-ton jet cargo from New Mangalore around mid-April. The Eagle Express has West and East of Suez discharge options.

The Nave Rigel is due to load 60,000 tons of jet from South Korean around April 20, and is chartered for Singapore and other unspecified options.

Meanwhile, the Alpine Madeleine, which loaded 40,000 tons at Jubail for Total and was signalling for the Mediterranean, is now signalling for Helguvik, Iceland.



Diesel Buying Interest Heats Up On Tighter Cargo Availability

Buying interest for diesel cargoes in northwest Europe and the Mediterranean maintained yesterday's pace, with a Vitol offer for a 30,000 ton cargo on April 17-21 dates basis Le Havre finding trading interest from Glencore at April swaps minus \$0.75/mt.

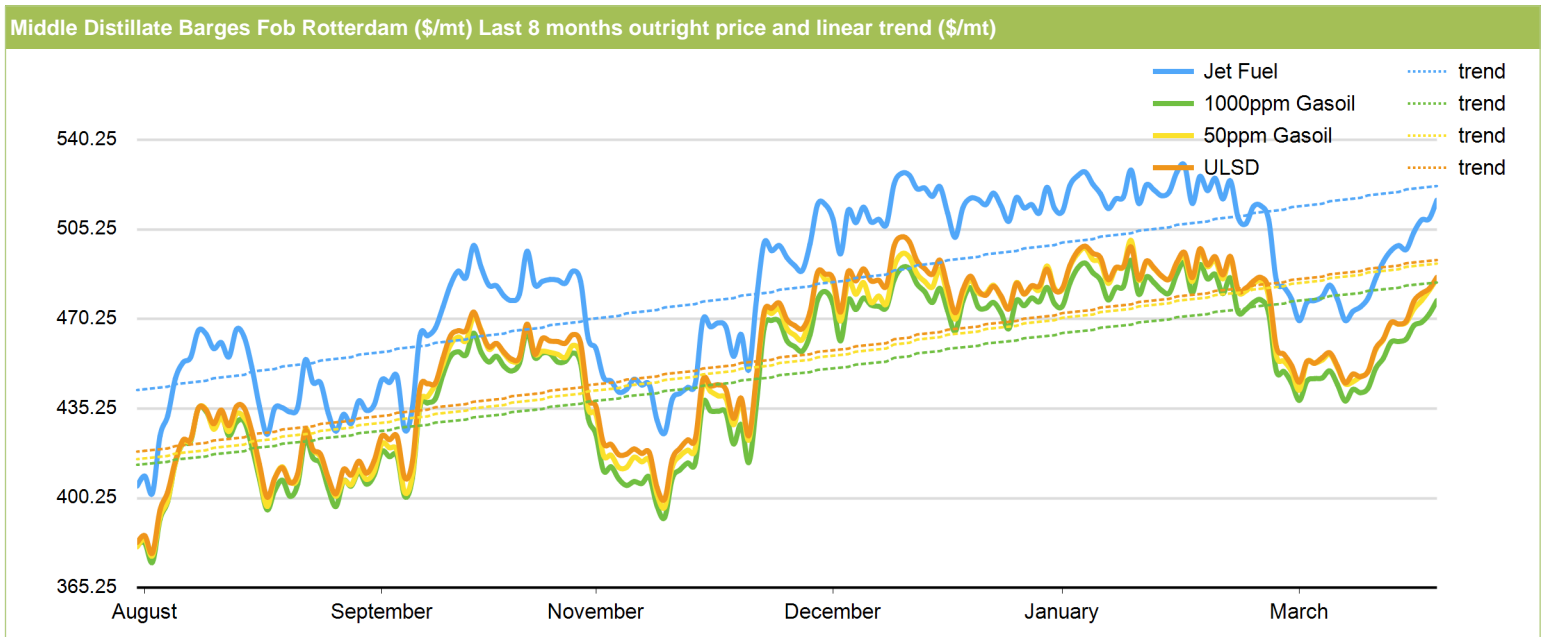
Several bids across a number of Mediterranean ports failed to find selling interest, with outright prices assessed at their highest level since the beginning of March at \$494.50/mt.

The end of the first quarter is typically a weaker time for diesel prices, as stocks have built during a period of lower

OPIS Freight Assessment \$/mt

Augusta – Rotterdam (30kt)	15.00
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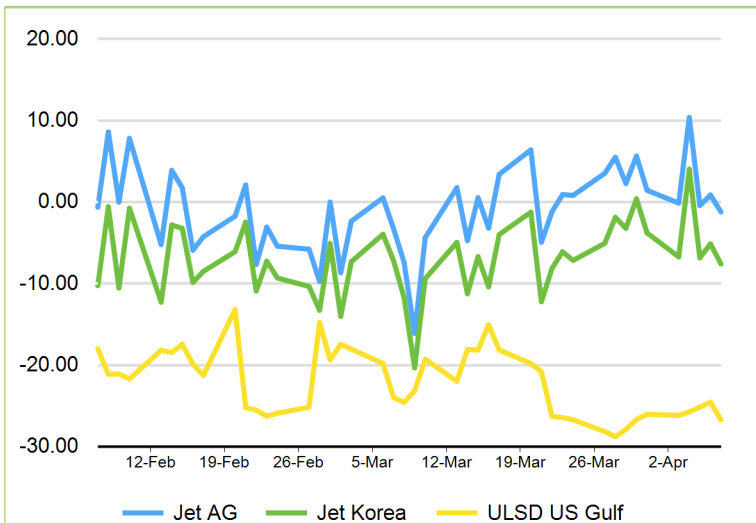


500ppm Gasoil vs ICE LS Gasoil Futures (EFS)

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	FOB Sing Gasoil	LS Gasoil M+1	Difference	Change	30-day average
Apr	487.23	493.25	-6.02	-3.77	-1.651
May	486.11	494.25	-8.14	-3.67	-3.398

Jet and Diesel Indicative Arbitrage to NWE



From	Fob value	Freight (last done)	Forward Value NWE	Spread	Time Stamp
Jet Fob AG (LR2)	505.91	16.94	521.64	-1.21	09:30
Jet Korea (LR2)	512.85	17.78	523.03	-7.60	09:30
ULSD US Gulf (MR)	500.10	19.48	492.88	-26.70	16:30

demand and refineries have emerged from seasonal turnarounds, but a shift in market structure on rising crude prices and a sudden lack of prompt cargo availability due to closed arbs is assisting a sharp climb for diesel prices in the second quarter.

The situation has also been exacerbated in the Mediterranean by maintenance at the Tuapse refinery which is expected to commence later this month, as well as poor weather in the Black Sea which has hampered loadings in and out of ports in the region.

Rising prices in Europe has meant the economics to bring cargoes of diesel from the Middle East into Europe appeared to be more workable according to OPIS calculations, with lower freight costs and ample Asian supplies contributing to the improved arbitrage.

However, with stocks remaining relatively high and spot demand for smaller volumes being fulfilled by Baltic and Black Sea exports as well as a trickle of cargoes arriving from the U.S. Gulf, it appears there is little appetite to fix larger cargoes from the East.

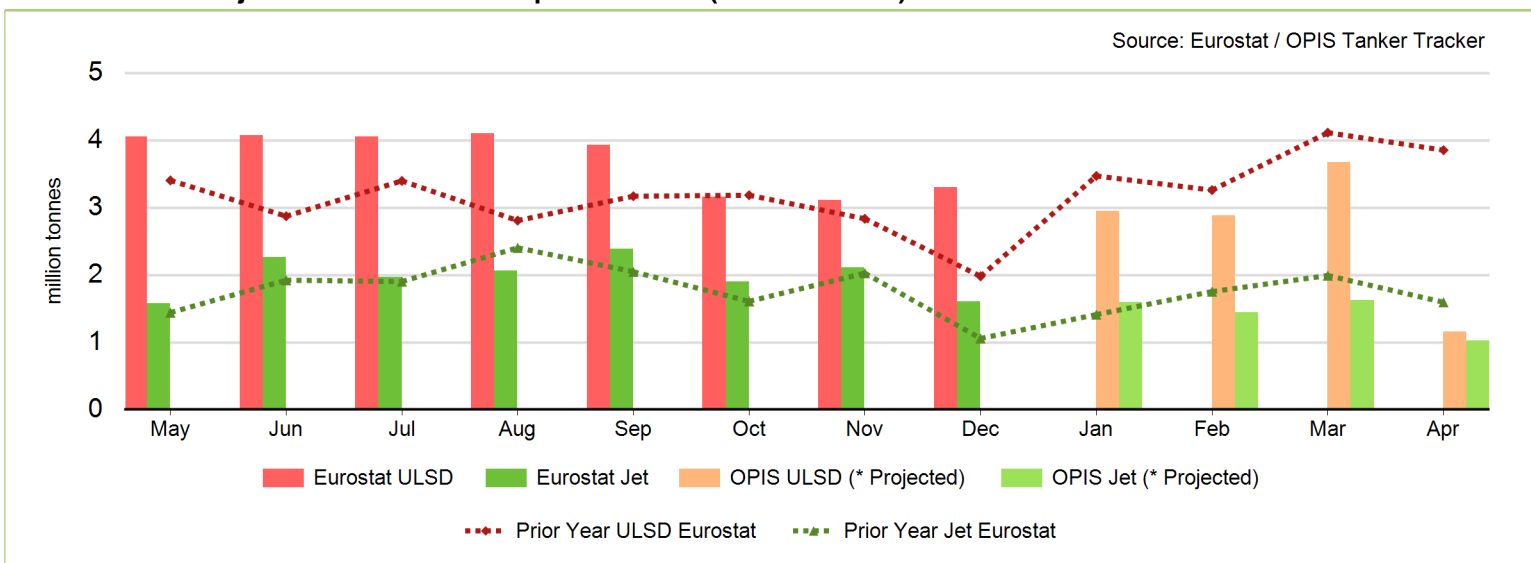
There was a flurry of fresh fixtures for clean cargoes exported from the U.S. Gulf that had the potential to head to northwest Europe according to shipbrokers, joining several vessels chartered last week.

The TC14 rate which is used to calculate clean refined product freight costs had risen during the latter half of the week, in line with an uptick in enquiries reported by shipbrokers. Freight was calculated by the Baltic Exchange at the equivalent of \$19.48/mt on Friday, around \$1.50/mt higher than the start of the week.

The Star Falcon, Hafnia Leo, STI Duchess and the Turmoil

(Continued on Page 4)

Historical and Projected Jet and ULSD Imports into EU (million tonnes)



Month	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan*	Feb*	Mar*	Apr*
ULSD	4.058	4.069	4.055	4.106	3.930	3.162	3.112	3.303	2.953	2.881	3.669	1.158
Jet	1.581	2.260	1.969	2.062	2.387	1.905	2.108	1.603	1.593	1.444	1.625	1.028

OPIS Worldwide Outright Jet and ULSD Prices (\$/mt)

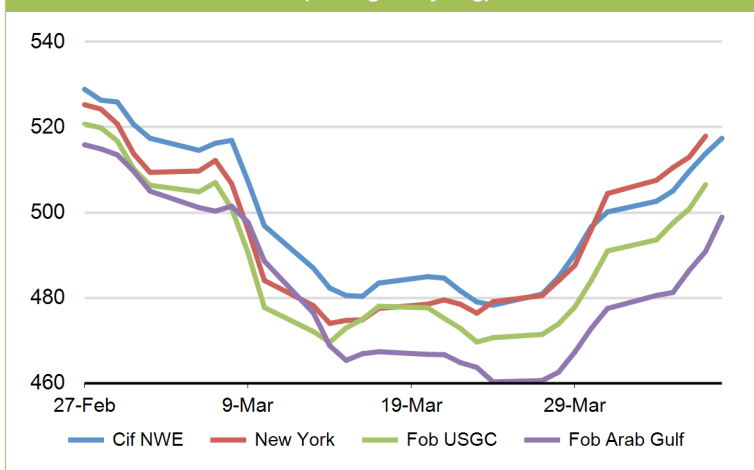
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Location	Outright	Change	Date and London Time	3-day avg
Jet Cif NWE	520.75	4.75	7 Apr 16:30	517.417
Jet Fob Med	505.75	4.75	7 Apr 16:30	502.417
Jet Fob AG (LR1)	503.70	6.79	7 Apr 09:30	498.937
Jet Fob Singapore	514.27	6.79	7 Apr 09:30	509.510
Jet Fob Korea	512.85	7.02	7 Apr 09:30	507.958
Jet GC Close	509.89	4.19	6 Apr 22:15	506.553
ULSD Cif NWE	492.88	4.63	7 Apr 16:30	489.045
ULSD Cif Med	494.50	3.50	7 Apr 16:30	491.167
ULSD GC Close	496.12	2.71	6 Apr 22:15	493.358
Gasoil 500ppm Sing	487.08	6.48	7 Apr 09:30	482.686

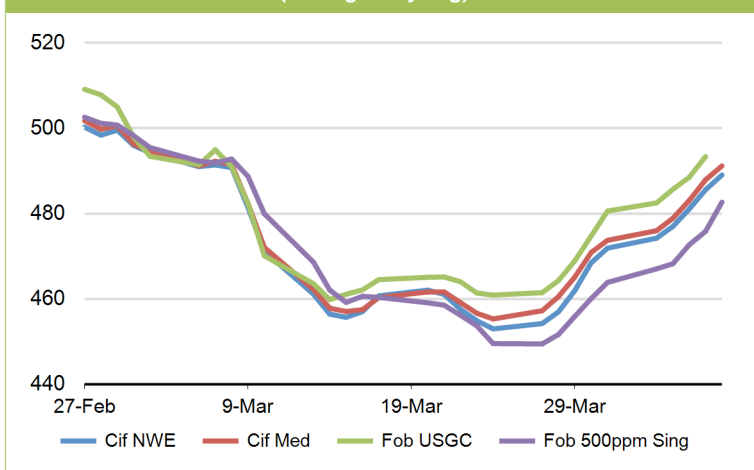
OPIS Ticking Price Derived

Location	Outright	Change	Net CIF NWE	Date and London Time	3-day avg
Jet NYH Ticker	526.10	6.76	5.35	7 Apr 16:30	521.128
Jet GC Ticker	514.50	5.93	-6.25	7 Apr 16:30	510.358
ULSD GC Ticker	499.58	5.76	6.69	7 Apr 16:30	495.196

International Jet Fuel Prices (trailing 3-day avg)



International ULSD Prices (trailing 3-day avg)



were all heard to be on subjects to load 38,000 tons of refined products during the day, with possible discharge options into Europe.

This brings the total to around 500,000 tons from the U.S. Gulf chartered this week according to OPIS tanker tracking, although it is not yet clear if all of these cargoes will carry ultra-low sulfur diesel and head to Europe, with several of the vessels retaining options to discharge in Latin America and elsewhere.

There were no indications offered into the newly launched OPIS450 screen for DMA barges during the day, following an offer posted by Starfuels on behalf of Gunvor for a 3,000 ton barge on Thursday afternoon at April low sulfur gasoil futures minus \$22/mt.

Baltic-loading vessels in April for ULSD include:

- Seapike, 40kt, Surgut – Primorsk, April 20
- Seamarlin, 30kt, Surgut – Primorsk, April 16
- Seamullet, 30kt, Mabanaf – Primorsk, April 16
- Sealing, 30kt, Primorsk, April 14
- Seabass, 30kt, ST Shipping – Primorsk, April 14
- Furevik, 30kt, Surgut – Primorsk, April 13
- Byzantion, 30kt, Trafigura – Tuapse, April 13
- Seahake, 30kt, Surgut – Primorsk, April 13
- British Cumulus, 30kt, Totsa – Primorsk, April 11
- STI Action, 30kt, Rosneft – Primorsk, April 11
- Dong A Thetis, 90kt, Vitol – Ventspils, April 11
- Minerva Aries, 90kt, Vitol – Ventspils, April 11
- Aurelia, 22kt, Surgut – Primorsk, April 10
- Amphitrite, 30kt, Pontos – Tuapse, April 9
- Seasprat, 30kt, Surgut – Primorsk, April 9
- Seychelles Progress, 30kt, Surgut – Primorsk, April 9
- Seapike, 30kt, Surgut – Primorsk, April 8
- Baltic Commander I, 30kt, Lukoil – Primorsk, April 8
- Andromeda, 27kt, Lukoil – Novorossiysk, April 7
- Searay, 30kt, Lukoil – Vysotsk, April 7
- CPO Italy, 35kt, TAIF-NK – Primorsk, April 7
- Seaturbot, 30kt, Rosneft – Primorsk, April 7
- Dong A Maia, 90kt, Vitol – Ventspils, Apr 5
- STI Poplar, 30kt, Lukoil – Novorossiysk, April 5
- STI Commandante, 30kt, TAIF-NK – Primorsk, April 5
- Baltic Advance, 34kt, Lukoil – Vysotsk, April 4
- Seatrout, 30kt, Surgut – Primorsk, April 4
- Seychelles Prelude, 40kt, TAIF-NK – Primorsk, April 3
- Seamarlin, 30kt, Gazprom – Primorsk, April 3
- Gea, 30kt, Pontos – Tuapse, April 1
- Sealing, 30kt, Lukoil – Primorsk, April 1
- Baltic Mariner I, 30kt, Antipinsky – Primorsk, April 1
- Aurelia, 22kt, Surgut – Primorsk, April 1

Jet Stocks Rise in Europe's Main Inventory Hub

Jet stocks held in independent storage in the Amsterdam-Rotterdam-Antwerp area rose in the week to April 6, according to Dutch consultancy PJK International.

Jet stocks in the ARA rose by 570,000 bbl, or 11.7%, over the week to 5.4 million bbl, said a spokesman for PJK.

The gain in jet stocks reversed the previous week's

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Distillate differential and outright swaps at 16:30

Location	Jet NWE Cargo Swap	Jet NWE Cargo Forward	Jet Barge Swap	Jet Barge Forward	ULSD NWE Cargo Swap	ULSD NWE Cargo Forward	ULSD Barge Swap	ULSD Barge Forward
April	32.63	521.64	-4.50	517.14	4.75	493.76	-1.25	487.76
May	33.13	523.03	-2.75	520.28	4.25	494.15	-1.13	488.78
Quarter 3	35.00	529.85	-2.75	527.10	4.13	498.98	-1.88	492.98
Quarter 4	35.50	534.19	-2.75	531.44	4.25	502.94	-1.00	497.69

Location	Gasoil NWE Cargo Swap	Gasoil NWE Cargo Forward	Gasoil Barge Swap	Gasoil Barge Forward	Gasoil Med Cargo Swap	Gasoil Med Cargo Forward	ULSD Med Cargo Swap	ULSD Med Cargo Forward
April	-5.25	483.76	-10.00	479.01	-4.00	485.01	6.75	495.76
May	-5.25	484.65	-10.00	479.90	-3.63	486.28	6.00	495.90
Quarter 3	-4.25	490.60	-11.75	483.10	-4.25	490.60	5.75	500.60
Quarter 4	-4.25	494.44	-11.75	486.94	-4.25	494.44	5.50	504.19

ICE Brent and LS Gasoil (ULSD) Futures at 16:30

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Product	Apr	May	Jun	Jul
Brent (\$/bbl)	-- --	-- --	55.16	55.44
Spread	-- --	-- --	-- --	0.28
Change	-- --	-- --	0.48	0.46
LS Gasoil (\$/mt)	487.75	489.25	490.25	491.75
Spread	-- --	1.50	1.00	1.50
Change	4.50	4.50	4.00	4.00

Analyst Forecasts for Future Brent Crude Prices

Analyst	Brent /bbl	Period	Stamp*
BNP Paribas	57.00	Q2	Mar
Barclays	60.00	Q2	Mar
JBC Energy	50.50	Q1	Dec
DnB NOR	60.00	Q2	Mar
Energy Aspects	59.00	Q1	Dec
Societe General	52.50	Q1	Dec

drawdown, which was the result of four cargoes being diverted after previously signaling for the port of Rotterdam.

Jet stocks in the ARA are currently 330,000 bbl, or 6.5%, higher than the same time last month but 11.3% lower than the same time last year. Jet stocks are 1.45 million bbl, or 36.7%, higher compared to the five-year average.

Combined diesel and gasoil stocks in the ARA were little changed for a second consecutive week, falling by 190,000 bbl to 24.33 million bbl.

Diesel was tracked coming into the ARA from the U.S., said a spokesman for PJK, but volumes from the Baltics were very thin, he added.

"There is still a contango market structure," said the spokesman, "but under the influence of Brent crude this market structure is weakening. Demand in hinterland markets is gradually improving, absorbing some barges."

Diesel and gasoil stocks in the ARA are 2.68 million bbl, or 12.4%, higher than four weeks ago but 6.2% lower than the same time last year. Diesel and gasoil stocks are 5.52 million bbl, or 29.4%, higher compared with the five-year average.

West Texas, Brent Spread to Remain Weak: BNP Paribas

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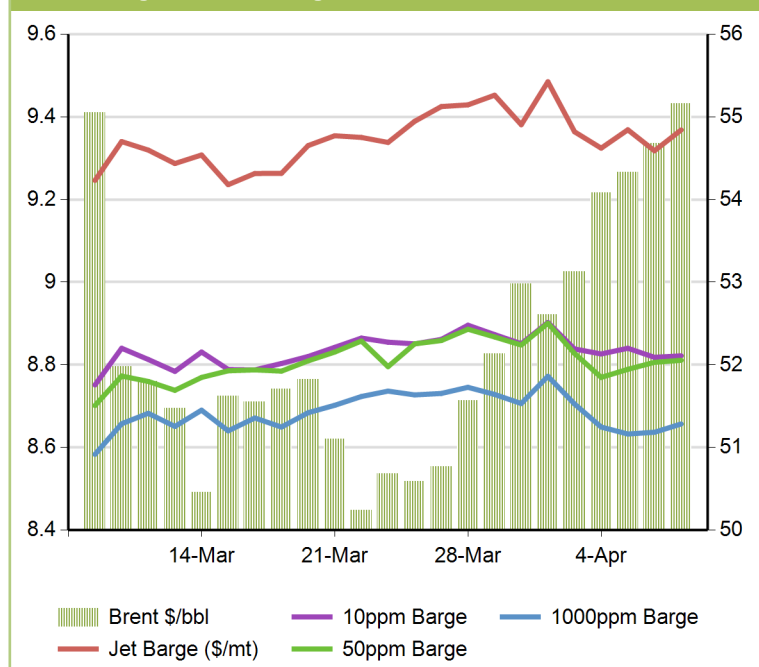
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Clean jet prices and carbon futures \$/mt

Location	Clean spread	Outright Clean Jet	Change	Stamp
Cif NWE	16.35	537.10	4.75	7 Apr
Fob Med	16.35	522.10	4.75	7 Apr

ICE Carbon Futures (/mt)	Price €	Change	Price \$	Clean Spread
CER Dec 2017	0.26	0.00	0.28	0.87
EUA Dec 2017	4.89	-0.17	5.19	16.35

Ratio of Barge Price to Rolling Brent Crude at 16:30 London



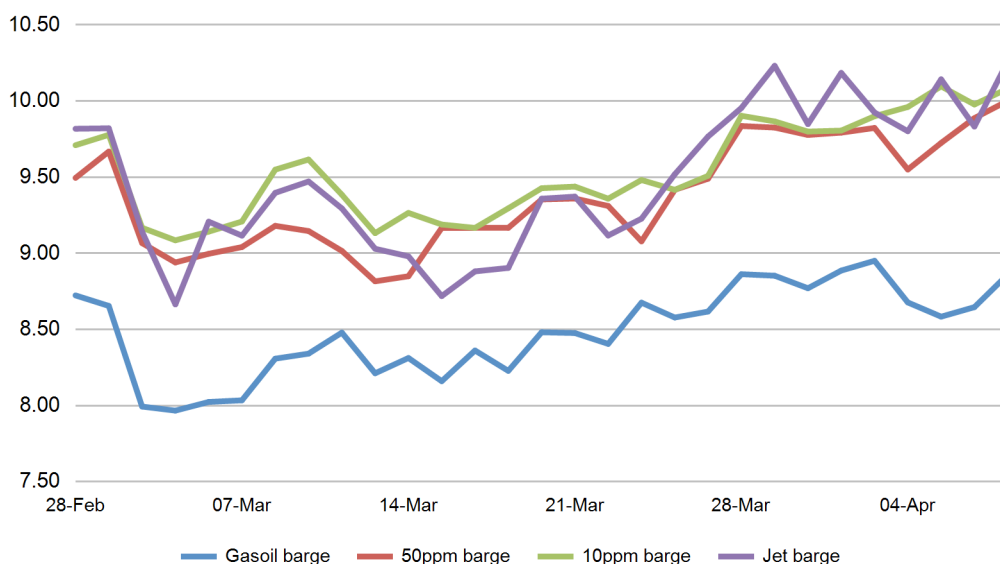
OPIS Europe Jet, Diesel and Gasoil Report

Methodology: OPIS assesses trades and market deals over a full trading day from 9.30am to 4.30pm. Based on this data, OPIS calculates a simple average of differentials which are added to the official settlement of the ICE gasoil contract at 4.30pm London time. A more complete summary of OPIS full-day price methodology is found at www.opisnet.com/about/methodology.aspx.

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Exchange Rate and prices in Euros		Change
Dollars per Euro	1.0618	-0.0032
Jet Barge Fob	486.69	8.26
NWE Jet Cargo Cif	490.45	5.92
Med Jet Cargo Fob	476.33	5.88
ULSD Barge Fob	458.29	5.53
NWE ULSD Cargo Cif	464.21	5.74
Med ULSD Cargo Cif	465.73	4.68
50ppm Barge Fob	457.73	5.59

Product Cracks Versus Rolling Brent



Product \$/bbl	Price	Change
Gasoil barge	8.86	0.21
50ppm barge	10.00	0.11
10ppm barge	10.08	0.10
Jet barge	10.26	0.43
Rolling Brent	55.23	0.49

* The Rolling Brent assessment smooths out the curve between front and second month ICE Brent contracts on expiry. Each new trading day, Rolling Brent takes proportionally less account of the front month and more of the second month.

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Oil strategists at BNP Paribas tell investors in their latest "Oil Market Comment" that they believe the spread between U.S. benchmark West Texas Intermediate crude and European benchmark Brent "will remain weak" on the front end of the pricing curve -- that is, for prompt barrels. Such a conviction suggests that the spread between WTI and Brent could continue to widen.

Brent crude has been stronger in terms of price than West Texas crude for most of 2017. Brent has benefited from OPEC's compliance with its deal to cut global oil productions, a move that supports overseas crude prices.

Meanwhile, West Texas prices have lagged as U.S. producers up the pace of output as prices climb into the \$50s. A recent survey from the Dallas Federal Reserve Bank indicated that some Permian Basin U.S. producers needed crude prices in the \$30s to break even on current operating costs.

In addition to the OPEC deal, BNP says Brent has gained recent price support from the arbitrage of light crude from the Atlantic Basin to Asia, along with recent outages from the light-sweet oil production in Libya. WTI, on the other hand, has to contend with the growing U.S. light shale output, notably in the Permian Basin, which helps keep stock levels at the Cushing hub elevated.

"This state of affairs is unlikely to change in the short-term, suggesting that the weakness in the prompt June WTI/Brent spread may roll down to July, and possibly thereafter to August" in BNP's view.

BNP predicts that April U.S. crude production is likely to be a repeat of levels from a year ago when output consistently topped 9 million b/d or more. Midland crude prices, impacted by production in the Permian Basin, traded at a premium to Cushing from mid-November to mid-February. That barrel is now discounted to WTI.

BNP uses the phrase "weaker for longer" in commenting on the fate of the WTI/Brent spread going forward.