

OPIS Europe Jet, Diesel & Gasoil Report

Essential Intelligence on Europe's Distillates Market



8 January 2020

Jet Fuel Prices (\$/mt)

Location	Spot Diff (LS Gasoil)	Change	Outright	Change	Low	High	Current Cal Month Avg	Prior Cal Month Avg
Barge Fob	35.50	2.25	641.750	-8.25	641.25	642.25	651.117	631.183
NWE Cargo Fob	30.50	3.00	636.750	-7.50	636.25	637.25	645.050	623.750
NWE Cargo Cif	41.50	3.00	647.750	-7.50	647.25	648.25	656.050	634.750
Med Cargo Fob	7.57	3.00	613.820	-7.50	613.32	614.32	620.537	605.104

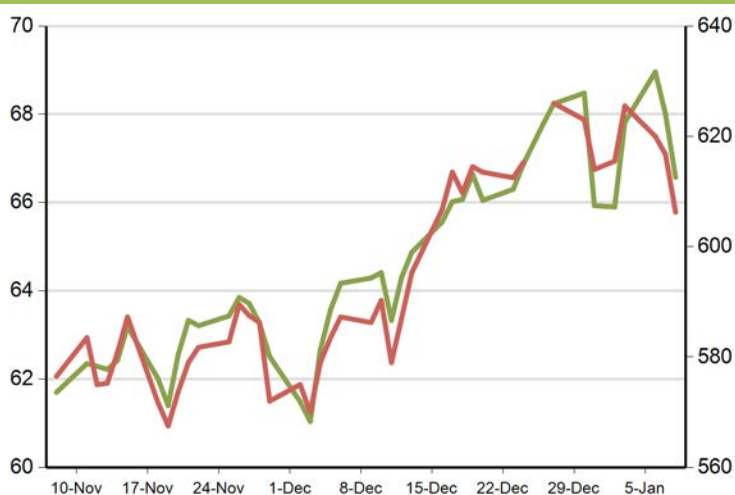
Diesel (ULSD) Prices (\$/mt)

Location	Spot Diff (LS Gasoil)	Change	Outright	Change	Low	High	Current Cal Month Avg	Prior Cal Month Avg
Barge Fob	-1.80	-0.23	604.450	-10.73	603.95	604.95	615.138	597.952
NWE Cargo Fob	-9.25	0.00	597.000	-10.50	596.50	597.50	607.400	592.594
NWE Cargo Cif	3.25	0.00	609.500	-10.50	609.00	610.00	619.900	605.094
Baltic Cargo Fob	-18.44	0.49	587.810	-10.01	587.31	588.31	597.191	582.867
Med Cargo Fob	-7.50	0.25	598.750	-10.25	598.25	599.25	608.850	593.487
Med Cargo Cif	6.00	0.25	612.250	-10.25	611.75	612.75	622.350	606.988

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%	-12.13	0.13	594.125	-10.37	593.62	594.62	602.925	585.722
NWE Cargo Fob	-13.00	0.00	593.250	-10.50	592.75	593.75	602.350	583.013
NWE Cargo Cif	-0.50	0.00	605.750	-10.50	605.25	606.25	614.850	595.513
Med Cargo Fob	-11.75	0.25	594.500	-10.25	594.00	595.00	603.400	584.038
Med Cargo Cif	1.75	0.25	608.000	-10.25	607.50	608.50	616.900	597.538
50ppm Barge Fob	-2.75	0.00	603.500	-10.50	603.00	604.00	611.475	592.625

ICE Brent and LS Gasoil Futures at 16:30 London



Brent (\$/bbl)	66.57
LS Gasoil (\$/mt)	606.25

Jet Barge and Cargoes Diffs Firm, Med-UKC Arb Opens

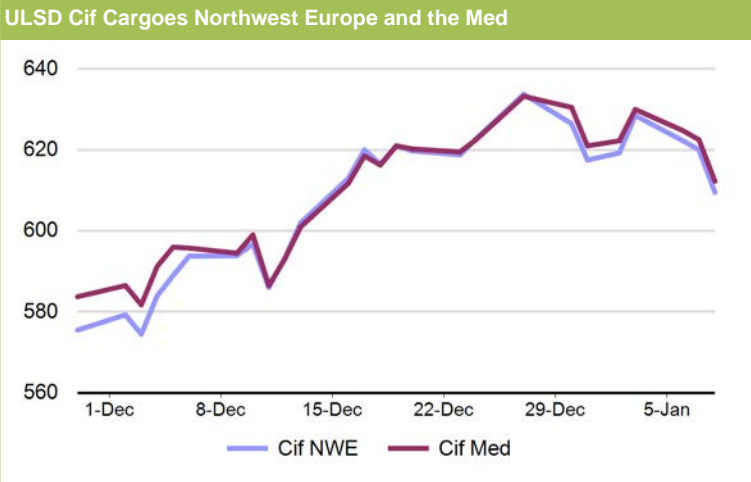
Jet barge and cargoes differentials firmed, as oil and low sulfur gasoil (LSG) prices corrected downwards. Med-North West European cargo arbitrage appears open.

Nothing changed hands on jet barges screen, but OPIS pegged the barge differential higher at \$35.5/ton above LSG, in line with firmer swaps numbers. OPIS also set the OPIS450 and the overnight indicator at the same level.

Scant bids and offers were seen on the cargoes screen on Wednesday. OPIS pegged the cargoes differential at \$41.5/ton above LSG, \$3/ton higher than yesterday.

The cost to haul a 30,000-ton product across the Mediterranean region has been coming off this week, market participants reported from the high of 310 World Scale points to 270 World Scale points on Wednesday. "Despite huge delays at the Turkish Straits at the northbound passage, handies rates are dropping. Some traders are pushing very hard to get lower rates," one market participant said.

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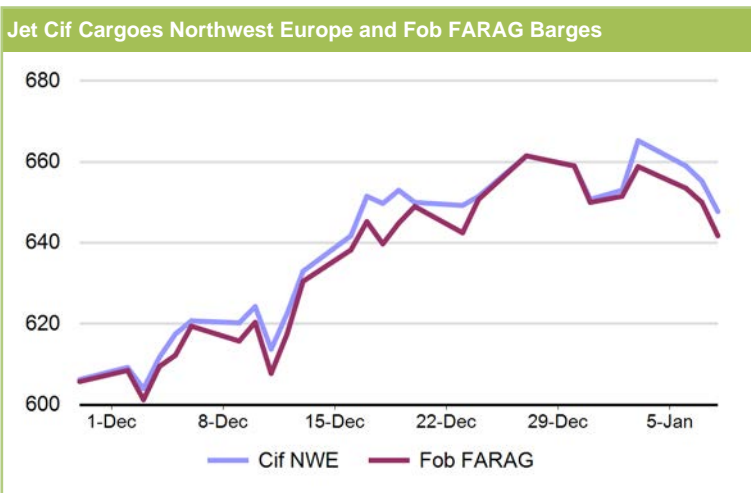
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Loading delays for vessels above 200 metres are estimated at up to 10 days, a note to the market said. Meanwhile, loading delays for the smaller vessels on North-bound route have reached 5 days, up from 3 days earlier this week.

Softer freight in the Mediterranean region is creating arbitrage opportunities to Northern Europe. The FOB Med cargo marker was seen at a \$38.75/tons below the CIF North West European cargo price. With the cost of freight now at around \$32/metric tons, the arbitrage looks open.

Ship broker data shows that handysize vessel the Hans Scholl is currently en route from the Algerian port of Skikda to Rotterdam in Western Europe, laden with a 30,000-ton jet cargo.

Market reaction on the downing of Ukrainian passenger plane on Wednesday was muted. "I have not seen much of an impact on jet yet, Brent has come down somewhat, but there has been no change in buying and selling of jet," one source said.



Futures Plummet After Post-Attack Spike

Futures rallied early on Wednesday after two bases holding U.S. troops were hit by ballistic missiles, but then retreated later in the day as markets calmed and the Energy Information Administration (EIA) released a bearish weekly petroleum report.

Early on Wednesday, March Brent broke the \$71/bbl marker but by the late afternoon marker (4.30 p.m. U.K. time), the front-month future had plummeted to \$66.57/bbl, a drop of \$1.44/bbl compared to the same time yesterday.

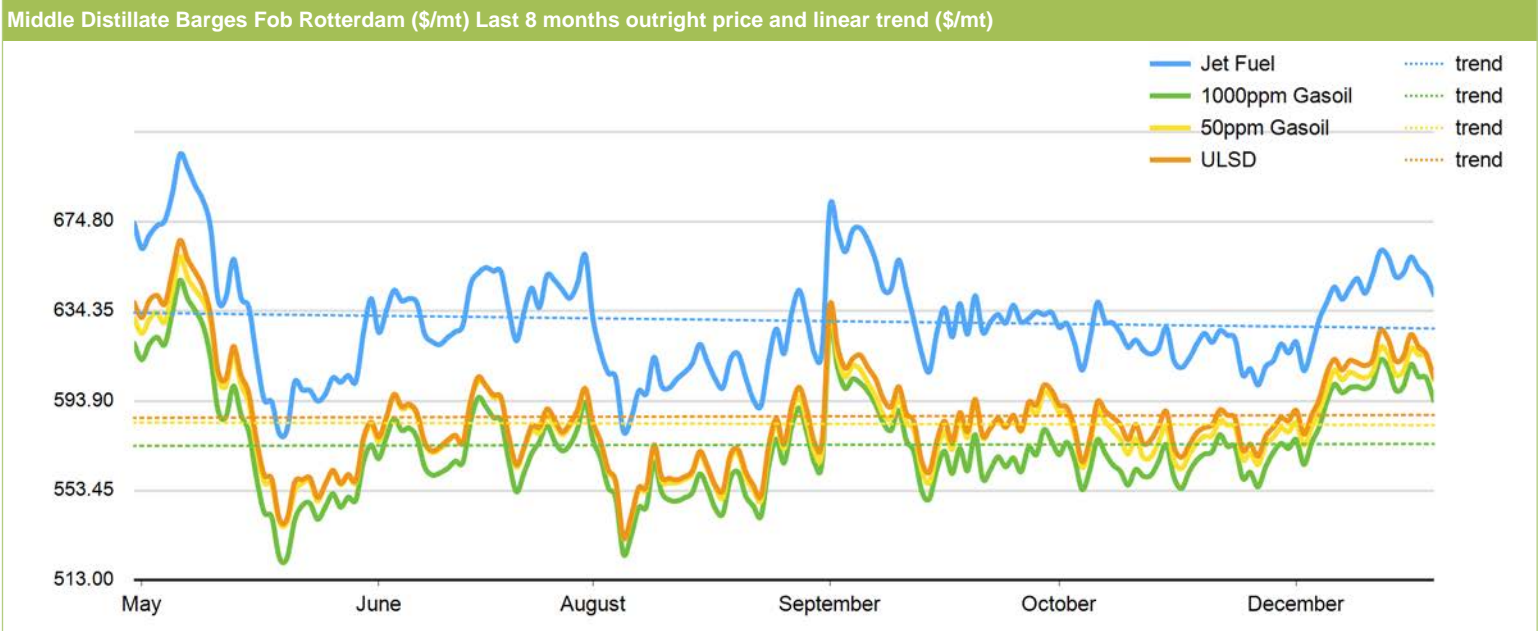
January Low Sulfur Gasoil (LSG) followed suit settling at \$606.25/ton, a \$10.50/ton (or \$1.41/bbl) drop on yesterday at settle.

Outright diesel/gasoil prices dropped with European

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OPIS Freight Assessment \$/mt

Augusta – Rotterdam (30kt)	33.93
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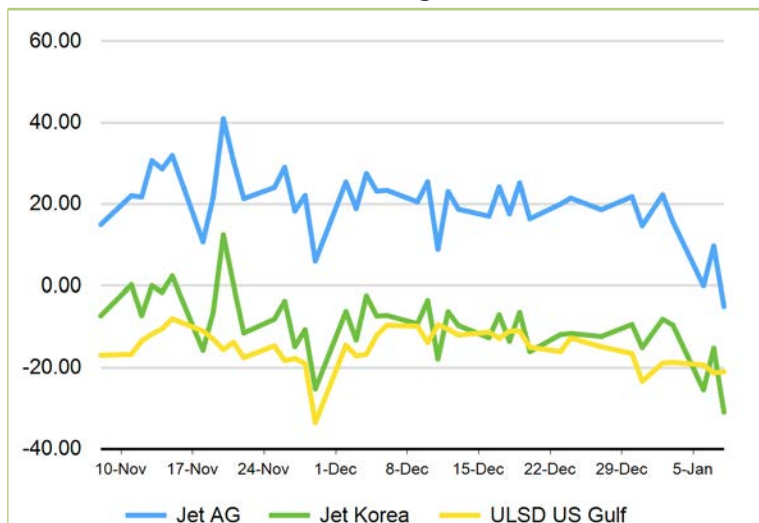


10ppm Gasoil vs ICE LS Gasoil Futures (EFS)

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	FOB Sing Gasoil	LS Gasoil M+1	Difference	Change	30-day average
Jan	616.86	626.25	-9.39	-2.16	-11.723
Feb	613.73	625.50	-11.77	-2.36	-16.708

Jet and Diesel Indicative Arbitrage to NWE



From	Fob value	Freight (last done)	Forward Value NWE	Spread	Time Stamp
Jet Fob AG (LR2)	617.47	33.89	646.34	-5.02	09:30
Jet Korea (LR2)	643.11	35.00	647.18	-30.94	09:30
ULSD US Gulf (MR)	600.71	29.77	609.50	-20.98	16:30

futures. Ultra-low-sulfur gasoil barges shed \$10.73/ton day-on-day, while 1,000 ppm gasoil dropped \$10.37/ton.

European middle distillate markets have seen muted reactions to renewed tensions between the U.S. and Iran, sources in the region say.

"The diesel market is very weak at the moment, plenty of volume on offer which is how it was regardless (of the U.S.-Iran tensions)" said one diesel trader earlier today.

"So far the diesel market seems well-supplied," a broker told OPIS on Wednesday. "We've had until now a decent amount of oil coming from the Middle East. Exports out of the Baltic are at their highest levels, and even if low, it looks like we're seeing a bit more from the US recently." See story below.

The U.S. EIA reported an increase in crude oil inventories this week, with distillate fuel inventories also increasing.

For the week ending Jan. 3, crude stocks increased by 1.2 million bbl to a total of 431.1 million bbl. Distillate fuel inventories increased by 5.4 million bbl over the week to 139.1 million bbl but stand around 8% below the five-year average for the time of year.

Gulf Coast (PADD3) diesel stockpiles (15ppm and under) increased by 3.8 million bbl to 37.4 million bbl; the Gulf Coast being a key export region to Europe.

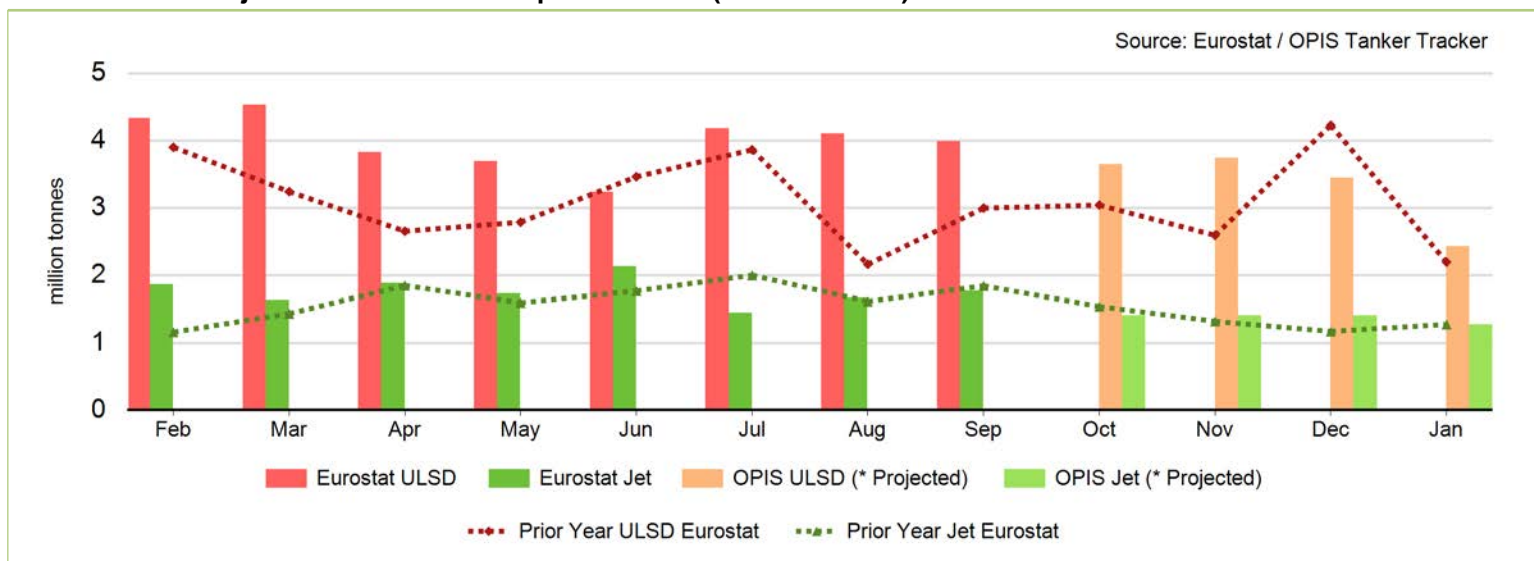
European Markets Well-Supplied Amid US-Iran Tensions

European middle distillate markets have seen muted reactions to renewed tensions between the U.S. and Iran, sources in the region say.

"So far the diesel market seems well-supplied," a broker

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



Month	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct*	Nov*	Dec*	Jan*
ULSD	4.326	4.528	3.828	3.690	3.235	4.179	4.100	3.988	3.641	3.737	3.444	2.429
Jet	1.860	1.630	1.885	1.725	2.130	1.439	1.658	1.765	1.408	1.408	1.410	1.270

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

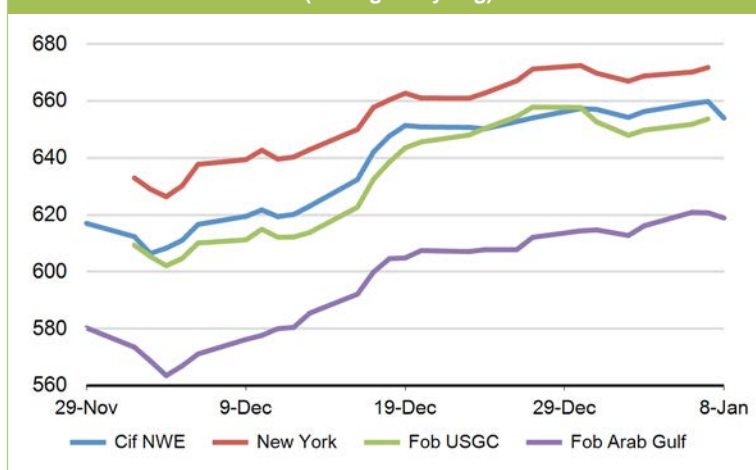
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Location	Outright	Change	Date and London Time	3-day avg
Jet Cif NWE	647.75	-7.50	8 Jan 16:30	654.000
Jet Fob Med	613.82	-7.50	8 Jan 16:30	619.693
Jet Fob AG (LR1)	617.87	5.21	8 Jan 09:30	618.918
Jet Fob Singapore	641.93	4.58	8 Jan 09:30	643.508
Jet Fob Korea	643.11	4.97	8 Jan 09:30	644.403
Jet GC Close	650.50	-0.91	7 Jan 22:15	653.727
ULSD Cif NWE	609.50	-10.50	8 Jan 16:30	617.250
ULSD Cif Med	612.25	-10.25	8 Jan 16:30	619.833
ULSD GC Close	614.29	-0.23	7 Jan 22:15	617.267
Gasoil 10ppm Sing	618.28	5.44	8 Jan 09:30	618.971

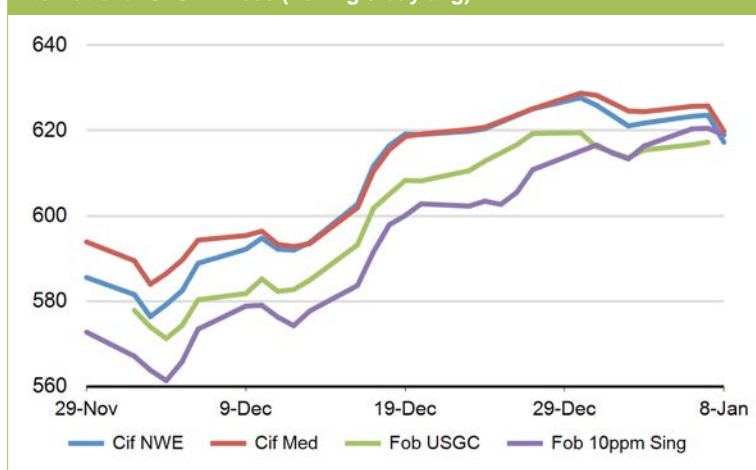
OPIS Ticking Price Derived

Location	Outright	Change	Net CIF NWE	Date and London Time	3-day avg
Jet NYH Ticker	656.73	-11.23	8.98	8 Jan 16:30	664.781
Jet GC Ticker	637.67	-12.06	-10.08	8 Jan 16:30	646.279
ULSD GC Ticker	600.08	-11.55	-9.42	8 Jan 16:30	608.309

International Jet Fuel Prices (trailing 3-day avg)



International ULSD Prices (trailing 3-day avg)



told OPIS on Wednesday. "We've had until now a decent amount of oil coming from the Middle East. Exports out of the Baltic are at their highest levels, and even if low, it looks like we're seeing a bit more from the US recently."

Loadings of diesel at the Russian port of Primorsk are set to soar by 27% month on month to the highest level since at least August 2016, according to preliminary loading data.

The data supplied to OPIS suggests that 1.62 million tons of diesel will be exported out of the key source of European diesel supply.

That compares to an estimated 1.27 million tons of diesel exports from Primorsk over December.

There are also few planned or unexpected European refinery maintenance works ongoing, with a potential strike at BP's 400,000-b/d Rotterdam refinery averted after unions and the operator agreed a new pay deal in recent days.

Blockades of French refineries at Donges, Feyzin and Grandpuits set to last until Saturday afternoon have not resulted in shutdowns, operator Total told OPIS on Tuesday. Only output at the 100,000-b/d Grandpuits refinery has been significantly affected by strike action, according to national media reports.

Furthermore, several 90,000-ton cargoes have arrived in France and the Amsterdam-Rotterdam-Antwerp area over the last two weeks, while demand for diesel along the Rhine has been lackluster, sources say.

European jet market sources painted a similar picture suggesting a minimal impact from events in Iraq over the last week.

"The only thing I have seen is shipping insurance rates going up and owners not wanting to load at the Strait of Hormuz," one market participant said on Wednesday.

He also pointed out that Saudi Arabia-loading jet cargoes bound for Europe can load at ports in the Red Sea, such as Yanbu and Jeddah. "The Red Sea will be safe in terms of terrorism," the source added.

Another source on the European jet market said that they had not yet detected any change in buying or selling patterns.

The IHS Markit-OPIS Tanker Tracker shows that there have not been any delays in cargo loadings from the Arab Gulf. The Hafnia Shanghai loaded a 60,000-ton jet cargo from the port of Ruwais in the United Arab Emirates two days ago and is currently signaling for the Spanish port of Algeciras.

The Hafnia Asia, which is due to load a 65,000-ton jet cargo with a European discharge option from the Arab Gulf in two days, is currently en route to the port of Jubail.

Airlines Divert Flight Routes to Avoid Iran, Iraq Airspace

Several Asia-Pacific airlines will divert their flights away from Iranian airspace following a Federal Aviation Administration (FAA) notice on flight restrictions in the wake of the Iranian retaliatory attack on U.S. military bases in Iraq.

The FAA outlined flight restrictions that prohibit U.S. civil aviation operators from flying in airspace over Iraq, Iran and the waters of the Persian Gulf and the Gulf of Oman late Tuesday via its social media account.

Airlines across the globe usually adhere to the FAA ruling, said industry sources.

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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
January	38.50	646.34	-3.50	642.84	3.50	611.34	-1.25	606.59
February	39.50	647.18	-2.25	644.92	4.00	611.68	-0.38	607.30
Quarter 2	42.13	641.66	-2.25	639.41	5.00	604.53	1.25	600.78
Quarter 3	42.50	634.80	-2.25	632.55	4.88	597.17	0.25	592.55

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
January	-1.50	606.34	-11.00	596.84	-0.50	607.34	5.87	613.72
February	-1.50	606.18	-11.00	596.67	-1.00	606.68	6.12	613.80
Quarter 2	-2.00	597.53	-10.25	589.28	-0.75	598.78	6.62	606.16
Quarter 3	-2.25	590.05	-10.50	581.80	-0.50	591.80	6.37	598.67

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

(Continued from Page 4)

Product	Jan	Feb	Mar	Apr
Brent (\$/bbl)	-- --	-- --	66.57	65.88
Spread	-- --	-- --	-- --	-0.69
Change	-- --	-- --	-1.44	-1.42
LS Gasoil (\$/mt)	606.25	608.00	607.50	605.00
Spread	-- --	1.75	-0.50	-2.50
Change	-10.50	-10.50	-10.50	-10.25

Analyst Forecasts for Future Brent Crude Prices

Analyst	Brent /bbl	Period	Stamp*
BoAML	60.00	2020	September
Barclays	65.00	2020	September
BNP Paribas	52.00	Q1 2020	October
JBC Energy	61.50	Q1 2020	October
Deutsche Bank	61.00	Q1 2020	October
Societe Generale	61.00	Q1 2020	September

Qantas Airways, one of the airlines to adjust its flight path, said that the altered course increases flying time by about 40-50 minutes on QF9 (Perth-London), one of two flights affected.

"As a result, we will need to reduce the numbers passengers on board in order to carry more fuel," Qantas said. The carrier's other flights to and from London (QF1/2) are unaffected as they operate through an alternative flight path, it said.

Singapore Airlines is also changing flight path to avoid Iran, a company official confirmed. Malaysian Airlines is another carrier to make the same decision, according to a Reuters report.

Flights operated Northeast Asian carriers such as Japan Airlines (JAL) and All Nippon Airways (ANA), Japan's two largest airlines, were unaffected, as they do not fly over the areas covered by the FAA restrictions, officials from both airlines said.

Both airlines fly over Russian territory on their way to Europe unlike the carriers in southeast Asia and Australia.

EEX Kicks Off the First EUA Auction of the Year

German exchange EEX auctioned just over 2.7 million EU

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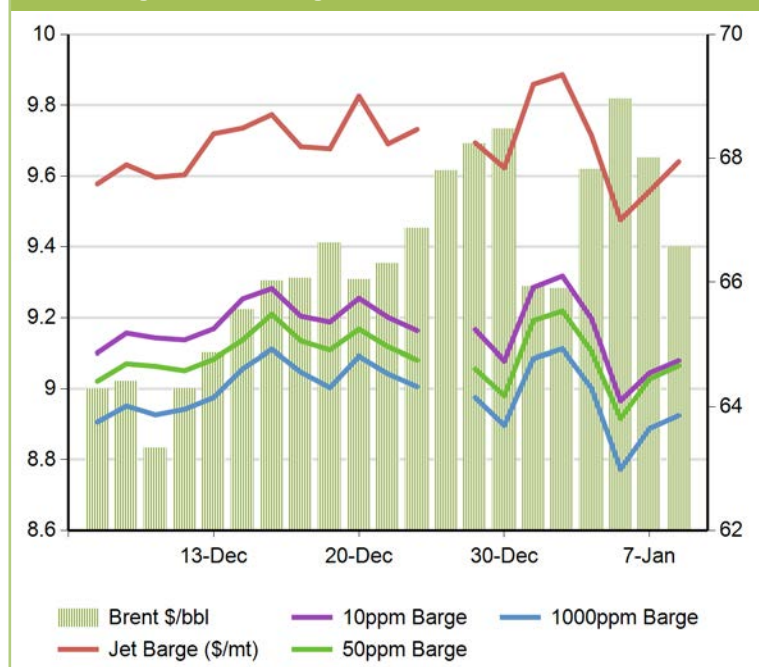
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Clean jet prices and carbon futures \$/mt

Location	Clean spread	Outright Clean Jet	Change	Stamp
Cif NWE	84.71	732.46	-7.50	8 Jan
Fob Med	84.71	698.53	-7.50	8 Jan

ICE Carbon Futures (/mt)	Price €	Change	Price \$	Clean Spread
CER Dec 2020	0.22	0.00	0.25	0.77
EUA Dec 2020	24.08	-0.15	26.89	84.71

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



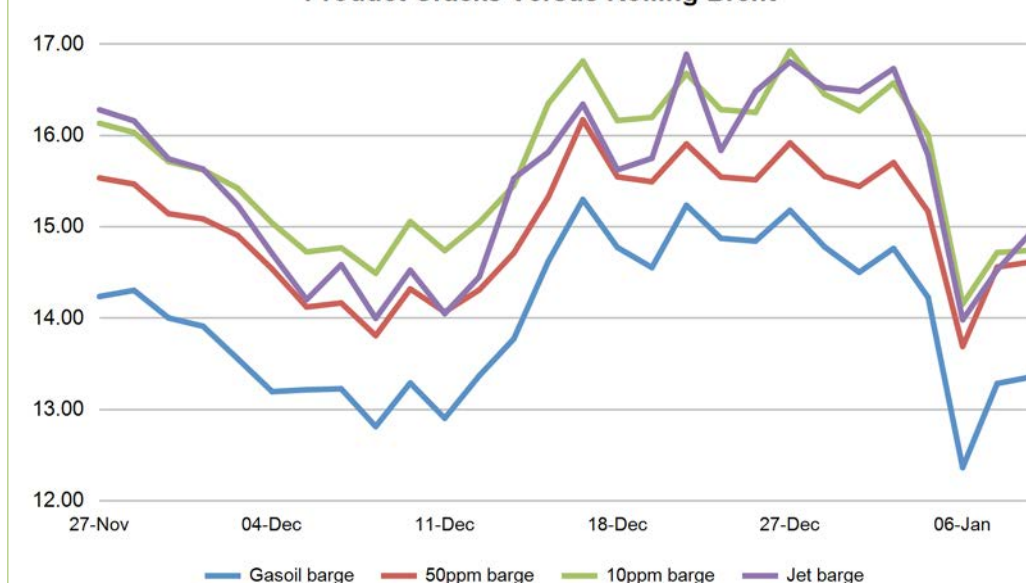
OPIS Europe Jet, Diesel and Gasoil Report

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	1.1168	-0.0014
Jet Barge Fob	574.63	-6.68
NWE Jet Cargo Cif	580.00	-6.01
Med Jet Cargo Fob	549.62	-6.04
ULSD Barge Fob	541.23	-8.94
NWE ULSD Cargo Cif	545.75	-8.73
Med ULSD Cargo Cif	548.21	-8.50
50ppm Barge Fob	540.38	-8.74

Product Cracks Versus Rolling Brent



Product \$/bbl	Price	Change
Gasoil barge	13.36	0.07
50ppm barge	14.62	0.06
10ppm barge	14.74	0.03
Jet barge	14.95	0.42
Rolling Brent	66.39	-1.47

* 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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allowances today at an average price of 24.23 euros/ton.

There were 54 successful bids, which were as high as 26 euros/ton and as low as 23.61 euros/ton.

But most of the trades occurred at 24.15 euros/ton.

Revenue raised from the auction reached just over 65.3 million euros.

Italian and Spanish companies within the EU Emission Trading Scheme bought 8.9 million euros and 8.6 million euros worth of EU allowances, according to the registry.

At the last auction on Dec. 16, 2019, about 3 million EUAs were sold at an average price of 24.09 euros/ton. Revenue raised from the auction was just over 72.9 million euros.

The next auction is on Thursday.

British Airways Begins Offsetting Carbon Emissions on Domestic Flights

British Airways is starting 2020 by offsetting carbon emissions on all of its flights with a goal of achieving net zero carbon emissions by 2050, the airline has announced.

The airline began offsetting all of its passengers' emissions flying within the United Kingdom starting on Jan. 1 and made an agreement with Velocys to create a sustainable aviation fuel facility in Immingham, England.

"We continue to invest heavily in new aircraft that are 25% to 40% more fuel efficient than the aircraft they replace. We are also leading the way in the development of sustainable aviation fuel and have signed a partnership with renewable fuels company Velocys, to build a plant which will convert household and commercial waste into renewable sustainable jet fuel to power our fleet, a first for the UK and the first time an airline has done this in Europe," said British Airways CEO Alex Cruz in a news release.

British Airways is the latest European carrier aiming to lower its carbon footprint.

In October, Air France also began offsetting carbon emissions on its domestic flights and German airline Lufthansa launched a platform in August for customers to offset their emissions.

The airline said in a statement that up to 75 daily flights are made between London and 10 other cities.

British Airways also plans to invest in sustainable aviation fuel and will spend \$400 million on sustainable fuel development over 20 years.

Customer flying through the airline outside of the UK can also purchase carbon offsets that will support nonprofit Pure Leapfrog's environmental projects in Peru, Sudan and Cambodia.

"We know that air travel continues to grow, but we also know that our future has to be sustainable. Solving the complex issue of climate change requires a multifaceted response, and offsetting emissions on all flights within the UK is just one step that we are adopting to reduce our environmental impact while more solutions to decarbonise are found," Cruz said in the release.