

OPIS Europe Jet, Diesel & Gasoil Report

Essential Intelligence on Europe's Distillates Market



7 January 2019

Jet Fuel Prices (\$/mt)

Location	Spot Diff (LS Gasoil)	Change	Outright	Change	Low	High	Current Cal Month Avg	Prior Cal Month Avg
Barge Fob	40.50	-3.50	583.750	11.25	583.25	584.25	565.938	588.493
NWE Cargo Fob	37.50	1.25	580.750	16.00	580.25	581.25	561.688	582.600
NWE Cargo Cif	48.50	1.25	591.750	16.00	591.25	592.25	572.687	593.600
Med Cargo Fob	30.34	3.85	573.585	18.60	573.08	574.08	552.576	573.807

Diesel (ULSD) Prices (\$/mt)

Location	Spot Diff (LS Gasoil)	Change	Outright	Change	Low	High	Current Cal Month Avg	Prior Cal Month Avg
Barge Fob	0.00	0.00	543.250	14.75	542.75	543.75	525.250	554.992
NWE Cargo Fob	-10.75	-0.75	532.500	14.00	532.00	533.00	515.187	539.111
NWE Cargo Cif	1.75	-0.75	545.000	14.00	544.50	545.50	527.688	551.611
Baltic Cargo Fob	-11.20	-1.33	532.054	13.42	531.55	532.55	514.994	533.219
Med Cargo Fob	-8.25	-0.25	535.000	14.50	534.50	535.50	517.500	542.250
Med Cargo Cif	5.25	-0.25	548.500	14.50	548.00	549.00	531.000	555.750

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%	-11.25	3.25	532.000	18.00	531.50	532.50	511.813	536.897
NWE Cargo Fob	-14.25	1.00	529.000	15.75	528.50	529.50	509.688	533.735
NWE Cargo Cif	-1.75	1.00	541.500	15.75	541.00	542.00	522.187	546.235
Med Cargo Fob	-14.75	1.25	528.500	16.00	528.00	529.00	509.063	535.147
Med Cargo Cif	-1.25	1.25	542.000	16.00	541.50	542.50	522.563	548.647
50ppm Barge Fob	-2.50	0.00	540.750	14.75	540.25	541.25	523.250	552.574

ICE Brent and LS Gasoil Futures at 16:30 London



Diesel Prices Lifted by LSG, Physical Length Keeps Diffs Steady

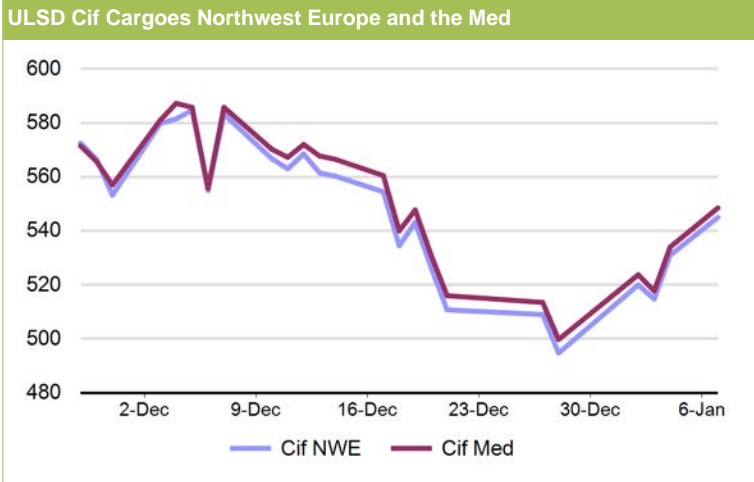
Diesel outright prices were lifted by an upswing in LSG Monday, although lacklustre screen trading highlighted generally weak buying interest amid a well-supplied complex.

The front-month had gained \$16.25/ton by the settle, as momentum continued for crude markets on the prospect of OPEC cuts.

The prospect of supply length was keeping diesel barge prices largely in check, with trades flat to January futures as bearish U.S. inventory data showing a significant 9.5 million bbl build and a fall in implied demand.

“For diesel and middle distillates in general this meant that the higher frequency inventory data from around the globe now shows a 2018 year-end storage level that is comparable to 2017, with the caveat of course being that the market is in fact tighter since demand is about 400,000 b/d higher already,” consultancy JBC Energy said in a note to the market.

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“With the overall January outlook in terms of global turnarounds currently quite a bit lower than last year’s, we might actually see inventory continue to accumulate at an elevated rate,” they added.

Despite the surge in stocks across the Atlantic, diesel and gasoil held in independent storage in the ARA refining and storage hub was relatively static in the week to last Thursday, data from PJK International, and at 2.043 million tons it currently sits around 11% below year-ago levels.

Northwest Europe has seen increasing supply pressure from abundant supplies from Primorsk as well as a pickup in transatlantic imports following a wider HO-GO spread last month which has improved the economics to ship diesel from the U.S.

The good availability of MR sized cargoes has also resulted in term lifters combining allocations and heading to storage. The Hafnia Arctic, which was chartered by Glencore to haul 60,000 tons of diesel from Primorsk was expected to discharge in Antwerp later today, while the Vitol chartered Amalia was currently signalling its intentions to head to Amsterdam having loaded last week from the Baltic port.

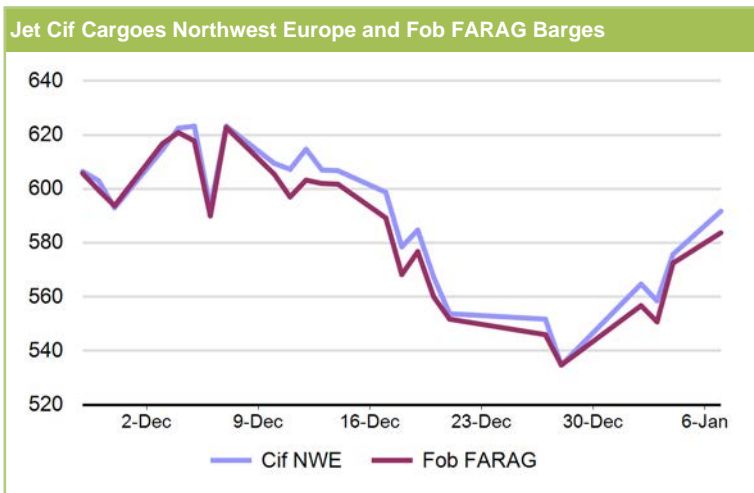
Mediterranean refiner ENI was heard to have shut one of its CDU at its 200,000-b/d Milazzo facility last Thursday following bad weather which had prevented crude tankers reaching the port.

Meanwhile, The Society of Motor Manufacturers and Traders (SMMT) announced that the U.K. saw the largest fall in new car registrations since 2008, driven primarily by lower consumer appetite for diesel cars.

A total of 2.37 million cars were registered during 2018, a 6.8% decline from last year, although diesel powered vehicle registrations made up a significant quantity of the decline, down 29.6% lower during the year.

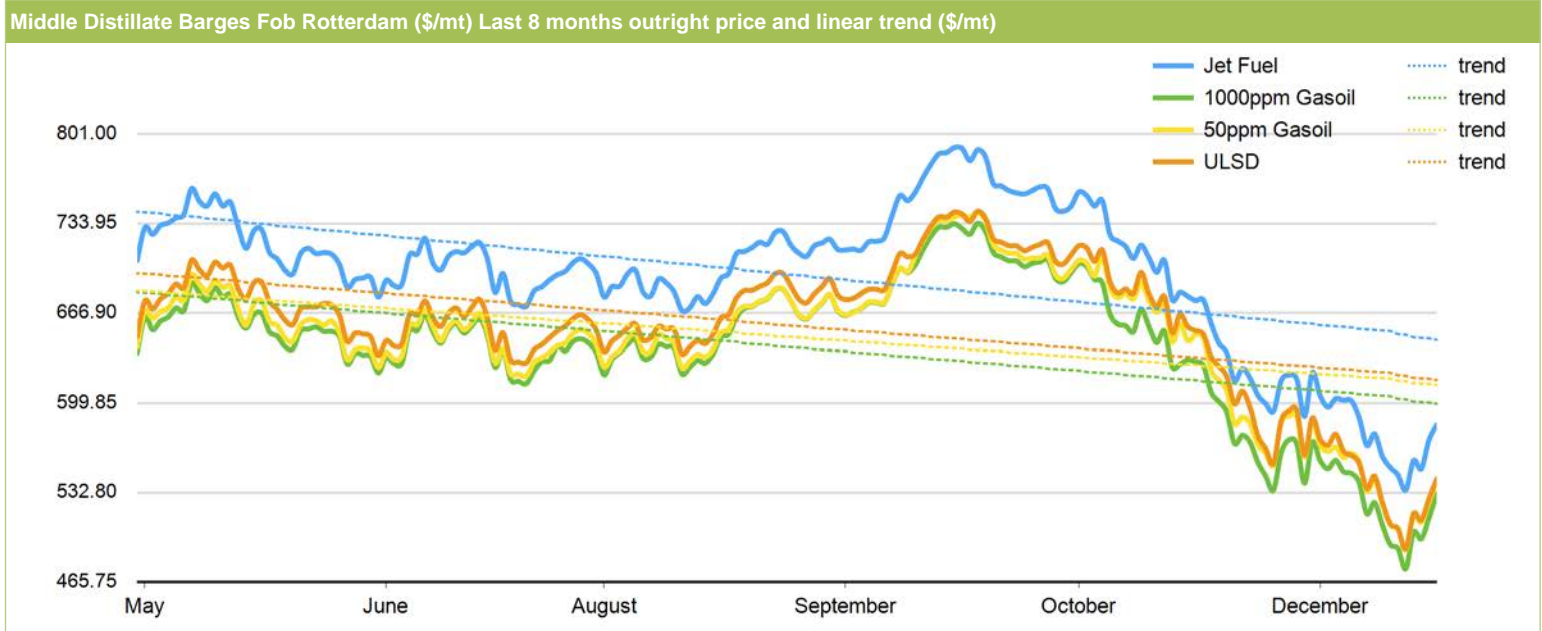
“Anti-diesel rhetoric and negative fiscal measures took

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OPIS Freight Assessment \$/mt

Augusta – Rotterdam (30kt)	18.16
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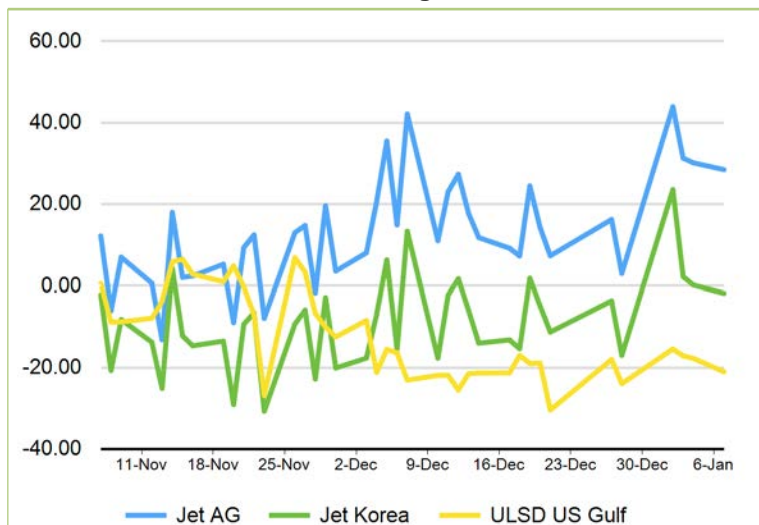
10ppm Gasoil vs ICE LS Gasoil Futures (EFS)

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	FOB Sing Gasoil	LS Gasoil M+1	Difference	Change	30-day average
Jan	532.00	542.75	-10.75	1.84	-18.527
Feb	534.46	542.75	-8.29	1.94	-10.669

their toll, with December marking the 21st consecutive month of decline for the fuel type – despite new emissions tests showing diesels deliver in the real world,” the SMMT said in a press release.

Jet and Diesel Indicative Arbitrage to NWE



OPIS450 Jet FOB Trade Disclosed

It was a busy afternoon on jet fuel trading screens across northwest Europe, with one 3,000 metric-ton OPIS450 jet FOB trade and two other FOB trades on another platform.

The OPIS450 trade saw Shell hit a Vitol bid, trading at January low sulfur gasoil futures plus \$45/ton, basis ARG.

There were two CIF trades, with Shell selling 30,000 tons to Totsa, basis Rotterdam, for laycan dates of 17-21 January, with 27,000 tons priced at CCM plus 3.00, and with Shell selling another cargo to Vitol, basis CIM Le Havre, at CCM plus 1.5.

The cargo screens were busy with three Totsa bids, accompanied by two Unipecc offers and four more from Shell, while buyside interest was absent from the screen FOB market, with just one offer apiece from airline KLM and Shell Trading Rotterdam. Vitol was bidding on the OPIS450-Trayport jet screen today.

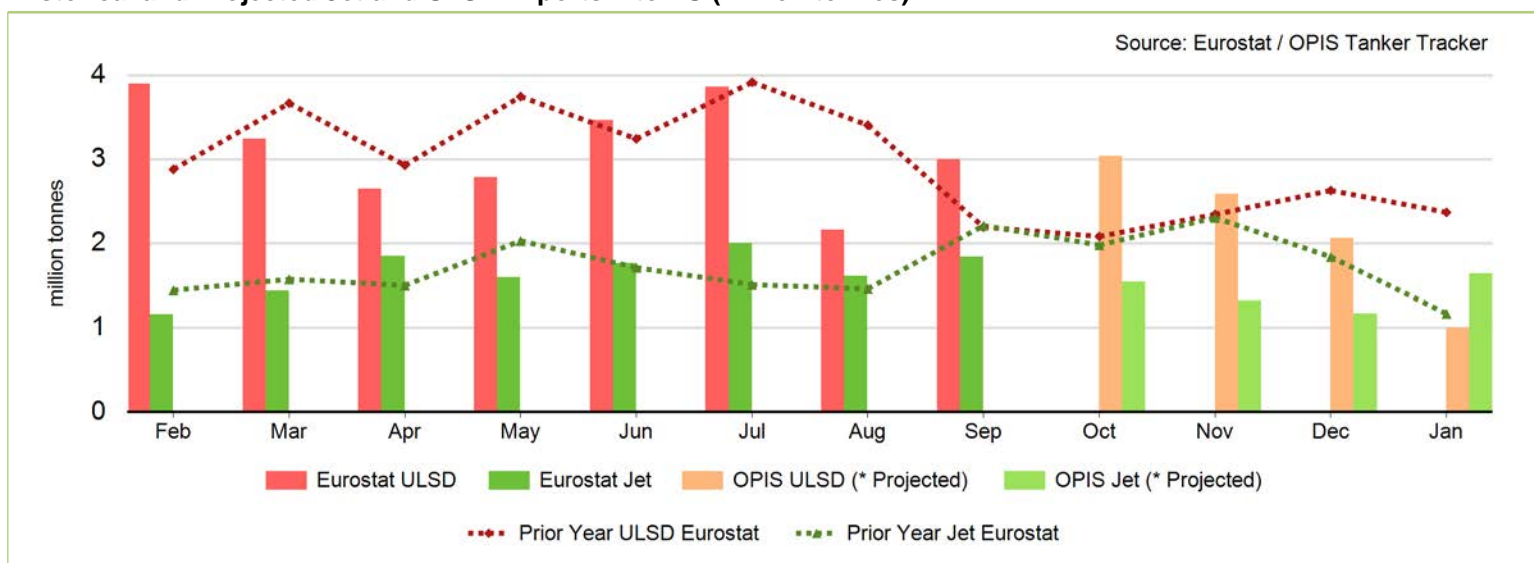
As crude bounced higher today from last week’s close, outright prices were lifted, with the NWE CIF price assessed at \$591.75/ton, the highest since Dec. 17, according to OPIS data.

Outright FOB prices swung higher, also to the highest since mid-December, although two FOB trades at \$38/ton plus February LSG disclosed today knocked \$3.50/ton off FOB NWE differentials.

From	Fob value	Freight (last done)	Forward Value NWE	Spread	Time Stamp
Jet Fob AG (LR2)	534.39	26.11	588.97	28.47	09:30
Jet Korea (LR2)	562.79	27.78	588.75	-1.82	09:30
ULSD US Gulf (MR)	544.83	21.18	545.00	-21.01	16:30

(Continued on Page 4)

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	3.900	3.241	2.652	2.786	3.462	3.863	2.160	2.996	3.040	2.591	2.063	1.000
Jet	1.160	1.434	1.847	1.594	1.767	1.998	1.613	1.842	1.540	1.320	1.171	1.640

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

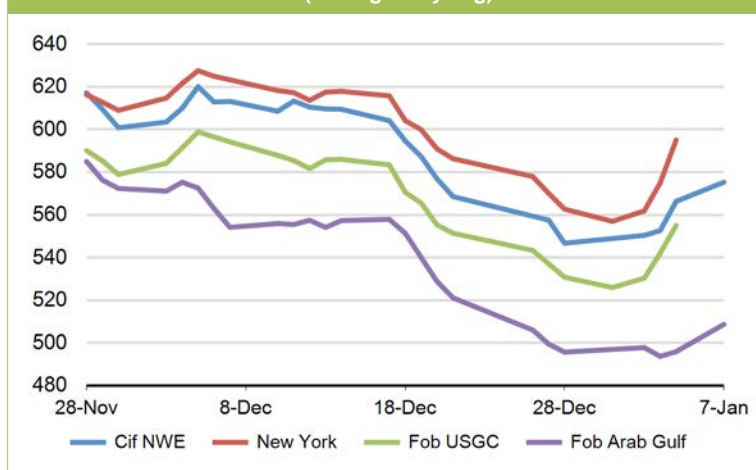
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Location	Outright	Change	Date and London Time	3-day avg
Jet Cif NWE	591.75	16.00	7 Jan 16:30	575.333
Jet Fob Med	573.58	18.60	7 Jan 16:30	555.438
Jet Fob AG (LR1)	526.34	17.20	7 Jan 09:30	508.747
Jet Fob Singapore	560.58	17.28	7 Jan 09:30	542.990
Jet Fob Korea	562.79	16.96	7 Jan 09:30	545.304
Jet GC Close	567.14	9.00	4 Jan 22:15	555.062
ULSD Cif NWE	545.00	14.00	7 Jan 16:30	530.250
ULSD Cif Med	548.50	14.50	7 Jan 16:30	533.417
ULSD GC Close	530.52	10.56	4 Jan 22:15	518.740
Gasoil 10ppm Sing	530.07	17.28	7 Jan 09:30	511.368

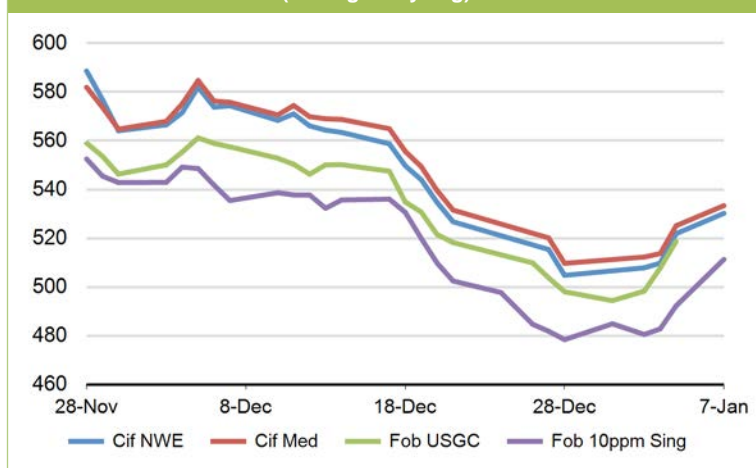
OPIS Ticking Price Derived

Location	Outright	Change	Net CIF NWE	Date and London Time	3-day avg
Jet NYH Ticker	633.57	22.53	41.82	7 Jan 16:30	608.237
Jet GC Ticker	581.37	15.91	-10.38	7 Jan 16:30	564.053
ULSD GC Ticker	544.26	17.37	-0.74	7 Jan 16:30	527.226

International Jet Fuel Prices (trailing 3-day avg)



International ULSD Prices (trailing 3-day avg)



In shipping news the VS LEIA was reported on subjects for a East Med/Med journey, loading 30,000 tons of jet on Jan. 13, while Elion Oil also placed the Aldebaran on subs for a Greece-Med journey, loading another 30,000-parcel on Jan 11-12 dates.

The Histria Giada, chartered BP to load 40,000 tons of jet in Rabigh for a European discharge at around \$900,000 lump sum was today reported to have failed its subjects.

A softening of freight rates was reported in the refined oil tanker market, with rates likely to continue to decrease during the first quarter as many refineries enter into scheduled maintenance, according to shipbroker Clarkson Platou today.

Estimated Jan-Feb European Jet Cargo Arrivals

JAG PRANAV, 40,000 tons, France, 8-Jan
 LEADER, 60,000 tons, United Kingdom, 8-Jan
 BW COLUMBIA, 60,000 tons, United Kingdom, 9-Jan
 STI PROVIDENCE, 60,000 tons, Netherlands, 10-Jan
 ATLANTIC GRACE, 40,000 tons, United Kingdom, 10-Jan
 CHANCE, 35,000 tons, Spain, 17-Jan
 ALDEBARAN, 30,000 tons, Mediterranean, 19-Jan
 HAFNIA MALACCA, 30,000 tons, Mediterranean, 19-Jan
 UACC IBN AL HAITHAM, 65,000 tons, U.K. Continent, 19-Jan
 AMALIA, 60,000 tons, Mediterranean, 19-Jan
 HAFNIA ATLANTIC, 35,000 tons, U.K. Continent, 21-Jan
 BW LARA, 60,000 tons, U.K. Continent, 22-Jan
 HAFNIA EUROPE, 60,000 tons, U.K. Continent, 23-Jan
 STI EXPEDITE, 60,000 tons, U.K. Continent, 25-Jan
 LAKE TROUT, 65,000 tons, U.K. Continent, 26-Jan
 NAN LIN WAN, 90,000 tons, U.K. Continent, 26-Jan
 ATHINA, 60,000 tons, U.K. Continent, 28-Jan
 FRONT TIGER, 90,000 tons, U.K. Continent, 29-Jan
 SCF PLYMOUTH, 60,000 tons, U.K. Continent, 1-Feb
 HISTRIA TIGER, 30,000 tons, Mediterranean, 4-Feb
 STI PARK, 90,000 tons, U.K. Continent, 18-Feb

Funds Cut More Net Length in European Oil Futures

Funds cut bullish positions in Brent and low-sulfur gasoil futures in the last week of 2018 to cap a bearish year for European futures, the Commitments of Traders Report for the ICE exchange showed Monday.

The money managed category cut around 6,800 long lots and added 3,100 short lots in Brent futures and options over the week to Dec. 31.

Speculative net length fell around 9,900 lots to around 152,300 lots.

That was down just under 409,000 lots year-on-year, although most of the cuts have happened since early October when speculative net length had recovered to nearly 500,000 lots again after a dip down to 325,000 lots in August.

Funds were left holding 255,000 long lots and 102,500 short lots in Brent futures and options at the end of 2018, compared to 626,500 long lots and 61,300 short lots at the end of 2017.

In European distillate futures, funds held almost the same number of bearish bets as bullish bets.

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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	45.50	588.97	-3.50	585.47	3.00	546.47	-0.25	543.22
February	45.25	588.75	-2.50	586.25	3.50	547.00	-0.38	543.12
Quarter 2	46.25	590.67	-2.38	588.30	4.38	548.80	-0.50	543.92
Quarter 3	46.00	598.87	-2.38	596.49	4.38	557.24	-1.50	551.37

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	-1.75	541.72	-11.50	531.97	0.50	543.97	5.75	549.22
February	-2.50	541.00	-11.00	532.50	-1.75	541.75	6.12	549.62
Quarter 2	-2.75	541.67	-10.00	534.42	-2.75	541.67	6.62	551.05
Quarter 3	-2.75	550.12	-9.50	543.37	-2.75	550.12	6.37	559.24

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

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Product	Jan	Feb	Mar	Apr
Brent (\$/bbl)	-- --	-- --	58.30	58.48
Spread	-- --	-- --	-- --	0.18
Change	-- --	-- --	1.54	1.57
LS Gasoil (\$/mt)	543.25	543.50	543.50	542.75
Spread	-- --	0.25	0.00	-0.75
Change	14.75	14.50	14.25	13.50

The managed money category cut 1,250 long lots and added 10,900 short lots in low-sulfur gasoil futures and options over the week to Dec. 31.

Speculative net length fell to 3,140 lots, split between 55,376 longs and 52,236 shorts.

European Retail Road Fuel Prices Fall Sharply in December: OPIS NAVX

December saw average road fuel prices across the five largest Eurozone countries fall to their lowest levels in eight months, according to daily retail prices collected by OPIS NAVX, as supply constraints and low Rhine levels recovered during the month.

Germany saw the largest decrease month-on-month for prices paid at the pumps for both diesel and gasoline, ending a run of four consecutive months of increases for diesel and eight months for gasoline, following a period of unseasonably low Rhine water levels which effectively cut off parts of the country from storage hubs.

Motorists in the country paid 8.2% less on average for gasoline compared to November at 1.4108 euros/liter (\$1.6058/liter) and 9.4% less for diesel at 1.2850 euros/liter (\$1.4626/liter).

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Analyst Forecasts for Future Brent Crude Prices

Analyst	Brent /bbl	Period	Stamp*
BoAML	80.00	2019	Sep
Barclays	80.00	2019	Sep
BNP Paribas	80.00	Q4 2018	Sep
DNB	83.00	2019	Oct
Deutsche Bank	80.00	Q4 2018	Sep
Societe Generale	78.00	Q4 2018	Sep

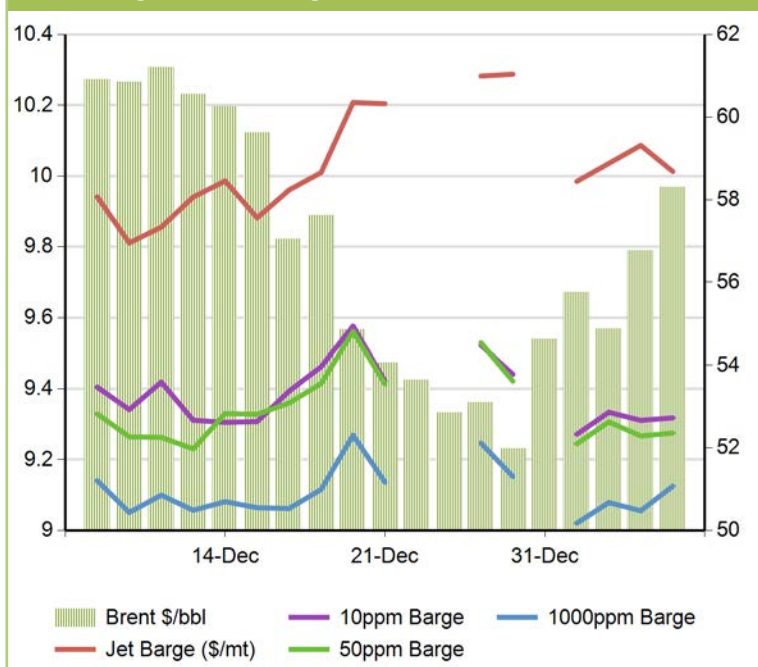
For subscription information, please call 888.301.2645 (U.S. only) or +1 301.284.2000 or email energy@opisnet.com.

Clean jet prices and carbon futures \$/mt

Location	Clean spread	Outright Clean Jet	Change	Stamp
Cif NWE	80.34	672.09	16.00	7 Jan
Fob Med	80.34	653.93	18.60	7 Jan

ICE Carbon Futures (/mt)	Price €	Change	Price \$	Clean Spread
CER Dec 2019	0.24	0.00	0.28	0.87
EUA Dec 2019	22.25	-1.48	25.51	80.34

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



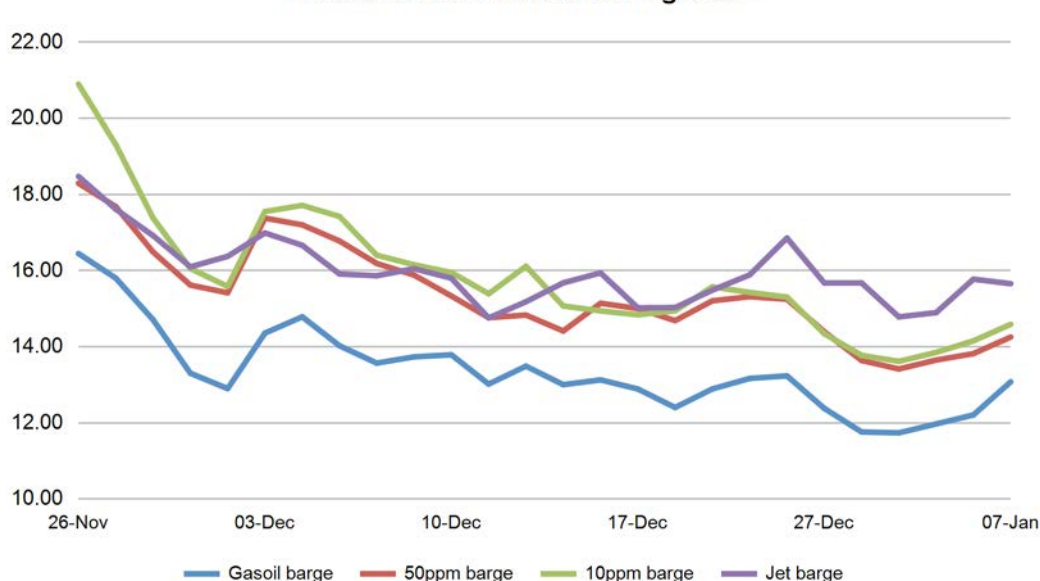
OPIS Europe Jet, Diesel and Gasoil Report

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	1.1463	0.0060
Jet Barge Fob	509.23	7.20
NWE Jet Cargo Cif	516.21	11.33
Med Jet Cargo Fob	500.37	13.69
ULSD Barge Fob	473.90	10.46
NWE ULSD Cargo Cif	475.43	9.79
Med ULSD Cargo Cif	478.48	10.21
50ppm Barge Fob	471.72	10.47

Product Cracks Versus Rolling Brent



Product \$/bbl	Price	Change
Gasoil barge	13.08	0.87
50ppm barge	14.25	0.43
10ppm barge	14.59	0.43
Jet barge	15.65	-0.12
Rolling Brent	58.33	1.55

* 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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Parts of Germany primarily supplied by road fuel via the Rhine river from storage in the Amsterdam-Rotterdam-Antwerp (ARA) hub struggled to secure enough supplies from the second week in October, as water levels slipped below 50cm at Kaub.

The issue was further compounded by some refiners having to reduce output due to logistical challenges shipping feedstock and components in and out of the facility via waterways, resulting in diesel having to be shipped into ports such as Hamburg and trucked via road which increased retail costs.

With water levels recovering to typical levels, and Russian diesel exports from Primorsk rebounding 26% during the month, prices across Germany as well as Spain, Italy, France and the United Kingdom have fallen sharply during December, according to OPIS NAVX data.

OPIS assessed spot diesel barge prices an average of 14% lower at \$555/ton during December compared to the previous month, as wholesale prices tumbled.

The combined effects of lower gasoline exports from northwest Europe and ARA stocks a third above their year-ago level at 1.374 million tons according to PJK International, also put pressure on retail prices for the road fuel.

Premium unleaded barges were pegged 13% lower month on month to average \$507.41/ton, according to OPIS data.