

OPIS Europe Jet, Diesel & Gasoil Report

Essential Intelligence on Europe's Distillates Market



4 November 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	9.50	2.75	337.000	13.50	336.50	337.50	323.833	334.386
NWE Cargo Fob	-6.00	3.25	321.500	14.00	321.00	322.00	309.000	319.690
NWE Cargo Cif	5.00	3.25	332.500	14.00	332.00	333.00	320.000	330.690
Med Cargo Fob	-4.61	3.25	322.887	14.00	322.39	323.39	310.387	322.362

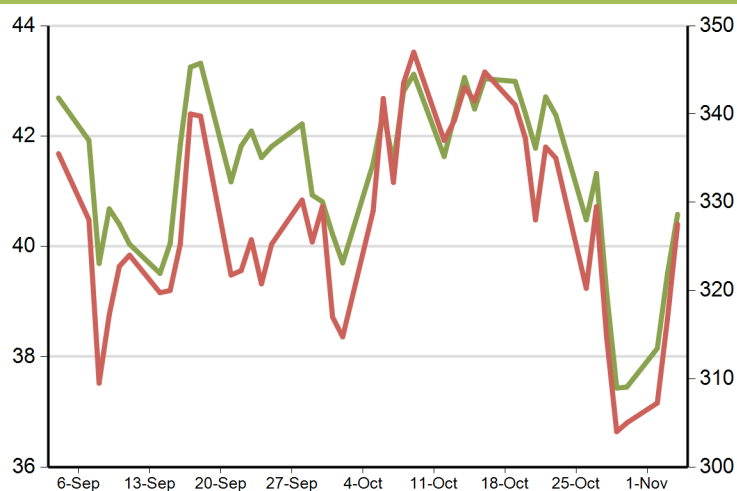
Diesel (ULSD) Prices (\$/mt)

Location	Spot Diff (LS Gasoil)	Change	Outright	Change	Low	High	Current Cal Month Avg	Prior Cal Month Avg
Barge Fob	-0.13	0.38	327.375	11.13	326.88	327.88	316.477	328.643
NWE Cargo Fob	-11.00	-1.75	316.500	9.00	316.00	317.00	307.250	320.523
NWE Cargo Cif	1.50	-1.75	329.000	9.00	328.50	329.50	319.750	333.023
Baltic Cargo Fob	-8.09	-1.63	319.413	9.12	318.91	319.91	310.099	323.368
Med Cargo Fob	-6.00	0.50	321.500	11.25	321.00	322.00	311.167	320.045
Med Cargo Cif	7.50	0.50	335.000	11.25	334.50	335.50	324.667	333.545

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%	-5.00	0.50	322.500	11.25	322.00	323.00	311.667	323.080
NWE Cargo Fob	-15.25	1.00	312.250	11.75	311.75	312.75	301.000	313.875
NWE Cargo Cif	-2.75	1.00	324.750	11.75	324.25	325.25	313.500	326.375
Med Cargo Fob	-17.00	1.00	310.500	11.75	310.00	311.00	299.750	314.636
Med Cargo Cif	-3.50	1.00	324.000	11.75	323.50	324.50	313.250	328.136
50ppm Barge Fob	-0.50	0.50	327.000	11.25	326.50	327.50	316.333	328.506

ICE Brent and LS Gasoil Futures at 16:30 London



— Brent (\$/bbl)
— LS Gasoil (\$/mt)

Brent (\$/bbl)	40.58
LS Gasoil (\$/mt)	327.50

Jet Diffs Firm; WAF Exports, Storage-Buying To Support Diesel

Jet

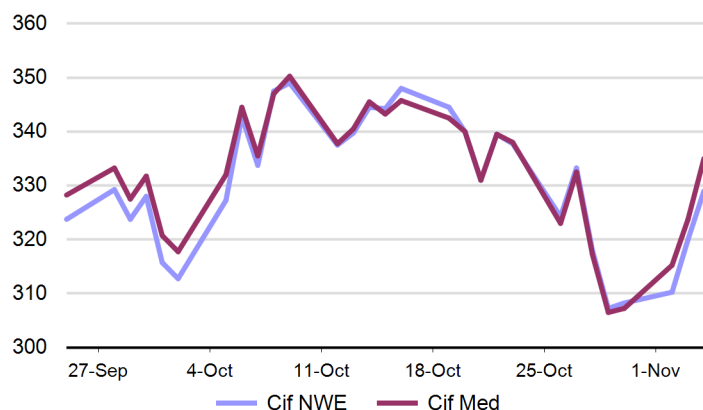
- Unipecc sold Glencore a 30,000mt jet cargo clip ex-Rotterdam discharging over November 14-18, priced at \$5/mt above the November low sulfur futures contract, the highest level in eight sessions.
- OPIS pegged the jet barge differential at \$9.5/mt above the November low sulfur gasoil futures contract, boosting the jet barge crack price to \$2.08/bbl on Wednesday.

Diesel/Gasoil

- OPIS pegged the CIF Mediterranean diesel cargo differential at \$7.5/mt above November LSG on Wednesday, widening its premium to CIF northwest European cargoes to \$6/mt.
- Three clips of gasoil barges totaling 9000 mt changed hands today on screens, with all sold at \$5/mt below November LSG, the highest level since June 10.

(Continued on Page 2)

ULSD Cif Cargoes Northwest Europe and the Med



(Continued from Page 1)

European jet fuel differentials shot up sharply and diesel barge prices also firmed, despite a wave of lockdowns in European countries, which is likely to add downside to distillate prices.

OPIS pegged the jet barge differential at \$9.5/mt above the November low sulfur gasoil futures contract, boosting the jet barge crack to \$2.08/bbl on Wednesday.

Sources said that storage-buying and continued demand from West Africa could lend support to diesel prices.

"The strategy is to fill the tanks and see what effect the lockdown has," one source from the diesel market said. "However, it will remain to be seen what the real impact on the market is – people are still taking their kids to school and driving to work."

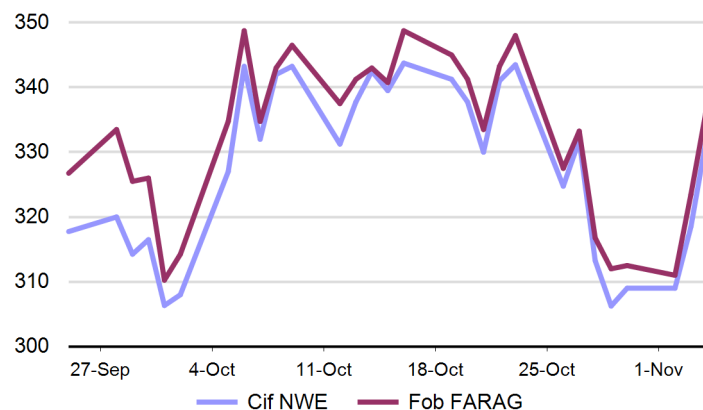
A forecast for relatively ample export volumes from the port of Primorsk could put western European diesel prices under pressure, sources suggested. "We saw some players taking volumes from Primorsk and floating them to Southwold for storage, this could happen again. I can see Primorsk cargoes offered at \$7/mt discount to CIF ARA prices, as we've seen before," another source said.

Meanwhile, demand from West Africa could also support European diesel prices. Cameroon is looking to buy 210,000 metric tons of gasoil and 15,000 mt of jet fuel delivered over January-March 2021. Bids must be received by November 9.

Some sources have previously indicated that West African countries will struggle with the blending of jet into other oil products pool, but others disagreed on Wednesday. "Most blenders have found a way to make the flash point work. The little jet that is around can be blended," a source said.

Additionally, strong gasoil prices are expected to lend support to diesel and jet fuel prices. OPIS on Wednesday pegged high-sulfur gasoil barges at \$5/mt below

Jet Cif Cargoes Northwest Europe and Fob FARAG Barges

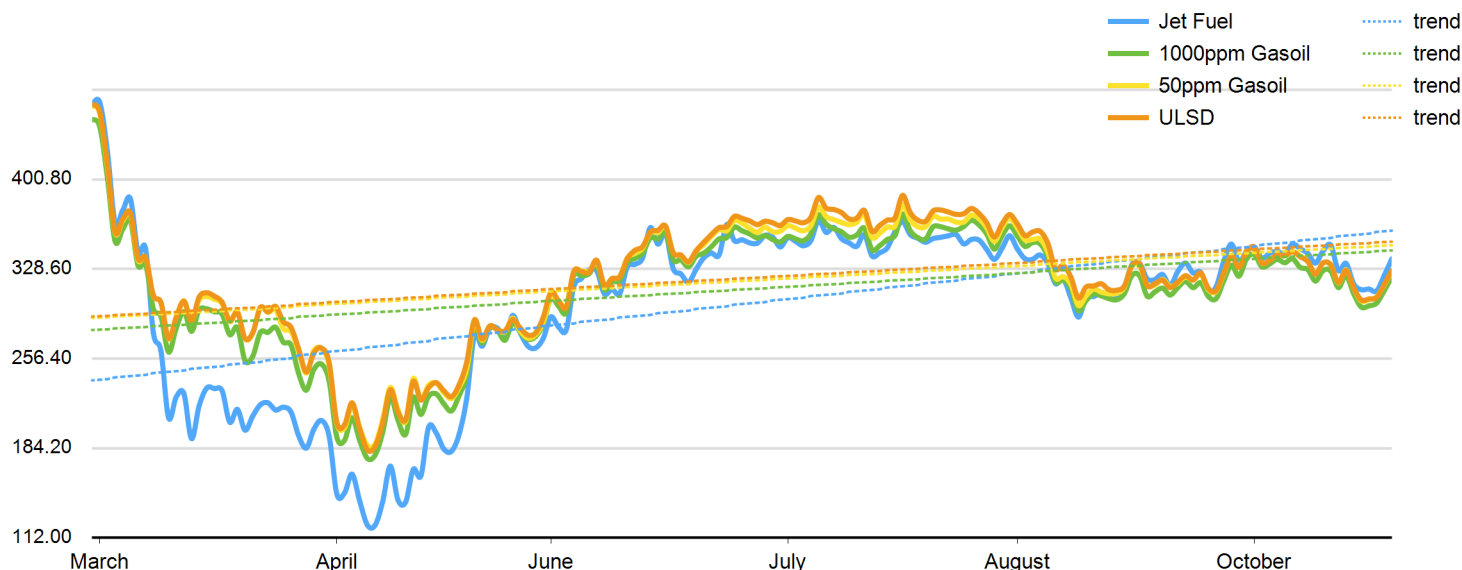


OPIS Freight Assessment \$/mt

Augusta – Rotterdam (30kt)	9.61
----------------------------	------

(Continued on Page 3)

Middle Distillate Barges Fob Rotterdam (\$/mt) Last 8 months outright price and linear trend (\$/mt)

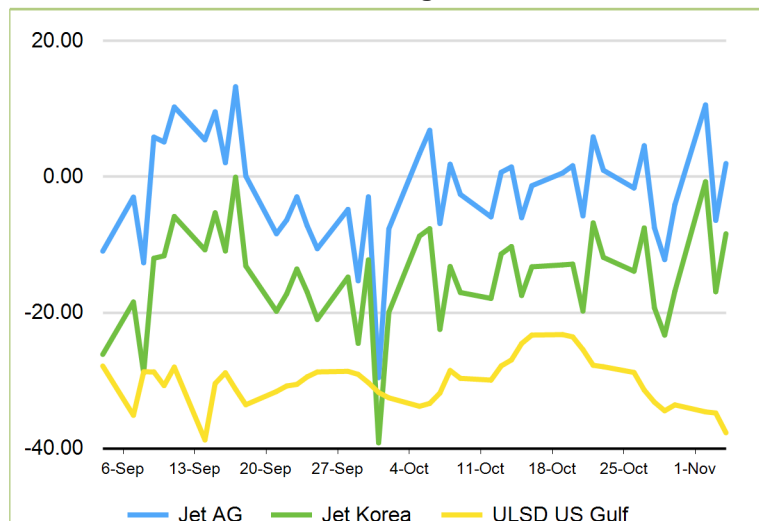


10ppm Gasoil vs ICE LS Gasoil Futures (EFS)

(Continued from Page 2)

	FOB Sing Gasoil	LS Gasoil M+1	Difference	Change	30-day average
Nov	320.95	40.32	280.63	281.22	9.078
Dec	323.78	41.89	281.89	283.53	14.691

Jet and Diesel Indicative Arbitrage to NWE



From	Fob value	Freight (last done)	Forward Value NWE	Spread	Time Stamp
Jet Fob AG (LR2)	318.12	16.94	337.04	1.97	09:30
Jet Korea (LR2)	330.51	19.17	341.31	-8.37	09:30
ULSD US Gulf (MR)	355.95	10.70	329.00	-37.65	16:30

front-month LSG, up from \$9/mt below front-month LSG two weeks ago.

Meanwhile, on the jet fuel market, the 30,000 mt jet fuel purchase tender by Tupras discharging over November 20-25. was awarded to Unipecc, sources said.

Jet fuel imports from the Middle East to Europe for November are looking thin, with some pegging their estimates at just 500,000 mt. "I haven't seen anything but term volumes coming to Europe for a few months now," a source said.

Russia's Black Sea Diesel and Gasoil Exports in November Surge on Month

Scheduled diesel and gasoil exports out of the Russian Black Sea ports of Novorossiysk and Tuapse surged in November compared with October, as regional refineries boost runs, according to broker sources and IHS Markit.

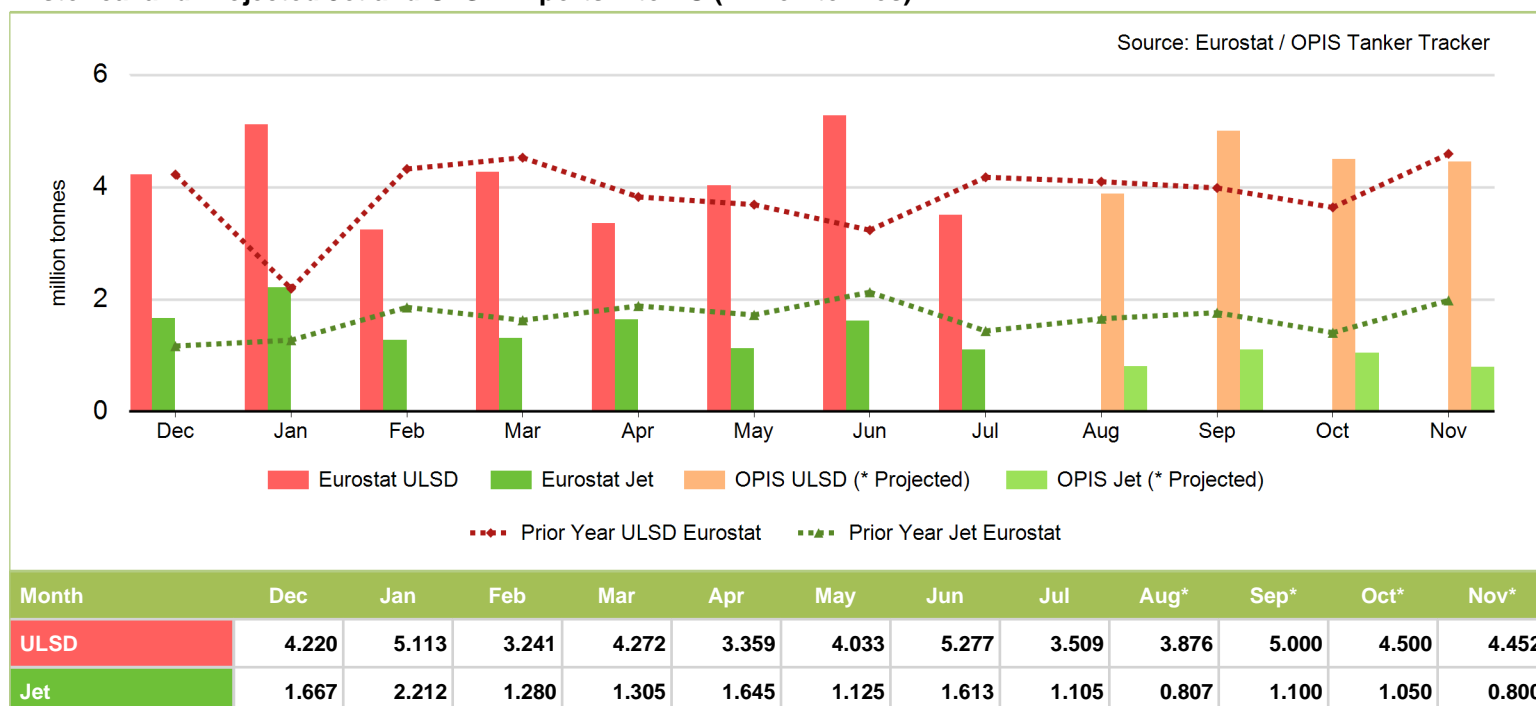
Based on the Transneft crude delivery schedule to refineries which is expected to rise this month, Tanya Stepanova, a principal analyst with IHS Markit, expects crude runs in Russia to increase in November.

Some 551,400 metric tons of gasoil and ultra-low-sulfur diesel (ULSD, 10-ppm sulfur) is scheduled to load at the Russian port of Tuapse next month, an increase of 177,400 mt, or 47% from October, according to broker data. Rosneft is the supplier and charterers include Petrocas, Trafigura, Cetracore and Gunvor.

Scheduled ULSD and gasoil exports from Novorossiysk (Sheskhari terminal) in November reached 636,000 mt, which is 89% higher on the month. Around 336,000 mt was

(Continued on Page 4)

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



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

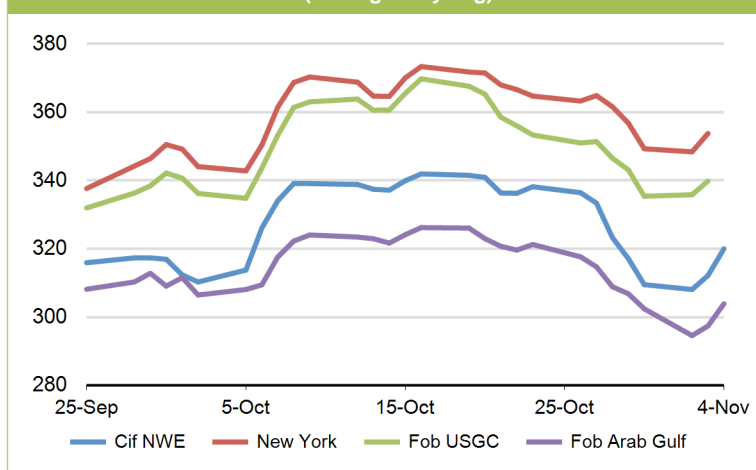
(Continued from Page 3)

Location	Outright	Change	Date and London Time	3-day avg
Jet Cif NWE	332.50	14.00	4 Nov 16:30	320.000
Jet Fob Med	322.89	14.00	4 Nov 16:30	310.387
Jet Fob AG (LR1)	317.41	5.84	4 Nov 09:30	303.897
Jet Fob Singapore	328.86	6.15	4 Nov 09:30	315.100
Jet Fob Korea	330.51	5.13	4 Nov 09:30	317.835
Jet GC Close	345.61	4.48	3 Nov 22:15	339.844
ULSD Cif NWE	329.00	9.00	4 Nov 16:30	319.750
ULSD Cif Med	335.00	11.25	4 Nov 16:30	324.667
ULSD GC Close	347.01	5.97	3 Nov 22:15	340.251
Gasoil 10ppm Sing	319.08	1.86	4 Nov 09:30	308.951

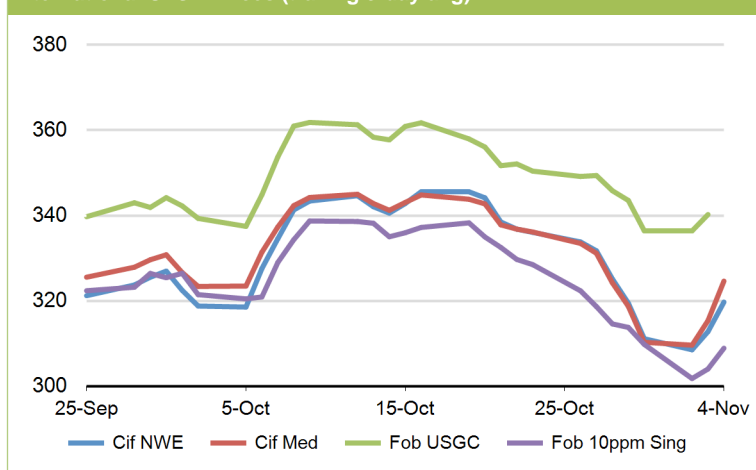
OPIS Ticking Price Derived

Location	Outright	Change	Net CIF NWE	Date and London Time	3-day avg
Jet NYH Ticker	368.30	12.43	35.80	4 Nov 16:30	358.200
Jet GC Ticker	355.04	12.43	22.54	4 Nov 16:30	343.840
ULSD GC Ticker	355.58	12.05	26.58	4 Nov 16:30	344.221

International Jet Fuel Prices (trailing 3-day avg)



International ULSD Prices (trailing 3-day avg)



exported in October. Exporters include Lukoil, Orsknefteorgsintez, Oil Technologies and Gazpromneft.

The monthly increase follows run cuts at the Tuapse refinery in October, when local media reported that the decrease in the plant's utilization may be due to the low margin of oil refining and the expected decrease in demand for oil products due to the second wave of COVID-19.

At the port of Tuapse, monthly exports of ULSD and gasoil between April and November 2020 have averaged around 473,500 mt, while at Novorossiysk, the average monthly export figure is similar, at roughly 476,000 mt.

Novorossiysk and Tuapse are two of the biggest ports in the Black Sea, each handling crude oil and refined products, according to IHS Markit, the parent company of OPIS.

--Reporting by Jen Caddick, jenny.caddick@ihsmarkit.com; Editing by Karen Tang, karen.tang@ihsmarkit.com

EIA Data Still Hints of More Refinery Cuts to Come

Statistics provided this week by the Energy Information Administration show a relative balance for gasoline and diesel. However, the anticipated decline of motor fuel consumption and the likelihood of flatter exports for distillate suggest that refiners are still overproducing by 2020 pandemic standards.

The data on crude was consistent with what API reported as stocks dropped by 8 million bbl in commercial storage with an additional slide of 200,000 bbl in the Strategic Petroleum Reserve. But refinery input is down to about 13.5 million b/d amid commercial crude inventories at 484.4 million bbl. That equates to a days' supply figure of nearly 36, which is still uncomfortably high in the age of COVID-19. A more typical crude run rate this time of year would be 16 million b/d.

Overall demand numbers continue to haunt refiner plans. Total product demand dropped 1.27 million b/d for the week ended October 30 and is off 2.7 million b/d from last year.

Gasoline inventories saw a weekly dip of 209,000 b/d to 8.336 million b/d but EIA was often guilty of overstating weekly demand in the third quarter. OPIS suspects that some demand figures below 8 million b/d are forthcoming.

Meanwhile, output of gasoline is suggestive of discipline in the western United States but perhaps implies too much optimism for east of the Rockies. Overall gasoline production remains around 9 million b/d and that might require exports of one million barrels per day to keep stocks balanced. Exports perked last week to 716,000 b/d but the country imported 630,000 b/d with most cargoes coming to the East Coast.

East Coast gasoline inventories are uncomfortably high. The region rose 1.2 million bbl on motor fuel and 1 million bbl of the increase was for RBOB.

Midwest stocks were flat and the Gulf Coast inventory surged 1.6 million bbl.

Out west, PADD 5 stocks fell by 1.3 million bbl, and that is supportive of the basis premium for spot California and Pacific Northwest barrels.

Diesel stocks are also tilted toward surplus in critical East Coast markets.

Surprisingly, the country imported 332,000 b/d of distillate with 307,000 bbl arriving at East Coast ports. Gulf Coast

(Continued on Page 5)

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
November	7.75	337.04	1.75	338.79	2.38	331.66	-1.75	327.54
December	8.75	341.31	1.50	342.81	1.63	334.18	-3.50	329.06
Quarter 1	10.00	353.87	1.25	355.12	2.50	346.37	-2.25	341.62
Quarter 2	13.25	368.52	1.13	369.64	3.88	359.14	-1.88	353.39

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
November	0.50	329.79	-5.50	323.79	-1.75	327.54	5.00	334.29
December	-1.25	331.31	-6.50	326.06	-1.25	331.31	3.00	335.56
Quarter 1	-2.00	341.87	-8.50	335.37	-1.50	342.37	4.50	348.37
Quarter 2	-1.50	353.77	-8.00	347.27	-0.75	354.52	4.75	360.02

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

(Continued from Page 4)

Product	Nov	Dec	Jan	Feb
Brent (\$/bbl)	-- --	-- --	40.58	40.98
Spread	-- --	-- --	-- --	0.40
Change	-- --	-- --	1.08	1.04
LS Gasoil (\$/mt)	327.50	330.00	333.75	338.25
Spread	-- --	2.50	3.75	4.50
Change	10.75	10.75	10.25	10.00

Analyst Forecasts for Future Brent Crude Prices

Analyst	Brent /bbl	Period	Stamp*
IHS Markit	44.00	2H 2020	August
Barclays	41.00	2H 2020	July
BNP Paribas	49.00	Q4 2020	July
JBC Energy	42.50	Q4 2020	September
Deutsche Bank	45.00	Q4 2020	September
Societe Generale	32.00	2020	April

exports were robust at more than 1 million b/d and that contributed to a 3.1-million-bbl decline in PADD 3 stocks.

The PADD 1 comparisons aren't bullish for distillate, and refiners run risks if they tilt output toward the diesel cut of the barrel. East Coast distillate stocks rose 2.8 million bbl last week, and at 63.9 million bbl compare to a figure last year of 36.6 million bbl. Most of the surplus shows up in the Middle Atlantic and Southeast.

Further worries come via poor domestic demand levels. Distillate demand was measured at just 3.76 million b/d, down 478,000 b/d on the week and 534,000 b/d lower than last year.

The bottom line remains consistent with previous months. There is no major transportation product that affords refiners a consistent and reasonable return, with merchant refiners coughing and wheezing as they comply with RINs needs. --Reporting by Tom Kloza, tkloza@opisnet.com; Editing by Beth Heinsohn, bheinsohn@opisnet.com

US Exits Paris Agreement; 'We Are In' Signers Committed to Climate Cause

The United States officially left the Paris Climate Agreement on Wednesday, after serving a one-year notice to the United

(Continued on Page 7)

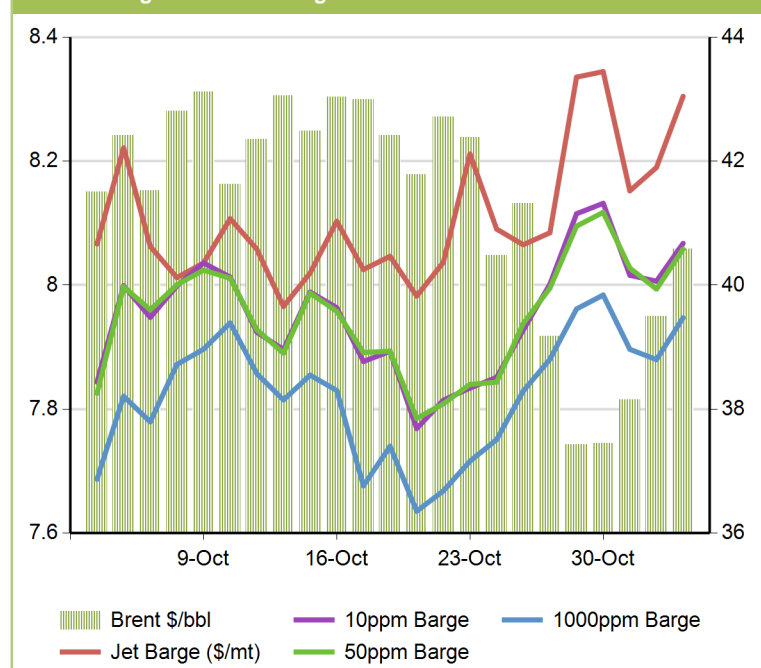
For subscription information, please call 888.301.2645 (U.S. only) or +1 301.284.2000
or email energy@opisnet.com.

Clean jet prices and carbon futures \$/mt

Location	Clean spread	Outright Clean Jet	Change	Stamp
Cif NWE	89.81	422.31	14.00	4 Nov
Fob Med	89.81	412.70	14.00	4 Nov

ICE Carbon Futures (/mt)	Price €	Change	Price \$	Clean Spread
CER Dec 2020	0.28	0.00	0.33	1.03
EUA Dec 2020	24.39	0.00	28.51	89.81

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



OPIS Europe Jet, Diesel and Gasoil Report

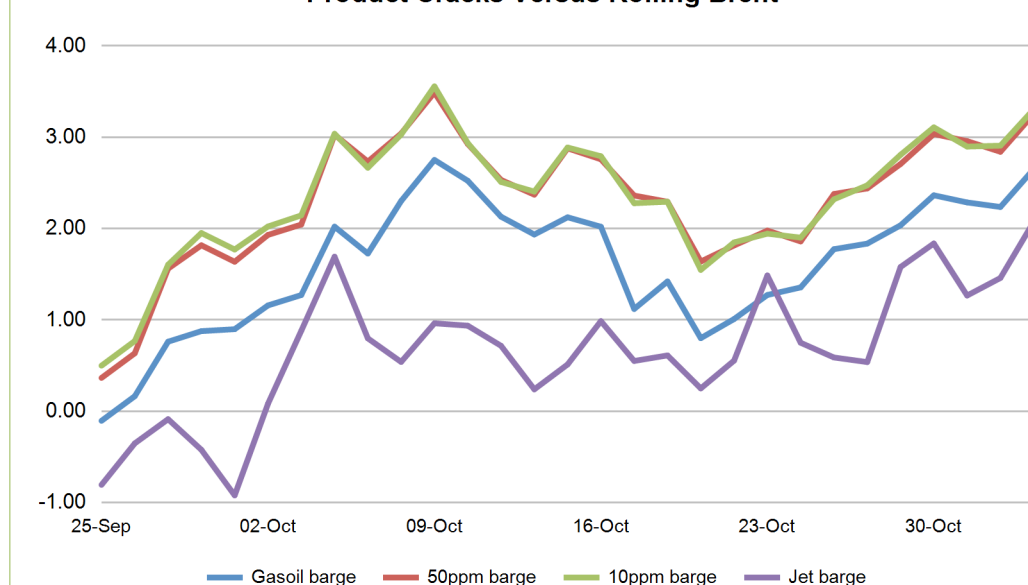
Methodology: OPIS assesses trades and market deals over a full trading day from 9.30am to 4.30pm. Based on this data, OPIS calculates a simple average of differentials which are added to the official settlement of the ICE gasoil contract at 4.30pm London time. A more complete summary of OPIS full-day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

Editorial staff: Paddy Gourlay (UK) pgourlay@opisnet.com, +44 (0)7595117236, ICE chat: [pgourlay](#). Jen Caddick (UK) jenny.caddick@ihsmarkit.com, +44 (0)7920486048, ICE chat: [jencad](#). Anthony Lane (UK) alane@opisnet.com, +44 (0)7716794456, ICE chat: [alane1](#). Paulina Lichwa-Garcia (UK) plichwa-garcia@opisnet.com, +44 (0)797 661 4459, ICE chat: [plichwagarcia](#). Selene Law (UK) selene.law@ihsmarkit.com, +44 (0)7846635070, ICE chat: [slaw1](#). Sales: Carlos Lima, +44 203 253 2598 carlos.lima@ihsmarkit.com. Nandita Lal (UK) nandita.lal@ihsmarkit.com, +44 794 7249973, ICE chat: [nlal12](#).

To view OPIS customer notices and corrections, navigate here: <https://notices.opisnet.com/>, click on the second link, enter your subscription email address then you will then be sent a link to access.

Exchange Rate and prices in Euros		Change
Dollars per Euro	1.1690	-0.0040
Jet Barge Fob	288.28	12.48
NWE Jet Cargo Cif	284.43	12.89
Med Jet Cargo Fob	276.21	12.87
ULSD Barge Fob	280.05	10.43
NWE ULSD Cargo Cif	281.44	8.62
Med ULSD Cargo Cif	286.57	10.56
50ppm Barge Fob	279.73	10.53

Product Cracks Versus Rolling Brent



Product \$/bbl	Price	Change
Gasoil barge	2.65	0.41
50ppm barge	3.26	0.41
10ppm barge	3.31	0.40
Jet barge	2.08	0.62
Rolling Brent	40.64	1.10

* 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.

(Continued from Page 5)

Nations last November. However, many U.S.-based businesses, investors, cities, counties and universities remain committed to the cause.

"We Are In" signatories, which include tech giants like Apple, Microsoft, Facebook and 10 U.S. states like California and Oregon, said Wednesday in a news release that the country has a responsibility to rejoin the Paris Agreement.

"Ultimately, the United States has a responsibility to the world to rejoin the Paris Agreement and put forth a bolder, stronger national target. How soon the U.S. rejoins will depend on the outcome of yesterday's presidential election.

The votes are still being tallied, but regardless of who will be in the White House, the coalition intends to accelerate local climate action in 2021 and into the next decade," the group said.

Presidential candidate Joe Biden has pledged to rejoin the Paris Agreement "on day one of a Biden administration." Meanwhile, The Trump administration decided over two years ago to withdraw from the Paris climate accord "to protect America and its citizens" from the "draconian financial and economic burdens" it allegedly imposes. It formally began the process of leaving the Paris Agreement in November 2019.

Limiting GHG concentrations to a level consistent with a global warming of well below 2 degrees Celsius above pre-industrial levels is the core objective of the Paris Agreement on climate change, which was signed in 2015 at the Sustainable Innovation Forum COP21 and ratified by 189 countries.

"On December 12th, the world will celebrate the five-year anniversary of the Paris Agreement's adoption. American leaders from local governments, the private sector, and other institutions will mark this milestone by articulating a vision for non-federal climate action in 2021 and beyond," the group added.

California Carbon Allowance prices for the state's Cap-and-Trade Program were quiet Wednesday morning, and no trades were made by 8:35 a.m. CT. The Intercontinental Exchange (ICE) CCA V20 December 2020 contract had a bid at \$17.16/mt and offered at \$17.35/mt. On Tuesday, OPIS assessed V20 December 2020 CCAs at \$17.30/mt.

--Reporting by Nandita Lal, Nandita.lal@ihsmarkit.com, Mayra Cruz, Mayra.cruz@ihsmarkit.com; Editing by Bridget Hunsucker, bridget.hunsucker@ihsmarkit.com