

## Potential cuts to Saudi exports?

Reports that Saudi Arabia is considering cutting crude exports, even as the latest data show U.S. production trending higher this year gave a boost to oil prices overnight. Saudi Arabia is considering a 1 million barrel-a-day cut to its crude exports, according to a report Tuesday from the Financial Times. This is seen as a move to offset the rising output from OPEC members Libya and Nigeria, who do not have a set limit under the pact, as well as higher production in the U.S. Much would be discussed in the run up to the meeting as OPEC and other major oil producers are due to meet on 24th July in Russia.

Data released on Tuesday by the Joint Organization Data Initiative (JODI) showed Saudi Arabia's crude oil exports in May falling to 6.924 mil bpd from 7.006 mil bpd in April. According to JODI, the kingdom pumped 9.880 mil bpd in May, down from 9.9946 mil bpd in April. Saudi crude inventories fell by 5.124 mil bbl to 258.803 mil bbl in May, from 263.927 mil bbl in April. Saudi's local refineries processed 2.517 mil bpd in May, down from 2.651 mil in April. Exports of refined oil products in May fell to 1.279 mil bpd, from 1.455 mil bpd in April. Saudi Arabia used 604,000 bpd of crude oil to generate power in May, up 183,000 bpd from April, while demand for oil products rose by 74,000 bpd to 2.535 mil bpd in May, compared to the month before.

Attention would be set on the EIA data due later where U.S. commercial crude oil are expected to have fallen for the third straight week. A poll ahead of weekly EIA government data showed on Tuesday that analysts expect domestic crude stocks to have fallen 3.2 mil bbls while gasoline inventories were seen to be 0.7 mil bbls lower. Distillate stockpiles, which include heating oil and diesel fuel, were expected to have increased by 1.2 mil bbls. Refinery utilisation was projected to have risen 0.4 pct points to 94.5 pct of capacity. Industry group API issued a report on Tuesday that said crude stocks rose 1.6 mil bbls last week, including a 608,000 bbl build at Cushing. Analysts had expectations for a decrease of 3.2 mil bbls. Gasoline stocks fell by 5.4 mil bbls while distillate inventories fell by 2.9 mil bbls, according to the API. Refinery utilisation fell by 51,000 bpd, the API added.

Expect some sideways trading going into EIA as market continues to find reasons for another leg higher in oil prices. On the economic front, we have US building permits and Housing Starts released first prior to the EIA data.

## Indications for Major ports

| Port                             | IFO38 | IFO18 | MGO 0.1% |
|----------------------------------|-------|-------|----------|
| <b>Mediterranean</b>             |       |       |          |
| Gibraltar                        | 326   | 346   | 494      |
| Kali Limenes                     | 323   | 345   | 500      |
| Ashdod                           |       |       |          |
| Eilat                            |       |       |          |
| Limassol                         | 348   | 368   | 525      |
| Malta                            | 316   | 334   | 469      |
| Piraeus                          | 313   | 330   | 465      |
| <b>Black Sea</b>                 |       |       |          |
| Constantza                       | 325   | 350   | 500      |
| Istanbul                         | 318   | 330   | 482      |
| Kavkaz                           | 220   |       | 500      |
| Novorossiysk                     | 295   |       | 505      |
| Tuapse                           | 295   |       | 505      |
| <b>North Europe – Baltic Sea</b> |       |       |          |
| Antwerp                          | 294   |       | 440      |
| Hamburg                          | 304   | 324   | 455      |
| Murmansk                         | 283   |       | 490      |

\* Please note that the above levels are bunker indications only and are subject to local product and barge (if applicable) availability.

\* Please note that for the port of Vladivostok the indicative price of MGO 0.1% refers to 0.5% LSMGO.

\* All indicative prices are basis metric tons.

\* Product specs subject to ports and local regulation as in some cases only local non-ISO product is available. Additional port-specific delivery costs may apply.

|                    |     |     |     |
|--------------------|-----|-----|-----|
| Rotterdam          | 294 |     | 440 |
| St. Petersburg     | 263 | 446 | 395 |
| <b>Middle East</b> |     |     |     |
| Dubai              | 335 | 370 | 555 |
| Fujairah           | 310 | 320 | 535 |
| <b>Asia</b>        |     |     |     |
| Hong Kong          | 318 | 324 | 479 |
| Shanghai           | 324 | 344 | 565 |
| Singapore          | 311 | 317 | 454 |
| Vladivostok        | 260 |     | 505 |

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