

WEEKLY REVIEW OF BITUMEN MARKET IN IRAN & THE WORLD



Bitumen Petro Co.

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Highlights

- According to Eurostat “Annual inflation in the euro zone is expected to be 5.5% in June 2023, down from 6.1% in May, as energy prices tumbled by 5.6% from a year earlier.”
- Oil and gas industry giant producers are confident about oil demand despite challenges they are facing due to energy transition.
- Sinopec, Chinese giant oil and chemicals, has begun its green hydrogen production.
- As a part of government’s steps toward green energy, India’s state-owned oil company, Bharat Petroleum, confirmed raising up to \$2.19 billion of equity shares.
- A new research conducted by CDP, demonstrate that the oil and gas section has almost made “no progress” since 2021 in order to achieve the Paris Agreement goals.
- Energy trade between the U.S. and Mexico has reached 81.9\$ billion in 2022, which is a new record and all-time high. Furthermore, U.S. energy exports to Mexico registered 55.8\$ billion in prior year, up from 45.4\$ billion in 2021.
- According to API, “Crude oil inventories in the United States decreased this week by 2.408 million barrels, after falling by 1.246 million barrels in last week.”
- The average price of Russian Urals continued to stay below 60\$ per barrel, however a gap between export and import prices shows that Russian crude trade is facing challenges.
- Oil products inventories at the UAE’s Port of Fujairah, declined from a two-week high with a 24% decrease in middle distillates leading overall losses.
- Tengku Muhammad Taufik, Petronas’ president and chief executive, mentioned in Energy Asia conference that, “Underinvestment in oil and gas has caused extreme market volatility and impacted energy security, and calling for an untimely and absolute halt to fossil fuel investment is a recipe for disaster.”

Iran Bitumen News

- Last week 131,000 MT VB were supplied in IME, by 2.9% increase, 292,000 MT demand were registered. Outputs offered by 390,000 IRR/USD rate in Jun 25 did not have any demand registered, on the other hand, supplies in Jun 27, which were based on 285,000 IRR/USD rate traded completely. In prior week, the supply rate soared by 16,000 MT clearly the whole amount was sold and weekly VB's fluctuation rate was from 3.7%- to 14.9%. Due to increase in outputs amount from all refineries and supplies from Tabriz refinery, the amount of offers have increased. Furthermore, VB from Tehran refinery declined the most by 3.7% and ratio between VB close price and IME's export bitumen reached 89%, also VB's average value in Free Market USD assessed at 244\$. In addition, VB's value in the Center of Exchange Dollar have reached 289\$, showing a rise by 20\$ in comparison to prior week.
- Supplies in IME's export market were around 10,000 MT and they were 52,600 MT less than the average of prior month. Due to offers only from Pasargad Oil Company, total amount of supplies were declined. For this amount of outputs, 15,200 MT demand were registered and as it was more than supplies, all of them were traded. Considering the free market USD to IRR exchange rate, at published date, the bargained equivalent rates for Abadan and Tabriz Pasargad Oil were 271\$ and 282\$ respectively. Furthermore, the rate for Arak Pasargad Oil was 275\$.
- In an amendment, ORICA revised the dollar rate for oil products base prices to 285,000 IRR. Although, two days before, in a letter the association mentioned that the dollar equivalent for oil products calculations was increased to 379,630 IRR.
- The financial statement of Pasargad Oil was published in last week. The statement demonstrate that domestic and export sales of the firm were declined. During May-Jun, the firm sold 67,000 MT of bitumen in both domestic and foreign markets, although in Apr-May the mentioned amount was 105,000 MT. As the export bitumen price was in its' peak during Apr-May, sales amount of the company were on higher levels and as the bitumen price began the bearish trend, sales amount also decreased.

Analysts Comments



The US is headed for an even more serious recession than Federal Reserve Chair Jerome Powell has projected, according to market veteran Roger Altman. But that's contrary to the slew of economic indicators that suggest otherwise, according to Altman, who thinks a downturn is the most likely outcome by the end of the year. For one, the 2-10% Treasury yield curve – a notoriously reliable indicator of a coming recession when inverted – has posted its steepest inversion in over 40 years, with the yield on the 2-year Treasury surpassing the 10-year yield by more than a full percentage point last week. "To me, the likelihood is a moderate recession," Altman said. Special business surveys are also spelling trouble for the economy, Altman said, pointing to Evercore's trucking survey, an index of freight demand that the firm touts as a reliable recession signal. That index recently dipped below 48, a threshold that's typically correlated with a downturn.

Zongyuan Zoe Liu	Eugenio Aleman	BoA
<p>China's economic recovery is doomed, as President Xi Jinping will likely abandon his plan to shift the economy away from its reliance on investment, according to Zongyuan Zoe Liu. Late last year, the Chinese government announced an ambitious 12-year plan that involves expanding household consumption to drive the economy, shifting away from investment over the long term. That plan was met with an outpouring of praise from some economists, as China's household spending accounts for just 38% of its GDP, well below the global average of 68%. Officials have stepped in to prop up key sectors of its economy, and are unlikely to depend on households to ramp up spending in those areas, Liu and Steil said. Consumption-led growth is likely to upset key constituents as well.</p>	<p>Greater consumer confidence tends to fuel increased consumer spending, which is a key component of economic growth but can also fuel inflation. "The May new home sales report also shows that the Federal Reserve may want to increase interest rates higher because current mortgage rates don't seem to be high enough to slow down the sector and could pose a threat to the current disinflationary process going forward," Eugenio Aleman, chief economist at Raymond James, told CNN.</p>	<p>The US could see a big drop in inflation without hitting a recession, Bank of America said. Strategists pointed to the inverted 2-year and 10-year Treasury yield curve, the bond market's notorious recession gauge that has successfully predicted numerous downturns, most recently in 1990, 2001, and 2008. When short-term yields rise above those of longer-term bonds. "While curve inversion has historical extremes has garnered higher recession probabilities from models, we think curve shape is more a function of expectations for declining inflation than a deterioration in growth,"</p>

Loading Report

Due to confidential reasons we are not able to mention the full name of vessels

Jun 24 - Jun 30

Jetty No.	PG1	PG3	PG4	PG5	PG6	PG9	PG10	Total Amount	
MT G E	6,200							6,200	
MT C		6,800						6,800	
MT S		6,900						6,900	
MT G E		9,800						9,800	
MT B M		1,500						1,500	
MT R 1			3,500					3,500	
MT A 2				4,500				4,500	
MT D				5,000				5,000	
MT A					5,000			5,000	
MT G Q					3,500			3,500	
MT A M					1,200			1,200	
MT S					5,000			5,000	
MT S X						5,500		5,500	
MT SA						4,500		4,500	
MT N 1						3,000		3,000	
MT D 1							1,000	1,000	
MT G R							4,000	4,000	
Total Amount	76,900	6,200	25,000	3,500	9,500	14,700	13,000	5,000	76,900

Jun 24 - Jun 30 Vessels Locations

Due to Confidential reasons we are not able to mention the full name of vessels

NO.	VESSEL NAME	FROM	TO	LAST LOCATION
1	MT A	KHOR AL FAKKAN, UAE	KHOR AL ZUBAIR, IRAQ	OMAN GULF
2	MT L	FUJAIRAH, UAE	KHOR AL FAKKAN ANCH., UAE	OMAN GULF
3	MT T	HAMRIYA, UAE	MUMBAI ANCH., INDIA	WEST COAST INDIA
4	MT A	HAMRIYA, UAE	BASRAH, IRAQ	PERSIAN GULF
5	MT C	AL BASRAH, IRAQ	SHARJAH ANCH., UAE	PERSIAN GULF
6	MT B O	MUSCAT, OMAN	SHARJAH ANCH., UAE	DUBAI AREA
7	MT G R	UMM QASR ANCH., IRAQ	DIBA	OMAN GULF
8	MT I	KHOR AL FAKKAN, UAE	FUJAIRAH ANCH., UAE	OMAN GULF
9	MT S	KHOR AL FAKKAN, UAE	GALLE, SRI LANKA	WEST COAST INDIA
10	MT A S	SHARJAH, UAE	SHARJAH, UAE	PERSIAN GULF

Mercantile Exchange

VB Transactions

Supplier	Open		Close			Supply Volume		Demand	Transaction Volume (MT)		
	Jun 24 - Jun 29	Jun 17 - Jun 22	Jun 24 - Jun 29	Jun 17 - Jun 22	Change	Jun 24 - Jun 29	Monthly Average	Jun 24 - Jun 29	Jun 24 - Jun 29	Jun 17 - Jun 22	Last Month
Tabriz Refinery	80,000	0	131,375	0	-	6,000	0	19,700	6,000	0	6,000
Tehran Refinery	80,000	73,500	120,687	125,330	-3.7%	15,000	6,000	31,850	15,000	8,000	37,000
Shiraz Refinery	84,000	77,200	107,991	100,160	7.8%	10,000	9,600	22,200	10,000	12,000	48,000
Esfahan Refinery	80,000	73,500	119,613	110,173	8.6%	50,000	39,000	105,600	50,000	0	200,000
Abadan Refinery	80,000	73,500	111,340	96,910	14.9%	10,000	8,600	26,000	10,000	10,000	53,000
Bandar Abbas Refinery	84,000	77,200	119,377	116,085	2.8%	30,000	26,000	52,500	30,000	20,000	160,000
Arak Refinery	80,000	73,500	120,593	112,095	7.6%	10,000	11,000	33,900	10,000	15,000	55,000
Total						131,000	100,200	291,750	131,000	65,000	559,000

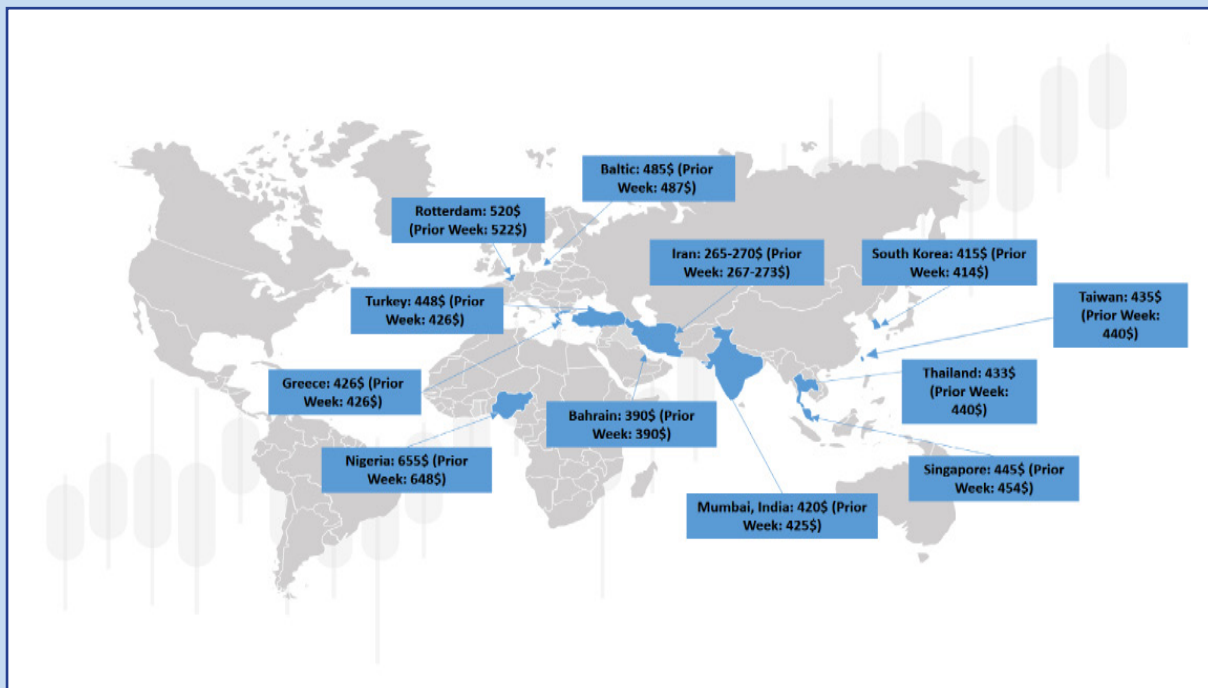
Export Bitumen Transactions

Supplier	Open		Close			Supply Volume		Demand	Transaction Volume (MT)		
	Jun 24 - Jun 29	Jun 17 - Jun 22	Jun 24 - Jun 29	Jun 17 - Jun 22	Change	Jun 24 - Jun 29	Monthly Average	Jun 24 - Jun 29	Jun 24 - Jun 29	Jun 17 - Jun 22	Vloume Change
Jey Oil - Esfahan - BEX	0	124,750	0	124,744	-	0	8,600	0	0	10,000	25,000
Jey Oil - Esfahan - GEX	0	152,000	0	155,414	-	0	6,800	0	0	12,000	20,700
Jey Oil - Bandar Abbas - BEX	0	132,500	0	133,180	-	0	7,400	0	0	15,000	17,000
Pasargad Oil - Bandar Abbas - BEX	0	140,000	0	140,000	-	0	7,600	0	0	7,000	17,200
Pasargad oil - Bandar Abbas - GEX	0	165,000	0	0	-	0	2,400	0	0	0	1,000
Pasargad Oil Abadan	133,000	133,000	133,000	133,000	-	7,000	9,400	8,100	7,000	10,000	23,000
Pasargad Oil Tabriz	136,000	136,000	138,169	136,000	1.6%	1,000	1,400	2,000	1,000	1,600	3,600
Pasargad Oil Tehran BEX	0	134,600	0	0	-	0	1,800	0	0	0	750
Pasargad Oil Arak Bex	125,000	125,000	134,800	125,000	7.8%	2,000	2,200	5,100	2,000	2,000	6,150
Pars Behin Qeshm Oil Refining	0	122,069	0	122,069	-	0	15,000	0	0	45,000	55,000
Total						10,000	62,600	15,200	10,000	102,600	169,400

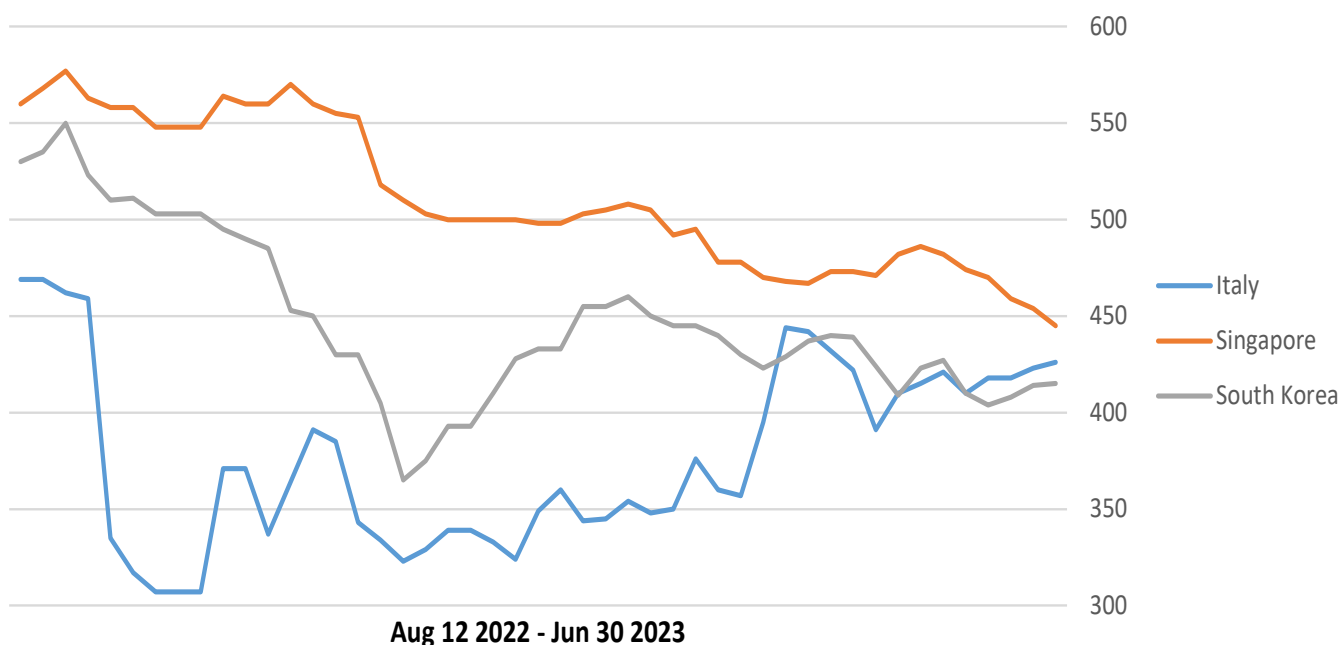
Bitumen & Jumbo Bag Prices

Product	Weekly Range - Jun 24 to Jun 29	Product	Weekly Range - Jun 24 to Jun 29
Drum FOB Private	360-370	Bulk FOB Private	265-270
Drum FOB Embossed	365-375	Bulk FOB Governmental	265-270
Jumbo Bag Private	340-345	Jumbo Bag Governmental	-
Bulk Ex-Work To Pakistan	-	Bulk Ex-Work Tabriz	300

Global Bitumen Prices



Prices Chart



Freight Rate



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From	To	Rate (\$)	To	Rate (\$)	To	Rate (\$)	Capacity - Foot
Bandar Abbas	Nhava Sheva	200	Dar es Salam	1100	Surabaya	600	20
	Kandla	220	Djibouti	1100	Belawan	600	
	Mundra	200	Berbera	1500	Semarang	800	
	Haldia	1000	Sudan	1300	Jakarta	850	
	Chittagong	1100	Ningbo	175	Singapore	850	
	Colombo	950	Shanghai	175	Ho Chi Minh	675	
	Port Klang	275	Qingdao	200	Haiphong	900	
	Jebel Ali	50	Tianjin	250	-	-	
Mombasa	1050	Aden	1250	-	-		

Oil Analysis

Monthly Timeframe



1-hour Timeframe



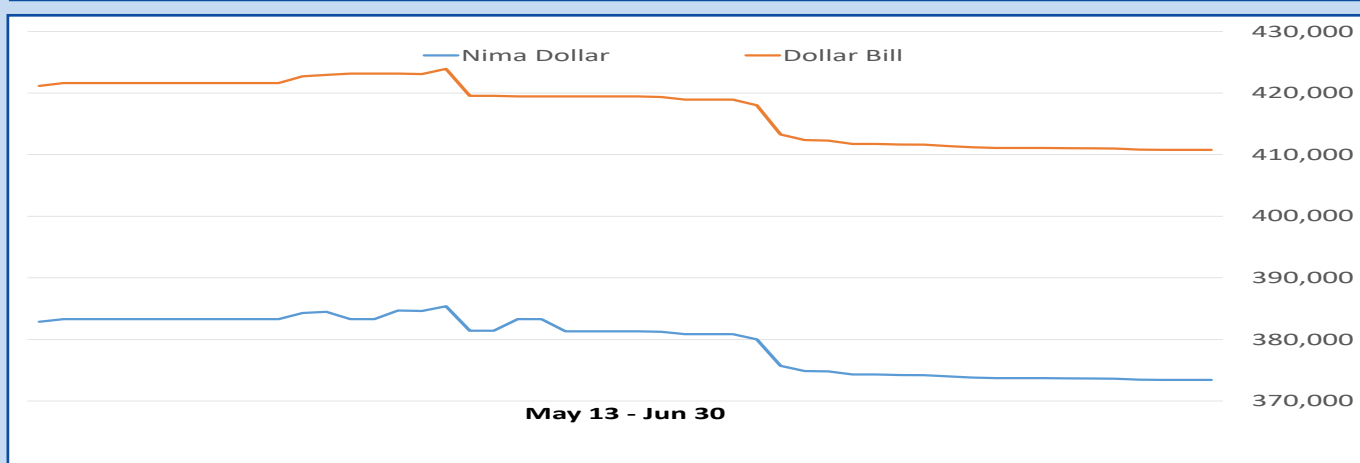
Technical Analysis

Crude's long-term chart demonstrate price fluctuations in last two months. According to technical analysis, the price is now on a relatively strong support line and there is a possibility that it could reach 96\$ a year later. On the other hand, the bearish channels also show that the price could reach 56\$ as well. More interest rates hikes and rising concerns about a recession in big economies put more emphasis on a downward trend in crude. In one-hour timeframe, fluctuations can be seen in Fibonacci channels. In a bullish scenario, it is expected that the price could reach to 79\$ in the coming week. However, any news with negative aspects on the market, for instance a rise in the U.S. unemployment rate, will grow fears of a hike in interest rates and it can reduce the crude price to 70\$ per barrel.

Fundamental Analysis

In prior week, as concerns about supplies reduction overcame the demand lackluster, Brent price was increased by 1.7%. Statistics in last week were showing a decline in the U.S. crude inventories. Saudi Arabia also considering 1 million barrels cut in daily production, beginning from the coming week. Previously, the country's Energy Minister mentioned that he will take "any necessary steps in order to stabilize the market." He also added that July outputs extra reduction can be extended, but as it mentioned in an agreement, cutting supplies would be extended up to August. Furthermore, statistics show that OPEC's supplies during May declined by 500,000 barrels and reached 28.26 million bpd, the 16-month low. On Thursday, EIA's report demonstrate that the U.S. crude and gasoline stockpiles where 1.4% and 6.8% less than 5-year average respectively. However, crude production in the week ended Jun 23, was stayed at 12.2 million barrels per day, which was a bit lower than 3-year high. During last week, there was no correlation between USD index and crude as it should be. It seems that external factors were affecting the market.

Exchange Rate - USD/IRR



Description	Date	6/30/2023	6/29/2023	6/28/2023	6/27/2023	6/26/2023	6/25/2023
Iran Center of Exchange Dollar Remittance	Change	373,424	373,424	373,424	373,473	373,623	373,658
	Weekly Change	-0.1%	-0.1%	-0.1%	-0.1%	-4.9%	0.0%
Iran Center of Exchange Dollar	Change	410,766	410,766	410,766	410,820	410,985	411,024
	Weekly Change	-0.1%	-0.1%	-0.1%	-0.1%	-5.0%	0.0%
Free Market Dollar	Change	490,000	493,300	493,300	493,300	498,000	499,500
	Weekly Change	-3.7%	-0.1%	-0.1%	1.2%	2.0%	2.4%

US Dollar Exchange Rate



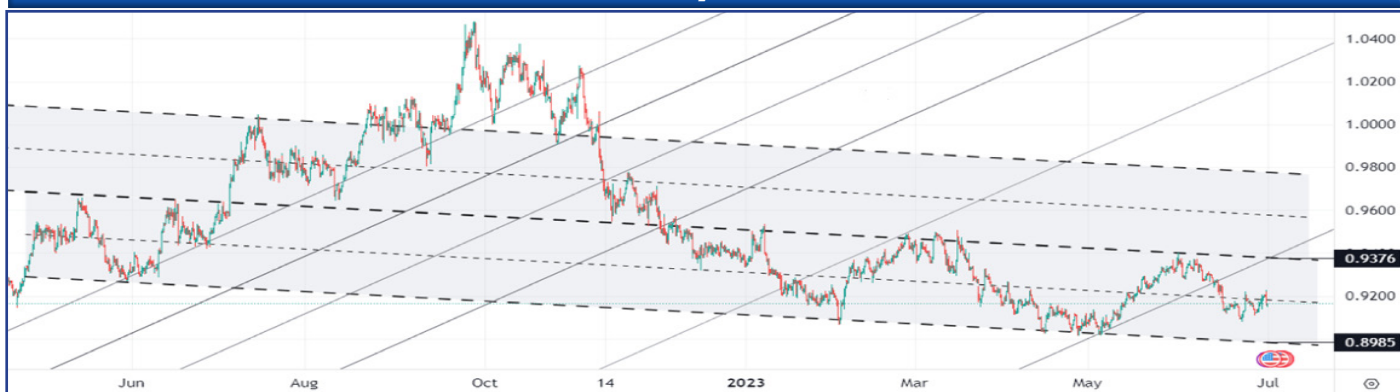
USD/CNY



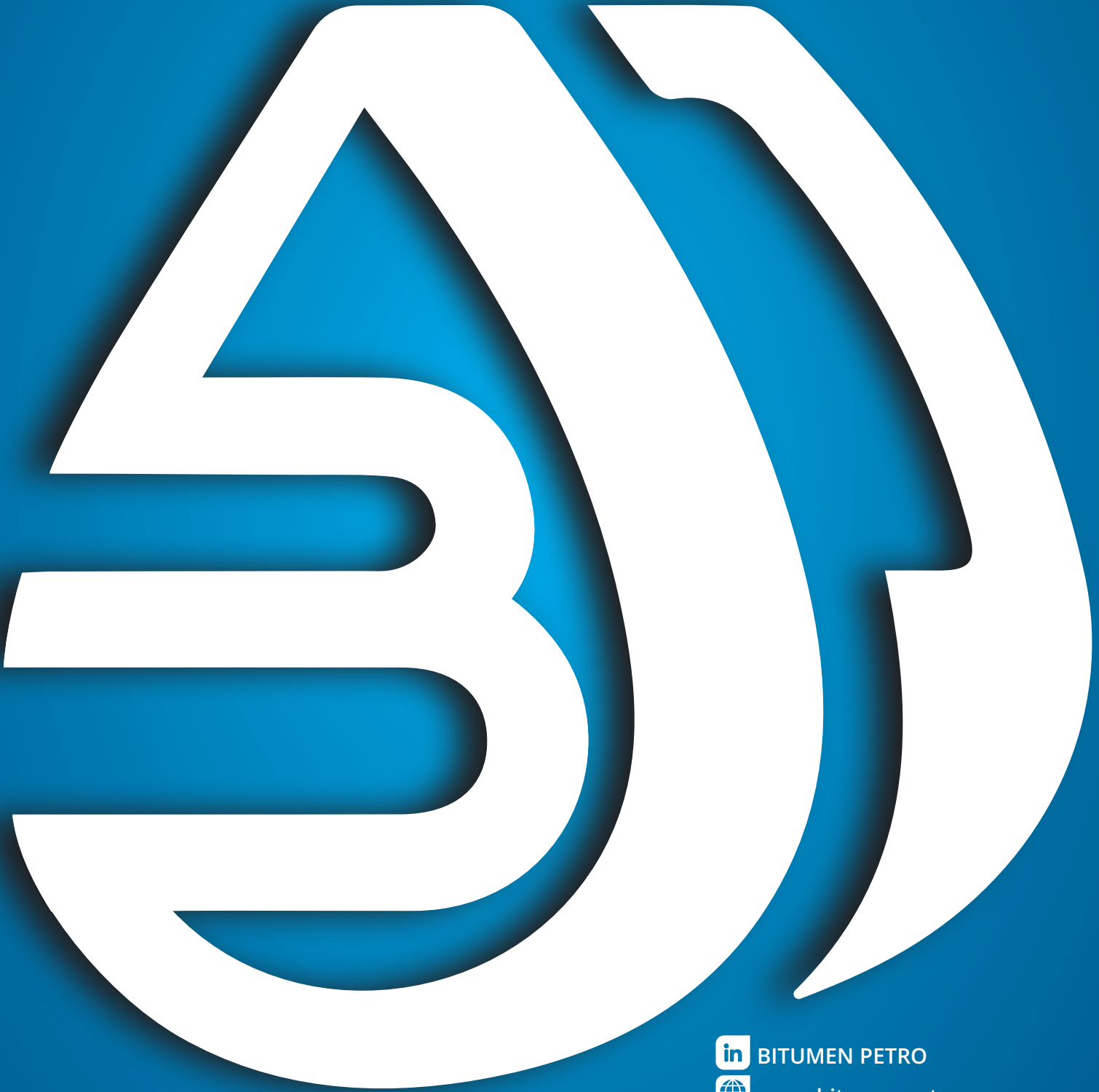
USD/INR



USD/EUR



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