

WEEKLY REVIEW OF BITUMEN MARKET IN IRAN & THE WORLD



Bitumen Petro Co.

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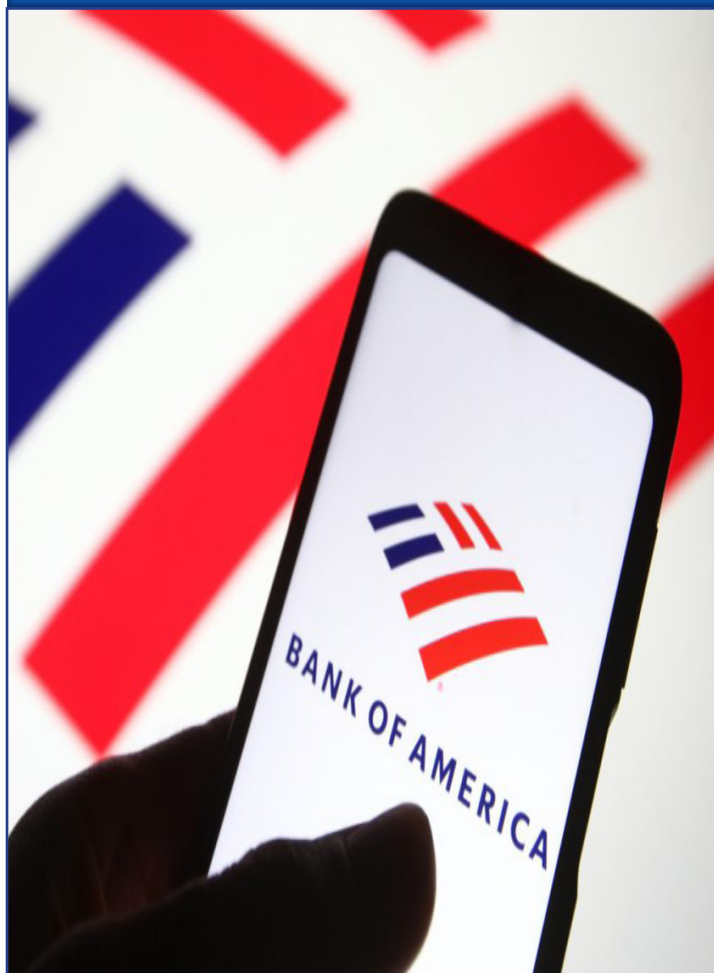
Highlights

- On Friday, Russia announced another half a million barrels per day cut in its oil outputs. This announcement was in addition to the earlier commitments of voluntary reduction in its supplies.
- In its Q2 update notes, Shell is expecting lower earnings by trading gas, in comparison to prior quarter, as a result of unfavorable season and less opportunities.
- It is expected that OPEC will maintain its uptrend view on global oil demand in the next year when it published its outlook on July 13.
- According to Iranian media, “The energy ministers of Saudi Arabia and Iran met on Thursday on the sidelines of an OPEC event in Vienna to discuss bilateral energy relations.”
- The API report showed on Wednesday that crude oil inventories in the U.S. declined by 4.382 million barrels this week, after falling by 2.408 million barrels in last week.
- The UAE is about to invest up to 54\$ billion over the next seven years in order to catch up with growing energy demand and triple its supply of renewable energy.
- Saudi Arabia’s energy minister said on July 5 “OPEC+ production cuts have yet to lift oil prices, but traders will soon participate in the market once evidence emerges of tightening fundamentals.”
- Iran’s LPG exports loading in May were approximately 973,260 MT, about a third higher than April-loadings.
- Since the invasion of Ukraine, Russian refined products exports to Africa increased by 14 times.
- Shell’s chief executive, Wael Sawan, mentioned that, “Reducing global oil and gas production would be dangerous and irresponsible as the world still desperately needs those hydrocarbons.

Iran Bitumen News

- Last week 143,000 MT VB were supplied in IME, by 5% increase, 306,000 MT demand were registered. In prior week, the supply rate soared by 12,000 MT clearly the whole amount was sold and weekly VB's fluctuation rate was from 0.2% to 7.7%. Due to increase in outputs from Abadan, Bandar Abbas and Arak refineries, the amount of offers have increased. Furthermore, VB from Tehran refinery increased the most by 7.7% and ratio between VB close price and IME's export bitumen reached 87%, also VB's average value in Free Market USD assessed at 237\$. In addition, VB's value in the Center of Exchange Dollar have reached 292\$. VB's average price base on Free Market Dollar demonstrate 3% increase.
- Supplies in IME's export market were around 30,000 MT and they were 20,000 MT less than the average of prior month. Due to halted offers from Bandar Abbas Jey Oil, Abadan Pasargad Oil and Pars Behin Qeshm Oil total amount of supplies were declined. For this amount of outputs, 63,600 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 Isfahan Jey Oil Bulk and Drum Bitumen were 270\$ and 328\$ respectively. Prices for Bandar Abbas Pasargad Oil Bulk and Drum Bitumen were 280\$ and 332\$. Furthermore, the rate for Tehran and Arak Pasargad Oil was 267\$.
- The CEO of National Iranian Oil and Distribution Company, Jalil Salari, referring to the president's latest trip to South America and signing agreements, announced, "Our duty in NIODC is to complete the value chain. As a result, necessary predictions for oil refinement in refinery chain and continuation of it in petrochemicals chain were considered. One of the ongoing projects is to construct a refinery in one of the South America countries and reinvest the earnings on the refinery.
- Muhammad Ali Khatibi, Iran's former agent in OPEC, mentioned that, "In current times, Iran will not enter the market in any countries but it will reopen the out of commission refineries in countries like Venezuela, then transfer its oil to those refineries. In other words, Iran's crude is entering in lost markets and refineries that are out of commission."

Analysts Comments



Though markets and the economy appear to be holding up, there are three things that are about to go wrong that will help land the US in a recession this year, according to Bank of America. The bank's team of economists said in a note on Friday that recent data have surprised to the upside, pointing to positive trends in home sales as well as auto sales and production. "although these rates-sensitive sectors have outperformed expectations and the broader economy is growing around trend, we still think there are enough pockets of concern that a mild recession, starting in 1H 2024, should be the base case," the bank added recent data: 1) The failure of regional lenders earlier this year amid aggressive Fed tightening has made banks less willing to lend, which spells future trouble for credit markets. 2) After a three-year pause on student loan payments, the resumption is likely to burden consumers, BofA said, which could significant increase the delinquency rate, or the rate of late payments on loans. 3) Though the labor market has stayed robust despite aggressive Fed tightening, job growth has mostly been concentrated in lower-wage service jobs, which has led to a decline in labor productivity.

Jeremy Siegel	Michael Hartnett	Leon Cooperman
Investors are brushing off the prospect of higher interest rates, Jeremy Siegel has warned. He suggested that Fed officials may believe a buoyant economy will fuel inflation, even though current prices of oil and other commodities don't support that view. "What surprises and disappoints me ... is that the Fed continues to escalate its tightening and hawkish stance," he said. "I believe we still have elevated risks of a downturn in the second half of the year due to potential negative shocks," he said.	"Commercial real estate [is] widely seen as next shoe to drop as lending standards for CRE loans to tighten further," Bank of America's Michael Hartnett said. A potential credit crunch in the sector, sparked by a wave of upcoming refinancings of commercial real estate loans at much higher interest rates than in the past, could send stocks spiraling and the economy into a recession. This is a perfect storm for regional banks because they have so much exposure to commercial real estate loans.	Leon Cooperman The Omega Advisors founder, and former head of Goldman Sachs' asset-management bemoaned the general state of madness that investors are in today. Cooperman also touched on the US economic outlook, suggesting a recession could strike in 2024. "It may come next year, when people run out of money and the Fed keeps raising rates," he said. The veteran investor added that he's behaving cautiously against a backdrop of overpriced assets, lingering inflation, rising interest rates, and a looming economic downturn.

Loading Report

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

Jul 01 - Jul 07									
Jetty No.								Total	
Vessel Name	PG1	PG3	PG4	PG5	PG6	PG9	PG10	Amount	
MT Z F	4,300							4,300	
MT AL M	7,500							7,500	
MT A	1,200							1,200	
MT A S		8,100						8,100	
MT C 7		3,100						3,100	
MT R 1			3,500					3,500	
MT I			5,600					5,600	
MT M 1			1,000					1,000	
MT AI			3,000					3,000	
MT G P			7,000					7,000	
MT A 1				4,500				4,500	
MT S					5,000			5,000	
MT N O						3,000		3,000	
MT G E						6,600		6,600	
MT I						10,000		10,000	
MT G R							4,000	4,000	
MT A							2,700	2,700	
MT S							2,000	2,000	
Total Amount	82,100	13,000	11,200	20,100	4,500	5,000	19,600	8,700	82,100

Jul 01 - Jul 07 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 G E	KHOR AL FAKKAN ANCH., UAE	SHINAS, OMAN	OMAN GULF
2	MT C	BASRAH, IRAQ	HAMRIYA, UAE	PERSIAN GULF
3	MT S	KHOR AL ZUBAIR, IRAQ	FUJAIRAH, UAE	PERSIAN GULF
4	MT G E	FUJAIRAH, UAE	FUJAIRAH ANCH., UAE	OMAN GULF
5	MT R 1	AL BASRAH, IRAQ	KHOR AL FAKKAN, UAE	OMAN GULF
6	MT D	FUJAIRAH, UAE	KHOR AL ZUBAIR, IRAQ	PERSIAN GULF
7	MT G Q	KHOR AL FAKKAN ANCH., UAE	DIBA	OMAN GULF
8	MT S	SHARJAH, UAE	SINGAPORE	OMAN GULF
9	MT S X	MANGALORE, INDIA	HALDIA, INDIA	LACCADIVE SEA
10	MT D 1	HAMRIYA, UAE	SHARJAH ANCH., UAE	DUBAI AREA

Mercantile Exchange

VB Transactions

Supplier	Open		Close			Supply Volume		Demand	Transaction Volume (MT)		
	Jul 01 - Jul 07	Jun 24 - Jun 29	Jul 01 - Jul 07	Jun 24 - Jun 29	Change	Jul 01 - Jul 07	Monthly Average	Jul 01 - Jul 07	Jul 01 - Jul 07	Jun 24 - Jun 29	Last Month
Tabriz Refinery	80,000	80,000	131,578	131,375	0.2%	6,000	1,200	17,600	6,000	6,000	12,000
Tehran Refinery	80,000	80,000	121,009	120,687	0.3%	12,000	7,400	27,570	12,000	15,000	42,000
Shiraz Refinery	84,000	84,000	114,275	107,991	5.8%	10,000	9,600	24,075	10,000	10,000	51,000
Esfahan Refinery	80,000	80,000	119,566	119,613	0.0%	50,000	40,000	102,500	50,000	0	200,000
Abadan Refinery	80,000	80,000	113,433	111,340	1.9%	15,000	10,600	31,000	15,000	10,000	53,000
Bandar Abbas Refinery	84,000	84,000	128,614	119,377	7.7%	35,000	32,000	60,700	35,000	30,000	155,000
Arak Refinery	80,000	80,000	123,087	120,593	2.1%	15,000	11,000	43,000	15,000	10,000	55,000
Total						143,000	111,800	306,445	143,000	81,000	568,000

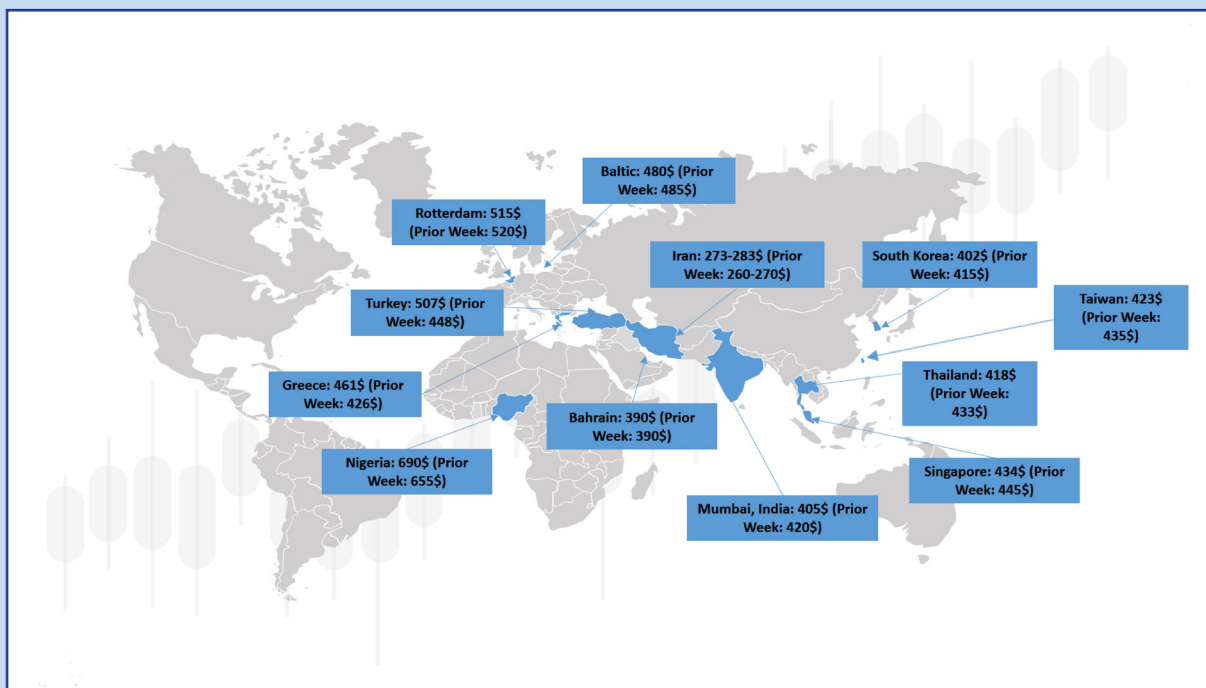
Export Bitumen Transactions

Supplier	Open		Close			Supply Volume		Demand	Transaction Volume (MT)		
	Jul 01 - Jul 07	Jun 24 - Jun 29	Jul 01 - Jul 07	Jun 24 - Jun 29	Change	Jul 01 - Jul 07	Monthly Average	Jul 01 - Jul 07	Jul 01 - Jul 07	Jun 24 - Jun 29	Volume Change
Jey Oil - Esfahan - BEX	135,000	0	136,841	0	-	12,000	6,600	28,080	12,000	0	32,000
Jey Oil - Esfahan - GEX	163,000	0	165,915	0	-	8,000	4,800	15,520	7,300	0	27,300
Jey Oil - Bandar Abbas - BEX	0	0	0	0	-	0	4,600	0	0	0	17,000
Pasargad Oil - Bandar Abbas - BEX	141,000	0	141,200	0	-	5,000	6,200	11,000	5,000	0	19,000
Pasargad oil - Bandar Abbas - GEX	166,000	0	167,795	0	-	2,000	1,800	4,000	2,000	0	2,000
Pasargad Oil Abadan	0	133,000	0	133,000	-	0	8,800	0	0	7,000	23,000
Pasargad Oil Tabriz	147,000	136,000	0	138,169	-	1,000	1,200	0	0	1,000	3,600
Pasargad Oil Tehran BEX	135,000	0	135,000	0	-	1,000	1,200	2,000	1,000	0	1,750
Pasargad Oil Arak Bex	135,000	125,000	135,001	134,800	0.1%	1,000	2,000	3,000	1,000	2,000	5,150
Pars Behin Qeshm Oil Refining	0	0	0	0	-	0	13,000	0	0	0	55,000
Total						30,000	50,200	63,600	28,300	10,000	185,800

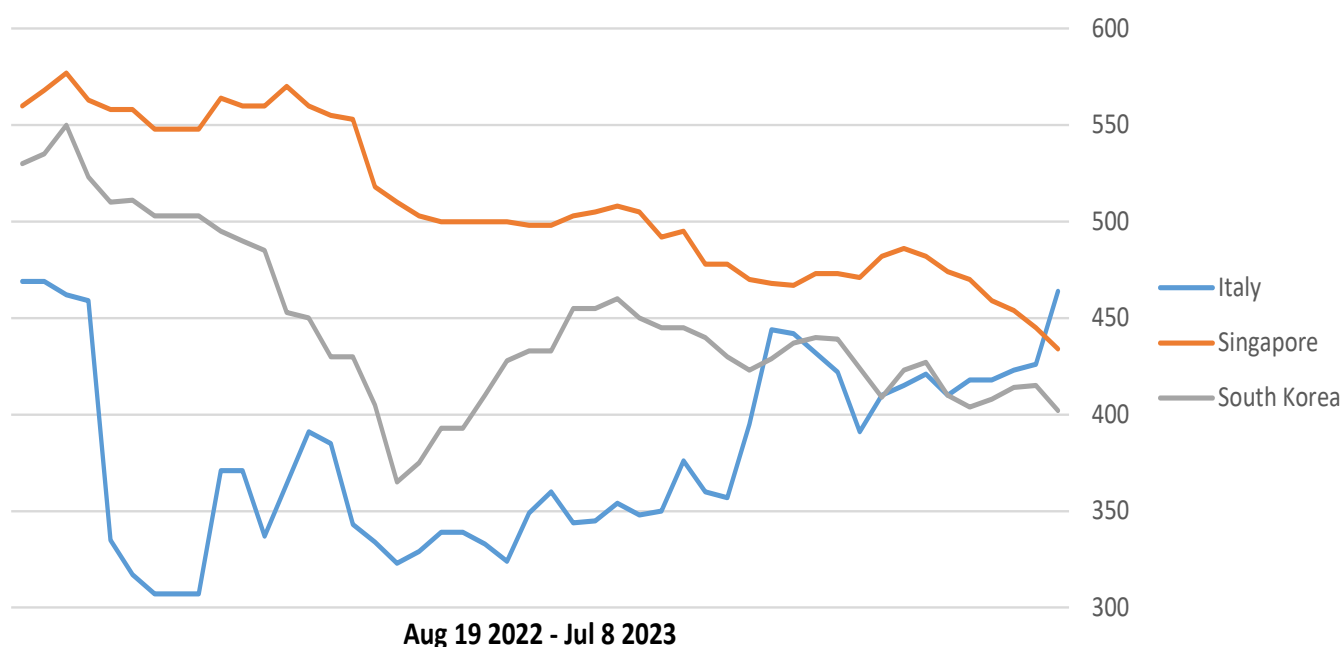
Bitumen & Jumbo Bag Prices

Product	Weekly Range - Jul 01 to Jul 07	Product	Weekly Range - Jul 01 to Jul 07
Drum FOB Private	355-375	Bulk FOB Private	273-283
Drum FOB Embossed	370-380	Bulk FOB Governmental	275-280
Jumbo Bag Private	350-355	Jumbo Bag Governmental	-
Bulk Ex-Work Isfahan	290-300	Bulk Ex-Work Tabriz	310

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	1000	Ningbo	175	Singapore	850	
	Colombo	950	Shanghai	175	Ho Chi Minh	675	
	Port Klang	275	Qingdao	200	Haiphong	875	
	Jebel Ali	50	Tianjin	250	-	-	
	Mombasa	1050	Aden	1250	-	-	

Oil Analysis

Monthly Timeframe



1-hour Timeframe



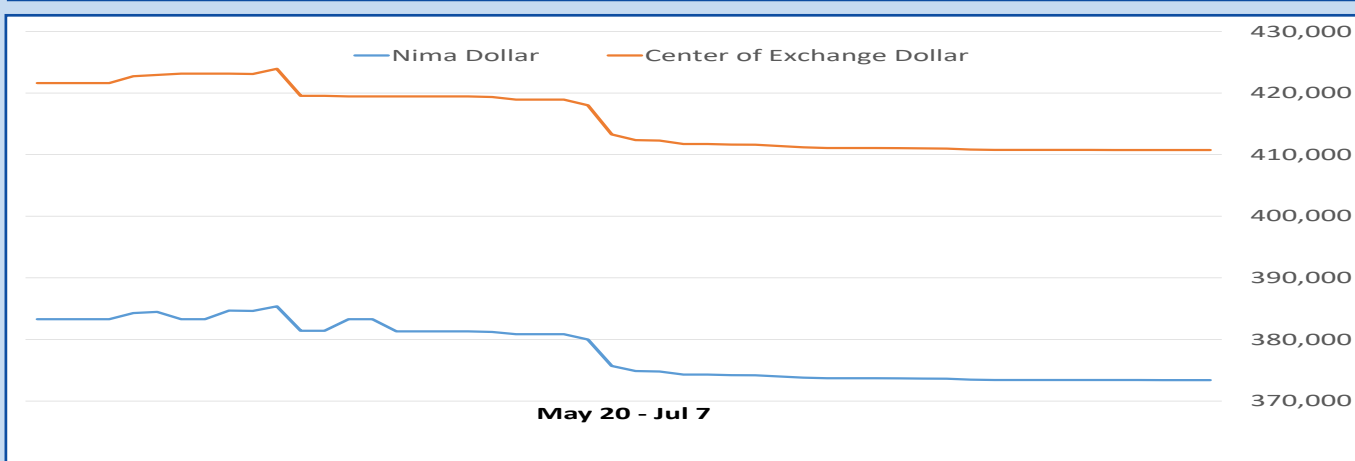
Technical Analysis

As it was expected, in the long-term chart, crude got support and the bearish trend becomes over. Despite fundamentals, the trend's continuation could push prices up to 90\$ per barrel. However, the long-term chart shows a strong resistance on 97\$. In a scenario without a recession, crude prices will not reach below 70\$ per barrel. On Friday, after unexpected news was published, crude prices got support, and expectations for a downward trend in short-term were faded. According to the analysis mentioned above, if the crude trend becomes bearish in the coming week, it is expected that it will not reach below 75.7\$ per barrel.

Fundamental Analysis

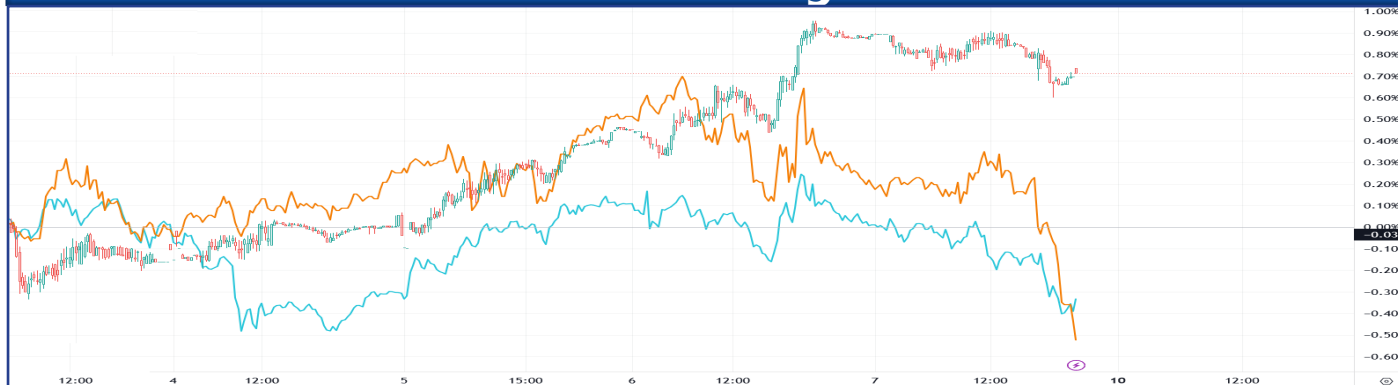
In the prior week, Brent price increased by 4% and the main reasons were Saudi Arabia and Russia's attempts to cut supplies, also a reduction in the U.S. crude inventories was another factor for the bullish market. In the early previous week, Saudi Arabia announced that it would extend reducing outputs until August. Furthermore, the Russian Federation also announced that it would decrease its supplies by 500,000 barrels per day. Aramco's announcement of rising all crude grade prices was another factor, which was affecting the market and led to higher prices. It seems that markets are waiting for Western countries' reactions as rising energy prices could lead to higher inflation in the U.S. and Eurozone. Although, the Federal Reserve's meeting is yet to come, and the controlling demand side would be limited to news and economic data. Citigroup expected that the U.S. crude outputs will reach 13.1 million bpd by the end of 2023 and Vortexa weekly data demonstrate that cumulative global crude in vessels being idle for at least one week declined to 102.70 million barrels.

Exchange Rate - USD/IRR



Description	Date	7/7/2023	7/6/2023	7/5/2023	7/4/2023	7/3/2023	7/2/2023
Iran Center of Exchange Dollar Remittance	Change	373,402	373,402	373,402	373,412	373,412	373,422
	Weekly Change	0.0%	0.0%	0.0%	0.0%	-4.9%	0.0%
Iran Center of Exchange Dollar	Change	410,742	410,742	410,742	410,753	410,753	410,764
	Weekly Change	0.0%	0.0%	0.0%	0.0%	-5.0%	0.0%
Free Market Dollar	Change	506,500	506,500	503,500	502,000	502,500	500,500
	Weekly Change	1.6%	3.4%	2.1%	1.8%	1.9%	0.5%

US Dollar Exchange Rate



USD/CNY



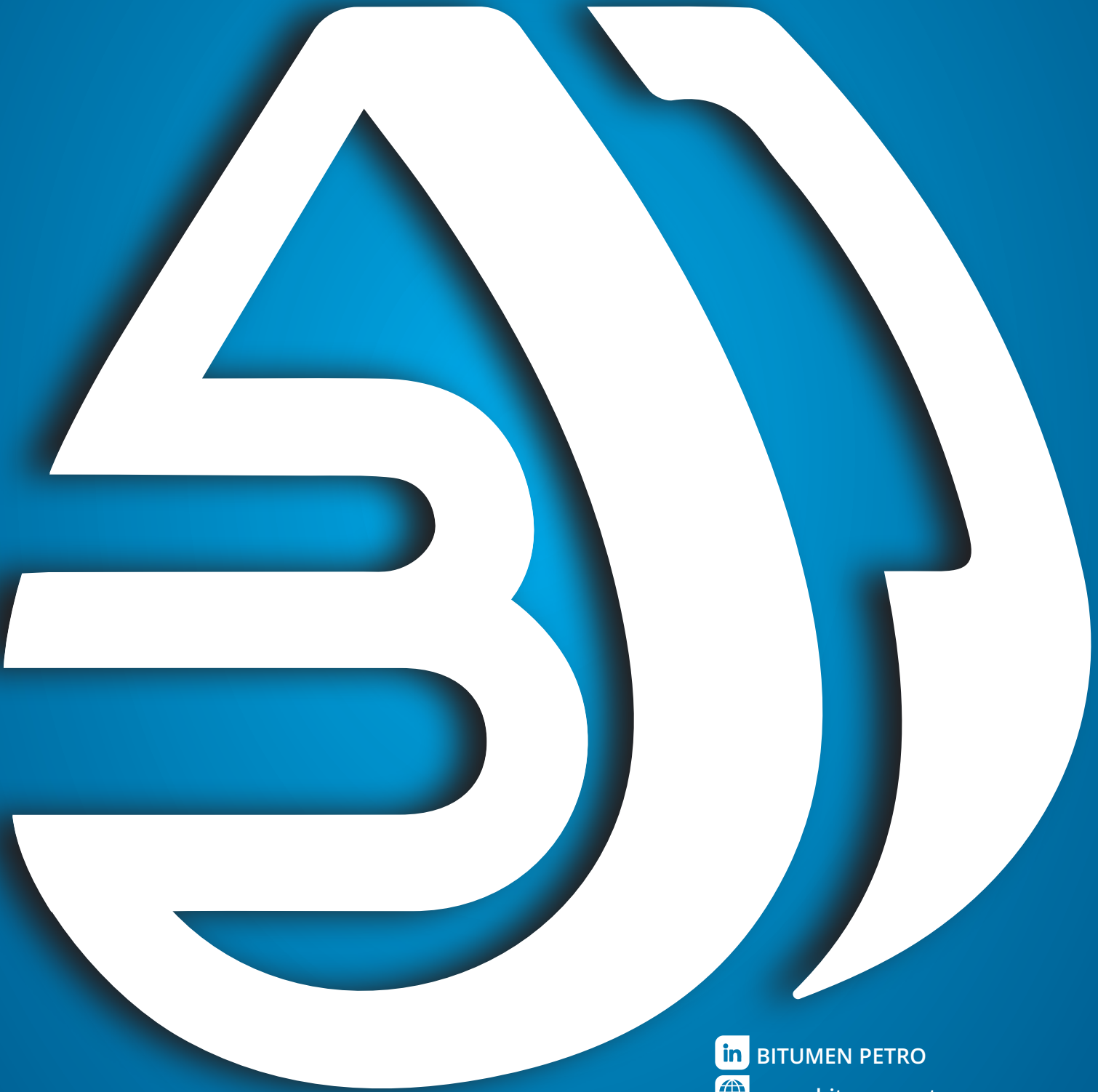
USD/INR



USD/EUR



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