

WEEKLY REVIEW OF BITUMEN MARKET IN IRAN & THE WORLD



Bitumen Petro Co.

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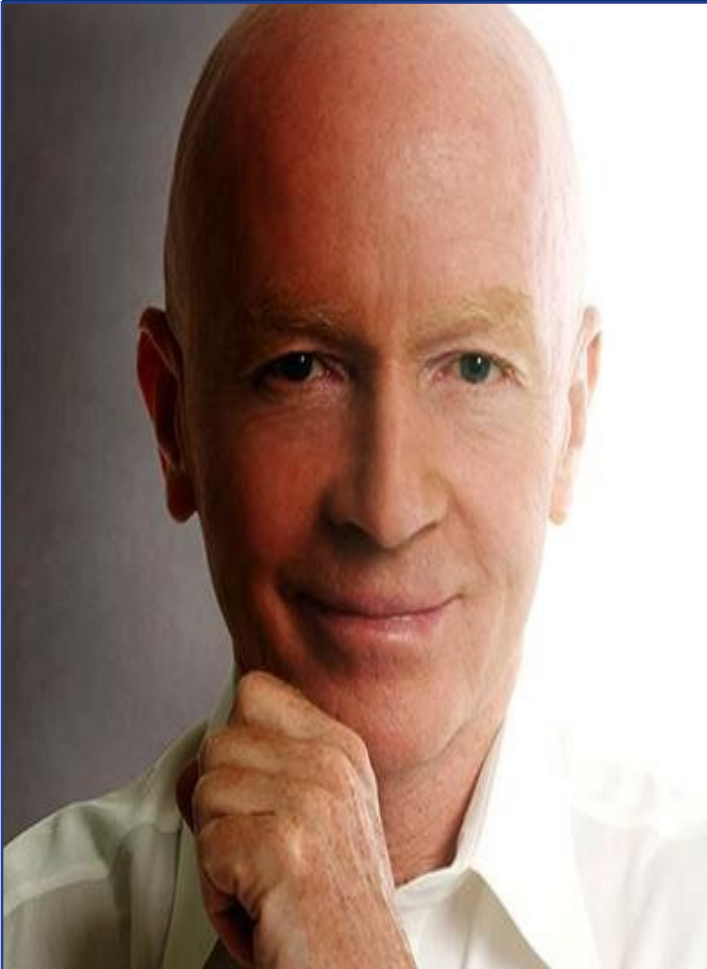
Highlights

- Strong demand in China has led to an increase in Russian ESPO crude blend and it reached the highest level in nearly eight months.
- According to AAA “U.S. retail gasoline prices reached their highest levels since November. Average prices have risen by 13.4 cents from a week ago on Thursday.”
- Pakistani state-owned companies are about to begin a partnership with Saudi Aramco in the huge 10\$ billion Greenfield Refinery project at Gwadar Port. Mentioned companies will collaborate through a joint investment strategy in setting up a petrochemical complex with a minimum processing capacity of 300,000 barrels per day.
- On Thursday morning, after another interest rate hike by the Federal Reserve, oil prices continued their bullish trend and WTI hit 80\$ per barrel.
- It is expected that Saudi Arabia will extend its 1 million barrel oil supply cut into September as it seeks supporting the prices.
- According to an unnamed source, “The semi-autonomous region of Kurdistan is partially honoring the recent deal with the federal government of Iraq to supply crude from the region to Iraq.”
- Western sanctions and Ukraine invasion is changing the Africa’s energy links as it becomes the Russia’s prominent target for future upstream investment abroad.
- Continuation of the uptrend in domestic demand for transportation fuel and rise of oil products exports led to a considerable increase in combined throughput for China’s refineries for July.
- The Saudi Public Investment Fund will purchase a 13% stake in the Brazilian miner’s copper and nickel operations in a deal that worth 3.4\$ billion.
- The EU refiners will lose a prominent export market for gasoline with the removal of the fuel subsidies and a plunge in consumption in Nigeria.

Iran Bitumen News

- Last week, the Iranian Mercantile Exchange (IME) witnessed a supply of 148,000 metric tons (MT) of Vacuum Bottom (VB) with a notable increase of 6%. On the demand side, 361,000 MT of VB was registered. In the previous week, the supply rate had increased by 5,000 MT, and all of the supplied VB was sold, resulting in a weekly fluctuation rate of 2.6% to 10.3%. The surge in offers is attributed to higher output volumes from refineries in Tabriz and Shiraz. Particularly, VB from the Tehran refinery saw the most significant increase at 10.2%. The ratio between VB's closing price and IME's export bitumen reached 93%, indicating a reduced gap between the two. As a result, there are expectations of possible divergence in the upcoming week. The average value of VB in the Free Market was assessed at \$298 USD, while its value in the Center of Exchange Dollar reached \$355 USD.
- In the export market of the Iranian Mercantile Exchange (IME), supplies amounted to approximately 44,000 MT, which was 10,000 MT less than the average of the previous month. This decrease was attributed to halted offers from Arak Pasargad Oil and Jey Oil Drum Bitumen, leading to a reduction in the overall supply. Despite this, there was strong demand, with 76,650 MT of bitumen being registered, surpassing the available supplies. As a result, all of the supplies were traded. Considering the exchange rate between the US Dollar (USD) and the Iranian Rial (IRR) in the free market at the published date, the negotiated equivalent rate for Isfahan Jey Oil Bulk Bitumen was \$321 USD. For Bandar Abbas Pasargad Oil Bulk Bitumen, the price was \$328 USD, and for Drum Bitumen, it was \$378 USD. Additionally, the rate for Pars Behin Qeshm Oil was set at \$313 USD per MT.
- Pasargad Oil Company recently released its financial statement for the first quarter. According to the report, the firm achieved sales of 37 trillion IRR, and its net profit amounted to 4 trillion IRR. Notably, the company's export sales reached 142,000 MT, indicating a significant increase of $\times 2$ compared to the previous year. However, domestic sales were 127,000 MT, reflecting a notable decline compared to the same period last year.
- During the past week, the financial statements of Isfahan Oil Refinery Company and Bandar Abbas Oil Refinery were made public. Both companies reported a significant decline in their net profits. Isfahan Oil Refinery Company stated that the reason for the profit decrease was a reduction in the price difference between crude oil and its refined products. Similarly, Bandar Abbas Oil Refinery attributed the decline in net profit to a reduced gross operating profit margin, which resulted from lower oil product prices.

Analysts Comments



Mark Mobius, the billionaire investor and founder of Mobius Capital Partners, confirmed that he currently has no investments in the United States. Instead, he is bullish on international markets, with a particular focus on emerging markets in Asia. Mobius stated that he is directing his investments towards Taiwan, South Korea, and India, indicating his positive outlook on these economies. However, he expressed caution regarding China, stating that he is looking at Hong Kong-listed companies because they have attractive valuations. He believes that China is undergoing a significant adjustment, which will pose challenges for many companies operating within the country. In summary, Mark Mobius is focusing on companies in countries like Korea and Taiwan that are actively diversifying their markets to mitigate their dependence on China. He sees potential in companies with advanced technology and a strong international presence, as they can navigate through economic challenges and provide attractive investment opportunities.

Jeremy Siegel	John Hussman	Edward Moya
The Wharton finance professor	Financial Market Expert	Strategist at OANDA
<p>According to Jeremy Siegel, Powell's remarks during the news conference after the central bank raised interest rates by 25 basis points suggested that the Federal Reserve is aware of the risks associated with raising interest rates too high. This indicates that the Fed is taking a cautious approach to its monetary policy decisions, considering the potential negative impacts that aggressive interest rate hikes could have on the economy.</p>	<p>John Hussman, a long-time equity bear known for his past accurate predictions of the 2000 and 2008 crashes, is warning of a potential significant decline in US stocks despite the impressive rally they have experienced in 2023. He believes that the current market conditions are indicative of an "extreme yield-seeking speculative bubble" that is driving stock prices higher. According to Hussman's analysis, he is predicting an astonishing 64% plunge in the S&P 500 index, which would be a severe correction and could burst the perceived speculative bubble.</p>	<p>According to Edward Moya, a strategist at Oanda, he believes that the Federal Reserve is likely done with interest rate hikes, which gives rise to hopes of a soft landing for the economy. A soft landing refers to a situation in which the economy slows down smoothly without falling into a recession.</p>

Loading Report

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

Jul 22 - Jul 28

Jetty No.	PG1	PG3	PG4	PG5	PG6	PG7	PG9	Total Amount	
MT G E	4,800							4,800	
MT AP	2,700							2,700	
MT A	7,500							7,500	
MT G E		9,800						9,800	
MT C		8,500						8,500	
MT M 1			1,000					1,000	
MT G EV			6,600					6,600	
MT D				5,000				5,000	
MT AA					3,000			3,000	
MT R					3,700			3,700	
MT G Q					4,500			4,500	
MT M						4,000		4,000	
MT C 7							3,100	3,100	
MT I							10,000	10,000	
Total Amount	74,200	15,000	18,300	7,600	5,000	11,200	4,000	13,100	74,200

Jul 22 - Jul 28 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 I	KHOR AL ZUBAIR, IRAQ	RAK	PERSIAN GULF
2	MT AT	KHOR AL FAKKAN ANCH., UAE	BASRAH, IRAQ	PERSIAN GULF
3	MT A	KHOR AL FAKKAN, UAE	KHOR AL FAKKAN ANCH., UAE	OMAN GULF
4	MT SH	HAMRIYA, UAE	BASHRA	PERSIAN GULF
5	MT G R	UMM QASR ANCH., IRAQ	KHOR AL FAKKAN ANCH., UAE	OMAN GULF
6	MT R 1	AL BASRAH, IRAQ	HAMRIYA, UAE	PERSIAN GULF
7	MT A	KHOR AL FAKKAN ANCH., UAE	AL BASRAH, IRAQ	PERSIAN GULF
8	MT M	HAMRIYA, UAE	HAMRIYA, UAE	PERSIAN GULF
9	MT C	HAMRIYA, UAE	AL BASRAH, IRAQ	PERSIAN GULF
10	MT G Q	KHOR AL FAKKAN ANCH., UAE	DIBA	OMAN GULF

Mercantile Exchange

VB Transactions

Supplier	Open		Close			Supply Volume		Demand	Transaction Volume (MT)		
	Jul 22 - Jul 26	Jul 15 - Jul 21	Jul 22 - Jul 26	Jul 15 - Jul 21	Change	Jul 22 - Jul 26	Monthly Average	Jul 22 - Jul 26	Jul 22 - Jul 26	Jul 15 - Jul 21	Last Month
Tabriz Refinery	84,400	75,700	148,266	137,577	7.8%	8,000	4,800	23,100	8,000	6,000	32,000
Tehran Refinery	84,400	75,700	144,155	130,639	10.3%	15,000	12,400	40,080	15,000	15,000	69,000
Shiraz Refinery	88,600	79,500	137,400	130,550	5.2%	10,000	9,200	28,100	10,000	7,000	44,000
Esfahan Refinery	84,400	75,700	145,173	141,495	2.6%	50,000	50,000	112,000	50,000	0	250,000
Abadan Refinery	84,400	75,700	140,230	131,160	6.9%	10,000	11,000	29,000	10,000	10,000	55,000
Bandar Abbas Refinery	88,600	79,500	149,195	140,074	6.5%	40,000	35,000	86,800	40,000	40,000	195,000
Arak Refinery	84,400	75,700	151,297	138,089	9.6%	15,000	14,000	41,900	15,000	15,000	70,000
Total						148,000	136,400	360,980	148,000	93,000	715,000

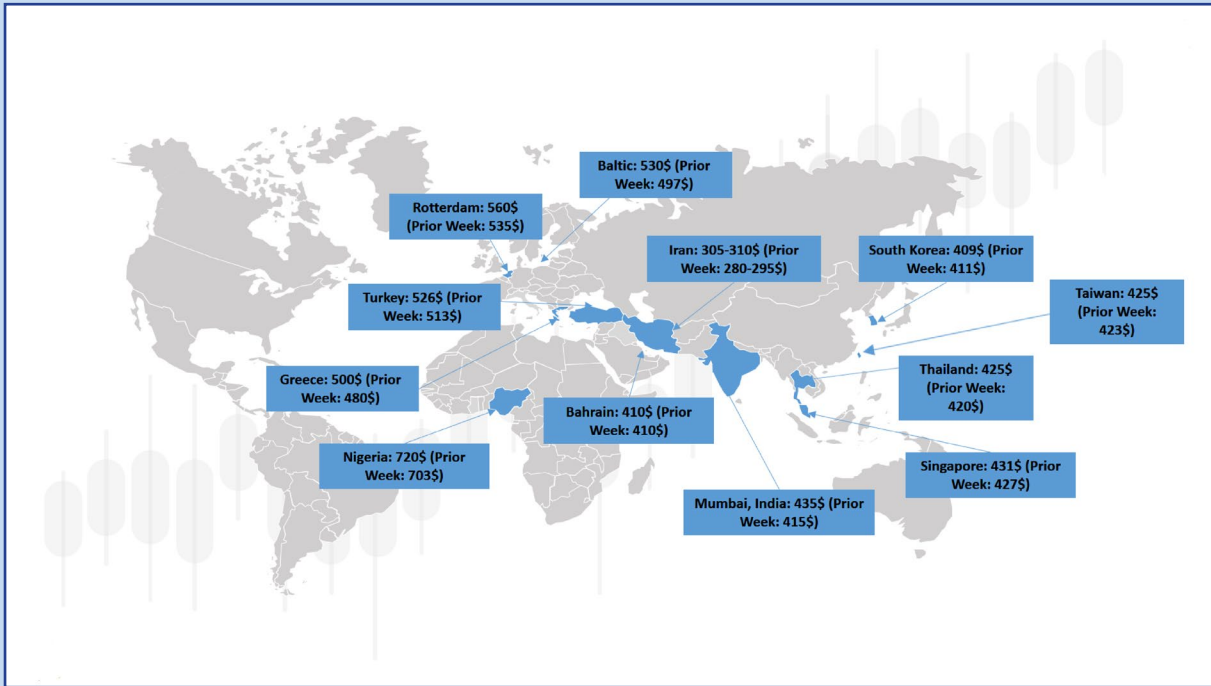
Export Bitumen Transactions

Supplier	Open		Close			Supply Volume		Demand	Transaction Volume (MT)		
	Jul 22 - Jul 26	Jul 15 - Jul 21	Jul 22 - Jul 26	Jul 15 - Jul 21	Change	Jul 22 - Jul 26	Monthly Average	Jul 22 - Jul 26	Jul 22 - Jul 26	Jul 15 - Jul 21	Vloume Change
Jey Oil - Esfahan - BEX	157,000	151,000	157,000	154,688	1.5%	7,000	8,000	7,000	7,000	3,000	29,000
Jey Oil - Esfahan - BEX	155,000	155,000	159,096	155,000	%2.6	5,000	3,200	15,000	5,000	10,000	21,000
Jey Oil - Esfahan - BEX	157,000	0	0	182,000	-	0	5,200	0	0	2,000	13,300
Jey Oil - Esfahan - GEX	0	177,000	0	182,000	-	0	5,200	0	0	2,000	13,300
Jey Oil - Bandar Abbas - BEX	0	0	0	0	-	0	3,000	0	0	0	0
Pasargad Oil - Bandar Abbas - BEX	159,900	159,000	160,339	159,000	0.8%	7,000	6,800	9,850	7,000	2,000	28,450
Pasargad oil - Bandar Abbas - GEX	184,900	186,000	184,900	0	-	3,000	1,800	2,000	2,000	0	4,000
Pasargad Oil Abadan	148,000	147,000	0	147,000	-	10,000	6,200	0	0	3,000	10,000
Pasargad Oil Tabriz	152,500	147,000	154,146	147,000	4.9%	1,000	1,200	1,700	1,000	1,000	3,000
Pasargad Oil Tehran BEX	152,500	150,000	152,500	0	-	1,000	1,000	1,100	1,000	0	2,000
Pasargad Oil Arak Bex	0	150,000	0	150,000	-	0	1,400	0	0	1,000	4,000
Pars Behin Qeshm Oil Refining	144,842	140,684	152,905	152,789	0.1%	10,000	11,000	40,000	10,000	10,000	20,000
Total						44,000	54,000	76,650	33,000	34,000	148,050

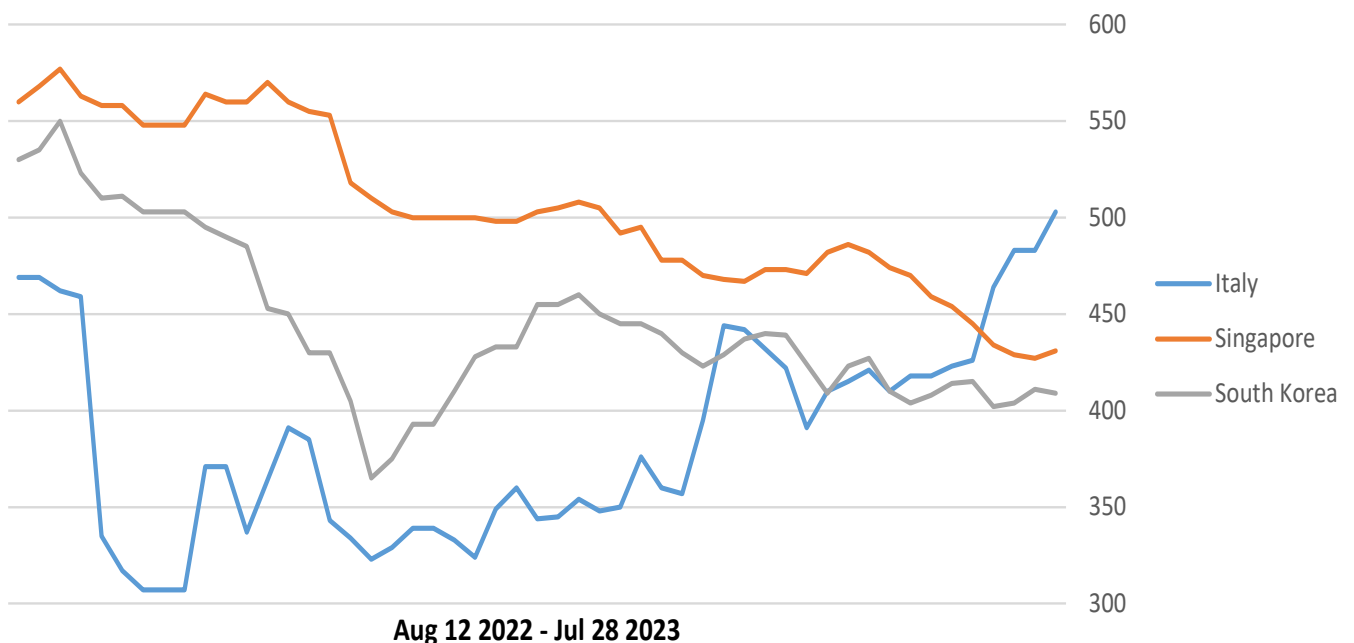
Bitumen & Jumbo Bag Prices

Product	Weekly Range - Jul 22 to Jul 26	Product	Weekly Range - Jul 22 to Jul 26
Drum FOB Private	400-410	Bulk FOB Private	305-310
Drum FOB Embossed	405-415	Bulk FOB Governmental	305-310
Jumbo Bag Private	380	Jumbo Bag Governmental	-
Bulk Ex-Work Isfahan	360	Bulk Ex-Work Tabriz	350

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	250	Djibouti	1100	Belawan	600	
	Mundra	200	Berbera	1350	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

Weekly Timeframe



1-hour Timeframe



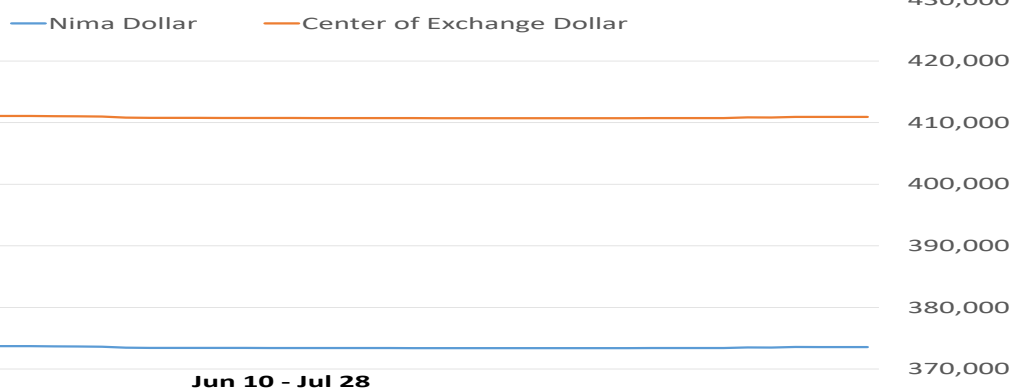
Technical Analysis

Both the long and short-term charts indicate a bullish trend for crude oil in the upcoming weeks. According to the short-term chart, there is an expectation that the crude oil price could reach \$93 per barrel. On the other hand, the long-term chart suggests that \$97 per barrel is the top price. However, it is worth noting that reaching the \$97 level may encounter strong resistance. This resistance has historically influenced crude oil price fluctuations since 2008 and remains a significant barrier. Nevertheless, geopolitical agreements that affect the supply side could potentially alter the scenario and result in the price breaking through this resistance level. The short-term chart depicts price fluctuations based on Fibonacci lines, and these lines indicate that breaking the \$83 resistance could lead to further price increases and maintain the bullish trend.

Fundamental Analysis

During the last week, crude oil prices saw a significant increase of over 5%, mainly driven by news highlighting OPEC+'s potential extension of output cuts. Additionally, the Chinese government's announcement of new economic stimulus measures and the Federal Reserve's efforts to control inflation were two important factors that contributed to reducing recession risks. The current travel season has initiated a crack spreads cycle, resulting in higher spreads in the market. Refineries are taking advantage of these higher spreads and are purchasing and storing more crude oil. This highlights the importance of closely monitoring both the supply and demand sides of the market. Crude production in the United States has remained at its lowest levels due to output reductions, with the number of active drilling platforms declining from 627 in December 2022 to 529. To predict future crude oil prices, it is crucial to observe the behavior of key players like the U.S., EU, and India in contrast to Saudi Arabia, Russia, and China in terms of controlling supplies. According to Kpler, the amount of crude oil being stored has reached its highest level in a year, and China's crude inventories are expected to surpass 1 billion barrels soon. If this happens, China's actions may play a prominent role in controlling the market dynamics. Western countries appear to be aiming to maintain their production potential to ensure an appropriate reflection in the market.

Exchange Rate - USD/IRR



Description	Date	7/28/2023	7/27/2023	7/26/2023	7/25/2023	7/24/2023	7/23/2023
Iran Center of Exchange Dollar Remittance	Change	373,566	373,566	373,566	373,575	373,477	373,499
	Weekly Change	0.0%	0.0%	0.0%	0.1%	-4.9%	0.0%
Iran Center of Exchange Dollar	Change	410,923	410,923	410,923	410,932	410,825	410,849
	Weekly Change	0.0%	0.0%	0.0%	0.1%	-5.0%	0.0%
Free Market Dollar	Change	489,300	489,300	489,300	489,000	485,500	483,200
	Weekly Change	0.7%	0.7%	0.9%	0.1%	-0.6%	-0.4%

US Dollar Exchange Rate



USD/CNY



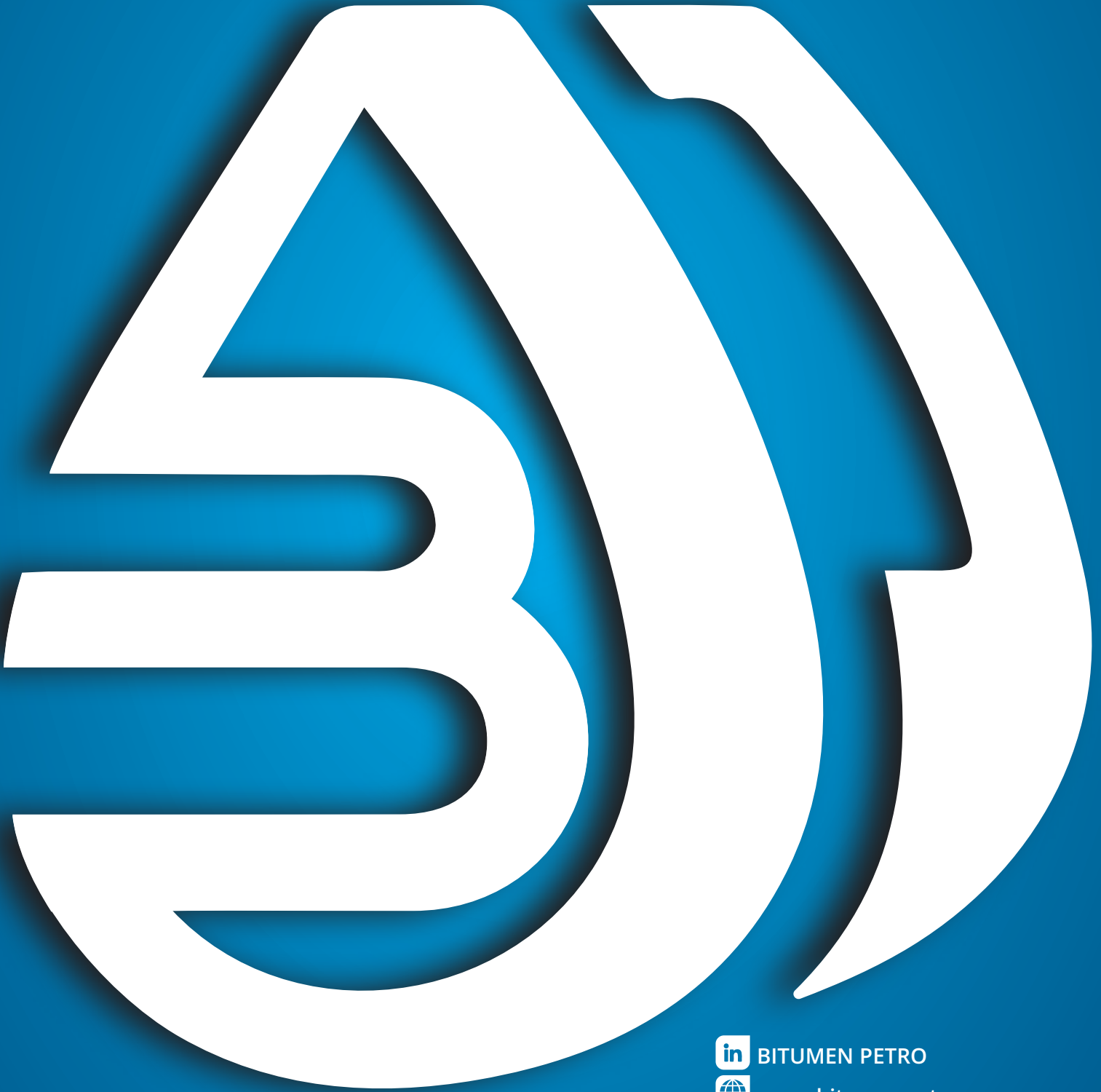
USD/INR



USD/EUR



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