WEEKLY REVIEW OF BITUMEN MARKET IN IRAN & THE WORLD

Bitumen Petro Co.

Mr. Hamed Hosseini, Mr. Mohammad Asadpour
Mr. Emad Ahmadipour, Mr. Emad Tarhimi
Ms. Elahe Kianfar, Ms. Sara Kasavandi
Media Partner: Bitumen Shop

BITUMEN PETRO

Date: Aug 06 2023

In order to receive market analysis directly via Whatsapp please contact Mr. Tarhimi +98-9981200209

Highlights

- Russia is projected to receive an additional 1 trillion rubles, equivalent to $11 billion, in oil and gas revenues during the last five months of the year. This projection comes despite facing various economic challenges such as sanctions, embargos, and price caps.
- OPEC's production fell by over 1 million barrels per day (bpd) in July. This decrease in output can be attributed to intensified efforts by major oil-producing countries, Russia and Saudi Arabia, to curtail their production levels.
- BP and Eni, two major international oil companies, along with Algeria's state-owned energy company, Sonatrach, have resumed their operations in Libya. These companies had previously suspended their activities and operations in the North African country due to a "force majeure" event that compelled them to withdraw temporarily.
- Deputy Prime Minister Alexander Novak has announced that Russia will further reduce its oil exports by 300,000 barrels per day (bpd) in September. This decision comes as part of Russia's efforts to honor its commitment to curb oil production.
- Oil prices experienced a significant surge on Thursday following an announcement from Saudi Arabia. The country declared its intention to extend its current unilateral voluntary oil production cut of 1 million barrels per day (bpd) into September.
- Pakistan's decision to delay purchasing expensive liquefied natural gas (LNG) cargoes until early next year puts the country at high risk of facing an energy crisis.
- In July, liquefied natural gas (LNG) imports into Europe experienced a significant decline, reaching the lowest level since November 2021. This drop in imports is attributed to the prevailing low European benchmark natural gas prices, which are discouraging traders from shipping large volumes of LNG to the continent at the moment.
- Chinese oil demand for this year may have already reached its peak and is expected to ease in the current quarter. The slowing demand is attributed to China's ongoing challenges in substantially boosting its economy following the lifting of Covid-19 restrictions.
- According to data released by the American Petroleum Institute (API), crude oil inventories in the United States experienced a significant and unexpected decline this week. The inventories fell by 15.4 million barrels, indicating a substantial drawdown in oil stocks. This sharp decrease comes after a previous increase of 1.319 million barrels in the previous week.

Iran Bitumen News

- Last week, the Iran Mercantile Exchange (IME) witnessed a supply of 171,000 metric tons (MT) of VB (vacuum bottom), showing a decrease of 4.21% compared to the previous week. Despite the decrease in supply, the demand remained robust, with a registration of 345,530 MT. In the prior week, the supply rate had grown by 23,000 MT, and the entire amount was sold, leading to fluctuations in VB's weekly prices ranging from 0.7% to 3.5%. The increase in output volumes from the refineries in Tehran and Bandar Abbas has resulted in a significant surge in the amount of VB offers in the market. Among these refineries, VB from the Tehran refinery experienced the most substantial increase at 3.5%. Additionally, the ratio between VB's closing price and the IME's export bitumen reached 113%, indicating a pricing relationship between these commodities. VB's average value in the Free Market was assessed at USD 285 per metric ton, while in the Center of Exchange Dollar, VB's value reached USD 347 per metric ton. These figures indicate the dynamic nature of the VB market in the IME, influenced by changes in supply, demand, and refinery outputs. The increase in output volumes from the Tehran and Bandar Abbas refineries has contributed to the higher supply levels and potentially influenced pricing dynamics. As the market evolves, participants will continue to closely monitor VB's supply and demand trends, as well as pricing fluctuations, to make informed decisions in the volatile energy market.

- The prior week saw Pasargad Oil's monthly financial statement being published on the Codal platform. According to the statement, during June and July, the company produced 50,000 metric tons (MT) of domestic bitumen and 55,000 MT of export bitumen. These figures represent a significant increase of 43% and 68% respectively, compared to the previous month. In terms of product breakdown, the report indicates that domestic and export penetration grade bitumen experienced a decrease of 5% during June and July. On the other hand, domestic viscosity grade bitumen saw a significant 10% decline, and export viscosity grade bitumen experienced an even larger plunge of 13% during the same period. These production and sales figures illustrate Pasargad Oil's activity in the bitumen market, showcasing notable growth in both domestic and export production. However, the decrease in certain bitumen grades indicates potential fluctuations in demand or other market factors that may have influenced the sales volumes for those specific products.

- In the IME's export market, the supplies of bitumen were approximately 81,000 metric tons (MT), which was 43,800 MT higher than the average of the previous month. This increase in supplies can be attributed to offers from various companies, including Jey Oil Bulk and Drum Bitumen, Tehran Pasargad Oil, and Pars Behin Qeshm Oil. The total demand for bitumen in the export market was recorded at 145,300 MT, which exceeded the available supplies. Consequently, all of the supplied bitumen was traded. Considering the free market USD to IRR exchange rate, at the published date, the bargained equivalent rate for Isfahan Jey Oil Bulk Bitumen was around 329$ to 332$. Prices for Bandar Abbas Pasargad Oil Bulk Bitumen was 343$. Furthermore, the rate for Tabriz and Tehran Pasargad Oil were 335$ and 345$ respectively. Pars Behin Qeshm Oil offer was also 305$ per MT. These prices are influenced by factors such as supply and demand dynamics, production costs, and exchange rates.

- The Iran Road Bitumen Association (IRBAS) has raised objections to the Road Maintenance & Transportation Organization's decision to prohibit specifying barter bitumen remittances to producers in the private sector. According to the Secretary of the association, the decision appears to be subjective, as it allows for bitumen remittances to be designated only to two state-owned companies, while excluding the private sector, which comprises 70 active firms. The IRBAS expresses concern over the exclusion of the private sector from this opportunity, as it could lead to an unfair advantage for a limited number of companies and hinder fair competition in the bitumen industry. By limiting the remittance options to just a few entities, the proposal may restrict market access and opportunities for private sector firms, impeding their growth and participation. The association stresses the importance of fostering an inclusive and competitive market environment for the bitumen industry. They urge the Road Maintenance & Transportation Organization to reconsider its decision and include all active firms in the private sector as eligible recipients of bitumen remittances. Ensuring equal opportunities for all participants will help promote a thriving and sustainable bitumen sector in the country.

Analysts Comments

Tom Lee, a renowned Wall Street strategist from Fundstrat, has gained a reputation as one of the most bullish analysts, providing accurate forecasts that have been profitable for investors who followed his advice. However, in a recent Wednesday note, Lee issued a warning about a potential stock market sell-off that he believes could be imminent. Despite maintaining his overall bullish stance on stocks for the second half of the year, Lee sees concerning signals that led him to raise a tactical warning about a possible sell-off in the coming weeks. He suggests that the markets are currently in a holding pattern. While he remains optimistic about the market's prospects in general, Lee's cautious tone suggests that he is approaching the month of August with more wariness than usual. His analysis underscores the importance of keeping a close eye on upcoming economic indicators and market developments to navigate potential market volatility.

Stephan Pavlick	The American Enterprise Institute Housing	Moody's Analytics
Renaissance Macro Research	**AEI**	**Moody's Analytics**
Renaissance Macro Research warns that the US government is at risk of facing substantial debt challenges in the coming decades, which could have severe implications for the economy and financial markets. The research firm highlights projections from the Congressional Budget Office (CBO), which indicate that the ratio of federal debt-to-GDP could nearly double from 98% in 2023 to 181% in 2053. Additionally, the Committee for a Responsible Federal Budget projects an even higher debt-to-GDP ratio of 222% by 2053 in an alternative scenario. The prospect of the government being "drowning in debt" is a major concern, especially given the current macroeconomic environment, where interest rates have been raised significantly to combat inflation. According to Renaissance Macro analyst Stephen Pavlick, the CBO's 30-year projection is worrisome. The combination of rising debt levels and increasing interest costs could lead to a debt servicing cost disaster.	The American Enterprise Institute Housing Center predicts that the US housing market is set to become even more unaffordable in the coming years, with home prices expected to continue their upward trend. Recent data shows a notable acceleration in housing costs, with home prices rising by 2.9% year over year in June, compared to a 2.1% annual increase in the previous month. The AEI's Housing Market Indicators report suggests that prices are likely to continue heating up further. The estimate indicates a 4% rise in home prices in July from the previous year. Looking ahead, the report anticipates a surge of 6% in home prices overall for the year 2023, and an additional 7% increase for the year 2024 under their base-case scenario. Several factors contribute to the soaring prices. Historically low supply, strong job numbers (although cooling somewhat), low levels of foreclosures in most areas of the country, the ongoing trend of remote work, and opportunities for arbitrage in home prices are among the reasons cited in the AEI report.	The Federal Reserve's series of rate hikes may not have had a significant impact on most Americans due to the structure of their household debt. The majority of household debt is likely tied to lower, fixed interest rates that were secured before the Federal Reserve began its aggressive rate increases aimed at controlling inflation. According to data from Moody's Analytics, as of the first quarter of this year, only 11.1% of household debt carried a floating or adjustable interest rate. This means that a relatively small portion of total household debt was subject to adjustment higher as market rates increased over the past year and a half. In comparison, the percentage of household debt with floating rates was much higher in the past. In 1997, it was close to 27%, and in 2000, it was around 25%. However, over the last two decades, that percentage has steadily declined.

Loading Report

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

Jul 29 - Aug 04									
Jetty No. / Vessel Name		PG1	PG3	PG4	PG5	PG6	PG9	PG10	Total Amount
MT P		10,000							10,000
MT L		4,700							4,700
MT AL M		7,500							7,500
MT G E			4,800						4,800
MT B 10			10,000						10,000
MT B H			3,800						3,800
MT C 7			3,100						3,100
MT L S			10,000						10,000
MT N O				3,000					3,000
MT M				4,000					4,000
MT S				4,000					4,000
MT A 1					4,500				4,500
MT I						5,600			5,600
MT Z						2,000			2,000
MT J V 1						7,500			7,500
MT S							1,800		1,800
MT A							10,000		10,000
MT C							6,800		6,800
MT G C							7,000		7,000
MT A M								1,200	1,200
MT AP								2,700	2,700
Total Amount	114,000	22,200	31,700	11,000	4,500	15,100	25,600	3,900	114,000

Jul 29 - Aug 04 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	FUJAIRAH, UAE	FUJAIRAH ANCH., UAE	OMAN GULF
2	MT G E	FUJAIRAH, UAE	AL BASRAH ANCH., IRAQ	PERSIAN GULF
3	MT C	AL BASRAH, IRAQ	FUJAIRAH ANCH., UAE	OMAN GULF
4	MT G E	UMM QASR ANCH., IRAQ	KHOR AL FAKKAN, UAE	OMAN GULF
5	MT D	KHOR AL ZUBAIR, IRAQ	FUJAIRAH, UAE	OMAN GULF
6	MT AA	SHARJAH, UAE	KHOR AL ZUBAIR, IRAQ	PERSIAN GULF
7	MT R	KHOR AL ZUBAIR, IRAQ	KHOR AL FAKKAN ANCH., UAE	OMAN GULF
8	MT G Q 1	KHOR AL FAKKAN ANCH., UAE	KHOR AL FAKKAN ANCH., UAE	OMAN GULF
9	MT M	SHARJAH, UAE	SHARJAH ANCH., UAE	DUBAI AREA
10	MT I	KHOR AL ZUBAIR, IRAQ	RAK	PERSIAN GULF

Mercantile Exchange

VB Transactions

Supplier	Open		Close			Supply Volume		Demand	Transaction Volume (MT)		
	Jul 29 - Aug 03	Jul 22 - Jul 26	Jul 29 - Aug 03	Jul 22 - Jul 26	Change	Jul 29 - Aug 03	Monthly Averege	Jul 29 - Aug 03	Jul 29 - Aug 03	Jul 22 - Jul 26	Last Month
Tabriz Refinery	84,400	84,400	136,442	148,266	-8.0%	6,000	6,400	14,500	6,000	8,000	32,000
Tehran Refinery	84,400	84,400	149,268	144,155	3.5%	15,000	13,800	42,240	15,000	15,000	69,000
Tehran Refinery	84,400	84,400	138,231	144,155	%4.1-	15,000	13,800	26,190	15,000	15,000	69,000
Shiraz Refinery	88,600	88,600	136,500	137,400	-0.7%	10,000	8,800	25,800	10,000	10,000	44,000
Esfahan Refinery	84,400	84,400	146,958	145,173	1.2%	50,000	50,000	97,700	50,000	0	250,000
Abadan Refinery	84,400	84,400	137,500	140,230	-1.9%	10,000	11,000	29,000	10,000	10,000	55,000
Bandar Abbas Refinery	88,600	88,600	143,247	149,195	-4.0%	50,000	39,000	78,600	50,000	40,000	215,000
Arak Refinery	84,400	84,400	139,687	151,297	-7.7%	15,000	14,000	31,500	15,000	15,000	75,000
Total						171,000	156,800	345,530	171,000	113,000	809,000

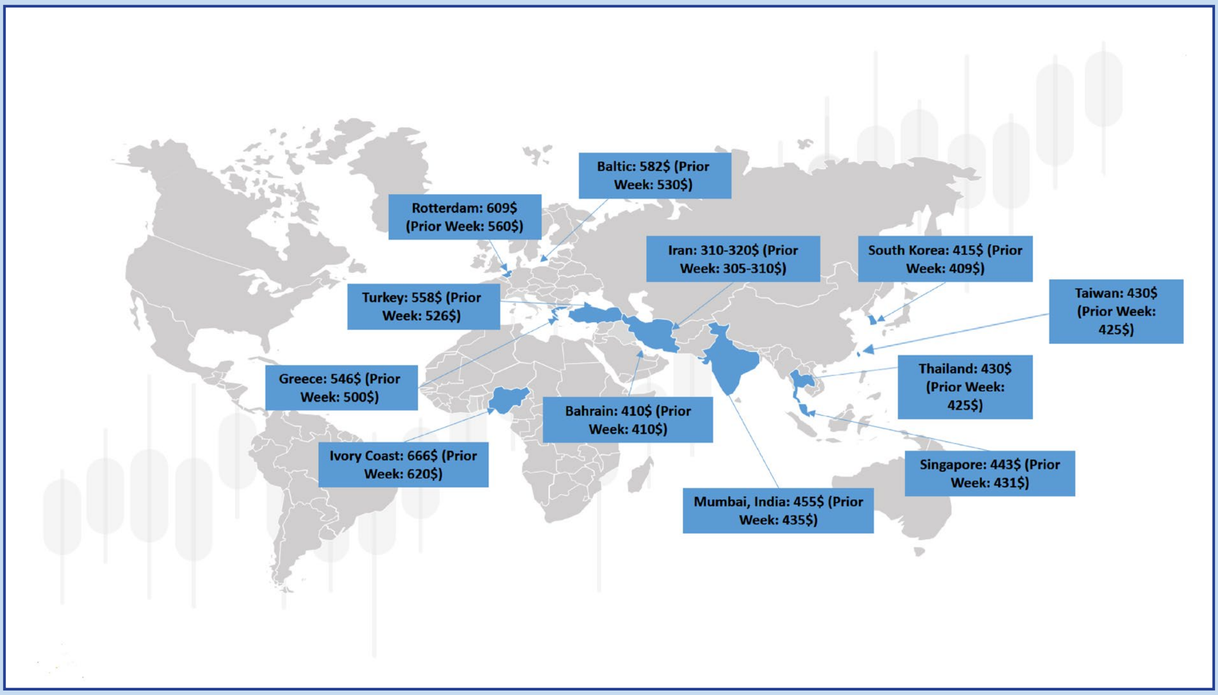
Export Bitumen Transactions

Supplier	Open		Close			Supply Volume		Demand	Transaction Volume (MT)		
	Jul 29 - Aug 03	Jul 22 - Jul 26	Jul 29 - Aug 03	Jul 22 - Jul 26	Change	Jul 29 - Aug 03	Monthly Averege	Jul 29 - Aug 03	Jul 29 - Aug 03	Jul 22 - Jul 26	Vloume Change
Jey Oil - Esfahan - BEX	159,400	157,000	165,213	157,000	5.2%	6,000	5,800	13,050	6,000	7,000	35,000
Jey Oil - Esfahan - BEX	162,500	155,000	165,533	159,096	%4.0	6,000	4,200	10,850	6,000	5,000	27,000
Jey Oil - Esfahan - BEX	166,000	157,000	166,000	157,231	%5.6	7,000	2,800	17,500	5,000	4,000	11,000
Jey Oil - Esfahan - BEX	166,000	0	167,050	0	-	3,000	0	0	0	0	3,000
Jey Oil - Esfahan - GEX	187,000	0	201,471	0	-	5,000	2,800	17,500	5,000	0	18,300
Jey Oil - Bandar Abbas - BEX	0	0	0	0	-	0	0	0	0	0	0
Pasargad Oil - Bandar Abbas - BEX	172,000	159,900	172,000	160,339	7.3%	20,000	6,800	1,300	1,300	7,000	29,750
Pasargad oil - Bandar Abbas - GEX	0	184,900	0	184,900	-	0	1,800	0	0	2,000	4,000
Pasargad Oil Abadan	0	148,000	0	0	-	0	6,200	0	0	0	3,000
Pasargad Oil Tabriz	168,000	152,500	168,000	154,146	9.0%	2,000	1,000	2,000	2,000	1,000	4,000
Pasargad Oil Tehran BEX	168,000	152,500	168,100	152,500	10.2%	1,000	800	2,100	1,000	1,000	3,000
Pasargad Oil Tehran BEX	173,000	0	173,000	0	-	1,000	0	1,000	1,000	0	1,000
Pasargad Oil Arak Bex	0	0	0	0	-	0	1,000	0	0	0	2,000
Pars Behin Qeshm Oil	152,988	144,842	168,168	152,905	10.0%	20,000	4,000	60,000	20,000	10,000	40,000
Pars Behin Qeshm Oil	152,988	0	152,988	0	-	10,000	0	20,000	10,000	0	10,000
Total						81,000	37,200	145,300	57,300	37,000	191,050

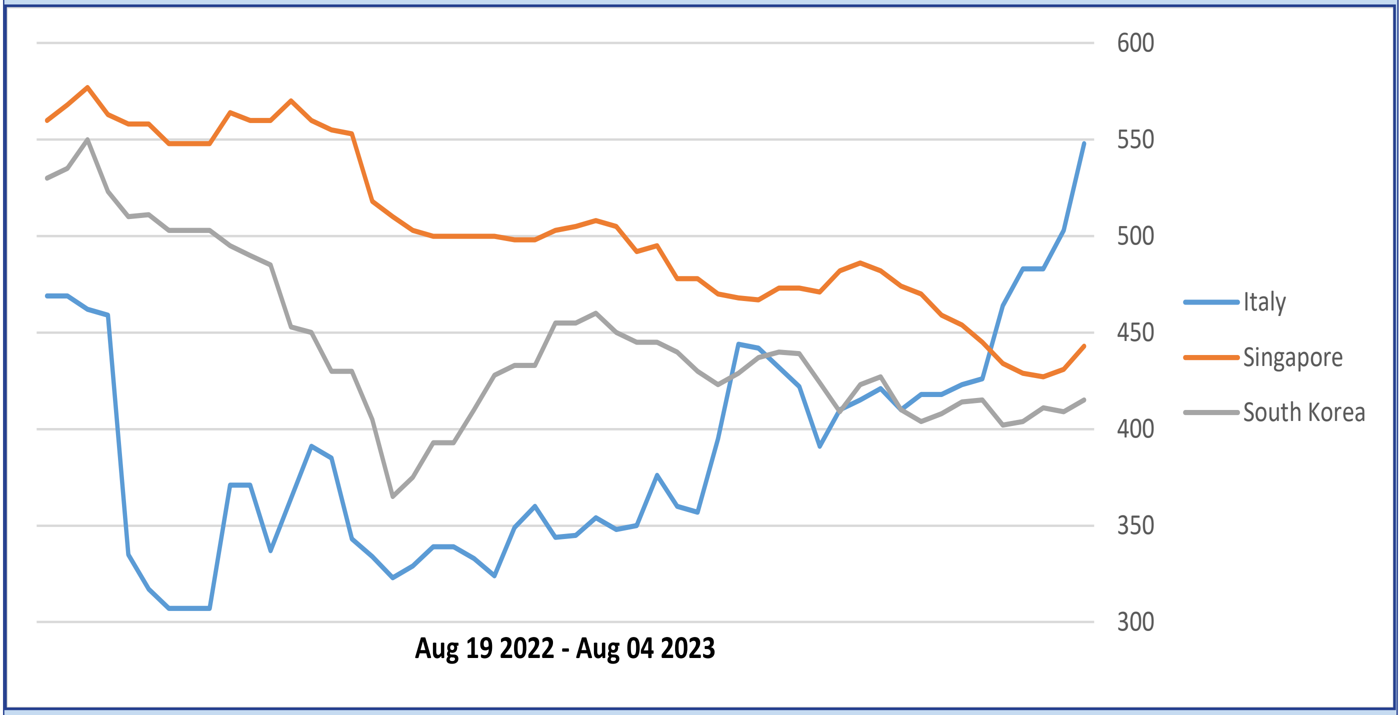
Bitumen & Jumbo Bag Prices

Product	Weekly Range - Jul 29 to Aug 04	Product	Weekly Range - Jul 29 to Aug 04
Drum FOB Private	405-425	Bulk FOB Private	310-320
Drum FOB Embossed	415-425	Bulk FOB Governmental	310-320
Jumbo Bag Private	400-410	Jumbo Bag Governmental	-
Bulk Ex-Work Isfahan	365	Bulk Ex-Work Tabriz	360

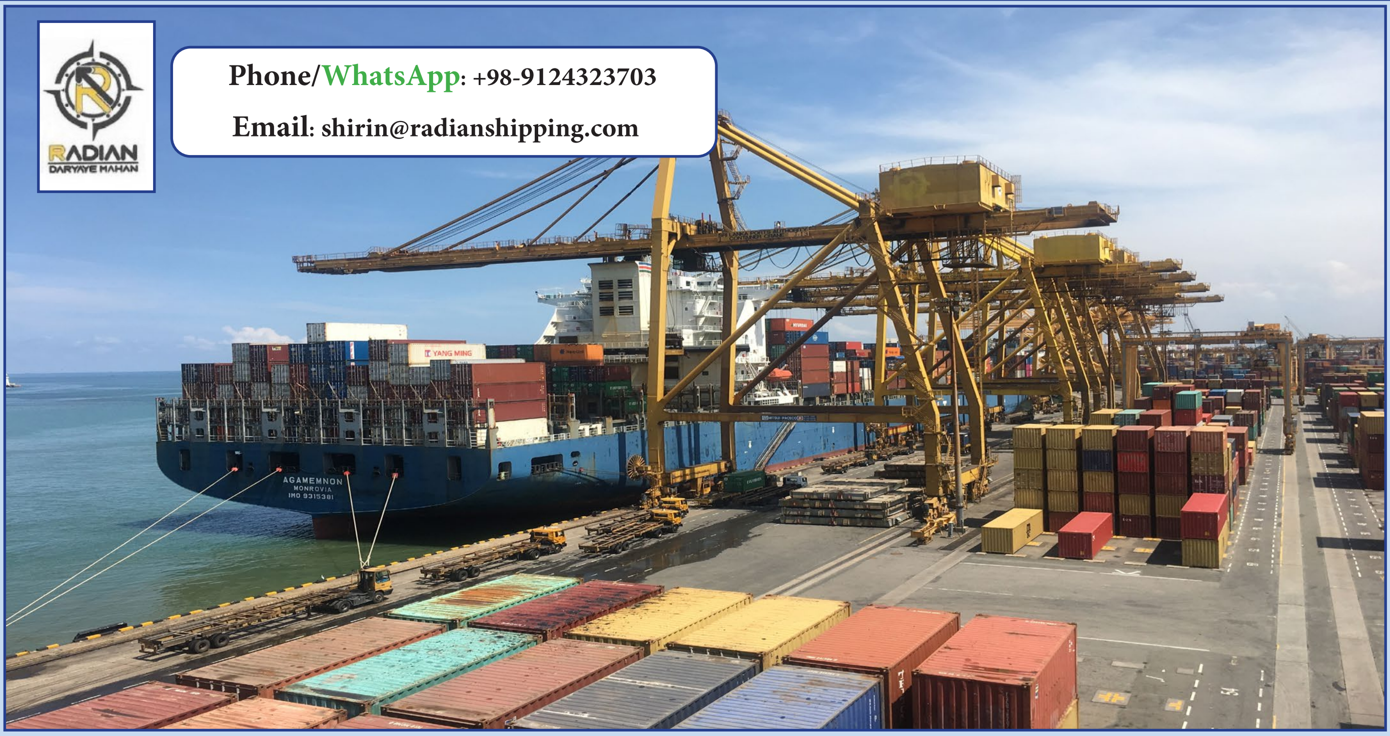
Global Bitumen Prices



Prices Chart



Freight Rate



Sponsored By: Radian Daryaye Mahan Company

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

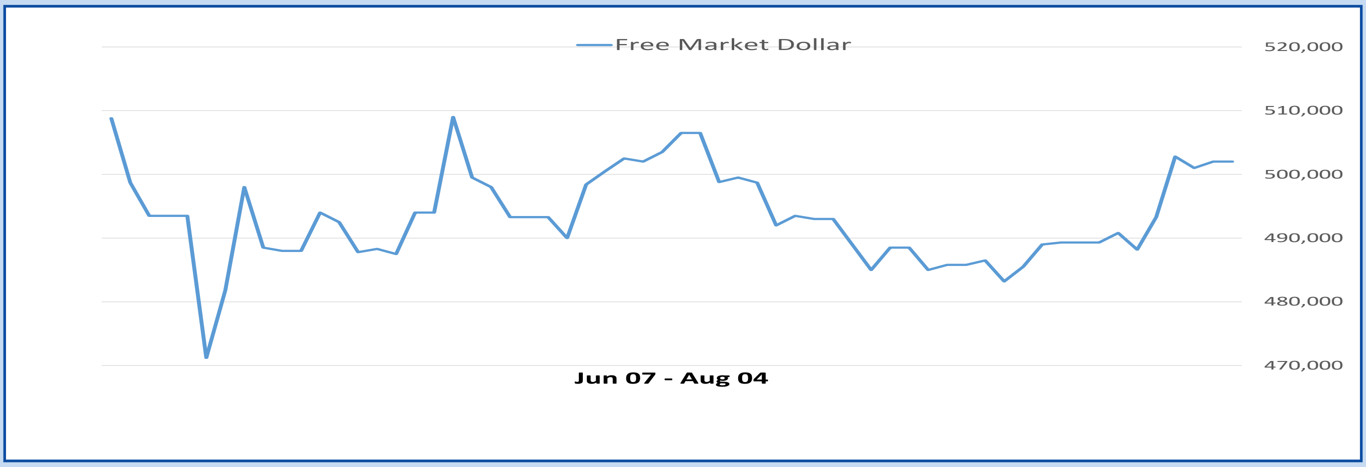
Technical Analysis

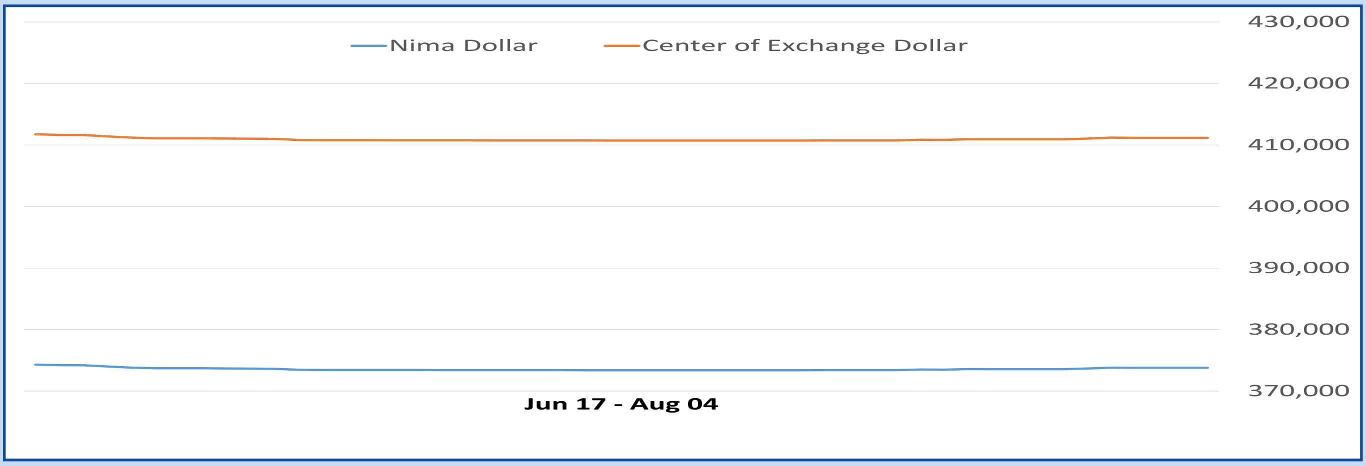
According to both long and short-term charts, there are notable support and resistance lines affecting the Brent crude oil price. In the long-term chart, recent price fluctuations have pushed the Brent price to $93.5 per barrel. However, there is a possibility that due to fundamental factors, the price could drop to $77 per barrel. The long-term chart suggests that the bullish trend will continue if the price manages to break the area of $93-$95 per barrel. Geopolitical instances may play a significant role in potentially allowing crude prices to break through this mentioned resistance area. In contrast, the short-term chart indicates that the price trend is currently moving between Fibonacci lines. Based on this chart, the Brent price is projected to reach $88 per barrel during the next week and then decline to $85 per barrel. If the bullish trend persists, the long-term chart predicts that prices could reach $92 per barrel by August 16th.

Fundamental Analysis

During the prior week, crude oil prices experienced a 2% increase. This rise can be attributed to the bearish trend of the Dollar Index, which had a positive impact on oil and its products. Additionally, Baker Hughes' weekly report showed a significant decline in active oil platforms in the U.S., reaching its lowest levels in 17 months, which further supported the bullish sentiment. On the supply side, both Russia and Saudi Arabia announced their commitment to extend output cuts, signaling OPEC+'s efforts to push crude prices above $90 per barrel. This has contributed to the continuation of the bullish trend in the market for the coming week. Moreover, market data analysis indicates that the supply side is tightening, as tanker tracking data shows a reduction in Russian crude oil exports to below 3 million barrels per day. This reduction in exports is expected to contribute to further tightening of supply in the global oil market. Saudi Arabia's request for peace talks in the first half of August can also be seen as a positive factor in reducing tensions in the market, potentially leading to improved market stability. The demand recovery in China continues to have a positive impact on crude oil demand, as trading data reveals a 4.6% increase in crude imports. Further supporting the bullish sentiment, the weekly Vortexa data on Monday showed a reduction in stored crude in tankers that have been idle for at least a week, indicating decreasing inventory levels, with the stored crude reduced to 105 million barrels.

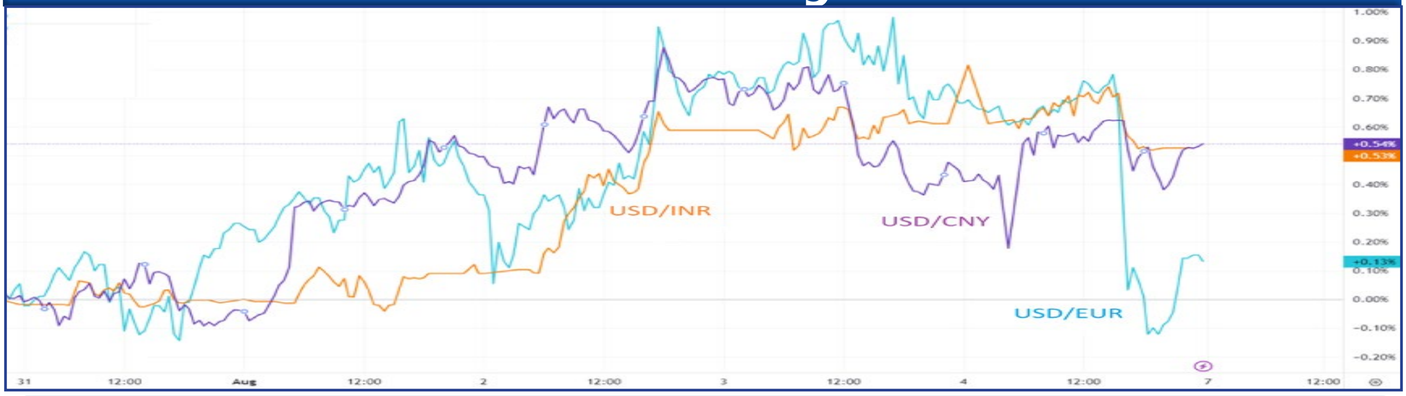
Exchange Rate - USD/IRR





Description	Date	8/4/2023	8/3/2023	8/2/2023	8/1/2023	7/31/2023	7/30/2023
Iran Center of Exchange Dollar Remittance	Change	373,786	373,786	373,786	373,786	373,808	373,667
	Weekly Change	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Iran Center of Exchange Dollar	Change	411,165	411,165	411,165	411,165	411,189	411,034
	Weekly Change	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%
Free Market Dollar	Change	502,000	502,000	501,000	502,800	493,300	488,200
	Weekly Change	2.6%	2.6%	2.4%	2.8%	1.6%	1.0%

US Dollar Exchange Rate



USD/CNY

USD/INR

USD/EUR

BITUMEN
PETRO

BITUMEN PETRO
www.bitumenpetro.com
bitumen_petro
+98-9981200209