

# WEEKLY REVIEW OF BITUMEN MARKET IN IRAN & THE WORLD



## Bitumen Petro Co.

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## Highlights

- In the month of July, Russia's exports of both crude oil and refined products remained consistent at approximately 7.3 million barrels per day (bpd). Despite this stable export volume, the country experienced an increase in its revenues due to higher oil prices and narrower price differentials for Russian crude.
- In July, the OPEC+ coalition witnessed a decline in oil supply by 1.2 million barrels per day (bpd), reaching a total of 50.7 million bpd. This level marks a nearly two-year low and reduction was primarily driven by Saudi Arabia's initiation of an independent production cut of 1 million bpd. The International Energy Agency (IEA) reported these developments on Friday.
- Despite Saudi Arabia's implementation of a unilateral production cut of 1 million barrels per day (bpd), China is preparing to increase its crude oil imports from the kingdom by 40% through term contracts in September.
- The United States has reached an agreement to grant Iran access to approximately \$6 billion of frozen Iranian oil revenue, which is currently being held in South Korea. This agreement is reportedly contingent upon Iran releasing five Americans who are imprisoned in the country.
- As a result of sanctions affecting Europe, Russia has initiated a strategic shift in its oil distribution, redirecting oil shipments that were originally intended for the European market towards China and other Asian destinations. This redirection is being facilitated through the use of the Arctic Ocean's North Sea Route (NSR), allowing for more efficient and direct access to Asian markets.
- According to data compiled by the U.S. Energy Information Administration (EIA), "Iraq has significantly increased its oil exports to the United States during the first five months of 2023. The exports have surged by 30.5% over this period."
- Recent news about deflation in China and a reported increase in crude oil inventories in the United States have contributed to downward pressure on oil prices. However, despite these factors, the overall sentiment in the market remains bullish and optimistic.
- As of August 7, the stockpiles of oil products at the Port of Fujairah in the UAE have reached a three-week low. Notably, middle distillates as jet fuel and diesel have experienced a significant decline of 17% compared to the previous week, resulting in a stock level of 2.199 million barrels. This figure represents the lowest level recorded since February 27.
- OPEC's Monthly Oil Market Report (MOMR) released on Thursday has indicated that the upcoming U.S. hurricane season might bring about potential fuel production disruptions, which could lead to a tightening of the Atlantic Basin market in the coming weeks.



## Iran Bitumen News

- In previous week, there was a supply of 186,000 (MT) of VB (Vacuum Bottom) in the Iran Mercantile Exchange (IME), indicating a 4.19% increase compared to the preceding period. Concurrently, demand reached 360,000 MT during the same timeframe. In prior week, the supply rate had expanded by 15,000 MT, and this entire quantity had been successfully sold. The weekly fluctuation rate of VB's value ranged from -4.1% to 6.4%. These supply-demand dynamics can be attributed in part to heightened output volumes from the Tabriz and Isfahan refineries. Notably, the Tabriz refinery observed the most significant increase of 6.4% in VB supply. The ratio between the closing price of VB and IME's export bitumen was noted to be 85%. Turning to pricing, the average value of VB in the Free Market USD was evaluated at \$286. Additionally, the value of VB in the Center of Exchange Dollar reached \$342.
- In the context of the IME's export market, approximately 54,000 metric tons (MT) of supplies were available, which marked an increase of 4,400 MT in comparison to the preceding month's average. This rise in supply was attributed to offers from Abadan, Arak Pasargad Oil, and Bandar Abbas Pasargad Oil Drum Bitumen. However, despite the increased supply, the total amount of supplies exceeded the registered demand of 50,240 MT, resulting in not all of the offers being traded. Considering the exchange rate between the free market U.S. Dollar (USD) and the Iranian Rial (IRR) on the published date, the negotiated equivalent rate for Isfahan Jey Oil Bulk Bitumen was estimated to be in the range of \$336 to \$339. The price for Bandar Abbas Pasargad Oil Bulk Bitumen was set at \$345. Additionally, the rates for Abadan and Arak Pasargad Oil were \$311 and \$340 respectively.
- Pasargad Oil Company has reported a significant boost in its operating profit for the first quarter (Q1) attributed to several key factors. Notably, a substantial 27% increase in sales played a pivotal role in driving this growth. Additionally, the company's decision to purchase offset bitumen, along with maintaining a reasonable inventory price, contributed to the overall increase in profitability. Another significant factor was the substantial 40% rise in sales prices, which further augmented the positive financial outcome. The confluence of these factors indicates a well-rounded approach to managing the company's operations. The increase in sales is indicative of growing market demand or successful sales strategies. Purchasing offset bitumen and managing inventory costs efficiently reflect prudent financial management. Moreover, the implementation of higher sales prices suggests that the company was able to navigate market conditions effectively to maximize revenue.
- During the second Iran Bitumen Industry Conference, the head of IRBAS emphasized Iran's favorable position in the production of bitumen on both regional and global scales. Additionally, he noted that the export of this product generates an approximate value added of \$2 billion. The Deputy Minister of Roads and Urban Development also joined the conversation, expressing the need to support bitumen producers. He urged the parliament to consider substituting offset bitumen with monetary compensation or credit for producers, aiming to facilitate their operations. Furthermore, Mr. Mir Taj Al-Dini, the Representative of the Islamic Council, revealed that around 200,000 billion Iranian Rials (IRR) were allocated to bitumen. With the inclusion of offset bitumen, the total amount allocated would be 2,000,000 metric tons (MT). However, due to an increase in bitumen prices, this total allocation would be adjusted downward to 1,300,000 MT.

## Analysts Comments



The US isn't spiraling into a debt crisis because it's growing too fast, according to Nobel laureate Paul Krugman. The top economist pointed to Fitch slashing its credit rating on US debt last week, which spooked markets and sparked a sharp sell-off in stocks. That move has lowered the faith in US debt assets, some commentators have argued – but the economy is just too strong to have an imminent debt crisis, Krugman said. "Bottom line: Is the United States likely to face a debt crisis anytime soon, or even in the next decade or two? Almost surely not," Krugman said in a New York Times op-ed on Friday. That's because a debt spiral is caused by the interest rate on government debt being significantly larger than economic growth, which isn't the case. Even with the Fed's aggressive hiking of interest rates over the past year to tame inflation, the rate on inflation-protected 10-year bonds hovers around 1.83%, Krugman said. Meanwhile, US GDP grew 2% over the past two quarters, according to the most recent estimates.

Mike Wilson	Michael Feroli	Jan Hatzius
Morgan Stanley's chief investment officer	JPMorgan	Goldman Sachs
<p>Morgan Stanley's Michael Wilson, who has been cautioning about the possibility of a profit recession for some time, has reaffirmed his perspective that the market is currently experiencing a boom-bust cycle. This cycle is characterized by an initial period of expansion driven by generous pandemic-related fiscal policies, leading to increased inflation and asset prices (the "boom" phase). Subsequently, the implementation of restrictive monetary policies aimed at curbing inflation has put downward pressure on asset prices (the "bust" phase), notably reflected in the S&amp;P 500's 20% decline in 2022. However, despite these boom-bust risks, the market seems to be disregarding them for the time being. More investors are entering the stock market, likely due to the easing of inflationary pressures and the continued strength of the economy.</p>	<p>According to JPMorgan's Michael Feroli, an initial assessment of third-quarter data indicates that the economy is currently on a robust growth trajectory. As a result, the bank is raising its estimate for the current quarter's real annualized GDP growth from 0.5% to 2.5%. This upward revision is reflective of the economy's solid expansion, and Feroli suggests that the momentum is strong enough to prevent a mild contraction in the next quarter, which was a previous projection. Feroli emphasizes the pivotal role of a strong job market in driving consumer spending, a critical component of the US economy. The recent job report unveiled an addition of nearly 200,000 jobs to the economy in the past month alone, contributing to a year-to-date total job gain of approximately 2 million.</p>	<p>Goldman Sachs' Jan Hatzius highlights that if interest rates remain elevated, companies will likely face the challenge of allocating a larger portion of their revenue to cover increased interest expenses, particularly as they refinance their debt at higher rates. He points out that as interest expenses rise, companies are likely to reduce their capital expenditures by approximately 10 cents for each additional dollar of interest expense. Additionally, labor costs could be lowered by about 20 cents in response to higher interest expenses. The period of low interest rates prior to 2022 was highly advantageous for US companies. Bank of America's data reveals that S&amp;P 500 companies hold a significant 76% of their debt composition in long-term fixed debt. A considerable portion of this debt was secured at low single-digit interest rates.</p>



## Loading Report

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

Aug 05 - Aug 11

Jetty No.	PG1	PG3	PG4	PG5	PG6	PG7	PG9	Total Amount	
Vessel Name									
MT A	5,900							5,900	
MT I	10,000							10,000	
MT G E		9,800						9,800	
MT M L		9,000						9,000	
MT P		10,000						10,000	
MT S			1,000					1,000	
MT CH				3,500				3,500	
MT AP					2,700			2,700	
MT G A					8,500			8,500	
MT N O					3,000			3,000	
MT M1						1,000		1,000	
MT A							10,000	10,000	
MT A N							2,300	2,300	
Total Amount	114,000	15,900	28,800	1,000	3,500	14,200	1,000	12,300	76,700

## Aug 05 - Aug 11 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 P	KHOR AL ZUBAIR, IRAQ	KHOR AL FAKKAN ANCH., UAE	OMAN GULF
2	MT L	KHOR AL ZUBAIR, IRAQ	KHOR AL FAKKAN, UAE	PERSIAN GULF
3	MT AL M	DUBAI ANCH., UAE	UMM QASR ANCH., UAE	PERSIAN GULF
4	MT G E	MANGALORE, INDIA	KHOR AL FAKKAN ANCH., UAE	OMAN GULF
5	MT B 10	SOHAR ANCH., OMAN	KHOR AL FAKKAN, UAE	OMAN GULF
6	MT C 7	MINA SAQR, UAE	KAZ, IRAQ	PERSIAN GULF
7	MT L S	KHOR AL ZUBAIR, IRAQ	FUJAIRAH, UAE	OMAN GULF
8	MT I	MANGALORE, INDIA	KHOR AL FAKKAN, UAE	OMAN GULF
9	MT Z	HAMRIYA, UAE	HAMRIYA, UAE	PERSIAN GULF
10	MT S	HAMRIYA, UAE	KAZ, IRAQ	PERSIAN GULF
11	MT A	KHOR AL FAKKAN ANCH., UAE	FUJAIRAH, UAE	OMAN GULF
12	MT C	KHOR AL ZUBAIR, IRAQ	SHARJAH ANCH., UAE	PERSIAN GULF
13	MT G C	PORT KLANG, MALAYSIA	KHOR AL FAKKAN ANCH., UAE	OMAN GULF
14	MT A M	MUSCAT, OMAN	KHOR AL FAKKAN ANCH., UAE	OMAN GULF

## Mercantile Exchange

### VB Transactions

Supplier	Open		Close			Supply Volume		Demand	Transaction Volume (MT)		
	Aug 05 - Aug 10	Jul 29 - Aug 03	Aug 05 - Aug 10	Jul 29 - Aug 03	Change	Aug 05 - Aug 10	Monthly Average	Aug 05 - Aug 10	Aug 05 - Aug 10	Jul 29 - Aug 03	Last Month
Tabriz Refinery	84,400	84,400	145,125	136,442	6.4%	8,000	6,400	25,500	8,000	6,000	34,000
Tabriz Refinery	92,500	0	142,151	0	-	8,000	0	16,900	8,000	0	8,000
Tehran Refinery	0	84,400	0	149,268	-	0	0	0	0	15,000	0
Tehran Refinery	92,500	84,400	138,618	138,231	%0.3	15,000	13,800	32,550	15,000	15,000	72,000
Shiraz Refinery	88,600	88,600	135,775	136,500	-0.5%	10,000	8,800	25,200	10,000	10,000	44,000
Esfahan Refinery	92,500	84,400	140,903	146,958	-4.1%	70,000	50,000	121,800	70,000	0	270,000
Abadan Refinery	92,500	84,400	139,840	137,500	1.7%	10,000	11,000	25,000	10,000	10,000	50,000
Bandar Abbas Refinery	97,100	88,600	142,483	143,247	-0.5%	50,000	43,000	81,000	50,000	50,000	230,000
Arak Refinery	92,500	84,400	139,700	139,687	-	15,000	15,000	32,000	15,000	15,000	75,000
Total						186,000	148,000	359,950	186,000	121,000	783,000

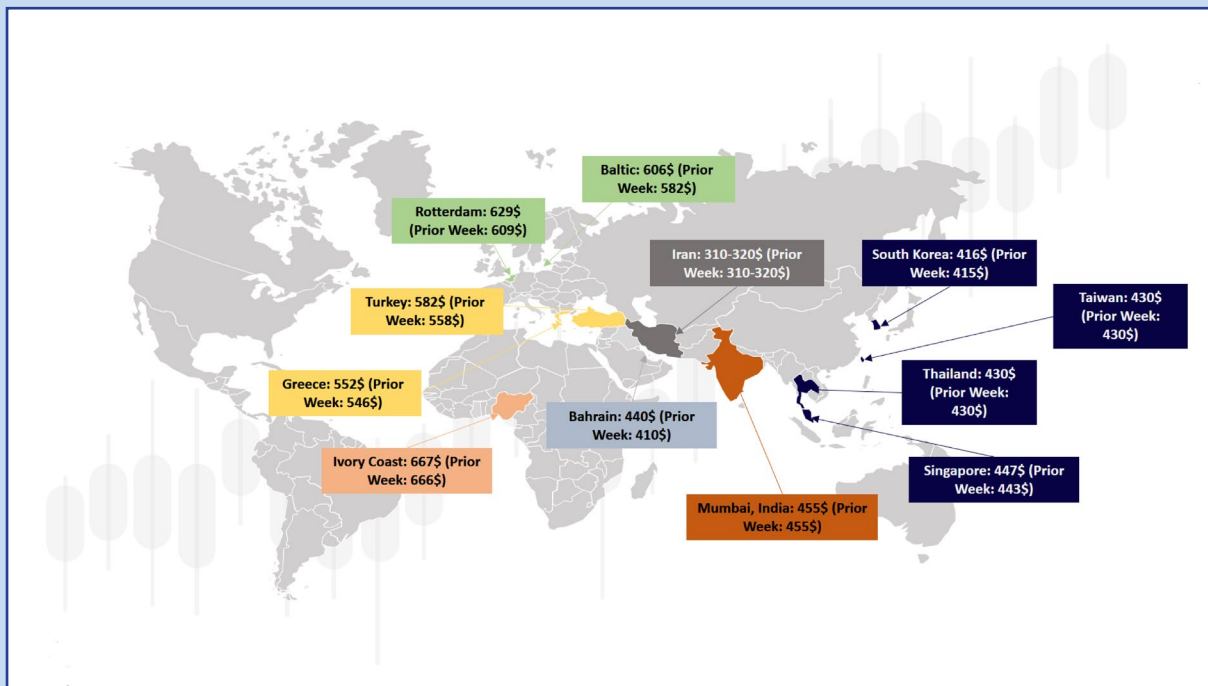
### Export Bitumen Transactions

Supplier	Open		Close			Supply Volume		Demand	Transaction Volume (MT)		
	Aug 05 - Aug 10	Jul 29 - Aug 03	Aug 05 - Aug 10	Jul 29 - Aug 03	Change	Aug 05 - Aug 10	Monthly Average	Aug 05 - Aug 10	Aug 05 - Aug 10	Jul 29 - Aug 03	Volume Change
Jey Oil - Esfahan - BEX	165,000	159,400	165,431	165,213	0.1%	5,000	7,000	7,140	5,000	6,000	28,000
Jey Oil - Esfahan - BEX	165,000	162,500	165,000	165,533	%0.3-	6,000	5,400	6,800	6,000	6,000	33,000
Jey Oil - Esfahan - BEX	166,000	166,000	166,000	166,000	%0.0	4,000	3,800	8,000	7,000	7,000	13,000
Jey Oil - Esfahan - BEX	166,000	166,000	166,804	167,050	%0.1-	3,000	0	0	0	3,000	6,000
Jey Oil - Esfahan - GEX	190,000	187,000	190,447	201,471	-5.5%	7,000	3,800	8,000	7,000	5,000	18,000
Jey Oil - Bandar Abbas - BEX	0	0	0	0	-	0	0	0	0	0	0
Pasargad Oil - Bandar Abbas - BEX	169,500	172,000	169,500	172,000	-1.5%	10,000	10,800	5,000	5,000	1,300	29,750
Pasargad Oil - Bandar Abbas - GEX	194,500	0	0	0	-	5,000	1,800	0	0	0	2,000
Pasargad Oil Abadan	153,000	0	153,000	0	-	10,000	4,800	14,000	4,000	0	7,000
Pasargad Oil Tabriz	168,000	168,000	0	168,000	-	1,000	1,200	0	0	2,000	4,000
Pasargad Oil Tehran BEX	173,000	168,000	0	168,100	-	2,000	1,000	0	0	1,000	2,000
Pasargad Oil Tehran BEX	0	173,000	0	173,000	-	0	200	0	0	1,000	1,000
Pasargad Oil Arak Bex	167,000	0	167,000	0	-	1,000	600	1,300	1,000	0	2,000
Pars Behin Qeshm Oil	0	152,988	0	168,168	-	0	8,000	0	0	20,000	40,000
Pars Behin Qeshm Oil	0	152,988	0	152,988	-	0	2,000	0	0	10,000	10,000
Total						54,000	50,400	50,240	35,000	62,300	195,750

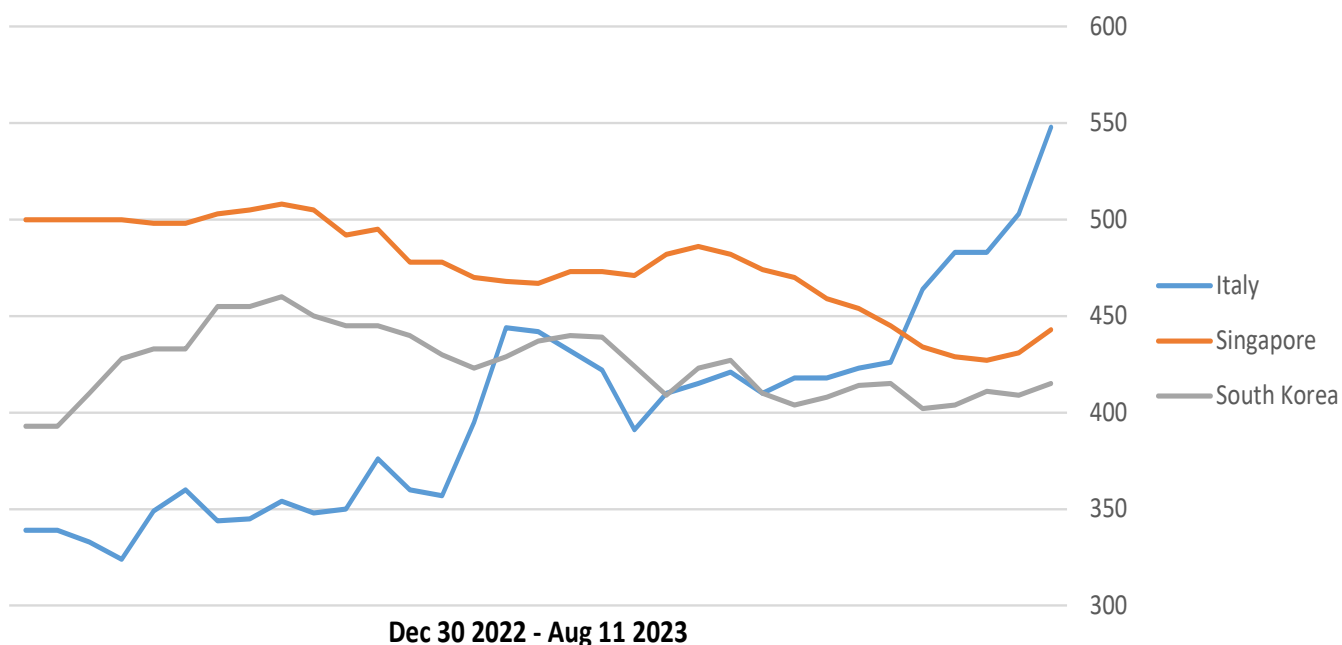
### Bitumen & Jumbo Bag Prices

Product	Weekly Range - Aug 05 to Aug 11	Product	Weekly Range - Aug 05 to Aug 11
Drum FOB Private	410-425	Bulk FOB Private	325-340
Drum FOB Embossed	405-420	Bulk FOB Governmental	325-340
Jumbo Bag Private	395-400	Jumbo Bag Governmental	-
Bulk Ex-Work Isfahan	350	Bulk Ex-Work Tabriz	350

## Global Bitumen Prices



## Prices Chart



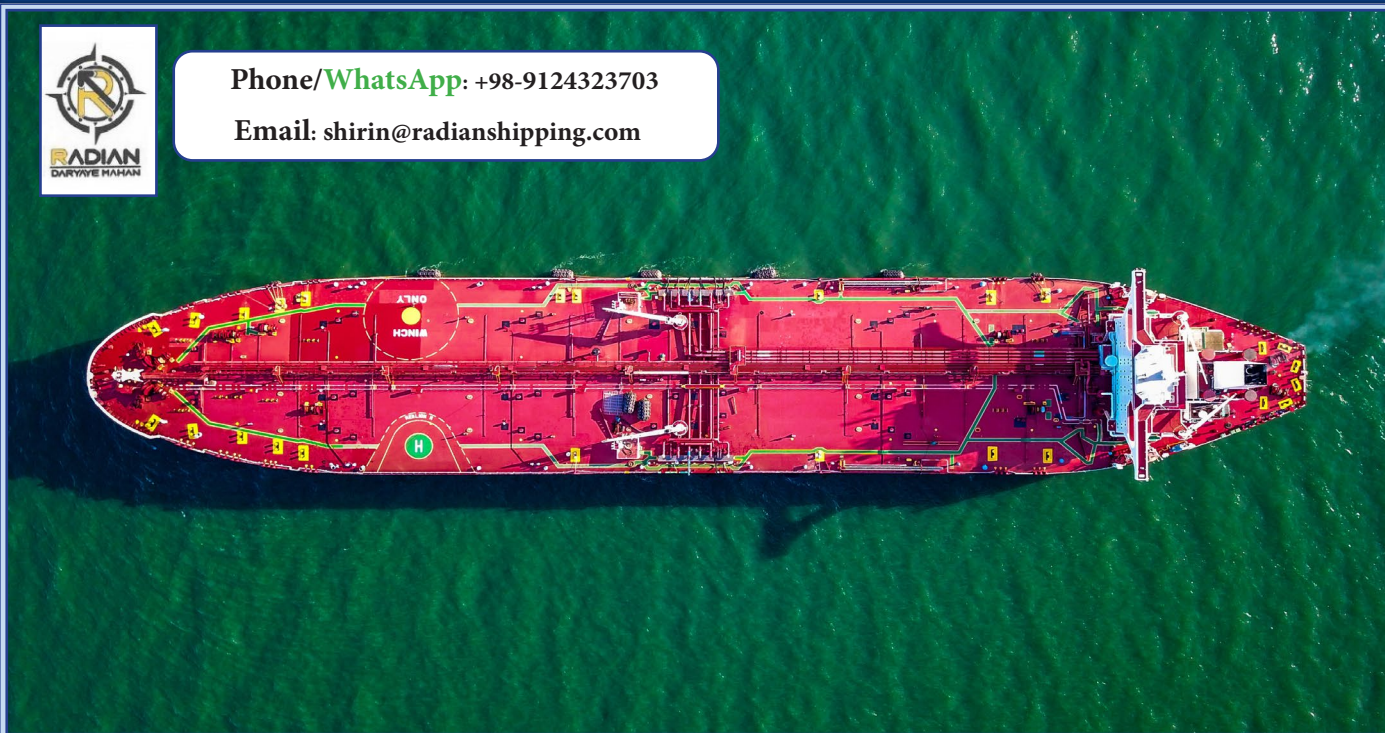


## Freight Rate



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From	To	Rate (\$)	To	Rate (\$)	To	Rate (\$)	Capacity - Foot
Bandar Abbas	Nhava Sheva	240	Dar es Salam	1100	Surabaya	650	20
	Kandla	275	Djibouti	1250	Belawan	650	
	Mundra	240	Berbera	1550	Semarang	800	
	Haldia	1000	Sudan	1550	Jakarta	850	
	Chittagong	1000	Ningbo	200	Singapore	850	
	Colombo	1050	Shanghai	200	Ho Chi Minh	675	
	Port Klang	275	Qingdao	200	Haiphong	875	
	Jebel Ali	50	Tianjin	250	-	-	
	Mombasa	1100	Aden	1550	-	-	

# Oil Analysis

Weekly Timeframe



1-hour Timeframe



## Technical Analysis

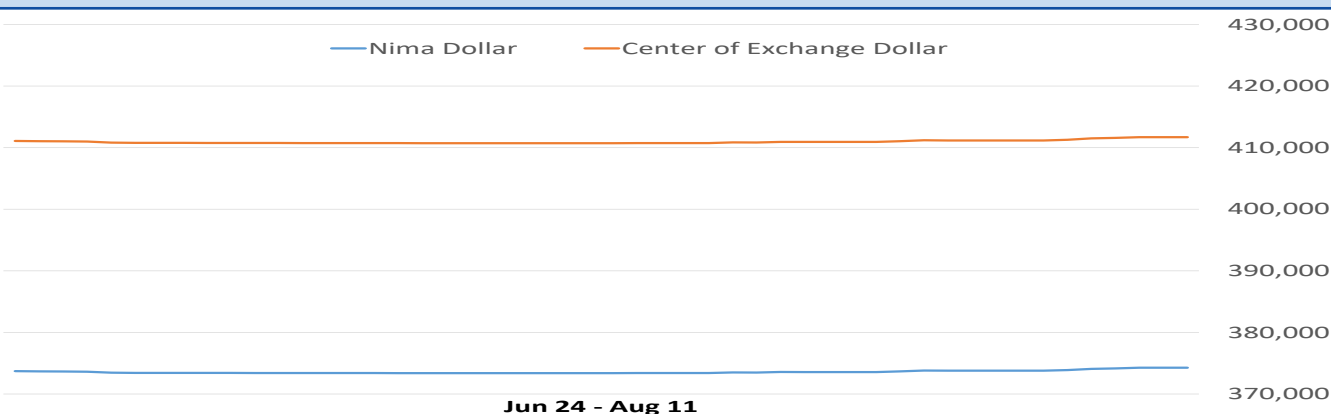
The analysis encompasses both long and short-term charts. In this week's assessment, the historical trend of WTI (West Texas Intermediate) prices over the last 30 years was employed for analysis. According to the long-term chart, recent weeks saw the price surpass a notable resistance area. This suggests the continuation of a bullish trend, with an anticipated price surge of approximately \$14. However, should the trend take a bearish turn, a decrease exceeding \$6 per barrel appears unlikely. The long-term chart underscores a consistent upward movement in crude prices within an upward channel, potentially leading to a \$14 per barrel increase. Transitioning to the short-term chart and considering Fibonacci lines, the analysis anticipates potential declines in the upcoming weeks, reaching around \$85 and \$82.5 per barrel. Conversely, breaking the \$88 per barrel mark might propel the price to \$94 per barrel.

## Fundamental Analysis

In the past week, the crude oil price experienced a 0.5% increase. Despite the bullish trend of the dollar index, which typically exerts downward pressure on prices, several factors contributed to the upward movement. Notably, a reduction in oil outputs coupled with an uptick in demand played a crucial role in driving prices higher. The monthly report from the International Energy Agency (IEA) further contributed to the price rise. The IEA stated that global oil demand had reached 103 million barrels per day, which has the potential to impact prices positively. The report also highlighted a decrease in total global crude inventories, with stockpiles in developed nations falling below the five-year average. Market sentiment was further bolstered by JPMorgan's projection that prices could reach \$90 per barrel or even surpass that level by September. However, not all news was favorable. Negative economic data from China served as a detracting factor for the market. Additionally, Vortexa reported that China's onshore stockpiles had reached 1.02 billion barrels, adding to market dynamics. An intriguing development was observed in crack spreads during the previous week. Crude prices were driven higher due to elevated crack spreads, with the notable occurrence of HSFO 380's crack spread surpassing that of crude in some regions—a phenomenon not witnessed in three decades. From a geopolitical standpoint, optimism due to peace talks in Saudi Arabia was contrasted by Ukraine's announcement that it would respond to Russia's blockade of Ukrainian ports. This declaration elevated systematic risks in the market.



## Exchange Rate - USD/IRR



Description	Date	8/11/2023	8/10/2023	8/9/2023	8/8/2023	8/7/2023	8/6/2023
Iran Center of Exchange Dollar Remittance	Change	374,274	374,274	374,274	374,163	374,085	373,891
	Weekly Change	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%
Iran Center of Exchange Dollar	Change	411,702	411,702	411,702	411,579	411,494	411,280
	Weekly Change	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Free Market Dollar	Change	491,500	491,500	495,900	493,500	495,700	496,500
	Weekly Change	-2.1%	-2.1%	-1.0%	-1.8%	0.5%	1.7%



## US Dollar Exchange Rate



## USD/CNY



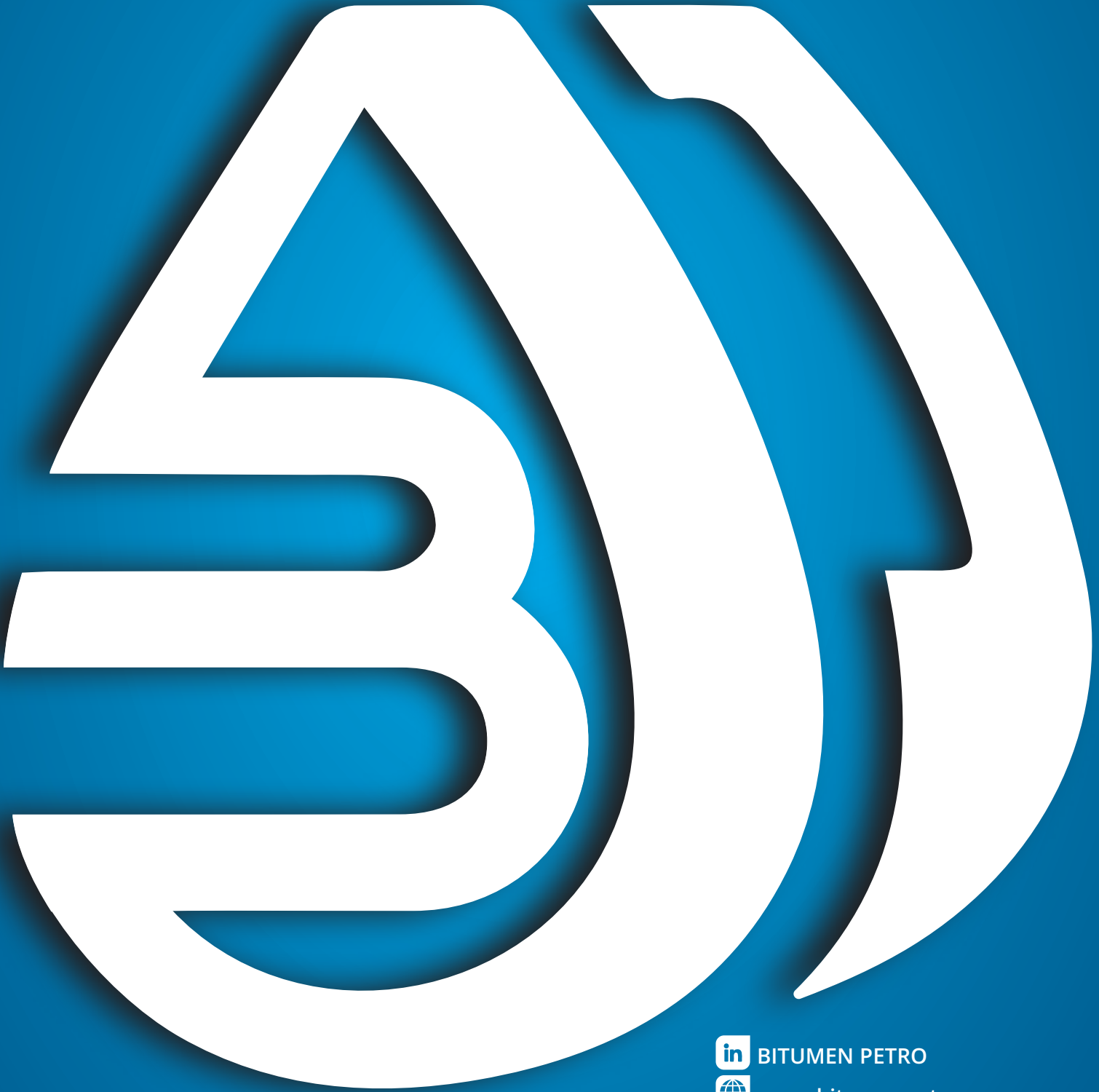
## USD/INR



## USD/EUR



# BITUMEN PETRO



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