

WEEKLY REVIEW OF BITUMEN MARKET IN IRAN & THE WORLD



Bitumen Petro Co.

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Date: Aug 20 2023

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Highlights

- CNOOC Ltd, the state-owned oil and gas conglomerate of China, has disclosed a year-over-year decline of 11.3% in its net profit for the first half of 2023. This decrease in profitability is attributed to the impact of lower oil prices on the company's financial performance.
- The sour crude market in Asia is undergoing a tightening phase due to various factors. Kuwait's actions are playing a significant role in this scenario, as the country is increasing the production of a substantial new refinery. In order to support this new facility, Kuwait is reducing its crude oil exports, channeling the supply towards its domestic refinery operations.
- A senior Chinese energy official emphasized the critical importance of exercising utmost caution and maintaining the confidentiality of China's energy sector. This strategic approach is essential to safeguard the nation's national security from potential threats posed by unfriendly foreign entities. The official made these remarks on Wednesday, highlighting the significance of protecting sensitive information within the energy sector.
- According to estimates by Clyde Russell based on official Chinese data, Chinese refiners are believed to have drawn from their crude oil stockpiles in July. This action likely took place as crude oil processing increased, while imports of crude oil experienced a decline compared to the previous month.
- Iran's first vice president, Mohammad Mokhber, has announced that Iran is set to see the launch of 67 new oil and gas projects, collectively valued at approximately \$15 billion, by the end of the upcoming fiscal year in March. These projects represent a significant investment in the country's energy sector and are anticipated to become operational within the specified timeframe.
- Norwegian oil and gas operator DNO ASA has announced that the oil production from its Tawke field in the Kurdistan region has resumed. This comes after a four-month period of shutdown, which was initiated due to the closure of the Iraq-Turkey Pipeline export route.
- The discount applied to Russian oil exported to India has undergone a significant tightening, shifting from around \$30 relative to Brent crude last year to as little as \$4 per barrel, according to a report by Eurasia Daily Monitor. However, the increase in shipping costs contrasts this trend.
- Citigroup is offering advice to traders, suggesting that they consider adopting a short position on oil and oil products once the summer period concludes. According to Citigroup's assessment, the ongoing rally in oil prices is expected to come to an end following the conclusion of the summer season.

Iran Bitumen News

- During the previous week, the Iran Mercantile Exchange (IME) recorded the introduction of 182,000 metric tons (MT) of Vacuum Bottom (VB) while witnessing demand registrations totaling 361,000 MT. This contrasts with the preceding week, during which the supply experienced a reduction of 4,000 MT. Notably, the entirety of the supplied VB was successfully traded, and the price fluctuation rate for the week ranged from a low of 7.2% to a high of 3.1%. The decrease in output volumes from the Tabriz and Tehran refineries contributed to a decline in the number of available offers in the market. In contrast, VB originating from the Arak refinery saw a noteworthy 3.1% increase in its price. The ratio between the closing price of VB and IME's export bitumen price reached 91%, highlighting the interplay of various market dynamics. In terms of pricing, the average value of VB in the Free Market USD was evaluated at \$290. Moreover, VB's valuation within the Center of Exchange Dollar reached \$345, underscoring the significance of currency fluctuations in influencing market trends.
- Supplies within the IME's export market reached approximately 84,500 metric tons (MT), marking a notable increase of 33,100 MT compared to the average of the previous month. This surge in supply can be attributed to contributions from Pars Behin Qeshm Oil, Isfahan Jey Oil Drum Bitumen, and Arak Pasargad Oil, collectively contributing to the heightened supply volume. Despite this influx of supplies, demand registrations amounted to 71,500 MT. However, given that the demand fell short of the supplies, not all of the offers were traded. Factoring in the exchange rate between the free market USD and Iranian Rial (IRR) at the published date, the negotiated equivalent rate for Isfahan Jey Oil Drum Bitumen stood at \$381. The pricing for Tabriz, Tehran, and Arak Pasargad Oil Bulk Bitumen was set at \$340 per MT. Additionally, the rate for Pars Behin Qeshm Oil was established at \$302 per MT.
- The Iran Export Confederation has declared that importing a commodity as a consequence of an export transaction remains a viable method for fulfilling foreign exchange obligations. As outlined by the confederation, due to the suspension of commercial licenses and the repatriation of less than 60% of export revenues to the country, the central bank's foreign currency working group has implemented a measure. This measure allows exporters, under the condition of providing a notarized commitment, to engage in importing goods subsequent to completing an export. This action effectively lifts the suspension of their commercial licenses.
- As per data released by Kpler, Iran's crude oil exports to China are anticipated to surge to their highest point in a decade, reaching a daily volume of 1.5 million barrels. This significant increase in export volume signals a remarkable milestone in the trade relationship between the two nations. Additionally, according to Bloomberg reports, there has been a reduction in the import of crude mixtures along with bitumen to China. This reduction is attributed to the streamlining of customs operations, which has likely impacted the import dynamics of this specific commodity blend. The boost in Iran's crude oil exports to China underscores the evolving dynamics in global energy markets and the changing patterns of international trade relationships. Meanwhile, the shift in the import dynamics of crude mixtures with bitumen highlights the intricate balance between regulatory measures, customs procedures, and trade flows in the energy sector.

Analysts Comments



Burry's Scion Asset Management held bearish put options on 200,000 shares of the SPDR S&P 500 ETF Trust — an exchange-traded fund that tracks the benchmark US stock index — at the end of June, a Securities and Exchange Commission filing showed on Monday. Michael Burry snapped up a bunch of energy and shipping stocks in the second quarter. For example, he diagnosed the “greatest speculative bubble of all time in all things” and predicted the “mother of all crashes” in the summer of 2021. Burry's purchases of energy and shipping stocks could indicate he's bullish on international trade and a global recovery. However, Fowler cautioned against ascribing that view to Burry given the raft of economic woes around the world, and the fact that Scion held index hedges with a notional value of \$1.6 billion on June 30.

Bill Miller	Mark Lacy	Nicholas Colas
chairman and chief investment officer of Legg	managers at Schroders	DataTrek cofounder
<p>US inflation has plunged from over 9% last summer to about 3% in both June and July, and GDP growth was a solid 2.4% last quarter. The rosy backdrop has fueled hopes that the Federal Reserve will reverse its hikes to interest rates soon, and the economy might escape a recession. “It’s entirely possible that we’re going to get back to a 2% inflation rate by the end of this year,” Miller said during a recent live call hosted by Miller Value Partners. “If we do without having a recession and with earnings being okay, that would give you a much, much higher justified valuation in the market than we’re at right now,” he added.</p>	<p>The global transition toward clean energy will create investment opportunities worth at least \$100 trillion over the coming three decades, according to two fund managers at Schroders. Speaking on The Investor Download podcast, Lacy said that there is “comfortably over \$2 trillion per annum” feeding into the energy transition market. “That’s outside of the traditional oil and gas market, and that’s a cumulative comfortably of \$100 trillion over the 2020 to 2050 period,” he said. Last month, the International Energy Association reported that the amount of capital investment flowing into the solar sector is set to overtake the amount in oil production for the first time.</p>	<p>“Rising real rates are only healthy if they come with accelerating population or productivity growth; the US has neither,” DataTrek cofounder Nicholas Colas wrote in a note Friday. “We think rising real/nominal rates will continue to hit stocks over the next 4-6 weeks but remain positive on equities since economic/earnings growth remains good.” The country’s property markets continues to wobble, while prices are in deflation mode and the government said it will no longer publish statistics on youth unemployment, which has soared above 20% this year.</p>

Loading Report

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

Aug 12 - Aug 18

Jetty No.	PG1	PG3	PG4	PG5	PG6	PG9	PG10	Total Amount	
Vessel Name									
MT Z F	4,000							4,000	
MT K	4,000							4,000	
MT SA	7,000							7,000	
MT SM		5,000						5,000	
MT MM		4,000						4,000	
MT K 2		10,000						10,000	
MT M 1		1,000						1,000	
MT AP		4,500						4,500	
MT B H			3,800					3,800	
MT G Q 1			4,500					4,500	
MT G R			4,000					4,000	
MT P			4,500					4,500	
MT A 2				4,500				4,500	
MT A 1				4,600				4,600	
MT AA					3,000			3,000	
MT K					3,500			3,500	
MT I					5,600			5,600	
MT R					5,000			5,000	
MT Z					2,000			2,000	
MT C 7						3,100		3,100	
MT A N						2,300		2,300	
MT B M							1,200	1,200	
Total Amount	91,100	15,000	24,500	16,800	9,100	19,100	5,400	1,200	91,100

Aug 12 - Aug 18 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 ANCH., UAE	BASRAH, IRAQ	PERSIAN GULF
2	MT I	KHOR AL ZUBAIR, IRAQ	FUJAIRAH ANCH., UAE	OMAN GULF
3	MT G E	KHOR AL ZUBAIR, IRAQ	FUJAIRAH ANCH., UAE	OMAN GULF
4	MT M L	FUJAIRAH, UAE	KHOR AL FAKKAN, UAE	OMAN GULF
5	MT P	KHOR AL ZUBAIR, IRAQ	KHOR AL ZUBAIR, IRAQ	PERSIAN GULF
6	MT S	MUSCAT, OMAN	PSQ	OMAN GULF
7	MT CH	KHOR AL FAKKAN ANCH., UAE	SHARJAH ANCH., UAE	PERSIAN GULF
8	MT AP	KHOR AL FAKKAN ANCH., UAE	KHOR AL FAKKAN ANCH., UAE	OMAN GULF
9	MT G A	FUJAIRAH, UAE	FUJAIRAH ANCH., UAE	OMAN GULF
10	MT A	KHOR AL ZUBAIR, IRAQ	BASRAH, IRAQ	PERSIAN GULF
11	MT A N	MUSCAT, OMAN	BASRAH, IRAQ	OMAN GULF

Mercantile Exchange

VB Transactions

Supplier	Open		Close			Supply Volume		Demand	Transaction Volume (MT)		
	Aug 12 - Aug 17	Aug 05 - Aug 10	Aug 12 - Aug 17	Aug 05 - Aug 10	Change	Aug 12 - Aug 17	Monthly Average	Aug 12 - Aug 17	Aug 12 - Aug 17	Aug 05 - Aug 10	Last Month
Tabriz Refinery	92,500	84,400	142,367	145,125	-1.9%	15,000	6,800	33,400	15,000	8,000	43,000
Tabriz Refinery	0	92,500	0	142,151	-	0	1,600	0	0	8,000	8,000
Tehran Refinery	0	92,500	139,378	149,268	-6.6%	0	0	21,790	0	15,000	0
Tehran Refinery	92,500	92,500	139,378	138,618	%0.5	7,000	14,400	21,790	7,000	15,000	67,000
Shiraz Refinery	97,100	88,600	134,140	135,775	-1.2%	10,000	8,800	22,500	10,000	10,000	47,000
Esfahan Refinery	92,500	92,500	144,111	140,903	2.3%	70,000	54,000	103,950	70,000	0	290,000
Abadan Refinery	92,500	92,500	129,713	139,840	-7.2%	15,000	10,000	25,000	15,000	10,000	55,000
Bandar Abbas Refinery	97,100	97,100	140,266	142,483	-1.6%	50,000	46,000	91,200	50,000	50,000	230,000
Arak Refinery	92,500	92,500	144,041	139,700	3.1%	15,000	15,000	41,600	15,000	15,000	75,000
Total						182,000	156,600	361,230	182,000	131,000	815,000

Export Bitumen Transactions

Supplier	Open		Close			Supply Volume		Demand	Transaction Volume (MT)		
	Aug 12 - Aug 17	Aug 05 - Aug 10	Aug 12 - Aug 17	Aug 05 - Aug 10	Change	Aug 12 - Aug 17	Monthly Average	Aug 12 - Aug 17	Aug 12 - Aug 17	Aug 05 - Aug 10	Volume Change
Jey Oil - Esfahan - BEX	164,000	165,000	164,000	165,431	-0.9%	2,000	5,600	2,000	2,000	5,000	23,000
Jey Oil - Esfahan - BEX	158,000	165,000	158,000	165,000	%4.2-	7,000	6,600	10,100	7,000	6,000	34,000
Jey Oil - Esfahan - BEX	158,000	166,000	158,491	166,000	%4.5-	5,000	3,600	21,400	16,000	2,000	18,000
Jey Oil - Esfahan - BEX	0	166,000	0	166,804	-	0	0	0	0	3,000	6,000
Jey Oil - Esfahan - GEX	185,500	190,000	186,284	190,447	-2.2%	16,000	3,600	21,400	16,000	7,000	30,000
Jey Oil - Bandar Abbas - BEX	0	0	0	0	-	0	0	0	0	0	0
Pasargad Oil - Bandar Abbas - BEX	168,200	169,500	168,200	169,500	-0.8%	10,000	11,800	1,000	1,000	5,000	16,300
Pasargad Oil - Bandar Abbas - GEX	193,700	194,500	193,700	0	-	5,000	2,400	2,400	2,400	0	4,400
Pasargad Oil Abadan	153,000	153,000	0	153,000	-	10,000	6,800	0	0	4,000	7,000
Pasargad Oil Tabriz	165,000	168,000	166,005	0	-	1,000	1,200	1,700	1,000	0	5,000
Pasargad Oil Tehran BEX	166,000	173,000	166,000	0	-	4,000	1,200	100	100	0	2,100
Pasargad Oil Tehran BEX	167,000	167,000	167,000	167,000	-	2,000	600	1,150	150	1,000	2,150
Pasargad Oil Arak BEX	157,000	0	157,000	0	-	2,500	0	250	250	0	250
Pars Behin Qeshm Oil	147,788	0	147,788	0	-	20,000	8,000	10,000	10,000	0	50,000
Pars Behin Qeshm Oil	0	152,988	0	152,988	-	84,500	51,400	71,500	55,900	33,000	198,200
Total						54,000	50,400	50,240	35,000	62,300	195,750

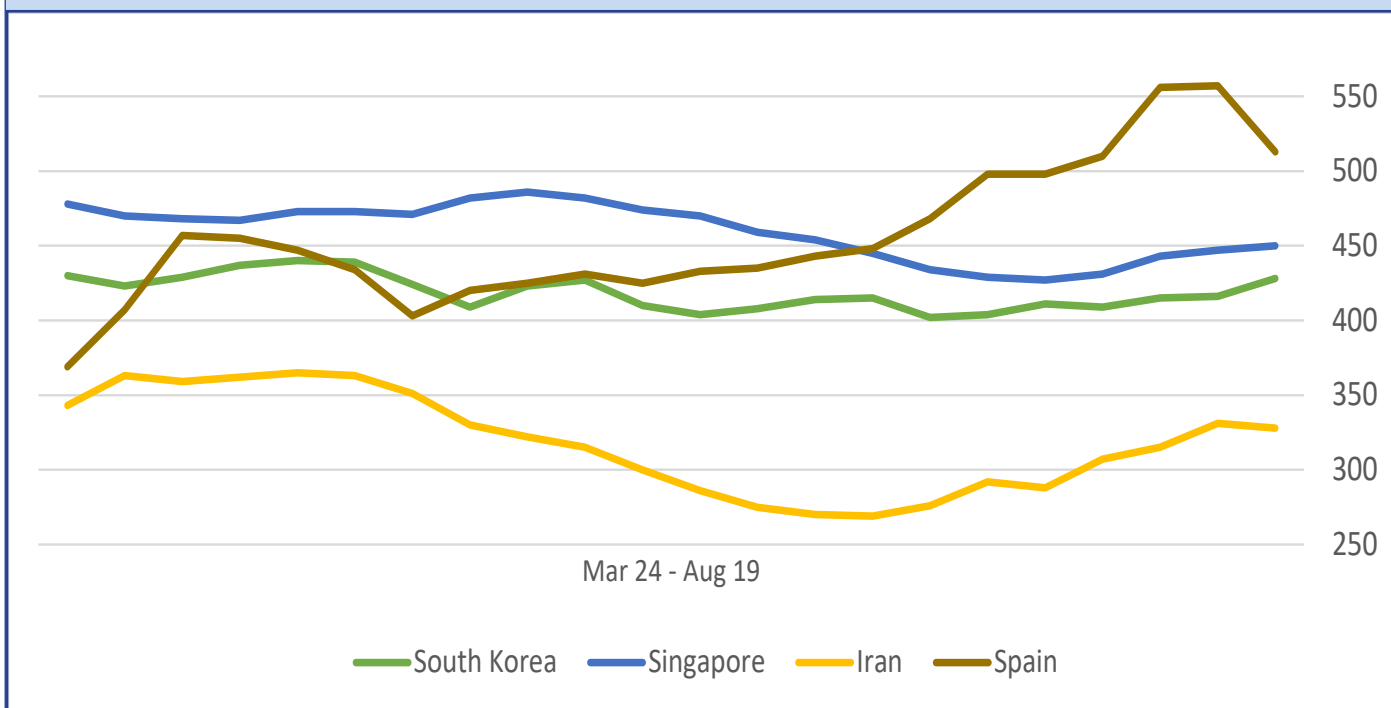
Bitumen & Jumbo Bag Prices

Product	Weekly Range - Aug 12 to Aug 17	Product	Weekly Range - Aug 12 to Aug 17
Drum FOB Private	400-415	Bulk FOB Private	320-335
Drum FOB Embossed	415-425	Bulk FOB Governmental	320-335
Jumbo Bag Private	385-395	Jumbo Bag Governmental	-
Bulk Ex-Work Isfahan	355	Bulk Ex-Work Tabriz	355

Global Bitumen Prices

COUNTRY	PRICE \$	LAST WEEK	COUNTRY	PRICE \$	LAST WEEK
IRAN	320-335	325-340	TAIWAN	430	430
BAHRAIN	440	440	SOUTH KOREA	428	416
MUMBAI, INDIA	445	445	TURKEY	564	582
SINGAPORE	450	447	GREECE	508	552
THAILAND	430	430	BALTIC	573	606
IVORY COAST	623	667	ROTTERDAM	595	629

Prices Chart



Freight Rate



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From	To	Rate (\$)	To	Rate (\$)	To	Rate (\$)	Capacity - Foot
Bandar Abbas	Nhava Sheva	250	Dar es Salam	1100	Surabaya	650	20
	Kandla	300	Djibouti	1150	Belawan	650	
	Mundra	250	Berbera	1550	Semarang	800	
	Haldia	1200	Sudan	1550	Jakarta	850	
	Chittagong	1150	Ningbo	250	Singapore	850	
	Colombo	1050	Shanghai	250	Ho Chi Minh	675	
	Port Klang	300	Qingdao	250	Haiphong	875	
	Jebel Ali	70	Tianjin	350	-	-	
Mombasa	1050	Aden	1550	-	-		

Oil Analysis

Weekly Timeframe



1-hour Timeframe



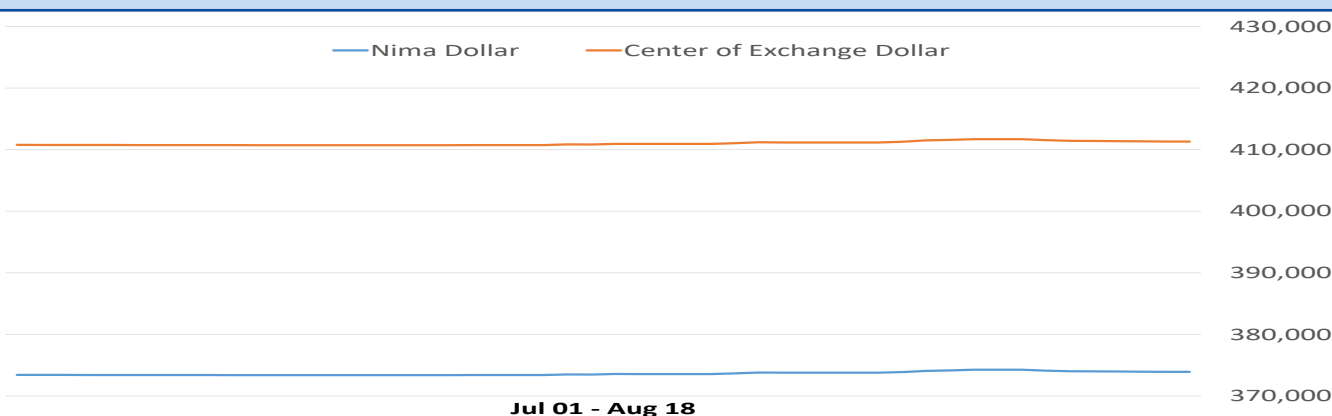
Technical Analysis

The long-term chart of Brent crude oil indicates that there are upward channels that are likely to encompass future fluctuations in crude oil prices within those ranges. According to this chart, the current oil price has reached the upward midline, and there's a chance that the price might decline to \$80 per barrel. The brown ascending lines on the long-term chart have effectively captured all price fluctuations since 2016, including during significant events like the COVID-19 pandemic and the Ukraine conflict. As a result, we can expect strong resistance for crude oil prices going forward. Looking ahead, if the price manages to break through this resistance in the coming weeks, there's a potential for the oil price to rise up to \$103 per barrel. However, due to underlying factors, a price decrease to \$80 is expected, leading crude oil back to its upward trend. Additionally, if the price continues to rise, the main pattern is likely to unfold within the context of the yellow lines. In the short term, we still anticipate price fluctuations to occur within the Fibonacci lines framework. Therefore, the 38.2% retracement level (around \$80.5) is expected to act as a robust support level.

Fundamental Analysis

After several weeks of oil prices rising, there was a slight drop of around 2% last week. This decrease was expected due to the price hitting a technical channel ceiling and the ongoing decrease in demand from China. To keep the upward momentum in oil prices going, certain market factors need to come into play, such as the US potentially pausing its interest rate growth or OPEC+ further reducing oil supply. Last week, the release of US retail sales data strengthened the idea that interest rates might rise again in September. This, along with weak economic data from China, put downward pressure on oil prices. Another aspect affecting the decline in oil prices is the improving relationship between Iran and the US. This could lead to increased crude oil exports from Iran, potentially lowering market risks. However, the increase in Iran's exports would still be relatively small compared to the global gap between oil supply and demand. Recent data also shows that the number of active US oil rigs continues to decrease, confirming the short-term drop in US crude oil production. Additionally, the reduction in floating storage of crude oil had a positive effect on prices this week. Weekly data from Vortexa indicated that the amount of crude oil on tankers anchored for at least a week decreased by 4.2%, reaching 99.67 million barrels by August 11th.

Exchange Rate - USD/IRR



Description	Date	8/18/2023	8/17/2023	8/16/2023	8/15/2023	8/14/2023	8/13/2023
Iran Center of Exchange Dollar Remittance	Change	373,928	373,928	373,950	373,981	374,002	374,027
	Weekly Change	-0.1%	-0.1%	-0.1%	-0.1%	0.0%	0.0%
Iran Center of Exchange Dollar	Change	411,321	411,321	411,345	411,379	411,402	411,429
	Weekly Change	-0.1%	-0.1%	-0.1%	0.0%	0.0%	0.0%
Free Market Dollar	Change	488,700	488,700	489,300	493,000	493,000	492,000
	Weekly Change	-0.6%	-0.6%	-1.3%	-0.1%	-0.5%	-0.9%

US Dollar Exchange Rate



USD/CNY



USD/INR



USD/EUR



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