

WEEKLY REVIEW OF BITUMEN MARKET IN IRAN & THE WORLD



Bitumen Petro Co.

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Highlights

- The outlook for the revival of the Iran nuclear deal has undergone significant fluctuations, moving from being highly likely in March 2022 to nearly improbable by the end of that year, and currently occupying a middle ground. While the immediate chances of a deal being reached seem dim, the relationship between Washington and Tehran has experienced notable improvements. The Biden administration has taken steps such as unblocking frozen assets and potentially permitting Iran to enrich uranium.
- India's Minister of Petroleum and Natural Gas, Hardeep Singh Puri, emphasized that India maintains a balanced approach to its oil imports, avoiding excessive reliance on any specific supplier, including Russia. Puri stated that India's oil import strategy is designed to mitigate dependence on any single source, thereby ensuring a diversified and secure supply chain.
- Saudi Arabia is reportedly evaluating a proposal from a Chinese state-owned company to construct a nuclear power plant. This move could potentially provide the Kingdom with a negotiating advantage in potential discussions with the United States regarding support for the development of a civil nuclear industry.
- Woodside Energy appears to have reached an agreement with trade unions to avert a potential strike among gas platform workers in Australia. However, Chevron has not yet been able to secure a similar deal with trade unions for its gas platform workforce.
- According to Reuters market analyst John Kemp, the deceleration of India's oil demand growth is anticipated to exert downward pressure on oil prices, despite the recent achievement of record-high consumption levels. Kemp suggests that India's reduced pace of oil demand expansion could contribute to moderating the overall trajectory of global oil prices.
- The increased appetite for lighter crude grades and significant shifts in global oil flows, triggered by the sanctions imposed on Russia due to its intervention in Ukraine, have created opportunities for greater quantities of crude oil from Guyana, a recently established oil-exporting country, to enter the European market.
- Iraq is poised to initiate imports of natural gas from Turkmenistan in the coming times, following the signing of a preliminary agreement between the two nations. This agreement is aimed at facilitating the supply of gas to address Iraq's power generation requirements, as the country seeks to meet its energy needs as the second-largest producer within OPEC, ranking after Saudi Arabia.
- Gazprom Neft, the oil subsidiary of Russian state gas company Gazprom, has revealed a significant 43% decline in its net profit for the second quarter when compared to the same period of the previous year. This decrease in profitability is attributed to reduced sales volumes, which had an adverse impact on the company's financial performance.

Iran Bitumen News

- In the past week, a supply of 105,000 metric tons (MT) of VB (Vacuum Bottom) was made available in the IME (Iran Mercantile Exchange) market. This coincided with a demand of 189,000 MT being registered. Comparing this to the prior week, there was a 44% reduction in the supply rate, although the entire available quantity was successfully sold. The weekly fluctuation in VB's price was observed to range from 3.8% to 0.2%. The decrease in supply was influenced by halted outputs from several refineries including Tehran, Shiraz, Abadan, and Tabriz. This reduction in supply contributed to shifts in the market dynamics. Particularly, the Arak refinery's VB experienced the most significant decrease at 3.8%. The ratio between the closing price of VB and the IME's export bitumen stood at 85%. In terms of valuation, 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.
- Supplies in the IME's export market reached approximately 93,000 metric tons (MT), indicating an increase of 31,300 MT in comparison to the average volume of the preceding month. This rise in supply was a result of contributions from Bandar Abbas Jey Oil, Bandar Abbas, Abadan, and Tabriz Pasargad Oil, collectively leading to a notable augmentation in the overall supply quantity. In response to this heightened supply, there was a recorded demand of 85,100 MT. With demand surpassing the available supply, all of the offered quantities were successfully traded. Taking into account the prevailing exchange rate between the free market USD and Iranian Rial (IRR), the negotiated equivalent rate for Isfahan Jey Oil Bulk Bitumen was estimated to fall within the range of 322 to 327\$. The price for Bandar Abbas Pasargad Oil Bulk Bitumen was set at 328\$. Additionally, the prices for Jey Oil and Bandar Abbas Pasargad Oil drum bitumen were established at 398\$ and 383\$, respectively. Moreover, the rate for Pars Behin Qeshm Oil stood at 303\$ per MT.
- Members of the parliament have passed a resolution that compels the Ministry of Petroleum to allocate 200 thousand billion Iranian Rials (IRR) from the resources of the National Iranian Oil Company (NIOC) to refineries. Additionally, this allocation is meant to facilitate the supply of Vacuum Bottom (VB) to executive organizations that adhere to this legislation.
- The enforcement of definite tariffs based on the budget law, which had been implemented two weeks ago, has been temporarily stopped by an interim order from the Administrative Justice Court. However, it is important to note that the default collection of 0.5% duties on all products will still continue. In line with the Customs Circular and following the directive dated 15/05/1402 regarding the specific rates of export duties for raw and semi-finished materials, as communicated through communication number 1402220005642852 dated 24/05/1402, the execution of the attached resolution in the mentioned circular has been ordered to be suspended.



Analysts Comments



The rally in stocks is done for the year, as there's a huge cocktail of factors that will weigh on the market through the end of 2023, according to JPMorgan's chief global stock strategist Dubravko Lakos. Fed officials will likely keep interest rates elevated through the rest of the year and aren't likely to start cutting anytime soon as they continue to keep an eye on inflation, Lakos said. 2023 has been a "massive fiscal easing year" as the government shelled out \$1.8 trillion, Lakos said, but federal spending will likely pull back significantly in 2024, which could weigh on economic growth. And while bullish market commentators have made the case that the US could avoid a recession this year, any resilience in the economy now is largely due to strong fiscal spending and consumer spending, Lakos said, both of which are expected to decline into 2024. Consumer savings are also dwindling fast, he said, which will remove a buffer that's been cushioning the economy from tight financial conditions.

- **"**\$1 trln in new leveraged credit last five years faces its day of reckoning," Bank of America strategist Yuri Seliger said in a note on Friday. "Roughly half of this money is in currently well-performing capital structures, while the other half is now in various stages of stress," he later added. Other experts have warned of the dangers of mounting private and public debt levels in the US, particularly as markets exit an era of ultra-low interest rates and head into a new higher-for-longer rates regime. Furthermore, around half of that debt faces some risk of potentially defaulting, which could spell trouble for markets.
- **I**n an interview with Bloomberg TV, Chicago Fed President Austan Goolsbee underlined his dovish stance, aligning his views with those who remain hesitant about aggressive tightening measures. Goolsbee emphasized the ongoing unfinished work of the Fed, remarking that "inflation is still higher than we want it to be." Expressing a guarded optimism, he mused about the rare scenario where the Fed could conquer inflation without an accompanying recession, describing it as a potential "major triumph" with no historical precedent. The dovish view of the Chicago Fed President emerged when he said that holding nominal interest rates at 5.5%, as inflation goes down, is implicit to more tightening.
- **F**ederal Reserve Chair Jerome Powell delivered his economic outlook remarks at Jackson Hole on Friday. He did not specify what the bank's next move will be and committed to reaching the 2% inflation target. But he said the Fed will "proceed carefully" in determining whether to continue raising rates. The one thing Powell confirmed is that reaching 2% inflation remains the Fed's target, and the central bank will keep working to reach that goal. "Powell didn't commit to whether the Fed would raise rates or not, but two things jump out from his comments: they will not move the goal posts off the 2 percent inflation objective and interest rates aren't going down any time soon," Greg McBride, chief financial analyst at Bankrate, said in a statement.

Loading Report

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

Aug 19 - Aug 24

Jetty No.	PG1	PG2	PG3	PG4	PG5	PG6	PG7	PG9	PG10	Total Amount	
MT Z F	4,000									4,000	
MT I	10,000									4,000	
MT M	4,000									7,000	
MT S		1,000								5,000	
MT K			4,000							4,000	
MT L			4,600							10,000	
MT D			2,700							1,000	
MT N 1				3,000						4,500	
MT G Q 1				4,500						3,800	
MT K				3,500						4,500	
MT A 1					4,500					4,000	
MT C 7						3,100				4,500	
MT A						3,000				4,500	
MT R							3,700			4,600	
MT A N								2,300		3,000	
MT A								10,000		3,500	
MT S 10								5,500		5,600	
MT D 1									1,000	5,000	
MT S									2,000	2,000	
MT A M									1,200	3,100	
Total Amount	91,100	18,000	1,000	11,300	11,000	4,500	6,100	3,700	17,800	4,200	91,100

Aug 19 - Aug 24 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 Z F	KHOR AL ZUBAIR, IRAQ	KHOR AL ZUBAIR, IRAQ	PERSIAN GULF
2	MT K	KANDLA, INDIA	HAMRIYA, UAE	PERSIAN GULF
3	MT S	KHOR AL ZUBAIR, IRAQ	FUJAIRAH ANCH., UAE	OMAN GULF
4	MT K 2	KHOR AL ZUBAIR, IRAQ	KHOR AL FAKKAN ANCH., UAE	OMAN GULF
5	MT A	UMM QASR ANCH., IRAQ	HAMRIYA, UAE	PERSIAN GULF
6	MT B H	SHARJAH ANCH., UAE	BASRAH, IRAQ	PERSIAN GULF
7	MT G Q 1	KHOR AL FAKKAN ANCH., UAE	KHOR AL FAKKAN, UAE	OMAN GULF
8	MT G R	UMM QASR ANCH., IRAQ	DIBA	OMAN GULF
9	MT I	MANGALORE, INDIA	MANGALORE, INDIA	WEST COAST INDIA
10	MT R	KHOR AL FAKKAN, UAE	KARWAR, INDIA	PERSIAN GULF
11	MT Z	HAMRIYA, UAE	HAMRIYA, UAE	PERSIAN GULF
12	MT A N	MUSCAT, OMAN	BASRAH, IRAQ	OMAN GULF
13	MT B M	MUSCAT, OMAN	KHOR AL FAKKAN ANCH., UAE	OMAN GULF

Mercantile Exchange VB Transactions

Supplier	Open		Close			Supply Volume		Demand	Transaction Volume (MT)		
	Aug 19 - Aug 24	Aug 12 - Aug 17	Aug 19 - Aug 24	Aug 12 - Aug 17	Change	Aug 19 - Aug 24	Monthly Average	Aug 19 - Aug 24	Aug 19 - Aug 24	Aug 12 - Aug 17	Last Month
Tabriz Refinery	92,500	92,500	142,087	142,367	-0.2%	15,000	8,600	25,000	15,000	15,000	52,000
Tehran Refinery	0	92,500	0	149,268	-	0	0	0	0	7,000	0
Tehran Refinery	0	92,500	0	139,378	-	0	13,400	0	0	7,000	52,000
Shiraz Refinery	0	97,100	0	134,140	-	0	9,400	0	0	10,000	40,000
Esfahan Refinery	92,500	92,500	141,264	144,111	-2.0%	60,000	58,000	100,050	60,000	0	300,000
Abadan Refinery	0	92,500	0	129,713	-	0	11,000	0	0	15,000	45,000
Bandar Abbas Refinery	0	97,100	0	140,266	-	0	46,000	0	0	50,000	190,000
Arak Refinery	92,500	92,500	138,587	144,041	-3.8%	30,000	15,000	63,800	30,000	15,000	90,000
Total						105,000	161,400	188,850	105,000	119,000	769,000

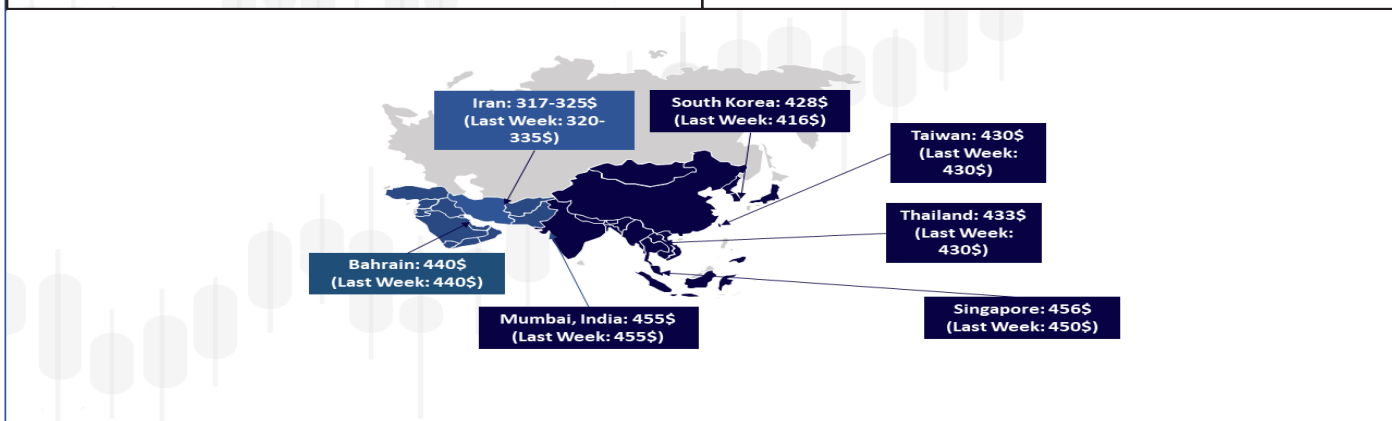
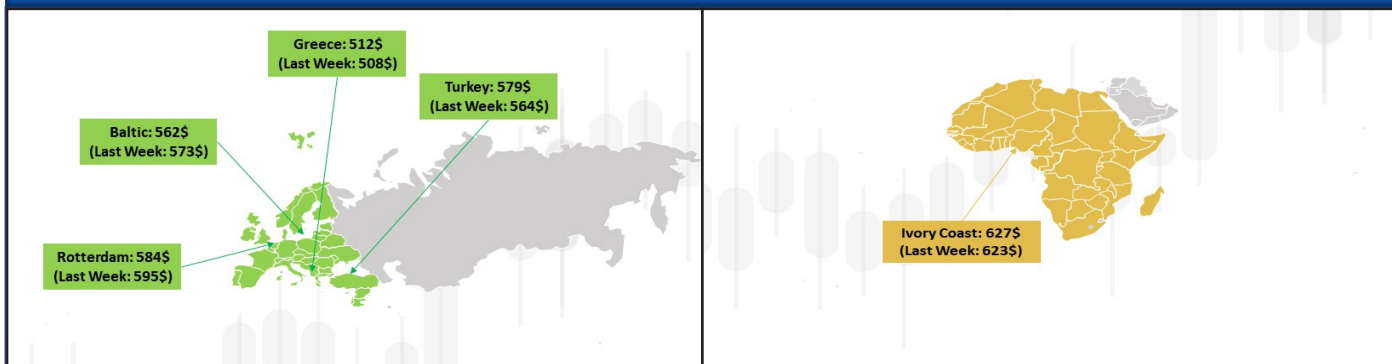
Export Bitumen Transactions

Supplier	Open		Close			Supply Volume		Demand	Transaction Volume (MT)		
	Aug 19 - Aug 24	Aug 12 - Aug 17	Aug 19 - Aug 24	Aug 12 - Aug 17	Change	Aug 19 - Aug 24	Monthly Average	Aug 19 - Aug 24	Aug 19 - Aug 24	Aug 12 - Aug 17	Volume Change
Jey Oil - Esfahan - BEX	161,000	164,000	161,000	164,000	-1.8%	10,000	4,600	7,500	7,500	2,000	27,500
Jey Oil - Esfahan - BEX	158,800	158,000	159,680	158,000	%1.1	5,000	6,800	14,000	5,000	7,000	29,000
Jey Oil - Esfahan - BEX	158,800	158,000	158,800	158,491	%0.2	5,000	6,000	0	0	5,000	23,000
Jey Oil - Esfahan - BEX	0	185,500	0	186,284	-	0	6,000	0	0	16,000	28,000
Jey Oil - Esfahan - GEX	193,199	0	195,899	0	-	8,000	0	16,000	8,000	0	8,000
Jey Oil - Bandar Abbas - BEX	161,500	168,200	161,500	168,200	-4.0%	17,000	10,800	14,500	9,500	1,000	23,800
Pasargad Oil - Bandar Abbas - BEX	188,500	193,700	188,500	193,700	-2.7%	10,000	3,200	4,000	4,000	2,400	8,400
Pasargad oil - Bandar Abbas - GEX	148,500	153,000	0	0	-	17,000	8,000	10,100	0	0	4,000
Pasargad Oil Abadan	166,000	165,000	166,000	166,005	0.0%	3,000	1,200	3,000	3,000	1,000	7,000
Pasargad Oil Tabriz	166,500	166,000	0	166,000	-	4,000	1,800	0	0	100	2,100
Pasargad Oil Tehran BEX	155,000	167,000	155,000	167,000	-7.2%	2,000	800	1,000	1,000	150	2,150
Pasargad Oil Arak Bex	157,000	157,000	0	157,000	-	2,000	500	0	0	250	250
Pars Behin Qeshm Oil	148,938	147,788	149,279	147,788	1.0%	10,000	12,000	15,000	10,000	10,000	50,000
Total						93,000	61,700	85,100	48,000	44,900	213,200

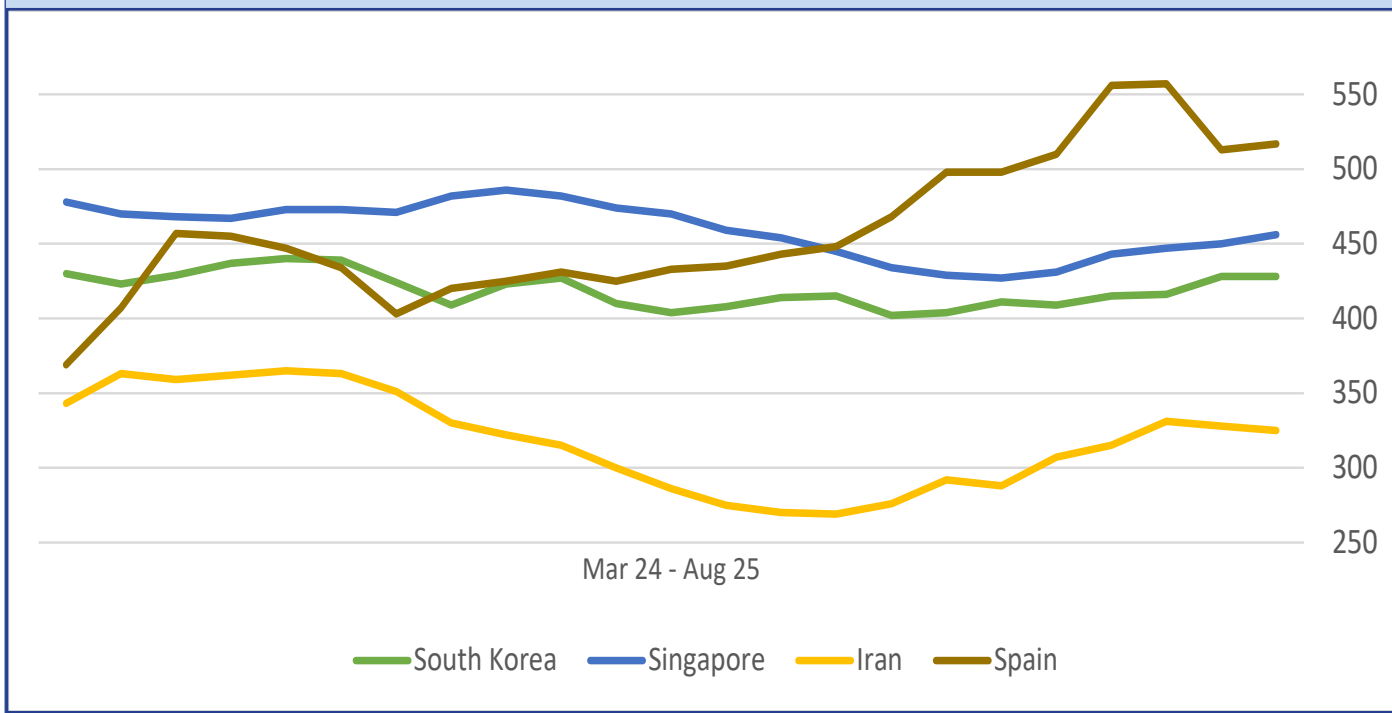
Bitumen & Jumbo Bag Prices

Product	Weekly Range - Aug 12 to Aug 17	Product	Weekly Range - Aug 12 to Aug 17
Drum FOB Private	395-405	Bulk FOB Private	317-325
Drum FOB Embossed	400-410	Bulk FOB Governmental	317-325
Jumbo Bag Private	385-395	Jumbo Bag Governmental	-
Bulk Ex-Work Isfahan	350	Bulk Ex-Work Tabriz	350

Global Bitumen Prices



Prices Chart



Freight Rate



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Last Update: Two Weeks Ago



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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



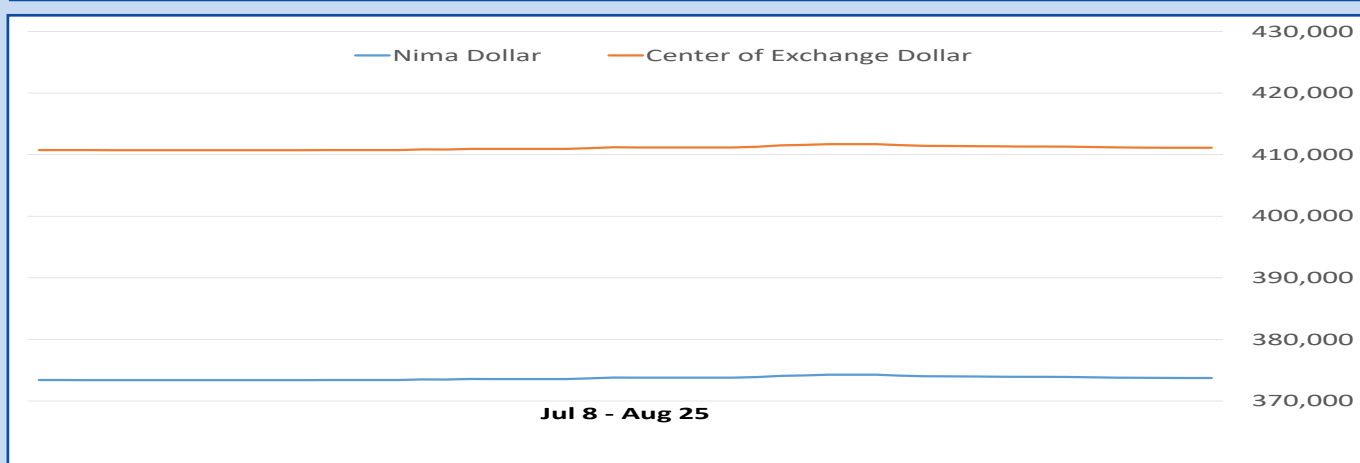
Technical Analysis

The long-term chart for Brent crude oil is divided into two clear patterns, both showing upward trends. The broader, long-term channel is highlighted in brown and has effectively captured price fluctuations since 2016. This channel creates significant levels of resistance and support over the long term. Usually, when the price reaches this channel, it tends to react in the opposite direction. If the price successfully breaks through this channel, it confirms the continuation of the medium-term trend. In the past week, the price encountered this crucial resistance and was unable to surpass it. If the price does not break through this range by September, it might become difficult to maintain the upward trend. Additionally, there's a shorter-term channel marked in blue. If the price drops to around \$80 and then rebounds from this level, it could establish a new channel for oil. This might lay the groundwork for overcoming the aforementioned resistance. In the short term, price fluctuations are still occurring within the context of Fibonacci lines, and the expected range of fluctuations for the current week is indicated within this framework.

Fundamental Analysis

During the past week, oil prices remained relatively steady, despite a lively period for most oil-related products. The combination of increased summer-time consumption and a fire incident at a major US refinery contributed to the uptick in product prices. Interestingly, crude oil prices have remained stable despite ongoing constraints in US oil production. A recent weekly report from Baker Hughes on Saturday revealed that active US oilrigs have hit their lowest point in the past year. To understand the underlying factors behind this price stability, it is crucial to consider economic data. On one hand, the economic outlook in the US has not been very promising due to weaker-than-expected consumer sentiment toward business. On the other hand, new economic incentives from China have given a boost to oil prices. Additionally, two significant developments have had an impact on the oil market: the increasing proximity between the US and Iran, as well as Venezuela. As reported by TankerTrackers, the preliminary agreement between the US and Iran has resulted in Iran's crude oil exports reaching their highest level in the past 5 years. In the first 20 days of August, they averaged 2.2 million barrels per day, with a significant portion being destined for China. Moreover, according to Bloomberg, the Biden administration is actively discussing the possibility of lifting temporary US sanctions against Venezuela in exchange for a commitment to hold fair elections next year. Furthermore, weekly data from Vortexa indicates a reduction in global crude oil quantities. The weekly EIA report from Thursday highlighted that US crude oil inventories are now 2.2% below the 5-year seasonal average.

Exchange Rate - USD/IRR



Description	Date	8/25/2023	8/24/2023	8/23/2024	8/22/2023	8/21/2023	8/20/2023
Iran Center of Exchange Dollar Remittance	Change	373,743	373,743	373,754	373,763	373,792	373,852
	Weekly Change	0.0%	0.0%	0.0%	-0.1%	-0.1%	0.0%
Iran Center of Exchange Dollar	Change	411,117	411,117	411,129	411,139	411,171	411,237
	Weekly Change	0.0%	0.0%	-0.1%	-0.1%	-0.1%	0.0%
Free Market Dollar	Change	492,000	492,000	491,300	493,000	487,500	487,500
	Weekly Change	0.7%	0.7%	0.4%	0.0%	-1.1%	-0.9%

US Dollar Exchange Rate



USD/CNY



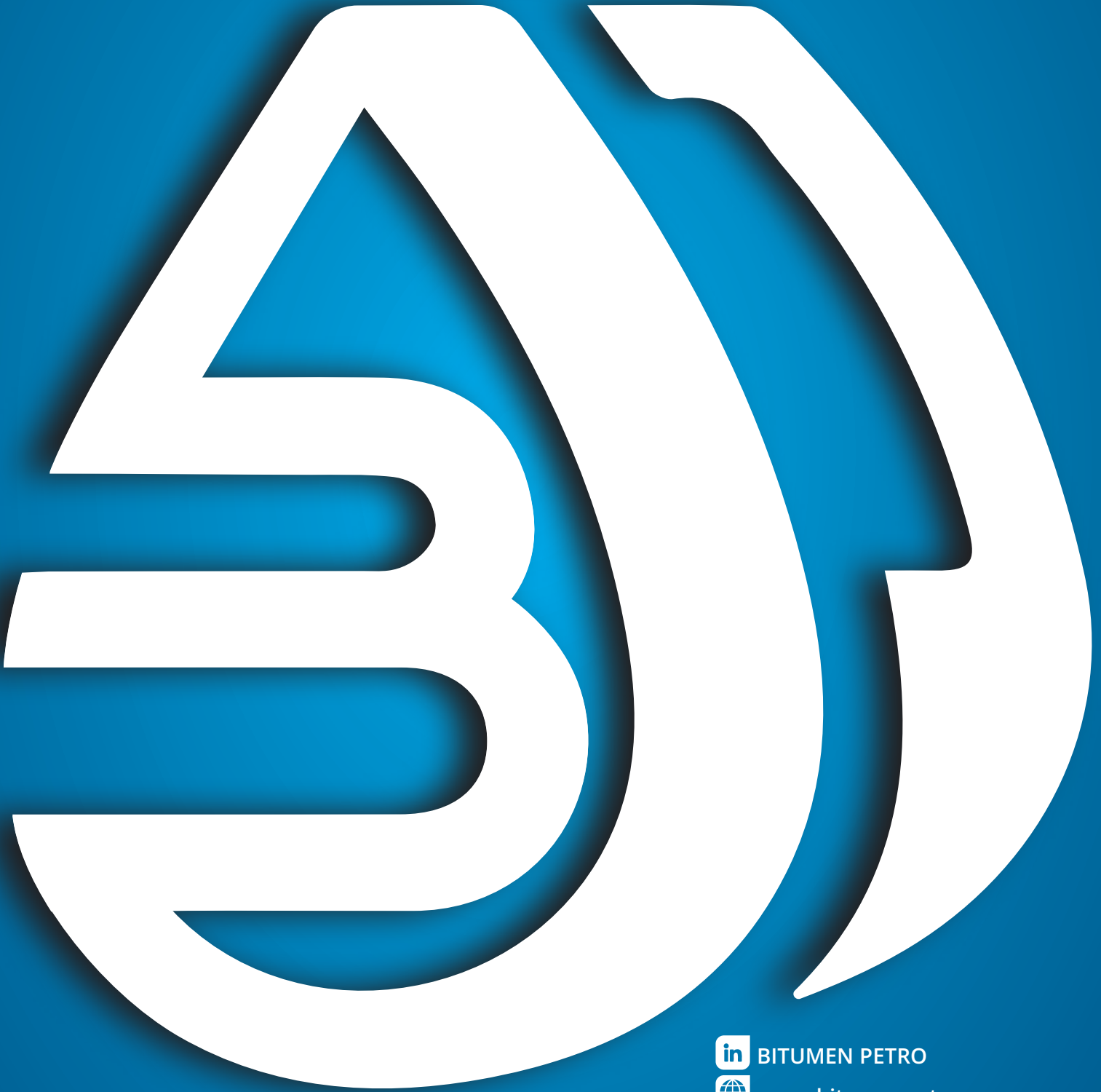
USD/INR



USD/EUR



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