

WEEKLY REVIEW OF BITUMEN MARKET IN IRAN & THE WORLD



Bitumen Petro Co.

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Highlights

- Contrary to previous expectations of production declines, a recent survey indicates that crude oil production from the OPEC alliance increased in August by 40,000 barrels per day (bpd).
- Saudi Aramco, the state-owned oil giant, is reportedly contemplating a significant share sale that could amount to as much as \$50 billion. If Saudi Arabia proceeds with this share sale, it would potentially mark the largest such offering in history.
- In August, the average price of Russia's primary crude grade, Urals, stood at approximately \$74 per barrel. This figure represents a slight decrease from the average price observed in August of the previous year (2022). However, it notably surpasses the G7's price cap of \$60 per barrel, underscoring the ongoing challenges faced by countries in managing energy prices. Moreover, the August average for Urals was higher than the July average, which was recorded at \$64.37 per barrel.
- China has decided to issue a fuel export quota that exceeds expectations in the third round of allocations for this year. This move is aimed at encouraging refiners to maintain economic growth and boost their product exports, even as there are indications that China's fuel demand for 2023 may have reached its peak.
- India's refiners have taken steps to reduce their crude oil imports from Russia, citing several factors. These include routine refinery maintenance activities, which can temporarily lower intake, as well as diminished discounts on Russian crude grades. These discounts play a crucial role in influencing the cost-effectiveness of importing Russian oil.
- The average retail price of regular gasoline in the United States has experienced a notable increase of approximately 6% over the past five weeks. This price surge has occurred in the lead-up to the Labor Day weekend, according to data from the U.S. Energy Information Administration (EIA).
- Sinopec, the Chinese refining giant, has initiated a new unit focused on investing in refining and petrochemical assets outside of China. The goal of this move is to expand its presence in markets where there is growing demand and readily available feedstock.
- In August, China's official Manufacturing Purchasing Managers' Index (PMI) increased to a reading of 49.7, up from the previous month's 49.3. While the PMI reading remains below the critical threshold of 50, which distinguishes between expansion and contraction in the manufacturing sector, the uptick is seen as a positive sign.
- The American Petroleum Institute (API) has released data indicating a substantial draw in U.S. crude oil inventories. Specifically, there was an 11.486-million-barrel draw, a significant contrast to the previous week's 2.418-million-barrel draw.

Iran Bitumen News

- In the past week, the Iran Mercantile Exchange (IME) saw the supply of 187,000 metric tons of Vacuum Bottom (VB), with a demand recorded at 295,000 metric tons. This represented an increase in supply compared to the prior week, where the supply rate had surged by 56.51%, resulting in the entire supply being sold. The weekly fluctuation rate for VB prices ranged from 5.8-% to 7.7-%. The higher supply was attributed to outputs from all active refineries, contributing to an uptick in available offers. Significantly, the price of VB from the Isfahan refinery experienced the most notable decrease, dropping by 7.7%. This led to the ratio between VB's closing price and IME's export bitumen reaching 82%. In terms of value, the average price of VB in the Free Market was assessed at \$267 per metric ton, while the value in the Center of Exchange Dollar reached \$320 per metric ton. This data provides valuable insights into the dynamics of the VB market within Iran's Mercantile Exchange.
- In the export market of the Iran Mercantile Exchange (IME), there were approximately 44,000 metric tons (MT) of available supplies, which exceeded the average from the previous month by 25,300 MT. This uptick in supply was influenced by the suspension of offers from Isfahan Jey Oil Drum Bitumen and a decrease in production from Isfahan Jey Oil Bulk Bitumen and Pars Behin Qeshm Oil. Despite the increased supply, the recorded demand was 26,900 MT, which fell short of the available supplies. Consequently, only part of the offers were traded. The negotiated equivalent rate for Isfahan Jey Oil Bulk Bitumen was estimated to be between 321 and 323 USD, considering the exchange rate between the free market USD and Iranian Rial (IRR) at the time of publication. The prices for Bandar Abbas Pasargad Oil Bulk and Drum Bitumen were set at 328 and 385 USD, respectively. Additionally, Tabriz Pasargad Oil bitumen was priced at 337 USD per barrel. This data provides valuable insights into the dynamics of the bitumen market within the Iran Mercantile Exchange.
- The Expediency Discernment Council has rejected the new parliamentary resolution concerning the provision of free bitumen. They have clarified that, based on their recent decision in this matter, the Parliament should not proceed with the new resolution. In late August, the Parliament had passed an amendment to paragraph (1) of the 2023/24 Budget Law, allocating up to 200 thousand billion IRR worth of free bitumen for infrastructure projects to be distributed to various governmental agencies. This amendment stated that, starting from the beginning of the year 2023/24, these agencies would receive monthly allocations of bitumen raw materials (vacuum bottom) and handle the associated expenses through interagency accounts and the national treasury, using the proceeds from the material deliveries.
- The one-month performance report of Pasargad Oil Company is now available on Codal. According to the report, during the month of Mordad, the company achieved around 68,000 tons in domestic sales and 48,000 tons in exports. These figures indicate a notable 35% growth in domestic sales and a modest 11% decline in export sales compared to the previous month. The primary contributor to the sales increase was the rise in PG grade bitumen sales.



Analysts Comments



The US economy is heading toward a recession in early 2024, according to economist David Rosenberg. "1981 was followed by 1982, which was not a mild recession by the way. Part of that impact's been blunted by the lingering impact of the fiscal stimulus, which is now in the rear view mirror." "I think that if we escape this little recession, it'll be a miracle," he added. He also cautioned that there's still a chance of another rate hike, and how 11 of the last 14 rate-hiking cycles ended with a recession. "I'm willing to give it about six months," he said when asked about his recession outlook. Meanwhile, he sees the recent surge in credit card delinquencies as reminiscent of the 2008 mortgage crisis. Banks are tightening their lending standards, and it's weighing on consumers and credit quality. "It starts with a significant erosion in credit quality in one particular asset class, and right now you're seeing it in credit cards and it is not insignificant, even though it's not residential mortgages [like 2008]."

- Saudi Arabia is considering an offering of additional Saudi Aramco shares that could shatter records, the Wall Street Journal reported. A potential deal would list Aramco stock worth \$50 billion, which would make it the biggest offering in capital markets history. Meanwhile, Aramco has already begun contacting possible investors, including other global oil companies and sovereign-wealth funds, according to the Journal. Still, selling stock in the state-owned firm remains a top priority for Saudi Arabia, with de facto leader Crown Prince Mohammed bin Salman intending to use the proceeds to help the country diversify away from oil.
- // Both China and Russia are taking advantage of discounted Russian crude, benefiting from the sanctions applied on Russian materials by other countries," Matt Smith, lead oil analyst at Kpler, told Insider Friday. Behind China and India, Turkey and Bulgaria are the biggest buyers of Russian crude. India, the world's third-largest oil importer, relied on Russia for about 1% of its total volumes prior to the war, but now buys 51% of its oil from Russia. The ECB chart below shows a similar pattern illustrated in Kpler's data, with Russian seaborne crude exports shifting toward Asian buyers and away from Europe.
- Stocks could tank by 10% or more in the event of another rate hike, the firm's CEO told Yahoo Finance in an interview Tuesday. That would erase a large portion of the S&P 500's 17% gain this year. Enormous credit-card debt and the resumption of student loan payments from October may drag on the American consumer, which will hurt the economic outlook but potentially get the Fed closer to its goals of finally bringing inflation back to 2%, he explained. "The only way you can get there is by demand destruction," he said.

Loading Report

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

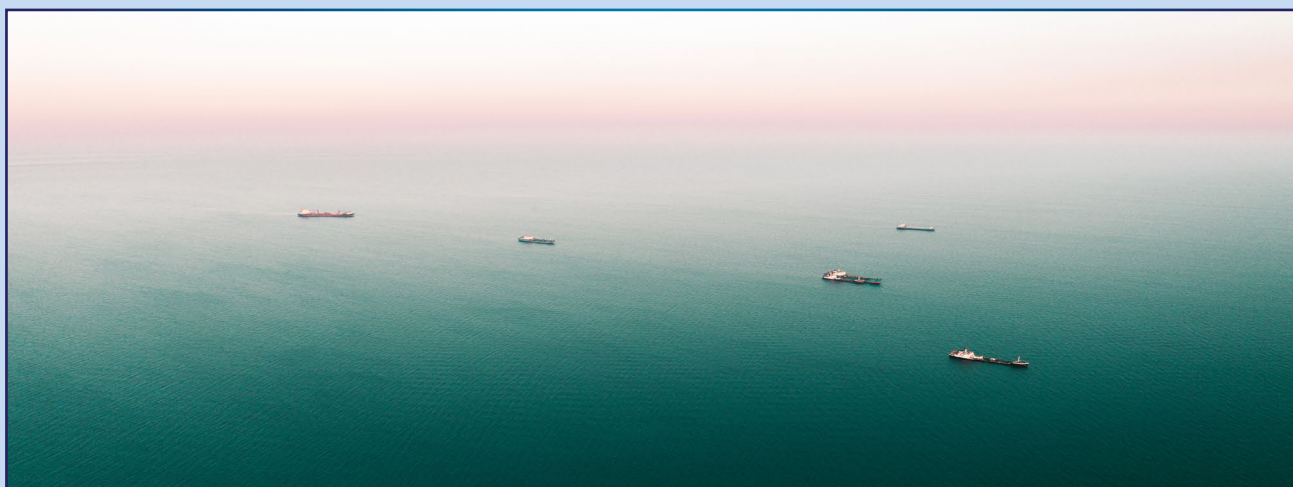
Aug 26 - Aug 31

Jetty No.	PG1	PG2	PG3	PG4	PG5	PG6	PG9	PG10	Total Amount	
Vessel Name										
MT P	10,000								10,000	
MT Z F	4,000								4,000	
MT G E	9,000								9,000	
MT S		1,000							1,000	
MT F			5,000						5,000	
MT B H			3,800						3,800	
MT A			10,000						10,000	
MT G R				4,000					4,000	
MT N O				3,000					3,000	
MT M 1				1,000					1,000	
MT CH				3,500					3,500	
MT A S				8,100					8,100	
MT D					5,000				5,000	
MT A						6,000			6,000	
MT G Q 1						4,500			4,500	
MT C 7							3,100		3,100	
MT A N							2,300		2,300	
MT A M								1,200	1,200	
Total Amount	84,500	23,000	1,000	18,800	19,600	5,000	10,500	5,400	1,200	84,500

Aug 26 - Aug 31 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 G Q 1	KHOR AL FAKKAN ANCH., UAE	KHOR AL FAKKAN, UAE	OMAN GULF
4	MT C 7	MINA SAQR, UAE	MINA SAQR, UAE	PERSIAN GULF
5	MT R	KHOR AL ZUBAIR, IRAQ	FUJAIRAH, UAE	PERSIAN GULF
6	MT A	KHOR AL ZUBAIR, IRAQ	SHARJAH, UAE	PERSIAN GULF
7	MT S X	HALDIA, INDIA	UMM QASR ANCH., IRAQ	PERSIAN GULF
8	MT S	HAMRIYA, UAE	KHOR AL ZUBAIR, IRAQ	PERSIAN GULF



Mercantile Exchange VB Transactions

Supplier	Open		Close			Supply Volume		Demand	Transaction Volume (MT)		
	Aug 26 - Aug 31	Aug 19 - Aug 24	Aug 26 - Aug 31	Aug 19 - Aug 24	Change	Aug 26 - Aug 31	Monthly Average	Aug 26 - Aug 31	Aug 26 - Aug 31	Aug 19 - Aug 24	Last Month
Tabriz Refinery	96,500	92,500	142,085	142,087	0.0%	15,000	10,400	26,900	15,000	15,000	59,000
Tehran Refinery	96,500	0	140,648	0	-	10,000	10,400	25,520	10,000	0	47,000
Shiraz Refinery	101,300	0	133,589	0	-	7,000	8,000	17,650	7,000	0	37,000
Esfahan Refinery	96,500	92,500	130,340	141,264	-7.7%	75,000	60,000	99,500	75,000	0	325,000
Abadan Refinery	96,500	0	121,867	0	-	15,000	9,000	24,000	15,000	0	50,000
Bandar Abbas Refinery	101,300	0	140,867	0	-	50,000	38,000	68,100	50,000	0	200,000
Arak Refinery	96,500	92,500	130,000	138,587	-6.2%	15,000	18,000	33,900	15,000	30,000	90,000
Total						187,000	153,800	295,570	187,000	45,000	808,000

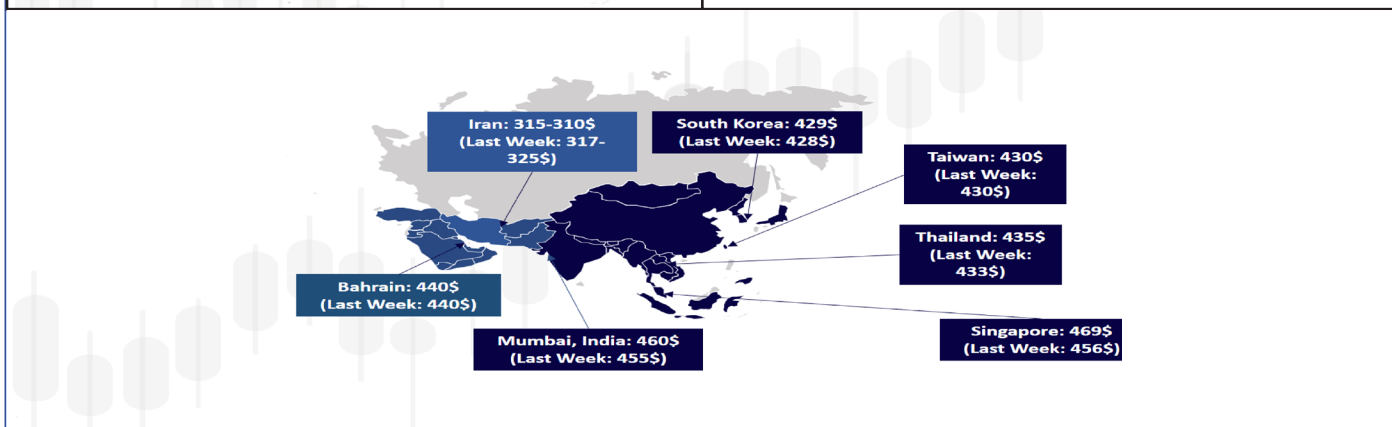
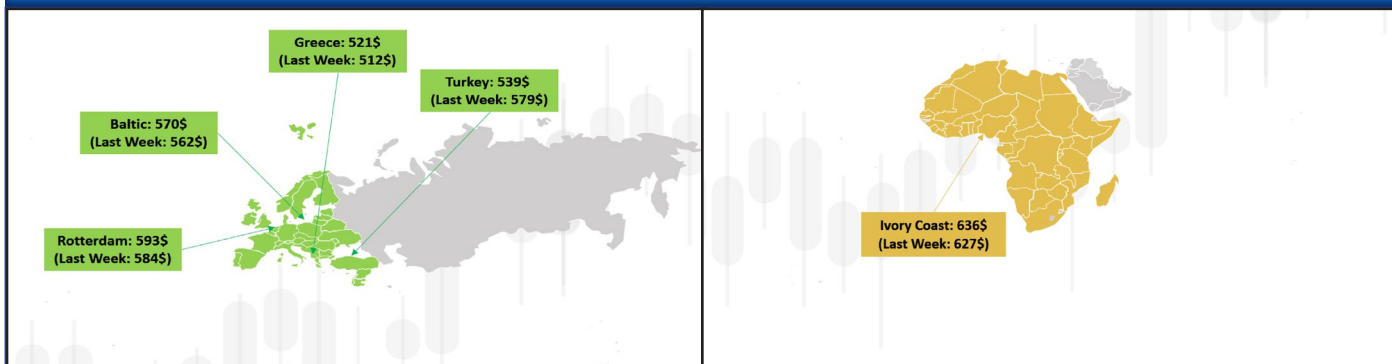
Export Bitumen Transactions

Supplier	Open		Close			Supply Volume		Demand	Transaction Volume (MT)		
	Aug 26 - Aug 31	Aug 19 - Aug 24	Aug 26 - Aug 31	Aug 19 - Aug 24	Change	Aug 26 - Aug 31	Monthly Average	Aug 26 - Aug 31	Aug 26 - Aug 31	Aug 19 - Aug 24	Volume Change
Jey Oil - Esfahan - BEX	158,000	161,000	158,000	161,000	-1.9%	7,000	6,000	7,400	7,000	7,500	27,500
Jey Oil - Esfahan - BEX	158,800	158,800	158,800	159,680	%0.6-	7,000	5,800	1,000	1,000	5,000	25,000
Jey Oil - Esfahan - BEX	0	158,800	0	158,800	-	0	5,600	0	0	5,000	19,000
Jey Oil - Esfahan - BEX	0	0	0	0	-	0	5,600	0	0	0	28,000
Jey Oil - Esfahan - GEX	195,899	193,199	198,099	195,899	1.1%	4,000	1,600	10,500	4,000	8,000	12,000
Jey Oil - Bandar Abbas - BEX	161,500	161,500	161,500	161,500	0.0%	5,000	12,800	5,000	3,000	9,500	19,800
Pasargad Oil - Bandar Abbas - BEX	189,500	188,500	189,500	188,500	0.5%	5,000	4,600	2,000	2,000	4,000	8,400
Pasargad oil - Bandar Abbas - GEX	149,000	148,500	0	0	-	10,000	9,400	0	0	0	4,000
Pasargad Oil Abadan	166,000	166,000	166,000	166,000	0.0%	2,000	1,600	1,000	1,000	3,000	7,000
Pasargad Oil Tabriz	170,000	166,500	0	0	-	2,000	2,400	0	0	0	1,100
Pasargad Oil Tehran BEX	155,000	155,000	0	155,000	-	2,000	1,000	0	0	1,000	2,150
Pasargad Oil Arak Bex	0	157,000	0	0	-	0	900	0	0	0	250
Pars Behin Qeshm Oil	0	148,938	0	149,279	-	0	12,000	0	0	10,000	40,000
Total						44,000	69,300	26,900	18,000	53,000	194,200

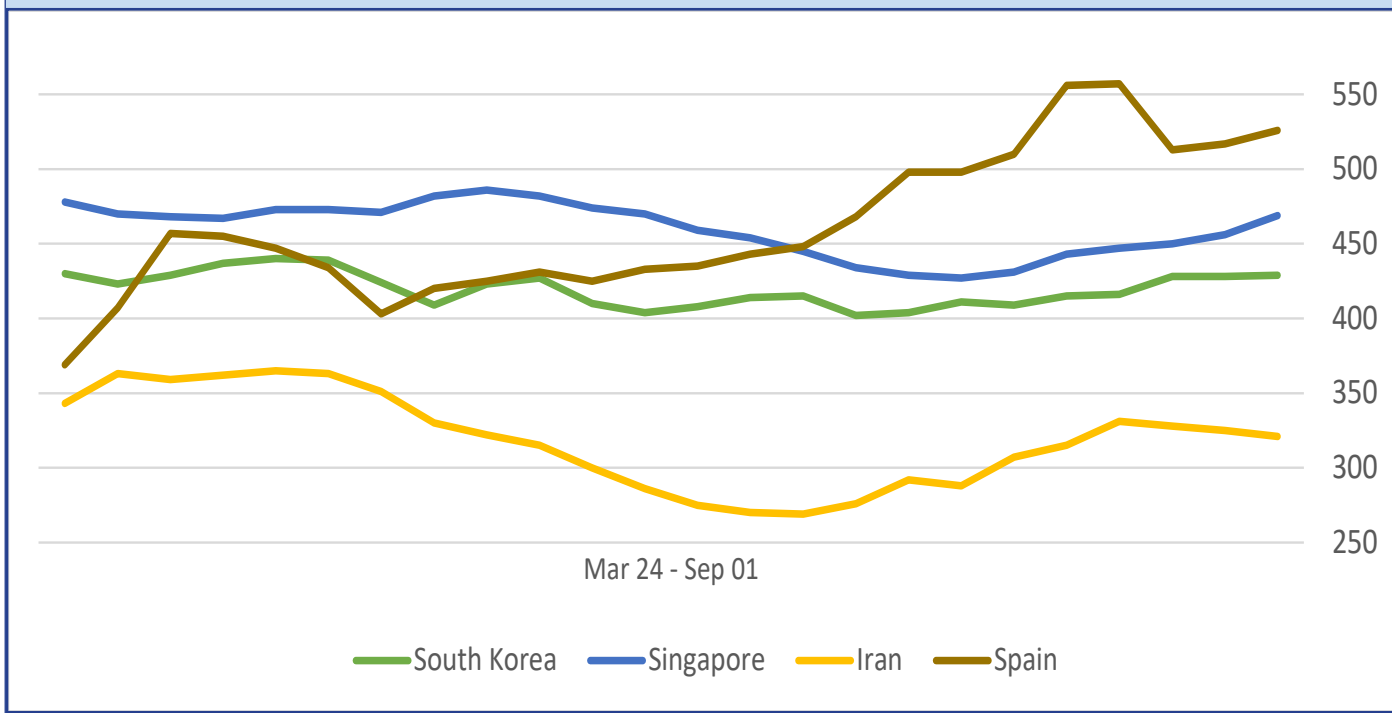
Bitumen & Jumbo Bag Prices

Product	Weekly Range - Aug 26 to Aug 31	Product	Weekly Range - Aug 26 to Aug 31
Drum FOB Private	385-400	Bulk FOB Private	310-315
Drum FOB Embossed	400-410	Bulk FOB Governmental	310-315
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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From	To	Rate (\$)	To	Rate (\$)	To	Rate (\$)	Capacity - Foot
Bandar Abbas	Nhava Sheva	350	Dar es Salam	1000	Surabaya	585	20
	Kandla	400	Djibouti	1250	Belawan	600	
	Mundra	350	Berbera	1550	Semarang	800	
	Haldia	1200	Sudan	1550	Jakarta	850	
	Chittagong	1150	Ningbo	200	Singapore	850	
	Colombo	1050	Shanghai	200	Ho Chi Minh	575	
	Port Klang	300	Qingdao	250	Haiphong	650	
	Jebel Ali	70	Tianjin	350	-	-	
Mombasa	1000	Aden	1550	-	-		

Oil Analysis

Daily Timeframe



2-hour Timeframe



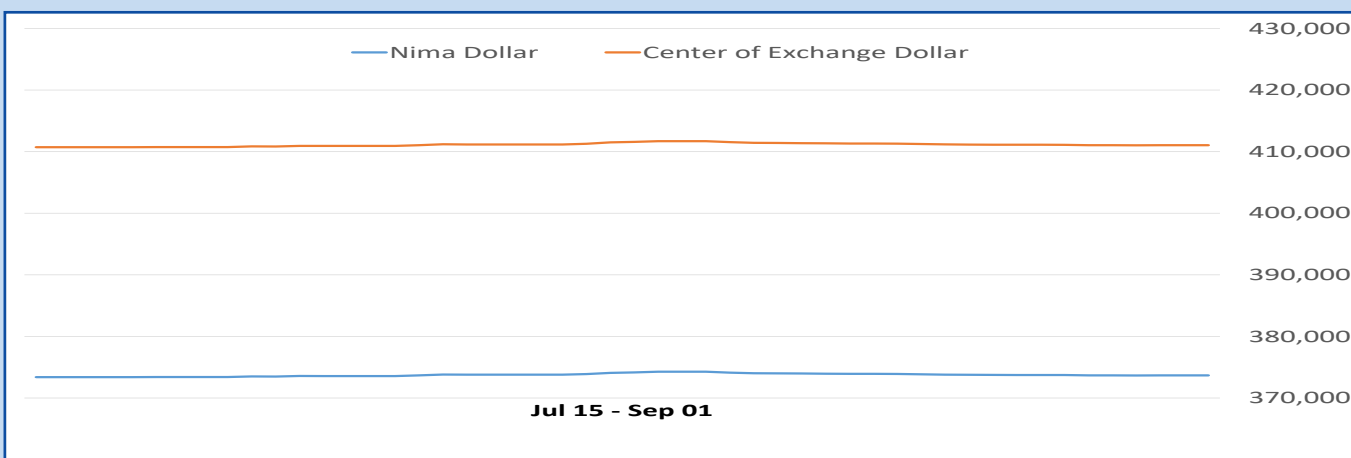
Technical Analysis

The long-term chart for Brent crude oil is showing that the price is once again approaching the upper limit of the channel. Given the current market conditions, it's expected that the maximum potential price drop would reach the midline of the channel. However, if the upper limit of the channel is broken, there's a chance that the price could rise to the next midline, which is at \$98.5 per barrel. It's important to note that this price level has previously acted as significant support during times of price fluctuations, especially after the Ukraine conflict, and forecasts suggest a possible return to this price range. These upward price channels have been in place since 2016 and have endured various events such as the Ukraine conflict and the COVID-19 pandemic. The short-term chart also shows a similar upper limit, particularly within the \$98 to \$99 price range, indicating a higher probability of a price pullback. The short-term chart, plotted on a 2-hour timeframe, highlights the significance of the 61.8% Fibonacci retracement level where the current price is positioned. Breaking this level could potentially open the path to the \$98 to \$99 price range. Additionally, the purple channel in the short-term analysis represents a speculative perspective on Brent crude oil prices, based on three-month price channels that were relevant in the years preceding the Ukraine conflict and now seem to be resurfacing according to recent analyses.

Fundamental Analysis

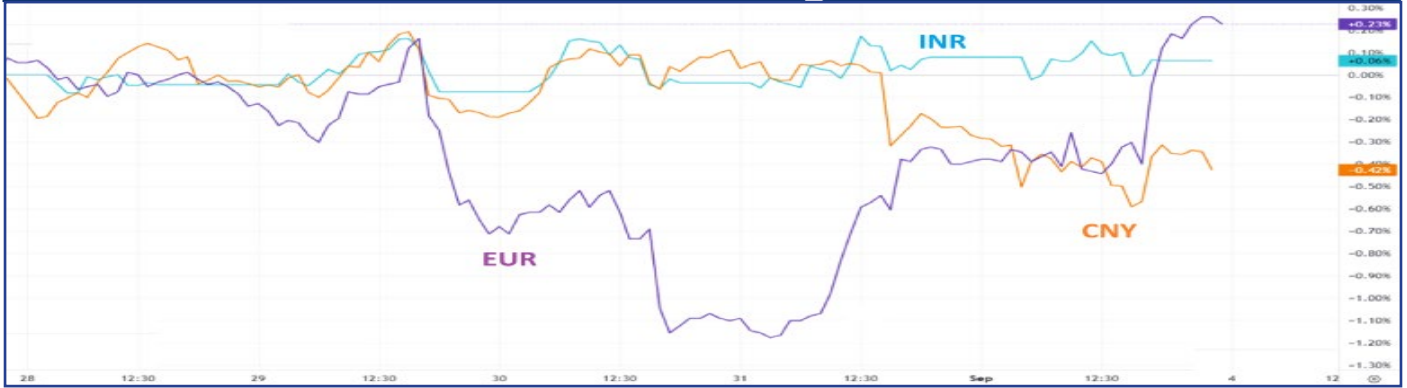
After remaining stable for a week, Brent crude oil prices surged by about 6% last week. This increase was primarily driven by a report suggesting that Russia had reached an agreement with OPEC+ to further restrict its oil production, leading to a significant price boost on Friday and Saturday. It's worth noting that the realization of this news next week could continue to influence prices positively. This development followed the release of Thursday's data, which revealed that U.S. crude oil inventories had dropped to their lowest levels in the past 8 months, despite oil prices holding relatively steady. The recent increase in U.S. oil supply seems to have had only a partial offsetting effect on prices. On the flip side, China's crude oil storage policy and expectations of increased consumption in the country, as reported by Sinopec, have balanced out the impact of Iran's higher crude oil exports. Recent data indicates that Iran's oil exports in August reached their highest levels in the past 5 years, hitting 2.2 million barrels per day. Nevertheless, since a significant portion of Iran's oil exports heads to China, the overall market impact has been limited. Current events suggest that OPEC+ still has a way to go before reaching its target price, and it's likely that they will continue their supply reduction policy until Brent crude oil reaches \$100 per barrel. With rising oil prices and potentially other commodities, there's an expectation that inflation in Western countries will once again pick up, leading to higher interest rates and potentially extending the specter of an economic recession.

Exchange Rate - USD/IRR



Description	Date	9/1/2023	8/31/2023	8/30/2023	8/29/2023	8/28/2023	8/27/2023
Iran Center of Exchange Dollar Remittance	Change	373,669	373,669	373,681	373,663	373,678	373,684
	Weekly Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Iran Center of Exchange Dollar	Change	411,036	411,036	411,049	411,029	411,046	411,052
	Weekly Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Free Market Dollar	Change	490,600	490,600	491,300	491,200	490,500	491,500
	Weekly Change	-0.3%	-0.3%	0.0%	-0.4%	0.6%	0.8%

US Dollar Exchange Rate



USD/CNY



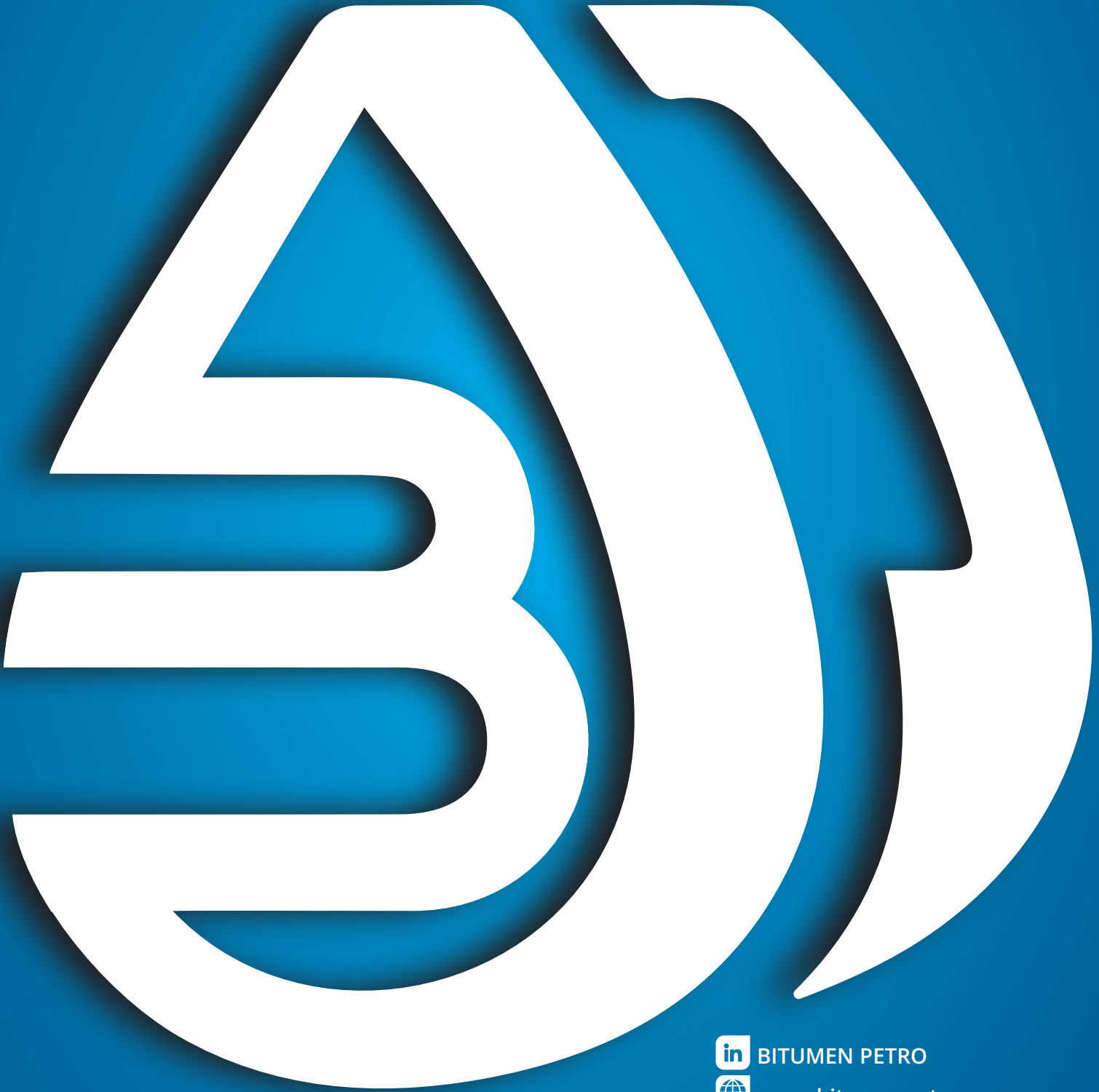
USD/INR



USD/EUR



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