

WEEKLY REVIEW OF BITUMEN MARKET IN IRAN & THE WORLD



Bitumen Petro Co.

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Highlights

- Russia has begun diversifying its crude oil export destinations by shipping its first crude oil cargo to Brazil. This move comes in response to Western oil embargoes and price caps imposed on Russian oil and oil products. By exploring new markets like Brazil, Russia aims to find additional outlets for its fossil fuels and reduce its reliance on Western customers. This strategy allows Russia to mitigate the impact of sanctions and expand its presence in the global oil trade.
- Workers at the Gorgon and Wheatstone liquefied natural gas (LNG) projects, located offshore Australia, are set to commence a strike as negotiations with Chevron, the operator of these projects, have failed. This strike action is likely to disrupt operations at these LNG facilities, impacting production and potentially causing delays in LNG shipments.
- Gasoline prices in the United States have seen a minor decrease from their recent year-to-date high. However, they continue to remain elevated, marking the highest summertime prices in over a decade. As of now, the national average for gasoline prices in the U.S. is approximately \$3.803 per gallon. This figure is slightly lower than the price of \$3.829 per gallon a month ago but is still higher compared to the average of \$3.764 per gallon from the same period last year.
- U.S. authorities took control of almost 1 million barrels of Iranian oil that were being illicitly transported to China earlier this year. This action involved the seizure of the Greek-owned vessel M/T Suez Rajan. Court documents indicated that U.S. prosecutors alleged that Iran had manipulated the vessel's cargo records and obscured its location to evade accurate tracking.
- In August, China witnessed a substantial increase in its crude oil imports, marking one of the highest monthly volumes on record. Crude oil arrivals surged by 20.9% compared to the previous month (July) and experienced a significant increase of 30.9% when compared to August of the previous year. This increase in crude oil imports indicates a strong demand for oil in China during this period.
- Despite the extension of oil production cuts, Saudi Arabia is expected to continue experiencing growth in its non-oil sector. This sector contributes to approximately 60% of the country's GDP. A senior economist at the International Monetary Fund (IMF) expressed this outlook in an interview with Bloomberg. The diversification of Saudi Arabia's economy away from its heavy reliance on oil is a key part of the country's long-term economic strategy.
- India continued to be the leading buyer of Russian Urals crude oil in August, despite the rise in its price and a reduction in discounts compared to Brent crude. This indicates India's ongoing reliance on Russian oil, even amid changing market dynamics and geopolitical tensions.
- Russia's oil and gas revenues have seen a significant decline, with a 38.1% slump between January and August compared to the same period in the previous year. This drop in revenues can be attributed to lower oil prices and reduced sales volumes.

Iran Bitumen News

- In the previous week, there was a supply of 160,000 metric tons (MT) of VB in the IME, and the registered demand was 280,000 MT. This represents a decrease in supply compared to the prior week, with a reduction of 27,000 MT. As a result, all of the available supply was sold, leading to a weekly fluctuation rate for VB ranging from -7.1% to 10.9%. The reduction in supply was primarily due to halted production from Shiraz and Abadan refineries. Notably, VB from the Arak refinery saw the highest increase at 10.9%, and the ratio between VB's closing price and IME's export bitumen price reached 95%. The average value of VB in the Free Market USD was assessed at \$285. Additionally, the value of VB in the Center of Exchange Dollar reached \$341.
- In the IME's export market, where approximately 66,500 metric tons (MT) of supplies were available, exceeding the previous month's average by 3,700 MT, various bitumen types were offered. The prices for these bitumen types were as follows: Isfahan Jey Oil Bulk Bitumen was priced at around \$310, considering the free market USD to IRR exchange rate, while Bandar Abbas Pasargad Oil Bulk Bitumen was available at \$319 per MT. Additionally, Bandar Abbas Pasargad Oil Drum Bitumen was priced at \$378 per MT, Arak Pasargad Oil Bitumen at \$296 per MT, and Pars Behin Qeshm Oil offered bitumen at \$295 per barrel. Despite the increased supplies, demand fell short, and not all offered quantities were traded.
- In correspondence with the Ministry of Oil, the Central Bank has conveyed its decision to utilize the exchange rate set by the Central Foreign Exchange and Gold Center as the benchmark rate for pricing feedstock and establishing base prices for commodities traded on the commodity exchange by oil refining and petrochemical companies. This directive aligns with the guidelines outlined in letter number 591/1402, dated 09/01/1402, which specifically addresses the calculation of exchange rates for these purposes.
- An important memorandum of understanding (MoU) has been officially inked between the Shiraz Oil Refining Company and Exir Novin Asia. This significant agreement aims to address the sulfur reduction issue within the furnace oil production process at the Shiraz refinery. The primary goal here is to substantially reduce the sulfur content in the furnace oil produced at this facility, which ultimately enhances the overall quality of the petroleum products manufactured there. Notably, the CEO of the National Iranian Oil Refining and Distribution Company had recently heralded the country's achievement of advanced technical expertise in the field of sulfur reduction within the realm of refining industries. This MoU marks a strategic step towards realizing this technological prowess in practical applications within the Shiraz refinery.



Analysts Comments



Leon Cooperman is holding out on expectations that a US recession is forthcoming, noting that he is among the few still calling for higher interest rates, he told CNBC on Thursday. Without a hawkish Federal Reserve, the billionaire investor expects the US economy to suffer a hard landing, naming a number of factors that could push it over the edge. Those include the Fed's quantitative tightening campaign, the rising price of oil, or the US dollar. So far, these factors have been "reasonably well behaved," Cooperman said, which is why markets have performed strongly through the past few quarters. For instance, earlier oil price declines and a weakening dollar were seen as economic positives, fueling investor sentiment.

- **U**S companies are about to feel the brunt of the Federal Reserve's battle against inflation, according to billionaire investor Howard Marks. Speaking to Bloomberg's David Rubenstein, the Oaktree Capital Management cofounder warned that more businesses are likely to default on their debt repayments because the central bank's aggressive interest-rate hikes have made it so much more expensive to borrow cash. Marks also told Rubenstein that even when inflation falls to the Fed's 2% target, he isn't expecting a return to the "easy money" era – referring to the period between 2009 and 2021, when interest rates were near-zero. "I would like to see the Fed get to a neutral position, which is neither stimulative nor restrictive," Marks added, saying that he thinks the central bank will hold borrowing costs between 2% and 4% once inflation has cooled further.
- **//** That is why we think more policy support should come and, fortunately, has already started to kick in." said Xingchen Yu, an emerging markets strategist at UBS's CIO Americas arm. Similarly, China won't flood its economy with stimulus like the US did during the pandemic, but Yu believes the government will do enough to inspire optimism and stabilize domestic demand. "But with some targeted and accurate and forceful measures to address current problems, it can still turn around the sentiment." Naturally, China's property market turmoil has inspired comparisons to the US housing market bubble that led to the global financial crisis, but Yu is confident that such fears are overblown.
- **T**he stock market is off to a rocky start in the historically weak month of September, but Fundstrat's Tom Lee still sees the potential for a rally. Some of the weakness has also been driven by investor fears that the Federal Reserve will continue to hike rates in its ongoing bid to tame inflation, based on recent comments from regional Fed presidents. Lee is turning his attention to falling used car prices, which drives 15% of consumer inflation, and he sees continued downside. If inflation can continue to fall lower, it would take pressure off of the Fed to keep hiking interest rates, which would be viewed favorably by investors. He also said housing rents appear to have stalled out, which should also put downward pressure on a big chunk of core consumer prices.

Loading Report

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

Sep 02 - Sep 07

Jetty No.	PG1	PG2	PG3	PG4	PG5	PG6	PG7	PG9	PG10	Total Amount	
Vessel Name											
MT L	4,700									4,700	
MT I	10,000									10,000	
MT G E	9,800									9,800	
MT A		3,000								3,000	
MT M			4,000							4,000	
MT A			4,500							4,500	
MT B M				1,200						1,200	
MT A1					4,500					4,500	
MT A2					4,500					4,500	
MT N O						3,000				3,000	
MT S X						5,500				5,500	
MT G R						4,000				4,000	
MT SH						5,500				5,500	
MT AP							2,700			2,700	
MT S							1,800			1,800	
MT C								6,800		6,800	
MT SA								5,000		5,000	
MT C 7									3,100	3,100	
Total Amount	83,600	24,500	3,000	8,500	1,200	9,000	18,000	4,500	11,800	3,100	83,600

Sep 02 - Sep 07 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	HAMRIYA, UAE	PERSIAN GULF
2	MT P	KHOR AL ZUBAIR, IRAQ	SOHAR, OMAN	OMAN GULF
3	MT S	MUSCAT, OMAN	KHOR AL FAKKAN, UAE	OMAN GULF
4	MT F	AL BASRAH, IRAQ	DUBAI ANCH., UAE	PERSIAN GULF
5	MT A	KHOR AL ZUBAIR, IRAQ	SHARJAH, UAE	PERSIAN GULF
6	MT G R	UMM QASR ANCH., IRAQ	DIBA	OMAN GULF
7	MT N O	MINA SAQR, UAE	KAZ, IRAQ	PERSIAN GULF
8	MT M 1	MUSCAT, OMAN	MUSCAT ANCH., OMAN	OMAN GULF
9	MT A S	KHOR AL FAKKAN ANCH., UAE	KHOR AL FAKKAN, UAE	OMAN GULF
10	MT D	FUJAIRAH, UAE	KHOR AL ZUBAIR, IRAQ	PERSIAN GULF
11	MT A	KHOR AL FAKKAN ANCH., UAE	BASRAH, IRAQ	OMAN GULF
12	MT G Q 1	KHOR AL FAKKAN ANCH., UAE	KHOR AL FAKKAN, UAE	OMAN GULF
13	MT C 7	MINA SAQR, UAE	RMC, UAE	PERSIAN GULF

Mercantile Exchange

VB Transactions

Supplier	Open		Close			Supply Volume		Demand	Transaction Volume (MT)		
	Sep 02 - Sep 05	Aug 26 - Aug 31	Sep 02 - Sep 05	Aug 26 - Aug 31	Change	Sep 02 - Sep 05	Monthly Average	Sep 02 - Sep 05	Sep 02 - Sep 05	Aug 26 - Aug 31	Last Month
Tabriz Refinery	96,500	96,500	136,634	142,085	-3.8%	15,000	11,800	26,100	15,000	15,000	68,000
Tehran Refinery	0	96,500	138,645	149,268	-7.1%	0	0	26,610	0	10,000	0
Tehran Refinery	96,500	96,500	138,645	140,648	%1.4-	15,000	9,400	26,610	15,000	10,000	47,000
Shiraz Refinery	0	101,300	0	133,589	-	0	7,400	0	0	7,000	27,000
Esfahan Refinery	96,500	96,500	140,367	130,340	7.7%	65,000	65,000	115,000	65,000	0	340,000
Abadan Refinery	0	96,500	0	121,867	-	0	10,000	0	0	15,000	40,000
Bandar Abbas Refinery	101,300	101,300	140,410	140,867	-0.3%	50,000	40,000	76,900	50,000	50,000	200,000
Arak Refinery	96,500	96,500	144,128	130,000	10.9%	15,000	18,000	35,800	15,000	15,000	90,000
Total						160,000	161,600	307,020	160,000	122,000	812,000

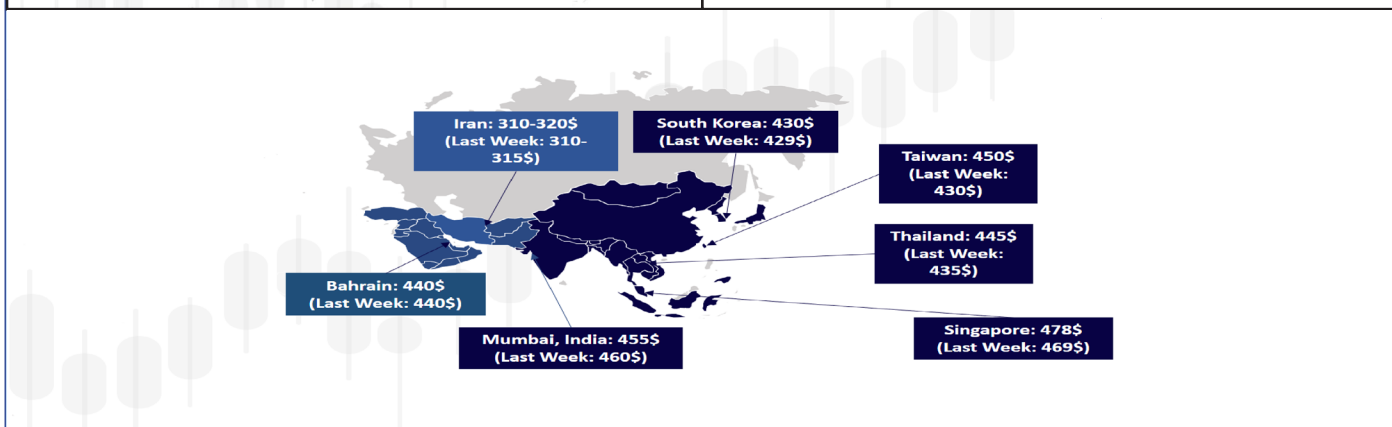
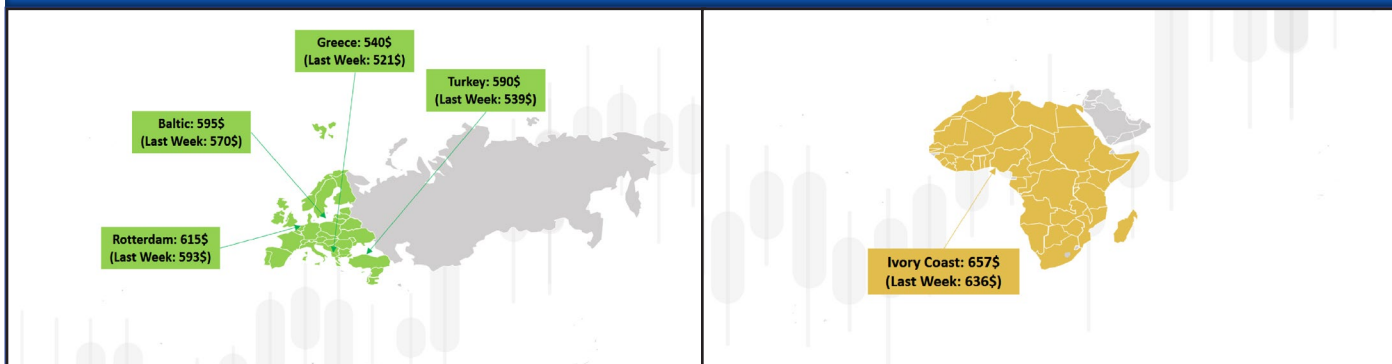
Export Bitumen Transactions

Supplier	Open		Close			Supply Volume		Demand	Transaction Volume (MT)		
	Sep 02 - Sep 05	Aug 26 - Aug 31	Sep 02 - Sep 05	Aug 26 - Aug 31	Change	Sep 02 - Sep 05	Monthly Average	Sep 02 - Sep 05	Sep 02 - Sep 05	Aug 26 - Aug 31	Volume Change
Jey Oil - Esfahan - BEX	152,500	158,000	152,500	158,000	-3.5%	7,000	6,000	2,500	2,500	7,000	24,000
Jey Oil - Esfahan - BEX	153,000	158,800	0	158,800	-	3,000	6,200	0	0	1,000	19,000
Jey Oil - Esfahan - GEX	0	0	0	0	-	0	5,600	0	0	0	23,000
Jey Oil - Bandar Abbas - BEX	0	195,899	0	198,099	-	0	2,400	0	0	4,000	12,000
Pasargad Oil - Bandar Abbas - BEX	156,789	161,500	156,789	161,500	-2.9%	10,000	12,400	6,900	6,900	3,000	25,400
Pasargad oil - Bandar Abbas - GEX	183,000	189,500	185,800	189,500	-2.0%	2,000	5,000	4,400	2,000	2,000	10,400
Pasargad Oil Abadan	146,200	149,000	146,200	0	-	7,500	9,400	6,600	6,600	0	10,600
Pasargad Oil Tabriz	0	166,000	0	166,000	-	0	1,800	0	0	1,000	5,000
Pasargad Oil Tehran BEX	0	170,000	0	0	-	0	2,600	0	0	0	100
Pasargad Oil Arak Bex	145,024	155,000	145,823	0	-	2,000	1,400	2,000	1,200	0	3,350
Pars Behin Qeshm Oil	144,904	0	144,904	0	-	35,000	10,000	35,000	35,000	0	55,000
Total						66,500	62,800	57,400	54,200	18,000	187,850

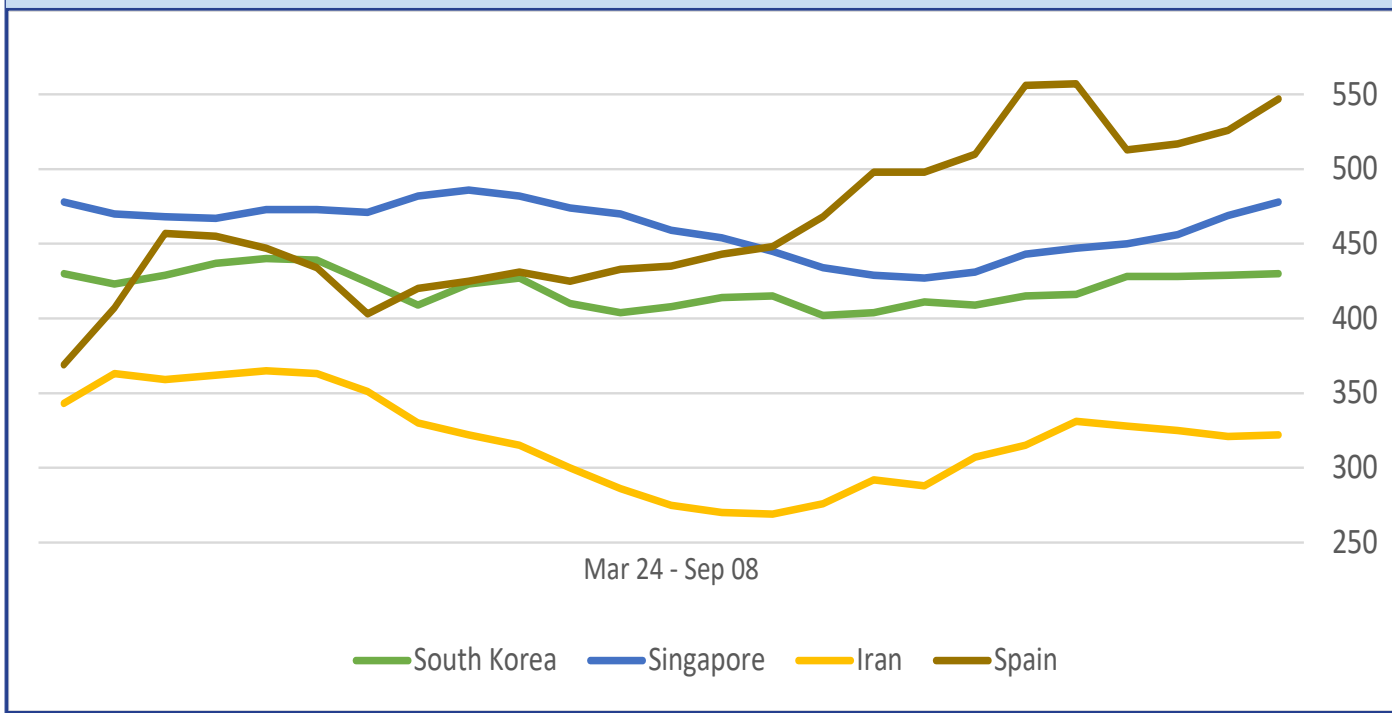
Bitumen & Jumbo Bag Prices

Product	Weekly Range - Sep 02 to Sep 07	Product	Weekly Range - Sep 02 to Sep 07
Drum FOB Private	390-410	Bulk FOB Private	310-320
Drum FOB Embossed	410-420	Bulk FOB Governmental	310-320
Jumbo Bag Private	375-385	Jumbo Bag Governmental	-
Bulk Ex-Work Isfahan	360	Bulk Ex-Work Tabriz	360

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	-	-	

Last Update: Two Weeks Ago

Oil Analysis

Daily Timeframe



2-hour Timeframe



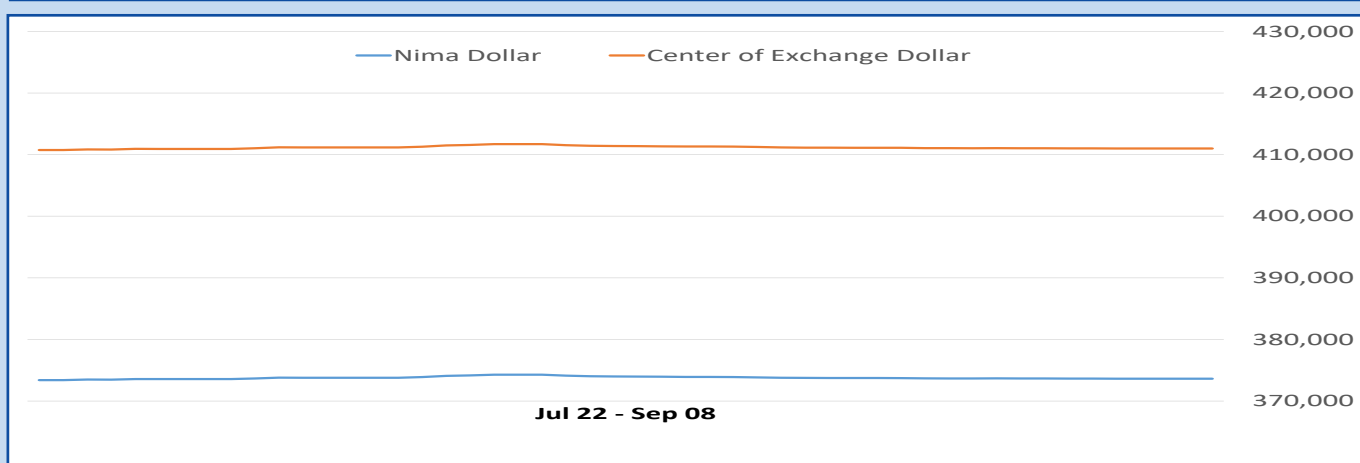
Technical Analysis

The long-term price chart for Brent crude oil reveals a consistent five-year oscillation pattern, consistently adhering to an upward channel with a noticeable slope. In the past week, we've observed that the price, after nearing the upper limit of this channel, managed to surpass it, although this increase was somewhat below expectations. It appears that the ongoing price trend will persist, albeit with somewhat reduced intensity compared to the previous months, particularly July and August. This moderation can be attributed partly to fundamental factors, such as the transition away from the summer season. Considering the long-term channel, there remains a possibility of a retracement and a decline in prices to approximately \$85 per barrel by the end of September. However, reaching a significant resistance level at this point might impede further declines. Conversely, the prospects for price growth remain robust, and with the breakthrough of this resistance, we've revised our projected price ceiling for this week to \$102 per barrel. In the short-term chart, the Fibonacci retracement level of 61.8% continues to exert significant influence over crude oil price movements. This level sets the stage for a potential increase in prices to \$99 per barrel during the latter part of September.

Fundamental Analysis

In continuation of its pattern of surpassing the prices of refined petroleum products, crude oil once again saw an upswing this week. Despite somewhat disheartening economic data from China last week, which momentarily exerted downward pressure on oil prices, Saudi Arabia's announcement on Wednesday regarding the extension of its independent crude oil production cut until December effectively propelled crude prices back on an upward trajectory. Russia also lent its support to this move by declaring its intention to sustain its own 300,000 barrels per day production cut until December. A retrospective analysis of recent events underscores that U.S. endeavors to negotiate agreements with Iran and Venezuela, coupled with increased production from these two countries, have been counteracted by China's accumulation of crude oil inventories. This dynamic has culminated in demand growth surpassing supply growth. This week, the disclosure of U.S. inflation rates, scheduled for December 20, will set the stage for the Federal Reserve's deliberations on interest rate adjustments. The decision to persist in raising interest rates could exert a significant influence on prices, given that ongoing discussions have already set the U.S. dollar index on an upward trajectory. Additionally, looming on the horizon is another potential crisis that could shape market dynamics in the weeks ahead, pertaining to Russia's determinations regarding refining upgrade projects. Should these projects be greenlit, it could conceivably stimulate demand for refined petroleum products and catalyze an upward surge in oil prices.

Exchange Rate - USD/IRR



Description	Date	9/8/2023	9/7/2023	9/6/2023	9/5/2023	9/4/2023	9/3/2023
Iran Center of Exchange Dollar Remittance	Change	373,625	373,625	373,625	373,625	373,634	373,646
	Weekly Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Iran Center of Exchange Dollar	Change	410,987	410,987	410,987	410,987	410,997	411,011
	Weekly Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Free Market Dollar	Change	496,000	496,000	495,200	496,500	496,200	496,500
	Weekly Change	1.1%	1.1%	0.8%	1.1%	1.2%	1.0%

US Dollar Exchange Rate



USD/CNY



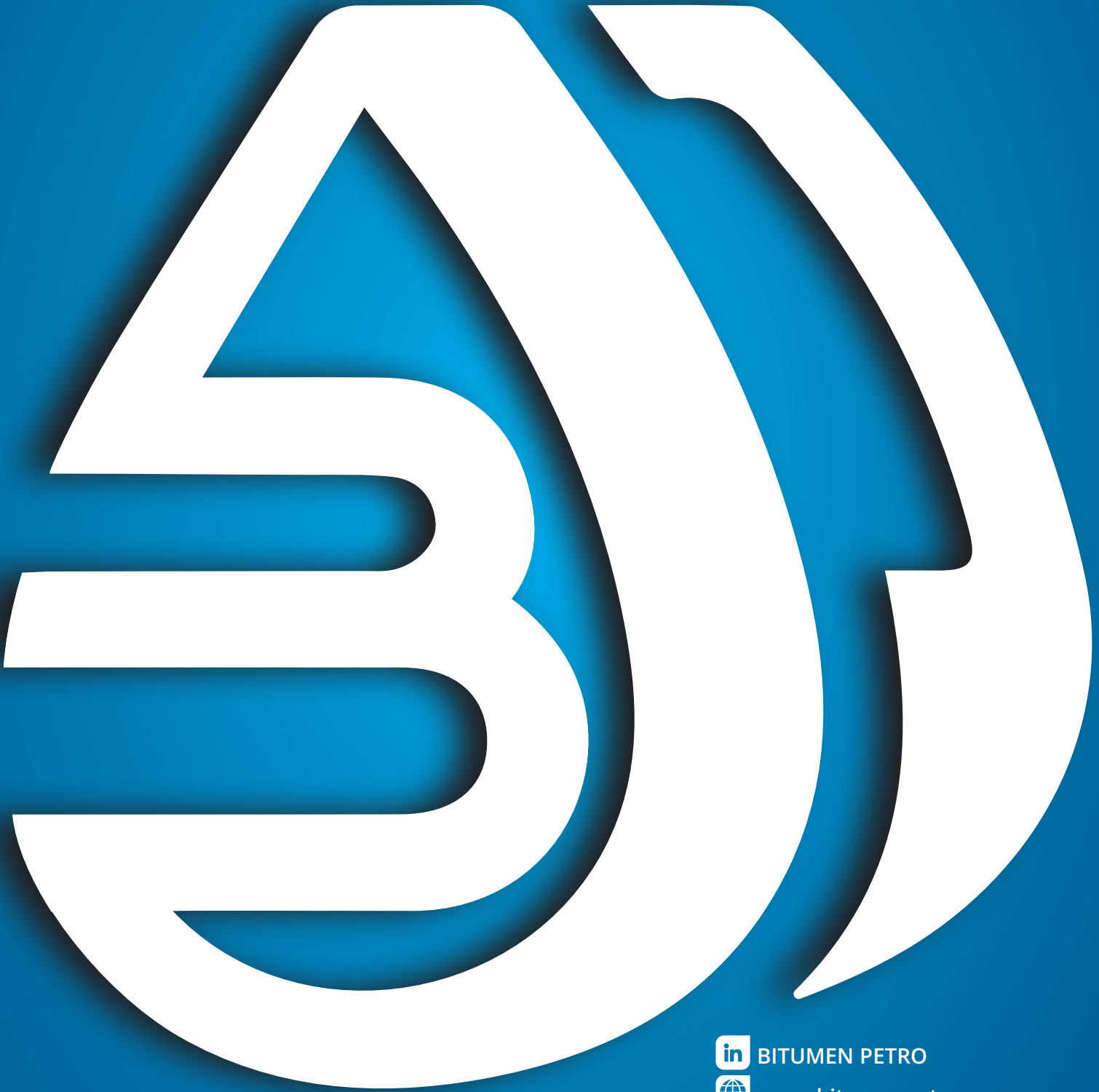
USD/INR



USD/EUR



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