

WEEKLY REVIEW OF BITUMEN MARKET IN IRAN & THE WORLD



Bitumen Petro Co.

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Highlights

- Russia is on track to implement its diesel export ban, scheduled for October, with loadings from its Black and Baltic Sea ports expected to drastically decline next month. This move is part of Russia's strategy to stabilize domestic fuel prices, and it will likely have notable consequences for both the country's domestic fuel market and the global diesel supply landscape.
- According to initial tracking data for September, Indian refiners are stepping up their crude oil imports from Russia after hitting a seven-month low in August. This resurgence in imports is attributed to the cost-effectiveness of Russian crude compared to alternatives from the Middle East. It underscores India's adaptability in its crude sourcing strategy, driven by market dynamics and the pursuit of competitive pricing.
- South Sudan and Russia have reaffirmed their commitment to deepen cooperation in the energy sector, with a specific emphasis on the oil industry. This commitment was formalized during a meeting between South Sudan's President, Salva Kiir, and his Russian counterpart, Vladimir Putin, in Moscow. The specific initiatives and areas of collaboration within the broader energy sector will likely be delineated in forthcoming discussions as both countries seek to strengthen their ties and explore opportunities for mutual benefit.
- Oil prices, after witnessing a significant drop on Thursday, continue to exhibit a favorable trend. The oil market is poised to register another weekly increase, along with a monthly uptick. This prevailing pattern is chiefly steered by a mix of factors, encompassing restricted supply and the unexpected resilience in demand.
- China is contemplating the possibility of not issuing any more fuel export quotas for the remainder of the year. Such a decision, if executed, could worsen the global diesel fuel price situation. The market is already grappling with limited supplies, compounded by uncertainties related to how long Russia's export ban will last.
- According to the consultancy Rapidan Energy Group, there's a possibility that Saudi Arabia could begin to relax its current oil production cuts earlier than expected. The reasoning behind this potential move is to prevent causing harm to global demand by allowing oil prices to climb too high. This highlights the complex task faced by oil-producing countries like Saudi Arabia, where they need to manage global oil markets carefully while considering the consequences of their actions on both oil prices and worldwide energy consumption.
- The confluence of tightening global crude supplies and surging international oil prices has led to Russia commanding a premium of approximately \$20 per barrel when selling its crude to India. This premium is notably higher than the established G7 price cap of \$60 per barrel. Traders have emphasized how supply-demand dynamics and geopolitical factors are exerting a substantial influence on the pricing of Russian oil in the global market.
- Saudi Aramco, the state-controlled oil giant of Saudi Arabia, is making significant strides in the global liquefied natural gas (LNG) industry. The company has formally entered this sector by securing a minority stake in MidOcean Energy, an LNG-focused firm currently in the process of acquiring ownership interests in four Australian LNG projects. This strategic move underscores Saudi Aramco's commitment to expanding its presence in the thriving LNG market.

Iran Bitumen News

- During the past week, the Iran Mercantile Exchange (IME) reported a supply of 177,000 metric tons (MT) of VB (bitumen), while demand registered stood at 171,000 MT. This represented a notable 37% decrease in demand compared to the previous week. The supply rate had reduced by 13,000 MT in the prior week, and as a result, not all the supplied VB was sold. The weekly fluctuation in VB prices ranged from -2.5% to 3.7%. This decrease in demand can be attributed to reduced output from refineries and halted offers from the Arak refinery. Tehran VB experienced the most significant price increase at 3.7%, and the ratio between VB's closing price and IME's export bitumen reached 92%. The average value of VB in the Free Market was assessed at \$285 USD, while the value in the Center of Exchange Dollar reached \$341 USD.
- In the export market of the Iran Mercantile Exchange (IME), the available supplies amounted to approximately 92,000 metric tons (MT), representing a notable increase of 14,500 MT compared to the previous month's average. However, this uptick in supply coincided with reduced offers from all participating suppliers, compounded by a production halt from Bandar Abbas Jey Oil. Despite the increase in available supply, the total demand registered for bitumen reached 141,000 MT, falling short of the surplus supply, which ultimately resulted in untraded offers. When taking into account the prevailing exchange rate of the US Dollar (USD) to Iranian Rial (IRR), the negotiated equivalent rates for Isfahan Jey Oil Bulk Bitumen spanned from \$291 to \$328 USD. Isfahan Jey Oil Bulk Bitumen was priced at \$366 USD, while the rate for Bandar Abbas Pasargad Oil Bulk Bitumen stood at \$347 USD. Furthermore, bitumen prices for Tehran, Abadan, Tabriz, and Arak Pasargad Oil ranged from \$305 to \$325 USD. Pars Behin Qeshm Oil's bitumen rate was fixed at \$310 USD per MT.
- In the past week, during the annual assembly of the Iranian Asphalt Association held on the 7th of Mehr month (September), the following individuals were elected for a two-year term: 1. Mr. Davood Mohammadi 2. Mr. Sajad Mazloumi 3. Mr. Mir Jalal Seyed Jalali 4. Mr. Saeed Ma'marian 5. Mr. Amin Fallah 6. Mr. Yousef Hadi Siahruhi 7. Mr. Seyed Mohammad Mousavi
- The President of the Trade Development Organization has noted that certain companies are presently importing their own vehicles by acquiring export currency through product sales, such as bitumen or dried fruits. Consequently, there is no restriction in place for such actions. He has also emphasized the need for the Central Bank to expedite the approval process for currency allocation, given the directive from the First Vice President to allocate one billion euros, as stipulated in the Cabinet's resolution.
- The Bandar Abbas Oil Refining Company has released an official statement regarding a recent fire incident at its refinery. According to the statement, on the evening of Friday, September 22nd, there was an incident involving the ignition of gases released during the cleaning process near the diesel compressor. Prompt action was taken to control the situation, and the fire was quickly extinguished. As a result, all operational units within the refinery are now fully operational and functioning as they were prior to the incident.
- In the month of September, the Pasargad Oil Company achieved a production milestone. They manufactured 63,000 tons of domestic asphalt and an impressive 62,000 tons of asphalt for export. This demonstrates a 6% reduction in domestic asphalt production compared to the previous month, while export asphalt production surged by a remarkable 31%.

Analysts Comments



Ackman, who is the CEO of Pershing Square Capital, said at CNBC's Delivering Alpha 2023 conference on Thursday that inflation will be persistently higher, while noting that US yields in the 4% range are still low on a historical basis. "I would not be shocked to see 30-year rates well through the 5[%] barrier, and you could see the 10-year approach 5," he said. "And that could happen in the very short-term. Like literally weeks." Their warnings come after JPMorgan CEO Jamie Dimon also sounded the alarm on sticky inflation pressures this week, citing high federal spending and the growing energy transition. To combat this, the Federal Reserve would be forced to keep tightening its monetary policy, with a fed funds rate of 7% a real possibility, he added.

- **F**ink, who is the CEO of BlackRock, also pointed out that structural inflation will continue to be a future impediment, resulting from a tense geopolitical landscape and the fragmentation of trade norms. "We're gonna have 10-year rates at least at 5% or higher, because of this embedded inflation," he said at the Berlin Global Dialogue Forum on Friday. "This structural inflation is unlike anything, and I think business leaders and politicians are not providing the foundation to help explain this. We have not seen inflation like this in over 30 years."
- **//** "Shark Tank" star and real-estate tycoon Barbara Corcoran predicts house prices will surge once the Fed cuts rates and mortgages get cheaper. She's pegged the potential pop at 15% to 20% in interviews, and recently argued the shortage of homes on the market will fuel further price growth. "No inventory is like an insurance policy," Corcoran said. "If you don't have enough houses to go around, prices continue to go up. There's nothing that's going to make more houses available while interest rates remain high."
- **T**he S&P 500 is set to notch a new record next year, as the Federal Reserve is likely done hiking interest rates, according to JPMorgan Wealth Management global investment strategist AJ Oden. That's largely because JPMorgan expects the Fed to soon pivot to rate cuts, which is a bullish factor for stocks. After central bankers raised interest rates aggressively over the past year to lower inflation, Fed officials are now sounding more optimistic on the economy, Oden noted. He pointed to the Fed's latest Summary of Economic Projections, where Personal Consumption Expenditures inflation — the Fed's preferred inflation measure — is forecasted to cool down to 2% by 2026.

Loading Report

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

| Sep 23 - Sep 28 | | | | | | | | | |
|-----------------|--------|--------|--------|-------|-------|-------|--------|--------------|--------|
| Jetty No. | PG1 | PG3 | PG4 | PG5 | PG6 | PG9 | PG10 | Total Amount | |
| Vessel Name | | | | | | | | | |
| MT P | 10,000 | | | | | | | 10,000 | |
| MT Z F | 4,300 | | | | | | | 4,300 | |
| MT AB V | | 5,000 | | | | | | 5,000 | |
| MT G E | | 9,800 | | | | | | 9,800 | |
| MT S | | 6,900 | | | | | | 6,900 | |
| MT G R | | | 4,000 | | | | | 4,000 | |
| MT I | | | 5,600 | | | | | 5,600 | |
| MT A 2 | | | | 4,500 | | | | 4,500 | |
| MT B H | | | | | 3,800 | | | 3,800 | |
| MT S X | | | | | 5,500 | | | 5,500 | |
| MT T | | | | | | 5,000 | | 5,000 | |
| MT A N | | | | | | 2,300 | | 2,300 | |
| MT AL X | | | | | | 3,000 | | 3,000 | |
| MT S | | | | | | | 2,000 | 2,000 | |
| MT C 7 | | | | | | | 3,100 | 3,100 | |
| MT N O | | | | | | | 3,000 | 3,000 | |
| Total Amount | 77,800 | 14,300 | 21,700 | 9,600 | 4,500 | 9,300 | 10,300 | 8,100 | 77,800 |

Sep 23 - Sep 28 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 I | KHOR AL ZUBAIR, IRAQ | FUJAIRAH, UAE | PERSIAN GULF |
| 2 | MT AL M | DUBAI ANCH., UAE | UMM QASR ANCH., IRAQ | PERSIAN GULF |
| 3 | MT S | MUSCAT, OMAN | KHOR AL FAKKAN, UAE | OMAN GULF |
| 4 | MT L | KHOR AL ZUBAIR, IRAQ | FUJAIRAH ANCH., UAE | OMAN GULF |
| 5 | MT A | FUJAIRAH, UAE | UMM QASR ANCH., IRAQ | PERSIAN GULF |
| 6 | MT K | MINA SAQR, UAE | UMM QASR ANCH., IRAQ | PERSIAN GULF |
| 7 | MT S X | HALDIA, INDIA | SHINAS, OMAN | PERSIAN GULF |
| 8 | MT B M | FUJAIRAH, UAE | FUJAIRAH ANCH., UAE | OMAN GULF |
| 9 | MT G P | PORT KLANG, MALAYSIA | PORT KLANG, MALAYSIA | OMAN GULF |
| 10 | MT S | HALDIA, INDIA | MANGALORE, INDIA | WEST COAST INDIA |
| 11 | MT Z | HAMRIYA, UAE | SHARJAH, UAE | PERSIAN GULF |
| 12 | MT D | FUJAIRAH, UAE | KHOR AL FAKKAN ANCH., UAE | OMAN GULF |
| 13 | MT C | HAMRIYA, UAE | KHOR AL FAKKAN, UAE | OMAN GULF |
| 14 | MT S | UMM QASR, IRAQ | MANGALORE, INDIA | WEST COAST INDIA |
| 15 | MT B S | KHOR AL FAKKAN, UAE | KARWAR, INDIA | WEST COAST INDIA |

Mercantile Exchange VB Transactions

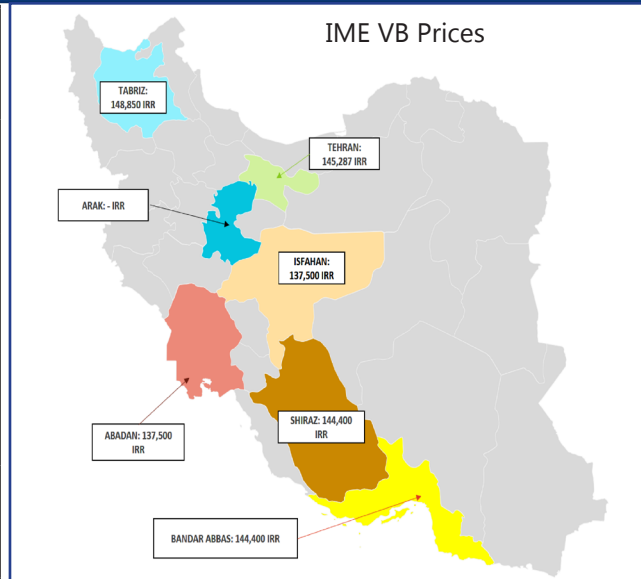
| Supplier | Open | | Close | | | Supply Volume | | Demand | Transaction Volume (MT) | | |
|-----------------------|-----------------|-----------------|-----------------|-----------------|--------|-----------------|-----------------|-----------------|-------------------------|-----------------|------------|
| | Sep 23 - Sep 28 | Sep 17 - Sep 21 | Sep 23 - Sep 28 | Sep 17 - Sep 21 | Change | Sep 23 - Sep 28 | Monthly Average | Sep 23 - Sep 28 | Sep 23 - Sep 28 | Sep 17 - Sep 21 | Last Month |
| Tabriz Refinery | 137,500 | 134,000 | 148,850 | 147,686 | 0.8% | 10,000 | 12,600 | 17,300 | 10,000 | 10,000 | 58,000 |
| Tehran Refinery | 137,500 | 134,000 | 145,287 | 140,068 | %3.7 | 12,000 | 12,000 | 24,450 | 12,000 | 15,000 | 72,000 |
| Shiraz Refinery | 144,400 | 140,700 | 144,400 | 141,510 | 2.0% | 10,000 | 5,400 | 8,000 | 6,000 | 10,000 | 33,000 |
| Esfahan Refinery | 137,500 | 134,000 | 137,500 | 134,000 | 2.6% | 75,000 | 70,000 | 53,500 | 43,000 | 0 | 331,500 |
| Abadan Refinery | 137,500 | 134,000 | 137,500 | 134,000 | 2.6% | 10,000 | 8,000 | 7,000 | 7,000 | 4,000 | 32,000 |
| Bandar Abbas Refinery | 144,400 | 140,700 | 144,400 | 148,160 | -2.5% | 60,000 | 40,000 | 61,000 | 51,000 | 50,000 | 251,000 |
| Arak Refinery | 0 | 134,000 | 0 | 137,350 | - | 0 | 18,000 | 0 | 0 | 15,000 | 60,000 |
| Total | | | | | | 177,000 | 166,000 | 195,700 | 129,000 | 119,000 | 837,500 |

Export Bitumen Transactions

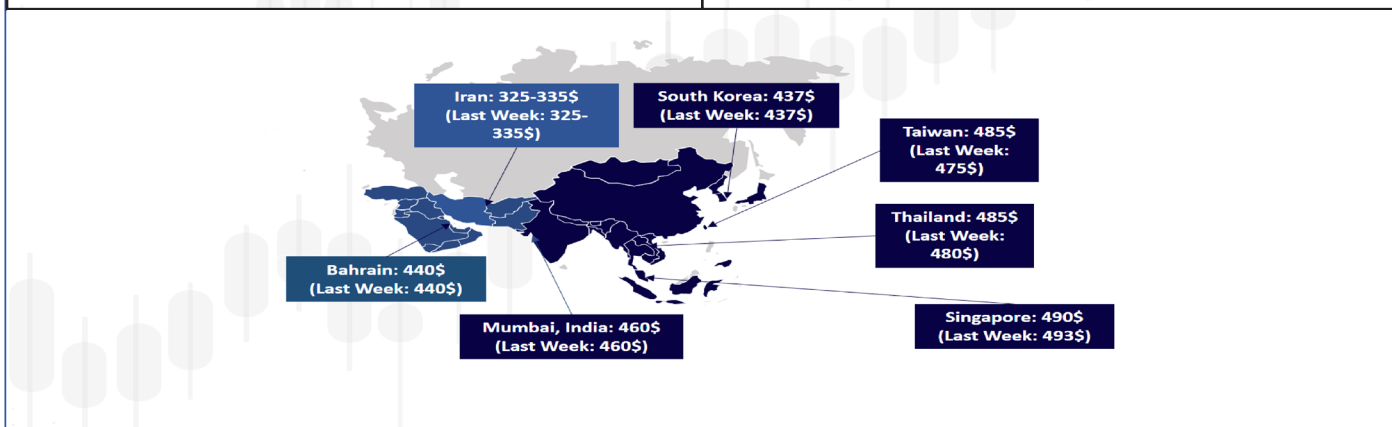
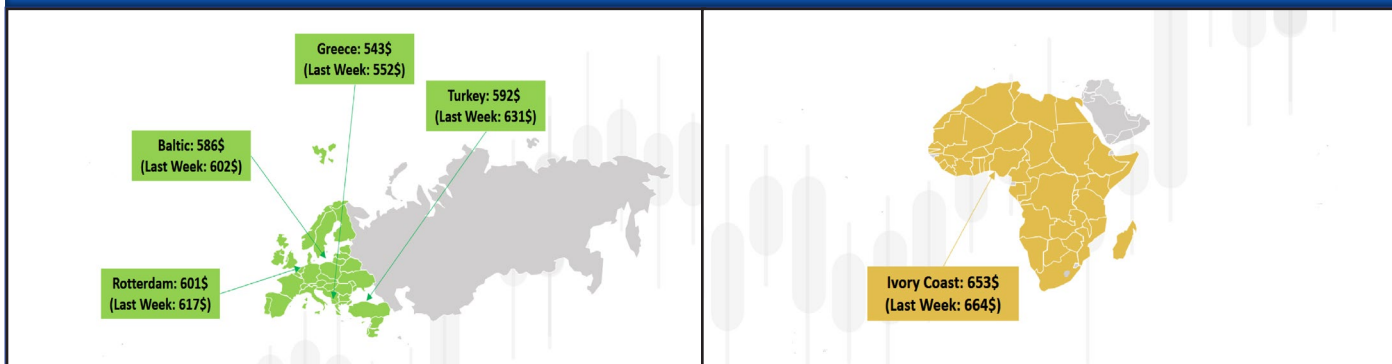
| Supplier | Open | | Close | | | Supply Volume | | Demand | Transaction Volume (MT) | | |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|--------|-----------------|-----------------|-----------------|-------------------------|-----------------|---------------|
| | Sep 23 - Sep 28 | Sep 17 - Sep 21 | Sep 23 - Sep 28 | Sep 17 - Sep 21 | Change | Sep 23 - Sep 28 | Monthly Average | Sep 23 - Sep 28 | Sep 23 - Sep 28 | Sep 17 - Sep 21 | Volume Change |
| Jey Oil - Esfahan - BEX | 161,000 | 151,000 | 161,291 | 151,000 | 6.8% | 7,000 | 7,200 | 10,000 | 7,000 | 4,000 | 27,500 |
| Jey Oil - Esfahan - BEX | 151,000 | 156,000 | 0 | 156,000 | - | 4,000 | 6,200 | 0 | 0 | 10,000 | 17,000 |
| Jey Oil - Esfahan - BEX | 143,000 | 151,000 | 143,000 | 151,019 | %5.3- | 4,000 | 1,400 | 3,400 | 3,400 | 7,000 | 10,400 |
| Jey Oil - Esfahan - BEX | 0 | 151,000 | 0 | 151,000 | - | 0 | 1,000 | 0 | 0 | 4,000 | 4,000 |
| Jey Oil - Esfahan - GEX | 180,000 | 185,500 | 180,000 | 0 | - | 7,000 | 1,200 | 200 | 200 | 0 | 4,200 |
| Jey Oil - Bandar Abbas - BEX | 0 | 180,000 | 0 | 180,000 | - | 0 | 3,800 | 0 | 0 | 7,000 | 11,000 |
| Pasargad Oil - Bandar Abbas - BEX | 170,600 | 167,500 | 170,600 | 167,500 | 1.9% | 10,000 | 12,000 | 10,000 | 10,000 | 14,500 | 40,400 |
| Pasargad oil - Bandar Abbas - GEX | 194,700 | 193,000 | 0 | 193,000 | - | 2,000 | 5,000 | 0 | 0 | 2,000 | 8,400 |
| Pasargad Oil Abadan | 150,000 | 150,000 | 150,099 | 0 | - | 42,000 | 11,700 | 70,600 | 35,600 | 0 | 49,850 |
| Pasargad Oil Tabriz | 168,000 | 167,000 | 0 | 167,000 | - | 2,000 | 1,800 | 0 | 0 | 2,000 | 5,000 |
| Pasargad Oil Tehran BEX | 160,000 | 0 | 160,000 | 0 | - | 1,000 | 1,200 | 850 | 850 | 0 | 850 |
| Pasargad Oil Arak Bex | 151,000 | 153,000 | 151,000 | 153,000 | -1.3% | 3,000 | 5,000 | 500 | 500 | 7,200 | 9,000 |
| Pars Behin Qeshm Oil | 142,946 | 147,143 | 152,626 | 158,000 | -3.4% | 10,000 | 20,000 | 45,000 | 10,000 | 45,000 | 100,000 |
| Total | | | | | | 92,000 | 77,500 | 140,550 | 67,550 | 102,700 | 287,600 |

Bitumen & Jumbo Bag Prices

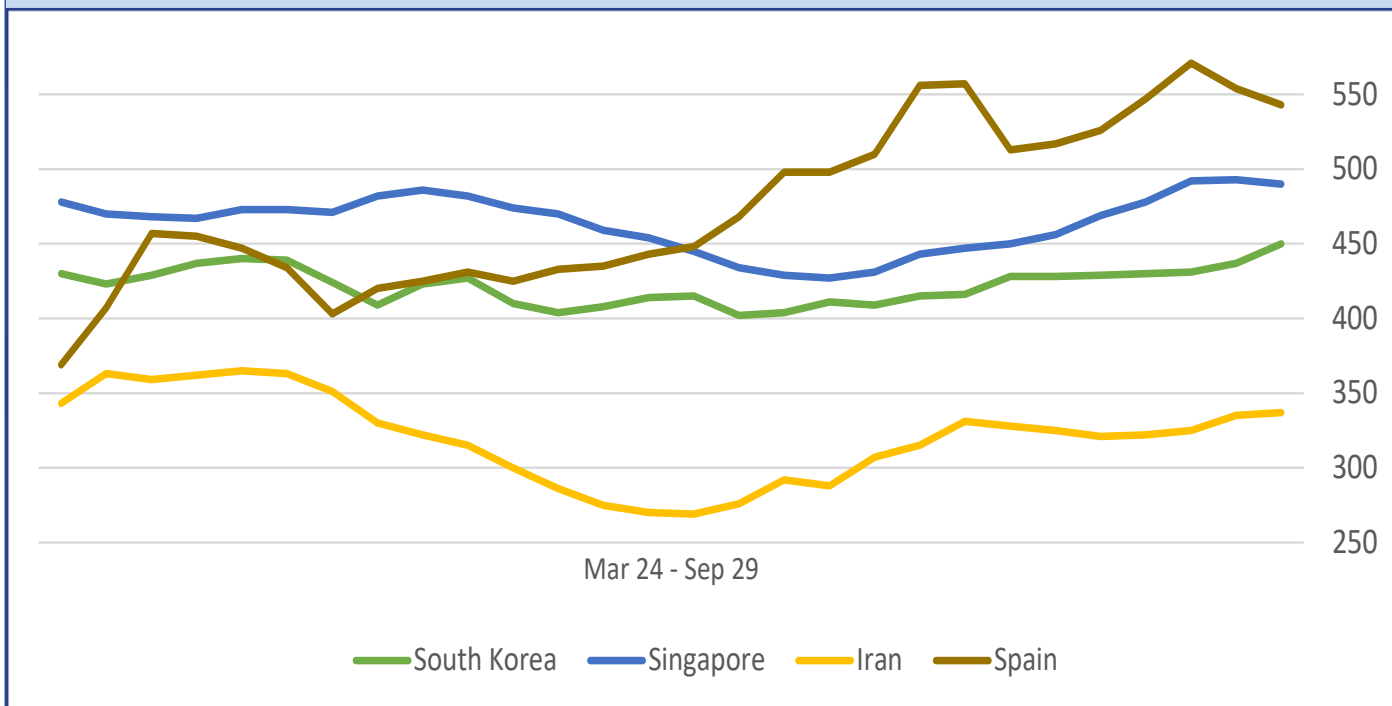
| Product | Sep 23 to Sep 28 | Product | Sep 23 to Sep 28 |
|----------------------|------------------|------------------------|------------------|
| Drum FOB Private | 410-420 | Bulk FOB Private | 325-335 |
| Drum FOB Embossed | 415-430 | Bulk FOB Governmental | 325-335 |
| Jumbo Bag Private | 395-405 | Jumbo Bag Governmental | - |
| Bulk Ex-Work Isfahan | 370 | Bulk Ex-Work Tabriz | 370 |



Global Bitumen Prices



Prices Chart



Freight Rate



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| From | To | Rate (\$) | To | Rate (\$) | To | Rate (\$) | Capacity - Foot |
|--------------|-------------|-----------|--------------|-----------|-------------|-----------|-----------------|
| Bandar Abbas | Nhava Sheva | 320 | Dar es Salam | 1100 | Surabaya | 585 | 20 |
| | Kandla | 370 | Djibouti | 1250 | Belawan | 600 | |
| | Mundra | 320 | Berbera | 1750 | Semarang | 800 | |
| | Haldia | 1200 | Sudan | 1550 | Jakarta | 850 | |
| | Chittagong | 1150 | Ningbo | 250 | Singapore | 850 | |
| | Colombo | 1050 | Shanghai | 250 | Ho Chi Minh | 600 | |
| | Port Klang | 300 | Qingdao | 250 | Haiphong | 650 | |
| | Jebel Ali | 70 | Tianjin | 350 | - | - | |
| Mombasa | 1100 | Aden | 1550 | - | - | | |

Oil Analysis

Daily Timeframe



2-hour Timeframe



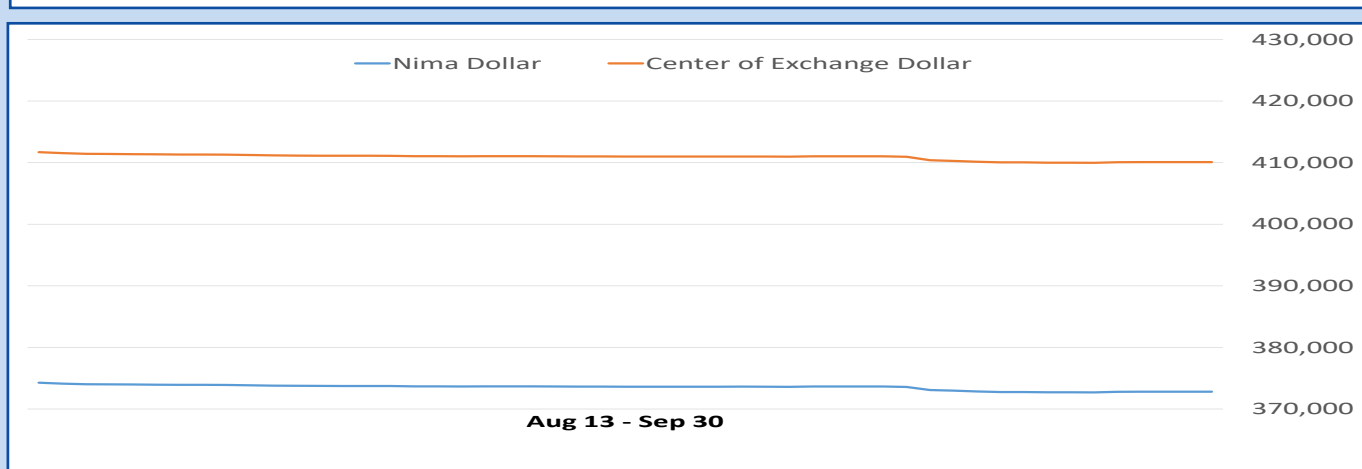
Technical Analysis

Although Brent crude oil prices remained relatively stable over the past week, this stability can be attributed to robust demand, especially in light of a 0.5% increase in the U.S. dollar index that coincided with a 4% drop in gold prices. Consequently, this week, the anticipated price ceiling for crude oil was raised somewhat. In the long-term perspective, it is expected that Brent crude oil prices might surpass the \$100 mark by the end of September, potentially opening the path for prices to reach \$115. The short-term outlook suggests a price ceiling of \$113.5. Moreover, the long-term price chart of Brent crude oil (the first chart) indicates that this trend should not dip below \$90 within its long-term upward channel. In the short-term chart, the present support level is at \$94.5, with strong support expected around \$90, as demonstrated in the previous week.

Fundamental Analysis

Over the international oil index has demonstrated a robust 8% surge in September and an impressive 20% rise in the third quarter. Remarkably, this upward trajectory in oil prices has persisted despite Saudi Arabia and Russia jointly extending their daily supply cut of 1.3 million barrels until the end of the year. This extension has heightened concerns of potential oil shortages in the upcoming fourth quarter. Projections indicate that these limitations in fuel supply will reduce global demand by approximately 3.4%. In August, Russia's crude oil shipments declined to 2.28 million barrels per day, leaving investors eagerly anticipating the OPEC meeting scheduled for October 4th for deeper insights into market supply dynamics. Simultaneously, market participants remain cautious about the assertive monetary policy stance in the United States and the potential occurrence of unforeseen events. Crude oil storage on floating vessels saw an increase this week, with Vortexa's weekly data indicating an 11% uptick in the overall stored crude oil quantity worldwide, reaching 96 million barrels. Furthermore, Thursday's report from the U.S. Energy Information Administration (EIA) disclosed that U.S. crude oil inventories are 3.4% below the five-year seasonal average. Despite earlier expectations of a decrease, U.S. crude oil production held steady at 12.9 million barrels per day until September 22nd, marking the highest level in the past four years. In a surprising turn of events, active rigs for oil production in the United States decreased by five units on Friday, suggesting that current crude oil prices are not conducive to an aggressive reentry into the market. These prevailing conditions align with the overarching policies of the nation. Therefore, it is anticipated that the upcoming Federal Reserve meeting will involve a 0.25% interest rate hike, as indicated by statements from the Fed Chair. This decision is expected to help mitigate the risk of an economic recession in the country through the end of the year.

Exchange Rate - USD/IRR



| Description | Date | 9/30/2023 | 9/28/2023 | 9/27/2023 | 9/26/2023 | 9/25/2023 | 9/24/2023 |
|---|---------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Iran Center of Exchange Dollar Remittance | Change | 372,811 | 372,811 | 372,809 | 372,790 | 372,693 | 372,711 |
| | Weekly Change | 0.0% | 0.0% | 0.0% | 0.0% | -0.1% | -0.1% |
| Iran Center of Exchange Dollar | Change | 410,092 | 410,092 | 410,090 | 410,070 | 409,962 | 409,983 |
| | Weekly Change | 0.0% | 0.0% | 0.0% | -0.1% | -0.1% | -0.2% |
| Free Market Dollar | Change | 497,400 | 497,400 | 494,800 | 493,500 | 495,000 | 494,200 |
| | Weekly Change | 0.5% | 0.7% | 0.7% | -0.5% | -0.1% | -0.4% |

US Dollar Exchange Rate



USD/CNY



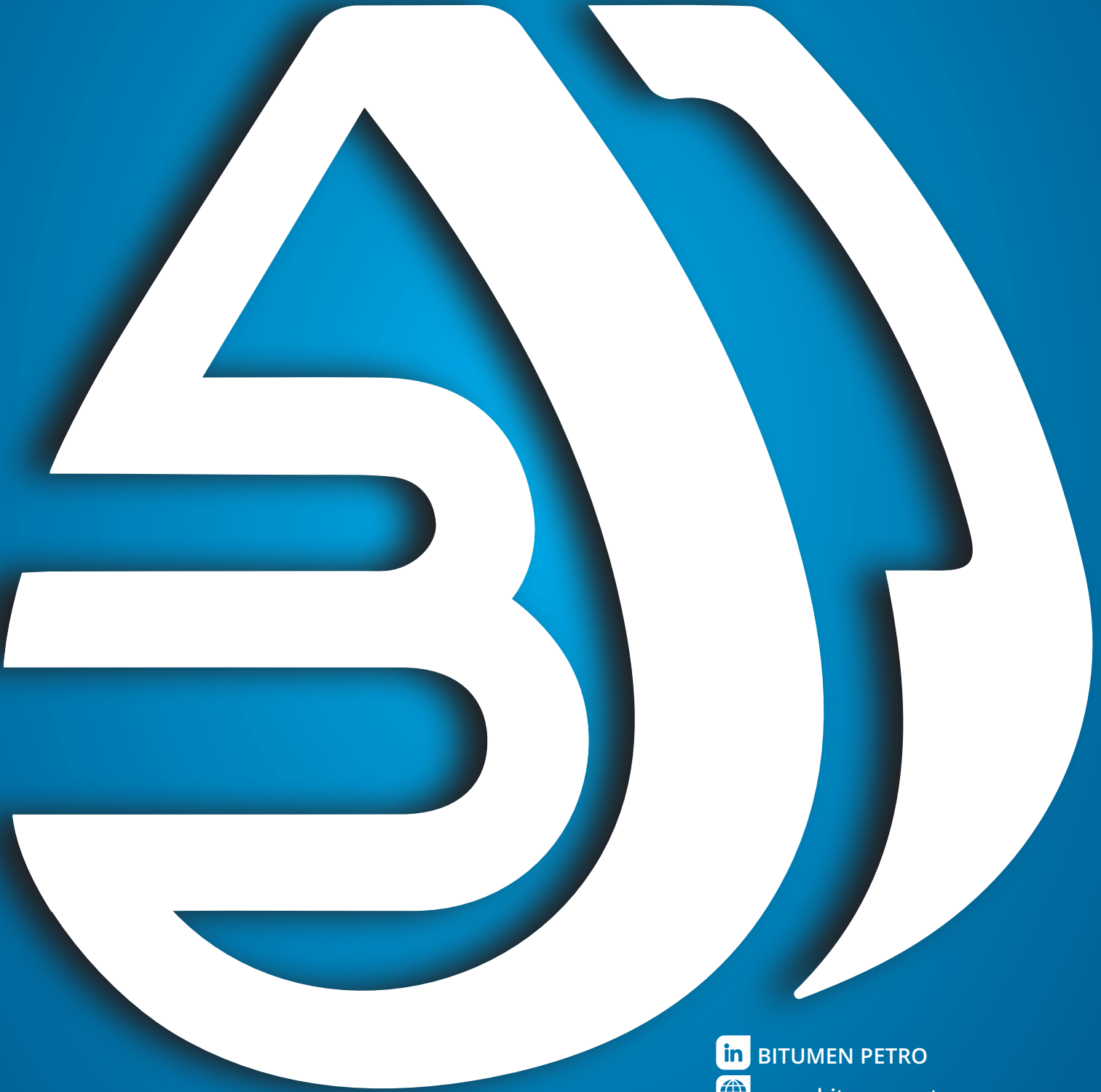
USD/INR



USD/EUR



BITUMEN PETRO



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