

# WEEKLY REVIEW OF BITUMEN MARKET IN IRAN & THE WORLD



## Bitumen Petro Co.

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## Highlights

- Germany is contemplating the possibility of extending the price caps on gas and electricity until the conclusion of the upcoming winter season in March 2024, according to information from an unnamed source. This potential move suggests a continued effort to mitigate the impact of soaring energy costs on consumers, particularly in the face of ongoing energy price volatility and supply challenges. Extending the price caps could serve as a short-term measure to provide relief to German households grappling with elevated energy expenses.
- Shell anticipates a positive impact on its third-quarter earnings, attributing it to more robust trading outcomes within its natural gas and chemicals, as well as products divisions, when compared to the second quarter. The UK-headquartered energy giant made this announcement in a Friday update regarding its expected Q3 financial results.
- Russia has decided to lift most of its diesel export ban, reversing the restrictions it had placed on diesel and gasoline exports just two weeks ago. This decision comes as Russia aimed to address the rising fuel prices within its domestic market. The move suggests a shift in strategy, which may help stabilize its fuel prices and increase diesel availability in international markets.
- Saudi Aramco, the world's largest oil exporter, has announced an increase in the price of its crude oil for November.
- Hardeep Singh Puri, India's oil minister and a significant importer of crude oil, has expressed concerns about the supply-side management of the oil market by OPEC+ in recent months. He believes that prolonged high oil prices resulting from these supply cuts could lead to demand destruction, particularly in fragile economies that may struggle to cope with such prices. This underscores the delicate balance between managing supply to support oil prices and ensuring that global demand remains sustainable.
- Russian President Vladimir Putin has issued orders to regulate fuel oil prices in Russia for the upcoming heating season. Simultaneously, Moscow's export ban on gasoline and diesel will continue, with the duration being determined by the evolving situation and Russia's domestic needs.
- Russia's oil and gas revenues have surged by 15% to reach \$7.4 billion (739.9 billion Russian rubles) in September. This increase is attributed to higher budget proceeds stemming from the extraction tax and export duties. This boost in revenues suggests that Russia's energy sector continues to play a significant role in its fiscal earnings despite global fluctuations in energy markets.
- The OPEC+ panel responsible for reviewing the oil market concluded a short meeting on Wednesday without proposing any modifications to the existing oil production policy. This decision followed separate statements from Saudi Arabia and Russia in which they affirmed their commitment to maintaining their respective voluntary supply reductions until the end of the year. This signals a continued effort by key oil-producing nations to manage global oil supplies in response to market conditions.
- European natural gas futures have experienced a reversal in their recent steep decline. This shift comes in response to weather forecasts indicating cooler temperatures in the coming months, which raises the prospects of increased heating demand. Benchmark futures saw a notable uptick, surging as much as 4% during Tuesday's session, though some of those gains were later trimmed. Dutch front-month gas, for instance, was trading 2.3% higher at €37.85 a megawatt-hour in Amsterdam, partially offsetting the 12% drop the contract had endured over the previous two sessions.

## Iran Bitumen News

- During the previous week, the Iran Mercantile Exchange (IME) reported a total supply of 168,000 metric tons (MT) of VB (bitumen), with demand registering at 123,000 MT. Notably, this marked a 28% decrease in demand compared to the prior week, coinciding with a 9,000 MT reduction in the supply rate. Consequently, not all of the available bitumen found buyers, contributing to a weekly fluctuation rate in VB prices spanning from -3.3% to -6.5%. The drop in supply was primarily attributed to reduced outputs from select refineries. Among them, Tabriz VB saw the most significant decline, plunging by 6.5%, while the ratio between VB's closing price and IME's export bitumen price reached 89%. The average value of VB in the Free Market was evaluated at \$276 per MT, whereas its valuation in the Center of Exchange Dollar reached \$337 per MT.
- In the Iran Mercantile Exchange's (IME) export market, the available bitumen supply totaled around 77,000 metric tons (MT). This figure marked a decrease of 1,700 MT in comparison to the preceding month's average. The reduction in supply was primarily attributed to decreased offering volumes from select suppliers and production halts from Isfahan Jey Oil Drum Bitumen, Bandar Abbas Pasargad Oil, and Pars Behin Qeshm Oil. However, despite these supplies, only 67,700 MT of bitumen demand were registered. This demand volume fell short of the available supply, resulting in no trading of the surplus. It is worth noting that considering the prevailing free-market exchange rate of USD to IRR at the publication date, the negotiated equivalent rates for Isfahan Jey Oil Bulk Bitumen were established at \$297 per MT. Meanwhile, Bandar Abbas Pasargad Oil Bulk Bitumen was priced at \$344 per MT. Furthermore, bitumen prices from Abadan, Tabriz, and Arak Pasargad Oil ranged between \$302 and \$336 per MT, reflecting the ongoing dynamics of the market.
- The CEO of Iran Urban Regeneration Corporation has announced that, in compliance with the municipal organization's directives regarding asphalt expenditure, a minimum of 25% of the asphalt consumption for the fiscal years 1402 and 1403 will be dedicated to addressing the needs of inefficient urban areas. Furthermore, during this meeting, a resolution was reached for the Iran Urban Regeneration Corporation to furnish Geographic Information System (GIS) data pertaining to these inefficient urban areas to municipal authorities and rural districts nationwide.
- The Supreme Oversight Council has assumed the role previously held by the Oversight Commission within the Assembly. The Chairman of the Construction Commission has clarified that this new configuration and set of regulations grant voting rights to both the heads of branches, the specialized commission, and executive authorities. This restructured Supreme Oversight Council will now be responsible for making decisions related to the allocation of free bitumen.
- The Iran Trade Development Organization has decided to extend the deadline for meeting foreign exchange commitments related to the year 1401 until the end of the current year. In a letter dated 09/07/1402, the organization communicated: "In light of the resolutions made by the Foreign Exchange Return Working Group, we hereby announce the extension of the deadline for exporters to return foreign exchange earned from exports in the year 1401 until the conclusion of the current year. It's essential to note that this extension does not grant any tax exemptions."

## Analysts Comments



China is not dumping its stockpile of US bonds, Brad Setser, a former Treasury official, wrote. China isn't fueling the bond-market rout with a large sale of its Treasury holdings but is instead reshuffling its US debt assets, Brad Setser, a former Treasury official, wrote for the Council on Foreign Relations. But Setser said such data presented an incomplete picture. Drawing on other sources, he estimated that China's overall US-bond holdings had been relatively stable since 2015. "If a simple adjustment is made for Treasuries held by offshore custodians like Belgium's Euroclear, China's reported holdings of US assets look to be basically stable at between \$1.8 and \$1.9 trillion," he wrote. He added that even where China had reduced its Treasury holdings, the sales were much smaller than other data suggested and purchases of US debt in other forms, such as agency bonds, had increased. "Bottom line: the only interesting evolution in China's reserves in the past six years has been the shift into Agencies," he wrote. "That has resulted in a small reduction in China's Treasury holdings but it also shows that it is a mistake to equate a reduction in China's Treasury holdings with a reduction in the share of China's reserves held in US bonds or the US dollar."

- **//** "Is a 6.5% funds rate and a 6% on the 10Y on its way? Very likely," the firm's chief US economist Steven Blitz wrote in a note on Friday, implying a more than 100 basis-point increase in the Fed's benchmark rate and the 10-year Treasury yield. That's due to recent robust economic data, which could influence the Fed to take interest rates higher. Higher rates risk sparking a recession, especially considering interest rates are already higher than Fed officials think, Blitz said. Blitz estimated that interest rates in the economy could actually be around 5.75%-6.75%, above the official target range of 5.25%-5.5%. "Is the Fed convinced on this point? Probably not, so they will do what they always do, hike until something breaks – and rates are finally at the point where something can be broken," he warned.
- **//** "All of this will provide the Fed with the idea that stable and higher for longer is the recipe for monetary policy," said Steve Wyett, chief investment strategist at BOK Financial. The day before the jobs report, traders saw 20.1% odds the central bank would make a 25 basis point increase to the federal funds rates, according to CME's FedWatch Tool . That jumped to 29.3% after the latest jobs reading. "Bond markets are reflecting an outlook for better growth as rates move higher and equities are digesting an environment where earnings might be better, but higher rates are a headwind to valuation." Bank of America strategists, for their part, warned that stocks have room to fall further before the Fed pulls back on interest rates.
- **//** "Demand destruction has begun (again)," JPMorgan's Natasha Kaneva said in a Wednesday note. She has a year-end price target of \$86 a barrel for oil, and noted that "global oil stock draws have ended." Kaneva cited satellite observations from Platts that suggest global commercial crude inventories declined 8 million barrels during the first three weeks of September, while the oil product stocks surged 38 million barrels, resulting in a net increase in total oil liquids of 30 million barrels. Meanwhile, the US dollar strengthened this week to a 10-month high, coinciding with the dip in oil prices over the last two days. When the dollar is strong against rival currencies and oil prices are high at the same time, it exacerbates energy costs for other countries around the world, Saxo Bank strategists highlighted in a Monday note.

## Loading Report

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

Sep 30 - Oct 06

Jetty No.	PG1	PG2	PG3	PG4	PG5	PG6	PG7	PG9	Total Amount	
Vessel Name										
MT T	5,000								5,000	
MT AA		3,000							3,000	
MT S			6,900						6,900	
MT B H			3,800						3,800	
MT AB V			5,000						5,000	
MT I				5,600					5,600	
MT G G				4,800					4,800	
MT K				3,700					3,700	
MT S				4,800					4,800	
MT A 1					4,500				4,500	
MT A 2					4,500				4,500	
MT SH						5,500			5,500	
MT R							3,500		3,500	
MT G Q 1								4,500	4,500	
Total Amount	65,100	5,000	3,000	15,700	18,900	9,000	5,500	3,500	4,500	65,100

## Sep 30 - Oct 06 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 P	KHOR AL ZUBAIR, IRAQ	KHOR AL FAKKAN ANCH., UAE	OMAN GULF
2	MT Z F	HAMRIYA, UAE	BASRAH, IRAQ	PERSIAN GULF
3	MT AB V	SHARJAH, UAE	SHARJAH ANCH., UAE	DUBAI AREA
4	MT G E	KHOR AL ZUBAIR, IRAQ	FUJAIRAH ANCH., UAE	OMAN GULF
5	MT S	KHOR AL ZUBAIR, IRAQ	SHARJAH ANCH., UAE	PERSIAN GULF
6	MT I	MANGALORE, INDIA	MUMBAI, INDIA	WEST COAST INDIA
7	MT B H	SHARJAH, UAE	SHARJAH, UAE	DUBAI AREA
8	MT S X	HALDIA, INDIA	SHINAS, OMAN	OMAN GULF
9	MT T	HAMRIYA, UAE	HAMRIYA, UAE	PERSIAN GULF
10	MT AL X	MINA SAQR, UAE	SHARJAH ANCH., UAE	DUBAI AREA
11	MT S	HAMRIYA, UAE	KHOR AL ZUBAIR, IRAQ	PERSIAN GULF
12	MT C 7	MINA SAQR ANCH., UAE	KHOR AL ZUBAIR, IRAQ	PERSIAN GULF

## Mercantile Exchange VB Transactions

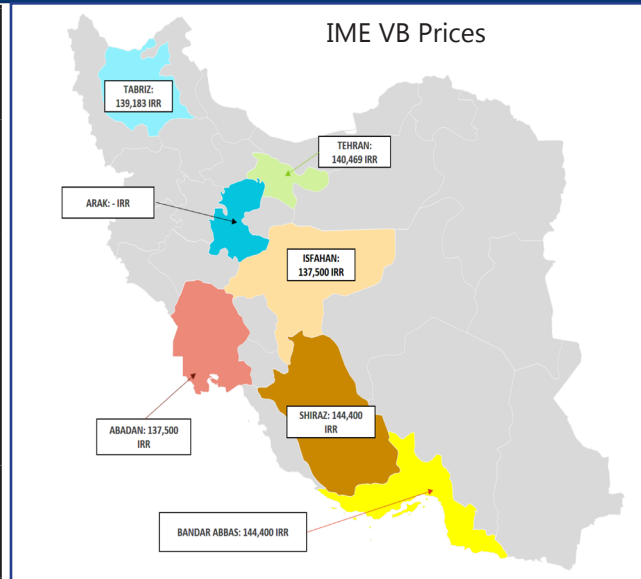
Supplier	Open		Close			Supply Volume		Demand	Transaction Volume (MT)		
	Sep 30 - Oct 05	Sep 23 - Sep 28	Sep 30 - Oct 05	Sep 23 - Sep 28	Change	Sep 30 - Oct 05	Monthly Average	Sep 30 - Oct 05	Sep 30 - Oct 05	Sep 23 - Sep 28	Last Month
Tabriz Refinery	137,500	137,500	139,183	148,850	-6.5%	10,000	11,600	14,500	10,000	10,000	53,000
Tehran Refinery	137,500	137,500	140,469	145,287	%3.3-	8,000	14,400	17,940	8,000	12,000	70,000
Shiraz Refinery	144,400	144,400	0	144,400	-	10,000	7,400	1,000	0	6,000	26,000
Esfahan Refinery	137,500	137,500	137,500	137,500	-	60,000	73,000	19,000	19,000	0	275,500
Abadan Refinery	137,500	137,500	137,500	137,500	-	10,000	10,000	12,000	10,000	7,000	27,000
Bandar Abbas Refinery	144,400	144,400	144,400	144,400	-	50,000	52,000	37,000	32,000	51,000	233,000
Arak Refinery	137,500	0	137,540	0	-	20,000	12,000	22,100	20,000	0	65,000
Total						168,000	180,400	141,480	99,000	98,000	749,500

## Export Bitumen Transactions

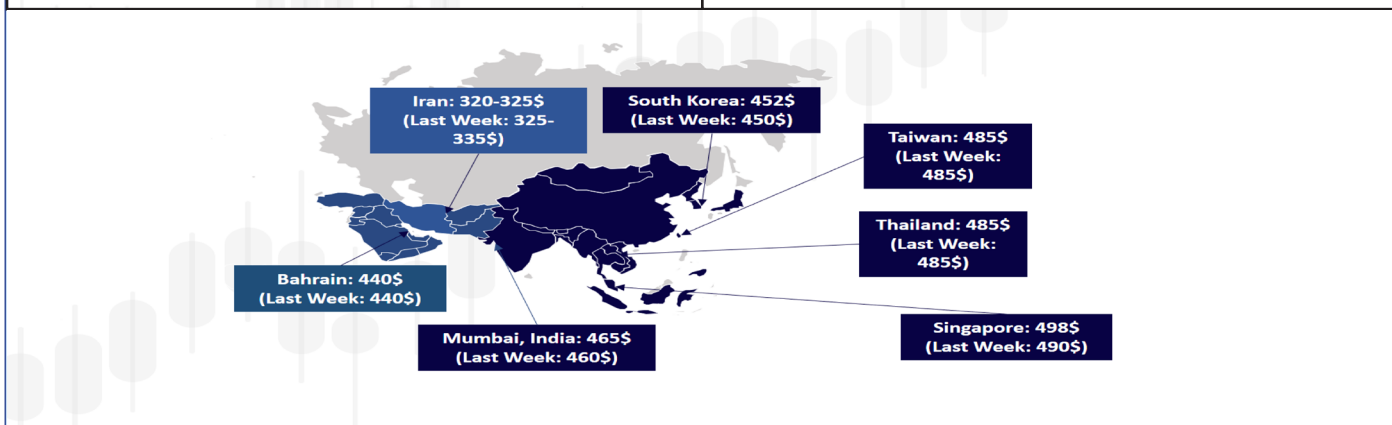
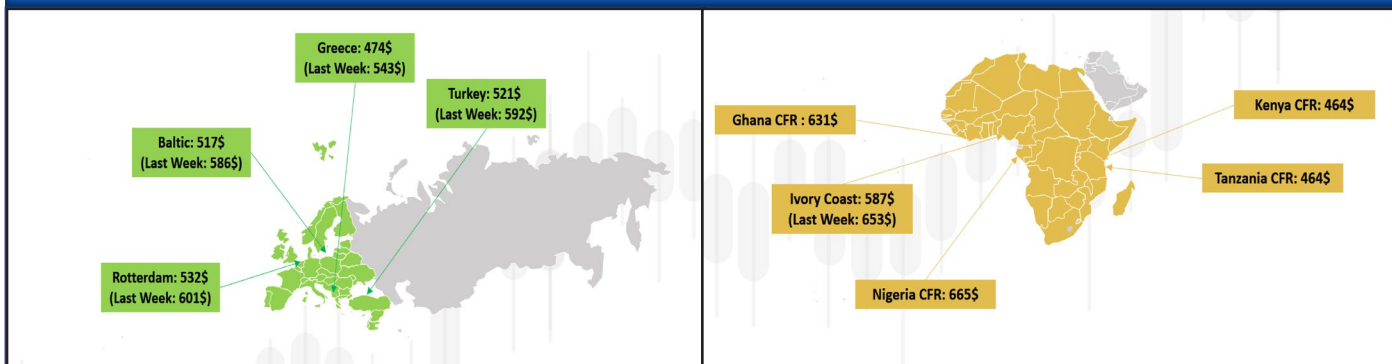
Supplier	Open		Close			Supply Volume		Demand	Transaction Volume (MT)		
	Sep 30 - Oct 05	Sep 23 - Sep 28	Sep 30 - Oct 05	Sep 23 - Sep 28	Change	Sep 30 - Oct 05	Monthly Average	Sep 30 - Oct 05	Sep 30 - Oct 05	Sep 23 - Sep 28	Volume Change
Jey Oil - Esfahan - BEX	148,500	161,000	148,504	161,291	-7.9%	7,000	6,600	7,500	7,000	7,000	27,500
Jey Oil - Esfahan - BEX	0	151,000	0	0	-	0	6,000	0	0	0	16,000
Jey Oil - Esfahan - BEX	0	143,000	0	143,000	-	0	2,200	0	0	3,400	10,400
Jey Oil - Esfahan - BEX	161,000	0	161,001	0	-	15,000	1,000	15,000	8,000	0	12,000
Jey Oil - Esfahan - GEX	0	180,000	0	180,000	-	0	2,600	0	0	200	4,200
Jey Oil - Bandar Abbas - GEX	180,000	0	180,000	0	-	5,000	2,200	5,000	5,000	0	12,000
Pasargad Oil - Bandar Abbas - BEX	172,000	170,600	172,000	170,600	0.8%	20,000	10,600	13,000	13,000	10,000	50,400
Pasargad oil - Bandar Abbas - GEX	0	194,700	0	0	-	0	3,400	0	0	0	6,400
Pasargad Oil Abadan	154,500	150,000	154,500	150,099	2.9%	25,000	16,700	25,000	25,000	35,600	74,850
Pasargad Oil Tabriz	168,000	168,000	168,000	0	-	2,000	1,600	1,700	1,700	0	5,700
Pasargad Oil Tehran BEX	162,500	160,000	0	160,000	-	1,000	600	0	0	850	850
Pasargad Oil Arak Bex	151,000	151,000	151,000	151,000	-	2,000	5,200	500	500	500	9,500
Pars Behin Qeshm Oil	0	142,946	0	152,626	-	0	20,000	0	0	10,000	100,000
Total						77,000	78,700	67,700	60,200	67,550	329,800

## Bitumen & Jumbo Bag Prices

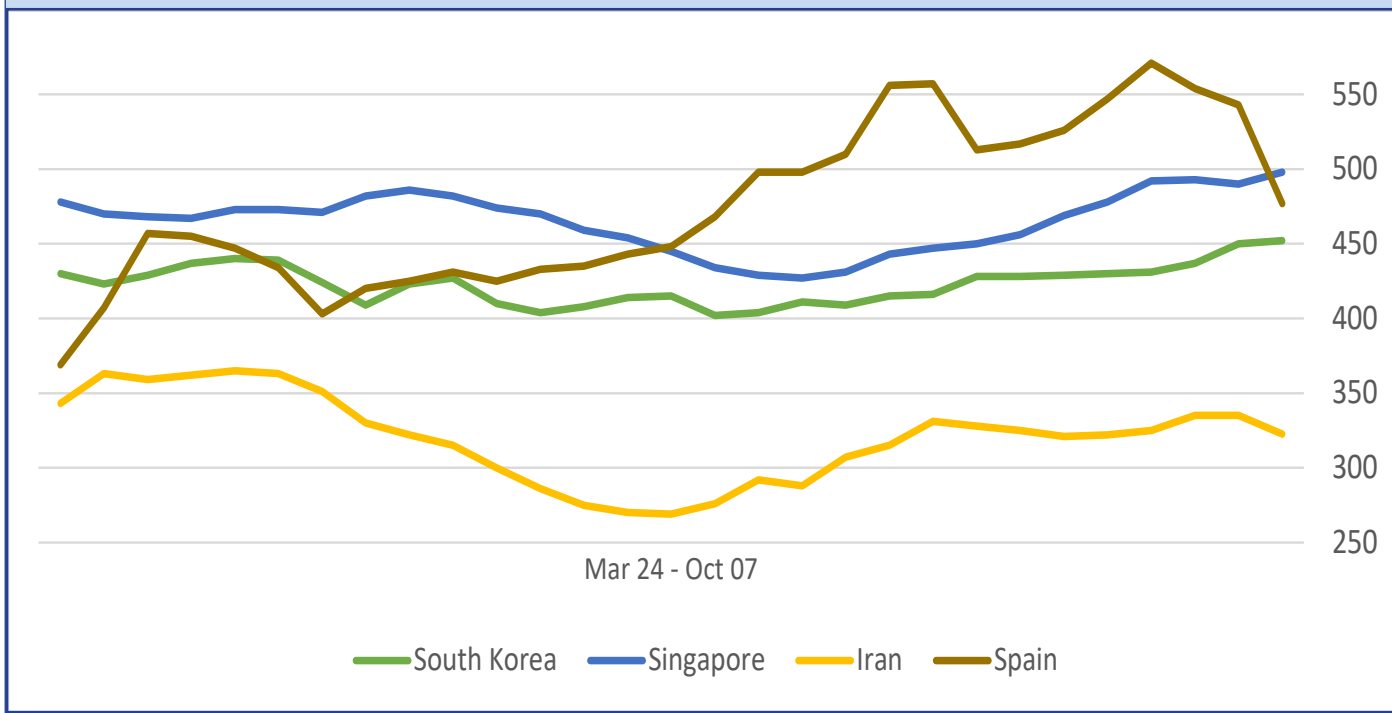
Product	Sep 23 to Sep 28	Product	Sep 23 to Sep 28
Drum FOB Private	415-420	Bulk FOB Private	320-325
Drum FOB Embossed	415-420	Bulk FOB Governmental	320-325
Jumbo Bag Private	390-395	Jumbo Bag Governmental	-
Bulk Ex-Work Isfahan	360	Bulk Ex-Work Tabriz	360



## Global Bitumen Prices



## Prices Chart



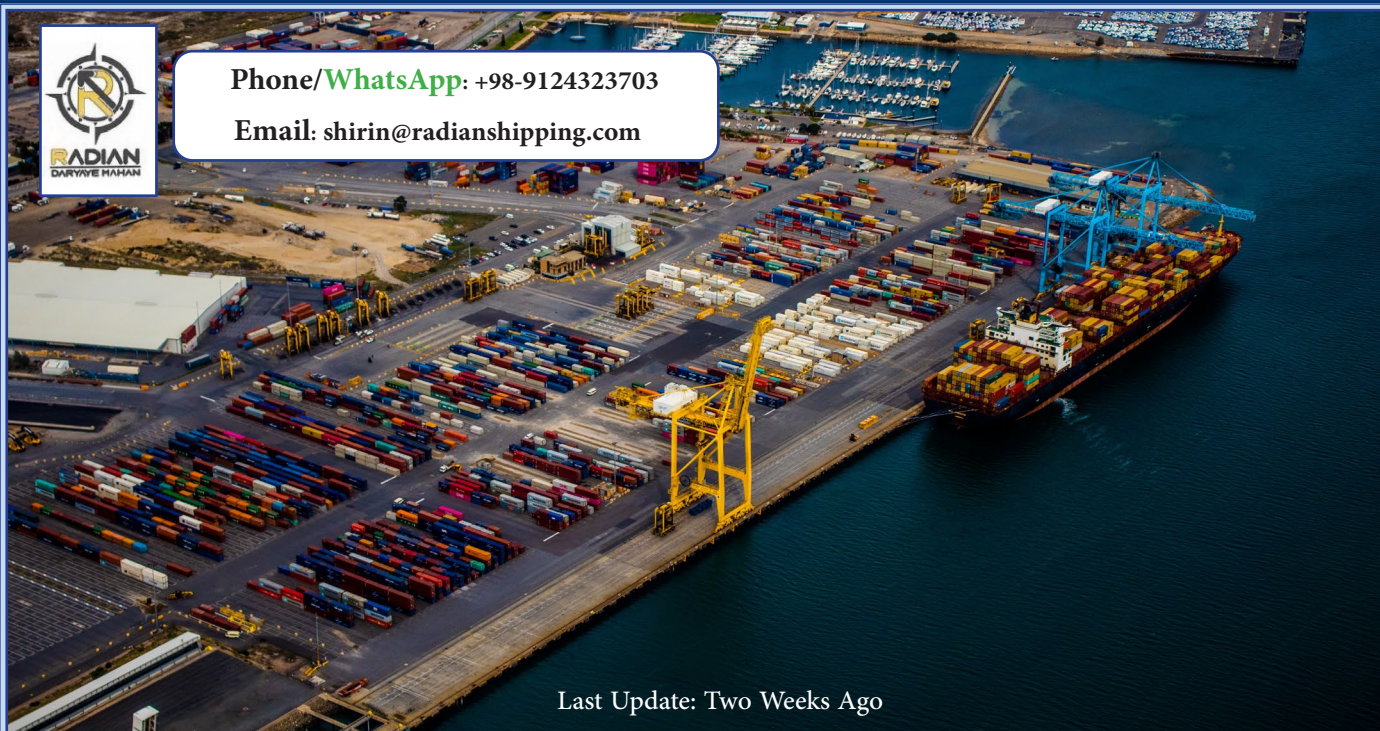


## Freight Rate



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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	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



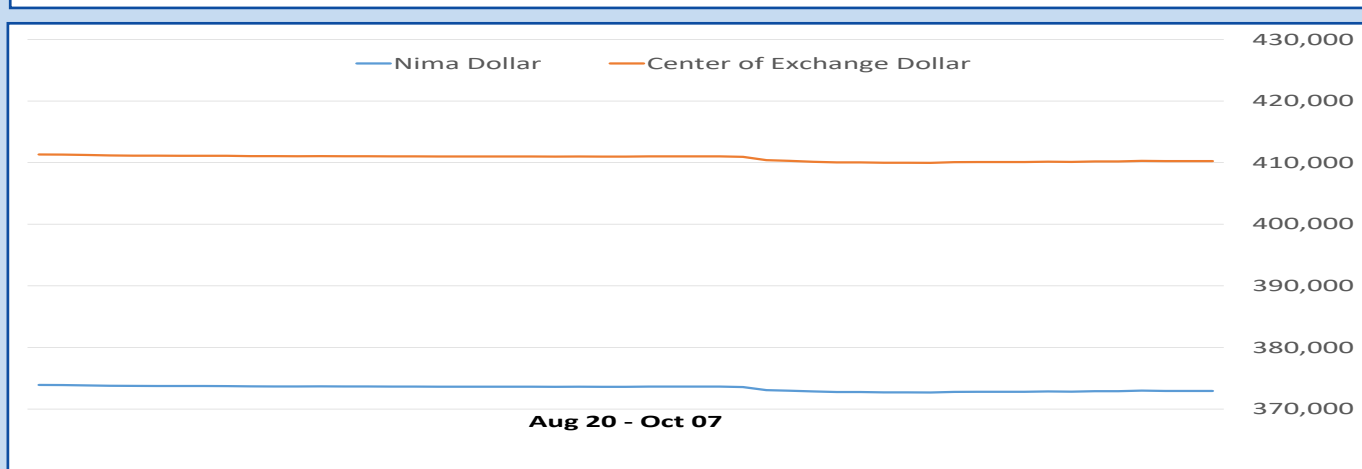
## Technical Analysis

During the past week, the crude oil market experienced a notable downturn, primarily driven by fundamental market expectations. However, this bearish trend encountered a significant pause, finding support near the midpoint. Considering the influence of this declining trajectory and potential market uncertainties, there is an anticipation of a prolonged channel with a robust price floor around \$80. This measure is expected to act as a safeguard against further drops in prices. In the short term, we foresee a market rebound, supported by this sturdy price floor, which is projected to maintain prices above the \$78.5 mark. As illustrated in the short-term chart, the current Brent crude oil price has come to a halt at a resilient support level. Based on technical analysis, the expectation for the upcoming week is that, with the market's support within this channel, prices will fluctuate without descending below their present level.

## Fundamental Analysis

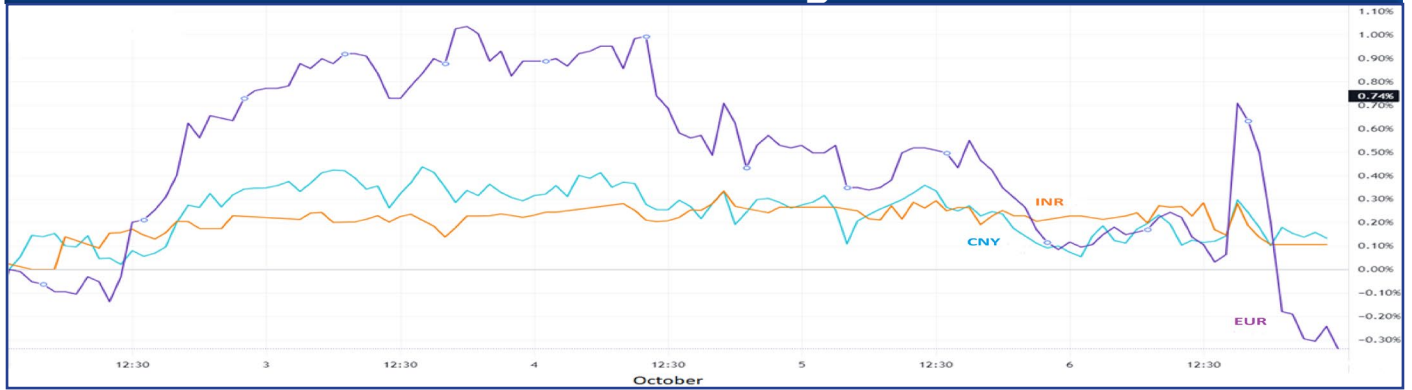
In the past week, the price of crude oil experienced a notable 9% decline, sparking concerns among analysts. The primary reason for this substantial drop in crude oil prices is attributed to apprehensions about a potential slowdown in global economic growth and early signs of decreasing demand. Furthermore, with expectations of a robust job market in the United States, there are anticipations of another interest rate hike by the Federal Reserve during its November session. Adding to these factors is the significant decrease in gasoline prices over the last two weeks, which is considered the first visible indicator of market oversupply following the conclusion of the summer travel season. Although the accumulation of oil reserves temporarily delayed the decline in oil prices, a demand gap emerged, triggering the second phase of oil price reduction. Analysts at J.P. Morgan, who have now revised their year-end oil price projection to \$86 per barrel, believe that elevated oil prices during the summer and reduced summer travel demand have also impacted oil consumption. This viewpoint is further validated by satellite observations from Platts, indicating that while global commercial crude oil inventories decreased by 8 million barrels, petroleum product reserves increased by 38 million barrels. Consequently, refineries are expected to curtail their oil purchases, further accelerating the decline in product prices. These price fluctuations occurred amidst an unchanged production policy by OPEC+, which upheld the previously announced production cuts. Last week, the U.S. Energy Information Administration reported that the four-week average demand for gasoline in the United States plummeted to 8.3 million barrels per day, the lowest level for this time of year since 1998. This report underscores the notably feeble demand for fuel in the United States. Additionally, Baker Hughes disclosed on Friday that the number of active oil rigs in the United States decreased by 5 units this week, reaching its lowest point in the past 20 months, with only 497 rigs currently in operation.

## Exchange Rate - USD/IRR



Description	Date	10/07/2023	10/06/2023	10/05/2023	10/04/2023	10/03/2023	10/02/2023
Iran Center of Exchange Dollar Remittance	Change	372,950	372,950	372,950	372,997	372,896	372,896
	Weekly Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Iran Center of Exchange Dollar	Change	410,246	410,246	410,246	410,297	410,185	410,185
	Weekly Change	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%
Free Market Dollar	Change	500,000	500,000	500,000	496,300	496,200	496,400
	Weekly Change	0.5%	0.5%	0.5%	0.3%	0.5%	0.3%

## US Dollar Exchange Rate



## USD/CNY



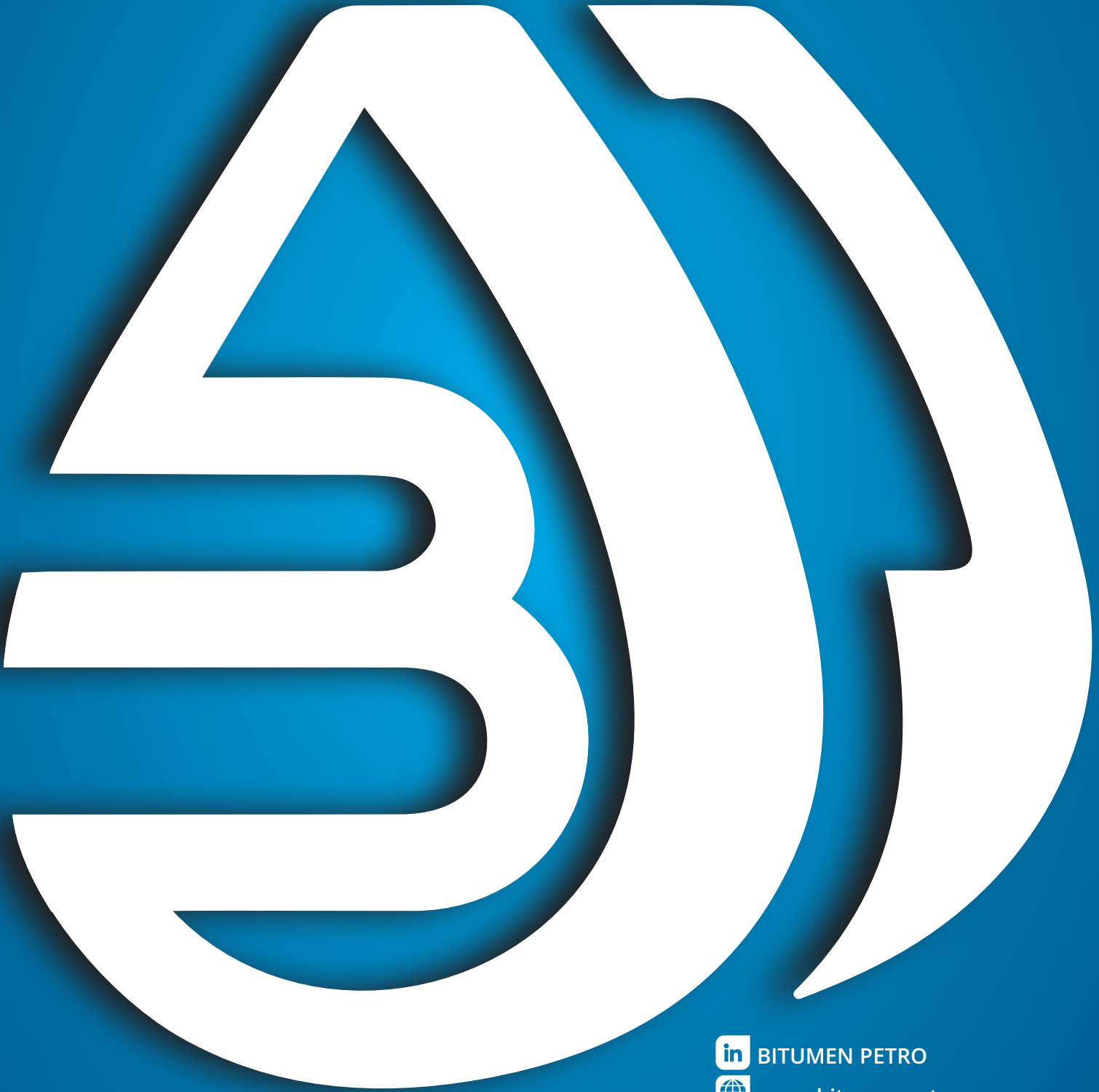
## USD/INR



## USD/EUR



# BITUMEN PETRO



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