

WEEKLY REVIEW OF BITUMEN MARKET IN IRAN & THE WORLD



Bitumen Petro Co.

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Highlights

- According to Allianz Trade, a Paris-based organization, there is a possibility that crude oil prices may surge to as high as \$140 per barrel. This significant increase in oil prices could potentially trigger a global economic recession.
- For the second consecutive week, crude oil prices closed with gains, primarily due to ongoing concerns over geopolitical tensions in the Middle East.
- According to the Institute of Energy Economics, Japan (IEEJ), approximately \$7 trillion in global investments in natural gas supply is required to maintain sufficient gas availability and prevent supply shortages until 2050.
- Indian officials have indicated that the government is likely to reject requests from Russian oil companies to settle payments for Russia's crude oil imports in Chinese yuan, according to reports from Bloomberg on Friday.
- Between April and September, OPEC's share of India's oil imports hit a record low, with the country more than doubling its purchases of Russian crude during that period, according to data from industry and trade sources compiled by Reuters.
- A U.S. Navy warship deployed in the Red Sea intercepted three missiles that were reportedly fired from Yemen. This incident has raised concerns that the missiles might have been directed toward Israel.
- Due to the escalating Gaza conflict, Israel is redirecting its crude oil imports from the main Mediterranean terminal to its Red Sea port. An oil tanker is reportedly en route to the Red Sea port to avoid becoming a potential target in the ongoing conflict.
- Gazprom is in the process of designing the infrastructure for a new natural gas pipeline from Russia's Far East to China.
- Although Europe is in a more favorable energy supply situation compared to last year, Equinor, the Norwegian energy company, cautions that energy markets will remain susceptible to volatility. This volatility is primarily driven by weather conditions and the anticipation of growing competition from Asia for LNG, which could lead to higher prices.
- If the temporary U.S. easing of oil sanctions on Venezuela becomes permanent, analysts polled by Bloomberg anticipate that the country could increase its crude oil production by 25% from current levels. This suggests that Venezuela might be able to significantly boost its oil output under more favorable sanctions conditions.

Iran Bitumen News

- Over the course of the past week, the commodity exchange saw the introduction of approximately 190,000 tons of vacuum bottom. The interesting point is that this offering generated a demand of roughly 152,000 tons, indicating a significant 40% reduction compared to the prior week. As we pay attention to the current week, we observe an additional 17,000 metric tons added to the supply. Nevertheless, given the preexisting demand volume, not all of the vacuum bottom found buyers. The weekly fluctuations displayed a range from -5.4% to -0.1% change. This increase in supply, as compared to the previous week, can be attributed to a surge in supply volume from refineries in Arak, Bandar Abbas, and Shiraz. The price of vacuum bottom originating from the Bandar Abbas refinery registered the most notable decline, experiencing a 5.4% decrease. Furthermore, the relative price between vacuum bottom and export-grade bitumen in the commodity exchange, previously at 88%, ascended to 90% during this week. Considering the average dollar value of vacuum bottom, based on the free market exchange rate (reflecting the rate at the time of news retrieval), it reached \$263. In contrast, relying on the market exchange rate, the average value stood at \$328.
- In the recent session at the Iran's international commodity exchange, an estimated 81,000 metric tons of bitumen were put up for trade, marking a notable increase compared to the preceding week, which had seen a supply of 48,000 tons. It worth mentioning that this week's offering was only about 600 metric tons less than the average of monthly volume. This expansion in supply can be chiefly attributed to the active involvement of significant industry players, including Isfahan Jey Oil, Bandar Abbas Jey Oil, and Pars Behin Gheshm Oil Refinery. In addition, despite the aggregate offering amounting to approximately 65,420 metric tons, the trading activity remained subdued, mainly due to demand not keeping pace with the ample supply. Regarding the standardization of transactions in the commodity market and considering the exchange rate of the free market at the time of this report, the pricing was approximately in the range of \$285 to \$309 per metric ton for Isfahan Jey Oil Bulk Bitumen. Meanwhile, Bandar Abbas Pasargad Oil was quoted at around \$329 per metric ton for bulk and \$379 per barrel for drum bitumen. Additionally, Arak Pasargad Oil was valued at approximately \$287 per metric ton. The Qeshm Island-based Pars Behin Gheshm Oil Refinery's bitumen was transacted at a rate of approximately \$299 per metric ton.
- As per the report by the Union of Petroleum Exporters, the executive decree aimed at countering illicit trade in goods and foreign currency has returned to its previous protocol concerning the "restriction on exporting petroleum products via flexi-tanks."
- During the past week, the Chairman of the Board of Directors of the Union of Petroleum, Gas, and Petrochemical Product Exporters disclosed that exports from union members in the bitumen, hydrocarbon, and oil sector had reached a substantial \$2.6 billion within the first six months of this year. He noted that, within the same period, the country had seen a total of nearly \$22 billion in exports and \$30 billion in imports. The chairman also expressed the belief that with the proper design of the government's currency repatriation policies, these economic imbalances could be effectively addressed.
- During a discussion on "Foreign Exchange Contracts: For or Against Exports?" with the Central Bank representative, the concerns of private sector participants regarding foreign exchange transactions were addressed. Hossein Tajik, the Director of Foreign Exchange Allocation at the Central Bank, acknowledged certain challenges in the repatriation of foreign exchange earnings resulting from exports. He clarified that the Central Bank has outlined five distinct methods for repatriating these earnings, and all exporters, except for quasi-governmental entities, have the opportunity to make use of them. Tajik indicated that there are no inherent issues with the process of foreign exchange repatriation, and he emphasized that one particularly noteworthy proposal under consideration is the utilization of foreign exchange earnings for investment purposes. Additionally, he pointed out that, in some specific scenarios, the Central Bank does not impose any constraints, offering exporters more flexibility in their financial operations.
- Last week, the Director-General of Mining Industries at the Ministry of Industry, Mine, and Trade raised a critical issue. He revealed that the Administrative Justice Tribunal had put a halt to the one percent export duties on mineral products. Given the unfavorable market conditions, the primary goal is to prevent the imposition of additional levies. He further emphasized that it is illogical and counterproductive to sell essential raw materials needed domestically, especially when these materials play a role in completing the local production chain.

Analysts Comments

J.P.Morgan

Demand destruction will outweigh a wider Mideast conflict in oil markets, JPMorgan says. Though there's room for concern that the Israel-Hamas war could expand into a broader Middle Eastern clash, it's unlikely that this would fuel a prolonged oil price spike, analysts said. "Even if the fighting spreads beyond Israel and the Palestinian territories, it is unlikely to result in a prolonged oil price spike" they predicted. "There are tangible signs that high oil prices amplified by surging borrowing costs and depreciating EM currencies began to erode fuel consumption." Oil demand in Taiwan, Thailand, Japan, and South Korea has fallen, while total crude imports into Pakistan, Bangladesh, and Sri Lanka are also down, according to JPMorgan. JPMorgan saying that Israel, Iran, the US, Saudi Arabia, and the UAE have strong incentives to keep conflict contained.

- **A**mid the tumult, investor Steve Eisman, known for his bet against collateralized debt obligations backed by soured mortgages ahead of the 2008 crisis, shared his market outlook with the The Wall Street Journal. He was one of a handful of investors who famously profited via prescient bets that the housing market was in a bubble that was about to burst. But now, with low home inventory, mortgage rates at 8%, and borrowing costs climbing, he said there is no housing crisis looming on the horizon. He's instead turned his focus to the debt market, the Journal reported, and he's buying bonds for the first time in his career. To play the government's big spending spree, he's leaning into an investment thesis he calls "revenge of the old school." So-called "old economy" stocks, in his view, include names in construction, utilities, and materials. Meanwhile, he's not looking to buy bank stocks or hypergrowth stocks. He thinks that era of investing is over.
- **B**ut there is reason for optimism, as some of the woes seen in the recent earnings results of transport companies could be temporary " J.B. Hunt President Shelley Simpson said on Tuesday. A steady decline in transportation stocks is sending a worrying signal about the broader stock market and its chances to stage a year-end rally. The Dow Jones Transportation Index fell below its early-October support level this week and hit its lowest level since mid-June on Friday. The index is down 14% since its late July high. The decline is worrying because transportation stocks are viewed as a leading indicator for both the stock market and economy, as these companies are tasked with moving goods and people across the country, which is vital to ongoing economic growth. The ongoing decline in transport stocks was exacerbated this week following underwhelming earnings results from airline and trucking companies.
- **B**illionaire investor Leon Cooperman says the S&P 500 won't hit a new high for years – and house prices will probably fall. Home values have been shored up by a decadeslong shortfall in the number of new homes built each year. Prospective sellers have also balked at listing their homes and taking on a new mortgage when 30-year rates are about 8%, compared with about 3% at the start of 2022. The veteran investor said he expected home prices to fall due to the current affordability crisis . Many buyers aren't willing or able to pay top dollar for their next home and take on a painfully high monthly mortgage payment.

Loading Report

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

Oct 14 - Oct 20								
Jetty No.								Total Amount
Vessel Name	PG1	PG3	PG4	PG5	PG6	PG9		
MT G B	9,000							9,000
MT I	8,000							8,000
MT G C		7,000						7,000
MT S X			4,000					4,000
MT A			5,000					5,000
MT I			5,300					5,300
MT M			10,000					10,000
MT A 1				4,500				4,500
MT G G					2,500			2,500
MT S					2,500			2,500
MT B S					3,500			3,500
MT A						8,000		8,000
MT M						3,500		3,500
MT C						7,000		7,000
Total Amount	79,800	17,000	7,000	24,300	4,500	8,500	18,500	79,800

Oct 14 - Oct 20 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 L	KHOR AL ZUBAIR, IRAQ	AL BASRAH ANCH., IRAQ	PERSIAN GULF
2	MT S	MUSCAT, OMAN	KHOR AL FAKKAN, UAE	OMAN GULF
3	MT R 1	HAMRIYA, UAE	AL BASRAH, IRAQ	PERSIAN GULF
4	MT K	HAMRIYA, UAE	AL MAQAL	PERSIAN GULF
5	MT S	MANGALORE, INDIA	PIPAVAV ANCH., INDIA	WEST COAST INDIA
6	MT A	KHOR AL FAKKAN ANCH., UAE	BASRAH, IRAQ	OMAN GULF
7	MT B S	KHOR AL FAKKAN, UAE	KARWAR, INDIA	PERSIAN GULF
8	MT I	KHOR AL ZUBAIR, IRAQ	FUJAIRAH, UAE	PERSIAN GULF



Mercantile Exchange VB Transactions

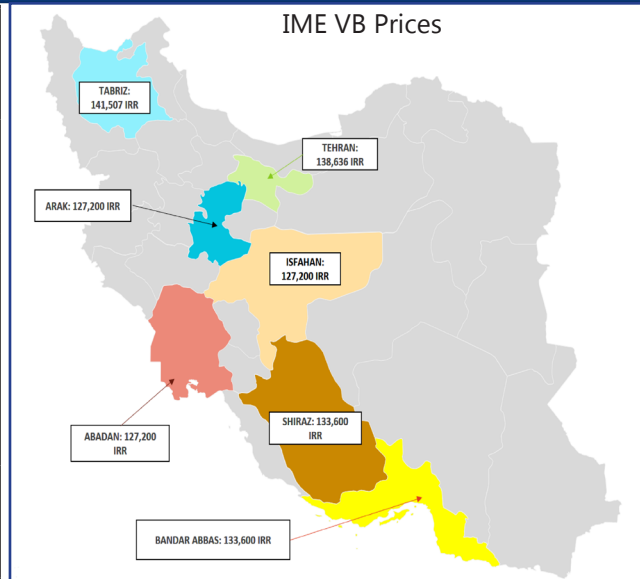
Supplier	Open		Close			Supply Volume		Demand	Transaction Volume (MT)		
	Oct 14 - Oct 19	Oct 07 - Oct 12	Oct 14 - Oct 19	Oct 07 - Oct 12	Change	Oct 14 - Oct 19	Monthly Average	Oct 14 - Oct 19	Oct 14 - Oct 19	Oct 07 - Oct 12	Last Month
Tabriz Refinery	127,200	127,200	141,507	144,330	-2.0%	10,000	9,600	18,200	10,000	10,000	50,000
Tehran Refinery	127,200	131,777	138,636	141,652	%2.1-	15,000	14,600	28,550	15,000	18,000	68,000
Shiraz Refinery	133,600	133,600	133,600	133,750	-0.1%	15,000	10,000	7,500	3,000	10,000	29,000
Esfahan Refinery	127,200	127,200	127,200	130,211	-2.3%	70,000	71,000	44,100	8,100	0	218,600
Abadan Refinery	127,200	127,200	127,200	127,200	0.0%	15,000	12,000	7,000	2,000	14,000	37,000
Bandar Abbas Refinery	133,600	133,600	133,600	141,294	-5.4%	50,000	50,000	29,000	14,000	40,000	187,000
Arak Refinery	127,200	127,200	127,200	133,161	-4.5%	15,000	12,000	17,800	6,800	10,000	51,800
Total						190,000	179,200	180,700	58,900	120,000	641,400

Export Bitumen Transactions

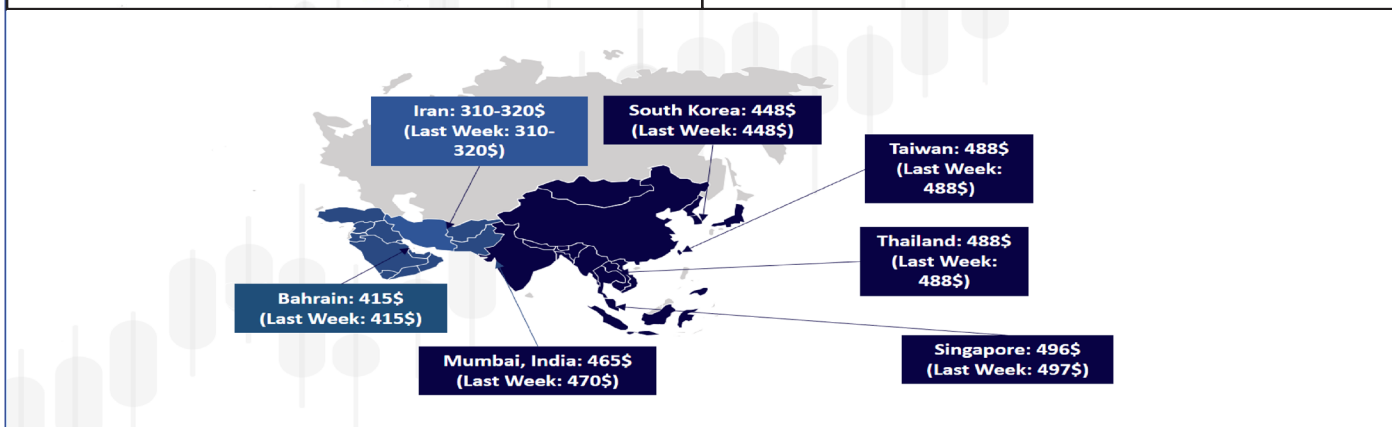
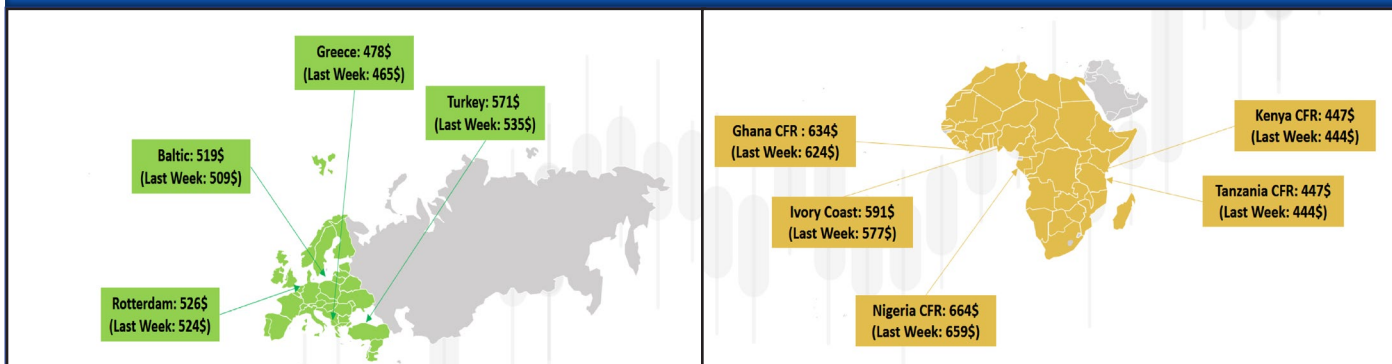
Supplier	Open		Close			Supply Volume		Demand	Transaction Volume (MT)		
	Oct 14 - Oct 19	Oct 07 - Oct 12	Oct 14 - Oct 19	Oct 07 - Oct 12	Change	Oct 14 - Oct 19	Monthly Average	Oct 14 - Oct 19	Oct 14 - Oct 19	Oct 07 - Oct 12	Volume Change
Jey Oil - Esfahan - BEX	146,000	150,000	146,019	0	-	13,000	5,600	8,750	7,250	0	25,250
Jey Oil - Esfahan - BEX	145,000	0	145,000	0	-	7,000	4,000	6,100	6,100	0	16,100
Jey Oil - Esfahan - BEX	158,500	0	158,500	0	-	10,000	2,200	500	500	0	10,900
Jey Oil - Esfahan - BEX	0	162,000	0	162,000	-	0	5,400	0	0	5,000	17,000
Jey Oil - Esfahan - GEX	173,000	180,000	173,000	0	-	12,000	3,400	4,620	4,620	0	4,820
Jey Oil - Bandar Abbas - GEX	173,000	0	0	0	-	4,000	2,400	0	0	0	12,000
Pasargad Oil - Bandar Abbas - BEX	169,000	169,500	169,000	169,501	-0.3%	5,000	13,600	100	100	10,000	47,600
Pasargad oil - Bandar Abbas - GEX	194,500	195,666	194,500	195,666	-0.6%	2,000	2,800	500	500	3,000	5,500
Pasargad Oil Abadan	154,500	154,500	0	0	-	14,000	21,000	0	0	0	60,600
Pasargad Oil Tabriz	164,000	165,750	164,000	0	-	1,000	2,400	1,000	1,000	0	4,700
Pasargad Oil Tehran BEX	0	0	0	0	-	0	400	0	0	0	850
Pasargad Oil Arak Bex	147,000	151,000	147,000	151,000	-2.6%	3,000	5,400	3,850	1,850	1,500	11,550
Pars Behin Qeshm Oil	139,551	0	153,583	0	-	10,000	13,000	40,000	10,000	0	65,000
Total						81,000	81,600	65,420	31,920	19,500	281,870

Bitumen & Jumbo Bag Prices

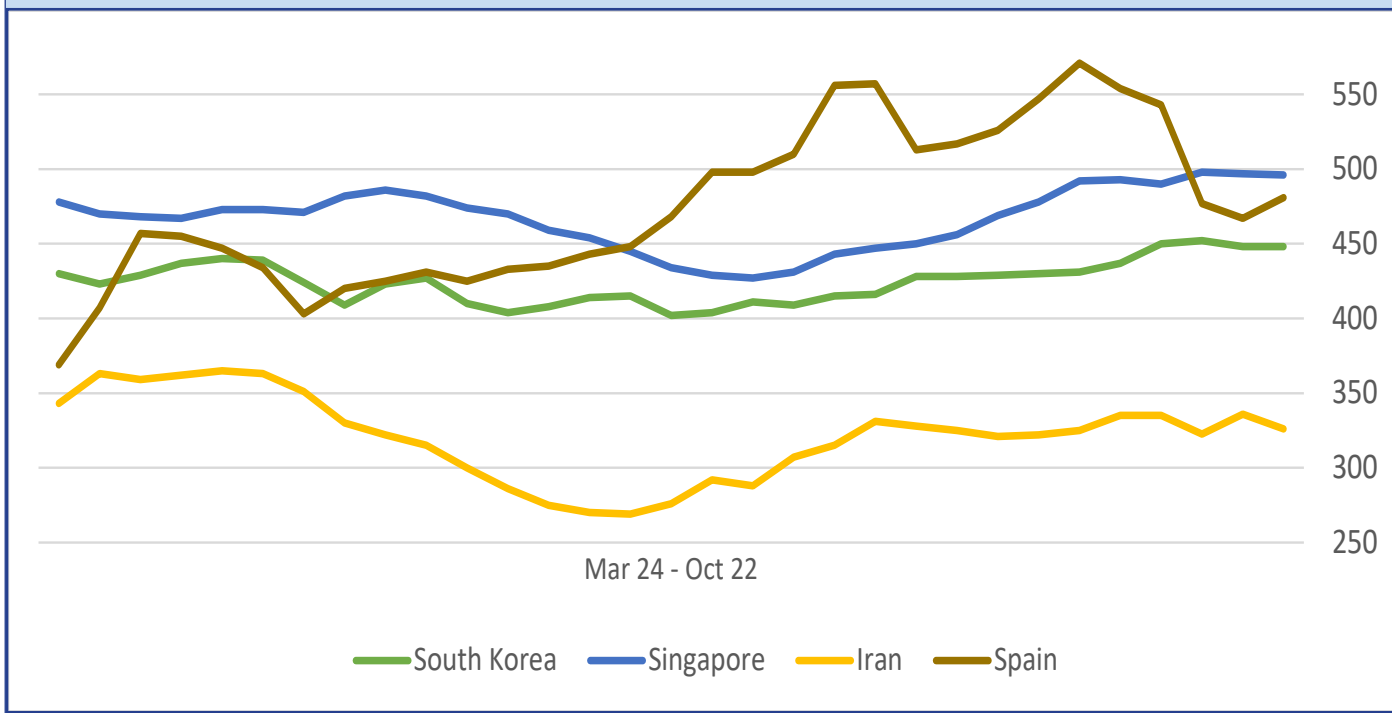
Product	Oct 14 to Oct 19	Product	Oct 14 to Oct 19
Drum FOB Private	390-400	Bulk FOB Private	310-320
Drum FOB Embossed	390-400	Bulk FOB Governmental	310-320
Jumbo Bag Private	370-380	Jumbo Bag Governmental	-
Bulk Ex-Work Isfahan	340	Bulk Ex-Work Tabriz	340



Global Bitumen Prices



Prices Chart



Freight Rate



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Last Update: Two Weeks Ago



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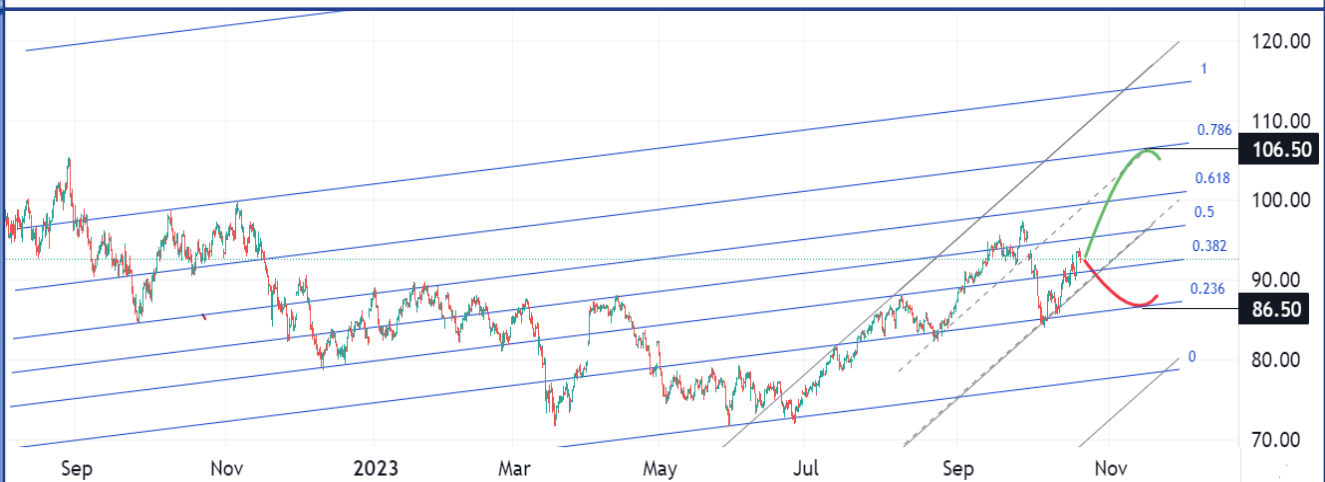
From	To	Rate (\$)	To	Rate (\$)	To	Rate (\$)	Capacity - Foot
Bandar Abbas	Nhava Sheva	325	Dar es Salam	1100	Surabaya	585	20
	Kandla	370	Djibouti	1250	Belawan	600	
	Mundra	325	Berbera	1750	Semarang	800	
	Haldia	1100	Sudan	1550	Jakarta	750	
	Chittagong	1150	Ningbo	250	Singapore	850	
	Colombo	1000	Shanghai	250	Ho Chi Minh	581	
	Port Klang	300	Qingdao	250	Haiphong	650	
	Jebel Ali	70	Tianjin	350	-	-	
Mombasa	1100	Aden	1550	-	-		

Oil Analysis

Daily Timeframe



2-hour Timeframe



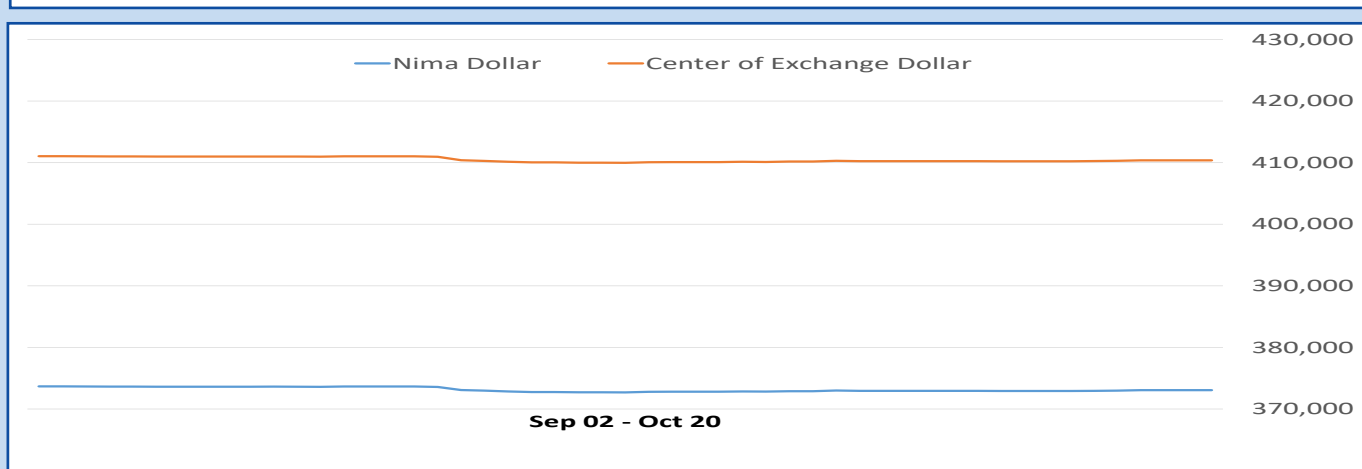
Technical Analysis

In the past week, the price of crude oil experienced a notable surge, breaking the \$90 per barrel mark. This price hike was primarily attributed to the heightened geopolitical risks in the region. If these geopolitical risks persist, there is a potential for oil prices to further climb, possibly reaching up to \$105 per barrel in the short term. This price range is significant, serving as a pivotal resistance level in both short-term and long-term charts. To breach this level, it would likely necessitate a renewed reduction in oil supply or the occurrence of significant new geopolitical developments. The short-term chart still adheres to the Fibonacci framework, delineating the undulations in crude oil prices. Last week, with the amplification of geopolitical risks, the price not only surpassed the 38.2% resistance level but also approached the 50% resistance level.

Fundamental Analysis

In the past week, crude oil prices exhibited a modest increase of approximately 2%. This uptick can be attributed to heightened geopolitical concerns, especially regarding the ongoing regional tensions involving Israel and Hamas. Notably, the announcement from the Pentagon about an escalation in drone strikes targeting American interests in Iraq and Syria, along with reports of a US warship being targeted by Houthi rebels en route to Israel, significantly contributed to the surge in oil prices. Furthermore, the recent statements made by Iran's Foreign Minister, Hossein Amir-Abdollahian, and the potential for new regional crises have prompted leaders of several Middle Eastern nations, including Turkey, Saudi Arabia, and Jordan, as well as the foreign ministers of France and the UK, to actively engage in diplomatic efforts aimed at stabilizing the situation. Such diplomatic initiatives have the potential to exert downward pressure on crude oil prices. Another influential factor impacting oil prices is the United States' decision to ease sanctions on Venezuela. However, industry experts suggest that this action is unlikely to yield a substantial increase in oil supply, estimated at a mere 200,000 additional barrels per day, and may not significantly affect the oil market. Moreover, concerns about the financial stability of markets have intensified, particularly after the S&P 500 index in the United States reached its lowest point in the past two weeks. Such market dynamics could potentially trigger abrupt price fluctuations in response to escalating supply risks. Additionally, data reveals that US crude oil production remained steady at a record 13.2 million barrels per day during the week ending October 13. Weekly data from Vortexa similarly indicated minimal alterations in the seaborne crude oil weight, signifying a degree of supply stability in the market.

Exchange Rate - USD/IRR



Description	Date	10/20/2023	10/19/2023	10/18/2023	10/17/2023	10/16/2023	10/15/2023
Iran Center of Exchange Dollar Remittance	Change	373,060	373,060	373,059	373,061	372,990	372,955
	Weekly Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Iran Center of Exchange Dollar	Change	410,366	410,366	410,365	410,367	410,290	410,251
	Weekly Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Free Market Dollar	Change	512,000	512,000	513,000	510,000	503,500	508,500
	Weekly Change	-0.7%	-0.7%	-0.7%	-2.5%	-4.5%	-3.0%

US Dollar Exchange Rate



USD/CNY



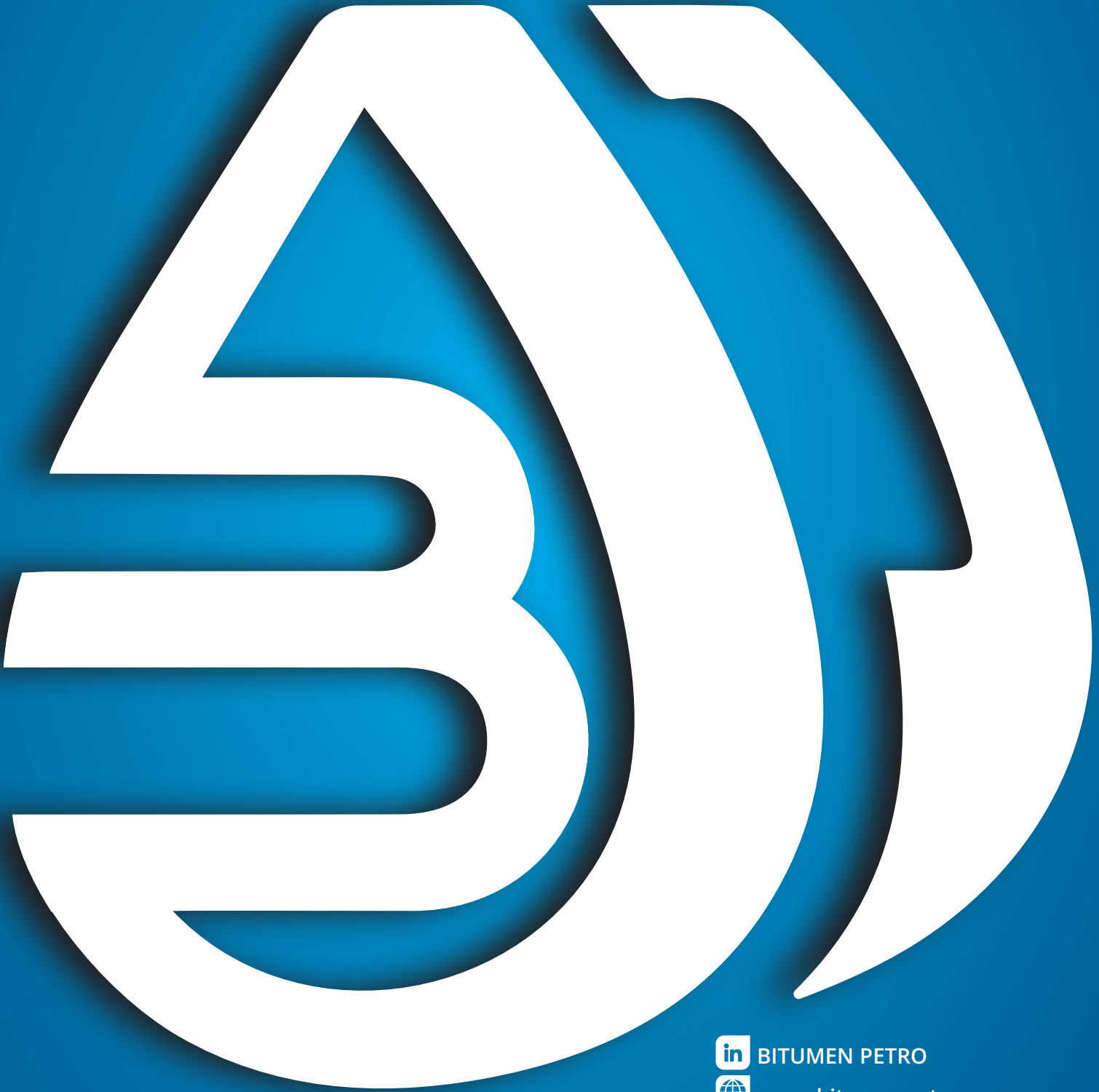
USD/INR



USD/EUR



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