

WEEKLY REVIEW OF BITUMEN MARKET IN IRAN & THE WORLD



Bitumen Petro Co.

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Highlights

- In the current market scenario, Asian LNG buyers have adopted a cautious approach by refraining from active participation in the spot market. Their strategy is based on the anticipation that the recent surge in natural gas prices, sparked by the Hamas attack on Israel, will eventually ease. This decision is influenced by the observation that inventory levels are relatively comfortable for this time of the year, prompting a more reserved stance among these buyers.
- In September, China witnessed an increase in its crude oil imports when compared to the same month in 2022. Furthermore, other energy commodity imports displayed resilience, and the country achieved its highest monthly import volumes of unwrought copper for the year. This pattern suggests ongoing strength in China's energy and copper imports.
- During the 6th Russian Energy Week International Forum, Iran and Russia inked a memorandum of understanding related to the oil and gas sector.
- In the transition from August to September, there was a 0.4% increase in the U.S. consumer prices, signifying a deceleration compared to the previous month. However, core inflation, which focuses on essential items, remained elevated. Interestingly, it was housing prices, not gasoline, that made the most significant contribution to the overall rise in prices during this period.
- OPEC reported that its crude oil production increased in September when compared to the previous month, as detailed in the group's most recent Monthly Oil Market Report (MOMR) published on Thursday.
- OPEC has stated that global oil demand is expected to increase by 2.4 million barrels per day (bpd) this year and an additional 2.2 million bpd in the following year. This growth is attributed to an improving Chinese economy. It's worth noting that OPEC has maintained its demand forecast for both 2023 and 2024, despite concerns about economic slowdowns and potential demand reduction.
- Russia's commitment to reduce its oil exports by 300,000 barrels per day (bpd) encompasses not only crude oil but also oil products. This statement from Russian Deputy Prime Minister Alexander Novak has raised questions about the exact amount of oil supply that Russia is withholding from the market, adding some uncertainty to the situation.
- After the recent attack by Hamas on Israel, the United States has the potential to re-impose a freeze at any moment on the \$6 billion allocated for humanitarian purposes to Iran. This \$6 billion was initially part of a prisoner swap agreement reached last month.
- The American Petroleum Institute (API) has released data indicating a significant increase of 12.940 million barrels in U.S. crude oil inventories, marking a notable shift from the 4.210-million-barrel draw reported in the previous week.
- During an energy conference in Moscow, Russian President Vladimir Putin announced that Russia and Saudi Arabia are highly likely to extend production cuts into 2024. He also expressed concern that conflicts in the Middle East could disrupt oil exports due to increased shipping and insurance costs.

Iran Bitumen News

- In the preceding week, a total of 173,000 metric tons of Vacuum Bottom (VB) were offered in the Iran Mercantile Exchange (IME). This marked a significant increase of 107% compared to the previous week when 5,000 metric tons less were supplied. As a result of this surge in supply and increased demand, all the offered VB was successfully traded. The weekly fluctuation rate for VB ranged from a decrease of 7.5% to an increase of 3.7%. The surge in supplies was attributed to higher outputs from refineries in Tehran, Isfahan, and Abadan. Among the various types of VB, Tabriz VB saw the most significant price increase at 3.7%, contributing to the ratio between the closing price of VB and the IME's export bitumen reaching 88%. The average value of VB in the Free Market was estimated at \$258 per metric ton, while in the Center of Exchange Dollar, it reached \$323 per metric ton.
- In the Iran Mercantile Exchange's (IME) export market, there was a supply of approximately 48,000 metric tons (MT) of bitumen. This supply marked a significant decrease of 37,000 MT compared to the previous month's average. The reduced supply was attributed to a decrease in offers from various sources, including Bandar Abbas Jey Oil, Tehran Pasargad Oil, and other suppliers. The demand for this bitumen amounted to 20,500 MT, which was notably less than the total available supplies. As a result, the entire amount of offered bitumen was not traded during this period. The fluctuation of prices was influenced by the exchange rate between the free market USD and the Iranian Rial (IRR). At the time of publication, the negotiated equivalent rate for Bandar Abbas Jey Oil Bulk Bitumen was set at \$315 per metric ton. The prices for Bandar Abbas Pasargad Oil Bulk Bitumen and Drum Bitumen stood at \$329 and \$380, respectively, while the price for Arak Pasargad Oil Bitumen was \$293 per metric ton.
- A representative in the Iranian parliament, hailing from Semnan, has revealed a series of improvements in the bitumen supply process to governmental agencies. He went on to elaborate that these changes were enacted by the parliament to address concerns raised by the Guardian Council regarding the bitumen delivery process for the year 1402. Under the revised text, the Ministry of Oil is mandated to allocate an approximate sum of 200 trillion rials in crude oil from its reserves to the National Iranian Oil Company. This allocation will enable the company to provide executive bodies with monthly supplies of raw bitumen, specifically vacuum bottoms, at 50% of the prevailing market price. This implementation commences at the outset of the year 1402.
- On the tenth day of deliberations over the Seventh Development Plan for the Islamic Republic of Iran, a significant parliamentary session was held on Tuesday, October 8, 2023. This session was conducted under the leadership of Mohammad Bagher Ghalibaf, the esteemed Speaker of the Parliament. Commencing the public session, prior to diving into the intricacies of the Seventh Development Plan, the parliament members reached a consensus. This consensus centered around addressing concerns raised by the Guardian Council and the Supreme Monitoring Council. The proposed amendment pertained to the allocation of free bitumen to executive bodies, aiming to expedite the progress of the nation's civil projects.
- As per the president of the Natural Bitumen Miners Association, there is still no progress in establishing the industrial zone for natural asphalt in Gilan Gharb, despite all the emphasis and efforts made.

Analysts Comments



JPMorgan CEO Jamie Dimon sounded the alarm on a series of risks looming over global markets. "This may be the most dangerous time the world has seen in decades," he said. Dimon pointed to geopolitical turmoil, the Fed's quantitative tightening, and soaring debts. As headwinds keep stacking up against global markets, investors might be operating in the most unstable period in recent memory, according to the CEO of the world's largest bank. "This may be the most dangerous time the world has seen in decades," Jamie Dimon said in a JPMorgan earnings press release. "While we hope for the best, we prepare the Firm for a broad range of outcomes so we can consistently deliver for clients no matter the environment." Uncertainty will also grow due to rising geopolitical friction, Dimon said, with both the Ukraine and Israeli conflicts adding to pressure on energy and food markets, global trade, and international tensions.

- **A** short recession would be better for most investors than a soft landing, Frances Donald economist says. A soft-landing, stagflation scenario is worse than a short recession, a Manulife economist told CNBC. That's because a recession is the only thing that will get the Fed to cut interest rates, Frances Donald said. Some experts have predicted a recession is inevitable, while others say the US might just be able to avoid it. For her part, Donald sees a recession coming. But the bigger point is that there's a consensus the economy will have difficulty re-accelerating from this point forward, she said.
- **//** "Dr. Doom" Nouriel Roubini warned markets haven't fully priced in the conflict in Middle East. Investors expect Israel to go into Gaza and get rid of Hamas, he said, but there's still risk of broader conflict. Iran and Lebanon could get involved, and it could disrupt Gulf oil supply, he said. Markets are pricing in a baseline scenario in which "Israel occupies Gaza, it's going to get ugly, but the conflict remains contained," he said. "That's why oil prices haven't done very much." Yet, risks remain beyond the baseline outcome of Israel occupying Gaza. "If that were to be the case, of course the supply of oil from the Gulf gets disrupted and you get a spike in oil prices and then the economic impact would be huge,"
- **//** The September data for bankruptcy filings are out, and more and more companies are going bankrupt because of Fed hikes," said Apollo chief economist Torsten Sløk in a note on Friday. Bankruptcies are surging this year and on track to outstrip 2020, potentially setting up 2023 to be the worst year for corporate bankruptcies in over a decade. While inflation has indeed cooled sharply, Fed rate hikes also mean businesses have to pay more in borrowing costs because they owe more money on any floating-interest debt they have, and on any debt they refinance.

Loading Report

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

Oct 07 - Oct 13

Jetty No.	PG1	PG2	PG3	PG4	PG6	PG9	PG10	Total Amount	
Vessel Name									
MT L	4,700							4,700	
MT A	1,500							1,500	
MT S		1,000						1,000	
MT R 1			3,500					3,500	
MT K			4,300					4,300	
MT CH				3,300				3,300	
MT S				2,000				2,000	
MT B H				3,500				3,500	
MT P					4,000			4,000	
MT S					4,500			4,500	
MT A					6,000			6,000	
MT AA						2,000		2,000	
MT B S						3,500		3,500	
MT B M							2,000	2,000	
MT I							8,000	8,000	
Total Amount	53,800	6,200	1,000	7,800	8,800	14,500	5,500	10,000	53,800

Oct 07 - Oct 13 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 T	HAMRIYA, UAE	HAMRIYA, UAE	PERSIAN GULF
2	MT S	SHARJAH, UAE	SHARJAH ANCH., UAE	DUBAI AREA
3	MT B H	SHARJAH, UAE	SHARJAH, UAE	DUBAI AREA
4	MT AB V	SHARJAH ANCH., UAE	SHARJAH, UAE	PERSIAN GULF
5	MT G G	HAMRIYA, UAE	DIBBA, UAE	OMAN GULF
6	MT S	KHOR AL FAKKAN, UAE	SOHAR, OMAN	OMAN GULF
7	MT SH	KARWAR, INDIA	MUMBAI, INDIA	WEST COAST INDIA
8	MT R	FUJAIRAH, UAE	KHOR AL ZUBAIR, IRAQ	PERSIAN GULF



Mercantile Exchange VB Transactions

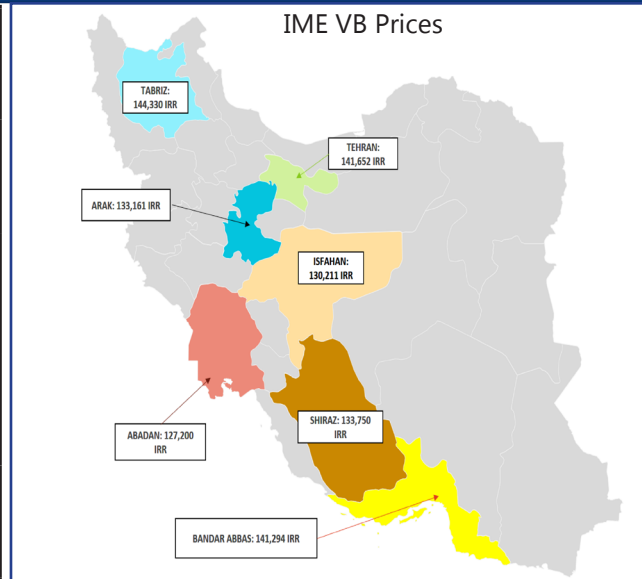
Supplier	Open		Close			Supply Volume		Demand	Transaction Volume (MT)		
	Oct 07 - Oct 12	Sep 30 - Oct 05	Oct 07 - Oct 12	Sep 30 - Oct 05	Change	Oct 07 - Oct 12	Monthly Average	Oct 07 - Oct 12	Oct 07 - Oct 12	Sep 30 - Oct 05	Last Month
Tabriz Refinery	127,200	137,500	144,330	139,183	3.7%	10,000	10,600	19,800	10,000	10,000	48,000
Tehran Refinery	127,200	137,500	141,652	140,469	%0.8	18,000	14,000	35,900	18,000	8,000	73,000
Shiraz Refinery	133,600	144,400	133,750	0	-	10,000	8,000	18,825	10,000	0	36,000
Esfahan Refinery	127,200	137,500	130,211	137,500	-5.3%	70,000	70,000	90,650	70,000	0	280,500
Abadan Refinery	127,200	137,500	127,200	137,500	-7.5%	15,000	9,000	18,000	14,000	10,000	41,000
Bandar Abbas Refinery	133,600	144,400	141,294	144,400	-2.2%	40,000	52,000	51,300	40,000	32,000	223,000
Arak Refinery	127,200	137,500	133,161	137,540	-3.2%	10,000	13,000	21,200	10,000	20,000	60,000
Total						173,000	176,600	291,575	172,000	88,000	761,500

Export Bitumen Transactions

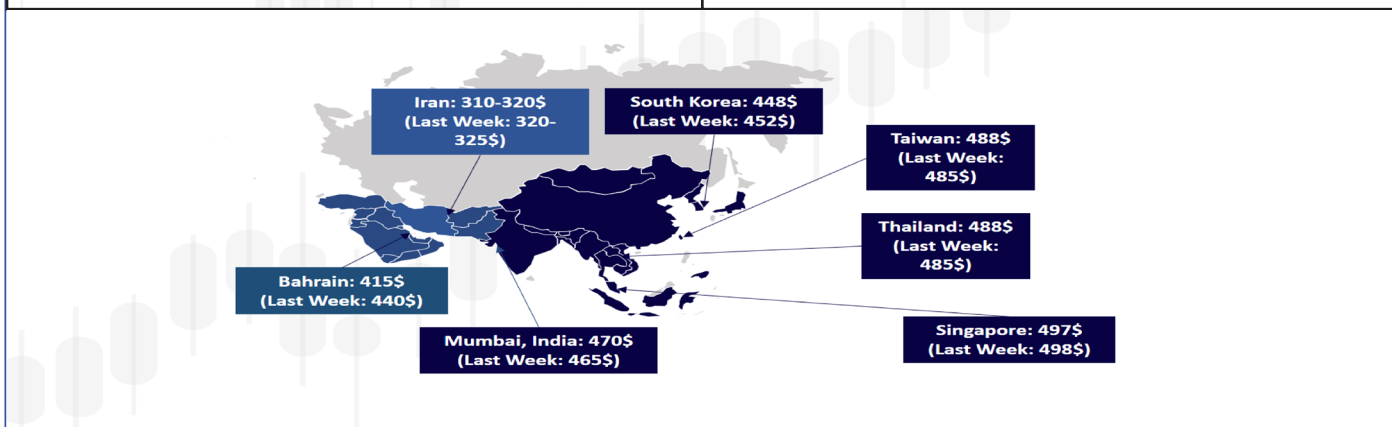
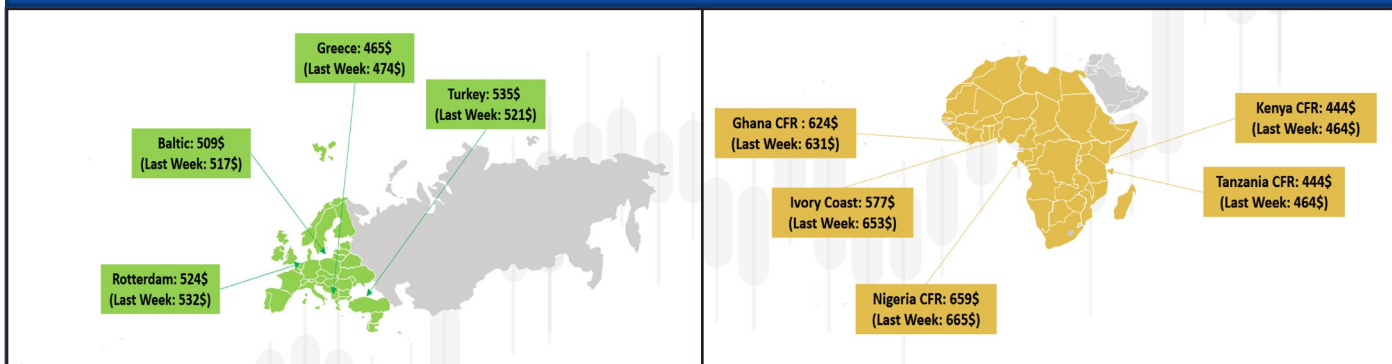
Supplier	Open		Close			Supply Volume		Demand	Transaction Volume (MT)		
	Oct 07 - Oct 12	Sep 30 - Oct 05	Oct 07 - Oct 12	Sep 30 - Oct 05	Change	Oct 07 - Oct 12	Monthly Average	Oct 07 - Oct 12	Oct 07 - Oct 12	Sep 30 - Oct 05	Volume Change
Jey Oil - Esfahan - BEX	150,000	148,500	0	148,504	-	2,000	6,600	0	0	7,000	25,000
Jey Oil - Esfahan - BEX	0	0	0	0	-	0	4,600	0	0	0	16,000
Jey Oil - Esfahan - BEX	0	0	0	0	-	0	2,200	0	0	0	10,400
Jey Oil - Esfahan - BEX	162,000	161,000	162,000	161,001	%0.6	7,000	4,000	5,000	5,000	8,000	17,000
Jey Oil - Esfahan - GEX	180,000	0	0	0	-	4,000	2,600	0	0	0	4,200
Jey Oil - Bandar Abbas - GEX	0	180,000	0	180,000	-	0	2,400	0	0	5,000	12,000
Pasargad Oil - Bandar Abbas - BEX	169,500	172,000	169,501	172,000	-1.5%	10,000	13,600	11,000	10,000	13,000	53,500
Pasargad oil - Bandar Abbas - GEX	195,666	0	195,666	0	-	4,000	2,400	3,000	3,000	0	7,400
Pasargad Oil Abadan	154,500	154,500	0	154,500	-	14,000	19,700	0	0	25,000	68,250
Pasargad Oil Tabriz	165,750	168,000	0	168,000	-	4,000	1,600	0	0	1,700	5,700
Pasargad Oil Tehran BEX	0	162,500	0	0	-	0	400	0	0	0	850
Pasargad Oil Arak Bex	151,000	151,000	151,000	151,000	-	3,000	5,200	1,500	1,500	500	9,800
Pars Behin Qeshm Oil	0	0	0	0	-	0	20,000	0	0	0	65,000
Total						48,000	85,300	20,500	19,500	60,200	295,100

Bitumen & Jumbo Bag Prices

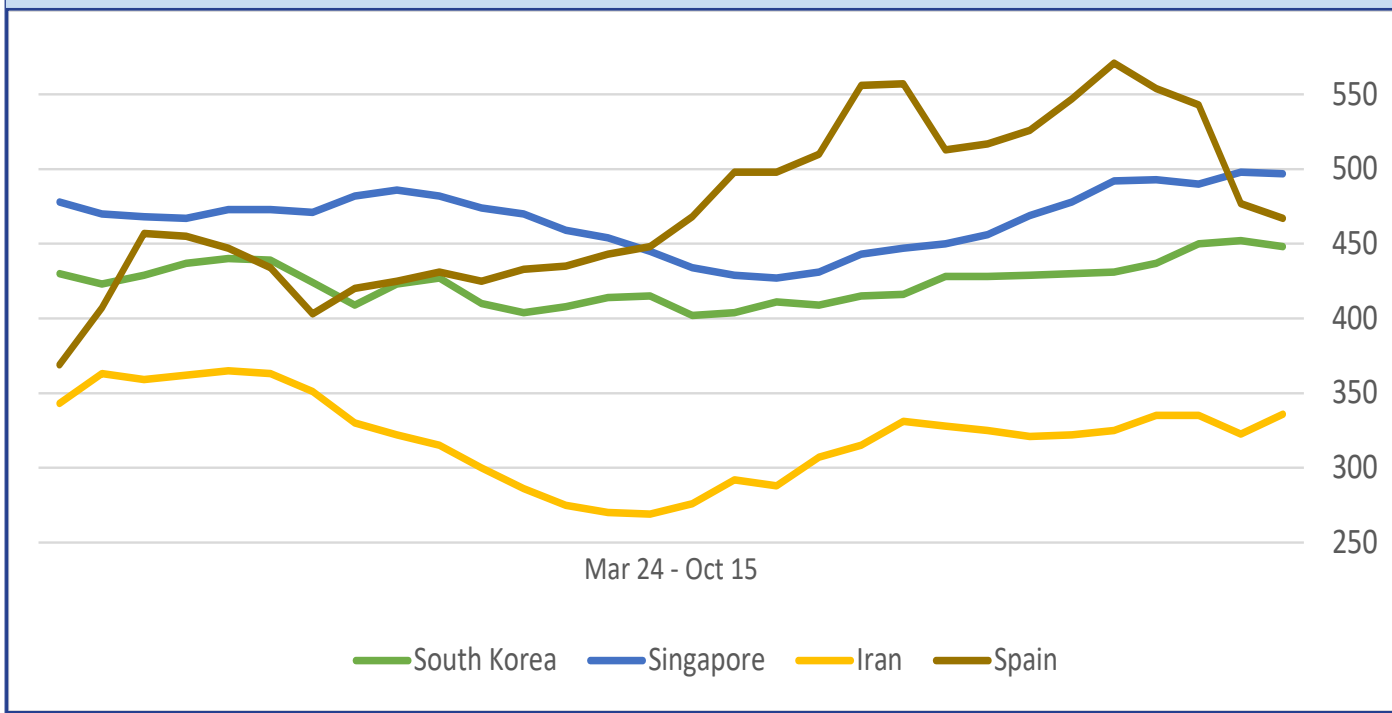
Product	Oct 07 to Oct 12	Product	Oct 07 to Oct 12
Drum FOB Private	405-415	Bulk FOB Private	310-320
Drum FOB Embossed	405-420	Bulk FOB Governmental	310-320
Jumbo Bag Private	380-390	Jumbo Bag Governmental	-
Bulk Ex-Work Isfahan	345	Bulk Ex-Work Tabriz	350



Global Bitumen Prices



Prices Chart



Freight Rate



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From	To	Rate (\$)	To	Rate (\$)	To	Rate (\$)	Capacity - Foot
Bandar Abbas	Nhava Sheva	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



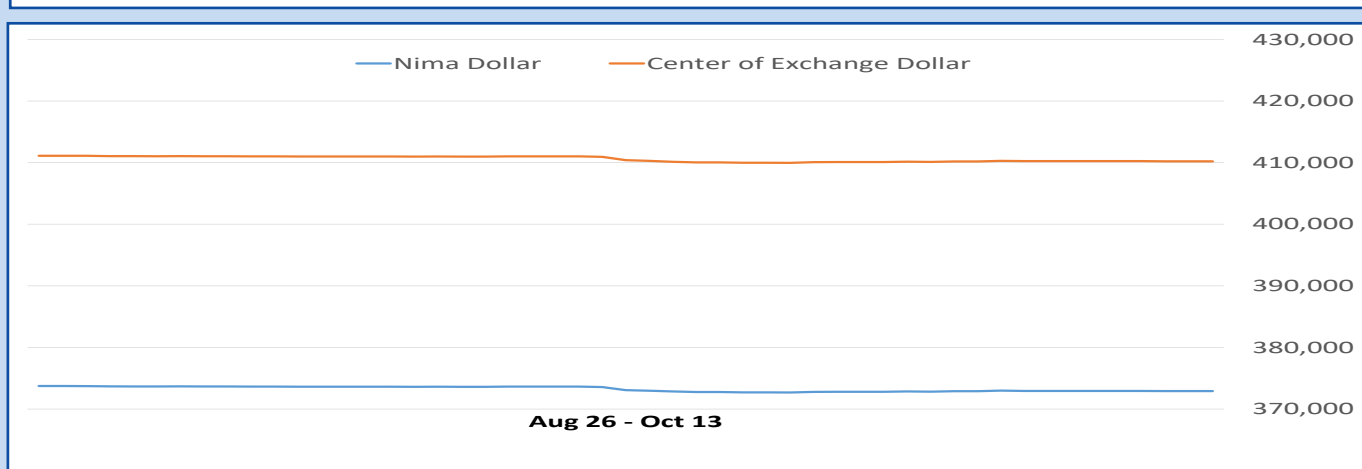
Technical Analysis

In the past week, the long-term chart for Brent crude oil prices displayed an upward trend, almost touching the critical resistance level at \$90. Analysts predict that unless geopolitical tensions related to the Israel conflict escalate, it is unlikely the price will breach this resistance. In such a case, we can expect a continuation of the recent downward trajectory towards the \$81 range. However, many experts anticipate that the possibility of intensified conflicts could propel prices beyond this resistance, potentially reaching as high as \$104 per barrel. On the other hand, increased oil production in the United States and the looming specter of a recession serve as key restraining elements on the path to higher prices, making it likely that oil prices will remain well below the \$104 mark. Should conflicts de-escalate, oil prices are poised to find robust support around the \$81 range, making it improbable for prices to dip below this threshold. The short-term trend, outlined through the Fibonacci pattern, indicates a resistance level at \$101 for the upcoming week, assuming an escalation in conflicts, while suggesting a price floor at \$81.

Fundamental Analysis

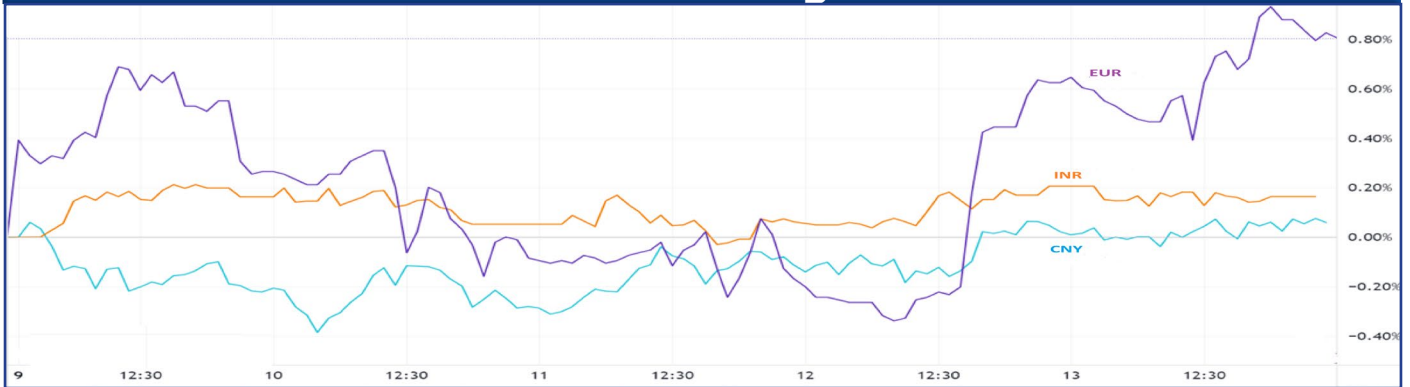
The past week witnessed a significant start for Brent crude oil trading, initially boosted by events like the Hamas attack on Israel and Iran's declaration of non-interference in the conflict. This led to a 3% price increase, stabilizing the oil price within the \$85 to \$87 range. However, towards the week's end, another conflict emerged, coinciding with escalating tensions in the Middle East. As Israel called for civilians to evacuate Gaza and with the possibility of Hezbollah's involvement, market sensitivity towards heightened supply risks increased. Traders, considering the mounting challenges in oil markets amidst the regional crisis, pushed oil prices beyond \$87 per barrel. Hezbollah's readiness to act against Israel at the "appropriate time" raised concerns about Iran's involvement in the conflicts and amplified risks. While the market experienced a temporary dip on Thursday due to the announcement of Saudi Arabia and Russia extending their crude production cuts until year-end and the 10 million barrel increase in U.S. oil inventories, analysts continued to take the ongoing risks seriously. New data showed that OPEC's crude oil production remained relatively stable in September, with a daily increase of 50,000 barrels, reaching about 30 million barrels per day. Vortexa's weekly data from last week revealed a 15% decrease in crude oil volumes residing on vessels for at least one week worldwide, marking a 10-month low at 70.04 million barrels. Additionally, recent data indicated a 2.3% surge in U.S. crude oil production in the week ending October 6, reaching a record high of 13.2 million barrels per day, surpassing the previous months, which were below 13 million barrels per day. In addition to the Israel conflict, the initiation of initial sanctions against oil tanker owners charging Russia's oil above price ceilings could introduce further risks to the market.

Exchange Rate - USD/IRR



Description	Date	10/13/2023	10/12/2023	10/11/2023	10/10/2023	10/09/2023	10/08/2023
Iran Center of Exchange Dollar Remittance	Change	372,926	372,926	372,926	372,946	372,947	372,949
	Weekly Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Iran Center of Exchange Dollar	Change	410,219	410,219	410,219	410,241	410,242	410,245
	Weekly Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Free Market Dollar	Change	515,500	515,500	516,500	523,000	527,500	524,300
	Weekly Change	3.1%	3.1%	4.1%	5.4%	6.3%	5.8%

US Dollar Exchange Rate



USD/CNY



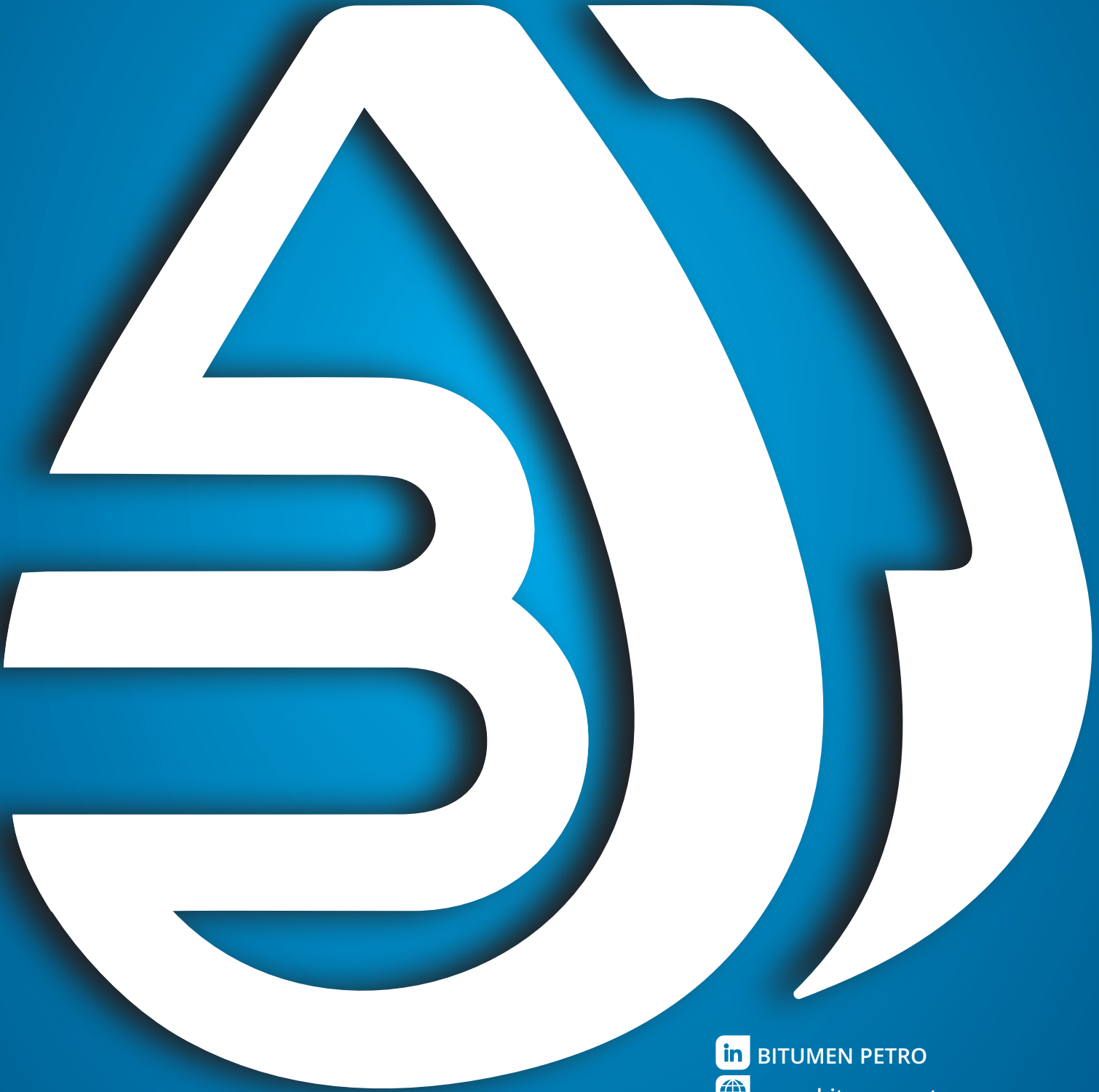
USD/INR



USD/EUR



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