VORTEXA

IE Week Market Outlook
February 2022

Energy Markets Update 2022

Tightness in crude and products, spare capacity in shipping

Key Takeaway

The oil market is running short of spare capacity

- OPEC+ exports remain range-bound for fourth month in a row
- The lack of freely available capacity is also a big issue in refining

New grassroot refineries and potential supply comebacks from US shale and Iran may alleviate the situation, but not before H2 2022

In the meantime, up- and downstream players may struggle to meet demand, giving room to further price/margin increases, risking (or possibly requiring) demand destruction on the way

- Demand upside for fuel oil and jet, concerns on naphtha/LPG
- Gasoline taking lead from diesel
- Refining maintenance and outages to be closely watched

The system is operating at the limit, making further stockdraws unlikely and questioning the relationship with market structure

In difference to crude and product, tanker markets show ample capacity and poor pricing

This presentation has been compiled under the guidance of

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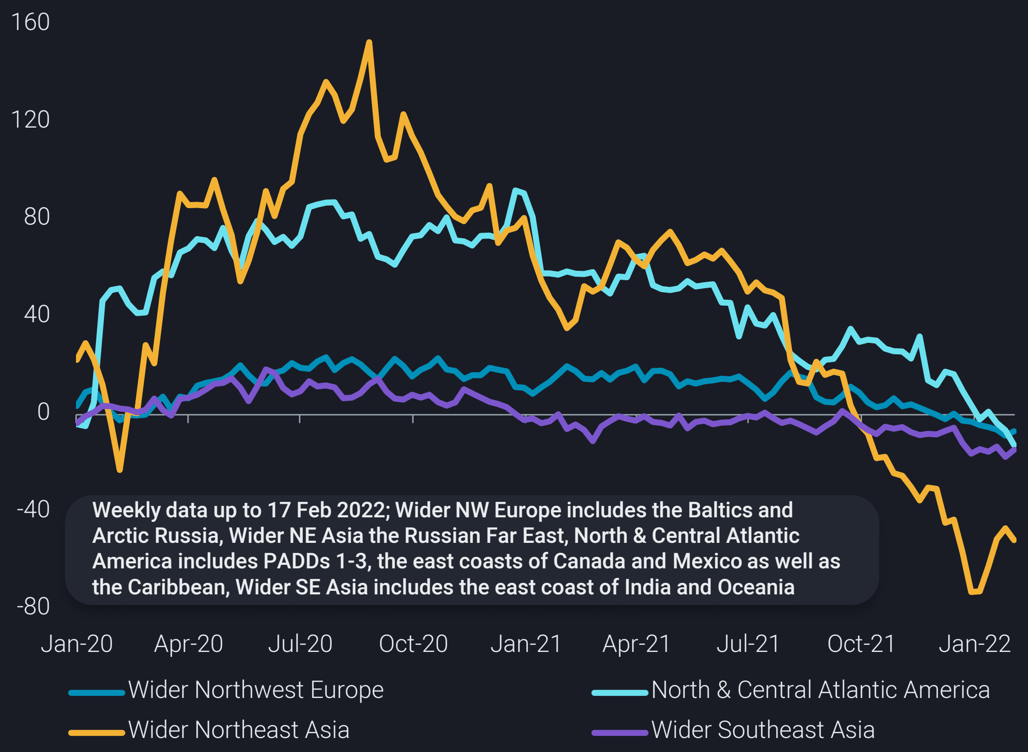
Chief Economist

Global crude inventories may have reached a bottom, questioning the relationship with market structure from here on

Floating-roof crude inventories - China vs Rest of World (mb)

[Get live data on platform]

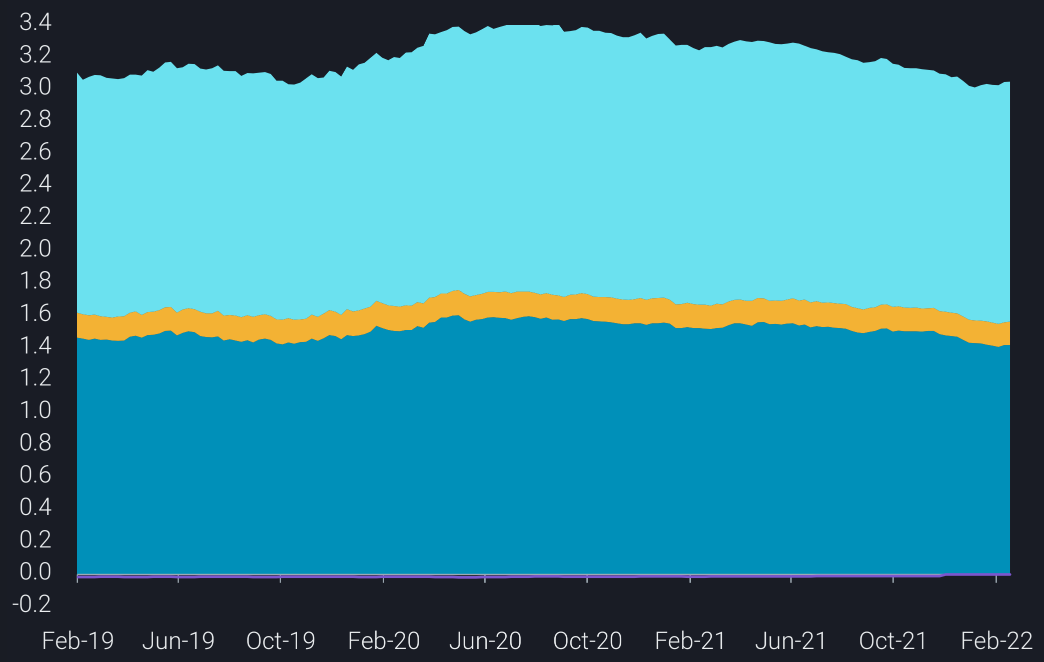
Cumulative crude inventory changes vs end 2019 by selected regions (mb)



[Get live data on platform]

Vortexa inventory coverage goes far beyond alternative sources

Vortexa crude inventories (billion barrels) - coverage vs. JODI/IEA data



Countries without any JODI coverage (60) Countries with partial JODI data (13)
Countries with complete JODI data (39) Not covered (Equatorial Guinea, Finland)

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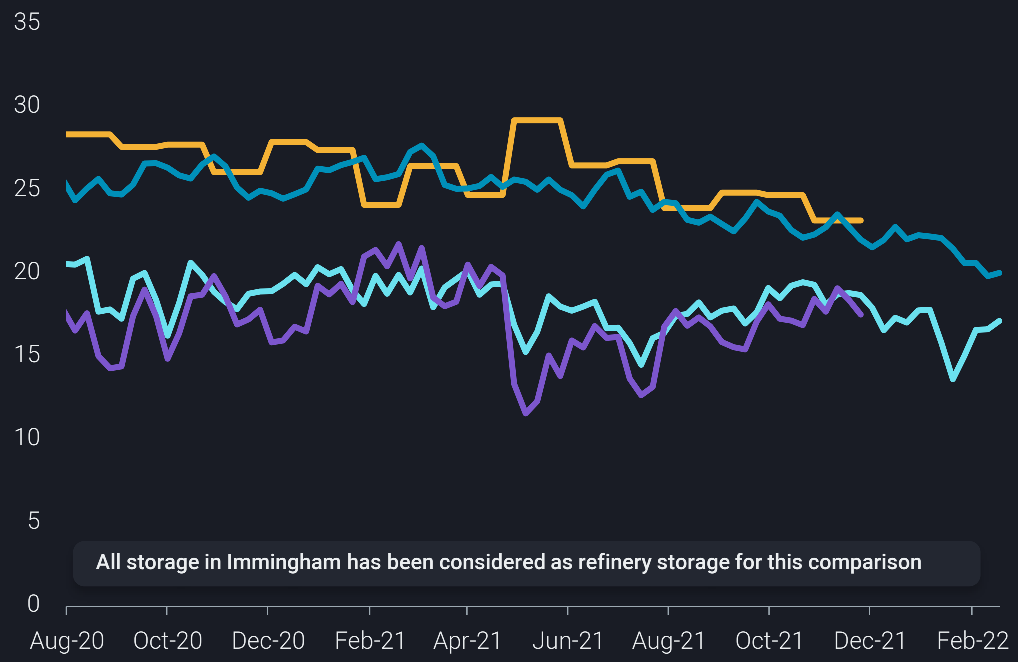
United Kingdom crude inventories: Vortexa data by storage type & benchmarking vs JODI/IEA data (mb)



JODI/IEA storage Vortexa commercial storage
Gap Vortexa minus JODI/IEA Vortexa refinery storage

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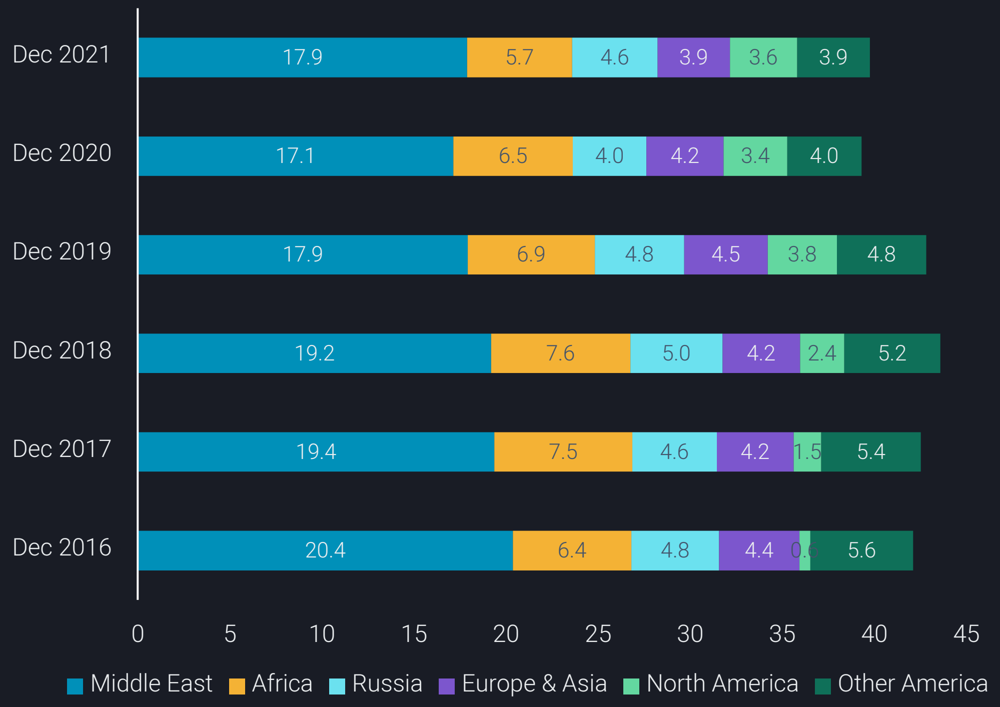
Most producers incl. OPEC+ battle against structural decline, eating up spare capacity quickly

Evolution of global crude exports by region (mbd)



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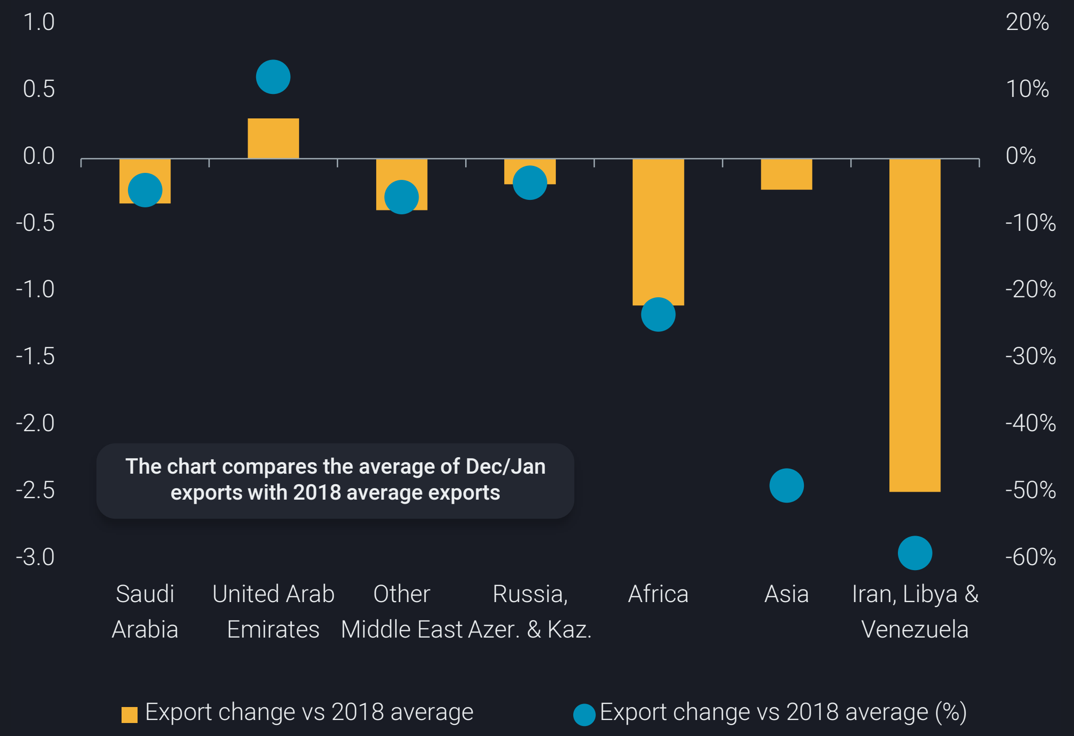
Change in OPEC/OPEC+ crude oil exports - Dec/Jan vs 2018 average (kbd, LHS vs %, RHS)



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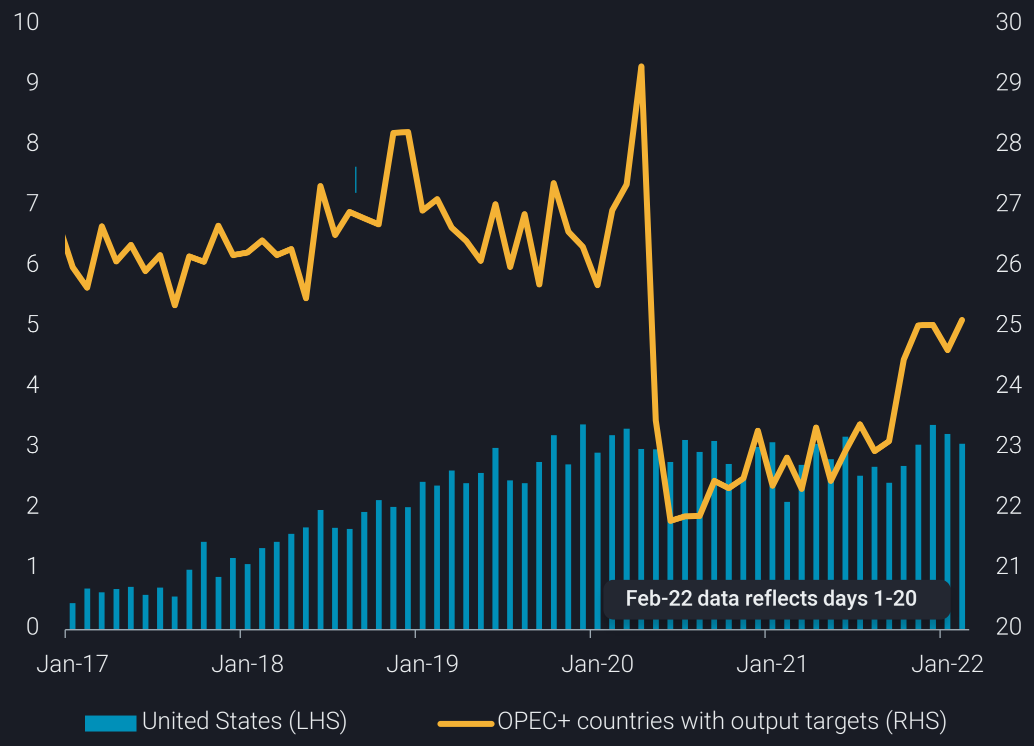
US shale is unlikely to fully offset OPEC+ shortfalls

Crude oil exports – US vs OPEC+ (19 countries with production targets) (mbd)



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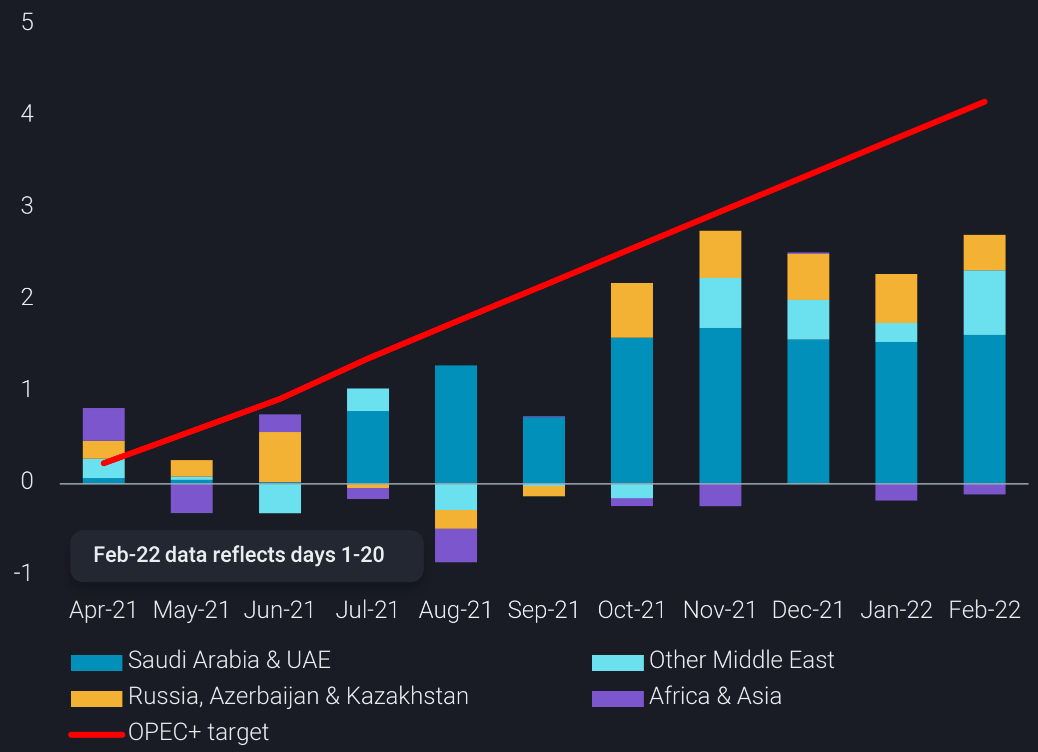
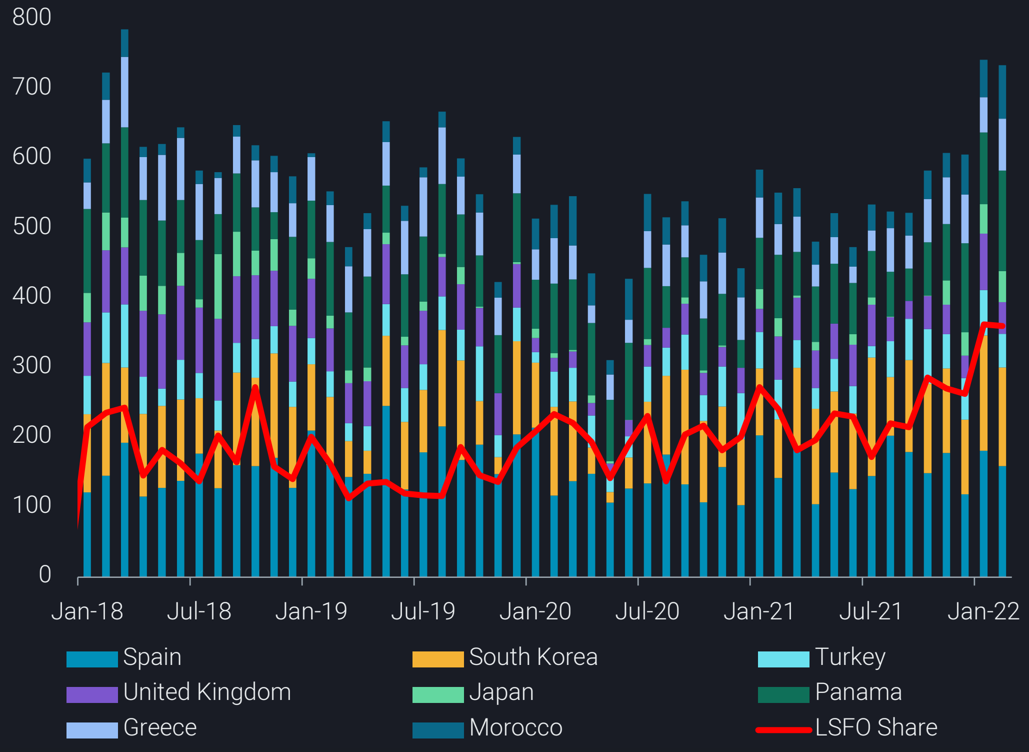
OPEC+ (19 countries) exports and production target vs Q1 2021 average (mbd)



[Get live data on platform]

Fuel oil: Power and bunker demand show signs of strength

Fuel oil imports into selected countries & LSFO share (kbd)



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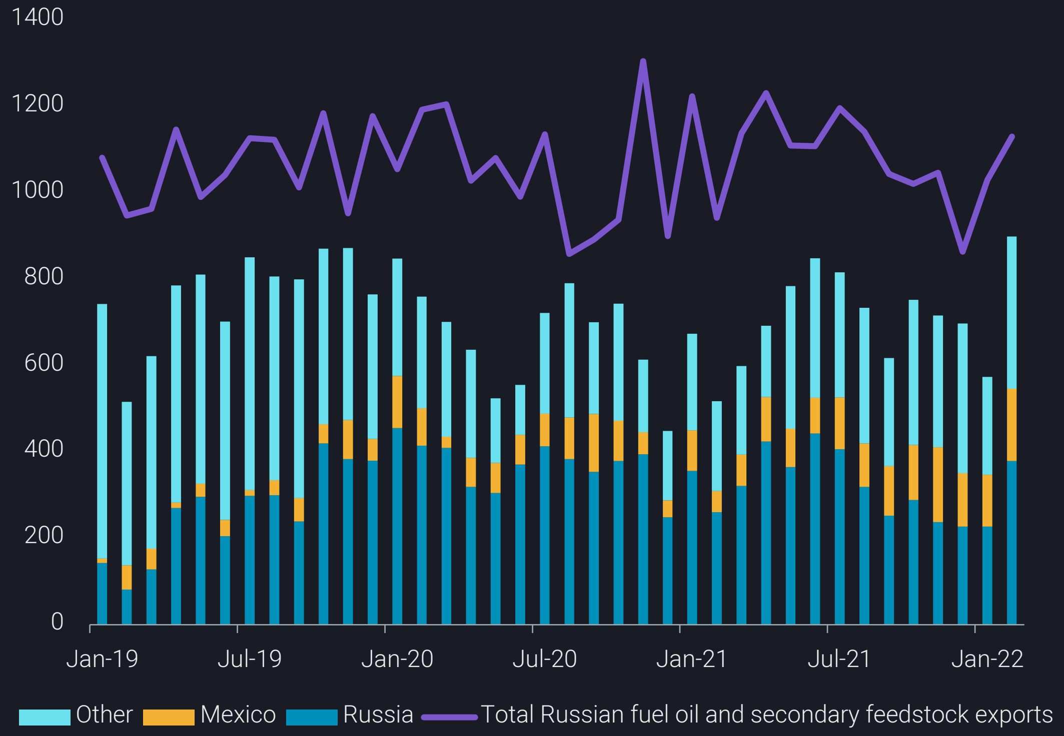
US fuel oil & secondary feedstock imports by source & total Russian fuel oil & secondary feedstock exports (mbd)



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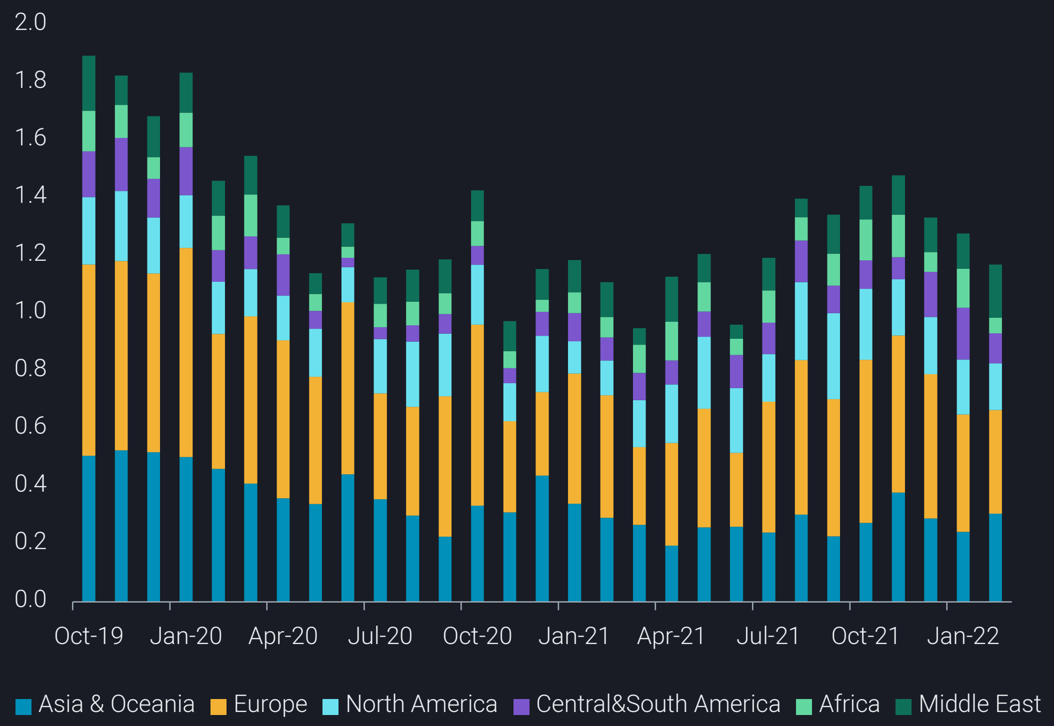
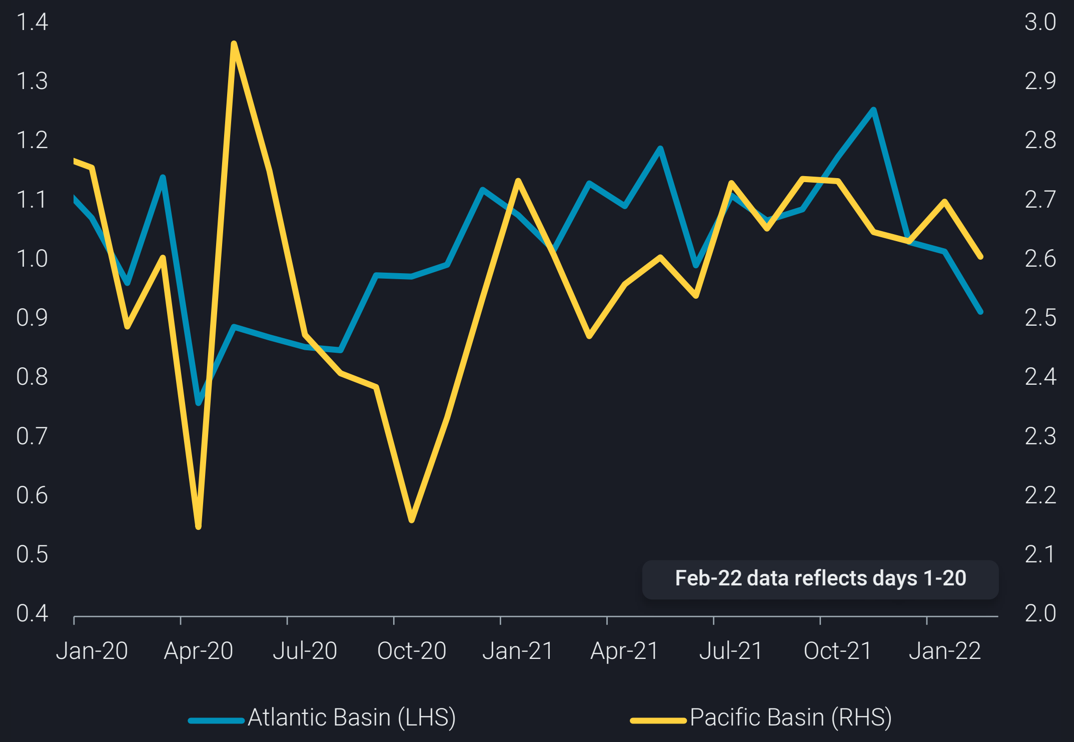
There is still upside for oil demand, especially for jet fuel; naphtha & LPG to be watched

World seaborne jet/kero imports by destination region (mbd)



[Get live data on platform]

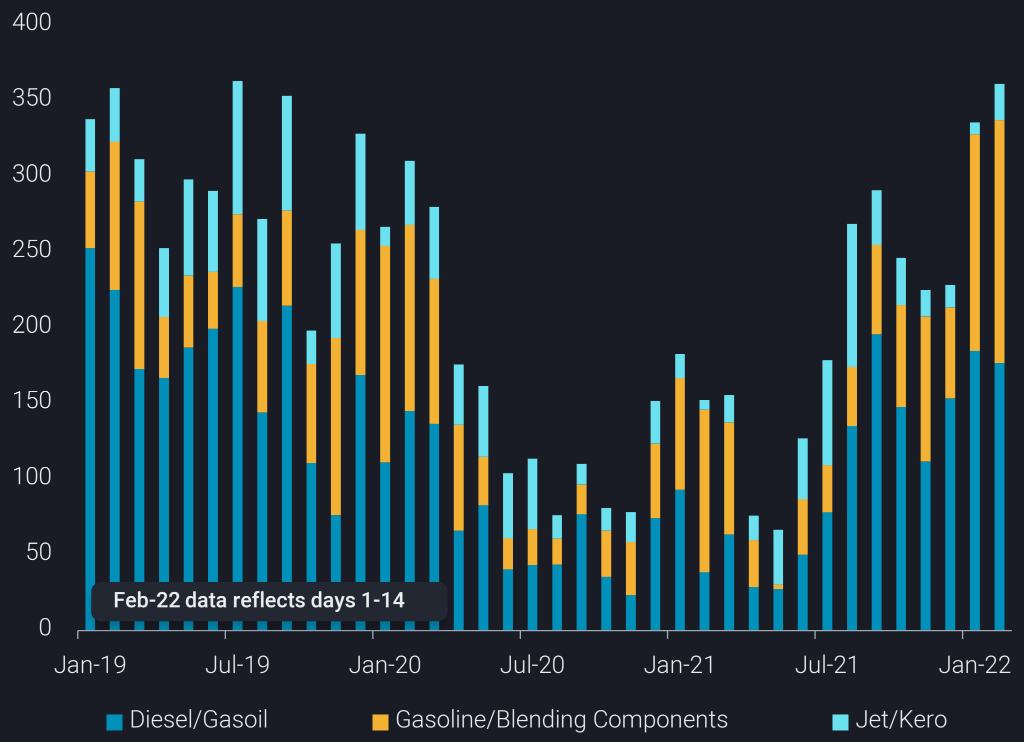
Global naphtha arrivals by basin (mbd)



[Get live data on platform]

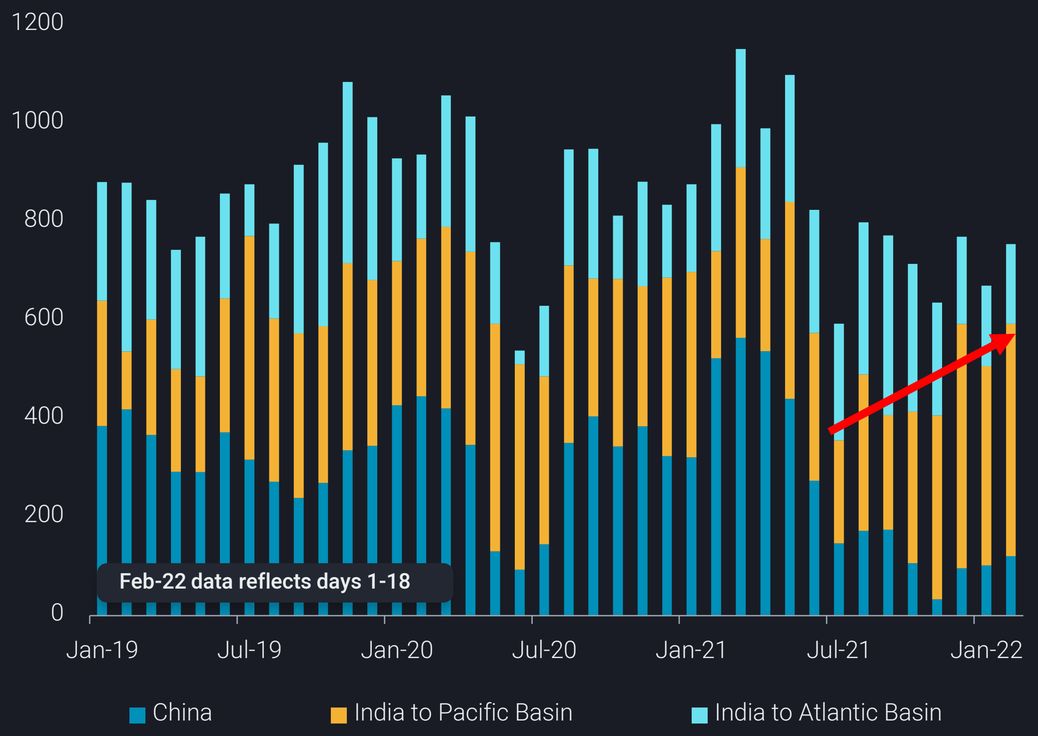
Refining: spare capacity also constrained downstream

Japan transportation fuel exports by product (kbd)



[Get live data on platform]

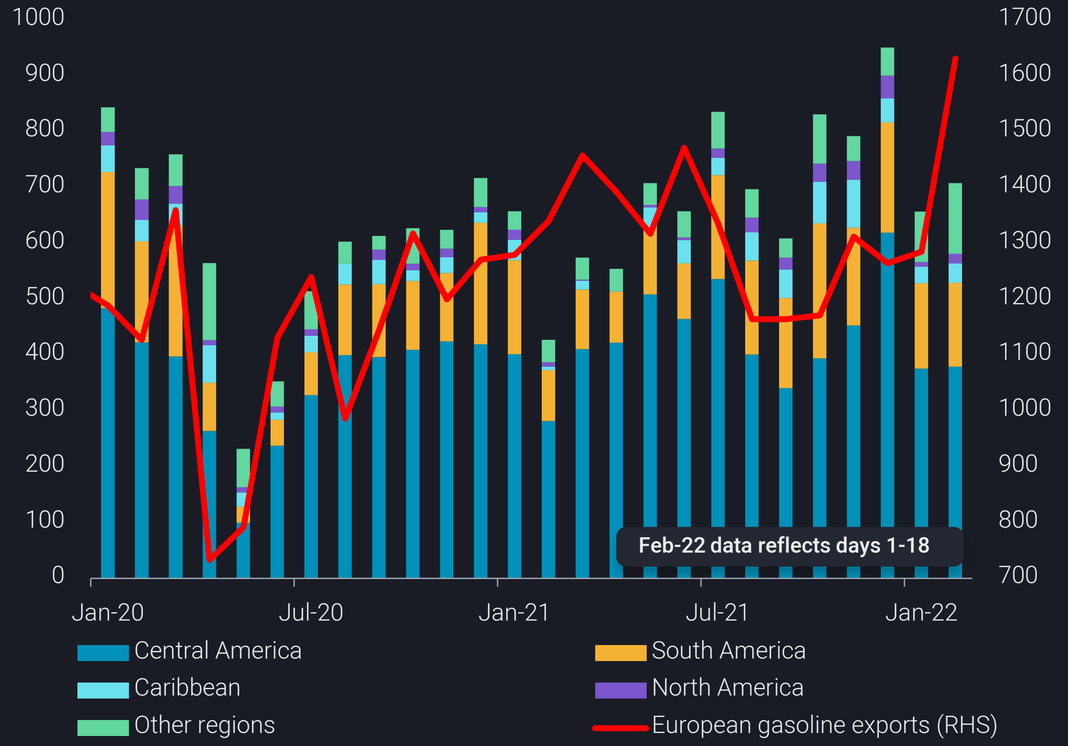
China and India diesel exports (kbd)



Get live data (China, India)

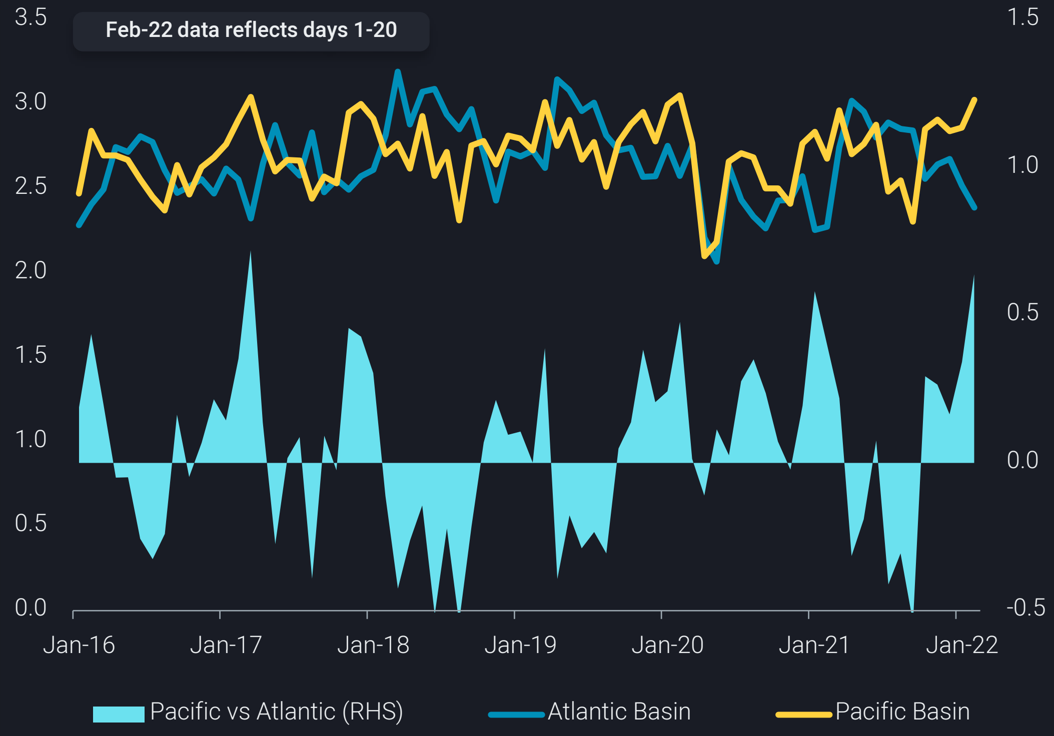
Gasoline: Double strength from Atlantic and Pacific Basins

US gasoline exports by destination markets & European total gasoline exports (RHS) (kbd)



Get live data on platform

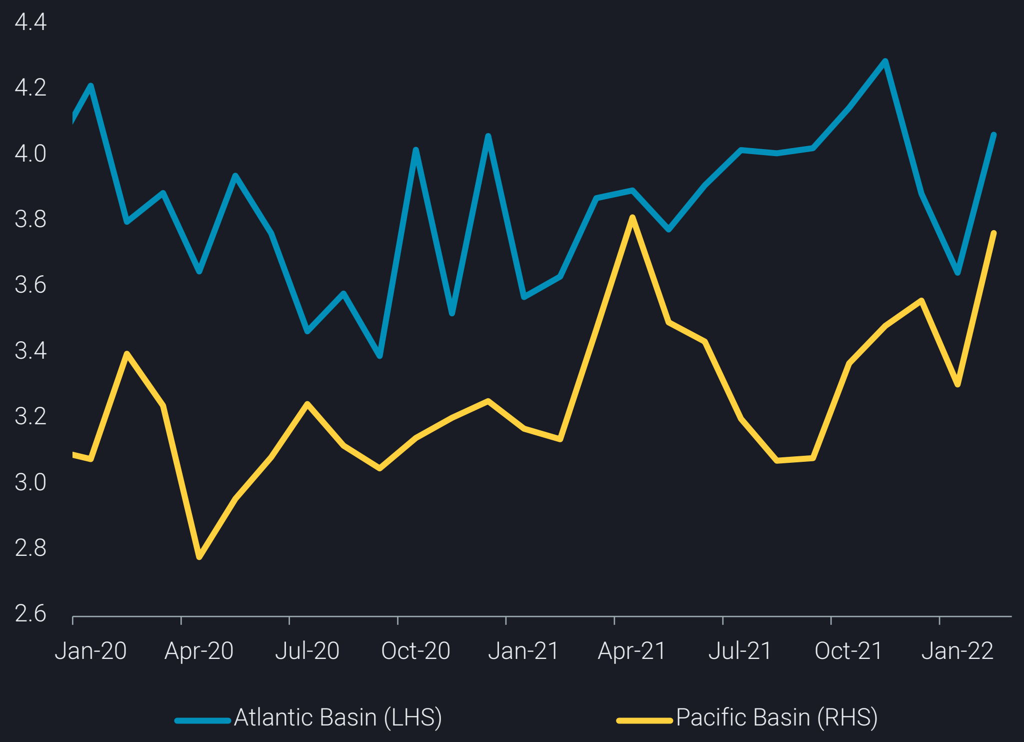
Gasoline/blending component imports by global basin and spread (mbd)



Get live data on platform

Diesel: high volatility in global trade flows ...

Global diesel imports by basin (mbd)



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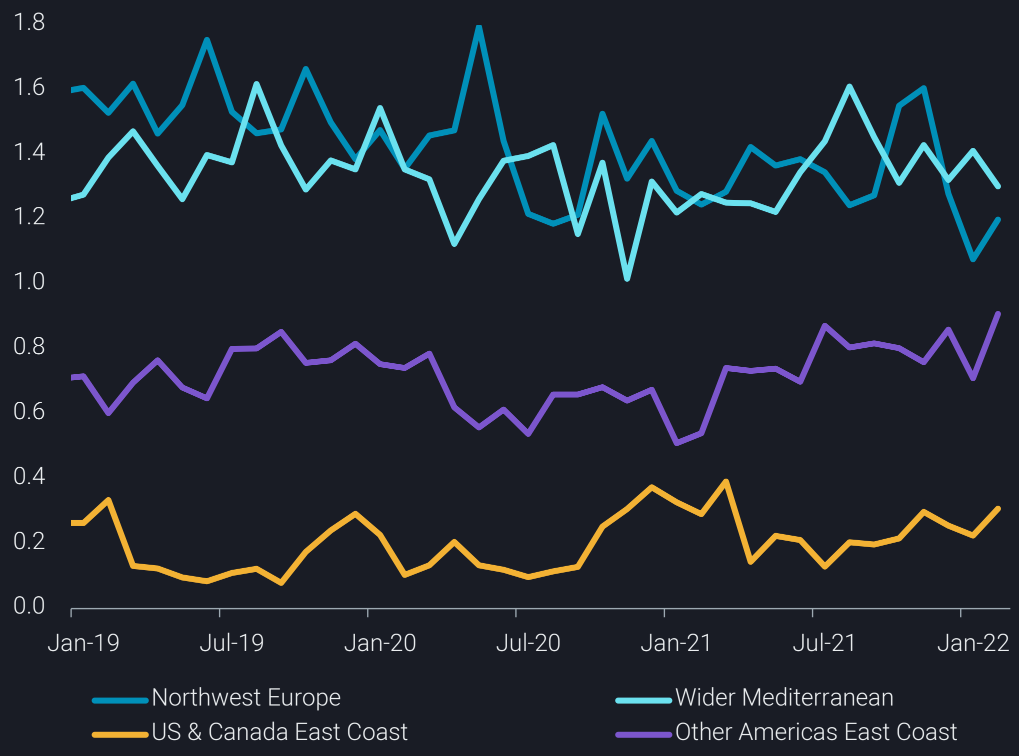
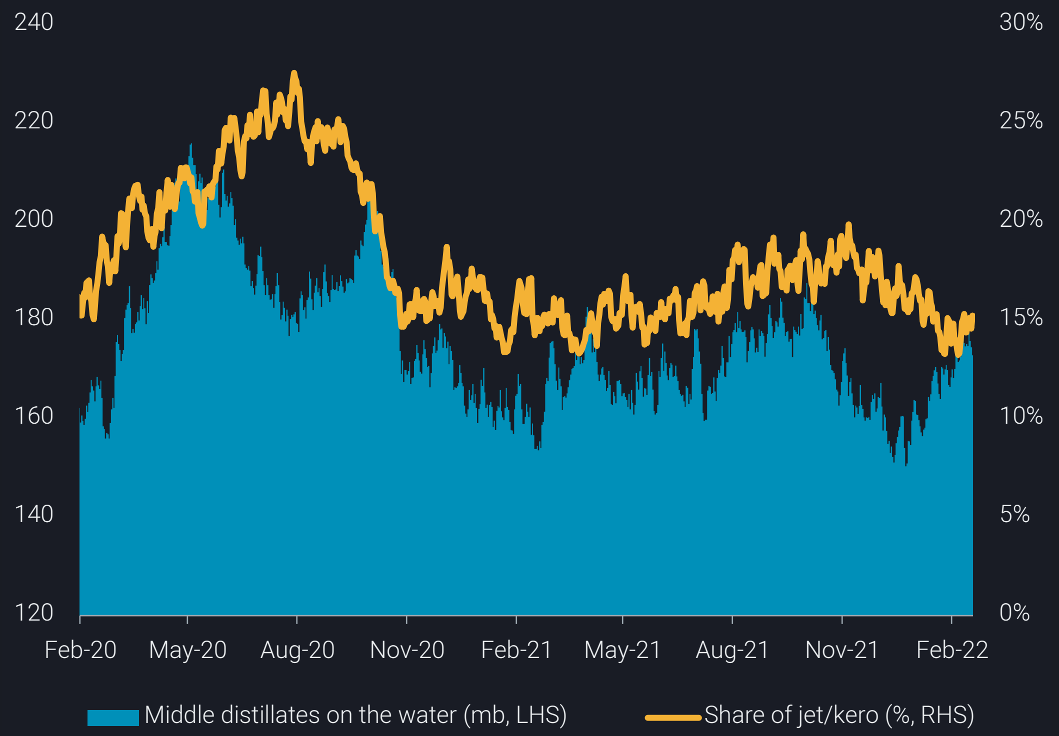
Diesel imports into key Atlantic Basin markets (mbd)



[Get live data on platform]

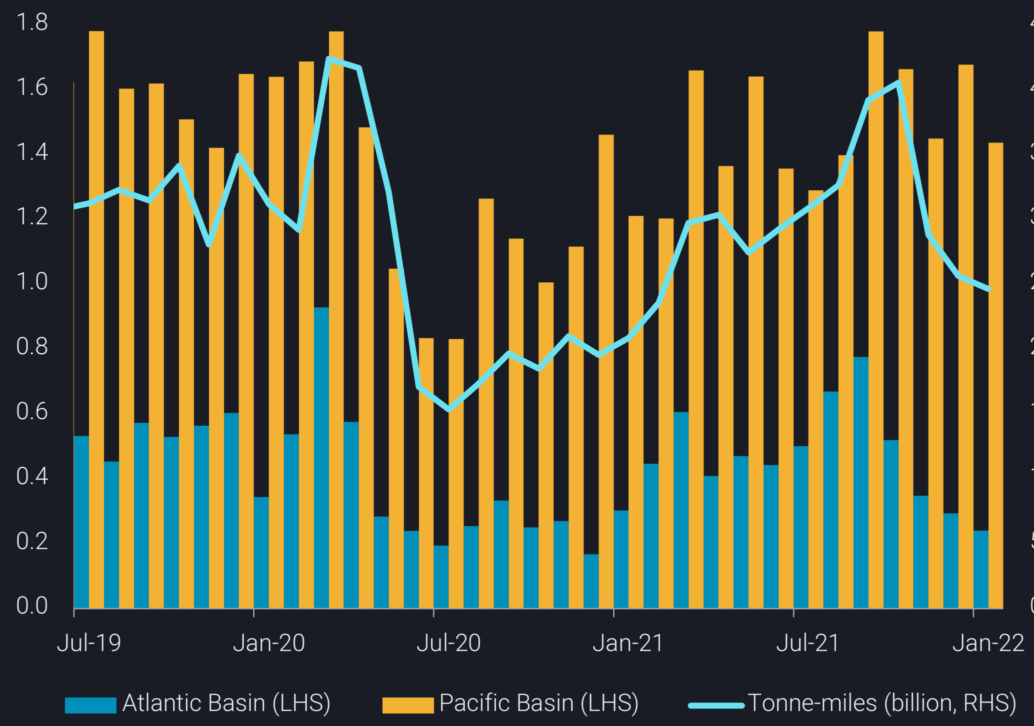
… with a trend towards meeting demand more locally

Middle distillates on the water (mb, LHS) and share of jet/kero (%, RHS)



Get live data on platform

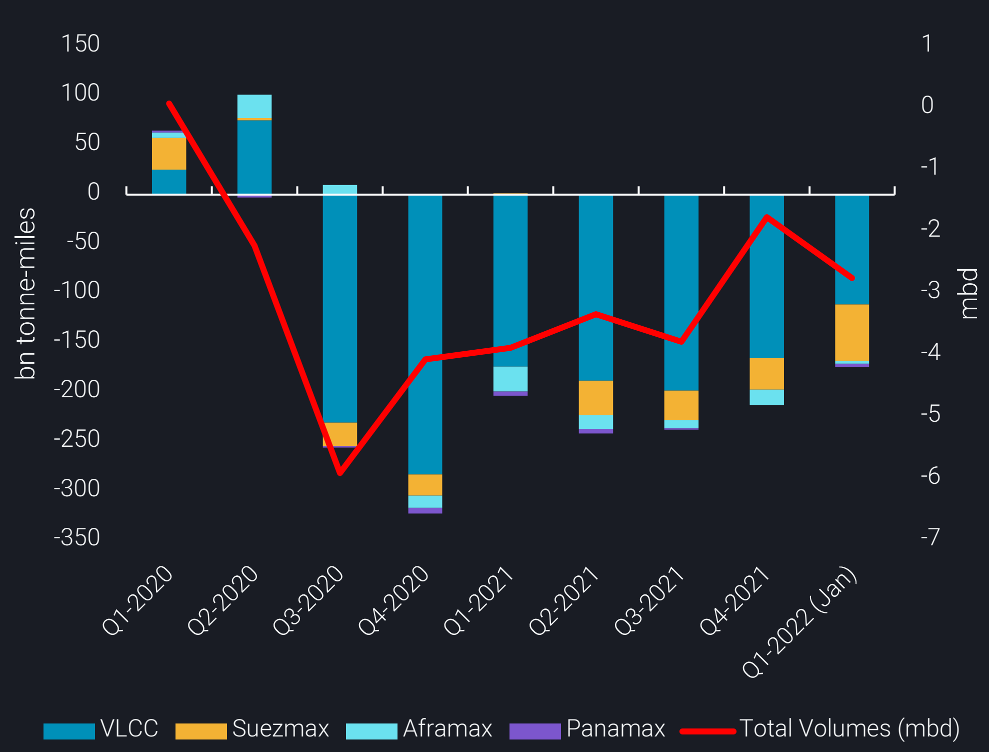
Asian clean product exports on LR tankers by destination basin (mbd, LHS) and LR tonne-miles (billion, RHS)



Get live data (Asian exports, tonne-miles)

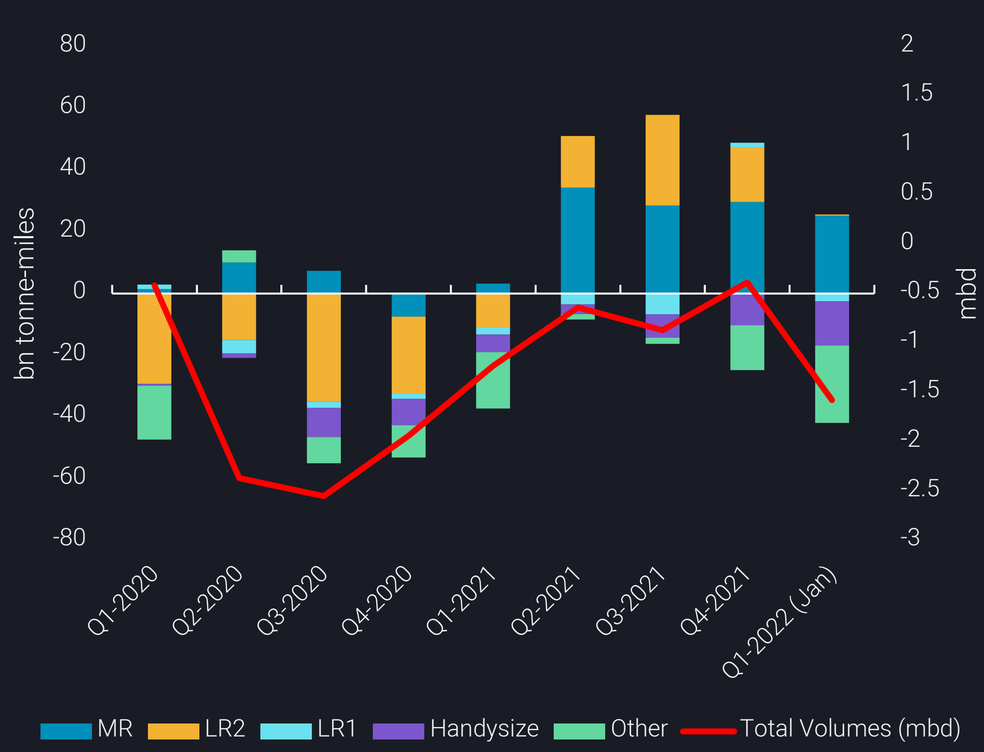
Barring MR-class, tanker activity is still at or below 2019 levels

Crude tonne-miles and crude exports vs 2019 (mbd)



Get live data on platform (tonne-miles, volumes)

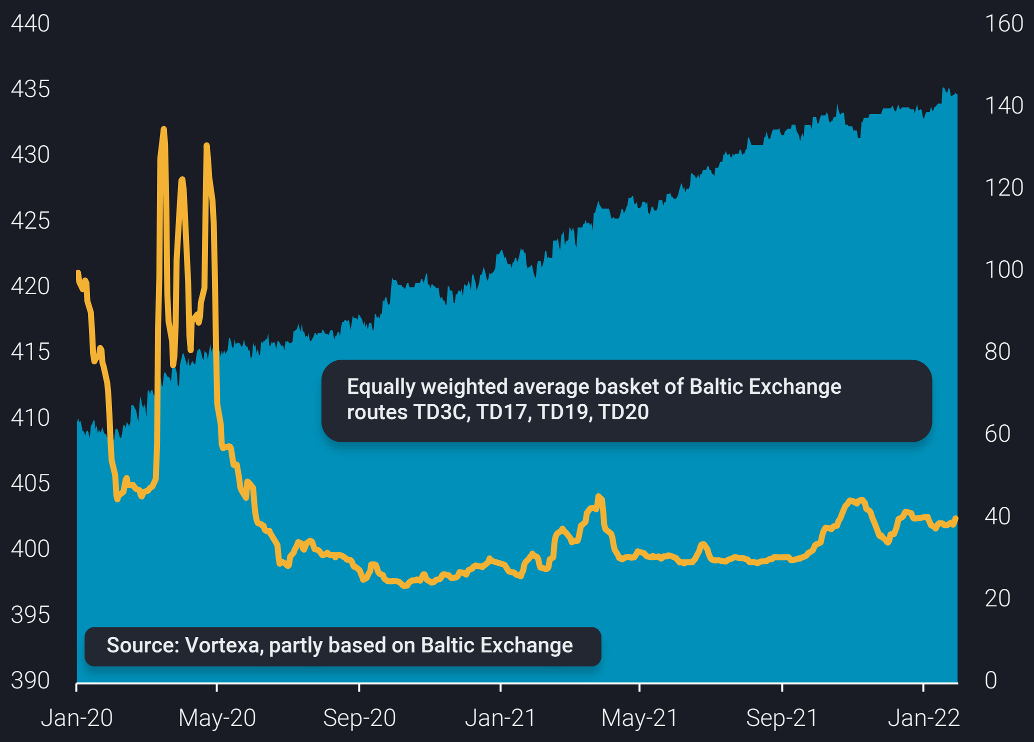
CPP tonne-miles and crude exports vs 2019 (mbd)



Get live data on platform (tonne-miles, volumes)

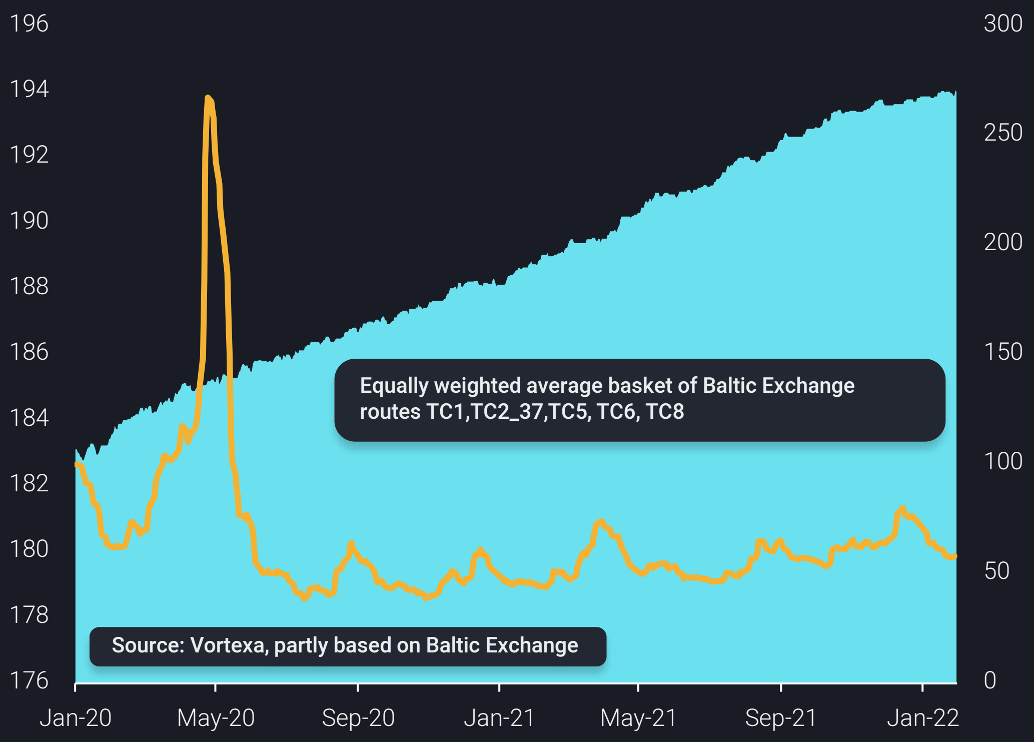
Freight rates remain depressed, also as vessel supply is steadily growing

Vortexa Dirty Tanker Index (baseline = 100 @ 2 Jan 2020) vs Dirty Tanker Capacity (mn DWT - LHS)



Get live data on platform (Capacity, Dirty rates)

Vortexa CPP Tanker Index (baseline = 100 @ 2 Jan 2020) vs CPP Tanker Capacity (mn DWT - LHS)



Get live data on platform (Capacity, CPP rates)

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Industry Reflections Panel

Monday, 21st February 2022

Industry Reflections Panel

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Thank you

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