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ORDER OR DISORDER IN WORLD FUEL OIL PRICES?

Lawrence Axelrod
Axelrod Energy Projects

Energy Buyers' Conference

October 24-26, 2010

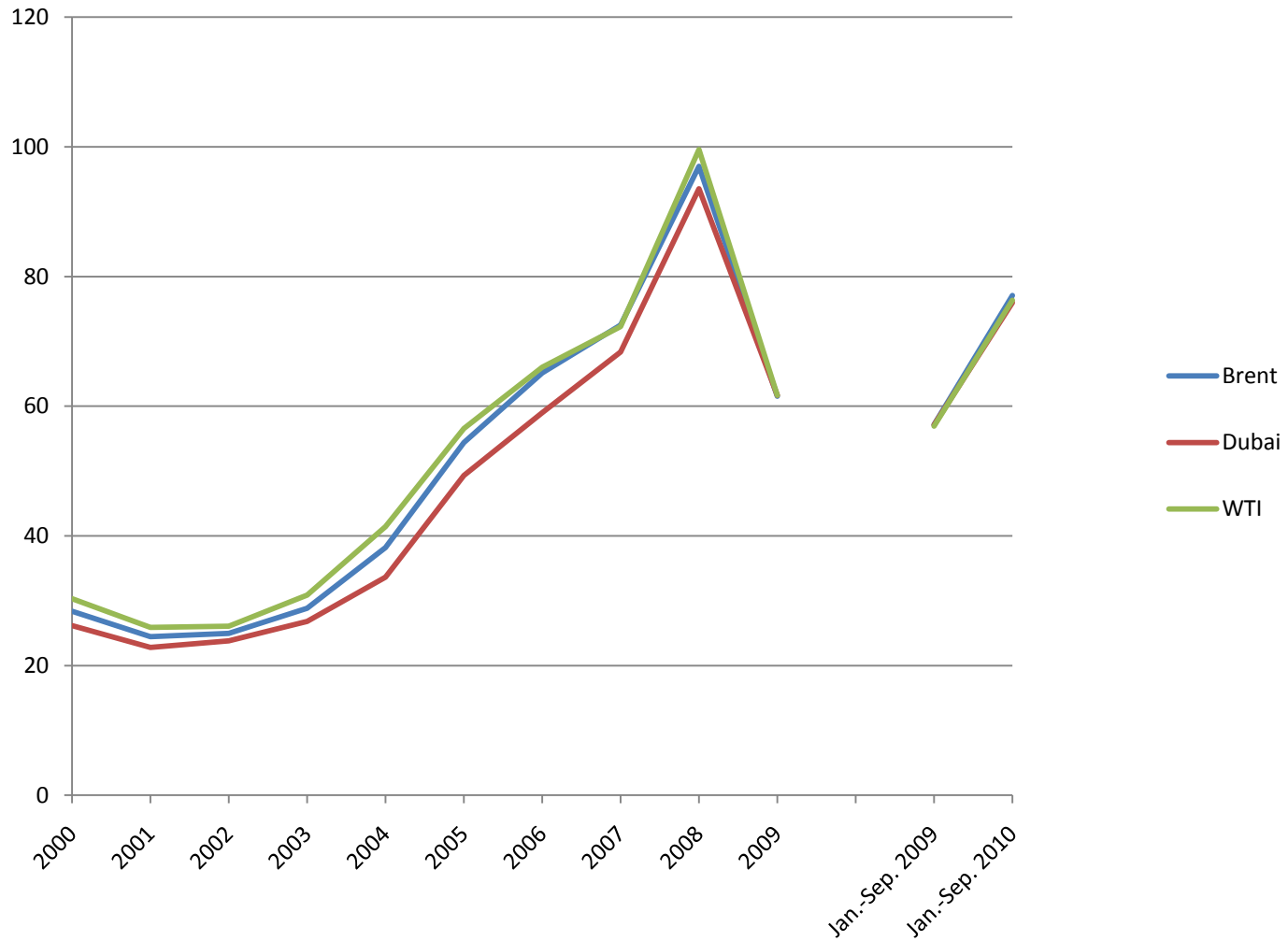
Miami Beach



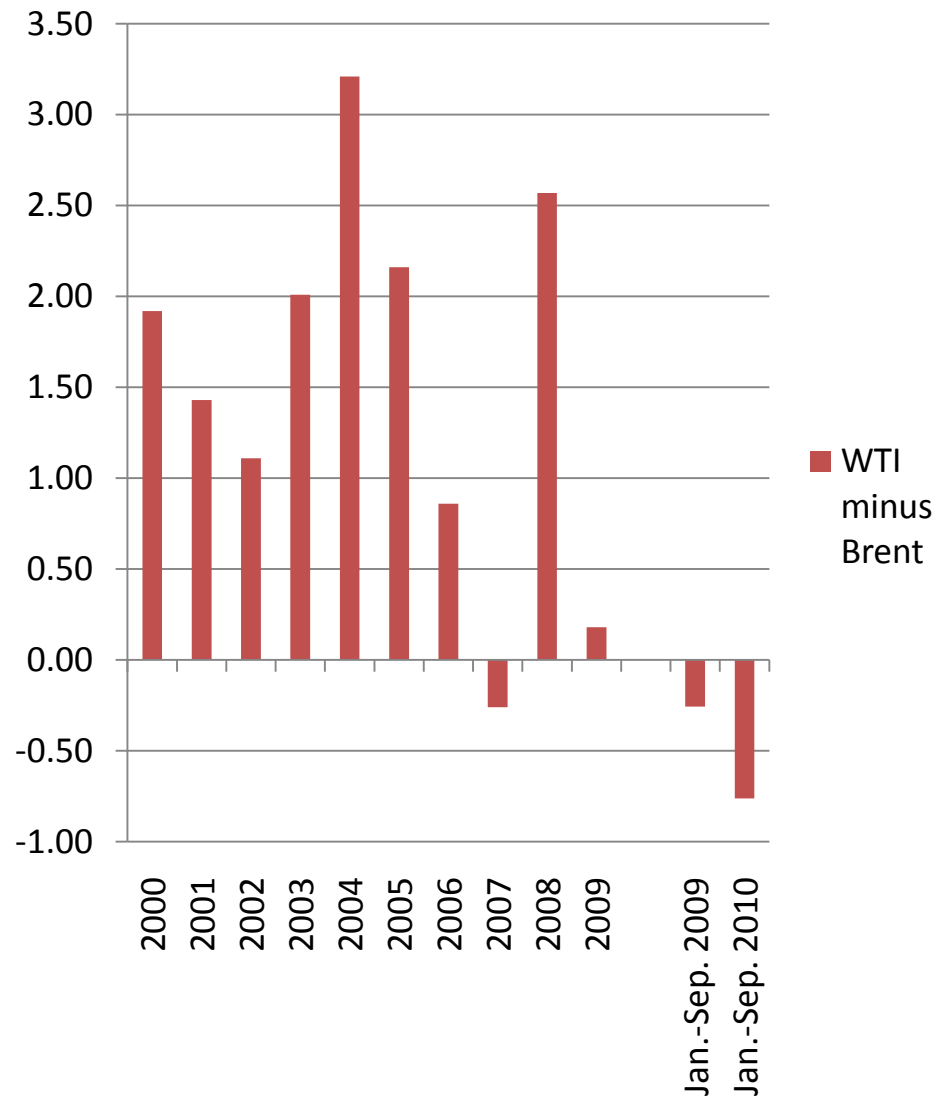
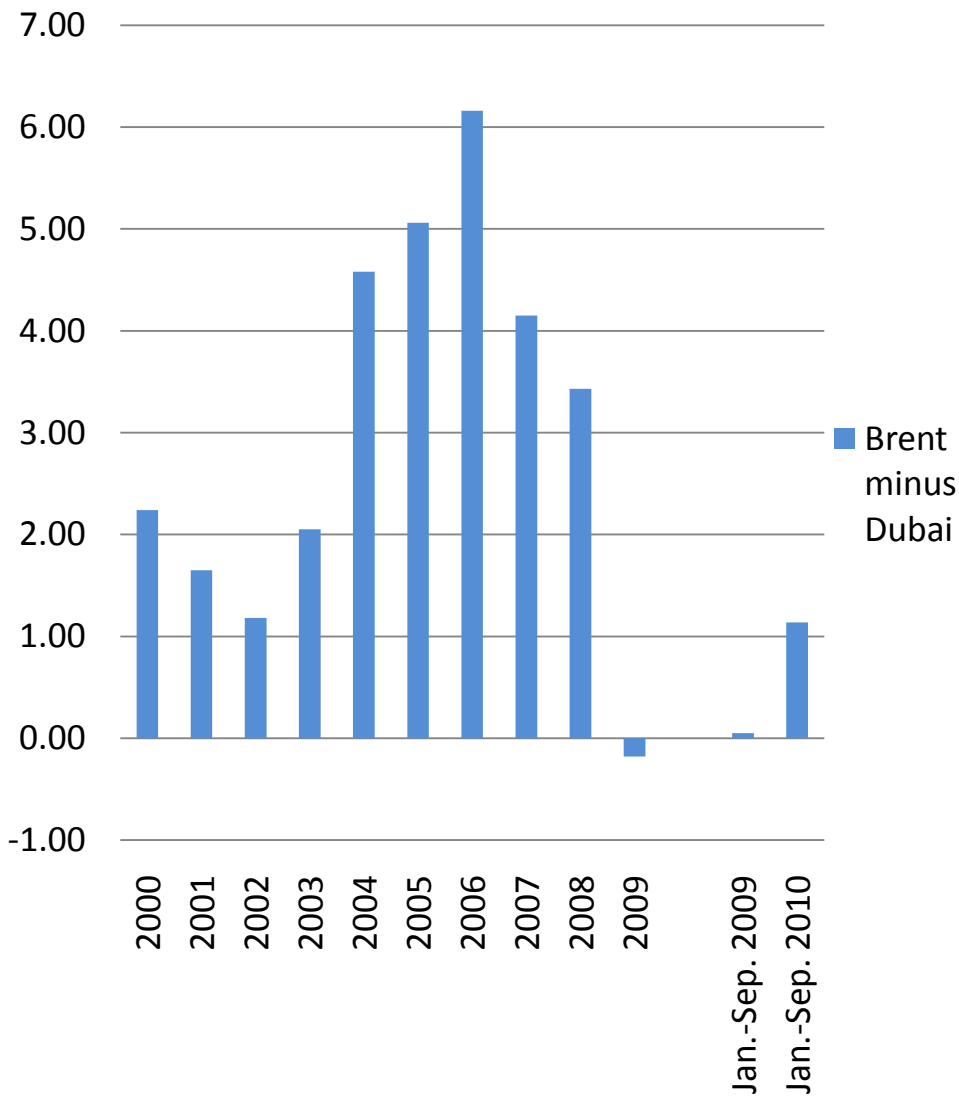
Overview

- Crude Oil
- Straight Run
- United States
 - New York 1%S
 - US Gulf 3%S
- Europe
 - NWE FOB 1%S
 - Barges Rotterdam 3.5%S
- Singapore
 - HSFO-180

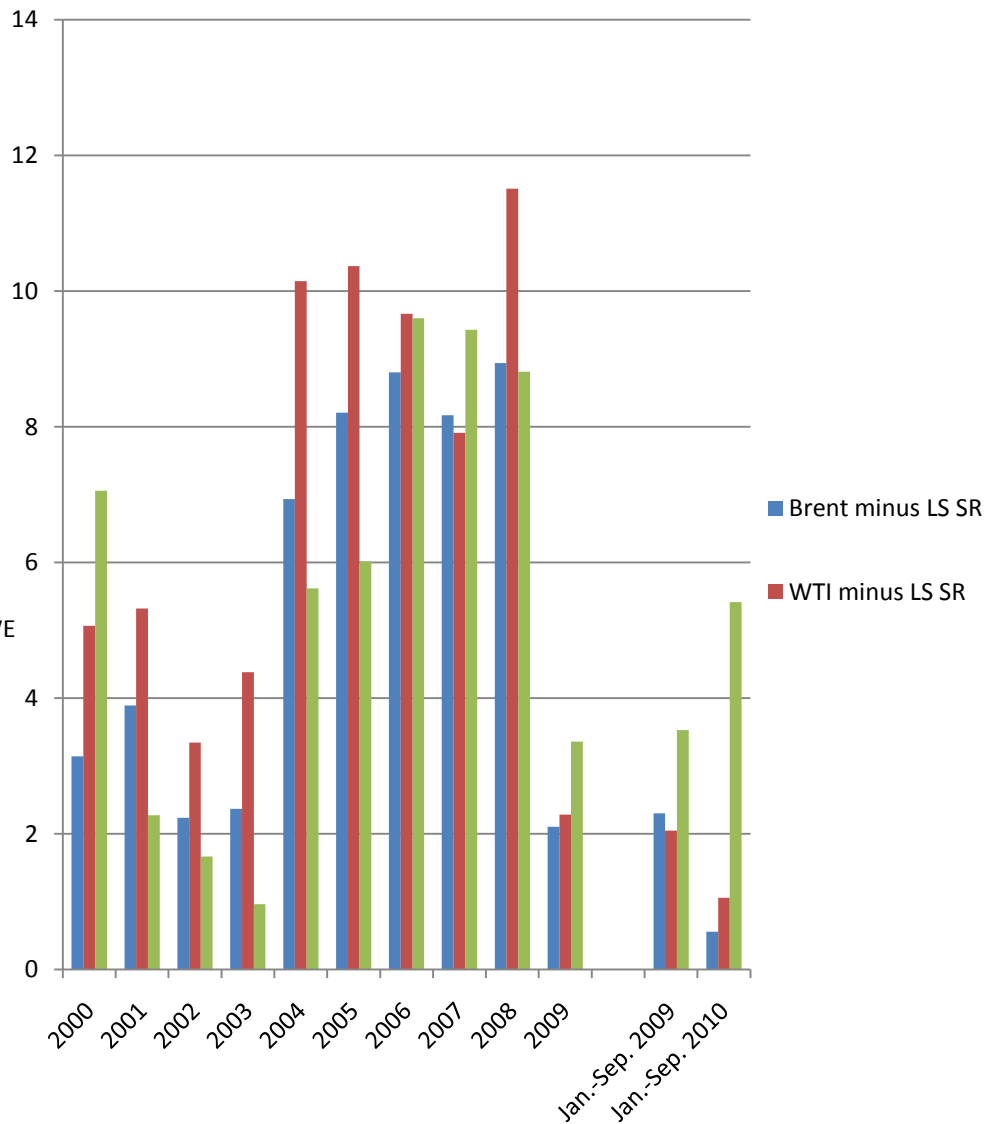
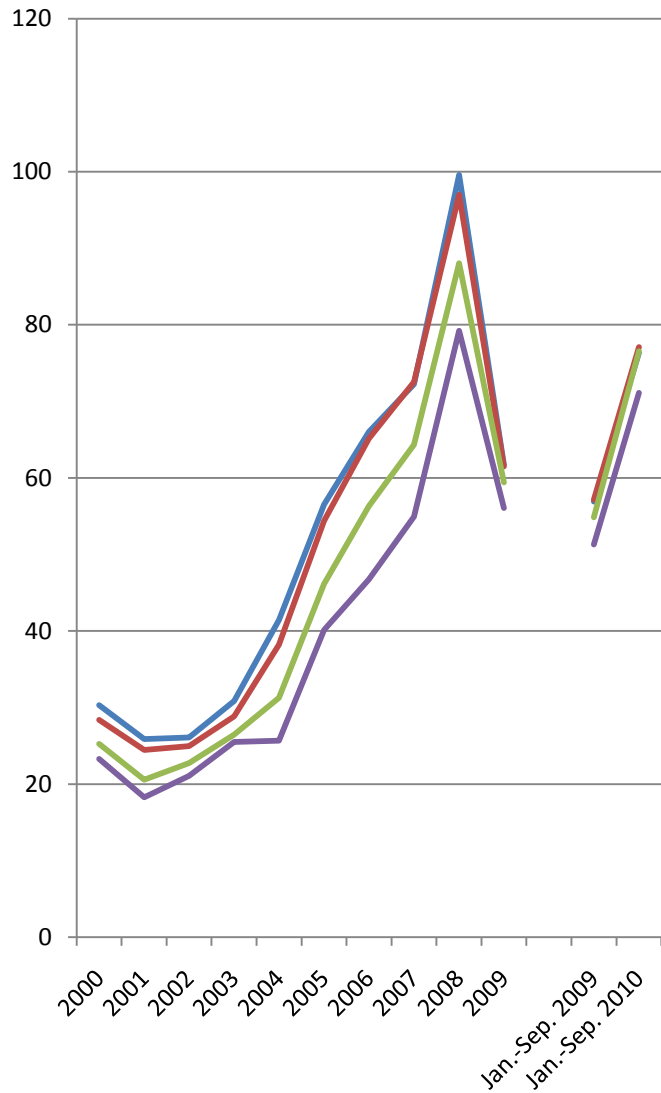
Crude Oil (\$/bbl)



Crude Oil (\$/bbl)

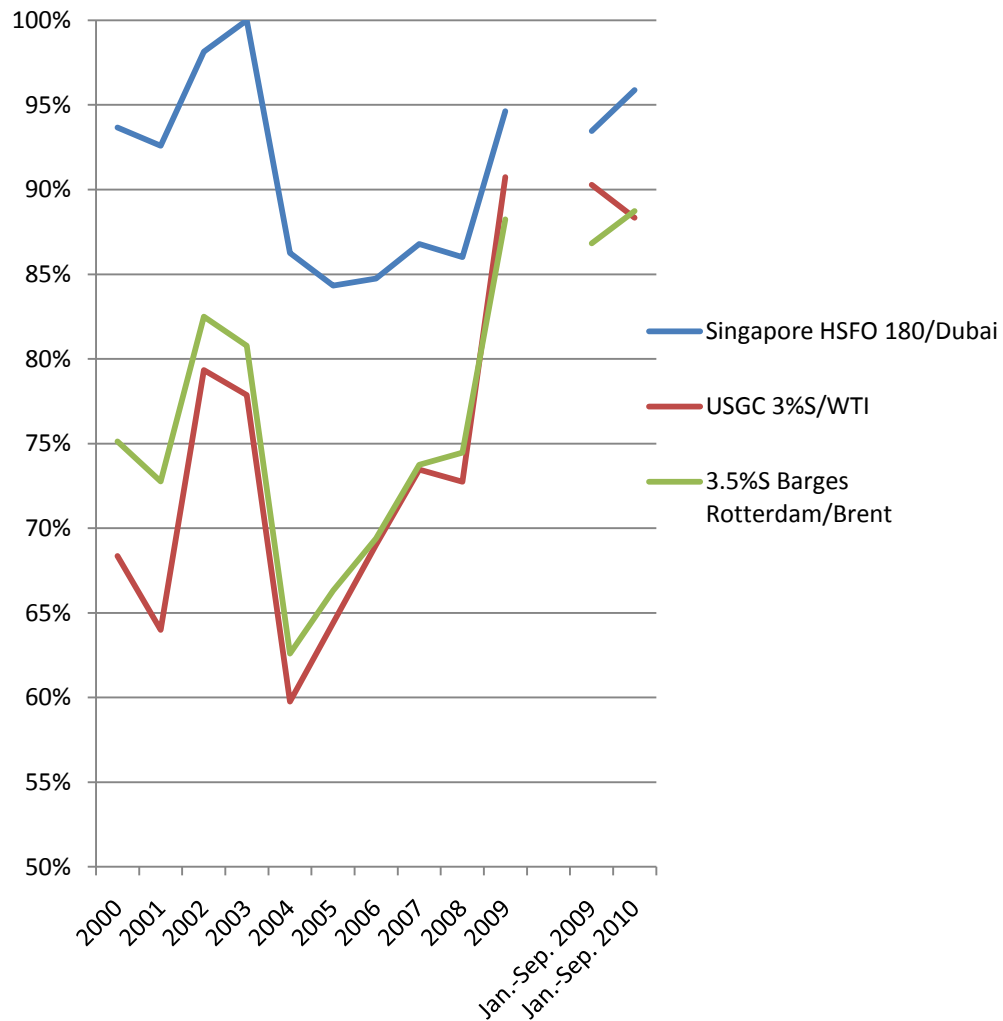


Northwest Europe LS SR

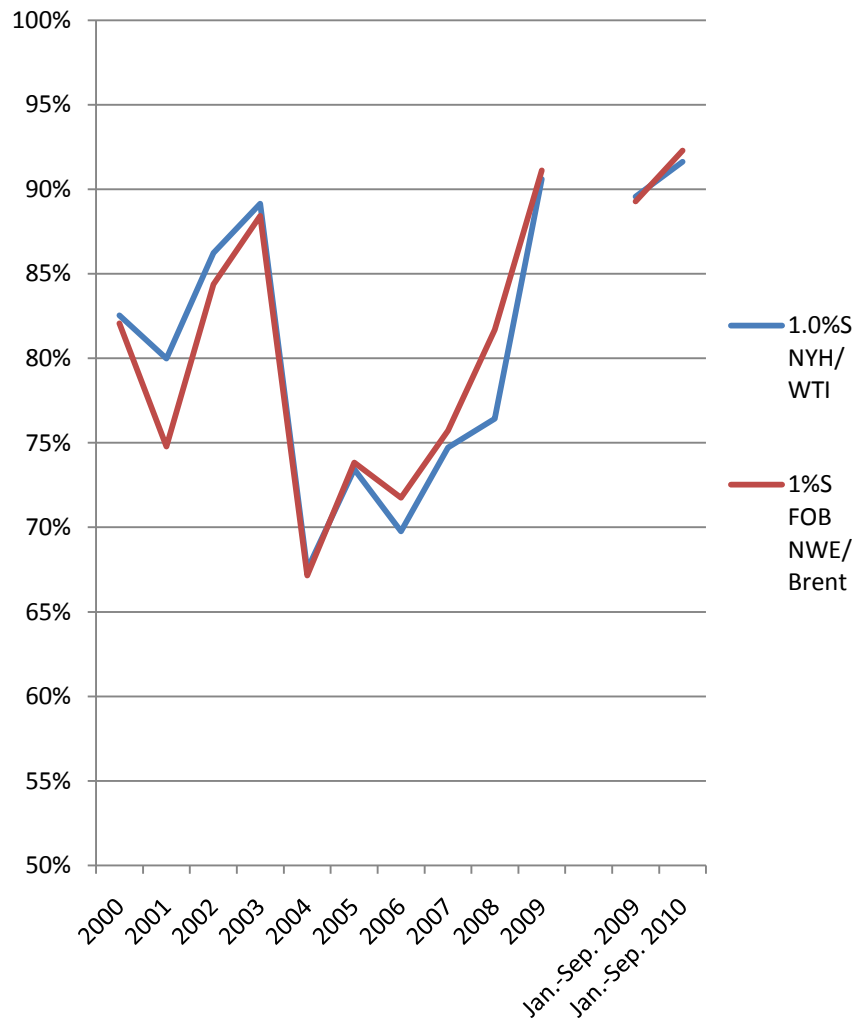


Fuel Oil-to-Crude Price Ratios (%)

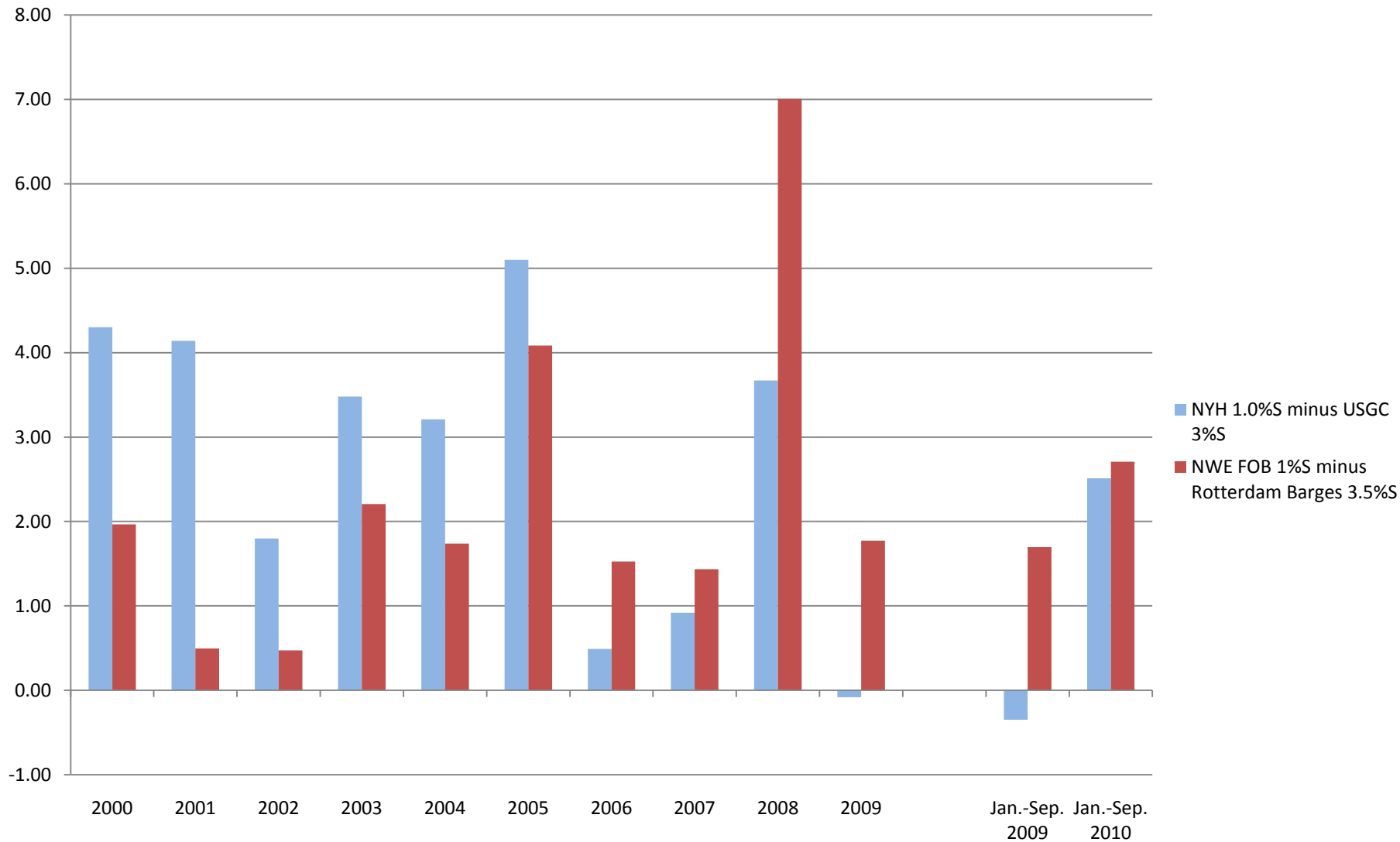
HSFO



LSFO

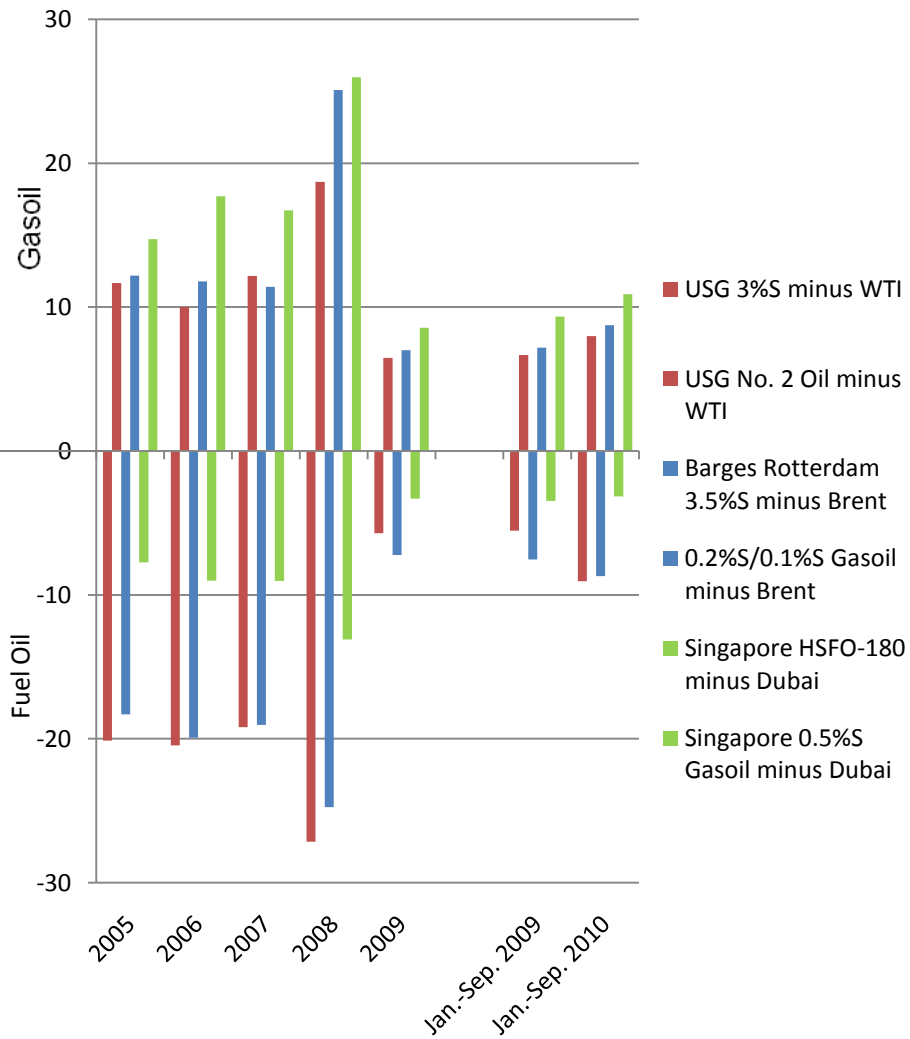


Fuel Oil Hi-Lo's (\$/bbl)

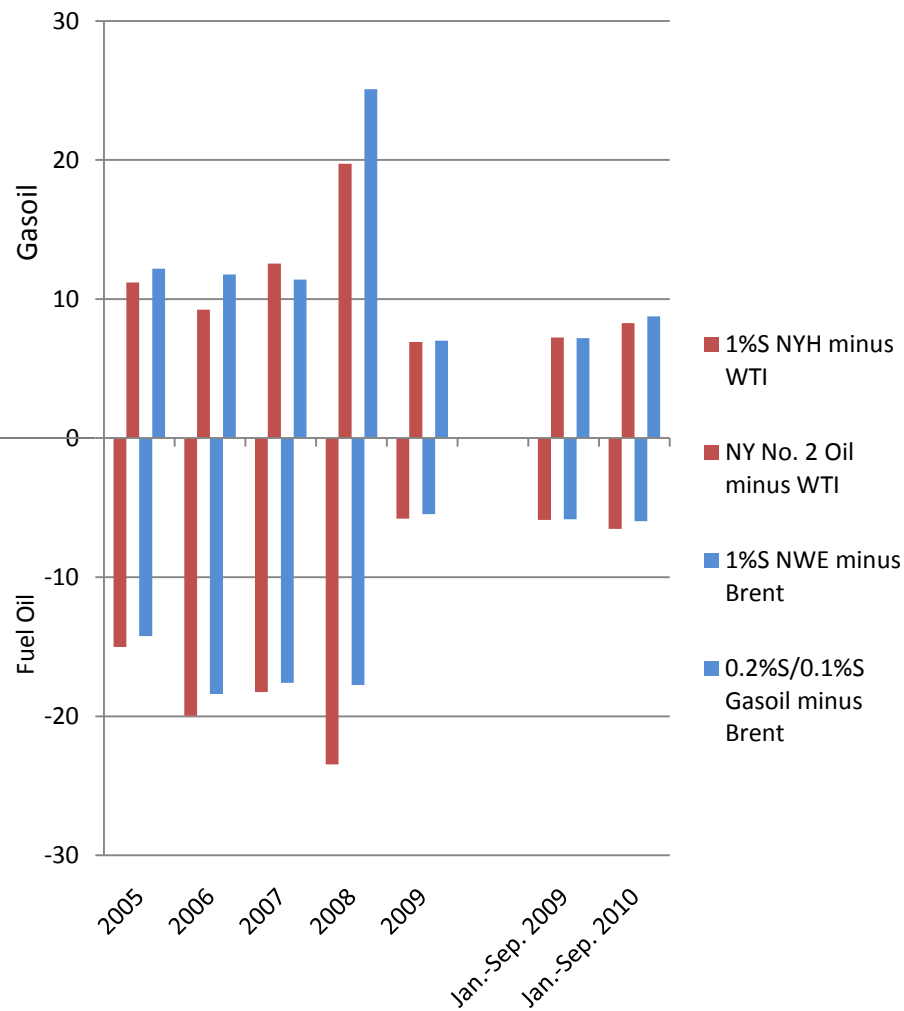


Crack Spreads (\$/bbl)

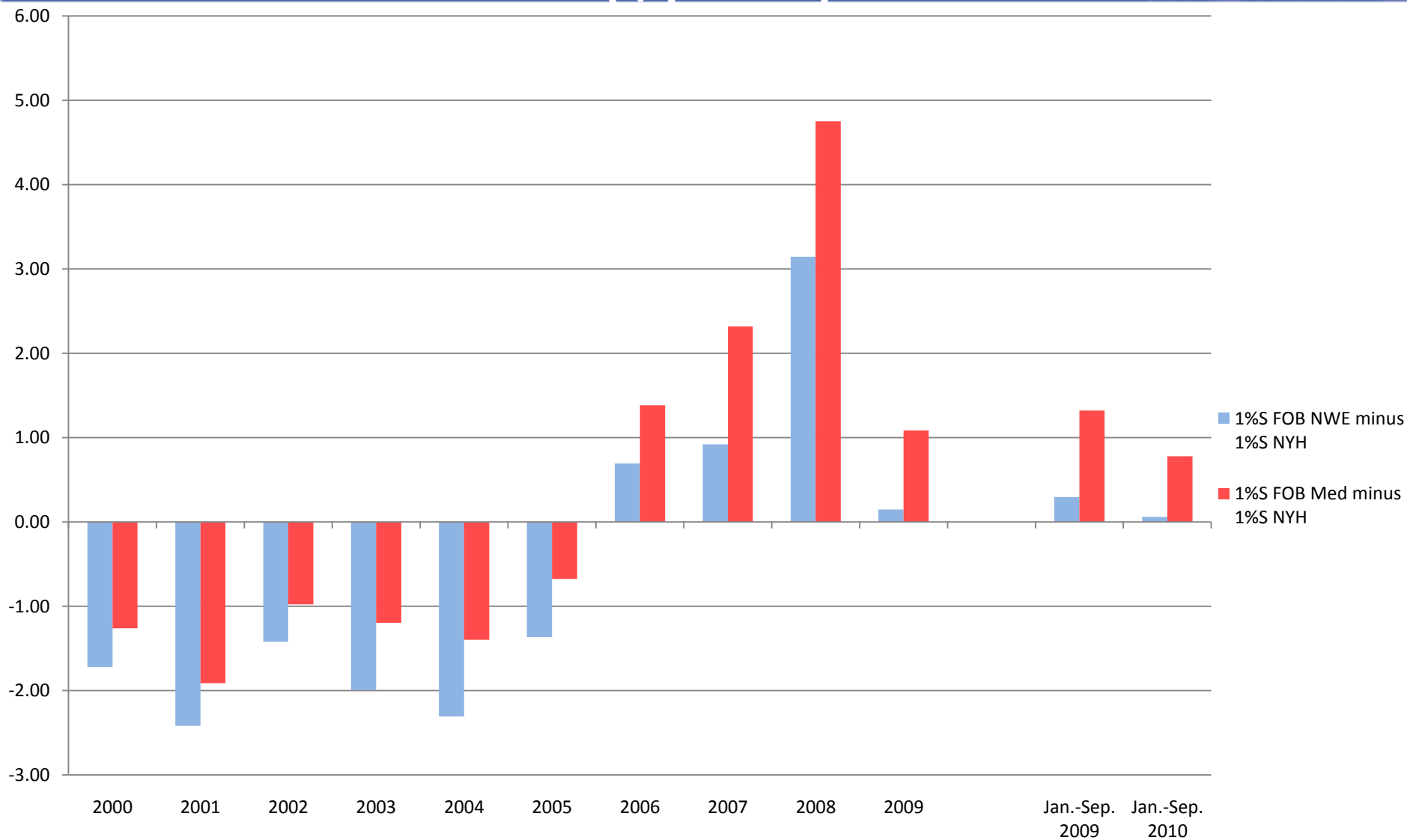
HSFO



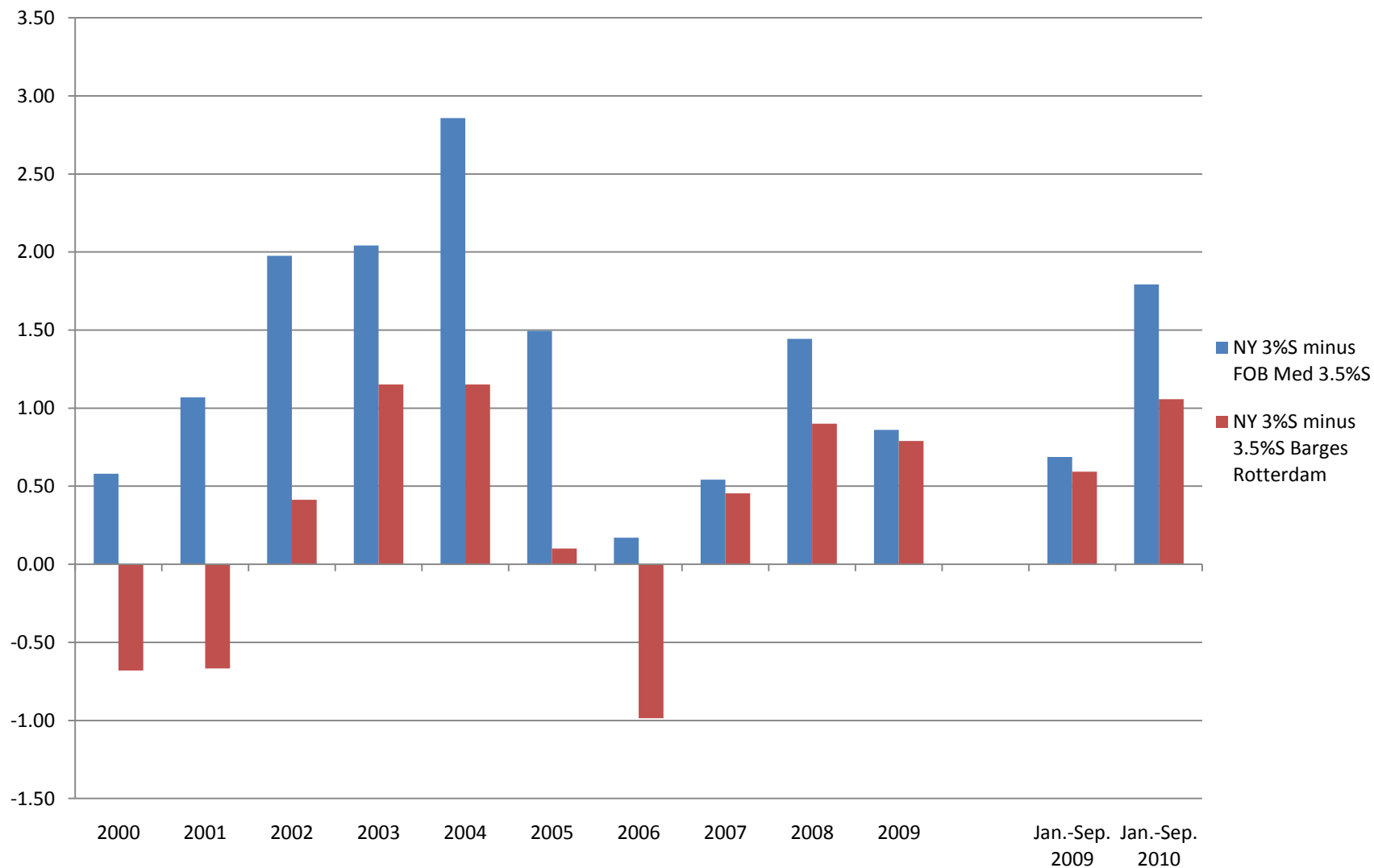
LSFO



New York 1%S (\$/bbl)



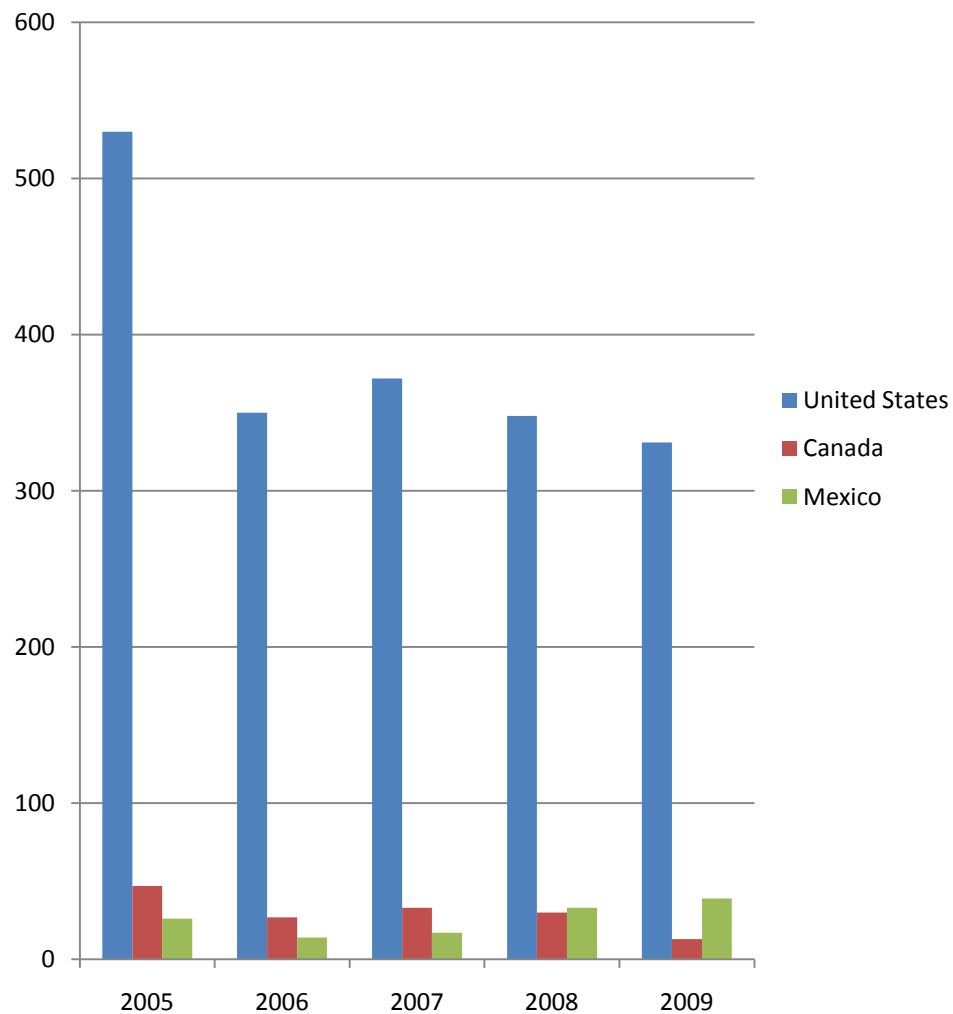
New York 3%S (\$/bbl)



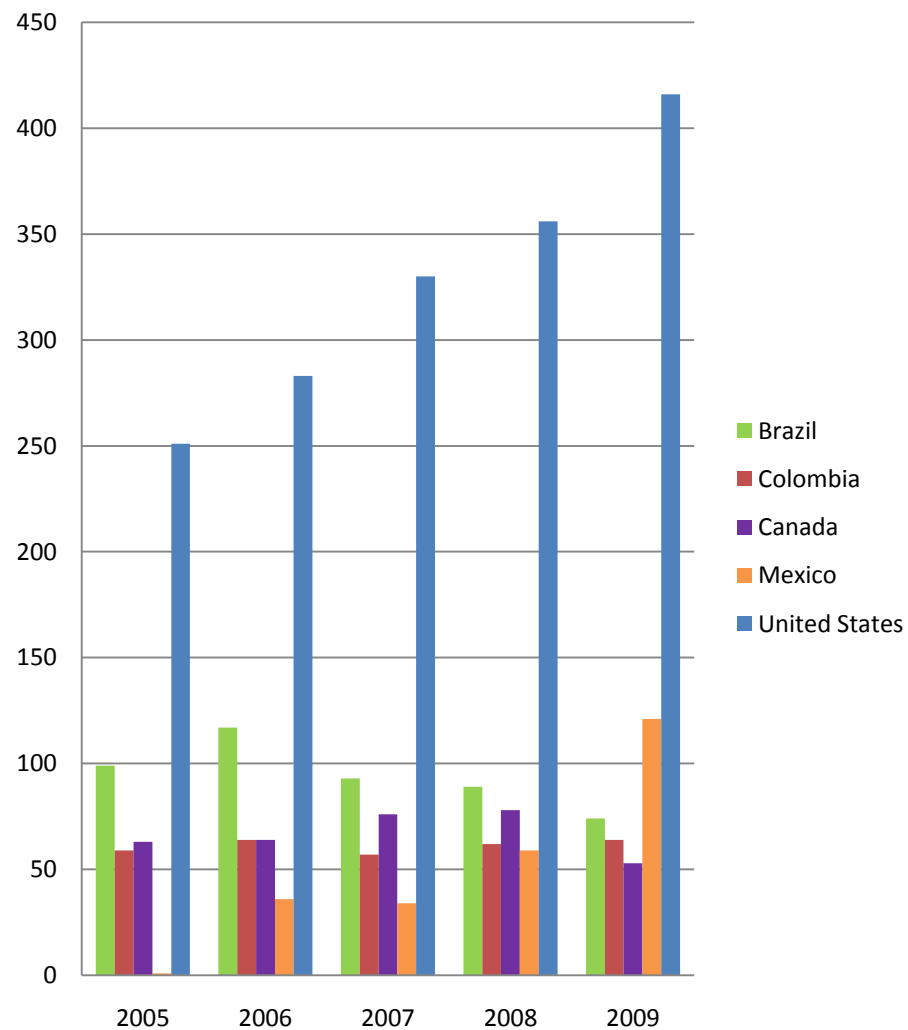


Western Hemisphere, Fuel Oil Trade (kb/d)

Fuel Oil Imports

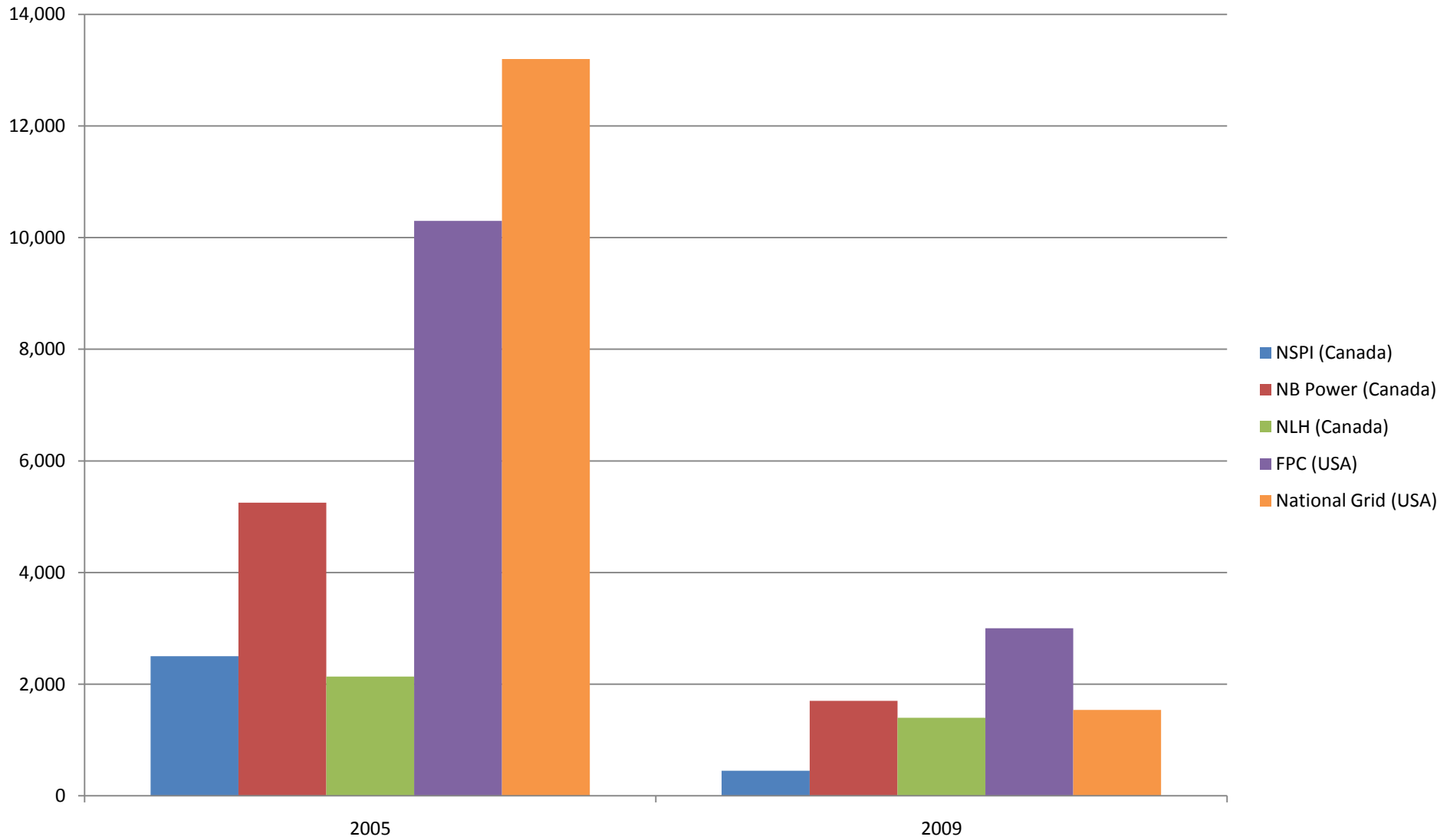


Fuel Oil Exports





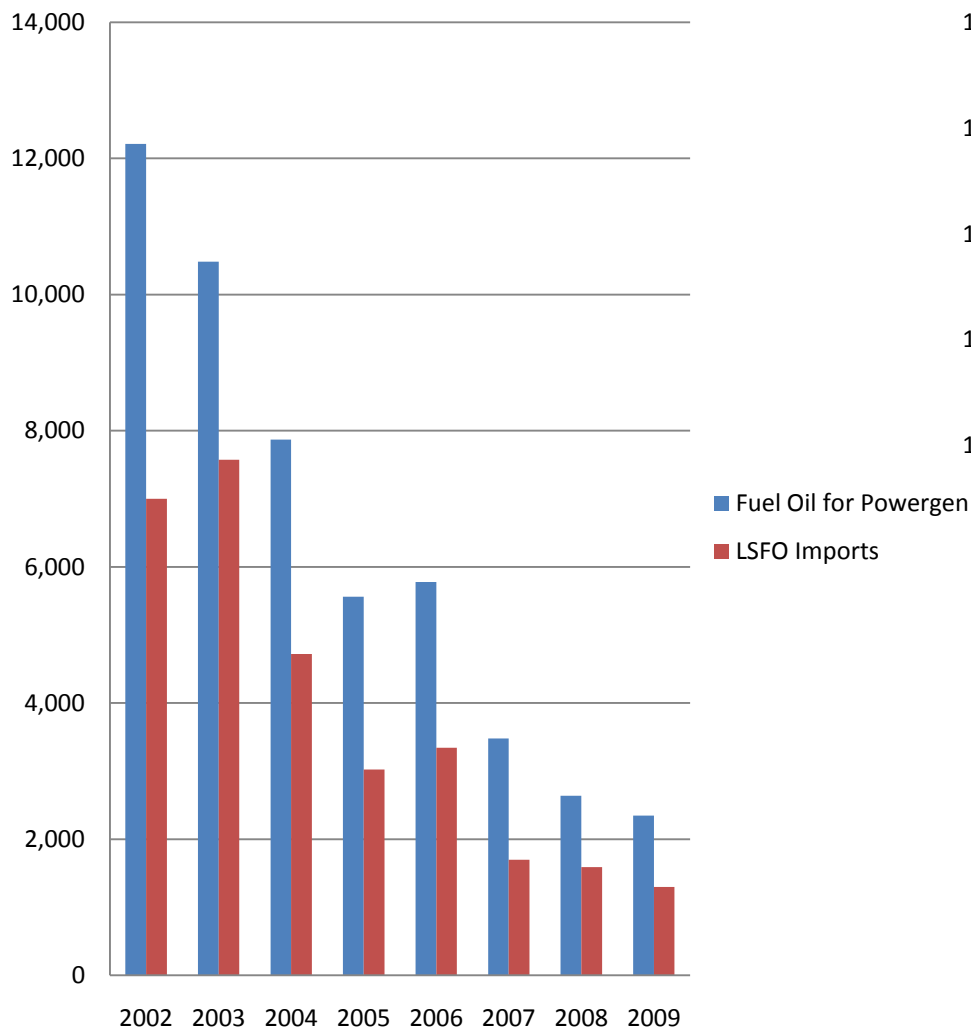
North America, Fuel Oil for Power Generation (kbbls per year)



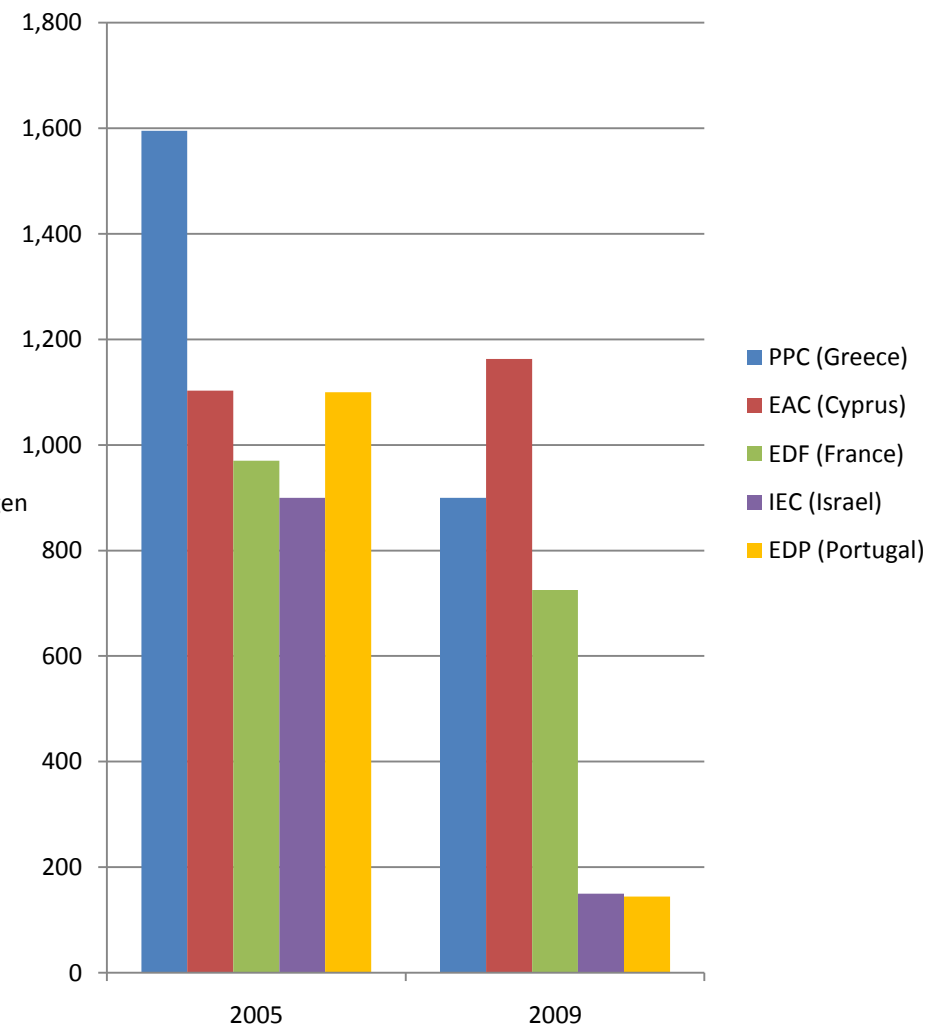


Europe, Power Generation (kmt per year)

Italy, Fuel Oil

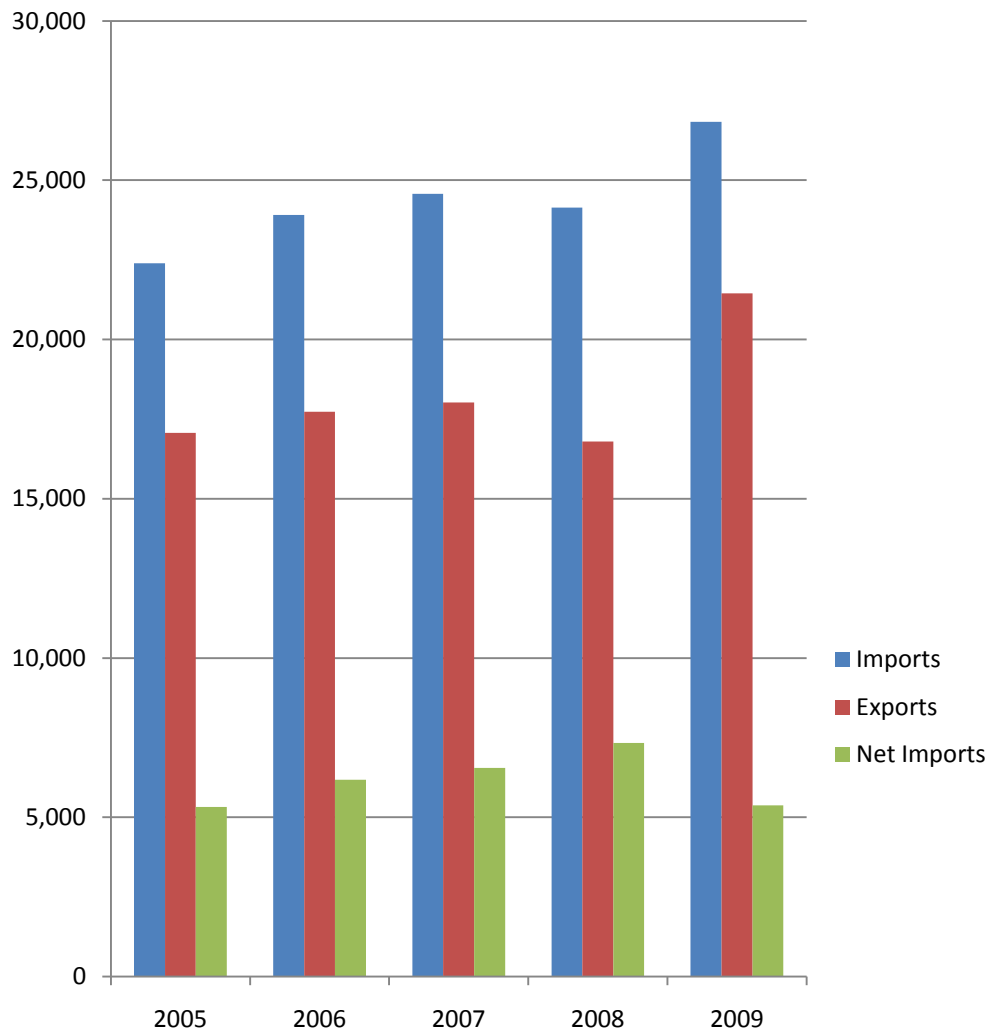


Selected Companies, Fuel Oil

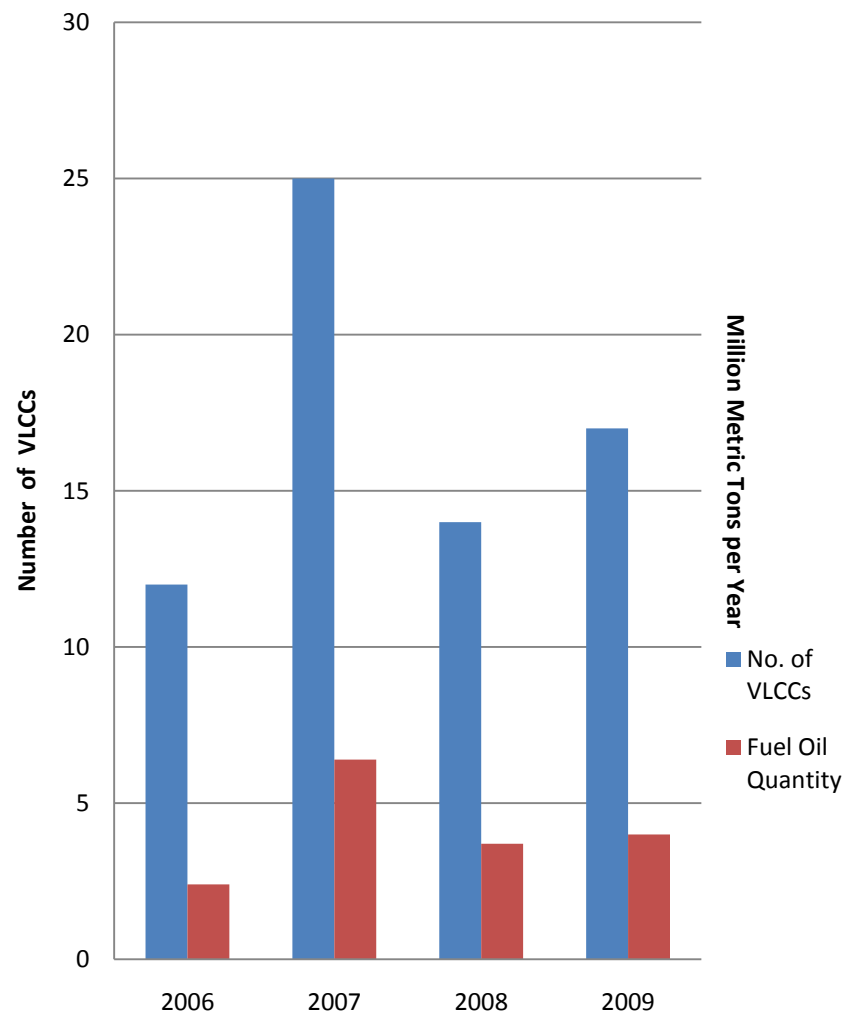


Netherlands

Netherlands, Fuel Oil Trade (kmt per year)

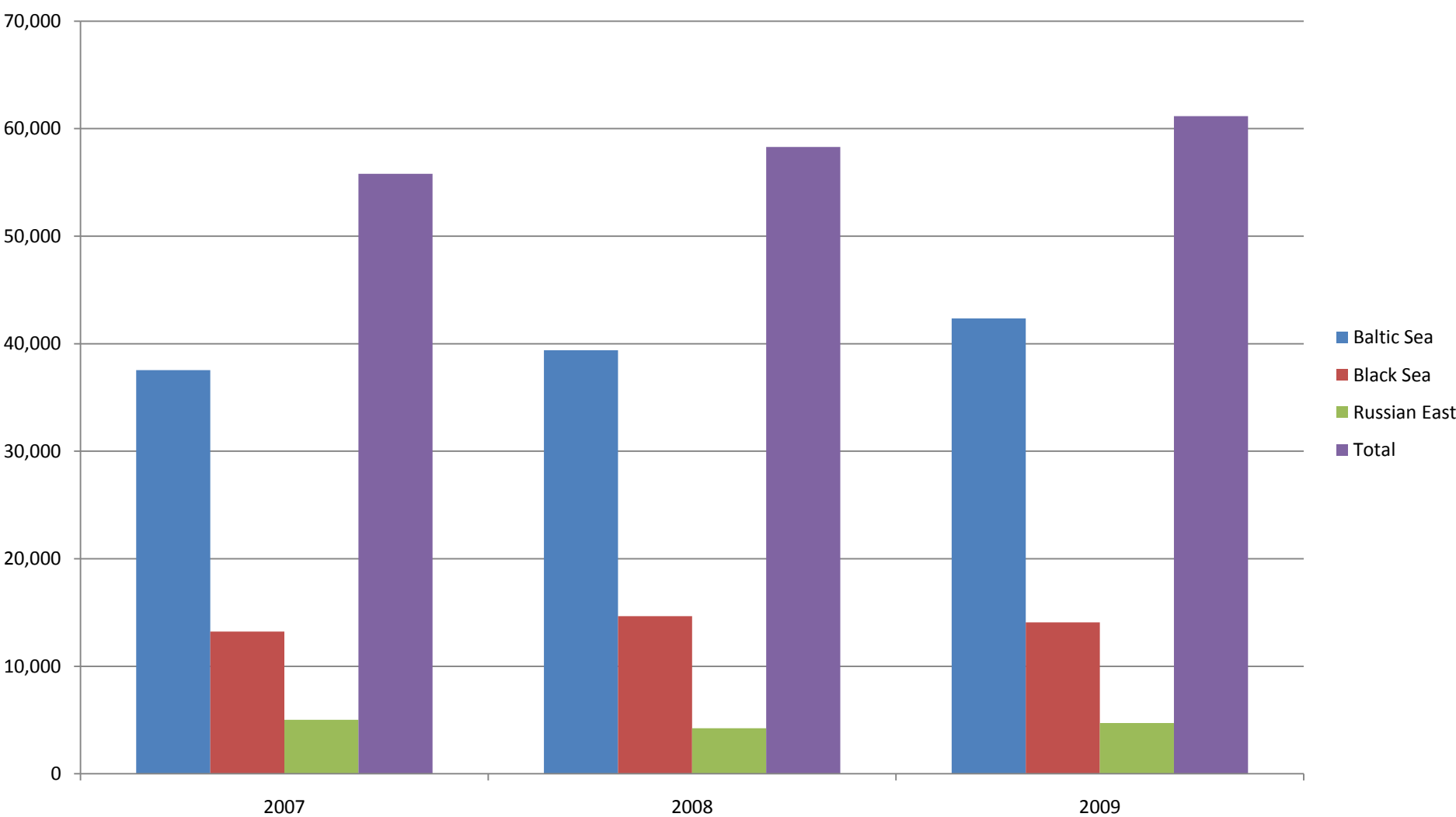


Rotterdam, VLCCs Loading Fuel Oil





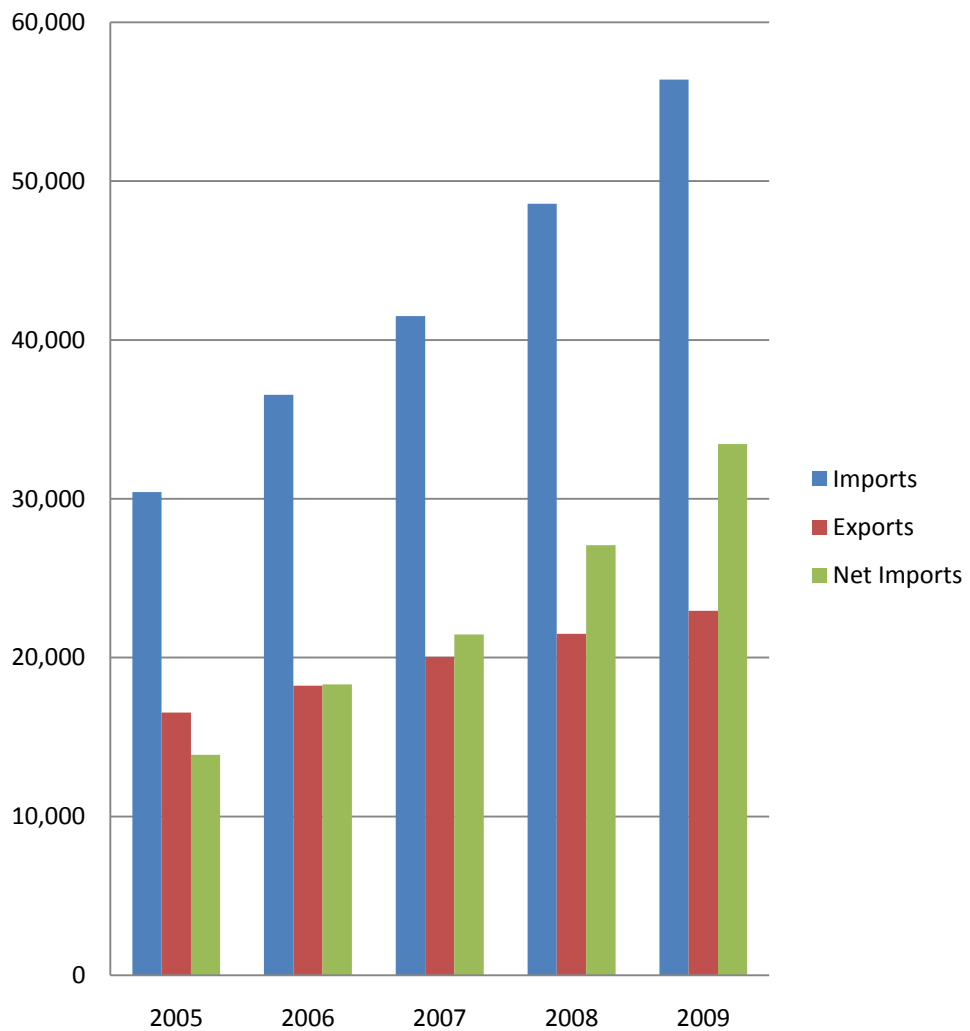
Former Soviet Union, Shipborne Fuel Oil Exports (kmt per year)



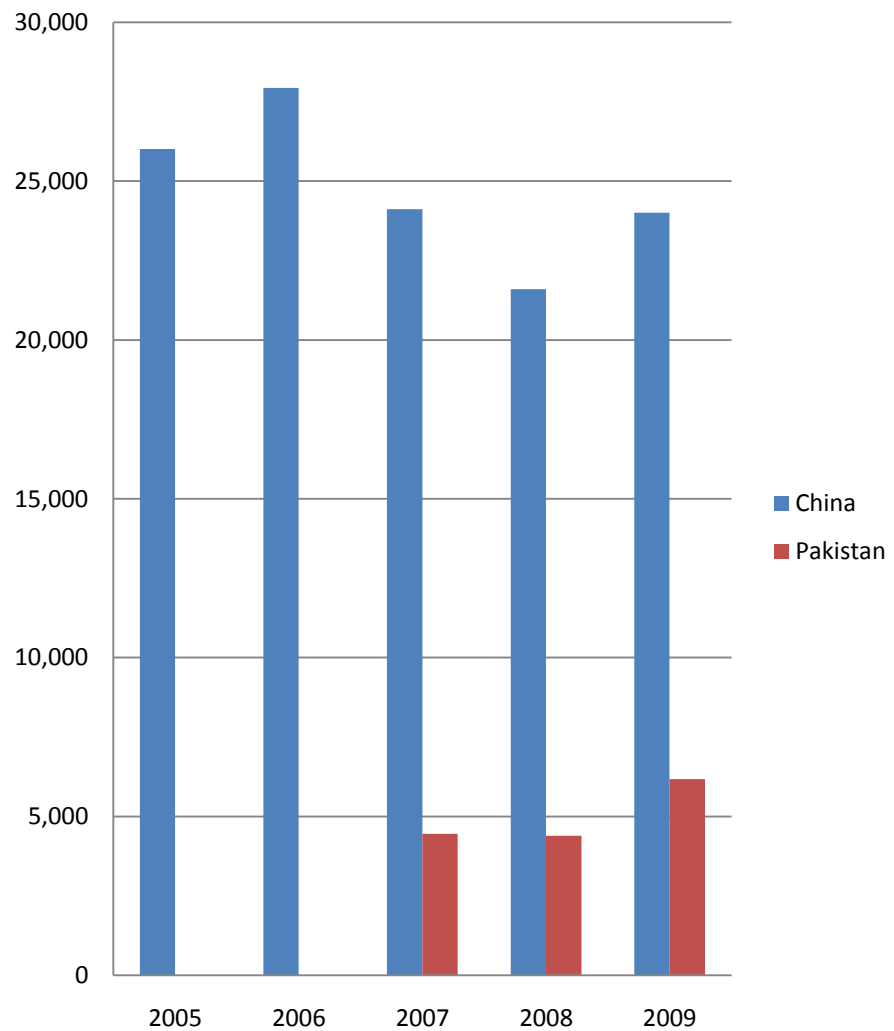


East-of-Suez, Fuel Oil Trade (kmt per year)

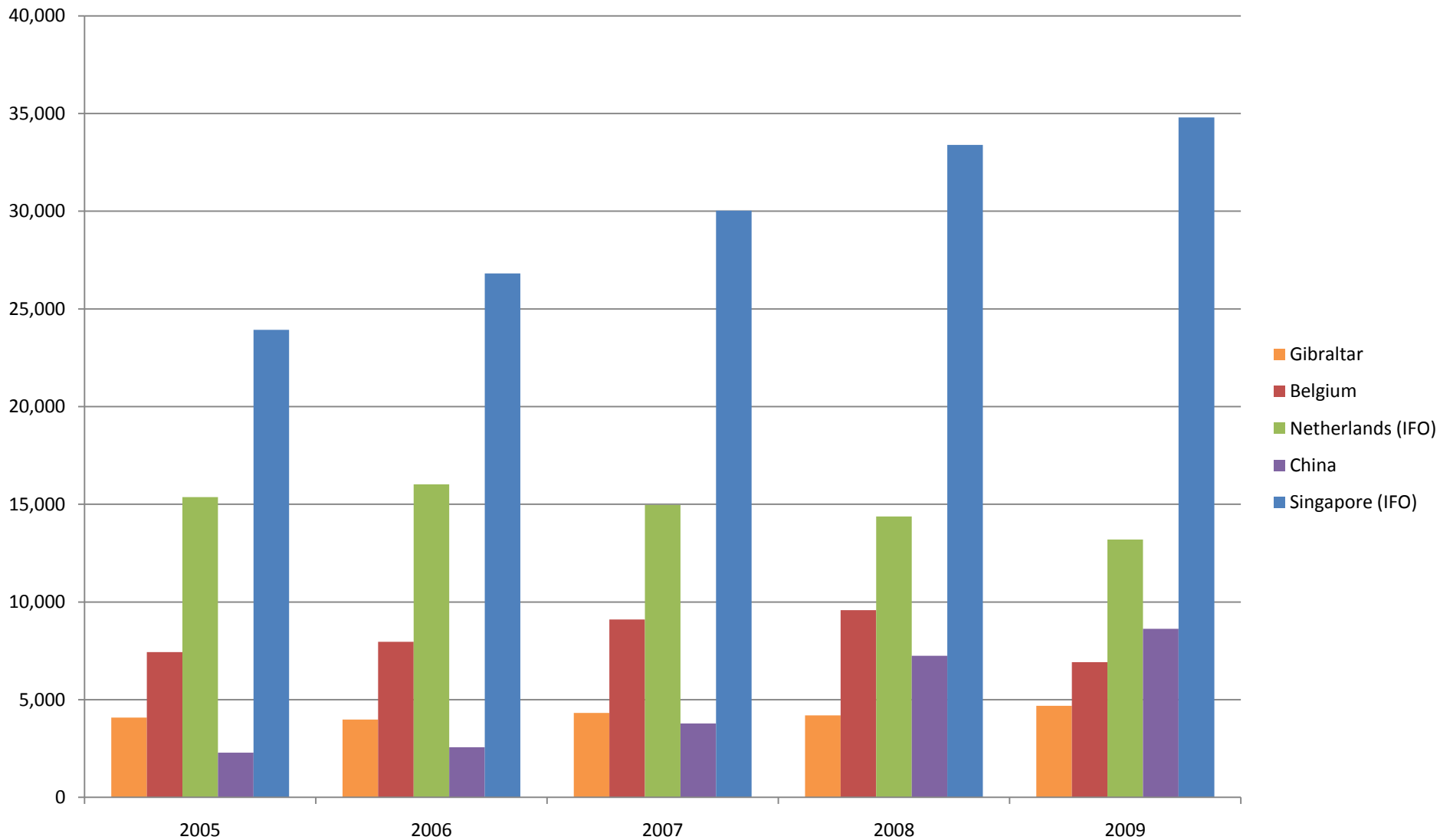
Singapore, Imports and Exports



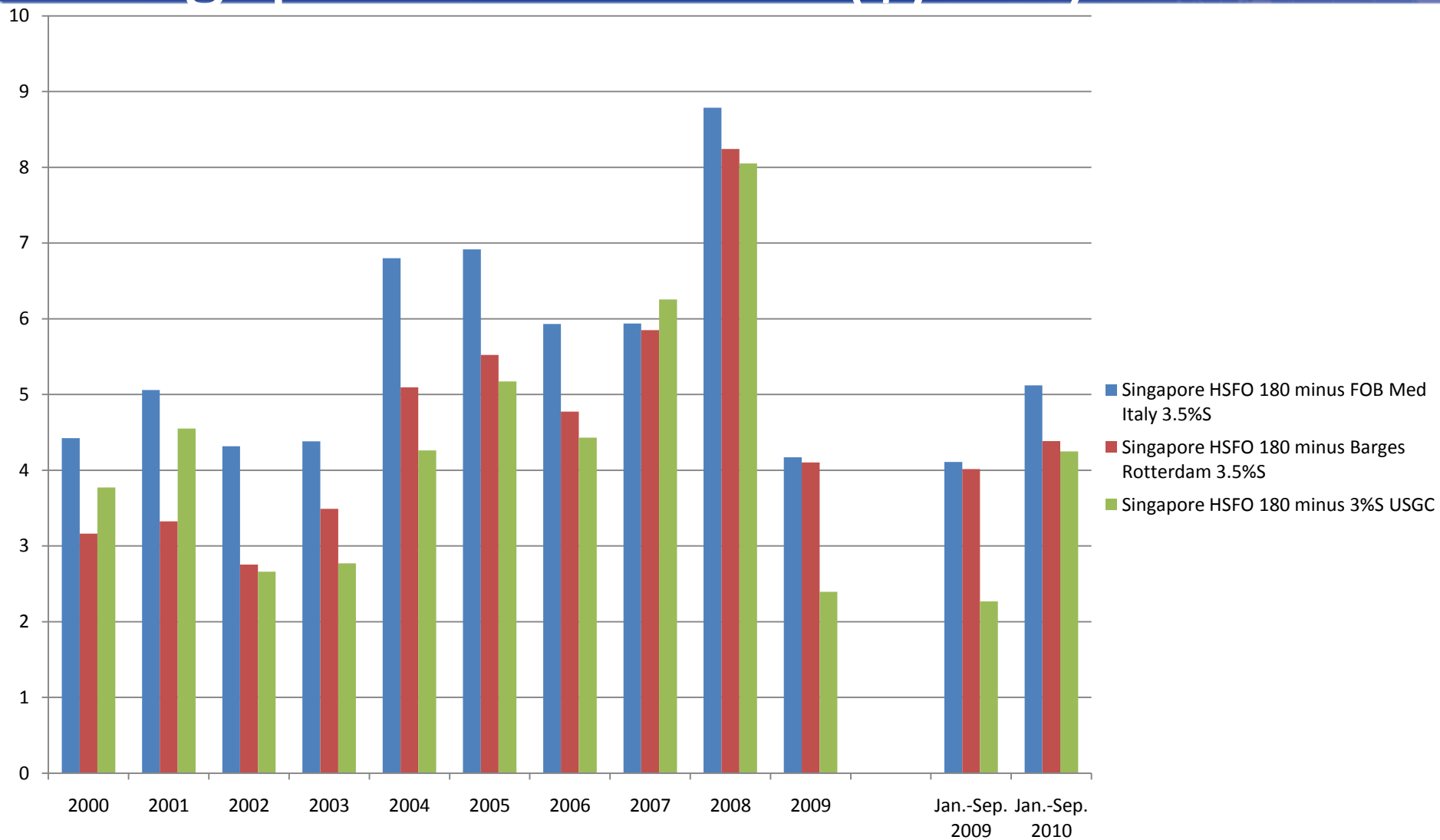
China and Pakistan, Fuel Oil Imports



Bunker Sales (kmt per year)



Singapore HSFO-180 (\$/bbl)





Conclusion

What Stands Out?

- Stronger LS SR
- Fuel Oil Stronger vs Crude
- Narrowed Hi-Lo
- LSFO Arb to Europe/Med
- HSFO Arbs to Far East

Where Do We Go From Here?

- ECA in North America
- China Imports
- South Asia Imports
- Upgrading in FSU

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