



W Risk Management

February
22, 2012

Market in Brief

After initial weakness, crude prices climbed higher late in the session Tuesday reaching new highs for the year. The March WTI futures contract expired yesterday at \$105.84/bbl while the April WTI contracts surged \$3.01/bbl to close at \$106.25/bbl. The April Brent contract rose by +\$1.61 to \$121.66/bbl. Market strength mainly stem from the European Union approval of a 130 billion Euros rescue package to Greece averting bankruptcy and mounting tensions with Iran. Crude has been moving up strongly recently and upside remains more and more limited with many expecting some level of correction since cautiousness over the Greek debts issues are just temporarily resolved and many structural weakness still remains. Chinese manufacturing sector contracted for the 4th straight month while PMI came out at 49.7 in February (48.8 in January) still below 50, which dampened energy demand forecast weighing down prices this morning. Please note that the US crude stockpiles data will be released later this week due to the holiday on Monday and are forecasted to have fallen last week on lower imports. MBA Mortgage index and Jan Existing Home Sales data will be published later this afternoon.

Fueloil Specifics

The NWE bunker fuel prices edged slightly higher yesterday. Delivered 380cst product gained app.\$2/mt while cargo prices were up only a few cents. Trading remained sluggish in ARA as most of the buyers were expecting lower levels due to a closed arbitrage to the east. Rotterdam hub continued to report tight HSFO avails and higher premiums for prompt deliveries. The Singapore fuel oil markets dropped more than \$5.0 during the morning Platts window yesterday. Bunker demand looks improving as price softened however, the delivered bunker premiums also slipped around \$9.0 above cargo prices yesterday. This morning both markets are trading higher.

Settlement & Indications (mid values)

Product	Yesterday's Values			Forward Indications			
	Change	Last	Dir.	Mar	Apr	May	Q212
NYMEX WTI Swap (1st month)	-	106.25	↓	105.96	106.45	106.84	106.79
ICE Brent Swap (1st month)	1.61	121.66	↓	120.70	119.91	119.33	119.33
ICE Gasoil Swap (1st month)	1.50	1013.75	↓	1012.17	1009.83	1007.25	1008.03
3.5% Barges FOB Rtdm	0.75	688.25	↑	692.75	689.50	685.50	685.50

3.5% Cargoes FOB Med	3.25	684.75	↑	685.75	684.25	680.75	680.75	688.75	656.50
1.0% Cargoes FOB NWE	5.25	727.25	↑	725.25	721.25	719.00	719.00	709.75	695.75
3% no. 6 USGC WB	-	109.75	↓	108.71	107.91	107.16	107.16	104.96	102.96
380 CST Cargoes FOB S'pore	(5.25)	718.50	↑	722.25	716.75	711.75	711.75	697.00	683.50
0.1 % GO Barges FOB Rtdm	0.25	1014.00	↓	1014.50	1012.50	1009.50	1010.50	1007.50	1001.50
Physical Rotterdam 380 CST	2.00	698.25	↑	703.25	700.00	696.00	696.00	683.25	671.00
Physical Singapore 380 CST	(6.50)	727.75	↑	732.75	727.25	722.25	722.75	708.00	694.50

Focus of the day: Singapore

Onshore fuel oil stocks in Singapore rose by just over 1% the last week to 19.692 million barrels, according to data collected. It means that stock levels have stayed above 19 million barrels level for three straight weeks, well above January's average of less than 16.5 million barrels. The stock levels have been boosted by record arbitrage volumes, with some 7 million barrels set to arrive in February. March arrivals from the Middle East are expected to be lower, however. Observers quoted by Reuters said there would be a fall in volumes from Saudi Arabia due to refinery maintenance. Cargoes from Iran to Singapore are also expected to be hit because of the ongoing sanctions. Prices of intermediate fuel oil at key Asian ports were generally falling on Tuesday while demand was mixed. 380cst bunker fuel prices in Singapore fell \$2 to \$728.50/mt while the price of marine gas oil was down \$2.50 to \$1001/mt. Enquiries were sluggish at the port while supplies were not an issue. The earliest deliveries were possible from February 22-23 onwards.

Economy fundamentals this week

Fundamental Indicators						
Statistic	Importance	Date	Time	Period	Consensus	
MBA Mortgage Index	Medium	22-Feb	7:00 AM	18-Feb	NA	
Existing Home Sales	Medium	22-Feb	10:00 AM	Jan	4.5M	
Initial Claims	Medium	23-Feb	8:30 AM	18-Feb	360K	
FHFA Housing Price Index	Medium	23-Feb	10:00 AM	Dec	NA	
Michigan Sentiment- Final	High	24-Feb	9:55 AM	Feb	73.5	
New Home Sales	Medium	24-Feb	10:00 AM	Jan	320K	

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Risk

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OW Risk Management (OW RMS) is the risk management arm of OW Bunker Group, one of the world's leading suppliers of marine fuels and lubricants. OW RMS is pricing the derivatives traded by the OW Bunker Group with approximate volume of 40 million metric tonnes per year. OW RMS offers to shipping companies, local suppliers and other counterparts a wide range of risk management products and tools.

We are experts in fuel and gasoil trading both as physically delivered products and derivatives. Based on our long experience in risk management and shipping we together with our clients devise a

hedging strategy that is right for them. RMS can offer a tailored solution individually to our clients by using a number of hedging tools. In that way we meet the demand of the customers with various risk profiles.

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