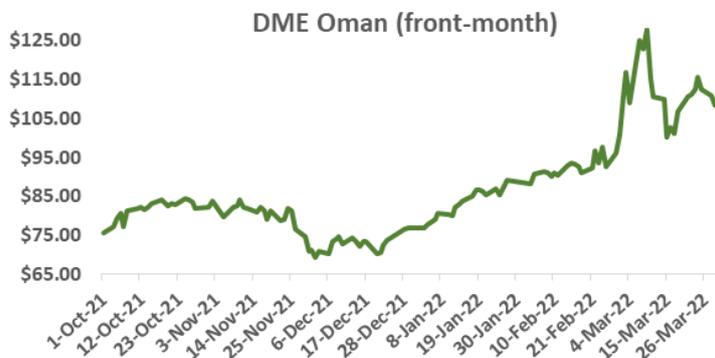


ASIAN REFINED OIL PRODUCTS FACE RECORD VOLATILITY

Oil markets have registered the highest levels of volatility ever recorded during a single month after Russia's invasion of neighboring Ukraine, as both crude oil and refined products faced huge prices swings.

At the same time, Oman crude oil trading on the Dubai Mercantile Exchange registered the highest monthly price in more than thirteen years in March 2022, averaging more than \$110 per barrel and while crude prices regularly moved by several dollars per day, refined products in Asia faced even greater volatility.



DME Oman futures were up more than \$50/b since the start of the year at one point as the Middle East crude benchmark traded at the highest level since 2008, peaking at over \$127/b and pricing above \$100/b every day during March.

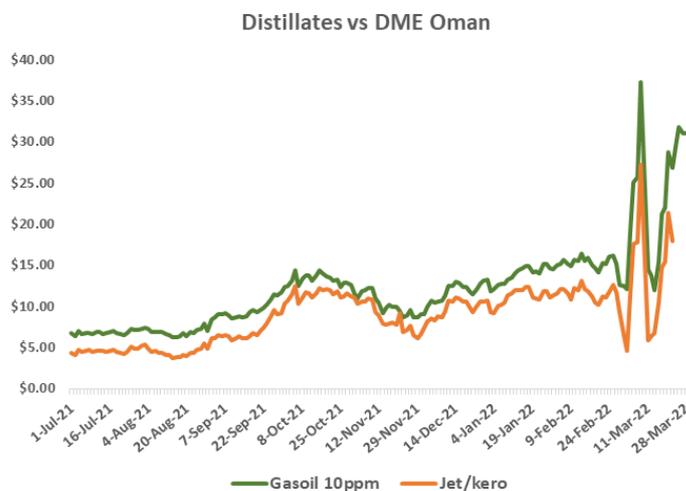
The International Energy Agency (IEA) warned that Russian crude and products exports could decline by 3 million barrels per day in the second quarter of this year as sanctions continue to tighten, threatening an already delicate supply/demand balance as global economies recover from the Covid-19 pandemic.

Distillates

The gasoil/diesel market, which makes up the largest share of oil demand in Asia, rocketed to near all-time highs of above \$180/b for physical barrels trading in the Singapore market before easing back, as distillates consolidated at healthy premiums to DME Oman.

Benchmark 10ppm Singapore gasoil/diesel swaps were trading at record highs of DME Oman +\$35/b on March 9, measuring front-line May DME Oman futures versus front-line April 10ppm swaps.

The Oman/gasoil crack has since retreated but with European buyers increasingly sidelining Russian-origin diesel, buyers have turned to the Middle East and India to make up shortfalls, which are already significant suppliers to European markets.



Jet/Kerosene cracks also saw huge swings as Russia stepped up its military action against Ukraine, while the market also remained firm into the end of the month despite the emergence of the Omicron covid-19 variant in China and subsequent travel restrictions.

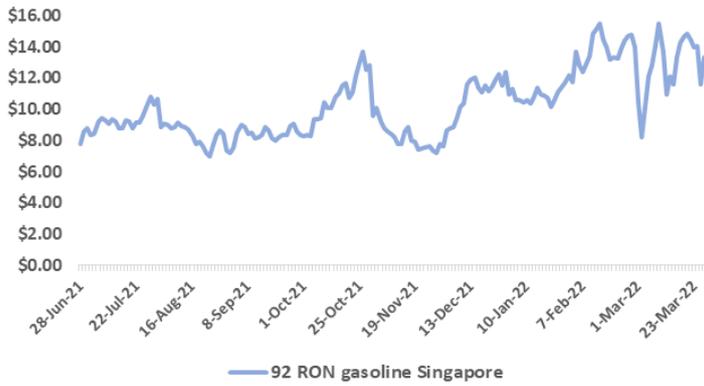
The jet/kero crack versus DME Oman averaged more than \$15/b in March, up from +\$11.50/b in February and having briefly hit a multi-year record of \$27/b.

Gasoline

Asian gasoline markets also shrugged off the latest waves of lockdowns in China with the benchmark Singapore 92 RON gasoline swaps averaging nearly \$13/b against DME Oman, just below the \$14/b in February.

Mobility levels continue to recover across Asia despite the recent lockdowns in China, underpinning strong demand for the key transport fuel, while reduced exports from Chinese refiners have added to supply concerns.

Gasoline vs DME Oman



Fuel Oil

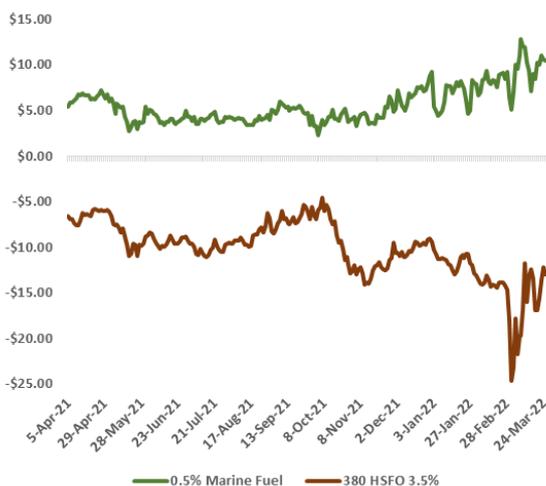
Soaring fuel oil prices briefly lifted benchmark low-sulfur bunker fuel to more than \$1,000 per metric tonne for the first time ever, severely denting the profit margins of shippers across the world.

Vessel operators faced further problems as Shanghai entered lockdown in the last few days of March, causing major delays at the world's largest port complex.

0.5%-sulfur Marine Fuel oil cracks continued the firm 2022 upwards trend, consolidating at post-pandemic highs of around \$10/b over DME Oman, as expensive gasoil used to blend down the sulfur content added to the overall cost of producing low-sulfur bunker fuel.

By contrast, the 3.5%-sulfur 380 CST fuel market at one point slumped to multi-year lows before rebounding strongly to settle at around minus \$12/b versus DME Oman in late March.

Fuel oil vs DME Oman



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