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\$64.43



OSP

112,605
CONTRACTS



TOTAL EXCHANGE VOLUME

DME launches ACE platform

As East of Suez markets evolve, DME is launching a new platform which enhances crude oil price discovery between key Middle East grades.

Middle East and Asian crude oil markets, collectively referred to as 'East of Suez', have transitioned over the past decade from a largely term-contract driven marketplace to one with highly liquid spot markets, key price-discovery centers at both export and delivery hubs, and supported by sophisticated derivative instruments.

As East Suez refiners embrace these changes, spot crude trading and variable refining slates have become a major feature of the market, with refinery buyers looking at a much broader array of crudes, factoring in pricing differentials and crude yields to maximize efficiencies.

While baseload refinery demand will still typically come from reliable and favored suppliers - with a high value placed on security of supply - refiners are increasingly looking to the spot market to supplement baseload grades.

On the broader picture refiners and traders will factor in crudes from all around the globe, with the underlying benchmarks playing a key role.

For instance, Indian or Chinese refiners may step up purchases of West African barrels when Dated Brent is relatively cheap versus Dubai/Oman in the Middle East, or buy more WTI Midland or MEH when U.S. export prices are low.

As markets evolve price discovery becomes an increasingly important element, and among Middle East barrels buyers will work out pricing differentials and product yields.

Price discovery around Middle East grades has primarily centered on medium sour grades, which represent the critical mass of production capacity of more 25 million barrels per day in the region.

To support this market evolution Dubai Mercantile Exchange is introducing the Alternative Crude Ecosystem (ACE), which allows traders to transact multiple Middle East grades with transparent price discovery.

Oman has been the key benchmark crude and reference price in the Middle East for several decades, with National Oil Companies using Oman in pricing formulas since the 1980s.

Additionally, Oman is a major component of Dubai pricing and DME has played host to the Oman futures contract since 2007.

Oman is also a deliverable grade into Shanghai's INE crude contract, broadening its range a key Asian benchmark pricing.

The ACE bilateral trading platform enable transactions between Middle East crude grades and Oman, with price differentials against DME Oman crude futures.

The majority of East of Suez refiners/traders already have DME Oman pricing exposure, with over 5 million barrels per day of FOB Middle East crude priced directly against DME Oman.

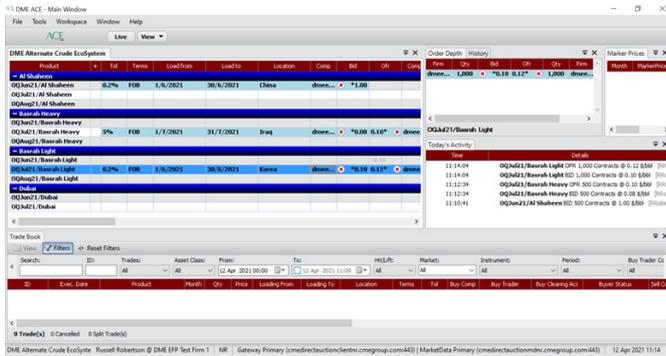
The initial batch of grades selected for the ACE platform are Dubai, Upper Zakum, Murban, Basrah Light, Basrah Heavy and Al Shaheen, but other grades will be considered going forward.

The new ACE platform allows participants to trade between the grades on an Over the Counter (OTC) basis, with price discovery available on a transparent platform.

ACE will utilize well established pricing mechanism derived from DME Oman futures market.

This pricing will offer a common and transparent baseline price for the market to price differentials against other bilateral Middle East grades with the backing of a cleared futures transaction via a regulated Clearing House.





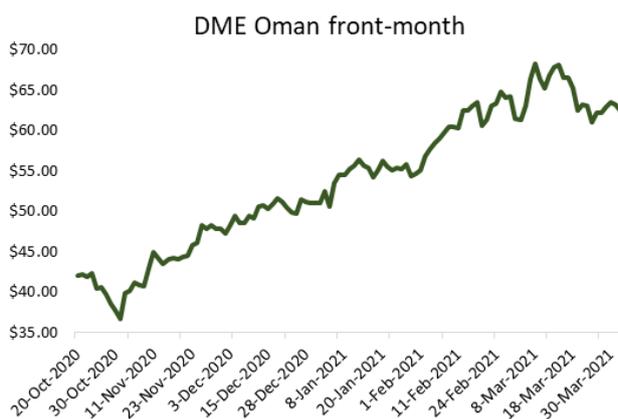
While trading between different types of crude and grade substitution is a growing trend in East of Suez markets, typically such transactions are conducted directly between the two parties.

Even physical oil brokers are rare in Asia, and non-existent in crude, so the ACE platform will add a new dynamic in transparent pricing for grades that historically have traded in relatively opaque markets.

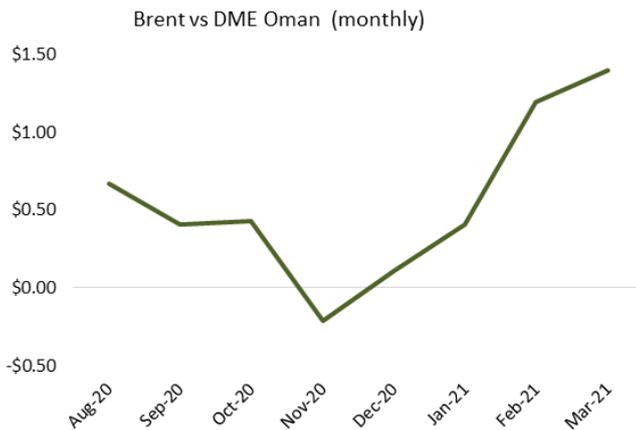
The ACE platform is the first of its kind and will consolidate Oman's role as the key medium sour crude pricing reference for the Middle East and beyond.

The Oman benchmark fully reflects the fundamentals of East of Suez crude markets, and as refiners increasingly broaden the crude slate regional benchmarks become increasingly important on a global basis.

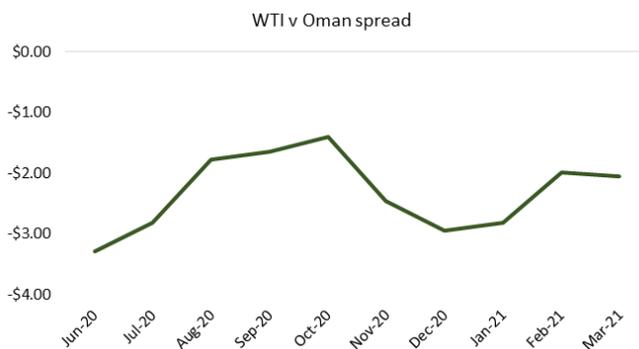
So while comparing Oman in the Middle East against North Sea Brent or U.S. Gulf WTI Midland is already an industry standard with easy price discovery, DME's ACE platform will open up pricing differentials between Middle East grades and bolster Oman's role in price discovery on global crude markets.



DME Oman the key pricing reference for Middle East crude



Brent/Oman spread tracks sweet/sour fundamentals and monitor key arbitrage opportunities



WTI/Oman spread is an increasingly important reference point as U.S. exports to Asia surge



Dubai Mercantile Exchange
 Dubai International Financial Centre
 Gate Village 10, Level 4
 P.O. Box 66500
 Dubai, UAE
 T +971 4 365 5500
 F +971 4 365 5599

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