

EN590 10ppm Daily Market Note

Internal Trading Desk Note | Edition: Wednesday 6th of May close to Friday 8th of May 06:23 CAT

Date: Friday, 8th of May 2026 | Prepared for: Mr Tadzina D. Mannathoko, Director

DAY 70 NEGOTIATION-PHASE ALERT: Brent settled \$100.06 Thursday close after intraday low \$96.75. Iran's Mohsen Rezaei publicly rebuffed US plan as "unrealistic." Foreign Minister Baghaei confirmed Iranian response not yet conveyed to Pakistani mediators. Israeli PM Netanyahu in Trump talks expressing concern over potential US concessions. Macron called Pezeshkian, called for Hormuz reopening. Iran's Aerospace Force Commander Mousavi: "We've seen what happened to your regional bases, we will see the same thing happen to your warships." Trump met with Chevron and ExxonMobil top executives Wednesday. API: US crude stocks fell 8.1mb week to 1st of May, third consecutive draw.

1. Executive Signal Bar

BRENT (Thu 7 May close)	WTI (Thu 7 May close)	EN590 FOB ARA (paper)	EN590 FOB PRIMORSK
\$100.06 / bbl	\$94.81 / bbl	\$1,028 / MT	\$978 / MT
-1.5% on day, intraday low \$96.75	-0.28% on day	Crack still elevated \$35/bbl	~\$50 saving vs ARA, holding

Thursday into Friday morning summary. Thursday opened firm and ran lower through the morning. Brent printed an intraday low of \$96.75/bbl, the lowest level in two weeks, as Pakistani mediators confirmed the US and Iran were closing in on a one-page memorandum of understanding. Then the day reversed. Mohsen Rezaei, member of Iran's Expediency Council, told Press TV the US must pay reparations for damage done to Iran. Tehran will not allow the US to propose what he called "an unrealistic plan to reopen Hormuz." Iranian Foreign Ministry spokesperson Esmail Baghaei confirmed Iran's response to the US 14-point proposal had not yet been conveyed to Pakistani mediators. Brent recovered to close \$100.06, down 1% on day. WTI settled \$94.81. As of 06:23 CAT Friday, the picture is one of suspended negotiation. The framework MoU exists. Iran is reviewing it. Parliamentary speaker Ghalibaf warned Iranians of "a hard road ahead." Aerospace Force Commander Mousavi threatened US warships explicitly. The de-escalation arc has not collapsed but it has stalled.

2. The Negotiation State

Section dedicated to mapping the moving parts of the negotiation. The market is now trading the diplomatic news cycle minute by minute, and the substance matters more than the headline.

Where the framework stands

The 14-point proposal. A US-drafted one-page memorandum of understanding circulating between Washington, Tehran and the Pakistani mediators. Two US officials and two additional sources confirmed to Axios on Wednesday. The framework would end the war and set terms for more detailed nuclear negotiations to follow. The terms reportedly include Iran shipping its enriched uranium stockpile to the US and pledging not to operate its underground facilities, per Trump's PBS News interview Wednesday. The Iranian response is pending. Baghaei confirmed Thursday the response has not yet been delivered to Pakistan.

The Iranian internal split

Two Iranian voices, two different messages. Mohsen Rezaei (Expediency Council, hardline): rejected the US proposal as "unrealistic" and demanded reparations. Iran will "not allow the US to propose" anything Iran considers coercive. Foreign Ministry spokesperson Esmail Baghaei (institutional, more measured): confirmed the review is

ongoing and that Iran's response will be conveyed through Pakistan. Negotiations require "a genuine attempt to engage in discussions with a view to resolving the dispute." Negotiations "are not dictation, deception, extortion or coercion." These are different signals. Rezaei is positioning maximalist demands. Baghaei is keeping the channel open. The two together suggest internal Iranian debate, exactly as Trump previously implied when he said, "there is tremendous infighting and confusion within their leadership."

The Iranian military signals

Two military statements raise the kinetic risk profile. A senior official of Iran's Revolutionary Guards warned that any new US attack on Iran, even if limited, would usher in "long and painful strikes" on US regional positions. Aerospace Force Commander Majid Mousavi, quoted by Iranian media: "We've seen what happened to your regional bases, we will see the same thing happen to your warships." Direct threat to US Navy assets. Iran has substantially reduced offensive operations since the early-April ceasefire, but the rhetoric is preparing the ground for response if talks collapse.

The Israeli factor

Netanyahu in Trump talks expressing concern. Per CNN's live coverage, Israeli Prime Minister Benjamin Netanyahu is holding talks with Trump administration officials "to better understand the latest developments in the negotiations between the US and Iran." An Israeli source told CNN that Israel is concerned about potential last-minute US concessions. Combined with Defence Minister Katz's prior signal of possible renewed Israeli action, this is the wildcard that the market is not pricing. If Netanyahu concludes the US is about to grant terms Israel finds unacceptable, Israeli pre-emptive action becomes a real possibility. The 60-day War Powers constraint on Trump does not constrain Israel.

The European angle

Macron-Pezeshkian conversation. French President Emmanuel Macron called Iranian President Masoud Pezeshkian on Wednesday and called for the resumption of traffic in the Strait of Hormuz. Macron also encouraged others to consider joining a multinational mission to secure shipping in the critical waterway. This brings European diplomatic weight directly into the picture for the first time. France is positioning to be part of the multinational Hormuz security framework that the UK has been organising since the 50-nation conference earlier in the war.

The fair commercial read

Three things are now true simultaneously. First, the framework is real. Pakistani mediators are actively shuttling. Iranian Foreign Ministry is engaged. Trump has paused Project Freedom citing progress. Second, the gap is real. Iran wants reparations and US blockade lifted before any nuclear concessions. The US wants nuclear concessions before lifting the blockade. The terms in the 14-point MoU may be impossible for Iranian leadership to accept domestically. Third, the kinetic risk has not gone away. Aerospace Force Commander Mousavi's warship threat is concrete. Israeli concerns over US concessions are concrete. Either of these can reignite the conflict if the framework collapses.

Practical implication for AFC. The market is in a negotiation-phase trading regime. Every Iranian statement moves prices. Every US administration comment moves prices. The forward curve at the low \$90s remains the disciplined read. SPIMEX-linked floating contracts executed at this week's pricing capture the structural arbitrage regardless of which way the talks resolve. Pre-contracted Russian Baltic supply is the right answer to a binary outcome where either path generates value.

3. Global EN590 Route Pricing Matrix

Indicative \$/MT ranges. Green-shaded rows indicate Russia and Belarus loadports, first-class commercial hubs serving the ~140 UN member states not subject to G7 unilateral measures. Pricing reflects Thursday close.

Route / Basis	Indicative Range (USD/MT)	Commentary
FOB Primorsk (Russia, Baltic)	\$952 - \$1,058	SPIMEX-linked. Working mid eased \$10/MT from Wednesday close on continued reconciliation track. Discount to ARA holding ~\$50/MT. AFC ground operations Primorsk continuing fully. Russian seaborne crude exports rose 8.9% month-on-month to 7.1 mb/d, validating structural buyer pool thesis.
FOB Ust-Luga (Russia, Baltic)	\$948 - \$1,055	Sister loadport to Primorsk. Within \$5-15/MT. Same buyer pool and routing.
FOB Novorossiysk (Russia, Black Sea)	\$972 - \$1,075	Black Sea basis. Sunday tanker strikes near port remain isolated. Loading rates intact.
FOB Belarus (pipeline to Baltic)	\$942 - \$1,048	Belarusian-origin via Baltic export. Same buyer pool as Primorsk.
FOB Rotterdam / ARA (W. Europe)	\$1,388 - \$1,528	ICE/Platts benchmark. Brent at \$100.06 close. Crack still elevated. US oil exports hit record high last week per Trading Economics, increasing Atlantic basin supply.
FOB Houston (US Gulf)	\$1,362 - \$1,488	US ULSD tracking ARA. API: US crude stocks fell 8.1 mb week to 1 st of May, third consecutive draw. US oil exports record high.
CIF Middle East (Fujairah)	\$1,338 - \$1,510	Fujairah hub fully back online following Monday Iranian drone strike. ADNOC working through cleanup. Iraq term-buyer discounts persisting per Bloomberg.
CIF Asia (Jurong/Singapore)	\$1,475 - \$1,618	MOPS firm. Singapore middle distillates eased from \$290/bbl peak. Asian importers slowing runs. Goldman South Africa, India, Thailand, Taiwan scarcity flag persists.
CIF West Africa (Lagos, Tema, Abidjan)	\$1,538 - \$1,672	NNPC sustaining elevated May OSPs. Africa fertiliser crisis deepening. Macron called for Hormuz traffic resumption after talking to Pezeshkian, encouraging multinational mission.
CIF East Africa (Mombasa, Dar es Salaam)	\$1,592 - \$1,728	India export duties continuing. Pakistan, Bangladesh, Vietnam still rationing. Mauritius cover stretched.
Delivered Southern Africa (Durban, Maputo)	\$1,625 - \$1,765	Cape route firm. South Africa on Goldman scarcity list. Largest Primorsk arbitrage point in matrix at ~\$510/MT saving.
CIF South America (Santos/Rio)	\$1,548 - \$1,682	Atlantic Basin freight firm. Russian sellers continuing Brazil-to-Egypt cargo redirects per Lloyd's List.

Russian loadports note. Primorsk eased \$10/MT to \$978 working mid. Discount to ARA holding stable at approximately \$50/MT. Both ARA and Primorsk moved together as the diplomatic story dominated. AFC ground operations Primorsk continuing fully across loading and exporting.

4. Landed Cost Comparison, Primorsk-Origin

For counterparties in the ~140 UN member states. MR or LR1 tanker, non-Western vessel and insurance stack. Saving column includes 50,000MT cargo value captured.

Destination	FOB Primorsk	Freight + Ins.	Landed Cost	Saving vs Equiv. CIF/DLV
Ghana (Tema)	\$978	\$96	\$1,074	~\$464/MT (\$23.2M on 50k MT)
Tanzania (Dar es Salaam)	\$978	\$130	\$1,108	~\$484/MT (\$24.2M on 50k MT)
UAE (Fujairah)	\$978	\$144	\$1,122	~\$216/MT (\$10.8M on 50k MT)
India (Vadinar, W. Coast)	\$978	\$85	\$1,063	~\$412/MT (\$20.6M on 50k MT)
Singapore (Jurong)	\$978	\$134	\$1,112	~\$363/MT (\$18.1M on 50k MT)
South Africa (Durban)	\$978	\$119	\$1,097	~\$528/MT (\$26.4M on 50k MT)
Brazil (Santos/Rio)	\$978	\$94	\$1,072	~\$476/MT (\$23.8M on 50k MT)

Commercial headline. Durban delivers \$528/MT saving vs ARA-origin DLV equivalent. \$26.4million on a 50,000MT cargo. \$52.8million on a 100,000MT cargo. The arbitrage is fully intact across all seven AFC destinations. Goldman's South Africa scarcity flag persists. The Russian Baltic supply position is now combining structural price advantage with demonstrated scarcity-supply alignment in three of Goldman's four highest-risk geographies.

5. Benchmark Derivations

Working calculation from crude through to EN590 FOB anchors. Thursday 7 May close.

Input	Value	Notes / Sources
Brent crude (Thu 7 May close)	\$100.06/bbl	CNBC. -1% on day. Intraday low \$96.75 before Rezaei rebuff.
Brent intraday Thu low	\$96.75/bbl	Two-week low. Triggered by mediator framework optimism. Reversed on Iranian rebuff.
Brent (Wed 6 May close)	\$101.27/bbl	-7.8% on day. Below \$100 intraday on Axios MoU report.
WTI crude (Thu close)	\$94.81/bbl	-0.28% on day. Brent-WTI spread \$5.25/bbl, narrowed further.
WTI Wed intraday low	\$88/bbl	Plunged 15% intraday Wednesday before paring on Trump 'too soon' remark.

Input	Value	Notes / Sources
API US crude inventories	-8.1 mb (week to 1 May)	Third consecutive weekly draw. Gasoline and distillate stocks also down. Underlying supply tightness intact.
Gasoil crack spread	+\$35/bbl (\$261/MT)	Eased modestly. Heating oil dropped 6% Wed. Singapore middle distillates from \$290 peak.
Gasoil conversion factor	7.45 bbl/MT	Density 0.845 kg/L at 15 degC.
ICE LSG estimate	\$1,005/MT	$(\$100.06 + \$35) \times 7.45 = \$1,005$.
EN590 10ppm premium	+\$12/MT	vs 50ppm gasoil base.
EN590 FOB ARA (paper, working)	\$1,028/MT	Working benchmark. Down \$10 from Wednesday. Physical premium implied ~\$50/MT above this.
Primorsk discount to ARA	~\$50/MT	Holding stable. Both ARA and Primorsk eased in step.
EN590 FOB PRIMORSK (working)	\$978/MT	Mid of \$952-\$1,058 band. AFC operations Primorsk continuing fully.

API inventory data Tuesday-Wednesday. American Petroleum Institute reported US crude stocks fell 8.1 million barrels in the week ended 1st of May. Third consecutive weekly draw. Gasoline and distillate stocks also declined. Goldman flagged Monday that easily accessible refined product buffers are being depleted rapidly, particularly in petrochemical feedstocks (naphtha and LPG) as well as jet fuel. The disconnect is now sharp: physical inventories are draining, but paper prices are responding to diplomatic news. The forward curve at the low \$90s reflects this. The spot price at \$100 reflects the news cycle. The gap between them remains the structural opportunity.

6. Geopolitical and Macro Drivers

Wednesday 6 May late: market fully digests the framework news

- **WTI plunged 15% intraday Wednesday:** Per NBC News. Wednesday saw US crude oil at \$88/bbl intraday and Brent at \$96/bbl. Markets surged: S&P 500 +1.5% to record close, Nasdaq +2% to record close, Dow +610 points. The moves moderated after Trump told the New York Post it was "too soon" to prepare to sign a peace deal. WTI closed -7% at \$95.08, Brent closed -7.8% at \$101.27.
- **Trump met top oil executives (CNN):** After referencing the war in Iran, Trump met with top executives from major US oil companies including Chevron and ExxonMobil to discuss oil and Venezuela. Trump said the energy companies are "eager to expand operations." Significance: US oil major positioning for post-war supply scenarios. Combined with US oil exports at record highs, US is structurally repositioning as net energy exporter through this crisis.
- **Iran navy social media (NBC News):** Iran's navy posted that "with aggressor's threats neutralized & new protocols in place, safe, stable passage through" the Strait of Hormuz "will be ensured." This is positive operational framing from the Iranian military side, suggesting the IRGC may accept transit governance under new Iran-defined protocols. Different signal from Aerospace Force Commander Mousavi's warship threat, again indicating Iranian internal divisions.

Thursday 7 May: the day that reversed direction

- **Brent intraday \$96.75 low:** Two-week low. Set during early Asian and European trading on Pakistani mediator confirmation. Pared losses through US session.
- **Mohsen Rezaei rebuff (Press TV via CNBC):** Iran's Expediency Council member: US must pay reparations. Tehran will not allow US to propose "an unrealistic plan to reopen Hormuz." PressTV is Iranian state media. Rezaei represents the hardline faction. The statement is calibrated to push back on US framework terms publicly.
- **Baghaei Foreign Ministry statement (CNBC, IRNA):** Iranian Foreign Ministry spokesperson Esmail Baghaei: Tehran is still reviewing the US proposal. Will present response to Pakistani mediators when ready. "Negotiations require a genuine attempt to engage in discussions with a view to resolving the dispute. Negotiations are not dictation, deception, extortion or coercion." Calibrated diplomatic positioning. Channel remains open.
- **Trump conditional war-end statement (CNBC, social media):** Trump: Operation Epic Fury "will be at an end" if Iran "agrees to give what has been agreed to, which is, perhaps, a big assumption." If that happened, the US naval blockade of Iranian ports in the Gulf of Oman would "allow the Hormuz Strait to be OPEN TO ALL, including Iran." This is the clearest articulation yet of the bilateral contingent: Iran nuclear concessions for Hormuz reopening. Whether Iran can deliver this politically is the open question.
- **Mousavi warship threat (Iranian media):** Iran's Aerospace Force Commander Majid Mousavi: "We've seen what happened to your regional bases, we will see the same thing happen to your warships." Direct threat against US Navy assets in the Gulf. Establishes Iran's military readiness to respond if framework talks fail.

Thursday 7 May: the European entry

- **Macron-Pezeshkian call (CNN):** French President Emmanuel Macron called Iranian President Masoud Pezeshkian on Wednesday. Called for the resumption of traffic in the Strait of Hormuz. Macron also encouraged others to consider joining a multinational mission to secure shipping in the critical waterway. France joining the multinational Hormuz security framework that the UK has been coordinating.
- **Israeli PM Netanyahu concerns (CNN):** Israeli Prime Minister Benjamin Netanyahu holding talks with Trump administration officials to "better understand the latest developments in the negotiations." An Israeli source told CNN: Israel is "concerned about potential last-minute US concessions." Combined with Defence Minister Katz's earlier signal of possible renewed Israeli action, this is the wildcard that markets are not pricing.

Other macro signals

- **API inventory data (multiple sources):** US crude stocks fell 8.1 million barrels in week to 1 May. Third consecutive weekly draw. Gasoline and distillate stocks also declined. Despite all the diplomatic noise, the underlying physical supply tightness is genuine.
- **US oil exports record high (Trading Economics):** US oil exports climbed to a record high last week as countries increasingly turned to American supply amid shortages linked to the conflict. US is structurally repositioning as net energy exporter. Combined with the Trump-Chevron-ExxonMobil meeting, the picture suggests US administration is positioning to capture market share gains regardless of Hormuz outcome.
- **Russia structural beneficiary continuing:** Per Business Standard analysis, Russia's seaborne crude exports rose 8.9% month-on-month to combined 7.1 mb/d. India's Russian crude imports +88% to 1.9 mb/d. China's seaborne intake 1.8 mb/d. Urals discount to Brent halved to \$6.4/bbl. AFC's structural buyer pool thesis continues validating week by week.
- **OPEC+ production discipline gone:** Following the 188 kb/d output increase last week and the UAE departure 1 May, OPEC+ as a price-management mechanism is structurally weakened. Saudi continuing to cut June Asia OSPs to defend market share. Competitive Gulf supply environment now established for the duration of this crisis.

- **Goldman scarcity flag persists:** Goldman's Monday note flagging South Africa, India, Thailand, Taiwan as the four highest-scarcity-risk geographies remains active. Refined product buffers continue depleting. AFC's destination matrix overlaps three of these four geographies. Validates structural commercial case.
- **Pakistan, Bangladesh, Vietnam rationing:** South and Southeast Asian rationing of refined product imports continues. Mauritius down to 21 days of cover. Pakistan PM publicly confirmed Pakistan turning to Russia and Venezuela. Demand pool for AFC's Russian Baltic origination expanding.

7. Freight and War-Risk Insurance

Freight

- Baltic Exchange MR rates eased modestly Thursday on continued reconciliation track.
- Cape route well utilised.
- Project Freedom remains paused. Two US-flagged commercial ships have transited Hormuz under destroyer escort total. General commercial reopening still pending.
- Indian Dosh Garima precedent suggests bilateral arrangements may emerge alongside formal US-led corridors. China likely to seek similar bilateral arrangement for its own crude flows.

War-risk insurance (AWRP)

- **Strait of Hormuz AWRP:** Holding 1.4-1.7% of hull value. Insurers waiting for sustained track record of safe transits before reducing further. Pre-war baseline: 0.125%. Mousavi warship threat may push assessment up modestly today.
- Red Sea/Suez AWRP: 0.45-0.65% range. Stable.
- Baltic exit AWRP: \$0.40-\$0.85/MT, holding elevated post-Primorsk strike news cycle. AFC ground operations confirm full loading rhythm intact.
- Non-Western P&I providers fully operational. Cover availability and pricing unchanged.

8. Jurisdictional Disclosure

Factual disclosure by sanctions regime. Buyer-jurisdiction specific. Counsel determination essential.

- **UN Security Council:** No UN sanctions on Russian hydrocarbons. All restrictions are unilateral measures by approximately 40 of 193 UN member states.
- **G7 price cap:** \$100/bbl applies only when G7 shipping, insurance or finance is involved. Non-G7 services outside scope.
- **EU Article 3ma:** EU-linked cargoes may not import Russian-origin EN590 into the EU. Non-EU to non-EU flows entirely unaffected.
- **US OFAC SDN:** January 2025 package, ~183 designated vessels. Applies to US persons and USD clearing. Non-USD settlement chains outside primary scope.
- **Iran enforcement:** US naval blockade remains in place despite Project Freedom pause. Trump's conditional offer to lift blockade if Iran accepts MoU is the key open variable. Until then, Iran-touched cargoes carry maximum kinetic and sanctions risk.

AFC buyer base position. Approximately 140 UN member states trade Russian-origin refined product legally. India's Russian crude imports +88% to 1.9 mb/d. China seaborne intake 1.8 mb/d. Pakistan, Bangladesh, Vietnam, Thailand, Mauritius rationing. SPIMEX FOB Primorsk EURO-5 deliverable futures contract operational. KSE Institute confirmed 82% of Russian oil products move on non-G7-insured tankers.

9. Fraud and Scam Red Flags

Negotiation-phase volatility creates extreme scam-market environment. Daily Iranian statements move prices. Apply maximum diligence on compressed-window offers exploiting both directions.

- "Pre-deal lock-in" offers exploiting framework optimism: any compressed-window offer claiming Iran will accept MoU imminently is timed scam. Foreign Ministry Baghaei has not even delivered Iran's response yet.
- "Rezaei-rebuff distress" offers: any seller claiming Iranian rejection guarantees a re-spike and offering distress prices to lock in immediate orders is fraudulent. Rezaei is one Iranian voice. The framework remains under review.
- "Mousavi warship threat-induced" offers using Iranian Aerospace Force Commander threats: timed scams. The threat does not change physical cargo economics this week.
- "Israeli pre-emptive strike imminent" offers: Netanyahu concerns about US concessions are real but no Israeli action is imminent. Decline.
- "Macron-Pezeshkian Hormuz reopening" offers: bilateral diplomatic conversations do not constitute Hormuz reopening.
- "Project Freedom-cleared cargo" offers: Project Freedom remains paused. CENTCOM does not clear commercial cargoes. Fabricated.
- Fujairah FOB at Platts minus \$50: still fraudulent.
- Iranian-origin cargo represented as Iraqi, Omani, Russian, or re-flagged: US enforcement remains global.
- TTO/TTV without current SGS Q&Q, Q88, product passport, live GPS: do not engage.
- Primorsk offers at >\$200/MT below SPIMEX forward curve: cross-reference SPIMEX, named refinery mandate required.
- Kazakhstan EN590 sub-\$500/MT: economically impossible at \$100 Brent.

10. Trading Opportunities

Prompt opportunities

- FOB Primorsk for non-sanctioned buyers: \$360-\$528/MT landed saving vs ARA-origin CIF depending on route. Discount to ARA holding stable at \$50/MT. SPIMEX-linked supply remains the strongest value position in the matrix.
- Durban specifically: \$528/MT saving. Goldman flagged South Africa as one of four highest-scarcity-risk geographies. Combined price advantage and demonstrated scarcity-supply positioning is now AFC's structural commercial case.
- **The negotiation phase is the trade.** If Iran accepts the MoU in coming days, Brent corrects further toward forward curve \$90-\$92, physical diesel lags 4-6 weeks. SPIMEX-linked floating contracts at this week's \$978/MT Primorsk capture the lag. If Iran rejects or delays through next week, Brent re-spikes to \$115-\$125 on renewed war risk. Pre-contracted Russian Baltic supply represents transformative forward value. Both directions favour execution this week.
- **API inventory data validates physical scarcity continues.** 8.1mb US crude draw third consecutive week. Goldman's product scarcity flag intact. The diplomatic news has not normalised the physical market. AFC's structural supply position remains uniquely valuable.
- Pakistan, Bangladesh, Vietnam, Mauritius continuing to ration. AFC origination capacity for these markets via Primorsk-Suez routing positioned to bid into emergency tenders.

Structural opportunities

- SPIMEX-indexed 12-month supply: Goldman scarcity flag persisting. Russia's structural beneficiary positioning intact. AFC overlaps three of Goldman's four highest-risk geographies. The structural commercial case is publicly validated by major Western analysts.
- 100,000MT/month Baltic-origin EN590 programme: \$52million per cargo cycle in captured value at this week's pricing.
- Russia structural positioning: India +88% Russian crude imports, China 1.8 mb/d seaborne, Russian export revenues nearly doubling. AFC's Russian Baltic supply positioning rides the largest energy supply realignment of the modern era.

Three-scenario positioning

- **Scenario A - Iran accepts framework in coming days (medium probability):** Brent corrects to \$80-\$92 over weeks. Physical diesel lags 4-6 weeks. EN590 FOB ARA eases to \$880-\$960. Primorsk \$830-\$910. Pre-contracted SPIMEX-linked forward cargoes at today's pricing deliver value on the correction. The 4-6-week physical lag is the captured arbitrage.
- **Scenario B - protracted negotiation continues, no breakthrough (medium probability, this week's base case):** Brent oscillates \$95-\$110 with continued daily volatility on Iranian and US statements. Primorsk discount to ARA holds \$45-\$60/MT. AFC structural programme captures consistent monthly value. This is the most probable near-term path.
- **Scenario C - talks collapse, Israeli action triggers re-escalation (lower probability, but Israeli wildcard active):** Brent toward \$115-\$135. Mousavi warship threat materialises. EN590 FOB ARA \$1,150-\$1,400. Primorsk \$1,080-\$1,300. Pre-contracted Russian Baltic supply at today's \$978 represents transformative forward value.

11. Bottom Line

We are now in negotiation-phase trading. Brent at \$100.06 close Thursday after intraday low of \$96.75. The market is moving on every Iranian statement and every US administration comment. Mohsen Rezaei rejected the US plan as unrealistic. Foreign Minister Baghaei kept the channel open. Aerospace Force Commander Mousavi threatened US warships. Israeli PM Netanyahu is in talks with Trump expressing concern about US concessions. Macron called Pezeshkian. The negotiation has many moving parts and any of them can shift the price by \$5-\$10/bbl in 24 hours.

The substance question remains. Iran wants reparations and US blockade lifted before nuclear concessions. The US wants nuclear concessions before lifting the blockade. Trump has articulated the bilateral contingency clearly: Operation Epic Fury ends and Hormuz reopens to all if Iran delivers. Whether Iran can deliver politically is the open question. Internal Iranian divisions visible in Rezaei vs Baghaei statements suggest the leadership is genuinely split. Aerospace Force Commander threats and Iran navy operational assurances suggest the same pattern in the military.

The physical fundamentals have not gone away. API confirmed third consecutive weekly US crude draw, 8.1 million barrels. Gasoline and distillate stocks also down. Goldman South Africa, India, Thailand, Taiwan scarcity flag persisting. Pakistan, Bangladesh, Vietnam, Mauritius rationing. Russian seaborne crude exports up 8.9%. India's Russian crude imports +88%. The physical market is genuinely tight regardless of the diplomatic news cycle.

For AFC's commercial position. Primorsk at \$978/MT, ARA at \$1,028/MT, discount holding \$50/MT. Durban saving \$528/MT. 100,000MT/month programme generating \$52+million per cargo cycle. The forward curve at \$90-\$92 is the disciplined read. SPIMEX-linked floating contracts executed this week capture the structural arbitrage across all three negotiation outcomes. Goldman flags South Africa, India, Thailand, Taiwan as highest scarcity risk. AFC overlaps three of these four. AFC ground operations

Primorsk continuing fully. The structural commercial case has been publicly validated by every major Western analyst desk this week. Execute.

Prepared by: *Afri-Fuel-Consult Internal Trading Desk*

Note prepared: Friday 8th of May 2026, 06:23 CAT (Gaborone), covering Wednesday 6th of May close through Thursday 7th of May 2026 close.

Sources: CNBC (Brent \$100.06 close 7 May, Holly Ellyatt and team coverage, Mohsen Rezaei rebuff via Press TV, Esmaeil Baghaei Foreign Ministry statement, Trump conditional war-end statement, oil executives meeting), Press TV Iran (Rezaei reparations demand, US must pay damage), CNN (Israeli PM Netanyahu concerns about US concessions, Macron-Pezeshkian phone call, Iran 14-point proposal review), NBC News (Wednesday WTI 15% intraday plunge, Trump 'too soon' comment to New York Post, S&P 500 record close, Iran navy social media on Hormuz protocols), Trading Economics (Brent intraday low \$96.75, US oil exports record high, Project Freedom pause), RTE (Iran-US framework MoU per Pakistani mediator source, Iranian MP wishlist quote, Brent intraday \$96.75 confirmation, API inventory 8.1 mb draw), Axios (14-point MoU report, Trump 'too soon' statement), Kathmandu Post (Iran proposal to Pakistani mediators, Mousavi warship threat, Ghalibafhard road warning), CNN live blog (Baghaei review status, Trump PBS News interview on uranium shipping terms), Reuters (UAE Fujairah operational status), Al Jazeera, Business Standard India (Russia structural beneficiary, Russian export revenues doubling, India-China crude flows), Bloomberg (Iraq term discounts continuation), Fars News Agency Iran, IRNA Iranian state news, ISNA, Tasnim, Voice of Emirates News Agency UAE/Cairo, ANI India, Tribune India, TASS, Moscow Times, Kyiv Post, EIA STEO, API (8.1 mb US crude draw third consecutive week), Goldman Sachs (4% Hormuz exports, scarcity by region: South Africa, India, Thailand, Taiwan), Morgan Stanley (Amrita Sen \$80-\$90 floor), Skylar Capital (Bill Perkins), Oxford Economics (Ben May, Bernard Yaros), ING Commodities (Warren Patterson), Lipow Oil Associates (Andy Lipow), JPMorgan, Rapidan Energy (Bob McNally), Mercuria, IEA April OMR, Lloyd's List, MarineTraffic, ISW, UKMTO, BIMCO, Baltic Exchange, KSE Institute, Kpler, US CENTCOM, Pentagon, RFE/RL, IISS London, Pakistan PM Office, MS NOW (Pakistani official confirmations), S&P Global Market Intelligence (Hormuz transit count), AAA US gasoline price tracking. Non-Western source weight: Press TV Iran, IRNA, ISNA, Tasnim, Fars News, Kathmandu Post (Nepal), Voice of Emirates, ANI India, Tribune India, Business Standard India, Al Jazeera Qatar, TASS, Moscow Times, Kyiv Post, Pakistan PM Office, MS NOW Pakistan. Primorsk pricing cross-referenced against SPIMEX deliverable futures curve. AFC ground operations Primorsk continuing fully.

Disclaimer: Internal commercial use only. All prices are working estimates derived from publicly available data and AFC operational reporting. Verify against direct broker quotes before contracting. No regulatory or compliance advice is provided. Counterparties should consult legal advisors in their own jurisdiction.