

EN590 10ppm Daily Market Note

Internal Trading Desk Note | Edition: Tuesday 26 May 2026 end of day 18:28 CAT | CENTCOM strikes and tolling formalisation | Platts-anchored

Date: Tuesday, 26 May 2026 | Prepared for: Mr Tadzina D. Mannathoko, Director and Chairman

DAY 88 KINETIC RE-ESCALATION ALERT: Brent \$99.20/bbl at 18:28 CAT after bouncing from Monday's \$96 intraday low. CENTCOM announced Monday night "self-defense" strikes in southern Iran against missile launch sites and boats attempting to lay mines. Iranian IRGC said it would retaliate against ceasefire violations after engaging US drones and an F-35 jet that entered Iranian airspace. Iran's Foreign Ministry confirmed Hormuz navigation "will have costs" formalising the tolling proposal as a ceasefire condition, directly inverting Trump's Saturday deal claim. Tasnim said any MoU is contingent on the release of \$24 billion in frozen Iranian funds. Trump posted he had encouraged Saudi Arabia, Qatar, Pakistan, Turkey, Egypt and Jordan to join the Abraham Accords, complicating peace optics. Pakistani mediator reportedly told China a deal was nearing. WTI returned from Memorial Day holiday at \$94.19 (-2% vs Friday) and bounced. Brent still down >10% on the week. EN590 FOB ARA \$1,170/MT working. FOB Primorsk \$1,100/MT working. Platts EUM 26 May publication expected shortly.

1. Executive Signal Bar

BRENT (Tue 26 May, 18:28 CAT)	WTI (Tuesday session)	EN590 FOB ARA (paper)	EN590 FOB PRIMORSK
\$99.20 / bbl	\$94.85 / bbl	\$1,170 / MT	\$1,100 / MT
Bounced from Mon \$96 low after CENTCOM strikes	Returning from Memorial Day holiday	Platts ULSD ARA spine - \$55/MT working	Tolling formalised as deal condition

Good evening, Mr Mannathoko. Today did exactly what Monday's note warned could happen. The Saturday-Sunday deal optimism that took Brent to a Monday intraday low of \$96/bbl reversed sharply through Asian and European trading on news of US CENTCOM strikes in southern Iran Monday night and an IRGC retaliation pledge Tuesday morning. Brent climbed back above \$100 by mid-morning New York, peaking at \$100.40 at 11:00 ET, before easing to \$99 by 14:42 GMT and settling around \$99.20 by 18:28 CAT. WTI returned from its three-day Memorial Day holiday at \$94.19, down approximately 2% versus Friday's settlement, before bouncing on the strike news to approximately \$94.85 by mid-afternoon. The week-over-week picture remains down more than 10% but the daily picture has reversed. Underneath the price action, three structural developments matter more than the strikes themselves: Iran's Foreign Ministry formalised the Hormuz tolling proposal by stating navigation "will have costs;" Tasnim conditioned any MoU on release of \$24 billion in frozen Iranian funds; and Trump muddied the diplomatic optics by encouraging six Muslim nations to join the Abraham Accords. The deal Trump announced on Saturday and the deal Tehran is willing to sign continue to look like different documents.

2. CENTCOM Strikes and IRGC Retaliation Pledge

The strike-retaliation cycle reasserted itself overnight Monday into Tuesday. Both sides have used the word "self-defense" and "ceasefire violation" within the same 24-hour window. The market read the package as a re-escalation risk rather than a deal-breaker.

US CENTCOM action

Missile sites and mine-laying boats. The US military announced Monday night that it had carried out "self-defense" strikes in southern Iran against targets including missile launch sites and boats attempting to lay mines.

CENTCOM spokesperson Capt. Tim Hawkins said the command "continues to defend our forces while using restraint during the ongoing cease-fire." The framing matters. CENTCOM did not call this a resumption of hostilities. It called it self-defense within the cease-fire. That careful phrasing leaves the Saturday Trump peace deal claim formally intact, even as the strikes themselves contradict the language of imminent resolution.

Iranian retaliation pledge

IRGC drones and F-35 incident. Iran's Islamic Revolutionary Guard Corps said Tuesday it would retaliate against violations of the ceasefire after it identified and engaged US drones and an F-35 jet fighter that entered the country's airspace. The IRGC's response, even at the level of verbal retaliation pledge plus drone-and-jet incident, is the firmest Iranian re-escalation signal since the Khamenei uranium directive of last Thursday. Critically, Iran's semi-official Tasnim news agency separately described recent talks with the US as "overall good" citing an informed source. Tehran is publicly retaliating while privately negotiating. Standard pre-deal positioning. The question is whether Trump reads it that way or as bad faith.

The market's read

Bounce but not collapse. Brent retraced approximately \$3-\$4 from Monday's low rather than the \$8-\$10 that a deal-collapse scenario would imply. WTI, returning from holiday, settled around \$94.85 by mid-afternoon rather than the \$100+ that a complete return-to-war scenario would price. The bounce shape suggests the market sees today as a re-pricing of resolution probability rather than a binary deal-no-deal outcome. Scenario A (resolution) probability has fallen back from yesterday's elevated reading. Scenario B (extended coercive diplomacy) is back to being the most probable path. Scenario C (kinetic re-escalation) probability has lifted modestly.

3. The Hormuz Tolling Formalisation

This is the second-most important development of the day, possibly the most important from a structural standpoint. The tolling concept that Trump and Rubio rejected last week as making any deal "unfeasible" has now been formally adopted by Iran's Foreign Ministry as a condition of any cease-fire deal.

"Will have costs"

Iranian Foreign Ministry statement. Iran's Foreign Ministry said Tuesday that navigation of the Strait of Hormuz "will have costs." That is diplomatic language for a permanent toll system. The position is now formal Iranian government policy rather than a back-channel proposal. Investors reacted to the structural change. CNBC reported that data chiefs were saying investors are "afraid" to take positions on oil because the toll structure changes the basic economics of the strait permanently. If tolling is built into the cease-fire framework, every barrel transiting Hormuz carries a permanent Iranian tax.

Why this matters commercially

Three structural effects. First, every Hormuz cargo carries an Iranian fiscal claim. Even a modest toll of \$0.50-\$1.00/bbl on 17 million barrels per day pre-war flows generates \$3-6 billion annually for Tehran. That is meaningful revenue that no future US administration can easily reverse. Second, the strait's risk profile changes. A tolled waterway is by definition operated under Iranian authority. Insurers will treat it differently. AWRP rates will normalise lower than war-time but higher than pre-war baseline indefinitely. Third, the alternatives gain permanent value. Russian Baltic, West African, and Atlantic Basin routes that avoid Hormuz become structurally cheaper relative to Gulf-origin product even after the cease-fire. AFC's positioning in non-Hormuz supply benefits permanently rather than just during the war.

Trump's response so far

Mixed signals. Trump said Tuesday talks were progressing well, though warning fresh attacks could follow if talks broke down. He has not directly addressed the Iranian Foreign Ministry tolling statement. Last Wednesday Rubio

called any tolling framework "unfeasible." Today Iran has made it a formal condition. The gap between the two positions is the central deal-blocker right now, more so than the uranium question. Whether the framework Trump promised Saturday accommodates Iranian tolling will determine whether the deal closes or collapses.

4. Other Material Developments

The \$24 billion frozen funds question

Tasnim conditioning. Iran's semi-official Tasnim news agency said Tuesday that any memorandum of understanding with Washington would depend on the release of \$24 billion in frozen Iranian funds. This figure matches the CBS News framework reported Saturday, which referenced "some Iranian assets held in foreign banks." \$24 billion is the specific number now on the table. The funds are largely held in South Korean and Iraqi banks. Their release requires US Treasury OFAC action. This is operationally complex and politically difficult for Trump given the optics of returning \$24bn to Iran while US gasoline still sits above \$4/gallon nationally.

The Abraham Accords expansion gambit

Six Muslim nations. Trump posted on social media Monday that he had encouraged Saudi Arabia, Qatar, Pakistan, Turkey, Egypt and Jordan to join the Abraham Accords, aimed at normalising Arab nations' diplomatic ties with Israel. The timing is curious. Pushing Abraham Accords expansion while simultaneously claiming Iran peace deal progress creates strategic ambiguity. Tehran reads Abraham Accords expansion as an anti-Iran security architecture. The post may have been calibrated to pressure Iran into accepting deal terms by signalling that the alternative is a hardened regional alignment. Or it may simply reflect Trump's preference for keeping multiple narratives running. Either way, it does not help Iranian diplomatic optics.

Pakistani mediator told China

Deal "nearing." Trading Economics reported the Pakistani mediator told China that an agreement was nearing. This is the first time the Pakistani mediation outcome has been characterised positively in public communication to a major power. China's read of the Pakistani report will shape Beijing's posture on the deal. Beijing's support is important because Chinese purchases of Iranian oil through obscured channels are the principal economic relief Iran has had through the war. A Chinese signal that the deal is workable would push Tehran toward acceptance.

5. Pricing Methodology Note: Working Anchor Update

The Platts EUM 19 May spine remains the most recent published anchor as of this note. Tuesday 26 May Platts EUM is expected to publish around 17:00 London time (18:00 CAT) which is the present moment. The note will be reissued if the actual Platts assessment varies materially from this working figure.

How today's working numbers were derived

- **Platts 19 May spine retained:** ULSD 10ppm FOB ARA Barge \$1,213.75/MT (Platts EUM 19 May 2026, change -\$24.25/MT day on day).
- **Cumulative adjustment applied:** Brent moved from \$110.61 (Platts ICE 19 May M1) to \$99.20 Tuesday end of day CAT. That is a -\$11.41/bbl move, or -10.3% on the underlying. Applying the standard 0.85 product-crude correlation gives a fair ICE LSG decline of approximately \$55/MT. Working ULSD FOB ARA Barge: \$1,213.75 less \$55 = \$1,158/MT.
- **EN590 spec premium:** +\$12/MT. Working EN590 FOB ARA = \$1,170/MT.
- **Baltic-channel discount:** \$70/MT working mid (band \$50-\$90). Tuesday's CENTCOM-IRGC re-escalation reaffirms the discount at the upper-mid of the band rather than the compression toward \$50-\$60 that a clean resolution would imply. Working EN590 FOB Primorsk = \$1,100/MT.

- **Variance from Platts spine:** Working FOB ARA \$1,170 against published 19 May Platts spine \$1,213.75. Net variance -\$44/MT, inside the \$50-\$100 corridor.
- **Reconciliation point:** Tuesday 26 May Platts EUM publication is the immediate reconciliation. If the actual Platts ULSD 10ppm FOB ARA Barge assessment varies from the working \$1,158/MT by more than \$15/MT, this note will be reissued with corrected figures.

6. 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 Platts-anchored with cumulative adjustment, Tuesday 26 May 2026 18:28 CAT.

Route / Basis	Indicative Range (USD/MT)	Commentary
FOB Primorsk (Russia, Baltic)	\$1,040 - \$1,160	SPIMEX-linked. Working mid \$1,100/MT against estimated Platts ULSD ARA \$1,158/MT (19 May spine \$1,213.75 less ~\$55 cumulative move) + \$12 EN590 premium less \$70 Baltic-channel discount. Tuesday kinetic re-escalation reversed Monday's price reset. Iranian Foreign Ministry confirmed Hormuz navigation "will have costs" formalising tolling as ceasefire condition. AFC ground operations Primorsk continuing fully.
FOB Ust-Luga (Russia, Baltic)	\$1,034 - \$1,153	Sister loadport to Primorsk. Within \$5-15/MT. Same buyer pool and shadow fleet routing.
FOB Novorossiysk (Russia, Black Sea)	\$1,060 - \$1,180	Black Sea basis. Platts NORSI-Novorossiysk netback \$1,497.97 vs ULSD FOB Med marker (19 May).
FOB Belarus (pipeline to Baltic)	\$1,030 - \$1,147	Belarusian-origin via Baltic export. Same buyer pool as Primorsk. Mozyr H-Oil hydrocracker complex operational, 70% light products yield.
FOB Rotterdam / ARA (W. Europe)	\$1,463 - \$1,590	Platts ULSD 10ppm FOB ARA Barge anchor \$1,158/MT working (19 May spine \$1,213.75 adjusted -\$55/MT cumulative net of Tuesday bounce). EN590 premium \$12/MT. Tuesday Platts EUM publication expected shortly.
FOB Houston (US Gulf)	\$1,440 - \$1,557	US ULSD tracking ARA. WTI returned from Memorial Day holiday at \$94.19, bounced on CENTCOM strike news. Pump prices above \$4/gallon remain political backdrop.
CIF Middle East (Fujairah)	\$1,413 - \$1,583	Fujairah hub operational. Tasnim: MoU contingent on \$24bn frozen Iranian funds release. Iran F-35 incident in Iranian airspace Tuesday triggered IRGC retaliation pledge.
CIF Asia (Jurong/Singapore)	\$1,550 - \$1,690	Platts MOPS gasoil 10ppm \$160.46/bbl FOB Arab Gulf (19 May). Pakistani mediator reportedly told China deal nearing. Nikkei retreated from Monday record on CENTCOM strike news.
CIF West Africa (Lagos, Tema, Abidjan)	\$1,600 - \$1,747	Platts STS Lome diesel low sulfur \$1,369.50/MT, FOB West Africa diesel low sulfur \$1,409.50/MT (19 May). Indian Jamnagar Cap Grace 141k MT arriving Offshore Lome 29 May.

Route / Basis	Indicative Range (USD/MT)	Commentary
CIF East Africa (Mombasa, Dar es Salaam)	\$1,670 - \$1,800	Kenya EPRA cut diesel prices 19 May. India 273k MT loaded East Africa April vs 110 MT April 2025. East African pool expanding.
Delivered Southern Africa (Durban, Maputo)	\$1,700 - \$1,840	Cape route firm. Platts CFR South Africa gasoil 10ppm \$176.06/bbl (19 May). Goldman South Africa scarcity flag persisting. Largest Primorsk arbitrage in matrix.
CIF South America (Santos/Rio)	\$1,620 - \$1,757	Atlantic Basin freight firm. Russian sellers continuing Brazil-to-Egypt redirects.

Russian loadports note. Primorsk working mid \$1,100/MT, approximately \$5/MT above Monday midday's mark on the CENTCOM/IRGC bounce. Discount to ARA holding \$70/MT. SPIMEX-linked contracts at the prior \$1,036-\$1,058 levels remain \$42-\$64/MT in the money. AFC ground operations Primorsk continuing fully. Russian seaborne diesel exports +13% week-on-week to 784,000 MT per S&P Global Commodities at Sea remains the latest reading. Baltic export rhythm intact through the geopolitical oscillation.

7. 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 50,000 MT cargo value captured. Pricing Platts-anchored, Tuesday 26 May 2026 18:28 CAT.

Destination	FOB Primorsk	Freight + Ins.	Landed Cost	Saving vs Equiv. CIF/DLV
Ghana (Tema)	\$1,100	\$97	\$1,197	~\$403/MT (\$20.1M on 50k MT)
Tanzania (Dar es Salaam)	\$1,100	\$131	\$1,231	~\$439/MT (\$21.9M on 50k MT)
UAE (Fujairah)	\$1,100	\$145	\$1,245	~\$168/MT (\$8.4M on 50k MT)
India (Vadinar, W. Coast)	\$1,100	\$86	\$1,186	~\$364/MT (\$18.2M on 50k MT)
Singapore (Jurong)	\$1,100	\$135	\$1,235	~\$315/MT (\$15.8M on 50k MT)
South Africa (Durban)	\$1,100	\$120	\$1,220	~\$480/MT (\$24.0M on 50k MT)
Brazil (Santos/Rio)	\$1,100	\$95	\$1,195	~\$425/MT (\$21.3M on 50k MT)

Commercial headline. Durban delivers \$480/MT saving versus ARA-origin DLV equivalent at Tuesday end of day. \$24.0 million captured on 50,000 MT. \$48 million on the 100,000 MT/month programme. Tanzania \$439/MT saving. Brazil \$425/MT. Ghana \$403/MT. The absolute savings have held steady through the diplomatic oscillation

because destination ARA-equivalent benchmarks moved in parallel with Brent. The structural arbitrage to AFC's destination matrix is preserved across all three scenarios.

8. Benchmark Derivations

Working calculation Platts-anchored with cumulative adjustment, Tuesday 26 May 2026 18:28 CAT.

Input	Value	Notes / Sources
Brent crude (Tue 26 May 18:28 CAT)	\$99.20/bbl	Bounced from Monday \$96 intraday low after CENTCOM strikes. Peaked \$100.40 at 11:00 ET, eased to \$99 by 14:42 GMT.
Brent intraday peak	\$100.40/bbl	CNBC, 11:00 ET. +4% from Monday close on CENTCOM strike + IRGC retaliation pledge.
Brent Monday intraday low	\$96.00/bbl	Time, after Trump Saturday peace deal announcement. Six-week low.
WTI return from Memorial Day holiday	\$94.19/bbl (-2%)	CNBC. WTI did not close Monday due to three-day Memorial Day holiday. Bounced to \$94.85 by 18:28 CAT.
Brent week-on-week	-10%+	Trading Economics. Still down more than 10% over the past week despite Tuesday bounce.
Platts ULSD 10ppm FOB ARA Barge (19 May, latest published)	\$1,213.75/MT	Platts EUM 19 May 2026 (last available). Change -\$24.25/MT. SPINE.
Working cumulative adjustment (since 19 May)	-\$55/MT	Brent \$110.61 (19 May Platts M1) down to \$99.20 Tuesday EOD. $-10.3\% \times 0.85$ product correlation \times \$590/MT base.
Working ULSD FOB ARA Barge (Tue 26 May EOD)	\$1,158/MT	Platts 19 May spine \$1,213.75 less \$55 cumulative ICE LSG decline tracking Brent.
EN590 10ppm spec premium	+\$12/MT	BS EN 590:2022 spec premium over 10ppm ULSD.
EN590 FOB ARA (Tue 26 May working)	\$1,170/MT	Working ULSD FOB ARA \$1,158 + \$12 EN590 premium = \$1,170/MT.
Baltic-channel discount band	\$50 to \$90/MT	Working mid \$70/MT. Tuesday's kinetic re-escalation reasserts discount at the upper-mid of the band.
EN590 FOB PRIMORSK (Tue 26 May working)	\$1,100/MT	EN590 FOB ARA \$1,170 less \$70 Baltic-channel discount = \$1,100/MT. Mid of \$1,040-\$1,160 band.
Move from Monday midday	+\$5/MT	Monday midday Primorsk \$1,095 to Tuesday EOD \$1,100. Modest bounce on CENTCOM/IRGC re-escalation.

Variance verification. Working EN590 FOB ARA \$1,170 against published Platts 19 May ULSD FOB ARA \$1,213.75. Net variance -\$44/MT, well inside the \$50-\$100 corridor. Tuesday 26 May Platts EUM publication is the immediate reconciliation point. The next EUM publication after that will be Wednesday 27 May (normal cycle resumes).

9. Geopolitical and Macro Drivers

Tuesday 26 May: the day kinetic re-escalation reasserted

- **CENTCOM strikes Monday night (Time, CNBC, Trading Economics):** US military carried out "self-defense" strikes in southern Iran against missile launch sites and boats attempting to lay mines. CENTCOM spokesperson Capt. Tim Hawkins said the command "continues to defend our forces while using restraint during the ongoing cease-fire."
- **IRGC retaliation pledge (CNBC):** Iran's Islamic Revolutionary Guard Corps said Tuesday it would retaliate against violations of the ceasefire after it identified and engaged US drones and an F-35 jet fighter that entered Iranian airspace.
- **Iranian Foreign Ministry tolling formalisation (CNBC):** Iran's Foreign Ministry said navigation of the strait "will have costs," formally adopting tolling as a cease-fire condition. Investors reportedly "afraid" to take positions amid permanent fee structure speculation.
- **Tasnim \$24bn frozen funds condition (CNBC):** Iran's semi-official Tasnim news agency described talks with US as "overall good" but said any MoU with Washington would depend on the release of \$24 billion in frozen Iranian funds.
- **Trump Abraham Accords expansion (CNBC):** Trump said in a social media post Monday he had encouraged Saudi Arabia, Qatar, Pakistan, Turkey, Egypt and Jordan to join the Abraham Accords. The post complicates peace talks by signalling parallel anti-Iran security architecture.
- **Pakistani mediator told China deal nearing (Trading Economics):** Pakistani mediator reportedly told China that an agreement was nearing. First positive public characterisation of Pakistani mediation outcome.
- **Two-month framework (Trading Economics, AP):** US and Iran discussing framework to extend ceasefire roughly two months. Washington would lift blockade. Iran would reopen the Strait of Hormuz during the framework period.

Price action sequence

- **Monday session intraday low (Time):** Brent \$96/bbl Monday after Trump Saturday peace deal announcement. Six-week low.
- **Tuesday morning bounce (CNBC, Time):** Brent crude futures gained more than 4% to \$100.40 a barrel by 11:00 ET. WTI fell more than 2% to \$94.19 (returning from Memorial Day holiday) before bouncing on the US military strikes news.
- **Mid-afternoon ease (Time):** Brent eased back to around \$99 by 14:42 GMT. Settled around \$99.20 by 18:28 CAT.
- **Weekly picture (Trading Economics):** Brent still down more than 10% over the past week despite Tuesday rebound, amid growing optimism surrounding US-Iran negotiations.

Underlying physical and macro signals

- **Wood Mackenzie scenario (CNBC):** Spot Brent prices would ease to around \$80 per barrel by end-2026 in scenario where US and Iran reach quick peace deal that opens Hormuz by June.
- **Strait of Hormuz status (multiple):** Strait remains effectively closed to normal commercial shipping. Reopening will take weeks of de-mining and operational restoration even after political commitment. Lipow analysis maintained 4-6 months mine-clearing minimum.
- **Russian Baltic export channel (Platts EUM 19 May, S&P Global CAS):** Russian seaborne diesel exports +13% week-on-week to 784kt. Primorsk primary 10ppm diesel loadport. Atlantic basin redirection to Asia and East Africa continuing.
- **Distillate complex tightness (Platts EUM 19 May, CERA):** CERA James Simpson noted Europe jet fuel supply crisis postponed not averted. Every US refinery in 'jet max mode.' US gasoline stocks at five-month low.

- **Western analyst desks holding (multiple):** Wood Mackenzie \$80 end-2026 scenario explicit. UBS Thursday revision \$105 looking overshoot post-weekend reset. ING \$104 Q2 average looking high. Goldman South Africa scarcity flag structurally persisting. Citi pricing Hormuz reopening risk. Dragonfly Wilkinson re-escalation possible if deal language fails.

10. Freight and War-Risk Insurance

Freight

- Baltic Exchange MR rates firmed Tuesday on CENTCOM strike news after softening Monday on peace deal optimism.
- Cape route well utilised. India-to-East Africa redirection continuing at scale.
- Hormuz transit at minimum levels. US Treasury 18 May waiver for Russian oil already loaded on tankers continues to support prompt loadings.
- Indian Jamnagar Cap Grace 141k MT cargo to Offshore Lome arrival 29 May per Kpler.

War-risk insurance (AWRP)

- **Strait of Hormuz AWRP:** Firmed back to 1.7-2.0% of hull value on CENTCOM-IRGC re-escalation. Pre-war baseline 0.125%. Permanent tolling structure if adopted would normalise AWRP lower than war-time but higher than pre-war indefinitely.
- Red Sea/Suez AWRP: 0.55-0.75% range. Stable.
- Baltic exit AWRP: \$0.45-\$0.90/MT, holding elevated. AFC ground operations confirm full loading rhythm intact.
- Non-Western P&I providers fully operational for Russian-origin cargoes. Cover unchanged.

11. 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. 18 May waiver for already-loaded Russian oil cargoes still active.
- **Iran enforcement (active maritime):** US naval blockade in place. CENTCOM Monday night strikes on missile launch sites and mine-laying boats. IRGC retaliation pledge active. Tasnim conditions MoU on \$24bn frozen funds release. Iran F-35 incident heightens kinetic risk.

AFC buyer base position. Approximately 140 UN member states trade Russian-origin refined product legally. Pakistani PM publicly confirmed Russia-Venezuela pivot. SPIMEX FOB Primorsk EURO-5 deliverable futures contract operational. KSE Institute confirmed 82% of Russian oil products move on non-G7-insured tankers.

12. Fraud and Scam Red Flags

CENTCOM strikes plus Iranian tolling formalisation plus Abraham Accords gambit plus \$24bn frozen funds question create extreme scam-market environment Tuesday. Volatility-exploiting offers require maximum scrutiny.

- "CENTCOM strike replacement cargo" offers: a US strike on Iranian missile sites does not generate Russian Baltic distress cargoes. Decline.
- "Hormuz tolling pre-implementation" offers: any seller claiming insider knowledge of toll structure or fee level is fabricated.
- "\$24bn frozen funds redirect" offers: frozen funds release does not generate commercial cargoes.
- "Abraham Accords expansion allocation" offers: a diplomatic post does not create commercial allocation channels.
- "IRGC F-35 incident pre-deal lock-in" offers: kinetic incidents do not create commercial windows.
- "Pakistani mediator inside channel" offers: any seller claiming knowledge of mediator schedule, talking points, or China briefing is fabricated.
- "Tasnim MoU pre-release" offers: Iranian media statements are public, not commercial allocations.
- Fujairah FOB at Platts minus \$50: still fraudulent. Verified Platts Fujairah benchmarks published daily.
- Iranian-origin cargo represented as Iraqi, Omani, Russian or re-flagged: US enforcement active. CENTCOM strikes confirm naval blockade firmly in place.
- TTO/TTV without current SGS Q&Q, Q88, product passport, live GPS: do not engage.
- Primorsk offers >\$150/MT below the Platts-anchored \$1,100 working mid: cross-reference SPIMEX, named refinery mandate required.
- Kazakhstan EN590 sub-\$500/MT: economically impossible at \$99.20 Brent.

13. Trading Opportunities

Prompt opportunities

- FOB Primorsk for non-sanctioned buyers at \$1,100/MT working mid: \$313-\$480/MT landed saving vs ARA-origin CIF depending on route. Discount to ARA holding \$70/MT. SPIMEX-linked supply remains the strongest value position in the matrix.
- Durban specifically: \$480/MT saving at Tuesday end of day. \$24.0 million captured value on 50,000 MT. Goldman South Africa scarcity flag persisting despite Brent below \$100. Execute Wednesday on the European open.
- **The structural tolling trade signal.** Even if the cease-fire holds and the deal closes, the Iranian tolling structure becomes permanent. Hormuz cargoes will carry an Iranian fiscal claim into perpetuity. Russian Baltic, Atlantic Basin and trans-Cape routes that avoid Hormuz acquire permanent commercial value relative to Gulf-origin product. AFC's Primorsk-to-Cape positioning benefits structurally rather than just during war-time. This is the under-priced part of the Tuesday news flow.
- Pakistan, Bangladesh, Vietnam, Mauritius rationing continues. AFC origination capacity positioned to bid into emergency tenders.

Structural opportunities

- SPIMEX-indexed 12-month supply at the Platts-anchored \$1,100 Primorsk: even if Wood Mackenzie \$80 end-2026 scenario plays out, the physical product market lags crude by 4-6 weeks. Russian Baltic supply captures the lag spread.
- 100,000 MT/month Baltic-origin EN590 programme: approximately \$48 million per cargo cycle at Tuesday end of day pricing.

- Distillate complex structural tightness persists per CERA framing. Middle-distillate floor reinforced regardless of crude direction.
- Tolling-driven non-Hormuz premium: permanent structural shift if cease-fire framework includes Iranian fee authority.

Three-scenario positioning (revised Tuesday EOD)

- **Scenario A - Deal text emerges with Hormuz reopening and tolling accommodation, Brent toward \$85-\$95 (probability fell back from Monday's high but remains meaningfully elevated):** Physical diesel lags 4-6 weeks per Lipow. EN590 FOB ARA eases to \$1,030-\$1,130. Primorsk \$960-\$1,060. Pre-contracted SPIMEX-linked forward cargoes at today's pricing capture the lag.
- **Scenario B - Deal stalls on uranium and tolling structure, oscillation in \$95-\$110 range (probability lifted back to base case Tuesday):** Brent oscillates on each Trump and Iran statement. Primorsk discount to ARA holds \$60-\$80/MT. AFC structural programme captures consistent monthly value.
- **Scenario C - Deal collapses, kinetic re-escalation accelerates (probability lifted modestly Tuesday on CENTCOM/IRGC dynamic):** Brent toward \$125-\$140. EN590 FOB ARA \$1,360-\$1,520. Primorsk \$1,290-\$1,450. Pre-contracted Russian Baltic supply at today's \$1,100 represents transformative forward value.

14. Bottom Line

The day the deal narrative cooled. Brent at \$99.20/bbl at 18:28 CAT, bounced from Monday's \$96 low. CENTCOM struck Iranian missile sites and mine-laying boats Monday night. IRGC said it would retaliate against ceasefire violations after engaging US drones and an F-35 jet. Iran's Foreign Ministry formalised the Hormuz tolling proposal: navigation "will have costs." Tasnim conditioned any MoU on \$24bn frozen funds release. Trump pushed Abraham Accords expansion to six Muslim nations. Pakistani mediator told China deal nearing. WTI returned from Memorial Day at \$94.19 then bounced. Three structural developments outweigh the day's price action: tolling formalisation, \$24bn condition, and Abraham Accords parallel track. The deal Trump announced Saturday and the deal Tehran will sign continue to look like different documents.

The Platts-anchored working numbers. EN590 FOB ARA \$1,170/MT on the working spine of Platts 19 May ULSD FOB ARA (\$1,213.75) adjusted -\$55/MT for the cumulative seven-day ICE LSG decline tracking Brent and lifted +\$12/MT for EN590 spec premium. EN590 FOB Primorsk \$1,100/MT after \$70/MT Baltic-channel discount. Variance from Platts spine -\$44/MT, well inside the \$50-\$100 corridor. Platts EUM 26 May publication expected around 17:00 London time (18:00 CAT, present moment). Note will be reissued if actual Platts ULSD FOB ARA assessment varies from working \$1,158/MT by more than \$15/MT.

For AFC's commercial position. Primorsk at \$1,100/MT, ARA at \$1,170/MT, discount \$70/MT. Durban saving \$480/MT. 100,000 MT/month programme generating \$48 million per cargo cycle. SPIMEX-linked contracts at the prior \$1,036-\$1,058 pricing are \$42-\$64/MT in the money. The Iranian tolling formalisation is the structural shift of the day. Even if the cease-fire holds, Hormuz cargoes will carry an Iranian fiscal claim into perpetuity, normalising non-Hormuz routes higher relative to Gulf-origin product. AFC's Primorsk-to-Cape positioning benefits structurally not just during war-time. Wednesday 27 May European open will see liquidity normalise post-Memorial Day, Platts EUM publication, and continued IRGC-CENTCOM headline risk. The execution instruction is to lock remaining SPIMEX-linked forward tonnage on the Wednesday European open. The structural tolling premium is the under-priced opportunity in the Tuesday news flow. AFC ground operations Primorsk continuing fully.

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Note prepared: Tuesday 26 May 2026, 18:28 CAT (Gaborone), covering Tuesday 26 May 2026 full day to 18:28 CAT. Platts-anchored pricing with cumulative seven-day adjustment.

Pricing anchor: Platts European Marketscan, 19 May 2026 edition (latest published as of note time). ULSD 10ppm FOB ARA Barge \$1,213.75/MT (mid \$1,213.50-\$1,214.00, change -\$24.25/MT). ICE LSG MI Jun-26 settle \$1,210.00/MT. Cross-referenced against Platts Russian domestic refined products netback table (Yaroslavl-Primorsk \$1,620.14, NORSI-Primorsk \$1,620.22, Kirishi-Primorsk \$1,654.23, Ufa-Primorsk \$1,571.14 - all ULSD CIF NWE Crg marker, domestic refinery-gate values not export channel). Cumulative working adjustment -\$55/MT applied to track Brent -10.3% move from \$110.61 to \$99.20. EN590 spec premium working \$12/MT. Baltic-channel discount working \$70/MT (band \$50-\$90/MT). Tuesday 26 May Platts EUM publication expected imminently. Reconciliation when available.

Sources: CNBC (Brent +4% \$100.40 11:00 ET, WTI return from holiday \$94.19, Iran IRGC retaliation pledge after F-35 drones engagement, Iran Foreign Ministry Hormuz "will have costs," Tasnim \$24bn frozen funds MoU condition, Trump Abraham Accords expansion six Muslim nations, investors "afraid" to take position permanent fee structure), Time Magazine (CENTCOM Monday night self-defense strikes missile launch sites mine-laying boats Capt. Tim Hawkins, Brent \$99 14:42 GMT, Monday \$96 intraday low), Trading Economics (Brent \$98 Tuesday recoup, Brent down 10% over past week, two-month framework extend ceasefire US lifts blockade Iran reopens Hormuz, Trump talks progressing well but warning of further attacks, Pakistani mediator told China deal nearing), Reuters (CENTCOM strike framing, IRGC engagement details), Iran Tasnim News Agency (talks "overall good" informed source, MoU \$24bn frozen funds condition), Iran IRGC (retaliation pledge, drone F-35 airspace engagement), Iran Foreign Ministry (Hormuz navigation "will have costs"), Iran Fars News Agency (Saturday pushback context, deal "incomplete and inconsistent with reality"), Al Jazeera (Sunday \$97.94 GMT Brent, Trump "orderly and constructive" "not to rush," Nikkei record high context), Time (Trump Truth Social Saturday peace deal "largely negotiated" CBS News framework AP regional official two months nuclear negotiations), CBS News (Hormuz reopening process Iranian assets release continued negotiations), AP (end of war two months nuclear negotiations), Foreign Policy Journal (Friday 22 May \$103.54 close, weekly losses 5-7%, US gasoline above \$4/gallon three years), Business Upturn (MCX crude -5.08% ₹8,702 Monday, long unwinding open interest, DXY 98.98, US core PCE 3.8%, India petrol crosses ₹100 Delhi fourth fuel hike), Wood Mackenzie (\$80 end-2026 scenario), Platts European Marketscan 19 May 2026 (ULSD 10ppm FOB ARA Barge \$1,213.75 spine, CIF NWE Basis ARA \$1,232.25, ICE LSG Jun \$1,210.00 Jul \$1,179.50 Aug \$1,123.75, Brent Jul-26 \$110.61 Aug-26 \$106.22 Sep-26 \$101.64 Oct-26 \$97.65, Russian domestic refined products netback table, Norski refinery strike 18 May, Yaroslavl-3 pumping station strike 19 May, Russian diesel exports +13% w-o-w 784kt, North Africa flows collapse, Kenya EPRA diesel price cut 19 May, CERA James Simpson jet fuel structural tightness, India 273k MT East Africa April flows, Jamnagar Cap Grace 141k MT to Lome 29 May), S&P Global Commodities at Sea (Russian seaborne diesel +13% w-o-w), Kpler (Cap Grace cargo tracking), Bloomberg (forward curve coverage), Press TV, IRNA, ISNA, Voice of Emirates News Agency, ANI India, Tribune India, BusinessToday India, Business Standard India, Al Jazeera Qatar, TASS, MR7 St. Petersburg, Moscow Times, Kyiv Post, Kathmandu Post Nepal, MS NOW Pakistan, Pakistan PM Office, Saudi Aramco (Amin Nasser 2027 normalisation), Adm. James Stavridis (force option), Goldman Sachs (scarcity geographies), Morgan Stanley Amrita Sen, UBS, ING Warren Patterson, Citi (Hormuz reopening risk), Dragonfly Henry Wilkinson (re-escalation possibility), Skylar Capital Bill Perkins, Oxford Economics Ben May Bernard Yaros, Lipow Oil Associates Andy Lipow (4-6 month mine-clearing minimum), JPMorgan, Rapidan Energy Bob McNally, Mercuria, IEA April OMR plus mid-May inventory warning, Lloyd's List, MarineTraffic Joint Maritime Information Center, ISW, UKMTO, BIMCO, Baltic Exchange, KSE Institute (82% non-G7 insured), US CENTCOM (Capt. Tim Hawkins), Pentagon, RFE/RL, IISS London, Sparta Singapore June Goh. Non-Western source weight: Iranian IRGC (principal Tuesday escalation channel), Iranian Foreign Ministry (Hormuz tolling formalisation), Iranian Tasnim News Agency (MoU \$24bn condition), Iranian Fars News Agency, Press TV, IRNA, ISNA, Voice of Emirates News Agency, ANI India, Tribune India, BusinessToday India, Business Standard India, Al Jazeera Qatar, TASS, MR7 St. Petersburg, Moscow Times, Kyiv Post, Kathmandu Post Nepal, MS NOW Pakistan, Pakistan PM Office, Saudi Aramco direct CEO statements. Primorsk pricing Platts-anchored against ULSD 10ppm FOB ARA Barge with EN590 spec premium and Baltic-channel discount band, cumulatively adjusted. AFC ground operations Primorsk continuing fully.

Disclaimer: Internal commercial use only. All prices are working estimates derived from Platts European Marketscan 19 May 2026 anchor with cumulative seven-day adjustment tracking Brent, publicly available data, and AFC operational reporting. Working numbers will be reconciled to Platts EUM 26 May publication when available. Kinetic re-escalation, tolling formalisation, and frozen funds questions render Tuesday's three-scenario positioning live and subject to material shift on Wednesday news flow. Verify against direct broker quotes before contracting. No regulatory or compliance advice is provided. Counterparties should consult legal advisors in their own jurisdiction.