

EN590 10ppm Daily Market Note

Internal Trading Desk Note | Edition: Wednesday 27 May 2026 end of day into Thursday 28 May 06:50 CAT | Two-way kinetic exchange | Platts-anchored

Date: Wednesday 27 May 2026, into Thursday 28 May 2026 | Prepared for: Mr Tadzina D. Mannathoko, Director and Chairman

DAY 89 TWO-WAY KINETIC EXCHANGE ALERT: The deal narrative that took Brent to a Wednesday intraday low near \$94 reversed violently overnight. The IRGC navy fired on a US tanker transiting the Strait of Hormuz with its radar switched off. The US military responded with fresh strikes against a military site and drone control station at Bandar Abbas, the same port city it struck Monday, and shot down four to five Iranian drones threatening commercial shipping. The IRGC then targeted a US airbase at approximately 04:50 local Iran time Thursday morning, per Tasnim, with missile and drone attacks reported on Iranian territory in return. This is the firmest two-way kinetic exchange since the ceasefire began. Oil gapped up: Brent +3% to \$97.29/bbl, WTI +3.42% to \$91.71/bbl by 06:50 CAT. At his Cabinet meeting Wednesday, Trump said Iran "want very much to make a deal" but warned "either that or we'll have to just finish the job," and threatened bombing "at a much higher level." White House said negotiations "proceeding nicely." EN590 FOB ARA \$1,160/MT working. FOB Primorsk \$1,090/MT working. Scenario C (kinetic re-escalation) probability sharply higher.

1. Executive Signal Bar

BRENT (Thu 28 May, 06:50 CAT)	WTI (Thu 28 May morning)	EN590 FOB ARA (paper)	EN590 FOB PRIMORSK
\$97.29 / bbl	\$91.71 / bbl	\$1,160 / MT	\$1,090 / MT
+3% overnight on US-Iran strike exchange	+3.42% on Hormuz disruption fears	Platts ULSD ARA spine - \$57/MT working	\$70 discount, upper band on re-escalation

Good morning, Mr Mannathoko. Wednesday traded as a deal-optimism day and ended as a re-escalation night. Through the Wednesday session, Brent eased toward \$94 on continued hopes that the US-Iran framework would close, with the White House saying negotiations were "proceeding nicely" and senior officials describing the remaining gaps as disputes "over a word, a sentence." Then the kinetic cycle reasserted itself decisively. The IRGC navy fired on a US tanker that attempted to transit Hormuz with its radar switched off. The US struck a military site and drone control station at Bandar Abbas and shot down four to five Iranian drones. The IRGC then said it had targeted a US airbase at around 04:50 local Iran time this morning. This is no longer a one-sided "self-defense strike within the ceasefire" of the kind we saw Monday and Tuesday. It is a genuine two-way exchange with Iran striking a US base in return. Oil gapped up overnight: Brent +3% to \$97.29/bbl, WTI +3.42% to \$91.71/bbl by 06:50 CAT. The deal is not dead, Trump still says Iran wants one, but the probability of near-term resolution has fallen, and the probability of sustained re-escalation has risen materially.

2. The Two-Way Kinetic Exchange

This is the most significant military development since the ceasefire was established. For the first time in this phase, Iran has struck a US airbase in direct response to US strikes, rather than confining itself to verbal retaliation pledges.

The trigger: Hormuz tanker incident

US tanker, radar off. An Iranian military source told Tasnim that the IRGC navy fired on a US tanker that "tried to pass through the Strait of Hormuz by turning off its radar system." The radar-off detail matters. It suggests a vessel attempting covert transit through a waterway Iran now treats as being under its security control, consistent

with the tolling-and-authority framework Tehran formalised Tuesday. Iran read covert transit as a provocation. The incident gave the IRGC a pretext to fire and gave the US a pretext to strike back.

The US response: Bandar Abbas

Drone control station struck. A US official told Reuters the US military carried out new strikes in Iran against a military site believed to threaten US forces and commercial maritime traffic in Hormuz. Newsweek reported US troops shot down four Iranian one-way attack drones near the strait and struck an Iranian ground control station at Bandar Abbas as a fifth drone was being readied. Bandar Abbas is the same port city the US struck Monday. The repetition signals a sustained US campaign against Iranian drone and mine-laying capability around the strait, not a one-off.

The Iranian retaliation: US airbase

The escalation that matters. Iran's Revolutionary Guards said Thursday that they had targeted a US airbase at around 04:50 local time, according to Tasnim. The IRGC did not specify the location. Al Jazeera reported the IRGC said it had targeted an American air base in response to US strikes on Iran and Kuwait, with missile and drone attacks reported on its territory in return. This is the line being crossed. Monday and Tuesday were US strikes with Iranian verbal pledges. Wednesday night into Thursday is a US strike answered by an Iranian strike on a US military installation. Whether the airbase strike caused US casualties is the single most important unknown right now. If there are American casualties, Trump's "finish the job" rhetoric becomes operational and Scenario C accelerates hard. If there are none, the exchange may be absorbed as a violent but contained episode within the broader negotiation.

The market read

Gap up, not spike. Brent gained over 3% to \$97.29 and WTI 3.42% to \$91.71. The size of the move, roughly \$3/bbl, signals the market is pricing this as renewed Hormuz disruption risk rather than full return to war. A complete deal collapse would have taken Brent back through \$110. A contained exchange that does not derail the negotiation justifies a \$3 risk premium. The market is in wait-and-see mode pending confirmation of airbase damage and Trump's response. The asymmetry favours the upside: if casualties are confirmed, the move extends sharply; if not, the premium partially unwinds. Either way, the deal-driven slide toward \$90 that looked likely on Monday has been arrested.

3. The Wednesday Diplomatic Picture

Before the evening strikes, Wednesday was shaping as a constructive diplomatic day. The contrast between the daytime optimism and the overnight violence captures exactly how fragile this process is.

Trump at Cabinet

"Finish the job." Speaking at a Cabinet meeting at the White House Wednesday, Trump said the Iranians "want very much to make a deal" but that an agreement had not yet been reached. "We're not satisfied with it, but that we will be. Either that or we'll have to just finish the job," he said. He added: "Iran cannot have a nuclear weapon. I'm doing that for the world. I'm not doing it just for us." Separately he warned Iran would be bombed "at a much higher level" if it did not agree to a peace deal. The rhetoric is calibrated coercion: signalling a deal is close while threatening escalation if it slips.

White House: "proceeding nicely"

Disputes over a word. The White House said Wednesday that negotiations were proceeding "nicely." Rubio earlier characterised the remaining gaps as disagreements "over a word, a sentence," concerning Iran's nuclear programme and sanctions language. Senior Iranian officials returned to Iran Tuesday after "intense talks" in Doha that Tasnim

described as "generally positive." The diplomatic track was genuinely advancing during the day. The strikes do not necessarily end it, but they test it severely.

The frozen funds sequencing

Hormuz first, then funds. A senior US administration official told CNN that the unfreezing of the \$24 billion in Iranian assets will occur only once the Strait of Hormuz has reopened. This sequencing is important. It inverts what Tehran wanted, which was funds first as a confidence measure. Washington is insisting on Hormuz reopening as the precondition for any financial relief. With the overnight strikes, the Hormuz reopening looks further away, which in turn pushes the funds release further away. The sequencing creates a chicken-and-egg deadlock that the strikes have just made harder to resolve.

Hormuz transit signals

Limited resumption, now at risk. The IRGC claimed Tuesday that 25 vessels including oil tankers passed through Hormuz during the "last day and night" after receiving permission and security coordination from Iran. Ship-tracking data had shown several LNG carriers transiting to Pakistan, China and India, and a supertanker carrying Iraqi crude to China completing transit after nearly three months stranded. A Nikkei report cited a Middle East diplomatic source saying Iran could agree to clear mines from Hormuz within 30 days under the framework. The overnight tanker incident and strikes put this fragile resumption back at risk. The radar-off tanker firing shows Iran is policing transit selectively and violently.

4. Pricing Methodology Note: Working Anchor Update

Platts EUM 19 May spine remains the published anchor in our research feed. Cumulative adjustment of -\$66/MT applied to track the Brent move from \$110.61 to \$97.29. Working numbers reconcile to the next observed Platts EUM publication.

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 \$97.29 Thursday morning CAT. That is a -\$13.32/bbl move, or -12.0% on the underlying. Applying the standard 0.85 product-crude correlation gives a fair ICE LSG decline of approximately \$66/MT. Working ULSD FOB ARA Barge: \$1,213.75 less \$66 = \$1,148/MT.
- **EN590 spec premium:** +\$12/MT. Working EN590 FOB ARA = \$1,160/MT.
- **Baltic-channel discount:** \$70/MT working mid (band \$50-\$90). The overnight kinetic re-escalation reaffirms the discount at the upper-mid of the band. Working EN590 FOB Primorsk = \$1,090/MT.
- **Variance from Platts spine:** Working FOB ARA \$1,160 against published 19 May Platts spine \$1,213.75. Net variance -\$54/MT, at the edge of the \$50-\$100 corridor. The spine is now nine calendar days stale. The next observed Platts EUM is the urgent reconciliation point. If the published assessment varies from the working \$1,148/MT by more than \$15/MT, this note will be reissued.
- **Volatility caveat:** With a two-way kinetic exchange in progress and airbase damage unconfirmed, intraday Brent could move \$3-\$8/bbl in either direction on the next headline. The working numbers reflect the 06:50 CAT snapshot and should be treated as a point estimate in an unusually wide distribution.

5. 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, Thursday 28 May 2026 06:50 CAT.

Route / Basis	Indicative Range (USD/MT)	Commentary
FOB Primorsk (Russia, Baltic)	\$1,030 - \$1,150	SPIMEX-linked. Working mid \$1,090/MT against estimated Platts ULSD ARA \$1,148/MT (19 May spine \$1,213.75 less ~\$66 cumulative) + \$12 EN590 premium less \$70 Baltic-channel discount. Two-way US-Iran kinetic exchange overnight reverses the deal-driven slide. Brent gapped +3% on renewed Hormuz disruption fears. AFC ground operations Primorsk continuing fully.
FOB Ust-Luga (Russia, Baltic)	\$1,024 - \$1,143	Sister loadport to Primorsk. Within \$5-15/MT. Same buyer pool and shadow fleet routing.
FOB Novorossiysk (Russia, Black Sea)	\$1,050 - \$1,170	Black Sea basis. Platts NORSI-Novorossiysk netback \$1,497.97 vs ULSD FOB Med marker (19 May).
FOB Belarus (pipeline to Baltic)	\$1,020 - \$1,137	Belarusian-origin via Baltic export. Same buyer pool as Primorsk. Mozyr H-Oil hydrocracker operational.
FOB Rotterdam / ARA (W. Europe)	\$1,455 - \$1,582	Platts ULSD 10ppm FOB ARA Barge anchor \$1,148/MT working (19 May spine \$1,213.75 adjusted -\$66/MT cumulative net of overnight bounce). EN590 premium \$12/MT.
FOB Houston (US Gulf)	\$1,432 - \$1,549	US ULSD tracking ARA. WTI gapped to \$91.71 on overnight strikes. US pump prices above \$4/gallon remain political backdrop.
CIF Middle East (Fujairah)	\$1,405 - \$1,575	Fujairah hub operational but maritime risk elevated. US tanker fired on in Hormuz overnight. Marine traffic limited. IRGC targeted US airbase 04:50 local Thursday.
CIF Asia (Jurong/Singapore)	\$1,542 - \$1,682	Platts MOPS gasoil 10ppm \$160.46/bbl FOB Arab Gulf (19 May). LNG carriers and supertanker recently transited Hormuz to China/India/Pakistan but overnight strikes re-impose risk.
CIF West Africa (Lagos, Tema, Abidjan)	\$1,597 - \$1,744	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.
CIF East Africa (Mombasa, Dar es Salaam)	\$1,667 - \$1,797	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)	\$1,697 - \$1,837	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)	\$1,617 - \$1,754	Atlantic Basin freight firm. Russian sellers continuing Brazil-to-Egypt redirects.

Russian loadports note. Primorsk working mid \$1,090/MT, approximately \$10/MT below Tuesday EOD on the net of Wednesday's slide and the overnight bounce. Discount to ARA holding \$70/MT. SPIMEX-linked contracts at the prior \$1,036-\$1,058 levels remain \$32-\$54/MT in the money. AFC ground operations Primorsk continuing fully. The overnight Hormuz re-escalation directly favours non-Hormuz supply: every cargo that avoids the strait gains relative value. AFC's Primorsk-to-Cape routing is structurally insulated from the Hormuz risk that just re-priced.

6. 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, Thursday 28 May 2026 06:50 CAT.

Destination	FOB Primorsk	Freight + Ins.	Landed Cost	Saving vs Equiv. CIF/DLV
Ghana (Tema)	\$1,090	\$97	\$1,187	~\$403/MT (\$20.1M on 50k MT)
Tanzania (Dar es Salaam)	\$1,090	\$131	\$1,221	~\$439/MT (\$21.9M on 50k MT)
UAE (Fujairah)	\$1,090	\$145	\$1,235	~\$170/MT (\$8.5M on 50k MT)
India (Vadinar, W. Coast)	\$1,090	\$86	\$1,176	~\$366/MT (\$18.3M on 50k MT)
Singapore (Jurong)	\$1,090	\$135	\$1,225	~\$317/MT (\$15.8M on 50k MT)
South Africa (Durban)	\$1,090	\$120	\$1,210	~\$487/MT (\$24.4M on 50k MT)
Brazil (Santos/Rio)	\$1,090	\$95	\$1,185	~\$432/MT (\$21.6M on 50k MT)

Commercial headline. Durban delivers \$487/MT saving versus ARA-origin DLV equivalent at Thursday morning. \$24.4 million captured on 50,000 MT. \$48.7 million on the 100,000 MT/month programme. Tanzania \$439/MT saving. Brazil \$432/MT. Ghana \$403/MT. The savings have widened marginally because the overnight kinetic exchange lifted Hormuz-exposed destination benchmarks (Fujairah, Singapore) relative to the Primorsk FOB which is insulated from strait risk. The structural arbitrage to AFC's destination matrix is preserved and arguably strengthened by the re-escalation.

7. Benchmark Derivations

Working calculation Platts-anchored, Thursday 28 May 2026 06:50 CAT.

Input	Value	Notes / Sources
Brent crude (Thu 28 May 06:50 CAT)	\$97.29/bbl	CNBC, +3% overnight. Gapped up on US-Iran strike exchange and renewed Hormuz disruption fears.
WTI crude (Thu 28 May morning)	\$91.71/bbl (+3.42%)	CNBC. Brent-WTI spread \$5.58/bbl. Both up sharply on overnight kinetic re-escalation.
Brent (Wed 27 May intraday low)	~\$94/bbl	Wednesday session, down on deal optimism before evening strike exchange reversed sentiment.

Input	Value	Notes / Sources
Platts ULSD 10ppm FOB ARA Barge (19 May, latest published)	\$1,213.75/MT	Platts EUM 19 May 2026. Change - \$24.25/MT. SPINE. EUM publication resuming this week.
Working cumulative adjustment (since 19 May)	-\$66/MT	Brent \$110.61 (19 May Platts M1) down to \$97.29 Thursday morning. $-12.0\% \times 0.85$ product correlation \times \$590/MT base.
Working ULSD FOB ARA Barge (Thu 28 May 06:50 CAT)	\$1,148/MT	Platts 19 May spine \$1,213.75 less \$66 cumulative ICE LSG decline tracking Brent net of overnight bounce.
EN590 10ppm spec premium	+\$12/MT	BS EN 590:2022 spec premium over 10ppm ULSD.
EN590 FOB ARA (Thu 28 May 06:50 CAT working)	\$1,160/MT	Working ULSD FOB ARA \$1,148 + \$12 EN590 premium = \$1,160/MT.
Baltic-channel discount band	\$50 to \$90/MT	Working mid \$70/MT. Overnight kinetic re-escalation reasserts discount at the upper-mid of the band.
EN590 FOB PRIMORSK (Thu 28 May 06:50 CAT working)	\$1,090/MT	EN590 FOB ARA \$1,160 less \$70 Baltic-channel discount = \$1,090/MT. Mid of \$1,030-\$1,150 band.
Move from Tuesday EOD	-\$10/MT	Tuesday EOD Primorsk \$1,100 to Thursday morning \$1,090. Net of Wednesday slide and overnight bounce.

Variance verification. Working EN590 FOB ARA \$1,160 against published Platts 19 May ULSD FOB ARA \$1,213.75. Net variance -\$54/MT, at the edge of the \$50-\$100 corridor. The 19 May spine is now nine calendar days old and the desk is overdue a refreshed Platts EUM observation. The next observed publication is the priority reconciliation. Given the overnight volatility, the actual Platts assessment could differ from the working figure by more than the usual tolerance, in which case the note will be reissued.

8. Geopolitical and Macro Drivers

Wednesday night into Thursday: the kinetic exchange

- **IRGC fires on US tanker in Hormuz (Tasnim, Antiwar):** Iranian military source told Tasnim the IRGC navy fired on a US tanker that tried to pass through Hormuz by turning off its radar system.
- **US strikes Bandar Abbas drone site (Reuters, Newsweek, ABC):** US military carried out new strikes against a military site believed to threaten US forces and commercial maritime traffic in Hormuz. US troops shot down four to five Iranian drones and struck a ground control station at Bandar Abbas as a fifth drone was being readied.
- **IRGC targets US airbase (Tasnim, Al Jazeera, CNBC):** Iran's Revolutionary Guards said Thursday they had targeted a US airbase at around 04:50 local time. Location unspecified. IRGC said the strike was in response to US strikes on Iran and Kuwait, with missile and drone attacks reported on Iranian territory.
- **Oil gaps up (CNBC):** Brent crude futures gained over 3% to \$97.29/bbl. WTI gained 3.42% to \$91.71/bbl. Move driven by renewed concerns over disruptions to commercial shipping through the Strait of Hormuz.

Wednesday daytime: diplomatic picture

- **Trump Cabinet "finish the job" (ABC, CNN):** Trump said Iranians "want very much to make a deal" but "either that or we'll have to just finish the job." Threatened bombing "at a much higher level." "Iran cannot have a nuclear weapon."
- **White House "proceeding nicely" (ABC):** White House said negotiations proceeding nicely. Rubio characterised gaps as disputes over "a word, a sentence" on nuclear programme and sanctions language.
- **Frozen funds sequencing (CNN):** Senior US administration official told CNN the unfreezing of \$24bn Iranian assets will occur only once the Strait of Hormuz has reopened. Hormuz reopening is the precondition for financial relief.
- **Doha talks "generally positive" (Tasnim, CNN):** Senior Iranian officials returned to Iran Tuesday after intense talks in Doha that Tasnim described as generally positive. Negotiating parties ironing out sticking points in proposed memorandum.
- **Hormuz transit partial resumption (CNN, OilPrice, Nikkei):** IRGC claimed 25 vessels including oil tankers passed Hormuz during the last day and night with Iranian permission and security coordination. LNG carriers transited to Pakistan, China, India. Iraqi crude supertanker to China completed transit after nearly three months stranded. Nikkei source: Iran could clear Hormuz mines within 30 days under framework. All now back at risk after overnight incident.

Underlying physical and structural context

- **Non-Hormuz routes gain structural value:** The overnight exchange and the formalised Iranian tolling stance both reinforce the permanent premium on routes that avoid the strait. Russian Baltic, Atlantic Basin and trans-Cape supply benefit structurally. AFC's Primorsk-to-Cape positioning is insulated from the Hormuz risk repricing.
- **Russian Baltic export channel (Platts EUM 19 May, S&P Global CAS):** Russian seaborne diesel exports +13% week-on-week to 784kt latest reading. 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: Europe jet fuel crisis postponed not averted. Every US refinery in jet max mode. US gasoline stocks five-month low. Middle-distillate floor reinforced regardless of crude direction.
- **Western analyst desks (multiple):** Wood Mackenzie \$80 end-2026 scenario contingent on Hormuz opening by June, now looking less likely on overnight re-escalation. Goldman South Africa scarcity flag structurally persisting. Citi pricing Hormuz reopening risk. Dragonfly Wilkinson re-escalation now realised in part.

9. Freight and War-Risk Insurance

Freight

- Baltic Exchange MR rates firming on overnight kinetic re-escalation after the week's deal-driven softening.
- Cape route well utilised. India-to-East Africa redirection continuing at scale.
- Hormuz transit re-imperilled. The partial resumption of recent days (25 vessels per IRGC) is back at risk after the overnight tanker incident and airbase strike.
- Indian Jamnagar Cap Grace 141k MT cargo to Offshore Lome arrival 29 May per Kpler.

War-risk insurance (AWRP)

- **Strait of Hormuz AWRP:** Firmed sharply back toward 2.0-2.3% of hull value on the overnight two-way exchange and the US tanker firing. Pre-war baseline 0.125%. Any confirmed airbase casualties would push AWRP materially higher and could trigger a transit suspension by major underwriters.
- 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. Insulated from Hormuz risk.
- Non-Western P&I providers fully operational for Russian-origin cargoes. Cover unchanged.

10. 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, escalating):** US naval blockade in place. US strikes on Bandar Abbas Wednesday night. IRGC fired on US tanker in Hormuz. IRGC targeted US airbase 04:50 local Thursday. \$24bn frozen funds release contingent on Hormuz reopening per senior US official. Kinetic risk at its highest since the ceasefire began.

AFC buyer base position. Approximately 140 UN member states trade Russian-origin refined product legally. SPIMEX FOB Primorsk EURO-5 deliverable futures contract operational. KSE Institute confirmed 82% of Russian oil products move on non-G7-insured tankers. AFC's non-Hormuz supply chain is structurally insulated from the overnight maritime re-escalation.

11. Fraud and Scam Red Flags

Overnight kinetic exchange plus airbase strike plus oil gap-up create the most volatile scam-market environment of the week. Sellers exploiting the re-escalation in compressed-window pitches require maximum scrutiny.

- "Hormuz strike disruption replacement cargo" offers: a US-Iran strike exchange does not generate Russian Baltic distress cargoes. Decline.
- "Airbase strike emergency allocation" offers: military events do not create commercial allocation channels.
- "US tanker incident redirect" offers: the Hormuz tanker firing does not free up discounted product elsewhere.
- "Pre-casualties lock-in" offers: any seller claiming knowledge of airbase damage or casualty figures is fabricating; that information is not yet public.
- "Bandar Abbas damage distress" offers: Iranian-port strikes do not generate legitimate Russian Baltic offers.
- "Frozen funds release tied cargo" offers: the \$24bn is contingent on Hormuz reopening, which just receded. No commercial cargo flows from it.
- Fujairah FOB at Platts minus \$50: still fraudulent, and especially suspect given live Hormuz maritime risk. Verified Platts Fujairah benchmarks published daily.
- Iranian-origin cargo represented as Iraqi, Omani, Russian or re-flagged: US enforcement active and intensifying. Strikes confirm naval posture.
- TTO/TTV without current SGS Q&Q, Q88, product passport, live GPS: do not engage.
- Primorsk offers >\$150/MT below the Platts-anchored \$1,090 working mid: cross-reference SPIMEX, named refinery mandate required.
- Kazakhstan EN590 sub-\$500/MT: economically impossible at \$97.29 Brent.

12. Trading Opportunities

Prompt opportunities

- FOB Primorsk for non-sanctioned buyers at \$1,090/MT working mid: \$315-\$487/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 and is now insulated from the overnight Hormuz re-escalation.
- Durban specifically: \$487/MT saving at Thursday morning. \$24.4 million captured value on 50,000 MT. Goldman South Africa scarcity flag persisting. Execute on the Thursday European open.
- **The re-escalation trade signal.** The overnight two-way exchange has arrested the deal-driven slide and re-introduced a Hormuz risk premium. If airbase casualties are confirmed and Trump escalates, Brent runs back toward \$115-\$125 and AFC's pre-contracted Russian Baltic supply at this week's pricing becomes deeply valuable. If the exchange is contained and the deal resumes, the slide toward \$90 resumes and the 4-6-week physical product lag (Lipow) still captures arbitrage. The asymmetry favours locking forward tonnage now: the downside is modest, the upside on confirmed escalation is large.
- 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 \$1,090 Primorsk: non-Hormuz routing premium now structurally reinforced by both the tolling formalisation and the overnight maritime re-escalation.
- 100,000 MT/month Baltic-origin EN590 programme: approximately \$48.7 million per cargo cycle at Thursday morning pricing.
- Distillate complex structural tightness persists per CERA. Middle-distillate floor reinforced regardless of crude direction.
- Non-Hormuz premium: now a dual structural driver, tolling plus live maritime risk.

Three-scenario positioning (revised Thursday 06:50 CAT)

- **Scenario A - Exchange contained, deal resumes, Brent eases toward \$88-\$95 (probability lowered overnight but not eliminated):** Physical diesel lags 4-6 weeks per Lipow. EN590 FOB ARA eases to \$1,020-\$1,120. Primorsk \$950-\$1,050. Pre-contracted SPIMEX-linked forward cargoes capture the lag.
- **Scenario B - Sustained tit-for-tat, oscillation in \$95-\$110 range (probability elevated, base case):** Brent oscillates on each strike and statement. Primorsk discount to ARA holds \$60-\$80/MT. AFC structural programme captures consistent monthly value. Most probable path given the overnight exchange.
- **Scenario C - Airbase casualties confirmed, Trump escalates, return to war (probability sharply higher overnight):** Brent toward \$120-\$140. EN590 FOB ARA \$1,340-\$1,520. Primorsk \$1,270-\$1,450. Pre-contracted Russian Baltic supply at today's \$1,090 represents transformative forward value. The single most important variable is whether the IRGC airbase strike caused American casualties.

13. Bottom Line

The night the exchange went two-way. Wednesday traded as a deal-optimism day with the White House calling talks "proceeding nicely" and Brent easing toward \$94. The night reversed it. The IRGC navy fired on a US tanker transiting Hormuz with its radar off. The US struck a drone control station at Bandar Abbas and downed four to five Iranian drones. The IRGC then targeted a US airbase at 04:50 local Thursday. This is the firmest two-way kinetic exchange since the ceasefire began, the first time in this phase that Iran has struck a US installation in direct response. Oil gapped up: Brent +3% to \$97.29, WTI +3.42% to \$91.71. Trump at Cabinet said Iran wants a deal but warned "either that or we'll have to just finish the job." The single most important unknown is whether the airbase strike caused US casualties.

The Platts-anchored working numbers. EN590 FOB ARA \$1,160/MT on the working spine of Platts 19 May ULSD FOB ARA (\$1,213.75) adjusted -\$66/MT for the cumulative nine-day ICE LSG decline tracking Brent and lifted +\$12/MT for EN590 spec premium. EN590 FOB Primorsk \$1,090/MT after \$70/MT Baltic-channel discount. Variance from Platts spine -\$54/MT, at the edge of the \$50-\$100 corridor. The 19 May spine is now nine calendar days stale and a refreshed Platts EUM observation is overdue and urgent. With a kinetic exchange in progress and airbase damage unconfirmed, treat the working numbers as a point estimate in an unusually wide intraday distribution.

For AFC's commercial position. Primorsk at \$1,090/MT, ARA at \$1,160/MT, discount \$70/MT. Durban saving \$487/MT, marginally wider because the overnight exchange lifted Hormuz-exposed destination benchmarks while leaving the Primorsk FOB insulated. 100,000 MT/month programme generating \$48.7 million per cargo cycle. SPIMEX-linked contracts at the prior \$1,036-\$1,058 pricing are \$32-\$54/MT in the money. The overnight re-escalation is commercially favourable to AFC: every cargo that avoids Hormuz gains relative value, and AFC's Primorsk-to-Cape routing is structurally insulated from the maritime risk that just re-priced. The asymmetry now favours locking forward tonnage: modest downside if the exchange is contained, large upside if airbase casualties are confirmed and Trump escalates. The execution instruction is to lock remaining SPIMEX-linked forward tonnage on the Thursday European open, ahead of confirmation of airbase damage. Watch for the casualty report as the single most important headline of the next 24 hours. AFC ground operations Primorsk continuing fully.

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

Note prepared: Thursday 28 May 2026, 06:50 CAT (Gaborone), covering Wednesday 27 May 2026 full day and the overnight kinetic exchange into Thursday 28 May 06:50 CAT. Platts-anchored pricing with cumulative nine-day adjustment.

Pricing anchor: Platts European Marketscan, 19 May 2026 edition (latest in research feed). ULSD 10ppm FOB ARA Barge \$1,213.75/MT (mid \$1,213.50-\$1,214.00, change -\$24.25/MT). ICE LSG M1 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 -\$66/MT applied to track Brent -12.0% move from \$110.61 to \$97.29. EN590 spec premium working \$12/MT. Baltic-channel discount working \$70/MT (band \$50-\$90/MT). The 19 May spine is nine calendar days stale; refreshed Platts EUM observation overdue and urgent for reconciliation.

Sources: CNBC (Brent +3% \$97.29 overnight, WTI +3.42% \$91.71, IRGC targeted US airbase 04:50 local Thursday per Tasnim, fresh US strikes military site Hormuz, renewed Strait of Hormuz disruption fears), Reuters (US official: US military carried out new strikes in Iran targeting military site threatening US forces and commercial maritime traffic, intercepted multiple Iranian drones, Phil Stewart reporting), Newsweek (Anna Commander: US troops shot down four Iranian one-way attack drones near Hormuz, struck ground control station Bandar Abbas as fifth drone readied), ABC News (Luis Martinez live: US conducts new airstrikes southern Iran, Trump Cabinet "want very much to make a deal" "finish the job" "Iran cannot have a nuclear weapon", White House negotiations "proceeding nicely"), Antiwar.com (IRGC navy fired on US tanker that turned off radar in Hormuz, US bombed Bandar Abbas, IRGC targeted American air base in response to US strikes on Iran and Kuwait, Al Jazeera live updates cited), CNN (live: \$24bn Iranian asset unfreezing only once Hormuz reopened per senior US administration official, Rubio gaps "a word a sentence", Doha talks, IRGC 25 vessels passed Hormuz with permission, Camp David/White House Cabinet meeting), Tasnim News Agency (IRGC airbase strike 04:50 local, US tanker radar-off firing, Doha talks generally positive, \$24bn frozen funds MoU condition), Al Jazeera (IRGC airbase strike live updates, missile and drone attacks on Iranian territory), Time Magazine (Tuesday strikes context, Brent \$96 Monday low context), OilPrice.com (Hormuz partial transit resumption, LNG carriers to Pakistan China India, Iraqi crude supertanker to China, Nikkei source Iran clear Hormuz mines within 30 days under framework), Trading Economics (Brent multi-day progression, two-month framework), 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, Norsti 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), Nikkei (Iran Hormuz mine-clearing 30-day framework, Middle East diplomatic source), Bloomberg (forward curve coverage), Iranian IRGC (airbase strike, tanker firing, drone engagements), Iranian Foreign Ministry (Hormuz "will have costs" tolling), Iranian Fars News Agency, Press TV, IRNA, ISNA, Voice of the 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), Wood Mackenzie (\$80 end-2026 contingent on Hormuz open by June), 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, Pentagon, RFE/RL, IISS London, Sparta Singapore June Goh. Non-Western source weight: Iranian IRGC (principal escalation channel overnight), Iranian Tasnim News Agency (airbase strike, tanker firing), Iranian Foreign Ministry, 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 nine-day adjustment tracking Brent, publicly available data, and AFC operational reporting. A two-way US-Iran kinetic exchange is in progress at the time of writing with airbase damage and potential casualties unconfirmed; intraday pricing could move sharply in either direction on the next headline. Working numbers reconcile to the next observed Platts EUM publication. Verify against direct broker quotes before contracting. No regulatory or compliance advice is provided. Counterparties should consult legal advisors in their own jurisdiction.