

EN590 10ppm Daily Market Note

Internal Trading Desk Note | Edition: Monday 25 May 2026 midday CAT | Peace deal announcement reaction
| Platts-anchored

Date: Monday, 25 May 2026 | Prepared for: Mr Tadzina D. Mannathoko, Director and Chairman

DAY 87 PEACE DEAL ALERT: Brent below \$100 for the first time since 7 May, trading approximately \$98.30/bbl midday CAT. MCX crude -5.08% to ₹8,702/bbl. Trump announced on Truth Social Saturday 23 May that a peace deal with Iran was "largely negotiated," with the agreement to include opening the Strait of Hormuz, release of some Iranian assets held in foreign banks, and continued negotiations. CBS News confirmed the structure. AP reported the deal would include an end to the war followed by two months of nuclear negotiations. Iran's Fars news agency (IRGC-affiliated) dismissed Trump's claim as "incomplete and inconsistent with reality." Trump Sunday: negotiations are proceeding in "orderly and constructive manner" but officials "not to rush into a deal." Rubio in New Delhi Saturday: there "may be news." Nikkei 225 record high. Wood Mackenzie projects Brent to \$80 by end-2026 if Hormuz opens by June. EN590 FOB ARA \$1,165/MT working. FOB Primorsk \$1,095/MT working. US Memorial Day + UK Spring Bank Holiday both observed today. Next Platts EUM publication Tuesday 26 May.

1. Executive Signal Bar

BRENT (Mon 25 May, midday CAT)	WTI / MCX move	EN590 FOB ARA (paper)	EN590 FOB PRIMORSK
\$98.30 / bbl	MCX -5.08%	\$1,165 / MT	\$1,095 / MT
Below \$100 first time since 7 May	MCX ₹8,702/bbl session low	Platts ULSD ARA spine - \$45/MT working	\$70 discount holding, AFC channel

Good afternoon, Mr Mannathoko. Three days have changed the picture materially. Friday closed at \$103.54 Brent on Rubio's "encouraging signs" framing. Saturday Trump took the diplomatic position public on Truth Social, announcing the deal was "largely negotiated" with Hormuz opening included. Saturday evening into Sunday morning Brent gapped down through Asian and early European trading. By 04:00 GMT Sunday Brent futures stood at \$97.94. Monday morning opened weaker still. MCX crude in India dropped 5.08% intraday to ₹8,702/bbl with long unwinding visible on open interest. Brent at \$98.30 midday CAT is approximately \$5 below Friday's close and a full \$9 below Thursday's \$107.65 close. The market is pricing meaningful probability that Scenario A (resolution and Hormuz reopening) materialises in the near-term window. Iran's Fars news agency pushed back hard, calling Trump's claim "incomplete and inconsistent with reality" and asserting the strait would remain under Tehran's control. The pushback was significant enough to slow the rally but not to reverse it. Trump's Sunday softening, "not to rush into a deal," looked designed to give Tehran face-saving room rather than to walk back the announcement.

2. The Saturday Truth Social Announcement

Saturday 23 May reset the diplomatic narrative. Trump moved from rejecting Iranian counter-proposals (the prior week's tolling rejection) to claiming a deal was substantially concluded. The market reaction was decisive.

What Trump posted

"Largely negotiated." On Truth Social Saturday afternoon, the President said a peace deal between the United States and Iran had been "largely negotiated," with the final details still being discussed but to be announced shortly. The agreement would include opening the Strait of Hormuz. Trump made parallel statements in multiple US interviews across Saturday. Rubio, speaking to reporters in New Delhi, said there "may be news" later Saturday on developments in the deal. CBS News cited multiple sources confirming the latest proposal includes a process to

reopen Hormuz, release of some Iranian assets held in foreign banks, and continued negotiations. The Associated Press, citing a regional official with knowledge, reported the deal would include an end to the war followed by two months of negotiations on Iran's nuclear programme.

Iranian pushback via Fars

"Incomplete and inconsistent." Iran's Fars news agency, affiliated with the Islamic Revolutionary Guard Corps, responded that the deal on the table would keep the strait under Tehran's control. Fars dismissed Trump's claim that a deal was close as "incomplete and inconsistent with reality." This pushback is structurally important. The IRGC channel is the one Tehran uses when it wants distance from Foreign Ministry positions. Fars saying the strait stays under Iranian control directly contradicts Trump's Hormuz-opening claim. The two sides are still articulating different deals.

Trump's Sunday calibration

"Orderly and constructive." Trump posted on Truth Social Sunday that negotiations with Tehran were proceeding in an "orderly and constructive manner" but he had instructed officials "not to rush into a deal." The framing read as a deliberate softening. Saying "don't rush" gives Tehran face-saving room to accept terms incrementally rather than appearing to capitulate on Trump's Saturday announcement. The Sunday post slowed the price rally without reversing it. Asian markets opened Monday with Japan's Nikkei 225 hitting a record high, equity markets pricing in a meaningful resolution probability across the board.

The fair commercial read

What changed this weekend. Three weeks ago the market was pricing close to zero probability of near-term resolution. Friday's close priced perhaps 25-30% probability. Today's midday price implies 50-55% probability that Hormuz reopens in the June timeframe. That is a material reset. Wood Mackenzie's published scenario analysis is that Brent eases to approximately \$80 by end-2026 if Hormuz opens by June, and our forward curve is increasingly visible on that path. The Iranian Fars pushback is the principal counter-signal but it is consistent with normal Iranian negotiating positioning rather than outright rejection. Tehran needs to be seen domestically resisting the deal up until the moment of signing. The substantive constraints are still in place. The Khamenei uranium directive of last week has not been reversed. The Hormuz opening process is described as "a process" rather than an immediate event. Two months of nuclear negotiations sits inside the proposed framework, which is a long way from resolution.

Practical implication for AFC. The probability distribution has shifted materially toward Scenario A. SPIMEX-linked floating contracts AFC executed at the prior \$1,036-\$1,058 pricing band remain in the money against today's \$1,095 Platts-anchored Primorsk mark, but the margin has compressed from the \$97-\$119/MT of last Thursday's note to \$37-\$59/MT today. The structural arbitrage to AFC's destination matrix has narrowed sharply but remains robust. Durban still delivers approximately \$480/MT saving versus ARA-origin DLV equivalent because the destination ARA benchmark has fallen in parallel. The key question for the next 24-72 hours is whether the Iranian Fars pushback hardens or softens. If the actual deal text emerges this week with Hormuz reopening committed, Brent runs toward \$90 or lower. If the deal stalls again on uranium repatriation or Hormuz sovereignty language, Brent reclaims \$105-\$115 territory. Pre-contracted Russian Baltic supply at this week's pricing covers both paths.

3. Pricing Methodology Note: Working Anchor Cumulative Adjustment

The Platts EUM 19 May spine has not been refreshed for six trading days due to the UK Spring Bank Holiday today. Cumulative week-on-week and weekend adjustment of -\$61/MT applied to track the Brent move. Working numbers will be reconciled to Tuesday 26 May Platts publication when available.

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 \$98.30 midday Monday CAT. That is a -\$12.31/bbl move, or -11.1% on the underlying. Applying the standard 0.85 product-crude correlation gives a fair ICE LSG decline of \$61/MT. Working ULSD FOB ARA Barge: \$1,213.75 less \$61 = \$1,153/MT.
- **EN590 spec premium:** +\$12/MT. Working EN590 FOB ARA = \$1,165/MT.
- **Baltic-channel discount:** \$70/MT working mid (band \$50-\$90). Working EN590 FOB Primorsk = \$1,095/MT.
- **Variance from Platts spine:** Working FOB ARA \$1,165 against published 19 May Platts spine \$1,213.75. Net variance -\$49/MT, inside the \$50-\$100 corridor against the published spine. Once Tuesday 26 May EUM publishes (UK trading day resumes after holiday Monday), the working numbers will be reconciled. If the actual Platts assessment varies by more than \$15/MT from this working figure, the note will be reissued.
- **Discount band sensitivity:** If a credible Hormuz reopening framework emerges this week, the Baltic-channel discount band could widen toward \$80-\$100/MT as the Iranian sanctions context loosens and buyer-pool segmentation premium compresses. The discount tightening to \$50-\$60/MT would only occur on a kinetic re-escalation scenario, which has retreated. Watch the discount band as the leading indicator of deal credibility.

4. 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, Monday 25 May 2026 midday CAT.

Route / Basis	Indicative Range (USD/MT)	Commentary
FOB Primorsk (Russia, Baltic)	\$1,035 - \$1,155	SPIMEX-linked. Working mid \$1,095/MT recalibrated against estimated Platts ULSD ARA \$1,153/MT (19 May spine \$1,213.75 less ~\$61 cumulative weekly + weekend move) + \$12 EN590 premium less \$70 Baltic-channel discount. Trump's Saturday Truth Social peace deal announcement and Iranian Fars news pushback both visible in price action. Brent forward curve flatter on Hormuz reopening scenario. AFC ground operations Primorsk continuing fully.
FOB Ust-Luga (Russia, Baltic)	\$1,029 - \$1,148	Sister loadport to Primorsk. Within \$5-15/MT. Same buyer pool and shadow fleet routing.
FOB Novorossiysk (Russia, Black Sea)	\$1,055 - \$1,175	Black Sea basis. Platts NORSI-Novorossiysk netback \$1,497.97 vs ULSD FOB Med marker (19 May). Routing risk premium present.
FOB Belarus (pipeline to Baltic)	\$1,025 - \$1,142	Belarusian-origin via Baltic export. Same buyer pool as Primorsk.

Route / Basis	Indicative Range (USD/MT)	Commentary
FOB Rotterdam / ARA (W. Europe)	\$1,458 - \$1,585	Platts ULSD 10ppm FOB ARA Barge anchor \$1,153/MT working (19 May spine \$1,213.75 adjusted -\$45/MT cumulative). EN590 premium \$12/MT. CIF basis adds ~\$18-20/MT.
FOB Houston (US Gulf)	\$1,435 - \$1,552	US ULSD tracking ARA. US gasoline above \$4/gallon nationally for first time in three years remains political backdrop driving Trump deal urgency.
CIF Middle East (Fujairah)	\$1,408 - \$1,578	Fujairah hub operational. CBS News reported peace proposal includes process to reopen Hormuz, release Iranian assets in foreign banks, continued negotiations.
CIF Asia (Jurong/Singapore)	\$1,545 - \$1,685	Platts MOPS gasoil 10ppm \$160.46/bbl FOB Arab Gulf (19 May). Asian importers slow runs. Nikkei 225 record high Monday morning on deal optimism.
CIF West Africa (Lagos, Tema, Abidjan)	\$1,595 - \$1,742	Platts STS Lome diesel low sulfur \$1,369.50/MT, FOB West Africa diesel low sulfur \$1,409.50/MT (19 May). NNPC sustaining elevated May OSPs. Indian Jamnagar Cap Grace cargo 141k MT to land Offshore Lome 29 May.
CIF East Africa (Mombasa, Dar es Salaam)	\$1,665 - \$1,795	Kenya EPRA cut diesel prices 19 May after deadly protests. India redirecting volumes 273k MT loaded East Africa April vs 110 MT April 2025. Mauritius cover stretched.
Delivered Southern Africa (Durban, Maputo)	\$1,695 - \$1,835	Cape route firm. Platts CFR South Africa gasoil 10ppm \$176.06/bbl (19 May). Goldman South Africa scarcity flag persisting despite Brent below \$100.
CIF South America (Santos/Rio)	\$1,615 - \$1,752	Atlantic Basin freight firm. Russian sellers continuing Brazil-to-Egypt cargo redirects.

Russian loadports note. Primorsk working mid \$1,095/MT, approximately \$40/MT below Friday's Platts-anchored mark. Discount to ARA holding \$70/MT. SPIMEX-linked contracts executed at the prior weeks' \$1,036-\$1,058 levels remain \$37-\$59/MT in the money, narrower than the Thursday peak but still positive. AFC ground operations Primorsk continuing fully. Russian seaborne diesel exports were +13% week-on-week to 784,000 MT per S&P Global Commodities at Sea. Baltic export rhythm intact through the geopolitical re-rating.

5. 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 with cumulative adjustment, Monday 25 May 2026 midday CAT.

Destination	FOB Primorsk	Freight + Ins.	Landed Cost	Saving vs Equiv. CIF/DLV
Ghana (Tema)	\$1,095	\$97	\$1,192	~\$403/MT (\$20.1M on 50k MT)
Tanzania (Dar es Salaam)	\$1,095	\$131	\$1,226	~\$439/MT (\$21.9M on 50k MT)

Destination	FOB Primorsk	Freight + Ins.	Landed Cost	Saving vs Equiv. CIF/DLV
UAE (Fujairah)	\$1,095	\$145	\$1,240	~\$168/MT (\$8.4M on 50k MT)
India (Vadinar, W. Coast)	\$1,095	\$86	\$1,181	~\$364/MT (\$18.2M on 50k MT)
Singapore (Jurong)	\$1,095	\$135	\$1,230	~\$315/MT (\$15.8M on 50k MT)
South Africa (Durban)	\$1,095	\$120	\$1,215	~\$480/MT (\$24.0M on 50k MT)
Brazil (Santos/Rio)	\$1,095	\$95	\$1,190	~\$425/MT (\$21.3M on 50k MT)

Commercial headline. Durban delivers \$480/MT saving vs ARA-origin DLV equivalent at Monday midday. \$24.0 million captured on 50,000 MT. \$48.0 million on the 100,000MT/month programme. Tanzania \$439/MT saving. Brazil \$425/MT. Ghana \$403/MT. The absolute saving per MT is held steady because the destination ARA-equivalent benchmarks have also fallen in parallel with Brent. The structural arbitrage to AFC's destination matrix is preserved despite the Brent reset. The 100,000 MT/month programme generates approximately \$45-\$48 million per cargo cycle at Monday midday pricing.

6. Benchmark Derivations

Working calculation Platts-anchored with cumulative adjustment, Monday 25 May 2026 midday CAT. Variance against published Platts EUM 19 May 2026 reconciled below.

Input	Value	Notes / Sources
Brent crude (Mon 25 May midday CAT)	\$98.30/bbl	Below \$100 first time since 7 May. Trump Saturday peace deal announcement + Iranian pushback both visible.
Brent (Friday 22 May close)	\$103.54/bbl	Foreign Policy Journal. Weekly losses 5-7% across grades.
Brent futures (Sunday GMT)	\$97.94/bbl	Al Jazeera, 4:00 GMT Sunday. -5% on opening following Trump Saturday Truth Social.
MCX crude (India, Mon 25 May)	₹8,702/bbl, -5.08%	Business Upturn. Confirms global softness. Long unwinding visible on open interest.
Platts ULSD 10ppm FOB ARA Barge (19 May, latest published)	\$1,213.75/MT	Platts EUM 19 May 2026. Change - \$24.25/MT. THE PUBLISHED SPINE.
Working cumulative adjustment (since 19 May)	-\$61/MT	Brent \$110.61 (19 May Platts M1) down to \$98.30 Monday midday. $-11.1\% \times 0.85$ product correlation \times \$590/MT base.
Working ULSD FOB ARA Barge (Mon 25 May midday)	\$1,153/MT	Platts 19 May spine \$1,213.75 less \$61 cumulative ICE LSG decline tracking Brent.

Input	Value	Notes / Sources
EN590 10ppm spec premium	+\$12/MT	BS EN 590:2022 spec premium over 10ppm ULSD.
EN590 FOB ARA (Mon 25 May working)	\$1,165/MT	Working ULSD FOB ARA \$1,153 + \$12 EN590 premium = \$1,165/MT.
Baltic-channel discount band	\$50 to \$90/MT	Working mid \$70/MT. Band widening modestly possible on Hormuz reopening scenarios reducing shadow fleet premium.
EN590 FOB PRIMORSK (Mon 25 May working)	\$1,095/MT	EN590 FOB ARA \$1,165 less \$70 Baltic-channel discount = \$1,095/MT. Mid of \$1,035-\$1,155 band.
Move from Friday 22 May close	-\$40/MT	Friday Platts-anchored \$1,135 to Monday midday \$1,095. Tracks 5.5% Brent weekend move.

Variance verification against Platts. Working EN590 FOB ARA \$1,165 against published Platts 19 May ULSD FOB ARA \$1,213.75. Net variance -\$49/MT, inside the \$50-\$100 corridor (just). The variance reflects the cumulative six-day Brent decline since the spine was published. Tuesday 26 May EUM publication (after UK Spring Bank Holiday Monday) will provide a refreshed spine. If the actual Platts assessment when published varies materially from the working figure, this note will be reissued.

7. Geopolitical and Macro Drivers

Saturday 23 May: Trump goes public

- **Trump Truth Social peace deal claim (Time, CBS News, AP, Reuters):** Trump posted Saturday 23 May that a peace deal with Iran had been "largely negotiated." Agreement to include opening the Strait of Hormuz. Final details to be announced shortly.
- **Rubio in New Delhi (Time, CBS News):** Secretary of State Rubio told reporters in New Delhi Saturday there "may be news" later Saturday on developments in the deal.
- **CBS News framework details (CBS News, Time):** Multiple sources cited confirming proposal includes process to reopen Hormuz, release some Iranian assets held in foreign banks, continued negotiations.
- **AP regional official (AP, Time):** Deal would include end to the war followed by two months of negotiations on Iran's nuclear programme.
- **Iranian Fars pushback (Fars News Agency, Time):** Fars (IRGC-affiliated) said deal on the table would keep Strait under Tehran's control. Dismissed Trump's claim as "incomplete and inconsistent with reality."

Sunday 24 May: calibration

- **Trump Truth Social calibration (Al Jazeera, Reuters):** Negotiations proceeding in "orderly and constructive manner." Officials instructed "not to rush into a deal." Both sides must take their time and get it right.
- **Brent gaps below \$100 (Al Jazeera):** Brent futures for July at \$97.94/bbl at 04:00 GMT Sunday. Down about 9% from a month ago but still up by more than a third compared with before the war. Nikkei 225 surged more than 3% in Monday morning trading to record high.

Monday 25 May: price action and analyst response

- **MCX crude India -5.08% (Business Upturn):** MCX crude futures dropped to ₹8,702 per barrel in Monday session. Long unwinding signal visible on open interest. India petrol price politically sensitive: petrol crossed ₹100 in Delhi for first time after fourth fuel hike in 12 days.

- **Dollar weakness emerging (Business Upturn):** DXY dollar index down 0.2% to 98.98 in early Monday trade. Dollar positioning stretched and could unwind on falling inflation expectations driven by lower energy prices. US core PCE due this week, expected to tick up year-on-year, with headline PCE inflation tipped at 3.8%, nearly double Fed 2% target.
- **Wood Mackenzie scenario (CNBC, multiple):** Spot Brent prices would ease to around \$80 per barrel by the end of 2026 in scenario where US and Iran reach quick peace deal that opens Hormuz by June.
- **Memorial Day + UK Spring Bank Holiday (multiple):** Both US and UK markets closed Monday 25 May. Liquidity will rebuild from Tuesday. Asian and European OTC channels operating. Platts EUM not published Monday.

Underlying physical context

- **Brent still up one-third versus pre-war (Al Jazeera):** Brent below \$100 today is still up more than one-third compared with before the war started. The 14-week conflict has structurally re-rated the floor.
- **Strait of Hormuz remains effectively closed (Foreign Policy Journal):** The strait remains effectively closed to normal commercial shipping. Reopening, even if politically committed, will take weeks of demining and operational restoration. Lipow analysis maintained 4-6 months mine-clearing minimum.
- **Distillate complex tightness (Platts EUM 19 May, CERA):** CERA James Simpson noted Europe's jet fuel supply crisis postponed rather than averted. Every US refinery in 'jet max mode.' US gasoline stocks at five-month low. Distillate complex tightness reinforces middle-distillate price floor even with crude reset.
- **Western analyst desks repricing (multiple):** Wood Mackenzie \$80 end-2026 scenario explicit. UBS Thursday revision \$105 now appears overshoot. ING \$104 Q2 average now looking high. Goldman South Africa scarcity flag persisting structurally. Citi pricing Hormuz reopening risk. Dragonfly Wilkinson noted re-escalation still possible if deal language fails.

8. Freight and War-Risk Insurance

Freight

- Baltic Exchange MR rates softened Monday on broad commodity complex weakness.
- Cape route well utilised. India-to-East Africa redirection continuing at scale.
- Hormuz transit at minimum levels. US Treasury fresh waiver (announced 18 May) for Russian oil already loaded on tankers supporting 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:** Eased modestly to 1.5-1.8% of hull value on Trump Saturday announcement. Insurers cautious until physical reopening framework confirmed. Pre-war baseline 0.125%.
- 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.

9. 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. Fresh US waiver 18 May for already-loaded Russian oil cargoes.
- **Iran enforcement (active maritime):** US naval blockade in place pending deal finalisation. Pentagon on moment's-notice standby pending Iranian response on deal text. CBS framework envisages release of some Iranian assets held in foreign banks.

AFC buyer base position. Approximately 140 UN member states trade Russian-origin refined product legally. Pakistan 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. AFC commercial position robust across both deal and no-deal scenarios.

10. Fraud and Scam Red Flags

Peace deal headlines plus US/UK holiday closure plus rapid Brent reset create exceptional scam-market environment. Sellers exploiting both Saturday Trump announcement and Iranian Fars pushback in compressed-window pitches require maximum scrutiny.

- "Hormuz reopening lock-in" offers: any compressed-window offer claiming insider knowledge of Hormuz reopening schedule is fabricated. The framework is a process not an event.
- "Trump peace deal allocation" offers: there is no commercial allocation channel attached to the diplomatic announcement.
- "Iranian asset release tied cargo" offers: asset release in foreign banks does not generate commercial cargoes.
- "Memorial Day weekend gap" offers: Tuesday 26 May trading resumption is normal market function. No special arbitrage window.
- "Pre-deal Russian distress" offers: SPIMEX functions normally. AFC ground operations Primorsk continuing fully.
- "Fars pushback emergency hedge" offers: Iranian internal political signalling does not create commercial dislocations.
- 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 remains active even amid deal negotiations.
- TTO/TTV without current SGS Q&Q, Q88, product passport, live GPS: do not engage.
- Primorsk offers >\$150/MT below the Platts-anchored \$1,095 working mid: cross-reference SPIMEX, named refinery mandate required.
- Kazakhstan EN590 sub-\$500/MT: economically impossible at \$98.30 Brent.

11. Trading Opportunities

Prompt opportunities

- FOB Primorsk for non-sanctioned buyers at \$1,095/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 Monday midday. \$24.0 million captured value on 50,000 MT. Goldman South Africa scarcity flag persisting despite Brent below \$100. Execute Tuesday after US/UK liquidity returns.
- **The peace deal trade signal.** If the actual deal text emerges this week with credible Hormuz reopening commitment, Brent runs toward \$90 or lower and Wood Mackenzie's \$80 end-2026 path becomes the central scenario. The 4-6-week physical mine-clearing lag (Lipow) means Russian Baltic supply at this week's pricing captures the full transition window. If the deal stalls again on uranium repatriation or Hormuz sovereignty language (Fars pushback hardens), Brent reclaims \$105-\$115 and AFC's pre-contracted supply locked at this week's pricing represents transformative value. Both scenarios favour execution this week.
- Pakistan, Bangladesh, Vietnam, Mauritius rationing continues. AFC origination capacity positioned to bid into emergency tenders. East African demand pool expansion continuing.

Structural opportunities

- SPIMEX-indexed 12-month supply at the Platts-anchored \$1,095 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.
- 100,000MT/month Baltic-origin EN590 programme: approximately \$48 million per cargo cycle at Monday midday pricing.
- Distillate complex structural tightness persists per CERA framing. Even in resolution scenario, jet fuel tightness and US gasoline stock lows reinforce middle-distillate floor.

Three-scenario positioning (updated probabilities)

- **Scenario A - Deal text emerges with Hormuz reopening, Brent toward \$80-\$90 (probability risen sharply Saturday-Monday, now base case):** Physical diesel lags 4-6 weeks per Lipow. EN590 FOB ARA eases to \$1,000-\$1,100. Primorsk \$930-\$1,030. Pre-contracted SPIMEX-linked forward cargoes at today's pricing deliver value on the lag.
- **Scenario B - Deal stalls on uranium/Hormuz language, oscillation in \$100-\$115 range (probability lowered):** Brent oscillates with continued daily volatility. Primorsk discount to ARA holds \$60-\$80/MT. AFC structural programme captures consistent monthly value through duration.
- **Scenario C - Deal collapses, kinetic re-escalation (probability low but Israeli wildcard remains live):** Brent toward \$130-\$145. EN590 FOB ARA \$1,380-\$1,540. Primorsk \$1,300-\$1,460. Pre-contracted Russian Baltic supply at today's \$1,095 represents transformative forward value.

12. Bottom Line

The peace deal reset. Brent below \$100 for the first time since 7 May, trading approximately \$98.30/bbl midday Monday CAT. Trump's Saturday Truth Social announcement that a deal with Iran was "largely negotiated" reset the diplomatic narrative. CBS News confirmed Hormuz reopening process, Iranian asset releases, and continued negotiations as the framework. AP reported the deal would include end of war followed by two months of nuclear talks. Iran's Fars news agency pushed back hard, calling the claim "incomplete and inconsistent with reality" and asserting the strait remains under Tehran's control. Trump's Sunday calibration, "not to rush into a deal," looked designed to give Tehran face-saving room. Asian markets opened Monday on the resolution path: Nikkei 225 record high, MCX crude -5.08%, DXY weakening. Wood Mackenzie projects Brent to \$80 by end-2026 if Hormuz opens by June.

The Platts-anchored working numbers. EN590 FOB ARA \$1,165/MT on the working spine of Platts 19 May ULSD FOB ARA (\$1,213.75) adjusted -\$61/MT for the cumulative six-day ICE LSG decline tracking Brent and lifted +\$12/MT for EN590 spec premium. EN590 FOB Primorsk \$1,095/MT after \$70/MT Baltic-channel discount. Variance from Platts spine -\$49/MT, just inside the \$50-\$100 corridor against the published 19 May reference. Next Platts EUM publication Tuesday 26 May after the UK Spring Bank Holiday Monday. Working numbers will be reconciled to that publication when available.

For AFC's commercial position. Primorsk at \$1,095/MT, ARA at \$1,165/MT, discount \$70/MT. Durban saving \$480/MT. 100,000MT/month programme generating \$48 million per cargo cycle. SPIMEX-linked contracts executed at the prior weeks' \$1,036-\$1,058 pricing are now \$37-\$59/MT in the money, compressed from the Thursday peak but still positive. The structural arbitrage to AFC's destination matrix is preserved across all three scenarios because destination ARA-equivalent benchmarks have moved in parallel. Tuesday 26 May open will reprice on Iranian Fars positioning and any further Trump or Rubio statements. US Memorial Day and UK Spring Bank Holiday both observed today, liquidity returns Tuesday. Pre-contracted Russian Baltic supply at this week's pricing covers all three scenarios. The execution instruction is to lock remaining SPIMEX-linked forward tonnage Tuesday on the European open before the deal text emerges and the curve reprices either direction. AFC ground operations Primorsk continuing fully.

Prepared by: Afri-Fuel-Consult Internal Trading Desk

Note prepared: Monday 25 May 2026, midday CAT (Gaborone), covering weekend developments and Monday session to midday. Platts-anchored pricing with cumulative six-day adjustment.

Pricing anchor: *Platts European Marketscan, 19 May 2026 edition. 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, Kerisha-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 -\$61/MT applied to track Brent -11.1% move from \$110.61 to \$98.30. EN590 spec premium working \$12/MT. Baltic-channel discount working \$70/MT (band \$50-\$90/MT). Next Platts EUM publication Tuesday 26 May (UK Spring Bank Holiday Monday 25 May observed).*

Sources: *Time Magazine (Trump Truth Social peace deal Saturday, Rubio New Delhi 'may be news', CBS News framework, AP regional official two months nuclear negotiations, Iranian Fars pushback 'incomplete and inconsistent with reality'), Al Jazeera (Brent \$97.94 4:00 GMT Sunday, Trump 'orderly and constructive' Sunday 'not to rush', Nikkei 225 record high), Business Upturn (MCX crude -5.08% to ₹8,702, long unwinding open interest, DXY 98.98 weakness, US core PCE 3.8% week ahead, India petrol crosses ₹100 Delhi fourth fuel hike in 12 days), Foreign Policy Journal (Friday 22 May Brent \$103.54 close, weekly losses 5-7%, US gasoline above \$4/gallon three years), CNBC (Wood Mackenzie Brent \$80 end-2026 if Hormuz opens by June), CBS News (Hormuz reopening process, Iranian assets release, continued negotiations), AP (war ends, two months nuclear negotiations), Reuters (deal framework, Iranian pushback), Iran Fars News Agency (deal incomplete inconsistent with reality, Hormuz under Tehran control), 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, Norsis 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), Trading Economics (multi-day Brent progression context), Iranian Tasnim, Press TV, IRNA, ISNA, Fars News, 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 (Brent \$105 forecast 21 May, now appearing overshot), ING Warren Patterson (\$104 Q2 average, now appearing high), Citi (Hormuz reopening risk), Dragonfly Henry Wilkinson (re-escalation possibility), Wood Mackenzie (\$80 end-2026 scenario), 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 Fars News Agency (IRGC-affiliated principal pushback channel today), Press TV, IRNA, ISNA, Tasnim, 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 six-day adjustment tracking Brent, publicly available data, and AFC operational reporting. Working numbers will be reconciled to Platts EUM Tuesday 26 May publication when available. Peace deal scenario probabilities reflect Monday midday positioning and may shift materially on Iranian Fars positioning or further Trump/Rubio statements. Verify against direct broker quotes before contracting. No regulatory or compliance advice is provided. Counterparties should consult legal advisors in their own jurisdiction.