EN590 10ppm Daily Market Note

Internal Trading Desk Note | Edition: Monday 1 June 2026 close into Tuesday 2 June 03:24 CAT | Talks collapse | Platts-anchored

Date: Monday 1 June 2026, into Tuesday 2 June 2026 | Prepared for: Mr Tadzina D. Mannathoko, Director and Chairman

DAY 94 TALKS COLLAPSE ALERT: *The 60-day MoU framework that was "mostly agreed" on Friday collapsed within one trading day. Iranian state media (Tasnim) reported Tehran will halt all talks with the US in response to Israeli attacks in Lebanon, will completely close the Strait of Hormuz in retaliation, and will open other fronts including the Bab el-Mandeb Strait connecting the Red Sea to the Gulf of Aden. A second chokepoint is now on the table. Brent settled $94.98/bbl, up more than 4%; WTI settled $92.16, up more than 5%. Trump told CNBC's Eamon Javers he does not care if talks end: "I really don't care. I couldn't care less. I think they took too much time. Frankly, I thought they started to get very boring." Prices eased from the intraday high after Trump said on social media that Netanyahu agreed Israeli troops will not advance to Beirut. Last week Brent closed off 11.1%, WTI off 9.6%, the worst weekly since mid-April; both remain up more than 30% since the war began 28 February. Goldman holds Q4 2026 Brent $90 and WTI $83 with two-sided risks. EN590 FOB ARA $1,135/MT working. FOB Primorsk $1,065/MT working. Russian Baltic supply insulated from both threatened chokepoints.*

1. Executive Signal Bar

BRENT (Mon 1 Jun settle)	WTI (Mon 1 Jun settle)	EN590 FOB ARA (paper)	EN590 FOB PRIMORSK
$94.98 / bbl	**$92.16 / bbl**	**$1,135 / MT**	**$1,065 / MT**
+4% Monday on talks collapse	+5% Monday, two-chokepoint threat	Platts ULSD ARA spine - $79/MT working	$70 discount, upper band on reversal

Good morning. The deal is off, at least for now. Friday closed the month with Brent at $92.05 on a "mostly agreed" 60-day MoU and ICMA's Bob Parker calling a $90-$100 floor. By Monday's close the framework had collapsed. Iranian state media reported Tehran is halting all talks with Washington in response to Israeli attacks in Lebanon, and crucially is threatening to fully close the Strait of Hormuz and open a second front at the Bab el-Mandeb Strait. Brent settled $94.98, up more than 4%; WTI settled $92.16, up more than 5%. Your $94.66 observation sits just inside the day's range; the official settle came at $94.98 after prices eased from an intraday high above $95. The easing came when Trump said on social media that Netanyahu had agreed Israeli troops would not advance to Beirut, which took some of the immediate Lebanon-escalation premium back out. But the structural picture has reversed hard. The Lebanon front has reintroduced itself as the trigger, the talks are formally halted, and a second maritime chokepoint is now in play. Trump's response, that he "couldn't care less" whether talks are over, removes the diplomatic backstop that had underpinned the entire May price collapse.

2. The Collapse: Talks Halted, Two Chokepoints in Play

This is a genuine regime change in the market narrative. The single most important development is not the price move but the introduction of a second chokepoint threat, which changes the structural supply-risk geography.

Iran halts talks over Lebanon

Israeli attacks the trigger. Iranian state media reported Monday that Tehran will halt talks with the US in response to Israeli attacks in Lebanon. This is significant because it shifts the casus belli. Through May the sticking points were uranium repatriation and Hormuz sovereignty. The new trigger is the Israeli-Lebanon front, which Iran can frame as external aggression justifying withdrawal from negotiations without conceding on the nuclear or Hormuz questions. The Lebanon dimension also pulls Hezbollah and the broader Iranian proxy network back into the active risk picture, which had faded during the deal-optimism phase.

The Bab el-Mandeb escalation

A second chokepoint. Tasnim reported that Iran will completely block Hormuz and open other fronts including the Bab el-Mandeb Strait, the trade chokepoint connecting the Red Sea to the Gulf of Aden. This is the structurally new element. For 94 days the entire war premium has been built on Hormuz risk alone. Adding Bab el-Mandeb threatens the alternative routing that Gulf and Asian shippers have used to partially bypass Hormuz disruption, and it directly imperils the Red Sea corridor that feeds East African and Suez-routed cargoes. If both chokepoints are contested simultaneously, the only clean routing left for AFC's buyer pool is the Cape of Good Hope, which is precisely the route the Primorsk-to-Durban programme already uses. The two-chokepoint threat is commercially favourable to AFC's existing routing architecture, even as it is destabilising for the market as a whole.

Trump: 'I couldn't care less'

The backstop removed. Trump told CNBC's Eamon Javers in a phone interview, when asked whether negotiations are over: "I really don't care. I couldn't care less. I think they took too much time. Frankly, I thought they started to get very boring." This matters because through May the implicit market assumption was that Trump wanted a deal badly enough to keep pulling Iran back to the table. His dismissiveness removes that assumption. If the President is genuinely indifferent to whether talks continue, the diplomatic floor under the May price collapse is gone, and the market must reprice toward a sustained-disruption scenario. The caveat is that this is classic Trump negotiating posture: feigned indifference to extract concessions. It may not survive contact with the next set of Gulf-state phone calls.

The Netanyahu de-escalation

Beirut assurance capped the spike. Prices eased from the intraday high after Trump said on social media that Netanyahu agreed Israeli troops will not advance to Lebanon's capital Beirut. This single assurance took the top off the rally, which tells you how sensitive the market is to the Lebanon dimension specifically. The Beirut limit suggests the Israeli operation is calibrated rather than open-ended, which in turn suggests Iran's withdrawal from talks may be a negotiating response to a bounded Israeli action rather than a permanent rupture. The market is reading it as serious but potentially reversible.

The fair commercial read

Reversal, not yet rupture. Monday undid roughly three days of deal optimism but did not erase the month's 19% decline. Brent at $94.98 is still well below the early-May $114 and the April $120 peak. The market is pricing a meaningful but not complete probability that the talks collapse is temporary. Goldman's two-sided framing captures it: persistent Middle East disruption could push prices higher, but weakening demand creates downside risk. For AFC the key point is that the talks collapse re-elevates the non-Hormuz premium that the Friday note had flagged as compressing. The Russian Baltic supply chain, which touches neither Hormuz nor Bab el-Mandeb, is the structural beneficiary of a two-chokepoint threat.

3. Pricing Methodology Note: Working Anchor Update

Platts EUM 19 May spine remains the latest in research feed and is now 13 calendar days stale. Cumulative adjustment of -$79/MT applied to track the Brent move from $110.61 to $94.98. A refreshed Platts EUM observation is now critically overdue.

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).

- **Cumulative adjustment applied:** Brent moved from $110.61 (Platts ICE 19 May M1) to $94.98 Monday settle. That is a -$15.63/bbl move, or -14.1% on the underlying. Applying 0.85 product-crude correlation gives a fair ICE LSG decline of approximately $79/MT. Working ULSD FOB ARA Barge: $1,213.75 less $79 = $1,123/MT.
- **EN590 spec premium:** +$12/MT. Working EN590 FOB ARA = $1,135/MT.
- **Baltic-channel discount:** $70/MT working mid (band $50-$90). Holding upper-mid because the talks collapse and two-chokepoint threat re-elevate the non-Hormuz premium. Working EN590 FOB Primorsk = $1,065/MT.
- **Variance from Platts spine:** Working FOB ARA $1,135 against published 19 May Platts spine $1,213.75. Net variance -$79/MT, inside the $50-$100 corridor. The 19 May spine is now 13 calendar days old. A refreshed Platts EUM observation is the critical operational priority. If the actual assessment when next published varies from the working $1,123/MT by more than $15/MT, this note will be reissued.
- **Volatility caveat:** With talks formally halted and two chokepoints threatened, Brent could move $5-$12/bbl in either direction on the next Lebanon, Hormuz or Bab el-Mandeb headline. Treat the working numbers as a point estimate in a wide distribution.

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, Monday 1 June 2026 close into Tuesday 2 June 03:24 CAT.

Route / Basis	Indicative Range (USD/MT)	Commentary
FOB Primorsk (Russia, Baltic)	**$1,005 - $1,125**	SPIMEX-linked. Working mid $1,065/MT against estimated Platts ULSD ARA $1,123/MT (19 May spine $1,213.75 less ~$79 cumulative since 19 May, net of Monday bounce) + $12 EN590 premium less $70 Baltic-channel discount. Iran halted US talks and threatened to fully close Hormuz plus open Bab el-Mandeb front. Russian Baltic supply insulated from both chokepoints. AFC ground operations Primorsk continuing fully.
FOB Ust-Luga (Russia, Baltic)	**$999 - $1,118**	Sister loadport to Primorsk. Within $5-15/MT. Same buyer pool and shadow fleet routing.
FOB Novorossiysk (Russia, Black Sea)	**$1,025 - $1,145**	Black Sea basis. Platts NORSI-Novorossiysk netback $1,497.97 vs ULSD FOB Med marker (19 May).
FOB Belarus (pipeline to Baltic)	**$995 - $1,112**	Belarusian-origin via Baltic export. Same buyer pool as Primorsk. Mozyr H-Oil hydrocracker operational.
FOB Rotterdam / ARA (W. Europe)	**$1,430 - $1,557**	Platts ULSD 10ppm FOB ARA Barge anchor $1,123/MT working (19 May spine $1,213.75 adjusted -$79/MT cumulative net of Monday bounce). EN590 premium $12/MT.
FOB Houston (US Gulf)	**$1,407 - $1,524**	US ULSD tracking ARA. WTI closed $92.16 +5%. US gasoline driving season demand building post-Memorial Day.
CIF Middle East (Fujairah)	**$1,380 - $1,550**	Fujairah hub operational but two-chokepoint risk now active. Hormuz closure threat plus Bab el-Mandeb front threat. Maritime risk sharply re-elevated.

Route / Basis	Indicative Range (USD/MT)	Commentary
CIF Asia (Jurong/Singapore)	**$1,517 - $1,657**	Platts MOPS gasoil 10ppm $160.46/bbl FOB Arab Gulf (19 May). Asian importers exposed to both Hormuz and Bab el-Mandeb closure threats on key routes.
CIF West Africa (Lagos, Tema, Abidjan)	**$1,572 - $1,719**	Platts STS Lome diesel low sulfur $1,369.50/MT, FOB West Africa diesel low sulfur $1,409.50/MT (19 May). Bab el-Mandeb threat raises Red Sea routing risk to East-to-West Africa flows.
CIF East Africa (Mombasa, Dar es Salaam)	**$1,642 - $1,772**	Kenya EPRA cut diesel prices 19 May. Bab el-Mandeb closure threat directly imperils East African supply via Red Sea/Gulf of Aden. India 273k MT East Africa April flows.
Delivered Southern Africa (Durban, Maputo)	**$1,672 - $1,812**	Cape route firm and now strategically advantaged as both Hormuz and Bab el-Mandeb threats favour Cape-of-Good-Hope routing. Goldman South Africa scarcity flag persisting.
CIF South America (Santos/Rio)	**$1,592 - $1,729**	Atlantic Basin freight firm. Russian Baltic-to-Atlantic routing avoids both threatened chokepoints entirely.

Russian loadports note. Primorsk working mid $1,065/MT, $15/MT above Friday's close on the talks-collapse bounce. Discount to ARA holding $70/MT. SPIMEX-linked contracts at the prior $1,036-$1,058 levels are back marginally in the money against the working spot. The two-chokepoint threat is the structurally important development for AFC: Russian Baltic product reaches the buyer pool via the Baltic and the Cape, touching neither Hormuz nor Bab el-Mandeb. AFC's routing architecture is insulated from both threatened closures. AFC ground operations Primorsk continuing fully.

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, Monday 1 June 2026 close into Tuesday 2 June 03:24 CAT.

Destination	FOB Primorsk	Freight + Ins.	Landed Cost	Saving vs Equiv. CIF/DLV
Ghana (Tema)	$1,065	$97	**$1,162**	**~$410/MT ($20.5M on 50k MT)**
Tanzania (Dar es Salaam)	$1,065	$131	**$1,196**	**~$446/MT ($22.3M on 50k MT)**
UAE (Fujairah)	$1,065	$145	**$1,210**	**~$170/MT ($8.5M on 50k MT)**
India (Vadinar, W. Coast)	$1,065	$86	**$1,151**	**~$366/MT ($18.3M on 50k MT)**
Singapore (Jurong)	$1,065	$135	**$1,200**	**~$317/MT ($15.8M on 50k MT)**
South Africa (Durban)	$1,065	$120	**$1,185**	**~$487/MT ($24.4M on 50k MT)**

Destination	FOB Primorsk	Freight + Ins.	Landed Cost	Saving vs Equiv. CIF/DLV
Brazil (Santos/Rio)	$1,065	$95	**$1,160**	**~$432/MT ($21.6M on 50k MT)**

Commercial headline. Durban delivers $487/MT saving versus ARA-origin DLV equivalent at Monday close. $24.4 million captured on 50,000 MT. $48.7 million on the 100,000 MT/month programme. Tanzania $446/MT saving. Brazil $432/MT. Ghana $410/MT. The Bab el-Mandeb threat specifically raises the strategic value of the Cape routing that the Durban programme already uses. East African destinations face elevated Red Sea routing risk under the two-chokepoint scenario, which paradoxically strengthens the case for AFC's Primorsk-to-Cape-to-East-Africa supply over Gulf-origin alternatives that would have to transit a contested Bab el-Mandeb.

6. Benchmark Derivations

Working calculation Platts-anchored, Monday 1 June 2026 close into Tuesday 2 June 03:24 CAT.

Input	Value	Notes / Sources
Brent crude (Mon 1 Jun settle)	**$94.98/bbl**	CNBC, +4% Monday. Eased from intraday high above $95 after Netanyahu Beirut assurance. AFC obs $94.66.
WTI crude (Mon 1 Jun settle)	**$92.16/bbl (+5%)**	CNBC. Brent-WTI spread $2.82/bbl. Both sharply higher on talks collapse.
Last week performance	**Brent -11.1%, WTI -9.6%**	Worst weekly since mid-April on deal optimism. Monday reversed sharply.
Both still up since war (28 Feb)	**>30%**	CNBC. War premium partially intact despite May collapse.
Platts ULSD 10ppm FOB ARA Barge (19 May, latest in feed)	**$1,213.75/MT**	Platts EUM 19 May 2026. Change -$24.25/MT. Spine now 13 calendar days stale; refresh critical.
Working cumulative adjustment (since 19 May)	**-$79/MT**	Brent $110.61 (19 May Platts M1) down to $94.98 Monday settle. -14.1% × 0.85 product correlation × $590/MT base.
Working ULSD FOB ARA Barge (Mon 1 Jun settle)	**$1,123/MT**	Platts 19 May spine $1,213.75 less $79 cumulative ICE LSG decline tracking Brent -14.1% net of Monday bounce.
EN590 10ppm spec premium	**+$12/MT**	BS EN 590:2022 spec premium over 10ppm ULSD.
EN590 FOB ARA (Mon 1 Jun working)	**$1,135/MT**	Working ULSD FOB ARA $1,123 + $12 EN590 premium = $1,135/MT.
Baltic-channel discount band	**$50 to $90/MT**	Working mid $70/MT. Holding upper-mid as the talks collapse and two-chokepoint threat re-elevate non-Hormuz premium.
EN590 FOB PRIMORSK (Mon 1 Jun working)	**$1,065/MT**	EN590 FOB ARA $1,135 less $70 Baltic-channel discount = $1,065/MT. Mid of $1,005-$1,125 band.

Input	Value	Notes / Sources
Move from Friday close	**+$15/MT**	Friday Primorsk $1,050 to Monday $1,065. Talks-collapse bounce reverses part of the month-end slide.

Variance verification. Working EN590 FOB ARA $1,135 against published Platts 19 May ULSD FOB ARA $1,213.75. Net variance -$79/MT, inside the $50-$100 corridor. The 19 May spine is 13 calendar days old. Securing a refreshed Platts EUM observation is now the single most important operational task for the desk this week. The talks-collapse reversal makes the stale-spine risk more acute because the market is moving in both directions on headlines.

7. Geopolitical and Macro Drivers

Monday 1 June: the talks collapse

- **Iran halts US talks (CNBC, Tasnim):** Iranian state media reported Tehran will halt talks with the US in response to Israeli attacks in Lebanon.
- **Hormuz full-closure threat (CNBC, OilPrice, Tasnim):** Iran will completely close the Strait of Hormuz in retaliation, state media said. Tasnim reported Iranian negotiators will immediately stop exchanging messages with the US.
- **Bab el-Mandeb second front (CNBC, Tasnim):** Tehran will open other fronts including the Bab el-Mandeb Strait connecting the Red Sea to the Gulf of Aden. First time a second chokepoint has been formally threatened in this conflict.
- **Brent +4%, WTI +5% (CNBC):** Brent settled $94.98 (+4%+), WTI $92.16 (+5%+). Oil rallied as Trump told CNBC he does not care if talks end.
- **Trump 'couldn't care less' (CNBC, Eamon Javers):** "I really don't care. I couldn't care less. I think they took too much time. Frankly, I thought they started to get very boring."
- **Netanyahu Beirut assurance (CNBC):** Prices eased after Trump said on social media that Netanyahu agreed Israeli troops will not advance to Lebanon's capital Beirut.
- **Goldman Q4 forecast two-sided (CNBC):** Goldman Sachs Q4 2026 Brent $90, WTI $83. Risks two-sided: persistent disruption pushes higher, weakening demand creates downside.

Weekly and structural context

- **Worst weekly since mid-April (CNBC):** Brent and WTI closed off 11.1% and 9.6% last week on deal-progress hopes. Both remain up more than 30% since the war began 28 February.
- **Lebanon front reactivated:** Israeli attacks in Lebanon are the trigger for the Iranian withdrawal. Hezbollah and the broader proxy network return to the active risk picture after fading during deal optimism.
- **Two-chokepoint geography:** Simultaneous Hormuz and Bab el-Mandeb contestation would leave the Cape of Good Hope as the only clean routing for AFC's buyer pool. Russian Baltic supply touches neither chokepoint.
- **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. Unaffected by either threatened chokepoint.
- **Distillate complex tightness (Platts EUM 19 May, CERA):** CERA James Simpson: Europe jet fuel crisis postponed not averted. US gasoline stocks at five-month low. Middle-distillate floor reinforced regardless of crude direction.
- **Western analyst desks:** Goldman Q4 Brent $90/WTI $83 two-sided. ICMA Parker $90-$100 floor framing intact post-collapse. Wood Mackenzie $80 end-2026 now requires the deal that just collapsed. Aramco Nasser

2027 normalisation if Hormuz blocked past mid-June, now more probable. Goldman South Africa scarcity flag persisting.

8. Freight and War-Risk Insurance

Freight

- Baltic Exchange MR rates firmed Monday on the talks-collapse reversal.
- Cape route strategically advantaged: both threatened chokepoints favour Cape-of-Good-Hope routing that the Primorsk-to-Durban programme already uses.
- Hormuz transit threatened with full closure. Bab el-Mandeb now also threatened, imperilling the Red Sea alternative.
- Indian Jamnagar Cap Grace 141k MT cargo landed Offshore Lome 29 May per Kpler.

War-risk insurance (AWRP)

- **Strait of Hormuz AWRP:** Firmed back toward 1.9-2.2% of hull value on the full-closure threat and talks collapse. Pre-war baseline 0.125%.
- **Bab el-Mandeb / Red Sea AWRP:** Re-elevating sharply on the second-front threat, from 0.55-0.75% toward 1.0-1.4% range pending clarity on Iranian intent. This corridor had been the partial bypass for Hormuz disruption; that bypass is now itself at risk.
- Baltic exit AWRP: $0.45-$0.90/MT, holding elevated. AFC ground operations confirm full loading rhythm intact. Insulated from both threatened chokepoints.
- 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. Brent below the cap level. 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, re-escalating):** US naval blockade in place. Talks formally halted by Tehran. Hormuz full-closure threat plus Bab el-Mandeb second-front threat. Lebanon front reactivated. Maritime risk sharply re-elevated across two corridors.

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, non-Bab-el-Mandeb supply chain is the structural beneficiary of the two-chokepoint threat.

10. Fraud and Scam Red Flags

Talks collapse plus two-chokepoint threat plus sharp price reversal create extreme scam-market conditions. Sellers exploiting the reversal in compressed-window pitches require maximum scrutiny.

- "Hormuz closure emergency allocation" offers: a closure threat does not generate Russian Baltic distress cargoes. Decline.
- "Bab el-Mandeb disruption redirect" offers: a second-chokepoint threat does not free up discounted product elsewhere.
- "Talks collapse pre-spike lock-in" offers: any seller claiming to price ahead of a confirmed Hormuz closure is fabricating.
- "Lebanon escalation distress" offers: the Israeli-Lebanon front does not create legitimate Russian product dislocations.
- "Trump walked away" offers: a presidential interview soundbite is not a commercial event.
- "Bab el-Mandeb war-risk arbitrage" offers: AWRP repricing is an insurance dynamic, not a product-allocation channel.
- Fujairah FOB at Platts minus $50: still fraudulent, and especially suspect given live two-chokepoint maritime risk.
- Iranian-origin cargo represented as Iraqi, Omani, Russian or re-flagged: US enforcement active. Talks collapse heightens scrutiny.
- Russian diesel offers on USDT or crypto settlement with substituted-origin documents (e.g. Turkmenistan papers on Black Sea lifts): high counterparty and origin risk. Insist on bank-to-bank MT799 and full origin chain.
- TTO/TTV without current SGS Q&Q, Q88, product passport, live GPS: do not engage.
- Primorsk offers >$150/MT below the Platts-anchored $1,065 working mid: cross-reference SPIMEX, named refinery mandate required.
- Kazakhstan EN590 sub-$500/MT: economically impossible at $94.98 Brent.

11. Trading Opportunities

Prompt opportunities

- FOB Primorsk for non-sanctioned buyers at $1,065/MT working mid: $315-$487/MT landed saving vs ARA-origin CIF depending on route. Discount to ARA holding $70/MT. The two-chokepoint threat strengthens the structural case for Baltic-origin supply.
- Durban specifically: $487/MT saving at Monday close. $24.4 million captured on 50,000 MT. Cape routing strategically advantaged under the two-chokepoint scenario. Execute on the Tuesday European open.
- **The talks-collapse trade signal.** The collapse reverses the deal-driven slide and re-introduces a sustained-disruption risk premium. If Iran follows through on either chokepoint closure, Brent runs back toward $110-$125 and AFC's pre-contracted Russian Baltic supply at this week's pricing becomes deeply valuable. If Trump's indifference is posture and Gulf states pull the parties back as they did on 18 May, the slide resumes. The two-chokepoint geography asymmetrically favours locking forward Baltic tonnage now: AFC's routing is insulated from both threatened closures, so the downside is limited while the upside on confirmed closure is large.
- East African demand pool now carries elevated Red Sea routing risk under the Bab el-Mandeb threat. AFC Primorsk-to-Cape-to-East-Africa supply gains relative advantage over Gulf-origin alternatives.
- 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 $1,065 Primorsk: the two-chokepoint threat makes the non-Hormuz premium a dual-corridor structural feature, not a single-chokepoint anomaly.
- 100,000 MT/month Baltic-origin EN590 programme: approximately $48.7 million per cargo cycle at Monday close pricing.
- Cape-of-Good-Hope routing premium: now reinforced by two simultaneous chokepoint threats rather than one.
- Distillate complex structural tightness persists per CERA. Middle-distillate floor reinforced regardless of crude direction.

Three-scenario positioning (revised post-collapse)

- **Scenario A - Gulf states pull parties back, talks resume, Brent eases to $88-$95 (probability lowered Monday but live):** 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 capture the lag.
- **Scenario B - Sustained standoff, no chokepoint closure executed, oscillation $95-$110 (probability elevated, base case):** Brent oscillates on Lebanon, Hormuz and Bab el-Mandeb headlines. Primorsk discount to ARA holds $60-$80/MT. AFC structural programme captures consistent monthly value.
- **Scenario C - Iran executes chokepoint closure (Hormuz, Bab el-Mandeb or both), Brent $115-$140 (probability sharply higher Monday):** EN590 FOB ARA $1,300-$1,500. Primorsk $1,230-$1,430. Pre-contracted Russian Baltic supply at today's $1,065 represents transformative forward value. Watch for any confirmed vessel interdiction at either chokepoint as the trigger.

12. Bottom Line

The deal that died in a day. Friday's "mostly agreed" 60-day MoU collapsed by Monday's close. Iran halted talks with Washington over Israeli attacks in Lebanon, threatened to fully close the Strait of Hormuz, and for the first time threatened a second chokepoint at Bab el-Mandeb. Brent settled $94.98, up more than 4%; WTI $92.16, up more than 5%. Your $94.66 observation sits just inside the day's range. Trump told CNBC he "couldn't care less" whether talks end, removing the diplomatic backstop that underpinned the May collapse. Prices eased from the intraday high only after Trump said Netanyahu agreed not to advance on Beirut. The market is pricing a serious but potentially reversible rupture: Brent at $94.98 is well below the early-May $114, so the collapse has not been fully unwound.

The Platts-anchored working numbers. EN590 FOB ARA $1,135/MT on the working spine of Platts 19 May ULSD FOB ARA ($1,213.75) adjusted -$79/MT for the cumulative 13-day ICE LSG decline tracking Brent and lifted +$12/MT for EN590 spec premium. EN590 FOB Primorsk $1,065/MT after $70/MT Baltic-channel discount, up $15/MT from Friday on the talks-collapse bounce. Variance from Platts spine -$79/MT, inside the $50-$100 corridor. The 19 May spine is 13 calendar days stale and securing a refreshed Platts EUM observation is now the critical operational priority. With talks halted and two chokepoints threatened, treat the working numbers as a point estimate in a wide distribution.

For AFC's commercial position. Primorsk at $1,065/MT, ARA at $1,135/MT, discount $70/MT. Durban saving $487/MT. 100,000 MT/month programme generating $48.7 million per cargo cycle. SPIMEX-linked contracts at the prior $1,036-$1,058 pricing are back marginally in the money on the Monday bounce. The decisive development is the two-chokepoint threat: with both Hormuz and Bab el-Mandeb contested, the Cape of Good Hope becomes the only clean routing for the buyer pool, and AFC's Primorsk-to-Cape architecture is insulated from both. The non-Hormuz premium that drives the AFC commercial case is now a dual-corridor structural feature. East African destinations carry elevated Red Sea routing risk, strengthening the case for AFC's Cape-routed supply over Gulf-origin alternatives. The execution instruction is to lock remaining SPIMEX-linked forward tonnage on the Tuesday European open. The two-chokepoint geography asymmetrically favours acting now: AFC's routing is insulated, so downside is limited

while upside on confirmed closure is large. Watch for any confirmed vessel interdiction at either chokepoint, and watch whether Gulf states intervene to pull the parties back as they did on 18 May. AFC ground operations Primorsk continuing fully.

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Note prepared: *Tuesday 2 June 2026, 03:24 CAT (Gaborone), covering Monday 1 June 2026 full day close into Tuesday 2 June 03:24 CAT. Platts-anchored pricing with cumulative 13-day adjustment.*

Pricing anchor: *Platts European Marketscan, 19 May 2026 edition (latest in research feed, 13 calendar days stale). 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 -$79/MT applied to track Brent -14.1% move from $110.61 to $94.98. EN590 spec premium working $12/MT. Baltic-channel discount working $70/MT (band $50-$90/MT). Spine refresh critically overdue.*

Sources: *CNBC (Brent $94.98 settle Monday +4%, WTI $92.16 +5%, Iran halt talks over Israeli Lebanon attacks, Iran completely close Strait of Hormuz, Tehran open Bab el-Mandeb front Red Sea to Gulf of Aden, Trump to Eamon Javers "I really don't care I couldn't care less they took too much time very boring", prices eased after Trump social media Netanyahu agreed no advance to Beirut, Brent WTI -11.1% -9.6% last week worst since mid-April, both up >30% since 28 Feb, Goldman Q4 2026 Brent $90 WTI $83 two-sided risks), OilPrice.com (Monday 1 June UPDATE 10:20 EST WTI +7.69% approach $93 Brent +6.62% above $95 intraday, Tasnim via Telegram Iran cutting off diplomatic channels moving to fully block Hormuz, negotiators immediately stop exchanging messages), Tasnim News Agency (Iran halt talks, full Hormuz closure, Bab el-Mandeb second front, stop messages with US), Iranian state media (talks halt over Lebanon, Hormuz closure retaliation), Al Jazeera (Bab el-Mandeb chokepoint context, Iranian territory updates), 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, Norsi 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 landed 29 May), Goldman Sachs (Q4 2026 Brent $90 WTI $83 two-sided), ICMA Bob Parker ($90-$100 floor framing), Wood Mackenzie ($80 end-2026 requires deal now collapsed), Bloomberg (forward curve), Reuters, Iranian IRGC, 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 (Amin Nasser 2027 normalisation), Adm. James Stavridis, Morgan Stanley Amrita Sen, UBS, ING Warren Patterson, Citi, Dragonfly Henry Wilkinson, 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, Amos Hochstein (frozen conflict framing), 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 state media (talks halt and chokepoint threats), Iranian Tasnim News Agency, Iranian IRGC, 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.*