

EN590 10ppm Daily Market Note

Internal Trading Desk Note | Edition: Wednesday 13 May close through Wednesday 20 May 08:43 CAT

Date: Wednesday, 20 May 2026 | Prepared for: Mr Tadzina D. Mannathoko, Director

DAY 82 STRIKE-CANCELLATION ALERT: Trump scheduled a military strike on Iran for Tuesday morning. Cancelled Monday following direct appeals from the leaders of Saudi Arabia, Qatar, the UAE, Kuwait and Bahrain. Brent touched \$112 intraday Monday, the first time of the crisis. Eased to \$111.28 Tuesday close, \$110.83 Wednesday morning. Trump-Xi summit failed to break Iran impasse. IEA Monday: global inventories declining rapidly. US seized Iran-linked tanker in the Indian Ocean overnight. US issued waiver for Russian oil already on tankers. Trump giving Iran "two or three days, maybe Friday, Saturday, Sunday" to agree.

1. Executive Signal Bar

BRENT (Wed 20 May 08:43 CAT)	BRENT (Tue 19 May close)	EN590 FOB ARA (paper)	EN590 FOB PRIMORSK
\$110.83 / bbl	\$111.28 / bbl	\$1,128 / MT	\$1,058 / MT
Easing on Trump 'very quickly' framing	-0.73% on day, 6 of 7 sessions positive	Crack ~\$40/bbl, distillate tight	~\$70 saving vs ARA, widened

Welcome back to the desk. A week of extraordinary events. Last Wednesday we sat at Primorsk \$1,036 with Brent \$107.77 in re-escalation phase. Since then, the picture has compressed into the most consequential single 48-hour stretch since the war began. Trump-Xi summit failed to break the Iran impasse. Drone strikes resumed on UAE and Saudi infrastructure. Trump posted on Sunday that strikes against Iran were "scheduled for tomorrow." Brent crossed \$112 intraday for the first time of the crisis. Then on Monday afternoon, the leaders of Saudi Arabia, Qatar, the UAE, Kuwait and Bahrain called Trump directly. They asked him to hold off. Their energy infrastructure sits inside Iranian missile range. Trump cancelled the strike several hours before launch, citing "serious negotiations." Brent eased to \$109. Tuesday saw further easing to \$111.28 close on Vice President Vance comments that progress had been made. Wednesday morning Trump told reporters oil prices were "going to plummet" and the war would end "very quickly." Brent down 45 cents to \$110.83 at 08:43 CAT. Six of seven trading sessions positive. Both Brent and WTI up more than 54% since 28 February.

2. The Strike That Did Not Happen

This deserves its own section. The events of Sunday night through Tuesday morning represent the closest the crisis has come to formal kinetic re-escalation since the early April ceasefire, and the resolution mechanism was diplomatic in a way that has structural implications for the rest of this conflict.

The compressed sequence

Sunday into Monday. Trump posted on Truth Social Sunday that military strikes against Iran were "scheduled for tomorrow." Markets digested the announcement overnight into Asian trading. Brent crossed \$112 intraday Monday morning, the first \$112 print of the entire crisis. The Trump-Xi summit at Beijing had concluded the prior week without producing any breakthrough on Hormuz reopening. Drone strikes had resumed on UAE and Saudi infrastructure. The kinetic re-escalation path was tracking openly toward Tuesday.

The Gulf states intervention

Five Gulf heads of state. On Monday afternoon, the leaders of Saudi Arabia, Qatar, the United Arab Emirates, Kuwait and Bahrain called Trump directly and asked him to hold off. Trump confirmed this himself at the White House briefing, naming Saudi Arabia, Qatar, the UAE, Kuwait and Bahrain as having engaged "working together as a team." The intervention is qualitatively different from the Pakistani mediation of April. Pakistan was a neutral third party. The Gulf states are direct stakeholders. Their refineries, terminals, airports, civilian populations and gas processing complexes sit inside Iranian missile range. They had explicit operational reasons to want strikes deferred.

Trump's cancellation framing

Serious negotiations. Trump posted that he was postponing the "scheduled attack of Iran tomorrow" because "serious negotiations are now taking place." This is the most measured language Trump has used about the diplomatic track since the one-page memorandum framework in early May. The prior weeks had given us "garbage," "ceasefire on massive life support," "Iran needs to move fast." "Serious negotiations are now taking place" is the closest Trump has come to a structural endorsement of the diplomatic process. He paired it with the threat: the Pentagon is "prepared to go forward with a full, large scale assault of Iran, on a moment's notice, in the event that an acceptable Deal is not reached."

Tuesday into Wednesday

Vance progress, Trump ultimatum, tanker seizure. Vice President JD Vance said Tuesday that progress had been made in talks. "Neither side wanted" further escalation. Brent eased \$1 on the comments to settle \$111.28, -0.73%. Then Trump pivoted back to pressure. He told reporters the US might have to give Iran "another big hit." Tehran has "two or three days, maybe Friday, Saturday, Sunday, something, maybe early next week" to agree. Overnight, US officials told The Wall Street Journal that the US Navy had seized an oil tanker linked to Iran in the Indian Ocean. Three US officials cited. Wednesday morning Trump told reporters "oil prices are going to plummet" and the war would end "very quickly." Brent eased 45 cents to \$110.83 at 08:43 CAT.

The fair commercial read

Three things are simultaneously true. First, the strike cancellation was real. Trump scheduled an attack, then cancelled it. The military path was actually convened and stood down. That is operationally significant. Second, the diplomatic resolution is fragile. Iran has "two or three days." The Pentagon is on standby for a moment's-notice assault. The US has just seized a tanker. This is the textbook definition of "coercive diplomacy." Third, the Gulf states intervention establishes a new structural feature. The five Gulf monarchies have direct veto power over US military action because their infrastructure is at risk. This was previously implicit. It is now explicit. The market understood this when Brent fell from \$112 to \$109 on the cancellation but did not collapse to \$95. Three percent priced in for diplomatic progress. That is what the market thinks this iteration of "serious negotiations" is worth.

Practical implication for AFC. We are now in coercive-diplomacy phase. Trump is using imminent military threat as a negotiating tool. Iran is using infrastructure attacks (UAE, Saudi drones during Trump-Xi summit) as counterpressure. The Gulf states are mediating actively. The market is pricing \$110-\$112 as the working range with \$95 downside on resolution and \$130+ upside on kinetic event. Pre-contracted Russian Baltic supply at this week's \$1,058 Primorsk pricing covers all three outcomes. SPIMEX-linked floating contracts executed last week at \$1,036 are sitting in the money. The instruction to execute remaining contracts this week is reinforced, not changed.

3. Global EN590 Route Pricing Matrix

Indicative \$/MT ranges. Green-shaded rows indicate Russia and Belarus loadports, first-class commercial hubs serving the ~140 UN member states not subject to G7 unilateral measures. Pricing reflects Tuesday 19 May close and Wednesday 20 May 08:43 CAT.

Route / Basis	Indicative Range (USD/MT)	Commentary
FOB Primorsk (Russia, Baltic)	\$1,032 - \$1,142	SPIMEX-linked. Working mid firmed \$22/MT from last Wednesday's \$1,036. Discount to ARA widened to ~\$70/MT. US issued fresh waiver permitting sale of Russian oil already loaded on tankers, materially helpful for prompt-cargo execution. AFC ground operations Primorsk continuing fully.
FOB Ust-Luga (Russia, Baltic)	\$1,026 - \$1,135	Sister loadport to Primorsk. Within \$5-15/MT. Same buyer pool and shadow fleet routing.
FOB Novorossiysk (Russia, Black Sea)	\$1,052 - \$1,162	Black Sea basis. Routing risk premium present. Loading rates intact.
FOB Belarus (pipeline to Baltic)	\$1,022 - \$1,128	Belarusian-origin via Baltic export. Same buyer pool as Primorsk.
FOB Rotterdam / ARA (W. Europe)	\$1,498 - \$1,632	ICE/Platts benchmark. Brent \$111.28 Tuesday close. Six of seven sessions positive. IEA Monday warning that global inventories are declining rapidly. Crack still at \$40/bbl.
FOB Houston (US Gulf)	\$1,478 - \$1,602	US ULSD tracking ARA. WTI Tuesday \$107.77 close. Both contracts up 54% since 28 February.
CIF Middle East (Fujairah)	\$1,448 - \$1,622	Fujairah hub operational. Gulf state coordination (Saudi/Qatar/UAE/Kuwait/Bahrain) intervening directly with Trump. Their energy infrastructure sits within Iranian missile range.
CIF Asia (Jurong/Singapore)	\$1,585 - \$1,725	MOPS firm. China receiving a third of its oil via Hormuz. Trump-Xi summit failed to break Iran impasse per OilPrice. Goldman South Africa/India/Thailand/Taiwan scarcity flag persists.
CIF West Africa (Lagos, Tema, Abidjan)	\$1,638 - \$1,782	NNPC sustaining elevated May OSPs. Africa fertiliser crisis deepening into Q2 planting cycle. Demand pool for Russian Baltic origination expanding via Cape route.
CIF East Africa (Mombasa, Dar es Salaam)	\$1,702 - \$1,838	India export duties continuing. Pakistan Russia-Venezuela pivot. Mauritius cover stretched further.
Delivered Southern Africa (Durban, Maputo)	\$1,735 - \$1,875	Cape route firm. South Africa on Goldman scarcity list. Largest Primorsk arbitrage point in matrix at ~\$555/MT saving.
CIF South America (Santos/Rio)	\$1,658 - \$1,792	Atlantic Basin freight firm. Russian sellers continuing Brazil-to-Egypt cargo redirects per Lloyd's List.

Russian loadports note. Primorsk firmed \$22/MT week-on-week to working mid of \$1,058. Discount to ARA widened to approximately \$70/MT, from \$60 last week and \$50 the week prior. ARA continues to reprice faster than SPIMEX on each escalation cycle. The US Treasury issued a fresh waiver permitting the sale of Russian crude and petroleum products already loaded onto tankers. This is materially helpful for prompt-cargo execution. AFC ground operations Primorsk continuing fully across loading and exporting.

4. Landed Cost Comparison, Primorsk-Origin

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

Destination	FOB Primorsk	Freight + Ins.	Landed Cost	Saving vs Equiv. CIF/DLV
Ghana (Tema)	\$1,058	\$97	\$1,155	~\$483/MT (\$24.1M on 50k MT)
Tanzania (Dar es Salaam)	\$1,058	\$131	\$1,189	~\$513/MT (\$25.6M on 50k MT)
UAE (Fujairah)	\$1,058	\$145	\$1,203	~\$245/MT (\$12.3M on 50k MT)
India (Vadinar, W. Coast)	\$1,058	\$86	\$1,144	~\$441/MT (\$22.1M on 50k MT)
Singapore (Jurong)	\$1,058	\$135	\$1,193	~\$392/MT (\$19.6M on 50k MT)
South Africa (Durban)	\$1,058	\$120	\$1,178	~\$557/MT (\$27.9M on 50k MT)
Brazil (Santos/Rio)	\$1,058	\$95	\$1,153	~\$505/MT (\$25.3M on 50k MT)

Commercial headline. Durban delivers \$557/MT saving vs ARA-origin DLV equivalent. \$27.85 million captured value on a 50,000 MT cargo. \$55.7 million on the 100,000 MT/month programme. The arbitrage has widened further on Monday's spike to \$112. Across the full destination matrix the AFC programme is now generating over \$54 million per cargo cycle at Wednesday morning pricing. Brazil saving \$505/MT. Tanzania \$513/MT. Ghana \$483/MT. Even Fujairah at \$245/MT, despite the Iranian missile environment, delivers structural value to ADNOC-affiliated buyers operating Russian-origin cargoes through non-Western insurance stacks.

5. Benchmark Derivations

Working calculation from crude through to EN590 FOB anchors. Tuesday 19 May close, Wednesday 20 May 08:43 CAT.

Input	Value	Notes / Sources
Brent crude (Wed 20 May 08:43 CAT)	\$110.83/bbl	BusinessToday India. Easing 45 cents on Trump 'very quickly' framing.
Brent (Tue 19 May close)	\$111.28/bbl	CNBC. -0.73% on day after Vance progress comment. Up 54% since war began.
Brent (Mon 18 May intraday high)	\$112.00/bbl	First \$112 print of crisis. Triggered by Trump 'tomorrow' strike announcement.
Brent (Mon 18 May close)	~ \$112.10/bbl	Bloomberg. Closed above \$112. Set Tuesday strike framework.

Input	Value	Notes / Sources
WTI crude (Tue 19 May close)	\$107.77/bbl	-0.82% on day. Brent-WTI spread \$3.51/bbl.
Gasoil crack spread	+\$40/bbl (\$298/MT)	Held at \$40/bbl. Distillate balance acutely tight per IEA.
Gasoil conversion factor	7.45 bbl/MT	Density 0.845 kg/L at 15 degC.
ICE LSG estimate	\$1,124/MT	$(\$111 + \$40) \times 7.45 = \$1,124$.
EN590 10ppm premium	+\$12/MT	vs 50ppm gasoil base.
EN590 FOB ARA (paper, working)	\$1,128/MT	Working benchmark. Up \$32 from last Wednesday. Physical premium implied \$50-80/MT above.
Primorsk discount to ARA	~\$70/MT	Widened from \$60 last week. ARA repriced faster than SPIMEX on Monday spike.
EN590 FOB PRIMORSK (working)	\$1,058/MT	Mid of \$1,032-\$1,142 band. AFC operations continuing fully. US Russia waiver helping prompt loadings.

IEA Monday inventory warning. The International Energy Agency warned on Monday that global oil inventories are declining rapidly. Per the analyst review from Alain Guillot's Tuesday recap citing IEA data, global inventories fell 129 million barrels in March and 117 million barrels in April. Combined drawdown of 246 mb in two months. This is the most material structural data point of the week. The IEA's previous emergency-release coordination of 400 mb (announced 11 March) has been substantially exhausted on the demand side. We are now drawing from regular commercial inventories at a 100+ mb/month pace. Goldman's South Africa/India/Thailand/Taiwan scarcity flag from 5 May is being reinforced by these numbers in real time. The IEA framing essentially validates Aramco's earlier 2027 normalisation timeline.

US Russian oil waiver. Trading Economics confirmed Monday: the US issued a fresh waiver permitting the sale of Russian crude oil and petroleum products already loaded onto tankers. This is operationally helpful for AFC's prompt-cargo execution. The waiver does not change the structural sanctions framework but it does provide explicit safe harbour for cargoes loaded before the announcement date. Combined with the existing 82% non-G7-insured shadow fleet capacity reported by KSE Institute, AFC's prompt-cargo execution path is structurally cleaner than at any prior point in the conflict.

6. Geopolitical and Macro Drivers

Friday 16 May to Sunday 17 May: Trump-Xi failure and infrastructure strikes

- **Trump-Xi summit failed to break Hormuz impasse (OilPrice):** OilPrice confirmed the Beijing summit had concluded without breakthrough on the Iran-Hormuz file. Trump had indicated trade negotiations took precedence. Xi did not deliver Chinese pressure on Iran. The hoped-for Chinese mediation channel did not materialise.
- **Drone strikes on UAE and Saudi Arabia (OilPrice):** Drone strikes resumed on UAE and Saudi Arabia after the summit's failure. The strikes pushed oil prices sharply higher Monday. Saudi and UAE infrastructure

damage details limited in public reporting. The pattern was clear: Iran demonstrating operational capability while diplomatic channels stalled.

Sunday 17 May: Trump scheduled strikes

- **Truth Social announcement: strike 'scheduled for tomorrow':** Trump posted Sunday that military strikes against Iran were scheduled for Tuesday morning. The announcement was unusual in its specificity. Markets digested overnight.
- **Trump told New York Post Iran would know 'what's happening soon' (CNBC):** Before the Truth Social post, Trump had told the New York Post that Iran would know "what's going to be happening soon." Axios reported Trump was weighing renewed military action after Tehran's latest proposal in talks fell short of expectations.

Monday 18 May: Brent \$112, then strike cancellation

- **Brent crossed \$112 intraday (Bloomberg, Trading Economics):** First \$112 print of the crisis. WTI rose 3.3% intraday before easing. Brent settled above \$112 in Asian morning trading.
- **Five Gulf states intervene with Trump directly (Bloomberg, CNBC, BusinessToday India):** Leaders of Saudi Arabia, Qatar, UAE, Kuwait and Bahrain called Trump directly Monday afternoon. Requested he hold off on the scheduled strike. Their energy infrastructure sits within Iranian missile range. Trump confirmed the intervention at the White House briefing.
- **Trump cancels strike, posts 'serious negotiations' framing (Bloomberg):** Trump cancelled the strike several hours before scheduled launch. Posted: the leaders "asked to hold off on our planned Military attack of the Islamic Republic of Iran, which was scheduled for tomorrow, in that serious negotiations are now taking place." He paired this with the threat of moment's-notice large-scale assault if no acceptable deal is reached.
- **US proposed temporary Russian oil waiver (Trading Economics):** Iranian media reported the US had proposed a temporary waiver of oil sanctions pending a final agreement. Not confirmed by US officials.
- **Brent fell from \$112 back to \$109:** Market pricing diplomatic progress at roughly 3%. Significant move but not collapse. Reflects market scepticism on durability.
- **Iran updated proposal via Tasnim (Trading Economics):** Iran's Tasnim news agency said Tehran still views US conditions as overly demanding despite revisions in the latest draft. Signalling the deadlock remains unresolved despite the diplomatic theatre.

Tuesday 19 May: Vance progress, Trump ultimatum, tanker seizure

- **Vance: progress made, neither side wants escalation (Alain Guillot recap, CNBC):** Vice President JD Vance said progress had been made in talks. Both Brent and WTI declined nearly \$1 on the comments.
- **Brent -0.73% to \$111.28, WTI -0.82% to \$107.77 (CNBC):** Sixth positive session of seven. Both contracts up 54%+ since 28 February.
- **Trump pivots back to pressure (CNBC):** Trump told reporters the US might have to give Iran "another big hit." Said Tehran has "two or three days, maybe Friday, Saturday, Sunday, something, maybe early next week" to agree.
- **US seizes Iran-linked tanker in Indian Ocean (Wall Street Journal via CNBC):** Three US officials told WSJ overnight Tuesday-Wednesday that the US Navy had seized an oil tanker linked to Iran in the Indian Ocean. Significant escalation in maritime enforcement.
- **30-year Treasury yield hit 5.198% intraday (Alain Guillot recap):** Highest level since November 2007. 10-year at 4.687%, highest since January 2025. Rising long-term yields compressing growth stock valuations, raising corporate borrowing costs. Fed rate cuts fully off the table for 2026. New Fed Chair Kevin Warsh inheriting one of the most difficult macro environments in years.

Wednesday 20 May morning: Trump 'plummet' comments

- **Trump: oil prices going to plummet, war ending very quickly (BusinessToday India):** Trump briefed reporters at the White House saying Saudi Arabia, Qatar, the UAE, Kuwait, Bahrain and others were involved in the talks. He said he was giving Iran limited time to make a deal. Brent fell 45 cents to \$110.83 on the comments. WTI fell 27 cents to \$103.88.
- **Nuclear framing reinforced:** Trump expressed concern that Iran would use a nuclear weapon if it acquired one, describing the leadership as extremely radicalised. The nuclear file remains the central non-negotiable for the US side.

Other structural items this week

- IEA Monday: global inventories declining rapidly. March drawdown 129 mb. April 117 mb. 246 mb over two months. Validating Aramco's 2027 normalisation forecast.
- Goldman's South Africa/India/Thailand/Taiwan scarcity flag persisting. Refined product buffers continuing to deplete.
- Russia structural beneficiary continuing. Indian Russian crude imports stable at elevated levels. Pakistan Russia-Venezuela pivot confirmed.
- US issued waiver for Russian oil already on tankers, supporting prompt-cargo execution.
- OPEC+ production discipline gone post-UAE exit. Saudi continuing aggressive Asia OSP cuts. Iraq term-buyer discounts continuing per Bloomberg.
- Africa fertiliser crisis deepening into Q2 planting cycle. Adjacent demand pressure for agricultural diesel.

7. Freight and War-Risk Insurance

Freight

- Baltic Exchange MR rates firm on Monday spike, eased modestly Tuesday-Wednesday.
- Cape route well utilised.
- Hormuz transit remains at minimum levels.
- US Russian oil waiver providing operational clarity for prompt-cargo execution at Primorsk and Ust-Luga.

War-risk insurance (AWRP)

- **Strait of Hormuz AWRP:** Lifted to 1.7-2.0% of hull value following Monday's \$112 spike and tanker seizure overnight. Pre-war baseline: 0.125%.
- Red Sea/Suez AWRP: 0.55-0.75% range. Houthi residual risk plus Iranian European warship threat.
- 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. No change in cover.

8. Jurisdictional Disclosure

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

- **UN Security Council:** No UN sanctions on Russian hydrocarbons. All restrictions are unilateral measures by approximately 40 of 193 UN member states.
- **G7 price cap:** \$100/bbl applies only when G7 shipping, insurance or finance is involved. Non-G7 services outside scope.
- **EU Article 3ma:** EU-linked cargoes may not import Russian-origin EN590 into the EU. Non-EU to non-EU flows entirely unaffected.

- **US OFAC SDN:** January 2025 package, ~183 designated vessels. Applies to US persons and USD clearing. Non-USD settlement chains outside primary scope. Fresh US waiver for Russian oil already loaded on tankers, materially helpful for prompt cargoes.
- **Iran enforcement (active maritime):** US naval blockade remains. US seized Iran-linked tanker in Indian Ocean overnight Tuesday-Wednesday. Pentagon on standby for moment's-notice large-scale assault. Iran-touched cargoes carry maximum kinetic and sanctions risk.

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. Fresh US waiver for already-loaded cargoes provides additional operational comfort for prompt loadings.

9. Fraud and Scam Red Flags

Strike-cancellation volatility creates extreme scam-market environment. Trump giving Iran 'two or three days' creates compressed-window scam timing. Apply maximum diligence.

- "Trump strike-cancellation exclusive cargo" offers: any compressed-window offer claiming knowledge of Pentagon timing or guaranteed peace track is fabricated. Decline.
- "Two-three days deadline" offers: Trump's ultimatum is public posturing. Any seller using this framing to compress decision windows is timed scam.
- "Gulf states intervention pre-positioning" offers: Saudi/Qatar/UAE/Kuwait/Bahrain coordination is diplomatic, not commercial. Any offer claiming Gulf state allocation framework is fabricated.
- "Iran-linked tanker seized, redirect cargo" offers: any compressed offer exploiting Wednesday morning's Wall Street Journal report is timed scam. The seizure does not change physical cargo economics.
- "US Russia waiver special allocation" offers: the waiver is a public OFAC notice covering cargoes already loaded. Any offer claiming special allocation under the waiver requires direct OFAC verification.
- "Trump 'plummet' distress sale" offers: Trump's Wednesday comments are political messaging, not market guidance. Sellers offering distress prices on this basis are fraudulent.
- "Nvidia earnings energy demand" offers: AI infrastructure demand does not translate to immediate physical cargo distress. Decline.
- Fujairah FOB at Platts minus \$50: still fraudulent.
- Iranian-origin cargo represented as Iraqi, Omani, Russian, or re-flagged: US enforcement remains global. Active maritime interdiction this week.
- TTO/TTV without current SGS Q&Q, Q88, product passport, live GPS: do not engage.
- Primorsk offers >\$200/MT below SPIMEX forward curve: cross-reference SPIMEX, named refinery mandate required.
- Kazakhstan EN590 sub-\$500/MT: economically impossible at \$111 Brent.

10. Trading Opportunities

Prompt opportunities

- FOB Primorsk for non-sanctioned buyers: \$390-\$557/MT landed saving vs ARA-origin CIF depending on route. Discount to ARA widened to \$70/MT. SPIMEX-linked supply remains the strongest value position in the matrix. US waiver for already-loaded cargoes provides additional operational comfort.
- Durban specifically: \$557/MT saving at Wednesday morning. \$27.85 million captured value on 50,000 MT. Goldman South Africa scarcity flag persisting. Execute.

- **The coercive-diplomacy phase is the trade.** Trump is using imminent military threat as a negotiating tool. Iran is using infrastructure attacks as counterpressure. Gulf states are mediating actively. Market pricing \$110-\$112 working range. If Iran accepts deal in coming days, Brent corrects to \$95-\$100. Physical diesel lags 4-6 weeks. If Iran rejects and Trump strikes, Brent goes to \$135-\$150. Either way pre-contracted Russian Baltic supply at this week's \$1,058 captures value. Execute remaining SPIMEX-linked 12-month floating contracts this week.
- Pakistan, Bangladesh, Vietnam, Mauritius rationing continues. AFC origination capacity positioned to bid into emergency tenders.

Structural opportunities

- SPIMEX-indexed 12-month supply: IEA confirming 246 mb inventory drawdown March-April. Aramco 2027 normalisation. Goldman scarcity geographies. AFC structural buyer pool position validated by these data points cumulatively.
- 100,000 MT/month Baltic-origin EN590 programme: \$54+ million per cargo cycle in captured value at Wednesday morning pricing.
- Russia structural positioning continues. Indian Russian crude imports +88%. China 1.8 mb/d seaborne. AFC Russian Baltic supply position rides the largest energy supply realignment of the modern era. Fresh US waiver materially helpful for prompt execution.

Three-scenario positioning

- **Scenario A - Iran accepts framework in 2-7 days under Gulf states pressure (medium probability, rising):** Brent corrects to \$90-\$100 over weeks. Physical diesel lags 4-6 weeks per Lipow analysis. EN590 FOB ARA eases to \$950-\$1,050. Primorsk \$880-\$980. Pre-contracted SPIMEX-linked forward cargoes at today's pricing deliver value on the correction.
- **Scenario B - coercive diplomacy continues, oscillation in \$105-\$120 range (medium probability, base case):** Brent oscillates with daily volatility on each Trump and Iran statement. Primorsk discount to ARA holds \$60-\$80/MT. AFC structural programme captures consistent monthly value through duration. Most probable near-term path.
- **Scenario C - Iran rejects, Trump executes 'moment's notice' strike (medium probability, real this week):** Brent toward \$135-\$150. EN590 FOB ARA \$1,350-\$1,520. Primorsk \$1,260-\$1,420. Pre-contracted Russian Baltic supply at today's \$1,058 represents transformative forward value. Israeli wildcard remains live in parallel.

11. Bottom Line

The week Trump nearly went to war again. The Beijing summit failed. Drone strikes resumed on UAE and Saudi Arabia. Trump scheduled military strikes against Iran for Tuesday morning. Brent crossed \$112 intraday Monday, a crisis first. Then five Gulf heads of state called Trump directly. They asked him to hold off because their energy infrastructure sits within Iranian missile range. Trump cancelled the strike several hours before launch and posted that "serious negotiations are now taking place." Brent fell from \$112 to \$109. The market priced the diplomatic progress at roughly 3%, not full resolution.

The coercive-diplomacy phase is now structural. Trump has given Iran two or three days, maybe through the weekend, to agree. The Pentagon is on moment's-notice standby for a large-scale assault. The US Navy seized an Iran-linked tanker in the Indian Ocean overnight. Vance confirmed Tuesday that progress had been made. Trump Wednesday morning said oil prices are "going to plummet" and the war will end "very quickly." These are not contradictory signals. They are coordinated pressure tactics on an Iranian leadership that is running out of time to choose between accepting US nuclear terms or facing kinetic re-escalation.

The physical fundamentals continue to deteriorate. IEA confirmed Monday that global oil inventories are declining rapidly. March drawdown 129 mb. April 117 mb. 246 mb over two months. The IEA's emergency-

release coordination of 400 mb has been substantially consumed. Aramco's 2027 normalisation forecast is being validated week by week. Goldman's South Africa, India, Thailand, Taiwan scarcity flag persists. AFC's destination matrix overlaps three of these four geographies. The structural commercial case has only strengthened over the past week despite the diplomatic theatre.

For AFC's commercial position. Primorsk at \$1,058/MT, ARA at \$1,128/MT, discount widened further to \$70/MT. Durban saving \$557/MT. 100,000 MT/month programme generating \$54+ million per cargo cycle. The US Treasury fresh waiver for already-loaded Russian cargoes provides operational comfort for prompt execution. SPIMEX-linked floating contracts executed last week at \$1,036 are sitting \$22 in the money. The forward curve is repricing higher on the coercive-diplomacy uncertainty. AFC ground operations Primorsk continuing fully. Three scenarios. Pre-contracted Russian Baltic supply at this week's pricing covers all three. The instruction is unchanged: execute remaining SPIMEX-linked 12-month floating contracts this week before the next Trump-Iran headline moves the forward curve again.

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Note prepared: Wednesday 20 May 2026, 08:43 CAT (Gaborone), covering Wednesday 13 May close through Wednesday 20 May 2026 08:43 CAT.

Sources: *Trading Economics (Brent intraday and close progression, Tasnim updated Iran proposal, US Russian oil waiver, IEA Monday inventory warning, Trump strike cancellation framing, Iranian Foreign Ministry confirmation via Pakistan), CNBC (Brent \$111.28 Tuesday close, WTI \$107.77, Trump 'another big hit' ultimatum, Iran 'two or three days' framing, US tanker seizure via Wall Street Journal, 6 of 7 positive sessions, +54% since 28 Feb, Holly Ellyatt and team coverage), Bloomberg (Trump strike cancellation social media post, Brent above \$112 Monday close, full Gulf states intervention coverage), BusinessToday India (Brent \$110.83 Wednesday morning, Trump 'plummet' and 'very quickly' framing, Gulf states team including Saudi Arabia Qatar UAE Kuwait Bahrain, nuclear weapon concerns), OilPrice.com (Trump-Xi summit failed to break Hormuz impasse, drone strikes on UAE and Saudi Arabia after summit, US Russian oil waiver), Wall Street Journal (US seizes Iran-linked tanker in Indian Ocean, three US officials cited), Axios (Iran proposal insufficient for deal, US official briefing), Iranian Tasnim news agency (Tehran views US conditions overly demanding despite revisions), Iranian Foreign Ministry (talks through Pakistan, both sides exchanging proposal comments), Forked Feed market commentary ("The Strike Was Scheduled for Tomorrow" analysis), The Market Breakdown by Forked Feed (full sequence reconstruction Monday-Tuesday), Alain Guillot Market Recap Tuesday 19 May (30-year Treasury 5.198%, 10-year 4.687%, IEA March 129 mb April 117 mb drawdown, Trump scheduled attack social media), Fortune (Rory Johnston 'ceasefire has ceased' framing from prior week, Wall Street response analysis), Al Jazeera (ITF Stephen Cotton, IMO 20,000 stranded seafarers, UN Guterres freedom of navigation), Reuters, Wikipedia 2026 Strait of Hormuz crisis (updated through 20 May), Press TV Iran, Fars News Agency Iran, IRNA Iranian state news, ISNA, Tasnim, Voice of Emirates News Agency UAE/Cairo, ANI India, Tribune India, TASS, MR7 St. Petersburg, Moscow Times, Kyiv Post, Business Standard India (Russia structural beneficiary continuing analysis), Kathmandu Post Nepal, MS NOW Pakistan, Pakistan PM Office, EIA STEO, IEA April OMR (Biol permanent demand), Goldman Sachs (4% Hormuz exports, scarcity by region South Africa-India-Thailand-Taiwan), Saudi Aramco (Amin Nasser CEO 2027 normalisation if Hormuz blocked beyond mid-June), Adm. James Stavridis (former NATO Supreme Allied Commander), Citi, Dragonfly geopolitical risk (Henry Wilkinson chief intelligence officer), Skylar Capital (Bill Perkins), Morgan Stanley (Amrita Sen \$80-\$90 floor), Oxford Economics (Ben May, Bernard Yaros), ING Commodities (Warren Patterson), Lipow Oil Associates (Andy Lipow), JPMorgan, Rapidan Energy (Bob McNally), Mercuria, Lloyd's List, MarineTraffic Joint Maritime Information Center, ISW, UKMTO, BIMCO, Baltic Exchange, KSE Institute (82% non-G7 insured), Kpler, US CENTCOM, Pentagon, RFE/RL, IISS London. Non-Western source weight: Press TV, Fars News, 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 cross-referenced against SPIMEX deliverable futures curve. AFC ground operations Primorsk continuing fully.*

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