

EN590 10ppm Daily Market Note

Internal Trading Desk Note | Edition: Monday 4 May close to Wednesday 6th of May 17:21 CAT

Date: Wednesday, 6th of May 2026 | Prepared for: Mr Tadzina D. Mannathoko, Director

DAY 68 RECONCILIATION ALERT: Brent collapsed below \$100 intraday Wednesday on Axios report of 14-point US-Iran framework MoU. Three-session move: \$114.44 Mon close, \$109.87 Tue close, \$101.61 Wed at 17:21 CAT. Down 11% across 48 hours. Trump paused Project Freedom citing negotiation progress. Hegseth confirmed ceasefire holds. Iraq offering steep term-buyer discounts. Goldman flagging South Africa as scarcity hotspot. Trump on Wednesday cautioned the deal was "perhaps a big assumption" on Iranian acceptance. Volatility extreme. Direction now unclear.

1. Executive Signal Bar

BRENT (Wed 6 May 17:21 CAT)	WTI (Wed 6 May intraday)	EN590 FOB ARA (paper)	EN590 FOB PRIMORSK
\$101.61 / bbl	\$95.22 / bbl	\$1,038 / MT	\$988 / MT
-7.52% on day, US-Iran near-deal report	-7% intraday Wed	Crack ~\$36/bbl, easing from peak	~\$50 saving vs ARA, narrowed

Three-day arc since Monday close. The market has done a complete reversal in 48 hours. Monday closed at the 2026 high of \$114.44 on the Iran-UAE missile attack and the launch of Project Freedom. Tuesday opened firm but eased to \$109.87 close after Defense Secretary Hegseth confirmed the ceasefire was holding and Secretary of State Rubio announced, "Operation Epic Fury is concluded." The market read this as de-escalation. Wednesday morning Axios reported that the White House believes it is nearing a one-page, 14-point memorandum of understanding to end the war and establish a framework for nuclear talks. Brent collapsed -8% intraday, briefly below \$100. As of 17:21 CAT Wednesday, Brent sits at \$101.61, down 7.52% on day. WTI at \$95.22. The sentiment is reconciliation-leaning. The substance is still uncertain. Trump himself said it was "perhaps a big assumption" that Iran would accept the framework. Watch the Pakistani mediator response window. That governs the next 48 hours.

2. The Tuesday-Wednesday Repricing

This deserves its own section. The market move has been violent, and the signal-versus-noise question is the most important commercial issue this week.

What actually happened

Monday close to Wednesday afternoon. Brent dropped from \$114.44 to \$101.61. That is \$12.83/bbl in 48 hours. WTI dropped from \$106.42 to \$95.22. The 6-month forward curve, which Monday posted its largest daily increase since March 2022 to reach \$91.99/bbl, is now a more reliable read on where physical cargoes will settle. The spot reaction is sentiment-driven. The forward curve has been more disciplined throughout the crisis. The forward curve is still showing \$90-\$92 territory rather than the sub-\$80 range that would imply genuine resolution.

What drove the move

Three sequential developments. Tuesday: Hegseth told reporters "We know the Iranians are embarrassed by this fact. They said they control the strait. They do not." Maersk confirmed its US-flagged Alliance Fairfax crossed under US military protection. Operation Epic Fury was declared concluded. General Dan Caine said Iran's attacks fall "below the threshold of restarting major combat operations." Wednesday morning: Axios reported two US officials and two other sources confirming a 14-point MoU is near completion. Tehran is reviewing the proposal. Response expected via Pakistani mediators within days. Trump paused Project Freedom citing negotiation progress.

What is genuinely de-escalating versus what is sentiment

The genuine factors. Hegseth's ceasefire confirmation is concrete. Rubio declaring Epic Fury concluded is concrete. Project Freedom paused is concrete. Iraq offering steep term-buyer discounts is concrete. The Indian-flagged Desh Garima successfully transiting Hormuz on 30 April and docking at Mumbai on 4 May is concrete. These are real operational signals.

The sentiment factors. The 14-point MoU is unsigned. Trump said "perhaps a big assumption" Wednesday on Iranian acceptance. Iran's Foreign Minister Araghchi said "there's no military solution to a political crisis" but has not publicly committed to the framework. The blockade remains in place. Goldman estimated Hormuz exports still at 4% of normal as of last Friday. Pre-war daily traffic was over 120 ships through the strait. Last Tuesday only four ships crossed per S&P Global Market Intelligence.

The fair commercial read

Both sides of this picture are real. The de-escalation track is genuine but unfinished. The physical disruption is genuine and ongoing. The market has front-run the diplomatic news, as it always does. Forward curve at \$91.99/bbl tells the disciplined story. Brent spot at \$101 reflects the sentiment story. The reconciliation between these two prices is where commercial value lives this week.

Practical implication for AFC. If Iran accepts the MoU, Brent corrects further toward the forward curve and physical diesel lags 4-6 weeks. SPIMEX-linked floating contracts executed at this week's pricing capture the lag. If Iran rejects or delays, Brent re-spikes and pre-contracted Russian Baltic supply at this week's pricing represents transformative forward value. Both scenarios favour execution this week, not delay. The volatility itself is the trade.

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 Wednesday 17:21 CAT.

Route / Basis	Indicative Range (USD/MT)	Commentary
FOB Primorsk (Russia, Baltic)	\$960 - \$1,068	SPIMEX-linked. Working mid eased \$80/MT from Monday peak as Brent retreated -11% across two sessions on near-deal optimism. Discount to ARA narrowed to ~\$50/MT from \$80/MT. AFC ground operations continuing fully.
FOB Ust-Luga (Russia, Baltic)	\$955 - \$1,062	Sister loadport to Primorsk. Within \$5-15/MT. Loadings continuing as normal.
FOB Novorossiysk (Russia, Black Sea)	\$978 - \$1,082	Black Sea basis. Two shadow-fleet tanker strikes near Novorossiysk Sunday remain isolated incidents. Routing risk premium present but loading rates intact.
FOB Belarus (pipeline to Baltic)	\$948 - \$1,055	Belarusian-origin via Baltic export. Same buyer pool as Primorsk.
FOB Rotterdam / ARA (W. Europe)	\$1,398 - \$1,538	ICE/Platts benchmark. Brent retreat -11% over Tuesday-Wednesday on near-deal report. Crack remains elevated but easing.
FOB Houston (US Gulf)	\$1,372 - \$1,498	US ULSD tracking ARA. Refining margins still favourable. Phillips 66 and US refiners booked record Q1 earnings.

Route / Basis	Indicative Range (USD/MT)	Commentary
CIF Middle East (Fujairah)	\$1,348 - \$1,520	Fujairah hub partially operational after Monday Iranian drone strike. Iraq offering steep crude discounts to term buyers per Bloomberg, but Hormuz transit still required.
CIF Asia (Jurong/Singapore)	\$1,485 - \$1,628	MOPS firm. Singapore middle distillates briefly touched \$290/bbl per Business Standard. Asian importers slowing runs. Goldman flagging South Africa, India, Thailand, Taiwan as highest scarcity risk.
CIF West Africa (Lagos, Tema, Abidjan)	\$1,548 - \$1,682	NNPC sustaining elevated May OSPs. Africa fertiliser crisis deepening. World Bank developing-economy inflation forecast 5.1% for 2026, up from pre-war baseline.
CIF East Africa (Mombasa, Dar es Salaam)	\$1,602 - \$1,738	India export duties continuing. Pakistan, Bangladesh, Vietnam rationing. Mauritius down to 21 days of cover.
Delivered Southern Africa (Durban, Maputo)	\$1,635 - \$1,775	Cape route firm. Goldman flags South Africa as highest scarcity risk geography. Largest Primorsk arbitrage point in matrix at ~\$510/MT saving.
CIF South America (Santos/Rio)	\$1,558 - \$1,692	Atlantic Basin freight firm. Brazil replacement demand active. Russian sellers continuing Brazil-to-Egypt cargo redirects per Lloyd's List.

Russian loadports note. Primorsk eased \$80/MT from Monday peak. The discount to ARA narrowed from \$80 to approximately \$50/MT. SPIMEX caught down faster than ARA on the reconciliation news. AFC ground operations continuing fully across Primorsk, Ust-Luga and Belarus. Black Sea routing carries elevated risk premium following the 3rd of May tanker strikes near Novorossiysk.

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 50,000MT cargo value captured.

Destination	FOB Primorsk	Freight + Ins.	Landed Cost	Saving vs Equiv. CIF/DLV
Ghana (Tema)	\$988	\$96	\$1,084	~\$464/MT (\$23.2M on 50k MT)
Tanzania (Dar es Salaam)	\$988	\$130	\$1,118	~\$484/MT (\$24.2M on 50k MT)
UAE (Fujairah)	\$988	\$144	\$1,132	~\$216/MT (\$10.8M on 50k MT)
India (Vadinar, W. Coast)	\$988	\$85	\$1,073	~\$412/MT (\$20.6M on 50k MT)
Singapore (Jurong)	\$988	\$134	\$1,122	~\$363/MT (\$18.1M on 50k MT)
South Africa (Durban)	\$988	\$119	\$1,107	~\$528/MT (\$26.4M on 50k MT)

Destination	FOB Primorsk	Freight + Ins.	Landed Cost	Saving vs Equiv. CIF/DLV
Brazil (Santos/Rio)	\$988	\$94	\$1,082	~\$476/MT (\$23.8M on 50k MT)

Commercial headline. Durban now delivers \$528/MT saving vs ARA-origin DLV equivalent. \$26.4million on a 50,000MT cargo. \$52.8million on a 100,000MT cargo. The arbitrage has narrowed slightly from last week's peak but remains the strongest single-route saving in the matrix. Goldman identified South Africa as one of the four highest scarcity-risk geographies. AFC's structural Primorsk-to-Durban supply position is now positioned not just on price advantage but also on demonstrated scarcity-supply alignment.

5. Benchmark Derivations

Working calculation from crude through to EN590 FOB anchors. Wednesday 6 May 17:21 CAT.

Input	Value	Notes / Sources
Brent crude (Wed 6 May 17:21 CAT)	\$101.61/bbl	Trading Economics. -7.52% on day. Brent below \$100 intraday on Axios near-deal report.
Brent intraday Wed low	Below \$100/bbl	First sub-\$100 print since early April. Triggered by Axios 14-point MoU report.
Brent (Mon 4 May close)	\$114.44/bbl	Year-to-date high closing print on Iran-UAE attack escalation.
Brent (Tue 5 May close)	\$109.87/bbl	-4.00% on day. Hegseth ceasefire holds confirmation, Operation Epic Fury concluded.
WTI crude (Wed intraday)	\$95.22/bbl	-7% on day. Brent-WTI spread \$6.39/bbl, narrowed.
Brent 6-month forward (Mon)	\$91.99/bbl	Largest daily increase since March 2022 per CNN. Forward curve still elevated.
Gasoil crack spread	+\$36/bbl (\$268/MT)	Eased from \$40 peak. Singapore middle distillates briefly \$290/bbl per Business Standard.
Gasoil conversion factor	7.45 bbl/MT	Density 0.845 kg/L at 15 degC.
ICE LSG estimate	\$1,026/MT	$(\$101.61 + \$36) \times 7.45 = \$1,026$.
EN590 10ppm premium	+\$12/MT	vs 50ppm gasoil base.
EN590 FOB ARA (paper, working)	\$1,038/MT	Working benchmark. Down \$110 from Monday peak. Physical premium implied ~\$50/MT above this.
Primorsk discount to ARA	~\$50/MT	Narrowed from \$80 last week. SPIMEX caught down faster than ARA on near-deal repricing.
EN590 FOB PRIMORSK (working)	\$988/MT	Mid of \$960-\$1,068 band. AFC operations Primorsk continuing fully.

Goldman Sachs scarcity assessment Monday. Goldman wrote in a Monday note that easily accessible buffers of refined products are being depleted rapidly, particularly in petrochemical feedstocks (naphtha and LPG) as well as jet fuel. Total global oil stocks are estimated at about 101 days of demand currently and could fall to 98 days by end of May. Goldman's analysts pointed out: "Our estimates of supply of refined products and countries' own crude stocks point to higher risks of product scarcity in South Africa, India, Thailand, and Taiwan." South Africa appears on this list. Goldman is publishing what AFC has been positioning into for nine weeks.

Business Standard analyst forecast. Business Standard published Wednesday: "If the conflict extends another eight weeks without a credible Hormuz reopening, expect Brent at \$130-145 per barrel, with the World Bank's adverse scenario." The article notes the pullback to \$108 on 5th of May (now \$101 on 6th of May) is "technical, not structural." The Strait of Hormuz remains effectively closed despite Project Freedom. Only four ships transited the day Project Freedom began, against a pre-war daily average above 120.

6. Geopolitical and Macro Drivers

Tuesday 5th of May: ceasefire confirmation

- **Hegseth confirms ceasefire holds (CNBC):** Defense Secretary Pete Hegseth said the US ceasefire with Iran remained in place. Two US-flagged commercial ships transited the strait under destroyer escort on Monday. Hegseth: "We know the Iranians are embarrassed by this fact. They said they control the strait. They do not."
- **Operation Epic Fury concluded (Trading Economics):** Secretary of State Marco Rubio announced Tuesday that Operation Epic Fury was concluded, with objectives met. This was the US response operation following the Iran-UAE attacks.
- **General Dan Caine assessment (CNBC):** Chairman of the Joint Chiefs of Staff told reporters Tuesday that Iran's attacks fall "below the threshold of restarting major combat operations at this point." This is the formal US military read that the war is not restarting.
- **Maersk Alliance Fairfax transit (CNBC):** Danish shipping company Maersk confirmed its US-flagged Alliance Fairfax crossed Hormuz under US military protection. First commercial Maersk transit since the war began.
- **Trump warns Iran (Fox News, CNBC):** Trump on Fox News Monday: Iran would be "blown off the face of the earth" if it targeted US ships safeguarding commercial traffic. Combined with Tuesday's de-escalation moves, the message is calibrated: peace track open, military deterrent intact.
- **Iranian denial of US claim (IRNA via Al Jazeera):** Iranian military source cited by IRNA denied US forces had sunk several Iranian boats, branding the US claim "false." The narrative contest continues but the kinetic exchange has not escalated.
- **Iraq offers steep crude discounts (Bloomberg via CNBC):** Iraq, an OPEC producer, is reportedly offering its term buyers steep discounts for crude loaded this month. Tankers will reportedly have to be willing to transit the Strait of Hormuz to collect the barrels. Significance: stranded supply trying to clear at any price.

Tuesday 5th of May: Chevron and IMO commentary

- **Chevron CEO Mike Wirth at Milken Institute (CNBC):** Wirth told CNBC: "I think as people look at the realities of very tight supplies, it's not just a question of price." Significance: oil major CEO publicly framing the issue as physical scarcity rather than just price.
- **IMO and ITF on stranded seafarers (Al Jazeera):** International Maritime Organization confirmed up to 20,000 seafarers stranded on some 2,000 vessels in the Strait of Hormuz. "No precedent for the stranding of so many seafarers in the modern age." UN Secretary-General Antonio Guterres called for freedom of navigation. International Transport Workers Federation General Secretary Stephen Cotton: "Until we have those assurances, we are calling on shipowners and flag states not to treat this announcement as a green light."

Wednesday 6 May: the near-deal report

- **Axios 14-point MoU (CNBC, Trading Economics):** Axios reported Wednesday: two US officials and two other sources briefed on the issue confirmed the White House believes it is nearing a one-page, 14-point memorandum of understanding to end the war and establish a framework for more detailed nuclear talks. Tehran is reviewing the proposal. Response expected via Pakistani mediators within days.
- **Trump 'big assumption' caution (CNBC):** Trump on Wednesday expressed doubt that a deal would be finalised. "Perhaps, a big assumption" that Iran would accept the proposal. This walks back the optimism while leaving the channel open.
- **Project Freedom paused (Trading Economics):** Trump said the US would temporarily halt Project Freedom, citing progress in negotiations. The administration noted approximately 23,000 seafarers from 87 countries remain stranded in the Persian Gulf. Despite easing tensions, elevated energy costs continue to weigh on global demand. Even if the strait reopens, full recovery in shipping and trade flows is expected to take several weeks.
- **Warren Patterson, ING (CNBC):** ING head of commodities strategy: "A deal that normalises oil flows through the Strait of Hormuz is crucial. Roughly 13mb/d of disrupted supply is being largely offset by inventory, which is clearly declining rapidly. This leaves the market more vulnerable with each passing day. Tighter stocks will only leave the oil market trading in an ever more volatile manner."
- **Indian Dosh Garima Hormuz transit (CNN):** The Indian-flagged crude oil tanker Dosh Garima successfully navigated the Strait of Hormuz on 30th of April and docked at Mumbai Port on 4th of May. Independent confirmation that limited Hormuz transits are possible. Indian flag, not US-flag, suggesting non-US-flagged vessels can transit when bilateral arrangements permit.

Other macro signals from this week

- **Inventory drainage (Business Standard analyst review Wed):** Global observed inventories drained 85million barrels in March. Asian importers were down 31million barrels alone. Japan has begun releasing 80million barrels (about 15 days of domestic demand) from strategic stocks. IEA member states have committed a coordinated 400-million-barrel release. Mauritius is down to 21 days of cover. Pakistan, Bangladesh and Vietnam are rationing.
- **Russia structural beneficiary (Business Standard):** Russia's March crude and product export revenue jumped to roughly \$19billion, nearly double February. Seaborne crude shipments rose 8.9% month-on-month. Combined exports near 7.1mb/d. India's imports of Russian crude surged 88% to 1.9mb/d. China's seaborne intake reached 1.8mb/d. Urals discount to Brent halved to \$6.4/bbl. Direct validation of AFC's structural buyer pool thesis.
- **World Bank inflation revision:** World Bank now projects developing-economy inflation at 5.1% for 2026, a full point above its pre-war baseline. Fertiliser prices up roughly 40%. Food inflation cycle next leg.
- **OPEC+ output increase (Trading Economics):** OPEC+ agreed to increase output by 188,000 barrels per day at its first meeting since the UAE exit. Modest given disruption scale, but the directional signal is clear. Production discipline mechanism dissolved.
- **US gasoline impact (CNN, AAA):** Average US gasoline price at \$4.48/gallon Tuesday, up from \$2.98 pre-war. Andy Lipow (Lipow Oil Associates): could hit \$5/gallon if Hormuz remains closed next month. That would nearly match the June 2022 record of \$5.02 following Russia's full-scale Ukraine invasion.

7. Freight and War-Risk Insurance

Freight

- Baltic Exchange MR rates eased modestly Wednesday on the near-deal news but remain elevated.
- Cape route well utilised.
- Project Freedom paused. Two US-flagged commercial ships have transited Hormuz under destroyer escort. General commercial reopening still pending.
- Indian-flagged Dosh Garima successfully transited Hormuz independent of Project Freedom, suggesting bilateral arrangements may emerge alongside formal US-led corridors.

War-risk insurance (AWRP)

- **Strait of Hormuz AWRP:** Eased modestly to 1.4-1.7% of hull value on Hegseth ceasefire confirmation and Project Freedom progression. Insurers cautious until sustained track record. Pre-war baseline: 0.125%.
- Red Sea/Suez AWRP: 0.45-0.65% range. Stable.
- Baltic exit AWRP: \$0.40-\$0.85/MT, holding elevated post-Primorsk strike news cycle.
- Non-Western P&I providers fully operational for Russian-origin cargoes. Cover availability and pricing unchanged.

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.
- **Iran enforcement:** US naval blockade remains in place despite Project Freedom pause. Hegseth confirmed ceasefire holds. Trump's deterrent intact for vessel attacks. Iran-touched cargoes still carry kinetic and sanctions risk.

AFC buyer base position. Approximately 140 UN member states trade Russian-origin refined product legally. India's Russian crude imports +88% to 1.9 mb/d in March. China seaborne intake 1.8 mb/d. Pakistan, Bangladesh, Vietnam, Thailand, Mauritius rationing imports. SPIMEX FOB Primorsk EURO-5 deliverable futures contract operational. KSE Institute confirmed 82% of Russian oil products move on non-G7-insured tankers.

9. Fraud and Scam Red Flags

Brent fall-back from \$114 to \$101 in 48 hours creates extreme volatility scam-market environment. Apply maximum diligence on compressed-window offers exploiting both directions.

- "Pre-deal lock-in" offers exploiting the near-deal news: any compressed-window offer claiming Iran will accept the framework imminently is timed scam. Trump himself called it "a big assumption."
- "Post-deal flood pricing" offers: any seller claiming distress pricing because they expect oversupply once Hormuz reopens is fraudulent. Hormuz is not reopening this week. Project Freedom is paused.
- "Project Freedom-cleared cargo" offers: Project Freedom is paused. CENTCOM does not clear commercial product cargoes. Any such offer is fabricated.
- "Iranian counter-proposal sealed-cargo" offers: the Pakistani mediator response window is days, not hours. No sealed deal exists yet.
- "Iraq distress crude" offers exploiting the Bloomberg report: legitimate Iraqi term-buyer discounts are between Iraq's oil ministry and pre-existing term contract holders. Spot retail offers of "Iraqi distress" cargo are fraudulent.
- Fujairah FOB at Platts minus \$50: still fraudulent.
- Iranian-origin cargo represented as Iraqi, Omani, Russian, or re-flagged: US enforcement remains global.
- TTO/TTV without current SGS Q&Q, Q88, product passport, live GPS: do not engage.
- Primorsk offers at >\$200/MT below SPIMEX forward curve: cross-reference SPIMEX, named refinery mandate required.
- Kazakhstan EN590 sub-\$500/MT: economically impossible at \$101 Brent.

10. Trading Opportunities

Prompt opportunities

- FOB Primorsk for non-sanctioned buyers: \$360-\$528/MT landed saving vs ARA-origin CIF depending on route. Discount to ARA narrowed but the structural arbitrage is fully intact. SPIMEX-linked supply remains the strongest value position.
- Durban specifically: \$528/MT saving. Goldman flagged South Africa as one of four highest-scarcity-risk geographies. Combined price advantage and demonstrated scarcity-supply positioning is now AFC's structural commercial case.
- **The volatility itself is the trade.** If Iran accepts the MoU, Brent corrects further toward forward curve \$91-92, physical diesel lags 4-6 weeks. SPIMEX-linked floating contracts at this week's pricing capture the lag. If Iran rejects, Brent re-spikes toward \$130-\$145 per Business Standard analysis. Pre-contracted Russian Baltic supply at this week's \$988/MT Primorsk represents transformative forward value. Both directions favour execution this week.
- **Forward curve at \$91.99 the disciplined read.** Brent 6-month forward posted its largest daily increase since March 2022 on Monday to reach \$91.99/bbl. The forward market is not pricing full resolution. SPIMEX-linked May-October contracts at today's pricing structure offer captured value across the next six months regardless of which scenario unfolds.
- Pakistan, Bangladesh, Vietnam, Mauritius rationing imports. AFC origination capacity for these markets via Primorsk-Suez routing positioned to bid into emergency tenders.

Structural opportunities

- SPIMEX-indexed 12-month supply: Goldman flagging South Africa, India, Thailand, Taiwan as highest scarcity risk. AFC's destination matrix overlaps three of these four. The structural case is publicly validated by major Western analysts.

- 100,000 MT/month Baltic-origin EN590 programme: \$52 million per cargo cycle in captured value at this week's pricing.
- Russia structural beneficiary positioning: India +88% Russian crude imports, China 1.8 mb/d seaborne, Russian export revenues nearly doubling. AFC's Russian Baltic supply positioning rides the largest energy supply realignment of the modern era.

Three-scenario positioning

- **Scenario A: MoU signed and Hormuz progressively reopens (medium probability):** Brent corrects to \$85-\$95 over weeks. Physical diesel lags 4-6 weeks per Lipow analysis. EN590 FOB ARA eases to \$920-\$1,000. Primorsk \$880-\$960. Pre-contracted SPIMEX-linked forward cargoes at today's pricing deliver value on the correction. The 4-6-week physical lag is the captured arbitrage.
- **Scenario B: MoU stalls or rejected, status quo persists (medium probability):** Brent oscillates \$100-\$115 with continued volatility. Primorsk discount to ARA holds \$50-\$70/MT. AFC's structural programme captures consistent monthly value through duration.
- **Scenario C: talks collapse, conflict re-escalates (lower probability now, but watchlist):** Brent toward \$130-\$145 per Business Standard scenario. EN590 FOB ARA \$1,300-\$1,500. Primorsk \$1,200-\$1,400. Israeli wildcard remains live. Pre-contracted Russian Baltic supply at today's \$988 represents transformative forward value.

11. Bottom Line

The market reversed in 48 hours. Brent down from \$114.44 Monday close to \$101.61 by Wednesday afternoon. The reconciliation arc is real. Hegseth confirmed ceasefire. Project Freedom paused. Axios reports a 14-point MoU near completion. Iraq is offering term-buyer discounts. The Indian Desh Garima transited Hormuz successfully. These are concrete operational signals.

But the substance remains uncertain. Trump himself called Iranian acceptance "a big assumption." The blockade is in place. Goldman estimates Hormuz exports still at 4% of normal. Only four ships transited the day Project Freedom began. ING's Patterson warned that disrupted supply is offset by drawing inventory, which leaves the market more vulnerable each passing day. Singapore middle distillates briefly touched \$290/bbl. Mauritius is at 21 days of cover. Pakistan, Bangladesh, Vietnam are rationing. The physical disruption has not gone away because the diplomatic news has improved.

For AFC's commercial position. Primorsk at \$988/MT, ARA at \$1,038/MT, discount narrowed to \$50/MT. Durban saving \$528/MT. 100,000MT/month programme generating \$52+million per cargo cycle. The forward curve at \$91.99 is the disciplined read. SPIMEX-linked floating contracts executed this week capture the structural arbitrage across all three scenarios. Goldman flags South Africa, India, Thailand, Taiwan as highest scarcity risk. AFC overlaps three of these four. The structural commercial case is publicly validated by major Western analysts. The volatility itself is the trade. Execute this week.

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Note prepared: Wednesday 6 May 2026, 17:21 CAT (Gaborone), covering Monday 4 May close through Wednesday 6 May 2026 17:21 CAT.

Sources: *Trading Economics (Brent \$101.61 17:21 CAT, Brent intraday sub-\$100, Wed Tue Mon close progression, Operation Epic Fury concluded, Project Freedom pause), CNBC (Holly Ellyatt and team coverage Mon-Tue-Wed, Hegseth ceasefire confirmation, General Caine threshold quote, Maersk Alliance Fairfax transit, Trump Fox News warning, Wirth Chevron CEO Milken comments, Iraq Bloomberg discount, Goldman scarcity note, ING Patterson commentary, Trump 'big assumption'), Reuters (Iran-UAE attack reporting, Fujairah hub fire), Al Jazeera ("Oil prices surge as violence flares in Strait of Hormuz" 5 May, IRNA Iranian denial of US boat sinking, IMO ITF stranded seafarers commentary, ITF General Secretary Stephen Cotton, UN Secretary-General Guterres call), CNN ("Oil pulls back after hitting 2026 high on day one of Trump's plan" 5 May, Brent 6-month forward \$91.99/bbl, Lipow \$5/gallon US gasoline forecast, Indian Desh Garima Hormuz transit), Business Standard India ("Stranded Gulf supply, Iran conflict may push Brent toward \$130-145" 6 May, IEA largest disruption in oil market history, Russian export revenue doubling, India-China crude flows, Mauritius 21 days cover, World Bank inflation*

5.1%), Bloomberg (Iraq term discounts), Axios (14-point MoU report), Fars News Agency Iran, IRNA Iranian state news, ISNA, Tasnim, Voice of Emirates News Agency UAE/Cairo, ANI India, Tribune India, TASS, Moscow Times, Kyiv Post, EIA STEO April release, Goldman Sachs (4% Hormuz exports, scarcity by region), Morgan Stanley (Amrita Sen \$80-\$90 floor), Skylar Capital (Bill Perkins), Oxford Economics (Ben May, Bernard Yaros), ING Commodities (Warren Patterson), Lipow Oil Associates (Andy Lipow), JPMorgan, Rapidan Energy (Bob McNally), Mercuria, IEA April OMR, Lloyd's List, MarineTraffic, ISW, UKMTO, BIMCO, Baltic Exchange, KSE Institute, Kpler, US CENTCOM, Pentagon, RFE/RL, IISS London, Pakistan PM Office, Sparta Singapore (June Goh senior oil market analyst), S&P Global Market Intelligence, AAA US gasoline price tracking. Non-Western source weight: TASS, MR7 St. Petersburg, Fars News, IRNA, ISNA, Tasnim, Voice of Emirates, ANI India, Tribune India, Business Standard India, Al Jazeera Qatar, Moscow Times, Kyiv Post, Pakistan PM Office, Sparta Singapore. Primorsk pricing cross-referenced against SPIMEX deliverable futures curve. AFC ground operations Primorsk continuing fully.

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