

Platts

S&P Global

Commodity Insights

Specifications Guide

North Sea Sulfur De-escalator

Latest update: February 2024

Platts assesses Forties de-escalator at 25 cents/b from March 1, 2024

On Feb. 23, 2024, Platts announced that the sulfur de-escalator to be effective March 1, 2024, in Forties cargoes and related instruments in the Platts MOC assessment process would be 25 cents/b per 0.1% weight of sulfur over the 0.6% wt standard. This is up 5 cents/b from February.

The March sulfur de-escalator should apply to cargoes loading from March 1, 2024.

Platts considers several indicators in the determination of the Forties de-escalator level including the behavior of sweet and light crudes versus sourer and heavier streams in the North Sea and other competing regions, as well as the performance of refined products and refinery feedstocks, and the outright price of crude oil.

Outright prices in addition to crude and product spreads

reflected a growing cost of sulfur through February. European medium sour crude differentials plunged while light sweet grades firmed considerably as product cracks in middle distillates and gasoline showed strength.

Dated Brent dipped through late January before rallying sharply through February as strength emerged across the European light sweet complex for March-loading barrels. This reflected a quickly tightening light sweet complex in part prompted by ongoing disruption to WTI Midland flows to Europe. Platts, part of S&P Global Commodity Insights, assessed Dated Brent at \$85.52/b Feb. 22, up \$3.36/b from Jan. 22 when it was earlier assessed at \$82.17/b.

Light sweet and medium sour differentials diverged sharply through February as the premium for leading North Sea sweet crudes over sourers rose through the month.

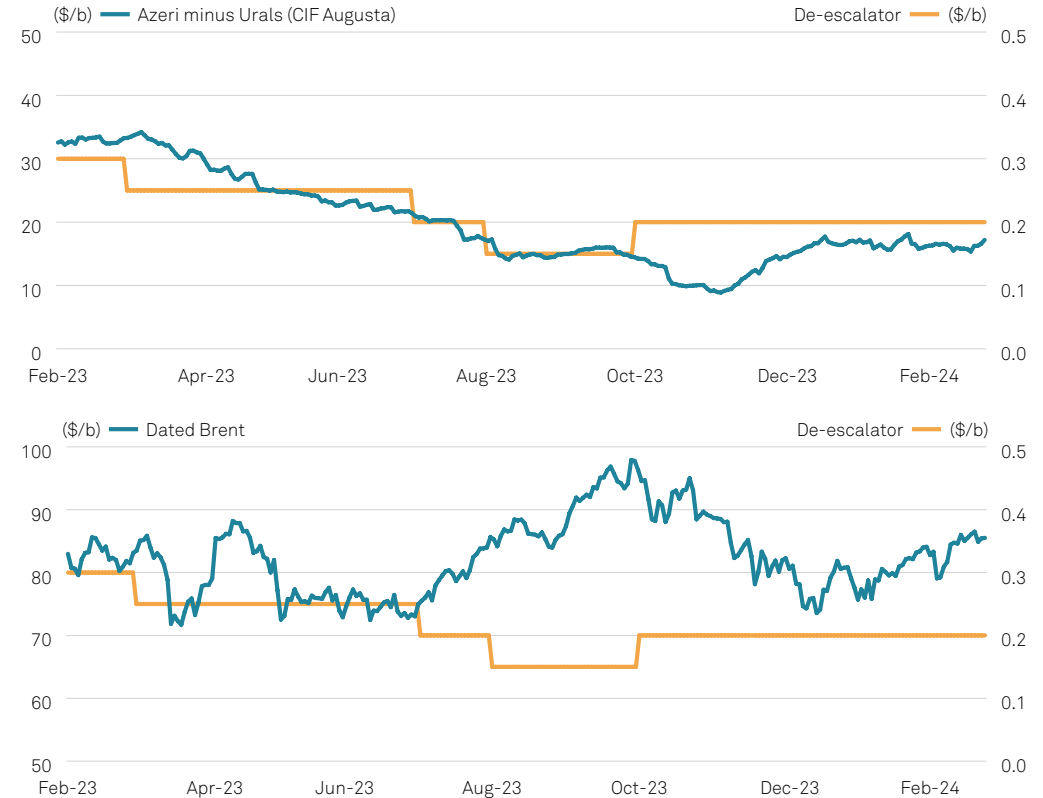
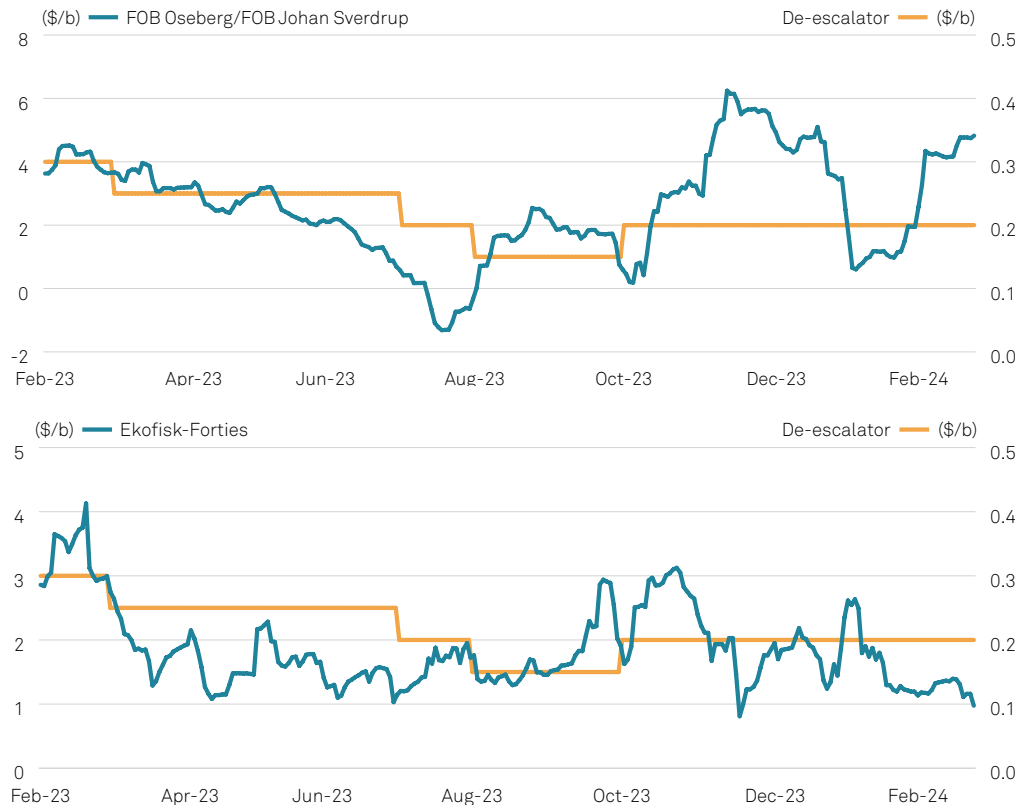
Oseberg's premium over Johan Sverdrup surged from 98

cents/b to \$4.83/b between Jan. 22 and Feb. 22. Medium sour differentials collapsed for March-loading with Johan Sverdrup initially weighed down by a substantial overhang in February-loading barrels.

Meanwhile, differentials in light sweet crudes such as Ekofisk jumped through the month as refineries increasingly prized short haul sweets amid a steep backwardation in Dated Brent and disrupted WTI Midland supplies.

Similarly in the Mediterranean, the premium for Azeri Light trading on a CIF Augusta basis over the Platts European Sour Crude Index widened \$1.98/b to \$5.04/b between Jan. 22 and Feb. 22.

Looking at broader sweet/sour relationships, the Brent-Dubai EFS - a key global sweet/sour crude spread - strengthened for a second consecutive month in view of a continued tightening in the sweet crude outlook for the Atlantic



Basin. Platts assessed the April contract at \$2.05/b at the Feb. 22 London Close, up 62 cents/b on a month earlier.

In products, movements in both outright prices and spreads revealed a growing premium for lower sulfur products. European 10ppm ULSD's premium over 0.1%S Gasoil almost doubled, jumping \$21.25/mt to \$42/mt in the month to Feb. 22.

Meanwhile, the Gasoline Eurobob barge crack leapt \$21.76/mt to \$168.97/mt in the same period.

In residual fuels, the Hi-5 fuel oil spread -- reflecting the premium of 0.5% sulfur fuel oil over 3.5% sulfur fuel oil -- demonstrated relative strength in higher sulfur fuel oil, although to a lesser extent. The spread was assessed at \$111/

mt Feb. 22, narrowing from \$129.25/mt on Jan. 22.

Subsequently, the de-escalator was assessed higher for March reflecting growth in Dated Brent outright levels, relative strength in European light crudes versus medium sour, a further widening in the Brent-Dubai EFS contract and a growing discount for higher sulfur European refined products.