Specifications Guide
North Sea Sulfur De-escalator

Latest update: July 2022
Platts assesses Forties de-escalator at 45 cents/b from Aug 1, 2022

On July 25, 2022, Platts, part of S&P Global Commodity Insights, announced that the sulfur de-escalator to be effective Aug. 1, 2022 in Forties cargoes and related instruments in the Platts MOC process would be unchanged from July at 45 cents/b per 0.1% weight of sulfur over the 0.6% wt standard.

The August sulfur de-escalator should apply to cargoes loading from Aug. 1, 2022.

Platts considers a number of 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.

Wider sweet/sour crude spreads continued to reflect a firm refining preference for those higher value grades in Europe, but pressure on product cracks was indicative of weaker prompt fundamentals in transport fuel markets creating a mixed trading picture overall.

Flat prices moved down slightly over the month with Dated Brent assessed at $110.22/b July 22, down from $119.945/b on June 24. Dynamics within the Dated Brent basket of grades saw the premium of Ekofisk over Forties rise as high as $3.94/b from $2.00/b, before ending the period at $3.00/b.

The Brent-Dubai EFS -- a spread that in part reflects global sweet/sour crude dynamics -- was assessed at $10.52/b, down $1.42/b, reflecting some easing of Brent strength over the sour benchmark compared with recent levels but an ongoing outperformance of sweet streams by historical standards.

In clean products, the USLD FOB ARA Barge crack had fallen significantly by July 22 to $35.69/b, down from its month-ago level at $61.66/b, while the Eurobob FOB AR Barge crack was down $31.78/b at $13.49/b, having spent a brief period at an all-time high of $57.41/b in early June.

Spreads between products were not indicative of a wider sulfur valuation trend despite volatility over the month. The Hi-5 fuel oil spread was relatively flat from $274.75/mt to $261.25/mt over the period and the premium of 10ppm ULSD cargoes over 0.1% sulfur gasoil cargoes moved from $44.25/mt to $36.50/mt after soaring to over $95/b in mid-June.

Weakening product values relative to the crude inputs and slightly lower Dated Brent and EFS prices were therefore moving against a trading environment of widening sweet/sour spreads in Europe.

Signs of softening sentiment in the region were being monitored, particularly the downward step of transport fuel prices, but the resilience displayed in crude spreads was yet to reflect a change in sulfur penalties over the month.

Considering these opposing trends between crude and product markets, the de-escalator was assessed unchanged at 45 cents/b.