Specifications Guide
North Sea Sulfur De-escalator

Latest update: December 2021
Platts assesses Forties de-escalator at 40 cents/b from Jan. 1, 2022

On Dec. 24, 2021, S&P Global Platts announced that the sulfur de-escalator to be effective Jan. 1, 2022 in Forties cargoes and related instruments in the Platts MOC Process would be 40 cents/b per 0.1% weight of sulfur over the 0.6% wt standard. This is unchanged from December.

The January sulfur de-escalator should apply to cargoes loading from Jan. 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.

While some sweet/sour crude spreads and product cracks rose through the month, flat price values came under significant pressure amid Omicron-related demand destruction concerns. The premium of Azeri over Urals widened to $4.52/b Dec. 22, up from $3.26/b Nov. 24, while the premium of Forties over the Russian grade narrowed $1.42/b to $2.81/b Dec. 22.

Product cracks rose sharply through December with the 10ppm diesel and high sulfur fuel oil cracks gaining $3.05/b and $4.88/b to $12.72/b and minus $10.13/b respectively.

Dated Brent however fell sharply at the end of November as a new coronavirus variant - omicron - emerged and sparked demand concerns.

The Dated Brent flat price was assessed at $74.11/b Dec. 22, down from $83.125/b Nov. 24.

Similarly, the Brent-Dubai EFS - a key global sweet/sour crude spread - was assessed $1.50/b lower at $2.63/b Dec. 22.

Subsequently, the de-escalator was assessed unchanged at 40 cents/b given the contrast between falling flat price values and wider sweet/sour crude spreads.