Platts assesses Forties de-escalator at 20 cents/b from April 1, 2020

On March 25, 2020, S&P Global Platts announced that the sulfur de-escalator to be effective April 1, 2020 in Forties cargoes and related instruments in the Platts MOC Process would be 20 cents/b per 0.1% weight of sulfur over the 0.6% wt standard.

This is down 15 cents/b compared to March.

The April sulfur de-escalator should apply to cargoes loading from April 1, 2020.

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.

Sulfur spreads for both products and crude have narrowed through the month along with a significant drop in the outright Dated Brent value.

While the Diesel/Gasoil spread widened through March, other key product sulfur spreads have narrowed significantly. The premium of 0.5% marine fuel FOB Rotterdam barges over 3.5% FOB Rotterdam barges fell $17.5/mt from February 24, to $103.5/mt on March 24. Similarly, the spread between naphtha and high sulfur fuel oil fell to $39.5/mt on March 24, down $150.75/mt month on month.

Crude spreads showed a similar trend with the premium of grades such as Oseberg and Azeri Light over Urals falling through the month. The spread between Ekofisk and Grane also narrowed $1/b on the month to 90 cents/b on March 24.

The Brent-Dubai EFS -- a key global sweet/sour crude spread -- flipped into negative territory in March as the price war between Saudi Arabia and Russia emerged and OSPs globally were slashed. The EFS was assessed at minus $3.99/b at 1630 London time on March 24, down $5.58/b from February 24.

In addition to this, the Dated Brent flat price has fallen over 50% month on month. Dated Brent was assessed at $24.595/b on March 24, down from $55.975/b the previous month.

Subsequently, the de-escalator was lower by 15 cents/b to 20 cents/b, largely reflecting the collapse in sulfur spreads in key downstream markets, as well as the overall drop in outright prices.