Specifications guide
North Sea sulfur de-escalator

Latest update: January 2020
Platts assesses Forties de-escalator at 35 cents/b from February 1, 2020

On January 24, 2020, S&P Global Platts announced that the sulfur de-escalator to be effective February 1, 2020 in Forties cargoes and related instruments in the Platts MOC Process would be 35 cents/b per 0.1% weight of sulfur over the 0.6% wt standard.

This is 5 cents/b higher compared to January and is the highest since July 2014.

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

While some product and crude spreads moved in a different direction from what had been expected under the International Maritime Organization's 0.5% sulfur cap, Forties' discount to Dated Brent's Oseberg, Ekofisk and Troll widened significantly.

January saw Russia's Urals find support from Chinese demand, while fuel oil cracks were buoyed by the emergence of pockets of demand from the US, where M-100 straight run fuel oil was utilized as a refinery feedstock.

Growing requirements for IMO-compliant fuels led to increased distillates production overall which, while adding pressure to the ultra-low sulfur diesel pool, drove differentials up for low sulfur, distillate-rich grades. Azeri's premium to Russia's Urals continued to climb towards historical highs over the course of the month, and uncertainty around Libyan production further fueled bullish sentiment around light, sweet crude towards the end of January.

More significantly, the premium of Dated Brent's sweeter Ekofisk, Oseberg and Troll over Forties widened to their widest on record since at least 2011, due to the surge in demand for IMO friendly crude. Forties, while still finding buying interest from the Far East, suffered from disinterest in its home region. Ekofisk in January peaked at a $2.65/b premium to Forties.

Given the clear split between Forties and Dated Brent's sweeter grades, the Forties sulfur de-escalator was assessed 5 cents/b higher for February loading cargoes.