Specifications guide
North Sea sulfur de-escalator

Latest update: April 2020
Platts assesses Forties de-escalator at 15 cents/b from May 1, 2020

On April 24, 2020, S&P Global Platts announced that the sulfur de-escalator to be effective May 1, 2020 in Forties cargoes and related instruments in the Platts MOC Process would be 15 cents/b per 0.1% weight of sulfur over the 0.6% wt standard.

This is down 5 cents/b compared to April.

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

The outright Dated Brent value is at a multi-year low while sulfur spreads for both crude and products have narrowed through April.

Dated Brent was assessed as low as $13.24/b on April 21, the lowest the benchmark has been assessed at since March, 1999.

The Dated Brent flat price fell over 33% month on month to $16.295/b on April 23, down from $24.595/b the previous month.

Crude spreads continued to narrow through April as Urals found support from an open arbitrage to China and later on from falling OSPS while BFOET differentials continued to come under pressure. The discount of CPC to Urals widened by $6.47/b month on month to $7.30/b on April 23, while the premium of Oseberg over Urals narrowed to just 9 cents/b on April 23 from $5.30/b the previous month.

While the Naphtha/High sulfur fuel oil spread widened through April, other key product sulfur spreads have narrowed substantially.

The premium of 10ppm ULSD CIF NWE cargoes over 0.1% sulfur gasoil CIF NWE cargoes fell $1.25/mt from March 24, to $11.75/mt on April 23. Similarly, the premium of 0.5% marine fuel FOB Rotterdam barges over 3.5% FOB Rotterdam barges fell $26.5/mt on the month to $77/mt on April 23.

As the sulfur spreads continue to narrow, the Brent/Dubai EFS — a key global sweet/sour crude spread — remained negative through April as BFOET differentials remained under pressure while grades in the East found some support from term supply volume reductions. The EFS was assessed at minus $5.21/b on April 23, compared to minus $3.99/b on March 24.

Subsequently, the de-escalator was lowered by 5 cents/b to 15 cents/b, reflecting the drop in outright prices and the narrower sulfur spreads in both the crude and downstream markets.