Specifications guide
North Sea sulfur de-escalator

Latest update: July 2019
Platts assesses Forties de-escalator at 20 cents/b from August 1, 2019

On July 25, 2019, S&P Global Platts announced that the sulfur de-escalator to be effective August 1, 2019 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 unchanged from July.

The August sulfur de-escalator should apply to cargoes loading from August 1, 2019.

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.

Dated Brent was largely stable month on month with the flat price strengthening through the middle of July before falling again towards levels seen at the end of June.

Sulfur spreads of both products and crudes are returning to levels seen earlier in the year indicating a flat to trending lower sulfur value.

The Brent-Dubai EFS has continued to largely narrow from highs seen in May as other market dynamics appear to be overshadowing the impact of the upcoming implementation of the International Maritime Organization’s tighter sulfur cap. While the spread has narrowed month-on-month, the value has returned to levels similar to late April which is when the de-escalator was last raised. The spread was assessed at $2.13/b by S&P Global Platts on July 24, compared with $3.09/b on June 24 and $2.45/b on April 24.

Diesel and gasoline barge cracks have risen month on month but are largely steady compared to their levels at the end of April, while the high sulfur fuel oil crack remains at similar levels month on month.

A surge in the diesel/gasoil spread has been seen month on month, although value remains largely unchanged from late April. The spread was assessed by Platts at $13.5/mt July 24, compared with $13.75/mt April 24.

The premium of naphtha over high sulfur fuel oil has also remained largely steady.

The premiums of crude grades such as CPC Blend, Forties and Azeri light have all fallen month on month closing in on levels seen at the end of April as the Urals market shows significant strength.

Given a largely stable Dated Brent flat price and product spreads that are steady to narrower, the momentum for an upward sulfur value trend has left the market.

Consequently, the Forties sulfur de-escalator was assessed unchanged from the previous month.