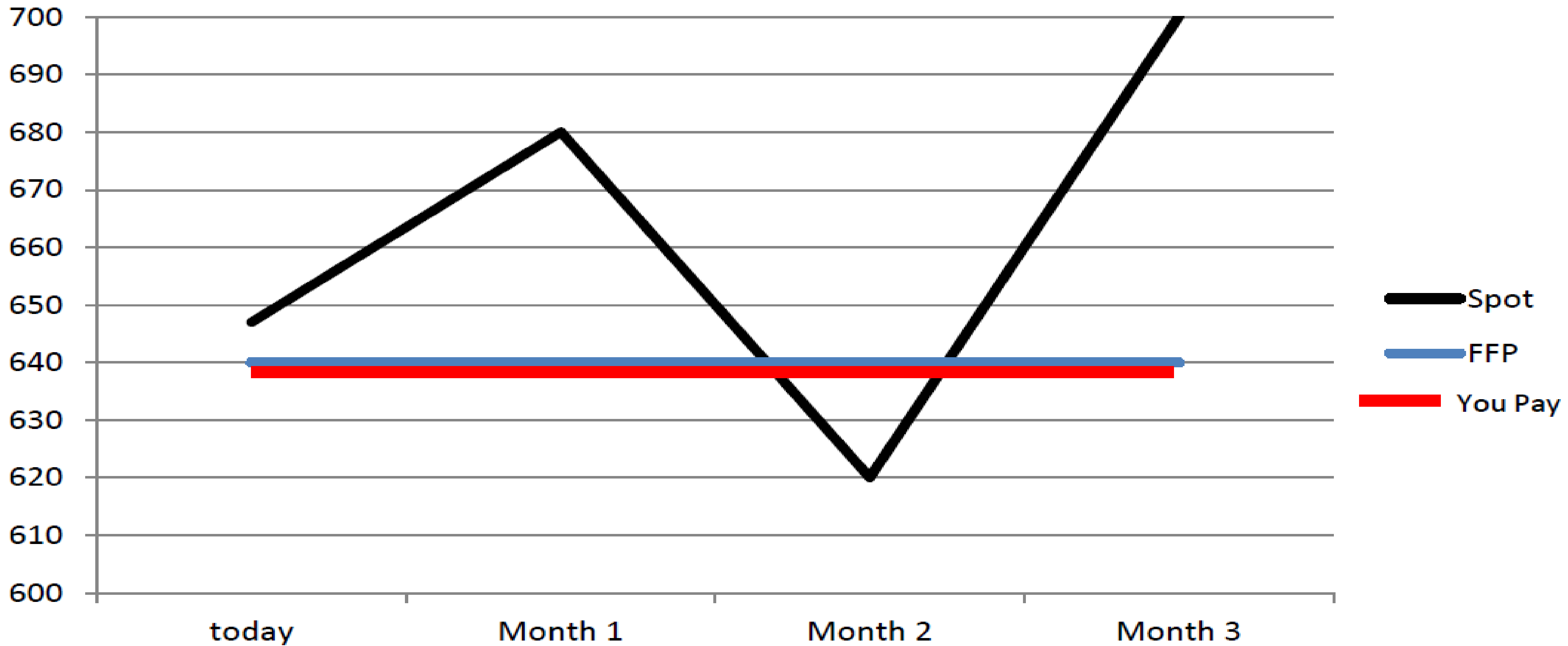
FUEL RISK MANAGEMENT

Fixed Forward Physical

Our Services

- Daily Market Update
  - Oil market drivers
  - Technical analysis
  - FFP indications for Major ports
  - Charts
- Daily Swap Indications
  - Monitor and execute limit orders
  - Fast Competitive pricing
  - 24 hour desk (Singapore, London, New York)
- Monthly Statements
  - Position Overview
  - Mark to Market

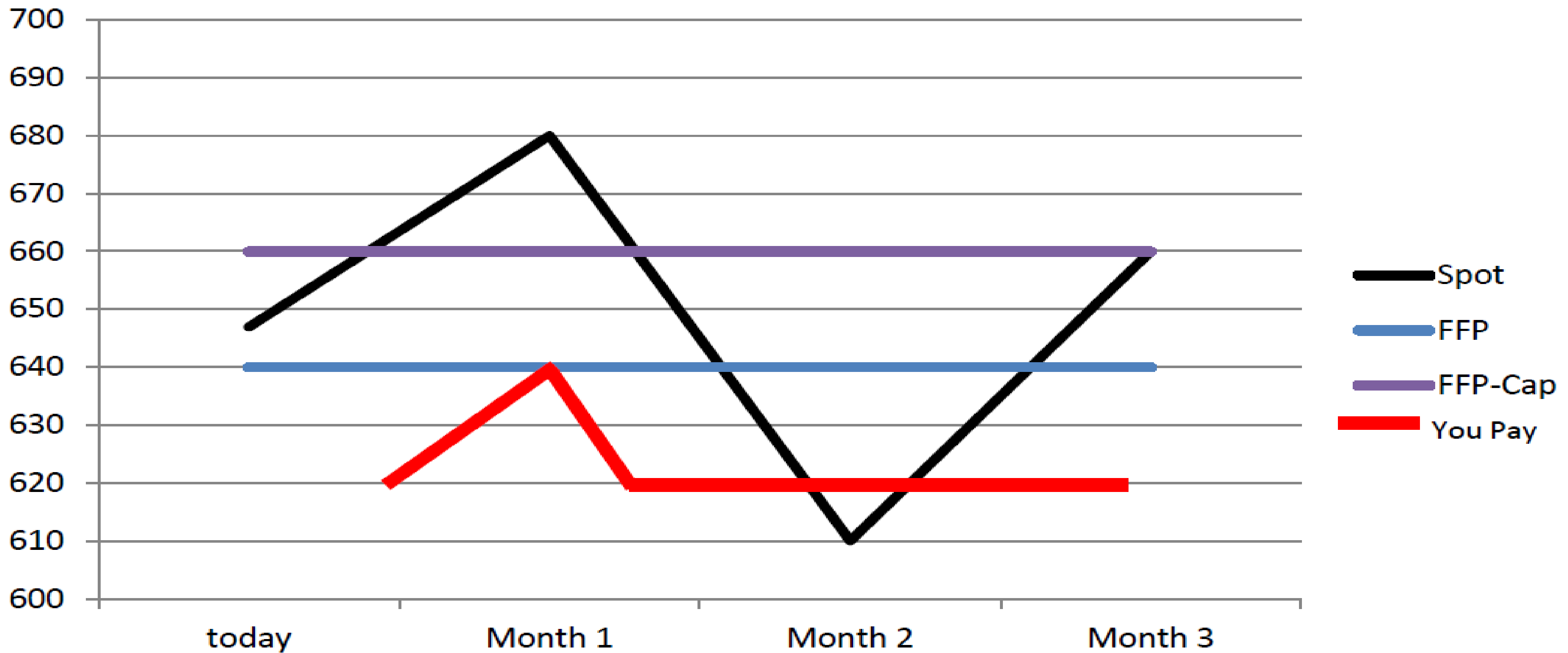
Fixed Forward Price (FFP)



Fixed Forward Price (FFP)

Description	FFP Agreements allow the customer to lock in the price they pay for bunkers in a specific time frame.
Mechanism	You buy 5,000 metric tons of IFO 380cst in Singapore per month for a period of 3 months from CHEMOIL at USD640.00/mt. **Month 1**: IFO 380cst in Singapore spot price at time of delivery equates to USD680.00/mt. You pay CHEMOIL USD640.00/mt and save USD40.00/mt **Month 2**: IFO 380cst in Singapore spot price at time of delivery equates to USD620.00/mt. You pay CHEMOIL the fixed price of USD640.00/mt. and suffer an opportunity loss of USD20.00/mt **Month 3**: IFO 380cst in Singapore spot price at time of delivery equates to USD700.00/mt. You pay CHEMOIL USD640.00/mt and save USD60.00/mt
Advantages	• Protection from spot price increases • Guaranteed future fuel supply • Guaranteed price • Settlement through normal invoicing after each delivery at normal credit terms
Disadvantages	• Lost opportunity if spot price falls

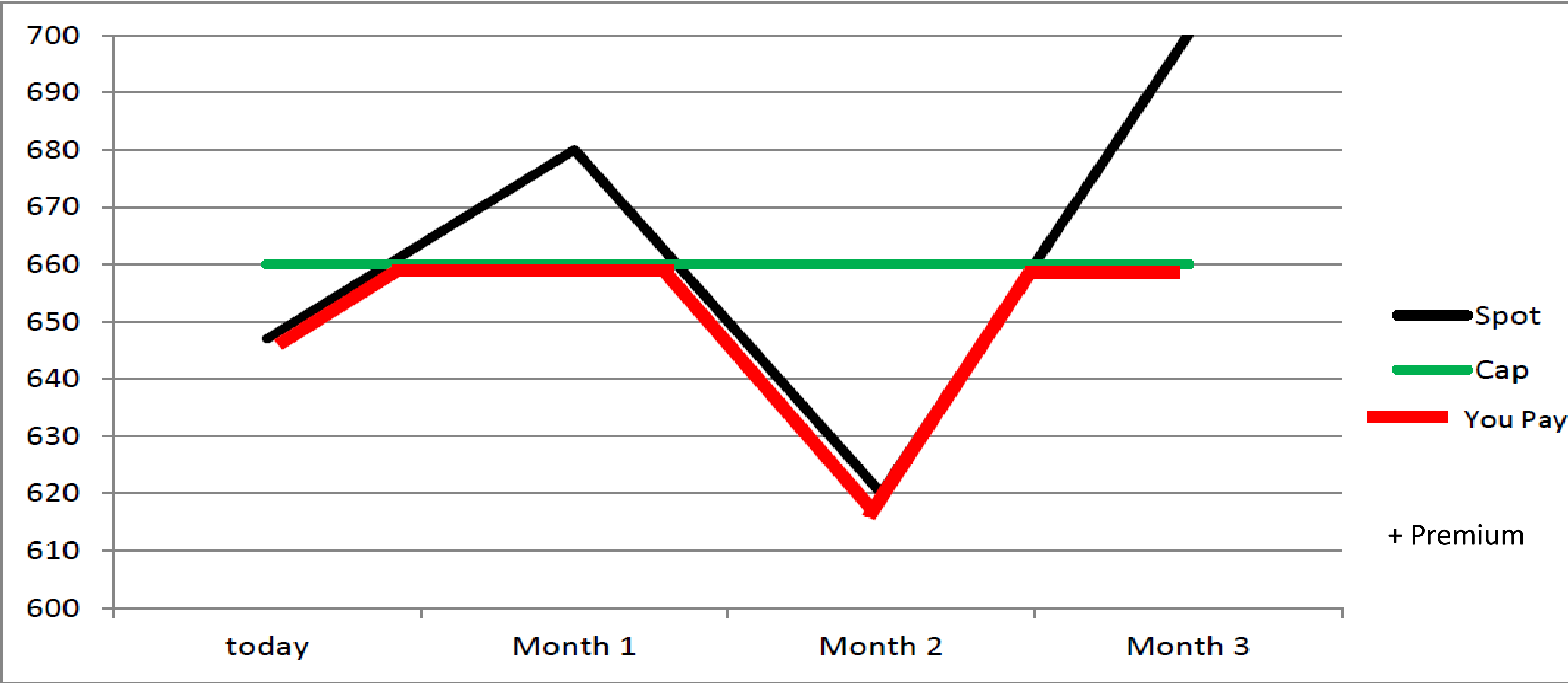
Capped Forward Price



Capped Forward Price

Description	Capped Forward Price Agreements allow the customer to lock in the price they pay for bunkers in a specific time frame at a discount to a normal FFP. However, the benefit to the upside is limited. This allows the customer to take advantage of the lower forward prices and high premiums in the options market.
Mechanism	You buy 5,000 metric tons of IFO 380cst in Singapore per month for a period of 3 months from CHEMOIL at USD620.00 with a limit at USD660.00. Normal FFP is offered at USD640. **Month 1**: IFO 380cst in Singapore spot price at time of delivery equates to USD680.00/mt (Past the Cap at USD660 by USD20. You pay CHEMOIL USD620.00+ USD20.00 = USD640.00/mt. You save USD40.00/mt **Month 2**: IFO 380cst in Singapore spot price at time of delivery equates to USD610.00/mt. You pay CHEMOIL USD620.00/mt. and suffer an opportunity loss of USD10.00/mt **Month 3**: IFO 380cst in Singapore spot price at time of delivery equates to USD660.00/mt. (Below at Cap at $660) You pay CHEMOIL USD620.00/mt and save USD40.00/mt
Advantages	• Obtain a discount on the fixed price compared to the normal FFP • Some protection against rising markets • Settlement through normal invoicing after each delivery at normal credit terms • When prices increase, you will always save money in comparison to the spot price.
Disadvantages	• Opportunity costs if market price falls

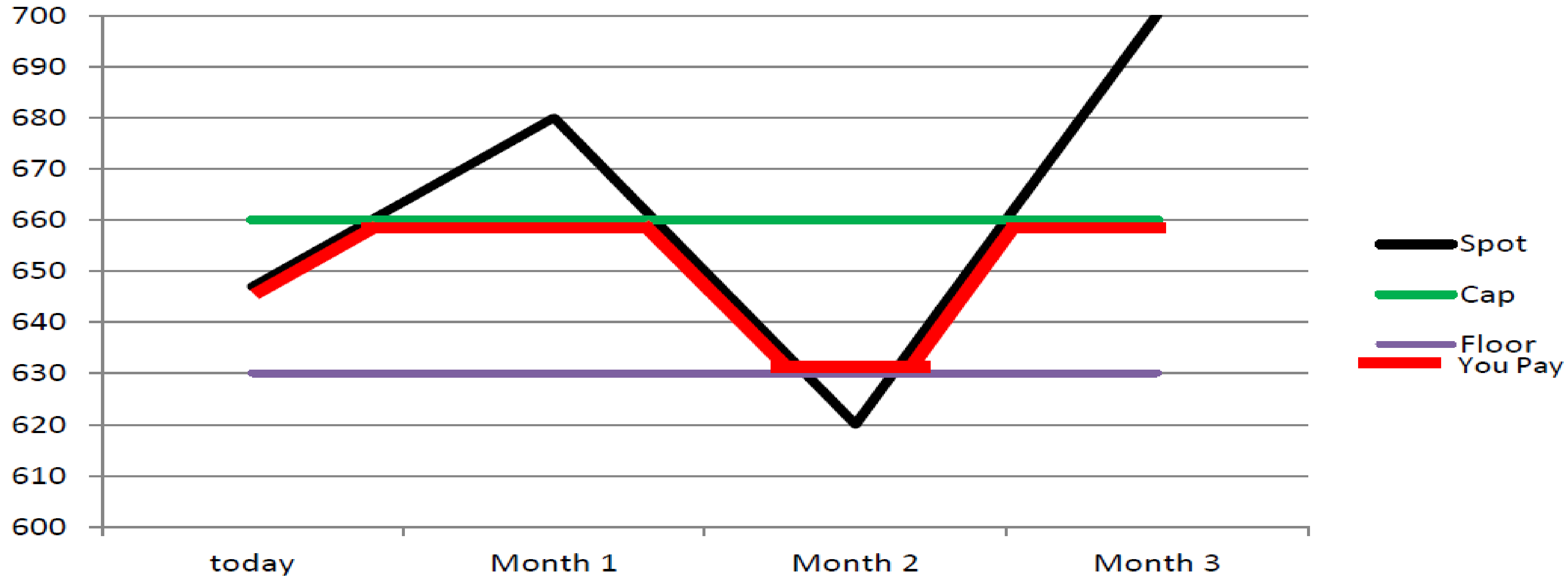
Cap Price



Cap Price

Description	Cap Price Agreements allow the customer to cap the price they pay for bunkers in a specific time frame. This benefit requires a non refundable upfront premium to be paid when you enter the agreement. If the spot price is below the maximum price, you pay the spot price over the period of the agreement. If the spot price is above the maximum price, you only pay the maximum price over the period of the agreement.
Mechanism	You buy 5,000 metric tons of IFO 380cst in Singapore per month for a period of 3 months from CHEMOIL at a cap price of USD660.00/mt. Premium for the upside protection of USD30/mt to be paid when entering the agreement. **Month 1**: IFO 380cst in Singapore spot price at time of delivery equates to USD680.00/mt. You pay CHEMOIL USD660.00/mt and save USD20.00/mt. However, You have paid an upfront premium of USD30.00/mt, therefore you suffer an opportunity loss of USD10.00/mt **Month 2**: IFO 380cst in Singapore spot price at time of delivery equates to USD620.00/mt. You pay CHEMOIL the spot price at USD620.00/mt. You have paid an upfront premium of USD30.00/mt, therefore the total price is USD650.00/mt **Month 3**: IFO 380cst in Singapore spot price at time of delivery equates to USD700.00/mt. You pay CHEMOIL USD660.00/mt and save USD40.00/mt. However, You have paid an upfront premium of USD30.00/mt, therefore net savings will be USD10.00/mt.
Advantages	• Protection from spot price increases • Full benefit from falling spot prices • Guaranteed future fuel supply • Guaranteed certainty that price will be lower or equal the agreed price level • Settlement through normal invoicing after each delivery at normal credit terms

Fixed Forward Collar



Fixed Forward Collar

Description	FFP – Collar is a Capped Forward Price with limited downside opportunity. This agreement allows the customer to lock in the price they pay for bunkers in a specific time frame but leave the opportunity open to achieve some limited cost savings should prices decline. If the spot price is between the maximum and minimum price, you pay the spot price. If the spot price is above the maximum price, you only pay the agreed maximum price (cap). If the spot price is below the minimum price, you pay the agreed minimum price (floor).
Mechanism	You buy 5,000 metric tons of IFO 380cst in Singapore per month for a period of 3 months from CHEMOIL at a capped price of USD660.00/mt (maximum price) and a floor at USD630.00/mt (minimum price). **Month 1**: IFO 380cst in Singapore spot price at time of delivery equates to USD680.00/mt. You pay CHEMOIL USD660.00/mt and save USD20.00/mt **Month 2**: IFO 380cst in Singapore spot price at time of delivery equates to USD620.00/mt. You pay CHEMOIL the floor price of USD630.00/mt and suffer an opportunity loss of USD10.00/mt **Month 3**: IFO 380cst in Singapore spot price at time of delivery equates to USD700.00/mt. You pay CHEMOIL USD660.00/mt. and save USD40.00/mt
Advantages	• Protection from spot price increases • Benefit from falling spot prices until the minimum price • Guaranteed future fuel supply • Guaranteed certainty that price will be lower or equal the agreed price level • Settlement through normal invoicing after each delivery at normal credit terms • No upfront premium as this structure is calculated at zero-cost

Fuel Risk Management