

# Oil Analysis Services for the European Markets

by Pro-Action and Valuation & Research Specialists (VRS)



February 2013

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Pro-Action – [www.proaction.gr](http://www.proaction.gr)

Value Invest – [www.valueinvest.gr](http://www.valueinvest.gr)

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**PRO-ACTION**  
*for business decisions*

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## PRESS RELEASE

February 2013

PRO-ACTION and VRS collaborate for the provision of Oil Analysis Services for the European Markets. Such services include:

1. **Daily Technical and Fundamental Analysis of the European Oil futures contracts Brent Crude Oil and Gas Oil** (Distillates type of products).
2. **Forecast of the Daily fluctuations of the Platts for the next day in the Mediterranean for the Gas Oil** (Gasoil 0.1 Med Fob Cargos & 10ppm) and **the Fuel Oil 3.5S**.

The above-mentioned services address mainly to:

- **Traders and Investors in oil futures.** They are more convenient for the European traders & investors, since the European markets are more active from the morning till the early evening UK time.
- **Any type of physical oil market participants**, such as: Refineries, Major Suppliers, Traders, and Brokers.
- **Maritime Companies** that want to be aware of the daily oil price fluctuations in order to decide on the best short-term time point (+-2 day-interval) for the procurement of oil in order to minimize their bunker fuel costs.

PRO-ACTION with its over 10-year daily engagement in the oil market and its expertise in Technical Analysis and Forecasting is strengthening its portfolio with the contribution of VRS expertise in Fundamental Analysis and the VRS market awareness. The target of PRO-ACTION and VRS is to offer Added-Value to their Customers so that the customers take the Right Decisions at the Right Time and maximize their Benefits, in a fast-changing highly volatile market.

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## ΔΕΛΤΙΟ ΤΥΠΟΥ

Φεβρουάριος 2013

Η PRO-ACTION και η VRS συνεργάζονται στην παροχή υπηρεσιών Αναλύσεων Τιμών Πετρελαίου στις Ευρωπαϊκές Αγορές. Οι υπηρεσίες αναφέρονται:

1. Στην καθημερινή Τεχνική και Θεμελιώδη Ανάλυση των διακυμάνσεων των τιμών των futures στις ευρωπαϊκές αγορές του Αργού Πετρελαίου (Brent Crude Oil Contract) και των προϊόντων Diesel (Gas Oil Contract).
2. Στην καθημερινή πρόβλεψη των Ημερησίων Διακυμάνσεων του Platts της επόμενης ημέρας στην περιοχή της Μεσογείου για το Gas Oil (Gasoil 0.1 Med Fob Cargos & 10ppm) και για το Fuel Oil 3.5S.

Ενδεικτικά, οι προαναφερθείσες υπηρεσίες απευθύνονται:

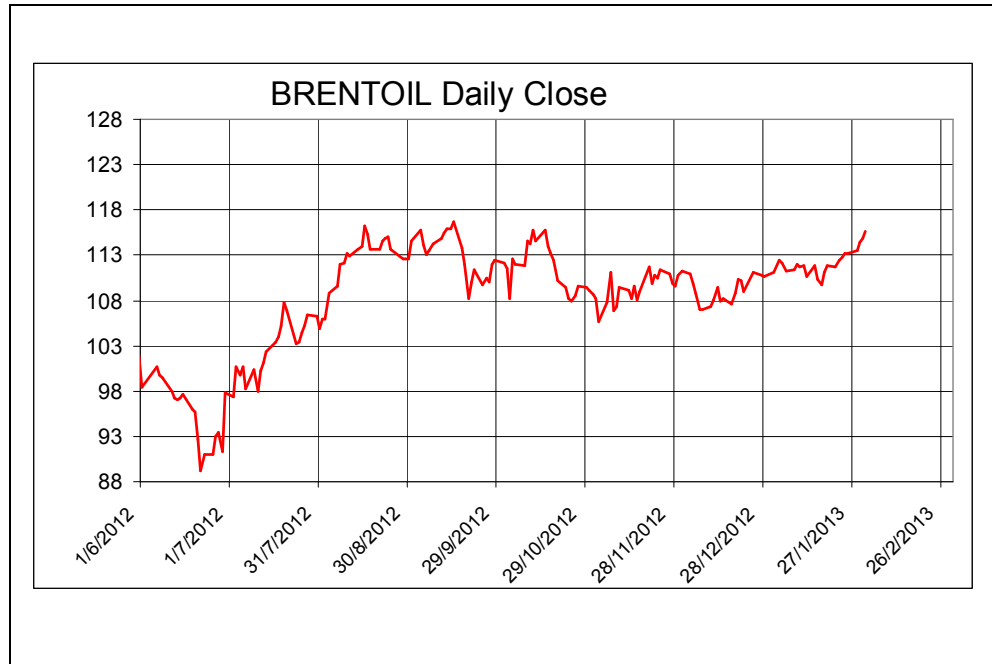
- Σε traders και επενδυτές σε futures πετρελαίου κυρίως από την Ευρώπη, δεδομένου ότι οι Ευρωπαϊκές αγορές είναι περισσότερο δραστήριες από το πρωί έως αργά το απόγευμα ώρα Λονδίνου.
- Σε κάθε είδους εταιρίες που βρίσκονται στην αγορά φυσικών φορτίων πετρελαιοειδών, όπως Διυλιστήρια, Major Suppliers, Traders, Brokers.
- Σε Ναυτιλιακές Εταιρείες, οι οποίες καθημερινά θέλουν να γνωρίζουν τις διακυμάνσεις της αγοράς για να αποφασίζουν την καλύτερη χρονική στιγμή βραχυπρόθεσμα (διάστημα +2 ημερών) για να προμηθεύονται πετρέλαιο ώστε να επιτύχουν το ελάχιστο δυνατό κόστος.

Η PRO-ACTION με τη 10-ετή καθημερινή ενασχόλησή της με τις αγορές πετρελαιοειδών και με την εξειδίκευσή της στην Τεχνική Ανάλυση και πρόβλεψη Τιμών και η VRS με την εξειδίκευσή της στη Θεμελιώδη Ανάλυση και την αναγνωρισιμότητά της στο χώρο των αγορών χρεογράφων, έχουν ως στόχο να δημιουργήσουν Προστιθέμενη Αξία σε όλους τους Πελάτες τους από τις ανωτέρω κατηγορίες και να τους υποστηρίξουν καθημερινά, προκειμένου αυτοί να λαμβάνουν ορθές και άμεσες αποφάσεις βάσει των τάσεων που διαμορφώνονται καθημερινά στις αγορές.

**BRENT Crude OIL**

**Period June 2012 - February 2013**

Source: PRO-ACTION.



The following comment expressed by PRO-ACTION and VRS does not constitute an offer to sell or a solicitation of an offer to buy any currencies, shares, warrants, convertible securities or options by no means.

**BRENT Crude OIL Overview from June, 2012 till February, 2013 and Near Future Estimates**

In our previous analysis issued on June 2012 (with prices at the \$95/bbl then), we had predicted that prices would recede towards the 90 units (\$/bbl) and thereafter they would either recover upwards or they would recede further and in this case they would provide a significant longer-term downward signal. Moreover, we had indicated that the sanctions towards Iran rather favored the upward scenario. In reality, the BRENT Crude OIL prices receded towards the 90 units and thereafter they reacted upwards (exactly as predicted)! Furthermore in that previous analysis, we indicated

that if prices could surpass the 125 units then they would provide a longer-term upward signal towards a new historical maximum level at the \$150/bbl or even higher. This did not occur. Prices increased up to the 117 units and thereafter they receded towards the 107 units. Nevertheless, recently prices increased again and from the current point (just above the 115 units), they are very likely to have already provided an upward signal. Therefore, the most likely scenario hereafter is a further price increase towards the 130 units or even higher. Downward prospects would appear only if prices recede towards the 110 units again, but this seems less likely to occur.

All the above estimates are based on the technical patterns induced from the everyday price fluctuations. The technical patterns have met our expectations to a very satisfactory degree up to now.

On the fundamentals side, we were worried in June that the sanctions imposed from the US and the EU against Iran could lead to supply problems and hence to higher prices. This did not occur because other oil producers (such as Saudi Arabia) raised their production at record high levels so as to meet the demand. Moreover, the Iranian oil was mainly directed to China (the number 2 oil consumer worldwide). Therefore no supply bottlenecks were observed. On the contrary, the oil inventories in both the US and Europe increased further because of sufficient supplies and quite lower demand. This prevented prices from a continuous price increase towards a new historical maximum. However, prices increased further mainly due to expectations for quick economic recovery in the US and also from continuous stimulus programs announced by FED, which had as a result to keep the US dollar low towards the Euro and also to increase the commodities dollar value in general. In addition, it seems that no one from the significant market participants seeks significantly lower oil prices, inherent to the current level of the available inventories and the lower demand. We clearly observe that once any hints for economic recovery are disclosed,, prices automatically increase further and further while any negative news are absorbed quickly in one or two days. As a result, we do not expect significantly lower prices in the near future. Still, the economic climate, that is far from ideal, does not make likely either to see soon a new historical maximum level for the BRENT Crude OIL prices.

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## **DAILY ANALYSES OF PETROLEUM PRODUCT PRICES**

Prices of Petroleum Products constitute a major factor that affects the operation of many companies on a daily basis. These prices are under a constant change even during the day. As a result, the affected companies are in frequent need to reconsider their tactics and daily operation choices, in order to achieve an effective and efficient outcome, with respect to the petroleum price fluctuations.

In order to enable all those interested parties, to schedule IN TIME their appropriate actions that are affected by price changes, PRO-ACTION and VRS offer a new service for Oil Price Analyses. PRO-ACTION and VRS, specialize in Analysis Services and forecasting models for various markets. The Petroleum products are either under direct negotiation in various international exchange markets or are derivatives of other products that are negotiated in those markets. As a result, petroleum product prices mainly depend on the daily negotiations and fluctuations of the corresponding products in the international exchange markets.

**PRO-ACTION and VRS offer daily analyses and forecasts for the prices of the European Futures BRENT CRUDE OIL and GAS OIL whose prices are in daily negotiation in the International Commodity Exchange of London (ICE).**

As mentioned earlier, PRO-ACTION and VRS can offer daily commentary for the price evolution of the products BRENT CRUDE OIL and GAS OIL in the ICE. Moreover, they can offer FORECASTS for the Trends of the product prices (ie. whether the trend

is expected to be Upward, Downward or Stable), both Short-Term (for the next day) and Medium or Long-Term (next weeks or months even).

Short-Term estimates are of interest to those involved in activities affected by small price fluctuations on a daily basis and require Decisions from their part for issues that should be implemented in 1-2 days.

Medium-term estimates are of interest to those companies that engage in inventory management and wish to properly schedule their inventories, so that they minimize their relevant costs and accordingly they maximize their profits from the operation of the corresponding activities.

The current Oil Analyses services mainly address to:

- Crude Oil and Products' Suppliers who are active in the European Markets
- Futures & Options Traders
- Bunker Suppliers and Traders
- Maritime Companies for Bunkers' Cost Regulation

Several clients have been using everyday PRO-ACTION estimates in order to make their short-or medium-term decisions related to product prices.

The exact services offered, are presented below:

### **DAILY PRICE ANALYSES & FORECASTS FOR EUROPEAN FUTURES PRODUCTS : BRENT CRUDE OIL AND GAS OIL**

Prices of BRENT CRUDE OIL are under daily negotiation in the form of Future Contracts in the ICE, with daily closing window at 19:30 UK time. Accordingly, prices of GAS OIL are under daily negotiation in the form of Future Contracts, with daily closing window at 16:30 UK time.

**PRO-ACTION and VRS, during the next morning from the closing sessions in the ICE, can provide both short term and longer term estimates for the expected trend of the above product prices.**

These estimates are given in the form of a commentary that analyses the current situation as that emanates from the most recent product prices in the ICE sessions. Furthermore, this commentary provides documented predictions on the expected process of product prices during the following sessions.

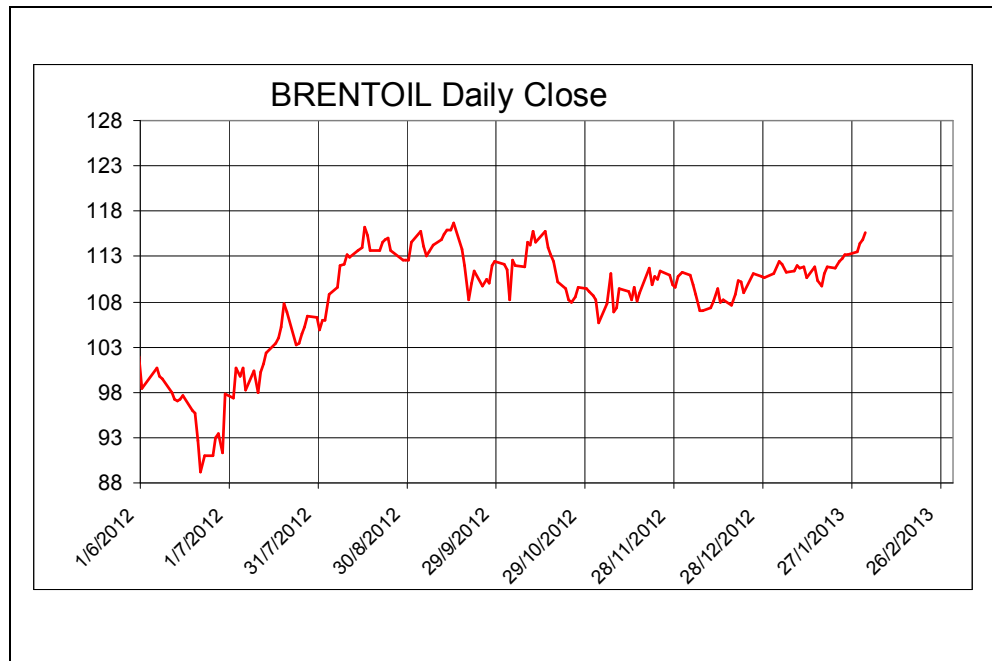
All the above estimates, both for the GAS OIL and for the BRENT CRUDE OIL, are based on the most advanced technologies used in Technical Analysis of stocks, commodities, currencies and any other products traded in the various exchange markets worldwide.

As explained above, the price estimates and predictions are based on the original product future prices that are negotiated daily in the ICE. For refined products that are related to those products, price trends are usually similar, although there are minor differences that are attributed to other, product specific or local factors.

**BRENT Crude OIL**

**Period June 2012 - February 2013**

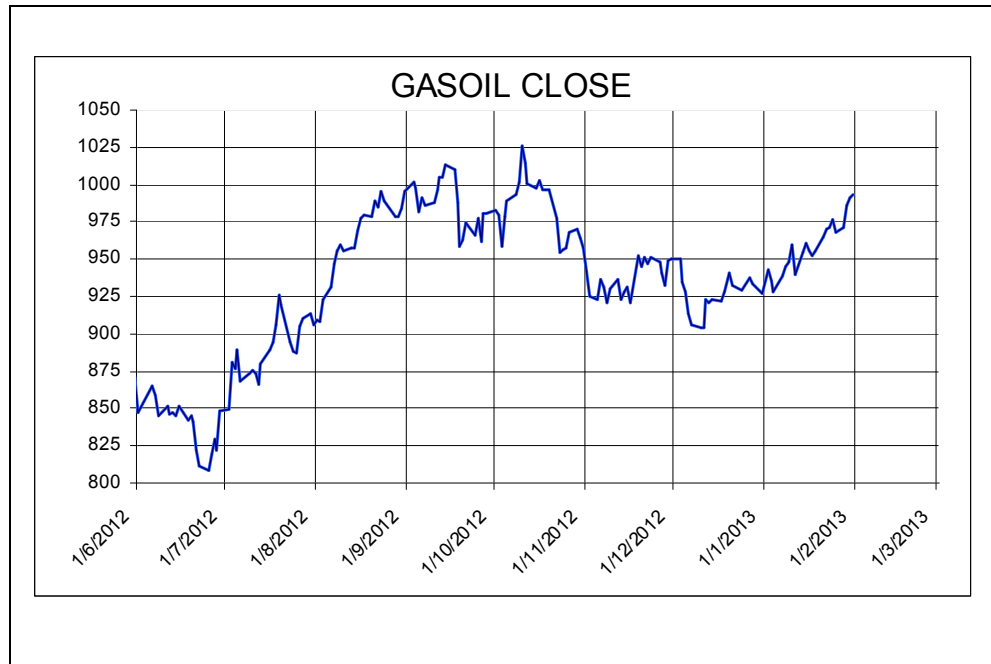
Source: PRO-ACTION.



**GAS OIL Close**

**Period June 2012 - February 2013**

Source: PRO-ACTION.



**PRICE FORECASTS FOR MARINE OIL PRODUCTS  
(GAS OIL and FUEL OIL)**

Prices used in everyday physical trades between participants in the European Markets, are based on the corresponding Daily Price Assessments issued by specific publishers and used as a Base for pricing agreements. Such Base Price Assessments are issued late every evening and are available for the physical transactions of the next day. The GAS OIL Base Assessments in Europe (NEW & Mediterranean) are directly affected by the corresponding product prices in the ICE, while the FUEL OIL Base Assessments are affected by the BRENT Crude OIL fluctuations and by the regional traffic of physical cargoes.

**PRO-ACTION has developed a Specialized Forecasting Model that can predict Every Day from the Early Afternoon (before 13:00 UK time), the likely Increase or Decrease in the prices of the Next Day for the GAS OIL and the High Sulfur FUEL OIL (3,5S).**

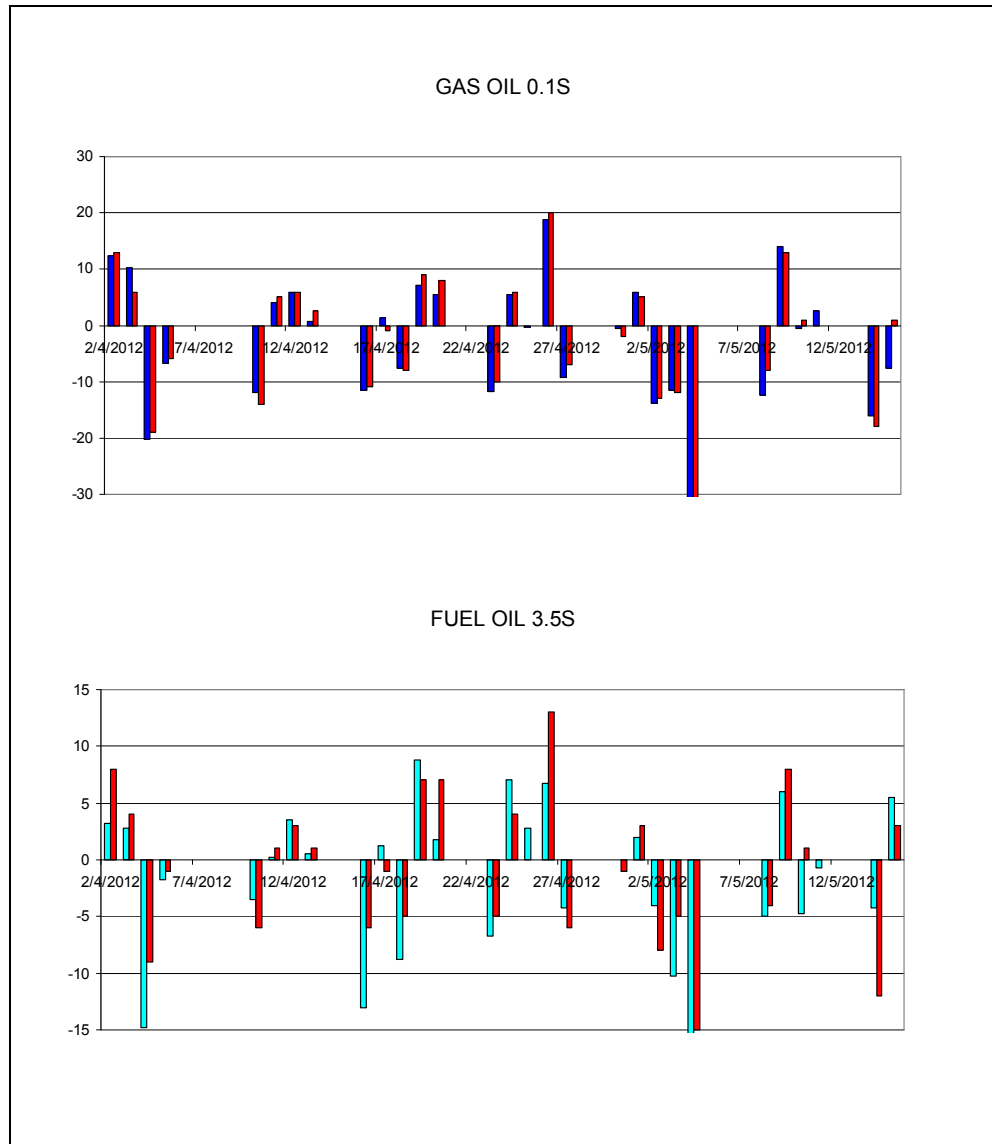
*Having available the expected trend for the next day, anyone can directly decide whether some activities that could be undertaken either on the day or on the next day, should be directly carried out or be postponed for future days.*

**From extensive tests carried out by PRO-ACTION with the approval of VRS, it was found out that following the above method for his/her daily decisions, a trader can gain an average of at least 75% from the Maximum Possible Gain that would emanate if he/she knew from the previous day, the real price of the next day.**

DAILY Comparisons

Comparison of Actual Daily Fluctuations (Blue Color)  
Compared to Our Daily Predictions (Red Color)

Source: PRO-ACTION.



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## About PRO-ACTION and VRS

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**PRO-ACTION** is dealing with Predictive Analytics and Business Analysis Services for various sectors, such as Banks, Stock Markets, Retail, Pharmaceutical and Energy. The Oil Markets are a particular sector of interest and PRO-ACTION provides predictive analytics services related to the European Oil markets for the last 11 years with remarkable track record of successful predictions.

**VALUATION & RESEARCH SPECIALISTS (VRS)** is an independent firm providing advanced equity research, quality valuations and value-related advisory services to local and international business entities and / or communities. VRS services include valuations of intangible assets, business enterprises, and fixed assets. VRS's focus business is in providing independent equity research to its institutional and retail clients / subscribers. VRS is not a brokerage firm and does not trade in securities of any kind. VRS is not an investment bank and does not act as an underwriter for any type of securities.

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**DISCLAIMER**

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