

QUARTERLY REVIEW – Q3 2014

CRUDE OIL OVERVIEW

Throughout the third quarter, crude oil was heavily sold due to actual increasing supply and worries about diminishing demand.

Geopolitical tensions between Russia and the west, as well as the active involvement of the USA in Syria, provided only a short-lived support for the price of Brent. The US surpassed Saudi Arabia as the world's largest oil producer adding pressure on the price of WTI. Nevertheless, an eventual reduction of the stockpiles in Cushing (OK) provided a certain support for the price of WTI, helping decrease the Brent-WTI spread.

	Q3 Closing Price	YoY	YTD	QoQ
BRENT	\$94.67	-12.64%	-14.56%	-15.74%
WTI	\$91.16	-10.92%	-7.38%	-13.49%
GASOIL	\$805.50	-11.77%	-14.69%	-11.97%

BRENT

Brent started the third quarter lower on news that Libya was preparing to start shipping crude from Es Sider and Ras Lanuf at full capacity, after resuming production at the Sharara field and taking back control of the ports from rebels.

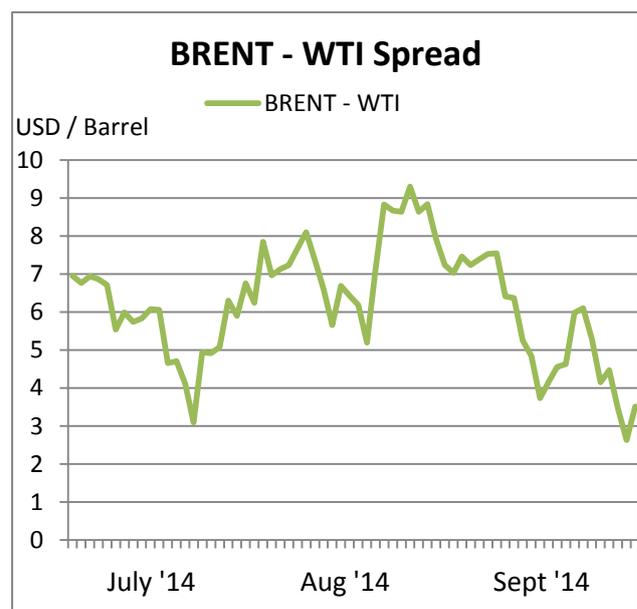
The price was briefly supported from mid to late July by geopolitical tensions, after a Malaysian Air passenger jet was downed in Ukraine and Israel sent ground forces into the Gaza Strip.

Nevertheless, Brent continued to trade on a downward slope for the remaining quarter as

China's purchases declined 2.4% in August, compared with a 1.6% drop in July.

Moreover, the US airstrikes in Iraq that commenced in mid-August, reassured the markets that oil supplies from the region would not be disrupted by insurgents.

Brent was in contango at the end of September, trading at a \$3.21 discount against the one year forward contract.



The Brent premium to WTI was considerably reduced during Q3 and closed at \$ 3.51 at the end of September.

WTI

WTI started the quarter lower as the US crude supplies on July 9th, rose the most since the beginning of January. The downward slope of the price was briefly halted in late July due to the

(WTI Cont.)

continuing escalating tensions between Russia and the west.

By August the price resumed its downward trend based on expectations of reduced demand in the US, sending the Brent- WTI spread to its peak for the quarter on Aug. 25th, where it closed at \$9.30.

Subsequently, the spread started narrowing steadily on Brent prices falling more sharply as the WTI found quasi support on the continuously improving US economic data and stronger US dollar.

WTI was in backwardation at the end of September, trading at a \$4.00 premium against the one year forward contract.

GASOIL

Gasoil continued to trade in strong correlation to Brent crude for most of Q3 but it fell even more sharply during the month of September, as refineries returned to production from seasonal maintenance. The development of the price differential of Gasoil to its forward contracts continued in the same direction as the previous quarter, remaining in contango.

Gasoil traded at the end of September at a \$41.5 discount to the one year forward contract.

